

## Policy responses towards SMEs in the context of the COVID-19 virus outbreak

This document provides an overview of country policy responses towards SMEs in the context of the COVID-19 virus outbreak. It is prepared as a basis for Discussion by Delegates of the Working Party on SMEs and Entrepreneurship. In this third revision, an update is provided of policy measures since the last update on 24 March. The update also includes information on additional countries. Furthermore, this revision offers a synthesised analysis on policy approaches, presented in Chapter 4.

### Action for Delegates:

Delegates are invited to:

- provide additional information on the approaches taken in their countries;
- provide guidance on the further development of an inventory and analysis of country responses towards the outbreak and its short and long-term economic implications and impacts.

Lucia Cusmano, Acting Head of SMEE Division ([Lucia.cusmano@oecd.org](mailto:Lucia.cusmano@oecd.org)), Stephan Raes, Policy Analyst ([stephan.raes@oecd.org](mailto:stephan.raes@oecd.org)), Jules Beley, Junior Policy Analyst ([jules.beley@oecd.org](mailto:jules.beley@oecd.org))

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# Policy responses towards SMEs in the context of the COVID-19 virus

## 1. Introduction

1. This note has been prepared by the OECD Centre for Entrepreneurship, SMEs, Regions and Cities (CFE) for discussion by the OECD Working Party on SMEs and Entrepreneurship (WPSMEE). The WPSMEE conducts analysis and provides evidence based guidance for the design and implementation of SME policies. It also serves as an important repository of SME policy responses in times of crisis.

2. This note discusses how SMEs are affected by the current COVID-19 pandemic, reports on early evidence and estimates about the impact, and provides a preliminary inventory of country responses to foster SME resilience. Given the rapid pace of developments, the overview of country responses is not comprehensive and in some cases includes intended policy responses that are still a work in progress, or simply at the stage of public announcements. This overview will be updated periodically. Chapter 4 includes the synthesised analysis of country SME policy approaches. Annex A presents the preliminary overview of country SME policy responses, with further detailed information on the measures. Annex B provides a detailed overview of regional SME policy responses in Italy.

## 2. Background

3. The coronavirus pandemic is causing large-scale loss of life and severe human suffering globally. It is the largest public health crisis in living memory, which has also generated a major economic crisis, with a halt in production in affected countries, a collapse in consumption and confidence, and stock exchanges responding negatively to heightened uncertainties.<sup>1</sup>

4. Although the sheer magnitude of the shock and the unfolding of the pandemic make it especially challenging to forecast economic impact, the distinct possibility of a global recession has become concrete. The most recent OECD forecast (27 March) indicates that the initial direct impact of the shutdowns could be a decline in the level of output of between one-fifth to one-quarter in many economies, with consumers' expenditure potentially dropping by around one-third. The implication for annual GDP growth is estimated in a decline of up to 2 percentage points for each month that strict containment measures continue, although this impact will depend on many factors, including the duration and magnitude of national shutdowns, the extent of reduced demand for goods and services

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<sup>1</sup> <http://www.oecd.org/coronavirus/#>

in other parts of the economy, and the speed at which significant fiscal and monetary policy support takes effect.<sup>2</sup> This is a much more negative outlook than foreseen just a few weeks earlier.<sup>3</sup>

5. In recent weeks, several international organisations have issued studies on aspects of the economic impact of the coronavirus pandemic. For instance, UNCTAD has calculated that the impact of the coronavirus in China has cost global value chains 50 billion USD in exports.<sup>4</sup> Whereas in early March UNCTAD expected FDI could shrink by 5-15%<sup>5</sup>, on 26 March the forecast was revised to a reduction by 30-40% in 2020-21.<sup>6</sup> The ILO estimates the impact of COVID-19 to result in a rise in global unemployment of between 5.3 million (“low” scenario) and 24.7 million (“high” scenario), signalling that ‘sustaining business operations will be particularly difficult for Small and Medium Enterprises (SMEs)’.<sup>7</sup> Like the OECD,<sup>8</sup> the IMF has published a number of reflections on the expected effect and policies required.<sup>9</sup> In particular, these highlight that compared to the 2008 global financial crisis, this time the decline in services appears much greater, reflecting the consequences of lockdowns and social distancing, especially in urban settings. Several banks and institutes have also made strong negative adjustments to their GDP growth forecasts for 2020.<sup>10</sup>

6. With few exceptions, so far limited empirical evidence is available on how the situation affects SMEs across OECD countries. Some first evidence is emerging from surveys, which suggest increasingly severe disruptions and mounting concerns among small businesses. According to the surveys, more than half of SMEs now already face severe losses in revenues, with many having only a few months reserves to withstand the crisis (see Box 1).

<sup>2</sup>[https://read.oecd-ilibrary.org/view/?ref=126\\_126496-evgsi2gmgj&title=Evaluating\\_the\\_initial\\_impact\\_of\\_COVID-19\\_containment\\_measures\\_on\\_economic\\_activity](https://read.oecd-ilibrary.org/view/?ref=126_126496-evgsi2gmgj&title=Evaluating_the_initial_impact_of_COVID-19_containment_measures_on_economic_activity)

<sup>4</sup> <https://unctad.org/en/PublicationsLibrary/ditcinf2020d1.pdf?user=1653>

<sup>5</sup> [https://unctad.org/en/PublicationsLibrary/diaefinf2020d2\\_en.pdf?user=1653](https://unctad.org/en/PublicationsLibrary/diaefinf2020d2_en.pdf?user=1653)

<sup>6</sup>[https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=2313&utm\\_source=CIO+-+General+public&utm\\_campaign=0fa89ab0a6-EMAIL\\_CAMPAIGN\\_2019\\_05\\_17\\_11\\_42\\_COPY\\_01&utm\\_medium=email&utm\\_term=0\\_3d334fa428-0fa89ab0a6-70609233](https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=2313&utm_source=CIO+-+General+public&utm_campaign=0fa89ab0a6-EMAIL_CAMPAIGN_2019_05_17_11_42_COPY_01&utm_medium=email&utm_term=0_3d334fa428-0fa89ab0a6-70609233)

<sup>7</sup> [https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms\\_738753.pdf](https://www.ilo.org/wcmsp5/groups/public/---dgreports/---dcomm/documents/briefingnote/wcms_738753.pdf)

<sup>8</sup> <https://www.oecd.org/coronavirus/>

<sup>9</sup>[https://blogs.imf.org/2020/03/09/limiting-the-economic-fallout-of-the-coronavirus-with-large-targeted-policies/?utm\\_medium=email&utm\\_source=govdelivery](https://blogs.imf.org/2020/03/09/limiting-the-economic-fallout-of-the-coronavirus-with-large-targeted-policies/?utm_medium=email&utm_source=govdelivery)

<sup>10</sup>See for instance: [https://www.db.com/newsroom\\_news/2020/deutsche-bank-economists-forecast-severe-recession-due-to-covid-19-en-11507.htm](https://www.db.com/newsroom_news/2020/deutsche-bank-economists-forecast-severe-recession-due-to-covid-19-en-11507.htm) ; <https://resources.oxfordeconomics.com/hubfs/WEP/WEPM%20March%202020.pdf> ; <https://www.ifw-kiel.de/publications/media-information/2020/economic-outlook-update-german-gdp-expected-to-slump-between-45-and-9-percent-in-2020/> ; <https://www.ifo.de/en/node/53898> ; <https://www.goldmansachs.com/insights/pages/gs-research/us-daily-20-mar-2020/report.pdf>

### Box 1. Surveys among SMEs on the impact of the COVID-19 crisis

Indications of the impact of the COVID-19 outbreak on SMEs is provided through surveys, which are periodically held by SME associations, think tanks, chambers of commerce or banks. This Box provides an overview of surveys among SMEs in OECD countries since February. The surveys show that SMEs increasingly experience the impact of the crisis, and many fear being out of business within a few months.

- Based on a survey of SMEs in February, reports on **China** showed that a third of SMEs only had enough cash to cover fixed expenses for a month, with another third running out within two months, putting millions of Chinese SMEs at risk.<sup>11</sup> Reporting on 14 March suggests 60% of Chinese SMEs are back in business, but now face further challenges due to reduced demand from other markets.<sup>12</sup>
- A February KfW-IFO barometer in **Germany** on the *Mittelstand* suggested that small businesses in Germany were relatively less affected because of operating in regional supply chains.<sup>13</sup> While business sentiment among SMEs in February improved by 0.8 points, business sentiment of larger firms declined by 2.4 points, reflecting the coronavirus situation. However, a new survey by DIHK of over 10 000 German companies (85% of which had less than 200 employees), released on 9 March, indicated that almost half of respondents expected a negative impact on their business in 2020, with almost one third expecting a decline in turnover of more than 10%.<sup>14</sup>
- An early March survey of micro and small firms in **Italy** showed that 72% of the 6 000 responding firms were directly affected by the situation because of a drop in demand or problems along the supply chain and/or transport and logistics. One third of respondents estimated a decrease in revenues greater than 15%, and an additional 18% of firms estimated that decrease to be between 5-15%. The most affected firms are those in transport (98.9%) due to the demand downfall, then tourism (89.9%), fashion (79.9%), and agro-food (77.7%).<sup>15</sup>
- On 25 February, Business **Finland** released a survey of 300 companies (80% of which are SMEs), which indicated that one third of respondents anticipated a negative or very negative impact on their business in the short term. The strongest effect perceived related to restrictions to (international) travel of employees.<sup>16</sup>

<sup>11</sup><https://www.cgdev.org/publication/reconciling-sme-production-china-coronavirus-control>;  
<https://www.livemint.com/news/world/coronavirus-millions-of-chinese-firms-face-collapse-if-banks-don-t-act-fast-11582424789662.html>

<sup>12</sup><https://www.scmp.com/economy/china-economy/article/3075099/coronavirus-chinas-small-factories-brace-big-hit-pandemic>

<sup>13</sup><https://de.reuters.com/article/deutschland-virus-mittelstand-idDEKBN20R12V>;[https://www.kfw.de/KfW-Group/Newsroom/Latest-News/Pressemitteilungen-Details\\_571137.html](https://www.kfw.de/KfW-Group/Newsroom/Latest-News/Pressemitteilungen-Details_571137.html)

<sup>14</sup><https://www.dihk.de/resource/blob/19412/7903a32b3e0f6ed5a3f4da400718ef3c/dihk-blitzumfrage-corona-data.pdf>

<sup>15</sup> The survey was held for the Italian Confederation of Craft Trades and Small- and Medium-Sized Enterprises (CNA), see <https://www.cna.it/effetti-negativi-sul-72-delle-imprese-6-327-risposte-al-questionario-cna/> [https://www.cna.it/wp-content/uploads/2020/03/CNA-\\_-INDAGINE-\\_-IMPATTO-CORONAVIRUS-SULLE-PICCOLE-IMPRESA.pdf](https://www.cna.it/wp-content/uploads/2020/03/CNA-_-INDAGINE-_-IMPATTO-CORONAVIRUS-SULLE-PICCOLE-IMPRESA.pdf)

<sup>16</sup><https://www.businessfinland.fi/en/whats-new/news/cision-releases/2020/business-finland-has-analysed-the-impact-of-the-coronavirus-outbreak-on-finnish-companies/>

- On March 9, the Tokyo Shoko Research published a survey on the effects of the outbreak on firms (174 companies, mostly SMEs) in **Japan**.<sup>17</sup> Thirty-nine percent of respondents reported supply chain disruptions and 26% a decrease in orders and sales.
- In early March, the **Korean** Federation of SMEs published a survey of SMEs engaging in import/export. Of the 191 firms surveyed, 71.8% expected to be affected by the outbreak, with more than half of these firms stating that they were unable to meet delivery dates due to factory closures in China.<sup>18</sup> A new wave of this survey among 407 SMEs (conducted between 17 and 20 March, and released on 26 March) shows that 61.1% of SMEs have been impacted by the outbreak. 42.1% cannot continue business for more than 3 months; 70.1% for no longer than 6 months.<sup>19</sup> The entrepreneurs indicated that their situation is much more serious than during the 1997 Asian and 2008 Global financial crisis.
- A survey of SMEs in **Poland**, published on 10 March, showed that 30% of SMEs feared a decrease in sales and worker availability in the next three months.<sup>20</sup> Over one-third experienced increased costs and reduced sales, with 27.5% of respondents already encountering cash flow problems.
- On March 11, the **United States** Institute for Supply Management published their survey results.<sup>21</sup> Nearly 70% of respondents, 81% of whom have revenues of less than USD 10 million, reported supply chain disruptions, with more than 80% expecting to experience the impact of the outbreak.
- An early March survey in the **United Kingdom** from the Institute of Directors, whose membership is 70% SMEs, underlined the worry. One in five firms ranked the threat to their organisation from the coronavirus as “high” or “severe”. A further 43% said there was a “moderate” threat.<sup>22</sup> Another UK survey by the platform Market Finance, released on 12 March, showed that 69% of SMEs have significant cash flow problems, with more than one-third fearing that without support they would not last until Easter.<sup>23</sup>
- A 13 March survey from the **United States** National Federation of Independent Business among 300 of its 300,000 members (employers with up to 120 workers) showed that 23% are being negatively affected by the pandemic. Of those indicating they were not affected (74%), nearly half anticipate the outbreak to negatively impact their business if the virus spreads to or within their immediate area over the next three months. Among the businesses that said they were being damaged, 42% reported seeing slower sales, while 39% were experiencing supply-chain

<sup>17</sup> [http://www.tsr-net.co.jp/news/analysis/20200309\\_03.html](http://www.tsr-net.co.jp/news/analysis/20200309_03.html); [https://www.tsr-net.co.jp/news/analysis/20200309\\_03.html](https://www.tsr-net.co.jp/news/analysis/20200309_03.html)

<sup>18</sup> [https://biz.chosun.com/site/data/html\\_dir/2020/03/03/2020030300348.html](https://biz.chosun.com/site/data/html_dir/2020/03/03/2020030300348.html)

<sup>19</sup> <https://www.kbiz.or.kr/ko/contents/bbs/view.do?seq=147444&mnSeq=207>

<sup>20</sup> <https://polandin.com/47056994/coronavirus-impacting-business-of-40-pct-of-smes-in-poland-survey>

<sup>21</sup> <https://markets.businessinsider.com/news/stocks/covid-19-survey-impacts-on-global-supply-chains-1028985875>

<sup>22</sup> <https://www.theguardian.com/uk-news/2020/mar/11/sunak--budget-lifeline-small-firms-coronavirus>

<sup>23</sup> <https://www.p2pfinancenews.co.uk/2020/03/11/two-thirds-of-smes-face-coronavirus-cashflow-crisis/>



disruptions.<sup>24</sup> A Survey in Seattle, showed that 60% of small businesses are considering wage cuts and staffing cutbacks, while 35% said they might have to close.<sup>25</sup>

- On 17 March, a poll by the **United States** Small Business Association (NSBA) showed that:
  - Three out of four small business owners are very concerned about the economic impact of COVID-19;
  - Nearly half of small businesses have already experienced reduced customer demand for their products and services, and;
  - More than half of small-business owners are now anticipating a recession in the coming 12 months compared with just 14 percent in January.<sup>26</sup>
- The **Canadian** Federation of Independent Business (CFIB) published surveys on 16 and 24 March. Whereas the 16 March survey documents that half of Canadian firms have reported a drop in sales, and a quarter fear they will not survive longer than a month<sup>27</sup>, on 24 March 60% reported a significant drop in sales, with one third expecting to be out of business within a month without further support.<sup>28</sup>
- A **Belgian** Survey by SME association Unizo, published on 18 March, shows that almost half of SMEs fear they will not be able to pay for costs such as rents, wages etc. in the short term, whereas 75% report declines in turnover.<sup>29</sup>
- An unofficial survey among 138 tech companies in **Israel**, published on 16 March, showed that a third of companies were planning to lay-off workers, whereas 55% indicated they had not yet experienced any impact.<sup>30</sup>
- A 16 March survey among 100 fast growing SMEs in **Greece** by the Think Tank Endeavour Greece found that six out of ten SMEs saw a marked decline in sales. In the course of the crisis, half of the SMEs have modified their working model and product while seven in ten have automated operations by more than 50 percent.<sup>31</sup>
- According to a survey in the **United States** of more than 1 500 members of Goldman Sachs' 10 000 Small Businesses program, released on 19 March, 51% of small-business owners believe they could not weather more than three months of the current economic environment. Further, 96% indicate they have already been affected by COVID-19 and 75% have seen

<sup>24</sup><https://www.cnn.com/2020/03/13/nfib-says-coronavirus-is-starting-to-cause-supply-chain-squeezes-lost-sales.html>

<sup>25</sup><https://edition.cnn.com/2020/03/15/success/small-businesses-coronavirus/index.html>

<sup>26</sup><https://nsba.biz/wp-content/uploads/2020/03/NSBA-COVID-19-Poll-2020.pdf>

<sup>27</sup><https://www.cfib-fcei.ca/sites/default/files/2020-03/COVID-19-survey-results.pdf>

<sup>28</sup><https://www.cfib-fcei.ca/en/media/nearly-third-small-businesses-may-close-within-month-without-more-covid-19-relief>

<sup>29</sup><https://www.unizo.be/nieuws-pers/unizo-nu-al-ligt-de-helft-van-de-kmos-wakker-van-kosten-die-gaan-komen-overheid-waar>

<sup>30</sup><https://www.viola-group.com/violanotes/hr-survey-corona/>

<sup>31</sup><https://news.gtp.gr/2020/03/19/greek-think-tank-covid-19-affect-six-out-10-smes/>

reduced sales. Furthermore, 53% indicate their employees do not have the opportunity to telecommute.<sup>32</sup>

- A survey by the Budapest Chamber of Industry and Commerce of 1 895 companies in **Hungary** (almost all SMEs), released on 20 March, showed that 93% of respondents saw their outlook as bleak and 60% expecting a decline in sales. While 80% of larger companies have shifted to home-office work, only 51% of small business have done so.<sup>33</sup>
- A survey of 445 start-ups by Techleap in the **Netherlands**, published on 20 March, found that 50% of start-ups have lost significant revenue and risk to be out of money in the coming three months. Most founders indicated they needed a EUR 100 000 to 400 000 in short term bridge funding.<sup>34</sup>
- On 21 March, a survey by the **Japanese** Chamber of Commerce and Industry showed that 92.1% of companies have experienced an impact on their business or are likely to do so. The business condition index reached the lowest level (-49) since the Great East Japan Earthquake (-51.4).<sup>35</sup>

### 3. Impacts on SMEs

7. There are several ways the coronavirus pandemic affects the economy, especially SMEs, on both the supply and demand sides.<sup>36</sup> On the **supply side**, companies experience a reduction in the supply of labour, as workers are unwell or need to look after children or other dependents while schools are closed and movements of people are restricted. Measures to contain the disease by lockdowns and quarantines lead to further and more severe drops in capacity utilisation. Furthermore, supply chains are interrupted leading to shortages of parts and intermediate goods.

8. On the **demand side**, a dramatic and sudden loss of demand and revenue for SMEs severely affects their ability to function, and/or causes severe liquidity shortages. Furthermore, consumers experience loss of income, fear of contagion and heightened uncertainty, which in turn reduces spending and consumption. These effects are compounded because workers are laid off and firms are not able to pay salaries. Some sectors, such as tourism and transportation, are particularly affected, also contributing to reduced business and consumer confidence. More generally, SMEs are likely to be more vulnerable to 'social distancing' than other companies.<sup>37</sup>

9. The impact of the virus could have potential spill-overs into **financial markets**, with further reduced confidence and a reduction of credit.

<sup>32</sup> <https://www.goldmansachs.com/citizenship/10000-small-businesses/US/no-time-to-waste/>

<sup>33</sup> <https://hungarytoday.hu/coronavirus-most-businesses-in-budapest-see-bleak-outlook/>

<sup>34</sup> [https://issuu.com/techleap/docs/covid-19\\_report\\_march\\_finalfinal](https://issuu.com/techleap/docs/covid-19_report_march_finalfinal)

<sup>35</sup> <https://www.nikkei.com/article/DGXMZO57073480R20C20A3EA3000/>

<sup>36</sup> [https://blogs.imf.org/2020/03/09/limiting-the-economic-fallout-of-the-coronavirus-with-large-targeted-policies/?utm\\_medium=email&utm\\_source=govdelivery](https://blogs.imf.org/2020/03/09/limiting-the-economic-fallout-of-the-coronavirus-with-large-targeted-policies/?utm_medium=email&utm_source=govdelivery)

<sup>37</sup> [https://nextcity.org/daily/entry/cities-starting-grapple-with-small-business-declines-due-to-virus-outbreak?utm\\_source=Next+City+Newsletter&utm\\_campaign=5d645c1081-EMAIL\\_CAMPAIGN\\_2019\\_02\\_21\\_05\\_47\\_COPY\\_01&utm\\_medium=email&utm\\_term=0\\_fcee5bf7a0-5d645c1081-43981729](https://nextcity.org/daily/entry/cities-starting-grapple-with-small-business-declines-due-to-virus-outbreak?utm_source=Next+City+Newsletter&utm_campaign=5d645c1081-EMAIL_CAMPAIGN_2019_02_21_05_47_COPY_01&utm_medium=email&utm_term=0_fcee5bf7a0-5d645c1081-43981729)

10. These various impacts are affecting both larger and smaller firms. However, the effect on SMEs is especially severe, particularly because of higher levels of vulnerability and lower resilience related to their size.

11. In all OECD countries, SMEs account for the vast majority of companies, value added and employment. However, in some regions and sectors that have particularly felt the impacts of the situation, the prevalence of SMEs is even higher. For example, in some of the most affected regions, like Northern Italy, the significance of SMEs within the economic structure is even more critically important. Likewise, SMEs are strongly represented in sectors such as tourism and transportation, which are significantly affected by the virus and the measures taken to contain it, as well as fashion and food where short delivery times are of essence.

12. SMEs often have a more limited number of **suppliers**. In some cases, this may shelter them from the shock. At the beginning of the pandemic outbreak in China, this appeared to be the case with German SMEs operating more in regional supply chains and therefore less affected by developments in Asia. In other cases, SMEs may rely on suppliers from countries and regions with more COVID-19 cases, increasing their vulnerability. Similarly, obstacles in transportation by sea, road or air affect these SMEs. Some SMEs are particularly vulnerable to the disruption of business networks and supply chains, with connections with larger operators (e.g. MNEs) and the outsourcing of many business services critical to their performance. Over the longer term, it may be difficult for many SMEs to re-build connections with former networks, once supply chains are disrupted and former partners have set up new alliances and business contracts.

13. Businesses, including SMEs, will bear the brunt of a reduction in global **demand** for their products and services. This impact may particularly be felt in specific sectors such as tourism, but also amongst those SMEs catering for local markets where containment measures have been introduced.

14. SMEs may have less resilience and flexibility in dealing with the **costs** these shocks entail. Costs for prevention as well as requested changes in work processes, such as the shift to teleworking, may be relatively higher for SMEs given their smaller size, but also, in many instances, the low level of digitalisation and difficulties in accessing and adopting technologies. If production is reduced in response to the developments, the costs of underutilised labour and capital weigh greater on SMEs than larger firms. Furthermore, SMEs may find it harder to obtain information not only on measures to halt the spread of the virus, but also on possible business strategies to lighten the shock, and government initiatives available to provide support.

15. Given the limited resources of SMEs, and existing obstacles in accessing capital, the **period** over which SMEs can survive the shock is more restricted than for larger firms. As the OECD Interim Outlook signals, there is a risk that otherwise solvent firms, particularly SMEs, could go bankrupt while containment measures are in force.<sup>38</sup>

#### 4. Country policy responses

16. Given the specific circumstances SMEs are currently facing, countries have put measures in place to support them. While the first concern is public health, a wide array of measures are being introduced to mitigate the economic impact of the coronavirus outbreak on businesses. Specifically, many countries are urgently deploying measures to support SMEs and the self-employed during this severely challenging time, with a strong focus on initiatives to sustain short-term liquidity. Such policies

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<sup>38</sup> "In the short term, the provision of adequate liquidity in the financial system is also a key policy, allowing banks to provide help to companies with cash-flow problems, particularly small and medium-sized enterprises, and ensuring that otherwise solvent firms do not go bankrupt whilst containment measures are in force."

take various shapes. Some countries have focused on more general policies that have the potential to cushion the blow for the economy and for all businesses. For instance, in many countries, Central Banks have stepped in to support lending by alleviating monetary conditions and enabling commercial banks to provide more loans to SMEs. Examples include the unprecedented measures taken by the US Federal Reserve and European Central Bank.

17. Many countries have introduced SME specific policy measures:

- Several countries have introduced measures related to **working time shortening, temporary lay-off and sick leave**, some targeted directly at SMEs. Similarly, governments provide wage and income support for employees temporarily laid off, or for companies to safeguard employment. In many cases, countries have introduced measures specifically focused on the self-employed.
- In order to ease liquidity constraints, many countries have introduced measures towards the **deferral of tax, social security payments, debt payments and rent and utility payments**. In some cases, tax relief or a moratorium on debt repayments have been implemented. Also, some countries are taking measures regarding procedures for public procurement and late payments.
- Several countries have introduced, extended or simplified the provision of **loan guarantees**, to enable commercial banks to expand lending to SMEs.
- In some cases, countries have stepped up **direct lending** to SMEs through public institutions.
- Several countries are providing **grants and subsidies** to SMEs and other companies to bridge the drop in revenues.
- Increasingly, countries are putting in place **structural policies** to help SMEs adopt new working methods and (digital) technologies and to find new markets and sales channels to continue operations under the prevailing containment measures. These policies aim to address urgent short-term challenges, such as the introduction of teleworking, but also contribute to strengthening the resilience of SMEs in a more structural way and support their further growth.
- Some countries have introduced specific schemes to **monitor** the impact of the crisis on SMEs and enhance the **governance** of SME related policy responses.

18. This Chapter gives a first analysis and comparison of these SME policy measures. Table 1. provides an overview of country policy measures on the basis of available information. Annex A contains further details about policies in each country. Annex B provides a focus on regional SME policy responses in Italy. Given the evolving situation, these overviews are not comprehensive. The stage of the outbreak varies greatly from country to country and policy responses are highly specific to the national economic and public health contexts. There is also no assessment or judgement made at this stage on the effectiveness of such measures.

19. Table 1 shows that, across countries, the most widely used instruments in response to the outbreak are income and profit tax deferrals, loan guarantees and direct lending to SMEs, and wage subsidies. Structural policies have been used only modestly, whereas the use of grants, debt moratorium and specific measures for the self-employed provide is mixed, and highly differs across countries.

Table 1. Overview of policy responses

	Labour			Deferral					Financial instruments			Structural policies			
	(Partial) redundancies	Wage subsidies	Self-employed	Income/corporate tax	Value Added Tax (VAT)	Social security and pension	Rent/utilities/local tax	Debt moratorium	Loan guarantees	Direct lending to SMEs	Grants and subsidies	New markets	Teleworking/digitalisation	Innovation	Training and redeployment
Argentina										✓			✓		
Australia			✓	✓				✓		✓	✓				✓
Austria	✓	✓		✓					✓	✓	✓				
Belgium	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓		
Brazil	✓	✓		✓		✓		✓		✓					
Canada		✓	✓	✓	✓			✓		✓			✓		
Chile		✓		✓							✓	✓			
China		✓		✓		✓	✓	✓		✓	✓		✓	✓	✓
Colombia				✓	✓					✓					
Costa Rica				✓	✓				✓						✓
Croatia		✓		✓		✓		✓		✓					
Czech Republic				✓				✓		✓	✓				
Denmark		✓	✓	✓	✓			✓	✓		✓				
Egypt								✓							
Estonia		✓		✓		✓			✓	✓			✓		
Finland	✓			✓					✓	✓	✓			✓	
France	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓		✓		
Germany	✓	✓	✓	✓					✓	✓	✓				
Greece		✓		✓	✓	✓			✓	✓					
Hong Kong, China				✓				✓	✓	✓					
Hungary	✓			✓		✓	✓	✓		✓					
Iceland		✓		✓	✓				✓	✓					
India				✓						✓					
Indonesia				✓							✓				
Ireland		✓	✓	✓					✓	✓	✓			✓	
Israel	✓	✓	✓		✓	✓	✓	✓	✓	✓					
Italy	✓	✓	✓	✓				✓	✓	✓	✓		✓	✓	
Japan		✓		✓			✓		✓	✓			✓	✓	
Korea		✓	✓					✓	✓	✓	✓		✓	✓	
Latvia		✓		✓				✓	✓	✓			✓	✓	
Lithuania		✓		✓			✓		✓	✓					
Luxembourg		✓		✓					✓	✓					
Malaysia								✓		✓			✓		
Netherlands	✓	✓	✓	✓				✓	✓	✓	✓				
New Zealand		✓		✓						✓		✓			✓
Norway	✓	✓		✓	✓	✓			✓						
Poland		✓		✓		✓			✓	✓				✓	
Portugal	✓			✓		✓			✓	✓					✓
Romania		✓		✓			✓	✓	✓						
Russia				✓		✓				✓					

	Labour			Deferral					Financial instruments			Structural policies			
	(Partial) redundancies	Wage subsidies	Self-employed	Income/corporate tax	Value Added Tax (VAT)	Social security and pension	Rent/utilities/local tax	Debt moratorium	Loan guarantees	Direct lending to SMEs	Grants and subsidies	New markets	Teleworking/digitalisation	Innovation	Training and redeployment
Saudi Arabia								✓	✓	✓					
Singapore		✓		✓			✓		✓	✓				✓	
Slovak Republic		✓	✓	✓					✓		✓				
Slovenia		✓	✓	✓			✓	✓	✓	✓		✓	✓		
South Africa								✓		✓		✓			
Spain		✓	✓	✓		✓	✓	✓	✓	✓	✓		✓		
Sweden	✓	✓	✓	✓	✓	✓	✓		✓	✓					
Switzerland	✓	✓							✓	✓		✓			
Thailand		✓		✓	✓	✓	✓			✓					
Turkey	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓				
United Kingdom		✓	✓	✓			✓	✓	✓	✓	✓				
United States		✓	✓	✓						✓	✓				
Vietnam				✓			✓								

#### **4.1. Measures related to working time shortening, temporary lay-offs and sick leave**

20. With production and demand collapsing, many SMEs face massive challenges in paying wages as well as sick leave for those workers affected. Governments have put measures in place to contribute to wage payments for employees temporarily out of work or on sick leave. Country approaches differ widely, given that labour market and social security institutions are different, meaning that possible and required support measures vary. In some cases, payments are directed to companies, to enable them to continue to pay wages and avoid lay-offs. In other cases, governments contribute to the employer share in paid sick leave. Possibilities for temporarily reducing working hours or redundancies are opened up for SMEs to temporarily withstand the impact of the pandemic.

