ALIDE Asociación Latinoamericana de Instituciones Financieras para el Desarrollo

NATIONAL, MULTILATERAL AND REGIONAL DEVELOPMENT FINANCE INSTITUTIONS AND GOVERMENTS ACTIONS AND MEASURES AGAINST THE CRISIS - COVID 19

REPORT N°3

- **KFW, ALEMANIA**

The German government and KfW launch a package of measures to mitigate the economic impact of the coronavirus in Germany – close cooperation and strengthening of capital market presence
Meldung vom 23.03.2020 / Investor Relations
The German government's package of measures to mitigate the economic impact of the coronavirus in Germany will result in additional funding requirements for the Federal Republic of Germany and its flagship development bank KfW. Together and in close coordination with the German banking sector, KfW has been mandated by the German government to provide liquidity aid for enterprises in Germany through additional loan facilities, the so-called KfW Special Programme 2020.

On 23 March, 2020, KfW, in close coordination with the German government, launched the KfW Special Programme 2020. With immediate effect, companies of all sizes, as well as self-employed and freelance professionals in Germany may submit loan applications via commercial banks or other financing partners. Loan disbursements by KfW are to be made as soon as possible. The Federal Republic of Germany, based on a separate guarantee declaration, will bear the financial risks KfW incurs in connection with the KfW Special Programme 2020. More information on the KfW Special Programme 2020 can be found in the joint press release of the Federal Ministry of Economic Affairs and Energy and KfW of 23 March, 2020 (German only).

It is currently not possible to estimate how demand for, and thus funding requirements in connection with, the German government's individual instruments of the package of Corona measures, including the KfW Special Programme 2020, will develop. Due to the extraordinary challenges, the proposed Economic Stabilization Fund Act (Wirtschaftsstabilisierungsfondsgesetz - WStFG), which was adopted by the Federal Cabinet on 23 March 2020, will authorize the Federal Ministry of Finance to refinance KfW's funding requirements resulting from the KfW Special Programme 2020 up to an amount of EUR 100 billion.

This new refinancing option for KfW will be limited until year-end 2021 and provided by the government-owned Economic Stabilisation Fund (Wirtschaftsstabilisierungsfonds - WSF), which is to be set up in accordance with the proposed WStFG. The WSF, which still needs to be approved by the European Commission to be compliant with European state aid law, will be administered by the Federal Republic of Germany - Finance Agency (Finance Agency). The Finance Agency is the central service provider for the Federal Republic of Germany's borrowing and debt management.

The possibility of refinancing the KfW Special Programme 2020 via the WSF offers advantages, because the German government can benefit from its excellent refinancing possibilities in the international debt capital markets in connection with the implementation of its package of Corona measures.
The capital markets presence of each of the German government and KfW, respectively, remains unchanged in terms of independence, flexibility and currency diversity. The new refinancing option for KfW complements KfW's regular capital markets activity.

The Federal Ministry of Finance, the Finance Agency, the WSF and KfW will closely coordinate and consult regularly on the use of KfW's new refinancing option, in particular taking into account the following guidelines:

- The funding of the KfW Special Programme 2020 is to be guaranteed at all times.
- The Finance Agency and KfW are to make use of all their funding instruments and sources in an optimal manner.
- In order to optimize its funding, KfW may pre-fund the KfW Special Programme 2020 via short-term products / instruments and replace such pre-funding at a later date with longer-term funding through the WSF.

Material developments resulting from such coordination will be published in an appropriate manner by the Finance Agency and KfW as part of their capital market communications.
https://www.kfw.de/KfW-Konzern/Newsroom/Aktuelles/News-Details_575488.html

- **BAHAMAS**

Nearly $15 million of $20 million small business loan programme requested to-date
Ewnews, March 31, 2020
Natario McKenzie
616 micro, small and medium sized businesses (MSMEs) have registered
NASSAU, BAHAMAS — Nearly $15 million in financial assistance has already been formally requested though the $20 million Small Business Continuity Loan Program, according to Deputy Prime Minister and Minister of Finance K Peter Turnquest.

The program is being offered through the Small Business Development Centre (SBDC), and was launched last week.

It is designed to provide loans to small businesses, ranging from $5,000 to $300,000. Approved loans will have a payment grace period of four months.

As of Friday last week, 616 micro, small and medium sized businesses (MSMEs) registered for assistance with the SBDC, according to Turnquest.

Among that group, 382 businesses have completed the full application process.

"These businesses represent 1,082 full-time employees and 243 part-time employees In total, they have formally requested approximately $14.88 million in financial assistance," said Turnquest.

He added: "The $20 million allocated by the Government for MSMEs will ensure that all businesses who qualify have the support they need to protect their livelihoods and the families represented by their workforce. The SBDC has also been one of the lead advocates for the deferral of existing loan payments by commercial banks for entrepreneurs who may already have loans with lending institutions. I am pleased to advise that the Bahamas Development Bank, the Royal Bank of Canada (RBC), CIBC First

Caribbean and Scotiabank have publicly pledged to defer loan payments for their business clients–although the terms differ by bank."

Turnquest noted that partnering financial institutions will facilitate the actual loan processing– to include the vetting of the required information, the approvals, the issuing of funds, and the collection of payments after the four-month moratorium. These loans he said are earmarked for operating costs such as paying salaries, rent, insurance, utilities and inventory/supplies.

"Existing small businesses – companies operating with a valid business license for one year or more – can apply to the program. To be part of the initiative, companies must agree to retain 51 per cent of their staff and agree to have credit information shared with the Credit Bureau and other banking and financial institutions in the future," said Turnquest.

He added: "So far, the Bahamas Development Bank, the Bahamas Entrepreneurial Venture Fund, Cash N Go Ltd, Leno Corporate Services Ltd, Omni Financial Group Ltd, Simplified Lending Ltd, and Fidelity Bank Bahamas have agreed to participate in the program. Hundreds of applications have already started coming in through the SBDC."
https://ewnews.com/nearly-15-million-of-20-million-small-business-loan-programme-requested-to-date

- **BELIZE**

DFC
COVID-19 – NOTICE TO CUSTOMERS NO. 2
The Development Finance Corporation (DFC) continues to actively monitor developments on the Covid-19 pandemic and the consequent adverse social and economic impact. We remain committed to ensuring the health and safety of our employees, customers and communities by adhering to the recommendations of the COVID-19 National Oversight Committee and other national authorities.

As Belize's leading development finance institution, we continue to assess the potential economic impact on our various sectors and to determine how best we can assist our customers to navigate through these uncertain and difficult times. We are committed to working with our customers to assist with business continuity and successful recovery. In our efforts to alleviate the financial impact of COVID19 on the livelihoods of our customers we have taken the following initial measures.

Immediately, DFC will:
- Suspend the imposition of late payment fees on all accounts, initially for three (3) months.
- Suspend the imposition of the fee for the restructuring of loans.

DFC will also:
- Provide financial assistance in the form of working capital loans for relief and business continuity and/or expansion at lower interest rates with attractive terms and conditions.
- Provide moratorium of up to nine (9) months on loan payments for all tourism related loans countrywide.

- Provide moratorium of up to three (3) months, in the first instance, for other sectors including residential and education loans on both principal and interest payments for borrowers working in the tourism affected areas.
- Provide moratorium on payments for all other loans, affected by COVID-19, on an as-need basis.

- **CANADA**

BDC

Additional Support for Canadian Businesses from the Economic Impact of COVID-19
Backgrounder
The Government of Canada continues to take action to help Canadians and businesses facing hardship as a result of the COVID-19 outbreak. Learn more about the latest measures at Canada's COVID-19 Economic Response Plan.
The Government of Canada is making additional investments to support Canadian businesses from the economic impacts of COVID-19. These new investments provide support to financial institutions and allow them to quickly provide credit and liquidity options for a range of businesses.

These measures are a part of the Government of Canada's COVID-19 Economic Response Plan, which provides direct support and tax deferrals to Canadian workers and businesses to help them in these difficult times.

Deferral of Sales Tax Remittance and Customs Duty Payments

In order to provide support for Canadian businesses during these unprecedented economic times, the Government is deferring Goods and Services Tax/Harmonized Sales Tax (GST/HST) remittances and customs duty payments to June 30, 2020.

This measure could provide up to $30 billion in cash flow or liquidity assistance for Canadian businesses and self-employed individuals over the next three months GST/HST Remittance Deferral

The GST/HST applies to sales of most goods and services in Canada and at each stage of the supply chain. Vendors must collect the GST/HST and remit it (net of input tax credits) with their GST/HST return for each reporting period.

Vendors with annual sales of more than $6 million remit and report monthly, and those with annual sales of $1.5 million to $6 million are able to remit and report on a quarterly basis (or monthly if they choose to). Small vendors can report annually.

The GST/HST amounts collected are generally due by the end of the month following the vendor's reporting period: e.g., for a monthly filer, the GST/HST amounts collected on its February sales are due by the end of March.

To support Canadian businesses in the current extraordinary circumstances, the Minister of National Revenue will extend until June 30, 2020 the time that:

- Monthly filers have to remit amounts collected for the February, March and April 2020 reporting periods;
- Quarterly filers have to remit amounts collected for the January 1, 2020 through March 31, 2020 reporting period; and
- Annual filers, whose GST/HST return or instalment are due in March, April or May 2020, have to remit amounts collected and owing for their previous fiscal year and instalments of GST/HST in respect of the filer's current fiscal year.

Deferral of Customs Duty and Sales Tax for Importers

Imported goods by businesses are generally subject to the GST, at a rate of 5 per cent, as well as applicable customs duties, which vary by product and country of origin. While the vast majority of imports enter Canada duty-free, some tariffs remain, especially on consumer goods.

The *Customs Act*, for which the Minister of Public Safety and Emergency Preparedness is responsible and which is administered by the Canada Border Services Agency (CBSA), governs the levying and payment of customs duties in Canada.

Typically, payments owing for customs duties and the GST on imports are due before the first day of the month following the month in which the Statements of Accounts are issued.

Section 33.7(1) of the *Customs Act* allows the Minister of Public Safety and Emergency Preparedness or an officer designated by the President of the CBSA to extend, in writing, the timeline for accounting or payment of amounts owing.

Under this authority, payment deadlines for statements of accounts for March, April, and May are being deferred to June 30, 2020.

New Loan Programs for Businesses

Canada Emergency Business Account: To ensure that small businesses have access to the capital they need to see them through the current challenges, the Government of Canada is announcing the launch of the new Canada Emergency Business Account, which will be implemented by eligible financial institutions in cooperation with Export Development Canada (EDC).

This $25 billion program will provide interest-free loans of up to $40,000 to small businesses and not-for-profits, to help cover their operating costs during a period where their revenues have been temporarily reduced, due to the economic impacts of the COVID-19 virus.

This will better position them to quickly return to providing services to their communities and creating employment.

Small businesses and not-for-profits should contact their financial institution to apply for these loans.

Businesses in need of information about their particular accounting and payment obligations on imported goods may contact the Canada Border Services Agency for more details.

To qualify, these organizations will need to demonstrate they paid between $50,000 to $1 million in total payroll in 2019. Repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25% (up to $10,000).

A New Loan Guarantee for Small and Medium Enterprises: Small and medium-sized enterprises (SMEs) may be particularly vulnerable to the impacts of COVID-19. To support their operations, EDC will guarantee new operating credit and cash flow term loans that financial institutions extend to SMEs, up to $6.25 million.

