

Supporting small and medium size enterprises through the COVID-19 crisis in Romania

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Abstract: Since 31 December 2019 and as of 01 June 2020, 6,136,085 cases of COVID-19 (in accordance with the applied case definitions and testing strategies in the affected countries) have been reported, including 371,857 deaths. The rapid evolution of the COVID-19 pandemic has triggered challenges for the medical system, economic and social systems of world and EU Member States. This crisis has affected thousands of lives and continues to put enormous pressure on economic systems. For these reasons, it is necessary to manage economic and social problems as soon as possible and to support/ promote solutions to sustain the sectors affected by the pandemic crisis. Small and medium size enterprises are the most vulnerable ones because of their size, scale of operation, limited financial managerial resources. The SME sector was one of the hardest hit sectors during the C-19 crisis, in both Romania and at global level. This fact determined the governments of the world states, including the one of Romania to take urgent measures for keeping the sector afloat. According to official statistics, in Romania, three out of ten companies are in the risk zone, with expenditures higher than incomes (Financial-Banking Analysts' Association) and with a total number of 850.000 employees (one-fifth from the total number of employees in the private sector). This paper analyzes the effects of the COVID-19 crisis on the SME sector in Romania, attempting to contribute with solutions and proposals for post-crisis resilience and recovery.

Key words: COVID-19, entrepreneurship, economic and pandemic crisis, resilience, recovery, SMEs

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1. INTRODUCTION

Globally, SMEs represents more than 95% of all firms, accounting for approximately 50% of value added and 65% of total employment (both formal and informal businesses) [1]. A widespread collapse of micro, small and medium-sized enterprises could have a dire impact on national economies and global growth prospects. In their response to the COVID-19 pandemic, governments should prioritize policies that support SMEs.

The COVID-19 pandemic affects and will continue to disturb for a considerable period the economic and social activities from Romania, and at international level. This perspective is supported by the extreme evolution of COVID-19 contagion at global level and at the level of countries in various geographic areas.

Over the period December 31 – June 01 [2], the reports regarding the contagion with the new Coronavirus at global level indicated 6.13 million COVID-19 cases at global level, with 371,857 persons dying because of this contagion (a death rate by 0.69 per 1000 inhabitants) [3].

In Europe, the situation worsened by the beginning of March, currently (1 June 2020) the situation is as follows: 1,951,284 cases: the five countries reporting most cases are Russia (405,843), United Kingdom (274,762), Spain (239,429), Italy (233,019) and Germany (181,815) [4].

The COVID-19 crisis in Romania was felt in the first half of March 2020, while information about this epidemic with the virus originating from China was circulating already by mid-December 2019. The virus

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spread rapidly in the ranks of the population, and the population fell sick - residents and labor force from other areas, including from Romania. By the time various measures of sanitary protection were announced, including here closing the borders, the seasonal employed population has left the region heading towards their countries of origin. Thus, large part of the population originating from Romania returned home, bringing also the contagion with SARS-COV2. The situation on 1 June 2020 was the following: confirmed cases 19,257, out of which 1,262 deaths, and 13,427 recovered cases (the situation changes on a daily basis).

The average number of confirmed cases per 1000 inhabitants was by 0.49. As compared with other countries, Romania had a lower number of confirmed cases per 1000 inhabitants, as in Italy this number was by 12.8/1000 inhabitants, in France by 12.1/1000 inhabitants, in Great Britain by 12.7/1000 inhabitants, and in the Netherlands 9.9/1000 inhabitants. At county level, the situation shows that in Suceava there were 3.74 cases/1000 inhabitants, in Arad – 0.98, Hunedoara- 0.97, Botoșani – 0.82, Neamț – 0.82, Covasna – 0.8, Brașov – 0.63 and Vrancea – 0.62 cases/1000 inhabitants (Figure 1) [5].

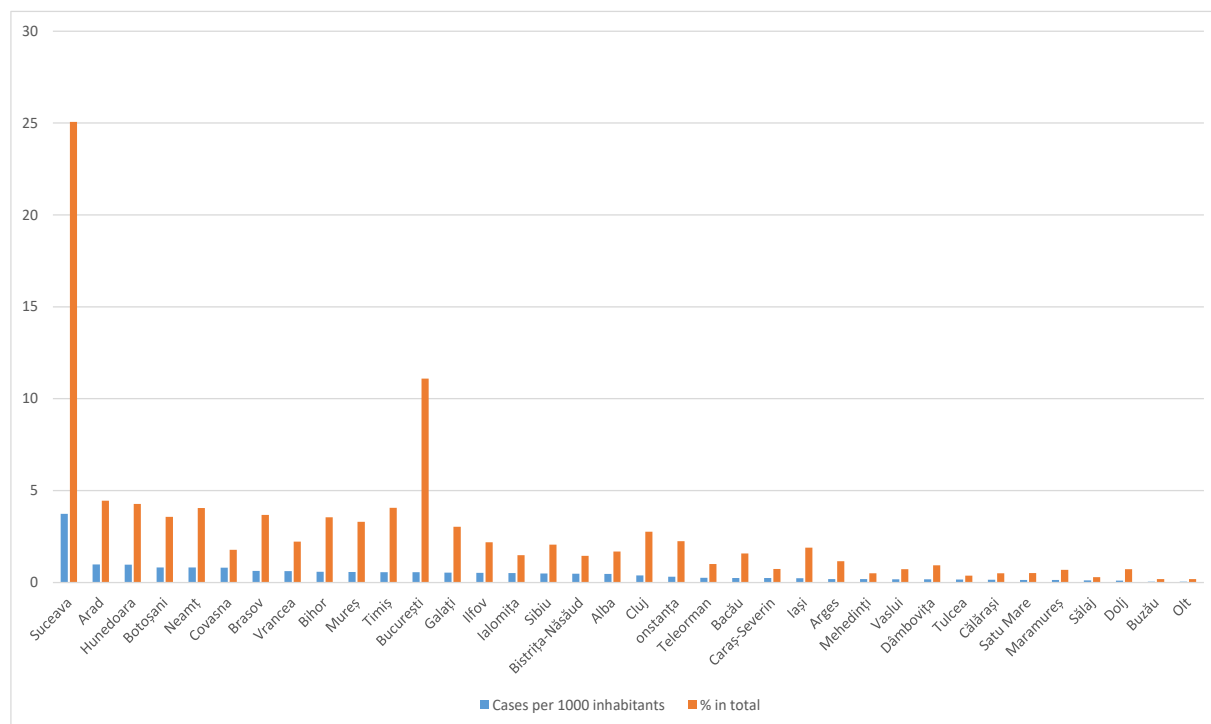


Figure 1. Confirmed cases at county level, 22 April 2020

Source: Data processing <https://coronavirus-esriro.hub.arcgis.com/>, [6]

One of the most affected economic sectors is the one of Small and Medium Enterprises, that confronted with lacking financial reserves necessary for paying fixed costs (especially employees' wages and office rents), while faced simultaneously with a series of difficulties depending on the nature of the generated activities/services.

In the context mention above, affected by COVID-19 crisis, the article try to analyze the effects of the COVID-19 crisis on the SMEs sector in Romania, attempting to contribute with solutions and proposals for post-crisis resilience and recovery.

2. LITERATURE REVIEW

There is no consensus in the literature on the effects of an economic crisis on entrepreneurial activity. Some authors consider that situations of weak growth, recession, or stagnation may favor discovery of opportunities and innovation; whereas others claim that economic slowdowns have a negative effect on entrepreneurial attitude, reducing discovery of opportunities and investment in innovation.

From a general approach, entrepreneurship has been enriched by four big perspective (Verheul et al., 2002; Veciana, 2007) [7, 8]: economic, psychological, organizational, sociological and institutional. The latter approach argues that the social and cultural environment determines the individual decision to start a business (Bruton et al., 2010) [9]. Some research has taken institutional theory as the theoretical framework to explain the differences in entrepreneurship levels between regions and countries (North, 1990) [10]; (Fritsch and Storey, 2014) [11]; (Urbano and Alvarez, 2014) [12]).

Most of this research understands institutions as the rules of the game regulating political, social and economic relationships in a society, providing the structure and order for exchanges to take place, reducing risks and providing human inter-action (North, 1990) [10]. These institutions not only influence the level of entrepreneurship, but also the characteristics and quality of entrepreneurship initiatives, by making them more or less productive.

3. METHODOLOGY

The methodology used in the presented paper consists, mainly, in economic evaluations for SMEs sector in Romania, in period of COVID-19. The scientific researches and analysis methods take into account the fact that identifying the impact of pandemic crisis is limited to scarcity of statistical data and can be done, mainly, with the help of the qualitative estimation and opinion and specialists.

