

COVID-19 Impact on Micro, Small, and Medium-Sized Enterprises and Post-Crisis Actions

Six-month after the outbreak in the Philippines

Asian Impact webinar: Asia's SMEs Beyond the COVID-19 Crisis
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Asian economies acted quickly to contain the COVID-19 spread and curb the economic contraction through large scale stimulus packages.

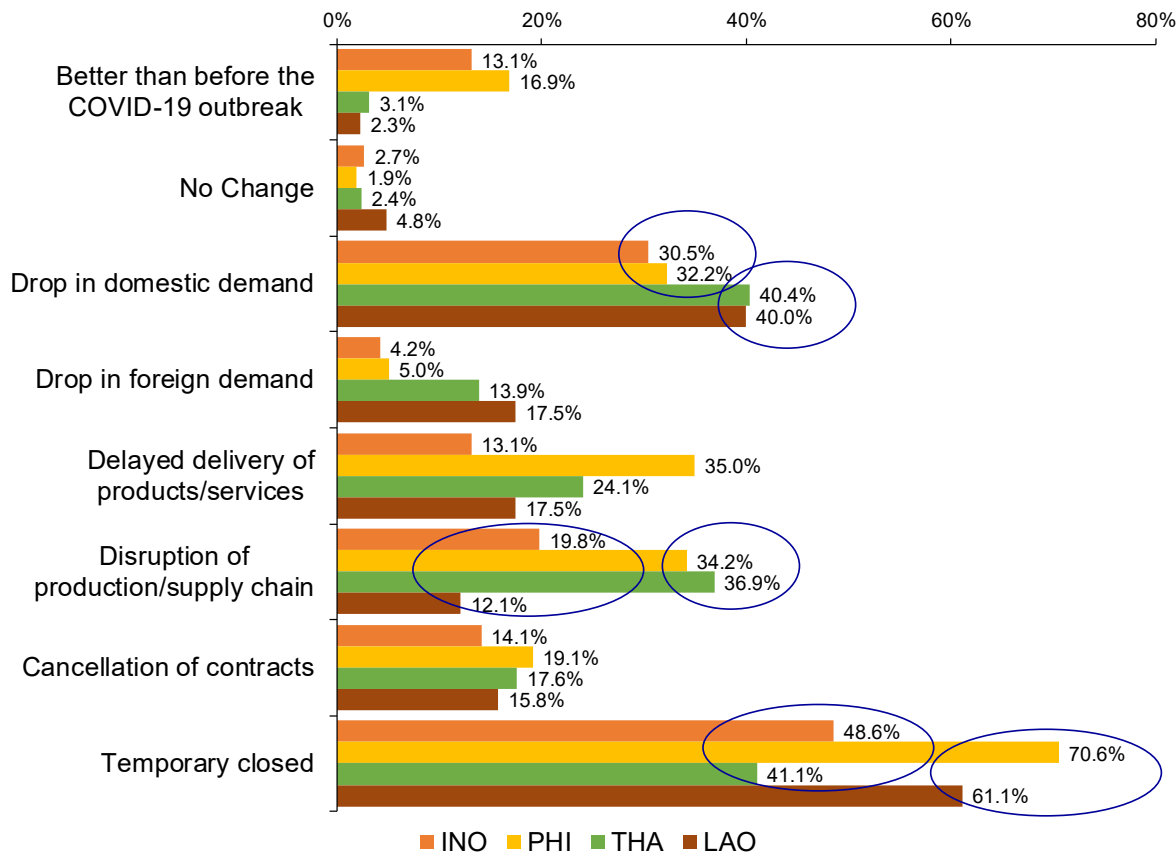
Emergency MSME Assistance in Response to COVID-19 in ASEAN Countries

Item	Debt Finance							Tax Relief				Employment Support				Business Support					
	Liquidity support for financial institutions/capital injection	Debt restructuring/deferral of debt payments	Relaxed lending conditions /interest rate reduction	New lending to MSMEs/emergency refinancing facility	Special credit guarantees	Regulatory forbearance	Corporate tax reduction	Expedited tax refunds	Incentives for investors	Payroll/social security/VAT/land taxes	Wage subsidies	Support for informal/self-employed workers	Unemployment benefits	New working arrangements	Labor training subsidies	Reduced utility payments	Reduced rent/leasing	Reduction/waiver of government fees	Reduced import restrictions	Focus group expenditure programs	Vouchers for remote business services
Lower-middle-income economies	CAM	√	√	√	√	√			√	√								√	√		
	LAO	√	√	√	√	√									√						
	MYA	√		√	√	√	√													√	
	PHI	√	√	√	√	√	√				√	√	√							√	
	VIE	√	√	√	√		√	√		√	√		√			√			√		
Upper-middle-income economies	INO	√	√	√	√	√	√	√		√									√	√	
	MAL	√	√	√	√	√	√	√		√	√		√		√	√				√	√
	THA	√	√	√	√	√	√		√		√	√			√					√	
High-income economies	BRU	√	√																		
	SIN	√	√		√		√			√	√			√		√	√			√	√

Sources: Recomposed from World Bank Map of SME-Support Measures in Response to COVID-19. 14 April 2020. <https://www.worldbank.org/en/data/interactive/2020/04/14/map-of-sme-support-measures-in-response-to-covid-19>; International Monetary Fund. COVID-19 Policy Tracker. Accessed on 24 June 2020. <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19>.

