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An in-depth analysis of one year of SME and entrepreneurship policy responses to COVID-19: Lessons learned for the path to recovery

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OECD SME and Entrepreneurship Papers

An in-depth analysis of one year of SME and entrepreneurship policy responses to COVID-19

Lessons learned for the path to recovery

This paper provides an analysis of the impact of the COVID-19 crisis on SMEs and entrepreneurs, and the SME and entrepreneurship policy measures implemented during the course of a year since the start of the pandemic. The paper formulates 15 lessons learned for policy going forward, to assist governments build evidence-based policies to support SME recovery and resilience.

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Keywords: COVID-19, small and medium-sized enterprises, SMEs, small business, entrepreneurship, start-ups, government policies

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Executive Summary

This paper provides an analysis of the diverse range of SME and entrepreneurship policy measures that were implemented since the start of the COVID-19 crisis one year ago, with a view to identify lessons learned and implications for policy going forward, to assist governments build evidence-based policies to support SME recovery and resilience. The paper builds on and develops further earlier OECD work on the impact of COVID-19 on SMEs and entrepreneurs, and on policy responses by governments. This includes "Financing SMEs and Entrepreneurs: An OECD Scoreboard Special Edition: the impact of COVID-19" (OECD, 2020[1]), as well as the policy note on SME policy responses to COVID-19 (OECD, 2020[2]). It is based on the monitoring of the SME and entrepreneurship policy responses in 60 countries in the twelve months following the outbreak of the pandemic between February 2020 and February 2021 (Annex A), and on 180 surveys of SMEs in 32 countries (Annex B). The findings of this paper also feed into the SME and Entrepreneurship Outlook 2021 (OECD, 2021[3]).

The global economic impact of the COVID-19 crisis is profound. National lockdowns and social distancing measures have had large consequences in high income countries and emerging economies alike, with global economic output declining by 3.4% in 2020 and projected to rebound to 5.6% in 2021 (OECD, 2021[4]).

SMEs and start-ups were at the centre of the disruptions at the start of the pandemic, with a liquidity crisis threatening their survival. One year later, they stand in an even more precarious position, with their cash reserves under continued strain and SME debt increased. Evidence from surveys among SMEs across the world shows that 70% to 80% of SMEs have experienced a substantial decline in revenues since the start of the crisis. SME business confidence has followed closely the stringency of containment measures; declining in unprecedented fashion in March and April 2020, recovering early in the summer, but deteriorating again in the face of a second wave and related containment measures since September 2020 and a third wave in various countries in early 2021, which may have even larger consequences for SMEs than the first wave. Within the diverse SME population, young firms and start-ups, the self-employed and women and minority businesses have been particularly affected. A significant number of SMEs have closed, a fact not reflected in bankruptcy rates yet, given the large liquidity support measures and the temporary changes in insolvency procedures adopted by some governments.

Since the start of the pandemic, governments acted swiftly to put in place ambitious support for SMEs and entrepreneurs, primarily aimed at avoiding a liquidity crisis through deferrals of payments, job retention and wage subsidy schemes and financial support via debt or equity channels, in some cases in combination with structural support measures, for instance on digitalisation (see Table A.A.1 in Annex A for an overview by country and type of instrument). While many countries had begun to develop exit strategies during the summer of 2020, entailing the reduction and modification of liquidity support measures, new waves of the pandemic forced the extension – and often intensification – of emergency support, especially in the last quarter of 2020 and the first quarter of 2021, to avoid massive shutdowns of SMEs. At the same time, from summer 2020 onwards, countries launched wider recovery packages, which focused on investments in innovation, digitalisation, skills and the environment to revive economies and ‘build back better’. These recovery packages started in Europe, but were gradually also adopted in other OECD countries.

In combining new liquidity support measures with wider support packages for recovery, policy makers face a complex dilemma (OECD, 2020[1]). On the one hand, the experience one year into the pandemic shows that the emergency liquidity support was - and continues to be - essential to avoid the collapse of millions of SMEs and entrepreneurs across the OECD. On the other hand, it is also increasingly clear that these support measures are not sustainable over the longer term and may have potential negative effects that need to be addressed to support the recovery of entrepreneurs and SMEs.

This paper aims to help governments in that complex balancing act in the short, medium and longer terms, to address three challenges. First, to continue support measures to avoid a liquidity crisis among SMEs while minimising the negative side effects. Second, to ensure that the gradual phase out of this emergency support does not create an SME solvency crisis. And third, to introduce effective policies that foster SME recovery. To address these challenges, policy makers could take into account 15 lessons learned from one year of SME and entrepreneurship policy responses to COVID-19. The OECD *SME and Entrepreneurship Strategy* – a flagship project of the OECD Committee on SMEs and Entrepreneurship (CSMEE) aimed to assist governments in strengthening SME and entrepreneurship policies - builds on these lessons learned and will in 2021 develop guiding principles and a set of operational tools for effective, efficient and coherent SME and entrepreneurship policies in the post COVID-19 era.

A first lesson learned regards the unprecedented rapid delivery of policy support, including by using digital delivery systems and limited ex ante screening. The policy response to the pandemic also showed the importance of maintaining the right balance between speed and broad delivery with accountability and effectiveness. Second, policy makers should increasingly aim for support measures to focus on viable companies, to avoid that the support measures keep unviable firms afloat and unduly hamper processes of creative destruction. Third, policy makers should consider rebooting start-up policies, focusing on innovative new ventures with potential to support recovery. At the same time, policy measures should be designed in such a way that they are sufficiently inclusive and accessible, and relevant for groups of entrepreneurs that are hard to reach, such as women and minority entrepreneurs. Sixth, in further policy support policy makers should focus more on measures that help avoid SME over-indebtedness, which could create an SME solvency crisis that puts many viable SMEs out of business and hampers recovery. Seventh, restrictions to SME exiting and insolvency could be increasingly lifted, while creating the right conditions for second chance entrepreneurship and providing support for SME owners and employees to ensure a just transition. Eight, although one year into the pandemic, challenges for SMEs remain enormous, governments need to prepare for responsible exit strategies from emergency liquidity support.

At the same time, it is essential that the recovery packages that are being designed since the second half of 2020 take the circumstances and the perspective of SMEs well into account. Digitalisation should be the cornerstone of recovery support for SMEs. Governments should also reflect on how SME and entrepreneurship policies could aim for strengthening SME resilience and enhance their capacity to respond to future crises. SME and entrepreneurship policy frameworks themselves could become more resilient, responsive and anticipatory as well. Furthermore, in developing SME support for recovery, effective horizontal and vertical governance are important to ensure coherent and effective support measures. Finally, the SME policy response to the pandemic provides a unique challenge and opportunity for monitoring and evaluating SME and entrepreneurship policies and improving their effectiveness and efficiency. These lessons learned are summarised in Box 1.

Box 1. Lessons learned for SME and entrepreneurship policy responses to COVID-19

1. Ensure rapid delivery of SME and entrepreneurship policy support by simplifying access and ensuring effective digital delivery systems, while safeguarding accountability and effectiveness;
2. Ensure to the extent possible that policy support focuses on viable existing companies and start-ups;
3. Reboot start-up policies to enhance the potential of innovative new ventures for recovery;
4. Ensure that support measures are inclusive and reach vulnerable segments of the SME population, including women and minority entrepreneurs;
5. Rethink policy approaches with regard to self-employed entrepreneurs;
6. Avoid SME over-indebtedness and an SME solvency crisis by exploring equity, quasi-equity and other non-debt support;
7. Prepare responsible exit strategies for emergency liquidity support measures;
8. Allow processes of creative destruction to take their course, while supporting second chance entrepreneurship and safeguarding a just transition;
9. Ensure that recovery programmes to “build back better” reflect the circumstances and perspectives of SMEs and entrepreneurs and are well-suited to support their recovery;
10. Include a strong focus on the digitalisation of SMEs and new firms as a cornerstone of recovery;
11. Take actions to improve the resilience of SMEs, start-ups and scale-ups;
12. Strengthen the forward looking capacity, resilience and responsiveness of SME and entrepreneurship policy frameworks;
13. Ensure effective and inclusive multi-level governance mechanisms;
14. Ensure that SMEs and entrepreneurs, and the organisations that represent them, are consulted and included in government decision-making processes regarding policy responses to the pandemic and in the development of recovery plans;
15. Consider the unique challenges and opportunities the SME and entrepreneurship policy responses to COVID-19 pose for policy monitoring and evaluation.

1 Introduction

This paper has been prepared by the OECD Centre for Entrepreneurship, SMEs, Regions and Cities (CFE) for discussion by the OECD Committee on SMEs and Entrepreneurship (CSMEE). The CSMEE conducts analysis and provides evidence based guidance for the design and implementation of SME and entrepreneurship policies. The paper provides an analysis of the impact of COVID-19 on SMEs and entrepreneurs, and takes stock of SME and entrepreneurship policy measures that were implemented since the outbreak of the pandemic one year ago. It aims to distil lessons learned from the experience of the past year to help governments move forward in supporting the recovery of entrepreneurs and SMEs.

The paper builds on and develops further earlier OECD work on the impact of COVID-19 on SMEs, and policy responses by governments prepared for the CSMEE. This includes "Financing SMEs and Entrepreneurs: An OECD Scoreboard Special Edition: the impact of COVID-19" (OECD, 2020[1]), as well as the policy note on SME policy responses to COVID-19 (OECD, 2020[2]). It is based on the monitoring of the SME and entrepreneurship policy response in 60 countries in the twelve months following the start of the pandemic (Annex A), and on 180 surveys of SMEs in 32 countries between February 2020 and February 2021 (Annex B). The findings of this paper also feed into the SME and Entrepreneurship Outlook 2021 (OECD, 2021[3]).[1]

This paper will first discuss the impact of COVID-19 on SMEs and entrepreneurship, followed by an analysis of the various policy instruments put in place since the outbreak of the pandemic one year ago. The last section identifies the lessons learned during this challenging year for SMEs and SME policy makers alike, and identifies the challenges and opportunities for effective, efficient and coherent SME and entrepreneurship policy responses in the post COVID-19 world.

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[1] A shorter version of this paper has been published as a policy note on the OECD COVID-19 hub, see: https://www.oecd.org/coronavirus/policy-responses/one-year-of-sme-and-entrepreneurship-policy-responses-to-covid-19-lessons-learned-to-build-back-better-9a230220/

2 COVID-19 and its impact on SMEs and entrepreneurs

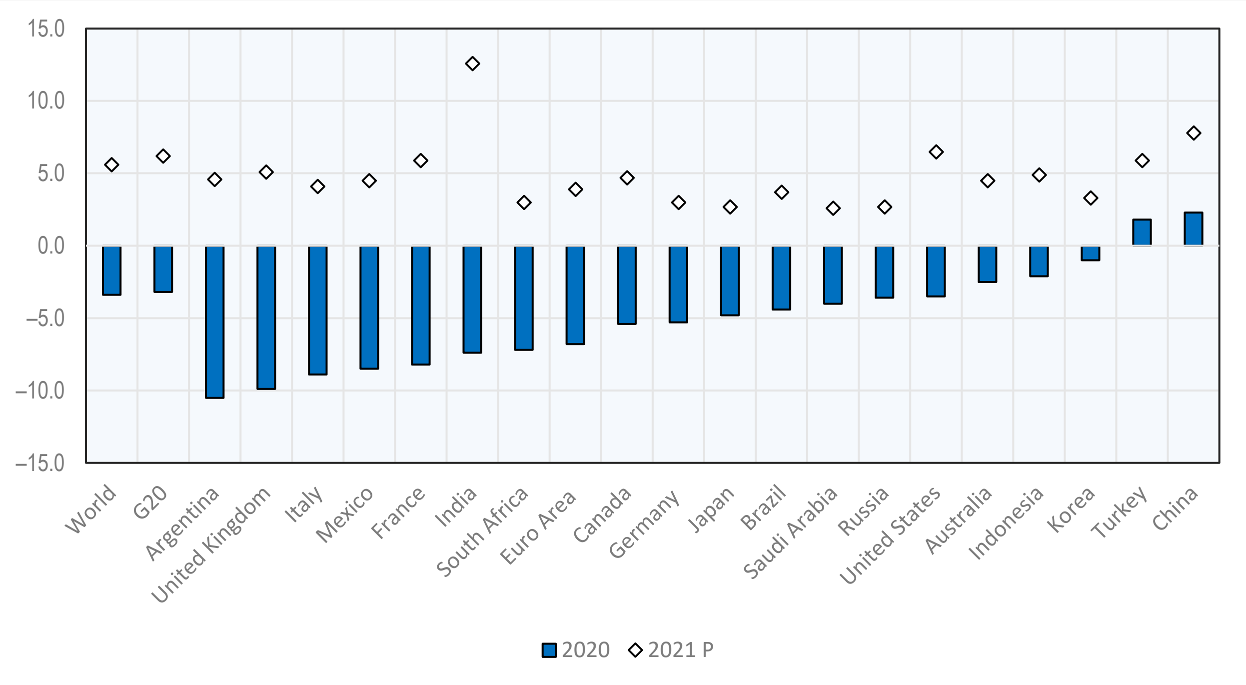
Economic impact of the pandemic and related containment measures

The COVID-19 crisis caused major disruption and is likely to have a long-term impact on economies around the world. Although progress in vaccinations allows for some optimism, the short-term outlook remains uncertain. Renewed virus outbreaks, and the subsequent measures introduced have hindered the economic rebound from the initial output collapse in the first two quarters of 2020.

Figure 2.1 shows the real GDP growth in 2020 and the projections in 2021 in some G20 economies and the world. Global output declined by 3.4% in 2020 (OECD, 2021[4]). The chart indicates that the pandemic had a considerable effect on economic growth in high income countries and emerging economies alike with for example Argentina and United Kingdom severely impacted. This contrasts with the 2007-08 financial crisis, where low- and mid-income countries were often insulated to some extent and high-income economies were more strongly hit. China is the only G20 economy with positive economic growth in 2020, with activity returning to pre-pandemic levels by the end of the second quarter of 2020.

Economic growth is expected to rebound by 5.6% in 2021, but the recovery will crucially hinge on the spread of variants of the virus and the distribution of an effective vaccine, which will reduce the need for precautionary saving and the need for governments to take containment measures.

Figure 2.1. Projections real GDP growth, percentage change



Note: World, G-20, OECD and non-OECD aggregates are in moving nominal GDP weights using purchasing power parities.
Source: OECD Economic Outlook, Interim Report March 2021, OECD Publishing, Paris (OECD, 2021[4]).

Enterprises around the world were often extremely hard hit by the crisis. Global trade declined by 10.2% in 2020 and foreign direct investment by 40%, causing major disruptions in supply chains (OECD, 2020[5]). Nonetheless, global merchandise trade has slowly recovered returning to pre-pandemic levels in the first quarter of 2021 (OECD, 2021[4]). The large cutbacks in private consumption are expected to lead to sharp rises in corporate insolvencies and bankruptcies in 2021 (which during 2020 were held off due to the unprecedented governmental support), especially in the sectors hit hard by the renewed nationwide lockdowns. The extent of the impact varies across countries. Nonetheless, with few exceptions, the larger the cutback in demand, the larger the drop in output (OECD, 2020[5])

Labour market conditions have also come under significant pressure in 2020. In most countries, unemployment rates have been rising, but kept in check by job retention measures, such as short-time work schemes or wage schemes. By May 2020, job retention schemes supported about 10 times as many jobs during the global financial crisis (about 50 million jobs across OECD economies) (OECD, 2020[5]).

Impact on SMEs and entrepreneurs

SMEs were often affected disproportionately by the crisis

SMEs have often been more affected than large firms by the COVID-19 crisis, which has exposed their greater vulnerability. The following reasons explain such disproportionate impact:

- First, SMEs are overrepresented in the sectors most affected by the crisis, in particular in wholesale and retail trade, air transport, accommodation and food services, real estate, professional services, and other personal services. In these sectors, the share of SMEs in employment is 75% on average across OECD countries, compared to an SME employment share of about 60% for the economy as a whole. The share also varies greatly by country. In Greece and Italy, for instance, nearly 90%

of employment in the affected sectors are SMEs, compared to the United Kingdom, where the share is closer to 50% (OECD, 2020[2]).

- Second, smaller firms are typically more financially fragile and have smaller cash buffers than their larger counterparts. This makes them less resilient to crises. In the United States, for instance, half of SMEs operate with less than 27 days of cash reserve (JP Morgan and Chase Co., 2020[6]). In addition, smaller firms find it harder to tap into different sources of finance, including from the market. In contrast, smaller firms are often very reliant on retained earnings and traditional bank debt.
- Third, small companies have weaker supply chain capabilities than their larger counterparts. SMEs integrated into Global Value Chains (GVCs), either directly or indirectly, were impacted faster and harder from supply chain disruptions than larger firms. SMEs generally have smaller inventories and supplier networks making them more vulnerable to supply chain disruptions and price increases (WTO, 2020[7]). Similarly, they have less bargaining power to enforce attractive payment conditions. According to a large-scale survey among European SMEs conducted between February and May 2020, 51% reported that late payments squeezed their liquidity during the COVID-19 crisis, compared to 39% in 2019. In addition, there was a noticeable increase in the percentage of SMEs that had to accept longer payment terms than they are comfortable with (Intrum, 2020[8]).
- Fourth, smaller companies lag behind in terms of the uptake of digital tools and technologies which can help to build resilience in the current pandemic crisis (OECD, 2021[9]). Pre-crisis data from Germany highlights, for instance, that there is a wide gap in the prevalence of telework arrangements by firm size. Larger businesses use trust-based working time arrangements (a necessary condition for telework to function well) more often than their smaller counterparts (OECD, 2020[10]). Surveys show that the pandemic has increased the use of digital technologies by SMEs, although substantial differences exist between countries. At the same time, the difference between SMEs – and in particular small firms – and large firms continues to be significant, with the uptake of digital technologies by SMEs being roughly half of that by larger firms (OECD, 2020[2]).
- Finally, established small firms often struggle to adapt their business operations to the current situation, compared to large firms (and start-ups) and face more operational skills constraints. For example, SMEs are less likely to have managerial capability to comply with new regulatory frameworks to guarantee customers and employees safety. Similarly, SMEs are less likely to innovate both in processes and in goods and services, compared to their larger counterparts and to start-ups (OECD, 2019[11]).

Liquidity constraints remain a major concern

As a consequence of the crisis, revenues often plummeted at a faster rate than smaller enterprises were able to cut operating costs. This caused acute liquidity shortages for many companies. Empirical findings indicate that operating expenses are often sticky and typically fall by only 6% on average when revenues drop by 10%. While there are variations across countries and sectors[2], small firms are generally less able to cut operating expenses in proportion with their loss in revenues, compared to large firms, creating pressure on their cash flow (Bank for International Settlements, 2020[12]). As stated above, small firms also have limited cash reserves.

The reductions in revenues in SMEs are a result of both supply and demand shocks. From the supply side, the reduction of labour induced by the restricted movement of people, and then by the lockdown measures,

[2] Revenues typically decrease by 5% for small retailers and by 10% for SMEs selling non-essential goods (Mckinsey, 2020[165])

generated severe drops in capacity utilisation. In addition, most supply chains were also under pressure leading to shortages on intermediate goods and delay in deliveries. For instance, survey data on Korean SMEs from March 2020 evidenced that over one third were unable to meet delivery deadlines due to factory closures in China (OECD, 2020[2])

From the demand side, the sudden drop in consumer demand affected SMEs significantly. Moreover, households experienced loss of income as well as high uncertainty reducing consumption and spending. The effects were exacerbated when workers were laid off as firms were unable to continue to pay wages. Furthermore, SMEs that are integrated into Global Value Chains are affected due to the reduction in the demand for trade in intermediary goods produced by SMEs.

The drop in revenue for SMEs was severe during the first wave of the pandemic, for instance dropping by 40% to 50% between 1 January and 1 April 2020 in the United States (Kim, Parker and Schoar, 2020[13]).[3] (Martinez-Cillero, Lawless and O'Toole, 2020[14]) find that between two-in-five micro firms and one-in-two small/medium-sized firms in Ireland faced a revenue shortfall from March to June 2020, accounting for a total revenue shortfall of between EUR 6 billion and EUR 10 billion for the period.

But even after the spring, revenues remained depressed in most countries. In Australia, small business sales declined by 15% between 1 March and 30 September according to the central bank.[4] The Irish Central Bank estimated SME revenue shortfalls for 2020 of between EUR 10.3 billion and EUR 11.7 billion (Lambert et al., 2020[15]). In the United States, one year into the crisis the drop in revenues was 31% in January 2021 compared to the previous year. According to the more than 180 surveys among SMEs in 32 countries that the OECD monitored since February 2020, since the start of the pandemic 70-80% of SMEs experienced a serious drop in revenues/sales. Several surveys indicate this drop in revenue to be between 30 and 50% (see Annex B).

Reduced revenues remain a challenge for many SMEs a year since the pandemic started. A study by the Spanish SME organisation CEPYME, published in February 2021, indicated that a new national lockdown would lead to a loss in revenue of EUR 1.8 billion per week for Spanish companies, 60% of which would be incurred by SMEs.[5] However, the experience in New Zealand suggests there is some reason for optimism. In New Zealand, where containment measures were lifted earlier than elsewhere, small business revenue grew from July 2020 onwards, with the exception of the hospitality sector (Steeman, 2020[16]).

Several studies calculate the expected liquidity shortage of SMEs due to the pandemic and lockdown by assessing: 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 on offer. Some of these studies explicitly focus on SMEs, other do not. For example, calibration exercises based of firm-level data from 17 OECD countries (mostly European), indicate that the business failure rate would jump from 4.5% to 12.1% in the absence of government interventions in 2020 (Gourinchas, Penciakova and Kalemli-Ozcan, 2020[17]). Data from the United States show that 86% of small businesses would need to take action to supplement funding or cutting expenses when faced with a two-month revenue loss (Federal Reserve Bank of New York, 2020[18]).

Further studies on the liquidity gap in the United States by (Drechsel and Kalemli-Özcan, 2020[19]) evaluate 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

[3] https://tracktherecovery.org/

[4] https://www.rba.gov.au/publications/fsr/2020/oct/

[5] https://www.reuters.com/article/health-coronavirus-spain-economy-idUSL8N2K73FU

business (less than 100 employees) amount to USD 220-431 billion per month (Collier, Braun and Kunreuther, 2020[20]).

Financial markets were also affected by the COVID-19 pandemic. A climate of uncertainty and limited confidence can lead to a reduction of credit and investment, possibly exacerbating the liquidity shortage. Whereas early evidence suggested that the provision of debt finance has held up, and even increased in certain regions, more recently there are indications of greater reluctance to lend to SMEs by banks. The pattern for equity investments is more mixed. According to a survey by the European Investment Fund late 2020, VC funds, business angels and private equity all were negatively impacted in 2020, especially before summer 2020, but the impact on VC was markedly more positive (Kraemer-Eis et al., 2021[21]). There are also signs that especially equity investments for new ventures at the early stage of development (seed and angel) have declined as a consequence of the crisis, although country experiences vary. In the United States, deals of less than USD 1 million, declined considerably in relative terms in Q2 2020. Investment rounds for seed stage also declined by 10% between Q4 of 2019 and Q4 of 2020 (PitchBook-NVCA Venture Monitor and Crunchbase data, US VC investments data, 2020 and 2021). Similar trends in the early stage equity market were reported in China and the United Kingdom. In Europe, while seed and angel investment declined through Q4 2020 both in total amount invested and in number of deals, there has been an increase of funding above USD 100 million in Series A and B stages (Crunchbase, 2021[22]). Similarly, in Israel, the median investment in seed rounds decreased approximately 80% in Q1-Q3 2020 from the levels in 2018 – 2019, while investments in later and bigger rounds increased (IVC Research Center and Zag S&W, 2020[23]).

The pandemic and containment measures had a strong impact on SME business confidence

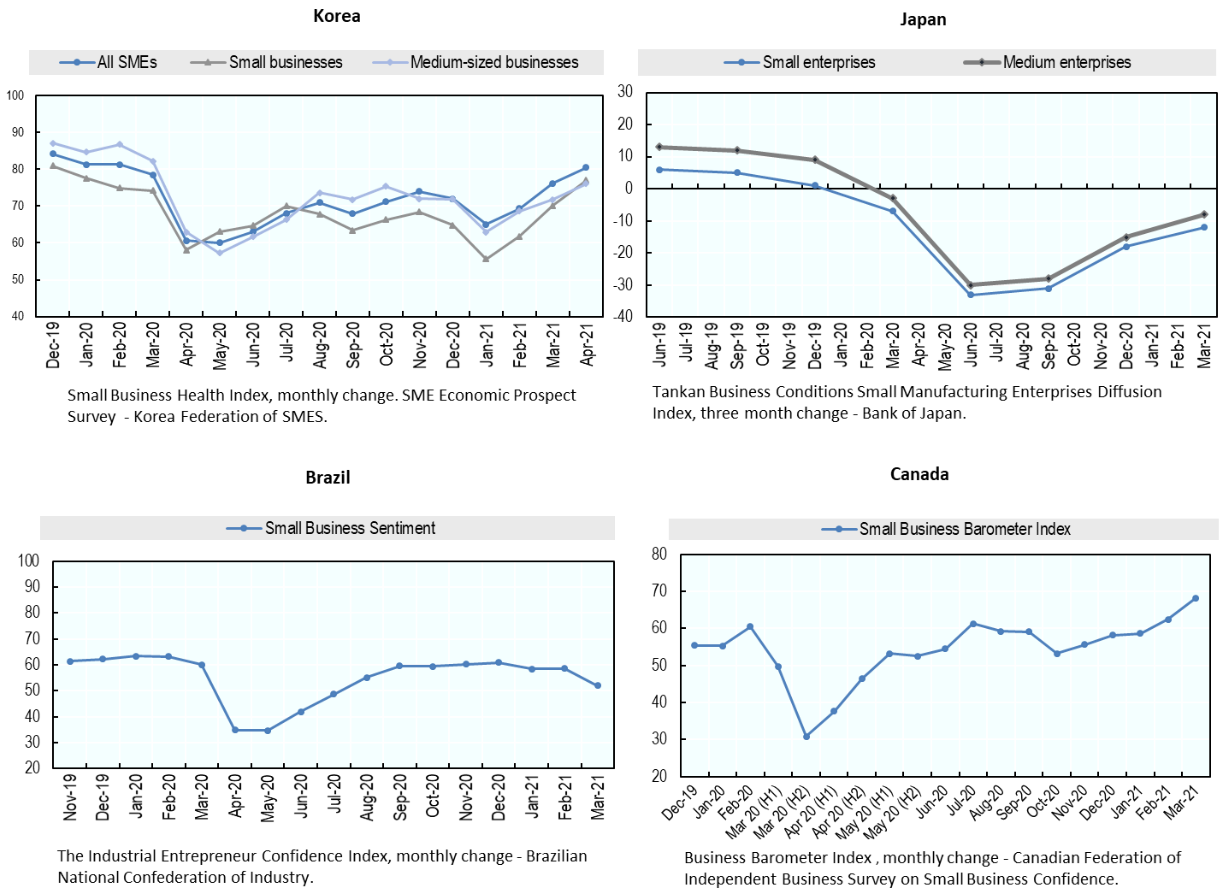
The confidence of the SME community, as gauged from survey data, closely followed the spread of COVID-19 and containment measures. In many countries, business confidence declined in unprecedented fashion reaching a bottom in April or May at the height of the first wave of the pandemic, to recover in early summer, but deteriorating again in face of a second wave and renewed confinement measures.

Various surveys in the United States document how business confidence fell sharply at the start of the pandemic but recovered from May 2020 onwards, only to show a renewed strong decline between September and December 2020. The US Census Small Business Pulse Survey shows that small business sentiment was improving gradually since May 2020. The share of small businesses expecting a large negative effect decreased from over 50% in early May to 30% in late September. The share of SMEs expecting a moderate negative impact increased from 39% to 45%, and the share that did not expect much impact grew from 8% to 19% in the same period (OECD, 2020[2]). However, responses to a survey held by the Bank of America between July and September (and published in December) suggest a larger drop in business confidence falling to a four year low. In the survey among 1000 entrepreneurs, only 39% of respondents expect their local economy to improve in the next 12 months, down from 51% at the start of the year, the survey found. Hiring plans and revenue expectations are at the lowest levels since 2012 and 2013, respectively. Still, seven in 10 small-business owners say they plan to keep staffing levels steady in 2021 (Bloomberg, 2020[24]). Similarly, a survey among small business by the US Chamber published in December 2020 found that the 62% of small business owners fear that the worst is still to come with COVID-19's economic impact. According to the NFIB, in December 2020 the Small Business Optimism Index fell to a lower level than in May 2020.

In many European countries, barometers measuring small business sentiment show a broadly similar pattern. Confidence generally dived when containment measures were introduced in April/May 2020, before recovering relatively quickly. Preliminary data from Q4 2020 and Q1 2021 indicate that the reintroduction of lockdown measures observed in many European countries again took a toll on small business confidence. For instance, in the Netherlands business confidence remained negative and declined slightly compared to Q4 2020.[6]

Figure 2.2 illustrates confidence among SMEs, measured by large-scale small business surveys, in four other large economies. Although the data are not fully comparable due to differences in how business confidence is defined and measured, this chart illustrates a similar pattern across countries. Business confidence started to decline in February/March 2020, reached its trough in April/May before recovering relatively quickly from June onwards (resembling a letter V in the time series charts), although subsequent lockdowns led to a drop in confidence again, although not as steeply as in March 2020. However, in most countries SME confidence remains below pre-pandemic levels in the first months of 2021.

Figure 2.2. SME confidence in Brazil, Canada, Japan and Korea



The example of New Zealand provides evidence of how the relationship between business confidence and the spread of the COVID-19 virus can rapidly improve. After having eradicated community spread in August, and a small resurgence in the number of cases in September - October 2020 and in February 2021 notwithstanding, the outbreak was deemed largely under control by international comparison. While business confidence nosedived during the period of stringent lockdowns in the spring, it recovered and remained strong afterwards. A survey conducted in June among a sample of 400 SMEs showed an uptick in business confidence with a bit more than one in three surveyed businesses expecting revenues to increase (Newshub, 2020[25]). The New Zealand Alternative Board Business Pulse, a survey among SMEs

[6] https://www.cbs.nl/en-gb/news/2021/06/entrepreneurs-in-covid-impacted-sectors-are-pessimistic

active in the country published in late August, revealed that 95% of them are confident they will get through the crisis (The Alternative Board, 2020[26]), with optimism continuing to rise during Q4 2020.[7]

The decline in business confidence and the uncertain economic outlook does not only weigh on economic growth and dynamism, but also takes its toll on the wellbeing of small business owners and entrepreneurs. Box 2.1. provides evidence from survey data.

Box 2.1. The well-being of SME owners and entrepreneurs in the COVID-19 context

The COVID-19 crisis has had a profound impact on the well-being of SME owners and entrepreneurs, as well on their staff, with increased stress and anxiety, especially when the survival of the business is jeopardised. Survey data from Australia, Canada, New Zealand, Singapore and the United States confirms that mental health issues have become an increasing concern for SME owners due to the crisis, which in turn impact well-being (Xero, 2020[27]) . According to a survey on stress levels among employees conducted in Korea in October 2020, 79.4% of the self-employed said they were stressed, the highest within any occupational group.[8]

A more comprehensive study covering 23 countries across the globe also documents the adverse impact of the crisis on the well-being of small business owners and self-employed. On average, the well-being of entrepreneurs surveyed during the COVID-19-pandemic was 12% lower compared to representative samples of entrepreneurs' pre-pandemic. 40% reported high level of uncertainty and unpredictability for their business. Entrepreneurs and business owners in Chile, France and Japan were most affected. Their well-being was 22%, 22% and 26% lower during the pandemic relative to the pre-COVID-19 period respectively. Entrepreneurs in these countries also had the lowest absolute level of well-being across the 23 countries in the study. Entrepreneurs in Brazil, Pakistan, Spain and Sweden were also badly affected (with a reduction in well-being of 15% and more) (Stephan et al., 2021[28]).

Surveyed SME owners from the United Kingdom indicate increased anxiety related to the payment behaviour of customers and how to cover running costs. Combined with rising uncertainties related to long term planning, this decreases entrepreneurs' life satisfaction and increases the perceived stress levels, especially for women entrepreneurs. Aside from the obvious importance of wellbeing from a public health perspective, the wellbeing of SME owners is strongly linked with performance indicators of the firm, such as productivity and innovation and thus with economic resilience at large (Stephan, Zbierowski and Hanard, 2020[29]).

Impact on specific groups of SMEs and entrepreneurs

Certain groups of SMEs and entrepreneurs were particularly vulnerable to and affected by the crisis. These include young firms, start-ups and the self-employed, SMEs in the informal sectors and women and minority entrepreneurs.

Young firms and start-ups

Start-ups were among the most affected and most vulnerable SMEs at the outset of the pandemic. As a consequence of the crisis, more than 40% of new ventures fell into the so-called "red zone" with only three

[7] https://www.stuff.co.nz/business/opinion-analysis/300172985/strict-lending-criteria-forcing-small-firms-to-jump-through-more-hoops-than-ever

[8] http://www.koreaherald.com/view.php?ud=20210201000934

months or less of cash to sustain operations (World Economic Forum, 2020[30]). They may be particularly affected by increasing risk-aversion of financiers, given their elevated risk profile, while at the same time facing particular constraints in accessing government support.

Multiple surveys confirm that young firms created just prior to the crisis were heavily impacted by the pandemic. In the immediate aftermath of the crisis, almost 3 in 4 start-ups saw their revenues decline and their liquidity position challenged. 41% of surveyed start-ups reported needing to raise capital over the next three months to survive (Startup Genome, 2020[31]). Furthermore, start-ups often faced difficulties to access government support in the immediate aftermath of the crisis, which often required proof of existence and having been profitable in preceding years.

The first wave of the pandemic also led to a strong drop in start-up rates. Start-up rates in March and April 2020 dropped by 70% in Portugal, 46% in Hungary, 54% in France and 57% in Turkey compared to the same months of the prior year (Calvino, Criscuolo and Verlha, 2020[32]). In Germany, rates were down by 9.4% in the first half of 2020 compared to the same period in 2019[9], whereas in the United Kingdom new business formations dropped by 19% in March, 29% in April and 3% in May 2020.[10]

However, in the second half of 2020, firm births started recovering, although the pattern differed by country (Djankov and Zhang, 2021[33]). In some countries (such as Australia, Chile, the Netherlands, New Zealand, Turkey, the United Kingdom and the United States), the rise in new business registrations continued over the summer and even soared in the second half of 2020. In other countries (France, Korea), after an initial rise during the summer, birth rates started to decline again from August, reflecting growing uncertainties regarding a second wave and the introduction of new containment measures in the fall. However, with a total growth in business creation of 5.5%, 2020 was still a record year for new businesses in France, with further increases recorded in February 2021.[11] Some countries saw an overall small decline in start-up rates over 2020, such as Belgium, Germany, Hungary and Ireland, whereas in other countries the drop was more than 20% (Portugal, Russia, Spain). Countries with more efficient business formation processes were more likely to see their start-up rates rise in 2020 (Djankov and Zhang, 2021[33]).

It is as yet uncertain how start-up rates will further evolve and if their rise reflects an increase in “necessity-driven entrepreneurship”[12] as witnessed after 2008 or (compared to the global financial crisis) more favourable underlying conditions for more innovative entrepreneurship. The booming market for start-up funding at the end of 2020 in some countries (such as Israel) could suggest that more innovative new ventures play a role. If, due to renewed confinement measures at the end of 2020 and the beginning of 2021 a further decline of start-up rates set in, the implications on employment of such potential “lost generation” of companies could be high, given the large contribution on job creation of young firms and start-ups, and their importance for recovery. Simulation exercises using firm level data of 15 countries evidenced that a 20% decline in the number of firms entering the market is associated with a persistent employment loss of 0.7% of aggregate employment with a lasting effect of three years after the shock, and 0.5% after 14 years after the shock (Calvino, Criscuolo and Verlha, 2020[32]).

Informal enterprises

Informal enterprises account for 70% of all employment in developing and emerging economies, and about 18% in high-income countries (OECD/ILO, 2019[34]). Informal SMEs are common in most emerging

[9] https://www.destatis.de/EN/Press/2020/08/PE20_322_52311.html

[10] https://centreforentrepreneurs.org/releases/covid-startups-kick-off-entrepreneurial-recovery/

[11] https://www.lefigaro.fr/flash-eco/les-creations-d-entreprises-repartent-a-la-hausse-en-fevrier-20210312

[12] Necessity-driven entrepreneurship (as opposed to opportunity-driven entrepreneurship) stands for situations where people start a new business because they had no better other options for work.

economies. In Latin America, the informal sector accounts for nearly a third of GDP, 50% of India's GDP and over 60% of GDP in sub-Saharan Africa. Most informal enterprises are small with fewer than ten workers, and these micro-enterprises account for over 80% of employment in the informal sector (ILO, 2020[35]). Small businesses operating in the informal industry were affected strongly by the COVID-19 crisis.

Informal SMEs typically generate low levels of income and have limited financial buffers, making them especially vulnerable during an economic downturn. In addition, informal SMEs generally do not have any relationship with banks and public institutions that deploy assistance, being particularly difficult for them to access public support. In the absence of support measures, and without any alternative income sources, the ILO estimates that the pandemic resulted in an increase in relative poverty for informal workers of more than 21 percentage points in upper-middle-income countries, almost 52 points in high-income countries and 56 points in lower and low income countries (ILO, 2020[36])

Most of the informal SMEs tend to work in the accommodation, food services, and retail trade, which make them particularly vulnerable as a consequence of the lockdown measures and distancing restrictions. In Latin America, 42% of workers in social services and 62% of workers in retail commerce and sales, restaurants and hotels, are informal (IDB, 2020[37]). Approximately half of informal workers living in poverty do not benefit from traditional social assistance programmes and this share increases to 61.9% among economically vulnerable informal workers. Thus, the likelihood of falling back into poverty as a consequence of the pandemic is unusually high (OECD, 2020[38]).

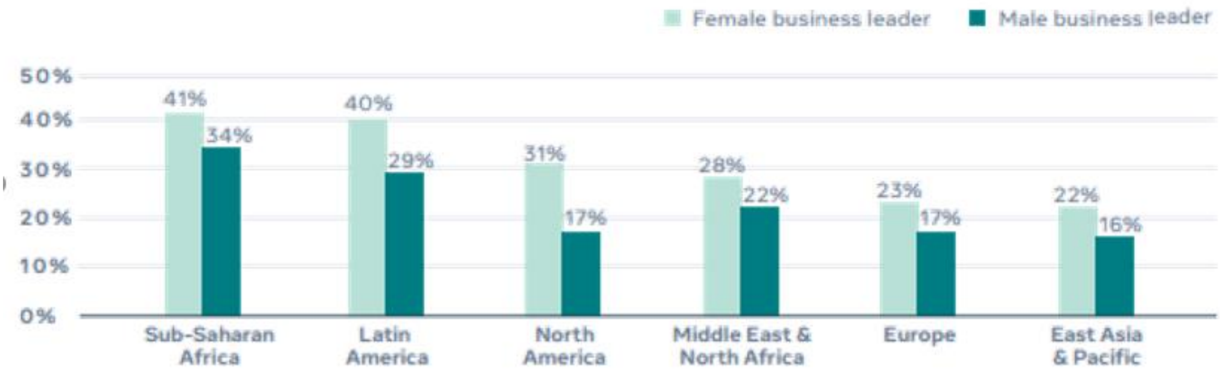
Minority and women-owned enterprises

It is well-documented that women and minority entrepreneurs face specific challenges (OECD/European Union, 2019[39]). Evidence indicates that the 2008-09 financial crisis affected black and women owned businesses disproportionally. 60% of white owned businesses that existed in 2002 were still in operation in 2011 versus 49% of black-owned businesses. Similarly, the proportion stands at 61% of male-owned businesses compared to 55% of female-owned business (Brookings, 2020[40]).

The COVID-19 pandemic again hit minority and women business owners disproportionately. Reasons include that these businesses tend to be concentrated in the industries most affected by the pandemic, have relatively small financial buffers and limited access to different financial sources. Women-owned businesses are on average smaller and younger compared to male-owned businesses. They are more likely to be self-funded, or funded by friends and family, and have fewer financial assets. In addition, women have less access to external finance, and lower levels of financial skills compared to men. Women entrepreneurs retain fewer professional contacts, including advisory boards or professional advisors to share advice about managing risks through the pandemic (OECD, 2020[41]).

Data collected by Facebook, the OECD and the World Bank in May 2020 show that female-led SMEs were seven percentage points more likely to close compared to male-led SMEs with some regional variations, with largest gender disparity in business closure rates in North America (14 percentage points) and Latin America (11 percentage points) (Facebook, OECD and World Bank, 2020[42]). Figure 2.3 illustrates that all regions of the world have at least six percentage points of gender disparity in business closure rates.

Figure 2.3. SME closures gender gap across regions



Note: The Future of Business Survey was conducted from May 28 to May 31 2020. 30,000 business owners, leaders and managers participated (Facebook, OECD and World Bank, 2020).

The higher impact on women entrepreneurs is confirmed in other studies. In Germany, female self-employed were 35% more likely to experience revenue loss than men (Graeber, Kritikos and Seebauer, 2020[43]). In Canada, women-owned businesses laid off a disproportionally higher share of their workers. 62% of these businesses laid off more than 80% of their workers, against 45% on average for the small business population at large.[13] A report by the US Chamber showed that, even after the first wave subsided, in the US women entrepreneurs remained less optimistic about recovery.[14]

Minority entrepreneurs were significantly affected as well, according to data from the United States. (Fairlie, 2020[44]) looks at the impact of COVID-19 in the United States and finds that, whereas 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%. A survey among small businesses by the US Chamber of Commerce taken in the first half of November 2020 showed that 74% of the owners said they need further government assistance to weather the pandemic. That percentage rose to 81% for minority-owned businesses.[15] Results from a Federal Reserve Survey in early 2021 showed that some 54% of white-owned firms described their financial condition as "fair" or "poor." But that share rose to 79% for Asian-owned businesses, to 77% for Black-owned firms and to 66% for Hispanic-owned businesses.[16]

The self-employed

Self-employment represents between 10% and 13% of the working population in most OECD countries, with substantial growth observed after the great financial crisis (OECD, 2020[45]). Recent survey data evidenced that, in the European Union, the majority of self-employed are solo self-employed (i.e. they do not have employees), and their likelihood to become unemployed during COVID-19 crisis is much higher

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

[14] https://www.uschamber.com/report/special-report-women-owned-small-businesses-during-covid-19

[15] https://www.reuters.com/article/health-coronavirus-usa-smallbusiness-idUSKBN28P23R; https://www.uschamber.com/series/above-the-fold/small-business-owners-still-feel-pain-of-pandemic-and-fear-more-come

[16] https://www.reuters.com/article/us-usa-fed-smallbusiness/most-u-s-small-businesses-took-sales-hit-due-to-pandemic-fed-survey-finds-idUSKBN2A32OS

(13%) compared to the self-employed with employees (2.3%) (European Foundation for the improvement of Living and Working conditions, 2020[46]).

The self-employed were strongly affected from the outset of the pandemic (Block et al., 2020[47]), and one year into the pandemic they continue to struggle. For instance, data from April 2020 in Australia showed that 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.[17] In April 2020, (Biddle et al., 2020[48]) conducted a survey among the self-employed in Australia, and found that 80% of them experienced a negative effect, with 50% finding the impact substantial. This pattern of high impact on the self-employed continued over the summer of 2020. A survey in India published in September 2020 showed that 86% of self-employed had been adversely affected, and 25% had seen their income drop to zero.[18] Data from the United Kingdom show that in the summer of 2020 there were 8% fewer self-employed than in the previous summer[19] and that by November 2020 one million self-employed were pushed into debt by the pandemic and few had recovered from the first wave.[20]

Impact on firm closures and insolvency rates

Firm closures

The pandemic and containment measures led to the temporary or permanent closure of many SMEs. In many cases this was the result of containment measures, where non-essential businesses were forced to close their doors during lockdowns. However, in other cases it was the challenges in supply chains and sales that led SMEs to close their business, at least temporarily. Data from selected countries show that closure rates of SMEs strongly increased during the first wave of the pandemic. Data from the United States, suggest that, in Q2, 1.4 million small businesses closed down, either permanently or temporarily, and suggest that in 2020 in total 4 million small businesses could be lost (Catalyst, 2020[49]). A large-scale world-wide survey conducted by the International Labour Organization between March and June 2020, showed that only one in five surveyed firms were operating fully on-site during the period (ILO, 2020[50]).

The Future of Business Survey collected by Facebook, the OECD and the World Bank, shows a positive correlation between SMEs closure rates and the stringency of government lockdown measures, as measured by the University of Oxford Lockdown Stringency Index, during the first wave of the pandemic (Figure 2.4).

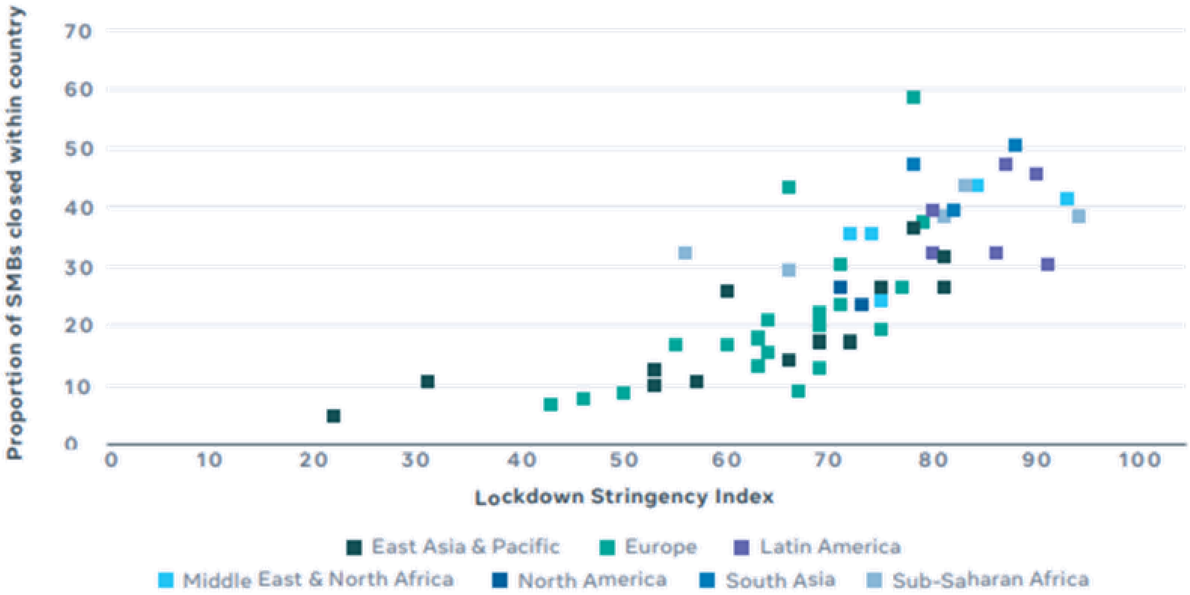
[17] https://www.smartcompany.com.au/coronavirus/self-employed-hours-coronavirus/

[18] https://www.newindianexpress.com/business/2020/sep/28/nearly-86-per-centself-employed-people-reportincome-loss-due-to-covid-19-survey-2202823.html

[19] https://blogs.lse.ac.uk/businessreview/2020/12/01/self-employment-eight-months-into-the-pandemic/

[20] https://londonlovesbusiness.com/one-million-self-employed-pushed-into-debt-due-to-pandemic/; http://cep.lse.ac.uk/pubs/download/cepcovid-19-012.pdf

Figure 2.4. Proportion of surveyed SMEs closed within country versus Lockdown Stringency Index



Note: The vertical axis show the proportion of surveyed SMEs that closed in each country, versus the Lockdown Stringency Index in the horizontal axis. This index takes into account the stringency of each government's response to the pandemic. The average of this index is calculated over the period 29 of May to 1st of June for each country.
Source: Facebook, OECD and World Bank, 2020.

However, the rates of SME closures did not decline after the first wave of the pandemic and containment measures were gradually lifted. In the Netherlands, for instance, the number of companies that interrupted operations was 40% higher between March and September 2020 than in the same period in 2019, but rose particularly strong after June 2020 when containment measures were relaxed (KVK, 2020[51]), with company closures in 2020 being 20% higher than in 2019.[21]. Data from the United States also suggest that business closure rates rose again after June 2020, with temporary closures residing but permanent closures on the increase.[22] In China, at least 3 million small businesses closed down between January and November 2020, even though lockdown measures were lifted by April 2020.[23]

Although data on business closures are not yet fully available for 2020 for many countries, it is clear that one year since the start of the pandemic the impact has been significant on SME closure rates. In the United States, the number of small businesses that were open declined continuously in the second half of 2020 and the number was 33.6% lower in January 2021 compared to January 2020.[24] In Mexico, the national statistics agency INEGI reported in December 2020 that more than 1 million small and medium-sized businesses have closed permanently since the middle of last year, representing 20.8% of the SME population (Mexico News Daily, 2020[52]). The renewed lockdown measures in many countries introduced

[21] https://www.cbs.nl/nl-nl/nieuws/2021/10/20-procent-meer-bedrijven-opgeheven-in-2020

[22] https://www.cnbc.com/2020/09/16/yelp-data-shows-60percent-of-business-closures-due-to-the-coronavirus-pandemic-are-now-permanent.html

[23] http://www.asianews.it/news-en/Beijing,-three-million-small-businesses-closed-due-to-Covid-52494.html

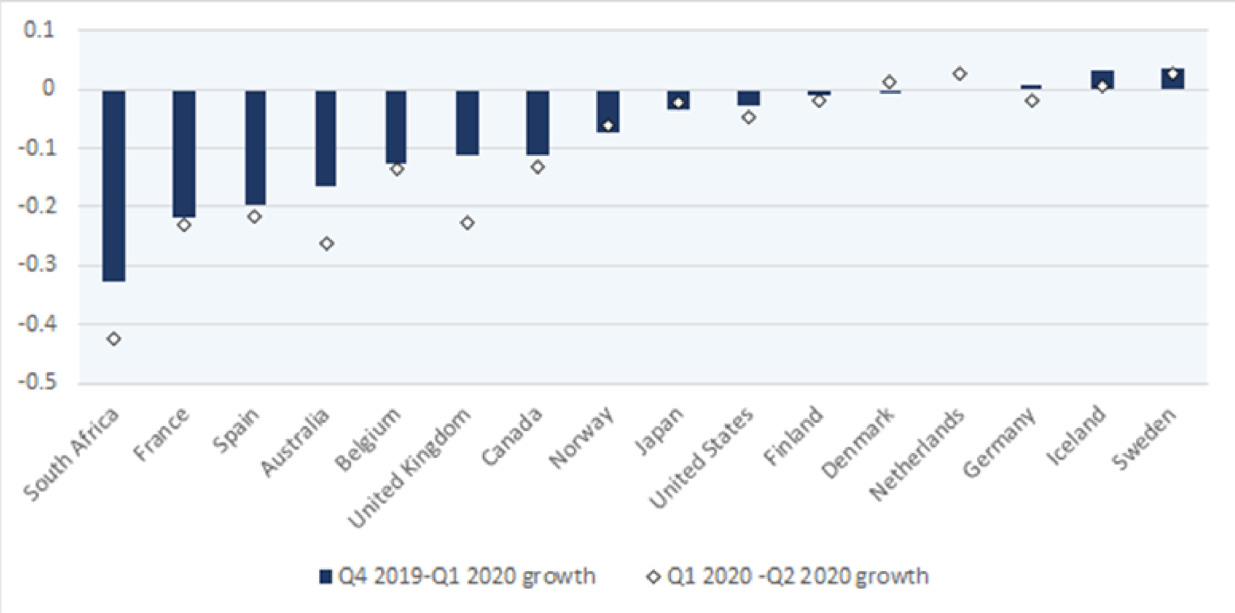
[24] https://tracktherecovery.org/

in the fall of 2020 and continuing in the first months of 2021 continue to take their toll on SME closure rates. For instance, in Canada, in March 2021, 35% of small businesses remain closed.[25]

Insolvencies

However, while the pandemic caused many SMEs to stop their operations, in most cases this did not translate into a rise in insolvencies in 2020. Figure 2.5 shows the number of bankruptcies in the first and second quarter of 2020 and evidence that, in fact, bankruptcies often declined over this period.

Figure 2.5. Quarterly growth in bankruptcies in Q1 and Q2 2020 (in %)



Source: OECD, Timely indicators of Entrepreneurship, 2020.

Various studies predicted that from the second half of 2020 onward this tide in bankruptcies would turn, with insolvencies increasing.[26] However, although some countries witnessed a significant rise in bankruptcies (Israel, Japan, the United States), one year into the pandemic, for most countries this was not the case.

For example, in the United Kingdom, bankruptcies in Q4 2020 were 27% lower than in Q4 2019, and have been lower since Q2 2020 than in any quarter since 1990 (The Insolvency Service, 2021[53]). In the Netherlands, the number of bankruptcies in November 2020 was the lowest in 20 years, and 16% less than in 2019, falling continuously for five months in a row (CBS, 2020[54]). In Germany, the Insolvency Index fell by 40 points between March and August 2020 (Reuters, 2020[55]). According to Statistics Canada, insolvencies were down 29.5% in 2020 compared to 2019. In Switzerland, bankruptcy filings

[25] https://bc.ctvnews.ca/high-debt-low-sales-delayed-retirement-advocates-call-for-continued-support-for-small-businesses-one-year-into-pandemic-1.5348592

[26] https://group.atradius.com/publications/economic-research/2020-insolvencies-forecast-to-jump-due-to-covid-19.html

in 2020 were 19% lower than in 2019 (Eckert, Mikosch and Stotz, 2020[56]).[27] In France, the number of insolvencies in 2020 was 24% lower than in 2019.[28]

The reason for this difference in bankruptcy rates is twofold. First, the differences illustrate that the so-called insolvency elasticity (the percent responsiveness of insolvencies to a one percent GDP change) varies across countries (Atradius, 2020[57]). In the United States, for instance, bankruptcy filings are historically more responsive to fluctuations in economic activity. This crisis proves no different with sharp rises in bankruptcy filings and corporate bond defaults to levels not seen since the global financial crisis (and expectations of a sharp decline after the economic recovery takes firm hold) (IMF, 2020[58]) (Wang et al., 2020[59]).

Second, and possibly most importantly, the decline in bankruptcy rates reflects the government policy responses to COVID-19:

- First, government interventions such as tax deferrals, debt service and interest moratoria, the expansion of the repayment period of public support, the reduction or waiver of processing and guarantee fees as well as interest rate subsidies, offered by guarantee institutions and other promotional institutions, prevented or delayed firms from going under. The number of insolvency procedures may rise once these schemes, and large amounts of liquidity injected by governments, wind down;
- Second, various governments (for instance Australia, Belgium, Colombia, Germany, Italy, New Zealand, Portugal, Russia, Switzerland, Turkey, and the United Kingdom) implemented temporary changes in insolvency and bankruptcy regimes designed to provide more flexibility to companies facing temporary liquidity shortfalls, in some cases putting bankruptcy procedures on hold. These measures include the raising of the threshold limit of unpaid debt to initiate a bankruptcy and the change of the conditions to file for bankruptcy. Germany, for instance, is one of the countries that have experienced larger drops in insolvencies in the third quarter of 2020 in large part due to a legislation that encourages companies to restructure rather than file for insolvency, and this legislation, which has been extended to 2021, will likely impact the number of insolvencies in the near future (Reuters, 2020[55]);
- Third, lockdowns affected the functioning of business courts, especially when operations are not very digitalised. This often resulted in delays in the official registration of insolvencies (Euler Hermes, 2020[60]) (Atradius, 2020[57]).

It is unlikely that these deviations from bankruptcy laws and the provision of liquidity support will continue indefinitely in the current form. Even though one year into the pandemic, SME bankruptcy rates remained modest, it is likely that these will rise in the coming period, also in countries where this so far has not been the case. Data from Office for National Statistics on the United Kingdom suggest that almost 25% (more than one in seven) businesses are at great risk of imminent closure by April 2021 (Centre for Economic Performance, 2021[61]). Euler Hermes and Atradius, two credit insurance companies, expect a sharp rise in insolvencies in 2021 (Euler Hermes, 2020[60]) (Atradius, 2020[57]). The COVID-19 crisis thus may cause insolvencies to spike with a delay, with the worst still to come.

[27] https://lenews.ch/2021/01/05/company-bankruptcies-fell-sharply-in-switzerland-in-2020/

[28] https://www.fitchratings.com/research/structured-finance/lower-french-sme-insolvencies-stable-net-debt-mask-disparities-17-03-2021

3 The main policy instruments for SMEs and entrepreneurs

Overview of instruments

Governments across the globe responded swiftly and forcefully to the unprecedented challenges that SMEs are facing due to the COVID-19 pandemic, through a wide range of stimulus and support measures. These measures focus on emergency liquidity support in various forms, but were gradually accompanied by structural support and broader recovery packages. Both central and regional and local governments joined in the policy effort.