The program cap for this new loan program will be a total of $20 billion for export sector and domestic companies.

A New Co-Lending Program for Small and Medium Enterprises: To provide additional liquidity support for Canadian businesses, the Co-Lending Program will bring the Business Development Bank of Canada (BDC) together with financial institutions to co-lend term loans to SMEs for their operational cash flow requirements.

Eligible businesses may obtain incremental credit amounts up to $6.25 million BDC's portion of this program is up to $5 million maximum per loan. Eligible financial institutions will conduct the underwriting and manage the interface with their customers. The potential for lending for this program will be $20 billion.

New Business Credit Availability Program Measures	
Measure	Size
Canada Emergency Business Account	$25B
SME Loan and Guarantee program	
EDC Guarantee	$20B
BDC Co-Lending Program	$20B
Total	$65B

Canada Revenue Agency's Additional Measures for Individuals and Businesses

The Canada Revenue Agency (CRA) understands that individuals and businesses might be dealing with difficulties filing their income and benefit returns, and could experience cash-flow challenges in the coming months. In response, the CRA will be applying these additional measures:

Administrative tax measures: In addition to the income tax filing and payment deadline extensions, unless otherwise noted, administrative income tax actions required of taxpayers by the CRA that are due after March 18, 2020, can be deferred to June 1, 2020. These administrative income tax actions include returns, elections, designations and information requests. Payroll deductions payments and all related activities are excluded.

Trusts, Partnerships and NR4 Information Returns: The deadlines for trusts, partnership and NR4 information returns are all extended to May 1, 2020. This is due to administrative requirements in advance of the June 1, 2020 deadline for filing individual income tax and benefit returns.

Objections

Any objections related to Canadians' entitlement to benefits and credits have been identified as a critical service and will continue to be processed during the COVID-19 crisis. As a result, there should not be any delays associated with the processing of these objections. With respect to objections related to other tax matters filed by individuals and businesses, the CRA is currently holding these accounts in abeyance. No collection action will be taken with respect to these accounts during this period of time.

Extending the deadline for filing an objection. For any objection request due March 18 or later, the deadline is effectively extended until June 30, 2020.

Canada Pension Plan/Employment Insurance (CPP/EI) appeals to the Minister. In cases where taxpayers wish to file an appeal in relation to CPP/EI rulings decision, they are encouraged to do so through MyAccount to avoid potential delays.

The CPP/EI appeals program is currently only actioning appeals that are related to cases where EI benefits are pending. These cases will be treated on a priority basis. All other appeals will be actioned when normal services resume.

In addition, the CPP/EI Appeals to the Minister program will exercise discretion on a case by case basis when additional time is required to respond to a request.

Deadlines for charities. CRA is extending the filing deadline to December 31, 2020, for all charities with a Form T3010, Registered Charity Information Return due between March 18, 2020 and December 31, 2020. This will allow charities more time to complete and submit their T3010.

Suspending audit activities. CRA will not initiate contact with taxpayers for audits, with certain exceptions. This includes:

- no new audits being launched;
- no requests for information related to existing audits; and
- no audits should be finalized and no reassessments should be issued.

Suspending collections on new debt. Collections activities on new debts will be suspended until further notice, and flexible payment arrangements will be available.
Payment arrangements are also available on a case-by-case basis if you can't pay your taxes, child and family benefit overpayments, Canada Student Loans, or other government program overpayments in full.
If you have concerns and require contact with a Collections Officer, please contact our toll free number 1-800-675-6184 between 8:00 a.m. and 4:00 p.m. your local time.

Requirement to pay (RTP). Banks and employers do not need to comply or remit on existing RTPs during this time.

Taxpayer relief requests. Taxpayers who are unable to file a return or make a payment by the tax-filing and payment deadlines because of COVID-19 can request the cancellation of penalty and interest charged to their account. Penalties and interest will not be charged if the new deadlines that the government has announced to tax-filing and payments are met. For more information about deadlines, see Helping Canadians with the economic impact of the COVID-19 Pandemic.
https://www.canada.ca/en/department-finance/news/2020/03/additional-support-for-canadian-businesses-from-the-economic-impact-of-covid-19.html?utm_campaign=Covid19-business-advice--2020-04-02--EN&utm_medium=email&utm_source=Eloqua&elqcst=272&elqcsid=10044

Canada's COVID-19 Economic Response Plan
The Government of Canada is taking immediate, significant and decisive action to help Canadians facing hardship as a result of the COVID-19 outbreak.
On this page

1. **Support for individuals**

   Support for individuals and families

- Increasing the Canada Child Benefit

We are providing an extra $300 per child through the Canada Child Benefit (CCB) for 2019-20. This will mean approximately $550 more for the average family.

This benefit will be delivered as part of the scheduled CCB payment in May.
Those who already receive the Canada Child Benefit do not need to re-apply.

- Special Goods and Services Tax credit payment

We are providing a one-time special payment starting April 9 through the Goods and Services Tax credit for low-and modest-income families.
The average additional benefit will be close to $400 for single individuals and close to $600 for couples.

- Extra time to file income tax returns

We are deferring the filing due date for the 2019 tax returns of individuals.
For individuals (other than trusts), the return filing due date will be deferred until June 1, 2020.
We will also allow any new income tax balances due, or instalments, to be deferred until after August 31, 2020 without incurring interest or penalties.

- Mortgage support

Canadian banks have committed to work with their customers on a case-by-case basis to find solutions to help them manage hardships caused by COVID-19. Canadians who are impacted by COVID-19 and experiencing financial hardship as a result should contact their financial institution regarding flexibility for a mortgage deferral. This allows flexibility to be available − when needed − to those who need it the most.

Contact your financial institution for further mortgage assistance.
The Canada Mortgage and Housing Corporation and other mortgage insurers offer tools to lenders that can assist homeowners who may be experiencing financial difficulty. These include payment deferral, loan re-amortization, capitalization of outstanding interest arrears and other eligible expenses, and special payment arrangements.
Canada's mortgage insurers are committed to providing homeowners with solutions to mitigate temporary financial hardship related to COVID-19. This includes permitting lenders to defer up to six monthly mortgage payments (interest and principal) for impacted borrowers. Deferred payments are added to the outstanding principal balance and subsequently repaid throughout the life of the mortgage.

Support for people facing unemployment

- The new Canada Emergency Response Benefit (CERB)

We will provide a taxable benefit of $2,000 a month for up to 4 months to eligible workers who have lost their income due to COVID-19.

- Apply for Employment Insurance

If you have lost your job through no fault of your own and qualify for Employment Insurance benefits, you can submit your request today.

Support for people who are sick, quarantined, or in directed self-isolation

- The new Canada Emergency Response Benefit (CERB)

We will provide a taxable benefit of $2,000 a month for up to 4 months to eligible workers who have lost their income due to COVID-19.
The Canada Emergency Response Benefit will be accessible online in **early April**.

- Improved access to Employment Insurance sickness benefits

If you are sick, quarantined or have been directed to self-isolate, we will waive the requirement to provide a medical certificate to access EI sickness benefits.

Support for people who are unable to work

- The new Canada Emergency Response Benefit (CERB)

We will provide a taxable benefit of $2,000 a month for up to 4 months to eligible workers who have lost their income due to COVID-19.
The Canada Emergency Response Benefit will be accessible online in **early April**.

Support for people who need it most

- A new Indigenous Community Support Fund

We will provide $305 million for a new distinctions-based Indigenous Community Support Fund to address immediate needs in First Nations, Inuit, and Métis Nation communities.

- Enhancing the Reaching Home initiative

We continue to support people experiencing homelessness during the COVID-19 outbreak by providing $157.5 million to the Reaching Home initiative.
The funding could be used for a range of needs such as purchasing beds and physical barriers for social distancing and securing accommodation to reduce overcrowding in shelters.

- Support for women's shelters and sexual assault centers

We are supporting women and children fleeing violence, by providing up to $50 million to women's shelters and sexual assault centers to help with their capacity to manage or prevent an outbreak in their facilities.

Support for seniors

- Reduced minimum withdrawals for Registered Retirement Income Funds

We are reducing the required minimum withdrawals from Registered Retirement Income Funds (RRIFs) by 25% for 2020.

- Practical services: delivery of items and personal outreach

We are contributing $9 million through United Way Canada for local organizations to support practical services to Canadian seniors. These services could include the delivery of groceries, medications, or other needed items, or personal outreach to assess individuals' needs and connect them to community supports.

Support for students and recent graduates

- A moratorium on the repayment of Canada Student Loans

Effective March 30, we are placing a six-month interest-free moratorium on the repayment of Canada Student Loans for all student loan borrowers. No payment will be required and interest will not accrue during this time.

Support for youth

- Mental health support

We are giving $7.5 million in funding to Kids Help Phone to provide young people with the mental health support they need during this difficult time.

2. **Support for businesses**

Avoiding layoffs

- Extending the Work-Sharing program

We are extending the maximum duration of the Work-Sharing program from 38 weeks to 76 weeks. The Work-Sharing program is offered to workers who agree to reduce their normal working hours because of developments beyond the control of their employers.

- The Canada Emergency Wage Subsidy

We have proposed the new Canada Emergency Wage Subsidy that would cover 75 per cent of salaries for qualifying businesses, for up to 3 months, retroactive to March 15, 2020. Employers of all sizes and across all sectors of the economy would be eligible with the exception of public sector entities.
This program is designed to help employers hardest hit by the COVID-19 pandemic to keep and retain workers.
Organizations that do not qualify for the Canada Emergency Wage Subsidy may qualify for the previously announced wage subsidy of 10 per cent of remuneration paid from March 18 to before June 20, 2020.
Eligible employers would be able to access the Canada Emergency Wage Subsidy by applying through a Canada Revenue Agency online portal. More details on how to apply will follow soon.

Access to credit

- Establishing a Business Credit Availability Program

We established a Business Credit Availability Program (BCAP) to provide $40 billion of additional support through the Business Development Bank of Canada (BDC) and Export Development Canada (EDC).

BDC and EDC are working with private sector lenders to coordinate on credit solutions for individual businesses, including in sectors such as oil and gas, air transportation, exports and tourism.

This program includes:

- *Loan Guarantee for Small and Medium-Sized Enterprises*

EDC is working with financial institutions to issue new operating credit and cash flow term loans of up to $6.25 million to SMEs.

- *Co-Lending Program for Small and Medium-Sized Enterprises*

BDC is working with financial institutions to co-lend term loans to SMEs for their operational cash flow requirements.
Eligible businesses may obtain incremental credit amounts of up to $6.25 million through the program.

- Canada Emergency Business Account

The new Canada Emergency Business Account will provide interest-free loans of up to $40,000 to small businesses and not-for-profits, to help cover their operating costs during a period where their revenues have been temporarily reduced. To qualify, these organizations will need to demonstrate they paid between $50,000 to $1 million in total payroll in 2019.

Supporting financial stability

- Launching an Insured Mortgage Purchase Program

We launched an Insured Mortgage Purchase Program, in which we will purchase up to $150 billion of insured mortgage pools through the Canada Mortgage and Housing Corporation.
This action will provide long-term stable funding to banks and mortgage lenders, help facilitate continued lending to Canadian consumers and businesses, and add liquidity to Canada's mortgage market.

- Bank of Canada actions

The Bank of Canada is acting in several ways to support the economy and financial system and stands ready to take any and all actions that it can to protect the well-being of Canadians during this difficult time. The Bank has responded by lowering interest rates, intervening to support key financial markets and providing liquidity support for financial institutions.

