



# **Governmental COVID-19 related support in North Western Europe**

A comparison of financial support provided by the governments of the Netherlands, UK, Germany, and France in times of COVID-19

July 2020

Comparison provided by the Dutch Startup Association (DSA)

Website: <https://dutchstartupassociation.nl/>

## Executive summary

### Governmental COVID-19 support in North Western Europe

#### Netherlands - total: € 644 million

- Amount based on BMKB & BMKB-C, COL, Qredits, TOPSS, and Seed Capital.
- Amount excludes measures which startups can make use of but are not startup exclusive or are per capita dependent (TOZO, TVL, TOFA, TOGS, KKC, GO, NOW, Corona-overbruggingskrediet).
- There are no subsidies for (smaller) startups, only loans.

#### United Kingdom - total: £8 billion

- Amount based on CBILS and Innovative Business Fund.
- Amount excludes measures which startups can make use of but are not startup exclusive or are per capita dependent (Future fund, BBLs, SEISS, CJRS, VAT, sick employee support).
- Almost 80% of the entities who have applied, have been granted the Bounce Back Loan Scheme (BBLs), while only 50% of the applicants of the Corona Business Interruption Loan Scheme (CBILS), have been granted the loan.

#### Germany - total: € 44,7 billion

- Amount based on KfW Syndicate financing and Support package for startups.
- Amount excludes measures which startups can make use of but are not startup exclusive or are per capita dependent (Tax relief, Aid measures for employees, direct subsidies, KfW instant loan, KfW Syndicate financing, Compensation employees with children, Guarantee Bank aid).
- KfW bank provides 4 types of loans; KfW Instant Loan for medium sized enterprises, ERP Start-Up Loan, KfW Syndicate financing, and KfW Entrepreneur Loan. The highest amount comes from the KfW Entrepreneur Loan with a maximum of €200 million loan.

### **France - total: € 4,9 billion**

- Amount based on Guarantee Fund "Reinforcement of the Treasury", Guarantee Fund "Confirmed Line of Credit", "repayable advance" for SMEs that cannot find financing, French Tech Bridge, PSIM, Accelerated payment of PIA innovation aid, Accelerated reimbursement by the State of corporate tax credits (startups), and Solidarity Fund for small businesses.
- Amount excludes measures which startups can make use of but are not startup exclusive or per capita dependent (Bpi managed state guarantee, Asset loan, ready to bounce, Evolution of the Factoring guarantee system and State-guaranteed loans.
- Measures in order to facilitate the refinancing of long-term and existing loans, direct state payments, French Tech Sovereignty fund, French Tech Acceleration, Deferral of the payment of social security contributions, Economic and Social Development Fund (FDES)).
- France is donating € 1,1 billion in support of tech companies and innovation.

### **Recommendations**

The Dutch government should implement different measures spread out over three different periods of time:

- Now: expand grant-based measures, expand COL, and make NOW more available for startups.
- Second wave: present a new budget including short- and long-term financing expanding above named measures, implement sick-pay leave for COVID infected employees.
- Post COVID: implement future fund tailored for startups promoting innovation and implement equity funding



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## Cross-country comparison

	NL	DE	UK
<b>Grants eligible for early stage startups</b>	-	Direct subsidies (€9-€15K, depending on region and size) Aid measures for employees (company and employee dependent) Support package for startups (€2B total) Future Fund (€10B total)	Statutory Sick Pay (£10K)
<b>Grants eligible startups &amp; scaleups</b>	TVL (max €50K per SME)	Direct subsidies (€9-€15K, depending on region and size) Aid measures for employees (company and employee dependent) Support package for startups (€2B total)	Statutory Sick Pay (£10K)
<b>Loans eligible for early stage startups</b>	BMKB(C) (€203M total) KKC (€10K - 50K per SME) GO (€10M total) Qredits (€31M total) COL (€300M total) TOPSS (€100M total) Seed Capital (€10M total)	ERP Start-Up Loan (max €200M per SME) Guarantee bank aid (€2.5M per SME)	Coronavirus Business Interruption Loan Scheme (£7.25B total) Future Fund (£500M total) Bounce Back Loan Scheme (max £50K per SME) Innovative Business Fund (£750M total)
<b>Loans eligible startups &amp; scaleups</b>	BMKB(C) (€203M total) KKC (€10K - 50K per SME) GO (€10M total) COL (€300M total) TOPSS (€100M total) Seed Capital (€10M total)	KfW Instant Loan for medium sized enterprises (€500K-€800K) KfW Entrepreneur Loan (max €200M per SME) KfW Syndicate financing (max €25M per SME) Guarantee bank aid (€2.5M per SME)	Future Fund (£500M total) Bounce Back Loan Scheme (max £50K per SME) Innovative Business Fund (£750M total)



France was not included in the cross-country comparison, as they have a lot of financial measurements without a clear budget, or have not presented the amounts that have been granted/applications submitted as of today, which makes it difficult to compare the amounts.

