# Preliminary
# 2020 G20 Extraordinary Virtual Summit
# Interim Compliance Report

Prepared by

Alessandra Cicci and the G20 Research Group
University of Toronto
Toronto
and
Irina Popova and the Center for International Institutions Research
Russian Presidential Academy of National Economy and Public Administration,
Moscow

From 27 March 2020 to 26 May 2020

14 September 2020

**Feedback, as always, is welcome and is kept anonymous.**
Unlike the regular annual compliance reports produced by the G20 Research Group and RANEPA, this report has not been sent to stakeholders for review prior to publication. Scores can be recalibrated if new material becomes available that meets the requirements set by the methodology used for monitoring compliance.
**This is therefore a preliminary report**
**and we encourage readers to send comments to**
G20@utoronto.ca

Munk School of Global Affairs
Trinity College at the University of Toronto
1 Devonshire Place, Room 209N
Toronto, Ontario M5S 3K7
Canada
**www.g20.utoronto.ca**

**G20 RESEARCH GROUP**
@G20rg

Centre for International Institutions Research at the Russian Presidential Academy of National Economy and Public Administration
11 Prechistenskaya nabarezhnaya
Moscow, Russia 119034
**www.ranepa.ru/eng/ciir**

# Contents

## 6. Global Economy: Fiscal Support

"We will continue to conduct bold and large-scale fiscal support."

*Extraordinary G20 Leaders' Summit: Statement on COVID-19*

### Assessment

| | Lack of Compliance | Work in Progress | Full Compliance |
|---|---|---|---|
| Argentina | | | +1 |
| Australia | | | +1 |
| Brazil | | | +1 |
| Canada | | | +1 |
| China | | | +1 |
| France | | | +1 |
| Germany | | | +1 |
| India | | | +1 |
| Indonesia | | | +1 |
| Italy | | | +1 |
| Japan | | | +1 |
| Korea | | | +1 |
| Mexico | | 0 | |
| Russia | | | +1 |
| Saudi Arabia | | | +1 |
| South Africa | | | +1 |
| Turkey | | | +1 |
| United Kingdom | | | +1 |
| United States | | | +1 |
| European Union | | | +1 |
| Average Score | +0.95 (98%) | | |

### Background

Originating in the Chinese province of Hubei in January 2020, the novel coronavirus (SARS-CoV-2) was declared a public health emergency of international concern in March 2020, and as of 25 May has infected over 5.5 million people worldwide, claiming the lives of more than 346,000 people.[859] To combat the spread of the virus, governments across the globe have implemented unprecedented restrictions on economic activity, which include: police-enforced lockdowns limiting public gatherings, and the closure of all non-essential shops and services. The Organisation for Economic Co-operation and Development estimates that containment measures will cause an initial decline in the level of output 20-25 per cent in many economies, while the International Monetary Fund predicts "the worst economic fallout since the Great Depression."[860]

As an organization born out of the 2008 global financial crisis, macroeconomic governance has remained a core commitment throughout the G20's history. As a severe worldwide economic crisis, the global financial crisis created a global recession that saw global economic growth plummet, triggering enormous losses in employment, trade, development, manageable government deficit and

---

[859] Reported Cases and Deaths by Country, Territory or Conveyance of COVID-19 Coronavirus, Worldometer. 2 May 2020. Access Date: 2 May 2020. https://www.worldometers.info/coronavirus/

[860] Breaking Down the G20 COVID-19 Fiscal Response, Centre for Strategic & International Studies (Washington) 30 April 2020. Access Date: 2 May 2020. https://www.csis.org/analysis/breaking-down-g20-covid-19-fiscal-response

debt burdens. This unprecedented slump ushered in a new demand to "stop the drop," solve the crisis and generate strong, sustainable and balanced growth. As the world's 20 strongest economies, the G20 came together to immediately implement "fiscal measures to stimulate domestic demand to rapid effect … while maintaining a policy framework conducive to fiscal sustainability."[861]

At their second summit in London in April of 2009, G20 leaders promised to provide whatever future "fiscal and monetary stimulus" necessary to restore global growth.[862] To achieve this, G20 leaders pledged an unprecedented concerted fiscal expansion in the amount of USD 5 trillion to deliver the "scale of sustained fiscal effort necessary to restore growth." In 2010, G20 leaders continued to recognize that sound fiscal finances are essential to "sustain recovery, provide flexibility to respond to new shocks."[863] Here, leaders agreed on a set of principles to guide the consolidation of fiscal plans. Promising to sustain a strong fiscal policy response "until a durable recovery is secure," they committed "to act to ensure that when growth returns, jobs do too," and to "avoid any premature withdrawal of stimulus."[864]

In 2011-2012, against the background of renewed market tensions, the G20 leaders came together to combat the volatility of the European debt crisis — welcoming actions to support growth, ensure financial stability and promote fiscal responsibility as a contribution to the G20 framework for strong, sustainable and balanced growth."[865] At their 2013 St. Petersburg Summit, the leaders again agreed to "continue to develop comprehensive growth strategies to achieve stronger, more sustainable and balanced growth in the context of fiscal sustainability." They also agreed to maintain a flexible (tailored to specific country circumstances) approach in implementing their fiscal strategies, while remaining committed to sustainable public finances. Facing increased financial volatility, emerging markets agreed to take the necessary actions to support growth and maintain stability, including efforts to improve fundamentals, increase resilience to external shocks and strengthen financial systems.[866]

In the spirit of exploring more policy options (tailored to specific country circumstances) that G20 countries could undertake to respond to potential unforeseen risks, the G20 leaders reaffirmed the need for well-designed and coordinated macroeconomic policy, using all available tools — individually and collectively — to achieve strong, sustainable, and inclusive growth. On this note, at the 2016 Hangzhou Summit, 2017 Hamburg Summit, 2018 Buenos Aires Summit as well as the most recent 2019 Osaka Summit, leaders emphasized that monetary policy alone would not lead to balanced growth and underscored the essential role of fiscal strategies (in the form of structural reform) would be equally as important to supporting common growth objectives. Flexible fiscal policy and making tax policy and public expenditure more growth friendly, it was decided, would be

[861] Declaration of Summit on Financial Markets and the World Economy, G20 Information Centre (Toronto) 15 November 2008. 2 May 2020. http://www.g20.utoronto.ca/2008/2008declaration1115.html
[862] London Summit – Leaders' Statement, G20 Information Centre (Toronto) 2 April 2009. Access Date: 2 May 2020. http://www.g20.utoronto.ca/2009/2009communique0402.pdf
[863] The G20 Toronto Summit Declaration, G20 Information Centre (Toronto) 27 June 2010. Access Date: 2 May 2020. http://www.g20.utoronto.ca/2010/to-communique.html
[864] G20 Leaders Statement: The Pittsburgh Summit, G20 Information Centre (Toronto) 25 September 20009. Access Date: 2 May 2020 http://www.g20.utoronto.ca/2009/2009communique0925.html
[865] G20 Leaders Declaration, G20 Information Centre (Toronto) 19 June 2012. Access Date: 2 May 2020. http://www.g20.utoronto.ca/2012/2012-0619-loscabos.html
[866] G20 Leaders' Declaration, G20 Information Centre (Toronto) 6 September 2013. Access Date: 2 May 2020. http://www.g20.utoronto.ca/2013/2013-0906-declaration.html

achieved by including prioritizing high-quality investment, while enhancing resilience and ensuring debt as a share of gross domestic product was on a sustainable path.[867,868]

As the unprecedented COVID-19 pandemic continues to put the global economy at significant risk, it is perhaps once again up to the G20 leaders to lead macroeconomic recovery. It is true that while the health aspects of the shock might be relatively short lived, its economic consequences are projected to last much longer, requiring the G20 monetary authorities to devise a "true medium-long term" anti-COVID strategy.[869] Widely credited with stopping the global financial crisis, continuing to prioritize growth throughout the 2010-2012 euro crisis G20 macroeconomic leadership can certainly help in devising an appropriate fiscal policy designed to mitigate the negative macroeconomic effects precipitated by COVID-19.