The study contains certain quantitative and qualitative estimates on the economic effects generated by COVID-19 crisis in Romania, in period March – May 2020. Some data and information presented in the research paper regarding the impact are limited to the effect on short term.

4. THE INITIAL STATE OF THE SME SECTOR (BEFORE THE COVID-19 CRISIS)

Before the emergence of the C-19 crisis, the evolution of the economic-social active operators had an ascending, positive trend, per total as it recorded from the numerical viewpoint an increase by 14.3% (2018 as compared with 2013), from 942 thousand companies to 1.077,5 thousand companies. The highest increase registered small enterprises (0-9 employees) by 15.37%, followed by large companies with over 250 employees (6.67%). A slow evolution was recorded by companies with 50 to 249 employees, of only 0.65% (Table 1).

Table 1. Evolution in the numbers of economic-social operators active within the national economy, on size-classes over the period 2013-2018

	Total	0-9 employees	10-49 employees	50-249 employees	250 and over	Increase against previous year
2013	942.266	869.641	57.820	12.646	2.159	-
2014	1.002.177	929.991	57.716	12.288	2.182	106,36
2015	1.013.907	940.881	58.153	12.630	2.243	101,17
2016	1.024.186	950.560	58.508	12.844	2.274	101,01
2017	1.050.797	976.377	59.324	12.813	2.283	102,60
2018	1.077.536	1.003.365	59.139	12.729	2.303	102,54
2018/2013	114,35%	115,37%	102,28%	100,65%	106,67%	

Source: Data processing from Romania's Statistical Yearbook 2019, NIS, Bucharest [13]

This positive evolution led to an increase in the weight of small companies (0-9 employees) in total SMEs from 92.29% (in 2013) to 93.12% (in 2018), while the weights for the other company categories recorded decreases (Table 2).

Table 2. Evolution of economic-social operators active in the national economy on size-classes (% in total)

	0-9 employees	10-49 employees	50-249 employees	250 and over
2013	92,29	6,14	1,34	0,23
2014	92,80	5,76	1,23	0,22
2015	92,80	5,74	1,25	0,22
2016	92,81	5,71	1,25	0,22
2017	92,92	5,65	1,22	0,22
2018	93,12	5,49	1,18	0,21

Source: Data processing from Romania's Statistical Yearbook 2019, NIS, Bucharest [13]

Table 3. Evolution in the numbers of economic-social operators active in the national economy on size-classes, 2013-2018 (% of total)

	2013	2014	2015	2016	2017	2018
Agricultural enterprises	3,45	3,44	3,58	3,63	3,60	3,56
Industrial, constructions', trade and other services' enterprises	95,09	95,17	94,98	94,79	94,90	94,95

Financial and insurance enterprises	1,46	1,39	1,44	1,58	1,51	1,49
Total enterprises	100	100	100	100	100	100
Public administration	1,38	1,28	1,28	1,28	1,27	1,23
Private administration	18,66	18,24	18,72	19,08	18,61	18,66
Private entrepreneurs	28,45	29,83	29,31	28,10	27,41	26,59
Enterprises	51,51	50,65	50,69	51,55	52,72	53,52
Total	100	100	100	100	100	100

Source: Data processing from Romania's Statistical Yearbook 2019, NIS, Bucharest [13]

Most active SMEs are in the industrial field, in constructions, trade and services (95,1% weight in total, year 2018) with a slight decreasing trend (from 95%) concomitantly with an increasing evolution of enterprises in the agricultural field (from 3.5% to 3.6%) (Table 3).

At the same time, the number of private companies had an increasing trend in total from 51.5% (2013) to 53.5% (2018) in parallel with a decreasing number of private entrepreneurs (from 28.5% to 26.6%).

In the year 2017, the structure on fields of activity for the SMEs shows high shares of active companies in the field of retail trade (32.8% from total), followed by those in scientific and technical professional activities (12.5%), constructions (10.04%), manufacturing industry (9.48%), transport and warehousing (9.20%), hotels and restaurants (5.02%), information and communications (4.53%). The same structure is maintained also for the year 2018 (with very small percentage differences), as follows: hotels and restaurants decreased their weight in total (-0.06 p.p.), trade (-1.24 p.p.), support services (-0.07 p. p.) (Table 4).

Table 4. Evolution in the number of active companies, in the years 2017 and 2018 (no., %)

Field of activity	2017		2018		2018 vs. 2017
	Nr.	%	Nr.	%	
Extractive industry	1014	0,19	1033	0,19	0,00
Manufacturing industry	49837	9,48	52451	9,58	0,10
Electricity, heat, gas, warm water and air conditioning production and supply	1206	0,23	1200	0,22	-0,01
Water supply, sanitation, waste management, decontamination activities	3022	0,57	3074	0,56	-0,01
Constructions	52792	10,04	55978	10,22	0,18
Wholesale and retail trade, vehicles and motorcycles repair	172435	32,80	172856	31,57	-1,24
Transport and warehousing	48382	9,20	51944	9,49	0,28
Hotels and restaurants	26414	5,02	27182	4,96	-0,06
Information and communications	23837	4,53	25452	4,65	0,11
Real estate transactions	16704	3,18	17867	3,26	0,09
Professional, scientific and technical activities	63350	12,05	66739	12,19	0,14
Administrative support activities and support services activities	22285	4,24	22848	4,17	-0,07
Education ¹⁾	5811	1,11	6393	1,17	0,06
Health care and social assistance ¹⁾	15251	2,90	17114	3,13	0,22
Shows, culture and recreation activities	9003	1,71	9945	1,82	0,10
Other services' activities	14317	2,72	15494	2,83	0,11
Total	525.660	100	547.570	100	

Source: Data processing from Romania's Statistical Yearbook 2019, NIS, Bucharest [13]

An analysis of the SME sector (active companies) on size-classes shows that small companies are preponderant (0-9 employees). Thus, in services' activities, microenterprises are about 96% from total, in real estate transactions by 82.13%, in health care 94%, in the extractive industry - 89.74%, transport and

warehousing – 91.69%, hotels and restaurants – 91.1%, health 70.67%, and in the electricity, heat, gas, warm water and air conditioning production/supply industry, with about 75.56% from total.

According to official statistical data, the number of SMEs in industry, constructions, trade and other services was by 545.843 (small- and medium sized companies) the most in wholesale and retail trade (31.6% from total). Their number registered an ascending evolution over the period 2014-2018, from 481.425 active companies to 545.843 active companies (113%) (Table 5).

Table 5. Active small and medium-sized companies in industry, constructions, trade and other services on types of activities (no. , %)

Activity (CAEN Rev. 2 sections)	2014	2015	2016	2017	2018	2018 /2014 (%)
Total	481425	486529	498730	523955	545843	113,38
Extractive industry	1092	1085	1060	1000	1019	93,32
Manufacturing industry	47309	47633	47580	49066	51700	109,28
Electricity, heat, gas, warm water and air conditioning production and supply	1468	1426	1316	1172	1167	79,50
Water supply, sanitation, waste management, decontamination activities	3092	2981	2898	2949	2998	96,96
Constructions	47727	48245	49621	52716	55901	117,13
Wholesale and retail trade, vehicles and motorcycles repair	176031	171786	169524	172239	172654	98,08
Transport and warehousing	39568	41639	44391	48264	51816	130,95
Hotels and restaurants	25083	25468	25582	26383	27150	108,24
Information and communications	19426	20537	21932	23748	25354	130,52
Real estate transactions	13838	14467	15344	16700	17862	129,08
Professional, scientific and technical activities	56828	57755	60260	63288	66674	117,33
Administrative support activities and support services activities	19232	19775	20614	22094	22646	117,75
Education	3771	4251	4940	5811	6393	169,53
Health care and social assistance	10076	10942	13170	15232	17092	169,63
Shows, culture and recreation activities	5738	6754	7717	8982	9928	173,02
Other services' activities	11146	11785	12781	14311	15489	138,96

Source: Data processing from Romania's Statistical Yearbook 2019, NIS, Bucharest [13]

The SMEs ownership form is private in majority (96%), being followed by foreign capital owned companies (3.8%), and majority state owned capital by only 0.2% from total. Most private capital owned companies are found in the fields of wholesale and retail trade (31.6%), followed by professional, scientific and technical activities (12.2%).

