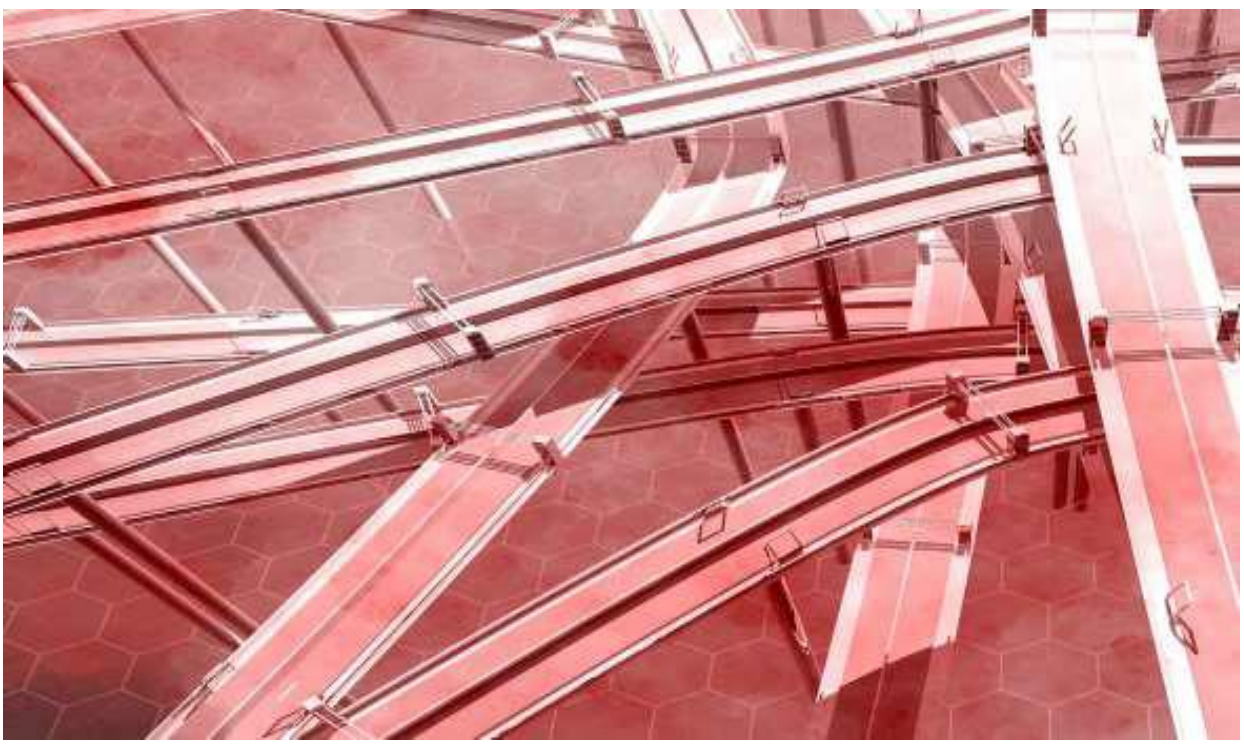
RECREATE

REinforce Competitiveness of REgionAl Transport SMEs

PGI05275

COVID-19 Good Practices Report



2023

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1. Introduction

SMEs currently employ 55% of the EU workforce in transport and their important role in the value chain is expected to expand. The rigid value chain of the transport sector is stifling the introduction of innovation by SMEs into new vehicles and transport-related products. SMEs (usually Tier 2 suppliers) find it difficult to interact with vehicle manufacturers, as they generally have short-term supply contracts to Tier 1 companies, who are strongly linked to specific large volume OEMs. Tier 2 SMEs have no collective voice or influence at European level and the EU is not taking advantage of or supporting directly the thriving innovative companies in this sector.

1.1. RECREATE project

RECREATE project will address this market failure and focus on the opportunities that new markets offer to innovative and dynamic transport SMEs through the adoption of regional support schemes. It will improve the capacity and capability of regional transport SMEs to further development and growth. This includes support for: 1. Research and Development 2. Rapid development and implementation of products and services 3. Access to finance schemes 4. Internationalisation opportunities. Project adopts a holistic approach to SME support by improving all the relevant schemes that could potentially deliver growth to the regional transport SMEs. Recognising the importance and the potential of the transport SMEs in the economies of the regions involved, RECREATE will map transport SME support measures and assess their effectiveness. The integrated approach adopted by the RECREATE project will drive the identification and development of support mechanisms in the transport SME sector and it will ultimately deliver Action Plans and policy recommendations for evidence-based policy improvement.

1.2. Project extension and additional activities

The outbreak of COVID-19 in 2019 and its spread in 2020 have highlighted the importance of SME support during the crisis. At that time, various business support initiatives were launched by governments and business support organisations to ensure that companies operating in the transport sector were able to cope with the challenges and continue to maintain their day-to-day operations. After some time has passed away, it is important to understand what worked/didn't in terms of business support aimed at transport companies.

Within the project extension, RECREATE decided to look into new business support structures/policies/organisations/instruments that emerged in the context of the COVID-19 crisis. It was decided that eight of these specifically COVID-related business support practices (two per partner) will be collected and the RECREATE COVID-19 Good Practices Report will be prepared.

1.3. About this report

The purpose of this document is to present the regional Good Practices (GPs) relevant for the transport sector in the context of COVID-19, that were collected as part of the additional activities in the RECREATE project.

A **Good Practice** in the framework of Interreg Europe Programme Manual is defined as:

An initiative (e.g. *methodologies*, *projects*, *processes*, *techniques*) undertaken in one of the programme's thematic priorities (*R&D*; Low-carbon *economy*; *SME Competitiveness*; *Environment & resource efficiency*) which has already proved successful and which has the potential to be transferred to a different geographic area. Geographical coverage depends on the area where initiative was taken, depending on project geographical scope. Proven successful is where the practice has already provided tangible and measurable results in achieving a specific objective.

The spread of COVID-19 around the world has disrupted well-established social and economic practices. In this context, the transport sector has played a key role. On the one hand, the movement of goods and people is enabled by transport services, but at the same time, this was one of the cornerstones of why COVID-19 spread so quickly around the world. On the other hand, transport sector played an important role in the management of the pandemic, as efficient and effective transport is essential for the movement of vaccines, medical equipment or medics between different regions or countries.

