

Belgian Stability Programme 2020

In the wake of the COVID-19 outbreak

30/04/2020

INHOUDSOPGAVE

1. Introduction	3
2. Budgetary policy in response to the covid-19 outbreak.	4
2.1 Policy strategy in response to the corona crisis	4
2.2 Policy strategy aimed at reducing the socio-economic impact of the corona crisis	5
2.3 Budgetary impact of all policy measures	6
2.4 Impact on the Belgian economy	7
2.5 Application of the "general escape clause"	8
3. Economic prospects	8
3.1 The economic outlook for 2020-2021 in Belgium	8
3.1.1 Available data	8
3.1.2 The scenario	9
3.1.3 Results	10
3.1.4 The risks	11
3.1.5 Summary tables on the macroeconomic outlook and price evolutions	12
4. Public finances and measures taken in response to the Covid-19 outbreak	13
4.1 Public finances	13
4.2 Budgetary impact of the measures in response to the Covid-19 outbreak	15
4.2.1 Federal Government and Social Security	15
4.2.2 Communities and Regions	18

1. Introduction

This year's stability programme is being drawn up in exceptional circumstances as a result of the Covid-19 outbreak. The coronavirus is a serious threat to public health. The pandemic has now spread from China to all Member States of the European Union. The pandemic has caused widespread disruption and has put healthcare systems under intense pressure. Besides the considerable impact on people and society, the coronavirus outbreak has also caused a major economic shock.

In this context, the European Commission has issued guidance on how to streamline and simplify the stability programmes in 2020 in the light of these exceptional economic uncertainties and the serious constraints currently faced by Member States. The stability programme drafted in this context must be read in conjunction with the national reform programme. Both programmes constitute the medium-term national budgetary plan within the meaning of Regulation (EU) No 473/2013.

Federal and regional elections were held in Belgium on 26 May 2019. The Communities and Regions formed new governments during the course of the year, each of which drew up its programme and priorities for the period 2019-2024. On 19 March 2020, the federal minority government obtained the confidence of parliament. On 27 March 2020, 2 laws were voted which authorise the King to take measures to combat the spread of the coronavirus. This gave the federal government special powers of attorney to adequately handle the consequences of the spread of Covid-19. This includes the possibility of taking measures to limit the economic damage caused by the pandemic. The governments of the Communities and Regions, some of which have also received special powers from their respective parliaments, are also taking measures to combat the coronavirus and its socio-economic consequences.

Since the emergence of the coronavirus in Belgium, the various levels of government have taken a range of measures. These concern both health measures and socio-economic measures. However, the information is constantly evolving. New decisions are made every day. Moreover, there remain considerable uncertainties about the duration of the current measures, the extent of the corona crisis and the resulting economic crisis, as well as uncertainties about the budgetary impact of the emergency measures required to contain the corona crisis and the extent of the budgetary and financial measures taken by governments to mitigate the negative impact on the economy and the public to some extent. The information in the present stability programme is as known on 22/04/2020. The measures, as well as their budgetary and economic impact, will therefore continue to evolve, significantly reducing the scope and relevance of the submitted stability programme.

As regards the economic outlook for 2020, the usual multi-annual estimate from the March forecasts of the Federal Planning Bureau (FPB) will not be used. The March forecasts of the FPB are based on the macroeconomic assumptions concluded on 11 March 2020 and do not yet take into account the health-related and socio-economic measures taken by the authorities and companies in Belgium and many other European countries in response to the Covid-19 outbreak.

For the year 2020 and beyond, on the other hand, a scenario is being drawn up by the National Bank of Belgium (NBB) and the Federal Planning Bureau, as of 08/04/2020.

The opinion of the High Council of Finance of 27/04/2020 served as the basis for the drafting of the stability programme.

The stability programme was submitted in advance to the Consultative Committee provided for in the Cooperation Agreement of 13 December 2013. As of 28/04/2020, the Council of Ministers took note of this stability programme. As of 29/04/2020, the Consultative Committee also took note of this.

2. Budgetary policy in response to the covid-19 outbreak.

The Belgian policy strategy is two-pronged. The priority objective is to protect public health. To this end, various health-related measures have been introduced. These health-related measures are accompanied by significant socio-economic impacts. As such, in addition to health-related measures, measures are also being taken to mitigate the socio-economic effects of the corona crisis.

2.1 Policy strategy in response to the corona crisis

In order to protect public health, safety measures¹ were initially taken to limit the spread of the corona virus as much as possible. Flattening the curve was the central focus in this regard, i.e. keeping the number of infections with the Covid-19 virus as low as possible so that the health system would not be overloaded. Social distancing (keeping a physical distance between individuals) was introduced and the rules were gradually tightened in order to enforce it. As a result, members of the public are obliged to stay at home, unless they have to work or for essential journeys. Outdoor exercise is still allowed. Schools are closed. Visits to residential homes are prohibited. Companies are required to organise teleworking for each function where possible. If teleworking is not possible, the rules on social distancing must be respected. Non-essential shops and retail outlets are closed. Outdoor markets are prohibited. Public transport has been adapted to facilitate social distancing. Finally, foreign travel is prohibited. Various other health measures have been implemented. A FAQ page (<https://www.info-coronavirus.be/en/>) has been set up where all information can be found regarding the measures taken against the spread of the virus. All measures are provisionally in force until 3 May.

The corona health crisis is being monitored as follows:

- daily evaluation of the evolution of the spread of the virus;
- use of expert groups: the Risk Assessment Group (RAG) and the Risk Management Group (RMG);
- the National Security Council (NSC) determines general intelligence and security policy, ensures its coordination and sets the priorities of the intelligence and security services. The Council is chaired by the Prime Minister and also comprises the Ministers responsible for Justice, National Defence, Home Affairs and Foreign Affairs, and the Deputy Prime Ministers who do not have any

-
- ¹ Ministerial Orders of 13 March 2020, 18 March 2020 and 23 March 2020 laying down urgent measures to limit the spread of the coronavirus Covid-19;
 - Ministerial Order of 3 April 2020 and of 17 April 2020 amending the Ministerial Order of 23 March 2020;
 - Royal Decree No. 1 of 6 April 2020 on countering non-compliance with urgent measures to limit the spread of the coronavirus COVID-19

of these powers. Members of the Government who are not members of the Council may be invited by the Prime Minister to participate in the examination of issues that concern them in particular;

- from 12 March 2020: transition to the federal phase of crisis management, meaning that all decisions are taken by a management cell consisting of the Prime Minister, the relevant Ministers and the Prime Ministers of the Communities and the Regions; the measures taken apply throughout the territory;
- The exit strategy is prepared by the GEES expert working group (Group of Experts in charge of the Exit Strategy).

2.2 Policy strategy aimed at reducing the socio-economic impact of the corona crisis

Besides the considerable impact on people and society, the coronavirus outbreak has also caused a major economic shock. On the one hand, preventing the spread of the virus has resulted in considerable health care costs. On the other hand, it is necessary to safeguard the economic potential of the economy so that production capacity is not structurally affected.

To this end, the various levels of government have taken measures to mitigate the socio-economic effects. These are shown in detail in Chapter 4. The socio-economic measures ensure that companies and self-employed persons that have to temporarily suspend their activities receive liquidity support. This is to prevent them from suffering long-term solvency issues and subsequent bankruptcy. Households also receive liquidity support. The measures aim to protect the purchasing power of households as much as possible. Measures have also been taken with regard to banks so that their lending does not grind to a halt. Finally, support has been provided to sectors which are particularly affected by the corona crisis.

The socio-economic measures are briefly explained below. These are broken down by 'recipient' of the support measures.

- **Measures to support the health care sector;**

A provision of €1 billion was entered in the federal budget for the months April - May - June. This will be used to cover costs including the repatriation of civilians, but especially the purchase of medical and protective equipment. Prefinancing of €1 billion is also envisaged in the NIHDI budget for hospitals. At the level of the Communities and Regions, additional resources have also been earmarked to purchase medical equipment for the health care sector.

- **Measures to support companies;**

Employers who have to fully or partially suspend their activities due to the coronavirus can automatically invoke temporary unemployment. Companies that have to close down or that have significantly reduced economic activity have been granted deferral of payment of various NSSO contributions in order to alleviate their liquidity problems. As regards federal taxes, a deferral of payment has also been granted. Several Regions have provided for a system of direct support to companies that have had to suspend or substantially reduce their activities. Finally, the federal government has developed a guarantee scheme in consultation with the financial sector. The financial sector undertakes to defer the payment of debts to viable non-financial companies that have payment difficulties. A guarantee scheme has been activated for all new loans and credit lines with a maximum maturity of 12 months granted by banks. The guarantee

scheme has been supplemented by similar measures taken by the various Regions. This list of measures is not exhaustive.

- **Measures to support the self-employed**

The self-employed are also granted deferral of payment of federal taxes. They can obtain deferral of payment from the NSSO. Under certain conditions, a reduction or exemption may be applied for regarding the advance payment of social security contributions. Moreover, under certain conditions, self-employed persons can receive a replacement income (bridging right). Several Regions have provided for a system of direct support to the self-employed who have had to suspend or substantially reduce their activities. The above-mentioned guarantee scheme from the federal government and the various Regions also applies to self-employed persons with payment difficulties.