In response to the outbreak of the COVID-19 pandemic, G20 leaders came together and held an Extraordinary G20 Leaders' Summit on 26 March 2020. During this emergency meeting, leaders called for solidarity in the form of "transparent, robust, large-scale and science-based" action, placing restoring the confidence, preserving financial stability, reviving growth and recover stronger as a top priority.[870] In linking global health to macroeconomic policy, leaders once again sought to use all available policy tools aiming at ensuring "adequate financing" in order to safeguarding the global economy, all the while containing the pandemic, and in outlining their goals, leaders sought to "minimize the economic and social damage from the pandemic, restore global growth, maintain market stability, and strengthen resilience."[871,872]

In recent weeks, members of the G20 have undertaken "swift, wide-ranging and substantial action" to respond to the economic challenge stemming from COVID-19.[873] However, the containment measures applied across many G20 countries, which are crucial for protecting lives, are having a profound and disruptive impact on citizens, households and businesses across their economies. The macroeconomic policy challenge is therefore to provide bridges to households and businesses to ensure that COVID-19 related interventions do not cause long-term damage domestic economies, or the wider global economy.[874]

In order to protect vulnerable economies, governments have pledged large-scale massive support in the form of direct payments to individuals as well as "limitless loans" for struggling businesses. At their emergency meeting in March, G20 leaders promised over USD 5 trillion, equivalent to 7.4 per cent of their combined 2019 gross domestic product (GDP) to "counteract the social, economic and financial impacts of the pandemic." As the economic fallout becomes clearer, the G20 leaders have

---

[867] G20 Leaders' Communiqué: Hangzhou Summit, G20 Information Centre (Toronto) 5 September 2016. Date Access: 2 May 2020. http://www.g20.utoronto.ca/2016/160905-communique.html

[868] G20 Leaders' Declaration: Shaping an Interconnected World, G20 Information Centre (Toronto) 8 July 2017. Date Access: 2 May 2020. http://www.g20.utoronto.ca/2017/2017-G20-leaders-declaration.html

[869] Monetary Policies Strategies and the COVID-19 Crisis, G20 Insights: International Financial Architecture. 19 April 2020. Access Date: 1 May 2020. https://www.g20-insights.org/policy_briefs/monetary-policies-strategies-and-the-covid-19-crisis/#_ftn1

[870] G20 Extraordinary Leaders' Summit Statement on COVID-19, G20 Saudi Arabia 2020 (Toronto) 27 March 2020. Access Date: 1 May 2020. http://www.g20.utoronto.ca/2020/2020-g20-statement-0326.html

[871] G20 Extraordinary Leaders' Summit Statement on COVID-19, G20 Saudi Arabia 2020 (Riyadh) 27 March 2020. Access Date: 1 May 2020. http://www.g20.utoronto.ca/2020/2020-g20-statement-0326.html

[872] Virtual Meeting of the G20 Finance Ministers and Central Bank Governors (Toronto) G20 Information Centre. April 15 2020. Access Date: 1 May 2020. http://www.g20.utoronto.ca/2020/2020-g20-finance-0415.html

[873] Virtual Meeting of the G20 Finance Ministers and Central Bank Governors (Toronto) G20 Information Centre. April 15 2020. Access Date: 1 May 2020. http://www.g20.utoronto.ca/2020/2020-g20-finance-0415.html

[874] Virtual Meeting of the G20 Finance Ministers and Central Bank Governors (Toronto) G20 Information Centre. April 15 2020. Access Date: 1 May 2020. http://www.g20.utoronto.ca/2020/2020-g20-finance-0415.html

continued to add to this figure. The Center for Strategic and International Studies estimates that as of 29 April 2020, G20 countries had provided USD 6.4 trillion in fiscal support, representing a 9.3 percent of their combined 2019 GDP.[875]

## Commitment Features

The G20 commitment is to "continue to conduct bold and large-scale fiscal support."

### Definitions

"Continue": to persist in an activity or process.[876]

"Conduct": to organize and carry out.[877]

"Bold": (of a person, action, or idea) showing a willingness to take risks; confident and courageous.[878]

"Large-scale": involving large numbers or a large area; extensive.[879]

"Fiscal": relating to government revenue, especially taxes.[880]

"Support": the action, or act of providing aid, assistance, or backing up an initiative, or entity.[881]

### General Interpretive Guidelines:

Boosting economic activity can be especially difficult in the face of supply and demand shocks triggered by the abrupt blockage of production, health and safety regulations shutting down "non-essential" sectors in the economy as well as tragic impacts of the illness itself. In order to mitigate these negative impacts, the G20 leaders have made it a core target supporting the most vulnerable through well-designed and coordinated fiscal measures in order to sustain economic growth. These "immediate and vigorous" measures are especially aimed at protecting workers so that they can stay afloat and get quickly back to work, businesses (with an emphasis on micro, small, and medium size enterprises) as well as the sectors of the economy most affected.[882,883]

As part of a targeted fiscal policy, the G20 as of 26 March 2020 agreed to injecting over USD 5 trillion into the global economy in order to counteract the negative social, economic and financial impacts of the pandemic. Continued collective G20 will amplify this impact and set a strong bases for the protection of jobs and recovery of growth. This commitment will continue to measure the

---

[875] Breaking Down the G20 COVID-19 Fiscal Response, Centre for Strategic & International Studies (Washington) 30 April 2020. Access Date: 2 May 2020 https://www.csis.org/analysis/breaking-down-g20-covid-19-fiscal-response

[876] Continue, English Oxford Living Dictionaries, Lexico (Oxford) 2020. Access Date: 1 May 2020. https://www.lexico.com/definition/continue

[877] Conduct, English Oxford Living Dictionaries, Lexico (Oxford) 2020. Access Date: 1 May 2020. https://www.lexico.com/definition/conduct

[878] Bold, English Oxford Living Dictionaries, Lexico (Oxford) 2020. Access Date: 1 May 2020. https://www.lexico.com/definition/bold

[879] Large-scale, English Oxford Living Dictionaries, Lexico (Oxford) 2020. Access Date: 1 May 2020. https://www.lexico.com/definition/large-scale

[880] Fiscal, English Oxford Living Dictionaries, Lexico (Oxford) 2020. Access Date: 1 May 2020. https://www.lexico.com/definition/fiscal

[881] Support, Compliance Coding Manual for International Institutional Commitments (Toronto) 2016. Access Date: 1 May 2020. http://www.g7.utoronto.ca/compliance/Compliance_Coding_Manual_2019.pdf

[882] G20 Extraordinary Leaders' Summit Statement on COVID-19, G20 Saudi Arabia 2020 (Toronto) 27 March 2020. Access Date: 1 May 2020. http://www.g20.utoronto.ca/2020/2020-g20-statement-0326.html

[883] Remarks by IMF Managing Director Kristalina Georgieva During an Extraordinary G20 Leaders' Summit, G20 Information Centre (Toronto) 27 March 2020. Access Date: 2 May 2020. http://www.g20.utoronto.ca/2020/2020-g20-georgieva-0326.html

compliance of G20 leaders to their commitment to "continue to conduct bold and large-scale fiscal support."

