Initial Budget and Public Management Responses to the Coronavirus (COVID-19) Pandemic in OECD Countries

This compendium is made available to the Public Governance Committee for its information. It includes information on budget and public governance measures that have been reviewed by the Working Parties of Senior Budget Officials and Public Employment and Management. The compendium serves as a stand-alone resource to government officials as well as the basis for future analysis by the Secretariat. It is also an input to the overall OECD tracking of measures in response to the COVID-19 crisis.

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This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.
About this Report

This report contains country notes that summarise the budgeting and public management responses initiated in response to the Coronavirus (COVID-19) by all 36 OECD member countries. It brings together information on the additional and sizeable budgetary resources deployed by OECD countries and the new arrangements put in place to manage employees in the public sector. As such, it provides timely information to access policy insights on the response packages to date and to help inform any further responses.

This report supports the activities of the OECD Working Party of Senior Budget Officials (SBO) and the OECD Working Party on Public Employment and Management (PEM) of the Public Governance Committee. This version of the report was prepared by the OECD Secretariat and includes feedback received from the OECD member countries.

In this regard, it is the first in a series of resources on budgeting and public management to assist countries with the evolving challenges brought about by the spread of COVID-19 in managing public resources in a long-term, sustainable manner. This work is part of the OECD initiative to compile data, information, analysis and recommendations regarding the health, economic, financial and societal challenges posed by the impact of Coronavirus (COVID-19).

www.oecd.org/gov/budgeting
www.oecd.org/gov/pem
Introduction

The incidence of COVID-19 cases and the death toll varies greatly across OECD countries. The scale and design of the responses by each country also vary in accordance with national circumstances. The response packages primarily focus on first responses to mitigate, contain and manage the spread of COVID-19. Many governments have announced packages in phases, responding to the impacts of COVID-19 as they evolve.

Budget measures

In the majority of cases, OECD countries have adopted a multi-channelled response by increasing expenditures, making commitments to support economic activity and deploying non-fiscal measures, such as regulation. The responses have been applied to three groups:

- Businesses and employees
- Households and individuals
- Industries and sectors.

The support to businesses and employees has focussed on sustaining the cash flow of businesses by deferring or reducing tax expenditure obligations and increasing access to credit. The support to employees has been through government-funded allowances in lieu of wages and salaries, and by reducing or eliminating the waiting period for access to government benefits. Response measures support liquidity, reduce the cost of doing business and extend to business advisory services.

Support to households and individuals has prioritised the elderly, the vulnerable and those who provide care for children and other household members. The support is in the form of direct payments and targeted assistance for heating and other costs. As the duration of the pandemic increases, governments have supplemented initial responses with financial support to non-governmental organisation that deliver social services to households and individuals, as well as specifically groups in the community, such as the disabled and homeless.

Within the support to industries and sectors, the health sector has received priority to ensure access to additional resources. In some instances, the education sector has also received additional resources, as governments have encouraged study and retraining. The sectoral support responses are based on each characteristics of an economy, for example export sectors negatively affected by the restrictions on the movement of people and goods.

Many budget measures have increased the commitments and obligations on governmental balance sheets through loans and guarantees. Where specified, loans have been at zero or negligible interest rates. The intermediation of the loans and guarantees has occurred through existing channels in the financial sector, such as commercial and state banks. In general, the loans provide access to additional financing and the guarantees compensate for a possible change in the risk profile of a loan portfolio.

Non-fiscal measures have included such things as regulations to freeze rents for residential accommodation and government-owned properties, and controls on energy prices.
Public management

Employment in the general government sector of OECD countries averaged 17.7% of GDP in 2017 and comprises multiple employment agreements and work environments within each government. The initial responses on public employment and management focussed on:

- Changes to business continuity by working remotely and reallocating employees to essential services
- Support for public employees who cannot work
- Engagement with unions and other stakeholders

Public management responses to the frontline of public services focussed on the health and aged care sectors to maximise the availability of medical professionals and support services, as well as to those areas responsible for delivering many of the budget measures above, such as employment services. Initiatives have included extending the workable hours, arranging access to recently retired health professionals and students who are studying medicine, and increasing the remuneration of people who are performing essential services. Other sectors prioritised have included employees in education, law enforcement IT services and call centres.

Business continuity plans are operating in the majority of OECD countries’ central public administrations where activities have been restricted to the provision of essential services. The restrictions and the infectiousness of COVID-19 has changed the work environment by requiring unprecedented levels of flexible telework and increased access to leave. The policy responses across OECD countries have varied, as has the inclusion of unions and other social partners in the design and implementation of the changes. More recent initiatives by governments have focused on:

- The mental health of public employees who work remotely as well as the frontline to help manage stress and to protect against burn-out; and
- Developing plans for a gradual return to office in ways that combine teleworking capabilities and flexible time schedules to maintain necessary health and safety measures.

Implementation

Within the short period since the announcement of COVID-19 as a pandemic, governments have deployed additional budget resources, using the powers available in a time of crisis through existing legislation and/or by declaring a national state of emergency. The implementation of the responses has occurred as rapidly as the design and announcements. In the majority of instances, budget measures have been submitted to parliaments for approval along with new legislation to enable the implementation of the new measures. A number of governments have sought approval from parliament to access additional resources if required. At this time, little information is available on the performance expectations attached to the additional resources.

Implementation responses have included the designation of the head of government, or a similar position, to lead the response efforts. The leadership has been supported by bodies ranging from new committees within a Cabinet, senior-level co-ordination across the government administration and expert advisory groups. In the case of Belgium and the Slovak Republic, responses were challenging because of caretaker provisions and the formation of a new government respectively. In countries with federal administrations, the response packages have been supplemented by responses from subnational governments, including arrangements for sharing costs.
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<td>AUD</td>
<td>Australian Dollar</td>
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<tr>
<td>CAD</td>
<td>Canadian Dollar</td>
</tr>
<tr>
<td>CHF</td>
<td>Swiss Franc</td>
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<tr>
<td>CHL</td>
<td>Chilean Peso</td>
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<td>CZK</td>
<td>Czech Koruna</td>
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<td>DKK</td>
<td>Danish Krone</td>
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<tr>
<td>ECB</td>
<td>European Central Bank</td>
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<td>ERMG</td>
<td>Emergency Risk Management Group</td>
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<td>EU</td>
<td>European Union</td>
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<tr>
<td>EUPAN</td>
<td>European Union Public Administration Network</td>
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<td>EUR</td>
<td>Euro</td>
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<tr>
<td>FAQ</td>
<td>Frequently Asked Questions</td>
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<td>FEMA</td>
<td>Federal Emergency Management Agency</td>
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<tr>
<td>FY</td>
<td>Fiscal Year</td>
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<tr>
<td>GBP</td>
<td>British Pound Stirling</td>
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<tr>
<td>GFC</td>
<td>Global Financial Crisis</td>
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<td>GST</td>
<td>Goods and Services Tax</td>
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<td>HR</td>
<td>Human Resources</td>
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<tr>
<td>HUF</td>
<td>Hungarian Forint</td>
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<tr>
<td>ICT</td>
<td>Information, Communication and Technology</td>
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<td>ISK</td>
<td>Icelandic Króna</td>
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<tr>
<td>JPY</td>
<td>Japanese Yen</td>
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<tr>
<td>KRW</td>
<td>Korean Won</td>
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<tr>
<td>MXN</td>
<td>Mexican Peso</td>
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<tr>
<td>MOF</td>
<td>Ministry of Finance</td>
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<tr>
<td>MP</td>
<td>Member of Parliament</td>
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<tr>
<td>NIS</td>
<td>Israeli New Shekel</td>
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<td>NOK</td>
<td>Norwegian Krone</td>
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<tr>
<td>NZD</td>
<td>New Zealand Dollar</td>
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<tr>
<td>OECD</td>
<td>Organisation of Economic Development and Co-operation</td>
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<tr>
<td>OPM</td>
<td>Office of Personnel Management</td>
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<td>PEM</td>
<td>OECD Working Party on Public Employment Management</td>
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<td>Poland zloty</td>
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<td>OECD Working Party of Senior Budget Officials</td>
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<td>SME</td>
<td>Small Medium Enterprises</td>
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<td>United States of America</td>
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<td>United States Dollar</td>
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<tr>
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<td>Value Added Tax</td>
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<td>WHO</td>
<td>World Health Organisation</td>
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Introduction

The first case of COVID-19 was reported on 19 January and by 28 March, Australia had reported 3 639 cases of COVID-19. The States with the highest incidence of the virus are New South Wales, Queensland and Victoria, reflecting the areas with the highest proportion of the national population.

On 27 February, the Prime Minister announced that the country was activating the Australian Health Sector Emergency Response Plan for COVID-19. A number of the States and Territories also announced a state of emergency at or around the same time. The government’s response has continued to evolve as the number of cases has increased. In March 2020, the government announced two stimulus packages totalling AUD 89 billion (4.6% of GDP) to protect Australians’ health, secure jobs and support the economy. The Government also announced additional and significant measures in April.

**Australia – budget and public management information**

- **Population:** 23.5 million
- **GDP growth:** 1.9% of GDP (2018), n/a (2019)
- **General government fiscal balance:** -0.8% of GDP (2017), -0.6% of GDP (2018)
- **General government gross debt**: 42.6% of GDP (2017), 42.4% of GDP (2018)
- **General government expenditures:** 36.7% of GDP (2017), 36.1% of GDP (2018)
- **General government health expenditures:** 7.2% of GDP (2017)
- **Health sector**: 9.3% of GDP (2018)\(^3\)
- **General government employment:** n/a

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments; (3) Australian expenditure estimates exclude all expenditure for residential aged care facilities in welfare (social) services.

Budget Measures

Within the March 2020 packages of AUD 89 billion, the Government announced an extra AUD 2.4 billion for the health sector and increased funding for vulnerable people. The Government agreed with the States and Territories to share the public health costs from COVID-19. Temporary measures, totalling AUD 444.6 million, to ensure the business continuity of the aged care sector were included in the package. The remainder of the package was structured in three parts: support for individuals and households; support for businesses; and support for the flow of credit, including measures taken by the Reserve Bank of Australia. The main components in each part were (Government of Australia, 2020[2]):

- Support for individuals and households referred to income support for individuals including a new, time-limited supplement of AUD 550 per two-week period. Support to households included two payments of AUD 750 from 31 March and 13 July to social security, veteran and other income support recipients. The package included support to pensioners by allowing individuals affected by COVID-19 to access up to AUD 10 000 of their superannuation in 2019-20 and a further AUD 10 000 in 2020-21.

- Support for businesses referred to providing up to AUD 100 000 to eligible SMEs, and not-for-profits that employ people, with a minimum payment of AUD 20 000. Measures were taken to support apprentices and trainees through a wage subsidy of 50% of an apprentice’s or trainee’s wage for 9 months from 1 January 2020 to 30 September 2020. On business investment, the government introduced a time-limited incentive by accelerating depreciation deductions. The measure is estimated to cost AUD 6.7 billion over the next two years. The Government will set aside AUD 1 billion to support regions affected by the outbreak. In addition, the Government is assisting the airport and airline industry by up to AUD 715 million.

- Supporting the flow of credit: The package includes a range of measures to support balance sheets. Australian banks will have access to at least AUD 90 billion in funding at a fixed interest rate of 0.25%, which will help reduce interest rates for borrowers. By establishing a Coronavirus SME Guarantee Scheme, the Government will provide a guarantee of 50% for new short-term unsecured loans to SMEs of up to AUD 20 billion. The Scheme will guarantee up to AUD 40 billion of new lending. The Government is providing the Australian Office of Financial Management with AUD 15 billion to invest in structured finance markets used by smaller lenders.

The package includes temporary relief for financially distressed businesses by increasing the threshold at which creditors can issue a statutory demand on a company and to initiate bankruptcy proceedings against an individual as well as temporarily increasing the time companies and individuals have to respond to statutory demands they receive. The package also includes temporary relief for directors from any personal liability for trading while insolvent, and providing temporary flexibility in the Corporations Act. Australian banks will be able to defer loan repayments for small businesses affected by COVID-19 for six months. The Australian Tax Office has been authorised for temporary reductions to payments, or deferrals, or withholding enforcement actions.

At a subnational level, Australian States and Territories have announced support packages, for example on 27 March, the state of New South Wales announced a Health and Economic Stimulus Package of AUD 2.3 billion. The package comprised additional resources for the hospitals, the prevention of homelessness, support to charities for food security, energy assistance payments, and a deferral of payroll tax obligations amongst other measures (NSW Treasury, 2020[3]).

In April, additional measures included:

- JobKeeper Payment – a wage subsidy of AUD 1 500 every two weeks per employee to employers of around 6 million workers, with the subsidy passed on in full to the employees. This has an estimated budgetary cost of AUD 130 billion and is to support employers to retain workers in jobs (Australian Government, 2020[4]).
Early Childhood Education and Care Relief Package – provides free childcare to an estimated one million families during the pandemic. Additional funding of AUD 453.2 million will be provided to support public pre-schools in 2021 (Australian Government, 2020[5]).

An additional package of Health measures at an estimated cost of AUD 1.1 billion will support mental health and domestic violence services; an extension of Medicare subsidised telehealth services; and extra funding for charities and other organisations that provide emergency and food relief (Australian Government, 2020[6]).

Related to support for business, the Australian Government is also working collaboratively with business and trade unions to vary a number of industry agreements on wages and conditions to deliver greater flexibility in contracting/employment arrangements. These amendments will allow more employers to retain staff in some capacity while restrictions on public gatherings remain in force.

Public management

The Australian Public Service Commission has prepared guidance for public sector employees working from home, including guidance on maintaining good mental health. The guidance refers to employees who are able to work from home and to employees who contract COVID-19 or are part of a household impacted by the virus, specifically, the use of paid discretionary leave in circumstances where personal leave is insufficient. The treatment of contractors to government agencies is covered by the terms of employment of the contracting company (APSC, 2020[7]).

In Australia, unionisation rates, at 14% (2018) of the workforce, are low relative to the OECD average. Unions have provided guidance material to members to support their health and wellbeing. The Australian Teachers’ Union has pushed for the closure of schools to protect frontline staff from the risk of the COVID-19. In the case of public employees classified as essential workers, schooling has remained available.

The government has a response framework for pandemics, which includes business continuity provisions. Business continuity arrangements for public sector employees includes working from home, redeployment and taking leave. The Public Service Commission provides guidance on each of these options, including the tax deductibility of home office expenses.

Implementation

Following the devastation of the Australia bush fires from November 2019 to January 2020, the government has had recent experience of co-ordinating implementation responses across levels of government. In response to COVID-19, on 13 March the Prime Ministers announced a National Cabinet to meet on a weekly basis. The National Cabinet is composed of the Prime Minster and other Commonwealth Ministers, and includes Premiers and Chief Ministers of the Australian States and Territories. The Australian Government also established a National COVID-19 Co-ordination Commission to co-ordinate advice to help the Government take actions to anticipate and mitigate the economic and social effects of the global coronavirus pandemic.

Additional legislation was required to implement some aspects of the Australian Government’s initial packages of measures. The legislation was introduced and passed by the Parliament on 23 March 2020. It included an advance authorisation of AUD 40 billion for unforeseen events related to COVID-19 (an advance to the Minister of Finance). Further legislative changes to implement the Government’s more recent announcements, including the AUD 130 billion JobKeeper Programme and access in 2019-20 to the AUD 40 billion, were passed by the Parliament on 8 April 2020.
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Introduction

By 30 March 2020, 8,813 COVID-19 cases were reported and had claimed 86 lives. The measures to contain the spread of COVID-19 include banning large gatherings in public spaces, suspending schools, isolating several ski resorts, closing of borders and suspending civil air traffic. By 16 March, leaving home was banned by law with limited exceptions and enforced by administrative and police measures. A number of communities and regions were declared risk areas and put under quarantine. As of 1 April, the government had introduced further measures, such as wearing masks in open spaces, including supermarkets (Austrian Federal Ministry of Social Affairs, Health, Care and Consumer Protection, 2020[8]). To mitigate the negative economic consequences of the COVID-19 crisis, the government announced a “Protective Shield” support package of EUR 38 billion, or 9.5% of GDP. The exact value of the package will depend on the rate of uptake.

### Austria – budget and public management information

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<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population</strong></td>
<td>8.8 million</td>
<td></td>
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<td><strong>GDP growth</strong></td>
<td>2.4% of GDP</td>
<td>1.6% of GDP</td>
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<td><strong>General government fiscal balance</strong></td>
<td>-0.7% of GDP</td>
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<td><strong>General government gross debt</strong></td>
<td>97.2% of GDP</td>
<td>91.9% of GDP</td>
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<tr>
<td><strong>General government expenditures</strong></td>
<td>49.1% of GDP</td>
<td>48.7% of GDP</td>
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<tr>
<td><strong>General government health expenditures</strong></td>
<td>8.2% of GDP</td>
<td>8.2% of GDP</td>
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<tr>
<td><strong>Health sector</strong></td>
<td>10.3% of GDP</td>
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<tr>
<td><strong>General government employment</strong></td>
<td>16.8% of GDP</td>
<td></td>
</tr>
</tbody>
</table>

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.

Budget measures

The “Protective Shield” support package comprises the following elements (Austrian Federal Ministry of Finance, 2020[9]):

- A new corona assistance fund for industries hit hard by the crisis (EUR 15 billion): The financial aid is principally available to companies with a priority for strongly affected sectors, such as catering and retail. The assistance fund provides a mix of guarantee instruments to secure operating loans and grants to cover operating costs up to 75% and a limit of EUR 90 million in order to support the liquidity of enterprises.

- A new emergency aid fund (EUR 4 billion): The fund is to provide money to increase the capacity in the health sector in terms of infrastructure and human resources. It also provides money to enterprises to bridge liquidity shortages and cushion the loss of revenues. The new crisis management fund also covers the hardship fund (EUR 2 billion) that gives grants to freelancers, non-profit organisations, and small businesses affected by the legal or economic consequences of COVID-19. Immediate aid of up to EUR 6,000 over three months is available. The Austrian Chamber of Commerce and Agrarmarkt Austria process the cases.

- Extension of the short-term work scheme (funded by the crisis management fund): The budget of the Public Employment Service Austria (AMS) has been increased to EUR 3 billion. The scheme provides a net replacement rate between 80 and 90% of the salary for all workers (including apprentices) reducing working time from 10 up to 90% according to collective bargaining agreements. The waiting period for short-term work allowances has been lifted. Short-term work can be put into effect for up to three months with the possibility for extension by another three months.

- Tax-related measures (EUR 10 billion): The Ministry of Finance is to provide ways for businesses to request reductions in advance payments of income and corporate tax, the deferral of taxes and an exemption from deferred interest and late payments. Related to that, the social health insurance fund offers deferrals of social security contributions and forbearance regarding late payment surcharges. The increase in tobacco tax planned for April is postponed to October and deadlines in the area of the Tax Code and the Financial Criminal Law have been extended.

Separate from measures that directly affect the government’s fiscal balance, the Federal Budget includes a guarantee framework of EUR 7 billion for credit protection to further support the liquidity of enterprises and self-employed, processed by the Federal Development and Financing Bank. EUR 2 billion is to be provided to the export credit scheme to cover up to 15% of operating costs of exporting enterprises. In addition, a temporary bankruptcy brake will ensure that enterprises do not have to file for bankruptcy in the event of temporary insolvency due to COVID-19.

Public management

The Federal Administration responded by maintaining services and the Federal Ministry for Arts, Culture, Civil Service and Sport issued guidelines for the ministries. In terms of flexible working arrangements, ministries are to minimise the number of meetings visitors and increase the use of digital solutions such as teleworking and videoconferences. Approximately two thirds of federal employees work from home. Flexible working arrangements means both home office / teleworking, as well as other activities that are suitable, regardless of the use of special technical aids, to be carried out at home for the purpose of fulfilling official tasks (e.g. by telephone availability, preparation and review of documents).

Further aspects of the guidelines include teleworking in case of health risks and granting special leave, work leave or reducing supplementary hours for childcare. To increase the resilience of the Federal
Administration, bans on leave and teleworking arrangements by key staff are possible and to reduce residual leave to ensure business continuity on a case-by-case basis. Key staff to whom this applies are determined by each ministry. Overtime (40 hours or more) and supplements are paid according existing regulations.

The police and the military have a lock on the use of annual leave to ensure the continuity of essential services. To counter potential staff shortages in health care, long-term care and key infrastructure, community service provisions can be activated on short notice. In order to increase the capacity of medical services, provisions for the reactivation of retired medical staff and extended hours by non-doctors and medical students are available.

The second COVID-19 Federal Act created the possibility for employers, in the public interest, to unilaterally order an employee who cannot work to use non-lapsed leave from previous calendar years to a maximum of two weeks. This regulation does not concern employees who, in a calendar year, were not able to take work leave due to lock on the use of annual leave or other justified reasons (e.g. police).

In addition, a further COVID-19 Federal Act provided simplifications in the federal staffing plan. Public administrations interns who were in employment until March 15th can continue to work until the end of December 2020 with a temporary special contract, in order to be able to react agile and situationally in certain areas.

On 8 April, the Austrian Federal Government decided to extend home-office until the end of April and measures regarding hygiene. For necessary meetings and customer care the employee must wear masks.

In terms of medical measures, some ministries measure fever before the entry into the offices and provide information about mouth masks, hygiene regulations and ergonomics at the computer workstation in the home office.

Social partnership consultations with the public sector unions GÖD also take place during the corona crisis.

**Implementation**

On 13 March, the Federal Government announced an initial support package to cushion the economic consequences of COVID-19, including the new emergency aid fund. On 18 March, the government announced an extension to the existing measures with an assistance programme increasing the budget means from EUR 4 billion up to EUR 28 billion and introducing tax related measures of another EUR 10 billion adding up to EUR 38 billion, including a corona assistance fund for hard hit industries. Under urgency, on 21 March the Federal Parliament approved emergency ordinances in the so-called law packages COVID-19 I and II, on 3 April COVID 19 III, IV and V were approved. The AMS offices are actively processing the COVID-19 short-term work scheme demands. Applications for support from the hardship fund could be made as of 27 March. As at 26 March, tax offices had received 55 000 applications, with 82% processed within one week to improve the liquidity of enterprises.

The Minister of Finance has announced that a breach of the Stability Pact is very likely. He has indicated that an additional economic stimulus package might be necessary after such an acute health crisis.
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Civil Protection Department (29 March 2020), *Ordinance n. 658*, [https://www.gazzettaufficiale.it/eli/id/2020/03/30/20A01942/sg](https://www.gazzettaufficiale.it/eli/id/2020/03/30/20A01942/sg).


EUPAN (2020), Country response to EUPAN questions.


NZDMO (2020), New Zealand Debt Management Office.


BELGIUM

Introduction

Taking account the measures announced in Belgium, as of 15 April, the stimulus is estimated at EUR 55.1 billion or 11.4% of GDP (excluding the impact of deferrals of taxes and social contributions). The majority of these measures (EUR 51.8 billion) were to increase liquidity.

**Belgium – budget and public management information**

- **Population:** 11.4 million
- **GDP growth:** 1.5% of GDP (2018), 1.4% (2019)
- **General government fiscal balance:** -0.7% of GDP (2017), -0.7% of GDP (2018)
- **General government gross debt**: 120.6% of GDP (2017), 118% of GDP (2018)
- **General government expenditures:** 51.9% of GDP (2017), 52.1% of GDP (2018)
- **General government health expenditures:** 7.6% of GDP (2017)
- **Health sector**: 10.4% of GDP (2018)
- **General government employment:** 18.2% of GDP (2017)

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.


**Budget measures**

Key fiscal support measures have included boosting health expenditures related to COVID-19, increasing support to those in temporary unemployment and self-employment and to provide liquidity support. Regional governments have announced additional measures.

An inter-departmental provision of EUR 1 billion was approved for COVID-19 related expenditures, mainly for health expenditures. The Walloon region also provided an extra EUR 75 million for health expenditures. The Brussels region provided EUR 14 million for the health sector.
To support companies in difficulties as well as the self-employed and employees, several measures were introduced and the budgetary impact is not capped, as the total cost will depend on the take-up rates of the support.

- Companies affected by a decline in sales due to COVID-19, may grant their employees temporary unemployment for economic reasons. For those on temporary unemployment, benefits were raised from 65% to 70% of gross wages, and the recipients will receive an additional benefit of EUR 5.63 per day. The estimated gross budgetary impact is of EUR 615 million. The total cost of the impact of COVID-19 on the temporary unemployment system will roughly be EUR 4.5 to EUR 5.1 billion). The temporarily unemployed who are living in the Flemish region will receive in addition of these benefits a lump sum of EUR 202 to cover energy bills (EUR 156 million).
- The different regions of Belgium implemented measures for companies that are forced to stop activities. In Flanders and Brussels, companies can apply for a lump sum of EUR 4 000 for the period until 4 April and afterwards a daily compensation of EUR 160 will be provided in Flanders. In the Walloon region the lump sum is EUR 5 000. In the Flanders and the Walloon regions a partial continuation of the activity can be sufficient to receive half of the amount (Flanders: EUR 771 million, Walloon region: EUR 245 million, Brussels: EUR 88 million).
- The self-employed are entitled to a replacement income of EUR 1 291.69 per month (and EUR 1 614.10, if they have dependent family members) if they are forced to stop activity for at least seven consecutive days in a month (EUR 960 million). As this measure already existed (although the take up was minimal), this amount is not taken into account for the calculation of the economical impact of the Belgian measures.
- The regional governments have taken some measures to support some specific sectors such as the care sector and tourism, for an estimated amount of EUR 388 million.

To support liquidity, the Belgian governments have taken several measures:

- The Federal government introduced a guarantee scheme of EUR 50 billion for companies that need new bridging loans or additional credit lines.
- All regional governments will provide additional guarantees for business loans for a total amount of EUR 1,8 billion.

Deferral of taxes and social contributions have not been estimated in a detailed manner, but could amount to EUR 12 billion.

- Deferral of para-fiscal and tax payments (no estimates available)
- Flexibility on the payment of tax arrears (no estimates available).
- Deferral of regional tax payments (car tax, inheritance tax, registration rights, immovable property tax) (no estimates available)

The governments have taken other measures that will not affect the budget. The financial sector and the Federal government have agreed to allow companies and mortgagee to obtain a deferral of six months of capital and interest payments if they have difficulties paying back on time due to the crisis and do not have the necessary savings to pay back their loans.

As a result of the consultation within the Economic Risk Management Group (ERGM), insurance companies have agreed to defer the payment of premiums for insurances as well as interest and capital payments on mortgage loans contracted with insurance companies for individuals who are temporarily unemployed due to the crisis as well as for companies facing difficulties.
Public management

All organisations are requested to organise teleworking arrangements. The majority of public services are closed (but operational to the extent possible) and the general rule is staff who can telework work remotely do so. If this is not possible, social distancing rules strictly apply, other than for essential services. These requirements apply to the public sector. It is possible to place some civil servants in the position "activité de service" even if they do not work they obtain "une dispense de service" (exemption from service). This is for functions where missions/tasks are not critical but they cannot work from home. Exemption from service means the agent has permission to be absent during hours of service, with maintenance of all rights.

Meetings can only take place via online web platforms. Furthermore, online processes are in place in many instances, including, digital signatures and online services, for example, help for psychological problems.

An important principle is for employees to remain actively employed. To do so, the availability of online learning has increased. Civil servants, who had fewer tasks because a number of operational services were discontinued, were encouraged to follow online learning courses. In addition, to guarantee the continuity of essential services, civil servants were offered the possibility of temporary employment in another organisation (e.g. the unemployment office), using the system of "federal special forces." The national recruitment agency has cancelled all selection and language tests (PC tests, written tests, interviews).

There is a regular consultation with the social partners in the ERMG, and social partners were involved in the introduction of the new measures on temporary unemployment.

Implementation

Owing to a political crisis in Belgium, a caretaker government was in place when the COVID-19 virus first arrived in Belgium. Although the caretaker government took decisions related to the crisis, its caretaker status hampered implementation. Actions taken by the government included:

- On 19 March, the Parliament passed a vote of confidence so that the caretaker government became a fully-fledged minority government, which gave more possibilities to the government to fight the crisis.
- On 26 March, the Parliament voted a special powers legislation, which means that the Parliament delegated the legislative powers to the government for 3 months, related to the legislation that was needed to contain the crisis. This provided the legal basis for the government to take all necessary measures related to the COVID-19 virus by ordinance for a period of 3 months. A newly installed commission in the Parliament will monitor the government’s actions under the measure. Furthermore, there is a weekly meeting of the Prime Minister and her Deputy Prime Ministers, with the chairs of all parties that have agreed to the special powers.
- The Brussels and Walloon parliaments approved a similar legislation for their respective governments. This was not the case for the Flemish government.

For the implementation of the health measures, the government relied upon the advice of experts and co-ordination between the levels of government:

- On 19 March the Federal government installed the ERMG, which was tasked with mapping the economic consequences of Covid-19 in order to counter them. The ERMG brought together representatives of major economic interest groups, the financial sector, public bodies, Communities and Regions, academics and social partners.
• There was structural co-ordination between regions, communities and the federal level in several instances (ERMG, National Security Council, the Consultation Committee and inter-ministerial conferences).
• The local authorities were asked to contribute to the effort at federal and regional level by freezing certain taxes.

The various governments are preparing possible measures for a second phase of responses.

References

Introduction

The first case of COVID-19 was reported on 25 January 2020 and by 29 March, 6 258 cases were reported. Social distancing and public health measures have been taken at the provincial level, and have varied in scope, but all provinces have implemented limitations on public gatherings and school closures at a minimum. The Federal government has closed borders and implemented quarantines for those returning from overseas.

The government's package of support was CAD 105 billion, or around 4.5% of GDP in direct support measures to individuals and business; an additional CAD 85 billion in liquidity support through tax deferrals; and CAD 3 billion to protect health and safety, for a total of CAD 193 billion (around 8.4% of GDP).

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**Canada – budget and public management information**

Population: 37.6 million

GDP growth: 2% of GDP (2018), 1.6% (2019)

General government fiscal balance: -0.1% of GDP (2017), -0.4% of GDP (2018)

General government gross debt\(^1\): 94.6% of GDP (2017), 93.9% of GDP (2018)

General government expenditures: 41.3% of GDP (2017), 41.8% of GDP (2018)

General government health expenditures: n/a

Health sector\(^2\): 10.7% of GDP (2018)

General government employment: 19.5% of GDP (2018)

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Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.

