ASIA SMALL AND MEDIUM-SIZED ENTERPRISE MONITOR 2020

VOLUME II—COVID-19 IMPACT ON MICRO, SMALL,
AND MEDIUM-SIZED ENTERPRISES IN DEVELOPING ASIA

NOVEMBER 2020

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Foreword

The novel coronavirus disease (COVID-19) shocked global, regional, and national economies. People's daily lives and mobility have been strictly limited to safeguard their health and control the virus spread. Travel bans, temporary closures of schools and businesses, and social distancing have accompanied quarantines. Private businesses have cut back production and service delivery. They have been forced to temporarily lay off employees and face a lack of working capital, making it difficult to continue operating. Prolonged containment of COVID-19 increases the risk of business failure and bankruptcy. In particular, micro, small, and medium-sized enterprises (MSMEs) are at great risk due to abrupt supply chain disruptions and tightened financial conditions.

Governments in developing Asia acted quickly to contain the COVID-19 spread and curb the impact of economic disruption. They established massive public spending packages for individuals and businesses, especially those devastated by the virus pandemic. The Asian Development Bank (ADB) estimates that economic growth in developing Asia will contract 0.7% in 2020 after expanding 5.1% in 2019, but forecasts a 6.8% rebound in 2021, assuming COVID-19 is contained. Nonetheless, uncertainty remains.

MSMEs are the backbone of many national economies. But they are sensitive and fragile to external shocks, such as financial crises, disasters, and forced changes in business environment such as the response to COVID-19. It is crucial for governments to constantly monitor the business environment and understand what they need to set the right policy measures.

To assess the initial 2-month impact of COVID-19 and associated quarantine measures on MSMEs, ADB's Economic Research and Regional Cooperation Department conducted rapid online business surveys in Indonesia, the Lao People's Democratic Republic, the Philippines, and Thailand during March and May 2020 as part of the Asia Small and Medium-Sized Enterprise Monitor (ASM) project. The surveys were done in partnership with various government authorities and private sector communities in the countries surveyed.

The report—Volume II of ASM 2020—provides a rich set of initial facts and ideas for governments to develop evidence-based policymaking to support the revival of MSMEs hurt by the pandemic. We hope this report contributes to the ongoing policy discussions on firm-level support measures needed to help reignite Asian economies.

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The Asia Small and Medium-Sized Enterprise Monitor (ASM) 2020 Volume II was prepared by Shigehiro Shinozaki, senior economist, Economic Research and Regional Cooperation Department (ERCD) of the Asian Development Bank (ADB). The work was supervised by Joseph Ernest Zveglic Jr., deputy chief economist.

The rapid surveys on micro, small, and medium-sized enterprises (MSMEs) in Indonesia, the Lao People's Democratic Republic (Lao PDR), the Philippines, and Thailand were designed, coordinated, and implemented by a special unit of business surveys under the ASM team, comprising Shigehiro Shinozaki, team leader; Josephine Penaflor Ferre, ADB consultant; and Chona Plete Guatlo, ADB consultant. The online surveys were distributed in four countries through ADB's Facebook pages assisted by Andrew Perrin and Reah Valerie Sy of ADB's Department of Communications and the networks of the Department of SME Promotion of the Ministry of Industry and Commerce in the Lao PDR, led by Bountheung Douangsavanh, director general; the Bureau of Small and Medium Enterprise Development of the Philippine Department of Trade and Industry, led by Jerry Clavesillas, director; the Philippine Chamber of Commerce and Industry, led by Apolinar Aure, chairman of the SME Development Committee; the Office of Small and Medium Enterprise Promotion in Thailand, led by Wimonkan Kosumas, director general; the Thai Credit Guarantee Corporation, led by Rak Vorrakitpokatorn, president, with special thanks to Kriengkrai Chaisiriwongsuk, senior executive vice president; and the Thai Chamber of Commerce, led by Kailin Sarasin, chairman.

Shigehiro Shinozaki wrote the ASM 2020 Volume II. The survey data processing was led by Lakshman Rao, statistician, ERCD; Dave Pison, ADB consultant; Jude David Adarna Roque, ADB consultant; and Josephine Penaflor Ferre, ADB consultant; guided by Shigehiro Shinozaki. Administrative support was provided by Richard Supangan and Maria Frederika Bautista.

Abbreviations

ADB	—	Asian Development Bank
ASEAN	—	Association of Southeast Asian Nations
BPS	—	Badan Pusat Statistik (statistics office, Indonesia)
BSMED	—	Bureau of Small and Medium Enterprise Development (Philippines)
CAMP	—	COVID-19 Adjustment Measures Program
COVID-19	—	coronavirus disease
DERM	—	Department of Enterprise Registration and Management (Lao PDR)
DOSMEP	—	Department of SME Promotion (Lao PDR)
GDP	—	gross domestic product
ECQ	—	Enhanced Community Quarantine
ERCD	—	Economic Research and Regional Cooperation Department
GVC	—	global value chain
IMF	—	International Monetary Fund
Lao PDR	—	Lao People's Democratic Republic
MERS	—	Middle East Respiratory Syndrome
MSME	—	micro, small, and medium-sized enterprise
NCR	—	National Capital Region (Philippines)
NSO	—	National Statistical Office (Thailand)
OSMEP	—	Office of Small and Medium Enterprise Promotion (Thailand)
PCCI	—	Philippine Chamber of Commerce and Industry
pp	—	percentage point
PRC	—	People's Republic of China
PSA	—	Philippine Statistics Authority
SARS	—	Severe Acute Respiratory Syndrome
TCC	—	Thai Chamber of Commerce
TCG	—	Thai Credit Guarantee Corporation
VAT	—	value-added tax
WFH	—	work-from-home
WHO	—	World Health Organization

Executive Summary

The novel coronavirus disease (COVID-19) shocked global, regional, and national economies. People's daily lives and mobility have been strictly limited to safeguard their health and control the virus spread. Travel bans, temporary closures of schools and businesses, and social distancing have accompanied quarantines. Private businesses have cut back production and service delivery. They have been forced to temporarily lay off employees and face a lack of working capital, making it difficult to continue operating. Prolonged containment of COVID-19 increases the risk of business failure and bankruptcy. In particular, micro, small, and medium-sized enterprises (MSMEs) are at great risk due to abrupt supply chain disruptions and tightened financial conditions.

To assess the initial 2-month impact of COVID-19 and associated quarantine measures on MSMEs, the Economic Research and Regional Cooperation Department (ERCD) of the Asian Development Bank (ADB) conducted rapid online business surveys in Indonesia, the Lao People's Democratic Republic (Lao PDR), the Philippines, and Thailand during March and May 2020.¹ The surveys were done in partnership with the Department of SME Promotion of the Ministry of Industry and Commerce in the Lao PDR, the Bureau of Small and Medium Enterprise Development of the Philippine Department of Trade and Industry, the Philippine Chamber of Commerce and Industry, the Office of Small and Medium Enterprise Promotion in Thailand, the Thai Credit Guarantee Corporation, and the Thai Chamber of Commerce, as well as through ADB's Facebook channels².

There were 6,911 responses, of which 3,831 were completed by MSMEs: 525 in Indonesia, 355 in the Lao PDR, 1,804 in the Philippines, and 1,147 in Thailand. The surveys used 15 March as the reference date for the start of the COVID-19 pandemic and defined MSMEs using the employment threshold set by respective national definitions. The crisis unexpectedly disrupted businesses, yet nimble data collection was needed. Thus, the study adopted nonstandard sampling procedures, not using random or representative samples.

Each government of the countries surveyed acted quickly to contain the spread of COVID-19 and curb the impact of economic disruption through large-scale stimulus packages. Containment measures began in late February in Indonesia, while the government seamlessly implemented emergency fiscal packages covering health expenditures (such as the procurement of medical equipment); social assistance (food assistance, for example); and economic assistance (including financial assistance to MSMEs). The Lao PDR started containment measures on 23 March, including travel bans, school closures, and prohibition of mass gatherings. It implemented a complete lockdown during 1–20 April with several extensions during May, and the government offered tax relief, debt restructuring, and new loans for individuals and MSMEs. The Philippines imposed strict lockdown and quarantine measures, including an Enhanced Community Quarantine (ECQ) in the capital region and other high-risk provinces on 16 March, with select extensions in May. The government provided a comprehensive set of support measures for households and businesses, such as an emergency subsidy program for families and wage supplements to employees of small businesses. Thailand started containment measures, including travel bans and a curfew, on 26 March, extended to

¹ Throughout the report, references to specific months (for example, March and April) refer to 2020 unless otherwise indicated.

² For Indonesia, only ADB's Facebook channel was utilized to collect responses from MSMEs.

the end of June. Government measures included tax relief, cash handouts to workers, and debt restructuring and new lending for MSMEs.

These initial responses were clearly in the right direction, given the emergency needs of containing the virus spread. But the survey findings give an indication as to just how the COVID-19 pandemic and associated quarantine measures instantly affected MSME business operations. The majority of MSMEs in the Philippines (70.6% of MSMEs surveyed) and the Lao PDR (61.1%), and nearly half in Indonesia (48.6%) and Thailand (41.1%), suspended operations a month after the virus outbreak and national quarantine measures imposed. The remaining half (or less) continued to operate, but faced supply disruptions given low demand. Domestic demand for MSME products fell for 40% of MSMEs surveyed in Thailand and the Lao PDR, 30% in the Philippines and Indonesia. Supply disruptions were cited in more than 30% of MSMEs in Thailand and the Philippines, and less than 20% in Indonesia and the Lao PDR.

MSME sales and revenue dropped sharply in March and deteriorated further in April, with increased business closures leaving no sales or revenue, especially in micro and small firms, and across all industrial sectors (services, manufacturing, and agriculture). In Indonesia, Thailand, and the Lao PDR, monthly sales volumes fell over 30% for a large number of MSMEs in March, with a larger number in April posting no sales due to the rising number of temporary closures. In the Philippines, however, the majority of MSMEs had no sales in March immediately after the strict lockdown measures. Monthly MSME income followed the same trend as monthly sales. Revenue decreased sharply in March, but there were more MSMEs with no revenue in April, caused by the temporary business closures in Indonesia, Thailand, and the Lao PDR—in particular, the Lao PDR had a very sharp increase in nonrevenue MSMEs in April. Because of strict lockdown measures, the majority of Philippine MSMEs had no revenue after the March measures were imposed.

These trends largely followed the “stringency index,” prepared by the University of Oxford, to measure national containment policies. The higher policy stringency beginning in March in the Philippines and April in the Lao PDR suggests that it contributed to higher proportions of zero revenue MSMEs in the Philippines in March and the Lao PDR in April, supporting ADB survey results. Combining the stringency index with Google’s “extent of mobility” measure,³ it explains why the more stringent Philippine and Lao PDR policies accelerated the decline in mobility outside the home, which in turn contributed to the lack of MSME sales and revenue.

In terms of employment, around 60% of MSMEs saw no change after the outbreak, while the remaining 40% reduced their workforce (in the Philippines, Thailand, and the Lao PDR). By contrast, some 60% of MSMEs reduced staff in both March and April in Indonesia, especially in micro and small firms, and more pronounced in manufacturing. This suggests that more MSME workers lost their jobs during the first 2 months after the virus outbreak in Indonesia. The survey findings revealed that the temporary cut in staffing was widespread among MSMEs, followed by reduced working hours across all countries. Also, the surveys found “work-from-home” (WFH) was not a serious option for MSMEs across all countries (13%–21% of MSMEs surveyed), although each country tried to promote it. When data are broken down by firm size, more micro and small firms cut staff, while medium-sized firms maintained employment levels by encouraging WFH and by adjusting working hours. Temporary staffing cuts were used as a major MSME response across all industrial sectors.

As for wages, more than half the MSMEs surveyed suspended wages after the COVID-19 outbreak in Indonesia and the Philippines, while more than one-third reported no change of monthly wage payments in Thailand and the Lao PDR. Suspended wage payments were more pronounced for microenterprises across all industrial sectors.

³ Our World in Data. <https://ourworldindata.org/grapher/covid-stringency-index>; Google. Community Mobility Reports. <https://www.google.com/covid19/mobility/>.

MSMEs in all countries surveyed reported a serious lack of funds to retain business, especially in Indonesia, where 88% of microenterprises reported they had no cash or savings, or would run out funds within 1 month—followed by a high proportion of small firms (77%) and medium-sized firms (63%).

MSMEs had huge difficulty in raising enough working capital to survive across all countries. They did not change their normal approach to raising funds even during the crisis—relying mostly on their own funds or borrowing from family, relatives, and friends. All four countries, especially Indonesia, mostly relied on informal financing sources to survive. Obtaining bank credit remained limited, although several new government measures—such as special refinancing facilities, soft loan programs, and special guaranteed loans—became available.

