Global Anatomy of Credit Guarantee Schemes

Design Patterns, Performance Drivers, and Policy Implications

Pietro Calice, World Bank Group

THREE CORE MESSAGES, THREE POLICY IMPERATIVES

Key Messages

Scale is about fundamentals: Market reach is primarily associated with a country's financial depth. CGSs complement, not substitute, a functioning credit market.

Performance is about design: Leverage and risk are shaped by institutional choices—strong governance, risk management, and diversified funding are systematically associated with better outcomes.

Accountability is a critical gap: Rigorous impact evaluation is rare, and disclosure of key risk metrics is weak, obscuring additionality and fiscal discipline.

Policy Implications

Calibrate and integrate: Calibrate CGS scale targets to the country's financial sector capacity and embed CGS support within broader financial sector reforms.

Prioritize institutional foundations: Make strong governance, diversified funding, and robust risk frameworks preconditions for financing and scale-up.

Mandate measurement: Build robust M&E and impact evaluation components to ensure additionality and justify the use of public funds.

XXIX FORO IBEROAMERICANO
Sistemas de Garantías y Financiamiento PYMES

WHY IT MATTERS

Addressing a core constraint: CGSs are one of the key policy instrument to tackle the estimated US$5.7 trillion MSME financing gap in EMDEs.

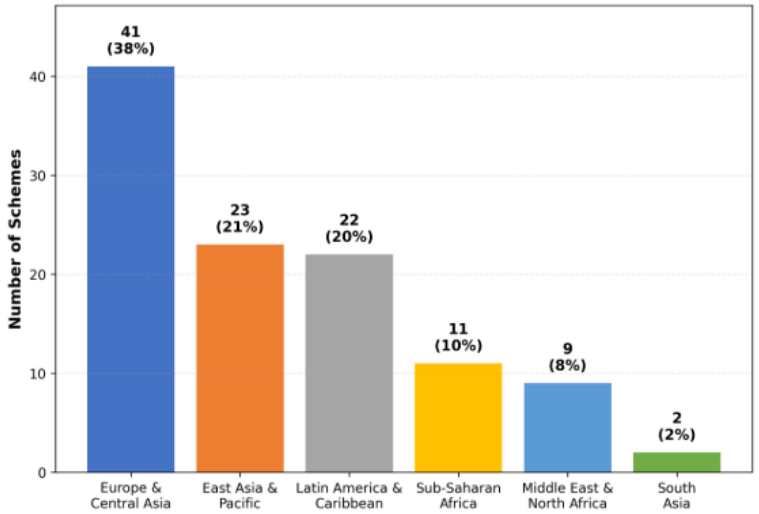
Widespread and established: A globally prevalent instrument, with a median institutional age of 25 years, especially used as a counter-cyclical policy tool.

Systemic market footprint: CGS portfolios are significant, covering over 11% of total SME lending and reaching over 2% of GDP.

Significant fiscal risk: As public instruments CGSs create contingent liabilities for the government, demanding robust oversight to ensure they deliver additionality that justifies this risk.

FROM ANECDOTE TO EVIDENCE: A NEW GLOBAL DATABASE

108 credit guarantee institutions



74 countries across all income levels and regions

Unprecedented scope: The most extensive cross-country dataset to date.

Deep dive into design: Moves beyond principles to capture detailed data on governance, funding, risk management, operations, digitalization, and evaluation.

Answers key operational questions:
Systematically investigates the drivers of:

- Market reach and scale
- Leverage and portfolio risk
- Financial sustainability

DESIGN PATTERNS: THE ‘MEDIAN’ CGS

Ownership & Status

62% Independent Legal Entities

59% Fully Public-Owned

Operational Reality

4.4x

Median Capital Multiplier

Long tail: 14% of schemes >20x

The Risk Vulnerability

44%

Use NO risk transfer

(No reinsurance/counter-guarantees)

Performance

2.8%

Median Default Rate

(Comparable to Banking NPLs)

Governance

69%

Independent board reps

Only 34% have majority-independent boards

Claim Management

38%

Settle claims ≤30 days

16% take >90 days

11% have no SLA

INSTITUTIONAL DNA: PUBLICLY OWNED, LEGALLY INDEPENDENT, BUT MANDATE-HEAVY

The typical CGS combines legal autonomy with broad public mandates, which can increase operational complexity and dilute institutional focus.