Budget measures

The Government’s COVID-19 Emergency Response Act and Economic Response plan received royal assent on 25 March and a second bill on 11 April provided further measures. Broadly, the plan outlines a range of expenditures focused on the following key stakeholders:

- Support for individuals and families: The government announced a new Canada Emergency Response Benefit, of CAD 2 000 a month for up to 4 months for workers who must stop working due to COVID-19 and are not covered by other Employment Insurance benefits, paid leave or other income supports. The Government estimates this benefit may go to as many as 4 million Canadians, at an estimated cost of CAD 24 billion. In addition, the government is increasing payments of the GST credit, providing a one-time payment for low- and modest-income families of close to CAD 400 for single individuals and close to CAD 600 for couples (CAD 5.5 billion total), as well as increasing Canada Child Benefit for the 2019-20 benefit year, by CAD 300 per child (CAD 1.9 billion). Furthermore, the government is deferring the filing of income tax returns until 31 August, and providing mortgage support.

- Support for specific (vulnerable) communities: New Indigenous Community Support Fund (CAD 305 million); Additional funding for people experiencing homelessness (CAD 157.5 million). Additional funding for women’s shelters and sexual assault centres (CAD 50 million). Supporting seniors through Reducing required minimum withdrawals from Registered Retirement Income Funds, to provide financial flexibility to seniors (CAD 495 million); support for students and recent graduates include a six-month interest-free moratorium on the repayment of Canada Student Loans (CAD 190 million).

- Support to businesses: up to 75% emergency wage subsidy for businesses, which see a reduction in revenues of at least 30% (15% in March), for a 12 week period, from 15 March 2020 to June 6, 2020, to help businesses to keep and return workers to the payroll (estimated cost CAD 71 billion). All taxpayers and businesses can defer, until 31 August 2020, the payment of any income tax amounts that are owed on or after today and before September 2020.

Separate from measures that directly affect the government’s fiscal balance, the government issued loans and guarantees to the business sector, including a new Business Credit Availability Program, to provide CAD 65 billion of additional support through the Business Development Bank of Canada (BDC) and Export Development Canada (EDC). The BDC and EDC are working with private-sector lenders to co-ordinate on credit solutions for individual businesses, including in sectors such as oil and gas, air transportation, exportation and tourism. This includes a new Canada Emergency Business Account to provide interest-free loans of up to CAD 40 000 to small businesses and not-for-profits; new operating credit and cash flow term loans of up to CAD 6.25 million to SMEs through the EDC; and a co-lending programme for SMEs through the BDC. The government is also allowing an additional CAD 5 billion in lending capacity to producers, agribusinesses, and food processors.

Measures that substitute for a direct fiscal response have included engagement with the financial sector for mortgage assistance. There may have been additional measures at subnational levels of government.

Public management

The Chief Human Resources Officer has produced regular guidance for federal organisations to manage the crisis and has set up a special website with updates for employees, general info on COVID-19, FAQs, fact sheets, and infographics. A new COVID-19 tracking system was put in place to track key information consistently and easily across departments and agencies, including the number of confirmed COVID-19 cases; refusals to work and their outcomes; and office closures.
All federal agencies are instructed to consider teleworking for employees, at all work sites, and to identify an approach that is flexible while ensuring continued critical government operations and services to Canadians. Federal organisations must identify and determine how to manage through exceptional situations that do not lend themselves to telework such as critical services requiring on-site presence; security limitations; and other operational imperatives where there are no alternatives. In cases where a manager determines that working remotely is not at all possible, non-critical employees are eligible for leave with pay that does not count against their vacation, sick, or family leave.

To support public servants during the pandemic, the Office of the Chief Human Resources Officer has also created dedicated webpages for employees to provide them with information and resources on working remotely and on improving mental health during the public health crisis. The Office of the Chief Human Resources Officer has also announced temporary changes to employee health benefit policies to address some of the challenges that employees may face when accessing health care services during the lockdown and to offer the flexibility needed to ensure that public servants can remain healthy and productive.

The Chief Human Resources Officer has been engaging unions regularly as the situation evolves.

A number of departments have also activated their business continuity plans in response to the evolving situation with COVID-19. Some federal employees have been redeployed to support high-demand areas such as employment insurance claims.

**Implementation**

The Prime Minister created a Cabinet Committee on the federal response to the coronavirus disease (COVID-19). It is chaired by the Deputy Prime Minister, Chrystia Freeland and was formed to discuss the ongoing COVID-19 outbreak and the measures taken by the Government of Canada to limit the spread of the virus in Canada. It meets regularly to ensure whole-of-government leadership, coordination, and preparedness for a response to the health and economic impacts of the virus. This includes co-ordination of efforts with other orders of government including provinces and territories.

On 25 March, the COVID-19 Emergency Response Act, which contained many of the measures above, received royal assent. The bill was introduced on 24 March and the government negotiated with opposition parties to use special parliamentary procedures to approve and adopt the bill by 25 March. Only 30 MPs attended the vote, as per an agreement between parties to limit movement. The Act also grants new spending powers to cabinet that will expire on 30 September 2020, increasing the governments’ ability to react flexibly to new developments, but reducing parliamentary oversight.

However, shortly after the bill was passed, the Prime Minister announced expanded measures including the Canada Emergency Response Benefit and increased the wage subsidy from 10% to 75%. These measures significantly increased the overall size of the package and required a second vote in parliament, which was taken on April 11.
References


Introduction

As with all countries in Latin America, Chile was hit by the Coronavirus (COVID-19) pandemic after Asia and Europe. On 16 March, as the virus started spreading, Chile closed schools and universities, banned events of more than 50 people. On 18 March, it closed its borders (except for nationals and residents, subject to a 14-day mandatory quarantine upon arrival). Chile is recommending people to stay home, especially elderly people. It has imposed a curfew between 22h and 5h since 22 March, and locked down some areas, but a national confinement has not yet been declared.

On 16 March, Finance Minister Ignacio Briones insisted that the current crisis will hit Chile hard, that it will have negative impacts, but that it will be transitory. The Ministry of Finance is therefore making the necessary efforts, in co-ordination with the Central Bank and the Financial Market Commission, to ensure enough liquidity to the system in particular SMEs to support them until the shock passes. By the 30 March, Chile had enacted into law budget measures of USD 11.75 billion, or 4.7% of GDP.

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**Chile – budget and public management information**

- **Population:** 20 million
- **GDP growth:** 4% of GDP (2018), n/a (2019)
- **General government fiscal balance:** -2.7% of GDP (2017), n/a (2018)
- **General government gross debt**: 29.6% of GDP (2017), 32.6% of GDP (2018)
- **General government expenditures:** n/a
- **General government health expenditures:** n/a
- **Health sector**: 8.9% of GDP (2018)
- **General government employment:** n/a

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.

Budget measures

The budget measures enacted into law mobilise USD 11.75 billion, or 4.7% of GDP. In addition to supplementing the Health budget with the “2% constitutional” and a special fund announced in the week of 23 March, the budget measures principally refer to protecting employment and earnings, providing liquidity to the productive system, and other supportive measures.

1. Protecting employment and earnings: these measures aim to avoid the destruction of jobs and maintain the contractual link with the employer, while providing an extraordinary source of funds for the duration of the emergency.

   I. Law to protect earnings from work: workers who must stay at home because of the pandemic and cannot telework can have a temporary suspension of their functions in the company and of the payments by the company. The contractual link with the company will however be kept, and the worker will receive earnings from the unemployment insurance (Seguro de cesantía) according to the existing laws. The employer will continue paying the health and social contributions for the worker. The tax authority (Fisco) will ensure the sustainability of the unemployment solidarity fund by providing funds as required up to USD 2 billion.

   II. Project Law on protection of employment: allows reducing working hours up to 50%, with the solidarity fund of the unemployment insurance providing the revenues to the worker.

   III. Special measures for independent workers: Minister of Finance announced special measures to support independent workers, such as advancing income tax repayments.

2. Providing liquidity to the productive system

   I. Tax measures

      i. The suspension of the monthly provisional payments of the business tax for the coming 3 months. This will increase cash capacity of 700 000 firms. This represents up to USD 2.4 billion in the coming 3 months.

      ii. VAT payments are postponed by 3 months for all companies with sales below USD 350 000, and the possibility to pay in 6 to 12 monthly payments with 0% interest rate. This will produce liquidity up to USD 1.5 million for 240 000 firms during the second quarter.

      iii. Anticipation of the return of the income tax for enterprises and SMEs (SMEs will receive the April return). This is to increase liquidity to more than 500 enterprises and SMEs (sales up to USD 75 000 per year) for USD 770 million.

      iv. Income tax of SMEs delayed until July 2020. This will free USD 600 million for 140 000 SMEs.

      v. Delay payment of April contributions for firms with sales below USD 350 000 and for persons with property values below CHL 133 million. Payments can be made by instalments during the year with a 0% interest rate. This should mobilise USD 670 million. The tax authority will compensate municipalities for the transitory reduction in revenues.

      vi. Temporary reduction of the stamp duties (timbre y estampillas) to 0% for all credit operations for the coming 6 months. This should reduce the cost of credit for families and businesses. The budgetary cost of this measure is up to USD 420 million.
vii. Easing of conditions to pay fines and late taxes to the General Treasury for SMEs and low-income citizens.

viii. All expenditures by enterprises to combat COVID-19 will be accepted as tax expenditure.

II. Other measures to increase SMEs’ liquidities

   i. Acceleration of payments to State providers. Early April, all pending bills (invoices) issued by the State will be paid in cash. This will generate immediate liquidity of around USD 1 billion. All bills presented in advance to the State will be paid within 30 days (USD 500 million per month). This is the first stage of a centralised payment programme.

   In addition, regarding public procurement, the Ministry of Finance has announced that it will soon launch a new portal called “Agile procurement” (“Compra Ágil”), focused on SMEs, for all public procurement below CHL 1.5 million (representing 80% of all transactions for about USD 800 million).

   ii. Increase capitalisation of the State Bank by USD 500 million. These resources will be mainly aimed at financing people and SMEs. This will increase the lending capacity of the State Bank by about USD 4.4 billion.

   To ensure the correct use of resources, the State Bank will have to inform the Finance Commissions of the Congress and the Senate how it used the funds and the criteria applied.

III. Measures to support households’ income

   i. More than two million households which do not have formal work will benefit from a “Covid-19 bond”, representing a total social investment of USD170 million. The "Covid-19 Bond" will grant a bond of CHL 50 000 to each family in the Unified Family Subsidy (Subsidio Único Familiar) programme as well as to households in the Securities and Opportunities Subsystem (Subsistema Seguridades y Oportunidades). In addition, 670 000 new households (representing the 60% most vulnerable of the country) will be added to this scheme based on the information of the Social Registry of Households (Registro Social de Hogares).

   ii. Creation of a Solidarity Fund of USD 100 million for social emergencies triggered by the collapse of sales from local micro businesses. These funds will be channelled through municipalities.

3. Other budget measures: the law also implements four measures to increase the resources available to implement the Emergency Economic Plan:

   I. A two-year suspension of the contributions to the Pension Reserve Fund of USD 500 million per year.

   II. Authorising additional expenditures for the 2020 Budget Law of up to USD 4 billion.

   III. Incorporating in the single treasury account the revenues collected by certain institutions which are included in the Budget Law (such as fines, special payments, etc.) amounting to up to USD 500 million.

   IV. Delaying for 18 months the transfer of resources to the Strategic Contingency Fund, representing USD 936 million.
Public management

On 23 March 2020, the Congress approved by majority the project law on remote working. The law aims to foster new and better jobs, and to legalise a system for working in the midst of the present health crisis.

The Health Ministry is providing training to health workers for managing intensive care patients. The trainings are carried out by Zoom virtual meetings and the videos are available on the Ministry’s website.

Implementation

Project Law on Emergency Economic Policy Plan to deal with the effects of the COVID-19 pandemic in Chile was announced by President of the Republic, Sebastián Piñera and Finance Minister, Ignacio Briones on 19 March. It was approved by the Senate on 27 March, and by Congress on 29 March.

References

Ministry of Finance of Chile (2020), Ministry website, www.hacienda.cl

CZECH REPUBLIC

Introduction

The first cases of COVID-19 were confirmed on 1 March 2020, and by 31 March, 3,000 cases were reported. The government has followed a suppression strategy, with a strong emphasis on the use of facemasks. A state of emergency, which was declared on 12 March for 30 days, has been prolonged to 30 April and free movement of persons was banned from 16 March, except for limited circumstances. Schools and all non-essential stores are closed.

The government is engaging in fiscal and monetary support measures. It increased its budget by CZK 160 billion (3.5% of GDP) following the pandemic outbreak. The Czech Republic entered the crisis with ample policy space. Following two rate cuts in two weeks, the monetary policy rate stands at 1.0%. In its forward guidance, the central bank stated that further measures could include additional rate cuts, liquidity support, interventions to stabilise the currency and launching quantitative easing.

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**Czech Republic – budget and public management information**

**Population**: 10.7 million

**GDP growth**: 2.8% of GDP (2018), 2.4% (2019)

**General government fiscal balance**: 1.6% of GDP (2017), 1.1% of GDP (2018)

**General government gross debt**: 43.8% of GDP (2017), 40.1% of GDP (2018)

**General government expenditures**: 38.9% of GDP (2017), 40.7% of GDP (2018)

**General government health expenditures**: 7.5% of GDP (2017)

**Health sector**: 7.5% of GDP (2018)

**General government employment**: 16.4% of GDP (2018)

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Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.

Budget measures

On 23 March, the Parliament passed a revised Budget Bill that included numerous COVID-19 support programmes and, approved a budget deficit of CZK 200 billion, instead of a previously budgeted deficit of CZK 40 billion (0.3% of GDP). The new budget increases spending and reduces taxes:

- Labour support measures: The government has approved a targeted employment support programme (Antivirus), to compensate for all or part of salary costs for the time of the quarantine or emergency measures (from 1 March). Employees ordered into quarantine will receive 60% of their salaries and the government will reimburse the company in full. Employers, who had to close or reduce operations because of the crisis measures, will pay employees their full salaries, and the state will reimburse employers 80% of the costs. The Ministry of Labour and Social Affairs expects the total costs of the Programme to be CZK 1.2 billion. The government has approved a financial contribution for the self-employed currently at home to ensure childcare.

- Tax policy measures: Waiver of part or all (for those that pay the minimum) of the compulsory pension and health contributions for six months for self-employed workers, while their rights continue to accumulate. Waiver of the advance payments for corporate and personal income tax in June. Introduction of the institute of tax return retroactivity – entrepreneurs will be able to recover any loss reported in 2020 in their tax bases in 2019 and 2018, thereby obtaining a refund from the Financial Administration. Extension of the deadline for the filing of tax returns until 1 July (standard deadline: 31 March) and remission of any fines stemming from the late submission of tax declarations or reports.

- Measures to support business: The government introduced the COVID loan programme for SMEs in the total amount of CZK 1.6 billion. SMEs will be able to apply for an interest-free loan in the range of CZK 0.5 to 15 million with a one-year moratorium on repayments. These loans will be available to firms that can demonstrate that they have been economically affected by the pandemic. The government has further strengthened (on 20 March) the COVID loan programme for SMEs, by announcing COVID2, which will permit an increase in support CZK 10 billion (0.18% of GDP). These will include CZK 5 billion of interest free loans, and CZK 5 billion in the form of loan guarantees for loans from commercial banks, where the Czech-Moravian Guarantee and Development Bank will be subsidising the interest rate. Soon there will be a COVID3 programme which aims to help companies affected by COVID-19 with the headquarters in the capital (Prague).

Not directly affecting the budget, an amendment to the Act on the Czech National Bank (CNB) was approved, easing the existing restrictions on open market transactions. Thanks to the amendment, the CNB can now trade instruments with maturities of more than one year. Also, the CNB can from now on trade with other entities, for example, with insurance and pension companies or with other institutional investors (normally CNB can trade only with banks, and credit unions). The measures were carried out within the framework of the rules of ECB and the aim of this amendment is to strengthen the stability of the Czech financial Market.

Public management

The government has (with effect from 16 March 2020), prohibited all doctors, dentists, pharmacists and medical staff from taking holidays for the duration of the emergency. It has ordered all public authorities and administrative bodies, to switch from 16 March to limited operations consisting of executing only essential business, limiting personal contacts with the public or clients (e.g. reduction of opening hours to only 3 hours at maximum on Mondays and Wednesdays, preferring e-mail or telephone communication etc.) and between employees as such and reducing the number of employees in the workplace to the strictly essential minimum, which shall be achieved especially by maximum use of telework.
Employers are responsible for protecting the health and safety of employees at work. They are required to implement extra preventative measures to ensure employees are not exposed to conditions that could be harmful to their health or safety while working. These include new measures in hygiene (e.g. wider use of disinfection) and working in separate groups of employees who do not come to contact with each other. Furthermore, public authorities may decide on additional measures such as the use of public authority’s cars by employees for travelling to/from work to avoid public transport or installing thermal cameras to the entrance of public authorities’ premises in order to prevent entering people with a high temperature (as a possible symptom of COVID-19).

Based on a recommendation of Director-General for Civil Service of 16 March certain institutes related to the civil service employment such as civil service examination, civil servants performance appraisal or selection process to civil service shall be limited or postponed. As of 19 March, all persons need to be equipped with a facemask or other covering of the nose and mouth while outside of their residence.

**Implementation**

The amendment to the budget bill was passed through a fast-track parliamentary procedure. Delays and penalty-free waivers of deadlines for national and local taxes have been announced. These are the so-called Liberation Packages. In Package I – the state will not impose fines for late submission of personal and corporate income tax return, for late payment of a tax claim and for late submission of control tax reports. In Liberation Package II - excuse of the June advance on personal and corporate income tax, the state will not impose fines for late submission of real estate property tax return, introduction of loss carry back and suspension of the obligation to electronically record sales for entities (during state of emergency and following three months).

**References**


Introduction

The first Coronavirus (COVID-19) case was confirmed in Denmark on 27 February and since then confirmed cases have increased significantly and had reached 6,879 by 16 April 2020. All public servants have been teleworking since 13 March 2020 unless explicitly exempted by management. At the moment, teleworking is expected to continue until 10 May 2020. However, schools and day-care facilities have opened partly (for children up to the age of about 12) commencing 15 April 2020. All public servants receive full pay whether they are able to work from home or not.

On 10 March 2020, the Danish Government announced its first initiatives to help mitigate the economic consequences of the spread of the COVID-19. The initiatives were aimed at both firms and the Danish economy. Combined fiscal support amounts to 2.7% of GDP with an additional 10% of GDP in liquidity measures and government guarantees (off-balance sheet), a total of approximately DKK 60 billion. Furthermore, the government committed to provide the necessary resources to the health sector (amount not quantified). These measures were more significant than those implemented during the 2008 financial crisis.

### Denmark – budget and public management information

**Population:** 5.8 million  
**GDP growth:** 2.4% of GDP (2018), 2.2% (2019)  
**General government fiscal balance:** 1.5% of GDP (2017), 0.6% of GDP (2018)  
**General government gross debt**\(^1\): 49.1% of GDP (2017), 47.8% of GDP (2018)  
**General government expenditures:** 51.2% of GDP (2017), 50.9% of GDP (2018)  
**General government health expenditures:** 8.4% of GDP (2017)  
**Health sector**\(^2\): 10.5% of GDP (2018)  
**General government employment:** 27.8% of GDP (2018)

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Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.  
Budget measures

Four economic packages were passed to provide direct cash support to workers and firms and increase access to liquidity. The measures included compensation for event organisers who had cancelled events, emergency legislation that supported company liquidity by temporarily postponing payment deadlines for VAT and other tax measures, and certain measures targeted at current challenges in the transport and tourism industries.

The measures included funding up to 75% of employee salaries in businesses and up to 90% of salaries of staff paid by the hour. This initiative aimed to avoid large-scale job terminations in times of income uncertainty. A total of DKK 10 billion will be provided to self-employed workers and DKK 40 billion to compensate businesses that lose revenue. DKK 3.8 billion will be used to cover the wage costs of those who are partially unemployed, DKK 0.2 billion to extend the sickness and unemployment benefits to a larger group of people by lengthening the period of rights to these support schemes, and DKK 1.7 billion to reimburse businesses the sickness benefits paid to workers.

The government will increase access to student loans with students in upper secondary education being entitled to take out extra student loans. A total of DKK 1.5 billion is intended for increased access to loans for students.

The measures include DKK 165 billion in deferrals, including a 30 day VAT deferral and a four-month delay on labour contributions and labour taxes.

There will be increased access to export credit schemes to help small and medium-sized Danish export companies, as well as and increased limit for state-guaranteed lending schemes. DKK 60.7 billion of extra credit will be available through an increase in the guarantees for small and medium-sized enterprises and large companies, as well as DKK 1.3 billion of supplementary credit for liquidity guarantees for medium and small export firms through Denmark’s Export Credit Agency (EKF). DKK 1.0 billion will be available for liquidity guarantees to the airline SAS and DKK 1.5 billion of state guarantees to the Danish Travel Guarantee Fund which enables Danish tourists to go home in case of a tour operator bankruptcy.

The policy interest rate was increased by 15 bps to -0.6% (19 March). This unusual move reflected the sole objective of monetary policy to maintain the currency peg to the Euro. Since October the exchange rate has gradually weakened, which intensified with the recent financial turmoil.

Public management

On 26 March 2020, the Government agreed with unions that a large proportion of non-essential public sector employees will take 5 days of annual leave or time off in lieu during the period 13 March 2020 to 17 April 2020. This is to ensure business continuity once public servants are able to return to their physical workplace. In general, there has been a good dialogue between the parties.

It is the responsibility of each individual public authority to determine which staff are considered “essential”. Relevant considerations when making the decision include:

- Is the employee undertaking a task that cannot be delayed? E.g. payment of salaries, providing services to ministers or parliament, monitoring food safety, developing emergency legislation etc.
- Is the employee undertaking tasks of crucial importance for public justice, rights, etc? E.g. certain court functions, handling cases where citizens are entitled to a decision within a specific timeframe etc.
- Is the employee responsible for tasks of crucial importance for citizens’ safety and well-being? E.g. the police, rescue services etc.
• Is the employee responsible for functions of crucial importance for handling COVID-19? E.g. servicing the "Corona hotline", testing potentially infected persons, etc.
• Is the employee responsible for functions of crucial importance for state security or national defence? E.g., civil and military intelligence services, etc.
• Is the employee responsible for functions of crucial importance for critical infrastructure? E.g. support for IT systems, access to roads, etc.

Co-ordination of people management issues in central government is undertaken through twice-weekly virtual meetings of all heads of HR. The meetings are chaired by the Agency for Staff and Competency Development. Likewise, regular meetings are held with unions.

Implementation

All parties in the Danish parliament (Folketinget) support the measures of the government to address the Covid-19 outbreak and to use all necessary tools to secure the Danish economy. Folketinget also passed a bill with changes to the Danish Epidemic Act, which allows the Prime Minister to ban gatherings.

The Danish Government has agreed that they will take necessary steps to help companies and workplaces through the epidemic. This includes possible further measures that could amount to three-digit billions.

References

Bruegel (2020), Bruegel datasets, “The fiscal response to the economic fallout from the coronavirus”, published 01 April, 2020, www.bruegel.org/publications/datasets/covid-national-dataset/?fbclid=IwAR1T1Hrl25XE9FtTm5xLlhBuHWZYNAjFCgZzpEWKfd26OPFEE2EbnT8o


Introduction

On 12 March, the government of Estonia declared a state of emergency and introduced measures that have since been expanded upon. The Ministry of Finance estimates in the supplementary budget that Estonia would have a general government deficit of EUR 2.6 billion (10.1% GDP) in 2020, mainly due to a decrease of revenues and the package of economic measures.

On 2 April, the government introduced a supplementary budget for 2020 that included a total amount of economic measures, with an impact of EUR 1.8 billion on the budget 2020.

**Estonia – budget and public management information**

| **Population:** 1.3 million |
| **GDP growth:** 4.8% of GDP (2018), 4.3% (2019) |
| **General government fiscal balance:** -0.8% of GDP (2017), -0.6% of GDP (2018) |
| **General government gross debt**: 13% of GDP (2017), 12.7% of GDP (2018) |
| **General government expenditures:** 39.3% of GDP (2017), 39.1% of GDP (2018) |
| **General government health expenditures:** 5% of GDP (2017) |
| **Health sector**: 6.4% of GDP (2018) |
| **General government employment:** 22.1% of GDP (2018) |

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments. 

Budget measures

The government has introduced a supplementary budget in the Parliament containing additional budget to fund the COVID-19 measures. These measures can be categorised in three parts.

The first part aims to compensate for the loss of income and to provide extra funding for health resources and unforeseen expenditures (EUR 894 million):
• The Estonian Unemployment Insurance Fund will pay an allowance of up to 70% of the salary (with a maximum of EUR 1 000) to compensate wage reductions (EUR 250 million for two months) to help minimise layoffs. Employers have to continue paying a supplement of EUR 150 per person.

• The first three days of sick leave of employees will be paid by the State from March until May (EUR 7 million).

• Additional funds for parents of children with special needs who are temporarily unable to work (EUR 10 million)

• The advance social tax on the self-employed will be paid by the State for the first quarter of 2020 (EUR 3 million) and the requirement of a minimum social tax liability will be abolished for three months (EUR 6 million).

• The direct costs of cultural and sporting events cancelled due to COVID-19 in March-April are to be refunded up to EUR 25 million.

• The direct costs of private institutions such as schools kindergartens and care institutions will be compensated for a total amount of EUR 15 million.

• Support for specific sectors (EUR 37 million for the maritime sector and EUR 25 million for tourism and EUR 2 million for churches and congregations)

• Lowering the excise duties on several fuels and electricity and reduction of VAT on digital publications (EUR 77 million)

• To cover the extra costs to the health system an additional budget of EUR 206 million will apply.

• A provision of EUR 230 million to fund future COVID related measures if necessary.

A second part is to ensure sufficient liquidity (EUR 679 million budgetary impact and increasing loans and guarantees with EUR 2.25 billion).

• Loan collaterals totalling EUR 15 billion for bank loans in order to allow for adjustments to repayment schedules. This will have an estimated impact of EUR 104 million on the budget.

• Extra loans for businesses facing liquidity problems due to COVID-19 for a total amount of EUR 500 million related to working capital and EUR 50 million for investments. This will have an estimated impact of EUR 53 million on the budget.

• Rural companies can apply for guarantees (EUR 50 million), business loans (EUR 100 million) or capital financing loans (EUR 50 million). This will have an estimated impact of EUR 47 million on the budget.

• A provision for the support purchases of shares in strategic companies or capital expansion of state-owned companies (EUR 300 million) and a subsidy for covering the loss of revenue of Estonian Railways (EUR 17 million)

• Possibility to reschedule tax arrears and reduction of the interest rate on tax arrears until the end of 2021 (EUR 148 million).

• Designing a micro and small business measure through capital injections (EUR 10 million)

The third part of measures aim to support the local governments and the economy in general, mainly by increasing public investments (EUR 265 million)

• Local government support measure (EUR 100 million)

• Renovation support (EUR 100 million)

• Reconstruction of local government and Road Administration roads (EUR 40 million)

• Last mile support of internet connection for sparsely populated areas (EUR 15 million)

• Demolition of abandoned houses (EUR 5 million)

• Construction of the third level biolab of the University of Tartu (EUR 4 million)
The government inserted also an important saving measure in the supplementary budget by suspending the contributions to the mandatory funded pension scheme for the period of 1 July to 31 August 2021 (EUR 141 million).

Public management

The Estonian government encourages public, private, and third sector employees to work from home, if possible and allowed by the working requirements. Teleworking is already a common practice for civil servants. It means that the head of each institution is in charge of work arrangements during the emergency. Besides teleworking, some institutions have implemented a summarised calculation of work time and to work in shifts, so that staff do not meet physically, when they change shifts (for example, in areas of the Ministry of Defence and the Ministry of Interior).

Estonia’s Civil Service Act (CSA) does not provide for temporary unemployment for the situation where the civil servant cannot perform duties because of an emergency. Therefore, civil servants in Estonia have more or less three options: 1) continue working by using suitable work arrangements for the emergency situation, 2) personal agreements to take annual leave or to go on unpaid leave, which requires consent, or 3) a layoff procedure according to CSA. For public employees who are not covered by the CSA, there are temporary subsidies by the Government.

All additional costs (including personnel costs) must be approved by the Government Committee co-ordinating the resolution of the emergency, which is led by the Prime Minister. One issue is overtime work in frontline institutions: Health Board, Police and Border Guard Board, Emergency Response Centre, Rescue Board, Government Office, ICT institutions, different communication units and departments. The primary preference is to provide the officials additional spare time. Some institutions are providing psychological counselling to frontline officials, for example to public safety, border control, and customs officials.

Schools, vocational colleges and universities are closed and guidelines for organising distance learning have been provided to schools. With Estonia’s general adoption of digital technologies, Estonia’s education sector has already a set of tools that supports remote learning. These remote learning solutions are available to the world for free. All central courses and classroom training sessions for public employees are suspended (since March and probably until May).

Examples of agile HR responses to the emergency include:

- Ministry of Foreign Affairs (MFA) rearranged 84 diplomats and civil servants in its headquarters within 24 hours to manage the consular crisis and to bring Estonian citizens home from all over the world. Four teams were established: a 24/7 call centre team; a monitoring team to collect and report data on travel restrictions; a team to purchase personal protective equipment; and a crisis management team to co-ordinate the work inside MFA and with other state authorities.
- On 16 March, the Emergency Response Centre activated an emergency Hotline 1247 (easy to remember, 1,24/7). Many volunteers from different institutions help to operate the hotline including Estonian Rescue Board, Ministry of Interior, Environmental institutions and students of the Estonian Academy of Security Sciences. During the first 3 weeks the Emergency Response Centre has trained 181 volunteers from different institutions and has responded to around 28,000 calls.

Implementation

On 12 March, the government of Estonia declared a state of emergency until 1 May and appointed the Prime Minister as the Head of the State of Emergency. The declaration allows the Prime Minister to give orders to implement response measures, including economic responses. To the extent that the measures
have budgetary consequences, the measures the Parliament will have to vote on a Supplementary Budget (scheduled for 6 April). Linked to the budget preparation, the government is discussing additional measures, such as the compensation to municipalities for the lack of tax income.

References

Introduction

On 18 March 2020, the Finnish Government declared a state of emergency, putting in place a series of measures to address Coronavirus (COVID-19) such as, closing schools and universities, travel restrictions, and banning large gatherings (Finnish Government, 2020[10]). Subsequently, on 20 March, the Government proposed measures to support businesses and individuals. Total measures are estimated at around EUR 15 billion (around 6.4% of GDP).