At sectoral level, COVID-19 had a wide-ranging impact on various transport-related activities. Various constraints on economic activity and people's daily lives have led to a reduction in the use of transportation, would it be public transport, trains, planes, sharing platforms or personal vehicles. Decreased use of transport also had a negative impact on the production volumes in the automotive sector, as the demand for the products also decreased significantly. In addition, the COVID-19 crisis has made issues such as staff shortages, the health of workers and those around them, and disrupted supply chains more pressing. On the positive side, the situation has led transport-related businesses to rethink their business models and put more attention to efficiency and productivity enabled by R&D and innovation. For example, companies providing IT solutions for other businesses managed to use this crisis as an opportunity to increase their business activities. Taking this into account, it is important to understand how transport sector was supported during this time and what lessons could be taken in order to prepare for future, considering not only COVID-19, but also war in Ukraine, energy crisis, inflation and economic slowdown.

1.4. Structure of this handbook

RECREATE COVID-19 Good Practices Report is structured in 6 parts. Except from the one (introductory), chapter 2 outlines the methodology applied for the identification and description of the GPs; chapter 3 part provides information on the transport sector and the impact of COVID-19 on it; chapter 4 presents the results of Good Practices collection, with all relevant information, including what is the Good Practice / why it is successful and what are the results achieved / why it can be transferred to other regions; chapter 5 presents the analysis of collected good practices; chapter 6 provides the overall conclusions.

2. Methodology for the GP collection

The selection of good practices was based on the RECREATE Good practices guide.[1] The main criteria used for the selection of good practices were the added-value of the GP; its success; potential for inspiration and transferability.

For the identification, validation and the transfer of Good Practices, the “funnel model” introduced in Interreg IVC Thematic Programme Capitalisation review (2012) was used. This model starts with the wide number of generally described GPs. The idea behind this activity is to identify as many potential ideas for GPs as possible. Later, several peer-review based iterations were applied and the total number of good practices was narrowed down to a more manageable number, while at the same time the level of details in the descriptions was increased. It allowed project partners to create a short list of GPs which should suite different criteria. The third step was to select good practices that best meet the transferability criteria. Transferability is the approach that transfers only those policies and incentives that will have a similar (but not identical) value under different circumstances. Last but not least, GPs were validated in a peer review process by focusing on criteria, such as potential for replication in the partner’s region; expected impact in the partner’s region, etc.

3. COVID-19 and its impact on the transport sector

This document aims at reporting on regional experiences under the form of GPs that were dedicated to promote the stability, resilience, competitiveness, and innovation of Transport related SMEs during the COVID-19 pandemic. However, first, the general business situation with the focus on the transport sector in each region will be briefly reviewed.

3.1. COVID-19 impact on West-Midlands (United Kingdom)

During 2020, the UK overall witnessed a GDP contraction of 9.9%. The West Midlands economy was disrupted due to the challenges in sectors, such as manufacturing, logistics as well as tourism & hospitality. This gave a rise in Coventry unemployment – 2.9 % (Jan 20) to 6.7 % (Feb 21) when 30 % of posts were furloughed in June 2020. The West Midlands economy has been slowest to return to pre-pandemic size as it is the only region not to recover to pre-pandemic size by end 2022.

However, during the pandemic there has been an improved business support framework in place including support provided to transport SMEs too. The business support organizations/partners met frequently and monitored the emerging challenges along with the impact on business. As a response to these challenges a new package of policy responses, most of it sector-specific - was put in place. Within the framework of *Coventry & Warwickshire Focus Innovation Group* (ERDF Priority 1 projects) support was offered for SME diversification actions, advance digitisation (journey planning, 5G use cases) while also ERDF Priority 3 and Priority 4 projects prioritised modernisation/diversification.

The ‘joined up’ approach, adopted in West Midlands mainly focused on addressing the following key challenges:

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[1] Recreate Good Practice Guide, < https://projects2014-2020.interregeurope.eu/fileadmin/user_upload/tx_tevprojects/library/file_1543423405.pdf>

- Supply chain disruptions;
- Rising energy and materials costs / inflation;
- Cashflow challenges (with COVID loan repayments);
- Labour shortages (technical, ICT);
- Action needed to respond to climate change;
- Uncertain business and consumer confidence;

To address reduced revenue and profits, there was 3 types of loans:

- Bounce Back Loans (up to £50k);
- Coronavirus Business Interruption Loans (to £45m);
- Large Business Interruption Loans (to £200m):
    - Important for transport sector;
    - Suppliers slow to build back capacity.

Local business support providers assisted with the applications and finally achieved £304.3m in loans to 7,400 Coventry businesses, £655.5m to 15,000 Warwickshire businesses and the job losses were minimized

'Specialist Grants' were also introduced to accelerate COVID-19 recovery. These grants were from £1k to £3k to support specialist external expertise and small-scale equipment. The grants facilitated diversification and innovation (including ICT adoption) amounting to a total of £500k fund for Coventry & Warwickshire (ERDF P3) which was equal to 200 SMEs supported from multiple sectors.

The Coventry and Warwickshire Local Enterprise Partnership (CWLEP) Smart Region lobbied with the government to introduce funds which were over-subscribed six-fold within a week. The larger proportion of ERDF P1, P3 and P4 grants continued (£4.2m awarded). For the future, it was aimed to create a legacy for future SME support with more prominence of new to firm innovation, emphasis on new products, processes & services and to make Smarter WM.

One last angle of the business support framework that was introduced was the 'flexibility' for ERDF project delivery. Due to the extensive lockdowns, digital (now hybrid) delivery methods boosted the take-up. For example a number of webinars were introduced with within the framework of the business support programme 'CW Green Business' which witnessed a triple attendance on workshops. The themes covered were:

- Electrifying fleet, green transport and active travel as themes;
- 1:1 support (web-based energy audits);
- Referrals to capital and revenue grants;
- Flexibility benefited transport SMEs;
- Lessons in project design – maximise flexibility on sessions etc.

New local e-portals were also introduced which provided information on procurement & supply opportunities, CW Employment Solutions – access to jobs and training which was delivered alongside business advice and grants

3.2. COVID-19 impact on South Aegean Region (Greece)

The pandemic has had dramatic health, economic and social impacts all over Greece, negatively affecting socio-economic activity, in terms of public health, disposable income, jobs, investment activity, business operations and sustainability. 2020 was a deeply recessionary year for the Greek economy, with the GDP in current prices falling by 9.6%, marking the second biggest recession in the EU after Spain.

At a sectoral level, as of March 2020 a dichotomy was observed between businesses that closed under government orders and those that did not close at all. Out of a total of 870.494 businesses, 210.217 businesses or 14.8% of the total were suspended in March 2020; in November of the same year, 188.985 businesses or 13.3% of the total were also suspended.

In all public use buses (city and intercity buses, single-driver buses of barren lines, tourist buses and special open or closed city tour buses), in private use buses, as well as in municipal transport buses and in rail travel, it was allowed to carry passengers up to 50% of the intended maximum number of passengers transported per vehicle/train.