Initial 2-Month after the Outbreak in Asia

MSME's Business Environment after COVID-19 Outbreak



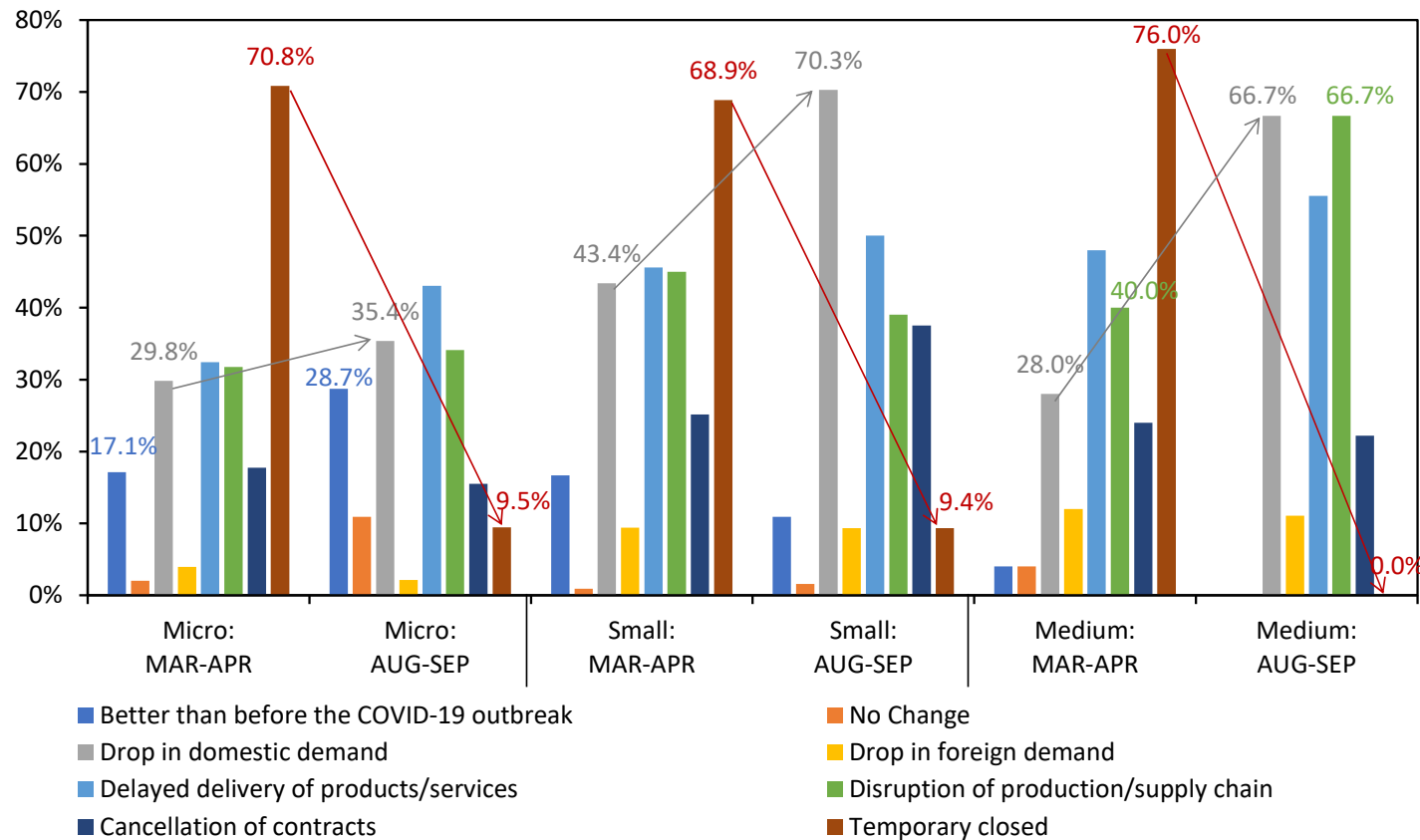
- MSMEs cut back production and service delivery due to compressed demand and supply disruptions.

INO = Indonesia, PHI = Philippines, THA = Thailand, LAO = Lao People's Democratic Republic.
 Note: 525 valid samples in INO, 1,804 in PHI, 1,147 in THA, and 355 in LAO.
 Source: Calculated based on data from the rapid MSME surveys in Indonesia, the Philippines, Thailand, and Lao PDR, April–May 2020.



6-Month after the Outbreak in the Philippines: Economy has moved to the recovery stage. Business reopening but continued drop in domestic demand.

