

Country snapshots

3. Australia

Key facts on SME financing

According to the Australian Bureau of Statistics (ABS), there were 2,418,037 small and medium sized enterprises (SMEs) in Australia in 2019-20. SMEs account for 99.8% of all enterprises in Australia and employed more than 7.6 million people in 2018-19, which equates to around 66% of employment in the private sector.

The Australian economy fell by 0.3% in 2019-20 due to the COVID-19 lockdown recession, after 28 consecutive years of economic growth. The economy continues to recover, and had reversed 85% of the decline from its pre-COVID level of output by the end of 2020.

Interest rates are historically low for both SMEs and large businesses. SME interest rates in Australia have gradually declined from 8.6% in 2007 to 3.4% in 2020. The interest rate spread between SME loans and large enterprise loans increased from 71 basis points in 2007 to 170 basis points in 2008, and remained high at 185 basis points in 2017. However, the interest rate spread has declined somewhat to 177 basis points in 2020.

New lending to SMEs declined sharply from AUD 185.2 billion in 2019 to AUD 80 billion in 2020, in the wake of COVID-19. In 2020, the share of SME outstanding loans stood at 42.68% of total outstanding business loans.

The total amount of venture capital invested by registered Early Stage Venture Capital Limited Partnerships (ESVCLPs) and Venture Capital Limited Partnerships (VCLPs) increased in 2017-18 by 32.96%, totalling AUD 1.3 billion, decreased in 2018-19 by 10.56% to AUD 1.1 billion, before rising to a high of AUD 1.6 billion in 2019-20, an increase of 43.28%. Leasing and hire purchase volumes dropped from AUD 9,245 million in 2007 to a low of AUD 6,549 million in 2010. Leasing and hire purchase volumes have recovered since, rising to AUD 10,530 million in 2020, an increase of about 5% over the previous year.

The number of bankruptcies per 10,000 businesses increased from 45 in 2007 to 50 in 2010. It since reached a ten-year low of 29 in 2019, before falling even further to 19 in 2020 in response to COVID-19 related policies. In March 2020, the Australian Government announced a series of temporary changes to bankruptcy law to protect otherwise viable businesses from bankruptcy. These included a new formal debt restructuring process, and a simplified liquidation pathway; with the new processes available to incorporated businesses with liabilities of less than AUD 1 million.

The Australian Government has a comprehensive SME agenda aimed at promoting growth, employment and opportunities across the economy. Its policies for promoting SMEs focus on improving the operating environment for businesses, increasing incentives for investment, and enhancing rewards and opportunities for private endeavour. Policies aiming to increase long-term opportunities for SMEs include innovative finance and crowd-sourced equity funding; competition and consumer policies; taxation and business incentives; export financing; and small business assistance.

Table 3.1. Scoreboard for Australia

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	AUD billion	189	204.6	204.7	225.2	235.9	239.9	243.1	251.4	261.5	271.4	281.4	283.7	426.6	421.2
Outstanding business loans, total	AUD billion	699.9	767.3	713.2	689.2	712.7	732.5	744.8	778.2	831.8	875.1	903.9	954.2	976.2	986.9
Share of SME outstanding loans	% of total outstanding business loans	27.03	26.66	28.71	32.68	33.11	32.76	32.64	32.30	31.44	31.01	31.13	29.73	43.71	42.68
New business lending, total	AUD billion	375.0	336.1	265.5	265.8	310.7	273.8	292.4	360.5	391.7	341.8	346.0	346.9	..	..
New business lending, SMEs	AUD billion	77.5	79.9	69.6	82.5	81.6	73.7	79.1	85.4	91.2	86.7	79.7	76.7	185.2	80
Share of new SME lending	% of total new lending	20.67	23.77	26.20	31.04	26.25	26.91	27.06	23.69	23.27	25.37	23.03	22.11	..	..
Non-performing loans, total	% of all business loans	0.50	2.07	3.27	3.55	3.16	2.68	2.03	1.39	1.01	1.13	0.78	0.81	0.92	1.02
Interest rate, SMEs	%	8.66	8.04	7.60	8.40	8.02	7.13	6.54	6.27	5.63	5.36	5.28	5.33	4.18	3.40
Interest rate, large firms	%	7.95	6.34	5.94	7.02	6.74	5.50	4.77	4.60	3.90	3.49	3.43	3.72	2.48	1.63
Interest rate spread	% points	0.71	1.70	1.66	1.38	1.28	1.62	1.77	1.67	1.73	1.86	1.85	1.61	1.70	1.77
Non-bank finance															
Venture and growth capital	AUD billion					0.46	0.28	0.24	0.30	0.59	0.96	0.98	1.30	1.16	1.67
Venture and growth capital (growth rate)	%, Year-on-year growth rate						-39.05	-13.17	23.36	96.35	63.45	1.76	32.96	-10.56	43.28
Leasing and hire purchases	AUD billion	9.25	9.28	6.73	6.55	6.90	8.75	7.34	8.77	9.86	8.89	10.14	9.71	9.98	10.53
Factoring and invoicing	AUD billion	54.76	64.99	63.10	58.66	61.42	63.36	63.27	62.39	64.40	..	..	..	..	..
Other indicators															
Payment delays, B2B	Number of days	..	..	..	..	22	20	20	15	13	14	12	11	10	11
Bankruptcies, Unincorporated	Number	5 045	4 427	4 426	5 616	5 266	5 858	4 761	4 007	4 088	4 350	4 168	4 291	3815	3 353
Bankruptcies, Unincorporated	Per 10 000 enterprises	42	36	36	45	43	50	42	35	34	36	34	36	26	23
Bankruptcies, Corporates	Number	7 489	9 067	9 465	9 605	10 439	10 583	10 854	8 822	10 093	8 511	7 819	8 052	8 324	4 943
Bankruptcies, Corporates	Per 10 000 companies	48	55	56	54	57	55	54	41	45	36	31	31	30	17
Bankruptcies, Total	Per 10 000 businesses	45	47	47	50	51	53	49	39	41	36	32	32	29	19
Invoice payment days, average	Number of days	53	56	54	53	54	53	54	53	47	..	..	..	..	..
Outstanding business credit, Unincorporated business	AUD billion	111	117	119	122	125	131	136	142	150	157	164	165	244	246

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Outstanding business credit, Private trading corporations	AUD billion	500	555	514	500	514	524	531	556	592	626	636	663	619	621

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

4. Austria

Key facts on SME financing

As in many EU countries, SMEs contribute substantially to Austria's economy. In 2019, 99.7% of all firms were SMEs employing approximately 66.8% of the labour force.

The capital structure of SMEs in Austria is traditionally biased towards debt financing, whereas limitations on access to risk-finance are still apparent. Bank lending is therefore an important factor affecting the availability of external financing for SMEs. However, access to finance is generally not a major concern for Austrian SMEs. Despite the COVID-19 pandemic, which severely affected the economic environment, only 8% (compared to 10% of European SMEs) stated in 2020 that access to finance is one of their main concerns.

Following the COVID-19 pandemic, Austria showed an increase in medium- and long-term loans, as government guarantees typically covered loans with medium-term maturities and up to EUR 1 million. This reflected a shift in the financing needs of businesses, since loans were taken to bridge liquidity shortages and build up liquidity buffers. However, loan growth differed across industries depending on how much they were affected by the pandemic. Overall, the share of new SME loans (i.e. up to EUR 1 million) increased by more than 3 percentage-points to 15.3%.

To mitigate the negative economic effects of the COVID-19 pandemic, the Austrian as well as European governments provided unprecedented (fiscal) stimulus programs to non-financial corporations including SMEs following the modified EU "Temporary Framework to support the economy in the context of the coronavirus outbreak". The enlargement of loan guarantee programmes offering bridge-financing and special lending conditions resulted in a sharp decline of the spread between SME loans (i.e. loans with a volume of up to EUR 1 million) and loans to large firms down to 0.23%. In comparison, this spread has been rather stable over the last years reaching 44 basis points (0.44%) on average until 2019.

In Austria, limitations on access to risk-finance (e.g. Venture Capital) are still apparent and have always been considered to be a particular weakness of the Austrian innovation system. Official data reported by Invest Europe show no clear trend over time, with frequent ups and downs.

Bankruptcies (per 1 000 enterprises) fell sharply by -40.7% in 2020 compared to 2019, reaching the number of 3 106. This development can be explained by a wide range of fiscal and other crisis response measures set up by the Austrian Federal Government to help affected companies through the crisis quickly and accurately. For example, the obligation to declare insolvency has been temporarily suspended. For a sustainable recovery after a recession, it is essential to ensure structural change, improve business dynamics and strengthen firms' equity ratios. A catch-up effect and the realization of an insolvency backlog have to be considered once the policy measures end or are phased out.

In 2020, initiatives and supporting measures of the Austrian Government concentrated primarily on tackling the economic and financial consequences of the COVID-19 pandemic and on helping affected companies through the crisis quickly and accurately. In order to mitigate the economic disadvantages, the financial aids ensure the liquidity of companies and focus on:

- Mitigating revenues losses stemming from the crisis: e.g. non-repayable grants to cover fixed costs and revenue losses.
- Measures facilitating economic recovery -- e.g. Loan guarantees for bridge-financing loans.
- Stimulating labour market: e.g. Corona short-time work.

Table 4.1. Scoreboard for Austria

Indicator	Unit	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt												
Outstanding business loans, total	EUR billion	135.5	138.8	140.4	140.3	136.6	137.2	135.6	143.8	153.0	162.9	169,8
New business loans, total (flows)	EUR million	74 896	73 041	80 867	73 460	73 126	61 711	55 543	64 418	64 438	71266	60096
New business loans, SMEs (flows)	EUR million	9 414	9 476	9 347	8 884	8 237	8 116	7 499	8 304	8 182	8 639	9214
Share of new SME loans	% of total business loans	12.57	12.97	11.56	12.09	11.26	13.15	13.50	12.89	12.70	12.12	15.33
short-term loans, SMEs (flow)	EUR million	5 139	4 944	4 901	4 536	4 016	3 345	3 010	2 539	1 998	1 969	1640
long-term loans, SMEs (flow)	EUR million	4 275	4 532	4 446	4 348	4 221	4 771	4 489	5 765	6 184	6 670	7574
Share of short-term SME lending	in %	54.59	52.17	52.43	51.06	48.76	41.21	40.14	30.58	24.42	22.79	17.80
Government loan guarantees, SMEs	EUR million	173	143	158	167	172	204	192	279	301	366	4898*
Government guaranteed loans, SMEs	EUR million	226	185	207	211	225	258	282	414	395	568	5508*
Government direct loans, SMEs	EUR million	607	633	539	594	490	543	454	744	690	749	793
Interest rate, SME, loans up to EUR 1m	in %	2.43	2.92	2.46	2.28	2.27	2.02	1.92	1.80	1.82	1.80	1.59
Interest rate, large firms, loans over EUR 1m	in %	1.96	2.55	1.98	1.77	1.74	1.61	1.54	1.45	1.38	1.32	1.36
Interest rate spread	in %	0.47	0.37	0.48	0.51	0.53	0.41	0.38	0.35	0.44	0.48	0.23
Non-performing loans, total	In %	..	2.71	2.81	2.87	3.74	3.39	2.67	2.37	1.88	1.77	1.58
Non-bank Finance												
Venture and growth capital (seed, start-up, later stage)	EUR million	43	97	44	59	60	112	57	108	86	81	102
Venture and growth capital (growth capital)	EUR million	34	118	29	26	45	85	29	179	49	88	149
Venture and growth capital (total)	EUR million	78	216	73	86	105	197	85	287	135	169	251
Venture and growth capital (growth rate)	In %	-31.53	177.61	-66.31	17.76	22.56	87.97	-56.63	235.47	-52.96	24.98	48,72
Other												
Payment delays, B2B	Days	11	12	11	12	13	4	4	2	1	1	14
Payment delays, B2C	Days	11	11	9	9	9	1	4	1	1	5	9
Bankruptcies, total	Number	6 657	6 194	6 266	5 626	5 600	5 422	5 534	5 318	5 224	5235	3106
Bankruptcies, per 1 000 firms	Number	18	17	17	15	15	11	12	11	11	11	7

* Note: this temporary increase is related to COVID-19 crisis response measures

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

5. Belgium

Key facts on SME financing

In 2018, SMEs dominated the business enterprise landscape in Belgium, accounting for 99.85% of all firms.

The outstanding stock of SME loans expanded by 2% in 2020, 3.6 percentage points down from its growth rate of the previous year. SME interest rates continued to decrease and averaged 1.55% in 2020. The interest rate spread between loans charged to large enterprises and loans charged to SMEs was 15 basis points in 2020.

Survey data illustrates that lending conditions eased between 2013 and 2015 and remained relatively stable until the end of 2018. A deterioration of credit conditions has been reported since the fourth quarter of 2018, through the end of 2020.

After having expanded moderately in 2019 (+5.17%), leasing volumes receded by 8.14% in 2020. Overall, factoring continues to be widely used by Belgian companies. However, this source of financing stands out in 2020 and shows a downward trend for the first time since 2007, decreasing by 3.66% during the year. Factoring has an average growth rate of 6.85 over the period 2015-2020 and contributed to almost 18% of GDP in 2020, as opposed to only 6.3% of GDP in 2008.

Venture and growth capital investments continue to show considerable variations due to the small number of deals completed every year. Total venture and growth capital investments were stable in 2020, after having increased by 44% in 2019.

Average payment delays for business to business transactions decreased steadily during the last ten years, dropping from a 17-day average in 2009 to a 3-day average in 2020.

The number of registered failures dropped to 7 203 (-32%) in 2020. This figure is much lower than usual and can be explained by the moratorium on bankruptcies introduced in Belgium in the context of the Covid-19 crisis.

Policy initiatives to ease SMEs' access to finance are taken both at the federal and regional levels. Policy measures in 2020 were primarily aimed at protecting healthy businesses in the context of the covid-19 crisis. In the framework of the Flemish recovery plan, PMV (the Flemish investment body) is reinforcing its investments in companies through loans, capital and guarantees. The Brussels-Capital Region is offering companies a low-interest loan to support all sectors affected by the crisis. With the Covid-19 crisis and the partial or full closure of a number of businesses, the Walloon Government has decided from March 2020 to support SMEs and self-employed in sectors affected by the crisis through a lump sum compensation. An additional compensation based on the loss of turnover has been introduced since September 2020.

At the federal level, the government introduced a debt moratorium on corporate loans and activated a EUR 50 billion new guarantee for all new loans until 31 December 2020. A second guarantee scheme, which only applies to SMEs for loans taken before end-June 2021, was also activated.

Table 5.1. Scoreboard for Belgium

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	EUR billion	82.8	89.1	88.9	93.9	100.0	109.6	109.5	100.7	104.4	108.0	115.7	123.9	130.9	133.6
Outstanding business loans, total	EUR billion	134.2	149.4	141.8	150.6	153.7	167.6	162.0	151.7	164.6	163.4	173.6	184.1	193.0	195.2
Share of SME outstanding loans	% of total outstanding business loans	61.72	59.62	62.73	62.35	65.07	65.43	67.60	66.39	63.44	66.12	66.66	67.31	67.8	68.43
Outstanding short-term loans, SME	EUR billion	37.4	40.4	34.1	35.4	36.5	34.5	33.8	31.4	30.9	32.0	33.6	36.6	36.7	34.3
Outstanding long-term loans, SME	EUR billion	59.7	66.1	72.2	77.2	79.3	82.5	83.9	80.3	84.8	90.8	97.8	103.4	109.6	115.5
Share of short-term lending, total	% of total business lending	38.52	37.91	32.08	31.45	31.50	29.48	28.74	28.08	26.71	26.05	25.58	25.95	28.93	26.00
Government loan guarantees, SMEs	EUR million	..	156.5	411.9	553.9	317.5	266.0	480.2	265.6	448.2	398.3	458.4	612.2	520	777
Government guaranteed loans, SMEs	EUR million	..	312.7	832.7	888.4	561.7	484.3	826.1	476.7	805.6	735.9	828.3	1130.3	993	1 318
Direct government loans, SMEs	EUR million	..	113.7	142.2	141.9	148.3	170.5	235.6	..	..	..	..	..	..	..
Interest rate, SMEs	%	5.45	5.70	3.01	2.51	2.88	2.32	2.06	2.09	1.83	1.72	1.66	1.60	1.58	1.55
Interest rate, large firms	%	4.72	5.05	2.09	1.70	2.22	1.74	1.76	1.77	1.60	1.34	1.40	1.35	1.31	1.40
Interest rate spread	% points	0.73	0.65	0.92	0.81	0.66	0.58	0.30	0.32	0.23	0.38	0.26	0.25	0.27	0,15
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	..	74.30	71.90	78.60	..	..	..	..	..	..	..	..
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	22.22	26.46	30.20	29.33	29.36	39.33	36.61	36.71	37.18	35.38	33.87	33.072
Rejection rate	(SME loans authorised/ requested)	..	..	0.52	5.13	6.44	10.40	10.91	5.88	5.71	6.13	5.07	2.75	3.39	7.62
Utilisation rate	SME loans used/ authorised	77.80	79.05	80.69	80.07	80.16	77.45	77.79	79.76	79.62	80.01	79.86	80.39	80.64	80.61
Non-bank finance															
Venture and growth capital	EUR million	502.26	507.83	618.05	363.60	411.11	445.36	438.09	580.86	548.18	843.14	767.18	837.50	1207.3	1208.1

Venture and growth capital (growth rate)	%, year-on-year growth rate	..	1.11	21.70	-41.17	13.07	8.33	-1.63	32.59	-5.63	53.81	-9.01	9.17	44.16	0.07
Leasing and hire purchases	EUR million	4405.9	4856.4	3756.4	4005.5	4439.0	4450.2	4121.7	4356.9	4800.5	6009.6	5800.1	668.4	6382	5863
Factoring and invoicing	EUR million	19.2	22.5	23.9	32.2	36.9	42.4	47.7	55.4	61.2	62.8	69.6	76.3	84.8	81.7
Other indicators															
Payment delays, B2B	Number of days	..	..	17	17	15	19	18	19	13	10	8	9	7	3
Bankruptcies, total	Number	7.680	8.476	9.420	9.570	10.224	10.587	11.740	10.736	9.762	9.170	9.968	9.878	10.598	7.203
Bankruptcies, total (growth rate)	%, year-on-year growth rate	..	10.36	11.14	1.59	6.83	3.55	10.89	-8.55	-9.07	-6.06	8.77	-0.90	7.29	-32.03
Bankruptcies, SMEs	Number	7 650	8 445	9 392	9 527	10 188	10 539	11 694	10 678	9 728	9 134	9 935	9 860	10 567	7 176
Bankruptcies, SMEs (growth rate)	%, year-on-year growth rate		10.39	11.21	1.44	6.94	3.45	10.96	-8.62	-8.90	-6.11	8.77	-0.75	7.17	-32.09

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

6. Brazil

Key facts on SME financing

Micro and small enterprises (MSEs) form an essential part of the Brazilian economy, accounting for 98.5% of all legally constituted companies (11.5 million), for 27% of GDP, and for 41% of the total payroll.

The reference interest rate of *Banco Central do Brasil* (Special Clearance and Escrow System - SELIC) has been gradually declining, from 14.15% per annum in December 2015 to 6.4% in December 2018. The previous period of rate hike (from 7.25% in March 2013 to 14.25% in September 2016) led to high interest rates on loans for large corporate borrowers (14.8%) and SMEs (30.6%), leading to a shrinking demand for new SME loans. Interest rates have increased more for micro-enterprises and SMEs than for large businesses. However, this trend was reversed when the Central Bank decreased its rate at the end of 2016, thus decreasing interest rates for SMEs. In 2020 the Central Bank decided to lower the SELIC rate from 4.25% in February and 3.75% in March to 2.0% in August). In March 2021 the SELIC rate was increased to 2.75% p.a., achieving 3.50% in May 2021.

The stock of SME loans fell in 2015 and new lending to SMEs declined in 2014 and 2015. Both observations are in contrast with lending to large businesses, where the outstanding stock of loans, as well as new lending was up in 2014 and 2015. A sharp rise was observed in 2020 due to measures adopted in the context of the Covid-19 pandemic (see more under Government policy response).

Since 2008, large companies have received a larger share of business loans than SMEs. The government has taken on a more active role in this area, often with the aim to provide financial services to small businesses excluded from traditional financial institutions. Developments include a micro-credit programme, a quota to use 2% of demand deposits of the National Financial System to finance loans to low-income individuals and micro entrepreneurs, and a strong increase in the number of agencies where financial services are provided.

In the area of equity finance, the regulatory framework for angel investors was revised in 2016 and further adjusted in 2017, removing some long-standing barriers for investors in SME markets, in particular by offering more legal protection in the case of company closures, more flexibility in the type of investment and more information sharing between recipients and investors. In addition, new regulations concerning investment-based crowdfunding and Fintech were introduced in 2017 and 2018.

Table 6.1. Scoreboard for Brazil

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	BRL billion	251	332	365	448	533	609	666	711	682	586	510	500	536	731
Outstanding business loans, total	BRL billion	501	682	775	930	1.107	1.279	1.460	1.623	1.734	1.565	1.436	1.441	1.427	1.753
Share of SME outstanding loans	% of total outstanding business loans	50.08	48.61	47.10	48.15	48.15	47.62	45.65	43.78	39.36	37.41	35.51	34.69	37.55	41.66
New business lending, total	BRL billion						1 240	1 267	1 266	1 281	1 138	1 043	1 170	1 334	1 620
New business lending, SMEs	BRL billion						786	783	782	727	623	551	587	685	838
Share of new SME lending	% of total business lending						63.43	61.78	61.75	56.79	54.80	52.83	50.15	51.39	51.72
Outstanding short-term loans, SMEs	BRL billion	89	98	90	107	136	146	150	145	133	109	101	107	116	98
Outstanding long-term loans, SMEs	BRL billion	147	198	232	292	369	459	515	564	548	473	406	391	417	630
Share of short-term SME lending	%	37.69	33.04	28.08	26.83	26.94	24.20	22.51	20.50	19.49	18.80	19.86	21.42	21.80	13.42
Government guaranteed loans, SMEs	BRL billion	40	46	93	51	705	810	705	2 777	3 420	3 918	2 081	486	199	44 087
Direct government loans, SMEs	BRL billion	17	24	26	27	31	35	36	43	46	39	33	26	20	25
Non-performing loans, total	% of all business loans	1.54	1.55	2.67	1.84	2.02	2.22	1.84	1.88	2.39	3.15	2.99	2.45	2.08	1.20
Non-performing loans, SMEs	% of SME loans	2.83	2.83	4.99	3.56	3.95	4.4	3.7	3.8	5.4	6.6	5.97	4.55	3.55	2.07
Interest rate, SMEs	%						19.7	23.8	25.3	35.0	32.0	25.19	21.70	24.89	6.00
Interest rate, large firms	%						10.2	13.8	14.4	17.5	17.5	9.85	8.91	8.73	5.91
Interest rate spread	% points						9.5	10.0	10.9	17.5	14.5	15.3	12.8	16.2	0.1

Note: Regarding the government guaranteed loans indicator, the 2020 figure considers two of the emergency credit programmes launched by the federal government in the context of the Covid-19 pandemic (National Program to Support Micro and Small Enterprises – Pronampe, and Emergency Employment Program – Pese). In both cases, relevant federal government guarantees are provided for loans.

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

7. Canada

Key facts on SME financing

In 2020, Canadian small businesses (1-99 employees) constituted 98.0% of all businesses and employed 7.7 million individuals, or 67.7% of the private sector labour force.

Supply-side survey data show that outstanding debt held by all businesses increased in 2020 to CAD 1,007 billion. Lending to small businesses increased to CAD 117.9 billion. As a result, small businesses' share of total outstanding business loans was 11.7%.

Small business credit conditions have remained relatively stable since 2011. The average interest rate charged to small businesses in 2019 decreased to 5.3%, with an average business prime rate of 3.6%. The business risk premium stood at 1.7%, the lowest level since the 2009 recession reflecting an easing in access to financing for small businesses in Canada.

Bank of Canada survey results indicate that lenders reported that overall business lending conditions eased towards the end of the second half of 2020. Borrowers also reported an easing of credit conditions during the same period.

In 2020, the small business 90-day loan delinquency rate reached 0.78%, its highest level since 2010.

Total venture capital (VC) investment levels in Canada reached a peak of CAD 6.1 billion in 2019 followed by a decline to CAD 4.1 billion in 2020. These are the highest levels of VC investment recorded in Canada since 2001.

In 2020-21, the Government of Canada continued its commitment to support entrepreneurship and the growth of SMEs. The Business Development Bank of Canada (BDC), a crown corporation with the mandate to support Canadian entrepreneurship had CAD 36.5 billion in financing and investments, as of 31 March 2020, committed to 62 000 clients operating across Canada. In response to the COVID-19 pandemic, BDC delivered the Business Credit Availability Program and the Highly Affected Sectors Credit Availability Program on behalf of the Government. Through these programmes, Canadian businesses could access term loans of up to CAD 60 million for operational cash flow requirements. Additionally, BDC extended new working capital loans, expanded its online financing platform, and launched the BDC Venture Capital Bridge Financing Program to support existing clients and increase the availability of capital in the market.

The Government of Canada has also invested CAD 371 million through the original Venture Capital Catalyst Initiative (VCCI) to increase late-stage venture capital available to Canadian entrepreneurs. Selected fund managers under the original VCCI will inject more than CAD 1.8 billion over the coming years into the innovation capital market by leveraging funds from the public sector and private sector. Building on this momentum, the Government introduced in Budget 2021 that it has made available up to CAD 450 million through a renewed VCCI to support future venture capital investments.

The Government of Canada has established a number of programmes to provide support targeted to entrepreneurs from underrepresented groups. The Government has made total investments of nearly CAD 6 billion in the Women Entrepreneurship Strategy (WES); of up to CAD 272.8 million in the Black

Entrepreneurship Program (BEP); and of CAD 58.1 million for Futurpreneur, a program to support youth entrepreneurs.

To help simplify and streamline the Government's support programmes and to help equity-deserving entrepreneurs access funding and capital, mentorship, financial planning services, and business training, the Government will launch the Small Business and Entrepreneurship Development Program (SBED), investing CAD101.4 million over 5 years in a tool which will facilitate continued support of small businesses and entrepreneurs across Canada.

Table 7.1. Scoreboard for Canada

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	CAD billion	83.4	83.4	86.4	85.7	90.1	87.7	92.2	93.5	97.4	99.6	104.1	105.7	109.8	117.9
Outstanding business loans, total	CAD billion	479.8	534.0	482.3	489.5	514.4	557.3	602.1	658.5	739.0	774.7	834.1	918.2	984.9	10007
Share of SME outstanding business loans	% of total outstanding business loans	17.39	15.61	17.92	17.50	17.52	15.75	15.31	14.20	13.18	12.86	12.49	11.51	11.15	11.71
New business lending, total	CAD billion	..	..	..	..	126.2	141.6	151.0	168.7	188.4	204.0	233.9	269.7	285.7	287.7
New business lending, SMEs	CAD billion	..	..	..	..	20.2	21.7	22.8	23.2	24.0	22.8	25.2	27.2	26.8	26.7
Share of new SME lending	% of total new lending	..	..	..	..	15.99	15.30	15.10	13.74	12.73	11.16	10.78	10.08	9.39	9.30
Outstanding short-term loans, SMEs	CAD billion	15.1	..	..	..	6.9	..	..	15.6	..	..	24.2	..	..	..
Outstanding long-term loans, SMEs	CAD billion	21.1	..	..	..	12.8	..	..	12.4	..	..	32.4	..	..	..
Share of short-term SME lending	% of total SME lending	41.62	..	43.40	36.30	35.13	39.00	46.00	55.71	47.20	36.20	42.8	30.10	19.50	..
Government loan guarantees, SMEs	CAD billion	1.20	1.30	1.20	1.30	1.30	1.08	1.06	1.01	1.11	1.30	1.54	1.75	1.89	3.28
Direct government loans, SMEs	CAD billion	4.40	4.10	5.50	4.70	6.00	5.80	4.60	6.50	6.70	7.9	8.0	8.4	8.10	..
Interest rate, SMEs	%	7.50	..	6.20	5.80	5.30	5.40	5.60	5.10	5.10	5.30	5.20	5.70	5.30	..
Interest rate, large firms	%	6.10	..	3.10	2.60	3.00	3.00	3.00	3.00	2.80	2.70	2.90	3.64	3.60	2.70
Interest rate spread	% points	1.40	..	3.10	3.20	2.30	2.40	2.60	2.10	2.30	2.60	2.30	2.06	1.70	..
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	47.7	..	56.1	66.7	64.8	76.0	56.0	66.6	80.0	74.0	64.1	70.0	72.73	..
Percentage of SME loan applications	SME loan applications/ total number of SMEs	17.0	..	14.0	18.0	24.0	26.0	30.0	27.0	23.0	26.0	26.0	27.0	26.71	..

Rejection rate	1-(SME loans authorised/ requested)	..	..	..	9.0	8.0	7.0	9.0	12.8	7.0	9.0	9.5	9.0	8.3	..
Non-bank finance															
Venture and growth capital	CAD billion	..	..	..	..	..	..	1.88	2.06	2.30	3.61	3.61	3.42	6.09	4.14
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	..	..	..	..	..	..	9.57	11.65	56.9	0	-5.3	78.07	-32.02
Other Indicators															
90-Day Delinquency Rate Small business	%	0.70	1.16	1.56	0.88	0.62	0.53	0.40	0.39	0.56	0.52	0.49	0.54	0.45	0.78
90-Day Delinquency Rate Medium business	%	0.01	0.01	0.27	0.11	0.04	0.00	0.00	0.09	0.07	0.01	0.01	0.05	0.06	0.15
Leasing request rate	%	20.8	..	1.00	2.00	7.00	8.00	11.0	7.90	8.00	9.00	7.2	9.00	13.00	..
Leasing approval rate	%	93	..	76	97	97.3	95	95	98.6	94	94	97.6	96.0	96.0	..
Bankruptcies, SMEs	Per 1 000 firms with employees	7.00	6.60	5.90	4.60	4.30	3.80	3.60	3.40	3.30	3.10	2.84	2.79	2.81	2.14
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	-5.71	-10.6	-22.0	-6.52	-11.6	-5.26	-5.56	-2.94	-6.06	-8.39	-1.76	0.72	-23.84

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

8. Chile

Key facts on SME financing

2020 was marked by coronavirus outbreak which impacted the economy and led to an unprecedented decrease of activity.

Despite advances in Chile's economic recovery, GDP closed 2020 with an annual decline of 5.8%, but the growth projection for 2021 is raised to a range between 6.0% and 7.0%, while for 2022 it remains between 3.0% and 4.0%.

Since March 2020, Chile has developed a robust economic relief plan through the "Emergency Economic Plan", which has 49 economic and social measures to support different people and firms. This Emergency Economic Plan, along with the 2020 "Step by Step Plan, Chile recovers", seeks to gradually reactivate the economic activity through measures that encourage investment, infrastructure development, in addition to a special plan to simplify bureaucratic procedures, in order to promote and accelerate innovation and investment.

The foregoing, with a marked focus on the recovery of employment and the reactivation of micro, small and medium enterprises through tax measures, subsidy programs, financing and capacity development programs. In total, these plans mobilised resources that represent 9.7% of GDP.

According to the Central Bank, the supply of credit to SMEs is less restrictive and, with respect to the segment of large companies, there are no significant changes. However, the SME share of outstanding loans reached 21.4%, a historical peak, and the interest rate spread between large firms and SMEs fell from 4.0% in 2019 to 2.3% in 2020.

2020 marked an important step forward in terms of domestic financial schemes, presenting historic capital injections, strongly expanding the Small Business Guarantee Fund (or "FOGAPE" for short) by USD 3 billion, which aimed at expanding the financing coverage. Additionally, this fund will help to provide financing for enterprises with annual sales of up to USD 36 million, therefore increasing the current threshold which stands at around USD 12 million.

In terms of the guarantees granted by the Production Development Corporation (CORFO), such as COBEX, Pro Inversión and FOGAIN, there have been more than 62 000 guarantee operations, amounting to more than USD 2 billion.

In regard to non-bank finance, there have been actions undertaken to reduce the funding gap faced by micro-enterprises. In this sense, the "MSME Credit", operated by CORFO, received a capital injection of USD 178 million and by the end of 2020 there were more than 54 000 credit operation via this scheme, amounting to USD 68 million.

With respect to venture capital funds, CORFO and Start-Up Chile's programmes are the main instruments of SME capital financing, although other private and public initiatives have also developed. After two years of sustained increase in 2018 and 2019, 2020 marked a drop of 12% in venture capital investments, reaching an investment of CLP 54.9 in 2019 and CLP 48.3 in 2020.

In 2020, the Superintendence of Insolvency and Re-entrepreneurship (SUPERIR) implemented the Economic Insolvency Advisory program (AEI). This is a procedure by which an advisor is made available to smaller companies, free of charge, in order to propose improvement actions that allow them to overcome the state of insolvency, such as recovery agreements, search for new sources of financing, among others. During the period that the advisory lasts, the company has financial protection that suspends possible legal actions for a period of 90 days. The process was carried out first through the relocation of funds from Superir to Sercotec during 2020, with the objective of financing 498 AEI. By the end of 2020, a total of 321 AEI had been initiated.

Finally, the Commission for the Financial Market (CMF) is leading the proposal for a Fintech bill for the stock market. The Commission's preliminary draft seeks, among others, to provide a legal and regulatory framework for collective financing platforms and other Fintech activities related to the stock market. The preliminary draft proposal also incorporates an update of part of the current security market legislation in order to adapt it and preserve regulatory coherence between the new Fintech players and the players that operate today under the regulation and supervision of the CMF.

