

**UNECE**

# **Guidelines and Best Practices for Micro-, Small and Medium Enterprises in Delivering Energy-efficient Products and in Providing Renewable Energy Equipment in the post-COVID-19 Recovery Phase**



UNECE Energy Series



**UNITED NATIONS**



UNITED NATIONS ECONOMIC COMMISSION FOR EUROPE

**GUIDELINES AND BEST PRACTICES  
FOR MICRO-, SMALL AND MEDIUM ENTERPRISES  
IN DELIVERING ENERGY-EFFICIENT PRODUCTS AND  
IN PROVIDING RENEWABLE ENERGY EQUIPMENT**

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## FOREWORD

The COVID-19 pandemic has led governments to shut businesses, impose quarantines, and restrict mobility and social contact to contain the spread of the coronavirus. These necessary actions have brought economies of the world to a standstill. Businesses are suffering a loss of revenues, and financial commitments to suppliers, employees, lenders and investors are depleting their financial reserves. Reduced earnings expectations have weakened the outlooks for interest coverage and profitability.

Micro-, small and medium enterprises represent over 90 per cent of companies in the United Nations Economic Commission for Europe region and they generate over half of the region's collective gross domestic product. These enterprises are among the worst hit financially and economic recovery depends on their resilience. Those companies that survive will be a driving force for post-COVID-19 recovery and building back better. Enterprises that deliver energy-efficient products and services and provide renewable energy equipment will be essential for a pivot to sustainability.

This publication assesses the business environment that MSME in clean energy face as a result of the pandemic. It presents examples of best practices related to crisis response and post-crisis recovery and offers practical measures to help businesses access markets, financing, and advanced technologies. The publication provides recommendations for policy guidelines to help countries move beyond the COVID-19 pandemic.



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## ACRONYMS AND ABBREVIATIONS

CIS	-	Commonwealth of Independent States
EC	-	European Commission
EIB	-	European Investment Bank
EU	-	European Union
FiT	-	feed-in tariff
GHG	-	greenhouse gas
H2020	-	Horizon 2020 programme
IT	-	information technologies
MSME	-	micro-, small and medium enterprises
R&D	-	research and development
UNECE	-	United Nations Economic Commission for Europe
USD	-	US Dollar
EUR	-	Euro
ALL	-	Albanian Lek
AZN	-	Azerbaijani Manat
AMD	-	Armenian Dram
CHF	-	Swiss Franc
CZK	-	Czech Koruna
DKK	-	Danish Krone
GEL	-	Georgian Lari
KZT	-	Kazakhstani Tenge
MKD	-	Macedonian Denar
PLN	-	Polish Zloty
RON	-	Romanian Leu
TRY	-	Turkish Lira

## EXECUTIVE SUMMARY

Micro-, small and medium enterprises (MSME) are prominent in sectors affected by the COVID-19 pandemic – transport, manufacturing, construction, wholesale and retail trade, air transport, accommodation and food services, real estate, professional services, and other personal services. MSME in the energy efficiency and renewable energy sectors were implementing innovative, circular, green and sustainable initiatives before the onset of the COVID-19 pandemic, so they are well-placed to contribute to the post-COVID-19 recovery. However, on both the supply and demand sides MSME have been severely affected by the pandemic:

- On the supply side, companies experienced a reduction in the supply of labour because workers fell ill or have had to look after their family. They also suffered interruptions from a shortage of parts and intermediate goods. Measures to contain the disease through lockdowns and social distancing reduced capacity utilization.
- On the demand side, a dramatic and sudden loss of demand and revenues affected ability of MSME to function, and led to severe liquidity shortages. Furthermore, uncertainty of the economy and fear of contagion reduced consumption demand.

The effect on MSME is especially severe due to higher levels of vulnerability and lower resilience. Due to low level of digitalization and difficulties in accessing and adopting new technologies, the costs of prevention and change in work processes may be relatively higher for MSME given their smaller size. Additionally, MSME may find it hard to obtain information on COVID-19 prevention, possible business strategies to mitigate the effects, and available government support programmes.

Highly uncertain future of the economy may further reduce corporate investment and consumption demand. Significant number of corporate defaults would undermine balance sheets of banks and institutional investors. To avert or at least reduce this risk, governments adopted numerous emergency measures such as direct and indirect financing of the wage bill (including by extending the coverage and increasing the unemployment benefit replacement rate, short-term work schemes and temporary unemployment benefits), tax deferrals, debt moratoria, and extension of state loan guarantees.

Following are the key findings of the analysis conducted in this report:

1. Availability of various funding programmes, which have been used to financially stabilize existing MSME and start-ups. These funding programmes are helpful in giving financial security to MSME working in renewable energy and energy efficiency sectors in such uncertain times. There should be more such initiatives by funding agencies to support vulnerable MSME who have lost a source of financing their businesses during the pandemic;
2. Many MSME have adjusted already to the remote working conditions and social distancing. Thus, it is evident that to survive the pandemic, it is imperative to follow the social distancing norms while working. Working from home is an option that can be explored more by MSME;
3. Delaying the non-essential and non-priority projects to some future date is also a way in which the crisis could be mitigated. As the global focus is fighting the virus and searching for technologies which help in this fight, it is obvious that some of funding sources might be temporarily unavailable for projects which are not relevant to this end. Thus, MSME could delay projects that do not jeopardize their immediate survival. The funds, which are currently available in MSME, could be used to develop and implement only projects that have a direct and immediate effect on the sustenance of the company;
4. Virtual (online) activities for MSME have become more important than ever. By remaining active on social media and through websites, MSME can tap into the investors and customers even amid the distancing norms;
5. Companies could provide, at a nominal fee, trainings and knowledge-exchange sessions to students and professionals globally during the pandemic, with the primary aim to disseminate knowledge on sustainable energy. This is also a way for MSME to maintain their relevance;
6. Some MSME have repackaged their products and re-branded themselves as a health-tech start-up amid the pandemic. This is one of the options for companies to secure funds for their operations. It is also possible for companies, instead of full rebranding, to offer products aimed at fighting the pandemic in addition to their regular products.



## INTRODUCTION

United Nations Economic Commission for Europe (UNECE) is one of the partners implementing a United Nations Development Account (UNDA) project “Global Initiative towards post-COVID-19 resurgence of the MSME sector”. The overall goal of the project is to strengthen the capacity and resilience of micro-, small and medium enterprises (MSME) in developing countries and economies in transition to mitigate the economic and social impact of the global COVID-19 crisis.<sup>1</sup> As part of its task under the project, UNECE developed a report “Guidelines and best practices for MSME in delivering energy-efficient products and in providing renewable energy equipment after the COVID-19 crisis”.<sup>2</sup>

In the absence of a robust government policy response and financial incentives the liquidity crisis may turn into a global corporate solvency crisis: the pandemic affects a large number of industries simultaneously throughout the supply chains, even if COVID-19-related restrictions do not apply to them directly. With significant drop in revenue and cash flow, companies may decide on voluntary closure often followed by bankruptcy. Human and organizational capital may vanish altogether. Global value chains would be disrupted if highly integrated firms are forced to exit the market. This could lead to serious long-term negative effects on economies worldwide by dragging down employment, productivity, growth, and well-being.

The role of MSME in delivering energy-efficient products and in providing renewable energy equipment can become crucial in the post-COVID-19 recovery phase if they are provided with necessary incentives. This can be one of the ways to restart MSME or even to create new ones when job opportunities are scarce. MSME can benefit from clear guidelines on access to financing, access to markets, access to advanced technologies, and a favorable environment created by proper government policies and legislation. They can also benefit from concrete examples of successful implementation of relevant measures, including repurposing that led to significant economic gains. In return, MSME can become engines for post-crisis economic recovery, creating job opportunities and leading socially responsible and environmentally sound economic development thus helping achievement of numerous sustainable development goals.

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<sup>1</sup> There is no particular definition of MSME as it can depend on many factors, such as business culture, country’s population, industry, and level of international economic integration. In this publication, the definition of MSME by the European Commission, which takes account of the number of employees and the annual turnover or balance sheet, is taken as a reference, specifically:

- Micro-enterprise: less than 10 employees and an annual turnover or balance sheet below EUR 2 million;
- Small enterprise: less than 50 employees and an annual turnover or balance sheet below EUR 10 million;
- Medium-sized enterprise: less than 250 employees and annual turnover below EUR 50 million or balance sheet below EUR 43 million.

<sup>2</sup> See: [http://www.unece.org/fileadmin/DAM/energy/se/pdfs/geee/geee7\\_Sept2020/GEEE-7.2020.INF.4-E.pdf](http://www.unece.org/fileadmin/DAM/energy/se/pdfs/geee/geee7_Sept2020/GEEE-7.2020.INF.4-E.pdf)

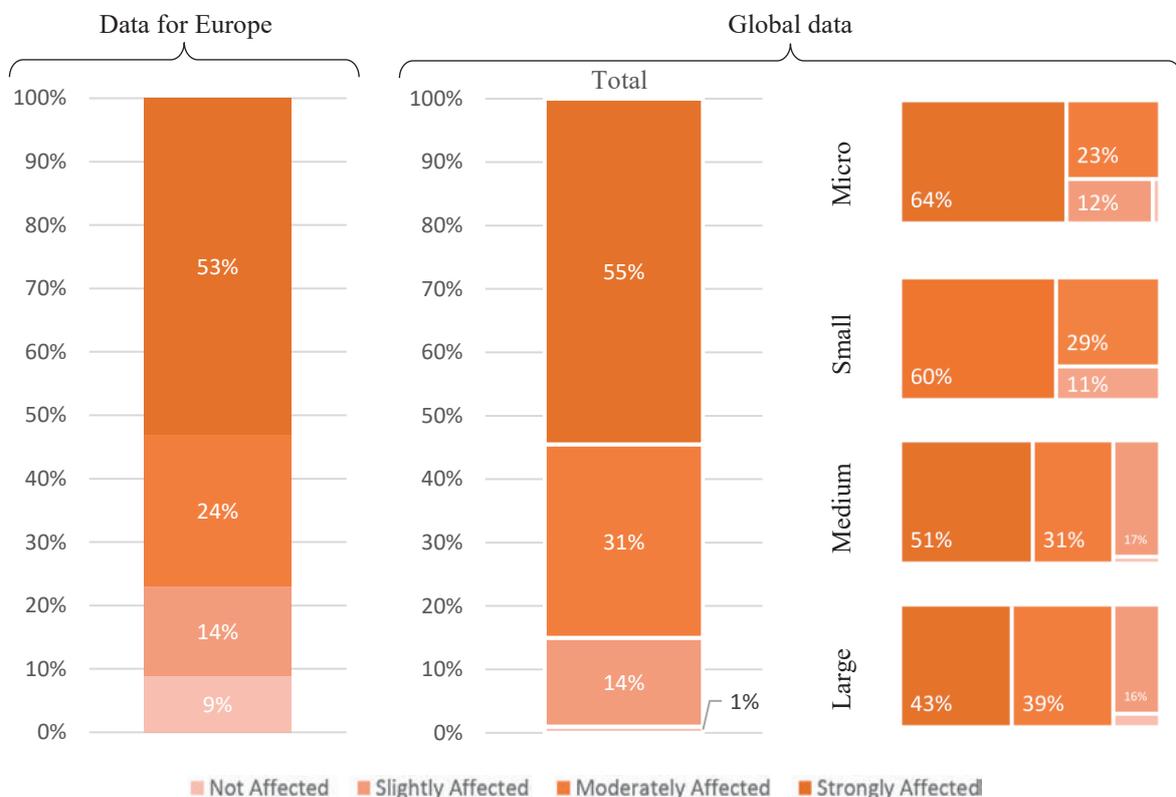
# 1 ANALYSIS OF THE ENVIRONMENT THE CLEAN ENERGY MSME FACE AS A RESULT OF THE COVID-19 CRISIS

The rising cost of energy can be detrimental to the financial health of MSME during the post-COVID-19 recovery phase, and potentially requires subsidizing from national and local governments. Moreover, it becomes increasingly important that meeting the growing energy demand requires investments in energy efficiency – to avoid increased capacity addition and mounting infrastructure costs.

## 1.1 General impact of COVID-19 on MSME

It is argued that MSME travel through 4 phases as a result of the COVID-19 impact, namely: (1) shutdown impacts; (2) supply chain disruptions; (3) demand depression; (4) recovery. The survey (ITC, 2020) of various companies and the impact that they have faced due to the COVID-19 crisis sheds light on the matter. The impact of the COVID-19 pandemic on MSME and large enterprises in Europe and globally is shown in Fig.1. The data on businesses in Europe (left)<sup>3</sup>, as well as globally (right), provides a clear picture on how badly the businesses were impacted by the lockdown situation.

**Figure 1: Impact of the pandemic on MSME and large enterprises in Europe and globally**



Note: the following definitions of MSME are used in the survey (ITC, 2020): micro enterprise – up to 4 employees; small enterprise – 5-19 employees; medium enterprise – 20-99 employees; large enterprise – more than 100 employees.

## 1.2 The COVID-19 crisis and its impact on the MSME working environment

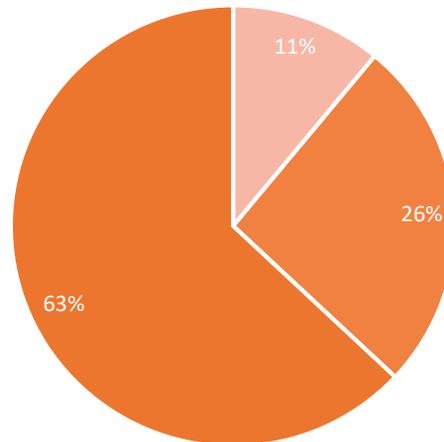
The COVID-19 crisis had an extraordinary impact on MSME worldwide. However, the impact is felt especially hard in economies which reeled under the lockdown for months. The supply chains were adversely impacted, and the market access was either limited or in some cases lacking because of the measures taken up by governments to prevent spread of the virus. Consumers changed their market behavior, and many industries experienced massive market slumps as a result.

<sup>3</sup> The data is collected from the survey in Europe and contains information on all the enterprise sizes taking part in the survey. However, the major portion of the enterprises is formed by the MSME sector.