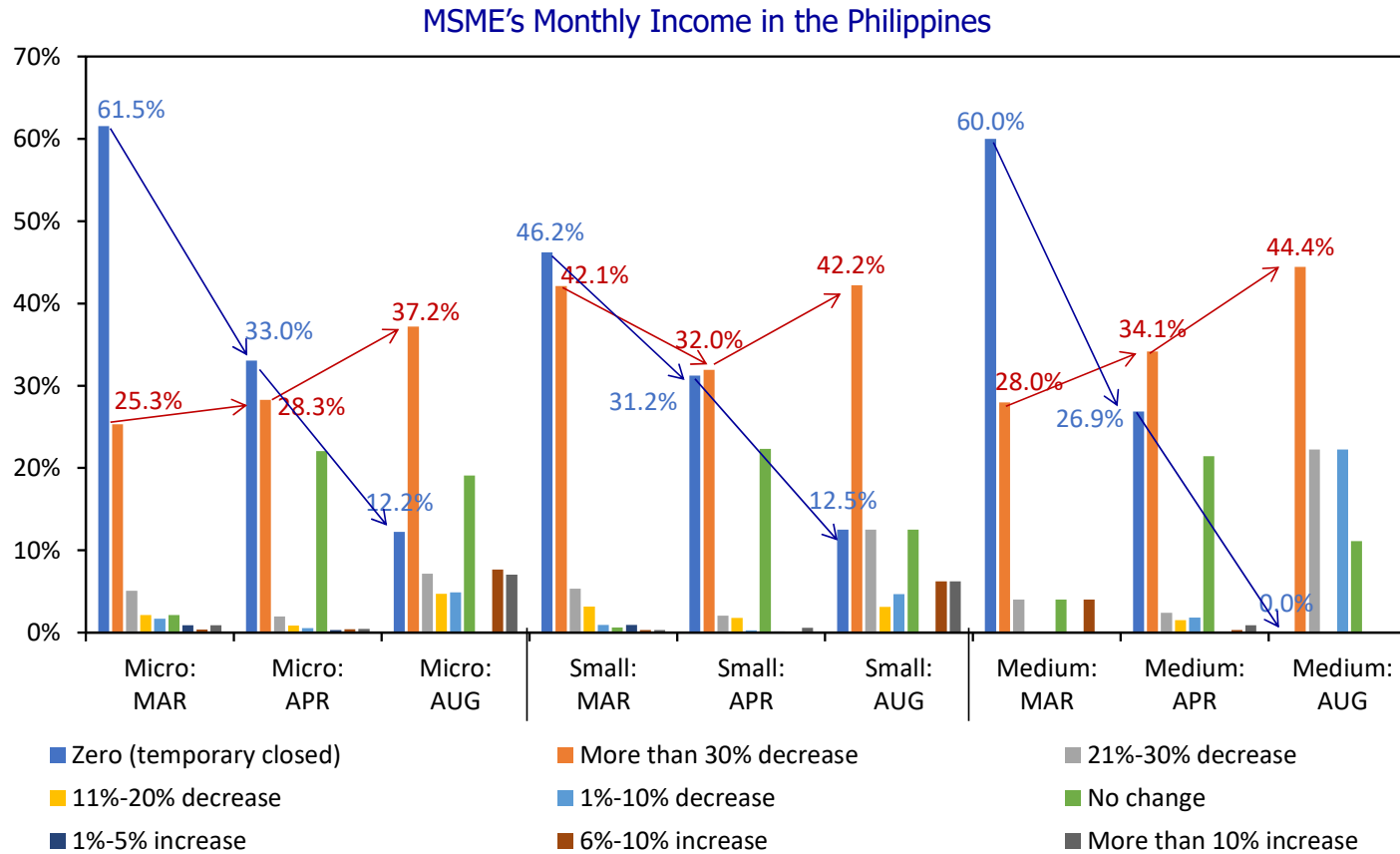
MSME's Business Environment in the Philippines



Note: 1,804 valid samples from the Rapid MSME Survey in the Philippines (March-April 2020); 2,295 from the Philippine Enterprise Survey (April-May); 686 from the Follow-up MSME Survey in the Philippines (August-September). Source: Calculated based on data from series of business surveys in the Philippines.



MSMEs with no revenue decreased sharply but continued drop in income.

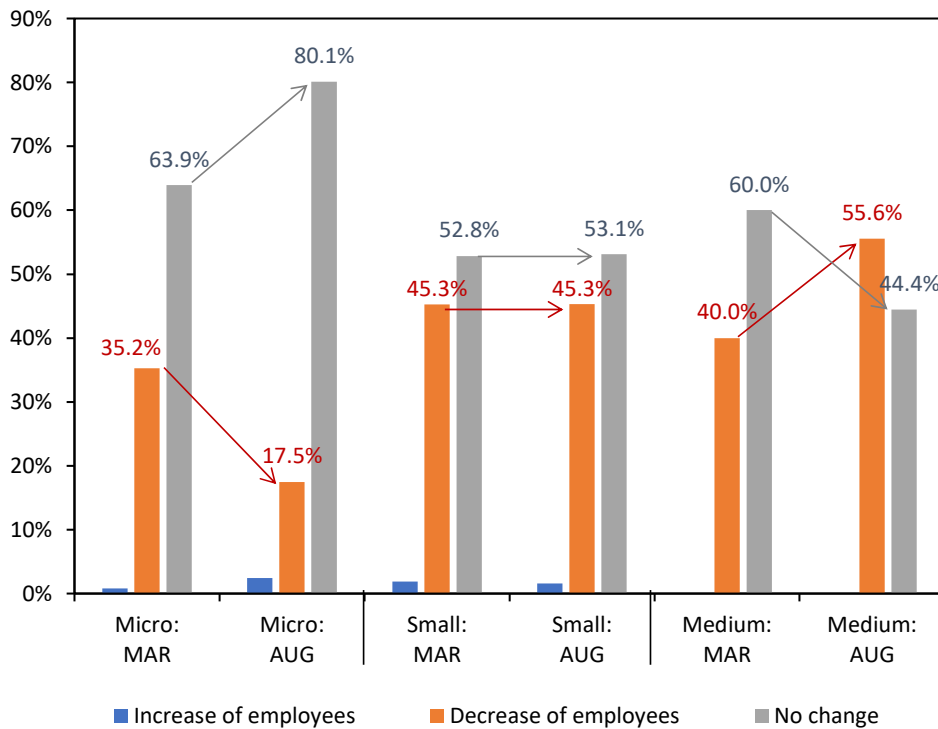


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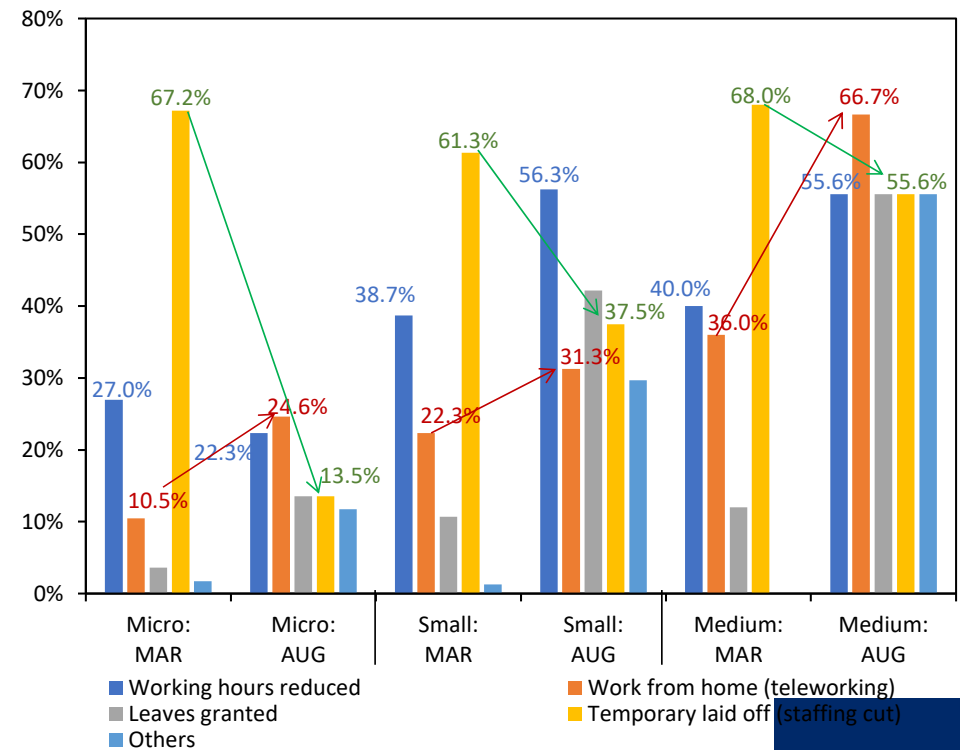