In all passenger-ferry ships operating maritime cabotage, the transport of a maximum of fifty percent (50%) of the total number of passengers of the ships or fifty-five percent (55%) if the ship has cabins was ensured, as well as the observance of a minimum distance of one and a half (1.5) meters between those on board. Up to four (4) people could be accommodated in the passenger and crew cabins, as long as they were either first or second-degree relatives or disabled persons after their companion, otherwise one (1) individual passenger and two (2) crew members, respectively.

Regarding financial data, for the majority of small businesses the turnover has been severely reduced throughout the pandemic. The SMEs that in 2020, compared to 2019, declared they had losses almost doubled, while the companies that recorded profits were reduced to half. The pandemic crisis found a significant part of SMEs already over-indebted. The measures taken contributed to keeping the overdue debts of small and very small businesses at pre-pandemic levels. However, it seems that over-indebted SMEs did not benefit from the measures, while an increase in their number was also observed.

It is true that the measures to limit the quarantine period led to a collapse of passenger traffic and the revenue of the transport service providers in Attica and Thessaloniki, of the order of 80-90%. Corresponding vertical reductions were also experienced by city and intercity buses of the whole country. The full recovery of passenger traffic may be significantly delayed and of course is not guaranteed. The impact of the pandemic on public transport has highlighted the vulnerability of providers in terms of their revenues. Based on this observation, it is possible to argue more strongly in favor of the state model of transport provision.

The measures adopted by the Greek government to support businesses from the effects of the pandemic crisis can generally be divided into two categories:

- Measures to strengthen business liquidity, namely refundable advances, rent reduction/exemption, suspension of tax obligations, bank lending with the guarantee of the Greek government or subsidizing loan installments and suspension of check payments for 75 days.

- Measures to support employment, namely the suspension of employment contracts, the SYN-ERGASIA program and the program for the creation of 100,000 new jobs.

Refundable advances were the measure used by the majority of small and very small businesses. Bypassing the banking system was the critical factor in its effectiveness. More specifically, 63.7% of the enterprises were financed through repayable advances; 38.8% took advantage of the measure of rent reduction/exemption, 22.5% of the suspension of tax obligations and 9.5% of the suspension of payment of checks.

The pandemic is a very serious reason for the rapid promotion of the necessary reforms in the passenger transport sector in the Region. Reforms that could include:

- The revision of the conditions for the provision of transport services,
- The promotion of "flexible" transport systems (DRT: Demand Responsive Transport) to serve areas of low demand or special population groups, and finally
- The formation of a framework for the operation of new emerging forms of transportation, such as UBER-type services and "micromobility" schemes that include electric scooters, etc.

3.3. COVID-19 impact on Lithuania

Transport and logistics is one of the main sectors of the Lithuanian economy. Historically, Lithuania has been able to exploit its geographic competitive advantage, to secure its reputation as an East-West transport corridor and transport hub, and eventually to establish itself in Europe as an exporter of transport services. In addition, Lithuania has a growing automotive sector, with new manufacturing companies establishing and growing every year alongside growing ICT sector with companies focusing on mobility services, telematics, optimization of logistic chains, last mile delivery.

The Lithuanian economy showed its resilience during the pandemic compared to other countries. Even though economic activities were severely restricted throughout 2020 and 2021, in 2020 GDP decreased by only 0.1 %, while the rebound was strong in 2021 – 5.8 %. However, the impact of the pandemic on individual economic activities varied considerably, from manufacturing increasing its output, to creative and cultural industries which came to a complete standstill.

Transport sector also demonstrated quite mixed results. For example, there was a decrease in value added for transport and logistics sector (-3.2 %) in 2020, however it was still very low compared to other countries in the EU. On the other hand, Lithuanian automotive sector during the first wave of COVID-19 managed to increase its production output.

However, 2021 was a year of recovery for the Lithuanian transport sector. Transport services exports in Lithuania grew by 7% in 2021 compared to 2020, and accounted for around 60% of the country's total services exports. In total, 5.3 % more freight was transported by all modes of transport in Lithuania in 2021 compared to 2020 while sector revenues in 2021 grew by 27 % and reached €15.2 billion.

Yet, passenger transport decreased sharply during the COVID-19 pandemic and has not reached pre-crisis levels. In total, the volumes of passengers in all modes of transport sector decreased from 380,8 million in 2019 to 236 million in 2020 and 208,9 million in 2021. Between 2019 and 2021, the biggest drop was in the use of trolleybuses (-53 %) and buses (-44 %), while other modes of transport (-28 % in sea transport; -25 % in railways; -7 % in air transport) also saw a significant decrease. The movement of people was restricted in 2020 and 2021 depending on the epidemiological situation at the time. For a period of time, different restrictions were imposed, f. e. with some exceptions, travel between different regions of Lithuania was restricted; safety requirements in public transport were applied to maintain the required distance between passengers; the number of passengers was limited.

Between 2020 and 2022, 10 different COVID-19 related support instruments have been created and launched in Lithuania. €48 million were allocated as global grants, including Partial Compensation of Rent Payments for Businesses Most Affected by Covid-19; Compensation of COVID-19 Testing for Employees; Compensation for Providers of Classified Accommodation; Grants for Tour Operators of Incoming Tourism. In total, 8 200 contracts were signed. Guarantees accounted €102 million – about 700 contacts were signed. Last but not least, €290 million of loans were also provided. Specific instruments included Direct COVID-19 loans (€59,3 million); Loans for Providers of Accommodation and Catering Services (€19,2 million); Loans for Invoiced Payable (€12 million); Loans to Businesses Most Affected by COVID-19 (€200 million). More than 4 700 contracts were signed, 15 % of them in the transport and storage sector. Overall, enterprises in the transport or other sectors of the economy, with the exception of tourism, creative and cultural industries, retail, were not exclusively targeted by the support instruments.

In conclusion, the main consequences of the pandemic for the transport sector were reduced demand for transport services and deteriorating financial situation, disruptions in the supply chains, changes in the logistics routs, labour shortages, restricted movement of people and vehicles. The pandemic has also brought some positive changes – the widespread adoption of IT and the reduction of emissions are identified as positive aspects of the COVID-19 pandemic.

Given that COVID-19 has accelerated and driven various changes in the transport sector, a radical transformation of it is foreseen in Lithuania until 2030 through the use of EU financial instruments and other funding sources. The country has put in place long-term measures to transform the sector and make it much more innovative, greener and digitised. Lithuania is planning to increase the number of electric vehicles, foster the establishment of EV charging points, increase the use of alternative fuels and establish required infrastructure, create sandbox to develop various innovations for transport and mobility, foster sustainable mobility and digitisation.

