Coronavirus (COVID-19): SME Policy Responses

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This note discusses how SMEs are affected by the current COVID-19 pandemic, reports on early evidence and estimates about the impact, and provides an inventory of country responses to foster SME resilience.

Introduction

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.

This note discusses how SMEs are affected by the current COVID-19 pandemic, reports on early evidence and estimates about the impact, and provides an inventory of policy responses to foster SME resilience in 60 countries. 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 note is the sixth update of SME policy responses since early March 2020. Compared to the previous update, latest forecasts show an increasingly negative impact of the pandemic on global GDP growth. At the same time, whereas surveys since February show that SMEs and entrepreneurs are extremely worried about the impact of COVID-19 on their liquidity position and business survival, the most recent business surveys show some confidence improvements, possibly related to the significant policy efforts to address the SME liquidity gap and the lifting of lockdown measures in a number of countries. In this context, the policy perspective is gradually shifting from liquidity support measures for SME survival, which still remains a priority in most countries, to support for recovery.[1]

Chapter 2 discusses the background to SME impact and policy responses, including the most recent forecasts on the impact of COVID-19. Chapter 3 has been significantly updated, and discusses the increasing evidence on the impact on SMEs from over 40 surveys among SMEs world-wide and a growing body of economic analysis. Chapter 4 includes the synthesised analysis of country SME policy approaches. Annex 1.A. presents the overview of country SME policy responses, with further detailed information on the measures.[2] Annex 1.B. provides an overview of survey results on the impact of COVID-19 on SMEs.

Background

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.[3] While world-wide, the number of COVID-19 continues to increase at the time of writing of this report, in a number of OECD countries cases are diminishing, and lockdown and containment measures are gradually being lifted.

Economic forecasts issued over April-June 2020 depict an increasingly negative outlook in terms of the scale of the global economic recession triggered by the pandemic. In its June 2020 Economic Outlook, the OECD projected a 6% drop in global GDP, and a 7.6% fall in case of a second pandemic wave by end 2020, with a double digit decline in some of the most hit countries, followed by a modest recovery of 2.8% in 2021 (OECD, 2020[1]). This follows a forecast in late March, which indicated 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 (OECD, 2020[2]).

In recent weeks, several other international organisations have issued forecasts on aspects of the economic impact of the coronavirus pandemic. The IMF June 2020 Economic Outlook Update projects a decline in global GDP by 4.9 percent in 2020, 1.9 percentage points below the April forecast, followed by a partial recovery, with growth at 5.4 percent in 2021 (IMF, 2020[3]). The June 2020 World Investment Report (Unctad, 2020[4]) forecasts a decline in global foreign investment by up to 40% in 2020, with a further decrease by 5-10% in 2021. 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)' (ILO, 2020[5]). The WTO reported a decline in the volume of global merchandise trade in Q1 2020 by 3% year-on-year, and expects an unpresented decline in Q2 of 18.5%, potentially leading to a drop of 32% over 2020.[4]

[1] https://www.oecd-forum.org/users/406151-lamia-kamal-chaoui/posts/rescuing-smes-from-the-covid-storm-what-s-next

[2] See (OECD, 2020[80]) for an in-depth analysis of the SME policy reponse in Italian regions

[3] http://www.oecd.org/coronavirus/#

[4] https://www.wto.org/english/news_e/pres20_e/pr858_e.htm

Impact on SMEs

Transmission channels

There are several ways the coronavirus pandemic affects the economy, especially SMEs, on both the supply and demand sides. 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.

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.[5]

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

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.

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.

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.

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.

[5] 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

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.

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. Research in the United States suggests that 50% of small businesses are operating with fewer than 15 days in buffer cash[6] and that even healthy SMEs have less that two month cash reserves (Federal Reserve Bank of New York, 2020[6]). As the OECD signals, there is a risk that otherwise solvent firms, particularly SMEs, could go bankrupt while containment measures are in force (OECD, 2020[7]).[7]

Surveys on SME impact

Evidence on the COVID-19 crisis impacts on SMEs from business surveys indicates severe disruptions and concerns among small businesses. Table 1 presents the outcome of 41 SME surveys identified world-wide on the impact of COVID-19 on SMEs.[8] The Table shows that more than half of SMEs face severe

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[6] https://institute.jpmorganchase.com/institute/research/small-business/small-business-cash-liquidity-in-25-metro-areas

[7] "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."

[8] See Annex 1.B. for a more in-depth description and references to the surveys in Evidence on the COVID-19 crisis impacts on SMEs from business surveys indicates severe disruptions and concerns among small businesses. Table 1 presents the outcome of 41 SME surveys identified world-wide on the impact of COVID-19 on SMEs. The Table shows that more than half of SMEs face severe losses in revenues. One third of SMEs fear to be out of business without further support within 1 month, and up to 50% within three months.

The magnitude of SME concerns are confirmed in a recent NBER paper that presents the results of a survey of over 5 800 small businesses in the United States. The survey shows that 43% of responding businesses are already temporarily closed. On average, businesses reduced their employees by 40%. Three-quarters of respondents indicate they have two months or less in cash in reserve. report comparable impacts of the pandemic on small business. Similarly, according to a survey among SMEs in 132 countries by the International Trade Centre, two-thirds of micro and small firms report that the crisis strongly affected their business operations, and one-fifth indicate the risk of shutting down permanently within three months . Based on several surveys in a variety of countries, indicates that between 25% and 36% of small businesses could close down permanently from the disruption in the first four months of the pandemic.

In the United States, a specific weekly small business survey was set up by the Census Bureau to measure the impact of COVID-19 on small business . In late June, the survey indicated that almost 90% of small businesses experienced a strong (51%) or moderate (38%) negative impact from the pandemic; 45% of businesses experienced disruptions in supply chains; 25% of businesses has less than 1-2 months cash reserves.

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Table 1. SME Surveys on the Impact of COVID-19

Date	Country	Impact on business	Expectations
10 Feb.	China	80% of SMEs have not resumed operations yet	1/3 out of business in 1 month, another 1/3 in two months
25 Feb.	Finland	1/3 anticipated a negative or very negative impact	n.a.
Early March	Italy	72% directly affected	n.a.
Early March	UK	63% see crisis as moderate to high/severe threat to their business	n.a.
9 March	Germany	50% expect a negative impact	n.a.
9 March	Japan	39% report supply chain disruptions, 26% decrease in orders and sales	n.a.
10 March	Poland	1/3 of SMEs experience increasing costs and reduced sales	27% already encounter cash flow problems
11 March	USA	70% experience supply chain disruptions, 80% the impact of the crisis	n.a.
12 March	UK	69% experience serious cash flow problems	1/3 fear being out of business in 1 month
13 March	USA	23% negatively affected, 36% expect to be	
16 March	Canada	50% drop in sales	25% expect not to survive longer than 1 month
16 March	Israel	55% experienced no impact yet, 1/3 planning lay-offs	n.a.
16 March	Greece	60% experience marked decline in sales	n.a.
17 March	USA	50% negatively affected, 75% very concerned	n.a.
17-20 March	Korea	61% have been impacted	42% fear being out of business in 3 months, 70% in six months
18 March	Belgium	75% report declines in turnover	50% fear not to be able to pay costs in the short term
19 March	USA	96% have been affected	51% indicate not be able to survive three months
20 March	Hungary	60% expect a decline in sales	n.a.
20 March	Netherlands	50% start-ups lost significant revenue	50% expect to be out of business within 3 months

9 https://portal.census.gov/pulse/data/

21 March	Japan	92% experience economic impact	n.a.
24 March	Canada	60% experience significant impact	1/3 expect to be out of business in a month
31 March-6 April	Several Asian countries	30% of SMEs expect to lay off 50% of their staff.	50% of SMEs have a month cash reserves or less
1 April	United Kingdom	n.a.	18% of firms could be out of business in one month
1 April	United States	n.a.	35% of small business out of business in three months
3 April	Australia	Two thirds of small business experience the impact of the crisis. 41% experience a drop in income of 50% or more in the last two months	n.a.
3 April	Belgium	40% of companies see drop in revenue of 75% or more	1 in 10 companies likely to face bankruptcy
7 April	Belgium	n.a.	Over 31% of Belgium SMEs may not survive the crisis
7 April	Canada and the US	90% of small business affected	1/3 lack the reserves to survive longer than a few weeks
8 April	UK	37% expect to furlough 75-100% of their staff in the next week	6% out of cash, 57% three months reserves or less
8 April	Netherlands	n.a.	85% of SMEs in financial difficulty because of COVID 19 20% is at serious risk
6-10 April	Portugal	37% experience a drop in production of more than 50%.	50% do not have resources for more than 2 months
15-22 April	United States	62% of small business experience a drop in revenues	32% cannot stay open longer than 3 months
24 April	Germany	58% of SMEs experience a drop in turnover by on average 50%	Half of SMEs have only two months liquidity reserve
4 May	Canada	81% of small businesses indicate their operations are negatively affected	32% worry about the viability of their business over the next year
5 May	United States	n.a.	1/5 of small businesses closed down temporarily, 1/3 expects to close permanently within 2 months
11 May	United States	81% of firms experience and expect impact of pandemic in the next 12-16 months	n.a.
13 May	United Kingdom	37% of firms are considering, or have already made, redundancies	41% of firms have temporarily closed, 35% fear they will not reopen again
15 May	Thailand	90% of firms expect extreme revenue loss	52% of small business expects to close down if containment measures last longer
8 June	Ireland	SMEs that remained until 18 May closed incurred an average cost of EUR 177 000 during the lockdown period. Of businesses that remained open, 70% reported a decrease in revenue.	n.a.
Mid-June	Canada	78% of small business reported a drop in sales, 47% between 50 and 100%.	n.a.
20 June	New Zealand	71% of SMEs have taken a revenue hit by COVID-19	39% of SMEs fear having to close down

Source: Annex B

The survey examples in Table 1 are presented in chronological order, and show the increasing concerns among SMEs. However, in the more recent surveys – in particular in countries where lockdowns are being lifted – SME sentiment has become slightly more optimistic. A **US** Chamber survey released on 3 June, shows that 79% of small businesses are fully or partially open.[10] Many (82%) small businesses remain concerned about the impact of COVID-19, but the share of businesses being 'very concerned' dropped from 53% in early May to 43% in early June. 56% feel comfortable with their companies cash flow situation

[10] https://www.uschamber.com/sites/default/files/coronavirus_smallbusinessreport_june_2020.pdf

(compared to 48% in May), and 47% expect an increase in revenues in 2021. In another **United States** survey by Verizon Business, 68% of small businesses indicate they expect to be able to recoup their COVID-19 related losses.[11] In a survey by American Express in **Australia**, 80% of small business owners have high hopes to survive the crisis, although 52% fear that sales will not rebounce enough to survive in the longer term.[12] A KPMG survey in **Australia**, finds that 79% of companies feel 'confident' their organisation is able to rebound financially.[13] However, a third recent survey (the biannual Pushka 'Canary in the coal mine report'[14]) gives a gloomier impression on entrepreneurs sentiments and expectations with only 225 of SMEs being confident in their business in May 2020 as compared to 40% a year before. In **Germany**, the ifo Business Climate Index (not specified by size) strongly improved in June.[15] In the **Netherlands**, the sentiment of businesses on the continuity of their business improved in May compared to April.[16] In **Korea**, in June the Bank of Korea business confidence indicator improved for the second month in a row, with the sentiment for small and medium sized companies improving more than for larger firms.[17] A June survey in the **United Kingdom** showed that over 71% of small businesses indicate their firm has the opportunity to emerge better and stronger after COVID-19.[18]

Surveys on teleworking, digitalisation and new business practice

Some surveys also provide data on the uptake of teleworking and digital sales channels by respondents. A 4 May survey by the **Canadian** Federation of Independent Business (CIBC) finds that of the 26% of business owners who do have online operations, 30% have seen an increase in sales and 25% say they have remained the same compared to pre-COVID-19 levels.[19] A survey by the **US** Chamber of Commerce that came out on 5 May showed an acceleration in digitalisation trends. Over April-May the share of small businesses transitioning some or all of their employees to teleworking increased from 12% to 20%, and small businesses that had begun moving the retail aspect of their business to digital means increased from 10% to 17%.[20] A recent survey in **Japan** indicated that there is a gap in the prevalence of teleworking by the size of the companies (48 percent for large corporations versus 10-20 percent by the SMEs). The reasons cited include a lack of infrastructure and worker skills to use digital tools.[21] A further survey in Japan supports these conclusions that the larger firm the higher the prevalence of teleworking; in SMEs of 5-29 employees, teleworking in June stood at 8% of firms (Okubo, 2020[13]). A survey in Germany from

[11] https://www.fiercetelecom.com/telecom/verizon-survey-says-68-small-businesses-believe-they-can-recoup-covid-19-losses

[12] https://mozo.com.au/business-banking/articles/amex-80-of-small-businesses-confident-about-surviving-covid-19-but-unsure-for-how-long

[13] https://au.finance.yahoo.com/news/5-things-business-owners-hope-015134568.html

[14] http://www.prushka.com.au/canary/Prushka%20report%20May%202020.pdf

[15] https://www.ifo.de/en/node/56337

[16] https://www.cbs.nl/nl-nl/nieuws/2020/24/minder-zorgen-over-continuiteit-bedrijf-bij-ondernemers

[17] https://pulsenews.co.kr/view.php?year=2020&no=668181

[18] https://www.forbes.com/sites/lisacurtis/2020/06/30/could-the-small-business-response-to-the-coronavirus-unlock-creativity/#6876a9a16ac6

[19] http://cibc.mediaroom.com/2020-05-04-COVID-19-impact-felt-by-81-per-cent-of-Canadian-small-business-owners-CIBC-Poll

[20] https://www.uschamber.com/report/small-business-coronavirus-impact-poll

[21] https://www.japantimes.co.jp/opinion/2020/05/11/commentary/japan-commentary/will-happen-inclusion-covid-19s-wake/

early May, shows that whereas at the outset of the crisis 88% of **German** SMEs operated with mandatory in-person work, 81% expect that the pandemic will make their companies more flexible and one third of SMEs esteems digitalisation has grown in importance due to the pandemic (McKinsey, 2020[14]). A survey on **Europe** suggested that only 56 percent of all companies with 50 or fewer employees provided remote access to email, applications, and documents for their employees, compared with 93 percent of all companies with more than 250 employees (McKinsey, 2020[15]). According to a survey among 86 000 small businesses in the **United States** by (Facebook & Small Business Roundtable, 2020[16]), 51% of businesses increased online interactions with their clients to adapt to the crisis. Also, 36% of self-employed personal businesses that use online tools report that they are conducting all their sales online, and 35% of businesses that have changed operations have expanded the use of digital payments. A survey in **Hungary** released on 23 June, indicates that where 24% of SMEs intend to return to their pre-COVID business method, 41% would rather continue with the business model developed during the pandemic.[22]

According to a June survey of **Canadian** small businesses[23], 44% of these are facing a variety of technology and tech support challenges, such as in the areas of digital marketing (19%), ecommerce (13%) and their other online offerings, including their website(17%). 32% of small businesses reported needing assistance with safety measures, including workplace and customer safety, followed by finances (28%), marketing support (19%), refocusing their business (18%), community/networking (14%) and workspace equipment such as furniture or products (11%).

Late May, a survey by Verizon in the **United States** indicated that small business owners were seeking additional advice and assets to help them recover from the pandemic. In terms of the expertise needed for recovery, small businesses cited financial (54%), e-commerce (42%) and HR (40%) as the key areas that they would like help with.[24]

Further empirical evidence on COVID-19 SME impact

Next to surveys, in recent weeks further empirical evidence about the impact of the crisis on SMEs became available, including on the possible impact of policies to counter this (see for instance (Chen et al., 2020[17]) (Chen et al., 2020[18]) (Liu and Volker, 2020[19]) (Gobbi, Palazzo and Segura, 2020[20]) (Gonzalez-Uribe and Wang, 2020[21]) (Humphries, Neilson and Ulyssea, 2020[9]) (Chetty et al., 2020[22]) (Portes, 2020[23]) (Boot et al., 2020[24]) (English and Liang, 2020[25]) (Deb et al., 2020[26]) (Federal Reserve Bank of New York, 2020[6]) (CPB, 2020[27]) (Hassan et al., 2020[28]) (Goolsbee and Syverson, 2020[29]) (Bennedsen et al., 2020[30]) (Juergensen, Guimón and Narula, 2020[31]). This evidence gives a further indication of how SMEs have been hit harder by the crisis than larger firms.

SMEs and most affected sectors

There is an above average representation of SMEs in sectors particularly affected by the crisis, which, according to OECD analysis, include: transport manufacturing, construction, wholesale and retail trade[25], air transport, accommodation and food services, real estate, professional services, and other personal services (e.g. hairdressing). Recent OECD data show that whereas in the business economy at large, SMEs account for over 50% of employment across OECD countries, in these sectors the share of SMEs

[22] https://www.statista.com/statistics/1126870/hungary-smes-business-plan-after-covid-19/;

[23] https://www.newswire.ca/news-releases/staples-canada-helps-small-businesses-rebuild-in-a-covid-19-economy-893531305.html

[24] https://www.fiercetelecom.com/telecom/verizon-survey-says-68-small-businesses-believe-they-can-recoup-covid-19-losses

[25] See (OECD, 2020[81]) for an analysis of COVID-19 and the retail sector.

in employment is 75% on average across OECD countries, and nearly 90% in **Greece** and **Italy** (see Figure 1 and Figure 2) (OECD, 2020[30]).[26] In some OECD countries, microenterprises are particularly strongly represented in affected sectors. In **Italy** and **Greece**, the share of microenterprises in the most affected sectors is 60%, whereas their share in total employment in the business economy is respectively 45% and 55% (OECD, 2020[30]).

[26] Note that these ratios are calculated on the sectors for which allocation of employment by firm size is possible. In other words, they correspond to the relative size of the blue bars over the sum of the blue, orange and grey bars in There is an above average representation of SMEs in sectors particularly affected by the crisis, which, according to OECD analysis, include: transport manufacturing, construction, wholesale and retail trade, air transport, accommodation and food services, real estate, professional services, and other personal services (e.g. hairdressing). Recent OECD data show that whereas in the business economy at large, SMEs account for over 50% of employment across OECD countries, in these sectors the share of SMEs in employment is 75% on average across OECD countries, and nearly 90% in **Greece** and **Italy** (see Figure 1 and Figure 2) . In some OECD countries, microenterprises are particularly strongly represented in affected sectors. In **Italy** and **Greece**, the share of microenterprises in the most affected sectors is 60%, whereas their share in total employment in the business economy is respectively 45% and 55% .

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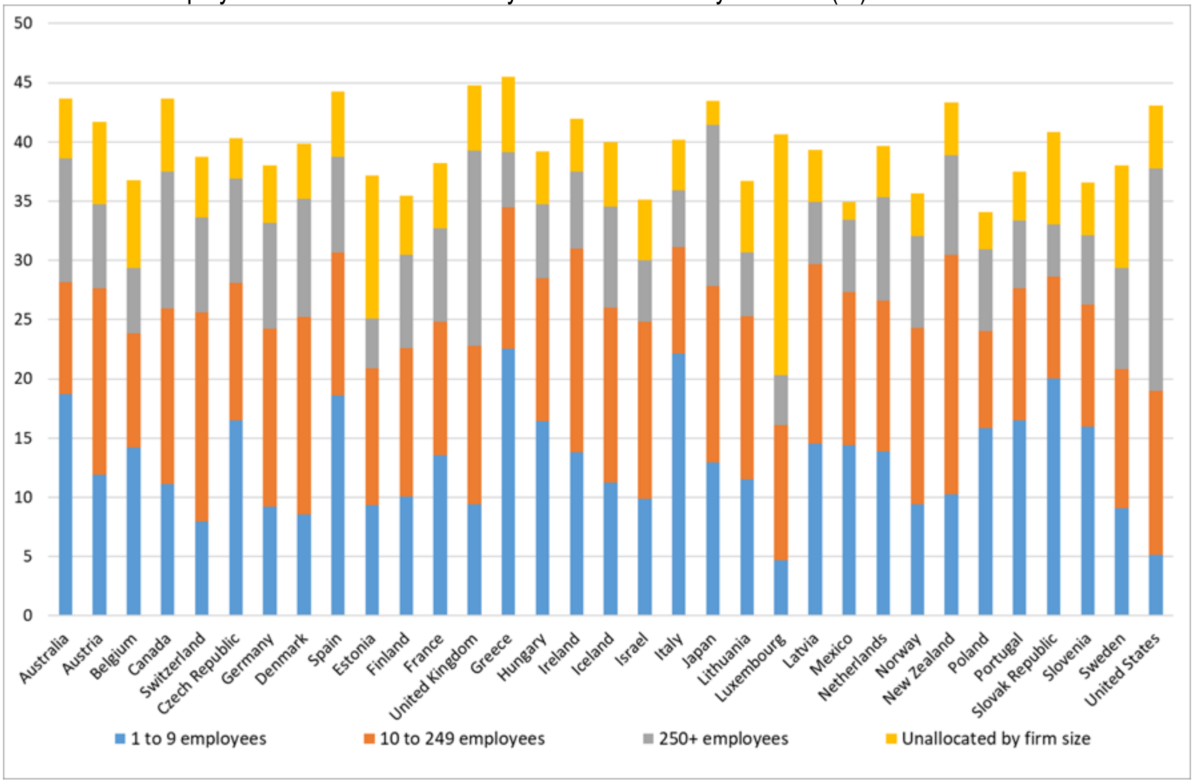
Figure 1. Smaller firms dominate in the most affected sectors

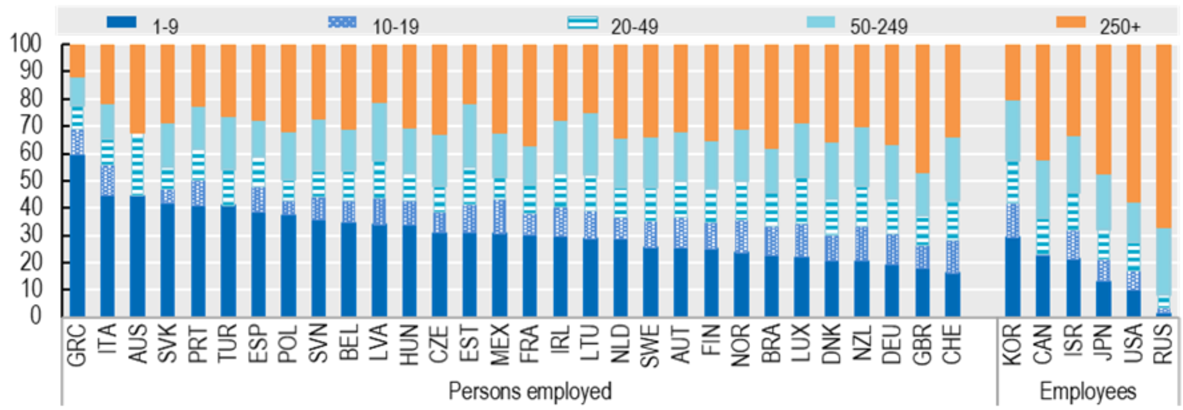
Share of total employment in the most adversely affected sectors by firm size (%)



Source: OECD (2020) Strong, medium, vulnerable (OECD, 2020[30])

Figure 2. Employment by enterprise size, business economy

Percentage of employment in 2016 or latest available year



Source: OECD (2019) SME and Entrepreneurship Outlook (OECD, 2019[31])

A similar analysis was made in a recent Brookings paper (Parilla, Liu and Whitehead, 2020[32]), which classifies industries in three categories according to the risk of being affected by COVID-19 (immediate risk, near-term risk, and long-term risk), and looks at the presence of small businesses in each of these categories. According to the study, about 26% of small business establishments (those with fewer than 250 employees) in the **United States** are in the immediate risk category, and 28% in the near-term risk category. Combined, these two categories include 54% of small businesses (4.2 million total) and 47.8 million jobs. Microbusinesses (employers with fewer than 10 employees) within industries at immediate or near-term risk account for 2.9 million business establishments and 8.7 million jobs.

A study by the Central Bank of **Ireland** (McGeever, McQuinn and Myers, 2020[33]) shows that in highly affected sectors SMEs accounted for 79% of annual turnover in 2017, and for 59% of annual turnover in highly and moderately affected sectors combined, defined according to the impact of social distancing measures. To put this into perspective, the share of SMEs in value added in the business economy in Ireland was 44% in 2016. The study also suggests that of total employment in SMEs, 39% is in highly affected sectors and 71% in highly and moderately affected sectors combined. This puts the total number of jobs at risk in SMEs at 770 000, 50% of all employment in the non-agricultural business economy, and almost 75% of the total number of jobs affected by the pandemic (see also (McCann and Myers, 2020[34]).

(McKinsey, 2000[35]) indicates that minority-owned small businesses are even more vulnerable than SMEs in general, because of their smaller size, lack of access to credit and risky nature of their business, but also because of their high prevalence in strongly affected industries.

SMEs and jobs at risk

A recent study on the impact of the pandemic in **Europe** (McKinsey, 2020[15]) investigates jobs most at risk,[27] and finds that "at least two of three jobs at risk are in an SME, and more than 30 percent of all jobs at risk are found within microenterprises consisting of nine employees or fewer". In **Australia**, SMEs account for 68% of all jobs at risk (McKinsey, 2020[36]).

The ILO Monitor on COVID-19 and the world of work (ILO, 2020[5]) shows that worldwide employment in the sectors most at risk is strongly concentrated in firms with less than 10 employees, whereas vice versa the vast majority of employment in low risk sectors is in larger firms with more than 10 employees. For instance, in sectors such as wholesale and retail trade, repair of motor vehicles and motorcycles, the share of firms with less than 10 employees is 70%, whereas in low risk sectors such as education, utilities and public administration the share is less than 20%.

The **German** research institute IFM developed two scenarios to assess the impact of the crisis on SMEs (Welter, Wolter and Kranzusch, 2020[37]). In a scenario where the lockdown would be limited to 2-2.5 months, for most SMEs *(Mittelstand)* the crisis would not lead to liquidation, although the impact on retail, cultural and leisure industries may be large. In case the lockdown would continue for more than six months, significant job losses of between 850 000 and 1.6 million are expected among SMEs, especially among microenterprises.

In the **United States**, of the 20 million jobs lost in April, 11 million came from small and medium sized businesses.[28] **New Zealand** saw a 4% decline in jobs in small businesses in March and April.[29]

[27] These are defined in accordance with the following questions: Are jobs essential? Are jobs at risk due to the physical proximity necessary in the specific job? Are jobs exposed to a significant short-term demand drop as a consequence of the COVID-19 crisis?

[28] https://adpemploymentreport.com/2020/April/NER/NER-April-2020.aspx

[29] https://thespinoff.co.nz/business/04-06-2020/covid-19s-impact-on-small-businesses-in-numbers/

In **Canada**, it was reported that women-owned businesses laid off a disproportionally higher share of their workers. 62% laid off more than 80% of their workers, against 45% for the small business population at large.[30]

SMEs and partial redundancies

French labour market data from early April on partial redundancies of employees by firm size provide interesting insights (Table 2).[31] The data show that SMEs account for nearly the entirety of partial redundancies (93%), whereas their share in employment in **France** is 63%. Microenterprises alone account for 42%, whereas their share in employment is 30%. Although subsequent labour market survey show a small decline in the share of microenterprises (39% on 14 April[32]), it is clear that their share in redundancies continues to vastly exceed their share in employment.

Table 2. : Partial redundancies of employees and share of total employment by firm size in France

(1 April 2020)

Firm Size	Share of employees affected (%)	Share in employment (%)
0-19	42	30
20-49	20	8
50-99	25	10
50-249	6	15
250-	8	36
Total	100	100

Source: OECD (2019) SME and Entrepreneurship Outlook, and https://dares.travail-emploi.gouv.fr/IMG/pdf/dares_tdb_hebdo_marche-travail_crise-sanitaire_01042020-2.pdf

(Altonji et al., 2020[38]) use Homebase data to analyse the impact of the pandemic on hours worked in small businesses in the **United States**. They find that average hours worked fell strongly in March, and although they slightly recovered, by 6 June they were still 35.9% below their value in late January. They find that reductions in the number of firms in operation and in the number of employees account for most of the hours reductions. Changes in hours worked by continuing employees are secondary. Reductions in hours and employment were larger for workers with lower wages. They find little difference in the reduction of hours worked between smaller and larger firms and attribute this to two offsetting effects. Smaller firms were substantially more likely to shut down than were larger firms. Larger firms that stayed open, on the other hand, were substantially more likely to reduce their number of employees. Per saldo, the impact was similar. The biannual monetary policy report by the US Federal Reserve Bank (Federal Reserve Bank, 2020[39]) also shows how activity was the main cause for employment declines to be deeper for small firms than for larger ones (Table 3).

[30] https://www.halifaxtoday.ca/coronavirus-covid-19-local-news/has-the-pandemic-turned-back-the-clock-on-womens-entrepreneurship-2537851

[31] https://dares.travail-emploi.gouv.fr/IMG/pdf/dares_tdb_hebdo_marche-travail_crise-sanitaire_01042020-2.pdf

[32] https://dares.travail-emploi.gouv.fr/dares-etudes-et-statistiques/tableaux-de-bord/marche-du-travail-pendant-le-covid-19/article/situation-sur-le-marche-du-travail-au-7-avril-2020

Table 3. Change in employment by firm size in the United States

Firm size range (employment), %, from 15 February to 9 May

Firm size	Continuing firms	Inactive firms
1-9	-4.31	-15.52
10-19	-11.13	-11.48
20-49	-14.40	-8.13
50-99	-14.10	-5.53
100-249	-13.27	-3.30
250-499	-13.32	-2.22
500	-15.17	-1.59

Note: Employment declines are relative to February 15 and extend through May 9, 2020. The key identifies bars in order from top to bottom.
Source: (Federal Reserve Bank, 2020[39])

In **Australia**, hours worked by the self-employed fell by 32% since the start of the pandemic, compared to a 9% reduction in hours worked across the economy.[33] Another study on Australia suggests the difference in the drop in hours worked between self-employed and employees was 6.5% (Biddle et al., 2020[40]).

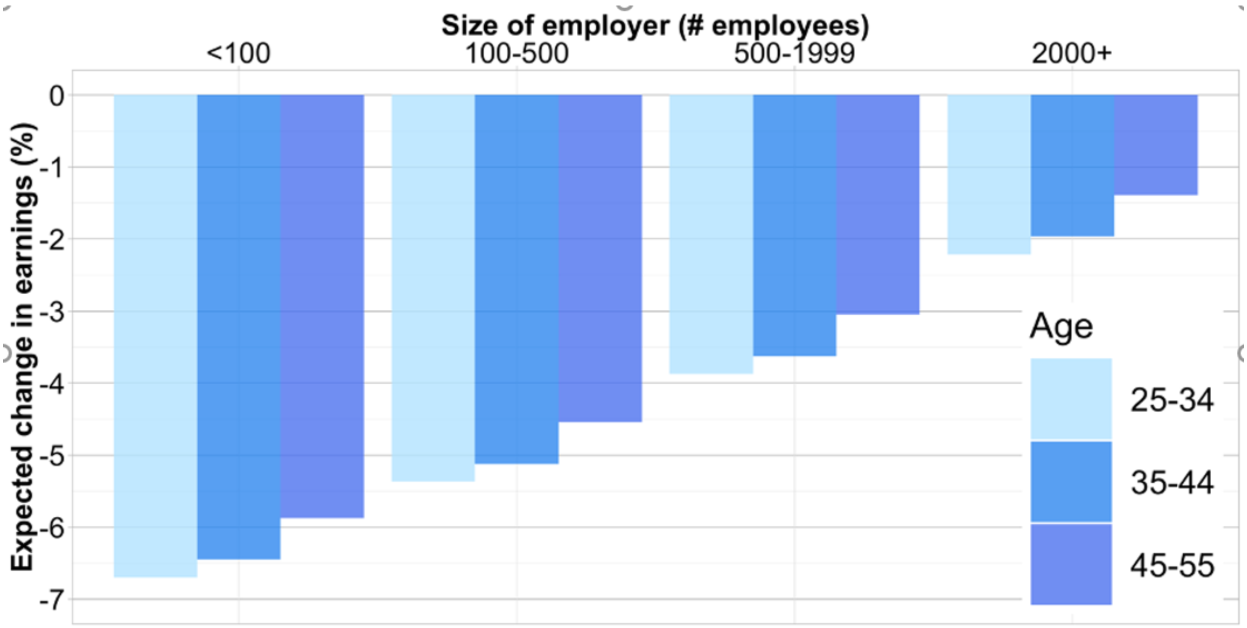
SMEs and impact on employee earnings

Recent research in the **United Kingdom** on the expected impact of the crisis on employee earnings by firm size shows that the drop in earnings could be considerably higher for employees in smaller as compared to larger firms, and that younger employees risk losing out most (Figure 3).[34] The paper suggests that because of the crisis the 'large firm wage premium' may increase (Bell et al., 2020[41]). (McKinsey, 2020[11]) shows how lower-income workers, minority business owners, and business owners with less educational attainment are particularly vulnerable to the crisis.

33 https://www.smartcompany.com.au/coronavirus/self-employed-hours-coronavirus/

34 https://voxeu.org/article/prepare-large-wage-cuts-if-you-are-younger-and-work-small-firm

Figure 3. Expected change in earnings of employees by firm size



Note: % fall in real weekly earning based on work exposure regressions. Assumes 10% nominal fall in GDP, deflated by inflation forecast of 2%.
Source: Office of National Statistics. (2017) New Earnings Survey Panel Dataset, 1975-2016: Secure Access. [data collection]. 7th Edition. UK Data Service. SN: 6706, http://doi.org/10.5255/UKDA-SN-6706-7.

SMEs and liquidity gap

Several studies aim to calculate the expected liquidity shortage of SMEs due to the pandemic and lockdown. These calculations vary widely according to the underlying assumptions, for instance on the expected duration of the lockdown measures and the types of costs expected to be covered by governments. To calculate the liquidity gap, the studies in various ways try to assess: i) the size of the drop in revenues, ii) the ongoing costs, iii) the access to resources to address this, and iv) the government support offered. Some of these studies explicitly focus on SMEs, other do not.

(OECD, 2020[42]) evaluates the risk of a widespread liquidity crisis using a cross-sector sample of almost one million firms in 16 European countries, covering all manufacturing and non-financial service sector. The note focuses on the first-round effects of the containment measures induced by the crisis, abstracting from the potential cascading effects via supply chains (including global value chains), financial interconnections between firms and financial distress in the banking system – other than those implicitly assumed in the size of the sectoral shocks – as well as from the structural adjustments that will be needed in a second phase of the response to the crisis.

Comparing the share of firms that would turn illiquid under a no-policy change scenario and under policy intervention, results emphasise the key role of policies to avoid massive unnecessary bankruptcies. The note shows that without any policy intervention, 20% of the firms in the sample would run out of liquidity after one month, 30% after two months and 38% after three months. If the confinement measures lasted seven months, more than 50% of firms would face a shortfall of cash. This result is mainly driven by the impact of the confinement in the most hit sectors. The note underlines these estimates on liquidity shortages should be seen as a lower bound, since the dataset excludes very small firms and on average includes more larger, older and more productive firms, whereas liquidity shortages for smaller, younger and less productive firms could be higher. Adding up different policy measures (tax deferral, debt moratorium and wage subsidies at 80% of the wage bill), the note suggests that, after two months, government interventions could decrease the share of firms running out of liquidity from 30% to 10% compared to the non-policy scenario.

(Gourinchas and Kalemli-Özcan, 2020[43]) estimate the impact of the COVID-19 crisis on business failures among SMEs for seventeen countries and measure each firm's liquidity shortfall during and after COVID. For each country and sector, the paper estimates the fraction of SME businesses that would fail by year end, absent fresh liquidity injections or public support. Across the seventeen countries, the authors estimate an average SME bankruptcy rate of 12.1 percent in the absence of any policy intervention compared to a baseline of 4.5 percent without COVID-19.

The paper also evaluates the impact of various policy interventions. Interest payment suspensions have only a very modest effect on business failures. Narrowly targeted interventions can have much larger effects for a relatively modest fiscal cost. The paper suggests that through such policies at a cost of 1.1% of GDP the bankruptcy rate could be brought back to its pre-COVID level, a decline of 8.75 percent. This would save about 1.5% of GDP in wages and about 5% of employment. However, blanket interventions can be quite wasteful. As an illustration, a subsidy equivalent to the entire 2017 payroll for the duration of an 8-week lockdown would decrease SME's bankruptcy rates by 4% at a cost of 2.38% of GDP, saving 3% of employment. 2% of the fiscal cost, however, would be wasted on firms that do not need it.

(Bircan et al., 2020[44]) provide a firm level analysis on 19 countries to assess not only the need of SMEs for cash and liquidity but also where these firms still have room on their balance sheets to take more debt. They find wide variations between countries, indicating the liquidity challenge for SMEs differs by country.

(Revoltella, Maurin and Pal, 2020[45]) find that in the **European Union**, cumulative net revenue losses for companies in a 3 months lockdown scenario amount to 13-24% of GDP, with over half of firms facing liquidity shortfalls even after substantial policy intervention. SMEs face larger revenue losses than larger firms as a percentage of total assets (6-11% for SMEs, 2-4% for larger firms).

A study by the Central Bank of Ireland (McGeever, McQuinn and Myers, 2020[33]) on the size of the liquidity gap for SMEs in **Ireland** assumes that the cause for liquidity challenges stems primarily from non-personnel costs, since wage costs are assumed to be largely compensated by the government. Distinguishing between various shares of SMEs in highly and moderately affected sectors that would seek external finance, and various proportions of non-personnel costs that would need to be covered over a period of three months, the study estimates the potential liquidity gap for SMEs to be between EUR 2.4 and EUR 5.7 billion. Although Irish SMEs in June 2019 had EUR 2.7 billion in undrawn credit available from Irish retail banks, this is very unevenly spread across borrowers, with a relatively small set of borrowers accounting for a large majority of outstanding and undrawn balances. 80% of undrawn balances were committed to just 10% of borrowers. The authors therefore conclude that given this distribution across firms, existing bank credit lines are unlikely to be sufficient to cover the EUR 2.4-5.7 billion financing needs of all affected firms over a three month period.

(Drechsel and Kalemli-Ozcan, 2020[46]) and (Drechsel and Kalemli-Özcan, 2020[47]) calculate the liquidity gap in the **United States**, and discusses policy measures to address this. Contrary to the Irish study, this study takes payroll costs as a proxy for costs to be covered and the liquidity gap by firm size. Covering the payroll costs for firms with less than 100 employees for 3 months would for instance amount to USD 449 billion; extending this to firms of less than 500 employees would cost USD 678 billion. Estimates by the American Property Casualty Insurance Association in the US suggest that business interruption costs for small business (less than 100 employees) amount to USD 220-431 billion per month.[35]

(Liu and Parilla, 2020[48]) show how in the **United States** the liquidity challenge for small businesses varies widely across regions and cities. Loss of revenue varies between 74% in Buffalo, NY to 58% in

[35] https://www.brinknews.com/preserving-small-business-in-the-aftermath-of-the-coronavirus-catastrophe-unemployment-recession/

Jacksonville, Fla. Similarly, the percentage of small business that only has 4 weeks cash reserves varies between 65% (Buffalo, NY) and 38% (Columbus, Ohio).

(Schivardi and Romano, 2020[49]) calculate the number of companies (all sizes) that run into liquidity problems and the size of the liquidity challenge in **Italy**. Under a mild scenario (i.e. the pandemic crisis ends in September), they estimate that 50 000 companies would need liquidity support. Under a more pessimistic scenario, with the crisis continuing into 2021, these estimates raise to 100 000 companies. The liquidity gap would amount to between EUR 30 and 80 billion.

(Carletti et al., 2020[50]) also look at the equity shortfall of **Italian** firms due to COVID-19. For a three-month lockdown, they estimate an aggregate annual drop in profits of EUR 170 billion, with an implied equity erosion of EUR 117 billion. The share of SMEs that face distress because of liquidity challenges in lockdown is higher than the share of large firms (17.2% compared to 6.4%).

A stress test on SMEs in the **Netherlands** shows that during the first three months of the crisis 30% of SMEs ran into a liquidity shortage, amounting to EUR 12 billion. After six months, 48% of SMEs were facing liquidity problems of a total of EUR 30 billion. Even with the support policy measures in place, in 6 months' time 25% of SMEs will have a negative liquidity position, which would reduce to 17% in a 3 months scenario (CPB, 2020[27]) (CPB, 2020[51]).

SMEs and supply chain disruptions

(McCann and Myers, 2020[34]) analyse the impact of supply chain disruptions due to the pandemic, estimating that between EUR 35 and 40 billion of business to business purchases in **Ireland** in 2019 were in the highly and moderately affected sectors.[36] A drop in such purchases is likely to also affect both SMEs and larger firms in sectors not directly impacted.

