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Factsheet for case **DE-2020-13/352**

KfW entrepreneur loan

Factsheet generated on 05 May 2020, 18:56

Country	Germany, applies nationwide
Time period	Temporary, started on 23 March 2020
Type	Legislation or other statutory regulation
Category	Supporting businesses to stay afloat – Access to finance
Case created	07 April 2020 (updated 05 May 2020)

Background information

The goal of this measure is to provide financial support to companies for investments and working capital. Improved conditions for receiving loans are based on the European Unions "Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak". This measure is part of a broader rescue package for the German economy adopted by the Federal Government at the end of March 2020. The package also includes changes in tax law, all of them directed at easing tax burdens for companies and also includes easier access to loans, start-up support or financial help for solo- or micro entrepreneurs, eased up rules for short-time work and eased up rules regarding insolvency proceedings.

Content of measure

The companies in need of financial assistance due to the negative impact of the COVID-19 outbreak can apply for loans worth up to €1 billion. However, the loan sum is limited to one of the following criteria: 1) maximum of 25% of the annual turnover in 2019; 2) double the wage costs in 2019; 3) 50% of the company's total debt if the loan exceeds €25 million. The loans must be paid back within five years and the related interest rates reduced (between 1 and 2,12% annually). To improve companies' chances to receive such a loan, the KfW bank (the German Credit Institute for Reconstruction) takes over the risks borne by the company's house bank (80% of the risks for large companies and even 90% of the risks for SMEs). Companies that have been in the market for at least three, but not five years, or companies that can provide two financial statements can also apply for loans granting the same conditions. However, in this case, companies need to apply for the ERP Start Up Loan - Universal.

Use of measure

No information currently available.

Actors, target groups and funding

Actors	Target groups	Funding
National government Company / Companies	Solo-self-employed All companies One person or microenterprises	National funds

Social partners

Role of social partners	Consulted
Form of involvement	Other

German social partners are usually consulted by the Federal Government on broader measures, though no formal tripartite social dialogue structure exists in Germany at the federal level

Sectors and occupations

This case is not sector-specific.

This case is not occupation-specific.

Sources

- 07 April 2020: KfW coronavirus aid: loans for companies (www.kfw.de)