



Supranational Financial Schemes From around the Globe

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Many national governments are implementing plans to facilitate loans for SMEs within their jurisdictions, in dealing with this current crisis. For example, the European Investment Bank together with the national banks throughout Europe are cooperating in devising fiscal solutions to help ease the financial fallout for SMEs. Such financial supports will provide crucial assistance for most SMEs in helping to sustain cash flow and survive in the short term. Here a global overview for:

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International/Global

1. The International Monetary Fund (IMF)

The IMF approved immediate debt service relief to 25 of the IMF's member countries under the IMF's revamped Catastrophe Containment and Relief Trust (CCRT) Grants for debt relief. CCRT allows the IMF to provide grants for debt relief to the poorest and most vulnerable countries with outstanding obligations to the IMF to help address disasters, including public health disasters. [Source](#)

Furthermore, the IMF established the short-term Liquidity Line (SLL) to further strengthen the global financial safety net as part of the Fund's COVID-19 response. The SLL will strengthen further a country's liquidity buffers and thus help in managing liquidity pressures. [Source](#)

Other tools available to IMF:

- Emergency financing. The Rapid Credit Facility (RCF) and Rapid Financing Instrument (RFI) provide emergency financial assistance to member countries without the need to have a full-fledged program in place. These loans—which could amount up to \$50 billion for low-income and emerging markets—can be disbursed very quickly to assist member countries implement policies to address emergencies such as the coronavirus. Emergency lending to low-income countries available under the RCF is about \$10 billion, and for emerging markets under the RFI it could amount to about \$40 billion.
- Augmenting existing lending programs. The IMF can modify as needed existing programs in support of countries to accommodate urgent new needs arising from the coronavirus.
- New financing arrangement. The IMF can also provide support through a new financing arrangement under its existing facilities such as Stand-By Arrangements, although some of the tools listed above would generally be preferable, including because they can be disbursed quickly to address the urgent financial need.

2. World Bank Group

The World Bank Group is prepared to deploy up to \$160 billion over the next 15 months to support COVID-19 measures that will help countries respond to immediate health consequences of the

pandemic and bolster economic recovery. The broader economic program will aim to shorten the time to recovery, create conditions for growth, support small and medium enterprises, and help protect the poor and vulnerable. [Source](#)

3. The Global Fund

The Global Fund is making funding and flexibilities available to support countries as they – while responding to the COVID-19 pandemic – continue to deliver impact through existing Global Fund grants. [Source](#)

Africa

1. EU Commission Global response to the coronavirus pandemic

From the overall global coronavirus package of €15.6 billion, €3.25 billion are channelled to Africa, including €2.06 billion for sub-Saharan Africa and €1.19 billion for the Northern African neighbourhood countries. Another €1.42 billion in guarantees for Africa and the neighbourhood are available through the European Fund for Sustainable Development (EFSD) to help small businesses with liquidity and working capital and enable more people to get the medical care. [Source](#)

2. United Bank for Africa Plc (UBA)

The United Bank for Africa Plc (UBA) donated U\$D14 million through the UBA Foundation, to catalyse a comprehensive pan-African response. The donation will provide significant support to Nigeria and 19 other African countries, by supplying relief materials, critical care facilities, and financial support to governments. [Source](#)

3. African Development Bank (AfDB): the COVID-19 Response Facility

The African Development Bank (AfDB) announced the creation of the COVID-19 Response Facility to assist regional member countries in fighting the pandemic, with a total of \$10 billion made available. The Facility entails \$5.5 billion for sovereign operations in African Development Bank countries, and \$3.1 billion for sovereign and regional operations for countries under the African Development Fund. An additional \$1.35 billion will be devoted to private sector operations. [Source](#)

The African Development Bank (AAA) has also raised \$3 billion in a three-year “Fight Covid-19” Social bond, to help alleviate the economic and social impact the Covid-19 pandemic. [Source](#)

4. African Central Banks

Central banks from countries like South Africa, Nigeria, Angola, Kenya and Ghana are teaming up to provide new monetary policies. [Source](#)