## Netherlands

**Total available budget € 644 million, still excluding measures which startups can make use of but are not startup exclusive or are per capita dependent (TOZO, TVL, TOFA, TOGS, KKC, GO, NOW, Corona-overbruggingskrediet).**

TOZO	max 1,500 (per person, per month, max 4 months)
TVL	max 50K per SME
TOFA	1.650 (per person)
TOGS	4.000 (per person)
BMKB & BMKBC	203 mln
KKC	10.000 - 50.000
GO	10 mln
NOW	1,9 bln
COL	300 mln
Qredits	31 mln (6mln of which provided by the government)
TOPSS	100 mln
Seed Capital	10 mln added in aid of COVID crisis (before; 22 ml, now; 32 ml)
Corona-overbruggingskrediet	max 25.000 (per person)

(amounts in euros)<sup>1</sup>

<sup>1</sup><https://www.rijksoverheid.nl/documenten/kamerstukken/2020/05/20/bijlage-bij-kamerbrief-noodpakket-2.0-overzicht-noodmaatregelen>

## United Kingdom

### Overview

**Total available £8 billion, still excluding measures which startups can make use of but are not startup exclusive or are per capita dependent (Future fund, BBLs, SEISS, CJRS, VAT, sick employee support, Digital Trade Network).**

Coronavirus Business Interruption Loan Scheme (CBILS)	£7,25 billion approved
Future fund	£320 million from government Private investors will at least match the government investment in these companies.
Bounce Back Loan Scheme (BBLs)	£14,18 billion. Max loan of £50.000
Innovative Business fund	£750 million
Self-employment Income Support (SEISS)	a grant to self-employed individuals or partnerships, worth 80% of their profits up to a cap of £2.500
Coronavirus Job Retention Scheme (CJRS)	covers 80% of their usual monthly wage costs, up to £2.500 a month
Deferring VAT payments	the usual 3.5% annual interest on deferred tax payments will be waived.
Support for businesses who are paying sick pay to employees	Allow SMEs and employers to reclaim Statutory Sick Pay (SSP) paid for sickness absence due to COVID-19. For SMEs this is £10.000
Digital Trade Network (DTN)	£8M

(amounts in pounds)

<https://www.kvk.nl/corona/het-coronavirus-check-hier-ie-regelingen/>



## Summary

Chancellor announces new £1,25 billion coronavirus package to protect firms driving innovation in UK. Package includes a £500 million investment fund for high-growth companies impacted by the crisis, made up of funding from government and the private sector (Future Fund). SMEs focusing on research and development will also benefit from £750 million of grants and loans.

Innovate UK, the national innovation agency, will accelerate up to £200 million of grant and loan payments for its 2.500 existing Innovate UK customers on an opt-in basis. An extra £550 million will also be made available to increase support for existing customers and £175.000 of support will be offered to around 1.200 firms not currently in receipt of Innovate UK funding. The first payments will be made by mid-May.

<b>Scheme</b>	<b>Value of facilities approved</b>	<b>Percentage of facilities approved</b>
Bounce Back Loan Scheme	£14,18 B	79,9%
Coronavirus Business Interruption Loan Scheme	£7,25 B	50,0%
Coronavirus Large Business Interruption Loan Scheme	£0,59 B	17,3%

<sup>2</sup>

<sup>2</sup> <https://www.british-business-bank.co.uk/>

## Measures<sup>3</sup>

### ➤ **Coronavirus Business Interruption Loan Scheme (CBILS)**

Provides financial support to smaller businesses (SMEs) across the UK that are losing revenue, and seeing their cashflow disrupted, as a result of the COVID-19 outbreak.

British Business Bank operates CBILS via its accredited lenders. There are over 40 of these lenders currently working to provide finance. They include high-street banks, challenger banks, asset-based lenders, and smaller specialist local lenders. A lender can provide up to £5 million in the form of term loans, overdrafts, invoice finance, asset finance. Repayment terms of up to 6 years.

The scheme provides the lender with a government-backed, partial guarantee against the outstanding balance of the finance. The borrower remains 100% liable for the debt.

The Government will make a Business Interruption Payment to cover the first 12 months of interest payments and any lender-levied charges.

Criticism: venture backed startups can't get them; the requirement to assess firms' eligibility for conventional finance meant Cbils wasn't having an impact; some banks were asking for guarantees at launch; some weren't, or were doing so in different circumstances, making it the application process less consistent and more profit focused towards the lenders; Only one in five UK businesses who have formally applied for government-backed loans have been granted emergency funding.

### ➤ **Future fund**

UK-based companies can now apply for a convertible loan of between £125,000 and £5 million, to support continued growth and innovation in sectors as diverse as technology, life sciences and the creative industries. The government has made an initial £250 million available for investment through the scheme and will consider increasing this if needed. An additional 70M has been added to the fund and it is expected to grow further. <sup>4</sup>

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<sup>3</sup> <https://www.british-business-bank.co.uk/>

<sup>4</sup> <https://www.gov.uk/government/news/more-firms-can-now-benefit-from-the-future-fund>

Private investors – potentially including venture capital funds, angel investors and those backed by regional funds - will at least match the government investment in these companies.

Unlike equity investment, there is no requirement under these convertible loans to value the company, which helps speed the process at a time when company valuations have been significantly hit by Covid-19.

➤ **Bounce Back Loan Scheme (BLS)**

The Bounce Back Loan Scheme (BLS) provides financial support to businesses across the UK that are losing revenue, and seeing their cashflow disrupted, as a result of the COVID-19 outbreak and that can benefit from £50,000 or less in finance. BLS is available through a range of British Business Bank accredited lenders and partners, listed on the British Business Bank website. A lender can provide a six-year term loan from £2,000 up to 25% of a business' turnover. The maximum loan amount is £50,000. The scheme gives the lender a full (100%) government-backed guarantee against the outstanding balance of the facility (both capital and interest).

