



MSME Resilience: A New Framework for the New Normal

For Micro, Small, and Medium Enterprises

ANAND NANDAKUMAR

About FSG

FSG is a mission-driven consulting firm supporting leaders in creating large-scale, lasting social change. Through strategy, evaluation, and research we help many types of actors—individually and collectively—make progress against the world’s toughest problems.

Our teams work across all sectors by partnering with leading foundations, businesses, nonprofits, and governments in every region of the globe. We seek to reimagine social change by identifying ways to maximize the impact of existing resources, amplifying the work of others to help advance knowledge and practice, and inspiring change agents around the world to achieve greater impact.

As part of our nonprofit mission, FSG also directly supports learning communities, such as the Collective Impact Forum, Shared Value Initiative, and Talent Rewire, to provide the tools and relationships that change agents need to be successful.

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BENGALURU, INDIA

March – April 2020. A poignant video from the People’s Archive of Rural India (PARI) titled “Saboot – Evidence” documents a first-hand account of the travails of employees of a local construction contractor who have lost their jobs due to the disruption as a result of the COVID-19 pandemic. Pervez, Sunil, and Jaiprakash are some of their names. They had emigrated from Uttar Pradesh, Bihar, and other poorer states of the country. They worked for a contractor, a small and medium enterprise that (though not mentioned explicitly in the video) likely was working on an upcoming metro rail line.

They claim to have had no work since the last week of March, soon after the national lockdown was implemented. In addition, despite having worked all of February and for three weeks in March, they report to have been paid only 7,000 rupees (USD \$93) out of the promised 20,000 rupees (USD \$264) for work done in February, with no pay for work done in March, ostensibly due to the contractor’s own cash flow issues. The workers’ words speak for themselves.

“If we go to the company, they ask us to leave the place. We have come from so far, from 2,600 to 2,700 kilometers away. Where will we go now?”

“It has been 15 days. Our employer hasn’t come even once to inquire about us or offer assistance.”

“There is a problem to feed ourselves. Now there is no work and no money.”

“We live 10 to 15 people in one room. This is uncomfortable.”

“Wherever you see, there is a lockdown. Amidst all this, the poor worker is dying.”



MANILA, PHILIPPINES

March – April 2020. In this lucid article in **The Ken** by Jum Balea, there is an anecdote of Jefferson Catimbang, the owner of Tribu Babaylan, a wellness center which also has a café and a restaurant. When the lockdown in Luzon was announced on March 16, Catimbang realized that his business would lose more than USD \$128,000 monthly if shut down. To quote Catimbang from the article: *“The thought alone is enough to give anyone a heart attack.”*

To survive and try his best to keep employees on the payroll, he has had to renegotiate with their landlord and suppliers, and make a temporary pivot toward becoming a food delivery business.

Catimbang’s story is one of bravery and hope. He hopes that revenues from the delivery business will cover staff costs. He is determined to retain his staff, with the belief that things will improve.

“We’ve never done a single delivery, but I told my team, ‘Let’s go for it.’”

“When things bounce back, we’re going to need everyone, so it’s important that my employees know I share in the pain.”

CONTEXT

The owners of micro, small, and medium enterprises (MSMEs) and their employees are the backbone of the global economy and almost every national/local economy. According to the World Bank, **MSMEs represent around 90% of businesses and more than 50% of employment globally**, with MSMEs in the formal sector contributing up to 40% of the gross domestic product (GDP) in developing countries¹. In the Asia-Pacific Economic Cooperation Region (APEC), they represent more than 97% of all business, more than 50% of employment, and contribute to 20 to 50% of the GDP², depending on the country.

In addition, MSMEs have a critical contribution to society. Given that many MSMEs operate locally in communities, and are often more flexible with regard to their employment practices (in terms of education and skill-level requirements), **they are the crucial conduit for lifting people out of poverty and generating employment for lower income and underprivileged sections of society**, including women and youth. A recent United Nations Department of Economic and Social Affairs (UN DESA) report³ highlights and provides several examples of the critical role that MSMEs have in helping achieve each of the 17 sustainable development goals (SDGs).

Despite this fact, it is by now well known that MSME owners and employees have borne the maximum brunt of the economic impact of COVID-19. Emerging research from around the world confirms that a majority of MSMEs (see Appendix I for more detail) are facing one or more of the following challenges:

- o **An abrupt drop in demand:** MSMEs have seen a cancellation of project orders, lower end-consumer purchases, and even a complete stoppage of the consumption of certain products and services (for example, travel, restaurants, high-touch services, tourism, and so on).
- o **Working capital issues:** The lack of cash inflows due to lower demand has been coupled with a necessity to still pay for monthly expenses (e.g., rentals, wages, utility bills) and debt repayment obligations, resulting in a significant working capital crunch.
- o **Logistics issues:** Even those MSMEs which are still operational during this crisis face logistics challenges due to disrupted supply chains, leading to raw material shortages, delays in procurement, and a struggle to fulfill orders. Export-oriented MSMEs have also been badly hit.
- o **Medium- to long-term disruption of business models:** In certain sectors, such as transportation, tourism, local entertainment, local food and beverage (F&B) establishments, and export-oriented businesses, the disruption due to COVID-19 may lead to medium- to long-term disruption in their entire business models.

- o **Loss of livelihoods, income, and significant societal impact:** As MSMEs (the largest employer in most countries) struggle, they will inevitably have to let go of several staff. This will, in turn, lead to a large number of people losing their livelihoods. Many of these workers typically come from lower income classes or underprivileged communities and face the risk of being pushed back into poverty, hence resulting in significant societal impact.

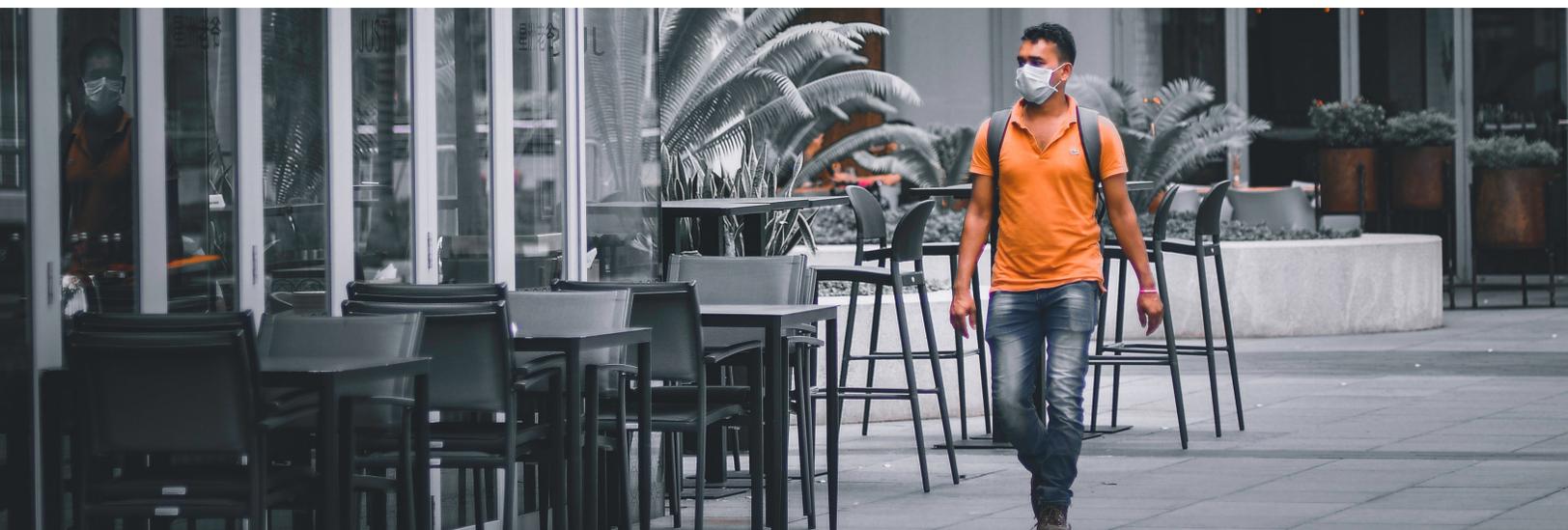
Nearly every country government, every development agency, several philanthropic foundations, and some larger corporates have announced short-term measures (see Appendix II for more detail).