Structure

62% operate as independent legal entities

59% are fully public-owned, anchored by central governments

Mandate

3.4 average concurrent mandate areas

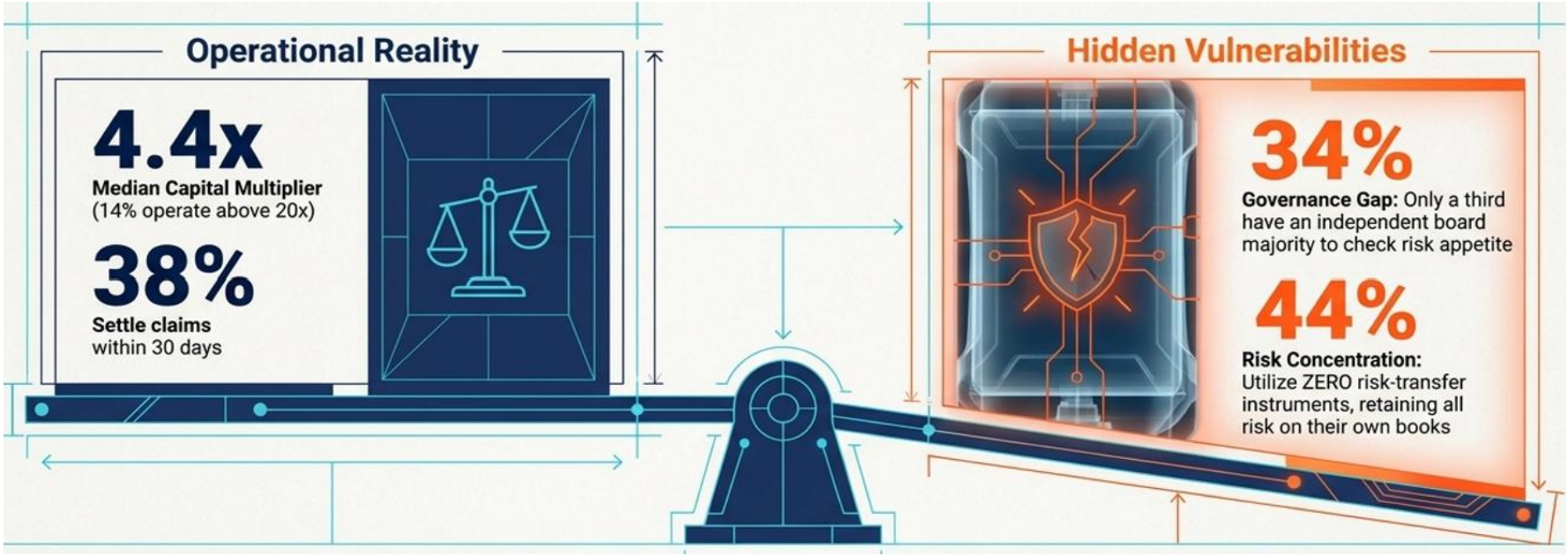
- **95%** target general SME finance
- **53%** target green finance
- **50%** target female entrepreneurship

Supervision

- **34%** report to central banks
- **32%** face multi-agency oversight
- **8%** operate with no formal supervision