Types of policies

The SME policy responses can be categorised between those aimed at easing the liquidity concerns highlighted and those aimed at structural support.

Liquidity support measures can generally be classified within the three below categories:

- Job retention schemes including short-time work schemes and wage subsidy schemes. These policies target firms and self-employed and aim to prevent sharp rises in unemployment as well as to lift consumer demand;
- Deferrals of payments including deferrals of income and corporate tax payments, value added tax, social security and pension payments, debt payment moratoria and waivers of rent and utility payments as well as waivers or reductions of financing fees and interest aim to preserve liquidity within SMEs by reducing operating expenses;[29]
- Financial support via debt channels such as: extended and simplified loan guarantees, direct lending through public institutions and support for non-banking finance, through grants and subsidies, or via equity or quasi-equity, including convertible loans.

Structural support measures aim to help SMEs adapt to the changed business environment and build resilience. They include the following categories:

- Support for digitalisation, including for teleworking and E-sales;
- Support for innovation and technology development. In some cases these policies focus on innovations related to the pandemic, in other cases on supporting wider competitiveness;
- Support for upskilling and reskilling;
- Support for start-ups;
- Support for finding new alternative markets.

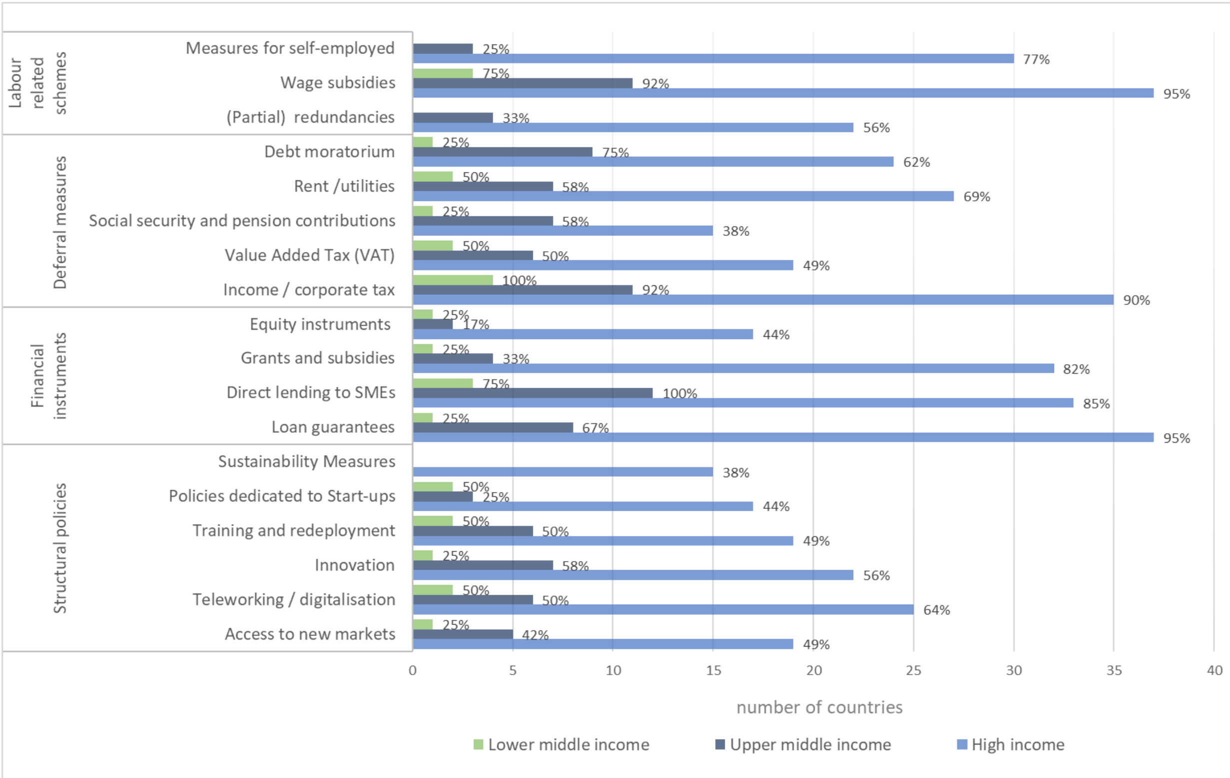
[29] See for an overview of tax related responses to COVID-19: https://www.oecd.org/tax/oecd-secretary-general-tax-report-g20-finance-ministers-april-2021.pdf

For each of these structural support categories, countries use a variety of instruments, such as business development services and advice, vouchers, grants, training and networking.

As countries began to shift their focus towards recovery packages to 'build back better' starting around June 2020, such structural support measures became part of wider public investment schemes and demand stimulus.

Figure 3.1 gives an overview of the financial and structural measures that have been introduced to support SMEs as a response to the COVID-19 crisis up to February 2021 (typically in addition to pre-existing public measures to support small businesses and SMEs) across 55 countries (see Annex A). They are categorised alongside the four groups aforementioned: Labour-related, deferrals, financial instruments and structural policies, further broken down into subcategories. The chart indicates that some measures are more widely used than others. For instance, wage subsidies in one form or another are used by 51 out of 55 countries for which information has been collected and payment deferrals are used by 50 out of 55 countries. The third and fourth most widely adopted policies are within the financial instruments group. Notably direct lending and loan guarantees are employed by 48 and 46 countries respectively. Loan guarantees are most commonly used in high income (37 out of 39) and upper middle income countries (8 out of 12), but not in low middle income countries. Measures for self-employed are also commonly used by high income countries (30 out of 39), while very uncommon in upper middle income (3 out of 12) and not used by low middle income countries. The use of grants and debt moratoria varies significantly across countries.

Figure 3.1. SME support measures introduced as a response to the COVID-19 crisis by group of countries according to their income levels (February 2020 - February 2021)

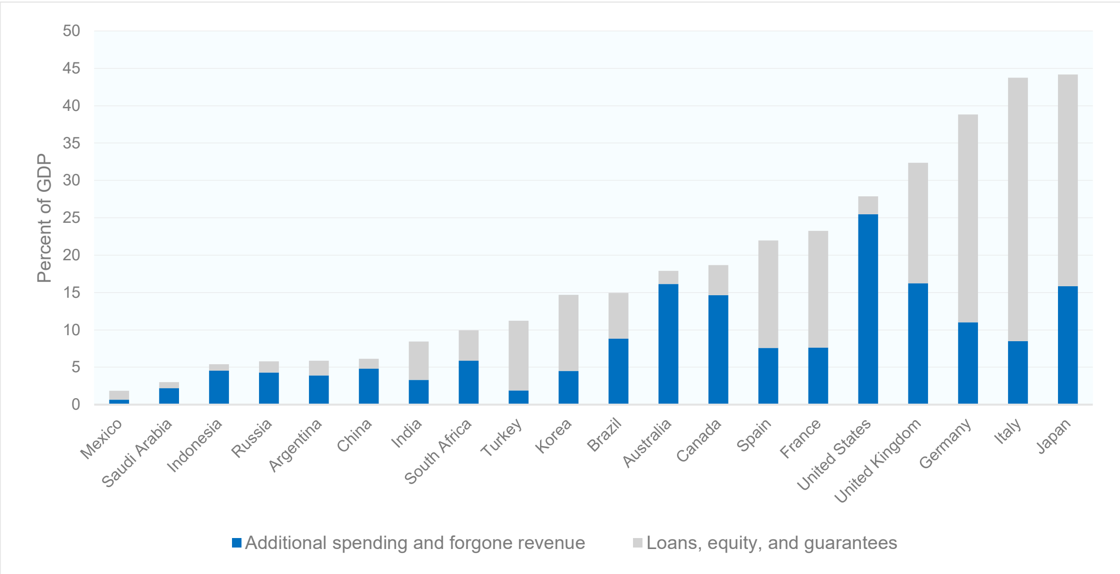


Note: The bars show the number of countries per income group that introduced a measure. The percentage label on the graph corresponds to the share of countries that use the measure in that income group. The country classification by income is based on World Bank data. 39 countries whose policy response was tracked by the OECD are classified as high income, 12 as upper middle income group and 4 countries as lower middle income group.
Source: Annex A, table A.A.1

The chart also highlights that structural measures are less common: for most policies, less than half of countries include such measures in their SME policy response to COVID-19. The most widely used policy within this group is support for teleworking and digitalisation, adopted by 33 countries, and support for innovation of products and services implemented by 30 countries. Measures to support sustainability are least often included in the policy response.

Where Figure 3.1 presents the number and type of support measures by country, there is also a wide variation in the intensity of the support efforts. Data from the IMF show that high-income economies in particular spend as a percentage of GDP significantly more on support via loans, equity and guarantees than developing economies. Large differences among OECD countries exist as well with support in Italy and Germany substantially higher than in Canada, Korea or Australia, which rely more heavily on revenue and expenditure measures than below-the-line measures (Figure 3.2).[30]

Figure 3.2. Fiscal Response to the COVID-19 pandemic (percent GDP)



Source: IMF, Fiscal Monitor Database of Country Fiscal Policies in Response to COVID-19, (IMF, 2021[62]).
Note: Data refer to fiscal measures announced between January 2020 and March 17 2021.

Sequencing

Although the timing of the waves of the pandemic varied, as did the severity of containment measures[31], in many cases, the SME policy responses followed a broadly similar sequence (Figure 3.3):

- When the first wave of the pandemic hit and containment measures were put in place, governments rapidly issued support and advice for SMEs to address the health risks for their workers and customers and introduced various measures to avoid a large scale liquidity crisis among SMEs.

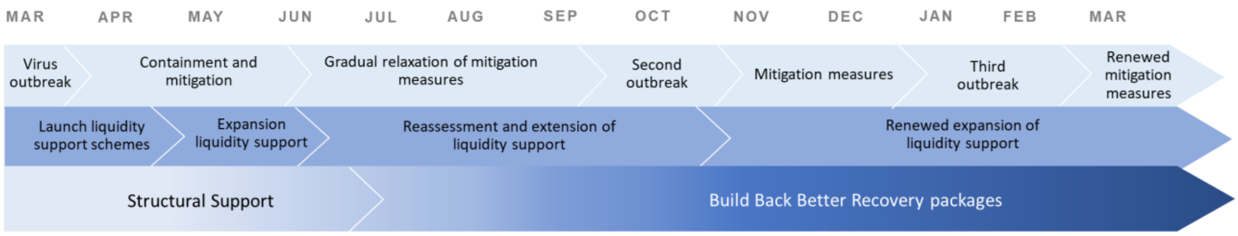
[30] These data do not differentiate between support for SMEs and other companies.

[31] For instance, in a number of Asian countries, containment measures started before March 2020. In Latin America, containment measures started in March but continued well into July, whereas they had subsided elsewhere by May/June. Some countries (such as Israel) responded with new containment measures to a second wave already in September 2020, and experienced a third wave by December 2020, whereas others (such as New Zealand) managed to avoid further lockdowns. See for an overview of containment measures by country: https://ig.ft.com/coronavirus-lockdowns/.

Financial support was often provided (through new and/or existing fiscal instruments and monetary policy) to deliver as rapidly as possible to all SMEs in need.

- This rapid initial deployment of support measures, starting around March 2020 in many countries, was followed by a phase where countries improved and expanded their support to ensure this was sufficiently effective and reached all SMEs affected. This phase lasted until approximately June.
- When infection rates started to decrease (in many countries around May/June 2020), most governments nevertheless maintained their liquidity support measures given ongoing challenges for SMEs, but in many cases with more selectivity (and in some cases conditionality), and started preparations for exit strategies.
- However, this tentative trend was reversed after September 2020 when infections rose again and containment measures were reintroduced, although the timing varied across countries. In many cases, the tentative reform of liquidity support anticipated over the summer was replaced by a further prolongation and – in many cases – intensification of SME support which continued in Q1 of 2021.
- Parallel to this development of liquidity support, countries also gradually added structural support measures to the SME policy response, in particular regarding digitalisation, but also to support skills development, innovation and access to new markets. Some countries did so from the outset of the crisis, others followed after April 2020, using both new and existing instruments, with significant variations in intensity.
- From June onwards, various countries shifted from emergency liquidity assistance with a relatively modest structural policy support component, to one centred on recovery and resilience (last arrow in Figure 3.3), where measures to support SMEs became part of more generic investments towards greening, digitalisation, innovation and skills, with a view to "Build Back Better". These packages – starting with Germany in June, gaining weight in Europe under the New Generation EU agreement in July, but also including new packages in Australia, Canada, Japan, Korea and the United States – include structural support measures that had been gradually introduced, but with a much stronger public investment focus, as well as demand stimulus to revive economic growth, and are mostly not specifically targeted to SMEs but to the business community at large.

Figure 3.3. Sequencing of SME policy responses (March 2020-March 2021)



Policies at subnational level

While Figures 3.1 and 3.2 provide an overview of policy initiatives at national level, subnational governments such as states, regions and cities also played an active role in the SME policy response. For instance, between March 5 and April 22 2020, Italian regions and autonomous provinces launched 278 different measures to support SMEs and their workforce as a response of the COVID-19 pandemic, in addition to measures taken at the national level of government (OECD, 2020[63]). Cities and regions in various countries launched business and SME support measures, in part because the impact of the pandemic and containment measures differed across territory and developed differently as the pandemic continued. For instance, initially the effect of the pandemic was most strongly felt in urban areas, but rural areas were increasingly affected in the second half of 2020 as well (OECD, 2020[64]) (OECD, 2020[65]).

Subnational governments were also well positioned to contribute to a rapid delivery of support measures to SMEs and entrepreneurs. Examples of SME support by cities include consulting services (for instance in Bilbao, Yokohama, Lisbon and Seattle), breaks from local taxes (for example in Montreal, Braga), loans and grants (for instance Milan and Buenos Aires) and support for rent (Paris). Regional and state government played an essential role in distributing federal aid to SMEs (for instance in Canada and Finland), but in many cases also topped up and complemented such aid by targeted grant or loan schemes for SMEs (for instance in Australia, Austria, Belgium, Germany, Spain, United Kingdom and United States). Support to SMEs and the self-employed figured in the top three policy areas where subnational governments in the EU experienced pressure on budgets (OECD, 2020[66]).

The configuration of national and subnational responses became particularly complex when, during the second half of 2020, confinement measures became more focused on regions where new pandemic outbreaks (re)appeared, with SMEs in some areas being harder affected than in others. Also, although cities and regions from the outset of the pandemic played a role in liquidity support, and in particular in the delivery thereof, the contribution of subnational support became particularly important in the context of the recovery oriented support packages in the second half of 2020 (or in the absence thereof, where regions stepped in when central government support was ending). Even more than for emergency liquidity support (where the scale of national governments often was required, for instance in loan guarantees), recovery and build back better programmes linked to policies provided at subnational level. The national recovery plans launched from June 2020 onwards in many cases included a regional and local dimension, for instance in Australia, Estonia, Iceland, Korea and Lithuania (OECD, 2020[65]). Where the policy sequence thus also included an increasing role for subnational government in the second half of 2020, this also raises questions about coordination and governance.

Various countries set up coordination mechanisms from the outset of the pandemic, to ensure a coherent and effective policy delivery across Ministries and agencies. For instance, Austria, Denmark and France introduced taskforces or units to coordinate the approach.

Such coordination increasingly extended across levels of government. 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. The Netherlands set up an Economic Co-operation Platform to coordinate recovery aid with regional and local authorities. In the United Kingdom strong coordination between cities, local authorities and national government was crucial in the fight against the pandemic, and a set of funding schemes was established to help small businesses channelled through local authorities for rapid delivery. In Spain, territorial policy was reformed to allow local authorities to hold virtual meetings and to allow municipalities to be able to use their budgetary surpluses specifically with COVID-19. The Spanish Federation of Cities and Provinces (FEMP) played an important role in the management of this crisis and gathered regularly with the government to draft agreements for the post-pandemic, including economic ones.

Finally, in addition to subnational governments, regional and supra-national institutions also played an important role in SME support. In Europe, the European Union played an important role in financial support to SMEs as well as in structural measures, such as those to foster digitalisation. International developments banks, including the World Bank, the Asian Development Bank, the Inter-American Development Bank and the European Investment Bank Group stepped up their efforts to support SMEs and entrepreneurs in both OECD and non-OECD countries. Organisations such as the ILO and UNCTAD provided support for training and digitalisation of SMEs. The OECD is also contributing by compiling data, analysis and recommendations on a range of topics to facilitate coordination and support governments in tackling the COVID-19 crisis. This further underlined the importance for a coordinated approach to support for SMEs and entrepreneurs across levels of government.

Selected policy instruments in more detail

The next sections will analyse the various policy support measures in more detail.

Job retention schemes

While the modalities differ across countries, the general idea of job retention schemes is to keep employment relations intact, even when work activities are suspended, while the government pays for the majority of the costs to the employer of furloughed personnel. A main objective of these schemes is to prevent sharp rises of unemployment. In addition, they are typically more generous than unemployment benefits and their wide use therefore kept aggregate demand up during the crisis. Of particular relevance for smaller enterprises, job retention schemes also provide financial relief to firms who can cut back on labour costs in a flexible manner.

Job retention schemes principally take the form of short time work schemes (STW) or wage subsidy schemes (WS). While the former subsidises hours not worked, the latter subsidises hours worked or can be used to top up the income of employees that work less hours. A large proportion of countries have preferred to use STW schemes to retain jobs in the short run.

Many countries took measures to boost take-up among firms, for example by relaxing eligibility requirements and easing application. For instance, Japan eased the requirements to access the Employment Adjustment Subsidy, reducing the threshold of the experienced reduction in production from 10% to 5% (OECD, 2020[67]). In other countries, the health crisis could be invoked as a justification to claim STW. Italy is a case in point, where evidence firms needed to provide was strongly diminished firms could apply within four months after business activities declined. Another way to extend access, is to allow firms to make claims retroactively and simplify the process by allowing online applications. This was implemented in France and the United Kingdom, among others, where firms could apply retroactively for up to 30 days since the first reduction in hours in both countries.

Wage subsidies (WS) were also sometimes introduced to promote job retention, providing incentives to increase employment quickly if economic conditions improve. For example. Australia and New Zealand introduced a one-time subsidy that acts as a minimum salary, employers pay only for hours worked. In Canada and Estonia, the subsidy is a fixed proportion of usual wages (75% and 70% respectively), regardless of the reduction in working time. In the Netherlands, the STW scheme was temporarily replaced by a WS scheme, employers must continue to pay 100% of the usual wage and will receive a subsidy that is proportional to the reduction in sales (90%) and not the reduction in working hours (OECD, 2020[67]). Although WS and STW are not SME specific instruments, the take-up, especially among SMEs, has been spectacular. In May 2020, as many as 50 million employees in OECD countries, made use of a job retention scheme, a tenfold increase compared to the peak of the financial crisis (OECD, 2020[67]).

Deferral measures

Deferral measures allow SMEs and entrepreneurs to postpone payments, thereby alleviating acute pressures on their liquidity. A relatively large number of countries introduced deferrals on corporate and income tax payments (90%), while a smaller share also included deferral of value added tax (24%), and social security and pension contributions (21%) (OECD, 2020[2]).

While there is a large variation on the scope and duration of deferral measures across countries, many countries expanded deferral measures as time went by and firms continued to face cash flow shortages. For example, in South Africa, in June 2020, the Disaster Management Tax Relief Bill was approved and includes a delay to the “pay as you earn” (PAYE) and the possibility to defer income tax payments without triggering penalties or interest. The bill provides a reduction of first provisional tax payments from 50% to

15% of estimated total tax liability, and a reduction of second provisional tax payments from 90% to 65% (KPMG, 2020[68]).

The scope of deferrals has also been gradually extended beyond tax and social security payments. For instance, financial institutions including national promotional banks and institutions (NPBIs), private/private-public mixed guarantee societies, commercial banks, and others -sometimes backed by governments- introduced debt repayment and fee/interest moratoria. Data from the Central Bank of Ireland in July showed that 28% of EUR 22 billion (USD 26.6 billion) borrowed by SMEs is subject to deferral from payment. 60% of loans to the sectors that are hardest hit by the crisis, such as accommodation and food services, have availed of payment relief, 30% for wholesale and retail companies and a similar level for manufacturing (Irish Times, 2020[69]) In Brazil, the federation of banks announced an agreement by which the five largest banks in the country responded to requests for a 60-day extension for the debt maturity of individuals and SMEs (OECD, 2020[2]).

Moreover, payment deferrals on the payment of utility bills, mortgage payments and rent has also been applied in some countries with SMEs being the main beneficiaries. In France, for example, the government postponed the payment of utility bills (water, gas, electricity) and rental payments for very small enterprises facing economic difficulties (Choose Paris Region, 2020[70]).

Public procurement policies have also sometimes been adjusted to address liquidity constraints. For example, France and Belgium stopped delay penalties from public contracts. In New Zealand, public entities have been directed to pay their bills within ten working days to support SMEs (OECD, 2020[2]).

After the summer, many countries have extended deferral measures to end 2020 or beyond in response to the second wave and new confinement measures.

Financial support measures

Governments and promotional financial institution took rapid and unprecedented action to help businesses face the repercussions of the COVID-19 crisis. In the immediate aftermath of the crisis, governments around the world focused on policies that provided quick liquidity relief through debt mechanisms many of these targeted specifically to SMEs (OECD, 2020[1]) (OECD, 2020[2]) (OECD, 2020[71]) (Anderson, Papadia and Veron, 2021[72]) (AECM, 2021[73]).

Grants and subsidies

In many countries, grants and substitutes have been used to increase SME liquidity, often to compensate SMEs for closures due to lockdown measures or further losses in revenue. Various countries set up such grant schemes during the first wave of the pandemic, including Australia, Belgium, Chile, Denmark, France, Germany, Korea, Switzerland and the United Kingdom (OECD, 2020[2]).

During the renewed lockdown and containment measures after the summer, these grant schemes became more widely used and were made more generous, reflecting the increasingly challenging financial situation of SMEs, especially in hard hit sectors, and increasing recognition of the importance of avoiding SME over-indebtedness. In Israel, for example, two initiatives in this domain were launched in July 2020. Under this arrangement, NIS 1 billion (USD 310 million) in tax grants for small business and a second package of NIS 10.5 billion (USD 3.2 billion) support for businesses and self-employed was introduced. In Sweden, as another example, support measures, introduced in early September, were extended, including a grant scheme to small business that lost income during the pandemic and that had not been eligible under previous measures (OECD, 2020[45]). These schemes were further extended until February 2021. Similarly, in Flanders (Belgium), a new support scheme was announced in early August, providing grants of up to

EUR 15 000 (USD 18 150) for businesses that saw a 60% reduction in turnover.[32] This scheme has been extended and adapted in January and February 2021. In Ireland, in line with the new budget released in October, the government introduced a special scheme offering cash payments of up to EUR 5 000 (USD 6 050) a week for firms forced to close due to the COVID-19 pandemic.[33] Similarly, Germany launched new grant support for SMEs in October 2020, compensating them for 70% of lost turnover by the renewed lockdown. Japan, in January 2021, announced it will offer 400,000 yen cash pay-outs to small firms that suffer sales loss by half or more and 200,000 yen for individuals who face a similar extent of sales loss due to pandemic.[34] Luxembourg introduced a EUR 120 million support scheme for business to cover fixed costs, to support companies that suffered from a monthly turnover decline between November 2020 and March 2021 of at least 40% compared to the same period of 2019. The aid will help them pay 70% (90% in case of micro and small companies) of their fixed costs that are not covered by revenues, up to a maximum of EUR 1 million.[35]

In addition, some countries used grants as a pro-active means to support recovery. Ireland, for instance, introduced a new grant scheme in August 2020 that was aimed to allow SMEs to restart and reopen. Israel in July 2020 announced a grant scheme for small business whereby SMEs can get a NIS 1000 grant to acquire a fibre optic internet connection.[36]

Loan guarantees

Many governments have introduced or extended measures to incentivise commercial banks to lend to SMEs through loan guarantees. Some of the measures include increasing the guaranteeing capacity (in terms of total guarantee volume to be granted), increasing the maximum guarantee volumes per beneficiary, increasing the proportion of a loan that can be covered by members' guarantee, a reduction or waiver of processing and guarantee fees, fast-track procedures with reduced documentation requirements, extension of repayment periods of guaranteed loans and granting of an amortisation-free period, and extension of the scope of the guarantees to sectors that were previously not covered and to further development stages of companies (EBRD, 2020[74]) (AECM, 2021[73]). In Europe, for example, at least 34 credit guarantee schemes introduced dedicated programmes and at least 35 guarantee institutions extended (partially drastically) the provision of guarantees to support SMEs suffering from lockdown measures. At least 23 guarantee institutions introduced fast-track procedures and eased their documentation requirements in order to simplify the access to finance of small businesses in difficulties. On top of the above-mentioned measures, guarantee institutions support SMEs by reducing collateral requirements (in case they require additional collateral) and by offering advisory services (OECD, 2020[1]) (AECM, 2021[73]). The quantitative expansion of loan guarantee schemes was remarkable. The European Association of Guarantee Institutions (AECM) reported on an increase of outstanding guarantee volumes of all its members together amounting to 135% during the first semester 2020 (AECM, 2020[75]).

While there is a noticeable uptick in the use of credit guarantees in many countries, the uptake of loans has been heterogeneous. In Spain, for example, the lower availability of alternative finance relief measures (such as grants and debt moratoria) can explain why the take-up of loan guarantees was high. In France,

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[32] https://www.vlaanderen.be/economie-en-ondernemen/subsidies/steunmaatregelen-voor-zelfstandigen-en-ondernemers-die-schade-lijden-door-de-coronamaatregelen

[33] https://www.citizensinformation.ie/en/money_and_tax/budgets/budget_2021.html#

[34] https://www.businesstimes.com.sg/government-economy/japan-government-offers-cash-payouts-to-small-firms-hit-hard-by-coronavirus

[35] https://www.eureporter.co/health/2020/11/25/commission-approves-e120-million-luxembourg-scheme-to-support-uncovered-fixed-costs-of-companies-affected-by-coronavirus-outbreak/

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

the favourable pricing conditions on the first year might have incentivized companies to acquire loan guarantees. In contrast, in Germany, despite the large deployment of loan guarantees, its use was limited potentially given the large availability of grants, tax deferrals and short-time working schemes, as well as less favourable pricing conditions on loan guarantees (ECB, 2020[76]). In Italy, low demand for loan guarantees is associated with bottlenecks in the supply side, where the addition by commercial banks of further requirements to lend to SMEs may have hindered the lending rate. As these bottlenecks have gradually disappeared (in part given the increase of the guarantee coverage ratio to 100%, and the increase in the maximum guaranteed amount from EUR 2.5 million to EUR 5 million (DLA Piper, 2020[77])) the loan guarantee take-up has expanded rapidly in July and August 2020 (Banca d'Italia, 2020[78]).

The design of loan guarantees schemes varied significantly as the pandemic developed. For instance, in some jurisdictions, the loan capacity was expanded in response to an uptick in demand. In Australia, for example, the government announced in July 2020 the extension of the loan guarantee scheme and an increase in the credit limit to up to AUD 1 million (USD 750 000), from AUD 250 000 (USD 187 500), after more than 15 600 businesses applied for loans worth of AUD 1.5 billion (USD 1.12 billion) The extension of the loan guarantee scheme was launched also to respond to SMEs' needs in the next phase of the coronavirus, to move out of "hibernation and successfully adapt" (Reuters, 2020[79]).

In other countries, the guaranteed coverage increased, to incentivize more lending from banks to micro-enterprises and SMEs. For example, in Colombia, the guarantee increased from 80% to 90% for micro-enterprises and self-employed entrepreneurs. In the United Kingdom, the guarantee coverage changed depending on the minimum turnover of the company, while 80% was guaranteed for SMEs with turnover of up to GBP 45 million (under the Coronavirus Business Interruption Loan Scheme), 100% was guaranteed to SMEs with turnover of up to GBP 50,000 (under the Bounce Back Loan Scheme) (OECD, 2021[80]).

Direct lending through public financial institutions

To complement lending from commercial banks, a large number of governments have also enhanced direct lending to SMEs, for example by introducing new facilities, expanding existing schemes, easing the procedures for access, lowering interest rates or opening lending facilities for disaster relief.

In many of the countries that implemented new loan schemes, SMEs from all sectors that experience cash flow challenges are eligible (Australia, Austria, Canada, Croatia, the Czech Republic, Ireland, United Kingdom, and the United States). In other countries, new direct lending schemes were opened only to SMEs in sectors that were hit badly by the crisis. As examples, Brazil and Colombia opened credit lines specifically for the hospitality and aviation sectors.

Equity and quasi-equity measures

The use of equity and quasy-equity instruments to support SMEs has been rising since summer 2020, with almost half of high income countries now including some form of equity support in the policy mix. For instance, the Australian Business Growth Fund provides equity for SMEs with a turnover of AUD 2 million to 100 million turnover and 3 years profitability (with an exception for COVID-19). The "Reactivate Programme" in Chile provides support to investment plans of SMEs affected by COVID-19. Equity crowdfunding has also been used by some governments to provide support. In the United Kingdom, through the Future Fund scheme, the government matches 100% of the amount a business raises from investors, thereby doubling the amount of funding received by the business. The funding takes the form of convertible loan, and it is up to a maximum of GBP 5 million.

Structural measures

In their response to the pandemic, countries increasingly use more structural measures to enhance SME resilience and competitiveness. Some countries have done so from the outset of the pandemic (Ireland, Korea), others have done so since June onwards, in various cases as part of wider recovery and investment packages. This includes support for innovative entrepreneurship, SME digitalisation, and policies related to skills, innovation and sustainability, as well as initiatives to boost demand for goods and services and integrating SMEs to new markets.

Support for start-ups

In the immediate aftermath of the crisis, public response measures typically did not target start-ups specifically and many liquidity relief measures were not easily accessible for new ventures because of their eligibility criteria. In a growing number of countries dedicated start-up packages were launched (for instance in Austria, Canada, Denmark, Germany, France, Italy, Malaysia, the Netherlands, Portugal and Switzerland, United Kingdom, see also section 4 for more detail on the measures for start-ups), whereas more generally other instruments such as early-stage equity and start-up support were included in liquidity packages (for instance in Australia, Belgium, Germany, Hungary, Lithuania, the Netherlands, Sweden and the United States) (OECD, 2020[2]).

In the second half of 2020, renewed challenges for new start-ups appeared that were started during the pandemic and hence could not show pre-crisis revenue loss. In the Netherlands, for instance, measures were adapted to the needs of these companies.

SME digitalisation

The containment measures have strengthened the case to provide support to SMEs to accelerate the adoption of teleworking and digitalisation. Government interventions in this area mainly focus on two areas: i) increasing the digital skills of entrepreneurs, business owners and their employees through business development services and ii) expanding access to digital infrastructure, tools and techniques such as cloud infrastructure, teleconference facilities, e-commerce, and so on. An increasing number of countries have adopted support for SME digitalisation. Whereas in July 2020, of the 60 countries monitored13 countries had adopted SME digitalisation support measures in the context of the pandemic (OECD, 2020[2]), by Q1 2021 this had risen to at least 24 countries, reflecting both the need for further SME digitalisation against the background of new lockdown measures and in the build back better packages for recovery (see 3.2.5).

For example, Argentina introduced a finance line of ARS 532 million (USD 8.6 million) for SMEs to use specifically on teleworking. Ireland implemented the Digital Trading Online Voucher scheme worth EUR 3.3 million (USD 4 million), where microenterprises can get EUR 2,500 (USD 3,025) worth of online training. This is often complemented by private initiatives. For instance, the Digital Team Austria Initiative consists of companies in the tech industry which have committed themselves to offer services to SMEs free of charge for at least three months (OECD, 2020[2]). In Malaysia, the e-commerce Campaign jointly funded by the government and 20 e-commerce platforms will provide e-commerce on-boarding training facilities, as well as sales support services to SMEs.

In September 2020, Australia announced a package of AUD 800 million with measures to help businesses take their administration and regulatory compliance online, citing higher demand due to changes brought by the COVID-19 pandemic. The digital package “provides significant backing to continue that digital push” and “supports Australia’s economic recovery by removing out-dated regulatory barriers, boosting the capability of small businesses, and backs the uptake of technology across the economy”. The measures include spending AUD 29 million on the roll-out of 5G high-speed internet and AUD 28.5 million to promote “open banking”, where customers can shop around for financial services with their own data. It also includes AUD 6.9 million to test the use of blockchain - where information is stored on a network of computers, rather than in one place - to cut compliance costs.[37]

In November 2020, France announced EUR 100 million in support for small business to build up online operations as new lockdown measures were implemented.[38] In December 2020, New Zealand launched a Government-funded Digital Boost skills training and support initiative. The Digital Boost skills training is the first initiative to be launched from the Digital Boost programme, a partnership between the Ministry of Business, Innovation and Employment (MBIE) and the private sector to support thousands of small businesses in realising the benefits of using digital tools and technologies in their business.[39]

At the supranational level, SME digitalisation is also high on the political agenda. At the EU level, the Digital Innovation Hub Network allows digital hubs active in the 27 member states to share best practices on how to support the digital transformation of SMEs and improve their resilience. Key areas of interest include the use of tools such as delivery and payment solutions, digital business protection and digital collaboration support for European SMEs to overcome obstacles posed by new technologies. Additionally, the European Commission has deployed EUR 1.6 million (USD 1.9 million) for open calls to finance experiments in cyber-physical systems to incentivise the creation of further innovative tools for SMEs (European Commission, 2020[81]).

Upskilling and reskilling to match companies' needs in the post-COVID-19 period

The transformational nature of the COVID-19 pandemic will likely have a profound impact on labour markets, possibly widening pre-existing skills mismatches. Job losses are likely to be particularly concentrated in the hardest hit sectors. For instance, in the accommodation and food sector, 70% of SME jobs are at risk, 56% in the wholesale and retail sector, and 68% in the professional service sector (Mckinsey, 2020[82]). The Job Quality Index (JQI), a research project from Cornell Law School and the Coalition for a Prosperous America, estimates that more than 37 million jobs are vulnerable to short-term layoffs due to the COVID-19 crisis and the response to it. These jobs at risk are mostly low-wage, while expected increases in the demand for jobs lies in highly educated profiles and skills (World Economic Forum, 2020[30]).

In the first phase of the pandemic, skills policies played a relatively limited role in the SME policy response, although some countries (in particular Australia, Denmark, New Zealand, France, Norway) from the outset included training measures, and other countries (China, Finland, Germany, Greece, Ireland) included provisions for mentoring and consultancy.

Since the summer, policy makers are increasingly focusing on programmes to tackle these issues. In Australia, as a response to COVID-19, the government adjusted the national "My Skills programme"" that subsidises upskilling, reskilling and vocational training to meet firms' needs during the pandemic. The support available to businesses includes up to AUD 5 000 (USD 3 750) for hiring a new apprentice, up to AUD 1500 (USD 1 125) reimbursement for equipment and services including online training when businesses hire new apprentices (including hiring an existing worker as an apprentice), or travel accommodation allowance associated with hiring an apprentice from rural or regional South Australia (Australian Government, 2020[83]). Furthermore, in October 2020, the government provided additional AUD 1.2 billion (USD 900 million) to create 100 000 new apprenticeships and traineeships, with a 50% wage subsidy for businesses who employ graduates (Australian Government, 2020[84]). In Singapore, through the initiative Skills Future Singapore, the government is subsidising absentee payroll for employees taking training, providing 90% of hourly basic salary. This initiative targets especially the food service and retail

[37] https://www.reuters.com/article/us-australia-budget-internet-idUSKBN26J3BD

[38] https://www.reuters.com/article/us-health-coronavirus-france-idUSKBN27H1HZ

[39] https://bizedge.co.nz/story/nz-small-business-to-access-government-digital-boost-training-initiative

sectors (SSG, 2020[85]). In Austria, Canada, Chile and Spain, governments put emphasis on the training of digital skills.

Similarly, in the United Kingdom, the government introduced the Kickstart Scheme in September 2020, a hiring subsidy to incentive businesses to hire young workers (from 16 to 24 years old). The scheme covers 100% of the national minimum wage for 25 hours per week for six months, and additional funding is provided for training of the young people hired (Gov.UK, 2020[86]).

Integrating more SMEs into new markets

Increasingly, structural measures to integrate more SMEs into new markets are being put in place as a way to address the drop in consumer demand. Public procurement and global supply chains can open new market opportunities for SMEs. In Belgium, the Federal Plan for Social and Economic Protection includes public procurement measures that aim particularly at supporting SMEs by not imposing late penalties to contracting SMEs affected by the COVID-19 crisis, and speeding up payment periods (Belgium.be, 2020[87]). The Public Procurement Office in the Slovak Republic issued the first guidance to support the participation of SMEs in the tenders and to guide contracting authorities on how to prepare conditions to achieve it (OECD, 2020[2]). Israel has also put in place similar measures, encouraging local authorities to buy from local SMEs (KPMG, 2020[88]).

Governments have also provided support to SMEs to find new alternative markets abroad and make use of opportunities to integrate in global value chains. Potential avenues for public action are i) give support for reshoring activities ii) providing companies with timely market information and intelligence that can help SMEs build extensive networks as well as diversify their supplier base and iii) supporting SMEs in identifying, evaluating and managing risks by sharing information on potential concentration and bottlenecks upstream in supply chains (OECD, 2020[89]). For instance, Flanders during the pandemic expanded the SME Growth subsidy to help SMEs recruit strategic employees or procure advice of a service provider to acquire knowledge and consolidate a growth trajectory in 2020 (Flanders Innovation & Entrepreneursip Agency, 2020[90]). The Government of Korea, for instance, announced in July the support of KRW 1.5 trillion (USD 1.4 billion) to reshoring activities. Through this initiative, government agencies identify product segments that urgently need support to well-performing SMEs to encourage them to bring their production facilities back to Korea (Korea JoonAng Daily, 2020[91]). The government of New Zealand extended its NZTE Regional Business Partner network to include SMEs since June 2020 as part of the Trade Recovery Strategy. This mainly includes advice on how to navigate the policy landscape and optimally use public support measures as well as international market intelligence to help SMEs diversify export and import markets (New Zealand Foreign Affairs and Trade, 2020[92]).

Export guarantees and support schemes for trade finance instruments are another potential way to stimulate the integration of SME into international value chains. EKF, Denmark´s Export Credit Agency, launched two new initiatives in March 2020 to assist Danish exporters, the first one to provide liquidity for exporting companies, and the second one to extend the reinsurance of private trade credit insurance companies for both large companies and SMEs (EKF, 2020[93]). In Spain, in March 2020, the government approved an extension of the insurance coverage of the existing export insurance programme with an additional budget of EUR 2 billion (USD 2.4 billion). South Africa launched its Resilience Facility in mid-April 2020. This facility offers working capital, equity support, bridging finance, order finance, and equipment finance for companies that face disruptions in their supply chain resulting from the COVID 19 crisis (OECD, 2020[2]).

Finally, some governments are implementing measures to make it easier to trade internationally as a response to the crisis, such as by reducing custom duties or streamlining custom procedures. For instance, the Australian government committed AUD 241.9 million (USD 183.8 million) to the Australian International Freight Assistance Mechanism to support international freight routes and flights, to maintain over 90 000 tonnes of exports to 65 international destinations between April and October (Australian Government, 2020[94]).

Sustainability and green measures

Increasingly structural measures that are being rolled out include sustainability and environmental components, given how the COVID-19 pandemic exposed the fragility of the environment. Data from the Global Recovery Observatory, show that 18% of the total recovery spending around the world is spending that aim to have a positive effect on the environment, also called “green spending”. Spain, South Korea and the United Kingdom lead the total green spending as a proportion of GDP (Global Recovery Observatory, 2021[95]). In South Korea the “Green New Deal” announced in July 2020 and in Spain the “Plan de Recuperación, Transformación y Resiliencia” bring tangible and real commitments to an environmentally-focus recovery.

In this context, there have been some countries that have deployed green support for SMEs and entrepreneurs. In Norway, for instance, the Nordic Project Fund (Nopef), launched a fast track green recovery financing for Nordic SMEs. The aim of the loan programme is to scale-up green solutions from SMEs. The loan can be used for investments, business development and working capital with the requisite that the SME must commercialize green technologies to apply to finance; it includes energy efficiency renewable energy, circular economy, sustainable food production and agriculture (Nopef, 2020[96]). In Germany, the KfW and the Federal Ministry for Economic Affairs and Energy launched the programme Climate action campaign for SMEs. Through low-interest loans and grants it incentives investments in the manufacture and use of sustainable systems and products, helping SMEs in their efforts to transition to climate change mitigation, environmental protection and resource efficiency. The programme will provide up to EUR 100 million per year, over a period of three years (KFW, 2020[97]).

Support from supranational organizations has also included green measures. In Egypt, the recently created Green Value Chain programme is funded by the EBRD, the European Union, and the Green Climate Fund with EUR 70 million. It will allow SMEs to invest in climate mitigation and adaptation solutions to improve their competitiveness and enhance the development of green value chains. In addition, the Green Economy Financing Facility (GEFF) will provide up to EUR 150 million of green finance to SMEs across agricultural, construction, commercial and manufacturing sectors (EBRD, 2020[98]). In Europe, the European Innovation Council has funded over EUR 307 million to start-ups and SMEs that contribute to the objectives of the European Green Deal Strategy (European Commission, 2020[99]).

Recovery packages to build back better

From June onwards, countries launched broader recovery packages aimed to build back better. These packages vary by country in size and content, but in many cases include a strong investment focus in areas such as innovation, digitalisation, sustainability and skills, going beyond the emergency liquidity response to the pandemic and including structural policy objectives.

Germany was the first country to implement a long-term plan that goes beyond the immediate coronavirus recovery. In June 2020, the government launched the document *Fighting Corona, securing prosperity, strengthening sustainability*. This document outlines the strategy of the German Government to put the economic recovery on a more sustainable footing. It emphasises, among other things, public infrastructure and incentivises green mobility with the aim to increase the sales of low and zero emission cars and invest in green transport infrastructure. Another objective is to reduce the cost of electricity for SMEs at an estimated cost of EUR 11 billion (USD 13.3 billion). The plan has an SME and entrepreneurship component, both to assist SMEs hit by the crisis, for instance through liquidity relief measures, but also to incentivise corporate investments, internationalisation and innovation activities, such as an expansion of the tax allowance for research (ETTG, 2020[100]).

In June 2020, Austria launched a package of measures which included liquidity support as well as measures regarding sustainability, digitalisation and public investment.

In July 2020, Korea outlined its plans for a New Deal, which includes both a Digital New Deal and a Green New Deal.

Colombia is an example of an emerging economy with broadly similar ambitions. The government unveiled the *Compromiso por el Futuro de Colombia* in July 2020, a broad stimulus and recovery plan. The plan will be funded with over COP 100 billion (USD 29 million) and includes the development of clean and sustainable technologies and sectors as one of its five pillars (Presidencia de la República de Colombia, 2020[101]). This is exemplified by planned investments of COP 16 billion (USD 4.6 million) to accelerate 27 renewable energy and reforestation projects (Cocier, 2020[102]). The plan also aims to structurally strengthen the entrepreneurial ecosystem by establishing a regulatory framework that will reduce some obstacles that SME owners currently have. Other relevant measures include new channels of finance such as new credit lines, access to public procurement, and reduced taxes. Between 2020 and 2022 it is expected that COP 21.1 billion (USD 6.1 million) will be invested in corporate credit and COP 50.7 billion (USD 14.7 million) in loan guarantees. The investment will be channelled through non-traditional actors such as microfinance establishments, fintech, and credit cooperatives (Presidencia de la República de Colombia, 2020[101]).

In July 2020, Spain announced various support measures focused on innovation and digitalisation. In October, the government announced a further EUR 72 billion recovery plan – a roadmap for modernisation - aimed at the creation of 800,000 jobs between 2021 and 2023, to be financed by the New Generation EU Fund. 37% of funds would go the green transition, 32% to digitalisation. As part of the package, 2.5 million SMEs will receive training in digitalisation[40] In February 2021, the government announced a EUR 11 billion economic relief package to provide solvency to SME and self-employed through subsidies, cost reductions and capital reinforcement. In April 2021, the government announced its Recovery and Resilience plan.

In France, the government launched in September 2020 a large coronavirus recovery plan *France Relance,* focusing on green energy and sustainability. The investment of EUR 100 billion (USD 121 billion), is four times bigger than the rescue strategy implemented after the financial crisis of 2008 (BBC, 2020[103]). The main objective of the plan is to move away from the emergency funding of the coronavirus crisis and to make long-term investment in upskilling to make the economy more competitive, but also to transform into a greener economy. EUR 30 billion (USD 36.3 billion) will be to boost the ecological transition by investing in the hydrogen industry and renewable energy, and making public buildings and homes better insulated (IISD, 2020[104]). While the plan includes measures that go well beyond SME and entrepreneurship development, it includes structural policies in this area as well. As a case in point, EUR 3 billion (USD 3.6 billion) will be invested to strengthen the equity capital of SMEs and mid-size companies (Reuters, 2020[105]).

In October 2020, Canada launched a CAD 10 billion infrastructure plan for economic recovery. As part of this CAD 2 billion is available to connect approximately 750,000 homes and small businesses to broadband in under-served communities.[41] Over half of the investment will be directed to renewable generation and storage projects; energy-efficiency building retrofits; and zero-emission buses and charging

[40] https://english.elpais.com/politics/2020-10-07/spanish-pm-predicts-creation-of-800000-jobs-over-next-three-years-thanks-to-european-recovery-fund.html

[41] https://www.reuters.com/article/us-canada-politics-infrastructure-idUSKBN26M6NW

infrastructure.[42] Furthermore, the government's fiscal update in November indicated Canada intends to spend CAD 100 billion to kick-start the country's post-pandemic economy.[43]

In October 2020, Australia launched the Federal Budget for 2021/22.[44] This includes a set of measures of relevance to SMEs, including regarding investments in skills and training, boosting business and infrastructure investment, and environmental measures.

In Ireland, the new budget announced in October 2020 included a EUR 3.4 billion new Recovery Fund in the context of both COVID-19 and Brexit, which includes support for infrastructure investment, reskilling and retraining and investment and jobs.[45]

Japan announced its recovery plans in November 2020, as part of the FY 2020 3rd supplementary budget, including 3 pillars. The second pillar concerns reforms for the post-COVID-19 economy, including on the digital transformation, greening, productivity and resilience, and local and social development. In December 2020, it became clear the package would amount to USD 700 billion to tackle the effects of the coronavirus pandemic on the economy, including financial aid for businesses and investment in green technologies as Japan tries to shift to a net zero carbon footprint by 2050.[46]

The outline of Italy's Recovery Plan became clear late 2020 and was further developed during Q1 2021. It is expected to allocate EUR 196 billion to six areas, including EUR 74.3 billion to green initiatives. Of these funds, EUR 48.7 billion will go towards digitalisation and innovation, EUR 74.3 billion to the green revolution and ecologic transition, EUR 27.7 billion to sustainable mobility and infrastructures, EUR 19.2 billion to education and research, EUR 17.1 billion to gender equality and EUR 9 billion to healthcare.[47]

In January 2021, Slovenia launched a EUR 660 million recovery scheme for companies, including EUR 248 million in grants. The scheme focuses on SMEs, liquidity, the green transition and digitalization.[48]

In March 2021, President Joseph Biden signed the American Rescue Plan (ARP) into law. The plan includes several measures to assist SMEs.[49] Some initiatives are revivals of measures implemented last year, including the addition of USD 7.25 billion to the PPP programme and renewals of supplementary unemployment insurance and sick leave programs. Others are new, such as a USD 28.6 billion grant program for restaurants and bars impacted by the pandemic, USD 1.25 billion to the SBA's Shuttered Venue Operators Grant programme to assist entertainment venues, and USD 175 million for a "Community Navigator" pilot program to help SME owners, particularly those from disadvantaged backgrounds, access COVID-19 relief programs. Finally, the ARP also provides USD 15 billion for the SBA's Economic Injury Disaster Loan Advance Grant programme as well as USD 1.32 billion to bolster SBA's administrative efforts. A further build back better package was proposed in April 2021.

In March 2021, the government in the United Kingdom presented its budget which includes GBP 5 billion for a restart grant for businesses in England, with GBP 18,000 available for each premises. GBP 794

[42] https://www.enr.com/articles/50278-canada-unveils-75b-project-spending-plan-as-new-covid-19-stimulus

[43] https://www.bbc.com/news/world-us-canada-55139229; https://www.budget.gc.ca/fes-eea/2020/home-accueil-en.html

[44] https://budget.gov.au/

[45] https://www.citizensinformation.ie/en/money_and_tax/budgets/budget_2021.html#

[46] http://www.smetimes.in/smetimes/news/global-business/2020/Dec/11/japan-emergency55013.html

[47] https://www.euractiv.com/section/politics/short_news/italys-recovery-plan-draft-revealed/

[48] https://balkangreenenergynews.com/slovenia-earmarks-eur-660-million-for-liquidity-in-firms-green-transition/

[49] https://www.sbc.senate.gov/public/index.cfm/2021/3/cardin-statement-on-small-business-provisions-in-american-rescue-plan

million is available for similar grants in Northern Ireland, Wales and Scotland. As part of the budget, a Build Back Better growth plan was launched with support for investment in infrastructure, skills and innovation. The budget also includes a “Help to Grow” digital training and grants scheme. A new Recovery Loan Scheme will replace the existing BBLS and CBILS schemes. The government also extended the furlough scheme by five months and extended support to the self-employed.

4 One year of SME and entrepreneurship policy responses to COVID-19: 15 lessons learned

One year since the start of the pandemic, many countries in the world have again imposed lockdown measures. With SMEs even more vulnerable than at the outset of the crisis, countries have extended and expanded liquidity relief measures. An increasing number of governments is launching recovery packages to "build back better", having also learned from the first phase how to deal with the fallout of the pandemic, to balance the need for continued short-term measures with more long-term and structural policies to move forward. Box 4.1 summarizes the key lessons learned for SME and entrepreneurship policy makers that address both short and longer term challenges, which are discussed in further detail in this section.

Box 4.1. Lessons learned for SME and entrepreneurship policy responses to COVID-19

1. Ensure rapid delivery of SME and entrepreneurship policy support by simplifying access and ensuring effective digital delivery systems, while safeguarding accountability and effectiveness;
2. Ensure to the extent possible that policy support focuses on viable existing companies and start-ups;
3. Reboot start-up policies to enhance the potential of innovative new ventures for recovery;
4. Ensure that support measures are inclusive and reach vulnerable segments of the SME population, including women and minority entrepreneurs;
5. Rethink policy approaches with regard to self-employed entrepreneurs;
6. Avoid SME over-indebtedness and an SME solvency crisis by exploring equity, quasi-equity and other non-debt support;
7. Prepare responsible exit strategies for emergency liquidity support measures;
8. Allow processes of creative destruction to take their course, while supporting second chance entrepreneurship and safeguarding a just transition;
9. Ensure that recovery programmes to "build back better" reflect the circumstances and perspectives of SMEs and entrepreneurs and are well-suited to support their recovery;
10. Include a strong focus on the digitalisation of SMEs and new firms as a cornerstone of recovery;
11. Take actions to improve the resilience of SMEs, start-ups and scale-ups;
12. Strengthen the forward looking capacity, resilience and responsiveness of SME and entrepreneurship policy frameworks;
13. Ensure effective and inclusive multi-level governance mechanisms;

14. Ensure that SMEs and entrepreneurs, and the organisations that represent them, are consulted and included in government decision-making processes regarding policy responses to the pandemic and in the development of recovery plans;
15. Consider the unique challenges and opportunities the SME and entrepreneurship policy responses to COVID-19 pose for policy monitoring and evaluation.

Ensure rapid delivery of SME and entrepreneurship policy measures through simplified access to support and effective digital delivery systems, while safeguarding accountability and effectiveness

SME policy makers across countries responded with unprecedented speed to the pandemic and containment measures, and the impact this had on SMEs. In fact, the months of March and April 2020 will probably enter in history books as the period when the highest number of SME policy initiatives were launched. In ensuring rapid delivery, two factors appear to have been particularly important: low administrative thresholds for accessing government support and digital delivery systems.

First given the risk of liquidity shortages for the vast majority of SMEs, public support measures were generally open to all SMEs with limited checks and broad eligibility criteria to facilitate fast delivery. Examples from the United Kingdom and the United States suggest that such broad schemes could be successful in reaching a large number of beneficiaries in a short time span. The UK Bounce Back Loans implemented by the British Business Bank for instance allowed for approval of loans for existing customers within 24 to 72 hours, but with expected default ranges of between 35% and 60% (National Audit Office, 2020[106]). Similarly, the United States Paycheck Protection Programme went with broad eligibility criteria and limited targeting (Opportunity Insights, 2020[107]). Various countries further simplified access to support measures over the course of the first wave of the pandemic for the sake of speed.

A second factor for rapid delivery of support was well-developed digital infrastructures. For instance, in Switzerland and Korea simplified and easily accessible digital portals to access support that combined information from various sources and minimised administrative burdens for entrepreneurs, allowed for rapid responses to aid requests. The application process for the Swiss “bridging credit facilities” (a direct loan scheme introduced as a response to the crisis) is fully online and as user-friendly as possible. As a result, loans can be provided in 30 minutes, and this contributed to a very strong growth in uptake in the first weeks after the programme was introduced.

Both aspects provide lessons learned and help explain the differences between countries in how rapidly support was provided. Simplified access was an objective in many countries, including the lifting of fees (such as in Italy and Poland), the shortening of approval procedures (such as in Israel) and the provision of tailor-made support to SMEs for easy access (such as in France). The experience with these rapid handling of procedures may benefit the delivery of SME and entrepreneurship support in the future. Similarly, the broad eligibility and limited ex ante eligibility checks can provide lessons learned for a risk-based delivery of SME policy support. However, such rapid and easy access may also have had side effects, in affecting the accountability and effectiveness of support and raising questions in some countries, whether the support measures reached those for which they were intended or whether they were used by others that were not SMEs or otherwise did not need (or were not entitled to) the support. For instance, in the United States some impact evaluations suggest that the effect of the Paycheck Protection Programme (PPP) on employment retention was only 3% relative to businesses that did not benefit from the PPP (Opportunity Insights, 2020[107]) and that PPP funds did not always go to the intended beneficiaries (CNBC, 2020[108]). One year since the start of the pandemic, time pressure on SME policy makers remains high and the need for urgent delivery remains of the essence. However, countries have learned from the first phase of the crisis. For instance, the PPP in the US was renewed in December 2020 aimed to address a number of the earlier challenges. The sharing of lessons learned on how to find a better balance between strengthening accountability, rapid delivery and broad eligibility remains important.

Differences in delivery speed appear strongly related to the degree of success of countries in adopting digital tools for delivery. Large differences in the functioning of digital government exist across OECD countries (OECD, 2020[109]), with implications on how countries were prepared for a strong digital delivery of SME and entrepreneurship policy response to the pandemic. For instance, the robust digital infrastructure that existed in Estonia prior to the crisis has proved useful to deploy support for businesses. Two key elements underpin Estonia's e-government approach. First, the digital ID system provides access to all digital services to businesses and citizens. With the digital identification, businesses are able to do e-signatures and use all government services remotely. The second, is the use of an X-road platform that enables business data to be collected one time only, which is then made available for all public actors. It saves time for entrepreneurs and business owners not to supply the same information repeatedly, but it also allow transparency in the roll of financial support, thereby limiting the possibility for misappropriation (ICAEW, 2020[110]). As a consequence, the Estonian digital infrastructure was well equipped to tackle the economic effects of the pandemic and ensure businesses are able to adapt to the current situation. For example, the possibility to do remote identity verification, ensures businesses can continue to use all notarial services as before the pandemic without visiting a notary's office (E-estonia, 2020[111]). Real time information on border crossing, has also been implemented to help businesses to manage the disruptions in supply chains and to improve transport planning for cross border deliveries (Sixfold, 2020[112]). For SMEs, this free-of-charge tool is particularly relevant. Another useful digital solution is the temporary job offers platform developed by the Estonian Unemployment Insurance Fund. It matches employers with jobseekers, and helps businesses that need additional human capital in the current situation. The platform has an online trade fair format and offers an opportunity for direct communication between employers and jobseekers (Estonian Unemployment Insurance Fund, 2020[113]).

A further example regards the Bank of England, which is currently developing a platform to enhance access to finance for SMEs. This platform will leverage on permission data sharing standards to deliver an Open Data Platform and a ''portable credit file'' to make it easier for SMEs to apply to credit an improve transparency to lenders. Using Application Programming Interfaces (APIs), sensitive financial data can be shared securely with third party providers at the SMEs' command. As a result, lenders could access data held at insurance and utilities companies, rating agencies, social media and governmental data sources with an easy authorisation. This will help build richer SMEs credit files and will shorten administrative processes, eliminating barriers for SMEs to access more lenders and thus, decreasing the SME funding gap (Bank of England, 2020[114]). In addition, the shortening of on-boarding processes will allow customers to share their credit files with different providers enhancing choice and competition in the market.

These examples suggest ample possibilities for mutual learning in how countries can use digital tools and data to rapidly deliver support to SMEs (OECD, 2020[115]). One year into the pandemic, the 'need for speed' (OECD, 2021[4]), while ensuring for transparency, accountability and fairness, remains very important.

