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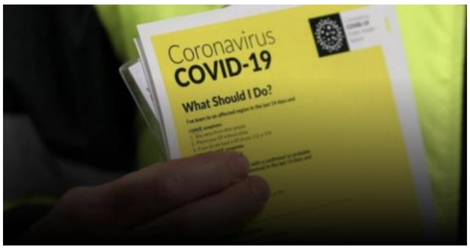

Secretariat Covid-19
Working Paper Series

Germany: Responding to the Covid-19 Crisis—Protecting Enterprises, Employment and Employees

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Dr Damian Thomas

NOTE: The NESC Secretariat Covid-19 Working Paper Series is to provide timely, concise analysis for policy-makers and other stakeholders. This research work, in normal circumstances, would be used to produce NESC reports, which would be published following detailed deliberation by the Council. The Council has members appointed by the Taoiseach, comprising representatives of business and employers' organisations, trade unions, agricultural and farming organisations, community and voluntary organisations, and environmental organisations; as well as heads of Government departments and independent experts. By putting it in the public domain earlier, it is hoped this research can help those now working on Ireland's response to Covid-19. It will also inform Ireland's discussion of its recovery from the Covid-19 crisis. These papers are un-refereed material and are a work-in-progress by members of the Secretariat. The authors are solely responsible for the content and any views expressed therein, and welcome any comment on these papers (email info@nesc.ie). Working papers may be downloaded for personal use only. Given the nature of the crisis, these working papers are likely to be updated on a regular basis. This will be done in as timely as manner as possible.

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1. Introduction

The German Federal Government has responded to the Covid-19 pandemic by introducing a range of public health measures including extensive testing and tracing; the obligatory shut-down of non-essential economic activity, travel restrictions, the closure of childcare facilities, schools and universities, the closure of public buildings and spaces and a ban on public gatherings. As in other jurisdictions the emergency measures introduced to suppress the transmission of the virus has given rise to a severe and sharp economic shock. A new survey by DIHK of over 10,000 German companies in early 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 per cent.[1] Unemployment is now rising, while a record number of employees have been registered for the state's short time working scheme. The Federal Government has sought to mitigate the impact of this economic dislocation through the development of a comprehensive economic stabilisation and recovery package, the size and scale of which is considered unprecedented in German post-war history.[2] The purpose of this briefing paper is to provide an overview of the main policy measures and instruments that have been introduced to date by the German government to protect enterprises and employees during this period of major economic disruption. The paper concludes with a focus on the key lessons and learnings from the policy approach adopted in Germany

1 OECD (2020) SME Policy Responses, available at http://www.oecd.org/coronavirus/en/

2 See Guy Chazan and Sam Fleming (2020) 'Germany wields 'bazooka' in the fight against coronavirus' https://www.ft.com/content/1b0f0324-6530-11ea-b3f3-fe4680ea68b5

2. A Protective Shield for Managing the Crisis

In response to the sharp economic dislocation caused by the pandemic, the German government has developed an extensive programme of financial assistance designed to provide a 'protective shield' for businesses and employees (see Figure 1). During March there was an accelerated evolution in the scale of actions undertaken by Government culminating in the establishment of the Economic Stabilisation Fund (see 3.1) and the agreement of an emergency supplementary budget on the 27th March, which set out a series of additional measures to protect enterprises and employees totaling approximately €122.5bn.

