

Table 5:

Impact of the Covid-19 pandemic on the number of insolvency/bankruptcy cases



European Bank
for Reconstruction and Development



This Annex was produced by the European Bank for Reconstruction and Development (EBRD) Legal Transition Programme, as part of the EBRD Covid-19 Emergency Measures Survey which complements the 2022 EBRD Business Reorganisation Assessment.

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Information in this table is based on the review of the answers received in connection with question 12 of the EBRD Covid-19 Emergency Measures Survey. This table reflects the respondents' position as of April 2022. Information provided by local counsel respondents has not been independently verified by the EBRD. Responses are based on original text provided by respondents. In some cases response have been edited by the EBRD for clarity.

Key: ✓ One respondent
 ✓✓ Two respondents

[Question 12:](#) "Has the Covid-19 pandemic resulted in an increase in the number of business insolvency/bankruptcy cases in your jurisdiction during the past 12 months?"

Economy	Yes, significant	Yes, some increase	No increase	Difficult to assess	Comments from respondents
Albania		✓			-
Armenia					-
Azerbaijan					-
Belarus			✓		The number of pending insolvency cases in economic courts has decreased: - as of 1 January 2019 there were 2,389 cases - as of 1 January 2020 there were 1,883 cases - as of 1 January 2021 there were 1,643 cases - as of 1 January 2022 there were 1,355 cases
Bosnia and Herzegovina (Federation and Republika Srpska)		✓		✓	-
Bulgaria		✓	✓	✓	Covid-19 bank moratoria and the inefficiency of the insolvency legislation are two of the main reasons that fewer insolvency cases were initiated compared to the pre-pandemic period.
Croatia		✓	✓✓		-
Cyprus		✓			-

Economy	Yes, significant	Yes, some increase	No increase	Difficult to assess	Comments from respondents
Czech Republic				✓	<p>Although we are not seeing any significant increase in the number of business bankruptcies, together with the rising prices of inputs and energy, and problems in supply chains, the current situation creates a deadly cocktail for many entrepreneurs that might lead to their bankruptcy.</p> <p>Workout experts predicted a wave of insolvencies already after the Covid-19 pandemic started. However, few foresaw such massive global subsidies from states. In many cases, this policy has led to cases when an otherwise insolvent entrepreneur is able to continue carrying on their business. However, the subsidy policy cannot continue indefinitely, and the current approach may constitute a relatively costly debt management, and thus a partial delaying of problems. The longer the inevitable is delayed, the more costly the consequences of such an approach can be. Rising inflation and the disruption of public finances may be just initial indicators of more challenging times, in which it may be much more difficult to run a business successfully and have at least basic risks under control.</p> <p>Continuing problems in supply chains, which in the automotive sector in particular have led to the temporary closure of entire production plants, together with an unprecedented rise in energy prices, may also signal that a much more significant increase in insolvency proceedings awaits us in the near future.</p>
Egypt				✓	<p>Although there has been an increase in the number of business bankruptcy cases in Egypt during the past 12 months, it is difficult to assess whether the increase is as a result of the Covid-19 pandemic or the introduction of the Bankruptcy law No. 11 of 2018 which is the most comprehensive bankruptcy law to date.</p>
Estonia		✓✓			-
Georgia			✓	✓	<p>Respondent 1: Not many formal procedures were proceeded comparing to pre-pandemic period. If some bankruptcy/insolvency circumstances occurred, it didn't have much effect on formal proceedings.</p> <p>Respondent 2: It is difficult to assess. We tried to reach to the courts and there is no comparable statistics available. As a general comment, we are aware that many of the SMEs have had financial difficulties, which might have led to bankruptcy.</p>