Based on the World Bank's SME support-measures mapping exercise⁴, **a majority of government measures are related to debt finance (39% of all measures taken), followed by employment support (~24%), tax relief (20%), and other business costs relief (6%).**

Development agencies such as the World Bank and the Asian Development Bank have focused primarily on providing budgetary support to their member countries for government measures such as (a) cash transfer and other social insurance/protection schemes; (b) wage support schemes; and (c) trade/supply chain debt finance.

Support by corporates and philanthropies has been varied in both scope and scale, ranging from (a) leveraging the core business to support MSMEs in their value chain, or offering relevant services to them on flexible terms; (b) providing limited grant funding support; and (c) adopting collaborative approaches through public-private partnerships or private-private partnerships.

Most of these interventions, while very welcome, are unfortunately **stopgap short-term arrangements** at best. They may help MSMEs temporarily to tide over the crisis of the next three to six months. But MSMEs that do not have cash reserves beyond this period will not survive unless demand picks up, they evolve their business model, and/or they find additional medium- to long-term capital. Even those MSMEs that survive will still remain vulnerable to future shocks similar to this pandemic, or other natural or man-made socioeconomic disruptions, unless they become systemically resilient.



A NEW RESILIENCE FRAMEWORK FOR A NEW NORMAL

These medium-term challenges cannot be addressed by MSMEs on their own. To tackle these, **governments, development agencies, philanthropic foundations, and large corporates need to fundamentally reimagine their support to MSMEs** at the firm, sector, and ecosystem level. We propose a new MSME Resilience Framework (see Figure 1) for the emerging “new normal,” consisting of eight key reinforcing themes that, in conjunction, can address the medium-term challenges and support MSMEs to thrive and become more resilient.

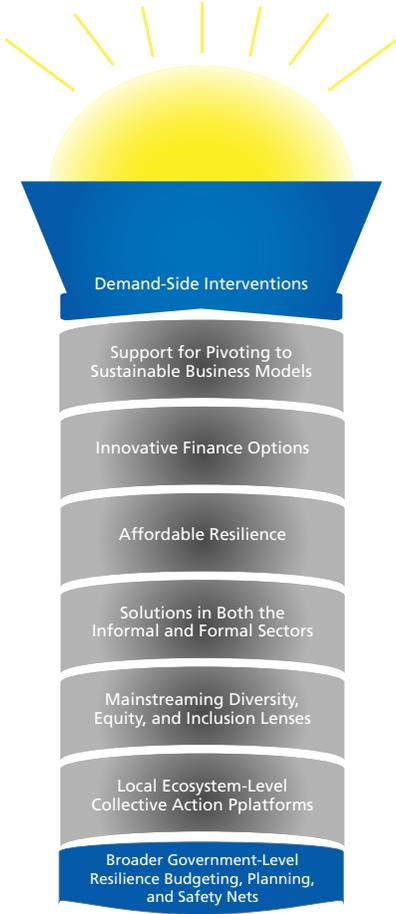
The Eight Reinforcing Themes Are as Follows:

1. DEMAND-SIDE INTERVENTIONS

Ultimately, the biggest trigger for the crisis facing MSMEs during such disruptions is the abrupt fall in demand. To take the present situation as an example, demand-side interventions are far and few. It is unlikely that demand will pick up on its own even when the peak healthcare crisis has been addressed. Therefore, for MSMEs to recover, consistent demand-side interventions are essential in the medium term. These could include:

- o Sector/cluster-level initiatives to determine specific customized solutions, for example:
 - Quickly determining and proactively implementing safe consumption protocols for the sector/cluster;
 - Relevant mechanisms for independent verification/certification of adoption of such safe protocols, and the creation of safe product/service provider databases, with government or large corporate customer support;
 - Sector/cluster investments in adoption of digital commerce, digital marketing, and other remote service delivery options;
 - Sustained local cluster/community-level incentives to encourage consumption and support local product/service businesses;
 - Sector/cluster specific “safe and open for business” campaigns.
- o Restoring public confidence through pragmatic, safe opening up, and government-backed public campaigns.

FIGURE 1. NEW MSME RESILIENCE FRAMEWORK



- o Demand stimulation programs, for example:
 - Cash transfers to the bottom of the pyramid segment, where a large proportion of the cash transfers will go into direct spending;
 - Public investment/co-investment in high labor-elasticity public works programs/sectors, along with procurement from local MSME firms;
 - Short- to medium-term incentives to larger firms to source from local/in-country MSMEs.
- o Government and/or industry driven proactive programs to invest in and seed new sectors/clusters emerging from the crisis, where MSMEs can play a future role.

2. SUPPORT FOR PIVOTING TO SUSTAINABLE BUSINESS MODELS

MSME business models have traditionally been fragile, and very open to be affected by disruptive risks. Going forward, there needs to be a conscious effort to work with MSMEs to help them grow into more sustainable and resilient business models. There are several innovative ways in which this can be done by looking at this issue from both the firm level and the broader ecosystem level. Some examples include:

- o At the firm level, investment support needs to be available to MSMEs from governments to help them bring their business models in line with the emerging “new normal,” e.g., adopting e-commerce or digital tools to enable remote working options, finding redundant supply sources, retooling facilities to produce new products, retraining of staff in new services/functions, etc. Such support should then become institutionalized so that it is available for MSMEs in case of future disruptions as well.

- o Governments also have the opportunity to use this support to nudge businesses to adopt business model practices that are much more socially and environmentally sustainable and in line with sustainable development goals (SDGs). This will automatically lift the sustainability and resilience of the entire ecosystem.
- o MSMEs can also be encouraged to set up sector/local cluster-level collaborative innovation programs to:
 - identify and adopt sustainable cost efficiency/productivity options such as cost pooling (e.g., cloud kitchens for restaurants, shared warehouse space, joint marketing, etc.), resource pooling (e.g., shared back-office staff, community/cluster-level loans), etc.; and
 - develop collaborative, flexible supply chain options which can build redundancy without sacrificing effectiveness (e.g., multiple sourcing options, shared buffer options on critical inventory, etc.).
- o For large corporates, it is in their own best interest to have more sustainable and resilient extended value chains, which often involve MSMEs at different levels (e.g., as suppliers, last-mile retailers, distributors, basic service providers, etc.). They have an opportunity to take the lead in building a more resilient extended value chain, a key part of which will involve working with the MSMEs in their value chain to jointly evaluate new, win-win partnership models for the future. This would include support with relevant investments and expertise, including potentially monetary support to MSMEs to adapt to the new business models, in exchange for more secure supply (from MSME suppliers), increased sales (e.g., from last-mile retail partners), and/or an improvement in operational effectiveness across the value chain (e.g., by enabling adoption of digital solutions across the extended value chain).
- o Despite all efforts, some sectors will take a permanent hit, which will result in several MSMEs in that sector having to downsize or even close operations. In such a situation, there should be proactive support available for restructuring (e.g., MSME M&A support, retraining, transfer, and placement options for staff who have been let go, etc.).