In whole, small- and medium-sized companies own 64.6% from the personnel employed in total SMEs and 57.3% from the turnover. As compared with the year 2014, the turnover, and the employed personnel underwent a slight decreasing trend in the year 2018 (a decrease by 0.9 pp).

The analysis of the concentration of turnover realized by SMEs and of the numbers of employees on fields of activity for the year 2018 shows the following:

- The highest concentration of turnover achieved by Top 5 companies is found in the tobacco goods manufacturing sector (99.9%), followed by coke-products and oil processing (99,2%), oil and natural gas extraction (97.2%), metallic ores extraction (93.3%) and air transports (89.2%);
- As regards the concentration in the numbers of employees for the companies in Top 5, the sector of tobacco manufacturing stands out (99.6%), followed by crude oil and natural gas extraction (98.6%), air transports (85.9%), metallic ores extraction (85.6%), and the coke-products and oil processing sector (85.2%);

- The following situation can be highlighted: there is a series of fields that have higher concentration in the numbers of employees in parallel with a relatively low turnover such as in superior and inferior coal extraction (61.3% against 94.5%), activities of tourism agencies and of tour-operators, other reservation and touristic assistance services (7.0% vs. 13.8%);
- A different situation is noticed in the sector of wood processing and wood and cork manufacturing, save for furniture manufacturing (32.7% turnover vs. 11.8% for employees) (Table 6).

Table 6. Analysis of turnover and numbers of employees concentration in the SME sector (%)

Sector	Cumulated in % from total turnover	Cumulated in % from total number of employees	Sector	Cumulated in % from total turnover	Cumulated in % from total number of employees
Metallic constructions and goods industry, excluding machinery, tools and installations	2,2	5,3	Furniture manufacturing	19,7	14,7
Other professional, scientific and technical activities	2,4	9,9	Cinema, video, TV programs, productions, audio recordings and musical editing	21,6	16,0
Real estate transactions	3,3	8,5	Research-development	22,3	25,7
Other services' activities	3,6	5,0	Printing and support reproduction of recordings	22,5	10,5
Education	3,7	2,5	Other extractive activities	22,9	24,1
Construction of buildings	3,8	2,1	Social assistance activities without accommodation	22,9	16,4
Wholesale trade, save for vehicles and motorcycles trade	3,9	4,9	Services' activities for labor force	23,6	33,2
Special construction works	4,1	3,6	Gaming and bets activities	24,4	35,0
Publicity and marketing activities	4,9	11,2	Digital services activities	24,9	39,4
Artistic creation and interpretation activities	4,9	6,0	Combined health care and social assistance services with accommodation	27,2	20,3
Veterinary activities	5,3	3,4	Paper and paper products manufacturing	28,7	20,1
Food industry	6,6	6,0	Ancillary extraction services activities	29,3	40,2
Terrestrial transportation and pipeline transportation	6,6	14,0	Editing activities	30,4	22,5
Activities of tourism agencies, and tour-operators; other reservations and touristic assistance services	7,0	13,8	Electric equipment manufacturing	30,5	26,3
Hotels and other accommodation facilities	7,7	7,0	Substances and chemical goods manufacturing	31,7	25,3
Clothing manufacturing	7,8	4,1	Wood processing, wood and cork products' manufacturing, save furniture manufacturing	32,7	11,8
Wholesale and retail trade, vehicles and motorcycles maintenance and repair	7,9	5,5	Road transportation vehicles, trailers, and semi-trailers manufacturing	34,6	25,3
Rental and leasing activities	8,1	12,9	Rubber and plastic goods manufacturing	35,9	19,1
Collecting, treating, and eliminating recovered waste. Recyclable materials	8,2	20,4	Computer, electronic and optical products manufacturing	37,3	30,5
Activities of the centralized administrative offices (headquarters), management and consulting activities in management	9,0	11,5	Water caption, treatment and supply	37,6	23,5
Computer, personal and household use articles repairs	9,9	13,0	Manufacturing of other transportation means	38,5	40,7
Restaurants and other food service activities	10,2	6,9	Machinery, tools and equipment manufacturing n.c.a.	40,4	24,1
Machinery and equipment repair, maintenance, and installation	10,7	21,2	Water transportation	45,6	42,7
Landscaping and building services' activities	11,3	10,3	Basic pharmaceutical products and pharmaceutical preparation manufacturing	48,1	38,1
Investigative and protection activities	12,1	11,5	Beverages manufacturing	53,4	36,9
Civil engineering works	13,0	16,2	Metallurgic industry	53,6	42,5
Secretarial office activities, support	13,6	14,6	Postal and courier services	54,7	69,5

services and other service activities delivered to enterprises					
Architectural and engineering activities: testing and technical analysis	14,9	10,0	Library, archive, museum activities and other cultural activities	56,1	35,3
Human health related activities	15,0	10,5	Superior and inferior coal extraction	61,3	94,5
Information technology service activities	15,3	14,5	Program broadcasting activities	65,0	66,9
Sports, recreational and entertainment activities	15,4	9,5	Decontamination activities and services	66,0	67,2
Electricity, heat, warm water, gas production and supply	15,6	42,6	Wastewater collection and treatment	66,4	50,6
Retail trade save for vehicles and motorcycles	15,9	11,9	Telecommunications	68,7	55,1
Textile manufacturing	17,2	17,8	Air transportation	89,2	85,9
Leather tanning and finishing, travel and leather articles manufacturing, harnesses, footwear, fur preparation and dyeing	18,1	10,2	Metallic ores extraction	93,3	85,6
Manufacturing of other non-metallic ores products	18,3	12,5	Crude oil and natural gas extraction	97,2	98,6
Other industrial activities n.c.a.	18,6	14,4	Coke products and oil processing	99,2	85,2
Warehousing and transportation ancillary activities	19,6	41,1	Tobacco products manufacturing	99,9	99,6
Legal and accounting activities	19,6	11,4			

Source: Data processing from Romania's Statistical Yearbook 2019, NIS, Bucharest [13]

In the year 2018, the main economic and financial indicators for the SME sector are presented in Table 7. It can be noticed that the highest contribution to the turnover of the SME sector is the one of small enterprises (35.54%), followed by companies with over 500 employees (32.59%). The same situation is found also in the case of gross investments (41.72%, respectively 37.53%), GVA at factors' cost (37.09%, respectively 35.72%) and the gross outcome of the exercise (53.39%, respectively 25.79 %). Regarding direct exports, the situation undergoes a change between the two categories, the highest weight being the one of the companies with over 500 employees holding 63.16% from total, followed by the companies with 250-499 employees (13.05%), and the ones with 100-249 employees (11.94%) (Table 7).

Table 7. Main economic and financial indicators of companies (%)

	Turnover	Gross investment	Direct exports	GVA at factors' cost	Gross output of the exercise
2018					
Total	100	100	100	100	100
0 - 49	35,54	41,72	6,81	37,09	53,39
50 - 99	8,95	5,73	5,04	7,75	6,20
100 - 249	13,85	8,91	11,94	11,62	10,29
250 - 499	9,07	6,11	13,05	7,83	4,33
500 and over	32,59	37,53	63,16	35,72	25,79
2017					
Total	100	100	100	100	100
0 - 49	35,14	39,85	6,42	34,79	45,08
50 - 99	9,02	6,24	6,34	7,88	8,03
100 - 249	13,74	9,56	11,26	11,48	8,44
250 - 499	8,32	6,68	12,80	8,26	5,33
500 and over	33,78	37,66	63,19	37,59	33,13

Source: Data processing from Romania's Statistical Yearbook 2019, NIS, Bucharest [13]

At regional level, most active local entities are found in the region Bucharest-Ilfov (in 2018), as these represent 25.07% from total, followed by North-West (14.92%). The last place is held by South West-Oltenia with only 7% from total (Table 8 and Table 9).

Table 8. Active local entities in industry, constructions, trade and other services, in territorial profile (%. in total)

	TOTAL	0-9	10-49	50-249	250 and over
North - West	14,92	14,98	14,75	13,66	11,81
Centre	11,66	11,50	12,84	13,64	14,00
North - East	10,79	10,73	11,55	10,29	8,20
South - East	10,77	10,78	10,87	9,99	8,26
South - Muntenia	10,85	10,78	11,40	11,71	10,93
Bucharest - Ilfov	25,01	25,22	22,78	25,24	29,96
South - West Oltenia	7,00	7,04	6,85	5,91	7,16
West	8,99	8,98	8,94	9,56	9,68
Total	100	100	100	100	100

Source: Romania's Statistical Yearbook 2019, NIS, Bucharest [13]

Table 9. Active local entities in industry, constructions, trade and other services in territorial profile (no.)