In order to differentiate between full and partial compliance, this report uses a depth and breadth analysis as per the Compliance Coding Manual. In order to achieve full compliance, fiscal support should be credible, based on prudent assumptions with respect to economic growth and G20 members' respective fiscal positions. Therefore, the different capabilities of G20 members will be acknowledged, taking country-specific circumstances into account meaning that specific amounts allocated will not be compared against one another. For this report, strong action will refer to large-scale/extensive money allocation, in the form of assignment of budgetary resources, changing fiscal or monetary policy in favour of this commitment, the launch of a new program of support for the vulnerable and giving to international organization. Thus, in order to receive a score of +1, the G20 must take strong action in the aforementioned areas.

When a G20 member provides fiscal support that might be deemed as smaller-scale, non-extensive and/or provide fiscal support to particular sectors that may not be in as much need compared to small and medium-sized enterprises or affected hourly workers, this member will receive a score of 0 for partial compliance. While this member is still demonstrating their willingness to commit to providing fiscal support, they are not taking concrete actions that meet the "strong" component of this commitment for full compliance.

This report will acknowledge that actions in which a G20 member makes only a verbal mention of providing fiscal support, or actions taken against this commitment will be recognized as a lack of compliance, a score of −1. It is important to note that while decreasing monetary allocation can be taken as action taken against this commitment, if a member has made an error in calculation or the COVID-19 cases have reduced, then a reduction in budget may be allowed (and might instead be considered partial compliance.

Actions must have been taken between 27 March 2020 and 26 May 2020 to be counted for compliance.

### Scoring Guidelines

| | |
|---|---|
| −1 | The G20 member took insufficient action to continue to conduct bold and large-scale fiscal support. In this regard, the G20 member has either only a made verbal affirmation to providing fiscal support or has taken action against this commitment by decreasing its amount of fiscal support. |
| 0 | The G20 member took partial action in continuing to conduct bold and large-scale fiscal support. Here, the G20 member has provided smaller-scale, non-extensive support and/or has provided fiscal support to particular sectors of the economy that may not be in as much need compared to small and medium-sized enterprises or hourly wage workers. |
| +1 | The G20 member took strong action in continuing to conduct bold fiscal support through continued large-scale money allocation in the form of allocating new budgetary resources, changing fiscal, launching a new program of support or giving financial aid to appropriate international organizations. |

*Compliance Director: Jane Filipiuk*

### Argentina: +1

Argentina fully complied with its commitment to continue to conduct bold and large-scale fiscal support in response to the unprecedented economic shock of COVID-19. It has done so by taking strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

On 15 April 2020, an emergency assistance program was established by Argentina's National Social Security Administration (ANSES) to provide relief for employers "whose businesses have suffered" as a result of the COVID-19 pandemic. Benefits include; postponement and reduction of payments of employer contributions, as well as payments of a portion of employee wages covered by ANSES.[884]

As of 14 May 2020, the Government of Argentina has announced measures (totalling about 4 per cent of gross domestic product) focused on providing 1) increased health spending, including for improvements in virus diagnostics, purchases of hospital equipment and construction of clinics and hospitals; 2) support for workers and vulnerable groups, including through increased transfers to poor families, social security benefits (especially to low-income beneficiaries), unemployment insurance benefits, and payments to minimum-wage workers; 3) support for hard-hit sectors, including an exemption from social security contributions, grants to cover payroll costs; and subsidized loans for construction-related activities; 4) demand support, including spending on public works; 5) forbearance, including continued provision of utility services for households in arrears.[885]

On 20 May 2020, the Argentine government expanded existing measures by announcing the implementation of a plan of ARS 350 billion (USD 5 billion) to provide relief to companies certified as small and medium-sized enterprises for which social security contributions will be reduced, and the State will absorb the cost of part of employee salaries.[886]

Argentina has taken strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

Thus, Argentina receives a score of +1.

*Analyst: Jane Filipiuk*

### Australia: +1

Australia has fully complied with its commitment to continue to conduct bold and large-scale fiscal support in response to the unprecedented economic shock of COVID-19. It has done so by taking strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support. While the Australian government has reduced the allocated amount to cover wage subsidies, this was as a result of successful efforts to control the outbreak, and not because of a reluctance to provide support.

As of 14 May 2020, three economic stimulus packages have been put into place in Australia. The estimated total expenditure and revenue measures of the stimulus packages are AUD 194 billion (9.9 per cent of gross domestic product [GDP]) through FY2023-24, of which the majority will be executed in FY2019-20 and FY2020-21. The measures that have been put in place include the provision of free childcare to around one million families and targeted support to the education system. Other measures include loan guarantees between the Australian government and participating banks to cover the immediate cash flow needs of small and medium-sized enterprises (up to AUD 20 billion), as well as the allocation of up to AUD 15 billion to invest in residential

[884] Argentina – Covid-19: Fiscal Relief for Companies, KPMG (Buenos Aires) 15 April 2020. Access Date: 19 May 2020. https://home.kpmg/xx/en/home/insights/2020/04/flash-alert-2020-174.html

[885] Argentina's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020. https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19

[886] Argentina: Government and Institution Measures in Response to COVID-19, KPMG (Buenos Aires) 20 May 2020. Access Date: 22 May 2020. https://home.kpmg/xx/en/home/insights/2020/04/argentina-government-and-institution-measures-in-response-to-covid.html

mortgage backed securities and asset backed securities to help funding for small banks and non-bank financial institutions.[887]

Moreover, Australia has committed to spend an additional amount of almost AUD 5 billion (0.3 per cent of GDP) to strengthen the health system and protect vulnerable people, including those in aged care, from the outbreak of COVID-19. The Commonwealth government has also agreed with the states and the territories to share the public health costs incurred by the states and territories in treating the COVID-19.[888]

On 22 May 2020, the Australian government halved the number of people expected to be covered by its coronavirus wage subsidy scheme. Although sizeable wage subsidies of about AUD 130 billion (6.7 per cent of GDP) were promised as part of the stimulus package, the Australian Treasury Department said successful efforts to control the outbreak combined with errors on wage subsidy applications meant the government would be able to revise this scheme, saving around AUD 60 billion.[889]

While Australia has reduced the allocated amount to cover wage subsidies, this was done as a result of the effective control of the COVID-19 outbreak, and not as a reluctance to continue supporting the commitment. It has still remained committed to supporting other parts of the stimulus package that demonstrate its strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

Thus, Australia receives a score of +1.