Table 8.1. Scoreboard for Chile

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans. SMEs	CLP billion	6.8	7.6	8.1	9.3	10.1	11.5	11.8	13.7	15.8	17.3	18.7	19.8	20.8	23.9
Outstanding business loans. total	CLP billion	40.9	49.9	46.3	48.1	57.2	64.6	69.8	76.4	84.9	88.7	90.3	99.5	108.5	111.8
Share of SME outstanding loans	% of total outstanding business loans	16.7	15.2	17.5	19.3	17.7	17.9	16.9	18.0	18.6	19.5	20.7	19.9	19.2	21.4
New business lending. total	CLP billion	..	..	..	53.3	58.0	58.0	58.1	63.9	67.8	67.4	67.7	71.4	77.1	70.8
New business lending. SMEs	CLP billion	..	..	..	2.6	3.1	3.8	3.8	4.4	5.1	5.1	5.6	5.63	5.8	8.7
Share of new SME lending	% of total new lending	..	..	..	4.9	5.3	6.5	6.6	6.8	7.5	7.6	8.2	7.8	7.5	12.3
Outstanding Short-term loans. SMEs	CLP billion	..	..	..	1.6	2.0	2.3	1.8	1.8	1.9	1.8	1.8	1.9	1.8	1.1
Outstanding Long-term loans. SMEs	CLP billion	..	..	..	1.0	1.1	1.5	2.0	2.5	3.2	3.3	3.8	3.8	4.0	7.6
Share of short-term SME lending	% of total SME lending	..	..	..	60.2	63.3	60.3	47.8	41.9	36.9	35.8	32.8	33.3	31.0	12.6
Government loan guarantees. SMEs	CLP billion	0.2	0.3	0.8	1.1	1.3	1.9	1.9	1.6	1.7	1.8	1.7	1.6	1.7	7.7
Government guaranteed loans. SME	CLP billion	0.3	0.5	1.3	1.8	2.0	2.9	3.1	2.3	2.4	2.6	2.6	2.5	2.6	10.3
Direct Government loans. SMEs	CLP billion	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Non-performing loans. total	% of all business loans	...	...	2.5	2.2	2.1	2.2	2.4	2.6	2.4	2.1	2.3	2.5	2.4	2.1
Non-performing loans. SMEs	% of all SME loans	..	..	5.9	6.1	5.5	5.4	6.1	6.1	5.9	5.3	5.2	5.9	5.9	4.7
Interest rate. SMEs	%	..	..	..	..	..	..	11.8	10.3	9.3	9.3	8.4	8.3	7.7	5.4
Interest rate. large firms	%	..	..	..	..	..	..	4.7	4.0	3.8	4.0	3.7	3.8	3.7	3.1
Interest rate spread	% points	..	..	..	..	..	..	7.1	6.3	5.5	5.3	4.7	4.5	4.0	2.3

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Collateral. SMEs	% of SMEs needing collateral to obtain bank lending	44.0	..	49.8	..	..	..	72.8	..	68.1	..	59.9	..	..	..
Percentage of SME loan applications	SME loan applications/ total number of SMEs	32.9	..	32.4	..	..	..	26.4	..	24.6	..	26.2	..	..	..
Rejection rate	1-(SME loans authorised/ requested)	41.4	..	15.0	..	..	..	12.3	..	14.7	..	9.4	..	..	..
Utilization rate	SME loans used/ authorised	86.6	..	91.0	..	..	..	87.9	..	96.7	..	89.3	..	..	..
Non-bank finance															
Venture and growth capital	CLP billion	26.7	19.3	22.2	27.1	33.9	43.1	30.8	43.2	34.7	40.0	21.9	39.2	54.9	48.3
Venture and growth capital (growth rate)	%. Year-on-year growth rate	..	-27.8	15.3	22.0	25.1	27.0	-28.5	40.1	-19.6	-100	-45.3	79	18.3	-12.0
Leasing and hire purchases	CLP billion	3.0	3.6	3.5	3.8	4.5	5.0	5.6	6.2	6.6	6.7	7.8	8.2	8.7	8.4
Factoring and invoicing	CLP billion	2.0	2.0	1.4	1.9	2.4	2.6	2.6	2.6	2.8	3.0	3.8	4.4	4.7	4.4
Other indicators															
Payment delays. B2B	Number of days	..	..	..	75.8	74.9	56.7	52.7	55.2	58.0	54.9	56.0	51.8	60.5	53.8
Bankruptcies. SMEs	Number	122	127	125	136	146	146	164	6	154	295	285	397	368	368
Bankruptcies. SMEs (growth rate)	% year-on-year growth rate	..	4.1	-1.6	8.8	7.4	0.0	12.3	-96.3	2 467	91.6	-3.4	39.0	15.36	0.00

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

9. Colombia

Key facts on SME financing

Access to finance is one of the main conditions for the growth of micro, small and medium-sized companies. Financing allows them to make investments to increase their productivity, competitiveness, and consolidation in the market. However, when there are difficulties in accessing sources of formal financing, it is more difficult for MSMEs to make a choice between investing to modernise their operations and innovate, or face crisis situations.

During 2020, and as the COVID-19 pandemic intensified this situation got worse given difficulties in the development of markets and the impact of the pandemic on Colombian businesses (99% of which are micro, small and medium-sized companies). As a result of the pandemic, the Colombian government implemented lockdowns that led to a widespread decline in economic activity in most sectors.

Survey results from “*Gran Encuesta Pyme - GEP 2020-1*” for the first semester of 2020 from the National Association of Financial Institutions show a significant deterioration in entrepreneurs’ perception about the evolution of their businesses and consumer demand during the first half of the year. This was a radical change from the recovery trend experienced in the pre-crisis years. The unfavorable perception is explained by the shock caused by Covid-19 and the subsequent measures implemented to contain it, with severe negative impacts on business activity and job creation.

Although the survey “*Gran Encuesta Pyme - GEP 2020-1*” is as comprehensive as possible (the sample size of 1 957 companies with coverage in 18 of the 32 departments in which the country is politically divided), the informal sector is difficult to capture. Despite the fact that there are few sources for the estimates of the informal sector, from the Household Survey¹ it is possible to affirm that informality constitutes about 60% of companies.

Given the impact of the COVID-19 pandemic, SMEs undertook actions to continue their operations and business obligations. Some of these actions were: (i) use of company’s cash; (ii) renegotiation of contracts with suppliers; (iii) renegotiation of debts; (iv) negotiation with employees to advance vacation periods; and (v) negotiation of layoffs with employees.

Some of the economic measures implemented for SMEs by the financial system and the government were: longer grace periods and terms of existing credits; providing access to payroll and/or employee benefits subsidies; tax benefits from national or territorial entities. The impact of the COVID-19 pandemic on production levels and the economy as a whole, required the implementation of financial measures to support companies from the National Government. This support focused on rediscounting credit lines, through Bancóldex development bank, and the expansion of guarantee lines so that entrepreneurs who did not have guarantees or collateral could make credit applications backed by the National Guarantee Fund. The application of these measures to benefit business owners influenced the volume of credit operations requested. Thus, in the industrial sector, the percentage of credit applications to the formal financial system increased to 36% during the first half of 2020, in the commercial sector it increased by 38% and in the service sector it increased by 32%, compared to the figures presented in 2019.

However, despite the growth in the volume of credit operations requested, the approvals of these requests showed a decrease in the three macro sectors of the economy. In the industry sector, the approval rate fell from 89% registered in 2019 to 72% in 2020; in the commercial sector it declined from 91% in 2019 to 71% in 2020; and in the service sector it fell from 84% in 2019 to 68% in 2020, caused by the greater perception of risk on the part of the financial system. In addition, for the cut-off of the information presented (first semester of 2021), the support that the government established to boost the supply of credit had not yet come into operation.

Regarding the use of credit, most SMEs in the three sectors used it to finance working capital. The second most frequent use of debt was the consolidation of liabilities, and the third was the purchase or rental of machinery, particularly in companies from the industry sector.

The percentage of SMEs that accessed formal credit to satisfy their financing requirements declined from 42% in 2019 to 24% in 2020. The COVID-19 crisis intensified the already low participation of alternative sources (such as leasing or factoring) in the financing of SMEs.

In 2020 due to COVID-19 pandemic, Colombia had the largest drop in production. In the second quarter of 2020, Colombia's GDP fell 15.8% compared to the same period in 2019. Likewise, for the month of April there was a drop in employment of 5.4 million people, which implies a reduction of employment of 24.5% compared to the same period in 2019 according to the National Association of Financial Institutions.

The impact of the COVID-19 pandemic on production levels and the economy as a whole required the implementation of financial measures to support companies from the National Government. This support focused on rediscounting credit lines, through Bancóldex development bank, and the expansion of guarantee lines so that entrepreneurs who did not have guarantees or collateral could make credit applications backed by the National Guarantee Fund.

Table 9.1. Scoreboard for Colombia

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	COP billion	25.61	28.59	26.58	29.12	39.97	46.76	51.6	55.23	58.17	62.09	64.88	68.50	63.9	68.0
Outstanding business loans, total	COP billion	78.4	94.7	95.9	113.8	134.8	152.8	171.3	197.2	226.3	243.2	251.8	253.6	261.2	272.4
Share of SME outstanding loans	% of total outstanding business loans	32.67	30.19	27.70	25.58	29.66	30.61	30.11	28.01	25.70	25.53	25.77	27.01	24.48	25
New business lending, total	COP billion	67.7	76.0	77.2	79.0	77.7	95.4	104.0	117.0	117.7	117.3	153.3	160.09	118.6	112.5
New business lending, SMEs	COP billion	13.2	13.5	15.22	16.91	21.09	23.53	23.57	24.69	25.53	25.3	34.11	35.48	29.68	25.44
Share of new SME lending	% of total new lending	19.50	17.76	19.71	21.39	27.13	24.67	22.65	21.10	21.70	21.57	22.25	22.05	25.03	22.6
Outstanding short-term loans, SMEs	COP billion	4.98	7.52	6.14	6.41	10	11.55	12.36	12.93	13.8	13.59	14.44	12.86	11.39	11.26
Outstanding long-term loans, SMEs	COP billion	20.63	21.07	20.44	22.71	29.97	35.22	39.24	42.3	44.37	48.5	50.44	55.63	52.62	56.77
Share of short-term SME lending	% of total SME lending	19.45	26.30	23.10	22.01	25.02	24.70	23.95	23.41	23.72	21.89	22.26	18.78	17.69	16.6
Government loan guarantees, SMEs	COP billion	0.56	1.39	1.82	1.94	5.46	6.19	7.14	7.51	7.72	10.52	11.53	9.40	11.48	15.20

Government guaranteed loans, SMEs	COP billion	2.23	2.59	2.98	3.16	7.26	9.12	10.81	11.96	12.69	15.37	16.51	15.22	16.27	23.66
Non-performing loans, total	% of all business loans	0.95	1.27	1.59	1.07	1.00	1.03	1.08	1.33	1.34	1.51	2.36	2.61	2.51	3.1
Non-performing loans, SMEs	% of all SME loans	2.52	3.66	5.05	3.68	1.76	1.81	1.99	2.45	2.25	3.12	3.71	3.84	3.44	3.6
Interest rate, SMEs	%	20.09	23.13	20.43	18.66	14.34	14.68	13.24	13.54	14.69	16.87	15.37	13.03	13.34	12.3
Interest rate, large firms	%	12.61	14.74	9.41	7.16	8.90	8.61	7.54	8.02	8.66	11.02	9.16	6.32	6.05	5.3
Interest rate spread	% points	5.13	5.43	5.45	5.06	5.64	6.24	5.77	6.02	6.92	7.20	6.21	6.71	7.30	7.0
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	79.25	87.54	86.28	87.31	90.04	90.12	90.02	89.30	91.04	91.71	92.15	91.75	91.92	93.3
Percentage of SME loan applications	SME loan applications / total number of SMEs	49	53	44.6	49.6	47	44	43.3	39.6	42.6	34	40	40	25	35
Rejection rate	1-(SME loans authorised/requested)	2	4	9	5	3	4	7	3	7.5	4	8	7	26	30
Utilisation rate	SME loans used/ authorised	98	96	91	95	97	96	93	97	92.5	96	92	93	88	70
Non-bank finance															
Venture and growth capital	COP billion	..	..	..	..	..	..	..	..	1.83	2.91	4.23	5.61	5.70	..
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	..	..	..	..	..	..	..	..	59.3	45.5	32.69	1.57	..
Leasing and hire purchases	COP billion	..	..	..	..	..	..	..	..	33.34	39.45	41.98	50.17	..	..
Factoring and invoice discounting	COP billion	5.77	6.04	7.15	7.01	12.85	10.55	17.56	23.75	31.47	25.77	25.53	26.58	..	..
Other indicators															
Payment delays, B2B	Number of days	49	50	61	62	59	55	56	65	66	85	95	101	80.01	..
Bankruptcies, SMEs	Number		1	12	18	40	59	76	83	85	131	193	443	608	661
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..		1100	50	122.2	47.50	28.81	9.21	2.41	54.12	47.33	129.5	37.25	8.72

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

Note

¹ The Great Integrated Household Survey is a survey prepared by the National Department of Statistics of Colombia, which requests information on the conditions of employment of people (whether they work, what they work on, how much they earn, whether they have social security in health or whether they are looking for employment). In addition to the general characteristics of the population such as sex, age, marital status and educational level and it captures information about their sources of income.

10. Czech Republic

Key facts on SME financing

The approach of SMEs to the financing of their business activities can be assessed as favorable for established companies due to high bank liquidity. Banking and non-banking institutions, private individuals, venture capital funds offer a wide portfolio of financial products. Established entrepreneurs do not have a problem with access to bank loans, leasing and factoring. Alternative sources of financing include venture capital, angel investments, bond issuance, crowdfunding and state support. However, the Czech Republic is characterised by a weaker investment environment, which undermines the establishment of new companies and the financing of new SME projects. While crowdfunding has become a popular tool for obtaining the necessary financial resources, capital financing is underdeveloped compared to similarly sized EU economies. There is a lack of willingness to invest in the early stages of business development (pre-seed, seed, start-up and later stage venture). The market for angel investments is barely visible, fragmented. However, the situation for innovators in the idea phase or start-ups is more complicated. Investments in these entities appear to be high risk for investors and banks, mainly due to the absence of relevant corporate history, lack of collateral or lack of information to assess their credit risk or valuation of their intangible assets.

SMEs are very vulnerable, especially in terms of financing, and have a higher perception of financial risk due to more frequent rejections of loan applications. The situation in this area has significantly improved over the last few years. The 2019 EC survey states that the share of SMEs in the Czech Republic, which cite the access to finance as the most significant problem, decreased from 12% in 2011 to 8% in 2019, to increase again to 10% in 2020 as a result of the coronavirus pandemic. In terms of access to common methods of financing, the Czech Republic is above average in several indicators showing the quality of SMEs' access to finance. The most important direct sources of external financing for SMEs are credit lines or overdrafts (52%), bank loans (43%) and leasing (50%). So far, capital financing is relevant for only 1% of companies. In terms of the use of financing, between 2019 and 2020, investment in the development of new products or services remained almost constant (around 25%). Most sources of finance are intended to finance either fixed investments or inventories and working capital.

In 2020, there were roughly 1.18 million active enterprises in the Czech Republic. 99.85% of these firms were SMEs with less than 250 employees each. Micro-firms dominated the business landscape, comprising 96.4% of all SMEs in 2020. The total number of SME employees decreased by 42.8 thousand in 2020 compared to 2019, i.e. by 1.8% to a total of 2.35 million employees. Given the situation caused by the coronavirus epidemic, this decrease can be considered moderate.

Interest rates for SMEs decreased by 14.1% in 2020 compared to 2019. This decrease does not reach the level of the minimum rates from 2016 and 2017. The interest rate spread between SMEs and large firms increased by 0.43% to 1.13%. The recent development in interest rates was probably also due to the response by the Central National Bank to the COVID-19 crisis, by proposing a banking package containing a proposal to amend the Capital Requirements Regulation (CRR-COVID). The measures also include the application of a factor supporting SMEs.

Venture capital investments reached their lowest level in 2016. Since then, they gradually increased until 2019, when VC investments reached EUR 24.3 million and re-investments jumped to EUR 125.5 million. According to preliminary data, VC investments returned to pre-2019 levels in 2020. They reached EUR 14.2 million in VC, and reinvestments fell even more sharply, from EUR 125.5 million in 2019 to EUR 25.0 million in 2020.

Government support for SMEs and entrepreneurs primarily consists of measures in the areas of developmental and operational financing, export support, support of the energy sector, development of entrepreneurial skills and financial literacy of entrepreneurs, technical education and research, and development and innovation.

The SMEs Support Strategy in the Czech Republic for the period 2021-2027 (SME 2021+) aims to increase the productivity and competitiveness of SMEs, and at the same time to strengthen their international position, inter alia in the field of research and innovation or the use of advanced technologies and skills. The Strategy represents the key strategic document for the preparation of the European Union (EU) cohesion policies over the 2021–27 programming period in the area of enterprise development. This includes the Operational Programme Technologies and Applications for Competitiveness (OPTAC).

SME 2021+ includes several tools, such as government loan guarantees (National Development Bank – former Czech-Moravian Guarantee and Development Bank), financing and insuring schemes for exporting SMEs (Czech Export Bank and Export Guarantee and Insurance Corporation) and innovative businesses (INOSTART programme), as well as a programme to draw financial resources from the EU Structural Funds (Operational Programme Technologies and Applications for Competitiveness) which provides support to SMEs through grants, preferential loans and guarantees.

As of 21 April 2020, the Ministry of Industry and Trade had announced three calls for the COVID programme based on credit and guarantee instruments. Due to the emergence of COVID-19 and related preventive measures, the COVID II program was launched in the spring 2020 as part of the EXPANSION-guarantee program. Another program that tackles the effects of the pandemic is the COVID III program, designed for SMEs and large enterprises. Other loan programs in 2020 were the ENERGO program and the ENERGY SAVINGS program. The goal of both programs is to reduce energy consumption

Within the COVID I program, the volume of loans provided was CZK 928 million. In the COVID II - guarantees program, the volume of guaranteed loans was CZK 14.6 billion. In the COVID Prague guarantees program, the volume of guaranteed loans was CZK 1.6 billion. COVID III program is intended for companies with up to 500 employees, without distinction of SMEs; the volume of guaranteed loans was CZK 18.1 billion.

Table 10.1. Scoreboard for the Czech Republic

Indicator	Unit	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt														
Outstanding business loans, SMEs	CZK billion	555.03	527.55	550.08	587.91	589.68	610.79	621.39	652.59	702.81	725.63	762.99	794.7	829,8
Outstanding business loans, total	CZK billion	850.76	784.07	783.54	831.21	840.59	871.58	890.23	935.36	994.86	1036.1	1097.39	1133.1	1135.1
Share of SME outstanding loans	% of total outstanding business loans	65.24	67.28	70.20	70.73	70.15	70.08	69.80	69.77	70.64	70.03	69.53	70.14	73,10
New business lending, total	CZK billion	866.11	780.87	667.98	599.09	694.94	500.50	544.73	607.59	510.58	457.94	461.84	521.11	590.21
New business lending, SMEs	CZK billion	207.24	147.74	123.40	124.12	129.83	86.66	97.76	118.28	100.46	101.24	97.92	92.27	119.82
Share of new SME lending	% of total new lending	23.93	18.92	18.47	20.72	18.68	17.31	17.95	19.46	19.68	22.11	21.20	17.71	20,30
Outstanding short-term loans, SMEs	CZK million	..	..	73 626	72 433	77 853	45 531	40 360	41 742	36 974	33 918	29 835	22 107	20 917
Outstanding long-term loans, SMEs	CZK million	..	..	49 772	51 684	51 977	41 129	57 404	76 475	63 490	67 325	68 090	70 166	98 904
Share of short-term SME lending	% of total SME lending	..	..	59.67	58.36	59.97	52.54	41.28	35.31	36.80	33.50	30.47	23.96	17,46
Government loan guarantees, SMEs	CZK million	3 529	6 369	6 593	472	1 534	3 251	4 010	6 913	3 530	4 014	6 485	9 786	22 423
Government guaranteed loans, SMEs	CZK million	5 094	9 550	10 070	630	2 215	4 616	5 771	9 947	5 055	5 758	9 287	13 534	30 431
Direct government loans, SMEs	CZK million	286	209	629	1 090	782	101	86	65	7	291	1 440	2 407	2 627
Non-performing loans, total	CZK million	35 340	61 904	70 166	67 876	61 480	62 032	58 694	52 677	50 307	43 225	38 596	35 871	46 615
Interest rate, SMEs	%	5.57	4.64	4.01	3.73	3.48	3.13	3.76	2.70	2.50	2.50	3.14	3.80	3,26
Interest rate, large firms	%	4.84	3.46	3.34	2.63	2.43	1.89	2.00	1.80	1.80	1.90	2.62	3.10	2,13
Interest rate spread	% points	0.73	1.18	0.67	1.10	1.05	1.24	1.76	0.90	0.70	0.60	0.52	0.70	1,13
Non-bank finance														
Venture and growth capital	EUR million	104.0	219.7	153.8	18.3	9.5	23.3	34.6	12.4	9.4	16.3	18.7	149.8	39,21
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	111.2	-30.0	-88.1	-48.1	145.4	48.3	-64.0	-24.6	73.9	14.8	800.1	-73,83
Other indicators														
Payment delays, B2B	Number of days	18.00	19.00	14.00	14.00	15.00	14.00	14.00	14.00	19.00	16.00	38.00	23.50	39,00
Bankruptcies, SMEs	Number	873	1 280	1 301	1 263	1 345	1 379	1 228	1 001	904	769	649	680	609
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	46.62	1.64	-2.92	6.49	2.53	-10.95	-18.49	-9.69	-14.93	-15.60	4.78	-10,44

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

11. Denmark

Key facts on SME financing

In 2019, not counting non-employer enterprises, SMEs accounted for 98.7% of all enterprises and 39.1% of all full-time employees in Denmark.

Lending to SMEs from financial institutions declined from DKK 68 billion to 56 billion between 2019 and 2020. The 2020 level was, however, higher than in the years 2016-2018. The share of new SME lending compared to total new lending was 11.03% in 2020, slightly below the average of 11.68% in the period 2010-2020.

Survey data illustrates that credit conditions concerning corporate lending from banks to SMEs in Denmark almost consistently tightened between 2018 and 2021, after having relaxed between 2014 and 2018. In addition, the demand for new loans by new SME customers increased substantially between the first quarter of 2020 and the first quarter of 2021, while the demand by existing SME customers was stable.

Interest rates for SMEs as well as for large firms have steadily declined since 2008, but the interest rates for SMEs increased slightly in 2020, from 1.85% to 1.93%, resulting in a widening interest rate spread. However, with the exception of 2019, the 2020 interest rate spread of 0.90% is the lowest since 2007.

Venture and growth capital financing from Danish private equity firms decreased in 2019 and 2020, after reaching a record high of EUR 699 million in 2018. However, particularly the level of venture investments remained high in historical comparison despite the effects of COVID-19 in 2020.

Due to the effects of the COVID-19 pandemic, the average payment delays increased dramatically to 20 days in 2020, after having been at an all-time low of 2 days in 2017 and 3 days in 2018 and 2019. However, as a result of the extensive government support measures, the number of bankruptcies among SMEs decreased from 2 153 in 2019 to 1 841 in 2020.

The COVID-19 support measures have, among other things, included loan and guarantee schemes targeting SMEs. The loan schemes have allowed *Vækstfonden* (The Danish Growth Fund) to match the investments of professional investors with a loan of three times the amount of the investment. The guarantee schemes have allowed *Vækstfonden* and EKF (Denmark's Export Credit Agency) to cover 90% of the risk on new loans from commercial banks to SMEs.

In 2020, government loan guarantees increased from DKK 512 million to 1 948 million, and government guaranteed loans increased from DKK 1 246 million to 2 934 million.

Table 11.1. Scoreboard for Denmark

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, total	DKK billion	732	809	814	812	809	830	860	914	940	989	1 033	1 080	1 126	1 168
New business lending, total	DKK billion	332	385	318	313	292	241	303	474	519	508	521	570	597	507
New business lending, SMEs	DKK billion	41	35	28	35	34	39	37	55	73	51	52	49	68	56
Share of new SME lending	% of total new lending	12.29	9.15	8.96	11.21	11.70	16.25	12.07	11.51	14.10	10.12	10.08	8.60	11.36	11.03
New short-term loans, SMEs	DKK billion	26	26	22	23	24	20	22	34	35	31	29	27	24	26
New long-term loans, SMEs	DKK billion	14	9	6	23	10	19	15	21	38	21	23	22	44	30
Share of short-term SME lending	% of total SME lending	64.70	74.57	78.79	50.00	70.53	51.49	60.25	62.38	48.48	60.00	55.63	55.09	35.66	46.04
Government loan guarantees, SMEs	DKK million	210	178	209	769	1 192	1 222	783	658	668	620	514	529	512	1 948
Government guaranteed loans, SMEs	DKK million	..	..	..	..	17	61	286	746	1 076	1 257	1 377	1 225	1 246	2 934
Interest rate, SMEs	%	5.97	6.59	5.33	4.39	4.38	3.91	3.78	3.44	2.99	2.74	2.36	2.27	1.85	1.93
Interest rate, large firms	%	5.23	5.68	3.63	2.49	2.40	2.14	1.73	1.65	1.53	1.34	1.23	0.98	1.07	1.03
Interest rate spread	% points	0.75	0.91	1.70	1.90	1.97	1.77	2.04	1.79	1.45	1.40	1.12	1.29	0.78	0.90
Non-bank finance															
Venture and growth capital	EUR million	263	205	159	280	186	270	241	230	339	554	532	699	475	424
Venture and growth capital (growth rate)	% Year-on-year growth rate	..	-22.34	-22.45	76.57	-33.49	45.13	-10.81	-4.73	47.66	63.33	-4.03	31.47	-32.03	-10.90
Other indicators															
Payment delays, B2B	Number of days	7.2	6.1	12.0	12.0	13.0	12.0	10.0	9.0	4.0	4.0	2.0	3.0	3.0	20.0
Bankruptcies, SMEs	Number	..	..	2 563	2 583	1 938	1 958	1 698	1 328	1 584	1 853	1 888	2 013	2 153	1 841
Bankruptcies, SMEs (growth rate)	% Year-on-year growth rate	..	..	..	0.78	-24.97	1.03	-13.28	-21.79	19.28	16.98	1.89	6.62	6.95	-14.49

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

12. Estonia

Key facts on SME financing

In 2019, Estonian SMEs employed 79% of the workforce and accounted for 79.5% of total value added. 91.9% of all firms were micro-enterprises, i.e. firms with less than 10 employees, employing 33% of the workforce and accounting for 29.2% of total value added in 2019.

Outstanding business loans to SMEs have been decreasing for 3 consecutive years. Even during the COVID-19 crisis, SME outstanding loans declined despite the provision of cheap guarantees and direct loans from the government. This can be explained by the increase in SME interest rates in 2020, as well as the provision of public support through non-debt channels such as employment support and the deferral of taxes and instalments. Furthermore, under the Estonian corporate income tax system all reinvested profits are tax-free. Thus, companies have a strong incentive to re-invest their profits, which may be an explanation for the low demand for loans. Loans under EUR 1 million, which are used as a proxy to describe SME loans, may have become unreliable to depict SME activities. This is because the high inflation rates in recent years may have pushed SMEs to contract larger loans.

The base interest rate on SME loans (up to EUR 1 million) decreased steadily from 4% in 2012 to slightly below 3% in 2016. Since then, interest rates have started increasing again, reaching 3.28% in 2018 and 4.08% in 2020. For larger loans, the interest rate also moved upward to 2.77%. In 2020, the interest rate spread reached a high for the last decade at 1.31%.

Venture and growth capital has been growing steadily in recent years. Estonia has a well-developed start-up community that has good potential for raising venture capital. 2020 was a record year, with companies raising EUR 453 million, a 72% year-on-year growth.

Leasing and hire purchases turnover declined sharply during the COVID-19 crisis, by about one-quarter on a year-on-year basis, due to the general slowdown of economic activity and investment decisions being postponed.

Table 12.1. Scoreboard for Estonia

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	EUR billion	2.44	2.49	2.13	1.90	1.68	1.61	1.65	1.70	1.67	1.71	1.81	1.70	1.56	1.508
Outstanding business loans, total	EUR billion	6.80	7.20	6.86	6.46	5.95	6.15	6.25	6.44	6.80	7.34	6.93	7.17	7.18	7.518
Share of SME outstanding loans	% of total outstanding business loans	35.83	34.55	31.01	29.37	28.28	26.24	26.45	26.40	24.56	23.23	26.1	23.7	21.7	20.06

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
New business lending, total	EUR billion	8.55	7.31	4.46	4.26	5.06	5.61	6.17	6.41	6.68	6.99	7.19	7.92	8.15	7.368
New business lending, SMEs	EUR billion	3.60	3.52	2.13	1.87	1.96	2.12	2.37	2.46	2.25	2.37	2.55	2.63	2.91	2.587
Share of new SME lending	% of total new lending	42.09	48.21	47.70	43.82	38.63	37.80	38.43	38.42	33.73	33.84	35.5	33.26	35.65	35.11
Short-term loans, SMEs	EUR million	480.5	475.1	377.1	317.8	325.9	302.3	317.4	333.4	300.8	314.8	320.1	299	263	199
Long-term loans, SMEs	EUR billion	1.96	2.01	1.75	1.58	1.36	1.31	1.34	1.37	1.37	1.39	1.49	1.40	1.30	1.308
Share of short-term SME lending	% of total SME lending	19.73	19.09	17.74	16.76	19.39	18.74	19.20	19.62	18.00	18.46	17.7	17.63	16.86	13.22
Government loan guarantees, SMEs	EUR million	15	23	52	66	53	60	52	66	66	93	61	72	75	112.60
Government guaranteed loans, SMEs	EUR million	27	39	86	122	116	122	100	111	112	171	100	118	145	188.13
Direct Government loans, SMEs	EUR million														85.1
Non-performing loans, total	% of all business loans	0.61	3.71	8.76	8.53	5.91	3.79	2.01	1.97	1.56	1.62	1.35	0.81	0.70	0.59
Non-performing loans, SMEs	% of all SME loans	0.95	3.59	7.36	8.17	6.31	5.18	3.27	2.96	2.79	2.88	1.94	1.99	2.19	2.09
Interest rate, SMEs	%	6.11	6.71	5.34	5.06	4.92	4.02	3.41	3.36	3.04	2.96	2.99	3.28	3.85	4.08
Interest rate, large firms	%	5.68	6.13	4.21	3.90	3.76	3.05	2.86	2.68	2.05	2.08	2.12	2.13	2.56	2.77
Interest rate spread	% points	0.43	0.58	1.14	1.16	1.16	0.98	0.56	0.68	0.99	0.88	0.87	1.15	1.29	1.31
Non-bank finance															
Venture and growth capital	EUR million	..	4.74	4.51	17.8	5.53	16.6	10.9	68.7	96.6	105.7	272.6	329	364	453
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	..	-5.00	293.7	-68.8	200.2	-34.3	530	40.6	9.4	157.9	19.3	-19	71.9
Leasing and hire purchases	EUR million	891.2	709.6	222.8	281.3	519.4	649.6	545.7	537.2	543	676	718	811	729	545
Factoring and invoicing	EUR billion	1.29	1.41	0.99	0.91	1.13	1.92	1.98	2.09	2.239	2.09	2.29	3 034	3451	2582
Other indicators															
Payment delays, B2B	Number of days	9	8.1	12.7	12.8	10.2	10.1	9.4	7	6.9	6	5.5	..	6.4	..
Bankruptcies, SMEs	Number	202	423	1055	1028	623	495	459	428	376	335	343	273	271	341
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	109.4	149.4	-2.56	-39.4	-20.5	-7.27	-6.75	-12.1	-10.9	2.39	-20.4	-1	25.8

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

13. Finland

Key facts on SME financing

The Finnish economy had seen five years of continuous growth before the COVID-19 pandemic. The COVID-19 pandemic and the uncertainty in the global economy resulted in a recession in Finland as GDP declined 2.9% in 2020. The Finnish Government supported companies, investments and the availability of financing during the pandemic.

About 99.1% of all employer firms are SMEs in Finland (79 435 companies), employing 57% of the labour force. The SME share in employment goes up to 64% if non-employers are also included in the count. The vast majority of SMEs (76.3%) are micro-enterprises with less than 10 employees. The decline in the number of employer firms has continued in recent years, while the number of the self-employed has increased.

The volume of new lending to SMEs increased in 2020, almost approaching its pre-financial crisis (2008) level. New business lending to SMEs grew by 11.2% in 2020 in comparison to the previous year. Total new lending to all enterprises increased 14.8%. SMEs' strong demand for loans was supported by COVID-19 economic measures to prevent bankruptcies, because restrictions on mobility and business activity affected demand in Finland in 2020.

The average interest rate on small loans of up to EUR 1 million, which is used as proxy for the interest rate on loans to SMEs, decreased between 2011 and 2020. The average interest rate was 2.0% in 2020. The average interest rate charged on loans over EUR 1 million has remained at around 1.3% for two consecutive years. The credit spread between small and large business loans indicates a loosening of credit terms for SMEs compared to large enterprises. The interest rate spread was 0.69% in 2020, while it was 0.97% in 2018.

According to the Finnish Venture Capital Association (FVCA), a record-high figure of EUR 951 million was invested in start-ups and early-stage growth companies in Finland in 2020. The growth is seen as a continuation of long-term efforts which have led to increasingly high quality start-ups and stronger VC industry in Finland. Of the total sum, foreign investments accounted for EUR 543 million. Finnish Venture Capital (VC) funds invested EUR 223 million and business angels invested EUR 36 million. Finland had the most Venture Capital investments per GDP in 2018, 2019 and 2020.

Average payment delays surged to 17 days in 2020. There was a significant increase in payment delays following the COVID-19 pandemic and during the economic downturn in Finland.

Due to the COVID-19 pandemic, Business Finland and the Centres for Economic Development, Transport and the Environment (ELY Centres) distributed coronavirus subsidies to companies (including SMEs) for development activities. With these subsidies, companies were able to explore their development needs and implement their development projects. For example, companies have used the support for digitalisation.

In addition, the government also provided liquidity support to businesses. The business cost support is intended for firms whose turnover has fallen significantly (-30%) as a result of the COVID-19 pandemic.

The third application round for business cost support took place from 27 April to 23 June 2021, which is used to cover firm's fixed costs and wages. The aim of the cost support is to help businesses to withstand the challenges caused by the COVID-19 pandemic and to reduce the number of bankruptcies. SMEs can receive support even if they were in difficulties¹ before January 2020. However, they are granted support if the company is not in bankruptcy or reorganization proceedings at the time the support is granted and has not received rescue or restructuring aid. The fourth application round for business cost support took place from 17 August to 30 September 2021.

The number of bankruptcies decreased markedly by 19% in 2020 from the previous year. A part of the decline is explained by temporary amendment of the bankruptcy law (May 1st 2020), which prevented bankruptcies of those enterprises whose financial difficulties would most likely be temporary due the COVID-19 pandemic restrictions.

Table 13.1. Scoreboard for Finland

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, total	EUR billion	48.4	57.6	54.1	56.5	60.4	63.3	66.7	68.4	72.5	76.0	79.3	85.3	91.0	96.9
New business lending, total	EUR billion	42.7	54.4	50.9	54.4	37.4	34.9	39.5	35.5	34.6	35.9	36.4	35.2	35.6	40.9
New business lending, SMEs	EUR billion	11.6	11.9	9.9	8.3	7.9	7.7	7.3	6.7	8.1	8.6	8.9	9.1	8.7	9.6
Share of new SME lending	% of total new lending	27.11	21.85	19.56	15.25	21.11	22.23	18.55	18.99	23.37	23.87	24.54	25.85	24.39	23.63
Short-term loans, SMEs	EUR million	..	..	..	839	1615	1613	1312	1149	1301	1361	1374	1359	1124	1414
Long-term loans, SMEs	EUR million	..	..	..	3 314	6 287	6136	6018	5583	6789	7219	7561	7747	7566	8249
Share of short-term SME lending	% of total SME lending	..	..	..	20.20	20.44	20.82	17.90	17.07	16.08	15.86	15.38	14.92	12.93	14.63
Government loan guarantees, SMEs	EUR million	416	438	474	447	497	408	379	476	522	570	540	563	611	1100
Direct government loans, SMEs	EUR million	385	468	593	397	369	342	284	287	385	275	241	203	183	105
Non-performing loans, total	% of all business loans	..	..	..	..	..	..	..	..	1.96	1.47	1.27	3.72	3.75	3.91
Non-performing loans, total (amount)	EUR million	..	..	..	..	..	..	..	..	1 423	1 119	994	3 170	3416	3785
Interest rate, SMEs	%	5.39	5.58	3.02	2.66	3.23	2.86	2.81	2.74	2.39	2.23	2.14	2.21	2.13	2.02
Interest rate, large firms	%	4.83	5.08	2.24	1.93	2.59	2.07	1.91	1.92	1.46	1.33	1.35	1.24	1.33	1.33
Interest rate spread	% points	0.56	0.50	0.78	0.73	0.64	0.79	0.90	0.82	0.93	0.90	0.79	0.97	0.80	0.69
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	..	33	34	36	42	41	38	36	33	31	30	30
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	13.85	18.42	20.79	21.50	21.85	27.70	21.97	23.89	19.99	20.35	21.31	20.83

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Rejection rate	1-(SME loans authorised/ requested)	..	..	6.98	4.92	3.12	8.08	7.06	6.71	6.24	5.59	6.76	4.15	6.11	8.74
Non-bank finance															
Venture and growth capital	EUR million	189	218	146	351	148	185	173	168	190	219	203	338	640	371
Venture and growth capital (growth rate)	%, year-on-year growth rate	..	15.34	-33.0	140.4	-57.8	25.0	-6.49	-2.89	13.10	15.26	-7.31	66.50	89.35	-42.0
Leasing and hire purchases	EUR million	..	..	1 067	1 361	1 658	1 765	1 658	1 858	..	..	..	..	..	..
Other indicators															
Payment delays, B2B	Number of days	6	5	7	7	7	7	6	6	5	5	5	5	2	17
Bankruptcies, SMEs	Number	2 254	2 612	3 275	2 864	2 947	2 961	3 131	2 986	2 574	2 408	2 168	2 546	2 623	2 135
Bankruptcies, SMEs (growth rate)	%, year-on-year growth rate	..	15.9	25.4	-12.5	2.9	0.5	5.7	-4.6	-13.8	-6.4	-9.97	17.44	3.02	-18.6

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

Note

¹ A company in difficulty refers to a company in accordance with Article 2(18) of the General Block Exemption Regulation of the EU.

