## Governments and ADB’s Broader Response to COVID-19 in Pacific Developing Member Countries with Components Targeting Micro, Small, and Medium-sized Enterprises

<table>
<thead>
<tr>
<th>Pacific Developing Member Countries</th>
<th>COVID-19 response with specific support to Micro, Small, and Medium-sized Enterprises (MSMEs), including women owned MSMEs</th>
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<tr>
<td>Cook Islands</td>
<td><strong>COVID-19 Response:</strong> $20 million COVID-19 Active Response and Economic Support Program will help finance the government’s Economic Response Plan, which includes employment support payments to keep workers on the job; one-off cash payments for the elderly, the infirm, and caregivers; interest and credit relief for households and businesses; support to the health sector; and business grants to affected businesses and sole traders.</td>
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<td>Federated States of Micronesia</td>
<td><strong>Economic Stimulus Package ($18.4 million):</strong> In March 2020, the Federated States of Micronesia (FSM) Congress passed Public Law 21-104 setting up the Tourism Mitigation Fund, appropriating an initial $1 million of financial assistance for the tourism industry, which is heavily affected by travel restrictions and border closures. As COVID-19 evolved into a global pandemic, with a sustained and deep impact on the economy, the government formulated the Economic Stimulus Package (ESP). On 22 April 2020, the government passed Public Law 21-105, which temporarily diverts funding from fishing access fees and revenue derived from major corporations to the country’s ESP, which otherwise would have been diverted to the FSM Trust Fund. The ESP includes: (i) financial support to an estimated 186 affected tourism businesses that have been heavily hit by the pandemic through the provision of wage subsidies, interest payment relief on business loans, and social security and gross revenue tax rebates to help cushion the impact on economic activity and protect job losses. Assistance will also be expanded to other business sectors affected by the pandemic, subject to approval by Congress; (ii) a concessional credit line through the FSM Development Bank to provide loans to at least 200 micro and small enterprises, with up to 50% of the loan amount to be allocated to women-owned businesses. This provides access to affordable credit and grants to support the growth of microenterprises and small businesses; and (iii) temporary unemployment assistance to support an estimated 100 migrant workers who have lost their jobs because of the COVID-19 pandemic.</td>
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<td>Fiji</td>
<td><strong>Proposed Policy-Based Loan for Subprogram 3 Republic of Fiji: Sustained Private Sector-Led Growth Reform Program</strong> Subprogram 3 is classified gender equity theme. It includes policy actions that, along with other aspects (i) support for small and medium-sized enterprises (SMEs) owned or led by women; (ii) direct cash transfers to informal workers, including for microenterprises owned by women (such as hawkers), in lockdown areas. <a href="https://www.adb.org/sites/default/files/project-documents/48490/48490-004-rrp-en.pdf">https://www.adb.org/sites/default/files/project-documents/48490/48490-004-rrp-en.pdf</a></td>
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<td><strong>COVID-19 Response:</strong> To assist the private sector and workers by mitigating the financial impact of COVID-19, the government introduced, via the supplementary COVID-19 Response Budget for Fiscal Year (FY) 2020-2021 (ends in July 2021) (i) a reduction in employers’ statutory Fiji National Provident Fund contributions until 31 December 2020; (ii) 21 days government-paid sick leave for workers who test positive to COVID-19; (iii) tax deductions afforded to for employers for wages and salary paid to employees who are self-quarantined; (iv) additional contributions to financial sector schemes that boost lending to SMEs; and (v) relief payments to informal sector workers, including for women-owned micro-enterprises such as hawkers, in lockdown areas. A guidance note prepared on the gendered impacts of COVID-19 in Fiji was presented to Cabinet by the Ministry of Women, Children and Poverty Alleviation, and a newly established government-led COVID-19 Response Gender Working Group will take forward the analysis and implement recommendations regarding future COVID-19 assessments and responses.</td>
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<p>| Palau | Coronavirus Relief One-Stop-Shop (CROSS) Program support to the private sector and unemployed: In response to the substantial impacts of the COVID-19 pandemic on businesses and workers, the government through the Ministry of Finance (MOF), established the $20 million CROSS Program to provide temporary assistance to the private sector. Migrant workers and self-employed people, and informal businesses (e.g., those engaged in small-scale retail selling of food items), may also qualify for support. Under the CROSS Program, direct relief measures include the following: (i) Loans to and/or deferred payments by businesses. The MOF is facilitating concessional or interest-free lending to businesses through the National Development Bank of Palau. The MOF expects up to 112 employers to apply for these loans, which can cover businesses’ fixed costs and possibly finance improvements in tourism facilities. Based on the latest Household Income and Expenditure Survey, it is expected that about 16% of business loan applications will be from businesses or enterprises owned by women. Loans will be provided with 10-year terms, with annual interest payments of 2% starting by the third year, and principal repayments only due from the fourth year until maturity. Priority funding is for loans that cover businesses’ fixed costs, capped at $30,000 every 3 months per employer. |</p>
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<td>Loans of up to $250,000 to improve tourism facilities may be financed with any funds remaining from the CROSS-Program’s allocations for concessional lending to businesses. Employers’ taxes payable and social security contributions can be deferred with MOF approval.</td>
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<td><strong>Performance Indicators with Targets</strong></td>
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<td>Concessional loans provided to at least 100 private firms, with priority to businesses owned by women, through the National Development Bank of Palau. (baseline: no concessional loans provided to private firms)</td>
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<td>Papua New Guinea</td>
<td><strong>COVID-19 Response:</strong> The government announced K600 million along with K1.8 billion in treasury bonds and K1.3 billion from the International Monetary Fund as a concessional loan in response to COVID-19. 53% (equivalent to K320 million) is spent on agriculture, households, and business, including MSMEs.</td>
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<td>Republic of Marshall Islands</td>
<td><strong>COVID-19 Response:</strong> $16 million Marshall Islands Health Expenditure and Livelihoods Support Program will help finance the government's coronavirus preparedness and response plan, which will strengthen the health sector by supplying essential medical equipment and provide infection prevention training for frontline medical workers. It will also mitigate the economic impacts of the pandemic by providing financial assistance to tourism-related businesses, especially hotels, restaurants, and handicraft makers.</td>
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<td>Samoa</td>
<td><strong>COVID-19 Response:</strong> Rent-free operations for businesses and about 4,000 market vendors are allowed from April to August 2020 on property owned by the government. The Development Bank of Samoa has set up special credit facilities for working capital for small businesses affected by COVID-19. The Women in Business Development Program will support sustainable businesses using farm-based resources run by women. The government will provide funding of ST0.85 million to support female artisans. Payments to the Samoa National Provident Fund and the Accident Compensation Corporation are frozen for 6 months for the hospitality sector and 2 months for other sectors. The electricity usage rate for hotels is reduced significantly until December to support the hospitality industry. The government is carrying 3 months of loan repayments for all small businesses under its Government</td>
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<td>Guarantee Schemes. Partial compensation is being provided to exporters for lost exports (agriculture and fishing).</td>
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<td>As part of the budget for Fiscal Year (FY) 2020-2021 (ends in May 2021), a second stimulus package of ST83.1 million ($31.1 million, 3.8% of Gross Domestic Product) was approved in June 2020. The package includes several countercyclical support measures, including ST10.6 million for continued private-sector economic activity such as 2% interest relief for business loans with commercial banks; special credit facilities for small businesses; paid training for up to 2000 laid off hospitality employees; reduction in electricity rates for hotels until December; and partial compensation to exporters for lost exports (agriculture and fishing).</td>
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**Performance Indicators with Targets**