➤ **Innovative Business fund**

£750 million of targeted support for small and medium sized businesses focusing on research and development<sup>5</sup>, £40 million of which already given out.

Projects to benefit from the funding include virtual reality training platforms for surgeons, virtual farmers' markets and other innovations borne out of the coronavirus pandemic. Funding comes from a £211 million government investment package to encourage businesses developing new technologies. The competition aims to fast-track the development of innovations borne out of the coronavirus crisis while supporting the UK's next generation of cutting-edge startups – helping to build the businesses of tomorrow and propel their future prosperity.

➤ **Self-employment Income Support (SEISS)**

The SEISS is to support self employed individuals (including members of partnerships) whose income has been negatively impacted by COVID-19. It will provide a grant to

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<sup>5</sup> <https://www.gov.uk/government/news/billion-pound-support-package-for-innovative-firms-hit-by-coronavirus>

self-employed individuals or partnerships, worth 80% of their profits up to a cap of £2.500 per month. HMRC will use the average profits from tax returns in 2016-17, 2017-18 and 2018-19 to calculate the size of the grant. Open to those where the majority of their income comes from self employment and who have profits of less than £50.000. It will be open for an initial three months with people able to make their first claim by the beginning of June 2020.

➤ **Coronavirus Job Retention Scheme (CJRS)**

If you can't maintain your current workforce because your operations have been severely affected by coronavirus (COVID-19), you can furlough employees and apply for a grant to cover the majority of their wages. The grant currently covers 80% of their usual monthly wage costs, up to £2.500 a month, plus the associated Employer National Insurance contributions and pension contributions (up to the level of the minimum automatic enrolment employer pension contribution) on that subsidised furlough pay. This funding level will remain in place until the end of July 2020.

➤ **Deferring VAT payments**

“Time to pay” agreement which would suspend debt collection for SMEs. During the coronavirus outbreak the usual 3,5% annual interest on deferred tax payments will be waived.

➤ **Support for businesses who are paying sick pay to employees**

Allow SMEs and employers to reclaim Statutory Sick Pay (SSP) paid for sickness absence due to COVID-19

- Employment and Support Allowance (ESA)
- This is essentially Statutory Sick Pay for self-employed / freelancers not eligible for SSP. You can apply for ESA if you have a health condition that affects how much you can work (specifically if you need to self-isolate). It is available from day one of illness/isolation.
- COVID-19 Corporate Financing Facility (CCFF)

- This scheme helps large businesses affected by Coronavirus by purchasing their short-term debt. All companies that meet the criteria set out by the Bank of England are eligible
- Business rate relief

Retail, hospitality and leisure businesses in England - You will receive a business rate holiday for the 2020 to 2021 tax year. You do not need to apply - your local council will contact you. You may also be entitled to a one-off cash grant of up to £25.000 from your local council under the Retail, Hospitality and Leisure Grant Fund (RHLGF).

Small businesses that pay little or no business rates - If you receive small business rate relief or rural rate relief, you will receive a one-off grant of £10.000 via the Small Business Grant Fund. You will be contacted by your local authority, you do not need to apply.

Nurseries in England - Non-Local Authority-run nurseries will receive a business rate holiday for the 2020 to 2021 tax year. You will be contacted by your local authority, you do not need to apply.

#### ➤ **Digital Trade Network (DTN)**

Launch of an £8m Digital Trade Network (DTN) for Asia Pacific, a joint DIT-DCMS network, to support UK tech businesses to internationalise in this fast-growing region, attract capital and talent to the UK and enhance UK digital economy collaborations internationally. By increasing UK digital tech expertise on the ground across a number of key markets - including Japan, South Korea, Thailand, Singapore, Indonesia, and Australia, government will help innovative UK companies access new trade and investment opportunities, and forge new international partnerships for the digital economy. Tech Nation – the UK tech scale up experts – will be joining the Digital Trade Network, which will see UK businesses participate in an international mission to Asia Pacific, as part of Tech Nation’s programmes in fintech, AI and cyber, to support their expansion into the region.<sup>6</sup>

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<sup>6</sup> <https://www.gov.uk/government/news/liz-truss-launches-future-trade-strategy-for-uk-tech-industry>

## Germany

### Overview

**Total available €44,7 billion, still excluding measures which startups can make use of but are not startup exclusive or are per capita dependent (Tax relief, Aid measures for employees, direct subsidies, KfW instant loan, Compensation employees with children, Guarantee Bank aid).**

Tax relief measures	Tax payments either (partially) reimbursed or adjusted
Aid measures for employees	Short-time allowance
KfW Entrepreneur Loan ERP Start-Up Loan	Both have working capital loans up to € 200M. Amount approved in Q1 of 2020 estimates 32,7 billion
Direct subsidies	Self-employed persons and companies with up to 5 employees receive up to 9.000 euros. Self-employed persons and companies with up to 10 employees receive up to 15.000 euros.
KfW Instant Loan for medium sized enterprises	KfW may grant a loan in an amount of up to three times the average monthly revenue generated by the SME in 2019 (capped at €800.000 (for SMEs with more than 50 employees) or €500.000 (for SMEs with up to 50 employees).