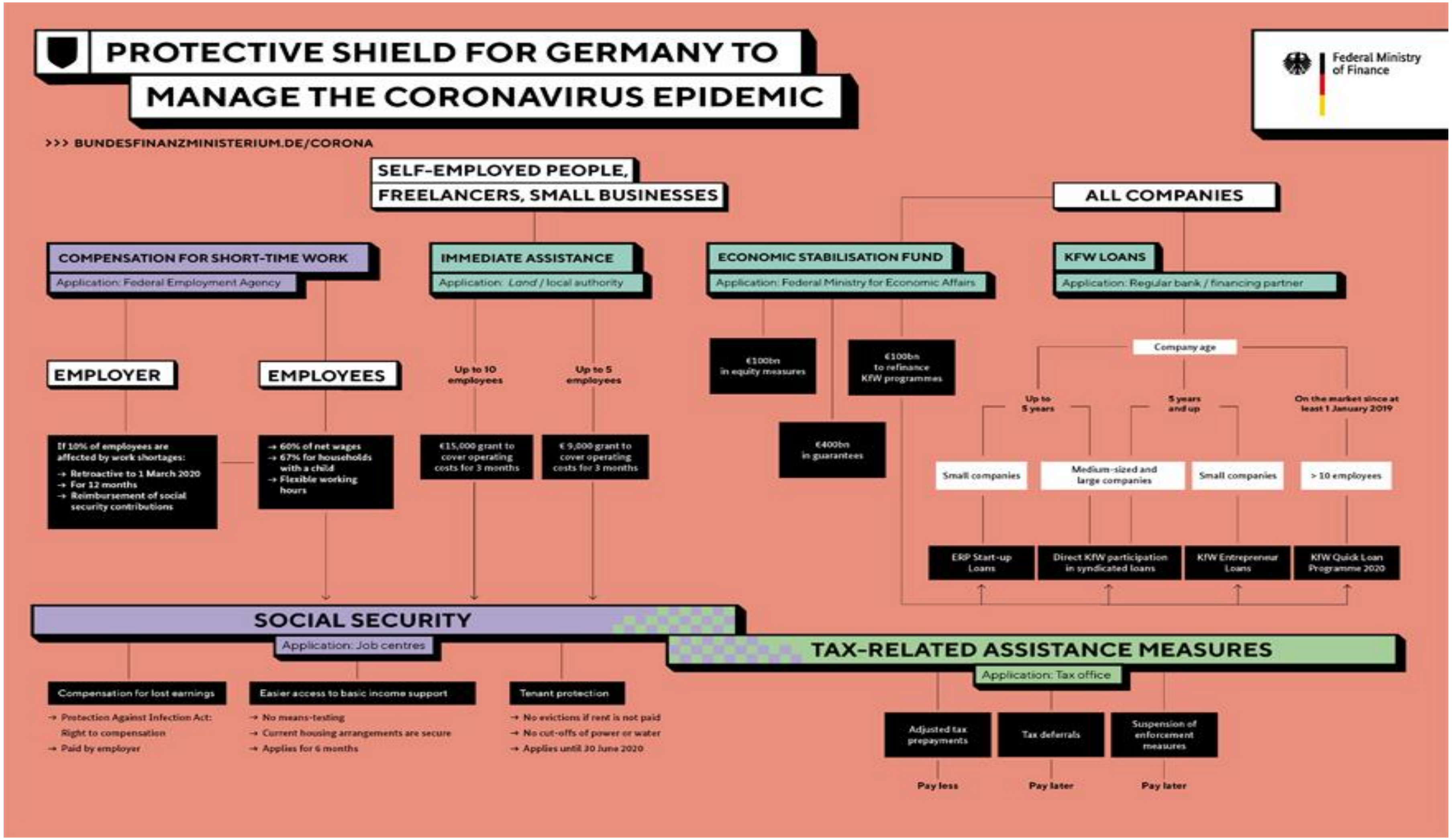
> 'We are ready to do whatever it takes to protect the health of the people living in Germany, to protect jobs and businesses, and to protect our country. We are launching an unprecedented package of assistance to fight the crisis. The supplementary budget allows us to implement everything quickly and effectively and ensure that the money reaches those who need it now.' (Olaf Scholz, Finance Minister 23/03/20).[3]

In order to ensure that KfW, the state development bank, has adequate funding for its various guarantee and lending programmes the supplementary budget also increased the states guarantee framework by approximately €357bn to around €822 bn.[4]

[3] See https://www.bundesfinanzministerium.de/Content/EN/Pressemitteilungen/2020/2020-03-23-supplementary-budget.html;jsessionid=B9FCE7E442DD945A23EAFDD32EDC1FE2.delivery2-replication

[4] The expanded guarantee framework also includes provisions for state export guarantee schemes.