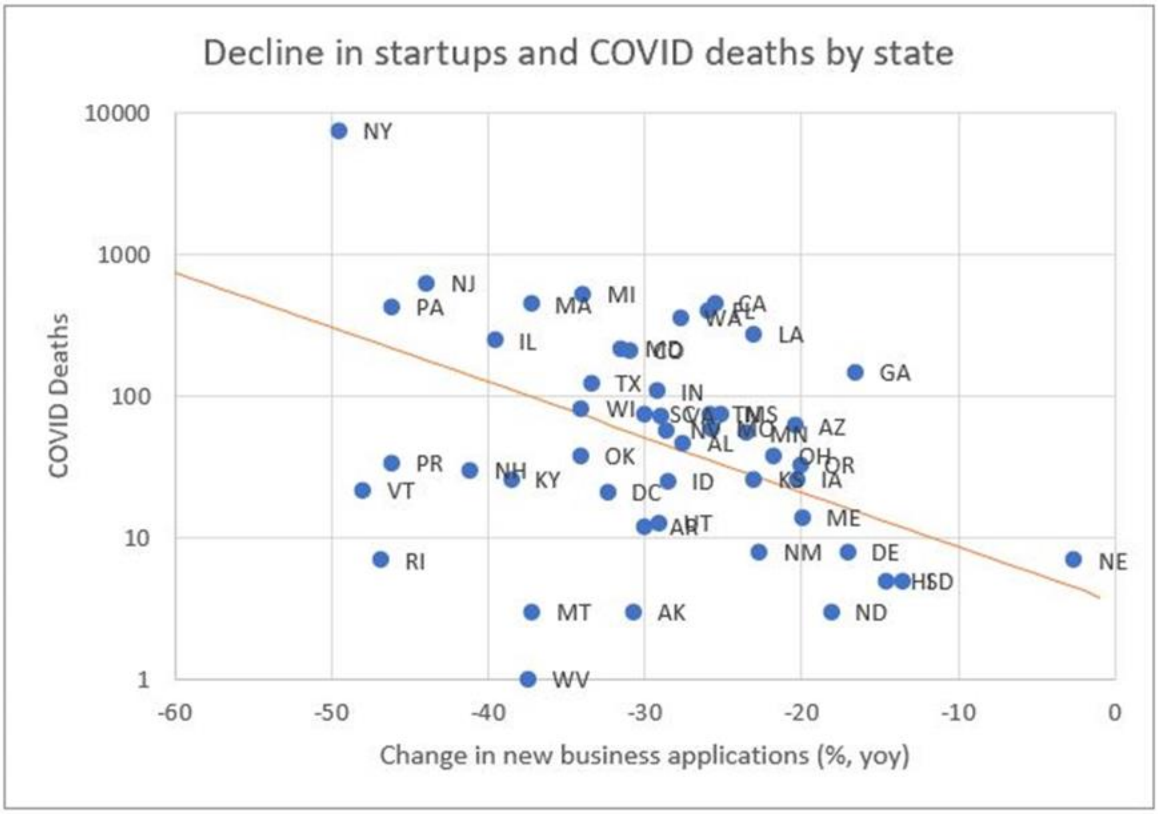
(WTO, 2020[52]) illustrates the different impact of supply chain disruptions on SMEs across countries and industries. MSMEs are especially impacted through import channels in sectors such as office equipment, electronics, chemicals, petroleum and plastic sectors, in which MSMEs import from foreign countries accounts for almost 60% of total inputs (backward participation). On the other hand, export disruptions impact strongly small businesses in the automotive and furniture sectors, since MSMEs – especially foreign-owned MSMEs – export more than 40% of their total sales through direct or indirect trade channels (forward participation). The report also documents that SMEs in the most affected sectors (see 3.3.1) are relatively more likely to export than larger firms, and hence bear more strongly the brunt of rising protectionism in these sectors (for instance in agriculture).

Start-ups

The impact of the pandemic may be particularly harsh for start-ups (Sedlácek and Sterk, 2020[53]). The first evidence suggests that the impact on firm creation may be even stronger than during the financial crisis. For instance, data on new business applications from in the **United States** from the last week of March show that applications were down 40% compared to the same week one year earlier, a contraction that is even sharper than that during the Great Recession. Figure 4 illustrates that business applications declined in all US states and is negatively related to the severity of the pandemic, which most likely reflects the intensity of lockdown measures.

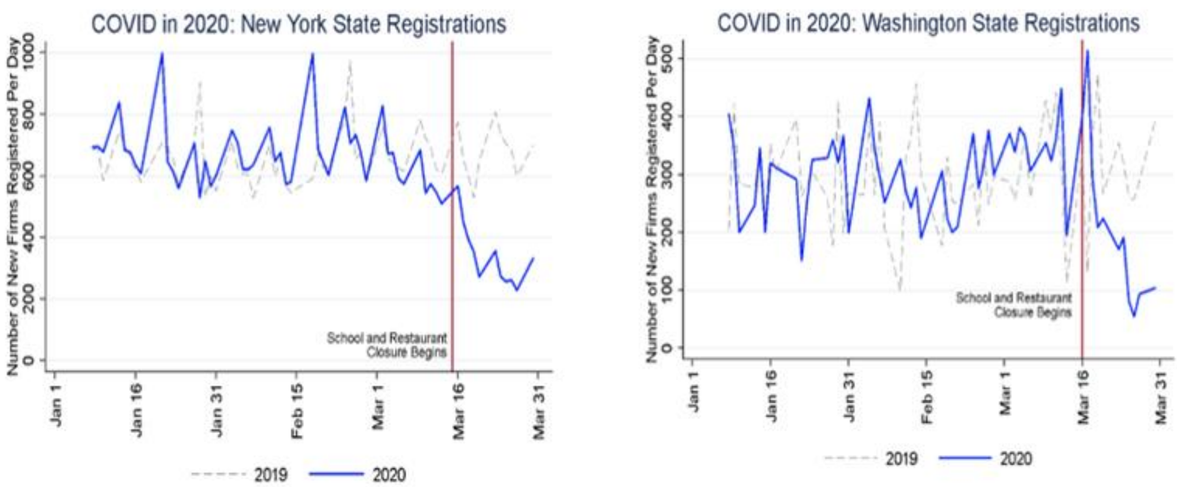
[36] https://centralbank.ie/docs/default-source/publications/financial-stability-notes/no-3-covid-19-and-the-transmission-of-shocks-through-domestic-supply-chains-(mccann-and-myers).pdf?sfvrsn=4

Figure 4. Decline in start-up growth and COVID-19 deaths by state



Note: Horizontal axis: Change in high-propensity business applications during weeks 12–15 of 2020, relative to the same weeks in 2019, by US state. Source: Business Formation Statistics. Vertical axis: Total number of COVID-19-related deaths in the US
Source: Centers for Disease Control and Prevention; https://voxeu.org/article/startup-employment-calculator-covid-19.

Figure 5. COVID in 2020: New York State and Washington State New Business Registrations



Source: The Start-up Cartography Project

Data from the US Start-up Cartography Project[37], show how new business registrations fell by more than 75% relative to the prior year from 15-16 March onwards – the day when lockdowns started (Figure 5). According to the analysis, this drop cannot be explained by the closure of government offices.[38]

(Howe, 2020[54]) documents that between 1 February and 28 March new business applications in the **United States** declined by 37% from 84 730 to 53 510. However, from April onwards the decline in new business applications has become smaller (Federal Reserve Bank, 2020[39]).

In the **Netherlands**, the number of start-ups dropped by 34% in April 2020 compared to April 2019, in particular in business services and construction.[39]

The drop in start-up (and potentially scale-up) activity can also be illustrated by declines in investment. For instance in **China** venture capital investment in new companies declined by 60% in the first quarter of 2020 compared to the first quarter of 2019 – three times the drop during the 2017-2019 crisis (Brown and Rocha, 2020[55]).[40]

Venture capital funding in **Irish** technology firms in Q1 2020 was reported to be 40% down compared to the same period in 2019, when corrected for a very large investment early in 2020, with the value of smaller deals (EUR 1-5 million) declining by 44%, and is expected to further decline in Q2.[41]

A recent survey in **Canada**, suggests that 59% of Canadians are considerably less likely to start a business after COVID-19 than before.[42] Rabobank indicates that in its post COVID-19 projections it is factoring in lower levels of entrepreneurship (Erken, 2020[56]).

Bankruptcies

Bankruptcies in OECD countries are expected to rise as a consequence of the pandemic (OECD, 2020[1]). The Q2 Barometer from credit insurer and risk-management company Coface expects insolvencies to rise by one third world wide until 2021, ranging from 12% in **Germany**, 21% in **France**, 24% in **Japan**, 37% in the **United Kingdom** to 43% in the **United States**, 44% in **Brazil** and 50% in **Turkey**.[43]

In **Japan**, due to the effects of the coronavirus bankruptcies sharply increased, up by 15% in April 2020 15% (to 748 filings) compared to April 2019, especially affecting SMEs in the tourism and accommodation

[37] https://www.startupcartography.com/home

[38] https://www.forbes.com/sites/columbiabusinessschool/2020/04/24/new-business-needs-a-big-rescue-too/#1af3ed66309c

[39] https://www.kvk.nl/over-kvk/media-en-pers/nieuws-en-persberichten/april-34-minder-starters-13-minder-stoppers-en-36-meer-faillissementen/

[40] https://theconversation.com/chinese-start-ups-are-being-starved-of-venture-capital-with-worrying-omens-for-the-west-137104

[41] https://irishtechnews.ie/covid-19-threat-to-tech-sme-funding/

[42] https://www.newswire.ca/news-releases/business-post-covid-is-canada-headed-for-a-stall-in-startups-and-support--874370358.html

[43] https://www.coface.com/News-Publications/News/Coface-Barometer-From-a-massive-shock-to-a-differentiated-recovery

sectors[44], with forecasts predicting over 10.000 bankruptcies in 2020.[45] The **Netherlands** report a rise in bankruptcies in April 2020 (as compared to April 2019) of 36%, primarily in retail and the hospitality industry.[46] Further analysis suggests that bankruptcies in the Netherlands may double or triple in 2021 as compared to 2019.[47] The American Bankruptcy Institute reports a 14% increase in Chapter 11 filings in the first quarter of 2020 as compared to Q1 2019, and expects those to continue rising.[48] Data from May suggest a further rise by 48% compared to May 2019.[49] In the **United States**, between March and mid May 100 000 small businesses have closed and that – according to a survey between 9 and 11 May (Bartik et al., 2020[8]) – 2% of small businesses have closed down for good.[50] In **Mexico**, 10,000 formal and 12,000 informal businesses closed down for good in April and May, with 600,000 more companies at risk due to the pandemic.[51] **Australia**, however, witnessed a decline in insolvencies in March, which at 683 companies was the lowest for March since 2007, which is explained by the hibernation support measures put in place by the government.[52] In **Italy**, almost 30 000 of companies went out of business in the first three months of 2020, compared to 21 000 in Q1 2019.[53]

(Prashar et al., 2020[57]) provide an assessment of the impact of COVID-19 on business dynamism in the UK. The paper compares company incorporations and dissolutions in the first quarter of 2020 with the same period in 2019 and observes a drop in incorporations and an increase in dissolutions. The analysis shows that there has been a 70% increase in the number of company dissolutions in March 2020 compared to March 2019. The sectors particularly influenced by this trend are Wholesale & Retail, Professional Services, Transportation & Storage, Information & Communication and Construction. The increase in company dissolutions is driven by young firms which appear as the most vulnerable when facing uncertainty and the current unprecedented challenges.

(Fairlie, 2020[58]) looks at the impact of COVID-19 in the United States and finds that the number of active business owners declined by 3.3 million (22%) between February and April 2020. African-American businesses experienced a 41% drop. Latino business owners fell by 32%, and Asian business owners dropped by 26%. Immigrant business owners experienced substantial losses of 36%. Female-owned businesses were also disproportionately hit by 25%.

[44] https://english.kyodonews.net/news/2020/05/8361cbd2068e-coronavirus-linked-bankruptcies-rise-sharply-in-japan.html;https://www.nytimes.com/reuters/2020/05/13/world/asia/13reuters-health-coronavirus-japan-bankruptcy.html

[45] https://www.japantimes.co.jp/news/2020/05/29/business/economy-business/bankruptcies-coronavirus/

[46] https://www.kvk.nl/over-kvk/media-en-pers/nieuws-en-persberichten/april-34-minder-starters-13-minder-stoppers-en-36-meer-faillissementen/

[47] https://www.ing.nl/zakelijk/kennis-over-de-economie/onze-economie/de-nederlandse-economie/publicaties/twee-tot-drie-keer-meer-faillissementen-door-coronacrisis.html

[48] https://www.abi.org/newsroom/press-releases/commercial-chapter-11-bankruptcies-increase-14-percent-in-the-first-quarter

[49] https://www.cbsnews.com/news/bankruptcy-coronavirus-recession-2020/

[50] https://www.bignewsnetwork.com/news/265067584/coronavirus-ravages-america-small-businesses

[51] https://mexiconewsdaily.com/news/coronavirus/600000-businesses-at-risk-of-closing-for-good/; https://www.bbvaresearch.com/en/publicaciones/mexico-job-loss-hasnt-bottomed-out-yet-large-companies-with-higher-closing-rates/

[52] https://www.smh.com.au/business/small-business/what-will-happen-to-wa-s-small-businesses-as-the-economy-reopens-20200525-p54waz.html

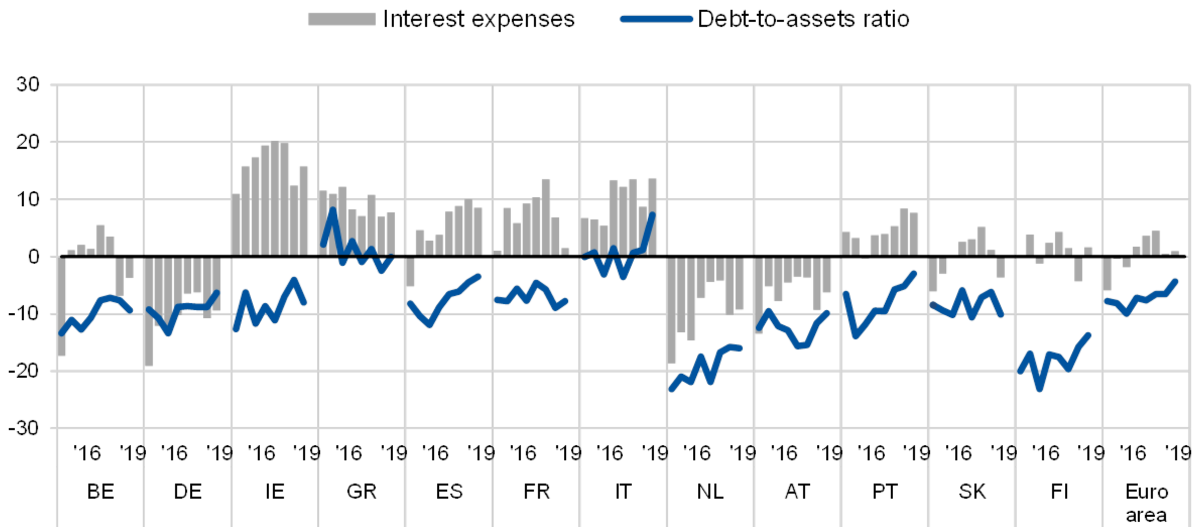
[53] https://www.infocamere.it/movimprese

(di Mauro and Syverson, 2020[59]) discuss the channels by which the pandemic may impact future productivity growth. They highlight potential risks of policies supporting labour hoarding for productivity, but estimate it is too early to assess in what way reallocation will affect productivity growth. Similarly, (Erken, 2020[56]) discuss the longer term productivity impact of the pandemic, through lower R&D investment, a possible retraction of value chains and reduced efficiency due to lower creative destruction and labour hoarding. (Isenberg and De Fiore, 2020[60]) expect that if entrepreneurs do not experiment and adapt, many ventures will ‘either disappear or join the rapidly swelling ranks of zombie companies.’ However, other analysis points at substantial reallocation from less to more productive sectors because of the pandemic (Abay, Tafere and Woldemichael, 2020[61]). (OECD, 2020[42]) shows that firms facing a high risk of liquidity shortfalls are mostly profitable and viable companies. Only a relatively small share of firms (around 10%) among those expected to face liquidity shortfalls would be close to insolvency when evaluating their overall net worth.

SME debt

Many of the policy measures implemented to sustain businesses through the COVID-19 crisis adopt debt financing instruments. As a consequence, SME debt may rise significantly. This may be pose challenges to business solvability, especially in countries that already exhibited high debt leverage in private companies. In Europe, the most recent ECB SAFE Survey reports ongoing declining debt-to-total-assets ratios for SMEs, although less than in the previous Survey (-4% from -7%), but cross-country differences can be noted (Figure 6) (ECB, 2020[62]).

Figure 6. Change in debt-to-total-assets ratio and interest expenses of SMEs across euroarea countries



Source: (ECB, 2020[62])

While information on the increase in SME debt since the crisis outbreak is limited, early evidence suggests that crisis policy responses may have increased SME debt leverage significantly. In **Spain**, the proportion of SMEs that uses bank loans rose from 6 to 37% between October 2019 and March 2020.[54] In **Canada**, a survey by the Federation of Independent Business (CFIB) indicates that, on average, small businesses have taken up CAD 150,000 in debt due to the crisis.[55] Also, media report that the debt-to-equity ratio of non-financial firms rose to 212% in Q1 of 2020, the highest ratio since 2009.[56] In **France**, companies (which already had record debt levels of 70% of GDP before the pandemic) during the first two months of the lockdown took up a further EUR 100 billion debt, three quarters of which went to SMEs.[57] According to the **Italian** Central Bank, as a result of debt financing in the COVID-19 policy response, the 80% debt-to-equity ratio in Italy from 2018 could rise by 10-30%-point**.** In **Israel**, start-ups have taken USD 144 million in bank loans, since other non-debt avenues for raising funding were cut off through the crisis.[58] In **Korea**, the Financial Services Commission warned in early July that repayment deadline of SME debts related to support in the COVID-19 context amounting to USD 83.4 billion were nearing, with serious risks for the economy.[59]

Data from the Bank for International Settlements (BIS), indicate for Q4 2019[60]a 165% share of core debt of private non-financial companies to GDP in the Eurozone and of 150% in the United States, which is expected to rise because of the financial support measures.[61] Credit to non-financial companies in the euro zone hit an 11-year-high in April, with more than EUR 290 billion of loans in government-backed lending schemes granted across the European Union’s four largest economies and the United Kingdom during the continuing coronavirus slump.[62] A study by the EIB expects an increase in indebtedness of between 4-6% of GDP for EU companies (Revoltella, Maurin and Pal, 2020[45]). A further study on the impact of the pandemic on capital markets in Europe (AFME, 2020[63]) reports that bank lending to SMEs has rapidly increased to record gross volumes of EUR 71 billion, EUR 103 billion and EUR 91 billion in the months of March, April, and May of 2020, respectively. In the United Kingdom, new gross bank lending to SMEs between March and May of 2020 totalled GBP 35 billion versus GBP 13.7 billion in the same period of 2019. Similar large increases have been observed in France (EUR 69.6 billion in March-May 2020 vs EUR 29.3 billion in same period of 2019), Germany (EUR 43 billion vs EUR 40 billion), and Spain (EUR 64 billion vs EUR 49 billion).

[54] https://www.marketscreener.com/news/Banco-de-Espa-a-Recent-developments-in-Spanish-SMEs-access-to-external-finance-according-to-the-E--30750081/

[55] https://www.cfib-fcei.ca/en/media/news-releases/small-business-debt-load-tops-150000-recovery-will-be-impeded-if-more-financing

[56] https://www.reuters.com/article/us-health-coronavirus-canada-stimulus/canadas-covid-19-aid-risks-adding-to-corporate-debt-overhang-as-ottawa-limits-handouts-idUSKBN23O37G

[57] https://www.journalpioneer.com/business/reuters/rising-french-corporate-debt-straining-balance-sheets-central-bank-465260/

[58] https://www.calcalistech.com/ctech/articles/0,7340,L-3833213,00.html

[59] https://pulsenews.co.kr/view.php?year=2020&no=673172

[60] https://stats.bis.org/statx/srs/table/f2.1

[61] https://wtvbam.com/news/articles/2020/jun/24/europes-emergency-loan-schemes-stir-fears-of-a-debt-trap/1032566/

[62] https://www.reuters.com/article/us-health-coronavirus-europe-companies-a/europes-emergency-loan-schemes-stir-fears-of-a-debt-trap-idUSKBN23V0YW

Recovery rate

A further important aspect regards the question of how recovery will take place for SMEs as compared to larger firms. For many countries where lockdown measures are still in place or only gradually being lifted, it is too early to answer that question. However, some evidence from **China** shows that SMEs are recovering more slowly than larger firms. For instance, data from China from 28 March show that the industry resumption rate was 98.6% and 89.9% of industry employees have returned to work. [63] Even in Hubei Province, the resumption rate has exceeded 95%. As for industrial SMEs, the resumption rate is 76%. Similarly, the Chinese manufacturing Purchasing Managers Index (PMI), which provides an early indication each month of economic activities in Chinese manufacturing, shows that recovery among the largest firms has been faster than for small and medium sized firms (see Figure 7). By 11 May, the resumption rate of large industrial enterprises has reached 100% in half of the 100 biggest cities (by GDP) and 99.1% on average across the country. For industrial SMEs, the resumption rate was 84% by 15 April, a significant increase from 76% on 28 March. On 20 May, the government indicated that 91% of SMEs had resumed operations.[64] Whereas in May the PMI for smaller firms contracted, whilst it increased for larger firms[65], media reported an improvement again in June.[66]

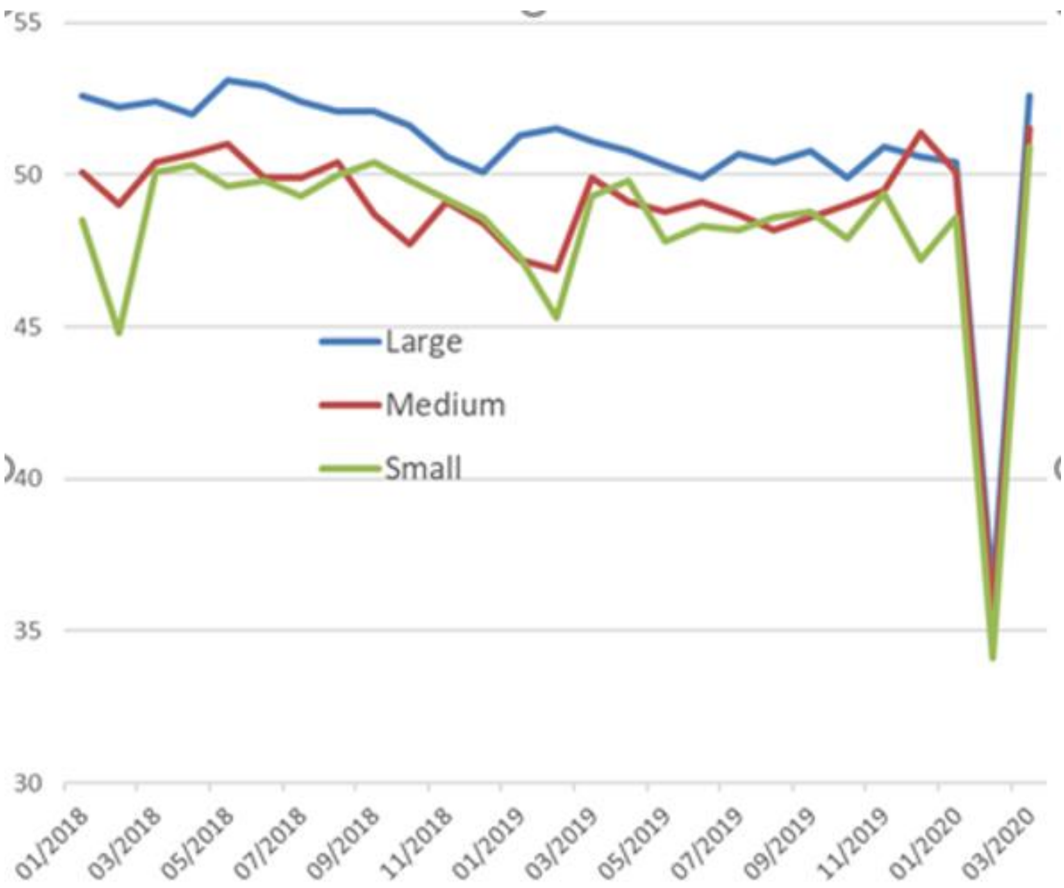
[63] These figures refer to the so-called above-threshold group of firms, with an annual revenue of CNY20 million, which make up 90% of the total in terms of value added.

[64] http://www.xinhuanet.com/english/2020-05/20/c_139071748.htm

[65] https://www.reuters.com/article/us-china-economy-pmi/chinas-factory-activity-quickens-but-pandemic-drags-on-exporters-and-recovery-idUSKBN24104O

[66] https://em-views.com/could-chinas-smes-be-pointing-to-a-recovery

Figure 7. Manufacturing Purchasing Managers Index in China by firm size



Source: http://www.stats.gov.cn/tjsj/zxfb/202003/t20200331_1735877.html

Country policy responses

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 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.

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.
- Countries increasingly use **non-banking financial support** intermediaries in their policy support mix.
- 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.

This Chapter gives a first analysis and comparison of these SME policy measures. Table 4 provides an overview of country policy measures on the basis of available information. Annex A contains further details about policies in each country. 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.

Table 4 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. This is in line with findings from the World Bank SME Support Measures dashboard, which suggests that out of 845 SME policy instruments used worldwide 328 relate to debt finance (loans and guarantees), 205 to employment support and 151 to tax.[67] Structural policies have been used only modestly, with a focus on teleworking and digitalisation, although over time the number of countries setting up such policies has increased. The use of grants, debt moratorium and specific measures for the self-employed provide is mixed, and highly differs across countries.

Table 4. 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	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓			

[67] https://dataviz.worldbank.org/views/SME-COVID19/Overview?%3Aembed=y&%3AisGuestRedirectFromVizportal=y&%3Adisplay_count=n&%3AshowAppBanner=false&%3Aorigin=viz_share_link&%3AshowVizHome=n&fbclid=IwAR0vfwIVUpPgT9qn7w9473B7hyi8mVlB4PZVkosOLRJCQR6NgS1ZJPeR5qM ; see for an overview of SME policy responses in the Americas also: https://covid19sbs.org/

	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
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		✓		✓				✓	✓	✓	✓		✓		✓
Mexico		✓						✓		✓					
Netherlands	✓	✓	✓	✓	✓			✓	✓	✓	✓				
New Zealand		✓		✓			✓			✓		✓			✓
Norway	✓	✓	✓	✓	✓	✓			✓		✓			✓	✓
Peru		✓		✓	✓				✓	✓					
Poland		✓	✓	✓		✓			✓	✓				✓	
Portugal	✓	✓		✓	✓	✓			✓	✓		✓			✓
Romania		✓		✓			✓	✓	✓	✓					
Russia		✓	✓	✓		✓		✓		✓					
Saudi Arabia		✓						✓	✓	✓					
Singapore		✓	✓	✓			✓		✓	✓				✓	
Slovak Republic	✓	✓	✓	✓					✓		✓				

	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
Slovenia		✓	✓	✓			✓	✓	✓	✓		✓	✓		
South Africa		✓		✓				✓		✓		✓			
Spain	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓		✓		
Sweden	✓	✓	✓	✓	✓	✓	✓		✓	✓					
Switzerland	✓	✓							✓	✓		✓			
Thailand		✓	✓	✓	✓	✓	✓			✓				✓	✓
Turkey	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓				
United Kingdom	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓			✓	
United States		✓	✓	✓						✓	✓			✓	
Vietnam		✓		✓	✓	✓	✓								

Disclaimer: This table has been prepared based on official sources and media reporting. Given the rapid developments of events and measures, the information in the table may not be comprehensive or fully up to date. It will be updated periodically.

Table 5 gives an indication of the intensity of measures used by different countries. The table distinguishes between immediate fiscal measures, which include for instance grants and subsidies to SMEs (but also additional health expenditure), deferral of tax, social security and debt payments (for businesses and consumers) and other liquidity and guarantee instruments. Although the data in table 5 are therefore not directly comparable to Table 4, they still provide an overview of differences in approaches taken by various countries.[68] Table 5 for instance shows that the size of the fiscal impulse in Germany is significantly higher than in other countries, but also that countries like Germany, Italy and to a lesser extent the UK and France rely heavily on providing loan guarantees. In the United States the immediate fiscal impulse as a percentage of GDP is significantly larger than in other countries, although it should be taken into account that in many European countries the fiscal impulse works via non-discretionary through automatic stabilizers related to existing social security arrangements.

Early July, (Segal and Gerstel, 2020[63]) estimate the fiscal response in G20 countries to be 11.2% of GDP. (Elgin, Basbug and Yalaman, 2020[64]) show that the fiscal policy effort by countries correlates with GDP per capita and the number of COVID-19 cases.

[68] Financial support measures at EU level are not all included in the table.

Table 5. Selected discretionary fiscal measures adopted in countries in response to COVID-19 by 16 April 2020, % of 2019 GDP

	Immediate fiscal impulse	Deferral	Other liquidity/guarantee
Belgium	1.4%	4.8%	21.9%
Denmark	2.1%	7.2%	2.9%
France	4.4%	8.7%	14.0%
Germany	13.3%	7.3%	27.2%
Greece	3.1%	1.2%	2.1%
Hungary	0.4%	8.3%	0.0%
Italy	3.4%	13.2%	32.1%
Netherlands	3.7%	7.9%	3.4%
Portugal	2.5%	11.1%	5.5%
Spain	3.7%	0.8%	9.2%
United Kingdom	4.8%	1.9%	14.9%
United States	9.1%	2.6%	2.6%

Source: (Anderson et al., 2020[65])l[69] - update 23 June 2020

Measures related to working time shortening, temporary lay-offs and sick leave

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.

Short term work (STW) schemes and wage support

Most OECD countries operate STW schemes (OECD, 2018[66]), which have been actively deployed in the context of the COVID-19 pandemic (Giupponi and Landais, 2020[67]) (OECD, 2020[68]). Various countries are opening up existing arrangements for companies to reduce working hours of their employees and their temporary redundancy. Many countries are expanding 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.

To compensate workers for reduced working hours through STW, governments pay (parts of) employee salaries for hours not worked. **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. In **France**, the government will reimburse 100% of partial employment compensations (up from 70% previously).

[69] See for the methodology: https://www.bruegel.org/publications/datasets/covid-national-dataset/

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. 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. In **Denmark**, the government increased security for employees' jobs and support for wage costs through the Compensation for Corporate Expenses. 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. **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.

In some countries, wage subsidies are provided without a direct link to STW. **Canada** introduced a Canada Emergency Response Benefit of CAD 2 000 per worker for a maximum of four months. **New Zealand** is providing NZD 5.1 billion in wage subsidies for affected businesses in all sectors and regions. 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.

A number of countries have set-up wage support specifically targeted to 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. An Emergency Fund in **Korea** provides direct financial support to SMEs and self-employed, aimed at encouraging these firms to keep their employees.

Sick leave

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.

Several countries have introduced specific measures to support the self-employed (see Box 1).

Box 1. 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 (OECD, 2020[68]) (Biddle et al., 2020[40]) (Blundell and Machin, 2020[69]). 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 EUR 600 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.

Deferral of tax, social security payments, debt payments, and rent and utility payments

Most OECD countries have put in place measures that enable SMEs to postpone payments, in order to avoid further eroding their liquidity (see Table 4). 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.[70]

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 2).

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.

Income/corporate tax

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, 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;

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.

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

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.

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.

[70] See also https://taxfoundation.org/coronavirus-country-by-country-responses/

Box 2. 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 4.5). 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.

- **Argentina** exempts the sectors hardest hit form social security payments. Also, necessary overtime will have a 95% reduction in the rate of taxation. The salaries of workers hired for the necessities of the crisis period will have a 95% reduction in the tax rate.
- **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.

Value Added Tax (VAT)

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.

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 2).

Social security and pension contributions

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).

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 2). In some cases, the suspension is related to the measures on reducing working hours, as part of compensation to avoid (permanent) job losses.

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

Rent/utilities/local tax

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 aims 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.

Debt payment moratorium

In some countries, a deferral of debt payments was introduced in the form of a debt moratorium (see Box 3). In some countries, these are private initiatives by commercial banks. In other cases they are set-up or backed by the government.

Box 3. 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) 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

Public procurement and payment

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.[71] 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.

Loan guarantees

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.

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

[71] Analysis suggests rapid payment can be an effective way to address liquidity shortages of small firms, see for instance https://blogs.lse.ac.uk/businessreview/2020/05/12/the-simplest-way-to-unlock-4-65-trillion-in-liquidity-for-firms/

guarantee and lending procedures and more generally the enlargement of public funding available to support guarantees.

New initiatives

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.

Available funding

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. **Switzerland** rapidly increased the amount of guarantees available when it appeared demand for support was very strong. The **United Kingdom** introduced a GBP 330 billion rescue package of loan guarantees for business.

Level of public guarantee

Furthermore, countries have increased the level of guarantees that governments are offering on credit. In several countries (**Germany, France, Switzerland**) the public guarantee has been raised to 100% for certain loan categories. **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 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.

Coverage

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.

Administrative procedures

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.

Direct lending to SMEs

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.

New loan schemes

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. I**n 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.

Specific sector

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 that 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.

Increase of funding of existing loan schemes

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**, next to the Economic Injury Disaster Loan Assistance programme of the Small Business Administration (SBA), the Payment Protection Plan offers EUR 349 billion in loans (non-repayable if businesses maintain employment). High demand for the facility led the administration to propose further raising the amount of funding available.

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.

Grants and subsidies

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.

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.

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.

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 4 gives country and regional examples.

Box 4. 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.

Non-banking finance

Most of the SME policy instruments used in response to COVID-19 are debt finance via bank loans. However, an increasing number of countries also use other forms of finance. In some cases, debt finance is disbursed by other intermediaries than banks, for instance through crowd-funding or fin-tech companies. In other cases, non-debt financing instruments are being used, for instance equity (see also section 4.7.5 on start-ups).[72] This follows a sustained trend in the past decade. The 2020 edition of the OECD Financing SMEs and Entrepreneurs Scoreboard documents the rise in non-banking finance for SMEs and government measures to support this (OECD, 2020[70]).

Australia includes non-bank lenders in its SME Loan Guarantee Scheme[73] as well as its Structural Finance Support package.[74]

In the COVID-19 context, in **Belgium**, the Flanders region has eased the conditions for the "win-win crowd-lending facility", through which individuals are incentivized to lend to small businesses.[75]

In **Canada**, fintech companies are involved in bringing finance to SMEs through the Canada Emergency Business Account scheme.[76]

In **Germany**, guarantee banks support regional equity investment societies ("Mittelständische Beteiligungsgesellschaften").

In **France**, Bpifrance strengthened the equity capital of French start-ups and SMEs with the launch of two vehicles: the "Fund for reinforcement of SMEs" endowed with nearly EUR 100 million, and the "French Tech Bridge", a EUR 80 million pocket for start-ups expected to raise funds in the coming months. This financing, which may range from EUR 100 000 to €5 million, takes the form of Convertible Bonds, with possible access to capital, and must be co-financed by private investors.

[72] https://blogs.worldbank.org/psd/right-support-fintech-alternative-lenders-can-help-small-businesses-weather-crisis

[73] https://mozo.com.au/business-banking/articles/non-bank-business-lenders-join-sme-loan-guarantee-scheme

[74] https://www.aofm.gov.au/sfsf

[75] https://www.pmv.eu/nl/maatregelen-van-pmv-tegen-de-impact-van-het-coronavirus

[76] https://betakit.com/vancouver-fintech-startup-working-with-financial-institutions-to-facilitate-federal-covid-19-loans/

In **Hungary**, the Hungarian Development Bank Group partners with state-owned venture capital company Hiventures to provide equity finance to viable SMEs that ran into difficulty during the pandemic.[77]

To provide equity funding for firms with growth potential, **India** set up a fund of funds of INR 500 billion with a INR 100 billion corpus.

In **Italy**, several cooperative non-profit guarantee consortia work together with fintech companies in providing finance to SMEs, also supported through European funding programs.[78] Moreover, non-bank financial institutions are allowed to provide loans under the government guarantee scheme Garanzia Italia.[79] SME financing by online lenders grew significantly during the pandemic.[80]

In **Lithuania**, the Avieta scheme run by national promotional institute INVEGA allows SMEs to borrow through crowd-funding platforms,[81] which is also used in the COVID-19 context.[82]

The credit guarantee fund KODIT in **Korea** runs a public co-investment scheme which supports equity investment.[83]

In the **Netherlands**, the public guarantee scheme BBMKB has been opened up for participation by non-banking intermediaries.[84]

Sweden, the state investment company Almi Företagspartner works with a loan platform to get bridge loans to SMEs.[85]

In **Switzerland**, COVID-19 brought up new initiatives in crowd-funding for SMEs, although at the same time loan guarantee support may have reduced SME demand for crowdfunding.[86]

In the **United States**, online lenders and fintech companies are included in getting Paycheck Protection Program funding to small businesses and the self-employed.[87] The Security and Exchange Commission has eased crowdfunding rules to support finance for SMEs.[88]

[77] https://finance.yahoo.com/news/hiventures-patient-equity-financing-partner-070000826.html ; https://bbj.hu/coronavirus/hiventures-launches-rescue-programs-fund_182123

[78] https://www.crowdfundinsider.com/2019/10/152361-october-and-5-confidi-launch-direct-lending-fund-for-italian-smes/

[79] https://www.finextra.com/pressarticle/82333/ebury-authorised-to-provide-sme-funding-under-italian-governments-coronavirus-guarantee-scheme

[80] https://born2invest.com/articles/coronavirus-crisis-pushing-loans-crowdfunding/

[81] https://invega.lt/en/covid-2019/financial-measures-business-covid-19-crisis/loans/croud-funding-loans-aviete/

[82] https://invega.lt/en/businesses-affected-covid-19-offered-liquidity-loans/

[83] https://www.kodit.co.kr/html/english/about_kodit/intro/object.jsp

[84] https://www.rijksoverheid.nl/onderwerpen/coronavirus-financiele-regelingen/overzicht-financiele-regelingen/bmkb

[85] https://www.marketscreener.com/TIETOEVRY-OYJ-43344312/news/TietoEVRY-Oyj-Almi-supports-small-business-owners-during-the-corona-crisis-with-bridge-loans-devel-30828253/

[86] https://born2invest.com/articles/corona-crisis-bring-momentum-swiss-crowdfunding-market/

[87] https://www.uschamber.com/series/above-the-fold/ppp-funds-reach-self-employed-small-businesses-help-of-fintech-lenders

[88] https://www.reuters.com/article/us-health-coronavirus-sec-crowdfunding/u-s-sec-eases-crowdfunding-rules-for-firms-due-to-coronavirus-disruption-idUSKBN22G2PG

In the **United Kingdom**, the British Business Bank ENABLE programme already was open to other lenders than banks. [89] In the context of the COVID-19 pandemic, a number of fintech companies and online lenders participate in the Bounce Back Loans (BBL) and Coronavirus Business Interruption Loans (CBILs).[90]

Structural policies

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 maybe 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.

Measures to find new and alternative markets

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.

Several countries have intensified export support measures for SMEs:

- **Canada** has expanded Export Development Canada's ability to provide support to domestic businesses.
- The **Czech Republic** launched an emergency package for Czech exporters and other support to exporters.
- 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.
- **Indonesia** tries to boost SME exports by virtual business match making events.
- **Korea** allocates KRW 36 trillion to trade finance. The government will extend the maturity of trade insurance and guarantees within a ceiling of KRW 30 trillion. Also emergency liquidity worth KRW 5 trillion is available to help local companies expand overseas activities.
- **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

[89] https://www.british-business-bank.co.uk/british-business-bank-enable-guarantee-opens-to-new-types-of-lenders/

[90] https://www.bobsguide.com/guide/news/2020/May/12/uk-fintech-lenders-to-benefit-from-bbl-cbils/ ; https://www.fintechfutures.com/2020/04/four-new-uk-lenders-get-approved-to-issue-coronavirus-business-loans/

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.

Measures to support teleworking and digitalisation

Many SMEs find it harder to adopt teleworking (Brussevich, Dabla-Norris and Khalid, 2020[71]), 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.

- The "Digital Team **Austria**" initiative consists of companies in the digitisation industry and offers digital services to SMEs free of charge for at least three months**.** This helps SMEs to switch to mobile working.
- **Chile** introduced a number of measures to support digitalisation and teleworking, such as SME Online, an initiative that seeks for SMEs to increase their sales, lower their costs and improve their relationship with customers and providers, using available digital technologies and training, changes to Labor Code for regulating teleworking, the development of teleworking / digitalization to connect affected SMEs with the main Chilean e-Commerce platforms and consumers.
- **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.
- **Ireland** has extended its Digital Trading Online Voucher scheme by an additional EUR 3.3 million, by which micro-enterprises can get a EUR 2 500, and have expanded free online training to entrepreneurs.
- **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.
- **Singapore's** SMEs Go Digital Programme provides support for businesses to digitally transform and expands the scope of pre-approved solutions eligible for the Productivity Solutions Grant to help businesses implement safe distancing and business continuity measures.

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. It supports connected Industry 4.0 projects for SMEs. and has various programs in place to support SMEs and self-employed to rethink their business models and strengthen managerial and digital skills. Furthermore, the Acelera PYME programme aims to accelerate the use of digital technologies by SMEs.

Measures to support innovation

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. The COVID-19 pandemic is also triggering public sector innovation.[91]

- **China** encourages SMEs to engage in the innovation of technologies and products related to pandemic prevention and control.
- The **Czech Republic** launched the COVID Technology Program 19, a subsidy for projects directly linked to the fight against the further spread of coronavirus through the acquisition of new technological equipment and facilities, CZK 300 million in total. Furthermore, the Czech Rise Up Program aims to encourage the introduction of new solutions to fight the coronavirus crisis by supporting innovative companies, including start-ups, CZK 200 million in total.
- In **Denmark**, an Innobooster-programme administered by the Innovation Fund will be increased by DKK 350 million to support new projects.
- 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** introduced an accelerated payment of the PIA innovation support grants already allocated but not yet released, for an estimated total amount of EUR 250 million. Following a government request, Bpifrance and Ademe automatically accelerate the payment of innovation support grants from the PIA, such as innovation contests, by paying in advance the instalments not yet released for projects that have already been validated. Concurrently, for companies receiving subsidies in the form of repayment advances or grants accompanied by fees, the next repayment deadlines are postponed for up to six months. Furthermore, the State maintains, through Bpifrance, its support for innovative companies with nearly EUR 1.3 billion planned for 2020 (grants, repayable advances, loans, etc.). Bpifrance will also continue its direct equity investments and investments in fund of funds, alongside private investors.
- 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.