- **Measures to support households**

The federal government decided to increase the benefit for temporary unemployment from 65% to 70% of the capped wage and an additional bonus of €5.63 per day was granted. The degressivity of unemployment benefits was temporarily frozen. Regions have also taken measures to protect the purchasing power of households. The Flemish and Walloon Regions are helping to cover utility bills. Finally, households may be granted deferral of payment of interest and capital repayments on their mortgage loans. With regard to personal income tax, the payment deadlines have been extended. Following the agreement between the federal government and the financial sector, the latter undertakes to grant mortgage borrowers with payment difficulties as a result of the corona crisis deferral of payment until 30 September 2020 without additional charges.

- **Measures to support the sectors affected in particular**

The federal government has drawn up specific provisions for each sector, in particular for the hotel and catering industry, the retail trade, the travel sector, the events sector, artists, the agriculture and horticulture sector and the federal scientific institutions. Support measures have also been taken at Community and Regional level for affected businesses. In particular, support has been provided for the following sectors: retail, hotel and catering, agriculture and ornamental horticulture, culture, youth, media, sport, tourism, mobility, public works, service voucher companies, etc.

2.3 Budgetary impact of all policy measures

The budget impact of the measures taken (as of 22/04) to strengthen the capacity of health systems and provide support to members of the public and the sectors particularly affected by the crisis is estimated at €10.19 billion in 2020, 2.3% of GDP. This took into account both the volume effect of the temporary unemployment measure (€3.6 billion) and the effect of increases in benefits (€0.6 billion). Indirect effects on general government revenue and expenditure were not taken into account.

Table 1: Budget impact of Covid-19 measures

Budgetary impact Covid-19 measures	
In million euros	2020
Federal Government and Social Security	6.360
Flemish Community	2.483
French-speaking Community	50
German-speaking Community	16
Walloon Region	955
Brussels-Capital Region	289
Common Community Commission	22
French-speaking Community Commission	16
General government	10.190
As % of GDP	2,3%

As indicated above, guarantee schemes have been developed by the various governments. This represents a total package of guarantees of €51.9 billion. This corresponds to 11.8% of GDP.

Table 2: Guarantee schemes following Covid-19

Guarantee schemes following Covid-19	
In million euros	2020
Federal Government and Social Security	50.000
Flemish Community	1.600
French-speaking Community	
German-speaking Community	
Walloon Region	318
Brussels-Capital Region	20
Common Community Commission	
French-speaking Community Commission	
General government	51.938
As % of GDP	11,8%

2.4 Impact on the Belgian economy

On 8 April, the National Bank of Belgium (NBB) and the FPB worked out a scenario on the economic impact of the 'Covid-19' health crisis.

In terms of economic policy, the scenario only takes into account decisions on temporary unemployment and bridging rights. In the absence of reliable information at this stage, government consumption (the wage bill of the civil service and purchases of goods and services) remains unchanged from the original amount. Public investment, for its part, is reduced in view of the collapse of activity in the construction sector. The other measures, including, for example, regional support for companies, are not taken into account at this stage due to the lack of sufficiently reliable data at the time this scenario was calculated.

The National Bank of Belgium (NBB) and the Federal Planning Bureau (FPB) believe that the real GDP of the Belgian economy could shrink by 8% in 2020. An upturn (+8.6%) is assumed for 2021 provided that the acute phase of the crisis (concentrated in the first half of 2020) does not permanently damage the

productive potential of the economy. Nonetheless, there are various risks that could lead to even less favourable situations.

2.5 Application of the "general escape clause"

The expected economic downturn and the budgetary impact of the measures already taken to strengthen the capacity of health care systems and provide support to members of the public and sectors particularly affected by the crisis will contribute to a significant widening of the budget deficit in Belgium, as in other Member States.

Belgium therefore welcomes the European Commission's announcement that it will make use of the full flexibility offered by the EU budgetary framework regarding the measures necessary to contain the Covid-19 virus outbreak and mitigate its negative socio-economic effects. Given the sizeable (budgetary) measures already taken by Belgium, it is assumed that full flexibility (the clause for unusual events as well as the general escape clause) will be applied.

3. Economic prospects

The outbreak of the Covid-19 pandemic has led to a global health crisis with an unprecedented negative impact on people and the economy. At present, it is not possible to draw up stable macroeconomic and budgetary forecasts on account of the rapidly evolving situation at both domestic and foreign level, and the major uncertainties involved. The Belgian, European and world economies will all have to endure multiple shocks:

- the shock resulting from the initial contraction of the Chinese economy in the first quarter of 2020;
- the supply shock for the European and global economy, resulting from the disruption of supply chains and shuttered workplaces;
- the demand shock for the European and global economy, due to lower consumer demand and the negative impact of uncertainty on investment plans;
- the impact of liquidity constraints on companies.

The ultimate extent of the economic impact currently remains a major question mark. Everything will depend on the duration and scale of the pandemic, and the scale and efficiency of fiscal, financial and monetary policy measures taken both at the level of individual Member States and at European level. In the current circumstances, it is therefore difficult to estimate the economic impact for 2020 and beyond.

3.1 The economic outlook for 2020-2021 in Belgium

3.1.1 Available data

The macroeconomic context for the year 2019 is based on a preliminary calculation of the medium-term economic outlook for the period 2020-2025, drawn up by the Federal Planning Bureau (FPB) for the preparation of the Stability Programme and published on 20 March 2020.

For 2020, the usual multi-annual estimate from the March forecasts of the Federal Planning Bureau (FPB) will not be used. The March forecasts of the FPB are based on the macroeconomic assumptions concluded on 11 March 2020 and thus take account of the outlook for the global economy, which has deteriorated

significantly in the space of a few weeks due to the spread of the coronavirus and the emergency measures being taken to contain the epidemic. These forecasts do not yet take into account the health-related and socio-economic measures announced by the authorities and companies in Belgium and many other European countries after this date in response to the Covid-19 outbreak.

To have as realistic a view as possible of the likely short-term impact that the shock of the Covid-19 crisis will have on the economy and of the benefits associated with safeguarding productive resources through the measures taken, the NBB and the FPB have joined forces to make an initial evaluation of this impact and how the exit from the crisis may look like. This impact analysis differs from the usual macroeconomic outlook. The latter is the result of the extrapolation of average trends recorded in the past and are therefore not adapted to a context in which considerable uncertainty remains about both the lockdown period and the speed and manner in which the restrictive measures will be lifted.

The analysis of the NBB and the FPB published on 8 April is based on a scenario containing four main assumptions:

1. a calculation of the initial impact of the shock as measured by surveys on the ground;
2. the likely duration of the health-related measures in force;
3. the rate at which these measures will be lifted and at which the activity will recover;
4. and the occurrence (and extent) of a permanent deviation of the path of the economy from that assumed before the crisis.

These assumptions were integrated into a model of the Belgian economy which then made it possible to calculate the impact on household income and consumption, the gross operating surplus of businesses, and public finances.

This scenario of the NBB and the FPB is obviously only a snapshot and inevitably open to improvement as it is based on the information available at the time it was drafted. This scenario is therefore only as relevant as the assumptions underpinning it. There remains significant uncertainty regarding the calculation and, unlike a forecast, its margins of error cannot be estimated. Any new information on the duration of the current lockdown measures, their real impact on economic activity, the speed at which they will be lifted, the international context, and the measures aimed at safeguarding the production potential can significantly influence this calculation.

3.1.2 The scenario

The scenario of the NBB and the FPB is based on the following assumptions:

- Application of the lockdown measures in force in April for a total duration of seven weeks, whereby a loss of one third of the added value of the private sector is assumed.
- A period of gradual recovery over nine months, at the end of which activity is expected to return to a growth path comparable to that prevailing before the crisis, albeit 2 percentage points lower. It is therefore important to simultaneously take account of the phasing out of the lockdown measures themselves, the gradual recovery of value chains and production lines, a disrupted and uncertain international environment, and any bankruptcies or cancellations of investment plans that would not have occurred if this crisis had not emerged. Nevertheless, the upturn is more significant in the third quarter, taking into account a likely catch-up thanks to purchases of certain consumer goods.

- It is assumed that the beneficiaries of temporary unemployment are full-time unemployed. This is a presumably strong assumption which may lead to an overestimate of the loss of disposable income for households, and to an underestimate of the fall in the gross operating surplus for businesses.
- Inflation is blocked at the initial level of the baseline scenario net of the crisis. This is because prices are subject to conflicting influences, which are currently only poorly understood (fall in oil prices, price rises for certain products linked to storage, distribution or supply problems).
- In terms of economic policy, the scenario only takes into account decisions on temporary unemployment and bridging rights. In the absence of reliable information during the drafting of the scenario, government consumption (the wage bill of the civil service and purchases of goods and services) remained unchanged from the original amount. Public investment, for its part, is reduced in view of the collapse of activity in the construction sector. The other measures, including, for example, regional support for companies, are not taken into account at this stage due to the lack of sufficiently reliable data at the time this scenario was calculated.