	TOTAL	0-9	10-49	50-249	250 and over
North - West	83880	74859	7521	1284	216
Centre	65556	57470	6547	1283	256
North - East	60620	53612	5890	968	150
South - East	60512	53880	5542	939	151
South - Muntenia	61005	53891	5813	1101	200
Bucharest - Ilfov	140.588	126.054	11.613	2373	548
South - West Oltenia	39348	35169	3492	556	131
West	50521	44887	4558	899	177
Total	562.030	499.822	50.976	9.403	1.829

Source: Romania's Statistical Yearbook 2019, NIS, Bucharest [13]

5. EFFECTS GENERATED BY COVID-19 ON THE SME SECTOR

In the month of April 2020, the business environment in Romania registered a drastic drop as regards entrepreneurial initiative, as compared with the same period of the previous year, and the number of new companies being the smallest as level for the last 5 to 10 years (Source: National Office of the Trade Registry) [14].

As of the beginning of the current crisis, which affected strongly on the business environment, 22.5 billion Euros were lost from the turnover of the companies, one million persons entered into technical unemployment, and 35.000 companies from the HoReCa industry are closed.

In the month of March 2020, the COVID-19 crisis influenced harshly the entrepreneurial initiatives, irrespective of their legal form (Ltd. Authorized Natural Person, II, etc.), as decreases of up to 74% were recorded as compared with the year 2019. The estimates show that this situation might worsen even more over the following months.

Regarding the registration of professional per total, their number decreased in March 2020 against March 2019 by about 73.8%, from a number of 13.076 professionals to a number of 6.023 professionals. As regards limited liability companies (Ltd), the number of newly established was of 4.238 in 2020, against 8.434 in the year 2019 (on decrease by about 66%). As regards authorized natural persons, the year 2020 registered a number of 1.257, on decrease against 2019, when there were cumulated 2.843 de ANPs (about 77%). The most affected counties as regards registrations were Olt (-72.36%), Mehedinți (-72.33%) and Argeș (-71.71%).

Table 10. Total number of registrations in the first COVID-19 period

CAEN section denomination	Total no. of registrations over the period 01.01.2020 - 31.03.2020	Total no. of registrations over the period 01.01.2019 - 31.03.2019	Dynamics	Total no. of registrations over the period 01.03.2020 - 31.03.2020
Activities of private households as employer of household staff; activities of private companies in goods manufacturing and services for own consumption		1	-100,00%	

Administrative service activities, and support services activities	1416	2177	-34,96%	281
Show, cultural and recreational activities	831	1914	-56,58%	189
Professional, scientific, and technical activities	2501	3874	-35,44%	599
Public administration and defense, public system social insurances	2	3	-33,33%	
Agriculture, forestry and fishing	1113	2122	-47,55%	343
Other service activities	1819	2717	-33,05%	347
Wholesale and retail trade, vehicles and motorcycle repairs	5839	8880	-34,25%	1218
Constructions	3550	4695	-24,39%	836
Water supply, sanitation, waste management, decontamination activities	76	139	-45,32%	16
Hotels and restaurants	1389	2404	-42,22%	314
Extractive industry	18	35	-48,57%	2
Manufacturing industry	1701	4696	-63,78%	344
Information and communications	1628	2115	-23,03%	399
Financial intermediation and insurances	250	333	-24,92%	64
Electricity, heat, gas, warm water and air conditioning production and supply	24	18	33,33%	8
Health care and social assistance	713	1239	-42,45%	140
Transport and warehousing	2961	3070	-3,55%	643
Real estate transactions	633	696	-9,05%	148
Education	665	906	-26,60%	132
Total	27129	42034	-35,46%	6023

Source: <https://www.onrc.ro/index.php/ro/statistici> [14]

Still, over the period 1 March -31 March 2020, is found a number of registrations in various fields of activity, most in the following: wholesale and retail trade (1.218 companies), constructions (836 companies), transport and warehousing (643) (Table 10).

Regarding companies' wind up, their number dropped by about 36% in March 2020 as compared with March 2019, respectively 2.068 against 2.975. The most affected counties were Satu Mare (+26.09%), Covasna (+15%) and Brasov (+14.67%). On the other hand, against March 2019, Bucharest registers a decrease by about 33.40%, from a number of 521 in March 2019, to a number of 347 in March 2020.

The fields of activity recording the highest rates of wind up were the manufacturing industry (+44.83), information and communications (+12.90%), transport and warehousing (+11.99%). A descending trend is encountered also in the case of suspensions, as their number decreased by about 49% in March 2020, as compared with March 2019. Thus in March 2020, was recorded a number of 709 suspensions, against 1.393 in March 2019. On counties, the situation was as follows: Mehedinți (-91.67%), Satu Mare (-76.47%) and Călărași next to Vrancea (-50%). A decrease is noticeable also at the level of the Bucharest municipality, from a number of 146 in March 2019, to a number of 76 in March 2020 (-47.95%).

The situation of wind up on fields is as follows:

Drops in companies' wind up

-100% decrease in the fields: Show, cultural and recreational activities, Extractive industry, electricity, heat, gas and warm water production and supply;

-between -90% and -80%: Professional, scientific and technical activities;

-between -80% and -60%: water supply, sanitation, waste management, decontamination activities. Electricity, heat, gas, warm water and air conditioning production and supply:

-between -59% and -40%: Manufacturing industry, information and communication, show, cultural and recreational activities, manufacturing industry, financial intermediation and insurances, education.

Increases in companies' wind up

+200% in the field of public administration and defense; public system social insurances;

+142% in Agriculture, forestry and fishing;

+150% in financial intermediation.

The fields of activity recording the highest drops in activity suspension were agriculture, forestry and fishing (-52.97%); Water supply, sanitation, waste management, decontamination activities next to the extractive industry and the electricity, heat, gas, warm water and air conditioning production and supply (-50%), and Education (-47,85%).

Regarding deregistration, a decrease by about 89.67% is noticed for March 2020 as compared with March 2019, respectively 3.739 against 36.195. Nonetheless, it should be mentioned that, as result of declaring the state of emergency, the opposition right against the wind up of a company was suspended, and because the deregistration period is a stage subsequent to the wind up, the procedures were suspended actually until the termination of the state of emergency. As result, because the wind up procedure cannot be finalized, then neither the deregistration procedure can be carried out.

In this period, under the impact of the COVID-19 crisis, there were a series of analyses and ad-hoc statistical researches addressed mainly to the managers of the enterprises in the manufacturing industry, in constructions, retail trade, and services as regards their perception about the development perspectives regarding activities for the company they manage [15].

This analysis was realized in the period 17-19 March on a sample of 8.831 economic agents, representative at the level of the economic sectors and in total economy. The answering rate was by 71.3%. In order to evaluate the economic impact of the pandemic, the evaluations of the managers were used, as well as the turnover of the enterprises over the period January 2019 – January 2020. The information obtained is useful for evaluating the evolution in the volume of activities in the economy for the period March – April 2020 compared with:

- the corresponding months of the preceding year (2019);
- the month January 2020;
- the monthly average of turnover corresponding to the period January 2019 – January 2020.

In all three working variants, the negative impact was higher at the level of the month April related to the preceding month.

In estimating these evaluations, a questionnaire addressed to economic agents was used in the period 17-19 March of the current year, before the enforcement of concrete measures for fighting against COVID-19.

The following conclusion is the outcome of the analysis of changes in the economic agents' activity volume in Romania, over the period March-April 2020, as result of the COVID-19 epidemic outspread. The impact of the COVID-19 epidemic on the volume of economic activities is determined by the high level of uncertainty as regards the future of businesses in the period March – April 2020, and by its increases in April, against March 2020. Hence, if in March 2020, the weight of 21.2% of economic agents could not estimate how their businesses will evolve, in the month of April, their weight increased to 34.3%. The increase is explained mainly based on the drop in economic agents' weight that did not foresee constrictions of the economic activity from 12.9% in March 2020 to 6.4% in April 2020. This result was obtained by considering the weight of the economic agents estimating compressions in the volume of activity by up to 25% from 14.3% in March 2020, to 7.7% in April 2020.

Taking into account the weight of non-replies (28.6%) in both March and April 2020, it resulted that more than 50% of the economic agents in March and 62.9% in April could not realize an estimate about the evolution in their volume of activity. On the other hand, the same statistical research indicates a trend of aggravation for the COVID-19 epidemic impact on the activity volume for economic agents that could estimate the magnitude of activities' constriction together with the increase in the time horizon for which the estimates are made. Thus, the weight of economic agents that did not foresee a compression of their activity decreases by 8.6% in April 2020 against the level by 26.1% in the foregoing month, while the weight of those estimating a constriction of up to 25% drops by 7.8% in April, against the value by 28.7% recorded in March 2020.