Policy interventions should strive to target viable enterprises that need them the most

By and large, the policy support at the start of the pandemic was open to all SMEs in need and with few strings attached. As a result, the take-up was generally high. As an illustration, an unprecedented 70% of small businesses in the United States were supported by public emergency relief measures in the first half of 2020 (Foroohar, 2020[116]). In Ireland, around 6 out of 10 firms availed of government support (excluding the temporary wage subsidy scheme) between 4 and 31 May 2020 with a similar number of SMEs reporting having made use of the temporary wage subsidy scheme over the same period (Central Bank of Ireland, 2020[117]).

In many respects, this high take-up can be seen as a success, which helped avoid a massive rise in bankruptcies during 2020. However, the wide and relatively easy access to credit and the changes in insolvency and bankruptcy procedures in some jurisdictions may also have unintended consequences. First, it may have led to the situation where support went to firms that that did not need it, resulting in a less efficient and more costly provision of aid. Some empirical evidence shows that this indeed may have been the case. (Gourinchas et al., 2020[118]) showed that in some cases SMEs that did not need the support benefited as well, and that the fiscal cost of an intervention that narrowly targets at risk firms can be modest (0.54% of GDP), whereas non-targeted subsidies, although easier to implement, can be substantially more expensive (1.82% of GDP). However, according to the World Bank, small firms world-wide (in particular in developing countries) were among those least likely to receive support (Apedo-Amah et al., 2020[119]).

Second, support measures may have kept unproductive and loss-making firms[50] afloat (Bank for International Settlements, 2020[120]) and hampered processes of creative destruction, with negative effects on economic dynamism and competition in the medium to long run. Evidence on this is limited. (Schivardi, Sette and Tabellini, 2020[121]) in a paper from June 2020 argue that the risk of 'zombie lending' in the COVID-19 crisis is limited. Research from the Netherlands suggests that COVID-19 support primarily went to companies that were well managed (Groenewegen, Hardeman and Stam, 2021[122]). (Anderson, Papadia and Veron, 2021[72]) show that the risk of zombie firms differs by country, depending for instance on how support instruments are designed. (Abay, Tafere and Woldemichael, 2020[123]) point to substantial reallocation from less to more productive sectors because of the pandemic. (OECD, 2020[124]) 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. Moreover, even if some aid reached non-viable firms, this can be seen as an inevitable trade-off of the need to rapidly deploy across the board support for SMEs to avoid a massive rise in bankruptcies (Anderson, Papadia and Veron, 2021[72]).

However, one year into the pandemic the risk of negative effects of non-targeted support may be increasing. In particular, the loose monetary policies and the extension of liquidity measures since summer 2020, such as the expansion of loan guarantee coverages to 100% in some countries, could incentivise commercial banks to continue lending to firms with weak profitability or solvency. Moreover, even if viable pre-crisis, a year of hardship may have challenged the viability of many more SMEs beyond short-term liquidity constraints. This risk is especially pronounced during this crisis due to its transformational nature, putting in doubt the long-term viability of certain activities and business models that were thriving before the pandemic hit.

In moving forward, policy makers will need to take these risks into account better. To some extent, when recovery sets in and wages and interest rates rise, less viable firms may find it harder to survive anyway (PIIE, 2020[125]). Moreover, policy makers should increasingly consider tailoring programmes towards viable enterprises that really need the support. This could be done by tightening ex-ante eligibility criteria and/or by introducing conditionality in accessing support. As an example, labour market policies could shift from protecting pre-existing labour relationships towards supporting workers at risk of losing their jobs (in part to find other employment opportunities) in recognition that poorly targeted policies can hinder the transition of labour to firms in expansion. In another area, the Group of Thirty, a Washington-based think tank, proposes to (re-)introduce traditional credit underwriting and pricing approaches (whereby the cost of support would be made conditional on the risk) in SME credit programmes. (Group of Thirty, 2020[126]). Focusing support measures on sectors and activities that most need them is another example of a more targeted approach, which is increasingly adopted, for instance in the hospitality and tourism sector.

However, such a process needs to be carefully managed, since "the risk of supporting potentially non-viable firms needs to be balanced against the risk of forcing viable and productive firms into premature

[50] Often described as "zombie firms" (Andrews, McGowan and Millot, 2017[166]).

liquidation" (Demmou et al., 2021[127]). That "trade-off" (Anderson, Papadia and Veron, 2021[72]) becomes more complex the longer the pandemic and support measures last. A key challenge is to avoid pushing SMEs that have suffered during the pandemic but in essence remain viable and solvent out of business. Firms may be illiquid or even insolvent according to traditional measures, but still viable, whereas in other cases firms may appear viable but have structurally unsound or unsustainable business models (Group of Thirty, 2020[126]). Applying traditional criteria and processes to identify "viable" businesses – such as balance sheet data or recent credit history and existing insolvency arrangements – may not work with such a large shock, and may need to be reassessed (Kamal-Chaoui, 2020[128]) (OECD, 2020[129]).

Alternative mechanisms enabled by Fintech may offer new ways to assess risk. There is a segment of fintech firms that provide alternative credit rating services, or credit scoring services. By using alternative data to assess creditworthiness of companies they can help governments in differentiating with more detail between the viability of companies. For example, business liquidity can be measured by the number of transactions of a company's bank account. Algorithms and big data analysis can categorise data across transactions in different areas, making it possible to further extrapolate future viability of a company (Finextra, 2020[130]).

Boost start-up rates, especially for innovative new ventures

As aforementioned, start-ups and young firms were strongly impacted during the first phase of the COVID-19 pandemic. They may be particularly affected by increasing risk-aversion of financiers, given their elevated risk profile, while at the same time facing particular constraints in accessing government support. Measures such as loan guarantees, direct lending or subsidies are often conditional on past activities, for example requiring proof of revenue in preceding years. Support measures that are channelled through commercial banks may also fail to reach start-ups and young firms because of their elevated risk profile and lack of business track record.

For example, in Europe, several start-up associations filed complaints to the Temporary Framework for State Aid as it was not giving "enough flexibility to Member States to support start-up ecosystems" (Techcrunch, 2020[131]). Their main concern is that the criteria stablished by the European Commission states that "a company must be viable as of 31 of December of 2019." Given that start-ups can (often) have losses in their first years of operations and are not able to prove profitability prior to the crisis, this rules them out for aid, even though they may be viable over the longer term. As a response, the European Commission made an amendment to encourage private investors to help recapitalise start-ups and young firms, even if they were not profitable before COVID-19.[51] . The importance of ensuring that regulations regarding financial support take the circumstances of start-ups into account was highlighted by the pandemic.

Several countries (including Austria, Canada, Denmark, Germany, France, Italy, Malaysia, the Netherlands, Portugal and Switzerland, United Kingdom) have therefore introduced measures specifically to target start-ups and young firms in response to the crisis (OECD, 2020[2]). For example, France and Germany included the establishment of a start-up fund of respectively EUR 4 billion (USD 4.5 billion) and EUR 2 billion (USD 2.2 billion) (with additional resources from public venture capital investors) as part of their policy responses. Switzerland launched a guarantee scheme to support start-ups that encounter liquidity problems. (State Secretariat for Economic Affairs, 2020[132]). And in Hungary, Hiventures, a state-owned venture capital fund, set up the start-up rescue programme with a budget of HUF 41 billion (USD 139.4 million).

[51] https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1221

However, as part of the shift from emergency support to recovery support governments need to consider putting more emphasis on policies to boost (innovative) entrepreneurship beyond start-up finance (Potter, 2020[133]). This is particularly important because although in some countries start-up rates have recovered after summer 2020, this may reflect to some extent a rise in necessity-driven entrepreneurship, whereas recovery would benefit from a rise in more innovative entrepreneurship. In fact, longer term changes brought forward by COVID-19 may offer opportunities for innovative start-ups, that are able to redirect their knowledge, skills and networks to new emerging market opportunities which governments can support (World Economic Forum, 2020[30]). Measures should further stimulate early-stage equity finance, but in addition governments can reduce regulatory uncertainty by simplifying administrative procedures, which also reduces transaction costs for start-ups, and adopting e-government procedures (e.g. Australia, Singapore) and support innovation in new ventures.

Several countries are including support for innovative new entrepreneurship as part of their recovery plans to “build back better”. For instance, as part of its comprehensive *France Relance* plan, announced in September 2020, the French government took additional measures to support entrepreneurship, in particular in the area of R&D and innovation, equity capital and support measures for specific activities. Nurturing start-up ecosystems will also be key, as they provide entrepreneurship training and business support in the form of mentoring, idea-sharing platforms and crowdfunding initiatives. Policies that support other actors in the ecosystem can be useful. In Italy, for example, the government introduced support of EUR 10 million to incentivise start-ups to use business incubators and accelerators (OECD, 2020[2])

In Malaysia, as another example, the government launched the National Technology Innovation Sandbox (NTIS) in July 2020 which has been introduced as part of the Short-term National Economic Recovery Plan (PENJANA) (Kementerian Sains, Teknologi dan Inovasi, 2020[134]). The NTIS provides direct support for start-ups in the form of sandbox solutions, aimed to help start-ups and SMEs test their business models and delivery mechanisms in a “safe“ environment, under relaxed regulatory requirements and in co-operation with regulators to avoid specific regulations hinder innovation (Digital News Asia, 2020[135]).

The importance of boosting new innovative start-ups can be seen as a further lesson learned from the pandemic.

Ensure that support reaches vulnerable segments of SMEs and entrepreneurs

In their continued support efforts, policymakers should take the diversity of SMEs and the specific circumstances of vulnerable groups of SMEs into account, in order to avoid the risk of some segments of the SME population not being able to benefit from the policy response.

Informal ventures are at a particular risk of not being eligible for support measures. Countries with a high share of informal ventures have adopted diverse approaches to tackle these issues. Grants and subsidies are preferred compared to credit instruments, as the repayment capacity of informal SME owners is often very low. Another important instrument is the deferral of loan repayments, which is particularly relevant given the acute cash flow shortages containment measures often entail (ILO, 2020[35]).

Finding optimal channels to reach informal SMEs is crucial. In this regard, some governments (including Argentina, Costa Rica, Ecuador and Panama) are inviting informal owners to self-identify to obtain support, for example through websites or mobile platforms. The data regarding the economic activity and personal details could then be cross-checked with national registries or other existing identification mechanisms to detect fraudulent requests. In Argentina, for example, once the SME is registered it is allowed to apply to permanent tax benefits and access to preferential credit lines and assistance programs. As of July 2020, around 1.4 million companies were registered with a valid MSME Certificate, compared to the 530,000 companies registered throughout 2019 (Zurita and Dini, 2021[136]). In addition, government bodies are also partnering with microfinance institutions, mobile money providers and village savings and loan associations who have complementary information on informal ventures. These organisations can act as intermediaries channelling information to informal SMEs about government measures and assist applicants in providing eligibility (ILO, 2020[35]).

Digital technologies opens additional possibilities in this respect. Online registrations through mobile apps and internet portals have proved useful to review and simplify applications, while electronic payments have been useful to minimise contact and speed the process. To target support to unbanked populations, some initiatives include creating bank accounts. An example of this is Brazil, where the government set up bank accounts for beneficiaries that did not already have one, these beneficiaries then received debit cards to use for digital and electronic payments (ILO, 2020[35]) (Díez et al., 2020[137]).

Furthermore, governments could take the opportunity of the COVID-19 crisis to allow informal SMEs to transition smoothly to formality. The short term response of registering firms in exchange for support does not necessarily mean these companies will be able to comply in the future with taxes and labour regulations in a post-pandemic period. Most likely they will be informal again given the costs that formality implies. For this, governments could generate the right conditions to allow for a smooth transition to formality by simplifying registering systems but combining it with policies that will increase the productivity and competitiveness of newly registered firms (training in business skills) as well as enterprise support (Observer Reasearch Foundation, 2020[138]). In Panama, for example, the Business Registry allows access to financial and non-financial programmes once the SME has participated in business management courses. These courses are one of the main requirements to access financial resources specifically deployed to face the effects of COVID-19 (Zurita and Dini, 2021[136]).

Furthermore, minority and women business owners may also be particularly vulnerable. Specific schemes with a view to gender and racial disparities are key to ensure equal opportunities to recover. Policy makers have learned that it is not only necessary to understand the differential impact of the COVID-19 pandemic on minority and women-owned businesses but also to design inclusive schemes that allow them to have adequate access to support. However, examples of such schemes are so far limited.

Canada, for example, targeted support for women entrepreneurs as part of their pandemic relief measures. CAD 15 million (USD 11.7 million) of funding has been allocated to the Women Entrepreneurship Strategy Fund, which provides a range of support services to women entrepreneurs to strengthen their capacity to manage risks caused by the pandemic. Canada also launched in September 2020 a CAD 221 million initiative for black entrepreneurs.[52] The initiative includes a National Ecosystem Fund, a Black Entrepreneurship Loan Fund and a Black Entrepreneurship Knowledge Hub. In the United States, the renewed Paycheck Protection Programme launched in December 2020 included specific provisions for supporting minority business.

In Ireland, the Women in Business 2020 Action Plan aims to understand the risks faced by female entrepreneurs after the pandemic and identify priority policy areas, such as: monitor relief programmes requiring gender disaggregated data, engaging more women in online support, and raising awareness of the benefits of gender diversity among Irish companies, including through the Part Time Key Manager grant (OECD, 2020[139]). In addition, Canada’s CanExport SMEs programme delivered though the Trade Commissioner Service aims to “provide dedicated support for indigenous and women-owned small business” (Government of Canada, 2020[140]).

In Malaysia, as part of the Short-term National Economic Recovery Plan, two initiatives focused on women entrepreneurs were launched as a response to the crisis. The first initiative involves financing micro financing in collaboration with two private banks; the total invested was MYS 400 million (USD 100 million) with MYS 50 million (USD 12.5 million) to be dedicated exclusively to women entrepreneurs. The second

52 https://pm.gc.ca/en/news/news-releases/2020/09/09/prime-minister-announces-support-black-entrepreneurs-and-business

initiative aimed to raise funds to help finance microenterprises especially for women entrepreneurs, MYS 500 million (USD 125 million) were raised (TMF Group, 2020[141]).

The lessons learned during one year of the pandemic regarding the impact on informal businesses and women and minority entrepreneurs and their limited access to support could be taken into account in the recovery packages to "build back better" currently developed.

Rethink institutional arrangements regarding the self-employed

The self-employed, while often affected significantly by the pandemic and containment measures, typically lack a strong relationship with public bodies and often find it hard to access government support (OECD, 2020[45]). There is a large diversity within the self-employment segment which proves challenging for policy makers to design access criteria to deploy support and cover all the segments. Self-employed workers not only span a wide range of sectors, they are also distributed from the bottom to the top of the income distribution (OECD, 2020[45]). Additionally, they also vary in how they run their activity (e.g. full or part time, seasonal, or portfolio workers). This diversity may leave certain segments in need of support underserved by public programmes.

From the outset of the pandemic, a large number of countries implemented measures to target self-employed workers in recognition of the fact that existing support measures for entrepreneurs or employees did not sufficiently take their circumstance into account (OECD, 2020[2]) (Biddle et al., 2020[48]) (Blundell and Machin, 2020[142]). In the United Kingdom, highly skilled self-employed, particularly those who provide their service via a limited company, have not been able to benefit from government support, and sometimes felt excluded. The Self Employment Income Support Scheme (SEIS) provides the self-employed with a taxable grant based on 80% of their average monthly income. Although take-up has been spectacular, with more than two and a half million of self-employed individuals applying for such scheme, survey data from the University of Edinburgh showed that three quarters of self-employed are not eligible. Indeed 73% of self-employed are unable to apply because they organised as a limited company rather than as a sole trader. Moreover, the eligibility criteria prevent the newly self-employed or those with annual profits of more than GBP 50,000 (USD 66,500) from applying. As a response, the UK Government relaxed the eligibility criteria and removed the minimum income floor to allow a larger segment of the enterprise population to apply (University of Edinburgh, 2020[143]). Furthermore, in October 2020, the government doubled the amount of the next round of the SEIS to cover 40% of profits instead of 20%. This changed the maximum grant cap from GBP 1,875 (USD 2,500) to GBP 3,750 (USD 5,000).

However, the continued vulnerability of the self-employed, even after the impact of the first wave winded down, led to continued policy support, up into Q1 of 2021, for instance in Israel, Korea, Spain, and the United Kingdom.

Discussions on the incorporation of the self-employed in social security, taxation and health insurance policy frameworks predate the pandemic and were in many countries linked to the rise of the gig economy and the role of self-employment therein. The COVID-19 crisis, which highlighted the vulnerabilities of the self-employed, is likely to put that discussion on the agenda for the coming period and may offer the opportunity to adapt existing arrangements to the new reality of these entrepreneurs and workers.

Avoid SME over-indebtedness and an SME solvency crisis

From the start of the pandemic, governments deployed large scale support mainly in the form of debt finance to ease SME liquidity constraints. While this support was necessary in tackling the liquidity crisis of SMEs, a large number of firms will likely struggle to repay their debts, especially those that continue to take on debt to survive the reintroduction of confinement measures.

Estimates on the increase in SME debt vary. Simulations by the Bank for International Settlements (BIS) suggest that if revenues fall by 25% in 2020, then closing the entire funding gap with debt would raise firm leverage by around 10 percentage points on average (Bank for International Settlements, 2020[12]). The Bank of France estimates that by December 2020, SME debt reached EUR 523.7 billion.[53] In the United Kingdom, where the mid-July 2020 estimates suggested a GBP 50-56 billion rise in SME debt because of the pandemic (TheCityUK, 2020[144]), by late January 2021 it appeared that SMEs have already taken out GPB 68.2 billion in loans since the start of the pandemic through two instruments alone, the Coronavirus Business Interruption Loan Scheme (CBILS) and the Bounce Back Loan Scheme (BBLS).[54] The Canadian small business confederation CFIB estimates that the average small business in Canada would accumulate USD 100,000 in COVID-19 related debt, with total small business debt potentially amounting to CAD 117 billion.[55] In Australia, estimates from October 2020 suggested that AUD 40 billion in unproductive debt will be left on SME balance sheets when the pandemic clears.[56] A survey among SMEs in the UK, released in February 2021, shows that 63% of SMEs are expected to be unable to repay COVID-19 support loans, and may be left with GBP 173,000 in debt.[57]

Higher levels of debt lead to an increase in corporate leverage, which is associated with a higher probability of default, although research from the United States shows that so far, there was only a slight rise in past-due payments by SMEs due to support measures in 2020.[58]

Rising SME debt levels create two interrelated challenges for policy makers. The first is about ensuring that further support avoids aggravating the SME debt position by creating new debt. The second is about how to deal with the existing SME debt built up during the pandemic, to avoid a solvency crisis that hampers recovery. IMF research suggests that the share of insolvent SMEs is expected to rise from 10% pre-pandemic to 16% in 2021 across 20 mostly advanced economies in Europe and the Asia-Pacific region, putting 11-16% of jobs at SMEs at risk (Diez et al., 2021[145]).

Research indicates that the use of equity or quasi-equity instruments over debt instruments to SMEs facing cash flow problems has several advantages, and offers better prospects for its beneficiaries to invest and grow once the recovery sets in. Most importantly, the use of equity over debt reduces the leverage ratio, which lowers the probability of default. A lower leverage ratio also improves the credit rating of its beneficiaries, and is for that reason associated with reduced costs of borrowing and easier access to credit. Finally, equity instruments lend themselves for co-investments from the private sector, thereby enabling more funds to be channelled towards SMEs (OECD, 2020[146]). However, policies should consider the fact that instruments to provide equity to SMEs often have limited take-up and/or are not widely adopted (with the possible exception of high-potential start-ups and mid-sized firms). Demand-side challenges include the reluctance of SME owners to weaken their ownership and give investors voting rights, the lack of familiarity of SME owners regarding equity instruments or high transaction costs.

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[53] https://www.lefigaro.fr/conjoncture/les-credits-aux-entreprises-ont-augmente-de-13-3-en-2020-selon-la-banque-de-france-20210210

[54] https://www.globalbankingandfinance.com/crippling-interest-rates-loom-why-we-need-to-write-off-business-loans-for-smes/

[55] https://www.bnnbloomberg.ca/canada/video/the-average-canadian-small-business-has-accumulated-100k-in-covid-related-debt-cfib-ceo~2123471;https://www.mississauga.com/news-story/10076227-small-business-adds-117b-in-covid-debt-cfib/

[56] https://www.afr.com/companies/financial-services/covid-could-kill-160-000-small-businesses-in-australia-judo-bank-20201012-p564a6

[57] https://www.law360.com/articles/1355897/only-63-of-smes-confident-they-ll-repay-covid-19-loans

[58] https://www.urban.org/urban-wire/despite-pandemics-hit-sales-small-businesses-arent-experiencing-dramatically-higher-delinquencies-will-trend-last

The key policy take-away is to explore measures to address liquidity shortages, while at the same time, not increasing the leverage ratio of the beneficiaries (Demmou et al., 2021[127]). A range of potential measures, including equity and quasi-equity measures, include:

- Grant support: A key advantage of grant support is that a broad spectrum of firms can benefit, including micro-enterprises and SMEs with limited growth potential without adding to their debt. Grants have been increasingly used for a variety of purposes, from wage subsidies to compensation for lost revenue or fixed costs and vouchers for digital, up-skilling or restart support. Ireland, for instance, has set up the Restart Grant Plus Scheme, which provides a one-off payment of between EUR 4,000 (USD 4,840) and EUR 25,000 (USD 30,250) to companies as they reopen or adjust their business. To be eligible, firms have to prove they suffered a turnover loss of at least 25% between 1 April and 30 June 2020 and must commit to reopening, and to hiring and sustaining employment (Silicon Republic, 2020[147]). In Chile, the “Reactivate Plan” provides grants of CLP 3,000,000 (USD 4,200) for SMEs that have been affected by the pandemic. Through this plan, the government also incentivises SMEs to digitalise, by increasing the grant to CLP 4,000,000 (USD 5,600) if the company invests a minimum of 30% in digital solutions (Sercotec, 2020[148]). Sweden released grants of a total of SEK 5 billion (USD 570 million) to SMEs to replace income lost during the pandemic (Reuters, 2020[149]).
- Convertible loans: A convertible loan allows a loan to be converted to equity if a borrower is unable to repay it. This type of instrument is beneficial for borrower SMEs as well as for lending banks. SMEs are able to have liquidity at zero interest, companies' growth potential is not impacted, and banks have the opportunity to recoup the capital in the medium and long term. The Future Fund in the United Kingdom has set up convertible loans from GBP 250,000 (USD 332,500) for SMEs. To be eligible, SMEs need to meet some conditions such as a minimum of GBP 250,000 (USD 332,500) previously raised in equity investment (British Business Bank, 2020[150]).
- Loans eligible for forgiveness: Some lending facilities convert loans to grants (i.e. the loan does not have to be repaid) under certain conditions. In the United States, the Paycheck Protection Programme is a loan aiming to incentivise small businesses to retain personnel. If certain employee retention criteria are met, the loan is forgiven. As another example, Russia launched specific loans for SMEs that eliminate the interest rate and loan repayment if the company retains 90% of its employees (Russian Small and Medium Business Corporation, 2020[151]).
- Revenue contingent loans: Australia intends to introduce revenue contingent loans, which was first proposed mid-2020 by the Australian small business and family enterprise ombudsman but is gaining ground in early 2021.[59] This involves the introduction of loans to small business where repayments are based on future turnover. The progressive loan scheme would allow businesses to access credit without having to pay it back until turnover had reached a designated level, and hence would give small businesses the confidence to seek funding.
- Subordinated loans: Subordinated loans are already in use in countries like Austria, Belgium, France, Germany and Italy. Such loans bring debt that – in case of liquidation – only needs to be paid back after other primary debts.
- Equity funds/convertible bonds: While participation in firms' capital is usually reserved for somewhat larger firms and/or for innovative start-ups, some new schemes have been launched for SMEs, or existing schemes expanded. For example, the French public investment bank Bpifrance launched its Strengthening Fund FDPME (for its acronym in French - *Fonds de reinforcement des PME*) with an endowment of close to EUR 100 million (USD 121 million) in March 2020. Firms with a turnover of at least EUR 5 million (USD 6 million) can get development capital under this scheme, mainly via bonds with share subscription warrants. In addition, the government established the French Tech Bridge, which provides convertible bonds to firms that were expected to raise funds

[59] https://www.asbfeo.gov.au/news/news-articles/revenue-contingent-loans-would-boost-confidence-ombudsman

through venture capital investments but were unable to because of the economic crisis. The scheme required co-investments from private actors and is aimed at high-potential start-ups, typically in the “high-tech” sector (Caisse des Dépots, 2020[152]). A new fund, Bpifrance Entreprises 1, was also launched on 1 October 2020, which enables non-professional investors to invest in a group of 1,500 SMEs and young firms for a period of six years and thus bring a new source of equity funding to these businesses.

- Equity crowdfunding**:** Crowdfunding instruments could potentially address finance needs of a slightly larger segment of the SME population compared to capital market instruments, allowing them to raise capital by selling securities in the form of equity, revenue share, or convertible notes. In response to the need or raise capital and not debt, some governments have put in place new regulations to facilitate SMEs to tap into funds from retail investors. In the United States, the Securities and Exchange Commission (SEC) announced temporary rules that provide flexibility for issuers that meet specific eligibility criteria to accelerate the offering process and get faster access to funds as stated in the Regulation Crowdfunding. In addition, the rules also exempt issuers offering between USD 107,000 and USD 250,000 in securities, from specific financial statement review requirements (US Securities and Exchange Commission, 2020[153]).
- Tax policies to strengthen SME equity**:** Governments can also incentivise private investment to SMEs through tax policies. In Belgium, tax incentives have been implemented to attract private investment for start-ups and SMEs affected by the COVID-19 pandemic. For instance, individuals can obtain a tax reduction in personal income tax of 20% if they acquire directly new shares of small companies, whose turnover has decreased by at least 30% from March to April 2020 (Agentschap Innoveren & Ondernemen, 2020[154]). They may also benefit from an income tax reduction of 30% to 45% if they acquire new shares directly from a start-up or via crowdfunding (Agentschap Innoveren & Ondernemen, 2020[154]).

There are also some underexplored or unconventional means to ease SMEs’ cash constraints without adding to their debt burden that could be of interest to governments. Cash-against-tax-surcharge schemes, for instance, transfer cash to companies and, in return, the recipient has to pay higher taxes on profits as soon as the company recovers. In contrast to a debt instrument, the transfer carries no unconditional repayment obligation and its repayment is dependent on the performance of the firm. In addition, the beneficiary could potentially opt out of the scheme prematurely, involving a “buy-out” option at a pre-set price by the firm and the investor. The structure of creating a trade-off between the annual charge and the exit cost incentivises highly successful firms to buy out early. Such a scheme is currently under study to be implemented at the EU level through the European Pandemic Equity Fund (EPEF) (Boot et al., 2020[155]), and has been proposed in various forms and contexts (Brülhart et al., 2020[156]).

Other long-term hybrid schemes under development are investment funds which use flexible revenue sharing instruments, whereby revenues generated by the firm are used for repayment. This enables investors to provide quasi-equity funding to a relatively broad range of small firms, while making repayment contingent on the financial health of the investee enterprises. The European Scale-up Action for Risk capital (ESCALAR), launched on 8 April 2020 and managed by the European Investment Fund (EIF), provides equity investment with the objective to address the financing gap by high growth scale-up companies. It provides risk-adjusted returns that are capped and that share debt and equity characteristics to attract investors who otherwise would not invest in such risky assets. EUR 100 million (USD 121 million) will be invested in single fund commitments with an overall investment envelope of EUR 300 million (USD 363 million) (European Investment Fund, 2020[157]).

Some countries are launching initiatives to restructure SME debt to avoid hindering their capacity for recovery. In November 2020, Singapore introduced two new schemes regarding restructuring of SME debt.[60] Under the Sole Proprietors and Partnerships (SPP) Scheme, SMEs are allowed lower monthly instalment payments for unsecured business borrowings by extending the loan repayment period to a maximum of eight years. Interest rates for the restructured loans will be based on the individual loan's original contractual terms, capped at 7 per cent per annum. The Extended Support Scheme – Customised (ESS-C), helps to restructure SME credit facilities across multiple banks and finance companies. In March 2021, Spain introduced a EUR 11 billion economic relief package to provide solvency support to SMEs and self-employed through subsidies, cost reductions and capital reinforcement. The package includes three separate funds: a EUR 3 billion pool to restructure state-guaranteed loans, to be managed by the banking sector, an EUR 1 billion reserve to recapitalise medium-sized companies, run by state-owned financing company Cofides, and a EUR 7 billion in non-refundable direct aid to self-employed workers and SMEs affected by the crisis.[61] Various countries are extending maturities on loans and grace periods on principle repayment.

Finally, addressing the impact of rising SME indebtedness may require further reform of insolvency regimes to allow for successful restructuring of insolvent firms. This may require establishing specific procedures for SMEs, including promoting informal debt restructuring and out of court settlements as SMEs run a higher risk of being liquidated in formal insolvency processes (Demmou et al., 2021[127]).

Prepare for responsible exit strategies

After the first wave of the pandemic in the spring of 2020 and the SME policy measures deployed, in many countries the focus of their attention increasingly turned to exit strategies from such support. However, with new waves of the pandemic and lockdowns in the fall, countries have typically extended and expanded their emergency support, and placed on hold discussions on exit strategies until progress in vaccinations would allow for this. A too sudden withdrawal of emergency public support measures would unnecessarily risk the bankruptcy of viable businesses, with the end of lockdown measures in sight after large scale vaccinations. At the same time, it is increasingly clear that the policy response has also negative impacts, and that indefinite continuation of emergency support measures is undesirable. As previous sections commented, this could keep unviable firms in business and contribute to rising SME debt. Governments should prepare for responsible exit strategies that do not end support too rapidly and abruptly, and at the same time include a perspective and a roadmap on a responsible exit.

That such exiting is not self-evident can be illustrated by the fact that, in the past, many instruments designed to combat the immediate impact of a crisis in practice outlasted this. For instance, in the aftermath of the 2008-09 financial crisis, governments around the globe extended existing tools and introduced new policy tools to their portfolio such as credit guarantee schemes, direct lending facilities, business advisory services or credit mediation. A long-term analysis of government support programmes shows that many of these instruments remained in place ten years after the crisis, even in a (pre-pandemic) environment that is broadly favourable for SMEs to access finance. Even though the demand and take-up decreased significantly as the need for public support waned, instruments were often not scrapped, but modified, for instance in terms of its eligibility criteria, and scaled down in terms of volumes or the number of beneficiaries (OECD, 2020[1]).

In similar fashion, some new instruments in the context of the COVID-19 pandemic, even those designed to be temporary, may become permanent features of the policy landscape when the current crisis subsides. For instance, some countries may choose to retain the newly established credit guarantee programmes introduced in response to the crisis, be it on a smaller scale than in 2020. Countries may also decide to

60 https://www.todayonline.com/singapore/2-new-schemes-help-smes-hit-covid-19-restructure-debt

61 https://english.elpais.com/economy_and_business/2021-03-12/spain-approves-7-billion-in-direct-aid-for-struggling-businesses.html

keep possibilities for short term work schemes in place that can be used and mobilised in times of crisis, as is the case for Germany's longstanding *Kurzarbeit* scheme, and can support resilience.

In preparing for responsible exit strategies, countries could take the following perspectives into account:[62]

- Support schemes should be time-limited, with limits that can be adjusted based on the health and economic environment;
- Provide roadmaps on how governments see pathways to recovery, with clear steps and anchor points on how and when support will be periodically assessed based on health and economic data and including a long term vision on the SME sector;
- Allow for a clear time path of gradually phasing out support measures, making support less generous and requiring higher levels of firms' contributions to costs, for instance regarding hours not worked;
- Increasingly accompany liquidity support by structural and transition support measures that help smoothen post-COVID-19 transitions such as support for search and career guidance and training activities for employees and digitalisation;
- Include SMEs and their representatives in decision making regarding support policies and the exiting thereof.

Allow processes of creative destruction to take their course again while ensuring a just transition and possibilities for second chance entrepreneurship

Support measures have put economies in a state of hibernation, temporarily freezing bankruptcies in many countries, even though many SMEs temporarily or permanently closed their business during the pandemic. While such policies have been effective in avoiding a massive surge in SME insolvencies, they may also have kept firms that would otherwise have gone bankrupt alive, as was discussed in earlier in this section.

It becomes increasingly important for processes of creative destruction, which provide important drivers of productivity growth, to take their course again. This includes the regeneration of start-up policies and the better targeting of support to viable firms discussed in previous sections. Governments should take into account the consequences of policies on economic dynamism more as time goes by and policies may become entrenched. Measures that make it difficult to lay off personnel in firms and sectors under duress should be carefully reviewed. In a similar spirit, moratoria or restrictions on bankruptcies will need to be gradually lifted.

Furthermore, creative destruction and the expected wave in insolvencies in 2021 will bring up the demand for measures that support training and (re)skilling to allow SME owners and employees opportunities in other economic activities. Given the expected number of insolvencies in many countries, it would require the support for 'second chance' entrepreneurship, allowing bona fide entrepreneurs a restart. Renewed creative destruction could be accompanied by policies that ensure a just transition for entrepreneurs and their workers.

[62] These are in part based on: (OECD, 2020[67]) "Job retention schemes during the COVID-19 lockdown and beyond", and on the analysis of the previous sections.

Ensure that recovery programmes to “build back better” take the circumstances and perspectives of SMEs and entrepreneurs well into account

In the spirit “not to let a good crisis go to waste,” governments are increasingly taking measures to “build back better” and are implementing broad recovery packages. Sustainability is often at the core of these packages, having a strong emphasis on the transition to clean energy, resource efficiency, and greener consumption. Also, the packages put strong effort on digitalisation, innovation and skills.

Whereas the emergency liquidity measures at the start of the pandemic had a strong SME orientation, given their vulnerabilities, this is less clearly the case for the wider recovery packages which focus more on the business community at large and on public investment in infrastructure and on demand stimulus. This transformation into a less SME specific policy support under the “build back better” flag is a logical reflection that strengthening the growth potential for recovery affects firms of all sizes. Also, more generic support can benefit SMEs as well.

However, it is important that the new packages to “build back better” will continue to take the circumstances of SMEs into account, and include measures that suit their needs. Given how they were impacted during the first year of the pandemic, their recovery is likely to require horizontal as well as more targeted support. The needs of SMEs in dealing with the challenges and opportunities brought forward by digitalisation and sustainability may differ from those of larger entities.

Some countries are including an SME perspective in their recovery packages. Germany’s recovery programme has an SME and entrepreneurship component, both to assist SMEs hit by the crisis, for instance through liquidity relief measures, but also to incentivise corporate investments, internationalisation and innovation activities. Colombia included measures to improve the regulatory environment for SMEs. Spain included support for SME digitalisation and measures to safeguard SME solvency. France included measures to strengthen SME equity capital.

In drafting further “build back better” recovery plans, the circumstances and needs of SMEs and entrepreneurs should be further taken into account. SME organisations should be consulted to ensure that their views are sufficiently heard. Impact assessments of recovery plans should include a credible SME test.

Digitalisation of SMEs and entrepreneurs will need to be an even more important feature of the policy mix

Support for SME digitalisation should be a central element of both emergency support and policies to strengthen recovery and resilience.

An increasing number of countries have included efforts to support SME digitalisation in their policy response, in light of the persistent “digitalisation gaps” between small firms and larger ones. Measures in this area broadly come in three areas: teleworking, e-commerce and digital infrastructure and skills.

The government of Chile, for instance, addressed regulatory barriers to encourage teleworking facilities for SMEs, by introducing changes to the Labour Code regulating teleworking. The new regulation, approved in March 2020, gives flexibility to both employers and employees to adopt or stop teleworking, and although it stipulates a maximum of hours that can be worked, it gives flexibility on how these hours can be distributed. The new law also gives the right to employees of “total disconnection” of 12 hours within a 24-hour window (Universidad de Chile, 2020[158])

The adoption of digital sales channels is supported by several countries as a key method to increase digitalisation of SMEs. In Canada, for example, the Go Digital Canada Initiative in co-operation with Shopify is helping small business sales grow online, by providing free training courses and use of digital marketing channels (OECD, 2020[2]). In Malaysia, the Digital Economy Corporation, set-up by the government as part of the country's digital strategy, offers the E-commerce Campaign jointly funded by the government and 20 e-commerce platforms will provide e-commerce on-boarding training facilities, as well as sales support services to SMEs (OECD, 2020[2]).

Several countries have launched broader digital packages to build a stronger digital infrastructure. The aim of such support is to help SMEs simplify processes, decrease administrative costs and increase regulatory compliance. Australia is a case in point. The government launched a package of AUD 800 million (USD 600,000) with measures to help businesses take their administration and regulatory processes online. The digital package includes spending AUD 256.6 million (USD 192.4 million) to develop a Digital Identity system, AUD 29 million (USD 21.7 million) on the roll-out of 5G high-speed internet and AUD 28.5 million to promote open banking. It also includes AUD 6.9 million (USD 5.2 million) to test the use of blockchain, where information is stored on a network of computers to cut compliance costs (Prime Minister of Australia, 2020[159]). The United Kingdom Government's Digital Access Programme CyberSafe Foundation aims to equip 1,500 SMEs with knowledge and skills to identify and defend from COVID-19 instigated cyber threats (Vanguard, 2020[160]).

As part of recovery support, these support measures should be intensified and be inclusive, taking into account the capacities and requirements of different types of SMEs (OECD, 2021[9]).

Resilience of SMEs and entrepreneurs as an objective for policy

The crisis has shown the vulnerability of SMEs to the pandemic and containment measures. In moving forward, it is not only important to shift from emergency to recovery support, but also to enhance SME resilience. Resilience stands for the capacity to better respond to shocks and for policies that help prevent the negative impact on SMEs of future shocks. SME resilience can refer to internal factors (such as their cash reserves or their digital connectivity) and to external factors (for instance, their incorporation in global supply chains).

Objectives of SME and entrepreneurship policy frameworks vary, but most often focus on objectives such as competitiveness and productivity growth, while few countries include resilience as an objective of their SME policies. An exception is the German SME Strategy,[63] which explicitly ranks fostering resilience as an objective. However, in the various "build back better" recovery packages that have been launched since June 2020, strengthening resilience has become a key objective.

Of course, aspects of resilience have played a role in SME and entrepreneurship policies for a long time. Such policies in most countries include measures to improve framework conditions and the functioning of markets, thereby strengthening incentives and capacities to respond to shocks. Policies supporting SME innovation and digitalisation aim to strengthen their capacities to improve business models, products and work processes, and hence be more agile. Measures that support innovative start-ups and help foster processes of creative destruction can also contribute to more resilient entrepreneurial ecosystems. Similarly, the provision of business development services can play an important role.

However, in further developing the policy response to COVID-19, governments need to further reflect how they can contribute to the enhancement of resilience of the SME population. Some aspects of SME vulnerability are not likely to change easily, such as their prevalence in sectors at risk or their dependence on a limited number of suppliers and customers. Their vulnerability also related to their low cash reserves, their lesser use of digital tools, their unfamiliarity with public policy support systems and their lack of inclusion in existing contingency plans on how to address pandemics. An assessment of these factors,

[63] https://www.bmwi.de/Redaktion/EN/Publikationen/Mittelstand/german-sme-strategy.html

and how policies can help enhance them, may contribute to strengthen the resilience of SMEs to new shocks.

Forward looking capacity, resilience and responsiveness of SME and entrepreneurship policy frameworks

Resilience not only becomes more important for SMEs and entrepreneurs themselves, but also for the policy frameworks that aim to support them. The pandemic can be seen as a stress-test for SME and entrepreneurship policy frameworks and their ability to deliver under such a massive shock. One aspect of this is if countries that used existing support schemes were better able to deliver rapidly than countries which (had to) set up new schemes. It is too early to fully evaluate this. However, the experience during the first wave suggests that the need to set up new schemes was not a primary cause of differences in speed of delivery. A further assessment of what makes SME and entrepreneurship policy frameworks resilient is important. For instance, an important question could be if countries with existing arrangements for furlough schemes (such as Germany) were able to mobilise wage support more smoothly than others.

Furthermore, the rapid and effective delivery of SME support during the massive upheaval the pandemic caused, also required the ability of governments to learn during the process, and to be responsive and agile enough to change course when needed. One key takeaway from the crisis induced by the COVID-19 pandemic, is that governments mostly did not have a playbook at the ready on how to support SMEs during the pandemic. Without such clear playbook, the response was in many ways based on learning by doing. A prerequisite for this, was the ability of governments to monitor 'real time' the impact on SMEs as well as of the policy response. The pandemic lead to a significant number of new surveys among SMEs and entrepreneurs to monitor developments. Also, in various countries new data sources were used to monitor SME impact and perceptions as well as policies. These new data provide important resources for future effective SME and entrepreneurship policies.

Responsive government also means that policies need to be sufficiently flexible and agile to respond to changing circumstances and evolving needs of beneficiaries when monitoring indicates this. Given how the crisis remains unprecedented in many ways, public policies often needed to be readjusted to meet the evolution of SMEs' difficulties. For instance, many countries significantly simplified their administrative procedures and eligibility checks to access government support when it became clear how urgent SME liquidity shortages were. This was a key feature of the French "PGE" public guaranteed loans scheme. In part because of the simplicity of the application process, the French Government was able to provide support to around 420,000 companies within the first two months of its existence, mostly in the sectors hardest hit by the economic crisis. Similarly, the New Zealand Small Business Cashflow (loan) Scheme (SBCS) was launched in August 2020 when the government became aware of bottlenecks in existing credit provision (Deloitte, 2020[161]). Under this arrangement, SMEs could borrow interest free without a personal guarantee with far fewer compliance requirements, under longer loan terms and with a higher maximum loan amount covered by the scheme (from USD 500 000 to USD 5 million) (Chartered Accountants, 2020[162]). There were 25 000 applications in the first 48 hours.

Further insight in how SME and entrepreneurship policies can be made more resilient, flexible and agile and forward looking in responding to crises and rapid change is important, for instance by a greater use of forecasting in policy design.

Ensure effective and inclusive governance mechanisms across government levels

The SME policy response to the pandemic showed the importance of a coordinated policy approach across levels of government for rapid delivery of support and targeted approaches where the impact of containment measures differed across territory. Such a coordinated response, including national, regional/state and local government, is even more important in the recovery phase than during the emergency response, given that effective SME support for recovery and resilience should be embedded in local and regionally specific ecosystems.

Pre-COVID-19, countries had a variety of horizontal (among Ministries and agencies) and vertical (among levels of government) governance mechanisms in place regarding SME and entrepreneurship policies. With respect to horizontal governance, some countries have inter-ministerial councils (Spain, Costa Rica, Germany, Malaysia), others operate working groups (Canada, New Zealand, Ireland, Portugal), or coordinate SME policies in more generic coordination platforms (Belgium, United Kingdom, Italy, Slovenia). For vertical coordination, some countries use dedicated bodies (Spain, Mexico), whereas others work through regionally embedded delivery systems.

With various countries having set-up specific coordination systems for the delivery of COVID-19 support, an important question is how governance mechanisms will transform to support effective SME recovery and resilience. Given the importance of various government levels for effective SME policies, it is essential that a fragmented approach is avoided (OECD, 2020[65]). Governments may have to find a balance between two partly contradictory trends. One the one hand, the “build back better” recovery packages that are being developed seem less specifically SME oriented, and may also be supported by a more generic horizontal and vertical governance. On the other hand, ensuring the coherence of measures for SME recovery across government levels is even more important than for emergency aid.

Consultation of SMEs and entrepreneurs

The inclusion of SMEs and entrepreneurs in consultations on the policy response to the pandemic and recovery is important to take their perspective into account. Although the urgency during the first phase of the SME policy response made the use of instruments such as SME tests and written consultations challenging, which meant that in practice they have hardly been used for the emergency SME policy responses, various countries set-up consultation mechanisms with stakeholders to advice governments on their policy response. These mechanisms usually included a wide variety of stakeholders, and did not focus exclusively on SMEs.

In the context of the recovery packages that are being developed, it is important that existing SME testing and consultation mechanisms take their course again. Furthermore, to ascertain that the perspective of entrepreneurs and SMEs is taken into account, the inclusion of representatives of SMEs in existing stakeholder groups for consultation on further support measures is important.

New challenges and opportunities for monitoring and evaluation

Finally, the pandemic brings up new challenges and opportunities for SME and entrepreneurship policy evaluation. A strong practice and culture of monitoring and evaluation is of general importance for SME and entrepreneurship policies (OECD, 2008[163]) but is of particular relevance in the context of the rapid policy response to a crisis such as the pandemic. In evaluating the SME policy response to the COVID-19 crisis, governments face similar challenges (OECD, Forthcoming[164]). One of the challenges is that support measures were launched in a hurry, with the objectives and target groups are not always specified explicitly and changing during the course of the pandemic. This makes an evaluation tricky. Countries may also have pursued diverse and to some extent conflicting objectives. For instance, the objective of targeting support to businesses that were viable prior to COVID-19 potentially conflicts with the objective of avoiding job losses by saving all existing businesses, which in turn is quite different from the objective to replace businesses that exited the market with higher performing firms, for example in terms of their innovation or digitalisation potential. The transformational nature of the current crisis may also make an assessment of the impact of policies complex, for instance in disentangling which viable firms from unviable ones before, during and after the crisis.

Another challenge in policy evaluation is the frequent lack of documentation regarding the expenditure on the support to SMEs and entrepreneurs (i.e. how the funds were spent), both at the level of individual policies (which are often embedded within broader policies) as well as on the aggregate level. This prevents policy makers from understanding the real impact of the different types of support and extrapolating the effect of future deployments. In order to have a solid understanding of the impact of SME and entrepreneurship policies in response to the crisis, policy makers could aim to collect expenditure data and cross-section and time-series data, as well as develop a clear metric to determine policy performance. International coordination may be helpful in these respects.

At the same time, the pandemic also brings opportunities for evaluation. According to the World Bank, countries have launched 1,600 SME policy support initiatives in response to the pandemic.[64] Through the SME policy response, governments reached large numbers of SMEs and entrepreneurs that previously had not made use of government support. As discussed in earlier in this section, in some countries 60 to 70% of SMEs made use of existing support. This significantly enlarged the number of transactions evaluations can draw upon. Furthermore, although differences in timing and strictness of containment measures exist, as a stress test for SME and entrepreneurship policies, the pandemic offers possibilities for cross country learning on the effectiveness and resilience of SME and entrepreneurship policy frameworks. In this respect, the COVID-19 crisis poses both a challenge and a goldmine for policy evaluation.

[64] https://dataviz.worldbank.org/views/SME-COVID19/Overview?:embed=y&:isGuestRedirectFromVizportal=y&:display_count=n&:showAppBanner=false&:origin=viz_share_link&:showVizHome=n

5 Conclusions

This paper presents an analysis of the impact of COVID-19 on SMEs and entrepreneurs, and of the SME and entrepreneurship policy response by governments around the world, one year since the start of the pandemic. It aims to identify challenges and lessons learned during the first year of the pandemic to support effective and efficient SME and entrepreneurship policy responses in the coming period.

The paper documents how SMEs have been at the centre of the impact of the pandemic and confinement measures, with certain groups of entrepreneurs (start-ups, self-employed, women and minority business owners) being particularly vulnerable. The paper shows how SMEs and entrepreneurs were confronted with a severe liquidity crisis through a sharp drop in revenues while fixed costs continued, risking to put many of them out of business. SME business confidence declined sharply in February and March 2020 following lockdown measures to bottom out in April and May 2020, and start rising again during the summer. However, a renewed wave of the pandemic in the second half of 2020 led to a sharp decline in confidence, which continued in the first quarter of 2021. The crisis led to the temporary or permanent closure of thousands of SMEs, although, because of government support measures, the shock did not translate into rising bankruptcies in most countries during 2020. Start-up rates took a strong hit at the start of the crisis, but recovered since then in many countries, partly reflecting a rise in necessity based new entrepreneurship.

Governments around the world have tried to contain the catastrophic effects on SMEs and entrepreneurs in an unprecedented way through a variety of measures, typically consisting of emergency support to ease liquidity concerns and structural support measures, for instance regarding digitalisation. Countries launched their emergency liquidity support measures rapidly after the pandemic outbreak and lockdown measures in March 2020, to further expand this support between April and June 2020. With infection rates in many countries declining over the summer, and confinement measures gradually being lifted, governments extended support schemes, but aimed to make these more targeted to subsequently exit them. However, a new wave of the pandemic and renewed lockdown measures from September 2020 onwards led to a renewed expansion of liquidity support across countries. Structural support measures for SMEs and entrepreneurs were adopted by some countries from the outset of the crisis, but were used by an increasing number of countries during the course of 2020. From June 2020 onwards, countries launched broader recovery packages to "build back better" focusing on investment in innovation, digitalisation, skills and sustainability.

One year into the crisis, countries are confronted with the need to deliver on emergency liquidity support under renewed lockdown measures on the one hand, and to develop policies to strengthen recovery and resilience on the other. Although both short and longer-term support remains essential for the recovery of SMEs and entrepreneurs, in some cases unintended consequences of emergency measures may hamper prospects for longer-term recovery. During 2020, countries increasingly learned how to address this combined challenge. The paper includes 15 lessons learned for effective, efficient and innovative SME and entrepreneurship policies that address both these long and short-term challenges regarding responsible exit strategies, policy focus, avoiding an SME over-indebtedness, recovery strategies that give due consideration to SME and entrepreneurship issues, and effective and efficient policy delivery. The OECD SME and Entrepreneurship Strategy – a flagship project of the CPSMEE aimed to assist governments in strengthening SME and entrepreneurship policies – builds on these lessons learned and will in 2021 develop guiding principles and a set of operational tools for effective, efficient and coherent SME and entrepreneurship policies in the post COVID-19 era.

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Annex A. Timeline of country SME and entrepreneurship policy responses between February 2020-February 2021

This Annex presents the timeline of SME and entrepreneurship policy responses to COVID-19 in 60 jurisdictions between February 2020 and February 2021. These include all 36 OECD countries, the European Union and 23 non-OECD countries.

It uses a typology of policy measures developed by the OECD and used in the previous studies on the SME policy response to COVID-19 with four broad categories:

- Job retention schemes including short time work schemes and wage subsidy schemes. These policies target firms and self-employed and aim to prevent sharp rises in unemployment as well as to lift consumer demand;
- Deferrals of payments including deferrals of income and corporate tax payments, value added tax, social security and pension payments, debt payment moratoria and waivers of rent and utility payments aim to preserve liquidity within SMEs by reducing operating expenses;
- Financial support via debt channels such as: extended and simplified loan guarantees, direct lending through public institutions and support for non-banking finance, or via equity routes such as: grants and subsidies.
- Structural support measures aimed to help SMEs adapt to the changed business environment and build resilience such as support for digitalisation, sustainability, innovation, upskilling, start-ups and finding alternative markets.

Table A A.1 presents an overview of the different types of SME and entrepreneurship policy support instruments used in each country in response to the pandemic for those countries for which there was sufficient information available.

Table A A.1. Country SME and entrepreneurship policy responses to COVID-19 by type of policy instrument (February 2020-February 2021)

	Labour related **schemes**			Deferral measures					Financial Instruments				Structural Policies					
	(Partial) redundancies	Wage subsidies	Self-employed	Income/ corporate tax	Value Added Tax (VAT)	Social security and pension	Rent/utilities/	Debt moratorium	Loan guarantees	Direct lending to SMEs	Grants and subsidies	Equity Instruments	New markets	Teleworking/ digitalisation	Innovation	Training and redeployment	Start-ups	Sustainability measures
Argentina	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓	✓	✓	✓		
Australia		✓	✓	✓			✓	✓	✓	✓	✓	✓		✓		✓		✓
Austria	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓
Belgium	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Brazil	✓	✓		✓		✓		✓		✓			✓		✓			

Canada	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Chile		✓	✓	✓	✓		✓		✓		✓		✓	✓				
China		✓		✓		✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	
Colombia		✓		✓	✓	✓	✓	✓	✓	✓				✓	✓			
Costa Rica	✓			✓	✓				✓	✓			✓	✓	✓	✓		
Croatia		✓		✓		✓		✓	✓	✓								
Czech Republic		✓	✓	✓			✓	✓	✓	✓	✓		✓		✓		✓	
Denmark		✓	✓	✓	✓			✓	✓		✓	✓			✓	✓	✓	
Egypt				✓			✓	✓	✓	✓			✓	✓	✓	✓	✓	
Estonia		✓	✓	✓		✓			✓	✓				✓				
Finland	✓		✓	✓	✓				✓		✓			✓	✓			✓
France	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Germany	✓	✓	✓	✓	✓				✓	✓	✓	✓		✓	✓	✓	✓	✓
Greece		✓	✓	✓	✓	✓	✓		✓	✓	✓			✓		✓	✓	✓
Hong Kong, China				✓			✓	✓	✓	✓								
Hungary	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓				
Iceland		✓		✓	✓				✓	✓	✓							
India		✓		✓						✓		✓					✓	
Indonesia		✓		✓	✓					✓	✓			✓		✓		
Ireland	✓	✓	✓	✓	✓		✓		✓	✓	✓		✓	✓	✓	✓	✓	
Israel	✓	✓	✓		✓	✓	✓	✓	✓		✓		✓	✓	✓			
Italy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		✓	✓
Japan	✓	✓		✓			✓		✓	✓	✓		✓	✓	✓	✓		✓
Korea		✓	✓					✓	✓	✓	✓		✓	✓	✓	✓		✓
Latvia	✓	✓	✓	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓			
Lithuania		✓		✓	✓		✓	✓	✓	✓	✓			✓	✓			
Luxem-bourg	✓	✓	✓	✓	✓		✓		✓	✓	✓						✓	
Malaysia		✓		✓			✓	✓	✓	✓	✓			✓	✓	✓	✓	
Mexico		✓						✓		✓						✓		
Nether-lands	✓	✓	✓	✓	✓			✓	✓	✓	✓	✓				✓	✓	
New Zealand		✓		✓			✓	✓		✓	✓		✓	✓		✓		
Norway	✓	✓	✓	✓	✓	✓			✓		✓				✓	✓	✓	✓
Peru		✓		✓	✓				✓	✓								
Poland		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓		✓	✓	✓		
Portugal	✓	✓		✓	✓	✓	✓	✓	✓	✓			✓			✓	✓	
Romania		✓		✓			✓	✓	✓	✓								
Russia		✓	✓	✓		✓	✓	✓	✓	✓	✓	✓						

Saudi Arabia		✓						✓	✓	✓				✓				
Singa-pore		✓	✓	✓			✓		✓	✓				✓	✓	✓		
Slovak Republic	✓	✓	✓	✓					✓		✓							
Slovenia	✓	✓	✓	✓			✓	✓	✓	✓	✓		✓	✓				✓
South Africa		✓		✓				✓		✓		✓	✓					
Spain	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓
Sweden	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓							
Switzer-land	✓	✓	✓			✓	✓		✓	✓	✓	✓	✓	✓	✓		✓	
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. Last updates were included on 14 April 2021.

Argentina

On 26 and 27 March 2020, the government expanded its credit program for SMEs to cover employee wages and extended the maturity dates of SME debts.

On 31 March 2020, the government created a USD 453 million guarantee fund for SMEs.

On 20 April 2020, 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.[65]

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

On 1 July 2020, the Ministry of productive development created the Solution Program Reactivation of the Knowledge economy. The purpose of the program is to provide financial assistance to companies participating in the reactivation of the economy with innovations.[66]

On 7 July 2020, Argentina extends period to pay income tax until 31 August to attenuate the effects on the coronavirus crisis.

On 24 July 2020, Argentina expanded its "Assistance to employment and production program" with more 0% to 15% loans to companies that are beginning to reactivate, depending on their invoicing, regardless of where they are located. The most affected sectors - health, tourism, sports, entertainment and culture- will continue to get support until December with 0% loans and a one-year grace period.

On 28 July 2020, Argentina extended for another 60 days the prohibition of layoffs and furloughs.

On 4 August 2020, Argentina postponed payments of export duties by micro, small and medium-sized enterprises (MSMEs) until September 30.

On 10 September 2020, Argentina extended for five months the economic assistance program for self-employed workers.

On 11 September 2020, Argentina announced a new credit line for SMEs working in the cultural sector for USD 9.96 million at a subsidized interest rate and one-year grace period.

On 15 September 2020, the Government extended the moratorium for companies to “regularized payments” of owed taxes until October 31.

On 18 September 2020, Argentina passes law for the sustainability and reactivation of the tourism industry. The law offers "strong incentives," including a tax moratorium until December 31.

On 28 September 2020, Argentina extended until end October the obligation of MSMEs to file and pay export taxes.

On 29 September 2020, Argentina extended until end October tax execution trials and suspensions of precautionary measures for MSMEs.