Fig. 2 shows effect of the pandemic on financial situation of MSME, where 63% of the surveyed MSME reported that with normal business disrupted they had funds that would last only for few weeks.

**Figure 2: Availability of funds with MSME**

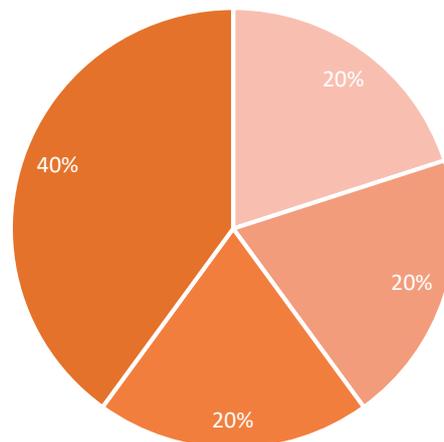
■ Funds for one year   ■ Funds for more than two months   ■ Funds for only few weeks



More than half of the surveyed MSME experienced over 30% loss in their sales, which was largely due to the lockdowns preventing MSME from conducting business. The percentage of downturn in sales for MSME and self-employed is shown in Fig. 3.

**Figure 3: Percentage loss in sales for MSME and self-employed**

■ 80-100% loss in sales   ■ 50-79% loss in sales   ■ 30-49% loss in sales   ■ 0-29% loss in sales



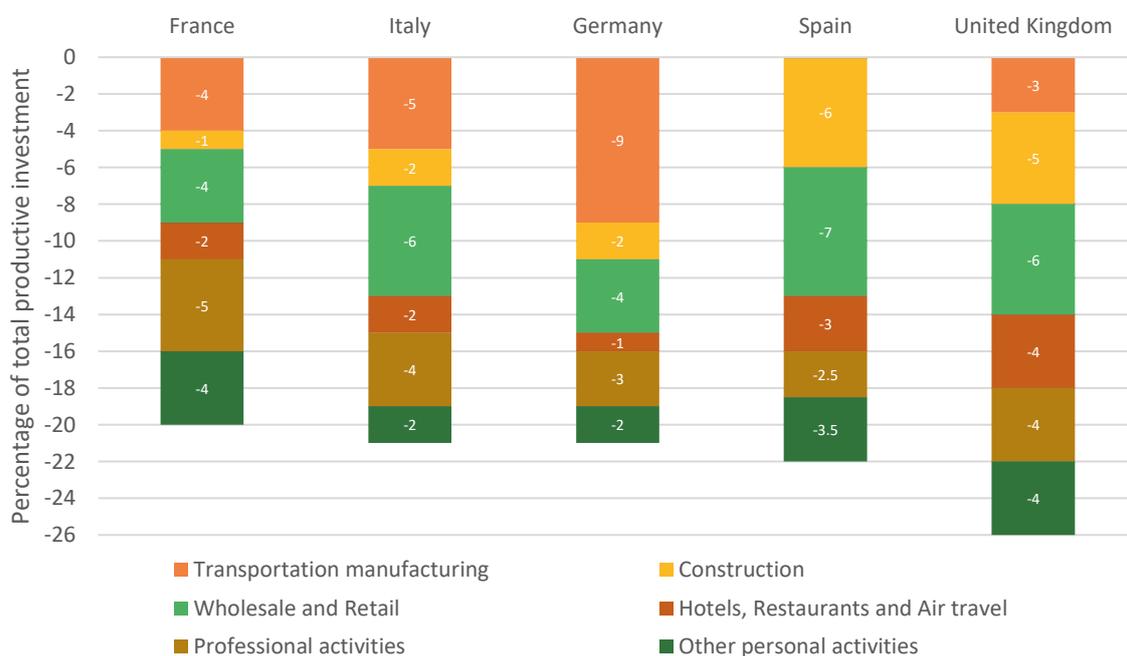
The manufacturing sector, which is more integrated in supply chains than the service sector, faced a decline of around 30%, whereas manufacturers of building materials, metals and electrical equipment were among the most affected by supply linkages. Service industries were also hit hard, with the strongest impact on travel, tourism, food services, arts and recreation and retail trade. It is argued that around 20-30% of companies shut down temporarily during the pandemic. Productive investment could potentially fall by around the same level in the selected economies if it were to decline proportionately with output in sectors in which full or partial shutdowns took place. Share of the pandemic-related business shutdowns by sector in the selected member States is shown in Fig. 4.

**Figure 4: Share of pandemic-related business shutdowns in the selected States, by sector**



Benchmark estimates of the potential impact of shutdowns on productive investment in the selected economies is shown in Fig. 5.

**Figure 5: Potential impact of pandemic on investments in different sectors**



Information on consumer spending during lockdowns is relatively limited, yet a sharp decline of consumer spending indicators is seen in several countries: in France, the estimate for reduction of private consumption during the shutdown was about a third (INSEE, 2020); in Ireland, the Central Bank estimated that consumption could drop by 28% during a full month of shutdown (OECD (a), 2020). The following industries with respective COVID-19 impact on them are often referenced:

- Agriculture. The impact is generally estimated to be relatively mild, although constraints such as transport and availability of seasonal workers may affect the output.

- Manufacturing. This is one of the most severely affected sectors. In the United Kingdom, a 55% decline in activity is assumed in view of the pandemic (OBR, 2020); for France, it is estimated at about 40% (INSEE, 2020); a milder decline of 15% is estimated in manufacturing output for Germany (ifo Institute, 2020); in Italy, the estimates suggest a decline over 50% in the industrial sector (Bank of Italy, 2020); in Estonia, a decline of 25% is estimated (Bank of Estonia, 2020). For Europe as a whole, a 40% loss in manufacturing activity is estimated (Battistini & Stoevsky, 2020).
- Construction. Impact of shutdowns on construction activity vary widely across the countries, from a decline of around 75% in France to under 10% in Estonia and Germany; a 40% level is estimated for the Euro Area as a whole.

The specific impact of the pandemic and the subsequent lockdown on MSME in Europe is assessed in (SMEUnited, 2020), which suggests the following:

- On average, about 90% of MSME report to be economically affected. For instance, in France and Spain, respectively 90% and 95% of MSME were affected. The most impacted sectors are services (60-70%) and construction and production (35-55%), followed by food (10-15%).
- On average, 30% of MSME reported that their turnover suffered at least 80% loss; the European Union (EU) average is about 50%. For instance, Belgium reported a decline in MSME turnover by 72%, while 28% of MSME experienced loss exceeding 75%; Germany reports a decline of 50%; France and Spain, respectively report a decline of 80% and 75% in the confined sectors.
- In addition (although a detailed forecast on employment is premature), MSME expect an increase of unemployment rate in a range of 3-5%.

### **1.3 Overview of specific conditions for MSME facing new working environment**

Start-up founders reported that the current economic climate for innovation is unfavorable. Key allies, consumers and investors are themselves completely engaged to reacting to the crisis, and the confusion regarding how the situation will develop discourages experiments. Start-ups recorded being compelled to take corrective actions and adopt alternate behavior. Also, most of the interviewees were of the view that their companies had to change their operational structures because the processes of value-creation were on hold and the supply chains were disrupted by the crisis (Kuckertz, et al., 2020).

MSME are quite vulnerable to sudden changes in their working environment due to their scarce technological, human and financial resources. Therefore, a stable and certain climate policy and legislation are required along with an enabling framework at the EU and national levels to unlock their true potential.

Tailored government programmes to meet urgent demand for MSME financing were formulated in the form of capital investment. These include purchases of short-term commercial papers and corporate bonds in primary and secondary markets, purchases of shares of investment funds and exchange-traded funds (ETF) of corporate bonds, indirect lending through banks, either by providing expanded collateral eligibility that increases banks' ability to borrow from central banks and indirect and direct lending to firms to ensure viable firms remain liquid until economic and market stability are restored. Many lending programmes – particularly for MSME – rely on banks facilitating lending, which requires them to take on additional credit risk. Some banks, however, have been permitted to retain a small portion of the loans to limit this credit risk exposure. A few government programmes also provide support through credit guarantees or forms of equity. These credit guarantee serves to support losses on debt that can help absorb downside risks, and thereby incentivizing banks to lend to businesses. Some governments also have provided support through equity investment and co-investment in the businesses, this provides the firms with greater financial flexibility to reduce cash constraints due to high interest payments on debt (OECD (b), 2020). Design features of these governmental programmes limit the scope to only those businesses in need, while protecting the government against material loss.

## **2 BEST PRACTICES RELEVANT FOR RESPONSE OF MSME TO COVID-19 AND POST-PANDEMIC RECOVERY**

As the pandemic spread across the UNECE member States, many countries introduced travel bans, restricted movement of goods, suspended non-essential activities and imposed social distancing norms in public and work places. To comply with these restrictions, many industries had to shut down production for the period of lockdown.

This chapter contains the analysis of the environment the clean energy MSME faced as a result of the COVID-19 crisis. It presents examples of best practices in the energy efficiency sector and in the area of renewable energy relevant for MSME crisis response and recovery.

### **2.1 Energy efficiency**

#### **2.1.1 Estonia**

##### **Energy efficiency equipment in the industry sector**

Estonia provided funding to improve resource efficiency in MSME on the circular economy principles (Interreg Europe (a), 2020). This was mainly accomplished by raising awareness of companies, supporting resource use analyses and audits and investments in resource-efficient solutions.

A measure entitled “Improving resource efficiency in enterprises” amounting EUR 101 million is implemented for the EU budget period of 2014–2020 through the EU Structural Funds. This measure includes the following activities: raising awareness of companies, training resource specialists and auditors, supporting resource use analyses and audits, and investments in resource-efficient solutions, including implementation of environmental management systems (e.g., the EU Eco-Management and Audit Scheme, EMAS). This action has a special focus on MSME and the manufacturing industry.

Resource audit is required for investment support. In the first stage, five sectors could apply for funding, namely: mining, food processing, wood industry, paper and pulp industry, and processing of mineral materials. Companies that apply for funding must provide at least 50% financing. Analysis of local needs and situation was necessary prior to the implementation of this measure. At the outset, as there were no resource efficiency specialists in the market, Estonia trained these specialists with funding support. In the second phase, the scope was broadened to all the mining and manufacturing industries. This type of measure helps to fulfill gaps in energy efficiency knowledge in industries, as well as the financing difficulties. Following this measure, resource productivity of Estonia improved by 10%.

#### **2.1.2 Russian Federation**

##### **Production of energy-efficient battery packs**

The company Volts Battery LLC, a manufacturer of lithium-ion (Li-ion) based energy storage systems and solar panel, was founded in 2017. With more than 30 representative offices in the Russian Federation, the Commonwealth of Independent States (CIS) and Europe, the company is headquartered in Saint Petersburg, Russian Federation, and employs 13 individuals.

Due to travel bans and restrictions induced by COVID-19, the company's logistics were completely halted, and it was unable to receive necessary components to manufacture the battery packs that in turn affected the production.

However, as the restrictions eased, the company took a production facility on lease and started their own production. The company hired 5 additional employees and was able to manufacture 10 units while following the COVID-19 safety protocols in place.

Also provided that the unique selling points of the company's products required demonstration, it took the opportunity to promote their product by engaging with potential future consumers at a time when most people were staying at home and following social media.

### 2.1.3 Slovakia

#### Software for optimizing energy consumption

A Slovak start-up FUERGY, which falls into a group of SME employing 11-50 people, developed its own proprietary, highly scalable hardware device called “brAIn”, which is based on a software powered by the artificial intelligence (AI). This unique solution helps to optimize energy consumption and maximize efficiency of renewable energy sources. Through automated energy management by this software, one can significantly reduce energy costs and achieve an exceptional 3-year payback period for investment in renewables (FUERGY, 2020) (Krchnavá, 2020).

The COVID-19 lockdown impacted the company’s non-essential projects that were either put on hold or shelved, additionally to low demand and office activities virtually put on hold. The employees were either working from home or came to office in a staggered manner for only the most essential and priority projects; but the research work continued. The company managed to install and put into service 2 large-scale battery systems, both first of a kind in Slovakia and the neighbouring countries, which allowed the company to sustain and remain relevant in the challenging times.

Another important aspect was the unwavering support and faith by the investors and the clients of the company. This was made possible due to communication with, and targeted outreach to important stakeholders through social media and other means.

### 2.1.4 Spain

#### Information technology solutions for equipment operations monitoring

Based out of Terrassa and founded in 2014, the company Alternative Energy Innovations SL (AEInnova) employs 11-20 people who own a very strong conviction and very clear ideas about who they are, where they are going and how they want to go. The company is involved in research and development (R&D) of waste heat recovery (WHR) systems including thermoelectric energy generation offering the cutting-edge technology capable of improving energy efficiency and reducing environmental impact. The company is also involved in developing Energy Harvesting and Industrial Internet of Things (IIoT) solutions for the ‘Forth Industrial Revolution’ (Industry 4.0) (CORDIS, 2020).

The COVID-19 lockdown did not have much of an impact in terms of R&D work. The primary reason for this was the decision to work exclusively from home. This ensured that the research part of the operations continue unabated. However, the production of new units of WHR systems was hampered. Moreover, due to the logistics disruption, the company had implementation hurdles as far as these units are concerned. However, during the lockdown, AEInnova applied for funding from EU for their INDUEYE 2.0 project under the Horizon 2020 programme, and received a grant of over EUR 500 thousand (for the project total worth over EUR 725 thousand). The INDUEYE 2.0 is a wireless industrial device based on sensing technology and aimed at solving the limitations in digitization of industrial systems where heat is involved. Apart from this, AEInnova also came up with solutions based on information technologies (IT) for monitoring the operation of ventilators used in the treatment of COVID-19.

### 2.1.5 Switzerland

#### Energy-efficient solutions for large data storage

The Swiss Basel-based company Swiss Vault Systems GmbH, founded in December 2017 and co-funded by the Horizon 2020 research and innovation programme of EU, employs 10 individuals and provides storage and protection systems solutions for big data. These are used by such industries as genomics, telecommunications, seismic, and astronomy require, which employ an exceptional amount of data storage and require intensive data access and analysis operations. The company’s unique hardware design and software setup ensures rapid analysis, with secure long-term storage at exceptionally low energy consumption (Swiss Vault, 2020).