##### *4.1.1. Reduction of working hours and temporary unemployment*

21. Various countries are opening up existing arrangements for companies to reduce working hours of their employees and their temporary redundancy (e.g. **Austria, Netherlands**). For instance in the **Netherlands**, companies expecting a drop in value added (minimum 20%), can ask for a compensation of 90% of wage costs, where 80% can be given in advance.

22. Other countries are extending existing schemes or developing new ones. In **Belgium**, new options for partial unemployment for *force majeure* have been created, with provisions for temporary unemployment prolonged by three months and approval of requests within 3-4 days. **Germany** eased conditions for access to short-term work arrangements, by reducing the required percentage of workers involved from one-third to 10%. **Denmark** and **Hungary** relaxed employment legislation to allow companies to reduce employees hours temporarily. **France** is shortening procedures to encourage firms to have recourse to temporary lay-offs. **Brazil** eases possibilities to suspend employment contracts. **Portugal** simplified the lay-off regime for companies whose activities are affected by Covid-19 pandemic.

##### *4.1.2. Wage support*

23. Some countries put in place specific wage support schemes for partial unemployment and working hour reduction. **Brazil** introduced possibilities for firms to reduce working hours and pay by up to 50% while maintaining the employment link. Further flexibility for firms will come from extended use of leave days and the possibility to anticipate annual leave, including collective annual leave. **Canada** introduced a Canada Emergency Response Benefit of CAD 2 000 per worker for a maximum of four months. In **France**, the government will reimburse 100% of partial employment compensations (up from 70% previously). **Norway** is providing government support for wages when companies temporarily lay off workers, and is allowing companies to give two days' notice to workers. **Slovenia** introduced an intervention law for co-financing temporary lay-offs. In **Sweden**, the government covers three quarters of the costs when staff working hours are reduced and covers one third of the cost for short-term workers. In **Switzerland**, companies can apply for part-time unemployment for employees, including subsidies for firms putting staff on shorter working hours. In addition, emergency aid to compensate salaries of temporary redundancies is being provided.

24. Several countries have set-up more generic wage support for SMEs. In **Brazil**, the government will pay part of the salaries for micro and small companies. In **Canada**, small-business owners will receive a temporary wage subsidy equal to 10% of their salary bill for a period of three months. In **Denmark**, the government increased security for employees' jobs and support for wage costs through the Compensation for Corporate Expenses. An Emergency Fund in **Korea** provides direct financial support to SMEs and self-employed, aimed at encouraging these firms to keep their employees. **New Zealand** is providing NZD 5.1 billion in wage subsidies for affected businesses in all sectors and

regions. In **Poland**, employers who find themselves in a difficult situation related to the spread of coronavirus will receive support from the Guaranteed Employee Benefits Fund. The financing will apply to companies whose turnover will drop by at least 15%. **Romania** is covering 75% of the salary of employees sent into technical unemployment by companies affected by the coronavirus crisis. A Jobs Support Scheme in **Singapore** offsets 8% of wages for 3 months (subject to a cap) in order to help firms retain workers. The ceiling for the Wage Credit Scheme was raised to SGD 5 000. **Spain** has extended social security bonuses in discontinuous fixed contracts to cover contracts from February to June 2020 in the tourism sector to preserve employment;

#### 4.1.3. Sick leave

25. There is large variation in the form and intensity of government financial contributions to costs related to sick leave and wage costs due to (partial) unemployment. Whereas in **Denmark** employers will be reimbursed completely by the government from the first day that an employee becomes ill or enters quarantine due to coronavirus, other countries offer partial reimbursements. For instance, in **Brazil**, the government will pay for the first 15 days of leave of the worker with COVID-19. In **Latvia**, the government will cover 75% of the costs of outbreak-induced sick leaves or workers' downtime, or up to EUR 700 per month, per worker. In the **United Kingdom**, businesses employing fewer than 250 people are entitled to government refunds on any sick pay they give to the employees in the first two weeks. Small companies will be able to reclaim the costs of 14 days of sick pay (under GBP 200 per week) per employee. **New Zealand** is providing a NZD 126 million in COVID-19 leave and self-isolation support. **Chile** is extending unemployment insurance to those who are sick or unable to work from home.

26. Several countries have introduced specific measures to support the self-employed (see Box 2).

#### Box 2. Specific measures for the Self-employed

Several countries have introduced specific measures to support the self-employed, as many of these face a large drop in their income. Compared to employees, the self-employed are not insured for sick leave or (temporary) unemployment. Measures range from providing sick leave payments and unemployment benefits, to lump sum subsidies.

**Belgium** deferred and reduced social contributions for the self-employed, conditional on proving a decrease in revenue due to the outbreak. Also, provisions for income replacement of EUR 1 300 to 1 600 per month are in place.

**Canada** introduced emergency support benefit for self-employed who do not qualify for Employment Insurance.

In **Denmark**, self-employed and those employed in small businesses with fewer than 10 employees facing a loss of earnings of 30% or more will receive 75% compensation, up to a maximum of DKK 23 000 (EUR 3 000) per month in direct financial support. Where the self-employed or small business owner's partner is also employed in the business, the compensation threshold is DKK 46 000 (EUR 6 000). The compensation is subject to tax.

**France** set up a solidarity fund for the self-employed of EUR 2 billion, and provides EUR 1 500 monthly compensation for self-employed (and small companies), when their turnover is less than EUR 1 million and they experience a drop in turnover of 70% or more;

**Germany** provides 10 billion in direct subsidies to one-person businesses and micro-enterprises.



**Ireland** offers an increase in sick pay for workers affected by the virus, including for the self-employed, and a flat rate pay of EUR 203 per week for six weeks for the self-employed who have lost business. Self-employed are also entitled to a EUR 350 per week unemployment payment.

**Israel** provides a special aid grant for self-employed for projected losses due to the decline in economic activity and the postponement of self-employed mandatory payments.

**Italy** has temporarily suspended mortgage payments for first-time homebuyers, including self-employed who have lost more than one-third of their turnover during the last quarter. A fund for last resort income support (appropriation of EUR 300 million for 2020) is in place for employees and self-employed workers who ceased, reduced or suspended their employment relationship or business due to the pandemic. Self-employed workers will receive a tax-free one-time allowance of 600 euros for March 2020. Furthermore, self-employed, freelance professionals and businesses whose revenues are lower than EUR 2 million can defer payments to the cashier to settle withholding taxes. Deferrals also apply to annual and monthly VAT, as well as social security and insurance. Payments are deferred to 31 May and can also be paid in up to 5 monthly instalments.

In **Korea**, an Emergency Fund provides direct financial support to SMEs and self-employed, aimed at encouraging these firms to keep their employees.

The **Netherlands** introduced non-reimbursable income support for three months of EUR 1 050 to 1 500 maximum through a fast track procedure, and a EUR 10 517 low interest loan for working capital.

**Portugal** defers payments on all contributions by self-employed people.

**Spain** provides self-employed similar benefits as unemployed in case of “*force majeure*”.

In the **United Kingdom**, self-employed and gig economy workers, who are not entitled to sick pay, receive assistance worth GBP 500 million as part of the 2020 Budget.

## **4.2. Deferral of tax, social security payments, debt payments, and rent and utility payments**

27. Most OECD countries have put in place measures that enable SMEs to postpone payments, in order to avoid further eroding their liquidity (see Table 1). Most countries have introduced such deferrals in corporate and income tax payments, although several countries include value added tax (VAT), social security and pension contributions.<sup>39</sup>

28. The scope and duration of deferral measures vary by country, although across countries the intensity of deferral measures – which were in many cases part of first response measures to the crisis – has increased. In some countries, next to tax deferral also tax relief is granted (See Box 3).

29. The scope of deferrals has been gradually further extended to other domains. In several countries, commercial banks, sometimes supported by the government, have announced a temporary moratorium on debt repayments. Furthermore, in some countries the payment of utility bills, mortgage payments and rent by small businesses and citizens was temporarily put on hold. Local governments have also deferred the payment of property taxes.

### *4.2.1. Income/corporate tax*

30. Deferral of tax most often is introduced for corporate and income tax. In some countries, deferral of income and corporate tax has been targeted to specific sectors. **Colombia**, for instance,

<sup>39</sup> See also <https://taxfoundation.org/coronavirus-country-by-country-responses/>

introduced deferral of income taxes for the tourism and aviation sectors. The **United Kingdom** gives all retail, hospitality and leisure businesses in England a 100% business rates tax holiday for the next 12 months;

31. The period for which deferral for corporate and income tax is offered differs widely. Many governments offer a period of two or three months (for instance **Brazil, Croatia**). **Spain** offers a deferral of six months. **Canada** introduced deferral of income tax until 31 August. **Estonia** extends deferral to 18 months. In **Norway**, companies liable for employee withholding taxes do not have to make second-term payments until 1 September rather than the scheduled cut-off of April 15.

32. No interest is charged on the delayed payments in many countries, such as **Canada, Ireland, Lithuania, the United Kingdom**. Several countries announced that enforcement measures and penalty surcharges will be paused (for instance **Canada, Czech Republic, Germany, Lithuania, the Netherlands**). Some countries offer payment in instalments after the deferral period. In **Croatia**, payments can be made in instalments of 24 months.

33. Some countries stop the payment of tax advances (**Czech Republic**), and/or speed-up the repayment of advances or rebates to SMEs (**Latvia, Norway**). Some countries offer lenience for tax overdue. **Latvia**, for instance, postpones tax overdue payments for up to three years if the overdue is an effect of the outbreak. **Poland** introduced a new method of loss settlement by entrepreneurs, with losses incurred in 2020 to be deducted from the tax that was due for 2019.

34. Some countries have announced specific budgets for tax deferral. **Austria**, for instance, installed EUR 10 billion in tax deferral. **Denmark** provides a DKK 125 million credit facility allowing firms to defer VAT and tax payments. **New Zealand** introduced a NZD 2.8 billion in business tax changes to free up cash flow, including a provisional tax threshold lift, the reinstatement of building depreciation and writing off interest on the late payment of tax.

### Box 3. Tax Relief

In some countries, next to deferral, tax relief is offered by lowering rates or waiving payment. The distinction between deferral and relief is often ambiguous, especially when deferral is combined with a waiver of interest payments. However, tax relief (the reduction of tax rates or the cancelling of tax payments) is more akin to a grant or subsidy (see section xxx). This Box gives a number of examples of tax relief measures. Such measures are often targeted to certain sectors. Many of the tax relief measures are introduced by local or regional governments.

- **Brazil** announced a 50% reduction in social security contributions through “Sistema S” for 3 months (USD 0.4 billion);
- **China** provides social security premium incentives, refunds of unemployment insurance premiums, and SME exemptions from pension, unemployment and work-related injury insurance premiums (totalling up to CNY 500 billion nationwide);
- Next to tax deferral, **Estonia** introduces various tax incentives for companies;
- **France** offers on a case-by-case basis exemption from corporate and income tax payments;
- In **Hong Kong, China** profit taxes are reduced by 100% (subject to a cap);
- **Norway** temporarily lowers VAT, through a nationwide VAT cut to 8% from the current 12%, until October 31. Businesses and individuals responsible for VAT will have until June 14 to make first-quarter payments;
- In **Turkey**, accommodation tax will be cancelled until November;

- **Viet Nam** introduced reductions in land lease fees;
- **Thailand** introduced a reduction of withholding tax by 1.5 percentage points (from 3% to 1.5%), and tax deductions of salary expenses;
- In the **United Kingdom**, small businesses will see their business tax rates waived entirely for 2020. Scotland offers 75% rates relief for retail, hospitality and leisure sectors with a rateable value of less than GBP 69 000 from 1 April 2020; 1.6% rates relief for all properties across Scotland; and fixed rates relief of up to GBP 5 000 for all pubs with a rateable value of less than GBP 100 000 from 1 April 2020.

#### 4.2.2. Value Added Tax (VAT)

35. Several countries introduced possibilities for deferral of VAT. In some cases, deferrals are focused on specific sectors such as tourism and transportation (**Colombia, Turkey**). Other countries provide across the board deferral. **Greece**, for instance, introduced a four-month deferral of value-added tax (VAT) payments due at the end of March for companies operating in areas affected by the outbreak and which shut down for at least 10 days.

36. Deferrals are granted for three months to a year. **Sweden** introduced a deferral of VAT for three months, which is to be granted for up to 12 months retroactively applied from 1 January 2020. In some cases, VAT payments are waived (see Box 3).

#### 4.2.3. Social security and pension contributions

37. A number of countries enable deferral of social security contributions and pension payments. Given the wide differences in social security and pension systems, measures differ widely. In some cases, the focus of deferral is on specific sectors. For instance, **Spain** extended social security bonuses in discontinuous fixed contracts to cover contracts from February to June 2020 in the tourism sector. **Turkey** introduced a deferral of social security premiums by six months for retail, iron and steel industries, shopping malls, automotive, entertainment and hospitality sectors, food and beverage businesses, textiles as well as event organisation sectors. **Hungary** introduced an exemption of social security contributions for sectors that were severely hit by the pandemic (tourism, film industry, restaurants, entertainment venues, gambling, sports, cultural services, passenger transportation).

38. The deferral periods range from three months (**Brazil**) to seven months (**Portugal**). For instance, **Greece** introduced a four-month deferral of social security payments due at the end of March for companies operating in areas affected by the outbreak and which shut down for at least 10 days. **Israel** has postponed National Insurance payments for the month of April, and allows payments in instalments. In **Sweden**, companies can defer payment of employers' social security contributions for three months and for up to 12 months, retroactively applied from 1 January 2020. In some cases, payments are waived (see Box 3). In some cases, the suspension is related to the measures on reducing working hours, as part of compensation to avoid (permanent) job losses.

39. Some countries (**China, Estonia**) include pension payments in the deferral measures. **Estonia**, for instance, suspended payments in Pillar II of the pension system.

#### 4.2.4. Rent/utilities/local tax

40. Some countries or local governments have extended deferrals to payments of local and property tax (**Singapore, Belgium** (Brussels Capital), **Israel, Japan, Lithuania**), rent (**China, France, Thailand**) and utility costs (**Belgium** (Wallonia), **France, Lithuania**) with the aim of avoiding costs and liquidity problems for companies. In some cases, the measures are specifically aimed at SMEs or small businesses. For instance, the measures in **France** and **Japan** specifically target small business. In

**Hungary**, evictions of small businesses unable to pay rent are suspended. **Slovenia** has temporarily freed small business customers and households from the obligation to pay for the support to producers of power from renewable sources and high-efficiency cogeneration. Additionally, the network charge has been significantly lowered.

#### 4.2.5. Debt payment moratorium

41. In some countries, a deferral of debt payments was introduced in the form of a debt moratorium (see Box 4). In some countries, these are private initiatives by commercial banks. In other cases they are set-up or backed by the government.

#### Box 4. Debt Repayment Moratorium

In some countries, a moratorium on the repayment of debt has been introduced, whereby, for various lengths, SMEs can defer the repayment of debt. In some cases, these involve private sector initiatives. In other cases, the measures are backed by the government.

- **Australian** banks announced support for SMEs through a six-month break in loan repayments;
- In **Belgium** the financial sector will grant a deferral of debt payments until 30 September. Furthermore, the government opens up a EUR 50 billion new guarantee for all new credits up to 12 months. Brussels capital, a moratorium on debt repayments to Finance & Invest Brussels has been introduced;
- The **Brazilian** Federation of Banks announced an agreement by which the five largest banks in the country (BB, Caixa, Itaú Unibanco, Bradesco and Santander) are willing to respond to requests for a 60-day extension for the debt maturity of individual and SMEs;
- The six largest financial institutions in **Canada** have made a commitment to work with personal and small business banking customers on a case-by-case basis to provide flexible solutions to help them manage through challenges, such as pay disruption due to COVID-19, childcare disruption due to school or day care closures, or those suffering from COVID-19. As a first step, this support will include up to a six-month payment deferral for mortgages, and the opportunity for relief on other credit products;
- In **China**, firms in hard-hit industries were authorised to apply for deferred payment or new loans;
- A three-month moratorium on liabilities to the **Croatian** Bank for Reconstruction and Development (HBOR) and commercial banks;
- In **Egypt**, SMEs receive a 6 month extension for credit repayments;
- **France** and **Germany** offer conflict mediation between SMEs and clients/suppliers, and credit mediation to help SMEs wishing to renegotiate credit terms. The French Banking Association announced that firms facing a credit crunch are offered access to low interest loans (0.25%) to an amount equal to 3 months of revenues, with repayment starting in one year.
- In **Hungary**, loan payments are suspended until the end of 2020 for all private individuals and businesses who took loans out before March 18th. Short-term business loans are prolonged until July 30th. The annual percentage rate (APR) of new consumer loans has been maximised at the central bank prime rate plus 5 per cent;
- In **Ireland**, all the banks have announced that they will offer flexibility to their customers, and they may be able to provide payment holidays or emergency working capital facilities. A deferral of up to 3-months on loan repayments will be available to many businesses;

- A debt moratorium by the **Italian** Banking Association was announced and is backed by the government. This concerns debt repayments, including mortgages and repayments of small loans and revolving credit lines on loans subscribed by companies until 31 January 2020;
- Furthermore, in **Italy** micro-enterprises and SMEs of all types, including freelancers and sole proprietorships, can benefit from a moratorium on a total volume of loans estimated at around EUR 220 billion. Current account credit lines, loans for advances on securities, short-term loan maturities and instalments of loans due are frozen until 30 September. Part of these is made up of sums already disbursed which should have been repaid, representing in practice a new loan from the bank until 30 September, whereas the other part is made up of new financing which the company can obtain by using the credit line which is frozen. Banks or other lending institutions can activate a public guarantee covering 33% of the lent amount.
- **Israel's** five largest banks, which account for about 99% of overall banking activity, declared a deferment of mortgage and loan payments (with a waiver of deferred payment fees) for the next three months. Israel's largest mortgage bank, bank Mizrahi Tefahot, will postpone payments for four months.
- In **Korea**, domestic commercial banks and savings banks will also allow loans to be rolled over for small businesses if they cannot afford payment when due;
- The Central Bank of **Malaysia** announced it requested a 6-month moratorium of all bank loans affected by the outbreak, except credit card balances;
- The **Netherlands** Banking Association announced that SMEs with loans worth less than EUR 2.5 million will be granted a six month standstill period in loan repayments.;
- Furthermore, **Dutch** small firms are offered a six month delay in repayments of micro loans through Qredits, with lowered interest rates to 2%;
- In **Saudi Arabia**, SAR 30 billion will be allocated for banks and financing companies to delay loan payments due from SMEs for six months;
- In **South Africa**, a Debt Relief Fund aims at providing relief on existing debts and repayments, to assist SMEs during the period of the COVID-19 state of disaster. For SMEs to be eligible for assistance under the Debt Relief Fund, the applicant must demonstrate a direct link of the impact or potential impact of COVID-19 on the business operations. The Ministry has set up a centralised registration system ([www.smmesa.gov.za](http://www.smmesa.gov.za)) where all those in need of financial aid will register and be screened;
- In **Spain**, companies that have received loans from the General Secretariat for Industry and Small and Medium Enterprises are allowed to postpone their repayment;
- In **Turkey**, a three-month deferral of loan payments by companies has been introduced;
- Private financiers in the **United Kingdom** announced that they would ease rules for firms affected by the outbreak. A GBP 2 billion finance package was announced by Lloyds, free of fees (conditional on revenue below GBP 25 million). Measures from other commercial banks include putting a mortgage holidays, a 12-month capital repayment holidays for SMEs with existing loans above GBP 25 000, refunds on credit card cash advance fees, temporary increases to credit card limits, and a suspension of borrowing fees

#### 4.2.6. *Public procurement and payment*

42. Some countries provide deferral and relief through public procurement measures. A number of countries have introduced derogations from standard procedures to cover extraordinary needs (e.g. **Sweden, Portugal, Poland, Greece**). Several countries stopped delay penalties regarding public contracts (**Belgium, France**), and have speeded up approval procedures in sectors like construction or chemical (**France**). **Denmark** and **Israel** offer an advance in payments of procured goods. In **Korea** procurement processes have been simplified by limiting on-site inspections. In **New Zealand**, administrations have been directed to pay their bills within ten working days to support small business. In several countries, retailers committed themselves to rapid payment of their small business suppliers. In **China** and **Israel**, the government promotes buying from local SMEs.

#### 4.3. *Loan guarantees*

43. Many governments have introduced and extended measures that incentivise commercial banks to expand their lending to SMEs. In some countries, central banks have lifted reserve requirements for banks, to allow them to increase their lending. In other cases, through unconventional monetary policy measures central banks have bought packages of loans to SMEs and others to boost further lending. Examples of these are included in Annex A.

44. In particular, in Europe and Asia, governments have introduced or intensified guarantee schemes to banks to strengthen lending to SMEs (**Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Greece, Hong Kong China, Ireland, Israel, Italy, Japan, Korea, Lithuania, the Netherlands, Poland, Portugal, Romania, Saudi Arabia, Singapore, Spain, Switzerland, and the United Kingdom**). The measures include the extension of the types of SMEs and firms for which those measures are open, the raising of the ceiling up to which the guarantee applies as a percentage of the loan, the acceleration of guarantee and lending procedures and more generally the enlargement of public funding available to support guarantees.

##### 4.3.1. *New initiatives*

45. Several countries have introduced new guarantee schemes in response to the crisis. For instance, **Denmark** introduced two new loan guarantee schemes, one specifically SMEs. The government will guarantee 70% of the value of any new bank loans given to SMEs who have seen operating profits fall by more than 50%. In **Israel**, a special loan facility has been introduced for struggling companies, primarily SMEs, to receive support from the State Guarantee Fund for Small Businesses. **Japan** is offering a specific guarantee programme for firms affected by the outbreak and whose sales and other profits are declining. The Japan Federation of Credit Guarantee Corporations (JFG) will guarantee the full loan amount for such SMEs, under a new framework.

##### 4.3.2. *Available funding*

46. Several countries have significantly raised the amount of funding available for loan guarantees. For instance, in **Germany**, the amount of guarantees provided by guarantee banks will be doubled to EUR 2.5 billion, with the government assuring it will provide an unlimited supply of loans. The **Austrian** Wirtschaftservice (AWS) is providing new guarantees for SMEs worth EUR 10 million up to 80% of the loan amount or EUR 2,5 million for five years. **Italy** introduced a EUR 1.5 billion increase in the appropriation of the Central Guarantee Fund for SMEs. New credits in **France** are being offered by Bpifrance with guarantees on loans made to SMEs worth EUR 300 billion. **Portugal** introduced EUR 3 billion in state-backed credit guarantees and a EUR 200 million credit line to support companies' treasury needs, with a credit line of EUR 60 million available for micro-companies in the tourism sector. The **United Kingdom** introduced a GBP 330 billion rescue package of loan guarantees for business.

#### 4.3.3. Level of public guarantee

47. Furthermore, countries have increased the level of guarantees that governments are offering on credit. In **Germany**, firm size limitations for liquidity support will be adjusted upwards and the risk taken by the government will be increased, with a higher risk assumption by the Federal Government through an increase in the counter-guarantee. KfW working capital loans will come with an increased risk coverage by the KfW of up to 80% for up to EUR 200 million EUR working capital loans, thereby increasing the willingness of commercial banks to lend to enterprises. **Israel** increased state guarantees to 85% of the loan amount and reduced collateral up to 10%, with longer repayment period up to 5 years. In **France**, Bpifrance now offers a 90% guarantee for short to medium term credit extensions (above EUR 300 000), and 70% under EUR 300 000. In the **Netherlands**, the guarantee ceiling of the Guarantee Entrepreneurs finance measure (GO) was raised from EUR 400 million to EUR 1.5 billion. The first tranche of new guarantees in **Spain** offers 80% of public guarantee. In **Singapore**, the government's risk-share as part of the Enterprise Financing Scheme's Working Capital Loan was increased to 80% and the maximum loan amount was doubled to SGD 600 000 per annum.

#### 4.3.4. Coverage

48. A further measure undertaken to support loan guarantees is to extend the scope and coverage. In **Austria**, self-employed can now apply for guarantees as well. In **Germany**, guarantees apply to liberal professions. In **Italy**, debt rescheduling operations are eligible for the public guarantee. The **Netherlands** opened up the guarantee instrument for SMEs (BMKB) to those affected by the outbreak, providing EUR 300 million extra credit for SMEs.

#### 4.3.5. Administrative procedures

49. Some countries have simplified administrative procedures to ease the access to loan guarantees. The **Austrian** Wirtschaftservice (AWS) has waived fees for handling and requires no planning calculations, business plans or loan collateral. A fast-track procedure will be introduced to enable guarantees to be given immediately. In **Finland**, the state-owned financing company Finnvera provides an instalment free period for loans granted. Bpifrance **France** has put in place support teams will help the 1 500 accelerated start-ups to date to manage the crisis and in particular the cash position. In **Israel**, loan approval at the bank has been shortened to up to 9 working days. Italy and Poland have lifted fees for guarantees.

### 4.4. Direct lending to SMEs

50. Next to providing guarantees to commercial banks to support their SME lending, a large number of governments have also enhanced direct lending to SMEs (**Australia, Austria, Brazil, Canada, Colombia, Croatia, Czech Republic, Hong Kong China, India, Ireland, Japan, Lithuania, Luxembourg, Portugal, Malaysia, Saudi Arabia, Slovenia, Spain, Switzerland, Thailand, United Kingdom, United States**). In some cases, new loan instruments have been set-up. In other cases, existing instruments for disaster relief are opened-up for SMEs affected by the COVID-19 crisis. In some cases, the measures include the expansion of funding available for loans or the easing of the accessibility of loan schemes, by extending the group of potential beneficiaries, simplifying and speeding up procedures to receive loans, and offering more favourable terms and reduced interest rates.

#### 4.4.1. New loan schemes

51. Several countries have set-up specific new loan schemes to support companies affected by the outbreak. **Austria, Croatia** and the **Czech Republic** have introduced specific COVID-19 loan funds,

providing working capital to SMEs. In **Australia**, the government is introducing a time limited 15 month investment incentive (through to 30 June 2021) to support business investment and economic growth over the short term. **Canada** introduces a new Business Credit Availability Program which will provide more than CAD10 billion of additional support to businesses experiencing cash flow challenges. **Ireland** introduced a EUR 200 million working capital scheme implemented by the Strategic Banking Corporation of Ireland and targeting firms that are considered to be significantly impacted. The **United Kingdom** introduced a GBP 1.2 million "Coronavirus Business Interruption Loan" for small and medium sized businesses affected by coronavirus. The new USD 2 trillion **United States** stimulus package includes a USD 367 billion scheme for small and medium sized firms (with fewer than 500 employees). The programme would give loans without interest of up to USD 10 million to pay for employee salaries, rental costs and other expenses. These loans would be forgiven in proportion to the share of staff kept in employment.

#### *4.4.2. Specific sector*

52. Some countries focus new loan instruments on specific sectors. **Columbia** opened-up a new credit line for the tourism and aviation sector. In **Austria**, EUR 100 million is available for loans to hotels that suffer more than 15% losses in sales. **Brazil** has also opened a working capital loan line for small and medium-sized firms of tourism and service sectors and the simplification and waiver of documentation (CND) for credit renegotiation. **Spain** introduced a EUR 400 million credit line to most affected sectors such as tourism and transport.

#### *4.4.3. Increase of funding of existing loan schemes*

53. Furthermore, several countries have increased the amount of funding available for lending to SMEs through existing lending schemes. In **Brazil**, the state-owned Federal Savings Bank will extend USD 14.9 billion in credit lines to small-and medium-sized firms aimed at working capital, purchase of payroll loan portfolios from medium-sized banks and agribusiness. The bank also cut interest rates on some types of credit and offered clients a grace period of 60 days. **Japan** expanded the amount of the special loans offered to SMEs (to JPN 1.6 trillion) with zero-interest loans with no collateral to SMEs. SMEs facing more than a 15% decrease in sales can claim compensation of interests and can borrow without collateral. **Luxembourg** offers financial aid for SMEs facing financial difficulties through instruments regarding 'exceptional events'. The aid will take the form of a repayable advance. The scheme should cover the income lost and ongoing costs of staff and rent, in the form of a recoverable advance. Firms can borrow up to EUR 500 000, up from 200 000. In the **United States**, small businesses are eligible for the Economic Injury Disaster Loan Assistance programme of the Small Business Administration (SBA). Under this programme, small businesses can obtain working capital loans of up to USD 2 million at low-interest rate

#### *4.4.4. Easing of access and conditions*

Countries have also eased the procedures and conditions for obtaining loans. For instance, Business Development **Canada** (BDC) offers a Small Business Loan of up to CAD 100 000 which can be obtained online in 48 hours from time of approval.

### **4.5. Grants and subsidies**

54. A number of countries, regions and cities have started to provide direct financial support to SMEs. In many cases these are direct lump sum subsidies; in other cases they regard tax exemptions. In some cases existing instruments are being used. For instance, in **Chile** an existing programme of targeted subsidies to firms undergoing hardship will be extended to firms in the tourism sector, starting in April 2020.



55. In other cases, new instruments are being set-up. **France** created a solidarity fund to support microenterprises with cash flow problems. In **Korea**, an Emergency Fund, providing direct financial support to SMEs and self-employed, is being used to encourage these firms to keep their employees.

56. Some countries (e.g. **China**) target the financial support to enterprises or sectors that are strategic to the prevention and control of the pandemic. In Bavaria, **Germany**, a EUR 10 billion fund is available to buy a stake in struggling companies.

57. In some cases, countries provide lump sum grants to SMEs and or self-employed. There are large variations in the amount SMEs receive, as well as in the conditions for application. Box 5 gives country and regional examples.

#### Box 5. Examples of direct Grants to SMEs

In **Australia**, the Boosting Cash Flow for Employers measure would initially provide up to AUD 25 000 grant to small and medium-sized businesses, with a minimum tax free payment of AUD 2 000 for eligible businesses with a turnover of less than AUD 50 million that employ staff. The 22 March government package raises this tax free cash payment to AUD 100 000 and will be available to businesses with turnovers below AUD 50 million and also to eligible not-for-profit charities. West Australia provides small to medium businesses with a payroll of between AUB 1 million and AUD 4 million will a one-off grant of AUD 17 500.

In **Belgium**, SMEs in need may receive between EUR 1 300 and 1 600 per month in direct support. Brussels capital provides a EUR 4 000 payment for companies that have to close their doors (EUR 2 000 for hairdressers). Wallonia provides EUR 5 000 payment that have to close their doors and EUR 2 500 for companies that have to adjust their opening hours. Flanders provides a EUR 4 000 payment for companies that have to close their doors.

In **Denmark**, small business that see revenue fall by more than 30% will get up to 75% of their lost revenue covered by the state and they will receive help to cover some of their fixed expenses.

In **France**, small companies and self-employed can be granted a EUR 1 500 monthly compensation, when their turnover is less than EUR 1 million and they experience a drop in turnover of 70% or more. **Germany** has EUR 10 billion available in direct subsidies to one-person businesses and micro-enterprises. Bavaria offers a scheme of immediate and easily accessible aid to EUR 5 000 to 30 000 for affected companies.