Asia

1. Asian Development Bank (ADB)

The Asian Development Bank put forward \$20 billion for its response to the pandemic and approved measures to streamline its operations for quicker and more flexible delivery of assistance. Some \$2 billion from the \$20 billion package will be made available for the private sector. Loans and guarantees will be provided to financial institutions to rejuvenate trade and supply chains. Enhanced microfinance loan and guarantee support and a facility to help liquidity-starved small and medium-sized enterprises. [Source](#)

2. Asian Infrastructure Investment Bank (AIIB)

The Asian Infrastructure Investment Bank is proposing a new Crisis Recovery Facility which will offer an initial \$5 billion of financing to both public and private sector entities facing serious adverse impacts as a result of the pandemic. The facility will offer dedicated financing for the next 18 months for qualifying projects within its membership. [Source](#)

3. EU Commission – Global Covid-19 Action

Resources will be reoriented to assist countries in Asia and the Pacific (€1.22 billion) to address the crisis and its impact, targeting specifically the action on most vulnerable countries and population groups. [Source](#)

Europe / EU

1. Coronavirus Response Investment Initiative Plus

It provides additional flexibility on the use of EU structural funds. Member States will be able to transfer money between different EU structural funds (e.g. Investment for Growth and Jobs, ERDF, ESF, Cohesion Fund) to meet their particular requirements. For instance, budget earmarked for an infrastructure project could be used to support SMEs or invest in short-term employment schemes. [Source](#)

For the agricultural sector, loans or guarantees of up to €200,000 at favourable conditions will be available to farmers and other rural development beneficiaries under the EU Agricultural Fund for Rural Development (EAFRD). [Source](#)

Furthermore, the European Maritime and Fisheries Fund (EMFF) will be amended to enable a more flexible reallocation of financial resources within the operational programmes in each Member State. The amendments will provide support for temporary cessation of fishing and aquaculture activities. [Source](#)

2. EU Commission Temporary Support to mitigate Unemployment Risks in an Emergency (SURE)

The EU Commission put forward SURE, a new initiative aimed at providing financial assistance of up to €100 billion in total to Member States in the form of loans to cover the costs of national short-time work schemes, support to the self-employed. Member States will deploy these resources at national level in support to existing plans, in order to complement national spending allowing firms to temporarily reduce the hours of employees or suspend work altogether, with income support provided by the State for the hours not worked. Still to be approved by EU Council and Parliament, SURE looks also to support national schemes providing self-employed income replacement. [Source](#)

3. Commission Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak

The EU Commission adopted a temporary framework setting out, inter alia, the possibilities Member States have under Union rules to ensure liquidity and access to finance for undertakings, especially SMEs. Member States can provide aid to companies in the form of direct grants, tax and payment advantages or other forms such as repayable advances, guarantees, loans and equity provided that the total nominal value of such measures remains below the overall cap of EUR 800 000 gross per undertaking (the threshold is reduced to €120 000 for the fishery and aquaculture sector, and € 100 000 for the agricultural sector). The deadline for Member States to grant such aid is 31 December 2020 but the Commission will assess a possible extension.

The framework also includes aid in the form of guarantees on loans and subsidised interests for loans for both SMEs and larger companies, in the form of deferrals of tax and/or of social security contributions, and investment in Corona-relevant R&D. [Source](#)

Some examples of Member States' state aid schemes approved by the Commission:

- **France:** Direct grants to companies with a maximum of 10 employees and having a yearly turnover not exceeding €1 million.
- **Germany:** Support for companies with direct grants, repayable advances, tax or payment advantages as well as with aid in the form of loans, guarantees and equity (Bundesregelung Kleinbeihilfen 2020 & Bundesregelung Darlehen 2020).
- **Ireland:** €200 million scheme, in line with EU State aid rules, to provide financial support to Irish companies affected by the coronavirus outbreak. The fund will be administered by Enterprise Ireland and will enable access for necessary liquidity and funding to sustain businesses in the short to medium term.
- **Italy:** Financial support granted by the State-owned "Guarantee Fund for SMEs", through financial institutions, in the form of (1) state guarantees on investment and working capital loans, and (2) direct grants in the form of waiving of the applicable fee on the guarantees awarded. The scheme also applies to self-employed workers.