At least 70% of micro and small and micro enterprises that receive economic stimulus support from special credit facilities established at the Development Bank of Samoa for enterprises affected by COVID-19 still in business (FY2019 baseline: not applicable)

Special credit facilities for small businesses (including women-owned businesses) affected by COVID-19 operational at the Development Bank of Samoa (FY2019 baseline: not applicable)

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<th>Solomon Islands</th>
<th><strong>Support to MSMEs</strong>: The government will directly support MSMEs by (i) creating a SI$5 million ($0.6 million) facility to enable MSMEs to pay their rent; (ii) extending deadlines to pay taxes, and giving a 5-year income tax break to businesses that are most directly affected by the pandemic, such as tourism; and (iii) providing the Development Bank of Solomon Islands with SI$20 million ($2.4 million) in equity and a further SI$15 million ($1.8 million) credit line to enable it to provide loans to MSMEs, including those owned by women.</th>
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<td>Tonga</td>
<td><strong>COVID-19 Response</strong>: The government has announced an Economic and Social Stimulus Package of 60 million Tongan pa’anga, while the National Reserve Bank of Tonga Board approved the provision of liquidity support to the banking system with the purpose to help vulnerable groups and entities, including MSMEs.</td>
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<td>Vanuatu</td>
<td><strong>MSME Grant—$1.7 million</strong>: Grant recipients must have an annual turnover of less than $1.7 million to access an additional payment equal to the full-year business license fee, in addition to the business license fee cancellation or refund. MSMEs can access a maximum grant of $520 to support their operating cash</td>
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<td>flow requirements. Approximately 450 of 2,500 potential business recipients are owned or co-owned by women. Recipients include 34 licensed small stallholders in markets.</td>
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Note: This table reflects the COVID-19 response programs in Pacific developing member countries at a point in time. In collaboration with ADB and other development partners, governments are continuously working on developing new or additional COVID-19 response programs for their respective developing member countries, which may not be fully reflected here.

Source: ADB (Country focal), government documents and media releases.