**Switzerland** considers potential further measures for companies particularly affected worth CHF 1 billion.

The **United Kingdom** is increasing grants to small businesses eligible for Small Business Rate Relief from GBP 3 000 to GBP 10 000. Furthermore, GBP 25 000 in grants is provided to retail, hospitality and leisure businesses operating from smaller premises, with a rateable value over GBP 15 000 and below GBP 51 000. Small businesses in England that already pay little or no business rates will be eligible for a one-off coronavirus grant of up to GBP 3 000. Scotland is to provide grants of at least GBP 3 000 to small businesses in sectors facing the worst economic impact of COVID-19.

#### 4.6. Structural policies

58. Some countries have taken actions to help SMEs adopt new work processes, speed up digitalisation and find new markets. Such policies aim to address urgent short-term challenges but also contribute to strengthening the resilience of SMEs in a more structural way and support their further

growth. Such policies include support for finding new alternative markets, for teleworking and digitalisation, for innovation and for (re) training of the workforce. These policies are of particular importance, since SMEs may be less able to adopt such new technologies and methods. At the same time, supporting adoption of new technologies and practices may enable them to strengthen their post-crisis competitiveness and ability to address the challenges posed by megatrends.

#### 4.6.1. Measures to find new and alternative markets

59. Some countries have adopted measures to support SMEs in recovering markets or finding new or alternative markets. **Belgium**, for instance, has opened up existing financial instruments for SMEs – such as the SME growth subsidy – as to support firms to find alternative markets, particularly where supply chains are impacted. **China** is encouraging large enterprises to cooperate with SMEs, by increasing their support in supply chains, in terms of loan recovery, raw material supply, and project outsourcing.

60. Several countries have intensified export support measures for SMEs:

- **Canada** has expanded Export Development Canada's ability to provide support to domestic businesses.
- The **Danish** Export Credit Fund (EKF), a state agency that secures payments of exports of goods and services out for Denmark, will increase its liquidity for in particular SME's. An increase guarantees will assist some 250 SMEs in continuous export business.
- **Germany** has set up an Economy Stabilisation Fund (*Wirtschaftsstabilisierungsfonds*), aiming to ring-fence businesses seen as of critical importance for the German economy as a whole.
- **New Zealand** and **Slovenia** offer aid for internationalisation and measures to diversify export- and import markets.
- **Switzerland** offers compensation for reduced exports promotion activities of CHF 4.5 million.
- To support export activity, the **Italian** export credit agency (SACE) has announced a EUR 4 billion package to help SMEs address cash flow needs and diversify export markets. In addition, the Italian Agency for the promotion of business internationalisation (ICE) has cancelled the costs already incurred by companies for participation in fairs and events, also proposing alternative visibility solutions.
- As part of its additional loan guarantee programme, **Spain** offers EUR 2 billion in guarantees to exporting companies.
- In **South Africa**, the Business Growth or Resilience Facility aims to enable continued participation of MSMEs in supply value-chains, in particular those who manufacture (locally) or supply various products that are in demand, emanating from the current shortages due to COVID-19 pandemic.

#### 4.6.2. Measures to support teleworking and digitalisation

61. Many SMEs find it harder to adopt teleworking, new sales channels and other digital solutions that may help mitigate the impact of the outbreak and containment measures. Several countries have introduced measures to support SMEs adopting teleworking (**Argentina, France, Japan, Slovenia, Spain**), which may also bring longer-term advantages in terms of adoption of technology and new practices. For instance, **Argentina** introduced a financing line of EUR 7.2 million for SMEs used exclusively for teleworking. Other countries have more generally intensified SME digitalisation support in the context of the crisis. In some countries, private initiatives have been also launched to support SMEs in this area. For instance, in **France** industry associations, support SMEs during the crisis through a toolkit on teleworking and advice to companies.

- **China** has introduced measures to foster the adoption by enterprises of new technologies, business practices (e.g. unmanned retail, contactless delivery, standardized package of fresh food) and business models (e.g. online shopping, online medical care, online education, online office, online services, digital entertainment, and digital life). To accelerate the adoption of digital technologies, China supports SMEs cloud computing and purchase of cloud technology and for online working such as remote office, home office, video conferencing, online training, collaborative R&D and e-commerce.
- In **Italy**, the Ministry of Innovation and Digitalisations launched an initiative called “Digital Solidarity”. This includes a portal where companies (in particular SMEs and self-employed) can register to access without costs digital services from large private sector companies regarding smart/tele-working, video conferencing, access to mobile data, cloud computing etc., to enable them to cope with restrictions to movement and work.
- **Japan** offers subsidies to support – next to teleworking in SMEs - for firms to adopt IT solutions and develop e-commerce sales channels.
- **Korea** introduced measures to encouraging brick-and-mortar shops to open their business online;
- In **Latvia** and **Mexico**, Fintech initiatives are being developed to support SME finance in the context of the crisis.
- The **Malaysia** Digital Economy Corporation, set-up by the government as part of the country’s digital strategy, offers an extensive list of digital solutions for SMEs by Malaysian tech companies
- **Spain** has in the context of the crisis set up measures to help digitalise SMEs to facilitate teleworking, and prevent external (outside the EU) takeovers of Spanish firms in strategic sectors.

#### 4.6.3. Measures to support innovation

62. Similarly, countries offer support for innovation by SMEs. In some cases, these measures aim to support start-ups and SMEs to help find solutions to the COVID-19 outbreak. In other cases, support is offered to strengthen SME innovation and competitiveness, to help them better withstand the impact of the crisis.

- **China** encourages SMEs to engage in the innovation of technologies and products related to pandemic prevention and control.
- The **European Institute for Technology** launched a call to startups and SMEs with technologies and innovations able to help in treating, testing, monitoring or other aspects of the COVID-19 outbreak to apply for funding under the European Innovation Council Accelerator programme.
- The **Finish, Latvian and Polish** governments back hackathons among start-ups and SMEs to help find innovative solutions to the crisis.
- France has set-up a EUR 4 billion start-up fund as part of its crisis response measures.
- Enterprise **Ireland** and Údarás na Gaeltachta clients are eligible for grants for accessing consultancy services for immediate finance reviews, as well as for innovating, diversifying markets and supply chains. Local Enterprise Offices in Ireland are providing vouchers worth between EUR 2 500 and EUR 10 000 with match funding for innovation, productivity and business continuity preparedness.
- The existing Adapt and Grow initiative in **Singapore** increased its funding period to six months to better support SMEs during the crisis.

#### 4.6.4. Measures to support training and redeployment

63. Several countries have opened up existing programmes for training and skills development by SMEs in the context of the outbreak, or launched new initiatives for this purpose. Enabling SMEs to

maintain access to skills during the crisis, as well as develop further skills, constitutes an important aspect of the required structural policy response to the crisis.

- **Australia** is offering support for small business to retain their apprentices and trainees. Eligible employers can apply for a wage subsidy of 50 per cent of the apprentice's or trainee's wage for up to 9 months from 1 January 2020 to 30 September 2020. Where a small business is not able to retain an apprentice, the subsidy will be available to a new employer that employs that apprentice. This measure will support up to 70,000 small businesses, employing around 117,000 apprentices. Queensland offers mentoring support (50 mentors available) and financial workshops to support SMEs, with an emphasis on local business communities.
- **China** is using instruments for subsidising training for SMEs, and offers free access to online training platforms. Technical knowhow and management lessons will be offered to SMEs free of charge during the pandemic via mobile platforms.
- **Finland** provides EUR 500 000 for counselling and support services for entrepreneurs.
- **New Zealand** launched a NZD 100 million redeployment package.
- In **Portugal**, a special budget is set up to allow people who are out of a job to get training.

#### 4.6.5. Private sector initiatives and entrepreneurship

64. Over the last weeks, several private sector initiatives have been launched to harness the potential of entrepreneurship in the context of the crisis. Box 6 illustrates a number of examples.

#### Box 6. COVID-19 and entrepreneurship

The COVID-19 pandemic calls for all hands on deck by governments, in containing both the health and economic impact of the outbreak. Many entrepreneurs are among the most vulnerable, and have already experience a huge drop in revenue whilst meeting ongoing costs. Governments have set-up a variety of instruments to help entrepreneurs and SMEs withstand the crisis.

But there is also another story to be told. The crisis is also bringing examples of entrepreneurship and small business creativity in coping with the crisis. For example, an **Irish** small firm is offering a virtual fashion showroom, creating new ways to bridge supply and demand for fashion, now that access to fashion houses and events like "fashion weeks" are no longer possible.<sup>40</sup> Digital education tools developed by start-ups in **Estonia** help to put in place long distance learning in other countries where schools have been closed.<sup>41</sup> More generally, e-learning platforms see a large boost in activity, with small firms and entrepreneurs moving their content online.<sup>42</sup> Also in other sectors, such as disinfectants, start-ups are booming.<sup>43</sup> Platforms have been set-up to share world-wide creative initiatives in dealing with the crisis and containment measures.<sup>44</sup> In several countries (**Latvia, Mexico**), Fintech initiatives are being launched or speeded up, to alleviate liquidity problems of entrepreneurs. Reports from **China**

<sup>40</sup> <https://nypost.com/2020/03/29/why-the-travel-industry-will-be-stronger-and-better-after-coronavirus/>

<sup>41</sup> <https://www.eu-startups.com/2020/03/estonia-shares-its-digital-education-tools-during-coronavirus-spotlighting-its-startups/>

<sup>42</sup> <https://www.theguardian.com/money/2020/mar/28/work-businesses-small-firms-online-survive-coronavirus-crisis>

<sup>43</sup> <https://www.dw.com/en/startups-get-a-coronavirus-boost/a-52945730>

<sup>44</sup> See for instance [www.whatdesigncando.com](http://www.whatdesigncando.com)

suggest that blockchain technology and other industry 4.0 advances such as Big Data, 5G and AI have helped speed up business recovery, and have played a part in efforts to control the spread of the virus and to develop a COVID-19 vaccine.<sup>45</sup> In several countries, hackathons have been organised to harness the creativity of start-ups and entrepreneurs to contribute to solutions to the crisis.

In many countries, industry organisations are playing a strong role in harnessing the entrepreneurial capacity of small firms. Industry associations are stepping up their efforts in supporting entrepreneurs during the crisis. For instance, **France** Digital has created a toolkit on teleworking and advice to companies in dealing with the crisis. Large corporates intensify their cooperation with small firms in biotech innovation to help find a vaccine to COVID-19.<sup>46</sup> The **Malaysia** Digital Economy Corporation, set-up by the government as part of the country's digital strategy, offers an extensive list of digital solutions for SMEs by Malaysian tech companies.<sup>47</sup>

The private sector and non-governmental organisations are also taking part in efforts to support entrepreneurship during the crisis. Several large tech firms have announced or extended funding initiatives to support the innovative potential of start-ups and SMEs.<sup>48</sup>

In several countries (e.g. **Switzerland**<sup>49</sup>), crowdfunding initiatives have been introduced to keep local entrepreneurs in business. A community initiative by La **France** Tech Toulouse highlights how start-ups can play a role in combatting the crisis.<sup>50</sup> Many **German** stores and other service providers (e.g. cinemas and restaurants) are asking clients to buy *Gutscheine* (vouchers) for future use in order to stay afloat despite the closure. A platform for this has been set up in Berlin (private initiative), but local authorities are also involved (for instance in Swabia).<sup>51</sup> In countries such as **Sweden** and **New Zealand**, further initiatives have been launched to support citizens and communities to help their local small firms.<sup>52</sup>

Beyond any doubt, the environment for SMEs and entrepreneurs in the coming period will be challenging, with government support needed to help firms to survive. At the same time, "pandemics

<sup>45</sup> <https://cryptonews.com/news/blockchain-plays-a-part-as-china-claims-72-of-smes-are-back-6132.htm>

<sup>46</sup> <https://www.businessinsider.fr/us/sanofi-translate-bio-ink-mrna-coronavirus-vaccine-deal-2020-3>

<sup>47</sup> <https://mdec.my/home/c19techrelief/>

<sup>48</sup> <https://www.cbsnews.com/news/coronavirus-small-businesses-struggle-to-adapt-as-more-workers-stay-home/> ; <https://www.inc.com/jason-aten/these-5-tech-companies-are-providing-free-remote-working-tools-during-coronavirus-outbreak.html> ; <http://www.techcentral.ie/TZ67U> ; <https://www.techcentral.ie/linked-finance-offers-financial-supports-to-smes-affected-by-coronavirus/> ; <https://www.neowin.net/news/intel-provides-6-million-for-coronavirus-relief-efforts/>

<sup>49</sup> <https://www.kmu.admin.ch/kmu/de/home/praktisches-wissen/finanzielles/finanzierung/beteiligungsfinanzierung/crowdfunding/unterstuetzungsmassnahmen-seitens-des-privaten-sektors.html>

<sup>50</sup> <https://www.lafrenchtechtoulouse.com/solutions-face-au-covid-19/>

<sup>51</sup> [https://www.schwaebische.de/landkreis/landkreis-ravensburg/ravensburg\\_artikel.-schw%C3%A4bische-bringt-zusammen-das-neue-hilfe-portal-f%C3%BCr-die-region-\\_\\_arid,11201219.html](https://www.schwaebische.de/landkreis/landkreis-ravensburg/ravensburg_artikel.-schw%C3%A4bische-bringt-zusammen-das-neue-hilfe-portal-f%C3%BCr-die-region-__arid,11201219.html) ; <https://www.rbb24.de/panorama/thema/2020/coronavirus/beitraege/lieblingslocation-per-gutschein-retten-berlin.html>

<https://mitvergnuegen.com/2020/gutscheine-lieferdienste-take-away-cafe-restaurant-corona/>

<sup>52</sup> [https://www.nzherald.co.nz/business/news/article.cfm?c\\_id=3&objectid=12317071](https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12317071) ; <https://www.thelocal.se/20200316/how-you-can-find-ways-to-help-others-in-sweden-during-the-coronavirus-outbreak>

and recessions are accelerants to innovation.”<sup>53</sup> In responding to the crisis, governments should take this entrepreneurial contribution and potential of SMEs into account.

The OECD Open and Innovative Government Division (OIG), in which the Observatory of Public Sector Innovation sits, is issuing a call-out to all levels of government, civil society, international organisations and the private sector to gather innovative, digital and open government solutions and inspiration on how individuals and organisations across the globe are responding to the crisis.<sup>54</sup>

#### 4.7. Monitoring of impact and governance of policy responses

65. Several governments have set up coordination mechanisms to monitor the outbreak and develop responses. In most cases, the focus of such coordination is on health aspects. In some countries, SME aspects are explicitly considered in these coordinated efforts, as are multi-level governance matters, since regional and local governments play an important role in the SME policy response.

66. Examples include:

- In **Austria**, the Ministry of Economy and Digitalisation established a taskforce to monitor the impact of the outbreak on all firms.
- In **Denmark**, the government has set up the “Government and Business Corona Unit” in collaboration with the business sector, with a mandate to discuss possible temporary and targeted measures that can address the current challenges of the business because of the outbreak of COVID-19.
- In **France**, regional task forces have been set up together with public development banks to accelerate support measures for enterprises. Joint action is being taken between national and regional authorities to manage the crisis as part of the new Economic Council ‘*Etats-Régions*’.
- **Israel** has created a network of local authority’ representatives, for peer learning and communicating “field” knowledge to the Ministry of Economy, and vice versa.

## 5. Key issues for discussion

67. SMEs are at the centre of the economic crisis brought on by the COVID-19 pandemic and containment measures, more so than during the 2008 financial crisis. The current crisis has affected SMEs disproportionately, and has revealed their vulnerability to the supply and demand shock (in particular with regard to their liquidity) with a serious risk that over 50% of SMEs will not survive the next few months. A widespread collapse of SMEs (60-70% of OECD employment) could have a strong impact on national economies and global growth prospects, on perceptions and expectations, and even on the financial sector, which may already be under strain by non-performing portfolios. In some countries, a deterioration of the financial situation of SMEs could have systemic effects on the banking sector as a whole.

68. In their response to the crisis, governments have been quick to acknowledge the specific circumstances of SMEs, and have put in place policies to support them. Across countries, the policy response frequently followed this sequence of measures:

- Health measures, and information for SMEs on how to adhere to them;

<sup>53</sup> <https://www-entrepreneur-com.cdn.ampproject.org/c/s/www.entrepreneur.com/amphtml/347669>

<sup>54</sup> <https://oecd-opsi.org/call-for-innovative-government-solutions-to-covid-19/>

- Measures to address liquidity by deferring payments;
- Measures to supply extra and more easily available credit to strengthen SME resilience,;
- Measures to avoid, or mitigate the consequences of, unorganised lay-offs by extending possibilities for temporary redundancies and wage subsidies, and;
- Structural policies.

69. At the same time, large variations exist across countries in the specific content and timing of measures that are introduced. This reflects differences in the extent and pace of the pandemic by country, as well as differences in national SME ecosystems and institutional frameworks. Also, with the crisis still rapidly unfolding, it is too early to draw conclusions on the effectiveness of measures taken. However, this overview allows for a number of observations.

70. First, it is of the essence that measures announced are put into practice as rapidly as possible, and that administrative procedure to access new funding are transparent and simple, to enable rapid and easy access. In various countries, SMEs have expressed concerns that delivery of measures is taking too long. Countries have taken different responses to ensure easy access and simplification, with possible opportunities for mutual learning.

71. Many countries have introduced deferral measures, to allow SMEs to postpone payments of tax, social security, etc. Wide variations exist in the scope of such measures, in particular the extent to which VAT, local and property taxes and payments for rents and utilities are included. Arrangements for moratoria on private debt repayments differ significantly between countries in intensity and level of government backing. For some start-up companies, which do not yet make a profit, deferral of income and profit taxes might have little effect.

72. Third, many countries set up further financial support for SMEs, from loan guarantees to direct loans and grants. The amount of fiscal stimulus of such measures is unprecedented. Such measures have now been opened up to all SMEs or self-employed that have been strongly affected by the outbreak and containment measures. In some sectors, despite loan guarantees, banks are reluctant to provide additional credit. Monitoring the impact of the pandemic as well as the impact of policy measures on SMEs is of the essence. Similarly, reflection on the development of exit strategies for such policies is important, including on the focus of SME policies during the next phases of the crisis. Given uncertainties, it is important to develop scenarios on the impact of the pandemic on SMEs, and advance assessment on the needed timeline and sustainability of policies to support them, taking into consideration resources that may be needed over the longer term to boost recovery.

73. While in many cases government measures are specifically aimed at SMEs and the self-employed – more so than after the 2008 global financial crisis -, they understandably focus primarily on compensating for loss of revenue, and rarely on enhancing the entrepreneurial potential of such firms. At the same time, the current crisis has demonstrated the value of the entrepreneurial capacity and innovativeness of many SMEs and the importance of the ecosystems in which they operate. In many sectors and countries, crowdfunding initiatives have been started by or for SMEs. Fintech companies have introduced new modes of finance. Many SMEs are experimenting with innovative new forms of production and sales, often leveraging digitalisation. In particular, several start-ups and SMEs are playing an important role in finding solutions to the crisis, from developing vaccines, to producing protective equipment, and developing working methods and technologies to cope with containment measures.

74. Some governments have put in place measures to support these innovative practices and entrepreneurialism of SMEs through structural policies. However, the ambition and intensity of the measures vary widely. To ensure that the potential of SMEs to contribute to solutions to the crisis is maximised, and to enhance their potential for growth after the crisis, the inclusion of structural policies in country responses to the pandemic is of the essence.

75. Finally, the effective delivery of SME policy responses requires a coordinated approach across levels of government, to allow for ambitious and effective concerted action and for cooperation and mutual learning. Given the important role of sub-national governments in SME policy making, ensuring effective multilevel governance in SME response to the crisis is crucial.

**Action for Delegates:**

76. Delegates are invited to provide additional information on the approaches taken in their countries, and to provide guidance on the further development of an inventory and analysis of country responses towards the outbreak and its short and long-term economic implications and impacts.



# Annex A. Preliminary overview of country responses

## Argentina

1. Argentina announced a EUR 43 million financing line for SMEs from Banco Nacion at soft rates, of which EUR 36 million will be for firms that produce food, medical supplies, personal hygiene and essential goods, for working capital and / or investments. Another financing line of EUR 7.2 million will be used exclusively for teleworking.

## Australia

2. After consultation of its members, the Australian business organisation COSBOA drafted a communiqué on measures needed in response to the outbreak, calling for cash injections, communication and collaboration.<sup>55</sup> The Council of Small Business Australia requested concessional tax measures followed by business investment promotion, including through a removal of the current cap on instant asset depreciation (IAD) for small businesses in the 2021 financial year.<sup>56</sup>

3. On 12 March, the Government announced a federal economic stimulus package of AUD 18 billion<sup>57</sup> with measures to support investment and cash flow assistance for small business.<sup>58</sup>

4. Delivering support for business investment:

- The Government is increasing the instant asset write-off threshold from AUD 30 000 to AUD 150 000 and expanding access to include businesses with aggregated annual turnover of less than AUD 500 million (up from AUD 50 million) until 30 June 2020. In 2017-18 there were more than 360 000 businesses that benefited from the current instant asset write-off, claiming deductions to the value of over AUD 4 billion.
- Backing business investment: The Government is introducing a time limited 15 month investment incentive (through to 30 June 2021) to support business investment and economic growth over the short term, by accelerating depreciation deductions. Businesses with a turnover of less than AUD 500 million will be able to deduct 50 per cent of the cost of an eligible asset on installation, with existing depreciation rules applying to the balance of the assets' cost.

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<sup>55</sup><https://www.cosboa.org.au/> ;

[https://12181f63-b7b9-4e2e-b33f-d3d17c4a6b46.filesusr.com/ugd/c7ffff\\_30b1c9e030f7445a8350527fdc23f3a6.pdf](https://12181f63-b7b9-4e2e-b33f-d3d17c4a6b46.filesusr.com/ugd/c7ffff_30b1c9e030f7445a8350527fdc23f3a6.pdf)

<sup>56</sup> <https://www.smartcompany.com.au/finance/economy/peter-strong-business-tax-concessions-coronavirus/>

<sup>57</sup> <https://treasury.gov.au/coronavirus> ; <https://www.2gb.com/government-announcing-18-billion-stimulus-package-to-save-the-economy-from-coronavirus/>

<sup>58</sup> <https://www.pm.gov.au/media/economic-stimulus-package> ; <https://www.2gb.com/government-announcing-18-billion-stimulus-package-to-save-the-economy-from-coronavirus/>

## 5. Boosting cash flow for employers

- The Boosting Cash Flow for Employers measure will provide up to AUD 25 000 back to small and medium sized businesses, with a minimum payment of AUD 2 000 for eligible businesses. The payment will provide cash flow support to businesses with a turnover of less than AUD 50 million that employ staff. The payment will be tax free. This measure will benefit around 690 000 businesses employing around 7.8 million people.
- Supporting apprentices and trainees: the government is supporting small business to retain their apprentices and trainees. Eligible employers can apply for a wage subsidy of 50 per cent of the apprentice's or trainee's wage for up to 9 months from 1 January 2020 to 30 September 2020. Where a small business is not able to retain an apprentice, the subsidy will be available to a new employer that employs that apprentice. This measure will support up to 70 000 small businesses, employing around 117 000 apprentices.

6. On 22 March, the Government announced a second additional package of AUD 66 billion.<sup>59</sup> The package includes a tax free cash payment of up to AUD 100 000 and will be available to businesses with turnovers below AUD 50 million and also to eligible not-for-profit charities.<sup>60</sup>

7. On 29 March, media reported the government contemplated introducing some form of wage guarantee, which until then remained outside the Australian package.<sup>61</sup>

8. The Australian government set-up a dedicated website with information for businesses on available support measures, and set-up a hotline for SMEs.<sup>62</sup> Media report that further measures in Australia are expected.<sup>63</sup>

9. States in Australia have taken measures to support SMEs as well.

- West Australia, for instance, announced an AUD 607 million support package.<sup>64</sup> Small to medium businesses with a payroll of between AUB 1 million and AUD 4 million will receive a one-off grant of AUD 17 500. Also, changes to the payroll tax exemption threshold are being brought forward, in an effort to support 11 000 businesses.
- In Queensland, applications are open for a deferral of tax payment for SMEs until 31 July 2020. In addition, a business impact survey was implemented. Mentoring support (50 mentors available) and financial workshops are being delivered in several locations in Queensland to support SMEs, with an emphasis on local business communities. Sectoral support targeting tourism operators and

<sup>59</sup> See for an overview of all measures in place: <https://www.ato.gov.au/General/New-legislation/The-Australian-Government-s-Economic-Response-to-Coronavirus/>

<sup>60</sup> <http://theconversation.com/governments-new-66-billion-package-will-take-coronavirus-economic-life-support-to-189-billion-134331> ; <https://www.reuters.com/article/us-health-coronavirus-australia/australia-adds-38-billion-in-stimulus-considers-draconian-steps-to-curb-coronavirus-idUSKBN219010>

<sup>61</sup> <https://www.theguardian.com/australia-news/2020/mar/29/australia-open-to-uk-style-wage-subsidy-to-ease-coronavirus-pain-cormann-says>

<sup>62</sup> <https://www.business.gov.au/risk-management/emergency-management/coronavirus-information-and-support-for-business>

<sup>63</sup> <https://www.nasdaq.com/articles/australia-mulls-second-stimulus-package-to-tackle-coronavirus-sources-2020-03-15> ; <https://www.theguardian.com/world/2020/mar/16/australian-government-signals-second-round-of-stimulus-as-market-tumbles-97>

<sup>64</sup> <https://www.abc.net.au/news/2020-03-16/wa-coronavirus-covid-19-economic-stimulus-package-explained/12060548>

the commercial fishing industry has also been announced in the state.<sup>65</sup> Queensland offers AUD 500 million in interest free loans.<sup>66</sup>

- Victoria announced a package of AUD 1.7 billion for business.<sup>67</sup>

10. Furthermore, Australian banks announced support for SMEs through a six month break in loan repayments.<sup>68</sup>

## Austria

11. Austria is introducing support measures for sectors heavily affected by the outbreak, such as tourism and air transportation, and uses existing measures to reduce hours worked (*Kurzarbeit*). EUR 100 million are available for loans to hotels that suffer more than 15% losses in sales.<sup>69</sup> The maximum is 80% of the loan or EUR 500 000.

12. The Austria Wirtschaftservice (AWS) is providing new bridge finance guarantees for SMEs worth EUR 10 million up to 80% of the loan amount or EUR 2,5 million for 5 years.<sup>70</sup> The guarantees will have a one-time processing fee starting with 0.25 % of the amount to be financed and a guarantee fee, starting with 0.3 % p.a. (variable to risk) of outstanding liability.<sup>71</sup> As of 12 March, the bridge finance guarantees were expanded by:

- Waiving the charging of handling and guarantee fees;
- No planning calculations or business plans required;
- No loan collateral required;
- Freelance activities are now eligible for guarantee;
- Guarantees can also be used to defer existing credit lines, and;
- A fast-track procedure will be introduced to enable guarantees to be given immediately.

13. On 15 March, a COVID-19 crisis management ("Krisenbewältigungsfonds") fund was announced, with EUR 4 billion in funding.<sup>72</sup> On 18 March, a further EUR 38 billion support fund was announced.<sup>73</sup> The measures include:

- EUR 9 billion in guarantees and warranties;
- EUR 15 billion in emergency aid; and

<sup>65</sup> <https://www.business.qld.gov.au/starting-business/advice-support/support/novel-coronavirus>

<sup>66</sup> <https://www.abc.net.au/news/2020-03-17/queensland-businesses-offered-interest-free-loans-coronavirus/12062144>

<sup>67</sup> <https://www.abc.net.au/news/2020-03-20/victorian-government-to-pay-back-business-payroll-tax/12076956>

<sup>68</sup> <https://www.theguardian.com/australia-news/2020/mar/20/australias-banks-announce-coronavirus-relief-for-small-businesses>

<sup>69</sup> <https://www.sn.at/wirtschaft/oesterreich/corona-auswirkungen-auf-die-wirtschaft-bundesregierung-beruhigt-84500152>

<sup>70</sup> <https://www.aws.at/aws-garantien-fuer-ueberbrueckungsfinanzierungen-covid-19/>

<sup>71</sup> <https://www.aws.at/aws-garantie/ueberbrueckungsgarantie/>

<sup>72</sup> <https://www.vindobona.org/article/austria-green-light-for-comprehensive-coronavirus-bill>

<sup>73</sup> <https://www.bundeskanzleramt.gv.at/bundeskanzleramt/nachrichten-der-bundesregierung/2020/hilfspaket-von-bis-zu-38-milliarden-euro-zur-bewaeltigung-der-coronavirus-Folgen.html> ; <https://www.reuters.com/article/us-health-coronavirus-austria/austria-launches-38-billion-euros-aid-fund-border-checks-with-germany-idUSKBN21536M>

- EUR 10 billion in tax deferral.

14. Part of the Krisenbewältigungsfonds is a EUR 400 million support measure to subsidise working hour reductions (Kurzarbeit), accessible within 48 hours and in all sectors. The guarantees include facilities for family businesses, self-employed persons and one-person-enterprises ("Härtefonds für Familienbetriebe und EPU's"), which amounts to EUR 100 million, to help bridge liquidity shortages.

15. The Ministry of Economy and Digitalisation established a taskforce to monitor the impact of the outbreak on all firms.<sup>74</sup>

## Belgium

16. The Belgian government has taken several measures in response to the crisis.<sup>75</sup> An impact analysis focusing on businesses was published. The Belgian government is informing companies on shortening working hours in response to the coronavirus. Existing financial instruments for SMEs – such as the SME growth subsidy – can be used by SMEs, particularly where supply chains are impacted.<sup>76</sup>

17. On 6 March, the government announced further measures, including<sup>77</sup>:

- New options for firms wishing to have recourse to partial unemployment for force majeure. Provisions for temporary unemployment are prolonged by three months, with approval of requests within 3-4 days;
- An optional deferral of VAT payment, social contributions and corporate tax;
- Reduced social contributions for self-employed conditional on proving a decrease in revenue due to the outbreak;
- Cancellation or deferral of social contributions for the self-employed;
- Income replacement for the self-employed, and;
- Suspension of penalties for suppliers failing to fulfil government contracts.

18. On 20 March, the government announced a further package, which include measures for SMEs and self-employed.<sup>78</sup>

- Support to the self-employed and SMEs in difficulty, by a monthly payment of between EUR 1 300 and 1 600, and;
- Support for specific sectors (retail, hospitality, events, agriculture and horticulture).