3.4. COVID-19 impact on South-West Oltenia (Romania)

Over the period of March 2020 – 2022, Romania, like the other EU member states, was affected by the economic crisis generated by the COVID-19 pandemic. Various restrictions for businesses and people were implemented to reduce the contact between people and almost all SME employees were forced to stay at home. Given that SMEs and especially small companies did not have enough resources and IT equipment to allow the instant switch to teleworking, irrecoverable financial losses were accumulated.

Regarding transport sector and different modes of transportation, the overall statistics also reflect significant changes. According to the National Bureau of Statistics, in January-November 2020, 50.4 million passengers were transported by public transport, with 46.7% less than in the same period of 2019. The passenger journey was 2206 million passengers-km, decreasing by 60.3% compared to January-November 2019. During the same period, there was a decrease in the air transport of passengers (76.3%), road (46.4%) and rail (40%). At the same time, increases were registered for river passenger transport (53.4%), which, holding an insignificant share (of about

0.4%) in the structure of the number of passengers transported, did not influence the general trend. In the context of the transportation of goods, during January-November 2020, the railway, road, river and air transport enterprises transported 15.1 million tons of goods, a volume lower than that recorded in the same period of 2019 by 13.1%. The turnover of goods was 4215.2 million tons-km, with 6.8% less compared to the corresponding period of 2019. In the first eleven months of 2020, the road transport enterprises transported 12.3 mil. tons of goods (7.9% less). railway transport, which hold 17.4% of transported goods, 2.6 million tons of goods were transported, or 33% less than in the same period of 2019

Consequently, the economic crisis affected the SW Oltenia region too, especially SMEs, that were facing a sudden shortage of liquidity or even the unavailable liquidity over a longer period (especially during states of emergency). Among them, the transport SMEs themselves encountered several major challenges, such as decreased volumes of activity, disrupted value chains with unexpected cuts of cash receipts caused by business contracts cancellations; layoffs of employed personnel. On the other hand, there was an increased demand for e-commerce services. While people tried to avoid physical contact, delivery businesses, specifically those providing last-mile delivery, experience an increase in their services, which helped to offset some of the losses from reduced passenger traffic.

The COVID-19 pandemic has caused serious economic losses to all SMEs, especially from the transport sector. Therefore, in April 2020 the Romanian Government established a scheme called “Working capital for restarting economic activities for SMEs” to support the small and medium companies affected by the Coronavirus pandemic. The support scheme started July 2020 through joint collaboration between the Ministry of Transport and the Ministry of Economy, under the coordination of the Ministry of European Investments and Projects. Support provided by the Government played an important role in helping transport SMEs and also promoting the transport SMEs agenda and are expected to continue to do so in the 2021-2027 period. The grants adopted by the Romanian Government are meant to reinforce capacity building and to help transport SMEs to be more resilient in the difficult context of Covid-19. The measure proved to move the transport SMEs sector onto a safer and stabler path.

4. COVID-19 Good Practices

Within the additional activities of the RECREATE project, partnership in total identified 8 different national / regional good practices intended to promote the recovery and operation of the transport sector in the context of COVID-19.

4.1. Government Loan Schemes

Title	**Government Loan Schemes**
Short description	Business loans offered by the United Kingdom Government to all businesses from all sectors
Objectives	In early 2020, the Government established three main schemes to provide loans to UK businesses of different sizes affected by the Coronavirus pandemic to support them with cashflow until they were able to return to full revenue and profit generating capacity. The schemes were as per below: 1. **The Coronavirus Business Interruption Loan Scheme (CBILS)**, launched on 23 March 2020, offered loans of up to £5m to SMEs with a turnover up to £45 million, that would be viable were it not for the pandemic and have been adversely impacted by the coronavirus. The loans were 80% backed by the Government. 2. **The Coronavirus Larger Business Interruption Loan Scheme (CLBILS)**, launched on 23 March 2020, offered loans of up to £200m to SMEs with a turnover over £45 million, that have not received support under the Bank of England's COVID-19 Corporate Financing Facility (CCFF), that would be viable were it not for the pandemic, that have been affected by coronavirus and the loan will enable them to trade out of any short-term to medium-term difficulty resulting from coronavirus. The government guaranteed 80% of the finance to the lender. 3. **Bounce Back Loans (BBLS)**, launched on 4 May 2020, were loans up to £50,000 to enable SMEs, established before 1 March 2020 and adversely impacted by the coronavirus, to access finance more quickly. The loans were 100% backed by the Government. The three schemes closed at the end of March 2021. They were all overseen by the British Business Bank (BBB), a government-owned business development Bank. The BBB accredited lenders for each of the schemes, and those accredited lenders varied between programmes, counties and regions. In general, they included a wide range of established and challenger banks, building societies and other lenders. Although these were UK Government designed and nationally managed funds, the local business support ecosystem in Coventry & Warwickshire (e.g., Local Authorities, CW Chamber, CWLEP Growth Hub and universities) played an important role in maximising local businesses' awareness of the funds and in some cases provided support with applications.

Location	Sheffield, South Yorkshire, UK
Institution involved	British Business Bank
Timescale	March 2020 – March 2021
Resources needed	By 31 May 2021, the three schemes disbursed over £79 billion through loans and similar facilities. The funds were all established by the UK Government. 7,400 Coventry businesses were able to access a total of £304.3m from these loans, as well as 15,000 Warwickshire businesses being able to access £655.5m in loans.
Results achieved	A total of £79bn nationally was spent: • CBILS received 251,342 applications, of which 109,877 were approved for a total value of £26.39bn. • CLBILS received 1,152 applications, of which 753 were approved for a value of £5.56bn. • BBLS received over 2m applications, of which about 1.5m were approved for a total value of £47.36bn. The BBLS accounted for over 93% of loans and almost 60% of funds. About a quarter of all businesses in the UK took out a Bounce Back Loan. All sectors received loans, including transport – this in particular benefited firms in the sector (both manufacturing and those servicing the sector) who were impacted by production shutdowns in Spring 2020, or by continued global supply chain disruptions as some markets persisted with COVID safety restrictions for longer periods than others. The loans also added value to emergency grant funding support from the UK Government. These included Local Authority Grants for businesses either mandated to close or turnover impacted by the pandemic (Coventry City Council alone awarded £96m of these grants to over 4,000 local businesses), plus Coronavirus Job Retention Scheme, which covered 80% of the salary costs of furloughed workers and a similar scheme to support the self-employed.
Potential for transferability	Although limited hard evidence is available, there is widespread acceptance that the schemes have helped many businesses to survive the challenges of the pandemic and have helped to save many jobs that would otherwise have been lost, triggering a severe and prolonged spike in unemployment. A key learning point was the need to rapidly design such interventions when faced by a pandemic, to incorporate the views of business representative bodies when designing the loans, to make the loan funds flexible in terms of size and also allow all industrial sectors to apply, to make application processes swift and simple, and to also complement other grant funding offers that were available. They have been important in informing the design of subsequent loan schemes, notably the Recovery Loan Scheme, launched in April 2021. This is open to businesses of any size to support them to access loans and other kinds of finance so they can recover after the pandemic and transition period. It is expected to run until 30 June 2022.
Further information about GP	• https://www.gov.uk/guidance/apply-for-the-coronavirus-business-interruption-loan-scheme