3.1.3 Results

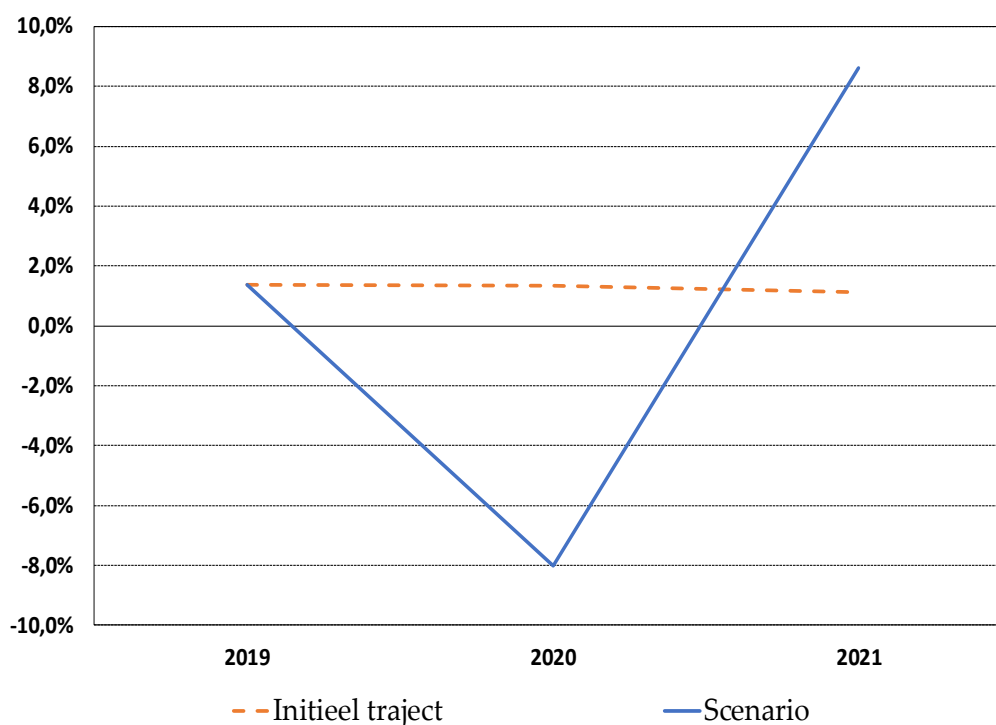
For 2020 as a whole, gross domestic product (GDP) is forecast to contract by 8%, with a quarterly decline of around 4% in Q1 and 15% in Q2, followed by a strong recovery in the second half of the year, which would, nevertheless, be insufficient to make up for the initial loss. Sustaining this recovery would boost growth in 2021 (+8.6%).

Graph 1: GDP by volume, initial path and scenario



Source: NBB and FPB scenario of 08.04.2020.

Graph 2: Real GDP growth, initial path and scenario



Source: NBB and FPB scenario of 08.04.2020.

Compared to a scenario without the Covid-19 crisis, the cumulated GDP loss at the end of June 2020 would amount to almost €30 billion, at the end of December to €45 billion and at the end of 2021 to almost €60 billion.

The shock to value added would be reflected in a loss of 2.8% of real disposable household income, i.e. a fall of 1.5% compared to 2019. This relative fall is much smaller than the rate of contraction of GDP. The gross operating surplus of companies, for its part, is expected to fall by 40% compared to 2019.

The lockdown measures hamper the possibilities for consumption. Consumption would fall by 5.7% in real terms compared to 2019, and this fall would primarily occur during the first half of the year. Given the relatively more moderate fall in real disposable income, the scenario therefore highlights the obliged accumulation of savings (from an aggregated point of view) which could be partly re-injected from the reopening of retail outlets and other currently suspended activities. On this basis, it can be expected that there will be a fairly marked upturn in consumption from the third quarter of 2020 onwards.

Overall, the scenario therefore assumes that the negative effects of the crisis will be temporary and primarily concentrated in the first two quarters of 2020. Families will likely see their disposable income and consumption fall, while businesses will likely face a sudden but temporary decline in their operating surplus.

3.1.4 The risks

The calculated orders of magnitude of the NBB and FPB scenarios considered here are in line with the latest macroeconomic forecasts from various sources, including the international institutions. However,

there is considerable uncertainty surrounding this calculation. There are various risks that could lead to even less favourable situations. These include:

- A less favourable than expected epidemiological dynamic that requires both prolonged and stricter lockdown;
- An ever larger loss of production during the lockdown period due to the wider dislocation of value chains over time;
- An economic recovery saddled by numerous bankruptcies and significant job losses in sectors that are structurally more vulnerable to liquidity shortages and more acutely affected by the health-related measures;
- A temporary risk of an inflationary surge accompanied by a recovery in consumption which is faster than the resumption of production and distribution capacity. Conversely, long-term weak demand (driven, for example, by a larger accumulation of precautionary savings) could exert downward pressure on prices and thus imply an increased risk of deflation;
- A prolonged deterioration of the international environment, due to the risk of more negative spill-over effects between economies, for example in the event of a resurgence of the epidemic.

3.1.5 Summary tables on the macroeconomic outlook and price evolutions

As explained above, the usual tables on macroeconomic forecasts and price evolutions for the Stability Programme 2020-2023 can only be completed for the year 2019 on the basis of the version of 20 March 2020 of the "Economic Outlook 2020-2025" of the FPB. For the years 2020 and 2021, only the estimates of real GDP growth and private consumption have been completed, based on the joint NBB and FPB scenario of 8 April 2020 discussed above.

Table 3: Macroeconomic prospects

Percentage change unless otherwise stated	2019	2019	2020	2021
	in miljarden en milliards			
1. Real GDP	443,6	1,4	-8,0	8,6
2. Nominal GDP	473,6	3,0	n.b./n.d.	
Components of real GDP				
3. Private consumption expenditure	227,8	1,1	-5,70	7,10
4. Government consumption expenditure	101,6	1,6	n.b./n.d.	
5. Gross fixed capital formation	107,9	3,2	n.b./n.d.	
6. Changes in inventories and net acquisition of valuables		-0,2	n.b./n.d.	
7. Exports of goods and services	371,7	1,0	n.b./n.d.	
8. Imports of goods and services	369,1	1,2	n.b./n.d.	
Contributions to real GDP growth				
9. Final domestic demand (3+4+5)		1,5	n.b./n.d.	
10. Changes in inventories and net acquisition of valuables		-0,2	n.b./n.d.	
11. External balance of goods and services		-0,1	n.b./n.d.	

Source: Federal Planning Bureau

Table 4: Price evolution

Percentage change	2019	2019	2020	2021
	(2010=100)			
1. GDP deflator	106,8	1,6	1,5	1,6
2. Private consumption deflator	106,8	1,4	n.b./n.d.	
3. HICP	107,8	1,2	1,3	1,5
4. Public consumption deflator	108,2	2,0	n.b./n.d.	
5. Investment deflator	105,7	0,8	n.b./n.d.	
6. Export price deflator (goods and services)	103,9	0,7	n.b./n.d.	
7. Import price deflator (goods and services)	104,7	0,4	n.b./n.d.	

Source: Federal Planning Bureau

4. Public finances and measures taken in response to the Covid-19 outbreak

4.1 Public finances

According to the data published by Eurostat, the year 2019 ended with a financing balance of -1.9% of GDP. The draft budgetary plan submitted to the Commission in October last year assumed a deficit of 1.7% of GDP. The debt ratio fell further to 98.6% in 2019. The fall in the debt ratio, which began in 2015, continued for the fifth year in a row.

According to the joint NBB and FPB scenario of 8 April 2020, the negative impact of the Covid-19 crisis shock on the General Government's financing balance could be around 5.3% of GDP in 2020. This could bring the budget deficit for the year 2020 to around -7.5% of GDP, mainly due to "automatic stabilisers" linked to unemployment benefits, bridging rights and the fall in tax revenues.

In the above scenario, the debt ratio is estimated at 115% of GDP by the end of 2020. This would be due to the double effect of an increased financing requirement and a temporary fall in nominal GDP (the denominator of the debt ratio).

In terms of economic policy, the scenario only takes into account decisions on temporary unemployment and bridging rights. In the absence of reliable information at this stage, government consumption (the wage bill of the civil service and purchases of goods and services) remains unchanged from the original amount. Public investment, for its part, is reduced in view of the collapse of activity in the construction sector. The other measures, including, for example, regional support for companies, are not taken into account at this stage due to the lack of sufficiently reliable data at the time this scenario was calculated.

Based on the macroeconomic assumptions, there will still be a cumulative loss of growth for 2020 and 2021 compared with the estimates before the corona crisis. This loss of growth will therefore continue to weigh on the financing balance and the debt ratio in 2021 (on top of the deficit recorded in 2020).