3. INNOVATIVE FINANCE OPTIONS

The most common type of formal finance available to MSMEs is some form of simple short-term debt, usually with high interest rates to match their risk profile. This form of capital puts almost the entire risk burden of the business on the MSME owner and, in fact, dramatically increases risk exposure in periods of unforeseen business disruptions. To a smaller extent, in terms of scale, impact investing has tried to provide longer-term equity capital—however, these are only suited for high growth-oriented small businesses and do not meet the financing and resilience needs for a vast majority of stable, not necessarily fast-growing, MSMEs. This needs to change.

The range of financing options available ought to expand significantly to cover other forms of risk capital that can share the risks with the MSME—at the firm level and potentially at the ecosystem level. Examples of the types of innovative financing options that need to be further established and scaled up include:

- o Medium- to long-term investment capital beyond traditional loans (but also not necessarily traditional growth venture capital) that share risk (and reward) for the majority of stable, viable MSMEs, e.g., quasi-equity, venture debt, convertible loans, community shares, revenue- or dividend-based debt financing, pooled lending, resilience/MSME recovery development impact bonds, etc., to name a few options;
- o Formulation and scaling up of resilience-related financial product innovations for MSMEs (e.g., tail-risk business insurance at firm level, group insurance-type options covering a cluster of MSMEs, equity, or debt guarantees, etc.);
- o Exploring the scaling up of other agile funding options such as crowdsourced/peer-to-peer lending platforms which may be lower cost and/or quicker short-term funding options as compared to regular banks;
- o Catalytic grant capital innovations from philanthropies (and/or development agencies), e.g., seed funding for cluster-level interventions and innovation; funding common MSME digital platforms/marketplaces; creating pooled endowments whose returns are exclusively focused on MSME resilience and recovery, etc.;
- o Large corporates ought to fundamentally change their mindset about working capital by focusing on lowering overall ecosystem working capital requirements, rather than just playing off their own working capital needs against that of MSME suppliers who have lower bargaining power. They need to conceptualize extended supply chain innovations and funding options that, for example, focus on (a) lowering and balancing overall ecosystem working capital requirements, and (b) investing in ecosystem-level innovations which will, in turn, lead to an increase in both ecosystem value creation and resilience.

In addition to developing innovative financing options, it is equally important that there is a significant effort in creating awareness and access among MSMEs to such financing options through (a) financial and risk management-related education/capability building programs (see point 4 on the next page), and (b) enabling the range of mainstream financial institutions (banks, microfinance institutions, cooperatives, insurance companies, and other nonbanking finance institutions) to adopt and provide these products with adequate regulatory backing.

4. AFFORDABLE RESILIENCE/RISK MANAGEMENT TOOLS FOR MSMEs AND ENHANCING THEIR CAPABILITIES

The approach to capacity building for MSMEs needs to be augmented by including and increasing the emphasis on aspects of resilience and risk management. This includes the development of relevant accessible and affordable tools, as well as training and capability building of MSMEs themselves. Some specific examples are:

- o Creation of localized risk-management tools that MSMEs can adopt;
- o Development of MSME platforms/services that enable MSMEs to affordably and easily implement more resilient and sustainable business models (e.g., digital commerce and marketing; common procurement platforms; sector/cluster-specific information on risks and mitigation options; resource matching/placement marketplaces; early warning trackers, etc.);
- o Capability-building programs for MSMEs to create awareness of the tools and platforms, as well as enable them to use these to develop agile strategies and plans;
- o Secure and ethical use of data and analytics to drive innovative solutions that can track, analyze, and improve MSME performance and resilience.

5. SOLUTIONS FOR MSMEs IN BOTH THE INFORMAL AND FORMAL SECTOR

Very often, in most support programs for MSMEs, the informal sector is underserved, despite representing a large proportion of the MSME sector, especially in emerging markets. Even during this present crisis, many government support measures only target the formally registered MSMEs, with MSMEs in the informal sector not eligible for them. This has a counterproductive effect. The informal sector is the most vulnerable (usually micro enterprises) even among the MSMEs and hence get disproportionately affected. Furthermore, they still are a part of the overall economy. So any economic hit they take ultimately manifests itself back into a negative impact on the formal part of the economy as well.

Going forward, this approach needs to change. Solutions and support measures ought to explicitly cover MSMEs in both the informal and formal sectors. Some examples of how this could happen include:

- o Recognizing this segment as a key part of the economy and generating a much better and consistent understanding and assessment of informal sector business models and needs, based on relevant data and analytics;
- o Evolving solutions that bridge the continuum between the formal and informal sector,

- potentially leveraging already existing bridging networks (e.g., self-help groups, microfinance institutions, supplier subcontractors, etc.) that connect the informal sector to the formal sector;
- o Lowering the costs and other potential regulatory barriers for the firms in the informal sector to access support resources otherwise available to the formal sector;
- o Innovative resilience products for the informal sector that can mimic/adapt social insurance/safety net options that are available to the formal sector.

6. MAINSTREAMING DIVERSITY, EQUITY, AND INCLUSION LENSES

It has clearly been seen during this pandemic that disadvantaged populations have been the worst hit, be they lower-income communities, disadvantaged minorities, or women. This is true even within the MSME universe—with micro businesses, women-owned businesses, and minority-owned businesses tending to suffer more. Apart from facing worse business challenges, they have also typically had inequitable access even to relief measures.

This needs to change going forward. We ought to mainstream the application of diversity, equity, and inclusion lenses to all products, services, support programs, and other interventions targeted at MSMEs. Specifically, this would mean:

- o Ensuring access of all relevant products and services to all MSMEs, irrespective of the background of the entrepreneur in terms of gender, race, ethnicity, religion, disability, or any other such parameter;
- o Enabling the inclusion of micro businesses, as well as lower income and disadvantaged communities (either as MSME employees or owners), and ensuring that there are mechanisms in place that do not leave them behind in any future crisis;
- o Advocacy, checks, and balances to make sure that prevalent regulatory rules and laws governing MSMEs become fairer and just (e.g., minimum wage rates, equal wages for men and women), ensuring that in the ecosystem MSMEs do not bear a disproportionate share of economic distress as compared to other large corporates, and so forth.

The role of all actors—be it governments, civil society organizations, and the business community—will be crucial in mainstreaming this.

7. LOCAL ECOSYSTEM-LEVEL COLLECTIVE ACTION PLATFORMS

Building MSME resilience is not a simple challenge. It is a complex issue, often quite localized to a particular sector/cluster or location. It involves multiple and diverse stakeholders. Our experience

shows that in order to tackle such a complex issue, an institutionalized collective impact approach works the best. It has already been seen in the current situation where different stakeholders have spontaneously come together after the onset of disruption to combine and coordinate relief efforts. Going forward, such collective action mechanisms need to be institutionalized.