Figure 1: Responding to Covid-19



3. Protecting Enterprises

The Government's response to protecting enterprises in the current crisis has focused primarily on the use of a range of financial instruments to address the liquidity challenges facing the self-employed, SMEs, and larger enterprises.[5] Significantly the Government has pledged unlimited credit to businesses hit by the pandemic in what the finance Minister Olaf Scholz has described as a big 'bazooka' designed to avert a systemic crisis in Europe's largest economy.[6] For businesses this 'bazooka' is comprised of a number of different policy strands namely:[7]

- The Economic Stabilisation Fund (WSF).
- KfW's Loan Programme.
- The Guarantee Bank's credit guarantee schemes.
- Support for Start-ups.
- Grants for Small Enterprises and the Self-Employed.
- Tax Measures.
- Managing Business Costs.
- Export Credit Guarantees
- Consultancy Services.

3.1 The Economic Stabilisation Fund

A new statutory instrument the €600bn Economic Stabilsation Fund (WSF) has been created. Modelled in part on the German Financial Market Stabilization Fund that was introduced during the financial crisis to save German financial institutions from bankruptcy, the focus of the WSF it provide extensive financial assistance to stabilize the economy and labour market.

> 'We are doing our utmost to stem this unprecedented crisis. The Fund gives us the financial capacity we need to protect the economy, jobs and large German

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[5] OECD (2020) SME Policy Responses, available at http://www.oecd.org/coronavirus/en/

[6] Guy Chazan and Sam Fleming (2020) Germany wields 'bazooka' in fight against coronavirus. https://www.ft.com/content/1b0f0324-6530-11ea-b3f3-fe4680ea68b5

[7] See https://home.kpmg/xx/en/home/insights/2020/04/germany-government-and-institution-measures-in-response-to-covid.html

companies. The Fund allows for large-scale assistance on top of the KfW's loan programme'. (Olaf Scholz, Finance Minister, 23/3/20).[8]

The Economic Stabilisation Fund will initially run until the end of 2021 and will be financed through the German Finance Agency raising additional funds on the capital market as and when needed. This €600bn fund comprises three financing strands;

- €400bn for debt instruments;
- €100bn for recapitalisation (equity investments); and
- €100bn for the KfW Special Programme.

Debt Instruments

The WSF has the capacity to provide state guarantees of up to €400bn for debt instruments and other liabilities of German companies (issued from the enactment of the WSF Act until 31/12/21) in order to eliminate liquidity constraints and support companies refinancing themselves on the capital market. All companies are eligible for this strand of support and the Fund is of sufficient size to enable large companies to obtain large-scale government guarantees. Under such guarantees, the state assumes a proportion of the risk liability for the loan with the aim of incentivising financial institutions to lend to viable but vulnerable enterprises. Issued guarantees can last no longer than 60 months and recipient companies must pay a guarantee fee in line with market conditions.

Recapitalisations (Equity Investment)

The WSF can also finance direct recapitalisation measures to ensure the solvency of strategically important large companies using a variety of equity style instruments including the acquisition of shares or dormant holdings; subscription to profit-sharing rights or subordinated bonds. In order to be eligible for funding under this strand of the WSF companies must meet at least two of the following criteria as of 1/01/20:

- a balance sheet > €43m;
- turnover > €50m; and
- more than 249 employees (on a yearly average).

This funding will also allow the state to acquire holdings in businesses to protect them from takeovers, if necessary.

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8 See https://www.bundesfinanzministerium.de/Content/EN/Pressemitteilungen/2020/2020-03-23-economic-stabilisation-fund.html;jsessionid=B9FCE7E442DD945A23EAFDD32EDC1FE2.delivery2-replication

The Inter-ministerial Economic Stabilization Fund Committee also has the discretion, to approve applications from companies, which do not meet the eligibility criteria if the company is active in a sector critical to infrastructure (information technology, telecommunications, cloud computing service providers, telematics, media with broad distribution, sector-specific software) or is of comparable importance for other security or economic reasons. Finally, €100bn has been allocated to refinance KfW in the implementation of the various loan schemes that it is administering (see 3.2).