On 16 April, the General Government Fiscal Plan for 2021-2024 was also released. Having invoked the exceptional circumstances clause set out in the EU’s Stability and Growth Pact, the General Government Fiscal Plan only presents a medium-term projection for general government finances based on an independent forecast and does not include the Stability Programme. The Bank of Finland released two possible scenarios for economic growth with the Finnish economy projected to contract by 1.5% or up to 4% in 2020 (Bank of Finland, 2020[11]). More recent estimates by the Ministry of Finance estimate that Finland’s economy will contract by 5.5%.

<table>
<thead>
<tr>
<th>Finland – budget and public management information</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Population:</strong> 5.5 million</td>
</tr>
<tr>
<td><strong>GDP growth:</strong> 1.7% of GDP (2018), 1% (2019)</td>
</tr>
<tr>
<td><strong>General government fiscal balance:</strong> -0.7% of GDP (2017), -0.8% of GDP (2018)</td>
</tr>
<tr>
<td><strong>General government gross debt</strong>: 72.8% of GDP (2017), 69.2% of GDP (2018)</td>
</tr>
<tr>
<td><strong>General government expenditures</strong>: 53.7% of GDP (2017), 53.1% of GDP (2018)</td>
</tr>
<tr>
<td><strong>General government health expenditures</strong>: 7% of GDP (2017)</td>
</tr>
<tr>
<td><strong>Health sector</strong>: 9.1% of GDP (2018)</td>
</tr>
<tr>
<td><strong>General government employment</strong>: 24.1% of GDP (2018)</td>
</tr>
</tbody>
</table>

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.

Budget measures

The Government has submitted two supplementary budget proposals to the Parliament (Eduskunta) on 20 March and 9 April. The first proposal (EUR 398 million) referred to prevention and preparation measures related to COVID-19 and easing the financial situation of Finnish companies. The second proposal (approximately EUR 3.6 billion) referred to fixed-term and targeted measures to combat the health and economic effects of COVID-19. A third supplementary budget is expected in May. Key measures include:

Health related

- Efforts to control communicable diseases, including for procurement of diagnostic tests, protective equipment, medicines and other equipment, as well as pharmaceutical services.
- Support for public information and education initiatives, safeguarding the functioning of information systems, and maintaining laboratory capacity.
- Support for a broad-based research consortium for research on rapid diagnostic methods, the development of immunity, and establishment of a national monitoring system. Finland will also participate in research and development of a vaccine.
- Improvements to national electronic client information systems in healthcare and social welfare with the aim of extending the assessment of COVID-19 symptoms online to new hospital districts increasing the provision of online appointments in the public healthcare system.

Support to businesses

- Business development support for SMEs to combat the effects of the crisis, including support for Business Finland’s research and development and innovation mandate, including increases to its grant and loan authorisations.
- Implementation of a nationwide operating model for entrepreneurs experiencing financial and payment difficulties through the Centres for Economic Development, Transport and the Environment (ELY Centres), including one-off support for the operating expenses of ELY Centres.
- Capital funding for Tesi (Finnish Industry Investment Ltd) to set up a new stabilisation programme to help ease the liquidity difficulties caused by the crisis.
- Investment in rural business activities and support to companies engaged in business activities in rural areas, companies in the fishing sector and shipping companies operating and maintaining cargo transport essential to the security of supply during the crisis.

Income security and other social benefits

- Funding for income security, including temporary support to parents off work without pay due to the epidemic (EUR 1 billion).
- Increase the government’s share of the earnings-related component of unemployment benefits and job alternation compensation, and of the basic security component of unemployment benefit (EUR 1.1 billion). In addition, funding for temporary changes to unemployment benefits, including mechanisms to safeguard the livelihoods of self-employed people, and basic social assistance and housing allowances due to the deteriorating employment outlook.
- Additional support for expenditure arising from the Self-Employed Persons Pensions Act, due to reductions in income earned by the self-employed and in revenue from pension insurance contributions.

1 On 17 April the Government proposed additional changes to Parliament for the second supplementary budget proposal to increase voluntary funding to the World Health Organisation.
Other

- A non-specified category of expenditure to respond to emergency conditions was proposed for the Ministry of Finance (EUR 200 million). In addition, support for a variety of agencies and offices, to cover expenditure arising from additional duties or increased services provided due to the crisis, including for additional policing and border control costs.
- Grants to artists and cultural businesses. Funding will also be allocated those involved in culture, sport and youth work, sectors badly affected by the crisis.
- Compensation to municipalities for the loss of municipal income tax revenue in 2020 (EUR 547 million). A corresponding reduction will be made in municipal appropriations in 2021.

The Finance Committee’s report on the first supplementary budget proposal recommended an increase in appropriations of EUR 686.5 million, as well as EUR 800 million in grants for Business Finland and the ELY Centres. The Parliament approved these increases (Finance Committee, Parliament of Finland, 2020[12]).

Measures outside the supplementary budgets

The Government has proposed a system of State guarantees, with a ceiling of EUR 600 million. The loans covered by the guarantee would have a maximum maturity of three years. The maximum liability arising from the State guarantee would consist of the various commitments, interest rates and maturities, and the State guarantee must comply with EU state aid rules. EUR 1 million has been granted to Ilmarinen, a mutual pension insurance company as collateral for Finnair Plc’s retirement pension (TyEL) loan. The purpose of the State guarantee is to ensure the liquidity of Finnair Plc and to safeguard the company’s operations in the event of an emergency.

The Finnish government has also prepared an extensive package to support companies and to alleviate the negative effects of the COVID-19 epidemic. The Government will make additional financing of EUR 10 billion available to businesses through Finnvera. With this increase, the finance volume of Finnvera will be EUR 12 billion. The principal operating model is offering guarantees to banks that grant loans. In addition, the state will increase its coverage of Finnvera’s credit and guarantee losses from 50% to 80%.

Public management

All government workers for whom teleworking is possible are now working from home – essentially slightly more than 50% of all 74 000 civil servants. In practice, increased teleworking has required more ICT-capacity, more information on data security, as well as guidance on the use of ICT for those employees for whom telework is unusual or more challenging.

There is no clear category of “essential” staff in the Finnish state administration. Each government agency is responsible for deciding who is “essential” in that sense that they have to be present in the office and cannot work from home. For some civil servants working from home is not possible, for example for many working in the security sector (police, military, customs, and border control). Some schools for early childhood education and care are also still open. Civil service legislation makes it possible to transfer

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2 Finnair plans to cut its capacity by 90% as of 1 April.
3 Finnvera is a Finnish state-owned financing company.
4 Teleworking was already widely used under normal circumstances. A survey two years ago, estimated that 55% of civil servants could do their job from home.
personnel within organisations and across the government if needed. There are some plans to make the redeployment of personnel more flexible, due to the COVID-19 pandemic. Public Sector unions have been engaged through normal consultation and negotiation procedures. There has not been that kind of special need for consultations like in the private sector. Occupational health services and clinics have taken steps to launch their services through tele-consultation. There is a lot of information available to civil servants on COVID-19 and safety measures that have to been taken.

The Ministry of Finance will also carry out dialogue sessions on “Life in exceptional circumstances Finland” for civil servants. These are part of a wider series of discussions targeting all citizens and jointly organised by several organisations. The purpose of these sessions is to understand people’s experiences during the COVID-19 crisis.

**Implementation**

The Government will implement decisions and recommendations in accordance with the *Emergency Powers Act, the Communicable Diseases Act* and other relevant legislation. The Government is continuing to assess the need for additional appropriations for expenses directly caused by COVID-19 and for measures to support the economy including municipalities. The Ministry of Economic Affairs and Employment and the Ministry of Finance have established a working group to prepare an expert assessment of the crisis impact and of measures to help limit the damage to the Finnish economy.

The supplementary budget proposals and other measures have been fast-tracked within the Parliament. On 6 April, the Parliament approved government proposals for a law on the temporary organisation of the unemployment security right of entrepreneurs, and amendments to the Unemployment Insurance Act, among several others. On 9 April, the Parliament approved temporary amendments to the Unemployment Security Act, the Act on the Financing of Unemployment Benefits and the Unemployment Insurance Act. A third supplementary budget proposal with targeted, fast-acting and fixed-term stimulus measures is planned for May 2020 and the Government will outline a new economic policy package in the August 2020 budget session. Due to the state of emergency, the central government spending limits do not apply to the current year. However the Government is committed to adhering to the spending limits again from 2021.

**References**


EUPAN (2020), Country response to EUPAN questions.


Unclassified


NZDMO (2020), *New Zealand Debt Management Office*.


[43] [44] [42] [60] [50] [55] [47] [53] [54] [66] [63] [62]
FRANCE

Introduction

The first cases of Coronavirus (COVID-19) were diagnosed in France on 24 January and the first fatality was reported on 15 February 2020 (a Chinese tourist in France). Following a steep increase in cases and fatalities in the following month, the government imposed a first set of restrictions to movement on 12 March 2020, followed by a near-total lockdown on 17 March 2020. France’s borders were closed, although French citizens were allowed to return home. As of 31 March, there are 45,209 cases, 7,991 recoveries and 3,024 deaths reported in France (https://coronavirus.jhu.edu/map.html).

Simultaneous to the first restrictions on movement on 12 March 2020, the government pledged to support both the French economy and citizens throughout the crisis, with the French President stating that "not a single firm would go bankrupt" as a result of this exceptional situation. For the State, the total fiscal package in response to the COVID-19 outbreak was officially estimated as of 17 March 2020 at around EUR 45 billion (1.9% of 2019 GDP), to which guarantee schemes must be added, including a EUR 300 billion State guarantee on loans to businesses. On 15 April 2020, the State fiscal package was increased to EUR 110 billion.

<table>
<thead>
<tr>
<th>France – budget and public management information</th>
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<tbody>
<tr>
<td><strong>Population:</strong> 67.1 million</td>
</tr>
<tr>
<td><strong>GDP growth:</strong> 1.7% of GDP (2018), 1.3% (2019)</td>
</tr>
<tr>
<td><strong>General government fiscal balance:</strong> -2.8% of GDP (2017), -2.5% of GDP (2018)</td>
</tr>
<tr>
<td><strong>General government gross debt</strong>: 122.8% of GDP (2017), 122.1% of GDP (2018)</td>
</tr>
<tr>
<td><strong>General government expenditures:</strong> 56.4% of GDP (2017), 56% of GDP (2018)</td>
</tr>
<tr>
<td><strong>General government health expenditures:</strong> 8% of GDP (2017)</td>
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<tr>
<td><strong>Health sector</strong>: 11.2% of GDP (2018)</td>
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<tr>
<td><strong>General government employment</strong>: 21.5% of GDP (2018)</td>
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</table>

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.

Budget measures

The Government's budgetary response to the COVID-19 outbreak was announced by the President on 12 March 2020 and made official in a Supplementary Budget Law (Loi de finances rectificative) adopted on 23 March 2020. The Supplementary Budget Law was examined by the two Houses of Parliament, the National Assembly and Senate. A number of parliamentary amendments were approved, including the creation of an ad hoc committee tasked with following the implementation of measures to support businesses and employees, alongside the Prime Minister’s office. A second Budgetary Budget Law will be enacted in the second half of April 2020.

The first Supplementary Budget Law forecasts the deficit at 3.9% of GDP, against 2.2% in the initial Budget Law. It is based on a growth forecast of -1%, against +1.3% in the initial Budget Law. The second Supplementary Budget Law revises significantly this forecast bringing the deficit at 9% of GDP, based on a growth forecast brought to -8% to reflect the development of the outbreak and extension of the lockdown’s duration.

Budget measures included in the Supplementary Budget Law were estimated as of 17 March 2020 at around EUR 45 billion and as April 2020 at EUR 110 billion (respectively 1.9% and 4.6% of 2019 GDP), covering both spending and taxes. They target the following beneficiaries: the public health sector, businesses and employees. Broad measures enacted in the Supplementary Budget Law, described below, are further detailed in government’s ordinances.

Financial support for the health sector has been mobilised in several ways. First, liquidities were provided to public hospitals by allocating to the health sector unspent reserves from the previous year’s budget and bringing forward 2020 appropriations. In addition, the Supplementary Budget Law allocates EUR 0.5 billion of additional appropriations to fund health care professionals’ overtime, purchase of sanitary equipment and other health expenses. Furthermore, the government created an emergency fund of EUR 50 million for research on COVID-19.

Concerning support for businesses, the main initial measure announced by the government was the creation of a so-called “solidarity fund” to provide subsidies to small firms and independent workers, whose turnover is below 1 million per year. To receive subsidies, potential beneficiaries should demonstrate that their activities have been fully disrupted or their turnover decreased at least 70% compared to March 2019. The State and subnational governments are both providing resources for the fund (State: EUR 5.5 billion; regions: EUR 1.5 billion).

In addition, to avoid liquidities shortages in the private sector, businesses and independent workers have been authorised to postpone the payment of their taxes and social contributions, without any criteria. Small firms can also postpone payments of their rent and utilities. The Ministry of Finance also committed to providing early repayment of corporate tax claims refundable in 2020 and accelerated processing of VAT credit claims.

The second Supplementary Budget Law introduces a new support measure for “strategic firms”, allowing the State to provide liquidities via equity. The budget envelope was estimated to EUR 20 billion.

Concerning support to employees, the main measure included in the Supplementary Budget Law is the compensation of salaries for all employees that are on reduced-hour employment (chômage partiel). Although the reduced-hour employment scheme pre-existed in the French legal framework, the salary compensation has been exceptionally increased up to 84% of the net salary of each employee, with a ceiling at 4.5 times the minimum wage. Government estimate of the cost of this measure in the second Supplementary Budget Law was EUR 24 billion, with EUR 16 billion funded by the State and EUR 8 billion funded by the Social Security Fund for Unemployment.

Separate from measures that directly affect the government’s fiscal balance, the government issued guarantees to loans to businesses, up to a ceiling of EUR 300 billion. The guarantee scheme is expected
to last from 16 March to 31 December 2020. Criteria for obtaining the State guarantee are as follows: loans are guaranteed up to 90% of the total amount and 25% of the annual turnover of the business benefiting from the guarantee (or 2 years of payroll for newly created or innovative companies). Corporations in financial distress beneficiate automatically from the guarantee. No repayment shall be required in the first year. The scheme is to be administered by the French Public Investment Bank (Banque Publique d'Investissement). A guarantee scheme was also specifically designed for export firms hit by the crisis. The scheme is to be administered by the Export Agency (Bpifrance Assurance Export).

Finally, measures that substitute for a direct fiscal response have included a commitment by the French Banking Sector Federation to authorise businesses to postpone by six months the payment of their loans.

Public management

Since the beginning of the crisis, the public sector has aimed at guaranteeing the provision of essential services, while safeguarding the health of public servants and complying with requirements to limit non-essential movement. Civil servants that could be particularly vulnerable to the virus due to an underlying health condition were authorised to stay at home with the payment of their full salary. Other civil servants were expected to telework. If conditions for telework are not possible (e.g. no professional computer), staff can be granted a "special leave" (authorisation spéciale d’absence) unless their presence is considered necessary according to their institution’s yearly continuity plan (e.g. the Ministry of Finance’s staff was mobilised for processing of State support requests and the Ministry of Education ‘s staff is providing online teaching).5

On 23 March, the DGAFP (Direction Générale de l’Administration et de la Fonction Publique) released a note specifying the conditions of the “droit de retrait” - a right granted to workers to “withdraw” their service should they feel they face a grave and imminent danger on the job. On 31 March, this note was complemented by another one, specifying the conditions under which the droit de retrait would be applicable. Under the principle of public service continuity, heads of service can ask civil servants whose mission is considered indispensable to continue working as long as precautionary health measures are taken. Civil servants in this situation who disobey can face sanctions such as salary deductions, disciplinary procedures or even dismissal for abandonment of position. Requisition of these civil servants can also be a possibility should the situation be urgent, necessary and justified by public disorder, as well as being proportionate to the risks faced.

Supporting health care professionals at the frontline of the pandemic’s fight has been a focus of the government. Childcare support has been organised for this category of public servants (as well as some other categories, e.g. police and fire brigades), and taxis and hotels mobilised to facilitate their presence at work, sometimes hundreds of kilometers away from their residence.

Implementation

On 24 March 2020, the two Houses of Parliament approved a legislation stating that France would enter a 2-month "State of health emergency". This legislation provided the legal basis for all measures already introduced and authorised the government to enact further such measures by ordinance, including for example requisitioning people and property as needed in the fight against COVID-19.

Several ordinances have been adopted since then, including for detailing the broad budget measures laid out in the Supplementary Budget Law. Several other measures were decided. For example, the prices of hand sanitizers is now State controlled as well as stocks of facemasks. In the health sector, among other

5 Special leave is a leave with pay granted upon exceptional circumstances, in addition to regular leave.
measures, overtime caps for health care professionals in hospitals were removed and regulations restricting the use of telemedicine eased.

References

DGAFP (2020), Covid-19 Droit de Retrait
DGAFP (2020), Quelles mesures possibles en cas de refus de l’agent de prendre son service dans le cadre du PCA ou d’un recours abusif au droit de retrait ?
Introduction

By 30 March 2020, 57,298 COVID-19 cases were reported and had claimed 455 lives. The government responded with a range of measures to contain the spread of COVID-19 through travel restrictions, the closure of schools and non-essential businesses, a ban for meetings of more than two individuals, and border controls (German Federal Ministry of Health, 2020[13]). The “Protective Shield for Germany” support package was launched by the Ministry of Finance and the Ministry of Economic Affairs to mitigate the economic impact of COVID-19; protect jobs and enterprises; and ensure that the health system is prepared for the pandemic. In addition to substantial government guarantees, the package led to a supplementary budget of EUR 156 billion for 2020 (4.5% of GDP). The supplementary budget included EUR 122.5 billion on additional expenditures and EUR 33.5 billion of expected lower tax revenue. The exact value of the package will depend on the rate of uptake.

Germany – budget and public management information

<table>
<thead>
<tr>
<th>Description</th>
<th>Percentage of GDP</th>
</tr>
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<tbody>
<tr>
<td>Population</td>
<td>83.1 million</td>
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<tr>
<td>GDP growth</td>
<td>1.5% (2018), 0.6% (2019)</td>
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<tr>
<td>General government fiscal balance</td>
<td>1.2% (2017), 1.9% (2018)</td>
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<tr>
<td>General government gross debt</td>
<td>74.2% (2017), 70.4% (2018)</td>
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<tr>
<td>General government expenditures</td>
<td>44.4% (2017), 44.6% (2018)</td>
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<td>General government health expenditures</td>
<td>7.2% (2017)</td>
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<tr>
<td>Health sector</td>
<td>11.2% (2018)</td>
</tr>
<tr>
<td>General government employment</td>
<td>10.6% (2018)</td>
</tr>
</tbody>
</table>

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.


Budget measures

The “Protective Shield for Germany” support package comprises the following main elements (German Federal Ministry of Finance, 2020[14]):
• Assistance to the health sector: The package includes EUR 3.5 billion for information campaigns, the procurement of protective equipment and the promotion of the development of a vaccine and treatment measures. The package also includes EUR 55 billion to react flexibly to the development of the pandemic. A protective shield for hospitals, amounting to EUR 2.8 billion is to cushion the loss of revenue and higher costs. In addition, the loss of income for practitioners will also be cushioned.

• Increased flexibility of short-term work: The rules on the short-term work scheme were adapted and eligibility requirements loosened. These measures include the reduction of the minimum ratio of the employees in a company affected by shorter working hours to 10%, partial or complete waiver of the need to build up a negative balance in working hours, benefits available also to temporary/agency workers, and complete reimbursement of social security contributions.

• Immediate assistance programme for micro businesses and self-employed (EUR 50 billion): The principal component is a grant for operating costs for three months without repayment. The measure is to provide self-employed and enterprises with up to five employees up to EUR 9,000. Self-employed and enterprises with up to ten employees receive up to EUR 15,000. The package also includes easier access for the self-employed to a basic income.

• A new economic stabilisation fund for large companies (more than 250 employees): This fund supplements the liquidity aid programmes by the Credit Institute for Reconstruction (KfW). The fund includes i) EUR 100 billion for recapitalisation, e.g., strengthening enterprise equity and the government may participate directly in the company, ii) EUR 400 billion of guarantees for corporate liabilities and iii) EUR 100 billion for refinancing KfW programmes.

• Tax-related liquidity assistance for the business sector: The government will temporarily relax the rules on tax payment deferrals, including payments of income tax, corporate tax and VAT. It will also be possible to apply for adjustments of prepayments of taxes on earnings. Furthermore, enforcement measures in connection with overdue tax payments will be paused until the end of 2020 if the debtor is affected by the economic consequences of COVID-19. In addition, the Central Customs Authority will make concessions in areas such as the energy duty and aviation tax.

• Support for families: If parents cannot go to work due to the closure of schools or childcare centers, the government will make up for part of the lost earnings. Parents who work short-time will be given easier access to the child supplement for low-income families (Kinderzuschlag).

Separate from measures that directly affect the government’s fiscal balance, the Federal Budget provides a guarantee framework of approximately EUR 822 billion to expand programmes run by the KfW to provide liquidity for enterprises. The KfW package includes loosened conditions for the “KfW-Unternehmekredit” (business loan for existing companies) and the “ERP-Gründerkredit” (start-up loan for companies that are less than five years old) by raising the level of taking over risk for operating loans and extending these instruments to larger enterprises. In the case of the “KfW Loan for Growth”, aimed at larger companies, the turnover threshold was raised, the restriction to projects in particular fields was lifted and the take-over of risk was increased. Moreover, a new KfW Quick Loan Programme for SMEs that have over 10 employees is to be introduced. Each eligible business can obtain a loan equalling up to three months’ revenue from 2019, with a maximum amount of EUR 800,000 for firms with over 50 employees and EUR 500,000 for firms with up to 50 employees. KfW will provide banks with 100% liability waivers that are backed up by government guarantees. In addition, for guarantee banks, the guarantee limit was doubled and the government increased its risk share by 10% (German Federal Ministry of Economic Affairs, 2020[15]).

Measures that substitute for a direct fiscal response include giving greater security to tenants in case of delayed rent and infrastructure service payments (electricity, gas and telephone) due to the effects of the pandemic. Besides, the government suspends the obligation to file for insolvency until September 2020.
Public management

The public sector responded by limiting operations to essential services. The capacity of the health system has been the first priority of the government’s response. In March, schools, tertiary institutions and childcare institutions were closed. The Federal Administration reacted to the crisis with the following measures that increased the flexibility of working arrangements:

- Special leave or work leave for childcare has been increased to 20 days. In cases of hardship, additional paid leave or special leave beyond the limit may be granted.
- Teleworking can be used if deemed feasible in terms of working arrangements and IT infrastructure capacity. Each public agency is to decide on the use of flexible working arrangements. In the Federal Ministry of the Interior, Building and Community, specific groups, such as civil servants with children or employees belonging to an at-risk group have switched to 100% remote working arrangements. It is estimated that up to three-quarters of civil servants are currently working remotely. Civil servants unable to telework or work on-site retain their full salary.
- With regard to payments, the remuneration system for federal civil servants and public employees does not include supplements in wages of those most burdened. Many burdened areas already receive post and function allowances.

Implementation

The “Protective Shield for Germany” was prepared in 2 steps. On 13 March, the government announced an initial support package, including the more flexible short-term work scheme and the provision of liquidity via the KfW and tax-related measures for enterprises. Ten days later, the “Protective Shield for Germany” was complemented with extended assistance for the health sector, an immediate assistance programme for micro businesses and self-employed, and the economic stabilisation fund for large companies.

On 25 March, under urgency, the Federal Parliament approved the law on the Supplementary Budget and the law on the formation of an economic stabilisation fund (“Wirtschaftsplanstabilisierungsfondsgesetz”). According to Article 115 of the Constitutional Law, the debt brake provision was lifted by the Federal Parliament, as the COVID-19 crisis constitutes an exceptional emergency that "is beyond the control of the government and has a significant impact on the fiscal situation". The Federal Parliament has adopted a debt reduction plan starting in the fiscal year 2023.

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Introduction

Following the identification of the initial cases of COVID-19 at the end of February, containment measures have been gradually scaled up. Beyond the initial suspension of cultural events, closure of schools in certain areas, domestic travel restrictions, travel bans on visitors from high-risk countries, and quarantines for international visitors and Greek nationals returning from abroad, the government imposed a near-total lockdown by 22 March 2020. As of 31 March, 1 212 cases, 52 recoveries and 46 deaths and in relation to COVID-19 were recorded in Greece. (https://coronavirus.jhu.edu/map.html)

The four packages of measures announced successively by the Government in response to the COVID-19 outbreak, detailed below, are estimated at EUR 5 billion (2.5 % of 2019 GDP). A Supplementary Budget Law legislating these measures was tabled in Parliament on 2 April 2020, following an announcement by the Prime Minister that the Euro Group had agreed to waive Greece’s 3.5% primary surplus target defined in the Enhanced Surveillance Programme.

<table>
<thead>
<tr>
<th>Greece – budget and public management information</th>
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<tbody>
<tr>
<td><strong>Population:</strong> 10.7 million</td>
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<tr>
<td><strong>GDP growth:</strong> 1.9% of GDP (2018), 1.9% (2019)</td>
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<tr>
<td><strong>General government fiscal balance:</strong> 0.7% of GDP (2017), 1% of GDP (2018)</td>
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<td><strong>General government gross debt:</strong> 188.8% of GDP (2017), 193% of GDP (2018)</td>
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<tr>
<td><strong>General government expenditures:</strong> 47.4% of GDP (2017), 47% of GDP (2018)</td>
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<td><strong>General government health expenditures:</strong> 5.3% of GDP (2017)</td>
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<td><strong>Health sector:</strong> 7.8% of GDP (2018)</td>
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<tr>
<td><strong>General government employment:</strong> 17.7% of GDP (2018)</td>
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</tbody>
</table>

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.

Budget measures

The packages of measures announced by the government aim at supporting crisis-hit businesses and sectors, as well as their employees, and providing additional funding to the health sector. Four successive announcements have progressively increased the number of beneficiaries for support measures, as the COVID-19 outbreak unfolds.

Concerning the health sector, a budget envelope of EUR 200 million is allocated to the hiring of 2,000 additional workers and acquisition of medical supplies. In addition, a budget envelope of EUR 108 million will fund bonuses to medical staff. Further, private hospitals and laboratories will be contracted to provide facilities and services. Finally, VAT on certain pharmaceutical products was decreased from 24% to 6% until the end of 2020, including on protective masks and gloves, antiseptic products, soap, etc.

Workers and employees are the main beneficiaries of the economic support measures. An EUR 800 stipend will be allocated to those private sector workers that have been suspended from employment, as well as to freelancers and self-employed workers that have been affected by the COVID-19 crisis. The state will also cover beneficiaries’ insurance, pensions, and health payments for 45 days, and their tax payments will be suspended for 4 months. In addition, the government legislated that firms will have to pay in full the so-called Easter bonus to their employees, and announced that a similar bonus would be paid to health and civil protection workers. Finally, EURO 600 vouchers for e-learning will be allocated to Greek "scientists" - e.g., economists, engineers, lawyers etc. The total cost is estimated by the Hellenic Fiscal Council at around EUR 200 million.

Businesses are classified into three categories, depending on the impact of the COVID-19 outbreak on their activities. In addition to the possibility of offering their employees a job suspension compensated by the State, businesses have been offered a four-month suspension of tax and VAT payments. Moreover, the payment of social security contributions for their active employees has also been suspended, while they are entitled to a 25% discount if they choose not to make use of the suspension for tax, VAT and social security contributions payments, depending on their classification. In addition, firms are allowed to set in place short-term work schemes whereby they will employ their employees for at least two weeks per month for a maximum period of 6 months and without any cost to the State Budget.

A EUR 1 billion fund was established to provide State loans to SMEs with 1 to 500 employees to cover their operating expenditures. These loans will be granted with a very low interest rate, with reimbursement starting only in 2021. The value of the loans will be established for each firm based on an automatic formula established by the Ministry of Finance, using tax data and a set of financial indicators.

Guarantees in the order of EUR 2 billion will be issued by the Hellenic Development Bank (HDB) in order to support the provision of working capital loans to businesses. The guarantees will be partial and the HDB’s exposure will be capped at 40% of the volume of loans issued by a financial intermediary.

An interest rate subsidy was decided for corporate (performing) loans for a duration of three months. The subsidy concerns sectors of the economy that are directly hit by COVID-19 crisis. The total cost is estimated by the Hellenic Fiscal Council at around EUR 800 million.

Supplementary transfers were also granted to regions and municipalities (EUR 5 million and EUR 11 million), to provide first aid at the start of the COVID-19 outbreak.

Finally, businesses whose activities have been suspended due to COVID-19 containment measures and their employees are authorised to pay only 60% of the business premises or main residence’s rent in March and April. Property owners will benefit from a tax holiday to compensate their losses.
Public management

A Ministry of Interior’s regulation (DIDAD / F.69 / 110 / oik.8189) defines the overall framework within which all ministries were expected to continue their operations while safeguarding the health of public servants. The regulation defines which individuals should be considered as part of a vulnerable group; details provisions about “special leave with pay” granted to staff in vulnerable groups; and states limitations to the capacity of staff to take “regular” leave, etc. Following this initial circular, four additional circulars (DIDAD / F.69 / 109 / oik.8000, DIDAD / F.69 / 110 / oik.8189, DIDAD / F.69 / 111 / oik.8196, DIDAD / F.69/112/oik.8632) have been issued providing further guidelines to central, regional and local government authorities on the implementation of measures to combat COVID-19 dissemination while continuing day-to-day operations.

Within this framework, each ministry defined their work organisation. For example, concerning the Ministry of Finance, Ministerial decision No. 31767 EX 2020 established the principle of a rotation of three pre-determined "groups", all working part time from the office and from home. If one individual in one of the three groups rotating is tested positive, the whole group is obliged to self-quarantine and switch to full-time work from home.

The Ministry of the Interior set up two email addresses to answer questions from State and local government officials and developed a dedicated IT system to monitor the situation with real-time data on available civil servants to deliver public services. An e-monitoring application has been established to provide real-time data regarding the number of public servants working from home or on special leave.

Implementation

The Government has relied on innovative approaches to deliver the Government support as quickly as possible, including online applications for businesses on dedicated systems.