Local communities could benefit from the creation and empowerment of relevant formal/semi-formal, multi-stakeholder, grassroots-level, collective action platforms at community, local city/district levels which are aligned behind the common agenda of MSME resilience. Such platforms could perform specific tasks such as (a) tracking the progress in the recovery of MSMEs and related jobs; (b) quickly surfacing and identifying emergent MSME issues; and (c) convening key local stakeholders to co-create potential solutions to address the identified issues; (d) advocating for the identified solutions; and (e) leveraging this platform to incorporate MSME-driven action related to the sustainable development goals (SDGs).

These platforms, by virtue of being local, would naturally be more agile. At the same time, these platforms could also potentially form provincial, national, or even regional-level linkages to share learnings, coordinate actions, collaborate on resolving common issues, and so on.

8. BROADER GOVERNMENT-LEVEL RESILIENCE BUDGETING, PLANNING, AND SAFETY NETS

Resilience budgeting and planning for allied areas which impact MSMEs indirectly should be an integral part of government policy so that future shocks can be better managed. Example areas include:

- o Resilient healthcare infrastructure, backed by universal health care, health insurance, and redundant emergency facilities;
- o Resilient logistics, transportation, and digital infrastructure;
- o Setting aside sovereign fiscal contingency funds which the government can draw from during disruptive times;
- o Relevant mechanisms to enable monetary and fiscal viability of these plans through relevant measures (e.g., deficit monetization, reasonable short- to medium-term additional taxation, e.g. of the top 1%).

As a key element of the resilience budgeting and planning, governments have a responsibility to devise and provide safety nets to its citizens. For MSMEs especially (both their owners and employees alike), this pandemic has shown that it is not just about disruption of businesses, but often a disruption of lives and livelihoods, with an inability to even meet personal needs and expenses. Having a decent personal safety net would therefore be invaluable from a resilience perspective,

as it allows the MSME to focus on business survival, with the assurance that base-level personal expenses would at least be covered by the safety net. This would mean:

- o Enhancing social insurance coverage;
- o Devising “on demand” basic livelihood programs, for example, similar to the Mahatma Gandhi National Rural Employment Guarantee (MGNREGA) program in India;
- o Providing for minimum basic income/cash transfers in case of crises, etc.

To summarize, the set of **mutually reinforcing themes** highlighted throughout represent solutions that can be **scalable and customizable** at the local/enterprise/cluster level. These solutions can be **financially/fiscally sustainable** without causing moral hazards, **and empathetic to society**, providing relevant safety nets. The framework allows for **individual action (at MSME, government, and corporate levels) and collective initiatives** involving multi-stakeholder approaches that coalesce around a common agenda. The framework ensures that the solutions developed will be about **lives and livelihoods, economy, and society**, not one traded off against the other.



CONCLUSION

The MSME Resilience Framework serves as an organizing tool which governments, philanthropic organizations, development agencies, and large corporates can adopt to help MSMEs recover and become more resilient.

Implementing this requires commitment and conviction from all key stakeholders. At FSG, we commit to playing our part in working with our clients, partners, and MSME communities to help enable this transformation.

If there is anything that this crisis has shown us, it is that we have no choice but to get this done. We owe it to Pervez, Sunil, and Jaiprakash. We owe it to Jefferson Catimbang. We owe it to each other, and to society as a whole.



APPENDIX I

IMPORTANCE OF MSMEs AND THE DISRUPTIVE IMPACT OF COVID-19

The Importance of MSMEs to the Economy and Society

According to the World Bank, MSMEs represent around 90% of businesses and more than 50% of employment globally, with MSMEs in the formal sector contributing up to 40% of the GDP in developing countries⁵. In the Asia-Pacific Economic Cooperation Region (APEC), they represent more than 97% of all business, more than 50% of employment, and contribute to 20 to 50% of the GDP, depending on the country.

Looking at specific country examples, in Singapore⁶, SMEs constitute 99% of enterprises, 65% of the workforce, and account for 48% of the GDP. In Malaysia, SMEs accounted for 98.5% of enterprises⁷, 65% of employment, and more than 38% of the GDP⁸. In Indonesia, MSMEs account for 99% of all businesses, 89% of private-sector employment, and contribute around 60% of the GDP⁹. In Vietnam, MSMEs account for 98% of all enterprises, 40% of the GDP, and 50% of employment¹⁰. In India, MSMEs contribute to 29% of the GDP and employ more than 110 million people¹¹. In Bangladesh¹², MSMEs account for ~25% of the GDP, 40% of manufacturing output, and two-thirds of private sector jobs (~7.8 million jobs), with more than 31.2 million livelihoods dependent on this sector. In Australia, SMEs account for more than 98% of total businesses and 70% of the workforce¹³. In Nigeria, SMEs account for 96% of firms and 84% of jobs¹⁴.

In addition, MSMEs have a critical contribution to society. Given that many MSMEs operate locally in communities, and are often more flexible with regard to their employment practices (in terms of education and skill-level requirements), they are the crucial conduit for lifting people out of poverty and generating employment for lower income and underprivileged sections of society, including women and youth. A recent UN DESA report¹⁵ highlights and provides several examples of the critical role that MSMEs have in helping achieve each of the 17 sustainable development goals (SDGs).

The Disruptive Impact of COVID-19

Despite the huge importance to the global economy and almost every national economy, it is by now well known that MSMEs have also borne the maximum brunt of the economic impact of COVID-19. The impact has mainly been in **five key areas**:

- 1. An abrupt drop in demand:** Restrictions in movement, requirements for social distancing, and various versions of full or partial lockdowns have resulted in several MSMEs experiencing an abrupt loss of demand, especially related to nonessential products and services. This has been seen through a cancellation of project orders, lower end-consumer purchases, and a change in behavior, leading to a complete stoppage of the consumption of certain products and services (e.g., travel, restaurants, high-touch services, tourism, etc.). This has resulted in a severe crunch in cash inflows.
- 2. Working capital issues:** The lack of cash inflows has been coupled with a necessity to still pay for monthly obligations such as rentals, wages, debt repayments, payments due to suppliers, utility bills, government taxes, etc. These cash outflow requirements have resulted in a significant working capital crunch for MSMEs over the past one to two months. This is further compounded by the fact that several MSMEs do not have deep cash reserves to finance this working capital requirement by themselves. This has put them in deep distress, even to the point, in several cases, of threatening temporary or permanent business closure.
- 3. Logistics issues:** Even those MSMEs which are still operational during this crisis face logistics challenges. The lockdowns have disrupted supply chains, leading to raw material shortages for MSMEs or delays in procurement. MSMEs have also been struggling to dispatch and fulfill orders to other locations beyond their immediate neighborhoods. Export-oriented MSMEs have been worst hit, given the logistics issues in overseas procurement and movement of nonessential goods.
- 4. Medium- to long-term disruption of business models:** In the case of certain sectors, the disruption due to COVID-19 may lead to medium- to long-term disruption in their entire business models. These include sectors such as transportation, tourism, local high-touch services (e.g., personal services such as barbers, spas, etc.), local entertainment (e.g., cinemas, shopping malls, retail, public entertainment centers, public events, etc.), local food and beverage establishments, and certain export-oriented businesses. For MSMEs in these sectors, it will become imperative that they redesign their business models or pivot appropriately in order to survive and grow even after the short-term crisis has blown over.
- 5. Loss of livelihoods for MSME employees:** As MSMEs (the largest employer in most countries) struggle to manage their cash flows, they will inevitably have to let go of several members of their workforce in order to survive. This will, in turn, lead to a large number of people who will lose their livelihoods. Many of these workers typically come from the lower

middle class or lower income classes. In the case of a prolonged recession, which is currently estimated as one of the scenarios to follow the short-term crisis, the personal cash savings of these unemployed workers will not be enough to meet their basic expenses and obligations until they are able to find gainful employment again.