By firm size, for all countries, a relatively large number of micro and small firms relied on borrowing from close relatives, the most common source of financing. Medium-sized firms relied on their own funds or retained profits to survive during the pandemic—and they could usually apply for bank credit or nonbank finance institution loans. This suggests that the ability to raise funds varied greatly by firm size. Immediate working capital is critical for MSME survival, but most had problems in raising just small local currency amounts equivalent to \$1,000. This was more prevalent in microenterprises, and those in services and agriculture.

The survey also asked what the main concerns and obstacles MSMEs will face if the pandemic continued for more than a month after the survey was taken. The top concern was a lack of working capital (all countries), followed by a further drop in domestic demand for the Lao PDR and Thailand, a supply chain disruption for the Philippines, and loan repayments for Indonesia. If the pandemic lasted more than a month, half or more of the MSMEs surveyed would consider seeking a deferral on loan repayments. This was true across all countries, but more pronounced in the Lao PDR. More than half wanted deferred tax payments in the Philippines and the Lao PDR. Nearly half were considering further layoffs and wage cuts in Thailand. And one-fifth considered applying for bankruptcy in Indonesia; the largest share among countries surveyed.

Most MSMEs strongly wanted further financial support from governments, regardless of size or business sector. Of the 21 policy options listed in the survey, the most popular involved some financial assistance. More than 90% desired zero interest and/or collateral-free loans. Subsidies/cash transfers/grants ranked second in Indonesia, the Philippines, and Thailand, with refinancing second in the Lao PDR. Most interesting was that 90% of Indonesia's MSMEs suggested exit finance to restart their business, signaling a potentially large number of bankruptcies looming.

In sum, the surveys identified seven policies that could support MSMEs during and after the pandemic:

- (i) Further outline and disseminate **assistance to focus groups** to encourage effective use of limited budgets and support for the most devastated groups of firms—in sectors such as manufacturing, distributive wholesale and retail trade, accommodation, tourism, and transportation, among others. Much of this was addressed in government economic stimulus packages. But should the pandemic continue, as it has, more detailed budget allocations are needed for those most affected by COVID-19 and associated quarantines.
- (ii) Adopt a **phased approach** so governments can flexibly redesign policy support as the virus spread and pandemic evolves.
- (iii) **Differentiate policy measures** by firm size and business sector, given that the pandemic impact appears at different times for micro, small, and medium-sized enterprises—depending on their ability to cope with a specific impact and the magnitude of that impact which varies by industry.

- (iv) Provide assistance to promote **WFH** arrangements and **shift to digital transactions**—given that WFH is not an automatic option for most MSMEs and that their business model generally requires personal contact. The assistance should include digital skill training for MSME owners and employees so they can survive under a new normal that promotes a more contactless society.
- (v) Strengthen **the dissemination** of government support programs, especially **financial support**, to ensure it reaches target beneficiaries (as most MSMEs continue to rely on informal sources for funds during the pandemic).
- (vi) Focus on both **business and employment retention** in policy design. It is crucial to keep businesses running and employees secure as a large portion of MSMEs continues to suspend business operations and reduce their workforce, with jobless workers increasing as a result.
- (vii) Periodically **monitor** MSME business conditions to fine-tune the direction of government policy support—for example, ADB can help developing member countries promote evidence-based policy design to support MSMEs amid the new normal through periodic follow-up MSME surveys.

The survey analyzed the pandemic impact on women-led and internationalized MSMEs. They should be included in focus group assistance programs as they had distinct impacts.

Relatively more women-led MSMEs temporarily closed business, suffered greater losses in sales and revenue, reduced their workforce, suspended monthly wage payments, and a lack of funds than men-led MSMEs—although actual conditions differed by country. They desired some assistance related to government contracts and public procurement, and more mentoring and business literacy support from governments.

Internationalized MSMEs or firms involved in global value chains (GVCs) faced a sharp drop in domestic and foreign demand, delayed product/service delivery, supply chain disruptions, and contract cancellations more seriously than those exclusively serving domestic markets. But the proportion of their business closures was at about the same or lower rate as non-GVC MSMEs. They had relatively sufficient cash and savings to maintain operations and had better access to finance, also contributing to pay wages in the first 2 months following the virus outbreak. They desired more government technical support such as business development services, especially one-stop service windows for exporters and importers.

Introduction

The novel coronavirus disease (COVID-19) has significantly changed people's lives and business activities nationally, regionally, and globally. Economic activity has been strictly limited to safeguard people's health and control the virus spread. Travel bans, temporary closures of schools and businesses, and social distancing accompanied quarantines. Private businesses cut back production and service delivery, forced to temporarily lay off employees. They face a lack of working capital, making it difficult to continue operating. A prolonged containment of COVID-19 increases the risk of business failure and bankruptcy. In particular, micro, small, and medium-sized enterprises (MSMEs) are at great risk due to abrupt supply chain disruptions and tightened financial conditions.

Governments in developing Asia acted quickly to contain COVID-19 and slow the impact of economic disruption through massive public spending and assistance packages to individuals and businesses, especially those devastated by the pandemic. Economic stimulus packages included MSME support through tax relief (corporate income tax reductions or exemptions), wage subsidies to employees, business cost reductions (discounted electricity and reduced office rental fees/waiver), deferred loan repayments or moratoria, debt restructuring (reduced rates and extended loan maturities), soft loans or new refinancing facilities, and credit guarantees. However, private enterprises continue to face difficulties in keeping their businesses functioning. For instance, the Bank Indonesia Business Survey Q1-2020 said business activities have stalled in several economic sectors as a result of compressed demand and supply disruptions caused by the COVID-19 impact.

The COVID-19 crisis differs from the 1997–1998 Asian financial crisis and the 2008–2009 global financial crisis as it was not triggered by economic or financial turmoil. Thus, a sharp recovery in 2021 is possible following the significant drop in 2020. The International Monetary Fund (IMF) estimates the global economy will contract by 4.9% in 2020, but will rebound to 5.4% growth in 2021, assuming the pandemic is contained.⁴ The Asian Development Bank (ADB) estimates that developing Asia's economic output will decline sharply from 5.1% in 2019 to –0.7% in 2020 due to the effects of the COVID-19 pandemic. Despite the continued uncertainty, output is forecast to grow by 6.8% in 2021, given expansionary fiscal and monetary policies.⁵ In Southeast Asia, gross domestic product (GDP) is expected to contract 3.8% in 2020, before recovering to 5.5% growth in 2021 as containment measures ease and businesses gradually reopen.

The global economy has seen similar crises in the past—for example, the Severe Acute Respiratory Syndrome (SARS) and Middle East Respiratory Syndrome (MERS). SARS appeared in 2003, with more than 8,000 cases affecting 26 economies including Hong Kong, China; the People's Republic of China (PRC); Singapore; Taipei, China; and Viet Nam. The MERS outbreak occurred in Saudi Arabia in 2012 and spread to Malaysia, the Philippines, the Republic of Korea, and Thailand. During MERS, for instance, the number of MSMEs in the Philippines decreased by 0.4% and employment dropped by 3.3% in 2012 and 2013. But the number of MSMEs increased by 0.6% in 2014 and employment rose by 2.5%.

⁴ IMF. World Economic Outlook Update, June 2020: A Crisis Like No Other, An Uncertain Recovery.

⁵ ADB. 2020. Asian Development Outlook 2020 Update: Wellness in Worrying Times (September 2020).

Estimates of the economic impact of COVID-19 suggest it will ease as 2021 begins and businesses reopen and begin to recover. However, if there will be second and third wave infections, the economic damage could be exponentially higher. Meanwhile, governments will likely use their limited budgets to support more devastated groups, including MSMEs.

MSMEs are the backbone of national economies, but are sensitive and fragile against external shocks—such as financial crises, disasters, or forced changes in the business environment (for example, those caused by pandemics). A prolonged pandemic will make it more difficult for MSMEs to raise funds from formal financial institutions to survive. This could lead to further losses in the national economy and risk a 2021 economic rebound. To set the right policy measures, it is critically important that governments understand the economic reality as seen by businesses. Surveys can be important monitoring sources.

With this perception, this report assesses the initial 2-month impact of the pandemic on MSME operations, employment, wage payments to employees, and fiscal and funding conditions. It explores possible policy support for MSMEs with evidence obtained through the rapid nationwide surveys conducted in Indonesia, the Lao People's Democratic Republic (Lao PDR), the Philippines, and Thailand during March and May 2020.

Country Responses to COVID-19

Many Asian countries began COVID-19 containment measures and economic stimulus relatively soon after the first cases in their countries were confirmed. Each country established an intragovernmental policy coordination body to determine how the health care system should respond, as well as which expansionary fiscal and macro-financial policies could ease the economic disruption, especially for MSMEs (Table 1).⁶ The countries covered include members of the Association of Southeast Asian Nations (ASEAN) plus Japan, the Republic of Korea, and the PRC. To stop the virus spread and retain economic activities, each country released large fiscal packages in stages, especially after the World Health Organization (WHO) officially declared COVID-19 a pandemic on 11 March 2020. By type of policy instrument, debt finance was most widely utilized to support MSMEs (in number of launched instruments), followed by tax relief, employment support, and support for retaining business.

For debt financing, central banks initiated several liquidity support measures for banks to facilitate lending to MSMEs and industries devastated by the outbreak and quarantine measures. These included large scale capital injections to commercial and policy banks (Cambodia, Indonesia, and the PRC); reduced base rate for lending (Cambodia, the Philippines, the Republic of Korea, and Viet Nam); relaxed capital requirements for banks (the Philippines); and related regulatory forbearance to encourage MSME financing.

Most of the countries covered accepted loan repayment deferrals and loan restructuring for MSMEs. Malaysia granted a 6-month moratorium on loan repayments with the Philippines granting a 30-day grace period. In parallel, emergency concessional loan schemes, special funds, and refinancing facilities were established in many countries to encourage MSMEs to access new loans during the crisis. Cambodia established a new public bank for MSMEs. Malaysia established a COVID-19 special relief facility for working capital MSME financing. Myanmar created a COVID-19 fund to finance affected MSMEs and tourism, with a 1% concessional interest rate. Thailand and Viet Nam launched low interest rate soft loan packages to MSMEs. Japan provided substantially zero interest rate loans and full credit guarantees to MSMEs with sharp decreases in sales. Malaysia and the Republic of Korea also offered special credit guarantees to affected MSMEs.

Tax relief was a key component of economic stimulus packages in several countries, where corporate tax reductions or exemptions and deferred payments helped MSMEs and affected industries such as manufacturing and tourism. Indonesia gradually reduced its corporate income tax to 22% for 2020 and 2021, and to 20% for 2022, mainly targeting manufacturing. Malaysia, Myanmar, and Singapore accepted 3-month deferred corporate income tax payments for MSMEs. Singapore also offered a corporate tax rebate. The PRC accepted an 8-year loss carry-over for businesses in transport, catering, hotels, and tourism.

⁶ World Bank Map of SME-Support Measures in Response to COVID-19, June 2020 (<https://www.worldbank.org/en/data/interactive/2020/04/14/map-of-sme-support-measures-in-response-to-covid-19>); and IMF Policy Responses to COVID-19 (<https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19>). Accessed on 24 June 2020.

Social security contributions were reduced or exempted for MSMEs and badly affected industries in many Asian countries (Cambodia, Japan, Malaysia, Thailand, the PRC, and Viet Nam). Value-added taxes (VAT) were also reduced or exempted in many countries (Indonesia, Malaysia, the PRC, Singapore, and Viet Nam). Various tax holidays/breaks were provided for businesses in specific sectors, especially small business owners and those self-employed affected by the pandemic. In Indonesia, hotels and restaurants in major tourist destinations (such as Bali) enjoyed temporary 6-month tax payment suspension, while the central government covered losses in local government tax revenue.

Employment support included various subsidy schemes so employers could continue to pay wages. Cash transfer arrangements for displaced workers were prepared for MSMEs and priority sectors in several Asian countries. For example, Cambodia paid 60% of the minimum wage for furloughed garment workers. Malaysia launched an enhanced wage support scheme to support MSME employees. The Philippines provided one-off financial assistance to affected workers in businesses that adopted flexible work arrangements or had to close temporarily (PHP5,000 [\$100]) under its COVID-19 Adjustment Measures Program (CAMP). Singapore's Jobs Support Scheme helped employers pay their employees 25% of their monthly wage for 9 months. Viet Nam provided cash handouts to employees to facilitate zero-interest loans to pay salaries. Japan, the PRC, and the Republic of Korea also offered wage subsidies for affected firms, especially MSMEs. Japan, Malaysia, the Philippines, the Republic of Korea, Singapore, Thailand, and Viet Nam covered informal sector workers, self-employed, and displaced workers, using cash transfer programs.

