

SESSION #5: RISK SHARING IN THE BIGGEST CRISIS EVER.



Speakers:

- Katrin Sturm, Secretary-General of the European Association of Guarantee Institutions (AECM)
- Haesong Kwan, Deputy Director of the International Affairs Team of the Korea Credit Guarantee Fund (KODIT)
- Mark Scicluna Bartoli, Executive of EU & Institutional Affairs, Bank of Valletta
- Abdelmoughite Abdelmoumen, Head of Strategy and Cooperation at CCG Finance
- Giuseppe Gramigna, SME Consultant and SBA Chief Economist
- Ahmen Islah, Chief Risk Officer for CGC
- Maria Laura Garcia Conejero, General Manager of FOGABA

Main takeaways:

- **Credit guarantee schemes can play a vital role.** Credit Guarantee Institutions (CGI) are powerful countercyclical instruments with particular utility in crisis management. For example, KODIT was a key part of Korea's crisis management efforts in both 2008 and 1997.
- **There is a massive increase in demand for guarantees during crises** (e.g. KGF doubled the volume to be granted).
- **Some further regulatory reform can make CGIs even more effective.** For example, the European Commission now is reforming its laws restricting state aid to the private sector, explicitly sanctioning guarantees to be one of the 5 types of permissible state aid. In Morocco, regulatory reform will allow the CGF to guarantee working capital loans for the first time.
- **CGIs themselves need to design innovative policies**, e.g. bond market intervention.