An ongoing consultation with Member States is seeking to extend the scope of the framework by enabling Member States to provide recapitalisations to companies in need, in the form of equity or hybrid capital instruments.

4. EU Commission and EU Investment Fund (EIF): €8 billion in finance for 100,000 SMEs

The EU Commission has unlocked €1 billion from the European Fund for Strategic Investments (EFSI), under the COSME Loan Guarantee Facility and the InnovFin SME Guarantee under Horizon 2020, to support the EIF in issuing special guarantees to incentivise banks and other lenders to provide liquidity to European SMEs and small mid-cap companies. SMEs will be able to apply directly to their local banks and lenders participating in the scheme. [Source](#)

5. European Investment Bank

A €25 billion pan-European guarantee fund to support companies (with a focus on SMEs) will be funded by EU Member States pro rata to their shareholding in the EIB and/or other institutions. In this way the EIB Group will be able to provide support to local banks and other financial intermediaries. The EIB estimates that up to €200 billion will become available for SMEs through financial intermediaries in all the EU countries. [Source](#)

Furthermore, the EIB has launched a lending programme enabling direct lending for private sector investments ranging from €15 million to €200 million, with the EIB loan amount ranging from €7.5 million to €50 million. Investments will focus on agricultural and bioeconomy projects targeting environmental protection and natural resource efficiency, renewable energy, innovation, competitiveness, and energy efficiency. [Source](#)

6. European Scale-up Action for Risk capital (ESCALAR)

ESCALAR is a new investment programme jointly launched by the EU Commission and the EU Investment Fund (EIF). In its pilot phase, ESCALAR will provide up to €300 million backed by the European Fund for Strategic Investments (EFSI), aiming to increase the investment capacity of venture capital and private equity funds and thus to expand access to finance for SMEs and promising companies to scale up at EU level. [Source](#)

Latin America

1. Interamerican Development Bank

The Inter-American Development Bank (IDB) makes available more than US\$7 million in non-reimbursable resources under the 2020 Call for Proposals of the Regional Public Goods (RPG) Initiative to finance proposals for regional cooperation and policy coordination in the framework of Latin America and Caribbean countries' response to the pandemic. [Source](#)

Furthermore, the IDB made available a total of \$12 billion to Latin America and Caribbean countries for the purpose of responding to the health crisis and its consequences. IDB Invest, the private sector

institution of the IDB Group, will contribute up to \$5 billion to support these efforts, including assistance to SMEs with financing programs and short-term liquidity guarantees, foreign-trade financing and guarantees, loan restructuring, and support for strategic supply chains. [Source](#)

2. Banco Centroamericano de Integración Económica

The Central American Bank for Economic Integration (BCIE) approved the \$1.96 billion Emergency Support and Preparedness Program to mitigate the impact of the coronavirus pandemic in the region. Another of the program's actions is to provide support to the financial sector, with an amount of up to \$350 million to finance structured operations in eligible countries that contribute to the reactivation of the economy through the use of different financial products. The main focus will be to support the sector of micro, small and medium enterprises (MSMEs) to strengthen "the business in the region. [Source](#)

3. Corporación Andina de Fomento (CAF)

CAF has made USD 2.5 billion available for Latin American Countries which will allow authorities to offer a rapid and timely response to mitigate the effects of COVID-19's expansion and contribute to the continuity of business operations and the recovery of economic growth. [Source](#)

4. Latin American Investment Facilities (LAIF)

The Latin America Investment Facility is one of the European Union's regional blending facilities, aiming to mobilize funding for development projects by combining EU grants with financial resources from European and regional financial institutions, governments and the private sector. The purpose of LAIF is to help Latin American countries finance projects in key sectors that are essential for the achievement of the Sustainable Development Goals, such as energy, environment, water, transport, social services, and support to SMEs. [Source](#)

5. EU Commission – Global Covid-19 Action

To address the coronavirus crisis and its impact, €918 million in resources will be redirected for Latin America and the Caribbean targeting specifically the action on most vulnerable countries and population groups. [Source](#)