The uncertainties weigh so heavily that it makes little sense to make estimates or scenarios now for after 2020. The first priority must now be to bring the corona crisis under control, mitigate its socio-economic consequences and devise a strategy for economic recovery.

Table 5: Budgetary forecasts for the general government

		2019	2019	2020
		Level (million EUR)	% of GDP	
		Net lending		
1.	General government	-9,2	-1,9	-7,5
2.	Federal government	-9,4	-2,0	
3.	Communities and regions	-0,9	-0,2	
4.	Local authorities	0,4	0,1	
5.	Social security funds	0,7	0,1	
		General government		
6.	Total revenue	238,2	50,3	
7.	Total expenditure	247,4	52,2	
8.	Net lending	-9,2	-1,9	
9.	Interest expenditure (EDP)	9,3	2,0	
10.	Primary saldo	0,1	0,0	
11.	One-off and other temporary measures	0,7	0,0	
		Selected components of revenue		
12.	Total taxes	141,7	29,9	
12a.	Taxes on production and imports	63,9	13,5	
12b.	Currents taxes on income, wealth, etc	74,4	15,7	
12c.	Capital taxes	3,4	0,7	
13.	Social contributions	73,6	15,5	
14.	Property income	4,0	0,8	
15.	Other	19,0	4,0	
16.	Total revenue	238,2	50,3	
p.m.	Tax burden	216,6	45,7	
		Selected components of expenditure		
17.	Consumption expenditure	78,1	16,5	
17a.	Compensation of employees	58,4	12,3	
17b.	Intermediate consumption	19,7	4,2	
18.	Social payments	117,4	24,8	
of which	Unemployment benefits	6,2	1,3	
19.	Interest expenditure	9,3	2,0	
20.	Subsidies	17,7	3,7	
21.	Gross fixed capital formation	12,1	2,6	
22.	Capital transfers	3,3	0,7	
23.	Other	9,5	2,0	
24.	Total expenditure	247,4	52,2	

Table 6: Evolution of public debt

In % of GDP	2019	2020
Gross debt	98,9%	115,0%
Change in gross debt ratio	-1,2%	

4.2 Budgetary impact of the measures in response to the Covid-19 outbreak

In accordance with Commission guidelines, Belgium has not classified the measures it has taken in response to the Covid-19 outbreak as 'one-off'. Belgium subscribes to the European Commission's view that these measures should be treated under the 'clause for unusual events' or the 'general escape clause'. An overview of these measures and their budgetary impact is given below. Belgium asks that this clause be maintained beyond 2020 so as not to trigger an additional shock through strict and counterproductive reorganisation measures. Priority must be given to economic recovery.

4.2.1 Federal Government and Social Security

An Economic Risk Management Group (ERMG) has been set up. The ERMG is the economic equivalent of the Risk Management Group, which focuses on the health-related aspect of the crisis. The ERMG advises the federal government on measures that could mitigate the socio-economic effects of the corona health crisis.

On 6 March, the federal government announced various measures to support businesses and the self-employed who may be affected by the consequences of Covid-19. These 10 measures are the first part of the federal plan for social and economic protection. These measures are aimed at:

- enabling affected businesses to make their employees temporarily unemployed in order to safeguard their jobs;
- providing for schemes for staggering, deferring and exempting the payment of social security contributions, withholding taxes and social and tax charges for companies and the self-employed.

On 20 March, the second part of the federal plan for social and economic protection was unveiled. This plan reinforces the ten measures adopted on 6 March. These additional measures are based on the recommendations of the Economic Risk Management Group (ERMG) and on the meeting with the G-10.

All these measures are based on three pillars:

1. measures to safeguard the purchasing power of employees:

Temporary unemployment is granted automatically and is extended and reinforced. This means that companies do not have to provide justification in order to claim it. The reference rate is increased from 65% to 70% and days of unemployment will be assimilated to and included in holiday pay. In addition, an amount of approximately €5.63 per unemployment day will be granted.

An automatic extension of the payment deadlines for personal income tax (two months) will also be introduced.

2. measures that directly support the self-employed:

The bridging right provides a replacement income for self-employed persons in their main occupation who are required by the government to partially or fully suspend their activities, or for those who are not required to close but are obliged to do so for a period of at least 7 consecutive calendar days. The measure also applies to self-employed persons in secondary employment, student self-employed persons and active pensioners if their self-employment income is between €6,996.89 and €13,993.77. The right provides for payment of the full monthly amount for the months of March and April. The monthly

allowance amounts to €1,291.69 (without dependant family) or €1,614.10 (with dependant family) for self-employed persons who are entitled to a full benefit. Self-employed persons entitled to a partial benefit are entitled to an allowance of €645.85 (without dependant family) and €807.05 (with dependant family).

Deferral of payments for tax (two months) and social security contributions (deferral for the first two quarters) is provided for. Certain exemptions are also provided for as regards social security contributions.

3. Measures to support companies in these difficult times.

The above-mentioned deferral of payment of taxes and social security contributions also applies to SMEs and companies in difficulty.

Service providers that have been awarded federal public contracts will not be fined for delays in the execution of these contracts if they are affected by COVID-19. In addition, the authorities undertake to speed up the payment deadline for these contracts.

To support liquidity, the federal government has introduced a €50 billion guarantee scheme for companies that need new bridging loans or additional credit lines.

The table below provides an overview of all measures with a budgetary impact that have been taken in response to the covid-19 outbreak. This takes into account both the volume effect of the temporary unemployment measure (€3.6 billion) and the effect of increases in benefits (€0.6 billion). A number of measures do not have an ESA impact but do affect the cash position. Indirect effects on general government revenue and expenditure were not taken into account either. For example, the corona crisis has an impact on 'ZIV' benefits (Illness and disability insurance), triage centers and on the dividends that will be paid out.

Table 7: Budgetary impact of Covid-19 measures

List of measures	Description	Status of implementation	ESA code	Budgetary impact (in million EUR)	
				2020	2021
<u>Temporary unemployment</u>	Temporary unemployment will automatically be granted and will be extended and reinforced. The reference rate is increased from 65 to 70%. In addition, the NEO will grant an amount of approximately €5.63 per unemployment day. In addition to the cost of increasing the benefit rate and the additional premium, there is a volume effect of €3,626.4 million.	Publication of the RD in the Belgian Official Gazette of 30/03/2020	D.6212	4,237,7	
<u>Bridging right</u>	Replacement income for self-employed persons who are required by the government to suspend their activities, or for those who are not required to close but are obliged to do so for a period of at least 7 consecutive calendar days.	Publication of the new law in the Belgian Official Gazette of 23/03/2020	D.6212	1,085,6	
<u>Deferral of social security contributions by employers</u>	1 year deferral of payment for the first two quarters of 2020.	Draft RD		No ESA impact.	
<u>Deferral of social security contributions by the self-employed</u>	Deferral of payment by one year. The measure applies to the provisional contributions for the first and second quarters of 2020 and to the regularisation contributions for quarters of 2018 which are due on 31 March 2020, 30 June 2020 and 30 September 2020.	Draft RD		No ESA impact.	
<u>Reduction of social security contributions for the self-employed</u>	Self-employed persons whose income is lower than the amount used as a basis for calculating their contribution may request a reduction in their contribution.			No ESA impact.	
<u>Deferral of payment to the NSSO</u>	Deferral of payment to the NSSO is granted until 15/12/2020. For certain sectors this deferral is even granted automatically (e.g. hotel and catering, culture, sport and recreation). The deferral of payment pertains to all payments from 20 March 2020.	Draft RD		No ESA impact.	
<u>Deferral of payment of federal taxes</u>	The request for a repayment plan must be submitted by 30/6 at the latest. In addition, the payment periods are extended by 2 months for both VAT and withholding tax, personal income tax, corporation tax and legal entity tax.	Draft RD		No ESA impact.	
<u>Provision for corona-related costs</u>	Federal provision to cover additional costs (purchase of medical and/or protective equipment, repatriation of Belgian nationals, etc.).	Publication in Belgian Official Gazette of the Law of 23 March 2020 opening provisional appropriations for the months of April, May and June 2020	P.2	1,000,0	
<u>Freezing of degressivity for the unemployed</u>	This means, firstly, that the amount to which the unemployed person is entitled on 1 April will be maintained until 30 June, and secondly, that the phases of degressivity (the "cascade") will be extended by the period during which the unemployed person is entitled to benefits between 1 April and 30 June.	Draft law	D.6212	31,0	13,0
<u>Additional measure on unemployment for a number of specific sectors</u>	Temporary freeze degressivity unemployment benefits for artists. Compensation rate from 60% to 65% for dockworkers and sea fishermen in 'full unemployment'. Temporary relaxation of the conditions under which unemployed persons can be employed in vital sectors, while retaining 75% of their benefit (from 01.02.2020 to 30.06.2020). The integration allowance for young workers will be extended by three months.		D.6212	6,0	10,0
			Total	6.360,3	23,0

Table 8: Guarantee schemes following Covid-19

List of measures	Description	Status of implementation	Maximum amount of contingent liabilities (In million)	
			2020	2021
Guarantee agreement between the federal government and the financial sector	The financial sector undertakes to defer the payment of debts until 30 September 2020 to viable non-financial companies, the self-employed and mortgage borrowers with payment difficulties. The federal government will activate a guarantee mechanism (with a guarantee amount of €50 billion) for all new loans and credit lines with a maximum duration of 12 months granted by banks to viable non-financial companies and the self-employed.	Draft RD	50000	
Total			50000	

4.2.2 Communities and Regions

4.2.2.1 Flemish community

The economic impact of the corona crisis is enormous, which is why the Government of Flanders has taken some important support measures in order to provide a vigorous response to the major challenges posed by the corona crisis.

