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As I write Germany is announcing a new scheme to support small and medium-sized enterprises in that country. The scheme is of staggering scale. In essence they are saying this:

The federal government is putting another comprehensive protective shield for small and medium-sized companies in view of the challenges of the corona crisis. On the basis of the adjusted aid framework (so-called Temporary Framework) published on April 3, 2020 by the EU Commission , the Federal Government is introducing comprehensive KfW quick loans for SMEs.

The KfW is Germany's state-owned national investment bank, of which (shamefully) there is no UK equivalent.

The loan details are:

Provided that a medium-sized company has shown a profit in 2019 or on average over the past three years, an "instant loan" should be granted with the following key points:

* *The quick loan is available to medium-sized companies with more than 10 employees who have been active on the market since at least January 1, 2019.*
* *The credit volume per company is up to 3 monthly sales in 2019, a maximum of 800,000 euros for companies with more than 50 employees, a maximum of 500,000 euros for companies with up to 50 employees.*
* *As of December 31, 2019, the company should not have been in trouble and must have an orderly financial position at that time.*
* *Interest rate of currently 3% with a term of 10 years.*
* *The bank is exempted from liability by KfW in the amount of 100%, secured by a guarantee from the federal government.*
* *The loan is approved without any further credit risk assessment by the bank or KfW. This allows the loan to be approved quickly.*
The KfW rapid loan can start after approval by the EU Commission.

I gather 'instant' means almost instant: payment is planned in days.

The application is online.

Checking will be via VAT accounts and corporation tax returns, and be rapid.

A more detailed explanation (not online that I can find as yet) is:

We are offering all qualifying companies loans provided through the banking system which will be backed by a Federal guarantee covering 100% of the loan amount through our promotional bank KfW. The loan amount will be three months of a company's revenues, up to a maximum amount of â‚¬ 800.000 per company. In order to qualify, the only criterion is that the company must have been profitable either in the past year or over the average of the past three years. Also, companies below 10 employees who received direct transfers through our â‚¬50bn direct transfer program are not eligible. Revenues and profits can be documented in an easy and objective manner through VAT and corporate account statements. Furthermore, there will be a certification process to eliminate applications by companies in the process of insolvency, restructuring etc. The interest rate on these loans will be 3%, which is significantly higher than the 1% rate for most of the SME loans in our existing KfW programs which have 80 or 90% Federal guarantees. The loans will be repayable with zero prepayment fee at the discretion of borrowers to permit refinancing on more economic terms once the crisis is behind us. The maturity of the loans is up to 10 years, with the option to waive repayment for the first 2 years. This program is foreseen to be available from Thursday April 9 and will be administered through our banking system. Due to the 100% guarantee, banks will not conduct further credit assessments or demand collateral - the idea being to assure fast, direct and uncomplicated access to liquidity in the most flexible manner. Banks may not use the facility to refinance existing debt - this will assure that government guarantees will be directed to the provision of fresh liquidity instead of rolling existing debt.

The cost is substantial:

From a fiscal perspective, this program which we expect to trigger significant demand is covered by the expanded guarantee framework recently approved by the German government and parliament. The amount of our fiscal response therefore remains at the overall amount of â‚¬ 1,137bn previously communicated, of which â‚¬ 820bn are guarantees. At the EU level, the close cooperation between European members states and the EU Commission over the past weeks on the Temporary Framework for State Aid measures has been very productive. We thank the EU Commission for the speed and flexibility with which it has acted. We are currently in the process of notifying our measures with the EU Commission and are confident that they meet the state aid requirements formulated in the Temporary Framework.

Of course, not all these loans will go bad: indeed, because they are being provided rapidly and on wide-scale the chance that they will go bad is reduced because the chance of systemic failure is reduced.

There are issues though. First, there will be problems at around the lower cut off.

Second, there appear to be far too few conditions attached e.g. concerning tax paid, accounting conditions, environmental requirements or anything else: that is a massive opportunity missed as far as I am concerned.

Third, startups that have made losses are abandoned by this scheme. It is not a panacea.

But that said it knocks the UK equivalent schemes for six: there is nothing like this here and no mechanism for its supply. We need to be working much harder.

And even so, I still think further support of the type I have recently discussed will be required as the recovery begins. Cool heads will be needed then, but right now Germany is miles ahead of the UK.

And we have a Governor of the Bank of England who is terrified of expanding his balance sheet.

Addition at 15.10: the Bank of England's late, messy and hopelessly indirect scheme will now be available from 15 April, and will still be hard to access. Good luck to all applying for that who now wish they were in Germany.