Employment is returning to normal for micro firms. WFH arrangement has spread.

MSME Employment in the Philippines



Changes in MSME Employment in the Philippines



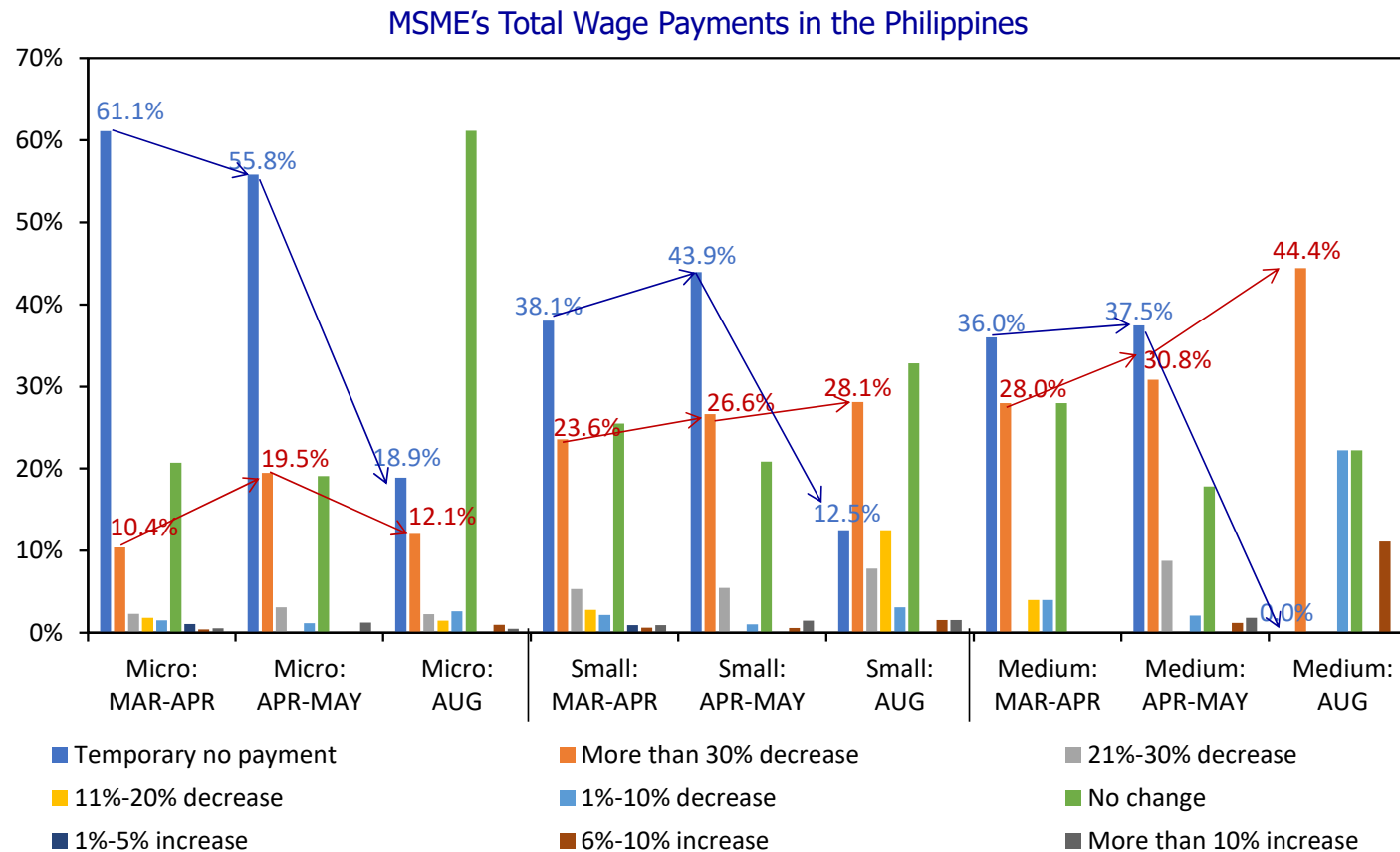
WFH = work-from-home.

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Source: Calculated based on data from series of business surveys in the Philippines.