Some Asian countries promoted new working environments for employees by revising their terms of employment—including pay cuts and unpaid leave options (Malaysia), expediting overtime work for COVID-19-related businesses such as masks and disinfection products (the Republic of Korea), and promoting electronic labor contracts (the PRC). The PRC, the Republic of Korea, and Singapore offered labor/vocational training subsidies for the self-employed and laid-off workers, either physically or online. The PRC set a maximum layoff rate of 20% for firms with fewer than 30 employees.

To help businesses continue operations, several countries discounted or waived utility payments, rental/leasing fees, and government fees and charges. The Lao PDR issued a new electricity tariff. Malaysia offered a 15% discount for monthly electricity bills for affected businesses such as hotels, travel agencies, shopping malls, and theme parks. Thailand reduced water and electricity bill payments. The PRC and Viet Nam temporarily cut electricity rates. Malaysia reduced or waived office rental fees for MSME retailers. The PRC, the Republic of Korea, and Singapore also waived commercial rental fees. Singapore froze all government fees and charges for 1 year, and the PRC provided a similar waiver on administrative fees for MSMEs.

MSMEs relying on imported goods for production benefitted from lenient customer procedures (Cambodia and the Republic of Korea) and deferred import tax payments with relaxed regulations (Indonesia).

Some Asian countries encouraged remote business services for MSMEs. Malaysia supported agri-based MSMEs in selling their products through e-commerce platforms. Singapore promoted digital solutions for MSMEs to retain their business operations through an enhanced Go Digital program. The PRC and the Republic of Korea encouraged MSMEs to go digital. Japan established special help desks for businesses (consultation services).

To stimulate consumption during the pandemic, several Asian countries launched special expenditure programs targeting hard-hit industries. Cambodia had a campaign to promote domestic tourism (for example, the Angkor Wat complex). Indonesia also launched stimulus packages to promote tourism (Bali) and financed social media infrastructure to market tourist destinations. Malaysia offered travel discount vouchers and special income tax relief for local tourists. The Philippines and Thailand also used their budgets to stimulate tourism spending.

COVID-19 containment measures began in Indonesia in late February, while the government implemented emergency fiscal packages covering health (such as the procurement of medical equipment); social assistance (food assistance, for example); and economic assistance (including financial assistance to MSMEs). The Lao PDR started containment measures on 23 March, including travel bans, school closures, and prohibiting mass gatherings. It ran a complete lockdown during 1–20 April with several extensions during May. The Philippines imposed strict lockdowns and quarantines on 16 March, including an Enhanced Community Quarantine (ECQ) in the capital region and other high-risk provinces, with several extensions in May. Thailand started containment measures, including travel bans and a curfew, on 26 March, extended to end-June.

All of these initial responses were clearly in the right direction, given the urgent need to contain the virus and continue some economic activity. However, these measures all risked bloating national budgets (and deficits), while deteriorating banks' balance sheets over the long term. Given the uncertainty over when the pandemic eases, governments must assess budget priorities over spending to those most affected or most vulnerable to COVID-19 or quarantine effects, including MSMEs. Governments need to better understand the demand-side conditions resulting from the crisis to design effective policy measures in the post-pandemic or new normal.

Table 1: MSME Support Measures Responding to the COVID-19 in Select Asian Countries

Country	Debt finance						Tax	
	Capital buffer safeguards	Deferral of debt repayments	Relaxation of lending conditions	New lending	Credit guarantees	Regulatory forbearance	Corporate tax reductions	Expedited tax refunds
BRU		✓ • deferred principal payments						
CAM	✓ • capital injection • base rate reduced	✓ • debt restructuring for priority sectors		✓ • a new public bank for MSMEs		✓ • banking sector stimulus		
INO	✓ • capital buffer on banks required	✓ • debt restructuring	✓ • interest rate reduced by 25 basis points (bp)	✓ • max Rp10 bn loans for MSMEs		✓ • banking sector stimulus	✓ • gradual reduction • manufacturing	✓
LAO		✓ • debt restructuring		✓		✓ • loan classification		
MAL	✓ • RM3 bn for MSME loans with 3.5% interest rate cap	✓ • 6-month moratorium on repayments • debt restructuring	✓ • interest rate reduced by 50 bp	✓ • COVID-19 Special Relief Facility (working capital loans for MSMEs)	✓ • RM50 bn guarantee scheme (80%)	✓ • waiver of listing fees on capital markets for SMEs	✓ • deferral of income tax payments (3-month for MSMEs) • tourism industry	
MYA				✓ • COVID-19 Fund for MSMEs and affected sectors (1% interest)			✓ • deferral of income tax payments	
PHI	✓ • base rate reduced • capital req relaxed	✓ • 30-day grace period for debt repayments	✓ • interest rate reduced by 25 bp					
SIN		✓ • deferred principal payments		✓ • Enterprise Financing Scheme expanded			✓ • deferral of income tax payments (3-month) & tax rebate	
THA	✓ • B0.9 tn liquidity support measures	✓ • deferred principal payments • debt restructuring	✓ • interest rate reduced by 25 bp	✓ • soft loans/credit lines for MSMEs		✓ • banking sector stimulus		✓ • VAT refunds for domestic entrepreneurs
VIE	✓ • base rate reduced • transaction fees scrapped	✓ • deferred principal payments • debt restructuring	✓ • interest rate and transaction fees reduced/waived	✓ • soft loan packages • zero-interest loans for wage payments			✓ • standard corporate tax (CIT) exemption	
JPN				✓ • emergency loans for MSMEs with low/zero-interest rate	✓ • 100% guarantee scheme for firms decreasing sales			
KOR	✓ • base rate reduced	✓ • deferred loan repayments	✓ • interest payments for MSME loans suspended (6-month)	✓ • emergency funding for business with low interest rate • W29 tn MSME loans	✓ • W5.5 tn guarantee scheme for MSMEs • 100% guarantee for small merchants			
PRC	✓ • liquidity support • CNY800 bn extra funding by FIs for MSME loans	✓ • deferred principal and interest payments for MSMEs	✓ • interest rate reduced by 10 bp	✓ • refinancing facility for MSMEs with 2.5% interest rate • special credit quota for MSMEs		✓ • NPL definitions	✓ • loss carry-over extended (8 years) • extended deadlines for business taxes	

Table 1: MSME Support Measures Responding to the COVID-19 in Select Asian Countries (cont.)

Country	Tax (cont.)				Employment support		
	Incentives for capital expenditure	Incentives for investors	Payroll/social security/ VAT/land taxes	Simplified tax procedures and other taxes	Wage subsidies	Support for informal/self-employed workers	Unemployment benefits
BRU							
CAM			<ul style="list-style-type: none"> ✓ tax holidays (0.5-1 year) • social security contribution reduced/exempted 		<ul style="list-style-type: none"> ✓ 60% of minimum wage paid for furloughed workers in the garment sector 		
INO			<ul style="list-style-type: none"> ✓ VAT rate reduction • tax deferral facilities • tax suspended in hotels, restaurants, and tourism • tax loss compensation to local governments 	<ul style="list-style-type: none"> ✓ income tax exempted for manufacturing workers 			
LAO							
MAL	<ul style="list-style-type: none"> ✓ Accelerated Capital Allowance to promote investing in machinery/equipment 	<ul style="list-style-type: none"> ✓ public/private investments promotion 	<ul style="list-style-type: none"> ✓ service tax exempted in hotels • deferred payments by employers to the Employees Provident Fund 		<ul style="list-style-type: none"> ✓ enhanced wage support scheme for MSMEs 	<ul style="list-style-type: none"> ✓ one-off payment to taxi, tourist/trishaw drivers, and tourist guides (RM600) 	
MYA							
PHI					<ul style="list-style-type: none"> ✓ one-off financial assistance to affected workers (P5,000) 	<ul style="list-style-type: none"> ✓ temporary employment program for informal sector workers 	<ul style="list-style-type: none"> ✓ P1.2 bn to support displaced workers • unemployment insurance
SIN			<ul style="list-style-type: none"> ✓ Enhanced Property Tax Rebate • goods and services tax maintaining at 7% in 2021 		<ul style="list-style-type: none"> ✓ Jobs Support Scheme covering 25% of the first monthly wage 	<ul style="list-style-type: none"> ✓ cash transfer to self-employed (\$1,000) • Self-Employed Persons Income Relief Scheme 	
THA			<ul style="list-style-type: none"> ✓ social security contribution reduced • withholding taxes reduced 			<ul style="list-style-type: none"> ✓ B5,000 monthly handouts to the self-employed & laid-off 	<ul style="list-style-type: none"> ✓ partial (50%) salary payouts for displaced workers
VIE	<ul style="list-style-type: none"> ✓ FDI reallocation from PRC to Viet Nam facilitated 		<ul style="list-style-type: none"> ✓ deferred tax payments • lower business registration fees • social insurance contribution suspended • VAT cut for affected sectors • deferred land rental payments 		<ul style="list-style-type: none"> ✓ cash handout to people and employees to facilitate zero-interest loans to pay salaries 		<ul style="list-style-type: none"> ✓ cash transfer for workers who temporarily stopped working (3-month)
JPN			<ul style="list-style-type: none"> ✓ one-year moratorium for tax and social security charges for MSMEs 		<ul style="list-style-type: none"> ✓ 2/3 leave allowance for MSME employers reimbursed 	<ul style="list-style-type: none"> ✓ subsidy for self-employed/freelancers unable to work 	
KOR			<ul style="list-style-type: none"> ✓ W12 tn tax breaks for small businesses & self-employed 		<ul style="list-style-type: none"> ✓ W500 bn wage subsidies for affected firms 	<ul style="list-style-type: none"> ✓ subsidies for non-regular workers 	
PRC		<ul style="list-style-type: none"> ✓ Expanded industries for foreign investment 	<ul style="list-style-type: none"> ✓ social security contribution exempted for accommodation and catering MSMEs • VAT rate reduced 	<ul style="list-style-type: none"> ✓ simplified electronic tax filing procedures 	<ul style="list-style-type: none"> ✓ wage subsidies channeled by unemployment insurance funds • salary guarantees 		

Table 1: MSME Support Measures Responding to the COVID-19 in Select Asian Countries (cont.)

Country	Employment support (cont.)				Business costs			
	New working arrangements	Labor training subsidies	Employee sick leave subsidies	Cap on layoffs	Reduction of utilities payments	Reduction of rent/leasing	Reduction/ waiver of government fees	Streamlined regulations
BRU								
CAM								
INO								
LAO					√ a new electricity tariff			
MAL	√ terms of employment to be revised (pay-cut/ unpaid leave)				√ discount on monthly electricity bills	√ rental reduced/ waived for MSME retailers		
MYA								
PHI								
SIN		√ Self-Employed Persons Training Support Scheme SkillsFuture Enterprise				√ rental waiver	√ all government fees/ charges frozen for 1 year	
THA					√ Water/electricity bill payments alleviated			
VIE					√ temporary price cut of electricity			
JPN			√ subsidies for firms to take care employees unable to work					
KOR	√ expedited overtime work for COVID-19 related businesses	√ re-training for laid-off workers	√ subsidies to paid leave/living allowance for employees quarantined/ hospitalized			√ lower commercial rent support for rental fees for micro businesses		
PRC	√ electronic labor contracts	√ subsidies for vocational training local incentives for firms to carry out online vocational training		√ max layoff rate of 20% for firms with fewer than 30 people	√ electricity price reduced by 5% deferred payments for MSMEs	√ rental waiver property and land use taxes cut or waiver	√ highways toll-free administrative fees waived for MSMEs	√ electronic administrative procedures facilitated

Table 1: MSME Support Measures Responding to the COVID-19 in Select Asian Countries (cont.)