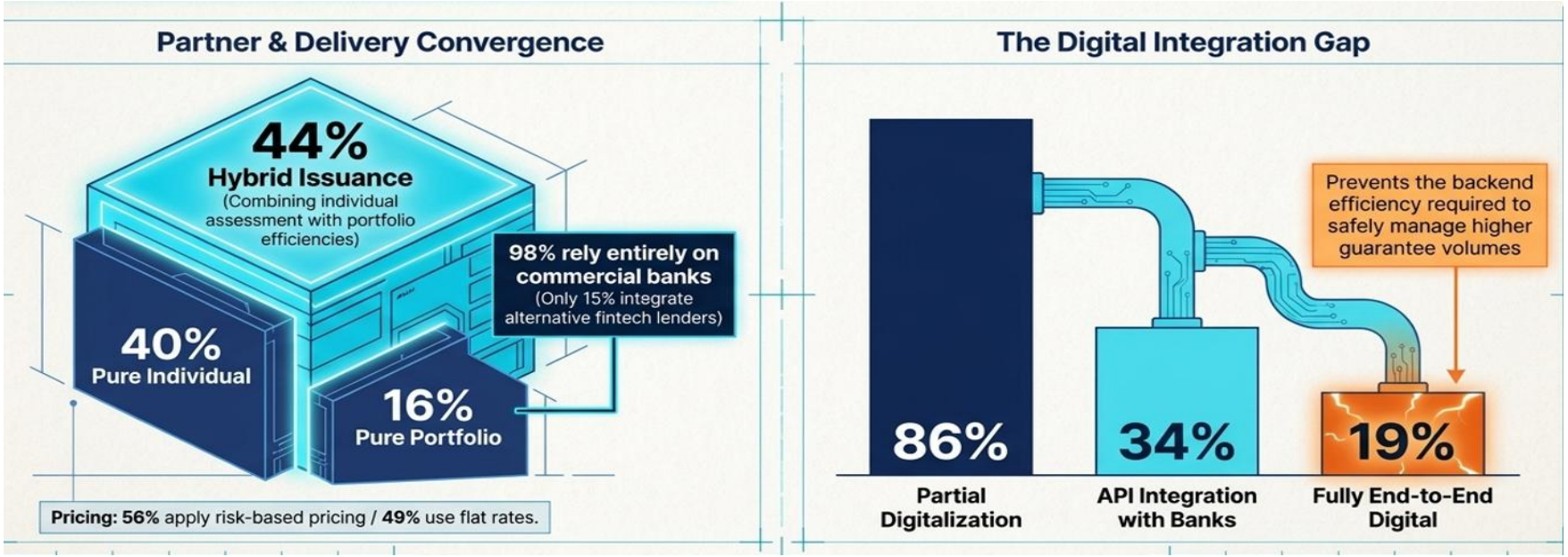
THE RISK ARCHITECTURE: MODERATE LEVERAGE, HIGH CONCENTRATION

While operating at manageable median leverage, the typical CGS retains concentrated risk on its balance sheet, often without fully independent governance or active risk-transfer tools.



