Kraemer-Eis, Helmut; Lang, Frank

Working Paper
Guidelines for SME Access to Finance Market Assessments (GAFMA)


Provided in Cooperation with:
European Investment Fund (EIF), Luxembourg


This Version is available at:
http://hdl.handle.net/10419/176652

Terms of use:
Documents in EconStor may be saved and copied for your personal and scholarly purposes. You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public. If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.

Standard-Nutzungsbedingungen:
Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden. Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen. Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.
Guidelines for
SME Access to Finance Market Assessments
(GAFMA)

Helmut Kraemer-Eis
Frank Lang
Editor
Helmut Kraemer-Eis, Head of EIF’s Research & Market Analysis

Contact:
European Investment Fund
15, Avenue JF Kennedy, L-2968 Luxembourg
Tel.: +352 2485 81 394
http://www.eif.org/news_centre/research/index.htm

Luxembourg, April 2014 (This document has been amended in July 2014. The only adjustment compared to the original version refers to Annex 2, table 4 and the related text.)

Disclaimer:
This Working Paper should not be referred to as representing the views of the European Investment Fund (EIF) or of the European Investment Bank Group (EIB Group). Any views expressed herein, including interpretation(s) of regulations, reflect the current views of the author(s), which do not necessarily correspond to the views of EIF or of the EIB Group. Views expressed herein may differ from views set out in other documents, including similar research papers, published by EIF or by the EIB Group. Contents of this Working Paper, including views expressed, are current at the date of publication set out above, and may change without notice. No representation or warranty, express or implied, is or will be made and no liability or responsibility is or will be accepted by EIF or by the EIB Group in respect of the accuracy or completeness of the information contained herein and any such liability is expressly disclaimed. Nothing in this Working Paper constitutes investment, legal, or tax advice, nor shall be relied upon as such advice. Specific professional advice should always be sought separately before taking any action based on this Working Paper. Reproduction, publication and reprint are subject to prior written authorisation of the authors.
Abstract

In the area of access to finance for Small and Medium sized Enterprises (SMEs) there are often market imperfections/failures – either as temporary effects or as fundamental structural deficiencies. To identify and analyse these issues, SME Access to Finance Market Assessments (AFMAs) are essential. The purpose of such an assessment is to identify and, if and where possible, quantify the market failures or suboptimal investment situations, and investment needs.

Moreover, for the justification of public policy interventions and proposals for the implementation of financial instruments, in particular under the EU regulations for the 2014-2020 programming period, these analyses are gaining importance, i.e. as the so called “ex-ante assessments” have become mandatory under the new Common Provisions Regulation\(^1\).

The document explains the AFMA framework, its structure and its various analytical tools. Moreover, it provides many relevant sources of information. These guidelines are intended to be a toolbox encompassing good practices and providing practical guidance to perform ex-ante SME finance market assessment; they are not to be seen as the assumption of the only way, but as our “cooking recipe” and a pragmatic approach to tackle the issue of analysing SMEs’ access to finance.\(^2,3\)

This text provides guiding principles and typical approaches for AFMAs from the authors’ perspective. These guidelines have been prepared as a benchmark for the own use and for service providers conducting AFMAs on behalf of EIF, thereby ensuring a consistent structure and quality of future analyses. Moreover, they can also provide guidance to market analysts, performing assessments outside the EIF framework. This text has been prepared taking into consideration the requirements of the Common Provisions Regulation (Art. 37(2)), see i.e. Annex 1, but the guidelines cannot guarantee that the AFMA reports, using them as a basis, finally fulfill these requirements.

---


\(^2\) We would like to thank several EIF colleagues, in particular Salome Gvetadze, John Park and Dariusz Zwierzynski for useful discussions and comments. All errors are of the authors.

\(^3\) All weblinks, shown in this document, were accessed and tested on the 10.03.2014.
Table of contents

Abstract .......................................................................................................................... 3

Table of contents ......................................................................................................... 4
1 Introduction .................................................................................................................. 5
2 Methodology ............................................................................................................... 8
3 Tools .......................................................................................................................... 15
   3.1 Indicators .............................................................................................................. 15
   3.2 Surveys and stakeholder interviews .................................................................... 18
   3.3 Peer Group Analysis ......................................................................................... 20
   3.4 Literature Recommendations ............................................................................. 21
4 Standard Structure .................................................................................................... 24
5 Recommendations for particular chapters ................................................................. 27
6 Concluding Remarks ................................................................................................ 41

7 Annex ....................................................................................................................... 42
   Annex 1: EIF’s approach to offer AFMA services to Managing Authorities .............. 42
   Annex 2: The Ex-ante assessment methodology and GAFMA .................................. 47
   Annex 3: Examples of recent SME Access to Finance Market Assessments ............... 50
   Annex 4: GAFMA – Toolbox for microcredit analysis .............................................. 55
   Annex 5: List of acronyms ....................................................................................... 59

References ..................................................................................................................... 60

About ............................................................................................................................. 68
   … the European Investment Fund ............................................................................... 68
   … ELF’s Research & Market Analysis ........................................................................ 68
   … this Working Paper series .................................................................................... 68

EIF Working Papers .................................................................................................... 69
1 Introduction

SME Access to Finance Market Assessments (AFMAs) are important tools for the justification of proposals for the implementation of financial instruments, in particular under the regulations for the 2014-2020 programming period. According to the European Union (2013) Common provisions Regulation (CPR), support of financial instruments shall be “based on an ex ante assessment which has established evidence of market failures or suboptimal investment situations, and the estimated level and scope of public investment needs, including types of financial instruments to be supported.” Hence, ex-ante assessments are a mandatory element under the CPR. These assessments can be considered to be composed of two components:

- SME Access to Finance Market Assessment (AFMA); and
- Proposed Investment Strategy (PIS).

As EIF performs such SME-related ex-ante assessments on behalf of Managing Authorities (MAs) in the context of the preparation of the new programming period, EIF’s Research & Market Analysis (RMA) has developed a methodology for the market assessment component, i.e. the present Guidelines for SME Access to Finance Market Assessments (GAFMAs).

The purpose of this text is to provide guiding principles and typical approaches for AFMAs (see also Box 1). These guidelines have been prepared as a benchmark for the own use and for service providers conducting AFMAs on behalf of EIF, thereby ensuring a consistent structure and approach of future analyses. The purpose of such ex-ante assessment is to identify and, if and where possible, quantify the market failures or suboptimal investment situations, and investment needs.

AFMAs were conducted under the 2007-2013 cohesion policy framework. In the evaluation phase (2006-2008) of that Structural Funds period, the European Commission provided funds to the EIF to produce evaluation reports to assess the financing needs of SMEs in each Member State/region. By the end of 2008, 55 evaluation studies were completed by the EIF in 21 Member States, often with the help of the national development agencies or consultants, at national or regional level. The experience from this process and identified shortcomings were important sources for the preparation of this document.

---

4 See European Union (2013), Art. 37(2)(a).
5 See European Union (2013), Art. 37(2)(e). In EIF’s approach, however, the PIS covers more than what is mentioned in Art. 37(2)(e). See Annex 1 for a more detailed description of EIF’s approach to differentiate between AFMA and PIS.
6 Hence, we sometimes refer in this document to the preferences or priorities of awarding authorities or Managing Authorities. In the context of Cohesion Policy, the Managing Authority is the department with the overall responsibility for an Operational Programme. Organised either on a national or regional level, they act as the contact point for the European Commission (Assembly of European Regions, 2012); for an overview refer to: http://ec.europa.eu/regional_policy/manage/authority/authority_en.cfm
Against the background of an environment of imperfect information and uncertainty, there is no perfect solution to assess (ex-ante) SME finance market gaps and the correct quantification of these gaps is impossible. This paper describes a pragmatic approach to perform these market analyses. The uncertainty and imperfect information refers not only to the “measurement” of existing gaps (assessment of status quo), but also to the forward looking elements as the market assessments have to consider the short- and medium-term future (e.g. impact of current changes in bank lending behaviour on the future access to finance for SMEs).

These guidelines are not to be seen as our assumption of the only way to conduct such assessments, but as our “cooking recipe” to tackle the related issues (hence the terminology “guidelines”). The application of the toolbox, presented in this document, depends on the administrative focus of the analysis (e.g. national versus regional analysis), the associated data availability, time and resources to be spent for the analysis, and the preferences and strategic focus of the – in our case – commissioning authority.

Moreover, the guidelines analyse existing economic literature and make recommendations for various sources of relevant information. These recommendations can naturally not be exhaustive and can also only reflect the picture at the time of writing this paper.

In a JEREMIE-related European Court of Auditors (ECA) report, the ECA not only noted that “[t]he SME financing gap assessments, if available, suffered from significant shortcomings” (European Court of Auditors, 2012b, p. 10) but also “identified EIF’s gap assessment for Sweden8 as good practice and used it as a benchmark” (European Court of Auditors, 2012b, p. 18). Moreover, the ECA highlighted several key building blocks of the assessment for Sweden which should be taken into consideration when conducting future AFMAs:

- a full analysis of nationwide demand and supply of SME finance by type of financial instrument and, where applicable, taking regional specificities into account;
- areas where the existence of financing gaps could or could not reasonably have been established;
- references to previous European Regional Development Fund (ERDF) support or other EU access to finance schemes, including on the role of the EIB Group;
- information on the intended structuring of the co-financed funding of SME finance (fund allocation), including a link with the operational programme submitted to the Commission for approval;
- information on which potential financial intermediaries could be capable of implementing the funding.” (European Court of Auditors, 2012b, p. 18).

8 See EIF (2007).
Moreover, the ECA stated that ERDF operations should be based on a “sound assessment of the financing gap” including its quantification. The AFMA should identify needs for public sector action in favour of financial instruments for SMEs.

Furthermore, other important hints for the conduct of AFMAs can be taken from the “Ex Post Evaluation of JEREMIE ‘Evaluation Phase’ as it relates to the EIF” which was undertaken by the EIB Operations Evaluation. See De Laat et al. (2011) for the synthesis report.

In the AFMAs which are conducted by/on behalf of EIF for the 2014-2020 programming period, recommendations regarding the details (e.g. size, allocation, potential intermediaries) and the implementation of appropriate financial instruments/investment strategies (e.g. fund of funds) to tackle possible SME financing market gaps or weaknesses are not included as part of the market assessment (please refer to Annex 1 for more details). Rather, this task is left to a separate document, the proposed investment strategy (PIS). The preparation of the PIS document is not included in the realisation of the AFMA, but is based on the AFMA. Nevertheless, chapter 7 “Summary of findings and Conclusions” of the typical AFMA structure includes a discussion of the priorities which should be implemented when tackling the financing gaps which were possibly identified in the AFMAs (i.e. a suggested hierarchy of the gaps).

With this approach, the AFMA can be conducted independently from the implementation of future financial instruments and reduce a perceived conflict of interest. At the EIF, the two parts – AFMA and PIS – are managed by two different teams based on their relevant expertise: Research & Market Analysis (RMA) and a dedicated project team, in order to ensure a segregation of duties and independence (please refer to Annex 1 for more details on the segregation of duties).

---

9 See European Court of Auditors (2012b), p. 18. See also ibid., recommendation 1(a), pp. 10 and 42: “When proposing financial engineering measures, the managing authorities should make sure that their proposal is duly justified by an SME gap assessment of sufficient quality, including a quantified analysis of the financing gap.” However, as described in the next chapter, the quantification of an SME financing market gap will always only be possible as a rough estimation/indication which should be taken into account by the AFMA analyst. If quantification does not seem to be reasonable in some areas, the AFMA analyst should make that clear in the text.
2 Methodology

The purpose of AFMAs is to analyse if and to what extent weaknesses and financing gaps exist in particular markets for SME finance (refer also to Box 2). An SME “financing gap” can be defined as a “[m]ismatch between the demand and the supply […] in the different types of financial instruments for SMEs in a given area of the EU” (European Court of Auditors, 2012b, p. 6).

Box 2: Is there a SME financing gap?

Much research in the field of financing gaps argues that on the basis of “laissez-faire economics” supply always equals demand – making the concept of “market gap” itself irrelevant. On the other hand and in our opinion closer to the reality of an imperfect market, economic literature often discusses that in the area of access to finance for SMEs a market imperfection/failure is present as a fundamental structural issue. The reasons for this market failure relate to insufficient supply of capital (debt or equity) and inadequacies on the demand side. This market failure is mainly based on asymmetric information (in the case of debt: information gap between lender and borrower), combined with uncertainty, which causes agency problems that affect debt providers’ behaviour (Akerlof, 1970; Stiglitz and Weiss, 1981; and Arrow, 1985).

---

10 According to the European Union (2013) CPR, Art. 37(2)(a), an ex-ante assessment shall include “an analysis of market failures, suboptimal investment situations, and investment needs”, while Art. 39 uses, in another context, the term “SME financing gap”. As is mentioned for example by GHK and Technopolis (2007), p. 57, “there are no universally-accepted definitions” of terms describing problems in SMEs’ access to finance such as “‘market failures’, ‘market gaps’, ‘market weaknesses’ and ‘gaps and lags in the development of capital markets’”. See GHK and Technopolis (2007), pp. 57-61, for suggested definitions and a discussion of those terms, as well as an overview of possible measurement instruments. Regarding the term “market weakness” GHK and Technopolis (2007) state that “[a]gain this is not a technical term but it is useful as a generic description of the range of problems that suggest that markets exist but they do not function as well as they might. SMEs’ problems of access to finance of this type include: the high costs of access to finance; the high costs of provision of finance; credit rationing; the reluctance of SMEs to seek finance; variations in the regulations and taxation environments affecting the operations of SMEs between member states.”

11 A different definition is given by GHK and Technopolis (2007), pp. 57-58, who find it “reasonable to define the term [market gap] as meaning that a commercial market opportunity exists but the market is, for whatever reason, choosing not to exploit it.” They conclude that “[i]n such circumstances the public sector might take steps to fill the gap and directly or indirectly provide finance, with a view to demonstrating to the market that the commercial opportunity exists. […] In effect the public sector intervention may be seen as a pilot or demonstration project where society is willing to underwrite the risk of being the ‘first mover’ in order to help establish a market.”

12 Agency theory/the principal-agent approach is often applied in economics literature for the analysis of relationships between lenders and borrowers (e.g. contract design, selection processes, credit constraints, etc.). Stiglitz and Weiss (1981) argued that under certain circumstances credit rationing can be rational for banks. This can be particularly true in the case of SME financing (see OECD, 2006a, pp. 17ff.). Refer to Bruhn-Leon et al. (2012), pp. 13-14, for a discussion in the context of microfinance.
In line with this argumentation, the European Commission (2005a) described a financing gap as "a situation where firms that would merit financing cannot get it due to market imperfections". Accordingly, the identification of a market weakness can be seen as an indication that a financing gap exists.  