Country	Business climate		Focused groups		Other finance		Business advice	
	Reduced import restrictions	Simplified FX arrangement	Targeted expenditure programs	Procurement	Grants	Support for business closure/reduced activities	Vouchers for remote business services	Subsidized business advice
BRU	✓							
CAM	<ul style="list-style-type: none"> lenient customs procedures 		<ul style="list-style-type: none"> ✓ tourism promotion capital injection to smaller firms/MFIs 					
INO	<ul style="list-style-type: none"> ✓ deferred import tax payments relaxed regulations on imports/exports 		<ul style="list-style-type: none"> ✓ Rp103 bn for tourism promotion Rp72 bn for social media infrastructure 					
LAO								
MAL			<ul style="list-style-type: none"> ✓ income tax relief to individuals for expenses on tourism \$113 mn to support tourism 		<ul style="list-style-type: none"> ✓ cash benefits: RM3,000 per micro business 	<ul style="list-style-type: none"> ✓ RM40 mn to support agri-based MSMEs in e-commerce 		
MYA								
PHI			<ul style="list-style-type: none"> ✓ budget expanded to stimulate spending for tourism 					
SIN						<ul style="list-style-type: none"> ✓ S\$350 mn for cost relief in aviation S\$90 mn for tourism S\$55 mn for arts 	<ul style="list-style-type: none"> ✓ Go Digital program enhanced to promote digital solutions for business retention 	
THA			<ul style="list-style-type: none"> ✓ B100 bn to stimulate spending for low-income families and tourism 					
VIE	<ul style="list-style-type: none"> ✓ Import tax exempted for essential medical equipment 							
JPN					<ul style="list-style-type: none"> ✓ cash benefits for households and MSMEs 	<ul style="list-style-type: none"> ✓ support for teleworking/online schooling/reshoring of factories 	<ul style="list-style-type: none"> ✓ special help desks created 	
KOR	<ul style="list-style-type: none"> ✓ expedited customs procedures import duty relief 		<ul style="list-style-type: none"> ✓ 70% tax cut for car purchase/10% refund for buying eco-home appliances 	<ul style="list-style-type: none"> ✓ extended contract/delivery periods for goods procured by the government 	<ul style="list-style-type: none"> ✓ accounts receivable insurance lowering insurance premiums 	<ul style="list-style-type: none"> ✓ export vouchers support for MSMEs shifting to e-commerce 		
PRC	<ul style="list-style-type: none"> ✓ simplified import procedures for medical supplies and daily goods 	✓	<ul style="list-style-type: none"> ✓ support for coronavirus-related production 	<ul style="list-style-type: none"> ✓ purchase from MSMEs first 	<ul style="list-style-type: none"> ✓ special funds for start-ups 	<ul style="list-style-type: none"> ✓ guiding MSMEs to use online tools for remote working digital transformation of MSMEs promoted 		

bn = billion; BRU = Brunei Darussalam; CAM = Cambodia; FDI = foreign direct investment; INO = Indonesia; JPN = Japan; KOR = Republic of Korea; LAO = Lao People's Democratic Republic; MAL = Malaysia; MFI = microfinance institution; mn = million; MSME = micro, small, and medium-sized enterprise; MYA = Myanmar; NPL = nonperforming loan; PHI = Philippines; PRC = People's Republic of China; SIN = Singapore; THA = Thailand; tn = trillion; VAT = value-added tax; VIE = Viet Nam.

Sources: Recompensed 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.

Methodology

To assess the initial 2-month impact of COVID-19 and associated quarantine measures on MSMEs, ADB's Economic Research and Regional Cooperation Department (ERCD) conducted rapid online business surveys in Indonesia, the Lao PDR, the Philippines, and Thailand during March and May 2020. These countries were selected from ASEAN members, based on a consensus with partner institutions to support the ADB survey. They were also good candidates for comparing countries with and without strict lockdown measures.

The first survey was done in the Philippines from 30 March to 16 April in partnership with the government and private sector institutions—the Bureau of Small and Medium Enterprise Development (BSMED) of the Philippine Department of Trade and Industry, and the Philippine Chamber of Commerce and Industry (PCCI). The online survey questionnaire was prepared and delivered to MSMEs via regional networks of business support centers for MSMEs—called “Negosyo Centers”—located in all provinces and municipalities. The BSMED supervises Negosyo Centers and instructed them to forward the ADB survey link to their monitored MSMEs. The survey also used a private sector channel through PCCI networks. In addition, ADB's Facebook channel was used to promote the survey to its MSME followers.

Similarly, the rapid surveys were done in Indonesia (17 April–22 May), the Lao PDR (23 April–22 May), and Thailand (23 April–22 May) with the same set of questionnaires. For Indonesia, only ADB's Facebook channel was utilized to collect responses from MSMEs. For Lao PDR, the survey was done in partnership with the Department of SME Promotion (DOSMEP) of the Ministry of Industry and Commerce. The DOSMEP team also conducted supplementary phone interviews, following the ADB questionnaire. For Thailand, the survey used both government and private sector networks—the Office of Small and Medium Enterprise Promotion (OSMEP), the Thai Credit Guarantee Corporation (TCG), and the Thai Chamber of Commerce (TCC). OSMEP, a focal government agency for MSME support, instructed its regional MSME network members to respond to the ADB survey. TCG and TCC also promoted the ADB survey through their corporate networks. ADB's Facebook channels were used for these three countries as well.

The survey questionnaire had four components: (i) a company profile as of end-2019 that identifies its primary business category, location, operating period, ownership, employment, and global business exposure; (ii) business conditions during the COVID-19 pandemic, which identify changes in business environment, sales volume, revenue, employment, wage payments, and fiscal and funding conditions; (iii) business concerns and obstacles MSMEs are facing during the pandemic and what actions they would take to survive; and (iv) policy interventions that MSMEs would like to receive from the government to retain or restart business. The survey used a check box style for answers, combined with questions requiring descriptive answers.

The surveys referred to 15 March as a base date of the COVID-19 pandemic. MSME classification was based on the employment thresholds set by national definitions. For Indonesia, the definition set by the Badan Pusat Statistik (BPS; statistics office) was used: (i) 1–4 employees for micro, (ii) 5–19 for small, and (iii) 20–99 for medium firms. For the Lao PDR, MSME categories were based on Decree No.25/GOL/2017: (i) 1–5 employees for micro, (ii)

6–50 for small, and (iii) 51–99 for medium firms. For the Philippines, the definition set by the Philippine Statistics Authority (PSA) was used: (i) 1–9 employees for micro, (ii) 10–99 for small, and (iii) 100–199 for medium firms. For Thailand, MSME classification followed the OSMEP definition introduced in November 2019: (i) 1–5 employees for micro, (ii) 6–30 for small services and trading firms and 6–50 for small manufacturing firms, and (iii) 31–100 for medium services and trading firms and 51–200 for medium manufacturing firms.

COVID-19 unexpectedly disrupted businesses; yet rapid, nimble data collection was needed to help governments design timely evidence-based policy support to MSMEs hurt by the pandemic. Thus, the study adopted non-standard sampling procedures, with responses not based on random or representative samples. This report offers descriptive analysis based on unweighted data captured by these rapid surveys.

Data Structure

Without a sampling framework, the survey data structure was compared with existing distribution data of enterprises provided by national statistics offices to verify the extent of data bias and as a guide on how to interpret survey results.

The surveys collected 3,831 completed MSME responses—525 from Indonesia, 355 from the Lao PDR, 1,804 from the Philippines, and 1,147 from Thailand. To examine the extent of bias for data distribution, survey data were compared with BPS 2016 Economic Census sampling frame in Indonesia; enterprise database (as of 3 June 2020) from the Department of Enterprise Registration and Management (DERM) of the Ministry of Industry and Commerce in the Lao PDR; PSA List of Establishment 2018 in the Philippines; and the National Statistical Office (NSO) 2017 Industrial Census Listing in Thailand.

In Indonesia, ADB survey data included 47 responses from agriculture MSMEs. However, agriculture is not included in the BPS MSME statistics by industry classification. Only non-agriculture MSME data were compared between ADB survey data and the BPS sampling frame (Table 2A). By firm size, BPS uses two categories: (i) micro and small firms and (ii) medium-sized and large firms. Following these categories, ADB survey data showed a 1.6% underrepresentation from the BPS distribution for micro and small firms and a 1.6% overrepresentation for medium-sized and large firms. By industry, the difference of each sector's share to total respondents between the ADB and BPS distribution was 4 percentage points or less, except for manufacturing (9.7% underrepresentation from the BPS statistics). By region, the difference of each region's share to total respondents between both was less than 5 percentage points, except Yogyakarta (5.5% overrepresentation from the BPS statistics).

In the Lao PDR, the DERM database provides only aggregate data of enterprises, with no firm size classification (Table 2B). By industry, the difference of each sector's share to total respondents between the ADB and DERM distribution was more than 6 percentage points in wholesale and retail trade (19.1% underrepresentation from the DERM statistics), transport and storage (9.9% underrepresentation), public administration (7.2% overrepresentation), accommodation and food services (6.7% overrepresentation), and administrative services (6.2% overrepresentation). The remaining industries indicated less than 5 percentage points difference. By region, the difference of each region's share to total respondents between both was less than 4 percentage points, except Vientiane Prefecture (16.0% overrepresentation from the DERM statistics) and Phongsali (7.4% overrepresentation).

In the Philippines, by firm size, ADB survey data showed a 7.9% underrepresentation from the PSA distribution for microenterprises, a 7.0% overrepresentation for small firms, and a 0.9% overrepresentation for medium-sized firms (Table 2C). By industry, the difference of each sector's share to total respondents between the ADB and PSA distribution was less than 5 percentage points, except for manufacturing (20.0% overrepresentation from the PSA statistics) and wholesale and retail trade (21.2% underrepresentation). By region, the difference of each region's share to total respondents between both was also less than 5 percentage points, except Region IV-A Calabarzon (10.2% overrepresentation from the PSA statistics).

In Thailand, by firm size, ADB survey data showed a 29.9% underrepresentation from the NSO distribution for microenterprises, a 24.0% overrepresentation for small firms, and a 5.9% overrepresentation for medium-sized firms, based on employment thresholds of the MSME definition (services and trading with up to 100 employees and manufacturing with up to 200 employees) (Table 2D). By industry, the difference of each sector's share to total respondents between the ADB and NSO distribution was less than 5 percentage points, except for wholesale and retail trade (9.4% underrepresentation from the NSO statistics), accommodation and food services (7.6% underrepresentation), other services (9.0% overrepresentation), manufacturing (6.8% overrepresentation), and administrative services (6.4% overrepresentation). By region, the difference of each region's share to total respondents between both was mostly less than 1 percentage point, and Bangkok showed a 9.0% overrepresentation from NSO statistics.

Overall, microenterprises were relatively underrepresented compared with existing national statistics sampling frames, while small and medium-sized firms were overrepresented in the countries surveyed (except the Lao PDR). By industry, wholesale and retail trade was underrepresented, while manufacturing was overrepresented (except in Indonesia where it was underrepresented). By region, capital cities (Bangkok in Thailand) and their suburbs (Vientiane Prefecture in the Lao PDR and Calabarzon in the Philippines) or large industrial areas (Yogyakarta in Indonesia and Phongsali in the Lao PDR [border area with the PRC]) were overrepresented. While these differences should be noted for data interpretation, the aggregate data had the similar qualitative size, sector, and regional distribution structure as existing sampling frames in the countries surveyed. Using this comparison, the extent of data bias is not statistically significant.

Table 2A: Comparison between ADB Survey and National Statistics Distribution—Indonesia