Emerging research from around the world confirms the enormous magnitude of these issues. To provide a few examples:

- o In Singapore, a survey by Experian¹⁶ indicated that the top three immediate challenges faced by SMEs include customer late payments (50%), cancelled orders (42%), and cash flow issues (41%). More than 47% had a negative business outlook for the year (decline in sales) and more than 70% also indicated challenges in having sufficient operating capital in the next 6 to 12 months.
- o In Malaysia, a recent survey¹⁷ after the promulgation of the Movement Control Order (MCO) found that nearly 69% of MSMEs had faced more than a 50% drop in their revenues. More than 77% of businesses had a negative outlook for their business this year, and up to 75% of businesses mentioned cash flow issues as their biggest current challenge to address.
- o In the Philippines, a survey¹⁸ by the government found that nearly 53% of MSMEs have stopped or closed operations; more than 12.5% have had to limit their operations; and only around 35% have managed to continue their operations during this crisis. Another, more recent survey¹⁹ showed that 65% of MSMEs have ceased operations; 29% have seen a drop in demand due to customer or project cancellations; and 27% reported that collecting payment has become an issue. Other challenges cited include procuring raw materials and the inability to deliver products or services outside of their neighborhoods. In addition, around 54% of MSMEs mentioned that their cash reserves would last them for, at most, only 30 days.
- o In Indonesia, a survey by the Ministry for Cooperatives, Small and Medium Enterprises²⁰ found that around 56% of MSME concerns were related to declining sales; 22% to lack of funds; 15% to issues with logistics and distribution of goods; and 4% to restrictions in access to key raw materials.
- o Even in Vietnam, which has thus far managed to control the epidemic much better than many other countries, several MSMEs have been hit, especially the large number of export-dependent firms²¹, as well as firms in the travel and tourism industry. Even domestic sales have been hit due to a fall in customer demand as a result of reduction in nondiscretionary spending due to COVID-19 fears.
- o In Bangladesh²², a survey by Lightcastle Partners and sheba.xyz shows that 68% of MSMEs have less than four months of cash reserves left. Fifty-two percent of businesses are generating

no revenue at all, while 28% have seen revenue drop by at least 50%. Fourteen percent have laid off all of their employees, while 46% mention that they will lay off at least 50% of their employees if the lockdown perpetuates beyond four months.

- o In India, MSMEs were already suffering through multiple policy issues that have taken their toll on this sector in the past few years, such as the misplaced demonetization exercise, poor implementation of a nation-wide goods and services tax (GST), and an overall slowdown in economic growth for several quarters prior to COVID-19. Therefore, the COVID-19 crisis has come as an unfortunate additional blow to this sector. As per a survey by the All India Manufacturers Organization²³, 25% of MSMEs will face closure if the lockdown extends beyond four weeks, and 43% face closure if the lockdown extends beyond eight weeks. Some sectors, such as pharmaceuticals, that depend on China for more than 70% of their raw material imports, have also been affected due to logistics issues. The loss of many contract jobs, especially in the businesses in the informal sector (almost all of which are MSMEs), has resulted in an unprecedented human cost of the mass reverse exodus²⁴ of millions of migrant workers back to their villages from the cities, a vast majority of them walking hundreds of kilometers on foot with their family and meager belongings.
- o In Latin America and the Caribbean, initial surveys²⁵ indicate that an estimated 85% of MSMEs with revenues lower than USD \$5,000 per month will not survive a two-month lockdown period. Further, SMEs in the hotels/restaurants and trade sector are expected to face especially high disruptions, given that mobility trends in many countries in the region have fallen by more than 80% as compared to normal levels.
- o In China, an SME survey²⁶ conducted in seven provinces indicated that 20% of surveyed firms would not be able to survive beyond a month based on the cash reserves they had, while 64% would not be able to survive beyond three months. The study also noted that the main issues being faced by the SMEs varied depending on their position in the value chain, with upstream firms citing labor shortages, while downstream firms cited supply chain and consumer demand-related challenges.
- o In Australia, MSMEs in multiple sectors are being affected by the issue. The SME clothing retail industry is expected to decrease this year by more than 28%, the SME tourism sector by 37%, and the SME hospitality sector by nearly 19%²⁷.
- o In Nigeria, both the Association of Small Business Owners (ASBON) and the National Association of Small and Medium Enterprises (NASME) have mentioned²⁸ that the crisis is taking its toll on the SME sector. Apart from cash flow issues, they are also facing shortages on raw materials (a lot of which are imported from China), and in the case of trading firms, an inability to import from overseas (especially China).
- o In the United Kingdom, according to a survey by the Office of National Statistics (ONS)²⁹, ~25% of businesses have temporarily closed due to the pandemic. Of those still operating,

more than 55% mentioned that they have experienced lower revenues and more than 40% mentioned that they had reduced their staff headcount, while an additional 29% mentioned that they had instituted fewer working hours. Another study by an insolvency firm has found that more than half a million businesses are in significant distress.

- o In the United States, in a survey conducted by Main Street America³⁰, more than 34% of businesses mentioned that they may have to shut permanently within a three- to five-month period if the disruption continued, and almost 32% mentioned that they may have to close permanently within two months. More than 90% of businesses reported a drop in revenues, and 72% mentioned that they will need to reduce staff.

APPENDIX II

SHORT-TERM MEASURES UNDERTAKEN BY GOVERNMENTS, DEVELOPMENT AGENCIES, PHILANTHROPIES, AND LARGE CORPORATES

Measures Undertaken by Governments

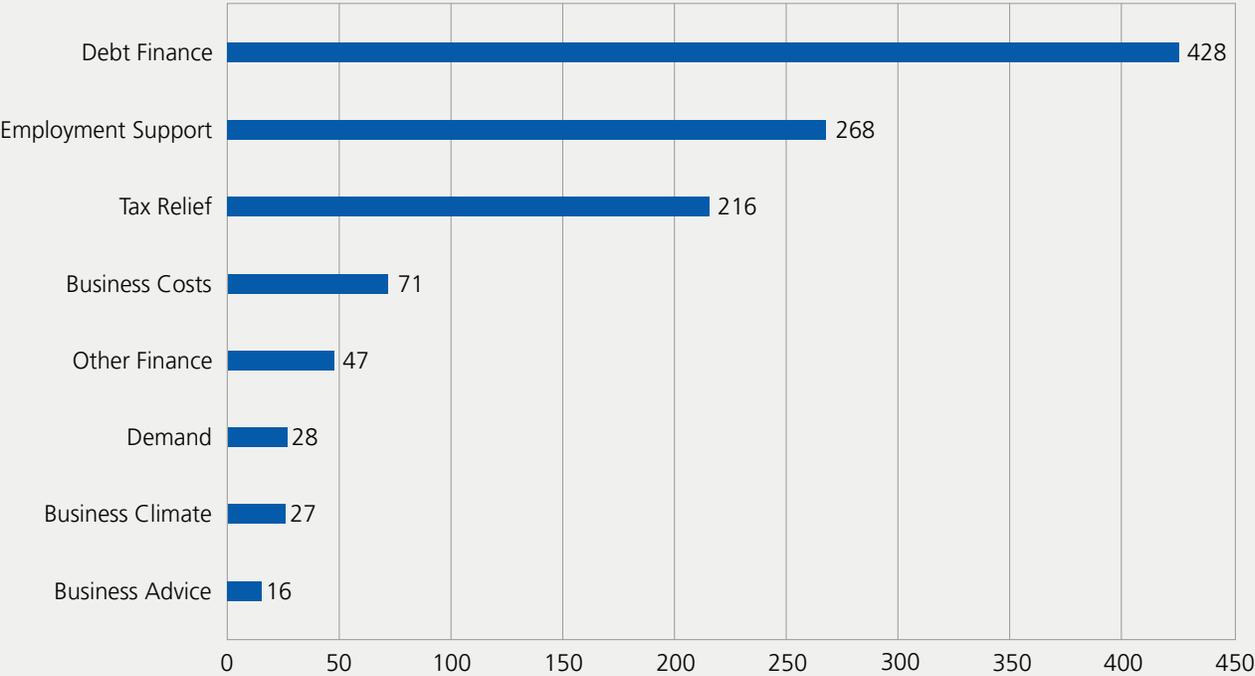
Many governments have responded through a series of measures. Most of these measures across countries have taken the form of one or more of **eight different action themes**:

1. **Debt finance:** Governments have provided additional access to loans, in several cases with flexible/subsidized credit terms, as well as deferral of loan repayments by a few months.
2. **Employment support:** Many countries have provided wage subsidies to help MSMEs keep their employees.
3. **Tax reliefs:** This includes waivers or deferral of payments due to the government, such as tax reliefs or social insurance subsidies.
4. **Defraying business costs:** In some countries, governments have introduced a waiver of fees, discounts on electricity prices, reduction/rescheduling of rental payments on government-owned properties, and even provided funds that defray digitization or retraining costs.
5. **Grant finance:** In some cases, countries have provided direct grant financing as temporary cash flow support, or to defer costs that MSMEs may incur (e.g., digitalization costs).
6. **Demand support:** This includes demand-side measures such as enhancing government procurement or providing taxation cuts on specific purchase or consumption expenditures.

- 7. **Business climate improvement:** This includes specific measures such as reductions in import duties, changes to the bankruptcy/business insolvency law to provide relief, and incentives to encourage investment during this period.
- 8. **Business advice:** This includes providing specific vouchers, grants, and subsidies for MSMEs to avail themselves of capacity building, and advisory services for enabling them to update their business models (e.g., adopting e-commerce, restructuring operations, etc.).

Based on the World Bank’s SME support-measures mapping exercise³¹ (see Figure 2), 39% of all measures taken pertain to providing debt finance, followed by employment support (~24%), tax relief (20%), other business costs relief (6%), and other grants-based financing (4%). Demand-side stimulation measures only account for 2.5% of total measures undertaken.

FIGURE 2: NUMBER OF POLICY INSTRUMENTS ACROSS COUNTRIES BY TYPE OF INTERVENTION



Examples of specific measures that have been undertaken by different countries are provided in the table on the next page (Figure 3).

FIGURE 3: COUNTRY EXAMPLES OF GOVERNMENT-LED MEASURES³²

| COUNTRY | DEBT FINANCE/OTHER FINANCIAL MEASURES | TAX RELIEFS | EMPLOYMENT SUPPORT/BUSINESS COSTS | OTHERS |
|------------------|---|--|---|---|
| Singapore | <ul style="list-style-type: none"> • Deferral of principal payments on secured term loans till end of the year • Increased loan ceiling (from S\$5 million to S\$10 million) under the Enterprise Financing Scheme (EFS), with the government bearing up to 80% of the risk • Temporary bridging loan program | <ul style="list-style-type: none"> • All government fees and charges suspended for one year • Deferred income tax payments for 3 months • Corporate income tax rebate • Enhanced property tax rebates (100% for hotels, serviced apartments, restaurants, shops, etc.), 60% for resorts and 30% for nonresidential properties | <ul style="list-style-type: none"> • Two months rental waivers for commercial tenants in government properties • Co-fund training costs for first-time job seekers • Businesses given S\$10,000 to cover 90% of out-of-pocket expenses for employee training • Wage subsidy of 75% for April 2020 and lower levels (25%) from May 2020 till end of the year | <ul style="list-style-type: none"> • Enhanced SMEs Go Digital program with 80 – 90% subsidy for digital solutions to ensure business continuity • Support for 200,000 self-employed workers to upskill and undergo training during this downtime • Cash transfers to self-employed and low-income workers • Self-employed persons income relief scheme (SIRS) provides S\$1,000 per month for 9 months • S\$350 million for aviation sector cost relief and S\$90 million for tourism sector |
| Malaysia | <ul style="list-style-type: none"> • Bank Negara to provide for USD \$1.16 billion worth of loans under COVID-19 Special Relief Facility to SMEs at 3.5% interest rate • RM 50 billion credit guarantee scheme for up to 80% of the loan amount for working capital loans • Banks allowed flexibility to restructure and reschedule loans; up to 6 months deferral of loan repayments will not be classified as a restructured loan • Special Prihatin Package RM 2.1 billion grant scheme for micro businesses (RM 3,000 per business) | <ul style="list-style-type: none"> • Waiving of listing fees by Bursa Malaysia • Deferral of income tax payments by 3 months for all SMEs and 6 months for those firms in the travel and hospitality business • Hotels exempt from service tax • Scheme for restructuring and rescheduling employer contribution to provident fund | <ul style="list-style-type: none"> • Government-linked companies have waived rental for SME retailers • Private landlords to get tax credit if they reduce or waive rentals for SME tenants • Discount on electricity charges (15 – 50%) over a 6-month period • Flexibility to SMEs to negotiate with employees on pay cuts and unpaid leave • Wage subsidy scheme worth RM 13.8 billion • One-off payment scheme for freelance transportation workers (e-hailing drivers, taxi drivers, rishaw drivers, and tourist guides) | <ul style="list-style-type: none"> • USD \$9 million to agribusiness SMEs to sell their products via e-commerce • USD \$68 million in loans for SMEs to digitize and/or automate their operations • Special income tax relief (up to USD \$226) for individuals who undertake domestic tourism activities • USD \$113 million tourism promotion package • Capital expenditure (CapEx) investments this year are provided with an Accelerated Capital Allowance which can be claimed within a 2-year period • Incentives for private investors |

(Continued)

| COUNTRY | DEBT FINANCE/OTHER FINANCIAL MEASURES | TAX RELIEFS | EMPLOYMENT SUPPORT/ BUSINESS COSTS | OTHERS |
|--------------------|--|---|---|--|
| Philippines | <ul style="list-style-type: none"> • 30-day grace period on loans falling due within lockdown period • P3 Enterprise rehabilitation fund where enterprises can borrow PHP 10K – 500K at flexible terms | <ul style="list-style-type: none"> • Expanding coverage and benefit levels of unemployment insurance | <ul style="list-style-type: none"> • 30-day grace period on payment of commercial rents, with amortization of rents due over 6 months • Suspension of fees on online banking and any additional penalties and fees for late repayment • One-time financial assistance of USD \$100 each to workers affected due to the lockdown • Temporary employment programs (10 days) for informal workers who have lost their livelihoods • PHP 1.2 billion to cover unemployment benefits of workers who may get displaced by the pandemic | <ul style="list-style-type: none"> • Conditional cash transfers (70% of households with \$100 – 160 per month) • Expansionary budget with a \$12 increase in YoY year spending, including increased spending on tourism |
| Indonesia | <ul style="list-style-type: none"> • Interest subsidies (2 – 6% range) for small business borrowers • Relief on loan and interest repayments for 6 months • Special debt restructuring facilities • Regulatory forbearance | <ul style="list-style-type: none"> • Small businesses with revenues below Rp 4.8 BN (~USD \$310K) will get a 6-month tax break • Deferral of import tax payment • Corporate income tax reductions • Hotel and restaurant tax suspended in tourism destinations • Exemptions on some manufacturing workers from income tax • Expedited tax refunds • Value-Added Tax (VAT) rate reduction | <ul style="list-style-type: none"> • Advancing the Kartu Prakerja skills program for informal workers • Discounts on jet fuel by state-owned oil company | <ul style="list-style-type: none"> • Program to help SMEs supply PPE • Expanding flagship cash transfer scheme with 25% more benefits • Accelerate integration of Indonesia National Single Window for online payment of trade-related duties and taxes • USD \$7.1 million for tourism promotion and USD \$5 million to social media influencers to promote Indonesia |