Swiss Vault, like any other organization, had to adapt to remote working arrangements and physical distancing during the COVID-19 pandemic. The company’s website stated that all employees were working from home. This, however, did not deter the start-up to work on finding ways of improving and growing even in the times of the crisis. The company pitched in to provide one for the healthcare

systems. Their project received a multi-million-Euro fund through the European Innovation Council (EIC) Accelerator programme through the emergency fund sanctioned to fight against COVID-19. The organization also placed itself and is in contention for the Top Swiss Health-Tech Startup award.

## 2.2 Renewable energy

### 2.2.1 Belgium

#### Installation of backup energy supply

EREA Energy Engineering BVBA, employer of 11-50 people, is a manufacturer of highly efficient low voltage electrical transformers, founded in 1933 and headquartered in Wijnegem, Antwerp. The company supplies a variety of sectors such as renewables, marine and offshore, agriculture, public transport, medical applications, telecommunication, and also charging infrastructure for electric vehicles (EREA, 2020).

EREA completely stopped production at its factory, as well as taking any in-person appointments, in order to comply with government regulations related to COVID-19. Although the commercial services of the company remained open, delivery of new products to their customers was put on hold. The company's sales were not affected that much, as it had existing product stock to sell.

After the restrictions were relaxed, EREA started installation and commissioning of its medical transformers and insulation monitor for operation quarters in hospitals. Two hospitals in Jolimont and Waremmes were among the first to receive the new services. These add value to the total solution already provided by the company, and also generate additional revenue at a time when other energy projects might be delayed.

The company was also active on social media (specifically resources that bring together professional communities) promoting its products and associated services. This will likely further facilitate the company's efforts in becoming a one-stop solution for medical transformers, by providing both the product and its commissioning.

### 2.2.2 Latvia

#### Recycling of PET waste

PolyLabs, employer of 1-10, is a chemical production company established in close partnership with the Institute of Wood Chemistry of Latvia. Its main area of expertise is manufacturing of 'bio-polyol' – a polyol, which is synthesized from renewable materials, such as rapeseed or tall oils – for the polyurethane industry (PolyLabs, 2020) (LSIWC, 2020).

The COVID-19 lockdown led to reduced manufacturing activities of the company. Lack of labor, because of the disrupted transport and mandatory physical distancing practices, was one of the main reasons behind this situation. Moreover, the slowdown in the polyurethane industry led to low demand of bio-polyol by the regular customers. This, combined with travel restrictions imposed throughout the region led to a situation where the sales were adversely impacted.

One of the innovative ways in which the company operated during the lockdown was by strengthening its R&D portfolio. As manufacturing activities were at a minimum, the company was able to dedicate the available resources in devising a new solution for recycling previously unprocessed polyethylene terephthalate plastic waste into an energy-saving material – polyurethane. Polyurethane is one of the most prominent materials that can be used in the industries as a substitute for fossil fuels, hence also the energy conservation aspect. This innovative solution – selected to represent Latvia at the InnoEnergy PowerUp challenge finals – also helps in tackling the problem of waste generation while enabling the company to generate additional funds.

### 2.2.3 Sweden

#### Installation of a solar energy park

Azelio, a Swedish solar energy sector company founded in 2008 and headquartered in Gothenburg, employed 117 people as of December 2019. Azelio's solution uses a Stirling engine-based renewable

energy storage system to store excess solar energy to be used later and lower the renewable energy cost. It also allows grid flexibility (Azelio, 2020).

Due to COVID-19 and associated travel restrictions, overall operations of Azelio stopped completely thus pushing their projects' timeline forward by 3 months. The travel restrictions also disrupted the verification of their new project installation at Noor Solar Park in Morocco.

To overcome these problems, Azelio devised a plan to verify the installation at the company's development center in Åmål, Sweden, which is identical to the installation in Morocco. Thus, the adjustments for COVID-19 were implemented without the need to cancel any projects or lay off personnel.

The postponed timeline of the projects led the company to an additional funding of approximately 75 million Swedish Krona. As a result, Azelio's financing needs stood at 375 million Swedish Krona compared to 300 million Swedish Krona as estimated during as of first quarter of 2020.

The saving grace for the company was inauguration of its energy storage system at Noor Solar Park in Morocco that garnered considerable attention worldwide. This led to a large influx of new opportunities from potential customers and partners. Commercial development of the company continues with new agreements with partners and clients. The latest is with a memorandum of understanding with VOGT, a leading supplier of pump systems in Latin America, including supply to the mining industry.

### **Wave energy technology**

EWPG Holding AB (Eco Wave Power) is a Swedish company employing 15 individuals, founded in 2011 and headquartered in Stockholm (also operates in Tel Aviv, Israel). Eco Wave Power developed a cost-effective way of harnessing wave energy to generate electricity, and claims to be the only wave energy company in the world to own and operate a wave energy array connected to the grid in accordance with a Power Purchase Agreement (PPA) (Cision, 2020) (Eco Wave Power, 2020).

Like all businesses that heavily rely on production and logistics, Eco Wave Power was affected by COVID-19 restrictions. In an interview with Israel21c, the company's CEO admitted that the pandemic created unforeseen challenges, as most of their projects qualify as Business to Government (B2G). And as the pandemic persists, for many governments investments in renewable energy is not on the list of priorities; this might affect the company's ability to secure new projects in different countries.

Although the pandemic halted the Eco Wave Power's work on project, the company decided to stick to its strong growth strategy. Thus it prioritized expansion in markets which present considerable business opportunities for project development, such as those with significant wave heights, governmental support for renewable energy projects (and strong promotion of renewable energy at large), favourable feed-in tariffs or subsidy schemes, high electricity demand, lack of electricity access and available grid capacity. For this, Eco Wave Power focused on growth in Europe, North America, and Oceania, where there is high wave energy potential and established support for renewable energy technologies. To establish its robust market presence, the company engaged potential local investors, development partners and customers, such as utilities and ports, for new project collaborations.

Through its initial public offering (IPO), Eco Wave Power raised enough capital for execution of one commercial-scale project, and decided to take time to explore in-depth where such a project could be built. At the same time, it was applying to multiple grant opportunities to further leverage financing and acquire additional opportunities for project implementation. Upon completion of the first commercial scale wave farm project, the goal was to secure debt financing, which would enable the company to execute several projects in parallel and create a resilient, self-sufficient wave energy business.

Eco Wave Power also plans to expand its product range by providing increased project development services for its wave energy technology, such as feasibility studies, power plant design, project management, and project planning, which are thought to generate additional revenue for the company. Eco Wave Power was also active in communication with investors, partners, and consumers. It continuously showcased its technology and proved its feasibility through projects at multiple locations. This, in turn, adds to the company's credibility, and may help overcome the fact that there are no sales. The company's growth strategy seems to be working, as for the coming years it plans to be engaged in an EWP-EDF project at Jaffa Port (Israel), and also won a contract in Portugal with APDL to set up 20 MW power plants in 4 locations. This helped generate funds through various EU funding programmes.

### **Wooden wind turbine tower**

A Gothenburg-based company Modvion, which falls into category of those employing 11-50 people, develops demanding designs for large-scale applications in laminated wood – natural carbon fiber. By replacing emission-intensive materials such as steel and concrete, wooden structures offer significant reductions in GHG emissions. The company's current focus is on wind turbine towers made of wood, where Modvion's patented module system offers reduced manufacturing costs and more efficient transportation to installation sites (Modvion, 2020).

The COVID-19 lockdown impacted and delayed certain development and implementation of the company's projects located in and around Gothenberg, and disruption of logistics led to a situation where procurement of material was hampered. However, the company managed to secure a EUR 6.5 million investment from the European Investment Bank (EIB) through the EIC Accelerator programme, which helped the company erect its first wooden wind tower outside Gothenberg during the lockdown.

The European Commission (EC), while commenting on financing the company's activities, highlighted the contribution that the Modvion's technology can make to restarting the post-COVID-19 economy; the company itself, in its press release, stated that such an honour is a seal of quality, and was helpful in increasing workforce, building trust in other potential investors and partners, and creating more turbines even amid the lockdown.

### **3 PRACTICAL MEASURES FOR CLEAN ENERGY SECTOR MSME IN GETTING ACCESS TO MARKETS, FINANCING, AND ADVANCED TECHNOLOGIES**

This chapter contains case studies and identifies some practical measures in place to help MSME working in the energy efficiency sector and in the area of renewable energy to access markets, financing, and advanced technologies.

#### **3.1 Case studies**

##### **3.1.1 European Union**

###### **Horizon 2020 Funding Programme for MSME**

Horizon 2020 is one of the biggest and most important research and innovation programmes in EU (European Union (a), 2020). The programme made available funding of nearly EUR 80 billion over a period of 7 years (2014-2020). This year, EC pledged to invest EUR 1 billion from the EU Horizon 2020 programme to research of coronavirus. This goes along with the programme's objectives to promote and accomplish the European Green Deal (the EC policy initiatives with the aim of creating a climate neutral Europe by 2050), as it provides MSME working in energy efficiency and renewable energy sectors opportunities to sustain through the pandemic and be the engines of growth in Europe in the recovery period.

Some of MSME received funding under certain thematic areas, which helped them in developing and innovating ways to revive the economy in a "green" recovery mode. A few of these MSME started their respective projects in May 2020: Abora Energy (Spain), AEInnova (Spain), Energy and Meteo Systems (Germany), HPNow (Denmark), Hypermo (Finland), Modvion (Sweden), Nabrawind (Spain), Nova Innovation (United Kingdom) and Swiss Vault Systems GmbH (Switzerland).

As the amount of these funds ranges between EUR 500 thousand and EUR 2 million, the respective projects also range from a simple renewable energy application (such as self-erecting wind turbine towers, e.g., Nabrawind) to much complex and immediate solutions (such as energy-efficient, space-efficient and cost-effective data storage system for healthcare, e.g., Swiss Vault GmbH). Moreover, out of the 12 projects that were shortlisted for the EIC Horizon Prize (amounting EUR 5 million) for the "Affordable High-Tech for Humanitarian Aid" (European Union (b), 2020), 3 are related to energy efficiency and renewable energy projects. These are:

1. BioGas from HomeBiogas (Israel): waste management involving off-grid energy creation and safe sanitation, with a minimized environmental impact;
2. Bright by Bright Products AS (Norway): affordable and recyclable phone charging solution combined with a solar lantern and featuring a supply depot ("whitestock") deployable within 72 hours;
3. PowHumLeb by the Netherlands Red Cross (Netherlands): a solar and wind generator backpack enabling people to safely operate their own mini-power station.

Hence, it is evident that the Horizon 2020 fund not only helped some MSME ward off the impact of COVID-19 on their business activities, but also provided a way for the region to recover from the impact through these clean innovation strategies. This grant, thus, provides an opportunity for other MSME as well to bring in a change in their business practices and respond to the immediate crisis.

###### **European Institute of Innovation and Technology InnoEnergy PowerUp! Challenge**

The InnoEnergy PowerUp! of the European Institute of Innovation and Technology (EIT) is an annual challenge (in 2020, the sixth) for the for start-ups, scale-ups and SME from Central and Eastern Europe whose products in the fields of energy, smart technologies, mobility are solving contemporary problems with prospective technologies (InnoEnergy, 2020). This year, the competition was virtual due to COVID-19 and related restrictions.

The main prize of the challenge is EUR 50 thousand, in addition to an opportunity to develop business on a global scale and a continued support and guidance provided to the MSME in terms of building their ideas through bootcamp workshops (where the ideas are prepared for the next stages by recognized

European business leaders). The challenge is open in 6 implementation areas: (1) Energy for Circular Economy, (2) Smart Technology, (3) Energy Storage, (4) Energy from Renewable Sources, (5) Energy Efficiency, and (6) Mobility and Photovoltaics.

The solutions proposed this year ranged from creating network of ultra-fast power stations for electric vehicles to developing new type of material that can generate energy through vibrations. The allocated funds helped the selected MSME solve the problem of cash crunch during the COVID-19 lockdown and advance innovative ideas.

### **Support for MSME from the clean energy sector by the European Investment Bank**

This EIB programme is aimed at supporting MSME, especially from the clean energy sector, to recover from the COVID-19 pandemic. The programme was also sought to increase innovation in the sector and align the future of Europe with the Sustainable Development Goals (SDG), European Green Deal, Green Recovery from COVID-19 and the Horizon 2020 vision.

Some major initiatives undertaken in the frames of this programme are as follows:

- EIB and Banco Sabadell's initiative to provide EUR 576 million to finance MSME and mid-caps in Spain (EIB (a), 2020). A major part of the agreement includes a commitment to direct the investments to promoting clean technologies through financing projects that focus on renewable energy, energy efficiency, refurbishing of commercial buildings to reduce energy use, and those involving use of low-emissions commercial vehicles and agricultural equipment. Estimates indicate that this fund would support over 1,400 companies involving 79,000 people.
- The initiative of EIB and DLL (subsidiary of Rabobank) is to provide up to EUR 400 million to finance investments in MSME in Italy and Spain (EIB (b), 2020). As these countries were reported to be the most affected economies in Europe due to the COVID-19 pandemic, it hence was imperative that MSME operating in these countries receive special attention in terms of funding from different sources. Organizations operating in the renewable and energy efficiency sectors would be a major beneficiary as the funds are aimed to provide a green and sustainable recovery pathway to Europe's economy.
- EIB partnered with the Raiffeisen Leasing to provide for EUR 10 million support for local MSME in Bosnia and Herzegovina (EIB (c), 2020). The priority areas were Youth Employment, Environment Protection, Healthcare and Education. The funding was deemed to help MSME working in the area of renewable energy and energy efficiency in fighting off the economic slowdown and retain the workforce in their organizations.

Among other initiatives by EIB to assist affected enterprises, the following are also worth mentioning: (1) a EUR 3.4 billion investment towards COVID-19 health and business resilience, energy, transport and education (included investments in renewable energy and energy efficiency projects, and to the most impacted enterprises in the sector) (EIB (d), 2020); (2) support amounting EUR 18 million to 66 small-scale independent PV plants in Poland through Energy Solar Projekty sp.z o.o (subsidiary of the Energy and Infrastructure SME Fund) (EIB (e), 2020).

