

COMPARATIVE ANALYSIS - COUNTRY STIMULUS PACKAGES FOR COVID-19

The World Health Organization has declared COVID-19 novel coronavirus, a global pandemic, meaning that it will have a sustained global impact. The Virus has spread in over 180 countries

The shared brief assesses the economic stimulus measures adopted by different countries to contain the repercussions of COVID-19 pandemic.

Governments and central banks all over the world have enacted fiscal and monetary stimulus measures to counteract the disruption caused by the coronavirus

Country	Support initiative	Reference
United States	<p>Signed an \$8.3 billion spending bill, currently called "Phase One" of stimulus efforts, to fund efforts to fight the pandemic. Among other things it:</p> <ul style="list-style-type: none">• Funded research on a vaccine• Gave money to state and local governments to fight the spread of the virus• Allocated money to help with efforts to stop the virus's spread overseas	<p>https://www.whitehouse.gov/briefings-statements/bill-announcement-84/</p> <p>https://www.wsj.com/articles/trump-signs-8-3-billion-spending-bill-to-combat-coronavirus-11583506305?mod=article_inline</p> <p>https://abcnews.go.com/US/wireStory/administration-announces-90-day-delay-tax-payments-69649907</p> <p>https://www.wsj.com/articles/trump-administration-seeking-850-billion-stimulus-package-11584448802?mod=hp_lead_pos1</p>
China (Hong Kong)	<p>Among other things, it includes:</p> <ul style="list-style-type: none">• A \$1200 cash subsidy to all adult permanent residents• Paying one month's rent for people living in public housing• Cutting payroll, income, property, and business taxes• Low-interest, government-guaranteed loans for businesses• Extra month's worth of payments to people collecting old-age or disability benefits	<p>https://www.budget.gov.hk/2020/eng/nt.html</p>
Australia	<p>Australia has announced an \$11.4 stimulus package</p> <p>The package has four parts:</p> <ul style="list-style-type: none">• Supporting business investment• Providing cash flow assistance to help small and medium sized business to stay in business and keep their employees in jobs	<p>https://www.pm.gov.au/media/economic-stimulus-package</p>

Country	Support initiative	Reference
	<ul style="list-style-type: none"> Targeted support for the most severely affected sectors, regions and communities; Household stimulus payments that will benefit the wider economy 	
South Korea	<p>Announced a \$9.8 billion stimulus package, it includes:</p> <ul style="list-style-type: none"> Small and medium business subsidies to help companies pay workers Child-care subsidies Job retraining for people who have lost jobs 	https://www.reuters.com/article/us-southkorea-economy-budget/south-korea-unveils-9-8-billion-stimulus-to-fight-coronavirus-idUSKBN20R046
United Kingdom	<p>On the monetary side, the Bank of England, rolled out stimulus measures including:</p> <ul style="list-style-type: none"> Lowering interest rates by 0.5% Lowering capital requirements for U.K. banks, allowing them to use a reserve they call a "counter-cyclical capital buffer," <p>On the fiscal side, announced a budget with nearly \$37 billion it includes:</p> <ul style="list-style-type: none"> A tax cut for retailers Cash grants to small businesses A mandate to provide sick pay for people who need to self-isolate, and a subsidy to cover the costs of sick pay for small businesses Expanded access to government benefits for the self-employed and unemployed 	https://www.bankofengland.co.uk/news/2020/march/boe-measures-to-respond-to-the-economic-shock-from-covid-19 https://www.gov.uk/government/news/chancellor-announces-additional-support-to-protect-businesses https://www.theguardian.com/uk-news/2020/mar/11/key-points-from-budget-2020-at-a-glance

Country	Support initiative	Reference
Germany	Germany to lend out as much as \$610 billion to companies to cushion the effects of the coronavirus	https://www.bloomberg.com/news/articles/2020-03-13/germany-will-provide-unlimited-liquidity-to-help-virus-hit-firms
France	<p>Announced a \$49 billion aid package that includes</p> <ul style="list-style-type: none"> • Substantial social-security tax cuts • Unemployment benefits for people forced to work part time • A fund to help shopkeepers and the self-employed 	https://www.politico.eu/article/france-injects-billions-into-stimulus-plan-amid-coronavirus-chaos-bruno-le-maire-economic-catastrophe/
Italy	<p>Announced a \$28 billion plan it includes:</p> <ul style="list-style-type: none"> • Adding money to a fund guaranteeing loans to small and medium businesses • Money to companies who have been hit especially hard by the virus • Help for workers who are facing layoffs 	https://www.bloomberg.com/news/articles/2020-03-10/conte-calls-on-ecb-to-do-whatever-it-takes-against-coronavirus
Canada	<p>Announced \$7.1 billion in loans to businesses to help them cope</p> <p>measures to provide monetary stimulus:</p> <ul style="list-style-type: none"> • lowered interest rates • Expanding its bond-buying and repo operations • Broadening what could be used as collateral for repo operations, and also increased purchases of mortgage-backed securities 	<p>https://www.canada.ca/en/department-finance/news/2020/03/canada-outlines-measures-to-support-the-economy-and-the-financial-sector.html</p> <p>https://www.bankofcanada.ca/2020/03/fad-press-release-2020-03-04/</p>
World Health Organization	WHO Remarks	https://www.who.int/dg/speeches/detail/who-director-general-s-opening-remarks-at-the-media-briefing-on-covid-19---11-march-2020