SMEs’ access to finance is vital for the creation, growth and survival of SMEs. The economic literature on creditless recoveries is often optimistic (as these recoveries empirically often lead to strong GDP growth). However, this is mainly valid for low-income countries. High-income countries have typically higher levels of financial development and depend, e.g. in Europe, strongly on bank loans. Moreover, in Europe typically the withdrawal of bank loans cannot be substituted by the issuance of debt securities and this is especially valid for SMEs (Darvas, 2013).

According to the OECD (2006a, pp. 63-65), “in the major OECD countries […] no generalized financing gap can be identified” with respect to SME lending. However, gaps may exist in particular parts of the SME financing markets, hence these “individual” markets have to be analysed. Typically, size and age are related with an increasing degree of companies’ access to finance (e.g. Kuntchev et al., 2013) and we could even simplify this to: the smaller and younger a company is, the bigger its financing challenge. With no track record, no long standing relationship with a financier, and little capital or collateral, young companies seldom have an easy time finding the funds they need to grow. In times of crisis, SMEs typically find capital even harder to come by. The past five years have been no exception. Although global economic prospects have gradually improved since 2009, the recovery has lagged for small enterprises, and access to finance remains a pressing problem for SMEs (Pelly and Kraemer-Eis, 2012).

When trying to identify a financing gap, problems of a conceptual nature arise, as the potential/unrealised portion of the demand is not measurable until the supply materialises. Thus, in the GAFMA we propose to apply a practical approach to assess whether financing gaps exist in particular markets. This approach consists of (1) a comparison of supply and potential demand (as far as possible) and (2) an analysis of SME finance market weaknesses and the application of Peer Group Analyses (PGAs).

---

13 However, it should be kept in mind that the European Court of Auditors (2012a) recently stated a more cautious position regarding the use of financial instruments under the, at the time, proposed Common Strategic Framework for future Cohesion Policy: “Article 32 [authors’ note: Article 37 in the adopted regulation] provides that an intervention may be justified not just by market failures but also in ‘sub-optimal investment situations’. Without further precisions, this could lead to support for poorly justified financial instruments. The circumstances in which EU support for financial instruments may be available should be more narrowly defined in the draft general Regulation.”

14 Refer to European Commission (2011) for an example of an impact assessment which includes, inter alia, the objective to estimate a “financing gap” for a particular market segment of the study (i.e. the cultural and creative sector). “[T]he methodology used in the Impact Assessment to calculate the financing gap” is described in chapter 2.4.2 of the assessment. This approach is comparable to the methodology proposed in the present document. See also the related European Commission (2013d) study and the description of the related financing gap assessment in annex 3 of our guidelines.
(1) Comparison of supply and potential demand (as far as possible)

This approach consists of looking at each financial instrument and verifying if a mismatch between potential demand and supply can be observed. Examples of the description of supply and demand are given in section 5 (“Recommendations for particular chapters”).

In general, the amount of supply is measured or estimated based on a description of the variety of private and public sources of supply, and on statistical data, research reports, information from associations, stakeholder interviews and other sources describing existing supply (e.g. websites of financial institutions). The trends and expected shifts in these sources of supply (including intended changes in public support schemes) are then reviewed to assess expected future supply.

Figure 1 below shows an approach to calculate potential demand for different financial instruments by assessing the potential applications and the average amount per application. In order to estimate the future potential demand, demographic trends and growth expectations within the SME environment and in each market segment should also be taken into account. More detailed information regarding the analysis of demand for microfinance is given in section 5 (“Recommendations for particular chapters”) and in particular in Annex 4.

Wherever possible, the expected demand can be calculated based on reasonable estimations of an expected average amount per application (e.g. average loan amount) times the number of expected applications (also considering aspects of the potential demand: companies that currently do not apply for loans because they expect, based on the financing environment, their application to be rejected; this potential demand has to be justified, reasonable to apply, and well explained in the AFMA).

The expected average amount per application can be derived from available statistical indicators (most recent values and possibly developments over time; where useful, including forecasts or reasonable estimations for the period under consideration). If such statistics do not exist for the country/region under consideration, the average amount could be derived from a demand side survey (refer to section 3.2 “Surveys” below). Where useful, forecasts or reasonable estimations for the period under consideration could be included.

---

15 The European Court of Auditors (2012b, p. 18) sees “a full analysis of nationwide demand and supply of SME finance by type of financial instrument” as best practice for an assessment of a financing gap.
The expected number of applications can also be derived on the basis of appropriate statistical indicators.\(^{17}\) Examples for concrete indicators are listed in chapter 3.1 (“Indicators”) and in chapter 5 (“Recommendations for particular chapters”) of this document. Once again, the most recent values and possibly developments over time should be described. If appropriate indicators do not exist for the country/region under consideration, the expected number of applications could be derived from a demand side survey. Where useful, forecasts or reasonable estimations for the period under consideration could be included.

Finally, as far as possible, an assessment of bankable (or sometimes called eligible or viable) demand should be conducted. The full potential demand (in particular the potential number of applicants) will often not be met by supply because a portion of it is not bankable/eligible/viable. The mere fact that companies have difficulties to find access to finance per se does not immediately mean that there is a market failure or that government intervention is needed.

\(^{16}\)The interpretation of Figure 1 can also be understood by the following example (based on EIF, 2006): For the segment of microfinance, the method used is as follows: The latest available data for the section of the overall population regarded as at risk of poverty or social exclusion (in Figure 1 denoted as population under poverty line) is taken as the base population for the segment. Then using historical information for the number of people that have created an enterprise per 1,000 inhabitants, this percentage rate is applied to the base population. This gives an overall estimate of the size of potential applicants from yet unborn companies in this market. For the number of applicants coming from the segments of existing zero employee and microcompanies, existing statistics showing the number of companies in these segments and (if available) the average percentage of companies from these segments using particular financing instruments (e.g. bank loans based on the ECB/EU COM SAFE survey mentioned below) could be applied. Then, an analysis of factors affecting the future development (number of companies) in these segments can be conducted in order to take conclusions on the likely future development of applicants from these segments.

\(^{17}\)If possible, an AFMA should contain statistical measures to show the relationship (at least the correlation) of the used indicator(s) with expected demand (in this case with the number of applications).
In a competitive market environment many firms enter the market with little chance of success and it is normal that these firms’ demand is rejected as it is from an economic perspective too risky for financial intermediaries to finance them (Nightingale et al., 2011). Hence, the revealed demand does not automatically reflect the real repayment possibilities of SMEs and needs to be adjusted downwards - e.g. by using aspects of debt sustainability (companies’ indebtedness levels/leverage ratios), the ability to service debt, or the return on equity (as proxy for profitability). The calculation or estimation of the respective adjustments depend on data availability and has to be in any case justified, reasonable to apply, and well explained in the AFMA. In Annex 3, we present recent examples of financing gap calculations that used pragmatic solutions to qualify “viable” companies as being enterprises with non-negative turnover or with solid business plans.

The challenges to the comparison of supply and potential demand approach are data availability and the feasibility of measuring supply and potential demand for financial instruments and in particular quantifying the implied financing gap. Therefore, it is reasonable to also apply the SME finance market weaknesses and PGAs approach (see below).

(2) SME finance market weaknesses and PGAs

In addition to the identification and, if possible, quantification of possible financing gaps, an AFMA report should provide qualitative information on SME finance market weaknesses which go beyond the presentation of a sole pure figure for a gap. Moreover, PGAs could be applied (refer to section 3.3 “Peer Group Analysis” for more details). These approaches will also help to identify the existence of SME financing gaps. In particular, these approaches add value in cases in which a calculation of supply and potential demand based on approach (1) is not possible. Thus, the comparison of the country/region under consideration to a peer group can also be used as an additional basis for the quantification of a possible financing gap.

The use of approach (2), which will be largely based on proxies consisting of indicators and comparisons to peer groups, seems to be unavoidable as was recently stated in the evaluation of the successor to the EU Entrepreneurship and Innovation Programme: “In the European Union (EU), debt financing, and especially bank financing, is by far the main source of external finance for enterprises, and notably for SME. […] Accordingly, the financing gap faced by European enterprises is typically expressed and measured with reference to the bank lending market. A

---

18Anand and Rosenberg (2008) confirm this view. Their argumentation is based on experiences from the microfinance sector. However, the general reasoning can also be applied in other segments of SME finance. They note that “[r]easonable estimates of average loan size can be derived from international databases […] but estimating numbers of expected borrowers can be a minefield.” The consultation of their paper before starting the analysis might prove helpful, as they show useful ways to increase safety when navigating through this minefield. For example, they suggest that after having calculated the set of potential borrowers further reductions must take place for the following reasons:

* Many people simply don’t want microloans.
* Some people who might want loans are not creditworthy […].
* People who want and qualify for loans are not necessarily borrowing all the time.”

For all cases they give examples which can serve as a starting point to incorporate these restrictions into the calculation. Finally they conclude that “[t]he ultimate test of market estimates is actual numbers of active borrowers once a national microcredit market approaches saturation.” Thus, an appropriate country/region comparison could help confirm the quality of the demand estimate.
precise measurement of the phenomenon is an inherently complex exercise, as it involves unobservable variables, i.e. the lending transactions that could have occurred if certain frictions (informational variables, transaction costs) had not existed. Under these conditions, it is inevitable to resort to proxies, such as loan rejection rates, rates of discouraged potential borrowers, and share of firms offered unfavourable lending conditions, in terms of maturity and/or interest rates.” (Economisti Associati et al, 2011b, p. A.2)

The conclusions on the existence or non-existence of SME financing gaps and SME finance market weaknesses, which are derived from parts (1) and (2) of this practical approach, should be compared with other studies undertaken on SME financing for the country/region under consideration. In addition, if an SME financing market gap or a market weakness is identified, an AFMA should always explain the reasons for its existence. This will also give a hint if (additional) financial instruments could help to overcome the situation and/or if other framework conditions have to be improved.

According to the approach described above, the analysis of each financial instrument under consideration follows the structure: 1) analysis of supply, 2) analysis of (potential) demand, 3) PGAs, and 4) findings, i.e. the (non-)identification of an SME financing market gap (including quantification if possible) or market weaknesses. This is reflected in the standard structure of an AFMA report which is presented in chapter 4 below (in particular in section 5 “Market Analyses and Findings” of that standard structure).

To put our methodology into context, our considerations presented thus far show that there is unfortunately no formula to assess these SME financing market gaps, but the analysis has to be based on a toolbox. The concrete application of the toolbox for the individual assessment depends, as already expressed above, on various parameters (e.g. data availability, time and resources to be spent for the analysis, and the strategic focus of the analysis).

19A different approach to assess potential shortcomings in SME finance was conducted by Wagenvoort (2003a). This paper “addressed two underlining research questions: Do capital structures of firms differ across size classes? Does a distinct capital structure of SMEs hinder their growth? […] The main strength of the paper is that it provides a rigorous empirical investigation based on hard data and not just on SMEs perception of finance constraints.” (GHK and Technopolis, 2007). See Galizia (2003) for an alternative approach that measures the need of external funds of the corporate sector as the difference between gross capital formation and savings.
To summarise, Figure 2 shows the general principal of the structural coverage of an AFMA:

**Figure 2: Structural coverage of an AFMA**

Source: EIF
3 Tools

Chapter 3.1 provides a description of useful indicators for the demand and supply side analyses and for the PGAs. Additional indicators relating to particular financial instruments are presented in chapter 5 “Recommendations for particular chapters” below. However, the indicators and data should not be seen as an exhaustive list.20 Chapters 3.2 and 3.3 describe how surveys and PGAs can contribute to an AFMA. Finally, literature recommendations are provided in chapter 3.4.

According to a typical AFMA structure, as shown in chapter 4 of this document, the AFMA’s supply and demand analysis chapters for all relevant financial instruments (i.e. the AFMA chapters 5.2, 5.3, …) start with a general description of the legal and institutional framework of the respective market. The description of the supply side includes a description of the most relevant actors (or groups of actors) including public sector and private entities.

In regards to specific tools, the description of the legal and institutional framework and the analyses of available instruments and relevant actors can mainly be based on available literature and internet sources. In addition, possible shortcomings on the supply side can be derived from indicators described below (refer to chapter 3.1. “Indicators” and chapter 5 “Recommendations for particular chapters”) and PGAs (refer to section 3.3 “Peer Group Analysis”). If additional information is needed, the conduct of a supply side survey and/or stakeholder interviews should be considered (refer to section 3.2 “Surveys” below).

For the demand side analyses, an indicator-based approach (refer to section 3.1 “Indicators” below), possibly demand side surveys (refer to section 3.2 “Surveys and stakeholder interviews” below), and PGAs (refer to section 3.3 “Peer Group Analysis” below) are useful tools. In any case, AFMA analysts should conduct an analysis of relevant stakeholders and consider in which way the stakeholders should be involved. The information used for assessing demand and supply and for drawing conclusions should be representative. The selection should be substantiated in the analysis.

3.1 Indicators

The data which we describe here and in chapter 5 “Recommendations for particular chapters” should be used in order to ensure, to the extent possible, a common approach for AFMAs. However, in some cases (e.g. if the data for the country under consideration is not available or seems to contain errors or shows inexplicable behaviour) a deviation from this approach might be necessary.

20See GHK and Technopolis (2007), chapter 5, for an assessment of strengths and weaknesses and the appropriateness of different information sources such as indicators and surveys for the analysis of shortcomings in the access to finance of SMEs in the EU. They also suggest indicators and survey questions to improve the information on access to finance of SMEs.
The recommended data should not be seen as an exhaustive list. In order to ensure the availability and comparability of indicators among peer groups, it is reasonable to use to a large extent indicators provided by European authorities or European associations / business organisations for all or at least for a lot of European countries. However, if this is not possible, nationally defined indicators can also be applied, however, this may render a peer group comparison impractical as a consistent data set may not exist. Refer to, for example, the overview of national websites on SMEs which is provided in OECD (2000) and the list of links to national and supra-national “Surveys and Statistical Resources on SME and Entrepreneurship Finance” in OECD (2013a), Annex D.21

We provide indicators which are useful for particular chapters of an AFMA report in chapter 5 “Recommendations for particular chapters” of these guidelines. Indicators that are relevant for more than one chapter can include:

**Doing Business.** Provides measures of business regulations for SMEs in 189 economies and selected cities at the sub-national level. [http://www.doingbusiness.org/](http://www.doingbusiness.org/)

**Eurostat, Structural business indicators** (including the topic access to finance) can be derived from the Eurostat website: [http://epp.eurostat.ec.europa.eu/portal/page/portal/european_business/introduction](http://epp.eurostat.ec.europa.eu/portal/page/portal/european_business/introduction)

**EU COM: website “Data on Access to Finance”.** Presents links to these data as well as to additional statistics from other sources related to the access to finance of SMEs on the website: [http://ec.europa.eu/enterprise/policies/finance/data/index_en.htm](http://ec.europa.eu/enterprise/policies/finance/data/index_en.htm)

**EU COM: website “Better access to Finance”.** EU website on available instruments and additional information regarding access to finance: [http://ec.europa.eu/enterprise/policies/finance/index_en.htm](http://ec.europa.eu/enterprise/policies/finance/index_en.htm)

**ECB and EU COM: Survey on the access to finance of SMEs.** Twice per year, the ECB publishes the “Survey on the Access to Finance of SMEs in the euro area” (SAFE). This survey not only shows aggregated results for the euro area as a whole but also country specific data for eleven euro area member states22 and for various enterprise size classes. On the one hand, the SAFE contains rather general sub-statistics (e.g. most pressing problems of SMEs) which give insight into the situation of SMEs in a particular country; on the other hand the SAFE

21On a national level, plenty of SME (financing) related sources of information exist. It is not possible to list all of them in this document. Some examples:
- One example for France: Bpifrance (2013): PME 2013. Rapport sur l’évolution des PME. GHK and Technopolis (2007) discuss strengths and weaknesses of selected national SME access to finance related information sources such as surveys for Finland, France, Germany, Italy, and the UK.