19. On 22 March, the government, central bank and the financial sector announced further measures to safeguard credits to citizens, self-employed and business. The financial sector will grant a deferral of debt payments until 30 September. Furthermore, the government opens up a EUR 50 billion new guarantee for all new credits up to 12 months.<sup>79</sup>

<sup>74</sup> <https://www.bmdw.gv.at/Themen/International/covid-19.html>

<sup>75</sup> See for up to date information <https://economie.fgov.be/fr/themes/entreprises/le-coronavirus-et-ses>

<sup>76</sup> <https://www.vlaio.be/nl/nieuws/coronavirus-antwoord-op-jouw-meest-gestelde-vragen>

<sup>77</sup> <https://economie.fgov.be/fr/themes/entreprises/coronavirus/informations-pour-les/coronavirus-reduction-des>

<sup>78</sup> <https://economie.fgov.be/fr/themes/entreprises/coronavirus/informations-pour-les/reduction-des-pertes/coronavirus-deuxieme-volet-du>

<sup>79</sup> <https://www.nbb.be/en/articles/guarantee-scheme-individuals-and-companies-affected-corona-crisis>

20. Belgian regional governments have taken measures as well:

- On 19 March, Brussels capital amongst other measures introduced a EUR 4 000 payment for companies that have to close their doors; EUR 2 000 for hairdressers; a deferral of city tax for the first semester of 2020; guarantees on bank loans of EUR 20 million; easier access to loans; moratorium on debt repayments to Finance & Invest Brussels;<sup>80</sup>
- For Flanders, measures include: EUR 100 million in crisis guarantees for companies; EUR 4 000 payment for companies that have to close their doors.<sup>81</sup>
- For Wallonia, measures include: EUR 5 000 payment that have to close their doors; EUR 2 500 for companies that have to adjust their opening hours; possible waiver of utility payments, and; guarantees for loans to companies.<sup>82</sup>

## Brazil

21. On 16 March, the government announced a USD 30 billion package of emergency measures, including an deferral of company taxes, with further measures with regard to SMEs announced on 17 and 18 March.<sup>83</sup> The package includes:<sup>84</sup>

- PROGER/FAT: credit for Micro and Small Firms (USD 1 billion);
- Salaries: the government is set to pay part of the salaries incurred by micro and small companies;
- Employment contracts: possibility to suspend employment contracts;
- Payment of federal taxes: To provide liquidity to companies, the government is considering postponing firms' payment of federal taxes for two or three months;
- FGTS: deferral payment term for 3 months USD 6 billion;
- Contributions from "Sistema S": 50% reduction in contributions for 3 months (USD 0.4 billion);
- Workers with COVID-19: the government will pay for the first 15 days of leave of the worker who is identified with the COVID-19;
- Caixa: The state-owned Federal Savings Bank will extend USD 14.9 billion in credit lines to small- and medium-sized firms aimed at working capital, purchase of payroll loan portfolios from medium-sized banks and agribusiness. The bank also cut interest rates on some types of credit and offered clients a grace period of 60 days;
- Banco do Brasil announced a USD 20 billion increase in its credit lines, aimed at working capital, investments, prepayment of receivables, agribusiness and credit to individuals. The bank also increased the credit limit for 13 million customers;
- BNDES: opening of a working capital loan line for small and medium-sized firms of tourism and service sectors;
- Credit contracting requirements: simplification and waiver of documentation (CND) for credit renegotiation;

<sup>80</sup> <https://1819.brussels/blog/coronavirus-et-entreprises-les-faq-en-un-coup-doeil>

<sup>81</sup> <https://www.vlaio.be/nl/nieuws/coronacrisis-bijkomende-maatregelen-om-bedrijven-te-ondersteunen>

<sup>82</sup> <https://www.1890.be/article/coronavirus-quelles-mesures-pour-leconomie-et-lemploi-en-wallonie>

<sup>83</sup> <http://www.economia.gov.br/noticias/2020/marco/confira-as-medidas-tomadas-pelo-ministerio-da-economia-em-funcao-do-covid-19-coronavirus>

<sup>84</sup> <https://www.reuters.com/article/us-brazil-economy-budget/brazil-government-to-inject-30-billion-into-economy-to-combat-coronavirus-hit-idUSKBN213411>

- Capital charge relief: Lending and credit support through capital charge relief to loans secured by commercial real estate; and credit charge relief to retail exposures, to non-significant investment in the capital of financial institutions and insurance entities and to exposures secured by covered bonds issued by the own bank;
- Restructured loans: Increased flexibility of the provisioning rules for a period of 6 months;
- Conservation Capital Buffer (CCB): reduction from 2.5% to 1.25% for 1 year and setting a transitional arrangement to restore the original 2.5% CCB in the subsequent year;
- Febraban: The Brazilian Federation of Banks announced an agreement by which the five largest banks in the country (BB, Caixa, Itaú Unibanco, Bradesco and Santander) are willing to respond to requests for a 60-day extension for the debt maturity of individual and SMEs.

22. On 18 March, Brazil's Central Bank lowered the benchmark interest rate SELIC by 50 bps to a historical minimum of 3.75%. This follows a reduction of the countercyclical capital buffer requirements.

23. On 18 March, Brazilian authorities also announced the possibilities for firms to reduce working hours and pay by up to 50% while maintaining the employment link, but there is no compensation for workers for the resulting income losses. Further flexibility for firms will come from extended use of the bank of hours and the possibility to anticipate annual leave, including collective annual leave.

## Canada

24. On 5 March, the Bank of Canada lowered the policy rate by 50 basis points.<sup>85</sup> On 12 March, the Bank decided to lower rates by a further 50 basis points from 1.25% to 0.75%.<sup>86</sup> On 27 March, the rate was further reduced to 0.25%.

25. The Canadian Federation of Independent Businesses (CFIB) has issued business-specific public health advice,<sup>87</sup> as have small business organisations at the provincial level.<sup>88</sup> As elsewhere, some fiscal stimulus will occur automatically to the extent to which the economic impact of coronavirus lowers tax revenue and increases public health spending.

26. On 11 March, Canada announced a 1 billion CAD COVID-19 Response Fund with an emphasis on health. For business, this includes the following: "To support businesses should the economy experience tightening credit conditions, the Government will act swiftly to stimulate the economy by strengthening investment in federal lending agencies such as the Business Development Bank of Canada (BDC) and Export Development Canada. This partnership between Canada's financial Crown corporations and private sector financial institutions, in response to credit conditions during the 2008-2009 financial crisis, provided CAD 11 billion of additional credit support to 10 000 firms. In addition, flexible arrangements could be made for businesses trying to meet payment obligations to the Canada Revenue Agency."<sup>89</sup> Moreover, access to the Employment Insurance fund has been improved. This

<sup>85</sup> <https://www.theglobeandmail.com/business/economy/article-bank-of-canada-cuts-rates-as-coronavirus-virus-delivers-negative/>

<sup>86</sup> <https://www.bankofcanada.ca/2020/03/bank-of-canada-lowers-overnight-rate-target-to-%c2%be-percent/>

<sup>87</sup> <https://www.cfib-fcei.ca/en/tools-resources/covid-19-coronavirus-business>

<sup>88</sup> <https://smallbusinessbc.ca/article/resources-for-small-businesses-affected-by-coronavirus-covid-19/>

<sup>89</sup> <https://pm.gc.ca/en/news/news-releases/2020/03/11/prime-minister-outlines-canadas-covid-19-response>

measure provides income support to employees eligible for Employment Insurance benefits who work a temporarily reduced work week while their employer recovers.

27. Business Development Canada (BDC) now offers the following support for entrepreneurs<sup>90</sup>:

- Small Business Loan of up to CAD 100 000 can be obtained online in 48 hours from time of approval;
- Working capital loan to bridge cash flow gaps and support everyday operations;
- Purchase Order Financing to increase cash flow to fulfill domestic or international orders with very flexible terms.

28. On 18 March, the government announced a further CAD 82 billion support package as part of its COVID-19 Economic Response Plan, including CAD 27 billion in emergency aid for workers and businesses and CAD 55-billion in tax deferrals.<sup>91</sup> The measures:

- Allow all businesses to defer, until after August 31, 2020, the payment of any income tax amounts that become owing on or after today and before September 2020. This relief would apply to tax balances due, as well as instalments, under Part I of the *Income Tax Act*. No interest or penalties will accumulate on these amounts during this period. This measure will result in businesses having more money available during this period;
- Increase the credit available to small, medium, and large Canadian businesses. As announced on 13 March, a new Business Credit Availability Program will provide more than CAD 10 billion of additional support to businesses experiencing cash flow challenges through the Business Development Bank of Canada and Export Development Canada. The Government is ready to provide more capital through these financial Crown corporations;
- Provide additional emergency support benefit for self-employed and part-time workers who do not qualify for Employment Insurance;
- Provide small-business owners a temporary wage subsidy equal to 10 per cent of salary bill for a period of three months;
- Further expand Export Development Canada's ability to provide support to domestic businesses;
- Provide flexibility on the Canada Account limit, to allow the Government to provide additional support to Canadian businesses, when deemed to be in the national interest, to deal with exceptional circumstances;
- Augment credit available to farmers and the agri-food sector through Farm Credit Canada;
- Launch an Insured Mortgage Purchase Program to purchase up to CAD 50 billion of insured mortgage pools through the Canada Mortgage and Housing Corporation (CMHC). As announced on 16 March, this will provide stable funding to banks and mortgage lenders and support continued lending to Canadian businesses and consumers. CMHC stands ready to further support liquidity and the stability of the financial markets through its mortgage funding programs as necessary. The Government will enable these measures by raising CMHC's legislative limits to guarantee securities and insure mortgages by CAD 150 billion each.

29. On 25 March, the government announced further measures for SMEs, including:<sup>92</sup>

<sup>90</sup> <https://www.bdc.ca/en/pages/special-support.aspx?special-initiative=covid19>

<sup>91</sup> <https://pm.gc.ca/en/news/news-releases/2020/03/18/prime-minister-announces-more-support-workers-and-businesses-through>

<sup>92</sup> <https://business.financialpost.com/news/economy/small-business-gets-a-boosted-75-subsidy-to-help-them-get-through-coronavirus-crash>

- A subsidy of up to 75% for wages;
- Access to one year interest free loans;
- A broadening of tax deferral to include sales tax until June, and;
- A Canada Emergency Response Benefit of CAD 2 000 per worker for a maximum period of four months.<sup>93</sup>

30. The six largest financial institutions in Canada have made a commitment to work with personal and small business banking customers on a case-by-case basis to provide flexible solutions to help them manage through challenges, such as pay disruption due to COVID-19, childcare disruption due to school or day care closures, or those suffering from COVID-19. As a first step, this support will include up to a six-month payment deferral for mortgages, and the opportunity for relief on other credit products.

## Chile

31. An existing programme of targeted subsidies to firms undergoing hardship will be extended to firms in the tourism sector, starting in April 2020.<sup>94</sup> Furthermore, authorities announced they are elaborating a further plan to support SMEs in the tourism and other services sectors. The Chilean Central Bank announced on 16 March it would lower interest rates from 1.75% to 1%.<sup>95</sup>

32. On 19 March, the government announced an USD 11.7 billion package. The package includes:

- Extending unemployment insurance to those who are sick or unable to work from home;
- Delaying tax payments for small businesses;
- A cash bonus for approximately 2 million workers who lack formal employment, and;
- Emergency funds for municipalities.

33. On 22 March, the Chilean government announced it would provide additional financing needs for a new emergency package of USD 5.5 billion to save jobs and help small businesses.<sup>96</sup>

34. Chilean banks have also installed support measures for SMEs.<sup>97</sup>

## China

35. Since late January, the Chinese Government has adopted several financial support measures<sup>98</sup> aimed at reducing the burden its virus-control policies have placed on companies. Some measures, such as liquidity injections by the central bank and reductions to port and logistics fees, provide generalised economic support. In some cases these benefit SMEs as well, for instance, the reduction

<sup>93</sup><https://www.canada.ca/en/department-finance/news/2020/03/introduces-canada-emergency-response-benefit-to-help-workers-and-businesses.html>

<sup>94</sup><https://www.economia.gob.cl/2020/03/06/ministros-de-economia-rr-ee-y-trabajo-anuncian-medidas-multisectoriales-para-contener-efectos-del-covid-19-en-chile.htm>

<sup>95</sup><https://www.reuters.com/article/chile-cenbank/update-1-chilean-central-bank-slashes-interest-rate-to-1-amid-coronavirus-blow-idUSL1N2B94ZK>

<sup>96</sup> <https://www.nasdaq.com/articles/chile-will-delay-bond-issue-to-fund-coronavirus-aid-plan-2020-03-23>

<sup>97</sup> <https://www.bnamericas.com/en/analysis/what-latam-banks-regulators-are-doing-amid-coronavirus-headwinds>

<sup>98</sup>For a timeline and overview: <https://www.china-briefing.com/news/china-covid-19-policy-tracker-benefiting-business-enterprises-comprehensive-updated-list/>



of the reserve requirement ratio for banks lending to SMEs, agriculture and entrepreneurs as well as for selected joint-stock banks.

36. There has been strong emphasis on more targeted policies to channel funding directly to the companies that need it most, including SMEs<sup>99</sup>. The February G20 Newsletter on Entrepreneurship, published by The Entrepreneurship Research Centre on G20 Economies, provides a comprehensive overview of such measures: These include short term measures to address liquidity shortages and financing difficulties, as well as longer-term plans for improving SME resilience, such as through technology adoption and digitalisation: <sup>100</sup>

- Tax and social security premium incentives;
- Reducing rents;
- Waiving administrative fees;
- Stabilizing loans for enterprises;
- Streamlining processes and reducing costs;
- Innovating financial products and services; Providing differentiated financial services;
- Refunding unemployment insurance premiums; Reduce recruitment costs;
- Subsidising training, including the introduction of free online skill development courses;
- Special funds for all startup companies;
- Addressing the difficulties in resuming work;
- Upgrading the government digital services;
- Establishing a list of key SMEs for pandemic prevention and control
- Making full use of SME public service platforms;
- Strengthening legal services and insurance services;
- Reducing operating costs;
- Fostering SMEs participation in public procurement by central and local governments, including for projects related to pandemic prevention and control;
- Encouraging large enterprises to cooperate with SMEs, such as by increasing their support in supply chains, in terms of loan recovery, raw material supply, and project outsourcing;
- Encouraging SMEs to engage in the innovation of technologies and products related to pandemic prevention and control;
- Fostering adoption by enterprises of new technologies, business practices (e.g. unmanned retail, contactless delivery, standardized package of fresh food) and business models (e.g. online shopping, online medical care, online education, online office, online services, digital entertainment, and digital life), and;
- Accelerating the digital transformation of SMEs.

37. For a number of these measures, a timeline could be constructed on how they evolved during the crisis:

- On 30 January, the State Administration of Taxation announced tax deferrals for firms in response to the pandemic.

<sup>99</sup>[https://www.uscc.gov/sites/default/files/2020-03/March%202020%20Trade%20Bulletin.pdf?utm\\_source=CSIS+All&utm\\_campaign=b571495f3d-EMAIL\\_CAMPAIGN\\_2019\\_08\\_20\\_05\\_01\\_COPY\\_01&utm\\_medium=email&utm\\_term=0\\_f326fc46b6-b571495f3d-222109089](https://www.uscc.gov/sites/default/files/2020-03/March%202020%20Trade%20Bulletin.pdf?utm_source=CSIS+All&utm_campaign=b571495f3d-EMAIL_CAMPAIGN_2019_08_20_05_01_COPY_01&utm_medium=email&utm_term=0_f326fc46b6-b571495f3d-222109089)

<sup>100</sup><http://www.g20e.tsinghua.edu.cn/EN/channels/135.html>

- On 31 January, firms in hard-hit industries were authorised to apply for deferred payment or new loans. This goes hand-in-hand with a reduction of loan interest rates and increased loan volumes, especially long- and medium-term loans.
- On 1 February, the Ministry of Finance asked guarantee institutions to cancel counter-guarantee requirements and reduce fees. In areas affected by the pandemic, the State Financing Guarantee Fund reduced the re-guarantee fee by 50%. This comes on top of a streamlining of credit application and credit approval. Further support to enterprises that are strategic to prevention and control of the pandemic includes re-lending facilities with preferential lending rates, government subsidies, extensions of loan repayment periods and increased credit volumes.
- On 5 February, a notice was issued by several ministries to support SME employment. Efforts to refund the unemployment insurance will be increased, and insured companies that find themselves in temporary difficulty due to the outbreak and do not lay off employees can get a refund of unemployment insurance premiums.
- On 6 February, the Ministry of Finance and the State Administration of Taxation proposed that the loss carry-forward period of SMEs in the industries affected by the pandemic would be extended from five to eight years.
- On 8 February, the Ministry of Human Resources and Social Security authorised insured enterprises and individuals to defer payment of the social security premium.
- On 12 February, the Ministry of Human Resources and Social Security announced free access to its online training platform. SMEs are also encouraged to join online training. Policy interpretation, technical knowhow and management lessons will be offered to SMEs for free during the pandemic via mobile platforms.
- On 18 February, the Ministry of Industry and Information Technology encouraged SMEs to make use of cloud computing and equip themselves with cloud technology. In addition, SMEs are required to pay attention to online working such as remote office, home office, video conferencing, online training, collaborative R&D and e-commerce. On the same day, the decision was made that SMEs would be exempt from pension, unemployment and work-related injury insurance premiums (totalling up to CNY 500 billion nationwide). Enterprises can also apply for deferred payment of housing provident funds.
- On 22 February, the National Medical Insurance Bureau prescribed that, starting from February 2020, provinces could halve the contribution ratio of enterprises on employees' medical insurance, according to the fund's operating conditions and actual demands, while ensuring the medium- and long-term balance of revenue and expenditure. The period of reduction shall not exceed 5 months.
- On 1 March, it was announced that affected SMEs and micro-enterprises, including small business owners and individual household businesses, can apply for deferred repayment if they have difficulties in repaying capital or interest during the pandemic. Banks can give enterprises a certain period of deferred payment according to their impact level and business conditions, which can be extended up to June 30 2020.
- On 19 March, the government announced a package to support the digitalisation of SMEs in the context of the crisis.<sup>101</sup>

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<sup>101</sup> <https://www.urdupoint.com/en/technology/china-to-empower-smes-with-digital-technolog-868855.html>

38. Media reporting on 12 March suggested SME lending is not picking up.<sup>102</sup> On 13 March, the Chinese central Bank announced it would release USD 80 billion in liquidity in the banking sector.<sup>103</sup> Furthermore, media report China's is planning USD 394 billion in infrastructure spending.<sup>104</sup>

39. In addition, a wide range of policy measures have been announced for SMEs at the regional level in China.<sup>105</sup> These include deferred tax payments for SMEs, reducing rent, waiving of administrative fees, subsidizing R&D costs for SMEs, social insurance subsidies, subsidies for training and purchasing teleworking services, and lowering lending rates. Furthermore, banks are being granted extra funding to spur SME loans.<sup>106</sup>

## Colombia

40. On 11 March, the Colombian president announced a package of economic measures to mitigate the effects on the tourism and aviation sectors. In particular, the Government postponed the payment of the VAT and income taxes for the tourism and aviation sectors. Furthermore, it decided to reduce the import tariffs for some inputs related to the health and aviation sectors, on a temporary basis. The Government has also opened a new credit line for the tourism and aviation sector.

## Costa Rica

41. The government announced:

- A 3-month moratorium on the payment of Value Added Tax (VAT), Income Tax and Customs Duties for companies, extendable to a fourth month;
- The Ministry for the Economy, Industry and Commerce and the Development Fund of Micro Small and Medium Enterprises of Banco Popular have made 10 billion Colon available for SME support;
- Working Capital Credits for MSMEs, aimed at guaranteeing business continuity and job protection, and;
- Business Development services to train companies in order to return to economic activity once the crisis period has passed.

## Croatia

42. On 17 March, the government adopted 63 measures to support the economy.<sup>107</sup> The measures include:

<sup>102</sup> <https://finance.yahoo.com/news/coronavirus-china-consumers-small-firms-093000783.html>

<sup>103</sup> <https://www.wsj.com/articles/china-to-free-up-cash-for-bank-lending-to-coronavirus-hit-businesses-11584096021>

<sup>104</sup> <https://qz.com/1819776/here-are-the-coronavirus-bailouts-being-prepared-around-the-world/>

<sup>105</sup> <https://www.china-briefing.com/news/chinas-latest-regional-measures-to-support-smes-during-coronavirus-outbreak/>. See also <https://www.cgdev.org/publication/reconciling-sme-production-china-coronavirus-control>

<sup>106</sup> <https://www.scmp.com/economy/china-economy/article/3052474/coronavirus-china-grants-banks-extra-funding-spur-loans-hard>

<sup>107</sup> <https://vlada.gov.hr/news/set-of-measures-adopted-to-prop-up-economy-during-covid-19-epidemic/29024>

- Deferral of public contributions, including income and profit tax for a period of three months, which can be extended. Thereafter, payments can be made in instalments of 24 months;
- Measures for financial liquidity including a three-month moratorium on liabilities to the Croatian Bank for Reconstruction and Development (HBOR) and commercial banks, as well as the approval of loans for cash flow in order to pay wages, suppliers and to reschedule other liabilities;
- The approval of new loans for liquidity for enterprises to finance wages, utility costs and other basic business operating costs;
- Increasing of the allocation for the "ESIF micro loans" for working capital for micro and small enterprises implemented by the Agency for SMEs, Innovation and Investments (HAMAG-BICRO);
- A new financial instrument "COVID-19 loans" of HRK 380 million for working capital for small and medium-sized enterprises;
- Establishment of a new financial instrument Micro Rural Development Loan for Working Capital (faster processing, grace period, lower interest rate).

## Czech Republic

43. The government (Ministry of Industry and Trade (MIT) and the Czech-Moravian Guarantee and Development Bank (ČMZRB)) has approved the national program COVID Loan.<sup>108</sup> It aims to facilitate access to operational funding for small and medium-sized enterprises, whose economic activities are limited due to the occurrence of coronavirus infection and related preventive measures. The COVID Loan program provides support for SMEs in the form of soft loans from CZK 500 000 up to CZK 15 million with zero interest rate. Loans are granted up to 90% of eligible expenditure with a maturity of 2 years, including the possibility of deferred repayment for up to 12 months. The loan may be used, for example, for the acquisition of small tangible or intangible assets, the acquisition and financing of inventories or for other operating expenses and expenditures. There are no fees associated with the processing and granting of the loan or its possible early repayment. Applications can be submitted to the ČMZRB branches from 1 April 2020.

44. Furthermore as of 16 March, taxpayers may postpone certain payments of requests for tax delays, requests for adjustment or reduction of advances, requests for waiver of penalties in case of delay, requests for extension of deadlines for certain tax returns. These include:

- Delay in tax payment until 1 July;
- Adjustment (reduction) of advances or exemption from their payments;
- Waiver of sanctions in case of delay, and;
- Extension of the deadline for certain tax returns.

## Denmark

45. On 10 March, a first stimulus package was issued, including:<sup>109</sup>

<sup>108</sup>[https://www.financnisprava.cz/cs/financni-sprava/novinky/2020/Pruvodce\\_pro\\_danove\\_poplatniky\\_v\\_souvislosti\\_s\\_koronavirem-10500](https://www.financnisprava.cz/cs/financni-sprava/novinky/2020/Pruvodce_pro_danove_poplatniky_v_souvislosti_s_koronavirem-10500)

<sup>109</sup><https://www.fm.dk/nyheder/pressemeddelelser/2020/03/corona-virus-regeringen-ivaerksaetter-i-dag-en-raekke-initiativer-som-hjaelp-for-dansk-oekonomi>

- A DKK 125 million credit facility allowing firms to defer VAT and tax payments, which could boost liquidity and help companies;<sup>110</sup>
  - Compensations for event managers;
  - Creation of a unit to prepare additional measures.
46. On 12 March, the government announced a DKK 200 billion package with further measures:<sup>111</sup>
- The release of the so-called 'countercyclical capital buffer' that banks have been required to keep on their books since the 2007 financial crisis. This will provide them an extra DKK 200 billion in liquidity, which they can either use to lend to businesses or to withstand losses on existing loans;
  - Two new loan guarantee schemes, one for large companies and one for small and medium enterprises (SMEs). The government will guarantee 70% of the value of any new bank loans given to *SMEs* who have seen operating profits fall by more than 50%. This could back up to DKK 4.8 billion in new loans. Second, it will guarantee 70 percent of the value of new loans to *large companies* who can demonstrate a fall in turnover over more than 50 percent. This could back DKK 2.7 billion in new loans;<sup>112</sup>
  - Employers will be completely reimbursed by the government from the first day that an employee becomes ill or enters quarantine due to coronavirus, rather than having to themselves absorb the bill for the few days;
  - Employment legislation is being relaxed to allow companies to reduce employees hours temporarily, with the employees' incomes then supplemented by unemployment benefit. The Ministry of Employment hopes that this will prevent employees from being laid off.
47. On 18 March, Denmark announced a further three months package of DKK 40 billion, which includes the following measures for business:<sup>113</sup>
- Compensation for corporate fixed expenses: The tripartite agreement on wage compensation gives increased security for employees' jobs and businesses got one significant support to their labour costs. The government will also cover some of the fixed costs of businesses.
  - Compensation scheme for self-employed persons: The self-employed are not directly covered by the tripartite agreement on wage compensation, although they also may be challenged on their livelihood. The government will ensure compensation to the self employed, who experience large declines in their turnover. Self-employed and those employed in small businesses with fewer than 10 employees facing a loss of earnings of 30% or more will receive 75% compensation, up to a maximum of DKK 23 000 (EUR 3 000) per month in direct financial support. Where the self-employed or small business owner's partner is also employed in the business, the compensation threshold will now be DKK 46 000 (EUR 6 000), as opposed to the DKK 34 000 (EUR 4 500) proposed by the Government. The compensation is subject to tax.

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<sup>110</sup> <https://www.fxstreet.com/analysis/denmark-strong-anti-coronavirus-measures-recession-likely-202003120640>

<sup>111</sup> <https://www.thelocal.dk/20200313/denmark-moves-to-protect-economy-from-coronavirus-impact>

<sup>112</sup> [https://em.dk/media/13431/faktaark\\_garantiordninger.pdf](https://em.dk/media/13431/faktaark_garantiordninger.pdf)

<sup>113</sup> <https://www.fm.dk/nyheder/pressemdelelser/2020/03/regeringen-praesenterer-stoettepakke-til-dansk-erhvervsliv>

48. Furthermore, through the package, small business that see revenue fall by more than 30% will get up to 75% of their lost revenue covered by the state. Also, small business will receive help to cover some of their fixed expenses.<sup>114</sup>

49. The Danish Export Credit Fund (EKF), a state agency that secures payments of exports of goods and services out for Denmark, will increase its liquidity for in particular SME's. An increase guarantees will assist some 250 SMEs in continuous export business.

50. The government provides an advance in payments of procured goods and services and waives penalties.

51. Commercial banks in Denmark are easing interest rate repayment for their small business clients.<sup>115</sup>

## Egypt

52. On 14 March, the government announced a USD 6.4 billion stimulus package. Furthermore, the Central Bank Egypt gave small and medium-sized businesses a six-month extension for credit repayments and cancelled ATM withdrawal fees for the same period. The central bank also increased the daily withdrawal limits for credit and debit cards, and said lenders will "immediately" provide financing for the import of key commodities.<sup>116</sup> On 17 March, the central Bank announced a rate cut of 3%.

## Estonia

53. Estonia has launched a EUR 2 billion support programme, including:

- Loan collateral amounting to EUR 1 Billion for bank loans already issued in order to allow for repayment schedule adjustments (maximum EUR 600 Million for the surety collection) through the KredEx Foundation;
- Tax deferral for 18 months;
- Tax incentives, and;
- Suspension of payments into the pension system.<sup>117</sup>

54. Estonia announced it would share digital education tools developed by its start-ups to other countries.<sup>118</sup> Furthermore, community initiatives were launched to support small business.<sup>119</sup>

<sup>114</sup><https://www.reuters.com/article/health-coronavirus-denmark/denmark-plans-6-billion-aid-package-for-small-businesses-idUSL4N2BB46H>

<sup>115</sup><https://www.bloombergquint.com/onweb/danske-suspends-negative-rates-to-support-small-business-clients>

<sup>116</sup><https://www.bnnbloomberg.ca/after-egypt-vows-6-billion-central-bank-moves-to-combat-virus-1.1406401>

<sup>117</sup><https://www.valitsus.ee/en/news/emergency-situation-government-supports-estonian-workers-and-economy-least-eur-2-billion>

<sup>118</sup><https://www.eu-startups.com/2020/03/estonia-shares-its-digital-education-tools-during-coronavirus-spotlighting-its-startups/>

<sup>119</sup><https://estonianworld.com/opinion/ten-simple-ways-to-support-estonian-businesses-and-jobs-during-the-coronavirus-crisis/>

## European Union

55. On 10 March, the European Union announced the establishment of a coronavirus emergency fund of EUR 25 billion, 7.5 billion of which would be available at short notice for healthcare systems, sectors particularly exposed to the outbreak and SMEs.<sup>120</sup> Through the adoption of a temporary framework, state aid approval for SME support was eased and speeded-up. On 13 March, the EU announced that this fund would increase to EUR 37 billion.<sup>121</sup> On 13 March, a call was launched to startups and SMEs with technologies and innovations able to help in treating, testing, monitoring or other aspects of the Coronavirus outbreak to apply for funding under the EIC Accelerator programme.<sup>122</sup> On 29 March, the EC reported in the media that EUR 93 billion had already been made available.