14. France

Key facts on SME financing

France has approximately 3.9 million small and medium-sized enterprises (SMEs), which account for 99.9% of the total business population.

Outstanding SME loans increased by more than 27.24% between 2019 and 2020, reaching EUR 336 440 million in 2020 as a result of government support measures. Since 2014, the interest rate spread has decreased from 0.8% to 0.3%. Furthermore, SMEs' access to bank lending remained high in 2020: around 86% of SME requests for cash credits were fully or almost fully granted and 96% of SME requests for investment loans were fully or almost fully served, a figure which has remained stable since the beginning of 2017. The rejection rate has continued to decline (2.38% in 2020).

Private equity investments in French firms decreased in 2020 to EUR 17.8 billion, a drop of 8% compared to 2019. 2 027 firms were financed via venture capital funds in 2020. The number of financing operations by business angels decreased by 20% in 2020 (336 versus 422 in 2019).

Funds raised by crowdfunding platforms soared in the 2018-2020 period, from EUR 402 million to EUR 1 020 million. In 2020, funds raised through crowdfunding financed 13 796 SMEs.

Factoring volumes decreased by 7.5% in 2020 to EUR 323.5 billion, after increasing continuously since 2009. This fall can be linked to the decline in NFCs' (non-financial corporations) turnover by 7.8% in 2020 compared to 2019, together with some sectoral aspects. Factoring remains the preferred method of short-term financing in the car industry and since this sector was particularly hit by the pandemic, the recession in this industry caused part of the fall in factoring volumes.

Payment delays reached 12.8 days in 2020, the highest since 2015. The increase started in 2020Q2 and a high level of uncertainty led to a sharp increase in Q3, up to 14.4 days, before receding rapidly in Q4. However, this fall was not enough to compensate for the rise of the previous quarters.

The number of SME bankruptcies collapsed by 38% in 2020, at around 31 000, thanks to the measures implemented by the Government to face the economic consequences of the pandemic.

In terms of government SME financing policies, a government loan guarantee scheme was put in place to respond to the cash needs of SMEs impacted by the COVID-19 crisis. The state guarantee covers 90% of the loan for all SMEs. In May 2021, 673 139 firms had obtained government-guaranteed loans, for a total amount of EUR 136.8 billion. The rejection rate was only 2.9%.

Moreover, several measures were put in place by the French government to strengthen firms' balance sheets in the context of economic downturn in 2020. First, the Economic and Social Development Fund was provided with EUR 1 billion and equity loans were created to support firms with less than 49 employees impacted by the pandemic. The French Government support for SMEs financing also took the form of a guarantee provided to investors that provide equity loans or bonds. Furthermore, a recovery label was created in order to mobilise the savings of the French.

Credit mediation continued to assist French enterprises via an online platform. The number of requests has skyrocketed in comparison with previous years, mostly due to the liquidity problems caused by the global health crisis. In 2020, credit mediation benefited 6 332 SMEs and unlocked a total of EUR 2.98 billion of credit.

Table 14.1. Scoreboard for France

Indicator	Unit	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt												
Outstanding business loans, SMEs	EUR Billion	199 590	210 186	213 930	216 473	219 505	224 774	233 279	243 926	254 074	264 399	336 440
Outstanding business loans, total	EUR Billion	974 126	1 012 381	1 009 868	1 026 203	1 036 865	1 079 436	1 131 289	1 195 722	1 262 083	1 339 620	1 510 342
Share of SME outstanding loans	% of total outstanding business loans	20.5	20.8	21.2	21.1	21.2	20.8	20.6	20.4	20.1	19.7	22.3
New business lending, total	EUR Billion	9 052	34 600	7 752	1 565	18 942	35 009	43 799	56 141	58 737	51 560	141 309
Outstanding short-term loans, SMEs	EUR Billion	38 085	40 329	41 069	42 779	43 249	43 481	43 852	44 701	44 859	44 454	99 998
Outstanding long-term loans, SMEs	EUR Billion	104 029	111 576	118 952	125 477	129 902	132 779	137 234	144 177	153 378	153 144	238 694
Share of short-term SME lending	% of total SME lending	26.8	26.5	25.7	25.4	25.0	24.7	24.2	23.7	22.6	22.5	29.5
Government loan guarantees, SMEs	EUR Billion	11 883	9 826	8 465	8 925	7 800	8 000	8 400	8 900	8 700	8 500	6 200
Government guaranteed loans, SMEs	EUR Billion	5 326	4 231	4 157	4 394	4 783	4 984	5 229	5 103	5 095	4 805	5 873
Non-performing loans, total	% of all business loans	4.6	4.0	4.1	4.3	4.1	4.0	3.9	3.6	3.3	2.5	2.4
Interest rate, SMEs	%	2.5	3.1	2.4	2.2	2.1	1.8	1.5	1.4	1.5	1.4	1.0
Interest rate, large firms	%	1.6	2.2	1.7	1.5	1.3	1.2	1.1	1.1	1.0	0.9	0.7
Interest rate spread	% points	0.9	0.9	0.7	0.7	0.8	0.6	0.4	0.3	0.4	0.5	0.3
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending			9.4	8.5	7.3	6.3	5.2	4.3	4.2	3.8	3.6
Percentage of SME loan applications	SME loan applications/ total number of SMEs			38.4	35.6	35.7	37.9	37.9	37.2	36.7	36.3	39.3
Rejection rate	1-(SME loans authorised/ requested)			11.12	8.00	6.61	7.55	6.21	5.14	4.36	2.55	2.38

Utilisation rate	SME loans used/ authorised	86.4	87.0	87.6	87.3	87.5	87.2	87.0	86.8	86.8	87.0	88.7
Non-bank Finance												
Venture and growth capital	EUR Billion	2 915	3 537	2 389	2 469	3 234	4 610	4 727	4 378	5 073	6 240	6 425
Venture and growth capital (growth rate)	%, Year-on-year growth rate	22.2	21.3	-32.5	3.3	31	42.5	2.5	-7.4	15.9	23.0	3.0
Leasing and hire purchases	EUR Billion	8 472	8 125	6 591	6 086	5 713	7 122	7 654	7 827	8 361	8 665	9 028
Factoring and invoice discounting	EUR Billion	20 654	22 457	22 596	24 798	25 568	27 968	31 042	36 101	37 592	39 813	35 020
Other indicators												
Payment delays, B2B	Number of days	12.0	12.2	11.8	12.1	12.2	13.3	11.9	11.1	10.9	11.3	12.8
Bankruptcies, SMEs	Number (thousands)	60 288	59 446	61 062	62 503	62 369	62 985	58 013	54 428	53 917	51 100	31 238
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	-4.5	-1.4	2.7	2.4	-0.2	1.0	-7.9	-6.2	-0.9	-6.1	-42.1

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

15. Georgia

Key facts on SME financing

As of 2020, 99.6% of active enterprises in Georgia were SMEs¹, which accounted for 59.3% of business sector employment, 40.8% of business sector turnover and 58.0% (GEL 25.2 million) of output in the business sector (GEL 43.5 million).

In recent years, credit to SMEs rose significantly, amounting to a staggering 407.5% increase from GEL 1 400 million in 2010 to GEL 7 105 million in 2020.² Throughout this period, total business loans grew by more than 298.9%, and the proportion of SME loans as a percentage of total business loans grew from 33.8% to 43%. During 2019-2020, real growth of SME loans amounted to 16.9%, while total business loans grew by 15.9%.

The average interest rate charged to SMEs in Georgia is high by OECD standards, but it has significantly declined over the last decade, from 17.5% in 2010 to 9.3% in 2020. Despite the pandemic-related challenges, due to the increasing efforts to support access to finance for SMEs. Between 2019 and 2020 the interest rate charged to SMEs declined by 0.6 percentage points. As for the interest rate spread between large enterprises and SMEs, it declined to 0.9% in 2020 from 1.2% in 2019 and 2.6% in 2010.

Although precise data on the availability and use of alternative financial instruments is lacking, available evidence strongly suggests that Georgian SMEs are very dependent on the banking sector for meeting their financing needs and that non-bank instruments still play a very marginal role. However, the rapid growth of micro-financing organisations should not be neglected.

According to the World Bank Group's Doing Business indicator, Georgia ranked 7th in 2020 “ease of doing business”. The Ease of Doing Business 2020 report shows that Georgia has increased public access to information and thus improved in building quality control in 2018/2019. Currently, the country has the lowest number of procedures required to start a business and register a property. Also, in getting credit indicator Georgia ranked 15th in Doing Business 2020.

Georgia facilitated the enforcement of contracts by introducing random and automatic assignment of cases to judges across courts. Most notably, the country improved its insolvency framework by making insolvency proceedings more accessible for debtors and creditors, improving provisions on the treatment of contracts during insolvency, and granting creditors greater participation in important decisions during the proceedings. According to the information from the Public Registry Agency, after a 35.95% growth in the number of liquidation procedures in 2019, the indicator saw a 29.33% decrease in 2020, reaching 147 cases total.

In 2020, due to Covid-19 global pandemic, the overall volume of non-performing SME loans exceeded GEL 974 million (143% increase from 2019), the highest level since 2010, and the share of non-performing SMEs loans is now at 9.8% (4.8% increase from the last year). Although, it needs to be noted, that in 2020 the total volume of non-performing loans increased by 126% (from 4.93% in 2019 to 9.75% in 2020) out of which, the contribution of SMEs non-performing loans was 40.6 percentage points, and other loans contribution was 85.9 percentage points. The lowest level of SME share of non-performing loans was in 2014 when it reached 4.2%.

The government of Georgia has prioritised SME development as the main source of private sector growth, job creation and innovation. For instance, the Innovation and Entrepreneurship Policy is one of the successful reforms the Georgian Government has conducted.. Through the budgetary support, in 2014, the Ministry of Economy and Sustainable Development of Georgia established two sister agencies, Georgia's Innovation and Technology Agency (GITA) and Enterprise Georgia, with the main objective of promoting SME development and strengthening SME competitiveness. Both agencies provide financial support to SMEs, as well as a broader range of services that includes access to special infrastructure, mentoring, trainings and various advisory services. In addition to the establishment of these two agencies, the government of Georgia has introduced several private sector development programmes, which include financial and technical assistance components to support SMEs at different stages of development.

The Covid-19 pandemic has delivered the largest economic shock the world economy has witnessed in decades. Response measures such as lockdowns and travel restrictions, have negatively affected consumption, investments, financial and commodity markets, global trade and tourism.

Like the rest of the world, Georgia's positive economic trajectory has also been interrupted. In 2020, the economy shrank by 6.8%. In 2021 strong economic recovery was observed in Georgian economy, in January-September economic growth amounted to 11.0 percent. The preliminary results of economic activity in 2021 are more positive than previously forecasted and Government of Georgia expects 10% economic growth in 2021. According to IMF projections, Georgia is projected to have the fastest economic recovery in the medium term among regional peers and European countries. Consequently, in 2021-2026 average annual growth is projected at 5.8% supported by infrastructure spending and sustained structural reforms to increase productivity and enhance private sector-led growth.

The Government's Anti-Crisis Economic Plan consisted of various emergency measures to support the economy and mitigate the effects of the pandemic. These measures included income tax payment deferrals, automatic VAT refund mechanism, granting businesses opportunity to restructure loans, providing commercial banks with long-term resources to solve liquidity problem, reshaping existing or developing new government programmes to support individual economic sectors based on their needs, and specific support measures in tourism, agriculture and construction sectors. Georgia has also facilitated contract enforcement by introducing random and automatic assignment of cases to judges across courts. Importantly, Georgia has improved its insolvency framework by making insolvency proceedings more accessible for debtors and creditors, improving provisions on the treatment of contracts during insolvency, and granting creditors greater participation in important decisions during the proceedings. According to information from the Public Registry Agency, after a 35.95% growth in the number of liquidation procedures in 2019, this indicator saw a 29.33% drop in 2020, reaching 147 cases in total.

Table 15.1. Scoreboard for Georgia

Indicators	Units	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt													
Business loans, SME	GEL million	..	1 400	1 548	1 738	2 051	2 422	3 621	3 992	5 176	6 620	8 121	9 987
Business loans, total	GEL million	3 097	4 145	4 821	5 344	6 080	7 268	9 575	10 500	12 000	14 687	19 070	23 242
Business loans, SMEs	% of total business loans	..	33.8%	32%	32%	33.7%	33.3%	38%	38%	43.1%	45.1%	42.6%	43.0%
Non-Performing Loans, total	GEL million	926	784	666	810	791	988	1 202	1 380	1 337	1 480	1 414	3 203
Non-performing loans, SMEs	GEL million	..	145	134	111	102	101	161	206	221	407	400	974
Non-performing loans, total	% of all business loans	..	16.1%	11%	12%	10.7%	10.6%	9.8%	10.1%	7.7%	6.6%	4.9%	8.4%
Non-performing loans, SMEs	% of total SME loans	..	10.3%	8.7%	6.4%	5.0%	4.2%	4.4%	5.2%	4.3%	6.1%	4.9%	9.8%
Interest rate, SME	%	..	17.5%	16%	15%	12.9%	11.6%	13%	10.2%	10.4%	10.5%	9.9%	9.3%
Interest rate, large firms	%	..	14.9%	15%	13%	11.4%	10.2%	10%	9.6%	9.3%	9.3%	8.7%	8.4%
Interest rate spread		..	2.6%	1.0%	2.3%	1.5%	1.4%	2.4%	0.6%	1.0%	1.2%	1.2%	0.9%
Collateral, SMEs	%	..	..	..	..	95.6	..	..	..	..	..	..	..
Rejection rate	%	..	..	..	..	4.6	..	..	..	..	..	..	..
Utilization rate	%	..	..	..	..	95.4	..	..	..	..	..	..	..
Other indicators													
Procedures of enterprises' liquidation (incl. bankruptcy)	Number	52	2 094	3 176	2 524	1 775	1 785	1 560	229	293	153	208	147
Procedures of enterprises' liquidation (incl. bankruptcy)	Year-on-year growth rate (%)	-14.75	3 926.9	51.67	-20.5	-29.68	0.56	-12.6	-85.3	28	-47.78	35.95	-29.33

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

Notes

¹ According to a new methodology introduced by the Georgian National Statistics Office in 2016 to gather statistics on the country's SMEs and in pursuant of the National Strategy of SME development.

² Figures are inflation-adjusted with 2010 as the base year.

16. Germany

Policy developments

The financing situation of medium-sized companies was still very good in the first two months of 2020. However, with the onset of the Corona pandemic at the end of the first quarter of 2020, companies were faced with dramatic revenue shortfalls.

In order to counteract the negative economic effects of the Corona crisis, the German government very quickly initiated extensive measures. With the “Corona Shield”, the federal government stabilized the economy, mobilized massive financial resources for employees, the self-employed and companies. A central pillar is the KfW Special Programme, which ensured companies quick access to urgently needed liquidity loans. The programme will run until the end of 2021.

As part of the Corona Shield, a package of measures for start-ups and SMEs have also made an important contribution to stabilising the market for equity capital in Germany. This package of measures is available in addition to the existing equity and venture capital financing instruments from the ERP Special Fund.

Now, even after the targeted measures to avert the economic consequences of the pandemic have or will come to an end, the task is to help the German economy emerge safely from the crisis. To this end, the differentiated range of support programmes funded by the ERP Special Fund is available and is being continuously refined.

Programmes

Credit-based financing for start-ups until the end of 2021

The ERP Special Fund provides for a differentiated and well-established system of promotional loan instruments for different start-up phases. The loan programmes – ERP-*Gründerkredit Startgeld* (ERP Start-Up Loan-Start-Up Money), *Gründerkredit Universell* (ERP Start-Up Loan-Universal) and ERP-*Kapital für Gründung* (ERP Capital for Start-Ups) – provide particularly low-interest loans with a long maturity for start-ups as well as business succession. In some of these programmes, banks providing the financing are relieved from a portion of the credit default risk. ERP-Capital for Start-Ups provides subordinated loans with favourable interest rates in order to strengthen the company's equity base and thereby to facilitate further external financing.

The COVID-19 pandemic has put many companies in economic distress. In many cases, corporate financing is facing major challenges. In order to cushion the effects of the pandemic, the large-volume KfW Special Programme for medium-sized and large companies was available from 23 March 2020 until end-December 2021. It provided access to liquidity loans for companies that were temporarily in difficulty due to the crisis. It was open to commercial enterprises of all sizes and to the liberal professions. The KfW Special Programme is based on the [ERP-Gründerkredit Universell] # ERP Start-up Loan - Universal and [KfW-Unternehmerkredit] # KfW Entrepreneur Loan programmes, the conditions of which have been modified and expanded. Working capital loans as well as investment loans are granted. A key element of

success here is that the German Promotional Bank (KfW) exempts banks and savings banks from up to 90% of the credit default risk. This means that the state assumes this level of credit risk, making it easier for banks and savings banks to grant loans.

As a variant of the KfW Special programme, the KfW [KfW-Schnellkredit 2020] # Fast Loan 2020 has been available since 15 April 2020 with a 100% release from liability of the house banks. The aim is to support companies regardless of the number of employees and the self-employed through small-sized KfW loans with fast lending.

Credit-based financing post-Corona pandemic for start-ups from 2022

In order to provide the best possible support for SMEs in the post-pandemic period and in their transformation to a sustainable and digital economy, ERP funding will be restructured and further developed in the area of commercial SME financing from 2022. The core components are a simplification of the funding programmes and an improvement of the conditions. The re-organisation is intended to put almost all groups of companies in a better position, particularly with regard to interest rate reductions.

Equity and venture capital financing

KfW Capital

On the basis of a decision by the Bundestag, the Federal Ministry for Economic Affairs, the Ministry of Finance and the KfW drafted an overall concept for an organisationally independent, growth-oriented venture capital company; it started operations as “KfW Capital” in October 2018. KfW Capital plans to double the annual amount of funding to EUR 400 million from 2021 onwards. This takes place via investments in venture capital funds, particularly as part of the ERP-VC Fund Investments programme as well as of the ERP/Future Fund Growth Facility as a module of the ‘Zukunftsfonds’. KfW Capital aims to improve the quality of venture capital funding. The aim is to develop a product structure in which the individual financing phases are coordinated throughout the entire company lifecycle.

ERP-Financing-Instruments in cooperation with the European Investment Fund (EIF)

ERP Special Fund and EIF have been cooperating very successfully in the field of equity and mezzanine financing for over 15 years. This makes an important contribution to ensuring that innovative start-ups in Germany have access to capital. The financing instruments include the ERP/EIF Venture Capital Fund of Funds with a total fund volume of EUR 3.7 billion (including the European Angels Fund Germany with a volume of EUR 400 million); the ERP/EIF/Länder Mezzanine Fund of Funds with a total fund volume of EUR 600 million; and the co-financing of the GFF-EIF Growth Facility (total volume of up to EUR 3.5 billion).

Zukunftsfonds (Future Fund)

The *Zukunftsfonds*, set up by the Federal Government in 2021, is providing EUR 10 billion for a venture capital fund for forward-looking technologies (‘Future Fund’) to the KfW to foster the German venture capital market over the next 10 years. Taking into account the contributions from private and public-sector partners, this new Future Fund, with financial contributions from the ERP Special Fund, aims to mobilise at least EUR 30 billion in start-up funding. The overarching principle of the Future Fund is to broaden the German VC market by requiring a substantial private-sector investment contribution, also for the sake of

market principles and in compliance with European competition and state-aid rules. The new fund addresses all development phases of start-up financing – with a special focus on start-ups going through the capital-intensive scale-up phase – with a set of closely interlinked modules, comprising both a qualitative and quantitative expansion of existing instruments and the development of new modules to increase start-up funding.

Within the Future Fund, the ERP/Future Fund Growth Facility will provide a total of EUR 2.5 billion to increase fund volumes and facilitate larger financing rounds for the period up to 2030. In the same vein, the new GFF-EIF Growth Facility, with a volume of up to EUR 3.5 billion, as well as the DeepTech Future Fund, have been established. A fund-of-funds for growth capital, for example, aims in particular to mobilise capital of institutional investors for start-ups. Further instruments and components of the Future Fund will be planned and implemented throughout 2022, such as a separately managed account module with a planned volume of up to EUR 2 billion and the expansion of the Venture Tech Growth Financing programme.

High-Tech Gründerfonds (HTGF)

The High-Tech *Gründerfonds* (HTGF) is an early-phase funding programme for highly innovative and technology-oriented companies whose operative business activities started less than three years ago. To be eligible for financing, projects must have shown promising research findings, be based on innovative technology, and have strong market prospects. In addition to providing capital, the fund ensures that the management of young start-ups receives the necessary help and support. An initial funding amount of up to EUR 1 million is provided, with a total of up to EUR 3 million usually being available per company. In the first phase of the fund (up to November 2011), a total of EUR 272 million was made available. The follow-up fund (HTGF II) provided total funding of EUR 304 million. A third fund, HTGF III, was launched in autumn 2017. In addition to the support from the Federal Ministry for Economic Affairs and KfW Capital, more than 30% of the EUR 319.5 million fund has been provided by 33 private investors – either well-established SMEs or large corporations. In 2021 preparations for a follow-up fund (HTGF IV) were started.

DeepTech Future Fonds

The DeepTech Future Fonds (DTFF) is a new high-tech (deep-tech) investment fund that is financed by the *Zukunftsfonds* (Future Fund) and the ERP Special Fund. It has been launched with the task of helping deep-tech companies with validated business models to achieve sustainable growth while retaining their independence. The DTFF will always invest together with private investors. Acting as an anchor investor, its goal is to guide deep-tech companies on their journey towards capital market readiness. Based on this long-term perspective, the fund aims to bolster Germany's profile as a hub of innovation and enhance its appeal for high-tech firms in the long term. Over the next ten years, the DTFF will be able to leverage a prospective total investment volume of up to EUR 1 billion. The fund will run for at least 25 years, with High-Tech *Gründerfonds* assuming responsibility for its management.

Coparion

Since 2018 *Coparion* has provided funding for young and innovative companies at the same commercial terms as its private-sector lead investors. The investment of *Coparion* is limited to EUR 15 million per company. *Coparion* is able to allocate the maximum amount over several financing rounds. As a result, the EUR 275 million fund enables innovative young companies to draw on funding worth at least EUR 550 million. This makes *Coparion* an important player in the German venture capital market. The fund's

resources are provided by the ERP Special Fund, KfW Capital and the European Investment Bank (EIB). Currently *Coparion* has 44 companies in its portfolio.

Mikromezzaninfonds (Micro-Mezzanine Fund)

The Micro-Mezzanine Fund was launched in 2013 and provides dormant equity of up to EUR 50 000 for small companies and business starters and up to EUR 150 000 for companies within the special target group. The fund's special target group are companies that provide training, are operated by women or people with a migrant background, or were founded by people who were formerly unemployed. Social enterprises operating commercially are also eligible to apply for financing on the terms of the special target group, as are companies with a focus on environmentally-compatible production. Both the European Social Fund (ESF) and the ERP Special Fund finance the fund. The volume of the first fund was EUR 74.5 million. The current fund (MMF II) has a volume of EUR 153.2 million.

Venture Tech Growth Financing

At the end of 2018, the KfW programme Venture Tech Growth Financing (VTGF) commenced operations. As part of this programme, KfW can issue EUR 50 million of venture capital loans to innovative fast-growing tech companies each year. Until 2022, up to EUR 500 million in funding will be made available together with private-sector investors to start-ups in the growth phase. Beyond this period, the VTGF programme is to be expanded up to a volume of EUR 1.3 billion with contributions from the Future Fund.

INVEST–Zuschuss für Wagniskapital (INVEST – Grant for Venture Capital)

INVEST is a grant programme run by the Federal Ministry for Economic Affairs. It was set up in 2013 and further developed in 2017 to support private investors who want to acquire a stake in young and innovative companies. Under this programme, business angels who invest in innovative start-ups receive an acquisition grant worth 20% of the sum invested. In addition, natural persons can receive an exit grant if they sell their shares. The amount provided is equivalent to 25% of the capital gains from the sale and thus more or less covers the tax imposed on the profit from the sale. The shares must be held for a minimum of three years. Both grants are tax-free for the investor. Funding can be provided for a maximum of EUR 500 000 of investment per investor and per year. The maximum amount eligible for funding that can be invested in a single company per year is EUR 3 million.

17. Greece

Key facts on SME financing

94.6% of Greek businesses (680 038) are micro-enterprises employing less than 10 employees, 4.8% (34 701) are small enterprises, 0.5% (3 819) are medium-sized enterprises, and 0.1% (522) are large enterprises

During 2020 and during the first quarter of 2021, economic activity declined significantly due to the COVID-19 pandemic and measures to reduce it. Real GDP shrank by 8.2% in 2020, mainly due to declining service exports and private consumption. The decline in consumer demand also resulted in the depletion of SMEs' liquidity, which swiftly turned to different sources of finance. As a result, in 2020, new business lending to Greek SMEs increased 1.75 times in relation to 2019. The significant acceleration of bank lending to enterprises was also facilitated by the improvement of the conditions under which banks derived financial resources from the Eurosystem, as well as by the significant support provided by bank lending/co-financing schemes and guarantees offered by the Hellenic Development Bank.

However, despite the increase in new lending, outstanding credit to all businesses and to SMEs fell for the eighth year in a row, reaching EUR 66.6 billion in 2020. The continual decline of SME outstanding stock of loans coincided with a moderate economic recovery between 2014 and 2019. Nonetheless, in 2020 the decline in the outstanding stock of SME loans was driven by a significant removal of non-performing loans (NPLs) from Greek banks' balance sheets (from 36.1% of total loans in 2019 to 28.5% of total loans in 2020) through the introduction in late 2019 of the "Hercules" asset-protection scheme.

Interest rates for both SMEs and large firms fell for the eighth year in a row in 2020, reaching 3.94% and 2.83% respectively, but the spread between the two increased (1.11) compared to 0.85 in 2018. This explains the risk-averse approach of Greek banks against SMEs particularly during the pandemic. Credit conditions tightened significantly and access to finance continues to be a central problem for Greek SMEs, according to the most recent ECB Survey on Access to Finance of Enterprises (SAFE), with 18% of Greek SMEs citing access to finance as the most important problem they currently face, compared to an EU-28 average of 9%. Furthermore, Greece shows the highest percentage of SMEs reporting difficulties in accessing bank loans (22%) and the highest proportion of SMEs reporting fear of application rejections in the EU.

The proportion of Greek SMEs that required collateral when they applied for a loan to a bank continued to decrease, to 18.4% in 2020 compared to 20.7% in 2018. The rejection rate declined to 12.3% compared to 2018 (20.5%) but increased slightly compared to 2019 (11.4%).

In 2020, alternative sources of finance were hard hit in Greece. Factoring decreased to EUR 1.89 million compared to EUR 1.96 million in 2019, leasing and hire purchase activities also decreased in 2020, reaching EUR 3.3 billion compared to EUR 4.2 billion in 2017. Venture capital was also strongly hit compared to 2019, declining by 46.7% in 2020 and reaching EUR 78.8 million from EUR 148.3 million in 2019.

The percentage of SME non-performing loans related to all SME loans was 28.5% in 2020 and has declined for the fifth year in a row since 2016, when it had reached 43.2%. Such decline is explained by

public programmes such as the Hercules Programme that assists commercial banks in securitising and removing NPLs from their balance sheets. Despite this, in 2020, almost 20% of all business loans were non-performing in Greece.

As a response to the COVID-19 pandemic, the Greek government put in place several measures to tackle the impact of the crisis on SMEs. One of the measures in place was the “COVID-19 guarantee Fund” providing a guarantee coverage of up to 80% per loan. During the first cycle, the guarantee rate was set at 80% per loan, while the maximum guarantee was set at 40% for a loan portfolio to SMEs and 30% for a loan portfolio to large companies. An additional budget of EUR 780 million was added on the second cycle of the COVID guarantee fund, so the total available funds of the two cycles amounted to EUR 1.78 billion. In the second cycle of the Fund the provision of the guarantee paid by the companies is fully subsidised. 75% to 90% of the new loans of the second cycle of the Guarantee Fund are addressed with priority to MSMEs.

Table 17.1. Scoreboard for Greece

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	EUR billion	..	..	..	44.9	41.6	39.1	48.1	48.1	46.9	48.4	44.7	41.1	35.2	32.0
Outstanding business loans, total	EUR billion	102	124	124	117	113	101	97	95	89	88	82	76.4	67.3	66.6
Share of SME outstanding loans	% of total outstanding business loans	..	..	..	38.5	36.8	38.8	49.7	50.6	52.6	55.3	54.4	53.8	52.3	48.1
New business lending, total	EUR billion	..	36.5	36.3	20.7	29.4	21.8	24.3	14.9	6.9	5.8	7.3	11.4	7.9	16.2
New business lending, SMEs	EUR billion	..	12.5	13.0	4.4	5.2	4.1	3.7	2.3	1.2	1.1	1.1	1.2	1.3	3.5
Share of new SME lending	% of total new lending	..	34.2	35.6	21.4	17.8	18.9	15.0	15.6	17.0	18.4	15.5	10.18	16.05	31.8
Outstanding short-term loans, SMEs	EUR billion	..	..	..	..	..	..	..	18.1	17.6	18.8	17.0	15.1	13.4	9.5
Outstanding long-term loans, SMEs	EUR billion	..	..	..	..	..	..	..	30.1	29.3	29.6	27.7	25.9	21.7	22.5
Share of short-term SME lending	% of total SME lending	..	..	..	..	..	..	..	37.6	37.6	38.9	38.0	58.4	61.6	42.3
Government loan guarantees, SMEs	EUR billion	..	..	..	..	..	..	0.37	0.31	0.24	0.56	1.08	1.2	1.3	3.9
Non-performing loans, total	% of all business loans	4.60	4.30	6.70	8.70	14.2	23.4	31.8	29.4	31.0	30.3	30.5	28.6	25.5	19.1
Non-performing loans, SMEs	% of all SME loans	..	..	..	..	..	..	..	41.2	44.1	43.2	42.5	38.1	36.1	28.5
Interest rate, SMEs	%	6.57	6.82	4.62	5.53	6.77	6.87	6.51	5.80	5.38	5.32	4.91	4.66	4.31	3.9
Interest rate, large firms	%	5.32	5.71	3.52	4.27	5.74	5.92	5.77	5.55	4.82	4.61	4.20	3.81	3.64	2.8
Interest rate spread	% points	1.25	1.11	1.10	1.26	1.03	0.95	0.74	0.25	0.56	0.71	0.71	0.85	0.67	1.1
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	51.4	40.5	49.4	46.7	45.9	46.2	49.2	39.8	25.7	20.7	18.5	18.4
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	37.9	39.6	30.8	29.9	21.4	25.5	18.8	21.5	17.5	23.0	23.9	31.3
Rejection rate	1-(SME loans authorised/ requested)	..	..	25.8	24.5	33.8	28.3	26.0	21.5	19.9	18.2	16.2	20.5	11.4	12.3

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Utilisation rate	SME loans used/ authorised	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Non-bank finance															
Venture and growth capital	EUR million	19.0	32.7	16.7	25.0	10.1	..	4.8	12.6	36.8	38.0	44.5	84.1	147.1	78.8
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	72	-49	50	-60	..	..	160	193	3	17	88.8	74.87	-46.86
Leasing and hire purchases	EUR billion	7.28	7.87	7.50	7.28	6.85	6.22	3.36	4.08	4.72	4.40	4.25	3.96	3.39	3.32
Factoring and invoice discounting	EUR billion	1.28	1.73	1.77	1.73	1.49	1.53	1.41	1.69	1.69	1.72	1.74	1.93	1.96	1.89
Other indicators															
Payment delays, B2B	Number of days	..	25	34	30	35	40	43	41	36	47	47.	33	17	..
Bankruptcies, SMEs	Number	513	359	355	355	445	415	392	330	189	108	123	114	63	..
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	-30	-1	0	25	-7	-6	-16	-43	-43	14	-7	-23.17	..

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

18. Hungary

Key facts on SME financing

According to the preliminary data of the Hungarian Central Statistical Office, at the end of 2019, 836 020 enterprises operated in Hungary, 97.72% of which (817 012 enterprises) qualified as SMEs. Based on the European Commission's data on the business economy that ensures comparability between EU member states, the number of persons employed by Hungarian SMEs somewhat exceeds the EU average. Meanwhile the value added generated by these SMEs stands slightly below the EU average.

Hungary had a significantly lower economic downturn in 2020 (-5.0%) than the EU average (-6.2%), partly due to the economic protection measures and industry's favourable performance in comparison to the rest of the EU.

Despite the coronavirus outbreak, investment rates remained high in Hungary at 27.5% as a percentage of GDP. The pick-up in investment performance was mainly driven by real estate (+12%), public administration (+33%), education (+31%) and, partly related to the epidemic, health (+45%) branches. The high level of investment can also be the result of conditional grants to enterprises based on the implementation of projects within a limited timeframe, which may have incentivised and accelerated investment decisions from SME owners.

The share of high-tech companies in exports is high in Hungary, providing a good basis for increasing the share of high value added activities.

The unemployment rate in Hungary (4.3%) was the 5th lowest in April among EU member states. There is a strong labour market with sufficient labour market reserve for restarting the economy.

SME loans (loans up to EUR 1 million) expanded by 13.2% in 2020. The average interest rate of forint SME loans experienced a slight increase, at 2.6% by the fourth quarter of 2020. The average interest rate of high-amount HUF loans increased to 2% by the end of 2020.

Despite the COVID-19 pandemic shock, venture activity experienced a strong increase throughout Europe and in Hungary in 2020 compared to the previous year. During 2020, EUR 226.3 million was invested into Hungarian companies through 236 transactions. There was a 15% increase in the total number of transactions, and 36% increase in the total invested amount compared to 2019. In 2020 the total amount of newly raised funds took a hit.

In case of Hungarian companies receiving investments, the two largest sectors by total invested amount were Financial and Insurance activities and ICT (Information and communications technology), which together accounted for 52% of total investment value and 41% of total number of investments. In 2020, the largest transactions (considering average deal size) occurred in the Financial and Insurance activities and Transportation, with average deal size of EUR 4.1 million and EUR 2.0 million respectively. The most significant difference between industry and market statistics were reported in the Financial and Insurance sector, showing a larger interest for companies operating in this sector by foreign investors. In this sector, the average deal size was EUR 4.1 million according to market statistics versus 1.4 million according to the industry statistics.

As a response to the COVID-19 crisis, the measures introduced by the Government (under the Economic Protection Action Plan) had the objective of preserving jobs and supporting businesses with liquidity problems. Since March 2020, the government mobilised in total HUF 9 500 billion through various measures to stimulate the economy, which could enter the economy by the end of 2021.