- Lowering the Domestic Stability Buffer

The Office of the Superintendent of Financial Institutions announced it is lowering the Domestic Stability Buffer by 1.25% of risk-weighted assets. This action will allow Canada's large banks to inject $300 billion of additional lending in to the economy.

More flexibility

- More time to pay income taxes

We are allowing all businesses to defer, until after August 31, 2020, the payment of any income tax amounts that become owing on or after March 18 and before September 2020. This relief would apply to tax balances due, as well as instalments, under Part I of the *Income Tax Act*.
No interest or penalties will accumulate on these amounts during this period.

- Deferral of Sales Tax Remittance and Customs Duty Payments

We will allow businesses, including self-employed individuals, to defer until June 30, 2020 payments of the Goods and Services Tax / Harmonized Sales Tax (GST/HST), as well as customs duties owing on their imports.

The deferral will apply to GST/HST remittances for the February, March and April 2020 reporting periods for monthly filers; the January 1, 2020 through March 31, 2020 reporting period for quarterly filers; and for annual filers, the amounts collected and owing for their previous fiscal year and instalments of GST/HST in respect of the filer's current fiscal year.

For GST and customs duty payments for imported goods, deferral will include amounts owing for March, April and May. These amounts were normally due to be submitted to the Canada Revenue Agency and the Canada Border Services Agency as early as the end of this month.

3. Support for industries

Support for farmers

- Increasing credit available

We are supporting Farm Credit Canada by allowing an additional $5 billion in lending capacity to producers, agribusinesses, and food processors. This will offer increased flexibility to farmers who face cash flow issues and to processors who are impacted by lost sales, helping them remain financially strong during this difficult time.

Support for the air transportation sector

- Waiving ground lease rents

We are waiving ground lease rents from March 2020 through to December 2020 for the 21 airport authorities that pay rent to the federal government. We are also providing comparable treatment for PortsToronto, which operates Billy Bishop Toronto City Airport and pays a charge to the federal government.

- **BRAZIL**

BNDES
UPDATE 1-Brazil's BNDES readies financing for airlines in April; shares rally
Reuters, MAR 30, 2020
By Rodrigo Viga Gaier
(Reuters) - Brazilian development bank BNDES is working to line up emergency financing for airlines in April and could extend a lifeline to other companies needing both capital and liquidity as they weather the impact of the coronavirus pandemic.

Bank President Gustavo Montezano said on Sunday that the BNDES plans to finance the airlines via convertible debentures at low interest rates to help cover the cost of operation Brazilian airline Azul SA rose by almost 15% on the news while rival Gol soared 14% in early trading in São Paulo.

Santiago-listed Latam Airlines group was up almost 8% at one point in the morning, although all three later trimmed the initial gains.

The financing should not be used to repay debt, he said, as airlines and creditors will be expected to negotiate new terms and longer repayment schedules.

"We're working so by the end of April the lines will be liquidated and companies will have the cash," Montezano told a news conference. "This is not a bailout. It's a financial flow to help airlines get through the crisis."
He said the strategy using debentures "may indeed be used in other sectors."

BNDES is also lining up 40 billion reais (US$7.8 billion) of financing to help small and mid-sized companies cover payroll costs. Montezano said that financing should be ready by the first week of May.

Separately, BNDES announced on Sunday a new credit line of 2 billion reais to finance hospitals adding beds and essential medical equipment, along with manufacturers converting their production lines to make medical goods.
https://mobile.reuters.com/article/amp/idUSL1N2BN0K3

Brazil opens funding for fintechs through state development bank
Nasdaq, MAR 26, 2020
By Carolina Mandl
SAO PAULO, March 26 (Reuters) - Brazil's monetary council on Thursday said the country's fintechs will be able to obtain funding from development bank BNDES, as their usual financing channels have dried up due to coronavirus-linked market tensions.

The authority also said that fintechs will be allowed to issue credit cards as an alternative source of revenue.

Earlier on Thursday, Reuters reported that fintechs were in talks to obtain funding and possibly new business from development bank BNDES or similar institutions.

The monetary council also said that private equity funds will now be allowed to control fintechs working as digital lenders but only indirectly. Brazil's central bank has traditionally restricted the ability of private equity funds to buy financial institutions.

Brazilian fintechs such as SoftBank-backed 9434.T lender Creditas, payments company StoneCo Ltd STNE.O and MercadoLibre Inc MELI.O's financial unit Mercado Pago, normally finance their businesses mainly through securitization deals in the capital markets.

But investors' retreat from risk following economic disruptions stemming from the coronavirus outbreak has mostly blocked those channels.

In a statement, the monetary council said that fintechs are able to reach small entrepreneurs, even unbanked individuals, and may help the government implement public policies. It did not specify which services fintechs may provide in partnership with the government.

Brazil's central bank has been working to promote more competition in the country's financial sector, in which the top five lenders hold 82% of total banking assets.

On Monday, the central bank said it planned to inject 1.2 trillion reais (US$$233.81 billion) into Brazil's financial system - mostly banks - to counteract the effects of the coronavirus.
There were more than 600 fintechs in Brazil as of June 2019, according to a study by Fintechlab.
https://www.nasdaq.com/articles/brazil-opens-funding-for-fintechs-through-state-development-bank-2020-03-26?amp

Brazil Austerity Fervor Threatens Fight Against Coronavi, 30rus
The New York Times, March 30 2020
By Reuters, March 30,
BRASILIA — The fiscal reforms championed by Brazilian Economy Minister Paulo Guedes may be dead, but the austerity-bound thinking behind them is alive and well, and could tie Brazil's hands in tackling its looming economic and public health crises.
While countries around the world rip up their budget rules and throw trillions of dollars at mitigating the damage from the coronavirus pandemic, some observers say Brazil's emergency spending plans are far too cautious and limited.

The reason for that is largely political. President Jair Bolsonaro, who took office in January 2019 promising an economic turnaround, has repeatedly blamed media "hysteria" for causing panic around what he dubs "a little flu." He has called the virtual shutdown of commerce across many states a "crime."

Bolsonaro's skepticism surrounding coronavirus is matched by the Economy Ministry's reluctance to cool its ardor for austerity and do whatever it takes, in fiscal terms, to limit the economic damage.

The government has proposed fiscal measures worth around 180 billion reais (US$$36 billion), or 2.24% of gross domestic product, according to JP Morgan, while Goldman Sachs reckons the "multi-pronged package of fiscal and quasi-fiscal support measures" is worth more than 3.0% of GDP.

They include tax breaks for households and companies, corporate tax deferrals, bringing forward social assistance payments, and making it easier to access workers' severance funds.

Guedes said this weekend that overall, the measures add up to as much as 5% of GDP. But that includes some actions taken by the central bank, and what's more, only a small part of the government proposals comprises new spending.
Calls for Brazil to loosen its purse strings are growing louder by the day.

"Their reforms are based on fiscal austerity, and this agenda is absolutely incompatible with the situation the country finds itself in," said Marcelo Ramos, federal lawmaker from the center-right Liberal Party.

"There is no point in saving the economy if we don't have a country any more. It's time to save people," he said.

Economists at Citi estimate that, in general, governments need to take fiscal measures worth at least 5% of GDP to compensate the drag on growth, calm financial markets and avert a sluggish recovery and rising inequality.

STILL NO 'WAR BUDGET'
The Economy Ministry's plans this year for major tax reform, privatizations, trimming the public-sector payroll and revamping the framework for state and federal finances have been dealt a fatal blow by coronavirus and the likely economic downturn.

Ministry officials have said repeatedly in recent weeks that despite the magnitude of the crisis, Brazil cannot afford to put its long-term fiscal targets at risk.

They insist any crisis-fighting spending will only apply to this year and be done in stages. They use words like "caution" and "prudence" in relation to spending, while reaffirming their zeal for reducing the public deficit.

Economic Policy Secretary Adolfo Sachsida also said in early March that the best vaccine against coronavirus would be to "press ahead with economic reforms," putting Brazil on sounder footing for a strong recovery.

Officials admit the government will miss its 2020 primary budget deficit goal of 124 billion reais. The projected shortfall is now over 350 billion reais as tax, oil and privatization revenues slump while spending is likely to rise. But they insist that a constitutional budget cap is sacrosanct, limiting government spending growth in each year to the previous year's annual inflation rate. With 90% of the federal budget devoted to non-discretionary spending such as social security, education and public sector salaries, room for maneuver is virtually non-existent.

To get around this, Rodrigo Maia, speaker of the lower house of Congress, proposed that Brazil spend between 300 billion and 400 billion reais in emergency funds, creating a "war budget" under which ordinary fiscal rules do not apply. He floated the idea on March 22, but a bill has yet to be submitted.

"They seem very reluctant to take the big steps necessary, and are only doing so under pressure. But there is no doubt they will have to do more," said UFF's Braga. "This will be much worse than 2008-09."
(Reporting by Jamie McGeever; Editing by Christian Plumb and Grant McCool)
https://www.nytimes.com/reuters/2020/03/30/world/americas/30reuters-brazil-economy-fiscal-analysis.html

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*** The grace period of up to 180 days for payment of the 1st installment is available for some agreements and is enabled in the simulation / contracting of the loan.
https://www.bb.com.br/pbb/pagina-inicial/voce/produtos-e-servicos/emprestimo/emprestimo-pessoal#/

BNDES AND BRAZILIAN ECONOMIC MEASURES AGAINST COVID-19
The rapid spread of the new coronavirus, with an increasing scale of infected people, has led several countries around the world to adopt a strategy of social isolation to try to contain the speed of contagion, which has reflected a strong contraction in economic activity.

In order to mitigate the adverse effects of the economic crisis generated by the pandemic, several governments have launched a series of fiscal, monetary and regulatory measures. In several of these countries, part of the strategy to combat the crisis involved the use of state development banks, which have proved to be particularly suitable instruments in an attempt to stimulate the economy.

In Brazil, the BNDES, the main institution for promoting the country's economic development, announced a series of measures to mitigate the effects of the crisis, totaling R$97 billion (US$19,000 million). On March 22, President Gustavo Montezano announced a first set of measures, of a transversal nature, involving concern with sustaining the liquidity and solvency of companies, directing resources to micro, small and medium companies (MPME) - which tend to be more affected by the crisis - and to mitigate the fall in workers' purchasing power and the consequent stimulus to consumption. The support value of these measures comprised an amount of R$55 billion (US$10,638 million).

Firstly, R$20 billion (US$3,869 million) was transferred from the PIS-Pasep Fund to the FGTS, thus increasing the spending capacity of workers and the consumption of families.

A second measure involved the suspension, for a period of six months, of the payment of interest and amortizations related to both direct (totaling R$19 billion about US$3,675 million) and indirect (totaling R$11 billion about US$2,128 million) operations. These measures are essential to give more financial strength to firms, thus preventing further disruption of activities and preserving jobs.

Thirdly, there was an increase in the supply of credit to MSMEs in the amount of R$5 billion (US$967 million). Loans in this modality will have a grace period of 24 months and a total term of 60 months, with a limit per client of R$70 million (US$13,488 million). An important characteristic of these contributions is that firms do not need to specify the allocation of resources, that is, credit can be used for working capital, which is so necessary for the survival of these companies, which are important job generators.