	• https://www.gov.uk/guidance/apply-for-the-coronavirus-large-business-interruption-loan-scheme • https://www.gov.uk/guidance/apply-for-a-coronavirus-bounce-back-loan

4.2. Coventry & Warwickshire Local Enterprise Partnership Growth Hub

Title

Short description	Grants issued to SMEs located in the Coventry & Warwickshire Area as a consequence of COVID-19 with no need of contribution.
Objectives	This practice was developed as a direct response to the COVID-19 pandemic and its implications on businesses in the area. Key stakeholders in the Coventry & Warwickshire business support ecosystem came together and invested the leftover ERDF money (part of the European Structural and Investment Funds Growth Programme 2014 – 2020): they jointly decided to provide grants between £1,000 and £3,000 to businesses to help them make necessary innovations or modernise practices to safeguard their longer-term competitiveness following the Coronavirus pandemic. A maximum of £5,000 was also available in exceptional circumstances. The money was a 100 % government grant with no obligation for businesses to contribute financially. Businesses were able to use the funding to pay for the following activities: • Access to specialist professional advice e. g. human resources, accountants, legal, financial, IT / digital, etc. • Purchase of minor equipment to adapt or adopt new technology in order to continue delivering business activity or diversify. The grants were available for small and medium enterprises (companies with fewer than 250 employees, annual turnover of less than €50 million, balance sheet less than 43 million), based within the Coventry & Warwickshire area, able to evidence at least 1 year trading history and negatively affected by Covid-19. The focus and size of these grants also added particular value to other larger ERDF grant funds that were already available, focusing on capital investments, investments in developing new innovative products, and investments in energy efficiency measures – they were also something that partners across Coventry & Warwickshire had been lobbying Government to introduce over many months, inspired to some extent by the success of Technology Vouchers and other similar measures that had been implemented by partners in other Interreg Europe projects (e.g. Future Ecom).
Location	Coventry, West Midlands, UK
Institution involved	Coventry & Warwickshire Local Enterprise Partnership Growth Hub
Timescale	August 2020 – February 2021

Resources needed	The funds came from ERDF. The Coventry & Warwickshire Local Enterprise Partnership Growth Hub alongside Coventry City Council administered the funding aimed at supporting Coventry and Warwickshire businesses. Coventry & Warwickshire was allocated £500,000.
Results achieved	A total of 200 SMEs were supported. £200,000 were allocated to tourism businesses, while, due to the nature of businesses in the Coventry and Warwickshire area, a significant proportion of the £300,000 targeting multiple sectors, was allocated to transport sector companies or businesses supplying the sector in some way. The demand from SMEs exceeded the scale of the grant fund six-fold, and the window for applications needed to be closed earlier than expected. Therefore, a big selection to decide which companies to support had to take place, and there is still significant unmet need/demand from small businesses across Coventry & Warwickshire needing financial support to tackle barriers to invest in external expertise to help them implement new innovation or modernisation methods that will enhance their resilience and provide a platform for growth.
Potential for transferability	Building on the success of these specialist grants, Coventry City Council managed to secure almost £700,000 of Government funding through the Community Renewal Fund. This has the aim to deliver a pilot project directed at offering an integrated package of business, skills and employment support to further develop cultural sectors in Coventry (creatives, tourism, hospitality and events), building on the unique opportunities presented by Coventry's status as UK City of Culture 2021. The support model includes sector-specialist 1:1 support, seminars and events for businesses to tackle barriers to innovation and modernisation/diversification, through specialist grants of up to £5,000 and skills grants of up to £2,000 to support workforce development. The scheme is already seeing high demand from businesses in the target sectors, with strong proposals for innovation and modernisation coming forward, and will create the conditions for Coventry businesses in these sectors to become more competitive and resilient longer-term, whilst also creating new employment and training opportunities for local residents
Further information about GP	

4.3. "NISIDA" program

Title	**"NISIDA" program**
Short description	Targeted public support to small and micro-enterprises affected by the pandemic in the South Aegean Region in the form of non-repayable grant.

Objectives	Enterprises of the South Aegean Region were facing liquidity shortages and suffered significant economic losses due to the measures implemented to reduce the outbreak of COVID19. Even healthy enterprises, well-prepared against business risks, faced difficulties which put at risk their viability. The primary objective of the "NISIDA" program, through which funding was approved for at least 10 transport SMEs related to terrestrial and maritime transport, was to tackle COVID 19 losses and related instability and risks. Thus, this program offered funding in the form of a non-repayable grant. The program is under priority axis 01 “Support competitiveness and innovation”, thematic objective 03 “Improving the competitiveness”, investment priority 3a “Promoting entrepreneurship, in particular by facilitating the economic exploitation of new ideas and strengthening the creation of new businesses, inter alia, including incubators" of the South Aegean ROP. The grant per beneficiary was set between 2000€ and 10000€ and was designated to cover a Working Capital equal to 50% of the enterprise’s expenses in 2019. The provided funding was calculated based on the sum of the following: • purchase of consumer goods per year • purchases of Raw Materials and Consumables • total Expenditures for Provision of Services • total Rents paid by the company • all Benefits to employees (except those employed in Agricultural-Biological activities) • various Operating Expenses. The paid-up working capital can be spent during 2022.
Location	Syros, South Aegean, Greece
Institution involved	South Aegean Region’s Managing Authority
Timescale	January 2021 – ongoing
Resources needed	The total budget of public funding reached 39.500.000 € and was funded by the European Regional Development Fund, under the South Aegean ROP.
Results achieved	The amount allocated by the South Aegean Region was the highest in percentage of the Regional Operational Program, in relation to the other 12 Regions of the country. In total, 3.705 small and micro-enterprises were funded under the “NISIDA” program from four different economy sectors. In particular the selected beneficiaries were: • 379 beneficiaries of the secondary sector-manufacturing/processing-wholesale out of 772 applications submitted (representing 9% of the total budget that was allocated) • 1.398 beneficiaries of the tertiary sector-tourism-services, out of 6410 applications, representing 34% • 1.381 beneficiaries of the tertiary sector-retail, out of 1835 applications, representing 43%