In 2020, it was decided to launch investment support programmes with an amount of nearly HUF 1 000 billion, which could lead to nearly HUF 2 000 billion development in the near future.

The Economic Relaunch Action Plan was designed to gradually ease conditions and relaunch economic activities in three phases. In the first phase, HUF 100 billion in Interest Free Restart Fast Loan were provided by the Hungarian Development Bank (MFB). The second phase focuses on strengthening higher education, and the third phase concentrates on enhancing green energy, circular economy construction and full digitisation of the economy.

Table 18.1. Scoreboard for Hungary

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	HUF Billion	5 280	5 823	5 379	4 783	4 797	5 014	5 064	4 831	4 942	4 411	4 674	4 691	5 122	5 626
Outstanding business loans, total	HUF Billion	8 466	9 613	8 959	8 770	8 825	7 892	7 648	7 761	7 355	7 073	7 545	8 562	8 715	9 836
Share of SME outstanding loans	% of total outstanding business loans	62.36	60.58	60.05	54.54	54.36	63.53	66.21	62.25	67.20	62.37	59.31	54.7	58.77	57.2
New business lending, SMEs	HUF Billion	3 851	4 384	3 660	3 531	3 585	3 870	4 662	4 302	3 665	4 187	4 443	3 743	4 670	4 738
Short-term loans, SMEs	HUF Billion	2 473	2 966	2 832	2 775	2 767	3 052	2 654	2 570	2 424	2 708	2 727	2 002	2 417	2 113
Long-term loans, SMEs	HUF Billion	1 377	1 418	828	756	818	818	2 008	1 732	1 241	1 478	1 274	1 741	2 252	2 624
Share of short-term SME lending	% of total SME lending	64.23	67.66	77.37	78.59	77.18	78.86	56.93	59.75	66.14	64.69	68.16	53.48	51.77	44.61
Government loan guarantees, SMEs	HUF Billion	308.8	352.1	409.2	377.1	343.4	251.9	350.0	346.2	348.7	469.3	525.7	725.5	707.1	1 193
Government guaranteed loans, SMEs	HUF Billion	381.4	436.4	600.3	472.0	437.2	314.8	458.0	433.8	429.4	568.6	731.0	894.2	934.8	1 561
Non-performing loans, total (amount)	HUF Billion	..	..	..	832	1 155	1 272	1 124	961	697	577	526	472	334	336
Non-performing loans, total	% of all business loans	3.10	4.70	10.10	12.8	17.4	17.7	16.1	13.7	9.6	5.4	3.3	5.5	3.83	3.42
Non-performing loans, SMEs	% of all SME loans	..	5.40	8.90	12.8	15.9	20.5	18.6	20.7	13.7	6.3	4.4	3.5	6.18	1.39
Interest rate, SMEs	%	10.19	11.25	12.31	8.99	9.38	9.7	7.4	5.1	4.7	4.2	3.3	2.44	2.97	1.88
Interest rate, large firms	%	8.97	10.28	11.07	..	..	8.9	5.9	4.1	2.4	2.8	1.8	2.0	1.3	1.58
Interest rate spread	% points	1.22	0.97	1.24	..	..	0.80	1.50	1.00	2.30	1.40	1.50	0.44	1.67	0.30
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	..	..	..	..	..	71	64.5	60.1	53.4	..	..	..
Rejection rate	1-(SME loans authorised/ requested)	..	..	..	..	..	..	68.8	67	84.4	71.6	49.2	..	..	..
Utilisation rate	SME loans used/ authorised	..	..	..	..	..	..	81.5	..	..	..	..	..	..	..
Non-bank finance															
Venture and growth capital	HUF Million ('000 000)	3 949	13 782	720	6 982	11 308	19 361	15 880	18 759	27 742	12 070	11 470	28 661	28 803	..

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	249.00	-94.8	869.72	61.96	71.22	-18	18.13	47.89	-56.5	-4.97	149.88		
Leasing and hire purchases	HUF Million ('000 000)	..	..	..	..	..	..	..	..	..	490 531	483 259	538 370	677 449	734 320
Factoring and invoicing	HUF Million ('000 000)	..	..	..	..	..	..	..	..	..	46 472	107 852	66 718	55 208	41 448
Other indicators															
Payment delays, B2B	Number of days	16.30	19.00	19.00	15.00	22.00	20.00	..	17.40	17.40	4	-1	5	1	18
Bankruptcies, total	Number	153	168	212	232	279	301	376	644	488	377	322	401	370	225
Bankruptcies, total (growth rate)	%, Year-on-year growth rate	..	10.35	25.65	9.5	20.4	7.9	24.7	71.3	-24.2	-22.9	-14.4	24.34	-8	-39

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

19. Indonesia

Key facts on SME financing

Based on data published by the Ministry of Cooperatives and SMEs of the Republic of Indonesia, there were 64 194 056 SMEs in 2019, which made up 99.99% of the total business population and employed 96.9% of the total workforce. In this report, SMEs consist of micro, small and medium-sized enterprises.

Outstanding loans to all businesses declined by 3.2% year on year (y-o-y) in 2020 (IDR 6,069.39 trillion), with 20.43% of this amount (IDR 1 240.23 trillion) allocated to SMEs. Despite the decrease in 2020, outstanding loans in the past ten years (2011-20) still experienced growth with an average yearly growth rate of 13.38%.

In the last three years (2018-20), non-performing loans (NPLs) have been increasing both for SMEs (from 3.35% to 3.95%) and for total businesses (from 2.40% to 3.03%). The COVID-19 pandemic is believed to have contributed to this increase. Nevertheless, NPLs are still well managed and remain under 5%.

The share of short-term loans for SMEs over total short-term loans fell by 16.43% in the 2011-2020 period, from 25.4% in 2011 to 8.96% in 2020. While in 2011 the amount of short-term outstanding loans for SMEs was IDR 120 trillion, in 2020 it stood at IDR 131.66 trillion; this represents an increase of 9% in the 2011-20 period. However, long-term loans in the same period experienced much stronger growth, rising from IDR 354.9 trillion in 2011 to IDR 1 084 trillion in 2020, which corresponds to a compound growth rate of 205.44% and an annual average growth rate of 14.54%. The increasing trend in long-term loans illustrates lenders' higher trust in Indonesian SMEs.

In the period from 2011-2020, interest rates on loans declined for all business, by 3.8% for SMEs (from 14.53% to 10.69%) and 2.92% for large companies (from 12.28% to 9.36%). Although interest rates are declining in Indonesia, they are still very high compared to the average in other countries.

Venture capital financing shows a significant increase, reaching IDR13.40 trillion in 2020, a 208% increase compared to 2012. In the 2012-2020 period, the amount of financing grew positively, with an average growth rate of 16.73%.

Other non-bank finance indicators show a slight decline in 2020 compared to 2019. Leasing and hire purchases decreased by 13% in 2020. Factoring activities also exhibit a similar trend, decreasing by 24% in 2020.

Accessing finance is still challenging for most SMEs in Indonesia. Especially during the COVID-19 pandemic, many SMEs have been affected by financial problems. After successfully launching the People Business Credit Programme or *Kredit Usaha Rakyat* (KUR) in 2007, the Indonesian government launched the National Economy Recovery Program in 2020 to overcome the crisis caused by the COVID-19 pandemic, with total support for MSME and corporation financing amounting to IDR 173.17 trillion in 2020 and 186.81 trillion in 2021.

Table 19.1. Scoreboard for Indonesia

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	IDR trillion	110.1	127.0	127.4	389.0	476.8	551.5	637.3	733.0	792.1	952.2	1 059	1 168	1 262	1 240
Outstanding business loans, total	IDR trillion	1 001.9	1 307.7	1 307.8	1 777.8	2 217.5	2 726.8	3 321.2	3 707.7	4 093.9	4 908.4	5 320.1	5 931.6	6 270.4	6 069.4
Share of SME outstanding loans	% of total outstanding business loans	10.99	9.71	10.20	21.86	21.46	20.19	19.15	19.74	19.32	19.38	19.90	19.68	20.12	20.43
Outstanding short-term loans, SMEs	IDR trillion	..	..	..	102.6	120.8	141.7	195.0	215.4	100.1	115.0	94.3	101.11	106.3	131.66
Outstanding long-term loans, SMEs	IDR trillion	..	..	..	286.1	354.9	408.7	440.9	516.5	623.8	729.0	901.0	1 038.1	1 120.4	1 084
Share of short-term SME lending	% of total SME lending	..	..	..	26.40	25.39	25.74	30.67	29.43	13.83	13.63	9.47	8.88	8.67	8.96
Government guaranteed loans, SMEs	IDR trillion	..	..	..	17.23	29	34.23	40.9	40.3	22.75	94.4	96.71	123.8	139.9	198.5
Direct government loans, SMEs	IDR trillion	..	0.04	0.41	1.07	1.15	1.25	1.43	1.15	1.56	1.25	0.41	0.04	1.72	1.99
Non-performing loans, total	% of all business loans	4.08	3.20	3.35	2.55	2.16	1.87	1.77	2.16	2.49	2.40	2.63	2.40	2.51	3.03
Non-performing loans, SMEs	% of all SME loans	4.80	3.87	4.22	3.97	3.43	3.23	3.19	4.00	4.20	3.35	3.89	3.35	3.36	3.95
Interest rate, SMEs	%	16.30	16.79	16.60	14.89	14.53	13.99	14.14	14.54	13.99	12.69	13.06	12.69	12.57	10.69
Interest rate, large firms	%	12	13	13	12.73	12.28	11.60	11.88	12.48	12.51	11.01	11.39	11.01	10.62	9.36
Interest rate spread	% points	4.14	3.30	3.79	2.16	2.25	2.39	2.26	2.06	1.48	1.68	1.67	1.68	1.95	1.32
Non-bank finance															
Venture and growth capital	IDR trillion	..	..	..	..	..	4.3	6.0	6.9	7.2	8.5	7.1	8.46	12.72	13.40
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	..	..	..	..	..	38.70	14.68	4.38	17.69	-16.26	18.93	50.40	5.29
Leasing and hire purchases	IDR trillion	36.5	50.7	46.5	53.7	76.6	105.1	117.4	111.0	105.4	97.7	104.8	112.20	106.93	92.64
Factoring and invoice discounting	IDR trillion	2.2	2.2	2.0	2.3	3.9	5.1	7.7	9.4	10.7	11.5	13.3	15.48	16.17	12.28

Note: This table contains data from both bank and non-bank sources. Due to availability, post-2016 data includes non-bank data. Another table that includes only non-bank data can be found in the "Non-bank sources of SME financing" part of the full profile. Data for venture and growth capital, leasing and hire purchases, factoring and invoice discounting are for all businesses, including large enterprises.

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

20. Ireland

Key Facts on SME Financing

Irish SMEs account for 99.8 percent of all active enterprises and to 68% of those employed.

Debt levels of Irish businesses are declining steadily, and have reduced 53% since 2010, from EUR 27.1 billion to EUR 12.8 billion in 2020.

Gross new lending to core SMEs was EUR 2.9 billion in 2020, representing a 20% annual decrease. This decline is likely driven by a demand-side challenge. Survey data from the SME Credit Demand Survey show that SMEs in Ireland are choosing less to access bank credit. In 2020 this is explained by the size of direct governmental support during the COVID-19 crisis, which included direct grants and payments to closed or impacted businesses, tax warehousing, the Employment Wage Subsidy Scheme (EWISS) within others.

Loan approval rates continue to be stable, with 85% of all applications for the period March – October 2020 (excluding “still pending”) either being fully or partially approved.

The interest rate spread was 1.94, between large (2.23%) and small loans (4.17%), a slight decrease from 2019 levels.

The amount of venture capital raised by Irish SMEs increased in 2020, to EUR 820 million, marking an 11% increase on 2019 figures, this growth represents the same percentage increase as from 2018 to 2019 and is explained by base effects of the significant decrease from 2017 to 2018. Figures for Q1 2021 show continued increase in activity, with 74 companies receiving funding compared to 43 in the same quarter last year.

Significant progress has been made towards resolving SME NPLs in recent years and though there has been a slight increase in NPLs over the course of the COVID-19 crisis in general terms trends continue to move in a downward trajectory.

The Irish Government has implemented a range of measures to assist SMEs in dealing with the consequences of COVID-19 restrictions, and to ensure that SMEs continue to have access to sufficient liquidity. These include tax measures and loan schemes to assist SME, as well as direct support including the Employment Wage Subsidy Scheme (EWSS) and Covid Restriction Support Scheme (CRSS).

Ireland’s National Promotional Bank, the Strategic Banking Corporation of Ireland has worked closely with the Department of Enterprise, Trade and Employment, the Department of Agriculture, Food and the Marine and the Department of Finance in the design of and implementation of a number of credit related support schemes including schemes aimed at SMEs affected by COVID-19 restrictions, such as;

- the COVID-19 Working Capital Scheme;
- the Future Growth Loan Scheme; and
- the COVID-19 Credit Guarantee Scheme

The overriding objective of these schemes is that credit is available at competitive prices for those firms that require it.

Credit Review was established in 2010 to assist SME or farm borrowers who have been refused bank credit, including a SBCI product. It helps SMEs who have had an application for credit of up to EUR 3 million declined or reduced by the main banks, and who feel that they have a viable business proposition. This is a strictly confidential process between the business, the Credit Review and the bank.

Table 20.1. Scoreboard for Ireland

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	EUR Billion	..	..	..	27.1	27.34	25.7	24.52	21.4	19.31	16.11	15.82	15.06	14.25	12..79
Outstanding business loans, total	EUR Billion	56.08	59.57	52.5	42.42	40.31	38.06	36.65	31.79	29.82	28	27.74	29.55	28.80	25.58
Share of SME outstanding loans	% of total outstanding loans	..	..	..	63.89	67.82	67.51	66.89	67.32	64.78	57.54	57.04	50.96	49.47	50.02
New business lending, SMEs	EUR Million	..	..	..	2 284	2 211	1 990	1 905	2 401	2 646	3 235	3 682	3 468	3618	2914
Outstanding short-term loans, SMEs	EUR Billion	17.26	15.02	10.93	6.05	3.81	3.06	3.02	2.39	1.79	2.03	2.52	2.45	2.52	2.43
Outstanding long-term loans, SMEs	EUR Billion	2.12	1.93	1.34	0.93	0.58	0.54	0.6	0.78	1.09	1	0.73	0.81	0.69	0.46
Share of short-term SME lending	% of total SME lending	89%	88%	89%	86%	87%	85%	83%	75%	61%	67%	77%	75%	80%	84%
Non-performing loans, total	% of all business loans	..	..	..	..	..	..	..	..	..	..	14	7.4	4.7	5.4
Non-performing loans, SMEs	% of all SME loans	..	..	..	..	..	41	41	27	26	18.7	22.6	11.1	6.8	8
Interest rate, SMEs	%	6.23	6.67	3.98	3.88	4.68	4.34	4.3	4.78	4.77	4.65	4.28	4.3	4.2	4.17
Interest rate, large firms	%	5.95	6.19	3.22	2.86	3.33	2.81	2.76	2.96	2.37	2.18	2.24	2.15	2.47	2.23
Interest rate spread	% points	0.28	0.5	0.76	1.03	1.36	1.54	1.6	1.8	2.63	2.25	1.98	2.21	1.75	1.94
Collateral, SMEs	% of SMEs needing collateral	..	..	..	..	..	..	..	41	40	46	41	39	42	34
Percentage of SME loan applications	SME loan applications/ total SMEs	..	..	..	..	36	39	36	31	30	23	21	20	20	18
Rejection rate	1-(SME loans authorised/ requested)	..	..	..	..	30	24	20	14	15	16	15	14	14	15
Utilisation rate	SME loans used/ authorised	..	..	..	..	..	..	81	82	84	75	75	83	76	
Non-bank finance															
Venture and growth capital	EUR Million	226	243	288	310	274	269	285	401	522	888	994	738	820	925

Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	7.53	18.61	7.67	-11.54	-2	5.95	40.65	30.3	70.1	11.92	-25.75	11.1	12.8
Other indicators															
Bankruptcies, SMEs	Number	344	613	1 245	1 386	1 410	1 317	1 119	1 007	816	642	720	543	678	492
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	78.2	103.1	11.33	1.73	-6.6	-15.03	-10.01	-18.97	-21.32	12.15	-24.58	24.86	-27.43

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

21. Israel

Key facts on SME financing

As of 2021, there were 625 267 businesses in Israel, 99.5% of which were SMEs (i.e. companies employing up to 100 workers). In an average year, 55 000-60 000 businesses are created and about 50 000 close down. In 2020, 51 436 new companies were established and 38 209 were closed. Removal of government support measures might result in many enterprises shutting down in the post-crisis period.

SME and entrepreneurship policies in Israel are primarily designed by the Ministry of Economy and Industry and implemented by the Israel Innovation Authority (IIA) and the Small and Medium Business Agency (SMBA). While the IIA (formerly known as the Chief Science Office) focuses on leading technology-based start-ups and SMEs, the SMBA caters to all SMEs in Israel's main economic sectors through business management training and coaching, subsidized access to finance (for example, through the national loan guarantee program) and the work of the business development centres (MAOF centres).

2020 was a very challenging year for Israel's economy due to the COVID-19 crisis. In response, the local government tried to reduce the negative impact of the crisis through the provision of grants, government-guaranteed loans and other relief programs in order to prevent massive deterioration in the local economy.

Table 21.1. Scoreboard for Israel

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	ILS billion	169.3	171.2	161.6	173.8	177.7	187.0	186.7	211.9	244.6	259.6	266.1	281.8	273.7	280.1
Outstanding business loans, total	ILS billion	413.9	460.9	425.2	438.9	458.6	450.4	445.7	447.9	415.6	435.5	444.4	476.9	488.2	512.36
Share of SME outstanding loans	% of total outstanding business loans	40.9	37.14	38.01	39.6	38.75	41.52	41.89	47.31	58.86	59.61	59.88	59.1	56.07	54.67
Government loan guarantees, SMEs	ILS million	27	17	121	164	116	116	215	232	257	184	144	166	220	4 170
Government guaranteed loans, SMEs	ILS million	170	109	757	1 028	890	1 057	1 951	2 112	2 340	1 838	1 618	1 618	1 887	21 951
Non-performing loans, total	% of all business loans	..	..	..	..	..	..	..	..	2.77	2.18	1.57	1.25	1.55	1.76
Non-performing loans, SMEs	% of all SME loans	..	..	..	..	..	..	..	..	2.13	1.77	1.5	1.31	1.52	1.77
Interest rate, SMEs	%	..	..	..	..	..	..	..	..	3.96	3.83	4.02	4.06	4.02	3.81
Interest rate, large firms	%	..	..	..	..	..	..	..	..	2.95	2.97	3.05	2.98	2.88	2.45
Interest rate spread	% points	..	..	..	..	..	..	..	..	1.02	0.86	0.97	1.08	1.14	1.36
Non-bank finance															
Venture and growth capital	USD billion	1.76	2.08	1.12	1.22	2.08	1.88	2.95	3.77	4.75	5.10	4.86	6.35	8.30	..
Venture and growth capital (growth rate)	%, year-on-year growth rate	..	18.0	-46.1	8.8	70.3	-9.5	28.0	41.8	26.4	12.2	7.3	30.7	30.7	..
Other indicators															
Payment delays, B2B	Number of days	..	..	..	..	..	..	..	..	..	57.2	53	28	28	..
Bankruptcies, SMEs	Number	..	..	2 061	2 834	3 737	5 000	5 610	5 322	5 175	7 900	..	..	..	..
Bankruptcies, SMEs (growth rate)	%, year-on-year growth rate	37.51	31.86	33.8	12.2	-5.13	-2.76	52.66

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22. Italy

Key facts on SME financing

Small and medium-sized enterprises (SMEs) account for the vast majority of Italian firms, providing nearly 80% of the industrial and service labour force and generating about two-thirds of turnover and value added.

The impact of the pandemic led to disruptions in business activity and liquidity shortages. Credit markets were buttressed by the ECB's expansionary monetary policy measures, flanked by the financial support initiatives adopted by the Government. Lending increased at a sustained pace for large enterprises and, after many years of contraction, also for small companies.

Lending standards remained broadly relaxed in 2020. Business borrowing rates stood at low levels, and collateral requirements declined, partly as a result of the widespread recourse to public guarantee schemes.

Credit quality improved further, benefitting from the financial support measures adopted by the Government after the outbreak of the pandemic. The ratio of SME new non-performing loans to outstanding loans reached the lowest level in fifteen years. The stock of non-performing exposures dropped significantly, as a result of their further disposal during the pandemic.

Equity financing for SMEs, provided in the form of early stage and expansion capital, increased moderately, entirely driven by a sustained growth in the early stage segment; by contrast, resources devoted to large firms decreased markedly, after remaining virtually unchanged in the previous year.

Business-to-business payment delays, on a declining path after the sharp upswing recorded during the global financial crisis, started rising again at the outbreak of the health emergency; payment patterns returned close to pre-pandemic levels at the end of 2020.

Bankruptcies dropped for the sixth year in a row, down by more than 30% with respect to 2019: the sharp decline can be partly explained by the moratorium on insolvencies and the slowdown in court activity due to the pandemic containment measures.

The Government unleashed a broad policy effort to counter the unprecedented challenges faced by SMEs during the pandemic through a wide range of financial support measures. These initiatives, originally focused on liquidity relief, were progressively matched by broader recovery packages.

Credit guarantee schemes have traditionally played a crucial role in easing SME access to finance. During the pandemic the Central Guarantee Fund was further strengthened, by widening the range of potential beneficiaries, raising the coverage ratios of loans, increasing capital endowments and simplifying procedures. The State guarantee system was boosted by giving SACE, the Italian export credit agency whose tasks were redefined, the role of providing public guarantees to large firms; the initiative was also extended to SMEs that had exhausted their ability to access the Central Guarantee Fund.

Other provisions included the roll-out of a debt moratorium to help firms cope with temporary liquidity shortages due to the abrupt fall in production. This measure allowed SMEs to obtain the freezing of uncommitted credit facilities, an extension on maturing loans, and the suspension of instalment payments.

The emergency measures were later flanked by more selective initiatives, aimed at avoiding imbalances in the financial structure of firms. Measures aimed at encouraging a greater inflow of equity into the productive system envisaged a wide range of instruments to strengthen capitalisation and promote the recovery of economic activity.

Table 22.1. Scoreboard for Italy

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	EUR billion	187	191	193	210	206	204	196	192	188	175	170	166	160	168
Outstanding business loans, total	EUR billion	998	1067	1057	1122	1134	1118	1061	1025	1016	985	960	961	931	984
Share of SME outstanding loans	% of total business loans	18.7	17.9	18.3	18.7	18.2	18.2	18.5	18.7	18.5	17.8	17.7	17.3	17.2	17.1
Short-term loans, SMEs	EUR billion	59	56	52	50	48	47	42	39	35	31	28	27	26	19
Long-term loans, SMEs	EUR billion	115	120	125	136	133	128	122	115	112	103	101	100	97	114
Total short and long-term loans, SMEs	EUR billion	174	177	177	186	181	175	164	155	147	134	130	127	123	133
Share of short-term loans, SMEs	% of total short and long-term SME loans	34.0	31.9	29.3	26.9	26.4	26.6	25.7	25.3	23.8	22.9	22.0	21.3	21.0	14.0
Direct government loans, SMEs	EUR million	337	373	255	276	272	252	390	597	392	418	431	671	540	1 187
Government guaranteed loans, SMEs (CGF)	EUR million, flows	2 300	2 353	4 914	9 119	8 378	8 190	10 811	12 935	15 065	16 703	17 462	19 314	19 376	124 387
Government loan guarantees, SMEs (CGF)	EUR million, flows	1 146	1 160	2 756	5 225	4 435	4 036	6 414	8 392	10 216	11 570	12 260	13 731	13 342	105 921
Non-performing loans, SMEs	EUR million	..	22 866	27 953	35 247	38 042	43 814	48 384	53 726	56 199	54 959	50 614	47 422	45 583	42 468
Non-performing loans, SMEs	% of total SME loans	..	12.0	14.5	16.8	18.4	21.5	24.6	28.0	30.0	31.4	29.9	28.6	28.4	25.2
Interest rate, SMEs	%	6.3	6.3	3.6	3.7	5.0	5.6	5.4	4.4	3.8	3.2	3.1	3.1	3.4	2.4
Interest rate, large firms	%	5.7	4.9	2.2	2.2	3.3	3.8	3.4	2.6	2.1	1.8	1.8	1.8	1.7	1.6
Interest rate spread	%	0.6	1.4	1.4	1.5	1.7	1.8	2.0	1.8	1.7	1.4	1.3	1.3	1.7	0.8
Collateral, SMEs	%	54	54	52	53	55	54	56	56	57	58	58	57	57	53
Rejection rate	% of firms reporting that they had not obtained some or all of the credit requested	3.1	8.2	6.9	5.7	11.3	12.0	8.9	8.4	6.0	4.0	4.2	4.6	4.1	6.1
Utilisation rate	SME loans used / authorised	79.7	80.7	80.7	82.8	84.2	86.3	87.0	87.4	87.1	85.0	84.7	85.1	84.4	83.1
Non-bank finance															
Venture capital investments (early stage), SMEs	EUR million	66	115	98	89	82	135	82	43	74	103	133	324	270	355
Growth capital investments (expansion), SMEs	EUR million	295	440	260	263	500	504	438	230	170	155	161	125	143	133

Growth capital investments (expansion), total	EUR million	641	796	371	583	674	926	914	1179	333	710	337	816	896	354
Other indicators															
Payment delays, B2B (all firms)	Average number of days	..	20.4	21.3	17.3	16.2	17.5	17.3	16.1	15.0	13.4	12.3	12.2	12.4	13.4
Bankruptcies, total	Number	5 986	7 331	9 222	11 120	12 039	12 450	14 054	15 635	14 694	13 481	12 015	11 203	11 096	7 647
Bankruptcies, total	%, Year-on-year growth rate	..	22.5	25.8	20.6	8.3	3.4	12.9	11.2	-6.0	-8.3	-10.9	-6.8	-1.0	-31.1
Incidence of insolvency, total	per 10 000 enterprises	11.5	13.7	17.0	20.3	21.6	22.0	25.0	27.9	26.4	24.1	21.5	20.0	19.7	13.4

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23. Japan

Key facts on SME financing

Japanese SMEs accounted for 99.7% of all businesses and employed 32 million individuals, or approximately 68.8% of the private sector labour force, in 2016.

Lending to SMEs declined every year between 2007 and 2012, reaching a total decrease of 6.6% over that period. In 2013, outstanding SME loans rose by 1.5%, and have continued to increase since then: JPY 286.6 trillion in 2019 and JPY 314.9 trillion in 2020.

Average interest rates on new short-term loans in Japan have been very low and continuously declined between 2007 and in 2017, more than halving from 1.64% to 0.61%, as a result of easing monetary policy. Long-term interest rates on new loans followed a broadly similar pattern, declining from 1.7% in 2007 to 0.76% in 2020.

Japanese venture capital investments peaked in FY 2007 at JPY 193 billion, before decreasing by 29.5% and 36% in FY 2008 and 2009 respectively. Since 2009, VC investments have been inconsistent. Since 2014 VC investments increased and reached JPY 289 billion in 2019, which was the highest value since 2007. The amount of investment in 2020 declined by 22.4 %, amounting to JPY 224 billion. One of the possible reasons behind this drop is that some of the VC funds could not make their investment decisions during the first half of 2020 because of the effects of the COVID-19 crisis. This might be resolved in the second half of the year by using online communication methods.

Leasing volumes to SMEs plummeted in the aftermath of the global financial crisis, dropping by almost 40% between 2007 and 2009. Subsequently, with the recovery of domestic capital investment demand, the volumes have been on an upward trend and recovered to 2.7 trillion in 2019. In 2020, leasing volumes fell to JPY 2.3 trillion due to a sharp drop in capital investment demand for machine tools and industrial machinery by Japanese companies as a result of the COVID-19 crisis.

SME bankruptcies, which account for more than 99% of all bankruptcies in Japan, decreased between 2007 and 2020. In 2020, the number of cases was below 8 000 for the first time in 30 years.

Total non-performing business loans have continuously declined since 2013, after having experienced erratic movement over the 2007-12 period. In 2019, total NPLs amounted to JPY 10 326 billion.

The Japanese Government offers financial support for SMEs in the form of a credit guarantee programme and direct loans. In March 2018, the total amount of outstanding SME loans was approximately JPY 267 trillion (provided by domestically licensed banks and credit associations); the outstanding amount of the credit guarantee programme was JPY 22.2 trillion (covering 1.3 million SMEs); and the outstanding amount of the direct loan programme was JPY 21.2 trillion, (covering 1 million of Japan's 3.81 million SMEs). In 2020, as a response to the COVID-19 crisis, government-affiliated and private financial institutions offered interest-free and unsecured loans of up to 5 years, and provided JPY 100 trillion yen in business scale and JPY 12.5 trillion in budget.

Table 23.1. Scoreboard for Japan

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	JPY trillion	260.8	259.1	253.1	248.3	245.6	243.6	247.2	251.7	258.4	265.6	275.4	281.4	286.6	314.9
Outstanding business loans, total	JPY trillion	374.5	385.0	379.3	366.1	366.9	370.4	369.7	387.2	395.2	405.1	415.5	426.6	435.03	482.15
Share of SME outstanding loans	% of total outstanding business loans	69.64	67.31	66.72	67.82	66.94	65.76	66.87	65.00	65.38	65.57	66.29	65.96	65.88	65.31
Value of CGCs loan guarantees (Government loan guarantees, SMEs)	JPY trillion	29.4	33.9	35.9	35.1	34.4	32.1	29.8	27.7	25.8	23.9	22.2	21.08	20.8	40.5
Non-performing loans, total (amount)	JPY trillion	17.1	17.1	16.8	16.6	17.2	17.3	15.3	13.9	12.8	11.8	10.5	10.3	10.3	..
Non-performing loans, total	% of all business loans	4.56	4.45	4.42	4.54	4.68	4.66	4.14	3.60	3.23	2.91	2.52	2.41	2.37	..
Prime lending rate for short-term loans	%	1.88	1.68	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48
Prime lending rate for long-term loans	%	2.30	2.40	1.65	1.60	1.40	1.20	1.20	1.10	1.10	0.95	1.00	1.00	1.05	1.00
New short-term interest rate (Not only for businesses)	%	1.64	1.53	1.23	1.10	1.04	1.02	0.91	0.88	0.80	0.67	0.61	0.60	0.60	0.47
New long-term interest rate (Not only for businesses)	%	1.73	1.67	1.46	1.29	1.21	1.16	1.10	1.00	0.94	0.80	0.80	0.76	0.72	0.76
Outstanding short-term interest rate (Not only for businesses)	%	1.67	1.49	1.26	1.19	1.10	1.03	0.88	0.85	0.78	0.62	0.58	0.60	0.60	0.48
Outstanding long-term interest rate (Not only for businesses)	%	2.05	1.99	1.76	1.65	1.54	1.42	1.30	1.19	1.10	0.97	0.90	0.85	0.85	0.78
Non-bank finance															
Venture capital investments (all stages total)	JPY billion	193	136	87	113	124	102	181	117	130	152	197	277	289	224.
Venture capital investments (all stages total)	%, year-on-year growth rate	..	-29.53	-36.03	29.89	9.73	-17.74	77.45	-35.36	11.11	16.92	30	41	4	-22.49.
Venture capital (seed and early stage)	% (share of all stages)	..	..	36.80	32.50	44.30	57.80	64.50	57.20	62.80	68.30	67.80	71.40	73.7	72.1.
Venture capital (expansion and later stage)	% (share of all stages)	..	..	63.20	67.50	55.70	42.20	35.50	42.80	37.20	31.70	32.20	28.60	26.3	27.9.
Leasing, SMEs	JPY billion	3 471	2 822	2 100	2 139	2 231	2 284	2 645	2 363	2 604	2 566	2 570	2664	2700	2329
Other indicators															
Bankruptcies, SMEs	Thousands	14.0	15.5	15.4	13.2	12.7	12.1	10.8	9.7	8.8	8.4	8.4	8.2	8.4	7.8
Bankruptcies, SMEs	%, year-on-year growth rate	..	10.76	-0.82	-13.96	-4.22	-4.81	-10.18	-10.37	-9.43	-4.17	-0.50	-1.93	1.74	-7.27
Bankruptcies, total	Thousands	14.1	15.6	15.5	13.3	12.7	12.1	10.9	9.7	8.8	8.4	8.4	8.2	8.4	7.8
Bankruptcies, total	%, year-on-year growth rate	..	11.04	-1.06	-13.95	-4.41	-4.79	-10.47	-10.35	-9.44	-4.15	-0.49	-2.02	1.80	-7.28

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

24. Kazakhstan

Key facts on SME financing

In 2020, SMEs made up 96.4% of all businesses in Kazakhstan and accounted for 38.6% of total employment and 31.6% of national GDP.

SME lending was on the rise in Kazakhstan between 2014 and 2017, contrary to the period from 2017 to 2019 when the SME loan portfolio showed a negative trend. In 2020, the SME loan portfolio increased by 19.3% and new lending to SMEs increased by 46%. The share of SME loans out of total business loans also rose to 32.5%. The most recent growth in SME lending is associated with the anti-crisis measures taken by the government of Kazakhstan to support SMEs during the COVID-19 pandemic period.

Interest rates for SMEs have fluctuated over the reference period, growing steadily from a record low of 11.5% in 2014 to 14% in 2016. In 2020, the SME average interest rate was 12.7%, while for large enterprises it was 11.2%. It should be noted that the increase of the interest rate in 2014 is explained by the devaluation of the national currency, as well as the increase in the base rate made by the National Bank.

Among non-bank sources of finance, leasing has the largest market and is steadily growing. In 2020, leasing and hire purchases were almost 8 times higher compared to volumes in 2010. The development of leasing is due to several reasons. Firstly, the growing need for industrial, transport and agricultural enterprises to update and expand the fleet of machinery and equipment. Secondly, many enterprises have problems with providing banks with collateral to access loans, while leasing companies are more flexible in their collateral policy. Thirdly, the procedure for making lease payments is one of the biggest advantages of leasing. The agreement may optimally take into account the interests of all parties, since the size and period of payments are determined on the basis of a joint agreement.

Non-performing loans (NPL) with arrears of more than 90 days decreased to 7.6% of the total for all business loans and to 11.9% of the total for SME loans. Commercial banks fulfil the requirement of the National Bank of Kazakhstan that sets the maximum rate of NPLs at 10% of the total loan portfolio.

An important role in keeping up SMEs' access to credit is played by the state, which places funds in commercial banks to provide concessional lending to SMEs during shortages of liquidity in the market. The largest placement of state funds for SME lending took place in 2018. Prior to this, the government provided KZT 200 billion in 2014-2016 to support SMEs in the manufacturing industry at an interest rate of 6% per annum, which are issued by banks on a revolving basis. Despite the fact that the largest part of the funds was allocated in 2014-2016, these funds are still used for lending to SMEs on a revolving basis. In addition, the State allocates new funds under new SME supporting State programmes.

Since 2010, the government, through "Damu" Entrepreneurship Development Fund, has provided interest rate subsidies and loan guarantees for SMEs under the "Business Roadmap" Programme. A new financial instrument in Kazakhstan, loan guarantees are becoming popular very quickly, escalating from just 3 guarantees in 2010 to over 13 000 guarantees at the end of 2020 (15 900 guarantees for the period 2010-2020). In 2020, the Government made changes in the "Business Road Map" programme and included a portfolio guarantee tool for banks.