Item	ADB Indonesia MSME Survey on COVID-19 Impact					BPS 2016 Economic Census				Difference between ADB and BPS distribution (%)
	Employment Grouping					Employment Grouping				
	Micro	Small	Medium	Large	Total	Share (%)	Micro and Small	Medium and Large	Total	Share (%)
By industrial sector, total	384	81	13	1	479	100.0	26,073,689	348,567	26,422,256	100.0
Mining and Quarrying	-	-	-	-	-	-	170,004	1,778	171,782	0.7
Manufacturing	20	10	3	-	33	6.9	4,348,459	35,163	4,383,622	16.6
Electricity, Gas, Steam, and Air-Conditioning Supply	1	-	-	-	1	0.2	29,928	1,292	31,220	0.1
Water Supply; Sewerage, Waste Management and Remediation Activities	4	-	-	-	4	0.8	91,541	1,317	92,858	0.4
Construction	14	10	-	-	24	5.0	225,795	27,868	253,663	1.0
Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	198	28	4	-	230	48.0	12,097,326	157,868	12,255,194	46.4
Transportation and Storage	7	1	-	-	8	1.7	1,281,250	21,205	1,302,455	4.9
Accommodation and Food Service Activities	80	15	2	-	97	20.3	4,431,154	16,093	4,447,247	16.8
Information and Communication	6	1	-	-	7	1.5	625,772	8,133	633,905	2.4
Financial and Insurance Activities	3	3	-	1	7	1.5	86,266	28,379	114,645	0.4
Real Estate Activities	-	-	-	-	-	-	385,491	6,509	392,000	1.5
Professional, Scientific and Technical Activities	7	4	-	-	11	2.3	352,936	24,004	376,940	1.4
Administrative and Support Service Activities	11	2	-	-	13	2.7	-	-	-	-
Public Administration and Defense; Compulsary Social Security	-	-	-	-	-	-	-	-	-	-
Education	3	1	2	-	6	1.3	590,423	8,362	598,785	2.3
Human Health and Social Work Activities	2	-	1	-	3	0.6	209,048	3,781	212,829	0.8
Arts, Entertainment, and Recreation	5	1	-	-	6	1.3	-	-	-	-
Other Service Activities	23	5	1	-	29	6.1	1,148,296	6,815	1,155,111	4.4
By province, total	384	81	13	1	479	100.0	26,073,689	348,567	26,422,256	100.0
Aceh	7	-	-	-	7	1.5	422,469	4,412	426,881	1.6
Bali	17	12	3	-	32	6.7	464,787	10,112	474,899	1.8
Banten	11	1	1	-	13	2.7	943,922	20,630	964,552	3.7
Bengkulu	2	-	-	-	2	0.4	195,775	1,859	197,634	0.7
DI Yogyakarta	29	6	1	-	36	7.5	521,011	6,744	527,755	2.0
DKI Jakarta	27	8	-	1	36	7.5	1,151,080	63,340	1,214,420	4.6
Gorontalo	2	-	-	-	2	0.4	156,935	823	157,758	0.6
Jambi	4	-	-	-	4	0.8	310,775	3,462	314,237	1.2
Jawa Barat	64	14	-	-	78	16.3	4,545,874	53,373	4,599,247	17.4
Jawa Tengah	48	5	1	-	54	11.3	4,105,917	33,673	4,139,590	15.7
Jawa Timur	55	5	3	-	63	13.2	4,569,822	48,461	4,618,283	17.5
Kalimantan Barat	8	2	-	-	10	2.1	292,705	4,540	297,245	1.1
Kalimantan Selatan	3	1	-	-	4	0.8	461,762	4,610	466,372	1.8
Kalimantan Tengah	6	-	-	-	6	1.3	231,123	3,016	234,139	0.9
Kalimantan Timur	9	1	-	-	10	2.1	299,910	7,328	307,238	1.2
Kalimantan Utara	-	-	-	-	-	-	51,844	1,008	52,852	0.2
Kep. Bangka Belitung	3	-	-	-	3	0.6	124,721	1,590	126,311	0.5
Kepulauan Riau	4	-	-	-	4	0.8	146,638	6,353	152,991	0.6
Lampung	7	-	1	-	8	1.7	770,632	6,428	777,060	2.9
Maluku	-	-	-	-	-	-	147,698	1,271	148,969	0.6
Maluku Utara	-	-	-	-	-	-	80,219	940	81,159	0.3
Nusa Tenggara Barat	1	2	-	-	3	0.6	580,168	3,807	583,975	2.2
Nusa Tenggara Timur	4	1	-	-	5	1.0	430,312	2,361	432,673	1.6
Papua	4	1	-	-	5	1.0	148,647	2,823	151,470	0.6
Papua Barat	1	1	-	-	2	0.4	71,803	1,441	73,244	0.3
Riau	4	-	-	-	4	0.8	509,252	8,854	518,106	2.0
Sulawesi Barat	-	1	-	-	1	0.2	135,355	669	136,024	0.5
Sulawesi Selatan	8	4	1	-	13	2.7	914,871	10,177	925,048	3.5
Sulawesi Tengah	2	-	-	-	2	0.4	337,905	2,635	340,540	1.3
Sulawesi Tenggara	2	1	-	-	3	0.6	279,421	2,419	281,840	1.1
Sulawesi Utara	16	5	-	-	21	4.4	292,122	3,108	295,230	1.1
Sumatera Barat	11	-	-	-	11	2.3	580,344	6,590	586,934	2.2
Sumatera Selatan	5	2	-	-	7	1.5	644,112	6,550	650,662	2.5
Sumatera Utara	20	8	2	-	30	6.3	1,153,758	13,160	1,166,918	4.4

Note: ADB survey received 49 responses from agriculture, forestry, and fishing; of which 47 were MSMEs. However, this table excluded agriculture to compare between ADB survey data and BPS sampling frame because agriculture is not included in the industry classification of BPS statistics on MSMEs.

Sources: Asian Development Bank rapid MSME survey in Indonesia, 17 April–22 May 2020; Badan Pusat Statistik (BPS). Economic Census 2016. Employment-based classification.

Table 2B: Comparison between ADB Survey and National Statistics Distribution—Lao PDR

Item	ADB Lao PDR MSME Survey on COVID-19 Impact					DERM Enterprise Database (as of 3 June 2020)					Difference between ADB and DERM distribution (%)	
	Micro	Small	Medium	Large	Total	Share (%)	Micro	Small	Medium	Large	Total	Share (%)
By industrial sector, total	206	137	12	7	362	100.0	-	-	-	-	212,290	100.0
A - Agriculture, Forestry, and Fishing	14	12	2	1	29	8.0	-	-	-	-	9,702	4.6
B - Mining and Quarrying	2	-	-	-	2	0.6	-	-	-	-	2,054	1.0
C - Manufacturing	20	27	4	2	53	14.6	-	-	-	-	21,821	10.3
D - Electricity, Gas, Steam, and Air-Conditioning Supply	4	1	-	-	5	1.4	-	-	-	-	-	-
E - Water Supply; Sewerage, Waste Management and Remediation Activities	1	-	-	-	1	0.3	-	-	-	-	-	-
F - Construction	3	10	-	-	13	3.6	-	-	-	-	5,693	2.7
G - Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	80	17	1	1	99	27.3	-	-	-	-	98,525	46.4
H - Transport and Storage	8	8	-	-	16	4.4	-	-	-	-	30,465	14.4
I - Accommodation and Food Service Activities	30	18	1	1	50	13.8	-	-	-	-	15,038	7.1
J - Information and Communication	4	3	-	-	7	1.9	-	-	-	-	3,137	1.5
K - Financial and Insurance Activities	2	9	-	-	11	3.0	-	-	-	-	1,162	0.5
L - Real Estate Activities	1	-	-	-	1	0.3	-	-	-	-	1,394	0.7
M - Professional, Scientific and Technical Activities	4	1	-	-	5	1.4	-	-	-	-	3,009	1.4
N - Administrative and Support Service Activities	20	10	1	-	31	8.6	-	-	-	-	5,039	2.4
O - Public Administration and Defense; Compulsory Social Security	6	18	3	2	29	8.0	-	-	-	-	1,771	0.8
P - Education	4	-	-	-	4	1.1	-	-	-	-	1,031	0.5
Q - Human Health and Social Work Activities	-	1	-	-	1	0.3	-	-	-	-	1,730	0.8
R - Arts, Entertainment, and Recreation	3	2	-	-	5	1.4	-	-	-	-	10,018	4.7
S - Other Service Activities	-	-	-	-	-	-	-	-	-	-	701	0.3
Others												
By province, total	206	137	12	7	362	100.0	-	-	-	-	176,182	100.0
Attapeu	1	-	-	-	1	0.3	-	-	-	-	2,429	1.4
Bokeo	1	1	-	-	2	0.6	-	-	-	-	6,153	3.5
Bolikhamxay/Bolikhamxay	5	4	-	-	9	2.5	-	-	-	-	7,164	4.1
Champasak (Champasack)	9	4	1	3	17	4.7	-	-	-	-	14,419	8.2
Hua Phan	8	2	-	-	10	2.8	-	-	-	-	5,858	3.3
Khammouane	5	9	-	-	14	3.9	-	-	-	-	6,203	3.5
Luang Namtha	3	1	-	-	4	1.1	-	-	-	-	3,881	2.2
Luang Prabang	16	14	1	-	31	8.6	-	-	-	-	16,180	9.2
Oudomxay	1	1	-	-	2	0.6	-	-	-	-	5,815	3.3
Phongsali (Phongsaly)	25	6	1	-	32	8.8	-	-	-	-	2,571	1.5
Sayabouly (Xayabury)	2	6	1	-	9	2.5	-	-	-	-	11,102	6.3
Salavan (Saravane)	5	1	-	-	6	1.7	-	-	-	-	5,273	3.0
Savannakhet	3	6	-	-	9	2.5	-	-	-	-	9,387	5.3
Sekong	3	2	-	-	5	1.4	-	-	-	-	1,626	0.9
Vientiane Prefecture	89	67	7	4	167	46.1	-	-	-	-	53,173	30.2
Vientiane Province	11	6	1	-	18	5.0	-	-	-	-	14,133	8.0
Xiang Khouang (Xiengkhuang)	16	6	-	-	22	6.1	-	-	-	-	8,866	5.0
Xaisomboun (Xaysomboun)	3	1	-	-	4	1.1	-	-	-	-	1,949	1.1

Sources: Asian Development Bank rapid MSME survey in the Lao PDR, 23 April–22 May 2020; Department of Enterprise Registration and Management (DERM), Ministry of Industry of Commerce. Enterprise database as of 3 June 2020. Employment-based classification.

Table 2C: Comparison between ADB Survey and National Statistics Distribution—Philippines

Item	ADB Philippines MSME Survey on COVID-19 Impact					PSA List of Establishments, 2018					Difference between ADB and PSA distribution (%)	
	Micro	Small	Medium	Large	Total	Share (%)	Micro	Small	Medium	Large	Total	Share (%)
By industrial sector, total	1,461	318	25	16	1,820	100.0	887,272	106,175	4,895	4,769	1,003,111	100.0
A - Agriculture, Forestry, and Fishing	79	18	2	2	101	5.5	5,837	2,512	157	173	8,679	0.9
B - Mining and Quarrying	-	-	-	-	-	-	492	302	21	35	850	0.1
C - Manufacturing	458	111	6	2	577	31.7	103,590	11,678	1,067	1,133	117,468	11.7
D - Electricity, Gas, Steam, and Air-Conditioning Supply	11	1	1	-	13	0.7	478	633	98	89	1,298	0.1
E - Water Supply; Sewerage, Waste Management and Remediation Activities	-	-	-	-	-	-	677	711	49	29	1,466	0.1
F - Construction	36	15	3	2	56	3.1	2,304	1,715	226	262	4,507	0.4
G - Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	393	55	1	4	453	24.9	427,101	33,577	1,087	584	462,349	46.1
H - Transport and Storage	21	6	-	-	27	1.5	7,264	3,511	231	194	11,200	1.1
I - Accommodation and Food Service Activities	208	41	4	2	255	14.0	125,396	18,802	337	105	144,640	14.4
J - Information and Communication	29	13	1	1	44	2.4	27,421	1,973	153	140	29,687	3.0
K - Financial and Insurance Activities	6	12	1	-	19	1.0	37,813	8,053	167	183	46,216	4.6
L - Real Estate Activities	11	2	-	-	13	0.7	9,478	1,975	79	63	11,595	1.2
M - Professional, Scientific and Technical Activities	34	9	1	1	45	2.5	13,617	2,164	104	89	15,974	1.6
N - Administrative and Support Service Activities	63	15	1	2	81	4.5	14,073	3,022	474	1,144	18,713	1.9
O - Public Administration and Defense; Compulsory Social Security	-	-	-	-	-	-	-	-	-	-	-	-
P - Education	8	6	3	-	17	0.9	9,105	8,312	391	271	18,079	1.8
Q - Human Health and Social Work Activities	7	1	-	-	8	0.4	26,076	2,325	200	223	28,824	2.9
R - Arts, Entertainment, and Recreation	-	-	-	-	-	-	13,755	1,563	34	41	15,393	1.5
S - Other Service Activities	97	13	1	-	111	6.1	62,795	3,347	20	11	66,173	6.6
By region, total	1,461	318	25	16	1,820	100.0	887,272	106,175	4,895	4,769	1,003,111	100.0
National Capital Region (NCR)	210	63	5	5	283	15.5	166,921	34,523	1,868	1,938	205,250	20.5
Cordillera Administrative Region (CAR)	11	5	-	1	17	0.9	18,783	1,587	47	49	20,466	2.0
Region I (Ilocos Region)	144	21	1	-	166	9.1	46,708	3,977	122	70	50,877	5.1
Region II (Cagayan Valley)	58	10	-	-	68	3.7	28,547	2,119	52	35	30,753	3.1
Region III (Central Luzon)	128	25	1	2	156	8.6	104,875	10,754	444	385	116,458	11.6
Region IV-A (CALABARZON)	394	57	3	2	456	25.1	133,640	13,778	778	811	149,007	14.9
MIMAROPA Region	41	11	-	-	52	2.9	21,948	1,914	57	33	23,952	2.4
Region V (Bicol Region)	103	16	4	-	123	6.8	37,111	3,215	118	70	40,514	4.0
Region VI (Western Visayas)	33	12	3	-	48	2.6	55,482	5,894	214	193	61,783	6.2
Region VII (Central Visayas)	88	41	4	1	134	7.4	61,176	8,775	444	537	70,932	7.1
Region VIII (Eastern Visayas)	26	3	1	-	30	1.6	28,324	2,355	70	40	30,789	3.1
Region IX (Zamboanga Peninsula)	25	3	1	2	31	1.7	30,888	2,216	73	67	33,244	3.3
Region X (Northern Mindanao)	133	34	1	-	168	9.2	33,040	4,079	155	138	37,412	3.7
Region XI (Davao Region)	21	8	1	1	31	1.7	52,449	5,758	252	226	58,685	5.9
Region XII (SOCCSKSARGEN)	23	6	-	2	31	1.7	41,581	3,121	120	118	44,940	4.5
Region XIII (Caraga)	22	3	-	-	25	1.4	18,069	1,687	67	50	19,873	2.0
Autonomous Region in Muslim Mindanao (ARMM)	1	-	-	-	1	0.1	7,730	423	14	9	8,176	0.8

Sources: Asian Development Bank rapid MSME survey in the Philippines, 30 March–16 April 2020; Philippine Statistics Authority (PSA). List of Establishments 2018. Employment-based classification.