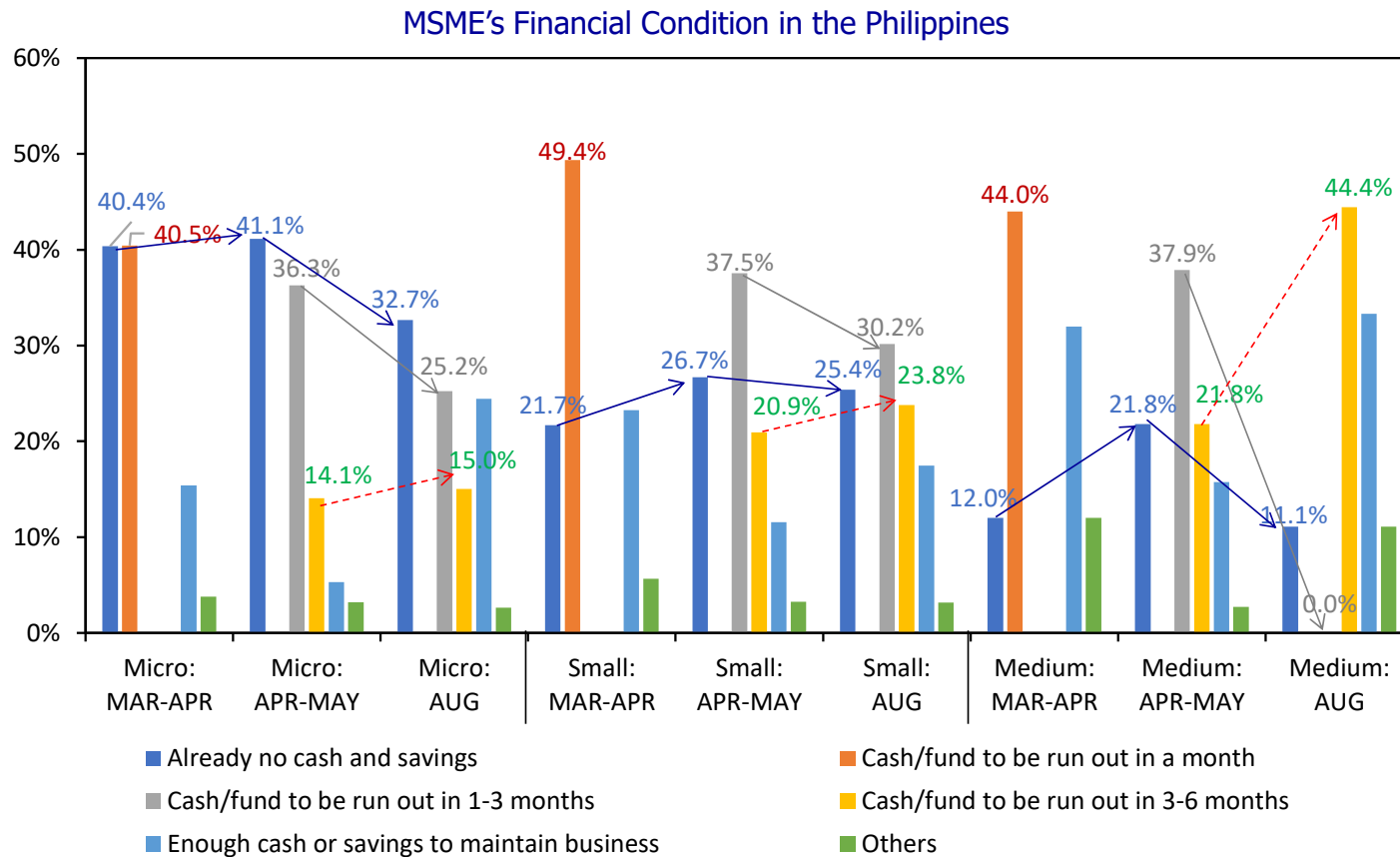
MSMEs with no wage payments decreased sharply but continued wage cut.



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 Source: Calculated based on data from series of business surveys in the Philippines.



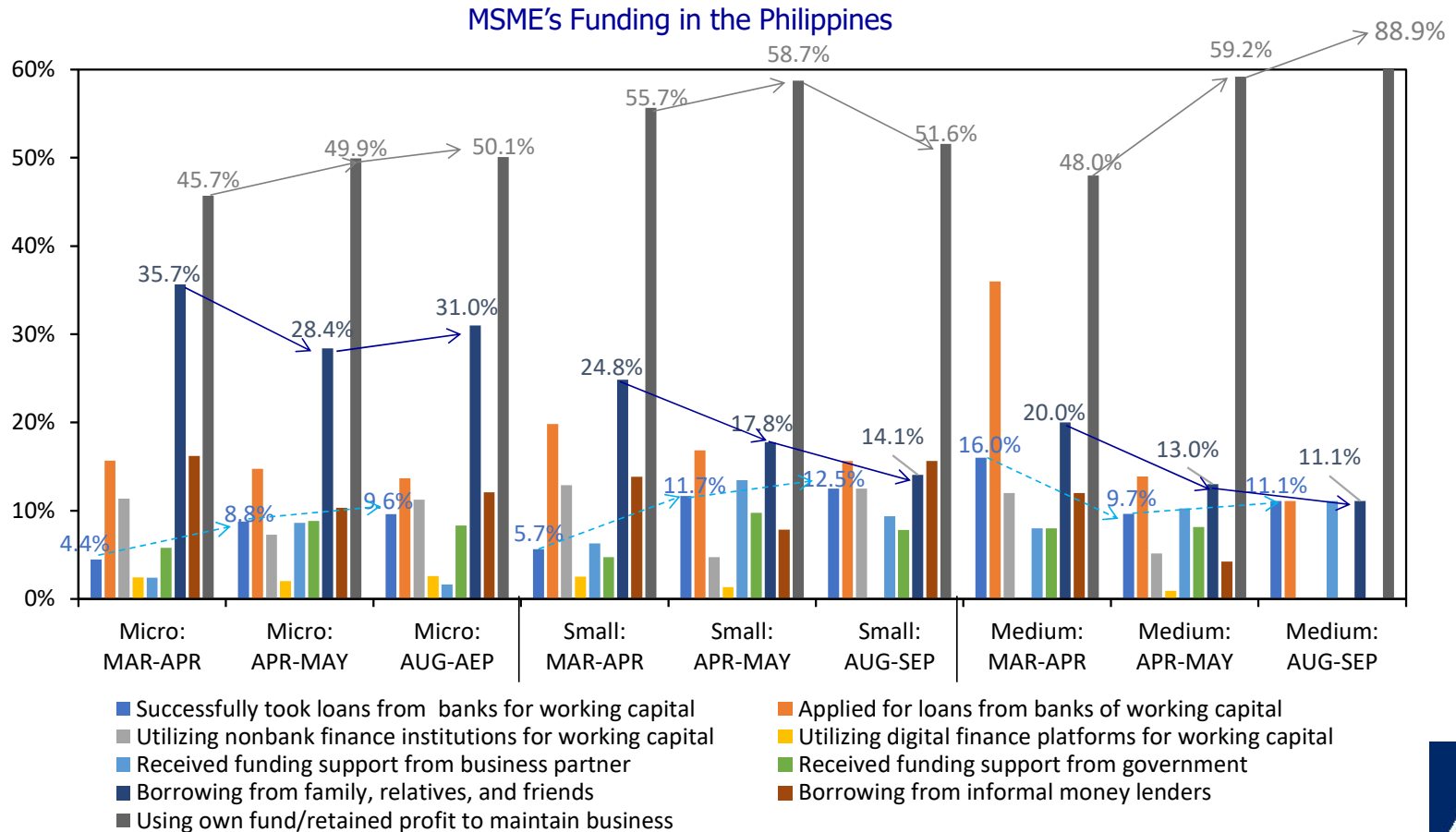
MSMEs with no cash/savings decreased sharply but raising working capital shortage in 3-6 months.