### **3.1.2 Germany**

#### **Entrepreneurial crisis management of innovative start-ups during COVID-19**

Start-ups are relying heavily on their relational capabilities, especially during the COVID-19 pandemic. With the latter, they have combined available internal and external resources through their network like goodwill partners, support of the start-up community and access to social capital.

Companies reported mismatch between the government policy and the organizations' characteristics were excluded from the benefits. Thus, start-ups boosted their financial capabilities by gathering capital internally, and solved the challenge by identifying and pursuing new entrepreneurial opportunities and establishing new directions.

### **3.1.3 Ireland**

#### **Trading Online Voucher Scheme**

This scheme, which complies with EU funding rules and provides businesses an opportunity to go online which is seen as essential for many companies during the pandemic, introduces Trading Online

Vouchers to incentivize MSME in developing online trading as their business, in order to better compete in a tough environment created by COVID-19 (Interreg Europe (b), 2020). The scheme builds upon rapid growth of internet use, adoption of mobile technologies, globalization and the pandemic itself.

As MSME are in a difficult position given their limited resource and slow adaption to changing business environment, the scheme addresses these issues through an incentivized programme to introduce Irish businesses to online trading through a voucher, to cover their expenditure up to EUR 2,500 in value and develop a commercial internet presence. MSME successfully trading for a minimum of 12 months with up to 10 employees and turnover less than EUR 2 million can get access to this scheme.

The scheme is administered by the Local Enterprise Offices supported by other relevant agencies, and it was very successful with a strong uptake in particular sectors, e.g. retail (24%), creative/manufacturing (17%), traded services (16%), professional (14%), and food (6%). Companies that availed this scheme had an 85% increase in enquiries and 40% increase in overseas enquiries, their sales grew 21%, and on average 1.4 jobs were created per company.

### **3.1.4 Italy**

#### **Life Material Match Making Platform**

Life Material Match Making Platform (M3P) is an online platform that matches the demand and supply between companies offering waste stream and requesting such materials (Interreg Europe (c), 2020). It emphasizes the value of the industrial waste, and the technology necessary to make it fit to be reused as secondary raw materials. The information is collected and catalogued in a dedicated database and allows users to identify a “match” between supply and demand of materials.

Life Material Match Making Platform is used by more than 350 companies across EU, and agreements were reached to expand use of the platform to other regions and sectors.

### **3.1.5 Netherlands**

#### **Business cluster collaboration**

Business clusters in the Netherlands were active in globalizing MSME even before the outbreak of COVID-19 (Aibu, 2020). These clusters support thousands of MSME in 60 countries by organizing, on annual basis, the following activities: Global Investor Pitching; Online International Matchmaking Event; International Knowledge; International Projects Meetings. These activities clearly show how MSME can stay relevant in the times of COVID-19 pandemic, and profitable during recovery.

### **3.1.6 Poland**

#### **Internationalization of MSME**

This project aims to tackle the issue of Polish MSME internationalization by organizing stands at international trade and investment fairs, and promotion of regional brands (Interreg Europe (d), 2020).

The following steps were taken in the framework of implementation of this project:

- Economic promotion. MSME participated in international trade fairs (organized outside the European markets) to strengthen the image of “Wielkopolska” as attractive economic partner.
- Investment promotion. Investment sites, real estates and projects were promoted. The economic potential and transport infrastructure, scientific and research facilities, staff and development conditions were highlighted. An Electronic Database of Investment Areas is maintained.
- “Wielkopolska” brand building exercise using the image and promotion campaign at international events.

In post-COVID-19 recovery, such practice might be helpful for regions willing to promote their industries outside the European market, not only in terms of economic promotion but also building the brand. The employed approach gathers all promotional activities in one project, and enables cooperation between regional authority, MSME and business environment institutions.

### 3.1.7 Spain

#### **Centr@tec Program: Advanced Innovation Services for SME**

Castile and León is one of the largest regions in Europe where 95% of the companies are traditional MSME and lack innovation (Interreg Europe (e), 2020). The strategy for innovation, entrepreneurship and self-employment of Castile and León involves technological collaboration and better use of community resources to improve competitiveness. Centr@tec Program is a programme utilized by the Institute for Business Competitiveness to implement regional policy on R&D in companies' business practices. Regional technological centers are in charge of the programme implementation, and help companies in planning for training actions and guide MSME on ways to build capacity and improve access to technologies to be more competitive through collaboration with the regional working groups.

Centr@tec plans to achieve its goals through 5 key areas: (1) Industry 4.0, (2) Digitization, (3) Innovation in Processes and Design of Products/Services, (4) Internationalization of R&D, and (5) Support for Entrepreneurs of Technological Base. The programme includes:

- Demonstration meetings, expert workshops and trainings on new technologies.
- Internationalization through bilateral meetings, agreements for collaboration, and participation in international R&D programmes.
- Diagnostics and formulation of implementation plans through personalized analysis of the company, action plans and finding funding sources.
- Innovative Projects Bank, which facilitates development of business plans and search for financing for innovative projects.

Centr@tec, among other advantages, provides for MSME opportunities to be involved in training programmes and helps develop potential for innovation and an increased competitiveness.

#### **SME innovative financing facility**

The programme helps start-ups to successfully apply for the Horizon 2020 (H2020) SME Instrument through information, awareness raising and technical advice and support (Interreg Europe (f), 2020). It is an innovative and attractive financing facility that supports technology-based SME to check and accelerate their growth proposals. The instrument helps fast-growing companies to overcome difficulties in going from business plan to the market, and offers features such as external endorsement of business plan, a seal of excellence, and access to venture capital. As part of H2020 SME Instrument, the programme helps start-ups review their business models and growth strategies and enhance their management skills and choose the right advisors. It features:

- A workshop on the characteristics and requirements of the H2020 SME Instrument programme, as well as tips for successful application.
- A 3-hour meeting with a specialized consultant to review the project idea and assess its readiness for the H2020 SME Instrument.
- For companies whose projects are considered ready for submission, advice is provided on the preparation of the application.

For example, the programme contributed to a high turnout of companies headquartered in San Sebastian, Spain, in the H2020 SME Instrument, and some of these companies were funded.

## 3.2 Guidelines

### 3.2.1 Analysis of potential for use and dissemination

Controlling COVID-19 while preserving the economies and societies requires a coordinated emergency response and an effective risk-based exit strategy for all countries. This should include supporting MSME to ensure a safe revitalization of economic activity along with health and safety precautions at the workplace, followed by the use of flexible formulas to suspend or reduce working time in order to limit contact between people.

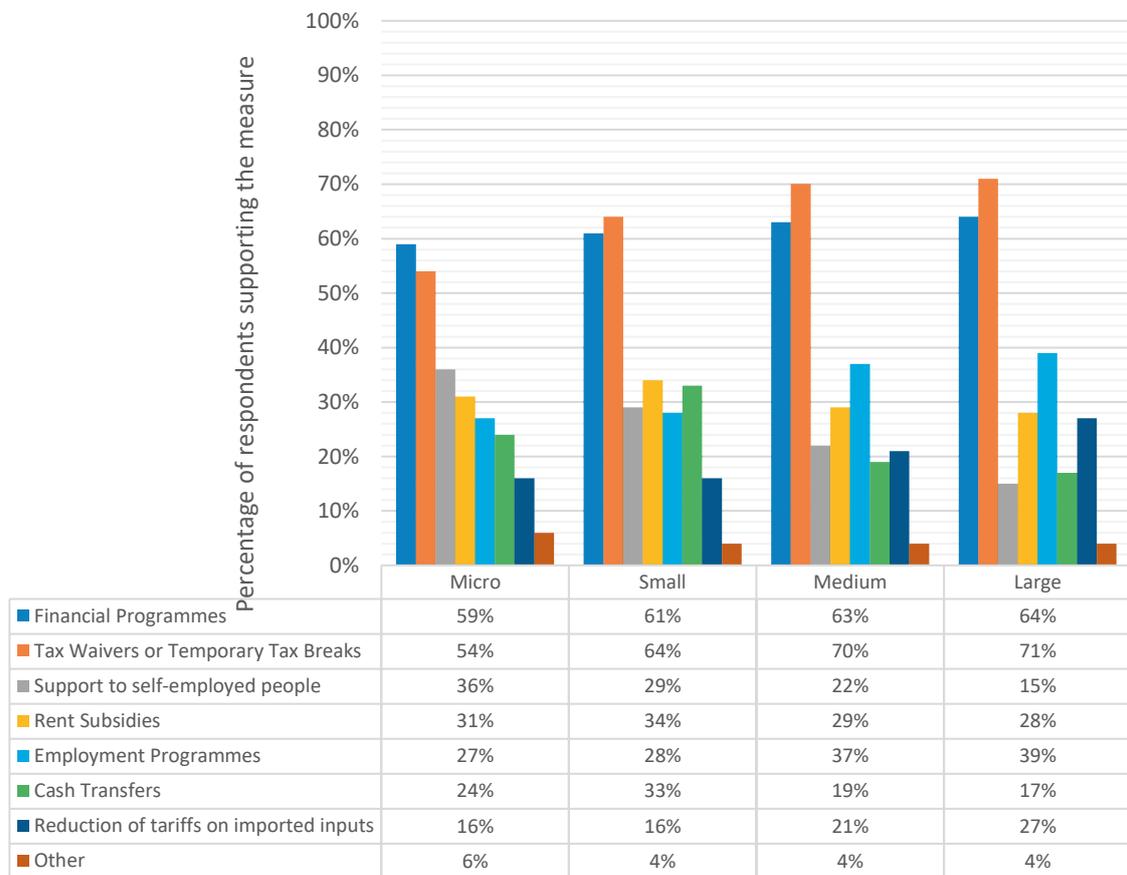
Countries are taking actions to help MSME adopt new work processes, speed up digitalization and find new markets. Policies aim to address urgent short-term challenges and strengthen resilience of MSME in a more structural way, along with supporting their further growth by helping to find new alternative markets, introducing teleworking arrangements, promoting digitalization and digitization, and

retraining and upskilling of the workforce. Whereas adoption of new technologies and practices may enable MSME become more competitive in a challenging post-COVID-19 recovery, many of them may not be able to adopt such new technologies and methods.

In the current environment, remote digital learning becomes a reality, and it is important to implement comprehensive educational concepts in a way that meets the technological, social and personal skills requirements in a more digitalized and digitized world. It is hence argued that there is a need for an initiative to ensure that businesses, including MSME, and people can fully benefit from these processes (including e-commerce) without any barriers (BUSINESSEUROPE, 2020).

Results of the survey (ITC, 2020) aimed at increasing understanding of the opinion of MSME on what concerns COVID-19-related governmental financial support measures, clearly indicate that the governments' financial assistance and tax waivers are expected to continue throughout the post-COVID-19 recovery period, so that the latter could be sustainable and green, and MSME could stay relevant (Fig. 6). Overview of measures taken by MSME during the lockdown is presented in Table 1.

**Figure 6: Opinion of MSME on governmental financial support measures**



**Table 1: Measures taken by MSME during the lockdown, by subregion**

Measure	Subregion	W Europe	E Europe, SE Europe	RF, CA, C
Communication over internet and social media		(+)	(+)	(-)
Online sales		(+)	(+)	(+)
Provision of more value-added services		(+)	(+)	(+)
Fixed growth strategy		(+)	(-)	(-)
Accessing 'easy' markets		(+)	(-)	(-)
IPO		(-)	(-)	(-)
Work from home		(+)	(+)	(-)
Provision of paid online trainings		(+)	(+)	(+)
Strengthening R&D portfolio		(-)	(-)	(-)
Applying for international funding		(+)	(+)	(+)
Focus on alignment with pandemic-related activities		(+)	(+)	(-)

*Abbreviations:* W Europe, Western Europe; E Europe, Eastern Europe; SE Europe, South-Eastern Europe; RF, the Russian Federation; CA, Central Asia; C, the Caucasus.

*Note:* The following background information should be taken into consideration: (1) Production of companies who were heavily reliant on logistics for their operations, were most affected; (2) Around 40% of MSME were actively promoting their products on social media platforms during the period of lockdown; (3) Around 40% of MSME, especially those working in line with SDG, have access to financing from international development organizations under different programmes (these funding programmes offer grants for MSME, with priority given to innovative products); (4) Industries not directly affected by COVID-19 get indirectly affected by a shortage in demand from their consumers; (5) Companies started prioritizing activities essential for their survival and offering additional value-added services; (6) Companies introduced work from home for their employees and increasingly digitalized and digitized their business; (7) Companies provided valuable paid training seminars during the lockdown; (8) Companies started focusing on projects related to fight against COVID-19, which provided additional stream of revenue and allowed companies to have access to international development grants; (9) Retrofitting for improved energy efficiency led to significant savings for MSME by reducing energy consumption; (10) Energy consumption data from unoccupied buildings can be collected for benchmarking; (11) Associations at regional and national level previously supported their respective members in globalization, finding vendors and/or new customers, and this model can be replicated at the time of pandemic.

### 3.2.2 Activities for the post-pandemic recovery strategy development of MSME

The following activities were elaborated as a part of possible guidelines for MSME, and could be used as components of the companies' post-pandemic recovery strategy actions. These were prepared with the focus on enabling environment for MSME to withstand the impact of COVID-19 crisis, using company's resources and potential national and international support:

- Support development and increase of participation level in various relevant online-based platforms and databases. Various business (including MSME) associations and their members could improve cooperation on creating a database with common best practices and solutions, as well as actual products and services produced (delivered) by the member companies. Additional online capacity-building and awareness-raising activities should become a component of the established platforms.
- Participation in virtual trade fairs at local and international level. Business associations and administrations (national and local level), upon companies' request, could focus on additional promotion of their members including MSME, by organizing virtual trade fairs. MSME can interact with their potential customers and build stronger economic relations with consumers using these platforms – be these a stand-alone engine, or a part of a social network.
- Voucher scheme support. A voucher scheme can be introduced by regional governments to incentivize MSME to develop their commercial online presence. The voucher value is to be set at the regional level.