3.2 KfW: The State Development Bank

KfW, the German state development bank, has played a pivotal role in financing economic activity within Germany for more than seventy years. Using an on-lending operational model, KfW provides *patient intelligent capital*—lower cost funding with favourable terms and conditions—to SMES and larger enterprises through partner financial institutions in particular the commercial banks, Sparkassen, Cooperative Banks and Credit Unions. In the context of the current crisis KfW's lending capacity has been enhanced by the provision of additional funding from the WSF and the increase in its capacity to issue state-backed credit guarantees. It is estimated that KfW has a minimum of approximately €550bn and potentially up to one trillion available to lend to German companies. Indeed one senior government minister has claimed that this just the start as there is no upper limit on the amount of loans KfW can issue.[9]

Through the expansion and adaption of existing credit schemes KfW now has four 'Covid-19' loans that are designed to increase the supply of liquidity to SMEs, larger enterprises, the self-employed and/or freelancers facing financial difficulties due to the pandemic (see table 1 for more details on each of these loan schemes).[10] These four loan schemes are:

i) The KfW Entrepreneur Loan (for companies on the market > 5 years).

ii) The ERP Start Up Loan (for companies on the market < 5 years).

iii) The Schnellkredit (companies with > ten employees).

iv) The KfW Special Programme 2020.

In accordance with the Government's overall policy emphasis on ensuring that the liquidity needs of enterprises, the self-employed and freelancers across the economy are sufficiently addressed, KfW have introduced a number of modifications to both its

9 See Guy Chazan and Sam Fleming (2020) Germany wields 'bazooka' in fight against coronavirus. https://www.ft.com/content/1b0f0324-6530-11ea-b3f3-fe4680ea68b5

10 https://www.kfw.de/KfW-Group/Newsroom/Latest-News/KfW-Corona-Hilfe-Unternehmen.html

Entrepreneur and ERP loan schemes to facilitate easier access to credit and to incentivise financial institutions to lend namely:

- Increasing the maximum amount of financial support available to firms under each of the programmes.
- Increasing the risk taken by government; up to 90 per cent (SMEs) & 80 per cent (larger companies).
- Extending these instruments to larger enterprises with turnover up to €2bn.[11]
- Introducing a lower rate of interest and making this available to all participating companies.[12]
- Streamlining and speeding of the decision making process for approving applications:
  - For loans up to €3m, KfW is waiving its own credit risk assessment, which will now be carried out by the lending institution only.
  - For loans between €3m and €10m, the KfW group will now conduct a more simplified credit risk assessment.

These improved terms, which makes it easier for the commercial banks and saving banks to grant loans, were made possible by the European Commission's Temporary Framework for state aid measures, which came into force on 19 March 2020.

KfW is also seeking to provide rapid support to cash-strapped companies, who are in financial difficulty soley due to the pandemic through an enhanced and comprehensive Quick Loan Programme (*KfW-Schnellkredit*). Under this scheme the government's risk assumption has been increased from the pre-existing 80 per cent for large companies and 90 per cent SMEs to 100 per cent for all enterprises. Furthermore, to in order to facilitate swift access to credit the usual additional risk assessments undertaken by KfW and the lending bank have been waived.[13]

Finally, KfW are now providing structured and tailored syndicate financing for investments and working capital for medium-sized enterprises and larger companies under the KfW Special Programme 2020. The risk assumption under this programme has been increased up to 80 per cent and the minimum credit volume per enterprise is €25m or equal to 50 per cent of total debt (interest-bearing liabilities).

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[11] The pre-existing turnover limit for eligibility was €500bn

[12] Previously interest rates were not only higher but also more variable as they were based on the risk assessment of the each individual company's creditworthiness.

[13] As indicated above KfW operates an on-lending model.

As the state's development bank, KfW has considerable experience in providing customised and tailored loan programmes to support economic activity and it has been afforded a central role in designing and administering extensive liquidity measures to support businesses, the self-employed and freelancers during the current crisis.

