

**Training manual Guarantee Funds for  
Small and Micro Enterprises**

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*The Social Dimension of Finance: Finance for decent work*

**Making Guarantee  
Funds work for Small  
and Micro Enterprises**

**A manual to improve  
the performance of  
guarantee funds**



The Social Finance  
Unit

## Credit Guarantee Funds

Guarantee funds make bank finance more accessible for small and micro enterprises. They bridge the gap between risk adverse lenders and their small entrepreneur clients.

Guarantee funds have better chances of sustainability if they are decentralised and operating in the vicinity of their clients. This brings in social control and social capital to reduce the level of default risk. Whether guarantee funds maintain their capital or not, depends largely on management: risk assessment, marketing, fund investment, claims handling and internal accounting and administration. The training manual "Making Guarantee Funds work for Small and Micro Enterprises" deals with these critical areas and builds up the skills to successfully manage a credit guarantee fund.

## Table of contents

The 220 page manual deals with:

- Credit transactions and credit institutions
- The financial landscape and stakeholders
- Different models of guarantee funds
- The life cycle of a guarantee

- Eligibility criteria
- Marketing
- Risk sharing
- Fees
- Staffing
- Fund investment
- Accounting procedures
- Performance indicators
- Capitalisation
- Financial sustainability



## Presentation

The manual is targeted at practitioners. Examples and case studies provide the necessary link between theory and practice. The exercises throughout the text assist the user to check the understanding of the underlying notions and to reflect on the topic from the perspective of personal experiences with guarantee funds.

Trainers and advisers will find 25 overhead sheets in the back of the manual to be used in training sessions.

## Who is the manual aimed at?

The manual is written for:

- Managers and staff currently working with guarantee schemes;
- Managers in micro-finance institutions who are considering to start a guarantee scheme;
- Donors or lenders who wish to work with guarantee funds.