Economy	Yes, significant	Yes, some increase	No increase	Difficult to assess	Comments from respondents
Greece			✓	✓	Although the operation of certain businesses had been suspended during Covid-19 (indicatively sports facilities, cinemas, restaurants, cafes, bars, clubs), the extended support/relief measures adopted by the Greek Government (e.g. suspension of the repayment of loan principal, financial aid especially for tourism businesses, granting of new loans to businesses through the European Investment Bank, suspension of the time-limits for the submission, expiry and payment of cheques, suspension of tax and social security obligations, reduction of rents by 40 per cent etc.) prevented local businesses from insolvency/bankruptcy.
Hungary				✓✓	Respondent 1: Since most businesses still benefit from the payment moratorium, the significance has not yet crystallised. Respondent 2: The official statistical yearbook of the Hungarian courts, where in the specific excel files 'Received cases' there is data for every year regarding the number of insolvency proceedings, has not yet been published for years 2020 and 2021.
Jordan		✓		✓✓	Respondent 1: We have conducted a search through a publicly available database and based on the results of such search we note that there is an increasing number of insolvency cases as of 2020. However, it is difficult to conclusively ascertain whether this increase is directly attributable to the Covid-19 pandemic. Respondent 2: The information required to provide an accurate and detailed assessment of this question is not publicly available. Therefore, it is difficult to assess whether the Covid-19 pandemic has resulted in an increase in the number of business bankruptcy/insolvency cases.
Kazakhstan				✓✓	The number of judicial decisions on bankruptcy decreased: - 3,129 cases in 2019 - 2,763 cases in 2020 - 3,028 cases in 2021
Kosovo					-

Economy	Yes, significant	Yes, some increase	No increase	Difficult to assess	Comments from respondents
Kyrgyz Republic				✓	Although we are not aware of the exact number of official business bankruptcy/insolvency cases, there were numerous statements made by government authorities about de facto bankruptcy and closure of business as a result of Covid-19. However, these statements might be applicable to small businesses which often in practice do not file for bankruptcy and choose to liquidate the business entity.
Latvia			✓		The number of judicial decisions on corporate bankruptcy decreased: - 566 cases from March 2019 to February 2020 - 329 cases from March 2020 to February 2021 The number insolvency proceedings of a natural person decreased: - 1,226 from March 2019 to February 2020 - 978 cases from March 2020 to February 2021 The number of legal protection proceedings decreased: - 121 cases from March 2019 to February 2020 - 97 cases from March 2020 to February 2021
Lebanon		✓✓		✓	Difficult to assess whether insolvencies are entirely caused by the impact of Covid-19 or the economic climate, in general. It is reasonable to state that the increase in insolvencies is mostly due to the economic crisis rather than the Covid-19 itself on solo basis, but the spread of Covid-19 has certainly contributed to such increase.
Lithuania		✓	✓		Overall, the number of judicial decisions on bankruptcy decreased: - 1,609 cases in 2019 - 790 cases in 2020 However, during the quarantine period the cases increased compared to the previous year: - 491 cases from April to December 2020 - 646 cases from April to December 2021

Economy	Yes, significant	Yes, some increase	No increase	Difficult to assess	Comments from respondents
Moldova		✓			Pursuant to the State Tax Service statistics the number of the pending insolvency cases increased: - 2,796 cases in 2019 - 2,802 cases in 2020 - 2,877 cases in 2021
Mongolia				✓	In general, insolvency data is not publicly available. The Insolvency Law of Mongolia requires publication of court decisions on opening insolvency proceedings by way of notices in daily newspapers. It is our empirical observation, based on these notices that the number of insolvency/bankruptcy cases may increase.
Montenegro		✓✓			The increase is noticeable especially in the hospitality and tourism sector and with respect to small businesses.
Morocco				✓	-
North Macedonia		✓		✓✓	There is no official information regarding the number of bankruptcy proceedings that were initiated against companies in the past 12 months in our jurisdiction.
Poland	✓				The number of bankruptcy proceedings has decreased: - 587 cases in 2020 - 412 cases in 2021 The number of new restructuring proceedings has increased: - 800 cases in 2020 - 1,888 cases in 2021
Romania		✓	✓		The number of bankruptcy/insolvency cases increased by 12.34 per cent based on the public information available until February 2022.
Russia		✓			Yes, there was an increase in 2021 compared to 2020, but not an extensive one.