3.3 The Guarantee Banks

Every federal state (Länder) in Germany has a guarantee bank whose role is to provide guarantees to SMEs that apply for bank loans but whose lack of collateral could lead to credit restrictions.[14] The central role of these institutions is to enhance SME's capacity to access credit from banks. A number of emergency measures have been introduce that extends the framework conditions for default guarantees in particular:

- The maximum guarantee level has been doubled from €1.25m to €2.5m.
- The Federal Government's has taken a higher risk assumption with its counter-guarantee increasing by 10 per cent to 49 per cent.
- Finally, to accelerate the decision-making process the guarantee banks can now independently make approvals on loans of up to €250,000 within a three-day period.[15]

3.4 Venture Capital for Start-Ups

The Federal Government has announced a package of €2bn in additional venture capital funding for start-ups and small businesses.[16] This package will include the following measures:

- Additional funding will be provided immediately to existing public sector capital investors (funds & funds of funds) to co-invest with private investors in planned start-ups funding rounds.
- KfW Capital and the European Investment Fund are to receive additional funding to enable them to take over the stake of private investors who withdraw from these 'funds of funds' platforms.
- Support will be provided to small businesses and start-ups to make accessing venture capital and equity replacement financing easier.

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[14] See Anke Valentin (2014) The Impact of German Guarantee Banks on the Access to Finance for SMEs, PhD Thesis, see https://www.napier.ac.uk/~/media/worktribe/output-176079/valentin08019044phdpdf.pdf

[15] Specific conditions may vary by region.

[16] See https://www.pwc.de/de/startups/financial-support-during-the-covid-19-crisis.pdf

3.5 Grants for Small Enterprises and the Self-Employed

Under the aforementioned supplementary budget, €50bn of funding will be made available to provide bridging finance to small businesses, self-employed persons and freelancers whose economic survival would otherwise be at risk. As part of this initiative, €10bn has been allocated to an Immediate Assistance Programme, which will provide grants to micro-enterprises, the self-employed and members of the liberal professions who are facing economic difficulties.

- A one of payment of up to €9,000 towards three months operating costs for businesses with up to 5 employees (FTEs).
- A one of payment of up to €15,000 towards three months operating costs for businesses with up to 10 employees (FTEs).

3.6 Tax Measures[17]

The Federal Ministry of Finance has introduced a range of tax measures to assist businesses impacted by Covid-19 including;

- Companies may apply to their tax office for deferrals of income tax, corporation tax and VAT payments.
- A waiver of enforcement measures and late-payment penalties.
- Advanced payments of income tax, corporate income tax and trade tax may be reduced if taxpayers income is expected to be reduced.

3.7 Managing Cost Commitments

In recognition of the manner in which the sharp economic contraction has created liquidity constraints for many SMEs the Government has also introduced new regulations in relation to rents and loans that are designed to assist businesses by helping them manage key parts of their outstanding cost commitments:

- A Commercial tenant's lease cannot be terminated due to default in monthly rental payments for the three-month period April to June. Tenants are however expected to compensate for rent arrears by June 2022.
- For loan agreements entered into pre 15/03/20, claims for repayment, amortisation and interest are postponed for a three month period if the consumer has experienced a decline in income due to the pandemic.

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[17] See https://home.kpmg/xx/en/home/insights/2020/04/germany-government-and-institution-measures-in-response-to-covid.html

Furthermore, companies that are severely affected by COVID-19 are exempted from the obligation to file for insolvency until September 2020, unless the insolvency is not due to the effects of the pandemic or there no prospects of eliminating the inability to pay that has occurred.

3.8 Consultancy Services

SMEs and freelancers can now apply to the Federal Government for a grant (maximum €4,000) to cover the cost of accessing consultancy services that are designed to assist enterprises in developing new solutions to address their current economic and/or financial difficulties.

3.9 Support for Exporters

The German government is making available flexible, effective and comprehensive support in the form of export credit guarantees (known as Hermes covers) to support German and international supply chains. The government will guarantee compensation payments by credit insurers to the value of €30bn. These export credit guarantees will be complemented by a well-funded KfW programme for refinancing export business.