Table 24.1. Scoreboard for Kazakhstan

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	KZT billion	1 508	1 571	1 708	1 389	1 341	1 412	1 283	1 788	2 060	3 105	2 789	2 364	2 109	2 515
Outstanding business loans, total	KZT billion	5 220	5 605	5 879	5 892	6 849	7 534	8 110	8 532	9 027	9 234	8 568	8 348	7 771	7 742
Share of SME outstanding loans	% of total outstanding business loans	28.89	28.02	29.06	23.58	19.58	18.74	15.83	20.95	22.83	33.62	32.55	28.32	27.14	32.49
New business lending, total	KZT billion	7 764	5 373	3 742	3 291	4 795	5 774	6 109	8 044	7 345	7 724	7 615	9 412	9 720	9 757
New business lending, SMEs	KZT billion	1 870	1 273	753.1	690.1	794.5	1 050	889.7	1 198	1 279	1 984	1 524	1 737	1 670	2 439
Share of new SME lending	% of total new lending	24.08	23.70	20.13	20.97	16.57	18.18	14.56	14.90	17.41	25.68	20.02	18.46	17.18	25.00
Short-term loans, SMEs	KZT billion	296	298	236	206	219	277	199	392	390	826	411	388	335	345
Long-term loans, SMEs	KZT billion	1 211	1 273	1 472	1 183	1 122	1 135	1 084	1 395	1 670	2 279	2 377	1 976	1 774	1 780
Share of short-term SME lending	% of total SME lending	19.66	18.96	13.82	14.83	16.34	19.64	15.51	21.95	18.93	26.60	14.75	16.43	15.87	16.25
Government loan guarantees, SMEs	KZT million	..	..	..	339	2 060	3 854	3 336	7 284	11 021	11 952	17 016	21 728	33 789	103 112
Government guaranteed loans, SMEs	KZT million	..	..	..	677	4 238	10 991	7 090	15 423	26 964	26 903	42 783	51 216	89 054	265 817
Direct government loans, SMEs	KZT billion	5.5	125.2	257.4	132.9	82.7	78.2	85.8	188.4	236.9	247.3	230.5	272.9	239.5	207 588
Non-performing loans, total	% of all business loans	..	..	..	..	..	29.80	31.15	23.55	7.95	6.72	9.31	7.38	8.13	7.55
Non-performing loans, SMEs	% of all SME loans	..	..	..	..	..	22.33	22.40	11.74	12.69	8.79	9.58	9.33	14.58	11.90
Interest rate, SMEs	%	14.28	15.67	14.01	13.34	12.49	12.10	12.46	11.48	12.95	14.01	13.66	12.71	12.66	12.72
Interest rate, large firms	%	12.77	14.88	14.04	12.72	11.08	10.58	10.07	10.01	13.47	14.49	12.39	11.22	11.32	11.17
Interest rate spread	% points	1.51	0.79	-0.03	0.62	1.41	1.52	2.39	1.47	-0.52	-0.48	1.27	1.49	1.34	1.54
Non-bank finance															
Leasing and hire purchases	KZT billion	..	..	..	60.4	80.1	84.5	106.8	129.0	126.6	167.0	176.5	277.6	347.4	479.3
Factoring and invoicing	KZT million	..	..	..	..	..	7 889	15 125	33 160	37 655	..	..	..	..	..
Other indicators															
Bankruptcies, total	Number	0	2	3	8	36	77	125	143	257	516	1 978	3 493	1 654	2 763
Bankruptcies, total (growth rate)	%, year-on-year growth rate	..	..	50.00	166.67	350.00	113.89	62.34	14.40	79.72	100.78	283.33	76.59	-52.65	64.05

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

25. Korea

Key facts on SME financing

In the course of responding to the COVID-19 crisis, SME loans increased significantly. From 2015 to 2019, the average annual increase in new SME loans was about KRW 46.5 trillion, but from 2019 to 2020, SME loans increased by about KRW 89.6 trillion. During the same period, loans to large corporations also showed a steep increase; thus, the share of SME outstanding loans decreased slightly.

Short-term loans as a share of total loans steadily declined between 2007 (75%) and 2018 (50%). However, since 2018, the proportion of short-term loans has shown a slight upward trend. As real estate prices rose from 2019, the value of collateral held by companies increased. As a result, additional collateral loan capacity was created. However, since facility loan only occurs when new facilities are purchased or built, short-term working capital loans have increased instead.

The government has also actively provided support to respond to the COVID-19 crisis, resulting in a sharp increase in the amount of loans covered by government guarantees compared to the past. While from 2015 to 2019 the increase in government-guaranteed loans averaged only about KRW 2 trillion per year, from 2019 to 2020 they increased by about KRW 11.2 trillion. This is more than five times the average annual increase in the past. The total amount of corporate loans also increased sharply during the same period, so the ratio of government-guaranteed loans to total loans did not increase significantly.

Looking at direct government loans, figures from 2020 also show a steep increase. From 2015 to 2019, the growth rate of direct government loans was only about KRW 0.1 trillion per year on average, while it was about KRW 1.9 trillion from 2019 to 2020. This is more than 10 times the average annual increase in the past.

The trend in the ratio of non-performing loans among all corporate loans continues to decline. Similarly, the share of non-performing loans in total SME loans has also declined. In particular, non-performing loans also dropped in 2020, when the supply shock and demand shock of the economy continued due to COVID-19 pandemic. The reason behind this decline is not a recovery of companies' sales or profits, but rather because a loan principal and interest repayment deferral policy has been implemented.

Interest rates on corporate loans fell sharply in 2020. This is due to accommodative monetary policy to respond to the economic shock caused by COVID-19, rather than a decline in corporate default rates. The Bank of Korea's base interest rate, which was 1.75% at the end of 2018, fell to 0.5% in mid-2020, when the Republic of Korea was directly hit by the COVID-19 pandemic.

As new start-up activities contracted due to the COVID-19 outbreak, the growth rate of venture and growth capital was greatly reduced. While in 2018, venture and growth capital registered a growth rate of about 44%, in 2019 the growth rate was approximately 25%; in 2020 the growth in venture and growth capital registered a steep decline, with only 0.6% y-o-y growth.

Table 25.1. Scoreboard for Korea

Indicators	Units	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt													
Outstanding business loans, SMEs	KRW trillion	443	441	455	462	489	522	561	610	655	696	747	836
Outstanding business loans, total	KRW trillion	531	541	586	618	654	706	756	776	817	857	906	1 020
Share of SME outstanding loans	% of total business loans	83.5	81.5	77.7	74.7	74.7	74.0	74.2	78.6	80.2	81.2	82.4	82.0
Outstanding Short-term loans, total; loans for operation	KRW trillion	373	372	388	395	405	419	426	414	419	429	462	528
Outstanding Long-term loans, total; loans for equipment	KRW trillion	158	169	197	223	249	287	330	362	398	428	444	492
Share of short-term loans; loans for operation	KRW trillion	70.3	68.7	66.3	63.9	61.9	59.3	56.3	53.4	51.3	50.1	51.0	51.8
Government loan guarantees, SMEs	KRW trillion	56	56	55	57	59	60	61	63	66	67	69	80
Government guaranteed loans, SMEs	% of SME business loans	12.7	12.7	12.2	12.3	12.2	11.5	10.9	10.3	10.0	9.7	9.2	9.6
Direct government loans, SMEs	KRW billion	4 812	3 098	2 957	3 149	3 715	3 270	3 902	4 551	4 666	4 415	4 358	6 290
Non-performing loans, total	% of all business loans	1.6	2.6	1.73	1.66	2.39	2.09	2.56	2.06	1.76	1.88	1.45	1.17
Non-performing loans, SMEs	% of all SME loans	1.8	3.11	2.17	1.96	2.11	1.94	1.64	1.3	1.11	1.10	0.94	0.79
Interest rate, SMEs	%	6.18	6.52	6.36	5.93	5.11	4.69	3.95	3.63	3.62	3.82	3.71	3.06
Interest rate, large firms	%	5.62	5.98	5.81	5.50	4.87	4.51	3.79	3.40	3.31	3.45	3.38	2.83
Interest rate spread	%	0.56	0.54	0.55	0.43	0.24	0.18	0.16	0.24	0.31	0.37	0.33	0.23
Rejection rate	%, 1-(SME loans authorised/ requested)	..	..	..	..	..	6.90	3.70	12.20	12.90	15.50	10.40	16.1
Non-bank finance													
Venture and growth capital	KRW billions	867	1 091	1 261	1 233	1 385	1 639	2 086	2 150	2 380	3 425	4 278	4 305
Venture and growth capital (growth rate)	%	19.7	25.8	15.6	-2.2	12.3	18.4	27.2	3.1	10.7	43.9	24.9	0.63
Leasing and hire purchases	KRW trillions	14.4	20.4	21.6	20.6	22.6	25.5	28.3	29.5	32.9	34.7	36.1	39.0
Other indicators													
Payment delays, SMEs	Number of days past due date	9.9	12.1	11.7	9.1	9.7	10.0	9.2	13.3	8.9	7.4	8.4	8.5
Bankruptcies, total	Number	1 998	1 570	1 359	1 228	1 001	841	720	555	494	469	414	292
Bankruptcies, growth rate	Year-on-year growth rate, %	-26.9	-21.4	-13.4	-9.6	-18.5	-16.0	-14.4	-22.9	-11.0	-5.1	-11.7	-29.5

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

26. Latvia

Key facts on SME financing

In the run-up to the COVID-19 pandemic Latvia experienced stable economic growth, with growth rates exceeding the EU average. From 2011 to 2019, GDP grew by 3.3% per year on average. In 2019, the growth of the economy became more moderate. GDP grew by 2% in 2019. In 2020, the COVID-19 pandemic had a significant impact on the global and Latvian economies. In the 2nd quarter, GDP in Latvia decreased by 8.9% compared to the same period in 2019. However, this appears to be a comparatively mild decline, as in EU-27 GDP contracted by 13.9% over the same period. In Q3 and Q4 of 2020, the economic decline slightly slowed down. Overall, in 2020, GDP decreased by 3.6%, compared to 2019. The development of the economy in the medium term depends on the situation in the external environment and the pace of reform implementation. The further development of the Latvian economy will be closely related to export opportunities; therefore, the largest risk to Latvia's growth is related to the development of the global economy, especially the evolution of the COVID-19 pandemic. Also, the further development of the EU's common economic space is vitally important. Latvia's medium-term economic benefits will be mainly based on macro-economic stability (as a result of which Latvia's credit ratings have improved), the efficiency of the planned EU support programmes, and improvements in the business environment.

In Latvia, 99.8% of economically active merchants and commercial companies are SMEs, 92.1% of which are micro-enterprises.

SME loans dominate the banking sector's lending to non-financial corporations (NFCs). As SMEs play an important role in the domestic economy, SME loans represented 73% of total loans to domestic NFCs in 2020. The outstanding amount of banking sector loans to SMEs decreased in 2020 by 7%; however the total banking's sector loan portfolio to NFCs decreased even further, by 8.5%. To a large extent, this is attributed to structural changes in the Latvian banking sector (for instance, the withdrawal of the credit institution's licence). Excluding one-off effects, the SMEs loan stock slightly declined (-3.2% year-on-year). In 2020, the new lending (flow) to SMEs was noticeably lower than in 2019 (by 20.5%), despite the increase of total new business lending to NFCs by 5.8%.

In 2019, venture and growth capital experienced a 33.7% y-o-y growth rate caused by the increase of finance allocated to equity. The high allocation to equity is explained by significant higher investment returns compared to the previous year. In light of the quantitative easing strategy, pursued by the European Central Bank (ECB), which took place in a low interest rate environment, market actors and investors have been searching for higher yields, including in riskier areas such as venture capital. The availability of cheap capital, low interest rates and the relative narrowing of classic investment opportunities increased investor tolerance above medium levels, thus stimulating alternative investment opportunities. However, in 2020 venture and growth capital decline by 6.29% year on year, reflecting the uncertainties and instabilities caused by the COVID-19 pandemic and its impact on the economy.

As a response to the COVID-19 crisis, the state promoted access to funding (through its micro-lending, start-up, and loans programme) for firms lacking the financial credibility (collateral, net worth, cash flow and credit history) that is necessary to access funding from commercial banks or private investors.

Currently, state support programmes are introduced via the JSC Development Finance Institution Altum (ALTUM), a state-owned development finance institution offering aid and financial tools to various target groups. ALTUM develops and implements state aid programmes to compensate for market shortcomings that cannot be resolved by private financial institutions. In response to the COVID-19 outbreak, in 2020, ALTUM introduced several support programmes through working capital loans, other loans and credit guarantees.

Table 26.1. Scoreboard for Latvia

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	EUR million	7 727	8 672	8 376	7 764	7 035	6 154	5 404	4 939	4 771	4 942	4 482	4 110	3 922	3 648
Outstanding business loans, total	EUR million	8 865	10 359	9 681	8 888	8 212	7 474	7 058	6 379	6 274	6 373	5 887	5 591	5 481	5 017
Share of SME outstanding loans	% of total outstanding business loans	87.16	83.71	86.52	87.34	85.67	82.34	76.57	77.43	76.05	77.55	76.1	73.52	71.57	72.71
New business lending, total	EUR million	..	..	..	..	1 708	1 914	1 965	1 268	1 346	1 795	1 347	1 312	1 558	1 650
New business lending, SMEs	EUR million	..	..	..	..	1 506	1 625	1 613	1 020	947	1 399	974	1 012	1 075	855
Share of new SME lending	% of total new lending	..	..	..	..	88.20	84.90	82.08	80.47	70.39	77.95	72.3	77.19	69.01	51.81
Outstanding short-term loans, SMEs	EUR million	2 653	3 203	3 262	3 009	2 682	2 349	1 852	1 570	1 672	1 371	1 287	1 229	1 179	975
Outstanding long-term loans, SMEs	EUR million	5 048	5 409	4 912	4 701	4 353	3 805	3 552	3 369	3 099	3 571	3 195	2 894	2 743	2 673
Share of short-term SME lending	% of total SME lending	34.4	37.2	39.9	39	38.1	38.2	34.3	31.8	35.1	27.7	28.7	29.8	30.1	26.7
Non-performing loans, total	% of all business loans	0.7	3.2	20.2	20.8	16.4	9.7	6.9	5.9	4.4	2.7	3.1	2.5	4.4	2.5
Non-performing loans, SMEs	% of all SME loans	0.8	3.7	22.4	23.4	18.8	11.7	8.4	7.2	5.7	3.3	3.8	3.3	3.8	2.3
Interest rate, SMEs	%	8.3	8.9	7.9	7.1	5.8	4.5	4.5	4.7	4.5	4.4	3.8	3.8	4.0	4.4
Interest rate, large firms	%	6.6	7.1	5.2	4.3	4	3.6	3.8	3.3	3.1	2.5	2.6	2.7	2.9	2.9
Interest rate spread	% points	1.7	1.8	2.7	2.8	1.8	0.9	0.7	1.4	1.4	1.9	1.2	1.1	1.1	1.5
Non-bank finance															
Venture and growth capital	EUR million	..	..	..	..	..	..	..	37.95	51.98	79.37	101	118	157.5	147.6
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	..	..	..	..	..	..	..	36.97	52.69	27.76	16.45	33.38	-6.29
Leasing and hire purchases	EUR million	1 576	1 594	1 145	841	810	867	875	864	932	939	1033.9	1102.5	1074.6	944.13

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Factoring and invoice discounting	EUR million	227.24	301.90	149.13	60.68	90.96	96.15	108.01	114.47	151.81	165.99	152.64	173.42	161.78	136.98
Other indicators															
Bankruptcies, SMEs	Number	..	1 292	2 202	2 714	898	884	820	959	803	731	590	592	560	374
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	..	70.43	23.25	-66.91	-1.56	-7.24	16.95	-16.37	-8.85	-19.29	0.34	-5.41	-33.21*

Note: * The reduction of SME's bankruptcies is justified that due to the rapid spread of Covid-19 on 12th of March 2020 the government had declared a state of emergency which lasted until 10th of June 2020. On 9th of November 2020 repeatedly the government had declared a state of emergency which lasted until the 6th of April 2021. During this period creditors were prohibited from submitting an application for insolvency proceedings of a legal person.

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

27. Lithuania

Key facts on SME financing

SMEs account for 99.5% of all enterprises operating in Lithuania, the majority of them (83.7%) being micro-enterprises. Most SMEs (73.0%) have chosen the legal form of private limited liability company and are primarily engaged in wholesale or retail trade activities (more than one-fourth of all SMEs). The share of employees working in SMEs is around 71%, while the share of gross value added generated by SMEs is close to 65%.

Equity capital and liabilities to non-banks (e.g. loans, trade payables) are the main sources of funding for SMEs. As of 2020, equity capital financed around 45 % of SME assets, while liabilities financed 55%.

As a result of a decrease and structural changes in large NFCs' (non-financial corporations) loan portfolios, the share of SME loans over total business loans increased by 17%. Since 2019 and amounted to 59% of the total.

SME non-bank financing has varied over time. For example, up until 2017, the use of credit unions or crowd-funding was much lower than now: between 2017 and 2020, the credit union loan portfolio increased by two times and the crowd-funding market evolved from EUR 1 million to around EUR 40 million. However, according to the annual survey of non-financial enterprises conducted by the Bank of Lithuania, only 10% of enterprises are in need of alternative financing instruments (e.g. private capital or risk funds, crowdfunding, etc.). However, an increase in non-bank funding may be the result of tighter lending conditions. For example, the results of the same survey indicate that the share of rejected loans for micro-enterprises increased in 2018 and remained elevated until 2020, reaching around 60%.

The government supports SMEs by ensuring that they benefit from favourable conditions to obtain the necessary financing to start and develop their business. Loans with preferential rates are granted under the EU Entrepreneurship Promotion Fund. Moreover, when a company does not have sufficient collateral, it can apply to the state-controlled enterprise *UAB Investicijų ir verslo garantijos* (Investment and Business Guarantee Enterprise, INVEGA), which provides various options of loan guarantees, factoring, leasing and export credit repayments. INVEGA also provides an option for different preferential loans through alternative financing or crowdfunding and loans with preferential rates from the different Venture Capital funding services. In addition, municipalities provide different support schemes to SMEs; for example, when starting a business, entrepreneurs can expect support to cover their set-up costs, part of the interest payments, as well as other supports.

Table 27.1. Scoreboard for Lithuania

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	EUR million	..	..	..	..	..	..	..	3 143	3 231	3 404	3 723	3 920	3 670	4 390
Outstanding business loans, total	EUR million	8 409	9 864	7 978	6 816	6 906	7 047	6 828	7 530	7 610	8 310	8 830	9 250	8 700	7 400
Share of SME outstanding loans	% of total outstanding business loans	..	..	..	..	..	..	..	41.74	42.44	40.91	42.13	42.38	42.18	59.41
New business lending, total	EUR million	7 759	9 452	7 252	4 868	3 792	3 220	3 236	3 128	4 275	4 248	4 639	4 021	3 606	3 953
Government guaranteed loans, SMEs	EUR million									148.4	218.8	241.6	224.5	188.6	257.7
Non-performing loans, total (NFCs)	% of all business loans	..	..	..	..	..	..	..	10.31	8.39	6.25	5.04	4.05	2.95	3.52
Non-performing loans, SMEs	% of all SME loans	..	..	..	..	..	..	..	17.54	14.11	11.18	8.59	6.60	4.83	4.88
Interest rate, SMEs	%	6.13	6.72	5.06	4.64	5.04	4.04	3.45	3.27	3.13	2.76	2.80	3.29	3.30	3.17
Interest rate, large firms	%	5.70	6.27	4.32	3.90	4.17	3.24	2.74	2.66	2.35	2.18	2.16	2.56	2.91	2.81
Interest rate spread	% points	0.43	0.45	0.74	0.74	0.87	0.80	0.71	0.61	0.78	0.58	0.64	0.73	0.39	0.36
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending							69.80	62.10	69.00	64.50	64.40	67.70	69.90	61.20
Rejection rate	1-(SME loans authorised/ requested)	..	..	..	..	15.4	30.8	11.5	21.3	14.3	19.4	22.5	43.2	43.8	43.49
Non-bank finance															
Leasing and hire purchases	EUR million	..	..	..	1 756	1 547	1 452	1 527	1 521	1 660	2 111	2 463	2 950	3 000	2 810
Factoring and invoice discounting	EUR million	..	..	..	151	200	231	348	359	407	434	517	464	453	220
Other indicators															
Payment delays, B2B	Number of days	..	..	..	..	..	..	..	..	..	27	26	30	25	64
Bankruptcies, SMEs	Number	594	925	1 787	1 614	1 254	1 391	1 537	1 672	1 974	2 727	2 972	2 078	1 601	789
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	55.72	93.19	-9.68	-22.30	10.93	10.50	8.78	18.06	38.15	8.95	-30.02	-22.95	-50.72

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

28. Luxembourg

Key facts on SME financing

According to the latest available data, SMEs accounted for 99.5% of all non-financial firms in Luxembourg in 2018. SMEs employed approximately 66% of the labour force and generated 63% of the economy's total value added.

New loans to all enterprises decreased in 2020 compared to 2019, marking the lowest level since data are recorded. New loans to SMEs (defined as loans below EUR 1 million) decreased in 2020 too, but at a slower pace than loans to all enterprises. Therefore, the share of new SME lending increased to 14%, which is higher than the 12.1% of 2019 but below the peak of 16.1% in 2011.

Over the period 2007-2020, the average interest rates for SMEs remained systematically higher than the average interest rate for large firms. In 2020, the interest rate for SMEs was 1.57%, compared to 1.10% for large firms. In absolute terms, this means an interest rate spread of 0.47 percentage points. In relative terms, interests payed by SMEs are 43.0% higher than interest payed by large firms in 2020.

Alternative forms of financing such as venture capital may hold high potential for SMEs seeking finance. In 2020, nearly EUR 220 million of venture capital were invested in Luxembourgish firms. The largest part of all venture capital funding is invested in firms active in the Information and Communication Technology industry (EUR 88.3 million).

In 2021, Orbital Ventures, a public-private partnership was set up to make strides in the space economy with an endowment of EUR 70 million. The Fund invests in early-stage companies and focuses on space technologies including communications, cryptography, rockets and satellites.

The numbers of bankruptcies among all firms in Luxembourg stood at 1 198 in 2020, decreasing from 1 262 in 2019, the peak for the reference period.

Table 28.1. Scoreboard for Luxembourg

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
New business lending, total	EUR million	113 817	181 792	166 287	111 898	111 568	105 854	100 444	92 349	83 076	87 809	80 264	95 633	84 091	62 083
New business lending, SMEs	EUR million	12 800	14 555	14 754	15 441	17 979	15 593	13 713	10 765	10 142	9 395	9 698	10 440	10 184	8 682
Share of new SME lending	% of total new lending	11.25	8.01	8.87	13.80	16.11	14.73	13.65	11.66	12.21	10.70	12.08	10.92	12.11	13.98
Non-performing loans, total	% of all business loans	0.12	0.18	0.44	0.48	0.64	0.59	0.52	0.41	0.40	0.27	0.38	0.40	0.42	0.57
Interest rate, SMEs	%	5.51	5.72	2.81	2.71	2.68	2.22	2.05	2.08	1.88	1.75	1.76	1.73	1.65	1.57
Interest rate, large firms	%	4.96	4.97	2.59	2.30	2.62	1.86	1.64	1.47	1.42	1.20	1.21	1.26	1.12	1.10
Interest rate spread	% points	0.54	0.75	0.21	0.41	0.06	0.35	0.41	0.62	0.46	0.55	0.55	0.47	0.53	0.47
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	..	..	18.20	..	25.80	16.40	23.00	26.15	18.93	32.28	27.02	22.68
Non-bank finance															
Venture and growth capital	EUR thousand	103 343	298 650	49 021	132 917	281 484	86 212	31 090	128 472	144 368	196 346	59 145	113 098	173 872	199 386
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	188.99	-83.59	171.14	111.77	-69.37	-55.23	230.97	13.00	34.10	-69.88	91.22	53.74	14.67
Factoring and invoice discounting	EUR million	..	..	349	321	180	299	407	339	..	..	..	..	..	..
Other indicators															
Bankruptcies, SMEs	Number	659	574	693	918	978	1 050	1 049	850	873	961	904	1 191	1 262	1 198
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	-12.90	20.73	32.47	6.54	7.36	-0.10	-18.97	2.71	10.08	-5.93	31.75	5.96	-5.07

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

29. Malaysia

Key facts on SME financing

SMEs are the backbone of the Malaysian economy, accounting for 97.2% of total business establishments, generating 38.2% of GDP and providing employment for 7.3 million people. In the last few decades, a comprehensive financing ecosystem has been put in place to provide diversified funding options for SMEs from both public and private institutions. This has enabled Malaysian SMEs to continue to have access to diversified sources of financing to address their needs at various stages of development.

However, 2020 was a year like no other. The COVID-19 pandemic plunged the world into a public health crisis that saw many losing their lives, and the livelihoods of many more were disrupted as entire economies were forced to a near standstill. Malaysia was not spared as the economy recorded a significant contraction especially in the second quarter of the year. Amid these challenges, the Central Bank of Malaysia (BNM) took swift and broad-ranging measures to cushion shocks to the financial system and the economy. In doing so, BNM co-ordinated closely with the Government and the financial sector to preserve both lives and livelihoods. A top priority was to mitigate the impact of the economic contraction and promote conditions for a sustainable economic recovery. BNM reduced the Overnight Policy Rate to the lowest level in Malaysian history and implemented measures to ensure adequate liquidity and orderly market conditions. Debt relief measures and funding programmes for SMEs were rolled out at an unprecedented scale to help affected borrowers and businesses to alleviate cash flow constraints and to maintain credit flows to the economy.

Financial institutions continued to play a key role in providing assistance to SMEs by approving a total MYR 66.8 billion in new business lending for SMEs in 2020.

Guarantee schemes perform a pivotal role in helping viable SMEs that lack collateral and track record to obtain financing. In 2020, the Credit Guarantee Corporation Malaysia Berhad (CGC) recorded an approval value of MYR 5.922 billion, which is higher than the 2019 approval value (MYR 3.968 billion). This is evidenced by the double-digit growth of 24.4% in the number of SME accounts approved, from 10 827 in 2019 to 13 472 in 2020.

The entrepreneurship development agenda has been given greater importance with the establishment of a dedicated ministry, known as the Ministry of Entrepreneur Development and Cooperatives (MEDAC). Subsequently, the National SME Development Council (NSDC) is now officially known as the National Entrepreneur and SME Development Council (NESDC), with a greater emphasis on entrepreneurship development.

2020 saw SMEs struggling to face the challenges related to the COVID-19 pandemic. The Malaysian Government responded to the coronavirus threat by introducing the PRIHATIN Economic Stimulus Package and PENJANA Recovery Plan, which require SMEs to reassess and rethink the way business is conducted, in line with the “new normal”.

Table 29.1. Scoreboard for Malaysia

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	MYR billion	128.0	138.9	141.6	141.2	165.3	187.6	211.0	243.7	274.4	299.8	315.7	320.1	278.4	305.1
Outstanding business loans, total	MYR billion	290.7	328.3	343.1	375.3	422.0	465.1	499.8	545.9	588.1	616.0	623.8	659.4	675.0	680.6
Share of SME outstanding loans	% of total outstanding business loans	44.00	42.30	41.30	37.60	39.17	40.34	42.22	44.64	46.66	48.66	50.60	48.55	41.24	44.82
New business lending, total	MYR billion	163.1	129.0	104.9	141.1	171.4	169.5	178.8	196.4	179.3	178.7	200.0	224.9	237.6	224.7
New business lending, SMEs	MYR billion	63.2	58.9	50.9	62.2	75.2	84.7	78.3	77.7	72.0	74.6	70.7	69.6	71.2	66.8
Share of new SME lending	% of total new lending	38.77	45.70	48.50	44.06	43.90	49.94	43.78	39.57	40.12	41.77	35.33	30.97	29.96	29.71
Share of short-term SME loans outstanding	% of total SME lending	..	..	..	..	..	..	28.73	26.52	24.18	23.61	24.10	23.90	23.83	20.58
Share of long-term SME loans outstanding	% of total SME loans	..	..	..	..	..	..	71.27	73.48	75.82	76.39	75.90			
Guarantee and Financing Schemes	No. of accounts (in thousands)	13.00	10.37	14.07	7.67	7.50	2.15	2.37	6.84	8.23	7.57	8.64	8.99	10.8	13.5
Guarantee and Financing Schemes	MYR million	4 567	3 014	3 112	2 495	2 861	1 066	1 546	3 175	3 356	4 224	3 380	3 682	3 968	5 922
Impaired financing, total (amount)	MYR billion	..	20.2	18.1	23.6	21.3	18.4	17.7	17.9	18.9	20.5	20.8	21.4	23.7	23.4
Impaired financing, total	% of all business loans	..	6.16	5.29	6.28	5.05	3.97	3.55	3.27	3.21	3.32	3.33	3.25	3.51	3.44
Impaired financing, SMEs (amount)	MYR billion	..	9.9	8.9	10.6	9.6	8.5	8.2	8.6	8.9	8.9	10.1	10.2	10.3	9.8
Impaired financing, SMEs	% of all SME loans	..	7.12	6.28	7.50	5.78	4.53	3.89	3.51	3.24	2.96	3.19	3.21	3.70	3.21
Interest rate, SMEs	%	..	6.39	5.50	5.69	5.74	5.72	6.06	7.18	7.81	6.60	7.00	7.71	7.86	5.78
Interest rate, large firms	%	..	6.08	5.08	5.00	4.92	4.79	3.79	5.41	5.11	5.06	4.82	4.69	4.30	4.40
Interest rate spread	% points	..	0.31	0.42	0.69	0.82	0.94	2.28	1.77	2.69	1.54	2.17	3.03	3.56	1.38
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	..	..	..	..	49.11	51.85	46.08	41.56	43.58	47.49	46.00	51.77
Non-bank finance															
Total investment as at end of the period	MYR billion	1.78	1.93	2.59	3.39	3.59	2.76	3.43	3.25	2.22	2.92	2.45	3.11	2.96	
Total investment as at end of the period	%, Year-on-year growth rate	53.90	8.13	34.06	31.05	5.81	23.12	24.52	5.45	31.58	31.61	16.05	26.99	-4.98	
Leasing and Factoring	MYR million	..	..	..	..	721	918	1 099	1 170	1 086	834	1 280			

Note: Malaysia uses the term "Impaired financing" instead of "non-performing loans" and "Total investment as at end of the period" instead of "Venture and growth capital"

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

30. Mexico

Key facts on SME financing

In Mexico, before the pandemic, there were over 4.86 million micro, small, and medium-sized enterprises (SMEs), 96.6% of which were micro-enterprises, which generated 14.6% of national GDP and employed nearly 50% of the workforce.

As a result of the lockdown measures due to the Covid-19 pandemic in 2020, many businesses were forced to interrupt their activities, even closing definitely. Despite the disruption, some business found economic opportunities to reconvert their activities and adapt them to the new circumstances. However, despite some businesses adapting to new consumer behaviour, it was registered a net reduction of 8.06% of the total SME population between May 2019 and September 2020. Currently, with the post-COVID policy measures implemented to reactivate the economy, Mexico has 4.47 million SMEs, of which 94.1% are micro-enterprises. However, establishments born in 2020 have an average of 2 employees, while closed establishments during the same year had an average of 3 people employed.

In 2020, the average interest rates varied according to the loan amount and the size of the borrowing company. For large companies, the average interest rate was approximately 6.26%; for SMEs, it was 11.72%. The average interest rates showed a downward trend related to the expansionary monetary policy stance of the Bank of Mexico, as a measure to mitigate the economic impact of the COVID-19 pandemic. However, from the second half of 2021, the central bank turned its monetary policy stance in the opposite direction and approved several increases of the policy rate to curb inflationary pressures.

In recent years, the Mexican government has developed a range of initiatives to support entrepreneurs and strengthen the SME access to finance. These initiatives have included programmes to promote youth and women's entrepreneurship. Furthermore, the government has put in place several measures to help SMEs face the economic impact of the COVID-19 pandemic.

Guarantee funds have also been used to develop more specific programmes. For example, government initiatives have been developed to support the provision of credit to companies that previously could not access external finance, such as construction companies, travel agencies, real estate development, rural tourism companies, small taxpayers and government SME providers¹. Also, in the midst of the COVID-19 pandemic, the government implemented additional programs to support SMEs in strategic sectors such as retail trade, manufacturing, lodging services, food and beverage preparation, restaurants and the dough and tortilla industry, to contribute to economic reactivation.

Finally, the increase in competition among financial intermediaries has generated a significant improvement in credit conditions, resulting in longer loan maturities and lower interest rate spreads.

Table 30.1. Scoreboard for Mexico

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	MXN billion	...	...	199.0	220.9	256.8	310.9	423.6	481.7	548.1	738.1	821.3	440.8	434.0	404.9
Outstanding business loans, total	MXN billion	...	...	975.1	1054.3	1218.7	1299.5	1424.7	1518.7	1758.3	2059.6	2357.5	2279.5	2350.4	2257.4
Share of SME outstanding loans	% of total outstanding business loans			20.4	21.0	21.1	23.9	29.7	31.7	31.2	35.8	34.8	19.3	18.5	17.9
New business lending, total	MXN billion	...	...	...	79.3	164.4	80.8	125.3	93.9	239.6	301.3	4301.7	4805.7	5287.2	5566.6
New business lending, SMEs	MXN billion	...	...	...	21.9	35.9	54.1	112.6	58.2	66.4	190.0	904.4	808.1	789.5	653.1
Share of new SME lending	% of total new lending			...	21.7	17.9	40.1	47.3	38.2	21.7	38.7	17.4	14.4	13.0	10.5
Outstanding short-term loans, SMEs	MXN billion	11.1	41.3	39.1	30.8	30.0	36.9	34.3	12.5	17.7	21.7	32.1	23.8	...	...
Outstanding long-term loans, SMEs	MXN billion	10.8	22.4	38.5	36.6	44.2	60.1	80.9	89.0	90.1	107.1	99.1	115.3	...	...
Share of short-term SME lending	% of total SME lending	50.6	64.8	50.4	45.7	40.4	38	29.8	12.3	16.4	16.8	24.5	17.1	...	...
Government loan guarantees, SMEs	MXN billion	0.8	1.1	1.9	2.3	3.0	3.0	3.7	4.3	3.2	2.7	1.9	4.0	0.8	1.4
Government guaranteed loans, SMEs	MXN billion	21.9	63.8	77.7	67.4	74.3	96.9	115.1	101.6	107.8	128.8	131.2	139.1	34.0	18.6
Direct government loans, SMEs	MXN billion	...	...	29.5	30.8	53.3	63.0	88.1	135.4	183.8	111.1	6.5	6.8	5.7	5.3
Non-performing loans, total	% of all business loans			1.9	1.9	2.2	2.1	3.6	3.2	3.1	1.8	1.7	1.7	1.8	1.9
Interest rate, SMEs	%	19.9	16.2	12.1	11.9	11.4	11.2	9.9	9.2	9.1	11.0	17.0	17.7	13.9	11.7
Interest rate, large firms	%	7.4	8.0	8.1	7.9	7.7	7.6	6.6	6.0	6.0	8.1	10.6	11.8	8.3	6.3
Interest rate spread	% points	12.4	8.3	3.9	4.0	3.8	3.6	3.4	3.2	3.1	2.9	6.4	5.9	5.5	5.5
Non-bank finance															
Venture and growth capital	USD billion	4.1	2.1	1.5	4.5	2.1	4.2	1.9	7.2	12.2	5.0	4.1	3.2	0.4	1.3
Venture and growth capital (growth rate)	%, Year-on-year growth rate	...	-49.6	-25.3	189.4	-54.0	102.3	-53.9	276.2	69.5	-58.8	-17.7	-23.9	-89.5	208.4

Note: Venture capital data were updated for previous years by AMEXCAP (association for the private equity industry in Mexico).