[91] https://oecd-opsi.org/innovation-in-the-time-of-coronavirus/

- **Israel** introduced a NIS 650 million stimulus plan for the tech sector, via the Israeli Innovation Authority. NIS 50 million will be used for innovation for combatting the COVID-19. Furthermore a package of measures to boost "growth engines" once containment measures are eased was introduced, including the acceleration of public investment projects (NIS 1.1 billion), support for SMEs in the high-tech sector (NIS 1.5 billion), and further measures to boost economic activity (NIS 5 billion).
- **Japan** introduced subsidies to promote teleworking, online schooling and reshoring of factories.
- **Norway** introduced: grants for young growth companies, innovation loans, interest-payment support, grants for private innovation groups, business-oriented research support, capital for funding and matching investments.
- The existing Adapt and Grow initiative in **Singapore** increased its funding period to six months to better support SMEs during the crisis.

Measures to support training and redeployment

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. Online training is supported as well (Ping An Digital Economic Research Center, 2020[71]). In Hubei province, China, SMEs can receive a grant to hire new college graduates.
- **Finland** provides EUR 500 000 for counselling and support services for entrepreneurs.
- **France** asks companies to invest in training in return for partial unemployment and wage support.
- **Germany** announced a EUR 4 000 assistance for SMEs to cover consultancy services to help SMEs find solutions in coping with the crisis.
- **Greece provides** economic support in the form of a training voucher of EUR 600 for six scientific sectors (economists/accountants, engineers, lawyers, doctors, teachers and researchers).
- **Ireland** offers support for online trading of EUR 7.6 million and free mentoring, free online training for all businesses.
- **New Zealand** launched a NZD 100 million redeployment package. Furthermore, the government offers NZD 25 million in the next 12 months for business consultancy support.
- In **Portugal**, a special budget is set up to allow people who are out of a job to get training.

Measures to support start-ups

Start-ups are among the most affected SMEs (OECD, 2020[72]) (World Economic Forum, 2020[73]). Although many of the support programmes put in place to support SMEs are open to start-ups (and self-employed) as well, start-ups generally struggle or completely fail to meet the criteria set to access liquidity programmes announced in relation to the COVID-19 crisis. For instance, because start-ups in initial years may not make profits, they may fail to meet the solvency criterion underlying such schemes. In response, several countries have announced dedicated measures aimed at supporting start-ups (France, Germany, United Kingdom, see Table 6).

Table 6. Start-up support schemes in France, Germany and the United Kingdom

	France	Germany	United Kingdom
Date	25 March	31 March	20 April
Name	Emergency Plan to support Start-ups	Start-up Liquidity Programme 2020	Support Package for Innovative firms (Future Fund)
Size	EUR 4 billion	EUR 2 billion	GBP 1.25 billion
Objective	Strengthen bridge finance, liquidity and innovation for start-ups	Support availability of venture capital	Foster high growth and innovation
Target group	Start-ups	Equity funded businesses	High growth companies and R&D intensive SMEs
Instrument type	*Bridge finance for start-ups who are between two fund-raising round *State guaranteed treasure loans of two times the 2019 wage bill or 25% of annual revenue *An accelerated refund by the State of corporate tax credits refundable in 2020 * An accelerated payment of the PIA innovation support grants already allocated but not yet released *Support from Bpifrance for innovative companies, including for direct equity investments	*Additional public funding to public venture capital investors (both individual funds as well as funds of funds, e.g. KfW Capital) for funding rounds for start-ups as part of co-investments made jointly with private investors * Venture capital financing and equity replacement financing for small businesses and new start-ups that do not have venture capitalists as shareholders In parallel to the introduction of the Start-up Liquidity programme, Germany "Future Fund" (*Zukunftsfonds*) for start-ups which will offer additional liquidity of up to EUR 10 billion and should support the way out of the crisis in the medium term	*A Future Fund for high-growth companies in partnership with the British Business Bank will provide UK-based companies with between GBP 125 000 and GBP 5 million from the government, with private investors at least matching the government commitment. These loans will automatically convert into equity on the company's next qualifying funding round, or at the end of the loan if they are not repaid. * Targeted support for the most R&D intensive small and medium size firms through Innovate UK's grants and loan scheme.

Source: See Annex A for further information

Various other countries have put in place measures to support start-ups as well. For instance, in the **Netherlands**, the government announced Corona bridge loans for start-ups and scale-ups of between EUR 50 000 and EUR 2 million, for which EUR 100 million will be available. Loans under EUR 500 000 should be available in 4 to 9 working days after request.[92]

In **Switzerland**, a special guarantee procedure was created to secure bank loans to qualified start-ups. 65% of the guarantee is paid by the federal government and 35% by the canton or third parties. In this way, the federal government and the canton (or third parties) jointly guarantee 100% of an amount of up to CHF 1 million per start-up company. The total amount guaranteed may not exceed one third of the start-up's 2019 running costs.[93]

Denmark is developing two loan schemes with subsidised interest rates for start-ups. The first scheme targets companies in their early stages, while the second scheme focuses on companies having already

92 https://www.rijksoverheid.nl/actueel/nieuws/2020/04/25/coronavirus-overbruggingskrediet-gericht-op-startups-en-scale-ups-vanaf-29-april-beschikbaar

93 https://www.admin.ch/gov/de/start/dokumentation/medienmitteilungen.msg-id-79006.html

received venture capital. The schemes have a total budget of approximately EUR 296 million billion. The support, in the form of loans, will be managed by the Danish State public investment fund Vækstfonden.[94]

Italy introduced support to high-tech start-ups: the endowment of the main national subsidised finance programme for innovative start-ups is increased by EUR 100 million. EUR 10 million are allocated to incentivise start-ups to use services by business incubators and accelerators. The thresholds for the national investor visa scheme for foreign citizens financing SMEs and start-ups are halved. An additional tax credit for start-up equity investor is set up.

Portugal launched a EUR 25 million support initiative for start-ups, which includes five measures:[95]

- Financial support through an incentive. The value will be equivalent to minimum wage per employee (up to a maximum of 10 employees per start-up);
- Three month extension of the Start-up Voucher scheme (EUR 2 075 per entrepreneur job);
- Support for start-ups with less than five years of business activity, through the contracting of incubation services based on an incentive of EUR 1 500, non-refundable;
- A loan convertible into social capital (supplies), after 12 months, applying a discount rate that allows start-ups to avoid a dilution of investors' equity. Average investment ticket between EUR 50 000 Euro and EUR 100 000 per start-up;
- Launch of the "Covid-19 — Portugal Ventures instrument": for investments in start-ups, with tickets starting at EUR 50 000.

Austria set-up a EUR 150 million COVID-19 start-up Relief Fund, to fund innovative Austrian start-ups founded not more than 5 years ago. The initiative includes two parts:[96]

- An aid fund through the state-owned promotional bank AWS of EUR 100 million, which doubles fresh equity for Austrian start-ups
- A EUR 50 million venture capital fund.

Canada introduced a CAD 250 million support programme to assist innovative, early-stage companies that are unable to access existing COVID-19 business support, through the National Research Council of Canada's Industrial Research Assistance Program. Furthermore, Canada launched CAD 20.1 million in support for Futurpreneur Canada to continue to support young entrepreneurs across Canada who are facing challenges due to COVID-19. The funding will allow Futurpreneur Canada to provide payment relief for its clients for up to 12 months.

Regional governments have also launched initiatives. For instance, **Upper Austria** is developing a EUR 4 million start-up package, which aims to stabilise start-up companies and support founders. This package currently consists of a special consulting service by the regional start-up consulting and support council "tech2b Inkubator" and a deferral of active start-up loans from "tech2b Inkubator". Start-ups can also benefit from the Region's Corona guarantee. In **Belgium**, Flanders launched a EUR 250 million package for start-ups, scale-ups and SMEs. Under the scheme, viable companies affected by the COVID-19 outbreak are eligible for subordinated loans of up to EUR 800 000 over three years. The credits must fully cover the financing needs for at least 12 months. Companies pay an interest rate of 5%.

[94] https://ec.europa.eu/commission/presscorner/detail/en/IP_20_810

[95] https://www.roedl.com/insights/covid-19/portugal-corona-support-start-ups-tech4covid19

[96] https://investinaustria.at/en/blog/2020/04/corona-aid-package-startups.php

Temporary changes in insolvency and bankruptcy regimes

Several countries have introduced modified insolvency and bankruptcy regimes in response to the pandemic (see Box 5). The aim of these changes is to provide breathing space for companies running into financial difficulties during the pandemic and avoid their unnecessary bankruptcy.

Box 5. Temporary changes in bankruptcy and insolvency regimes

Several countries have adjusted bankruptcy regimes in the context of the crisis (for instance Australia, Belgium, Colombia, Germany, Italy, New Zealand, Portugal, Russia, Turkey, Ukraine and the United Kingdom). The aim of these changes is to provide companies in difficulty because of COVID-19 with more time and flexibility before they file for bankruptcy (Bosio et al., 2020[74]) (OECD, 2020[75]).

Australia increased the debt thresholds for creditors to apply for bankruptcy, increased the timeframe for a debtor to respond from 21 days to 3 months and increased the temporary protection period for debtors from 21 days to 3 months.

Belgium introduced a moratorium on bankruptcies for businesses severely affected by the crisis but which had been in good health up to 18 March. It protects them against foreclosures, and from being declared bankrupt at the request of their debtors, although this can still occur at the request of the Attorney General or of the debtors themselves. Ongoing contracts cannot be terminated for non-payment and, for now, debtors are not obliged to file declarations of bankruptcy.

Italy has suspended provisions for the declaration of insolvency or bankruptcy.

New Zealand introduced a business debt hibernation regime (providing businesses with an option to place existing debts on hold until they can start trading normally again) and a safe harbour regime (offering security to directors against legal claims).

The "**German** Covid-19 Insolvency Law Amendment" suspends the obligation of the management of a legal person to file for bankruptcy until 30 September 2020 if certain conditions are met. The new rules shall provide the management with more time and flexibility to decide whether the company can be continued and shall help to avoid insolvencies caused by the circumstances triggered by the Covid-19 pandemic. The new rules do not relieve the management from carefully and constantly observing the situation of the company and updating their assessment as the situation further develops. Making use of the additional rules may also impose personal liability risks on the managing directors.

The **United Kingdom** announced temporary changes in insolvency law to provide a breathing space for companies. The changes include the suspension of the application of the law on wrongful trading; and a new restructuring regime known as a 'business rescue moratorium', designed to (i) prevent creditors from taking enforcement action whilst the business seeks a rescue/restructure, and (ii) permit the business to continue to access the supply of goods and services necessary to continue to trade.

Private sector initiatives and entrepreneurship

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.[97] 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.[98] More generally, e-learning platforms see a large boost in activity, with small firms and entrepreneurs moving their content online.[99] Also in other sectors, such as disinfectants, start-ups are booming.[100] Platforms have been set-up to share world-wide creative initiatives in dealing with the crisis and containment measures.[101] In several countries (**Latvia, Mexico**), Fintech initiatives are being launched or speeded up, to alleviate liquidity problems of entrepreneurs. Reports from **China** 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.[102] 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.[103] 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.[104]

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. [105]

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

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

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

100 https://www.dw.com/en/startups-get-a-coronavirus-boost/a-52945730

101 See for instance www.whatdesigncando.com

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

103 https://www.businessinsider.fr/us/sanofi-translate-bio-ink-mrna-coronavirus-vaccine-deal-2020-3

104 https://mdec.my/home/c19techrelief/

105 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-

In several countries (e.g. **Switzerland**[106]), 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.[107] 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).[108] In countries such as **Sweden** and **New Zealand**, further initiatives have been launched to support citizens and communities to help their local small firms.[109]

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 and recessions are accelerants to innovation."[110] 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.[111]

Monitoring of impact and governance of policy responses

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.

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.

coronavirus-relief-efforts/
[106]https://www.kmu.admin.ch/kmu/de/home/praktisches-wissen/finanzielles/finanzierung/beteiligungsfinanzierung/crowdfunding/unterstuetzungsmassnahmen-seitens-des-privaten-sektors.html

[107] https://www.lafrenchtechtoulouse.com/solutions-face-au-covid-19/

[108]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/
[109]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

[110] https://www-entrepreneur-com.cdn.ampproject.org/c/s/www.entrepreneur.com/amphtml/347669

[111] https://oecd-opsi.org/call-for-innovative-government-solutions-to-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.

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Annex 1.A. Overview of country responses

Argentina

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.

On 26 and 27 March, the government expanded its credit program for SMEs to cover employee wages and extended the maturity dates of SME debts.

On 31 March, the government created a USD 453 million guarantee fund for SMEs.

On 20 April, the government launched a USD 12.9 billion support package. In sectors particularly affected by the lockdown such as entertainment, transport, restaurants and hotels, the government will pay part of the salaries and exempt employers from social security contributions. Unemployment insurance protection has been reinforced for workers dismissed without a fair cause during the lockdown.

The Productive Recovery Programme (REPRO) will be extended to guarantee employment for those working in companies affected by the health emergency which means that the State will pay part of the wages of the workers concerned. A total of 350 000 million Argentinian pesos will be used to ensure the production and supply of food and basic inputs, boost activity and finance the functioning of the economy. Necessary overtime will have a 95% reduction in the rate of taxation. The salaries of workers hired for the necessities of the crisis period will have a 95% reduction in the tax rate.

Furthermore, the following measures have been put in place:

- Refunds for domestic taxes paid during the production process for exporting firms are accelerated.
- In sectors particularly affected by the lockdown social security contributions and payroll taxes for employers are reduced or postponed.
- Due payments for taxes have been postponed for SMEs to 30 June.
- Public and private banks will support private companies with working capital for up to 180 days. This measure targets firms most affected by the lockdown, especially SMEs. Rates will be around half of current inflation, with an estimated fiscal cost of around 0.33% of GDP. Part of these credits will be directed to companies producing foodstuff, medicaments and hygienic articles as well as equipment necessary for teleworking. To protect banks, soft-credit lines will be guaranteed by the State through a Public Credit Guarantee Fund which has received additional resources from the government.[112]
- The public sector provides loans of up to USD 2 300 USD with zero interest rates to self-employed workers whose revenues have strongly decreased due to the crisis. The amount of the loan is equivalent to the average monthly revenue of the self-employed and paid out over three months (with repayment in twelve quotas starting after 6 months). The total fiscal cost of the measure amounts to around 11 billion Pesos and loan guarantees of 26 billion Pesos have been provided by the government.

[112] https://covid19sbs.org/government-response-argentina

- Public credit guarantees for bank lending to SMEs affected by the emergency situation have been reinforced.

Australia

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.[113] 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.[114]

On 12 March, the Government announced a federal economic stimulus package of AUD 18 billion[115] with measures to support investment and cash flow assistance for small business:[116]

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.

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.

[113] https://www.cosboa.org.au/ ;

https://12181f63-b7b9-4e2e-b33f-d3d17c4a6b46.filesusr.com/ugd/c7ffff_30b1c9e030f7445a8350527fdc23f3a6.pdf

[114] https://www.smartcompany.com.au/finance/economy/peter-strong-business-tax-concessions-coronavirus/

[115] https://treasury.gov.au/coronavirus ; https://www.2gb.com/government-announcing-18-billion-stimulus-package-to-save-the-economy-from-coronavirus/

[116] 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/

On 22 March, the Government announced a second additional package of AUD 66 billion.[117] 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.[118] Through a new Coronavirus SME Guarantee Scheme[119], the Government will guarantee 50 per cent of new loans issued by eligible lenders to SMEs. The total lending capacity of the facility will be AUD 40 billion (2% of GDP). Under a plan put forward by the banking industry, businesses with up to AUD 10 million in total loan facilities will be able to defer their loan repayments for six months.

On 24 March, the government announced temporary changes to the bankruptcy law:[120]

- Debt threshold for creditors to apply for a Bankruptcy against a debtor will increase from AUD 5000 to AUD 20 000.
- Timeframe for a debtor to respond to a Bankruptcy before a creditor can commence bankruptcy proceedings will be increased from 21 days to up to six months.
- Temporary protection period procedure available for debtors to prevent recovery action by unsecured creditors will increase from 21 days to six months.

On 30 March, the government launched its third package, which includes a new wage subsidy plan: a AUD 1 500 per fortnight 'job keeper payment' before tax for each employee companies keep on over the next six month, also available for self-employed.[121]

On 8 June, the government announced the extension of the business support measures.[122] On 3 July, media reported on plans of the government for a further AUD 10 billion support plan for companies aimed at recovery.[123]

On 6 July, measures became effective to reduce the power bill for small companies. Small businesses can receive up to AUD 20,000 to upgrade equipment to reduce energy consumption, invest in monitoring systems to better manage energy use and conduct energy audits to investigate other opportunities for efficiency.[124]

[117] 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/

[118] 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

[119] https://www.business.gov.au/Risk-management/Emergency-management/Coronavirus-information-and-support-for-business/Supporting-the-flow-of-credit

[120] https://www.afsa.gov.au/about-us/newsroom/economic-response-coronavirus-changes-bankruptcy-law

[121] https://www.bdo.com.au/en-au/insights/tax/technical-updates/government-announces-new-wage-subsidy-and-tightens-foreign-investment-rules-in-response-to-covid-19

[122] https://www.theguardian.com/business/2020/jun/08/coalition-to-extend-small-business-tax-incentive-for-six-months

[123] https://www.smh.com.au/politics/federal/multibillion-dollar-plan-to-help-businesses-survive-or-close-20200703-p558p7.html

[124] https://www.marketscreener.com/news/Australian-Government-Helping-small-business-lower-power-bills--30879226/

The Australian government set-up a dedicated website with information for businesses on available support measures, and set-up a hotline for SMEs.[125] Also, a small business COVID-19 planning tool has been developed.[126] Media report that further measures in Australia are expected.[127]

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

- West Australia, for instance, announced an AUD 607 million support package.[128] 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 the commercial fishing industry has also been announced in the state.[129] Queensland offers AUD 500 million in interest free loans.[130]
- Victoria announced a package of AUD 1.7 billion for business.[131]
- New South Wales announced an AUD 10 000 cash grant for 75 000 small businesses.[132]

Furthermore, Australian banks announced support for SMEs through a six month break in loan repayments.[133]

Internet providers announced AUD 150 million support to households and small businesses in free internet access.[134]

Austria

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

[125] https://www.business.gov.au/risk-management/emergency-management/coronavirus-information-and-support-for-business

[126] https://www.safeworkaustralia.gov.au/doc/small-business-planning-tool-covid-19

[127] 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

[128] https://www.abc.net.au/news/2020-03-16/wa-coronavirus-covid-19-economic-stimulus-package-explained/12060548

[129] https://www.business.qld.gov.au/starting-business/advice-support/support/novel-coronavirus

[130] https://www.abc.net.au/news/2020-03-17/queensland-businesses-offered-interest-free-loans-coronavirus/12062144

[131] https://www.abc.net.au/news/2020-03-20/victorian-government-to-pay-back-business-payroll-tax/12076956

[132] https://7news.com.au/business/finance/coronavirus-australia-nsw-announces-10000-financial-lifeline-for-75000-small-businesses-c-950944

[133] https://www.theguardian.com/australia-news/2020/mar/20/australias-banks-announce-coronavirus-relief-for-small-businesses

[134] https://www.sbs.com.au/news/internet-costs-cut-for-low-income-australian-families-small-businesses-during-coronavirus-pandemic

available for loans to hotels that suffer more that 15% losses in sales.[135] The maximum is 80% of the loan or EUR 500 000.

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.[136] 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.[137] 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.

On 15 March, a COVID-19 crisis management ("*Krisenbewältigungsfonds*") fund was announced, with EUR 4 billion in funding.[138] On 18 March, a further EUR 38 billion support fund was announced.[139] The measures include EUR 9 billion in guarantees and warranties, EUR 15 billion in emergency aid, and EUR 10 billion in tax deferral. The following measures are of particular relevance to SMEs:[140]

- Corona worktime reduction enables companies to temporarily reduce normal working hours and pay, such that as many employees as possible remain employed in the company. Employees are entitled to 80-90% of their salary, while the company covers only 10% of the salary costs. EUR 4 billion are available for the worktime reduction model and companies can take advantage of it within 48 hours.
- A hardship fund for micro-entrepreneurs and freelancers cover personal living costs through grants. This support consists of EUR 1000 immediate aid and up to EUR 15 000 over 6 months in total. A total of EUR 2 billion is available to the federal hardship fund according to the hardship fund law.
- By means of a bridging guarantee, the federal government provides EUR 9 billion in guarantees and warranties to secure loans. This enables enterprises, especially SMEs, to remain liquid. In addition, there is a special credit policy for export companies which can provide credit of up to 15% of the export turnover of SMEs. Furthermore, a Corona relief fund alleviates liquidity bottlenecks and grants companies a quarterly turnover as a loan, up to a maximum of EUR 120 million.
- Tax deferrals (up to EUR 10 billion) for personal income and corporate income taxes. Taxes can be deferred until end of September. Deferrals of social security contributions are possible for the months February to April.

[135] https://www.sn.at/wirtschaft/oesterreich/corona-auswirkungen-auf-die-wirtschaft-bundesregierung-beruhigt-84500152

[136] https://www.aws.at/aws-garantien-fuer-ueberbrueckungsfinanzierungen-covid-19/

[137] https://www.aws.at/aws-garantie/ueberbrueckungsgarantie/

[138] https://www.vindobona.org/article/austria-green-light-for-comprehensive-coronavirus-bill

[139] 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

[140] https://www.bmdw.gv.at/Themen/International/covid-19/Unterstuetzung-fuer-Unternehmen.html

- The "Digital Team Austria" initiative consists of companies in the digitisation industry and offers digital services to SMEs free of charge for at least three months. This helps SMEs to switch to mobile working.

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 EPUs*"), which amounts to EUR 100 million, to help bridge liquidity shortages.

On 3 April, the government announced a payment moratorium on loans to consumers and small business.[141] The government also announced a further loan guarantee under which the state will guarantee 90% of companies' loans of up to EUR 120 million or three months' turnover, under the condition of a one-year ban on dividend payments and a requirement that bonus payments to board members be "strictly limited." Furthermore, the state is providing grants of up to EUR 90 million to cover part of firms' fixed costs such as rent, electricity and phone bills, and perishable or seasonal goods whose value has fallen by at least half.

On 15 June, the government announced plans for a further EUR 14 billion stimulus package including tax cuts, welfare payments, investment subsidies and fixes of the rescue fund.[142]

The Ministry of Economy and Digitalisation established a taskforce to monitor the impact of the outbreak on all firms.[143]

All nine Austrian regions (Bundesländer) have set up aid packages that complement and expand the measures taken by the federal government. In particular, the regions are strengthening hardship funds and measures to secure liquidity and are adapting the programmes to local circumstances:

- The region of Burgenland supports SMEs with non-repayable grants to cover fixed costs (maximum EUR 5000) and rental costs (maximum EUR 500). To support the liquidity of SMEs, the region takes over guarantees for credit financing of fixed costs.
- Carinthia allows companies to defer state taxes and waives interest and will cover consultancy costs of up to EUR 750 for SMEs that need support to apply for federal support measures.
- The region of Upper Austria has put together a EUR 580 million aid package, which pays specific attention to SMEs. The region's hardship fund supports small businesses affected by the crisis with EUR 15 million. The region has also set up a EUR 100 million Corona guarantee scheme to ensure the liquidity of SMEs. The guarantees cover up to EUR 15 million per company are aimed at medium-sized and large companies. In addition, Upper Austria is developing a EUR 4 million start-up package, which aims to stabilise start-up companies and support founders. This package currently consists of a special consulting service by regional the start-up consulting and support council "tech2b Inkubator" and a deferral of active start-up loans from "tech2b Inkubator"[144]. Start-ups can also benefit from the Region's Corona guarantee.
- In Lower Austria, the Chamber of Commerce (WKNÖ) offers subsidised business management consulting services that examine the current financial situation of SMEs and propose further steps to overcome the crisis. Companies in Lower Austrian that have suffered a strong loss of turnover can apply for a subsidy of up to EUR 5000 from the existence assurance fund of the WKNÖ.

[141] https://business.financialpost.com/pmn/business-pmn/austria-plans-repayment-moratorium-on-loans-to-consumers-small-firms

[142] https://news.bloombergtax.com/daily-tax-report/austria-government-eyes-16-billion-virus-measures-bluemel-says

[143] https://www.bmdw.gv.at/Themen/International/covid-19.html

[144] https://www.tech2b.at/start

- The region of Salzburg focuses strongly on the expansion of existing economic programmes and the postponement of taxes and fees. In addition, the care, tourism and culture sectors are at the forefront of assistance in Salzburg. Micro-entrepreneurs in Salzburg are supported with an eased application for personal housing assistance.
- The region of Styria assumes the interest costs for bridging loans in order to support the liquidity of SMEs. The state provides EUR 42 million for this purpose. The new "Telearbeit!Offensive" support programme promotes SMEs to switch to telework. The program covers up to 80% of the costs to build up the necessary infrastructure. The regional government of Styria and the Styrian Chamber of Commerce are providing a further EUR 12 million for the region's hardship fund, which provides rapid support to micro-enterprises in an emergency.
- The regional hardship fund of Tyrol complements the federal fund and provides SMEs with fast and non-bureaucratic financial assistance. An important measure for the longer-term SME development of the region is the Digitisation Initiative. This programme invests already since 2018 in the nationwide expansion of broadband and digitisation, in the digitisation of SMEs and digital skills. As a COVID-19 measure, the funds of the Digitisation Initiative have been doubled for the years 2020 and 2021. In particular, this is intended to benefit rural areas in the region.[145]
- The region of Vorarlberg provides a EUR 100 million aid package. The regional government and the Economic Chamber of Vorarlberg provide additional liquidity for micro-enterprises with guarantees for micro-credits. Micro-loans up to a maximum amount of EUR 10 000 per company are possible.
- The City of Vienna and the Vienna Chamber of Commerce have put together a EUR 35 million aid package. Vienna is topping up the emergency hardship fund of the federal government with EUR 20 million, which Viennese micro-enterprises can access. To secure liquidity, the region will provide guarantees of up to 80% for bridging loans to finance fixed costs.

Belgium

The Belgian government has taken several measures in response to the crisis. [146] 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.[147]

On 6 March, the government announced further measures, including[148]:

- 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;

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145 https://www.digital.tirol/page.cfm?vpath=index

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

147 https://www.vlaio.be/nl/nieuws/coronavirus-antwoord-op-jouw-meest-gestelde-vragen

148 https://economie.fgov.be/fr/themes/entreprises/coronavirus/informations-pour-les/coronavirus-reduction-des

- Income replacement for the self-employed, and;
- Suspension of penalties for suppliers failing to fulfil government contracts.

On 20 March, the government announced a further package, which include measures for SMEs and self-employed:[149]

- 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).

The government on 20 March has also intensified the measures to allow deferral of tax and social security:

- The payment of social security contributions for H1/2020 is postponed until mid-December for employers and the self-employed.
- All payment deadlines for personal income tax, corporate income tax, VAT and withholding tax are automatically extended by two months.
- Additional flexibility in payment of tax arrears for businesses in distress, including new postponement and repayment plan.
- Reduction of social security contribution for the self-employed who considers their income is lower than the amount used to calculate their contribution.

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.[150]

Mid-April, Belgium introduced a moratorium on bankruptcies for businesses severely affected by the crisis but which had been in good health up to 18 March. It protects them against foreclosures, and from being declared bankrupt at the request of their debtors, although this can still occur at the request of the Attorney General or of the debtors themselves. Ongoing contracts cannot be terminated for non-payment and, for now, debtors are not obliged to file declarations of bankruptcy.

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;[151]
- For Flanders, measures include: EUR 100 million in crisis guarantees for companies; EUR 4 000 payment for companies that have to close their doors.[152]
- 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.[153]

Early May, a EUR 250 million package for start-ups, scale-ups and SMEs in Flanders was approved. Under the scheme, viable companies affected by the COVID-19 outbreak are eligible for subordinated loans of

[149] https://economie.fgov.be/fr/themes/entreprises/coronavirus/informations-pour-les/reduction-des-pertes/coronavirus-deuxieme-volet-du.

[150] https://www.nbb.be/en/articles/guarantee-scheme-individuals-and-companies-affected-corona-crisis

[151] https://1819.brussels/blog/coronavirus-et-entreprises-les-faq-en-un-coup-doeil

[152] https://www.vlaio.be/nl/nieuws/coronacrisis-bijkomende-maatregelen-om-bedrijven-te-ondersteunen

[153] https://www.1890.be/article/coronavirus-quelles-mesures-pour-leconomie-et-lemploi-en-wallonie

up to EUR 800 000 over three years. The credits must fully cover the financing needs for at least 12 months. Companies pay an interest rate of 5%.

Brazil

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.[154] The package includes:[155]

- 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. In April this was extended to 4 months.
- 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 SMEs 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. In April, the amount of credit available was extended to USD 21.6 billion and the grace period to 90 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;
- The National Development Bank (BNDES) announced several measures announced, such as: i) opening of a working capital loan line for micro and small firms; ii) 6-month interruption of outstanding loan payments, with no late interest payment; iii) suspension of amortizations of R$ 19 billion (USD 3.8 billion) for direct operations and R$ 11 billion (USD 2.2 billion) for indirect operations. Sectors eligible include oil and gas, airports, ports, energy, transportation, urban mobility, health, industry and commerce and services; iv) scope expansion of the “BNDES Credit Small Business” line, covering from micro to USD 60 million annual turnover companies. The credit limit per year will be increased to USD 24 million. The companies will have a 24-month grace period and five years of total term to pay for these new loans; v) the Bank is studying a new emergency credit line of USD 8 billion to micro, small and medium companies.
- Credit to finance payroll aimed at companies in general (with the exception of credit companies), for up to two months. Impact of USD 6.8 billion.
- Credit contracting requirements: simplification and waiver of documentation (CND) for credit renegotiation;
- 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

[154] http://www.economia.gov.br/noticias/2020/marco/confira-as-medidas-tomadas-pelo-ministerio-da-economia-em-funcao-do-covid-19-coronavirus
[155] https://www.reuters.com/article/us-brazil-economy-budget/brazil-government-to-inject-30-billion-into-economy-to-combat-coronavirus-hit-idUSKBN213411

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;
- For SMEs, an emergency credit line has been opened to cover 2 months of wages for employees earning up to 2 minimum wages, under the condition that the employee is not dismissed. This is a loan over 36 months, with a grace period of 6 months, and a nominal interest rate below current inflation. Payments are directly disbursed into workers' accounts, but firms are liable for the debt. 85% of the credit risk is borne by the federal government.
- 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.

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. On 6 May, the rate was further reduced to 3%.[156]

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.

On 20 April, state-owned savings bank Caixa Econômica Federal and the small business association Sebrae announced a new credit line for small business.[157]

Bulgaria

The government put in place the following measures of relevance to SMEs:

- A salary subsidy for workers whose jobs are under threat where the government will pay 60% of salaries for employees facing being laid off, with employers paying the remaining 40%.
- Certain taxes and fees due to the government have been delayed. This includes the deadline for submission of the annual income tax return and for payment of the tax assessed, which have been extended until end-June for firms/sole traders involved in commerce and for farmers who pay taxes under this regime.
- The government will allocate BGN 200 million (EUR 102 million) to the Bulgarian Development Bank (BDB) for guaranteeing non-interest consumer loans up to BGN 1500 (EUR 765) for employees who have gone on unpaid leave. To support liquidity for firms, an increase of BGN 700 million is provided to the BDB's capital, which includes BDB portfolio guarantees in the amount of BGN 500 million (EUR 255 million), in order to provide them to commercial banks to allow them to give more flexible conditions for business loans. With the funds given to BDBs, the business and citizens will be able to acquire credits at the amount up to BGN 2.5 billion (EUR 1.27 billion).
- Penalties for late payments to private entities have been temporarily abolished, as well as non-monetary penalties, such as contract termination and seizure of property.

[156] https://www.latinfinance.com/daily-briefs/2020/5/12/factbox-51220-latin-america-moves-to-mitigate-impact-of-covid-19

[157] https://www.latinfinance.com/daily-briefs/2020/4/21/caixa-sebrae-open-credit-line-for-small-businesses

- A package of measures worth EUR 4.76 billion announced by the Bulgarian National Bank which aims to maintain the resilience of the banking system in Bulgaria.

On 24 April, a EUR 150 million support scheme for SMEs was approved by the European Commission. The scheme, which will be open to SMEs active in all sectors with certain exceptions, aims at enhancing access to liquidity by those companies, which are most severely affected by the economic impact of the coronavirus outbreak, thus helping them to continue their activities, start investments and maintain employment. The support will not exceed 800 000 euro per company.[158]

Canada

On 5 March, the Bank of Canada lowered the policy rate by 50 basis points.[159] On 12 March, the Bank decided to lower rates by a further 50 basis points from 1.25% to 0.75%.[160] On 27 March, the rate was further reduced to 0.25%.

The Canadian Federation of Independent Businesses (CFIB) has issued business-specific public health advice,[161] as have small business organisations at the provincial level.[162] 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.

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.”[163] Moreover, access to the Employment Insurance fund has been improved. This measure provides income support to employees eligible for Employment Insurance benefits who work a temporarily reduced work week while their employer recovers.

Business Development Canada (BDC) now offers the following support for entrepreneurs[164]:

- 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;

[158] https://sofiaglobe.com/2020/04/24/ec-approves-150m-euro-bulgarian-scheme-to-support-smes-affected-by-coronavirus-outbreak/

[159] https://www.theglobeandmail.com/business/economy/article-bank-of-canada-cuts-rates-as-coronavirus-virus-delivers-negative/

[160] https://www.bankofcanada.ca/2020/03/bank-of-canada-lowers-overnight-rate-target-to-%c2%be-percent/.

[161] https://www.cfib-fcei.ca/en/tools-resources/covid-19-coronavirus-business

[162] https://smallbusinessbc.ca/article/resources-for-small-businesses-affected-by-coronavirus-covid-19/

[163] https://pm.gc.ca/en/news/news-releases/2020/03/11/prime-minister-outlines-canadas-covid-19-response

[164] https://www.bdc.ca/en/pages/special-support.aspx?special-initiative=covid19

- Purchase Order Financing to increase cash flow to fulfill domestic or international orders with very flexible terms.

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.[165] The measures include:

- 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 Program has subsequently been extended and now includes CAD 85 billion, with several measures:[166]
    - The new Canada Emergency Business Account which will provide interest-free loans of up to CAD 40 000 to eligible small businesses and not-for-profits, to help them cover their operating costs during a period where their revenues have been temporarily reduced.
    - The Loan Guarantee for Small and Medium-Sized Enterprises. Export Development Canada will provide guarantees to financial institutions so that they can issue new operating credit and cash flow term loans of up to CAD 6.25 million to SMEs. These loans will be 80 per cent guaranteed by Export Development Canada and are to be repaid within one year.
    - SMEs can also receive help through a new Co-Lending Program for Small and Medium-Sized Enterprises that will see the Business Development Bank of Canada working together with financial institutions to co-lend term loans to businesses for their operational cash flow requirements. Eligible businesses may be able to obtain incremental credit amounts of up to CAD 6.25 million through the program, which will be risk-shared at 80 per cent between the Business Development Bank of Canada and the financial institutions.
- 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 agro-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

[165] https://pm.gc.ca/en/news/news-releases/2020/03/18/prime-minister-announces-more-support-workers-and-businesses-through

[166] https://www.canada.ca/en/department-finance/programs/financial-sector-policy/business-credit-availability-program.html

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.

On 25 March, the government announced further measures for SMEs, including:[167]

- A subsidy of up to 75% for wages for up to three months;[168]
- 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.[169]

Furthermore, the government has extended the maximum duration of the Work-Sharing program[170] from 38 weeks to 76 weeks to support businesses affected by COVID-19. The Work-Sharing program provides income support to workers who agree to reduce their normal working hours because of developments beyond the control of their employers.

On 17 April, the government announced a further CAD 1.7 billion support package, which includes several support measures for small businesses:[171]

- CAD 675 million to give financing support to small and medium-sized businesses that are unable to access the government's existing COVID-19 support measures, through Canada's Regional Development Agencies.
- CAD 287 million to support rural businesses and communities, including by providing them with much-needed access to capital through the Community Futures Network.
- CAD 250 million to assist innovative, early-stage companies that are unable to access existing COVID-19 business support, through the National Research Council of Canada's Industrial Research Assistance Program.
- CAD 20.1 million in support for Futurpreneur Canada to continue to support young entrepreneurs across Canada who are facing challenges due to COVID-19. The funding will allow Futurpreneur Canada to provide payment relief for its clients for up to 12 months.

These measures will be executed in the context of a Regional Relief and Recovery Fund and delivered by regional development organisations, and specifically aim to support small business that so far have not been reached by earlier policy measures.[172]

On 18 April, the government announced a CAD 306 million support package for indigenous businesses.[173]

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[167] https://business.financialpost.com/news/economy/small-business-gets-a-boosted-75-subsidy-to-help-them-get-through-coronavirus-crash

[168] https://www.canada.ca/en/department-finance/economic-response-plan/wage-subsidy.html

[169] https://www.canada.ca/en/department-finance/news/2020/03/introduces-canada-emergency-response-benefit-to-help-workers-and-businesses.html

[170] https://www.canada.ca/en/employment-social-development/corporate/notices/coronavirus.html#h4.04

[171] https://pm.gc.ca/en/news/news-releases/2020/04/17/prime-minister-announces-new-support-protect-canadian-jobs

[172] https://www.ic.gc.ca/eic/site/icgc.nsf/eng/h_07682.html

[173] https://globalnews.ca/news/6836930/indigenous-businesses-canada-coronavirus/

On 24 April, the government announced the Canada Emergency Commercial Rent Assistance ("CERA") program to support small business cover their rent for the months of April, May, and June. Under the CERA program, commercial property owners will be able to access forgivable loans to cover 50% of the applicable rent periods. The loans, which would go directly to the mortgage lender, will be forgiven if the property owner agrees to reduce eligible businesses' rent by at least 75% for the duration of the program. The provinces and territories will contribute up to 25% of the total cost of the CERA program, as well as manage its implementation. A business is eligible for rent relief if it pays less than CAN 50 000 per month in rent, has had to temporarily cease operations, or has experienced at least a 70% reduction in revenue as a result of the COVID-19 pandemic.[174]

The government also expanded the Canada Emergency Business Account, a government-guaranteed credit program to provide small businesses with CAD 40 000 in loans. Companies with 2019 payroll costs between CAD 20 000 and CAD 1.5 million are now eligible. Previously the range was between CAD 50 000 and CAD 1 million.[175]

On 16 May, a CAD 15 million COVID 19 support scheme for women entrepreneurship was announced.[176]

The government and the Canadian Chamber of Commerce work together in the Canadian Business Resilience Network, to assist SMEs in preparing for opening, for instance through a toolkit.[177]

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.

Digital platforms have also set-up support services for SMEs.[178] Logistic service providers also launched SME support[179], as have Fintech companies.[180]

Chile

The Chilean Central Bank announced on 16 March it would lower interest rates from 1.75% to 1%, and further cut rates to 0.5% on 31 March.[181]

On 19 March, the government announced the Emergency Economic Plan I of USD 11.7 billion package. The package includes:

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174 https://www.canada.ca/en/department-finance/economic-response-plan.html#businesses

175 https://www.bloomberg.com/news/articles/2020-04-16/trudeau-widens-aid-package-to-include-commercial-landlords

176 https://betakit.com/canadian-government-commits-15-million-in-covid-19-support-to-women-entrepreneurs/

177 https://www.canadianbusinessresiliencenetwork.ca/

178 https://www.newswire.ca/news-releases/staples-canada-helps-small-businesses-rebuild-in-a-covid-19-economy-893531305.html

179 https://finance.yahoo.com/news/fedex-supports-canadian-small-businesses-110000016.html

180 https://betakit.com/fundthrough-commits-10-million-to-help-small-businesses-after-federal-government-rejects-fintech-covid-19-relief-proposals/

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

- 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.

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.[182] On 8 April this Emergency Economic Plan II was launched. The following measures have been put in place:[183]

- Accelerated income tax refund for self-employed (in April 2020 instead of May 2020).
- Advanced income tax refund for self-employed of amounts withheld in January and February 2020 (rate of 10.75%).
- Suspension of mandatory monthly provisional payments on account of corporate income tax for the next 3 months. This measure should benefit 700.000 businesses.
- Deferral of VAT payments for the next 3 months. Applicable to businesses with sales of less than UF 350 000 (approximately USD12 million). They will be able to pay the VAT in 6 to 12 monthly instalments (depending on their size) at a 0% interest rate. This measure should benefit 240 000 businesses.
- Accelerated income tax refund for SMEs (in April 2020 instead of May 2020). This measure should benefit 500 000 SMEs.
- Postponement from April to July 2020 of the payment of CIT for SMEs. The CIT return shall be submitted in April (as usual). This measure should benefit 140.000 SMEs.
- Deferral of the payment of Property Tax to be due in April 2020, with 0% interest rate. Applicable to businesses with sales lower than UF 350.000 (approximately USD 12 million). The payment delayed shall be paid along with the 3 next instalments to be due in June, September and November 2020.

On 27 April, the government presented Compra Agil, a program to facilitate the participation of SMEs as government contractors. The program will be applied to all acquisitions for values below CLP 1.5 million (USD 1 773), which represent 80% of all central government acquisitions.[184] Furthermore, from April, the State will pay all pending invoices to date by the central government. Additionally, any invoice issued after this process will be paid within a period of up to 30 days. The measure involves a cost of USD 1 000.

On 28 April, the government launched a USD 3 billion guarantee fund for small entrepreneurs by Banco Estado. The program will offer guarantees for up to USD 24 billion dollars and will benefit 99.8% of companies in the country.[185]

On 29 April, the government signed a new bill to protect 1.2 million independent workers, putting in place a new income protection insurance system that will benefit self-employed individuals whose incomes fall by at least 20%.