Economy	Yes, significant	Yes, some increase	No increase	Difficult to assess	Comments from respondents
Serbia			✓	✓	<p>Respondent 1: Based on the statistics published by the Serbian Bankruptcy Supervision Agency the number of initiated bankruptcy procedures increased:</p> <ul style="list-style-type: none"> - 119 cases in 2020 - 226 cases in 2021 <p>Respondent 2: As in all other countries, the restriction on working hours in Serbia has led to a decline in revenues and eventually the closure of businesses, especially in the hospitality sector.</p>
Slovak Republic	✓				<p>In 2020, companies were partially protected by government measures to mitigate the effects of the pandemic, such as temporary protection against creditors and companies' financial reserves.</p> <p>In 2021, the consequences of the pandemic were much wider and companies that would have gone bankrupt in 2020 also ended up in bankruptcy.</p> <p>The change in legislation in 2021 has significantly tightened the conditions for providing temporary protection against creditors.</p>
Slovenia			✓✓		<p>Based on publicly available information, the number of business bankruptcy/insolvency cases decreased:</p> <ul style="list-style-type: none"> - 1,206 cases in 2018 - 1,116 cases in 2019 - 988 cases in 2020 - 898 case sin 2021 <p>The decrease seems to continue in 2022, as there were 228 cases initiated in the first three months, which is on average fewer than in the first three months of the previous three years.</p>
Tajikistan				✓	-
Tunisia		✓			<p>We were not able to obtain recent statistics on business insolvency/bankruptcy rates. However, according to the report published by the National Institute of Statistics, in collaboration with the International Finance Corporation on the socio-economic impact of Covid 19 on the private sector (in relation to year 2020), 10.4 per cent of businesses were permanently closed: 2.6 per cent because of the pandemic crisis. In addition, 11.2 per cent of businesses were closed temporarily; 10.2 per cent by company decision and 1 per cent by authority decision. Finally, 65.4 per cent of companies that were operating in Q4 2020 said they will probably have to permanently close considering the then conditions.</p>

Economy	Yes, significant	Yes, some increase	No increase	Difficult to assess	Comments from respondents
Türkiye		✓✓			<p>Respondent 1: Although there is not a publicly available statistic for insolvency/ bankruptcy cases in Turkey, the Union of Chambers and Commodity Exchanges of Turkey publish monthly statistics of opened and closed enterprises.</p> <ul style="list-style-type: none"> - 14,050 companies and cooperatives closed in 2019 - 15,949 companies and cooperatives closed in 2020 - 17,184 companies and cooperatives closed in 2021 - 4,600 companies closed in the first two months of 2021 - 5,595 companies were closed in first two months of 2022 <p>As per the statistics of the Turkish Banking Association in relation to the financial restructuring (an out-of-court restructuring mechanism):</p> <ul style="list-style-type: none"> - 271 debtors applied for financial restructuring and financial indebtedness, out of which 173 debtors restructured in 2020 - 111 debtors applied for the financial restructuring and financial indebtedness out of which 106 debtors restructured in 2021 <p>Respondent 2: Yes it did but given the financial difficulties prevailing in the Turkish market it is difficult to assess how much stems from Covid-19 only.</p>
Turkmenistan			✓		
Ukraine			✓		
Uzbekistan	✓				
West Bank and Gaza			✓	✓	<p>It is difficult to assess this. While businesses in Palestine (West Bank) were severely affected by Covid-19 measures, especially in light of little government assistance (only notably there was a moratorium declared by the Palestine Monetary Authority on loan repayments), there was not a noticeable increase in insolvency/bankruptcy proceedings. A large number of businesses either informally settled their debts or were able to bounce back relatively quickly.</p>