22According to the ECB (2013d), “[b]esides being representative at the euro area level, the sample is also representative for the four largest euro area countries, i.e. Germany, France, Italy and Spain. The sample size in the seven other euro area countries that are included in the survey every six months (Belgium, Ireland, Greece, Netherlands, Austria, Portugal and Finland) was increased in the HY2 2010 round to 500 firms in each country, enabling some significant results to be drawn from these countries.”
provides very useful details on SMEs’ behaviour with respect to different financing sources. Among other things, the SAFE reveals SMEs’ views on the use, need and availability of different sources of external finance. The results of country specific statistics can be particularly useful in a PGA. Part of the survey is conducted by the ECB every six months for the euro area while the more comprehensive survey is conducted every two years in cooperation with the European Commission for all EU countries (and other countries)\(^{23}\). See ECB (2013c) and European Commission (2013c) for the latest available issues. The data can be obtained via the websites: http://www.ecb.de/stats/money/surveys/sme/html/index.en.html and http://ec.europa.eu/enterprise/policies/finance/data/index_en.htm#h2-1.

**UEAPME Think Small Test and Small Business Act (SBA) Implementation Scoreboard.** These UEAPME surveys of policy experts from European and national SME organisations are conducted every year in order to assess “the extent to which the European Institutions and national governments are fulfilling their commitments to the Think Small First Principle and the implementation of the policy promises in the SBA”. See UEAPME Study Unit (e.g. 2012): http://www.ueapme.com/spip.php?rubrique121

**UEAPME EU Craft and SME Barometer.** This analysis builds on the results of surveys that are conducted by UEAPME member organisations twice or four times a year on about 30,000 crafts and SMEs in different regions all over Europe. At European level, data for size classes (micro, small and medium sized enterprises) and for four economic sectors (manufacturing, construction, business and personal services) is provided. For the latest issue see UEAPME Study Unit (2014). http://www.ueapme.com/spip.php?rubrique120

**EU COM: Eurobarometer surveys.** From time to time, Eurobarometer surveys are published which refer to access to finance. They can give, for example, interesting insights into the (intended) use of different financial instruments (e.g. leasing) by final beneficiaries. See for example the Flash Eurobarometer surveys No. 174 and 271 (European Commission, 2005b and 2009). Other Flash Eurobarometer surveys also cover different SME-related topics such as entrepreneurship. The availability of (more) recent issues can be checked via the website. http://ec.europa.eu/public_opinion/index_en.htm.

**Global Entrepreneurship Monitor (GEM).** Additional indicators on entrepreneurship can be derived from the GEM. Data and more information can be obtained from the website: http://www.gemconsortium.org/

**The Global Venture Capital and Private Equity Country Attractiveness Index** (Groh et al., 2013), provides a broad range of indicators which are useful to assess the market maturity and possible market weaknesses not only for Venture Capital (VC) and Private Equity (PE), but also for other financial instruments, as it also contains indicators concerning the loan market, the environment for entrepreneurs in general and for start-ups in particular. The index provides

---

\(^{23}\)The “other countries” are non-EU countries participating in the Entrepreneurship and Innovation Programme of the Competitiveness and Innovation Framework Programme (CIP). See European Commission (2013e) for more details.
data (including comparisons within peer groups) for 118 countries, including 21 in Eastern Europe and 19 in Western Europe. [http://blog.iese.edu/vcpeindex/](http://blog.iese.edu/vcpeindex/)

The Global Innovation Index 2012 (Dutta and Lanvin, 2013) includes a broad number of innovation related data for more than 140 countries including country comparisons. [http://www.globalinnovationindex.org/](http://www.globalinnovationindex.org/)

In order to identify possible market imperfections, the indicators have to be combined with a PGA (refer to section 3.3 “Peer Group Analysis” below). In case of business volume indicators, it is useful to use market penetration rates (outstanding volumes and/or new business volumes divided by GDP) for purposes of comparison.

### 3.2 Surveys and stakeholder interviews

In order to get a feel for the perceived financing gap and its underlying causes from those who operate in the market, stakeholders should be consulted in the context of an AFMA. The simplest forms of stakeholder consultations are interviews or focus group meetings. The latter are formalised and typically moderated meetings of stakeholder groups (from the demand and/or supply side such as: SMEs, business associations, financial institutions, and Venture Capitalists) in order to discuss pre-defined issues of SMEs’ access to finance. In any case, interviews and/or focus group meetings should be structured, well planned, and properly documented/minuted; the summarised findings should be confirmed by the participants.

Surveys are also a form of stakeholder interviews but with a large number of interviewees and a pre-defined set of questions. They are routinely used by European institutions, organisations and national governments to assess the (unmet) demand for financing among SMEs. These are valuable tools to compare countries, to understand the scale of the problem and, importantly, to look at trends. These publicly available surveys (many of these are referenced in this document) are a rich source of data for indicator based analysis.

In cases, in which an indicator-based approach or existing surveys do not provide sufficient information to judge if a financing gap exists, tailored, representative surveys, and/or stakeholder interviews could be conducted with actors from the demand and the supply side and, if useful, with other experts (e.g. representatives of business organisations, academic experts). For these cases, even if various benchmark examples for survey questionnaires exist, questionnaires always have to be adapted to the particular context.

---

24Chapters 3.2 and 3.3 benefit from comments by Heleen Kist, Skillcast.

25Refer to for example EIM (2009) for an (older) overview of business organisations for SMEs in the EU.

26For example, there may be areas where a Managing Authority believes that there is a particular problem, and it is unlikely that existing surveys would be able to provide the necessary data.

27An example questionnaire of a “Simplified Quantitative Demand-Side Survey” derived from the “Survey on Small Business Credit Conditions 2010 by Industry Canada” is provided in OECD (2013a), Annex D. Moreover, OECD (2013a), Annex D, contains a list of links to surveys (and to statistical resources) on SME and entrepreneurship finance. Another example is the demand side questionnaire which was used in an access to finance survey performed by Eurostat. See Ushilova and Schmiemann (2011). Other examples are the ECB’s and European Commission’s SAFE questionnaire (see ECB, 2013c, and European
Surveys and interviews with relevant actors help to obtain additional market insights, in particular based on qualitative information, which are not available from indicators (for example, this helps to show market gaps with respect to particular investment sizes). Moreover, they give important hints on relevant framework factors which influence current and future demand and supply. For example: In principle, the expected average amount per application can be derived from available statistics (most recent values and possibly developments over time; where useful, including forecasts or reasonable estimations for the period under consideration). If such statistics do not exist for the country/region under consideration, the expected average amount could be derived from a demand and/or a supply side survey. Moreover, an estimation of the number of expected applications could be derived from surveys. We cannot enter here into detailed discussions of survey/interview design, survey/interview technologies or sampling but only mention some aspects beyond the “traditional” issues:

- Often, surveys are focused on the demand side. However, there may also be reasons to further research the supply side of the financing gap, such as conducting a survey with venture capital providers or commercial lenders. This would be a useful tool for trying to get a quantitative feel for the main reasons for rejection, but often base sizes are too small for statistically relevant conclusions.

- There is a general trend which can be drawn from surveys; however, caution should be exercised to determine the statistical significance of the data used. For example: in the European and national financing demand surveys that are conducted, companies are asked whether they intend to seek finance, for example, in the next 12 months. Whilst this is an adequate question if this survey is repeated regularly, it is less helpful as a one-off question as it risks to be used as an annual financing need. It may be in fact that companies are raising finance only once in their lifetime.

- It is also important to remember that surveys typically measure opinions. The better and the more precise the survey design, the more accurate are the results and the increased reliability of the information. For example, simply asking an SME if it would access finance if it was made easier, will probably give an unanimously positive result even if the company has no intention of obtaining finance in the future.

- Beyond the importance of survey design, a shortfall of surveys is that respondents may influence the outcome given their desire to achieve a higher score (or, in the case of access to finance, a worse situation). This is why trends in the same survey over time can be better than surveys at a single point in time. Moreover, the respondent may choose not

Commission, 2013e) and the questionnaire used in the European Commission (2013d) study on access to finance for cultural and creative sectors. GHK and Technopolis (2007), chapter 5, discuss strengths and weaknesses and the appropriateness of different information sources such as surveys for the analysis of shortcomings in the access to finance of SMEs in the EU. They also suggest survey questions to improve the information on access to finance of SMEs.

28 However, certain cautiousness is necessary when deriving conclusions based on demand-side surveys. According to the OECD (2012b) and OECD (2013a), “whereas a plethora of qualitative SME surveys (i.e. opinion surveys) exist, quantitative demand-side surveys are rare. Experience shows that qualitative information based on opinion survey responses must be used cautiously.”

29 A list of references with further information on survey design can e.g. be found here: http://lap.umd.edu/survey_design/bibliography.html

30 A well-known example for a supply-side survey is the ECB’s euro area bank lending survey. See ECB (2014) for more information.
to answer questions that ask for data perceived as confidential, thereby reducing the value of the results. Perhaps more frequently a cause for concern is the lack of understanding or definition of the discrete issues the survey is attempting to measure.

3.3 Peer Group Analysis

A peer group is defined as a group of individuals or entities who share similar characteristics and interests. In the context of financial markets, a peer group usually refers to companies that operate in the same industry sector and are of similar size. In the context of the AFMA, a peer group would be countries or regions that share similar characteristics in its SME base and population, at a minimum, but probably also in industry sectors. The term “Peer Group Analysis” (PGA) refers to a comparison of relevant indicators (i.e. most recent values; if possible, based on past and expected future developments) for the country/region under consideration and the values of the same indicators for other countries (or regions) in a comparable economic and financial situation.\(^{31,32}\) PGA can be conducted in its simplest form (based on single, preferably independent, indicators) or in a more complex form (based on aggregated indicators, that is, composite indicators\(^ {33}\)).

When defining peer groups for a particular country/region, it might be useful or even compulsory to involve certain stakeholders (e.g. the Managing Authority). AFMA reports should provide the reasons for the selection of peers.

In the market analyses (i.e. Chapter 5 of the typical AFMA structure presented below) of the AFMA report, PGAs could support the identification (or non-identification) of a market failure. To give an example, OECD (2012b) and OECD (2013a) provide indicators and country comparisons thereby stating that “[e]ach of the core indicators […] measure[s] or gauge[s] the impact of the SME financing ‘gap’” (OECD, 2012b).

The PGA can be used to complement the use of indicators and also as a basis for the quantification of a financing gap. Similar to the use of benchmarking in business, it enables the incorporation of data into a larger picture not only to evaluate overall performance, but also more importantly, to understand what level of performance is possible or aspired. The use of PGA is of value as it permits countries and regions to know how they compare in a particular field, but expectations should be managed carefully around its ability to generate true insight and incontestable ‘rankings’. If one country is the best ranked among its peers, it does not necessarily follow that there is no financing gap.

In general - and this is not only valid for PGAs - it has to be considered that, the broader the scope of measurement, the more difficult it becomes to align the measures for comparability. It is

\[^{31}\text{Please note that the EIB and European Commission (2014) ex-ante assessment methodology describes this approach with other terms (“benchmarking” and “comparison of indicators between countries and/or regions”). However, this “is similar to the Peer-Group-Analysis (PGA) approach mentioned in the GAFMA.”}\]

\[^{32}\text{Examples of peer group comparisons are provided in “The Global Venture Capital and Private Equity Country Attractiveness Index” (Groh et al., 2013). Schwab, K. (2013) and OECD (2013a) contain useful indicators, rankings and scoreboards.}\]

\[^{33}\text{The Capital Access Index, published by the Milken Institute, is an example for a composite indicator on access to capital. See Barth et al. (2010).}\]
also difficult to determine the appropriate granularity of data required to be meaningful. Moreover, it is not enough only to have the data: understanding the drivers behind the data is important to enable change or improvement. These drivers can often cloud the issues. One driver could be culture: in some cultural frameworks, people might be more prone to taking risk than others or inclined to borrow. Other drivers include: taxation and the population of business owners approaching retirement. This makes getting value from cross-border PGA a difficult task; it shows that a clear definition of the peers and the different indicators is necessary. The stated issues with PGA are reduced if the PGA is conducted for regions within a country, where cultural, taxation and other such factors are identical and therefore they can be disregarded. In any case, if significant differences between developments in the country/region under consideration and (one or more) “benchmark” countries (regions) are discovered, the reasons for these differences have to be duly analysed before conclusions concerning market weaknesses can be drawn.

There are a few areas where PGA can provide insight and reasonably robust ‘rankings’. They include the overall access to finance demand, as determined by the proportion of businesses seeking finance but failing to raise it\(^{34}\), relative levels of business creation, supply of venture capital (particularly in comparing regions to highlight the proximity bias of this industry).

### 3.4 Literature Recommendations\(^{35}\)

Useful background information can be taken from the following papers which include gap assessments conducted by third parties (not in the Structural Funds or ESI Funds context). This list should not be taken as exhaustive:


\(^{34}\)The existing European and national surveys can be good sources for this data.

\(^{35}\)The literature recommendations given here should not be seen as an exhaustive list.


Among other things, Breedon, T. et al. (2012), pp. 43f., emphasize that expectations for future growth in loan volumes cannot solely be based on figures stemming from the years of a severe financial and economic crisis.36 Rather, expectations for the future development of financial instruments have to take into account the experiences from the pre-crisis periods.

Introductory information relating to general financial market weaknesses can be found in:


The above mentioned websites contain also links to related databases. Throughout the reports, country performances and country rankings are presented. Moreover, the reports contain indicators concerning the innovation environment. This can be useful information for the technology transfer chapter of an AFMA report.