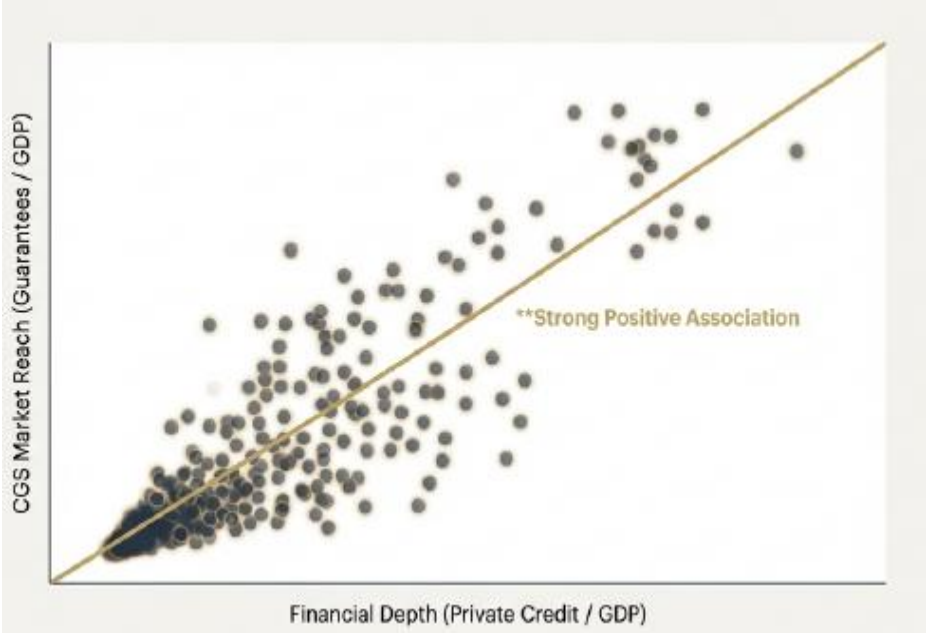
DELIVERY MECHANICS: HYBRID MODELS AND THE DIGITAL BOTTLENECK

CGS delivery models are converging on hybrid structures with traditional banking partners, but operational efficiency and scalable delivery are still limited by incomplete digital integration.



XXIX FORO IBEROAMERICANO
Sistemas de Garantías y Financiamiento PYMES

FINDING #1: SCALE IS A FUNCTION OF THE MARKET



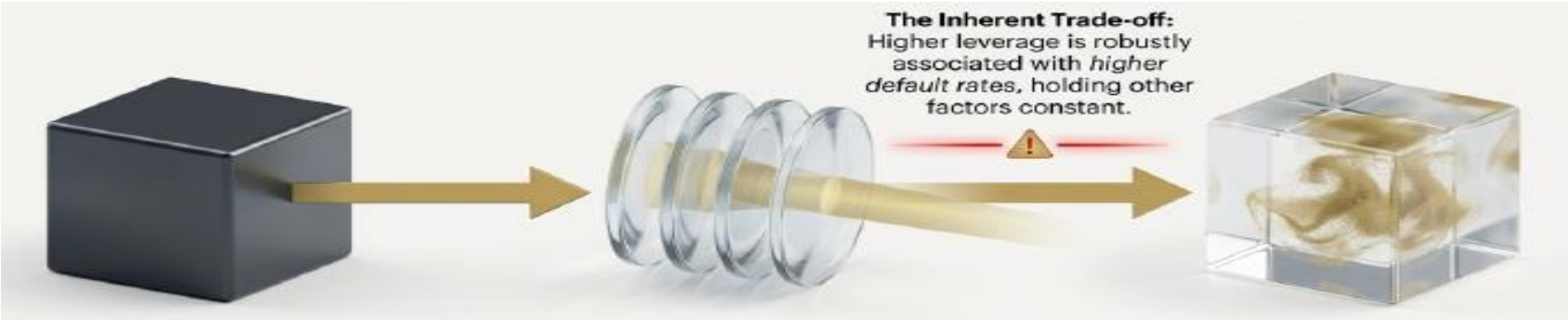
Headline finding: The scale of a CGS portfolio relative to GDP is primarily associated with the depth of the country's private credit market.

Evidence: A 10 percentage-point increase in financial depth is associated with roughly 15–20% larger CGS portfolios. Once country fundamentals are taken into account, institutional design features add limited explanatory power for cross-country variation in scale.

CGSs as complements, not substitutes: CGSs tend to scale more effectively in deeper credit markets; they do not, by themselves, create a deep market.

Policy implications: Right-size expectations. A CGS in a shallow market will not create massive outreach. CGS support must be sequenced with, or integrate into, financial sector development reforms.

FINDING #2: LEVERAGE AND RISK ARE SHAPED BY INSTITUTIONAL DESIGN



Headline finding: Unlike scale, leverage and portfolio risk are more closely associated with institutional design features.

Drivers of performance: Higher leverage associated with stronger governance and risk transfer tools (e.g., counter-guarantees). Lower portfolio risk associated with stronger governance and more diversified funding sources.

The inherent trade-off: Higher leverage is associated with stronger governance and use of risk-transfer tools; lower portfolio risk is associated with stronger governance and more diversified funding structures.

Policy implications: Capital injections must be paired with measurable improvements in governance and risk management, supported by technical assistance.