Last Sunday, March 29, a second set of measures was announced by the BNDES, in the amount of R$42 billion (US$8,093 million). This support had a sectorial focus, with an emphasis on the health sector and small and medium-sized companies.

A line of R$2 billion (US$385 million) was made available in the form of direct support to finance the expansion of emergency ICU beds and the production or sale of medical and hospital products, such as respirators, masks and monitors. The expectation is that up to 3 thousand new ICU beds can be financed, an additional 10% to the current availability, 15 thousand fans (50% of SUS needs in the next three months), 5,000 monitors (20% of the needs of the SUS in the next four months) and 80 million surgical masks (33% of SUS needs in the next four months).

The BNDES will also participate, in partnership with the Federal Government, the Central Bank and the other public and private banks, in an emergency credit program, with a duration of two months, for the payroll of companies with annual revenues between R$360 thousand (US$69,633) and R$10 million (US$1.93 million). These resources, totaling R$40 billion (US$7,707 million), will be used exclusively to pay employees' salaries (limited to two minimum wages) and made available directly to them. Such a measure is fundamental to alleviate companies' cash flow and guarantee jobs - and, in this sense, it is important to stress that companies that access this credit line will not be able to fire for a period of two months. The measure should favor up to 1.4 million companies and a total of 12.2 million workers.

More Federal Government measures to face the crisis

BNDES support to companies and workers is part of a large set of measures by the Brazilian government to face the crisis. The Central Bank announced a series of measures to guarantee the soundness and smooth functioning of the National Financial System. Among measures such as reducing the reserve requirement rate, new modalities of fundraising, Central Bank loans to banks and regulatory changes during the crisis, the potential injection of liquidity into the economy is estimated at R$1.2 trillion (US$231,313 million), equivalent to 16.7% of GDP. It is noteworthy that this amount is about 10 times greater than what was made available to face the global financial crisis of 2008. These measures should not only provide greater security to banks, but also free up capital, making possible an expansion of credit estimated at R$1.16 trillion (US$223,506 million).

The Federal Government also announced a major fiscal effort to face the effects of the crisis. A fundamental measure was the declaration, approved by Congress, of the state of public calamity in the country, which allows greater fiscal slack and consequent increase in public spending. The objective is to stimulate the economy, protect jobs and serve mainly the most vulnerable segments of the population.

Part of the government's measures includes displacement and anticipation of expenses. Among them, we can highlight the reinforcement of the health budget (such as the transfer of resources from DPVAT to fight the coronavirus) and the anticipation of the two installments of the 13th salary of INSS retirees and pensioners for April and May, and the payment of the salary allowance for June.

Another part of the initiatives involves expanding spending, such as an increase in the Bolsa Família budget, which will allow the inclusion of 1.2 million families in the program. The government must also pay aid of R$600 (US$114) over the three-month period for informal workers, individual micro-entrepreneurs or unemployed people who are low-income. Also, the woman who is a mother and head of the family may receive up to 1,200 per month. The action can benefit up to 20 million workers.

Other measures refer to taxes and charges, such as the six-month extension in the payment period of federal taxes related to the three-month postponement of FGTS deposit by employers, important initiatives to guarantee a financial breath for companies in this turbulent moment economic. In addition, a reduction in the IPI of goods necessary to combat the coronavirus and in the import rates for medical and hospital items was implemented.

Support measures were also announced for states and municipalities, with a potential resource of around R$88 billion (US$16,956 millones). The initiative covers measures such as specific transfers for health expenses, suspension of the payment of debts from states to the Federal Government, recomposition, by the Federal Government, of participation funds from states and municipalities, in order to compensate for the drop in collection, and credit facilitation operations.

The government continues to monitor the situation closely, and further action must be taken if the scenario deteriorates. And BNDES is mobilized to respond in the best possible way to the challenges that lie ahead.
https://agenciadenoticias.bndes.gov.br/detalhe/blogdesenvolvimento/O-BNDES-e-o-pacote-economico-brasileiro-contra-o-Covid-19/?utm_source=linkedin&utm_medium=social&utm_campaign=organico

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Fungetur Giro is a financing line from the Ministry of Tourism, operated by BDMG and aimed at companies with annual sales of R $ 4.8 million or less, and which perform activities directly or indirectly linked to the tourism sector in Minas Gerais.

Working capital eligibility condition FUNGETUR: companies related to tourism enterprises and / or service providers in the sector's production chain, registered in the Ministry of Tourism's Registry, with annual revenues of up to R $ 4.8 million and with at least 6 (six) months of operation. Interest rate of INPC + 5.00% per year. CET (Total Effective Cost) from INPC + 6.40% per year. Product without incidence of IOF. Financing

subject to credit analysis and product availability. Conditions valid until 06/17/2020, and can be extended for up to 90 (ninety) more days.
https://www.bdmg.mg.gov.br/turismo/?utm_campaign=Fungetur%202020&utm_source=linkedin&utm_medium=paidsocial

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https://bdmgorienta.bdmg.mg.gov.br/bdmg-saude?utm_campaign=BDMG%20SA%C3%9ADE&utm_source=linkedin&utm_medium=paidsocial

- **AFD, FRANCIA**

AFD: working to provide 18 million people with better healthcare
Source AFD, Mar 26 2020
Health and Social Protection
AFD Healthcare worth more than 18 million euros
The numbers are in. For the year 2019, Agence Française de Développement committed €545 million to support health and social protection worldwide, with the aim of improving access to healthcare for 18.5 million people. With Coronavirus spreading by the day, the hope is that this funding will contribute to the support and healthcare equipment desperately needed across the developing world.

The Covid-19 pandemic has reminded the world just how precious quality healthcare can be. And it has shown – along with recent epidemics of Ebola, Dengue Fever and the Zika Virus – that health crises can travel across borders at lightning speed, with devastating consequences.

That's why a global approach to strengthening healthcare and epidemiological surveillance systems is necessary, both to overcome current crises and to prevent future outbreaks.

To meet this increasingly urgent demand, AFD is acting on three strategic fronts, from healthcare systems and surveillance, to social protection and maternal and child primary healthcare and nutrition.

Bolstering Healthcare Systems and their Epidemiological Surveillance Networks
Strengthening healthcare systems is the key focus of our work. In our fight against inequalities in access to healthcare, we are adopting a multi-level approach to ensure access to quality care for all, particularly at primary level: functioning hospitals, competent staff, available drugs, affordable care and appropriate health policies.

Furthermore, at the regional level, epidemiological surveillance networks are on the front line in terms of monitoring and coordinating the response to epidemics. AFD supports four regional epidemiological surveillance networks, located in the Indian Ocean, the Caribbean, the Pacific, and Southeast Asia (Burma, Laos, Vietnam, Cambodia, and the Philippines).

In 2019, AFD committed €432 million to strengthening healthcare systems.

Developing Inclusive Social Protection Systems
AFD supports the implementation and expansion of social protection systems in developing countries, through loans, donations and technical support. The objective is to reduce poverty and inequality while supporting a just transition to low-carbon economies.

The programs launched in 2019 aim to improve social protection for 600,000 people – half of whom are women.

Continuing Progress in the Fields of Reproductive, Maternal, Neo-natal, Child Health and Nutrition

AFD has a long history in maternal and child health, and has gradually broadened its range of action to fight gender inequality.

AFD supports countries by financing projects focused on a multi-sectoral approach (including health, education and gender) with a view to empowering women. We also promote women's rights and sexual and reproductive health by improving the quality of these services and working to combat gender-based violence. Of the health projects financed by AFD in 2019, 81% aim to promote gender equality.
https://senegal.afd.fr/en/actualites/AFD-18-million-people-receive-healthcare

- **JAMAICA**

US provides $95m to assist Jamaica's COVID-19 response
Jamaica Observer, April 01, 2020
KINGSTON, Jamaica — The United States Government has committed J$95 million (US$700,000) to mitigate the spread of the COVID-19 outbreak in Jamaica.

These funds will go directly toward Jamaica's emergency response, said the US Embassy in Jamaica adding that the US Agency for International Development (USAID) intends to provide these funds to meet the COVID-19 response needs of the Government of Jamaica.

According to the US Embassy statement, the United States, via USAID, is coordinating with the Government of Jamaica, international humanitarian partners, and other stakeholders to identify priority areas for investment.

US Ambassador to Jamaica, Donald Tapia stated: "To date, the Government of Jamaica has done a commendable job at addressing the spread of COVID-19 in country. These funds will directly support emergency response activities that are vital for helping to #flattenthecurve here in Jamaica."

With these emergency response resources, USAID will seek opportunities to support:

- Case management to strengthen clinical care while minimising the risk of onwards transmission to others.
- Infection prevention and control in health-care facilities.

http://www.jamaicaobserver.com/latestnews/US_provides_$95m_to_assist_Jamaicas_COVID-19_response

- **BID**

RESUMEN PRINCIPALES MEDIDAS DE POLÍTICA ECONÓMICA, MONETARIA Y FINANCIERA DE CARA A LA EMERGENCIA CAUSADA POR LA PANDEMIA GLOBAL COVID-19 / SUMMARY OF THE MAIN ECONOMIC, MONETARY AND FINANCIAL POLICY
MEASURES TAKEN IN THE FACE OF THE GLOBAL PANDEMIC COVID-19
03-30-2020. Bid, 31 de marzo de 2020
https://imgcdn.larepublica.co/cms/2020/03/31100243/20200330-Policymakers-responses-against-COVID-19.pdf-1.pdf

- **CARIBBEAN Development Bank's (CDB)**

Caribbean Development Bank Ready to Help On COVID-19 Fight
The Cleaner, March 26, 2020
Christopher Serju/Gleaner Writer
THE CARIBBEAN Development Bank's (CDB) has US$90 million in financing as well as other funding available which it is prepared to make available to regional states, at very reasonable interest rates, to bolster their efforts to cope with the ravages of the novel coronavirus (COVID-19).

"COVID-19 is all-embracing, and all our DMCs (donor member countries) are faced with the challenges at the same time. The CDB's financial and technical assistance interventions in the current situation will be targeted towards the most vulnerable within our societies, and we are giving the highest priority to strengthening social safety nets. As it relates to financing, we have already identified some US$90 million which we are resourcing and which we had committed earlier, and other resources which are yet to be committed, and these come from our 'soft window'. We are talking about very low cost financing with long-dated repayment periods," President of the CDB, Dr Warren Smith, disclosed last Friday.

Dr Smith was a participant in the virtual Vice-Chancellor's Forum, hosted by The University of the West Indies (The UWI) on its UWItv platform under the theme 'Caribbean Unity of Plurality – the regional response to COVID-19'. The forum featured regional experts discussing the implementation and impact of various national policies across the region in dealing with the COVID-19 pandemic.

HARD HIT FOR THE REGION

While the global viral explosion qualifies as an external shock, it is unlike any other in living memory in the region, which has been affected by natural disasters, the global recession of 2008, SARS, Chikunguna or the Zika virus. These negative externalities have disproportionately affected the tourism industry, which is the leading economic sector for most of the region, and which will be the hardest hit by the current threat.

"Given the high degree of uncertainty, no revised estimates have as yet been provided for the global economy, but it is expected that one to two per cent could be shaved off estimates of global growth; and this extent of GDP decline will depend on the duration of the pandemic, and also on the effectiveness of policy responses."

A critical issue for the region will be the extent of foreign reserves resilience in the wake of the pandemic, given that most economies are small, open and heavily dependent on a very narrow range of goods and services to generate their foreign exchange earnings. In fact, for some, travel receipts are the largest source of foreign exchange inflows.