- Collaboration programmes. Collaboration programmes could be initiated by MSME with technical universities and companies from different industries. Support could be provided through workshops and training on new technologies. This can be used as an opportunity to reach agreements for collaboration, as well as to access funding by working with an established industry.
- Technical and financial advisory support activities. Regional and/or national programmes can be established for MSME to get advice and technical support in application for funds.
- Trainings and capacity-building. Training programmes can be set up by business associations, possibly upon MSME request, where the latter can interact with international partners and global leaders and share experience and success stories in running a business during the pandemic. MSME that have a successful experience of turning the COVID-19 challenges into opportunities, could be supported to share their experience in using such platforms.
- Enabling access to local and international financing. MSME can establish communication with relevant national and international stakeholders to initiate capacity-building consultations, or to browse through available platforms of regional, national and international funding programmes. MSME can find their most suitable ones and connect directly to potential donors.

### 3.2.3 Guidelines for MSME in the UNECE Region

Specific COVID-19 impact compensation measures put in place in the selected countries are detailed in Annex, whereas a summary of these measures, which are thought to be replicable in the UNECE member States, are presented below.

#### Western and Central Europe

1. Extend communication and outreach (through press releases) to investors, clients, and partners by disclosure of technical capacity and financial status of the company during and after the COVID-19 pandemic. This can bring confidence to the existing and new investors and clients and attract new domestic and overseas consumers of company's products and(or) services.
2. MSME associations across Europe could find ways to find new customers and investors in order to support their members during the COVID-19 pandemic outbreak.
3. Remain (or become) active on various social media platforms about their products. This will help make their product discoverable to a broader audience and bring in new customers. Additionally, explore how the existing products of an MSME could fit different needs.
4. Look at core competencies of a certain MSME, and align them in a way that it matches the vision of EC of the future of Europe after the pandemic. It would provide avenues for these organizations for getting funds and thus ensure that these MSME face minimal financial implications.
5. If an industry is severely affected by the pandemic, a company might find it easier to transition to service industry by retraining the same experienced staff, or else to diversify its activities. This could provide a company with an additional source of revenue.
6. It is advisable for MSME to formulate a strong development plan, while focusing efforts on areas with strong growth potential and easier access to markets.
7. MSME could temporarily embrace new technologies while relying on the existing human resources, especially in projects where remote assistance can be provided. This will likely be among the most cost-effective ways to keep businesses running without laying-off employees.
8. While projects could be reprioritized in the context of the pandemic, a good practice is though to be putting on hold those low-priority while attaching importance to, and focusing on, the projects which are vital to sustain through the COVID-19-related slowdown.
9. It is advisable for MSME with expertise in their sectors to provide online training. It could either be skill-based or knowledge-based, and could be provided to students or professionals for a nominal fee. The current pandemic proved the importance of up-skilling and re-skilling. Such trainings keep the current employees engaged, as well as promote companies in their respective sectors.
10. It is advisable for MSME to strengthen R&D activities and showcase these through press releases or news on their websites.

MSME working in energy efficiency and renewable energy sectors can attract funds from donor agencies, hence working towards their more predictable financial standing and increased sustainability. Several targeted support programmes (such as Horizon 2020, InnoEnergy PowerUp! and other) helped some MSME to ward off the impact of the COVID-19 pandemic on their business activities (especially those that do not involve close physical contact). For instance, MSME in Austria, Belgium, Czechia, Denmark, Finland, France, Ireland, and Italy have access to guarantee schemes on loans; Governments of Czechia, Germany, Italy, Portugal, Spain, Switzerland, Cyprus, Hungary offer MSME an opportunity to participate in regional and national funding and liquidity support programmes. In Croatia, Latvia, and Lithuania, loans are available to support MSME. At the same time, in Czechia, Cyprus, Denmark, Estonia, Finland, France, Germany, Portugal, Slovakia, Switzerland and the United Kingdom, MSME not eligible to participate in funding programmes and affected by the pandemic are advised to use loans, subsidies and salary compensation schemes.

### **Eastern and South-Eastern Europe and Turkey**

1. Extended communication of MSME (through press releases or social media) to investors, clients, and partners through disclosing financial standing of a company and providing technical insights into its products and services. This usually brings confidence to the existing and new investors, and attracts consumers not only locally but also from abroad. At the same time, MSME should explore how existing products (services) could fit needs of different clients.
2. MSME could focus on a customer care approach during the pandemic and deliver additional customer satisfaction services. This would be helpful in building customer base even beyond the pandemic. It is also essential to inform about these measures (such as promotional tariffs) through social media.
3. If a certain manufacturing industry is severely affected by the pandemic, MSME might find it expedient to transition (partially or in full) to a service industry, having retrained the same experienced staff.
4. MSME working in energy efficiency and renewable energy sectors can attract funds from donor agencies for R&D on innovative marketable technical solutions. It is recommended that MSME apply for relevant international funding programmes available in the region. MSME may also get salary compensation and unemployment benefits (available in Albania, Bosnia and Herzegovina, North Macedonia, Serbia, and Turkey).
5. It is recommended that MSME get tax benefits (already the case in Albania and Montenegro). MSME can also get loans to support business activities, as well as support in loan repayment, which helps MSME reduce financial burden (both available in North Macedonia and Turkey).

### **Russian Federation, Central Asia, and the Caucasus**

1. Extended communication of MSME (through press releases or social media) to investors, clients, and partners through disclosing financial standing of a company and providing technical insights into its products and services. This usually brings confidence to the existing and new investors, and attracts local consumers and those from abroad.
2. MSME should be active on social media platforms about their products, which helps making their products and services known to a broader audience thus attracting new customers. At the same time, MSME should explore how the existing products and services could fit needs of different clients.
3. Activities that facilitate promotion of MSME and help find new customers and investors could be supported by respective associations, as well as national and international development partners and donors.
4. It is recommended that MSME look at their core competencies and align them as much as possible with vision of the region's post-COVID-19 recovery plans, as well as with relevant vision of development organizations (including international) that are active in the region.
5. If an industry is severely affected by the pandemic, a company might find it easier to transition to service industry by retraining the same experienced staff, or else diversify its activities. This will provide a company with an additional source of revenue.
6. It is advisable for MSME to formulate a strong development plan, with a specific focus on areas with strong growth potential and easier access to market.

7. MSME could embrace new technologies while relying on the existing human resources, especially in projects where remote assistance can be provided. This will likely be among the most cost-effective ways to keep businesses running without laying-off employees.
8. MSME working in energy efficiency and renewable energy sectors can attract funds from donor agencies for R&D on technical solutions that are innovative and deemed marketable.
9. MSME should have access to governmental loans in support of business activities (as it is already the case in Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, and the Russian Federation).

## CONCLUSIONS AND RECOMMENDATIONS

Analysis of case studies covered in the report lead to the following conclusions:

1. Various funding programmes are available to financially stabilize MSME, including those working in energy efficiency and renewable energy sectors. However, there should be more such initiatives by governments and funding agencies to support vulnerable MSME that have lost sources of financing their business activities during the pandemic.
2. Many MSME either adjusted to remote working conditions or made necessary arrangements to maintain physical distancing at workplace.
3. Delaying non-essential and non-priority projects is a way to mitigate negative consequences of the pandemic. As the focus of the world is to fight the virus and to search for technologies in support of these efforts, certain projects that are not relevant to this end may face temporary unavailability of funding. Thus, MSME may delay projects which do not put jeopardy to their immediate survival, and rather use available resources to develop and implement only those projects, which have a direct and immediate effect on the viability of the company.
4. Virtual (online) presence of MSME becomes of particular importance during the crisis. By remaining active online, including on social media platforms, MSME can reach out to investors and customers. This instils confidence among the current and potential investors and customers, and serves as a means to keep MSME relevant.
5. Providing classes and skill-based sessions to students and professionals during the pandemic at a nominal fee proves a feasible practice for MSME worldwide. Such sessions, held by MSME working in energy efficiency and renewable energy sectors, are primarily aimed at dissemination of sustainable energy knowledge. These also serve as a means to counter the threat of becoming irrelevant and raise public awareness of products and services.
6. Some MSME repackaged products and branded themselves as a 'health-tech start-up' amid the pandemic. This is one of the options to attract funds for their activities and operations. It is also possible, instead of rebranding, to promote products aimed at fighting the pandemic in addition to their regular product line.

Based on the analysis of various policy measures put in place in relation to mitigating economic implications of COVID-19 on MSME and stocktaking of reports produced by various organizations, agencies, and institutions directly working with MSME, the following actions and measures may be recommended to the governments in UNECE member States (with due adaptation to the local needs). These measures may enable more secure development environment through appropriate legislation applicable to MSME affected by COVID-19 crisis and encourage delivery of energy-efficient products and services and provision of renewable energy equipment.

### Recommendations to governments for developing policy guidelines

1. Policy measures to avoid economic fallout:
  - Temporary tax waivers on MSME transactions at national, regional, and/or local level;
  - Temporary tax breaks for MSME (changes to a tax system might also be introduced);
  - National financial programmes to support MSME through loans, credit guarantees on loans, and regulatory relief related to loan repayment.
2. Policy measures to avoid immediate start-up failure:
  - Wage subsidies, credit lines, and interest-free loans to MSME and start-ups;
  - Support direct payments to MSME to improve cashflow and reduce delays in payments;
  - Stimulate and encourage mutual assistance/solidarity in MSME community.
3. Policy measures to avoid workforce lay-offs:
  - Offer development programmes for MSME employees (e.g., in the area of digitalization);
  - Wage subsidies in case of temporary downsizing or financial support to laid-off workforce;
  - Goal-oriented policies to rule out possibility that businesses continue receiving financial support while downsizing their workforce.
4. Policy measures to support MSME start-ups:
  - Secure future innovations through mid- or long-term policy measures linked to larger policy objectives (e.g., sustainability goals, digitalization, etc.);
  - Lay foundation for crisis recovery (e.g., incentivize investors to provide additional capital);

- Nurture knowledge diversity and entrepreneurial culture;
  - Boost positive business climate for innovation;
  - Consider future growth trajectories instead of relying on historic revenue records.
5. Policy measures to mitigate disparities arising from initial policy measures:
- Provide information and support services (e.g., hotlines) addressing specific challenges that businesses may face;
  - Fast-track the process of providing financial assistance by partnering with major financial institutions and donors.

### **Recommendations to governments for establishing financial incentives schemes**

1. Increased support for entrepreneurs and MSME is required in order to maintain sustainable development track for companies, as well as demonstration of the available solutions that could help withstand economic impact of the COVID-19 pandemic. Governments should prepare a clear guidance for MSME on support provided at local and national levels regarding financial instruments available for MSME, government bodies involved in funds disbursement, role of national banks, rights and obligations imposed by law, existing MSME advisory services, etc.
2. Governments could use public procurement procedures for targeted support to MSME. Funds that are normally used to support businesses at large could be temporarily redirected to MSME, which had to cease their business activities, to facilitate their quicker re-start.
3. Governments should provide funding support through grants and low- or no-interest loans to MSME working in the clean energy sector to facilitate green economic recovery. It can be difficult for companies to initiate clean energy transition as they have to maintain other expenses. Compensation should be provided to MSME for increase in incremental costs through reduction in energy taxes, so that profits from products and services that lead to increased sustainability (e.g., renewable energy, energy efficiency, circular economy, etc.) are taxed at a lower rate.
4. Governments could consider establishment of a specialized clean energy financial institution, to enable MSME as a driving force towards green economic recovery. This may become a one-stop shop for MSME to get advice on how to deal with the crisis and to receive practical information on financing and other means to mitigate economic impact of the pandemic, such as best practices in business models' adaptation.
5. Governments could provide urgent financial help to MSME on liquidity issues through the existing grants and other schemes. Such measures as postponement of tax deadlines for MSME, delay in repayment of government-guaranteed loans, maintaining government-based investments in MSME, and introducing a moratorium on social contributions could be adopted.
6. Governments could pool resources to attract more private investors, aimed at generating additional funds for MSME impacted by the pandemic.
7. Acknowledging a possibility for significant reduction in tax revenue that could last for several years, governments may nonetheless ensure that tax systems are adapted to become more supportive of growth – by reducing taxation on both labour (including social contributions) and capital, including corporate tax. Tax systems may be digitalized and streamlined, and double taxation could be removed particularly in the area of value added tax. This would make investment and trade more economically viable. Fiscal incentives such as tax credit for investors in companies' capital could be encouraged.

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## ANNEX – MEASURES TAKEN BY THE SELECTED UNECE MEMBER STATES TO SUPPORT MSME DURING THE COVID-19 PANDEMIC

### Western and Central Europe

Measures Taken	Responsible Agency	Benefits
<b>Austria</b>		
Austria takes various measures funded by the COVID-19 Crisis Management Funds (KPMG (a), 2020). A “Digital Team Austria” initiative consisted of companies in the digitization industry that offered digital services to MSME free of charge for the first 3 months (OECD (c), 2020).		
Loan guarantees to support liquidity of MSME in industry and commerce	Austria Wirtschaftservice	Guarantees worth EUR 10 million provided to MSME for up to 80% of the loan amount, or EUR 2.5 million for 5 years. These have a one-time processing fee starting at 0.25% of the amount to be financed, and a guarantee fee starting at 0.3% of the outstanding liability.
<b>Belgium</b>		
Belgium offers state guarantees on certain loans, and the existing guarantees were extended to include the affected companies.		
Extension of MSME guarantees in the Flanders region	-	The existing MSME guarantees were extended to include the companies impacted by the COVID-19 crisis. These guarantees include bridge loan guarantee for existing non-bank debts up to 12 months, low-interest subordinated loans for startups and scale-ups, lowered one-off premium, guarantees for bank debts under the existing credit facilities and investment credits (Deloitte, 2020).
Federal guarantee scheme (applied automatically)	-	Guarantee of EUR 50 billion on certain loans (started between 1 April and 30 September 2020 with a maximum term of 1 year (unless extended)) issued by financial institutions in Belgium. Losses suffered are apportioned between the federal state and the financial sector: loss of 3% is supported by the financial sector; 3-5% losses are shared equally between the financial sector and the federal state; for losses exceeding 5%, the federal state bears 80%. Guarantees must not include re-financing, draw-down under agreements entered before 1 April 2020; financing that cannot contractually be used for Belgian activities of the borrower and agreements that specifically exclude the benefit of the guarantee (SQUIRE PATTON BOGGS, 2020).
MSME growth subsidy	-	Financial instruments for MSME help businesses find alternative markets, particularly where supply chains are impacted (OECD (c), 2020).
<b>Croatia</b>		
Croatia introduced moratorium, loan and interest schemes through various agencies for MSME (KPMG (b), 2020).		