	• 547 beneficiaries of the tertiary sector-hotels, restaurants, catering etc., out of 1142 applications.
Potential for transferability	The simplicity of the eligibility criteria used for the granting of this funding, makes it highly and easily transferable to other regions and countries. The fact that it applies to small and micro-enterprises is ideal for its implementation in insular or sparsely populated regions/areas that lack major companies and industries. The best proof of this practice's transferability is that similar measures have already been implemented at national, regional and local level by most EU countries hit by COVID 19.
Further information about GP	• https://pepna.gr/el/calls/enishysi-mikron-kai-poly-mikron-epiheiriseon-poy-epligisan-apo-ton-covid-19-stin-perifereia • https://pepna.gr/el/news/ta-apotelesmata-tis-axiologisis-gia-programma-nisida

4.4. Support measure for bus, railway, tourist and road transport tourist enterprises

Title	**Support measure for bus, railway, tourist and road transport tourist enterprises**
Short description	Grants for bus, railway, tourist and road transport tourist enterprises that own public tourist buses negatively affected by COVID-19.
Objectives	The Greek Government proceeded with measures of financial support in the form of a subsidy, in order to support the Greek economy. In particular, it was decided to fund bus, railway, tourist and road transport tourist enterprises that own public tourist buses which have been affected by the restrictions imposed by the government. In accordance with the joint ministerial decision by the Hellenic Ministries of Finance, Infrastructure and Transport, and Tourism "Rules for keeping distance in private companies, public services and other public gathering places throughout the Territory, to limit the spread of coronavirus COVID-19", a ban of using 1 seat out of 2 (when seats where close to one another) was imposed on public transport due to COVID-19. For the payment of the compensations, the beneficiaries submitted to the competent Ministry a written request within 20 to 25 days from the publication of the Decision. For the companies of urban and intercity buses (KTEL and KTEL SA), compensation was credited to and paid by the budget of the Ministry of Infrastructure & Support, taking into account the size of each company's fleet. Similarly, the compensations of TRAINOSE SA (railway) were credited to and paid by the same ministry, after a control of the necessary supporting documents. For the Tourist Office enterprises, the compensations were credited to and paid by the budget of the Ministry of Tourism.

	The compensation of the beneficiaries was calculated by taking into account the fullness of the passengers' seats of the itineraries of the periods 2017, 2018, and 2019 for the months July to August as well as the total number of the offered seats, the cost of the ticket and the percentage of reduction of the potential fullness set at 35%.
	
	Determination of the compensation:
	• City buses: compensation of the reserved seat with the amount of 0.052€ per seat and per month;
	• Intercity buses: compensation of the reserved seats with the amount of 2.5€ per seat and per month;
	• TRAINOSE SA (railway): compensation of the reserved positions with the amount of 2.7€ per position and per month;
	• Tourist offices and Tourist Enterprises of Road Transport (holders of e-signal until 29/12/2020):
	  ○ Compensation of the reserved seats with the amount of 0.87€ per seat and per month
	  ○ A company could receive up to 1,800,000.00€ (including taxes and other charges)
	
	Compensation of tourist buses is calculated considering the capacity of seats per bus (up to 30 seats and from 31 seats and above). The granting of this subsidy concerned the period July 2020- August 2020.

Location	Athens, Region of Attica, Greece
Institution involved	Hellenic Ministries of Finance, Tourism and Transport & Infrastructure
Timescale	November 2020 – December 2021
Resources needed	The amount of compensation was a total of 48,781,991.00 €.
Results achieved	875.529 € in total was given to bus companies based in the South Aegean Region, divided between the regional units of the Dodecanese and the Cyclades. This amount was distributed among 34 urban bus companies and 62 sub-urban ones.
Potential for transferability	The simplicity of the eligibility criteria used for the granting of this funding, makes it highly and easily transferable to other regions and countries. The fact that it applies to both bus companies and railway is also an advantage, given that every area/region has at least one of the two. The best proof of this practice's transferability is that similar measures have already been implemented at national, regional and local level by most EU countries hit by COVID 19.
Further information about GP	https://covid19.gov.gr/metra-stirixis-ktel-k-t-e-l-a-e-trainose-a-e-epicheiriseon-touristikon-grafeion-kai-touristikon-epicheiriseon-odikon-metaforon-t-e-o-m-pou-diathetoun-touristika-leoforeia-dimosias-chrisis-d/

4.5. E-commerce model COVID-19

Title	**E-commerce model COVID-19**
Short description	The measure is designed to encourage enterprises to adopt IRT to manage business transactions electronically in order to increase revenue growth.
Objectives	COVID-19 disrupted traditional business activities and increased the importance of e-commerce and new business models. A lot of businesses in Lithuania, including those from the transport sector, were not ready in advance for these events, as their business digitisation level was insufficient. Therefore, the Ministry of Economy and Innovation launched a support measure E-commerce model COVID-19 dedicated to support business digitisation, particularly in the field of e-commerce. Eligible applicants for this measure were micro, small and medium-sized enterprises. Supported activities included deployment of e-commerce models in SMEs through process re-engineering and digitalisation via: a) customer self-service solutions on e-commerce platforms for products and services, including manufacturing and service order management solutions, and/or) b) solutions for the integration of a resource management system into e-commerce platforms for products and services. For one applicant, the maximum amount of funding was €50,000. Businesses from a wide range of economic sectors could benefit from this support instrument.
Location	Lithuania
Institution involved	Ministry of Economy and Innovation; Lithuanian Business Support Agency
Timescale	18th of August 2021 – 20th of September 2021
Resources needed	A total funding for the measure was €40 million. Lithuanian Business Support Agency administrated this measure and their experts evaluated potential applicants.
Results achieved	A total of 1685 companies applied for the financial support, of which 1192 received funding. Many of the companies were related to transport sector, either transport or logistics, or transport related services and manufacturing. In total, €47 million were provided for businesses.
Potential for transferability	Traditional business activities have been highly disrupted by the COVID-19 pandemic therefore businesses were not able to continue their day-to-day operations. During the pandemic, opportunities for business-to-business cooperation and business-to-customer/supplier relationships were particularly severely affected. As a result, it has become crucial for companies to digitise their business methods and models in regards to their clients and partners. E-commerce became increasingly important for businesses to become more integrated and resilient, therefore this support measure is a good example in how governmental support can incentivize this process. In general, e-commerce and related business activities will become business-as-usual model rather than

	a competitive advantage, therefore the development of similar support measures in other regions could help the development of local businesses.
Further information about GP	https://lvpa.lt/lt/paraiskos/e.-komercijos-modelis-covid-19-nr.-1-1551