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 Source: Calculated based on data from series of business surveys in the Philippines.



MSMEs relied on own funds and informal financing sources, but access to bank credit increased gradually.

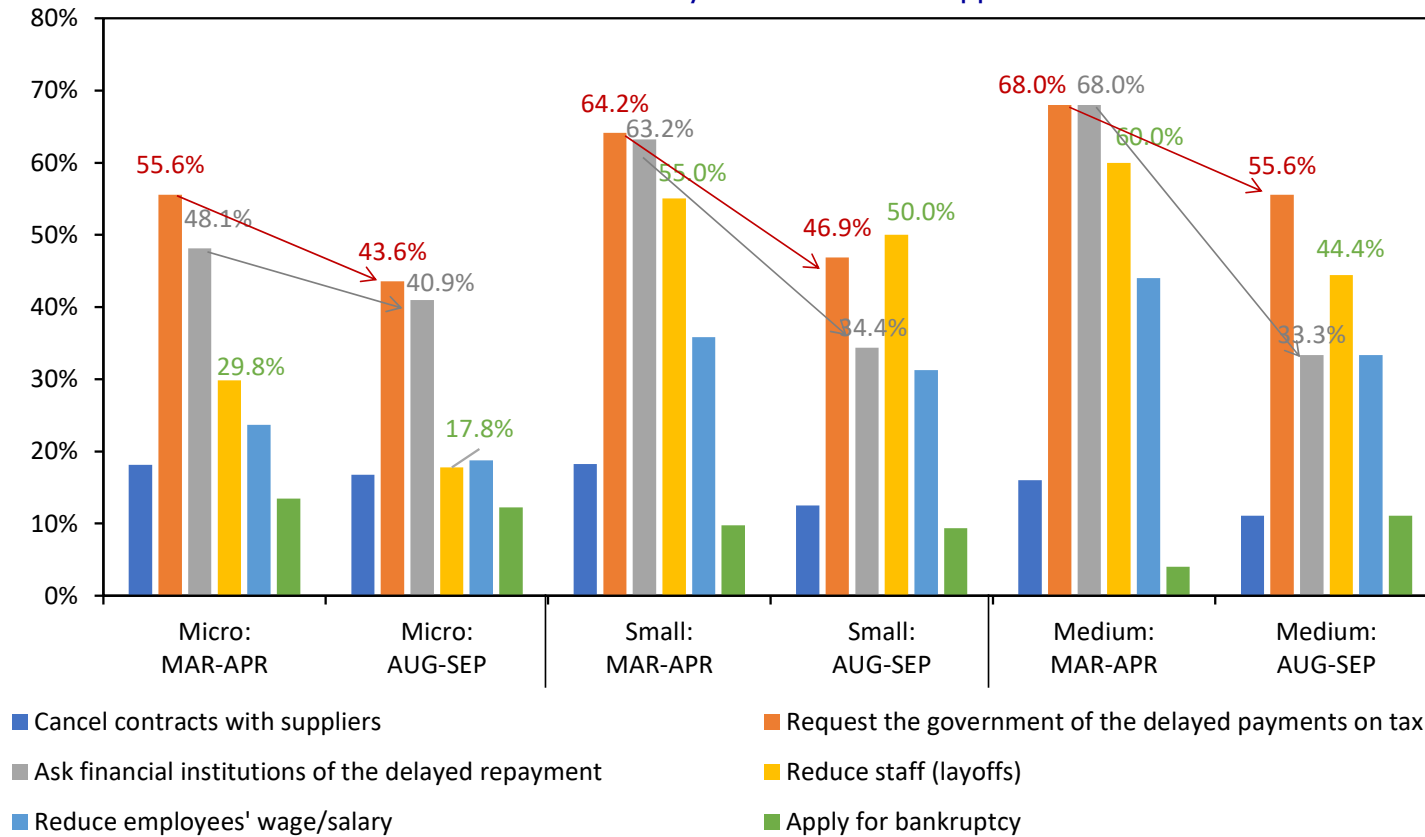


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MSMEs moderately sought deferrals of loan repayments and tax payments.