The nuisance premium (hinderpremie) of the Flemish authorities is extended to include companies that are obliged to close because of the federal safety and security measures following the coronavirus. The premium amounts to EUR 4.000 in the event of full closure during the first three weeks and to EUR 160 per day from 6 April 2020 onwards (EUR 991 million until May 3th). A one-off compensation premium of EUR 3.000 for companies and self-employed persons who are not obliged to close, but who see their turnover fall substantially (EUR 992 million).

Making use of the temporary flexibility foreseen under the Commission's State Aid Temporary Framework, an additional EUR 100 million is earmarked for crisis guarantees, so that companies and self-employed persons can also have a bridging loan guaranteed by PMV for existing debts during this crisis period. Furthermore, the government provides EUR 250 million for subordinated loans for active SMEs and for innovative start-ups and scale-ups. Lastly, the guarantee capacity of Gigarant is extended up to EUR 3 billion until end 2020. An emergency fund of EUR 200 million for subsidised sectors (such as culture, youth, media, sports, school trips, etc.) as well as specific sectors (e.g. ornamental horticulture, segments of tourism, mobility & public works) will be set up. A reimbursement of the water and energy costs of 1 average monthly equivalent to anyone who has ended up in a situation of compensated temporary unemployment due to force majeure or for economic reasons will be provided.

The collection of the traffic tax is postponed by 4 months for companies. Property taxes are not collected until September, giving companies extra breathing space in terms of cash of EUR 1 billion. Various tax periods are extended by 2 months: submission of the inheritance tax return, deeds that cannot be filed for registration on time, and periods relating to certain favourable tax regimes.

The Government of Flanders has also taken a number of budgetary measures regarding the healthcare sector. EUR 22 million has been made available to order extra face masks and protective materials. A road map for the establishment of buffer care centres (schakelzorgcentra, EUR 4,6 million), i.e. emergency centres which can accommodate patients when hospitals are at risk of becoming overcrowded, has been established. The elderly care and other residential care centres have been particularly exposed to covid-19. Various measures are taken to support the sector, such as crisis management support (EUR 1 million), special arrangements for reduced new intake and less user contributions (EUR 24,1 million), financial compensation for extraordinary expenses on care and protection material, etc. Regarding childcare, emergency childcare was assured for healthcare personnel thanks to the collaboration of schools, childcare and local authorities. Other parents were encouraged to keep their children at home. For the organisers of childcare and out-of-school care, the financial losses are bridged by offering them compensation (EUR 43,5 million). Additional funds are also appropriated for the helplines WAT WAT, Awel, Tele-Onthaal and 1712 and for the Suicide Hotline (Zelfmoordlijn). A budget of EUR 18,2 million is also foreseen for mental well-being and psychological after-crisis care.

Table 9: Budgetary impact of Covid-19 measures

List of measures	Description	Status of implementation	ESA Code	Budgetary impact (In million)	
				2020	2021
Protective care material		Adopted	P.2	22,0	
Measures with regard to impact on socially vulnerable children and young people		Adopted		0,2	
buffer care centres (schakelzorgcentra)	The establishment of buffer care centres (schakelzorgcentra), i.e. emergency centres which can accommodate patients when hospitals are at risk of becoming overcrowded. Depending on the need, up to 30 centres can be set up in Flanders.	In preparation		4,6	
Temporary management support for residential facilities in the policy area Welfare, Public Health and Family		Adopted	D.621	1,0	
Ministerial decision to grant project grants Federation Tele reception services, 4 CAW (1712 operation) and Center for the prevention of suicide		Adopted	D.3	0,3	
Childcare: Draft decision of the Flemish Government to combat the negative consequences of the Covid-19 virus for families and organizers in childcare	Creches suffering from lower attendance of children will be compensated for lost income.	Adopted	D.621	32,5	
Support elderly care centres	Income support for elderly care centres that experience a drop in the occupation rate of 5% or more.	Adopted	D.621	11,1	
Support for people with disabilities	Additional support for people with disabilities: 8,5% extra cash disbursement	Adopted	D.621	10,0	
Mental healthcare support		Adopted	D.621	18,2	
Compensation measures for out-of-school care, care for sick children and family support	Compensation for lost income	Adopted	D.621	10,3	

Family care	Compensation for lost income	In preparation	D.621	4,8	
Revalidation	Compensation for lost income	In preparation	D.621	0,5	
Mental healthcare	Compensation for lost income	In preparation	D.621	1,6	
People with disabilities	Compensation for lost income	In preparation	D.621	4,8	
Day care	Compensation for lost income	In preparation	D.621	1,4	
Permanent and cut-off plan for boarding schools		In preparation	P.2	1,5	
care and protection material	Compensation residential care and family care for purchase of care and protection material	In preparation	P.2	32,1	
Communication campaign in the context of the Corona crisis: creation and purchase of media space for raising awareness		Adopted	P.2	3,6	
Nuisance premium: Draft decision of the Flemish Government to grant aid to companies that are obliged to close or have been subject to operating restrictions as a result of the measures taken by the National Security Council from 12 March 2020 regarding the corona virus	The premium amounts to €4,000 in the event of full closure during the first three weeks and to €160 per day from 6 April 2020 onwards. All businesses with at least one full income are eligible, including market traders. The nuisance premium applies to several establishments per company, with a maximum of 5. Hotels, restaurants and cafés that have to close a dining area are also entitled to the premium, even if they currently organise a takeaway service. People who are self-employed as secondary activity are also entitled to it, if they pay similar social security contributions as regular self-employed persons.	Adopted	D.3	922,0	
Draft decision of the Flemish Government to grant aid to companies that have a fall in turnover due to the measures taken by the National Security Council from 12 March 2020 regarding the corona virus	A one-off compensation premium of €3,000 for companies and self-employed persons who are not obliged to close, but who see their turnover fall substantially (loss of turnover greater than 60% compared to the previous year - reference period 14 March - 30 April 2019). The premium also applies to those who are self-employed as secondary activity and pay social security contributions similar to someone with a primary occupation. People with a secondary occupation who pay contributions on an income between €6,996.89 and €13,993.78 can be granted a premium of €1,500, provided they also work as an employee for less than 80%.	Adopted	D.3	991,0	
Corona Emergency fund (semi-) public sector	Subsidised companies will be able to recover losses through the establishment of an emergency fund (€ 200 mn) for subsidised sectors (culture, youth, media, sports, school trips, etc) and specific sectors (horticulture, parts of tourism, mobility and public works)	Adopted		200,0	
Coverage of electricity, heating or water consumption costs for the first month of temporary unemployment as a result of the corona crisis	The compensation is based on an average water and energy bill of all households. The compensation is EUR 202.68 per employee who became temporarily unemployed or part-time temporarily unemployed (minimum 1 day) due to the Corona crisis	Adopted	D.63	160,0	

Measures to ensure continuity of critical services, to support the tourism sector and to prepare for recovery		Adopted	P.2	1,0	
Extension of the scope of the incentive premium to companies that experience declining turnover, production or orders due to Coronavirus measures	Extension of the existing support scheme for part time work to companies in difficulties (reduction production by 20%) because of corona.	Adopted	D.621	14,0	
Individual vocational training premium (IBO)	People who follow individual vocational training (IBO) but whose IBO agreement has been terminated due to the corona measures, can count on a premium of up to 70% of their normal compensation. The premium will be awarded monthly.	Adopted	D.621	1,3	
Private and social rental market measures	If a social tenant or one of the persons whose income is considered for the rent calculation is temporarily unemployed due to force majeure (reason 'coronavirus'), the social landlord must review the rent in function of the current reduced income. The Flemish Social Housing Company (Vlaamse Maatschappij voor Sociaal Wonen/VMSW) and the Flemish Housing Fund (Vlaams Woningfonds) can grant the borrower (the special social loan) free deferral of payment if the borrower demonstrates that their income has decreased as a result of the coronavirus measures. The borrower then receives a deferral of payment of maximum 6 months with no capital or interest having to be paid until 31 October 2020 at the latest.	Adopted	D.621	1,5	
Measures for community work due to the corona virus	A monthly allowance for certain district workers and the duration of the district work checks will be extended.	Adopted	D.621	0,9	
Sheltered workshops and local service economy companies		Adopted	D.3	1,4	
Subsidie Digital for Youth	subsidy for making laptops available to underprivileged families for the period from April 1, 2020 to May 31, 2020	Adopted	D.3	1,0	
Storage of hazardous medical waste		In preparation	P.2	0,4	
Maximize local cyber security		In preparation	P.2	2,2	
Accelerated investments in digital workspace and basic infrastructure		In preparation	P.2	11,2	
Investments in ICT education		In preparation	P.2	4,8	
Investments in HR and organizational development		In preparation	P.2	2,3	
Investments to strengthen E-learning in Flanders		In preparation	P.2	7,0	
Measures within the Civic Integration domain (interpreters)		In preparation	P.2	0,2	
Deferral property tax payments (companies)	Deferral of property tax payments with 2 months for legal entities in order to support companies liquidity positions	Adopted		*1 billion EUR delayed tax receipts	
Deferral road tax payments (companies)	Deferral of road tax payments with 4 months for legal entities in order to support companies liquidity positions (in particular transport, bus, car leasing companies)	Adopted		* 200 million EUR delayed tax receipts	
Deferral of inheritance and registration tax payments (households)	Deferral of inheritance and registration tax payments with 2 months for natural persons in order to be able to fulfill all formalities	Adopted			
Total				2.482,6	