KfW Syndicate financing	KfW risk share amounts to at least EUR 25 million
Compensation for employed people who are temporarily unable to work due to the care of their children	67% of the loss of earnings of the employed person concerned, up to a maximum of 2.016 euros per month
Guarantee bank aid	Up to an amount of EUR 2,5 million. From a guarantee amount of 20 million euros, the federal government participates in the structurally weak regions within the framework of the "large guarantee program" in the guarantee obligation in a ratio of fifty to fifty
Support package for startups	2 billion euro package of measures
Future fund (still in the making)	10 billion

(amounts in euros)

## Summary

The Federal Government is making determined, powerful and targeted efforts to protect Germany. The protective shield for employees, the self-employed and companies is the largest aid package in the history of the Federal Republic. The total amount of budgetary measures is 353,3 billion euros and the total amount of guarantees is 819,7 billion euros. The federal government will take out new loans amounting to around 156 billion euros for financing. The cabinet has approved a corresponding supplementary budget.

Also, a 600 billion-euro rescue fund has been set up, including: 100 billion euros to buy stakes in stricken companies, loans through state-run development bank KfW and 400 billion euros in guarantees

The federal government is providing 50 billion euros to provide unbureaucratic emergency aid for small businesses, the self-employed and freelancers. This means that operating grants are granted once for three months and do not have to be repaid. Emergency aid supplements the programs of the federal states. The applications are therefore processed from a single source in the federal states.

### Highlights of New Stimulus Plan

- Value-added tax cut to 16% from 19% through the end of 2020 at a cost of 20 billion euros
- Bridge financing for small and medium-sized businesses of as much as 25 billion euros
- Accelerate 10 billion euros in investment in digital, security and defense projects
- Tax incentives for corporate investment, impacting government revenue 6 billion euros
- 5,9 billion euros in aid for municipalities



## Measures<sup>7</sup>

### ➤ **Tax relief measures for companies and the self-employed**

Companies of all sizes receive tax aid to improve their liquidity. For companies directly affected by the coronavirus, the following will apply until the end of 2020: Tax prepayments already made can be partially reimbursed, The amount of tax prepayments can be adjusted, Tax authorities grant deferrals of tax liabilities, Enforcement measures are waived.

### ➤ **Aid measures for employees**

Companies have been able to apply for short-time work benefits since the beginning of the corona crisis if at least 10 percent of the employees are affected by the loss. With the short-time work allowance, affected companies can continue to employ their employees even in the event of loss of orders. Because they can have wages and social security contributions paid by the Federal Employment Agency. This also includes temporary workers. Short-time work benefits therefore help to avoid dismissals. Due to the severe economic consequences of the corona crisis, millions of employees are affected by short-time work. Therefore, the coalition committee agreed on April 22, 2020 to increase the short-time allowance. The increases depend on the duration of the short-time work and apply at most until the end of the year.

### ➤ **KfW Entrepreneur Loan Assumption of risk (liability waivers)**

Up to 90% for the on-lending financing partners (usually the regular banks) for working capital loans with a volume of lending of up to EUR 200 million.

For companies who have been on the market for longer than 5 years.

### ➤ **Direct subsidies**

Self-employed persons and companies with up to 5 employees receive up to 9.000 euros. Self-employed persons and companies with up to 10 employees receive up to 15.000 euros.

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<https://www.herbertsmithfreehills.com/latest-thinking/covid-19-pressure-points-financial-support-for-businesses-on-state-level-germany>  
<https://www.whitecase.com/publications/alert/covid-19-german-government-financial-assistance-measures>  
<https://home.kpmg/xx/en/home/insights/2020/04/germany-government-and-institution-measures-in-response-to-covid.html>

The self-employed have easier access to basic security so that their livelihood and accommodation are secured. The asset review is suspended for six months, benefits should be paid out very quickly.

➤ **KfW Instant Loan for medium sized enterprises**

Provided that a medium-sized enterprise showed profits in 2019 or on average over the last three years, an instant loan with the following basic points shall be granted:

The instant loan is available to medium-sized enterprises with more than ten employees that have been active on the market since at least 1 January 2019.

The credit volume per company is up to 3 monthly turnovers, with a maximum of EUR 800.000 for companies with more than 50 employees, and a maximum of EUR 500.000 for companies with staff of up to 50 people.

The company is not allowed to have experienced financial difficulties before 31 December 2019 and is required to demonstrate that its financial condition was in order at that point in time. A current interest rate of 3% with a term of ten years.

The bank is released from 100 per cent liability by KfW, hedged by a guarantee from the German Federal Government.

The credit approval process does not involve additional credit risk assessment by the bank or KfW. This enables loans to be granted quickly.

➤ **ERP Start-Up Loan – Universal**

If your company has been active on the market for at least three years or has two annual financial statements, you can apply for a loan for investments and working capital. KfW assumes part of your bank's risk. This increases your chances of getting a loan commitment.

- 80% of the risk is assumed for large companies
- Up to 90% of the risk is assumed for small- and medium-sized enterprises

You can apply for up to EUR 200 million per company group. The loan amount is limited to a maximum of

- 25% of the annual turnover in 2019 or

- double the wage costs in 2019 or
- the current financing requirements for the next 18 months for small and medium-sized enterprises or 12 months for large companies, or
- 50% of your company's total debt in the case of loans exceeding EUR 25 million.

If your company has been active on the market for less than 3 years or does not yet have two annual financial statements, small and medium-sized enterprises (074) and large companies (073) can apply for an ERP Start-Up Loan – Universal for investments and working capital. Prerequisite: your bank or savings bank assumes the full risk.