A new OECD publication series includes indicators on SME financing and related scoreboards for particular countries. This is also useful for PGAs for the countries covered in the publication. The European countries for which country profiles are contained are the Czech Republic, Denmark, Finland, France, Hungary, Ireland, Italy, the Netherlands, Norway, Portugal, the Russian Federation, Serbia, the Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey and the United Kingdom. Moreover the document contains a list of links to national and supra-national surveys and statistical resources on SME and entrepreneurship finance. Refer to:


---

36Examples of analyses dealing with the crisis effects on enterprises include Medina (2012) and the overview provided in Cœuré (2012).
Another recent OECD publication covers entrepreneurship indicators, including access to finance. This publication also contains cross country comparisons (could be useful for PGAs) and example questionnaires (could be useful for surveys). Latest Edition:


On particular geographies, useful literature includes the OECD’s SME Policy Index, see http://www.oecd.org/industry/entrepreneurshipataglance.htm. According to the OECD website, the aim of this tool is to benchmark, monitor and evaluate “progress in implementing the main policy framework for SME development elaborated by the European Union: The European Charter for Small Enterprises” in countries in Eastern Partner Countries37, Western Balkans38, and Turkey. The SME Policy Index “benchmarks national SME policies against a set of 92 policy indicators and helps policy makers measure convergence with good practices promoted by the Small Business Act for Europe”. Refer to OECD et al. (2012).

37Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova, Ukraine.
38Albania, Bosnia and Herzegovina, Kosovo, the Former Yugoslav Republic of Macedonia, Montenegro, and Serbia. Croatia became EU member on 1 July 2013. The latest (2012) edition of the SME Policy Index for the Western Balkans included Croatia as well.
4 Standard Structure

An AFMA analysis should always follow the same structure and logic, starting with formal elements and descriptive sections of the market environment. After these parts of a more introductory nature, the assessment should analyse market weaknesses for each type of financial product (refer to Figure 3, as well as Table 1 for the standard structure) available as a source of financing to SMEs. This structure is also in line with the definition of a financing gap, provided by the European Court of Auditors: An SME “financing gap” can be defined as a “[m]ismatch between the demand and the supply […] in the different types of financial instruments for SMEs in a given area of the EU” (European Court of Auditors, 2012b, p. 6).

As mentioned above, we recommend excluding the proposal of an investment strategy from the preparation of an AFMA in order to ensure an independent market assessment. However, the chosen AFMA structure – along financial products – facilitates the writing of an investment strategy as it ensures that this strategy can propose financial products to mitigate market weaknesses identified by the market assessment. Moreover, as said above, the European Court of Auditors (2012b) sees “a full analysis of nationwide demand and supply of SME finance by type of financial instrument” as best practice for an assessment of a financing gap.

Figure 3: AFMA coverage along financial products

![AFMA coverage along financial products](image-url)
Table 1: Standard Structure of an AFMA

<table>
<thead>
<tr>
<th>Chapter</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Front page</td>
<td></td>
</tr>
<tr>
<td>Table of Contents</td>
<td></td>
</tr>
<tr>
<td>List of Acronyms</td>
<td></td>
</tr>
<tr>
<td>List of Tables</td>
<td></td>
</tr>
<tr>
<td>List of Diagrams</td>
<td></td>
</tr>
<tr>
<td>1. Introduction</td>
<td></td>
</tr>
<tr>
<td>2. Executive Summary</td>
<td></td>
</tr>
<tr>
<td>3. The market environment</td>
<td></td>
</tr>
<tr>
<td>3.1. Characteristics of the Economy and Demographics</td>
<td></td>
</tr>
<tr>
<td>3.2. SME Characteristics and Environment</td>
<td></td>
</tr>
<tr>
<td>3.3. Existing SME Financial instruments</td>
<td></td>
</tr>
<tr>
<td>3.3.1. Institutional Structure</td>
<td></td>
</tr>
<tr>
<td>3.3.2. Governmental support schemes</td>
<td></td>
</tr>
<tr>
<td>3.3.2.1. National support schemes</td>
<td></td>
</tr>
<tr>
<td>3.3.2.2. Regional support schemes</td>
<td></td>
</tr>
<tr>
<td>3.3.3. Other support schemes</td>
<td></td>
</tr>
<tr>
<td>3.4. Historical use of Structural Funds</td>
<td></td>
</tr>
<tr>
<td>4. Managing Authorities’ Priorities and Policies for SME Finance</td>
<td></td>
</tr>
<tr>
<td>5. Market Analyses and Findings</td>
<td></td>
</tr>
<tr>
<td>5.1. Methodological framework</td>
<td></td>
</tr>
<tr>
<td>5.2. Microfinance</td>
<td></td>
</tr>
<tr>
<td>5.2.1. Supply</td>
<td></td>
</tr>
<tr>
<td>5.2.2. Demand</td>
<td></td>
</tr>
<tr>
<td>5.2.3. Peer Group Analysis</td>
<td></td>
</tr>
<tr>
<td>5.2.4. Findings / Market failure</td>
<td></td>
</tr>
<tr>
<td>5.3. Short-term loans, bank overdrafts and credit lines</td>
<td></td>
</tr>
<tr>
<td>5.3.1. Supply</td>
<td></td>
</tr>
<tr>
<td>5.3.2. Demand</td>
<td></td>
</tr>
<tr>
<td>5.3.3. Peer Group Analysis</td>
<td></td>
</tr>
<tr>
<td>5.3.4. Findings / Market failure</td>
<td></td>
</tr>
<tr>
<td>5.4. Medium and long-term loans</td>
<td></td>
</tr>
<tr>
<td>5.4.1. Supply</td>
<td></td>
</tr>
<tr>
<td>5.4.2. Demand</td>
<td></td>
</tr>
<tr>
<td>5.4.3. Peer Group Analysis</td>
<td></td>
</tr>
<tr>
<td>5.4.4. Findings / Market failure</td>
<td></td>
</tr>
<tr>
<td>5.5. Leasing</td>
<td></td>
</tr>
<tr>
<td>5.5.1. Supply</td>
<td></td>
</tr>
<tr>
<td>5.5.2. Demand</td>
<td></td>
</tr>
<tr>
<td>5.5.3. Peer Group Analysis</td>
<td></td>
</tr>
<tr>
<td>5.5.4. Findings / Market failure</td>
<td></td>
</tr>
<tr>
<td>5.6. Factoring</td>
<td></td>
</tr>
<tr>
<td>5.6.1. Supply</td>
<td></td>
</tr>
<tr>
<td>5.6.2. Demand</td>
<td></td>
</tr>
<tr>
<td>5.6.3. Peer Group Analysis</td>
<td></td>
</tr>
<tr>
<td>5.6.4. Findings / Market failure</td>
<td></td>
</tr>
</tbody>
</table>

39 More details regarding possible content of each chapter is provided in section 5 (“Recommendations for particular chapters”).
Table 1 continued:

<table>
<thead>
<tr>
<th>5.7. Export Credit</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5.7.1. Supply</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.7.2. Demand</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.7.3. Peer Group Analysis</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.7.4. Findings / Market failure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.8. Guarantees [including export guarantees]</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.8.1. Supply</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.8.2. Demand</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.8.3. Peer Group Analysis</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.8.4. Findings / Market failure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.9. Venture Capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.9.1. Supply</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.9.2. Demand</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.9.3. Peer Group Analysis</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.9.4. Findings / Market failure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.10. Technology Transfer Funds</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.10.1. Innovation Performance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.10.2. Supply</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.10.3. Demand</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.10.4. Peer Group Analysis</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.10.5. Findings / Market failure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.11. Business Angel Financing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.11.1. Supply</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.11.2. Demand</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.11.3. Peer Group Analysis</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.11.4. Findings / Market failure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.12. Growth Capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.12.1. Supply</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.12.2. Demand</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.12.3. Peer Group Analysis</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.12.4. Findings / Market failure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.13. Replacement, rescue/turnaround and buyout capital</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.13.1. Supply</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.13.2. Demand</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.13.3. Peer Group Analysis</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.13.4. Findings / Market failure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.14. Mezzanine financing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.14.1. Supply</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.14.2. Demand</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.14.3. Peer Group Analysis</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.14.4. Findings / Market failure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.15. Other (if applicable)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.15.1. Supply</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.15.2. Demand</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.15.3. Peer Group Analysis</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.15.4. Findings / Market failure</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

6. Special Focus on specific regions (if applicable)
7. Summary of findings and Conclusions
8. Annex

*Source: EIF*
5 Recommendations for particular chapters

In the following sections we provide more details concerning the possible content for particular chapters of a typical AFMA report. We refer to the typical structure of an AFMA report as presented in the previous section.40 These recommendations are only key suggestions which should be incorporated into an AFMA report; they should not be seen as an exhaustive list and in this context we refer as well to the disclaimer of this document on page 2.

2 Executive Summary
A typical executive summary should be provided. This should include a statement of position, a brief explanation of the methodology applied, and a summary of the main findings.

3 The market environment
SMEs’ access to finance depends not only on adequate financing mechanisms and on the SMEs’ ability to use them, but also on the “ecosystem” in which the companies act. This chapter gives relevant background information of the current market landscape, referring to the macroeconomic environment and also to the financial sector environment. Links to useful SME related information (including an overview of national websites on SMEs) are provided in OECD (2000). Framework information regarding the market environment can also include indicators, such as those provided in the Economic Freedom of the World publication (refer to Gwartney et al., 2013, or more recent issues).

3.3 Existing SME Financial instruments
This section includes a general picture of existing SME financial instruments from the private and the public sector. A brief description of the general institutional system of public intervention with respect to SME financing could also be useful (e.g. existence, structure and business model of promotional/development banks which offer SME financial instruments). Aspects of crowding-out/crowding-in effects and additionality of current public sector activities related to SME finance can play a role here in this chapter (whereas the related effects of future instruments should be covered in the proposed investment strategy), as well as, if possible, lessons learnt from the current and, in particular, the previous programming period.41 Some key figures on SMEs in East European EU Member States can be found in Hoffmann et al. (2012).

3.3.2 Governmental support schemes
This section should give an overview of SME support schemes on a national level (AFMA section 3.3.2.1) as well as on a regional level (AFMA section 3.3.2.2). Moreover, this section could give an overview of national and regional grant schemes to support SMEs (e.g. offered by public development agencies).

---

40 However, we do not refer to all sub-chapters.
41 Assessments of existing instruments should be taken into account. A brief introductory overview is given, for example, in Mouqué (2012). This paper reviews studies on impacts of support schemes in different EU Member States, considering effects in terms of investments, productivity, employment and innovation.
3.3.3 Other support schemes
This section should for example include EIB and other IFI activities in the country/region under consideration. Moreover, this section could give an overview of grant schemes to support SMEs which were not mentioned before (e.g. offered on a European level).

3.4 Historical use of Structural Funds
This section could be derived from official documents of the relevant country and/or region and the European Commission, possibly discussions with experts (e.g. EIF), and a conversation with the MA. The focus of this section should be on the use of Structural Funds for the support of SMEs and possible experience with financial instruments.

4 Managing Authorities’ Priorities and Policies for SME Finance
MAs’ priorities and policies form part of the background for the shape of the legal and institutional framework for SME finance. This section could be derived from official documents of the relevant country and/or region, possibly discussions with experts (e.g. EIF), and a conversation with the MA.

5 Market Analyses and Findings

5.1 Methodological framework
The text of this chapter can be derived from section 3 “Methodology” above, if this methodology is applied.

Chapters 5.2 ff.
All sections of the supply and demand analysis chapter (i.e. sub-chapters 5.2, 5.3, …) typically start with a general description of the legal and institutional framework of the respective market (e.g. chapter 5.2 should start with a description of the framework conditions for microfinance in the country under consideration).

The description of the supply side should cover the number and types of intermediaries, as well as an assessment of the current financing arrangements and growth potential. It should also include a description of the key players (the most relevant actors, or groups of actors), including public sector entities and the analysis of the competition situation. Existing and planned grant schemes should be considered as part of the supply side.

The demand side should include
- A description of the relevant market, e.g.: number of companies and distribution by size and sector;
- If data availability allows: type of SME activity (e.g. innovative SMEs, high growth enterprises/gazelles, one-person businesses); and
- Key performance indicators of SMEs.

If PGAs are conducted for supply or demand side indicators, PGAs (refer to chapter 2 “Methodology”) and its results should be described in AFMA chapters 5.x.1 or 5.x.2. However, several indicators used for PGAs will neither describe the demand nor the supply side, but rather market values. Such PGAs and its results should be part of dedicated AFMA chapters 5.x.3.
All subsections (usually 5.x.4) which discuss “findings/market failures, if applicable,” should also include priority areas and high level proposals on how financing gaps and market weaknesses could be addressed.

5.2 Microfinance

This chapter could be introduced with the following text from a best practice AFMA: “Microfinance is the provision of microcredit (in the EU loans smaller than EUR 25,000) to microenterprises, unemployed or inactive people who normally are excluded from the traditional banking services. Microfinance is an important tool to create incentives to set up and develop microenterprises and to promote job creation and sustainability. Moreover, the efficient provision of microfinance has an important role in attenuating the effects of the financial and economic crisis. Microcredits are usually provided by microfinance institutions, NGOs, credit unions / cooperatives, support and development banks or specialised units within commercial banks.”

The key publication and one of the most important sources of information on microfinance in Europe, including country profiles, is the overview prepared by the European Microfinance Network (EMN) every second year. Refer to the two latest issues: Bendig et al. (2012) and Jayo et al. (2010). Useful indicators are also provided in the microfinance chapter of EIF’s regular publication “European Small Business Finance Outlook” (see Kraemer-Eis, Lang and Gvetadze, 2013, for the latest issue) and in Bruhn-Leon, Eriksson and Kraemer-Eis (2012).

5.2.1 Supply

This section should give a description of existing supply as well as any instruments which are intended to be implemented by public or private initiatives in the future. As a result of this section, if possible, a quantification of supply for the period under consideration should be derived. At the beginning of this section, a general overview of the legal and institutional framework for the provision of microfinance would be helpful as these framework settings vary heavily from country to country.

5.2.2 Demand

Based on the methodology described above, expected demand for the period under consideration can be calculated on the basis of numbers or reasonable estimations of an expected average microloan amount times the number of expected applications from the different groups of potential applicants (as described in Figure 1).

The expected average loan amount could be derived from microloan statistics (most recent values and possibly developments over time; where useful, including forecasts or reasonable estimations for the period under consideration). If such statistics do not exist for the country/region under consideration, the average loan amount could be derived from a demand side survey. A demand side survey can also be considered in order to derive other relevant information.