At the same time, the weight of those for which the activity constricts by more than 25% increases from 33.3% in March 2020 to 45.0% in April 2020, and the rate of activities' closure increases from 9.8% in March 2020 to 13.8% in April 2020.

The impact of the COVID-19 pandemic on the activity volume in the manufacturing industry increases together with the expansion of the time horizon. Uncertainty is the main feature of the estimates regarding the volume of activity, because the weight of those who cannot estimate the future direction to which the activity is heading increases from 24.5% in March 2020 to 40.1% in April 2020.

The uncertainty increase regarding the evolution of the activity in industry is triggered by changes in the category of those estimating that the activity will not constrict (-9.8 pp in April against the level in March), and by the category of those estimating an activity compression by up to 25% (-8.9 pp in April against the level in March).

In the framework of the manufacturing industry subsectors, the most affected by uncertainty regarding the evolution of the activities' volume on the date of the statistical research are Manufacturing of road transport vehicles, of trailers and semi-trailers, Manufacturing of other transportation means, Manufacturing of electric equipment, Metallic constructions and metallic goods industry, except machinery, tools and installations, Metallurgic industry.

As it may be noticed, all these activities of the manufacturing industry are one way or another related to the international supply chains affected by the 'lockdowns' decreed by the various countries affected in their turn by the COVID-19 pandemic. If in March 2020 at the level of the manufacturing industry from among the economic agents who could estimate the while 30.2% did not estimate any changes, in April 2020 these weights were smaller by 9.8 pp for the first category, and 13.9 pp for the second.

At the same time, the weight of economic agents foreseeing a compression in the activity volume of over 25% was higher by 19.4 pp in April, against March 2020, while the share of those estimating a wind up of the activity increased by 4.2 pp for the same interval.

The transportation and warehousing sector is one of the most affected by uncertainties related to the COVID-19 pandemic impact on the activity volume at the time of realizing the statistical research. Thus, the weight of economic agents from this sector who cannot make estimates regarding the evolution of the activity volume increases from 25.9% in March to 40.1% in April 2020. This is because of the drop in the numbers of those economic agents who had a vision about the evolution of the activity volume for the period March-April 2020, save for those who foresaw the closure of the activity. From the viewpoint of economic agents who had data that allowed for estimates about the evolution of the activity volume for the period March-April 2020, the weight of economic agents who did not foresee a decrease in the activity volume, and of those who estimated a compression of activity volume by up to 25%, decreased in April 2020. In the same period, from among the economic agents who could estimate the evolution of the activity volume, a weight by 52.2% foresaw in April 2020 a compression of activity by over 25%, against only 44.4% in March 2020.

The impact of the COVID-19 pandemic on the activity volume in the constructions' sector has two characteristics: on one hand, the uncertainty in the evolution of businesses increases together with the expansion of the time horizon, on the other hand, the increase recorded in the weight of businesses affected by the activity volume compression by more than 25%, or by activities' closure. Thus, at the level of all economic agents from the sector, who were included in the statistical research, the weight of the economic agents who cannot estimate the evolution of the activity volume increases from 21.6% in March to 33.1% in April 2020, while the weight of those estimating an impact, or estimated an impact by up to 25% decreased. From the economic agents who could estimate an impact of the COVID-19 on the activity volume in April 2020, 61.4% foresaw an activity volume compression by more than 25% or the closure of activities, against only 39.2% in March.

In the retail trade sector, the impact of the COVID-19 epidemic on the activity volume is at a level close to the average on economy, though the statistic research was realized before the decisions regarding the closing of some commercial entities, others than food entities, or pharmacies. Thus, the weight of the economic agents who could not estimate the impact of the epidemic on the activity volume increased from 20.7% in March to 32.6% in April 2020, while the weight dropped for the economic agents who estimated maintaining the activity volume or an impact by up to 50%. Out of the economic agents of the sector who could estimate an evolution for the activity volume in April 2020, a weight by 21.6% foresaw the closing of the activity, or its compression by more than 25% against 22.1% in March 2020.

In the hotels and restaurants sector, the impact of the COVID-19 epidemic is dominated by the same uncertainty in estimating the future evolution and by the forecast regarding the complete closure of the activity. Thus, from total economic agents included in the statistic research a weight by 11.7% could not estimate the evolution of the activity volume in March, respectively 27.8% in April 2020.

The doubling in the weight of economic agents with an uncertain vision on businesses is due predominantly to the change in the vision of those who foresaw either the closure of activity (difference by 5.1 pp in April against March 2020), or a constriction higher than 50% in the activity volume (difference by 6.1 pp in April against March 2020). From among the economic agents in the sector who could make an estimate regarding the impact of the COVID-19 pandemic on the activity volume in April, 95.4% foresaw a compression of the activity by more than 25% or closure, against 92.9% in March 2020. Other estimates:

- Impact on the manufacturing industry - 40.1% cannot estimate the future possible evolution direction;
- Impact on the transportation and warehousing sector - 52.1% from the agents answering the questionnaire mentioned an activity compression by over 25%;
- Impact in constructions - 61.4% foresee an activity constriction by over 25%;

- Impact on retail trade is estimated to be an activity constriction by over 25%, or activity closure;
- Impact on the hotels' and restaurants' industry – 95.4% estimate a constriction by over 25% or activity closure.

It is estimated that 580.000 workplaces will be created by public and private investments.

6. RESTRICTIONS BUT OPPORTUNITIES AS WELL OVER THE COVID-19 CRISIS PERIOD FOR SMES

Some of analysis in the field of entrepreneurship consider that SMEs are faced with the biggest challenge of the last three decades. This challenge comes with both negative and some positive aspects that might be changed into true opportunities for this very important sector for the economy of each country/region. Some opportunities were identified already by the beginning of the crisis. Thus, the destabilization of the import chains led to amplified sales of local goods. A study realized by NIS [15] shows that about 35.3% from Romania's importers consider that the imports' volume will decrease by 25%.

In order to create opportunities from this perspective, it is necessary to relaunch production before relaunching consumption for exiting this crisis. Moreover, on this element is substantiated also the SME Invest program that pursues to restart industry with those who want to get involved and have the capacity therefore. This program supports a public-private partnership that must generate safeguarding effects concomitantly with promoting autochthonous goods.

The banking system is not faced with lacking capital yet. Therefore, entrepreneurs must assume various investment plans. There are already some entrepreneurs in search for solutions to adjust, even in the restaurants' system, which was affected severely by the crisis and by the decisions regarding lockdown at home.

Other opinions related to turnaround are related to the fact that production must be restarted simultaneously with consumption, and the first thing needing support is the chain between consumer and producer, which must operate properly for things to happen quicker. The state should focus on supporting the value chain for stimulating consumption, on systemic investment, and on ones of the support type.

Other opportunities are taken into account also in the present situation like the massive increase of public investments in education, agriculture, and food industry, supporting the value chain, stimulating consumption, granting voucher or consumption tickets to persons in unemployment, and supporting large enterprises, etc.

Another example of an opportunity already fructified is the one of the company Electric from Focsani a package manufacturer that had to import certain products, such as sprays from Turkey or China, because the factory had no specific line for producing them. Under these conditions, the company saw an investment opportunity in a new business division for adjusting and beginning to produce locally these sprays.

Another opportunity is given by promoting innovative acquisitions and identifying innovative solutions that can be used for the direct or indirect treatment of COVID-19 patients. At the same time, providing for the needs of hospitals and health care institutions with innovative solutions that may be proposed by certain companies, especially by SMEs, is another opportunity, in the following fields:

- Medical devices, managing the supply and logistics chain for assisting in the COVID-19 hot spots;
- biotechnology/health – drugs, antimicrobials, promoting new medication, antimicrobials and medication for mitigating the effects of the new virus;
- tools for forecasting and putting a halt to the disease outspread.

A significant boost received the IT industry which has the opportunity to develop products and solutions that make easier, more efficient, and healthier the life of individuals thus determining the technological revolution to receive the impetus it required for transitioning into the next development stage.

