

## COVID-19: Switzerland plans financial support to help international sports federations

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At the outbreak of the health and economic crisis in March 2020, the Swiss Government enacted various provisions of general reach to try to tackle the cashflow issues faced by many domestic business sectors, including sports and leisure. The provisions included among other measures:

- i. making benefits for partial unemployment easier to claim; and
- ii. setting up a straightforward online process to obtain bank loans of up to CHF 500,000. (USD 515,000).

These **generic COVID loans** are backed by the Federal State. Loans of a higher amount are also available but through regular credit review. Many international sport federations in Switzerland are reportedly taking advantage of the partial unemployment benefits, continuing their activities albeit with reduced staff who are working part time.

In addition to the generic COVID loans, there have been two **sport-specific COVID loans** in Switzerland [made available](#) to:

- i. professional teams competing in the first two Swiss divisions in football and ice hockey; and
- ii. event organizers who rely heavily on volunteers<sup>1</sup>.

These are to be repaid within 5 years. In a first phase on 21 March 2020, a CHF 50M package was available for this support. A further CHF 50M financial package was also made available to amateur sport. In a second phase on 13 May 2020, the Federal Government extended this support to Swiss domestic professional sport and stated that:

*The consequences of continuing pandemic-related restrictions are particularly serious for the football, ice hockey and their clubs, as well as for the sports economy. They also threaten to have radical consequences on the training of the next generation. In order to guarantee activity until the end of the 2020/2021 season, loans totalling CHF 350M are planned. The first part (CHF 175M) is planned to compensate for the loss of revenue from 1 June and for the next six months. In the event that competitions are only possible for a limited period of one year, a second part, up to an additional CHF 175M, will be added to the Confederation budget for 2021.*

*In each of these two parts, loans are paid by the leagues and subject to obligations and conditions. Indeed, a solidarity guarantee fund must be set up to offset future risks, and the loans granted by the Confederation must not be used to cover the salaries of certain players. In addition, the training of the next generation must be continued at least under the same conditions as before the pandemic<sup>2</sup>.*

With these measures in place, the Federal Government is now turning its attention to **offering specific assistance to the approximately 60 international sports federations based in Switzerland**. In a [statement](#) issued on 13 May 2020<sup>3</sup>, it announced that it will review the extent to which international federations can access the loan facilities described above. It has already clarified that FIFA, UEFA and the IOC will not be eligible considering their current financial strength and capacity to deal with the situation. The Swiss Government is however willing to assist other federations and support those facing cashflow issues due to the cancellation of major international events. According to the information available to date, the International Olympic

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<sup>1</sup> 'Coronavirus: Federal Council sets criteria for stabilization measures for sport', vbs.admin.ch, 13 May 2020, <https://www.vbs.admin.ch/content/vbs-internet/fr/home.detail.nsb.html/79090.html> (last accessed 15 May 2020)

<sup>2</sup> Ibid

<sup>3</sup> Ibid

Committee will be responsible for providing half of the assistance, with the Federal State and the local State where the federation is domiciled sharing the other half.

The exact terms and nature of the financial assistance is not yet clear. The communication refers at some points to repayable loans, and at others to subsidies (or sometimes simply to 'support'). In the author's view, is likely to be repayable loans that the IOC and the Federal Government and local States would guarantee. If this is correct, the conditions to access the facility may well be in line with those for the sports-specific COVID loans noted above i.e.

- i. a threat of insolvency according to a short-term (2 months) budget,
- ii. a direct link between this insolvency and the coronavirus crisis, which the authorities do not review severely; and
- iii. the exhaustion of reasonable self-financing measures (*e.g.* seeking partial unemployment support, postponement of specific tax liabilities or reduction of major debts).

Details such as the beneficiaries, the procedures to follow, the exact conditions and the amount of the support will be clarified by the Federal Government in the coming weeks, and this blog will be updated accordingly.

This support seems to be separate from the USD150M package that the IOC [announced](#)<sup>4</sup> on 14 May 2020 and which it will grant to International Federations to help them continue their mission to develop their sports, prepare for the Olympic Games and support their athletes.

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<sup>4</sup> 'IOC approves a financial envelope of up to USD 800 million to address the Covid-19 crisis', Olympic.org, 14 May 2020, last accessed 15 May 2020, <https://www.olympic.org/news/ioc-approves-a-financial-envelope-of-up-to-usd-800-million-to-address-the-covid-19-crisis>