4.6. Subsidies to businesses adversely affected by COVID-19

Title	**Subsidies to businesses adversely affected by COVID-19**
Short description	The business disruption caused by COVID-19 had a negative impact on companies' financial inflows, so financing was put in place to keep companies viable.
Objectives	Due to COVID-19 severe restrictions on business and human activities were imposed in Lithuania, disrupting the economic cycle. As a result, companies have started to face financial challenges when consumption has fallen and production or services have been disrupted. For this reason, the Ministry of Economy and Innovation has launched business subsidy programme, to support the liquidity of companies. The support measure has been coordinated with the European Commission in order not to infringe competition rules. The form of support was non-repayable subsidy, taking into account the difficult situation of most companies in Lithuania. Companies eligible for this support had to comply with these requirements: an annual decrease in turnover of at least 30%; the business was established during the pandemic and did not receive any income. The following formulas were used to calculate the amount of support for each business: a) 25% of the personal income tax (PIT) paid and/or credited if the amount of PIT paid by the applicant for 2019 was more than €2000; b) a subsidy of €500 if the applicant's PIT paid and/or credited for 2019 is €2000 or less; c) a subsidy of €500 for businesses set up between 1 November 2019 and 30 November 2020 that did not generate revenue between November 2019 and January 2020. The first call to use this measure was dedicated to SMEs, while the second one also included big companies. The maximum amount of subsidy is limited to €800 thousand per company.
Location	Lithuania
Institution involved	Ministry of Economy and Innovation, Lithuanian Business Support Agency, State Tax Inspectorate
Timescale	20th January 2021 – 31st of December 2021
Resources needed	The total budget for the first call was €50 million and for the second one was €100 million. The measure was administrated by the experts of three different institutions: State Tax Inspectorate, Lithuanian Business Support Agency, Competition Council.

Results achieved	In the calendar year 2021, 16,622 enterprises benefited from the measure, receiving support for €84,998,645. 925 companies were from Transport and storage sector.
Potential for transferability	COVID-19 disrupted business operations, resulting in financial losses for the companies. Due to the disruption of financial inflows, businesses needed a wide range of support to survive in the market, therefore non-refundable subsidy was crucial in this regard. Although other measures, such as soft loans, have been used in Lithuania, it is the non-refundable subsidy that has attracted the most attention, as companies did not need to make their own financial contribution. As a result, other countries could look at this support instrument to develop their own financial measures in the future if similar crisis would hit their business sector.
Further information about GP	https://www.vmi.lt/evmi/subsidijos-verslui

4.7. Investments in productive activities

Title	**Investments in productive activities**
Short description	Business support schemes offered by the Romanian Government to strengthen the market position of SMEs affected by the COVID-19 pandemic.
Objectives	The COVID-19 pandemic has caused serious economic losses to all SMEs. By applying movement restrictions to reduce contact between people, almost all SME employees were forced to stay at home, with no work at all, given that these small companies do not have the resources and IT equipment / servers to allow the instant switch to teleworking. Irrecoverable losses of hundreds of thousands of Euros were accumulated in SMEs. In August 2021, the Romanian Government established a scheme called “Investments in productive activities” to provide funding support to Romanian businesses of different sizes affected by the Coronavirus pandemic, under Priority Axis 4. The aim of the scheme is to mitigate the effects of the crisis in the context of the COVID-19 pandemic and its social consequences and prepare for a green, digital and resilient economic recovery by supporting SMEs affected by the pandemic to grow in regional, national and international markets and engage in innovation processes. The scheme offers non-reimbursable financing of up to €1,000,000 to SMEs operating in several sectors, including Transport, particularly affected by the epidemic. According to the scheme guide, transport-related SMEs that belong to the Romanian eligible Class H – Transportation and warehousing, were eligible for financing as follows: • Expenditures for the modernization of production / service spaces;

	• Consulting expenses; • Core investment expenses (e.g., equipment, machinery etc).
Location	Romania
Institution involved	Ministry of European Investment and Projects
Timescale	December 2021 – June 2022
Resources needed	The allocated budget for this call is €358,384,803, of which €300,000,000 funded by REACT - EU ERDF through POC 2014-2020 and the remaining €58,384,803 funded by the Romanian Government.
Results achieved	A large number of applications were submitted (over 1600 projects). The support scheme was prepared and adjusted to suit the SMEs' requirements and difficulties. Businesses from all economic sector, including transport related received grants. More details and information about the implemented projects is expected in the future.
Potential for transferability	The scheme is open to businesses to support them to access funding to recover after the pandemic, but also help them prepare their transition towards a green, digital and resilient economy by funding targeted and defined types of costs. Although hard evidence is not yet available, there is widespread acceptance that the schemes have helped many businesses to survive the challenges of the pandemic, but also innovate.
Further information about GP	https://smis.ro/finantari/poc411/

4.8. Working capital for restarting economic activities for SMEs

Title	**Working capital for restarting economic activities for SMEs**
Short description	Support scheme offered by the Romanian Government specifically to small and medium companies affected by the COVID-19 pandemic.
Objectives	The COVID-19 pandemic has caused serious economic losses to all SMEs, especially to transport SMEs, from the beginning of March 2020. In April 2020 the Romanian Government established a scheme called "Working capital for restarting economic activities for SMEs" to support to small and medium companies affected by the Coronavirus pandemic. The support scheme started on 1st of July 2020 through joint collaboration between the Ministry of Transport and the Ministry of Economy, under the coordination of the Ministry of European Investments and Projects.
Location	Romania
Institution involved	Ministry of European Investment and Projects; Ministry of Transport; Ministry of Economy
Timescale	July 2020 – August 2021
Resources needed	The allocated budget for this call was €350,000,000. The funds came from ERDF 2014-2020.

Results achieved	The scheme received over 100,000 applications. It is still difficult to measure the effects of the scheme. However, considering the critical and dynamical evolution of COVID-19 situation in Romania and based on measures taken by European Union states, the Romanian Transport SMEs that received support through the scheme have at least managed to stop their decline and keep their workers employed. The good practice is indicated as a support tool to SMEs in an emergency situation.
Potential for transferability	These grant products played an important role in helping transport SMEs and also promoting the transport SMEs agenda and are expected to continue to do so in the 2021-2027 period. The grants adopted by the Romanian Government are meant to reinforce capacity building and to help transport SMEs to be more resilient in the difficult context of COVID-19. The measure proved to move the transport SMEs sector onto a safer and stabler path.
Further information about GP	http://www.mt.gov.ro/web14/spatiul-media/comunicate-de-presa/3032-09072020

5. Analysis of the COVID-19 good practices

The potential economic and social consequences of COVID-19 pandemic called for urgent policy responses to keep the economy afloat, and enable people to retain their jobs and incomes. To prevent economic collapse, different measures have been implemented in different countries and regions including broad-based tax reliefs (e. g. VAT reductions and deferred payroll charges), wage subsidies, unemployment benefits, the deferment of utility bills and rent payments, mortgage relief, lump-sum payments to households, loans and loan guarantees to businesses, grants, as well as equity investments by governments in distressed companies to name a few.