The telecommunications' industry is, as well, one of the big winners because the need of the individuals for quick internet anywhere anytime is now higher than ever. The low traffic from large cities like Bucharest is supported and it helps in increasing awareness about the benefits of clean air. Thus, there are high chances to notice, on medium-term an increase in concerns for clean environment and business sustainability with positive consequences for air and water quality, but also for food products, beverages, personal care products, or cosmetics. The European Environment Agency (EEA) has developed a viewer that tracks how the reduction in transportation affects the concentration of air pollution. They use weekly updated data from EEA member countries to show that the concentration of nitrogen dioxide (NO₂) (a well-known pollutant emitted by road transportation) decreased in many European cities where restrictive measures have been implemented. To clearly visualise the effect the reduced traffic has, the EEA shows the level of air pollution compared to last year. Furthermore, an increase in greenhouse gases from other sources is observed. For example, the amount of landfill waste has risen due to cuts in

agricultural and fishery export, suspension of recycling activities, the re-introduction of plastic bags and the increased amount of take-away food with single-use plastic. Due to the decay of this waste the level of methane (CH₄), a greenhouse gas, is expected to rise. So, it might be questionable to truly speak of a silver lining for the environment. The long-term impact of the coronavirus pandemic on climate change will depend on how countries and corporations respond to this situation [17].

The majority of companies with office activities implement the “work from home” concept for the first time at general level. The practice could be maintained also after the crisis ends, and this might change positively the dynamics of the working program in the future, by diminishing the over-agglomeration of the city and increasing the productivity of the employees. In these circumstances, laptops and videoconferencing systems were among the first goods sold at large scale in the big European capitals, as the virus began to spread out on the old continent. On this occasion, a new Wall Street index was created called “Stay at Home” which comprises 33 companies that might profit as result of the fact that employees work from home. The index includes Netflix (already gaining 8%), Amazon (one may visualize programs by means of Amazon Prime Video), Facebook, Sonos (selling wireless audio systems based on Wi-Fi), shares of video game producing companies, shares for “software assisting in working from home, and to participate in online conferences/teleconferences.

At the same time, pharmaceutical companies with research-development activities communicating that they entered into the race of finding a treatment against the coronavirus have obtained massive capital injections or substantial increases in their shares on the stock market, while generic companies registered colossal sales.

Long-term opportunities exist for technology companies delivering online services or facilitating the supply of online services. This crisis will change the mindset of large corporations and will transform the way they relate to work from home. The same thing might be said also regarding the mindset of consumers, as they will access more online services, online shopping, courier services, etc. It is very possible that the first sustained increases will be noticed here, after the present critical period passes, or even sooner.

On short term, the massive drops of the last month generated opportunities of high increases for companies beginning to become attractive for sale, while traders resorting to Short Selling might record huge gains. Short Selling is a mechanism allowing for valorizing a price difference on a decreasing market, while Hedging is a mechanism allowing for protecting the portfolio against unwanted fluctuations.

7. CURRENT MEASURES FOR SUPPORTING THE SME SECTOR

In the attempt of assisting the SME sector to avoid complete and irrecoverable collapse because of the COVID-19 outbreak crisis, a series of actions were promoted that we mention in the following:

1. Postponing payments for utilities – electricity, natural gas, water, phone and internet services, as well as postponement of rent payments for the building representing the registered office, and secondary offices. The beneficiaries are SME that suspended their activity totally or partially based on the decisions issued by the competent public authorities and that have the emergency certificate issued by the Ministry of Economy, Energy, and Business Environment for the duration of the emergency. These dispositions are also valid for the following professions providing services of public interest: notary public offices, lawyers, judicial executors, etc. For other contracts in development concluded by SMEs, force majeure may be called upon against them only after the attempt proven by writs communicated between the parties by any means, including electronic ones, of renegotiating the contract for the adjustment of its clauses by considering the exceptional conditions generated by the emergency.
2. The statement regarding the sole beneficiary – the term for filing the statement is extended by up to three months as of the date of terminating the emergency instituted by Decree no. 195/2020, regarding the establishment of emergency on the territory of Romania. For the entire duration of the emergency, the filing of this statement is suspended.
3. SME Invest Romania – the Program for supporting small and medium sized enterprises that provides for state guarantees in favor of each beneficiary participating to the program. The guarantees are foreseen for one of the following categories of credit:
 - one or several credits for realizing investments. Additionally, one or several credits/credit lines for working capital, guaranteed by the state represented by the Ministry of Public Finances to a share of maximum 80% from the value of the financing, excluding interests, commissions, and bank charges corresponding to the guaranteed credit. The maximum accumulated value of the financing guaranteed by the state that may be granted to a beneficiary in the framework of this facility is of 10.000.000 Lei. The maximum value of credits/credit lines for financing working capital granted to a beneficiary cannot exceed the average of expenditures corresponding to the working capital for the last two fiscal

years within the limit of 5.000.000 Lei. For investment credits, the maximum value of the financing is by 10.000.000 Lei. For SMEs that did not file the financial statements on the date of applying for the guaranteed credit, the maximum value of the financing for credits/credit lines for working capital will be calculated as the double of the average expenditures corresponding to the working capital in the monthly balance sheets;

- another alternative is one or more guarantees for credits/credit lines for financing working capital, excluding interests, commissions, and bank charges corresponding to the credit guaranteed by the state to a share of maximum 90% granted to a microenterprise or small enterprise. The maximum value is by 500.000 Lei for microenterprises, respectively, maximum 1.000.000 Lei for small enterprises. The maximum value of each granted financing to a beneficiary cannot exceed the average of expenditures corresponding to the working capital for the last 2 fiscal years within the limits of the thresholds provided before. For microenterprises, or small enterprises that did not submit financial statements on the date of applying for the guaranteed credit, the maximum value of the financing for the credits/credit lines for working capital will be computed as the double of the average expenditures corresponding to the working capital in the monthly balance sheets. The period of subsidizing the interest is as of the moment of granting the credits/credit lines contracted after the enforcement of the present Emergency Ordinance and might last up to 31 March 2021. Subsidizing the interest is approved annually by a normative act with power of law for the first year and for the subsequent 2 years only under the conditions in which the economic growth estimated by the National Commission of Strategy and Prognosis for the period is placed below the level of the one recorded in the year 2020. The maximum duration of the financing is 120 months for investment credits and 36 months for credits/credit lines for working capital. The credits/credit lines for working capital may be extended for maximum 36 months, following that in the last extension year, these will be reimbursed under the conditions provided for in the methodological norms for enforcing the emergency ordinance [18].

8. FINANCING SOURCES IN SUPPORTING THE SME SECTOR OVER THE PERIOD OF THE C-19 CRISIS

The following sources of supporting the SME sector were identified, grouped as hereunder.¹ Sources from European Funds, Non-reimbursable aid from the state budget, Bank credits in advantageous conditions and Investment funds.

Hereunder, the following are presented synthetically:

1. European Funds granted to SMEs are allocated especially by ROP – Priority Axis 2.2 [19].

Thus, microenterprises and small-/medium-sized companies (SME in the urban area, and in the rural area only medium-sized companies) may obtain European funds with a value between 200.000 Euro and 1 million euro under certain conditions by investments in 10 counties. The projects may be filed with the electronic application MySMIS. European funds may be requested by companies in various fields, from small textile factories to workshops for computer repairs, software editing companies, video production, etc. They may invest money including in online trade means. The budget allocated to this axis is by 68 million euro and is addressed only to the development regions where there are still unspent money from the 2016 call (save for the Bucharest-Ilfov region, which is not eligible). The call for projects is valid for the following investments:

- North-East region (counties Bacău, Botoșani, Iași, Neamț, Suceava and Vaslui). Total available budget is by 31.4 million euro.
- West region (Timiș, Arad, Caraș-Severin and Hunedoara). The total available budget is by 36.6 million euro.

On 30 April 2020, other support forms for SMEs were negotiated with the EC by four new intervention instruments with a total value by 1 billion euro [20]. The four new working instruments negotiated currently with the European Commission are the following:

- *Grants in fixed amount related to the turnover* – they are intended for the working capital for financing the current activity of the companies. There has to be a proportionality by 10% between the value of the grant and the value of the turnover. These are aimed at activities with indirect impact for stimulating the domestic demand (stocks of raw materials, necessary material, ware stock, etc.).

¹ For some financing, Accessing Calls are already open, and for others the sessions were budgeted for preparing Calls of Proposal.