Note: the ERP Start-Up Loan – StartGeld can be an alternative. This loan provides a maximum of EUR 30.000 for working capital – with up to 80% of the risk assumed by KfW.

➤ **KfW Direct participation for syndicate financing**

KfW participates in syndicate financing for investments and working capital for medium-sized enterprises and large companies. In this case KfW assumes up to 80% of the risk, but no more than 50% of the total debt. This increases your chances of getting individually structured and tailored syndicate financing. The KfW risk share amounts to at least EUR 25 million and is limited to

- 25% of the annual turnover in 2019 or
- double the wage costs in 2019 or
- the current financing requirements for the next 12 months.

➤ **Compensation for employed people who are temporarily unable to work due to the care of their children**

The compensation amounts to 67 percent of the loss of earnings of the employed person concerned, up to a maximum of 2.016 euros per month for a full month. Compensation is granted for each person in employment for a maximum of ten weeks, and for persons who supervise, look after or care for their child alone for a maximum of twenty weeks. The maximum period of ten or twenty weeks does not have to be exhausted in one piece. The compensation period does not have to be contiguous. The statutory regulation on

compensation applies until the end of 2020. Employees are paid by employers. The employer can apply to the competent authority designated by the federal states for reimbursement. There is also the option for employers to request an advance payment from the authority.

#### ➤ **Guarantee bank aid**

Companies can also use the guarantee instruments with their house banks if necessary. The company must not have been in financial difficulties as of December 31, 2019.

For companies that had viable business models up to the crisis, sureties for operating resources and investment financing can be provided. These are processed by the guarantee banks up to an amount of EUR 2,5 million, and the states and their funding institutions are also responsible. From a guarantee amount of 20 million euros, the federal government participates in the structurally weak regions within the framework of the "large guarantee program" in the guarantee obligation in a ratio of fifty to fifty. In view of the current crisis situation, the comprehensive guarantee program has been opened for companies outside structurally weak regions. The federal government enables the securing of working capital financing and investments from a guarantee requirement of 50 million euros.

Guarantee banks may make "express guarantees" up to an amount of EUR 250.000 independently and within 3 days, without the participation of the federal states. You can find more information on the websites of the guarantee banks.

#### ➤ **Support package for startups**

The 2 billion euro package of measures is aimed at targeting start-ups and small and medium-sized companies with a sustainable business model.

Equity/VC tools: 2 billion euro matching fund, matching VC-investments with a 70:30 key (70 state, 30 private) or 50:50 key as equity or convertible loans.

The package of measures is based on two pillars:

##### *Pillar 1: "Corona Matching Facility"*

On the one hand, venture capital funds will make the additional public funds available through the new Corona Matching Facility, so that investors can finance highly innovative and promising start-ups even during the Corona crisis. This is to ensure that young

companies can continue on their growth path even in the current phase. Through the Corona Matching Facility, existing cooperation with public partners, such as KfW Capital and the European Investment Fund, is used to quickly make public funds available to start-ups through venture capital funds.

*Pillar 2 for start-ups and small and medium-sized companies.*

For start-ups and small and medium-sized companies that do not have access to the Corona Matching Facility, additional ways of securing their financing are opened (up to 800.00 EUR). To this end, there will be close cooperation with the federal states, including through cooperation with national companies.

➤ **Future fund**

In addition to the €2bn in emergency aid, the government is planning a “future fund” for the coming years, which is to have a volume of €10bn (and more details are to come).<sup>8</sup>

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<sup>8</sup> Source: <https://sifted.eu/articles/germany-coronavirus-aid/>

## France

### Overview

**Total available €4,9 billion, still excluding measures which startups can make use of but are not startup exclusive or per capita dependent (Bpi managed state guarantee, Asset loan, ready to bounce, Evolution of the Factoring guarantee system, State-guaranteed loans, Measures in order to facilitate the refinancing of long-term and existing loans, direct state payments, French Tech Sovereignty fund, French Tech Acceleration, Deferral of the payment of social security contributions, Economic and Social Development Fund (FDES)).**

State Guarantee managed by Bpifrance Financement	300 bln
Guarantee Fund "Reinforcement of the Treasury"	Up to €5M for SMEs and up to €30M for ETIs
Guarantee Fund "Confirmed Line of Credit"	Up to €5M for SMEs and up to €30M for ETIs
Asset Loan	€50K to €5M for SMEs, and up to €30M for Mid-cap companies
Bounce-back loan	Financing ceiling: €10K to €300K
Evolution of the Factoring guarantee system	secured receivables from €200K to €500K
State-guaranteed loans	cover up to three months of sales up to a maximum of 25% of sales excluding VAT in 2019
Creation of a "repayable advance" for SMEs that cannot find financing	€500 million repayable advances

Measures in order to facilitate the refinancing of long-term loans	amount not yet specified
Measures regarding existing loans	automatically extend the payment deadlines of its own previously granted loans for 6 months as from 24 March 2020
Direct state payments (SMEs only)	as from 1st April 2020, eligible persons can request the payment of 1.500 euros of financial aid; As from 15 April 2020, eligible persons facing severe economic consequences might request an additional payment amounting to 2.000 euros, granted on a case by case basis.
French Tech Sovereignty fund	150 million euros
French Tech Bridge	500 million euros
PSIM	120 million
French Tech Acceleration	65 million euros
Accelerated payment of PIA innovation aid	250 million euros
Accelerated reimbursement by the State of corporate tax credits (startups)	cash advance of around EUR 1,5 billion
Deferral of the payment of social security contributions	-
Solidarity Fund for small businesses	2bn euros
Economic and Social Development Fund (FDES)	1 bn euros