*Analyst: Jane Filipiuk*

### Brazil: +1

Brazil fully complied with its commitment to continue to conduct bold and large-scale fiscal support in response to the unprecedented economic shock of COVID-19. It has done so by taking strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

On 27 March 2020, Brazil's Minister of Economy Paulo Guedes announced a new economic stimulus package would be launched in order to "face the economic impacts" of COVID-19 in Brazil. This package would total USD 150 billion and includes but is not limited to; supporting the most "vulnerable population" through salary allowance, relaxing labour laws to maintain jobs, providing aid for informal and self-employed workers, supporting the airline industry, expanding liquidity in the markets by releasing "compulsory deposits" and supporting small and medium-sized enterprises.[890]

As of 14 May 2020, to mitigate the impact of COVID-19, Brazil has continued and reinforced the series of fiscal measures announced in March, which have totaled nearly 8 per cent of gross domestic

---

[887] Australia's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020 https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19

[888] Australia's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020 https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19

[889] Australia Slashes Costs of COVID-19 Job Subsidy to $46 billion, Reuters (Sydney) 22 May 2020. Access Date: 22 May 2020. https://in.reuters.com/article/us-health-coronavirus-australia/australia-slashes-costs-of-covid-19-job-subsidy-to-46-billion-idINKBN22Y02M

[890] Brazil: Government and Institution Measures in Response to COVID-19, KPMG (Brasilia) 20 May 2020. Access Date: 22 May 2020. https://home.kpmg/xx/en/home/insights/2020/04/brazil-government-and-institution-measures-in-response-to-covid.html

product. In order to accommodate these measures, the government has also invoked the escape clause of the constitutional expenditure ceiling to accommodate exceptional spending needs, included in a separate (so-called "war") 2020 budget, not bound by the provisions of Brazil's Fiscal Responsibility Law and the constitutional "golden rule." So far, the measures initiated have been temporary income support to vulnerable households (bringing forward the 13th pension payment to retirees, expanding the Bolsa Familia program with the inclusion of over 1 million more beneficiaries, cash transfers to informal and unemployed workers, and advance payments of salary bonuses to low income workers), employment support (partial compensation to workers which are temporarily suspended or have a cut in working hours, as well as temporary tax breaks and credit lines for firms that preserve employment), lower taxes and import levies on essential medical supplies, and new transfers from the federal to state governments to support higher health spending and as cushion against the expected fall in revenues. Financial assistance states and municipalities – with a temporary stay of debt payments, debt renegotiation, and support for credit operations through government guarantees – was also announced. Public banks are expanding credit lines for businesses and households, with a focus on supporting working capital (credit lines add up to over 3 per cent of gross domestic product [GDP]), and the government will back a credit line of 0.5 per cent of GDP to cover payroll costs.[891]

Brazil has taken strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

Thus, Brazil receives a score of +1.

*Analyst: Jane Filipiuk*

## Canada: +1

Canada fully complied with its commitment to continue to conduct bold and large-scale fiscal support in response to the unprecedented economic shock of COVID-19. It has done so by taking strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

On 24 April 2020, the Canadian federal government announced that it had expended more than CAD 145.6 billion on direct support for Canadians to "get through the COVID-19 crisis" by "protecting Canadians health and safety, provide business and tax liquidity support as well as the direct support for individuals, businesses and sectors." The most significant expenditures include; CAD 73 billion for emergency wage subsidies, CAD 35 billion for emergency relief benefits, CAD 15.3 billion for Canada's emergency business account, CAD 9 billion for financial aid to students and CAD 5.5 billion for an enhanced goods and services tax credit. These measures account for approximately one fifth of the overall tally of the measures the government has announced related to the pandemic. In total, Ottawa estimates the total will amount to more than CAD 817 billion.[892]

As of 14 May 2020, Canada's fiscal expenditures have amounted to CAD 205 billion (9.8 per cent of gross domestic product). Up to this point, measures have included, but are not limited to a) CAD 4 billion to the health system to support increased testing, vaccine development, medical supplies, mitigation efforts, and greater support for Indigenous communities; b) CAD 116 billion in direct aid to households and firms, including wage subsidies, payments to workers without sick leave and access to employment insurance, an increase in existing GST tax credits and child care benefits, and a

[891] Brazil's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020. https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19

[892] By the Numbers: Federal Projected Spending on Direct Supports due to COVID-19 Hits $145B, CBC (Ottawa) 24 April 2020. Access Date: 22 May 2020. https://www.cbc.ca/news/politics/covid-19-economic-programs-1.5543092

new distinctions-based Indigenous Community Support Fund; and c) CAD 85 billion in liquidity support through tax deferrals.[893]

Canada has taken strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

Thus, Canada receives a score of +1.

*Analyst: Jane Filipiuk*

**China: +1**

China fully complied with its commitment to continue to conduct bold and large-scale fiscal support in response to the unprecedented economic shock of COVID-19. It has done so by taking strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

As of 14 May 2020, an estimated RMB 2.8 trillion (or 2.5 per cent of gross domestic product [GDP]) of fiscal measures or financing plans have been announced in China, of which 1.2 per cent of GDP are already being implemented. Key measures include increasing spending on epidemic prevention and control, producing medical equipment, accelerating disbursement of unemployment insurance and extension to migrant workers and providing tax relief and waived social security contributions. The overall fiscal expansion is expected to be significantly higher, reflecting the effect of already announced additional measures which include increases in the ceiling for special local government bonds of 1.3 per cent of GDP, improvements of the national public health emergency management system, and automatic stabilizers.[894]

China has taken strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

Thus, China receives a score of +1.

*Analyst: Jane Filipiuk*

**France: +1**

France fully complied with its commitment to continue to conduct bold and large-scale fiscal support in response to the unprecedented economic shock of COVID-19. It has done so by taking strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

On 16 April 2020, France announced that it would increase the fiscal envelope devoted to addressing the crisis to EUR 110 billion (nearly 5 per cent of gross domestic product [GDP]) from an initial EUR 45 billion included in an amending budget law introduced in March. This adds to an existing package of bank loan guarantees and credit reinsurance schemes of EUR 315 billion (close to 14 per cent of GDP). Some of the key immediate fiscal support measures include: streamlining and boosting health insurance for the sick or their caregivers, increasing spending on health supplies, liquidity support through postponements of social security and tax payments for companies and accelerated refund of tax credits (e.g. corporate income tax and value-added tax), support for wages of workers under the reduced-hour scheme, direct financial support for affected microenterprises, liberal

[893] Canada's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020 ( https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19

[894] People's Republic of China's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020 ( https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19

professions, and independent workers, and postponement of rent and utility payments for affected microenterprises and small and medium-sized enterprises (SMEs), additional allocation for equity investments or nationalizations of companies in difficulty, facilitating granting of exceptional bonuses exempt from social security contributions, and extending expiring unemployment benefits until the end of the lockdown.[895]

On 15 May 2020, the French government announced the launch of a new plan to help support France's tourism industry — one of the most affected industries in the country. Targeted specifically to help the SMEs most affected by COVID-19, France has stated "le fonds de solidarité" would be open to businesses operating within the tourism, culture and sport sectors until the end of 2020. Moreover, the French government announced that the number of enterprises who would be able to access these funds would be increased to include those with up to 20 employers, and the aid that they would be able to access would be increased to up to EUR 10,000 (from an initial EUR 1,500).[896]

France has taken strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

Thus, France receives a score of +1.

*Analyst: Jane Filipiuk*

## Germany: +1

Germany fully complied with its commitment to continue to conduct bold and large-scale fiscal support in response to the unprecedented economic shock of COVID-19. It has done so by taking strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

As of 14 May 2020, in addition to running down accumulated reserves, the federal government adopted a supplementary budget of EUR 156 billion (4.9 per cent of gross domestic product [GDP]) which intends to increase spending on healthcare equipment, hospital capacity and research and development on vaccines, expand access to short-term work, provide subsidies to preserve jobs and workers' incomes, expand childcare benefits for low-income parents and provide easier access to basic income support for the self-employed, give EUR 50 billion in grants to small business owners and self-employed persons severely affected by the COVID-19 outbreak, as well as temporarily expand the duration of unemployment insurance and parental leave benefits. At the same time, through the newly created economic stabilization fund (WSF) and the public development bank (KfW), Germany is expanding the volume and access to public guarantees for firms of different sizes, some eligible for up to 100 per cent guarantees, increasing the total volume by at least EUR 757 billion (23% of GDP).[897]

Germany has taken strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

Thus, Germany receives a score of +1.