- *Consumption vouchers* – it is pursued to stimulate domestic consumption for goods manufactured in Romania. There is a variety of vouchers that may be used in the activity of the SMEs like consumption vouchers, digitalization, and innovation ones (for this type of financing there is still a certain reticence showed at the level of the European Commission)
- *Subsidizing the wages for employees in private companies with public money*; this instrument is aimed for subsidizing the costs with wages for the personnel that is currently in technical unemployment for a limited period, and within the limit of 50% of the wage costs. This subvention may be aimed also for compensating social contributions, and wage taxation. It might be supported by the SURE² fund at European level.
- *Classic grants for supporting investments*; these grants enter under the incidence of the state aid schemes. A state aid scheme operating during the C-19 crisis already exists up to the end of the year 2020 with a value by maximum 800.000 euro (credits with subsidized interests up to the end of the year 2020, in the framework of SME Invest).

These new instruments for SMEs will be launched in either June or July 2020 and will be managed at domestic level either by the Ministry of Economy, or by the Ministry of Development and Public Works.

From the budget of 1 billion euro allocated by European Funds will be distributed 300 million euro for grants, 500 million for vouchers, 200 million euro for investments (intended for medical and protection equipment, related to specific investments for the epidemic crisis, etc.). It is estimated that in the week 4-8 May the negotiations with the EC will be finalized, and the intervention value by 1 billion euro is included as budget.

2. Start-Up Nation 2020 [21] - The state budget for the year 2020 provides for 1 billion Lei, in engagement credits aimed to the Start-Up Nation program. The money may finance about 5.000 companies by a new Start-Up Nation program 2020 (by 2 times less than the level of the program up to now, which aimed to support 10.000 SMEs). The National Council of the Small- and Medium-Sized Enterprises from Romania (CNIPMMR) requests a maximum eligible package by 25.000 Lei from the non-reimbursable aid by maximum 200.000 Lei that should be allotted compulsory at least for a site for company's presentation, a data management software, and the electronic signature.

3. The Micro-industrialization Program - The 2020 micro-industrialization program has an allocated budget by 65.000.000 Lei in credits of engagement and 65.000.000 Lei in budgetary credits by means of the state budget for 2020. In the Micro-industrialization program for 2018, a number of 247 companies were qualified for obtaining non-reimbursable funds of up 450.000 Lei each from the state budget. The majority of SMEs requested the maximum amount of 450.000 Lei. In the year 2019, the government published an organization procedure of the program Micro-industrialization but did not open the session. The Ministry of Economy is the organizer of the program Micro-industrialization.

4. The Program Trade 2020 is aimed at developing trading activities of market services and has an allocation proposed by the budget draft amounting to 40.000.000 Lei in credits of engagement, and 40.000.000 Lei in budgetary credits. In the Program Trade 2018, a number of 209 private microenterprises and small- and medium-sized companies (SMEs) were qualified for non-reimbursable financing amounting to maximum 250.000 de Lei from the state budget. In total, over 1.000 companies were registered with the program in 2018. Not all SMEs requested the maximum amount. The Ministry of Economy is the organizer.

5. The Program Internationalization 2020 is intended to support the internationalization of the Romanian economic operators and the allocation for amounts to 10.000.000 Lei in credits of engagement and 10.000.000 Lei in budgetary credits for the year 2020. In the preceding years, the Romanian private companies could obtain non-reimbursable funds from the state amounting to maximum 25.000 Lei each, for travelling abroad to fairs and exhibitions by means of this program. The financed companies were from the information technology field, the food sector, furniture manufacturing, textile industry, and research, scientific and medical innovation. In the year 2018, for instance, were favored the companies that chose as target-markets areas outside the European Union with priority in Africa or Asia. The organizer is the Ministry of Economy.

² SURE is a solidarity instrument by 100 billion EUR that will help workers to maintain their incomes and will support enterprises to remain operational. From this support will benefit, as well, farmers and fishers, as well as most vulnerable persons. The current EU budget is the basis for all these measures, and it will put to good use, and to the maximum each available euro. This proves the necessity for the EU to avail itself of a long-term sound and flexible budget. The Commission will take measures to ensure that EU can rely on such a sound budget that would allow for exiting the crisis and to make progress towards turnaround. By means of the new solidarity instrument, jobs will be maintained and enterprises operational.

6. Loans for small businesses – In the framework of this program, entrepreneurs may obtain banking credits between 4.000 and 200.000 Lei from TB Mic, a company within the Fiancial Group Transilvania Bank aimed at crediting small businesses. The companies applying must fulfil also some conditions, among which at least three months of activity length. The companies may borrow up to 120.000 Lei without material warranty; however, a real estate warranty might increase the amount to up to 200.000 Lei. For companies in the agricultural field, maximum 200.000 Lei may be accessed without material warranties and up to 400.000 Lei with real estate warranties (TB Mic- site).

7. Credits with European guarantees for SME that can obtain banking credits in advantageous conditions, with the aid of some guarantees from the European Union based on the Regional Operational Program (ROP), by means of the axis aimed to the Initiative for SMEs. This ROP line of financing avails itself in total of 250 million euro. The money may be accessed directly from the banks that signed in Romania agreements with the European Investment Fund, and the financing cost is lower than in the usual market conditions. The loan is guaranteed to 60%.

8. Romanian investment funds - Romanian entrepreneurs may use investment funds for venture capital financing that provide financing and receive in exchange minority packages of shares. For the past 2 years, at least 3 Romanian investment funds supported by the European Union emerged on the market providing for financing from 25.000 euro to 5 million euro, respectively GapMinder, Early Game Venture, and Morphosis Capital. Another Romanian investment fund for startups is Roca X constituted by experienced businessmen.

9. The Program the Entrepreneur Woman 2020 is aimed at developing entrepreneurship among women in the sector of small- and medium-sized enterprises [22]. In the editions of the past years, by means of this program 80 Romanian businesswomen could pursue entrepreneurship courses in Romania, but some of them pursued them also abroad (for instance, in 2018, the foreign destinations for the women qualified in the final stage were London, Paris, Madrid and Rome).

10. The Program for Entrepreneurship Courses EMPRETEC 2020 – In this year a budget of 504.000 Lei is allocated for launching a new session of the Program UMCTAD/ EMPRETEC Romania, aimed at supporting the development of SMEs. In the year 2018, about 100 Romanians could pursue the free entrepreneurship and management courses by means of the governmental program EMPRETEC. The basic program provided for the participants was the workshop for developing personal entrepreneurial skills developed by the Harvard University jointly with Management Systems International and McBeer & Co.

11. The Small- and Medium-Sized Enterprises Fair – a budget of 5 million Lei is allocated for organizing the fair in 2020, with certain gratuities for the exhibitors, respectively small- and medium-sized companies (SME). Moreover, conferences, seminars, round tables, workshops and presentations can be organized with the purpose of increasing the number of successful entrepreneurs and of entrepreneurial skills. For the past years, the fair was budgeted by the Government, but was no longer organized.

12. The Program Crafts and Handicrafts 2020 – money for hand-made is budgeted with about 890.000 Lei, for organizing a profile fair to which will be invited and financially supported to participate craftsmen and artisans from the entire country. In 2019, the fair of hand-made products was held in the locality Bran. By means of the Program, the transportation expenditures could be supported for the beneficiaries and for their products for a maximum value of 2.000 Lei, as well as the accommodation expenditures amounting to maximum 1.600 Lei/beneficiary for maximum 4 nights accommodation; however, the amount was of not more than 200 Lei/night/person.

It is estimated that the implementation of the support instruments for SMEs will be more easy based on grants in fixed amounts and consumption vouchers, and more difficult on the investment component. The evaluation of the projects by the Management Authorities will be relatively difficult from the perspective of the low analysis expertise of the projects from the business environment (financial sustainability, market success, etc.).