(amounts in euros)

## Measures<sup>9</sup>

### ➤ **State Guarantee managed by Bpifrance Financement**

The ABB (immediately applicable) and its implementing decree dated 23 March 2020 (applicable the day after its publication, i.e. 25 March 2020), provide that French State will grant guarantees, to be managed by Bpifrance Financement on behalf of and under the control of the State in order to cover the reimbursement of the principal, interest and incidental amounts of eligible loans. The funds available for providing such guarantees amount to 300 billion euros (each a “State Guarantee”).

### ➤ **Guarantee Fund "Reinforcement of the Treasury"**

Intended for VSEs, SMEs and Mid-cap companies (ST consolidation in MT and new money)

Guarantee up to 90% on liquidity enhancement loans from 2 to 7 years

Used to guarantee long and medium-term loans, movable and immovable leases, financial leases, etc. Term: 2 to 7 years (can be extended to 15 years [max.] for loans with a security interest in a real estate asset or in the case of a sale and leaseback of real estate)

Up to 5m€ for SMEs and up to 30m€ for ETIs. Elimination period reduced to 6 months

### ➤ **Guarantee Fund "Confirmed Line of Credit".**

Intended for SMEs and Mid-cap companies, renewable only once. Up to 90% guarantee on confirmed credit lines for a period of 12 to 18 months

Used to guarantee the renewal of confirmed ST lines of credit (overdrafts, overdraft facilities, discounts, daily, etc.). For financing the business operating cycle. Guarantee equal to the duration of the CT line (up to 5m€ for SMEs and up to 30m€ for Mid-cap companies)

4-month waiting period

### ➤ **Asset Loan**

Intended for VSEs, SMEs and Mid-cap companies, with at least 12 months of balance sheet

Used for one-off cash requirements and an exceptional increase in working capital requirement, linked to the economic situation. 50k€ to 5m€ for SMEs, and up to 30m€ for

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<sup>9</sup> <https://www.whitecase.com/publications/alert/covid-19-french-government-financial-assistance-measures>



Mid-cap companies. Term: between 3 and 5 years, of which 6 to 12 months of deferred depreciation. Unsecured loan on the assets of the company or its manager

➤ **Bounce-back loan**

Intended for VSEs, SMEs and Mid-cap companies. Partnership with the Regions and co-financed. Allows financing a cash requirement related to a cyclical difficulty, a temporary fragile situation, or a working capital requirement that does not allow normal operating conditions. Financing ceiling: 10k€ to 300k€. Term: 7 years, including 2 years of deferred capital amortization

➤ **Evolution of the Factoring guarantee system**

For factoring companies currently benefiting from agreements for the benefit of SMEs, the proposed changes are: Increase the max. outstanding amount of secured receivables from €200k to €500k, Allow the release of the security deposit

➤ **State-guaranteed loans**

The State-guaranteed loan is a one-year treasury loan and will have a grace period over this period. At the end of the first year, the company may decide to amortize the loan over a further 1, 2, 3, 4 or 5 years.

This cash loan may cover up to three months of sales up to a maximum of 25% of sales excluding VAT in 2019 (i.e. the equivalent of one quarter of activity), or of the last financial year ended. As an exception, for newly created or innovative companies, this ceiling is set at 2 years of payroll.

The loan benefits from a State guarantee of:

- 90%, for companies with < 5.000 employees and < €1,5bn turnover.
- 80%, for companies > 5.000 employees and < €5,0bn turnover
- 70%, for companies > 5.000 employees and > €5,0bn turnover

These loans may not be covered by any other guarantee or security, except when they are granted to companies in France employing more than 5.000 employees or generating sales of more than €1,5 billion.

➤ **Creation of a "repayable advance" for SMEs that cannot find financing**

Setting up a system of €500 million repayable advances for fragile SMEs that cannot find financing and need cash to get back on their feet.

No details on how these announcements are to be implemented have been provided.

➤ **Measures in order to facilitate the refinancing of long-term loans**

Bpifrance committed:

- to extend any previously granted guarantees in the context of the rescheduling of debtor's financial indebtedness, without any additional fees ; and
- to grant a guarantee covering part of the amount of mid-term loans with a maturity of 2 to 7 years, in accordance with further conditions (yet to be specified).

➤ **Measures regarding existing loans**

Bpifrance announced that it will automatically extend the payment deadlines of its own previously granted loans for 6 months as from 24 March 2020.

Process: all these measures are subject to debtor's submitting an online request, or contacting Bpifrance representatives through a dedicated hotline. Bpifrance publicly undertook to handle all cases within five business days following the receipt of such requests.

➤ **Direct state payments (SMEs only)**

On 25 March 2020, the French Government enacted Ordinance no. 2020-317 relating to the setting up of a solidarity fund. In combination with Decrees no. 2020-371 of 30 March 2020 and no. 2020-394 of 2 April 2020, it sets up a solidarity fund for a period of three months, with the purpose of providing financial assistance to persons engaged in an economic activity "particularly affected by the economic, financial and social consequences" of the COVID-19 outbreak.