References


HUNGARY

Introduction

On 4 March, the government confirmed its first cases of COVID-19 and the total number of confirmed cases stood at 1,652 as of 16 April. The Government responded to the spread of the virus by declaring a state of emergency allowing it to close down schools, universities and kindergartens (on 14 March) as well as to close borders to international passengers (on 16 March) (Official Journal of Hungary, 2020[16]). In addition, on 18 March, the Government published a decree containing a range of emergency measures aiming at supporting the economy. The 2020 budget contains reserves amounting to HUF 488 billion (approximately 1% of GDP) that can be used to finance emergency measures. It is not possible at this date to estimate the size of the COVID-19 specific response. However, the Government expects the budget deficit to increase to 2.7% of GDP in 2020 from a targeted 1% before the crisis.

| Population: 9.8 million |
| GDP growth: 5.1% of GDP (2018), 4.9% (2019) |
| General government fiscal balance: -2.4% of GDP (2017), -2.3% of GDP (2018) |
| General government gross debt¹: 93.2% of GDP (2017), 87.1% of GDP (2018) |
| General government expenditures: 47% of GDP (2017), 46.7% of GDP (2018) |
| General government health expenditures: 4.8% of GDP (2017) |
| Health sector²: 6.6% of GDP (2018) |
| General government employment: 19.6% of GDP (2018) |

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.

Budget measures

Economic measures introduced by decrees on 18 March targeted primarily firms and workers, with households supported mainly through a moratorium on loans-related payments and cap on interest rates. Following discussions with the Banking Association, the Government judged the banking sector sufficiently solid to cope with the measures, especially since the National Bank had eased requirements to increase liquidity. In early April, another set of measures were introduced to stimulate business activity and consumer demand. The main measures are as follows (Official Journal of Hungary, 2020[16]):

For businesses

- Suspension of principal and interest payment up to 31 December 2020 on loans taken out by businesses before the crisis and extension of short-term business loans until 30 June;
- Cancellation of the tourism development contribution for firms until 30 June;
- Cancellation of social contribution of employers until 30 June in sectors struggling with grave difficulties (such as tourism, catering, the entertainment industry, sports, cultural services and passenger transportation). Support worth HUF 600 billion (EUR 1.7 billion) will be provided to these sectors over a three-year period in the form of investment subsidies, tax reductions, soft and guaranteed loans, infrastructure development and capital programs;
- Support of micro, small, medium and large companies with HUF 2 000 billion (EUR 5.7 billion) worth of government-backed loans, of which HUF 500 billion (EUR 1.4 billion) worth of state guarantees.

For workers

- Cancellation of pension contributions and reduction of the health insurance contribution to the statutory minimum for employees until 30 June;
- Introduction of a 40% wage supplement for a three-month period for employees working in engineering, research and development;
- Implementation of a compensation scheme covering 70% of the lost wages for a period of three months for employees encountering reduced working hours.

For households

- Suspension of principal and interest payment up to 31 December 2020 on loans taken out by private individuals before the crisis, with a cap of the annual percentage rate applied to consumer loans issued from 19 March at maximum 5% above the Hungarian National Bank’s interest rate.
- In addition, the Prime Minister announced on 31 March that the 2020 budget would be “radically restructured in order to manage the crisis”. To this end, approximately HUF 2 000 billion (EUR 5.7 billion) representing 20% of the GDP will be transferred or redeployed to three funds within the budget (Government of Hungary, 2020[17]).

Public management

The measures taken by the Government in light of the COVID-19 crisis aimed at protecting civil service staff and users against the spread of the virus while preserving the continuity of essential services. In addition to the aforementioned budget measures, the Government (Government of Hungary, 2020[17]):
• Introduced a remote digital learning programme allowing teachers to continue teaching, with their salary maintained at the usual level (14 March).
• Approved the training of healthcare professionals via distance learning until 31 December 2021 (14 March).
• Decided to pause judgements handed down by Hungarian courts (14 March).
• Suspended customer services of the National Tax and Customs Administration in eight locations across the country (17 March).
• Suspended the operations of the Mobile Government Window Customer Services indefinitely (18 March).
• Suspended the reading of electricity and natural gas meters by staff of the National Utilities group (20 March).
• Granted to healthcare workers the right to the free use of long-distance public transport services across the country (30 March).

Regarding civil servants, Government offices remain open and negotiations are in progress on the logistics of introducing remote working. It is expected that remote working arrangements will differ across the public service. Civil servants retain full pay, and the approach to staff unable to work due to the pandemic has not been established formally.

To enhance flexibility and preserve employment, the Government asked employers and employees across all sectors to allow flexible arrangements and to make personal efforts. However, decision at the central level concerning remote work in the public sector has not been made, although subnational entities have introduced such arrangements (EUPAN, 2020[18]).

Implementation

The Government introduced a state of emergency on 11 March, which enabled it to pass decrees to close schools, universities and kindergartens, to close borders to international passengers, and to take emergency economic measures. The state of emergency was initially valid until 26 March without requiring Parliament's approval but the Parliament decided on 23 March to postpone the vote on its extension. In the meantime, the Government adopted a decree introducing new nationwide restrictions on movement from 28 March until 11 April to help limit the spread of the virus.

On 30 March, the Parliament has passed the Coronavirus Protection Act extending the state of emergency until further notice, and consequently extending the validity of the measures taken as part of the COVID-19 containment effort. It granted the Government special powers and laid down the specific rules and procedures applicable. The Parliament can lift the state of emergency at any time and the law does not contain a specific deadline. (Government of Hungary, 2020[19]) The Government has already announced its intention to design a budget for next year that would leave fiscal space “for crisis management and revitalising the economy" (Government of Hungary, 2020[19]).
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Introduction

Economic growth in Iceland has been strong in recent years, supported by a boom in tourism and a rapid growth in population. Iceland’s economy slowed abruptly in 2019 due to the bankruptcy of Iceland’s airline WOW Air, which led to a slowdown in the arrival of tourists. Iceland’s economy is volatile as the country is heavily reliant on the tourism sector, which accounts for approximately 10% of GDP.

Iceland has seen a steep rise in Coronavirus (COVID-19) cases since 28 February when the first case was reported. As of 16 April, there were 1,739 cases. Iceland has reported eight deaths directly linked to COVID-19. To date, Iceland has tested more people per-capita for COVID-19 than any other nation (for more information: [www.covid.is/english](http://www.covid.is/english)). On 6 March, the highest alert level was declared in Iceland because of the outbreak. To date, Iceland has not imposed a complete lockdown on the movement of the population and continuation of business. Instead, the government has announced a ban on gatherings of 20 people or more, starting 24 March 2020. The ban is in place until 4 May and replaces a previous ban that was put in place from 16 March banning gatherings of 100 people or more. COVID-19 has already led to a steep decline in the number of tourists visiting Iceland and will continue to do so in coming months.

On 21 March 2020, the Icelandic Government announced its first measures of response to mitigate the effects of COVID-19. The package totalled ISK 230 billion (around EUR 1.5 billion or 8% of GDP). The main purpose of the measures were to safeguard the economic livelihood of people and businesses, supporting the welfare system and creating demand in the economy. The measures included the deferral of taxes and other charges, increased expenditure and tax cuts. These measures are to complement the Central Bank’s decision to lower interest rates.

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**Iceland – budget and public management information**

- **Population:** 0.4 million
- **GDP growth:** 3.8% of GDP (2018), 1.9% (2019)
- **General government fiscal balance:** 0.5% of GDP (2017), 0.8% of GDP (2018)
- **General government gross debt**\(^1\): 63.3% of GDP (2017), 62.2% of GDP (2018)
- **General government expenditures:** 43% of GDP (2017), 42.1% of GDP (2018)
- **General government health expenditures:** 7.6% of GDP (2017)
- **Health sector**\(^2\): 8.3% of GDP (2018)
- **General government employment:** n/a
Budget measures

The government has announced measures to support individuals and households as well as employees and businesses.

**Individuals and households**

- During the next 15 months, people can withdraw a monthly sum from their voluntary pension savings. Effective until the end of 2020, VAT reimbursement will be increased for households and third sector organisations. A one-off child benefit payment will be made on 1 June 2020 to all families with children under the age of 18 and a one-off payment will be made to people who receive disability or rehabilitation pensions. In addition, there is an increased allocation to the healthcare system and to social protection measures.

**Employees and businesses**

- Wage support: The Government is encouraging businesses to keep employees on their payrolls rather than dismissing them. The Government is allowing part-time workers to claim up to 75% of unemployment benefits to avoid job losses. Those who may lose their jobs are eligible for unemployment benefits, which will allow them to move to part-time jobs and the Government will provide additional support. This means that as businesses reduce the hours that employees work, employees can receive support from the Government (up to a combined EUR 4 600 per month). Those who are self-employed and freelancers are also eligible for this benefit.

- In order to provide incentive for people to enter into quarantine, the Government will pay employers or employees wages during quarantine. Those who qualify receive a fixed amount per day for two weeks.

**Other measures**

- Businesses can postpone the payment of taxes until next year to improve liquidity of business operations. Taxes on hotels will be abolished until the end of 2021 and VAT paid by construction companies will be refunded. Bank taxes and state guarantees on loans will be reduced, which aims to allow companies to continue operating and protect salary payments.

- A reduction to the bank levy has been expedited and the bed-night tax on hotel accommodation has been repealed, as has the customs clearance charge.

- In order to enhance investments, the Government has launched an investment initiative. The initiative was approved in the supplementary and is largely focused on infrastructure, and includes an emphasis on innovation, research, IT and green energy. The aim of these projects is to increase employment and support the economy. Many of the projects were already planned for the medium-term but have been moved forward to 2020.
Public management

Iceland has not taken the same drastic measures as seen across Europe and Asia with state-wide lockdowns. Universities and secondary schools in Iceland have closed but kindergartens and elementary schools remain open with certain restrictions. Those who work in the “frontline” during the pandemic (health care employees, teachers) have access to full-time childcare while other people can send their children to school and kindergarten for 2-3 days a week.

Swimming pools, gyms, pubs and museums have been closed, as well as operations and services that require close contact between persons. This includes sport clubs, hairdressers and beauty salons. Furthermore, all Icelanders returning from abroad are required to be in quarantine for two weeks.

The government has encouraged people to work from home if they can, but no specific measures have been put in place aside from ensuring that people keep a distance of two meters apart. Workplaces must also ensure that the ban on gatherings of 20 people or more is observed (e.g. some civil servants and employees in the private sector still attend work while others work from home).

Implementation

The Parliament has approved the supplementary budget proposal and related measures of support, which the Government submitted on 30 March. The opposition proposed additional measures amounting to ISK 30 billion but those measures were not passed by Parliament.

The Government has stated that as soon as the direct impact of the pandemic has begun to ease, there will be a further support package to revitalise the economy through public investment, tax cuts and a marketing campaign to promote Iceland abroad.

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Introduction

Ireland’s Budget 2020 (delivered in October 2019) forecast a budget surplus of 0.2% of GDP for 2020. At the time, a disorderly ‘Brexit’ was seen as a substantial risk to the Irish economy, particularly to export-oriented SMEs. Economic growth was estimated at 5.5%.

Ireland’s finance and budgeting functions are split across the Department of Finance (D/FIN) and the Department of Public Expenditure and Reform (D/PER). D/PER is also responsible for public management and governance structures. Approximately, 315 000 people work across the broader public service in Ireland. Around 38 000 of them are civil servants (Publicjobs.ie, 2017).

The Central Bank of Ireland released its quarterly economic bulletin on 2 April 2020. It projects the total Irish fiscal response to cost EUR 8.2 billion (2.3% of GDP), depending on the duration of the pandemic and take-up of various support schemes.

IRELAND – budget and public management information

Population: 4.8 million
GDP growth: 8.2% of GDP (2018), 5.5% (2019)
General government fiscal balance: -0.3% of GDP (2017), 0.1% of GDP (2018)
General government gross debt¹: 76.5% of GDP (2017), 75.2% of GDP (2018)
General government expenditures: 26.1% of GDP (2017), 25.4% of GDP (2018)
General government health expenditures: 5.1% of GDP (2017)
Health sector²: 7.1% of GDP (2018)
General government employment: 14.9% of GDP (2018)

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.

Budget measures

There are three main pillars to the Irish government’s fiscal package: (i) income support measures to workers; (ii) provision of liquidity to businesses and (iii) increased funding to the healthcare sector. D/PER has estimated the cost of actions taken under these pillars to be EUR 3.7 billion over a twelve-week period. Ireland’s Minister for Finance has indicated that this figure may rise as the pandemic develops. The key points from the Irish fiscal package are:

- **National COVID-19 Income Support Scheme**: Funding under this scheme is intended to enable employers to keep staff on their payroll throughout the pandemic by refunding 70% of an employee’s take-home pay up to a maximum of EUR 410 per week per qualifying employee. For workers who have lost their job due to the pandemic, there is a payment of EUR 350 per week under the COVID-19 Pandemic Unemployment Payment.
- **Liquidity to business**: Microenterprises can access COVID-19 loans of up to EUR 50,000. A Working Capital Scheme of EUR 200 million supports loans, and a EUR 200 million supports scheme is available through Enterprise Ireland, the Government agency for SMEs.
- **Healthcare funding**: Strengthening public health capacity and freeing up space in hospitals; increasing the capacity of the national ambulance service; centralised procurement of additional essential equipment, additional funding of EUR 1 billion in increased resources, with a further EUR 1 billion subject to final approval.
- **Other**: The Government has engaged with the Banking & Payments Federation of Ireland and the Central Bank to support a payment break for mortgages, support for buy-to-let bank customers through a payment break, cash flow to SMEs and a deferral of three months on loan repayments. Central Bank prudential policies are expected to free up capital. The Systemic Risk Buffer has not yet been activated. Collection of stamp duty on credit cards has been deferred, and initial discussions on non-bank lending have begun with Credit Service Firms.

Public management

To date, D/PER has published various circulars (internal memos) outlining the public management response. It has also issued three key documents governing how public employees are to be managed during the crisis. First, on 12 March 2020, D/PER published an update on working arrangements for the civil and public service. Second, on 13 March, the Department issued a ‘Frequently Asked Questions’ (FAQ) document clarifying leave and working arrangements during the crisis. Third, on 18 March, the Department issued an FAQ document relating to temporary assignments across the civil and public service.

Key points of Ireland’s public management response are:

- **Essential services continue to operate**. A list of these was published on 28 March 2020.
- **Civil and public servants may be redeployed** as needed for up to three months, potentially renewable. The Public Appointments Service, an arms-length body, established a web portal to facilitate this redeployment. An online questionnaire was developed to gather relevant information.
- **Employees that can work from home should work from home**. Guidance was issued on what constitutes valid reasons for working from home.
- **Public servants will receive special leave with pay if forced to self-isolate**.
- **Unions have been consulted as part of the formulation of government response**. Ireland’s largest union representing public sector employees is Fórsa.
Implementation

Ireland has adopted a three-stage public health framework to respond to COVID-19: Containment – Delay – Mitigation. Ireland is currently in the second (Delay) phase. Ireland’s national response to COVID-19 is supported by the National Public Health Emergency Team. It met for the first time on 27 January 2020 and is chaired by the Chief Medical Officer.

The Government established a Special Cabinet Committee on 3 March. This Committee is chaired by the Taoiseach (Prime Minister). The Committee is supported by a cross-departmental committee and the Health Service Executive in order to deliver a whole-of-government response. The Irish Government’s response is set out in Ireland’s National Action Plan in response to COVID-19 (Coronavirus). A Stakeholder Forum has also been established in order to seek input and collaborate with bodies from a variety of sectors.

The Department of Health has issued an ethical framework for policymakers, healthcare planners and providers when making difficult decisions as part of Ireland’s response to the COVID-19 pandemic.

The Government legislated for the support proved in the form of a bill titled Emergency Measures in the Public Interest (Covid-19) Bill. It was introduced to the Dáil (Lower House) on 24 March and approved by the Seanad (Upper House) on 27 March.

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On 17 April, 12,942 cases of COVID-19 were reported. Strict social distancing and confinement measures have been introduced with most citizens required to keep within 100 meters of their residence. Businesses have been asked to keep only 15% of their employees – those considered absolutely essential for business continuity.

Nowadays (mid-April) the government is discussing different ways and terms to ease the measures in order to allow more businesses to work with more employees, while continuing to comply with the social distancing requirements.

The government announced two emergency aid packages totalling NIS 80 billion (6% of GDP), of which NIS 10 billion on 11 March and NIS 70 billion on 30 March. The measures aim to support the health care system, businesses and workers. Over 60% of the plan are spending and revenue measures that will affect the budget, while the other measures are off-balance sheet measures (e.g. loan guarantees and payment deferrals).

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**Israel – budget and public management information**

- **Population:** 8.7 million
- **GDP growth:** 3.4% of GDP (2018), n/a (2019)
- **General government fiscal balance:** -1.1% of GDP (2017), -3.6% of GDP (2018)
- **General government gross debt**: 71% of GDP (2017), 70.1% of GDP (2018)
- **General government expenditures:** 39.5% of GDP (2017), 40.3% of GDP (2018)
- **General government health expenditures:** 5.3% of GDP (2017), 5.4% of GDP (2018)
- **Health sector**: 7.5% of GDP (2018)
- **General government employment:** 20.1% of GDP (2018)

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.


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**Budget measures**

The plan is directed to four main pillars: Immediate medical and civil response, Support to workers and social assistance, Support to firms and economic stimulus.
Immediate medical and civil response (NIS 11 billion), including
- Health: budget addition to boost the capacity of the health system through, e.g. the purchase of needed equipment and expansion of hospital capacity.
- Civil response needed, e.g. welfare assistance to elderly and homeland security.

Support to workers and social assistance (about NIS 22 billion), including
- Broadened eligibility to unemployment benefits. Employees put on unpaid leave for at least 30 days are entitled to unemployment benefits without them using their paid vacation days first. Also the time required to have been employed to be eligible for unemployment benefits has been reduced to 6 months instead of 12 months.
- Grant to self-employed: A grant of up to NIS 6000 (about EUR 1500) in March and up to NIS 10,500 in April for the self-employed.
- Grant to people aged 67 and over: A grant of up to NIS 4000 in March and April for people aged 67 and over, who have lost their job during the crisis. Grants will be paid in addition to the old-age pension.
- Mortgage payment deferral: The Ministry of Finance instructed banks to allow for a 4-month postponement of mortgage payments.
- Grant for children, disabled and elderly: a grant of about NIS 500 for every child (up to 4 children), and every disabled and senior citizen.

Support to firms (About NIS 41 billion), including
- Loan guarantees for SMEs (NIS 8 billion). Banks can provide loans to SMEs up to NIS 8 billion, with the government guaranteeing 85% of each loan. Loans have a maturity of up to 5 years, with lower collateral requirements (5%). The first year is interest rate free. The time required for banks to provide credit approval is reduced to 7 working days.
- Loan guarantee fund for large firms (NIS 7 billion): businesses with annual revenue turnover of over NIS 400 million and up too NIS 1,200 million can apply for a loan of up to 8% of their annual turnover.
- Tax and payment deferrals (NIS 9 billion). Payment of VAT, municipal taxes, social security contributions, utility payments, government fees have been deferred for SMEs until the end of April.
- Local tax reductions (2.6 billion central government support): industries which are significantly affected by coronavirus will be given a 25 percent discount in their municipal property tax, affectively omitting payment between March and May.

Economic stimulus (NIS 6 billion)
- A package of measures to boost “growth engines” once containment measures are eased, including the acceleration of public investment projects (NIS 1.1 billion), support for SMEs in the high-tech sector (NIS 1.5 billion), digitalization program that includes improving distance education, and so far unspecified measures to boost economic activity (about NIS 3 billion)

Public management

A government resolution from 20 March instructed each ministry in the civil service to:
- Compile a list of all essential employees in each office/unit required for continuity of essential services. This list was to be limited to 30% of employees – and was subsequently reduced to 15% in most cases – or a maximum of 10 people. The lists are approved by the Civil Service Commission.
- The Civil Service Commissioner and Ministry of Finance are to set rules and guidelines to enable essential workers to work from their place of residence as much as possible.
• Non-essential workers are placed on annual leave with pay – those who have less can borrow from their future allocations. The collective agreement also sets up a joint vacation fund to assist workers who did not accumulate sufficient vacation days.

• Employees without permanent contracts are on leave without pay, and can access social security arrangements, which will (eventually) replace 70% of income.

The above measures are based on a collective agreement between the Histadrut (public sector union) and the Ministry of Finance signed on 18 March 2020. By government decree, the measures will be extended until the end of April, and again based on agreement with the Histadrut, additional provisions include:

• Some added flexibility to permit updates to the list of essential employees (employee rotation), still subject to the limit of 30%. The added flexibility will depend on the health situation and the formulation of economic measures to support a gradual return to normality.

• The Ministry of Finance and the Histadrut have agreed on the details of a vacation fund mentioned in the original collective agreement. Every employee is to donate one-half day of his or her accumulated vacation days, and the state is to contribute a half-day of leave as well to provide coverage for all employees (essential services and non-emergency) in order to avoid a situation where the employee accumulates a negative balance of vacation days. Non-emergency staff will be available for work duties during this vacation period, subject to restrictions under law.

• More than 95% of all public sector hospital employees classified as essential staff, even if some have been transferred to different departments as needed. Around 85% of all administrative staff serving in the Health Ministry headquarters have also been designated as essential employees. In an effort to reduce risks of contagion, office staffing has been by shifts, with about half of all employees working from home at any given time. Non-essential employees are reinforcing telephone hotlines, in addition various non-government service providers. Students are being recruited from the schools of medicine, nursing and other medical professions to reinforce existing hospital and public health employees.

For the purposes of control and transparency, a comprehensive analysis of all essential employees selected to work in an emergency was released on the network on 30 March 2020. The analysis includes scope by government ministries, occupations, gender and diversity. Subsequently, the Civil Service Commissioner issued a directive on the selection of essential workers, with an emphasis on selecting workers from diverse backgrounds during an emergency.

A website and a Facebook group have been set up by the central and local governments, with regular updates on guidance, video tutorials and FAQs authored by experts, in order to develop tools to support remote work and respond to employees who are anxious and distressed. In addition, from the beginning of the pandemic outbreak, an on-line service system was set up to address questions regarding the employment of civil servants in an emergency.

On 7 April, a survey that examines the effectiveness of work from home and the resilience of employees was distributed to the public sector, with the co-operation of the Ministry of Finance, Civil Service Commission and leading academic Institutions. Furthermore, a tool for examining employee emotions and needs (those selected are essential and those that are not) is to be released in April, after the Passover holidays.

Implementation

After deciding on the response measures, the government and the Knesset had to approve a bill that allows the government to spend more money than the current law allows (Israel has no budget law for 2020 yet, since the elections were held on 2 March). The new bill was approved by the Knesset on 6 April.
References


ITALY

Introduction

On 31 January 2020, the Italian government declared a state of emergency due to the spread of COVID-19, allocating the funds for precautionary measures to fight the pandemic. At that time, Italy counted only two COVID-19 cases. Two months later (31 March), Italy became the hardest hit country in the world in terms of deaths (more than 11,500) and the second in terms of total number of positive cases (more than 101,700).

Confine ment measures were initially implemented in the Northern regions, where the first clusters were identified, and then extended to the entire country, making it a single “red zone” (20). The national lockdown imposes strict restrictions on production activities and movements of people, which are permitted only in case of well-grounded work or health-related reasons and absolute emergency. Sanctions for violations of the rules range from EUR 400 to 3,000. After Parliament authorised deviations from the planned structural deficit target on 11 March 2020, the government enacted a Law Decree on 17 March setting out a package of measures worth EUR 25 billion (1.4% of GDP), accounting for a net borrowing of EUR 20 billion, as a response to the COVID-19 outbreak (21). The package is to be considered a one-off budgetary item and thus excluded from the structural balance computations. Government deficit in 2020 is expected to increase from the previously estimated 2.2% (MEF(22)) to 6.5% of GDP (Prometeia, March 2020(23)). Another Law Decree, called “Restore Liquidity Decree” was enacted on 8 April, providing access to credit and support to liquidity, export, internationalization and investment (24).

<table>
<thead>
<tr>
<th>Italy – budget and public management information</th>
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<tbody>
<tr>
<td><strong>Population:</strong> 60.4 million</td>
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<tr>
<td><strong>GDP growth:</strong> 0.8% of GDP (2018), 0.3% (2019)</td>
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<tr>
<td><strong>General government fiscal balance:</strong> -2.4% of GDP (2017), -2.2% of GDP (2018)</td>
</tr>
<tr>
<td><strong>General government gross debt</strong>¹: 152.1% of GDP (2017), 147.3% of GDP (2018)</td>
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<tr>
<td><strong>General government expenditures:</strong> 48.7% of GDP (2017), 48.4% of GDP (2018)</td>
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<tr>
<td><strong>General government health expenditures:</strong> 6.8% of GDP (2017)</td>
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<tr>
<td><strong>Health sector</strong>²: 8.8% of GDP (2018)</td>
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<tr>
<td><strong>General government employment:</strong> 13.3% of GDP (2018)</td>
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</tbody>
</table>

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.
Budget measures

The 17 March Law Decree provides for a package based on four pillars (MEF[25]):

1. measures to strengthen the National Health Care System, the Civil Protection Department and law enforcement bodies (EUR 3.2 billion, 0.18% of GDP)
2. measures to protect jobs and incomes and strengthen the social safety net (EUR 10.3 billion, 0.57% of GDP)
3. measures to support credit supply for businesses and households (EUR 5.1 billion, 0.28% of GDP)
4. suspension of tax commitments and provision of tax incentives (EUR 1.6 billion, 0.09% of GDP).

On 28 March, the government decided to advance EUR 4.3 billion from the Solidarity Fund for municipalities. To complement this measure, the Civil Protection Department allocated other EUR 400 million to Italian municipalities, to be used to distribute coupons for groceries to the poorest families especially in southern regions of the country (26).

Healthcare

The government mobilised the needed resources to hire 20,000 medical and nursing staff and increase the funds allocated for their overtime working by EUR 250 million for 2020. In addition, retired doctors and medical students in their last year of training could be hired for six months to reinforce the workforce. The purchase of medical protection equipment and new beds for intensive care is covered as well. The Fund for National Emergencies will be refinanced with EUR 1.65 billion. Moreover, the Bank of Italy has decided to allocate EUR 20 million to directly help hospitals, municipalities and regions across the country for interventions to combat the spread of the virus.

Employment, incomes and social benefits

The government has allocated over EUR 10 billion to social safety nets to support employment and preserve incomes for all categories of workers, including a lump-sum of EUR 600 for self-employed and seasonal workers for the month of March (almost 5 million people who do not usually benefit from social safety nets). EUR 4 billion are intended to extend the temporary unemployment benefit to all employees in every productive sector up to 9 weeks, including for businesses with less than 5 employees (Cassa Integrazione Guadagni). An ad hoc fund has been established (Fondo per Reddito di Ultima Istanza) with EUR 300 million for professionals and all those excluded from the EUR 600 lump-sum. Dismissal procedures started after 23 February and dismissals for economic reasons are suspended. Incentives are provided to businesses for measures to sanitise the workplace and protect workers.
Box 1. Support to families

Specific measures apply to people who are still working (not working remotely):

- bonus of EUR 100 to all employees who continue working with incomes below EUR 40 000, proportional to the days of presence at work (a total of EUR 881 million);
- a total sum of EUR 1.3 billion will cover vouchers of EUR 600 (EUR 1 000 for health professionals and police officers) for alternative care arrangements for parents who continue working with children below 12; otherwise, extended parental leave of 15 days is paid at 50% of their salary, but unpaid for parents with children above 12;
- paid leave granted to people looking after a disabled family member is extended to 12 days per month;
- access to the Solidarity Fund for Mortgages on the Primary Residence (Fondo di solidarietà per i mutui per l’acquisto della prima casa) is extended to a larger number of beneficiaries.


Liquidity to businesses and households

- The government has allocated EUR 5.1 billion which are expected to leverage credit up to EUR 350 billion to firms and professionals. The intervention will make use of following tools:
  - moratorium on loan repayments for SMEs, including mortgages and overdrafts (EUR 220 billion);
  - additional funds (EUR 1.5 billion) for the SMEs Guarantee Fund, bringing the guarantee funding from EUR 40 to over 100 billion;
  - state guarantee for the Deposits and Loans Fund (Cassa Depositi e Prestiti) for medium to large enterprises: the EUR 500 million guarantee is expected to have a multiplier of 20, generating new funds up to 10 billion;
  - incentives for financial and non-financial companies to transfer non-performing or stranded loans by converting Deferred Tax Activities into tax credits.

Finally, the Italian export credit agency (SACE) has launched a EUR 7 billion package to help SMEs address cash flow needs, investments and diversify export markets, while the Italian Trade and Investment Agency (ICE) has cancelled the costs incurred by companies for participation in fairs and events. With the Restore Liquidity Decree, SACE will also provide up to EUR 200 billion loan guarantees to businesses and other EUR 200 billion to support exports. This total of EUR 400 million, together with the EUR 350 billion of the previous decree, amount to EUR 750 billion to provide liquidity to businesses.

Tax payments and incentives

The government has suspended tax and social security payments for a total amount of EUR 10.7 billion and has introduced tax incentives and credits for a total amount of EUR 2.4 billion. In particular, tax and social security payments due in March have been suspended for businesses and the self-employed with turnover below EUR 2 million, and regardless of turnover for taxpayers belonging to the sectors heavily hit by the pandemic (e.g. tourism, transportation, restaurants and cafes) and living in the four most hit municipalities. The 8 April decree suspended VAT and other deductions also for April and May. Tax credits have been introduced for sanitation, donations and commercial rents (respectively of 50%, 30% and 60%),
and for purchasing individual protective equipment. Lastly, tax controls, coercive collection, field audits and tax compliance obligations have been suspended until June.

**Public management**

A key component of the response for public servants has been to facilitate working arrangements as follows:

- **Teleworking**: the Government is implementing several security IT protocols to support greater use of teleworking.
- **Flexible working time**: Agreed on a case-by-case basis, this procedure is applicable to public servants where their physical presence is required on-site.
- **Rotation**: it is applicable to those public services that require physical presence of the civil servant at the workplace. It consists of a regular rotation of employees to work at predetermined time slots in order to deliver various organisational and functional needs of a specific service. The Government envisages working slots covering a 24h period. It ensures continuity of the service, while avoiding the presence of too many civil servants in the offices at the same time.
- **Specific working arrangements**: consist of mutually agreed working calendars considering a higher or lower number of working hours compared to the statutory one (35 hours a week).

The Government has issued decrees to promote remote working as normal practice until the end of the emergency. The Government encourages all institutions to apply this practice as much as possible and has simplified procedures to access these working arrangements and granted permissions to categories of civil servants originally excluded. The Decree adopted by the Council of Ministers on 17 March 2020, allows for the provision of IT equipment (laptops and tablets) to employees of the Public Administration in order to promote smart working. The Civil Service Department now monitors remote working arrangements introduced within the public administration to verify the effects of regulatory measures.

Initially, trade unions in the Northern regions announced a series of strikes to protect employees who have worked in unsafe conditions. On 14 March, the Government, the trade unions and the employers' associations signed a Protocol that provides guidelines to ensure health and safety standards at the workplace ([27]). The Protocol includes provisions on the processing of employees’ personal data (information on individuals who are infected, who had contact with infected people or who have visited a ‘risk area’ as defined by the WHO).