Until 31 December 2020, access to electricity, gas, water as well as phone lines and internet were not suspended for SMEs unable to pay up to seven monthly bills since March 2020. Utility prices were frozen

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

[66] https://www.latinfinance.com/daily-briefs/2020/11/19/factbox-111920-latin-america-moves-to-mitigate-impact-of-covid-19

at their March levels until 31 December. All price increases for the provision of phone line, TV and internet announced by providing firms from 31 July until 31 December 2020 are suspended.

Since 7 January 2021, the Productive Investment Line LIP PyMEs is available in 21 public and private banks throughout the country. These are loans with a subsidized interest rate from the Ministry of Productive Development of Argentina that will finance projects of up to USD 70 million per company, with a first instalment of USD 20,000 million. The SME LIP loans will have a term of up to 61 months with a six-month grace period, and an interest rate subsidized by the National Productive Development Fund (FONDEP) of 25% per year for the first two years. From this rate, two more percentage points can be given in the case of SMEs that register exports in the last 24 months, and an extra percentage point in the case of SMEs that are led or owned by women. In this way, the subsidized rate can reach up to 22% per year depending on the characteristics of the applicant company.[67]

On 19 January 2021, the government announced USD 180 million in support for training in 13,500 workers in SMEs.[68]

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.[69] 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.[70]

On 12 March 2020, the Government announced a federal economic stimulus package of AUD 18 billion[71] with measures to support investment and cash flow assistance for small business:[72]

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% of the cost of an eligible asset on installation, with existing depreciation rules applying to the balance of the assets' cost.

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[67] https://www.argentina.gob.ar/noticias/pymes-ya-pueden-solicitar-prestamos-para-inversion-tasas-subsidiadas

[68] https://www.argentina.gob.ar/noticias/desarrollo-productivo-destino-180-millones-para-la-capacitacion-de-13500-trabajadores-y

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

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

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

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

[72] 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/

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% 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.

On 22 March 2020, the Government announced a second additional package of AUD 66 billion.[73] 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.[74] Through a new Coronavirus SME Guarantee Scheme[75], the Government will guarantee 50% 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 2020, the government announced temporary changes to the bankruptcy law:[76]

- Debt threshold for creditors to apply for a Bankruptcy against a debtor will increase from AUD 5,000 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 2020, 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.[77]

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[73] 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/

[74] 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

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

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

[77] 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

On 8 June 2020, the government announced the extension of the business support measures.[78] On 3 July, media reported on plans of the government for a further AUD 10 billion support plan for companies aimed at recovery.[79]

On 6 July 2020, 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.[80]

The Australian government set-up a dedicated website with information for businesses on available support measures, and set-up a hotline for SMEs.[81] Also, a small business COVID-19 planning tool has been developed.[82]

Early July 2020, the Australian Small Business Ombudsman lent its support to the introduction of a voucher scheme for SMEs to provide them with financial advice, to better understand the financial implications of the pandemic and support measures, and enhance their viability.[83]

Mid July 2020, the government announced the extension of a program to subsidize the wages of apprentices by an additional AUD 1.5 billion until March 2021.[84] Through the programme, the government pays 50% of apprentices wages. The government had signalled it would replace the broader wage subsidy system with a more targeted industry specific support.

The Federal government will also spend AUD 500 million on retraining through a Job trainer skills packages with total support of AUD 1.5 billion.[85]

On 20 July 2020, the government announced it will extend its coronavirus loan guarantee scheme for small businesses and increase the credit limit to AUD 1 million from AUD 250,000. The expanded scheme, which is to begin in October, will also allow businesses with a turnover of under AUD 50 million to apply for loans to fund investments.[86] This next phase would allow SMEs to “move out of hibernation, successfully adapt to the new COVID-safe economy and invest for the future”.[87]

On 24 September 2020, the government announced a change in bankruptcy laws, which allows small business to trade while insolvent and take more control over debt restructuring. The rules aim to help manage the expected large increase in insolvencies. Under the proposed rules, businesses with liabilities

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

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

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

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

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

[83] https://www.smartcompany.com.au/coronavirus/small-business-vouchers-covid-19-financial/

[84] https://kfgo.com/2020/07/15/australia-to-spend-further-1-1-billion-on-wage-subsidies-amid-coronavirus/

[85] https://www2.staffingindustry.com/row/Editorial/Daily-News/Australia-Government-to-retrain-and-upskill-thousands-of-workers-with-new-JobTrainer-programme-54488

[86] https://asia.nikkei.com/Spotlight/Coronavirus/Coronavirus-Free-to-read/Coronavirus-Week-of-July-19-to-July-25-South-Korea-s-113-cases-most-since-March

[87] https://www.reuters.com/article/health-coronavirus-australia-economy/australia-expands-loan-scheme-for-virus-hit-firms-raises-limit-idUSL3N2ER0BD

of less than AUD 1 million will be able to keep operating for 20 days while they come up with a debt restructuring plan. The scheme will be effective from 1 January 2021.[88] The changes follow earlier adjustments in bankruptcy law introduced on 25 March.[89]

28 September 2020 saw the start of changes in the governments JobKeeper program. The payment rate was reduced from AUD 1,500 per fortnight to AUD 1200 for full-time workers and will be further reduced to AUD 1000 as of January. Full-time means working more than 20 hours per week, with those who work fewer than 20 hours receiving half.[90]

On 29 September 2020, the government announced a package of AUD 800 million with measures to help businesses take their administration and regulatory compliance online, citing higher demand due to changes brought by the COVID-19 pandemic. The digital package "provides significant backing to continue that digital push" and "supports Australia's economic recovery by removing out-dated regulatory barriers, boosting the capability of small businesses, and backs the uptake of technology across the economy". The measures include spending AUD 29 million on the roll-out of 5G high-speed internet and AUD 28.5 million to promote "open banking", where customers can shop around for financial services with their own data. It also includes AUD 6.9 million to test the use of blockchain - where information is stored on a network of computers, rather than in one place - to cut compliance costs.[91]

On 2 October 2020, the government announced further tax relief for small businesses.[92]

On 6 October 2020, the government launched the Federal Budget for 2021/22.[93] This includes a set of further measures of relevance to SMEs, some of whom had already been announced earlier:

- JobMaker hiring credit: A wage subsidy that will be payable for up to 12 months and immediately available to employers who hire workers aged 16-35 who are in receipt of selected government transfer payments (including unemployment benefits). The subsidy will be paid at the rate of AUD 200 per week for those additional hires aged 16-30, and AUD 100 per week for those additional hires aged between 30-35. New hires must work for at least 20 hours a week. All private businesses, other than the major banks, will be eligible.
- Investment in skills and training: An additional AUD 1.2 billion was committed to create 100,000 new apprenticeships and traineeships, with a 50% wage subsidy for businesses who employ graduates. The Government will also fund higher education short courses in agriculture, health, IT, science and teaching and additional higher education places for indigenous students.
- Boosting business investment: Small, medium and larger businesses with a turnover of up to AUD 5 billion will be able to write off the full value of eligible assets until June 2022. Losses incurred to June 2022 will also be able to be offset against prior profits made in or after the 2018-19 financial year.
- Infrastructure investment: The Budget envisions a AUD 14 billion (0.7% of GDP) of new and accelerated infrastructure projects that will improve road safety and upgrades, renew the National Water Grid, expand the Local Roads and Community Infrastructure programme and execute major projects across all states.

[88] https://japantoday.com/category/world/update-1-australia-to-overhaul-bankruptcy-laws-to-help-firms-over-covid-19

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

[90] https://www.abc.net.au/news/2020-09-29/jobkeeper-jobs-sole-traders-coronavirus/12711218

[91] https://www.reuters.com/article/us-australia-budget-internet-idUSKBN26J3BD

[92] https://news.bloombergtax.com/daily-tax-report-international/australia-treasury-announces-further-tax-relief-measures-for-small-businesses-due-to-coronavirus

[93] https://budget.gov.au/

- Environmental measures: New environmental investments totalling AUD 1.8 billion (0.1% of GDP). The Government is also banning the export of plastic, paper, tyres and glass waste and will invest in recycling infrastructure to transfer more than 600,000 tonnes of landfill waste to the recycling network.

On 19 October 2020, the Australian Business Growth Fund was launched. This Fund, which amounts to more than AUD 540 million, with contributions from the government and banks, will provide SMEs potential access to long-term equity capital investment between AUD 5 and 15 million.[94]

On 23 November 2020, the government opened up a support measure that was originally designed for SMEs also for larger companies. Under the scheme, full expensing temporarily allows businesses with aggregated turnover of less than AUD 5 billion to deduct the full cost of eligible depreciable assets of any value in the year they are first used or installed.[95]

Early February 2021, media reported the government is considering to introduce revenue-contingent loans to small business where repayments are based on turnover as part of post JobKeeper support the progressive loan scheme would allow businesses to access credit without having to pay it back until turnover had reached a designated level, and hence would give small businesses the confidence to seek funding. This was already suggested mid-2020 by the Australian small business ombudsman. The JobKeeper and rent relief programme will end in March 2021.[96]

On 8 March 2021, the government announced a AUD 1.2 billion in support of wage subsidies to create 70,000 new apprenticeships in businesses.[97]

On 11 March 2021, the government announced an AUD 1.2 billion support package, primarily for the tourism industry.[98] The package introduces a new SME Recovery Loan Scheme specifically targeted at SMES that received the JobKeeper payment between 4 January 2021 and 28 March 2021. Under the new phase, the government will guarantee 80% of the loan (up from the existing 50/50 split between government and banks). The expanded scheme will also increase the size of eligible loans (which can be either secured or unsecured, excluding residential property) from AUD 1 million to AUD 5 million. Loan terms will increase from five to 10 years and lenders will be allowed to offer borrowers a repayment holiday of up to 24 months. The maximum eligible turnover for businesses will also increase from AUD 50 million to AUD 250 million. Businesses will be able to use the SME Recovery Loan Scheme for a broad range of business purposes, including to support investment (for example, the acquisition of another business) and for the purchase of commercial property. Loans will be available from 1 April 2021 and must be approved prior to 31 December 2021.

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

- West Australia, for instance, announced an AUD 607 million support package.[99] Small to medium businesses with a payroll of between AUB 1 million and AUD 4 million will receive a one-off grant

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[94] https://www.brokernews.com.au/news/breaking-news/government-formally-launches-australian-business-growth-fund-273724.aspx

[95] https://www.abc.net.au/news/2020-11-23/companies-deduct-new-capital-investment-instant-asset-write-off/12910176

[96] https://www.smartcompany.com.au/coronavirus/stimulus/jobkeeper-into-revenue-contingent-hecs-style-loans/

[97] https://www.smh.com.au/politics/federal/businesses-to-be-given-1-2-billion-in-wage-subsidies-to-create-70-000-apprenticeships-20210308-p578s9.html

[98] https://www.reuters.com/article/us-health-coronavirus-australia-idUSKBN2B301G

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

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.[100] Queensland offers AUD 500 million in interest free loans.[101]
- On 9 November 2020, South Australia announced it will spend AUD 4 billion to stimulate the state's economy. Among the major winners will be small businesses, with a second round of AUD 10,000 cash grants for eligible operators.[102] South Australia extended its support measures on 24 November until end February 2021 in response to new confinement measures.[103] Instead of closing off applications next month, eligible businesses will now have until the end of February to apply for a AUD 10,000 payment. The government launched the second round of grants early November and has already received more than 4100 applications. It has so far paid out grants to about 1200 businesses worth about AUD 12 million. In the first round of similar grants earlier this year it paid out AUD 186 million to more than 18,700 companies. Companies that received grants in the first round may also be eligible for another allocation in the second round.
- New South Wales on 3 April 2020 announced an AUD 10,000 cash grant for 75,000 small businesses.[104] On 17 November, the New South Wales budget was presented including support for SMEs with commercial rent relief and AUD 1,500 vouchers for businesses that don't pay payroll tax.[105] Landlords can receive land tax relief of up to 50% in the 2020 land tax year. To be eligible, commercial tenants must have a yearly turnover of under AUD 50 million. The NSW government will also extend commercial rental relief for retailers to 2021, albeit at the lower level of 25%. To qualify, commercial tenants must have faced at least a 30% reduction in turnover because of the pandemic. Costing the government AUD 472 million, these digital vouchers will be:
  - Available to SMEs in New South Wales that don't pay payroll tax;
  - Capped at AUD 1,500 per business, and be used towards the cost of any government fees and charges;
  - Accessible online through the MyService NSW portal and work as a rebate, meaning a claim for the voucher is made after the fee has been paid; and
  - Available for use from April 2021 to 30 June, 2022.
- Victoria in March 2020 announced a package of AUD 1.7 billion for business.[106] The new budget for Victoria, announced on 24 November includes a tax credit scheme intended to encourage businesses to hire new workers. The scheme would provide businesses with a payroll of AUD 10

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

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

[102] https://www.abc.net.au/news/2020-11-09/sa-government-announces-4b-small-business-cash-grants/12863966

[103] https://au.news.yahoo.com/small-business-grants-extended-sa-025900848--spt.html

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

[105] https://www.smartcompany.com.au/coronavirus/stimulus/nsw-budget-commercial-rent-relief-1500-digital-vouchers/

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

million or less with 10 cents on the dollar back, for every dollar spent on wages over the next two years which is higher than the previous year's tax bill, saving businesses an estimated AUD 836 million. The measure is on top of AUD 1 billion in payroll tax waivers for small businesses since March this year.[107] In June 2020, Victoria launched a AUD 534 million support package for business, including AUD 26 million in mental health support for small business.[108] In November, Victoria announced the Small Business Digital Adaptation program, with incentives for SDMEs to enhance digital capabilities. Until February 2021, 6000 SMEs made use of the program.[109] In March 2021, Victoria announced the Solar for Small Business Programme, providing rebates of up to AUD 3,500 to help small business reduce energy costs and boost efficiencies.[110]

Austria

Early March 2020, Austria introduced various support measures for sectors heavily affected by the outbreak, such as tourism and air transportation, and uses existing measures to reduce hours worked (*Kurzarbeit*). EUR 100 million are available for loans to hotels that suffer more that 15% losses in sales.[111] The maximum is 80% of the loan or EUR 500,000.

The Austria *Wirtschaftservice* (AWS) provided 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.[112] 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.[113] 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 2020, a COVID-19 crisis management ("Krisenbewältigungsfonds") fund was announced, with EUR 4 billion in funding.114 On 18 March, a further EUR 38 billion support fund was announced.115

[107] https://www.theguardian.com/australia-news/2020/nov/24/victoria-budget-treasurer-announces-233bn-deficit-and-record-spending-amid-coronavirus-recession

[108] https://www.smartcompany.com.au/coronavirus/victorian-government-small-business-support-melbourne-covid-19/

[109] https://www.smartcompany.com.au/coronavirus/small-business-victorian-digital-voucher-scheme-new-providers/

[110] https://www.energymatters.com.au/renewable-news/victorian-government-announces-solar-rebates-and-grants-for-small-business/

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

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

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

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

[115] 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

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:[116]

- 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 1,000 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.
- 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 2020, the government announced a payment moratorium on loans to consumers and small business.[117] 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 2020, 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, bring the total support up to EUR 50 billion.[118] This package includes the following measures:

- Profit distribution / loss distribution: temporary opportunity to carry back losses from 2020 into 2019 and under certain conditions into 2018.
- Reduction of the sales tax for gastronomy and culture: in addition to the "tavern package", a temporary reduced sales tax rate of 5% for food and beverages in the field of gastronomy as well as for sales in the field of art, culture and the journalistic area
- Extension of fixed cost subsidy: by 6 months, sales limits are adjusted

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

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

[118] https://www.reuters.com/article/us-health-coronavirus-austria-aid-idUSKBN23N28G

- Credit moratorium: For sectors that are particularly affected, such as gastronomy, tourism and tour operators
- Reduction of the first tariff level: for parts of income over EUR 11.000 to EUR 18.000, lowering the input tax rate from 25% to 20% effective from January 1, 2020; Refund at the latest in September; relief of EUR 1.6 billion per year
- Negative tax (increase in social insurance reimbursement): Relief for employees who do not pay taxes by increasing the social security reimbursement (up to EUR 100); valid retrospectively from January 1, 2020
- Extension of the 55% tax rate: for 5 more years until 2025
- Investment premium: 7% for assets purchased between September 1, 2020 and February 28, 2021, with the exception of investments that are explicitly harmful to the climate; for goods related to digitization, greening and health/life science increased premium rate of 14%
- Declining-balance method of depreciation (degressive Abschreibung): from July 1, 2020, with a few exceptions such as buildings. Investments can be written off by 30% in the first year
- Strengthening equity: incentives to increase the equity ratio, especially for SMEs. Refurbishment offensive: Extension or expansion of existing support programs, tax incentives and support for investments in thermal and energy-related refurbishment as well as the replacement of boilers for commercial and private customers and the dismantling of legal barriers in residential and tenancy law; low-income households have specific funding priority
- Expansion of renewable energy/one million roofs: Additional funds will be made available for the expansion of large solar thermal systems, shared energy systems, expansion and decarbonization of local and district heating and the promotion of small systems
- Investment program for federal buildings: investments in existing buildings and in the development of new, modern and environmentally friendly buildings
- Investments in climate-friendly innovations & industries: Innovation programs with a positive effect on the environment and climate as well as participation in European research initiatives, such as Call “Best-Practice Region Energy”, IPCEI Batteries, IPCEI Hydrogen will be increased
- Founder package / deregulation package:
  - New company form ("Austrian Limited") with an unbureaucratic foundation, low founding capital and the use of English language for important official channels is to be introduced
  - Further tax incentives: possibility of offsetting losses and tax deductibility of growth financing
  - Deregulation measures: employee participation, once only and implementation of grace period
- Incentive for repair services: Lower sales tax on repair services from 20% to 13%
- Broadband expansion: second broadband billion
- Residential investment bank
- Master plan digitalization in education: digital school portal, standardization of existing platforms, teacher training, edtech - alignment according to curricula, seal of approval learning apps, expansion of the school base IT infrastructure, digital devices for students, promotion of digital devices for teachers.

On 23 July 2020, the EIF and UniCredit Bank Austria announced EUR 500 million in support for innovative companies in Austria through subsidized loans to support the restart of the economy after the pandemic. The loans are open for companies with less than 3000 employees.[119]

[119] https://www.eif.org/what_we_do/guarantees/news/2020/eif-unicredit-bank-austria-provide-500-million-subsidised-loans-for-innovative-companies

On 20 November 2020, the EC approved Austria's "Fixkostenzuschuss Phase II" scheme to further support companies. Under the scheme, Austria plans to provide economic assistance to all businesses, self-employed individuals, associations and institutions in order to keep them solvent and to bridge liquidity shortages related to the coronavirus outbreak. Under the scheme, support will take the form of direct grants. The measure will allow the Austrian authorities to support companies that suffered from a turnover decline between 16 September 2020 and 30 June 2021 of at least 30% compared to the same period of 2019. The aid will help them pay 70% (90% in case of micro and small companies) of their fixed costs that are not covered by revenues, up to a maximum of EUR 3 million per undertaking.[120]

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 5,000) 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"[121]. 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 5,000 from the existence assurance fund of the WKNÖ.
- 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

[120] https://ec.europa.eu/commission/presscorner/detail/en/IP_20_2181

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

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.[122]

- 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. [123] 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.[124]

On 6 March 2020, the government announced further measures, including[125]:

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

On 20 March 2020, the government announced a further package, which include measures for SMEs and self-employed:[126]

- 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 2020 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.

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[122]https://www.digital.tirol/page.cfm?vpath=index

[123] https://economie.fgov.be/fr/themes/entreprises/le-coronavirus-et-ses

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

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

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

- 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 2020, 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.[127]

Mid-April 2020, 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.

On 8 August 2020, the federal government extended existing relief to self-employed in events and leisure sectors.[128] On 23 October, the government extended and expanded other existing measures as well against the background of renewed containment measures.[129]

Early November 2020, the government launched proposals to extend the existing moratorium on bankruptcies until 31 January 2021.[130]

Early December 2020, the government announced a new support system for the self-employed.[131] The new support mechanism is based on two pillars. The first establishes a temporary crisis allocation for independents forced to totally suspend their activities, and will take effect from 1 February. The second, which kicks in on the 1st of January, provides support for independents who were unable to take advantage of the 2020 transitional crisis allowance or the transitional allowance in support of recovery. These are mainly people in the liberal professions. Would-be beneficiaries would need to show, among other things, that they sustained turnover losses of at least 40% in the month preceding their application for financial support, compared to the corresponding month of 2019.

On 12 February 2021, the government extended support measures until June 2021. Also, it introduced further rental support and a scheme to stimulate investment in companies affected by the pandemic.

Belgian regional governments have taken measures as well:

- On 19 March 2020, 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

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

[128] https://www.brusselstimes.com/news-contents/economic/125568/coronavirus-relief-package-covers-vendors-events-organisers-and-related-groups/

[129] https://economie.fgov.be/nl/themas/ondernemingen/coronavirus/informatie-voor-ondernemingen/economische-verliezen-beperken/coronavirus-het; https://economie.fgov.be/nl/themas/ondernemingen/coronavirus/informatie-voor-ondernemingen/coronavirus-de-economische

[130] https://www.brusselstimes.com/news/business/140365/small-businesses-welcome-extended-moratorium-on-bankruptcies-covid/

[131] https://www.brusselstimes.com/news/business/147233/belgium-passes-new-transitional-support-system-for-independents/

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;[132]

- For Flanders, measures include: EUR 100 million in crisis guarantees for companies; EUR 4,000 payment for companies that have to close their doors.[133]
- 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.[134]
- Early May 2020, 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 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%.
- In Flanders, on 7 August 2020 a new support scheme was announced providing grants of up to EUR 15,000 for businesses that saw a 60% reduction in turnover.[135]
- On 1 February 2021, the European Commission approved a EUR 200 million support scheme for companies in Flanders under the EU state aid rules. The scheme will be open to companies active in all sectors. To be eligible companies must either (i) have suffered a turnover decline, excluding VAT, of at least 60% in the months of January and/or February 2021, compared to the same reference period in 2020; or (ii) be active in the food and drink sectors that were not allowed to operate in January and/or February 2021 as a result of the restrictive measures put in place to limit the spread of the virus, unless their activity was already mainly devoted to take-away; or (iii) be active in eligible sectors listed, e.g. cinemas, fitness centres, wellness centres, indoor playgrounds, in the measure that they were not allowed to operate in January and/or February 2021 as a result of the restrictive measures.[136]
- On 12 March 2021, Brussels announced EUR 111 million in grants for sectors most affected by the pandemic.[137]

Brazil

On 16 March 2020, 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.[138] The package includes:[139]

- 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;

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

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

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

135 https://www.brusselstimes.com/news/business/125577/coronavirus-flanders-new-bid-to-protect-businesses/

136 https://www.eureporter.co/world/belgium-world/2021/02/02/commission-approves-e200-million-belgian-scheme-to-support-companies-in-flanders-affected-by-coronavirus-outbreak/

137 https://www.brusselstimes.com/news/belgium-all-news/159665/brussels-releases-e111-million-for-sectors-worst-hit-by-the-coronavirus-crisis/

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

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

- 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 BRL 19 billion (USD 3.8 billion) for direct operations and BRL 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 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 2020, Brazil's Central Bank lowered the benchmark interest rate SELIC by 50 basis points 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%.[140]

On 18 March 2020, 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 March 2020, the Brazilian Micro and Small Business Support Agency (SEBRAE) assigned BRL 2 million to the development of technological solutions by startups and other small and medium-sized enterprises with a view to help the Brazil face Covid-19. The funds add up to BRL 4 million from the Brazilian Industrial Research and Innovation Company (EMBRAPII) and contributions by participating companies and accredited research and innovation centers. Joint resources are expected to reach the total of BRL 10 million.

On 20 April 2020, state-owned savings bank Caixa Econômica Federal and the small business association Sebrae announced a new credit line for small business.[141]

On 23 June 2020, the Central Bank unveiled new programs to support small and medium-sized businesses. One program is aimed at freeing up BRL 55.8 billion (USD 11 billion) by cutting reserve requirements for banks servicing loans to small and micro-sized companies. Program aimed at firms with BRL 50 million in annual revenue. A raft of plans unveiled by the bank include allowing companies to use real estate as collateral for loans that could provide an estimated BRL 60 billion in new credit. The bank also said it would begin purchases of private-sector bonds on the secondary market. Non-convertible bonds with a credit rating of BB- or higher and have a maturity of at least a year will be eligible.142

On 14 July 2020, the government extended by 60 days worker furloughs as well as temporary reductions of furloughed worker wages. The measure brings the period up to 120 days.

On 20 July 2020, Brazil's central bank regulated that at least 80% of the Working Capital Program for the Preservation of Companies (CGPE) credit line must be provided to companies with revenues below BRL100 million per year.

On 20 July 2020, Brazil's development bank BNDES approved a BRL 1 billion credit limit for the regional development bank BRDE for the second half of 2020. The credit limit is 45% higher than the first half of the year and will be used to finance investment projects in the three southern states and them help mitigate the social and economic impact of the COVID-19. BNDES and regional development bank BRDE also launched a BRL400 million emergency credit line to help audiovisual producers, distributors and exhibitors impacted by COVID-19. The line will be used to preserve jobs and was prepared in conjunction with the National Cinema Agency ANCINE.

On 5 August 2020, Brazil's Central Bank cut benchmark Selic interest rate by 25 basis points to record-low 2% in effort to boost pandemic-scarred economy.

On 4 September 2020, it was announced that due to the pandemic, Brazil's tax authority suspended administrative procedures against individual taxpayers and small business who default on their tax payments until 30 September.

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

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

[142]https://www.latinfinance.com/daily-briefs/2020/11/19/factbox-111920-latin-america-moves-to-mitigate-impact-of-covid-19

On 24 September 2020, the Inter-American Development Bank (IDB) said that it granted a USD 750 million loan for Brazil's national development bank BNDES to provide financing to micro-, small and medium-sized enterprises (MSMEs) that have been hit by the COVID-19 pandemic.

Since 23 December 2020, all individual micro-entrepreneurs now have another facility to participate in the federal government's bidding processes. To register as a service provider, individual micro-entrepreneurs will no longer have to provide digital certification data in the Unified Provider Registration System (Sicaf). The objective of the simplification of the registration process is to encourage a greater participation of small entrepreneurs in the public procurement market.143

On 12 January 2021, the government announced BRL 408 million in support for the cultural and entertainment sector.[144]

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 1,500 (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.
- 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 2020, 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.[145]

[143] http://www.agenciasebrae.com.br/sites/asn/uf/NA/governo-federal-simplifica-cadastro-para-mei-participar-de-licitacoes,36b3f4fd593e6710VgnVCM1000004c00210aRCRD

[144] http://www.agenciasebrae.com.br/sites/asn/uf/NA/governo-anuncia-liberacao-r-408-milhoes-em-recursos-para-o-setor-de-eventos,492c785fdd797710VgnVCM1000004c00210aRCRD

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

Canada

On 5 March 2020, the Bank of Canada lowered the policy rate by 50 basis points.[146] On 12 March, the Bank decided to lower rates by a further 50 basis points from 1.25% to 0.75%.[147] On 27 March, the rate was further reduced to 0.25%.

On 11 March 2020, 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."[148] 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[149]:

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

On 18 March 2020, 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.[150] 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

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

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

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

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

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

Development Bank of Canada and Export Development Canada. The Program has subsequently been extended and now includes CAD 85 billion, with several measures:[151]

- 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% 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% 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% 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 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 2020, the government announced further measures for SMEs, including:[152]

- A subsidy of up to 75% for wages for up to three months;[153]
- 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.[154]

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

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

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

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

Furthermore, the government has extended the maximum duration of the Work-Sharing program[155] 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 2020, the government announced a further CAD 1.7 billion support package, which includes several support measures for small businesses:[156]

- 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.[157]

On 18 April 2020, the government announced a CAD 306 million support package for indigenous businesses.[158]

On 24 April 2020, 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.[159]

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.[160]

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

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

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

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

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

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

On April 2020, the Canada's National Research Council's (NRC) Industrial Research Assistance Program (NRC IRAP) provides advice, connections, and funding to help Canadian small and medium-sized businesses increase their innovation capacity and take ideas to market

On 16 May 2020, a CAD 15 million COVID 19 support scheme for women entrepreneurship was announced.[161]

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.[162]

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.

On 15 July 2020, the government announced the Go Digital Canada initiative in cooperation with Shopify to help small business sales grow online, including free training courses and use of digital marketing channels.[163]

On 17 July 2020, the government announced to ease access to the emergency wage subsidy scheme, loosening the requirement of a 30% drop in revenues and increasing the budget to CAD 82 billion from 45.[164]

On 20 August 2020, the government extended the Canada Emergency Respond Benefit by one month and made employment insurance better accessible for self-employed and gig industry workers.[165]

On 8 September 2020, the government extended its rent support scheme by one month to the end of September.[166] The Emergency Commercial Rent Assistance Program offers loans to landlords of entrepreneurs worth half the tenant's rent, if tenants pay a quarter and the landlord absorbs the remaining quarter.

On 9 September 2020, the government launched a CAD 221 million initiative for black entrepreneurs.[167] The initiative includes a National Ecosystem Fund, a Black Entrepreneurship Loan Fund and a Black Entrepreneurship Knowledge Hub.

On 1 October 2020, the government launched a CAD 10 billion infrastructure plan for economic recovery. As part of this CAD 2 billion is available to connect approximately 750,000 homes and small businesses to broadband in under-served communities.[168] Over half of the investment will be directed to renewable

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

[162] https://www.canadianbusinessresiliencenetwork.ca/

[163] https://betakit.com/shopify-canadian-government-launch-initiative-to-help-small-businesses-grow-online-amid-covid-19/

[164] https://globalnews.ca/news/7188370/finance-minister-changes-wage-subsidy/

[165] https://www.cbc.ca/news/politics/cerb-ei-pandemic-covid19-freeland-qualtrough-1.5693554

[166] https://www.reuters.com/article/health-coronavirus-canada-rent/canada-extends-emergency-rent-relief-program-for-small-businesses-statement-idUSL1N2G510R

[167] https://pm.gc.ca/en/news/news-releases/2020/09/09/prime-minister-announces-support-black-entrepreneurs-and-business

[168] https://www.reuters.com/article/us-canada-politics-infrastructure-idUSKBN26M6NW

generation and storage projects; energy-efficiency building retrofits; and zero-emission buses and charging infrastructure.[169]

On 2 October 2020, the government announced CAD 600 million in further support for SMEs as additional capital for the Regional Relief and Recovery Fund.[170] CAD 456 million is allotted to the Regional Development Agencies, the remaining CAD 144 million to the Community Futures Network for help to small businesses in rural communities.

On 9 October 2020, the government further outlined its plans. It announced to provide direct rent support to commercial tenants at a projected cost of CAD 2.2 billion through the end of the year, rather than flowing the money through landlords. The program will cover up to 65% of eligible expenses for businesses, charities and non-profits on a sliding scale with income losses, with a top-up for those closed by public health orders that would cover up to 90% of costs. Furthermore, a wage subsidy program will cover up to 65% of eligible costs through December, costing the treasury CAD 6 billion over that time, and CAD 11 billion more to a well-used loan program by providing an added CAD 20,000, half of which would be forgivable.[171]

On 20 October 2020, the government announced CAD 12 million investment in the Canada United Small Business Relief Fund.[172] This fund is a private fundraising initiative that aims to provide grants to small businesses of up to CAD 5,000.[173]

On 3 November 2020, the government announced further support measures for SMEs with regard to trade and e-commerce. The CanExport program will be pivoting to provide new support to SMEs on e-commerce, online platforms, and virtual trade events. There will also be additional resources provided to help businesses navigate changing trade rules and dedicated help for women and Indigenous entrepreneurs.[174]

On 3-4 November 2020, the government organised a virtual trade mission to Korea for Canadian women entrepreneurs.[175]

In its first full fiscal update on 30 November 2020, the Canadian government announced it will spend CAD 100 billion to kick-start the country's post-pandemic economy. The plan includes CAD 1 billion to help provinces and territories improve Covid-19 infection control in long-term care facilities. Industries that have been particularly vulnerable to economic shutdowns like tourism, travel and arts will be eligible for business loans up to CAD 1 million, with a 10-year term. [176]

On 1 February 2021, two new loan schemes from the Highly Affected Sectors Credit Availability Program (HASCAP) will open for applications. Companies that want in on a new federal loan program will have to show sharp revenue declines during the pandemic and that they have already applied for other business aid. Loans will start at between CAD 25,000 and CAD 1 million for a single business depending on the size

[169] https://www.enr.com/articles/50278-canada-unveils-75b-project-spending-plan-as-new-covid-19-stimulus

[170] https://betakit.com/trudeau-government-commits-additional-600-million-in-covid-19-relief-for-small-medium-sized-businesses/

[171] https://globalnews.ca/news/7388839/coronavirus-business-support-rent-wage-subsidy/

[172] https://dailyhive.com/vancouver/federal-government-support-small-businesses-relief-fund

[173] https://www.canada.ca/en/innovation-science-economic-development/news/2020/10/minister-ng-announces-support-for-small-businesses-through-the-canada-united-small-business-relief-fund.html

[174] https://dailyhive.com/vancouver/canada-support-small-medium-businesses-trudeau

[175] https://betakit.com/federal-government-to-host-virtual-south-korea-trade-mission-for-women-entrepreneurs/

[176] https://www.bbc.com/news/world-us-canada-55139229; https://www.budget.gc.ca/fes-eea/2020/home-accueil-en.html

of the operation, and run up to CAD 6.25 million for companies with multiple locations like a chain of hotels or restaurants. Companies will have show a year-over-year revenue drop of 50% or more over three months, not necessarily consecutive, in the eight months before filing an application. Companies will also have to show that they at least applied for either the federal wage or rent subsidies. The federally backed loan can be used for rent, utilities and help with payroll, among other costs, to keep operations running through public health restrictions, but cannot be used to pay or refinance existing loans.[177]

On 3 March 2021, the government announced that its wage and rent subsidy support schemes for business would be extended until 5 June 2021.[178]

Regional governments put in place support measures as well:

- Late November 2020, in South Ontario a CAD 1 million package was announced.[179] Alberta on 23 November expanded and widened the criteria for its CAD 5,000 grant scheme for small business.[180]
- On 18 February 2021, Alberta announced the extension of its SME support program.[181] An additional USD 10,000 will be made available per SME — on top of previous grants totalling no more than USD 20,000 — for a new maximum of USD 30,000.
- On 25 February 2021, Yukon announced the launch of a new Regional Relief Loan Program will provide loans of up to CAD 100,000 to eligible businesses. The loans will be interest-free until the end of 2022, and principle payments can also be deferred until then. If at least 75% of the loan is repaid by the end of 2022, the balance will be forgiven. Several other programs already in place will be extended, including the Yukon Business Relief Program, which provides non-repayable grants to help businesses cover fixed costs. Businesses that have already received grants can reapply for further help until 30 September.[182]
- On 2 March 2021, Nova Scotia announced a CAD 7 million property tax relief for small businesses.[183] Qualified businesses can choose a rebate of CAD 1,000 or 50% of commercial real property taxes paid for the final six months of the 2020-21 tax year.
- On 2 March 2021, Manitoba announced new support for small business, expanding its bridge grant programme.[184]
- On 17 March 2021, British Columbia announced a further CAD 30 million in support for small businesses.[185]

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[177] https://www.ctvnews.ca/health/coronavirus/hard-hit-businesses-get-rules-feb-1-start-date-for-liberals-1-million-loan-fund-1.5282931; https://www.lexology.com/library/detail.aspx?g=f3dc03d8-2c34-4970-9da4-dea6b509ca9a

[178] https://uk.style.yahoo.com/ottawa-extends-wage-and-rent-subsidy-levels-for-businesses-171444047.html?guccounter=1

[179] https://www.orilliamatters.com/coronavirus-covid-19-local-news/cdc-has-1m-available-from-feds-to-help-support-local-businesses-2902544

[180] https://www.cbc.ca/news/canada/edmonton/alberta-government-widens-criteria-for-small-business-pandemic-grant-program-1.5813577

[181] https://globalnews.ca/news/7645683/kenney-schweitzer-business-supports-covid-19/

[182] https://www.cbc.ca/news/canada/north/yukon-covid-update-hanley-feb-25-1.5927035

[183] https://novascotia.ca/news/release/?id=20210302007

[184] https://www.cbc.ca/news/canada/manitoba/manitoba-bridge-grant-covid-19-pallister-1.5933521

[185] https://ca.news.yahoo.com/b-c-announces-30m-small-224500736.html

Chile

The Chilean Central Bank announced on 16 March 2020 it would lower interest rates from 1.75% to 1%, and further cut rates to 0.5% on 31 March.[186]

On 19 March 2020, the government announced the Emergency Economic Plan I of USD 11.7 billion package. The package includes:

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

On 22 March 2020, 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.[187] On 8 April 2020, this Emergency Economic Plan II was launched. The following measures have been put in place:[188]

- 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 2020, 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.[189] 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.

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

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

[188] 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

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

On 28 April 2020, 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.[190]

On 29 April 2020, 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 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 2020, 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.[191]

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[192] 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

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

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

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

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.[193]
- 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.
- 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[194].
- "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.[195]
- 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.

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

[194] www.sercotec.cl

[195] www.corfo.cl

- 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 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 2020, the government launched further measures of USD 1.5 billion, ion particular to support the middle class.[196]

On 18 August 2020, the Senate and the Chamber of Deputies agreed to lower taxes temporarily for micro- and small businesses and extend the period for companies to pay value added tax to three months.

On 27 August 2020, Chile's chamber approved a proposal to ask the government to create an agency to support SMEs that have not been able to benefit from government aid during the coronavirus pandemic.[197]

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

[197] https://www.camara.cl/cms/noticias/2020/08/27/llaman-al-ejecutivo-a-crear-la-defensoria-de-las-pymes/

China

Since late January 2020, the Chinese Government has adopted several financial support measures[198] 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[199]. The February G20 Newsletter on Entrepreneurship, published by The Entrepreneurship Research Centre on G20 Economies, provides a comprehensive overview of such measures: These include short term measures to address liquidity shortages and financing difficulties, as well as longer-term plans for improving SME resilience, such as through technology adoption and digitalisation: [200]

- 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;

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

[199] 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

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

- 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:[201]

- On 30 January 2020, the State Administration of Taxation announced tax deferrals for firms in response to the pandemic.
- On 31 January 2020, 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 2020, the Ministry of Finance asked guarantee institutions to cancel counter-guarantee requirements and reduce fees. In areas affected by the pandemic, the State Financing Guarantee Fund reduced the re-guarantee fee by 50%. This comes on top of a streamlining of credit application and credit approval. Further support to enterprises that are strategic to prevention and control of the pandemic includes re-lending facilities with preferential lending rates, government subsidies, extensions of loan repayment periods and increased credit volumes.
- In early February 2020 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.[202]
- On 5 February 2020, 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 2020, 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 2020, the Ministry of Human Resources and Social Security authorised insured enterprises and individuals to defer payment of the social security premium.
- On 12 February 2020, 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 2020, 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.

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

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

- On 20 February 2020, 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 2020, 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 26 February 2020, 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 2020, 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 30 June 2020.
- In early March 2020 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 2020 suggested SME lending is not picking up.[203] On 13 March, the Chinese central Bank announced it would release USD 80 billion in liquidity in the banking sector.[204] Furthermore, on 19 March, media reported China's is planning USD 394 billion in infrastructure spending.[205]
- On 19 March 2020, the government announced a package to support the digitalisation of SMEs in the context of the crisis.[206]
- In March 2020 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 2020, the government announced it will step up support for SMEs by increasing financing quotas of small- and medium-sized banks by USD 140 billion.[207] It also announced measures to reduce the tax burden for SMEs through deferrals, preferential tax policies and increasing export tax rebates rates.[208] 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.[209]

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

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

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

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

[207] 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

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

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

On 13 May 2020, the government announced support measures for the digitalisation of SMEs.[210] 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 2020, the government announced further measures to support SMEs, included plans to delay loan repayments and interest payments, as well as increasing bank loans. [211] 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.

On 1 June 2020, 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.[212]

On 4 June 2020, the government extended the repayment of USD 183 billion of loans to SMEs.[213]

On 1 July 2020, a digital coupon scheme started for micro-enterprises by Alipay, which attracted 2 million micro-enterprises by July 19.[214]

On 15 July 2020, media reported on measures taken to support first time small business borrowers through service centres in different regions and the use of a performance evaluation system developed by the China Banking and Insurance regulatory Commission.[215]

On 24 July 2020, China announced a further package to support SMEs, focusing on leveraging monetary tools and encouraging qualified firms to go public. The measures include guiding commercial banks to further increase credit for smaller businesses. The central bank can use re-lending and rediscount facilities to inject liquidity. It also can release more funds through adjusting the amount of cash financial institutions must reserve, or the reserve requirement ratio.[216]

On 21 August 2020, the Central Bank announced it would not expand small business credit support.[217]

On 22 December 2020, China announced that small and micro-sized enterprises can defer loan repayments past the first quarter of next year as needed. Banks lending to these small businesses with government help for 40% of such loans can now keep that support beyond the end of this year as appropriate.[218]

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[210] https://news.cgtn.com/news/2020-05-14/China-to-promote-digital-transformation-of-SMEs-QtD2iEIRPW/index.html

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

[212] 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

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

[214] http://www.xinhuanet.com/english/2020-07/19/c_139223978.htm

[215] http://www.xinhuanet.com/english/2020-07/15/c_139215203.htm

[216] https://global.chinadaily.com.cn/a/202007/25/WS5f1b6ce0a31083481725bf9f.html

[217] https://www.caixinglobal.com/2020-08-21/pboc-will-not-expand-small-business-credit-support-101595667.html

[218] https://www.cnbc.com/2020/12/23/china-extends-stimulus-programs-for-small-businesses.html

On 8 January 2021, China extended its relief policy for inclusive financing for small and micro-sized enterprises (SMEs) to March 31, after current support measures expired at the end of 2020. Lenders have been told to extend repayments of SME loans due between January and March "if they should be extended".[219]

On 19 January 2021, China announced extension of support measures to avoid a policy cliff for SMEs.[220]

In addition, a wide range of policy measures have been announced for SMEs at the regional level in China.[221] 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.[222] In Hubei province, SMEs can receive a grant to hire new college graduates.[223] Northeast China's Jilin Province launched an online financing system for small businesses.[224]

Colombia

On 11 Mach 2020, 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 2020, the Central Bank cut the interest rate to 3.75%. On 30 April, the rate was lowered to 3.25%.

On 6 April 2020, development bank Findeter launched a COP 713 billion credit line to underpin private companies and municipal and state governments affected by COVID-19. Of these, COP 461 billion were allocated as 7-year loans with a 2-year grace period for working capital needs. Another COP 252 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.225 Also, the government announced the creation of a new COP 12 trillion special guarantees program to mitigate the impact of COVID-19 on the business sector. Through this program,

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[219]https://www.globalcapital.com/article/b1q10swzw2krs4/china-policy-and-markets-roundup-pboc-unveils-2021-goals-beijing-extends-sme-support-trump-bans-alipay-wechat-pay

[220]https://www.reuters.com/article/us-china-economy/china-to-support-economic-recovery-avoid-policy-cliff-state-planner-official-idUSKBN29O05E

[221]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

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

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

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

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

the government will guarantee small business loans serving liquidity requirements to pay for personnel and fixed costs.[226]

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 2020, 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 2020, 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.[227]

On 29 April 2020, 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 2020, 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.

On 19 June 2020, the IDB approved a USD 850 million loan for Colombia for a project that promotes innovation, entrepreneurship and business productivity, to help recuperate the country from the impact of COVID-19.[228]

On 30 June 2020, the Central Bank lowered benchmark rates by 25 basis points to 2.5%. On 31 July the rate was lowered to 2.25%, on 31 August to 2%.

On 20 Augustus 2020, the government announced a COP 100 trillion (USD 26.3 billion) investment program.

Overall, the following measures have bene put in place:

- Job retention:
  - Formal Employment Support Program - PAEF was created, which established a subsidy equivalent to 40% of a minimum wage for all workers in companies that during the pandemic

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

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

[228] https://www.latinfinance.com/daily-briefs/2020/11/19/factbox-111920-latin-america-moves-to-mitigate-impact-of-covid-19

would have had a decrease of at least 20% on their billing. More than 130,000 companies have accessed this subsidy; benefiting 3,375,615 employees with resources around USD 806 million (52.5% has been for MSMEs). This subsidy was extended until March 2021.

- Service Premium Payment Support Program - PAP was created, which provides employers with 25% of a minimum wage for each employee whose Base Contribution Income (IBC) is between USD 228 and up to USD 260. 85,063 companies have accessed this subsidy, benefiting 860,246 employees with resources around USD 49 million. (70% has been for MSMEs).

- Tax cut measures:
  - Extensions in term for the payment of income tax
  - Facilities for taxpayers to access favorable balances in income tax and VAT
  - Temporary moratorium interest rate and agreements to pay tax obligations
  - Exemption from payment of VAT for raw materials and health products, as well as for the rental fees of commercial premises that have been closed to the public for a period of more than 2 weeks
  - Reductions in the contribution amount to the General Pension System (from 16% to 3%).
- Financial support measures:
  - Special credit lines with low interest rates and grace periods, granted through credit operations with commercial banks and microfinance institutions through Development Bank – Bancoldex. Through these lines, around USD 379 million were available for companies and US 286 million have been disbursed (84% has been directed to MSMEs). Additionally, more than USD 218 million have also been drawn down in alliance with territorial entities through 25 regional credit lines.
  - From Findeter, the development bank for the financing of territorial entities, resources (around USD 185 million) were made available through credit lines destined to finance working capital and investments, in private companies and territorial entities, for working capital for projects in sectors such as transportation, health, housing, education, energy development, drinking water and basic sanitation, culture, among others. Additionally, an additional COP 200 billion (around USD 52 million) was made available for companies that provide domestic water supply, sewerage and / or cleaning services throughout the country to guarantee the provision of services to levels 3 and 4 and of industrial and commercial uses. These resources for liquidity and working capital are financial resources that are required to address the operational solvency problems derived from the emergency caused by Covid-19.
  - Special Guarantee Program "United for Colombia" was created with a quota of more than USD 5,564 million aimed at supporting loans for Payroll; Working Capital; Independent workers; Microfinance; Sectors most affected; Regionals; and Large Company. With these guarantees of between 60% and 90%, the credits required by MSMEs and independent workers are being backed to meet liquidity needs and assume personnel expenses, fixed costs (rent, utilities and others) and other obligations that they must meet to maintain their continuity and be sustainable.
- Structural support measures, regarding the deepening of the digital transformation, electronic commerce, the connection between national supply and demand as a boost to the domestic market and support in technical assistance in matters of formalization, entrepreneurship and productivity.

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.
- 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).

On April 2020 Costa Rica opened a call for non-refundable funds to offer training, technical assistance and specialized support to SMEs in the areas of electronic commerce, innovation management, digital transformation, operational excellence and productive transformation towards the bioeconomy. Objectives: helping SMEs to optimize, reorient or complement their productive activities, so that they have better tools to cope with and overcome the economic situation owing to the COVID-19 emergency.

On 17 June 2020, the Central Bank of Costa Rica decreased the policy interest rate by 50 basis points to 0.75%. The objective of the measure is to mitigate the effects of the coronavirus.

Croatia

On 17 March 2020, the government adopted 63 measures to support the economy.[229] 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 2020, 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, 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 2020, 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.230 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

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

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

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 2020, 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 2020, 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 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 2020, 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:[231]

- 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.

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

- Innovation vouchers COVID-19" under the OP EIC were provided to promote sharing of knowledge and know-how between businesses and research community

On 10 September 2020, the European Commission approved a EUR 305 million scheme to support liquidity needs of the self-employed.[232]

On 16 February 2021, the European Commission approved a EUR 1.2 billion Czech scheme ('compensation bonus') to support self-employed and partners in small limited liability companies affected by the coronavirus outbreak. The aim of the scheme is to mitigate the adverse effects of the coronavirus outbreak on the liquidity of the eligible small businesses for the periods when they have been – or will be – prevented, completely or partially, from carrying out business activities.[233]

Denmark

On 10 March 2020, a first stimulus package was issued, including:[234]

- A DKK 125 million credit facility allowing firms to defer VAT and tax payments, which could boost liquidity and help companies;[235] 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 2020, the government announced a DKK 200 billion package with further measures:[236]

- The release of the so-called 'countercyclical capital buffer' that banks have been required to keep on their books since the 2007 financial crisis. This will provide them an extra DKK 200 billion in liquidity, which they can either use to lend to businesses or to withstand losses on existing loans;
- Two new loan guarantee schemes, one for large companies and one for small and medium enterprises (SMEs). The government will guarantee 70% of the value of any new bank loans given to *SMEs* who have seen operating profits fall by more than 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;[237]
- 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.

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[232] https://www.eureporter.co/health/2020/09/10/commission-approves-e305-million-czech-scheme-to-support-self-employed-affected-by-coronavirus-outbreak/

[233] https://www.eureporter.co/frontpage/2021/02/16/commission-approves-e1-2-billion-czech-scheme-to-support-self-employed-and-partners-in-small-limited-liability-companies-affected-by-coronavirus-outbreak/

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

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

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

[237] https://em.dk/media/13431/faktaark_garantiordninger.pdf

On 18 March 2020, Denmark announced a further three months package of DKK 40 billion, which includes the following measures for business:[238]

- 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 2020, 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 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).

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

- 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 2020, 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.

On 23 October 2020, in the context of new containment measures, the government announced that it will initiate further compensation measures for business and extend existing ones.[239] On 27 October, an agreement was reached on a 8 billion kroner support package for business and the cultural sector. The

[239] https://www.thelocal.dk/20201023/denmark-announces-new-coronavirus-restrictions-heres-what-you-need-to-know

financial package includes a liquidity fund totalling DKK 28 million and extends and expands existing measures. The support programmes are in place until January 31st 2021.[240]

On 27 January 2021, the European Commission approved a EUR 4 million (DKK 30 million) Danish aid scheme for small and medium-sized enterprises (SMEs) affected by the coronavirus outbreak. The public support will take the form of interest-free credit facilities in relation to wage taxes due by SMEs. The aim of the scheme is to ease the liquidity constraints faced by those employers that are SMEs and have been most severely affected by the economic impact of the coronavirus outbreak, thus helping them to continue their activities.

Egypt

On 22 March 2020, 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.[241] On 17 March 2020, 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 2020, 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 2020, the EIB and the Banque du Caire announced EUR 100 million in finance for SMEs in Egypt.[242]

[240] https://www.thelocal.dk/20201028/denmark-announces-new-coronavirus-relief-for-businesses-and-culture

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

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

Mid-May 2020, the digital platform “Together we Continue” was launched to provide services to SMEs affected by COVID-19 in Egypt and other Middle Eastern countries.[243]

Egypt introduced a policy tracker including all measures in response to the pandemic: https://policytracker.mped.gov.eg/ar

The Central Bank of Egypt has the following measures in place:

- Deferring all credit dues for all customers (including large corporates, SMEs & individuals) for a period of 6 months, and exempting them from additional delay interest rates and fines for late payments.
- Issuing instructions to banks to avail the necessary credit limits to finance the importation of strategic commodities especially food commodities to cover the market needs, financing working capital especially payment of salaries of companies’ employees, studying and following-up of the most affected sectors by COVID-19 outbreak and developing plans to support the companies operating in those sectors.
- CBE has launched an initiative to issue a pledge of EGP 7 billion (in tranches) to the Credit Guarantee Company (CGC), to be used to cover the guarantees issued by the company to banks to cover up to 80% of the inherent risks in financing large corporates under the industrial private sector, agricultural & construction sectors initiative at 8% interest rate with certain conditions.
- Issuing regulation regarding amending some of the credit registry rules, including cancelling the black list for enterprises and the negative list for individuals, lifting the ban on dealing with non-performing clients (within specific categories), decreasing the disclosure period of historical data (after repayment) on the non-performing clients, and removing the data on non-performing individuals below a certain threshold (1,000 EGP), hence giving them access to credit.
- CBE has issued a number of initiatives to support the companies operating in the Tourism sector (including medium companies), including: (1) Initiative to support renovation of hotels, through allocating EGP 50 billion at an 8% interest rate (decreasing) over a period of 15 years. In addition to granting credit facilities to tourism sector companies to cover their working capital needs including payment of salaries and other dues, to be paid over a maximum period of two years with a grace period of 6 months. (2) Allocating a tranche of EGP 3 billion under the initiative to support renovation of hotels at a 5% interest rate (decreasing) for the purpose of financing three months’ payroll of tourism sector workers from the date of granting credit facilities to clients as well as basic maintenance and operating expenses. (3) Initiative for non-performing companies operating in the tourism sector with outstanding credit facilities of starting EGP 10 million. (4) Extending the Initiative allowing banks to postpone all credit dues on tourism sector companies for a maximum period of 3 years, until the end of December 2020. (5) Extending the initiative allowing banks to postpone the retail loans dues and mortgage loans dues of individuals working in the tourism sector for an additional 6 months from the due date of payment, until the end of December 2020.

The Micro, Small & Medium Enterprises Development Agency (MSMEDA) has adopted many measures to support SMEs in the virus outbreak, which includes the following:

- 3 month deferral of credit repayments & renewable according to project situation.
- Easing lending and administrative procedures for new SMEs especially in the in the food industry and health sector aiming to cover the market needs during the lockdown.
- Introducing a new financial product to finance working capital (bridge finance) through direct lending, which is also in support of mitigating the diversion of labour.

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

- Supporting the technical labour that has been laid off by offering re-training to be prepared for employment opportunities (wage employment) or for self-employment.
- Working on e-payment system for all MSMSE.
- Working on providing on-line financial and non-financial services to SMEs through the SME Platform, which has been established by MSMEDA with the aim to display the full range of services offered to MSME clients.
- Providing on-line Entrepreneurship training.
- Offering online registration & establishment services for new entities.
- Supporting SMEs to find new markets and sales channels by establishing a marketplace on the SME platform to support their further growth.
- Launching a call to start-ups and SMEs with technologies and innovations able to help in treating the effect of virus outbreak
- Set up coordination mechanisms with stakeholders to monitor the impact of the outbreak crisis on SMEs through a wide range survey.
- Preparing an SME guide for precautionary measures & health information to help in mitigating the impact of the outbreak on business.

Estonia

On 19 March 2020, 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.[244]
- 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:

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

  - 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.[245] Furthermore, community initiatives were launched to support small business.[246]

European Union

On 10 March 2020, 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.[247] 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.[248] 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.[249] On 29 March 2020, the EC reported in the media that EUR 93 billion had already been made available.

On 12 March 2020, 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

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

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

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

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

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

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."[250] 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.[251]

On 13 March 2020, the European Bank for Reconstruction and Development (EBRD) announced a 1 billion solidarity emergency financing package.[252]

On 13 March 2020, 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 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.[253] 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.[254]

On 16 March 2020, the European Investment Bank announced it will rapidly mobilise EUR 40 billion in support.[255] On 3 April, the Bank reported the development of a EUR 20 billion guarantee fund to support

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

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

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

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

254 https://www.siliconrepublic.com/start-ups/eu-start-ups-state-aid-covid-19

255 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

EUR 200 billion in funding for the European economy.[256] On 6 April, the European Commission and the European Investment Fund announced they would unlock EUR 8 billion in finance for 100,000 SMEs.[257]

On 2 April 2020, 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 2020, 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 4 April 2020, the European Commission launched its proposal for SURE (Support to mitigate Unemployment Risks in an Emergency) which included EUR 100 for measures in Member states to support short term working schemes and employment, which was adopted by Council on 19 May. After a further proposal by the Commission on 24 August on how to spend SURE, Council agreed on 28 September on EUR 87.4 for 16 Member states.[258]

On 10 April 2020, 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.

On 8 April 2020, the Commission announced some flexibility in competition rules for cooperation between companies in the context of the COVID-19 response.[259]

On 15 April 2020, the Commission presented a Roadmap with guidance on lifting the COVID-19 containment measures, which include a monitoring role for the SME Envoys.[260]

On 27 May 2020, the European Commission launched its proposals for recovery, including a EUR 750 billion Next Generation EU plan.[261] The proposals put emphasis on support and recovery through the Green deal and connectivity within the digital single market, as well as strategic economy. From and SME perspective, particularly the following instruments are relevant:

- A recovery and Resilience facility of EUR 560 billion, including EUR 310 billion in grants.

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

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

[258] https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/financial-assistance-eu/funding-mechanisms-and-facilities/sure_en

[259] https://ec.europa.eu/commission/presscorner/detail/en/IP_20_618

[260] https://ec.europa.eu/info/sites/info/files/communication_-_a_european_roadmap_to_lifting_coronavirus_containment_measures_0.pdf

[261] https://ec.europa.eu/commission/presscorner/detail/en/ip_20_940

- A new Solvency Support Instrument to mobilise private resources to urgently support viable European companies in the sectors, regions and countries most affected, with a budget of EUR 31 billion.
- An upgrade of InvestEU, Europe's flagship investment programme, to a level of EUR 15.3 billion to mobilise private investment in projects across the Union.
- A new Strategic Investment Facility to generate investments of up to EUR 150 billion in boosting the resilience of strategic sectors, notably those linked to the green and digital transition, and key value chains in the internal market, thanks to a contribution of EUR 15 billion from Next Generation EU.