The Financial Market Commission unveiled a package of measures to facilitate the flow of credit to businesses and households, which includes: (i) special treatment in the establishment of provisions for

[182] https://www.nasdaq.com/articles/chile-will-delay-bond-issue-to-fund-coronavirus-aid-plan-2020-03-23

[183] See the following website for an overview of Chile's policy response:
https://prensa.presidencia.cl/comunicado.aspx?id=148684 https://www.gob.cl/planeconomicoemergencia/inyeccion/
https://www.gob.cl/planeconomicoemergencia/proteccion/ https://www.leychile.cl/Navegar?idNorma=1143741

[184] https://hacienda.cl/sala-de-prensa/noticias/historico/ministro-de-hacienda-presento-compra.html

[185] https://www.latinfinance.com/daily-briefs/2020/5/12/factbox-51220-latin-america-moves-to-mitigate-impact-of-covid-19

deferred loans; (ii) use of mortgage guarantees to safeguard SME loans; (iii) adjustments in the treatment of assets received as payment and margins in derivative transactions; and (iv) start of a review of the timetable for the implementation of Basel III standards.

On 15 June, agreement was reached on a further USD 12 billion stimulus package. The new measures will boost income for poor families and the unemployed, subsidize job creation and cut taxes for SMEs.[186]

Through the three stimulus packages, the following deferral measures have now been put in place:

- Relief treatment for tax debt: Measure that makes flexible the agreements of payment of tax debt of companies with annual sales of up to UF 350.000 with the General Treasury of the Republic, without fines or interests and temporarily suspending actions of judicial collection and auctions for tax debts.
- Insolvency advisory: The Superintendency of Insolvency and Re-entrepreneurship enabled an online form so that affected SMEs can provide information on the situation of the company, for this body to provide legal and financial assistance free of charge.
- Suspension of Provisional Monthly Income Tax Payments (PPM): Measure that will allow 700 thousand SMEs and large companies to suspend the payment of PPM during the months of April, May and June 2020. The measure will give USD 2,400 million of liquidity.
- Deferral of real estate contributions: It postpones the first payment of contributions for real estate from April 2020 and allows its payment in up to 3 monthly periods without penalties or interest. The payment could be addressed on the following payment period in June, September, and November 2020. The measure involves liquidity for a total of USD 670 million for companies with sales up to UF[187] 350,000 and individual property owners with tax assessment less than CLP 133 million.
- Income tax refund advance payment: The income tax refund payment is advanced from May to April 2020 for 500 companies with annual sales up to UF 75,000, which means liquidity of up to USD 770 million. In addition, the expenses declared to face the health crisis may be considered within the tax base of the company.
- Deferral of payment of income tax: Deferral until July 31st 2020 of the payment of income tax for companies with annual sales up to UF 75,000, according to their declaration in "Income Operation" of April 2020. The measure will allow greater liquidity for a total amount of USD 600 million to 140,000 SMEs.
- Health contingency related disbursements considered tax expenses: Company disbursements related to reducing the negative effects of the health contingency, such as those related to the health of workers, will be accepted as a deduction from the income tax base. The focus is on SMEs and large companies.
- Extension of deadlines to file 2020 income operation related sworn tax statements: The IRS has extended the deadlines for filing 19 tax statements that originally came between March 23 and 30 for SMEs and large companies.[188]
- Extension of deadlines to join Pro SME Regime: The deadline for taxpayers to opt for the Pro SME regime tax systems is extended until July 31. These are: 1) the system where the company pays 25% first-class tax or 2) tax transparency, in which the company frees itself from first-class tax and it is the owners who directly pay their personal tax on the company's income.

[186] https://finance.yahoo.com/news/chile-rolls-third-multi-billion-155512095.html

[187] UF: monetary unit. Today 29th may, 1 UF equals 28,716.52 CLP (http://www.sii.cl/valores_y_fechas/uf/uf2020.htm).

[188] http://www.sii.cl/noticias/2020/230320noti01er.htm

- Stamp tax reduction: The stamp tax for credit operations (real estate, consumption, and other credit payments) is reduced to 0 until September 2020. The tax cost is up to USD 420 million and focuses on families, SMEs and large companies.
- Deferral of payment of Value Added Tax (VAT): VAT deferral during the months of April, May and June 2020, which will allow liquidity of up to USD 1,500 million to be injected into 240,000 companies. Focus on companies with sales up to UF 350,000. The deferral could be addressed in 12 payments, without penalties or interests.

The following financial measures have been put in place:

- Capitalization of Banco Estado: Capitalization of state bank, Banco Estado, for USD 500 million that will be used to provide financing to individuals and SMEs. This measure will increase Banco Estado's credit capacity by approx. USD 4,400 million.
- Local micro main street business solidarity fund: Creation of a USD 100 million fund to support the loss in sales of main street businesses, which will be channeled through municipalities.
- "Reactívate" Program: A Sercotec-led program that seeks to support companies with annual sales of up to UF 25,000 through a subsidy of up to CLP 4 million for working capital and fixed assets. The cost of the program is of USD 6.6 million[189].
- "Reimpulsa" Program: A Corfo-led program that will allow companies with annual sales of up to UF 100,000 to access subsidies for working capital or capacity building. The cost of the program is of USD 3.6 million and the amounts to be delivered per company reach up to CLP 4 million.[190]
- Capitalization of the Guarantee Fund for Small Businesses (FOGAPE): Capitalization FOGAPE for up to USD 3,000 million to enable credit operations for companies and individuals with annual sales of up to UF 1 million. The measure aims to guarantee a total amount of credit operations of around USD 24,000 million. In turn, the credit lines for working capital may reach a value for up to 3 months of sales of a beneficiary under normal conditions, they will have 6 months grace, they can be paid in 24 to 48 monthly periods and may have maximum real rates of 0%. The banks' commitment is to offer the line of credit in a massive, expedited and standardized way. This means that it will be available to the vast majority of those who are commercial clients of banks, that is, 1.3 million potential beneficiaries, considering legal entities and individuals.
- Support in guarantees for loans with Guarantee Fund for Investment and Working Capital (FOGAIN): Reduction in commission rate for the use of FOGAIN guarantees. A 0% rate is set for the rescheduling of operations that already have a FOGAIN guarantee and a 0.5% rate for new financing. In turn, coverage quotas will be made available for placements in MSMEs for CLP 200 million under this guarantee scheme.
- Guarantee Fund for Non-Banking Institutions: Corfo will led the creation of a fund which will guarantee credit operations for SMEs from non-banking institutions. The fund will allow credit operations for up to USD $1.000 MM.

The following measures have been put in place regarding labour:

- Employment Protection Law: Workers with Labor Code contracts and affiliated to the Unemployment Insurance can access benefits and supplements charged to the Unemployment Fund.
- Bill that establishes an income protection social insurance for self-employed workers: The insurance seeks to protect the income of independent workers against exceptional circumstances such as natural disasters, public calamities, economic or health crises, as long as these imply a

189 www.sercotec.cl

190 www.corfo.cl

decrease in the level of their income. The Insurance will apply to about 1.2 million people and in regime it will reach about 2 million.

The government also put in place a number of structural policy measures, which include:

- SMEs Online: Initiative developed by the Development Corporation (Corfo), within the framework of the Digitalize your SME program of the Ministry of Economy, Development and Tourism. It seeks for SMEs to increase their sales, lower their costs and improve their relationship with customers and providers, using available digital technologies. In addition, it makes training content available at no cost to help sell online. The initiative will allow access to exclusive content on e-Commerce, social networks, payment methods, digital marketing, among others.
- Changes to Labor Code for regulating teleworking: Law that modifies the Labor Code and that allows an employer and employee to agree to the telework option at the beginning or during the term of the employment relationship without implying a decrease in workers' income, nor in the individual and collective rights recognized in the Labor Code.
- Teleworking / digitalization: Platform led by the Development Corporation (Corfo) and the Technical Assistance Service (Sercotec), the main public development agencies, which diffuses national SMEs directly to consumers (www.TodosXLasPymes.cl)
- www.ApoyameAqui.cl: Platform that connects affected SMEs with the main Chilean e-Commerce platforms. The platform is led by the Santiago Chamber of Commerce in collaboration with the Ministry of Economy, Development and Tourism.

On 5 July, the government launched further measures of USD 1.5 billion, ion particular to support the middle class.[191]

Chilean banks have also introduced support measures for SMEs.[192]

China

Since late January, the Chinese Government has adopted several financial support measures[193] 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 of the reserve requirement ratio for banks' lending to SMEs, agriculture and entrepreneurs as well as for selected joint-stock banks.

There has been strong emphasis on more targeted policies to channel funding directly to the companies that need it most, including SMEs[194]. 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

[191] https://wkzo.com/news/articles/2020/jul/05/chile-announces-new-15-billion-stimulus-for-middle-class-as-pandemic-rages/1036322/?refer-section=business

[192] https://www.bnamericas.com/en/analysis/what-latam-banks-regulators-are-doing-amid-coronavirus-headwinds

[193] For a timeline and overview: https://www.china-briefing.com/news/china-covid-19-policy-tracker-benefiting-business-enterprises-comprehensive-updated-list/

[194] 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

well as longer-term plans for improving SME resilience, such as through technology adoption and digitalisation: [195]

- 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.

For a number of these measures, a timeline could be constructed on how they evolved during the crisis:[196]

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

[195] http://www.g20e.tsinghua.edu.cn/EN/channels/135.html

[196] See also: https://www.mondaq.com/china/operational-impacts-and-strategy/948044/covid-19-chinese-government-financial-assistance-measures

control of the pandemic includes re-lending facilities with preferential lending rates, government subsidies, extensions of loan repayment periods and increased credit volumes.

- In early February the central bank announced an CNY 300 billion (USD 42.47 billion) relending fund to support loans to firms producing and distributing medical supplies. Later in February, the government launched an additional relending fund of CNY 500 billion (USD 70.79 billion), with CNY 100 billion (USD 14.16 billion) earmarked to support agriculture and CNY 300 billion to support micro and small firms.[197]
- 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 20 February, the government cut, and in some cases exempted, enterprise contributions to social insurance funds (including pensions, unemployment, and workers' compensation) at least through June.
- 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 Feb. 26, the central Bank of China launched CNY 500 billion relending and rediscount quota, encouraging small and medium-sized banks to offer loans at favourable rates, to MSME which hit by coronavirus.
- 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.

[197] https://www.piie.com/blogs/china-economic-watch/chinas-economic-recovery-strategy-faces-challenges#_ftn1

- In early March the government instructed banks to suspend collection of interest and principal payments on loans extended to struggling micro, small, and medium-sized firms, until at least the end of June.
- Media reporting on 12 March suggested SME lending is not picking up.[198] On 13 March, the Chinese central Bank announced it would release USD 80 billion in liquidity in the banking sector.[199] Furthermore, on 19 March, media reported China's is planning USD 394 billion in infrastructure spending.[200]
- On 19 March, the government announced a package to support the digitalisation of SMEs in the context of the crisis.[201]
- In March the government announced that small firms that maintained their employment levels would receive a refund on all the unemployment insurance premiums that they had paid in 2019.

On 31 March, the government announced it will step up support for SMEs by increasing financing quotas of small- and medium-sized banks by USD 140 billion.[202] It also announced measures to reduce the tax burden for SMEs through deferrals, preferential tax policies and increasing export tax rebates rates.[203] Furthermore, financial institutions will extend loans totalling CNY 300 billion to small and micro firms. Other loan programs are developed, including using SME's business orders and potential revenue as collateral, to help SMEs raise CNY 800 billion in capital.[204]

On 13 May, the government announced support measures for the digitalisation of SMEs.[205] The National Development and Reform Commission (NDRC) will cooperate with other government departments, leading enterprises, financial institutions, research institutes and industrial associations to provide online services for SMEs to help them digitalise.

On 22 May, the government announced further measures to support SMEs, included plans to delay loan repayments and interest payments, as well as increasing bank loans.[206] SMEs will be entitled to delay loan and interest payments by a further nine months, and big commercial banks will be obliged to increase lending to SMEs by more than 4%. The Chinese government also aims to reduce the country's corporate tax and fee burden by more than CNY 2.5 trillion (USD 350.5 billion) for all businesses over the course of the year.

198 https://finance.yahoo.com/news/coronavirus-china-consumers-small-firms-093000783.html

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

200 https://qz.com/1819776/here-are-the-coronavirus-bailouts-being-prepared-around-the-world/

201 https://www.urdupoint.com/en/technology/china-to-empower-smes-with-digital-technolog-868855.html

202 https://www.rappler.com/business/256574-china-funds-support-small-medium-enterprises-coronavirus; https://www.sharecast.com/news/international-economic/peoples-bank-of-china-moves-to-free-up-400bn-to-boost-sme-lending--7414760.html

203 http://www.ecns.cn/m/business/2020-04-01/detail-ifzuwwmz9246668.shtml

204 https://thefinancialexpress.com.bd/world/china-rolls-out-biggest-virus-relief-measures-yet-for-smes-low-income-families-1585746640

205 https://news.cgtn.com/news/2020-05-14/China-to-promote-digital-transformation-of-SMEs-QtD2iElRPW/index.html

206 https://www.scmp.com/economy/china-economy/article/3085663/coronavirus-chinas-pandemic-lifeline-small-firms-draws

On 1 June, the Central Bank started its USD 140 billion programme to buy bank loans made by local lenders to small firms, to increase lending to small business.[207]

On 4 June, the government extended the repayment of USD 183 billion of loans to SMEs.[208]

In addition, a wide range of policy measures have been announced for SMEs at the regional level in China.[209] 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.[210] In Hubei province, SMEs can receive a grant to hire new college graduates.[211] Northeast China's Jilin Province launched an online financing system for small businesses.[212]

Online banks and technology firms are stepping up SME support as well.[213]

Colombia

On 11 Mach, 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.

On 27 March, the Central Bank cut the interest rate to 3.75%. On 30 April, the rate was lowered to 3.25%.

On 6 April, development bank Findeter launched a COP713 billion credit line to underpin private companies and municipal and state governments affected by COVID-19. Of these, COP461 billion were allocated as 7-year loans with a 2-year grace period for working capital needs. Another COP252 billion were allocated to 12-year loans with a 2-year grace period for investment needs. Beneficiaries were given access to these loans through financial intermediaries whose interest rates were capped at 2% above Findeter's interest rates.[214] Also, the government announced the creation of a new COP12 trillion special guarantees program to mitigate the impact of COVID-19 on the business sector.

207 https://www.reuters.com/article/us-china-economy-pboc/china-central-bank-to-buy-bank-loans-to-spur-lending-to-small-firms-worth-1-trillion-yuan-idUSKBN23828I

208 https://news.cgtn.com/news/2020-06-04/China-extends-repayment-of-183-bln-in-loans-to-bolster-SMEs-R2uVpQLXhe/index.html

209 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

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

211 http://www.sixthtone.com/ht_news/1005710/Hubei%20SMEs%20Offered%20Cash%20Incentives%20to%20Hire%20Fresh%20Graduates

212 https://asiatimes.com/2020/06/hold-china-strengthens-financing-support-for-small-firms/

213 https://www.thenational.ae/business/banking/jack-ma-s-online-bank-to-issue-282bn-in-new-sme-loans-1.1015535; https://www.einnews.com/pr_news/516781854/jianpu-technology-nyse-jt-launches-new-marketplace-to-aid-chinese-smes-weathering-covid-19-pandemic; https://www.businesswire.com/news/home/20200630005465/en/

214 https://www.minhacienda.gov.co/webcenter/portal/SaladePrensa/pages_DetalleNoticia?documentId=WCC_CLUSTER-127632

Through this program, the government will guarantee small business loans serving liquidity requirements to pay for personnel and fixed costs.[215]

Furthermore, the following measures have been put in place:

- a period of grace and refinancing of credits for companies and individuals;
- a financial relief to SMEs having difficulties with their credits in the next 2 months;
- a line of guarantees so that SMEs can cover salaries;
- new subsidized credit line with a capped quota of COP 250 billion aimed at the tourism, aviation and public events sectors;
- Reduction of the gasoline price.
- A new subsidized credit line with a capped quota of COP 250 billion aimed at the tourism, aviation and public events sectors and additional COP 350 billion for other sectors; reduction of the gasoline price; the Government injected 70 billion pesos (7% of GDP) into the National Guarantee Fund to channel loans to the companies and people most affected by the fall in their income

On 9 April, the government announced a line of loan guarantees to finance 3 months salaries of MSMEs up to 5 minimum wages, as long as no worker is fired; and special credit line to own accountant workers.

On 16 April, the government announced the National Guarantees Fund, or FNG, will provide guarantees for loans held by SMEs and microenterprises to cover working capital and payroll costs.[216]

On 29 April, Findeter opened a working capital line of credit for utility companies at 0% interest so that they can defer for 36 months payments from low income clients during the pandemic. Utility companies will have three years to pay back, with a three month grace period.

On 7 May, the government launched further plans to mitigate the effects of the pandemic. The government will subsidize 40% of minimum salary and 20% of receipts for companies. The subsidy will have a cost of COP 2 trillion (USD 507 million) per month, and a total of COP 6 trillion over a period of three months.

Costa Rica

The government introduced the following measures of relevance to SMEs:

- 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 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.
- Collection of social security contributions for the time actually worked, in addition to deferring the payment of contributions. Needs to be approved by the Social Security Board of Directors.

[215] https://www.latinfinance.com/daily-briefs/2020/5/12/factbox-51220-latin-america-moves-to-mitigate-impact-of-covid-19

[216] https://www.latinfinance.com/daily-briefs/2020/5/12/factbox-51220-latin-america-moves-to-mitigate-impact-of-covid-19

- A preferential rate for occupational risk insurance for companies with less than 30 workers (announced/not yet implemented).
- A new law, No. 9832, allows the reduction of employee working hours (by up to 50%) for companies that report inter-annual income losses between 60% and 75%. The law will be applied during the second quarter and can be extended for three more months.
- The (state-owned) National Insurance Institute, authorised to extend, for up to four months, the grace periods in the commercial insurances subscribed and those that will be subscribed in the next four months. This will postpone the premium payments of the companies while maintaining coverage.
- Through the Bono Proteger programme (intended budget CRC 296 billion) the government provides direct cash transfers for three months to individuals who lost their job or faced reduced working hours due to Covid-19 crisis. An important element is that the government aims for this support to be easily accessible, also for informal sector workers. Applications will only be collected electronically and applicants will sign an affidavit as a statement of good faith, in order not to leave out workers in the informal sector. Government aims to reach out to 680 000 beneficiaries among which 10% are in poverty.
- Business Development services are in place to train companies in order to return to economic activity once the crisis period has passed, for instance through the Alivio programme. This targeted initiative by the Costa Rican Foreign Trade Promoter (PROCOMER), the Development Banking System (SBD) and the National Learning Institute (INA) aims to provide consultancy services to 200 selected SMEs that export or intend to export, to help them recover from the crisis. The programme will provide 200 SMEs USD 5.6 million upon rigorous evaluation procedure. It includes grants, support to export promotion, contact with international buyers and links to Global Value Chains, and consultancy to adapt or re-orient the business model (www.programaalivio.com).

Croatia

On 17 March, the government adopted 63 measures to support the economy.[217] The measures include:

- 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).

From 23 March, the government has made available special subsidies to employers, to cover salaries of full-time and part-time workers in accommodation, food and beverage, transportation and storage and other sectors in which workers are prevented from attending work due to confinement measures. In April,

[217] https://vlada.gov.hr/news/set-of-measures-adopted-to-prop-up-economy-during-covid-19-epidemic/29024

the government increased this support from HRK 3250 per worker to HRK 4000. The total payment for March amounted to HRK 1.55 billion.

On 1 April, the government announced an exemption on payment of income tax and contributions for entrepreneurs with an annual income of less than HRK 7.5 million (representing 93% of firms), whose revenue declined by more than 50%. Companies with an annual income above the threshold will be partially exempted.

The Croatian Bank for Reconstruction and Development (HBOR) allows for moratoriums and loan extensions on debts towards it, as well as new liquidity loans to assure basic expenses of businesses. The total value of the measures is estimated at around HRK 13.5 billion.

Czech Republic

The government (Ministry of Industry and Trade (MIT) and the Czech-Moravian Guarantee and Development Bank (ČMZRB)) has approved the national program COVID Loan.[218] 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 1 Loan program (CZK 5 billion, EUR 180 million) 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.

To accommodate high demand for loans under COVID I the government further approved COVID II program with another 5 billion CZK allocation in the form of guarantees for loans (CZK 10 000 to 15 million) from commercial banks (with annual deferral of repayments), where the Czech-Moravian Guarantee and Development Bank will be subsidising the interest rate. This is expected to facilitate distribution of up to CZK 30 billion among the programme participants.

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.

On 31 March, the government launched the Antivirus company support programme. Through this programme, the government will pay out (through the respective employers) 60% of the average contribution base to employees affected by the quarantine. At the same time the Government will support employers who continue, despite their businesses being shut down, to pay out 100% of the salary to affected employees by covering 80% of salary costs. In case of a supply chain interruption which is crucial for an employer and such employer still pays at least 80% compensation of standard remuneration to their employees, the state will contribute by 50% of the compensation. In case the employer is hit by significantly

[218] https://www.financnisprava.cz/cs/financni-sprava/novinky/2020/Pruvodce_pro_danove_poplatniky_v_souvislosti_s_koronavirem-10500

lowered demand on his/her services and such employer pays at least 60% compensation of standard remuneration, the State will contribute by 50% of the compensation.

On 8 April, the parliament passed a bill that allows for individuals and companies affected by the coronavirus to delay paying their rents, and introduces a ban on evictions of companies/individuals unable to pay rents.

Other measures put in place include:[219]

- To keep the employment rate, the state will provide CZK 100 billion in direct support and CZK 900 billion in indirect in the form of guarantees.
- The state will help self-employed persons, who are taking care of a child from 6 to 13 years of age and are not able to go to work due to the coronavirus, by CZK 424 per day. All self-employed, who have income only from their business, will be given a six-month holiday in the payment of health and social insurance. Holidays cover the amount of the minimum insurance premium, i.e. CZK 4 986.
- The government released CZK 3.3 billion for the 2020 Rural Development Program. This funding should help entrepreneurs in agriculture, food and forestry while fighting coronavirus crisis. The main reason for this support is ensuring the Czech food independency.
- The COVID Technology Program 19: a subsidy for projects directly linked to the fight against the further spread of coronavirus through the acquisition of new technological equipment and facilities, CZK 300 million in total.
- The Czech Rise Up Program, to encourage the introduction of new solutions to fight the coronavirus crisis by supporting innovative companies, including start-ups, CZK 200 million in total.
- An emergency package for Czech exporters and other support to exporters.

Denmark

On 10 March, a first stimulus package was issued, including:[220]

- A DKK 125 million credit facility allowing firms to defer VAT and tax payments, which could boost liquidity and help companies;[221] The VAT and income tax payment deferral is expected to boost liquidity by EUR 22 billion in total, of which EUR 5.4 billion are targeted to SMEs.
- Compensations for event managers;
- Creation of a unit to prepare additional measures.

On 12 March, the government announced a DKK 200 billion package with further measures:[222]

- 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

[219] https://www.euroskop.cz/9318/34732/clanek/measures-adopted-by-the-czech-government-against-coronavirus/

[220] https://www.fm.dk/nyheder/pressemeddelelser/2020/03/corona-virus-regeringen-ivaerksaetter-i-dag-en-raekke-initiativer-som-hjaelp-for-dansk-oekonomi

[221] https://www.fxstreet.com/analysis/denmark-strong-anti-coronavirus-measures-recession-likely-202003120640

[222] https://www.thelocal.dk/20200313/denmark-moves-to-protect-economy-from-coronavirus-impact

to *SMEs* who have seen operating profits fall by more than 30%. This could back up to DKK 4.8 billion in new loans. Second, it will guarantee 70% of the value of new loans to *large companies* who can demonstrate a fall in turnover over more than 30%. This could back DKK 2.7 billion in new loans;[223]

- 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.

On 18 March, Denmark announced a further three months package of DKK 40 billion, which includes the following measures for business:[224]

- Compensation for corporate fixed expenses: Firms with a drop in turnover of more than 30% can get cash support to cover part of their fixed costs (up to 80%). Full compensation of fixed costs is provided to firms forced to temporarily close due to the containment measures. The scheme runs for three months (expected cost EUR 5.4 billion).
- 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.
- Support to employees at risk of layoff: For firms experiencing large falls in demand and at risk of laying off 30% of workers (or minimum 50 people), the employees can be sent home and the government will cover 75% of the salary (maximum EUR 4 000), if the firm promises not to lay off any workers for economic reasons. Firms will also have to cover the remaining 25% to ensure employees can keep their full salary. For hourly workers the compensation rate is 90% (maximum EUR 4 000). The scheme is so far available for three months (expected fiscal costs EUR 0.6 billion). An existing short-time work scheme is also available and has been made more flexible and allocated more resources (EUR 13 million).
- Compensation is provided to organisers of events that are cancelled due to the ban on large public gatherings (EUR 13 million).

On 18 April, a further package of measures was announced:

- An extension of the compensation scheme for companies' fixed costs. The share of fixed costs that can be compensated is 80% (if the decrease in turnover is between 80-100%), 50% (if the decrease in turnover is between 60-80%), or 25% (if the decrease in turnover is between 35-60%). For companies that are required to close the share of fixed costs that be compensated is 100%. Available for the period from 9 March to 8 July, with expected fiscal costs around DKK 65.3 billion.
- An extension of the compensation scheme for self-employed. Self-employed and freelancers experiencing more than a 30% decrease in turnover will be entitled to 90% compensation (max

223 https://em.dk/media/13431/faktaark_garantiordninger.pdf

224 https://www.fm.dk/nyheder/pressemeddelelser/2020/03/regeringen-praesenterer-stoettepakke-til-dansk-erhvervsliv

DKK 23 000 per month). For self-employed forced to close, 100% compensation is provided. Available for the period from 9 March to 8 July, with expected fiscal costs around DKK 14.3 billion.

- Additional initiatives for SMEs and self-employed. VAT payments are deferred by combining two payment periods. For small enterprises' tax period will be extended from 6 months to 12 months in 2020, while medium-sized enterprises' tax periods will be extended from 3 months to 6 months for the first half of 2020 (estimated DKK 35 billion liquidity impact). VAT payments already made for second half and last quarter of 2019 (due 2 March 2020), are made available as interest free loans (estimated DKK 35.4 billion). Provisional taxes for self-employed (B-taxes) are deferred, payment deadlines for April and May are postponed by 2 and 7 months respectively (estimated DKK 5 billion liquidity impact).
- Loans and equity provided to entrepreneurs and venture firms. The state investment fund (Vaekstfonden) will provide risky capital to start-ups and venture firm, facing difficulties in financing as private investors withdraw from the market. Available for 2020 only and a total capacity of DKK 3.4 billion.
- An Innobooster-programme administered by the Innovation Fund will be increased by DKK 350 million to support new projects.

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 access to export credit for SMEs by EUR 0.2 billion will assist some 250 SMEs in continuous export business. Furthermore, EKF will establish a new liquidity guarantee worth DKK 1.25 billion in new loans to SMEs with export activities. EKF will cover up to 90% of credit insurance companies' risk on new export activities. A reserve of DKK 5 billion in expected losses is included in the reported budget impact. The government will provide guarantees of DKK 30 billion to insurance companies in 2020, similar to construction implemented in Germany.

The government provides an advance in payments of procured goods and services and waives penalties. Local governments will frontload payments to firms and defer charging tax on business properties (EUR 1 billion).

The government is developing two loan schemes with subsidised interest rates for start-ups. The first scheme targets companies in their early stages, while the second scheme focuses on companies having already received venture capital. The schemes have a total budget of approximately EUR 296 million billion. The support, in the form of loans, will be managed by the Danish State public investment fund Vækstfonden.

On 15 June, the government launched further stimulus and a phase-out of COVID-19 related measures. The elements of most relevance to SMEs are:

- Support for apprenticeships and in-firm training of DKK 6.1 billion (0.3% of GDP), mainly through a wage subsidy scheme. This reflect an agreement with social partners and is financed by employer contributions from an existing fund.
- A temporary increase in R&D tax credits in 2020 and 2021. Fiscal costs about DKK 1.3 billion.
- The job retention scheme to support workers at risk of layoff will expire by 29 August. Negotiations are ongoing to increase accessibility and generosity of an existing short-time work scheme as a replacement.
- The support scheme for self-employed will expire on 8 August. Self-employed that are not enrolled in the unemployment insurance scheme will have the opportunity to join on favourable terms.
- The support scheme to cover firms' fixed costs will expire on 8 July, but targeted support will be available until 31 August for firms still affected by containment measures.

- The closure of direct support will be replaced by increased access to loans, in particular for export-dependent firms. A new government-backed fund of DKK 10 billion (0.4% of GDP) will act as *investor of last resort* with the possibility to recapitalise large and important firms at risk of bankruptcy.

Commercial banks in Denmark are easing interest rate repayment for their small business clients.[225]

Egypt

On 22 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.[226] On 17 March, the central Bank announced a rate cut of 3%-points. The preferential interest rate on loans to SMEs, industry, tourism and housing for low-income and middle-class families, has been reduced from 10% to 8%.

Furthermore, the government introduced a number of tax measures of relevance to SMEs:

- The price of natural gas and electricity has been reduced for industrial use.
- Capital gains tax has been postponed until further notice.
- The Export Subsidy Fund will pay out the entire EGP 1 billion in arrears in March and April 2020, plus 10% in cash payments to exporters in June 2020.
- Three months extension for the payment of property taxes for companies in the industrial and tourism sector. The property taxes shall be payable in monthly instalments over the following six months.

The Egyptian government has undertaken various efforts to integrate the specific needs of women in its COVID-19 response plan. The National Council for Women (NCW) will be part, along with other state institutions, of the committee in charge of designing additional tailored measures to mitigate the impact of the crisis on informal sector workers. Its recent policy brief outlines the pillars of Egypt's response to women's situation during the outbreak, including immediate and medium-term policy suggestions to mainstream the needs of women in health, social protection and economic measures. It also recently launched a policy tracker to monitor the policy measures taken by the government to respond to women's needs in the context of the COVID-19 outbreak.

In May, Egypt's second-largest private bank, got a loan of USD 100 million from the European Bank for Reconstruction and Development (EBRD), to be lent to businesses most affected by the pandemic, especially SMEs. The EBRD also raised the banks limit under its Trade Facilitation Programme by USD 100 million to USD 250 million.

On 12 May, the EIB and the Banque du Caire announced EUR 100 million in finance for SMEs in Egypt.[227]

Mid-May, the digital platform "Together we Continue" was launched to provide services to SMEs affected by COVID-19 in Egypt and other Middle Eastern countries.[228]

[225] https://www.bloombergquint.com/onweb/danske-suspends-negative-rates-to-support-small-business-clients

[226] https://www.bnnbloomberg.ca/after-egypt-vows-6-billion-central-bank-moves-to-combat-virus-1.1406401

[227] https://www.eib.org/en/press/all/2020-114-eib-and-bdc-provide-usd100-million-to-finance-smes-in-egypt

[228] https://ww.dailynewssegypt.com/2020/05/17/free-digital-platform-supporting-smes-launched-to-tackle-consequences-of-covid-19/

Estonia

On 19 March, 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.[229]
- A job retention scheme, administered through the Unemployment Insurance Fund. Qualifying employers will receive wage subsidies covering 70% of employees' average salary over the last 12 months, with a maximum of EUR 1 000 per month. Available for companies with at least 30% decline in turnover, who do not have work for 30% of its employees and who have reduced employees' salaries by at least 30% (or to the minimum wage). Employees will receive the 70% reimbursement or max EUR 1 000 per month, plus at least EUR 150 paid by the employer. All taxes and allowances to be paid by the Unemployment Insurance Fund and the employer. Expected fiscal costs EUR 250 million.
- The government will ensure sick pay to the employee for the first three days of sick leave for all sick leave certificates from March to May (normally unpaid). Expected fiscal costs EUR 7 million.
- Support to self-employed. The government will pay the advance payment of social tax for self-employed persons for the first quarter of 2020. Estimated fiscal costs EUR 3.3 million.
- The state-owned financial institution KredEx will provide loans to businesses affected by the covid-19 crisis. These include:
  - Operating loans to overcome liquidity problems, including payment of bank loans, are provided (EUR 500 million). The maximum loan amount is EUR 5 million per company with 4% interest per annum.
  - Investment loans to take advantage of the new business opportunities created by the spread of coronavirus, and other new business opportunities are made available (EUR 50 million). The maximum loan amount is EUR 5 million per company with 4% interest per annum. Expected losses included in budget amounts to around EUR 55 million.
- The Rural Development Foundation will provide additional financial measures for rural and agricultural businesses. These include:
  - Loan guarantees (EUR 50 million)
  - Operating loans (EUR 100 million)
  - Land capital (EUR 50 million).

Estonia announced it would share digital education tools developed by its start-ups to other countries.[230] Furthermore, community initiatives were launched to support small business.[231]

[229] https://www.valitsus.ee/en/news/emergency-situation-government-supports-estonian-workers-and-economy-least-eur-2-billion

[230] https://www.eu-startups.com/2020/03/estonia-shares-its-digital-education-tools-during-coronavirus-spotlighting-its-startups/

[231] https://estonianworld.com/opinion/ten-simple-ways-to-support-estonian-businesses-and-jobs-during-the-coronavirus-crisis/

European Union

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.[232] 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.[233] 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.[234] On 29 March, the EC reported in the media that EUR 93 billion had already been made available.

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."[235] 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.[236]

On 13 March, the European Bank for Reconstruction and Development (EBRD) announced a 1 billion solidarity emergency financing package.[237]

On 13 March, the European Commission introduced a Temporary Framework to allow Member States to adopt economic aid measures in the context of the COVID-19 pandemic as an exception to the ordinary State aid rules. In its Communication "Coordinated economic response to the COVID-19 emergency" of 13 March 2020, the Commission set out the different options available to Member States for granting measures that can be activated in the current crisis without involvement of the Commission, including, for example, the suspension of payment of corporate taxes, VAT or social security contributions. In its Communication of 19 March 2020, the Commission identified temporary State aid measures that are

232 https://ec.europa.eu/commission/presscorner/detail/en/ip_20_440

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

234 https://ec.europa.eu/info/news/startups-and-smes-innovative-solutions-welcome-2020-mar-13_en?fbclid=IwAR3urcnozn521U0KVEoEPgMvRLYVX9ani1Epf0Qbfoyx3JEblJzQDaAh6-A

235 https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.mp200312~8d3aec3ff2.en.html

236 https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.pr200318_1~3949d6f266.en.html

237 https://www.ebrd.com/news/2020/ebrd-unveils-1-billion-emergency-coronavirus-financing-package.html

compatible with the internal market due to their purpose to remedy a serious disturbance in the economy of a Member State. Such measures can be approved by the Member States after notification by the concerned Member State. Eligible measures include aid to ensure liquidity and access to finance for business activities. The eligible types of aid and aid intensities were clarified by the subsequent Communication of 3 April 2020. According to this document, Member States are now authorised to grant up to EUR 800 000 per company in interest-free loans, loan guarantees covering 100% of the risk or provide equity. The intervention can be cumulated with other measures allowed on an ordinary basis, such as other *de minimis* aid, thus bringing the aid amount per business to EUR 1 million, and with other measures allowed on an extraordinary basis under the Temporary Framework. The Communication of 3 April 2020 also allowed for further public support measures, such as support for research and development and coronavirus-related production activities, deferral of tax payments and/or suspension of social security contributions, and targeted support in the form of a contribution to the wage costs of companies in most-affected sectors or regions which would otherwise have to lay off staff.[238] On 16 June, the temporary state aid framework was extended as well as modified to allow for state aid to be given more easily to start-ups.[239]

On 16 March, the European Investment Bank announced it will rapidly mobilise EUR 40 billion in support.[240] On 3 April, the Bank reported the development of a EUR 20 billion guarantee fund to support EUR 200 billion in funding for the European economy.[241] On 6 April, the European Commission and the European Investment Fund announced they would unlock EUR 8 billion in finance for 100 000 SMEs.[242]

On 2 April, the European Commission proposed a new instrument of temporary support to mitigate unemployment risks (SURE). SURE support could take the form of loans granted on favourable terms from the EU to Member States, to help them cover the costs directly related to the creation or extension of national short-time work schemes, and other similar measures for the self-employed, in the context of the current crisis. The Commission proposes that EUR 100 billion (0.7% of 2019 EU27 GDP) will be available for this instrument (with no pre-allocated national envelopes), backed by EUR 25 billion of guarantees voluntarily committed by Member States to the EU budget. SURE will have a temporary nature: its duration and scope are limited to tackling the consequences of the coronavirus pandemic.

Also on 2 April, the Commission presented the Coronavirus Response Investment Initiative Plus (CRII+), which complements the CRII (already in force since 1 April, and summarised below) by further enhancing flexibility in the use of cohesion funds. This enhanced flexibility is inter alia provided through transfer possibilities across the three cohesion policy funds (the European Regional Development Fund, European Social Fund and Cohesion Fund), transfers between the different categories of regions (e.g. less vs more developed), flexibility regarding thematic concentration, the possibility for a 100% EU co-financing rate for the accounting year 2020-2021, and simplified procedural steps.

On 10 April, European Ministers of Finance agreed on a EUR 540 billion virus rescue package, which included next to the SURE proposal and the EUR 200 billion EIB funding credit lines of up to EUR 240 billion from the European Stability Mechanism.

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[238] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52020XC0404(01)

[239] https://www.siliconrepublic.com/start-ups/eu-start-ups-state-aid-covid-19

[240] 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

[241] https://www.eib.org/en/press/all/2020-094-eib-group-moves-to-scale-up-economic-response-to-covid-19-crisis

[242] https://ec.europa.eu/commission/presscorner/detail/en/ip_20_569?utm_campaign=Trends%20in%20MKB%20financiering&utm_medium=email&utm_source=Revue%20newsletter

On 8 April, the Commission announced some flexibility in competition rules for cooperation between companies in the context of the COVID-19 response.[243]

On 15 April, the Commission presented a Roadmap with guidance on lifting the COVID-19 containment measures, which include a monitoring role for the SME Envoys.[244]

On 27 May, the Commission presented its EUR 750 billion recovery plan Next Generation EU. The plan includes a number of elements of direct relevance to SMEs, such as a new Solvency Support Instrument, aiming to mobilise private resources to support viable firms in the sectors, regions and countries most affected (EUR 26 billion of guarantees) and a reinforcement of InvestEU, the main EU investment programme, including a new Strategic Investment Facility to generate investments in boosting the resilience of strategic sectors and key value chains in the internal market (EUR 30.3 billion of guarantees).[245]

On 4 June, the ECB increased the envelope for its the pandemic emergency purchase programme (PEPP) EUR 600 billion to a total of EUR 1,350 billion, and extended the horizon for its net purchases to at least July 2021.[246]

Finland

On 5 March, the Finnish government announced it stood ready to take measures if the impact of the outbreak on the economy worsened.[247] 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.[248]

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:[249]

- 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;[250]
- 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;

243 https://ec.europa.eu/commission/presscorner/detail/en/IP_20_618

244 https://ec.europa.eu/info/sites/info/files/communication_-_a_european_roadmap_to_lifting_coronavirus_containment_measures_0.pdf

245 https://ec.europa.eu/info/files/communication-europes-moment-repair-and-prepare-next-generation_en

246 https://www.ecb.europa.eu/press/pr/date/2020/html/ecb.mp200604~a307d3429c.en.html

247 https://yle.fi/uutiset/osasto/news/finance_minister_kulmuni_finland_ready_to_spend_if_coronavirus_hits_economy/11242537

248 https://valtioneuvosto.fi/en/information-on-coronavirus/ministry-of-economic-affairs-and-employment

249 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

250 https://www.finnvera.fi/eng/growth/current-news-for-smes/current-news-for-smes

- Various tax measures, including an extension for filing corporate income tax returns, the waiving of penalties for late filing of VAT returns, companies in financial difficulties can request a payment arrangement for the company's corporate income taxes and can also request a change to prepayments if the company's profits for the year seem to be less than expected, and a reduction of the interest rate for late payment to 4% (currently 7%) for taxes due from 1 March 2020.
- Entrepreneurs and freelancers can temporarily receive unemployment benefit, and;
- EUR 500 000 will be dedicated for counselling and support services for entrepreneurs.

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.

On 8 April, additional spending of EUR 3.6 billion was announced.

On 27 April, media announced the government is developing a plan whereby the value-added tax (VAT) paid in the earlier part of 2020 could be reimbursed to businesses.[251]

The Finish government backs a hackathon to help find innovative solutions to the crisis.[252]

France

The French Ministry of the Economy and Finance on 12 March announced measures for firms encountering serious difficulties due to the coronavirus.[253] 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;
- 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%);[254]
- 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.[255]

[251] https://www.euractiv.com/section/all/short_news/helsinki-vat-becomes-a-loan/

[252] https://www.hackthecrisisfinland.com/

[253] https://www.economie.gouv.fr/files/files/PDF/2020/Coronavirus-MINEFI-10032020.PDF

[254] 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

[255] https://www.economie.gouv.fr/coronavirus-soutien-entreprises

On 17 March, the government announced a further package of EUR 45 billion to support businesses:[256]

- 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.[257]

The government underlined that no SMEs will lack necessary liquidity.[258]

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.

On 23 March, the French banking association 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.[259]

On 25 March, France launched a EUR 4 billion emergency plan for start-ups.[260] This includes the following measures:

- An EUR 80 million package, financed by the Programme d'investissements d'avenir (PIA) and managed by Bpifrance, to finance bridges between two fund-raising rounds This scheme is targeted at start-ups that were in the process of raising funds or were expected to raise funds in the coming months and are unable to do so due to the contraction of venture capital activity. These funding will be provided in bonds with possible access to capital and are intended to be cofinanced by private investors, for a total amount of at least EUR 160 million.
- State-guaranteed treasury loans of up to twice the 2019 wage bill for France or, if higher, 25% of the annual revenue, as for other companies. Backed by the EUR 300 billion state guarantee adopted in the dedicated finance bill, these loans are distributed by both private banks and Bpifrance, start-ups' primary contact, with a dedicated product. They should represent a total of almost EUR 2 billion. The guarantee can cover up to 90% of the loan and is priced at a low cost, depending on the maturity of the loan.