Regarding the expected number of applications, useful indicators for the target groups are listed below (refer to Table 2):

42For more information see annex 4 (“GAFMA – Toolbox for microcredit analysis”).
43A microenterprise is any enterprise with fewer than 10 employees and a turnover under EUR 2m (as defined in the Commission Recommendation 2003/361/EC of 6 May 2003, as amended).
Table 2: Possible indicators to derive an expected number of applications

<table>
<thead>
<tr>
<th>Target group 1: Potentially new business founders(^{44})</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ unemployment rate</td>
<td>Eurostat</td>
</tr>
<tr>
<td>▪ long-term unemployment rate</td>
<td>Eurostat</td>
</tr>
<tr>
<td>▪ people at risk of poverty or social exclusion</td>
<td>Eurostat</td>
</tr>
<tr>
<td>▪ people at-risk-of-poverty after social transfers</td>
<td>Eurostat</td>
</tr>
<tr>
<td>▪ people living in households with very low work intensity</td>
<td>Eurostat</td>
</tr>
<tr>
<td>▪ severely materially deprived people</td>
<td>Eurostat</td>
</tr>
<tr>
<td>▪ population in a situation of financial exclusion (if available)</td>
<td>Eurostat</td>
</tr>
<tr>
<td>▪ readiness for self-employment (if available)</td>
<td>Flash Eurobarometer “Entrepreneurship”, latest issue as of January 2013</td>
</tr>
<tr>
<td>▪ nascent entrepreneurship rates by previous employment status(^{45})</td>
<td>OECD and European Commission (2013)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Target group 2: Established microenterprises</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Surveys on the access to finance of SMEs (data based on the size of the microenterprises)</td>
<td>ECB and European Commission</td>
</tr>
<tr>
<td>▪ available economic data broken down by enterprise size-class</td>
<td>Eurostat (+ other sources if available)</td>
</tr>
<tr>
<td>▪ (various) business survey data broken down by enterprise size-class (if available)</td>
<td>National business organisations (e.g. national UEAPME members)</td>
</tr>
</tbody>
</table>

Source: EIF

Once again, the most recent values and possibly developments over time should be described; where useful, forecasts or reasonable estimations for the period under consideration should be included. For each target group, the indicators would have to be combined with a reasonable estimate of the share of people which would apply for a microloan (e.g. for target group 1 taken from historical information for the share of people that have created a business and could be seen as potential microloan applicants). Finally, as further explained in chapter 2 (Methodology), an assessment of bankable (or eligible/viable) demand should be conducted.\(^{46}\)

\(^{44}\)If appropriate, demographic factors could be considered as well.

\(^{45}\)The nascent entrepreneurship rate (i.e. the proportion of people who report that they are taking steps to establish a business) is presented for three groups: previously unemployed, previously in paid employment or different self-employment activity, and those that were inactive in the labour force because they were students, retired, disabled or homemakers.

\(^{46}\)Refer to Anand and Rosenberg (2008) for very useful methodological notes concerning the assessment of microfinance demand. See also Mehta (2008) for another practical approach to assess demand, supply, and a gap with respect to microfinance (in this case for the water and sanitation sector) in East and South Asia, and Sub-Saharan Africa.
5.2.3 Peer Group Analysis
A PGA (refer to chapter 3.3 “Peer Group Analysis” above) could help to underline the reasoning for the (non-) identification of a financing gap. Relevant information can be derived from the above-mentioned EMN’s regular “Overview of the Microcredit Sector in the European Union” (Bendig et al., 2012). The indicators presented in the microfinance chapter of EIF’s regular publication “European Small Business Finance Outlook” (Kraemer-Eis, Lang and Gvetadze, 2013, for the latest issue) and in Bruhn-Leon, Eriksson and Kraemer-Eis (2012) might also be useful for a PGA.

5.2.4 Findings / Market failure
A short summary of the supply and demand analyses should lead to the identification of a financing gap or to the rejection of its existence for the period under consideration, including, if possible, quantification if a gap is identified.

5.3 Short-term loans, bank overdrafts and credit lines
Basic data concerning the development of bank overdrafts is available on the ECB website (e.g. MFI interest rate statistics which includes information on developments of interest rates and business volumes, http://www.ecb.eu/stats/money/interest/interest/html/index.en.html). However, this needs to be complemented by further information derived from the tools that we had described in chapter 3 and by taking into account the methodological considerations presented in chapter 2, as well as sources and tools mentioned in the following recommendations on medium and long-term loans.

5.4 Medium and long-term loans
For the analysis of demand and supply, available instruments and needs should be differentiated for different financing purposes, if possible. It could also be analysed if there are weaknesses/gaps (e.g. in liquidity of financial institutions offering financing products to SMEs).

5.4.1 Supply
This section should give a description of existing supply as well as any instruments which are intended to be implemented by public or private initiatives in the future. Additional indicators used could include national banking statistics as well as ECB data (if available) (e.g. from the ECB Bank Lending Survey, BLS, and other survey results; see ECB, 2014, for the latest issue of the BLS). An additional supply side survey could be considered if the available information is not sufficient. As a result of this survey, if possible, a quantification of supply for the period under consideration should be derived.

47In 2003, the EIB initiated a survey which was meant to be complementary to the ECB Bank Lending Survey. Refer to Wagenvoorst (2003b), according to whom “[t]he distinguishing feature of our survey is that it entirely focuses on bank lending to enterprises, distinguishes between small firms and medium-sized firms, covers the whole European Union, takes a medium-term perspective, and emphasizes credit availability rather than credit pricing”. In October 2012, the EIB conducted for the first time a new bank lending survey in selected Central European and South-Eastern European (CESEE) countries. Refer to Kolev and Zwart (2013) and, for the most recent issue of the CESEE BLS, to EIB (2013).
This section could also contain a general overview of the banking sector in the respective country with a special focus on financial institutions typically providing medium and long-term loans to SMEs.

5.4.2 Demand
Once again, expected demand should be derived alongside the introduced methodology. Figures should be derived from available statistics (i.e. most recent values and if available, developments over time; where useful, including forecasts or reasonable estimations for the period under consideration). Indicators used could include national banking statistics as well as ECB data (if available) (e.g. from the BLS and the SAFE, and other survey results). An additional demand side survey could be considered if the available information is not sufficient.

Particularly in this chapter, for which comparable statistics are available for all relevant countries, a peer group comparison (refer to section 3.3 “Peer Group Analysis”) could help justify for the (non-) identification of a market failure.

Box 3: Potential future information sources
In addition to traditional sources of information, in the future, data about SME loans might also be obtainable in the context of the ECB’s Asset Backed Securities (ABS) related Loan Level Initiative (LLI). The LLI forms part of various efforts to improve the transparency in the securitisation markets. In this context, the ECB decided to progressively introduce requirements in the Eurosystem collateral framework for ABS originators to provide loan-by-loan information on the assets underlying these instruments and to establish a data warehouse to process, verify and distribute standardised securitisation information to market participants. The Eurosystem introduced the loan-by-loan information requirements for residential mortgage-backed securities first and then gradually extends it to other asset classes (e.g. to SME transactions as of January 2013). Loan-level data will be provided in accordance with a template which is available on the ECB’s website on at least a quarterly basis. The LLI led to the creation of the European Data Warehouse GmbH. This new company facilitates the reporting of loan-level data of ABS transactions and will ensure that the data is made available to market participants in order to increase transparency. Refer to Kraemer-Eis, Lang and Gvetadze (2012), pp. 39-40, for more details on the LLI, or to http://www.ecb.europa.eu/mopo/assets/loanlevel/html/index.en.html.

5.4.3 Peer Group Analysis
Market loan volumes and related interest rates are published on the ECB website, including loan data for non-financial corporations by loan size classes (below EUR 1m, below EUR 0.25m, with collateral/guarantee). Refer to: http://www.ecb.eu/stats/money/interest/interest/html/index.en.html, the related press releases (e.g. ECB, 2014b) and the related background information available on the ECB website.

According to Huerga et al. (2012) the size class below EUR 0.25m can be used as a proxy for loans to SMEs. Refer also to Kraemer-Eis, Lang and Kyriakopoulos (2012) and Kraemer-Eis, Lang and Gvetadze (2013) for applications. Following this approach, this section of an AFMA could at least apply country level time series from the ECB’s MFI interest rate statistics (developments of
interest rates and volumes) comparable to those used (for the euro area level) in Kraemer-Eis, Lang and Kyriakopoulos (2012) and in Kraemer-Eis, Lang and Gvetadze (2013), if available for the country under consideration.

As an example, the diagram below (Figure 4) shows relatively low interest rates for “SME loans” (small loans taken as a proxy for loans to SMEs) in France. This could be seen as one indication that the weakness (if any) in the market for loans to SMEs in France is relatively small, as the interest rate spread between small and large loans is relatively stable and relatively small compared to Germany and the euro area. In addition, an AFMA could contain additional data and information provided by the ECB and other (e.g. national) sources.

**Figure 4: Interest Rate Spread on Small vs. Large Loans**

![Interest Rate Spread Chart](image)

Source: Own Calculations based on ECB data.

### 5.4.4 Findings / Market failure

A short summary of the supply and demand analyses should lead to the identification of a financing gap or to the rejection of its existence for the period under consideration, including, if possible, quantification if a gap is identified. As stated before, as in previous and following market analysis sections, an assessment of bankable/eligible/viable demand and/or “bankable [or eligible or viable] gaps”\(^{49}\) should always be part of the demand and/or findings sections.

---

\(^{48}\)New loans to non-financial corporations. Small loans are loans up to and including EUR 0.25mn; large loans are loans over 1mn EUR.

\(^{49}\)“Bankable [or eligible or viable] gaps” are gaps that result when taking [implicitly or explicitly] into account the “bankable [or eligible or viable]” demand. See Annex 3 for examples.
5.5 Leasing

5.5.1 Supply
In addition to the description of the supply side, leasing companies’ and other financial institutions’ intentions to offer leasing financing in the future should be taken into account.

5.5.2 Demand
For indicators which can be used, refer to general demand side indicators. Leasing specific demand side indicators can be derived from Leaseurope (European Association for Leasing Companies) Annual Statistics (e.g. total outstanding volume of leased movable and immovable objects; new business volumes; penetration rate = new leasing volume / GDP). The AFMA could also apply SME-leasing related indicators used in Kraemer-Eis and Lang (2012).

5.5.4 Findings / Market failure
A short summary of the supply and demand analyses should lead to the identification of a financing gap or to the rejection of its existence for the period under consideration, including, if possible, quantification if a gap is identified. As stated before, as in previous and following market analysis sections, an assessment of bankable/eligible/viable demand and/or “bankable [or eligible or viable] gaps” should be part of the demand and/or findings sections.

Regarding the structural content, suggestions similar to the previous chapters apply also to the following sections (not mentioned explicitly in every case in order to avoid repetition).

5.6 Factoring
For indicators which can be used refer to the general indicators mentioned in section 4.1 (“Indicators”), such as penetration rates. Specific indicators on factoring can be derived from IFG (International Factors Group) data. IFG is a European association that supports national factoring associations and collates data on market developments. The IFG website can be found here: http://www.ifgroup.com/. Data from national associations should also be used.

5.7 Export Credit
In addition to general economic growth data or demographic statistics, export figures are relevant for a first rough estimation of potential demand. More information is available on the following websites (which also give links to respective national export credit agencies):

- Berne Union (leading association for export credit): http://www.berneunion.org.uk/
- OECD: http://www.oecd.org/department/0,3355,en_2649_34169_1_1_1_1_1,00.html
- European Commission: http://ec.europa.eu/trade/creating-opportunities/trade-topics/export-credits/

5.8 Guarantees [including export guarantees]
The standard structure should be applied to this section as far as possible. As regards supply, this section should contain a general overview of the financial institutions typically providing guarantees to SMEs (and/or guarantees to financial intermediaries, providing loans to SMEs). Furthermore, this section should give a description of existing supply as well as any instruments
which are intended to be implemented in the future. In addition, this section should also describe if there is scarcity in collateral on SME loans, if any information is available. This information could also be retrieved from a demand-side survey.


5.9 Venture Capital
The information provided below covers to a large extent the whole private equity market and is not restricted to the venture segment only. Therefore, it can also be used for the other equity-related AFMA chapters.

Useful background information is provided by GHK and Technopolis (2007), p. 59, who describe typical features of developed vs. less developed capital markets. The European Commission (2005a) report gives a broad overview of factors that could be taken into account when analysing possible market imperfections. In particular, the report tries to differentiate between demand and supply side factors. Venturelli and Gualandri (2008) point out three approaches which are typically used to ascertain whether an equity gap exists: Monitoring the characteristics of investments (i.e. an indicator-based approach as discussed in section 3.1 “Indicators”), a survey method (as discussed in section 3.2 “Surveys and stakeholder interviews”), and a quantitative approach (as discussed below in the particular recommendations on the VC demand chapter). Moreover, they quote different studies in which these approaches were used.

The most recent literature assessing possible equity gaps includes Grünfeld et al. (2011) and Veugelers (2011). An example for a concrete equity gap assessment for the EU is Origo Management (2005). Tyková et al. (2012) give an overview of the structure of the VC markets in Europe, shortcomings on the demand and the supply side as well as VC related regulatory frameworks, recent political initiatives and policy recommendations. Their report was written at the request of the European Parliament’s Committee for Industry, Research and Energy. A broader and comprehensive survey of VC research is given by Da Rin et al. (2013), including, among other things, an overview of available data sources.

Basic VC market indicators (which are available on a national level), including data sources, are provided in Bogliacino and Luchese (2011). In addition to EVCA (see below), basic VC market indicators are also provided by Eurostat (i.e. statistics on “High-tech industries and knowledge-intensive services”).

5.9.1 Supply
Useful indicators for the VC market maturity can be derived from statistics provided by EVCA and national venture capital associations. Also, for this chapter, a PGA will prove to be a useful tool.

The chapter could include not only information showing the macroeconomic importance of VC in the respective country or region (e.g. VC investments as a share of GDP) and the importance of
public support (e.g. share of government funds in total VC fundraising), but also other activity data (fundraising and divestment) and structural data (e.g. average sizes of funds and investments). All information should be provided with respect to relevant development stages (e.g. seed, early stage, expansion). Data could also include the sector distribution of funds/investments. In order to obtain additional market insight (in particular based on qualitative information), the conduct of a survey could be considered. For example, this can help to show market gaps with respect to particular investment sizes. Data can also be discussed with experts (e.g. EIF) in order to align the findings with their experience in the respective markets.

5.9.2 Demand
The analysts could take into consideration the work conducted by Venturelli and Gualandri (2008), such as the analysis and the literature review. They provide “a review of different approaches developed for the assessment and measurement of the equity gap for firms, mainly innovative SMEs, extending the quantitative approaches for equity gap developing a demand-side model that allows predicting the future demand for equity in precise terms.” The application of the model to a sample of Italian firms leads to the identification of an average amount of equity needed. Moreover, they give hints on the relationship between equity requirement and an enterprise’s size and age. Thus, such indicators could be applied as one tool to estimate demand for equity.