3.10 Regional Measures

This note has covered the main elements of the Federal Governments measures to protect businesses in the context of the pandemic-induced economic recession. It should be noted that individual Länder are also providing their own support measures for businesses in their respective regions, which add to and complement the federally funded initiatives.[18] This reflects the fact that German regional authorities have, in a European context, a comparatively high level of fiscal and political autonomy.

[18] See https://www.pwc.de/de/startups/financial-support-during-the-covid-19-crisis.pdf

4. Protecting Employees

The Federal Government has also sought to ensure that there is extensive protection for employees in terms of supporting the retention of employment and mitigating the impact on employee incomes during the current crisis.

4.1 Kurzabeit—Short Time Working Scheme

In seeking to mitigate the employment impact of the Covid-19-induced economic disruption the Federal Government have passed legislation to introduce a number of temporary-crisis related changes to the pre-existing short-time working arrangements scheme—Kurzabeit. Under the Kurzabeit, in situations where employees working hours are reduced, the employer pays a pro-rata salary based on hours worked, and the Federal Employment Agency provides a 'top-up' equal to 60 per cent (67 per cent for employees with children) of the missing flat-rate salary remuneration, provided the employees are retained by the company. As in the case of the Temporary Wage Subsidy Scheme (TWSS) in Ireland, the aim of the Kurzabeit scheme is to protect employment and productive capacity by incentivising employers to maintain the employment relationship rather than make individuals unemployed.

Significantly, the legislative changes introduced have widened the scope and scale of the employed protection afforded by this scheme. Before the change in law, at least one third of the employees had to be affected by the loss of 10 per cent of working hours in order to qualify for the relief of short-time work compensation. Now it is sufficient that only ten percent of a company's employees are affected by a loss of 10 per cent of their working hours for a company to apply for compensation. Secondly, temporary workers are now covered, whereas previously it only applied to permanent employees. Other regulatory changes introduced include:

- Employers who participate in the scheme can receive full reimbursement of social security contributions for lost working hours.
- Negative working time balances do not need to be offset to avoid short-time working.
- It is not necessary anymore to first use up paid holidays.

The maximum period of payment under this scheme is 12 months. The TWSS in Ireland is scheduled to last for 12 weeks thought it has been signalled that this likely to be extended. On April 22, the government announced that the subsidy payments would increase from 60 per cent to 70 per cent for childless workers and from 67 per cent to 77 per cent for workers with children from the fourth month of short-time work onwards if individuals have experienced a working time reduction of at least 50 per cent. In the seventh month, such payments are to be increased further to 80 per cent and 87 per cent respectively.

In the aftermath of the global financial crisis the numbers availing of the Kurzabeit soared from 50,000 to a record 1.4m by May 2009. Importantly the extensive use of the Kurzabeit is viewed as being key to the resilience of the German labour market in this period.[19] The retention of employees also ensured that German companies were ideally placed to take advantage of improvements in economic activity, due to the fact that they had retained their skilled staff and maintained their productive capacity.[20]

In introducing the changes to the Kurzabeit, the Government estimated that up to 2.5m workers could be covered by it and that the additional cost to the Federal Employment Agency in terms of wage subsidies and social security reimbursements could total €10bn. This agency which is funded by employer and employee contributions does however have reserves of €26bn. The unprecedented nature of the current economic downturn allied to the considerable uncertainty regarding future economic growth may actually result in higher numbers of employees being supported by this state scheme. Over the course of March and April there were approximately 751,000 new claims made under this scheme covering a record 10.1m workers.[21] In contrast, there were just 2000 claims made in February, prior to any restrictions on economic activity. Among the applicants are some of the largest private employers in Germany—Volvo, Puma, Daimler and Lufthansa. For example, Lufthansa's application covered approximately 31,000 employees (cabin crew and ground staff). It is very likely that the actual numbers covered will be lower as companies often make an application as a precaution and then withdraw it. For example, in 2009, there were applications in respect of 3.3m workers but the actual figures that were compensated was lower at 1.4m, though this was still a record high. Despite the significant numbers of staff redeployed to deal with the massive increase in applications the Federal Employment Agency have warned that there will be considerable delays in processing applications and making payments.[22]