On 4 June 2020, 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.[262]

On 21 July 2020, the European Council reached agreement on the plan (and on the EU multi annual financial framework).[263] Whereas the overall size of Next Generation EU remained the same (EUR 750 billion), the share of grants (compared to loans) was reduced and more explicitly linked to structural reforms. Moreover, the Solvency Support Instrument was not included in the final deal, the budget of the research and innovation programme Horizon Europe, InvestEU and the Just Transition Fund were reduced. The deal does not include specific instrument for SMEs.

On 15 July 2020, the European Commission launched the European Alliance for Apprenticeships, which particularly focuses on supporting SMEs to offer apprentice position in the COVID-19 context.[264]

On 28 January 2021, the European Commission prolonged the temporary state aid framework until end 2021. The Commission has also decided to expand the scope of the Temporary Framework by increasing the ceilings set out in it and by allowing the conversion of certain repayable instruments into direct grants until the end of next year.[265]

Finland

On 5 March 2020, the Finnish government announced it stood ready to take measures if the impact of the outbreak on the economy worsened.[266] 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.[267]

On 20 March 2020, 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:[268]

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

[263] https://www.consilium.europa.eu/media/45109/210720-euco-final-conclusions-en.pdf

[264]https://www.pubaffairsbruxelles.eu/commission-launches-renewed-european-alliance-for-apprenticeships-eu-commission-press/; https://ec.europa.eu/social/main.jsp?catId=1147

[265] https://ec.europa.eu/commission/presscorner/detail/en/IP_21_261

[266]https://yle.fi/uutiset/osasto/news/finance_minister_kulmuni_finland_ready_to_spend_if_coronavirus_hits_economy/11242537

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

[268]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

- 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;[269]
- 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;
- 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 March 2020 Business Finland increase grants and loan authorisations in 2020 targeted for R&D and innovation as well as general development activities of companies. As regards R&D, relevant is funding for challenge competition for leading companies and funding for the piloting the new PPP-model. The funds will target SMEs and midcaps.

On 8 April 2020, additional spending of EUR 3.6 billion was announced.

On 27 April 2020, 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.[270]

The Finish government backs a hackathon to help find innovative solutions to the crisis.[271]

On 4 November 2020, following an agreement between the European Commission, the Finnish Ministry of Economic Affairs and Employment, the European Investment Bank and the European Investment Fund, an additional EUR 350 million in SME financing at preferential terms will be made available to small Finnish businesses through the SME Initiative Finland.[272]

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[269] https://www.finnvera.fi/eng/growth/current-news-for-smes/current-news-for-smes

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

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

[272] https://www.eib.org/en/press/all/2020-298-european-initiative-to-expand-support-of-finnish-smes

On 15 March 2021, the government announced that half of its intended EUR 2.9 billion "Sustainable growth programme" recovery package will be focused on the green transition. The programme also includes support for digitalisation.[273]

France

The French Ministry of the Economy and Finance on 12 March 2020 announced measures for firms encountering serious difficulties due to the coronavirus.[274] 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%);[275]
- 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.[276]

On 17 March 2020, the government announced a further package of EUR 45 billion to support businesses:[277]

- 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.[278]

The government underlined that no SMEs will lack necessary liquidity.[279]

Since 12 March 2020, Bpifrance further stepped up its support:

- 90% guarantee for short to medium term credit extensions (above EUR 300,000);

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[273] https://www.euractiv.com/section/politics/short_news/finland-plans-to-spend-half-its-recovery-funds-on-green-transition/

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

[275] 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

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

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

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

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

- 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 2020, 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.[280]

On 25 March 2020, France launched a EUR 4 billion emergency plan for start-ups.[281] 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.
- 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.

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

[281] 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

- 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 2020, the government announced a further set of measures:[282]

- 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 2020, the government expanded the size of the stimulus package from EUR 100 billion to EUR 110 billion.[283]

On 9 June 2020, the government launched a EUR 15 billion aerospace support package, which will also benefit SMEs.[284]

On 25 June 2020, the government extended support measures for business.[285]

On 14 July 2020, 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.[286]

On 6 August 2020, France launched a scheme that allow SMEs to request a specific settlement plan of the payment of their taxes.[287]

On 3 September 2020, the government provided the details of further support measures of EUR 100 billion (4% GDP) announced on 14 July, on top of the 460 billion dispensed so far. It includes 70 measures to reach full recovery from the crisis in 2022 and to make France more competitive, more social and greener.

- EUR 35 billion goes to competitiveness and innovation. This includes EUR 3 billion of company support via public guarantees. EUR 385 million support digitalisation for SMEs and micro-enterprises.

282 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

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

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

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

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

287 https://www.tax-news.com/news/France_Launches_COVID19_Tax_Settlement_Scheme_For_SMEs____97794.html

- EUR 30 billion for greening, including the isolation and modernisation of public buildings and improvements of public transport). This includes EUR 9 billion to support the energy transition in companies through R&D.
- EUR 35 billion goes to social measures including (re)training, subsidised jobs for young people and traineeships, a subsidy of EUR 4,000 for employers who employ employees younger than 26 years old. The sort time work scheme is extended to 2021.
- Taxes for companies are reduced by EUR 10 billion, in particular by lower local taxes. The tax cuts are expected to benefit 32% of SMEs.

On 30 September 2020, the government and Bpifrance launched a new fund 'Bpifrance Enterprises 1' which facilitates investments by individuals in French SMEs and startups.[288]

On 16 October 2020, media reported on a new scheme to avert company failures. Under the new scheme, the government aims to raise 20 billion euros in quasi-equity loans for small firms hit by the coronavirus crisis by offering investors a state guarantee against the first 2 billion euros in losses. Under plans, banks would first lend to SMEs and then sell on 90% of the loans to institutional investors. That would limit banks' risk exposure to 10% of the loans, while also steering funds to viable firms.[289]

On 29 October 2020, in the context of renewed lockdown measures, the government announced a EUR 20 billion stimulus package for SMEs and sectors hard hit by the pandemic. Of this new funding, EUR 6 billion will go to France's solidarity fund, which allows 1.6 million SMEs and freelancers to ask for state aid of up to EUR 10,000. A partial-unemployment scheme — which allows companies to reduce employees' salaries and hours, with the government making up part of the difference — will receive EUR 7 billion. Another EUR 1 billion will support lenders during the downturn, and there will also be EUR 1 billion more in social contribution exemptions. The rest of the funding package will be made up of state-guaranteed loans and direct loans.[290]

On 1 November 2020, the government announced EUR 100 million in support for small business to build up online operations against the background of their closing due to lockdown measures.[291]

On 12 November 2020, the government announced it will increase a tax credit for landlords who forgo rent payments from small firms during the current coronavirus lockdown. Landlords would be eligible for a 50% tax credit (previously 30%) on the value of rent this month they forgo that would have been owed by firms employing less than 250 people.[292]

On 26 November 2020, the government indicated that the expansion of a government programme to compensate French businesses hit by coronavirus restrictions will cost EUR 3.5 billion in December alone. The government also increased the scope of its compensation scheme to include, from 1 December, all companies regardless of size, whereas only small and mid-sized companies were covered previously.[293]

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288 https://minefi.hosting.augure.com/Augure_Minefi/default.ashx?WCI=ContenuEnLigne&ID=254F2E44-FA31-4326-8B46-D2AAFF6DE994

289 https://www.reuters.com/article/us-france-economy-loans-idUSKBN271186

290 https://www.politico.eu/article/france-plans-new-e20b-stimulus-package-ahead-of-second-lockdown/

291 https://www.reuters.com/article/us-health-coronavirus-france-idUSKBN27H1HZ

292 https://www.devdiscourse.com/article/business/1306667-france-boosts-lockdown-rent-relief-incentive-to-help-small-firms

293 https://www.reuters.com/article/france-budget-idUSP6N2HR00R

For January 2021, the government announced a number of changes in its support measures amounting to EUR 4 billion per month, and including the solidarity fund, loan guarantees, exemptions from social contributions and deferral.[294]

On 4 March 2021, the government launched a new guarantee scheme for quasi-equity debt to help small and mid-sized firms bounce back from the coronavirus crisis.[295] The government guarantee will cover 30% of the potential losses on a total of EUR 20 billion in debt expected to be purchased by institutional investors such as insurers. Banks will extend loans to SMEs, which will then be sold on to institutional investors through private investment vehicles that formally carry the state guarantee. Banks will keep a 10% exposure to the loans to ensure sound lending decisions. Firms will also be able to issue subordinate bonds to the investment vehicles. The loans and bonds will have maturities of eight years with a four-year grace period on principle repayment. They also have to be used to support investment and not financing existing debt.

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.[296]

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.[297] 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.[298] On 10 March 2020, 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.[299]

On 9 March 2020, 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.[300]

On 13 March 2020, 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

[294] https://www.linkedin.com/pulse/mesures-de-soutien-%C3%A0-nos-entreprises-pour-le-mois-janvier-le-maire

[295] https://www.reuters.com/article/france-economy-loans-eu-launch-idUSL2N2L20OO

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

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

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

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

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

quickly. The measures support all commercial small and medium-sized enterprises (SMEs) and the liberal professions across all sectors and will be implemented by the guarantee banks as soon as possible.[301]

- 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.[302]

On 21 March 2020, the government announced it was working on an emergency budget including support for SMEs, an economy stabilisation fund and further public guarantees through KfW.[303] 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 2020, the government announced EUR 50 billion in support to small business.[304] 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.[305] 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% 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.

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

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

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

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

[305] 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 2020, the “German Covid-19 Insolvency Law Amendment” became effective.[306] 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 2020, 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.[307] 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.[308]

On 3 April 2020, the government announced a EUR 4,000 assistance for SMEs to cover consultancy services to help SMEs find solutions in coping with the crisis.[309]

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

[307] 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

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

[309] 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

On 6 April 2020, 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%.[310] Conditions for this Schnellkredit are:[311]

- 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 2020, the government announced a further support package of EUR 130 billion.[312] The package includes three pillars:

- Boost demand, safeguard jobs and provide targeted stabilisation, including a temporary VAT cut and more simplified access to basic income support for job seekers
- Promote investment by business and local authorities, with a focus on housing and transport, but including an update of corporate tax legislation
- Invest in a future-ready Germany, including a EUR 50 billion fund to address climate change, and support sustainable mobility, innovation and digital technology

The package includes a EUR 25 billion support programme for small firms that have seen their sales drop by more than 60% for June to August. Up to 80% of fixed costs will be covered, depending on the amount of revenue that an applicant loses during the three months from June to August, up to a maximum of EUR 150,000 for larger companies, EUR 9,000 for self-employed individuals as well as micro-entities with up to five employees, and EUR 15,000 for micro-entities with up to ten employees.

Furthermore, support for apprentices will ensure that school leavers can start their vocational training and apprentices can properly complete their current training programmes. This measure will include bonus payments for small and medium-sized businesses.

On 27 August 2020, Germany extended its Kurzarbeit scheme until end 2021.

On 1 October 2020, the European Commission announced that EIB Group securitisation will enable Commerzbank to lend up to EUR 500 million to small and mid-sized businesses in Germany in response to COVID-19.[313]

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

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

[312] https://www.bundesfinanzministerium.de/Content/EN/Standardartikel/Topics/Public-Finances/Articles/2020-06-04-fiscal-package.html

[313] https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1773

On 29 October 2020, following the announcement of new lockdown measures, the government announced that a EUR 10 billion further stimulus package is being developed for SMEs. Companies hit by the second lockdown will receive a grant of 75% of their November 2019 turnover.[314]

On 6 November 2020, the government announced it was extending its loan scheme for companies hit by the pandemic to mid-2021. The aid programme allows companies to apply for state-backed loans of up to 25%of last year's turnover for a maximum of EUR 800,000, provided by the state-owned KfW bank.The scheme has been a lifeline for the country's army of small and medium-sized companies, many of which were forced to temporarily shut down at the height of lockdowns in the spring. The programme, now extended until June 30th, 2021, will also be expanded to include self-employed people and companies with up to 10 employees.[315]

On 16 November 2020, media reported that the government expects to spend EUR 22 billion in support to companies and self-employed in the first half of 2021. In November, the support amounted to EUR 14 billion, whereas EUR 10 billion was anticipated.[316]

On 20 November 2020, the European Commission approved a Germany-wide “umbrella” scheme with an estimated budget of EUR 30 billion. It will allow the German federal and regional authorities, to set up schemes to support companies that suffered from a turnover decline between March 2020 and June 2021 of at least 30% compared to the same period of 2019. The aid will help them pay 70% (90% in case of micro and small companies) of their fixed costs that are not covered by revenues, up to a maximum of EUR 3 million per undertaking. Under the umbrella scheme, support can take the form of i) direct grants; ii) state guarantees for loans (granted through credit institutions and other financial institutions as financial intermediaries); or iii) subsidised public loans.[317]

On 22 November 2020, the government signalled it may take on EUR 160 billion in new debt in 2021 to support economic recovery.[318] This is at least EUR 64 billion higher than the EUR 96 billion initially foreseen. Of the additional debt, EUR 39.5 billion are earmarked to support companies whose business has been hit by the coronavirus crisis.

On 24 November 2020, media reported that Germany plans a further stimulus package of EUR 17 billion in December for companies and the self-employed given the extension of lockdown measures.[319] In November, authorities have already earmarked around EUR 14 to EUR 15 billion to compensate for lost turnover in November.

On 30 November 2020, media reported that various Ministers had suggested that support could no longer be as large and comprehensive but needed become more targeted.[320]

[314]https://www.sharecast.com/news/international-economic/germany-approves-one-month-partial-covid-19-lockdown-smes-to-get-more-aid--7693998.html

[315] https://www.thelocal.de/20201106/germany-extends-support-for-companies-into-mid-2021

[316]https://uk.reuters.com/article/uk-germany-coronavirus-aid/germany-plans-22-billion-euros-in-covid-aid-for-companies-in-first-half-of-2021-sources-say-idUKKBN27U0EY

[317] https://ec.europa.eu/commission/presscorner/detail/en/ip_20_2180

[318] https://uk.reuters.com/article/uk-health-coronavirus-germany-debt-idUKKBN2820F1

[319]https://www.thelocal.de/20201124/germany-plans-17-billion-aid-to-companies-and-the-self-employed-for-extended-shutdown

[320]https://www.dw.com/en/coronavirus-german-ministers-urge-rethink-of-aid-for-pandemic-hit-companies/a-55775422

On 7 January 2021, the government announced it would extend the law that freezes insolvencies beyond January 2021.[321]

On 17 March 2021, the government announced it would increase incentives for firms for offering vocational training by EUR 700 million to support reskilling.[322] This includes the doubling of a premium of EUR 4000 for SMEs that do not reduce the number of vocational training positions.

German Länder are putting measures in place as well. Bavaria has announced a EUR 10 billion fund to buy a stake in struggling companies.[323]

Greece

On 9 March 2020, the Greek government announced financial relief for companies in areas hit by the coronavirus to safeguard jobs and boost liquidity.[324] 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.[325]

On 18 March 2020, 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 2020, 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:[326]

- 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;

[321] https://financialpost.com/pmn/business-pmn/germany-to-extend-insolvency-moratorium-beyond-jan-handelsblatt

[322] https://www.reuters.com/article/health-coronavirus-germany-retraining-idUSL8N2LE5TY

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

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

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

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

- 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 2020, 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 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.[327]

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.[328]

On 7 April 2020, an aid scheme totaling EUR 1 billion was approved to provide repayable advances to Greek companies facing temporary financial difficulties due to the coronavirus outbreak, as evidenced by the significant reduction in their activity. The scheme is estimated to help ensure the liquidity available in the market in order to address the damage caused and to maintain the continuity of economic activity during and after the outbreak of the disease. The repayable advances concern creditworthy companies and will be disbursed by the Independent Public Revenue Authority directly to the companies without the mediation of banks.

In April 2020, the Executive Agency for Management and Implementation of Industry, Commerce and Consumer protection launched an interest subsidy program for SMEs. The program concerns the subsidy of loans for Existing SMEs Loans Affected by the COVID-19 virus pandemic measures. The public expenditure of this Call amounts to EUR 750 million. The program provides direct subsidies to SMEs for covering current contractual interest, as well as the corresponding contribution of Law 128/75 of the loans of eligible companies, up to EUR 800,000 per company. The subsidy applies to current overdue loans, bond loans and credit agreements, including securitized loans and credits as well as transfers due to loans transferred and credits according to national legislation. Eligible companies must be creditworthy SMEs operating in sectors which face serious financial difficulties and urgently need liquidity support to overcome the economic crisis because of COVID-19.

On 12 September 2020, the government announced a EUR 10 billion support plan with 12 new measures for business and workers.[329] These include:

- A reduction in social security contributions to 36.7%

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

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

[329] https://news.gtp.gr/2020/09/12/greek-pm-new-covid-19-support-measures-for-businesses-workers/

- A subsidy programme for 100,000 new jobs.
- Extension of possibilities for temporary unemployment.
- A suspension of debt payments (tax, insurance contributions) until April 2021 for those employed in affected sectors affected during the crisis.
- Support for digital and greening fixed capital investments.
- A reduction in VAT.

On 29 October 2020, the government announced further EUR 11 billion stimulus package, which would run until July 2021. Apart from a package of measures worth EUR 3.8 billion already announced the government would spend another EUR 3 billion from the budget and an equal amount from EU structural funds to shield businesses and economic activity.

On 4 November 2020, the government extended selected support measures in parallel to the imposition of new movement restrictions.

On 3 December 2020, the European Commission has approved the modification of three national Operational Programmes (OPs) in Greece that will redirect EUR 183.5 million to address the effects of the coronavirus crisis in the economy, mainly through the funding of entrepreneurship in the form of working capital and/or guarantees.[330]

On 4 January 2021, the government announced a new package of relief measures:[331]

- businesses that were forced to remain closed due to government order will not be required to pay rent in January, at the same time previous rental reduction measures continue to apply for certain categories
- the government will be accepting applications for inclusion in the 5th round of aid in the form of "repayable advance" – an irrevocable, tax-free amount that cannot be offset against any debt
- employees on furlough in January are entitled to a EUR 534 subsidy, while telework has been extended until January 31
- some 100,000 professionals (lawyers, engineers, dentists, veterinarians, accountants, economists, notaries etc) will be entitled to a EUR 400 subsidy to be paid by the end of January
- F&B services providers, including restaurants and bars, wishing to purchase outdoor heating appliances can benefit from a subsidy after applying online
- aimed at retailers only, the development ministry announced that it would be financing as of January the total cost for the creation of online store operations (e-shop)
- concerning very small companies with turnover between EUR 100,000 and 200,000 unable to access bank lending for working capital, the Hellenic Development Bank plans to expand its business financing program. From the end of January, very small enterprises will have access to a total of EUR 450 million in working capital loans with Greek state guarantees.

Furthermore, the following financial support measures have bene put in place:

- Program "Business Funding": this program aims to provide low cost loans for the implementation of sustainable business plans and the enhancement of the liquidity of SMEs which activate to any economic sector in the Greek territory. It is co-financed by the European Regional Development Fund (ERDF) and the Greek State in the framework of National Strategic Framework 2014-2020 following the co-financing rate 2/3 =0.67 (Hellenic Development Bank S.A./HDB S.A.: 40% - Private financial intermediaries/banks: 60% of business loans). Beneficiaries (SMEs) of all the above sub-

[330] https://www.eureporter.co/health/2020/12/03/coronavirus-response-e183-5-million-to-support-greek-economy/

[331] https://news.gtp.gr/2021/01/05/greece-announces-7-actions-to-support-businesses-employees/

programs are subject to collaterals up to 120% of the loan amount. The initial total value of funds is EUR 1,750 billion (EUR 700 million contributed by HDB and EUR 1,050 billion contributed by participating banks). The number of beneficiaries up to up to 17-6-2020 is 10,150 SMEs and the total amount of approved loans is EUR 1.3 billion.

- Guarantee Fund /COVID-19: The program aims at guaranteeing working capital loans issued by the banks in favor of small and medium sized enterprises, as well as the large firms of the private sector. Guarantee Fund is co-financed by the European Regional Development Fund (ERDF) and the Greek State in the framework of National Strategic Framework 2014-2020. It concerns a portfolio guarantee fund which provides a guarantee rate up to 80% per loan. The Guarantee cap is defined up to 40% for SMEs and 30% for large companies. Eligible are companies operating in Greece which on 31.12.2019 are not considered as undertakings in difficulty as mentioned in point 18 of article 2 of Regulation 651/2014), are considered as having the ability to receive a loan in accordance with bank's credit policy and the internal procedures of credit institutions, they have fulfilled their obligations against the banking system (have a debt of <90 days) on the date of application or on 31.12.2019. The guarantee premium is granted by the Greek government in an amount up to EUR 800,000 per working capital loan which could have a duration of 1-5 years. It is a portfolio guarantee fund of total size of EUR 1 billion, of which EUR 500 million are addressed to portfolio guarantee for SME's and EUR 500 million to portfolio guarantee for large companies. The guarantee rate is defined to 80% per loan while the guarantee cap up is determined to 40% for SMEs and 30% for large companies

On 1 March 2021, the European Commission approved a EUR 6 million support scheme to MSMEs.[332] The scheme will be open to SMEs registered on the National Start-up Registry 'Elevate Greece', which have started their activity by 31 December 2020 and whose activity falls under thematic areas compatible with the Research & Innovation Strategy for Smart Specialization (RIS3) of Greece. The measure is open to all sectors except the financial, primary agriculture, fishery and aquaculture sectors. The public support will take the form of direct grants. The objective of the measure is to help ensure sufficient working capital for SMEs affected by the coronavirus outbreak. The amount of the grant corresponds to 80% of working capital expenses for the reference year 2019 or 2020.

On 12 March 2021, the government launched a further package of support measures of EUR 2.5 billion to freelancers, businesses and workers.[333]

Hong Kong, China

On 25 February 2020, 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).[334] 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.[335]

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332 https://www.eureporter.co/world/greece/2021/03/11/commission-approves-e60-million-greek-scheme-to-support-micro-small-and-medium-sized-enterprises-affected-by-coronavirus-outbreak/

333 https://www.euractiv.com/section/politics/short_news/greek-government-allocates-extra-e2-5-billion-to-support-economic-sector/

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

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

On 8 April 2020, the government expanded on the measures by introducing a set of new enhanced terms for the 80%, 90%, and special 100%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%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).[336]

On 15 September 2020, the government announced enhancements to its financing guarantee program for SMEs (SME Finance Guarantee Scheme), doubling the maximum amount of loans for eligible firms and extending the repayment period by two years to a maximum of five years. Under the scheme, SMEs can now avail of loans amounting to employee salaries and rents for 12 months from the previous six months, or HKD 5 million (USD 645,160), whichever is lower, HKMC Insurance, a wholly owned subsidiary of the Hong Kong Mortgage Corporation said.[337]

Hungary

On 16 March 2020, 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.[338]

On 18 March 2020, the government announced a package of further measures:[339]

- 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%;
- 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.

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

[337] https://sg.news.yahoo.com/hong-kong-government-raises-loan-144713686.html

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

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

On 23 March 2020, the government announced further measures to support small business. These include: [340]

- 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 2020, 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.

On 8 April 2020, 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%, and interest to be paid by SMEs will be capped at 2.5%. 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.[341]

On 18 July 2020, the government launched a HUF 2 billion (EUR 5.7 million) support scheme for SMEs.[342] This scheme aims to assist SMEs in building their brand abroad, investment projects and the setting-up of online distribution channels.

On 20 December 2020, the government announced a further relief package including several measures. The first is to extend a moratorium on loan repayments by households and businesses until July 1, 2021, to mitigate the impacts of the pandemic. The government will also offer subsidies to businesses that were temporarily shut down due to anti-pandemic measures. Additionally, local taxes for small and medium-sized enterprises will be halved from January 1, targeted at those in smaller settlements, with less than 25,000 inhabitants. The government will also offer a special loan and non-refundable grants for families with children or expecting a child to renovate their homes.[343]

On 3 February 2021, the European Commission approved a EUR 586 million (HUF 214 billion) Hungarian scheme to support SMEs affected by the coronavirus outbreak. Under the scheme, the public support will take the form of a reduction of the local business tax rate to 1% and a 50% reduction in the advance

[340] 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

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

[342] https://hungarytoday.hu/govt-to-launch-huf-2-billion-sme-support-scheme/

[343] http://www.smetimes.in/smetimes/news/global-business/2020/Dec/20/hungary-economic55190.html

payments of the local business tax. The scheme aims to provide relief and liquidity to SMEs in order to mitigate the effects of the coronavirus outbreak. The scheme will run until December 2021.[344]

On 4 February 2021, the government announced new interest-free loans to SMEs as part of the action plan to relaunch the economy. Under the scheme, SMEs can raise an interest free loan with ten years maturity of up to HUF 10 million, with repayments deferred by three years.[345]

On 11 March 2021, the government enlarged the eligibility for its interest free loan programme for recovery to every company that had to close down because of new lockdown measures.[346]

Iceland

On 11 March 2020, 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 2020, the government announced a USD 1.6 billion support package, which includes:[347]

- The government will take on up to 75%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.

On 9 October 2020, the government announced to extend and increase subsidies to companies that had to close because of containment measures. Businesses will receive ISK 600,000 (EUR 3,678) for each employee, every month they have to remain closed.[348]

Community platforms have been set up to support small businesses.[349]

India

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

On 19 March 2020, 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.[350] On 20 March, media reported that the State Bank of India will open a special credit facility for SMEs, which aims to address liquidity

[344] https://www.eureporter.co/frontpage/2021/02/03/commission-approves-e586-million-hungarian-scheme-to-support-small-and-medium-sized-enterprises-affected-by-coronavirus-outbreak/

[345] https://hungarytoday.hu/orban-government-launch-action-plan-reopen-economy-coronavirus-smes/

[346] https://hungarytoday.hu/coronavirus-govt-expand-eligibility-huf-10-m-interest-free-loan-business/

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

[348] https://www.icelandreview.com/politics/additional-government-aid-for-businesses-and-artists/

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

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

concerns of SMEs who have seen business disruptions due to the crisis.[351] 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;
- 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 2020, 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.[352] The measures include a move to bail out 200,000 ailing small and medium sized companies.[353] 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 2020, 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).

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

[352] 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

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

On 17 May 2020, 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.

On 12 October 2020, India announced a further USD 10 billion stimulus plan with a focus on stimulating consumer demand and infrastructure investment.[354]

On 9 November 2020, the government approved a USD 19 billion in tax incentives over the next five years for companies who build new manufacturing and export businesses in India.

On 12 November 2020, the government announced USD 35.5 billion in new stimulus measures including subsidies to companies that hire new employees and tax breaks for home buyers, and government subsidized bank loans to sectors of the economy that are struggling due to the pandemic, such as the auto industry.

Media reported that by early December 2020 the Indian government has committed USD 50 billion, roughly 2%of India's annual economic output, to help small businesses, as well as cash transfers to low-income workers as part of a USD 266 billion economic package.[355]

On 22 December 2020, the Asian Development Bank (ADB) signed a USD 40 million loan (in rupee equivalent) to Northern Arc Capital (NACL) to support the livelihoods of microfinance borrowers and micro, small, and medium-sized enterprises (MSMEs) in India.

Early February 2021, the government announced various measures to ease doing business for SMEs, following a change in the definition of small businesses in the Company Act.[356]

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 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.

Indonesia

On 25 February 2020, 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.[357]

On 13 March 2020, 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,

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[354] https://www.reuters.com/article/india-economy-finmin-idUSKBN26X0UP

[355] https://economictimes.indiatimes.com/small-biz/sme-sector/indias-economy-shrinks-sharply-as-covid-19-slams-small-businesses/articleshow/79460232.cms?from=mdr

[356] https://www.financialexpress.com/industry/sme/msme-eodb-fewer-board-meetings-exemption-from-audtor-rotation-preparing-cash-flow-statement-more-for-small-companies-come-april-1/2187304/

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

certification processes for exporters will be simplified and the government will make it easier to import raw materials.[358]

Since the start of the crisis, Bank Indonesia has cut interest rates on 20 February 2020 (to 4.75%), 19 March (to 4.5%) and on 18 June 202 (to 4.25%). The Bank also lowered the rupiah reserve requirement ratio by 50 basis points for banks involved in financing small and middle businesses and other priority areas after a 50 basis points cut last month to support trade activities.

A total of IDR 438 trillion (2.8% of GDP) was made available on 31 March 2020 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 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.[359]

Ireland

On 6 March 2020, 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.[360]

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

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

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

On 9 March 2020, 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.[361] 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;[362]
- 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.[363]

Furthermore:[364]

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

On 13 March 2020, Irish Revenue announced the suspension of interest on late payments by SMEs.[365]

On 24 March 2020, the government announced a new COVID-19 Income Support Scheme, including:[366]

- 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.[367]

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

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

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

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

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

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

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

On 8 April 2020, the government announced a further set of measures:[368]

- 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 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 EUR 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%.

[368] 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

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.[369] In June, support for the vouchers was further extended by EUR 14 million.[370]

On 2 May 2020, the government outlined its Roadmap for Reopening Society and Business, which sets out a five stage plan to ease the COVID-19 restrictions and reopen Ireland's economy and society.[371] This was supported by a EUR 6.5 billion package of measures aimed to help businesses to restart, reconnect and rehire staff who have been laid off or furloughed, which include:[372]

- a EUR 10,000 restart grant for micro and small businesses based on a rates/waiver rebate from 2019
- a three month commercial rates waiver for impacted businesses
- a EUR 2 billion Pandemic Stabilisation and Recovery Fund within the Ireland Strategic Investment Fund (ISIF), which will make capital available to medium and large enterprises
- a EUR 2 billion COVID-19 Credit Guarantee Scheme to support lending to SMEs for terms ranging from 3 months to 6 years, which will be below market interest rates. The scheme will provide low-cost loans from EUR 10,000 to EUR 1 million with 80% government guarantee, for companies with a 15% drop in turnover because of the pandemic.[373] The scheme was open for business on 7 September.
- the 'warehousing' of tax liabilities for a period of twelve months after recommencement of trading during which time there will be no debt enforcement action taken by Revenue.

On 7 May 2020, 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 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.[374]

On 10 August 2020, applications were opened for the restart grant scheme set up under Sustaining Enterprise Fund launched early May, that provides grants between EUR 4,000 and 25,000 for SMEs to reopen and adapt to the restrictions to support recovery.[375]

Ireland introduced on 1 September 2020 the Employment Wage Subsidy Scheme as a successor to the Temporary Wage Subsidy scheme that was introduced earlier during the pandemic. Until next March, EUR 2.25 billion is expected to be needed for the new scheme. The rates offered under the new scheme are

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

370 https://www.siliconrepublic.com/companies/trading-online-voucher-scheme-ireland-apply

371 See for an overview of all measures for business: https://dbei.gov.ie/en/What-We-Do/Supports-for-SMEs/COVID-19-supports/Government-supports-to-COVID-19-impacted-businesses.html

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

373 https://www.irishexaminer.com/business/economy/arid-40044443.html

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

375 https://www.siliconrepublic.com/companies/restart-grant-ireland-smes-covid19-funding

lower than previously and include a weekly sum of EUR 151.50 for workers earning between EUR 151.50 and EUR 202.99; and EUR 203 for those earning between EUR 203 and EUR 1,462 a week. After discussions, small business owners themselves are now also eligible under the scheme.[376]

On 25 September 2020, the first meeting of the SME Growth Taskforce took place.[377] The Taskforce draws upon the recent SME and Entrepreneurship Policy Review by the OECD (OECD, 2019[1]), and is a commitment in the Programme for Government and was formed in order to design a National SME Growth Plan that will map out an ambitious long-term strategic blueprint for SMEs and entrepreneurs beyond COVID-19. The Taskforce is composed of a broad range of business people with expertise in range of sectors, as well as SME representative groups and other individuals uniquely positioned to contribute to a long-term vision for the SME sector.

On 13 October 2020, the government presented its new budget.[378] This includes a EUR 1.1 billion granted to the Department of Business, which oversees COVID-19 support funds for start-ups and small businesses, a reduction in VAT for hospitality businesses to 9% until December 2021, EUR 55 million for the tourism business support scheme and EUR 50 million fund for live entertainment. A special scheme offering cash payments of up to EUR 5,000 a week for firms forced to close due to Covid-19 restrictions is part of the budget.[379] The budget also included a EUR 3.4 billion new Recovery Fund in the context of both COVID-19 and Brexit, which includes support for infrastructure investment, reskilling and retraining and investment and jobs.[380]

On 24 January 2021, the Bank of Ireland it will fast-track its payments to SMEs during 2021.[381]

On 10 February 2021, the government announced new support measures for business of EUR 160 million. EUR 60 million will go to businesses which have been unable to access Government funding until now, as part of the Covid-19 Business Aid Scheme (CBAS). Wholesalers, caterers and event suppliers that are down 75% or more in turnover will be able to avail of this funding. The new scheme will offer a grant of EUR 8,000 for small businesses. An additional EUR 10 million will be allocated to the Covid-19 Products Scheme to help in the fight against the virus. Firms researching or manufacturing PPE, sanitisers, tests, equipment or other medicinal products which are relevant to Covid-19 are eligible for funding of up to 50% of their capital costs. The Government also approved an additional EUR 90 million for the Sustaining Enterprise Fund, which offers funding of up to EUR 800,000, with EUR 200,000 or 50% in non-repayable grants to eligible manufacturing and internationally traded services companies.[382]

A digital platform announced it would allow Irish SMEs to sell their products online for free during the COVID-19 pandemic.[383]

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[376] https://www.irishtimes.com/business/economy/over-36-700-employers-register-for-new-covid-wage-subsidy-scheme-1.4364454

[377] https://www.gov.ie/en/press-release/2ffef-tanaiste-speaks-to-smes-on-long-term-plan-for-future/

[378] https://www.cnbc.com/2020/10/13/ireland-presents-mega-budget-amid-brexit-and-the-coronavirus.html

[379] https://www.irishtimes.com/business/economy/businesses-hit-by-covid-restrictions-to-be-offered-up-to-5-000-a-week-1.4379055

[380] https://www.citizensinformation.ie/en/money_and_tax/budgets/budget_2021.html#

[381] https://www.newsletter.co.uk/business/consumer/bank-ireland-uk-will-fast-track-payments-its-sme-suppliers-until-end-2021-3111129

[382] https://www.rte.ie/news/business/2021/0209/1196048-govt-announces-160m-in-supports-for-covid-hit-firms/

[383] 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/

Israel

On 8 March 2020, the Finance Ministry announced it opened a special loan facility for struggling companies to receive support from the State Guarantee Fund for Small Businesses.[384] 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 2020, the government announced a further NIS 10 billion support package, doubling the amount available under the loan fund.

On 16 March 2020, the government announced further measures of importance to SMEs, which include (next to measures to enhance access to loans already announced):[385]

- 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
  - 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.

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

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

- 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 2020, 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.[386]

On 1 April 2020, the government announced a NIS 650 million stimulus plan for the tech sector, via the Israeli Innovation Authority.[387] 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 2020, the government approved a grant scheme for self-employed.[388] 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.[389]

On 24 April 2020, grants for small businesses (up to NIS 20 million turnover) up to NIS 400,000 to cover fixed expenses were announced.

On 24 May 2020, the government has expanded the loan fund for SMEs from NIS 8 billion to NIS 14 billion.[390] The government guarantees 85% of each loan but guarantees are limited to 15% of overall losses on all 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 2020, 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.[391]

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

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

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

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

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

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

On 8 July 2020, the government announced a grant scheme for small business where SMEs can get a NIS 1000 grant to acquire a fibre optic internet connection.[392]

Late July 2020, a national project was launched by Facebook Israel, the Israel Social Economic Forum and 2B Friendly to support SME digitalisation.[393]

On 8 September 2020, Parliament approved a NIS 7.2 billion support package. Of this, NIS 4.2 billion will go to education, NIS 2 billion to support industry and 1 billion for tax grants to small business and low income employees.[394]

On 22 September 2020, the government approved an extra NIS 10.5 billion aid package to help businesses and self-employed workers under the newly introduced lockdown.[395] This includes grants for businesses whose revenue falls by more than 25%.

On 6 November 2020, the Tax Authority announced that small business owners hurt by the pandemic will be able to request a NIS 300,000 grant. The grant is intended for small businesses who saw a 25% drop in activity in September and October compared to the same period in 2019.[396]

On 2 December 2020, the government announced that about NIS 50 million will be invested in 17 projects that will help small businesses deal with the economic damage caused by the coronavirus crisis in Israel. The Small and Medium Business Agency (SMBA) of the Economy and Industry Ministry will distribute grants up to NIS 15 million to businesses and ventures that will aim to improve the situation of small- and medium-sized businesses impacted by the coronavirus crisis.[397]

On 10 December 2020, Israel's central bank announced a new program aiming to help small-sized businesses deal with the coronavirus crisis. The new plan, which will take effect on Jan. 1, will give small businesses which have been significantly affected by the crisis, eases in repaying loans to the banks. Thus, businesses that meet cumulative conditions will be entitled to defer repayments without the discretion of the lending bank. The deferral will be for a period of up to one year on loans up to 500,000 new shekels (about 154,000 U.S. dollars), and for a period of up to six months on higher amount loans. According to the Bank of Israel, the plan is expected to reduce the monthly charge by more than 70%.[398]

On 13 December 2020, the Bank of Israel indicated it would start offering repo transactions with supervised non-bank credit providers to increase the supply of credit to very small businesses struggling to borrow due to the COVID-19 crisis.[399]

On 15 December 2020, Israel announced it will increase the sums available to the state lending fund to aid SMEs during the COVID-19 crisis to NIS 40.3 b. and would ease the lending process. Business owners could secure a loan with the State of Israel shouldering 95% of the amount in case of default – meaning that the state would pay the bank 95% of the original sum should the business fold. Owners could apply if they lost 25% of income in one quarter of 2020 when compared to the same quarter in 2019. They can get

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

[393] https://www.jpost.com/israel-news/national-project-aims-to-help-small-businesses-grow-during-pandemic-636460

[394] http://www.smetimes.in/smetimes/news/global-business/2020/Sep/08/israel-economy53486.html

[395] https://www.reuters.com/article/health-coronavirus-israel-economy-int-idUSKCN26D18O

[396] https://www.jpost.com/israel-news/israels-small-business-owners-can-request-nis-300000-coronavirus-grant-648227

[397] https://www.jpost.com/israel-news/economy-ministry-to-invest-nis-50m-to-help-companies-impacted-by-covid-19-650882

[398] http://www.xinhuanet.com/english/2020-12/10/c_139579365.htm

[399] https://www.reuters.com/article/us-israel-cenbank-policy-idUSKBN28N0BQ

a loan to cover 16% of their expenses during this time, or up to NIS 500,000, to keep their business open, whichever is less. Or, for those who have already secured loans, they can get 10% more, upping the loan covering their now-lost pre-pandemic earnings from a third to 40%.[400]

On 4 January 2021, the government approved a program to help self-employed and small and medium-sized business owners deal with the COVID-19 crisis. The new program, which will cost more than 2 billion new shekels (620 million U.S. dollars), follows similar previous ones launched by the government since the outbreak of the coronavirus crisis in the country in late February 2020. Dubbed From Blocking to Growth, the program includes grants for businesses affected by the crisis, especially during the ongoing third nationwide lockdown, up to NIS 50,000, depending on the percentage of losses in the business turnover. It also includes a refund of property taxes paid by businesses to local authorities.[401]

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.[402] 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.[403]

On 16 March 2020, 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.[404] Policy responses addressing employees and self-employed include, among other:

- Micro-enterprises and SMEs of all types, including freelancers and sole proprietorships, can benefit from a moratorium on a total volume of loans estimated at around EUR 220 billion. Current account credit lines, loans for advances on securities, short-term loan maturities and instalments of loans due are frozen until 30 September. Part of these is made up of sums already disbursed which should have been repaid, representing in practice a new loan from the bank until 30 September, whereas the other part is made up of new financing which the company can obtain by using the credit line which is frozen. Banks or other lending institutions can activate a public guarantee covering 33% of the lent amount.
- A EUR 1.5 billion increase in the appropriation of the Central Guarantee Fund for SMEs (Italy's main national credit guarantee facility), including for the purpose of renegotiating existing loans. Adding together existing and new loans, the objective is to allow guarantees for more than EUR 100 billion in total financing to businesses from the Central Guarantee Fund.
- In addition to increasing the financial endowment of the Central Guarantee Fund for SMEs, standard regulations on the functioning of the Fund have been temporarily modified as follows:

[400] https://www.jpost.com/israel-news/finance-ministry-expands-scope-of-fund-to-small-businesses-to-nis-403-b-652163

[401] http://www.xinhuanet.com/english/2021-01/05/c_139641680.htm

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

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

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

    - Ceilings for guarantees to be provided for a single company have been raised from EUR 2.5 million to EUR 5 million;
    - Guarantees are provided for free, fees otherwise due to the Fund are suspended; Debt rescheduling operations are eligible for the public guarantee;
    - Automatic extension of the guarantee in the event of a moratorium or suspension of funding because of the coronavirus emergency;
    - Extension to private entities of the faculty to contribute to increasing the endowment of the Fund (previously limited to banks, regions and other public bodies);
- Incentives for banking and industrial companies to sell their substandard or impaired loans by converting their deferred tax assets into tax credits. The intervention frees up new liquid resources for companies and allows banks to grant new credit for an estimated amount of up to EUR 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 2020, the government announced it intends to extend its takeover shield for SMEs.[405]

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.[406] Decree-law no.

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

[406] 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:[407]

- 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.

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

On 29 April 2020, media reported that a non-banking financial institution was allowed to provide SME finance under the government guarantee scheme.[408]

On 13 May 2020, 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.

[408] 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 2020, the government launched a package of measures to reduce red tape, which aims to support post COVID-19 recovery.[409]

On 7 August 2020, the government announced a new aid package worth EUR 25 billion, which brought overall fiscal support to EUR 100 billion. It includes an 18 week extension of public funding for workers under temporary unemployment, which requires participating firms not to cut jobs and asks less affected companies to pay a contribution. Also, specific measures to support business in poorer areas, such as a 30% cut in social security contributions. The decree extends until January a moratorium on repayments for loans to SMEs and funds a four-month cut in pension contributions paid by companies on behalf of new permanent hires.[410] It also includes EUR 500 million in support for the automotive sector and a EUR 1.75 billion for 2021 to fund reimbursements of parts of purchases made via electronic payments. On 18 October, the new stimulus package was approved as part of the 2021 budget, amounting to EUR 39 billion, and including a EUR 4 billion fund to compensate companies hit by lockdowns.[411]

On 7 September 2020, the EIB and Unicredit announced an agreement on EUR 200 million in support to lending for SMEs and mid-caps. The new credit line is designed to tackle the current emergency and can be used to fund new investment projects over periods of up to five years and to cover working capital needs in light of this extraordinary period for the Italian economy. The funding is intended for companies all over Italy and in all production sectors: agriculture, handicrafts, industry, commerce, tourism and services. The EIB funds can be used for projects with individual costs of up to EUR 25 million. They may cover 100% of the project costs, provided that these do not exceed EUR 12.5 million.[412]

On 7 November 2020, the cabinet approved EUR 2.9 billion in further support measures. The package delays to the spring tax payments due in November and increases transfers to businesses operating in regions classed as “red” or “orange” which have been hit by the strictest limitations.[413]

On 30 November 2020, Italy’s government approved new measures worth around EUR 8 billion to support businesses hit by the second wave of the coronavirus pandemic. A major part of the package centres on delaying tax deadlines for small companies and the self-employed for several months.[414]

Early December 2020, media reported on the Italian draft Recovery Plan, which will allocate EUR 196 billion to six areas, including EUR 74.3 billion to green initiatives. Of these funds, EUR 48.7 billion will go

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

410 https://www.reuters.com/article/us-health-coronavirus-italy-stimulus-idUSKCN253358

411 https://www.reuters.com/article/us-italy-budget-idUSKBN27307P

412 https://www.eib.org/en/press/all/2020-234-unicredit-and-the-eib-200-million-euros-to-support-italian-smes-and-mid-caps-through-the-covid-19-emergency

413 https://uk.reuters.com/article/uk-health-coronavirus-italy-package/italy-approves-2-9-billion-euros-aid-package-after-new-virus-curbs-idUKKBN27N0DG

414 https://in.reuters.com/article/health-coronavirus-italy-stimulus-idINL8N2IG1T0

towards digitalisation and innovation, EUR 74.3 billion to the green revolution and ecologic transition, EUR 27.7 billion to sustainable mobility and infrastructures, EUR 19.2 billion to education and research, EUR 17.1 billion to gender equality and EUR 9 billion to healthcare.[415]

Mid-March 2021, the government proposed a further 32 billion support package, which includes EUR 11 billion for self-employed in difficulty because of the pandemic. On 15 April 2021, a further EUR 40 billion in support was launched.[416]

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. [417]

Japan

On 13 February 2020, 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.[418]

The government on 29 February 2020 announced a further package of measures of JPN 270 billion (USD 2.5 billion), with an emphasis on health measures.[419]

On 10 March 2020, 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.[420]
- 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).[421]
- 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.[422]

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[415] https://www.euractiv.com/section/politics/short_news/italys-recovery-plan-draft-revealed/

[416] https://www.thelocal.it/20210415/italy-to-spend-40-billion-more-to-help-virus-hit-economy/

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

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

[419] https://globalnews.ca/news/6613198/japan-coronavirus-aid-package/

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

[421] https://www.meti.go.jp/english/press/2020/0228_001.html

[422] https://www3.nhk.or.jp/news/html/20200310/k10012322241000.html

Japan also considers extending its programme for property tax breaks for small firms.[423] On 21 March 2020, media reported the government planned a corporate tax refund, mainly directed to SMEs.[424]

On 26 March, the government announced to extend employment adjustment subsidies:[425]

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 2020, 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 2020, 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.[426]

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 before the crisis hit will not be eligible.[427] 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.[428]

On 8 May 2020, 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-

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

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

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

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

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

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

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.[429]

On 22 May 2020, the Bank of Japan provided a further JPY 30 trillion in support for SMEs.[430] 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.[431]

On 27 May 2020, 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.[432] 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[433], 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.

Late June 2020, media reported that after the first two stimulus packages that aimed to avoid bankruptcy of businesses and households, a new package after the Summer was expected to focus on recovery.[434]

Mid October 2020, media reported that further stimulus measures by the new government were expected in November.[435]

In the week of 8 November 2020, the government presented its plans to compile the FY 2020 3rd supplementary budget. It will be elaborated over December for approval early next year. The budget will run for 15 months (FY2020-21).

The budget strategy will be composed of 3 pillars:

- The first pillar will include measures to address the coronavirus.
- The second pillar concerns reforms for the post-COVID-19 economy:
    - Digital transformation, which Prime Minster Suga has highlighted since the start of his tenure, and “green society” which is a priority that he has been highlighting more recently. The ambition

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

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

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

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

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

434 https://www.reuters.com/article/us-health-coronavirus-japan-amari-idUSKBN23T3AF

435 https://www.reuters.com/article/us-japan-economy-stimulus-idUSKBN26Y0P5

here includes greater provision and use of digital infrastructure by local governments and developing carbon neutral technology.

  - Restructuring and boosting productivity, supporting SMEs and increasing the resilience of supply chains.
  - Local economic and social development, revitalising local economies and supporting resource reallocation to these areas.

- The third pillar contains measures to strengthen disaster management capabilities.

On 18 November 2020, a public-private council meeting decided to draw up a support package for small Japanese companies struggling in the face of the novel coronavirus epidemic. The package is expected to include measures to help small firms switch to businesses with high profitability and promote digitalization of their operations. The council hopes to have these steps reflected in the government's fiscal 2020 third supplementary budget, seen to be compiled in late December. The meeting was attended by relevant cabinet ministers, as well as representatives from labour and management organizations, including the Japan Business Federation, or Keidanren, and the Japanese Trade Union Confederation, or Rengo. Participants in the meeting confirmed plans to compile by the end of March 2021 guidelines for preventing small companies from being forced to offer their intellectual property rights, such as patents, and business know-how to large businesses and for blocking unauthorized use of such rights and expertise. Contract forms designed to make sure that such malpractice will not happen are also planned to be drawn up.[436]

On 11 December 2020, the Japanese government approved an additional emergency spending package worth 385.62 billion yen (USD 3.70 billion) in reserve funds to combat the ongoing coronavirus pandemic. Using an allocation of 311.93 billion yen, the government will extend the "Go To Travel" campaign which was set to end in January for another five months to purportedly bolster the nation's ailing tourism sector and help boost the broader economy. On 8 December, the government had indicated that it has compiled an additional stimulus package worth over USD 700 billion to tackle the effects of the coronavirus pandemic on the economy. Measures will include support for hospitals and nursing homes, as well as financial aid for businesses. The package ramps up investment in green technologies as Japan tries to shift to a net zero carbon footprint by 2050.[437]

On 12 January 2021, the government announced it will offer 400,000 yen cash pay-outs to small firms that suffer sales loss by half or more and 200,000 yen for individuals who face a similar extent of sales loss due to shorter hours over the coronavirus pandemic.[438]

Korea

Between 7 February and 3 March 2020, 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 2020, the rate was lowered to 0.75% and on 28 May it was reduced to 0.5%.

On 4 March 2020, 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:

[436] https://www.nippon.com/en/news/yjj2020111800835/

[437] http://www.smetimes.in/smetimes/news/global-business/2020/Dec/11/japan-emergency55013.html

[438] https://www.businesstimes.com.sg/government-economy/japan-government-offers-cash-payouts-to-small-firms-hit-hard-by-coronavirus

- An Emergency Fund, providing direct financial support to SMEs and self-employed, aimed at encouraging these firms to keep their employees;[439]
- Government guarantees, and insurance on loans.[440]
- 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.[441]

Priority is given to regions that were affected the most.[442]

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.[443]

On 23 March 2020, the government announced a further support package of USD 80 billion, with the following measures for SMEs:[444]

- 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.

On 25 March 2020, 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).[445]

On 31 March 2020, 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 2020, 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.[446]

On 5 May 2020, 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

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439 https://www.hankyung.com/economy/article/2020030441697

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

441 https://biz.chosun.com/site/data/html_dir/2020/03/03/2020030300348.html

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

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

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

445 https://www.yna.co.kr/view/AKR20200325002100004?input=1195m

446 http://www.koreaherald.com/view.php?ud=20200408000825

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.[447]

On 12 May 2020, 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 2020, 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 2020, the government published an overview of economic measures undertaken.[448]

On 16 June 2020, 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.[449]

On 3 July 2020, media reported that the government intends to extend its support measures for small businesses to beyond September.[450]

In July 2020, the government announced supportive measures aimed at incentivising local companies to make materials, parts and equipment in Korea. It amounts to 7 trillion won until 2022, including bank loan subsidies to cluster policies and exemption of fees. The government also supports reshoring with a 1.5 trillion won initiative until 2025. Through this initiative, government agencies identify product segments that urgently need support and nurture well-performing SMEs that have a proven track record of localizing parts and materials.[451]

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[447] 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

[448] 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=

[449] https://pulsenews.co.kr/view.php?year=2020&no=615906

[450] https://pulsenews.co.kr/view.php?year=2020&no=678422

[451] https://koreajoongangdaily.joins.com/2020/09/13/business/industry/Covid19-supply-chain-GVC/20200913183400407.html

On 14 July 2020, the government outlined its plans for a New Deal, which includes both a Digital New Deal and a Green New Deal.[452] The measures include help for SMEs to set up virtual conferencing and online sales.[453]

On 11 September 2020, the government announced it took measures to speed up delivery of support measures to companies by simplifying examination standards and work with ex post detailed verification. For SMEs, the government will sort out beneficiaries based on administrative data and notify them via text messages, enabling them to immediately make applications online without additional documents.[454]

On 22 September 2020, Parliament approved a supplementary budget of 7.8 trillion won (USD 6.72 billion) to aid households and small businesses facing mass closures amid tight social distancing restrictions to curb coronavirus outbreaks.[455] This includes 1.5 trillion won in special guarantees for SMEs[456] and 3.2 trillion won in grants for SMEs.[457] Compared with previous support packages, this package is more selective and targeted on those that really need it, and includes specific provisions for small merchants.[458]

On 28 September 2020, the city of Seoul announced it would provide 300 billion won in soft loans to small business owner, with a maximum of 100 million won.[459]

On 24 November 2020, Naver Corp., the operator of South Korea's dominant Internet portal, indicated it will invest 180 billion won (USD161 million) over the next two years in supporting small business owners and creators.[460]

On 29 December 2020, South Korea unveiled a fresh 9.3 trillion won (USD 8.49 billion) package to support small businesses hit by a third wave of coronavirus and those vulnerable to unemployment due to the outbreak. Of the total package, 5.6 trillion won will be used to fund cash handouts to coronavirus-struck small businesses, temporary or freelance workers and taxi drivers affected by the prolonged pandemic. Some 2.9 trillion won will be used to support small and medium-sized businesses including ski resorts and hotels, which received damage from the government's year-end special COVID-19 regulations, and to keep more Koreans in jobs.[461] Korea sends text messages to all small business entitled to the new support scheme to raise awareness.[462]

On 2 February 2021, discussions in the government started on a fourth round of stimulus for SMEs and the self-employed, through a new supplementary budget of between 20 and 30 trillion won.[463]

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[452] http://english.moef.go.kr/pc/selectTbPressCenterDtl.do?boardCd=N0001&seq=4940

[453] https://www.weforum.org/agenda/2020/08/south-korea-contactless-coronavirus-economy/

[454] http://www.koreaherald.com/view.php?ud=20200911000618

[455] https://www.reuters.com/article/us-southkorea-economy-budget-idUSKCN26D1VS

[456] https://english.moef.go.kr/wk/selectTbWeeklyDtl.do?boardCd=P0009

[457] https://www.cnbc.com/2020/09/10/south-korea-draws-extra-budget-to-help-small-businesses-households.html

[458] https://pulsenews.co.kr/view.php?year=2020&no=923022

[459] http://www.koreaherald.com/view.php?ud=20200928000710

[460] http://www.koreaherald.com/view.php?ud=20201124000703

[461] https://finance.yahoo.com/news/korea-sets-8-5-bln-023053015.html

[462] http://www.koreaherald.com/view.php?ud=20210111000938

[463] https://hrmasia.com/south-korea-mulls-additional-relief-for-self-employed-and-small-businesses/

On 2 March 2021, the government launched a 15 trillion won extra budget to support small business and protect jobs.[464] More than half will go to cash in hand grants to SMEs and people laid off.

Latvia

On 20 March 2020, the government has announced the following measures:[465]

- 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;
- Working capital loans of up to EUR 1 million per beneficiary, for 18 months.

Since 10 November 2020, the government provides grants to companies affected by the pandemic to ensure the flow of working capital, and subsidies to support taxpayers to continue their operations.

Since 24 November 2020, the government has put in place new support for workers and the self-employed for loss of activities.

Under the ERDF program 3.2.1.2., the government offered in 2020 EUR 20 million in support for international competitiveness and new markets for SMEs to overcome Covid-19 crisis.

Under the ERDF program 1.2.2.3., the government offered in 2020 an additional EUR 5 million support for ICT and technological training as well for training to facilitate the attraction of investors to support SMEs to overcome Covid-19 crisis.

[464] https://www.straitstimes.com/business/economy/south-korea-unveils-178b-extra-budget-to-aid-small-businesses-protect-jobs

[465] https://www.intellinews.com/baltic-states-roll-out-fiscal-measures-to-prop-up-coronavirus-stricken-economies-178945/

The government supports a hackathon among small firms to find solutions to the crisis.[466]

Lithuania

The government launched a EUR 5 billion support plan in the week of 16 March 2020, which includes EUR 500 million for maintaining business liquidity and EUR 1 billion for speeding up investment. The measures include:[467]

- 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.
- 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.

466 https://www.genglobal.org/startup-nations/hack-crisis-idea-execution-just-6-hours

467 https://lrv.lt/en/news/eur-5-billion-for-public-health-and-the-national-economy

- 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 2020 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.

On April 2020 the Lithuanian Business Support Agency (LVPA) provide additional funding of EUR 170 million. The project increased funding for SMEs in existing instruments (in the areas of business digitization, research and development, design) and new instruments introduced.

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).[468]

A bill was adopted on 11 March 2020 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.

[468] 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.[469] 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.[470] Previous legislation on unforeseen events provided for short-time work arrangements.[471]

On 26 March 2020, the government announced a further support package of EUR 8.8 billion including loans, wage subsidies and tax deferral.[472] 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 5,000.
- 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 2020, 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.[473]

The government launched various initiatives for start-ups, including a StartupsvsCOVID19 call for projects[474] and various financial suport measures to help young firms.[475]

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.