56. On 12 March, the ECB left interest rates unchanged, but announced it will conduct additional longer-term refinancing operations (LTROs), temporarily, to provide immediate liquidity support to the euro area financial system. The LTROs will provide liquidity at favourable terms to bridge the period until the TLTRO III (targeted LTROs) operation in June 2020. Through TLTRO III, “considerably more favourable terms will be applied during the period from June 2020 to June 2021 to all TLTRO III operations outstanding during that same time. These operations will support bank lending to those affected most by the spread of the coronavirus, in particular small and medium-sized enterprises. Throughout this period, the interest rate on these TLTRO III operations will be 25 basis points below the average rate applied in the Eurosystem’s main refinancing operations. For counterparties that maintain their levels of credit provision, the rate applied in these operations will be lower, and, over the period ending in June 2021, can be as low as 25 basis points below the average interest rate on the deposit facility. Moreover, the maximum total amount that counterparties will henceforth be entitled to borrow in TLTRO III operations is raised to 50% of their stock of eligible loans as at 28 February 2019. In this context, the Governing Council will mandate the Eurosystem committees to investigate collateral easing measures to ensure that counterparties continue to be able to make full use of the funding support.”<sup>123</sup> On 18 March, the ECB launched a EUR 750 billion Pandemic Emergency Purchase Programme (PEPP), for public and private securities and the expansion of the range of eligible assets under the corporate sector purchase programme (CSPP) to non-financial commercial paper, making all commercial papers of sufficient credit quality eligible for purchase under CSPP.<sup>124</sup>

57. The European Investment Bank is expected to announce an SME support package in the week of March 16.<sup>125</sup> The Bank announced it will rapidly mobilise EUR 40 billion in support.<sup>126</sup>

58. On 13 March, the European Bank for Reconstruction and Development (EBRD) announced a 1 billion solidarity emergency financing package.<sup>127</sup>

<sup>120</sup> [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_20\\_440](https://ec.europa.eu/commission/presscorner/detail/en/ip_20_440)

<sup>121</sup> <https://www.reuters.com/article/us-health-coronavirus-eu-vonderleyen/eu-to-launch-37-billion-euro-coronavirus-investment-initiative-idUSKBN2101VV>

<sup>122</sup> [https://ec.europa.eu/info/news/startups-and-smes-innovative-solutions-welcome-2020-mar-13\\_en?fbclid=IwAR3urcnozn521U0KVEoEPgMvRLYVX9ani1Epf0Qbfoyx3JEblJzQDaAh6-A](https://ec.europa.eu/info/news/startups-and-smes-innovative-solutions-welcome-2020-mar-13_en?fbclid=IwAR3urcnozn521U0KVEoEPgMvRLYVX9ani1Epf0Qbfoyx3JEblJzQDaAh6-A)

<sup>123</sup> <https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.mp200312~8d3aec3ff2.en.html>

<sup>124</sup> [https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200318\\_1~3949d6f266.en.html](https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200318_1~3949d6f266.en.html)

<sup>125</sup> <https://www.irishtimes.com/business/economy/coronavirus-eib-set-to-reveal-sme-support-package-1.4201030>

<sup>126</sup> <https://www.eib.org/en/press/all/2020-086-eib-group-will-rapidly-mobilise-eur-40-billion-to-fight-crisis-caused-by-covid-19.htm>

<sup>127</sup> <https://www.ebrd.com/news/2020/ebd-unveils-1-billion-emergency-coronavirus-financing-package.html>

## Finland

59. On 5 March, the Finnish government announced it stood ready to take measures if the impact of the outbreak on the economy worsened.<sup>128</sup> The website of the Ministry of Economic Affairs and Employment includes information on how the impact is monitored and measures in place in the context of the State of Emergency declared on 16 March, including a set of mainly health related measures.<sup>129</sup>

60. On 20 March, the government announced an additional stimulus package worth EUR 10 billion (4% of GDP). The total stimulus so far amounts to EUR 15 billion (6% of GDP), including:<sup>130</sup>

- Loan guarantees for firms, support for working capital and an instalment free period for loans granted (4% of GDP), most notably via Finnvera, the state's financing and export credit company;<sup>131</sup>
- Increase of grants (0.1% of GDP): the public funding agency Business Finland's grant authorisations will be increased to permit immediate business support measures;
- ELY centres (regional centres for economic development, transport and the environment working under the corresponding line ministries) will allocate EUR 50 million for SMEs, in particular in the service sector. EUR 150 million will be made available for companies including in the creative sector, tourism and supply chains through Business Finland network, and;
- EUR 500 000 will be dedicated for counselling and support services for entrepreneurs.

61. The government also announced several labour market reforms, including:

- Faster lay-off procedures to avoid bankruptcies (i.e. the notice period will be shortened from 14 to five days);
- Temporary recognition of entrepreneurs and freelancers as unemployment benefit recipients;
- Elimination of waiting period for unemployment benefits, and;
- Temporary reduction in employer pension contributions.

62. The Finnish government backs a hackathon to help find innovative solutions to the crisis.<sup>132</sup>

## France

63. The French Ministry of the Economy and Finance on 12 March announced measures for firms encountering serious difficulties due to the coronavirus.<sup>133</sup> These include:

- Possibilities for deferral of corporate/income tax payment and social security contributions for firms and entrepreneurs, and, on a case-by-case basis, exemption from these payments;

<sup>128</sup> [https://yle.fi/uutiset/osasto/news/finance\\_minister\\_kulmuni\\_finland\\_ready\\_to\\_spend\\_if\\_coronavirus\\_hits\\_economy/11242537](https://yle.fi/uutiset/osasto/news/finance_minister_kulmuni_finland_ready_to_spend_if_coronavirus_hits_economy/11242537)

<sup>129</sup> <https://valtioneuvosto.fi/en/information-on-coronavirus/ministry-of-economic-affairs-and-employment>

<sup>130</sup> [https://vm.fi/en/article/-/asset\\_publisher/10616/hallitus-antoi-eduskunnalle-lisatalousarvioesityksen-koronaviruksen-vuoksi](https://vm.fi/en/article/-/asset_publisher/10616/hallitus-antoi-eduskunnalle-lisatalousarvioesityksen-koronaviruksen-vuoksi) ; <https://thl.fi/en/web/infectious-diseases/what-s-new/coronavirus-covid-19-latest-updates>

<sup>131</sup> <https://www.finnvera.fi/eng/growth/current-news-for-smes/current-news-for-smes>

<sup>132</sup> <https://www.hackthecrisisfinland.com/>

<sup>133</sup> <https://www.economie.gouv.fr/files/files/PDF/2020/Coronavirus-MINEFI-10032020.PDF>



- New credits offered by Bpifrance (public investment and existing credits maintained). Guarantees on loans made to SMEs increased to 90% of the amount borrowed (up from 70%);<sup>134</sup>
- Encouraging firms to have recourse to temporary lay-offs (by shortening procedures and with higher public coverage of firms' costs). The Government will reimburse 100% of partial employment compensations (up from 70% previously);
- Conflict mediation between SMEs and clients/suppliers;
- The creation of a solidarity fund to support microenterprises with cash flow problems.
- A suspension of penalties for payment delays in government contracts, and;
- A mobilisation of credit mediation to help SMEs wishing to renegotiate credit terms.<sup>135</sup>

64. On 17 March, the government announced a further package of EUR 45 billion to support businesses:

- The government provides EUR 300 billion of guarantees for loans to companies;
- Small companies and self-employed can be granted a EUR 1 500 monthly compensation, when their turnover is less than EUR 1 million and they experience a drop in turnover of 70% or more;
- The government will pay rent, gas and electricity bills for small companies;
- A solidarity fund for the self-employed will receive EUR 2 billion.<sup>136</sup>

65. The government underlined that no SMEs will lack necessary liquidity.<sup>137</sup> Media report that up to EUR 4 billion would be available for start-ups.<sup>138</sup>

66. Since 12 March, Bpifrance further stepped up its support:

- 90% guarantee for short to medium term credit extensions (above EUR 300 000);
- Under EUR 300 000 the guarantee is increased to 70% while the threshold for delegation to banks was raised (from EUR 200 000 before to 300 000);
- Mobilisation of regional partners to increase the guaranteed quotas, and to launch "rebound loans" without guarantee up to EUR 500 000;
- Unsecured loans with 90% coverage, up to EUR 5 million for SMEs and EUR 30 million for mid-caps, and;
- Support teams will help the 1 500 accelerated start-ups to date to manage the crisis and in particular the cash position.

<sup>134</sup> <https://www.nytimes.com/reuters/2020/03/12/world/europe/12reuters-health-coronavirus-france-lemaire-aid.html> ; <https://www.bpifrance.fr/A-la-une/Actualites/Coronavirus-Bpifrance-active-des-mesures-exceptionnelles-de-soutien-aux-entreprises-49113>

<sup>135</sup> <https://www.economie.gouv.fr/coronavirus-soutien-entreprises>

<sup>136</sup> <https://www.politico.eu/article/france-injects-billions-into-stimulus-plan-amid-coronavirus-chaos-bruno-le-maire-economic-catastrophe/>

<sup>137</sup> <https://www.marketwatch.com/story/france-promises-50-billion-in-aid-for-businesses-2020-03-17-34853812>

<sup>138</sup> <https://www.lefigaro.fr/secteur/high-tech/coronavirus-l-executif-annonce-un-plan-de-soutien-pour-les-start-up-20200325> ; [https://www.lemonde.fr/economie/article/2020/03/25/coronavirus-un-plan-de-sauvetage-pour-les-start-up-francaises\\_6034341\\_3234.html](https://www.lemonde.fr/economie/article/2020/03/25/coronavirus-un-plan-de-sauvetage-pour-les-start-up-francaises_6034341_3234.html)

67. On 23 March, the French banking associations announced that French firms facing a cash crunch will be able to get access to low-interest loans (0.25%) to an amount equal to three months of revenue to help tide them over during the coronavirus crisis, with repayments starting after one year.<sup>139</sup>

68. In addition, national and regional authorities are collaborating to deal with the crisis as part of the new Economic council '*Etats-Régions*'. In practice, regional task forces have been set up together with public development banks to accelerate support measures for enterprises. For instance, Ile de France launched a number of measures for company support.<sup>140</sup>

69. Community initiatives, such as the one by La France Tech Toulouse, have been launched to highlight how start-ups can play a role in combatting the crisis.<sup>141</sup> Industry associations, such as France Digital, also step up their efforts in supporting SMEs during the crisis, for instance through a toolkit on teleworking and advice to companies.

## Germany

70. The government has referred SMEs to instruments already available to help companies cover short-term liquidity requirements, including working capital loans and guarantees.<sup>142</sup> Access to short-term work arrangements (*Kurzarbeit*) was expanded in order to avert a sharp rise in unemployment. In practice, firms can apply for the funds when just 10% of their workers are affected by a work stoppage, compared to one-third previously.<sup>143</sup> On 10 March, the federal cabinet extended the short-time work allowance to prevent employee layoffs due to the current slump in orders. Furthermore, the country's labour ministry plans to relax the Sunday work ban to prevent supply bottlenecks.<sup>144</sup>

71. On 9 March, the government announced a package of measures, with federal investments to be increased by EUR 3.1 billion between 2021 and 2024 and including extensive measures to improve liquidity for companies, including SMEs.<sup>145</sup>

72. On 13 March, a comprehensive package to guarantee liquidity of affected firms was announced without limits to credits:

- Firm size limitations for liquidity support will be adjusted upwards and the risk taken by the government will be increased. The volume of guarantees provided by guarantee banks will be doubled to EUR 2.5 billion. Also, there will be a higher risk assumption by the Federal Government through an increase in the counter-guarantee, and banks will be able to decide on guarantees more quickly. The measures support all commercial small and medium-sized enterprises (SMEs) and

<sup>139</sup> <https://www.thelocal.fr/20200323/france-opens-emergency-loans-scheme-for-businesses-hit-by-coronavirus>

<sup>140</sup> <https://www.iledefrance.fr/covid-19-la-region-ile-de-france-lance-un-plan-durgence-pour-les-entreprises>

<sup>141</sup> <https://www.lafrenchtechtoulouse.com/solutions-face-au-covid-19/>

<sup>142</sup> <https://www.bmwi.de/Redaktion/DE/Artikel/Wirtschaft/altmaier-zu-coronavirus-stehen-im-engen-kontakt-mit-der-wirtschaft.html>

<sup>143</sup> <https://www.ft.com/content/d46467da-61e1-11ea-b3f3-fe4680ea68b5>

<sup>144</sup> <https://www.euractiv.com/section/coronavirus/news/merkel-germany-well-equipped-against-covid-19/>

<sup>145</sup> [https://www.bmwi.de/Redaktion/DE/Downloads/S-T/schutzschild-fuer-beschaefigte-und-unternehmen.pdf?\\_\\_blob=publicationFile&v=10](https://www.bmwi.de/Redaktion/DE/Downloads/S-T/schutzschild-fuer-beschaefigte-und-unternehmen.pdf?__blob=publicationFile&v=10)

the liberal professions across all sectors and will be implemented by the guarantee banks as soon as possible.<sup>146</sup>

- Moreover, KfW working capital loans, which are channelled through commercial banks, will come with an increased risk coverage by the KfW of up to 80% for up to EUR 200 million EUR working capital loans, thereby increasing the willingness of commercial banks to lend to enterprises.
- Tax deferrals were made possible and tax prepayments can be adapted to the expected lower income in 2020. Enforcement measures (e.g. attachment of accounts) and penalty surcharges will be paused in 2020 if the enterprise is hit hard by the virus;
- Furthermore, the measures put in place include conflict mediation between SMEs and clients/suppliers, a suspension of penalties for payment delays in government contracts, and a mobilisation of credit mediation to help SMEs wishing to renegotiate credit terms.

73. The government announced it will do what whatever it takes and evaluate budgetary consequences later.<sup>147</sup>

74. The government has also announced an economy stabilisation fund (*Wirtschaftsstabilisierungsfonds*). It aims to ring-fence businesses seen as of critical importance for the German economy as a whole. The fund comprises support of EUR 600 billion, EUR 400 of which for liquidity guarantees, EUR 100 for direct equity participation in businesses of strategic importance for the German economy (incl. critical SMEs) and EUR 100 for re-financing by the KfW.

75. On 19 March, media reported that the government is planning a further EUR 40 billion package for self-employed and small firms.<sup>148</sup> Around EUR 10 billion of this is would be handed out as direct subsidies to one-person businesses and micro-enterprises, while EUR 30 billion will come in the form of loans.<sup>149</sup> On 21 March, the government announced it was working on a considerably larger emergency budget of EUR 150 billion, EUR 100 billion for the economy stabilisation fund and EUR 100 million for public guarantees through KfW.<sup>150</sup>

76. German Länder are putting measures in place as well. Bavaria has announced a EUR 10 billion fund to buy a stake in struggling companies.<sup>151</sup>

77. Many German stores and other service providers (e.g. cinemas and restaurants) are asking clients to buy vouchers for future use in order to stay afloat despite the closure. A platform for this has been set up in Berlin (private initiative), but local authorities are also involved (for instance in Swabia).<sup>152</sup>

<sup>146</sup> <https://vdb-info.de/aktuelles/pressemittelungen/corona-krise-buergschaftsbanken-erweitern-unterstuetzung-von-kmu>

<sup>147</sup> [https://www.bmwi.de/Redaktion/DE/Downloads/S-T/schutzschild-fuer-beschaefigte-und-unternehmen.pdf?\\_\\_blob=publicationFile&v=10](https://www.bmwi.de/Redaktion/DE/Downloads/S-T/schutzschild-fuer-beschaefigte-und-unternehmen.pdf?__blob=publicationFile&v=10)

<sup>148</sup> <https://www.nytimes.com/reuters/2020/03/19/world/europe/19reuters-health-coronavirus-germany-selfemployed.html>

<sup>149</sup> <https://www.thelocal.de/20200319/coronavirus-germany-plans-40-billion-rescue-package-for-freelancers-and-small-businesses>

<sup>150</sup> <https://www.reuters.com/article/germany-debt/update-2-germany-prepares-150-bln-euro-emergency-budget-in-coronavirus-package-idUSL8N2BE0EV>

<sup>151</sup> <https://www.ft.com/content/26af5520-6793-11ea-800d-da70cff6e4d3>

<sup>152</sup> [https://www.schwaebische.de/landkreis/landkreis-ravensburg/ravensburg\\_artikel,-schw%C3%A4bische-bringt-zusammen-das-neue-hilfe-portal-f%C3%BCr-die-region- arid,11201219.html](https://www.schwaebische.de/landkreis/landkreis-ravensburg/ravensburg_artikel,-schw%C3%A4bische-bringt-zusammen-das-neue-hilfe-portal-f%C3%BCr-die-region- arid,11201219.html) ; <https://www.rbb24.de/panorama/thema/2020/coronavirus/beitraege/lieblingslocation-per-gutschein-retten-berlin.html> <https://mitvergnuegen.com/2020/gutscheine-lieferdienste-take-away-cafe-restaurant-corona/>

## Greece

78. On 9 March, the Greek government announced financial relief for companies in areas hit by the coronavirus to safeguard jobs and boost liquidity.<sup>153</sup> The measures include:

- A four-month deferral of value-added tax (VAT) payments and social security payments due at the end of March for companies operating in areas affected by the outbreak and which shut down for at least 10 days.
- The Government will also encourage employers to consider work-from-home initiatives and adjust shifts to help contain the outbreak.

79. Furthermore, a new EUR 500 million scheme in collaboration with the European Investment Fund (EIF) could address the financing gap faced by SMEs, which is expected to grow in the context of the coronavirus.<sup>154</sup>

80. On 30 March, the government announced EUR 6.8 billion further measures focusing on supporting companies that suffer from the outbreak, including tax relief and wage support.<sup>155</sup>

## Hong Kong, China

81. On 25 February, the Financial Secretary announced a reduction of the profits tax by 100% (subject to a cap) and low-interest loans for SMEs, with government guarantees as part of a wider package worth HKD 18.3 billion (USD 2.3 billion).<sup>156</sup> A key highlight of the measures was a full government guarantee on loans of up to HKD 2 million for every small and medium-sized enterprise, under a financing guarantee scheme and involving HKD 20 billion in total.<sup>157</sup>

82. Some banks have come forward with liquidity relief (USD 3.9 million) for businesses affected by the outbreak. In September, a bank introduced a scheme under which SMEs could make interest-only payments for six months (one year if the loan is secured by property) since September. This was recently extended to taxi and public light bus operators as a response to the crisis. Moreover, SMEs that have opted for trade finance have the option to convert part of their loan facility into an overdraft facility for six months in order to help with their working capital needs. The bank also announced it would extend the waiving of handling fees until the end of December and would subsidise guarantee fees for SMEs applying to the government's SME Financing Guarantee Scheme until the same date.<sup>158</sup>

<sup>153</sup><https://www.thestar.com.my/news/world/2020/03/09/greece-takes-relief-measures-to-ease-coronavirus039s-impact>

<sup>154</sup><https://www.devdiscourse.com/article/business/925244-smes-in-greece-to-benefit-from-new-eur-500m-investment-programme>

<sup>155</sup><http://www.ekathimerini.com/250526/article/ekathimerini/business/tax-breaks-for-stricken-firms-apply-as-of-thursday>

<sup>156</sup><https://www.cnbc.com/2020/02/26/hong-kong-announces-budget-as-coronavirus-protests-drag-down-economy.html>

<sup>157</sup><https://www.scmp.com/news/hong-kong/politics/article/3074749/coronavirus-small-firms-hong-kong-get-faster-access-loan>

<sup>158</sup><https://www.scmp.com/business/banking-finance/article/3049728/hsbc-provide-us39-billion-additional-relief-hong-kong>

## Hungary

83. On 16 March, the Central Bank announced emergency steps to shore up the economy, widening the range of collateral it accepts from banks and imposed a moratorium on repayments on loans extended under its Funding for Growth Scheme that provides small businesses with cheap loans.<sup>159</sup>

84. On 18 March, the government announced a package of further measures:<sup>160</sup>

- Loan repayments are suspended until the end of 2020 for all private individuals and businesses who took loans out before 18 March;
- Short-term business loans are prolonged until 30 July;
- The annual percentage rate (APR) of new consumer loans has been maximised at the central bank prime rate plus 5 per cent;
- Sectors that were severely hit by the pandemic (tourism, film industry, restaurants, entertainment venues, gambling, sports, cultural services, passenger transportation) will be exempted from paying social security contributions, and;
- Employment regulations will be made more flexible to facilitate agreements between employees and employers in the current situation.

85. On 23 March, the government announced further measures to support small business. These include:<sup>161</sup>

- More than 80 000 small businesses and individual entrepreneurs will receive an exemption from the flat-rate tax of small businesses (kata) until after the crisis, as will media companies that suffer from falling advertising revenue, and;
- Evictions will be suspended, for people and small companies who fell behind on mortgage repayments or failed to pay rent on state housing.

## Iceland

86. On 11 March, the Central Bank lowered the policy rate by 50 basis points to 2.25%, the sixth reduction within 10 months. The parliament is preparing legislation on paid leave during quarantine.

87. On 21 March, the government announced a USD 1.6 billion support package, which includes:<sup>162</sup>

- The government will take on up to 75 percent of salaries;
- State-backed bridging loans for companies;
- Deferral of tax payments;

<sup>159</sup><https://www.reuters.com/article/health-coronavirus-hungary-centralbank/update-2-hungary-takes-emergency-steps-to-shore-up-businesses-liquidity-against-coronavirus-idUSL8N2B97KN>

<sup>160</sup><https://www.kormany.hu/en/the-prime-minister/news/we-are-suspending-principal-and-interest-payment-liabilities-on-loans>

<sup>161</sup> <https://www.reuters.com/article/health-coronavirus-hungary-measures/update-1-hungary-govt-expands-tax-relief-measures-suspends-evictions-pm-orban-idUSL8N2BG41H> ; <https://www.kormany.hu/en/the-prime-minister/news/we-have-organised-containment-effort-on-four-fronts-further-small-businesses-granted-tax-exemption>

<sup>162</sup> <https://www.government.is/news/article/?newsid=afa0d410-6b79-11ea-9462-005056bc4d74>

- Financial support for tourism sector;
- Access to third-pillar pension savings (private pension savings);
- Refund of VAT for construction projects, and;
- Public projects accelerated – investment in technical infrastructure.

## India

88. India is reportedly pushing its banks to approve USD 8.1 billion of loans by the end of March. The Reserve Bank of India announced an LTRO and a reduction in interest rates.<sup>163</sup>

89. On 19 March, media reported that India is considering offering easier loan repayment terms and tax breaks for small-and medium-sized companies to weather the onslaught of the coronavirus, which would include extending loan tenors and relaxing bad-debt norms for small firms.<sup>164</sup> On 20 March, media reported that the State Bank of India will open a special credit facility for SMEs, which aims to address liquidity concerns of SMEs who have seen business disruptions due to the crisis.<sup>165</sup>

90. On 25 March, media reported that India is developing an economic stimulus package of more than 1.5 trillion rupees (USD 19.6 billion) to fight a downturn in the country.<sup>166</sup>

## Indonesia

91. On 25 February, the government announced a USD 725 million package with financial incentives to support tourism, airlines and property industries, in addition to further subsidies and tax cuts.<sup>167</sup>

92. On 13 March, Indonesia announced a further IDR 120 trillion (USD 8.1 billion) stimulus package, representing 0.8% of GDP, including exempting some manufacturing workers from income tax and reducing corporate tax payments for manufacturing companies. As part of the state's non-fiscal response, rules will be relaxed governing restructuring of bank loans to small and medium-sized companies, certification processes for exporters will be simplified and the government will make it easier to import raw materials. More measures are expected.<sup>168</sup>

93. On 19 March, Bank Indonesia cut its benchmark interest rate by 25 basis points and lowered its deposit facility rate to 3.75% and lending facility rate to 5.25%. The Bank also lowered the rupiah

<sup>163</sup> <https://qz.com/1819776/here-are-the-coronavirus-bailouts-being-prepared-around-the-world/>

<sup>164</sup> <https://www.financialexpress.com/industry/sme/govt-considers-easier-loan-tax-rules-for-smes-to-help-economy-amid-coronavirus/1903106/>

<sup>165</sup> <https://www.bloomberquint.com/business/sbi-to-open-special-loan-facility-for-small-businesses-hurt-by-coronavirus-outbreak>

<sup>166</sup> [https://www.reuters.com/article/us-health-coronavirus-india-exclusive/exclusive-india-likely-to-unveil-20-billion-plus-stimulus-package-to-tackle-coronavirus-downturn-sources-idUSKBN21C1GM?feedType=RSS&feedName=businessNews&utm\\_source=feedburner&utm\\_medium=feed&utm\\_campaign=Feed%3A+reuters%2FbusinessNews+%28Business+News%29](https://www.reuters.com/article/us-health-coronavirus-india-exclusive/exclusive-india-likely-to-unveil-20-billion-plus-stimulus-package-to-tackle-coronavirus-downturn-sources-idUSKBN21C1GM?feedType=RSS&feedName=businessNews&utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+reuters%2FbusinessNews+%28Business+News%29)

<sup>167</sup> <https://www.aseanbriefing.com/news/indonesia-unveils-stimulus-package-to-combat-coronavirus-impact/>

<sup>168</sup> <https://www.straitstimes.com/business/economy/indonesia-unveils-more-emergency-stimulus-to-fight-coronavirus-fallout>

reserve requirement ratio by 50 bps for banks involved in financing small and middle businesses and other priority areas after a 50 bps cut last month to support trade activities.

## Ireland

94. On 6 March, the Bank of Ireland announced a range of support measures for businesses impacted by the outbreak, including emergency working capital and payment flexibility on loans.<sup>169</sup>

95. On 9 March, the Irish government announced an increase in sick pay for workers affected by the virus. These payments will also be available to the self-employed.<sup>170</sup> A support package for businesses was also announced, including:

- A EUR 200 million working capital scheme implemented by the Strategic Banking Corporation of Ireland and targeting firms that are considered to be significantly impacted, with loans up to EUR 1.5 million;<sup>171</sup>
- A Credit Guarantee Scheme supports loans of up to EUR 1 million in collaboration with major banks in the country;
- The maximum amount for loans offered to sole traders and firms with up to nine employees as part of microfinancing facilities was increased from EUR 25 000 to EUR 50 000.
- Enterprise Ireland and Údarás na Gaeltachta clients are eligible for grants for accessing consultancy services for immediate finance reviews, as well as for innovating, diversifying markets and supply chains;
- Local Enterprise Offices are providing vouchers worth between EUR 2 500 and EUR 10 000 with match funding for innovation, productivity and business continuity preparedness.<sup>172</sup>

96. Furthermore:<sup>173</sup>

- Revenue Commissioners are open to discussing deferring tax payments for business;
- The government intends to refund employers who keep paying partial salaries;
- Rescue and restructuring scheme packages through Enterprise Ireland for vulnerable but viable companies;
- Flat rate pay of EUR 203 per week for six weeks for the self-employed who have lost business and those who have lost employment;

97. On 13 March, Irish Revenue announced the suspension of interest on late payments by SMEs.<sup>174</sup>

<sup>169</sup> <https://www.irishtimes.com/business/financial-services/bank-of-ireland-unveils-coronavirus-supports-1.4195038>

<sup>170</sup> <https://www.irishtimes.com/news/ireland/irish-news/coronavirus-sick-pay-scheme-will-see-affected-receive-305-per-week-1.4197894>

<sup>171</sup> <https://www.gov.ie/en/news/72ecf5-government-agrees-next-phase-of-irelands-covid-19-response/>

<sup>172</sup> <https://www.siliconrepublic.com/companies/business-coronavirus-support-ireland> ;  
<https://dbei.gov.ie/Djei/en/News-And-Events/Department-News/2020/March/10032020.html>

<sup>173</sup> <https://sifted.eu/articles/coronavirus-support-startups/>

<sup>174</sup> <https://www.irishtimes.com/business/economy/coronavirus-revenue-suspends-interest-on-late-payments-for-smes-1.4202324>

98. On 24 March, the government announced a new COVID-19 Income Support Scheme, including:<sup>175</sup>

- A temporary wage subsidy of 70% of take home pay up to a maximum weekly tax free amount of EUR 410 per week to help affected companies keep paying their employees;
- Workers who have lost their jobs due to the crisis will receive an enhanced emergency unemployment payment of EUR 350 per week (an increase from EUR 203). Self-employment are eligible for this as well;
- The COVID-19 illness payment will be increased to EUR 350 per week, and;
- Enhanced protections for people and small companies facing difficulties with their mortgages, rent or utility bills.

## Israel

99. On 8 March, the Finance Ministry announced it opened a special loan facility for struggling companies to receive support from the State Guarantee Fund for Small Businesses.<sup>176</sup> The facility is primarily aimed at SMEs that were experiencing cash flow difficulties as a result of the virus outbreak. It provides working capital loans of up to 5 years to a maximum of NIS 500 000 or up to 8% of the last annual turnover, with possibilities to defer payment for half a year. Banks are expected to provide credit approval within nine working days.

100. On 11 March, the Government announced a further NIS 10 billion support package, doubling the amount available under the loan fund.

101. On 16 March, the government announced further measures of importance to SMEs, which include (next to measures to enhance access to loans already announced):<sup>177</sup>

- Advance of payments to small and medium government suppliers;
- Extension of deadline for VAT payments to state treasury for all businesses;
- Postponement of National Insurance payments for the month of April, and allowing payments in instalments;
- Postponement of self-employed, small and medium business mandatory payments;
- Postponement of council tax (municipal tax) payments and provision of financial assistance to weak local government, and;
- Special aid grant for self-employed - intended for self-employed with small businesses in anticipation of projected losses due to the decline in economic activity.

102. Furthermore, a number of other policy measures are currently in place:

- Reducing the level of collateral for businesses (while increasing government guarantees at the same time) in the Small and Medium Business Fund from 25% to only 10% for any business that submits a signed statement regarding damages from the Coronavirus. The fund's credit line will be increased to four billion NIS.
- A support package of NIS 10 billion to SMEs, mostly through the State guarantee Fund to SMEs, to finance working capital in view of cash flow difficulties:
  - State guarantees increased to 85% of the loan amount

<sup>175</sup> <https://www.gov.ie/en/press-release/a6d8fa-government-announced-new-covid-19-income-support-scheme/>

<sup>176</sup> <https://mof.gov.il/AG/FinancingAndCredit/StateGuarantees/Pages/corona-virus-loan.aspx>

<sup>177</sup> [https://www.gov.il/en/departments/news/press\\_16032020\\_b](https://www.gov.il/en/departments/news/press_16032020_b)



- Reduced collateral up to 10%
- Longer repayment period up to 5 years
- Shortened loan approval at the bank – up to 9 working days
- Loan up to 500 000 NIS or 8% of the annual revenue (the highest between the two)
- Postponement of VAT, water, social security and health insurance payments.
- Flexible payments for electricity bills.
- By order of the Minister of the Interior, municipal taxes will be postponed until 1.5.2020 through a government support for authorities that will be affected by the pandemic.
- Israel's five largest banks, which account for about 99% of overall banking activity, declared a deferment of mortgage and loan payments (with a waiver of deferred payment fees) for the next three months. Israel's largest mortgage bank, bank Mizrahi Tefahot, will postpone payments for four months.
- The same applies for state-funded mortgages.
- As directed by the Accountant General of the Ministry of Finance, the government pays its suppliers within a few days, while the maximum amount of time to refund businesses was reduced from 45 to 30 days.
- Freezing enforcement actions, including new foreclosures and the postponement of outstanding foreclosures.
- Reducing the enforcement of by-laws within certain local administrations vis-à-vis businesses.
- Increased flexibility in the employment market by extending unemployment benefits to employees who are sent on unpaid leave for 30 days or more.
- Promoting local procurement: encouraging residents to buy from local SMEs by local authorities, through investments in marketing within the community.
- Creating a network of local authority' representatives, for peer learning and communicating "field" knowledge to the Ministry of Economy, and vice versa.