Actions Considered by MSMEs in the Philippines



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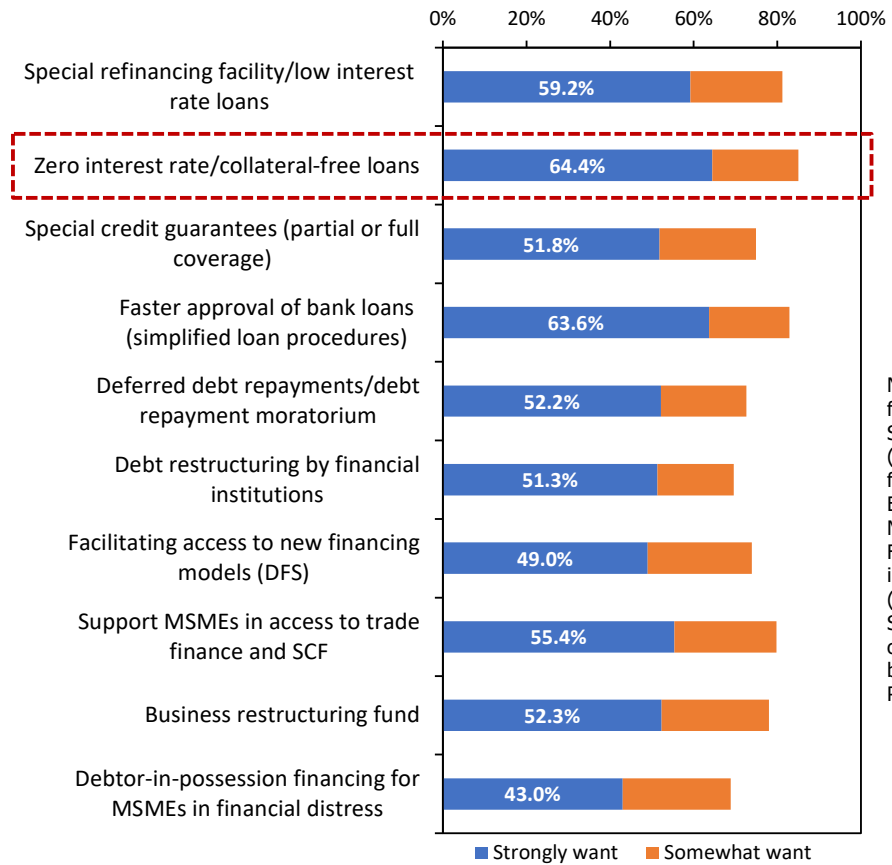
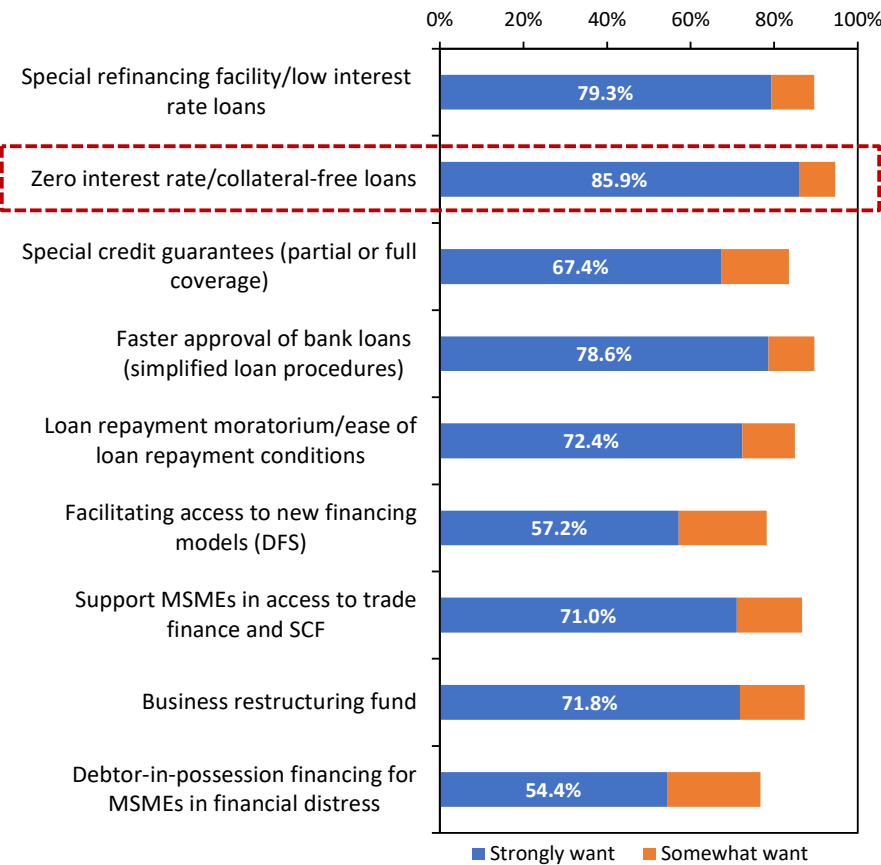


Zero interest rate/collateral-free loans were most desired by MSMEs.