**Implementation**

The EUR 25 billion package was set out in the Law Decree “Cure Italy” No. 18 enacted on 17 March 2020. Law Decrees are issued by the government under extraordinary circumstances of necessity and urgency; they enter into force the same day or the day after publication and shall be converted into law by the Parliament within 60 days. The 17 March Law Decree is currently being discussed in the Parliament and numerous amendments were proposed. The temporary deviation from the adjustment path towards the MTO has been authorised by both Houses of the Parliament.

Other measures and restrictions were enacted in several Decrees of the President of the Council of Ministers and Ordinances from the Health Ministry, the Ministry of Economy and Finance and the Civil Protection Department ([28]). The President of the Council of Minister appointed a Special Commissioner for the implementation and co-ordination of the measures to fight COVID-19.

The current lockdown has been extended until 3 May. From 14 April, only some activities, such as stationers, bookshops and children’s clothes shops, are allowed to reopen in the regions willing to do so.
The enactment of government decrees and regional ordinances has brought into question the competences of the State and the Regions vis-à-vis health protection, which is considered as a shared competence in the Italian Constitution. However, in cases of emergency, the State is allowed to intervene with regard to the provision of health services, activating the national system of the Civil Protection, which shall help regional sanitary facilities. At the same time, given that health systems across Italian regions differ considerably, co-ordination among local administrations and the State is proving difficult. Regions can introduce more restrictive measures in their territories (or parts of it) only within their area of responsibility and within the limits already imposed by the national authorities.

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Introduction

The first case of COVID-19 was reported on 20 February 2020 and by 29 March, 1693 cases were reported. Japan has decided to postpone the 2020 Tokyo Olympics to 2021 due to the health and economic impacts of the virus.

The Japanese government has announced three support packages with a total of JPY 108.2 trillion, or nearly 20% of GDP, specifically JPY 39.2 billion of budgetary measures. The combined package is to help stimulate the economy in response to the COVID-19 outbreak. On 7 April, the government declared a state of emergency and announced Emergency Economic Measures. This unprecedented package included a full range of expenditure, tax and monetary measures and the size of this package exceeded the response to the global financial crisis in 2008, which was JPY 56 trillion.

<table>
<thead>
<tr>
<th>Japan – budget and public management information</th>
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<tbody>
<tr>
<td><strong>Population:</strong> 126.6 million</td>
</tr>
<tr>
<td><strong>GDP growth:</strong> 0.3% of GDP (2018), n/a (2019)</td>
</tr>
<tr>
<td><strong>General government fiscal balance:</strong> -3% of GDP (2017), -2.4% of GDP (2018)</td>
</tr>
<tr>
<td><strong>General government gross debt</strong>: 222.1% of GDP (2017), 223.8% of GDP (2018)</td>
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<tr>
<td><strong>General government expenditures:</strong> 38.7% of GDP (2017), 38.3% of GDP (2018)</td>
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<tr>
<td><strong>General government health expenditures:</strong> 7.6% of GDP (2017)</td>
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<tr>
<td><strong>Health sector</strong>: 10.9% of GDP (2018)</td>
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<tr>
<td><strong>General government employment</strong>: 5.9% of GDP (2017)</td>
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</table>

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.

Budgetary measures

The Government of Japan adopted three budgetary measures, which totalled JPY 108.2\(^6\) trillion (nearly 20% of GDP) and were mainly from the Emergency Economic Measures announced on 7 April.

1. On 13 February, the government launched a first stimulus package of around JPY 15.3 billion to enhance the containment for the COVID-19 and to prepare the healthcare system through boosting testing and strengthening inspections at borders.

2. On 10 March, the Japanese government adopted a second emergency package to tackle the economic effects stemming from the COVID-19 outbreak. The aim of this package which totals JPY 430.8 billion are: (i) to support the purchase of face masks (JPY 62 billion), (ii) to provide JPY 4 100 per day in support for freelance workers who are obliged to take care of their children amid school closures (JPY 223 billion), and (iii) to provide support to firms to maintain employment (JPY 142 billion). To help fund the package, the government accessed the rest of this fiscal year's budget reserve of around JPY 270 billion.

3. On 7 April, Japan announced Emergency Economic Measures of JPY 108.2 trillion, using fiscal, tax and regulatory measures. From the budget side, the new measures totalled JPY 29.2 trillion, and total JPY 39.5 trillion when the first and second fiscal measures are included. The total package supports the preventive measures against the spread of infection and medical treatments. It includes over JPY 6 trillion in cash payments, including JPY 300 000 to households in need and an additional JPY 10 000 for each child. The government increased the subsidy for leave allowances to protect employment and provides cash payments of up to JPY 2 million to SMEs and sole proprietors that incur more than a 50% decrease in turnover. Tax measures such as deferred taxes and social security contributions are included.

Separate from the budgetary measures totalling JPY 86.4 trillion includes (i) tax and social security contribution deferment of JPY 26 trillion, (ii) nearly JPY 45 trillion of financial measures (e.g. credit line) of which around JPY 15 trillion overlapped with fiscal expenses, (iii) other fiscal expenses and private sector expenses. The Government of Japan has announced plans to expand the government's low interest loan programmes to a total of JPY 45 trillion from its original JPY 500 billion announced in February as part of the first package. Interest-free loans will be available for small and medium-sized firms suffering sales declines of at least 15% and 20%, respectively. For SMEs and self-employed workers that saw a 10% to 20% decline and have to borrow from a bank, the government will pay the interest on the loans.

On 16 March, the Bank of Japan, unveiled a series of emergency measures to provide liquidity to maintain the smooth functioning of financial markets. It has also introduced a loan programme to extend one-year, zero-rate loans to spur lending to firms affected by COVID-19.

Public management

On 28 March, the Japanese government announced “the Basic policy for countermeasures against COVID-19 infections.” According to the policy, the government encouraged employers to take actions to prevent infection and to use bicycle commuting, teleworking, or time-differed commutes and working in shifts to prevent the spread of infections in the workplace. In circumstances where it is extremely difficult to go to work, employment leave provisions are to apply.

Moreover, in order to maintain the delivery of public services, the government has defined which public institutions and local government services are essential services, for example, electricity, gas, water, and public transport are to continue to operate. The government is to provide the necessary support for the

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\(^6\) It includes the amount of 1\(^{st}\) and 2\(^{nd}\) support packages
continuation of public projects of the designated public institutions, and the government will take security measures to prevent incidents at places of critical infrastructure, such as airports, seaports, hospitals and medical institutions.

**Implementation**

On 14 March, the National Assembly of Japan (called the Diet) amended the Act on Special Measures Against Novel Influenza and Other Diseases to include COVID-19 for two years. The law enables the Prime Minister to impose a nationwide state of emergency, and can endorse decisions by Prefectural Governors to restrict economic and social activity such as school closures. On 7 April, the government declared a state of emergency applied to the seven prefectures and expanded it to the entire nation on 16 April.

On 7 April, the Government announced to set two phases, considering a timeframe for strategic implementation of various measures. The first phase, “Emergency Support Phase”, is the period during until the end of the contagion. During this phase, the government aims to prevent the spread of the infection and secure employment, businesses and daily lives to maintain solid bases for economic recovery. The second phase, “V-shaped Recovery Phase”, refers to the period aiming at achieving strong recovery after the end of contagion by stimulating demands and advancing social structural changes. This phase focuses on stimulating consumption in affected sectors, as well as investments for the future such as digitalisation and remote technologies.

In terms of Emergency Economic Measures, the government will submit a supplementary budget proposal to the Diet on 20 April. In addition, Japan will take any additional action as needed, closely monitoring the development of COVID-19 and its impact on the economy and daily life.

**References**

Introduction

As of 30 March, the total number of COVID-19 cases in Korea was 9,661 with 158 deaths. The government’s responses included health and quarantine measures (testing-tracing-treating) to help prevent widespread infection, which could cause the medical system to collapse.

The government’s support package was KRW 150 trillion, nearly 8% of GDP, utilising budget reserve funds, a supplementary budget and other financial aids, such as liquidity support. The government forecasts that the fiscal deficit will exceed - 4% of GDP.

<table>
<thead>
<tr>
<th>Korea – budget and public management information</th>
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<tbody>
<tr>
<td><strong>Population:</strong> 51.5 million</td>
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<td><strong>GDP growth:</strong> 2.7% of GDP (2018), n/a (2019)</td>
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<td><strong>General government fiscal balance:</strong> 2.7% of GDP (2017), 2.8% of GDP (2018)</td>
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<tr>
<td><strong>General government gross debt</strong>: 40.7% of GDP (2017), 39.3% of GDP (2018)</td>
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<td><strong>General government expenditures:</strong> 30.3% of GDP (2017), 31.5% of GDP (2018)</td>
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<td><strong>General government health expenditures:</strong> 4.3% of GDP (2017)</td>
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<tr>
<td><strong>Health sector</strong>: 8.1% of GDP (2018)</td>
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<tr>
<td><strong>General government employment</strong>: 7.7% of GDP (2017)</td>
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</table>

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.
Budget measures

The Korean government has announced four support packages sequentially to help get through the COVID-19 outbreak. The total amount of the support packages only from the budget were KRW 20 trillion, or nearly 1.1 % of GDP, and agreed with the National Assembly.

1. First Financial Stimulus Package (5-12 February): With a total of KRW 4 trillion, including budget support of KRW 300 billion, this package mainly focused on improving quarantine support and providing financial support for SMEs and micro-business owners affected by COVID-19.

2. Second Financial Stimulus Package (28 February): With more than KRW 20 trillion, the key priorities of this package were - 1) to support disease prevention, local governments, imports of manufacturing supplies and small merchants (KRW 4 trillion); 2) to provide financial and tax support to families and businesses affected (KRW 7 trillion), and 3) to give loans, guarantees and investment through financial institutions and public institutions (KRW 9 trillion).

3. Supplementary Budget (17 March): With a total of KRW 11.7 trillion to help contain COVID-19 and minimise the economic fallout from the outbreak. It consists of KRW 8.5 trillion to add new spending and KRW 3.2 trillion to make revenue adjustments. The supplementary budget is to be spent on enhancing disease prevention and treatment (KRW 1 trillion), small business loans (KRW 4.1 trillion), household support, including day care vouchers and emergency livelihood support (KRW 3.5 trillion) as well as to help local economies hit hard (KRW 1.2 trillion).

4. Additional package of financial measures (24 March): A KRW 100 trillion financial support programme was announced. This package includes the establishment of new stock and bond market stabilisation funds, which aims at helping SMEs and small merchants better cope with the burden of economic slowdown amid the COVID-19 outbreak. The government decided to reduce social security insurance premiums and electricity bills (KRW 0.9 trillion) and support finance credit for exporting companies (KRW 6.0 trillion). For start-ups and venture companies, KRW 2.2 trillion won is given through low-rate loans and loan guarantees.

On 16 April, the Korean government proposed second supplementary budget worth KRW 7.6 trillion or 0.4% of GDP to finance the Emergency Relief Payment. The Emergency Relief Payment provides cash up to KRW 1 million directly to citizens to cope with economic hardship. The measures are to be funded by the costs avoided due to the COVID-19, without increasing government debt. This proposal is to be confirmed by the National Assembly. In addition, some of local governments have started to provide cash support directly to the people in order to maintain incomes.

Public management

As the central personnel authority of the Korean Government, the Ministry of Personnel Management (MPM) has taken comprehensive measures to respond to COVID-19. The MPM is establishing and operating the ‘COVID-19 Emergency Response Headquarters’, based on guidelines issued by the Central Disaster and Safety Countermeasures Headquarters, which is headed by the Prime Minister. The strategic measures that the MPM has taken are summarised as follows:

- **Staff management:** The MPM established and enforced the Guidelines for Implementing Flexible Work Arrangements and to Prevent COVID-19 spread. It includes 1) granting sick leave, official leave, and teleworking for the COVID-19 confirmed or suspected cases, 2) granting pregnancy leave for pregnant women who are unable to work from home, and 3) taking advantage of flexible working systems. It is now compulsory to have a specified proportion of staff work from home or at one of the Smart Work Centers across the country. Civil servants who need to take care of their...
children during the day due to lack of childcare or schools are able to work from home or take child care leave or annual leave as part of the government’s parental protection.

- Business continuity: The MPM established and enforced a Manual for Preventing COVID-19 and Maintaining Business Continuity. It includes actions to be taken to maintain business continuity in the event of confirmed cases. Especially, while teleworking, the civil servants can use the government remote working portal. In order to maintain human resources development functions, MPM has replaced collective training or education programmes with e-learning or individual task learning.

- Health measures for civil servants: The MPM has provided a psychological counselling service to for civil servants suffering from anxiety and stress.

The MPM has streamlined the recruitment of and improved compensation for specialists and experts, including epidemiological investigators, responding to COVID-19 at the frontline. From February 2020, exceptions were made to overtime pay limits, and an overtime work allowance is being paid within budgetary limits, to public officials who work in excess of the prescribed working hours (ref. Article 15 of Regulations On Allowances For Public Officials). When COVID-19 emergency response work is performed, overtime hours are now recognised up to 70 hours per month (57 hours at ordinary times).

The Ministry has also postponed Public Service Examinations.

For communications purposes, public officials use the internal e-Saram system to individually apply for telework. Government-wide guidelines are communicated utilising the On-nara system, which is the primary back-office information system in the government through which Korean public officials handle tasks and document management on a daily basis. The MPM also utilises its intranet, called Insaro, for communication and information sharing.

Under the current circumstances caused by the pandemic, the government and public sector unions are co-operating. The government and unions have delayed bargaining and negotiations until the eradication of COVID-19. The MPM has also implemented requests from the unions related to civil service personnel management, including better compensation and childcare leave.

Implementation

On 17 March, the first Crisis Management Meeting of 2020 was held to respond to the COVID-19 outbreak. The meeting as the Central Emergency Headquarters for the Economy functions to enhance the implementation of the support packages across the government.

The government has monitored the progress of the fiscal measures by converting the Regular Fiscal Management Inspection Meeting, which are held twice a month, into an Emergency Fiscal Management Inspection Meeting. A goal from the supplementary budget is to execute 75% or more of the response measures in the next two months. In addition, the central government has urged the local government to prepare supplementary budgets as soon as possible. On 16 April, the government submitted a second supplementary budget to the National Assembly and will prepare to execute it as soon as the National Assembly approves the proposal.

The central government is operating the Central Disaster and Safety Countermeasures Headquarters, headed by the Prime Minister and comprising a number of taskforces run by the Ministry of Health and Welfare, the Ministry of the Interior and Safety and the Korea Centres for Disease Control and Prevention (KCDC). Local governments are also operating Disaster and Safety Countermeasures Headquarters where civil servants performing emergency response work are being seconded to.

In terms of public employment policies, the MPM has also established its own taskforce that is capable of swiftly responding to emergency circumstances. The MPM COVID-19 Emergency Response
Headquarters, headed by the Minister, consists of five sections, including general co-ordination, recruitment, service code, human resources development and occupational accident compensation. With the establishment of the HQ, a 24-hour response system has been set up to tackle COVID-19 with various measures and the status of operations is reviewed regularly twice a week.

Reference

Introduction

On 12 March 2020, the Latvian Government declared a state of emergency until 14 April and put in place a series of measures to address the Coronavirus (COVID-19) outbreak. Schools and universities are closed, travel restrictions are in place, large gatherings are banned, and non-essential shops, theatres, cinemas, concert halls and museums are closed. Subsequently, the Government announced spending of up to EUR 2 billion (around 6% of GDP) on measures to support businesses and individuals (Latvian Ministry of Finance, 2019[29]). To help the citizens to find out information on Covid-19-related issues a single government hotline 8345 have been put in place and a central website covid.gov.lv.

The Government submitted the Law on measures to prevent and manage national threats and consequences of COVID-19 proliferation (Government of Latvia, 2019[30]) to the Parliament (Saeima) which adopted it in an extraordinary sitting on 20 March 2020 (Parliament of Latvia (Saeima), 2019[31]). Parliament also adopted urgent amendments to several laws in order to provide support to employers covering sick-leave certificates, to set conditions for granting social assistance benefits to low-income persons, and to extend social security rights for persons with disabilities.

Latvia – budget and public management information

Population: 1.9 million
GDP growth: 4.3% of GDP (2018), 2.2% (2019)
General government fiscal balance: -0.5% of GDP (2017), -0.7% of GDP (2018)
General government gross debt: 45.2% of GDP (2017), 43.6% of GDP (2018)
General government expenditures: 38% of GDP (2017), 38.5% of GDP (2018)
General government health expenditures: 3.5% of GDP (2017)
Health sector: 5.9% of GDP (2018)
General government employment: 19.6% of GDP (2018)

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.
Budget measures

Support to businesses

- Up to EUR 0.9 billion in support for businesses affected by the outbreak, provided as financial instruments (approved by EU) via the State-owned development bank, ALTUM, including:
  - A subsidised loan scheme for companies affected by the coronavirus outbreak. The overall budget for the subsidised loan scheme is EUR 200 million, of which EUR 50 million is envisaged from the State budget and the rest from international financial institutions. Companies can receive a loan of up to EUR 1 million for a period of up to three years;
  - A loan guarantee programme to provide companies with the opportunity to restructure existing investment loans or short-term loans for liquidity. The maximum amount of the guarantee is EUR 5 million for up to six years. The programme will guarantee credit guarantees to businesses in the amount of more than EUR 700 million.
- Banks and borrowers are encouraged by the supervising authorities to restructure existing loan facilities;
- Businesses affected by the crisis can get tax payment deferrals for up to three years, as well as other benefits related to the timing of tax payments. Individual entrepreneurs will not have to pay income tax advances;
- The State or municipalities and their entities can cancel or reduce rent payments to businesses affected by the crisis;
- The State Revenue Service has the right not to impose fines on businesses that are in an “extensive co-operation programme” and affected by the crisis (for the next three years);
- Administrative requirements have been eased for businesses, for example, the submission deadline for company audit reports has been extended and company meetings can be held electronically.
- Support for the air traffic industry including EUR 36 million to increase equity capital of airBaltic, the national airline company and EUR 6 million to increase equity capital of State Stock Company Latvian Air Traffic.

Support to employees

- Workers in crisis-affected enterprises (including self-employed) who are idle will be compensated at 75% of their average salary for the previous six months, up to a maximum of EUR 700 per month. This downtime allowance will not be subject to personal income tax or state social security contributions, but will cease if the employer hires new employees or dismisses existing ones;
- A person who is issued with an sick leave certificate due to illness or quarantine of Covid-19 from 22 March 2020 to 30 June 2020 shall receive sickness benefits from the State from the second day of incapacity for work;
- EUR 8 million have been allocated for bonuses for health sector employees of 20-50% of their monthly salary for three months and overtime pay for staff of state and municipal health services, municipal police, and local social services.
- Additional overtime pay for staff of state and municipal health services, municipal police, and local social services.
Education

- EUR 200 000 in funding for equipment (smartphones, tablets) to facilitate distance learning for students.

Other

- The Ministry of Finance (MoF) has been given flexibility to respond with additional measures, although these measures are still being identified. According to the new legislation, subject to a Cabinet decision, and by informing the Saeima, the MoF has the right to make changes to the appropriations including a reduction or reallocation of appropriations between ministries and other central governmental authorities to prevent and manage public threats and consequences related to the spread of COVID-19. The MoF may also reallocate appropriations to the Ministry or other central public authority within the limits of the statutory appropriation between programmes, sub-programmes and expenditure codes according to economic categories (Art. 22). The MoF also has the right to increase the appropriation specified in the Law "On State Budget for 2020" in the programme "02.00.00 Contingency funds (Art 23). The MoF is authorised to borrow on behalf of the State and to select the borrowing instruments and conditions. It can, increase the ceilings for government debt at the end of the financial year and the appropriation for the fulfilment of government debt management expenditures and liabilities specified in the annual State Budget Law (Art 24). Measures to mitigate the effects of the Covid-19 emergency are considered one-off measures not included in the general government structural budget balance (Art 28).

Public management

In light of COVID-19, the State Chancellery (the institution responsible for HR policy in public administration) and the Ministry of Environmental Protection and Regional Development (the institution responsible for IT policy and client service policy in public administration) have issued two guidelines on the organisation of work, and solutions for teleworking. Decisions on how to organise the work of each public institution are left to each manager but teleworking is strongly advised.

In March-April, the State Chancellery carried out two surveys to monitor the ongoing situation:

- A survey of public institutions to collect data on actions taken in relation to staff, in particular to what extent teleworking is in place and how it is organised (142 institutions invited to participate, 92 institutions have responded).
- An employee survey that aims to assess the wellbeing of staff, including causes of anxiety and their expectations of the government and their management. This survey aims to offer targeted psychological help to public servants (3 206 responses from more than 90 institutions).

Teleworking has been strongly encouraged, and currently, a large majority of civil servants are working remotely. In 28% of public administration institutions participating in the aforementioned survey, more than 70% persons telework (the State Chancellery’s survey April 2020). Exceptions include staff involved in

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8 Information in this section is largely drawn from the European Public Administration Network (EUPAN) questionnaire on “Measures by EUPAN Member States during Covid-19 Epidemic).

9 See Guidelines on the Organisation of Work, Pay and Client Services in Public Administration Institutions during the Emergency and Guidelines on Solutions for Teleworking::


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crisis management and various sectoral COVID-19-related measures, police and border guards, those involved in COVID-19 testing or handling COVID-19 cases, State Emergency Medical Service medical staff or epidemiologists in the Centre for Disease Prevention and Control. Client service centres in national and municipal level public institutions have been closed and have made the switch from on-site service to remote service, provided by telephone, e-mail or online. For example, documents can be signed using eSignature and sent remotely via e-mail or mobile phone. Meetings of the Cabinet of Ministers, subsequent press conferences and meetings of the State Secretaries take place remotely.

Flexible working arrangements are foreseen by the Law on Civil Service (regulating work relations of civil servants) and Labour Law (regulating work relations of public servants that are not civil servants). A term “forced downtime” is used to describe the situation when civil servants and public employees are asked to stay at home without carrying out their direct functions.

As noted earlier, bonuses have been put in place for health sector employees and the Cabinet Order on the emergency situation allows overtime (maximum 60 hours per week) for staff of state and municipal health services, municipal police, and local social services. According to the decision of the Government, health care employees directly involved in battling the COVID-19 crisis (e.g. Emergency Health Service, Latvia Infectology Centre, etc.) can receive pay increases of 20% to 50%. The Ministry of Healthcare is responsible for defining criteria for different groups of employees. Currently the Government has allocated EUR 8 million for the coming three months.

**Implementation**

Initial measures will be implemented mainly through the *Law on measures to prevent and manage national threats and consequences of Covid-19 proliferation*. Details of many of the measures announced are still being finalised and the government is exploring additional measures as it continues to develop its response to the pandemic.

The Bank of Latvia has signalled that they expect the impact of Coronavirus (COVID-19) will be significant, with a significant downward impact on the activities of several sectors, which will require support measures (Bank of Latvia, 2019[32]). The newly elected Fiscal Discipline Council, while noting the extraordinary measures taken in other EU Member States, nevertheless warned that measures for stabilisation and those with a fiscal impact should be short-term, responsibly evaluated and aimed at mitigating the negative economic effects (Latvian Fiscal Discipline Council, 2019[33]).

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Introduction

The Lithuanian Government declared a State of Emergency on 26 February and put in place a series of measures to address the Coronavirus (COVID-19) outbreak. A State Emergency Operations Centre, headed by the Health Minister, is co-ordinating efforts against the spread of the COVID-19. Schools and universities are closed, travel restrictions are in place, large gatherings are banned, and non-essential shops are shut.

On 16 March, the Ministry of Finance – together with the Ministry of Social Security and Labour, the Ministry of Economy and Innovation, the Ministry of Health, and the Bank of Lithuania – submitted a plan to the Government to allocate EUR 5 billion (or 10% of the country’s GDP) to implement these measures (Lithuanian Ministry of Finance, 2020[34]).

On 27 March, Lithuania’s independent fiscal institution, the Budget Policy Monitoring Department (BPMD), published its assessment and endorsed the government’s medium-term Economic and development plan, citing significant uncertainty as the result of the COVID-19 crisis. The BPMD also issued an opinion that the circumstances justified using the escape provision of Article 3 of the Treaty on Stability, Coordination and Governance in the Economic and Monetary Union.

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**Lithuania – budget and public management information**

- **Population:** 2.8 million
- **GDP growth:** 3.6% of GDP (2018), 3.9% (2019)
- **General government fiscal balance:** 0.5% of GDP (2017), 0.6% of GDP (2018)
- **General government gross debt**: 47.3% of GDP (2017), 41.1% of GDP (2018)
- **General government expenditures:** 33.2% of GDP (2017), 34.1% of GDP (2018)
- **General government health expenditures:** 5.6% of GDP (2017)
- **Health sector**: 6.8% of GDP (2018)
- **General government employment:** 22.4% of GDP (2018)

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.

**Budget measures**

The government’s budget measures include additional expenditure and commitments for the health sector, employees and businesses:

- EUR 500 million for healthcare and emergency management, including purchasing protective equipment, reagents, medical and other equipment; bonuses and additional social guarantees for health care workers and officials working in areas affected by COVID-19.

- EUR 500 million for jobs and personal income protection, including support for downtime and partial downtime for employees, sickness benefits for the care of children, the elderly and the disabled. Self-employed persons who have paid social security contributions will receive EUR 257 a month for up to three months if they are unable to carry out their activities due to quarantine. Mortgage payments for those who have lost their employment (for three-six months excluding interest), and gas and electricity bills\(^{10}\) can be deferred or paid in installments.

- EUR 500 million to maintain liquidity for businesses, including immediate tax loans, deferred payments or payment in instalments (without interest); stopping recovery actions on the basis of criteria of reasonableness and exemption of taxpayers from fines and penalties. Personal income tax may also be deferred.

Furthermore, guarantee limits for the Agricultural Credit Guarantee Fund and INVEGA\(^{11}\) will be increased by EUR 500 million and the terms of the guarantee provision will be extended.

The government also recommended that municipalities exempt businesses from the commercial real estate and land taxes, and that municipalities allow deferment of, or payment in instalments for, utilities and heat energy.

EUR 1 billion has been allocated to stimulate the economy. This includes relocation of EU funds for healthcare, employment and business areas, and provisions to allow use of all funds from the climate change, road maintenance and development programmes, as well as acceleration of the renovation of multi-occupied buildings. It also includes an additional limit of State guarantees in order to create or supplement current financial instruments where primary risk is assumed by the State.

In addition to the above measures, the Bank of Lithuania released the countercyclical capital buffer, reducing the rate from 1% to 0% on (announced on 18 March and in effect from 1 April), allowing banks to provide up to EUR 1 billion in loans to businesses and residents. The Bank of Lithuania also announced regulatory measures expected to boost banks’ lending potential by EUR 2.5 billion, including reduction of capital adequacy requirements for credit institutions and reduction of liquidity reserves.

Finally there is a provision for the Government to borrow up to an additional 5 billion to ensure liquidity of the Treasury.

**Public management**

On 12 March, the Head of the Emergency Situations Operations Centre passed a decree ordering public sector institutions to organise working remotely to the maximum extent possible. As such, the majority of civil servants are working remotely. The most common type of working arrangement is teleworking and flexitime. Employees must consent to any proposals that they take annual leave (paid) or unpaid leave,

\(^{10}\) For UAB Ignitis, the state-controlled energy holding company.

\(^{11}\) INVEGA provides provision of financial services and implementation and administration of financial and other support measures for SMEs.
unless they have accrued more than one year of annual leave entitlements. During unpaid leave, employees are not covered by social insurance.

The Ministry of Interior recommends that all municipal and state agencies prepare and provide services remotely. As such, services are being provided to citizens and residents remotely through the Sodra portal (State Social Insurance Fund). The portal allows citizens to speak to a consultant online or receive a telephone consultation.

Healthcare workers on the frontline of the COVID-19 pandemic will receive pay increases. Public employees involved in emergency management may also receive bonuses. On 7 April 2020 the Lithuanian Parliament (Seimas) amended the Law on Prevention and Control of Communicable Diseases, to allow for increases of 60-100% fixed salary coefficients or monthly salary for healthcare workers in the Lithuanian national health service. Increases will depend on the nature, complexity, workload and scale of activity and level of responsibility of a particular health care institution employee. The amendment applies from the beginning of March until the end of the month in which the quarantine ends.

**Implementation and next steps**

Various measures are being debated and approved in the Lithuanian Parliament (Seimas), including the amendments to the Law on the Bank of Lithuania to allow the Bank to grant loans to a wider range of institutions (financial, insurance) facing liquidity problems.

The Lithuanian government is also in talks with the Nordic Investment Bank regarding a loan to help reduce the impact of the COVID-19 crisis. Specifically, the talks include extension of loans to financial intermediaries for on-lending to SMEs as well as provisions of direct financing to larger businesses experiencing a downturn (Lithuanian Ministry of Finance, 2020[35]).

The government is continuing to monitor the situation and to explore further options. New measures may be adopted at any time as the government responds to the pandemic.

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NZDMO (2020), *New Zealand Debt Management Office*.


Introduction

The Luxembourg government announced measures that respond to the spread of COVID-19, totalling EUR 8.8 billion, or 14% of GDP. The majority (about 80%) of these measures are to support liquidity.

### Luxembourg – budget and public management information

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<tr>
<td><strong>General government employment</strong></td>
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</tbody>
</table>

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.


### Budget measures

The government has announced a support programme that aims to compensate for the loss of income, provide liquidity and fund extra health expenditures:

**Compensating for the loss of income**

- Companies that are forced to stop activities due to the government’s response measures are eligible for partial unemployment support for their employees. The reimbursement is limited to 80%
of the salary and a maximum of 250% of the minimum salary for unqualified labour (EUR 1 billion for 2 months).

- The State is to cover the extraordinary leave of employees who cannot find a suitable solution for taking care of their young children (EUR 400 million for 2 months).
- Small businesses that close due to the response measures will receive a tax-free lump sum of EUR 5 000 (EUR 50 million).
- Emergency compensation of EUR 2 500 for the self-employed under certain circumstances
- Reimbursement of VAT credits limited to a maximum of EUR 10 000 (EUR 50 million)
- A series of measures specifically aimed at the cultural sector (no information on budgetary impact).