It's on this basis that the Central Bank of Kenya, in partnership with the private sector, undertook the following steps:

1. Free Mobile Money Transfers: The commercial banks waived all charges for mobile money transactions up to Kshs 1,000 until 30th June 2020. Transaction limits were further increased to Kshs 150,000, the daily limit for mobile money transactions increased to Kshs 300,000 with no monthly limit for mobile money transactions. This was in line with the presidents' recommendation on the use of cashless transactions such as mobile money and credit cards in order to avoid the risk of transmission through physical handling of money.

https://www.centralbank.go.ke/uploads/press_releases/2125980791_Press%20Release%20-%20Emergency%20Measures%20to%20Facilitate%20Mobile%20Money%20Transactions.pdf

2. Extension and restructuring of the loans by Commercial Banks: Commercial Banks made provisions to extend relief to borrowers on their personal loans based on their individual circumstances arising from the pandemic and will review requests from borrowers for extension of their loans for a period of up to one year. SMEs and corporate borrowers can contact their banks for assessment and restructuring of their loans based on their respective circumstances arising from the pandemic. Banks will meet costs arising from the extension and restructuring of the loans.

https://www.centralbank.go.ke/uploads/press_releases/1908080057_Press%20Release%20-%20Emergency%20Measures%20to%20Mitigate%20the%20Adverse%20Economic%20Effects%20on%20Bank%20Borrowers%20from%20the%20Coronavirus%20Pandemic.pdf

https://www.centralbank.go.ke/uploads/press_releases/2088534699_Press%20Release%20-%20Banking%20Sector%20Additional%20Measures.pdf

3. The Central Bank of Kenya (CBK) released Shs 7.4 billion from the demonetization excise to support Government efforts to contain the spread of Coronavirus in the country. The government further committed Shs 1billion towards hiring of more health workers needed to increase the country's capacity to deal with the Coronavirus pandemic

https://www.centralbank.go.ke/uploads/press_releases/957596478_Press%20Release%20-%20Payment%20to%20the%20Government%20Consolidated%20Fund.pdf

4. To support the manufacture and provision of hand sanitizers to the public, the Government released 400,000 litres of ethanol, impounded by the multi-agency team on contraband goods, to oil companies for the blending of hand sanitizers to be distributed free of charge to the public.

To cushion Kenyans and Kenyan businesses from the negative economic impact of Covid-19, several proposes measures by various organizations have be put forward for government consideration. These including

Tax Concessions

- The payment of corporate return tax balances due at 30th April 2020 for companies with 31st December accounting year end be immediately deferred to 30th July subject to containment of COVID -19.
- Instalment Taxes. The payment of first and second tax instalments for businesses with accounting periods ending 31st December be deferred
- Restructure the VAT Payments to KRA
- PAYE – For the period of the pandemic, PAYE to be due and payable on actual salaries paid and not on accrued salaries
- Filing of Tax Returns for year 2019.- Following the directive of social distancing, it's difficult to facilitate completion of the returns and audits

Support to MSMEs

- Guaranteed Loan Credit. All employed persons directly affected by being laid off or on unpaid leave be availed an immediate guaranteed loan credit
- Delay tax payments. Many small businesses (and the self-employed) will be making quarterly estimated tax payments in April and June. Those payments will come right when small businesses are in the midst of the liquidity crunch. Delays and abatements for these payments, could go a long way in helping mitigate the COVID recession impact.
- Disaster loans. Anything that helps businesses meet payroll, make debt payments, and pay other bills is welcome help.
- Tax rebates for small businesses. This provision would rebate 50% of payroll taxes paid by small businesses this year.
- Settle all Pending bills owed by the National and County Governments: - This money is owed to MSMEs and individuals and will go a long way to improve liquidity in the economy.
- Enable the private sector that can operate remotely by invest in technology to promote remote working, remote collaboration
- Identify and support what the critical sectors to keep running so that people have access to key essentials e.g telecoms, primary food processing, sanitization products
- Prohibit debt collection, repossession, and garnishment of wages during the pandemic. This provision would ban the collection of all consumer debt, including medical debt, and prohibit the garnishment of wages or repossession of assets during the pandemic, and for 3 months after the pandemic ends