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[256] http://www.rfi.fr/en/france/20200318-france-promises-45-billion-euros-to-save-companies-hit-by-coronavirus-economy-nationalisation-lockdown-covid-19

[257] https://www.politico.eu/article/france-injects-billions-into-stimulus-plan-amid-coronavirus-chaos-bruno-le-maire-economic-catastrophe/

[258] https://www.marketwatch.com/story/france-promises-50-billion-in-aid-for-businesses-2020-03-17-34853812

[259] https://www.thelocal.fr/20200323/france-opens-emergency-loans-scheme-for-businesses-hit-by-coronavirus

[260] https://minefi.hosting.augure.com/Augure_Minefi/r/ContenuEnLigne/Download?id=A9CA5A5C-82E4-4AEB-8EC1-D8247C5C3465&filename=128%20-CP%20vanglaise%20-%20The%20Government%20announces%20c.%E2%82%AC4%20billion%20emergency%20plan.pdf

- An accelerated refund by the State of corporate tax credits refundable in 2020, including the research tax credit (CIR) for the year 2019, and VAT credits. All companies have the possibility to apply for an early refund of corporate tax claims refundable in 2020 and an accelerated processing of VAT credit refund claims by the Public Finances Directorate General (DGFiP). Start-ups as SMEs and/or Young Innovative Enterprises (JEI) are eligible for immediate refund of the CIR. They can therefore apply now, without waiting for the filing of their annual financial statements ("liasse fiscale"), for a refund of the CIR for the year 2019, which amounts to a cash advance of around EUR 1.5 billion. The corporate tax services (SIE) are mobilised to process the companies' refund requests as soon as possible, within a few days.
- An accelerated payment of the PIA innovation support grants already allocated but not yet released, for an estimated total amount of EUR 250 million. Following a government request, Bpifrance and Ademe automatically accelerate the payment of innovation support grants from the PIA, such as innovation contests, by paying in advance the instalments not yet released for projects that have already been validated. Concurrently, for companies receiving subsidies in the form of repayment advances or grants accompanied by fees, the next repayment deadlines are postponed for up to six months.
- Finally, the State maintains, through Bpifrance, its support for innovative companies with nearly EUR 1.3 billion planned for 2020 (grants, repayable advances, loans, etc.). Bpifrance will also continue its direct equity investments and investments in fund of funds, alongside private investors.

On 31 March, the government announced a further set of measures:[261]

- the strengthening of the “solidarity fund” for the self-employed workers and smallest firms, by lowering the eligibility conditions and increasing public funding to EUR 7 billion. Insurance companies will also contribute to the fund.
- tax exemptions for bonuses of workers in “essential” sectors. Firms will be able to pay EUR 1 000 bonuses to those workers until the end of August (and up to EUR 2 000 if they have a firm-level agreement).
- additional support for exporting firms, including: higher coverage and guarantees of public export insurance.
- a reinsurance scheme of EUR 10 billion for inter-firm payments (credit-insurance).

On 15 April, the government expanded the size of the stimulus package from EUR 100 billion to EUR 110 billion.[262]

On 9 June, the government launched a EUR 15 billion aerospace support package, which will also benefit SMEs.[263]

On 25 June, the government extended support measures for business.[264]

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261 https://minefi.hosting.augure.com/Augure_Minefi/r/ContenuEnLigne/Download?id=6CFBEAC6-BA80-4364-97A4-46B82488867C&filename=2101%20-%20discours%20Bruno%20LE%20MAIRE%20-%20Plan%20d%27urgence%20%C3%A9conomique.pdf

262 http://www.rfi.fr/en/france/20200415-french-government-boosts-covid-19-emergency-fund-to-110-billion-euros-health-workers-unemployed-coronavirus

263 https://www.nytimes.com/2020/06/09/business/France-aerospace-industry.html

264 https://www.tax-news.com/news/France_Provides_SMEs_With_More_COVID19_Tax_Relief_Measures____97723.html

On 14 July, the government announced a further EUR 100 billion in economic support measures, include EUR 30 billion to make the partial employment scheme more long term.[265]

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.[266]

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.[267] 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. France insurers have also announced up to EUR 1 billion measures to support SMEs.[268]

Germany

At the start of the crisis, the government has referred SMEs to instruments already available to help companies cover short-term liquidity requirements, including working capital loans and guarantees.[269] 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.[270] 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.[271]

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.[272]

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

[265] https://www.euractiv.com/section/politics/short_news/paris-macron-announces-national-recovery-plan-of-at-least-e100-billion/

[266] https://www.iledefrance.fr/covid-19-la-region-ile-de-france-lance-un-plan-durgence-pour-les-entreprises

[267] https://www.lafrenchtechtoulouse.com/solutions-face-au-covid-19/

[268] https://www.reuters.com/article/us-health-coronavirus-france-insurance/french-insurers-in-talks-to-jointly-invest-1-bln-euros-to-help-small-businesses-during-coronavirus-idUSKCN21S1UD

[269] https://www.bmwi.de/Redaktion/DE/Artikel/Wirtschaft/altmaier-zu-coronavirus-stehen-im-engen-kontakt-mit-der-wirtschaft.html

[270] https://www.ft.com/content/d46467da-61e1-11ea-b3f3-fe4680ea68b5

[271] https://www.euractiv.com/section/coronavirus/news/merkel-germany-well-equipped-against-covid-19/

[272] https://www.bmwi.de/Redaktion/DE/Downloads/S-T/schutzschild-fuer-beschaeftigte-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.[273]

- 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.

The government announced it will do what whatever it takes and evaluate budgetary consequences later.[274]

On 21 March, the government announced it was working on an emergency budget including support for SMEs, an economy stabilisation fund and further public guarantees through KfW.[275] On 25 March, agreement was reached on the size of the package, worth over EUR 750 billion in total.

As part of this, on 23 March, the government announced EUR 50 billion in support to small business.[276] The measures include grants for small business in all sectors, including the self-employed and liberal professions with up to 10 employees:

- one-time payments of up to EUR 9 000 for three months, for businesses with up to five employees
- one-time payments of up to EUR 15 000 for three months, for businesses with up to 10 employees

A further part of the package is the creation of 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.

Furthermore, the package includes a new KfW loan guarantee programme for both SMEs and larger firms with no cap on funds.[277] The conditions for taking out loans have been improved. KfW will apply lower interest rates and a simplified risk assessment procedure for loans of up to EUR 3 million, which will bring additional relief to the economy. Furthermore, KfW will grant a higher rate of exemption from liability of up to 90 per cent for working capital and investments by small and medium-sized enterprises in order to make it easier for banks and savings banks to grant loans.

[273] https://vdb-info.de/aktuelles/pressemitteilungen/corona-krise-buergschaftsbanken-erweitern-unterstuetzung-von-kmu

[274] https://www.bmwi.de/Redaktion/DE/Downloads/S-T/schutzschild-fuer-beschaeftigte-und-unternehmen.pdf?__blob=publicationFile&v=10

[275] https://www.reuters.com/article/germany-debt/update-2-germany-prepares-150-bln-euro-emergency-budget-in-coronavirus-package-idUSL8N2BE0EV

[276] https://www.bmwi.de/Redaktion/EN/Pressemitteilungen/2020/20200323-50-german-government-announces-50-billion-euros-in-emergency-aid-for-small-businesses.html

[277] https://www.bmwi.de/Redaktion/EN/Pressemitteilungen/2020/20200323-additional-kfw-special-programme-2020-for-the-economy-to-be-launched-today.html

On 27 March, the "German Covid-19 Insolvency Law Amendment" became effective.[278] Through this amendment, the obligation of the management of a legal person to file for bankruptcy has been suspended until 30 September 2020 if certain conditions are met. The new rules shall provide the management with more time and flexibility to decide whether the company can be continued and shall help to avoid insolvencies caused by the circumstances triggered by the Covid-19 pandemic. The new rules do not relieve the management from carefully and constantly observing the situation of the company and updating their assessment as the situation further develops. Making use of the additional rules may also impose personal liability risks on the managing directors.

On 31 March, the government announced a start-up fund of EUR 2 billion (Start-up Liquidity Programme 2020), with state support for venture capital for start-ups.[279] The measures include:

- Additional public funding will quickly be made available to public venture capital investors (both individual funds as well as funds of funds, e.g. KfW Capital, the European Investment Fund (EIF), the High-Tech Gründerfonds, Coparion). This money will be used for funding rounds for start-ups as part of co-investments made jointly with private investors.
- The plan is to provide the funds of funds KfW Capital and the EIF with additional public funding so that they are able to take over the shares of funds that pull out.
- Venture capital financing and equity replacement financing will be facilitated for small businesses and new start-ups that do not have venture capitalists as shareholders.

The Programme focusses on businesses that are characterised by their use of equity, such as start-ups and technology focused companies, and aims to minimize access criteria, apart from some due diligence and assessment. The liquidity support will not be provided to the start-up itself, but to the private investor(s) who aim to invest in those. Applications may be submitted by private venture capital investors or by shareholders such as the founders of a start-up. When applying, such private investors will have to demonstrate in which Start-Ups in their portfolio they want to invest the requested liquidity and the suitability of such choice will be checked. In addition, public Venture Capital investors such as KfW Capital and the European Investment Fund will also benefit from the programme to invest as co-investors jointly with private investors. The provided liquidity is structured as debt, which should ideally return to the German taxpayer with a surplus at some point in time, and not as grant. The government aims for the programme to start in April 2020.

In parallel to the implementation of the Start-up Liquidity Programme, the Federal Government is continuing to coordinate the design of the "Future Fund" (*Zukunftsfonds*) for start-ups which will offer additional liquidity of up to EUR 10 billion and should support the way out of the crisis in the medium term.[280]

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[278] https://www.shearman.com/perspectives/2020/04/covid-19-new-insolvency-law-for-businesses-with-comi-in-germany

[279] https://www.bmwi.de/Redaktion/EN/Pressemitteilungen/2020/20200401-customised-support-for-new-businesses-affected-by-the-coronavirus-crisis.html ; https://www.bmwi.de/Redaktion/DE/Pressemitteilungen/2020/20200401-sart-ups-bekommen-2-milliarden-euro.html

[280] https://www.herbertsmithfreehills.com/latest-thinking/covid-19-pressure-points-german-start-up-liquidity-programme-2020-germany

On 3 April, the government announced a EUR 4 000 assistance for SMEs to cover consultancy services to help SMEs find solutions in coping with the crisis.[281]

On 6 April, the government announced further measures to support SMEs. It intends to increase the risk coverage ratio to 100% held by KfW, up from 80/90%.[282] Conditions for this Schnellkredit are:[283]

- The *Schnellkredit* is available to medium-sized companies with more than 10 employees who have been active on the market since at least January 1, 2019.
- The credit volume per company is up to 3 monthly sales in 2019, maximum EUR 800 000 for companies with more than 50 employees, maximum EUR 500 000 for companies with up to 50 employees.
- The company must not have been in difficulty as of December 31, 2019 and must be in good economic order at that time.
- Interest rate of currently 3% with a term of 10 years.
- The bank receives a 100% indemnity from KfW, backed by a federal guarantee.
- The credit approval is granted without further credit risk assessment by the bank or KfW. This allows the loan to be approved quickly.

On 4 June, the government announced a further support package of EUR 130 billion. The package includes a number of measures of relevance to SMEs:

- A temporary VAT cut from 19% to 16%, from 1 July until 31 December.
- An EUR 300 one-off payment for every child in the country
- An EUR 50 billion fund to address climate change, innovation and digital technology
- An EUR 25 billion loan support programme for small firms that have seen their sales drop by more than 60% for June to August, under which SMEs can have fixed operating costs of up to EUR 150,000 for three months reimbursed.

German Länder are putting measures in place as well. Bavaria has announced a EUR 10 billion fund to buy a stake in struggling companies.[284]

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).[285]

[281] https://www.bmwi.de/Redaktion/EN/Pressemitteilungen/2020/20200403-up-to-euro-4000-for-consulting-costs-without-any-company-own-contribution-for-smes-and-members-of-the-liberal-professions-in-the-coronavirus-crisis.html

[282] https://www.faz.net/aktuell/wirtschaft/konjunktur/corona-kfw-uebernimmt-risiko-fuer-hilfskredite-fuer-mittelstand-16714117.html

[283] https://www.kfw.de/KfW-Konzern/Newsroom/Aktuelles/Pressemitteilungen-Details_578176.html

[284] https://www.ft.com/content/26af5520-6793-11ea-800d-da70cff6e4d3

[285] 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

On 9 March, the Greek government announced financial relief for companies in areas hit by the coronavirus to safeguard jobs and boost liquidity.[286] 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.

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.[287]

On 18 March, a refundable advance payment was provided to businesses affected by the crisis and whose loans are performing, on the basis of turnover reduction or other factors. The advance will be a fraction of loss in turnover and can over five years following a one-year grace period and at a low interest rate (EUR 2 billion).

On 30 March, the government announced EUR 6.8 billion in further measures focusing on supporting companies that suffer from the outbreak, including tax relief and wage support. The measures include:[288]

- a EUR 1 billion refundable advance to cover wage costs;
- the government will cover interest expenses on business loans for April, May and June, which may be extended to August;
- the government will fund a guarantee for loans to affected companies for working capital;
- businesses that are shutdown will pay 60% of the property rent for March and April;
- businesses will be able to pay the Easter salary bonus (one month of salary) later in the year and the government will cover the unpaid amount;
- suspension of VAT and tax payments that were due between March 11 and April 30, and social security contributions that were due by the end of March until August 31 for businesses, self-employed persons and sole proprietorships affected by the coronavirus crisis;
- immediate repayment of all pending tax refund claims up to EUR 30 000 that are under audit;
- economic support in the form of a training voucher of EUR 600 for six scientific sectors (economists/accountants, engineers, lawyers, doctors, teachers and researchers, 180,390 beneficiaries).

On 3 April, a scheme for the support of the economy through the issuance of guarantees by the Hellenic Development Bank has been approved under the E.U. temporary framework for state aid. The scheme will partially guarantee eligible working capital loans, with the total exposure of the Hellenic Development Bank capped at 40% of the volume of loans issued by a financial intermediary. Solvent SMEs will receive grants

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[286] https://www.thestar.com.my/news/world/2020/03/09/greece-takes-relief-measures-to-ease-coronavirus039s-impact

[287] https://www.devdiscourse.com/article/business/925244-smes-in-greece-to-benefit-from-new-eur-500m-investment-programme

[288] http://www.ekathimerini.com/250526/article/ekathimerini/business/tax-breaks-for-stricken-firms-apply-as-of-thursday

of up to EUR 800 000 per company to cover interest on fixed-maturity loans, bonds, or overdrafts. The total size of the scheme will amount to EUR 2 billion.

The government also installed a support scheme for self-employed, which was approved by the European Commission mid-May. The scheme will provide a one-off payment of EUR 800 per self-employed person, including self-employed managers of companies that employ less than 20 employees in sectors severely affected by the coronavirus outbreak. The measure aims at partially compensating the eligible beneficiaries for the potential loss of income due to the coronavirus outbreak.[289]

The government also launched a digital solidarity initiative (www.digitalsolidarity.gov.gr), a platform where large tech corporations provide free online marketing and account management training to SMEs.[290]

Hong Kong, China

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).[291] 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.[292]

On 8 April, the government expanded on the measures by introducing a set of new enhanced terms for the 80 percent, 90 percent, and special 100 percent guarantee loans available for SMEs. Under the Enhanced 100 Percent Loan Guarantee Scheme, the guarantee commitment has been increased to HKD 50 billion (USD 6.5 billion). Eligible SMEs will receive a maximum loan amount of HKD 4 million (USD 520,000) and can benefit from the principal moratorium arrangement for the first 12 months. Eligibility for the loan requires that enterprises have been operating for at least three months, as at the end of December 2019, and have suffered at least 30 percent decline in sales turnover – in any month since February 2020. SMEs from all sectors are eligible to apply, particularly those most affected by the coronavirus outbreak – such as retail outlets, travel agencies, restaurants, cinemas, entertainment facilities, and transport operators. The total loan amount guaranteed by the government is HKD 20 billion (USD 2.6 billion).[293]

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

[289] https://www.eureporter.co/frontpage/2020/05/13/commission-approves-e500-million-greek-scheme-to-support-the-self-employed-affected-by-coronavirus-outbreak/

[290] https://www.aljazeera.com/ajimpact/coronavirus-accelerates-greece-overdue-digital-revolution-200409210606144.html

[291] https://www.cnbc.com/2020/02/26/hong-kong-announces-budget-as-coronavirus-protests-drag-down-economy.html

[292] https://www.scmp.com/news/hong-kong/politics/article/3074749/coronavirus-small-firms-hong-kong-get-faster-access-loan

[293] https://www.china-briefing.com/news/hong-kong-loan-financing-guarantee-scheme-small-businesses-covid-19-impact/

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.[294]

Hungary

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.[295]

On 18 March, the government announced a package of further measures:[296]

- 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.

On 23 March, the government announced further measures to support small business. These include: [297]

- 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.

On 6 April, the government announced further measures of relevance to SMEs:

- Job preservation through wage support within a short-time work programme, where the state assumes 70% of wage costs for companies that have lost 15-50% of their activity as a result of the COVID-19 epidemic.
- Job creation through a HUF 450 billion programme to support investment projects
- Relaunching the hardest hit sectors, including tourism, health, food production, agriculture, construction, transport, film and creative industries.
- Funding for businesses with more than HUF 2 000 billion in loans with interest subsidies and guarantees.

[294] https://www.scmp.com/business/banking-finance/article/3049728/hsbc-provide-us39-billion-additional-relief-hong-kong

[295] https://www.reuters.com/article/health-coronavirus-hungary-centralbank/update-2-hungary-takes-emergency-steps-to-shore-up-businesses-liquidity-against-coronavirus-idUSL8N2B97KN

[296] https://www.kormany.hu/en/the-prime-minister/news/we-are-suspending-principal-and-interest-payment-liabilities-on-loans

[297] 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

On 8 April, the Central bank announced a HUF 3 000 billion package, HUF 1 500 billion of which available for financing SMEs through the Funding for Growth Scheme Go! It will include 500 billion forints that has not been used under the earlier launched FGS fix programme. FGS Go! will operate with the same conditions as earlier FGS phases: the NBH will continue to provide refinancing loans to banks at 0 percent, and interest to be paid by SMEs will be capped at 2.5 percent. Investments loans, including leases, will still be available, but the maximum maturity of refinancing loans will be set at 20 years in order to secure financing for protracted investment projects with a slower payback period.[298]

Iceland

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.

On 21 March, the government announced a USD 1.6 billion support package, which includes:[299]

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

Community platforms have been set up to support small businesses.[300]

India

The Reserve Bank of India has gradually reduced interest rates from 5.15% in February to 4% on 22 May.

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.[301] 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.[302] India was reportedly pushing its banks to approve USD 8.1 billion of loans by the end of March.

An INR 1.7 trillion (about 0.8% of GDP) package was announced on March 26, mostly focusing on low-income people, farmers and health workers. It includes:

- an insurance cover of INR 5 million per health worker fighting COVID-19;
- the provision of food (rice, wheat and pulse) for 800 million poor people for the next three months;

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[298] https://hungarytoday.hu/coronavirus-hungary-national-bank-package/

[299] https://www.government.is/news/article/?newsid=afa0d410-6b79-11ea-9462-005056bc4d74

[300] https://grapevine.is/icelandic-culture/2020/04/03/a-little-help-here-sma-hjalp-bands-small-businesses-together/

[301] https://www.financialexpress.com/industry/sme/govt-considers-easier-loan-tax-rules-for-smes-to-help-economy-amid-coronavirus/1903106/

[302] https://www.bloombergquint.com/business/sbi-to-open-special-loan-facility-for-small-businesses-hurt-by-coronavirus-outbreak

- an INR 500 per month cash transfers for 200 million women Jan Dhan account holders;
- an increase in wage for workers engaged in the rural public employment programme (MNREGA) to INR 202 a day from INR 182 to benefit 136.2 million families;
- the frontloading of cash transfers for farmers (INR 2,000) under the PM Kisan Yojana programme to benefit 87 million farmers;
- a Building and Construction Workers Welfare Fund to provide relief to construction workers.

To alleviate liquidity constraints on the firms, the last date for filing income tax returns for FY 2018-19 was extended from March 31 to June 30, 2020. Similar extension applies for the Goods and Services Tax.

On 12 May, the government announced a further INR 20 trillion (USD 266 billion) support package, with the specific objective to support the availability of credit to SMEs and microenterprises. This includes measures from the reserve Bank of India as well as fiscal policy. The package includes INR 3 trillion for collateral free loans to MSMEs of four-year tenure with no payments due for one year. It also allocates INR 20 trillion for subordinate debt aimed at helping currently stressed MSMEs, and INR 50 trillion in equity funds for MSMEs.[303] The measures include a move to bail out 200 000 ailing small and medium sized companies.[304] Furthermore, the package includes the following:

- Eligible firms can access an emergency credit line of 20% of their outstanding credit, with 100% government credit guarantee and a moratorium of 12-months on principal repayment. The government expects that 4.5 million firms will benefit from this scheme.
- Stressed firms requiring equity support will be given access to a INR 200 billion subordinate debt scheme with partial loan guarantee. The government will provide INR 40 billion to the 200 billion fund. About 2 million firms may benefit from this scheme.
- To provide equity funding for firms with growth potential, a fund of funds of INR 500 billion will be set up with a INR 100 billion corpus.
- Global tenders are now excluded from government procurement of up to INR 2 billion to protect firms from foreign competition.
- Receivables from government and central public sector enterprises to be released in 45 days to help firms manage their cash flows.

On 14 May, the government announced credit facilities for small, informal businesses and street vendors. These include a 2% interest subsidy on micro loans for a period of 12 months for loans up to INR 50 000 under the existing MUDRA scheme and a special lending programme for street vendors of up to INR 10 000 to finance their working capital, targeting about 5 million street vendors).

On 17 May, the government announced a reform of the Insolvency and Bankruptcy Code. The minimum threshold to initiate insolvency procedures is raised by hundred times to INR 10 million; initiation of insolvency proceedings is suspended up to one year; COVID-19 related debt is excluded from the definition of default that would trigger insolvency.

Some actions have also been taken at the state level. As an example, the state government of Bihar announced it will bear the entire expenses incurred on the treatment of the coronavirus patients and will pay a compensation for family in the case of death due to coronavirus. Union Territory of Delhi announced (March 20) that pensions for the elderly and widows will be doubled, food will be provided for the homeless, and 7.5 kg free ration will be provided to 7.2 million beneficiaries. Kerala introduced a INR 200 billion package largely focused on people, including: INR 5 billion health package; 2 month welfare pension, INR

[303] https://economictimes.indiatimes.com/news/economy/policy/view-sitharamans-first-tranche-of-rs-20-lakh-crore-covid-package-aimed-at-giving-jobs/articleshow/75725339.cms

[304] https://www.bbc.com/news/world-asia-india-52640807

20 billion each for loans and employment guarantee programme ; direct handout for subsistence for families not eligible for welfare pensions; free food grains through ration shops for needy families.

Through a variety of initiatives, start-ups and SMEs are included in developing innovative solutions to COVID-19 challenges.[305]

Indonesia

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.[306]

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.[307]

Since the start of the crisis, Bank Indonesia has cut interest rates on 20 February (to 4.75%), 19 March (to 4.5%) and on 18 June (to 4.25%). The Bank also lowered the rupiah 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.

A total of IDR 438 trillion (2.8% of GDP) was made available on 31 March to cushion the socio-economic impact of the crisis. The first two packages includes rebates and relief on personal and corporate income taxes, VAT rate reduction, assistance programmes for vulnerable households, and support to the tourism sector; the third, worth IDR 405 trillion, includes SMEs' credit restructuring, aid to poor and vulnerable households, and tax incentives and credit for businesses. Provincial governments, notably Central Java, have announced additional interventions.

Furthermore, the following measures have been put in place:

- A purchasing power stimulus for MSME /cooperative products providing government funds as a 25% discount for purchasing goods online, and a pilot project to provide a discount voucher of IDR 1 million for 2 million people who register an e-commerce platform.
- An unconditional Cash Transfer Program (Bantuan Langsung Tunai/BLT) for ultra micro and micro enterprises.
- Providing Unconditional Cash Transfer (BLT) as income substitute to ultra micro and micro enterprises affected by covid-19.
- Credit restructuring and interest subsidy for micro enterprises: Providing credit restructuring options through banking and finance company to micro enterprises credit.
- Coop credit restructuring trough Revolving Fund Agency (LPDB): Providing restructuring and subsidizing credit interest to cooperatives affected by covid-19, in addition to providing liquidity assistance to cooperatives with light interest and easy mechanisms.
- Tagline "Shopping at the neighbor's shop": Utilizing the warung (stall/shop) data connected with e-commerce, establish partnerships with 9 BUMN (Indonesia State-Owned Enterprises) food

[305] https://theconversation.com/india-how-coronavirus-sparked-a-wave-of-innovation-135715

[306] https://www.aseanbriefing.com/news/indonesia-unveils-stimulus-package-to-combat-coronavirus-impact/

[307] https://www.straitstimes.com/business/economy/indonesia-unveils-more-emergency-stimulus-to-fight-coronavirus-fallout

clusters. Take advantage of exposure from young influencers to encourage people to shop at their neighbor's shop.

- Pre-Employment Card Program: Conduct assessment of validated Micro and Small Enterprises from the pre employment card database, then register to be training participant at https://prakerja.go.id and obtain stimulant fund.

Indonesia tries to boost SME exports through virtual business match making events.[308]

A large Indonesian tech company, announced on 5 May a financial support scheme for SMEs affected by the pandemic.[309]

Ireland

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.[310]

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.[311] 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;[312]
- 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.[313]

Furthermore:[314]

- Revenue Commissioners are open to discussing deferring tax payments for business;

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[308] https://www.thejakartapost.com/news/2020/07/01/govt-boost-exports-of-sme-products-through-virtual-business-matching-coaching.html

[309] https://en.antaranews.com/news/147699/xendit-launches-business-for-good-to-support-smes-businesses-and-non-profit-organizations-during-covid-19-pandemic

[310] https://www.irishtimes.com/business/financial-services/bank-of-ireland-unveils-coronavirus-supports-1.4195038

[311] https://www.irishtimes.com/news/ireland/irish-news/coronavirus-sick-pay-scheme-will-see-affected-receive-305-per-week-1.4197894

[312] https://www.gov.ie/en/news/72ecf5-government-agrees-next-phase-of-irelands-covid-19-response/

[313] https://www.siliconrepublic.com/companies/business-coronavirus-support-ireland ; https://dbei.gov.ie/Djei/en/News-And-Events/Department-News/2020/March/10032020.html

[314] https://sifted.eu/articles/coronavirus-support-startups/

- 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;

On 13 March, Irish Revenue announced the suspension of interest on late payments by SMEs.[315]

On 24 March, the government announced a new COVID-19 Income Support Scheme, including:[316]

- 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 under the Supply Suspension Scheme.[317]

On 8 April, the government announced a further set of measures:[318]

- Expansion of two SBCI Loan Schemes by EUR 450 million to provide an extra EUR 250 million for working capital and EUR 200 million for longer-term loans, bringing the total allocation to support liquidity in companies affected by the COVID-19 crisis to EUR 650 million. The first of these schemes - the Irish Liquidity Scheme - is designed to support lending to SMEs only and is not available to larger firms. Loans under the Irish Liquidity Scheme can be provided to SMEs to fund future working capital requirements in order to mitigate the impact of the pandemic. The Loans will be available through Allied Irish Banks, p.l.c., Bank of Ireland and Ulster Bank in amounts of between EUR 25,000 and EUR 1,500,000 per eligible enterprise, with a maturity of between one and three years. In addition, the loans will bear a fixed rate of interest negotiated with the lending bank, subject to a maximum of 4% per annum. For loans of up to EUR 500,000, no security will be required; however, any Loans in excess of this amount will require collateral to be posted. The Government has announced that the Irish Liquidity Scheme will receive a further EUR 250,000,000 in funding, bringing the total amount available to EUR 450,000,000.
- The second SBCI fund is the Future Growth Loan Scheme which is available to all SMEs and businesses in the primary agriculture and seafood sector to support long term investment. The Future Growth Loan Scheme benefits from a guarantee from the EU under the European Fund for Strategic Investments. Loans range from EUR 100,000 (EUR 50,000 for farmers) to EUR 3,000,000 per eligible business, with unsecured loans available up to EUR 500,000. The Future Growth Loan Scheme will receive an additional EUR 200,000,000 that will be released in tranches to provide longer-term loans to firms that have been impacted by the pandemic. The introduction of the Future Growth Loan Scheme (and the expansion of the Irish Liquidity Scheme outlined above) will bring the total amount that the Strategic Banking Corporation of Ireland can offer by

[315] https://www.irishtimes.com/business/economy/coronavirus-revenue-suspends-interest-on-late-payments-for-smes-1.4202324

[316] https://www.gov.ie/en/press-release/a6d8fa-government-announced-new-covid-19-income-support-scheme/

[317] https://www.rte.ie/news/business/2020/0505/1136563-gas-networks-ireland/

[318] https://dbei.gov.ie/en/News-And-Events/Department-News/2020/April/08042020.html ; https://www.dilloneustace.com/legal-updates/government-funding-supports-for-businesses-impacted-by-the-covid-19-pandemic?utm_source=Mondaq&utm_medium=syndication&utm_campaign=LinkedIn-integration

way of financial supports to companies through the main Irish retail banks in Ireland to EUR 650,000,000;

- EUR 180 million Sustaining Enterprise Fund (Enterprise Fund) for firms in the manufacturing and international services sectors. The Enterprise Fund will be administered by Enterprise Ireland and will provide a EUR 180,000,000 financial support package to Irish companies affected by the pandemic. The purpose of the Enterprise Fund is to sustain companies who have experienced a 15% or greater reduction in actual or projected turnover or profit, and/or have significant increase in costs as a result of Covid-19. The Enterprise Fund is available to eligible companies that: (1) employ 10 or more full-time employees; (2) are operating in the manufacturing or internationally trade services sectors; and (3) have applied for funding from a financial institution, including through the Irish Liquidity Scheme and the Future Growth Loan Scheme. Businesses qualifying under the Enterprise Fund will be offered a repayable advance of up to EUR 800,000 under the following terms, with a 3-year grace period, annual administration fee of 4%; and repayment in full by the end of year 5, on successful achievement of the project objective.
- Expansion of Microfinance Ireland (MFI) funding. The maximum MFI Business Loan available from Microfinance Ireland has been increased from EUR 25,000 to €50,000 as an immediate measure to specifically deal with exceptional circumstances that micro-enterprises – sole traders and firms with up to 9 employees – are facing in order to alleviate the financial pressures arising from Covid-19. In addition, the terms of the MFI Business Loan include a six-month interest free period and a repayment moratorium of up to six months, with the loan then repayable over the remaining 30 months of the 36-month loan period at an interest rate of between 4.5% and 5.5%. Funding to enable Microfinance Ireland offer MFI Business Loans has recently been increased by EUR 13,000,000 to EUR 20,000,000
- Extension of supports for online trading to EUR 7.6 million;
- Free mentoring, free online training for all businesses.

The government has also extended its Digital Trading Online Voucher scheme by an additional EUR 3.3 million, by which micro-enterprises can get a EUR 2 500, and have expanded free online training to entrepreneurs.[319] In June, support for the vouchers was further extended by EUR 14 million.[320]

On 2 May, the government announced a further set of measures for business worth EUR 6.5 billion, including:[321]

- Commercial rates will be written off for three months.
- A 2 billion euro credit guarantee scheme for small and medium sized businesses. The government will provide an 80% guarantee on lending to SMEs, for terms between three months and six years, for loans between EUR 10 000 and EUR 1 million against lower interest rates.[322]
- Ireland's sovereign wealth fund mandated to invest EUR 2 billion directly into bigger firms.
- A EUR 10 000 restart grant for micro and small businesses.

On 7 May, Enterprise Ireland announced a specific Sustaining Enterprise Fund to help small enterprises during COVID-19. The fund will provide between EUR 25 000 and EUR 50 000 in a short-term funding injection to eligible smaller companies to support business continuity and strengthen their ability to return

[319] https://www.localenterprise.ie/Longford/Financial-Supports/Covid-19%20Business%20Supports/Trading-Online-Voucher-Scheme/

[320] https://www.siliconrepublic.com/companies/trading-online-voucher-scheme-ireland-apply

[321] https://www.gov.ie/en/publication/fe8f00-government-outlines-further-measures-to-support-businesses-impacted-/

[322] https://www.thejournal.ie/governmnent-business-5090201-May2020/

to growth. To be eligible for the funding, a company must have suffered, or be projected to suffer, a 15% or more reduction in actual or projected turnover or profit as a result of the COVID-19 outbreak.[323]

A digital platform announced it would allow Irish SMEs to sell their products online for free during the COVID-19 pandemic.[324]

Israel

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.[325] 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.

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

On 16 March, the government announced further measures of importance to SMEs, which include (next to measures to enhance access to loans already announced):[326]

- 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.

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
    - Reduced collateral up to 10%
    - Longer repayment period up to 5 years
    - Shortened loan approval at the bank – up to 9 working days

[323] https://www.siliconrepublic.com/start-ups/enterprise-ireland-supports-small-enterprise-covid19-business

[324] https://www.buzz.ie/news/ebay-helping-small-businesses-coronavirus-pandemic-364962; https://irishtechnews.ie/140-irish-smes-stay-up-and-running-during-pandemic-period-through-ebay-ireland-initiative/

[325] https://mof.gov.il/AG/FinancingAndCredit/StateGuarantees/Pages/corona-virus-loan.aspx

[326] https://www.gov.il/en/departments/news/press_16032020_b

  - 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 May 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.

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.[327]

On 1 April, the government announced a NIS 650 million stimulus plan for the tech sector, via the Israeli Innovation Authority.[328] NIS 50 million will be used for innovation for combatting the COVID-19. A package of measures to boost “growth engines” once containment measures are eased, including the acceleration of public investment projects (NIS 1.1 billion), support for SMEs in the high-tech sector (NIS 1.5 billion), and further measures to boost economic activity (NIS 5 billion).

On 2 April, the government approved a grant scheme for self-employed.[329] Under this scheme, self-employment receive a payment of NIS 6 000 to help them weather the pandemic. Late April, the government approved a plan to provide the self-employed with a second grant of 70% of their regular income up to a maximum of NIS 10 500.[330]

On 24 April, grants for small businesses (up to NIS 20 million turnover) up to NIS 400 000 to cover fixed expenses were announced.

On 24 May, the government has expanded the loan fund for SMEs from NIS 8 billion to NIS 14 billion.[331] The government guarantees 85% of each loan but guarantees are limited to 15% of overall losses on all

[327] https://www.timesofisrael.com/government-reportedly-close-to-deal-on-nis-80-billion-bailout-package/

[328] https://www.timesofisrael.com/treasury-approves-nis-650-million-package-to-bolster-battered-tech-industry/

[329] https://www.timesofisrael.com/government-approves-grants-for-self-employed-hit-by-virus-crisis/

[330] https://www.timesofisrael.com/self-employed-hold-rallies-across-country-to-push-for-state-support/

[331] https://www.timesofisrael.com/cabinet-earmarks-another-nis-14b-for-coronavirus-economy-relief/

loans. Loans have a maturity of up to 5 years, with lower collateral requirements (5%). The first year is interest rate free. The time required for banks to provide credit approval is reduced to 7 working days.

On 16 June, a further package was adopted of NIS 5.5 billion, through which businesses are stimulated to bring back workers that had been paid on unpaid leave. The measure will provide up to NIS 7,500 for each employee who returns to work in the month of June, and NIS 3,500 for each worker who came back in May.[332]

On 8 July, the government announced a grant scheme for small business where SMEs can get a NIS 1000 grant to acquire a fibre optic internet connection.[333]

Non-profit initiatives have been set up to support credit to SMEs.[334]

Italy

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.[335] 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.[336]

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 to households, workers and businesses.[337] 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.

[332] https://www.timesofisrael.com/knesset-approves-stimulus-bill-to-pay-businesses-thousands-to-bring-back-workers/

[333] https://www.calcalistech.com/ctech/articles/0,7340,L-3838519,00.html

[334] https://www.timesofisrael.com/as-virus-strikes-small-businesses-social-bank-seeks-to-provide-credit-lifeline/

[335] https://www.ft.com/content/a6f59348-5bae-11ea-b0ab-339c2307bcd4

[336] https://www.wsj.com/articles/italy-plans-debt-moratorium-to-cope-with-coronavirus-lockdown-11583849663

[337] https://www.gazzettaufficiale.it/eli/id/2020/03/17/20G00034/sg

- 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; o 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 EUR 600 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.

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.

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.

On 4 April, the government announced it intends to extend its takeover shield for SMEs.[338]

On 6 April 2020, the Council of Ministers approved the so-called "Liquidity Decree", disclosing its main components pending publication, bringing the total of support to EUR 400 billion.[339] Decree-law no.

[338] https://www.bloomberg.com/news/articles/2020-04-04/italy-to-expand-takeover-shield-to-smes-financials-patuanelli

[339] http://www.mef.gov.it/inevidenza/Gualtieri-Un-bazooka-di-liquidita/

23/2020 was published in the Official Gazette on 8 April 2020 and entered into force on the following day, providing for a vast set of measures aimed at supporting access to credit for SMEs:[340]

- State guarantees through SACE: public guarantees amounting to EUR 200 billion will be granted by SACE (a public company specialising in the export insurance-financing sector) in favour of banks providing loans to companies of all sizes. In particular, the guarantee will cover between 70% and 90% of the amount financed, depending on the size of the company, and is subject to a number of conditions including the impossibility for the beneficiary company to distribute dividends for the following twelve months. Specifically, companies with less than 5 000 employees in Italy and a turnover of less than EUR 1.5 billion benefit of a coverage of 90% of the loan and a simplified procedure is provided for access to the guarantee. Coverage falls to 80% for companies with more than 5 000 employees and a turnover of between EUR 1.5 billion and EUR 5 billion, and to 70% for companies with a turnover of more than EUR 5 billion. The amount of the guarantee may not exceed 25% of the turnover in 2019 or twice the personnel costs incurred by the company. EUR 30 billion are reserved for SMEs, including sole proprietorships and freelancers, and access to the guarantee issued by SACE will be subject to the condition that they have exhausted their capacity to use the credit issued by the Central Guarantee Fund.
- Enhancement of the Central Guarantee Fund for SMEs: new loans for a maximum duration of 6 years to SMEs and freelancers, for a maximum amount of EUR 25 000 and in any case not exceeding 25% of the beneficiary's income, are admitted to the Fund with 100% coverage and without a credit merit evaluation. The repayment of the capital does not start before 18 months after the disbursement of the loan. The Fund may now also grant guarantees free of charge up to a maximum amount of EUR 5 million to enterprises with fewer than 499 employees. The guarantee from the Fund itself is 90% of the amount. Finally, for enterprises with revenue of up to EUR 3.2 million, the 90% guarantee granted by the Fund may be combined with another guarantee from a third party to obtain loans with a 100% guarantee on loans of up to EUR 800 000 (but not exceeding 25% of the beneficiary's revenue).
- Export support: the Decree also introduces a co-insurance system under which 90% of the commitments deriving from SACE's insurance activity are assumed by the State and the remaining 10% by the company itself, thus freeing up to a further EUR 200 billion of resources to be allocated to the strengthening of exports. The aim is to enable SACE to meet the growing demand to insure operations deemed to be of strategic interest to the national economy, which the company would otherwise not have the financial capacity to cover.

Beyond support of liquidity, other measures included in the above Decree include:

- Measures to ensure business continuity: the Decree provides for a series of measures aimed at ensuring the continuity of companies, with particular regard to those that were healthy before the emergency. The reduction or loss of share capital will not any lead to company dissolution. Bankruptcy regulations and other insolvency proceedings have been loosened.
- Protection of strategic sectors: extension of the scope of application of the “golden power” discipline, to protect sectors of strategic importance such as energy, transport, water and health, food safety and others.
- Deferral of tax obligations by workers and companies (e.g. VAT, withholding tax and social contributions), in addition to those already provided for with the "Cura Italia" Decree.

[340] https://www.normattiva.it/uri-res/N2Ls?urn:nir:stato:decreto.legge:2020-04-08;23!vig=2020-04-14

On 29 April, media reported that a non-banking financial institution was allowed to provide SME finance under the government guarantee scheme.[341]

On 13 May, the Council of the Ministers approved a new major package of measures to support businesses, workers and economic sectors ("Recovery decree-law"), of EUR 55 billion. The package includes the following measures of relevance to SMEs:

- Non-repayable contributions: 6.2 billion euros are allocated for grants to companies, self-employed and freelancers with *turnover not exceeding EUR 5 million*, provided that their turnover in April 2020 decreased by 33% compared to April 2019. The amount is calculated as a share of reported losses:
  - 20% for firms whose revenues are lower than EUR 400 000;
  - 15% for firms whose revenues are between EUR 400 000 and EUR 1 million;
  - 10% for firms whose revenues are between EUR 1 million and EUR 5 million.
- The minimum contribution, which will be paid in June and is exempted from income taxes, is EUR 1 000 for individuals and EUR 2 000 for legal entities.
- Fiscal incentives for equity investment: 20% deduction, up to EUR 2 million, for equity investments in companies with a *turnover between EUR 5 million and EUR 50 million* that suffered a 33% decrease in turnover. In addition, these companies can benefit from a tax credit by 50% of incurred losses.
- Recapitalisation of companies: appropriation by EUR 45 billion by Cassa Depositi e Prestiti, the Italian national investment bank, for equity investment and convertible loans to non-financial joint stock companies whose *turnover is above EUR 50 million*.
- Cancellation of corporate income tax: SMEs that suffered from losses will not pay the balance of the corporate income tax due for 2019 and the first instalment of the advance payment due for 2020. EUR 4 billion are allocated for this purpose.
- Rental subsidies: Companies with a turnover below EUR 5 million reporting severe losses will benefit from a tax credit equal to 60% of monthly rentals for business use. In the case of hotels, the tax credit is granted irrespective of the turnover. The appropriation amounts to EUR 1.5 billion.
- Reduction of bill charges: EUR 600 million are allocated to reduce the cost of electricity bills for small businesses for May, June and July 2020.
- Settlement of late payments by public administration: appropriation of EUR 12 billion to ensure that regions and the autonomous can settle their late payments towards firms.
- Incentives for sanitisation: tax credit of 60% of the expenses incurred in 2020 to ensure safety in offices, the purchase of personal protective equipment and other devices designed to ensure the health of workers and users, up to a limit of EUR 80 000 euros per beneficiary.
- Extension of the national redundancy fund for micro-firms introduced with the "Cura Italia" decree-law for nine more weeks (additional appropriation of EUR 16 billion), and simplified procedure to facilitate its disbursement.
- Extension of grants for the self-employed introduced with the "Cura Italia" decree-law. The subsidy will amount to EUR 600 for April and will be increased to EUR 1 000 for May, provided that the concerned self-employed reported a drop by at least 33% in revenues, compared to 2019.
- Extension of ban on dismissals up to five months.
- Exemption from the real estate tax for hotels: the exemption applies to the first instalment of 2020. To compensate lower income for municipalities, a fund of EUR 122.5 million is set up.