**Ensuring liquidity by inter alia providing additional loans and guarantees**

- Businesses and self-employed who encounter liquidity problems, can request the cancellation of advance payments for the two first quarters of 2020 as well as a deferral of 4 months for taxes and for social security due after 29 February (EUR 4.5 billion).
- The state guarantees new bank loans up to 85% (EUR 2.5 billion).
- Providing loans in co-operation with private banks, where the National Credit and Investment Company will provide 60% of the loan (EUR 400 million).
- Relaxation of repayment terms for loans of the National Credit and Investment Company (no information on budgetary impact).
- Commitment by Luxembourg banks to offer a 6-month moratorium on loans for SMEs, self-employed and liberal professionals.

**Public management**

For public employment, as with the private sector, teleworking is encouraged and all officials for whom it is possible are advised to do so. To make this possible, the existing regulation on teleworking has been abolished since it excluded a category of public employees. Furthermore, since schools are closed, more flexible options for family leave have been introduced to allow parents of young children to remain at home.

Civil servants can benefit from a multilingual psychological support hotline. It is staffed by qualified people and is available seven days a week from 7 am to 11 pm via a teleconsultation. This hotline is a national line for all citizens, and is not specifically for civil servants.

In terms of ensuring business continuity, it is up to the management of each ministry to define who is “essential” staff, with no set overall central criteria, and employees in some crucial sectors will be allowed to work up to 12 hours a day and up to 60 hours a week. Additionally, the government has taken a number of measures targeting critical sectors such as health, including:

- If needed, public service officials may be redeployed from their current positions to tasks that are considered essential in the context of COVID-19.
- All professionals with a medical diploma (medical students, retired medical staff and doctors on annual leave) are to register for a reserve list via a platform.
- The Government has launched on its official job portal (https://govjobs.lu) a call for volunteers (without a profile in medicine) to support the staff in the health and care structures. This call includes for instance profiles such as administrative, HR and technical staff profiles.
- Health professionals can, under certain conditions, have a two-month fixed-term contract as a state employee – these people can then be put into support to help the health entities.
• Free temporary accommodation (hotels) has been provided for employees in the health sector who live in a neighbouring country.
• Social dialogue is ongoing and the government is in continuous exchange with key stakeholders.

Implementation

On 18 March, the Council of Luxembourg declared a state of crisis and gave the government the powers to introduce emergency measures in order to respond to the crisis.

For the implementation of public employment policies, various means are used including the network of HR managers in the LU civil service which is managed by the Ministry of Civil Service (Réseau RH); HR officers in the ministries and administrations; and the online Intranet of ministries.

The Ministry of Civil Service (MFP) and the Management Centre for the Personnel and Organisation (CGPO) play a crucial role as the central co-ordination unit of the national health reserve and in the management of volunteers supporting staff in the health and care structures. In the context of the sanitary reserve, the MFP concluded for instance more than 1 000 fixed-term contracts for two months as state employees (many on a 16 hours basis per week) within a week. These contracts can be activated at any time. The MFP also plays a crucial role as regards the co-ordination and deployment of volunteers via its portal GovJobs in the fields of support services (e.g. administrative, IT, and HR).

References

Introduction

Mexico is a federal country with 32 states and is the 10th most populated country in the world. Around one-third of Mexicans live below the poverty line, and another 30% are vulnerable to sinking into poverty. A large number of Mexicans work in the informal sector. As such, the economic consequences of COVID-19 are likely to have a significant social impact, as there are few safety nets particularly for the informal sector. While the government is taking measures to support vulnerable people, it is not possible to date to estimate the size of the response.

On 1 April, the government presented to Congress the pre-criteria for the 2021 Budget. The document states that the high level of international uncertainty on international markets, economic projections have been revised downwards several times over a short period. The GDP growth projections for 2020 are between -3.9 to 0.1%, the public deficit is estimated at 3.3% of GDP and the primary balance expected to be -0.4% of GDP. Projections for 2021 are a public deficit of -3.5% and a primary deficit of -0.6% of GDP.\footnote{www.gob.mx/shcp/prensa/comunicado-no-034-ejecutivo-federal-por-conducto-de-la-shcp-entrega-al-h-congreso-de-la-union-el-documento-de-pre-criterios-2021}

\begin{center}
\textit{Mexico – budget and public management information}
\end{center}

\begin{itemize}
    \item \textbf{Population:} 130 million
    \item \textbf{GDP growth:} 2.1% of GDP (2018), n/a (2019)
    \item \textbf{General government fiscal balance:} -2.6% of GDP (2017), n/a (2018)
    \item \textbf{General government gross debt\textsuperscript{1}:} 53.1% of GDP (2017), n/a (2018)
    \item \textbf{General government expenditures:} 26.3% of GDP (2017), n/a (2018)
    \item \textbf{General government health expenditures:} n/a
    \item \textbf{Health sector\textsuperscript{2}:} 5.5% of GDP (2018)
    \item \textbf{General government employment\textsuperscript{3}:} 14% of GDP (2017)
\end{itemize}

\textit{Note:} (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.
Budget measures

The Federal Government, through the development bank Nacional Financiera (Nafin), will support SMEs up to MXN 25 billion (USD 1 billion). One million credits of MXN 25 000 each (USD 1 000), of which MXN 500 000 credits will go to the formal economy and MXN 500 000 to the informal economy. The credits will be settled over a period of 3 years, with no payment the first three months and further monthly payments of MXN 1 000 (USD 42), at an average rate of 6.5% per year.

On 25 March 2020, the National Banking and Securities Commission announced special accounting measures to be applied to the credit institutions, in order to mitigate the economic effects of COVID-19. In particular, there will be a partial or total deferral of capital and/or interest payments for four months, with the possibility to extend these measures for an additional two months. Support will also apply to mortgages, revolving and non-revolving credit granted to people such as: automotive credit, personal credit, payroll credit, credit card credit and micro credit, as well as commercial credit of physical persons.

In addition, an extraordinary budget was allocated to the Ministry of National Defence, up to MXN 4 billion (USD 160 million) and to the Ministry of the Navy, up to MXN 500 million (USD 20.5 million) to reinforce the Plan DN-III and Plan Marina in response to the COVID-19 emergency. The Health Institute for Wellbeing (Instituto de Salud para el Bienestar) authorised MXN 4.5 billion MXN to buy medical devices, medicine and health equipment.

Some States are taking different actions to support SMEs in the formal and informal sectors: Discounts on payroll taxes for SME's and credit lines for payment of payrolls or supply merchandise for SMEs, among others. Many credits will be settled over a period of 2 years, with no payment during the first three or four months and low interest rates. Financial support to self-employed, rural workers (corn producers), family business and vulnerable groups (women, indigenous people) has also been put in place. The government of Mexico City has extended the deadline for tax payment.

States will receive transfers of up to MXN 15.3 billion through the Health for Well-being Institute and will receive advance funding for MXN10 billion.

On 5 April, the President announced economic support actions to widen social wellbeing programmes (Programas Integrales de Bienestar) and to create two million jobs. Government-backed programmes are to support 22 million beneficiaries, and distribute MXN 2.1 million in personal, housing and family owned enterprises loans. The programme is to be financed by the Budget Revenue Stabilisation Fund (Fondo de Estabilización de los Ingresos Presupuestarios), resources in trust funds and the Development Bank. The actions announced for supporting economic activity take two major forms:

1. New funds allocated for public investment: Additional funds to support drinking water, sanitation, pavement and construction and rehabilitation to 50 000 homes in remote areas of 50 municipalities. Funds for parental associations to maintain 31 000 schools and existing large investment projects are to continue as planned, and new large projects in Istmo, Salina Cruz and Coatzacalcos are to commence.

2. Direct support and targeted loans: direct support will be granted to farmers and fishermen (Planting life programme, Sembrando Vida), and loans will be granted to state workers, through the Institute
for Social Security and Services for State Workers, and housing loans to workers through the Foissste and the Infonavit institutions.

Public management

An agreement signed by the Minister of Civil Service (Secretaria de la Función Pública) on 20 March 2020 suspended all exams and formal recruitment processes for civil servants in order to prevent the spreading of COVID-19.

An official agreement issued on 23 March 2020 by the Minister for Civil Service (Secretaria de la Función Pública) amends the federal public employment law by adding a paragraph allowing “work from home for civil servants, with the exception of those for which the essential functions to be carried out require them to implement these in the designated places”. The agreement also bans official international trips (except with specific authorisation by the Federal Executive). The head of each agency and dependency is responsible for listing the essential functions to ensure the provision of essential goods and services. Another agreement signed on the same day specifies that during the period from 23 March to 17 April 2020, working from home will be allowed for adults above 60 years of age, disabled people, pregnant or lactating women and people with chronic non-communicable diseases (e.g. diabetes, hypertension). Alternate work days can be authorised for public servants with children below 12 years of age, and staggered entry times for civil servants (as long as they work 8 hours per day between 7:00 and 20:00).

Several entities (such as the National agency of Industrial Security and Environment Protection) issued resolutions according to which the days between 23 March and 17 April 2020 are considered as non-working days, without implying a labour suspension in the ministry.

On 14 March, the Ministry of Health and Ministry of Public Education jointly announced prevention measures for the education sector due to COVID-19. The holidays were extended from 23 March to 17 April, and classes are to start again on 20 April (if conditions allow).

On 23 March 2020, an agreement signed by the Minister of Health and President of the General Health Council and the Secretary of the General Health Council declared that the disease caused by COVID-19 in Mexico is a serious disease that requires priority attention. The agreement designated the Ministry of Health as the co-ordinating ministry for the response. The General Health Council has asked the State governments and participants of the national health system to design immediately plans for hospital reconversion and the immediate expansion of hospital capacity to attend to COVID-19 cases that require hospitalisation. The General Health Council is in permanent session until further notice.

On 27 March 2020, a Decree signed by the President of the Republic and the Minister of Health declared extraordinary actions in regions affected by COVID-19. This Decree authorised the Ministry of Health (Secretaría de Salud) to implement immediately extraordinary actions, including:

- To use all medical and social assistance equipment from the public, social and private sectors in the affected regions, including to buy, without going through a public tendering process, any type of good or services, nationally or internationally, such as diagnostic kits, surgery equipment, hygiene products and any other input it sees necessary to confront the emergency.
- To import, or authorise the import of these goods and services, without going through the usual administrative process, and to carry out any necessary actions to avoid price speculation or stockpiling of essential inputs.

On 30 March 2020, the Government issued an agreement (acuerdo) declaring a state of health emergency due to COVID-19. In his speech of 5 April, the President announced that to contribute to the austerity efforts, bonuses to senior government officials would stop. No layoffs of government workers are proposed,
but these people will be asked to be more efficient, and operate with high levels of integrity and commitment.

References


Introduction

In March 2020, the government introduced response measures of an estimated amount of EUR 16 billion (2.0% GDP) for the next 3 months. The Central Planning Bureau (CPB) published an estimate of the impact of the crisis based on four scenarios of how long the response measures to curb the spread of COVID-19 might remain in place. All four scenarios result in a recession. In the mildest scenario, the Dutch economy would shrink by 1.2% in 2020, and assuming the restrictions from COVID-19 are maintained for longer, the economy could shrink by 7.7%. Except for the mildest scenario, the effect of COVID-19 would be worse than the global financial crisis of 2007-08, according to the CPB.

Netherlands – budget and public management information

Population: 17.2 million

GDP growth: 2.6% of GDP (2018), 1.7% (2019)

General government fiscal balance: 1.3% of GDP (2017), 1.5% of GDP (2018)

General government gross debt¹: 70.8% of GDP (2017), 65.6% of GDP (2018)

General government expenditures: 42.5% of GDP (2017), 42.1% of GDP (2018)

General government health expenditures: 7.6% of GDP (2017), 7.6% of GDP (2018)

Health sector²: 9.9% of GDP (2018)

General government employment: 11.8% of GDP (2018)

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.

Budget measures

The government’s package of responses to date comprise two main elements. The first element contains allowances for businesses and employees to compensate for income loss (EUR 12.3 billion).

- A new system of Temporary Emergency Bridging measures replaces the existing system of Time Reduction measures. The new system allows employers with a loss of turnover of at least 20% to claim the payment of up to 90% of the salary, if they do not dismiss personnel (EUR 10 billion).
- Income support for the self-employed for a maximum of 3 months and up to the social minimum wage of EUR 1 500 (EUR 1.5 billion extra expenditures and EUR 300 million administration cost for municipalities).
- Companies that have been hit by the measures (cafés, other businesses that had to close) will receive a lump sum of EUR 4 000 for the first 3 months to pay for recurring costs (EUR 475 million).

The second element is to increase liquidity by providing loans, guarantees and deferred tax payments:

- The self-employed can apply for a loan up to EUR 10 000 (EUR 2 billion).
- Relaxation of the rules for the guarantees of businesses (EUR 1.6 billion guarantees and EUR 98 million expenditures).
- Guarantees for credits of agricultural companies (EUR 10 million).
- Deferral of tax payments without penalties and reducing interest charges from 4% to 0.01% (EUR 150 million).
- No interest charge for the deferral of micro-credit for start-ups (EUR 6 million).
- Reduction in advance income tax payments for businesses that expect a negative impact from the crisis on profits.

Public management

Central guidelines on COVID-19 measures for civil servants are constantly updated and shared with management teams. Management informs employees by email and during team meetings. As part of the measures, employees are requested to work from home unless business continuity requires that they come to the workplace. Teleconferences are now strongly encouraged, but face-to-face meetings can be organised if the participants maintain a distance of at least 1.5 meters from each other.

The central guidelines also address employees’ mental health. A hotline has been established for employees with concerns or to discuss their specific challenges, and the administration is developing an online toolbox where employees can find information and videos about working from home, (mental) health and work-life balance. The guidelines include the possibility of seeking individual support from social workers.

The National Co-ordinator for Terrorism and Counterterrorism (NCTV) has established a list of processes and services that are considered essential. In support of essential employees, their children may attend schools and child-care facilities if necessary. Furthermore, the central government is obliged to have a business continuity plan, a requirement, which pre-dates the COVID-19 crisis. Plans address critical functions and business processes.

To ensure the continuity of essential services and provide work for employees that are currently experiencing a lighter workload, the central government’s job posting system shows temporary vacancies

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as result of the COVID-19 crisis. The Policy Framework for Extra Rewards provides the possibility to supplement the wages of civil servants in certain situations. This policy pre-dates the COVID-19 crisis, and currently no special measures have been taken to supplement the wages since the outbreak of the virus. The Cabinet has announced in the Parliament that it is to consider supplements for people working in essential services, such as the health sector, as a part of new measures to guarantee sufficient personnel and equipment for this sector. Additionally, special leave can be granted to employees who wish to and can be deployed temporarily- with continued monthly income- to healthcare or elsewhere where their deployment in connection with the COVID-19 crisis is desired although special conditions apply for these cases.

There has been a structural dialogue between central government and the social partners, including unions, about the protocols and measures taken. Outside the public sector, different sectors such as the construction and engineering sectors have developed guidelines in close contact with central government. Dutch labour legislation requires any employer who wishes to cut an employee’s hours owing to lack of work is to obtain permission from the Dutch Ministry of Social Affairs to introduce a temporary working time reduction for salaried employees. Approval is subject to certain conditions, one of which is that the request is the result of “extraordinary circumstances”; the Dutch Government has confirmed that COVID-19 is such an extraordinary circumstance. This can last for 24 weeks (four six-weekly periods) during which the employee continues to be paid in full. This applies to all employers and all employees, including public sector employees.

Implementation

On 18 March the government proposed measures to the Parliament. Supplementary budgets have also been introduced in the Parliament to provide the additional budget for the response measures and were approved on 26 March.

To keep the Parliament informed on the implementation of the measures, the government is to inform the Parliament of progress on regular intervals, for instance the update provided to the Parliament on 1 April.

Some measures will have a significant impact on municipalities, since the municipalities will have to implement the measures (such as payments to the self-employed). There have been co-ordination meetings between the association of municipalities and the government to discuss implementation.

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NEW ZEALAND

Introduction

The first case of COVID-19 was confirmed on 28 February 2020 and by 16 April 1,084 cases were confirmed. The government response included a four-tier containment framework to help limit the spread of the virus and to maintain access to health services. The government announced support packages on 17 and 26 March, totalling NZD 12.1 billion, or nearly 4% of GDP, over the three-year forecast period, with around half of it spent by June 2020. The Treasury is preparing scenarios to help inform the potential economic and fiscal effects of COVID-19.

New Zealand – budget and public management information

<table>
<thead>
<tr>
<th>Population: 4.5 million</th>
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<tr>
<td>GDP growth: 2.8% of GDP (2018), n/a (2019)</td>
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<tr>
<td>General government fiscal balance: 1.2% of GDP (2017), 0.9% of GDP (2018)</td>
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<td>General government gross debt(1): 49.9% of GDP (2017), 48.8% of GDP (2018)</td>
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<tr>
<td>General government expenditures: 38.8% of GDP (2017), 39.3% of GDP (2018)</td>
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<tr>
<td>General government health expenditures: n/a</td>
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<td>Health sector(2): 9.3% of GDP (2018)</td>
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<tr>
<td>General government employment: n/a</td>
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</table>

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.

Budget measures

The New Zealand Treasury is the central budget authority and has worked with line ministries on the design and implementation of the government’s support package. The package comprised three main elements: extra funding for the health system, support for businesses and employees, and support for household incomes (New Zealand Government, 2020[38]).
1. Support for the health sector: Additional funding of NZD 500 million (4.1% of the package) went to the health system for public health communications, support for vulnerable populations, funding the health workforce, testing and tracing cases, and funding to treat cases. Within that sum, NZD 15 million was allocated to general practices and NZD 15 million to community pharmacies.

2. Support for businesses and employees: The package included a Leave Payment Scheme to incentivise self-isolation by employees, the self-employed and contractors. Eligible firms were provided a lump sum payment of NZD 585 per week per full-time employee and NZD 350 per week per part-time employee for 12 weeks. Depending on uptake, the support is estimated at NZD 5.1 billion (42.1% of the package). Other aspects of the package for business included a NZD 100 million fund to support worker redeployment and training, the reinstatement of depreciation for commercial and industrial buildings, increasing the thresholds for provisional tax and writing off low value assets, and giving time-limited discretion to Inland Revenue to remit the interest payable on tax debt.

3. Support household incomes: The package included a NZD 25 million across the board permanent increase to all main benefits from 1 April 2020, doubling of the 2020 Winter Energy Payment, and removing the hours test from the In-Work Tax Credit to assist those who may face variable hours. In addition, the Government increased the minimum wage as scheduled through previous announcements.

In addition to the measures that directly affect the government’s fiscal balance, the government issued loans and guarantees to the business sector, including a NZD 0.9 billion loan facility to Air New Zealand, a publicly listed company in which the government holds a 52% share, and a further NZD 0.6 billion to the aviation sector. Support to businesses generally included a NZD 6.2 billion scheme to guarantee loans in other businesses. The scheme is to be administered by commercial banks for the loans the banks have issued to businesses. The government has provided NZD 27 million to non-governmental organisations and community groups to continue providing essential services.

Measures that substitute a public expenditure response included engagement with the financial sector for mortgage holidays for up to a six-month period on principal and interest payments, to freeze rent increases on residential properties, and to forbid eviction notices for the period. The government has not engaged in any off-balance sheet initiatives in response to the pandemic and there have been no specific measures for subnational levels of government.

In mid-April, the Government supplemented the initial support packages with announcements on support for SMEs and tertiary education:

- In support to SMEs, (NZD 3.1 billion) a tax loss carry-back scheme, and additional benefits from amendments to business continuity rules, flexibility on meeting tax obligations and support for commercial tenants and landlords.
- In support to tertiary education students, (NZD 133 million) to increase the amount available on student loans for course-related costs, support payments for those students who are unable to study online, and refund tuition fees, where necessary.

Public management

The public sector has limited operations to essential services and the capacity of the health system to respond to the pandemic has been the first priority in the government’s response. On 24 March, schools, tertiary-level institutions and early childhood centres were closed. Other public officials were instructed to work remotely, based on the business continuity plans for their organisation.

Union membership in New Zealand is relatively low at around 19% (2018) of the total workforce, as of March 2019. In the public sector, unions were involved in the determination and implementation of the
workforce measures adopted in sectors, such as conservation, health, justice, primary industries, and teaching.

The public sector management response has been led through a National Crisis Management Centre, which is a central point of co-ordination across the public sector. All information concerning the government’s response is available on a single site, with websites, such as the Treasury, containing business as usual information and directing visitors to the central site.

On 15 April, the Government announced that the Prime Minister, Government ministers and public service chief executives are to take a pay cut of 20% for the next six months. While the announcement does not alter the Government’s overall expenditure, it is a leadership statement at a time when many other people are struggling from the effects caused by the spread of COVID-19.

Implementation

The Government’s implementation of its budgetary response was through existing powers under the Public Finance Act. The implementation of the support package was possible through the Health Act, the Epidemic Preparedness Act, the Civil Defence Emergency Management Act and new legislation enacted by the Parliament before the House was adjourned on 24 March. The Parliament has since established the Epidemic Response Committee, chaired by the leader of the largest Opposition Party to consider and report to the House on matters relating to the Government’s management of the COVID-19 epidemic.14

The State Services Commission has provided guidance on work arrangements for the State services workforce and agencies (SSC, 2020[37]). In terms of operational responses, the Ministry of Social Development was able to make payments within five days of the government announcing the package.

On 25 March, the Government enacted an Imprest Supply Bill and included provisions to authorise the government to incur expenses in response to the effects of COVID-19. The New Zealand Debt Management Office continued to conduct market operations to raise debt in the period following the pandemic, supported by a Government commitment to maintain levels of government bonds on issue at not less than 20% of GDP (NZDMO, 2020[38]).

The Government has indicated it would prepare a further package focused on recovery as part of this year’s Budget on 14 May.

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Introduction

The first case of the Coronavirus (COVID-19) was confirmed in Norway on 26 February. By 16 April, the number of cases had risen to 6,798 and 150 deaths. All schools, kindergartens and universities are closed in Norway although some of those institutions remain open for the children of parents who work in health care or other essential services. Kindergartens will be reopened from 20 April and schools up to 4th grade will be reopened from 27 April. The government has advised against unnecessary travelling across municipality borders in Norway.

On 13 March 2020, the Government announced immediate measures to avoid unnecessary layoffs and bankruptcies in viable companies due to the economic shock caused by the COVID-19 pandemic. These measures are estimated to exceed NOK 65 billion (approximately 2% of mainland GDP). Norway has sufficient room for changes in economic policy as the Norwegian sovereign wealth fund provides a considerable fiscal buffer at three times the size of Norway’s non-oil economy and it is designed to be used when required (a fiscal policy rule governs how much can be transferred from the fund to the budget). There are certain mechanisms in place in Norway that make the economy quite well prepared for shock events, such as daily unemployment benefits, secure income if people become sick and access to healthcare services.

On 3 April the Government announced its fourth package of measures to handle the consequences of the COVID-19 pandemic. The Government summarised all measures announced up to 3 April to NOK 201 billion (approximately 6.5% of mainland GDP), of which NOK 62 billion refers to the use of automatic stabilisers. At the same time, the Norwegian economy is affected by lower oil prices. This provides lower revenues for the state and oil companies.

### Norway – budget and public management information

- **Population:** 5.4 million
- **GDP growth:** 1.3% of GDP (2018), n/a (2019)
- **General government fiscal balance:** 5% of GDP (2017), 8.1% of GDP (2018)
- **General government gross debt:** 44.6% of GDP (2017), 45.5% of GDP (2018)
- **General government expenditures:** 50.5% of GDP (2017), 49.2% of GDP (2018)
- **General government health expenditures:** 8.6% of GDP (2017)
- **Health sector:** 10.2% of GDP (2018)
- **General government employment:** 30.7% of GDP (2018)
Budget measures

To mitigate the negative economic effects, the government has introduced measures in several steps, and it considers that more may be needed.

Phase 1

- Phase 1 refers to immediate measures to avoid unnecessary layoffs and bankruptcies in viable companies. This includes reducing the number of days that employers have to pay salaries to workers that have been temporarily laid-off (from 15 to 2 days) and reducing the period between when a salary stops being paid to an employee and when that person is entitled to an unemployment benefit.
- The government has put in place immediate tax measures such as changing the corporate tax regulations so that companies can re-allocate losses from the previous year, changing tax regulations so that companies can postpone payments of wealth tax and personal businesses can postpone payment of advance tax, suspending the tax on air passengers and aviation charges. The government has also temporarily reduced the low rate of VAT from 12% to 8%, which includes passenger transport, accommodation and parts of the cultural sector as well as deferring the deadline for payment of the first VAT from April to June.
- The government has strengthened the support for in-house training for companies affected by the outbreak through increased grants to municipalities, as well as directly increasing allocation to municipalities, and making sure that pension rights are not affected negatively.
- Parents get twice as many paid days off for care of children, also called "sick-child-days", leaving the employer only to pay for the first three days (down from ten).
- The government has reduced the countercyclical capital buffer requirement for banks from 2.5 to 1% as from 13 March.
- The government has introduced a state guarantee scheme (NOK 50 billion) for new bank loans to small and medium-sized enterprises suffering losses. The government has also reinstated the Government Bond Fund (NOK 50 billion) to increase liquidity and access to capital in the Norwegian bond market, where larger companies typically raise funds.

Phase 2

- In Phase 2, the government will work on targeted measures towards sectors and businesses affected by the outbreak.
- The employers’ social insurance contributions will be temporarily reduced by 4%.
- The low rate of VAT is temporarily reduced to 6%.
- The government has introduced a state guarantee scheme of NOK 6 billion for airline companies.
- The government has strengthened the innovation grants scheme and the start-up grants scheme for businesses as well as increasing innovation loans related to start-up, innovation, restructuring, internationalisation and development, all together NOK 4.1 billion.
• On 3 April the government announced among others a broad reaching compensation scheme for businesses with more than 30% decline in turnover due to the virus outbreak. The measures are estimated to NOK 50 billion (over 2.5 months).

Phase 3

• In Phase 3, the government will consider broader measures if the virus outbreak causes the economy to go into a more severe downturn.

Public management

The Department of Employer Policy (DEP) at the Ministry of Local Government and Modernisation manages and develops laws, regulations, agreements, and administrative provisions for the government's personnel and employer policy. It is however, the local employers’ responsibility to adopt and adapt these frameworks for individual situations. The DEP operates the Norwegian Agency for Public and Financial Management, which manages, among other activities, an Advice and Guidance team on the laws, regulations, agreements and provisions. This team manages an open website for Government Agencies called the Employer Portal, on which there is official information and advice for Leadership and HR functions on the COVID-19 situation, including on updated collective agreements and on legal measures/matters. The Employer Portal has a two-way communication function, and local employers are encouraged to make contact. Q&As are established and updated based on the questions that arise and are communicated via the Portal. The DEP is to send a questionnaire (Employer Barometer) which will include questions on how employers are managing the situation. Similar questions will be repeated before or after the summer.

In December 2016, the Norwegian Directorate for Civil Protection published its report on Vital Functions in Society. The term ‘vital societal function’ is reserved for functions that society could not cope without for seven days or less without threatening the safety and/or security of the population. The central civil service is considered a vital function. The recommendation includes that a third of the staff are present at all times, however for the most part they are able to telework and still be deemed as present. Currently, all employees are asked to telework.

The issue of redeployment is managed by the Welfare Agency that manages unemployment benefits; it has received more than 300 000 benefit applications in recent weeks. The Agency arranges the voluntary reallocation of personnel from agencies, such as the Tax Authority. The Unions prefer that redeployment be temporary and on a voluntary basis as far as possible. The temporary Corona Law mandates that Unions be consulted on temporary changes to regulations relating to labour. For the Central Government, the DEP maintains teleconferences every other day with union leaders, on collective agreements and changes and amendments are adopted when required.

Implementation

A new temporary legislation (Corona Act) that supplements existing law and is an enabling Act that aims to mitigate the consequences of COVID-19 on the economy and the Norwegian people has been passed unanimously in the Norwegian Parliament (Storting). The Act allows the measures to be implemented through existing legislation as there is not sufficient time to fully follow the provisions in the Norwegian Constitution for enacting legislation. On 16 March, the Storting established a Coronavirus Special Committee that is to consider urgent matters relating to the COVID-19 crisis. The Committee’s membership comprises the President of the Storting and one MP from each of the nine parties sitting in Parliament.
References


Introduction

In Poland, the Parliament enacted legislation on 2 March 2020 containing specific solutions related to the prevention, counteraction and fighting COVID-19, other infectious diseases and crisis situations caused by them (so called: specact) came into force. The Act regulates many other key aspects of the functioning of the State during the COVID-19 pandemic.

On 18 March, the Polish government announced a PLN 212 billion coronavirus package (approximately 10% of GDP). The Government’s stated objective is to protect jobs and ensure the financial and health security of citizens and businesses, and to distribute the costs of doing this as fairly as possible across society.

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<th>Poland – budget and public management information</th>
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<tbody>
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<td><strong>Population:</strong> 38 million</td>
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<td><strong>GDP growth:</strong> 5.1% of GDP (2018), 4.1% (2019)</td>
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<tr>
<td><strong>General government fiscal balance:</strong> -1.5% of GDP (2017), -0.2% of GDP (2018)</td>
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<td><strong>General government gross debt¹:</strong> 68.5% of GDP (2017), 66.8% of GDP (2018)</td>
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<td><strong>General government expenditures:</strong> 41.2% of GDP (2017), 41.6% of GDP (2018)</td>
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<td><strong>General government health expenditures:</strong> 4.7% of GDP (2017)</td>
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<td><strong>Health sector²:</strong> 6.3% of GDP (2018)</td>
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<tr>
<td><strong>General government employment:</strong> 17.3% of GDP (2018)</td>
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</tbody>
</table>

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.

Budget measures

On 18 March 2020, Prime Minister Mateusz Morawiecki announced a PLN 212 billion (EUR 46.5 billion) ‘Anti-Crisis Shield’ Programme (program tarczy antykryzysowej). This represented approximately 10% of Polish GDP. The cost is based on direct spending plus the estimated cost of lending and tax breaks. The Shield Programme is based on five pillars:

1. Support to workers to prevent job losses: employee salaries are subsidised up to 40% of average monthly salary based on certain conditions. The subsidy will be provided on condition that the employer will not make any employees redundant. Companies with fewer than nine staff are exempt from social security contributions for three months. There are specific benefits for contractors and the self-employed covering up to 80% of their salary under certain conditions. The total estimate of these supports is estimated at PLN 9.5 billion over three months, of which PLN 6.8 billion is for micro-enterprises and PLN 2.6 billion for self-employed people.

2. Strengthening the guarantee of deposits and provision of support to financial institutions: Extension of bank working capital loans, liquidity funds including the possibility for medium and large companies to obtain a capital increase or financing in the form of bonds up to a ceiling of PLN 6 billion.