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[469] https://chronicle.lu/category/business-1/32069-new-financial-aid-introduced-for-smes-in-light-of-coronavirus

[470] https://luxtimes.lu/business-finance/40125-struggling-firms-virus-loans-upped-to-500-000-maximum

[471] https://delano.lu/d/detail/news/aid-offers-small-business-lifeline-unforeseen-events/209773

[472] https://luxtimes.lu/business-finance/40212-government-details-range-of-rescue-measures-in-virus-package

[473] https://gouvernement.lu/fr/actualites/toutes_actualites/communiques/2020/04-avril/22-indemnites-entreprises.html

[474] https://www.startupluxembourg.com/startupvscovid19

[475] https://www.startupluxembourg.com/support-measures-startups

On 3 June 2020, media reported on plans for a EUR 150 million loan guarantee scheme.[476]

On 25 November 2020, the European Commission approved a EUR 120 million support scheme for business to cover fixed costs. Under the scheme, support will take the form of direct grants. The measure will allow the authorities of Luxembourg to support companies that suffered from a monthly turnover decline between November 2020 and March 2021 of at least 40% compared to the same period of 2019. The aid will help them pay 70% (90% in case of micro and small companies) of their fixed costs that are not covered by revenues, up to a maximum of EUR 1 million per undertaking.[477]

Malaysia

New financing facilities for SMEs have been set up by banks,[478] in addition to a decrease in the policy rate.[479] Malaysia's central bank announced on 24 March 2020 it requested a 6-month moratorium of all bank loans affected by the outbreak, except credit card balances.

On 27 March 2020, the government announced a second round of support measures, bringing the total stimulus up to USD 57 billion, two-fifth aimed at (small) business.[480] 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.[481]

On 6 April 2020, 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 RM 600 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 RM 800 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.

[476] https://delano.lu/d/detail/news/lux-could-tap-eu-covid-19-rescue-funds-back-sme-loans/210658

[477] https://www.eureporter.co/health/2020/11/25/commission-approves-e120-million-luxembourg-scheme-to-support-uncovered-fixed-costs-of-companies-affected-by-coronavirus-outbreak/

[478] https://www.alliancebank.com.my/covid-19-special-relief-facility-form.aspx

[479] https://www.thestar.com.my/business/business-news/2020/03/08/bnm039s-rm33b-fund-banks039-preparedness-to-shore-up-smes-during-covid-19

[480] https://www.scmp.com/week-asia/economics/article/3077270/coronavirus-malaysia-unveils-massive-us57-billion-economic

[481] https://fintechnews.sg/38714/covid19/how-governments-around-the-world-are-supporting-smes-during-the-covid-19-crisis/

- 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 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, RM 500 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 2020, the government announced its fifth stilumus package of 2.4% of GDP.

On 23 September 2020, the government announced a further RM 10 billion stimulus package, including RM 7 billion in cash aid, support for small business and a wage subsidy scheme.[482] The package included deferrals and structural policies:

- Deferral:
  - Employer COVID-19 Assistance Programme (e-CAP) allowed employers to apply for deferment and restructuring of Employer Share Contribution Payment for April to June 2020 contributions to assist qualified SMEs to manage their monthly cash flow and continue operating their businesses, while still enabling workers to keep their jobs.
  - Employment Insurance System (EIS): Increase the claimable training cost from RM 4,000 (USD 968) to RM 6,000 (USD 1,455) for the affected sectors.
  - Property or commercial space owners who waive or reduce rent to SMEs by at least 30% will receive the equivalent in tax deductions up to 30 September 2020. For year of assessment 202
  - Rental exemption for 6 months for all federal government-owned premise
  - Rebate on rental for premises at the airport and premises owned by Government-link companies
  - Discount and reduced rentals for premises in tourism industry
- Structural Policies:
  - Technology Innovation Sandbox: RM 80 million (USD 19.4 million) was allocated to encourage innovation and creativity that can propel the digitalisation of service delivery and spur start-ups.

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.[483]

Mexico

On 22 March 2020, Mexico announced it works on a people focused support package.[484] The Central Bank lowered interest rates to 6.5%.

On 3 April 2020, the government announced an economic support package.[485] 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.

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[482] https://www.businesstimes.com.sg/government-economy/malaysia-unveils-additional-rm10-billion-economic-stimulus-measures

[483] https://mdec.my/home/c19techrelief/

[484] 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

[485] https://www.reuters.com/article/us-mexico-economy/mexicos-president-to-lay-out-unorthodox-coronavirus-plan-to-help-economy-poor-idUSKBN21N0VA

- 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. [486]

On 21 April 2020, 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 2020, the Mexican Tax Administration extended the deadline to file the personal income tax declaration from 30 April to 30 June, 2020.

On 27 April 2020, 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 2020, 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.[487]

Netherlands

On 11 March 2020, 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 (BMKB)[488] for those affected by the outbreak, which according to the government would directly provide EUR 300 million extra credit for SMEs. On 17 March 2020, the government announced it would speed up this process.[489] The measures include a tax holiday for affected businesses (concerning corporate income tax, value added tax and payroll tax) and 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.[490] On 15 March 2020, the government

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486 https://covid19sbs.org/government-response-mexico

487 https://mexiconewsdaily.com/news/coronavirus/bank-steps-in-with-us-12bn-to-support-small-business/

488 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/

489 https://www.rijksoverheid.nl/actueel/nieuws/2020/03/15/coronavirus-verruiming-bmkb-regeling-voor-ondernemers-versneld-opengesteld

490 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/

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 2020, the government announced a further set of measures for economic support:[491]

- Temporary measure for compensation of wage costs for companies. Companies expecting a loss in turnover (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[492]) and lowering of penalties;
- Enlargement of the Guarantee Entrepreneurs finance measure (GO) for SMEs and larger firms, by raising the guarantee ceiling from EUR 400 million to EUR 1.5 billion. GO provides a 50% guarantee on bank loan and bank guarantees (minimum EUR 1.5 million, maximum raised to EUR 150 million);
- Small firms are offered a six month delay in repayments of micro loans through Qredits, with lowered interest rates to 2%;
- Temporary opening of BL 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 2020, the Dutch Central Bank announced it will relax requirements of capital buffers for commercial banks, to support EUR 200 billion in extra credits.[493] Similarly, the payment of pension contributions has been relaxed as well.[494]

On 19 March 2020, 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.[495]

On 7 April 2020, the government announced a further set of measures, including:[496]

- 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 BMKB is raised to EUR 1.5 billion.
- The coverage of the compensation for sectors (TOGS), under which since 27 March directly affected companies could receive a EUR 4,000 compensation for fixed costs, was extended to sectors that are more indirectly affected.
- EUR 100 million for specific support to start-ups and scale-ups.

[491] https://www.rijksoverheid.nl/actueel/nieuws/2020/03/17/coronavirus-kabinet-neemt-pakket-nieuwe-maatregelen-voor-banen-en-economie

[492] https://www.belastingdienst.nl/wps/wcm/connect/nl/ondernemers/content/coronavirus-belastingmaatregelen-om-ondernemers-te-helpen

[493] https://www.dnb.nl/nieuws/nieuwsoverzicht-en-archief/persberichten-2020/dnb387870.jsp

[494] https://www.stvda.nl/-/media/stvda/downloads/publicaties/2020/coulance-betalen-pensioenpremies.pdf

[495] https://www.nvb.nl/nieuws/banken-geven-bedrijven-extra-lucht-half-jaar-uitstel-van-aflossingen/

[496] https://www.rijksoverheid.nl/actueel/nieuws/2020/04/07/kabinet-breidt-ondersteuning-voor-ondernemers-vanwege-coronavirus-uit

On 24 April 2020, the government announced a further set of tax measures to provide financial relief for companies.[497]

On 25 April 2020, the government announced Corona bridge loans (COL) for start-ups and scale-ups of between EUR 50,000 and EUR 2 million, for which EUR 100 million will be available.

On 7 April 2020, 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.[498]

On 20 May 2020, the measures put in place were extended and prolonged.[499] This included EUR 200 million extra for the COL for start & scaleups. The scope of the COL was widened so that Fintech companies could apply.

On 19 June 2020, the Netherlands introduced conditions to further support to companies related to tax avoidance.[500]

On 28 August 2020, the government announced a third support package, starting on 1 October and lasting for 9 months:[501]

- The allowance for wage costs (NOW) is extended by 9 months, and gradually faced out during that period.
- The income support for the self-employed (TOZO) is extended by 9 months, but will now include further conditions. From 1 January onwards, municipalities will provide additional services regarding (re)training.
- The allowance for fixed costs for SMEs (TVL) will be extended and increased to 90,000 euro per company per three months, and gradually phased out until 30 June 2021.
- Loan guarantee facilities for SMEs will (BMKB-C, GO-C and KKC) will remain available after October 2020.
- Provisions for repayment of deferred tax are extended until end 2021
- The package also included new measures to stimulate investment, including a scale-up facility of EUR 150 million and EUR 300 million to participate in a private fund to capitalise (medium) large companies. An additional EUR 150 million is available for Regional Development Companies.

During the negotiations on the package in Parliament, the government announced to provide EUR 1.4 billion to support people in finding a new job.[502]

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497 https://www.rijksoverheid.nl/actueel/nieuws/2020/04/24/nieuwe-belastingmaatregelen-vanwege-de-coronacrisis

498 https://www.nrc.nl/nieuws/2020/05/07/kredietregeling-staat-garandeert-750-miljoen-extra-voor-kleine-ondernemers-a3999081

499 https://www.rijksoverheid.nl/actueel/nieuws/2020/05/20/coronavirus-verlenging-en-uitbreiding-noodpakket-banen-en-economie

500 https://www.government.nl/latest/news/2020/06/19/companies-receiving-government-support-must-abandon-undesirable-tax-avoidance-practices

501 https://www.rijksoverheid.nl/actueel/nieuws/2020/08/28/kabinet-verlengt-coronasteun-banen-en-economie-tot-en-met-2021

502 https://nos.nl/artikel/2349595-kabinet-steekt-1-4-miljard-in-begeleiding-naar-nieuw-werk.html

At the start of new lockdown measures mid-October, banks indicated that the general moratorium on loan repayments would not be continued.[503]

In the context of stricter containment measures, the government announced on 23 October it intends to extent the support scheme for fixed costs to other sectors, for instance in transportation, suppliers to the hospitality and event sectors.[504]

On 27 October 2020, the COL-program and Qredits- program were prolonged until June 30 2021.

On 9 December 2020, the government announced a further support package of EUR 3.9 billion, including a higher (70%) compensation of fixed costs for companies with 100% turnover loss. Also new measures for starters were included.[505] The measures include the extension of existing loan guarantee schemes.

On 9 December 2020, the EIB and EIF issue a EUR 795 million guarantee to ING, which will support new lending to Dutch SMEs and Mid-Caps to mitigate impact from Covid-19.[506]

On 21 January 2021, the government announced a further package of EUR 7.6 billion which includes an extension of the wage support and of compensation for fixed costs. It includes support specifically aimed at start-ups. Given their recent establishment, start-ups were unable to show a drop in revenue in 2019, when they not yet existed.[507]

On 10 February 2021, the European Commission approved a EUR 1.18 billion Dutch scheme to support SMEs active in the Netherlands affected by the coronavirus outbreak. The scheme consists of three direct grant measures. The largest one, with an estimated budget of EUR 970 million, consists of aid for SMEs that lost at least 30% of their turnover in the period from January to March 2021 compared to the same period in 2019. Beneficiaries will be eligible to receive aid ranging from a minimum of EUR 750 to a maximum of EUR 90,000. The other measures relate to the event industry.[508]

On 25 February 2021, the government proposed to further extend the start of repayment of deferred tax, which currently stands at October 2021 to be repaid within three years.

On 12 March 2021, the government announced EUR 730 million in additional support. Grants for fixed costs were extended to 100% (from 85%), and support available for temporary support for necessary expenditure (including for self-employed) was increased to EUR 260 million.

On 18 March 2021, the European Commission approved modifications to an existing a EUR 3 billion support scheme for companies. The measure originally addressed to small and medium-sized enterprises (SMEs) that lost at least 30% of their turnover in the period from January to March 2021 compared to the same period in 2019. Following the amendment, the measure will (i) be extended to large enterprises and (ii) its overall budget will increase of around EUR 2 billion (the original budget of that sub-measure was estimated at EUR 970 million). In particular, the beneficiaries will be eligible to receive support ranging from a minimum of EUR 1,500 to a maximum of EUR 600,000 for large enterprises and EUR 550,000 for SMEs. The amended scheme also provides that additional aid can be granted to companies active in the non-food retail, travel and agricultural sectors.

[503] https://nos.nl/artikel/2352235-tweede-lockdown-maar-banken-geven-niet-zomaar-tweede-betaalpauze.html

[504] https://nos.nl/artikel/2353437-kabinet-wil-dat-meer-bedrijven-in-aanmerking-komen-voor-coronasteun.html

[505] https://nos.nl/artikel/2359907-extra-steunmaatregelen-kabinet-trekt-3-7-miljard-euro-uit.html

[506] https://ec.europa.eu/commission/presscorner/detail/en/IP_20_2358

[507] https://www.rijksoverheid.nl/actueel/nieuws/2021/01/21/forse-uitbreiding-steun--en-herstelpakket

[508] https://www.eureporter.co/frontpage/2021/02/10/commission-approves-e1-18-billion-dutch-scheme-to-support-smes-in-the-netherlands-affected-by-coronavirus-outbreak/

Local and regional governments have launched initiatives as well:

- Dutch provinces such as Overijssel (rapid payments, information for entrepreneurs)[509]and Brabant (EUR 5 million, information for entrepreneurs[510]) have also announced measures.
- The city of Amsterdam early September announced a recovery plan, which puts strong emphasis on speeding up planned public investment, and linking the recovery to the sustainable transition of the city's economy.[511]

New Zealand

On 16 March 2020, 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.[512]

On 17 March 2020, the government launched a NZD 12.1 billion business continuity package, including wage support and tax measures.[513] 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.

On 20 March 2020, 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 2020, the government announced a further package of NZD 6.2 billion dollar to lend money to small business.[514] 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 2020, 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

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509 https://www.overijssel.nl/actueel/nieuws/@ORT/overijssel-neemt-maatregelen-bedrijven-gevolgen/

510https://www.brabant.nl/actueel/nieuws/economie-en-werk/2020/eerste-brabantse-economische-maatregelen-coronacrisis

511 https://amsterdam.pvda.nl/wp-content/uploads/sites/460/2020/09/Samen-sterker-uit-de-crisis.pdf

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

513 https://treasury.govt.nz/news-and-events/news/covid-19-economic-package-announced

514 https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12319441

they can start trading normally again) and a safe harbour regime (offering security to directors against legal claims).[515]

On 14 April 2020, the government announced a further set of measures to support small businesses, including:[516]

- 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 2020, the government announced further support measures for SMEs.[517] Under the Small Business Cash flow Loan scheme[518], 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 2020, 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.[519]

On 4 June 2020, 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 to start on June 10 will have a reduced requirement of a 40% fall in revenue for businesses to qualify, down from 50%.[520]

On 14 July 2020, media reported that an extra NZD 40 million had been granted to the Regional Business Partners (RBP) scheme, on top of the NZD 16 million granted in March.[521] The RBP offers eligible businesses help with HR, health and wellbeing, business continuity, cashflow and finance management, strategy and digital capability. More than 6200 businesses have benefited from free advice. Another 4,600 have registered to take part. Support for firms with up to 100 staff is delivered via vouchers for professional advisory services worth up to NZD 5,000.

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515 https://duncancotterill.com/publications/guide-to-insolvency-law-changes-during-covid-19

516 https://www.nzherald.co.nz/business/news/article.cfm?c_id=3&objectid=12324753

517 https://www.insurancebusinessmag.com/nz/news/breaking-news/government-offers-further-relief-for-small-businesses-221300.aspx

518 https://www.beehive.govt.nz/release/government-boosts-cashflow-support-small-businesses

519 https://www.tvnz.co.nz/one-news/new-zealand/government-unveils-action-plan-small-business-rent-disputes-covid-19-affected-tenants

520 https://www.marketscreener.com/CHANGE-INC-31423398/news/New-Zealand-Bolsters-Business-Support-Measures-30725908/

521 https://www.stuff.co.nz/business/prosper/finances/122123026/mentoring-scheme-invaluable-for-smes-in-challenging-covid19-landscape

On 24 September 2020, the government announced details for the implementation of a NZD 20 million digital capability funding scheme announced earlier in the year.[522] The scheme will provide training and advice for SMEs, in particular in the tourism sector. Part of the package is the Digital Boost, a public-private partnership to increase the digital uptake by SMEs.[523]

Mid-October 2020, support to Maori-owned SMEs through the NZD 10 million Maori Trustee Top-Up Small Business Cashflow Loan Scheme, was extended until end 2020.[524]

On 5 November 2020, the government announced a further NZD 311 million support plan aimed at creating jobs for unemployed, including a subsidy for employers to hire people. The government also extended the existing small business loan scheme by three year.[525]

On 9 November 2020, the government announced its small business support schemes would be extended by three years.[526]

The Small Business Loan Scheme is extended to December 31, 2023. The scheme was initially slated to end on December 31, 2020. This has now been extended by three years, with the interest-free period of loans also increased from one year to two years. Besides, the government has planned to invest an additional NZD 311 million into the Flexi-Wage programme before Christmas to help employers hire an additional 40,000 unemployed workers. The move is anticipated to lend a helping hand to small businesses in sustaining jobs and reviving from the virus crisis.[527]

On 31 December 2020, the government announced that New Zealand small businesses will be able to benefit from a Government-funded Digital Boost skills training and support initiative. The Digital Boost skills training is the first initiative to be launched from the Digital Boost programme, a partnership between the Ministry of Business, Innovation and Employment (MBIE) and the private sector to support thousands of small businesses in realising the benefits of using digital tools and technologies in their business.[528]

The government has launched an online tool (Cash Flow Forecaster[529]) 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.

Norway

The government announced in the week of 9 March 2020 support measures, including:

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522 https://www.devdiscourse.com/article/business/1225326-new-digital-training-and-tools-to-give-small-businesses-support-in-covid-world

523 https://www.mbie.govt.nz/business-and-employment/business/support-for-business/digital-boost/

524 https://www.stuff.co.nz/business/industries/123068974/covid19-financial-help-for-small-moriowned-business-extended

525 https://www.stuff.co.nz/business/industries/123302797/prime-minister-pledges-311m-to-help-workers-made-unemployed-due-to-covid19-get-into-jobs

526 https://www.fxstreet.com/news/nz-finmin-robertson-small-business-support-scheme-extended-3-years-202011090320

527 https://www.stuff.co.nz/business/prosper/123420238/three-bright-spots-for-new-zealand-small-businesses-in-the-covid19-era

528 https://bizedge.co.nz/story/nz-small-business-to-access-government-digital-boost-training-initiative

529 https://www.tools.business.govt.nz/cashflow-forecaster

- 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 2020, 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.[530]

On 20 March 2020, the government presented legislation that will temporarily lower VAT, postpone tax-filing deadlines and add worker and business protection of USD 24 billion:[531]

- 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;
- Emergency legislation allows companies to offer only two days' notice before their period of 'permittering' (temporary lay-off) begins, and two days' payment. [532]

On 27 March 2020, the government presented a further set of measures, including a company support scheme.[533] 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 2020, 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 2020, the following measures of relevance to SMEs have been introduced:[534]

- A time limited (March–August) compensation scheme for otherwise sustainable businesses with at least 30% (20% 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).

[530] https://www.reuters.com/article/us-health-coronavirus-norway-primeminist/norway-offers-firms-10-billion-as-coronavirus-shakes-economy-idUSKBN212146

[531] https://www.law360.com/articles/1255588/norway-cuts-vat-defers-taxes-to-aid-economy-in-pandemic

[532] https://www.lifeinnorway.net/permittering-layoffs/

[533] https://www.regjeringen.no/no/aktuelt/vil-dekke-faste-kostnader-for-a-redde-arbeidsplasser/id2695340/

[534] https://www.regjeringen.no/en/topics/the-economy/economic-policy/economic-measures-in-norway-in-response-to-covid-19/id2703484/

- 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% of each bank loan. Entered into force on 27 March, 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).

On 29 May 2020, the government launched a further package with a focus on recovery:[535]

- 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).

A financial support scheme to cover a portion of the fixed cost for companies facing a large turnover decrease related to Covid-19 was extended.

On 1 July 2020, the government announced a labour-cost subsidy scheme for employers who take back laid-off workers during July and August. Payouts will be made in autumn and can amount to up to NOK 15 000 per month per employee. Around NOK 4 billion of payouts are estimated. On 10 September the scheme was extended to December.

On 23 September 2020, the government announced a support package of NOK 1.5 billion for the tourism sector.[536]

Peru

Peru has put in place an ambitious package of measures amounting to 12% of GDP.[537]

[535] https://www.regjeringen.no/en/topics/the-economy/economic-policy/economic-measures-in-norway-in-response-to-covid-19/id2703484/

[536] https://www.schengenvisainfo.com/news/norway-to-allocate-nearly-nok-1-5-billion-to-help-tourism-industry/

[537] https://covid19sbs.org/government-response-peru

On 13 March 2020, 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 2020, 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 2020, the government suspended payment of the 10% social security contribution to AFP (private administrators of pension funds).

On 28 March 2020, 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 2020, 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 4,000 million. The guarantee has been expanded to 98% to all SMEs, and with a grace period of 12 months.

In April 2020, 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 2020, 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.

On 19 August 2020, the government indicated that 37,000 companies had received working capital loans through the government's economic recovery program, Reactiva Perú.

On 23 September 2020, the International Finance Corporation and investment advisor Compass Group announced an alliance to channel working capital, up to USD 21 million, to help primarily micro and small Peruvian enterprises severely affected by COVID-19.

On 11 February 2021, the government announced the Business Support Program for micro and small businesses (PAE-Mype), which will have a fund of PEN 2 billion to promote the financing of working capital for up to 36 months.[538]

[538]https://www.gob.pe/institucion/produce/noticias/341897-gobierno-crea-programa-de-apoyo-empresarial-para-las-mype-por-s-2-mil-millones

Poland

From 10 March 2020 onwards, Poland has introduced several measures to support the financial liquidity of enterprises through cheap loans and guarantees. These include:[539]

- 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 2020 onwards, the following measures (anti-crisis Shield) entered into force of at least 10% of GDP:[540]

- 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 2,080 (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

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[539] 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

[540] 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% 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 24 March 2020, most of the provisions introduced under the Act of August 30, 2019, amending the Bankruptcy Law, entered into force. As a result, it is possible to declare consumer bankruptcy by a self-employed person. This measure simplify obtaining the status of bankrupt from a self-employed. So far, in bankruptcy proceedings against a self-employed person, despite the liquidation of assets in bankruptcy proceedings (appropriate for entrepreneurs), it was necessary to carry out additional consumer bankruptcy proceedings. Now one can choose to carry out consumer bankruptcy proceedings straight away. Additionally, the possibility of declaring bankruptcy even in the event of a debtor fault in leading to insolvency or his fault in aggravating such insolvency was introduced.

On 8 April 2020, 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.

On 16 April 2020, in accordance with the anti-crisis shield 2.0 which amended the anti-crisis shield 1.0: if the basis for declaring bankruptcy appeared during the period of state of epidemic emergency or state of epidemic due to COVID-19, and the state of insolvency arose due to COVID-19, the time limit for filing a bankruptcy petition does not start running and the one that has started is suspended. It is applicable to a natural person, a legal person or an organizational unit conducting business or professional activity on its own behalf ; limited liability companies, simple joint stock companies, joint-stock companies that do not conduct business activity, partners of commercial companies liable for the company's obligations, partners in a partnership. It ends when the state of epidemic emergency or state of epidemic due to COVID-19 is over. Furthermore, in accordance with the anti-crisis shield 2.0, catalogue of urgent court cases includes cases for examination of motions for restructuring. Additionally, court hearings could be conducted remotely.

Late April 2020, 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.

On 14 May 2020, the anti-crisis shield 3.0 amended the anti-crisis shield 1.0. Specifically, it expanded the catalogue of urgent court cases to include matters conducted following a commencement of restructuring proceedings, as well as cases for examination of motions for declaration of bankruptcy and matters conducted following a declaration of bankruptcy.

On 1 June 2020, the Polish Agency for Enterprise Development, launched the “New start Programme” addressed to entrepreneurs who failed in business and restarted economic activity.

On 16 June 2020, the anti-crisis shield 4.0 amend the anti-crisis shield 1.0: a new simplified restructuring procedure entered into force. The simplified restructuring procedure refers to procedures for approval of arrangements. Proceedings are for the most part extrajudicial and restructuring advisers play a leading role. Simplified restructuring can be used for the period up to June 30, 2021.

On 22 June 2020, the government introduced a solidarity benefit of PLN 1,400 per month for people who lost their jobs after 15 March 2020. The subsidy can be received for up to three months.

On 24 June 2020, the fourth extension of the anti-crisis package was signed by the president. The legislation states that entrepreneurs who received micro-loans of PLN 5,000 will not have to reimburse them if the company operates for 3 months after receiving it. The new legislation introduces subsidies to interest on loans for firms put in a difficult position by the pandemic. The new regulation is also supposed to prevent hostile takeovers of Polish companies by foreign enterprises from the outside of the EU, with such transactions to be audited by the Office for Competition and Consumer Protection (UOKiK). The extension of the anti-crisis package also introduces regulations on credit holidays, allowing people to suspend repayment for up to three months.

On 3 July 2020, the EIB group and the Santander Bank Polska group signed an agreement that would allow for PLN 2.8 billion in funding for SMEs.[541]

On 20 July 2020, the government launched a PLN 500 tourist voucher programme to support the tourism industry. Vouchers, entitled to all families with at least one children, will be valid until March 2022 and can be used to pay for accommodation, agri-tourism, summer camps, among others, provided they are located in Poland.

On 24 July 2020, the government launched a support scheme for SMEs and larger companies that would provide EUR 27 million per year for a period of 10 years. The support would consist of loans to provide liquidity and support restructuring.[542]

On 31 July 2020, the period for SMEs to apply for subventions from the financial shield of the Polish Development Fund (PFR) ended. The total cost of the programme is expected to amount to PLN 61 billion, which is PLN 15 billion less than initially expected. The same day, the support programme for large firms (more than 249 employees) was launched.

On 20 August 2020, the government adopted an amendment to the state budget for 2020 assuming a budget deficit of 109.3 billion PLN compared to the previous estimated lack of deficit.

[541] https://www.devdiscourse.com/article/business/1114957-eib-group-and-santander-bank-polska-support-smes-and-mid-caps-in-poland

[542] https://www.thefirstnews.com/article/poland-earmarks-eur-27-bln-annually-to-save-coronavirus-affected-firms-14372

On 24 September 2020, the European Commission approved the modification of the operational programme for the Mazovia region in Poland, reallocating EUR 95.9 million in cohesion funding.[543] This includes EUR 33.6 million for SMEs to preserve employment and continue their operations.

On 24 September 2020, the government opened applications for the "New Chance Policy". The Programme consists on granting public aid to rescue or restructure entrepreneurs. The "New Chance Policy" budget is up to PLN 120 million per year for 10 years. The project is operated by the Industrial Development Agency. It has three components and is available to micro, small and medium enterprises and large companies during the restructuring proceedings or facing the threat of liquidation:

- Rescue aid – in the form of a loan. Rescue aid may be granted for a period not exceeding 6 months.
- Temporary restructuring support – in the form of a loan granted for a period not exceeding 18 months to entrepreneurs who implement restructuring measures.
- Aid for restructuring – in the form of a loan for entrepreneurs with a restructuring plan, who are not able to implement on their own. It may be granted for a period not exceeding 10 years.

On 27 October 2020, the government launched a short term support package of PLN 1.8 billion for small business, aimed at preventing layoffs. In November, medium and small businesses will be exempt from paying social security insurance for their employees and will receive government subsidies for wages in idled firms.[544]

On 20 November 2020, the European Commission decided to redirect EUR 32 million of Cohesion policy funds to help Poland address the effects of the coronavirus crisis, through a modification of the Lubuskie Regional Operational Programme. EUR 10m will be dedicated to the implementation of the Lubuskie Support Voucher project targeting small and medium-sized companies particularly affected by the negative consequences of the coronavirus.[545]

On 9 December 2020, (amending the Act on Special Arrangements for the Prevention, Control and Management of COVID-19) and extending Regulations of the Council of Ministers (of January 19 and of February 26) included: suspension of the marketplace fees for entrepreneurs (and compensation of lost revenues for municipalities). Additional measures for tourism include aid in the amount of PLN 1 billion from the Governmental Local Investment Fund for communes located in mountainous areas. It covers: a) financial aid of up to 40% of the average annual value of investment expenses in 2016–2020 and b) compensation for exempting entrepreneurs from real estate tax (of up to 80% of income lost).

On 9 December 2020, the anti-crisis Shield 6.0 was launched for sectors affected by the second wave of the pandemic. The Programme includes social insurance exemptions (for sole proprietorships and companies), time benefit of PLN 2,080 (for sole proprietorships and civil law contracts), subsidies of PLN 2,000 to the remuneration of employees, subsidies of up to PLN 5,000 for micro- and small enterprises.

On 22 December 2020, the European Commission approved the modification of the Zachodnjopomorskie 'Western Poland' Operational Programme that is redirecting EUR 71 million to help the region fight the coronavirus outbreak. As a result, SMEs in the region will receive around EUR 35 million in grants.[546]

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[543] https://www.eureporter.co/frontpage/2020/09/23/coronavirus-response-e95-9-million-of-cohesion-policy-to-strengthen-health-education-and-smes-in-poland/

[544] https://www.thenationalherald.com/coronavirus/arthro/italy_leader_conte_considers_more_restrictions-1117853/

[545] https://www.eureporter.co/health/2020/11/20/coronavirus-response-e32-million-to-help-smes-and-the-health-sector-in-the-lubuskie-province-in-poland/

[546] https://www.eureporter.co/frontpage/2020/12/22/coronavirus-response-e71-million-to-support-the-health-sector-and-smes-in-western-poland/

On 23 December 2020, the European Commission has approved an approximately EUR 2.9 billion (PLN 13 billion) Polish State aid scheme to support micro, small and medium-sized enterprises active in certain sectors, including the retail, hospitality, leisure and transport ones, affected by the coronavirus outbreak.[547]

Furthermore, the Polish Agency for Enterprise Development (PARP) organised support for entrepreneurs who have failed in business and restarted their business. The so-called "New Chance" project is available to micro, small and medium enterprises.

In addition, the government also launched a regulation for temporarily remote work. The possibility to work remotely depends only on employers' decisions. Employees can work remotely if they have sufficient technical and housing conditions to perform work remotely and the type of work may be performed remotely. Employers should provide the resources, materials and logistics services necessary to perform remote work. However, employees may use their own resources if the security of information and personal data is ensured.Regulations allow to work remotely during quarantine or in isolation. In that case employees are unentitled to sickness benefit, but are entitled to normal remuneration.

Finally, the government launched support measures specifically for most affected sectors. For example, it launched the "Tourist Voucher", a one-off benefit of PLN 500 per each child under 18 and an additional supplementary benefit in the amount of PLN 500 for children with disabilities. The voucher is valid in Poland until the end of March 2022. Until 14 January 2021, 1. 1 million vouchers worth almost PLN 1 billion were handed over to families. Another example is the "Culture Support Fund" for artists and cultural institutions to compensate the artists and institutions for their losses due to COVID-19 restrictions, its budget was PLN 400 million.

Portugal

On 9 March 2020, the government announced it was earmarking EUR 200 million in loans to support SMEs.[548] 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.[549] 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.[550]

On 13 March 2020, 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.

[547] https://ec.europa.eu/commission/presscorner/detail/en/IP_20_2522

[548] https://www.reuters.com/article/us-health-coronavirus-portugal-tourism/coronavirus-fears-pressure-portugals-tourism-dependent-economy-idUSKBN20X1V0

[549] https://www.tsf.pt/portugal/sociedade/coronavirus-costa-anuncia-linha-de-credito-de-100-milhoes-de-euros-a-empresas-11887071.html

[550] https://expresso.pt/economia/2020-03-10-Covid-19.-Conheca-todas-as-medidas-do-governo-para-empresas-e-trabalhadores

On 17 March 2020, the government announced a EUR 9.2 billion stimulus package.[551] 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.[552] The announced measures include:[553]

- 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 a top up to employees receiving less than the statutory minimum wage (EUR 635). This measure also holds for independent/self-employed workers.
- Other measures include extraordinary support for vocational training.

On March 2020, the government adopted a general moratorium on the fulfilment of obligations vis-à-vis the banking system, increasing the liquidity and immediate treasury of the beneficiaries through the temporary deferral of the moment compliance with these obligations. Through Decree-law 26/2020, June 16 the term of the moratorium is extended in certain conditions until March 31, 2021.

On 1 April 2020, the government approved measures to suspend rent payments by vulnerable households and small firms.[554]

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 2020, the government launched a EUR 25 million support initiative for start-ups, which includes five measures:[555]

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

552 https://via.news/economy/portugal-shield-businesses-tourism-coronavirus/

553 https://sifted.eu/articles/coronavirus-support-startups/

554 https://business.financialpost.com/pmn/business-pmn/portugal-suspends-rents-worries-surface-over-post-pandemic-housing-crisis

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

- 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.

On 19 of June 2020, the Economic and Social Stabilization Programme was approved Programme (Decree-Law no. 27-B/2020, of 19 June). With the programme, employers who have benefited from the simplified lay-off scheme or the extraordinary training plan may still benefit from an extraordinary incentive to normalize the business activity.

Furthermore, the following measures of relevance to SMEs have been put in place:

- Granting guaranteed treasury loans of EUR 400 million 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.
- 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 (EUR 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 2020, the government announced a further EUR 1 billion support package for SMEs.[556]

On 27 July 2020, the EIB group and Banco Santander Consumer Portugal announced a package of EUR 587 million for Portuguese SMEs and midcaps.[557]

From 1 August 2020, a new simplified layoff scheme is at place. This is aimed for companies that are not yet able to return to normality but whose activity is no longer suspended due to legal imposition imposed by Ministry of Health. Companies have the choice between an one-off support (paid at once) in the amount of EUR 635 euros, per worker removed from the simplified working scheme or in the form of a support amounting to EUR 1,270 per employee paid in a phased manner over six months. As in the simplified lay-off, employers who adhere to this incentive cannot terminate employment contracts by collective dismissal. Employers can end contract with individuals but are required to make new hires within 30 days in order to restore the level of employment.

On September 2020, the Credit line to support the recovery of Medium Enterprises, Small Mid-Caps and Mid-Caps, was launched. These credit lines aim to finance treasury needs.

On November 2020, the government launched the APOIAR Programme (Ordinance No. 271-A / 2020), to support Micro, Small and Medium Enterprises, in sectors most affected by the exceptional measures to mitigate the health crisis.

On 7 January 2021, the Portugal's government approved a law creating simplified support for micro-enterprises in crisis, consisting of two minimum wages per worker paid in the first half of the year if the jobs were maintained. The government had previously announced its intention to maintain or update a series set of measures to support companies' cash flow, employment and workers' income in 2021, and in this context the creation of simplified support for micro-enterprises in business crisis, with a view to maintaining jobs. Recipient companies would be prohibited from dismissing workers, namely through collective dismissal and extinction of jobs until two months after the end of the support.[558]

On 15 January 2021, Ordinance 15-B / 2021, and the Resolution of Council of Ministers 4-A/2021, established changes to the APOIAR program, broadening the scope and establishing a program to support the cultural sector and support facilities for social and solidarity sector. This Liquidity Incentive System includes four measures: "APOIAR.PT", "APOIAR RESTAURAÇÃO", "APOIAR RENDAS" and "APOIAR +SIMPLES". With the changes, the support under "Apoiar Rendas" and "Apoiar + Simples", will be extended to Individual Entrepreneurs without organized accounting regime and without dependent workers.

In January 2021, the Event Organisation Company Support Line was launched with EUR 50 million. This support line target micro, small and medium sized companies, as well as Small Mid Cap and Mid-Caps. Operations intended exclusively for financing treasury needs.

In January 2021, the Industrial Export and Tourism Companies Support Line was launched with an overall budget of EUR 1,050 million. Value of loan: Maximum value EUR 4,000 per job;

On 3 March 2021, the European Commission approved a support scheme to MSMEs in the Azores region.[559] The scheme will be open to companies that have experienced a 25% fall in turnover in the last quarter of 2020 compared to the same period in 2019. The aid will correspond to 20% of the lost turnover,

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[556] http://www.xinhuanet.com/english/2020-07/07/c_139195070.htm

[557] https://www.eif.org/what_we_do/guarantees/news/2020/eib-group-banco-santander-provide-587-million-for-portuguese-smes-and-mid-caps-affected-by-covid-19-crisis

[558] https://www.macaubusiness.com/portugal-government-passes-law-with-support-for-micro-enterprises/

[559] https://www.eureporter.co/health/coronavirus/2021/03/03/commission-approves-e15-million-portuguese-scheme-to-support-micro-small-and-medium-sized-enterprises-in-azores-region-in-context-of-the-coronavirus-outbreak/

with a maximum amount of EUR 5,000 for micro companies, EUR 20,000 for small companies and EUR 50,000 for medium-sized ones. Micro and small companies active in certain specific sectors and which declare a turnover decline of more than 50% will receive direct grants equal to 40% of the fall in turnover, with a maximum aid amount of EUR 12,000 for micro-companies and EUR 48,000 for small ones.

Romania

On 18 March 2020, the government announced a package of RON 30 billion to support companies.[560] 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.[561]
- 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.

Russia

On 20 March 2020, the government announced a USD 4 billion package to support citizens and the economy, compensating quarantined citizens, including the self-employed, for lost income. This includes:[562]

- 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 started on 1 April 2020.
- Granting a six-month postponement period for all taxes excluding VAT (value-added tax).
- A moratorium on tax, customs and other inspections of SMEs;

[560] https://www.romania-insider.com/romania-measures-coronavirus-effects

[561] https://seenews.com/news/romanias-govt-raises-ceiling-for-loan-guarantees-for-coronavirus-hit-smes-691474

[562] http://government.ru/news/39161/

- 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 its 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 110 banks that issue loans to entrepreneurs at a reduced rate of up to 7%. Taking into account the amendments in December 2020 the ultimate rate is determined as the key rate of Central Bank increased by not more than 2,75 percentage points.
- Granting a loan for paying salaries to employees at the rate of 0%. The programme involves 50 banks.The loan guarantee is provided by the guarantee of “ВЭБ.РФ” corporation (up to 75%). Small and medium-sized companies in the distressed sectors were 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 have been increased.
- Self-employed were refunded tax on income paid in full for 2019. Self-employed were also given “tax capital” in the amount of one minimum wage for tax payments in 2020. Individual entrepreneurs from the most affected sectors were provided with a tax deduction of one minimum wage in respect of insurance premiums.
- SMEs from the most affected sectors got a subsidy of 12,130 roubles per employee in April and May 2020.
- On June and July 2020, the government provided financial support to SMEs in the amount of USD 160 million to carry out the activities aimed at the prevention of the coronavirus infection

Saudi Arabia

On 14 March 2020, Saudi Arabia announced a stimulus package, including SAR 50 billion (USD 13.3 billion) for SMEs.[563] 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.[564]

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 2020, 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

[563] https://www.thenational.ae/business/economy/saudi-arabia-pledges-50bn-riyal-stimulus-package-to-offset-coronavirus-impact-1.992626

[564] https://thearabweekly.com/saudi-uae-roll-out-stimulus-packages-blunt-economic-fallout-coronavirus

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 2020, 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 2020 reported it had reached 1.14 million viewers of its virtual sessions to promote e-commerce by entrepreneurs.[565]

On 7 March 2021, the central bank extended deferred payment programme for business by 5 months.[566]

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:[567]

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

On 26 March 2020, the government announced a further package of measures of SGD 48 billion, which includes an enhancement of the job support scheme.[568] 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 2020, 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 2020, 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.

[565] https://www.arabnews.com/node/1669636/saudi-arabia

[566] https://www.arabnews.com/node/1821406/business-economy

[567] https://www.uob.com.sg/web-resources/uobgroup/pdf/research/MN_200218B.pdf

[568] https://www.channelnewsasia.com/news/covid-19-resilience-budget-package-economy-jobs-employment-12578910

- 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 SGD 5 million to SGD 10 million.
    - 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.

Mid-May 2020, 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 2020, measures were installed to waive rent for SMEs up to two months.[569]

Banks are also offering relief measures to their SME customers.[570]

On 17 August 2020, the government announced additional measures to support the recovery. The measures include an extension of the Jobs Support Scheme (up to March 2021), a Jobs Growth Incentive, an extension of the COVID-19 Support Grant to December 2020; and an extension of eligibility for the Workfare Special Payment.

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[569] https://www.channelnewsasia.com/news/business/amended-covid-19-laws-landlords-tenants-rental-waivers-12807726

[570] https://www.dbs.com/newsroom/DBS_to_offer_broad_range_of_COVID_19_liquidity_relief_measures_for_SME_and_retail_clients

On 1 November 2020, Singapore rolled out two new schemes regarding restructuring of SME debt.[571] Under the Sole Proprietors and Partnerships (SPP) Scheme, SMEs are allowed lower monthly instalment payment for unsecured business borrowings by extending the loan repayment period to a maximum of eight years.

Interest rates for the restructured loans will be based on the individual loan's original contractual terms, capped at 7% per annum. The Extended Support Scheme – Customised (ESS-C), helps to restructure SME credit facilities across multiple banks and finance companies.

Slovak Republic

After declaring the state of emergency on 15 March 2020, the government introduced further measures in the week of 16 March. On 18 March, legislation was adopted to defer income taxes.

On 29 March 2020, the government announced a further set of measures to help companies and the self-employment. The measures include:[572]

- The state will pay 80%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%. 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%will get EUR 420 per employee, and those with more than 80%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%of their gross salary from the state;
- The payment of payroll taxes will be delayed for those whose revenues drop by more than 40%;
- The deadline for paying income tax advance payments for those with a revenue drop of more than 40%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 2020, 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.[573]

On 28 April 2020, 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.[574]

On 14 October 2020, the government announced further economic support plans.

[571] https://www.todayonline.com/singapore/2-new-schemes-help-smes-hit-covid-19-restructure-debt

[572] https://spectator.sme.sk/c/22370833/coronavirus-measures-to-aid-slovakia-economy.html

[573] https://www.reuters.com/article/health-coronavirus-slovakia-business/update-1-slovak-government-to-expand-help-to-firms-hurt-by-coronavirus-idUSL5N2C252G

[574] https://www.reuters.com/article/health-coronavirus-slovakia-eu/slovakia-approves-using-12-bln-euros-of-eu-funds-to-cope-with-coronavirus-idUSL5N2CG6C6

Slovenia

On 10 March 2020, 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.[575] 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 outbreak of COVID-19.[576] A Slovenian energy company is cutting prices by 15% for households and small business from March to May.[577]

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[575] https://www.gov.si/en/news/slovenia-allocates-eur-1-billion-to-mitigate-consequences-of-coronavirus-on-the-economy/

[576] https://balkangreenenergynews.com/slovenia-exempts-households-small-firms-from-green-power-surcharge-for-three-months/

[577] https://seenews.com/news/slovenias-gen-i-cuts-power-prices-for-households-small-firms-to-mitigate-covid-19-impact-692492

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.[578]

On 17 August 2020, the European Commission approved a EUR 100 million support scheme for COVID-19 affected companies.[579] The scheme includes grants and zero interest loans to SMEs and R&D support for all firms.

On 28 August 2020, the government extends the furlough scheme until the end of September. Employers have so far received EUR 268 million in wage subsidies, while an additional EUR 16.5 million will be required in September.

On 23 September 2020, the parliament has adopted the supplementary budget for 2020, with a projected budget deficit of EUR 4.2 billion (9.3% of GDP) in 2020. Spending on COVID19-related measures added up to EUR 1.6 billion until the end of August, including EUR 500 million for furloughed workers, EUR 560 million in waived social security contributions, and EUR 150 million in income support. The government projects a fall in tax receipts of about 1.1 billion (1.3% of GDP) due to an expected drop of EUR 230 million in income tax receipts, EUR 720 million in VAT receipts, and EUR 170 million in excise duties.

On 25 September 2020, the government announced a new round of stimulus measures to support the economy. It extends the furlough scheme until the end of 2020. Businesses will have to demonstrate a COVID-related loss in turnover of at least 30%, up from 10%. Self-employed with a turnover decline of over 30% compared to last year can apply for a universal basic income. Self-employed can also apply for EUR 250 a month in case they have to self-isolate due to COVID-19.

On 2 November 2020, the European Commission gave the green light for a EUR 378 million support scheme providing grants to the self-employed.

On 21 December 2020, the European Commission approved a Slovenian EUR 900 million scheme to cover part of the uncovered fixed costs of companies affected by the coronavirus outbreak.[580]

On 12 January 2021, the government launched a EUR 660 million recovery scheme for companies, including EUR 248 million in grants. The scheme focuses on SMEs, liquidity, the green transition and digitalization.[581]

South Africa

On 19 March 2020, the Reserve Bank cut the repo rate by 100 basis points from 6.25% to 5.25%.[582] 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 26 March 2020 active from 1 April[t], 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.

[578] https://english.sta.si/2755343/state-to-guarantee-up-to-80-for-loans-to-smes-70-for-large-companies

[579] https://bbj.hu/region/ec-approves-slovenias-eur-100-mln-scheme-to-support-coronavirus-hit-firms_187659

[580] https://ec.europa.eu/commission/presscorner/detail/en/IP_20_2511

[581] https://balkangreenenergynews.com/slovenia-earmarks-eur-660-million-for-liquidity-in-firms-green-transition/

[582] https://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/9790/March%202020%20MPC%20statement.pdf

The 18 March 2020, the government announced a package to support SMEs:[583]

- 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[584] 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 R 150 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.
- A tax subsidy of up to R 500 per month for the next four months for private sector employees earning below R 6,500 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

On 12 March 2020, a "shock plan" were announced, which includes:[585]

- 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.

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[583] https://www.timeslive.co.za/news/south-africa/2020-03-19-government-promises-to-help-out-small-businesses-hit-by-coronavirus/

[584] http://www.dsbd.gov.za/wp-content/uploads/2020/03/SMME-Business-Growth-Resilience-Facility.pdf

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

In total, EUR 18 billion was made available, the bulk of which will be available for SMEs.[586]

On 17 March 2020, 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.[587] 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.[588]

On 24 March 2020, 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.[589]

On 25 March 2020, 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.[590] 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 2020, the government announced a third package of measures, which includes:[591]

- 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.

[586] https://www.reuters.com/article/us-health-coronavirus-spain/four-towns-locked-down-as-spain-announces-package-to-tackle-coronavirus-idUSKBN20Z3LM

[587] https://www.politico.eu/article/spain-200-billion-euros-package-virus-downturn/

[588] https://www.euractiv.com/section/economy-jobs/news/spain-unveils-unprecedented-e200-billion-coronavirus-package/

[589] http://thecorner.eu/spain-economy/spain-approves-20-bn-euros-in-guarantees-for-smes-and-self-employed-workers/85088/

[590] https://www.theolivepress.es/spain-news/2020/03/25/government-considers-freezing-rents-for-two-months-for-people-affected-during-spains-coronavirus-lockdown/

[591] https://www.lamoncloa.gob.es/consejodeministros/referencias/Paginas/2020/refc20200331.aspx

- 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 2020, 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).
- 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 2020, the deferral measures for SMEs were extended by 3 to 4 months.[592]

On 15 June 2020, 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.[593]

On 23 June 2020, media reported the government intends to enlarge its EUR 100 billion loan guarantee fund because of strong demand.[594]

On 2 July 2020, the government announced a further package of measures of EUR 50 billion, including tax reform to support small business[595] and the creation of a EUR 10 billion rescue fund for firms hardest hit by the crisis in strategic sectors, to support their solvency and help their recovery.[596] The measures include a line of guarantees through the Official Credit Institute (ICO) of EUR 40 billion, the first tranche of EUR 8 billion, of which EUR 5 billion goes to self-employed and SMEs offers a guarantee of 80% of the new loans for the self-employed and SMEs, and 70% for other companies.

[592] 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

[593] https://www.reuters.com/article/us-health-coronavirus-spain-autos-factbo/factbox-spains-42-billion-aid-plan-to-support-the-auto-industry-idUSKBN23M2EZ

[594] https://finance.yahoo.com/news/spain-weighs-major-boost-113-205637216.html?guccounter=1

[595] https://www.reuters.com/article/us-health-coronavirus-spain-measures/spain-to-approve-50-billion-aid-package-for-companies-pm-says-idUSKBN2431RU

[596] https://www.rappler.com/business/265651-spain-to-create-fund-firms-in-trouble-coronavirus-pandemic

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.

On 7 July 2020, the government extended of some policies announced in March (moratorium on mortgages, consumer loans; moratorium of rent payment of vulnerable households, guarantee of utilities) to the end of September.

On 9 July 2020, a plan was launched to strengthen the Science, Technology and Innovation System (EUR 1 billion investment in 2020-21, with EUR 396 million in 2020; EUR 508 million loans to innovative companies).

On 23 September 2020, the European Commission approved the modification of nine more Cohesion policy operational programmes in Spain, worth a total of EUR 1.2 billion from the European Regional Development Fund (ERDF) to alleviate the impact of the coronavirus outbreak. This comprehensive recovery approach includes support to SMEs and will contribute to boost the economic sector. EU funds will also be redirected to develop the ICT of the education and training sectors.[597]

On 29 September 2020, a number of existing support measures have been extended. These include the temporary employment adjustment schemes (ERTEs) and the extraordinary benefit to the self-employed until January 31, 2021, and the measures to help vulnerable renters until end of 2021.

On 7 October 2020, the government announced a further EUR 72 billion recovery plan – a roadmap for modernisation - aimed at the creation of 800,000 jobs between 2021 and 2023, to be financed by the New Generation EU Fund. 37% of funds would go the green transition, 32% to digitalisation. As part of the package, 2.5 million SMEs will receive training in digitalisation.[598]

On 20 October 2020, a joint EIB, EIF and Santander support scheme for SMEs was announced, providing financing on favourable terms to the Spanish SMEs and mid-caps affected by the economic impact of COVID-19.[599] To this end, the EIB and the European Investment Fund (EIF) will subscribe several tranches of a synthetic securitisation of a SME loan portfolio originated by Banco Santander, enabling the Spanish bank to provide more than EUR 900 million of financing to inject liquidity and support SME investments. The EIB will subscribe EUR 193 million from Banco Santander's securitisation, with the latter committing to offer financing on favourable terms to the SMEs affected by the pandemic. This will boost the recovery of Spanish industry and support SMEs projects with an innovative focus, such as information and communication technologies (ICT). In addition, the EIF will subscribe a further EUR 5 million from the same securitisation. Under this agreement, Santander will finance the investments of Spanish SMEs that aim to support climate change mitigation and adaptation.

On 12 November 2020, media reported the government is preparing further support for the hospitality sector and intends to extend its existing loan guarantee scheme until after December 2020.[600]

[597] https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1718

[598] https://english.elpais.com/politics/2020-10-07/spanish-pm-predicts-creation-of-800000-jobs-over-next-three-years-thanks-to-european-recovery-fund.html

[599] https://ec.europa.eu/commission/presscorner/detail/en/IP_20_1951

[600] https://uk.reuters.com/article/uk-health-coronavirus-spain-economy-idUKKBN27S291

On 16 November 2020, the government announced it will extend the availability of state-backed credit lines through the EUR 140 billion ICO liquidity scheme by six months until June, also lengthening loan maturities and grace periods under the scheme.[601]

On 24 November, the European Commission approved a EUR 2.55 billion support scheme to compensate self-employed and companies for damages during the pandemic.[602] The compensation will take the form of public guarantees for repayable new loans granted by supervised financial institutions, and new notes issued on the Alternative Fixed-Income Market. Under the scheme, around 15,000 self-employed and companies with endorsed composition agreements with creditors following judicial insolvency proceedings will be compensated for damages incurred between 14 March and 20 June 2020.

On 22 December 2020, the government approved a relief package for retailers and businesses in the tourism, food and drink sectors, which have suffered significantly from restrictions to curb the coronavirus pandemic. The measures in the *Plan de Refuerzo* do not include direct aid. Instead, they aim to help small retailers and hospitality entrepreneurs increase their liquidity by incentivizing rent reductions, offering tax deferrals, improving access to financing and delaying Social Security contributions. The overarching goal is to reduce companies' fixed costs and adapt them to the new reality faced by hundreds of thousands of businesses affected by the crisis. The impact of the new plan is estimated at EUR 4.2 billion.[603]

Mid-January 2021, the government approved an extension of temporary lay-off schemes put in place March last year to protect jobs for around 800,000 workers affected by the impact of the COVID-19 pandemic, particularly in the tourism and services sectors.[604]

End January 2021, the Spanish government approves the SME Digitalisation Plan 2021-2025, with a budget of EUR 4.6 billion of which EUR 3.12 billion are earmarked for basic digitisation for SMEs.

On 2 February 2021, the government announced a EUR 100 million fund for support to SMEs in the aerospace industry, as well as a program to support R&D in the industry.[605]

On 11 February 2021, the government announced a EUR 11 billion economic relief package to provide solvency to SME and self-employed through subsidies, cost reductions and capital reinforcement.[606] This package has been approved by Royal Decree-Law 5/2021 on 12th March 2021. The package includes three separate funds:

- a EUR 3 billion pool to restructure state-guaranteed loans, to be managed by the banking sector;
- a EUR 1 billion reserve to recapitalise medium-sized companies, run by state-owned financing company Cofides;

601 https://www.reuters.com/article/health-coronavirus-spain-economy-idUSL8N2I24A3

602 https://www.eureporter.co/health/2020/11/24/commission-approves-e2-55-billion-spanish-guarantee-scheme-to-compensate-certain-self-employed-and-companies-for-damages-suffered-due-to-coronavirus-outbreak/

603 https://english.elpais.com/economy_and_business/2020-12-23/spain-approves-relief-package-for-struggling-hospitality-businesses.html

604 https://www.euractiv.com/section/economy-jobs/news/spain-to-extend-temporary-lay-off-schemes-for-800000-jobs/

605 https://financialpost.com/pmn/business-pmn/spain-creates-100-mln-euro-fund-for-small-aerospace-firms

606 https://www.reuters.com/article/us-health-coronavirus-spain-aid-idUSKBN2AO0UF

- a EUR 7 billion in non-refundable direct aid to self-employed workers and SMEs affected by the crisis.[607] Self-employed are entitled to a EUR 3,000 whereas companies to EUR 4,000-200,000.[608]

On 17 February 2021, the government set out its priorities for its spending of EUR 140 billion in EU recovery funds, including measures to revitalise the small business sector.[609]

Regional governments have launched initiatives as well:

- On 20 October 2020, Catalonia ruled that rental prices for small businesses that have to close their doors should be halved if owners and tenants do not manage to agree on different arrangement.
- On 12 November 2020, Andalucía announced a EUR 660 million support package for small businesses, especially for the hospitality industry and firms closed because of the pandemic.[610] The package includes EUR 215 million in grants, EUR 350 million in loans and EUR 94 million in tax credits. Mid-January 2021, Andalucía announced EUR 46.1 million direct aid for self-employed and SMEs hardest hit by Covid-19.[611]

Sweden

In Sweden, the Riksbank indicated on 10 March 2020 it stands ready to take measures to improve liquidity in case the economic effects of the coronavirus warrant this.[612] On 13 March, it announced it was lending up to SEK 500 billion (about EUR 46 billion) to companies via the banks, to avoid robust companies being knocked out as a result of the spread of the coronavirus. The Riksbank is prepared to take further measures and to supply necessary liquidity.[613]

On 11 March 2020, 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.[614] More specifically: [615]

- 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

[607] https://english.elpais.com/economy_and_business/2021-03-12/spain-approves-7-billion-in-direct-aid-for-struggling-businesses.html

[608] https://www.thelocal.es/20210312/spain-to-give-e3k-to-e200k-to-pandemic-hit-companies-and-self-employed/

[609] https://www.ft.com/content/72762eef-8d05-4e86-9101-0017758cb224

[610] https://www.theolivepress.es/spain-news/2020/11/12/e660-million-rescue-package-announced-for-small-to-medium-sized-businesses-hardest-hit-by-covid-19-in-spains-andalucia/

[611] https://www.euroweeklynews.com/2021/01/12/andalucia-announces-e46-1-million-direct-aid-for-self-employed-and-smes-hardest-hit-by-covid/

[612] https://www.bloomberg.com/news/articles/2020-02-29/swedish-riksbank-ready-to-react-once-corona-impact-is-clearer

[613] 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/

[614] 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/

[615] https://www.government.se/articles/2020/03/economic-measures-in-response-to-covid-19/

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% 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 2020, 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 2020, Sweden announced a further support package for small companies, including:[616]

- 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. 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% of the rental reduction up to 50% 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%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 2020, the government announced a further reinforcement of its short-term layoffs scheme.[617] 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.

[616] https://www.government.se/press-releases/2020/03/crisis-package-for-small-enterprises-in-sweden/

[617] https://www.government.se/press-releases/2020/04/scaling-up-crisis-measures-for-jobs-and-businesses/

Combined with the reduced employers' social security contributions, employer costs can be reduced by up to 86% during May and June. Control mechanisms will be enhanced.