*Analyst: Jane Filipiuk*

---

[895] France's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020. https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19
[896] Lancement du Plan de soutien au tourisme, Gouvernment Français (Paris) 15 May 2020. Access Date: 22 May 2020. https://www.economie.gouv.fr/covid19-soutien-entreprises/lancement-plan-tourisme-evenementiel-sportif-culturel
[897] Germany's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020. https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19

**India: +1**

India fully complied with its commitment to continue to conduct bold and large-scale fiscal support in response to the unprecedented economic shock of COVID-19. It has done so by taking strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

On 27 March 2020, Finance Minister Nirmala Sitharaman announced the launching of a stimulus package valued at approximately 0.8 per cent of gross domestic product (GDP). The key elements of the package are in kind (food,cooking gas) and cash transfers to lower-income households, insurance coverage for workers in the healthcare sector, and wage support to low-wage workers. These measures are in addition to a previous commitment by Prime Minister Narandra Modi that an additional 150 billion rupees (about 0.1 per cent of GDP) will be devoted to health infrastructure, including for testing facilities for COVID-19, personal protective equipment, isolation beds, intensive care unit beds and ventilators. The Indian government also announced several measures to ease the tax compliance burden across a range of sectors, including postponing some tax-filing and other compliance deadlines.[898]

On 13 and 14 May 2020, India's Finance Minister announced new measures targeting businesses (amounting to about 2.7 per cent of GDP) and expanding support for poor households, especially migrants and farmers (about 1.1 percent of GDP). Key elements of the business-support package are various financial sector measures for small and medium-sized enterprises (SMEs) and non-bank financial companies; liquidity injection for electricity distribution companies; and a reduction in up-front tax deductions for workers. Additional support to migrants and farmers will mainly be in the form of providing concessional credit to farmers, as well as a credit facility for street vendors and an expansion of food provision for non-ration card holders.[899]

India has taken strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

Thus, India receives a score of +1.

*Analyst: Jane Filipiuk*

**Indonesia: +1**

Indonesia fully complied with its commitment to continue to conduct bold and large-scale fiscal support in response to the unprecedented economic shock of COVID-19. It has done so by taking strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

On 31 March 2020, President Joko Widodo signed Government Regulation in Lieu of Law "State Finance Policy and Financial System Stability in the Handling of COVID-19 Pandemic" (Perppu 1/2020), announcing the largest economic stimulus package of IDR 405.1 trillion in helping mitigate the negative economic impact of the outbreak. This stimulus package includes: support to the health care sector to boost testing and treatment capability for COVID-19 cases; increased benefits and broader coverage of existing social assistance schemes to low-income households such as food aid, conditional cash transfers, and electricity subsidy; expanded unemployment benefits, including for workers in the informal sector, tax reliefs for the tourism sector and individuals; and permanent

[898] India's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020. https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19

[899] India's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020. https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19

reductions of the corporate income tax rate from 25 per cent to 22 per cent in 2020–21 and 20 per cent starting in 2022. In addition to tax and spending measures, the stimulus package includes IDR 150 trillion (0.9 per cent of gross domestic product) additional financing for a national economic program, including to support credit guarantees for the private sector.[900,901]

Indonesia has taken strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

Thus, Indonesia receives a score of +1.

*Analyst: Jane Filipiuk*

**Italy: +1**

Italy fully complied with its commitment to continue to conduct bold and large-scale fiscal support in response to the unprecedented economic shock of COVID-19. It has done so by taking strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

On 6 April, as an addition to the "Cura Italia" emergency package adopted on 17 March 2020, the Italian government announced a Liquidity Decree allowing for additional state guarantees of up to EUR 400 billion (25 per cent of gross domestic product [GDP]). The guarantee envelope from this, in addition to earlier schemes in aimed to unlock more than EUR 750 billion of liquidity for "businesses and households" that are most affected by COVID-19. As one of the measures, Italian employees are entitled to a monthly amount of 80 per cent of their salary (subject to caps). Where salary is at or below EUR 2,159 per month, employees will be entitled to EUR 939 and where salary is in excess of EUR 2,159, employees will receive EUR 1,199.[902]

On May 15, the Italian government agreed on a further EUR 55 billion (3.2 per cent of GDP) "Relaunch Package" of fiscal measures. Together, these provide a further EUR 14.5 billion in income support for families, EUR 3.3 billion for the healthcare system as well as EUR 16 billion in grants and tax deferrals for small and medium-sized enterprises (SMEs).[903]

As of 20 May 2020, the National Institute for Promotion together with the Development Finance Institution have increased the funding limit for the banking system, from EUR 1 million, to EUR 3 million. These funds are intended to provide subsidized loans to SMEs and mid-caps to support cash flow and investment. Additionally, SMEs of all types are able to benefit from a moratorium on a total volume of loans (estimated at around EUR 220 million).[904]

Italy has taken strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

---

[900] Indonesia: Government and Institution Measures in Response to COVID-19, KPMG (Jakarta) 22 April 2020. Access Date: 22 May 2020 https://home.kpmg/xx/en/home/insights/2020/04/indonesia-government-and-institution-measures-in-response-to-covid.html

[901] Indonesia's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020. https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19

[902] Italy's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020 ( https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19

[903] Italy's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020 ( https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19

[904] Italy : Government and Institution Measures in Response to COVID-19, KPMG (Rome) 20 May 2020. Access Date: 23 May 2020. https://home.kpmg/xx/en/home/insights/2020/04/italy-government-and-institution-measures-in-response-to-covid.html

Thus, Italy receives a score of +1.

*Analyst: Jane Filipiuk*

**Japan: +1**

Japan fully complied with its commitment to continue to conduct bold and large-scale fiscal support in response to the unprecedented economic shock of COVID-19. It has done so by taking strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

On 7 April 2020, the Government of Japan adopted the "Emergency Economic Package Against COVID-19," valued at JPY 117.1 trillion (21.1 per cent of Japan's 2019 gross domestic product [GDP]). The April package aims at five objectives, which include: developing preventive measures against the spread of infection and strengthen treatment capacity (0.5 per cent of 2019 GDP), protecting employment and businesses (16 per cent of 2019 GDP), regaining economic activities after containment (1.5 per cent of 2019 GDP), rebuilding a resilient economic structure (2.8 percent of 2019 GDP), and enhancing readiness for the future (0.3 per cent of 2019 GDP). The key measures comprise cash handouts to every individual and affected firms, deferral of tax payments and social security contributions, and concessional loans from public and private financial institutions.

On April 16, Japan announced that it aims to double its contribution to the Poverty Reduction and Growth Trust from the current 3.6 billion of special drawing rights (SDR). To do this, Japan will make available the first SDR 1.8 billion immediately. The Poverty Reduction and Growth Facility is an arm of the International Monetary Fund (IMF), which lends to the world's poorest countries. Japan is currently the largest contributor to facility's concessional lending facilities and in early April pledged an additional USD 100 million to the IMF's Catastrophe Containment and Relief Trust as immediately available resources to support the IMF's capacity to provide grant-based debt service relief for the poorest and most vulnerable countries to combat COVID-19.[905]

Japan has taken strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

Thus, Japan receives a score of +1.