3. Healthcare support: On 8 March, the authorities unlocked EUR 23.3 million (PLN 98 million) for hospitals on 28 February. On 19 March, the Government has announced additional PLN 7.5 billion package for health sector in the framework of COVID-19 Measures.

4. Establishment of a public investment fund to modernise infrastructure, develop digitalisation and technological transformation.

5. Other support included deferral of certain obligations for businesses and non-budget measures such as protecting consumers from price increases and allowing greater flexibility for shops to open on Sunday, the extension of work permits for foreigners, and the extension of the minimum deadline for event organisers to refund customers.

On 7 April, the Government announced a PLN 11 billion (EUR 2.4 billion) expansion of the Shield Programme to include additional supports for businesses, workers and farmers. Key points included:

- An extension of the exemption from social security contributions to smaller firms.
- An extension of a one-off payment (a ‘parking payment’) to self-employed by two additional months.
- Payment of a quarantine allowance to farmers forced to self-isolate

On 8 April, the government announced that the Anti-Crisis Shield programme would be complemented by a Financial Shield Programme worth PLN 100 billion (around EUR 22 billion or 4.5% of GDP). This is a financial lifeline to companies designed to reduce incentives to lay-off workers in the current downturn.

Public Management

Tenured civil servants account for a small proportion of Poland’s public workforce. The rest are mainly classified as civil service employees or employees of local self-government. Subnational government is carried out at Regional, County and Municipal level. Human Resource Management in the Polish government is highly decentralised. Directors-General of Ministries are responsible for their own operations and directly employ their own public servants. Human resource management at subnational level is regulated by the law on local self-government. As such, solutions on public management may differ across government.
A key aspect of the Polish response to public management at central government level has been to introduce the possibility for managers to order their staff to work remotely. This is different from the principle of teleworking because an employee’s refusal to comply with an order to work remotely may result in disciplinary procedures. The Head of the Civil Service recommended that Directors-General develop transparent rules and procedures around remote working, including determining how to manage performance, establish communication channels, and equip their staff with secure IT equipment. As an example, in the Chancellery of the Prime Minister, 74% of staff work remotely and the number is rising. The Head of the Civil Service receives weekly reports on remote working from DGs and heads of offices – for now ca. 40% of staff in the civil service corps are working remotely.

The Government has introduced proposals for job cuts and salary cuts in ministries, central offices and agencies, Voivodship offices and other institutions (civil service). These may be enacted through secondary law. These possible cuts cover all categories of civil service corps members including tenured civil servants. In addition to job cuts and salary cuts, an intermediate solution on reducing working time with a simultaneous proportional reduction in remuneration is under discussion.

**Implementation**

The possibility of remote work was implemented on 12 March – immediately after the announcement of the introduction of a pandemic emergency. Employees received a remote work order by email or directly, as mentioned above, without the necessity of any amendments to labour contracts or agreements. Article 10 of the Act of 2 March noted that The Prime Minister may, at the request of the minister responsible for health, apply to the unit local self-government obligation to perform specific tasks in relation to the prevention of the spread of COVID-19.

On 31 March, the Parliament (Sejm) adopted an Act amending the Act on special solutions related to the prevention, counteracting and fighting COVID-19, other infectious diseases and crises caused by them, as well as some other Acts. The Act amended 60 other Acts. On 9 April, the parliament adopted an Act on specific support instruments changing 58 other Acts. As of 16 April, this was under discussion in the Senate.

The Polish Government has developed an application that citizens can download to provide basic contact and health details and to fulfil certain obligations while in quarantine.

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**PORTUGAL**

**Introduction**

The first case of COVID-19 was reported on 2 March 2020 and by 29 March, 5,962 cases were reported. On 18 March, the Parliament authorised the President of the Republic to declare a state of emergency, which brought into force a series of measures to limit the spread of the virus, including restrictions on movement and shops closed. Portugal granted on 30 March temporary full citizenship rights – until June 30 - to all migrants and asylum seekers to increase the health response to the COVID-19 crisis. The government’s package of support represents EUR 9.2 billion in liquidities for firms and independent workers, representing nearly 4.3 % of GDP.

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**Portugal – budget and public management information**

<table>
<thead>
<tr>
<th>Population: 10.5 million</th>
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</thead>
<tbody>
<tr>
<td>GDP growth: 2.6% of GDP (2018), 2.2% (2019)</td>
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<tr>
<td>General government fiscal balance: -3% of GDP (2017), -0.5% of GDP (2018)</td>
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<tr>
<td>General government gross debt¹: 143.1% of GDP (2017), 138.2% of GDP (2018)</td>
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<tr>
<td>General government expenditures: 45.4% of GDP (2017), 43.5% of GDP (2018)</td>
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<tr>
<td>General government health expenditures: 6% of GDP (2017)</td>
</tr>
<tr>
<td>Health sector²: 9.1% of GDP (2018)</td>
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<tr>
<td>General government employment: 14.3% of GDP (2018)</td>
</tr>
</tbody>
</table>

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.


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**Budget measures**

On 12 March, the Government created a EUR 200 million “COVID-19” credit line offering advantageous financing solutions for eligible firms. The amount was later doubled to respond to the demand.
The Government’s budget response was announced by the Ministries in charge of Finance and in charge of Economy and Digital Transition. The support package include EUR 5.2 billion in fiscal stimulus, EUR 3 billion in State-backed credit guarantees and EUR 1 billion in social security payments.

- Fiscal stimulus: the main measures include flexibility for tax payments, including delayed payments without interest.
- State-backed credit guarantees: this measure is to ensure that the companies most affected by the COVID-19 outbreak have sufficient liquidity to safeguard jobs and continue operating. The sectors concerned are restaurants, tourism and industry (textile, wood and others), and support is also targeted at micro and small enterprises.
- Social security payments: EUR 1 billion in social security payments.

Other measures include social protection of workers and their families, such as keeping credit lines, or an exceptional financial support to workers who need to stay home with their children below 12 years old, amounting to 66% of base salary (33% paid by the employer, and 33% paid by the social security), and measures to avoid dismissals.

Moreover, alongside France, Italy, Spain, Belgium, Ireland, Greece, Slovenia and Luxembourg, Portugal called for the creation “corona-bonds”, a new mutualised debt instrument.

Public management

The guidelines for public services and public employees in the pandemic context are the responsibility of the Minister for State Modernisation and Public Administration. The Agency for Administrative Modernisation (AMA) is co-ordinating a centralised communication system (including municipalities) and providing technical guidelines for the administration. The AMA is also responsible for ensuring that access to public services remains efficient through the portal https://eportugal.gov.pt/. This portal was strengthened to better support citizens’ use of digital public services. Contact lines were also created for this purpose.

The Order n.º 3614-D/2020 - Diário da República n.º 58/2020 - defines guidelines for public services, including public employees. Teleworking was approved in the civil service, and civil servants who telework receive full pay and meal allowances. Whenever teleworking is not possible, civil servants have the right to flexible work conditions and flexible schedules. In such cases, the employer is to guarantee that social distancing is possible in the workplace; if this is not possible, working in shifts is advised. If a civil servant is taking care of family member (child or grandchild less than 12 years old, with a disability or chronic illness, or with COVID-19), his/ her absence falls under the existing regime for absences to take care of a child or grandchild less than 12 years old, with a disability or chronic illness, and meal allowances are not paid.

The government also has the right to redeploy workers as needed, namely to guarantee access to 18 “essential public services” within six Ministries (Justice, Education, Sea, Agriculture, Finance and Labour). Some unions have expressed concerns that civil servants were not being protected as they should be. Permanent mobility between public administrations is not authorised during the pandemic, but temporary mobility may be authorised on an exceptional basis to bring civil servants closer to their place of residence and to avoid unnecessary travel. The National Health Service (Serviço Nacional de Saúde) has adopted exceptional human resources measures, which include removing overtime ceilings, simplifying hiring procedures (including retired doctors), facilitating mobility, postponing annual leave entitlements. Public entities’ procurement procedures have also suffered temporary changes to speed up the acquisition of essential and urgent goods and services.
Implementation

On 20 March, following the declaration of the state of emergency, the Government legislated on measures to prevent and contain the pandemic, save lives and ensure the provision of essential goods and services. The Law No. 1-A/2020 detailed the exceptional and temporary measures in response to the crisis. The Order No 3614-D/2020 details the guidelines for public services regarding the state of emergency context.

On 26 March, the Government doubled the credit line to support firms’ cash flow from EUR 200 million to EUR 400 million. On the same date, the Government adopted a decree protecting jobs.

Moreover, Order No. 3301-E/2020 delegated powers to organisations, agencies, services and other entities to allow the hiring of fixed-term public employees, for a four-month period.

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SLOVAK REPUBLIC

Introduction

The arrival of COVID-19 to Slovakia occurred later than was the case for neighbouring countries in Western Europe, with the first case of COVID-19 confirmed on 6 March 2020. The spread of COVID-19 in the Slovak Republic has also been relatively slow, with this being attributed to the decisions taken by then Prime Minister and interim Minister of Health to put in place some of the most serious precautions in Europe at the time. This included nationwide school closures on 16 March; ban on visiting relatives in hospitals, social services homes and prisons (9 March); cancelation of cultural, social and sport related events (10 March); land border checks (13 March); closure of international airports (13 March); closure of non-essential businesses and establishment of quarantine centres (16 March); and the declaration of a state of emergency (16 March). The Government decided to restrict the free movement of persons from 8 April 00:00 until 13 April 11:59 p.m., except for specific situations, to avoid mass travel and visits during Easter holidays. As of 13 April, there are 835 confirmed coronavirus cases in the Slovak Republic (Public Health Authority of the Slovak Republic, 2020[39]).

A new coalition government was formed in the Slovak Republic and sworn in by the President on 21 March. In light of the pandemic, one of the first tasks of the new coalition government has been to agree a package of fiscal measures to help firms and employees experiencing difficulties. The Council for Budget Responsibility published its most recent fiscal update in February 2020, pre-dating the arrival of COVID-19 in the Slovak Republic. At that time, the government’s fiscal balance was estimated to be -2.4% of GDP for 2020 (Council for Budget Responsibility, 2020[40]). A reforecast will be necessary to estimate the economic and fiscal effects of COVID-19 and associated fiscal measures.

Slovak Republic – budget and public management information

Population: 5.5 million
GDP growth: 4% of GDP (2018), 2.3% (2019)
General government fiscal balance: -1% of GDP (2017), -1.1% of GDP (2018)
General government gross debt¹: 65.7% of GDP (2017), 63.5% of GDP (2018)
General government expenditures: 41.5% of GDP (2017), 41.8% of GDP (2018)
General government health expenditures: 7.1% of GDP (2017)
Health sector²: 6.7% of GDP (2018)
General government employment: 18.5% of GDP (2018)
Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.


Budget measures

The first fiscal measures approved in response to the pandemic are new rules in the sickness insurance system to help those affected by school closures and quarantine. Parents who are at home with their kids will get 55% of their gross salary from the state during school closure (instead of 10 days maximum). Employees in quarantine will get 55% of their gross salary from the state (first 10 days were covered by the employer previously). This measure is estimated to cost EUR 340 million.

The Government has also designed a larger fiscal stimulus package focussed on helping employers and businesses negatively affected by the COVID-19 pandemic. A package amounting to approximately EUR 4.5 billion over the coming three months was agreed among coalition partners on 31 March. The planned direct aid measures amount to EUR 1 billion monthly (1% of GDP) and comprises:

- Support for individuals: The state will pay 80% of wages at firms forced to shut, up to a maximum of EUR 1 100 per employee per month. The state will also contribute help to self-employed people that suffer falling revenue, with payments linked to the size of the revenue drop (EUR 180 per month if revenues dropped by more than 20%, EUR 300 per month if revenues dropped by more than 40%, EUR 420 per month if revenues dropped by more than 60%, and EUR 540 per month if revenues dropped by more than 80%). In addition, unemployment benefits have been extended from six to seven months.

- Support for businesses: The state will make contributions to employers to compensate for falling revenue. Employers will be allowed to postpone their contributions to state social and health systems and delay the payment of payroll taxes if they suffer a drop in revenue of more than 40%.

On top of the direct aid, there has also been an extension of the deadline for the submission of income tax returns and payment of income tax. The state is also planning to offer businesses bank guarantees of up to EUR 500 million a month. Moreover, the government together with banks are preparing to postpone the loan re-payments for both firms and individuals. It is anticipated that businesses will also be able to offset accumulated losses from past years going back to 2014 against corporate income tax. However, these measures have not yet been approved. Indeed, the full details of the fiscal stimulus package are continuing to evolve and there may also be new measures announced in coming weeks.

Public management

In general, civil servants and other public employees – along with the rest of the public – are encouraged to work from home. However, the situation varies depending on the government institution. Due to civil service and public service decentralisation, working arrangements are agreed at the level of the employing organisation, without central monitoring. No formal instructions have been developed except in specific sectors such as health and social services. However, the Government Office along with other authorities provides support and guidance for service offices and public employers on how to obey their legal obligations towards the civil servants and other public employees during this challenging time.

Public employers have taken measures to secure a healthy workplace. These include providing facemasks, implementing new rigorous hygiene policy or eliminating/limiting social contacts (such as postponing recruitment, suspend classroom training).
The Government is not planning to increase medical personnel; however, unnecessary surgeries have been postponed in order to not overburden the health system. The Government is also trying to reallocate staff resources to areas facing major pandemic issues. Since the state of emergency has been declared, essential workers (medical personnel) are not allowed to strike.

The Prime Minister met the Labour Unions Confederation (KOZ) (which represents unions, including the union for public administration SLOVES) on 6 April to discuss the social situation. The Prime Minister declared that the Government perceives KOZ as partner and highlighted the need for social dialogue during such a challenging time.

Implementation

The first measures relating to new rules in the sickness insurance system were approved on 25 March through an amendment to the Act No 461/2003 on social insurance and other related Acts. A number of the measures were also approved through legislation passed in Parliament at the start of April, including:

- An amendment to Act No 311/2001 of the labour code approved on 2 April, covering changes to unemployment benefit, salary compensation, home office, working time, vacation or employees' absence at work, among other changes.
- An Act on specific financial measures related to COVID-19 approved on 2 April, covering extensions to tax return deadlines and loan guarantees, among other changes.
- A further amendment to Act No 461/2003 on social insurance and other relate acts approved on 3 April, covering changes to the payment of payroll taxes for businesses that experience a fall in revenues.

Some of the main elements of the fiscal stimulus package, however, were introduced through Government, rather than parliamentary, approval. Specifically, the Government has the autonomy to introduce measures to support employment given that a state of emergency was declared in mid-March.

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SLOVENIA

Introduction

On 30 March, Slovenia had 691 cases of COVID-19 and 9 deaths. The Government has implemented a range of measures in response to the pandemic including budget measures and restrictions on public gatherings, the closure of schools and non-essential businesses. The budget measures amounted to EUR 3 billion, representing approximately 6% of GDP. A new government took office on 13 March, in the midst of the pandemic, following the resignation of former Prime Minister Šarec on 27 January 2020.

Slovenia – budget and public management information

Population: 2.1 million
GDP growth: 4.1% of GDP (2018), 2.4% (2019)
General government fiscal balance: 0.0% of GDP (2017), 0.8% of GDP (2018)
General government gross debt\(^1\): 89% of GDP (2017), 83.2% of GDP (2018)
General government expenditures: 44.1% of GDP (2017), 43.6% of GDP (2018)
General government health expenditures: 6.6% of GDP (2017)
Health sector\(^2\): 7.9% of GDP (2018)
General government employment: 16.9% of GDP (2018)

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.

Budget measures

On 2 April, the National Assembly passed an “anti-Corona” legislative package (adopted by the government on 29 March), totalling EUR 3 billion (approximately 6% of GDP). The package focused on households, workers and businesses. It comprised subsidies to self-employed who lost at least 25% of revenue in March compared to February - and 50% in April and May compared to February - and included measures for pensioners, students and families. The legislation enabled the Government to reallocate budget funding to the health sector if required.

Unclassified
The most visible policy in the package was a pay compensation mechanism, covering 80% of the basic salary of some workers. In a largely symbolic move, the Slovenian government has also reduced the salaries of high-level positions by 30%, such as that of the President of the Republic.

The Act also focuses on aiding business, notably by:

- Freezing their payment of social contributions: The government will pay pension contributions for firms that continue operations during the crisis response period.
- Deferring corporate tax payments for up to 24 months without incurring interest.
- Implementing a private sector loan guarantee mechanism, accounting for EUR 200 million of the package.
- Using the state-owned export and development bank to make additional funding available to businesses.

The Government has advised that a second package will follow soon.

Alongside Belgium, France, Greece, Ireland, Italy, Luxembourg, Portugal and Spain, Slovenia has called for the creation “corona-bonds”, a new mutualised debt instrument to support sovereign borrowing programmes by adding to the range of debt instruments available to governments to finance the budget measures.

As substitute for a direct budgetary measure, the government has issued a decree to reduce electricity prices by around 20% for the next three months to ease the impact of the pandemic.

**Public management**

In addition to measures included in the aforementioned “anti-Corona” legislative package, the Ministry of Public Administration has established guidelines regarding the rights and obligations of public servants. Measures and guidelines focus on:

- work from home when possible;
- use of leave with the agreement of the public servant
- possibility for temporary relocation or assigning less demanding work that can be made with or without the civil servant’s consent
- furlough with a salary allowance of 80% of basic salary
- a financial supplement for dangerous work and excessive workload up to 100% of the basic salary during the pandemic
- overtime that can be requested by the employer if necessary up to 20 hours per week or longer period with the civil servant’s consent
- reduction of wages of functionaries by 30% during the pandemic
- no need for public notice of vacancy in the public sector for the employer to enter into an employment relationship with civil servant due to urgent needs during the pandemic.

Guidelines and IT recommendations are available on a website managed by the Ministry of Public Administration. The Ministry is also preparing a more extensive Act on Temporary Measures in the Field of Employment, Wages and Supplements in the Public Sector. The measures will be included in the second anti-Corona” legislative package.
Implementation

Decisions relating to a temporary bans of specific goods and services, the prohibition of public gatherings, and the prohibition of movement have been adopted through Government Ordinances. The “anti-corona” legislative packages – the first one has been passed, the second one is being drafted - are under the responsibility of the National Assembly.

Regarding increased budget flexibility, the Slovenian government has suspended its current budget while a revised budget is being prepared. During this time, around EUR 400 million remain available. The Government therefore asked for a reduction of 30% of spending most notably on goods and services expenditures and subsidies.

References

EUPAN (2020), Country response
Introduction

The first case of coronavirus (COVID-19) was reported in the Canary Islands in late January (from a visiting tourist), with the first mainland case in late February in Cataluña. The Spanish Government declared a state of emergency on 14 March, and a national lockdown began. On April 11th, the state of emergency had been extended to 26 April. As of 16 April, Spain had recorded over 182 000 infections with 19 130 deaths. 15 Schools and universities are closed, non-essential workers and residents are asked to self-quarantine at home, border restrictions are in place, and public events and gatherings are not permitted.

In addition to these and other health measures, Spain’s Government issued three packages of support to respond to the national COVID-19 crisis, the first two totalling an estimated EUR 200 billion (or 20% of GDP). A quantitative estimate on the third package is not yet available.

Spain – budget and public management information

Population: 46.9 million
GDP growth: 2.4% of GDP (2018), 2% (2019)
General government fiscal balance: -3% of GDP (2017), -2.5% of GDP (2018)
General government gross debt1: 115.8% of GDP (2017), 114.7% of GDP (2018)
General government expenditures: 41.2% of GDP (2017), 41.7% of GDP (2018)
General government health expenditures: 6% of GDP (2017)
Health sector2: 8.9% of GDP (2018)
General government employment: 15.7% of GDP (2018)

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.

Budget measures

Of the three support packages, two packages were approved on 12 March and 17 March, and the third on 31 March. The first package was for EUR 18.2 billion, including liquidity measures, with the second package amounting to EUR 5 billion of additional public expenditure, and up to EUR 100 billion in public guarantees. EUR 30 million was allocated for research on COVID-19. No estimated quantification has been provided for the third package. No estimation on the size of the third package has been provided. The measures were first developed by the Council of Ministers, following subsequent debate and ratification by Congress (Congreso de Diputados).

- For workers: notably, it was not possible to terminate employees due to COVID-19 and workers were granted the right to flexible work schedules to care for dependents. Furthermore, changes in the temporary employment adjustment schemes (ERTEs) were made: (i) through simplification; (ii) extending eligibility; (iii) unemployment benefits received under the temporary employment adjustment scheme do not count in terms of consumption of unemployment benefit rights, and (iv) employers will be exempt from social contributions during the period of application of the temporary employment adjustment scheme. Furthermore, an extraordinary allowance is offered for self-employed workers affected by the suspension of economic activity. In the third package, a special benefit was offered to domestic workers currently unemployed due to the COVID-19 crisis. Self-employed workers were also given a 6-month interest-free suspension of social security contributions for the period April-June).

- Social measures: the Government prohibited the cutting of water, gas, and electric utilities, and telecoms services for "users with vulnerable consumer status, severe vulnerability or at risk of social exclusion" including self-employed persons currently in unemployment. A supplemental credit of EUR 25 million has been earmarked to cover meal allowances to ensure the basic access to food for vulnerable children affected by the suspension of educational activity in schools. Finally, a moratorium was issued on mortgage payments, again for debtors in a situation of special vulnerability. The Autonomous Communities, as shown below, received funds for other social measures. In the third package of measures, it was declared that it would not be possible to evict tenants from 6 months from the beginning of the state of alarm, and a moratorium was issued for those in vulnerable situations, including those living in public housing. Furthermore, microcredits were established through the ICO for tenants for tenants with "vulnerable" status for rent payments.

- For regions/municipalities: Municipalities were permitted to utilise funds from the 2019 budgetary surplus for social services and primary assistance to dependent persons (EUR 300 million). For Autonomous Communities, advance transfers were made: in total EUR 600 million was provided to Autonomous Communities to use on social and health spending and emergency services.

- For businesses: the moratorium on mortgage payments was expanded to include small businesses and commerce. Additionally, SMEs and self-employed persons were granted the option to delay tax payments (of up to EUR 30 000) for 6 months. Employers were granted a 50% exemption from social security contributions, from February to June 2020, for workers with permanent discontinuous contracts in the tourism sector and related activities.

- Various lines of credit opened: The ICO (Instituto de Crédito Oficial) financing facility will administer EUR 400 million to support, through liquidity provision, firms and self-employed workers in the tourism sector affected by COVID-19. For the financial sector, the Government will open a new line of guarantees (also through ICO) of up to EUR 100 billion. Finally, the ICO is allowed to increase its funding by EUR 10 billion to extend its existing lines of credit to companies and self-employed workers.
Public employment

The Ministry for Territorial Policy and Public Administration issued two resolutions (the first on 10 March followed by a second on 12 March) concerning public employees at central level (Administration General del Estado). Some measures concerning public employees were also included in the third package issued March 31. These resolutions covered working conditions, pay, and business continuity, and included:

- During preventive quarantines, public employees are to receive 100% of their remuneration. As such, public employees working in a particular place of residence, as a consequence of the temporary suspension of activities in their work units, and which have not been relocated to others, would still be considered effective working time. The resolution also allows flexibility during the working day without being subject to the limits established under normal working conditions. Teleworking is permitted and in-person meetings should be avoided as far as possible. As of 8 of April, approximately 62% of central government civil servants were working from home\textsuperscript{16}. To facilitate this, the use of videoconferences has been encouraged. Recruitment exams and in-person trainings were also suspended.

- Concerning service delivery and business continuity, and with prior authorisation, the resolution permits employees to utilise non-contact modalities of work (such as web-based options) to guarantee the provision. In the case of in-person care, shifts will be established, if necessary, to support the continuity of services. Several parallel decrees expanded on the need to maintain the continuity of services. In the education sector, Royal Decree 463/2020, of 14 March, declared a state of emergency for the management of the health crisis has suspended all face-to-face educational activity, while maintaining that online teaching is possible. In addition, extraordinary services may be required of health personnel. Furthermore, some regions have suspended the granting of vacations, permits and licenses during the validity of the state of emergency. It also suspended all terms regarding administrative procedures in the public sector during the period of validity of the state of alarm and its extensions.

- Other measures have included the drafting and dissemination of FAQs about measures against COVID-19 within ministries and national public organisations. Likewise, exceptional temporary hiring and appointment authorisations have been approved in order to immediately increase staffing in certain areas, including in prisons, the Ministry of Health or the sanitary network of the Ministry of Defence, social services, IT, specialised staff for the Agency for Medicines and Health Products and the Spanish Public Radio Television.

- Voluntary redeployment was outlined in the third package of measures, with possibility of the redistribution of personnel in non-critical areas to be temporarily placed in essential areas, as well as the immediate redistribution of positions in order to strengthen both the Ministry of Health and the Ministry of Social Services and Agenda 2030.

- Finally, daily and weekly procedures have been implemented, such as follow-up reports on the impact of the resolutions of the Secretary of State of Civil Service on COVID in the Ministries or reinforcement of the telephone hotline for citizens.

\textsuperscript{16} https://transparencia.gob.es/transparencia/dam/jcr:0d30c7df-946a-43da-a93ad70ea9e15ea1/Datos\%20provisionales\%208\%20abril.pdf
Implementation

Spain is a quasi-federal country, with competencies for education, health and other social services at regional or municipal level. The Ministry of Territorial Policy and Public Function for the State Administration and those public entities in the autonomous communities and local Administration are empowered to issue instructions and resolutions that are necessary to regulate the provision of services of public employees to maintain the operation of essential services.

Concerning public employment, on 25 March, the Ministry led a meeting of the Coordination Commission on Public Employment, to share and align policies with Autonomous Communities and municipalities and provinces (through FEMP), who have competencies for a considerable number of services.

The Spanish Government has created a central portal to consolidate and share information on the Covid measures. The portal (found below in References) includes information from the Ministry of Territorial Policy and Public Function for the State Administration on the share of public employees working from home across individual ministries.

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Introduction

By 15 April 2020, Sweden had reported 12,540 cases of COVID-19 and 1,333 deaths. Largely, the Public Health Agency has overseen the measures adopted in Sweden. Although Sweden’s responses to COVID-19 differ from most other OECD countries, the government has advocated working from home where possible, avoiding non-essential travel and for the elderly to avoid social contact. Normal teleworking rules apply, and each agency decides how these can be handled according to operations. Gatherings of more than 50 people have been banned, a change from the initial ban of gatherings of 500 or more. Universities and colleges have closed but elementary schools remain open.

On 16 March, the Government announced a comprehensive package of up to SEK 300 billion (EUR 28 billion) to mitigate the effects of COVID-19. Additionally, the Riksbank (the Central Bank of Sweden) has lent up to SEK 500 billion to companies to maintain the supply of credit to Swedish companies and avoid the shortage of credit. On 30 March, the Government presented further measures to alleviate the impact on jobs and the Swedish economy. In total, the measures amount to approximately SEK 646 billion (nearly 13% of GDP), including liquidity provisions and credit guarantees. The measures that directly affect the general government balance amount to SEK 95 billion, or 1.9% of GDP for 2020, and most of these measures are temporary, with approximately SEK 12 billion being permanent measures that affect the balance from 2021 and onwards.

### Sweden – budget and public management information

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>10 million</td>
</tr>
<tr>
<td>GDP growth</td>
<td>2.2% of GDP (2018), 1.2% (2019)</td>
</tr>
<tr>
<td>General government fiscal balance</td>
<td>1.4% of GDP (2017), 0.8% of GDP (2018)</td>
</tr>
<tr>
<td>General government gross debt¹</td>
<td>51.2% of GDP (2017), 49.6% of GDP (2018)</td>
</tr>
<tr>
<td>General government expenditures</td>
<td>49.3% of GDP (2017), 49.8% of GDP (2018)</td>
</tr>
<tr>
<td>General government health expenditures</td>
<td>6.9% of GDP (2017)</td>
</tr>
<tr>
<td>Health sector²</td>
<td>11% of GDP (2018)</td>
</tr>
<tr>
<td>General government employment</td>
<td>28.7% of GDP (2018)</td>
</tr>
</tbody>
</table>

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.

Budget measures

The Government has announced measures to limit the spread of COVID-19 and to mitigate its economic impact by providing support to employees, businesses and industry, while ensuring adequate resources to the health care system and other areas of government, such as education.

Employees

Increased funding is to be paid to the Swedish public employment service and labour market policy programmes. It is also proposed that the maximum period of support for starting a new business be extended from six to twelve months.

The Government is to introduce a compensation system for short-term layoffs, under which the state will bear 75% of the costs from a reduction in the time worked. Employers will be able to get compensation right away and for the rest of 2020.

- Unemployment insurance: The requirements concerning who can receive money from an unemployment insurance fund will be temporarily relaxed in terms of how much people need to have worked and how long people need to have been a member of a fund. The highest and the lowest amounts paid out by an unemployment insurance fund will be raised temporarily. It is also proposed that the fund companies receive funding for administration.
- Sickness allowance: The state will bear the cost of the sickness allowance during April and May 2020. Those who are self-employed will be compensated by a standardised sickness allowance for up to 14 days.

Businesses

- Tax reliefs and refunds: Companies can apply for tax relief on the payment of employers’ tax deductions, social contribution and VAT. The relief is to be available from January to September 2020, with the possibility of extension.
- New enterprise and labour market policy: Increased funding is to be paid to the Swedish public employment service and labour market policy programmes. The maximum period of support for starting a new business is be extended from 6 to 12 months. In addition, municipalities are to receive grants for summer jobs for young people and funding for green jobs, primarily in the area of nature and forest conservation.

Industry

- Increased funding for culture and sport: The Government has proposed an extra SEK 1 billion to the cultural and sporting sectors in response to the economic consequences of COVID-19. The additional funding will be granted for activities that lose revenue because of the restrictions on public gatherings.
- State credit guarantees to airlines and expanded credit guarantee framework: The Government has proposed that airlines can receive credit guarantees in 2020 amounting to a maximum of SEK 5 billion, of which SEK 1.5 billion is intended for the national carrier, SAS. The Swedish Export Credit Agency’s credit guarantee framework will be expanded by SEK 50 billion to support exporting companies in Sweden and the shipping industry.
Sectors

- Healthcare: The Public Health Agency will receive an additional SEK 41 million, the National Board of Health and Welfare will receive an additional SEK 20 million, and the Swedish Medical Product Agency will receive an additional SEK 5 million. The National Board of Health and Welfare’s credit framework will be tripled to SEK 300 million to enable it to buy protective equipment and testing kits. The central government can also retroactively compensate municipalities and regions for unexpected costs in health and medical care associated with the outbreak.