Table 2D: Comparison between ADB Survey and National Statistics Distribution—Thailand

ADB Thailand MSME Survey on COVID-19 Impact																					NSO 2017 Industrial Census Listing					Difference between ADB and NSO distribution (%)	
Item	Employment Grouping										Share (%)	Employment Grouping										Total	Share (%)				
	1-5 people	6-30 people	31-50 people	51-100 people	101-200 people	201 people and above	Total		1-5 people	6-30 people		31-50 people	51-100 people	101-200 people	201 people and above												
By industrial sector, total	696	361	64	26	18	15	1,180	100.0							2,243,638	216,179	13,712	9,620	5,501	4,396	2,493,046	100.0	2.5				
A - Agriculture, Forestry, and Fishing	25	4	1	-	-	-	30	2.5							-	-	-	-	-	-	-	-	-				
B - Mining and Quarrying																							-				
C - Manufacturing	127	115	19	11	7	10	289	24.5							373,095	50,730	5,346	4,500	3,108	3,049	439,828	17.6	6.8				
D - Electricity, Gas, Steam, and Air-Conditioning Supply	8	3	1	-	-	-	12	1.0							-	-	-	-	-	-	-	-	1.0				
E - Water Supply; Sewerage, Waste Management and Remediation Activities	1	1	-	-	-	-	2	0.2							1,446	710	106	70	21	6	2,359	0.1	0.1				
F - Construction	16	24	5	2	1	2	50	4.2							30,508	14,403	693	414	161	80	46,259	1.9	2.4				
G - Wholesale and Retail Trade; Repair of Motor Vehicles and Motorcycles	301	90	18	7	9	1	426	36.1							1,043,453	82,089	3,839	2,367	1,086	469	1,133,303	45.5	(9.4)				
H - Transport and Storage	12	10	4	-	-	1	27	2.3							42,464	4,398	446	304	136	94	47,842	1.9	0.4				
I - Accommodation and Food Service Activities	49	20	3	3	1	-	76	6.4							311,789	34,897	1,748	953	404	210	350,001	14.0	(7.6)				
J - Information and Communication	31	20	3	1	-	-	55	4.7							10,019	2,139	195	138	65	33	12,589	0.5	4.2				
K - Financial and Insurance Activities	2	3	2	-	-	-	7	0.6							-	-	-	-	-	-	-	-	0.6				
L - Real Estate Activities																											
M - Professional, Scientific and Technical Activities	34	18	2	1	-	-	55	4.7							115,524	6,495	285	152	85	51	122,592	4.9	(4.9)				
N - Administrative and Support Service Activities	59	32	4	-	-	-	95	8.1							18,426	4,932	281	156	82	39	23,916	1.0	3.7				
O - Public Administration and Defense; Compulsory Social Security															33,727	5,435	377	355	218	183	40,295	1.6	6.4				
P - Education	5	4	1	-	-	-	10	0.8							-	-	-	-	-	-	-	-	-				
Q - Human Health and Social Work Activities	18	13	1	-	-	1	33	2.8							1	34	28	38	63	139	303	0.0	2.8				
R - Arts, Entertainment, and Recreation	3	-	-	-	-	-	3	0.3							24,960	3,981	212	106	58	37	29,354	1.2	(0.9)				
S - Other Service Activities	5	4	-	1	-	-	10	0.8							238,226	5,936	156	67	14	6	244,405	9.8	(9.0)				
By region, total	696	361	64	26	18	15	1,180	100.0							2,243,638	216,179	13,712	9,620	5,501	4,396	2,493,046	100.0					
Amnat Charoen	3	-	1	-	-	-	4	0.3							10,825	684	40	16	2	1	11,568	0.5	(0.1)				
Ang Thong	3	-	-	-	-	-	3	0.3							8,875	836	51	22	13	2	9,799	0.4	(0.1)				
Bangkok	145	96	19	3	7	6	276	23.4							287,726	60,663	4,319	2,777	1,427	935	357,847	14.4	9.0				

Item	ADB Thailand MSME Survey on COVID-19 Impact							NSO 2017 Industrial Census Listing							Difference between ADB and NSO distribution (%)	
	Employment Grouping							Employment Grouping								
	1-5 people	6-30 people	31-50 people	51-100 people	101-200 people	201 people and above	Total	Share (%)	1-5 people	6-30 people	31-50 people	51-100 people	101-200 people	201 people and above	Total	Share (%)
Buang Kan	2	-	-	-	-	-	2	0.2	8,390	408	19	11	5	3	8,836	0.4
Buriram	7	2	1	-	-	-	10	0.8	39,497	1,682	85	67	27	7	41,365	1.7
Chachoengsao	4	2	1	-	-	1	8	0.7	18,113	2,908	221	291	208	210	21,951	0.9
Chai Nat	3	1	-	-	-	-	4	0.3	13,170	960	39	19	8	10	14,206	0.6
Chaiyaphum	2	1	-	-	-	1	4	0.3	27,673	1,400	60	33	12	9	29,187	1.2
Chanthaburi	6	-	1	-	-	1	8	0.7	14,832	1,169	58	31	11	5	16,106	0.6
Chiang Mai	45	22	2	-	-	1	70	5.9	74,419	7,887	360	201	97	59	83,023	3.3
Chiang Rai	15	11	-	-	-	-	26	2.2	48,379	4,006	147	67	21	5	52,625	2.1
Chonburi	22	12	1	1	-	-	36	3.1	55,493	8,550	525	487	318	433	65,806	2.6
Chumphon	3	2	-	-	-	-	5	0.4	18,097	1,299	54	43	21	17	19,531	0.8
Kalasin	7	2	-	-	-	-	9	0.8	38,010	1,777	74	42	15	7	39,925	1.6
Kamphaeng Phet	6	1	-	-	-	-	7	0.6	18,480	969	52	21	18	8	19,548	0.8
Kanchanaburi	5	2	-	-	-	-	7	0.6	26,351	1,686	91	73	26	18	28,245	1.1
Khon Kaen	11	8	-	1	-	-	20	1.7	57,381	3,141	131	79	21	28	60,781	2.4
Krabi	8	4	-	-	1	-	13	1.1	18,479	1,920	104	70	50	10	20,633	0.8
Lampang	10	4	1	-	-	-	15	1.3	27,720	2,027	102	48	26	20	29,943	1.2
Lamphun	5	4	-	-	-	-	9	0.8	20,132	1,256	52	44	31	54	21,569	0.9
Loei	6	-	-	-	-	-	6	0.5	13,076	822	32	6	3	2	13,941	0.6
Lopburi	4	1	-	-	-	-	5	0.4	22,330	1,719	85	60	29	26	24,249	1.0
Mae Hong Son	5	-	-	-	-	-	5	0.4	6,160	365	6	1	-	-	6,532	0.3
Maha Sarakhm	3	-	-	-	-	-	3	0.3	38,558	2,005	89	35	13	6	40,706	1.6
Mukdahan	3	1	-	-	-	-	4	0.3	13,529	695	32	13	8	5	14,282	0.6
Nakhon Nayok							-	-	7,154	522	20	17	9	12	7,734	0.3
Nakhon Pathom	8	3	2	1	-	-	14	1.2	26,693	3,699	441	346	222	132	31,533	1.3
Nakhon Phanom	1	2	2	1	-	-	6	0.5	20,353	819	45	18	9	4	21,248	0.9
Nakhon Ratchasima	18	6	2	1	1	-	28	2.4	63,299	4,378	273	171	73	107	68,301	2.7
Nakhon Sawan	10	1	-	1	-	-	12	1.0	29,287	1,959	85	70	24	15	31,440	1.3
Nakhon Si Thammarat	9	3	-	-	-	-	12	1.0	44,730	2,610	106	83	35	27	47,591	1.9
Nan	5	5	-	-	-	-	10	0.8	26,868	1,111	29	23	2	3	28,036	1.1
Narathiwat	3	3	-	-	-	-	6	0.5	20,569	808	27	18	7	2	21,431	0.9
Nong Bua Lamphu	2	1	-	-	-	-	3	0.3	14,084	595	20	22	8	2	14,731	0.6
Nong Khai	3	1	-	1	-	-	5	0.4	12,709	894	43	30	8	2	13,686	0.5
Nonthaburi	44	17	5	3	-	-	69	5.8	32,022	6,758	415	273	142	71	39,681	1.6
Pathum Thani	20	17	4	1	-	1	43	3.6	38,136	5,278	458	333	197	191	44,593	1.8
Pattani	8	4	-	-	-	-	12	1.0	15,562	843	32	20	10	7	16,474	0.7
Phang Nga	11	-	1	-	-	-	12	1.0	10,225	734	45	27	13	4	11,048	0.4
Phatthalung	6	2	-	-	-	-	8	0.7	25,109	1,227	33	13	7	1	26,390	1.1

Item	ADB Thailand MSME Survey on COVID-19 Impact							NSO 2017 Industrial Census Listing							Difference between ADB and NSO distribution (%)	
	Employment Grouping							Employment Grouping								
	1-5 people	6-30 people	31-50 people	51-100 people	101-200 people	201 people and above	Total	Share (%)	1-5 people	6-30 people	31-50 people	51-100 people	101-200 people	201 people and above	Total	Share (%)
Phayao	5	1	-	1	-	-	7	0.6	19,696	1,122	44	24	5	-	20,891	0.8
Phetchabun	4	-	-	-	-	-	4	0.3	25,462	1,616	60	23	18	10	27,189	1.1
Phetchaburi	5	5	1	-	-	-	11	0.9	17,169	1,552	64	54	22	23	18,884	0.8
Phichit	1	4	-	-	-	-	5	0.4	18,880	854	31	13	3	4	19,785	0.8
Phitsanulok	7	4	2	-	-	-	13	1.1	25,074	1,909	84	59	26	12	27,164	1.1
Phra Nakhon Si Ayutthaya	6	7	2	1	1	-	17	1.4	31,810	2,826	200	215	202	225	35,478	1.4
Phrae	10	1	-	-	-	-	11	0.9	38,555	1,386	28	12	9	2	39,992	1.6
Phuket	13	15	2	-	-	-	30	2.5	20,249	4,502	306	222	138	86	25,503	1.0
Prachinburi	4	3	1	-	-	-	8	0.7	17,777	957	75	62	59	103	19,033	0.8
Prachuap Khiri Khan	5	2	-	-	-	-	7	0.6	21,710	2,109	94	62	23	30	24,028	1.0
Ranong	1	-	-	-	-	-	1	0.1	7,879	806	45	20	13	14	8,777	0.4
Ratchaburi	8	8	-	1	2	-	19	1.6	26,293	2,614	162	139	68	68	29,344	1.2
Rayong	12	7	4	1	2	-	26	2.2	24,950	2,840	229	206	219	253	28,697	1.2
Roi Et	10	2	-	-	-	-	12	1.0	44,265	2,716	125	61	18	11	47,196	1.9
Sa Kaeo	2	1	-	-	-	-	3	0.3	20,941	1,009	37	9	13	6	22,015	0.9
Sakon Nakhon	-	1	-	-	1	-	2	0.2	27,286	983	46	33	7	4	28,359	1.1
Samut Prakan	17	15	1	3	-	2	38	3.2	44,677	6,973	949	788	549	446	54,382	2.2
Samut Sakhon	4	4	1	3	-	2	14	1.2	21,629	4,269	609	563	393	223	27,686	1.1
Samut Songkhram	3	1	-	-	-	-	4	0.3	5,439	766	40	30	13	10	6,298	0.3
Saraburi	2	5	2	-	-	-	9	0.8	17,802	1,811	158	116	76	131	20,094	0.8
Satun	3	-	-	-	-	-	3	0.3	11,407	700	21	19	6	3	12,156	0.5
Sing Buri	3	-	1	-	1	-	5	0.4	8,514	675	49	26	7	12	9,283	0.4
Sisaket	4	1	-	-	-	-	5	0.4	47,233	2,498	83	32	15	-	49,861	2.0
Songkhla	15	6	1	-	-	-	22	1.9	45,804	3,608	228	148	119	97	50,004	2.0
Sukhothai	5	3	-	-	-	-	8	0.7	18,124	1,125	52	23	9	4	19,337	0.8
Suphan Buri	2	1	1	-	-	-	4	0.3	21,058	1,724	75	55	19	16	22,947	0.9
Surat Thani	13	4	-	-	1	-	18	1.5	46,677	4,124	202	155	80	35	51,273	2.1
Surin	6	1	-	1	-	-	8	0.7	65,608	2,422	105	48	15	8	68,206	2.7
Tak	10	2	-	1	-	-	13	1.1	15,078	1,406	74	52	38	19	16,667	0.7
Trang	3	6	-	-	-	-	9	0.8	29,111	1,642	71	52	29	25	30,930	1.2
Trat	3	2	-	-	-	-	5	0.4	7,100	643	43	27	12	6	7,831	0.3
Ubon Ratchathani	4	5	1	-	-	-	10	0.8	49,910	2,846	126	82	23	19	53,006	2.1
Udon Thani	10	-	1	-	1	-	12	1.0	36,060	2,561	122	91	45	20	38,899	1.6
Uthai Thani	3	1	-	-	-	-	4	0.3	10,149	634	26	17	4	1	10,831	0.4
Uttaradit	3	1	-	-	-	-	4	0.3	11,744	836	38	20	7	4	12,649	0.5
Yala	8	1	-	-	-	-	9	0.8	11,102	723	35	19	14	2	11,895	0.5
Yasothon	1	-	-	-	-	-	1	0.1	18,921	1,323	76	22	9	4	20,355	0.8

Sources: Asian Development Bank rapid MSME survey in Thailand, 23 April–22 May 2020; National Statistical Office in Thailand, 2017 Industrial Census. Employment-based classification.