Table 10: Guarantee schemes following Covid-19

List of measures	Description	Status of implementation	Maximum amount of contingent liabilities (In million)
crisis guarantee PMV	For companies and self-employed that need bridge loans due to coronacrisis and are not covered by the federal guarantee scheme. This is in addition to the existing guarantee scheme of up to EUR 300 million per year for investment loans and working capital which can be placed under the 75% regional guarantee.	Adopted	100,0
Increased guarantees Gigarant NV	In het kader van de tijdelijke versoepeling van de Europese staatssteunregels ingevolge de coronacrisis, zal Gigarant (Waarborgregeling boven € 1,5 miljoen) een aangepaste COVID-19 waarborg in de markt kunnen zetten, die meer flexibiliteit biedt. De waarborgcapaciteit van Gigarant wordt hiervoor opgetrokken van de huidige € 1,5 miljard naar € 3 miljard	Adopted	1500,0
Total			1600,0

4.2.2.2 French-speaking Community

On 7 April, the Government of the French Community approved the implementation of an emergency and assistance fund of €50 million in response to the COVID-19 epidemic. This emergency fund is intended to provide direct support to the various sectors (cultural sector, childcare, university hospitals, etc.) affected by the safety measures. Between 7 and 15 April, the government already took several principle decisions regarding the use of this fund, for a total amount of approximately €30 million. These principle decisions cover the following support: €7.7 million for the (mainly private) childcare facilities to compensate for the loss of income linked to the financial contributions of the parents; €8.6 million for the culture sector; €7.8 million for the university hospitals to cover the additional expenditure on equipment for the fight against the COVID-19 epidemic; €3 million for the capitalisation of a participation fund of the public and the private sector to support the French Community actors in the fight against COVID-19; €0.25 million to increase staff in reception facilities for young people at risk; €0.15 million for the purchase of surgical masks for the departments of the ION and French-speaking Community.

In addition, the Government has decided to continue granting subsidies to operators in the various sectors of competence of the French-speaking Community, despite the fact that the conditions for granting subsidies were not met as a result of the corona health crisis. This decision will also make it possible to grant annual subsidies to structural operators of the French-speaking Community in advance as a cash advance.

Table 11: Budgetary impact of Covid-19 measures

List of measures	Description	Status of implementation	ESA Code	Budgetary impact (In million)	
				2020	2021
<u>Emergency and support fund for the sectors to cope with COVID-19</u>	Budget envelope of €50 million for the various sectors of the French-speaking Community, on the basis of subsequent allocation decisions taken by the Government. At this stage, €30 million has already been allocated.	The Fund was set up following the adoption, at last reading, of a special power of attorney decision.		50,0	
Total				50,0	

4.2.2.3 German-speaking Community

As provided for in the previous stability plan and as already implemented in 2019, the German-speaking Community's objective was to achieve a balanced budget in 2020 and the subsequent years, in line with the ESA standard. However, this objective could only have been achieved if the German-speaking Community had made practically zero investments in infrastructure. As such, the latest draft budgetary plan already envisaged €10 million for 2020 and €15 million for 2021 for infrastructure investments, which would have reduced the budget balance to a deficit of €10 million in 2020 and €15 million in 2021 respectively.

The outbreak of the corona crisis means that this objective can no longer be met, on account of both of the drastic loss of revenue already forecast for 2020 and the sharp increase in budgetary expenditure due to direct and urgent measures to counter the adverse effects of the crisis. As regards infrastructure, it seems essential to us, especially in times of crisis, to make progress in this area in order to stimulate the local economy.

Impact on the 2020 budget

By taking into account the estimate of the NBB and the FPB, which forecasts an 8% fall in GDP in 2020, the revenues of the German-speaking Community will decrease by approximately €22.9 million in 2020 (for 2020, an 8% fall in GDP has been taken into account, although it can be assumed that the cash effect will only follow in 2021).

On the expenditure side, the impact of the corona crisis will have the following consequences, for an estimated amount of €16 million:

Current expenditure (masks and other medical equipment, communication campaigns, ICT equipment): €3 million; infrastructure (substantial increase in appropriations in the area of infrastructure to boost the local economy): €9.77 million; corona support for municipalities and CPASs (5% increase in allocations): €1.2 million; special employment measures (increases in the "AKTIF/AKTIF+" employment measures): €0.5 million; care staff (bringing forward to 2020-2022 the increase in scales initially envisaged for 2021-2024 for care staff): €0.5 million; special measure for childcare (replacement income in times of crisis): €1 million.

In total, we envisage a negative result of approximately €40.4 million for the budget year 2020.

Impact on the 2021 budget

In the same rationale, current estimates for the year 2021 show a deficit of €-27.7 million.

Table 12: Budget impact of Covid-19 measures

List of measures	Description	Status of implementation	ESA Code	Budget impact (In million)	
				2020	2021
Current expenses	Masks and other medical equipment, communication campaigns, ICT equipment	Adopted	P.2	3,0	0,0
Expenditure in the area of infrastructure	Substantial increase in appropriations in the area of infrastructure to stimulate the local economy	In preparation	D.99	9,8	13,0
Support to municipalities and CPASs	Increase of the allocations by 5%	In preparation	D.73	1,2	1,5
Support in the area of employment	Various measures to promote employment (AKTIF)	In preparation		0,5	0,0
Support for care staff	Bringing forward to 2020-2022 the increase in scales originally planned for 2021-2024	In preparation	D.1p	0,5	1,4
Support for childcare	Replacement income for childcare staff	In preparation	D.62	1,0	0,5
			Total	16,0	16,4

4.2.2.4 Walloon Region

Since the beginning of March, the Walloon government has taken a number of measures to respond to the corona health crisis and prevent the spread of COVID-19, on the one hand, and to handle the socio-economic consequences of this crisis, on the other. In mid-March, a decree was adopted granting special powers to the Walloon government.

As such, from the beginning of March, procedures were put in place to ensure regional coordination in various sectors, to implement information and prevention measures for the various target groups, to ensure the protection of the most vulnerable target groups, particularly in rest homes, and to stockpile medical equipment. The government has also decided to invest in setting up a production unit for surgical masks in Wallonia. Decisions were also taken to ensure the continuity of public services.

At the socio-economic level, two task forces have been set up. The aim of the first of these is to mobilise various levers to support businesses, and the second is to respond to the social emergency and provide support for the most vulnerable sections of the population. A special fund of €350 million has been set up, which will be made available, firstly, to businesses and the self-employed directly affected by the crisis (grant of a lump sum, mobilisation of the financial instruments for guarantee and loan mechanisms - €233 million) and secondly, to support the social and health sectors (coverage of additional costs in health departments, maintenance of subsidies to operators and compensation for loss of income, support for the most vulnerable target groups, etc.) - €112 million). In addition to these support measures, various regulatory provisions have been introduced concerning the suspension of deadlines, the protection of consumers and tenants, etc.