Focusing only on a business environment and support throughout the pandemic, financial health and liquidity for the majority of companies were crucial topics. Disruption to core business activities, labor availability challenges, reduced demand and consumption were some of the most pressing challenges for companies to sustain in the market, therefore governments around the world implemented different policy initiatives. According to the experts from OECD, several most successful channels through which governments have provided support to distressed businesses and industries were:[2]

- **Loans or debt guarantees**. Loan features can include longer repayment periods and more favorable interest rates than would be available in the market, and repayment options can be more flexible in some instances. Among the features of programs that have worked best, debt guarantees served to improve market confidence—even if they were less utilized—allowing for a stronger recovery and lower cash outflows. In this regard, the guarantees that worked better had some features in common: high level of debt guaranteed (> 90%); low costs for the debt to be guaranteed, including interest rate caps; more targeted programs, with a focus on specific industries or specific company size; and more flexibility with regards to the use and purpose of the loans guaranteed;

[2] https://www.oecd.org/coronavirus/policy-responses/covid-19-emergency-government-support-and-ensuring-a-level-playing-field-on-the-road-to-recovery-1e5a04de/

- **Equity injections (subsidies, non-repayable grants)**. In some cases, equity can be a reasonable solution when helping distressed but fundamentally viable businesses, whose equity shortage is not of a transitory nature and when other suitable support measures are not available. Such equity support can avoid burdening already distressed businesses with additional debt and payment obligations, while also giving time for an orderly corporate turnaround.

Identified regional and national good practices are in line with the international experience. To support businesses with their cash flow, different loan schemes with different funding criteria depending on how much the business has suffered during the crisis were implemented in the West Midlands region.

Looking from another perspective, even though COVID-19 had a huge negative economic impact on most companies, the issues and challenges related to green business transformation, digitization, innovation, and supply chains have not disappeared, but on the contrary, their relevance has only increased. Therefore, many experts believe that it was a good opportunity for governments, business support and innovation promotion organizations to reap additional benefits by aiming for support measures that achieve "double dividends" and help to ensure longer-term policy objectives, without sacrificing short-term economic stimulus. Support for businesses could contribute to sustaining innovation efforts and existing productive capacity at a time when depressed activity might lead many companies to cut into their spending on R&D, staff training and other future-oriented investments. This can help minimize the damage that short-term shocks could impose on long-term growth potential (a phenomenon known as "*hysteresis*").

Some of the selected good practices respond to this principle. In some instances, funding was awarded for businesses to invest in certain projects, or assets or to achieve a specific goal. These examples include grants issued to SMEs located in the Coventry & Warwickshire area because of COVID-19 to help companies make necessary investments in innovation, purchase minor equipment, adopt new technologies and in general modernize business activities to safeguard their long-term competitiveness following the pandemic situation. A similar principle was followed in Lithuania, where one of the selected good practices encouraged business investment in e-commerce solutions. This was again intended to have the double effect of not only keeping the business running during a pandemic but at the same time strengthening the digitalization, resilience, and preparedness of the business for the future. Last but not least, both good practices from Romania in this context are also quite similar. Selected support instruments were dedicated to fostering business investments in working capital, modernization of production or service delivery, machinery, equipment, and other assets dedicated to ensuring business long-term competitiveness and growth.

Yet, regarding the sectorial coverage, selected good practices were horizontal and did not specify the transport sector as the only target group – the only transport sector-specific good practice was from Greece (4.4. Support measure for bus, railway, tourist, and road transport tourist enterprises). Opposite to that, transport was only one of the many different sectors eligible to apply for and receive funding. While transportation-related activities have been severely disrupted, businesses ranging from industry to the service sector have also experienced no fewer shocks. The huge negative impact on different areas ultimately led to the fact that priority was given to measures of a general nature, without trying to disaggregate or divide resources between different sectors.

Finally, most of the countries relied not only on national but also on EU and international funds when creating support measures. This was also the case in some of the selected good practices. Considering quite the difficult economic situation in most of the countries and understanding the financial pressures faced by the government, EU funds were used to promote business resilience and further development. In response to the situation, states were able to use various EU structural and investment funds more flexibly when reviewing the allocation of money between different priorities.

6. Overall conclusions

The COVID-19 pandemic has had a significant short-term impact on the transport and logistics sector, with disruptions to supply chains, changes in consumer behavior, and changes in travel patterns and decreased demand. Some of the key impacts of COVID-19 on the transport and logistics sector include:

- Disruptions to supply chains: COVID-19 has disrupted global supply chains, causing shortages of critical goods and materials. Lockdowns, quarantines, and travel restrictions have made it difficult to transport goods and led to delays and cancellations.
- Changes in consumer behavior: COVID-19 has led to changes in consumer behavior, with a greater focus on safety and hygiene. This has led to an increase in e-commerce and home delivery services, as consumers avoid crowded public spaces.
- Reduced demand for travel: The pandemic has led to a reduction in travel, with restrictions on air travel, reduced demand for public transport, and an increase in remote work. This has had a significant impact on the revenue of transport providers and may lead to long-term changes in travel patterns.
- Increased demand for essential goods: The pandemic has led to an increased demand for essential goods, such as medical supplies and food. This has put pressure on logistics providers to ensure timely delivery and has highlighted the importance of efficient and reliable logistics systems.
- Increased focus on safety and hygiene: The pandemic has highlighted the importance of safety and hygiene in the transport and logistics sector. Providers have implemented measures such as contactless delivery, increased cleaning, and social distancing to reduce the risk of transmission.

However, the long-term impact of the pandemic on the transport sector remains uncertain and depends on several factors, including the pace of economic recovery and growth, shifts in consumer behavior and habits, business operational models, etc. Overall, the long-term impact of COVID-19 on the transport sector is likely to be complex and multifaceted, with both positive and negative impacts. However, the pandemic has highlighted the importance of adaptability and resilience in the transport sector, and may lead to changes in policy, investment, and consumer behavior.

Partners

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Coventry University Enterprises Ltd

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Lithuanian Innovation Center

Development Agency of South Aegean Region

Regional Development Agency South-West Oltenia