"Tourism accounts for over 50% of exports in The Bahamas, Barbados, and in Jamaica. Travel receipts are likely to be severely impacted, and the resilience of our foreign reserves will depend on whether countries have foreign exchange buffers, the duration of the travel impact, and the export concentration in relation to travel receipts," the CDB president said.

Those countries that have very little diversification in their economic sectors are going to be the most at risk, in particular tourism-dependent economies. They will be impacted, as already happening in Jamaica, by a fall-off in visitor arrivals, closure of hotels, restaurants and other ancillary services which support the industry, and the loss of employment.

The CDB president posited that these impacts are likely to be felt well into the 2020-21 winter season, starting in November, due to slower recovery in source markets and a general fear of travel, among other factors.
http://jamaica-gleaner.com/article/news/20200326/caribbean-development-bank-ready-help-covid-19-fight

- **<u>OTHER NEWS</u>**

Andean Macro Weekly Report: Chile: The CMF announced key measures to support the financial system amid the COVID-19 crisis
(Investoridea, March 31, 2020

March 31, 2020 (Investorideas.com Newswire) Last week's highlights: The CMF announced key measures to support the financial system amid the COVID-19 crisis. The CMF (Comisión para el Mercado Financiero) announced special measures aimed at providing support to the financial system amid the current COVID-19 crisis and its potential impact on the economy. According to the document, these measures complement the actions already taken by the Central Bank and the Ministry of Finance, and the intention is to protect the solvency and the liquidity of the financial institutions. Some of the main new measures of the CMF include i) a postponement of up to three upcoming payments on mortgage loans, ii) extension of loans for SMEs and consumer loans of up to six months (not considered as a renegotiation), iii) extension of deadlines of up to 18 months for banks to sell assets received as a payment method and iv) modification to the margin call of derivates contracts executed by banks. The CMF acknowledged that these measures are transitory and should not harm the solvency and liquidity ratios of the financial institutions in the short to medium term.

In addition, the regulator stated that it will comply with the deadline of December 1st, 2020 to introduce all the framework for the Basel III standards in Chile (includes a gradual implementation towards 2024). Despite this, the CMF is currently assessing the possibility of providing some flexibility to certain requirements within the Basel III framework given the current economic conditions of the country and the potential impacts of the COVID-19 pandemic. The main goal behind this decision is to avoid any negative impact on the capital ratios of the banks. The regulator is expected to provide additional information in the upcoming weeks, and we suspect that potential postponements on Basel III standards may occur.

Tough times for the residential real estate industry in Chile. Amid the obligatory isolation in seven municipalities in Santiago, 50% of the residential real estate projects in the city had ceased construction as of March 27th. These projects amount to a total investment of US$2,467mn (UF 72mn) and 130k to 150k workers. In addition, the Chilean Chamber of Construction projects that during 2020 the sector will eliminate 40k jobs, while the unemployment rate will rise from 8.2% to 12% in 1H20. Finally, according to the latest report of Colliers International, sales of apartments and houses in Santiago showed a strong drop of 50% y/y in March, while prices have dropped by 2% to 8%. All in, we believe tough times are coming for the industry considering i) an expected economic recession, ii) higher unemployment, iii) lower expectations in both consumer and business and iv) higher restrictions for mortgage credits, among others.

Main data and events to come
On Tuesday, the BCCh will hold its monetary policy meeting, in which we expect a 50bps cut **in** the reference rate (to 0.50%), while on Wednesday the INE will publish the monthly economic activity indicator (Credicorp: 1.5% y/y).

Colombia: the BanRep cut the repo rate by 50bp to 3.75% amid the dual shock for the Colombian economy; we expect more to come
Last week's highlights

The BanRep's Board decided to cut the repo rate by -50bp to 3.75% (see full report), in line with our call and the market consensus forecast, while finishing the longest period ever of stable rates in Colombia (23 months). Though it was not specified in the statement nor in the press conference, local media outlets reported that the decision was taken unanimously. We highlight the specific rationale for the rate cut exposed in the communiqué, which was "to contribute to the future recovery of the domestic demand once the functioning of markets normalizes".

As the coronavirus shock continues to escalate, meaning a prolonged standstill of private activity, and the collapse of oil prices flows into the Colombian economy beyond the already-observed COP depreciation, we expect the BanRep to adopt an even more expansionary monetary policy stance. Now, our base case assumes additional reductions of the repo rate by 50bp this year, with non-negligible risks of it being -75bp. The timing of the cuts will depend on new available information of the shock on economic activity and the dynamics of inflation and, more importantly, inflation expectations.

With the back against the wall: S&P cuts Colombia's outlook to negative on its cliff-hanging, BBB- rating (see full note). Amid a widespread revision of S&P to sovereign profiles of oil-exporting countries across the world (17 in total), the agency announced that it cut the Colombia's outlook from stable to negative on its BBB- rating. Thus, the country will walk on thin ice in the coming months/quarters due to the increased risk of losing the Investment Grade status that it gained back in 2010. In general, the government now faces a tough scenario to maintain the fiscal accounts on a sustainable path in the middle of an extraordinary shock, that requires to devote more resources to avoid a larger negative effect on economic activity from the partial paralysis of the private activity. As pointed out by S&P, ratings on Colombia reflect its track record of prudent macroeconomic management, which implies that structural measures to increase revenues will have to be taken to avoid losing the investment grade status in the next 12-18 months. Recall that the other major agencies still rate Colombia at BBB (Fitch with negative outlook, Moody's with stable).

Main data and events to come

- On Tuesday, DANE will release the labor market figures of Feb-20.
- On Saturday, DANE will publish Mar-20 inflation data. We expect the m/m figure to stand at 0.50% m/m (consensus: 0.38%).

Peru: new economic measures in response to the COVID-19

Last week's highlights:

- The government extended the nationwide quarantine for another 13 days. Last Thursday, President Vizcarra announced the extension of the quarantine amid the national emergency state due to the COVID-19 shock. The measure responded to the increasing cases and the need for a further evaluation of the evolution of the virus in the country. The extension, although necessary, deepens the tough scenario for already strained households and local firms.

- Official entities continued to announce and apply measures amid the COVID-19 situation. Different public institutions (the Ministry of Finance, Central Bank of Peru, among others) have continued to announce measures to alleviate the challenging environment faced by a great amount of households and firms. Some of the announced and published measures are:

- Julio Velarde, governor of the Central Bank, gave further details of a new instrument previously announced on Thursday in order to provide liquidity to the economy and support the payments system. The institution aims to provide PEN 30bn (around 4% of GDP) to the economy through repo operations based on state warranted loans. The interest rate for this operations would be equal to the monetary policy rate of the institution. Moreover, Valverde noted that it was highly likely that the reference would be cut again in the upcoming weeks.

- Urgency Decree 033-2020: the measures include enabling local governments to acquire and distribute basic goods to vulnerable households (PEN 213mn), monetary subsidies for independent workers (PEN 301mn), an exemption on contributions to pension funds in the month of April (on Monday 30th the president announced the measure would also apply for May), a 35% payroll tax relief on workers which earn up to PEN 1,500 (around USD 435) for a total of PEN 600mn, among other measures.

- On another note, a multi-party bill presented to Congress proposes the withdrawal of 25% of contributions to pension funds. In contrast, the government announced that it had approved in the Ministries Council that pensioners which had not been under payrolls (mandatory contributions to the Pension Fund System) in the last 12 months could withdraw up to PEN 2000 of their provisional funds (for an estimated total of PEN 5,300 million, roughly 0.7% of GDP).

- Mild recovery of local assets. On Monday 30th, the yield of the sovereign 2029 stood at 5.01% (-31bps w/w, 81bps YTD), while its spread vs the 10-year UST reached 428bps (-25bps w/w, +200bps YTD). Furthermore, the FX rate closed on Monday at USDPEN 3.443, which implied PEN appreciation of 2.6% w/w (-3.9% YTD). Last week was the only one of March in which the Central Bank did not issued FX Swaps (Sales).

https://www.investorideas.com/news/2020/main/03313WeeklyReport-Chile-Colombia-Peru.asp

Latin American Banks Will Cope with Coronavirus Fallout but at The Expense of Asset Quality. Cynthia Cohen Freue . Standard Poors, 24 Mar, 2020
https://www.spglobal.com/ratings/en/research/articles/200324-latin-american-banks-will-cope-with-coronavirus-fallout-but-at-the-expense-of-asset-quality-11400312#ID202

Fitch Rtgs Revises Bank Sector Outlook in Chile, Peru and Colombia to Negative on Coronavirus Risks
Fitch Ratings, Fri 27 Mar, 2020
Fitch Ratings-New York-27 March 2020: Fitch Ratings has revised the banking sector outlooks for 2020 to negative from stable in Peru and Colombia, while maintaining the negative outlook in Chile as weaker operating environments in these countries will increase asset quality deterioration and weigh on profitability. The impact of the coronavirus on the real economy, as well as a sharp fall in commodity prices, oil and copper in particular, will challenge the financial profiles of Colombian, Chilean and Peruvian banks. Fitch will monitor the impact of the pandemic for increasing pressures on the banks' financial performance which could negatively affect their ratings.

The operating environment remains a high influence factor for the ratings of large banks in all of these markets and any negative rating action on the sovereign will likely lead to a similar adjustment to either the midpoint or the trend of this factor. Currently, around two thirds of the banks rated by Fitch on the international scale in Peru, Colombia and Chile have Issuer Default Ratings (IDRs) that are either at the sovereign or country ceiling. The sovereign IDRs of Colombia and Chile are on Negative Outlook. With the exception of banks that benefit from institutional support from a highly rated parent, Fitch would not rate these banks above the sovereign given their current financial profiles. However, Fitch notes that benefits from institutional support are sensitive to deterioration in their ultimate parent's creditworthiness and/or propensity to support their subsidiaries. National ratings could also come under pressure if an entity experiences a greater deterioration in its credit profile relative to its domestic peers.

Banks have begun to implement measures to help borrowers that are most at risk that include debt restructuring, extending grace periods and reducing interest rates. In Colombia, such measures will not affect the borrowers' credit history, after a resolution from the regulator. Local authorities are also easing bank regulatory requirements on loan classifications and provisioning (Chile and Colombia), allowing the use of counter-cyclical loan loss reserves and increasing access to rediscount lines (Colombia), and providing credit guarantees for SMEs (Colombia and Peru) to ease the impact of the pandemic on the economy. Banks are also increasingly relying on digital channels to provide their core services.

While there is limited room for monetary easing given historically low local policy interest rates and currency pressures, Peru has cut its policy benchmark rate, while Chile cut rates in the aftermath of the protests last year. Additionally, the Colombian central bank announced its intention to buy back up to US$2.9 billion in public and private debt to shore up liquidity in the local markets given the economic hit from both a sharp oil price decline alongside the coronavirus outbreak. In Chile, the central bank also announced measures to maintain liquidity to the real and banking sectors and support financial stability, including acquiring up to US$4 billion in banks' senior debt in hands of domestic institutional investors and providing a new conditional financial loan facility to fund up to 3% of the banking system's commercial and consumer portfolio (about USD3.0 billion).Some liquidity requirements have been relaxed and the risk weightings for derivatives exposures with foreign banks have been revised to reduce its overall impact on regulatory capital metrics.