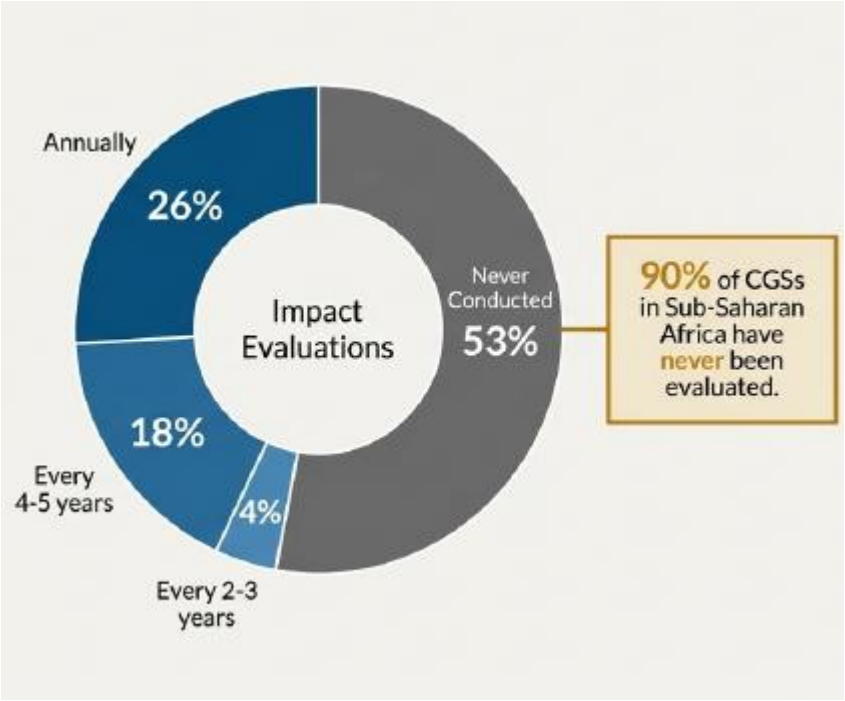
FINDING #3: A PERVASIVE ACCOUNTABILITY GAP

Headline finding: A major accountability deficit is widespread. 53% of all schemes have never conducted a formal impact evaluation.

Acute in EMDEs: This gap is most severe in EMDEs. 90% of CGSs in SSA have never been evaluated.

Consequences: Without evaluation, schemes cannot credibly demonstrate additionality or assess whether public resources are being used cost-effectively.

Policy implications: M&E must be a non-negotiable part of CGSs. Results frameworks must include indicators that proxy for additionality, not just portfolio volumes.



FROM FINDINGS TO ACTION: SEQUENCE REFORM BEFORE SCALE AND INNOVATION

Phase 1: Get the Foundations Right

- Establish a clear, prioritized legal mandate and effective supervision with a clear lead authority
- Build core risk management functions and a robust MIS

Phase 2: Consolidate and Strengthen

- Diversify funding sources beyond the state budget
- Introduce risk-based pricing and active portfolio management tools
- Strengthen claims and recoveries (SLAs, audit trail, data)

Phase 3: Scale and Innovate

- Calibrate and increase leverage caps on demonstrated capacity
- Use risk-transfer mechanisms (e.g., counter-guarantees)
- Expand product offerings (e.g., green guarantees)
- Invest in rigorous impact evaluation and advanced data analytics

CONCLUSION: TOWARD MORE DISCIPLINED SUPPORT FOR CGSs

Context is King for Scale

Calibrate results frameworks to the country's financial depth.

Design is Destiny for Performance

Focus our interventions on the "institutional software"—governance, funding, and risk management—as a precondition for "hardware" capitalization.

Measurement is Management

Elevate impact evaluation and data transparency from an add-on to a core, non-negotiable feature CGSs.

A Note on Limitations: *The paper shows robust associations, not proven causality. The data is cross-sectional and relies on self-reported metrics.*

GRACIAS!
17 - 18 de Setiembre 2026
Ciudad de Arequipa × Perú