European Association of Development Agencies
Association Européenne des Agences de Développement

# Covid-19 Most frequent measures across EU countries

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## Measures taken by Member States to support SMEs (as of 5 May 2020)

- Over the last week, most EU countries have started the first phases of their exit strategies, with the remaining countries planning to do so over the next weeks. In many countries these strategies include a resumption of industrial activity. Certain sectors such as gastronomy and tourism (which include a large percentage of SMEs), however, remain closed across most EU countries, **prompting calls for additional measures to help those sectors** in particular.
- With all countries having adopted their main support measures for SMEs, attention is now turning toward **implementation and evaluation of these programmes**, ensuring that the measures reach SMEs without undue administrative burden while at the same time avoiding fraudulent use of the measures. Some countries have also announced **the extension of certain programmes** for sectors likely to remain under lockdown for longer.
- **All EU countries have offered some form of deferral or reduction of tax and social security contributions**. The exact application of these measures varies. Most Member States offer the tax deferrals for all companies, although some schemes specifically target SMEs, self-employed people or companies that retain all their employees. Some schemes focus on postponing the payment of taxes for companies, other allow for earlier repayments of tax refunds from the previous year.
- Another widespread measure are **financial guarantees**. All Member States have developed new guarantee schemes to allow companies in financial difficulties to continue accessing finance. Some of these measures specifically target SMEs, whereas others can be used by any company affected by the crisis. Guarantees are welcome but whether they will translate into direct support for SMEs depends on their exact application. In some countries, where the state only guarantees a certain percentage of the loan, SME associations have expressed their fear that risk-averse banks will not provide loans to SMEs despite the state guarantees. In response to this, certain countries have raised their guarantee percentage to guaranteeing 90% or even 100% of loans.
- Wage subsidies, in particular **subsidising the wages of employees working shorter hours**, continue to be one of the most popular measures across Member States. At least 25 countries have applied them, and it is one of the most immediately popular measures among SMEs. Across all countries, large numbers of companies have applied to use these measures for temporary lay-offs or reduced working hours.
- **Direct loans** are also common, with at least 15 countries setting up new loan schemes or working with banks to facilitate new loans, most of which are aimed at ensuring the cash flow of SMEs. However, reactions from SMEs show that repayable loans can be a difficult choice especially for the smallest enterprises, as they cannot currently predict their revenue for the rest of the year. A useful additional measure is therefore **postponing the repayment of loans**, which at least 18 countries have announced, some of them focusing on postponing repayment of existing loans and others giving out new loans with generous repayment terms.

- **Direct grants/ cash injections for micro businesses and self-employed are offered by at least 14 Member States.** Often, the sum is related to the size (no. of employees). They cover typically the period of the next 1-3 months. The situation of gig-workers (uber drivers, etc.) is still an open issue in many countries.
- From the perspective of SMEs, all these measures are welcome, but it is important that they are accessible through an **easy administrative process**. If loans, grants and guarantees require elaborate applications this could deter especially the smallest enterprises, who find themselves hardest hit. Several countries have by now taken up the approach advocated by SME associations to provide immediate and unbureaucratic help to the smallest enterprises. Cash injections to the self-employed and micro-enterprises with only a few employees are often paid out immediately with eligibility checks only taking place afterwards.

## Examples of some measures taken by only selected MS (so far):

Setting up a found for direct equity participation by public authorities in affected businesses. Variants of this measure were adopted in Germany and Spain with the objective to ensure that businesses of strategic importance for the overall economy are not subjects to hostile take-overs from foreign firms, also in view of decreased stock market values.

Relaxing of extra-income limits for those employees on wage subsidy programmes. This measure was adopted in Germany so that those workers forced to work shorter hours in their normal profession get a bigger incentive to take up work in a profession where their skills may particularly be needed during the crisis (e.g. in the health sector).

Providing extra income support for medical staff. This measure was adopted in Bulgaria with BGN 20mn (EUR 10mn) from the Operational programme 'Human Resource Development' and will be used to give a monthly bonus of BGN 1000 (EUR 500) to all medical staff dealing with coronavirus.

Support for credit terms renegotiation. This measure was adopted in France and in Germany to put in place credit mediation to help SMEs wishing to renegotiate credit terms. In Sweden, a similar measure has been adopted for rents; in certain sectors, companies can renegotiate commercial rents for April-June with government support.

Rental reduction for particularly affected sectors: The Swedish government is allocating five billion Swedish crowns to reduce fixed rents for certain vulnerable sectors. Landlords who reduce fixed rents for tenants in these sectors during the period of 1 April to 30 June will be able to apply for support to compensate part of the rental reduction, at most 25 per cent of the original fixed rent.

Easier administration for delivery service. Due to the lockdowns, restaurants often try to make up for lost revenue by offering delivery services. In Hungary, grocery stores and HORECA businesses are now allowed to start home delivery services without prior registration/authorization.

<ins>Ensuring public authorities pay their suppliers promptly.</ins> The Slovenian government has set an eight-day payment deadline for all payments by public authorities to their private sector suppliers. This can ensure continued liquidity of SME suppliers without requiring extra spending.

### Deferral of taxes/tax deductions (27 countries)

Austria, Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Spain, Sweden, Slovenia, Slovakia

### Guarantees (27 countries):

Austria, Belgium, Bulgaria, Czechia, Cyprus, Croatia, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Netherlands, Malta, Poland, Portugal, Romania, Spain, Slovenia, Slovakia, Sweden

### Wage subsidies (25 countries)

Austria, Bulgaria, Belgium, Cyprus, Czechia, Denmark, Estonia, France, Germany, Greece, Hungary, Ireland, Luxembourg, Latvia, Lithuania, Italy, Malta, Netherlands, Poland, Portugal, Romania, Spain, Slovenia, Slovakia, Sweden

### Direct loans (15 countries)

Croatia, Czechia, Estonia, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Luxembourg, Portugal, Spain, Sweden, Slovenia

### Postponement of loans (18 countries)

Belgium, Bulgaria, Croatia, Cyprus, Czechia, Denmark, Estonia, France (renegotiation), Germany (renegotiation), Greece, Italy, Ireland, Latvia, Malta, Poland, Romania, Spain, Slovenia

### Direct grants/cash injections (14 countries)

Austria, Belgium, Czechia, Cyprus, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Malta, Slovenia, Spain