(Continued)

| COUNTRY | DEBT FINANCE/OTHER FINANCIAL MEASURES | TAX RELIEFS | EMPLOYMENT SUPPORT/ BUSINESS COSTS | OTHERS |
|-------------------|---|--|---|--|
| Vietnam | <ul style="list-style-type: none"> • Central Bank has instructed financial institutions to reduce credit repayment and the cost of temporary credit • 0.5 – 2% interest rate cuts • Removal of transaction fees on loans • Preferential credit for affected businesses • Restructuring of existing loans by a majority of banks, including up to 12 months deferrals on principal repayments | <ul style="list-style-type: none"> • Delayed tax payment for 5 months for certain sectors • Temporary suspension of social security contributions • Zero VAT • Delayed land-use fees payments for 5 months • Import duty exemptions | <ul style="list-style-type: none"> • 10% reduction in electricity prices for 3 months • Concessional loans from Vietnam Social Policy Bank at no interest to meet payroll obligations | <ul style="list-style-type: none"> • Considering cash transfer to workers who are on unpaid leave or have lost their jobs, as well as individual self-employed people • Incentives for private firms/ investors to facilitate foreign direct investment (FDI) relocation from China to Vietnam • Lower business registration fees |
| Bangladesh | <ul style="list-style-type: none"> • Loan payments delayed till end of June without incurring additional interest • BDT 250 billion working capital loan program for SMEs and cottage industries | <ul style="list-style-type: none"> • No late fees/charges on delayed payments of credit bills from March 15 | | |
| India | <ul style="list-style-type: none"> • 3-month moratorium on repayment of loans • New credit lines to affected sectors | <ul style="list-style-type: none"> • Tax payment deferral by 3 months | <ul style="list-style-type: none"> • Relief on employee and employer provident fund payments for 3 months | <ul style="list-style-type: none"> • Workers can withdraw up to 75% of their pension fund |
| Cambodia | <ul style="list-style-type: none"> • Low-interest loans for affected sectors • SME Bank of Cambodia launched with a lending facility of \$100M • Additional capital injection into the Rural Development Bank to provide financing for agribusiness firms • Targeted capital injection into microfinance institutions | <ul style="list-style-type: none"> • Tax holidays of 6 – 12 months for hardest hit sectors (tourism, garments, food processing) • Suspension of stamp duty on transfer of property | <ul style="list-style-type: none"> • Wage subsidy for garment factory workers • Job search services | <ul style="list-style-type: none"> • More lenient customs procedure to facilitate the import of raw materials, etc., for textiles and garments sectors • Domestic tourism campaign in Siem Reap province |

(Continued)

| COUNTRY | DEBT FINANCE/OTHER FINANCIAL MEASURES | TAX RELIEFS | EMPLOYMENT SUPPORT/ BUSINESS COSTS | OTHERS |
|------------------|--|---|---|---|
| Myanmar | <ul style="list-style-type: none"> • COVID-19 fund of USD \$71 million for loans to priority sectors at 1% interest for a one-year period | <ul style="list-style-type: none"> • Payment of income tax and commercial tax deferred to September 2020 | | |
| Argentina | <ul style="list-style-type: none"> • Credit guarantees to banks to lend to SMEs • Mandated loans to SMEs at interest rates below inflation • USD \$40 million financing line at concessional rates | <ul style="list-style-type: none"> • Postponing/reducing up to 95% of employer social insurance payments | <ul style="list-style-type: none"> • Rent/leasing reductions/ price controls • Additional financing to help MSMEs meet payroll costs • Family emergency income of USD \$157 for April for informal and self-employed workers | <ul style="list-style-type: none"> • Additional 350 billion pesos (USD \$5.3 billion) public expenditure program |
| China | <ul style="list-style-type: none"> • Deferral, restructuring, and rescheduling of debt repayments • Interest rates reduced by 10 BPS • Liquidity facility created equivalent to 1.3% of GDP • Refinancing facility created equivalent to 0.8% of GDP • Financial institutions to issue RMB 300 billion bonds to support SME loan extensions • High-quality SMEs allowed to issue corporate bonds for repaying loans and increasing capital • Preferential loans for SMEs that maintain workforce • Re-lending program worth RMB 300 billion at subsidized interest rates • Regulatory forbearance | <ul style="list-style-type: none"> • Reduction in port fees for imports and exports • Waiver of administrative fees for SMEs • All highways to be temporarily toll-free • Rent reduction/ exemption policies in some provinces • Reduction of property tax and land use tax • Reduction of electricity fees by 5% and deferment of payment • Tax exemptions in Hubei province and reduction in VAT to 1% • Loss carry-over for up to 8 years • Extension of tax-filing deadlines • Exemption from social security contributions for certain sectors | <ul style="list-style-type: none"> • Cap on layoffs (20% of workforce for firms with fewer than 30 people) • Increased labor training subsidies • Wage subsidies and salary guarantees for ill or quarantined workers | <ul style="list-style-type: none"> • Program to encourage SMEs to undergo digital transformation and adopt online tools • Support to insurance companies to offer short-term export credit insurance and lower premiums • Simplified foreign exchange arrangements • Legalization of electronic work contracts and implemented simplified electronic administrative and tax-filing procedures for firms • Encourage government procurement from SMEs first |

(Continued)

| COUNTRY | DEBT FINANCE/OTHER FINANCIAL MEASURES | TAX RELIEFS | EMPLOYMENT SUPPORT/ BUSINESS COSTS | OTHERS |
|------------------|---|--|---|--|
| Australia | <ul style="list-style-type: none"> • Guarantee 50% of new loans issued to SMEs • Banking industry program to enable SMEs to defer loan payments by 6 months • Up to AUD 100,000 new loans for SMEs at concessional rates • AUD 10,000 cash grant in New South Wales for 75,000 SMEs • AUD 25,000 cash flow assistance subsidy (tax-free) | <ul style="list-style-type: none"> • 15-month investment incentive for businesses | <ul style="list-style-type: none"> • Short-term work programs policies for 3 months at 80 – 90% of salaries • Wage subsidy program (90% of salaries covered for a fixed time period) for workers and 50% for trainees | <ul style="list-style-type: none"> • Increase in threshold at which creditors can issue a statutory demand on a company |
| Nigeria | <ul style="list-style-type: none"> • NGN 25 billion Targeted Credit Facility (TCF) for SMEs | | | <ul style="list-style-type: none"> • NGN 1.1 trillion intervention fund targeted to boost the local manufacturing sector |
| UK | <ul style="list-style-type: none"> • GBP £330 billion of guaranteed loans • Business Interruption Loan scheme, in which companies can access up to £5 million (first 6 months interest free) with the government bearing up to 80% of any losses • Bank of England's new Term Funding Scheme, with special incentives for SMEs | <ul style="list-style-type: none"> • VAT payments deferred until end of the year | <ul style="list-style-type: none"> • One-off grant of £3,000 to meet business costs • 80% of wage costs of employees who have been furloughed but kept on the payroll • Statutory sick-leave pay worth 14 days is reimbursable • One-off cash grants • (£10,000 – £25,000) for businesses with a property used for retail, hospitality, or leisure | <ul style="list-style-type: none"> • Self-employed income support scheme pays up to 80% of average of last three years earnings (capped at £2,500 per month) • Universal credit standard allowance for self-employed increased by £1,000 |