The Chilean government also announced a fiscal stimulus package of US$11.75 billion to help counterbalance the expected economic slowdown as a consequence of the global health crisis. Colombia also announced a moderate fiscal support package (1.5% of GDP), while Peru's package is mainly cash transfers to low income people (0.3% of GDP).

Fitch notes that the weaker economic growth cycle from 2015 to 2018 in Colombia and Peru reduced the lending growth pace and weighed on both profitability and asset quality in these countries albeit with limited rating implications. Chilean banks' core financial metrics remained fairly stable in 2019 despite the social unrest that caused an economic contraction the last quarter and a poor 1.1% GDP in 2019. The slow pace of loan growth in these three countries is a partial source of comfort to deal with the rapidly worsening operating environments, but a material negative impact will certainly be felt across the board.

Despite promptly-announced policy responses, a sharp decline in economic activity due to measures to prevent the spread of Coronavirus, as well as a drop in commodity prices, will result in lower than expected GDP growth for these three Andean countries compared with forecasts prior to the pandemic. With a higher reliance on trade, the direct impact from weaker Chinese import demand will be greater for Peru and Chile, while Colombia is more exposed to the shocks on the global oil market and reduced energy demand. Unemployment will rise and currencies have already experienced depreciation and high volatility. Those banks with larger exposures to retail (credit cards, auto loans and payroll loans), and SMEs will be more vulnerable to asset quality deterioration. By economic sector, banks with exposures to oil and gas, other natural resources, transportation, hotels and leisure as well as non-food retailers will also see an uptick in impaired loans. Furthermore, tighter margins, increasing credit costs and reduced fee income due to lower transactions, will also weigh negatively on overall profitability.

However, the banks' loss absorption capacity, in the form of reasonable capital metrics and excess reserves provides these banks with an adequate buffer to deal with the growing challenges, but the resilience of earnings is yet to be tested. Fitch notes that the Chilean and Colombian banks' Fitch Core Capital (FCC) to risk weighted assets (RWA) ratios appear low relative to similarly rated international peers, in part due to more stringent risk weightings of assets. In the case of Colombia and Chile, capital ratios will also benefit from the gradual implementation of Basel III guidelines as well.

The impact of easing monetary policy and lower commodity prices will pressure currencies in these countries, though Fitch does not expect a significant financial impact given local regulations that limit currency exposure. In the case of Peru, depreciation could pressure profitability as banks have a larger proportion of USD denominated liabilities than assets. In Colombia, the largest banks have important subsidiaries in dollarized Central American countries. Upon consolidation and conversion to pesos of these operations, depreciation **could** negatively affect these banks' capital ratios due to higher goodwill; however, income from operations abroad could be higher. The impact on Chilean banks will be determined by the resilience of its FX-denominated loans, mostly focused on corporates, which will be facing the worsening global environment with relatively high leverage metrics.

Liquidity remains commensurate with current rating levels for banks in these countries and Fitch expects recently announced policy measures to support liquidity over the near term. In Colombia and Chile, the implementation of Basel III liquidity measures has increased the banks' liquidity positions. However, liquidity buffers could come under stress for those banks that rely more on wholesale funding. The Colombian government's recent proposal to administrate excess liquidity from the local development banks could also put pressure on liquidity access for private banks.

Colombian and Peruvian banks remain predominately deposit funded. Dollarization in Peru remains high by regional standards, but continues to gradually decline for both loans and deposits. Deposits are broad, stable and low-cost. Chilean banks rely more on market debt than those in Colombia and Peru to better match their assets and liabilities. Banks in these countries have historically had regular access to international and domestic capital markets, though this will be materially tested under the current severe market turmoil. In terms of refinancing risk, there are no material near-term debt maturities and the banks' liquidity should be sufficient meet short-term financial obligations in the event of moderate deposit outflows or the closure of international financial markets.
https://www.fitchratings.com/research/banks/fitch-rtgs-revises-bank-sector-outlook-in-chile-peru-colombia-to-negative-on-coronavirus-risks-27-03-2020

- **PORTUGAL**

Know the Government's measures to support employment and companies
Economic Support Measures - Lay Off
Who can access this extraordinary support for maintaining employment contracts in a business crisis?
Employers in situations of business crisis that have their situation regularized before the Social Security and the Tax Authority, which:
- Employing entities to which private law applies - commercial companies, regardless of corporate form (eg Unipessoal, Limited and Limited Company), cooperatives, foundations, associations, federations and confederations - including those with the status of Private Institution Social Solidarity (IPSS);
- Self-employed workers who are employers.

What is considered a business crisis situation?
To access this support, three types of business crisis situations are considered:
- The total or partial closure of the company or establishment, due to the duty to close facilities and establishments, provided for in Decree No. 2-A / 2020, of 20 March , or by legislative or administrative determination, under the terms provided for in Decree- Law no. 10-A / 2020, of 13 March, in its current wording, or under the Basic Law of Civil Protection, approved by Law no. 27/2006, of 3 July, in its current wording , as well as the Basic Law on Health, approved by Law no. 95/2019, of 4 September, regarding the establishment or company effectively closed and covering the workers directly affected;
- The total or partial stoppage of the activity of the company or establishment that results from the interruption of global supply chains, or the suspension or cancellation of orders;

- The abrupt and sharp drop of at least 40% of the billing, in the period of 30 days prior to the request with the competent social security services, with reference to the monthly average of the two months prior to that period, or compared to the same period the previous year or, for those who started the activity less than 12 months ago, at the average of that period.

What is the extraordinary support for the maintenance of employment contracts in a situation of business crisis?
It is an extraordinary financial support attributed to the company, per employee, destined exclusively to the payment of remuneration, during periods of temporary reduction of working hours or suspension of employment contracts.

Are the managers and administrators of the companies covered by this lay-off regime?
No. This mechanism applies only to employees, under the terms of the Labor Code

What is the value of support?
The employer is entitled to social security support in the amount of 70% of 2/3 of the normal gross wage of each worker covered, up to a limit of 1,333.5 euros per worker, to support the payment of wages. If the employer chooses to reduce the normal period of work, compensation is granted to the extent strictly necessary to, in conjunction with the remuneration for work performed in or outside the company, ensure a minimum amount of 2/3 of the employee's gross normal remuneration , or the value of the Minimum Monthly Guaranteed Remuneration (RMMG) corresponding to your normal working period, whichever is higher.

How much does the worker receive?
Whether there is a reduction in the normal working time or suspension of the contract, workers are entitled to receive a minimum amount equal to two-thirds of their gross salary (without discounts). This compensation may not be less than one RMMG (€ 635.00) or more than three RMMG (€ 1,905.00).

How do you calculate the amount of compensation?

- **In situations of suspension of the employment contract:**

The remuneration compensation is equal to two thirds of the normal gross remuneration, with the minimum guaranteed minimum monthly remuneration (RMMG) or the amount of remuneration corresponding to your normal working period if less than the RMMG and the maximum limit triple the RMMG.

- **In situations where the normal working period is reduced:**

The worker covered by a reduction in the normal working period is guaranteed the right to the respective salary, calculated in proportion to the hours worked.
However, if the wage earned by the worker is less than 2/3 of his normal gross wage or less than RMMG, the worker is entitled to compensation pay equal to the difference between the wage earned and one of these amounts, as applicable.

How is the 40% drop in revenue measured to justify the conditions for access to support?
The 40% drop is measured by comparing the billing in the 30 days immediately preceding the order and:

- The monthly average of the two months prior to that period, or;
- The same period in the previous year, or;
- for those who started the activity less than 12 months ago, the average of that period.

How are the 30 days counted?
The 30-day period is counted in calendar days and does not need to be fixed within full months. For an application submitted on March 27, the 30-day period runs from February 26 to March 26.

How is the breakdown calculated in a company that is less than 12 months old?
In these cases, the break is measured by comparing the average billing amount of the 30 days immediately preceding the order date and the average billing amount since the date the activity started.

Who certifies support eligibility situations?
Certification is made on application.

- Total or partial closure of the company or establishment, due to the duty to close facilities and establishments, provided for in Decree No. 2-A / 2020, of 20 March, or by legislative or administrative determination, the declaration of the employer with summary description of the situation;
- Total or partial stoppage of the activity of the company or establishment that results from the interruption of global supply chains, the suspension or cancellation of orders, or an abrupt and sharp break in at least 40% of the invoicing, in the 30 days prior to the presentation of the request, in addition to the employer's declaration, a statement from the company's certified accountant is required, attesting to the interruption of supply chains, suspension or cancellation of orders or the abrupt and sharp 40% drop in invoicing.»

Can an employer who requires extraordinary support for maintaining jobs temporarily reduce normal working hours or suspend employment contracts?
Yes. The employer can choose to temporarily reduce normal working hours or suspend employment contracts.
Can the same company have workers in the same establishment with reduced working hours and others with suspension of the employment contract?
Yes.
Is it possible to resort to lay off only part of the workers?
Yes. The same company can only have part of the workers in *lay off*.

Can the same company benefit simultaneously from other public support?
Yes. Extraordinary support for maintaining employment contracts in a business crisis situation can be combined with other national or international support, for example, employment or European Funds.

Can the employer fire workers?
No, either during the periods in which you are receiving support or in the following 60 days, the employer cannot terminate employment contracts under the terms of collective dismissal or dismissal due to the extinction of the job.

What are the remuneration installments that go into the calculation of the remuneration compensation?
The law uses the concept of “normal gross remuneration” (article 305, no. 1, al. A), Labor Code).
The concept is more comprehensive than that of basic remuneration, and more comprehensive than that taken from Article 262 (basic remuneration and seniority). The concept of "normal remuneration" involves the basic remuneration, seniority and all other regular and periodic installments inherent to the provision of work, which appear on the pay slip.

What happens if the employer receiving financial support dismisses you during that period or the next 60 days?
If you make collective redundancies or for extinguishing the job, the employer is obliged to refund or pay to the Social Security Institute, IP, and / or the Institute of Employment and Professional Training, IP, as the case may be, the amount corresponding to extraordinary financial support from which it has benefited.

What is not allowed for the employer while receiving financial support?

- Dismissal, except for reasons attributable to the worker;
- Punctual non-compliance with the remuneration obligations owed to workers;
- Failure by the employer to comply with its legal, tax or contributory obligations;
- Profit distribution during the term of the obligations arising from the granting of the incentive, in any form, namely by way of withdrawal on account;
- Non-compliance, attributable to the employer, of the obligations assumed, within the established deadlines;
- Provision of false statements;
- Provision of work to the employer itself per worker covered by the extraordinary support measure for the maintenance of the employment contract in the modality of suspension of the contract, or beyond the established schedule, in the modality of temporary reduction of the normal period of work.

Who pays the compensation?
Compensation compensation is paid directly to the worker by the employer. Social security, in turn, transfers the respective contribution to the company.

Are these amounts subject to Social Security contributions?
During the application of the support, the employer is exempt from paying social security contributions on the part of the employer, maintaining the 11% contribution for the worker.

Can the employer use support to pay for expenses other than wages, such as water or electricity bills?
No. This support is intended exclusively for the payment of the fee.