*Analyst: Jane Filipiuk*

**Korea: +1**

Korea fully complied with its commitment to continue to conduct bold and large-scale fiscal support in response to the unprecedented economic shock of COVID-19. It has done so by taking strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

On 27 March, Korea unveiled a KRW 100 trillion worth of fiscal stimulus package and monetary policy steps to help "stabilize volatile financial markets," as well as "minimize the economic fallout from the COVID-19 outbreak." The Moon government explained that the fiscal stimulus package would focus on financial aid for small and medium-sized enterprises and the self-employed as well as "competitive companies" that were seen as "economic subjects suffering the most from the virus spread." Included within these companies are tourism-dependent businesses, telecommunications

[905] Japan's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020. https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19

businesses as well as film industries. The Bank of Korea (BOK) also added an "unlimited liquidity supply" to these emergency moves. According to the BOK, open bidding will be held once a week by the end of the June in order to provide liquidity with no limit to financial institutions.[906]

On 22 April, the Moon government announced an additional KRW 10.1 trillion spending on wage subsidies and assistance for the unemployed.[907]

On 30 April 2020, Korea's National Assembly passed the second 2020 supplementary budget. This includes an increase in spending by KRW 8 trillion to fund an emergency relief payment program of KRW 14.3 trillion that is destined to provide direct transfers to households in need.[908]

Korea has taken strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

Thus, Korea receives a score of +1.

*Analyst: Jane Filipiuk*

**Mexico: 0**

Mexico partially complied in its commitment to continuing to conduct bold and large-scale fiscal support. While Mexico has announced its intention to combat the economic effects of COVID-19, its fiscal stimulus can be considered small-scale, thereby lacking the "strong," and has been directed to particular sectors of the economy that may not be in as much need.

On 5 April 2020, President Andrés Manuel López Obrador outlined in a speech the government's priority to combat the economic effects of COVID-19. Besides higher health spending and strengthening the social safety net, the plan includes measures such as: frontloading the social pension and disability payments by four months, increased lending to small and medium-sized enterprises and providing liquidity support through development banks.[909]

On 22 April 2020, President López Obrador launched his economic rescue plan to deal with the economic fallout caused by COVID-19. This decree includes a series of measures intended to protect 70 per cent of the Mexican population. In total, there are 11 austerity measures, including a 25 per cent reduction in the salaries of senior public officials, the cancellation of 10 undersecretary position, the creation of two million new jobs and the delivery of three million credits valued at around MXN 1,200.[910]

As of 22 May 2020, President López Obrador has expressed that Mexico is "considering" setting up a Health Emergency Fund to request additional resources from Congress, which could reach up to MXN 180 billion.[911]

---

[906]South Korea Unveils 80 bln USD of Fiscal Stimulus, Unprecedented Monetary Steps Over COVID-19 Outbreak, Xinhua (Seoul) 27 March 2020. Access Date: 23 May 2020. http://www.xinhuanet.com/english/2020-03/26/c_138920113.htm
[907] Korea's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020. https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19
[908] Korea's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020. https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19
[909] Mexico's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020. https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19
[910]Mexico Launches Economic Relief Plan Amid COVID-19, Andalou Agency (London) 23 April 2020. Access Date: 23 May 2020. https://www.aa.com.tr/en/americas/mexico-launches-economic-relief-plan-amid-covid-19/1815370
[911] Mexico's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020. https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19

Mexico has taken partial action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

Thus, Mexico receives a score of 0.[912]

*Analyst: Jane Filipiuk*

**Russia: +1**

Russia fully complied with its commitment to continue to conduct bold and large-scale fiscal support in response to the unprecedented economic shock of COVID-19. It has done so by taking strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

At the end of March, the Russian government announced a RUB 1.3 trillion (1.2 per cent of gross domestic product [GDP]) economic support package to combat the fallout from the COVID-19 pandemic. The fiscal stimulus package largely focuses on supporting households and small and medium-sized enterprises (SMEs), as well as boost spending to the unemployed and low-income households.[913]

As of 13 May 2020, Russia has announced two fiscal stimulus packages in to help counteract the economic fallout triggered by COVID-19 – the combined cost of these fiscal packages is estimated at 2.8 per cent of GDP. Key measures include: increased compensation for frontline medical staff, providing sick leave pay equal to minimum wage to individuals under quarantine, providing unemployment benefits equal to minimum wage for up to three months, providing an additional lumpsum benefit for all children up to 15 years old, interest rate subsidies for SMEs, tax deferrals for affected companies "on most taxes," deferrals on social contributions for SMEs in affected sectors for six months, a tax holiday on all taxes (excluding value-added tax) and social contributions for the second quarter for SMEs and non-governmental organizations providing social services, budget grants for SMEs in affected industries to cover salaries at the rate of one minimum salary per employee for two months as well as guaranteed loans to SMEs and affected industries.[914]

On 14 May, Russia announced a third fiscal stimulus package — worth RUB 800 billion — focusing on tax breaks for companies retaining workers as well as direct cash payments for the self-employed and those with young children.[915]

Russia has taken strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

Thus, Russia receives a score of +1.

*Analyst: Jane Filipiuk*

[912] Sources checked include the Office of Economic Afdairs and other respective government agencies/departments, research institutions' and organizations' trackers such as the IMF's, as well as news sources found through Google News such as La Jornada, El Universal and Reforma.
[913]Russia: Government Favours Relatively Moderate Fiscal Stimulus Measures Despite Increasing COVID-19 Fallout. https://www.focus-economics.com/countries/russia/news/fiscal/government-favors-relatively-moderate-fiscal-stimulus-measures-despite
[914] Russia's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020. https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19
[915] COVID-19: A Reckoning for Russia's Asian Energy Aims, The Diplomat (Moscow) 21 May 2020. Access Date 23 May 2020. https://thediplomat.com/2020/05/covid-19-a-reckoning-for-russias-asian-energy-aims/

## Saudi Arabia: +1

Saudi Arabia fully complied with its commitment to continue to conduct bold and large-scale fiscal support in response to the unprecedented economic shock of COVID-19. It has done so by taking strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

On 3 April 2020, the Saudi Arabian government authorized the use of the unemployment insurance fund to provide support for wage benefits (within certain limits) to private sector companies who retain their Saudi staff (estimated at SAR 9 billion or 0.4 per cent of gross domestic product).[916]

On 15 April 2020, King Salman approved an additional stimulus package aimed at mitigating the economic fallout from COVID-19. The package includes allocating SAR 50 billion to fast-track the payment dues owed to the private sector. Effectively, these measures are aimed at providing cash liquidity for the commercial, industrial and agricultural sectors to use in "managing its economic activities."[917]

On 10 May 2020, the Ministry of Finance announced new fiscal measures to raise more non-oil revenues, rationalize spending and maintain the budget envelop. These measures consist of additional cut and delay in capital spending, removal of cost-of-living allowances, effective 1 June, and increasing the value-added tax from 5 per cent to 15 per cent as of 1 July 2020, with an expected budget impact of SAR 100 billion.[918]

Saudi Arabia has taken strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

Thus, Saudi Arabia receives a score of +1.