5.10 Technology Transfer Funds
The recommendations with regard to literature and other sources of information which are presented below might be useful not only for the AFMA chapter on technology transfer funds but also for other AFMA chapters which are related to innovation.

There are many publications examining the financing of innovation and innovative companies (e.g. Reid and Nightingale, 2011; from a recent example; they analyse different funding models to stimulate the creation of innovative new companies in Europe).

Country rankings regarding innovation performance can be found in publications including:

- Annual report on European SMEs. Last issue 2012/13 (Gagliardi et al., 2013). Additional information is available in the previous issue (Wymenga et al., 2012) and the data tables. See http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index_en.htm
  The report contains, inter alia, country rankings and groupings, related to technology- and knowledge intensity as well as competitiveness of SMEs, which might be helpful for peer group analysis including the definition of peer countries.


Related information:

• The European Commission’s Regional Innovation Scoreboard (see Hollanders et al., 2014) provides a comparative assessment of how European regions perform with regard to innovation. The report covers 190 regions across the EU, Norway and Switzerland. The latest issue was published in March 2014. A related methodological report (see Hollanders et al., 2012, and a new 2014 methodology report) will provide useful background information. Related website: http://ec.europa.eu/enterprise/policies/innovation/policy/regional-innovation/

• World Economic Forum (WEF) Global Competitiveness Index http://www.weforum.org/issues/global-competitiveness

Information related to intellectual property (IP), including on country levels, can be found for example on the World Intellectual Property Organization’s (WIPO) website for Intellectual Property Statistics, see http://www.wipo.int/ipstats/en/. Related information is contained in the World Intellectual Property Organization (2012)’s “IP Facts and Figures 2012” publication. It provides an overview of IP activity based on the latest available year of statistics and covering four IP types: patents, utility models, trademarks, and industrial designs. See also the World Intellectual Property Organization (2013)’s “World Intellectual Property Indicators”.

The WIPO also offers a website dedicated to “Best Practices for Assisting SMEs to use the IP System”, see http://www.wipo.int/sme/en/best_practices/index.html. This website includes links to plenty of related information such as the study “Benchmarking National and Regional Support Services for SMEs in the Field of Intellectual and Industrial Property” (see Radauer et al., 2007), published by the European Commission. This comparative benchmarking analysis focusses on the efficiency and effectiveness of public-funded support services aiming at assisting SMEs on IP rights issues.

“Reviews of Innovation Policy” are published by the OECD. An overview is available at the dedicated website http://www.oecd.org/sti/innovationinsciencetechnologyandindustry/oecdreviewssofinnovationpolicy.htm. See for an example the recently published issue on Slovenia (OECD, 2012c) and Sweden (OECD, 2013e).


Other information or rankings include the “International Patent Filings”; see for example World Intellectual Property Organization (2014).

Eurostat’s pocketbook (Eurostat, 2013c) “Science, technology and innovation in Europe” contains many statistics for the EU as a whole, and country comparisons (also vs. other European countries and Japan, South Korea and the USA). The information presented in this publication can be useful not only for the AFMA chapter on technology transfer but also for other AFMA chapters. Among other things, it shows the European top 30 regions for several R&D, innovation, and patent related indicators, and other region-specific data.
5.11 Business Angel Financing
On a European level, data on business angel (networks) are provided by EBAN (European Business Angel Network) and by Business Angels Europe (BAE). Some of these statistics include national surveys on investments.
A recent study on behalf of the European Commission analyses the Member States’ business angel markets and policies (European Commission, 2012). Moreover, an OECD analysis covers seed and early-stage financing for high-growth companies in OECD and non-OECD countries with a primary focus on angel investment; see OECD (2011).

5.12 Growth Capital, 5.13 Replacement, rescue/turnaround and buyout capital
For these sections, please refer to the sources which were mentioned for section 5.9 “Venture Capital” as some of these also provide indicators for growth capital.

5.14 Mezzanine financing
This section should include an analysis of the market for mezzanine financial instruments (e.g. junior debt / hybrid debt-equity products).

In general, there is not much data available on mezzanine financing in Europe. Therefore, this section has to rely on qualitative information and possibly on surveys/interviews. However, some market figures concerning instruments offered by private equity funds can be derived from the association EVCA and from the data providers Preqin and ThomsonOne (both not available without cost). In addition, information might be available from national sources. An introduction into mezzanine finance can be found in OECD (2013b): Alternative Financing Instruments for SMEs and Entrepreneurs: the Case of Mezzanine Finance.

5.15 Other [if applicable]
This section could cover instruments not analysed in the above sections (if applicable). Moreover, this section can be used to discuss particular topics which are considered worth mentioning (e.g. social impact financing or financing of key industries). Moreover, relevant stakeholders (e.g. the MAs) and experts might give useful suggestions on the concrete topics which could be included in this section.
A currently popular example is the topic of crowd-funding. However, this topic could also be covered in other sections where crowd-funding can play a role (e.g. microfinance).

6 Special focus on specific regions (if applicable)
As mentioned by the ECA, it is seen as good practice (i.e. explicitly mentioned by the ECA as one building block of the benchmark AFMA for Sweden) to conduct the AFMA for the national level and to include a chapter on regional specificities (if applicable).

If an AFMA is conducted only for the regional level, this regional analysis has to be more comprehensive and in-depth (compared to just a regional chapter in a national analysis) and all the chapters, mentioned above, have to focus on the specific region.

50 Such topics could also be derived from the Thematic Objectives which ESI funds shall support. However, restrictions to the application of financial instruments have to be taken into account. See European Union (2013), Art. 9 and Art. 37.

In addition, Eurostat provides dedicated publications, e.g.:

- Eurostat regional yearbook, latest issue 2013. See Eurostat (2013a), [http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-HA-13-001/EN/KS-HA-13-001-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-HA-13-001/EN/KS-HA-13-001-EN.PDF). Regional indicators are presented for the areas: economy, population, health, education, the labour market, structural business statistics, tourism, the information society, agriculture, transport, and science, technology and innovation. In addition, the 2013 issue includes special focus chapters on European cities, the definitions of city and metro regions, income and living conditions according to the degree of urbanisation, and rural development.

- Eurostat (2013c)’s pocketbook “Science, technology and innovation in Europe”. See [http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-GN-13-001/EN/KS-GN-13-001-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-GN-13-001/EN/KS-GN-13-001-EN.PDF). It contains many statistics for the EU as a whole, and country comparisons (also vs. Japan, South Korea, USA). Regarding regional information, the publication shows for example the European top 30 regions for several R&D, innovation, and patent related indicators, as well as other region-specific data. The information presented in this publication can be useful not only for the AFMA chapter on technology transfer, but also for the AFMA chapter special focus on specific regions and for other AFMA chapters.

An overview of regional data is also provided by ESPON, see [http://database.espon.eu/db2/](http://database.espon.eu/db2/). The analyst could also refer to other appropriate supranational, national and regional sources. Examples are:

- The European Commission’s Regional Innovation Scoreboard (see Hollanders et al. 2014) provides a comparative assessment of how European regions perform with regard to innovation. The report covers 190 regions across the EU, Norway and Switzerland. The latest issue was published in March 2014. Related methodological reports (see Hollanders et al. (2012), and a new 2014 methodology report) provide useful background information. Related website: [http://ec.europa.eu/enterprise/policies/innovation/policy/regional-innovation/](http://ec.europa.eu/enterprise/policies/innovation/policy/regional-innovation/)


- The OECD provides plenty of information on regional, rural and urban development. See the related website [http://www.oecd.org/regional/](http://www.oecd.org/regional/).

- Regional statistics and indicators are provided by the OECD on the website [http://www.oecd.org/regional/regionaldevelopment/regionalstatisticsandindicators.htm](http://www.oecd.org/regional/regionaldevelopment/regionalstatisticsandindicators.htm)

- The related OECD publication “OECD Regions at a Glance compares major regional patterns and trends across OECD countries and diffuses statistical tools for the analysis of...


However, for “regional” AFMAs, a large part of indicators typically will have to be retrieved from national and regional information providers, statistical offices, etc.

7 Summary of findings and Conclusions
The text should summarise the main findings and draw conclusions. However, recommendations regarding the details and management of appropriate financial instruments/investment strategies (e.g. fund of funds) to tackle possible SME financing market gaps or weaknesses should be left to a separate document, dedicated to this task only (as already introduced above - the PIS).^51^

Nevertheless, this section should include a discussion of the priorities which should be applied when tackling the financing gaps which were possibly identified in the AFMA chapter 5 (i.e. a suggested hierarchy of the gaps).

8 Annex
The annex should contain
- Details and background information which cannot be included into the main text (e.g. a more detailed description of methodologies, explanation of criteria which were used to establish the peer group, background information on regions),
- Details on the applied analytical tools (e.g. survey questionnaires; list of interviewees; summary of main discussion points; possibly interview details),
- Data tables, etc.
- Bibliography and other sources (including websites).

^51^ Of course, any recommendations to be provided in such a separate document should be subject to identification of a financing market gap or weakness (i.e. no need of a recommendation if there is no identified gap or weakness).
6 Concluding Remarks

We described in this document a pragmatic approach to perform ex-ante SME access to finance market assessments based on a structure following the logic of financial products, and therefore, in line with the financing needs of SMEs in their various stages of development and with the requirement to propose an investment strategy to mitigate or close the identified financing gaps.

We stress again the fact that in an environment of imperfect information and uncertainty there is no perfect solution to assess (ex-ante) SME finance gaps and that the correct quantification of these gaps is impossible. This refers to the “measurement” of existing gaps (assessment of status quo) but even more to the forward looking elements as the market assessments have to consider the short- and medium-term future.

The application of the toolbox, presented in this document, depends on the focal point of the individual analysis (e.g. national versus regional analysis), the individual data availability, time and resources to be spent for the analysis, and the strategic focus of the commissioning authority. These guidelines are not to be seen as our assumption of the only way, but as our “cooking recipe” to tackle the related issues (hence the terminology guidelines).

This document provides guiding principles and typical approaches for AFMAs from the authors’ perspective. These guidelines have been prepared as a benchmark for the own use and for service providers conducting AFMAs on behalf of EIF, thereby ensuring a consistent structure and quality of future analyses. Moreover, they can also provide guidance to market analysts, performing assessments outside the EIF framework. This text has been prepared taking into consideration the requirements of the Common Provisions Regulation (Art. 37(2)), see i.e. Annex 1, but the guidelines cannot guarantee that the AFMA reports, using them as a basis, finally fulfill these requirements. However, we hope, and we are of the opinion that the GAFMA provide helpful guidance to approach the challenging task of a SME Access to Finance Market Assessment.
7 Annex

Annex 1: EIF’s approach to offer AFMA services to Managing Authorities

Under the CPR for the 2014-2020 programming period, financial instruments can be established on the basis of an ex-ante assessment, thereby, rendering the ex-ante assessment effectively mandatory. In EIF’s approach, these assessments are considered to be composed of two components:

- a market assessment, and
- proposed investment strategy (PIS).

As EIF performs such SME-related ex-ante assessments, EIF’s Research & Market Analysis (RMA) has developed a methodology for the market assessment component, i.e. the present Guidelines for SME Access to Finance Market Assessments (GAFMAs).

In the AFMAs which will be conducted by EIF or on behalf of EIF, recommendations regarding the details (e.g. size, allocation, potential intermediaries) and management of appropriate financial instruments/investment strategies (e.g. fund of funds) to tackle possible SME financing market gaps or weaknesses will not be included as part of the market assessment. Rather, this more operational task will be left to a separate document (proposed investment strategy, PIS). The preparation of that document should not be included in the realisation of the AFMA, but should be based on the AFMA. Nevertheless, chapter 7 “Summary of findings and Conclusions” of the AFMA standard structure includes a discussion of the priorities which should be applied when tackling the financing gaps which were possibly identified in AFMAs (i.e. a suggested hierarchy of the gaps).

With this approach, the AFMAs can be conducted more independently from the implementation of future financial instruments and reduce a perceived conflict of interest. At the EIF the two parts – AFMA and PIS – are managed by two different teams: Research & Market Analysis (RMA) for the AFMA, and a dedicated project team for the PIS in order to ensure a segregation of duties and independence of the market assessment from the operational proposals and activities (see Figure 5).

---

52 See European Union (2013), Art. 37(2).
54 See European Union (2013), Art. 37(2)(e). In EIF’s approach, however, the PIS covers more than what is mentioned in Art. 37(2)(e). See for details table 3 below.
Deliverables

SME Access to Finance Market Assessment (AFMA)
- AFMA Report
- Relevant data tables
- References, information sources
- List of participants
- Survey questionnaire
- Survey data

European Investment Fund

RMA: AFMA
- Methodology, supervision (i.e. quality, consistency), coordination of consultants
- Market failures, suboptimal investment situations, and investment needs, focused on SME access to finance
- Lessons learned from existing instruments and previous ex ante assessments
- High-level implementation options

Proposed Investment Strategy
- Proposed Financial Instruments (Value Added, State Aid, Market Distortion)
- Expected Multiplier Effect (Public, Private, Final Beneficiary), Counterparty Remuneration
- Financial products to be offered, final recipients targeted, envisaged combination with grant support

Source: EIF
Table 3 below reviews relevant clauses of the regulation\textsuperscript{55} to identify whether they are in the scope of the AFMA Report and/or the PIS. In particular, Table 3 contains the clauses of the paragraphs 2 and 3 of the CPR and identifies whether the clause is pertinent to the AFMA report or the PIS. Note that AFMA and PIS are only concerned with SME finance while the regulation covers all possible areas for financial instruments. As indicated above, the present guidelines refer only to the AFMA part of the ex-ante process (and not the PIS).