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19 https://www.ft.com/content/927794b2-6b70-11ea-89df-41bea055720b

20 Ibid.,

21 https://www.dw.com/en/germany-record-number-of-workers-on-reduced-hours/a-53289958

22 See https://home.kpmg/xx/en/home/insights/2020/04/germany-government-and-institution-measures-in-response-to-covid.htmll

4.2 Basic Income for the Self-Employed

A number of measures, including no means testing (asset checks) and the easing of income assessments for six months have been introduced to facilitate easier and quicker access to basic income support for self-employed individuals and small-scale entrepreneurs who have lost their income due to the public health crisis. The self-employed also have a right to an income replacement from the health authority if there is a certified suspicion of infection due to COVID-19.

4.3 Income support for working parents

New legislation has been introduced to provide state compensation, under certain circumstances, to working parents who are unable to fulfil their working duties due to the enforced closure of kindergarten, day-care centres and/or schools. This compensation will equate to 67 per cent of the loss of earnings incurred, up to a maximum of €2,016 per annum, and will last for a maximum of six weeks.

4.4 Illness Benefit

In the case of an illness or justified suspicion of an illness which falls within the scope of the application of the Law on Prevention and Control of Infectious Disease the employer will pay the employee their regular salary for up to six weeks. However, unlike standard sickness benefit the competent public authority will reimburse the employer in these instances. From the seventh week the sickness insurance fund pays the wage.

4.5 Managing Cost Commitments

Housing Supports:

Employees who have suffered an income shock and who are renters can avail of new protections as from the 1/4/20 missed rent payments cannot lead to evictions and rent payments for such tenants are postponed for a three-month period. As is the case of commercial renters, rent arrears are to be paid back fully by June 2022. Individuals who cannot finance the costs of necessary utilities in their houses can postpone payments without being charged late payment fees or forced into judicial debt collection.

Debt Moratorium

The agreement on debt moratorium for loan agreements (see section 3.7) also applies to individuals as well as enterprises in situations where the individual has suffered a decline in income due to the Covid-19 pandemic

5. Conclusion: Key Lessons and Learning

In Germany the outbreak of the COVID-19 pandemic and the comprehensive emergency measures introduced to suppress its transmission, has given rise to a severe and sharp economic shock. This is highlighted by the rise in unemployment, the record numbers of employees registering for the Kurzabeit—the wage subsidy scheme and the significant numbers of businesses expecting negative impacts and a decline in turnover.

In response, the Federal Government has put in a place a comprehensive and integrated package of budgetary and fiscal measures that have been described as being unprecedented in post-war times in terms of their scale and scope. The overall aim of this major economic stimulus package is to provide a protective shield for employees and enterprises. This approach mirrors the strategy adopted in Ireland where there has been a similar focus on limiting business failures, retaining employment and mitigating the impact on household incomes.

The design and implementation of this package relies very much on the existing institutional and policy architecture for example the key role played by the state development bank KfW, the use of state-backed credit guarantees and the Kurzabeit scheme etc.,. However, there has also been a clear emphasis on the need to adapt, expand and enhance the existing suite of policy instruments given the unique circumstances created by the pandemic.

The record numbers registering for the Kurzabeit scheme signifies the Governments clear willingness to intervene extensively in order to stabilize the labour market, protect employment and maintain productive capacity. The government has also introduced changes that have widened access to the protection afforded by this particular policy instrument. As noted earlier during the last recession the Kurzabeit is credited with playing a key role in stabilizing the labour market and ensuring that German companies were better positioned to take advantage of improving economic circumstances.

The Government's response to protecting enterprises is focused primarily on the use of a range of financial instruments for example low cost loans and state-backed credit guarantees to address the liquidity challenges facing the self-employed, SMEs and larger enterprises. Significantly, the Government has pledged that unlimited resources will be made available to support enterprises in dealing with the challenges posed by Covid-19. KfW, the state development bank, is central to this strategy, as it not only has recourse to significant financial resources but also a wealth of institutional experience and knowledge in meeting the financing needs of German enterprises. Importantly in seeking to facilitate easier access to credit the government has introduced a range of changes and enhancements to the pre-existing schemes that are designed to incentivise the banks to lend and encourage companies and entrepreneurs to avail of more credit, namely:

- Substantially increasing the amount of public funding available under programmes.
- Extending coverage in terms of the size and types of enterprises supported.
- Increasing the level of default risk taken by government.
- Increasing the amounts that individual enterprises can borrow.
- Enhancing the terms and conditions of loans.
- Streamlining and simplifying the approvals process.