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

Note

¹ Government SME providers are those SME that supply the federal government with goods or services. Small taxpayers are related to the Tax Incorporation Regime (RIF), a new scheme of optional taxation introduced in the Tax Reform approved in 2013 for individuals who perform business activities with income of less than two million pesos per year.

31. The Netherlands

Key facts on SME financing

The recovery of the Dutch economy halted in 2020 with GDP showing a year-on-year negative growth rate of -3.7%, and unemployment increasing by 0.7 percentage points to 3.9%, though still close to the lowest figure since 2009. The negative growth rate and the increasing unemployment rate can be explained by the COVID-19 crisis and the consequent measures aimed to prevent the spreading of the corona virus.

New lending to SMEs stood at EUR 18.1 billion in 2020. This represents an increase compared to 2019, when it stood at EUR 17.1 billion. Total outstanding business loans decreased slightly, from EUR 320.5 billion in 2019 to EUR 308.9 billion in 2020.

Bank loans continue to be the main source of external financing for SMEs in the Netherlands. However, according to a 2019 policy brief by the Netherlands Bureau for Economic Policy Analysis (CPB), Dutch SMEs had used bank finance less often than their European counterparts. On the other hand, the percentage of requested loans that were fully authorised rose from 74% in 2015 to 84% in 2018. The interest rate for SMEs (2-250 employees) is higher than for large firms by 1.6 percentage points (respectively 3.3% and 1.7%). The interest rate for large firms decreased by 120 basis points in 2020.

Total venture and growth capital investments in the Netherlands have shown, with a few exceptions, steady growth and in 2020 accelerated growth. In 2017, VC investments amounted to EUR 930 million, in 2018 EUR 1093 million, in 2019 EUR 1 224 million, and in 2020 the highest point so far with EUR 17 04 million. Since 2014, total private equity investments have not dipped below the EUR 700 million mark.

The average number of days before receiving a B2B payment was 25 days in 2020, with the average contractual term being 27 days. The average number of days of delay to receive a B2B payment therefore is -2 days, a decrease by 22 days compared to 2019. In 2019 a very high number of B2B payment days of delay was reported. The average number in 2020 is more in line with the average number in 2018, improving it by 3 days. The number of bankruptcies decreased in 2020, with a year-on-year decrease of 15.8%. The number of bankruptcies is at a lower level than in 2018.

Several programmes are in place to support SMEs' access to finance. These include different guarantee schemes, such as the Guarantee Scheme for SMEs (BMKB), or Qredits, a microcredit institution which introduced SME loans of various sizes in 2013. Furthermore, the Netherlands created a National Promotional Institution (NPI) named Invest-NL in 2019, whose aim is to help SMEs through financing or the development of a viable business case.

Because of the COVID-19 crisis and the consequent measures to prevent the spreading of the virus, since March 2020 the Dutch government has put in place several new programmes to address the issue of SME insolvencies due to over-leveraging. For example, next to an allowance for wage costs (NOW) and an allowance for fixed costs (TVL), corona or "c" versions of the national guarantee schemes have been introduced, such as the BMKB-C and the Guarantee Scheme Small Credits Corona (KKC). Moreover, Qredits and regional development agencies (ROMs) have provided bridge loans.

Table 31.1. Scoreboard for the Netherlands

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	EUR billion	..	..	..	..	..	..	143.3	136.0	130.4	124.1	125.9	127.1	124.5	121.0
Outstanding business loans, total	EUR billion	258.0	304.8	313.5	313.9	342.1	349.1	346.5	330.5	370.2	349.1	328.3	325.3	320.5	308.9
Share of SME outstanding business loans	% of total outstanding business loans	..	..	..	..	..	..	41.4	41.1	35.2	35.6	38.3	39.1	38.8	39.2
New business lending, total	EUR billion	..	..	..	123.0	124.9	110.0	97.3	83.7	146.7	122.7	129.8	130.6	122.8	119.4
New business lending, SMEs	EUR billion	..	..	..	10.2	19.5	18.7	18.8	18.0	18.2	16.0	20.9	18.2	17.06	18.1
Share of new SME lending	% of total new lending	..	..	..	8.3	15.6	17.0	19.3	21.5	12.4	13.0	16.1	13.9	13.8	15.2
Outstanding short-term loans, SMEs	EUR billion	..	..	..	..	..	..	30.1	26.8	23.1	19.8	17.9	16.6	15.2	11.5
Outstanding long-term loans, SMEs	EUR billion	..	..	..	..	..	..	113.3	108.2	107.3	104.3	107.9	110.0	109.3	109.4
Share of short-term SME lending	% of total SME lending	..	..	..	..	..	..	21.0	19.8	17.7	15.9	14.3	13.1	12.2	9.5
Government loan guarantees, SMEs	EUR million	..	400.0	370.0	945.0	1040.0	590.0	415.0	473.0	523.0	710.0	646.0	643.0	586	1485
Non-performing loans, SMEs	% of all SME loans	..	..	..	..	..	..	10.0	10.8	9.5	8.1	8.8	9.2	9.6	8.7
Interest rate, SMEs	%	5.4	5.7	4.5	6.0	6.4	5.1	4.3	4.1	4.4	3.7	2.9	4.1	3.7	3.3
Interest rate, large firms	%	..	..	..	..	3.5	3.6	3.4	2.8	2.4	3.2	2.5	2.1	2.9	1.7
Interest rate spread	% points	..	..	..	..	2.9	1.5	0.9	1.3	2.0	0.5	0.4	2.0	0.8	1.6
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	47.0	45.0	44.0	47.0	50.0	43.0	29.0	34.0	40.0	59.0	55	54
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	29.0	22.0	18.0	22.0	21.0	21.0	16.0	14.0	18.0	12.8	11.4	10.4
Rejection rate	1-(SME loans authorised/ requested)	..	..	31.0	10.0	13.0	28.0	28.0	27.0	7.0	18.0	17.0	16.0	16.0	21.0
Utilisation rate	SME loans used/ authorised	..	..	72.0	75.0	70.0	50.0	54.0	44.0	89.0	73.0	83.0	84.0	84.0	79.0
Non-bank finance															
Venture and growth capital	EUR million	498.0	691.0	526.5	291.2	612.8	417.5	398.6	681.1	788.3	727.7	930.2	1093.205	1224.128	1704.660

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	38.7	-23.8	-44.7	110.4	-31.8	-4.53	70.86	15.7	-7.68	27.8	17.52	11.98	39.25
Leasing and hire purchases ¹	% of SMEs	..	..	..	..	..	..	..	..	9.0	16.0	12.0	21.0	23.0	20.0
Factoring and invoice discounting	% of SMEs	..	..	..	..	..	..	..	..	..	..	..	2.0	3.0	1.0
Other indicators															
Payment delays, B2B	Number of days	13.2	13.9	16.0	17.0	18.0	18.0	17.0	16.0	6.0	5.0	5.0	1.0	20.0	-2.0
Bankruptcies, SMEs	Number	3 589	3 842	6 942	6 162	6 117	7 349	8 376	6 645	5 271	4 399	3 291	3 144	3 209	2 703
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	7.0	80.7	-11.2	-0.7	20.1	14.0	-20.7	-20.7	-16.5	-25.2	-4.5	2.07	-15.77

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

32. New Zealand

Key facts on SME financing

Despite ongoing uncertainty and the challenges brought in by COVID-19, New Zealand was recognized by the World Bank as the number one country in the world for ease of doing business for the 12th year in a row. This is based on a number of indicators from 'starting a business' through to 'reducing insolvency' and 'protecting minority investors'.

SME's, when defined as businesses with 0-49 employees, made up 99% of New Zealand businesses in 2020. This is consistent with historic levels. At times in this profile it is noted that the definition of SME varies depending on the source the data is available from.

Total lending to businesses decreased to NZD 116.3 billion in 2020, down from NZD 120.5 billion in 2019. Lending to SME's also decreased, to NZD 70.8 billion from NZD 72.6 billion in 2019. SME lending decreased by a lesser proportion than total lending, meaning the share of SME lending to total business loans increased by 0.7%, from 60.2% to 60.9%.

As a small open economy, New Zealand was exposed to considerable uncertainty in 2020. Fiscal and monetary support, along with successful public health measures and border closures, helped prevent many business failures and a larger rise in unemployment.

The Reserve Bank of New Zealand adjusted policies to enable banks to continue lending to sound borrowers. The Official Cash Rate was cut to a record low of 0.25%, and central and local government bonds were purchased in large scales. Funding was also provided to banks when markets were volatile to ensure banks remained able to support customers.

The Business Finance Guarantee scheme was launched to help SMEs access credit for cash flow, capital assets, and projects relating to the impacts of COVID-19. 2 205 entities received support loans, totalling NZD 1.279 billion. It should be noted that the definition of an SME differs in this case, to refer to firms with a revenue of either less than NZD 50 million, or less than NZD 200 million (depending on the loan provider), regardless of the number of employees.

Non-performing loans for all businesses remained stable at 0.6%, with no change from 2019. In contrast non-performing loans for SMEs increased on the previous year from 0.7% to 1%.

Interest rates for SMEs continue to follow their fairly consistent downward trend, decreasing by 0.6% from 2019 to 2020, from 9.0% to 8.4%.

Debt finance rejection rates increased substantially to 15.1%, up 5.2 percentage points from 9.9% in 2019. The data for rejection rates in New Zealand only includes businesses with 6 - 49 employees. Smaller and micro-businesses with less collateral may be likely to experience high rates of rejection, which is not represented in the data available.

Despite some initial concerns, seed and early stage capital market growth remained strong, with NZD 158 million invested in 2020. This was a 23% increase on the previous year. This year the venture and growth capital is also reported for the first time, defined as total investment in mature/late stage ventures and

expansion. NZD 37.6 million was invested in 2020, a decrease of 62% on the previous year. It should be noted that there is considerable volatility in the figures reported for this indicator. These figures put the total figure for seed, early stage, venture and growth capital at NZD 195.6 million.

New Zealand has seven licensed peer to peer lenders and six licensed crowdfunding providers, which also provided SME financing over the year.

Bankruptcies continued on their downward trend, declining by 16.5% to a new low of 1 102 bankruptcies in 2020. This figure only includes personal insolvencies and not corporate liquidations. However, it should be noted that many SME owners rely on their personal assets to finance their business.

The downward trend is generally attributed to a multitude of factors, including the general buoyancy of the New Zealand economy over the last decade. More recently, this may be due to both banks and Inland Revenue (which instigates about three quarters of liquidation applications), giving businesses more leeway than in the past due to COVID-19. Another factor keeping liquidation at bay is that many business owners shifted to online sales following the first lockdown so they were better prepared for the latest one. Court applications to liquidate failing businesses have since picked up in 2021, with the 453 filed to the end of October already surpassing applications for the whole of last year.

Payment delays for business-to-business transactions decreased to 5.9 days in 2020 from 6.6 days in 2019. SME payment delays also decreased from 6.0 days in 2019 to 5.1 days in 2020. This has occurred alongside the governments continued promotion of e-Invoicing, intended to facilitate faster payment stimulating cash flow through the economy.

A substantial number of policy responses to COVID-19 were implemented to support SMEs, including the Wage Subsidy Scheme, Business Finance Guarantee Scheme, Small Business Cash flow Loan Scheme, Carry back tax loss scheme and deferred tax payments.

The Wage Subsidy Scheme was a critical scheme for small business, totalling more than NZD14 billion and helping to retain 1.8 million jobs. Although not directly related to access to finance, it was nevertheless very important to the overall financial sustainability of companies, as well as bolstering domestic demand.

Table 32.1. Scoreboard for New Zealand

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	NZD billion	..	..	31.6	32.4	32.1	30.9	32.4	34.2	36.5	60.4	64.6	68.2	72.6	70.8
Outstanding business loans, total	NZD billion	80.0	87.6	80.4	78.9	79.9	83.0	85.4	89.0	95.0	101.6	107.7	113.0	120.5	116.3
Share of SME outstanding loans	% of total outstanding business loans	..	..	39.3	41.1	40.2	37.2	37.9	38.4	38.4	59.4	60.0	60.4	60.2	60.9
Non-performing loans, total	% of all business loans	..	..	1.7	2.1	1.8	1.5	1.1	0.8	0.6	0.5	0.5	0.5	0.6	0.6
Non-performing loans, SMEs	% of all SME loans	..	..	2.7	2.9	2.8	2.7	2.4	1.6	0.7	1.1	0.9	0.6	0.7	1.0
Interest rate, SMEs	%	12.2	11.2	9.8	10.1	10.0	9.6	9.5	10.3	9.4	9.2	9.3	9.4	9.0	8.4
Interest rate, large firms	%	9.0	8.2	5.7	6.3	6.1	6.0	5.4	6.0	5.4	4.6	..	..	..	..
Interest rate spread	% points	3.2	3.0	4.1	3.8	4.0	3.5	4.2	4.3	4.0	4.6	..	..	..	..
Rejection rate	% (SME loans rejected/requested)	6.9	11.6	18.4	20.9	11.4	14.6	9.4	8.4	10.6	4.8	11.7	9.0	9.9	15.1
Non-bank finance															
Venture and growth capital (seed and early stage)	NZD million	29.5	32.6	43.2	53.1	34.8	29.9	53.1	56.4	61.2	69.0	87.0	111.3	128.7	158.0
Venture and growth capital (seed and early stage) (growth rate)	%, year-on-year growth rate	..	10.3	32.8	22.8	34.5	14.1	77.6	6.3	8.5	12.6	26.2	28.0	15.6	22.8
Other indicators															
Payment delays, B2B	number of days	..	..	..	..	15.7	13.5	12.7	10.4	7.1	5.9	5.8	5.9	6.6	
Bankruptcies, total	number	3 585	2 504	2 564	3 054	2 714	2 417	2 188	1 921	1 979	1 996	1 863	1 486	1 319	1,102
Bankruptcies, total (growth rate)	%, year-on-year growth rate	..	-30.2	2.4	19.1	-11.1	-10.9	-9.5	-12.2	3.0	0.9	-6.7	-20.2	11.2	-16.5

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

33. People's Republic of China

Key facts on SME financing

In China, there were over 140 million SMEs and self-employed in 2020. Overall, SMEs contribute over 60% of total GDP, 50% of tax income, 79% of job creation and 68% of exports. In 2020, there were about 2.52 million new companies, and the number of newly registered enterprises reached 22 000 per day.

Outstanding business loans for micro and small businesses (MSEs) increased to CNY 36 900 billion in 2019, up by 10.17% from 2018. The share of loans for MSEs remains stable, between 42.97% and 42.85% over the period 2017-19. The ratio of short-term loans to total loans for SMEs decreased from 41.62% to 40.76 % over the period 2018-20.

In 2020, interest rates for SMEs and large firms were 4.84% and 5.06%, down respectively 0.02 and 0.05 percentage points compared to 2019. The interest rate gap between SMEs and large enterprises remains negative, with the difference declining from 0.25 to 0.22 percentage points in 2019-2020. The negative interest rate spread between SMEs and large firms is driven by the support from the Chinese government to reduce the cost of SME loans, including interest rates and bank charges. In 2020, the People's Bank of China reduced re-financing rates and set up special low-cost re-financing funds multiple times to support SMEs. Inclusive finance loans to SMEs significantly increased and the comprehensive financing cost of loans declined steadily. In 2019, the 1-year interest rate in the shadow banking sector ranged from 12.23%-13.81%, with a spread of about 7.4%-8.9% compared to formal bank loans. In 2020, the shadow banking assets reached CNY 59.2 trillion, a slight increase of CNY 200 billion. However, the share of SME loans in shadow banking is difficult to estimate.

In 2020, the rejection rate of loan applications by SMEs was 3.79%, down 0.26 percentage points compared to 2019. On average, only 57.94% of SMEs tried to apply for a bank loan. The utilisation rate of SME bank loans was 84.55%.

In 2020, SMEs obtained CNY 222.6 billion from STAR Market, CNY 249.2 billion from the Shenzhen SME Board, CNY 176.9 billion from Shenzhen Venture Board, and CNY 33.9 billion from NEEQ. Venture capital, leasing and factoring, online lending and crowdfunding continue to remain important sources of SME financing.

The bankruptcy rate for SMEs was 4.06% in 2020 according to survey data, up 31.39% from the previous year. In recent years, the Chinese government has simplified the cancellation process of companies to unblock the channels for market exit. The number of companies that closed their business and cancelled their registration increased from 1.81 million in 2018 to 3.30 million in 2020. The ratio of cancellation cases to new company registrations was about 1 to 2.43 in 2020. However, survey data also show that bankruptcy rates have increased as SMEs were greatly affected by the COVID-19 pandemic.

In 2020, the National Financing Guarantee Fund supported 45.6 million SMEs, totalling CNY 70.91 billion. The National Guide Fund for Venture Investment in Emerging Industries accounts for an aggregate investment of over CNY 85 billion. Special Funds for SME Development account for over CNY 5.04 billion in total.

Facing the huge challenge of COVID-19, the Chinese government promptly proposed a series of emergency policies to financing SMEs in earlier stage of the pandemic. Such immediate policy responses included lowering the deposit reserve ratio, arranging special re-financing funds, and allowing SMEs to delay the payment of overdue bank loan instalments.

Table 33.1. Scoreboard for the People's Republic of China

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	RMB billion	..	..	13 616	17 139	21 168	25 356	28 585	33 302	35 300	40 517	46 477	..	..	..
Outstanding business loans, total	RMB billion	..	..	24 940	30 292	35 017	39 283	44 019	52 162	53 895	62 578	71 545	78 728	86 123	..
Share of SME outstanding loans	% of total outstanding business loans	..	..	54.60	56.58	60.45	64.55	64.94	63.84	65.50	64.75	64.96	..	..	..
Outstanding business loans, Small and Micro Enterprises	RMB billion											30 744	33 492	36 900	..
Share of outstanding loans, Small and Micro Enterprises	% of total outstanding business loans											42.97	42.54	42.85	..
Share of short-term loans	% of total outstanding business loans							42.12	43.12	42.4	40.35	38.06	35.77	34.35	32.86
Share of short-term SME lending	% of total SME lending	..	..	..	..	..	..	56.10	49.24	47.56	54.69	40.97	41.62	39.09	40.76
Direct government loans, SMEs	RMB billion	..	..	..	..	1 550	1 813	2 082	2 470	2 820	..	..	..	..	..
Non-performing loans, total	% of all business loans	..	..	..	..	1.26	1.21	1.25	1.49	2.04	2.07	2.05	2.29	2.24	..
Non-performing loans, SMEs	% of all SME loans	..	..	..	..	1.75	1.65	1.66	1.97	2.59	2.60	2.58	3.16	3.09	..
Interest rate, SMEs	%	..	..	..	..	..	..	8.39	7.51	5.23	4.77	5.78	5.17	4.86	4.84
Interest rate, large firms	%	..	..	..	..	..	..	7.72	7.47	5.26	4.89	5.40	5.07	5.11	5.06
Interest rate spread	% points	..	..	..	..	..	..	0.67	0.04	-0.03	-0.12	0.38	0.10	-0.25	-0.22
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	..	..	51.59	52.98	54.52	54.76	55.67	52.05	50.28	50.38	..	..
Collateral, Small and Micro Enterprises	% of Small and Micro Enterprises needing collateral to obtain bank lending							55.83	56.96	58.00	54.21	52.38	52.5	53.2	..
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	..	..	..	..	..	..	69.88	63.06	53.09	58.36	54.79	57.94
Rejection rate	1-(SME loans authorised/ requested)	..	..	..	..	..	..	6.19	11.97	11.72	6.13	4.07	3.69	4.05	3.79
Utilisation rate	SME loans used/ authorised	..	..	..	..	..	..	93.51	94.75	94.48	94.03	89.91	86.26	84.32	84.55
Non-bank finance															
Venture and growth capital (stock)	RMB billion	111	146	161	241	320	331	264	293	336	377	411	476.9	563.6	..
Venture and growth capital (stock, growth rate)	%, Year-on-year growth rate	..	30.80	10.26	49.93	32.88	3.59	-20.34	11.15	14.59	12.02	9.16	16.03	18.18	..

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Venture and growth capital (incremental)	RMB billion	..	..	..	..	..	25.11	27.90	37.44	46.56	50.55	84.53	52.72	86.68	..
Venture and growth capital (incremental, growth rate)	%, Year-on-year growth rate	..	..	..	..	..	..	11.11	34.20	24.36	8.60	67.22	-37.63	64.42	..
Leasing and hire purchases	RMB billion	24	155	370	700	930	1 550	2 100	3 200	4 440	5 330	6 060	6 650	6654	6504
Factoring and invoice discounting	EUR billion		55.0	67.3	154.6	274.9	343.8	378.1	406.1	352.9	301.6	405.5	411.5	40350 4	433162
Other indicators															
Payment delays, B2B	Number of days	..	..	..	..	..	..	95.91	72.31	64.44	65.21	44.00	38.00		
Bankruptcies, SMEs	Percentage of all SMEs	..	..	..	..	..	..	8	7	5	5	4	3	3.09	4.06
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	..	..	..	..	..	..	-4.36	-24.59	-13.37	-21.78	-22.97	8.42	31.39

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

34. Peru

Key facts on SME financing

In 2020, 99.5% of Peruvian enterprises were SMEs (including micro-enterprises, which employ fewer than ten persons), and they employed 89.4% of the private sector's workforce. Compared to 2019, according to data from the National Tax Administration Bureau, the size of the SME sector decreased by 25.1% in 2020 (in terms of number of SMEs), a significant drop compared to recent years. Among these formal enterprises, only 9.4% had access to the formal financial system in 2020, increasing from 5.5% in 2019. This increase is due to the credit programmes implemented by the Government of Peru in order to face the liquidity crisis suffered by companies due to the COVID-19 pandemic.

The Central Reserve Bank of Peru (CRB) forecast an annual growth of 10.7% in 2021, thanks to a better performance of internal private consumption. It is also expected that the terms of trade will experience a slight improvement, from 8.2% to 13.0%, due to an increase in export prices. In addition, the CRB expects to maintain its interest rate low (0.25%) to foster the economic recovery, taking into account that the inflation rate is stable at around 3.0% and that the output gap is negative.

Outstanding business loans grew by 24.4% in 2020. Based on preliminary data, outstanding SME loans amounted to 32.7% of all outstanding business loans in 2020 (driven by the increase in new SME lending, which grew by 18.5%), which is higher than the share observed in 2019 (24.4%). The increase in new lending corresponds to the efforts of the Peruvian government to establish extraordinary measures that targeted specifically SMEs, for instance through the Business Support Fund for MSMEs (FAE-MYPE) and the Business Support Programme for micro and small businesses (PAE-MYPE). In other programmes, such as *Reactiva Peru*, 98.6% of beneficiaries were SMEs.

About 2.9% of all outstanding business loans were non-performing, which is slightly lower than in 2019 (3.2%). Non-performing loans in the SME sector experienced a significant improvement, declining from 10.9% in 2019 to 6.6% in 2020. This decline is explained by the government implementing debt moratoria.

The interest rate spread between SME loans and large-company loans fell from 19.4 to 15.8 percentage points in 2020, according to the Central Reserve Bank, which is nonetheless high by international standards. The high interest rate spread reflects banks' significantly higher operating costs and credit risk associated with SME operations. SMEs, particularly those operating in the retail portfolio, tend to have a low degree of organisation, operate in the local market and mostly lack financial information regarding their activities. Around 57.9% of SMEs do not keep a record of their cash flows and 80% do not prepare a financing plan for their activities.

The main financial institutions that grant loans to SMEs are private banks with 93.7% of outstanding loans, urban credit unions with 4.2% of outstanding loans, and other types of financial institutions with the remaining 2.1%.

Table 34.1. Scoreboard for Peru

Indicator	Unit	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt												
Outstanding business loans, SMEs. As of June 30	PEN Billion	17.18	19.75	23.23	26.62	30.14	32.44	32.46	34.11	35.56	36.48	61.92
Outstanding business loans, total. As of June 30	PEN Billion	65.99	75.04	81.49	97.20	112.21	127.37	130.02	134.62	147.30	149.53	189.21
Share of SME outstanding loans	% of total outstanding business loans	26.04	26.31	28.50	27.39	26.86	25.47	24.97	25.34	24.14	24.39	32.73
New business lending, total	Number of lending				264 129	244 850	249 880	226 035	219 435	244 928	241 292	281 590
New business lending, SMEs	Number of lending				241 949	224 537	228 624	207 603	201 133	225 421	222 626	263 860
Share of new SME lending	% of total new lending				91.6	91.7	91.5	91.8	91.7	92.0	92.3	93.7
Government loan guarantees, SMEs	PEN Billion	..	..	..	..	..	..	400	..	..	..	..
Direct government loans, SMEs	PEN Billion	30.98	49.06	59.57	219.92	365.33	369.45	389.18	320.85	399.83	367.95	387.01
Non-performing loans, total	% of all business loans	2.20	1.78	1.65	1.96	2.14	2.37	2.46	3.33	3.40	3.15	2.93
Non-performing loans, SMEs	% of all SME loans	7.83	6.33	5.19	6.30	7.11	8.42	9.03	8.69	10.53	10.94	6.63
Interest rate, SMEs	%	27.63	27.09	25.96	24.66	23.41	25.59	26.37	26.57	26.31	25.28	20.23
Interest rate, large firms	%	4.98	6.03	6.60	6.49	6.37	6.29	6.86	6.75	6.00	5.93	4.39
Interest rate spread	% points	22.65	21.06	19.35	18.17	17.04	19.30	19.52	19.82	20.31	19.35	15.84
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	..	..	38.52	51.02	43.26	48.39		43.40	
Rejection rate	1-(SME loans authorised/ requested)	..	..	..	..	5.06	5.77	4.63	5.93		4.00	
Utilisation rate	SME loans used/ authorised	..	..	..	..	94.94	94.23	95.37	94.07		96.00	
Non-bank finance												
Leasing and hire purchases	PEN Billion	3 374	3 846	4 301	3 978	4 128	3 966	3 530	3 440	3 110	3 000	3 204
Factoring and invoice discounting	PEN Billion	768.98	754.27	719.99	779.45	809.13	819.41	835.50	833.89	1006.19	947.14	724.63
Other indicators												
Bankruptcies, all businesses	Number	162 948	168 261	233 287	152 758	225 384	242 842	259 443	362 091	199 303	183 442	859 595

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

35. Poland

Key facts on SME financing

The COVID-19 pandemic has unleashed an unprecedented health and economic crisis. Nonetheless, the fall in national GDP has proved to be relatively small: -1.7% and -2.7% in the third and fourth quarters of 2020, compared to respective quarters in 2019. Moreover, Poland started 2021 on a strong economic footing, and it is expected that the negative impact of the pandemic on economic activity will be temporary. Overall, real GDP growth is projected to reach 4.8% in 2021 and 5.2% in 2022.

In 2020, the government launched a number of tools to support domestic entrepreneurs. The “Anti-crisis Shield” included the so-called Financial Shields in the form of financial subsidies for SMEs and in the form of the preferential financing for large companies, which were worth a combined total of PLN 71.37 billion (July 2021). Bank Gospodarstwa Krajowego provided support worth PLN 93.84 billion (July 2021) in the form of accessible guarantees, such as *de minimis* guarantees (the maximum amount of this guarantee was lifted from 60% to 80%) and liquidity guarantees (a new measure to improve the financial liquidity of medium-sized and large companies). The Anti-crisis Shield also covered other measures such as social insurance exemptions, subsidies to the remuneration of employees and idle-time benefits. The government support under the Anti-crisis Shield has amounted in total to over PLN 236 billion as of July 2021. These measures have significantly mitigated the effects of the crisis in the non-financial corporate sector.

In 2019, there were 2 211.6 thousand non-financial enterprises in Poland, which is 2.9% more than the previous year. SMEs dominate the business landscape in Poland, constituting nearly 99.9% of all firms. Micro-enterprises (less than 10 people employed) alone account for 97% of all companies in the country.

In 2020, the banking sector has remained stable. As a result of the reforms implemented after the 2008-2009 global financial crisis, the Polish banking system has generally become more resilient to shocks, due to stronger capital and liquidity buffers. In 2020, decreasing debt growth was observed among both large companies and SMEs. The biggest decline was observed in corporate loans, which to a large extent were replaced by the fiscal support provided by the government. At the end of 2020, the proportion of firms that did not experience liquidity problems reached a historical high, primarily as a consequence of the state aid liquidity measures under the Financial Shields.

The stock of outstanding business loans and SME loans slightly declined in 2020, which could be driven by a decline in credit demand and an increase in repayment rates. From March to the end of August 2020, a substantial increase in the value of corporate deposits was observed, explaining current lower demand for loans. Furthermore, at the end of 2020, over 94.5% of companies declared timely settlement of credit liabilities. There has also been a rather sustained upward trend in the volume of SME long-term loans. The share of non-performing loans (both total and SME) increased slightly in 2020, but remained visibly below the 2010 peaks reached after the financial crisis. The average interest rate, both for SMEs and large companies, declined in 2020. Similarly, the interest rate spread also fell to 0.14 percentage points. This decline can be explained by the important government support through the *de minimis* Guarantee Fund.

Venture and growth capital investments expanded in 2020 by almost 22% compared to 2019. In 2020, the financial results of the Warsaw Stock Exchange Group were among the best in its 30-year history. Seven companies were newly listed on the main stock market (including two transfers from the junior market, New Connect) and 14 companies were newly listed on New Connect.

Table 35.1. Scoreboard for Poland

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	PLN Billion	..	125.31	127.22	127.00	159.02	164.81	163.93	175.63	185.78	193.63	206.57	208.48	208.68	199.94
Outstanding business loans, total	PLN Billion	..	233.28	222.08	219.69	264.51	272.25	277.96	300.92	327.27	344.93	366.02	388.25	395.60	376.73
Share of SME outstanding business loans	% of total outstanding business loans	..	53.72	57.29	57.81	60.12	60.54	58.97	58.36	56.77	56.14	56.44	53.70	52.75	53.07
Outstanding short-term loans, SMEs	PLN Billion	..	31.93	31.25	31.52	38.45	39.88	37.37	40.46	41.60	42.81	43.93	39.30	42.20	31.24
Outstanding long-term loans, SMEs	PLN Billion	..	90.18	93.24	93.73	116.22	122.23	123.43	130.25	138.33	145.05	156.36	161.89	158.13	160.56
Share of short-term SME lending	% of total SME lending	..	26.15	25.10	25.17	24.86	24.60	23.24	23.70	23.12	22.79	21.93	19.53	21.06	16.29
Government loan guarantees, SMEs	PLN Billion	..	..	..	..	..	..	7.00	9.65	8.90	9.36	9.91	10.17	11.56	23.58
Government guaranteed loans, SMEs	PLN Billion	..	..	..	..	..	..	12.24	17.43	15.86	16.43	17.80	18.17	20.71	33.70
Non-performing loans, total	% of all business loans	..	6.50	11.58	12.40	10.37	11.78	11.61	11.33	10.31	9.11	8.28	8.70	8.43	9.00
Non-performing loans, SMEs	% of all SME loans	..	7.46	13.35	14.59	12.33	13.06	12.99	12.75	12.29	10.97	10.04	11.32	11.16	12.18
Interest rate, SMEs	%	..	5.37	3.82	4.31	4.57	4.86	3.85	3.52	3.00	2.86	2.95	3.43	3.77	3.07
Interest rate, large firms	%	..	5.62	4.28	4.00	4.45	4.74	3.83	3.40	2.90	2.77	2.76	2.92	3.07	2.93
Interest rate spread	% points	..	-0.25	-0.46	0.31	0.12	0.12	0.02	0.12	0.10	0.09	0.19	0.51	0.70	0.14
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	..	..	..	..	..	..	..	38.92	30.33	..	..	..
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	..	..	..	..	..	..	..	78.55	80.12	..	..	..
Rejection rate	1-(SME loans authorised/ requested)	..	..	..	..	..	..	..	..	..	37.20	31.78	..	..	..

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Utilisation rate	SME loans used/ authorised	..	..	..	..	..	..	..	..	..	66.44	61.83	..	..	..
Non-bank finance															
Venture and growth capital	EUR Million	147.5	96.4	70.7	112.7	197.5	127.1	198.2	89.3	140.3	190.7	195.8	350.4	193.7	235.8
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	-34.65	-26.70	59.44	75.28	-35.62	55.93	-54.96	57.07	35.97	2.69	78.93	-44.72	21.72
Leasing and hire purchases	PLN Billion	27.11	24.09	21.43	23.92	27.79	26.90	30.42	34.29	37.83	51.01	58.19	66.44	61.49	50.19
Factoring and invoice discounting	PLN Billion	30.34	45.51	53.16	88.61	95.33	113.06	129.59	152.68	171.64	192.74	222.49	269.63	315.02	311.34

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

36. Portugal

Key facts on SME financing

In 2019, SMEs comprised 99.7% of enterprises in Portugal, employed 71.8% of the labour force and were responsible for 57.7% of turnover and 82.8% of investment volumes.

In 2020, the total stock of business loans further increased by 10.4% year-on-year, below the increase in SME lending (12.3%). The share of SME loans in total business loans has been around 80% for the last five years.

The increase in SME lending was more pronounced for short-term SME loans, with an increase by 26% year-on-year. This runs contrary to the trend observed over the past decade when short-term loans declined by 64% and the share of long-term loans rose to more than 80% of total outstanding business loans.

The share of government-guaranteed loans in total SME loans grew significantly, from 5.4% in 2009 to 23% in 2020, demonstrating the sustained public efforts to support SMEs' access to finance. In 2020, this instrument registered an increase of 92% compared to the previous year, largely due to the government's intervention to mitigate the impacts of the COVID-19 crisis on SME financing.

The average interest rate for SME loans decreased to 2.48% in 2020, marking the sixth consecutive year of decline, after the 2012 peak of 7.6%. The interest rate spread between SMEs and large firms increased from 1.84 to 2.16 percentage points between 2009 and 2012, and decreased since then, to 0.78 percentage point in 2020, pointing to an improvement in SME financing conditions.

Trends in venture capital have been uneven. After a continuous decline in venture capital investments since 2007, there were signs of recovery since 2012. Total venture capital investments in 2014 increased to EUR 107 million, +312% compared to their 2011 value. Nevertheless in 2016, the amount of venture capital invested dropped again to EUR 18 million, an 82% decrease from 2015, but recovered in the last four years, and in 2020, total venture capital investments reached EUR 42 million, an increase of 133% compared to 2016.

Payment delays rose from 35 days in 2009 to 41 days in 2011, and then almost halved again from 40 days in 2012 to 12 days in 2020, decreasing steadily in the last five years.

Following four years of continuous increase (2009-12) in the number of bankruptcies, 2020 closed with a decline of 2.3% compared to 2019, with 2 502 bankruptcies, despite the impact of the COVID-19 crisis on the economy. This decline in part can be explained by government measures that have allowed companies to avoid filing for bankruptcy during the COVID-19 crisis.

SME access to finance has been a major priority for the government. In this context, several credit lines have been made available to facilitate access to credit for SMEs. For example, the government programmes "SME Invest/Growth" and *Capitalizar* have offered credit lines since 2008. As of 2020, about 245 247 projects were eligible for these credit lines and EUR 21.6 billion were provided to 106 238 SMEs, supporting about 1.3 million jobs.

On the equity side, several venture capital funds and business-angel co-investment vehicles have been implemented, totalling EUR 270 million for venture capital investments in the start-up and expansion phases (2017-2021). To reinforce the entrepreneurial ecosystem, the government created in 2018 a venture capital fund with the European Investment Fund (EIF), totalling EUR 100 million, the “Portugal Tech”.