Table 13: Budgetary impact of Covid-19 measures

List of measures	Description	Status of implementation	ESA Code	Budget impact (In million)	
				2020	2021
<u>Extraordinary fund - Economy Component</u>	Fixed payment of €5000 to various sectors of economic activity (NACE)	Government validation (government decision)	D.3	233	
<u>Establishment of an interdepartmental reserve</u>	Conversion measures following the corona crisis, aimed in particular at shifting activities in Wallonia, the circular economy, short chains and initial concretisation of the Transition Plan.	Validation of the principle by the government (not yet implemented)		100	
<u>Extraordinary fund - Employment Component</u>	Exemption from the crisis period for the calculation of the regional subsidy - Service vouchers (and ICPC) measure	Government validation (ministerial decisions)	D.3	26,2	
<u>Extraordinary fund - Employment bis Component</u>	Fixed compensation for professional integration facilities (€5,000)	Government validation (ministerial decisions)	D.3	0,5	
<u>Extraordinary fund - Health Component</u>	Fixed compensation of €5,000 to the institutions in the health care sector	Government validation (ministerial decisions)	D.3	83,3	
<u>Social Action Component</u>	Purchase of protective equipment or food, recruitment of temporary and additional staff for the Relais sociaux (social networks), shelters, community centres, night shelters, housing structures linked to the tasks entrusted to the governors	Government validation (ministerial decisions)	P.2	1,2	
<u>Extraordinary fund - Social Action, Health and Employment Component</u>	Strategic reserve at the "PWT"	Government validation		3,9	
<u>Establishment of a stock of masks AVIQ</u>	Stock of masks AVIQ (SAFA, etc.) - 1,200,000 masks + 380,000 reserve masks	Government validation	P.2	2,7	
<u>Purchase of masks</u>	AVIQ via SRIW 3,700,000 surgical masks and 750,000 FFP2 type masks	Government validation	P.2	3,6	
	Masks own funds SRIW	Government validation	P.2	0,4	
<u>Order of 5,000,000 masks (strategic reserve)</u>	Establishment of a strategic reserve	Government validation	P.2	0,6	
<u>Purchase of additional masks</u>	16,171,338 surgical masks and 3,274,368 FFP2 masks	Government validation	P.2	18,7	
<u>Impact on civil service</u>	Extension of teleworking	Government validation	P.2	0,3	

<u>Special power of attorney decision No. 10 of the Walloon Government concerning the temporary suspension of certain tax provisions</u>	Suspension of AO tax	Government validation	D.2	4,8	
<u>Extraordinary fund - Local authorities Component</u>	Compensation of the municipal tax moderation	Government validation	D.73	4	
<u>Economic and financial instruments SOWALFIN - GELIGAR</u>	Support measures to businesses affected by the COVID-19 crisis (guarantee SOWALFIN and GELIGAR)	Government validation	D.3	36,2	
<u>SOCAMUT NV - SOWALFIN group</u>	Ensuring liquidity support to small businesses and self-employed persons economically disadvantaged by the COVID-19 crisis through a financing solution together with bank credits	Government validation		13,6	
<u>Additional purchases of surgical masks, FFP2 masks and other equipment for the regional sectors (social - health)</u>	Masks own funds SRIW + material and aprons	Government validation	P.2	42,8	
<u>Water sector</u>	Exceptional allocation to the Social Water Fund: €500,000 Contribution of the Walloon Region to the one-off fixed compensation for household subscribers: €10,000,000 (€40 per water meter)	Validation in progress	D.73	10,5	
<u>Exceptional refinancing of the Special Social Assistance Fund worth €5 million</u>	Refinancing of the CPASSs to cope with the crisis	Government validation	D.73	5	
<u>Granting of support for families with a budget meter</u>	One-off assistance of €100 for families with a budget meter for electricity and €75 for families with a budget meter for natural gas.	Government validation	D.75	9,4	
<u>COVID-19 - Additional needs</u> <u>Health sector - Disability - Social Action - Employment - Social economy</u>	Additional measures (subsidies) in the housing and emergency housing sector (Retirement home-care home-disabled-mental health-social action-social insecurity) Additional measures (subsidies) in the sector of persons with disabilities, mental health, services for assistance to families and senior citizens (services d'aide aux familles et aux aînés), food aid, social economy, self employment and employment	Government validation	D.3	37,2	
<u>Compensation for businesses and additional trade</u>	Additional fixed compensation to various sectors of economic activity (NACE)	Validation in progress	D.3	287,4	
<u>Release of budgetary resources for research projects related to COVID-19 on which companies are working</u>	€20 mil. in grants and €5 mil. repayable advance on the budget to be released to finance research projects related to COVID-19 which companies are working on	Validation in progress	D.3	25	
<u>Introduction of a zero-interest loan for the payment of rent via SWCS</u>	Introduction of a zero-interest loan for the payment of rent via the SWCS + guarantee, but included in the current guarantee.	Government validation	D.3	4,2	
Total				954,5	

Table 14: Guarantee schemes following Covid-19

List of measures	Description	Status of implementation	Maximum amount of contingent liabilities (In million)
Guarantee SOWALFIN-SOFINEX SMEs	Increase of claims on guarantee	Approved by government	60
SOCAMUT	Financing solution together with bank loans to strengthen the cash flow of micro/small enterprises and the self-employed affected by the crisis and enable them to resume their activities after the crisis has ended: - SOCAMUT subordinated loan of up to €25,000 (and up to 50% of the joint bank loan), after an exemption for capital extended to up to 12 months**. - together with a new, depreciable bank loan of up to €50,000 (investment loan) or with a new short-term loan (or the increase of an existing line) guaranteed up to 75%.	Approved by government	7,9
GELIGAR	Extension of the guarantees granted by GELIGAR: ▪ granting after examination of an additional guarantee of 50% on the existing short-term credit lines granted by the banks without an initial guarantee from the Region; ▪ automatic granting of a guarantee up to 75% on increases in short term credit lines (including moratorium granted on medium term credits) granted to companies to help them weather this crisis period; ▪ The current guarantee envelope is €50 million, covered by the ad hoc mathematical reserve. The proposed measures will bring the envelope to €250 million. The mathematical reserve must be increased by 12% per tranche of €50 million.	Approved by government	200
SWCS	Guarantee zero interest rate loan	Approved by government	50
Total			317,9

4.2.2.5 Brussels-Capital Region

The Government of the Brussels-Capital Region has taken a number of important economic and social measures to support the sectors affected by the corona crisis. As of 22 April 2020, around €290 million of measures had already been planned.

The lion's share of this budget, around €215 million, is made available for one-off compensation allowances for companies with up to 50 full-time employees who have had to close as a result of the decisions of the National Security Council, and for self-employed people and smaller companies with up to 5 employees who have been confronted with a significant reduction in their activity. Businesses in the social inclusion economy will also be able to benefit from the measures taken to support the economic fabric of Brussels. In addition, the service voucher sector is also supported. In order to support the cash flow of the affected companies, the Brussels Guarantee Fund can grant €20 million in public guarantees on bank loans. In addition, finance&invest.brussels is offering loans of around €20 million at a reduced interest rate for core suppliers to the hotel and catering sector and for businesses in this sector with more than 50 employees, as well as a moratorium on capital repayments of loans to companies in the affected sectors. Additionally, accelerated disbursement of economic expansion support is also envisaged. In order

to provide more intense support for companies in difficulty, the financing of the Centre for Businesses in Difficulty will be increased.

As regards tax measures, the Brussels-Capital Region has abolished payment of the city tax for the first half of 2020 and the tax on the operation of taxis and chauffeur-driven vehicles for 2020.

Finally, €1.5 million will be made available for the urgent reception of transmigrants and approximately €30 million will be made available to the colleges of the Common Community Commission, the Flemish Community Commission and the French-speaking Community Commission, to support the Brussels non-profit sector.

Table 15: Budget impact of Covid-19 measures

List of measures	Description	Status of implementation	ESA Code	Budgetary impact (In million)	
				2020	2021
Expenditure (decided until 22/04/2020)					
Support for companies in difficulty	The reception capacity of the Centre for Companies in Difficulty (COM/BECI) has been increased to enable it to process new applications in collaboration with hub.brussels.	Adopted	D7p	0,2	
Accelerated disbursement of economic expansion support	In order to support the liquidity of companies in specific, heavily-affected sectors (hospitality, retail, events, tourism, recreation), the disbursement of investment files is envisaged in one instalment instead of several. The instalments planned for 2021 and 2022 will therefore be paid as early as 2020.	Adopted	D9p	2,0	
Loans from Finance&Invest.brussels	For existing loans, it is proposed to grant customers a moratorium on capital repayments of 6 to 12 months. For new applications, Finance&Invest will support companies to introduce a countercyclical measure by also granting a moratorium on the repayment of capital for new loans.	Adopted	-	-	
Regional guarantee (Brussels Guarantee Fund) for bank loans	Max. €20 mil. of additional guarantees. The amount entered in the budget is deemed to cover the potential damage.	Adopted	D9p	5,2	
Delegated assignment to the Brussels Regional Investment Company (GIMB)	Granting of loans at low interest rates to core suppliers to the hotel and catering sector and to hotel and catering establishments with more than 50 employees. Strengthening the equity capital of emblematic Brussels companies.	Adopted	D9p	20,0	
Support measures to service voucher companies and their employees as a result of the emergency measures to limit the spread of the coronavirus COVID-19		Adopted	D3p	1,0	
One-off bonus	The payment of a one-off fixed bonus is intended to help Brussels businesses facing a significant loss of turnover as a result of the exceptional circumstances, for which a decision was made on 18 March 2020 in the context of the COVID-19 pandemic as defined by the federal government on the basis of a list of NACE codes. Amount: €4,000 for companies that were forced to close.	Adopted	D3p	106,9	
One-off compensation bonus for companies with 0 to 5 full-time employees who are confronted with a significant drop in activity.	One-off bonus of €2000	Adopted	D3p	102,0	
Support to companies active in sustainable professional urban agriculture	One-off subsidy of €3000	Adopted	D3p	0,2	
Compensation support for operators of salaried passenger transport services	One-off bonus of €3000	Adopted	D3p	4,8	
Parking.brussels	It was decided not to make use of the temporary unemployment scheme for traffic wardens (contractual officials) of the Parking Agency of the Brussels-Capital Region during the period of the current suspension of checks on the payment of regulated road parking in the context of the COVID-19 health crisis. These costs are estimated at €514,142.98 for the period from 18 March to 19 April 2020 and, in case of an extension of the suspension of the audit until 3 May 2020, an additional cost of €257,071.49 for the period from 20 April to 3 May 2020.	Adopted	D7p	0,8	