On 1 July 2020, support measures by the Riksbank were extended and will also include the purchase of corporate bonds from September onwards to support recovery.[618]

On 4 September 2020, the government announced the extension of the conversion support to companies affected by the COVID-19 crisis, mainly in the hospitality industry (cost SEK 9 billion). The support initially applied for March and April 2020 and will also apply to May, June and July 2020. Eligible firms for May 2020 must have lost more than 40% of their sales from 2019. Eligible firms for June and July 2020 must have lost more than 50% of their sales from 2019. The amount of the support is 75% of the fixed costs for May-July 2020.

On 9 September 2020, media reported that the government will introduce a grant scheme totalling 5 billion crowns to small business (120,000 crowns per business) to replace income lost during the pandemic. The grants will go to those companies not included in previous measures and will cover up to 75% of income lost, and will take effect in the autumn.[619]

On 24 September 2020, the Government decided to extend until the end of the year the government credit guarantee programme aimed at supporting small and medium-sized enterprises that have experienced financial difficulties due to the COVID-19 pandemic. As a result of this decision, the option for businesses to take part in the credit guarantee programme applies to loans granted until 31 December 2020.[620]

On 12 February 2021, the European Commission approved a EUR 1.4 billion support scheme for companies. Under the scheme, the public support will take the form of direct grants. The scheme will be open to companies active in all sectors except the financial sector. The scheme covers three eligible periods: (i) August–October 2020, (ii) November–December 2020, and (iii) January–February 2021. The aid will be granted to companies that suffered a turnover decline exceeding 40% in the period August-October 2020 or 30% in each of the periods November-December 2020 and January-February 2021, compared to the same periods in 2019. The beneficiaries will receive grants covering up to 70% of their uncovered fixed costs during the eligible periods. In the case of micro and small enterprises, the grants will cover up to 75% of the uncovered fixed costs with regard to the period August-October 2020, or 90% in the other periods.[621]

Switzerland

On 13 March 2020, Switzerland announced a set of measures amounting to CHF 10 billion.[622] 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;

[618] 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/

[619] https://www.reuters.com/article/health-coronavirus-sweden-budget/swedish-small-businesses-to-get-570-mln-aid-news-agency-tt-idUSL8N2G65UG

[620] https://www.government.se/government-of-sweden/ministry-of-enterprise-and-innovation/

[621] https://ec.europa.eu/commission/presscorner/detail/en/IP_21_583

[622] 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 2020, the government announced a further set of measures of CHF 32 billion, bringing the total to EUR 40 billion. These measures include for business:[623]

- 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% 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 2020, 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.[624]

On 20 April 2020, 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.[625]

On 22 April 2020, 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

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[623] https://www.seco.admin.ch/seco/fr/home/seco/nsb-news.msg-id-78515.html

[624] 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

[625] https://www.reuters.com/article/health-coronavirus-swiss-bankruptcy/switzerland-to-ease-bankruptcy-rules-for-businesses-hit-by-coronavirus-idUSL5N2C447F

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.[626]

On 4 May 2020, the government introduced a two month rent waiver for SMEs and the self-employed that have suffered a decline in operations of over 50%.[627]

On 1 July 2020, the government announced that it would extend the revenue compensation for self-employed to mid-September[628]; extend the maximum period of receiving short term work compensation from 12 months to 18 months; and legislate a new law to regulate the bridge loan guarantee program beyond the period of national emergency.[629]

The Coronavirus allowance for loss of earnings, initially due to end on September 16, 2020, intended in particular for self-employed persons who are closing their activities in connection with measures to combat the Coronavirus, will be extended until December 31, 2021. The entitlement of the allowance will be subject to regular review of the situation of beneficiaries.

On 26 August 2020, the Federal Council decided to extend the stay of proceedings applicable to the travel agency industry to December 31, 2020.

On November 2020, the Federal Council decided on a hardship support programme: Support for companies hard hit by the COVID-19 restrictions. In general, each canton implements his own programme, the federal government co-finances the programmes. The total amount is currently CHF 2,5 billion (Confederation's share CHF 1,9 billion, canton's share 0,6 billion). The Federal Council proposes to increase the hardship compensation fund to 10 billion. The cantons have freedom in the design of the measures; they can pay out non-refundable contributions and grant guarantees and loans. Conditions for hardship aid have recently been relaxed. Hardship measures are available for companies whose turnover has fallen by more than 40% in the last year or in the last twelve months, as well as for companies that have been closed by the authorities for at least 40 days since 1 November 2020.

On 15 December 2020, Switzerland adopted a plan to invest CHF 28.1 billion in education, research and innovation over the next four years.[630] Measures were also decided to support the export industry and SMEs that want to invest in research and development projects.

On 17 February 2021, the government pledged to spend a further CHF 5 billion on support to companies, in particular SMEs. The new support includes an adjustment to the maximum amounts for grants to businesses, a refocus of support on companies with prospects for surviving long term and an extension of the furlough scheme.[631]

On March 2021, the Parliament decided a protective umbrella for events. It wants to give additional support to festivals, trade fairs and other public events. By submitting an application to the federal government, you can request compensation for uncovered costs for events that should have taken place between June 1, 2021 and April 30, 2022. However, the federal government only reimburses events "of importance

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

[627] https://www.thelocal.ch/20200505/how-will-switzerlands-two-month-coronavirus-rent-waiver-for-small-businesses-work

[628] https://www.admin.ch/gov/de/start/dokumentation/medienmitteilungen.msg-id-79685.html

[629] https://www.admin.ch/gov/de/start/dokumentation/medienmitteilungen.msg-id-79683.html

[630] https://www.swissinfo.ch/eng/switzerland-budgets-chf28-billion-for-research-and-education--/46225010

[631] https://www.bloomberg.com/news/articles/2021-02-17/switzerland-doubles-aid-to-crisis-hit-businesses-to-11-billion

beyond the cantons". If the cantons assume half of the loss, the federal government is prepared to pay the other half.

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 2020 EUR 2.8 billion stimulus plan, the Government announced measures specifically targeted at SMEs, including:[632]
- 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;[633]
- A reduction of withholding tax by 1.5 percentage points (from 3% to 1.5%);
- Tax deductions of salary expenses;
- Dissemination of VAT refunds in under 15 days to entrepreneurs;
- Refunding the deposit for electricity usage;
- A rebate on contributions to the Social security fund by employers and employees, and;
- A planned reduction of rental fees for state property.

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

On 25 March 2020, the government announced the second stimulus package amounting to 0.7% of GDP. This includes a 5,000 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).

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[632] https://www.tatnews.org/2020/03/thai-cabinet-approves-measures-to-help-companies-especially-smes-survive-covid-19-crisis/

[633] https://www.americanprogress.org/issues/security/news/2020/03/26/482287/lessons-united-states-international-economic-responses-coronavirus/

On 7 April 2020, 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 2020, the government announced it intends to set up a THB 50 billion fund to support small businesses affected by the pandemic.[634]

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.

On 17 October 2020, Thailand's central bank extended its THB 500 billion soft loan programme by six months to help SMEs cope with the impact of the coronavirus pandemic, and opened-up the programme for listed SMEs as well.[635]

Tunisia

On 22 March 2020, 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.

[634] https://chiangmaione.com/featured/deputy-pm-seeks-50-billion-baht-fund-to-help-small-business-owners

[635] https://uk.reuters.com/article/uk-thailand-economy-loans/thai-central-bank-extends-16-billion-soft-loans-for-smaller-firms-by-six-months-idUKKBN2720RD

- 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 2020, 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 2020, the government announced the additional measure of TND 100 million to cover partial unemployment for the benefit of artisans and SMEs.

On 13 April 2020, 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-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 2020, 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 2020, 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 2020, 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 2020, 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 2020, the Turkish Central Bank cut its key interest rates by 100 basis points.[636] The bank said it would also provide banks with as much liquidity as they need through intraday and standing overnight facilities.

On 18 March 2020, Turkey launched a USD 15.3 billion 21 point stimulus package (Economic Stability Shield) to tackle the coronavirus pandemic. The package includes:[637]

- 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%to one percent for three months;
- Accommodation tax will be cancelled until November;
- Tax and social security premiums will be deferred by six months for retail, iron and steel industries, shopping malls, automotive, entertainment and hospitality sectors, food and beverage businesses, textiles as well as event organisation sectors, and;
- Stock financing assistance to importers who are affected by the global pandemic;
- Doubling the Credit Guarantee Fund limit from TL 25 billion (USD 3.85 billion) to TL 50 billion (USD 7.7 billion) billion and provide it to SMEs and companies with liquidity needs and collateral deficit. The aim is to encourage the introduction of loan packages for social purposes under favourable and advantageous conditions for SMEs;
- A "craft-and-trade credit card" will be made available to all craftsmen and small traders under a TL 25,000 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.

[636] https://www.dailysabah.com/business/economy/turkish-central-bank-moves-early-with-100-basis-point-cut-amid-coronavirus

[637] https://www.middleeasteye.net/news/coronavirus-turkey-economy-15-billion-dollar-stimulus-package ; https://www.jdsupra.com/legalnews/covid-19-turkish-government-financial-10434/

- 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:[638]

- 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.
- 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.
- Support is also offered for the digital transformation of SMEs in the manufacturing sector (both users and developers), including the Internet of Things, cloud and artificial intelligence.

In early 2021, the existent SME Technology Support Program include a Product Development module to support the investments to be made by enterprises and ensure the production and commercialization of products in the medium - high and high technology field of start-ups.[639]

In early 2021, within the scope of the vision 2023, the government developed the "International Market Support Program" aiming that Turkish SMEs open businesses in the international market and developing their export capacities. It provides 70% of funding to SMEs for export promotion and integration into global value chains.

[638] https://en.kosgeb.gov.tr/ ; https://www.aa.com.tr/en/economy/turkey-supports-smes-against-effects-of-covid-19/1778784

[639] https://en.kosgeb.gov.tr/site/tr/genel/destekdetay/6443/sme-technological-product-investment-support-programme

In March 2021 the Turkish government launched the "Digitalization in the Manufacturing Industry" as part of the objective to increase productivity and competitiveness in SMEs through digital technologies. The project helped SMEs to adapt their production and related business processes to digital technologies such as data mining, cloud computing, internet of things, artificial intelligence etc. In this context, 655 projects were found successful and USD 38 million was provided to SMEs.

On 22 March 2020, 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. [640] 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 2020, the government started a campaign for public donations to support those affected by COVID-19.[641]

On 27 April 2020, 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.[642]

On 21 May 2020, media reported that the EBRD provides EUR 50 million to support Turkish SMEs.[643]

On 7 May 2020, 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.[644] Other banks are deploying SME oriented initiatives as well.[645]

On 3 July 2020, the Asian Infrastructure Investment Bank announced it was lending USD 500 million to Turkish development banks to support SMEs.[646]

On 17 July 2020, the Parliament authorised the government to extend the validity of the unpaid leave arrangement legislated on 17 April until 30 July 2021.

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[640] https://www.dailysabah.com/business/economy/turkish-lenders-join-hands-to-support-businesses-citizens-curb-economic-impact-of-outbreak

[641] https://www.al-monitor.com/pulse/originals/2020/04/turkey-coronavirus-offers-money-companies-donations-for-poor.html

[642] https://www.dailysabah.com/business/economy/turkish-smes-to-receive-additional-tl-6b-in-financing

[643] https://seenews.com/news/ebrd-lending-55-mln-to-turkeys-garanti-bbva-to-support-smes-699742

[644] https://seenews.com/news/islamic-development-bank-to-support-turkish-smes-with-100-mln-facility-697943

[645] https://www.dailysabah.com/business/economy/ing-bank-turkey-offers-low-interest-loans-for-smes-consumers-affected-by-pandemic

[646] https://seenews.com/news/aiib-lending-500-mln-to-two-turkish-banks-to-back-companies-during-pandemic-705119

On 23 July 2020, the government announced that enterprises discontinuing their short-time working arrangements and unpaid furloughs, and returning to normal activity, will be exempt of employer and employee social security contributions for three months.

On 23 July 2020, the public SME bank (Halkbank) postponed, at no cost and for three months, all capital and interest reimbursements overdue by small tradesmen and craftsmen on credits previously contracted in concessional terms.

On 19 October 2020, media reported that the IFC is supporting the financing needs of SMEs in Turkey by partnering with Alternatif Bank to extend new trade-related or working capital loans to SMEs whose cashflows have been disrupted due to the COVID-19 pandemic. A new USD 25 million loan to Alternatif Bank will help SMEs to continue to operate and sustain their current employment levels. In parallel, the European Bank for Reconstruction and Development (EBRD) is providing a similar-sized loan.[647]

On 21 December 2020, the World Bank announced it will provide financing worth USD 300 million (TL 2.3 billion) to help avert the closure of viable micro and small enterprises (MSEs) in Turkey and protect jobs amid the coronavirus pandemic. The Rapid Support for Micro and Small Enterprises Project for Turkey will be implemented by the Small and Medium Enterprises Development Organization of Turkey (KOSGEB).[648]

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.[649]

On 30 March 2020, entrepreneurs 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.

[647] https://www.finchannel.com/business/finance/78714-international-finance-corporation-supports-smes-in-turkey

[648] https://www.dailysabah.com/business/economy/world-bank-oks-300m-of-financing-for-turkeys-micro-small-businesses; https://moderndiplomacy.eu/2020/12/23/world-bank-provides-financing-for-viable-micro-and-small-firms-in-turkey/

[649] www.sme.gov.ua

United Kingdom

In its first response, the UK government provided generic guidance for employers and business on how to deal with the health risk.[650] 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.[651]

The Bank of England (BoE) on 11 March 2020 lowered interest rates to 0.25%.[652] 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.[653] 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.[654] On 19 March 2020, 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.

On 11 March 2020, the UK Government announced a GBP 30 billion emergency stimulus package, 23% (GBP 7 billion) of which is aimed at business support.[655] 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.[656]

It was announced on 11 March 2020 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.

[650]https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/guidance-for-employers-and-businesses-on-covid-19

[651] https://www.gov.uk/government/publications/coronavirus-action-plan/coronavirus-action-plan-a-guide-to-what-you-can-expect-across-the-uk

[652]https://www.theguardian.com/business/2020/mar/11/coronavirus-bank-of-england-makes-emergency-interest-rate-cut

[653]https://www.theguardian.com/business/2020/mar/11/coronavirus-bank-of-england-makes-emergency-interest-rate-cut

[654]https://www.bankofengland.co.uk/news/2020/march/boe-measures-to-respond-to-the-economic-shock-from-covid-19

[655] https://www.businessinsider.fr/us/coronavirus-uk-chancellor-reveals-emergency-measures-for-economy-2020-3

[656] https://www.natlawreview.com/article/uk-budget-and-coronavirus

On 17 March 2020, the government announced a further GBP 330 billion rescue package of loan guarantees for business.[657] 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;[658]
- 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.

Furthermore:[659]

- 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 2020, the government announced that commercial tenants protected from eviction.[660]

On 28 March 2020, the government announced temporary changes in insolvency law to provide a breathing space for companies.[661] The changes include the suspension of the application of the law on

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[657] 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/

[658] https://www.british-business-bank.co.uk/ourpartners/coronavirus-business-interruption-loan-scheme-cbils/

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

[660] https://www.gov.uk/government/news/extra-protection-for-businesses-with-ban-on-evictions-for-commercial-tenants-who-miss-rent-payments

[661] https://www.natlawreview.com/article/covid-19-temporary-relaxation-uk-insolvency-laws

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 2020, the government announced a GBP 1.25 billion support package for start-ups, tech companies and other innovative firms.[662] 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 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 2020, 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.[663]

From 13 May 2020 onwards, self-employed can apply for a GBP 7,500 grant in income support.[664]

On 8 July 2020, the government announced a further GBP 30 billion economic support package.[665] As part of the scheme, the government provides a grant for small businesses to take on young people as trainee.[666]

[662] https://www.gov.uk/government/news/billion-pound-support-package-for-innovative-firms-hit-by-coronavirus

[663] https://www.heraldscotland.com/news/18423972.coronavirus-government-bounce-back--loan-scheme-small-businesses-opened/

[664] https://www.reuters.com/article/us-health-coronavirus-britain-selfemploy/uk-opens-10-billion-pound-covid-19-aid-programme-for-self-employed-idUSKBN22O3DZ

[665] https://uk.reuters.com/article/uk-health-coronavirus-britain-economy/sunak-offers-jobs-bonuses-cuts-taxes-to-head-off-jobs-crisis-idUKKBN24906I

[666] 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

Private financiers in the UK announced that they would ease rules for firms affected by the outbreak. On 10 March 2020, 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.[667] Furthermore, peer-to-peer financial platforms are offering their assistance to SMEs.[668] Large supermarket chains announced they would speed up its payments to small business suppliers.[669] A business banking platform and an insurance platform launched an initiative to support SMEs in countering late payments by customers during the pandemic.[670] Also, digital platforms are launching small business and start-up support.[671]

On 27 June 2020, the government announced a GPB 200 million package to support innovative businesses through the Sustainable Innovation Fund.[672] The funding, available across the UK and delivered through Innovate UK as part of a wider GPB 750 million package announced in April, could go towards developing new technologies focused on making homes and offices more energy efficient to cut bills, creating ground-breaking medical technologies to treat infections and diseases, or reducing the carbon footprint of public transport in our towns and cities. In a move to support people across the country to establish more 'climate-positive' behaviours, businesses and start-ups could also make use of the fund to develop smart sustainability-focused projects – from apps encouraging people to cut down their food waste to sustainable biodegradable packaging.

On 8 July 2020, the government introduced the "Eat Out to Help Out" subsidy scheme of GBP 500 million and a VAT cut from 20% to 5% for the hospitality, accommodations and attractions industries. The government also introduced a Job Retention Bonus, hiring subsidy for young workers (Kickstart Scheme), a boost to skills and activation policies.

On 24 September 2020, the government announced a new job support scheme.[673] The Job Support Scheme is designed to protect viable jobs in businesses who are facing lower demand over the winter months due to Covid-19, to help keep their employees attached to the workforce. The scheme will be open to all SMEs, and to larger companies that witnessed a fall in turnover during the crisis. The scheme will open on 1 November 2020 and run for 6 months, and replaces the Coronavirus Job Retention Scheme. The company will continue to pay its employee for time worked, but the cost of hours not worked will be split between the employer, the Government (through wage support) and the employee (through a wage reduction), and the employee will keep their job. The Government will pay a third of hours not worked up

[667] https://www.proactiveinvestors.co.uk/companies/news/914649/coronavirus-lloyds-rbs-and-barclays-ease-rules-to-help-covid-hit-customers-914649.html

[668] https://www.p2pfinancenews.co.uk/2020/03/12/p2p-platforms-vow-to-help-smes-amid-coronavirus-concerns/

[669] 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

[670] https://thefintechtimes.com/tide-and-hokodo-introduce-invoice-protection-to-support-smes-during-coronavirus-crisis/

[671] 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/

[672] https://www.gov.uk/government/news/government-unveils-200-million-package-to-help-innovative-businesses-bounce-back?utm_source=miragenews&utm_medium=miragenews&utm_campaign=news

[673] https://www.gov.uk/government/publications/job-support-scheme

to a cap, with the employer also contributing a third. This will ensure employees earn a minimum of 77% of their normal wages, where the Government contribution has not been capped.

The government in September 2020 also announced a GBP 1,000 grant scheme for SMEs affected by local lockdowns.[674]

On 1 October 2020, the government announced several measures to address late payments to SMEs, also to alleviate cash flow problems related to COVID-19.[675] This includes the strengthening of the power of the Small Business Commissioner.

On 9 October 2020, the government extended its Job Support Scheme to business who had to close their businesses because of lockdown measures.[676] Cash grants for businesses required to close in local lockdowns also increased to up to GPB 3,000 per month.

On 22 October 2020, the government announced further support for business to mitigate the impact of the renewed containment measures. The new funding, which could cost GBP 13 billion pounds over the next six months, is aimed at businesses that are struggling to attract customers because of restrictions on social interactions, even if the government doesn't order them to close.[677] The government also indicated it would double the next round of the Self Employment Income Support Scheme to cover 40% of profits, meaning the maximum grant will increase from GBP 1,875 to GBP 3,750.[678] The same day, a GBP 60 million support package for business in Greater Manchester was announced .[679]

On 4 November 2020, the government announced that GBP 134 million was available to support greening as part of the COVID-19 recovery measures.[680] The funding comes from Innovate UK's Sustainable innovation Fund, which was launched as part of the GBP 550 million package to support innovative SMEs respond to COVID-19 announced late June. Each business will receive up to GBP 175,000. For a smaller number of recipients, their award is the first phase of a 2-part competition under the Small Business Research Initiative (SBRI) that addresses specific net zero and clean growth challenges as part of the government's pledge to tackle climate change.[681]

[674] https://smallbusiness.co.uk/rishi-sunak-plans-grants-for-small-businesses-hit-by-hard-lockdown-2551323/?utm_medium=email&utm_campaign=SB%20Newsletter%20-%208%20Oct%202020&utm_content=SB%20Newsletter%20-%208%20Oct%202020+CID_ba7d292281d9dce34d283b78c13ec65e&utm_source=Campaign%20Monitor&utm_term=Read%20more

[675] https://www.gov.uk/government/news/government-to-protect-small-businesses-with-action-on-late-payments?mc_cid=b8e4999c1d&mc_eid=578a19b631

[676] https://www.gov.uk/government/news/job-support-scheme-expanded-to-firms-required-to-close-due-to-covid-restrictions

[677] https://www.local10.com/business/2020/10/22/uk-boosts-business-aid-amid-pressure-to-ease-virus-impact/

[678] https://www.ftadviser.com/your-industry/2020/10/22/sunak-doubles-grants-for-self-employed-after-criticism/; https://www.gov.uk/government/news/plan-for-jobs-chancellor-increases-financial-support-for-businesses-and-workers

[679] https://www.bbc.com/news/uk-england-manchester-54628770

[680] https://www.miragenews.com/134-million-boost-to-help-uk-businesses-build-back-greener/

[681] https://www.miragenews.com/134-million-boost-to-help-uk-businesses-build-back-greener/

On 18 November 2020, media reported that the government's Coronavirus Self-Employment Income Support Scheme has been extended for a further six months, providing two further three-month grants after the expiry of the second grant period.[682]

As part of the spending review 2020 on 25 November , the government included an extra GBP 27 billion boost in public investments, to reach 100 billion in 2021/22, including 58bn for road and rail, 15bn for investments in R&D and 4 billion for the NH2020S. Multi-year capital settlements include the recently announced Ten Point Plan for a Green Industrial Revolution (12bn), Road and rail (58 billion) and Housing (20 billion).

On 13 December 2020, media reported the UK government is planning to launch a permanent replacement for the GBP 65 billion COVID-19 loans programme with new state-backed guarantees to support lending by banks to a range of small to medium-sized business. The new loan scheme may carry a guarantee of up to 80% for loans of up to GBP 10 million for businesses deemed viable but unable to get finance from their lender, the newspaper said. Banks would be allowed to set interest rates for the new loans but the rate is expected to be capped at about 15%.[683]

On 4 January , the government announced GBP 4.6 billion in new grants for businesses worth up to GBP 9,000 per business.[684] A further GBP 594 million is also being made available for Local Authorities and the Devolved Administrations to support other 2021businesses not eligible for the grants, that might be affected by the restrictions.

On 3 March 2021, the government presented its budget which includes GBP 5 billion for a restart grant for businesses in England, with GBP 18,000 available for each premises.[685] GBP 794 million is available for similar grants in Northern Ireland, Wales and Scotland. As part of the budget, a Build Back Better growth plan was launched with support for investment in infrastructure, skills and innovation.[686] The budget also includes a Help to Grow digital training and grants scheme.[687] A new Recovery Loan Scheme will replace the existing BBLS and CBILS schemes.[688] The government also extended the furlough scheme by five months and extended support to the self-employed.[689]

Devolved and local governments have taken various measures as well:

- On 16 March 2020, 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.[690] 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.[691] Furthermore, one-off cash grants between GBP 10,000 and GBP 25,000 are available for business with a property used for retail, hospitality

682 https://www.internationallawoffice.com/Newsletters/Employment-Immigration/United-Kingdom/Lewis-Silkin/Self-employed-financial-support-extended-until-April-2021

683 https://www.reuters.com/article/us-health-coronavirus-britain-loans-idUSKBN28N0UJ

684 https://www.gov.uk/government/news/46-billion-in-new-lockdown-grants-to-support-businesses-and-protect-jobs

685 https://inews.co.uk/news/politics/budget/budget-2021-5-billion-restart-grants-to-help-ailing-pubs-restaurants-shops-and-businesses-890965

686 https://www.gov.uk/government/publications/build-back-better-our-plan-for-growth

687 https://helptogrow.campaign.gov.uk/

688 https://www.gov.uk/guidance/recovery-loan-scheme

689 https://smallbusiness.co.uk/budget-2021-and-what-it-means-for-small-business-2552090/

690 https://www.gov.uk/government/news/devolved-administrations-will-receive-15-billion-for-coronavirus-response

691 https://smallbusiness.co.uk/how-do-i-get-the-government-3000-coronavirus-grant-2549866/

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 2020, Wales made available GBP 200 million for small businesses,[692] as part of a GBP 1.4 billion support plan for business.[693]
- The Scottish government launched a helpline for small business to cope with the outbreak.[694] On 14 March 2020, the Scottish government announced a GBP 320 million rescue package for business, which includes:[695]
  - 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;
  - 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 2020, the Scottish government announced a further support measures for business of GBP 100 million:[696]
  - 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 25,000 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.[697]
- In March 2021, Scotland launched a new fund the help the self-employed, providing a one off grant of GBP 4,000.[698]
- 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.[699] On 10 September 2020, Northern Ireland announced two new support schemes operated by Invest Northern Ireland aimed at recovery:[700]

[692] https://www.bbc.com/news/uk-wales-51916208

[693] https://www.bbc.com/news/uk-wales-politics-51954135

[694] https://smallbusiness.co.uk/scottish-government-launches-small-business-coronavirus-helpline-2549868/

[695] https://www.bbc.com/news/uk-scotland-51889013

[696] https://www.sundaypost.com/fp/self-employed-fund/

[697] https://dailybusinessgroup.co.uk/2020/05/swamped-sme-fund-doubled-to-cope-with-demand/

[698] https://www.forres-gazette.co.uk/news/scottish-government-throw-financial-lifeline-to-newly-self-employed-229050/

[699] https://www.bbc.com/news/uk-northern-ireland-52550890

[700] https://www.insidermedia.com/news/ireland/new-covid-19-support-schemes-launched

- Under the GBP 1 million Digital Selling Capability Grant assistance is provides to retailers and wholesalers to generate business online. It will provide a maximum grant of GBP 20,000 for SMEs to support 50% of eligible costs of projects with minimum expenditure of GBP 10,000.
- The GBP 5 million Equity Investment Fund targets early stage and seed stage SMEs and provides matching equity investment or convertible loan notes of up to a maximum of GBP 700,000 for technology and innovative businesses.

- Northern Ireland on 25 November 2020 announced it intends to introduce a COVID voucher scheme, giving every adult GBP 75-100 to spend in shops, restaurants and hotels at the start of 2021.[701] On 7 January 2021, Northern Ireland extended and expanded its support scheme for the self-employed.[702] On 16 March 2021, Northern Ireland announced GBP 178 million in new grants for both larger companies and SMEs.[703]
- On 4 October 2020, the city of London launched a new scheme to support local firms in the context of COVID-19 and Brexit. The fund, worth GBP 1 million is joined by an online portal that will help local firms sustain the incoming damage and will equip around 240 businesses with the skills and knowledge they need to protect themselves from future economic shocks.[704]

United States

On 3 March 2020, the Federal Reserve cut the interest rate by half a percentage point.[705] On 15 March 2020, 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.[706] On 17 March 2020, 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.[707]

On 6 March 2020, the government launched a USD 8.3 billion spending bill, with an emphasis on health measures.

On 10 March 2020, the House Committee on Small Business held a hearing on the impact of the coronavirus on small business.[708]

[701] https://www.belfastlive.co.uk/news/belfast-news/covid-voucher-scheme-could-see-19340536

[702] https://www.bbc.com/news/uk-northern-ireland-55578664

[703] https://www.bbc.com/news/uk-northern-ireland-56403320

[704] https://www.themayor.eu/ga/london-launches-new-fund-to-help-local-businesses-survive-covid-and-brexit

[705] https://www.nytimes.com/2020/03/03/business/economy/fed-rate-cut.html

[706] https://www.washingtonpost.com/business/2020/03/15/federal-reserve-slashes-interest-rates-zero-part-wide-ranging-emergency-intervention/

[707] 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

[708] https://smallbusiness.house.gov/uploadedfiles/03-10-20_hearing_memo.pdf

The Administration on 13 March 2020 announced its intention to make USD 50 billion available for loans to small businesses.[709] 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 2020, 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 support the expected increase of unemployment insurance, which is administered by the states. The bill also increases Medicaid payments to states.

On 23 March 2020, 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. [710]

Late March 2020, 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.[711]

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 Program, 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.

[709] 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

[710] https://www.federalreserve.gov/newsevents/pressreleases/monetary20200323b.htm

[711] https://www.investopedia.com/government-stimulus-efforts-to-fight-the-covid-19-crisis-4799723

On 16 April 2020, the administration proposed guidelines for states on lifting the lockdown, through a three phase approach.

On 24 April 2020, 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.[712] Early July, the deadline for PPP loan applications was extended to 8 August 2020.[713]

On 30 April 2020, 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. [714]

Early May 2020, 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.[715]

As part of the Federal government COVID-19 policy response, the Department of Education has USD 126 million available for workforce programs. Late September, USD 17.7 million was made available for a small business program at Hampton University, VA.[716] The State of New York on 30 September launched a USD 18 million training program which includes entrepreneurial bootcamps.[717]

On 29 October 2020, the Fed adjusted the terms of the Main Street Lending Program in two important ways to better target support to smaller businesses that employ millions of workers and are facing continued revenue shortfalls due to the pandemic. In particular, the minimum loan size for three Main Street facilities available to for-profit and non-profit borrowers has been reduced from USD 250,000 to USD 100,000 and the fees have been adjusted to encourage the provision of these smaller loans.[718]

On 21 December 2020, agreement was reached on a second USD 900 billion support package. The package provides more than USD 284 billion for small businesses and revives the Payment Protection Program that lapsed over the summer.[719] The new PPP includes a new streamlined process for writing off PPP loans. Under the program, lenders have dished out more than five million loans worth a total of USD 525 billion, on behalf of the government. The bill simplifies forgiveness for loans of USD 150,000 or less, allowing businesses to attest on a one-page form that they used the funds for payroll and other businesses expenses. It also allows those expenses to qualify for deductions, simplifying tax returns for millions of borrowers.[720] The PPP-related measures in the package now make it possible for a business owner to get a second forgivable PPP loan and imposes fewer restrictions on how the loan may be used. It also relaxes requirements to have small loans forgiven. This time there are special provisions designed specifically to

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712 https://www.marketwatch.com/story/house-set-to-pass-bill-that-replenishes-coronavirus-aid-program-for-small-businesses-2020-04-23

713 https://www.axios.com/trump-extends-coronavirus-ppp-loan-application-august-16850d07-eb38-4a73-b634-8e875c2c7f6f.html

714 https://www.federalreserve.gov/newsevents/pressreleases/monetary20200430a.htm

715 https://www.bloomberg.com/news/articles/2020-05-08/covid-related-u-s-patents-to-be-fast-tracked-for-small-business

716 https://diverseeducation.com/article/191365/

717 https://www.governor.ny.gov/news/governor-cuomo-announces-18-million-initiative-train-workers-and-support-entrepreneurs-during

718 https://www.federalreserve.gov/newsevents/pressreleases/monetary20201030a.htm

719 https://www.nytimes.com/2020/12/20/us/politics/congress-stimulus-deal.html?referringSource=articleShare

720 https://www.reuters.com/article/us-health-coronavirus-usa-banksyearend-idUSKBN28W17B

help restaurants and minority-owned businesses.[721] The government on 8 January also announced extra checks against fraud.[722]

On 31 December 2020, the SBA announced that the deadline to apply for the Economic Injury Disaster Loan (EIDL) program for the COVID-19 Pandemic disaster declaration is extended to 31 December 2021.[723]

Mid-January 2021, the new US administration announced a further USD 1.9 trillion stimulus plan, including a USD 15 billion grant plan for small business and USD 35 billion in new low interest loans for small business.[724]

On 26 January 2021, the SBA announced it was taking steps to improve the agency's first-draw Paycheck Protection Program loan review process so that small businesses seeking a second-draw loan have as much time as possible to access those funds.[725]

On 14 February 2021, the SBA launched a new grant program for small business.726 The grant program is called the Targeted Economic Injury Disaster Loan Advance and offers a business a grant of up to USD 10,000.

On 22 February 2021, the government introduced changes to the new PPP, to provide better access to small and minority businesses by giving them a head start.[727] The government also reserves USD 1 billion for support for sole-proprietors.[728]

On March 11 2021, President Joseph Biden signed the American Rescue Plan (ARP) into law. The plan includes several measures to assist SMEs.[729] Some initiatives are revivals of measures implemented last year, including the addition of USD 7.25 billion to the PPP programme and renewals of supplementary unemployment insurance and sick leave programs. Others are new, such as a USD 28.6 billion grant program for restaurants and bars impacted by the pandemic, USD 1.25 billion to the SBA's Shuttered Venue Operators Grant programme to assist entertainment venues, and USD 175 million for a "Community Navigator" pilot program to help SME owners, particularly those from disadvantaged backgrounds, access COVID-19 relief programs. Finally, the ARP also provides USD 15 billion for the SBA's Economic Injury Disaster Loan Advance Grant programme as well as USD 1.32 billion to bolster SBA's administrative efforts.

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721 https://edition.cnn.com/2020/12/23/success/covid-relief-bill-small-businesses-ppp-loan/index.html

722 https://www.reuters.com/article/us-usa-smallbusiness-fraud/u-s-to-relaunch-small-business-pandemic-aid-program-monday-with-new-fraud-checks-idUSKBN29D1QV

723 https://www.sba.gov/article/2020/dec/30/sba-extends-covid-19-economic-injury-disaster-loan-application-deadline-through-dec-31-2021

724 https://www.nytimes.com/2021/01/14/business/economy/biden-stimulus-plan.html?referringSource=articleShare; https://www.restaurantdive.com/news/bidens-19t-stimulus-includes-15b-grant-program-for-small-businesses/593470/

725 https://www.journalofaccountancy.com/news/2021/jan/ppp-review-process-sba-steps-to-improve.html

726 https://www.grandforksherald.com/business/6870784-New-Small-Business-Administration-program-offers-grant-funding

727 https://www.nytimes.com/2021/02/22/business/paycheck-protection-program-small-business-coronavirus.html

728 https://www.ctvnews.ca/business/biden-boosts-pandemic-lending-to-smallest-businesses-1.5319170

729 https://www.sbc.senate.gov/public/index.cfm/2021/3/cardin-statement-on-small-business-provisions-in-american-rescue-plan

On 12 March 2021, the SBA announced it extended deferment periods for all disaster loans, including the Economic Injury Disaster Loan (EIDL) program for the COVID-19 Pandemic, to 31 December 2022.[730]

Many US States and cities have before summer 2020 launched support measures for small businesses in addition to Federal support, including New Mexico, Ohio, Maine, Massachusetts, Michigan, New York, Oregon, Wisconsin and Florida. A substantial number of states include tax measures in their support.[731]

Several cities launched support as well:[732]

- 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.[733]
- San Francisco also announced measures for small business.[734] 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.[735]
- Los Angeles started a Small Business Emergency Microloan programme;
- The Denver Small Business Emergency Relief provides USD 7,500 for businesses;
- The Chicago Small Business Resiliency Fund offers loans against low interest rates.

From summer 2020 onwards, state and local support programmes intensified. Media reported on 25 November that without progress on a Federal stimulus, states since early October had provided 'hundreds of millions of dollars' in support for small business, non profits and renters.[736]

- On 8 July, California declared July as 'California for all Small Business month', aiming to support small business to get online faster and expand their business. It also called on consumers to shop locally at small businesses.[737]

[730] https://www.globenewswire.com/news-release/2021/03/12/2192344/0/en/SBA-Extends-Deferment-Period-for-all-COVID-19-EIDL-and-Other-Disaster-Loans-until-2022.html

[731] 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

[732] https://www.forbes.com/sites/advisor/2020/03/20/list-of-coronavirus-covid-19-small-business-relief-programs/#2bc2b9c0e89d

[733] https://www.crainsnewyork.com/small-business/small-businesses-get-loans-wake-outbreak

[734] https://sanfrancisco.cbslocal.com/2020/03/12/sf-small-business-support-coronavirus-covid-19-outbreak/

[735] https://www.cbsnews.com/news/coronavirus-small-businesses-struggle-to-adapt-as-more-workers-stay-home/

[736] https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2020/11/25/governors-announce-small-business-aid-alongside-restrictions

[737] https://www.blackvoicenews.com/2020/07/19/california-is-hooking-small-businesses-up-with-free-e-commerce-online-marketing-help/

- Illinois on 1 October launched a Back to Business program, to help small business protect workers and customers as they start to reopen.[738]
- On 22 October, Maryland announced a USD 250 million support package for small business.[739]
- On 5 November, the city of Burbank announced it is offering USD 400,000 in loans to small business affected by the pandemic of between USD 5,000 and 10,000, which do not need repayed if recipients remain in business one year later in Burbank.[740]
- On 20 November, Cuyahoga County announced it will provide an additional USD 4.3 million in federal coronavirus aid to small businesses struggling due to the pandemic. Grants of up to USD 10,000 are available.[741]
- New Mexico: USD 300 million in federal aid on unemployment benefits, housing assistance and grants to small businesses.
- Colorado: spending around USD 200 million of excess tax revenue on assistance for small businesses and renters, and funding for broadband expansion.
- Maryland: USD 250 million from Maryland's rainy day fund to help businesses, workers and arts organizations.
- Ohio: plans to spend some USD 420 million on small business grants, housing assistance and aid for certain hospitals and colleges.
- Oregon: plans to spend USD 55 million in federal relief dollars on aid for businesses, including those hurt by the latest restrictions.
- New Mexico on 25 November 2020 passed a USD 330 million support package for the unemployed, and businesses.[742]
- New York on 25 November 2020 launched three new programs to support small business. The programs -- the NYC LMI Storefront Loan, the Interest Rate Reduction Grant, and the Strategic Impact COVID-19 Commercial District Support Grant -- will provide critical resources to small businesses to help them build back and grow beyond the coronavirus pandemic.[743]
- On 1 February 2021, the New Jersey Economic Development Authority (NJEDA) will open pre-registration for Phase 2 of its Small Business Emergency Assistance Loan Program at 9 am on Wednesday, February 10. The USD 10 million program expansion will support New Jersey small businesses and non-profits impacted by the COVID-19 pandemic and will be capitalized by a US Economic Development Administration Coronavirus Aid, Relief, and Economic Security (CARES) Act appropriation.[744]

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[738] https://www.chicagotribune.com/coronavirus/ct-coronavirus-illinois-small-business-safety-program-20201001-5q67syhl7vdflkbzkusyoa4xbe-story.html

[739] http://www.wboc.com/story/42804803/md-to-put-another-dollar250m-toward-small-businesses-struggling-due-to-covid19-pandemic

[740] https://www.dailynews.com/2020/11/05/burbank-offering-400000-in-loans-to-small-businesses-hit-by-covid-19/

[741] https://www.cleveland.com/news/2020/11/cuyahoga-county-providing-additional-43m-in-small-business-coronavirus-aid.html

[742] https://www.sfreporter.com/news/morningword/2020/11/25/nm-legislature-passes-330-million-covid-19-relief-package/

[743] https://abc7ny.com/small-business-help-covid-coronavirus-nyc/8255872/

[744] https://mercerme.com/njeda-annonced-10-million-second-phase-of-small-business-emergency-assistance-loan-program/

- On 17 February, a USD 9.2 billion relief package to benefit California's small businesses, working poor, and parents, was announced.[745] package will set aside USD 2 billion for small business and non-profit grants and fee waivers, as well as another USD 2 billion for tax relief for small businesses.[746]

Vietnam

The Central Bank of Vietnam has reduced interest rates from 6% early 2020 to 4.5% on 12 May 2020.

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.[747] 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.[748]

On 10 April 2020, 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.

On 11 March 2020, 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 2020, the Ministry of Labor-Invalids and Social Affairs gave permission to firms to request late payment of social security contributions.

On 26 March 2020, 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 2020, 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 respons.

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OECD (2020), *Italian regional SME policy responses*, Tackling Coronavirus Series, http://www.oecd.org/coronavirus/policy-responses/italian-regional-sme-policy-responses-aa0eebbc/ (accessed on 6 July 2020). [2]

[745] https://news.yahoo.com/ca-stimulus-package-giving-600-062708720.html

[746] https://abc30.com/covid-relief-california-covid-19-coronavirus-gov-gavin-newsom/10350391/

[747] https://www.bloomberg.com/news/articles/2020-03-03/vietnam-to-give-tax-breaks-cut-land-fees-for-virus-hit-firms

[748] https://e.vnexpress.net/news/business/industries/textiles-firms-launch-emergency-production-of-antibacterial-masks-4052015.html

OECD (2019), *SME and Entrepreneurship Policy in Ireland*, OECD Studies on SMEs and Entrepreneurship, OECD Publishing, Paris, https://dx.doi.org/10.1787/e726f46d-en. [1]

Annex B. SME Surveys between February 2020-February 2021

The OECD has since February 2020 monitored over 180 surveys held among SMEs in 32 countries.[749] The surveys give insight in SME perspectives on the impact of the pandemic, their efforts to cope with that and their expectations for the future. Survey results differ across countries, reflecting the timing and severity of the pandemic and containment measures, but nevertheless follow a comparable pattern:

- The surveys show that since the start of the pandemic, 70-80% of SMEs experience a serious drop in revenues/sales. Several surveys indicate this drop in revenue to be between 30 and 50%, with over 40% of SMEs in a number of countries in surveys up until June having stopped operations temporarily or permanently.
- In the early stage of the pandemic (until April/May) 50% of SMEs indicated across surveys that due to limited cash reserves they expected to be out of business within three months. From June 2020 onwards, surveys reveal that SME sentiment about the future improved with the share of SMEs expecting to survive the crisis rising to 70-80% in a number of countries by August 2020, although overall business sentiment remains less positive than before the pandemic. The growth in optimism stagnated after the summer, in view of a second wave and new containment measures, and was declining across countries from October 2020 onwards into the start of 2021.
- The surveys also document the increase in the uptake of digital technologies and online sales by SMEs from May onwards. Surveys show that since the start of the pandemic up to 70% of SMEs are making more use of digital technologies, although substantial differences exist between countries. However, the difference between SMEs – and in particular small firms – and large firms continues to be significant, with the uptake of digital technologies by SMEs being only half of that by larger firms.

February 2020

- 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.[750] 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.[751]

[749] Australia, Austria, Belgium, Brazil, Canada, China, Finland, France, Germany, Greece, Hungary, India, Ireland, Israel, Italy, Japan, Korea, Mexico, Netherlands, New Zealand, Philippines, Poland, Portugal, Saudi Arabia, Slovenia, South Africa, Spain, Thailand, United Kingdom, United States, Vietnam.

[750] 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

[751] https://www.scmp.com/economy/china-economy/article/3075099/coronavirus-chinas-small-factories-brace-big-hit-pandemic

- 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.[752] 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%.[753]
- On 25 February, Business **Finland** released a survey of 300 companies (80% of which are SMEs), which indicated that one third of respondents anticipated a negative or very negative impact on their business in the short term. The strongest effect perceived related to restrictions to (international) travel of employees.[754]

March 2020

- An early March survey of micro and small firms in **Italy** for the Italian Confederation of Craft Trades and Small- and Medium-Sized Enterprises (CNA) 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%).[755]
- On March 9, the Tokyo Shoko Research published a survey on the effects of the outbreak on firms (174 companies, mostly SMEs) in **Japan**.[756] 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.[757] 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.[758] The entrepreneurs indicated that their situation is much more serious than during the 1997 Asian and 2008 Global financial crisis.

[752] https://de.reuters.com/article/deutschland-virus-mittelstand-idDEKBN20R12V;https://www.kfw.de/KfW-Group/Newsroom/Latest-News/Pressemitteilungen-Details_571137.html

[753] https://www.dihk.de/resource/blob/19412/7903a32b3e0f6ed5a3f4da400718ef3c/dihk-blitzumfrage-corona-data.pdf

[754] https://www.businessfinland.fi/en/whats-new/news/cision-releases/2020/business-finland-has-analysed-the-impact-of-the-coronavirus-outbreak-on-finnish-companies/

[755] 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

[756] http://www.tsr-net.co.jp/news/analysis/20200309_03.html;https://www.tsr-net.co.jp/news/analysis/20200309_03.html

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

[758] https://www.kbiz.or.kr/ko/contents/bbs/view.do?seq=147444&mnSeq=207

- 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.[759] 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.[760] 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.[761] 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.[762]
- 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 disruptions.[763] 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.[764]
- 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.[765]
- 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[766], 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.[767]

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[759] https://polandin.com/47056994/coronavirus-impacting-business-of-40-pct-of-smes-in-poland-survey

[760] https://markets.businessinsider.com/news/stocks/covid-19-survey-impacts-on-global-supply-chains-1028985875

[761] https://www.theguardian.com/uk-news/2020/mar/11/sunak--budget-lifeline-small-firms-coronavirus

[762] https://www.p2pfinancenews.co.uk/2020/03/11/two-thirds-of-smes-face-coronavirus-cashflow-crisis/

[763] https://www.cnbc.com/2020/03/13/nfib-says-coronavirus-is-starting-to-cause-supply-chain-squeezes-lost-sales.html

[764] https://edition.cnn.com/2020/03/15/success/small-businesses-coronavirus/index.html

[765] https://nsba.biz/wp-content/uploads/2020/03/NSBA-COVID-19-Poll-2020.pdf

[766] https://www.cfib-fcei.ca/sites/default/files/2020-03/COVID-19-survey-results.pdf

[767] https://www.cfib-fcei.ca/en/media/nearly-third-small-businesses-may-close-within-month-without-more-covid-19-relief

- 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.[768]
- 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.[769]
- 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.[770]
- 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.[771]
- A survey by the Budapest Chamber of Industry and Commerce of 1 895 companies in **Hungary** (almost all SMEs), released on 20 March, showed that 93% of respondents saw their outlook as bleak and 60% expecting a decline in sales. While 80% of larger companies have shifted to home-office work, only 51% of small business have done so.[772]
- 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.[773]
- 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).[774]
- 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.[775]

[768] https://www.unizo.be/nieuws-pers/unizo-nu-al-ligt-de-helft-van-de-kmos-wakker-van-kosten-die-gaan-komen-overheid-waar

[769] https://www.viola-group.com/violanotes/hr-survey-corona/

[770] https://news.gtp.gr/2020/03/19/greek-think-tank-covid-19-affect-six-out-10-smes/

[771] https://www.goldmansachs.com/citizenship/10000-small-businesses/US/no-time-to-waste/

[772] https://hungarytoday.hu/coronavirus-most-businesses-in-budapest-see-bleak-outlook/

[773] https://issuu.com/techleap/docs/covid-19_report_march_finalfinal

[774] https://www.nikkei.com/article/DGXMZO57073480R20C20A3EA3000/

[775] https://www.ipse.co.uk/coronavirus-hub/coronavirus-report.html

April 2020

- 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.[776]
- 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.[777]
- 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.[778]
- 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.[779]
- 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.[780]
- 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 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.[781]
- 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.[782]
- 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.[783]
- 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.[784]

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[776] https://mailchi.mp/amtctrade/survey-results-covid-19-sme-impact-survey

[777] http://www.rfi.fr/en/economy/20200409-france-faces-massive-wave-of-bankruptcies-small-businesses-by-end-april-coronavirus-lockdown-economy

[778] https://www.independent.co.uk/news/business/news/coronavirus-small-businesses-collapse-bust-research-a9440771.html

[779] https://www.nbcnewyork.com/news/local/1-in-3-small-businesses-cant-last-another-3-months-under-coronavirus-pressure-survey/2354434/

[780] https://www.mybusiness.com.au/finance/6808-two-out-of-three-small-businesses-suffering-from-coronavirus-effects

[781] https://www.reuters.com/article/health-coronavirus-belgium-economy/belgian-firms-see-revenue-drop-by-a-third-due-to-coronavirus-crisis-idUSL8N2BR5JD

[782] https://www.belfius.be/retail/nl/publicaties/actualiteit/2020-w15/covid-KMO/index.aspx

[783] https://www.prnewswire.com/news-releases/90-of-small-business-owners-impacted-by-coronavirus-says-alignable-poll-of-217-000--301037239.html

[784] https://www.britishchambers.org.uk/news/2020/04/bcc-coronavirus-business-impact-tracker-businesses-not-yet-successfully-accessing-government-loan-and-grant-schemes

- 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.[785] 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%.[786]
- 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%.[787] 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.[788] 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[1]).
- 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.[789] 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[2]) 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.

May 2020

- 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

[785] 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

[786] https://www.cbs.nl/nl-nl/nieuws/2020/19/helft-bedrijven-vreest-voor-voortbestaan-door-coronacrisis

[787] https://www.theportugalnews.com/news/the-clock-is-ticking-for-portuguese-companies/53756

[788] https://shrm.org/hr-today/trends-and-forecasting/research-and-surveys/Documents/SHRM%20CV19%20SBO%20Research%20Presentation%20v1.1.pdf

[789] https://www.kfw.de/KfW-Group/Newsroom/Latest-News/Pressemitteilungen-Details_583232.html

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.[790]

- 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.[791] 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.[792]
- 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.[793]
- 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[3]).
- 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.[794]
- The ITC Business impact survey among 4,400 businesses in 132 countries from April to June 2020 finds the pandemic has strongly affected their business (two thirds for micro- and small enterprises).[795]
- A survey by software platform Capterra among SMEs in 6 European countries, Australia and Brazil, that was released early July (with interviews held in the second half of May), showed that 6 out of 10 SMEs believe they will be out of business in 6 months.[796] Despite 46% of the companies saying they have started or are considering offering a product, service, or event online due to COVID-19, the study shows that shifting businesses to operate digitally was ranked the last priority by respondents in **Australia, Brazil, France, and Spain**. It was ranked second to last in Italy.

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

791 https://www.uschamber.com/report/small-business-coronavirus-impact-poll

792 https://www.businessinsider.fr/us/over-80-of-us-small-businesses-expect-longer-impact-of-pandemic-survey-2020-5

793 https://www.fsb.org.uk/resources-page/one-in-three-closed-small-firms-fear-they-ll-never-reopen-amid-widespread-redundancy-plans.html

794 https://en.globes.co.il/en/article-coronavirus-could-decimate-small-israeli-startups-survey-1001330667

795 https://sdg.iisd.org/news/itc-describes-impact-of-covid-19-lockdown-on-economies-small-businesses/

796 https://prwire.com.au/print/a-global-overview-how-are-priorities-changing-in-smes-during-covid-19

June 2020

- A survey in **Thailand** held in May and June showed that 11 percent of small businesses are at risk of closing permanently (Parks, Chatsuwan and Pillai, 2020[4]).
- An early June **United States** survey showed that 71% of SMEs improved or added digital capabilities since the pandemic started and have improved online ordering and e-commerce portals.[797]
- A survey held in June among over 5000 SMEs **in Australia, Canada, Germany, India, Mexico, Philippines, Spain, Turkey, the United Kingdom and the United States**. Revenue is down for 75% of small business owners, but 52% of owners feel they will be able to survive the impact of the pandemic.[798]
- A study by BDC among 1000 SMEs in **Canada** held in June, showed that 87% of entrepreneurs think they will make it through the crisis. 21% of small SMEs do not intend to make any changes to their business practice, versus 4% of larger SMEs. 60% of SMEs will make telework a business practice, whereas 40% intend to consolidate their financial position and increase their investment in technology.[799] Add reference Simard
- A survey conducted by MYOB among **New Zealand** SMEs in June, showed confidence of small businesses rising, one third now expecting rising revenues over the next 12 months.[800]
- A survey carried among 1128 SMEs in **Brazil** in June found that 73% of SMEs had been impacted by the pandemic. Almost 50% were more digitally enabled in June than before the pandemic. Improvements in customer relationships, as well as process agility and customer acquisition were cited as key benefits of digitization by 55% of the SMEs surveyed, followed by the ability to operate remotely, cited by 53,5% of those polled.[801]
- A mid-June survey by Wagepoint among 12000 small businesses in **Canada**, shows that 58% of small businesses that laid off staff, are now planning to start rehiring in the next three months.[802]
- A study by CISCO in June among SMEs in 8 countries showed that 70% of SMEs are accelerating their digitalisation efforts because of COVID-19.[803] The study includes a four stage digital maturity index (Digital Indifferent, Observer, Challenger or Native). If 50% of SMEs by 2024 would reach the Challenger stage, this could add USD 2.3 trillion to the economy.
- A study in the **United States** by online business network Alignable among 460,000 small business owners held in the week of 28 June found that the share experiencing an impact from the pandemic declined from 74% in May to 68% in June. Half indicated they only had enough cash for one month left.[804]

[797] https://www.pymnts.com/smbs/2020/the-many-faces-of-main-street-smb-recovery/

[798] https://www.techrepublic.com/article/feeling-optimistic-71-of-microbusiness-owners-expect-to-recover-from-covid-19-financial-hit-within-a-year/

[799] https://www.bdc.ca/en/about/sme_research/pages/the-response-how-entrepreneurs-are-adapting-to-pandemic.aspx

[800] https://www.newshub.co.nz/home/money/2020/07/small-business-confidence-rising-despite-tougher-conditions-expected-ahead-survey.html

[801] https://www.zdnet.com/article/brazilian-smbs-accelerate-tech-adoption-amid-pandemic/

[802] https://www.newswire.ca/news-releases/survey-58-of-canadian-small-businesses-are-rehiring-869949579.html

[803] https://newsroom.cisco.com/press-release-content?type=webcontent&articleId=2095136

[804] https://www.alignable.com/forum/road-to-recovery-report-july-2020

- 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 May incurred average costs of EUR 177 000. Of businesses that remained open, 70% reported a decrease in revenues.[805]
- 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%. .[806]
- 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.[807]
- 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.[808]
- A survey by the Economic Risk Management Group in **Belgium** held among 4430 firms and self-employed from 12 May revealed a loss in turnover of 31%.[809]

July 2020

- A survey in June and July among 1652 SMEs in 15 EBRD countries reported that exporting firms were particularly affected by the pandemic. Half of SMEs moved some of their sales online.[810] Few SMEs expect their sales to fully recover.
- A survey by held in July in the **UK** by CEP/CBI on technology adoption in response to COVID-19 showed that 75% of respondents had moved to remote working and, on average, they experienced a 25% loss of revenue compared to "business as usual". In the period from late March to late July 2020, over 60% of firms adopted new digital technologies and management practices; and around a third invested in new digital capabilities. Nearly half of the respondents have introduced new products or services. The vast majority of respondents stated that Covid-19 prompted or accelerated these activities (Riom and Valero, 2000[5]).[811]
- An early July survey by business consultancy Sejong among SMEs in **Korea**, showed that in 70% of business areas, credit card spending at small business dropped by almost 17%.[812]
- The **United States** Chamber on 26 August produced a special report on women entrepreneurs during COVID-19, which shows that women entrepreneurs have been more heavily impacted by

[805] https://www.smerecovery.ie/media ; https://extra.ie/2020/06/08/business/irish/small-businesses-call-for-e6-5bn-support-package-to-be-reallocated

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

[807] https://www.insurancebusinessmag.com/nz/news/breaking-news/around-a-third-of-kiwi-smes-considering-changes-to-business-cover-225767.aspx

[808] https://smeunited.eu/news/lack-of-liquidity-and-insolvency-the-main-concerns-of-smes-

[809] https://www.nbb.be/en/articles/impact-crisis-company-turnover-still-high-recovery-belgian-economy-will-take-some-time

[810] https://www.ebrd.com/what-we-do/economic-research-and-data/rep.html

[811] http://cep.lse.ac.uk/pubs/download/cepcovid-19-009.pdf

[812] https://pulsenews.co.kr/view.php?year=2020&no=704344

the pandemic.[813] Main results of the survey, held between 9 and 16 July, among 500 entrepreneurs in the US are:

- Months into pandemic, women-owned small businesses perceptions of business health drop further. Male-owned small businesses characterizing their business health as good dropped slightly by five points from Q1 to July (from 67% to 62%). In contrast, female-owned business saying their businesses are in good health dropped 13 points over the same period (from 60% to 47%).
- Male-owned businesses more likely to report increase in staff. Male-owned small businesses reporting an increase in staffing grew eight points since the start of the pandemic (from 17% in Q1 2020 to 25% in July), while female-owned small businesses reporting an increase in hiring remained statistically unchanged (from 18% in Q1 to 15% in July, a difference of three points).
- Women-owned businesses report flat investment plans, while male-owned businesses prepare to invest. Female-owned small businesses showed no change in future investment plans for the coming year from Q1 to July (remained at 32%). Meanwhile, their male counterparts saw an 11% jump in planning increased investments over the same period (from 28% in Q1 to 39% in July).
- Fewer women-owned businesses expect a revenue increase. 59% of male-owned small businesses said they expect next year's revenue to increase in Q1 and that figure remained statistically the same in July (57%). Similarly, 63% of female-owned small businesses reported in Q1 that they expected revenues to increase in the coming year. The percent of women-owned businesses reporting the same expectation fell 14 points in July (to 49%).
- Staffing plans diverge, with male-owned businesses more likely to hire. In Q1, 30% of male-owned and 31% of female-owned small businesses said they expected to increase the size of their staff in the coming year. In July, 36% of male-owned businesses (a six-point increase) said that they expect to increase staff, but only 24% of female-owned businesses said the same (a seven-point drop), revealing a current 12-point gap between the two in plans to increase staff

- Research by Sage from mid-July on placing SMEs at the heart of the **United Kingdom** recovery[814], indicated that 62% of SMEs in the UK have made, or are planning to make, redundancies. Three quarters expect to be profitable by June 2021, while nearly half (47%) are taking measures to increase export revenues. 80% of SMEs think digital adoption will be critical for an enterprise-led recovery and job creation, but only a small proportion (33%) have the bandwidth to invest in technology across key business processes.[815]
- A survey of **German, Spanish and Austrian** firms in the industry, services, retail trade and construction sectors finds that the overwhelming majority expect a negative impact of the corona-crisis on annual turnover (to the tune of 20% in Germany and Austria and 25-44% in Spain). The sub-sectors hardest hit are manufacturing of consumer durables and investment goods, services in the field of tourism and gastronomy and retailers selling neither food nor beverages. If confinement measures aren't lifted or countered by appropriate policy support, the prevailing confinement measures will cause insolvencies or bankruptcies of 30-50% of all businesses by the end of July, rising to 50-80% by October (García et al., 2020[6]).
- 60% of SMEs in the **United Kingdom** are hopeful about their future, although 43% had to temporarily close down business and 58% suffered losses in sales (Facebook, OECD and World

[813] https://www.uschamber.com/report/special-report-women-owned-small-businesses-during-covid-19

[814] https://www.sage.com/en-gb/blog/survival-resilience-growth-report/

[815] https://www.eastmidlandsbusinesslink.co.uk/mag/news/gov-called-support-tech-led-recovery-covid-puts-sme-jobs-risk/

Bank, 2020[7]).[816] Female led firms outperformed male-owned ones, with 64% of falling sales versus 52%. Women entrepreneurs were 11% more optimistic than men, and more often make more than a quarter of their sales on line: 63% for women run firms versus 48% for men.