Is the part-time worker also entitled?
Yes, in the same terms as for full-time workers.
Can more documentary evidence be required?
Yes. The Social Security and IEFP, IP services may also request, in particular, the following accounting documents:

- Accounting balance sheet referring to the month of support as well as the corresponding same month;
- Value Added Tax (VAT) declaration referring to the month of support as well as the two immediately preceding months, or the declaration referring to the last quarter of 2019 and the first quarter of 2020, as the applicant is in the monthly or quarterly VAT regime respectively;
- Documents demonstrating the cancellation of orders or reservations resulting in a reduction in the use of production capacity or occupation of the company or the affected unit by more than 40% in the month following the support period.
- Other additional supporting elements to be fixed by order of the member of the government responsible for the area of labor and social security.

Can the beneficiary entities be inspected?
Yes. The entities benefiting from the support can be inspected at any time by the competent public entities, and must, at the time of the inspection, prove the facts on which the request is based and the respective renewals.

How is this decision communicated to workers?
There is no draft form. However, the communication to the workers must transmit to them the adhesion to these supports and the beginning of the *lay off*, which can be done by sending a professional email from the company, as long as the worker has access to his electronic mailbox. This communication must be made after hearing union representatives and / or workers' committees, when they exist.

How long does this support last, with or without training?
This support has an initial duration of up to one month, and can be extended monthly, up to a maximum of 3 months.

Can this support be combined with a training plan?
Yes. This support can be complemented with a training plan approved by IEFP, IP in which IEFP, IP additionally pays a scholarship equal to 30% of the value of the Social Support Index (132.6 euros), which is intended in parts equal for the worker (65.8 euros) and employer (65.8 euros).

Who is responsible for the training?
The training is organized by the IEFP, IP in conjunction with the company, and can be developed remotely, when possible and conditions permit. This training is intended to ensure the maintenance of the respective jobs and the strengthening of the skills of workers.

Where is this support required?
The employer must submit the request on the IEFP, IP website together with proof of support request sent to ISS, IP

Extraordinary Financial Incentive to Support the Standardization of the Company's Activity
What is?
It is an extraordinary financial support for the normalization of the company's activity, to be granted by the IEFP, IP, when the activity resumes.
How much will the employer receive?
The amount corresponds to the guaranteed minimum monthly remuneration (635 euros) multiplied by the number of workers covered by those supports, paid in one go.

Who can access it?
Employers who have benefited from extraordinary support for maintaining an employment contract or from an extraordinary training plan, for having been in a business crisis situation under the terms defined in Decree-Law no. 10-G / 2020, of 26 March.

How is this support required?
The employer must submit the request on the IEFP, IP website together with proof of support request sent to ISS, IP

Economic Support Measures - Credit Moratoriums
Aware of the impact that the COVID-19 outbreak may have on housing loans, the Government institutes a credit moratorium on financial institutions. The aim of this

measure is to support families and companies in an adverse context of a sharp drop in income.

This moratorium is aimed at individuals, sole proprietors (ENI), IPSS, SMEs and other companies in the non-financial sector. In the case of private individuals, all loans for permanent own housing are covered. For ENI, IPSS, SMEs and other companies in the non-financial sector, the scheme covers borrowings and other credit operations essential to the activity of companies.

The moratorium will run for 6 months, until September 30, 2020. During this period, credit agreements are suspended; on the other hand, the contracted credit term will be extended, in the future, for another 6 months.

What is the purpose of the moratorium?
The moratorium aims to protect Portuguese families, in terms of home loans, and companies that are experiencing business failures due to the Covid-19 outbreak, allowing them to postpone the payment of their liabilities to financial institutions during this period.
With this measure, the Government intends to guarantee the continuity of financing to families and companies and to prevent possible non-compliances resulting from the unexpected drop in income.

How long does the moratorium last?
The moratorium lasts six months, until September 30, 2020. The regime comes into force on the day after its publication.

Who is the moratorium for?
The moratorium is aimed at Private Individuals, Individual Entrepreneurs (ENI), Private Social Solidarity Institutions (IPSS), non-profit associations and other entities of the social economy, Small and Medium Enterprises (SMEs) and other non-sector companies financial.

What are the credits and operations covered?
The scheme applies to credit granted by financial institutions to customers covered by the moratorium.
In the case of **private individuals,** all loans for permanent home ownership are covered.
For **ENI, IPSS, SMEs and other companies in the non-financial sector**, the scheme covers borrowings as well as other credit operations essential to the activity of companies, including leasing and factoring**.** Only exceptions are credits for the purchase of securities or the acquisition of positions in other financial instruments; credits granted to beneficiaries of schemes, subsidies or benefits, namely tax, for establishing a seat or residence in Portugal, including for investment activity (except the Return Program); and credits granted to these entities for individual use by credit cards.

What are the effects of the moratorium?
Credit agreements, with periodic installments, are suspended until September 30, 2020. The contracted credit term will be extended, in the future, by 6 months.
During this period, beneficiaries will have to pay neither capital installments nor interest. This measure is especially directed at home loans, relieving families of the burden of home payments during this period, and at companies, allowing them to preserve the conditions for maintaining their activity after the crisis determined by the impacts on the COVID economy 19.

All credit agreements with payment at the end of the contract are extended for a period of 6 months, and the total or partial revocation of all credit lines already contracted and loans already granted is prohibited. Thus, the availability of the amounts already committed to these customers is guaranteed, whether or not they have been used.

What are the conditions of access to this regime?
Entities with credits in which there is a default or non-payment of cash benefits for more than 90 days with institutions are not covered.
The **individual** must be domiciled in Portugal. This includes those who are in a situation of prophylactic isolation or illness, provide assistance to children or grandchildren, or are in a *lay-off* situation, as well as those who are unemployed (provided they are registered with the Employment and Vocational Training Institute). Also covered are the workers of the entities, whose establishment or activity has been the object of closure determined during the period of state of emergency.

What will happen to loan / financing payments after the moratorium period? Will benefits be higher? Will the loan term be extended?
The installments (of capital / interest) covered by the moratorium will be extended for a period equal to the duration of the measure, that is, for another 6 months. Interest accrued during the moratorium, as well as the remaining charges, will be capitalized and included in the outstanding amount, with the installment payable until the end of the contract being adjusted accordingly (see examples).

Is it possible to partially access this scheme, paying part of the installments?
Yes. You can request that only, or part of, capital repayments be suspended.

How will the regime be supervised?
Banco de Portugal is the entity responsible for the supervision and inspection of the regime.

Is there any sanction regime?
Undue access to the moratorium is subject to the legal consequences currently envisaged. These consequences are of a civil nature (namely the obligation to compensate for damages and costs incurred) and possibly criminal.

Economic Support Measures - Treasury Support

1. **Credit Lines Capitalize 2018 - COVID-19 (400ME)**

Who are the main recipients?
Preferably SMEs.

What are the conditions for membership?
Preferably aimed at Small and Medium Enterprises (SMEs) or other companies that:

- present a positive net position on the last approved balance sheet, or if they present a negative net position, present a settlement on the approved interim balance sheet up to the date of the transaction;
- have no unregulated incidents with the Bank at the date of issuing the contract and have their situation regularized with the Tax and Social Security Administration.

What are the conditions presented, namely guarantees, interest and maturities?

- Total allocation of 400 million;

- Maximum per company: 1.5 million euros;
- Guarantee: up to 80% of the outstanding capital;
- Counter-guarantee: 100%;
- Operation term: for Working Capital is 4 years, for Treasury between 1 and 3 years;
- Interest: fixed or variable interest rate plus a spread, according to the maximum spread limits indicated in the Disclosure Document;
- Applications: from banks.

2. **Credit Line for Microenterprises in the Tourism Sector (60 ME)**

Who are the main recipients?
Micro-enterprises in the Tourism sector with up to 10 jobs and whose annual turnover or total annual balance does not exceed 2 million euros.

What are the conditions for membership?
Micro companies that demonstrate, by means of a declaration made at the time of their application to Turismo de Portugal, that their activity has been negatively impacted by the pandemic.
Companies must be duly licensed for the exercise of the respective activity and duly registered with the National Tourism Register, when legally required.
Additionally, it is up to the companies:

- They are not in a difficult company situation, taking into account the definition contained in paragraph 3 of this article;
- In the two years prior to the date of application, an administrative or judicial sanction was not applied for the use of labor that is legally subject to the payment of taxes and social security contributions, not declared under the terms of the norms that impose this obligation, in Portugal or in the State of which it is a national or in which its main establishment is located;
- They have not been convicted in the two years preceding the date of the candidacy, by a final and unappealable sentence, for illegal dismissal of pregnant women, puerperal women or lactating mothers.

The verification of the fulfillment of the conditions stated is carried out by means of a declaration provided by the company at the time of the application.

What are the conditions presented, namely guarantees, interest and maturities?

- Total allocation of 60 million euros;
- Loan amount: 750 euros per month for each job in the company on February 29, 2020, multiplied by a period of three months, maximum of 20,000 euros;
- Operation term: 3 years, including 1 year grace period;
- Guarantee: Personal guarantee of a partner of the company;
- Interest-free;
- Applications: with Turismo de Portugal, which has 5 working days to respond.

3. **Credit Line for the Catering and Similar Sector (600M)**

Who are the main recipients?
Companies (from micro-companies to Midcaps) in the catering sector and the like which, not being companies in difficulty for the purposes of paragraph 18 of article 2 of the Regulation of the European Commission No. 651/2014 of 17 June, have:

- positive net position in the last approved balance sheet;
- negative equity, provided that it is regularized in an interim balance approved until the date of the transaction;

- regardless of their net worth, activity started less than 12 months from the date of the respective application.

For the purposes of point ii. from the previous question, can liabilities be converted into equity?
Yes. To the extent legally permissible, any corporate restructuring mechanisms designed to make the company's net position positive, namely capital increase operations or ancillary payments / supplementary capital payments, by the shareholders, in order to to reinforce the net worth of the companies and, in addition, liabilities can be converted into equity, such as (namely):
  - Conversion of supplies into supplementary payments or supplementary capital payments; and / or
  - Capital increases in kind by converting debt into equity; and / or
  - Realization of capital increases in kind through the assumption / transfer of the company's debts to the shareholder.

What are the conditions presented, namely guarantees, interest and maturities?
- Total allocation of 600 million euros;
- Maximum per company: 1.5 ME;
- Guarantee: up to 90%;
- Counter-guarantee: 100%;
- Operation term: up to 4 years;
- Interest: fixed or variable interest rate plus a *spread* of 1% (1 year), 1.25% (1 to 3 years) or 1.5% (more than 3 years);
- Grace period (capital and interest): 1 year;
- Applications: from banks.

4. **Credit line for travel agencies, tourist entertainment, event organization and the like (200ME)**

Who are the main recipients?
Companies (from micro companies to Midcaps) in the travel agency, tourist entertainment, event organization and similar sectors, which are not companies in difficulty for the purposes of paragraph 2 of article 2 of the European Commission Regulation No. 651/2014 June 17, have:
- positive net position in the last approved balance sheet;
- negative equity, provided that it is regularized in an interim balance approved until the date of the transaction;
- regardless of their net worth, activity started less than 12 months from the date of the respective application.

For the purposes of point ii. from the previous question, can liabilities be converted into equity?
Yes. To the extent legally permissible, any corporate restructuring mechanisms designed to make the company's net position positive, namely capital increase operations or ancillary payments / supplementary capital payments, by the shareholders, in order to to reinforce the net worth of the companies and, in addition, liabilities can be converted into equity, such as (namely):
- Conversion of supplies into supplementary payments or supplementary capital payments; and / or
- Capital increases in kind by converting debt into equity; and / or
- Realization of capital increases in kind through the assumption / transfer of the company's debts to the shareholder.