Company Profile

The majority of firms surveyed were microenterprises, followed by small and medium-sized firms. Among 3,831 MSME respondents, 525 were from Indonesia, of which 79.8% were microenterprises, followed by small (17.1%) and medium-sized (3.0%) firms; 355 from the Lao PDR, with 58.0% microenterprises, 38.6% small, and 3.4% medium-sized; 1,804 from the Philippines, with 81.0% microenterprises, 17.6% small, and 1.4% medium-sized; and 1,147 from Thailand, with 60.7% microenterprises, 33.7% small, and 5.7% medium-sized (Appendix 1.1).

Around half or more firms surveyed were relatively young enterprises—operating for up to 5 years (Appendix 1.2). In Indonesia, 49.9% of MSMEs surveyed were young start-ups operating for 0–5 years, followed by firms operating 6–10 years (29.1%), firms operating 11–15 years (12.2%), firms operating 16–30 years (6.9%), and firms operating 31 years or more (1.9%). In the Lao PDR, 43.4% of MSMEs were firms operating 0–5 years, followed by those operating 6–10 years (29.9%), 11–15 years (13.0%), 16–30 years (11.8%), and over 31 years (2.0%). In the Philippines, 59.6% were firms operating 0–5 years, followed by those operating 6–10 years (18.8%), 11–15 years (8.5%), 16–30 years (9.6%), and over 31 years (3.4%). In Thailand, 45.8% were firms operating 0–5 years, followed by those operating 6–10 years (22.3%), 11–15 years (16.4%), 16–30 years (13.1%), and over 31 years (2.4%).

Around half of the MSMEs surveyed reported that women comprised 30% or less of the firm’s workforce (Appendix 1.3). In Indonesia, 63.6% of MSMEs had 0%–10% female employees. In the Lao PDR, 48.5% had up to 30% female employees. In the Philippines, 58.1% had up to 30% female employees. And in Thailand, 44.6% had 30% or less women in their workforce.

Most MSMEs surveyed belonged to the services sector (80.2% of MSMEs in Indonesia, 74.1% in the Lao PDR, 59.6% in the Philippines, and 69.6% in Thailand), followed by manufacturing (10.9% in Indonesia, 18.0% in the Lao PDR, 34.9% in the Philippines, and 27.8% in Thailand) and agriculture (9.0% in Indonesia, 7.9% in the Lao PDR, 5.5% in the Philippines, and 2.6% in Thailand). More specifically, Indonesian MSMEs engaged in wholesale and retail trade held the largest share of respondents (43.8%), followed by accommodation and food services (which includes tourism) (18.5%), agriculture/forestry/fishing (9.0%), manufacturing (6.3%), and other services (5.5%) (Appendix 1.4). In the Lao PDR, MSMEs in wholesale and retail trade also held the largest share (27.6%), followed by manufacturing (14.4%), accommodation and food services (13.8%), administrative services (8.7%), and agriculture/forestry/fishing (7.9%). In the Philippines, MSMEs in manufacturing held the largest share (31.9%), followed by wholesale and retail trade (24.9%), accommodation and food services (14.0%), other services (6.2%), and agriculture/forestry/fishing (5.5%). In Thailand, MSMEs in wholesale and retail trade held the largest share (36.3%), followed by manufacturing (23.7%), administrative services (8.3%), accommodation and food services (6.5%), and information and communication (4.8%).

Geographically, MSMEs surveyed were spread moderately across their respective countries (Figure 1). In Indonesia, 68.8% operated on the capital city and six provinces: West Java (15.4%), East Java (13.5%), Central Java (12.0%), Yogyakarta (7.8%), Bali (6.9%), DKI Jakarta (6.7%), and North Sumatera (6.5%). In the Lao PDR, 74.9% operated

on five provinces including the capital city: Vientiane Prefecture (45.9%), Phongsali (9.0%), Luang Prabang (8.7%), Xieng Khouang (6.2%), and Vientiane Province (5.1%). In the Philippines, 81.8% of MSMEs surveyed operated in the capital city and six provinces: CALABARZON (Region IV-A, 25.2%); National Capital Region (NCR, 15.4%); Northern Mindanao (Region X, 9.3%); Ilocos Region (Region I, 9.2%); Central Luzon (Region III, 8.5%); Central Visayas (Region VII, 7.4%); and Bicol Region (Region V, 6.8%). In Thailand, 44.9% of those surveyed operated in the capital city and five provinces: Bangkok (22.9%), Chiang Mai (6.0%), Nonthaburi (6.0%), Pathum Thani (3.7%), Samut Prakan (3.1%), and Chonburi (3.1%).

Figure 1: Regional Response Counts

By firm ownership (or lead manager), 29.7% of MSMEs surveyed were women-led in Indonesia, 45.9% in the Lao PDR, 56.1% in the Philippines, and 43.8% in Thailand (Appendix 1.5). Women-led MSMEs were mostly microenterprises, including young start-ups. They operated across many industrial sectors, but more in services in Indonesia and the Lao PDR, manufacturing in the Philippines, and agribusiness in Thailand.

As for international trade, only a small portion of MSMEs surveyed were exposed to global markets; 5.5% of Indonesia's MSMEs reported involvement in global supply chains as subcontractors (material/input supplier), lead firms, or consulting and engineering service providers, with 16.6% for the Lao PDR, 9.8% for the Philippines, and 29.6% for Thailand (Appendix 1.6). Internationalized MSMEs were more medium-sized and in manufacturing (except the Lao PDR; small firms and agribusiness). Those exporters sent most of their goods and services to neighboring Asian countries—Japan, the PRC, and the Republic of Korea. Most MSMEs, especially microenterprises, concentrated on domestic markets in relatively stable businesses such as wholesale and retail trade.

The COVID-19 Impact on MSMEs

This section discusses key findings from the rapid MSME surveys in six areas: (i) business environment, (ii) sales and revenue, (iii) employment, (iv) wage payments, (v) financial condition, and (vi) funding. These were subcategorized by (a) overall MSMEs, (b) by firm size, (c) by industrial sector, (d) women-led MSMEs, and (e) internationalized MSMEs.

1. Business Environment

a. Overall MSMEs

While initial government responses to COVID-19 were clearly in the right direction—given the emergency needs of containing the virus spread—the survey findings indicate just how the pandemic and associated quarantine measures instantly affected MSME business operations. The majority of MSMEs in the Philippines (70.6% of MSMEs surveyed) and the Lao PDR (61.1%), and nearly half in Indonesia (48.6%) and Thailand (41.1%), suspended operations 1 month after the virus outbreak and national quarantine measures imposed (Figure 2). The remaining half (or less) continued to operate, but faced supply disruptions given low demand. Domestic demand for MSME products fell for 40% of MSMEs surveyed in Thailand and the Lao PDR, 30% in the Philippines and Indonesia. Supply disruptions were cited in more than 30% of MSMEs in Thailand and the Philippines, and less than 20% in Indonesia and the Lao PDR.

Figure 2: Business Conditions during the Pandemic—Total MSMEs

INO = Indonesia; LAO = Lao People's Democratic Republic; MSME = micro, small, and medium-sized enterprise; PHI = Philippines; THA = Thailand,

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

Source: Asian Development Bank.

b. By Firm Size

The COVID-19 impact by firm size was mixed. In Indonesia, around half (48.6%) of MSMEs temporarily closed their business shortly after the virus outbreak, more pronounced in microenterprises (48.0%) and small firms (54.4%) (Figure 3A). The remaining half continued to operate, but faced supply disruptions with low demand, quickly slowing business activity, especially in medium-sized firms. An immediate drop in demand was reported by 43.8% of medium-sized firms, 37.5% experienced delays in delivery of their products and services, production or supply chain disruptions, and contract cancellations. Less than 3% reported no change in business environment after the COVID-19 outbreak. Some groups of MSMEs reported a better business environment than before the outbreak, mostly due to heightened demand on essential daily goods and services—including food and health care products, especially for microenterprises (14.6%) and medium-sized (12.5%) firms.

In the Lao PDR, more than 60% of MSMEs temporarily closed their business after the COVID-19 outbreak, more pronounced in microenterprises (66.5%) and medium-sized firms (66.7%) (Figure 3B). The remaining 40% continued to operate, but faced a drop in domestic demand, especially microenterprises (44.2%). While a relatively larger share of medium-sized firms had production disrupted (16.7%) and contracts canceled (25.0%), 16.7% reported no change in the business environment after the virus outbreak.

Among the countries surveyed, Philippine MSMEs faced the most serious impact from the pandemic and associated quarantine measures—including strict lockdowns beginning 16 March. Seventy percent of MSMEs temporarily closed business regardless of firm size; 70.8% of microenterprises, 68.9% of small firms, and 76.0% of medium-sized firms (Figure 3C). The remaining 30% continued to operate, but faced a drop in domestic demand, especially small firms (43.4%). Near half of small and medium-sized firms faced delayed delivery of products and services (45.6% of small firms and 48.0% of medium-sized firms) and disruption of production or supply chains (45.0% and 40.0%). Only 4% or less reported no change in business environment. Meanwhile, similar to Indonesia, some groups of MSMEs reported a better business environment than before COVID-19, due to increased demand from households and corporations for essential goods and services and health care, especially in microenterprises (17.1%) and small firms (16.7%).

The impact on Thailand's MSMEs was relatively smaller in the first 2 months after the virus outbreak. Around 40% of its MSMEs temporarily closed business, more pronounced in microenterprises (43.2%) (Figure 3D). The remaining 60% continued to operate, but half saw a drop in domestic demand, especially small and medium-sized firms (49.2% for both). The business operations of small firms were more affected than microenterprises or medium-sized firms: delayed delivery of products and services affected 31.9% of small firms; disruption of production or supply chains (43.5%); and contract cancellations (22.8%).

Figure 3: Business Conditions during the Pandemic—By Firm Size

Notes: 525 valid samples in Indonesia, 355 in the Lao People's Democratic Republic (Lao PDR), 1,804 in the Philippines, and 1,147 in Thailand. Calculated based on data from the rapid MSME surveys in Indonesia, the Lao PDR, the Philippines, and Thailand, April–May 2020. Source: Asian Development Bank.

c. By Industrial Sector

The pandemic's impact by industry was also mixed in the countries surveyed. In Indonesia, MSMEs across all sectors were badly affected soon after the virus outbreak and temporarily closed. But it was more pronounced for those in manufacturing (50.9%) and services (48.9%) (Figure 4A). Nearly half of those in manufacturing and agriculture that continued to operate saw a drop in domestic demand (45.6% and 42.6% respectively), with around 40% of MSME manufacturers having supply disruptions (40.4%) and contract cancellations (38.6%). Some MSMEs in services (13.8%) and agriculture (12.8%) reported a better business environment after the outbreak due to higher demand for essential goods and services (including food delivery).

In the Lao PDR, a larger number of MSMEs in services (65.4%) and manufacturing (62.5%) were seriously affected by the pandemic and strict lockdown (from the beginning of April) and temporarily closed their business

(Figure 4B). MSMEs in manufacturing (57.8%) saw an immediate drop in domestic demand. Some agriculture MSMEs enjoyed higher demand for food, with 17.9% of them reporting a better business environment during the COVID-19 pandemic.