Measures Taken	Responsible Agency	Benefits
Increased guarantee rate and allocation for “ESIF micro loans” for MSME	Croatian Agency for SMEs, Innovation and Investment (HAMAG-BICRO)	Increased allocation for “ESIF micro loans” for working capital for MSME, so as the maximum guarantee rate for the European Structural and Investment Funds (ESIF) guarantees from 65% to 80%. Funds approved for investments in tangible and intangible assets as well as the transfer of ownership rights, whereas up to 30% of loan amount can be earmarked for financing of working capital related to the respective investment (HBOR, 2020).
Financial instrument “COVID-19 loans” introduced for working capital for MSME	Croatian Agency for SMEs, Innovation and Investment (HAMAG-BICRO)	Offers working capital loans to a maximum of EUR 100,000, with interest rate of 0.25%. Total repayment period is up to 5 years, whereas – if repayment is more than 2 years – grace period is up to 12 months. Loans are targeted at lower-risk clients to finance working capital up to EUR 2 million (minimum EUR 187,500). Croatian Bank for Reconstruction and Development lends 50% of the amount to a commercial bank with zero-interest rate, the other 50% is assumed by commercial banks. Total repayment period is 1-3 years.
Moratorium on enforcement measures	Croatian Bank for Reconstruction and Development (HBOR)	For a 3 months period, prevents MSME from being forced by banks to pay for their loans. Liquidity loans and export guarantees are also available.
Guarantee instrument to partially cover loan amount	Croatian Agency for SMEs, Innovation and Investment (HAMAG-BICRO)	Guarantee instrument utilized to cover 50-80% of the total loan amount, while the rest of the collateral will be decided by a commercial bank. The indicative initial credit potential (Croatian Bank for Reconstruction and Development and commercial banks) is EUR 800 million.
Reduced interest rates on investment loans	Croatian Bank for Reconstruction and Development (HBOR)	Interest rates on investment loans with 30% share of working capital were reduced to 0.1-0.5%, resulting in significantly cheaper loans for MSME.
<b>Cyprus</b>		
Cyprus provides subsidies, loans and deference of loan instalment payment for MSME (KPMG (c), 2020).		
Small business support scheme	Government	Provides a subsidy of 70% on salaries.
State guarantee on business loans	Government	A state guarantee of EUR 2 billion for businesses was declared. Any losses from these loans will be covered up to 70% by the government and 30% by the banks.
No-loan instalment or interest collection	-	Collection of all loan instalments and interests suspended subject to borrower submitting a written request and to no default amounts existed on relevant loans for over 30 days past due as at 29 February 2020.

Measures Taken	Responsible Agency	Benefits
<b>Czechia</b>		
Czechia provides loan and subsidy programmes for MSME, including guarantees on commercial loans. The Government provides state guarantee to MSME through Czech-Moravian Guarantee and Development Bank on loans from commercial banks totaling CZK 600 billion (AmCham, 2020). An emergency package, as well as other support measures to Czech exporters, are also in place.		
“COVID Loan Programme”	Ministry of Industry and Trade, the Czech-Moravian Guarantee and Development Bank (ČMZRB)	“COVID Loan Programme” provides support (including for MSME affected by COVID-19) in the form of soft loans amounting CZK 0.5-1.5 million, with zero interest rate. Loans are granted up to 90% of eligible expenditure with a maturity of 2 years, including possibility of deferred repayment for up to 12 months. Applicants benefit if their contractual performance was delayed, suspended or cancelled due to the pandemic-related measures. The loan may be used for acquisition of small tangible or intangible assets, acquisition and financing of inventories, or for operating expenses. There are no processing and granting fees associated with the loan or early repayment (MPO, 2020).
“Covid Technologies program”	Ministry of Industry and Trade	“Covid Technologies program” is applicable to projects that focus on production of medical supplies or related products to fight against COVID-19. Subsidies are provided to businesses to adopt new technologies (e.g., online retailing) and continue their business despite restrictive measures. Individual projects may also receive subsidy CZK 0.25-200 million – to be used to alter technology, prepare for production of medical supplies, or to implement software to produce medical supplies or adopt other related measures (CzechInvest, 2020).
“The Country for the future” competition	Government	The competition “The Country for the future” targets at developing technological solutions for fight against COVID-19. The programme has extensive requirements to applicants, and those successful receive funds to cover costs of R&D and deployment of technologies.
<b>Denmark</b>		
Denmark provides guarantees on loans for MSME, as well as salary compensations for employees of start-ups.		
Loan guarantee	Government	Loan guarantee (70% of corporate loans) provided to cover loss incurred by COVID-19. The loan amounts to DKK 1 billion in losses in Denmark and is intended for MSME operating at a loss of 50% or more.
Salary compensation for employees of start-ups	Government	A compensation of up to 75% of salaries (not more than DKK 23,000 per month per employee) available in start-ups.
Increased liquidity for MSME	Danish Export Credit Fund (EKF)	An increase guarantees assist some 250 MSME in continuing their export business.

Measures Taken	Responsible Agency	Benefits
<b>Estonia</b>		
Estonia took measures to improve market liquidity and support MSME in certain sectors (World Bank, 2020). There are benefits introduced by the Government to support employers that are currently hit hardest by COVID-19 in order to partially cover salaries and to avoid or postpone redundancies.		
Liquidity measures		Liquidity release amounting EUR 73 million.
<b>European Union</b>		
Measures to support MSME	European Investment Fund (EIF), European Fund for Strategic Investments (EFISI)	A total of EUR 1 billion was made available in the EU budget guarantee to EIF via EFISI. EIF then provides liquidity and guarantees to banks, mobilizing EUR 8 billion in working capital financing.
Mobilization of funds	EIB	EIB proposed to mobilize another EUR 40 billion of financing: EUR 20 billion to finance dedicated guarantee schemes to banks based on the existing programmes for immediate deployment; EUR 10 billion of financing dedicated liquidity lines to banks to ensure additional working capital support for MSME and mid-caps; EUR 10 billion to support dedicated asset-backed securities (ABS) purchasing programmes to allow banks to transfer risk on portfolios of MSME loans.
Investment package	-	A EUR 37 billion investment package funded by relinquishing the Commission's obligation to request refunding of unspent pre-financing for European structural and investment funds currently held by the Member States to direct EUR 25 billion will be used to support the Member States (funds to be deployed directly by the Member States) (Burgess, Bisch, McIver, & Chesney, 2020).
<b>Finland</b>		
Finland and relevant institutions introduced a set of measures to support for MSME, and provide grants, guarantees and subsidies for MSME. Commercial banks provide instalment-free periods for MSME for up to 12 months and(or) increase credit limits on case by case approach.		
Reduced solvency and liquidity requirements for credit institutions	European Central Bank, Finnish Financial Supervisory Authority (FIN-FSA)	Increased Finnish credit institutions' lending capacity by EUR 30 billion; supported banks' credit loss buffers and lending to companies to mitigate adverse financial effects due to COVID-19.
MSME guarantee for limited liability enterprises operating for more than 3 years	-	MSME guarantee for limited liability enterprises operating for more than 3 years is extended to include immediate cash needs arising from the pandemic-related factors. The guarantee is 80% of the total facility ranging EUR 10,000-120,000.

Measures Taken	Responsible Agency	Benefits
Subsidies and loans for MSME and mid-cap companies	Business Finland	Targeted mostly at hotel and travel industries. A subsidy of total 80% of total project expenses, capped at EUR 10,000 at which total project cost is EUR 12,500 for research and planning of new business operations, replacing delivery chains and reorganization of production and ways of working. A maximum 70% advance payment can be applied before or during the project, and the rest is credited at project completion against accepted expense slips.
Development subsidies, development services and transport support for MSME	Centers for Economic Development, Transport and Environment (ELY)	ELY, having received EUR 50 million of supplementary budget, offered development subsidies, development services and transport support for MSME.. ELY aid is granted to an enterprise that employs 1-5 individuals (not self-employed, minimum 1 employee who does not own a business and works at least 30 hours per week) and is financially affected by COVID-19. Subsidies can be applied for research and planning of new business operations. The project total EUR 10,000-100,000, and share of ELY is 80% of expenses. An advance subsidy of 70% can be paid at project acceptance.
Private equity-type financing for MSME	Finnish Industry Investment Ltd. (TESI)	Local companies that employ up to 50 individuals, report EUR 10 million or more in sales, profitable before the crisis and with feasible outlook and market potential, may apply for investments ranging EUR 1-10 million.
<b>France</b> France provides guarantee schemes, financing options and other services for MSME affected by the pandemic. Industry associations support MSME during the crisis through a toolkit on teleworking and advice.		
Guarantee Fund “Reinforcement of the Treasury”	Bpi France	Intended for MSME (including very small enterprises) and mid-cap companies. Guarantee up to 90% liquidity enhancement loans for 2-7 years (can be extended up to 15 years for loans with a security interest in real estate asset or in case of sale and leaseback of real estate). Long- and medium-term loans, movable and immovable leases, financial leases, etc., can be guaranteed. Up to EUR 5 million for MSME can be guaranteed.
Guarantee Fund “Confirmed Line of Credit”	Bpi France	Intended for MSME and mid-caps. Guarantee up to 90% on confirmed credit lines for 12-18 months. Renewal of confirmed credit lines (overdrafts, overdraft facilities, discounts, daily, etc.) can be guaranteed. Can be used for financing business operating cycle. Guarantee equal to the duration of credit line (up to EUR 5 million for MSME and up to EUR 3 million for mid-cap companies).
Mid-term financing: provision of asset loans	Bpi France	Intended for MSME (including very small enterprises) and mid-cap companies with at least 12 months of balance sheets, and can be used for one-off cash requirements and an exceptional increase in working capital requirement: EUR 50,000-5 million for MSME and up to EUR 30 million for mid-cap companies for 3-5 years (of which 6-12 months of deferred depreciation).

Measures Taken	Responsible Agency	Benefits
Mid-term financing: ready-to-bounce loans	Bpi France	Intended for MSME (including very small enterprises) and mid-caps (provided in partnership with the regions and co-financed), and allows financing a cash requirement (EUR 10-300 thousand for 7 years, including 2 years of deferred depreciation) related to cyclical difficulty, a temporary fragile situation or a working capital requirement that does not allow for normal operations.
Increase of maximum outstanding amount of secured receivables	Bpi France	Applicable for factoring companies benefitting from agreements with MSME. Maximum outstanding amount of secured receivables increase from EUR 200 to EUR 500 thousand and allow the release of security deposit.
Export guarantees and pre-financing through Bpi Assurance Export	Bpi Assurance Export	For MSME, export insurance covers up to 90% of issued and declared guarantee commitments (export guarantee insurance) or pre-financing setup (pre-financing guarantee) compared to 80% previously, for the duration of the pandemic. Companies applying for export pre-financing guarantee have 6 months (compared to 4 months previously) for the bank to set up a credit.
Credit mediation	Bank of France, Government of France	Credit mediation is provided to companies of any size and in any sector experiencing financing difficulties with its banking partners, or that is suffering the consequences of a reduction in guarantees from a credit insurer.
Deferral of rent payment	French Insurance Federation (FFA)	The French Insurance Federation members among MSME (including very small enterprises) operating in one of the sectors, in which activity is interrupted pursuant to the decree of 15 March 2020, enjoy deferral of rent payments (including for auditoriums, conference, meeting, show or multipurpose rooms; sales shops or shopping centers; restaurants and pubs; dance halls and game rooms; libraries, documentation center; exhibition halls; covered spot establishments; museums).
Solidarity Fund	-	Solidarity Fund of EUR 2 billion for small businesses with turnover of less than EUR 1 million, which in the period between March 2019 and March 2020 faced its reduction by 70%. These are also provided with additional regional aid and are eligible for a flat rate aid of EUR 2,000 if they employ at least 1 employee, are unable to pay their debts within 30 days, and are refused from cash loan by their bank. Starting 1 April 2020, all companies concerned are able to make a simple declaration on tax website to receive aids up to EUR 1,500, and starting 15 April 2020 the most affected ones can obtain additional regional aid of EUR 2,000.
<b>Germany</b>		
Germany provides loans for its MSME with increased grace periods and no guarantee or collateral required (KPMG (d), 2020).		

Measures Taken	Responsible Agency	Benefits
Quick loans for MSME	KfW	If a company employing 10 or more was profitable in 2017-2019 and had a sound financial standing as at 31 December 2019 (also if active only since 1 January 2019), a “fast loan” (quickly approved) may be granted. Loan amount is up to 25% of company’s turnover in 2019 (maximum EUR 500,000 for employers of less than 50, and EUR 800,000 for those employing more than 50). The term is 6 years and may be up to 10 years for loans up to EUR 800,000. A grace period of up to 2 years may be provided to reduce short-term burden. The bank receives a 100% indemnity from KfW, secured by a guarantee from the Federal Government. The loan is approved without further credit risk assessment by a bank or KfW. Collateral is not provided.
Economy Stabilization Fund	-	The fund (Wirtschaftsstabilisierungsfonds) aims to ring-fence businesses seen as of critical importance for the German economy as a whole.
<b>Hungary</b>		
Hungary allows moratorium on loan repayment (World Bank, 2020).		
Loan repayment moratorium	National Bank of Hungary	Central Bank imposed a moratorium on repayments on loans extended under its Funding for Growth Scheme that provided MSME with cheap loans.
Loan repayment moratorium	Government	A loan repayment moratorium (both principal and interest) established for both individuals and companies until December 2020.
<b>Ireland</b>		
Ireland provides guarantee schemes for MSME. Local Enterprise Offices in Ireland provide vouchers worth EUR 2,500-10,000 with match funding for innovation, productivity and business continuity preparedness.		
Credit Guarantee Scheme	Government	MSME loans of up to EUR 1 million for 7 years.
COVID-19 Credit Guarantee Scheme	Government	Lending support to MSME amounting EUR 2 billion for periods from 3 months to 6 years, below market interest rates.
<b>Italy</b>		
Among other measures to support MSME, Italy introduced public guarantees and support for innovative start-ups and MSME, and allowed suspension of loan repayment for MSME. Italian export credit agency (Servizi Assicurativi del Commercio Estero, SACE) announced a EUR 4 billion package to help MSME address cash flow needs and diversify export markets. Additionally, ICE-Italian Trade Promotion Agency absorbed the costs incurred for participation in fairs and events.		
Suspensions of loans repayment for MSME	Government, Italian Banking Association	Italian MSME affected by the consequences of COVID-19 had their loan repayments suspended until 30 September 2020 on outstanding bank loans as at 17 March 2020.