Within the WSF there is strand of funding that is focused on addressing the solvency needs of large strategic companies through equity investment. Additional resources are also to be allocated to support equity investment in start-ups. There is at this stage no comparative equity schemes for the broader SME sector where the focus remains on facilitating access to credit.

In seeking to address the sharp contraction in income experienced by many micro-enterprises and the self-employed, the Government has however introduced a new compensation scheme that will provide one off grants to cover operating costs.

The establishment of the Economic Stabilisation Fund and the passing of an Emergency budget are the central elements of the Federal Government's policy framework for managing the crisis. Within this overarching framework, the individual policies adopted continue to evolve as the system seeks to respond to a rapidly changing economic and public health situation. This is evident for example in the introduction in early April of the enhanced Schnellkredit programme to provide rapid access to credit for businesses.

This brief overview of the German government's response to the economic challenges posed by the pandemic highlights the importance of developing an integrated and comprehensive approach that is designed to protect both employees and enterprises. Although other countries, including Ireland, will not have recourse to the same level of financial resources that Germany has, this should not prevent them from being equally ambitious in terms of doing whatever is necessary to save businesses, maintain employment and provide a stronger foundation for economic recovery. This will in part require reconfiguring and repurposing the existing institutional and policy architecture towards meeting the unique challenges posed by the virus. It will also need an empowered and interventionist state with the capacity to engage in ongoing policy innovation, monitoring and (re)design in response to new data, information feedback and changing circumstances. Most importantly developing and implementing an ambitious plan to manage the economic consequences of the crisis will necessitate a sustained collective effort that is capable of harnessing and mobilising the full range of public and private institutional resources in the pursuit of an agreed set of strategic policy goals.

KfW Covid-19 Aid: Loans for Companies

KfW Entrepreneur Loan	The ERP Start Up Loan	The Schnellkredit	KfW Special Programme 2020
For companies on the market > 5yrs 80% of the risk is assumed for large companies and up to 90% for SMEs Working capital loans of up to €1bn per company: Maximum Loan amount limited to: 25% of 2019 turnover or Double 2019 wage costs or Financing requirements for next 18 months (SMEs); 12 months for large companies 50% of total debt for loans >€25m Max term of credit ten years for loans >€800k and 6 years loans <$800K Grace period of up two years	For companies operating for less than 5 years. Companies must have been active for at least three years or have two annual financial statements Loan available for working capital and investments 80% of the risk is assumed for large companies and up to 90% for SMEs Capital loans of up to €1bn per company: Maximum Loan amount limited to: 25% of 2019 turnover or Double 2019 wage costs or Financing requirements for next 18 months (SMEs); 12 months for large companies 50% of total debt for loans >€25m	Available to medium size enterprises (11-249 employees) that are operational since 01/01/19 and can demonstrate Profits for 2019 Profits on average over three years The credit volume per company is up to 3 months turnover with a max of €800k for companies with 50 or more employees and a max of €500k for less than 50 employees The company is not allowed to have experienced financial difficulty pre 31/12/19; KfW assumes 100% of the risk Interest rate of 3% and loan term of up to ten years The credit approval process does not involve additional risk assessment by either the lending bank or KfW; No provision of collateral necessary	Structured and tailored syndicate financing for investments and working capital for medium-sized enterprises and larger companies. KfW assumes up to 80% of the risk, but no more than 50% of the total debt. The KfW risk share amounts to at least €25m and is limited to 25% of the annual turnover in 2019 or double the wage costs in 2019 or The current financing requirements for the next 12 months. Credit terms 5 to 6 years: Interest rates 2 to 2.12 % Dividends and profit distribution not permitted during term of the loan

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