[341] https://www.finextra.com/pressarticle/82333/ebury-authorised-to-provide-sme-funding-under-italian-governments-coronavirus-guarantee-scheme

- Exemption from the tax for the occupation of public space by restaurants, bars and other firms with outdoor tables in the food and beverage sector.
- Business and cultural institutions emergency fund: appropriation of EUR 225 million to support bookshops, the entire publishing industry, museums and other cultural institutions.
- Support to high-tech start-ups: the endowment of the main national subsidised finance programme for innovative start-ups is increased by EUR 100 million. EUR 10 million are allocated to incentivise start-ups to use services by business incubators and accelerators. The thresholds for the national investor visa scheme for foreign citizens financing SMEs and start-ups are halved. An additional tax credit for start-up equity investor is set up.

On 7 July, the government launched a package of measures to reduce red tape, which aims to support post COVID-19 recovery.[342]

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.

Several Italian regions have taken measures related to SMEs. [343]

Japan

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.[344]

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.[345]

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.[346]
- 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).[347]

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342 https://www.nytimes.com/reuters/2020/07/07/business/07reuters-italy-economy-bureaucracy-decree.html

343 See (OECD, 2020[80]) for an in-depth analysis of the SME policy response in Italian regions

344 http://japan.kantei.go.jp/98_abe/actions/202002/_00019.html ; https://www.meti.go.jp/speeches/kaiken/2019/20200214001.html

345 https://globalnews.ca/news/6613198/japan-coronavirus-aid-package/

346 https://www.japantimes.co.jp/news/2020/03/08/national/politics-diplomacy/shinzo-abe-zero-interest-loan-coronavirus-japan/#.XmYiAkoo_IU

347 https://www.meti.go.jp/english/press/2020/0228_001.html

- Subsidies to support teleworking in SMEs (including encouraging firms to adopt IT solutions and develop e-commerce sales channels), and
- SMEs facing more than a 15% decrease in sales can claim compensation of interests and can borrow without collateral.[348]

Japan also considers extending its programme for property tax breaks for small firms.[349] On 21 March, media reported the government planned a corporate tax refund, mainly directed to SMEs.[350]

On 26 March, the government announced to extend employment adjustment subsidies:[351]

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.

On 8 April, the government announced an additional package of economic measures of JPN 86.4 trillion (16.4% of GDP), including additional public spending of JPN 29.2 trillion (5.4% of GDP). It includes the following measures of relevance for SMEs:

- Cash benefits for households and small and medium sized business owners who face a significant decline of their earnings, and tax measures including one year moratorium for tax and social security charges imposed on small and medium sized business owners: JPN 22.0 trillion (4.1% of GDP);
- Post-Covid-19 support for business including travel voucher: JPN 3.3 trillion (0.6% of GDP)
- Support for teleworking, online schooling and reshoring of factories: JPN 10.2 trillion (1.9% of GDP)
- Funds to prepare for unforeseeable circumstances: JPN 1.5 trillion (0.3% of GDP)

On 30 April, a supplementary budget was approved, including a new subsidy program for enterprises struggling to sustain operations, with cash grants of up to JPN 2 million yen for companies with less than JPN 1 billion in capital seeing declines of 50% or more in year-on-year monthly revenue. Sole proprietors, including freelancers, will also be eligible for a maximum of JPN 1 million in subsidies.[352]

Furthermore, media reported that the government will use a public and private sector fund to financially support larger SMEs hit by the pandemic. The plan is to funnel JPN 1 trillion to qualifying companies via the fund starting by the middle of May, with each getting approximately JPN 100 million. The targets of the funding initiative are companies that cannot presently survive on bank financing alone, but can be expected to recover once the threat of the virus recedes. One main criterion is that they employ at least 50 people and have sales of JPN 1 billion or more annually. Companies that were already in financial difficulties

348 https://www3.nhk.or.jp/news/html/20200310/k10012322241000.html

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

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

351 https://www.jiji.com/jc/article?k=2020032600736&g=soc

352 https://asia.nikkei.com/Spotlight/Coronavirus/Japan-s-small-companies-apply-for-cash-grants-amid-pandemic

before the crisis hit will not be eligible.[353] The Bank of Japan is considering further support to SMEs as well through a new scheme that would reward financial institutions for lending to SMEs.[354]

On 8 May, media reported that the government intends to launch a rent support scheme for small businesses. Under the proposal submitted to Prime Minister Shinzo Abe, the government will shoulder two-thirds of rent for up to six months if small businesses, irrespective of sector, experience revenue drops. The maximum cap for relief will be set at JPN 500 000 yen a month and JPN 250 000 yen for the self-employed. Smaller businesses that are eligible to receive rent relief need to have logged either a revenue fall of over 50% from a year ago or of over 30% within the past three months.[355]

On 22 May, the Bank of Japan provided a further JPY 30 trillion in support for SMEs.[356] To encourage lenders, the central bank will pay 0.1% interest on the loans made to small and midsize companies while pledging to extend the purchase period of corporate bonds and commercial paper until the end of March from the initial plan through late September.[357]

On 27 May, decided on a second supplementary budget for FY 2020 of JPY 31.9 trillion (5.8% of GDP), in order to multiply its effort to sustain the economy.[358] The proposals include a number of measures of relevance to SMEs, including:

- A rent subsidy to help both large corporations and SMEs facing a significant sales decline;
- Further enhancement of the subsidy for special paid leaves due to business closures;
- Off-budget measures such as enhanced emergency loans and credit guarantees.

The Bank of Japan, which had earlier indicated it stood ready for further measures[359], 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.

353 https://variety.com/2020/biz/asia/japan-government-to-help-small-businesses-with-9-4-billion-of-finance-1234594095/

354 https://www.reuters.com/article/us-japan-economy-boj/bank-of-japan-plans-scheme-to-reward-banks-for-lending-to-small-businesses-idUSKCN22B0RV

355 https://english.kyodonews.net/news/2020/05/cfd002fb6b3c-update1-japans-ruling-bloc-agrees-on-rent-relief-plan-for-virus-hit-firms.html

356 https://english.kyodonews.net/news/2020/05/9107f722fe6b-boj-starts-emergency-policy-meeting-to-further-aid-corporate-funding.html

357 https://www.outlookindia.com/newsscroll/bank-of-japan-allocates-279-billion-for-loans-to-smes/1842504

358 https://edition.cnn.com/2020/05/27/economy/japan-economic-stimulus-coronavirus/index.html

359 https://www.ft.com/content/9fa91e06-5c3b-11ea-b0ab-339c2307bcd4.

Fintech companies in Japan have launched initiatives to support credit to SMEs.[360] On 4 April, it was announced that private lenders would provide interest free loans to small firms.[361] Furthermore, maker of office equipment are supporting SMEs with digitalisation.[362]

Korea

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.

The Central Bank of Korea has gradually lowerd interest rates. On 17 March, the rate was lowered to 0.75% and on 28 May it was reduced to 0.5%.

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;[363]
- Government guarantees, and insurance on loans.[364]
- 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.[365]

Priority is given to regions that were affected the most.[366]

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.[367]

On 23 March, the government announced a further support package of USD 80 billion, with the following measures for SMEs:[368]

- 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.

[360] https://asia.nikkei.com/Business/Finance/Fintech-startups-fill-gap-in-Japan-s-coronavirus-cash-crunch

[361] https://www.japantimes.co.jp/news/2020/04/04/national/private-lenders-japan-zero-interest-loans-small-businesses-coronavirus/#.Xos9pogzZPY

[362] https://www.japantimes.co.jp/news/2020/06/23/business/japanese-office-equipment-makers-boosting-small-businesses-teleworking-capabilities/#.XvIZH2gzZPY

[363] https://www.hankyung.com/economy/article/2020030441697

[364] http://news.kbs.co.kr/news/view.do?ncd=4394973&ref=A

[365] https://biz.chosun.com/site/data/html_dir/2020/03/03/2020030300348.html

[366] https://www.mss.go.kr/site/smba/ex/bbs/View.do?cbIdx=86&bcIdx=1017485

[367] https://www.nytimes.com/reuters/2020/03/19/world/asia/19reuters-health-coronavirus-southkorea-toll.html

[368] https://www.reuters.com/article/us-health-coronavirus-southkorea-toll/south-korea-doubles-coronavirus-rescue-package-to-80-billion-idUSKBN21B05X

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).[369]

On 31 March, the government announced an emergency relief payment plan of KRW 9.1 trillion (USD 7.4 billion) to address the virus outbreak. The government plans to pay relief checks to households in the bottom 70 % income bracket (around 14 million households), of up to KRW 1 million (USD 820) per household. For this, a second supplementary budget bill will be submitted to the National Assembly soon. The government also decided to expand social security contribution relief with three-month payment deferrals and 30 % contribution rate deductions for small business and low-income households.

On 8 April, the government announced a further package of KRW 53.7 trillion. KRW 36 trillion is allocated to trade finance. The government will extend the maturity of trade insurance and guarantees within a ceiling of KRW 30 trillion. Also emergency liquidity worth KRW 5 trillion is available to help local companies expand overseas activities. The measures also include advanced payments of public investments.[370]

On 5 May, the government announced it was working on a further support package including an emergency loan programme worth KRW 10 trillion to support small business owners. The affected business owners will be able to borrow loans of up to KRW 10 million from six commercial banks. Those who have already drawn from the emergency fund in the previous round in March are not qualified to apply. Interest rates are expected to be 3-4%, higher than in the first round of emergency loans, to avoid that loans are used for non-business purposes.[371]

On 12 May, media reported that the Korea Development Bank (KDB) successfully sold local currency-denominated social bonds worth total 1 trillion won (USD 815.9 million) to major local institutional investors with an aim to use the proceeds to help small businesses and dismal job market hit by COVID-19.

On 3 June, the government announced the third 2020 supplementary budget of KRW 35.3 trillion (USD 40 billion, 1.9% of GDP) to mitigate the pandemic's impact. The supplementary budget will strengthen social safety nets, revive consumption and help ailing businesses. The following measures are of particular relevance to SMEs:

- Providing emergency loans to struggling small merchants, SMEs and large businesses (KRW 5 trillion)
- Spending KRW 5.1 trillion this year on big data platforms, artificial intelligence and fifth-generation telecommunication services, so called "New Deal projects", on which the government, on 1 June, pledged to invest KRW 76 trillion over the next five years.

On 11 June, the government published an overview of economic measures undertaken.[372]

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369 https://www.yna.co.kr/view/AKR20200325002100004?input=1195m

370 http://www.koreaherald.com/view.php?ud=20200408000825

371 http://www.koreaherald.com/view.php?ud=20200505000233%20%3Chttps://eur02.safelinks.protection.outlook.com/?url=http%3A%2F%2Fwww.koreaherald.com%2Fview.php%3Fud%3D20200505000233&data=02%7C01%7Cstephan.raes%40oecd.org%7Ccba28d2d25b345a2749e08d7f10013b6%7Cac41c7d41f61460db0f4fc925a2b471c%7C0%7C0%7C637242854943342470&sdata=x%2BlRVscrga4e0AtznftJJSBbHnUU0LgIIReCgb1k%2F5Y%3D&reserved=0%3E ; http://www.koreaherald.com/view.php?ud=20200429000872

372 http://www.mofa.go.kr/eng/brd/m_22747/view.do?seq=16&srchFr=&srchTo=&srchWord=&srchTp=&multi_itm_seq=0&itm_seq_1=0&itm_seq_2=0&company_cd=&company_nm=&page=1&titleNm=

On 16 June, Korea's state-run Industrial Bank of Korea (IBK) offered foreign currency-denominated social bonds worth USD 500 million to raise funds to SMEs struggling to recover from the COVID-19 fallout.[373]

On 3 July, media reported that the government intends to extend its support measures for small businesses to beyond September.[374]

Domestic commercial banks and savings banks will also allow loans to be rolled over for small businesses if they cannot afford payment when due.

Examples are reported in Korea of SMEs that have received support in recovering from the crisis and now offer support to others.[375] Virtual banks have expanded their activities for SMEs during the crisis.[376]

Latvia

On 20 March, the government has announced the following measures:[377]

- 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 overdue 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.
- Deferral of tax payments in crisis-affected sectors for a period of up to three years. Expected cost- EUR 196 million.
- State and local government authorities will release firms from rent obligations. They will also be allowed not to impose late interest and contractual penalties in case of overdue payments, except for on those paid for consumed services and utilities- electricity, thermal energy, water supply, and other property maintenance services.
- Liquidity measures for firms in all sectors: refund of approved amount of VAT to all taxpayers within 30 days after VAT return has been submitted, as well as a VAT refund that has been carried forward in previous periods (expected cost- EUR 60 million); Personal Income Tax (PIT) taxpayers will be exempt from advance payments for the taxation year 2020 (expected cost- EUR 35 million).
- Loans for up to 3 years for companies to finance new working capital (up to EUR 200 million). Loans will have significantly reduced collateral requirements and reduced/subsidized interest rate, with a grace period of the principal amount up to 12 months.
- Loan guarantees (up to EUR 715 million), so that an enterprise facing short-term cash flow problems can postpone the payment of the principal until the situation is resolved.

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;

373 https://pulsenews.co.kr/view.php?year=2020&no=615906

374 https://pulsenews.co.kr/view.php?year=2020&no=678422

375 http://koreabizwire.com/businesses-saved-by-samsung-make-donations-to-fight-coronavirus/158839

376 https://business.inquirer.net/299344/s-koreas-virtual-banks-come-of-age-in-covid-19-era

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

- Working capital loans of up to EUR 1 million per beneficiary, for 18 months.

Fintech initiatives are being developed to support SME finance in the context of the crisis.[378]

The government supports a hackathon among small firms to find solutions to the crisis.[379]

Lithuania

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:[380]

- 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.

Furthermore, the following measures of relevance to SMEs have been put in place:

- Subsidising wages: The state will contribute to maintaining jobs with subsidies. During downtime, employees are paid at least the minimum wage, but only if the employment contract stipulates a full working time rate. Subsidies vary between 70% and 90% from the employee's accrued salary, up to a specified limit. Employers who have benefited from the subsidies are obliged to keep at least 50% of the jobs in their firm for a period of at least 3 months after the end of subsidy payments.
- Postponement of the payments date of tax arrears for the affected tax payers.
- Exemption from fines and default interest for failure to comply with tax obligations on time.
- Postponement of submission (and payment of) personal income tax returns and advanced corporate income tax returns.

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[378] 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/

[379] https://www.genglobal.org/startup-nations/hack-crisis-idea-execution-just-6-hours

[380] https://lrv.lt/en/news/eur-5-billion-for-public-health-and-the-national-economy

- Relief from import duties and VAT exemption on importation granted for goods needed to combat the effects of the COVID-19 outbreak pursuant to Commission's decision.
- Possibility for business customers to defer or arrange the payments in instalments to the public provider of electricity and gas.
- Recommendation for the municipalities to offer the possibility of deferring or arranging the payment of public utility charges and payments for heat in instalments.
- Allocation of EUR 1.3 billion to the firms facing liquidity and financial problems: EUR 287 million for loans; EUR 145 million for risk capital investment; EUR 23 million for compensations of loans and leasing contracts interests (during the payment holiday up to 6 months); EUR 100 million for a Business Support Fund, and EUR 50 million for payable invoices loans.
- A new borrowing instrument enables SMEs to apply for soft loans on the condition that they have run out of working capital due to disruptions in settlements with purchasers whose activities have been terminated or restricted due to quarantine. The maximum loan amount will be up to EUR 100 thousand.
- Starting from 24 April young firms (SMEs established less than 3 years ago) may get soft loans under the measure "Loans to the businesses most affected by COVID-19". Loans under this measure are easier to apply for, and are available to companies that have lost 30% or more of their turnover due to the COVID-19 outbreak. The maximum loan amount per firm has increased tenfold and now may reach up to EUR 1 million.
- Allocation of EUR 1.3 billion to the firms facing liquidity and financial problems: EUR 851 million for state guaranties
- The guarantee limit for the Agricultural Credit Guarantee Fund and ceiling for INVEGA (promoting the development of small- and medium-sized enterprises) guarantee are set to increase by EUR 500 million.

On 14 April the government approved the temporary provision of rental subsidies to business. The subsidies are to be paid during the quarantine period and the two months thereafter. The total amount available for rental subsidies is estimated up to EUR 100 million.

Luxembourg

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).[381]

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

[381] https://meco.gouvernement.lu/fr/dossiers/2020/coronoavirus-entreprises.html; https://guichet.public.lu/en/support/coronavirus/corona-virus-pme.html

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.[382] The new aim 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.[383] Previous legislation on unforeseen events provided for short-time work arrangements.[384]

On 26 March, the government announced a further support package of EUR 8.8 billion including loans, wage subsidies and tax deferral.[385] The measures include:

- Specific tax measures in the context of COVID-19 were announced aiming to alleviate the liquidity situation of businesses and self-employed individuals. Eligible taxpayers can notably file a request for: (1) cancellation of the quarterly advance payments; and (2) a four-month extension for the payment of corporate taxes due after 29 February 2020. The deadline for filing annual corporate and personal income tax returns has been extended to 30 June 2020.
- Outstanding VAT credits below EUR 10 000 have automatically been reimbursed, while penalties for the late submission of VAT declarations are waived.
- Luxembourg has also agreed bilaterally with France and Belgium on temporary modalities regarding cross-border workers resorting to teleworking in the context of the current crisis.
- Companies are granted additional administrative flexibility for the payment of social contributions, with late payment fees and forced recoveries being temporarily suspended.
- Companies with less than 10 employees can request a lump-sum grant of EUR 5000.
- The short-time working scheme ("chômage partiel") has been expanded to all companies affected by the COVID-19 crisis and extraordinary leave for those parents having to look after their children, due to school closures, is facilitated.

On 22 April, the government announced it would increase coronavirus lockdown aid to microenterprises, small businesses and craftspeople. Companies employing between 10 and 20 people will be eligible to receive a lump sum payment of EUR 12 500. The EUR 5 000 cash allowance for companies employing less than 10 people has been extended. Originally it was meant for businesses that had to shut their doors based on government safety orders. Now it will also include companies that have reopened with authorisation, but "suffer a loss of at least 50% of their turnover during the period from 15 April 2020 to 15 May 2020". An additional EUR 5 000 cash grant can be given to companies with less than 10 staff members who remain closed on government safety orders or which have taken a hit of 50% or more to their turnover between 15 April and 15 May.[386]

In addition to the 6-month moratoria that some Luxembourg banks have voluntarily agreed to implement upon request by businesses, the authorities are also setting up a loan guarantee facility of EUR 2.5 billion, with the State providing a guarantee of 85% on credit lines granted by banks between 18 March and 31 December 2020.

On 3 June, media reported on plans for a EUR 150 million loan guarantee scheme.[387]

[382] https://chronicle.lu/category/business-1/32069-new-financial-aid-introduced-for-smes-in-light-of-coronavirus

[383] https://luxtimes.lu/business-finance/40125-struggling-firms-virus-loans-upped-to-500-000-maximum

[384] https://delano.lu/d/detail/news/aid-offers-small-business-lifeline-unforeseen-events/209773

[385] https://luxtimes.lu/business-finance/40212-government-details-range-of-rescue-measures-in-virus-package

[386] https://gouvernement.lu/fr/actualites/toutes_actualites/communiques/2020/04-avril/22-indemnites-entreprises.html

[387] https://delano.lu/d/detail/news/lux-could-tap-eu-covid-19-rescue-funds-back-sme-loans/210658

Malaysia

New financing facilities for SMEs have been set up by banks,[388] in addition to a decrease in the policy rate.[389] 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.

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.[390] Bank Negara Malaysia (BNM) has issued a directive to all banks to grant an automatic six-month moratorium of all loan/financing repayments effective from April 1, to September 30, 2020. During this period, borrowers/customers with loan/financing that meet the conditions do not need to make any repayment, and no late payment charges or penalties will be imposed.[391]

On 6 April, the government announced new measures (RM 10 billion, 0.7% of GDP) to support SMEs, which also includes an enhanced wage support scheme. Through the 27 March and 6 April packages, the following measures have bene put in place of relevance to SMEs:

- The wage subsidy programme of RM 13.8 billion provides that all companies with local employees earning a monthly salary each of RM 4,000 and below will receive wage subsidies as follows:
  - Companies with a workforce of more than 200 people will receive a wage subsidy of RM600 for every retained worker. The maximum number of workers that a company is eligible to claim for will be increased from 100 to 200 employees.
  - Companies with employees between 75 to 200 people will receive a wage subsidy of RM800 per month for every employee.
  - Companies with employees of less than 75 people will receive a wage subsidy of RM1,200 per month per employee.
- PRIHATIN Special Grant amounting to RM2.1 billion will be established for eligible micro enterprises. A grant of RM 3,000 will be provided to each company.
- Banking institutions are to offer a 6-month moratorium, conversion of credit card balance to term loans and restructuring of corporate loans. Moratorium will be extended to loans from TEKUN, MARA and cooperatives as well as other government agencies providing financing to SMEs beginning 1 April 2020.
- The suspension of income tax instalment payments to all SMEs for a period of three months beginning April 1, 2020. This is in addition to the previously announced measures by which the Government has impose a tax-deferred payment on businesses affected by the tourism sector for six months beginning April 1, 2020.
- Six-month rental exemption for all Federal Government-owned premises which includes all premises owned by agencies and statutory bodies of the Federal Government; Exemption of rental or discount for SME retail traders on premises owned by Government-linked companies.
- Owners of private premises are also urged to provide similar assistance to their tenants to reduce their rental rates Owners of buildings or business spaces that provide rent or reduction to rentals

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388 https://www.alliancebank.com.my/covid-19-special-relief-facility-form.aspx

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

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

391 https://fintechnews.sg/38714/covid19/how-governments-around-the-world-are-supporting-smes-during-the-covid-19-crisis/

of business premises consisting of SMEs during and three (3) months after MCO will be subjected to additional tax deduction equal to the amount of the rent reduction for April to June 2020. This additional tax deduction is subject to the terms of the reduction of rent, which must be at least 30% of the original rent, for effective year of assessment 2020.

- An automatic moratorium of 30 days from the MCO's last date for the company to submit statutory documents to Companies Commission of Malaysia (CCM). The filing period of the company's financial statements is also extended to 3 months from the date of the MCO. This flexibility is given to companies with financial years ending 30 September to 31 December 2019. Late submission fee will not be charged;
- Financial assistance of RM 600/worker every month beginning 1 March 2020 up to maximum six (6) months to employees on unpaid leave.
- RM 5 billion Special Relief Facility at an interest rate of 3.5% to SMEs offered by Central Bank of Malaysia through Participating Financial Institutions and Development Financial Institutions.
- RM 700 million microcredit scheme at 0% interest without collateral to affected businesses with at least six (6) months in operation. From these allocation, RM500 million offered under Bank Simpanan Nasional (BSN) and RM 200 million offered under TEKUN Nasional;
- SMEs with business records of less than 4 years can leverage the BizMula-i and BizWanita-i schemes for financing up to RM 300,000 under the Credit Guarantee Malaysia Berhad (CGC).
- Syarikat Jaminan Pembiayaan Perniagaan (SJPP) will provide RM5 billion worth of guarantees and increase the guarantee coverage from 70% to 80% for SMEs that face difficulties in obtaining loans.
- Guarantee scheme up to 80% of the loan amount for the minimum loan size of RM20 million for the purpose of financing working capital requirements from 1 May to 31 December 2020 under Danajamin Nasional Berhad
- RM 300 million SME Automation & Digitalisation Facility at 3.75% offered by Participating Financial Institutions and Development Financial Institutions
- RM 50 million allocation for short courses in digital skills and highly skilled courses by Human Resources Development Fund (HRDF)
- RM 100 million matching grant by Human Resources Development Fund (HRDF) for additional 40,000 employees in tourism and other affected sectors
- RM 10 million grant to promote sale of products on e-commerce platforms (RM1,000/business) by Malaysia Digital Economy Corporation (MDEC)

On 5 June, the government announced its fifth stilumus package of 2.4% of GDP.

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.[392]

Mexico

On 22 March, Mexico announced it works on a people focused support package.[393] The Central Bank lowered interest rates to 6.5%.

392 https://mdec.my/home/c19techrelief/

393 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

On 3 April, the government announced an economic support package.[394] The following measures of relevance to SMEs have been put in place:

- The National Institute for Workers' Housing (INFONAVIT) will cover up to 3 months of credit payments for workers who become unemployed. This extension will continue up to 6 months without additional charges.
- The Federal Government, through the development bank Nacional Financiera (Nafin), will support SMEs up to MXN 25 billion (USD 1 billion USD). One million credit products of MXN 25 000 each (USD 1 000); and 500 000 credit products will be provided to the formal economy and 500 000 loans will be extended to the informal economy. The credits will be settled over a period of 3 years, with no payment in the first three months and further monthly payments of MXN 1 000 (USD 42), at an average rate of 6.5% per year.
- The National Banking and Securities Commission (CNBV) issued provisions to support financial costumers. These measures consist in partial or total deferral of capital and/or interest payments for up to 4 months, with possibility to extend this period for 2 additional months. Balances could be frozen if the credit was considered a performing loan as of 28 February 2020. This measure will apply to consumption, housing and commercial credits.

Furthermore, the government reinforced existing social programs to support SMEs. The 'Tandas para el Bienestar' programme will invest MXN 3.4 billion to grant 450 000 new loans to small businesses. The Mexican Social Security Institute (IMSS) is granting loans of MXN 25 000 at a rate between 6.5% and 10% for formal and informal micro and small enterprises. [395]

On 21 April, the Central Bank lowered rates to 6.0%. It announced a liquidity injection of MXN 750 000 million to alleviate liquidity needs of companies through private banking.

On 22 April, the Mexican Tax Administration extended the deadline to file the personal income tax declaration from 30 April to 30 June, 2020.

On 27 April, INFONAVIT announced that firms up to 250 employees could differ second and third bimonthly 5% housing contributions until September. Firms with 250 employees or more, could defer second bimonthly payment until July. On 27 April, the Federal Government announced that increase in residential electric consumption will not be reclassified to higher tariffs.

On 26 April, the Inter-American Development Bank (IDB) and the Mexican Business Council (CMN) have announced a loan scheme that will provide up to USD 12 billion a year to small and medium-sized businesses to help them through the coronavirus crisis. The programme is supported by the federal Finance Ministry and will aim to provide loans to 30,000 businesses. The aim is to offer revolving credit lines with an average term of 90 days. IDB Invest and the CMN are also seeking to build a USD 3 billion program in reverse, factoring lines of credit that would complement existing schemes run by the IDB in Mexico.[396]

The Mexican government looks at fintech as a means to support financial inclusion, also during the outbreak. A Mexican fintech start-up (Credijusto[397]) raised USD 100 million in debt that will help it extend

394 https://www.reuters.com/article/us-mexico-economy/mexicos-president-to-lay-out-unorthodox-coronavirus-plan-to-help-economy-poor-idUSKBN21N0VA

395 https://covid19sbs.org/government-response-mexico

396 https://mexiconewsdaily.com/news/coronavirus/bank-steps-in-with-us-12bn-to-support-small-business/

397 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/

more loans to small and mid-sized businesses to respond to the impact of coronavirus. Further private initiatives have developed to support digitalisation of SMEs in the context of the crisis.[398] Also, logistic companies are offering SME support.[399]

Netherlands

The Netherlands Enterprise agency offers a link with a FAQ. It contains health-related information, but also information for employers on shortening working hours.[400] Overall information provision to companies on the outbreak takes place via Chambers of Commerce.

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)[401] 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.[402] 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.[403] 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.

On 17 March, the government announced a further set of measures for economic support:[404]

- 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 (including VAT[405]) 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%

[398] https://www.contxto.com/en/mexico/free-platforms-sme-mexico-economic-slowdown/

[399] https://aircargoworld.com/news/ups-mexico-aims-to-help-smes-recover-with-new-initiative/

[400] https://www.rijksoverheid.nl/onderwerpen/coronavirus-covid-19/veelgestelde-vragen-over-coronavirus-voor-werkgevers

[401] 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/

[402] https://www.rvo.nl/actueel/nieuws/coronavirus-verruimde-bmkb-regeling-voor-ondernemers-versneld-open

[403] 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/

[404] https://www.rijksoverheid.nl/actueel/nieuws/2020/03/17/coronavirus-kabinet-neemt-pakket-nieuwe-maatregelen-voor-banen-en-economie

[405] https://www.belastingdienst.nl/wps/wcm/connect/nl/ondernemers/content/coronavirus-belastingmaatregelen-om-ondernemers-te-helpen

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.

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.

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.[406] Similarly, the payment of pension contributions has been relaxed as well.[407]

On 7 April, the government announced a further set of measures, including:[408]

- A further extension of the GO facility, further raising the guarantee ceiling to EUR 10 billion, and raising the guarantee percentage from 50% to 80% for large companies and to 90% for SMEs.
- The fee for the BMKB is lowered from 3.9% to 2% to make the instrument more accessible. Budget for the BMKM is raised to EUR 1.5 billion.
- The coverage of the compensation for sectors (TOGS), under which since 27 April directly affected companies could receive a EUR 4 000 compensation for fixed costs, was extended to sectors that are more indirectly affected.
- EUR 10 million for specific support to start-ups and scale-ups.

On 24 April, the government announced a further set of tax measures to provide financial relief for companies.[409]

On 25 April the government announced Corona bridge loans for start-ups and scale-ups of between EUR 50 000 and EUR 2 million, for which EUR 100 million will be available. Loans under EUR 500 000 should be available in 4 to 9 working days after request.[410]

On 7 April, the government announced further support to SMEs through the Small Credit Corona guarantee scheme (KKC). Through the KKC scheme, for which EUR 750 million is available, the government provides 95% of public guarantee for small credits between EUR 10 000 and 50 000 against a maximum of 4% interest, to be provided by banks as well as other finance providers.[411]

[406] https://www.dnb.nl/nieuws/nieuwsoverzicht-en-archief/persberichten-2020/dnb387870.jsp

[407] https://www.stvda.nl/-/media/stvda/downloads/publicaties/2020/coulance-betalen-pensioenpremies.pdf

[408] https://www.rijksoverheid.nl/actueel/nieuws/2020/04/07/kabinet-breidt-ondersteuning-voor-ondernemers-vanwege-coronavirus-uit

[409] https://www.rijksoverheid.nl/actueel/nieuws/2020/04/24/nieuwe-belastingmaatregelen-vanwege-de-coronacrisis

[410] https://www.rijksoverheid.nl/actueel/nieuws/2020/04/25/coronavirus-overbruggingskrediet-gericht-op-startups-en-scale-ups-vanaf-29-april-beschikbaar

[411] https://www.nrc.nl/nieuws/2020/05/07/kredietregeling-staat-garandeert-750-miljoen-extra-voor-kleine-ondernemers-a3999081

On 20 May, the measures put in place were extended and prolonged.[412]

On 19 June, the Netherlands introduced conditions to further support to companies related to tax avoidance.[413]

Dutch provinces such as Overijssel (rapid payments, information for entrepreneurs)[414]and Brabant (EUR 5 million, information for entrepreneurs[415]) have also announced measures.

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.[416]

New Zealand

New Zealand offers information for (small) business, including on tax relief, redundancy and workplace response.[417]

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.[418]

On 17 March, the government launched a NZD 12.1 billion business continuity package, including wage support and tax measures.[419] 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 NZD 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.

412 https://www.rijksoverheid.nl/actueel/nieuws/2020/05/20/coronavirus-verlenging-en-uitbreiding-noodpakket-banen-en-economie

413 https://www.government.nl/latest/news/2020/06/19/companies-receiving-government-support-must-abandon-undesirable-tax-avoidance-practices

414 https://www.overijssel.nl/actueel/nieuws/@ORT/overijssel-neemt-maatregelen-bedrijven-gevolgen/

415 https://www.brabant.nl/actueel/nieuws/economie-en-werk/2020/eerste-brabantse-economische-maatregelen-coronacrisis

416 https://www.nvb.nl/nieuws/banken-geven-bedrijven-extra-lucht-half-jaar-uitstel-van-aflossingen/

417 https://www.business.govt.nz/news/coronavirus-information-for-businesses/.

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

419 https://treasury.govt.nz/news-and-events/news/covid-19-economic-package-announced

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.

On 23 March, the government announced a further package of NZD 6.2 billion dollar to lend money to small business.[420] 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.

Early April, the government introduced insolvency law changes during COVID-19, including a business debt hibernation regime (providing businesses with an option to place existing debts on hold until they can start trading normally again) and a safe harbour regime (offering security to directors against legal claims).[421]

On 14 April, the government announced a further set of measures to support small businesses, including:[422]

- A NZD 3.1 billion tax loss carry-back scheme (estimated cost over the next two years);
- A NZD 60 million estimated annual savings to business each year from changes to the tax loss continuity rules;
- A NZD 25 million in the next 12 months for further business consultancy support;
- Greater flexibility for affected businesses to meet their tax obligations, and;
- Measures to support commercial tenants and landlords.

On 1 May, the government announced further support measures for SMEs.[423] Under the Small Business Cash flow Loan scheme[424], the Government will provide interest free loans for a year to small businesses impacted by the COVID-19 economic shock to support their immediate cash flow needs and meet fixed costs. The scheme will provide assistance of up to NZD 100 000 to firms employing 50 or fewer full time equivalent employees and will provide NZD 10 000 to every firm and in addition NZD 1800 per equivalent full time employee. Loans will be interest free if they are paid back within a year. The interest rate will be 3% for a maximum term of five years. Repayments are not required for the first two years.

On 3 June, the government introduced compulsory arbitration between landlords and small business tenants in case tenants are not able to pay rents because of COVID-19 related loos in revenue but cannot agree with landlords on a cut in rent.[425]

On 4 June, the government announced that the measures put in place would be extended and enhanced. The deadline for interest free loans was extended by a month. A new eight-week wage subsidy that is set

[420] https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12319441

[421] https://duncancotterill.com/publications/guide-to-insolvency-law-changes-during-covid-19

[422] https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12324753

[423] https://www.insurancebusinessmag.com/nz/news/breaking-news/government-offers-further-relief-for-small-businesses-221300.aspx

[424] https://www.beehive.govt.nz/release/government-boosts-cashflow-support-small-businesses

[425] https://www.tvnz.co.nz/one-news/new-zealand/government-unveils-action-plan-small-business-rent-disputes-covid-19-affected-tenants

to start on June 10 will have a reduced requirement of a 40% fall in revenue for businesses to qualify, down from 50%.[426]

The government has launched an online tool (Cash Flow Forecaster[427]) which helps small businesses forecast their cash flow in the COVID-19 context.

In addition, administrations have been directed to pay their bills within ten working days to support small businesses.

Private financiers have promised to support companies under financial strain.[428] Further private initiatives have developed on how customers can support small business.[429] Also, a campaign that offers free digital bill boarding space for SMEs was set up.[430]

Norway

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.

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.[431]

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:[432]

- 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;

[426] https://www.marketscreener.com/CHANGE-INC-31423398/news/New-Zealand-Bolsters-Business-Support-Measures-30725908/

[427] https://www.tools.business.govt.nz/cashflow-forecaster

[428] https://www.rnz.co.nz/news/political/411297/coronavirus-response-it-is-important-to-get-the-details-right; https://www.nzadviseronline.co.nz/news/asb-launches-small-business-advice-hub-272102.aspx

[429] https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12317071

[430] https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12342517

[431] https://www.reuters.com/article/us-health-coronavirus-norway-primeminist/norway-offers-firms-10-billion-as-coronavirus-shakes-economy-idUSKBN212146

[432] 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. [433]

On 27 March, the government presented a further set of measures, including a company support scheme.[434] 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.

Furthermore, on 27 March, a range of support was announced for innovative and research-oriented businesses. This includes: grants for young growth companies, innovation loans, interest-payment support, grants for private innovation groups, business-oriented research support, capital for funding and matching investments.

Through further packages on 13 April and 12 May, the following measures of relevance to SMEs have been introduced:[435]

- A time limited (March–August) compensation scheme for otherwise sustainable businesses with at least 30 per cent (20 per cent in March) drop in revenues due to the virus outbreak. The maximal support will be gradually lowered, and depends on i.a. the size of revenue loss, the size of unavoidable fixed costs and on whether the enterprise was ordered by the government to shut down.
- A time-limited (July–August) subsidy scheme for companies to take back temporarily laid-off workers (NOK 4 billion).
- Employer-paid days have been reduced for several groups. For temporary laid-off the reduction is from 15 to 2 days, increasing to 10 days from September 1. For childcare-related leave the reduction from 10 to 3 days is due to the closure of schools and childcares. It was also opened up for transfer of days between co-parents. From July 1, all parents will have a quota of 10 days for the remaining six months of 2020. For corona-related sick leave the reduction in the employer paid days is from 16 to 3 days.
- Temporary changes in tax rules
- Expansion of the option tax scheme for small start-up companies to include somewhat larger companies and more employees, contingent on approval by the EFTA Surveillance Authority.
- Measures to underpin activity in the construction sector (NOK 4 billion)
- A compensation scheme for statutory maintenance expenses in seasonal businesses with severe income loss.
- Increased funding for Innovation Norway and the Research Council (more than NOK 3 billion), and increased investment capital in Investinor AS (NOK 1 billion).
- A guarantee scheme for bank loans to enterprises, with a total guarantee volume of NOK 50 billion. The Norwegian state guarantees 90 per cent of each bank loan. Entered into force on March 27, after approval by the EFTA Surveillance Authority.
- The Government Bond Fund has been reinstated, with an investment budget of NOK 50 billion to increase liquidity and access to capital in the Norwegian bond market.
- Increased funding for Innovation Norway's innovation loan scheme (NOK 1.6 billion).

433 https://www.lifeinnorway.net/permittering-layoffs/

434 https://www.regjeringen.no/no/aktuelt/vil-dekke-faste-kostnader-for-a-redde-arbeidsplasser/id2695340/

435 https://www.regjeringen.no/en/topics/the-economy/economic-policy/economic-measures-in-norway-in-response-to-covid-19/id2703484/

On 29 May, the government launched a further package with a focus on recovery:[436]

- A temporary subsidy scheme for companies to take back temporarily laid off workers (NOK 4 billion)
- Measures to underpin activity in the construction sector (NOK 4 billion)
- A green transition package (NOK 3.6 billion)
- Increased education and skills funding (NOK 1 billion).

Peru

Peru has put in place an ambitious package of measures amounting to 12% of GDP.[437]

On 13 March, the government announced a 90% expansion of Fondo Crecer to allow SMEs to access capital: measures have been taken to speed up the expansion of the Crecer Fund, which has USD 225 million allocated to allow SMEs to access capital.

On 24 March, the government has approved a three-month extension for the income tax declaration for SMEs and is granting flexibility to enterprises in the repayment of tax liabilities.

On 26 March the government suspended payment of the 10% social security contribution to AFP (private administrators of pension funds).

On 28 March, the government announced an overall package of around PEN 90,000 million (USD 26 billion), equivalent to 12% of GDP, including two main areas of intervention: 1) contain the impact of the shock, supporting the most vulnerable and protecting payment chains, worth 8% of GDP (including the joint action with the BCRP to guarantee loans to SMEs, worth 4% of GDP); 2) a second phase aimed at supporting the recovery after the shock. The package included the creation of the "Fondo de Ayuda Empresarial" to support SMEs to secure working capital and/or refinance debts, worth PEN 300 million (USD 87 million).

On 27 April, the government announced an expansion of the Fondo de Ayuda Empresarial fund to support SMEs by PEN 500 million (around USD 150 million), which now amounts to a total of PEN 800 million (around USD 236 million). This will support credit guarantees up to a total of PEN 4000 million. The guarantee has been expanded to 98% to all SMEs, and with a grace period of 12 months.

In April, the government also introduced a subsidy to cover 35% of the salaries of employees in the private sector who earn up to USD 450 per month.

Furthermore, the government launched ‘Reactiva Peru’, a fund of PEN 30 billion (USD 9 billion) that serves as a guarantee of loans for working capital, equivalent to 4% of GDP. In May, one month after the initial announcement, the funds allocated were doubled to USD 17.5 billion).

On 12 May, the government published Decreto Legislativo No. 1508 approving the creation of a Government guarantee programme for loans to companies in the financial system for up to PEN 7 million (USD 2 million), with the aim of increasing its capacity to face scenarios of greater demand for liquidity.

Furthermore, 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.