The Portuguese Government approved a strategic programme, called *Capitalizar*, to support the capitalisation of Portuguese companies, relaunch investment and facilitate SMEs’ access to funding, mainly through:

- Financial instruments of direct or indirect participation in companies;
- Special financing instruments of quasi-equity capital;
- Tax measures to encourage firm capitalisation.

In order to mitigate the effects of the COVID-19 crisis on the economy, the Portuguese government launched a set of measures aimed at SMEs, of which the following have an impact on their financing:

- A set of credit lines backed by public guarantees; these credit lines aim to support the working capital needs of SME, as result of the effects of the COVID-19 crisis;
- A moratorium regime with regard to the fulfilment of obligations arising from credit agreements;
- A grant programme to support lost funds due to loss of billing, within the scope of the COVID-19 pandemic;
- Direct loans;
- An exceptional and temporary regime for compliance with tax obligations and social contributions, within the scope of the pandemic.

Table 36.1. Scoreboard for Portugal

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	EUR billion			90.2	88.2	87.0	79.7	73.9	70.3	65.8	61.3	57.4	54.1	52.5	58.9
Outstanding business loans, total	EUR billion	102	115.8	117.8	114.6	113.8	105.3	99.3	86.5	82.2	77.3	73.1	69.5	67.0	73.9
Share of SME outstanding loans	% of total outstanding business loans			76.61	76.96	76.45	75.68	74.41	81.30	80.13	79.36	78.53	77.69	78.35	79.73
New business lending, total	EUR billion	64.3	61.8	46.3	45.6	45	45.6	49.1	41.2	33.8	29.8	28.8	31.6	32.7	33.5
New business lending, SMEs	EUR billion	28.9	26.4	23.1	9	14.2	12.5	11.9	11.9	11.9	11.3	10.9	11.2	11.8	11.8
Share of new SME lending	% of total new lending	44.9	42.78	49.97	19.72	31.63	27.52	24.16	28.79	35.2	37.88	37.74	35.55	36.11	35.28
Short-term loans, SMEs	EUR billion	..	..	24.7	22.7	21.3	15.3	13.4	11.5	9.5	9.5	8.9	7.3	6.5	8.1
Long-term loans, SMEs	EUR billion	..	..	65.6	65.5	65.7	64.4	60.5	58.7	56.3	51.9	48.5	46.8	46.0	50.8
Share of short-term SME lending	% of total SME lending	..	27.34	27.34	25.77	24.47	19.21	18.13	16.37	14.51	15.43	15.53	13.50	12.38	13.89

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Government guaranteed loans, SMEs	EUR billion	..	..	5	6.8	6.1	6.0	5.8	5.5	5.6	5.7	6.1	6.2	6.3	13.6
Non-performing loans, total	% of all business loans	1.50	2.20	3.90	4.10	6.00	9.40	11.80	14.20	15.20	15.00	12.70	7.80	4.60	3.32
Non-performing loans, SMEs	% of all SME loans			4.67	5.00	7.33	11.76	14.82	16.50	17.89	17.62	14.65	8.83	5.15	3.87
Interest rate, SMEs	%	7.05	7.64	5.72	5.45	7.41	7.59	6.82	5.97	4.6	3.83	3.42	3.13	2.93	2.48
Interest rate, large firms	%	5.29	5.92	3.84	3.91	5.4	5.43	4.97	4.37	3.25	2.69	2.14	1.93	1.85	1.70
Interest rate spread	% points	1.76	1.72	1.87	2.25	2.01	2.16	1.85	1.6	1.35	1.14	1.28	1.2	1.08	0.78
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	76.25	81.16	82.63	82.15	83.09	80.14	81.84	79.60	80.98	83.13	86.95	89.88
Non-bank finance															
Venture and growth capital	EUR million	129	92	70	74	26	53	106	106	102	18	29	30	69	42
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	-28.7	-23.9	5.7	-64.9	103.9	100.0	0.0	-3.8	-82.4	61.1	3.5	130.0	-39.1
Leasing and hire purchases	EUR billion	..	..	5.3	5.2	3.4	3	2.7	2.4	2.3	2.3	2.2	2.2	1.9	1.9
Factoring and invoice discounting	EUR million	..	..	621	733	402	338	376	476	547	441	418	930	855	513
Other indicators															
Payment delays, B2B	Number of days	39.9	33	35	37	41	40	35	33	21	20	20	12	18	12
Bankruptcies, SMEs	Number	2 612	3 528	3 815	4 091	4 746	6 688	6 030	4 019	4 714	3 620	3 099	2 694	2 560	2502
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	35.1	8.1	7.2	16.0	40.9	-9.8	-33.4	17.3	-23.2	-14.4	-13.1	-5.0	-2.3

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

37. Serbia

Key facts on SME financing

SMEs dominate the Serbian business economy, accounting for 99% of all enterprises. In 2020, SMEs employed more than 65% of the labour force and accounted for 59.2% of total gross value added and 66.4% of turnover. Sector-specific data indicates that most SMEs belong to the trade sector (23.9%), followed by the manufacturing sector (15.1%), professional, scientific and innovative activities (13.7%), and transportation and storage (9.7%).

Despite the unprecedented crisis caused by the COVID-19 pandemic, preliminary results from the 2020 SME lending conditions survey conducted by the National Bank of Serbia indicate that SME financing conditions did not deteriorate and, in some aspects, even improved. Timely and effective measures adopted by the National Bank of Serbia and the Serbian government diminished the negative effects of this crisis.

The National Bank of Serbia adopted the first measures to support the domestic economy even before the state of emergency was declared (15 March 2020) by cutting the key policy rate by 50 base points, to 1.75%, in order to maintain favourable financing conditions. Since March 2020, the key policy rate was cut by an additional 75 base points, to 1.0%.

In addition, the Serbian Government was one of the first in the world to adopt the Economic Measures Programme to mitigate the negative effects of the COVID-19 pandemic and support the Serbian economy. The priorities were to help economic entities in distress and to preserve jobs and wages.

The total value of economic measures in 2020 is estimated at around 13% of GDP. The support package consisted of nine measures, classified into four categories. These categories are tax policy measures, direct assistance to the private sector, liquidity preservation (e.g. financial support to the corporate sector through the Development Fund and corporate support guarantee scheme), and other measures (moratorium on dividend payments until the end of the year and one-off assistance to all Serbian citizens of age).

According to the preliminary results from the 2020 SME lending conditions survey conducted by the National Bank of Serbia in 2020, the stock of SME loans in 2020 increased by 14.8% year-on-year to EUR 8.2 billion. The increase is in part explained by the deferral of principle and interest payments on loans, which was one of the measures adopted with the goal to fight the negative economic effects of the pandemic.

New bank lending to SMEs in 2020 amounted to EUR 4.9 billion (19% lower y-o-y basis). The share of new SMEs loans among total corporate loans likewise decreased by 1.5 percentage points to 43.1% in 2020. This decline in new SME lending is explained by sizeable public support through non-debt channels such as: deferred payment of income tax advances, deferred payment of payroll taxes and social contributions in the private sector (during the state of emergency) with subsequent repayment of liabilities in instalments (starting from 2021 at the earliest), as well as direct support in the form of payment of three minimum wages to entrepreneurs and SMEs. The share of outstanding SME loans in total corporate loans

increased to 33.3% (from 31.9% in 2019). Long-term loans increased as well and amounted to 87.6% of total SMEs loans.

Lending conditions measured by interest rate levels continue to improve. Interest rates for SME loans in/or indexed to foreign currencies decreased to 3.7% in 2020 (from 4.0% in 2019 and 4.3% in 2018). However, the interest rate spread between large companies and SMEs increased slightly to 1.6 percentage points (from 1.5 percentage points in 2019). On the Serbian dinar-denominated loans side, interest rates were 0,6 percentage points lower compared to the previous year (4,2% compared with 4,8%) and the interest rate spread between large companies and SMEs was 1.6 percentage points.

The rejection rate (the percentage of SME loan applications that are rejected) was 19.3% in 2020 (6.5% in 2019), while the utilisation rate (the percentage of used SME loans among all SME loans that were approved) was 96.1% in 2020 (98.2% in 2019). At the same time, the share of loans requiring collateral (excluding bills of exchange) was 50.5% in 2020 (50.7% in 2019).

The share of non-performing loans (NPLs) in total SMEs loans stood on a similar level as the previous year: 4.6% in 2020 compared to 4.7% in 2019. On the other hand, NPLs for the whole corporate sector decreased to 2.8% in 2020 from 3.2% in 2019.

Table 37.1. Scoreboard for Serbia

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	EUR Million	2 858	3 994	3 966	4 202	4 320	4 352	4 061	4 779	5 340	5 552	5 802	6 488	7 140	8 194
Outstanding business loans, total	EUR Million	13 598	19 044	19 268	19 777	20 028	20 460	19 154	18 724	18 677	18 362	19 150	20 847	22 394	24 622
Share of SME outstanding loans	% of total outstanding business loans	21.02	20.97	20.58	21.25	21.57	21.27	21.20	25.52	28.59	30.24	30.30	31.12	32	33.3
New business lending, total	EUR Million	..	..	..	..	8 862	9 043	7 093	6 765	8 461	10 130	10 966	12 339	13 629	11 425
New business lending, SMEs	EUR Million	2 027	3 409	3 015	3 190	3 323	2 771	2 302	2 717	3 332	4 038	4 688	5 478	6 087	4 927
Share of new SME lending	% of total new lending	..	..	..	..	37.49	30.64	32.45	40.16	39.38	39.86	42.75	44.53	45	43.1
Outstanding short-term loans, SMEs	EUR Million	1 000	1 265	1 356	1 436	1 308	1 257	1 386	1 405	1 348	1 380	1 451	1 480	1 347	1 013
Outstanding long-term loans, SMEs	EUR Million	1 858	2 729	2 610	2 766	3 012	3 096	2 675	3 374	3 993	4 172	4 350	5 008	5 793	7 181
Share of short-term SME lending	% of total SME lending	34.98	31.67	34.20	34.17	30.28	28.87	34.13	29.40	25.24	24.86	25.01	22.81	19	12.4
Government guaranteed loans, SMEs	EUR Million	0	0	298	523	390	569	342	750	126	13	14	15	14	357
Non-performing loans, total	% of all business loans	..	14.56	19.84	20.70	22.33	19.19	24.52	24.64	21.71	17.22	10.41	5.05	3.17	2.8

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Non-performing loans, SMEs	% of all SME loans	6.72	10.56	18.86	21.00	22.64	26.15	28.05	27.08	26.69	20.16	9.91	6.9	4.65	4.6
Interest rate, SMEs	%	10.69	10.90	10.57	10.06	9.72	8.15	8.03	7.25	6.31	5.69	4.58	4.3	3.98	3.7
Interest rate, large firms	%	6.32	8.04	7.23	7.36	7.88	6.60	6.34	5.18	3.87	3.13	2.78	2.2	2.56	2.1
Interest rate spread	% points	4.37	2.85	3.35	2.70	1.85	1.55	1.70	2.07	2.44	2.56	1.79	2.1	1.5	1.6
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	31.62	38.78	43.14	44.51	45.59	53.00	55.06	53.13	53.79	42.70	53.85	50.7	50.7	50.5
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	..	..	..	..	..	..	14.94	16.46	16.89	15.46	..	..
Rejection rate	1-(SME loans authorised/ requested)	18.66	17.25	28.42	27.13	15.77	32.02	32.18	25.15	24.52	28.18	28.32	17.09	6.51	19.3
Utilisation rate	SME loans used/ authorised	71.75	81.66	88.20	67.76	83.83	86.11	87.92	86.47	87.86	88.05	90.58	94.99	98.24	96.1

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38. Slovak Republic

Key facts on SME financing

SMEs dominate the Slovak economy, accounting for 99.6% of the business population (excluding self-employed individuals). The number of SMEs increased by 0.2% in 2020, with micro-enterprises accounting for a considerable portion of this growth, growing by 1.2% year-on-year.

Credit conditions and access to finance for SMEs improved in 2020, which was reflected not only in an increase in the volume of existing and new bank loans but also in a decline of the average interest rate. The financial instruments to support SMEs introduced during the pandemic have made a significant contribution to maintaining a relatively low rate of non-performing loans (NPLs). The amount of outstanding business loans has been growing since 2013, increasing by 6.2% over the last year, from EUR 15 255 million in 2019 to EUR 16 208 million in 2020. In the same year, more than half of SME outstanding loans (59.6%) were long-term, while short-term loans accounted for 40.4% (EUR 6 547 million).

Favourable credit conditions and the availability of supporting financial instruments during the COVID-19 crisis increased interest in bank financing for all size categories of enterprises. The volume of new SME lending increased year-on-year by 30.6% to EUR 4 201 million, while the share of SME loans in total new lending increased by 2.8 percentage points to 37.3%.

The share of NPLs among all SME loans was higher (4.6%) than the share of NPLs among all business loans (3.4%) in 2020. In the year-on-year comparison, the share of NPLs among SMEs increased only negligibly – by 0.05 percentage points.

Interest rates on SME loans fell from 3.8% in 2012 to 2.6% in 2020. The drop in the average SME interest rate over these years has made finance available to more SMEs. Interest rates for self-employed entrepreneurs reached 4.5% in 2020, 0.8 percentage points lower than in the previous year. These figures indicate that financing conditions for SMEs have been gradually improving over the reference period.

For the period of 2007-2013, the amount of venture and capital investments gradually recovered. After 2017 the volume of venture and growth capital experienced a significant decline as a result of the end of funding support under the JEREMIE initiative. In 2020, the amount of venture capital investments increased year-on-year by 23.5%, totalling EUR 37.85 million. The majority of investments focused on established SMEs – to expand production capacities, to develop market potential or to further develop products and services. Compared to SME bank financing, the amount of venture capital is still negligible.

The payment discipline of enterprises has improved, as the average business-to-business (B2B) payment delay decreased to 14 days in 2020.

SME bankruptcies totalled 177 over the year. Despite the declining trend and the significant year-on-year drop in 2020 (-26%), the number of SME bankruptcies for 2020 remains higher than the pre-crisis bankruptcy levels of 2008.

The government has continued to implement several policies that seek to improve SMEs' access to finance and introduced new instruments to support SME financing during the COVID-19 crisis. In 2020, the volume of SME government loan guarantees, guaranteed loans and SME government direct loans increased

significantly due to the launch of new financial instruments intended to minimise the adverse effects of the pandemic and to support SMEs. The total volume of SME government loan guarantees increased from EUR 31.7 million in 2019 to EUR 407.3 million in 2020. As a result of the increase in bank guarantees, there was also a significant increase in the volume of guaranteed loans – from EUR 152.5 million in 2019 to EUR 774.4 million in 2020. The volume of SME government direct loans provided by the state banks and the Slovak Business Agency grew less rapidly – by 20.1% to EUR 245.1 million.

Table 38.1. Scoreboard for the Slovak Republic

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs ⁽¹⁾	EUR billion	9.1	12.1	12	12	10.6	11	10.7	11.9	13.2	13.5	14.6	15.1	15.3	16.2
Outstanding business loans, SMEs ⁽²⁾	EUR billion	..	..	..	..	..	5.9	6.7	6.9	7.4	8.7	8.9	9.2	9.7	10.7
Outstanding business loans, total	EUR billion	13.9	15.7	15.2	15.2	16.1	15.5	15.1	14.8	16.1	16.9	18.1	18.9	19.6	20.0
Share of SME outstanding loans ⁽¹⁾	% of total outstanding business loans	65.7	77.12	79.39	79.39	65.77	71.11	71.07	80.22	81.7	79.81	80.46	79.81	77.77	80.95
New business lending, total	EUR billion	8.49	9.44	7.56	9.12	10.69	11.69	11.88	12.5	11.78	8.67	9.50	10.72	9.31	11.26
New business lending, SMEs ⁽²⁾	EUR billion	..	..	..	..	..	2.36	2.63	2.6	3.09	3.13	3.17	3.46	3.22	4.20
Share of new SME lending	% of total new lending	..	..	..	..	..	20.2	22.16	20.83	26.2	36.14	33.37	32.29	34.54	37.30
Outstanding short-term loans, SMEs	EUR million	4 609	4 797	4 981	4 987	4 188	4 481	4 532	5 385	5 766	5 394	5 695	5 683	5 926	6 547
Outstanding long-term loans, SMEs	EUR million	4 527	7 295	7 051	7 059	6 412	6 557	6 202	6 517	7 404	8 129	8 832	9 437	9 329	9 661
Share of short-term SME lending	% of total SME lending	50.45	39.67	41.4	41.4	39.51	40.6	42.22	45.24	43.78	39.89	39.21	37.59	38.84	40.39
Government loan guarantees, SMEs	EUR million	82	99	81	70	84	87	38	26	60	46	32	39	32	407
Government guaranteed loans, SMEs	EUR million	115	157	143	139	167	136	157	186	244	184	88	145	153	774
Direct government loans, SMEs	EUR million	117	160	139	146	168	209	152	159	172	177	120	132	204	245
Non-performing loans, total	% of all business loans	..	..	6.8	8.4	8.3	7.9	8.3	8.6	7.4	6.5	5	4.12	3.70	3.44
Non-performing loans, SMEs ⁽²⁾	% of all SME loans	..	..	..	..	..	10.4	9.9	10.3	9	8.1	6.65	5.68	4.55	4.60
Interest rate, SMEs	%	5.5	4.6	3	3.2	3.2	3.8	3.6	3.8	3.4	3.1	3.0	3.0	2.9	2.6
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	100	100	100	100	100	100	100	100	100	100	100	100	100	100
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	..	..	17	..	16	..	23	18	22	17	22	28
Rejection rate	1-(SME loans authorised/ requested)	..	..	..	..	20	..	15	..	13	5	13	10	12	8

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Non-bank finance															
Venture and growth capital	EUR million	7	8	14.4	11.4	11.5	7	9	9	12.7	17.1	2.9	5.4	30.65	37.85
Venture and growth capital (growth rate)	%, year-on-year growth rate	..	14.3	80	-20.8	0.9	-39.1	28.6	-0.3	41.7	34.4	-83	85.57	467.6	23.49
Other indicators															
Payment delays, B2B	Number of days	20	8	13	17	20	21	19	17	4	2	6	0	2	14
Bankruptcies, SMEs	Number	169	251	276	344	363	339	377	409	350	273	285	252	241	177
Bankruptcies, SMEs (growth rate)	%, year-on-year growth rate	..	48.5	10	24.6	5.5	-6.6	11.2	8.5	-14.4	-22	4.4	-11.6	-4.37	-26.6

Note: (1) SME loans classified according to the national/ EU definition of SMEs; (2) No EU definition used – SME loans classified based on banking standards.

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

39. Slovenia

Key facts on SME financing

Slovenian SMEs employ 73.2% of the workforce in the business economy (486 458 people) and produce 65.3% of the value added (EUR 15.8 billion). Micro firms account for more than one third of all employment in the business economy, while the shares of large firms in both employment and value added are below the OECD average, in line with the small size of the economy.

Firms manufacturing coke and petroleum are all SMEs. Otherwise, SMEs dominate mostly the services sector in terms of employment. Relative to the OECD average, the employment share of SMEs is significantly higher in the ICT sector and in the manufacture of machinery. On the other hand, employment in textiles and apparel and in electrical equipment manufacturing is relatively more concentrated in large companies.

In 2020, due to the COVID-19 pandemic, 60% of SMEs in Slovenia applied for government support, such as refunds for the furlough scheme. However, despite the public support deployed as a response to the pandemic, Slovenian SMEs experienced a decline in value added by 6.2% and in employment by 0.6%. The most significant contractions were experienced by the food and accommodation services sector followed by the administrative and support services sector.

SME lending more than halved between 2011 and 2020, decreasing from EUR 9.8 billion in 2011 to EUR 4.69 billion in 2020. Between 2019 and 2020, new SME lending increased by 23% (inflation adjusted terms) driven by an increase of approved credit lines and loan renegotiations and restructuring that followed a legislative moratorium to tackle the effects of the pandemic.

Despite a further decrease of business loans from 2015 to 2020, the trend in outstanding SME loans reversed and started to rise during this period reaching EUR 4.7 billion in 2020. As a result, the share of SME outstanding loans in total business loans rose to 51.59% in 2020.

Interest rates for SMEs declined from 6% in 2011 to 2.5% in 2020. The interest rate spread between bank loans to large enterprises and to SMEs fluctuated between 1.42% and 1.36% over the 2007-2013 period, and reached 0.73% in 2020.

Due to loan restructuring and write-offs, SME non-performing loans started to decline in 2015 and reached 5% in 2020.

Table 39.1. Scoreboard for Slovenia

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Outstanding business loans, SMEs	EUR billion	7.30	8.12	7.86	9.67	9.79	9.53	5.70	4.31	4.12	4.35	4.61	4.71	4.80	4.74
Outstanding business loans, total	EUR billion	16.80	19.94	19.86	20.83	20.09	18.64	14.14	11.21	10.04	9.31	9.31	9.18	9.29	9.09
Share of SME outstanding loans	% of total outstanding business loans	43.45	40.71	39.59	46.43	48.75	51.14	40.29	38.47	41.01	46.79	49.52	51.33	51.69	52.13
New business lending, total	EUR billion				15.29	18.57	13.71	9.42	8.60	6.98	6.07	5.22	5.65	5.32	6.25
New business lending, SMEs	EUR billion				5.89	7.21	5.79	3.64	3.61	2.86	2.86	2.91	2.94	2.26	3.16
Share of new SME lending	% of total new lending				59.36	57.93	63.06	56.34	54.99	58.07	56.90	63.55	58.54	53.16	51.91
Outstanding short-term loans, SMEs	EUR billion	2.09	2.53	2.15	2.76	3.09	3.19	1.74	0.79	0.61	0.78	0.80	0.83	0.72	0.63
Outstanding long-term loans, SMEs	EUR billion	5.21	5.59	5.71	6.91	6.70	6.34	3.96	3.53	3.51	3.58	3.82	3.88	4.08	4.11
Share of short-term SME lending	% of total SME lending	28.62	31.19	27.33	28.54	31.55	33.47	30.51	18.22	14.70	17.87	17.26	17.72	14.94	13.37
Government loan guarantees, SMEs	EUR million	3.28	22.22	45.20	32.93	19.15	3.07	1012	552.1	0.00	520	710	0.00	0.00	155.9
Non-performing loans, total	% of all business loans	2.52	3.60	6.66	11.16	17.44	22.86	20.31	17.51	15.24	16.82	12.91	8.41	4.46	3.85
Non-performing loans, SMEs	% of SME loans	3.77	5.68	8.93	14.68	22.25	28.37	27.57	25.88	24.48	22.10	15.87	9.73	5.54	4.64
Interest rate, SMEs	%	7.07	7.46	6.95	5.82	6.01	5.89	5.84	5.19	3.73	3.00	2.77	2.60	2.48	2.53
Interest rate, large firms	%	5.55	6.07	4.61	5.02	5.17	4.87	4.52	4.19	2.92	2.19	2.26	2.05	1.64	1.79
Interest rate spread	% points	1.52	1.39	2.33	0.79	0.83	1.02	1.32	1.00	0.81	0.81	0.51	0.55	0.84	0.73

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

40. South Africa

Key facts on SME financing

Of the estimated 2.6 million micro, small and medium enterprises (SMEs) in South Africa, about 37% are considered formal. Of the total, 54% are micro-enterprises and 15% are located in rural areas. The owners include individuals who have identified a business opportunity as well as those conducting some sort of business because of necessity, and for whom no alternative sources of income are available. Two out of three SME owners run their own enterprises and do not have any employees, while 32% provide between one and ten jobs. While growth in the number of SMEs over the last ten years has been lower than economic growth, the contribution by these SMEs towards South Africa's gross value-added (which is equal to GDP before taxes and subsidies) increased from 18% in 2010 to 40% in 2020.¹

Overall, only 34% of the businesses use formal financial accounts in the business' name. This blend between consumer and commercial credit makes one type of credit indistinguishable from the other. This causes several challenges such as: violations of company law and accounting standards; decline of owners' ability to borrow; impact on owners' credit profile and history; take-up of unsuitable products designed for a different purpose; and increase in the risk of excessive personal indebtedness. Borrowing by SMEs is mainly driven by the entrepreneurs' growth ambitions and prospects, which are partially led by macroeconomic conditions in the country.

According to the South African Reserve Bank (SARB) data on bank statistics, total SME credit exposure to banks was ZAR 631 billion at the end of 2020, which accounts for 25% of total business loans. It is unlikely that the level of funding for SMEs will improve notably without considering other factors crucial to ensuring their success and sustainability, including market access, business and management skills, and financial education. A broader developmental support should be considered, especially to promote the formalisation of SMEs.

SME non-performing loans in the banking sector have declined since 2010, falling from 5.2% to 4.9% in 2020, albeit an increase from 3.1% in 2019 at the back of the global COVID-19 pandemic.

Government funding for SMEs is provided through grants, direct loans and guarantees by development finance institutions (DFIs). While accurate data on this has been difficult to obtain, there are indications of growth in direct government lending to SMEs. Credit guarantees are also in use in South Africa.

The South African Government is also exploring the possibility of developing a business case for the introduction of a movable collateral registry and credit information database. Both initiatives aim to make lending less risky and should therefore make bank financing more widely available. These initiatives will be complemented by another initiative focused on a redesigned partial credit guarantee scheme.

In the fourth quarter of 2019 the South African economy slipped into a recession and was already struggling when it confronted the COVID-19 pandemic in March 2020. The COVID-19 pandemic resulted in the South African government declaring a state of national disaster that led to an introduction of regulations aimed at curbing the spread of the virus. This was followed by the implementation of a strict 21-day nationwide lockdown on 27 March 2020. During the lockdown many businesses, including SMEs and informal enterprises, were prohibited from operating and only a few essential businesses remained operational,

albeit under strict health and safety protocols. This reduced consumer demand for goods and forced businesses around the country to lay-off employees, cut salaries, restructure their debt, downsize their businesses or shut down. When the initial hard lockdown was lifted many businesses still remained in a state of partial or full lockdown, particularly those in the tourism, hospitality, beverages and entertainment sectors. The coronavirus pandemic led to the implementation of measures to support SMEs.

- For SMEs to access debt relief from the Department of Small Business, some qualifying criteria were put in place. These conditions include that a business must have been registered with the Companies and Intellectual Property Commission (CIPC) and it must be registered and compliant with the South Africa Revenue Service (SARS) and the Unemployment Insurance Fund (UIF). This situation resulted in the re-emergence of the issue of formality vs informality in the South African context. In mid-May the SARB/NT launched the SME loan guarantee scheme of ZAR 200 billion in partnership with all South African commercial banks.
- The Department of Small Business Development (DSBD) also launched a debt relief fund for SMEs directly, or indirectly, negatively impacted by the COVID-19 pandemic. The debt relief finance provides preferential financing (at interest rates of prime less 5%) for salaries, rent and municipal accounts. SMEs can access the resources after registering on the national SME database and they must have also have been registered with the CIPC by the end of February 2020 in order to qualify. Companies must be 100% South African-owned and registered and complainant with SARS and UIF. SMEs can register and apply online.
- The DSBD further launched the Township and Rural Entrepreneurship Programme (TREP) offering ZAR 740 million in loans and grants targeted at informal businesses and formal micro-enterprises operating in townships and villages in the following sectors: (a) bakeries and confectionaries, (b) clothing and textiles, (c) automotive after-parts support, (d) fruit and vegetable traders, and (e) spaza shops.

Table 40.1. Scoreboard for South Africa

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	ZAR million	..	423 691	411 212	388 090	411 280	454 012	512 504	545 271	579 823	638 525	617 846	645 803	611 293	630 709
Outstanding business loans, total	ZAR billion	..	1 441	1 276	1 373	1 481	1 648	1 791	1 965	2 323	2 377	2 239	2 262	2 406	2 506
Share of SME outstanding loans	% of total outstanding business loans	..	29.39	32.23	28.26	27.76	27.55	28.61	27.75	24.96	26.87	27.59	27.33	25.40	25.17
Government loan guarantees, SMEs	ZAR million	8	99	226	201	439	227	105	105	223	243	298	..	..	..
Direct government loans, SMEs	ZAR million	..	4 829	4 909	5 915	6 900	7 383	7 269	8 748	10 565	10 898	11 481	..	..	..
Non-performing loans, total	% of all business loans	..	1.40	2.96	2.91	2.11	1.97	1.84	1.54	1.64	1.48	1.29	1.51	1.41	2.18
Non-performing loans, SMEs	% of all SME loans	..	2.89	5.23	5.20	4.07	3.36	2.92	2.94	2.51	2.55	2.53	2.87	3.07	4.93
Non-bank finance															
Venture and growth capital	ZAR million	468	551	242	194	211	288	183	273	372	933	968	1067	1230	1387
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	17.74	-56.08	-19.83	8.76	36.49	-36.46	49.18	36.26	150.8	3.75	10.23	15.28	12.76
Other indicators															
Bankruptcies, SMEs	Number	3 151	3 300	4 133	3 992	3 559	2 716	2 374	2 064	1 962	1 934	1 868	1 845	2 042	2 035
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	4.73	25.24	-3.41	-10.85	-23.69	-12.59	-13.06	-4.94	-1.43	-3.41	-1.23	10.68	-0.34

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

41. Spain

Key facts on SME financing

The COVID-19 pandemic has triggered a global health, social and economic crisis unprecedented in modern times. As a result, the government established a series of measures in order to contain the spread of the virus. The introduction of significant restrictions on the mobility of people and the activity of certain sectors caused GDP to contract by 10.8% in the whole of 2020. In the first quarter of 2021, GDP was still 9.4% below the level registered at the end of 2019.

National authorities in fiscal, monetary, regulatory and prudential policy have had to gradually adjust to the evolution of the pandemic in order to tackle its impact on the private sector. As a result, financing conditions for companies in Spain have remained relatively favourable during this crisis and the cost of new loans has remained historically low. For instance, new business lending grew by 2.6% in 2020, reaching EUR 357 billion, and new SME lending remained stable, reaching EUR 173 billion.

In 2020, total outstanding business loans grew by 8.3% and reached EUR 471 billion, while outstanding SME loans experienced a greater increase (10%) to total EUR 241 billion. As a result, SME loans currently account for a greater share (51.2%) of total loans compared to large companies.

In 2020, 4.51% of loans in Spain were non-performing (NPLs). This level is the lowest since 2008 and is the result of the governmental action in reducing non-performing loans that began in 2013.

This improvement in financing conditions is reflected in the decline of the share of SMEs needing collateral, which stood at 20.8% in 2020, the lowest level in the observed period. Similarly, there has been an upward trend in the percentage of SME loan applications, which reached 42.4% in 2020. This evolution is compatible with the reduction in the loan rejection rate to 3.85% registered in the survey on the access to finance of SMEs in the Euro area (SAFE survey).

The volume of private capital investment in Spain reached EUR 4 billion for a total of 765 investments in 2020. The sectors that received the largest volumes of investment were Communications (28%), IT (25.4%) and Consumer Products (10%).

The number of bankruptcies stood at 3 394 in 2020, which represents a decrease of 9.3% compared to the previous year. This decline can largely be ascribed to public support mechanisms such as ICO (*Instituto de Crédito Oficial*) loans and the ERTE furlough scheme.

Table 41.1. Scoreboard for Spain

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	EUR billion	..	..	..	..	..	..	..	293	258	247	263	229	219	241
Outstanding business loans, total	EUR Billion)	893	952	915	896	840	708	609	545	518	493	477	446	435	471
Share of SME outstanding loans	% of total outstanding	..	..	..	..	..	..	..	53.79	49.85	50.10	55.14	51.35	50.34	51.17

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	business loans														
New business lending, total	EUR Billion)	991	929	868	665	527	485	393	357	393	323	339	347	348	357
New business lending, SMEs	EUR Billion	394	357	263	210	174	146	134	147	165	170	184	175	174	173
Share of new SME lending	% of total new lending	39.76	38.43	30.30	31.58	33.02	30.10	34.10	41.18	41.98	52.63	54.28	50.43	50	48.5
Outstanding short-term loans, SMEs	EUR	379	346	246	196	166	139	126	135	154	153	163	157	156	129
Outstanding long-term loans, SMEs	EUR	15	11	17	14	8	7	9	11	12	17	21	18	17	44
Share of short-term SME lending	% of total SME lending	96.19	96.92	93.54	93.33	95.40	95.21	93.33	92.47	92.77	90.00	88.59	89.71	90.2	74.6
Government loan guarantees, SMEs	EUR Million	5 550	7 700	11 000	10 100	12 000	11 000	13 000	9 100	7 600	6 500	3 110	..	..	..
Government guaranteed loans, SMEs	EUR Million	5 210	7 053	5 906	7 236	7 502	4 974	2 064	938	273	109	42	30	..	..
Direct government loans, SMEs	EUR Million	10 103	12 384	19 916	23 740	26 221	23 599	23 648	22 588	21 481	20 734	20 525	20 601	19 962	29 352
Non-performing loans, total	% of all business loans	..	..	..	5.81	7.84	10.43	13.62	12.51	10.12	9.11	7.79	5.81	4.79	4.51
Interest rate, SMEs	%	5.96	5.51	3.63	3.78	4.95	4.91	4.79	3.86	3.01	2.44	2.15	1.89	1.71	1.71
Interest rate, large firms	%	5.33	4.30	2.16	2.57	3.36	2.61	2.69	1.99	1.97	1.56	1.56	1.69	1.15	1.39
Interest rate spread	% points	0.63	1.21	1.47	1.21	1.59	2.30	2.10	1.87	1.04	0.88	0.59	0.20	0.56	0.32
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	..	35.19	34.36	31.45	30.00	31.22	28.24	25.89	26.04	24.05	23.39	20.79
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	38.07	36.25	34.67	31.89	31.49	34.36	33.81	32.80	28.14	28.60	33.87	42.44
Rejection rate	1-(SME loans authorised/ requested)	..	..	22.74	15.87	12.83	18.47	12.85	9.77	7.87	6.95	4.75	5.95	4.38	3.85
Non-bank finance															
Venture and growth capital	EUR Million	..	3 336	3 596	3 600	2 675	2 145	1 473	2 247	1 902	1 886	2 446	2 984	4 196	4 008
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	..	7.79	0.11	-25.69	-19.81	-31.33	52.5	-15.4	-0.8	29.7	22	40.6	-4.4
Other indicators															
Payment delays, B2B	Number of days	5	3	13	10	4	8	8	15	12	7	5	2	0	
Bankruptcies, SMEs	Number	894	2 550	4 463	4 187	4 912.0	6 627.0	7 517.0	5 096	3 927	3 305	3 310	3 346	3 744	3 394
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	185.23	75.02	-6.18	17.32	34.91	13.43	-32.21	-22.94	-15.84	0.15	-1.81	-11.8	-9.32

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

42. Sweden

Key facts on SME financing

Nearly 99% of limited liability companies with employees are SMEs. In 2019, they accounted for 60% of total employment and 47% of GDP (non-employer firms excluded).

The stock of SME debts (long and short term) was in total SEK 1 514 billion in 2019, up by 7% from 2018. SME debt as a share of total outstanding debt was 40%.

Inflation has been close to the Swedish central bank's ("Riksbanken") target of 2% since the start of 2017. Riksbanken assesses that conditions are good for inflation to remain close to the target going forward. Therefore, in line with the assessment in October, Riksbanken decided to raise the repo rate from -0.25% to 0.00%.

Private equity fund investments in Swedish companies in the venture and growth stages were EUR 1 467 million in 2020, an increase of almost 250% on the previous year.

Almi is a state-owned corporation with the mission to complement the private market and ensure that services are accessible nationwide. Almi offers loans to companies with growth potential and assists them in their business development. This applies to businesses in the start-up phase as well as established companies. Almi Invest provides venture capital for early-stage, emerging companies with high growth potential and a scalable business concept. Although Almi is not limited by strict eligibility requirements in favour of certain sectors or business phases, its focus is on SMEs with high growth potential. Almi's lending was SEK 2 292 million in 2019 and increased to SEK 3 930 million in 2020.