Measures Taken	Responsible Agency	Benefits
Public guarantees for loans to MSME (up to 499 employees)	Government, Italian Banking Association	Until 31 December 2020, free guarantees are granted through the guarantee fund for MSME, covering 90% of loans up to EUR 5 million with duration of up to 72 months. The guarantee covers 100% of loans up to EUR 25,000 under certain conditions. The amount of a guaranteed loan shall not exceed: 25% of the 2019 turnover; 200% of employment costs borne in 2019; expected investment costs in the following 12-18 months.
Support for innovative start-ups	Government, Italian Banking Association	EUR 100 million for 2020 were allocated to refinance loans granted to innovative start-ups. A fund of EUR 10 million established to grant innovative start-ups non-repayable contributions to be used to purchase services provided by incubators, accelerators, innovation hubs and business angels. A fund, aimed at sustaining venture capital, was provided with additional EUR 200 million for 2020 to support investments in innovative start-ups and MSME.
Support to MSME	-	An agreement was made between 14 municipalities of the South East Milan area to develop a portal to provide support for MSME that operate in the areas affected by the pandemic (PES Group, 2020).
“Digital Solidarity” initiative	Ministry of Innovation and Digitalization	Includes a portal for MSME to access free digital services from large private sector companies regarding smart teleworking, video conferencing, access to mobile data, cloud computing, etc.
<b>Latvia</b>		
Latvia introduced measures to improve market liquidity, as well as provided loans, guarantees and reduced interest rates (KPMG (e), 2020). Fintech initiatives are developed to support MSME finance in the context of the crisis.		
Liquidity measures	Government	Liquidity release amounting to EUR 118 million.
Loans, guarantees and reduced interest rates	National Development Finance Institution of Latvia (ALTUM)	ALTUM provides loan guarantees and loans for crisis solutions to businesses affected by the COVID-19. Interest rates on loans for tourism sector businesses will cut by 50% for MSME.
<b>Lithuania</b>		
Lithuania takes measures to help MSME maintain liquidity and loans for paying bills.		
Loans to pay bills	Government	MSME, which cannot pay suppliers' bills due to suspended activities, can apply for loans.
Loans for liquidity funding	Government	MSME affected by COVID-19 can apply for loans to maintain liquidity funding within 1 day.
<b>Malta</b>		
Government of Malta introduced liquidity measures and a tax and insurance deferral of payment scheme.		
Liquidity measures	Government	Liquidity release amounting EUR 9 million.

Measures Taken	Responsible Agency	Benefits
Deferral of payment scheme	Government	Deferral of payment for businesses with a significant reduction in turnover was introduced in respect of VAT, provisional tax and national insurance contributions on salaries due in March–April 2020. This scheme is aimed to improve liquidity by EUR 700 million (MSI Global, 2020).
<b>Poland</b>		
Polish Government provides repayable grants to companies affected by the pandemic.		
Repayable subvention	Government	Repayable subvention (advance payable) up to PLN 3.5 million per enterprise depending on its sales in 2019 and decrease in sales due to COVID-19. After 12 months, 75% may be forgiven; 25% if enterprise continues activity; 25% depending on loss on activity; 25% if the enterprise maintained average employment for 12 months. Remaining can be paid back in 24 months.
<b>Portugal</b>		
Portugal provides financial and consultancy support for its MSME.		
Team of specialists providing advisory services to MSME	Government	The team of specialists provides support for MSME on banking and finance, consulting (mitigation of the effects of the pandemic), communication, legal matters, etc.; ensures informing MSME on the existing support measures, and promotes economic recovery.
Marketplace for MSME	Government	The marketplace combines the needs of companies, institutions and municipalities with the skills and offers of the entrepreneurial ecosystem in Lisbon.
Loans to support MSME	Government	The government announced allocation of EUR 200 million in loans to support MSME (KPMG (f), 2020). The package also includes a credit line to support treasury to companies affected by the pandemic, in the initial amount of EUR 100 million, aimed to support liquidity and wages.
Loans to support start-ups	Government	Loans amounting EUR 400 million to support start-ups. Additionally, launch of a credit line initially amounting EUR 80 million to support treasury. Includes liquidity and temporary lay-off support measures. Businesses are able to withhold interest and capital payments on loans for 6 months. The State grants mutual guarantee of 90%.
<b>Romania</b>		
Romanian Government waived contract penalties for the duration of the pandemic and provides credit guarantees.		
Contract penalties not due during the pandemic	Government	Contract penalties for delays in the execution of contracts are waived and are not due for the duration of the pandemic by MSME that totally or partially interrupted their activity and that hold a respective certificate.

Measures Taken	Responsible Agency	Benefits
Credit guarantee	Government	Guarantees covering up to 80% of the principal amounts borrowed in the form of one or more credits for investments or credit lines for working capital were granted by credit institutions for MSME. The maximum value of grant is capped at RON 10 million, and there is also a sub-ceiling of RON 5 million for credit lines for working capital (cannot exceed the average of expenses related to working capital of the last 2 fiscal years) and also RON 10 million for investment loans.
<b>Slovakia</b>		
Slovakia takes steps to improve liquidity, and provides financial support to MSME through various schemes. Mortgage payments were postponed by banks by 9 months.		
Liquidity measures	Government	Liquidity release amounting EUR 527 million (KPMG (g), 2020).
Subsidy programme	-	Subsidies amounting 80% of average monthly salary (up to 1,100/month/employee to whom the employer is unable to allocate work) are provided to businesses that closed or restricted operations due to the decision of the Public Health Authority.
Allowance to employers for keeping a job	Government	Allowance provided to employers for keeping jobs (financed by European Social Fund and the state budget), also subject to maintenance of jobs beyond quarantine (White & Case LLP, 2020).
Loans for MSME and larger companies	Export-Import Bank (EXIMBANKA), Slovak Guarantee and Development Bank (SZRB)	Short-term interest-free loans are granted for companies (mainly MSME) via EXIMBANKA and SZRB to overcome the lockdown period.
<b>Slovenia</b>		
Steps are taken in Slovenia to help MSME affected by the pandemic, including introduction of portfolio guarantees, aid for internationalization, and measures to diversify markets.		
Preparation for introduction of portfolio guarantees	Slovenska izvozna in razvojna banka, d.d., Ljubljana (SID)	Portfolio guarantees under European Cohesion Policy Funds that can be used by participating banks and savings banks to finance MSME and their day-to-day operations.
Measures to help MSME	Ministry of Economic Development and Technology, Slovenian Enterprise Fund	Measures initially amounting EUR 115 million to help MSME. Funds can be used for a variety of purposes, including quick liquidity loans, guarantees for bank credit protection, new investments, financing reverse funds, etc.

Measures Taken	Responsible Agency	Benefits
<b>Spain</b>		
Spain facilitates utility payments and supports its MSME financially, offering EUR 2 billion as part of additional loan guarantee programme for exporting companies. Measures to help digitize MSME are also in place to facilitate teleworking and prevent external (outside EU) takeovers in strategic sectors.		
Aid for payment of utility bills	Iberdrola (energy utility company), Naturgy (natural gas and electric energy utilities market)	Aid to facilitate payment of electricity, gas and other energy services bills of its clients including MSME by splitting invoices up to 12 months, aimed to postpone utility bills of MSME that were to be issued during the second semester of 2020 (Petersen, et al., 2020).
Financial aid for MSME in Castile-La Mancha	Regional Government of Castile-La Mancha	Starting April, regional Government coordinated a financial aid mechanism for MSME and self-employed amounting EUR 15 million aimed to back credit operations of up to EUR 300,000. It also designed a EUR 220 million post-COVID-19 economic recovery plan, which features such measures as creation of a EUR 25 million non-refundable financial aid line for MSME and self-employed to resume activity immediately after the lockdown while maintaining employees.
'Re Activa València' liquidity measures	-	'Re Activa València' is a set of liquidity measures designed for MSME to compensate for closure or losses and targeted towards maintaining employment. Delay of payment of municipal taxes was put in place. An assistance and coordination service were launched to ease access to the benefits, so as a financial control system.
<b>Switzerland</b>		
Swiss Government introduced loans and guarantees for certain MSME and offered compensation for reduced exports activities of CHF 4.5 million.		
COVID-19 loans for MSME	Government	Swiss Government introduced government-guaranteed loans from Swiss banks as an interim measure for Swiss MSME (established/incorporated before 1 March 2020; have an annual turnover lower than CHF 500 million; have no ongoing debt collection liquidation proceedings; have significant negative impact on the turnover due to the COVID-19 pandemic; do not benefit from federal financial support measures introduced in the areas of culture or sport) to help them alleviate liquidity problems due to COVID-19. Initial financing amounts to CHF 40 billion. MSME apply for loans up to 10% of their annual turnover (up to CHF 2 million). Requests of up to CHF 500,000 will be guaranteed by the Government and are zero interest; those in excess are guaranteed 85% by the Government and a primary bank bears the risk for the remaining 15%. Annual interest rate is 0.5%; standard credit checks are imposed on the borrower and this can make the approval process slower. The Government guarantees last for 5 business years with a possibility for extension for up to 2 years; restrictions like no-payments of dividends and no-transfer of funds to parent-companies abroad apply.

Measures Taken	Responsible Agency	Benefits
<b>United Kingdom</b>		
United Kingdom introduced various loan schemes and employee sick pay packages.		
Statutory Sick Pay (SSP) relief package	Government	Includes refund to cover up to 2 weeks SSP per eligible employee off-work due to COVID-19. Companies can also reclaim such expenditures. The scheme covers full- and part-time employees, employees on agency contracts and employees on flexible or zero-hour contracts. Employers can claim back from both the Coronavirus Job Retention Scheme and the Coronavirus Statutory Sick Pay Rebate Scheme for the same employee, but not for the same period of time for an employee.
Coronavirus Business Interruption Loan Scheme	British Business Bank	Under this scheme launched on 23 March 2020, MSME with an annual turnover of less than £45 million can borrow up to £5 million with a government guarantee covering 80% of the loan. The loan will only be available from accredited lenders, and the first year is interest-free.
Bounce Back Loan	British Business Bank	Allows MSME affected by the pandemic to receive loans of up to 25% of their annual turnover (capped at £50,000) from accredited lenders. These Government-guaranteed loans of up to 6 years also benefit from a payment holiday during the first year (Debevoise & Plimpton, 2020).
Increased bank support for MSME	Bank of England	Increased support for lending to the real economy that unveils incentives for banks that increase lending to MSME. It is offering a 4-year collateralized loans to cover at least 10% of real economy lending (at interest rates of, or very close to, bank rate) and additional funding to banks that increase lending to MSME.

## South-Eastern and Eastern Europe and Turkey

Measures Taken	Responsible Agency	Benefits
<b>Albania</b>		
Albania offers various tax benefits and support to entrepreneurs.		
Tax deferrals	Government and Tax Authorities	Taxpayers do not need to pay taxes immediately, and simplified income tax instalments for those registered as 'small tax business' were postponed to 20 October 2020 (for 1 <sup>st</sup> and 2 <sup>nd</sup> quarters) and 20 December 2020 (for 3 <sup>rd</sup> and 4 <sup>th</sup> quarters).
Minimum salaries	Government and Tax Authorities	A minimum salary of ALL 26,000 per month is provided to employees and entrepreneurs registered for Corporate Income Taxes (CIT) or as small businesses that had annual turnover below ALL 14 million during 2019 (double employed individuals benefit only 1 payment).
<b>Belarus</b>		
Belarus introduced financial measure to support business and softened recommendations on interest rate ceilings on deposits and credits; the associated risk assessment was also undertaken; banks are advised to restrain from increasing interest rates on restructured debt; capital conservation buffer is partially released (KPMG (h), 2020). The maturity of the Central Bank's refinancing loans for banks was extended.		
Financial measures to support businesses	-	Mitigation of a number of prudential requirements like softening of assets classification requirements (including looser prudential requirements on foreign currency loans); increasing the maximum risk standard for 1 debtor; suspension of indexation of regulatory capital of banks or other financial entities; lowering the liquidity coverage ratio; softening credit risk requirements for systemically important borrowers when calculating the normative capital adequacy ratio.
<b>Bosnia and Herzegovina</b>		
Unemployment benefits	Government	Budget of EUR 5.5 million allocated for unemployment benefits for 2020 (may attract additional EUR 10 million for job retention and for providing unemployment benefits).
<b>Montenegro</b>		
Montenegro provides various tax relief measures (KPMG (i), 2020).		
Tax relief measures	Tax Authorities	A tax relief that included measures for the deferral of payments of individual (personal) income tax and social security contributions, was provided.
<b>North Macedonia</b>		
North Macedonia provides financial support for salary payment and offers incentives on loans (KPMG (j), 2020).		
Financial support for payment of salaries	Government	Financial support was provided to employers in the private sector for the payment of April and May 2020 salaries of up to MKD 14,500 per employee.