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[436] https://www.regjeringen.no/en/topics/the-economy/economic-policy/economic-measures-in-norway-in-response-to-covid-19/id2703484/

[437] https://covid19sbs.org/government-response-peru

Poland

From 10 March onwards, Poland has introduced several measures to support the financial liquidity of enterprises through cheap loans and guarantees. These include:[438]

- Loan guarantees: The Minister of Finance has changed an ordinance on the De minimis Guarantee Scheme run by Bank Gospodarstwa Krajowego. Guarantees will secure up to 80% of a loan's value. It was also decided to reduce the commission fee on such guarantees from the current level of 0.5% to 0%. The Ministry of Finance estimates that in 2020 BGK will issue guarantees in the amount of PLN 9.5 billion.
- Subsidised loans from the state-development bank (BGK);
- Banking system: The systemic risk buffer was removed. It will free PLN 30 billion of capital, which may increase the supply of loans to SMEs by PLN 40 billion. The Ministry of Finance estimates that this can result in a 0.5% increase in GDP over 2.5 years.
- Taxes: Entrepreneurs who, due to COVID-19, face problems with payment of taxes on time, may apply for a tax payment deferral, spreading the payment of tax into installments or cancellation of tax arrears. Those applications are being considered first. A new method of loss settlement by entrepreneurs, with losses incurred in 2020 to be deducted from the tax that was due for 2019.
- Social security contributions: If, due to COVID-19, entrepreneurs face problems with payment of social security contributions on time, may apply for a 3-month payment deferral of social security contributions for the period from February to April 2020. The financing will apply to companies whose turnover will drop by at least 15%.
- Public Procurement Law: Institutions covered by the Public Procurement Law are able to order goods or services necessary to counteract COVID-19 bypassing these provisions. A suspension of public procurement penalties.
- Telework: The employer was able to instruct employees (on a contract of employment) to work remotely for a certain period of time.

From 1 April onwards, the following measures (anti-crisis Shield) entered into force of at least 10% of GDP:[439]

- Social security contributions: Exemption from social security contributions for three months (March-May) for microenterprises and self-employed (with income up to three times the average wage).
- Financial support: In case of downtime due to COVID-19, self-employed and contractors (with income up to three times the average wage) may apply for a financial support of PLN 2080 (80% of the minimum wage).
- Guarantees for large and medium-sized companies: Bank Gospodarstwa Krajowego offers guarantees for liquidity loans. Guarantees may secure up to 80% of a loan's value.
- Tax

[438] https://www.biznes.gov.pl/pl/firma/sprawy-urzedowe/chce-przestrzegac-przepisow-szczegolnych/koronawirus-szczegolne-rozwiazania-zwiazane-z-zapobieganiem-przeciwdzialaniem-i-zwalczaniem-covid-19 ; https://www.gov.pl/web/finanse/wsparcie-dla-przedsiebiorcow-w-zwiazku-z-koronawirusem ; https://www.gov.pl/web/finanse/ministerstwo-finansow-z-pomoca-dla-msp ; https://www.gov.pl/web/finanse/znosimy-bufor-ryzyka-systemowego-to-korzysc-dla-msp ; https://www.zus.pl/o-zus/aktualnosci/-/publisher/aktualnosc/1/uproszczony-wniosek-o-odroczenie-terminu-platnosci-skladek_zawieszenie-splaty-umowy-o-rozlozenie-zadluzenia-na-raty_-zawieszenie-splaty-umowy-o-odroczeniu-terminu-platnosci-skladek-na-3-miesiace/2548485

[439] https://www.gov.pl/web/rozwoj/pakiet-dot-tarczy-antykryzysowej-wszedl-w-zycie ; https://pfr.pl/dam/pfr/documents/tarcza-antykryzysowa/PFR-Przewodnik-Antykryzysowy-dla-Przedsiebiorcow.pdf

- PIT taxpayers – No sanctions for submitting a tax declaration and paying the tax after the deadline (if it occurs by the end of May).
- CIT taxpayers – The deadline for submitting a tax declaration and paying the tax is postponed until 31 May.
- Taxpayers, who bear negative consequences of COVID-19, are enabled to deduct the loss incurred in 2020 from operating income obtained in 2019. *The condition is to achieve revenues lower by at least 50% in 2020 compared to 2019.
- The deadline for the payment of advance payroll tax (for March and April) is postponed until 1 June.
- The deadline for the payment of the retail tax is postponed until 1 January 2021.

- Guaranteed Employee Benefits Fund: Employers who find themselves in a difficult situation, due to COVID-19, may receive support from the Guaranteed Employee Benefits Fund up to 40 per cent of the average wage for employees (on a contract of employment). The financing will apply to companies whose turnover will drop by at least 15% during the next two months since 1 January or by at least 25% during any month since 1 January compared to the turnover from the previous month.
- Banking system: The calculation of creditworthiness may be based on financial data as of the end of 2019. Moreover, banks are enabled to extent working-capital loans (worth approximately PLN 150 billion) for entrepreneurs.

On 8 April, the government launched a PLN 100 billion (around EUR 22 billion or 4.5% of GDP) financial lifeline to companies, to reduce incentives to lay-off workers in the current downturn. The scheme will consist of 3-year zero-interest loans to struggling SMEs (50% of the envelope), micro-enterprises (25%) and large companies (25%). About 60% of total loans could be disbursed in the form of grants (up to 75% for SMEs and micro-enterprises), provided recipients will keep their employees during the loan period. The scheme will be managed by the state-owned Polish Development Fund (PFR), which will fund it by issuing state-guaranteed bonds to be, thereafter, purchased by the National Bank of Poland on the secondary market, as part of its QE programme.

Late April, the European Commission gave its consent for Polish authorities to grant state aid to companies for the amount of EUR 7.8 billion, as part of the government's anti-crisis package for entrepreneurs. Micro-enterprises, SMEs, as well as large companies in difficulties will be able to benefit from direct grants, repayable advances, tax benefits and reliefs, tax deferrals or employee compensation payments.

In 3 July, the EIB group and the Santander Bank Polska group signed an agreement that would allow for PLN 2.8 billion in funding for SMEs.[440]

The government supports a hackathon among small firms to find solutions to the crisis.[441]

Portugal

Specific health guidance for companies has been issued.[442]

[440] https://www.devdiscourse.com/article/business/1114957-eib-group-and-santander-bank-polska-support-smes-and-mid-caps-in-poland

[441] https://www.genglobal.org/startup-nations/hack-crisis-idea-execution-just-6-hours

[442] https://www.sgeconomia.gov.pt/noticias/coronavirus-orientacoes-da-dgs-para-empresas.aspx

On 9 March, the government announced it was earmarking EUR 200 million in loans to support SMEs.[443] 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.[444] The package includes measures to support liquidity but also to support of wages, and includes a EUR 60 million credit line to support micro-companies in the tourism sector.

The government proposed 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.[445]

On 13 March, the ceilings for export credit insurance schemes were increased for metallurgic, mould, metal and mechanical industries (+ EUR 100 million), construction abroad (+ EUR 100 million) and short-term exports (+ EUR 50 million). Moreover, firms who had to pay back subsidised loans in the context of the programmes "Portugal 2020" and "QREN" until September 30, have another 12 months to reimburse their loan.

On 17 March, the government announced a EUR 9.2 billion stimulus package.[446] The package consists of EUR 5.2 billion 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.[447] The announced measures include:[448]

- 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.
- The EUR 3 billion state-backed credit guarantees will provide liquidity for companies affected by the coronavirus outbreak, out of which EUR 1.1 billion are for companies operating in the travel and tourism sector, EUR 1.3 billion for the manufacturing industry (i.e. textile, clothing, footwear), EUR 600 million for the hospitality sector, and EUR 20 million for the fishing and agriculture sector..
- A "temporary lay-off scheme" has been announced for firms with activity severely affected by the epidemic. Severely affected firms are defined as those who had to close down due to the pandemic or which show a decline in turnover of 40% compared to the previous three months month. Workers will receive 2/3 of their gross income, up to EUR 1 905 per month. Firms will pay 30% of that sum while the social security pays the remaining 70%. The social security administration fully covers the costs of workers who are under a 14 days quarantine. Moreover, the social security will provide

[443] https://www.reuters.com/article/us-health-coronavirus-portugal-tourism/coronavirus-fears-pressure-portugals-tourism-dependent-economy-idUSKBN20X1V0

[444] https://www.tsf.pt/portugal/sociedade/coronavirus-costa-anuncia-linha-de-credito-de-100-milhoes-de-euros-a-empresas-11887071.html

[445] https://expresso.pt/economia/2020-03-10-Covid-19.-Conheca-todas-as-medidas-do-governo-para-empresas-e-trabalhadores

[446] https://www.reuters.com/article/us-health-coronavirus-portugal-centeno/portugal-clears-way-for-state-of-emergency-over-coronavirus-announces-aid-package-idUSKBN21518J

[447] https://via.news/economy/portugal-shield-businesses-tourism-coronavirus/

[448] https://sifted.eu/articles/coronavirus-support-startups/

a top up to employees receiving less than the statutory minimum wage (635€). This measure also holds for independent/self-employed workers.

- Other measures include extraordinary support for vocational training.

On 1 April, the government approved measures to suspend rent payments by vulnerable households and small firms.[449]

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 EUR 200 million (for working capital and a scheme known as ""Plafond Tesouraria"" that enables businesses to receive credit with a mutual guarantee from the capitalizar fund).

Late April, the government launched a EUR 25 million support initiative for start-ups, which includes five measures:[450]

- Financial support through an incentive. The value will be equivalent to minimum wage per employee (up to a maximum of 10 employees per start-up);
- Three month extension of the Start-up Voucher scheme (EUR 2 075 per entrepreneur job);
- Support for start-ups with less than five years of business activity, through the contracting of incubation services based on an incentive of EUR 1 500, non-refundable;
- A loan convertible into social capital (supplies), after 12 months, applying a discount rate that allows start-ups to avoid a dilution of investors' equity. Average investment ticket between EUR 50 000 Euro and EUR 100 000 per start-up;
- Launch of the "Covid-19 — Portugal Ventures instrument": for investments in start-ups, with tickets starting at EUR 50 000.

Furthermore, the following measures of relevance to SMEs have been put in place:

- Granting guaranteed treasury loans of 400 million EUR for SMEs.
- Flexible tax payments for companies and the self-employed from Q2 2020 onwards, regarding VAT payments, PIT and CIT which looks as follows: 1) payment in three instalments with no late payment interest being charged; or 2) payment in six instalments with late payment interest being due only over the last three instalments. Automatic eligibility for all companies regarding CIT. The VAT is applicable to self-employed workers and companies with turnover up to EUR 10 million in 2018 or starting on January 1, 2019, companies and SMEs having closed by decision of the Health Authority, and companies and SMEs whose turnover decreases more than 20%.
- For self-employed and companies with a turnover of up to EUR 10 million in fiscal year 2018 or that have started the activity after 1 January 2019, it will be possible to defer the withholding tax payment.
- Extraordinary support to maintain jobs after the end of lay-off. Companies that are closed or whose activity is reduced by the Health authorities are exempt from social security contributions, as well as on the first month after the resumption of activity. Reduction of social contributions on Q2 2020 to 1/3; deferral of remainder 2/3 to Q3 2020 (fractional payments) for firms with up to 50 employees. Larger companies are eligible if they have seen a drop in turnover of 20% or more and operating in tourism sector, civil aviation or others closed to the public.

[449] https://business.financialpost.com/pmn/business-pmn/portugal-suspends-rents-worries-surface-over-post-pandemic-housing-crisis

[450] https://www.roedl.com/insights/covid-19/portugal-corona-support-start-ups-tech4covid19

- EUR 400 million in direct state guaranteed credit support to companies that are most affected (increased from initially EUR 200 million): microenterprises in the tourism sector (EUR 60 million) and companies operating in the social economy sector (EUR 165 million)
- State guaranteed credit through the banking system: for restaurants (EUR 600 million, EUR 270 million for SMEs), travel agencies (EUR 200 million), tourism accommodation (EUR 900 million, EUR 300 million for SME), industry (EUR 1.300 million, EUR 400 million for SMEs), fishing and aquiculture sectors (EUR 20 million).
- Increased ceilings for export credit insurance schemes for metallurgic, mould, metal and mechanical industries (€100 million), construction abroad (EUR 100 million), short-term exports (EUR 50 million).
- Suspension of termination of rental contracts and possible moratorium in case of income loss.
- Suspension of termination of essential services (water, electricity, natural gas, telecom).
- EUR 25 million fiscal package to support the entrepreneurship ecosystem.

On 7 July, the government announced a further EUR 1 billion support package for SMEs.[451]

Romania

On 18 March, the government announced a package of RON 30 billion to support companies.[452] 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 and 50% for credits of over RON 1 million.[453]
- SMEs obtaining an emergency certificate can benefit from an extension of the payment deadlines for utilities services (electricity, natural gas, water, telephone and internet services) and rents. Penalties related to delays in the execution of public contracts have been suspended.
- The payment deadlines for local taxes (cars, building, land) have been postponed to end of June.
- Interest and penalties on due and outstanding fiscal obligations are suspended. Other tax relief measures include the acceleration of VAT refunds, the suspension of most tax audits and of foreclosures on overdue debtors, and adjustments of the tax debt restructuring procedures.
- Employees temporarily laid off in firms affected by the outbreak will receive at least 75% of their gross salary (up to 75% of the average gross wage). RON 4 billion have been allocated which could cover 1 million employees according to official estimates. Paid leave will be granted to parents in response to the temporary closure of schools when working from home is not possible.

[451] http://www.xinhuanet.com/english/2020-07/07/c_139195070.htm

[452] https://www.romania-insider.com/romania-measures-coronavirus-effects

[453] https://seenews.com/news/romanias-govt-raises-ceiling-for-loan-guarantees-for-coronavirus-hit-smes-691474

Russia

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:[454]

- A six-month moratorium on SME payments of mandatory insurance premiums and leasing payments for property leaded from the state or municipal authorities is in effect from 1 March;
- Reduction of insurance fees for all SMEs from 30% to 15%. The effect of the reduced insurance fees is scheduled to start on 1 April 2020.
- A moratorium on tax, customs and other inspections of SMEs;
- Postponement of interest payment on loans by SMEs without imposing penalties as well as providing a postponement period for payments of loans for Sole Proprietorships with a decrease in profits by more than 30%.
- Granting a 6-month postponement period for the rent of state or municipal property.
- Granting a postponement period for the rent of commercial property.
- A 6-month moratorium on the initiation of bankruptcy proceedings at the request of creditors against individual debtors.
- The government is to expand is programme of soft credits for SMEs and to allow for restructuring of debt on existing credits. The program of preferential crediting was expanded, requirements to the borrower were simplified, and the possibility of refinancing loans was implemented. The program involves 99 banks that issue loans to entrepreneurs at a reduced rate of up to 8.5%. The guarantee commission of regional guarantee organizations is reduced to 0.5%.
- Granting a loan for paying salaries to employees at the rate of 0%. The loan guarantee is provided by the guarantee of “ВЭБ.РФ” corporation (up to 75%). Small and medium-sized companies in the distressed sectors will be provided with direct non-reimbursable financial support from the federal budget for paying salaries and accomplishing other urgent tasks.
- Subsidies to regional micro-finance organisations will be increased.
- Self-employed will be refunded tax on income paid in full for 2019. Self-employed will also be given “tax capital” in the amount of one minimum wage for tax payments this year. Individual entrepreneurs from the most affected sectors will be provided with a tax deduction of one minimum wage in respect of insurance premiums.
- SMEs get a subsidy of 12 130 roubles per employee.
- The government has created an anti-crisis fund of 300 billion roubles or USD 4.05 billion, which is around 1.2% of GDP, to support Russian citizens and the Russian economy, including freelancers and self-employed. On March 25 the government specified the measures, which include: credit and mortgage repayment holidays for those whose incomes fall by more than 30%; higher unemployment benefits; postponement of tax and social security payments for SMEs; and a 13% tax on investment income above 1m roubles. Additional support is provided for airlines and companies in the tourism sector.

On 3 May, media reported that so far USD 20 billion had been pledged in support to small business.[455]

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454 http://government.ru/news/39161/

455 https://www.nytimes.com/2020/05/03/world/europe/russia-coronavirus-small-business.html?campaign_id=2&emc=edit_th_200504&instance_id=18184&nl=todaysheadlines&regi_id=30595021&segment_id=26549&user_id=059500b6dd530dbaec4028bac960f741

Saudi Arabia

On 14 March, Saudi Arabia announced a stimulus package, including SAR 50 billion (USD 13.3 billion) for SMEs.[456] 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.[457]

Furthermore, the government pledged to help companies struggling with wage payments to Saudi employees. Business can request monthly compensation amounting to 60% of the employee's salary for three months. Around 1.2 million Saudi nationals are eligible, with a monthly limit of SAR 9 000 (USD 2 400) per person.

On 3 May, the government issued a decision allowing private sector companies to reduce salaries by up to 40% and to terminate contracts due to the economic crisis. Guidelines published on 4 May link salary cuts to a proportional reduction in working hours and clarify that the employer has no right to invoke the principle of force majeure unless it has previously received a government subsidy to fight the crisis and can prove a number of basic conditions.

On 7 May, the authorities launched a new programme to support the business sector, with a focus on industry and mining. These measures include: deferring and restructuring loan payments, exempting, reducing or postponing payment of fees/fines/tax, automatically renewing industrial licenses and customs exemption, and a 30% discount on electricity bills while offering the possibility of payment deferral. Additional measures strengthen the application of local content and national industry criteria.

The General Authority for SMEs (Monshaat) on 4 May reported it had reached 1.14 million viewers of its virtual sessions to promote e-commerce by entrepreneurs.[458]

Singapore

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:[459]

- 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;

[456] https://www.thenational.ae/business/economy/saudi-arabia-pledges-50bn-riyal-stimulus-package-to-offset-coronavirus-impact-1.992626

[457] https://thearabweekly.com/saudi-uae-roll-out-stimulus-packages-blunt-economic-fallout-coronavirus

[458] https://www.arabnews.com/node/1669636/saudi-arabia

[459] https://www.uob.com.sg/web-resources/uobgroup/pdf/research/MN_200218B.pdf

- 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).

On 26 March, the government announced a further package of measures of SGD 48 billion, which includes an enhancement of the job support scheme.[460] Co-funding of wages for workers will be raised from 8% to 25%. Sectors that have born the impact of COVID-19 will receive higher wage support (50% for the food industry, 75% for aviation and tourism).

On 6 April, a further stimulus package was announced (SGD 5.1 billion, 1% of GDP). This includes wage subsidies, cuts in foreign worker levies, an extension on rental waivers, among others. 75% of wages will be paid for April. In addition, on 30 March, the Monetary Authorities of Singapore eased its policy stance.

By early May, the following measures of relevance to SMEs had been put in place:

- Enhanced Jobs Support Scheme: The Government will pay 75% of the first SGD 4,600 of monthly salaries for every employee for April and May 2020.
- Loan Schemes: The Government's risk-share of the Enterprise Financing Scheme (EFS)-Trade Loan, EFS-SME Working Capital Loan, and Temporary Bridging Loan Programme is increased to 90%. This is applicable to loans initiated from 8 April to 31 March 2021.
    - Maximum quantum for EFS-Trade Loan increased from SGD5m to SGD10m.
    - Maximum loan quantum for EFS-SME Working Capital Loan Programme raised from SGD 300,000 to SGD 600,000.
    - Temporary Bridging Loan Programme expands to cover all sectors, and maximum supported loan is raised from SGD 1m to SGD 5m.
    - The Government's subsidy for the Loan Insurance Scheme is raised to 80%.
- SMEs Go Digital Programme: This Programme provides support for businesses to digitally transform and expands the scope of pre-approved solutions eligible for the Productivity Solutions Grant to help businesses implement safe distancing and business continuity measures.
- Cash Flow and Credit Support: (1) Waiver of monthly Foreign Worker Levy due in April and May 2020. FWL rebate of SGD 750 in April and May 2020 from levies paid this year for each Work Permit or S Pass Holder. (2) One-month rental waiver for office, industrial, and agriculture tenants of Government agencies.
- COVID-19 (Temporary Measures) Bill – Temporary Relief for Inability to Perform Contractual Obligations due to COVID-19. The Bill prohibits a contracting party from taking certain legal actions against a non-performing party arising from COVID-19.
- Self-Employed Person (SEP) Income Relief Scheme (SIRS): Eligible Singaporeans will receive SGD 1,000 a month for 9 months.
- Secured SME Loans: SMEs may opt to defer principal payments on their secured term loans up to 31 December 2020. Interest rates for the SME Working Capital Loan Scheme and the Temporary Bridging Loan Programme will be at 0.1% per annum to eligible financial institutions.
- Corporate Income Tax: Rebate of 25% of tax payable for Year of Assessment 2020, capped at SGD 15,000, and deferment of income tax payments due in April to June 2020.
- Commercial and Industrial Property Loans: Firms may apply to defer principal payments up to 31 December 2020.

[460] https://www.channelnewsasia.com/news/covid-19-resilience-budget-package-economy-jobs-employment-12578910

Mid-May, the government announced a fourth stimulus package amounting to SGD 33 billion (6.7% of GDP). The package includes the extension of the wage subsidy scheme from 9 to 10 months and measures to create jobs (healthcare, child education) and to provide training opportunities to the affected workers. The total amount of the supplementary budgets until Mid-May is around 18% of GDP.

On 5 June, measures were installed to waive rent for SMEs up to two months.[461]

Banks are also offering relief measures to their SME customers.[462]

Slovak Republic

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.

On 29 March, the government announced a further set of measures to help companies and the self-employment. The measures include:[463]

- 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 EUR 0.5 billion 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 carry back since 2014 (including) if they have not included their loss carry back so far.

On 14 April, the government announced further measures, including the introduction of a short-time work or "*Kurzarbeit*" scheme to compensate workers' pay at companies that have suspended operations or whose revenue has dropped. The state will pay up to 80% of wages of employees, but not more than EUR 880 per month, to companies affected by the crisis.[464]

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[461] https://www.channelnewsasia.com/news/business/amended-covid-19-laws-landlords-tenants-rental-waivers-12807726

[462] https://www.dbs.com/newsroom/DBS_to_offer_broad_range_of_COVID_19_liquidity_relief_measures_for_SME_and_retail_clients

[463] https://spectator.sme.sk/c/22370833/coronavirus-measures-to-aid-slovakia-economy.html

[464] https://www.reuters.com/article/health-coronavirus-slovakia-business/update-1-slovak-government-to-expand-help-to-firms-hurt-by-coronavirus-idUSL5N2C252G

On 28 April, the government approved shifting EUR 1.2 billion from unspent EU funds to compensate for the COVID-19 outbreak, EUR 330 million of which would be for small businesses.[465]

Slovenia

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.[466] 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.

The following further fiscal policy measures of relevance to SMEs have been put in place:

- The government will until the end of May pay compensation for temporary lay-offs and trade restrictions for agriculture and food products, including for the self-employed, and reimburse employees in companies that are forced to fully or partially suspend their operations their lost salaries. Likewise, the government will pay all social security contributions for firms that continue operations during the crisis. Moreover, the state will co-finance 20% of employees' net compensation. For COVID-19 patients, the national health insurance fund will finance employers' obligation to pay sick leave for the first 30 days of sickness for people falling sick during the crisis.
- Unemployed are entitled to benefits from the first day of unemployment. Self-employed have been guaranteed a minimum income of 70% of the net minimum wage and no longer subject to social security contributions.
- The government provides 40% co-financing of wage compensation for temporary layoffs and for employees that cease to work because of force majeure factors to secure 80% compensation. The measure will be valid for two months. In case of quarantine, the state covers 80% of wages.
- Corporate income tax payments has be deferred for up to 24 months without incurring interest. Moreover, credit payments to the state has been deferred by 12 months. State suppliers will be paid within 8 days instead of a minimum of 30 days. Income tax payment is deferred until the 2020 income tax assessment.
- The state-owned export and development bank will make additional funding, totaling 2¾ % of GDP, available.

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 cogeneration. Additionally, the network charge has been significantly lowered, also as a response to the

[465] https://www.reuters.com/article/health-coronavirus-slovakia-eu/slovakia-approves-using-12-bln-euros-of-eu-funds-to-cope-with-coronavirus-idUSL5N2CG6C6

[466] https://www.gov.si/en/news/slovenia-allocates-eur-1-billion-to-mitigate-consequences-of-coronavirus-on-the-economy/

outbreak of COVID-19.[467] A Slovenian energy company is cutting prices by 15% for households and small business from March to May.[468]

As part of a second stimulus package to help the Slovenian economy cope with the coronavirus epidemic announced in April, the state will provide quick liquidity aid to companies to the tune of EUR 2 billion. Loans to micro companies and SMEs will be guaranteed for up to 80% of the principal, and up to 70% for large companies.[469]

South Africa

On 19 March, the Reserve Bank cut the repo rate by 100 basis points from 6.25% to 5.25%.[470] On 14 April, the Reserve Bank further cut the repo rate to 4.25%. On 21 May the rate was further cut to 3.75%.

The Prudential authority issued a proposal on March 26 effective from April 1st, which includes dropping minimum capital requirements and compulsory reserve funds for lenders, reducing the liquidity coverage ratio to 80% from 100% and relaxing accounting standards when determining potential losses.

The 18 March, the government announced a package to support SMEs:[471]

- 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) where all those in need of financial aid will register and be screened;
- The Business Growth or Resilience Facility[472] 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.

Furthermore, the following fiscal policy measures have been put in place:

- A Solidarity Fund is set up, to which South African businesses, organisations and individuals, and members of the international community, can contribute. The government is providing seed capital of R150 million.
- A safety net is being developed to support persons in the informal sector, where most businesses will suffer as a result of this shutdown. A consultation is ongoing on a proposal for a special dispensation for companies that are in distress because of COVID-19. Employees would receive wage payment through the Temporary Employee Relief Scheme. Infected employees at their workplace will be paid through the Compensation Fund.

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467 https://balkangreenenergynews.com/slovenia-exempts-households-small-firms-from-green-power-surcharge-for-three-months/

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

469 https://english.sta.si/2755343/state-to-guarantee-up-to-80-for-loans-to-smes-70-for-large-companies

470 https://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/9790/March%202020%20MPC%20statement.pdf

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

472 http://www.dsbd.gov.za/wp-content/uploads/2020/03/SMME-Business-Growth-Resilience-Facility.pdf

- A tax subsidy of up to R500 per month for the next four months for private sector employees earning below R6 500 under the Employment Tax Incentive will be provided. This will help over 4 million workers. Commercial banks have been exempted from provisions of the Competition Act to enable them to develop common approaches to debt relief and other necessary measures.
- Tax-compliant businesses with a turnover of less than R50 million will be allowed to delay 20% of their pay-as-you-earn liabilities over the next four months and a portion of their provisional corporate income tax payments without penalties or interest over the next six months. This intervention is expected to assist over 75 000 small and medium-term enterprises.

Spain

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.

On 12 March, a "shock plan" were announced, which includes:[473]

- A six month moratorium on taxes for SMEs and self-employed, which is estimated to inject EUR 14 billion 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.

In total, EUR 18 billion was made available, the bulk of which will be available for SMEs.[474]

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.[475] 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 through grants and loans to finance investment in digital equipment or solutions for remote working conditions (programme Acelera PYME, EUR 250 million) 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.

The measures will apply retroactively from 14 March onwards.[476]

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

[474]https://www.reuters.com/article/us-health-coronavirus-spain/four-towns-locked-down-as-spain-announces-package-to-tackle-coronavirus-idUSKBN20Z3LM

[475] https://www.politico.eu/article/spain-200-billion-euros-package-virus-downturn/

[476]https://www.euractiv.com/section/economy-jobs/news/spain-unveils-unprecedented-e200-billion-coronavirus-package/

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.[477]

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.[478] On 27 March, some extensions of the earlier packages were announced. Most notably, dismissals for reasons related to Covid19 will not be considered justified (from March 27 until the end of the health crisis) and temporary contracts cannot be cancelled (they can be interrupted during the crisis but must be resumed after the end of the lockdown).

On 31 March, the government announced a third package of measures, which includes:[479]

- Rental market measures for vulnerable groups_(including those dismissed, on ERTEs, reduced working hours): The suspension of evictions for 6 months, an automatic 6 month extension of current rental contracts that are about to expire, automatic moratorium on rent payments for vulnerable groups whose landlord is "large" (10 or more properties) and the possibility of deferral of rent in the case of small landlords. In the case of no agreement in the latter case, access of tenants to a microcredit scheme at 0% interest to pay rent (repayment period of up to 10 years).
- Extension of the moratorium on mortgage payments (announced on March 17 for vulnerable groups) to offices/commercial premises of the self-employed impacted by the crisis, and from 1 month to 3 months.
- A three-month credit moratorium on the payment of credits and non-mortgage loans by vulnerable groups.
- The possibility to defer SSC payments by the self-employed and firms for up to 6 months.
- Extension of the guarantee of the supply of water, gas and energy (announced on March 17 for vulnerable groups) to all households and extension of the social benefit for energy provision to those affected by ERTEs and self-employed who have ceased activity or whose income has fallen by more than 75%.
- Suspension of interest and loan payments for entrepreneurs in the tourism industry for one year.
- Extension of the temporary contracts of university teachers and research staff during the state of emergency.

On 21 April, the government announced a further package of measures:

- Measures to align the tax bases to the current situation: the use of the 'direct estimation method' by self-employed workers for the calculation of certain personal income tax and VAT payments, which will allow to adjust these payments during the state of alarm to the real income received; the adjustment of advance corporate tax payments to the estimated revenues in 2020. (EUR 1.1 billion of liquidity).
- The possibility to suspend the enforcement periods for payment of certain tax debts if companies are financing their payment through the State Guarantee Line
- Allocate EUR 1.2 billion from the existing loan guarantee line to the guarantee of loans for tenants (announced on March 31).

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[477] http://thecorner.eu/spain-economy/spain-approves-20-bn-euros-in-guarantees-for-smes-and-self-employed-workers/85088/

[478] https://www.theolivepress.es/spain-news/2020/03/25/government-considers-freezing-rents-for-two-months-for-people-affected-during-spains-coronavirus-lockdown/

[479] https://www.lamoncloa.gob.es/consejodeministros/referencias/Paginas/2020/refc20200331.aspx

- Expand the coverage of the previously announced guarantee line to Alternative Fixed Income Market commercial paper.
- Strengthen counter-guarantees granted by CERSA to increase the capacity of regional mutual guarantee entities.
- Authorise the Insurance Compensation Consortium to act as a reinsurer of credit insurance risks to strengthen the channelling of resources to commercial credit.

Late May, the deferral measures for SMEs were extended by 3 to 4 months.[480]

On 15 June, the government launched a EUR 3.7 billion for the automotive industry. This package, which includes grants, loans and tax breaks as well as incentives for low emission vehicles and research, will also benefit SMEs in the supply chain.[481]

On 23 June, media reported the government intends to enlarge its EUR 100 billion loan guarantee fund because of strong demand.[482]

On 2 July, the government announced a further package of measures of EUR 50 billion, including tax reform to support small business[483] and the creation of a 10 billion rescue fund for firms hardest hit by the crisis in strategic sectors, to support their solvency and help their recovery.[484]

Spain also makes use of innovation policy instruments to boost R&D in manufacturing (in particular in sectors affected by the pandemic) and to support connected Industry 4.0 projects for SMEs. It has various programs in place to support SMEs and self-employed to rethink their business models and strengthen managerial and digital skills. Furthermore, the Acelera PYME programme aims to accelerate the use of digital technologies by SMEs.

Private financiers are also stepping in with SME loan facilities.[485] A venture capital company works together with start-ups to support local tech talent during the crisis.[486]

Sweden

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.[487] 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

[480] https://www.euroweeklynews.com/2020/05/26/spains-government-extends-interest-free-tax-deferral-period-for-sme-and-autonomous-workers-from-3-to-4-months/#.XvRTKCgzZPY

[481] https://www.reuters.com/article/us-health-coronavirus-spain-autos-factbo/factbox-spains-42-billion-aid-plan-to-support-the-auto-industry-idUSKBN23M2EZ

[482] https://finance.yahoo.com/news/spain-weighs-major-boost-113-205637216.html?guccounter=1

[483] https://www.reuters.com/article/us-health-coronavirus-spain-measures/spain-to-approve-50-billion-aid-package-for-companies-pm-says-idUSKBN2431RU

[484] https://www.rappler.com/business/265651-spain-to-create-fund-firms-in-trouble-coronavirus-pandemic

[485] 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

[486] https://techcrunch.com/2020/05/12/target-global-has-a-e1m-super-seed-fund-incoming-to-switch-on-laid-off-tech-talent-in-spain-during-covid-19/

[487] https://www.bloomberg.com/news/articles/2020-02-29/swedish-riksbank-ready-to-react-once-corona-impact-is-clearer

knocked out as a result of the spread of the coronavirus. The Riksbank is prepared to take further measures and to supply necessary liquidity.[488]

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.[489] More specifically: [490]

- 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 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.

On 20 March, the government announced a new support package for small businesses:

- Almi, a state agency which offers loans to companies with growth potential and assists in their business development, will get a new capital grant of SEK 3 billion to allow it to lend more to SMEs.
- The Swedish Export Credit Agency's loan limit is extended to SEK 200 billion from SEK 125 billion. The ceiling for credit guarantees from the agency which insures export companies and banks against the risk of non-payment in export transactions is increased to SEK 500 billion from SEK 450 billion and the coverage is extended to encompass sea shipping.

On 25 March, Sweden announced a further support package for small companies, including:[491]

- 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. Guarantees will be issued totalling a maximum of SEK 100 billion during 2020.
- A temporary reduction of employers' social security contributions for the period 1 March to 30 June 2020 for up to 30 employees) 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.

[488] 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/

[489] 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/

[490] https://www.government.se/articles/2020/03/economic-measures-in-response-to-covid-19/

[491] https://www.government.se/press-releases/2020/03/crisis-package-for-small-enterprises-in-sweden/

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.
- Firms in sectors with considerable difficulties will benefit from a temporary reduction in their rental costs (allocation of SEK 5 billion).

On 14 April, the government announced a further reinforcement of its short-term layoffs scheme.[492] From 1 May 2020 and for three months, employers will be able to reduce their employees' working hours by up to 80% (instead of 60%) and the government will bear most of the cost. The wage costs will be reduced by over 70% (previously 50%), while workers will retain almost 90% of their original wage. Combined with the reduced employers' social security contributions, employer costs can be reduced by up to 86% per cent during May and June. Control mechanisms will be enhanced.

On 1 July, support measures by the Riksbank were extended and will also include the purchase of corporate bonds from September onwards to support recovery.[493]

Several community initiatives have been launched to support small businesses.[494]

Switzerland

Switzerland is providing information for entrepreneurs, including on possibilities for temporary lay-offs and shortening of working hours.[495] Companies can apply for part-time unemployment for employees, including subsidies for firms putting staff on shorter working hours.[496]

On 13 March, Switzerland announced a further set of measures amounting to CHF 10 billion.[497] These include:

- Emergency aid to compensate salaries of temporary redundancies;
- 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;

[492] https://www.government.se/press-releases/2020/04/scaling-up-crisis-measures-for-jobs-and-businesses/

[493] https://www.riksbank.se/en-gb/press-and-published/notices-and-press-releases/press-releases/2020/further-measures-to-alleviate-the-economic-consequences-of-the-pandemic/

[494] https://www.thelocal.se/20200316/how-you-can-find-ways-to-help-others-in-sweden-during-the-coronavirus-outbreak

[495] https://www.kmu.admin.ch/kmu/de/home/aktuell/news/2020/pandemieplan-was-unternehmen-wissen-muessen.html

[496] https://www.swissinfo.ch/eng/covid-19_targeted-measures-sought-for-swiss-firms-hit-by-coronavirus/45602864

[497] https://www.admin.ch/gov/fr/accueil/documentation/communiques.msg-id-78437.html

- Compensation for reduced exports promotion activities of CHF 4.5 million, and;
- Potential further measures for companies particularly affected worth CHF 1 billion.

On 20 March, the government announced a further set of measures of CHF 32 billion, bringing the total to EUR 40 billion. These measures include for business:[498]

- Immediate aid in the form of specific transitional credits through a guarantee program of CHF 20 billion aimed at ensuring that affected SMEs (sole proprietorships, partnerships and legal persons) obtain credits transitional banking. Affected companies can apply to their banks for bridging credit facilities representing a maximum of 10% of their annual turnover and no more than CHF 20 million. Credits of up to CHF 500,000 will be fully secured by the Confederation, and will be paid out quickly. Zero interest will be charged. Credits that exceed CHF 500 000 will be secured by the Confederation for 85% of their value; the lending bank will secure the remaining 15%. Each company can obtain a credit of this type for up to CHF 20 million, which means a more rigorous bank review will be required. The interest rate on these credits is currently 0.5% on the loan secured by the Confederation.
- Deferral of the payment of social insurance contributions: companies hit by the crisis will have the possibility of deferring provisionally and without interest the payment of social insurance contributions (AVS, AI, APG, AC). They will also be able to adjust the usual amount of instalments paid under these insurances in the event of a significant drop in payroll. These measures also apply to the self-employed whose turnover has fallen;
- Businesses should have the possibility to extend payment deadlines without having to pay default interest. Interest rate for VAT, customs duties and special excise taxes will be reduced to 0.0 percent in the period from 21 March 2020 to 31 December 2020. Companies affected by the crisis may be granted a temporary, interest-free deferral of payment of social security contributions. Companies also have the option of having the amount of the regular contributions adjusted if the sum of their wages has fallen significantly. The same applies to self-employed persons whose turnover has collapsed;
- Suspension of proceedings and bankruptcies under the Federal Law on debt collection and bankruptcy: from 19 March to 4 April, debtors cannot be prosecuted, and this throughout Switzerland. The suspension of proceedings and bankruptcies was decided by the Federal Council at its meeting on 18 March 18.

On 3 April, the government announced it would double the value of this coronavirus emergency loan scheme to CHF 40 billion and would also extend loan guarantees, bringing the value of the stimulus package to CHF 62 billion.[499]

On 20 April, new rules aiming to prevent COVID-19 related bankruptcies took effect. The new regulation provides temporary relief from the requirement to report indebtedness that would normally lead to immediate bankruptcy, as well as an option for a limited, non-bureaucratic deferral of debt linked to the epidemic, in particular for small- and medium-size businesses.[500]

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498 https://www.seco.admin.ch/seco/fr/home/seco/nsb-news.msg-id-78515.html

499 https://www.seco.admin.ch/seco/de/home/seco/nsb-news.msg-id-78684.html
https://www.reuters.com/article/health-coronavirus-swiss/update-2-swiss-double-size-of-coronavirus-company-loan-scheme-to-41-bln-idUSL8N2BR4T0

500 https://www.reuters.com/article/health-coronavirus-swiss-bankruptcy/switzerland-to-ease-bankruptcy-rules-for-businesses-hit-by-coronavirus-idUSL5N2C447F

On 22 April, announced support for start-ups to help overcome COVID-19 related liquidity bottlenecks, which became effective on 7 May. Based on the existing guarantee system, a special guarantee procedure was created to secure bank loans to qualified start-ups. 65% of the guarantee is paid by the federal government and 35% by the canton or third parties. In this way, the federal government and the canton (or third parties) jointly guarantee 100% of an amount of up to CHF 1 million per start-up company. The total amount guaranteed may not exceed one third of the start-up's 2019 running costs.[501]

On 4 May, the government introduced a two month rent waiver for SMEs and the self-employed that have suffered a decline in operations of over 50%.[502]

Several cantons have taken measures to help certain economic sectors. For instance, the Canton of Geneva is increasing the money allocated to the Foundation for business assistance by CHF 50 million (for a total of CHF 96 million) in order to make cash advances in the form of interest-free loans. The canton of Vaud announces 150 million francs in business aid (100 million francs for cash advances and 50 million francs for the unemployment insurance fund). The canton of Fribourg releases 50 million francs to support businesses (financing of partial unemployment and guaranteeing bank loans). The canton of Aargau will support the local economy with 500 million francs, including 228 million francs from its 2019 budget surplus.

A number of Swiss banks are working on a USD 20 billion lending fund for small businesses affected by the outbreak.[503] Several crowdfunding and solidarity initiatives have been launched.[504]

Thailand

The Bank of Thailand reduced its policy rate from 1.25% to 1.00% on 5 February, and further to 0.75% on 20 March and to 0.5% on 20 May.

- As part of the 7 March EUR 2.8 billion stimulus plan, the Government announced measures specifically targeted at SMEs, including:[505]
- 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;[506]
- 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;

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501 https://www.admin.ch/gov/de/start/dokumentation/medienmitteilungen.msg-id-79006.html

502 https://www.thelocal.ch/20200505/how-will-switzerlands-two-month-coronavirus-rent-waiver-for-small-businesses-work

503 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

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

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

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

- 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.

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

On 25 March, the government announced the second stimulus package amounting to 0.7% of GDP. This includes a 5000 THB (USD 150) monthly handout to three million workers, who are not covered by the social security fund, up to three months. Furthermore, it includes the following measures of relevance to SMEs:

- THB 10 000 million total credit supported by the SME Development Bank;
- Providing loans up to THB3 million for SMEs at 3% interest rate in the first two years;
- Suspension of principal repayment for debtors affected by COVID-19;
- Exemption of taxes and fee cuts for debt restructuring with non-financial institution creditors e.g. personal loan, hire purchase, and leasing from 1 January 2020 to 31 December 2021
- Lowering the payment of withholding tax to boost liquidity;
- Allowing businesses to use interest to claim deductions of up to three times for expenses;
- Allowing SMEs to use workers' salaries to claim deductions from 1 April to 1 July to help save jobs;
- Extending the filling of corporate income tax to August and September and other revenue taxes for three months (speeding up VAT refunds for local businesses);
- Extending the filing of excise tax of service businesses and oil products operators;
- Support for self-employed workers and low-income earners by providing THB 5 000 each to low-income earners, temporary employees, and independent workers due to the temporary shutdown for 3 months (3 million people).