Accessibility of economic support to social integration enterprises according to their field of activity	The economic support and sectoral support measures will be available to social integration enterprises operating in the relevant field of activity. The calculation of their 2020 funding will therefore be adjusted and calculated over the last two quarters so as not to penalise the institutions.	Adopted	D7p	0,4	
Urgent reception of 100 homeless transmigrants staying in the Maximilian Park		Adopted	D7p	1,4	
Allocation to the CCC	Miscellaneous measures - see CCC budget	Adopted	D7p	16,0	
Allocation to the FCC	Miscellaneous measures - see FCC budget	Adopted	D7p	2,7	
Allocation to the COCOF	Miscellaneous measures - see COCOF budget	Adopted	D7p	11,0	
Revenues (decided until 22/04/2020)					
Exemption from payment of regional tax on tourist accommodation establishments (city tax)		Adopted	D5	13,4	
Exemption from regional tax on taxi services or chauffeur-driven vehicles		Adopted	D5	1,5	
Total				289,41	

Table 16: Guarantee schemes following Covid-19

List of measures	Description	Status of implementation	Maximum amount of contingent liabilities (In million)	
Regional guarantee (Brussels Guarantee Fund) for bank loans		Adopted		20
Total				20

4.2.2.6 Common Community Commission and French-speaking Community Commission

The coronavirus epidemic known as "COVID-19" has had a significant social and economic impact on Brussels social profit enterprises, i.e. "non-commercial", whose activities have been affected by the events and the applicable rules imposed by the authorities.

They represent more than 20,000 employees (15,000 FTEs) and 700 operators who contribute to the implementation of the policies of the French-speaking Community Commission (COCOF) and the Common Community Commission (COCOM) in the social and health sector, the policy of assistance to persons, training and socio-professional integration and social cohesion.

1. Cross-sectoral measures to support the so-called 'non-commercial' sectors in Brussels.

The sectors targeted by these measures are social and health policy (medical institutions, mental health, palliative care, drug addiction, telephone reception, centre for global social action, debt mediation, health promotion, centres) family planning, Home care and care, Nursing homes, Reception and housing, Assistance for the disabled, Assistance for young people, Assistance for citizens, Assistance for migrants, Assistance for homeless people, Protected Housing Initiative, CAP, etc.), training and socio-professional integration, social cohesion and culture.

1.1. Immunisation of the crisis period for the calculation of the structural subsidy.

For the subsidised sectors which, for various reasons (retirement, sickness, unemployment, etc.), will be faced with a reduction in their activities or even closure, it is proposed that structural subsidies be guaranteed under the systems, in particular by making subsidised periods of inactivity equivalent to performed work for accredited managers. At the same time, it is also important that administrations allow postponement of the filing of supporting documents, inspection procedures, etc. Exceptional measures are proposed for exceptional eligibility of unforeseen expenditure directly linked to the crisis and for administrative simplification, in particular through electronic procedures. The advantage of this measure is that employers do not put their staff into temporary unemployment.

1.2. Creation of special "COVID 19" grants of €29.688 million

The Brussels government wished to provide support through an extraordinary budget envelope based on an emergency assessment of the additional costs and losses resulting from the crisis, as well as an emergency policy which is necessary for the front-line services to manage the corona health crisis, in close collaboration with the different sectors and administrations. The needs of the operators, which varied according to the sector, were indicated on the basis of the real needs imposed by the crisis.

1.2.1. Additional intervention to offset the additional costs arising from maintaining and adapting activities

In the event that maintaining structural subsidies would not make it possible to cover the additional costs inherent in the corona health crisis, exceptional financial intervention will make it possible to offset the costs associated with the purchase of materials (disposable items, clothing for care and protection, IT, etc.), exceptional services (cleaning, disinfection, etc.), exceptional staff costs (extra hours, agency workers, volunteers, remuneration for irregular services, etc.), adaptation of working conditions and content (reorganisation of services, hotlines, teleworking, etc.), additional infrastructure costs

(confinement of patients, security, IT, etc.), etc.. If part of these costs is borne directly by the administration (e.g. purchase of masks), the latter receives a proportionate budget.

1.2.2. Additional interventions to compensate for loss of income

For sectors experiencing a reduction in the financial contribution from beneficiaries or their customers for their services, and unless this loss is already offset by measure 1.1 or by federal measures, an intervention may be granted (subject to the opinion of the administration) to offset the loss of margin which is necessary for maintaining employment and the service or productive resources. It is not a question of compensating for the entire loss of income, or overcompensating.

As an indication, the amounts deemed necessary in the sectors of nursing homes, social action/unemployed/migrant and invalidity are given here.

1.2.3. Estimates of measures for home care, rest homes, social measures, invalidity and other measures

Given their unique exposure to the crisis, which they are both subject to and help to manage, home help services, housing for the elderly, the social action and invalidity sectors, estimate the specific support to be provided to these sectors to cover the costs caused by the crisis at around €22 million in the case of the Common Community Commission and €15.5 million in the case of the French-speaking Community Commission. This estimate continues to evolve.

Table 17: Budget impact of Covid-19 measures (CCC)

List of measures	Description	Status of implementation	ESA Code	Budgetary impact (In million)	
				2020	2021
Social action/homelessness/migrants: reinforcement	Reinforcement of equipment, reinforcement of reception shelters	Adopted	D.3	0,9	
	Reinforcement of reception public sector	Adopted	D.73	0,2	
Social action/homelessness/migrants: creation	Creation of crisis mechanisms for homeless people diagnosed with covid-19	Adopted	D.3	1,2	
Social action/homelessness/migrants: miscellaneous assistance	Mobile intervention service, psychosocial support, coordination, overnight reception, etc.	Adopted	D.73	1,2	
		Adopted	D.3	1,5	
Social action/homelessness/migrants: reception covid	Reception covid	Adopted	P.2	0,9	
Social action/homelessness/migrants-migrants	Coordination of food aid, increased reception capacity	Adopted	D.3	1,1	
Mental health	Private initiatives	Adopted	D.3	0,0	
	Public initiatives	Adopted	D.73	0,0	
MR-MRS	Global measures (250/bed), intermediate reception shelters	Adopted	D.75	4,6	
Home services	home emergency services, home guards	Adopted		0,8	
Rehabilitation centres	Rehabilitation centres	Adopted	D.75	2,7	
Mental health - other	Psychiatric care homes, reception and housing sector (reduced turnover), assisted living (equipment), IHP (Individual Treatment Plan)	Adopted	D.75	0,8	
Palliative care	Palliative care requests	Adopted	P.2	0,0	
Family planning	Requests	Adopted		0,1	
Reinforcement team communication	FAMGM communication campaign, consultant, head nurse	Announced		0,2	
Recruitment of 200 FTE	Nurses + administrative assistants (service contract)	Announced		6,0	
Support doctors line 112	Support 11 doctors on line 112	Announced		0,2	
Total				22,3	

Table 18: Budget impact of Covid-19 measures (FCC)

List of measures	Description	Status of implementation	ESA Code	Budget impact (In million)	
				2020	2021
Education	Tackling the digital divide among young people in Brussels, school drop-out	Announced	D.3	0,3	
Disability	Residential centres and support services	Announced	D.73	2,3	
Sport and social cohesion	Support for sports clubs and non-profit organisations with commercial leases and strengthening of the social cohesion offering for people weakened by the crisis.	Announced	D.3	0,8	
Social	Strengthening of debt mediation services	Announced	D.73	0,4	
Health	Strengthening of psychosocial services for young adults and students in need.	Announced	D.73	0,8	
Social	Centres d'action sociale globale: strengthening services to cope with the increase in demand	Announced	D.73	0,6	
Culture	Support to the sector	Announced	D.3	0,6	
Socio-professional integration	Resumption of training	Announced	P.2	0,2	
Social action and family	First wave of emergency assistance	Adopted	P.2	1,7	
Health and health promotion	Mental health, addiction, palliative care, etc.	Adopted	P.2	1,5	
Disability	First wave of emergency assistance	Adopted	P.2	5,4	
Culture	First wave of emergency assistance	Adopted	P.2	0,7	
Social cohesion	First wave of emergency assistance	Adopted	P.2	0,3	
Socio-professional integration	First wave of emergency assistance	Adopted	P.2	0,2	
Total				15,5	