The Swedish National Export Credits Guarantee Board issued guarantees totalling SEK 2.9 billion to SMEs in 2020, an increase of 7.4% compared to the previous year.

In 2020, bankruptcies among SMEs totalled 3 494, a decrease by 4.3% from the previous year.

The Swedish parliament adopted a proposal to address the structure of public financing for innovation and sustainable growth in June 2016. The aim was to clarify and simplify the system for state venture capital (VC) financing, but also to improve the efficiency of public resources and contribute to the development and renewal of Swedish industries. A key feature was the establishment of a new joint stock company, Saminvest AB, a fund that invests in privately managed VC firms focusing on development-stage companies. In 2018, Saminvest AB invested in 6 VC funds, which in turn made 56 investments in growth-oriented firms.

Table 42.1. Scoreboard for Sweden

Indicator	Unit	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt														
Outstanding business loans, SMEs	SEK Billion	..	..	..	..	930	964	1 003	1 073	1 173	1 290	1 413	1514	..
Outstanding business loans, total	SEK Billion	..	..	..	..	2 683	2 722	2 812	2 901	2 962	3 189	3 831	3754	..
Share of SME outstanding loans	% of total outstanding business loans	..	..	..	..	34.66	35.39	35.67	36.99	39.60	40.46	36.89	40.33	..
Outstanding short-term loans, SMEs	SEK Billion	..	..	..	..	211	217	249	262	316	339	355	397	..
Outstanding long-term loans, SMEs	SEK Billion	..	..	..	..	719	747	754	811	857	951	1058	1177	..
Share of short-term SME lending	% of total SME lending	..	..	..	..	22.71	22.50	24.83	24.44	26.92	26.28	25.12	26.22	..
Direct government loans, SMEs	SEK Million	1 716	3 231	2 112	2 023	2 161	2 200	2 354	3 241	3 324	2 559	1 857	2292	3930
Non-performing loans, total	% of all business loans	0.46	0.83	0.78	0.65	0.70	0.61	1.24	1.17	1.04	1.12	0.49	0.58	0.51
Interest rate, SMEs	%	5.66	2.43	2.59	4.17	4.07	3.29	2.71	1.75	1.56	1.50	1.53	1.87	2.08
Interest rate, large firms	%	4.84	1.71	1.64	3.01	3.03	2.64	2.15	1.35	1.21	1.14	1.05	1.03	1.29
Interest rate spread	% points	0.82	0.72	0.95	1.16	1.04	0.65	0.56	0.40	0.34	0.37	0.48	0.84	0.79
Non-bank finance														
Venture and growth capital	Euro Thousand	504 765	361 707	699 443	422 386	335 475	357 264	375 605	280 781	290 922	491 166	549 280	596 960	1 467 192
Venture and growth capital (growth rate)	%, Year-on-year growth rate	-10.86	-28.34	93.37	-39.61	-20.58	6.50	5.13	-25.25	3.61	68.83	11.83	8.69	145.78
Other indicators														
Payment delays, B2B	Number of days	..	..	..	..	20.00	24.00	15.00	9.00	9.00	10.00	14	15	..
Bankruptcies, SMEs	Number	3 139	3 913	3 342	3 449	3 808	3 777	3 355	2 998	2822.0 0	3 019	3 392	3 650	3 494
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	27.14	24.66	-14.59	3.20	10.41	-0.81	-11.17	-10.64	-5.87	6.98	12.36	7.61	-4.27

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

43. Switzerland

Key facts on SME financing

Only 0.8% of all Swiss enterprises are large and SMEs continue to dominate the enterprise landscape, constituting 99.2% of all firms.

Switzerland exhibited a real GDP decline of 2.9% in 2020, 0.8 percentage points more than at the time of the financial crisis in 2009 (-2.1%).

Total outstanding SME loans rose by 5.3% in 2020, reaching CHF 487 billion, an even higher growth rate compared to the 2019 figure of 4.9%. This increase can partly also be attributed to the package of measures to mitigate the economic impact of the COVID-19 crisis.

Over the 2007-2020 period, SME loans expanded by 50.1%, while overall corporate lending rose by 61.3%.

Lending standards remained broadly unchanged in 2020, while household and firm demand for credit increased according to the Surveys on bank lending of the Swiss National Bank.

The average interest rate charged to SMEs has been decreasing since 2018, reaching 1.76% in 2020, while the interest rate spread between large and small companies decreased to its minimum since 2007, to 47 basis points in 2020.

Venture and growth capital investments experienced in 2020 a 47.2% decrease, following a large increase in 2019.

38 active crowdfunding platforms are currently operating in Switzerland. The volumes reported by these platforms have again exhibited a positive trend in 2020. The market in 2020 was strongly impacted by the COVID-19 crisis. On the one hand, volumes in the reward-based crowdfunding/crowd-donating segment grew strongly: the fundraising, which in many cases benefited SMEs, freelancers and institutions/associations, was conducted via existing and newly established platforms, of which there were many. On the other hand, significantly fewer business loans were granted to SMEs and consumer loans to private individuals in the crowd lending sector in 2020.

Payment delays in the business-to-business sector significantly increased, from 8 to 13 days in 2020, illustrating the liquidity problems caused by the pandemic.

In Switzerland, there are four guarantee cooperatives that help promising SMEs obtain bank loans of up to CHF 500 000. Loan guarantee volumes increased steadily over 2007-2010, declined slightly in 2011, and continued to grow in the following six years. The Parliament recently amended the Federal Law on Financial Aid for guarantee organisations: since 1 July 2019, the Law allows for guarantees up to CHF 1 million.

The Swiss Federal council has adopted three measures in particular to support SME's financing during the pandemic: bridging credits through a guarantee program, credits through a guarantee program specific for start-ups and a hardship support program (mainly non-repayable contributions) for companies which were, due to the nature of their economic activities, particularly affected by the consequences of the COVID-19 crisis.

Table 43.1. Scoreboard for Switzerland

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	CHF million	323 093	344 840	343 866	363 566	377 630	384 438	404 793	402 346	403 681	412 005	422 065	441 332	462 978	487 554
Outstanding business loans, total	CHF million	401 647	426 489	433 485	458 689	480 922	489 116	513 631	526 532	525 042	538 709	550 365	583 934	606 497	648 133
Share of SME outstanding loans	% of total outstanding business loans	80.44	80.86	79.33	79.26	78.52	78.60	78.81	76.41	76.89	76.48	76.69	75.58	76.33	75.22
Government loan guarantees, SMEs	CHF million	104	148	187	215	210	219	227	238	244	254	255	263	285	315
Interest rate, SMEs	%	..	..	2.21	2.11	2.08	2.01	1.99	2.05	2.07	2.04	2.09	1.96	1.83	1.76
Interest rate, large firms	%	..	..	1.35	1.23	1.16	1.11	1.16	1.16	1.30	1.25	1.30	1.33	1.30	1.29
Interest rate spread	% points	..	..	0.86	0.88	0.92	0.90	0.83	0.89	0.78	0.79	0.79	0.63	0.53	0.47
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	76.00	75.01	76.56	76.75	74.86	78.78	79.64	79.88	81.86	81.70	82.92	83.93
Utilisation rate	SME loans used/authorised	71.00	70.00	71.00	70.00	69.00	71.00	72.00	72.00	71.76	71.68	70.59	70.30	70.13	71.54
Non-bank finance															
Venture and growth capital	EUR million	319.8	300.9	308.5	330.1	227.6	245.8	216.8	237.2	394.3	452.4	1195.9	772.9	1 670	882.3
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	-5.91	2.53	7.00	-31.05	8.00	-11.80	9.41	66.23	14.73	164.35	-35.37	116.07	-47.17
Other indicators															
Payment delays, B2B	Number of days	12	13	13	11	10	9	9	7	7	7	7	6	8	13
Bankruptcies, SMEs	Number	4 314	4 221	5 215	6 255	6 661	6 841	6 495	5 867	6 098	6 684	6 710	6 241	6 004	4897
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	..	-2.16	23.55	19.94	6.49	2.70	-5.06	-9.67	3.94	9.61	0.39	-6.99	-3.8	-18.44

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

44. Thailand

Key facts on SME financing

In 2020, there were approximately 3.13 million SMEs in Thailand, which constituted 99.6% of all enterprises.

According to the criteria defined by the Ministry of Industry, SMEs are categorized by the number of employees and income.

SMEs are able to access financing through commercial bank loans. In 2020, outstanding SME loans were THB 3,409,192 billion, representing 37.27% of all outstanding business loans. Furthermore, SMEs are able to source funds from other financial institutions, the capital market, crowdfunding and venture capital.

Some SMEs still face problems including collateral constraints and a lack of credit history, which limit their access to bank loans. Government policies have been put into place to address these constraints.

For example, the Thai Credit Guarantee Corporation (TCG) provides credit guarantees for viable SMEs to ensure that SMEs with insufficient collateral have access to bank loans. In Thailand, credit guarantees are provided in the form of portfolio guarantees, which allow Financial Institutions (FIs) to select SMEs that are qualified as viable on their own. As a result, the viability of each individual SME is determined by their own assessment and criteria. The outstanding guarantee amount has increased over the years and totalled THB 451 billion at the end of 2020, covering 166 419 SMEs in TCG's portfolio.

Moreover, the Business Collateral Act B.E. 2558 (2015) simplified the process of security interest creation and expanded the types of collateral which SMEs can register and use to secure loans.

To proactively boost SMEs' financial access, the Bank of Thailand (BOT) has promoted new innovative financial services and products for SMEs, such as digital personal loan and digital factoring as well as new infrastructure to support operational efficiency and competitive environment in financial sector, including a central web service to deal with double-financing for invoice finance. In addition, the government has launched and developed capacity-building programmes to enhance SMEs' competitiveness and opportunity for financial access.

During the COVID-19 pandemic, the BOT collaborated with the government in introducing financial and loan measures to support Thai people and businesses, particularly SMEs heavily affected by the crisis. These measures include loan payment holidays for all SMEs to reduce their financial burden and a soft loan facility to provide liquidity to severely affected SMEs. Furthermore, the loan facility is also supported by a credit guarantee scheme through the TCG, with additional exemptions or reductions on relevant taxes and fees. As part of the loan facility, the BOT will provide funding to financial institutions at low funding rate to channel liquidity to businesses in need.

Table 44.1. Scoreboard for Thailand

Indicator	Unit	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Outstanding business loans, SMEs	THB billion	2 753	2 565	2 749	3 145	3 481	3 968	4 266	4 511	4 574	4 703	4 893	4 877	3 409
Outstanding business loans, total	THB billion	5 117	4 863	5 298	6 080	6 723	7 473	7 774	8 017	8 066	8 362	8 726	8 652	9 146
Share of SME outstanding loans	% of total outstanding business loans	53.81	52.75	51.89	51.74	51.78	53.11	54.88	56.24	56.69	56.25	56.07	56.36	37.27
Government loan guarantee, SMEs	THB billion	..	..	73	113	180	244	270	309	331	353	373	388	451
Non-performing loans, total	% of all business loans	5.77	5.32	3.96	2.97	2.36	2.13	2.07	2.55	2.88	3.01	3.05	3.01	3.23
Non-performing loans, SMEs	% of all SME loans	..	7.11	5.38	3.97	3.46	3.29	3.11	3.5	4.35	4.51	4.56	4.63	6.97

Source: Bank of Thailand and Thai Credit Guarantee Corporation (Outstanding loans and non-performing loans include only Thai commercial banks, excluding specialized financial institutions).

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

45. Turkey

Key facts on SME financing

SME lending grew steadily over the whole 2007-2020 period, with the exception of a minor decline of 1.6% in 2009. SME loans grew by 37.9% in 2020. The share of SME loans in total business loans remained broadly stable, at 30.8%, slightly below the Scoreboard median (38%).

Venture and private equity investments show an erratic pattern. After reaching a peak in 2011, investments remained subdued in the following years until 2017, when new investments surpassed 2011 levels for the first time. A similar pattern was also observed between 2018 and 2020. In 2020, there was a new peak in venture and private equity investments, which experienced a 506% increase from 2019. This large increase can be explained by the change of the legal framework in order to support entrepreneurship in Turkey. Similarly, tax incentives for investors who invest in venture capital and private equity funds also supported the growth of the VC industry.

The share of non-performing loans (NPLs) for both total business loans and SME loans decreased significantly in 2020, to 4.69% and 6.44%, respectively. This was mostly the result of some temporary regulation changes in the definition of NPLs and of the increase in the total amount of SME loans.

The number of bankruptcies decreased from 97 in 2019 to 68 in 2020. Company closures, including sole proprietorships, totalled 51 088 enterprises in 2020, up from 48 086 enterprises in 2019, highlighting that (due to lengthy legal proceedings) bankruptcies (upon court verdict) constitute a relatively uncommon phenomenon in Turkey.

In 2012, the Turkish Government enacted a law to stimulate the development of the business angel industry. A secondary legislation came into force in 2013. The purpose of the law and the secondary legislation was the establishment of a legal framework and the provision of generous tax incentives for licensed angel investors.

In 2014, the government introduced a law regarding funds of funds, which enables the Ministry of Treasury and Finance to transfer capital to a fund of funds under certain conditions. In 2017, this law was changed to enable the Ministry of Treasury and Finance to invest not only in funds of funds but also in venture capital funds. Secondary legislation of Direct Investment in Venture Capital Funds came into force on 5 June 2018.

KOSGEB is the main body for executing SME policies in Turkey. It provides 13 different support programmes and supports collateral costs for SMEs with considerable outreach throughout Turkey.

In 2018, KOSGEB made some changes in its support programmes with a view to giving priority to SMEs that produce innovative, technological and high value-added products and that are export-oriented. In this direction, KOSGEB introduced innovations in its support models in order to extend the technology to the base through SMEs, strengthen the manufacturing industry, support domestic and national production of imported products, increase internationalisation and enable large and small business cooperation. Additionally, in the field of entrepreneurship, KOSGEB has established a new entrepreneurship model with a focus on medium-high and high-tech fields.

At the end of 2018, KOSGEB introduced a new loan interest support programme. The new model provides resource efficiency, facilitates access to finance for enterprises in high value added sectors and is easily accessible throughout the year. SMEs can be classified as Entrepreneurial Enterprises, Project-Oriented Enterprises, Technology-Based Enterprises and Enterprises in Strategic Priority Sectors. Classified SMEs can benefit from investment, working capital, export and emergency support loan types with subsidised interest rates.

In 2016, Turkey passed a bill on the use of movable collateral in commercial transactions. The goal of the reform was to increase access to finance through the pledge of valuable tangible and intangibles assets, such as receivables, machinery, inventory and stock, which comprise 78% of SMEs' total assets. This reform led to the creation of 26 200 security rights from 2017 to 2019 and 12 581 in 2020. The amount of security deposits was TRY 708 billion from 2017 to 2019 (i.e. about USD 59 billion or EUR 44 billion) and TRY 64 billion in 2020 (i.e. about USD 14 billion and EUR 10 billion). Actual financial amount for 2020 was TRY 18 billion, USD 283 million, and EUR 276 million. The most used assets have been receivables, machines and inventories.

Table 45.1. Scoreboard for Turkey

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	TRY billion	76.5	84.6	83.3	125.5	162.8	199.7	271.4	333.3	388.7	420.5	513.2	611.3	615.3	848.8
Outstanding business loans, total	TRY billion	190.6	250.3	262.7	353.2	459.0	528.8	715.5	884.6	1 100	1 314	1 610	1 890	2 070	2756
Share of SME outstanding loans	% of total outstanding business loans	40.14	33.80	31.70	35.52	35.47	37.77	37.94	37.67	35.34	32.00	31.88	32.34	29.72	30.8
Government loan guarantees, SMEs	TRY million	72.7	236	500.6	707.5	901.6	973.2	996.1	1 261	1 950	4 205	142 019	55 796	51 523	124 300**
Government guaranteed loans, SMEs	TRY million	113.8	340.8	670.2	981.9	1 250	1 312	1 303	1 622	2 513	5 250	157 587	63 809	64 018	15520 0**
Direct government loans, SMEs	USD million	552	842	997	855	1 174	928	2 632	1 709	1 764	1 749	284.5	457	200	
Non-performing loans, total	% of all business loans	3.8	3.7	4.91	3.43	2.61	2.82	2.69	2.64	2.68	2.9	2.81	4.01	5.96	4.7
Non-performing loans, SMEs	% of all SME loans	3.62	4.79	7.64	4.49	3.1	3.17	3.12	3.27	3.92	4.9	4.71	6.69	9.21	6.4
Non-bank finance															
Venture and growth capital*	TRY million	13.7	0.9	6.3	47.6	373.2	110.1	335.5	124.4	135.3	343.2	435.1	904	600	3640
Venture and growth capital (growth rate)*	%, year-on-year growth rate	..	-93.76	639.58	652.9	684.82	-70.5	204.78	-62.93	8.77	153.64	26.79	108	-33.55	506.2
Leasing and hire purchases	TRY billion	11.7	14.4	11.1	10.7	15.1	17.2	25.0	29.5	36.7	44.0	52.0	60.7	48.7	57.3
Factoring and invoice discounting	TRY billion	6.2	5.6	8.4	12.4	14.2	16.3	20.1	24.7	25.0	31.0	41.6	31.4	34.0	44.6
Other indicators															
Bankruptcies, total	Number	52	47	50	68	72	141	69	99	108	222	130	105	97	68
Bankruptcies, Total (growth rate)	%, year-on-year growth rate	..	-9.6	6.4	36.0	5.9	95.8	-51.1	43.5	9.1	105.6	-41.44	-19.23	-7.62	-29.8

Notes: * The data presented in this section do not refer to outstanding values but show the new investments each year.

** The data in this section (2020) refers only to the data on the guarantees and loans used under the Treasury-Backed Guarantee System, which does not include the data that is related to KGF equity guarantees.

The full country profile is available at: <https://doi.org/10.1787/e9073a0f-en>

46. Ukraine

Key facts on SME financing

Tight quarantine, caused by the COVID-19 pandemic, started in March 2020 with a *de facto* ban on the operation of a significant part of economic activities. This led to a reduction in household incomes and corporate profits, as well as a deterioration in consumer and business sentiment. Uncertainty about the further development of the COVID-19 pandemic led to a decrease in public consumption, the suspension of certain investment projects and a deep decline in all economic activities. According to the results of the second quarter of 2020, real GDP decreased significantly by 11.2%

Against this backdrop, the National Bank of Ukraine (NBU) made considerable efforts to support the business and banking sectors of Ukraine. Its activities primarily aimed at:

- Reducing the cost of financing for businesses, households and the government;
- Maintaining liquidity and expanding the resource potential of banks;
- Providing stimulus for financial institutions to expand lending;
- Stabilising the foreign exchange market;
- Anchoring inflation expectations.

The volume of corporate lending in 2020 was moderate, with heterogeneous dynamics. As a result of the pandemic, the demand for loans by enterprises declined and the financial conditions of borrowers started to deteriorate.

In order to reduce the negative effects of the crisis on the loan portfolio, the NBU encouraged banks to restructure the loans of *bona fide* debtors who had experienced difficulties because of the pandemic. Small enterprises remained the most vulnerable to the effects of the COVID-19 crisis in 2020. To support them, the government introduced government programmes that provided partial interest rate compensation and government loan guarantees. These measures and the gradual recovery of the economy contributed to the gradual revival of corporate lending in the final part of 2020.

Therefore, following a reduction in the corporate loan volume in the first half of the year, business loans in the national currency (hryvnia, UAH) increased in the second half of the year. Overall, net UAH business loans increased by 4.3% in 2020. Net foreign currency loans decreased by 11.1% year-on-year in USD terms.

Retail lending slowed sharply in 2020. The net UAH loan portfolio of individuals grew by 5.5% over the year, against a 30% increase in 2019. This was mostly the result of falling demand for certain categories of consumer goods and uncertainty about the dynamics of household incomes during the COVID-19 crisis.

The Ukrainian financial sector remains bank-centric: the share of non-bank financial institutions in the assets of the financial sector is still moderate, and in 2020 it declined due to slightly lower growth rates compared to bank assets.

In July 2020, the government introduced a “split” reform whereby the non-banking financial market was redistributed between the two regulators: the National Bank of Ukraine and the National Securities and

Stock Market Commission. This should increase the transparency of the sector, eliminate the possibility of regulatory arbitrage and create a system of proportional regulation of the non-banking market.

In 2020, new SMEs loans accounted for 31% of total new business lending, showing a 2% drop compared to the previous year.

An important state credit programme, called "Affordable Loans 5-7-9%", was introduced at the initiative of the President of Ukraine in order to facilitate the access of micro and small businesses to bank lending. The aim of the programme is to strengthen the competitiveness of Ukrainian micro and small businesses, create new jobs, and help migrant workers return to Ukraine. The programme is implemented by the Entrepreneurship Development Fund (formerly the German-Ukrainian Fund), established under the Ministry of Finance, through a network of partner banks together with the Ministry of Economy and the SME Development Office. The programme, as the name suggests, is characterised by the offer of loans with three different interest rates: 5%, 7% and 9%. As of the end of May 2021, the programme had disbursed 17 037 loans totalling UAH 43 955 million through 30 partner banks.

Table 46.1. Scoreboard for Ukraine

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs	UAH billion	..	..	..	..	..	..	..	..	..	..	443	445	432	451
Outstanding business loans, total	UAH billion	271	460	482	520	597	626	716	809	807	837	845	874	761	737
Share of SME outstanding loans	% of total outstanding business loans	..	..	..	..	..	..	..	..	..	..	52.42	50.86	56.77	61.23
New business lending, total	UAH billion	627	724	685	958	1 079	1 121	1 330	1 231	1 213	1 446	1 407	2 011	2 408	2 498
New business lending, SMEs	UAH billion	..	..	..	..	..	..	..	..	..	..	..	678	799	792
Share of new SME lending	% of total new lending	..	..	..	..	..	..	..	..	..	..	..	33.74	33.18	31.68
Outstanding short-term loans, SMEs	UAH billion	..	..	..	..	..	..	..	..	..	..	200	215	213	243
Outstanding long-term loans, SMEs	UAH billion	..	..	..	..	..	..	..	..	..	..	243	230	218	208
Share of short-term SME lending	% of total SME lending	..	..	..	..	..	..	..	..	..	..	45.12	48.34	49.42	53.8
Interest rate, SMEs	%	..	..	..	..	..	..	..	..	..	..	..	17.35	17.51	13.84
Interest rate, large firms	%	..	..	..	..	..	..	..	..	..	..	..	15.54	14.09	8.68
Interest rate spread	%	..	..	..	..	..	..	..	..	..	..	..	1.80	3.42	5.16
Non-bank finance															
Venture and growth capital	UAH billion	..	..	..	0.020	0.024	0.059	0.089	0.039	0.132	0.088	0.259	0.337	0.510	..

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Venture and growth capital (growth rate)	%	..	..	..	..	20.00	145.8	50.85	-56.18	238.5	-33.33	194.3	30.08	51.35	..
Leasing and hire purchases	UAH billion	12	8	2	3	9	9	25	6	5	10	13	22	26	26
Factoring and invoice discounting	UAH billion	0	1	2	6	7	12	10	24	17	17	31	48	56	85
Other indicators															
Bankruptcies, all businesses	Number of subjects of entrepreneurial activity	..	..	..	..	..	9 540	7 168	6 098	6 292	6 007	4 920	4 075	3260	3173
Bankruptcies, all businesses (growth rate)	%	-24.86	-14.93	3.18	-4.53	-18.10	-17.17	-20.00	-2.7

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47. United Kingdom

Key facts on SME finance

The developments in SME finance markets in the United Kingdom in 2020 were unprecedented due to schemes to support smaller businesses introduced by the UK government in response to the COVID-19 outbreak. The main measures of bank lending to SMEs surged to record highs, driven by the usage of UK government-guaranteed loan schemes.

Gross flows of bank lending (excluding overdrafts), the principal component of SME finance markets, rose by more than 80% in 2020 to GBP 103.8 billion, an unprecedented level. This, combined with a relatively modest rise in repayments, resulted in net lending widening to a record GBP 46.5 billion. The outstanding stock of bank lending also rose sharply to GBP 213 billion, the largest on record.

Outside of bank lending, the usage of most other types of finance fell sharply in 2020. Among the commonly used forms of alternative finance, the value of invoice finance dropped 33% and asset finance declined 21%. There are signs that the weakness was due to factors including some SMEs temporarily pausing or permanently ceasing trading, postponing investment, and using government-guaranteed loan or other support schemes (such as the Coronavirus Job Retention Scheme) to cover their working capital needs rather than traditional forms (such as invoice finance) and to replace asset finance. While limited data is available for peer-to-peer (i.e. marketplace) business lending in 2020, it is likely that lending volumes also fell. In contrast, the UK equity finance market performed well, with the value rising 9% to a record GBP 8.8 billion and the number of deals up 5%. The main driver was venture capital, which increased by 33.3% from 2019 to almost GBP 3 billion.

On the demand side, surveys show that overall SME demand for external finance fell in 2020. The share of SMEs reporting using any type of repayable external finance dropped to 37%, a two-year low, from 45% in 2019. The fall was driven by lower use of bank overdrafts, credit cards and leasing/hire purchase/vehicle finance. The demand for these types of finance waned as some SMEs simply reduced their activity while others used the government loan schemes or other government support schemes, such as the Coronavirus Job Retention Scheme, instead.

The value of SME deposits, and the share of smaller businesses holding large credit balances, rose to a record high in 2020. This is consistent with reports that the high uncertainty associated with the pandemic led to precautionary behaviour, and that some of the SMEs accessing the government-guaranteed loans put them on deposit, at least initially.

The UK government, the Department for Business, Energy and Industrial Strategy and the British Business Bank will continue to work with a wide range of partners to support businesses across the UK as they recover and grow following the COVID-19 pandemic.

Table 47.1. Scoreboard for the United Kingdom

Indicator	Unit	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt														
Outstanding business loans, SMEs	GBP billion	..	..	..	189	176	166	167	164	166	165	166	167	213
Outstanding business loans, total	GBP billion	..	..	..	504	472	448	435	430	449	466	467	489	530
Share of SME outstanding loans	% of total outstanding business loans	..	..	..	37.5	37.3	37.1	38.4	38.3	36.9	35.5	34.8	34.2	40.2
New business lending, total	GBP billion	..	..	..	..	146	163	190	205	234	259	273	258	325
New business lending, SMEs	GBP billion	..	..	..	..	38	43	53	58	59	57	58	57	104
Share of new SME lending	% of total new lending	..	..	..	..	26.1	26.4	28.2	28.2	25.3	22.2	21.1	22	32
Government loan guarantees, SMEs	GBP million	..	61	52	32	43	51	45	34	31	32	30	30	57 612
Government guaranteed loans, SMEs	GBP million	..	626	529	326	288	337	298	226	207	216	199	203	61 191
Direct government loans, SMEs	GBP million	..	..	..	..	0.8	60.6	70.7	62.0	82.6	106.8	85.5	89.8	126.4
Interest rate, SMEs	%	4.54	3.47	3.49	3.52	3.71	3.60	3.43	3.33	3.22	3.16	3.44	3.29	2.15
Interest rate, large firms / PNFCS *	%	3.49	2.35	2.10	2.25	2.41	2.20	2.45	2.11	2.60	2.43	2.70	2.54	1.87
Interest rate spread	% points	1.05	1.12	1.39	1.27	1.30	1.40	0.98	1.22	0.62	0.73	0.74	0.75	0.28
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	..	25	31	31	34	40	45	56	41	39	15
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	..	7	6	4	5	4	3	2	2	2	7
Rejection rate	1-(SME loans authorised/ requested)	..	..	..	..	31	32	23	18	19	20	18	22	15
Non-bank finance														
Venture and growth capital	GBP billion	..	..	..	1.5	1.9	1.9	3.0	4.1	3.9	6.8	7.1	8.1	8.8
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	..	..	..	29.11	-1.42	59.02	39.36	-4.67	72.8	4.20	14.75	8.56
Leasing and hire purchases	GBP billion	..	..	..	11.4	12.2	12.9	14.7	16.3	17.0	19.0	19.4	20.1	15.9
Factoring and invoice discounting	GBP billion	..	..	..	9.4	9.5	9.9	11.1	10.6	10.8	11.8	12.0	11.8	7.9

Indicator	Unit	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Other indicators														
Bankruptcies, SMEs	Thousands	..	..	..	22.3	21.4	20.0	17.6	15.9	17.9	18.5	18.7	18.5	13.3
Bankruptcies, SMEs (growth rate)	%, Year-on-year growth rate	-3.9	-11.6	-6.9	-9.8	12.1	3.6	1.4	-0.8	-28.2

Note: * Break in data series and definition from 2016.

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48. United States

Key facts on SME finance

The US economy was strongly impacted by the COVID-19 pandemic in 2020. The demand shock that resulted from the introduction of lockdowns, voluntary social distancing and business closures resulted in a strong contraction in economic growth. In Q2 of 2020, GDP declined by 9.1%, the highest contraction in quarterly GDP since tracking began in 1947. Despite some recovery in the second half of the year, annual GDP declined by 3.5%. The pandemic also had a significant impact on the labour market: the US unemployment rate shot up by 10.4 percentage points from March to April 2020, reaching a record high of 14.3%. This figure gradually declined to 6.7% at the end of the year and has since nearly recovered to pre-crisis levels.

The impact of the crisis on SMEs was significant. Lockdowns led to depressed demand, business closures and disruptions in supply chains that strongly impacted SME operations, revenues and liquidity. In the US Census Bureau's Small Business Pulse Survey, nearly 90% of small businesses reported a large or moderate negative impact of the pandemic in the end of April 2020. Over this period, more than 70% reported a decline in operating revenues, over 40% of businesses reported temporary closures, and more than 40% noted supply chain problems. During the same period, 75% of surveyed enterprises had requested government assistance through the Paycheck Protection Program (PPP) (see more below). These impacts prevailed through most of the second quarter of 2020 and gradually declined in the second half of 2020 as the recovery began to take shape.

Lending conditions tightened in the first six months of the crisis, but the demand for credit also declined considerably due to significant recourse to the PPP scheme (see more below). The Federal Reserve loosened monetary policy by lowering the federal funds rate by 50 basis points in March 2020 to a target range of 0 to 0.25%. However, the heightened uncertainty over the evolution of the pandemic and its economic impact led to considerable tightening of lending conditions in Q2 and Q3, as noted in the Senior Loan Officer Survey. The October 2020 survey showed that a large proportion of banks indicated an increase in the use of interest floors, collateralisation requirements, loan covenants and premiums charges on riskier loans, as a result of a perception of a more uncertain outlook and worsening of industry-specific problems. However, in both survey rounds, many bank officials also reported a weaker demand for corporate credit.

Government support programmes were critical in limiting the economic fallout from the crisis. 2020 saw a historic increase in government-backed financing to SMEs. The Paycheck Protection Program (PPP) provided an additional USD 5.2 million in forgivable loans worth more than USD 525 billion through August 2020. The programme has since been extended twice, with the latest extension in January 2021. The SBA's Economic Injury Disaster Loan (EIDL) Program added another 3.6 million small business loans valued at USD 191 billion, as well as an additional 5.7 million EIDL Advances worth USD 20 billion. Loans guaranteed through traditional SBA lending programmes exceeded USD 28 billion in Fiscal Year 2020. These programmes account for the declining interest rates and interest rate spreads between SMEs and large enterprises and the large decline in the share of SMEs requiring collateral to obtain a loan, despite the crisis. They also likely play a role in the decline in bankruptcies relative to 2019.

Venture Capital in 2020 registered a record high in total capital raised, with a growth of 13% compared to 2019, even if the number of deals was slightly lower than the equivalent 2019 figure. When looking by stages, early stage financing was more adversely affected by the crisis with seed and angel number of deals registering a decline of 11%, and early VC deals declining by 20%. In terms of total capital raised, early VC was particularly affected, closing the year with a decline of 11%, while seed and angel closed the year with a 1% increase.

Table 48.1. Scoreboard for the United States

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Debt															
Outstanding business loans, SMEs. As of June 30	USD billion	687	711	695	652	608	588	585	590	599	613	619	633	645	833
Outstanding business loans, total. As of June 30	USD trillion	2.28	2.57	2.52	2.30	2.35	2.55	2.67	2.87	3.07	3.32	3.46	3.62	3.68	..
Share of SME outstanding loans	% of total outstanding business loans	30.1	27.7	27.6	28.4	25.9	23.1	21.9	20.6	19.5	18.5	17.9	17.5	17.5	..
New business lending, SMEs	USD: Index	119	94	74	77	97	100	105	120	147	140	140	145	137	140
Government loan guarantees, SMEs	USD billion	67	71	73	77	84	88	93	98	101	106	113	120	122	639
Government guaranteed loans, SMEs	Number of loans	374 996	387 826	384 626	365 724	353 743	337 215	322 572	316 160	312 851	315 615	321 167	325 963	322 161	5 388 704
Direct Government Loans, SMEs	USD billion														177
Non-performing loans, total	% of all business loans	1.22	1.88	3.91	3.46	2.01	1.34	1.00	0.80	0.87	1.57	1.33	1.12	1.06	1.24
Non-performing loans, SMEs	% of all SME loans	2.14	2.62	3.24	2.62	1.90	1.44	1.21	1.22	1.22	1.28	1.34	1.41	1.59	1.92
Interest rate, SMEs	%	7.96	5.16	3.82	4.09	3.95	3.76	3.55	3.39	3.33	3.46	4.94	5.16	5.26	2.82
Interest rate, large firms	%	8.05	5.09	3.25	3.25	3.25	3.25	3.25	3.25	3.26	3.51	4.10	4.90	5.50	3.25
Interest rate spread	% points	-0.09	0.08	0.57	0.84	0.70	0.51	0.30	0.14	0.07	-0.05	0.84	0.26	-0.24	-0.43
Collateral, SMEs	% of SMEs needing collateral to obtain bank lending	..	..	..	..	..	..	..	..	..	..	92.90	94.30	92.2	51.1
Percentage of SME loan applications	SME loan applications/ total number of SMEs	..	..	..	..	..	..	..	..	..	..	55.2	67.3	67.7	67.6
Rejection rate	1-(SME loans authorised/ requested)	..	..	..	..	..	..	..	..	..	..	44.80	32.70	32.4	32.4
Utilisation rate	SME loans used/ authorised	..	..	..	..	..	..	..	..	..	..	47.50	46.60	51.2	49.2
Non-bank finance															
Venture and growth capital	USD billion	38.2	37	27.5	31.8	45.2	41.5	48.3	73.4	85	80.8	87.1	143	138	156

Indicator	Unit	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Venture and growth capital (growth rate)	%, Year-on-year growth rate	..	-2.88	-25.9	15.64	42.14	-8.2	16.4	51.9	15.9	-5.05	7.8	63.8	-3.22	13.11
Leasing and hire purchases	USD billion	595	613	508	449	361	376	395	401	416	382	388	391	401	361
Factoring and invoice discounting	USD billion	..	..	..	..	146	100	111	130	105	99	98	104	94	..
Other indicators															
Payment delays, B2B	Percent of Domestic Invoices Overdue	..	..	..	..	..	..	25.9	..	46.6	..	40.3	..	24	43
Bankruptcies, all businesses	Number (in thousand)	28.3	43.5	60.8	56.3	47.8	40.1	33.2	27.0	24.7	24.1	23.2	22.2	22.7	21.6
Bankruptcies, all businesses (growth rate)	%, Year-on-year growth rate	43.8	53.8	39.7	-7.5	-15.1	-16.2	-17.1	-18.8	-8.3	-2.5	-4.0	-4.0	2.46	-4.9

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