This solidarity fund will be financed by the French State and, on a voluntary basis, by the regions, local authorities and public institutions (établissements publics de coopération intercommunale à fiscalité propre).

Small companies, micro-businesses, self-employed workers and liberal professionals with an annual turnover of less than 1 million euros and an annual tax revenue of less than 60,000 euros who have to close down their premises or register losses amounting to 70% for their

March 2020 turnover (as compared to their March 2019 turnover) might apply for a special aid from this State backed solidarity fund:

- as from 1st April 2020, eligible persons can request the payment of 1,500 euros of financial aid;
- as from 15 April 2020, eligible persons facing severe economic consequences might request an additional payment amounting to 2,000 euros, granted on a case by case basis.

➤ **French Tech Sovereignty fund**

In order to support French technology companies developing future technologies and help them better finance themselves, the Government is launching an investment fund managed by Bpifrance .

More specifically, the benefit of this envelope will concern:

- companies with an activity on the national territory and developing sovereign technologies of the future whose risk associated with investment is high (quantum, health, cybersecurity, artificial intelligence, etc.).
- of start-ups at any stage of development .

This fund already has a first envelope of 150 million euros to support these companies. Depending on needs, the size of this fund may be increased in 2021 to reach more than 500 million euros.

➤ **French Tech Bridge**

Due to the crisis, many start-ups are having difficulty accessing funding despite their high potential. This is why the Government has decided to take the following measures, for a total of 500 million euros:

Support for treasury : the French Tech Bridge fund is replenished to the tune of 80 million euros (which brings the total envelope to 160 million euros), in order to finance bridges between two fundraisers .

The plan provides for the launch of a loan offer, for promising startups having the conjunctural status of a company in difficulty and unable to access the loan guaranteed by the State (PGE). This offer, for a total of 100 million euros, will be distributed by Bpifrance.

➤ **PSIM**

The PSIM (Major Innovation Support Program) investment fund is topped up with 120 million euros to support new start-ups that have won the World Innovation Competition.

Reinforcement of innovation aid systems : the Innovation Competition (i-Nov) will benefit from an additional allocation of 20 million euros (for a total envelope of 80 million euros). In addition, a new wave of IA Challenges has been launched for 15 million euros .

➤ **French Tech Acceleration**

Several measures to support the maturation and incubation of technological projects are implemented in continuity with the Deep Tech plan operated by Bpifrance, so as not to compromise the creation of new start-ups:

Unlocking of a third tranche of funding of 65 million euros in favor of SATT whose mission is to enhance the results of academic research

Support for accompaniment : launch of a second wave of calls for projects endowed with 15 million euros intended for specialized programs on deep tech entrepreneurship, and creation of the French Tech Acceleration investment fund n° 2 , endowed with 100 million euros , which is intended to support the development of startup accelerators, with a focus on highly technological ones.

➤ **Accelerated payment of PIA innovation aid**

Already allocated but not yet paid out, for an estimated total amount of €250 million.

At the request of the State, Bpifrance and Ademe automatically accelerate the payment of PIA innovation aid, such as innovation competitions, by paying in advance the instalments not yet distributed for applications that have already been validated. In addition, for companies receiving aid in the form of repayment advances or accompanied by fees, the next repayment deadlines are postponed for up to 6 months.

It should be noted that the State will maintain, through Bpifrance, its support for innovative companies, with nearly €1,3 billion in innovation aid planned for 2020 (grants, repayable advances, loans, etc.). Bpifrance will also continue its direct and fund-of-funds investments alongside private investors.

➤ **Accelerated reimbursement by the State of corporate tax credits**

These can be returned in 2020, including the research tax credit (CIR) for 2019, and VAT credits.

All companies have the possibility to apply for an early refund of corporate tax claims refundable in 2020 and an accelerated processing of VAT credit refund claims by the Directorate General of Public Finance (DGFIP). Start-ups as SMEs and/or Young Innovative Enterprises (YIEs) are eligible for immediate refund of the ETC. They can therefore apply now and without waiting for the filing of the income tax return ("*liasse fiscale*") for a refund of the CIR for the year 2019, which corresponds to a cash advance of around EUR 1.5 billion. The corporate tax services (SIE) are mobilising to process companies' refund requests as quickly as possible, within a few days.

➤ **Deferral of the payment of social security contributions**

The deferral of the payment of social security contributions (already granted in March and April) will automatically be extended in May:

- For companies with less than 50 employees (i.e. social security contribution due on 15 May can be deferred)
- For companies with more than 50 employees (i.e. social security contribution due on 5 May can be deferred)
- For large companies and groups (i.e. either more than 5,000 employees or with a turnover over €1,5 billion), the deferral of social security contributions can be granted after submission of a specific request to the URSSAF (French public agency notably in charge of supervising the payment of social security contributions) as well after committing not to pay dividends in 2020
- For the self-employed, so-called "indépendants" (i.e. social security contribution due on 5 or 20 May can be deferred)

- For micro-entrepreneurs, the payment of social security contributions has been postponed until further notice from the URSSAF.

➤ **Solidarity Fund €2bn for small businesses**

Companies whose turnover < €1m, having lost 70% of their turnover between March 2019 and March 2020 and for self-employed professionals whose taxable profit for the last financial year is less than €40k: €1.500 in rapid assistance.