- A mid-July Survey by Santander **United Kingdom** among 2050 UK SMEs showed that one third of SMEs who made innovations during COVID-19 sees those as permanent.[817] 28% expect their business to be more online, 29% expect their employees to work more from home.
- A survey among SMEs in **Ireland** indicated SMEs held between 6 and 14 July on average had EUR 153,000 in fixed cost losses because of the crisis.[818]
- A survey among SMEs in **Australia** in July by Xero shows revenue of SMEs improving, and is now only 1.9% lower than a year ago against 10.9% in June.[819]
- The July Small Business Coronavirus Poll by the **United States** Chamber, showed that concerns of small businesses are growing again. Small businesses reporting good overall health (55%) is down 14 percentage points from the end of 2019. The number of small businesses that say they are in poor health (18%) has held flat in this month's report and is roughly double the number that reported the same prior to the pandemic. Those reporting they are not comfortable with their cash flow (45%) is at a level three times higher than pre-pandemic levels.[820]
- A late July survey in the **United Kingdom** among manufacturing SMEs showed 76% experienced drops in revenue and sales in the last six months. 40% expect future sales to increase, which is far more than the 9% reported in April.[821]

August 2020

- A survey by the **Japan** Chamber of Commerce in July and August showed that the number of SMEs confronted with labour shortages shrunk to 36.4% from 60.4% in February/March.[822]
- A survey by Visa among SMEs in 8 countries[823] that was published early August, indicated 67% have undertaken steps towards digitalisation. More than a quarter of SMEs have tried targeted advertising on social media or sold products or services online. Another 20% have adopted contactless payments and a third say they have accepted less, or stopped accepting, cash. The study indicates that 18% of Irish SMEs fear their future viability is at risk.[824]

816 https://www.cityam.com/uk-smes-optimistic-for-the-future-despite-coronavirus-crisis/

817 https://www.eastmidlandsbusinesslink.co.uk/mag/news/1-in-3-smes-plan-to-make-covid-19-innovations-permanent/

818 https://www.limerickpost.ie/2020/07/19/covid-19-loss-assessment-survey-shows-small-businesses-report-average-fixed-cost-losses-of-over-e153000/

819 https://www.xero.com/small-business-insights/new-july-data-shows-continued-signs-of-small-business-recovery/?escape=true

820 https://www.uschamber.com/series/above-the-fold/poll-shows-small-business-recovery-losing-steam-amid-concerns-over-covid

821 https://www.britishplastics.co.uk/News/new-report-finds-increased-optimism-amongst-the-uk%E2%80%99s-sme-man/

822 https://www.japantimes.co.jp/news/2020/09/14/business/virus-eases-labor-shortages-at-small-firms/

823 https://usa.visa.com/dam/VCOM/global/run-your-business/documents/visa-back-to-business-study.pdf

824 https://www.businessworld.ie/news/1-in-5-Irish-SMEs-fear-that-their-future-viability-is-at-risk-574297.html

- An early August survey in New Zealand (Prosper Small Business resilience Survey) suggests that half of small businesses are not confident they ca survive another 6 months in case of a second wave and new lockdown measures.[825]
- A survey by Starling Bank among 300 SMEs in the **United Kingdom**, published on 17 August, showed that 80% of SMEs are confident they will recover from COVID-19.[826] One in five (20%) business owners said they have considered closing as a result of the pandemic and nearly two thirds (63%) have seen a decline in revenue, with 19% making no profit at all during lockdown.
- A mid-August poll in **Korea** shows that the operating rate of manufacturing SMEs in June remained below 70% for the fifth month.[827]
- A survey by McKinsey held among 2200 SMEs in five European countries (**France, Germany, Italy, Spain, United Kingdom**) in August, found that 70% of SMEs reported a loss in revenues. 20% fear they might have to default on loans. In aggregate, more than half felt their businesses may not survive longer than 12 months—despite the fact that 20 percent of those surveyed had already taken advantage of the various forms of government assistance aimed at easing their financial distress, such as tax breaks or payments to furlough staff.[828]
- A study among 200 SMEs in **Turkey** showed that 70% of the enterprises included set a temporary working system during the crisis while 67% of them reduced their costs and 41% decided to invest more in research and development (R&D) activities. 86% of them reconsidered their business models. One of the most popular actions was to introduce new products and services, followed by 76% of businesses. Meanwhile, 73% of firms recalculated demand and supply patterns and redesigned their operations accordingly.[829]
- On 19 August, media reported on a survey by GoDaddy among 5265 small business owners in **Australia, Canada, Germany, India, Mexico, Philippines, Spain, Turkey, the United Kingdom, and the US**.[830] Revenue is down for 75% of small businesses, but over 70% expect to be back on pre-COVID levels within a year (see graph). 40% of respondents have a business website. Among owners that did have a website, more than half increased their online presence during the pandemic by adding content, creating an online store, and increasing digital marketing. American companies were most likely to handle their own tech needs at 66% compared to 54% globally. Only 19% of businesses report budgeting more money on building an online presence with 53% reporting that their online budget stayed the same.
- Late August, the **New Zealand** Alternative Board Business Pulse revealed 95% of SMEs are confident they'll get through. More than a third of small businesses have benefited from government support with only a small percentage anticipating job losses once the wage subsidy ends. Banks have been understanding, helping where necessary or carrying on with business as

[825] https://www.stuff.co.nz/business/prosper/your-stories/122369256/prosper-small-business-resilience-survey-reinforces-that-keeping-covid19-out-is-key

[826] https://www.crowdfundinsider.com/2020/08/165365-starling-bank-survey-reveals-80-of-uk-smes-are-confident-they-will-recover-from-covid-despite-concerning-economic-forecast/

[827] https://en.yna.co.kr/view/AEN20200813001200320

[828] https://www.mckinsey.com/industries/public-and-social-sector/our-insights/covid-19-and-european-small-and-medium-size-enterprises-how-they-are-weathering-the-storm#

[829] https://www.dailysabah.com/business/economy/majority-of-turkish-firms-reshape-business-models-after-pandemic-study

[830] https://www.techrepublic.com/article/feeling-optimistic-71-of-microbusiness-owners-expect-to-recover-from-covid-19-financial-hit-within-a-year/

usual, and jobs are holding steady. Sales and orders remain buoyant with supply lines and international transportation links for exporters seemingly intact.[831]

- On 25 August, a results of a survey among 200 **Irish** SMEs by financial survey provider Bibby held early August were published.[832] They show that 25% of respondents are only able to cover their business costs for the next three to six months under current conditions. One in five believe it would take over a year to reach pre COVID-19 productivity levels. One third of respondents see accessing cashflow as their main problem. For 14% bankruptcy is a concern.
- In **South Africa**, the Yoco Small Business Recovery Monitor on 27 August showed small business turnover had recovered to 80% of pre-pandemic levels.[833]
- A survey by Allianz in **Australia** report on 27 August shows that 20% of small businesses changed their entirely completely during the pandemic, with 18% focusing on digitalisation. According to the research, 84 per cent of Australian small businesses have faced financial, operational and emotional challenges as a result of the pandemic. Concerningly, over 1.1 million small businesses believe without support, their cash reserves will only sustain them until December and almost two-thirds (62 per cent) doubt the long-term viability of their business.[834]
- An American Express Small Business research survey late August, showed 24% of surveyed businesses say that online sales will account for at least half of their sales within the next year while 18 % say they already do. 39% of businesses surveyed say the most helpful type of assistance they could receive to help run their businesses while COVID-19 is still a concern is digital training.[835]
- A survey by Yellow held in **New Zealand** in July and August among 1000 small businesses, showed that more than 150,000 young small businesses are the ones most likely to be hurting most from Covid-19 disruption. Most small business, those with less than 50 staff, had felt the impact of the pandemic and more than two-thirds of them said it was negative, like the loss of customers, international and local, and loss of revenue. Only a minority, one in 11, had gained business during the pandemic, the survey by Yellow New Zealand of 1000 small businesses in July and August, said. Almost a third of small business were under five years old and were likely most impacted. Yellow is the company which produces the Yellow Pages business directory and is transforming its business to a digital marketing company. Just over one third of respondents to the Yellow survey had no digital presence or any digital marketing. About half of those said it was not relevant to their business, the survey results said. Just under a half had a website.[836]
- A survey by the Economic Risk Management Group in **Belgium** held among 4430 firms and self-employed in August revealed a loss in turnover of 13%.[837]

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[831] https://thealternativeboard.co.nz/2020/08/23/brave-small-businesses-buck-the-trend/

[832] https://www.rte.ie/news/business/2020/0825/1161102-bibby-financial-services-survey/

[833] https://www.yoco.co.za/blog/covid-19-recovery-monitor/; https://www.iol.co.za/business-report/economy/sa-small-business-turnover-up-9-after-easing-of-covid-19-restrictions-3b7aac99-a270-4f0a-b0c7-1f6c16f43837

[834] https://en.yna.co.kr/view/AEN20200827005400320

[835] https://www.afr.com/companies/financial-services/no-one-size-fits-all-for-digital-small-business-recovery-20200827-p55pun

[836] https://www.stuff.co.nz/business/prosper/123428861/newcomers-to-running-businesses-likely-hardest-hit-by-pandemic-survey-says

[837] https://www.nbb.be/en/articles/impact-coronavirus-crisis-belgian-companies-turnover-fading-only-slowly-and-outlook-2021

September 2020

- A survey in **Canada** published on 2 September by CFIB shows that 64% of SMEs are open, but 33% remain closed because of COVID-19.[838]
- A survey among 1000 SMEs in **Korea** published on 4 September showed that over two-thirds have suffered setbacks in sales, with on average a decrease in sales of 39.2% compared to a year before.[839]
- A NFIB survey among 751 SMEs that was published early September, showed that optimism of **United States** SMEs grew in August by 1.4% compared to July. The NFIB Small Business Optimism Index had reached a 7 year low in March, and then gradually recovered, dropping again in July (see graph).[840] In September, the index further increased by 3.8% points, the highest level since February.[841]
- An early September survey by Hewlett Packard in several **Asian-Pacific countries** showed that where 46% of SMEs expecting growth before the pandemic, that number has markedly dropped to just 16%. In Singapore, for example, the share of businesses expecting a reduction in growth jumped from 5% before the pandemic to 48%. Among Japanese companies, the proportion of those anticipating stable growth more than halved. Despite this, SMEs are generally optimistic. Most of them (60%) are confident they will endure, with many (53%) believing they will thrive in a post-pandemic economy. The study shows that where SMEs know digital adoption is very important to their recovery, they are currently focused on managing their cash flow (Hewlett Packard, 2020[8]).
- A survey by Morning Consult in the **United States** between 26 August and 4 September shows SMEs are 'less apocalyptic' about their future, with 60% of business owners expecting to remain open for more than a half-year, up from 46% in April. 28% indicated they would not make it through the next few months without further government relief.[842] The same survey also shows that 55% of small business owners are in particular concerned about social distancing measures.[843]
- A survey among SMEs in **Canada** in September showed that more than two-thirds of SMEs still have not returned to normal sales.[844]
- A survey in **Ireland** that was published on 10 September, suggests that 5% of Irish SMEs fear to be out of business in one month time. 56% expect to last for more than nine months, 17% 6-9 months and 18% 3-6 months.[845]

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838 https://www.cfib-fcei.ca/sites/default/files/2020-09/COVID-19-survey-results-September2.pdf

839 http://www.koreaherald.com/view.php?ud=20200903000978

840 https://www.morningstar.com/news/dow-jones/202009083766/optimism-among-us-small-businesses-rises-in-august-nfib

841 https://www.reuters.com/article/us-usa-economy-nfib-idUSKBN26Y1AY; https://tradingeconomics.com/united-states/nfib-business-optimism-index

842 https://www.bloomberg.com/news/articles/2020-09-28/small-firms-less-apocalyptic-as-60-see-survival-past-six-months?utm_medium=email&utm_source=newsletter&utm_campaign=Q9IEZUDWRGG201

843 https://www.cnbc.com/2020/09/28/many-small-businesses-worry-social-distancing-will-kill-them-survey.html

844 https://www.bloombergquint.com/onweb/only-29-of-canada-s-small-businesses-are-back-to-full-sales

845 https://www.irishexaminer.com/business/economy/arid-40046600.html

- On 10 September, the Connected Commerce Council launched a report on small business digitalisation.[846] 72% of small businesses have increased the use of digital tools during the pandemic. The report distinguishes between different types of SMEs. Digital Drivers (35%) consider digital tools essential and used these already before COVID-19. Digital Adopters use some digital tools but are not fully committed to digital. And Digital Maintainers are generally sceptical on the use of digital tools.
- On 13 September, a Mastercard survey in **Slovenia** among small businesses showed that seven out of ten SMEs experienced liquidity problems.[847]
- According to a late September survey of 300 **Korean** manufacturers by the Korea Chamber of Commerce and Industry, 41.7 percent of the respondents said they were "experiencing the GVC changes" and 27.3 percent said they were "expecting changes."[848]
- A survey in **India** published on 28 September showed that 86% of self-employed had been adversely affected, and 25% had seen their income drop to zero.[849]
- Data from Xero in **New Zealand** on 28 September showed revenue growth for small businesses of 4% in August – the third consecutive month of positive growth in a row.[850]
- On 28 September, media reported that small business confidence in **China** eased marginally after rising for 6 months in a row.[851] In **Japan**, media reported on 1 October that whereas the business sentiment of larger companies is improving, small companies are in a more bearish mood expecting a much sharper fall in sales and profit.[852]
- A report under the Babson Goldman Sachs 10,000 small business programme[853] published on 29 September showed that two-thirds of SMEs have pivoted to new revenue sources or business models. However, 30% indicate they will exhaust their cash reserves by the end of 2020.
- A survey for Fedex in the **United States and Canada** held in September found that 47% of small businesses report investing in new technology since the start of the COVID-19 pandemic. A majority of respondents say using technology to create better customer (74%) and employee (71%) experiences is important for their small business' success and COVID-19 recovery.[854]
- A survey among 1000 entrepreneurs by the Bank of America held between July and September (and published on 2 December) suggests small business confidence dropped to a four year low.[855]

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846 https://connectedcouncil.org/digital-safety-net-helps-small-businesses-survive-during-covid-19/

847 https://www.total-slovenia-news.com/business/6973-study-shows-significant-effects-of-covid-on-small-firms-in-slovenia

848 http://www.koreaherald.com/view.php?ud=20200927000118

849 https://www.newindianexpress.com/business/2020/sep/28/nearly-86-per-centself-employed-people-reportincome-loss-due-to-covid-19-survey-2202823.html

850 https://www.stuff.co.nz/business/122907889/small-businesses-doing-better-last-month-than-a-year-ago-despite-covid19

851 https://www.fxstreet.com/news/chinas-economic-recovery-lost-steam-in-september-bloomberg-202009280214

852 https://asia.nikkei.com/Economy/Japan-business-sentiment-improves-for-1st-time-since-2017-Tankan

853 https://www.goldmansachs.com/citizenship/10000-small-businesses/US/infographic-left-behind/ https://entrepreneurship.babson.edu/small-business-covid-research/

854 https://www.businesswire.com/news/home/20201029005798/en/FedEx-Trade-Index-Small-Businesses-View-Trade-Technology-as-Avenues-for-Growth-Essential-to-COVID-19-Recovery

855 https://www.bloomberg.com/news/articles/2020-12-02/u-s-small-business-confidence-drops-to-4-year-low-bofa-finds

Only 39% of respondents expect their local economy to improve in the next 12 months, down from 51% at the start of the year, the survey found. Hiring plans and revenue expectations are at the lowest levels since 2012 and 2013, respectively. Still, seven in 10 small-business owners say they plan to keep staffing levels steady in 2021.

- A study by the ITC on SMEs in **Poland**, included a survey among 7,400 MSMEs held in September and early October. The impact of the coronavirus on the Polish SME sector is enormous. 57% of respondents believe that the pandemic puts the company's operations in jeopardy (compared to 38% in Europe and 39% worldwide). 37% of Polish SMEs stated that the epidemic had a profound impact on their business, compared to 54% in Europe and 60% worldwide. This impact is particularly visible in the group of exporting companies. The epidemic had an impact on such aspects of company operations as the procurement of products and services necessary for business activity and sales. 58% of companies globally, 37% in Europe and 36% in Poland experienced procurement problems. The percentage of companies for whom the pandemic had a negative impact on sales was 77% (worldwide), 74% (Europe) and 66% (Poland), respectively.[856]
- A survey by the Economic Risk Management Group in **Belgium** held among 2868 firms and self-employed in September revealed a loss in turnover of 14%.[857]

October 2020

- The results of the **United States** Federal Reserve Small Business Credit Survey among 9693 small businesses in September and October showed that 95% said their business was impacted by the pandemic. Some 78% reported a decline in revenue and 46% said they had to shrink their staff. Nearly 90% of small businesses said sales had not returned to pre-pandemic levels by the time of the survey. Of those companies, about a third said it would be unlikely that the business would survive until sales recovered without more government help. Some 53% of businesses expected their total sales revenue to drop by more than 25% in 2020. Outcomes varied widely by race and ethnicity. Some 54% of white-owned firms described their financial condition as "fair" or "poor." But that share rose to 79% for Asian-owned businesses, to 77% for Black-owned firms and to 66% for Hispanic-owned businesses.[858]
- On 1 October, the **United States** NFIB reported that 23% of small firms in September were planning to create new jobs, up 2 percentage points from the prior month and the fifth straight increase.[859] Hiring plans our now back to the level of December 2018.
- A survey by the Business Development Bank of **Canada** indicated that 76% of SMEs reported a decline in revenues and profits. Still, 87% of entrepreneurs are confident they will make it through the crisis.[860]
- A study by Aldermore bank on SMEs in the **United Kingdom** that was published early October, showed that because of the pandemic one in three small business owners works and extra 3 hours per day. 28% was anxious about what the next 6 months will bring, whereas 30% expect their

[856] https://www.pekao.com.pl/raport-msp/Report-SME-2020-en.html

[857] https://www.nbb.be/en/articles/recovery-business-turnover-stalls-september

[858] https://www.reuters.com/article/us-usa-fed-smallbusiness/most-u-s-small-businesses-took-sales-hit-due-to-pandemic-fed-survey-finds-idUSKBN2A32OS

[859] https://www.bloomberg.com/news/articles/2020-10-01/hiring-plans-at-u-s-small-businesses-rise-to-highest-since-2018

[860] https://globalnews.ca/news/7382911/canadian-business-debt-second-wave-coronavirus/

business to survive.[861] 8% of SME directors were feeling anxious about what the next six months might mean for their business. More positively, a similar percentage felt determined (30%) that their business would survive.

- On 12 October, media reported on the latest Small Business Sentiment Survey from the Small Firms Association (SFA) in **Ireland**, which suggests that over one third (35 per cent) of SFA members feel that the business environment is improving, with 33 per cent of SFA members reporting a weakening, compared to 17 per cent in winter 2019.[862]
- A new Survey by the Chamber of Commerce in **Japan** that was reported on 12 October shows that nearly 84 percent of respondents to the survey have seen sales drop since April. About 70 percent predict their sales will continue to decline, reflecting lingering concerns over business prospects across a range of sectors.[863]
- On 15 October, the Camino Financial **United States** Latino Small Business Survey, held between June 2020 to August 2020, showed that Latino Owned Businesses (LOBs) with pre-existing lender relationships had a higher chance of receiving a PPP loan, with 16.5% of borrowers obtaining PPP funding vs. 2.5% of non-borrowers surveyed receiving PPP funding. The pandemic forced the majority of LOBs to close temporarily in 2020, and 46% saw a revenue decline of more than 30%.[864]
- A mid-October survey among SMEs in **Japan** showed that since April 84% of SMEs experienced drops in sales.[865]
- Research by Freeagent among SMEs in the **United Kingdom** published on 20 October suggests that that 32% of SMEs indicated they have suffered during the pandemic.[866]
- On 22 October, the new KfW survey among SMEs in **Germany** was published. More than one in two SMEs – around 2 million companies – anticipate lower turnovers in the current year. The expected declines add up to around 12% of last year's turnovers, or roughly EUR 545 billion. Job losses among SMEs could amount to 1.1 million. SMEs' liquidity situation has eased significantly since the low point of the crisis in April. In the case of a renewed lockdown, roughly one in three SMEs would today be equipped with sufficient liquidity reserves – 12 percentage points more than at the beginning of April. A further 28% would have liquidity reserves for another 6 to 12 months. One third of SMEs therefore expect equity ratios to decline in the course of this business year. The coronavirus crisis is also affecting SMEs' investment behaviour. Up to September, much fewer investment projects were implemented as planned than in previous years. Many companies appear to be putting off their investment projects for this year because of high uncertainty and a shortage of funds. The investment volume in the SME sector is thus likely to be significantly reduced in 2020.[867]

[861] https://irishtechnews.ie/aldermore-detail-smes-strategies-covid19/

[862] https://www.irishtimes.com/business/covid-19-restrictions-are-biggest-risk-to-small-businesses-1.4378437; https://www.sfa.ie/Sectors/SFA/SFA.nsf/vPages/News~small-business-sentiment-highlights-two-speed-recovery-12-10-2020?OpenDocument

[863] https://www3.nhk.or.jp/nhkworld/en/news/20201012_32/

[864] https://www.prnewswire.com/news-releases/resiliency-in-the-face-of-adversity-latino-microbusinesses-show-promising-signs-of-recovery-although-more-capital-is-needed-to-bolster-growth-301152726.html

[865] https://www3.nhk.or.jp/nhkworld/en/news/20201012_32/

[866] https://techround.co.uk/business/uk-smes-unfazed-brexit/

[867] https://www.kfw.de/KfW-Group/Newsroom/Latest-News/Pressemitteilungen-Details_613056.html

- A survey by KPMG among small business in **Canada** found that 31% of SMEs worry they do not have the liquidity or access to finance to make it through a second COVID-19 wave.[868]
- The **Canadian** CFIB business barometer index which monitors small business sentiment across Canada, declined by nearly 6 points to 53.3 in October. This is the lowest level recorded in over five months, and the largest drop since Canada's economy went into lockdown back in March (see graph).[869] The CFIB report also noted that the month of October saw many businesses operate below 71% capacity, which has remained unchanged since August. Meanwhile, 28% of businesses across Canada said they plan to reduce their full-time staff within the next three months, while only 12% said they would boost their full-time workforce.
- The **United States** Census has run its Small Business Pulse Survey since the start of the pandemic.[870] It shows that small business sentiment remains negative, but has been improving gradually. The share of small business expecting a large negative effect decreased from over 50% early May to 30% late September. The share of SMEs expecting a moderate negative impact increased from 39% to 45%, and the share that did not expect much impact grew from 8% to 19% in the same period.
- A survey in **Spain** that was published 29 October showed that during the pandemic SMEs have opted for digital marketing strategies that would allow them to reach their customers through these new channels, despite the mobility restrictions related to health measures. 7 out of 10 businesses in Spain have been digitized in response to pandemic, Salesforce report finds; and digital marketing spending relative to total company budgets increased during the pandemic, increasing 12.6% of company budgets on average from May, the highest recorded in the report (up from 11 , 3% in February).[871]
- In **Korea**, a survey among 3150 SME showed that the small business health outlook for November improved to 74, up 2.8 points from October and 6.1 points from September. Smaller firms' capacity utilization rate averaged 68.9 percent in September, up 1.3 percentage points from the previous month.[872] See graph for longer time series of Korean small business confidence indicator.
- Data on small business sentiment in **Brazil**, show a strong decline in April, followed by gradual recovery, with stabilisation and small decline in October.[873]
- On 29 October, the Q3 data of the **United Kingdom** FSB were published.[874] The Q3 UK SBI confidence figure stands at -32.6, down 28 points on last quarter. Only a third (34%) of those surveyed at the end of last month expect their performance to improve over the coming three months. The significant majority (66%) expect performance to worsen. A record one in four (25%) small firms say they have reduced headcounts last quarter. An even higher proportion (29%) expect to make redundancies over the coming three months – one in ten (12%) expect to let at least a quarter of their staff go. Covid-linked disruption has caused revenue growth to fall to its

[868] https://www.newswire.ca/news-releases/nearly-a-third-of-canadian-small-and-medium-sized-business-owners-worry-they-won-t-survive-a-second-wave-kpmg-in-canada-poll-813926395.html

[869] https://thedeepdive.ca/small-business-confidence-across-canada-slumps-to-5-month-low-amid-virus-resurgence/

[870] https://portal.census.gov/pulse/data/?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axiosmarkets&stream=business#weekly

[871] https://bcfocus.com/70-of-businesses-in-spain-have-been-digitized-during-the-pandemic/

[872] https://en.yna.co.kr/view/AEN20201029006400320

[873] https://tradingeconomics.com/brazil/small-business-sentiment

[874] https://www.fsb.org.uk/resources-page/small-business-confidence-suffers-two-year-losing-streak-amid-calls-for-further-government-action.html

lowest recorded ebb, with more than half (56%) of those surveyed reporting a drop. A similar share (50%) expect revenues to fall next quarter.

- In **China**, in October, the Small and Medium Enterprises Development Index, based among a survey of 3000 SMEs rose by 0.1 point to 87, a new high since February, according to the China Association of Small and Medium Enterprises.[875]
- A survey in **Korea** on stress levels among employees held in October, showed that 79.4% of the self-employed said they were stressed, the highest within any occupational group.[876]
- A survey by the Economic Risk Management Group in **Belgium** held among 5131 firms and self-employed in October revealed a loss in turnover of 14%.[877]

November 2020

- On 9 November, the new CBI SME trends survey was published, covering 285 SME manufacturers in the **United Kingdom**.[878] Output volumes in the three months to October (-15%) fell at a slower pace than in July (-53%). Firms expect to grow by 14% in the next three months. Business sentiment in the quarter to October (+1%) was flat following modest growth in July (+9%).
- A survey among 500 SMEs in the **Unitd Kingdom** by insurer Simply Business showed that nearly one fifth of UK small and medium-sized enterprises (SMEs) believe that they will be unable to survive a second lockdown.[879] It also found that a third (32%) of SME owners felt they would be impacted worse than the first lockdown but would survive, while a further 34% felt a second lockdown would have the same impact as the first. Just 5% of those surveyed believed they would cope better than the first. In terms of business recovery, 24% of firms thought it would take between a year to 18 months to recoup the money lost during COVID-19. One in five (19%) thought it would take between 6 to 12 months and one in 10 (12%) thought 18 months to 2 years. A further 12% believed it could take a staggering 2 to 3 years to recover.
- On 6 November, the CBIZ Small Business Employment Index ("SBEI") reported a seasonally adjusted gain of 1.18% for October in the **United States** despite mounting uncertainty for small businesses on multiple fronts. The CBIZ SBEI tracks payroll and hiring trends for over 3,500 companies that have 300 or fewer employees, providing broad insight into small business trends.[880]
- On 10 November, the **United States** NFIB showed that uncertainty among small business owners further grew in October. It now stands highest since 2016.[881]

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875 http://global.chinadaily.com.cn/a/202011/24/WS5fbc6029a31024ad0ba96025.html

876 http://www.koreaherald.com/view.php?ud=20210201000934

877 https://www.nbb.be/en/articles/recovery-belgian-economy-remains-stalled-even-full-adverse-impact-latest-restrictions-felt

878 https://www.cbi.org.uk/media-centre/articles/sme-manufacturers-report-slump-in-activity-easing/

879 https://uk.finance.yahoo.com/news/sme-businesses-believe-wont-survive-second-uk-lockdown-coronavirus-122247311.html

880 https://www.businesswire.com/news/home/20201106005074/en/

881 https://www.marketwatch.com/story/small-business-owners-grow-more-anxious-nfib-finds-after-record-covid-19-surge-11605006548

- On 12 November, media reported on the results of a survey among 280 SMEs in **Hungary** by MiniCRM on new confinement measures. One in 12 SMEs indicate they will not survive the current measures for more than one month, one third not more than 2-3 months.[882]
- In Q2 2020, business confidence in the **Netherlands** reached the lowest level since measurements began at the end of 2008. Prior to the partial lockdown at the beginning of October and after an increase in the third quarter, confidence continued to rebound to -4.0 in Q4. Approximately two-thirds of the sentiment indicator consist of opinions on the results over Q3 relative to Q2. The increase in business confidence in the fourth quarter is caused by higher turnover and a more favourable economic climate in the third quarter. On the other hand, expectations for the current quarter expressed by entrepreneurs at the beginning of October are more pessimistic than in the previous quarter. In the most pessimistic sector, accommodation and food services, on balance 61 percent of the entrepreneurs expect turnover to be lower than in Q3.[883]
- A survey by Hewlett Packard published 16 November showed that **Vietnamese** small and medium-sized enterprises are the most optimistic in the Asia-Pacific region about the post-Covid-19 scenario, a survey has found. Seventy two percent of SMEs believed they would remain in business while 65 percent were confident they would expand after the pandemic, the highest ratios in both categories. The overall ratios for the region were 60 percent and 53 percent, the survey which polled 1,600 businesses in Vietnam and seven other countries, Australia, India, Indonesia, Japan, Singapore, South Korea, and Thailand, found. In Vietnam, 41 percent expected to see growth next year, against the regional ratio of only 16 percent , with 47 percent of believing digital adoption held the key to post-pandemic growth.[884]
- A survey in the **Netherlands** by Brdigefund among 545 small businesses shows small businesses are becoming slightly more optimistic about the future. Whereas in Q3 only 16% expected a rise in turnover, in November this had risen to 40%. In Q3, 80% of the firms expected a liquidity problem, whereas in November this is 66%. However, 20% of firms stills fears a bankruptcy in the future.
- In **Ireland**, the SME Credit Demand Survey among 1500 entrepreneurs published on 20 November, showed that 29% of all businesses reported increased or stable turnover since the onset of Covid-19 compared to 80% in September 2019. 35% of SMEs said they made a loss since the onset of Covid-19, compared to 31% saying they had reported profits. Of those firms that made a loss, the average level of profit decline is 48%. Of those companies that made a profit, the average level of profit increase reported is 17%. The survey also shows that 18% of SMEs applied for bank finance since the middle of March, a 2% decline on September 2019. 12% of SMEs said they were planning to apply for finance in the next six months, a significant decline on the 18% reported in September of last year. 72% of those SMEs that did not apply to bank credit cited sufficient internal funds as their reasoning. 19% stated that they did not wish to be indebted, while 13% believed that their current lines of credit were sufficient. 86% of SMEs said they had invested in their business in line with public health guidelines since the onset of Covid-19, with the average amount invested just under €14,000.[885]
- The Small Business Insights report by Xero published in November demonstrated that small business revenue in **New Zealand** escalated 3.4 per cent year-on-year in September 2020.

[882] https://hungarytoday.hu/new-restrictions-coronavirus-hungary-hospitality-industry-restaurants-hotels-aid/

[883] https://www.cbs.nl/en-gb/news/2020/46/entrepreneurs-anticipate-more-turnover-and-less-investment-in-2021

[884] https://e.vnexpress.net/news/business/companies/vietnam-small-businesses-most-optimistic-in-asia-pacific-about-post-covid-recovery-4192990.html

[885] https://www.rte.ie/news/business/2020/1120/1179397-sme-credit-demand-survey/

Besides, the data indicated that the average number of jobs in the small business industry improved by 0.9 per cent in September after tumbling 1.4 per cent in August.[886]

- A study by Paypall among small business in **Canada** how dramatically the pandemic has accelerated digital commerce for Canadian small businesses. Two in three small businesses (67%) accept payments online and half (47%) of them only started doing so this year. Of all small businesses selling online, one third (34%) turned to digital payments only after Covid-19 was declared a global pandemic in March (see also visual below). The majority of online small business owners (72%) believe e-commerce is now necessary in order to have a successful business. In fact, 69 per cent of online small business owners said selling online has made them more successful. Without the ability to sell online, 58 per cent of small business owners said they don't think their business could survive the impact of Covid-19.[887]
- A study by the Business Development Bank of **Canada**[888] among 1000 business owners that came out on 25 November suggested that businesses that conducted more than 50 per cent of sales online outperformed others during the lockdown period, with 39 per cent reporting that they were able to maintain or increase revenue. This came as 85 per cent of consumers said they now shop online. Still, the survey shows that many small businesses are reluctant to go online. BDC said that 46 per cent of SMEs plan on selling goods online after the COVID-19 pandemic, compared to 43 per cent at the beginning of the crisis. Less than 25 per cent plan on prioritizing e-commerce in the next year, and just 15 per cent believe online sales will increase substantially over the next three years.
- A survey for Goldman Sachs among 893 SMEs in the **United States** from early November, showed that 59% of respondents indicate that their revenue has been negatively impacted. The share of SMEs that think they will survive the crisis declined to 60% in November, from 74% in May, 73% in July and 65% in September.[889]
- A survey by the **Canadian** Federation of Independent Business said one-third of small businesses across the country offered online sales as of November. Roughly 152,000 small businesses shifted to boost e-commerce between March and November and one in five independent companies told the advocacy organization they expect to increasingly rely on that avenue to survive.[890]
- A survey by the Economic Risk Management Group in **Belgium** held among 3798 firms and self-employed in November revealed a loss in turnover of 17%.[891]

December 2020

- In **New Zealand**, a survey from ANZ Bank from early December revealed that business confidence is on the rise in New Zealand, with spirits "increasingly upbeat" as the effective Covid-19 response,

886 https://www.stuff.co.nz/business/prosper/123420238/three-bright-spots-for-new-zealand-small-businesses-in-the-covid19-era

887 https://www.newswire.ca/news-releases/pandemic-fast-tracked-digital-transformation-for-canadian-small-businesses-paypal-canada-survey-finds-847168737.html

888 https://www.bdc.ca/en/about/analysis-research/profit-ecommerce-compete-online-marketplaces

889 https://www.goldmansachs.com/citizenship/10000-small-businesses/US/infographics/sinking-lifeboats/

890 https://www.ctvnews.ca/business/not-as-easy-as-it-looks-small-businesses-share-what-it-takes-to-move-online-1.5260897

891 https://www.nbb.be/en/articles/direct-economic-impact-second-lockdown-limited-moment-outlook-belgian-firms-remains-bleak

return to relative normality, and the prospect of a vaccine put us in an enviable position compared to many other nations.[892]

- In **India**, a Crisil Survey showed that micro and small enterprises (MSE) have increasingly switched to digital platforms. The adoption of digital channels such as online aggregators or marketplaces, social media, and mobile marketing has increased from 29 per cent micro enterprises using them before COVID-19 to 47 per cent as of November. The jump was marginally higher among small enterprises from 29 per cent before COVID-19 to 53 per cent during the said period for revenue generation.[893]
- In **Mexico**, a survey by Statistics Agency Inegi published early December determined that 86.6% of businesses in Mexico were negatively affected in some way by the coronavirus pandemic. Almost 80% of companies surveyed said that their revenue decreased, 51% said that they faced low demand during the pandemic and 23% said they had difficulties obtaining supplies and products. Almost 16% of businesses said that they would only be able to continue operating for another three months if their revenue remained at the current level. Almost half – 46.6% – said that they could survive the next three to 12 months without an increase in income while 37.6% expressed confidence that they will be able to continue operating for more than a year even if their revenue doesn't pick up.[894]
- In **Mexico**, on 8 December the results of the "Barometer GS1, SME Manufacturers of the Consumer Industry" were published. It is estimated that 75 percent of the companies registered declining sales, while only 20 percent managed to increase this indicator during the health emergency. The largest companies were the ones that benefited the most after 46 percent of the firms in this area will register increases in their sales, compared to 15 percent of medium-sized companies and 17 percent of small units. It is estimated that 78 percent of small companies claimed that their veins plummeted to a great extent, while this was the case among medium-sized companies (79 percent) and in 51 percent of large corporations.[895]
- The Small Business Financial Landscape Study published early December showed that since the beginning of the COVID-19 pandemic (around late February to March 2020), around half or 50% of **United Kingdom**-based SMEs reported using some type o open banking service. The study reportedly involved 500 SMEs and asked them questions about certain financial decisions they might have taken following the Coronavirus outbreak. The survey aimed to gain a better understanding of how smaller businesses have been maintaining their operations during these unprecedented times. Half of the companies surveyed revealed that they're using Open Banking to streamline operations, while nearly three-in-five or 60% began using the services during the past 6 months. Most (90%) of the small businesses responding to the survey said they mainly began using Open Banking due to COVID. Almost a quarter (24%) of SMEs reported using Cloud-powered accounting solutions. Meanwhile, 41% of companies using online accounting tools said they were able to lower the administrative overhead like having to process a lot of tedious and time-consuming paperwork. Around 20% or one-in-five of SMEs responding to the survey said

[892] https://www.stuff.co.nz/business/opinion-analysis/300172985/strict-lending-criteria-forcing-small-firms-to-jump-through-more-hoops-than-ever

[893] https://www.financialexpress.com/industry/sme/msme-tech-thanks-to-pandemic-more-micro-small-businesses-turn-to-digital-platforms-to-shore-up-sales/2156889/

[894] https://mexiconewsdaily.com/news/coronavirus-has-shuttered-1-million-small-businesses/

[895] https://www.explica.co/supporters-of-smes-in-mexico/

they've been using cash flow forecasting tools, with just over a quarter or 27% claiming that these solutions have helped them gain a better understanding of their business model.[896]

- A survey among consumer in **Australia** for COSBOA showed than one in seven Australians had seen local businesses close down.[897]
- In **Japan**, businesses sentiment for small firms capitalized at Yen 10 million or more but less than Yen 100 million remained negative in Q4 2020, although it improved to minus 15.5 for the reporting quarter from minus 25.8 in the previous period.[898]
- A quarterly survey by the Bank of **Japan**, published on 13 December, shows business sentiment has improved sharply with expectations that the economy is recovering from a year-long recession. The BOJ's "tankan" released Monday reported rebounds in all categories, both manufacturing and non-manufacturing companies, large and small. It was a marked improvement from the past several quarterly reports as Japan battled the coronavirus pandemic. In the summer, sentiment plunged to its lowest level in more than a decade as the pandemic crushed exports and tourism, mainstays for the world's third largest economy. October's report showed the first improvement in three years after six straight quarters of decline to an 11-year low.[899]
- In a survey among **European** SMEs conducted by lending platform Capitalbox 2000 SME chiefs were asked to name the politician who had provided the most effective support during the pandemic. Sixty three percent named Chancellor Merkel, followed by Emmanuel Macron of France taking second place with a 55 percent score. More than half of respondents - 55 percent - felt businesses were not given enough notice when new lockdown restrictions were imposed in the Autumn and early winter. This perception was particularly acute in France and Spain where 60 and 63 percent of respondents felt they were not sufficiently forewarned. A majority of respondents (51 percent) say they have introduced sufficient procedures and protections to keep staff and customers safe. Meanwhile, 57 percent say there is no need for restrictions at all.[900]
- A survey among small business by the **United States** Chamber published on 13 December and taken in the first half of November showed that 74% of the owners said they need further government assistance to weather the pandemic. That percentage rises to 81% for minority-owned businesses. The quarterly poll found that the 62% of small business owners fear that the worst is still to come with COVID-19's economic impact. Only 40% said they believe their small businesses can operate indefinitely during the current business environment. 14% of small businesses are currently planning to cut staff, up from 9% in July and September. Staff reduction plans are back up to the 13% level that the survey saw in April during the pandemic's first peak.[901]
- On 17 December, Xero Small Business Insights showed that in **New Zealand** small businesses' revenue has grown six months in a row although hospitality businesses are still struggling. November shows small business revenue growth of 3.2 per cent in November 2020 compared with

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[896] https://www.crowdfundinsider.com/2020/12/170024-open-banking-smes-in-the-uk-are-increasingly-using-financial-data-sharing-tools-following-covid-19-outbreak-a-new-survey-reveals/

[897] https://www.news.com.au/finance/business/retail/research-reveals-seven-in-10-aussies-have-seen-local-businesses-close-due-to-covid19/news-story/af0690ee7794b8d2658821a5e20231ba

[898] https://www.japantimes.co.jp/news/2020/12/10/business/economy-business/large-japan-firms-confidence-rises/

[899] https://apnews.com/article/business-coronavirus-pandemic-economy-8da41e7672b074a79a9434433ada92dd

[900] https://www.forbes.com/sites/trevorclawson/2020/12/14/smes-hail-merkel-but-across-europe-covid-support-concerns-are-rising/?sh=1613b9e0704f

[901] https://www.reuters.com/article/health-coronavirus-usa-smallbusiness-idUSKBN28P23R; https://www.uschamber.com/series/above-the-fold/small-business-owners-still-feel-pain-of-pandemic-and-fear-more-come

November 2019, with most industries and regions enjoying growth. For the last six months revenue in small businesses has grown each month when compared to the same month the year before. However, the rate of revenue growth for small businesses is slower than pre COVID-19.[902]

- According to new research published by Vancity, VCIB, and the Canadian Urban Institute, small businesses across **Canada** are feeling the financial crunch from coronavirus restrictions that have millions of people taking refuge from the virus outbreak by staying at home and avoiding unnecessary shopping trips. Insights from April to July showed that despite the pandemic, the business community had the space to find innovative ways to adapt during the summer by taking advantage of conditions such as relaxed restrictions and lower COVID-19 case numbers. Strong local economies and connections to the community were also helping businesses fare. However, visitation data shows foot traffic on main streets has fallen since September with each block reporting visits to be down between 35-70 per cent compared to the same time last year, and 58 per cent of businesses are operating with reduced revenues – often less than half of pre-COVID levels.[903]
- The 22 December State of Small business report by the ETC in the **United Kingdom** showed that over 40% of UK's small and medium-sized firms report COVID-related hit to turnover, while 3 in 10 forced to cut jobs. Around 200,000 firms could be close to collapse based on analysis of those trading insolvently or running out of cash. But a fifth of firms report positive impacts from the pandemic, with many embracing digital technologies and green agenda.[904]
- A poll among 500 SMEs in **Korea** that was published on 23 December showed that two-thirds of small and medium enterprises (SMEs) in South Korea saw their exports drop this year amid the coronavirus pandemic, with 67.4 percent of the respondents saying their overseas shipments shrank in the first 11 months of the year from 2019. The poll, taken by the Korea Federation of SMEs, also showed nearly 50 percent expecting their 2021 exports to be similar to those of this year. Nearly 41 percent forecast their exports to worsen in the coming year, with 9.6 percent expecting improvements.[905]
- A survey in the **United Kingdom** by Starling Bank and the Great British Entrepreneur Awards, showed that small businesses are looking forward to hiring further staff in 2021 as the vaccine rollout boosts confidence for the year ahead. Some 77 per cent of businesses plan to increase their workforce, with four in ten aiming to do so as early as Q1.[906]
- According to the NFIB, small-business owners confidence in the **United States** economy fell significantly in December amid the resurgence of the coronavirus pandemic and the related restrictions to contain it, data showed on 12 January. The NFIB Small Business Optimism Index came in at 95.9 in December, 5.5 percentage points less than in November. The reading stands below the historical 47-year average of 98 points for the first time since May and misses forecasts by economists, who polled by The Wall Street Journal expected it to come in at 100.00. Small-business owners expecting better business conditions over the next six months decreased by a

[902] https://www.stuff.co.nz/business/123737594/recovery-from-covid19-continues-for-smes-but-hospitality-down-on-this-time-last-year

[903] https://www.reminetwork.com/articles/study-small-businesses-face-extreme-uncertainty/

[904] https://www.enterpriseresearch.ac.uk/covid-hammers-uk-firms-but-sparks-digital-pivot-for-some/

[905] https://en.yna.co.kr/view/AEN20201223005700320

[906] https://www.cityam.com/three-quarters-of-small-businesses-set-to-hire-next-year-as-vaccine-boosts-confidence/

sharp 24 points to a net negative 16%, while sales expectations over the next three months fell 14 points to a net negative 4%.[907]

- According to data from the Small Business Pulse Survey conducted by the **United States** Census Bureau in December 2020, about 53% of small business owners don't expect to return to pre-COVID-19 operations for at least the next six months. Just over a quarter of small businesses in metro areas around the country are currently operating at normal levels.[908]
- A survey by the Economic Risk Management Group in **Belgium** held among 3798 firms and self-employed in December revealed a loss in turnover of 14%, an improvement compared to a month earlier.[909]

January 2021

- A survey by BPIfrance among SMEs in **France** published early January showed that on balance SMEs experienced a contraction in turnover of -41% and of -21% in investment. Despite this significant impact and the introduction of the second lockdown, 53% of SMEs would have sufficient cash to face the crisis after mobilization of support mechanisms (against 49% in June).[910]
- A national survey by Small Business **Australia** published on 12 January, has found one-third of small businesses will close for good if they don't get additional help. Based on responses to the survey, it's estimated over 974,000 small business owners have drawn down on savings to keep afloat during the pandemic. More than 550,000 have dug into superannuation. And almost 93,000 have sold real estate.[911]
- A survey in the **United Kingdom** among 1400 SMEs by the FSB that was published 11 January showed that at least 250,000 SMEs will collapse unless the government offers more help. A record number of businesses were planning to close over the next year, while exporters faced being pushed to the brink as they navigated the UK's new post-Brexit trade arrangement with the EU. The proportion of small businesses forecasting a reduction in profitability for the coming quarter has spiralled over the past year to an all-time high of 58 per cent, while half of exporters expect their international sales to drop in the next few months – up from a third this time last year, the report suggested.[912]
- Research by CapitalBox, showed that despite continued uncertainty, 57% of SMEs across seven **European** markets feel positive about the future and think that economies will recover to pre-Covid levels within the next two years. A further 18% are still confident about a recovery, but believe it will take at least two years. However, when it comes to their own businesses' recovery as opposed to the wider economies, over half of SMEs (51%) feel that their business will in fact recover this year, in 2021. SMEs in Finland are the most confident in their own business recovery in 2021 (57%), compared to 50% in France and the UK, 48% in Germany and 27% in Spain.[913]

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907 https://www.morningstar.com/news/dow-jones/202101123349/us-small-business-optimism-falls-sharply-in-december-nfib

908 https://www.cnbc.com/2021/02/02/over-half-of-small-business-owners-dont-expect-to-recover-for-at-least-6-months.html

909 https://www.nbb.be/en/articles/belgian-firms-see-improvement-both-their-current-turnover-and-outlook-december

910 https://lelab.bpifrance.fr/enquetes/72eme-enquete-de-conjoncture-pme

911 https://www.sbs.com.au/language/english/audio/covid-19-threatens-small-businesses-with-imminent-closure

912 https://www.independent.co.uk/news/business/news/coronavirus-small-businesses-lockdown-fsb-b1785098.html

913 https://www.globalbankingandfinance.com/more-than-half-of-european-smes-confident-in-2021-business-recovery/

- Out of 2,400 SME and VSE managers who responded to a CPME questionnaire in **France** from January 7 to 20, 54% said they were " *worried* " about " *the sustainability of their business* ", compared to 47% in a previous survey in September. According to the other survey, carried out in January by the Union des enterprises de proximity with the Xerfi cabinet among 6,200 artisans, small traders and liberal professionals, a quarter "*have suffered significant declines in activity but are counting on support to restart in 2021*". According to the U2P, 71% of artisans, small traders and liberal professionals saw their turnover drop in 2020.[914]
- **German** business morale slumped to a six-month low in January as a second wave of COVID-19 halted a recovery in Europe's largest economy, which will stagnate in the first quarter, the Ifo economic institute said on 25 January. Ifo said its business climate index fell to 90.1 from an upwardly revised reading of 92.2 in December.[915]
- In January, small business optimism in the **United States** further declined to an 8 months low according the NFIB, with the optimism index falling by 0.9 in January to 95.0. The percentage of small-business owners who expect conditions to improve in the next six months dropped to a seven-year low.[916]
- The Q1 2021 CNBC SurveyMonkey Small Business Survey conducted between 25-31 January in the **United States** among 2,111 small business showed that confidence among small business owners plummeted to a fresh all-time low since the quarterly tracking survey began in 2017. The Small Business Confidence Index fell from 48 out of a possible 100 in the fourth quarter last year to 43 this quarter. Additionally, the number of small business owners saying they believe they can continue operating for more than a year under current business conditions fell from 67% in the fourth quarter to 55%.[917]
- The Q1 2021 small business index, based on a survey held mid-January by the US Chamber among small businesses in the **United States**, showed a slight improvement compared to Q4 2020 to 55.9 points, but remains well below pre-pandemic levels.[918] 75% remain concerned about the future impact of the pandemic, with over two thirds worried about employee morale and mental health.
- A survey by the Economic Risk Management Group in **Belgium** held among 5348 firms and self-employed in January revealed a loss in turnover of 12%.[919]
- The SME Barometer of SMEUnited for the period September 2020-January 2021 with responses from 30,000 SMEs in **Europe** shows the percentage of SMEs expecting a positive or neutral economic environment raised by 5.2 points, from 54.6% to 59.8%. Despite the increase, this result classifies among the lowest figures recorded in Europe since the 2009 financial crisis.[920]

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914 https://www.lefigaro.fr/flash-eco/covid-19-une-pme-sur-deux-craint-de-ne-pas-pouvoir-supporter-un-troisieme-confinement-20210126

915 https://www.globalbankingandfinance.com/german-business-morale-hits-six-month-low-as-virus-halts-recovery/

916 https://www.marketwatch.com/story/small-businesses-turn-more-pessimistic-despite-vaccines-11612843217

917 https://www.cnbc.com/2021/02/10/biden-1point9-trillion-covid-stimulus-has-main-streets-support.html

918 https://www.uschamber.com/sbindex/summary

919 https://www.nbb.be/en/articles/belgian-firms-see-2021-transition-year-while-prospects-2022-are-more-encouraging

920 https://www.smeunited.eu/admin/storage/smeunited/20210315-barometer-21h1.pdf

February 2021

- On 1 February, a poll among 3700 SMEs in **Korea** showed that the business survey index on small business optimism came down by 15.8 points to 35.8 points in January, the lowest level since March 2020.[921]
- Three out of every 10 small businesses in the **United States** say they likely won't survive 2021 without additional government assistance during the COVID-19 pandemic, a survey from the Federal Reserve Bank shows. Considering there are roughly 30 million small businesses in the U.S. that means 9 million small firms are at risk of closing for good this year. The outlook is even worse for minority-owned businesses: 8 in 10 said their company is in poor financial condition, according to the Fed survey.[922]
- Veem's Q4 2020 survey among small businesses in the **United States**, published on 17 February 2021, showed that seventy percent of small businesses surveyed feel some degree of confidence in the U.S. economy moving into 2021. However, this confidence appears tentative. Of the 1,138 small business owners surveyed, 31% reported that they are "somewhat confident," while only 11% are "extremely confident" in this year's economic outlook.[923]
- A survey by Sage among 1119 SMEs in the **United Kingdom**, released on 17 February, showed that only 63% of SMEs are confident in their ability to repay government COVID-19 support loans. SMEs are expecting an average 19% cut in jobs.[924] SMEs are expected to be left with on average GBP 173,000 in debt.[925]
- A survey by CFIB in **Canada** held early February among 3554 small business owners showed that seven in 10 small business owners have taken on debt due to COVID-19, with the average now reaching almost CAD 170,000 per business. In total, small businesses in Canada now owe a collective CAD 135 billion. After adjusting the data to reflect the entire economy, CFIB estimates that the total debt taken on by Canadian small businesses as a result of COVID-19 as of early February is CAD 135.1 billion, a significant increase since CFIB's previous estimate of CAD 117 billion in July 2020. Of businesses that have taken on debt, three quarters (76 per cent) say it will take them over a year to repay, with 11 per cent of this group expressing concern that they may not be able to repay their COVID-19 related debt at all.[926]
- A global survey of 3,000 SMEs in the **United Kingdom, France, Canada, Australia, South Africa and the United States** published late February by digital accounting platform Dext has found that 66% of UK SMEs expect to grow their business within the next 12 months. That rises to 75% of firms owned by younger entrepreneurs aged 18 to 34, with the same percentage of businesses run by 35 to 44 year-olds also looking to grow their firms this year.[927] Small businesses in France are the most cautious about their short-term prospects, with just over a quarter (28 %) of firms

[921] https://en.yna.co.kr/view/AEN20210201000800320

[922] https://www.cbsnews.com/news/small-business-federal-aid-pandemic/

[923] https://www.nasdaq.com/articles/u.s.-small-business-owners-approach-2021-with-optimism-anticipate-change-2021-02-17

[924] https://www.law360.com/articles/1355897/only-63-of-smes-confident-they-ll-repay-covid-19-loans

[925] https://www.p2pfinancenews.co.uk/2021/02/17/smes-set-to-be-left-173000-in-debt-from-coronavirus-loans/

[926] https://www.cfib-fcei.ca/en/media/news-releases/canadas-small-businesses-now-collectively-owe-over-135-billion-result-pandemic

[927] https://www.thisismoney.co.uk/money/smallbusiness/article-9290673/Two-thirds-small-British-firms-expect-grow-business-2021.html

expecting things to improve. In the longer term, though, they too are optimistic with 79% saying they are planning to grow. Less than half of small businesses in the US, Canada and Australia are expecting to grow over the coming months.

- A survey by H&R Block of almost 3,000 small businesses in the **United States** published late February found that 53% of Black business owners saw their revenue drop by half, compared to 37% of White owners, since the pandemic started. Black business owners also had more trouble establishing an online presence for their company and were more likely to have customers submit late payments, the survey said.[928]
- According to IFO, optimism among **German** business rose in February to 92.4 points from 90.3 points in January.[929]
- The Go Daddy 2020 Entrepreneur survey showed that one-third of entrepreneurs in **Saudi Arabia** increased their digital marketing since the start of the pandemic. 34% of small businesses intend to use social media to sell products and services in 2021, while a third intends to set up an official website.[930]
- A survey by Facebook among more than 11,000 small business owners in the **United States** released on 18 February showed that small business closure rates remained high, with 25% still shut in December, down from 31% in April. 52% reported that they had lower sales in the last 30 days compared to last year, a decrease of just 4 percentage points from April 2020. Of those with lower sales, 44% reported that their sales were lower by at least half in December from the month before, down from 53% in April 2020.[931]
- A survey by UNIZO among SMEs in **Belgium**, shows that one in five self-employed and one in three SMEs in Flanders and Brussels face urgent cash shortages.[932]
- In February, the **United States** NFIB small business optimism index improved slightly to 95.8, from 95 in January, still very much below pre-pandemic levels.[933]
- A survey by ATA among 2000 self-employed in **Spain** between 12 and 20 February suggest that 300,000 self-employed expect to close during 2021. 61% report a drop in turnover of more than 60%, with average losses of EUR 70,000 since the start of the pandemic.[934]
- A survey by the Economic Risk Management Group in **Belgium** held among 3194 firms and self-employed early February revealed a loss in turnover of 10%.[935]

[928] https://www.cbsnews.com/news/black-owned-businesses-revenue-drop-covid-pandemic/

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