9. ACTIONS AND POSSIBLE SOLUTIONS FOR SMES RECOVERY

Proposal	Instrument	Description
Supplementing the financing in the framework of the SME Invest Program	SME Invest	On 1 May were analyzed 47.896 applications formulated by a no. of 37.089 SMEs registered in the application www.imminvest.ro . A number of 20.139 applications (43.56%) were sent to the 22 partner banks for analysis in view of obtaining the financing agreement. Because the number of SMEs needing this support is still unknown, a supplement of funds in the framework of this program might be taken into

		<p>account.</p> <p>Considering that in Romania are about 547.570 small- and medium-sized companies, and a drop by 30% is estimated in their numbers (164.271 companies), an extension of the program is proposed for at least 100.000 companies.</p> <p>SME INVEST ROMANIA is open until 31.12.2020, with an allocated ceiling by 15 billion Lei.</p>
Support for domestic producers and local businesses	Online platforms	<p>The creation of an online mechanism is suggested, where local production SMEs may trade their products. An example is the one of the National Agency of the Mountain Area that created the platform www.produsmontan.ro, dedicated to producers in view of promoting this type of goods. By this initiative, the consumers from Romania are informed about the ability of purchasing these products in an online system.</p> <p>Another proposal is to create a strategic program for supporting the Warehousing, Collection, and Distribution Centers for Romanian agricultural food products that would provide, among others, also for the obligation of large retailers to have a share by at least 30% of goods manufactured in Romania corresponding to a certain article sold by their networks.</p>
Promoting special financing programs from EU funds	ROP OPSGD	<p>Promoting/advertising programs aimed to vocational investments, training and reskilling and development programs for the economic environment.</p> <p>For the period 2021-2027, SMEs have available the following operational programs:</p> <ul style="list-style-type: none"> - the 8 Regional Operational Programs (a division of ROP is planned which is managed now by the Ministry of Public Works in eight ROPs, one for each region and one management authority for each. Finance may be granted for investment in the digitalization of local public services, smart city, smart specialization, and technological transfer, innovation, smart parks, SME, robotics, digitalization. - The Operational Program Smart Growth and Digitalization. Smart specialization projects at national level will be financed in synergy with the EU Horizon program that is accessed directly at the European Commission by beneficiaries within the EU and from partner-states (for instance, Israel). Also, in this operational program will be included projects of internationalization, industrial transition, nanotechnologies, robotics, research-development-innovation infrastructure, as well as financial instruments for companies' financing.
Creating a National Program for supporting industrial parks and business incubators	ROP 2021-2027	<p>This program may be a relaunch for some older programs that pursued and financed such ROP projects. It can be implemented at regional or country level.</p>
Simplification of the procedures for all European financing	ROP OPHR	<ul style="list-style-type: none"> - The extension of the implementation period for projects financed from European funds under development, beyond the maximum period provided for initially; - Financing of some projects by ROP – OPHR aimed to skilling, reskilling and improvement of labor force, to the endowment with equipment and materials necessary for developing their activity in the new conditions, digitalization of the enterprises' activities; - Simplification of the mechanisms for accessing European funds, diminishing bureaucracy (reports, evaluations, etc.); - Promoting the EEN network (Enterprise Europe Network) launched by EC (the largest SME support network). The EEN networks are financed based on projects in a share by 60% by the European Commission, and the remaining 40% is born by the host structures from each country. The co-financing share by 40% becomes difficult to be born in the current situation by private entities (Commerce and Industry Chambers, business associations, private companies, universities and research institutes). The suggestion is to support from the budget the 40% contribution corresponding to the functioning of these networks in Romania.
Creation of support centres at regional level	OPHR 2014-2020	<p>The support-centers will deliver free of charge the necessary and useful services for companies (that will be severely decapitalized) over the post-crisis period (the types of services aim to accounting, legal, human resources, financial advice and mediation services, digital transformation, consulting for adjusting to the new socio-economic context, business restructuring advice, etc.</p>

Declaring some disadvantaged areas after the model of the Emergency Ordinance no. 24/1998 regarding the regime of disadvantaged areas	ROP 2021-2027	The disadvantaged areas represented by counties with industrial development of the mono-product type with orientation towards export and one employer. The companies in these areas are characterized by the bank indebtedness degree (agricultural producers, from the food industry, etc.). For instance, county Suceava where the most important weight in GDP is given by the exploitation and manufacturing of natural resources, constructions, trade and services, tourism, processing industry, food and textile industry, transports, as many companies were completely closed or reduced.
Supporting a national investments program	NPLD or another program financed by SIF	<ul style="list-style-type: none"> - investments from public funds for the transport infrastructure (highways, national, and county roads, railway, airports, etc.), health care, education, energy and environment, agriculture (irrigations), by granting some priority rights for execution tenders to companies from Romania; - launching holiday vouchers for relaunching Romanian tourism. In the context in which the state aims to return either totally or partially, the sums paid in advance by the tourists as requested by some of them, the money may be allocated from the European funds aimed at the fields affected by COVID-19 under the form of lunch tickets or holiday vouchers for touristic services in Romania. These should be valid up to the end of the year 2021; - promoting Romanian investments and exports in public-private partnership a measure that might be beneficial by rendering substantial dynamics to the volume of investments and exports made by Romanian producers, and increasing the prestige of Romania by creating the most friendly business environment in south-eastern Europe; - improving the legislation as regards public-private partnerships by regulating some simpler forms of public-private partnership, such as design, development and exploitation contracts, including some special provisions regarding the access of companies to public-private partnerships, and the public-private partnership with the non-profit sector;
Digitalization of public administration	National funds, EU funds	Digitalization of public administration, mainly by employing Romanian companies (concept, services, etc.).
Supporting the agricultural sector		<ul style="list-style-type: none"> - anticipated payments of subsidies in agriculture, investments for reactivating the irrigation systems existing in Romania up to 1989, irrespective of the subsequent classification of the latter - subsidizing, at least partially, energy costs for the energy used in pumping water for irrigations in the 3rd and 4th watering stages; - resuming and extending the programs for creating forest curtains in order to protect agricultural cultures from draught; setting up by means of credits with subsidized interest the entities for processing vegetables and fruits produced in Romania; - state intervention by support schemes for farmers in extreme or severe draught conditions, after the model of those implemented in the year 2008.

Source: own processing

10. CONCLUSIONS

The SME sector was one of the hardest hit sectors during the C-19 crisis, in both Romania and at global level. This fact determined the governments of the world states, including the one of Romania to take urgent measures for keeping the sector afloat. According to official statistics, in Romania, three out of ten companies are in the risk zone, with expenditures higher than incomes (Financial-Banking Analysts' Association) and with a total number of 850.000 employees (one-fifth from the total number of employees in the private sector).

In Romania, the measures of supporting the SME sector amount to 2% of GDP, while in other countries the provided support amounts to about 10% of GDP. The supports provided by the Government for the companies that suspended the contracts of their employees cover only a part of the wages. The measures enforced up to date by the Government, pursue to safeguard a number as high as possible of companies, but they cannot save all of them. From among them, we mention ensuring the payment of technical unemployment in value of 75% from the gross wage of the employee, but not more than 75% from the average gross wage, and credits' guarantees for investments and working capital for SMEs, by means of state subsidized interest.

In the scenario according to which SMEs, the basis of economy in any state are not kept afloat, then also the state will suffer. "The budgetary incomes will be smaller, and the expenditures higher (including the ones for supporting technical unemployment), and the result will be higher deficits" (CFA) [23]. Additionally, the banking sector might be hit because neither population, nor companies will be able to pay the rates. Over the last three years, expansionist fiscal policies were implemented, and the fiscal room was relatively low. An example of how things should be done is the one of Germany, which starts with a surplus by 1% and supports extremely aggressive programs for restarting the economy.

The measure packages addressed to SMEs affected by the C-19 crisis should involve all national resources, including ones that may be obtained from EU. According to the opinion of some important economists from Romania, the most important measures address social protection but also SMEs protection [24,25]. Despite fiscal and monetary measures that are taken, protection measures cannot last infinitely. The costs triggered by the C-19 crisis are forecasted to amount to over 10 billion euro. The current crisis is considered as more severe than the crisis of the year 2009 (then Romania borrowed about 20 billion euro from IMF, the World Bank and EU).

An analysis of the consulting company Frames [26] estimates that in a first stage, over 300.000 companies from Romania will be affected by the second wave of the crisis generated by the coronavirus. Most of them are microenterprises, and small enterprises with maximum 20 employees in fields like HoReCa, and services for the population (events, beauty saloons, gaming rooms, district shops, etc.), that closed their activity on the background of administrative decisions and, in many cases, as result of the dramatic decrease in cashing. Many companies instead of deciding on technical unemployment for their employees cancelled their labor contracts. These companies will have problems in the future in bringing them back into the company.

Therefore, instead of a conclusion, in this period is necessary good communication from the Government regarding the measures aimed at the SME sector, but also better collaboration with the business environment for identifying ongoing the emerged needs and issues. The business environment knows what is to be done, which are the tax reductions, and which are the new fiscal charges, and how business plans will be built in the future, etc.

In conclusion, the C-19 crisis is different from the 2008 one, and the role of the decision factor is vital in restarting the activity for the SME sector so that it contributes to relaunching economic growth. Authorities have to encourage companies to begin activity and a clear and concise dialogue is necessary between entrepreneurs and local or central authorities. Important measures such as increasing the guarantee ceiling, higher flexibility between funds, private investments, public investments, etc. can contribute to restarting and rebuilding the economy in Romania, after this unprecedented crisis. Moreover, all actions and measures taken in this period must pursue the rebuilding of the national economy and not just relaunching.

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