103. On 29 March, media reported the government prepares a further package which would bring support towards NIS 80 billion, including a NIS 5 billion fund for small business.<sup>178</sup>

## Italy

104. Since the outbreak of the crisis, the government announced several measures to support the economy. In early March, measures were announced to help sectors such as tourism and the logistics and transport industry, which have been heavily impacted by the virus.<sup>179</sup> Also support to regions was pledged, totalling EUR 900 million. Backed by the Government, the Italian Banking Association announced an agreement with various business associations to set in place a large-scale moratorium on debt repayments, including mortgages and repayments of small loans and revolving credit lines. It would concern loans subscribed by companies until 31 January 2020.<sup>180</sup>

105. On 16 March, the Italian government announced details of a EUR 25 billion (1.4% of GDP) bill. Decree-law no. 18 of 17 March 2020 ("Healing Italy" Decree) consists of an extensive (127 articles) package of measures aimed at strengthening the healthcare system and providing economic support

<sup>178</sup> <https://www.timesofisrael.com/government-reportedly-close-to-deal-on-nis-80-billion-bailout-package/>

<sup>179</sup> <https://www.ft.com/content/a6f59348-5bae-11ea-b0ab-339c2307bcd4>

<sup>180</sup> <https://www.wsj.com/articles/italy-plans-debt-moratorium-to-cope-with-coronavirus-lockdown-11583849663>

to households, workers and businesses.<sup>181</sup> Policy responses addressing employees and self-employed include, among other:

- Micro-enterprises and SMEs of all types, including freelancers and sole proprietorships, can benefit from a moratorium on a total volume of loans estimated at around EUR 220 billion. Current account credit lines, loans for advances on securities, short-term loan maturities and instalments of loans due are frozen until 30 September. Part of these is made up of sums already disbursed which should have been repaid, representing in practice a new loan from the bank until 30 September, whereas the other part is made up of new financing which the company can obtain by using the credit line which is frozen. Banks or other lending institutions can activate a public guarantee covering 33% of the lent amount.
- A EUR 1.5 billion increase in the appropriation of the Central Guarantee Fund for SMEs (Italy's main national credit guarantee facility), including for the purpose of renegotiating existing loans. Adding together existing and new loans, the objective is to allow guarantees for more than EUR 100 billion in total financing to businesses from the Central Guarantee Fund.
- In addition to increasing the financial endowment of the Central Guarantee Fund for SMEs, standard regulations on the functioning of the Fund have been temporarily modified as follows:
  - Ceilings for guarantees to be provided for a single company have been raised from EUR 2.5 million to EUR 5 million;
  - Guarantees are provided for free, fees otherwise due to the Fund are suspended;
  - Debt rescheduling operations are eligible for the public guarantee;
  - Automatic extension of the guarantee in the event of a moratorium or suspension of funding because of the coronavirus emergency;
  - Extension to private entities of the faculty to contribute to increasing the endowment of the Fund (previously limited to banks, regions and other public bodies);
- Incentives for banking and industrial companies to sell their substandard or impaired loans by converting their deferred tax assets into tax credits. The intervention frees up new liquid resources for companies and allows banks to grant new credit for an estimated amount of up to 10 billion.
- EUR 200 million in measures to support the troubled airline, Alitalia, and Air Italy;
- Redundancies for "justified objective reasons" banned for the next two months;
- A redundancy fund boosted by EUR 5 billion to provide 9 weeks' salary for workers not covered by other social safety nets. Administrative processes are simplified.
- Temporary suspension of mortgage payments for first-time homebuyers, including self-employed who have lost more than one-third of their turnover during the last quarter.
- A fund for last resort income support (appropriation of EUR 300 million for 2020) is established for employees and self-employed workers who ceased, reduced or suspended their employment relationship or business due to the pandemic.
- Self-employed workers (spanning from freelance professionals to collaborators with contractual forms other than employment) will receive a tax-free one-time allowance of 600 euros for March 2020.
- Self-employed, freelance professionals and businesses whose revenues are lower than EUR 2 million can defer payments to the cashier to settle withholding taxes. Deferrals also apply to annual and monthly VAT, as well as social security and insurance. Payments are deferred to 31 May and they can be paid in a single solution or in up to five monthly instalments.

<sup>181</sup> <https://www.gazzettaufficiale.it/eli/id/2020/03/17/20G00034/sq>

106. Furthermore, to address liquidity shortages and ease access to finance by SMEs, Cassa Depositi e Prestiti (CDP), National Promotional Institute and Development Finance Institution, have increased the limit for funding to the banking system from EUR 1 billion to EUR 3 billion. The funds are intended to grant subsidised loans to SMEs and mid-caps to sustain cash flow and investments.

107. To support export activity, the Italian export credit agency (SACE) has announced a EUR 4 billion package to help SMEs address cash flow needs and diversify export markets. In addition, the Italian Agency for the promotion of business internationalisation (ICE) has cancelled the costs already incurred by companies for participation in fairs and events, also proposing alternative visibility solutions.

108. The Ministry of Innovation and Digitalisations launched an initiative called “Digital Solidarity”. This includes a portal where companies (in particular SMEs and self-employed) can register to access without costs digital services from large private sector companies regarding smart/tele-working, video conferencing, access to mobile data, cloud computing etc., to enable them to cope with restrictions to movement and work. Also, banks have set up programmes to support their SME clients.

109. Several Italian regions have taken measures related to SMEs. See Annex B for an in-depth overview.

## Japan

110. On 13 February, the government announced measures to support financing of local micro, small and medium enterprises and others in tourism and other sectors, by securing a total of JPN 500 billion for emergency lending and loan guarantees at the Japan Finance Corporation and other institutions.<sup>182</sup>

111. The government on 29 February announced a further package of measures of JPN 270 billion (USD 2.5 billion), with an emphasis on health measures.<sup>183</sup>

112. On 10 March, the government announced a further package of JPN 430 billion (USD 4.1 billion), with several measures directed at SMEs:

- An expansion of the amount of the special loans offered to SMEs (to JPN 1.6 trillion) with zero-interest loans with no collateral to SMEs. Japan Finance Corp will join this programme.<sup>184</sup>
- A specific guarantee programme for firms affected by the outbreak and whose sales and other profits are declining. The Japan Federation of Credit Guarantee Corporations (JFG) will guarantee the full loan amount for such SMEs, under a new framework (No. 4 Safety Nets for Financing Guarantee).<sup>185</sup>
- Subsidies to support teleworking in SMEs (including encouraging firms to adopt IT solutions and develop e-commerce sales channels), and

<sup>182</sup> [http://japan.kantei.go.jp/98\\_abe/actions/202002/00019.html](http://japan.kantei.go.jp/98_abe/actions/202002/00019.html) ;  
<https://www.meti.go.jp/speeches/kaiken/2019/20200214001.html>

<sup>183</sup> <https://globalnews.ca/news/6613198/japan-coronavirus-aid-package/>

<sup>184</sup> [https://www.japantimes.co.jp/news/2020/03/08/national/politics-diplomacy/shinzo-abe-zero-interest-loan-coronavirus-japan/#.XmYiAkoo\\_IU](https://www.japantimes.co.jp/news/2020/03/08/national/politics-diplomacy/shinzo-abe-zero-interest-loan-coronavirus-japan/#.XmYiAkoo_IU)

<sup>185</sup> [https://www.meti.go.jp/english/press/2020/0228\\_001.html](https://www.meti.go.jp/english/press/2020/0228_001.html)

- SMEs facing more than a 15% decrease in sales can claim compensation of interests and can borrow without collateral.<sup>186</sup>

113. Japan also considers extending its programme for property tax breaks for small firms.<sup>187</sup> On 21 March, media reported the government planned a corporate tax refund, mainly directed to SMEs.<sup>188</sup>

114. On 26 March, the government announced to extend employment adjustment subsidies:<sup>189</sup>

- The subsidy rate for leave allowances will be raised to 80% for SMEs, which can be extended up to 90%, if no employees are fired, and;
- In addition to raising the subsidy rate, the requirements will be relaxed.

115. The Bank of Japan, which had earlier indicated it stood ready for further measures<sup>190</sup>, advanced its Monetary Policy meeting to 16 March, when it decided to strengthen its monetary easing measures. The Bank accelerates the ETF and J-REIT purchases, which has been kept at the annual pace of JPY 6 trillion (1.1% of GDP) and JPY 90 billion (0.2% of GDP), to up to JPY 12 trillion and JPY 180 billion, respectively. In addition, it set an additional purchase limit of JPY 2 trillion (0.4% of GDP) for CP and corporate bonds, with which the Bank increases the asset purchases through September. In addition, the Bank introduced a special operation to provide interest-rate free loans putting up corporate loans as collateral. To help private financial institutions to increase lending to help businesses whose sales are declining, a new funding framework with a 0% interest rate until the end of the month has been established.

## Korea

116. Between 7 February and 3 March, the financial sector (from both state-invested banks, private banks and credit card companies) provided financial support directed at SMEs worth EUR 2.1 billion.

117. On 4 March, the Ministry of SMEs and Start-ups announced its plan to provide support worth EUR 1.2 billion as supplementary budget, including the following measures:

- An Emergency Fund, providing direct financial support to SMEs and self-employed, aimed at encouraging these firms to keep their employees;<sup>191</sup>
- Government guarantees, and insurance on loans.<sup>192</sup>
- Sanitary support for the reopening of SMEs that closed due to exposure to infected patients;
- Encouraging brick-and-mortar shops to open their business online.
- Simplification of procurement processes by limiting on-site inspections.<sup>193</sup>

<sup>186</sup> <https://www3.nhk.or.jp/news/html/20200310/k10012322241000.html>

<sup>187</sup> <https://www.reuters.com/article/health-coronavirus-taxation/japan-may-extend-tax-breaks-for-small-firms-over-coronavirus-nikkei-idUSL4N2BA2YR>

<sup>188</sup> <https://www.japantimes.co.jp/news/2020/03/22/business/corporate-tax-refunds-coronavirus-companies-japan/#.Xneoa4hKhPY>

<sup>189</sup> <https://www.jiji.com/jc/article?k=2020032600736&g=soc>

<sup>190</sup> <https://www.ft.com/content/9fa91e06-5c3b-11ea-b0ab-339c2307bcd4>.

<sup>191</sup> <https://www.hankyung.com/economy/article/2020030441697>

<sup>192</sup> <http://news.kbs.co.kr/news/view.do?ncd=4394973&ref=A>

<sup>193</sup> [https://biz.chosun.com/site/data/html\\_dir/2020/03/03/2020030300348.html](https://biz.chosun.com/site/data/html_dir/2020/03/03/2020030300348.html)

118. Priority is given to regions that were affected the most.<sup>194</sup>
119. On 19 March the Government announced a further USD 39 billion package including:
- Emergency financing for small businesses and other stimulus measures;
  - Loan guarantees for struggling small businesses with less than USD 78 000 in annual revenue to ensure they can easily and cheaply get access to credit.<sup>195</sup>
120. On 23 March, the government announced a further support package of USD 80 billion, with the following measures for SMEs:<sup>196</sup>
- The package includes KRW 29.1 trillion in loans to small- and medium-sized companies, while another KRW 20 trillion will be used to buy corporate bonds and commercial paper of companies facing a credit crunch.
121. On 25 March, the Ministry of Employment and Labour announced a plan to temporarily increase employee retention support for SMEs to cover up to 90% (from 75%) of their employees' "suspension period allowance" incurred during their temporary business closure between April and June. The budget increased from KRW 100.4 billion (EUR 74 million) to KRW 500.4 billion (EUR 371 million).<sup>197</sup>
122. Domestic commercial banks and savings banks will also allow loans to be rolled over for small businesses if they cannot afford payment when due.

## Latvia

123. The government has announced the following measures:<sup>198</sup>
- The government will cover 75% of the costs of outbreak-induced sick leaves or workers' downtime, or up to EUR 700 per month;
  - A postponement of tax overdues for up to three years if the overdues are an effect of the outbreak.
  - Simplification and speeding-up of tax refunds for entrepreneurs and forego personal income tax advances in 2020.
124. The National Finance Institution Altum provides guarantees for SMEs:
- Individual guarantees of up to EUR 5 million per beneficiary, offering 50% guarantee for a maximum of two years, and;
  - Working capital loans of up to EUR 1 million per beneficiary, for 18 months.
125. Fintech initiatives are being developed to support SME finance in the context of the crisis.<sup>199</sup>

<sup>194</sup> <https://www.mss.go.kr/site/smba/ex/bbs/View.do?cbldx=86&bcldx=1017485>

<sup>195</sup> <https://www.nytimes.com/reuters/2020/03/19/world/asia/19reuters-health-coronavirus-southkorea-toll.html>

<sup>196</sup> <https://www.reuters.com/article/us-health-coronavirus-southkorea-toll/south-korea-doubles-coronavirus-rescue-package-to-80-billion-idUSKBN21B05X>

<sup>197</sup> <https://www.yna.co.kr/view/AKR20200325002100004?input=1195m>

<sup>198</sup> <https://www.intellinews.com/baltic-states-roll-out-fiscal-measures-to-prop-up-coronavirus-stricken-economies-178945/>

<sup>199</sup> <https://www.crowdfundinsider.com/2020/03/158999-latvia-headquartered-citadele-bank-contributes-e10-million-to-fintech-sme-finance-offers-loan-relief-to-clients-during-coronavirus-pandemic/>

126. The government supports a hackathon among small firms to find solutions to the crisis.<sup>200</sup>

## Lithuania

127. The government launched a EUR 5 billion support plan in the week of 16 March, which includes EUR 500 million for maintaining business liquidity and EUR 1 billion for speeding up investment. The measures include:<sup>201</sup>

- immediate tax loans, deferred payments or payment in instalments in accordance with the agreed schedule without interest;
- stopping recovery actions on the basis of criteria of reasonableness;
- exemption of taxpayers from fines and penalties;
- possibility to defer payment of personal income tax;
- to increase the guarantee limit for the Agricultural Credit Guarantee Fund and INVEGA by EUR 500 million and to extend the terms of the guarantee provision;
- to allow businesses deferment or payment in instalments of payments for the electricity and natural gas consumed from UAB Ignitis.
- it is also recommended that municipalities exempt businesses from the commercial real estate and land taxes, and recommended that municipalities be allowed to defer or schedule instalment payments for utilities and heating energy.
- the Economic and Financial Action Plan provides for accelerating investment programmes by accelerating payments and increasing the intensity of funding. It plans to reallocate EU investment funds to health, employment and business, accelerate the use of public budget funds for running costs, to use all funds from the Climate Change and Road Maintenance and Development Programs and to accelerate renovation of apartment buildings.
- a recommendation to the Bank of Lithuania to increase the lending potential of banks by EUR 2.5 billion.

## Luxembourg

128. The Luxembourg Ministry for the Economy has set-up a hotline and website with information for enterprises, which includes a FAQ on existing measures for companies, including SMEs (financial support and partial employment).<sup>202</sup>

129. A bill was adopted on 11 March to provide financial aid for SMEs facing financial difficulties as a result of exceptional events such as acts of terrorism, eruptions of a volcano or pandemics like the current outbreak. The government emphasised that SMEs experience more challenges related to liquidity than large companies as a result of such events. The granting of aid through the bill is subject to three conditions:

- That an event has been recognised as having a harmful impact on the economic activity of certain undertakings during a given period;

<sup>200</sup> <https://www.genglobal.org/startup-nations/hack-crisis-idea-execution-just-6-hours>

<sup>201</sup> <https://lrvt.lt/en/news/eur-5-billion-for-public-health-and-the-national-economy>

<sup>202</sup> <https://meco.gouvernement.lu/fr/dossiers/2020/coronavirus-entreprises.html>;  
<https://guichet.public.lu/en/support/coronavirus/corona-virus-pme.html>

- That the company is experiencing temporary financial difficulties, and;
- That there is a causal link between these difficulties and the event in question.

130. The costs eligible under the new aid scheme are limited to the loss of income observed. The aid will take the form of a repayable advance.<sup>203</sup> The new aid scheme should cover the income lost and ongoing costs of staff and rent, in the form of a recoverable advance. Firms can borrow up to EUR 500 000, up from 200 000.<sup>204</sup> Previous legislation on unforeseen events provided for short-time work arrangements.<sup>205</sup>

131. On 26 March, the government announced a further support package of EUR 8.8 billion including loans, wage subsidies and tax deferral.<sup>206</sup>

## Malaysia

132. New financing facilities for SMEs have been set up by banks,<sup>207</sup> in addition to a decrease in the policy rate.<sup>208</sup> Malaysia's central bank announced on 24 March it requested a 6-month moratorium of all bank loans affected by the outbreak, except credit card balances.

133. On 27 March, the government announced a second round of support measures, bringing the total stimulus up to USD 57 billion, two-fifth aimed at (small) business.<sup>209</sup>

134. The Malaysia Digital Economy Corporation, set-up by the government as part of the country's digital strategy, offers an extensive list of digital solutions for SMEs by Malaysian tech companies.<sup>210</sup>

## Mexico

135. On 22 March, Mexico announced it works on a people focused support package.<sup>211</sup>

136. The Mexican government looks at fintech as a means to support financial inclusion, also during the outbreak. A Mexican fintech startup (Credijusto<sup>212</sup>) raised USD 100 million in debt that will help it extend more loans to small and mid-sized businesses to respond to the impact of coronavirus.

<sup>203</sup> <https://chronicle.lu/category/business-1/32069-new-financial-aid-introduced-for-smes-in-light-of-coronavirus>

<sup>204</sup> <https://luxtimes.lu/business-finance/40125-struggling-firms-virus-loans-upped-to-500-000-maximum>

<sup>205</sup> <https://delano.lu/d/detail/news/aid-offers-small-business-lifeline-unforeseen-events/209773>

<sup>206</sup> <https://luxtimes.lu/business-finance/40212-government-details-range-of-rescue-measures-in-virus-package>

<sup>207</sup> <https://www.alliancebank.com.my/covid-19-special-relief-facility-form.aspx>

<sup>208</sup> <https://www.thestar.com.my/business/business-news/2020/03/08/bnm039s-rm33b-fund-banks039-preparedness-to-shore-up-smes-during-covid-19>

<sup>209</sup> <https://www.scmp.com/week-asia/economics/article/3077270/coronavirus-malaysia-unveils-massive-us57-billion-economic>

<sup>210</sup> <https://mdec.my/home/c19techrelief/>

<sup>211</sup> <https://www.reuters.com/article/us-health-coronavirus-mexico-president/mexican-president-vows-to-bail-out-the-poor-not-big-companies-in-coronavirus-response-idUSKBN21B0DL>

<sup>212</sup> <https://www.nytimes.com/reuters/2020/03/23/world/americas/23reuters-mexico-startups-exclusive.html> ; <https://www.crowdfundinsider.com/2020/03/159289-mexican-fintech-credijusto-secures-100-million-in-debt-from-the-credit-suisse-group-to-help-finance-local-smes/>

## Netherlands

137. The Netherlands Enterprise agency offers a link with a FAQ. It contains health-related information, but also information for employers on shortening working hours.<sup>213</sup> Overall information provision to companies on the outbreak takes place via Chambers of Commerce.

138. On 11 March, the Dutch government announced it aims to introduce further measures to support SMEs hit by the crisis via the opening-up of the guarantee instrument for SMEs (BBMKB)<sup>214</sup> for those affected by the outbreak, which according to the government would directly provide EUR 300 million extra credit for SMEs. On 17 March, the government announced it would speed up this process.<sup>215</sup> The measures include a tax holiday for affected businesses (concerning corporate income tax, value added tax and payroll tax) and a temporary bridging loans for small and medium-sized enterprises. Furthermore, measures are in existence to allow large and small companies to temporary reduce working time, where the government compensates workers for hours less worked.<sup>216</sup> On 15 March, the government announced it stands ready to take further fiscal policy measures if needed, and was studying how self-employed affected by the outbreak can be supported.

139. On 17 March, the government announced a further set of measures for economic support:<sup>217</sup>

- Temporary measure for compensation of wage costs for companies. Companies expecting a drop in value added (minimum 20%) can ask for a compensation of 90% of costs, 80% can be given as an advance;
- Additional measures to support self-employed, who can get non reimbursable income support for three months through a fast track procedure, or a low interest loan for working capital;
- Easier deferral of tax payments and lowering of penalties;
- Enlargement of the Guarantee Entrepreneurs finance measure (GO) for SMEs and larger firms, by raising the guarantee ceiling from EUR 400 million to EUR 1.5 billion. GO provides a 50% guarantee on bank loan and bank guarantees (minimum EUR 1.5 million, maximum raised to EUR 150 million);
- Small firms are offered a six month delay in repayments of micro loans through Qredits, with lowered interest rates to 2%;
- Temporary opening of BMKB guarantee instrument for agricultural and horticultural companies, and;
- Compensation for sectors especially affected by the outbreak.

<sup>213</sup><https://www.rijksoverheid.nl/onderwerpen/coronavirus-covid-19/veelgestelde-vragen-over-coronavirus-voor-werkgevers>

<sup>214</sup><https://www.rijksoverheid.nl/actueel/nieuws/2020/03/15/coronavirus-verruiming-bmkb-regeling-voor-ondernemers-versneld-opengesteld> ; <https://think.ing.com/snaps/the-netherlands-targeted-economic-policy-response-to-coronavirus/>

<sup>215</sup> <https://www.rvo.nl/actueel/nieuws/coronavirus-verruimde-bmkb-regeling-voor-ondernemers-versneld-open>

<sup>216</sup><https://www.volkskrant.nl/nieuws-achtergrond/kabinet-schiet-bedrijven-getroffen-door-corona-uitbraak-te-hulp-met-garantie-voor-leningen~bb04372f/> ; <https://www.businessinsider.nl/kabinet-schiet-ondernemers-nu-toch-te-hulp-vanwege-coronavirus-mkb-kan-lenen-tegen-gunstige-voorwaarden/>

<sup>217</sup><https://www.rijksoverheid.nl/actueel/nieuws/2020/03/17/coronavirus-kabinet-neemt-pakket-nieuwe-maatregelen-voor-banen-en-economie>



140. Estimated costs of the measures in the next three months are EUR 10-20 billion. The government also announced that, when necessary, these measures would be further strengthened.

141. Furthermore, on 17 March, the Dutch Central Bank announced it will relax requirements of capital buffers for commercial banks, to support EUR 200 billion in extra credits.<sup>218</sup> Similarly, the payment of pension contributions has been relaxed as well.<sup>219</sup>

142. Dutch provinces such as Overijssel (rapid payments, information for entrepreneurs)<sup>220</sup> and Brabant (EUR 5 million, information for entrepreneurs<sup>221</sup>) have also announced measures.

143. On 19 March, the Netherlands Banking Association announced that SMEs with loans worth less than EUR 2.5 million will be granted a six month standstill period in loan repayments.<sup>222</sup>

## New Zealand

144. New Zealand offers information for (small) business, including on tax relief, redundancy and workplace response.<sup>223</sup>

145. On 16 March, the Reserve Bank has announced an emergency policy rate cut by 75 basis points, to 0.25%, accompanied by forward guidance saying this is for at least 12 months. At the same time, the Reserve Bank announced further measures to support commercial banks to strengthen liquidity.<sup>224</sup>

146. On 17 March, the government launched a NZD 12.1 billion business continuity package, including wage support and tax measures.<sup>225</sup> The package includes:

- NZD 5.1 billion in wage subsidies for affected businesses in all sectors and regions, available from today;
- NZD 126 million in COVID-19 leave and self-isolation support;
- NZD 2.8 billion income support package for our most vulnerable, including a permanent \$25 per week benefit increase and a doubling of the Winter Energy Payment for 2020;
- NZD 100 million redeployment package;
- NZD 2.8 billion in business tax changes to free up cash flow, including a provisional tax threshold lift, the reinstatement of building depreciation and writing off interest on the late payment of tax, and;
- NZD 600 million initial aviation support package.

<sup>218</sup> <https://www.dnb.nl/nieuws/nieuwsoverzicht-en-archief/persberichten-2020/dnb387870.jsp>

<sup>219</sup> <https://www.stvda.nl/-/media/stvda/downloads/publicaties/2020/coulance-betalen-pensioenpremies.pdf>

<sup>220</sup> <https://www.overijssel.nl/actueel/nieuws/@ORT/overijssel-neemt-maatregelen-bedrijven-gevolgen/>

<sup>221</sup> <https://www.brabant.nl/actueel/nieuws/economie-en-werk/2020/eerste-brabantse-economische-maatregelen-coronacrisis>

<sup>222</sup> <https://www.nvb.nl/nieuws/banken-geven-bedrijven-extra-lucht-half-jaar-uitstel-van-aflossingen/>

<sup>223</sup> <https://www.business.govt.nz/news/coronavirus-information-for-businesses/>

<sup>224</sup> <https://www.rbnz.govt.nz/news/2020/03/financial-system-sound-and-reserve-bank-providing-additional-support>

<sup>225</sup> <https://treasury.govt.nz/news-and-events/news/covid-19-economic-package-announced>

147. On 20 March, the Reserve Bank of New Zealand (RBNZ) announced measures to supply banks with more liquidity via both Foreign Exchange swaps and the reinstated Term Auction Facility, which offers banks term funding of up to one year against a range of collateral.

148. On 23 March, the government announced a further package of NZD 6.2 billion dollar to lend money to small business.<sup>226</sup> This includes:

- Businesses with turnover of between NZD 250 000 and NZD 80 million will be eligible for loans of up to NZD 500 000 for a term of up to three years.

149. In addition, administrations have been directed to pay their bills within ten working days to support small businesses. The government is also working on a wider stimulus package in the event that there is a sustained economic downturn. This package is expected to include measures to diversify export- and import markets.

150. Private financiers have promised to support companies under financial strain.<sup>227</sup> Further private initiatives have developed on how customers can support small business.<sup>228</sup>

## Norway

151. The government announced in the week of 9 March support measures, including:

- Measures where the government takes a greater role in paying wages when companies temporarily lay off workers;
- Accelerated payment of company tax rebates; and
- Deferral of household wealth tax payment. Furthermore, targeted sectoral support is planned and is likely to include support for the aviation and travel sectors.

152. On 15 March, the government announced it will offer companies at least NOK 100 billion (USD 9.7 billion) in funding in the form of guarantees for loans and bond issues to support the economy during the coronavirus outbreak, half of this for loan guarantees to SMEs.<sup>229</sup>

153. On 20 March, the government presented legislation that will temporarily lower VAT, postpone tax-filing deadlines and add worker and business protection of USD 24 billion:<sup>230</sup>

- Nationwide VAT is cut to 8% from the current 12%, until 31 October;
- Businesses and individuals responsible for VAT will have until June 14 to make first-quarter payments;
- Companies liable for employee withholding taxes won't have to make second-term payments until 1 September rather than the scheduled cut-off of 15 April, and;
- Employees' payroll contributions to social programs will be deferred to 15 August from 15 May;

<sup>226</sup> [https://www.nzherald.co.nz/business/news/article.cfm?c\\_id=3&objectid=12319441](https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12319441)

<sup>227</sup> <https://www.rnz.co.nz/news/political/411297/coronavirus-response-it-is-important-to-get-the-details-right>

<sup>228</sup> [https://www.nzherald.co.nz/business/news/article.cfm?c\\_id=3&objectid=12317071](https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12317071)

<sup>229</sup> <https://www.reuters.com/article/us-health-coronavirus-norway-primeminist/norway-offers-firms-10-billion-as-coronavirus-shakes-economy-idUSKBN212146>

<sup>230</sup> <https://www.law360.com/articles/1255588/norway-cuts-vat-defers-taxes-to-aid-economy-in-pandemic>

- Emergency legislation allows companies to offer only two days' notice before their period of 'permittering' (temporary lay-off) begins, and two days' payment.<sup>231</sup>

154. On 27 March, the government presented a further set of measures, including a company support scheme.<sup>232</sup> Government will pay a portion of fixed costs for companies facing significant turnover decrease relating to Covid-19. The outlay is estimated to total between NOK 10 and 20 billion per month (between 1/3 and 2/3 percentage points of annual GDP per month). The scheme is initially planned to last for two months with the possibility of extension.

## Peru

155. The government introduced a grace period for the payment of income tax for SMEs and individuals until early June, and a 90% expansion of Fondo Crecer to allow SMEs to access capital.

## Poland

156. On 10 March, Poland declared it was preparing measures to support the financial liquidity of enterprises through cheap loans and guarantees. This includes:

- A new method of loss settlement by entrepreneurs will also be introduced, with losses incurred in 2020 to be deducted from the tax that was due for 2019.
- Abolishing the obligation to impose penalties for failure to comply with contracts concluded under public procurement.
- Employers who find themselves in a difficult situation related to the spread of coronavirus will receive support from the Guaranteed Employee Benefits Fund. The financing will apply to companies whose turnover will drop by at least 15%.<sup>233</sup>
- Furthermore, the government will guarantee the repayment of loans under the de minimis aid formula for micro, small and medium-sized enterprises covering up to 80% (up from 60%) of loans with guarantees. The fees for such guarantees are reduced from 0.5% to 0.0%.<sup>234</sup>

157. The authorities are preparing measures for the most affected firms. These will cover:<sup>235</sup>

- Subsidised loans from the state-development bank (BGK);
- Delayed payments of social security contributions;
- Accounting early-2020 losses as deductible from the 2019 corporate income tax payment, and;
- A suspension of public procurement penalties.

158. The government supports a hackathon among small firms to find solutions to the crisis.<sup>236</sup>

<sup>231</sup> <https://www.lifeinnorway.net/permittering-layoffs/>

<sup>232</sup> <https://www.regjeringen.no/no/aktuelt/vil-dekke-faste-kostnader-for-a-redde-arbeidsplasser/id2695340/>

<sup>233</sup> <https://www.premier.gov.pl/wydarzenia/aktualnosci/jadwiga-emilewicz-bedzie-specustawa-dla-gospodarki-w-sprawie-koronawirusa.html>

<sup>234</sup> <https://www.gov.pl/web/finanse/ministerstwo-finansow-z-pomoca-dla-msp>

<sup>235</sup> <https://www.premier.gov.pl/wydarzenia/aktualnosci/jadwiga-emilewicz-bedzie-specustawa-dla-gospodarki-w-sprawie-koronawirusa.html>

<sup>236</sup> <https://www.genglobal.org/startup-nations/hack-crisis-idea-execution-just-6-hours>

## Portugal

159. Specific health guidance for companies has been issued.<sup>237</sup>

160. On 9 March, the government announced it was earmarking EUR 200 million in loans to support SMEs.<sup>238</sup> This was followed on 10 March by the announcement of the launch of a credit line to support treasury to companies affected by the outbreak, in the initial amount of EUR 100 million.<sup>239</sup> The package includes measures to support liquidity but also to support of wages.

161. The Government is preparing to pass extraordinary legislation that will simplify the lay-off regime in companies whose activity is affected by the effects of the Covid-19 pandemic, exemption from contributions to Social Security for up to seven months for companies. Furthermore, there is an extension of the deadlines for compliance with some corporate tax obligations.<sup>240</sup>

162. On 17 March, the government announced a EUR 9.2 billion stimulus package.<sup>241</sup> The package consists of EUR 5.2 billion euros in fiscal stimulus, EUR 3 billion in state-backed credit guarantees and EUR 1 billion related to social security payments, and will include soft loans, and a delay some tax payments to support businesses.<sup>242</sup> The announced measures include:<sup>243</sup>

- EUR 200 million credit line to support companies' treasury needs;
- An extension of tax payment deadlines;
- A credit line of EUR 60 million for micro-companies in the tourism sector;
- A special budget to allow people who are out of a job to get training, and;
- Deferred payments on all contributions by self-employed people.