On 7 April, the government approved the third stimulus package of THB 1.9 trillion. The government will borrow THB 1 trillion (6.1% of GDP) expected to be used for healthcare capacity enhancement and income support. These measures include:

- THB 1 trillion baht for economic relief loan: i) THB600 billion will go to implementing health-related plans and giving financial aid to affected people, including an extension of the THB 5,000 support for self-employed workers and low-income earners to 6 months from 3 previously; and ii) THB 400 billion will go to economic and social rehabilitation through projects aimed at creating jobs, strengthening communities and building community infrastructure;
- THB 500 billion soft loan for small and medium-sized businesses implemented by Bank of Thailand (BOT);
- Employees will be entitled to receive compensation during the work cessation period at a rate of 62% of their daily wages contributions to the Social Security Office (90 days maximum);
- The Higher Education, Science, Research and Innovation Ministry is set to organize training programmes for 40,000 unemployed people who lost their jobs because of the pandemic
- The National Innovation Agency (NIA), a tech-focused government agency, supports local tech start-ups, particularly public services in health care in order to reduce visits to hospital. For example, providing platform where patients can pick up medicine at drug store near their location and teleconsulting.

The government has also taken measures to reduce costs for utility payments for households and firms.

On 29 June, the government announced it intends to set up a THB 50 billion fund to support small businesses affected by the pandemic.[507]

The Bank of Thailand sets up additional liquidity support schemes for private business sectors amounting to THB 0.9 trillion (5.5% of GDP). The Bank will allocate THB 500 billion for soft loans to SMEs. SMEs will be able to borrow a maximum of THB 500 million at an annual interest of 2% and interest-free for the first six months. Also, a loan payment holiday of 6 months was introduced for all SMEs with a credit line not exceeding THB100 million, to provide the much-needed liquidity to the SMEs.

Tunisia

On 22 March, the government announced a series of economic and fiscal measures amounting to an estimated TND 2,500 million (around 2.2% of GDP). These include the following measures for business support, particularly for SMEs:

- The postponement of the filing of corporate tax declarations until the end of May 2020 (originally due 25 March), except for companies subject to the company tax of 35%. Reduction of the deadlines for refunding tax credits to a maximum of one month.
- For the most affected companies, there is an allowance to reschedule tax debts over a period of up to 7 years while cancelling the application of penalties in the case of delayed payments for a period of 3 months; allow the refund of the VAT credit within a maximum of one month.
- For hotels, travel agencies, tourist restaurants, crafts, transport and cultural activities: implementation of exceptional management credit procedures until December 31, 2020, with the possibility of reimbursement over 7 years. A fund of TND 500 million will be allocated to these credits.
- Creation of a support fund for SMEs of TND 300 million. The decision to take charge by the State of part of the interest rate (until 3%) on investment loans.
- Creation of an investment fund of TND 500 million to strengthen companies' capital and safeguard jobs and another TND 100 million fund to facilitate share redemption.
- Companies operating in the food and health industries are allowed to supply to the local market up to 100% of their production (instead of 30% previously) in 2020. In other sectors, the share has been increased from 30% to 50%.
- The decision to take charge by the State of part of the interest rate (until 3%) on investment loans.

On 2 April, the government announced the launch of web portals to help crisis-affected artisans, traders, SMEs and other companies. The companies concerned must be affiliated to the National Social Security Fund, or will be affiliated within a maximum period of one month from the date of government publication. The conditions require that the company's employees be registered and their wages declared to the National Social Security Fund for the fourth quarter of 2019 or the first quarter of 2020. The companies concerned must also provide the necessary documents proving financial difficulties, the decline in activity and liquidity difficulties. Maintaining employees, whether indefinite or fixed-term, of the entire workforce of the company whose employment contracts are in force on the date of the government decree coming into force, is one of the conditions.

On 3 April, the government announced the additional measure of TND 100 million to cover partial unemployment for the benefit of artisans and SMEs.

On 13 April, the government adopted a first series of decree-laws to cope with the Covid-19 crisis, such as social measures to support companies and their employees, as well as exceptional measures for self-

[507] https://chiangmaione.com/featured/deputy-pm-seeks-50-billion-baht-fund-to-help-small-business-owners

employed individuals. The measures include the temporary social measures to protect businesses and their employees affected by the total lockdown: provisional and exceptional indemnities as well as the deferral of payment of contributions payable by employers in the statutory social security scheme for 2020Q2, for three months without penalties for a delay. This decree-law defines affected companies as being those companies affiliated to the National Social Security Fund (CNSS) and whose activity is temporarily interrupted because of total lockdown.

On 3 May, the Minister of Finance announces that the total credit guarantee mechanism for crisis-affected companies has been increased from TND 500 million to TND 1500 million. A company is considered to be affected if it records a decline of at least -25% in turnover in March 2020 (year-on-year), or -40% in April 2020 (year-on-year). The state guarantee will amount to 70-90% of the total credit amount, via the Tunisian Guarantee Company (SOTUGAR). Participating banks must offer a rate that does not exceed a rate equal to the average monthly money market rate +1.75%.

On 5 May, the Ministry of Finance decided, with the Tunisian Solidarity Bank (BTS) and the Ministries of Social Affairs and Transport, to allow taxi owners of all types (individual, collective, rural transport and hire) to benefit from current loans at reduced rates via the BTS. These loans will be allocated to pay the insurance costs for a full year, with two months of grace period and without commissions or additional costs.

On 6 May, the government adopted several economic measures to support the media sector, such as: The state will commit to pay 50% of the broadcasting costs of the year 2020 for all the private radio and TV channels; And a budget allocation of TND 5 million for the financing of the sector's digital transition process.

On 8 May, the government published 2 decrees to specify which companies can benefit from fiscal and financial measures to alleviate the impact of the Covid-19 crisis. These measures include the provisional cancellation of fines for the late payment of taxes and credit lines to be used for the refinancing of rescheduled credits for the benefit of SMEs. The decree states that sole proprietorship businesses can benefit from these measures, whereas companies subjected to the flat-rate scheme, oil producing companies and companies subjected to an income tax rate of 35% are excluded.

Turkey

On 17 March, the Turkish Central Bank cut its key interest rates by 100 basis points.[508] The bank said it would also provide banks with as much liquidity as they need through intraday and standing overnight facilities.

On 18 March, Turkey launched a USD 15.3 billion 21 point stimulus package (Economic Stability Shield) to tackle the coronavirus pandemic. The package includes:[509]

- A three-month deferral of loan payments by companies and additional financial support to affected businesses;
- New working capital loans will be offered to all firms, conditional on their preserving their current employment level, within a 25 000 Turkish Lira limit, 36 months maturity, 6 months grace period and subsidised 7.5% interest rate;
- A reduction of VAT on domestic air travel from 18 percent to one percent for three months;
- Accommodation tax will be cancelled until November;

[508] https://www.dailysabah.com/business/economy/turkish-central-bank-moves-early-with-100-basis-point-cut-amid-coronavirus

[509] https://www.middleeasteye.net/news/coronavirus-turkey-economy-15-billion-dollar-stimulus-package ; https://www.jdsupra.com/legalnews/covid-19-turkish-government-financial-10434/

- 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;
- A "craft-and-trade credit card" will be made available to all craftsmen and small traders under a 25 000 Turkish Lira limit;
- 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;
- Additional liquidity (as much as the next 3 months' staff expense) to enterprises paying staff salaries is provided from public banks, under the condition that they did not reduce employment.
- Firms established in techno parks will be exempt of rents for two months and firms producing disinfectants, medical masks and other protection material for health workers will receive a grant of 6 million TL by firm.

Furthermore, measures have been taken by the SME Development Organisation KOSGEB:[510]

- 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.
- The loan repayments due in April, May and June have been postponed by three months for 136 000 SMEs which have received loans through the KOSGEB loan support package. SMEs will not pay any expenses in return for the deferral. KOSGEB will cover the financing costs (TL 713 billion - USD 105 million), arising from the deferral.

[510] https://en.kosgeb.gov.tr/ ; https://www.aa.com.tr/en/economy/turkey-supports-smes-against-effects-of-covid-19/1778784

- The science and technological research council, TÜBİTAK, has opened a special call to focus its support on projects for the development of protective products that can be used in the diagnosis and treatment of the new type of coronavirus, and on the development of protective products that are effective in preventing diseases, and support processes. Within the scope of this special Call "SME R&D Initial Support Program", rapid support will be provided for the products used in the diagnosis and treatment of COVID-19, equipment for the improvement of environmental conditions and the development of disease preventive products. Apart from these issues, all kinds of project applications that may be related to the new type of coronavirus struggle can be submitted to the call.

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. [511] 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.

On 31 March, the government started a campaign for public donations to support those affected by COVID-19.[512]

On 27 April, the Union of Chambers and Commodity Exchanges of Turkey (TOBB), jointly with private lender Denizbank and the Credit Guarantee Fund (KGF) announced the launch of a new loan package for SMEs. The package will create TL 6 billion (USD 859 million) in loan opportunity for the SMEs in two months, with the maximum loan amount varying between TL 50 000 and TL 100 000 depending on the province. While the interest rate is determined as 7.5% in the package, there will be no principal and interest payments this year.[513]

On 21 May, media reported that the EBRD provides EUR 50 million to support Turkish SMEs.[514]

On 7 May, the Saudi Arabia-based Islamic Development Bank (IsDB) announced it has signed a syndicated USD 100 million murabaha contract worth with Turk Eximbank to support SMEs and mid-cap companies in Turkey amid the coronavirus pandemic. The murabaha facility, a mode of interest-free financing, has time to maturity of ten years and is expected to increase companies' export capacity and workforce and sustain or create at least 1,000 jobs. The facility follows a USD 270 million line of financing extended by the IsDB to 57 Turkish firms, including 18 SMEs, via Turk Eximbank.[515] Other banks are deploying SME oriented initiatives as well.[516]

On 3 July, the Asian Infrastructure Investment Bank announced it was lending USD 500 million to Turkish development banks to support SMEs.[517]

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

512 https://www.al-monitor.com/pulse/originals/2020/04/turkey-coronavirus-offers-money-companies-donations-for-poor.html

513 https://www.dailysabah.com/business/economy/turkish-smes-to-receive-additional-tl-6b-in-financing

514 https://seenews.com/news/ebrd-lending-55-mln-to-turkeys-garanti-bbva-to-support-smes-699742

515 https://seenews.com/news/islamic-development-bank-to-support-turkish-smes-with-100-mln-facility-697943

516 https://www.dailysabah.com/business/economy/ing-bank-turkey-offers-low-interest-loans-for-smes-consumers-affected-by-pandemic

517 https://seenews.com/news/aiib-lending-500-mln-to-two-turkish-banks-to-back-companies-during-pandemic-705119

Ukraine

The government has suspended the requirement to pay tax on commercial real estate and land, defined COVID-19 quarantine as a *force-majeure* for legal contracts, suspended tax inspections of companies, expanded the government programme of affordable bank loans at discounted interest rates for businesses, suspended the submission of income declarations until July, eased transaction registration rules for certain categories of entrepreneurs and reemphasised the right not to pay rent of citizens who cannot use their property due to quarantine. Entrepreneurs have also been exempted from having to pay social security contributions. On 26 March, state-owned PrivatBank announced a "credit holiday" for small and medium-sized businesses until the end of May.[518]

On 30 March, **e**ntrepreneurs have been exempted from having to pay social contributions in March and April. No penalties will be applied for late or incomplete payment of the Single Social Contribution (SSC) tax, as well as late reporting on the SSC for the periods from 1 to 31 March and from 1 April to 30 April 2020. The government has also expanded the affordable loans "5-7-9" credit subsidy and guarantee scheme (launched in February 2020): the maximum amount of loan was increased to UAH 3 million (about USD 100 000), the annual income limit to UAH 100 million (USD 3.7 million), and the uses has expanded to include COVID-19 crisis related production as well as production costs (e.g., wages, rent, etc.). A second programme for entrepreneurs and medium-sized firms is being developed.

United Kingdom

In its first response, the UK government provided generic guidance for employers and business on how to deal with the health risk.[519] Furthermore, the Department for International Trade was supporting UK businesses to relay public health advice and provide practical support, including regarding access to existing UK Export Finance facilities.[520]

The Bank of England (BoE) on 11 March lowered interest rates to 0.25%.[521] The measures include a new Term Funding scheme for Small and Medium-Sized Enterprises, supporting cheap business loans of GBP 100 billion for SMEs, funded by the central bank.[522] 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.[523] On 19 March, the BoE announced to increase its holdings of UK government and corporate bonds by GBP 200 billion to a total of GBP 645 billion. It also extended its Term Funding Scheme for Small and Medium-sized Enterprises.

518 www.sme.gov.ua

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

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

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

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

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

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.[524] 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.[525]

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. The new Self-employed Income Support Scheme will pay self-employed a taxable grant of up to 80% of their previous earnings over the last three years (capped at GBP 2 500 a month and open for self-employed with average profits of less than GBP 50 000). The scheme will start in June and run for at least three months. It will add around 4.2 billion (or 0.2% of GDP) to public debt if take up is around 1 million self-employed over three months. Self-employed will also get access to Universal Credit (UC): The government suspended the minimum income floor of UC and increased the UC allowance by GBP 1 000 for the next twelve months.

On 17 March, the government announced a further GBP 330 billion rescue package of loan guarantees for business.[526] 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;[527]
- 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.

[524] https://www.businessinsider.fr/us/coronavirus-uk-chancellor-reveals-emergency-measures-for-economy-2020-3

[525] https://www.natlawreview.com/article/uk-budget-and-coronavirus

[526] 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/

[527] https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/

Furthermore:[528]

- 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;
- VAT payments in the second quarter of 2020 are deferred until the end of the financial year. This will cost the cash budget GBP 30 billion or 1.4% of GDP;
- Competition authorities softened rules that inhibit co-operation between supermarkets to permit sharing of data and distribution depots;
- 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.

On 23 March, the government announced that commercial tenants protected from eviction.[529]

On 28 March, the government announced temporary changes in insolvency law to provide a breathing space for companies.[530] The changes include the suspension of the application of the law on wrongful trading; and a new restructuring regime known as a 'business rescue moratorium', designed to (i) prevent creditors from taking enforcement action whilst the business seeks a rescue/restructure, and (ii) permit the business to continue to access the supply of goods and services necessary to continue to trade.

On 20 April, the government announced a GBP 1.25 billion support package for start-ups, tech companies and other innovative firms.[531] This includes:

- A GBP 500 million investment fund for high-growth companies impacted by the crisis, made up of funding from government and the private sector. This Future Fund has been designed to ensure high-growth companies across the UK receive the investment they need to continue during the crisis. Delivered in partnership with the British Business Bank and launching in May, the fund will provide UK-based companies with between GBP 125 000 and GBP 5 million from the government, with private investors at least matching the government commitment. These loans will automatically convert into equity on the company's next qualifying funding round, or at the end of the loan if they are not repaid. To be eligible, a business must be an unlisted UK registered company that has previously raised at least GBP 250 000 in equity investment from third party investors in the last five years. The government is committing an initial first tranche of GBP 250 million in funding towards the scheme, with companies required to raise matched funding from private investors, which will be open until the end of September. The scale of the fund will be kept under review.
- A GBP 750 million of targeted support for the most R&D intensive small and medium size firms will be available through Innovate UK's grants and loan scheme. Innovate UK will accelerate up to GBP 200 million of grant and loan payments for its 2 500 existing Innovate UK customers on an opt-in basis. An extra GBP 550 million will also be made available to increase support for existing

528 https://sifted.eu/articles/coronavirus-support-startups/

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

530 https://www.natlawreview.com/article/covid-19-temporary-relaxation-uk-insolvency-laws

531 https://www.gov.uk/government/news/billion-pound-support-package-for-innovative-firms-hit-by-coronavirus

customers and GBP 175 000 of support will be offered to around 1 200 firms not currently in receipt of Innovate UK funding. The first payments will be made by mid-May.

On 4 May, the government launched a bounce back loans scheme for small firms and sole traders. Under this scheme, firms can be 100% backed government loans of between GBP 2 000 and GBD 50 000 against 2.5% interest. For the first 12 months, the government will pay fees and interest on the loans, with debt repayment only starting after that period. Applying to the loans is simplified; the loans should be available a few days after application.[532]

From 13 May onwards, self-employed can apply for a GBP 7 500 grant in income support.[533]

On 8 July, the government announced a further GBP 30 billion economic support package.[534] As part of the scheme, the government provides a grant for small businesses to take on young people as trainee.[535]

On 16 March, the UK government announced devolved administrations will receive GBP 1.5 billion to counter the effects of the outbreak, which was subsequently raised to GBP 3.5 billion.[536] 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.[537] Furthermore, one-off cash grants between GBP 10 000 and GBP 25 000 are available for business with a property used for retail, hospitality or leisure. Grants will depend on the value of their properties, and will be capped at rateable values below GBP 51 000. Business in these sectors will also get a relief from business rates on property, irrespective of their rateable value.

On 17 March, Wales made available GBP 200 million for small businesses,[538] as part of a GBP 1.4 billion support plan for business.[539]

The Scottish government launched a helpline for small business to cope with the outbreak.[540] On 14 March, the Scottish government announced a GBP 320 million rescue package for business, which includes:[541]

- 75% rates relief for retail, hospitality and leisure sectors with a ratable 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;

532 https://www.heraldscotland.com/news/18423972.coronavirus-government-bounce-back--loan-scheme-small-businesses-opened/

533 https://www.reuters.com/article/us-health-coronavirus-britain-selfemploy/uk-opens-10-billion-pound-covid-19-aid-programme-for-self-employed-idUSKBN22O3DZ

534 https://uk.reuters.com/article/uk-health-coronavirus-britain-economy/sunak-offers-jobs-bonuses-cuts-taxes-to-head-off-jobs-crisis-idUKKBN24906I

535 https://smallbusiness.co.uk/rishi-sunak-gives-small-businesses-2000-grants-for-young-trainees-2550678/?utm_medium=email&utm_campaign=SB%20Newsletter%20-%2010%20Jul%202020&utm_content=SB%20Newsletter%20-%2010%20Jul%202020+CID_6efaf34cd0ad76dd691d8f82dc035edc&utm_source=Campaign%20Monitor&utm_term=Read%20more

536 https://www.gov.uk/government/news/devolved-administrations-will-receive-15-billion-for-coronavirus-response

537 https://smallbusiness.co.uk/how-do-i-get-the-government-3000-coronavirus-grant-2549866/

538 https://www.bbc.com/news/uk-wales-51916208

539 https://www.bbc.com/news/uk-wales-politics-51954135

540 https://smallbusiness.co.uk/scottish-government-launches-small-business-coronavirus-helpline-2549868/

541 https://www.bbc.com/news/uk-scotland-51889013

- 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 ratable value of less than GBP 100 000 from 1 April 2020.

On 30 March, the Scottish government announced a further support measures for business of GBP 100 million:[542]

- A GBP 34 million Newly Self-employed Hardship Fund, providing GBP 3 000 grants.
- The Creative, Tourism and Hospitality Enterprises Hardship will provide grants of up to GBP 25000 for smaller companies who do not benefit from business rates relief.
- A GBP 45 million Pivotal Enterprise Resilience Fund, to support vulnerable small and medium-sized enterprises (SMEs) which the government deems as vital to Scotland's economic future, or to the economies of local areas throughout the country. Funding for the PERF was increased to GBP 90 million on 10 April after strong demand by SMEs in its first week.[543]

In Northern Ireland, the government announced on 5 May a GBP 50 million support scheme for SMEs targeted to microenterprises that so far had not received support under the GBP 10 000 grant scheme for SMEs.[544]

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 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.[545] Furthermore, peer-to-peer financial platforms are offering their assistance to SMEs.[546] Large supermarket chains announced they would speed up its payments to small business suppliers.[547] A business banking platform and an insurance platform launched an initiative to support SMEs in countering late payments by customers during the pandemic.[548] Also, digital platforms are launching small business and start-up support.[549]

542 https://www.sundaypost.com/fp/self-employed-fund/

543 https://dailybusinessgroup.co.uk/2020/05/swamped-sme-fund-doubled-to-cope-with-demand/

544 https://www.bbc.com/news/uk-northern-ireland-52550890

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

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

547 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

548 https://thefintechtimes.com/tide-and-hokodo-introduce-invoice-protection-to-support-smes-during-coronavirus-crisis/

549 https://www.zdnet.com/article/amazon-enterprise-nation-launch-support-package-to-assist-ailing-uk-startups/; http://www.irishnews.com/magazine/technology/2020/06/26/news/google-announces-support-scheme-for-small-british-businesses-1987063/

United States

Generic health advice was published for employers in the US by the federal government.[550] Furthermore, the US Chamber of Commerce Coronavirus Resource Page includes information for businesses[551], including on disaster relief, which is available through the SBA.[552]

On 3 March, the Federal Reserve cut the interest rate by half a percentage point.[553] 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.[554] 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.[555]

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

On 10 March, the House Committee on Small Business held a hearing on the impact of the coronavirus on small business.[556]

The Administration on 13 March announced its intention to make USD 50 billion available for loans to small businesses.[557] The announced measures instructed the Small Business Administration to use emergency power under the Economic Injury Disaster Loan Assistance programme to provide capital and liquidity to firms affected by coronavirus. The Small Business Administration will offer low-interest federal disaster loans for working capital to small businesses suffering substantial economic injury as a result of the Coronavirus (COVID-19). A request of USD 50 billion (around 0.25% of GDP) will be made to Congress to provide low interest loans. The Treasury will defer tax payments without interest or penalties with the aim of shoring up liquidity.

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. The bill provides for free testing for the coronavirus, 2 weeks paid sick leave (capped) and then additional paid sick leave for workers with children for up to 3 months. Additional resources were devoted to providing food for households with low income. Money was also targeted to

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[550] https://www.cdc.gov/coronavirus/2019-ncov/specific-groups/guidance-business-response.html

[551] https://www.uschamberfoundation.org/coronavirus

[552] https://laedc.org/2020/03/06/sba-emergency-loans-for-coronavirus-impacted-businesses-and-laedc-support-h-r-6040-zero-interest-rate/

[553] https://www.nytimes.com/2020/03/03/business/economy/fed-rate-cut.html

[554] https://www.washingtonpost.com/business/2020/03/15/federal-reserve-slashes-interest-rates-zero-part-wide-ranging-emergency-intervention/

[555] 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

[556] https://smallbusiness.house.gov/uploadedfiles/03-10-20_hearing_memo.pdf

[557] 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

support the expected increase of unemployment insurance, which is administered by the states. The bill also increases Medicaid payments to states.

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 USD 30 billion in equity to these facilities. [558]

Late March, a third package of economic stimulus was agreed upon (CARES Act) which amounts to USD 2.2 trillion and includes direct lump sum payments to citizens, a reduction in pay-roll taxes, and USD 50 billion for the airline industry.[559]

Businesses of all sizes will benefit from USD 221 billion in tax reductions and deferrals. These include a 50% of payroll tax credit for severely affected businesses that do not benefit from business interruption loans and agree to maintain employment levels. Payroll tax payments for 2020 are deferred to 2021 and 2022. Businesses will be allowed to carry back losses during 2018, 2019, and 2020 for 5 years and eligible for immediate refunds. Various aviation taxes are suspended for the remainder of 2020.

The CARES Act also provides USD 500 billion to Exchange Stabilization Fund at the Treasury. In turn, the Treasury will use these funds to support businesses, cities and states that have been hard hit by the coronavirus. Of this, the CARES Act allows the Treasury to make loans to airlines, air cargo, and national security critical firms of USD 25 billion, USD 4 billion, and USD 17 billion, respectively. The remaining USD 454 billion will provide equity to the Federal Reserve to establish lending facilities for other businesses. Such lending facilities could support around USD 4 trillion in business loans.

USD 349 billion is included to support business interruption loans for small businesses without interest of up to USD 10 million (Payment Protection Plan, PPP). Principal on these loans that small businesses (fewer than 500 employees) used for payroll, rent, interest on existing obligations, and utilities for eight weeks will be forgiven if such small business maintain pre-crisis employment levels. Thus, these business interruption loans – administered by the SBA - are effectively grants to keep workers on the payroll during the crisis. In addition, airlines, air cargo, and support firms will receive grants of USD 25 billion, USD 4 billion, and USD 3 billion, respectively, to maintain employment levels through 30 September 30.

On 16 April, the administration proposed guidelines for states on lifting the lockdown, through a three phase approach.

On 24 April, a bill was signed that made a further USD 310 billion available for the PPP. The bill also included an additional USD 60 billion for the Small Business Administration's Economic Injury Disaster Loan program.[560] Early July, the deadline for PPP loan applications was extended to 8 August 2020.[561]

On 30 April, the Federal Reserve announced it was expanding the scope and eligibility of its Main Street Lending Program which is designed to provide up to USD 600 billion in loans to small and mid-size businesses that have been harmed by the pandemic and the efforts to contain it. [562]

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558 https://www.federalreserve.gov/newsevents/pressreleases/monetary20200323b.htm

559 https://www.investopedia.com/government-stimulus-efforts-to-fight-the-covid-19-crisis-4799723

560 https://www.marketwatch.com/story/house-set-to-pass-bill-that-replenishes-coronavirus-aid-program-for-small-businesses-2020-04-23

561 https://www.axios.com/trump-extends-coronavirus-ppp-loan-application-august-16850d07-eb38-4a73-b634-8e875c2c7f6f.html

562 https://www.federalreserve.gov/newsevents/pressreleases/monetary20200430a.htm

Early May, the US Patent and Trademark Office announced a new fast-track program that allows small businesses working on COVID-19 related drugs or treatments to patent their innovations in less than 6 months.[563]

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.[564]

Several cities launched support as well:[565]

- 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.[566]
- San Francisco also announced measures for small business.[567] 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 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.[568]
- 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.

[563] https://www.bloomberg.com/news/articles/2020-05-08/covid-related-u-s-patents-to-be-fast-tracked-for-small-business

[564] 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

[565] https://www.forbes.com/sites/advisor/2020/03/20/list-of-coronavirus-covid-19-small-business-relief-programs/#2bc2b9c0e89d

[566] https://www.crainsnewyork.com/small-business/small-businesses-get-loans-wake-outbreak

[567] https://sanfrancisco.cbslocal.com/2020/03/12/sf-small-business-support-coronavirus-covid-19-outbreak/

[568] https://www.cbsnews.com/news/coronavirus-small-businesses-struggle-to-adapt-as-more-workers-stay-home/

Furthermore, there are several initiatives of digital services providers who offer help to small business,[569] as well as banks[570], Fintech companies[571] business service providers[572], credit card providers[573], and small business relief funds of large tech companies.[574] An example is the stand for small initiatives by various large companies to help small business.[575] Community initiatives have been launched as well such as the Start Small, Think Big campaign.[576] In various places, MBA students have launched initiatives to support small businesses.[577]

Vietnam

The Central Bank of Vietnam has reduced interest rates from 6% early 2020 to 4.5% on 12 May.

Vietnam assists 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.[578] 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.[579]

On 10 April, the government approved an additional relief package amounting to VND 62 trillion (1.1% of GDP). This includes cash handout to 20 million people and employers can borrow money at zero interest rate to pay salaries.

569 https://blog.cloudflare.com/cloudflare-for-teams-free-for-small-businesses-during-coronavirus-emergency/

570 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.businesswire.com/news/home/20200622005135/en/Visa-Digitally-Enable-50-Million-Small-Businesses

571 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

572 https://www.prweb.com/releases/covid_19_support_program_500_000_in_discounts_for_small_businesses_hiring_tech_talent/prweb17175731.htm

573 https://us.cnn.com/2020/06/29/cnn-underscored/american-express-small-business-credits/index.html

574 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/

575 https://www.standforsmall.com/

576 https://www.startsmallthinkbig.org/

577 https://www.businessbecause.com/news/coronavirus-latest/7006/coronavirus-mba-students-helping-startups

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

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

On 11 March, the Ministry of Finance submitted a measure to defer tax payment (personal and corporate tax, including value-added tax, income tax, land lease) by five months for certain sectors, for a total of VND 30 trillion.

On 15 March, the Ministry of Labor-Invalids and Social Affairs gave permission to firms to request late payment of social security contributions.

On 26 March, the Ministry of Finance submitted a draft legislation to defer tax payment of five months for firms and self-employed for a total of VND 80.2 trillion, of which VND 61.6 trillion for VAT, VND 11.1 trillion of corporate income tax, VND 3 trillion of income tax for self-employed, VND 4.5 trillion of land lease.

On 8 April, Resolution 41 deferred tax payment (VAT, corporate and personal income tax, land lease) by 5 months without penalty.

On 10 April, 2020, Resolution 42/NQ-CP approved a support measure worth VND 62 trillion (USD 2.66 billion) to support people from April to June, and firms affected by COVID-19 during this period. Firms who have put employees to unpaid leave for three months, but cover at least 50% of the salary will be entitled to borrow from Viet Nam Bank for Social Policy (VBSP) at zero interest rate to cover the salary payment, backed by a VND 16 trillion of credit line to VBSS.

The government included a corporate tax rate cut for SMEs of 0.4% of GDP as part of its policy response.

Annex 1.B. Survey results on the impact of COVID-19 on SMEs

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 Annex 1.B. provides an overview of 41 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.[580] 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.[581]
- 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.[582] 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%.[583]
- 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%).[584]
- 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

[580] 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

[581] https://www.scmp.com/economy/china-economy/article/3075099/coronavirus-chinas-small-factories-brace-big-hit-pandemic

[582] https://de.reuters.com/article/deutschland-virus-mittelstand-idDEKBN20R12V;https://www.kfw.de/KfW-Group/Newsroom/Latest-News/Pressemitteilungen-Details_571137.html

[583] https://www.dihk.de/resource/blob/19412/7903a32b3e0f6ed5a3f4da400718ef3c/dihk-blitzumfrage-corona-data.pdf

[584] 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-IMPRESE.pdf

their business in the short term. The strongest effect perceived related to restrictions to (international) travel of employees.[585]

- On March 9, the Tokyo Shoko Research published a survey on the effects of the outbreak on firms (174 companies, mostly SMEs) in **Japan**.[586] 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.[587] 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.[588] 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.[589] 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.[590] 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.[591] 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.[592]
- 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

[585] https://www.businessfinland.fi/en/whats-new/news/cision-releases/2020/business-finland-has-analysed-the-impact-of-the-coronavirus-outbreak-on-finnish-companies/

[586] http://www.tsr-net.co.jp/news/analysis/20200309_03.html;https://www.tsr-net.co.jp/news/analysis/20200309_03.html

[587] https://biz.chosun.com/site/data/html_dir/2020/03/03/2020030300348.html

[588] https://www.kbiz.or.kr/ko/contents/bbs/view.do?seq=147444&mnSeq=207

[589] https://polandin.com/47056994/coronavirus-impacting-business-of-40-pct-of-smes-in-poland-survey

[590] https://markets.businessinsider.com/news/stocks/covid-19-survey-impacts-on-global-supply-chains-1028985875

[591] https://www.theguardian.com/uk-news/2020/mar/11/sunak--budget-lifeline-small-firms-coronavirus

[592] https://www.p2pfinancenews.co.uk/2020/03/11/two-thirds-of-smes-face-coronavirus-cashflow-crisis/

disruptions.[593] 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.[594]

- 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.[595]
- The **Canadian** Federation of Independent Business (CFID) 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[596], 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.[597]
- 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.[598]
- 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.[599]
- 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.[600]
- 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 reduced sales. Furthermore, 53% indicate their employees do not have the opportunity to telecommute.[601]
- 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

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593 https://www.cnbc.com/2020/03/13/nfib-says-coronavirus-is-starting-to-cause-supply-chain-squeezes-lost-sales.html

594 https://edition.cnn.com/2020/03/15/success/small-businesses-coronavirus/index.html

595 https://nsba.biz/wp-content/uploads/2020/03/NSBA-COVID-19-Poll-2020.pdf

596 https://www.cfib-fcei.ca/sites/default/files/2020-03/COVID-19-survey-results.pdf

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

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

599 https://www.viola-group.com/violanotes/hr-survey-corona/

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

601 https://www.goldmansachs.com/citizenship/10000-small-businesses/US/no-time-to-waste/

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.[602]

- 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.[603]
- 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).[604]
- A survey by IPSE of 941 freelancers in the **United Kingdom** between 19 March and 1 April showed that 91% of respondents are concerned about the financial impact on their self-employed business, 69% indicate that demand has decreased and 45% fear to be out of business without further support.[605]
- A **pan-Asian** survey among SMEs held between 31 March and 6 April by the Asia Pacific MSME Trade Coalition showed that almost 50% of SMEs have less than a month or a month of cash reserves. Nearly 30% of SMEs expect they have to lay-off 50% or more of their workers.[606]
- Commercial Court documents in **France** from 1-3 April show that 72% of companies with fewer than five workers and 51% of companies with a turnover of under EUR 500 000 are now at grave risk of financial collapse.[607]
- A survey by the Corporate Finance Network in the **United Kingdom** reported on 1 April that 18% of respondents could be out of business within a month.[608]
- A survey by Wallethub in the **United States** launched on 1 April reported that 35% of small businesses can only hold out for three months or less in the current environment.[609]
- Research among 510 small business owners in **Australia** published on 3 April, showed that two out of three small businesses suffer the effect of COVID-19. 41% experienced a 50% drop in income or more in the last two months.[610]
- On 3 April, a survey among 4725 companies in **Belgium** showed that Belgian companies have seen their revenue fall by a third because of weaker demand and measures to stem the spread of the coronavirus, with four out of 10 firms seeing a drop-off of 75% or more. About half of

[602] https://hungarytoday.hu/coronavirus-most-businesses-in-budapest-see-bleak-outlook/

[603] https://issuu.com/techleap/docs/covid-19_report_march_finalfinal

[604] https://www.nikkei.com/article/DGXMZO57073480R20C20A3EA3000/

[605] https://www.ipse.co.uk/coronavirus-hub/coronavirus-report.html

[606] https://mailchi.mp/amtctrade/survey-results-covid-19-sme-impact-survey

[607] http://www.rfi.fr/en/economy/20200409-france-faces-massive-wave-of-bankruptcies-small-businesses-by-end-april-coronavirus-lockdown-economy

[608] https://www.independent.co.uk/news/business/news/coronavirus-small-businesses-collapse-bust-research-a9440771.html

[609] https://www.nbcnewyork.com/news/local/1-in-3-small-businesses-cant-last-another-3-months-under-coronavirus-pressure-survey/2354434/

[610] https://www.mybusiness.com.au/finance/6808-two-out-of-three-small-businesses-suffering-from-coronavirus-effects

respondents said they were experiencing liquidity problems because of insufficient access to credit or of unpaid bills, although fewer than one in 10 said there were likely to face bankruptcy.[611]

- A poll by Belfius Research in **Belgium** published on 7 April, showed that 31% of Belgian SMEs risk being out of business because of the crisis.[612]
- The Alignable Small Business Pulls Poll among small business in the **United States** and **Canada**, showed that 90% of small business are now experiencing the impact of the crisis, with one-third reporting only having a few weeks of reserves to sustain them.[613]
- On 8 April, the new results of the **British** Chamber of Commerce Impact Tracker showed that 6% of firms have run out of cash already, 57% having three months reserves or less. 37% respondents they expect to furlough 75 to 100% of their employees over the next week.[614]
- The results of a poll by ONL in the **Netherlands** published on 8 April showed that 85% of SMEs is in financial difficulty because of the COVID-19 outbreak, with micro-enterprises experiencing the largest difficulties.[615] A further survey in the Netherlands from early April showed that 56% of companies with less than 20 employees feared to be out of business if the crisis lasts longer than 6 months. 75% expects a decline in turnover in Q2, with 44% expecting a decline of more than 20%.[616]
- In **Portugal**, results from a survey among SMEs held between 6 and 10 April show that 37% of companies report a drop in production of more than 50%, with another 37% a drop between 10-50%.[617] For microenterprises the drop was over 75%. 50% indicate they do not have the resources to stay in business for more than 2 months.
- A survey held in the **United States** between 15 and 21 April by the Society for Human Resource Management shows that 42% of small business owners had to close their business, in particular in services, with 62% experiencing a decrease in revenue with smaller firms (<100) and services reporting higher declines.[618] 12% of small business cannot stay open for more than a month, 32% not more than 3 months.
- An April 2020 NBER paper presents the results of a survey of over 5 800 small businesses in the **United States**. The survey shows 43% of responding businesses are already temporarily closed. On average, businesses reduced their employees by 40%. Three-quarters of respondents indicate they have two months or less in cash in reserve (Bartik et al., 2020[8]).

[611] https://www.reuters.com/article/health-coronavirus-belgium-economy/belgian-firms-see-revenue-drop-by-a-third-due-to-coronavirus-crisis-idUSL8N2BR5JD

[612] https://www.belfius.be/retail/nl/publicaties/actualiteit/2020-w15/covid-KMO/index.aspx

[613] https://www.prnewswire.com/news-releases/90-of-small-business-owners-impacted-by-coronavirus-says-alignable-poll-of-217-000--301037239.html

[614] https://www.britishchambers.org.uk/news/2020/04/bcc-coronavirus-business-impact-tracker-businesses-not-yet-successfully-accessing-government-loan-and-grant-schemes

[615] https://onl.nl/85-procent-van-ondernemers-in-financiele-problemen-door-coronacrisis/?utm_campaign=Trends%20in%20MKB%20financiering&utm_medium=email&utm_source=Revue%20newsletter

[616] https://www.cbs.nl/nl-nl/nieuws/2020/19/helft-bedrijven-vreest-voor-voortbestaan-door-coronacrisis

[617] https://www.theportugalnews.com/news/the-clock-is-ticking-for-portuguese-companies/53756

[618] https://shrm.org/hr-today/trends-and-forecasting/research-and-surveys/Documents/SHRM%20CV19%20SBO%20Research%20Presentation%20v1.1.pdf

- On 24 April, the results of a survey by KFW in **Germany** among 3 400 SMEs held in the first week of April were published.[619] 58% of SMEs witnessed a slump in turnover in March, on average of more than 50%. Half of SMEs will run out of liquidity in two months. The survey also suggests that over the last decade the resilience of SMEs has hugely improved.
- (Biddle et al., 2020[40]) in April conducted a survey among the self-employed in **Australia**, and found that 80% of the self-employed experienced a negative effect, with 50% finding the impact substantial. One third indicated that their business would not be viable in two months time.
- On 4 May, CIBC published a survey among **Canadian** small business owners, which reported that 81% of small business owners had been negatively affected, with 53% experiencing a drop in sales, and one third concerned over the viability of their business over the course of the year. However, 76% indicate they expect to be able to rebound after the crisis. The poll also finds that of the 26% of business owners who do have online operations, 30% have seen an increase in sales and 25% say they've remained the same compared to pre-COVID-19 levels.[620]
- A survey by the **United States** Chamber of Commerce that came out on 5 May showed that one in three respondents had temporarily closed their business with one in five indicating that they are two month or less away from closing down permanently.[621] The survey also showed an acceleration in digitalisation trends. Over April-May the share of small businesses transitioning some or all of their employees to teleworking increased from 12% to 20%, and small businesses that had begun moving the retail aspect of their business to digital means increased from 10% to 17%.
- An 11 May survey in the **United States** by payments platform Veem showed that 81% of small business expect the pandemic to affect their business over the next 12-16 months. Half of companies cut costs, and reported moderate to high supply chain disruptions.[622]
- A 13 May survey by the **United Kingdom** Federation of Small Business among 5471 firms showed that 41% of firms have closed and 35% fear they will be unable to reopen again. 37% are considering, or have already made, redundancies.[623]
- A survey executed by UNIDO in **Thailand** between 15 April and 15 May showed that 90% of firms expect a severe loss in revenue in 2020 of at least 50% compared to 2019, with the most negative impact on the smallest firms. 52% of SMEs expects to close down within 3 months (UNIDO, 2020[76]).
- A survey among tech-start-ups in **Israel** covering the period from the start of the pandemic until mid-May, shows that 65% of tech start-ups won't last more than 6 months without additional support.[624]
- An 8 June survey by SME Recovery **Ireland**, a coalition of groups representing SMEs affected by the pandemic, among 199 SMEs, showed that 142 small businesses that remained closed until 18

[619] https://www.kfw.de/KfW-Group/Newsroom/Latest-News/Pressemitteilungen-Details_583232.html

[620] http://cibc.mediaroom.com/2020-05-04-COVID-19-impact-felt-by-81-per-cent-of-Canadian-small-business-owners-CIBC-Poll

[621] https://www.uschamber.com/report/small-business-coronavirus-impact-poll

[622] https://www.businessinsider.fr/us/over-80-of-us-small-businesses-expect-longer-impact-of-pandemic-survey-2020-5

[623] https://www.fsb.org.uk/resources-page/one-in-three-closed-small-firms-fear-they-ll-never-reopen-amid-widespread-redundancy-plans.html

[624] https://en.globes.co.il/en/article-coronavirus-could-decimate-small-israeli-startups-survey-1001330667

May incurred average costs of EUR 177 000. Of businesses that remained open, 70% reported a decrease in revenues.[625]

- A survey published mid-June by digital platform Staples Canada showed 78% of **Canadian** small business in Canada experienced a drop in sales – for 47% between 50-100%. .[626]
- A survey by **New Zealand** insurer Vero that was published on 20 June showed that 71% of SMEs experienced a decrease in revenue because of the pandemic, with 39% struggling to make ends meet.[627]
- A survey in June in **Europe** among SMEUnited members showed that 40% of SMEs experience liquidity problems. 90% of SMEs experienced turnover losses during lockdown.[628]

Contact

Lucia CUSMANO (✉ lucia.cusmano@oecd.org)

Stephan RAES (✉ stephan.raes@oecd.org)

[625] https://www.smerecovery.ie/media ; https://extra.ie/2020/06/08/business/irish/small-businesses-call-for-e6-5bn-support-package-to-be-reallocated

[626] https://www.newswire.ca/news-releases/staples-canada-helps-small-businesses-rebuild-in-a-covid-19-economy-893531305.html

[627] https://www.insurancebusinessmag.com/nz/news/breaking-news/around-a-third-of-kiwi-smes-considering-changes-to-business-cover-225767.aspx

[628] https://smeunited.eu/news/lack-of-liquidity-and-insolvency-the-main-concerns-of-smes-