What are the conditions presented, namely guarantees, interest and maturities?

- Total allocation of 200 million euros;
- Maximum per company: 1.5 ME;
- Guarantee: up to 90%;
- Counter-guarantee: 100%;
- Operation term: 4 years;
- Interest: fixed or variable interest rate plus a *spread* of 1% (1 year), 1.25% (1 to 3 years) or 1.5% (more than 3 years);
- Grace period (capital and interest): 1 year;
- Applications: from banks.

5. **Credit line for tourism companies (including tourist developments and tourist accommodation - 900ME)**

Who are the main recipients?

Companies (from micro-companies to Midcaps) in the tourism sector (including tourist developments and tourist accommodation) that, not being companies in difficulty for the purposes of paragraph 2 of article 2 of the Regulation of the European Commission no. 651/2014 of 17 June, have:

- positive net position in the last approved balance sheet;
- negative equity, provided that it is regularized in an interim balance approved until the date of the transaction;
- regardless of their net worth, activity started less than 12 months from the date of the respective application.

For the purposes of point ii. from the previous question, can liabilities be converted into equity?

Yes. To the extent legally permissible, any corporate restructuring mechanisms designed to make the company's net position positive, namely capital increase operations or ancillary payments / supplementary capital payments, by the shareholders, in order to reinforce the net worth of the companies and, in addition, liabilities can be converted into equity, such as (namely):

- Conversion of supplies into supplementary payments or supplementary capital payments; and / or
- Capital increases in kind by converting debt into equity; and / or
- Realization of capital increases in kind through the assumption / transfer of the company's debts to the shareholder.

What are the conditions presented, namely guarantees, interest and maturities?

- Total allocation of 900 million euros;
- Maximum per company: 1.5 ME;
- Guarantee: up to 90%;
- Counter-guarantee: 100%;
- Operation term: 4 years;
- Interest: fixed or variable interest rate plus a *spread* of 1% (1 year), 1.25% (1 to 3 years) or 1.5% (more than 3 years);
- Grace period (capital and interest): 1 year;
- Applications: from banks.

6. **Credit line for industry - textiles, clothing, footwear, extractive industries and wood sector (1,300ME)**

Who are the main recipients?

Companies (from micro companies to Midcaps) in the travel agency, tourist entertainment, event organization and similar sectors, which are not companies in difficulty for the purposes of paragraph 2 of article 2 of the European Commission Regulation No. 651/2014 June 17, have:

- positive net position in the last approved balance sheet;
- negative equity, provided that it is regularized in an interim balance approved until the date of the transaction;
- regardless of their net worth, activity started less than 12 months from the date of the respective application.

For the purposes of point ii. from the previous question, can liabilities be converted into equity?
Yes. To the extent legally permissible, any corporate restructuring mechanisms designed to make the company's net position positive, namely capital increase operations or ancillary payments / supplementary capital payments, by the shareholders, in order to to reinforce the net worth of the companies and, in addition, liabilities can be converted into equity, such as (namely):

- Conversion of supplies into supplementary payments or supplementary capital payments; and / or
- Capital increases in kind by converting debt into equity; and / or
- Realization of capital increases in kind through the assumption / transfer of the company's debts to the shareholder.

What are the conditions presented, namely guarantees, interest and maturities?

- Total allocation of 1,300 million euros;
- Maximum per company: 1.5 ME;
- Guarantee: up to 90%;
- Counter-guarantee: 100%;
- Operation term: 4 years;
- Interest: fixed or variable interest rate plus a *spread* of 1% (1 year), 1.25% (1 to 3 years) or 1.5% (more than 3 years);
- Grace period (capital and interest): 1 year;
- Applications: from banks.

7. **Measures within the scope of business incentive systems**

What are the incentive systems?
There are three measures in the scope of business incentive systems:

- Acceleration of payment of incentives to companies, as an advance;
- Deferral of the amortization period for reimbursable subsidies, within the scope of the QREN, PT2020 and Instituto do Vinho e da Vinha;
- Expenses incurred with initiatives or actions canceled or postponed due to COVID-19 and within the scope of PT2020 are eligible;
- The impact of the pandemic in the evaluation of the contractual objectives will be considered and there will be no penalty for the insufficient implementation of actions or goals that result from COVID-19.

8. **Export support measures**

What is?
Through the increase in credit insurance lines, with State guarantees, export and diversification of customers will be supported, in particular to markets outside the European Union.

Who are the recipients?
Companies from various sectors affected by COVID-19.

What are the conditions?

- Credit insurance line for the metallurgical, metalworking and mold sectors: more than 100 million euros;
- Line of Credit Insurance surety for works abroad: more than 100 million euros;
- Short-term export credit insurance line: more than 50 million euros.

Portugal Tourism

- The existing Entrepreneur Support Team will gradually be strengthened by 50% to attend and answer frequently asked questions, such as lines of financing, activity, legal issues. The team has already been reinforced with technical advice from elements of the different business areas and with the Articulation with Regional Tourism Entities.
- Technical support team for Companies: the consultancy program is being designed by the Tourism Schools of Portugal and will be taught by 60 trainers from the Tourism Schools of Portugal. Contacts will be made through a specific and accessible communication platform after completing an online form. Operational from March 17.

Economic Support Measures - Individual Entrepreneurs

Individual entrepreneurs with income from the exclusive exercise of any commercial or industrial activity are considered self-employed, so all exceptional and temporary measures to respond to the COVID-19 epidemic aimed at self-employed workers include self-employed entrepreneurs.

Thus, individual entrepreneurs, with or without organized accounting, can access the following support:

- Allocation of sickness benefit;
- Exceptional family support for self-employed workers;
- Extraordinary support for reducing the economic activity of the self-employed;
- Deferral of the payment of contributions for self-employed workers (not removing the obligation to submit the quarterly statement);
- Extension of the term of compliance with tax obligations;
- Bank moratorium;
- Extraordinary support for the maintenance of employment contracts in a situation of business crisis (simplified lay off), regarding its workers.

Economic Support Measures - Deferral of Taxes and Contributions

Who can benefit from this scheme?
Private and social sector employers are entitled to defer payment of contributions with:

- Less than 50 workers;
- A total of workers between 50 and 249, provided that they present a drop of at least 20% of the invoice communicated through the e-invoice in the months of March, April and May 2020, compared to the same period of the previous year or, for who started the activity less than 12 months ago, the average of the elapsed activity period;
- A total of 250 or more workers, as long as they have a drop of at least 20% of the invoice communicated through the E-invoice in the months of March, April and May 2020, compared to the same period of the previous year or, for whom has started the

activity less than 12 months ago, at the average of the period of activity that has elapsed, and falls under one of the following forecasts:

- Whether it is a private institution of social solidarity or similar;
- The activity of these employers falls within the sectors closed under the terms of Decree No. 2-A / 2020, of 20 March , or in the aviation and tourism sectors, in relation to the establishment or company effectively closed;
- The activity of these employers has been suspended, by legislative or administrative determination, in relation to the establishment or company effectively closed.

Self-employed workers can also benefit from the measure.

How does deferred payment from employers work?
Employer liability contributions, due in March, April and May 2020, can be paid as follows:

- One third of the value of contributions is paid in the month it is due;
- The remaining two-thirds are paid in equal and successive installments:
- In the months of July, August and September 2020; or
- From July to December 2020.

Workers' contributions must be paid in the months they are due.

- How do you measure the break in billing when the communication of the elements of the invoices through the E-Invoice does not reflect the totality of the operations carried out subject to VAT?

When the communication of the elements of the invoices through the E-Invoice does not reflect the totality of the operations carried out subject to VAT, albeit exempt, related to the transmission of goods and services, relating to the periods covered by this regime, the measurement of the breach of invoicing must be carried out with reference to turnover, with the respective certification of certified accountant.

How does deferred payment work for self-employed workers?
The contributions of self-employed workers, due in April, May and June 2020, can be paid as follows:

- One third of the value of contributions is paid in the month it is due;
- The remaining two-thirds are paid in equal and successive installments:
- In the months of July, August and September 2020; or
- From July to December 2020.

How do you indicate in which months you want to pay?
Employers and independent workers must indicate in the Social Security Direct in July 2020 which of the payment terms they intend to use.

How are the break billing requirements demonstrated?
The requirements of the installment plan related to billing are demonstrated by the employer during the month of July 2020, together with certification by the company's certified accountant.

How do you measure the number of workers?
The number of workers referred to in the previous number is determined by reference to the remuneration declaration for February 2020.

Is the deferred payment of contributions mandatory?
No. Deferred payment of social contributions is optional and does not prevent full payment of contributions due by employers.

Can you accumulate with other supports?
Yes, this measure is cumulative with other extraordinary measures in the context of the COVID-19 crisis.

What happens if you do not pay 1/3 of the contribution on time?
If an employer or self-employed person does not pay 1/3 of the value of contributions for any of the months within the deadline, the possibility of accessing this scheme ends.

What if the employer has already paid all contributions due in March 2020?
For employers who have already paid all contributions due in March 2020, the deferral of payment of contributions starts in April 2020 and ends in June 2020.

Is there a requirement for deferral of payment?
Deferral of payment of contributions under the responsibility of the employer and the self-employed is not subject to application. The assignment is unofficial by the Social Security services.

How can I pay 1/3 of the contribution?
Employers must calculate the amount payable: total amount of contributions calculated plus 1/3 of the value of contributions from employers. Self-employed workers must use the payment document available from Direct Social Security.

Economic Support Measures - Portugal 2020
Extraordinary Measures to Support the Economy and Maintain Employment within Portugal 2020

As a way to mitigate the damage to the functioning of our economy, the PT2020 will assume a unique role, reviewing its priorities in depth in the most immediate months.
Thus, in order to respond to the promoters' liquidity problem:
- almost immediate payment of expenses already incurred and paid to suppliers will be promoted;
- automatic deferral of benefits for incentive repayments will be instituted for a period of 12 months. These two measures will make it possible to inject or save financing resources in companies receiving funds, in the order of 400 million euros.

Understanding that there will be constraints on the activity of the beneficiaries, the COVID-19 pandemic situation will be considered as a reason of force majeure not attributable to the promoters, which will make it possible in a simplified way to adjust the projects, whether in terms of the calendar, the financial programming, the maximum costs or other type of limits imposed in the legislation or in the notices of competition, the composition of the objectives, activities and investments, both in terms of the contractual goals of achievement and results.

Likewise, the expenses incurred by promoters resulting from the cancellation or postponement of actions and / or initiatives, such as in the areas of internationalization, research and development and professional training, will be considered eligible, thus allowing full reimbursement of expenses. At the same time, and bearing in mind the current suspension of professional training activities, professional rehabilitation, active employment measures and other non-training measures, training grants and other social support will continue to be paid, as well as costs members associated with these areas financed by the ESF, aware that the activity of these institutions will have to be maintained.

In this emergency phase, some of the measures in progress at PT2020 will be suspended, such as the Recovery Grant. It is intended to ensure that beneficiaries meet the conditions for them to continue to develop PT 2020 projects and not to give up on them.

Notwithstanding the implementation of these important measures, work on implementing and managing Community funds will continue. However, and in the difficult moment, it is important to transmit a message of tranquility to the thousands of promoters that everything will be done so that, even with the limitations imposed by the current moment, they continue to develop the projects, even if at differently, and with that they can create the conditions for the next phase of recovery of our economy and job creation.