163. A COVID-19 credit line was opened under the Capitalizar programme to support businesses affected by the pandemic. It is open to businesses that have undergone a drop in sales of at least 20% in the last 30 days (in comparison to the 30 previous days). The total budget allocation is 200 million euros (for working capital and a scheme known as ""Plafond Tesouraria"" that enables businesses to receive credit with a mutual guarantee from the capitalizar fund).

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<sup>237</sup> <https://www.sgeconomia.gov.pt/noticias/coronavirus-orientacoes-da-dgs-para-empresas.aspx>

<sup>238</sup> <https://www.reuters.com/article/us-health-coronavirus-portugal-tourism/coronavirus-fears-pressure-portugals-tourism-dependent-economy-idUSKBN20X1V0>

<sup>239</sup> <https://www.tsf.pt/portugal/sociedade/coronavirus-costa-anuncia-linha-de-credito-de-100-milhoes-de-euros-a-empresas-11887071.html>

<sup>240</sup> <https://expresso.pt/economia/2020-03-10-Covid-19.-Conheca-todas-as-medidas-do-governo-para-empresas-e-trabalhadores>

<sup>241</sup> <https://www.reuters.com/article/us-health-coronavirus-portugal-centeno/portugal-clears-way-for-state-of-emergency-over-coronavirus-announces-aid-package-idUSKBN21518J>

<sup>242</sup> <https://via.news/economy/portugal-shield-businesses-tourism-coronavirus/>

<sup>243</sup> <https://sifted.eu/articles/coronavirus-support-startups/>

## Romania

164. On 18 March, the government announced a package to support companies.<sup>244</sup> The measures aim to increase the liquidity of the companies and support the companies that temporarily suspend their activity. The measures include:

- Covering 75% of the salary of employees sent into technical unemployment by companies affected by the coronavirus crisis;
- Raising the ceiling for credit guarantees for SMEs affected by the coronavirus crisis by RON 5 billion, which depending on the financing needs of SMEs, can be increased even further to RON 15 billion. Interest is 100% subsidized. The guarantee will cover 90% of loan amounts of up to RON 1 million lei and 50% for credits of over RON 1 million;<sup>245</sup>
- The payment deadlines for local taxes (cars, building, land) have been postponed to end of June.

## Russia

165. On 17 March, the government announced a USD 4 billion package to support citizens and the economy, compensating quarantined citizens, including freelancers and the self-employed, for lost income. This includes:<sup>246</sup>

- A three-month moratorium on SME payments of mandatory insurance premiums and leasing payments for property leased from the state or municipal authorities is in effect from 1 March;
- A moratorium on tax, customs and other inspections of SMEs;
- The government is to expand its programme of soft credits for SMEs and to allow for restructuring of debt on existing credits, and;
- Subsidies to regional micro-finance organisations will be increased.

## Saudi Arabia

166. On 14 March, Saudi Arabia announced a stimulus package, including SAR 50 billion (USD 13.3 billion) for SMEs.<sup>247</sup> Under Saudi Arabia's programme, SAR 30 billion will be allocated for banks and financing companies to delay loan payments due from SMEs for six months. The package will provide SAR 13.2 billion to SMEs through bank loans to allow them to continue operations and support growth. SMEs will also get relief from finance costs through a SAR 6 billion loan guarantee programme. On 29 March, media reported on further stimulus of SAR 120 billion.<sup>248</sup>

<sup>244</sup> <https://www.romania-insider.com/romania-measures-coronavirus-effects>

<sup>245</sup> <https://seenews.com/news/romania-govt-raises-ceiling-for-loan-guarantees-for-coronavirus-hit-smes-691474>

<sup>246</sup> <http://government.ru/news/39161/>

<sup>247</sup> <https://www.thenational.ae/business/economy/saudi-arabia-pledges-50bn-riyal-stimulus-package-to-offset-coronavirus-impact-1.992626>

<sup>248</sup> <https://thearabweekly.com/saudi-uae-roll-out-stimulus-packages-blunt-economic-fallout-coronavirus>

## Singapore

167. The 2020 budget was announced on 18 February, with a special package aiming to support firms and workers (the Stabilisation and Support Package, worth SGD 4 billion). The following exceptional measures were announced as part of this package:<sup>249</sup>

- A Jobs Support Scheme which offsets 8% of wages for 3 months (subject to a cap) in order to help firms retain workers;
- The ceiling for the Wage Credit Scheme was raised to SGD 5 000;
- A rebate on corporate tax is being put in place, as well as a rebate on property tax for selected enterprises;
- The government's risk-share as part of the Enterprise Financing Scheme's Working Capital Loan was increased to 80% and the maximum loan amount was doubled to SGD 600 000 per annum;
- The existing Adapt and Grow initiative saw an increase of its funding period to six months, and;
- As part of the Temporary Bridging Loan Programme, the government's risk-share was increased to 80% (with a cap at SGD 1 000 000).

168. The government is currently working on a second support package.

169. Banks are also offering relief measures to their SME customers.<sup>250</sup>

## Slovenia

170. On 10 March, the government presented eight crisis measures of EUR 1 billion to ensure the liquidity of companies, aid in the preservation of jobs, minimise the damage already incurred and guarantee that the situation of companies on the market does not further deteriorate.<sup>251</sup> The measures include immediate intervention measures as well as strategic measures for the restructuring of supply chains, and include:

- An intervention law for co-financing temporary lay-offs;
- Lines of credit at the SID Bank, the Slovenian Enterprise Fund and the Slovenian Regional Development Fund;
- Aid in the field of internationalisation;
- Aid to companies in difficulty, telework and quarantine cases;
- A proposal for tax deferral; and
- Measures in the field of tourism promotion.

171. Media report on further measures regarding self-employed.<sup>252</sup>

172. Furthermore, the government temporarily freed small business customers and households from the obligation to pay for the support to producers of power from renewable sources and high-efficiency

<sup>249</sup> [https://www.uob.com.sg/web-resources/uobgroup/pdf/research/MN\\_200218B.pdf](https://www.uob.com.sg/web-resources/uobgroup/pdf/research/MN_200218B.pdf)

<sup>250</sup> [https://www.dbs.com/newsroom/DBS\\_to\\_offer\\_broad\\_range\\_of\\_COVID\\_19\\_liquidity\\_relief\\_measures\\_for\\_SME\\_and\\_retail\\_clients](https://www.dbs.com/newsroom/DBS_to_offer_broad_range_of_COVID_19_liquidity_relief_measures_for_SME_and_retail_clients)

<sup>251</sup> <https://www.gov.si/en/news/slovenia-allocates-eur-1-billion-to-mitigate-consequences-of-coronavirus-on-the-economy/>

<sup>252</sup> <https://www.total-slovenia-news.com/politics/5871-coronavirus-slovenia-night-16-march-253-cases-flights-suspended-the-self-employed-banks-mot-tests-telecoms>

cogeneration. Additionally, the network charge has been significantly lowered, also as a response to the outbreak of COVID-19.<sup>253</sup> A Slovenian energy company is cutting prices by 15% for households and small business from March to May.<sup>254</sup>

## Slovak Republic

173. After declaring the state of emergency on 15 March, the government introduced further measures in the week of 16 March. On 18 March, legislation was adopted to defer income taxes.

174. On 29 March, the government announced a further set of measures to help companies and the self-employment. The measures include:<sup>255</sup>

- The state will pay 80 percent of the employee's salary in companies that have had to close in the past weeks. The employees who stayed at home will get their salaries from the state;
- Contributions for the self-employed and employees in companies that have recorded a drop in revenues will depend on how much they were affected. In April, the state will contribute EUR 180 per employee for salaries in companies whose revenues dropped by more than 20 percent. Companies with a more than 40-percent drop in revenues will get EUR 300 per employee from the state. Those whose revenues dropped by 60 percent will get EUR 420 per employee, and those with more than 80 percent drop will get EUR 540;
- Bank guarantees will amount to half a billion euros for employers, to be able to finance their business;
- Employees in quarantine and parents who are at home with their kids will get 55 percent of their gross salary from the state;
- The payment of payroll taxes will be delayed for those whose revenues drop by more than 40 percent;
- The deadline for paying income tax advance payments for those with a revenue drop of more than 40 percent will be postponed. Entrepreneurs will start paying the advance payments as of October, and;
- Companies will be able to include loss carryback since 2014 (including) if they have not included their loss carryback so far.

## South Africa

175. On 19 March, the Reserve Bank cut the repo rate by 100 basis points from 6.25% to 5.25%.<sup>256</sup>

176. The 18 March, the government announced it works on a package to support SMEs:<sup>257</sup>

<sup>253</sup> <https://balkangreenenergynews.com/slovenia-exempts-households-small-firms-from-green-power-surcharge-for-three-months/>

<sup>254</sup> <https://seenews.com/news/slovenias-gen-i-cuts-power-prices-for-households-small-firms-to-mitigate-covid-19-impact-692492>

<sup>255</sup> <https://spectator.sme.sk/c/22370833/coronavirus-measures-to-aid-slovakia-economy.html>

<sup>256</sup> [https://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/9790/March%202020%20MPC%20stament.pdf](https://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/9790/March%202020%20MPC%20statement.pdf)

<sup>257</sup> <https://www.timeslive.co.za/news/south-africa/2020-03-19-government-promises-to-help-out-small-businesses-hit-by-coronavirus/>

- A Debt Relief Fund aims at providing relief on existing debts and repayments, to assist SMEs during the period of the COVID-19 state of disaster. For SMEs to be eligible for assistance under the Debt Relief Fund, the applicant must demonstrate a direct link of the impact or potential impact of COVID-19 on the business operations. The Ministry has set up a centralised registration system ([www.smmesa.gov.za](http://www.smmesa.gov.za)) where all those in need of financial aid will register and be screened;
- The Business Growth or Resilience Facility aims to enable continued participation of SMEs in supply value-chains, in particular those who manufacture (locally) or supply various products that are in demand, emanating from the current shortages due to COVID-19 pandemic. This facility will offer working capital, stock, bridging finance, order finance and equipment finance and the amount required will be based on the funding needs of the business.

## Spain

177. An inter-ministerial commission to ensure coordination within the federal government as well as an inter-territorial commission for cooperation across different levels of government have been created.

178. On 12 March, a “shock plan” were announced, which includes:<sup>258</sup>

- A six month moratorium on taxes for SMEs and self-employed, which is estimated to inject 14 billion euros in liquidity to the economy;
- EUR 400 million credit line to most affected sectors such as tourism and transport;
- Extension of social security bonuses in discontinuous fixed contracts to cover contracts from February to June 2020 in the tourism sector, in order to preserve employment;
- Companies that have received loans from the General Secretariat for Industry and Small and Medium Enterprises are allowed to postpone their repayment.

179. In total, EUR 18 billion was made available, the bulk of which will be available for SMEs.<sup>259</sup>

180. On 17 March, the government announced a further package of EUR 200 billion, EUR 117 billion of which is paid for by the government, the further amount by the private sector.<sup>260</sup> The measures include:

- EUR 100 billion is available for business liquidity through public guarantees. EUR 2 billion of guarantees are available to exporting firms;
- Measures to help restructure agricultural credits, digitalise SMEs to facilitate teleworking, and facilitate the suspension of public contracts and prevent external (outside the EU) takeovers of Spanish firms in strategic sectors;
- Measures to support for unemployment benefits and for Spain’s more than 3 million self-employed workers, where the government will allow them to halt their business by citing “*force majeure*”, to allow them to receive benefits similar to those for the unemployed.

<sup>258</sup> <https://www.euroweeklynews.com/2020/03/13/spain-announces-series-of-tax-breaks-loans-for-smes-self-employed-to-cushion-coronavirus-impact/#.Xm9waqhKhPY>

<sup>259</sup> <https://www.reuters.com/article/us-health-coronavirus-spain/four-towns-locked-down-as-spain-announces-package-to-tackle-coronavirus-idUSKBN20Z3LM>

<sup>260</sup> <https://www.politico.eu/article/spain-200-billion-euros-package-virus-downturn/>



181. The measures will apply retroactively from 14 March onwards.<sup>261</sup>
182. On 24 March, the first tranche of loan guarantees amounting to EUR 20 billion was approved, half of which are earmarked for SMEs, guaranteeing 80% of new loans and financing renewals.<sup>262</sup>
183. On 25 March, media reported the government will introduce a 2 months freeze in rent payments, which will also be applicable to SMEs and self-employed in difficulty.<sup>263</sup>
184. Private financiers are also stepping in with SME loan facilities.<sup>264</sup>

## Sweden

185. In Sweden, the Riksbank indicated on 10 March it stands ready to take measures to improve liquidity in case the economic effects of the coronavirus warrant this.<sup>265</sup> On 13 March, it announced it was lending up to SEK 500 billion (about EUR 46 billion) to companies via the banks, to avoid robust companies being knocked out as a result of the spread of the coronavirus. The Riksbank is prepared to take further measures and to supply necessary liquidity.<sup>266</sup>

186. On 11 March, the Swedish government announced measures to support companies that suffer financially. These include a proposal to bring forward a measure on reducing work time to prevent layoffs and give companies the opportunity to quickly get started again when the situation turns. It also includes the possibility for companies to get a respite with the payment of employer social security contributions and employees preliminary tax of up to one year at the cost of EUR 27.5 billion.<sup>267</sup> More specifically:<sup>268</sup>

- Companies can defer payment of employers' social security contributions, preliminary tax on salaries and value added tax that are reported monthly or quarterly. The payment respite covers tax payments for three months and is to be granted for up to 12 months. It is proposed that the new regulations will take effect on 7 April 2020, but can be retroactively applied from 1 January 2020. This means that companies that have paid into their tax account for January to March can receive repayment of the tax from the Swedish Tax Agency.
- The proposal on short-term layoffs is based on a previous proposal on a new system of support in the event of short-time work, but the degree of subsidy has been significantly increased. Central

<sup>261</sup> <https://www.euractiv.com/section/economy-jobs/news/spain-unveils-unprecedented-e200-billion-coronavirus-package/>

<sup>262</sup> <http://thecorner.eu/spain-economy/spain-approves-20-bn-euros-in-guarantees-for-smes-and-self-employed-workers/85088/>

<sup>263</sup> <https://www.theolivepress.es/spain-news/2020/03/25/government-considers-freezing-rents-for-two-months-for-people-affected-during-spains-coronavirus-lockdown/>

<sup>264</sup> <https://www.santander.com/en/press-room/press-releases/santander-spain-offers-smes-and-self-employed-workers-a-20-billion-pre-approved-loans-facility-to-mitigate-the-possible-impact-of-the-coronavirus-outbreak>

<sup>265</sup> <https://www.bloomberg.com/news/articles/2020-02-29/swedish-riksbank-ready-to-react-once-corona-impact-is-clearer>

<sup>266</sup> <https://www.riksbank.se/en-gb/press-and-published/notices-and-press-releases/press-releases/2020/riksbank-lends-up-to-sek-500-billion-to-safeguard-credit-supply/>

<sup>267</sup> <https://www.regeringen.se/493d50/contentassets/0cdfdb5e059d40f0b3eb8198a245c94f/pressmeddelande-extra-andringsbudget-med-anledning-av-coronaviruset.pdf>; <https://www.government.se/press-releases/2020/03/additional-amending-budget-due-to-the-coronavirus/>

<sup>268</sup> <https://www.government.se/articles/2020/03/economic-measures-in-response-to-covid-19/>

government will cover three quarters of the costs when staff working hours are reduced, compared with short-time work where central government covers one third of the costs. This proposal means that employers' wage costs can be halved, while employees receive more than 90 per cent of their wage. The aim is for affected companies to be able to retain their staff and rapidly gear up again when the situation improves.

187. On 25 March, Sweden announced a further support package for small companies, including:<sup>269</sup>

- A central government loan guarantee primarily targeted at SMEs, where the central government will guarantee 70% of new loans banks provide to companies that are experiencing financial difficulty due to the COVID-19 virus but that are otherwise robust. The Swedish National Debt Office will administer the guarantee and it is proposed that each company be allowed to loan up to SEK 75 million.
- A temporary reduction of employers' social security contributions for the period 1 March to 30 June 2020 so that only the old age pension contribution is paid. The reduction should apply to up to 30 employees and on that portion of the employee's wage that does not exceed SEK 25 000 per month. This entails tax relief of up to SEK 5 300 per employee and month. To provide equivalent relief to sole traders, a reduction of individual contributions is also proposed. The proposal's cost to public finances are estimated to SEK 33 billion.
- Temporary discount for rental costs in vulnerable sectors, where the central government will cover 50 per cent of the rental reduction up to 50 per cent of the fixed rent for the period 1 April until 30 June 2020. SEK 5 billion is being allocated for this.
- The government prepares further measures targeting small enterprises, including tax cuts for sole proprietors of 100 per cent of the taxable profits for 2019, up to SEK 1 million.
- Moreover, the previously presented proposal on new opportunities to defer tax payments will be expanded. This means that value added tax reported annually from 27 December 2019 until 17 January 2021 will also be covered.

188. Several community initiatives have been launched to support small businesses.<sup>270</sup>

## Switzerland

189. Switzerland is providing information for entrepreneurs, including on possibilities for temporary lay-offs and shortening of working hours.<sup>271</sup> Companies can apply for part-time unemployment for employees, including subsidies for firms putting staff on shorter working hours.<sup>272</sup>

190. On 13 March, Switzerland announced a further set of measures amounting to CHF 10 billion.<sup>273</sup> These include:

- Emergency aid to compensate salaries of temporary redundancies;

<sup>269</sup> <https://www.government.se/press-releases/2020/03/crisis-package-for-small-enterprises-in-sweden/>

<sup>270</sup> <https://www.thelocal.se/20200316/how-you-can-find-ways-to-help-others-in-sweden-during-the-coronavirus-outbreak>

<sup>271</sup> <https://www.kmu.admin.ch/kmu/de/home/aktuell/news/2020/pandemieplan-was-unternehmen-wissen-muessen.html>

<sup>272</sup> [https://www.swissinfo.ch/eng/covid-19\\_targeted-measures-sought-for-swiss-firms-hit-by-coronavirus/45602864](https://www.swissinfo.ch/eng/covid-19_targeted-measures-sought-for-swiss-firms-hit-by-coronavirus/45602864)

<sup>273</sup> <https://www.admin.ch/gov/fr/accueil/documentation/communiqués.msg-id-78437.html>

- Bank guarantees to SMEs in financial difficulty of a total value of CHF 580 million;
- CHF 10 million for guarantee organisations (organisations de cautionnement) to cover their extra costs;
- Compensation for reduced exports promotion activities of CHF 4.5 million, and;
- Potential further measures for companies particularly affected worth CHF 1 billion.

191. On 26 March, a further EUR 18.9 billion line of credit became available, with easy access through rapid procedures. On 29 March, media reported the government was preparing a USD 21 billion loan package.<sup>274</sup>

192. A number of Swiss banks are working on a USD 20 billion lending fund for small businesses affected by the outbreak.<sup>275</sup> Several crowdfunding and solidarity initiatives have been launched.<sup>276</sup>

## Thailand

193. The central bank announced a reduction of the policy rate by 0.25 percentage points.<sup>277</sup>

194. As part of the 7 March EUR 2.8 billion stimulus plan, the Government announced measures specifically targeted at SMEs, including:<sup>278</sup>

- Low-interest loans (2% - subject to a cap);
- Rules governing the granting of commercial bank loans were relaxed by the Bank of Thailand
- Credit lines will be provided by the Government Savings bank and Social Security Fund of USD 5.7 billion in soft loans to SMEs;<sup>279</sup>
- A reduction of withholding tax by 1.5 percentage points (from 3% to 1.5%);
- Tax deductions of salary expenses;
- Dissemination of VAT refunds in under 15 days to entrepreneurs;
- Refunding the deposit for electricity usage;
- A rebate on contributions to the Social security fund by employers and employees, and;
- A planned reduction of rental fees for state property.

195. The Finance Ministry also set up specific hotlines for SMEs with queries about these measures.

<sup>274</sup><https://www.bloomberg.com/news/articles/2020-03-29/switzerland-is-prepared-to-raise-21-billion-loan-package-blick>

<sup>275</sup> <https://www.finews.com/news/english-news/40357-credit-suisse-thomas-gottstein-ubs-coronavirus-covid19-crisis-fund-switzerland-sme-small-business-loans-swiss-government> ;  
<https://www.nytimes.com/reuters/2020/03/14/business/14reuters-health-coronavirus-swiss-banks.html>

<sup>276</sup><https://www.kmu.admin.ch/kmu/de/home/praktisches-wissen/finanzielles/finanzierung/beteiligungsfinanzierung/crowdfunding/unterstuetzungsmassnahmen-seitens-des-privaten-sektors.html>

<sup>277</sup> <https://asia.nikkei.com/Economy/Thailand-cuts-interest-rates-to-record-low-as-coronavirus-spreads>

<sup>278</sup><https://www.tatnews.org/2020/03/thai-cabinet-approves-measures-to-help-companies-especially-smes-survive-covid-19-crisis/>

<sup>279</sup><https://www.americanprogress.org/issues/security/news/2020/03/26/482287/lessons-united-states-international-economic-responses-coronavirus/>

## Turkey

196. On 16 March, media reported that Turkey is considering offering tax relief as one of several possible measures to help companies and small businesses cope with an economic slowdown in the face of spreading coronavirus.<sup>280</sup>

197. On 17 March, the Turkish Central Bank cut its key interest rates by 100 basis points.<sup>281</sup> The bank said it would also provide banks with as much liquidity as they need through intraday and standing overnight facilities.

198. On 18 March, Turkey launched a USD 15.3 billion 21 point stimulus package (Economic Stability Shield) worth USD 15.4 billion to tackle the coronavirus pandemic. The package includes:<sup>282</sup>

- A three-month deferral of loan payments by companies and additional financial support to affected businesses;
- A reduction of VAT on domestic air travel from 18 percent to one percent for three months;
- Accommodation tax will be cancelled until November;
- Tax and social security premiums will be deferred by six months for retail, iron and steel industries, shopping malls, automotive, entertainment and hospitality sectors, food and beverage businesses, textiles as well as event organisation sectors, and;
- Stock financing assistance to importers who are affected by the global pandemic;
- Doubling the Credit Guarantee Fund limit from TL 25 billion (USD 3.85 billion) to TL 50 billion (USD 7.7 billion) billion and provide it to SMEs and companies with liquidity needs and collateral deficit. The aim is to encourage the introduction of loan packages for social purposes under favourable and advantageous conditions for SMEs;
- The government will also ensure that the firms that have fallen into default in April, May and June have a “*force majeure*” note in their credit registry;
- The government will continue minimum wage support and will ensure flexible and remote working legislation to become more effective;
- In the tourism sector the accommodation tax will not be applied until November. April, May and June easement fees and revenue share payments related to hotel rentals are postponed for six months;
- The loan principal and interest payments of the companies whose cash flows have deteriorated will be delayed for a minimum of three months, while additional financial support will be provided if necessary.
- Inventory financial support to exporters will be provided in order to maintain capacity utilization rates during the temporary slowdown in export;
- The government will postpone the principal and interest payments to three public banks (Halkbank, Vakıfbank, Ziraatbank) for three months for tradesmen and craftsmen who declare that their businesses have been negatively affected during this period, and;
- The government will implement the Short Work Allowance, and the processes required to benefit from it will be facilitated and expedited.

<sup>280</sup> <https://www.reuters.com/article/health-coronavirus-turkey-economy-tax/turkey-mulling-tax-relief-among-possible-coronavirus-steps-sources-idUSI7N29L04S>

<sup>281</sup> <https://www.dailysabah.com/business/economy/turkish-central-bank-moves-early-with-100-basis-point-cut-amid-coronavirus>

<sup>282</sup> <https://www.middleeasteye.net/news/coronavirus-turkey-economy-15-billion-dollar-stimulus-package>

199. Furthermore, measures have been taken by the SME Development Organisation KOSGEB:<sup>283</sup>

- About the reimbursable supports of KOSGEB, in case of request by SMEs until June, 2020; for the payments due to their debts up to this date will be postponed until 31 January, 2021; starting with the first payment on this date, the preceding payments could be paid at 3 months intervals without any legal interest;
- The beneficiaries of KOSGEB's project-based support programs and entrepreneurship supports, whose supporting period will end in March 2020, will be able to demand four months of additional time without any decision needed from the evaluation committee of the program.

200. On 22 March, public banks Ziraat Bankası, Vakıfbank and Halkbank, and three private banks (İşbank, Akbank and QNB) announced support packages to the enterprises and individuals regarding the issue.<sup>284</sup> All individual and corporate clients are allowed to postpone interest and principal payments due on 31 March. The state bank said it will allow restructuring of loans with up to 12 months of additional time for sectors such as hard-hit tourism, as well as up to a six-month non-payment period.

## United Kingdom

201. In the UK, the government provides generic guidance for employers and business on how to deal with the health risk.<sup>285</sup> The Confederation of British Industry (CBI) has called for government help, in particular for the self-employed.<sup>286</sup>

202. The Bank of England (BoE) on 11 March lowered interest rates to 0.25%.<sup>287</sup> The measures include a new Term Funding scheme supporting cheap business loans of GBP 100 billion for SMEs, funded by the central bank.<sup>288</sup> Over the next 12 months, this scheme will offer funding of at least 5% of participants' stock of real economy lending at or close to Bank Rate, for a period of four years. Additional funding will be available for banks that increase lending, especially to SMEs. This aims to spread the reduction in Bank Rate to the real economy and incentivise banks to lend to SMEs and households.<sup>289</sup> Furthermore, the Department for International Trade are supporting UK businesses to relay public health advice and provide practical support, including regarding access to existing UK Export Finance facilities.<sup>290</sup>

<sup>283</sup> <https://en.kosgeb.gov.tr/> ; <https://www.aa.com.tr/en/economy/turkey-supports-smes-against-effects-of-covid-19/1778784>

<sup>284</sup> <https://www.dailysabah.com/business/economy/turkish-lenders-join-hands-to-support-businesses-citizens-curb-economic-impact-of-outbreak>

<sup>285</sup> <https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/guidance-for-employers-and-businesses-on-covid-19>

<sup>286</sup> <https://www.cityam.com/uk-businesses-call-for-government-help-amid-coronavirus-outbreak/>

<sup>287</sup> <https://www.theguardian.com/business/2020/mar/11/coronavirus-bank-of-england-makes-emergency-interest-rate-cut>

<sup>288</sup> <https://www.theguardian.com/business/2020/mar/11/coronavirus-bank-of-england-makes-emergency-interest-rate-cut>

<sup>289</sup> <https://www.bankofengland.co.uk/news/2020/march/boe-measures-to-respond-to-the-economic-shock-from-covid-19>

<sup>290</sup> <https://www.gov.uk/government/publications/coronavirus-action-plan/coronavirus-action-plan-a-guide-to-what-you-can-expect-across-the-uk>

203. On 11 March, the UK Government announced a GBP 30 billion emergency stimulus package, 23% (GBP 7 billion) of which is aimed at business support.<sup>291</sup> As part of the package:

- Businesses employing fewer than 250 people are entitled to government refunds on any sick pay they give to the employees in the first two weeks.
- Small businesses will also see their business rates scrapped entirely for 2020.
- The UK government is also setting up a GBP 1.2 million "interruption loan" for small and medium sized businesses affected by coronavirus.<sup>292</sup>

204. It was announced on 11 March that the self-employed and gig economy workers, who are not entitled to sick pay, would receive assistance worth GBP 500 million as part of the 2020 Budget. This package should include a temporary waiving of the minimum floor on universal credits and quicker payments for welfare claimants.<sup>293</sup>

205. On 17 March, the government announced a further GBP 330 billion rescue package of loan guarantees for business.<sup>294</sup> The measures include:

- Support for liquidity amongst large firms, with a major new scheme being launched by the Bank of England to help them bridge Coronavirus disruption to their cash flows through loans;
- Increasing the amount businesses can borrow through the Coronavirus Business Interruption Loan (CBIL) Scheme from GBP 1.2 million to GBP 5 million, and ensuring businesses can access the first six months of that finance interest free, as the Government will cover the first six months of interest payments. CBIL is operated by the British Business Bank and offers an 80% guarantee, without guarantee fee for SMEs and finance terms of up to six years;<sup>295</sup>
- New legal powers in the COVID Bill enabling the government to offer whatever further financial support we think necessary to businesses;
- Providing GBP 20 billion of business rates support and grant funding to help the most-affected firms manage their cash flow through this period by:
  - Giving all retail, hospitality and leisure businesses in England a 100% business rates holiday for the next 12 months;
  - Increasing grants to small businesses eligible for Small Business Rate Relief from GBP 3 000 to GBP 10 000;
  - Providing further GBP 25 000 grants to retail, hospitality and leisure businesses operating from smaller premises, with a rateable value over GBP 15 000 and below GBP 51 000.

206. Furthermore:<sup>296</sup>

- Small companies which cannot afford to pay tax bills can ask for a time to pay agreement. The usual 3.5% annual interest on deferred tax payments is waived;

<sup>291</sup> <https://www.businessinsider.fr/us/coronavirus-uk-chancellor-reveals-emergency-measures-for-economy-2020-3>

<sup>292</sup> <https://www.natlawreview.com/article/uk-budget-and-coronavirus>

<sup>293</sup> <https://www.independent.co.uk/news/uk/politics/budget-2020-coronavirus-sick-pay-self-employed-rishi-sunak-speech-treasury-a9394316.html>

<sup>294</sup> <https://www.gov.uk/government/news/chancellor-announces-additional-support-to-protect-businesses> ; <https://www.politico.eu/article/uk-sets-out-330-billion-coronavirus-business-loan-package/>

<sup>295</sup> <https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/>

<sup>296</sup> <https://sifted.eu/articles/coronavirus-support-startups/>

- The government can underwrite loans to business adversely affected through the British Business Bank;
- Small companies will be able to reclaim the costs of 14 days of sick pay (under GBP 200) per employee;
- The smallest companies will be able to seek grants worth of GBP 10 000, and;
- Loans to support business with an initial GBP 330 billion of guarantees.

207. On 23 March, the government announced that commercial tenants protected from eviction.<sup>297</sup>

208. On 16 March, the UK government announced devolved administrations will receive GBP 1.5 billion to counter the effects of the outbreak.<sup>298</sup> Small businesses in England that already pay little or no business rates will be eligible for a one-off coronavirus grant of up to GBP 3 000.<sup>299</sup> On 17 March, Wales made available GBP 200 million for small businesses,<sup>300</sup> as part of a GBP 1.4 billion support plan for business.<sup>301</sup>

209. The Scottish government launched a helpline for small business to cope with the outbreak.<sup>302</sup> On 14 March, the Scottish government announced a GBP 320 million rescue package for business, which includes:<sup>303</sup>

- 75% rates relief for retail, hospitality and leisure sectors with a rateable value of less than GBP 69 000 from 1 April 2020;
- GBP 80 million fund to provide grants of at least GBP 3 000 to small businesses in sectors facing the worst economic impact of Covid-19;
- 1.6% rates relief for all properties across Scotland, effectively reversing the planned below inflation uplift in the poundage from 1 April 2020, and;
- Fixed rates relief of up to GBP 5,000 for all pubs with a rateable value of less than GBP 100 000 from 1 April 2020.