- Education and training: Funding to vocational education and training is to increase as unemployment is expected to rise. Increased funding is allocated to distance learning at higher education institutions. To compensate for the increased work, Swedish Council for Higher Education and the Swedish Board of Student Finance are to receive increased funding. The income ceiling on student aid will be removed so that health and medical students can help without a reduction to their student aid.

Public management

The Swedish Agency for Government Employers (www.arbetsgivarverket.se) has put in place certain measures, such as compiling ongoing questions and answers in response to COVID-19 from a labour law perspective. The questions and answers are divided into different areas, where it’s possible to find information on working time and rest, obligation for work and homework, sick leave, compensation and other relevant issues. According to Arbetsgivarverket, employers are responsible for the worker’s working environment even when they are working from home. Employers can agree with employees on necessary tasks that need to be carried out by those employees who are absent due to illness if they are covered by the collective agreement, by the individual employment contract and if the employer has the right qualifications. Arbetsgivarverket has also initiated negotiations with unions to make relevant changes in the collective agreement connected to working time.

The Parliament has passed a new law that makes it possible to temporarily close schools and preschools while establishing an obligation on municipalities to keep certain schools and preschools open. The obligation is intended for children whose parents perform essential service roles in, for example the healthcare sector, military, energy supply, protection and security, financial services and public administration.

Implementation

On 19 March, the government presented its initial package of measures to the Parliament. Further measures are to be presented to Parliament through proposed amendments to the 2019/20 Budget and a supplementary budget. The 2020 spring fiscal policy bill contains an overview of the measures presented so far. The Parliament is also considering legislative proposals on non-budgetary measures so implementation can occur quickly if the need arises.
References


Introduction

By 30 March 2020, 14,274 COVID-19 cases were reported. The outbreak has claimed 257 lives. On 16 March, the Federal Council declared a national state of emergency, closing shops, restaurants, bars, entertainment facilities and schools (with exceptions for food stores and pharmacies) and introducing border controls until 19 April. The Federal Council prohibited public gatherings of five people or more and recommended citizens to stay home (Swiss Federal Office of Public Health, 2020[42]). In March, the Federal Council announced a package of measures of around CHF 62 billion (9% of GDP) to cushion the economic consequences of COVID-19 (Swiss Federal Department of Economic Affairs, Education and Research, 2020[43]). The exact value of the package will depend on the rate of uptake, as outlined below.

<table>
<thead>
<tr>
<th>Switzerland – budget and public management information</th>
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</thead>
<tbody>
<tr>
<td><strong>Population:</strong> 8.6 million</td>
</tr>
<tr>
<td><strong>GDP growth:</strong> 2.8% of GDP (2018), 0.9% (2019)</td>
</tr>
<tr>
<td><strong>General government fiscal balance:</strong> 1.2% of GDP (2017), 1.4% of GDP (2018)</td>
</tr>
<tr>
<td><strong>General government gross debt:</strong> 42.8% of GDP (2017), 41.1% of GDP (2018)</td>
</tr>
<tr>
<td><strong>General government expenditures:</strong> 34.1% of GDP (2017), 33.7% of GDP (2018)</td>
</tr>
<tr>
<td><strong>General government health expenditures:</strong> 2.2% of GDP (2017)</td>
</tr>
<tr>
<td><strong>Health sector:</strong> 12.2% of GDP (2018)</td>
</tr>
<tr>
<td><strong>General government employment:</strong> 10.1% of GDP (2017)</td>
</tr>
</tbody>
</table>

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments. Source: OECD National Accounts Statistics (database); Eurostat Government Finance Statistics (database) as of 21 January 2020 and for (3) from the International Labour Organization (ILO), ILOSTAT (database), Public employment by sectors and sub-sectors of national accounts as of 21 June 2019. For Health sector: OECD Health Statistics 2019, WHO Global Health Expenditure Database as of November 2019 (OECD, 2019[1]).
Budget measures

The package of measures focuses on the short-time work scheme, increasing liquidity for enterprises by means of tax-related measures and government guarantees. The package comprises the following elements.

- Extension of the short-term work scheme and simplification of the administrative procedures: The unemployment insurance fund is to provide an additional CHF 8 billion for short-time work allowances, of which CHF 6 billion will be funded by the Federal Budget. The short-term work allowance will also be paid to employees in fixed-term contracts, people in temporary employment, employer-like entities, such as partnerships, apprentices, and individuals who work with his or her spouse or registered partner. The latter group will receive a lump sum of CHF 3 320 for a full-time position. The waiting period for the short-time work allowances is suspended and workers no longer have to cut overtime before they can benefit from allowances until September 2020.

- Compensation for loss of earnings: Self-employed persons who suffer a loss of earnings due to official measures (school closures, medical quarantine or closing of companies and shops) will be compensated. Employed parents will be entitled to compensation if they have to stop working due to school closures. The compensation is paid out from the income compensation allowance scheme and corresponds to 80% of income at a maximum of CHF 196 per day.

- Deferral of taxes and social security contributions (SSC) to increase the liquidity of enterprises: Companies can extend the tax payment deadlines without having to pay default interest. As such, the interest rate for VAT, federal income taxes, customs duties, special consumption taxes and incentive taxes were reduced to 0.0% until the end of 2020. In addition, the Federal Council enacted a temporary and interest-free deferral for the payment of SSC for affected companies and the self-employed (including adjusting regular advance payments for SSC if wage payments or sales have decreased significantly). Moreover, employers may temporarily use the employer contribution reserves to pay employee contributions for the occupational pension scheme.

- Sectoral support: The ban on events in the cultural sector is to be cushioned by emergency aid and compensation of CHF 280 million. Sports clubs and organisers of mass sport that face severe problems are to be supported by repayable loans and subsidies (CHF 50 million each).

Separate from measures that directly affect the fiscal balance, the Federal Budget guarantees bridging credit facilities for SMEs. More specifically, the Federal Council implemented a guarantee programme worth CHF 40 billion. Affected enterprises can apply for bridging credits of up to 10% of annual sales and a maximum of CHF 20 million. Amounts of up to CHF 0.5 million are paid out immediately and interest free by banks and fully secured by the government. Amounts in excess of this sum are to be secured by the government to 85% and require an examination by the bank (Swiss Federal Department of Finance, 2020[44]). In addition, a debt enforcement standstill was enacted from 19 March to 4 April.

At the cantonal level, complementary measures were announced, including the canton of Basel-Stadt that developed a deferred payment for local infrastructure services (energy and water) and secures bridging credit facilities for enterprises offered by the cantonal savings bank. The canton of Zurich provides credit guarantees to a total of CHF 425 million to encourage commercial banks to improve access to finance for regional SMEs. The canton also provides funds for emergency aid to the self-employed. The canton of Aargau announced a support package of CHF 300 million to support enterprises and the self-employed.

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17 The Federal Council has increased the volume of the guarantee programme from 20 to 40 billion on 3 April.
Public management

The Federal Administration maintained its services and followed the recommendations for all employers, as issued by the Federal Council. The recommendations include reduced requirements for medical certificates to relieve the pressure on the health system and information campaigns for employees on protective measures as stated by the Federal Office of Public Health. Further aspects of the package include the recommendation to employees not to use public transport at peak times and increased flexibility on work hours, including teleworking if feasible. In addition, there is the right to a maximum of three days paid leave for emergency care and further care for family members.

For the staff of the Federal Administration (does not apply to the administrations of the cantons and municipalities), The Federal Department of Finance has adapted the legal provision on submitting a medical certificate in case of illness. Now, such a certificate must only be submitted after absences lasting longer than ten days (previously: five days).

The most frequent personnel law questions (FAQ) in connection with COVID-19 have been compiled. These include questions regarding working hours (technical problems, childcare, etc.) and wage entitlements.

In the health sector, the Federal Council defined that hospitals carry out only urgently required medical interventions to keep capacity for COVID-19 patients. Moreover, the capacity in health care was increased by activating military services specialised in health support. Several cantons mobilised civil defence volunteers. The Federal Council increased the flexibility on the work-rest times in the health sector. However, the public employee association called for supplementary measures to protect health workers.

Implementation

The Federal Council announced the package of measures amounting to around CHF 62 billion to cushion the economic consequences of the spread of COVID-19 in three steps, i.e., on 13 March, 23 March and 3 April.

As the majority of measures were considered urgent, the finance delegation of the Federal Parliament approved the funding commitments in an urgency procedure for a supplementary budget for 2020 of around CHF 50.8 billion. In addition, the finance delegation of the Federal Parliament approved a further supplementary budget proposal of CHF 775 million primarily for the procurement of medicines and medical supplies (especially masks and disinfectants for the public and the health care sector) on 14 April. The Federal Parliament will meet for an extraordinary session on May 4 to 8 to approve the supplementary budget. The Federal Council considers the additional expenditures and funding commitments as extraordinary expenditures consistent with the provisions of the Federal debt brake. In extraordinary circumstances, e.g. severe recessions or natural disasters, the rule's expenditure ceiling can be raised by a qualified majority of both chambers of the Federal Parliament. In principle, these exceptional expenditures have to be compensated over the next years. By means of emergency ordinance, the Federal Council activated the guarantees for COVID-19 bridging credit facilities as of 26 March. Many of the measures targeted at the labour market were activated timely by the Federal Council.
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Introduction

The first case of COVID-19 in Turkey was reported on 10 March 2020 and by 17 April, almost 74 000 cases were confirmed. All schools were closed from 12 March and schools will continue distance education until 30 April. Confinement measures were implemented for people over the age of 65 and with chronic illnesses from 22 March. The most recent measures include strict limitations on travel between provinces, suspension of all overseas flights, closure of non-essential shops and recreational areas. On 18 March 2020, the President rolled out a TRY 100 billion (approximately 1.5% of GDP) plan to tackle the impacts of the COVID-19 on the economy.

In 2018, the economy slowed sharply after the rapid depreciation of the lira, which increased the national debt burden. In 2019, growth picked up, although the OECD projected GDP growth of around 3%, below Turkey’s potential growth (OECD, 2019[45]).

Turkey – budget and public management information

Population: 81 million
GDP growth: 2.8% of GDP (2018), n/a (2019)
General government fiscal balance: -2.8% of GDP (2017), n/a (2018)
General government gross debt\(^1\): 35.1% of GDP (2017), n/a (2018)
General government expenditures: 34.1% of GDP (2017), n/a (2018)
General government health expenditures: n/a
Health sector\(^2\): 4.2% of GDP (2018)
General government employment\(^3\): 10.8% of GDP (2017)

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.
Budget measures

The TRY 100 billion COVID-19 plan was announced following a co-ordination meeting with the participation of cabinet ministers, presidents of the Parliamentary Commission on Planning and Budget, and the Competition Authority, the Governor of the Central Bank, Turkish Airlines Chairman of the Board and the representatives of confederation of unions and civil society organisations among others. The plan, labelled as the “Economic Stability Shield Programme”, consists of 21 measures including payment deferrals for businesses, tax cuts and an increase in minimum pension pay-outs. The package did not include support measures for the health sector other than permitting health workers to travel free-of-charge on public transportation. Ministry of Health has started to recruit 32 000 new staff. The Programme includes:

Support for individuals and families

- An additional TRY 2-billion in cash assistance to approximately 2 million families in need, based on criteria specified by the Ministry of Family, Labour and Social Policies; and TRY 7 billion minimum wage support is earmarked in support for workers with minimum wage. On 7 April, additional social transfers (of TRY 1 000) to 2.3 million households which had not qualified for the previously announced measures, and to workers who lost their jobs were announced.
- Other measures included a healthcare programme for people at home above the age of 80 who live alone and an increase in the minimum pay-out to pensioners to TRY 1 500 a month (from TRY1 258). The holiday bonus for retirees will be paid in April instead of June.
- Easing of conditions for access to the short-term employment allowance. Short-term employment scheme aims to provide income support to employees during a temporary shortening of the employment period in the whole or part of the workplace. To benefit from the allowance, the employer should apply to the Turkish Employment Agency because of a general, regional or sectoral economic crisis or force majeure event.

Support for businesses

- Deferral of value-added tax and social security payments for various sectors, including retail, iron-steel, automotive, logistics-transportation, cinema-theatre, accommodation, food-beverage, textile-garments and events-organisation.
- Postponement of debt repayments for companies affected by the crisis for a minimum of three months.
  Specific attention was given to the export and aviation sectors through an extension of financial support to stocks for exporters, the suspension of the tourism accommodation tax until November, and a reduction to the value-added tax for domestic aviation to 1% from 18% (for 3 months).
  A grant of TRY 6 million to firms that locally produce disinfectants, protective clothes, goggles and masks.

Credit assistance

- Doubling the limit of the Treasury-backed “Credit Guarantee Fund” to TRY 50 billion for guarantee loans to SMEs;
- A credit card will be made available to all craftsmen and small traders under a TRY 25.000 limit

The President called for financial institutions to take necessary measures to mitigate the impacts of COVID-19 on the economy, such as extending credit conditions and meet the cash and liquidity demands of businesses in order to maintain employment and growth. On 30 March, three state-owned banks launched a “Personal Needs Support Loan” to support households with incomes of less than TRY 5 000 per month.
The loan support can be up to TRY 10 000, with a 6-month grace period, up to 36 months on monthly instalments in order to finance basic needs.

Public management

In the context of the Economic Stability Shield Programme, the President announced that flexible and remote working models in the legislation will be implemented. Following the announcement, on 22 March a Presidential Circular was issued allowing civil servants to work from home and to work flexibly. The measures apply to all public sector employees regardless of the contractual arrangement. As per the decision by the Minister of Interior, flexible working measures do not apply to the institutions such as the General Directorate of Security, Gendarmerie General Command, and the Coast Guard.

The Presidential Circular allows public employees to work in shifts to ensure continuity of essential services. When working in shifts, those who are not working are considered to be on administrative leave. Principles and procedures for the implementation of flexible working measures are determined by the heads of public institutions (Government of Turkey, 2020[6]).

Some unions have participated in meetings to co-ordinate the fight against COVID-19, including the Confederation of Public Employees Unions. The Secretary General of the Confederation sent a letter to the President of the Republic outlining necessary measures to protect public servants.

Implementation

On 24 March, the Parliament passed an omnibus bill stipulating amendments to some laws for regulations in the economy as per the Economic Stability Shield Programme, for example, granting financial help for minimum wage earners. To date, the implementation of the programme has been possible through the government’s existing organisational structures.

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Introduction

The first case of Coronavirus (COVID-19) was reported on 31 January 2020 and by 29 March, almost 20,000 cases were confirmed. The government has put in place regulations to keep individuals in isolation where there is a risk that they have the virus. In addition, the Prime Minister announced on 23 March that people can only leave their homes for very limited reasons including basic food shopping, to exercise once a day and essential work (UK Government, 2020[47]).

In light of the pandemic, the government has announced fiscal measures that the UK Office for Budget Responsibility (OBR) estimate amount to GBP 86 billion in 2020-21, or 4.1% of GDP. The OBR published an initial assessment of the potential impact of COVID-19 on the economy and public finances on 14 April. It estimates that the government’s fiscal balance will be -13.9% of GDP in 2020-21, the largest single-year deficit since the Second World War. Nevertheless, the OBR explains, “The immediate cost of the Government’s actions may be high, but we can be confident that the cost of inaction would ultimately have been much higher.” (Office for Budget Responsibility, 2020[48]).

<table>
<thead>
<tr>
<th>United Kingdom – budget and public management information</th>
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</table>

| **Population**: 66.4 million |
| **GDP growth**: 1.3% of GDP (2018), 1.4% (2019) |
| **General government fiscal balance**: -2.4% of GDP (2017), -2.3% of GDP (2018) |
| **General government gross debt¹**: 115.3% of GDP (2017), 112.1% of GDP (2018) |
| **General government expenditures**: 41.1% of GDP (2017), 41% of GDP (2018) |
| **General government health expenditures**: 7.4% of GDP (2017) |
| **Health sector²**: 9.8% of GDP (2018) |
| **General government employment**: 16% of GDP (2018) |

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.

Budget measures

The Government’s initial budgetary response was conducted through the Budget on 11 March, and subsequent measures have been announced through press conferences at Downing Street on 17, 20, 26 March and 8 April. The measures comprised three main elements: extra funding for the health system and public services, support for individuals, businesses and charities affected by COVID-19 and support for the economy.

- Support for the health sector and public services: an initial GBP 5 billion was announced at Budget to support the NHS and social services to treat patients, although this represents a potentially uncapped commitment by the Chancellor and as of 13 April GBP 14.7 billion has been committed.

- Support for individuals, businesses and charities: an initial GBP 7 billion was announced at Budget to support businesses and vulnerable people. This was augmented by further packages including a business rates holiday and grants to smaller businesses. The response also includes the Coronavirus Job Retention Scheme, which will provide government grants to cover 80% of the salary of furloughed workers up to a total of 2 500 GBP per month; the Self-Employment Income Support Scheme, a taxable grant worth 80% of self-employed workers average monthly profits up to GBP 2 500 a month; and increased provisions in relation to sick pay (the Government will fully meet the costs of providing statutory sick pay for up to 14 days for workers in firms with up to 250 employees) and benefits (the Government increased Universal Credit standard allowance and the Working Tax Credit basic element by GBP 1 000 per year). Tax measures were also announced, such as the deferment of the next quarter of VAT payments and self-assessment payments for the self-employed. For charities, a GBP 750 million support package will provide cash grants to help them continue their work during the COVID-19 outbreak.

- Support for the economy: The Government has announced that it will provide bridging loans and guarantees of GBP 330 billion to the business sector, although the Chancellor suggested that this could also potentially be uncapped. As part of this, the Bank of England launched Covid-19 Corporate Financing Facility (CCFF) on 23 March: specifically aimed at supporting liquidity amongst large firms, many of whom had reported cashflow problems, this allows businesses to issue new short-term bonds, which the Bank will print money to buy. Under the new Coronavirus Business Interruption Loan Scheme, announced at the Budget, the government will help ensure businesses can access finance by providing lenders with a guarantee of 80% on finance facilities of up to GBP 5 million offered to viable SMEs affected by Coronavirus. The government will cover costs and lender-levied fees on these loans for the first 12 months. This scheme has been augmented by the Coronavirus Large Business Interruption Loan Scheme which will support large businesses, with an annual turnover of between GBP 45 million and GBP 500 million, to access loans of up to GBP 25 million.

Measures have also been introduced to protect homeowners, renters and landlords. The UK Treasury announcement suggested that mortgage lenders have agreed they will support customers that are experiencing issues with their finances as a result of COVID-19, including through payment holidays of up to 3 months. This has been extended to landlords whose tenants are experiencing financial difficulties due to the pandemic.

The measures announced also mean that over GBP 6.5 billion in additional funding has been provided to the devolved administrations to support businesses and public services in Scotland, Wales and Northern Ireland (as a result of the Barnett formula) (HM Treasury, 2020[49]). This is in addition to the number of UK-wide measures that the people and businesses in Scotland, Wales and Northern Ireland will benefit from.
Public management

The public sector response has the same requirements as the private sector on limiting operations to essential services. The capacity of the health system to respond to the pandemic has been the first priority of the government's response. On 23 March, schools, tertiary-level institutions and early childhood centres were closed. The same evening, public officials – along with the rest of the public - were instructed to work from home if they are not providing essential services. The Government has provided help and guidance to support the civil service during this transition including, for example, working-from-home guidance and a new Coronavirus (COVID-19): Looking After Your Wellbeing and Mental Health Toolkit (UK Government, 2020[50]).

Many public officials cannot work from home as they are maintaining public service provision. In these cases departments are to ensure that staff can operate from the workplace safely in accordance with public health guidance (Civil Service Now, 2020[51]). Civil servants working from home with childcare responsibilities because of school closure, can request to take special leave with pay. Specific measures are being taken to increase the workforce in the Department for Health Social Care. There are also several measures relating to the Home Office, the Department for Education and others. Measures include, retired medical and social workers being able to return to work without this affecting their pensions; employment safeguards for volunteer workers pausing their main work for four weeks; allowing police and immigration officers to support and enforce public health measures, including powers to detain people and put them in appropriate isolation facilities if necessary to protect public health; allowing more phone or video hearings for court cases to stop the spread of the virus in courts; and enabling Border Force to temporarily suspend operations at airports or transport hubs if there are insufficient resources to maintain border security (Department of Health & Social Care, 2020[52]).

Implementation

The UK Parliament shut down on the 26 March to combat the spread of COVID-19, and will re-convene on 21 April at the earliest to deal with Budget legislation. Before Parliament adjourned, two emergency laws were moved through both Houses and given Royal Assent in order to help implement the Government response to the pandemic.

Firstly, the Parliament enacted specific legislation – the Contingencies Fund Act 2020 – to fund the COVID-19 response. This allows the Contingencies Fund to be topped up with a further 48% of 2019-20 spend (around GBP 266 billion) so that UK Government can make immediate payments from it. The loans will be repaid when Main Estimates are voted in July. Normally the fund is 2% of the past years’ spend; until 2021 it can be 50% (UK Parliament, 2020[53]).

Secondly, the Parliament enacted emergency legislation to strengthen response plans – the Coronavirus Act 2020. The Act intends to enable actions in five areas; to increase NHS capacity, ease the burden on frontline staff, contain and slow the virus (through reducing social contact), manage the deceased with respect, and support people (UK Parliament, 2020[54]). The legislation will be time-limited – for 2 years – and not all of these measures will come into force immediately. The Act allows the four UK governments to switch on these new powers when they are needed, and, crucially, to switch them off again once they are no longer necessary, based on the advice of Chief Medical Officers of the four nations.

On 17 March, the Prime Minister set up new ministerial structures to co-ordinate, prioritise and respond to the COVID-19 pandemic across government. This includes four new implementation committees focusing on health, public sector preparedness, economy and international response. The chairs of the implementation committees - the Chancellor, the Health Secretary, Chancellor of the Duchy of Lancaster and the Foreign Secretary – attend and report into a daily C-19 meeting, chaired by the Prime Minister (UK Government, 2020[55]).
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**UNITED STATES**

**Introduction**

In response to the COVID-19 outbreak, the Federal Government has put in place an estimated USD 2.2 trillion of fiscal measures, around 10% of GDP, to provide direct assistance to taxpayers, distressed businesses, and to support to sectors (particularly health) affected by the pandemic. In March 2020, the Congressional Budget Office (CBO) published baseline budget projections and estimates (*pre-crisis*) that the country will exceed a USD 1 trillion budget deficit by the end of the year (CBO, 2020[56]). In this context, the COVID-19 response measures reflect a significant increase in the country’s projected debt levels – reflecting the scale and gravity of the situation.

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**United States – budget and public management information**

<table>
<thead>
<tr>
<th><strong>Population:</strong></th>
<th>329 million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GDP growth:</strong></td>
<td>2.9% of GDP (2018), n/a (2019)</td>
</tr>
<tr>
<td><strong>General government fiscal balance:</strong></td>
<td>-4.3% of GDP (2017), -6.6% of GDP (2018)</td>
</tr>
<tr>
<td><strong>General government gross debt⁴:</strong></td>
<td>105.8% of GDP (2017), 106.8% of GDP (2018)</td>
</tr>
<tr>
<td><strong>General government expenditures:</strong></td>
<td>38% of GDP (2017), 37.8% of GDP (2018)</td>
</tr>
<tr>
<td><strong>General government health expenditures:</strong></td>
<td>9.3% of GDP (2017), 9.3% of GDP (2018)</td>
</tr>
<tr>
<td><strong>Health sector⁵:</strong></td>
<td>16.9% of GDP (2018)</td>
</tr>
<tr>
<td><strong>General government employment⁶:</strong></td>
<td>15.2% of GDP (2017)</td>
</tr>
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</table>

Note: (1) as defined in the OECD National Accounts Statistics; (2) This includes i) government/compulsory schemes, ii) voluntary health care payment schemes and iii) household out-of-pocket payments.  

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**Budget Measures**

The Federal Government’s budgetary measures came through supplemental appropriation laws voted on by the US Congress and enacted by the President of the United States. The measures include provisions to support federal agencies’ response to the crisis, support for households through direct payments and enhanced unemployment benefits, assistance to distressed businesses, tax cuts for households and businesses as well as aid to States and Local Governments in their efforts to address the health
emergency. Currently, the government has put in place three phases of supplemental appropriations to address the crisis:

- **Phase 1:** (H.R. 6074: Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020): USD 8.3 billion in emergency funding for federal agencies to develop a vaccine, and to provide medical supplies, grants for public health agencies, small business loans and assistance for health systems in other countries (Public Law No: 116-123, 2020[57]).

- **Phase 2:** (H.R. 6201: Families First Coronavirus Response Act): USD 3.5 billion towards guaranteed free COVID-19 testing, paid sick leave (via tax credits), enhanced unemployment insurance, expanded food security initiatives and increased federal Medicaid funding (Public Law No: 116-127, 2020[58]).

- **Phase 3:** (H.R. 748: Coronavirus Aid, Relief, and Economic Security or the CARES Act): an estimated USD 2.2 trillion for direct payments to taxpayers, emergency loans to distressed businesses, additional funding for the health care system, the suspension of payments for federal student loans and revisions to provisions for student aid (Public Law No: 116-136, 2020[59]). Of which:
  - Support for the health sector: an estimated USD 180 billion to fund hospitals and public health institutions, community health centres and an expansion of health-insurance coverage.
  - Support for businesses and employees: an estimated USD 959 billion in grants, tax cuts, loans and loan guarantees in support for distressed businesses. This includes USD 377 billion for small businesses (in technical assistance, grants and loan guarantees), USD 582 billion for large businesses, including the airline and transportation industries.
  - Support for household incomes: an estimated USD 592 billion is provided to support household incomes. Most notably, USD 290 billion for direct payments of up to USD 1 200 for individuals, with an additional USD 500 per qualifying child (with payments being phased out when incomes exceed USD 75 000 or USD 150 000 for joint filers). Additionally, USD 260 billion for the expansion and extension of unemployment benefits (including an extra USD 600 through an additional 13 weeks of benefits) and USD 42 billion in support of safety net provisions such as food stamps and housing support.
  - Support for the education sector: an estimated USD 32 billion to establish an Education Stabilisation Fund for states, school districts and higher education institutions as well as support for federal student aid (including deferments in payments of student loans).
  - Tax Cuts: an estimated USD 300 billion in tax cuts to individuals and businesses. This includes USD 20 billion of individual tax cuts (including unrestricting caps on charitable giving as a share of income, waivers to minimum distribution rules and withdrawals from retirement accounts) and an estimated USD 280 billion to businesses (including tax credits to retain employees and deferments to payroll tax payments).
  - Support for State and Local Governments: USD 150 billion is allocated to support state and local government efforts to respond to the health crisis.

Public management

On 29 January, the White House created the Coronavirus Taskforce, composed of subject-matter experts from the US Government, to co-ordinate the administration’s response to the health crisis.

The Office of Management and Budget (OMB) has taken the lead on providing guidance to federal agencies, and has worked with the President’s Management Council to mobilise all major agencies. On 12 March, the OMB issued a memo updating guidance on telework, encouraging all departments and agencies to maximise telework flexibilities for higher risk populations, and more broadly to all eligible...
workers when required by local public health officials. On 15 March, the OMB asked all departments and agencies in the National Capital Region to extend maximum telework flexibilities to all eligible employees. The memos encouraged departments and agencies to approve leave for safety reasons to those who are at higher risk and cannot telework.

The OMB Memos also instruct agency heads to develop operational plans to maximise resources to ensure mission-critical functions continue to operate, while respecting the President’s guidelines for slowing the spread of the virus. A memo of 22 March instructs agency heads to make plans which, among other things, reallocate resources to critical services, identify risks and limitations that could impact delivery of critical services, streamline regulation and approval processes for critical services, put in place strict health protocols if/when outbreaks occur. A separate memo (22 March) encourages agency heads to embrace new technologies to ensure mission critical service continuity.

The Office of Personnel Management (OPM) has supported agencies and employees to implement the OMB’s guidance, through the release of factsheets and communications on new policies and processes. It has established operational measures to improve the flexibility of people management in response to COVID-19. This includes increased flexibility to fill positions on a temporary basis, and adjusted on-boarding procedures. OPM has developed a Surge Response Programme which repurposes a platform where agencies can post short-term assignments available to assist with crisis response.

A number of federal employee unions have pushed for greater clarity and flexibility for federal agencies to allow employees to work from home. In light of concerns raised by federal employees and unions, the Senate Bill S.3561 is to be voted upon and will require Federal agencies to permit employees to telework full-time during the public health emergency (U.S. Senate, 2020[60]). Unions have raised concerns about the working conditions of employees during the crisis, for example, calls against the Department of Veteran Affairs for failing to work with unions to provide the appropriate equipment and planning to protect workers against COVID-19 (NFE, AFGE, NAGE, NNU, SEIU, 2020[61]).

Implementation

Following the first case of COVID-19 in the United States in the state of Washington on 20 January 2020, on 29 January, the White House created the Coronavirus Taskforce, composed of subject-matter experts from the US Government, to co-ordinate the administration’s response to the health crisis (White House, 2020[62]). On 13 March 2020, the President announced that the outbreak in the USA constitutes a national emergency, allowing greater flexibility to mobilise the Federal Government to address the crisis and utilise provisions from the President’s Disaster Relief Fund (of more than USD 40 billion) under the Stafford Law (White House, 2020[63]; FEMA, 2020[64]). This allows the Federal Emergency Management Agency (FEMA) to lead the government’s response by mobilising a whole-of-government approach, in close co-ordination with all 50 states, the District of Columbia, five territories and four tribes. Efforts thus far include using the government’s Logistic Supply Chain Management System to monitor and procure commodities and mobilising the U.S. Army Corps of Engineers to construct alternate care facilities in New York (FEMA, 2020[65]). Reflecting a nation-wide shortage of medical supplies, on 27 March 2020, the President invoked the Defence Production Act of 1950, and requested that the General Motors Company perform and prioritise contracts to produce ventilators for use during the crisis (White House, 2020[66]).

The passage of the three supplemental appropriation packages provide legal exemptions from the Pay-As-You-Go Act of 2010 as well as certain budget scorekeeping rules that require new spending to be offset by spending cuts or added revenue. Additionally, several oversight measures were put in place to monitor the implementation of the appropriations. This includes the formation of the US Congressional House Select Committee on the Coronavirus Crisis as well as the development of the independent Special Inspector General for Pandemic Recovery (SIGPR) and the Pandemic Response Committee (PRAC),
formed under the Council of the Inspectors General on Integrity and Efficiency, to examine the Federal government’s use of funds during the health crisis.

Currently, the government is continuing to assess the need for additional appropriations, with discussions for “Phase 4” underway to address potential additional funding to federal agencies, states, unemployment benefits, distressed businesses and potentially additional direct payments to taxpayers to sustain the economy through the crisis.

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