Table 3: Common Provisions Regulation and the Scope of AFMA and PIS

<table>
<thead>
<tr>
<th>Paragraph/Clause No.</th>
<th>Content</th>
<th>Covered in AFMA and/or PIS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>Support of financial instruments shall be based on an ex ante assessment which has established evidence of market failures or suboptimal investment situations, and the estimated level and scope of public investment needs, including types of financial instruments to be supported. Such ex ante assessment shall include:</td>
<td>AFMA and PIS</td>
</tr>
<tr>
<td>2 (a)</td>
<td>an analysis of market failures, suboptimal investment situations, and investment needs for policy areas and thematic objectives or investment priorities to be addressed with a view to contributing to the achievement of specific objectives set out under a priority and to be supported through financial instruments. That analysis shall be based on available good practices methodology;</td>
<td>AFMA (and PIS)</td>
</tr>
<tr>
<td>2 (b)</td>
<td>an assessment of the added value of the financial instruments that are being considered for support from the ESI Funds, consistency with other forms of public intervention addressing the same market, possible State aid implications, the proportionality of the envisaged intervention and measures to minimise market distortion;</td>
<td>PIS</td>
</tr>
<tr>
<td>2 (c)</td>
<td>an estimate of additional public and private resources to be potentially raised by the financial instrument down to the level of the final recipient (expected leverage effect), including as appropriate an assessment of the need for, and level of, preferential remuneration to attract counterpart resources from private investors and/or a description of the mechanisms which will be used to establish the need for, and extent of, such preferential remuneration, such as a competitive or appropriately independent assessment process;</td>
<td>PIS</td>
</tr>
<tr>
<td>2 (d)</td>
<td>an assessment of lessons learnt from similar instruments and ex ante assessments carried out by the Member State in the past, […] [2 (d) continued] […]and how such lessons will be applied in the future;</td>
<td>AFMA and PIS</td>
</tr>
</tbody>
</table>

\textsuperscript{55}See European Union (2013), Art. 37(2). Other parts of this regulation that are concerned with financial instruments are more related to the PIS rather than to the AFMA.
Table 3 continued:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2 (e)</td>
<td>the proposed investment strategy, including an examination of options for implementation arrangements within the meaning of Article 38, financial products to be offered, final recipients targeted and envisaged combination with grant support as appropriate;</td>
<td>PIS</td>
</tr>
<tr>
<td>2 (f)</td>
<td>a specification of the expected results and how the financial instrument concerned is expected to contribute to the achievement of the specific objectives set out under the relevant priority including indicators for that contribution;</td>
<td>PIS</td>
</tr>
<tr>
<td>2 (g)</td>
<td>provisions allowing for the ex ante assessment to be reviewed and updated as required during the implementation of any financial instrument which has been implemented based upon such assessment, where during the implementation phase, the managing authority considers that the ex ante assessment may no longer accurately represent the market conditions existing at the time of implementation.</td>
<td>Member State / region would need to make another request to EIF (unless covered under funding agreement)</td>
</tr>
</tbody>
</table>

3. The ex ante assessment referred to in paragraph 2 may be performed in stages. It shall, in any event, be completed before the managing authority decides to make programme contributions to a financial instrument.

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>The summary findings and conclusions of ex ante assessments in relation to financial instruments shall be published within three months of their date of finalisation.</td>
<td>AFMA and PIS Member State / region responsibility.</td>
<td></td>
</tr>
<tr>
<td>The ex ante assessment shall be submitted to the monitoring committee for information purposes in accordance with the Fund-specific rules.</td>
<td>Member State / region responsibility.</td>
<td></td>
</tr>
<tr>
<td>[More conditions related to financial instruments are in the regulation.]</td>
<td>PIS</td>
<td></td>
</tr>
</tbody>
</table>

Source: EIF

In order to be capable to prepare a possibly high number of AFMA reports in parallel, EIF has conducted an open call for tender process through the Official Journal of the EU to select one or more Country Assessment Service Providers (CASP s) and a Report Editor Service Provider (RESP). The call for tenders was published in August 2012. The contract award notice was published in February 2013.

The CASP performs the analyses and produces the AFMA reports, the RESP, reporting to RMA, has a coordination/control function (consistency and quality assurance). CASP and RESP work according to the standards established by EIF RMA. RMA supervises the process, performs the final quality checks and instructs/advises the RESP and the CASP as necessary. The phases, timeline, and control loop of EIF’s approach is described in Figure 6.
Source: EIF

EIF also sought Eurostat’s methodological advice on the survey design and questionnaires used for the AFMAs.
Annex 2: The Ex-ante assessment methodology and GAFMA

The recent “Ex-ante assessment methodology for financial instruments in the 2014-2020 programming period”\textsuperscript{57}, a study commissioned by the EIB, co-financed by the European Commission (DG REGIO) and assigned to a consortium led by PwC, “is intended as a toolbox, encompassing good practices and providing practical guidance to Managing Authorities (MAs) in the preparation and the realisation of the ex-ante assessment of the financial instrument (FI) envisaged in the Programme(s), as required by Article 37 (2) of the Common Provisions Regulation (CPR)”. For the moment, “this methodological guidance encompasses five volumes, namely

- Volume I dedicated to the General Methodology covering all Thematic Objectives;
- Volume II dedicated to Thematic Objective 1, namely: ‘Strengthening research, technological development and innovation’;
- Volume III dedicated to Thematic Objective 3, notably: ‘Enhancing the competitiveness of SME, including agriculture, microcredit and fisheries;
- Volume IV dedicated to sectors related to Thematic Objective 4, notably: ‘Supporting the shift to low-carbon economy’;
- Volume V dedicated to ‘Integrated approaches to territorial development, including financial instruments for urban development’.”

The Ex-ante assessment methodology was written by the consultancy company PwC in a project with shared supervisory responsibilities of the European Commission, the EIB and the EIF. The lead responsibilities for preparing the above-mentioned documents were with all three parties for Volume I and with the EIF for Volume III.

In the following, we will briefly show how the GAFMA, as well as EIF’s approach to offer ex-ante assessment services, fit into the structure and content of the Ex-ante assessment methodology.

Ex-ante assessments of financial instruments that are mainly targeting SMEs are covered in Volume III of the Ex-ante assessment methodology. However, Volume III “should be used in conjunction with Volume I”, which provides descriptions and tools relevant for all Thematic Objectives.

The Ex-ante assessment methodology contains the chapters shown in the first two columns of Table 4 below.\textsuperscript{58} Chapters 1 and 2 cover descriptions of relevant background information for the ex-ante assessment, and chapter 13 covers an ex-ante assessment completeness checklist. As shown in the third column of Table 4, the remaining chapters are matched by EIF’s approach (which is described in annex 1 of the GAFMA): The PIS part of an ex-ante assessment is covered by chapters 4, 5, 7 and 8 of the Ex-ante assessment methodology, and by similar subsections of

\textsuperscript{57}Ex-ante assessment methodology for financial instruments in the 2014-2020 programming period. Volume III: Enhancing the competitiveness of SME, including agriculture, microcredit and fisheries (Thematic Objective 3). Study commissioned by the EIB, co-financed by the European Commission (DG REGIO) and assigned to a consortium led by PwC. Version 1.0. March 2014.

\textsuperscript{58}The structure of Volume III (dedicated to Thematic Objective 3) follows the structure of Volume I (covering all Thematic Objectives), and the chapter headlines are to a large extent the same.
chapters 10, 11 and 12. The AFMA part of an ex-ante assessment is covered by chapter 3 of the Ex-ante assessment methodology, i.e. the “analysis of market failures, suboptimal investment situation and investment needs”, and by similar subsections of chapters 10, 11 and 12. Chapter 6 of the Ex-ante assessment methodology is covered in both parts of EIF’s approach, AFMA and PIS. Chapter 9 of the Ex-ante assessment methodology is neither covered by the AFMA part nor by the PIS part of EIF’s approach, but is treated separately.

Table 4: Matching the Ex-ante assessment methodology with EIF’s approach

<table>
<thead>
<tr>
<th>No.</th>
<th>Content</th>
<th>EIF’s approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Financial instruments: Overview</td>
<td>n.a.(^{59})</td>
</tr>
<tr>
<td>2</td>
<td>Ex-ante assessment: preliminary considerations</td>
<td>AFMA</td>
</tr>
<tr>
<td>3</td>
<td>Analysis of market failures, suboptimal investment situations and investment needs</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Assessment of the value added of the financial instrument</td>
<td>PIS</td>
</tr>
<tr>
<td>5</td>
<td>Additional public and private resources to be potentially raised by the financial instrument</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Lessons learnt</td>
<td>AFMA &amp; PIS</td>
</tr>
<tr>
<td>7</td>
<td>Proposed investment strategy</td>
<td>PIS</td>
</tr>
<tr>
<td>8</td>
<td>Specification of expected results consistent with the relevant Programme</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Provisions for the update and review of the ex-ante assessment methodology</td>
<td>separate</td>
</tr>
<tr>
<td>10</td>
<td>Specificities for the ex-ante assessment of financial instruments focused on agriculture</td>
<td>AFMA(^{60}) &amp; PIS</td>
</tr>
<tr>
<td>11</td>
<td>Specificities for the ex-ante assessment of financial instruments focusing on microcredit</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Specificities for the ex-ante assessment of financial instruments focused on the fisheries and aquaculture sector</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Ex-ante assessment completeness checklist</td>
<td>n.a.</td>
</tr>
</tbody>
</table>

Source: Ex-ante assessment methodology and EIF

Moreover, chapter 3 (“Analysis of market failures, suboptimal investment situations and investment needs”) is not only covering the AFMA part of EIF’s approach, but it “is based on the logic and the tools of the […] GAFMA”. Chapter 3 and the GAFMA are “consistent with the approach

\(^{59}\)Note: n.a. means not applicable.

\(^{60}\)The GAFMA does not explicitly cover sector-specific AFMAs, but such AFMAs could, in principle, be done along the GAFMA approach/structure, if the analyst has the relevant sector specific know-how.
presented in the General Methodology” (EIB and European Commission, 2014). To be more concrete, chapter 3 consists of the following subsections, which are all covered by the GAFMA:

3.1 Identifying existing market problems
   3.1.1 Analysis of the national or regional economic context
   3.1.2 Analysis of market weaknesses impacting the business environment
   3.1.3 Analysis of the SME structure and characteristics

3.2 Establishing the evidence of market failure and suboptimal investment situations
   3.2.1 Analysis of the gap between supply and demand for financing from SMEs
   3.2.2 Demand analysis
   3.2.3 Supply analysis

3.3 Operational tools

Finally, it is worth mentioning that the operational tools proposed in the EIB and European Commission (2014) ex-ante assessment methodology are similar to those mentioned in the GAFMA, although they are presented in a somewhat different way.
Annex 3: Examples of recent SME Access to Finance Market Assessments

Ex-ante assessment of the EU SME Initiative\(^{61}\): Problems of viable SMEs in access to bank loans

The recent European Commission’s (2013a) ex-ante assessment of the SME initiative “analyses EU SMEs’ difficulties in accessing external finance and estimates the amount of loans that ‘financially viable’ firms would need but cannot obtain from the banking system (the ‘financing gap’).” The assessment “is done not so much by looking at demand and supply side behaviour, but by exploring financial market failures in providing credit to financially viable borrowers.” The assessment applies “a statistical methodology […] to gauge the SME ‘financing gap’ at both the EU level, and at Member State level.”\(^{62}\)

According to this methodology, the SME loan financing gap (LFG) is calculated as follows:

\[
LFG = Nr \text{ SMEs} \times \text{Financially viable SMEs} \times \text{Unsuccessful SMEs} \times \text{Average SME loan size}
\]

where

- \(Nr \text{ SMEs}\): number of SMEs;
- \(\text{Financially viable SMEs}\): share of SMEs exhibiting positive turnover growth;\(^{63}\)
- \(\text{Average SME loan size}\): average size of loans granted to SMEs.

SMEs having experienced problems in access to bank loans are defined as such SMEs that “i) have been refused a bank loan; ii) have turned down a bank loan, presumably due to the credit conditions; iii) have been discouraged from even applying for a bank loan”, or put as a formula:

\[
\text{Unsuccessful SMEs} = \text{SMEs that applied} \times (\text{SMEs rejected} + \text{SMEs refused}) + \text{SMEs discouraged}
\]

where

- \(\text{SMEs that applied}\): share of \(\text{Financially viable SMEs}\) that applied for a bank loan;
- \(\text{SMEs rejected}\): share of \(\text{Financially viable SMEs}\) that applied for a bank loan and whose demand was rejected by the bank;
- \(\text{SMEs refused}\): share of \(\text{Financially viable SMEs}\) that applied for a bank loan and refused the proposed bank loan because of high interest rates;
- \(\text{SMEs discouraged}\): share of \(\text{Financially viable SMEs}\) that did not apply for a loan for fear of rejection;

\(^{61}\) The SME Initiative is a joint initiative between the European Commission and the EIB Group which aims at stimulating SME lending (loans/leases) through financial institutions. The SME initiative would combine budgetary contributions from Structural Funds (ESIF) and other EU programmes with EIB Group’s own resources. For details see e.g. Kraemer-Eis, Passaris, Tappi (2013), pages 35ff. http://www.eif.org/news_centre/publications/eif_wp_2013_19.pdf

\(^{62}\) According to the European Commission (2013a), the ex-ante assessment “builds on the methodology used in previous field studies (most notably Economisti Associati” et al (2011a) and (2011b)).

\(^{63}\) The proportion of “financially viable” SMEs that faced problems in accessing bank financing in a given period of time (between 2009 and 2012) is assessed. Thereby, the proportion of “financially viable” SMEs is proxied with the proportion of SMEs that experienced a turnover growth higher than 20% in the previous 3 years (lower bound), or higher than 0% in the previous 6 months (upper bound).
Based on this methodology, the ex-ante assessment of the EU SME initiative provides an estimated interval for the SME loan financing gap, with a lower and an upper bound. At the EU28 level, the upper bound is estimated at EUR 105bn (the EC considers their gap assessment as being “very conservative and actually likely to be underestimated”, due to the exclusion of financially viable SMEs’ loan requests that have been partially turned down). The assessment presents, inter alia, separate figures for agricultural and non-agricultural SMEs.
Survey on the access to finance for cultural and creative sectors: An example for a financing gap assessment methodology that uses a survey and works with scenarios.

The European Commission (2013d) “Survey on access to finance for cultural and creative sectors” contains, inter alia, an assessment of the financing gap for the cultural and creative sectors (CCS). More specifically, a gap in bank loan financing is calculated by using the following formula:

\[
gap\text{ in bank loan financing} = Number\ of\ companies\ in\ the\ sector \times \frac{\%\ share\ of\ companies\ in\ the\ sector\ that\ did\ not\ apply\ for\ a\ bank\ loan\ because\ of\ insufficient\ business\ collateral,\ even\ though\ they\ had\ a\ solid\ business\ plan \加上 \%\ share\ of\ companies\ in\ the\ sector\ that\ did\ apply\ for\ a\ bank\ loan,\ but\ whose\ bank\ loan\ was\ rejected\ or\ only\ partly\ granted,\ even\ though\ they\ had\ a\ solid\ business\ plan }{\%\ share\ of\ companies\ in\ the\ sector\ that\ did\ not\ apply\ for\ a\ bank\ loan\ because\ of\ insufficient\ business\ collateral,\ even\ though\ they\ had\ a\ solid\ business\ plan \加上\%\ share\ of\ companies\ in\ the\ sector\ that\ did\ apply\ for\ a\ bank\ loan,\ but\ whose\ bank\ loan\ was\ rejected\ or\ only\ partly\ granted,\ even\ though\ they\ had\ a\ solid\ business\ plan } \times \text{average loan amount in the sector} \times 7\ \text{years} / \text{average loan maturity in the sector}
\]

Data sources:
The value for the variable “number of companies in the sector” is derived from Eurostat Structural Business Statistics (SBS) and calculations of the authors based on the Bureau Van Dijk’s Amadeus database.64 All other variables are based on a survey conducted for the purpose of the study. See Figure 7 for details.