210. Private financiers in the UK announced that they would ease rules for firms affected by the outbreak. On 10 March, a GBP 2 billion finance package was announced by Lloyds, free of fees (conditional on revenue below GBP 25 million). Measures from other SME commercial banks include putting a mortgage holidays, a 12-month capital repayment holidays for SMEs with existing loans above GBP 25 000, refunds on credit card cash advance fees, temporary increases to credit card limits, and a suspension of borrowing fees.<sup>304</sup> Furthermore, peer-to-peer financial platforms are offering their

<sup>297</sup> <https://www.gov.uk/government/news/extra-protection-for-businesses-with-ban-on-evictions-for-commercial-tenants-who-miss-rent-payments>

<sup>298</sup> <https://www.gov.uk/government/news/devolved-administrations-will-receive-15-billion-for-coronavirus-response>

<sup>299</sup> <https://smallbusiness.co.uk/how-do-i-get-the-government-3000-coronavirus-grant-2549866/>

<sup>300</sup> <https://www.bbc.com/news/uk-wales-51916208>

<sup>301</sup> <https://www.bbc.com/news/uk-wales-politics-51954135>

<sup>302</sup> <https://smallbusiness.co.uk/scottish-government-launches-small-business-coronavirus-helpline-2549868/>

<sup>303</sup> <https://www.bbc.com/news/uk-scotland-51889013>

<sup>304</sup> <https://www.proactiveinvestors.co.uk/companies/news/914649/coronavirus-lloyds-rbs-and-barclays-ease-rules-to-help-covid-hit-customers-914649.html>

assistance to SMEs.<sup>305</sup> Large supermarket chains announced they would speed up its payments to small business suppliers.<sup>306</sup>

## United States

211. Generic health advice was published for employers in the US by the federal government.<sup>307</sup> Furthermore, the US Chamber of Commerce Coronavirus Resource Page includes information for businesses<sup>308</sup>, including on disaster relief, which is available through the SBA.<sup>309</sup>

212. On 3 March, the Federal Reserve cut the interest rate by half a percentage point.<sup>310</sup> On 15 March, the Federal Reserve further reduced rates by another percentage point with interest rates now amounting 0-0.25%. Furthermore, it announced buying USD 500 billion in obligations and USD 200 billion in commercial debt. The Federal Reserve also made it easier for commercial banks to make use of central bank liquidity by lowering rates with 150 basis points.<sup>311</sup> On 17 March, the Fed announced it would reopen the so-called Commercial Paper Funding Facility to underwrite the short-term loans that companies often use to pay for their operations, a key financial market backstop first set up 2007 to 2009.<sup>312</sup>

213. On 6 March, the government launched a USD 8.3 billion spending bill, with an emphasis on health measures.

214. On 10 March, the House Committee on Small Business held a hearing on the impact of the coronavirus on small business.<sup>313</sup>

215. The coronavirus has been deemed a “disaster” by the government, making American businesses (of all sizes) eligible for the Economic Injury Disaster Loan Assistance programme of the

<sup>305</sup> <https://www.p2pfinancenews.co.uk/2020/03/12/p2p-platforms-vow-to-help-smes-amid-coronavirus-concerns/>

<sup>306</sup> <https://www.bbc.com/news/business-51870146> ; [https://www.reuters.com/article/us-health-coronavirus-sainsbury-s/uks-sainsburys-to-assist-smaller-suppliers-during-coronavirus-pandemic-idUSKBN21C1G0?feedType=RSS&feedName=businessNews&utm\\_source=feedburner&utm\\_medium=feed&utm\\_campaign=Feed%3A+reuters%2FbusinessNews+%28Business+News%29](https://www.reuters.com/article/us-health-coronavirus-sainsbury-s/uks-sainsburys-to-assist-smaller-suppliers-during-coronavirus-pandemic-idUSKBN21C1G0?feedType=RSS&feedName=businessNews&utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+reuters%2FbusinessNews+%28Business+News%29)

<sup>307</sup> <https://www.cdc.gov/coronavirus/2019-ncov/specific-groups/guidance-business-response.html>

<sup>308</sup> <https://www.uschamberfoundation.org/coronavirus>

<sup>309</sup> <https://laedc.org/2020/03/06/sba-emergency-loans-for-coronavirus-impacted-businesses-and-laedc-support-h-r-6040-zero-interest-rate/>

<sup>310</sup> <https://www.nytimes.com/2020/03/03/business/economy/fed-rate-cut.html>

<sup>311</sup> <https://www.washingtonpost.com/business/2020/03/15/federal-reserve-slashes-interest-rates-zero-part-wide-ranging-emergency-intervention/>

<sup>312</sup> [https://www.reuters.com/article/us-health-coronavirus-usa-fed/fed-moves-to-backstop-funding-for-u-s-companies-as-coronavirus-fallout-spreads-idUSKBN2142PH?feedType=RSS&feedName=businessNews&utm\\_source=feedburner&utm\\_medium=feed&utm\\_campaign=Feed%3A+reuters%2FbusinessNews+%28Business+News%29](https://www.reuters.com/article/us-health-coronavirus-usa-fed/fed-moves-to-backstop-funding-for-u-s-companies-as-coronavirus-fallout-spreads-idUSKBN2142PH?feedType=RSS&feedName=businessNews&utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+reuters%2FbusinessNews+%28Business+News%29)

<sup>313</sup> [https://smallbusiness.house.gov/uploadedfiles/03-10-20\\_hearing\\_memo.pdf](https://smallbusiness.house.gov/uploadedfiles/03-10-20_hearing_memo.pdf)



Small Business Administration (SBA). Under this USD 7 billion programme, small businesses can obtain working capital loans of up to USD 2 million<sup>314</sup> at low-interest rate.<sup>315</sup>

216. The Administration on 13 March announced its intention to make USD 50 billion available for loans to small businesses.<sup>316</sup>

217. On 18 March, Congress passed a second bill (Families First Coronavirus Response Act) of USD 100 billion primarily aimed to address the spread of the coronavirus and soften the blow to households, including resources for paid sick leave.

218. On 23 March, the Fed introduced a further set of measures, including to support the flow of credit to employers, consumers, and businesses by establishing new programs that, taken together, will provide up to USD 300 billion in new financing. The Department of the Treasury, using the Exchange Stabilization Fund (ESF), will provide \$30 billion in equity to these facilities.<sup>317</sup>

219. Late March, a third package of economic stimulus was agreed upon which amounts to USD 2 trillion and includes direct lump sum payments to citizens, a reduction in pay-roll taxes, and USD 50 billion for the airline industry.<sup>318</sup> The plan is expected to include a USD 367 billion scheme for small and medium sized firms (with fewer than 500 employees). This programme would give loans without interest of up to USD 10 million to pay for employee salaries, rental costs and other expenses. These loans would be forgiven in proportion to the share of staff kept in employment.<sup>319</sup>

220. Many US States have announced support measures for small businesses, including New Mexico, Ohio, Maine, Massachusetts, Michigan, New York, Oregon, Wisconsin and Florida. A substantial number of states include tax measures in their support.<sup>320</sup>

221. Several cities launched support as well:<sup>321</sup>

- New York City has also put local support for SMEs in place, including zero-interest loans repayable over 15 to 20 years for firms with under 100 employees, for loans up to USD 75 000, conditional on demonstrating a 25% decrease in customer receipts.<sup>322</sup>
- San Francisco also announced measures for small business.<sup>323</sup> Businesses with up to USD 10 million in gross receipts will have the option to not pre-pay their first quarter business tax by 30

<sup>314</sup> <https://www.sba.gov/page/guidance-businesses-employers-plan-respond-coronavirus-disease-2019-covid-19>

<sup>315</sup> <https://www.nytimes.com/2020/03/04/upshot/coronavirus-impact-small-businesses.html>

<sup>316</sup> <https://www.reuters.com/article/us-health-coronavirus-usa-taxes/u-s-will-loan-50-billion-to-small-businesses-defer-taxes-to-fight-coronavirus-trump-says-idUSKBN20Z0ES> ; <https://www.cnbc.com/2020/03/12/panic-setting-in-among-small-business-owners-banking-expert-cautions.html>

<sup>317</sup> <https://www.federalreserve.gov/newsevents/pressreleases/monetary20200323b.htm>

<sup>318</sup> <https://www.investopedia.com/government-stimulus-efforts-to-fight-the-covid-19-crisis-4799723>

<sup>319</sup> <https://www.economist.com/united-states/2020/03/25/congress-puts-aside-its-habitual-dysfunction-and-responds-to-covid-19>

<sup>320</sup> <https://www.avalara.com/us/en/blog/2020/03/coronavirus-tax-relief-roundup.html> ; <https://www.forbes.com/sites/briannegarrett/2020/03/20/small-business-relief-tracker-funding-grants-and-resources-for-business-owners-grappling-with-coronavirus/#10de021fdd4c>

<sup>321</sup> <https://www.forbes.com/sites/advisor/2020/03/20/list-of-coronavirus-covid-19-small-business-relief-programs/#2bc2b9c0e89d>

<sup>322</sup> <https://www.crainsnewyork.com/small-business/small-businesses-get-loans-wake-outbreak>

<sup>323</sup> <https://sanfrancisco.cbslocal.com/2020/03/12/sf-small-business-support-coronavirus-covid-19-outbreak/>

April 30, and instated defer the payment to February 2021, without interest, fees or fines. Also, the city will delay the collection of the city's unified license bill for restaurants, bars, convenience stores, small retailers, hotels and tour operators by three months. The city will additionally establish a fund for the impacted business, with an initial USD 1 million investment for up to 100 businesses with grants of USD 10 000 each in immediate relief.

- Seattle announced it is waiving financial penalties for businesses that pay their taxes late.<sup>324</sup>
- Los Angeles started a Small Business Emergency Microloan programme;
- The Denver Small Business Emergency Relief provides USD 7500 for businesses;
- The Chicago Small Business Resiliency Fund offers loans against low interest rates.

222. Furthermore, there are several initiatives of digital services providers who offer help to small business,<sup>325</sup> as well as banks<sup>326</sup>, Fintech companies<sup>327</sup> and small business relief funds of large tech companies.<sup>328</sup>

## Vietnam

223. Vietnam plans to assist companies struggling amid the coronavirus outbreak with tax breaks, delayed tax payments and reductions in land lease fees. The assistance package totals USD 1.16 billion.<sup>329</sup> Several commercial banks have already lowered interest rates for businesses affected by COVID-19. Textiles businesses, including several with no prior experience, have begun producing antibacterial masks after authorities announced a daily need of 10 million.<sup>330</sup>

<sup>324</sup> <https://www.cbsnews.com/news/coronavirus-small-businesses-struggle-to-adapt-as-more-workers-stay-home/>

<sup>325</sup> <https://blog.cloudflare.com/cloudflare-for-teams-free-for-small-businesses-during-coronavirus-emergency/>

<sup>326</sup> [https://www.reuters.com/article/us-health-coronavirus-jpmorgan/jpmorgan-commits-50-million-to-businesses-people-affected-by-coronavirus-idUSKBN2152CE?feedType=RSS&feedName=businessNews&utm\\_source=feedburner&utm\\_medium=feed&utm\\_campaign=Feed%3A+reuters%2FbusinessNews+%28Business+News%29](https://www.reuters.com/article/us-health-coronavirus-jpmorgan/jpmorgan-commits-50-million-to-businesses-people-affected-by-coronavirus-idUSKBN2152CE?feedType=RSS&feedName=businessNews&utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+reuters%2FbusinessNews+%28Business+News%29)

<sup>327</sup> [https://www.forbes.com/sites/vikasraj/2020/03/13/coronavirus-will-be-even-worse-for-low-income-people-and-businesses-but-fintechs-can-help/?utm\\_source=Master+List&utm\\_campaign=4d752da78e-EMAIL\\_CAMPAIGN\\_2020\\_03\\_18\\_04\\_33&utm\\_medium=email&utm\\_term=0\\_53618b8aaa-4d752da78e-277209441#cff82ce2116c](https://www.forbes.com/sites/vikasraj/2020/03/13/coronavirus-will-be-even-worse-for-low-income-people-and-businesses-but-fintechs-can-help/?utm_source=Master+List&utm_campaign=4d752da78e-EMAIL_CAMPAIGN_2020_03_18_04_33&utm_medium=email&utm_term=0_53618b8aaa-4d752da78e-277209441#cff82ce2116c)

<sup>328</sup> <https://www.cbsnews.com/news/coronavirus-small-businesses-struggle-to-adapt-as-more-workers-stay-home/> ; <https://www.inc.com/jason-aten/these-5-tech-companies-are-providing-free-remote-working-tools-during-coronavirus-outbreak.html> ; <http://www.techcentral.ie/TZ67U> ; <https://www.techcentral.ie/linked-finance-offers-financial-supports-to-smes-affected-by-coronavirus/> ; <https://www.neowin.net/news/intel-provides-6-million-for-coronavirus-relief-efforts/>

<sup>329</sup> <https://www.bloomberg.com/news/articles/2020-03-03/vietnam-to-give-tax-breaks-cut-land-fees-for-virus-hit-firms>

<sup>330</sup> <https://e.vnexpress.net/news/business/industries/textiles-firms-launch-emergency-production-of-antibacterial-masks-4052015.html>

## Annex B. Policy responses by Italian regions

1. Italy was exposed to the COVID-19 pandemic and its economic repercussions earlier than any other EU country, making its responses of particular interest. Within the Italian institutional setting, regions play a major role in economic development matters and SME policies. This annex includes a regional dive to gain a full picture across different levels, beyond central government policies.

### Abruzzo

2. The measures announced on 13 March 2020 are specifically targeted at SMEs and the self-employed and include:

- The suspension of all regional taxes until the end of the emergency;
- Unused regional funds will be converted into business support instruments;
- Unused European Structural Funds from the 2014-2020 EU financial period will be converted into business support instruments;
- Refinancing of the regional micro-credit fund;
- Planned use of funds from the new 2021-2027 EU financial period for business support;
- Issue of bonds to support SMEs in accessing finance as an alternative to bank credit<sup>1</sup>.

3. With a decree of 9 March 2020, the president of the regional council suspended the terms of payment of the instalments due for loans and mortgages provided the in-house regional agencies Abruzzo Sviluppo S.p.A. and Fi.R.A. S.p.A.. Unipersonale<sup>2</sup>.

### Basilicata

4. On 11 March 2020, the regional department for economic development announced the following measures:

- Support for companies adopting smart working plans, in line with national provisions (initial allocation of EUR 1 million);
- Exemption from the regional corporate tax in 2020 for companies in the tourism sector, such as hotels and restaurants;
- The region will adhere to an agreement signed on 6 March by the national associations representing Italian banks and cooperatives, aimed at suspending loan instalments to cooperatives subsidised through regional programmes;
- Retroactive eligibility of regional subsidies for investment, including for current expenditure, made by SMEs and the liberal professions;
- Activation of a regional fund for subsidised start-up loans (up to EUR 30 000) to SMEs in all sectors. The fund will be managed by the regional agency Sviluppo Basilicata S.p.A. (initial allocation of EUR 9.7 million). The loans will finance both investment and current expenditure<sup>3</sup>.

5. More recently, the following measures were introduced:

- Establishment of a fund to finance and grant contributions to cooperatives, so as to support their capitalisation and maintain employment levels<sup>4</sup>;
- Extension of the deadlines for investments co-financed by regional incentive instruments and suspension of instalments related to subsidised loans granted by Sviluppo Basilicata S. p. A. within the framework of regional programmes aimed at micro enterprises in the start-up phase and SMEs and sectors such as industry 4.0 as well as financial instruments such as microcredit<sup>5</sup>;
- Establishment of a regional task force to monitor the development of local companies<sup>6</sup>;
- Implementation of the redundancy fund established by national decree, for the share allocated to the region<sup>7</sup>.

## Bolzano/Bozen, Autonomous Province

6. Several measures were announced on 11 March:

- The extension of delivery periods for public works contracts<sup>8</sup>;
- An agreement between the autonomous province, local banking institutions and cooperatives to support access to and guarantees for credit to businesses<sup>9</sup>;
- An agreement between the autonomous province and the trade unions to streamline the procedures for out-of-work benefits<sup>10</sup>.

7. During a press conference held on 18 March 2020, the provincial government announced the launch of two economic packages – already discussed with the social partners and soon to be implemented – one of which aimed at building on national policies. The latter provides for:

- A moratorium of up to two years for the repayment of loan instalments on the regional revolving fund;
- The postponement of payment deadlines for local taxes and duties;
- An acceleration of payment procedures for the regional contributions due to companies, and their payment even if the concerned activity (fairs, training courses, etc.) did not take place;
- An allocation to increase the risk funds of guarantee cooperatives (Garfidi and Confidi), and higher guarantees by such entities<sup>11</sup>.

## Calabria

- Establishment of a task force to identify all actions to be taken to support the regional economy, develop proposals for action specific to the most exposed sectors and promote dialogue with the social partners<sup>12</sup>.

## Campania

- Acceleration of procedures for the provision of regional funding to companies, also in derogation from the contractual deadlines agreed by the parties, so as to provide local businesses with greater liquidity<sup>13</sup>.

## Emilia-Romagna

8. This region has introduced a wide range of measures, including:

- The extension of the deadlines for requests for regional contributions from companies involved in post-disaster reconstruction related to the earthquake of 2012. In addition, public payments due to these companies will be advanced;
- Advance payment of EUR 6 million in public aids to the cultural sector;
- Subsidies for the reduction of interest rates on loans to agricultural enterprises (EUR 3.4 million);
- Non-repayable funding for enterprises operating in the tourism sector (EUR 3 million)<sup>14</sup>;
- The region and the banking system have agreed to provide SMEs with interest-free loans, using regional guarantee mechanisms, for amounts of up to EUR 150 000 and repayment schedules of 36 months (EUR 10 million, with an estimated impact of EUR 100 million in terms of investments mobilised)<sup>15</sup>;
- Procedural simplifications on two ERDF ROP calls for the internationalisation of enterprises in 2019-2020<sup>16</sup>;
- A moratorium on loans granted to companies in the Emilia-Romagna region, with the consequent extension of the duration of loans up to 100% of the residual amortisation period. In this way, the region adheres to the addendum to the 2020 credit agreement with the national association of Italian banks<sup>17</sup>;
- Implementation of the redundancy fund established by national decree, for the share allocated to the region<sup>18</sup>;
- Extension of the social shock absorbers provided at national level with the allocation of 30 million for companies, including micro-firms with just one employee<sup>19</sup>;
- Launch of a call for proposals on rural development providing for compensatory allowances for farms and livestock farms operating in mountain areas, worth EUR 12.6 million;
- Introduction of a simplified procedure for the allocation of agricultural diesel<sup>20</sup>.

## Friuli-Venezia Giulia

9. With regional Law No 3 of 12 March 2020, this autonomous region introduced a wide range of measures for businesses and workers, including:

- Subsidised loans under the anti-crisis sections of the regional budget, which may be disbursed even without the acquisition of collateral or bank or insurance guarantees or guarantees issued by trusts or public guarantee funds (the regional government will adopt detailed provisions in this regard);
- The suspension of mortgages and the extension of amortisation plans on rotating funds for companies hit by the crisis;
- A supplementary allocation of EUR 4 million to the regional guarantee institutions (more details will be provided in a forthcoming resolution by the regional government);
- Measures to facilitate remote vocational training;
- Contributions, including in the form of a tax credit, for businesses in the tourism and trade sectors, soon to be implemented (EUR 7.5 million);
- Extension of the deadline for the payment of regional corporate taxes<sup>21</sup>.

10. Other measures include:

- *De minimis* contributions for research and development projects carried out by companies of all sizes (EUR 3.45 million allocated)<sup>22</sup>;

- Package of coordinated support measures in favour of the companies participated by Friulia S.p.A., the regional development agency, including: 24-month loans at subsidised rates and without commissions for urgent cash needs; free advice for the redefinition of business plans; the postponement by 12 months of the payment of all instalments due by 31 December 2020 without any additional interest<sup>23</sup>;
- Implementation of the redundancy fund established by national decree, for the share allocated to the region<sup>24</sup>.

## Lazio

11. On 24 March 2020, the regional government announced the launch of the so-called “Ready Cash Plan”:

- The activation of a special section of the National Guarantee Fund dedicated to businesses and freelancers in Lazio, able to assign direct guarantees of 80% and to reinsure 90% of the operations guaranteed by dedicated regional institutions. Guarantees can also be provided for small and very small loans. An allocation of EUR 20 million is foreseen and it is estimated that the facility will be able to allow the activation of new loans by EUR 200 million;
- The establishment of a revolving fund for small loans (EUR 10 000) at zero interest, for a duration of five years and with one year of grace. Budget: EUR 55 million;
- The introduction of a subsidised funding scheme using an appropriation of EUR 100 million from the European Investment Bank programme for regional development, with loans of EUR 10 000 and a regional incentive to reduce interest rates (EUR 3 million have been allocated for the latter). It is estimated that the facility will allow the activation of new loans by EUR 200 million<sup>25</sup>;

12. A few weeks earlier, a call for non-repayable funding had been launched for companies adopting *smart working* plans (grants ranging from EUR 7 500 to EUR 22 500, depending on the size of the company). A total of EUR 2 million has been earmarked for this measure<sup>26</sup>;

13. Finally, a simplified procedure has been introduced for the allocation of agricultural diesel<sup>27</sup>.

## Liguria

- Establishment of a regional guarantee fund covering bank loans to SMEs in the trade, tourism and agriculture sectors (EUR 5.5 million allocated)<sup>28</sup>;
- Establishment of a revolving fund for subsidised loans to street retailers. Interest rates will amount to 0.75% and the amount of the loans will range between EUR 5 000 and EUR 35 000 (EUR 700 000 allocated)<sup>29</sup>;
- Revolving fund for subsidised loans (interest rate of 0.75%) to enterprises in the cultural sector. The loans will range from EUR 10 to EUR 25 000 and the amortisation plans will span over five years (EUR 500 000 allocated)<sup>30</sup>;
- Extension of the deadlines for several regional calls for tenders to support retail trade, the digitisation of micro-enterprises, and inland shops<sup>31</sup>.

## Lombardy

14. Since the early days of the crisis, the region has implemented a wide range of support measures, including:

- In line with similar national measures, allowances will be granted to freelancers located in the so-called "red zone" municipalities<sup>32</sup>;
- Deferred deadlines for the submission of applications for a regional innovation support programme in the field of the circular economy<sup>33</sup>;
- Large allocation for the activation of a redundancy fund, with retroactive effect from 23 February (allocation of EUR 135 million)<sup>34</sup>;
- Contribution to the adoption of *smart working* plans to cover the costs incurred for digital training and the purchase of digital technology. Non-reimbursable funding will range from EUR 2 500 to EUR 15 000 (EUR 4.5 million allocated)<sup>35</sup>.

## Marche

- Postponement of the deadlines on regional grants financed by the European Social Fund and the European Regional Development Fund within the 2014/2020 European funding period;
- Deferred deadlines for applications for regional export and internationalisation incentives for SMEs<sup>36</sup>;
- Implementation of the redundancy fund established by national decree, for the share allocated to the region<sup>37</sup>.

## Molise

- Suspension of the instalments on loans granted by the regional financial institution Finmolise S.p.A.<sup>38</sup>;
- Suspension of deadlines for firms benefiting from European and national funding programmes<sup>39</sup>;
- Implementation of the redundancy fund established by national decree, for the share allocated to the region<sup>40</sup>.

## Piedmont

- Support measures for the activation of *smart working* plans by companies (EUR 4.5 million allocated)<sup>41</sup>;
- Advance payment of regional contributions and financing due to companies. This measure should mobilise investment by EUR 200 million<sup>42</sup>;
- Extension of the instalments due to the regional development agency Finpiemonte S.p.A. It is estimated that some 1 000 companies will benefit from this measure and the funding in question amounts to EUR 110 million<sup>43</sup>;
- Allocation to strengthen the regional section of the National Guarantee Fund to facilitate access to credit by local SMEs (EUR 54 million allocated)<sup>44</sup>;
- Planning of a campaign to promote Piedmont on the national and international markets after the emergency (appropriation of EUR 7.5 million)<sup>45</sup>;
- Implementation of the redundancy fund established by national decree, for the share allocated to the region<sup>46</sup>.

## Apulia

15. Resolution No. 283 adopted by the regional government on 5 March 2020 provides as follows:
- Deferral by 12 months of any deadline for investment plans granted or subsidised by the region under various regional programmes aimed, inter alia, at SMEs and the tourism sector. The investment plans relating to these programmes will be extended;
  - The extension up to six months of the loans granted by the regional administration under the subsidised financing programmes managed by the Puglia Sviluppo S.p.A. regional development agency (microcredit, support for the internationalisation of enterprises, etc.)<sup>47</sup>.
16. Other measures taken in the last few days include:
- A set of measures (mostly extending deadlines for bureaucratic fulfilments) to support SMEs and in the following sectors: culture, entertainment, cinema, tourism<sup>48</sup>;
  - Activation of the redundancy fund for employees of partnerships and shock absorbers for the partners of such firms<sup>49</sup>;
  - Allocation of EUR 23.6 million for investment aid for SMEs;
  - Allocation of EUR 12.6 million for investment aid for SMEs in tourism<sup>50</sup>;
  - Implementation of the redundancy fund established by national decree, for the share allocated to the region<sup>51</sup>;
  - Deferral of the deadline for invitations to tender managed by the DG for Cultural Heritage, Entertainment and Sport<sup>52</sup>.

## Sardinia

17. Regional Law No 8 of 9 March 2020 provides for various urgent measures to support and safeguard employment in the tourism industry, including:
- The introduction of new regional credit guarantee instruments<sup>53</sup>;
  - The granting of regional interest-free loans to allow companies to pay social security and welfare charges (provision of EUR 1.7 million);
  - Aids for the realisation of online training courses (budget of EUR 1.5 million)<sup>54</sup>;
  - Income support measures and active labour policies: redundant employees who do not qualify for standard national benefits are granted an extraordinary contribution of EUR 1 000 per month for a period not exceeding three months. Enterprises hiring the above mentioned workers for at least 4 months are granted a contribution of EUR 2 000, or EUR 500 per month for four-month contracts (budget of EUR 3.6 million)<sup>55</sup>;
  - Unsecured loans to micro and small enterprises, not exceeding EUR 70 000 granted under *de minimis* EU regulations, interest-free and reimbursed over a period not exceeding five years from the date of disbursement, of which at least six months as pre-amortisation (allocation of EUR 15 million)<sup>56</sup>.

## Sicily

- Deferral of instalments relating to bank loans activated before 31 January 2020;
- Deferral of the instalments up to 100% of the residual amortisation period;
- Doubling the amount allocated to the regional section of the National Guarantee Fund for SMEs<sup>57</sup>;



- Simplification of procedures relating to public works<sup>58</sup>;
- Wage guarantee for public transport workers<sup>59</sup>;
- Subsidised and unsecured loans to micro, small and medium-sized enterprises, with a duration 15 months (including at least three months' pre-amortisation), not exceeding EUR 100 000<sup>60</sup>.

## Trento, Autonomous Province

18. Law 50/XVI of 2020 provides for a diversified package of measures, including:

- The deferred payment of regional 2020 taxes on real estate;
- Simplified procedures for the award of public contracts for amounts both below and above the thresholds provided for by European legislation, in order to increase the participation of SMEs in contracts;
- Simplified procedures for access to regional contributions for businesses, both at the application and payment stage;
- Simplified *audit* procedures for regional business support instruments;
- Contributions for the reduction of the interest rate applied to companies for short-term loans granted by banks and other financial intermediaries adhering to the protocol signed with the autonomous province;
- An agreement between the Province and local banks to introduce a moratorium on mortgages and leasing for 12 months (for credit lines of up to 24 months), with a benefit of 6 months additional to that provided by the national government<sup>61</sup>;
- The recovery of unused regional funds for the purpose of business support<sup>62</sup>.

19. Other measures include the extension of the deadlines relating to regional contributions to the costs incurred by agricultural firms for the control and certification of the organic production process<sup>63</sup>.

20. Finally, a dialogue is underway between the central government and the autonomous province to increase the regional allocation of the redundancy fund<sup>64</sup>.

## Tuscany

- Extended deadlines for applications for regional rural development programmes<sup>65</sup>;
- Activation of three instruments with a total budget of EUR 38 million. They consist of the establishment of a regional section of the National Guarantee Fund for PMI (appropriation of EUR 21.5 million), a Regional Guarantee Fund (EUR 10.5 million) and a Regional Fund for capital contributions to reduce the cost of guarantee operations (EUR 6 million)<sup>66</sup>;
- Establishment of a coordination table between the social partners to devise measures in support of the tourism sector<sup>67</sup>;
- Implementation of the redundancy fund established by national decree, for the share allocated to the region<sup>68</sup>.

## Umbria

- Allocation of EUR 11 million to support businesses, workers and access to credit (the implementing arrangements are not yet known)<sup>69</sup>;

- Extended deadlines for applications for regional rural development programmes<sup>70</sup>;
- Deferred deadlines for bureaucratic fulfilments related to the "Charming Umbria" regional programme for tourism promotion, and for the submission of applications for the 2020 contribution in support of firms in the entertainment sector<sup>71</sup>.

### Aosta Valley/Vallée d'Aoste

- A package of measures has been announced, to be implemented in the coming days. It will include regional and municipal tax relief, non-repayable business grants and other types of aid (planned budget of EUR 10 million)<sup>72</sup>;
- Establishment of a new credit guarantee instrument managed by the local Chamber of Commerce in collaboration with regional guarantee institutions;
- Advance payment of wage subsidies to ensure the continuity of workers' income in the event of suspension or reduction of activity, in line with national policies<sup>73</sup>.

### Veneto

- Large allocation for the activation of the redundancy fund for enterprises based in the region, including micro-enterprises with less than six employees (allocation of EUR 63.5 million)<sup>74</sup>;
- Extension of deadlines for compliance with measures to support wine growers and beekeepers;
- Extension of the deadlines for operations financed by the rural development programme;
- Abolition for agricultural firms of the obligation to allocate at least 3% of regional funding to promotion and marketing activities<sup>75</sup>;
- Extended deadlines for applications for regional rural development programmes<sup>76</sup>;
- Increase by EUR 12 million of budget for public aid programmes for manufacturing and craft services<sup>77</sup>;
- Implementation of the redundancy fund established by national decree, for the share allocated to the region<sup>78</sup>.
- ated)<sup>79</sup>.

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