Additional aid paid by the region: These companies will be eligible for an additional flat-rate aid of €2.000 if they employ at least one employee, are unable to pay their debts within 30 days and have been refused a cash loan by their bank.

From 1 April, all companies concerned will be able to make a simple declaration on the tax website - [impots.gouv.fr](http://impots.gouv.fr) - to receive aid of up to €1.500. This sum will be tax-free.

From 15 April, the companies experiencing the most difficulties will be able to obtain, on a case-by-case basis from the regions, additional aid of €2.000.

Companies in receivership proceedings, as well as GAEC, will become eligible for the Solidarity Fund.

These persons will be eligible for an additional flat-rate aid of €5.000 if they employ at least one employee, are unable to pay their debts within 30 days and have been refused a cash loan by their bank. The application for additional aid must be made by paperless means, by 31 May at the latest, and will be examined by the regional councils.

➤ **Economic and Social Development Fund (FDES)**

In order to support companies with proven prospects for recovery, the present finance bill plans to increase the intervention capacity of the Economic and Social Development Fund (FDES), which grants loans to fragile or ailing companies, to €1 billion.

## Recommendations

There are three main time slots for implementing further COVID-related support:

### *Direct*

Many startups are facing (and have been for several months now) financial hardship and existence due to the COVID crisis and are fighting for survival. This is why more financial support needs to be implemented right away.

- The Dutch government could implement grant-based measures such as the German Direct Subsidies and Support Package for startups. This money could be gathered from the regional budgets (Provinces) as well as national budgets.
- It is also advised to expand the COL budget to at least €600M in total.
- Lastly, the Dutch government should reconsider the conditions for the application for the NOW support measure, and make it accessible to startups.

### *Second wave scenario*

Under the motto “plan for the worst, hope for the best”, a potential second wave of COVID-19 is expected to hit during October. To prevent an emergency situation as we have seen earlier this year, a new budget should be proposed.

- This budget should include expansion financial support, such as an increased budget for support measurements named above.
- The budget should look at options for sick pay leave (such as implemented in the UK) in preparation for the second wave and minimizing effects on our economy.

### *Post COVID-19 measures*

The new budget should also include long term financial support measures such as the Future Fund implemented in Germany, which is developing for the near future amounting €10B, or other specialised funds, such as the French Tech Sovereignty fund, French Tech Acceleration, or the Accelerated payment of PIA innovation aid in France, all promoting innovative startups. The Netherlands can take example and implement a similar innovation fund, which could be proposed during *Prinsjesdag*.

Lastly the Dutch government could take example of its neighbouring countries and implement equity funding in combination with private investors. This way, more startups can benefit from financial support, while the actual weight of the payment gets spread out by the investors. The UK has implemented a Future fund (50/50 private-state loan), and Germany has implemented a support package for German startups (70:30 key; 70 state, 30 private as equity or convertible loans included).

In conclusion, the Dutch government should take three steps in the following timeline:

- Direct: expand grant-based measures, expand COL, and make NOW more available for startups
- Second wave scenario: present a new budget including short- and long-term financing expanding above named measures, implement sick-pay leave for COVID infected employees.
- Post COVID-19: implement future fund tailored for startups promoting innovation and implement equity funding





## Partners

This report has been made possible through the help of Coadec, France Digitale, and Deutsche Startups. We want to thank our partners for consulting, helping and making this report possible.

### **Coadec**

Coadec is an independent, non-profit which is funded through the generosity of our sponsors. Joining Coadec brings a number of direct benefits to tech companies and investors.<sup>10</sup>

Website: <https://coadec.com/>

### **France Digitale**

France Digitale is the leading organization of startups in Europe. Founded in 2012, following the Pigeons movement, the association represents more than 1,500 French digital entrepreneurs and investors. Our mission is to allow the emergence of future European digital champions.<sup>11</sup>

Website: <https://francedigitale.org/>

### **Deutsche Startups**

We want to make Germany and Europe a startup-friendly location that rewards willingness to take risks and offers the pioneers of our time the best conditions to be successful with innovative strength. We are guided by the vision of an open, equal and progress-oriented society.<sup>12</sup>

Website: <https://deutschestartups.org/>

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<sup>10</sup> <https://coadec.com/join-us/>

<sup>11</sup> <https://francedigitale.org/association/>

<sup>12</sup> <https://deutschestartups.org/der-verband/mission/>



## End note

### **About dSa**

Dutch Startup Association (dSa) is founded in 2017 by startups and managed by entrepreneurs to look after the collective interests of startups. dSa aims to make the Netherlands the startup state of Europe; where there are startups in abundance, that are successful, grow faster and operate more internationally than anywhere in Europe. Key objectives of dSa are removing governmental barriers and creating a strong and self reliant ecosystem for startups to grow and be successful.

dSa takes on public affairs issues and engages in lobby activities with Dutch and European politics amplifying the voice of startups and scale-ups concerning legislation, economical policies, educational regulations and funding issues. dSa promotes the importance of startups for the innovation power of society and growth of the economy.

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## **Contact**

For further information you can contact either Thomas Vles, managing director of Dutch Startup Association ([thomas@dutchstartupassociation.nl](mailto:thomas@dutchstartupassociation.nl)) or Daria Malareva, project manager at Dutch Startup Association ([daria@dutchstartupassociation.nl](mailto:daria@dutchstartupassociation.nl)).