Scenario analysis due to a lack of information
The results are calculated under three different scenarios for the share of companies that had “solid” business plans. First, it is assumed “that only part of all business plans can be considered solid by a bank, i.e. they are of sufficient quality to consider any further.” Due to the lack of information in the literature and limited input from interviewees, it was then hypothesized “that only 40% of all business plans of CCS organizations that look for external finance can be considered ‘solid’.” However, “due to a lack of good quality information” the financing gap was calculated under three different scenarios for the share of solid business plans (30%, 40%, 50%).

---

64For one subsector, the number of companies was based on a third-party study.
Resulting financing gap: An example

For the example of the “Heritage & Education” subsector, the results are calculated as shown in Table 5 below.

**Table 5: Example of a financing gap computation**

<table>
<thead>
<tr>
<th>Scenario no.</th>
<th>1</th>
<th>2</th>
<th>3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scenario assumption for the share of those companies that look for external finance and have a business plan, which have a SOLID business plan</td>
<td>30%</td>
<td>40%</td>
<td>50%</td>
</tr>
<tr>
<td>A Total number of SMEs</td>
<td>10,273</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$B_1$ % of SMEs that did not apply to a bank loan due to lack of collateral</td>
<td>18%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$B_2$ % of SMEs whose loan application was rejected</td>
<td>4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$B_3$ % of SMEs whose loan application was partly rejected</td>
<td>4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$B = B_1 + B_2 + B_3$</td>
<td>26%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C % of B with a solid business plan</td>
<td>14%</td>
<td>18%</td>
<td>23%</td>
</tr>
<tr>
<td>D $= B \cdot C$</td>
<td>4%</td>
<td>5%</td>
<td>6%</td>
</tr>
<tr>
<td>E $= A \cdot D$</td>
<td>367</td>
<td>489</td>
<td>612</td>
</tr>
<tr>
<td>F Average loan amount</td>
<td>300,644</td>
<td></td>
<td></td>
</tr>
<tr>
<td>G Average loan maturity (years)</td>
<td>4.2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$H = F \cdot 7/G$</td>
<td>506,002</td>
<td></td>
<td></td>
</tr>
<tr>
<td>I $= G \cdot H$</td>
<td>185,676,214</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: European Commission (2013d)
Figure 7: Example for a survey framework for the computation of variables used in a financing gap assessment

Source: Survey IDEA Consult, in: European Commission (2013d)
Annex 4: GAFMA – Toolbox for microcredit analysis

Key premises of the microcredit market analysis

• Analysis of the supply, demand and a potential financing gap with respect to microcredit provision.
• Analysis of the needs of the Managing Authorities (MAs) and of Microfinance Institutions (MFIs), and any other Financial Institutions (FIs), offering microcredit in the analysed region/country.

Key target groups for microcredit provision

Social inclusion lending = microlending to self-employed individuals that are excluded from banking services, due to their socioeconomic status of being socially excluded or (long term) unemployed and/or belonging to financially excluded population groups like ethnic minorities or young people.

Microenterprise lending = microlending to existing enterprises.
This group includes bankable and nearly-bankable clients: existing microenterprises with low collateral and low financing needs, starting-up enterprises with growth perspectives.

Key tools for analysing microcredit

1) Clearly separate microloans from other types of loans, without including microloans in short-term or any other loan-type categories.

---

65This annex was written by Dariusz Zwierzynski.
66Microcredit is understood here as a small loan for the un-bankable and nearly-bankable clients, and is considered as a subset of broader microfinance products, such as guarantees, microequity, and other. However, in other documents, “microfinance” and “microcredit” are terms that are used interchangeably. For example, in the European Commission communication on financing SME’s of 2006 the Commission drew attention to one of the obstacles in the way of developing microcredit, calling on Member States: “to ensure that national legislation facilitates the provision of microfinance (loans less than EUR 25k). Such loans offer an important means to encourage entrepreneurship through self-employment and micro-enterprises, in particular among women, and minorities. This instrument favours not only competitiveness and entrepreneurship, but also social inclusion” (European Commission, 2007).
67See for a similar distinction Bendig et al. (2012).
68The average loan sizes are relatively low, meant to support basic income creating activities.
69Organisations that implement the lending model of microenterprise lending tend to focus on the upper end market of microfinance, providing loans to bankable or nearly bankable microenterprises that have difficulties accessing loans from commercial banks due to risk aversion or lacking collateral. The average volume of the provided loans is markedly higher than in the model of social inclusion lending. The maximum loan sizes go up to EUR 25k (or even higher in some cases).
2) For social inclusion lending vs. enterprise lending per region/country, specify the average sizes in each of the microcredit product categories offered by the MFI/FIs active in each region/country.

3) Provide a detailed breakdown of the microcredit financial products offered per MFI/FIs and per region/country.
   a. The average amount.
   b. The range (min - max).

4) Gather historical and contemporary information about the number of people who created an enterprise as a way out of unemployment (by region for regional analyses within countries).
   a. Include estimates of the share of the unemployed who were/are willing and able to start a company if microcredit were available.
      i. To obtain reliable data, conduct surveys or analyse existing surveys amongst the unemployed.

5) Gather information on enterprise creation and survival rates, and on predicted creation rates, e.g. over the next three years (or more) from the time of analysis.
   a. If predicted creation/survival rates are not available from existing sources, informed estimates should be computed on the basis of the available statistical data.

6) Determine if there are any particular legal framework issues in the analysed region/country that might hamper access to microcredit, such as: restrictions on microloan pricing, interest rates, or other.

7) Determine if there are any specific local social issues that should be taken into consideration when estimating social inclusion lending demand for microcredit in the analysed region/country.

8) Determine if there are any specific social target groups that MFI/FIs may have identified in their microcredit support programmes, such as women entrepreneurs, ethnic minorities, ex-convicts, senior citizens (e.g. over 45 years), economic migrants, young people or/and young unemployed people, university graduates, secondary school graduates, vocational school graduates, or other.

9) Determine the microloan business volume and average loan size per each of the social target groups mentioned above, or any other such groups, that MFI/FIs may have defined?

10) Determine if there is any evidence of economic crisis-driven migration into any of the regions/countries under analysis, and if so, if it has impacted in any tangible way on the need for microcredit within different social target groups.
A possible methodology to be used in estimating microcredit demand for social inclusion lending

Microcredit demand estimate for social inclusion lending: Many of the SME access to finance studies, performed by EIF in the context of the 2007-2013 cohesion policy framework, used a specific methodology to calculate microcredit demand for potential business creators (i.e. social inclusion lending) in the EU regions/countries.

The methodology applied was derived from European Commission (2007)\(^{70}\), and included 4 steps listed below:

1. Take the population aged 15-64 (P) size of those people who are statistically qualified as being at risk of poverty (i.e. low-income households, socially and/or financially excluded).
2. Multiply (P) by proxy PR-1% to obtain the number of potential microbusiness creators (PMBC).
3. Multiply (PMBC) by proxy PR-2% to obtain the number of people who might start a business (SB) if finance were available to them.
4. Multiply (SB) by an average loan size in a given region/country.

The product of step 4 is the potential microcredit demand in that region/country.

Notes on the methodology

a) It is recommended that the proxies PR-1 and PR-2 used in this methodology be adapted to the specific socio-economic situation in each analysed region/country on the basis of research conducted therein.

- To derive PR-1 (potential entrepreneurs), statistical and other sources (e.g. Eurobarometer, national statistical offices & regional branches, MFIs/FIs, etc.) should be exhaustively consulted.
- To derive PR-2, available survey data and statistical sources should be consulted. They could include historical information on the number of people who created an enterprise in a region/country, or any other informed and well-documented assumption or estimate that might give a reliable and sensible proxy. Historical information should be sensibly adjusted to take account of any external and internal shocks that may have

---

\(^{70}\)See European Commission (2007), pages 17-18. Please note that the graph on p. 17 of the original source contains an error: the percentage listed for the “Potential entrepreneurs” bar should not be “(60% of A)” but “(45% of A)”, as per the description in the paragraph entitled “Potential entrepreneurs” above the graph. See also OECD and European Commission (2013) for further data.
affected the local economy since the historical data were computed, or that may be reasonably expected to affect it over the next 3 years.

b) It is recommended that the analysis of social inclusion lending should exhaust all available sources of data and information, including:

- statistical data mining and review at national and regional levels
- SME survey and interviews
- interviews and surveys conducted by MFIs, FIs and/or MAs
- any other national and regional stakeholders interviews, including:
  - chambers of commerce
  - social agencies
  - research institutes and think-tanks present regionally or nationally

c) Where specific regional data are not available, reasonable assumptions should be made on the basis of sound extrapolations and comparisons with the neighbouring regions/countries, taking into account the most salient similarities and dissimilarities in their socio-economic spheres.
### Annex 5: List of acronyms

- **ABS**: Asset Backed Securities
- **AFMA**: SME Access to Finance Market Assessments
- **BAE**: Business Angels Europe
- **BIS**: Department for Business, Innovation and Skills
- **BLS**: Bank Lending Survey
- **CASP**: Country Assessment Service Providers
- **CCS**: Cultural and creative sectors
- **CESEE**: Central Europe and South Eastern Europe
- **CF**: Cohesion Fund
- **CPR**: Common Provisions Regulation
- **DG**: Directorate-General
- **EAFRD**: European Agricultural Fund for Rural Development
- **EBAN**: The European Trade Association for Business Angels, Seed Funds, and other Early Stage Market Players
- **ECA**: European Court of Auditors
- **ECB**: European Central Bank
- **EIB**: European Investment Bank
- **EIF**: European Investment Fund
- **EMFF**: European Maritime and Fisheries Fund
- **EMN**: European Microfinance Network
- **ERDF**: European Regional Development Fund
- **ESF**: European Social Fund
- **ESI Funds**: ERDF, ESF, CF, EAFRD, and the EMFF
- **EU**: European Union
- **EU COM**: European Commission
- **EVCA**: European Private Equity & Venture Capital Association
- **GA**: Financing Gap Assessment
- **GAFMA**: Guidelines for SME Access to Finance Market Assessments
- **GDP**: Gross Domestic Product
- **IFG**: International Factors Group
- **IMF**: International Monetary Fund
- **IP**: Intellectual Property
- **JEREMIE**: Joint European Resources for micro to medium enterprises
- **LLI**: Loan Level Initiative
- **MA**: Managing Authority
- **n.a.**: not applicable
- **NFC**: Non-financial corporation
- **NGO**: Non-governmental organisation
- **OECD**: Organisation for Economic Co-Operation and Development
- **PE**: Private Equity
- **PIS**: Proposed Investment Strategy
- **PGA**: Peer Group Analysis
- **pp.**: pages
- **RESP**: Report Editor Service Provider
- **SAFE**: Survey on the access to finance of SMEs in the euro area
- **SBA**: Small Business Act
- **SBS**: Eurostat Structural Business Statistics
- **SME**: Small and medium sized enterprise
- **UEAPME**: European Association of Craft, Small and Medium-sized Enterprises
- **VC**: Venture Capital
- **WIPO**: World Intellectual Property Organization
References


Ex-ante assessment methodology for financial instruments in the 2014-2020 programming period. Volume III. Enhancing the competitiveness of SME, including agriculture, microcredit and fisheries (Thematic Objective 3). Study commissioned by the EIB, co-financed by the European Commission (DG REGIO) and assigned to a consortium led by PwC. Version 1.0. March 2014. Forthcoming Q2/2014.


About …

… the European Investment Fund

The European Investment Fund (EIF) is the European body specialised in small and medium sized enterprise (SME) risk financing. The EIF is part of the European Investment Bank group and has a unique combination of public and private shareholders. It is owned by the EIB (62.1%), the European Union - through the European Commission (30%) and a number (25 from 15 countries) of public and private financial institutions (7.9%).

EIF’s central mission is to support Europe's SMEs by helping them to access finance. EIF primarily designs and develops venture capital and guarantees instruments which specifically target this market segment. In this role, EIF fosters EU objectives in support of innovation, research and development, entrepreneurship, growth, and employment.

The EIF total net commitments to venture capital and private equity funds amounted to over EUR 7.9bn at end 2013. With investments in over 480 funds, the EIF is the leading player in European venture capital due to the scale and the scope of its investments, especially in the high-tech and early-stage segments. The EIF commitment in guarantees totaled over EUR 5.6bn in over 300 operations at end 2013, positioning it as a major European SME loan guarantees actor and a leading microfinance guarantor.

… EIF’s Research & Market Analysis

Research & Market Analysis (RMA) supports EIF’s strategic decision-making, product development and mandate management processes through applied research and market analyses. RMA works as internal advisor, participates in international fora and maintains liaison with many organisations and institutions.

… this Working Paper series

The EIF Working Papers are designed to make available to a wider readership selected topics and studies in relation to EIF’s business. The Working Papers are edited by EIF’s Research & Market Analysis and are typically authored or co-authored by EIF staff. The Working Papers are usually available only in English and distributed only in electronic form (pdf).
2009/001  Microfinance in Europe – A market overview.  
   November 2009.

2009/002  Financing Technology Transfer.  
   December 2009.

2010/003  Private Equity Market in Europe – Rise of a new cycle or tail of the recession?  
   February 2010.

2010/004  Private Equity and Venture Capital Indicators – A research of EU27 Private Equity  

2010/005  Private Equity Market Outlook.  
   May 2010.

2010/006  Drivers of Private Equity Investment activity. Are Buyout and Venture investors really  
   so different? August 2010

2010/007  SME Loan Securitisation – an important tool to support European SME lending.  
   October 2010.

2010/008  Impact of Legislation on Credit Risk – How different are the U.K. and Germany?  
   November 2010.

2011/009  The performance and prospects of European Venture Capital.  
   May 2011.

   June 2011.

2011/011  Business Angels in Germany. EIF’s initiative to support the non-institutional financing  

   December 2011.

2012/013  Progress for microfinance in Europe.  
   January 2012.

2012/014  European Small Business Finance Outlook.  
   May 2012.

2012/015  The importance of leasing for SME finance.  
   August 2012.

   December 2012.
2013/017  Forecasting distress in European SME portfolios.  
May 2013.
2013/018  European Small Business Finance Outlook. 
June 2012.
2013/019  SME loan securitisation 2.0 – Market assessment and policy options. 
October 2013.
2013/020  European Small Business Finance Outlook. 
December 2013.

2014/021  Financing the mobility of students in European higher education  
January 2014.
2014/022  Guidelines for SME Access to Finance Market Assessments  
April 2014.