(Continued)

| COUNTRY | DEBT FINANCE/OTHER FINANCIAL MEASURES | TAX RELIEFS | EMPLOYMENT SUPPORT/ BUSINESS COSTS | OTHERS |
|---------|---|---|---|--------|
| USA | <ul style="list-style-type: none"> • Programs through the Small Business Administration (SBA) and the states to provide guarantees/loan insurance (covering 75% – 90%) for small business loans • SBA debt relief for certain types of loans • SBA Express bridge loans up to USD \$25,000 • \$60 billion for SBA disaster relief funds for small businesses (of which \$50 billion are loans) • Main Street America business lending program for SMEs to offer 4-year loans • SBA Economic Injury Disaster Loan to overcome loss of revenue • Some states providing zero-interest loans | <ul style="list-style-type: none"> • 3 months deferral of federal tax payments without any penalties or interest charges | <ul style="list-style-type: none"> • Requirement to provide paid sick leave • New York and San Francisco offering grants for covering part of payroll costs to businesses with fewer than 5 employees | |

Measures Undertaken by Development Agencies

Beyond government support, development agencies have also stepped up to the plate. For example, **the World Bank Group is supporting more than 100 developing countries**³³ with its emergency operations. Two of the areas of its support that have an impact on MSMEs are (a) support in scaling up social protection; and (b) supporting businesses and preserving jobs. In the former area, the bank is offering financial packages to countries to bolster their existing social protection systems, e.g., funding for cash support to low-income families; one-off unemployment benefits; funding social benefits; and grants to MSMEs. In the latter area, the International Finance Corporation (IFC) is implementing an \$8 billion fast-track financing facility, targeted at supporting its client businesses to tide over the crisis, as well as preserve jobs.

In addition to this support, the IFC is looking at an additional \$47 billion of financing over the next 15 months. IFC has also supported more than 1,200 transactions in 33 countries worth \$1.4 billion in trade finance support for SMEs involved in global supply chains for addressing COVID-19 related issues.

The **Asian Development Bank (ADB) is adopting similar approaches**³⁴ to support their member countries, through a \$20 billion assistance package. A part of the package is going toward programs that will ultimately benefit MSMEs. This includes (a) budgetary support for government schemes at favorable terms; (b) trade and supply chain finance; (c) wage support schemes for low-wage workers; and (d) support for cash transfer schemes and other social protection measures being adopted by their member countries.

Measures Undertaken by Large Corporates and Philanthropies

We are also seeing **corporate and philanthropic initiatives** in support of MSMEs. These are primarily in three key areas: (a) leveraging the core business to support MSMEs in their value chain, or offering relevant services to them on flexible terms; (b) providing grant funding support through their CSR/philanthropy arms; and (c) adopting collaborative approaches through public-private partnerships or private-private partnerships. For example:

- o In Singapore, Hong Leong Finance (HLF) is offering COVID-19 loan relief schemes³⁵ for SMEs.
- o Google has announced a USD \$200 million investment fund³⁶ that will support nongovernmental organizations (NGOs) and financial institutions globally to provide small businesses with access to capital to tide them over this crisis. In addition, the firm has also offered USD \$340 million equivalent of Google Ads credits to small and medium businesses which have had active accounts in the past year.
- o Unilever has also globally announced an offer of €500 million of cash flow relief³⁷ through early payments to its most vulnerable SME suppliers and extending credit to select small retailer customers whose business relies on Unilever. In Singapore, Unilever Food Solutions and Carousell³⁸ have partnered to onboard 2,500 local hawkers and small food and beverage businesses onto Carousell's online marketplace.
- o Microsoft, through its Bing search-engine unit, has partnered with GoFundMe to help small businesses affected by the crisis easily set up and freely promote their GoFundMe fundraiser at the local community level.³⁹
- o Facebook has launched a USD \$100 million small business grants program⁴⁰ to provide cash grants and ad credits for up to 30,000 small businesses across 30 countries. The company has also launched a business resources hub to provide tips, training, and advice for small businesses to stay connected to customers during the pandemic.
- o In India, Amazon has launched a special fund⁴¹ to help its small and medium business

partners in logistics who have been impacted by the lockdown. The fund provides a one-time disbursement to Amazon's delivery service partners to help them provide financial aid to their staff, cover some fixed infrastructure costs, and support liquidity and cash flows.

- o Alibaba has launched the Spring Thunder initiative⁴² in China, which aims to (1) help SMEs expand into new markets using Alibaba's e-commerce platforms; (2) address immediate financial challenges; and (3) encourage digitization of manufacturing clusters and agriculture. Alipay has also announced seven ways in which it would help SMEs, including helping 50,000 offline merchants bring their business online.
- o Tencent Holdings, through its WeSure and WeChat units, introduced a COVID-19 insurance⁴³ plan for small businesses on the WeChat platform, providing cash compensations of up to 1,000 Yuan a day for 30 days if the business owner or his or her spouse is hospitalized for COVID-19.
- o In Indonesia, a movement called #BanggaBuatanIndonesia—which means *Proud of Indonesian products*—has been launched⁴⁴ by the Indonesia E-commerce Association (IdEA) and several of its large corporate affiliates including JD.ID, Tokopedia, Lazada, Grab, and Gojek. The initiative aims to support MSMEs to adopt digitalization and expand reach even to remote Indonesian areas.
- o The Visa Foundation has committed USD \$210 million⁴⁵ to support small and micro businesses and immediate COVID-19 relief.
- o JPMorgan Chase has announced a USD \$8 million investment in immediate small business support⁴⁶ in the U.S., China, and Europe. It has also allocated USD \$35 million for more medium- to long-term support to communities, which also includes small businesses.
- o Several organizations across private sector corporates, foundations, and nodal organizations, such as the World Economic Forum, have come together to launch the COVID Response Alliance for Social Entrepreneurs,⁴⁷ which includes access to various funding resources at www.covidcap.com.
- o In addition, there is an interesting emerging example of MSMEs in the Philippines who are self-organizing to support each other. Bounce Back PH is an MSME community-led initiative⁴⁸ as a centralized self-help platform for MSMEs facing challenges. The platform facilitates matching of MSMEs in need with peers who have at least a one-year cash runway to facilitate peer-to-peer loans or hiring. The platform is also looking into training for MSMEs, providing information, and so on. As of date, this initiative has more than 43,000 members.

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THIS REPORT WAS PUBLISHED JULY 2020.

CONTACT

Anand Nandakumar

anand.nandakumar@fsg.org

ACKNOWLEDGMENTS

The author wishes to thank FSG colleagues Harvey Koh, Marc Pfitzer, and Rishi Agarwal for technical inputs; Mark Russell and Stephanie Cubell for editorial and production support.

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