Policy Measures (Funding) Desired by MSMEs in the Philippines

March-April

August-September

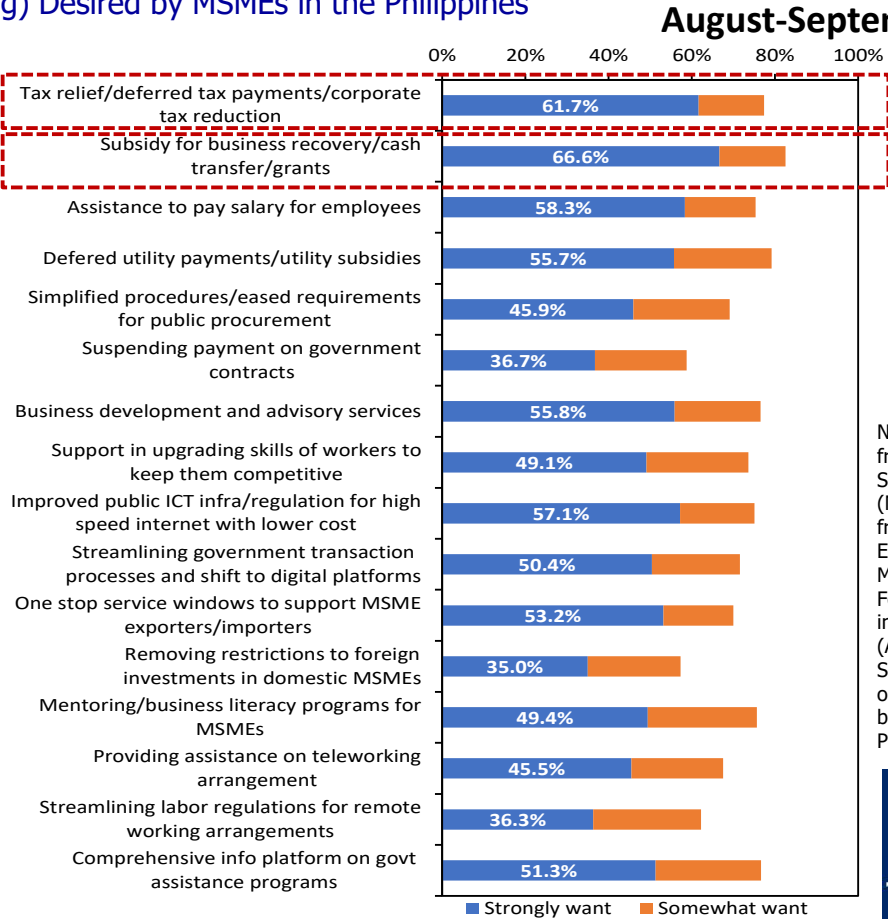
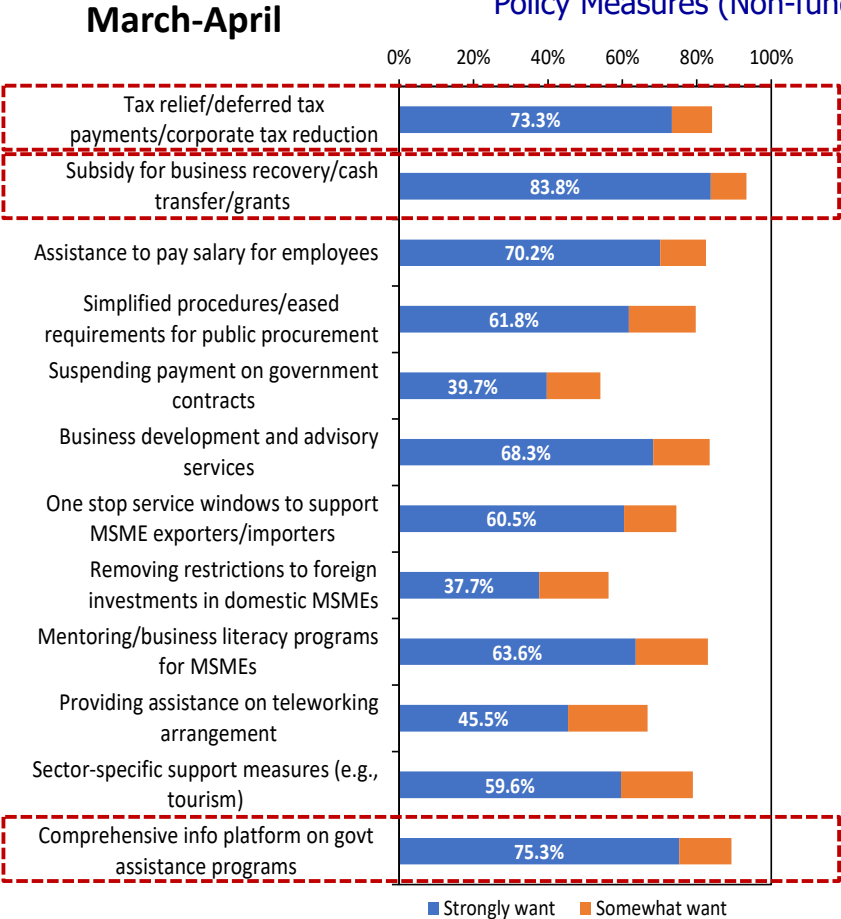


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Business subsidies and tax relief were top-2 policy measures desired, besides credit access.

Policy Measures (Non-funding) Desired by MSMEs in the Philippines



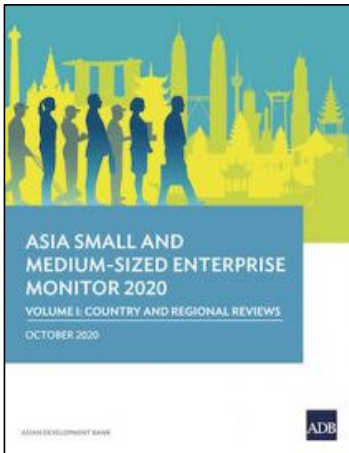
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Key Findings and Policy Implications

1. Asian economies have moved to the recovery stage, but MSMEs continue to face sharp drop in demand and revenue.
2. Employment returns to normal, but wage cut remains. WFH has gradually spread.
3. MSMEs overcame serious no cash condition, but working capital shortage in 3-6 months has risen.
4. Loan repayments and tax payments remain top concerns for MSMEs.
5. Governments need to elaborate **phased approach** and **differentiated policy measures** by firm size and sector.
6. A prolonged pandemic requires governments to consider optimal approach neither impeding national revenues nor increasing budgetary burden in the post-COVID-19.

References



Asia Small and Medium-Sized Enterprise Monitor 2020 – Volume 1: Country and Regional Reviews

<https://www.adb.org/publications/asia-sme-monitor-2020-country-regional-reviews>



The COVID-19 Impact on Philippine Business: Key Findings from the Enterprise Survey

<https://www.adb.org/publications/covid-19-impact-philippine-business>

Asia Small and Medium-Sized Enterprise Monitor 2020 – Volume 2: COVID-19 Impact on Micro, Small, and Medium-Sized Enterprises in Developing Asia

forthcoming



Thank you for your attention.

For further questions:

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