Measures Taken	Responsible Agency	Benefits
Interest-free loans	Government	A total of EUR 5.5 million granted as interest-free loans to companies conducting business activities in the sectors most affected by COVID-19. Amount of loans depends on headcount: enterprises with up to 10 employees are entitled to a EUR 5,000 loan; with 10 to 50 employees – up to EUR 15,000; with 51 to 250 employees – up to EUR 30,000.
Extension of loan repayment period	-	Banks can offer extension (i.e., grace period) for loan repayment, prolong the loan repayment for an extended period or provide lower interest rate.
<b>Republic of Moldova</b>		
Republic of Moldova adopted a comprehensive fiscal package to help businesses affected by the pandemic (KPMG (k), 2020). The Executive Board of the National Bank of Moldova approved a decision that allows licensed banks to postpone or change payment deadlines and/or amounts of due payments on loans granted to economic agents until 30 June 2020. These changes have no effect on automatic classification of these loans into a tougher category than the existing one (as of the date of adoption of this decision). (KPMG (l), 2020)		
Set of comprehensive fiscal measures targeting vulnerable businesses	-	Tax relief for sectors affected by state-imposed restrictions; delayed tax payment deadlines to mid-2020; suspending tax audits and other controls; increased state budget allocations to the budget emergency fund and to a mortgage guarantee programme. A grant of 60% of income paid tax and compulsory state social insurance contributions to be paid by employer.
Support for economy	National Bank of Moldova (NBM)	Measures to support the economy, ease liquidity conditions, and enhance financial system's resilience by decreasing base rate applied to the main short-term monetary policy operations by 2.25 points to 3.25%; decreasing required reserve ratio in local currency by 6.5 points to 34%; increasing required reserves ratio in freely convertible currencies by 1.0 point to 21%.
<b>Serbia</b>		
Serbia introduced support packages for businesses and employees and put a 90-day moratorium on loan repayment (KPMG (m), 2020).		
Moratorium on loan repayment	Serbian Central Bank	A 90-day moratorium on loan repayment by clients of commercial banks and financial leasing companies, applicable to individuals, farmers, entrepreneurs and companies.
Financial support	Government	A decree and subsequent guidance concerning financial support available for employees and for business entities, which includes direct aid in the form of financing salaries for up to 3 months.
Governments support package	-	The package includes: support to large enterprises; 50% of the minimum wage to all employees whose contract ended, and; cover for 3-months wages in MSME.
<b>Turkey</b>		
Turkey offers working capital loans, deferral on loan payments, and additional liquidity for certain enterprises.		

Measures Taken	Responsible Agency	Benefits
Loan payment deferral	Small and Medium Enterprises Development Organization of Turkey (KOSGEB)	Loan repayments due for April, May and June were postponed by 3 months for 136,000 MSME, which received loans through KOSGEB loan support package. MSME pay no expenses in return for the deferral, and KOSGEB covers the financing costs (TRY 713 billion, approximately USD 105 billion) arising from the deferral.
Working capital loans	Small and Medium Enterprises Development Organization of Turkey (KOSGEB)	Working capital loans amounting up to TRY 25,000 offered to all businesses, conditional on preserving their current employment level. Maturity is 36 months; grace period 6 months; subsidized at 7.5% interest rate.
Craft-and-trade credit card	Small and Medium Enterprises Development Organization of Turkey (KOSGEB)	Available to all craftsmen and small traders (TRY 25,000 limit).
Additional conditional liquidity to enterprises	-	Additional liquidity (as much as 3-months staff costs) available to enterprises paying staff salaries through public banks, under the condition that employment was not reduced.
<b>Ukraine</b> Ukraine introduced measures such as credit holiday and provides support to MSME and entrepreneurs. The government suspended the requirement to pay tax on commercial real estate and land, defined COVID-19 quarantine as a force-majeure for legal contracts, and suspended tax inspections of companies. Transaction registration rules were eased for certain categories of entrepreneurs. Entrepreneurs were also exempted from having to pay social security contributions. State-owned PrivatBank announced a “credit holiday” for MSME until the end of May 2020.		

## Russian Federation, Central Asia and the Caucasus

Measures Taken	Responsible Agency	Benefits
<b>Armenia</b>		
Armenia introduced financial support for MSME that include loans, partial reimbursements and grants. The Government announced a grant (lump sum payment) available to businesses (up to 50 employees), aimed to keep salaries and the number of employees the same as before the COVID-19 outbreak.		
Support package for MSME most affected by pandemic	Investor Support Center, Licensed banks and credit institutions	Provided to the most affected MSME through loans of the Investor Support Center, whereas licensed banks and credit institutions act as service agents.
Instructions to banks to soften loan terms.	Central Bank of Armenia (CBA)	Instruction to apply individual approach to softening loan terms for companies affected by COVID-19 in the area of tourism and services.
Partial reimbursement of loans to cover salaries	Ministry of Labour and Social Affairs	A total of USD 50 million allocated to businesses in the form of partial reimbursement of loans to cover salaries of their employees. Proposal to amend the Labour Code to allow employees receive compensation from employers equal to the minimal hourly rate (AMD 409) set for the minimum wage (AMD 68,000).
One-time supplement for entrepreneurs	Government	Calculated as 10% of an individual entrepreneur's 4 <sup>th</sup> quarter sales turnover in 2019 (but not less than the minimal wage of AMD 68,000 and not more than AMD 136,000).
One-time assistance for MSME that are obliged to use cash registry machines	-	Support amounting 10% of turnover of goods, services and work performed during the 1 <sup>st</sup> quarter of 2020 (but not more than twice the minimum wage of AMD 68,000) is provided to MSME that are obliged to use cash registry machines. For those free from this obligation, the size of the support is equal to the minimum wage of AMD 68,000.
<b>Azerbaijan</b>		
Azerbaijan allocated funding to combat adverse effects of the pandemic and provides support through loans and guarantees (KPMG (n), 2020). The Government extended blanket deposit guarantee, which covers all foreign currency deposits within a 10.5% interest rate cap, until 4 December 2020. The Central Bank of Azerbaijan left refinancing rate unchanged at 7.25% but raised the floor of interest rate corridor (within a de-facto floor system) to 6.75%.		
Financing measures to reduce negative impact of COVID-19	Government	The State budget allocated AZN 2.5 billion to the Cabinet of Ministers for financing measures to reducing the negative impact of COVID-19 as well as to support the subsequent fluctuations in the global energy and stock markets on the economy, macroeconomic stability, employment issues and businesses in Azerbaijan.

Measures Taken	Responsible Agency	Benefits
State loan and guarantee in support of economy and businesses	Government	MSME operating in the negatively affected areas are issued credit guarantee support programme amounting AZN 0.5 billion for loans. The programme includes state guarantee amounting AZN 500 million for 60% for new loans, and subsidizing 50% of the interest on guaranteed loans from the state budget. Additionally, AZN 50 million in funds were allocated to the Entrepreneurship Development Fund in April-May 2020. The programme also supports affected entrepreneurs with the existing loan portfolios. The government is to subsidize 10% of the interest expenses of these loans for 1 year.
<b>Georgia</b>		
Georgia provides support to industries worst hit by the pandemic, by providing VAT refunds, postponing tax liability and provision of subsidies. Employees of the informal sector or self-employed receive one-time assistance of GEL 300 if they provide proof of loss of income.		
Postponement of liability of payment of property and personal income taxes	Government	The liability of payment of property and personal income taxes for enterprises engaged in tourism-related activities and other entities who were affected by COVID-19 was postponed until 1 November 2020. To obtain the relief, taxpayers are required to submit an application to the Revenue Service of Georgia. Furthermore, no late payment interest will be assessed on deferred tax liabilities (KPMG (o), 2020).
Co-financing of bank loan for hotels with 4-50 rooms	Government	Hotels with 4-50 rooms (more than 2,000 eligible) receive Government co-financing of loan interest rate (80% for loans in national, and 70% in foreign currency) for 6 months. The following condition apply: loan amount should not exceed GEL 1 million (equivalent to USD 300,000 or EUR 250,000), and the loan must be issued before 1 March 2020.
Doubled VAT refunds	Government	To promote economic activity and liquidity management for private sector, the Government doubled VAT refund, and instead of planned GEL 600 million, refunds amount to 1,200 million.
State subsidy for jobs retention	Government	Employers receive state subsidies for every retained job for 6 months: (1) salaries of up to GEL 750 are fully exempted from income tax; (2) for salaries of up to GEL 1500, income tax exempt is GEL 750.
Credit portfolio with guarantees	-	Credit portfolios of GEL 2 billion are issued with guarantees on new loans (90%) and on restructuring (30%). Some changes were also made to co-financing conditions: (1) the period of co-financing of loans/leasing was increased from 24 to 36 months; (2) mechanism of interest co-financing changed; (3) minimum threshold for loans/leasing lowered; 4) funding for circulating assets increased; (5) scope of activities eligible for funding extended.

Measures Taken	Responsible Agency	Benefits
<b>Kazakhstan</b>		
Kazakhstan provides guarantees on loans, exemption of taxes and increased support for MSME financing. Preferential loans of KZT 600 billion for 1 year at 8% are provided to support MSME affected by COVID-19. Business entities may apply for low-interest loans under the rescue package capped at KZT 3 billion for MSME. The latter were able to defer all types of taxes and other payments until 1 June 2020 (KPMG (p), 2020).		
Provision of state-guaranteed loans	-	MSME can apply for loans up to KZT 1 billion with state guarantee of up to 50%; smaller enterprises can apply for loans up to KZT 360 million with state guarantee up to 85%.
Increased support of MSME to receive financing	Ministry of National Economy	The programme allows enterprises receive financing of up to 30-50% of an investment project value. The Ministry further increased support to MSME via the programme by increasing the maximum amount of financing from KZT 2.5 to 7 billion.
Concessional lending to MSME	National Bank, Agency for Regulation and Development of Financial Markets	Concessional lending was initiated to support working capital for MSME. Combined with “Economy of Common Goods” programme, the Government allocated a total of KZT 1 trillion to local entrepreneurs.
Exemption from personal income tax and social payments	-	MSME were exempt from personal income tax and social payments (social tax and insurance) for 6 months (April–September 2020). Sectors included are tourism, transport, IT, consulting, private education, private healthcare and other affected sectors.
<b>Kyrgyzstan</b>		
In addition to measures put in place by the Government to support businesses, Kyrgyzstan also received funds from the KfW Bank (KPMG (q), 2020).		
Tax deferrals	Government	Provision of tax deferrals as part of the Government's anti-crisis plan to support economic sectors and businesses affected as a result of the pandemic.
Support by the German Development Bank KfW	-	The bank provided USD 30 million to ensure food security in the country and particularly to support development of MSME.
Fiscal measures to support businesses	Government	Starting introduction of the state of emergency (25 March 2020), the following measures were put in place: deferrals on payment of taxes and social contributions; moratorium on inspections by the regulatory authorities (by 1 January 2022); restriction on field tax audits (by 1 January 2021, with certain exceptions); deferral of rental payments for 3 months (starting 1 April 2020); temporary ban on bankruptcy proceedings (by 1 January 2021) (KPMG (r), 2020).

Measures Taken	Responsible Agency	Benefits
<b>Russian Federation</b>		
Russia introduced a set of measures to help MSME, such as, among other, preferential loans and incentives on interest rates, restructuring of existing debts, postponement of tax and social security payments, deferral of loan payments up to 6 months for the most affected businesses (KPMG (s), 2020).		
Moratorium on insurance premium	-	A 3-month moratorium for MSME on payments to the state or municipal authorities of mandatory insurance premium and leasing payments for property (as of 1 March 2020).
Incentives on interest loans for companies to continue operations	-	The set of incentives includes: 6-month zero-interest loans to pay salaries provided to businesses in the affected sectors; 2% interest loans on resumption of activities to businesses in the affected sectors (or those requiring support); 5% interest loans to 'systemically important' companies (as per the list adopted by the Government); 8.5% interest loans to all MSME.
Measures for MSME particularly affected by the pandemic	-	A 6-month deferral of payment of income tax for 2019; deferral of payment of taxes (excluding VAT, taxes paid as tax agents) for Q1 2020 – for 6 months, for Q2 – for 4 months; delay for social insurance contributions for the March–May 2020 period for 6 months, and for June–July – for 4 months; delay for the advance payment of transportation tax, property tax, and land tax for Q1 2020 (no later than 30 October 2020) and Q2 2020 (no later than 30 December 2020). Subsidies to be received by MSME will not be included in the tax base (profit tax). Deduction of VAT on goods (work, services) is prohibited and fixed assets acquired using subsidies do not apply to subsidies received by MSME.
Regional support measures	Regional Governments	Each region may provide supporting measures applicable to companies of that particular region. In Moscow, e.g., key measures include: 8% interest loans to MSME operating in the priority sectors incorporated less than 3 years ago; subsidies to MSME that are exporters and franchisees; partial compensation of MSME expenses for purchase of new equipment (hotels and residents of the Moscow innovation cluster); partial compensation (up to RUB 700,000 until 31 December 2020) of MSME expenses for promotion of commodities and services online.
<b>Uzbekistan</b>		
Uzbekistan introduced tax relief for MSME and moratorium on bankruptcy filings. A moratorium was declared on initiating or declaring bankruptcy by enterprises faced with financial difficulties. Annual audits of certain taxpayers are postponed (KPMG (t), 2020).		
Tax relief for MSME	-	Tax relief is generally aimed at MSME and individual entrepreneurs. Funds received by these business entities in the form of interest-free financial assistance are not subject to income tax.







# Guidelines and Best Practices for Micro-, Small and Medium Enterprises in Delivering Energy-efficient Products and in Providing Renewable Energy Equipment in the post-COVID-19 Recovery Phase

Role of micro-, small and medium enterprises in delivering energy-efficient products and in providing renewable energy equipment can become crucial in the post-COVID-19 recovery phase if they are provided with necessary incentives. This can be one of the ways to restart such an enterprises or even to create new ones when job opportunities are scarce.

This study includes the analysis of the environment that micro-, small and medium enterprises face as a result of the COVID-19 crisis, the best practices in the area of energy efficiency and renewable energy that show how enterprises may respond, measures that they can undertake in delivering energy-efficient products and in providing renewable energy equipment that would help them restore business confidence, and recommendations on creating enabling environment to facilitate an economic recovery that would be in line with the Sustainable Development Goals.

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