*Analyst: Jane Filipiuk*

## South Africa: +1

South Africa fully complied with its commitment to continue to conduct bold and large-scale fiscal support in response to the unprecedented economic shock of COVID-19. It has done so by taking strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

On 14 April 2020, President Cyril Ramaphosa announced a series of measures intended to "jump-start businesses … and help the nation's poor" as part of a stimulus plan worth USD 26 billion (10 per cent of GDP).[919]

On 17 April 2020, at a meeting of the National Economic Development and Labour Council President Ramaphosa agreed in principle to a ZAR 1 trillion stimulus package, seeking to target those sectors "hardest-hit" by the lockdown by offering assistance to "financially distressed companies." In

[916] Saudi Arabia's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020 ( https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19

[917] COVID-19: Saudi Arabia Unveils 50 Billion Riyals Stimulus Package for Private Sector, Gulf News (Cairo) 16 April 2020. Access Date: 23 May 2020. https://gulfnews.com/world/gulf/saudi/covid-19-saudi-arabia-unveils-50-billion-riyals-stimulus-package-for-private-sector-1.1587041977988

[918] Saudi Arabia's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020. https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19

[919] South African President Unveils Historic Coronavirus Economic Stimulus, VOA (Johannesburg) 22 April 2020. Access Date: 23 May 2020. https://www.voanews.com/covid-19-pandemic/south-african-president-unveils-historic-coronavirus-economic-stimulus

addition, Finance Minister Tito Mboweni, announced that the National Treasury would look to revise the country's budget in order to take into account the effects of COVID-19. Up to this point, the government had failed to agree on a decisive plan, instead resolving to hold another meeting on 20 April 2020. The outcome of that meeting remains unclear.[920]

On 28 April 2020, the Minister of Employment and Labour issued two directives concerning an Unemployment Insurance Fund (UIF) program. Under these new directives, when an employer pays an employee a partial amount of wages or salary, the UIF is to compensate the employee for the shortfall (in accordance with the terms and conditions).[921]

As of 13 May 2020, as part of its fiscal response to the pandemic, the South African government has taken the following key measures: making sure that additional funds are available for the health response to COVID-19, giving workers with an income below a certain threshold a small tax subsidy for four months, providing the most vulnerable families a temporarily higher social grant amounts for 6 months, increasing funds available to assist small and medium-sized enterprises (SMEs) under stress (mainly in the tourism and hospitality sectors), creating a new loan guarantee scheme helping companies with turnover below a certain threshold to get bank financing for the payment of operating expenses, as well as allowing SMEs to defer certain tax liabilities.[922]

South Africa has taken strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

Thus, South Africa receives a score of +1.

*Analyst: Jane Filipiuk*

### Turkey: +1

Turkey fully complied with its commitment to continue to conduct bold and large-scale fiscal support in response to the unprecedented economic shock of COVID-19. It has done so by taking strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

At the beginning of April, Turkey launched its 21-point Economic Stability Shield, a TRY 100 billion stimulus package consisting of TRY 75 billion (or 1.5 per cent of gross domestic product [GDP]) in fiscal measures, combined with TRY 25 billion (0.5 per cent of GDP) for doubling Turkey's credit guarantee fund. Key features of this package include: raising minimum pension and cash assistance to families in need, increased employment protection by loosening short-term work allowance rules, reduced or postponed taxes for affected industries (such as tourism), extending personal and corporate income tax filing deadlines, easing households' utility payments to local governments, banning layoffs (initially, for three months) with a state subsidy for affected staff, state payment of two-thirds of workers' salaries in affected firms, debt relief for local governments' earmarked

[920]South Africa's Economic Response to the COVID-19 Pandemic (Part II) Covington Global Policy Watch (Johannesburg) 21 April 21, 2020. Access Date: 23 May 2020. https://www.globalpolicywatch.com/2020/04/south-africas-economic-response-to-the-covid-19-pandemic-part-ii/

[921] South Africa's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020. https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19

[922] South Africa's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020. https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19

revenues, direct support to Turkish Airlines and other affected entities, and the creation of the Turkish Wealth Fund to give new rights to buy stakes in distressed firms.[923]

Turkey has taken strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

Thus, Turkey receives a score of +1.

*Analyst: Jane Filipiuk*

## United Kingdom: +1

The United Kingdom fully complied with its commitment to continue to conduct bold and large-scale fiscal support in response to the unprecedented economic shock of COVID-19. It has done so by taking strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

On 27 March 2020, Chancellor Rishi Sunak announced the UK's fourth emergency package of measures – valued at GBP 9 billion (or 3 per cent of gross domestic product), bringing the total aid announced since 11 March 2020 to GBP 65.5 billion. With the help of this package, approximately 3.8 million workers will be eligible for the grants to the self-employed. Furthermore, the continuation of tax and spending measure include: additional funding for the National Health Service, public services and charities, measures to support businesses in the most-affected sectors, compensation for sick pay leave, strengthening the social safety net to support vulnerable people by increasing payments under the universal credit scheme as well as expanding other benefits.[924,925]

On 2 April, the Coronavirus Business Interruption Loan Scheme expanded to benefit more smaller businesses across the UK. With this expansion, more smaller businesses across the UK impacted by COVID-19 can access funding.[926]

On 3 April, the UK government opened its COVID-19 Stimulus Package Benefits to Licensed Sponsors and Overseas Entrepreneurs. As part of the existing stimulus package for those affected by COVID-19, the government confirmed provisions that would allow "Tier 2 and 5 workers" to be furloughed. Effectively, under this stimulus, an employer may claim up to 80 per cent of the sponsored worker's normal salary (up to a maximum of GBP 2500 per month) to cover ongoing salary costs. Within the same announcement, the government also confirmed that "Tier 1 entrepreneurs" can also make use of the stimulus plan to furlough their workers.[927]

[923] Turkey's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020. https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19

[924] U.K. Virus Aid Package Beats Financial Crisis Stimulus, Bloomberg (London) 27 March 2020. Access Date: 24 May 2020. https://www.bloomberg.com/news/articles/2020-03-26/u-k-s-sunak-pledges-coronavirus-support-for-self-employed

[925] United Kingdom's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020. https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19

[926]Coronavirus Business Interruption Loan Scheme Expanded to Benefit More Smaller Bsusinesses Across the UK, British Business Bank (London) 2 April 2020. Access Date: 24 May 2020. https://www.british-business-bank.co.uk/coronavirus-business-interruption-loan-scheme-expanded-to-benefit-more-smaller-businesses-across-the-uk/

[927] Government Opens COVID-19 Stimulus Package Benefits to Licensed Sponsors and Overseas Entrepreneurs, Fragomen (Delaware) 3 April 2020. Access Date: 24 May 2020 https://www.fragomen.com/insights/alerts/government-opens-covid-19-stimulus-package-benefits-licensed-sponsors-and-overseas-entrepreneurs%E3%80%80

On 4 May 2020, a new Bounce Back Loan Scheme was opened for the "smallest UK Businesses." Under this scheme, lenders can provide loans of up to GBP 50,000 over six years, with the first 12 months of interest to be paid by the government.[928]

On 19 May 2020, Her Majesty's Treasury announced an extension to the Coronavirus Large Business Interruption Loan Scheme including that the maximum loan size available under the scheme would increase from GBP 50 million to GBP 200 million to ensure that larger firms (who do not qualify for the Bank of England's Corporate Financing Facility would be able to access enough finance to meet their cashflow needs.[929]

The UK has taken strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

Thus, the UK receives a score of +1.

*Analyst: Jane Filipiuk*

## United States: +1

The United States fully complied with its commitment to continue to conduct bold and large-scale fiscal support in response to the unprecedented economic shock of COVID-19. It has done so by taking strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

On 27 March 2020, U.S. President Donald Trump signed into law a USD 483 billion Paycheck Protection Program and Health Care Enhancement Act. Under this legislation, USD 349 billion will be available for Small Business Administration loans and guarantees to help small and medium-sized enterprises (SMEs) that retain their workers. A further USD 62 billion will be available for the Small Business Administration to provide grants and loans to assist SMEs with USD 75 billion to be given to hospitals and USD 25 billion for expanding virus testing.[930]

On 27 March 2020, President Trump signed the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) into law. The USD 2.3 trillion (11 per cent of gross domestic product) CARES Act contains measures designed to bring economic and fiscal relief to companies, SMEs, as well as individuals facing financial difficulties as a direct result of the COVID-19 crisis. Effectively, the CARES Act includes: USD 293 billion to provide one-time tax rebates to individuals; (USD 268 billion to expand unemployment benefits; USD 25 billion to provide a food safety net for the most vulnerable; USD 510 billion to prevent corporate bankruptcy by providing loans, guarantees, and backstopping Federal Reserve "13(3) program"; USD 150 billion in transfers to state and local governments and USD 49.9 billion for international assistance (including 28 billion in special drawing rights for the International Monetary Fund's New Arrangement to Borrow).[931,932]

---

[928] New Bounce Back Loan Scheme Opens for Smallest UK Business, British Business Bank (London) 4 May 2020. Access Date: 24 May 2020 https://www.british-business-bank.co.uk/new-bounce-back-loans-scheme-opens-for-smallest-uk-businesses/

[929] HM Treasury Announce Coronavirus Large Business Interruption Loan Scheme Extension from 26 May, British Business Bank (London) 19 May 2020. Access Date: 24 May 2020. https://www.british-business-bank.co.uk/hm-treasury-announce-coronavirus-large-business-interruption-loan-scheme-extension-from-26-may/

[930] United States – President Trump Signs CARES Act into Law, KPMG (New York) 27 March 2020. Access Date: 19 May 2020. https://home.kpmg/content/dam/kpmg/us/pdf/2020/03/tnf-cares-act-mar27-2020.pdf

[931] United States – President Trump Signs CARES Act into Law, KPMG (New York) 27 March 2020. Access Date: 19 May 2020. https://home.kpmg/content/dam/kpmg/us/pdf/2020/03/tnf-cares-act-mar27-2020.pdf

The US has taken strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

Thus, the US receives a score of +1.

*Analyst: Jane Filipiuk*

**European Union: +1**

The European Union fully complied with its commitment to continue to conduct bold and large-scale fiscal support in response to the unprecedented economic shock of COVID-19. It has done so by taking strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

On 1 April 2020, the European Commission adopted the Coronavirus Response Investment Initiative (CRII). The CRII ensures that member states can immediately address three key priorities in the fight against COVID-19 and its economic consequences: spending on healthcare, support to short time work schemes, and support to the small and medium-sized enterprises (SMEs) working capital. In order to make funding available, the European Commission has mobilized EUR 37 billion in quick cash reserves from EU funds.[933]

On 3 April 2020, the European Commission announced the extension of the EU's State Aid Temporary Framework to add additional measures to support the economy in the context of the COVID-19 outbreak. Some of the key additional measures include targeted support in the form of deferral of tax payments and/or suspensions of employers' social security contributions to help avoid lay-offs as well as targeted support in the form of wage subsidies.[934]

On 9 April 2020, the European Commission agreed to a EUR 540 billion package, which allows the European Stability Mechanism (ESM) to provide Pandemic Crisis Support of up to 2 per cent of 2019 gross domestic product for each euro area country to finance health-related spending. Under the ESM, the European Commission also intends to provide EUR 25 billion in guarantees to the European Investment Bank to support up to EUR 200 billion to finance companies (with a focus on SMEs). The temporary loan-based instrument SURE also falls under the ESM. Also included within the ESM is the EUR 100 billion temporary Support to mitigate Unemployment Risks in an Emergency (SURE) to help workers maintain their incomes and help businesses stay afloat. SURE intends to "redirect every available euro in the EU budget" in order to address the COVID-19 crisis by "supporting member states combat the effects of COVID-19, help save lives and protect livelihoods" as well as help member states to "cover the costs … directly related to the creation or extension of national short-time work schemes … and measures put in place for the self-employed." More specifically, the European Commission will the total amount of EUR 100 billion would exist in the form of separate loans granted on favourable terms from the EU to member states.[935,936]

---

932 For more information on the development of CARES Act, please visit: https://home.kpmg/content/dam/kpmg/us/pdf/2020/03/tnf-cares-act-mar27-2020.pdf

933 Cohesion Policy Action Against Coronavirus, European Commission (Brussels) 1 April 2020. Access Date: 24 May 2020. https://ec.europa.eu/regional_policy/en/newsroom/coronavirus-response

934 European Union: Government and Institution Measures in Response to COVID-19, KPMG (Brussels) 20 May 2020. Access Date: 24 May 2020. https://home.kpmg/xx/en/home/insights/2020/04/european-union-government-and-institution-measures-in-response-to-covid.html

935 The European Commission's SURE Initiative and Euro Area Unemployment Re-Insurance, VOX: CEPR Policy Portal (London) 6 April 2020. Access Date: 19 May 2020. https://voxeu.org/article/european-commission-s-sure-initiative-and-euro-area-unemployment-re-insurance

On 17 April, the Coronavirus Response Investment Initiative Plus (CRII+) was adopted, ushering in new actions to mobilize essential investments and resources. Complementary to the CRII, the new package introduces "extraordinary flexibility" to allow that all non-utilized support from the European Structural and Investment Funds can be mobilized to the fullest.[937]

As of 20 May 2020, key measures from the EU Budget allowed for: increased support public investment for hospitals, SMEs, labour markets, and stressed regions; the extension to the scope of the EU Solidarity Fund to include a public health crisis, with a view of mobilizing it if needed for the hardest-hit EU member states (up to EUR 800 million is available in 2020); the redirection of EUR 1 billion from the EU Budget as a guarantee to the European Investment Fund to incentivize banks to provide liquidity to SMEs and midcaps; the announcement of credit holidays to crisis-affected debtors; and the adoption of a proposal for a EUR 3 billion macro-financial assistance package to 10 enlargement and neighborhood partners to help them limit the economic fallout of the coronavirus pandemic. The European Commission also activated the general escape clause in the EU fiscal rules, which suspends the fiscal adjustment requirements for countries that are not at their medium-term objective and allows them to run deficits in excess of 3 per cent of gross domestic product. After announcing a flexible interpretation of EU State Aid rules to support national support measures for critical sectors, the European Commission has further directed Member States to apply Article 107(2)(b) of the Treaty on the Functoning of the European Union, which enables them to compensate companies for the damage directly caused by exceptional occurrences, such as COVID-19, including measures in sectors such as aviation and tourism. To date, national liquidity measures, including schemes approved by the European Commission under temporary flexible EU State Aid rules amounted to EUR 2.5 trillion.[938]

The EU has taken strong action in terms of providing large-scale monetary allocation in the form of budgetary resources, changing fiscal policy and launching new programs of support.

Thus, the EU receives a score of +1.

*Analyst: Jane Filipiuk*

[936] European Union – EUR 100 Billion Initiative to Support Employment and Business, KPMG (Amstelveen) 9 April 2020. Access Date: 19 May 2020. https://home.kpmg/xx/en/home/insights/2020/04/flash-alert-2020-164.html

[937] Coronavirus Response Investment Initiative Plus: New Actions to Mobilize Essential Investments and Resources, European Commission (Brussels) 2 April 2020. Access Date: 24 May 2020. https://ec.europa.eu/regional_policy/en/newsroom/news/2020/04/04-02-2020-coronavirus-response-investment-initiative-plus-new-actions-to-mobilise-essential-investments-and-resources

[938] European Union's Policy Responses to COVID-19, International Monetary Fund (Washington) 14 May 2020. Access Date: 19 May 2020 ( https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19 https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19