In the Philippines, the pandemic and strict lockdowns immediately saw temporary business closures in services (71.5%) and manufacturing (71.7%) (Figure 4C). An immediate drop in domestic demand affected 44.4% of MSMEs in agriculture, delayed product delivery was felt by 52.5%, and production disruptions hit 50.5%. Higher demand led to a better business environment for 16% to 19% of services, manufacturing, and agriculture MSMEs.

In Thailand, 44.6% of services MSMEs closed temporarily after the virus struck, followed by manufacturing (33.2%) and agriculture (30.0%) (Figure 4D). A relatively larger number of manufacturing MSMEs that continued to operate saw a drop in domestic demand (44.5%) and supply disruptions (48.9%).

Figure 4: Business Conditions during the Pandemic—By Sector

Notes: 525 valid samples in Indonesia, 355 in the Lao People's Democratic Republic (Lao PDR), 1,804 in the Philippines, and 1,147 in Thailand. Calculated based on data from the rapid MSME surveys in Indonesia, the Lao PDR, the Philippines, and Thailand, April–May 2020. Source: Asian Development Bank.

d. Women-Led MSMEs

By ownership (or lead management), a relatively higher share of women-led MSMEs temporarily closed business after the outbreak in all countries surveyed: 51.9% of women-led MSMEs against 47.2% of men-led MSMEs in Indonesia, 66.9% against 56.3% in the Lao PDR, 71.5% against 69.3% in the Philippines, and 45.4% against 37.7% in Thailand (Figure 5). Other business conditions—drop in demand, delayed product/service delivery, supply disruptions, and contract cancellations—were mostly equal between women- and men-led MSMEs.

Figure 5: Business Conditions during the Pandemic—By Ownership

Notes: 525 valid samples in Indonesia, 355 in the Lao People's Democratic Republic (Lao PDR), 1,804 in the Philippines, and 1,147 in Thailand. Calculated based on data from the rapid MSME surveys in Indonesia, the Lao PDR, the Philippines, and Thailand, April–May 2020. Source: Asian Development Bank.

e. Internationalized MSMEs

Internationalized MSMEs—firms involved in global value chains (GVCs) or export/import business—saw a sharp drop in both domestic and foreign demand, delayed product/service delivery, supply chain disruptions, and contract cancellations; more seriously than MSMEs exclusively serving domestic markets (non-GVC MSMEs) (Figure 6). Temporary closures of internationalized MSMEs (GVC MSMEs) were lower than non-GVC MSMEs in the Lao PDR (52.5% of GVC MSMEs against 62.8% of non-GVC MSMEs) and Thailand (37.4% against 42.6%).

Figure 6: Business Conditions during the Pandemic—Globalized and Domestic MSMEs

Notes: 525 valid samples in Indonesia, 355 in the Lao People's Democratic Republic (Lao PDR), 1,804 in the Philippines, and 1,147 in Thailand. Calculated based on data from the rapid MSME surveys in Indonesia, the Lao PDR, the Philippines, and Thailand, April–May 2020. Source: Asian Development Bank.

2. Sales and Revenue

a. Overall MSMEs

MSME sales and revenue dropped sharply in March and deteriorated further in April, with increased business closures leaving no sales or revenue. Monthly sales volumes fell over 30% for a large number of MSMEs in March in Indonesia (48.4% of MSMEs), Thailand (41.5%), and the Lao PDR (40.6%), with a larger number in April posting no sales (49.3% in April from 36.2% in March in Indonesia, 40.1% from 28.5% in Thailand, and 62.0% from 38.3% in the Lao PDR) due to the rising number of temporary closures (Figure 7A). In the Philippines, however, the majority of MSMEs had no sales in March (58.3%) immediately after strict lockdown measures were imposed.⁷ Monthly MSME income followed the same pattern as monthly sales. Revenue decreased sharply in March, but there were more MSMEs with no revenue in April in Indonesia (48.8% in April from 36.0% in March), Thailand (38.9% from 27.2%), and the Lao PDR (62.8% from 35.5%), caused by temporary business closures—in particular, the Lao PDR had a very sharp increase in nonrevenue MSMEs in April (Figure 7B). The strict lockdown measures from mid-March left the majority of Philippine MSMEs (58.8%) with no March revenue.

Figure 7: Sales and Revenue during the Pandemic—Total MSMEs

These trends largely followed the “stringency index,” prepared by the University of Oxford, to measure national containment policies (Figure 8A). The higher policy stringency—beginning in mid-March in the Philippines and April in the Lao PDR—suggests that it contributed to a higher proportion of zero sales and zero revenue MSMEs in the Philippines in March and Lao PDR in April. These support ADB survey results. Combining the stringency index with Google’s “extent of mobility” measure (Figure 8B), it explains why the more stringent Philippine and Lao PDR policies accelerated the decline in mobility outside the home, which in turn contributed to the lack of MSME sales and revenue.

⁷ In the Philippines, the rapid MSME survey did not include questions in April; instead, the COVID-19 business survey conducted separately from 28 April to 15 May covered data for April–May. The report is available at: <https://www.adb.org/publications/covid-19-impact-philippine-business>

Figure 8: Stringency of Containment Policies**A. COVID-19 Government Response Stringency Index in Countries Surveyed**

ECQ = enhanced community quarantine, INO = Indonesia, LAO = Lao People's Democratic Republic, LD = lockdown, PHI = Philippines, THA = Thailand.

Note: The Government Response Stringency index is a composite measure of nine response indicators including school closures, workplace closures, and travel bans, rescaled to a value from 0 to 100, with 100 being the strictest response

Source: University of Oxford. Our World in Data. <https://ourworldindata.org/grapher/covid-stringency-index>

B. Average Mobility Outside Residence in Countries Surveyed

ECQ = enhanced community quarantine, INO = Indonesia, LAO = Lao People's Democratic Republic, LD = lockdown, PHI = Philippines, THA = Thailand.

Note: The baseline is the median value from the 5-week period 3 January–6 February 2020.

Source: Google. Community Mobility Reports. <https://www.google.com/covid19/mobility/>

b. By Firm Size

Regardless of firm size, all micro, small, and medium-sized firms suffered large losses in sales and revenue once the pandemic struck. However, the COVID-19 impact appeared at different times. In March, when WHO declared COVID-19 a pandemic and countries began quarantines, most MSMEs immediately saw sales and revenue drop more than 30%, and in April, the number showing no sales or revenue sharply increased due to a rapid increase in temporary business closures—more pronounced in small firms in Indonesia, medium-sized firms in the Lao PDR, and microenterprises in Thailand. Strict lockdown or not tangibly affected sales and revenue of MSMEs. In the Philippines—with a strict lockdown in the national capital region from 16 March to 31 May—a larger share of MSMEs had no sales or revenue immediately after the lockdown imposed, with temporary business closures especially for microenterprises and medium-sized firms. In the Lao PDR, which had a complete lockdown during 1–20 April, the increase of MSMEs with no sales or revenue from March to April was highest among countries surveyed.

Microenterprises in Indonesia with no sales increased from 35.6% in March to 48.4% in April (up 12.8 percentage points [pp]); small firms with no sales increased from 42.2% to 55.6% (+13.4pp), the highest share; and medium-sized firms increased from 18.8% to 37.5% (+18.7pp) (Figure 9A). Similarly, microenterprises with no revenue increased from 34.1% in March to 47.7% in April (+13.6pp); small firms increased from 46.7% to 55.6% (+8.9pp), the highest share; and medium-sized firms increased from 25.0% to 37.5% (+12.5pp).

In the Lao PDR, microenterprises with no sales increased from 38.8% in March to 60.7% in April (+21.9pp); small firms increased from 37.2% to 62.8% (+25.6pp); and medium-sized firm increased from 41.7% to 75.0% (+33.3pp), the highest share (Figure 9B). Similarly, microenterprises with no revenue increased from 37.4% in March to 63.1% in April (+25.7pp); small firms increased from 32.8% to 61.3% (+28.5pp); and medium-sized firms increased from 33.3% to 75.0% (+41.7pp), the highest share. Lao PDR MSMEs were seriously affected by the COVID-19 pandemic and strict lockdown; over 60% of MSMEs temporarily closed business, more so in larger firms.

In the Philippines, high proportions of micro and medium-sized firms had no sales and revenue in March, with 61% of microenterprises and 60% of medium-sized firms reporting no sales or revenue due to temporary business closures (Figure 9C). About 45% of small firms reported the same. Philippine MSMEs were also seriously affected by the pandemic and strict lockdown; about 60% of MSMEs temporarily closed their business, higher in micro and medium-sized firms.

In Thailand, microenterprises with no sales increased from 36.4% in March to 46.1% in April (+9.7pp), the highest share; small firms increased from 17.1% to 30.6% (+13.5pp); and medium-sized firms increased from 12.3% to 32.3% (+20.0pp) (Figure 9D). Similarly, microenterprises with no revenue increased from 34.6% in March to 44.7% in April (+10.1pp), the highest share; small firms increased from 16.3% to 29.8% (+13.5pp); and medium-sized firms increased from 12.3% to 30.8% (+18.5pp).

Figure 9: Sales and Revenue during the Pandemic—By Firm Size

A. Indonesia

B. Lao PDR

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Figure 9 continued

continued on next page

Figure 9 continued

c. By Industrial Sector

All industrial sectors (services, manufacturing, and agriculture) suffered huge losses in sales and revenue over the period surveyed. However, like the firm size analysis, the COVID-19 impact on sales and revenue appeared in different sectors at different times. In March, all industries instantly saw a more than 30% decrease in sales and revenue; and in April, those with no sales or revenue sharply increased across industrial sectors due to temporary business closures. These were more pronounced in manufacturing in Indonesia, agriculture in the Lao PDR, and services in Thailand. In the Philippines, with its mid-March strict lockdown, all industries reported no sales or revenue immediately after, with temporary business closures especially in services and manufacturing. The Lao PDR had the highest share among countries surveyed of MSMEs across all industries with no sales or revenue, especially during the April lockdown. A relatively high proportion of agriculture MSMEs saw no sales or revenue from the beginning of the pandemic in Indonesia, the Lao PDR, and Thailand.

In Indonesia, MSMEs in manufacturing had the most significant drop in sales and revenue during March and April. Services MSMEs with no sales increased from 35.4% in March to 48.2% in April (+12.8pp); manufacturing MSMEs increased from 38.6% to 56.1% (+17.5pp), the highest share; and agriculture MSMEs increased from 40.4% to 51.1% (+10.7pp) (Figure 10A). Similarly, services MSMEs with no revenue increased from 35.4% in March to 47.7% in April (+12.3pp); manufacturing MSMEs increased from 35.1% to 52.6% (+17.5pp); and agriculture MSMEs increased from 42.6% to 53.2% (+10.6%), the highest share.

In the Lao PDR, a high proportion of agriculture MSMEs had no sales or revenue from the start of the pandemic in March, although some supplying food saw a boost. Manufacturing MSMEs had the most significant drop in sales during March and April, while the decline in revenue was most significant in services. MSMEs in services with no sales increased from 37.3% in March to 62.0% in April (+24.7pp); manufacturing MSMEs increased from 32.8% to 60.9% (+28.1pp); and agriculture MSMEs increased from 60.7% to 64.3% (+3.6pp), the highest share (Figure 10B). Similarly, services MSMEs with no revenue increased from 33.1% in March to 63.9% in April (+30.8pp), the highest share; manufacturing MSMEs increased from 32.8% to 59.4% (+26.6pp); and agriculture MSMEs decreased slightly from 64.3% to 60.7% (–3.6pp) but still high.

In the Philippines, large proportions of services and manufacturing MSMEs had no sales or revenue in March—59.5% of services MSMEs and 58.5% of manufacturing MSMEs reported no sales or revenue due to temporary closures (Figure 10C), with 44.4% of agriculture MSMEs reporting the same.

In Thailand, less than half of MSMEs had no sales or revenue, though spread across industrial sectors. A high proportion of agriculture MSMEs had no sales or revenue from the beginning of the pandemic in March. Services MSMEs had the most significant drop in sales during March and April, because of temporary closures. Services MSMEs with no sales increased from 31.1% in March to 44.1% in April (+13.0pp); manufacturing MSMEs increased from 20.4% to 29.5% (+9.1pp); and agriculture MSMEs remained the same at 46.7%, but had the highest share (Figure 10D). Similarly, services MSMEs with no revenue increased from 29.9% in March to 42.9% in April (+13.0pp); manufacturing MSMEs increased from 18.5% to 27.9% (+9.4pp); and agriculture MSMEs increased from 46.7% to 50.0% (+3.3pp), the highest share.

Figure 10: Sales and Revenue during the Pandemic—By Sector

A. Indonesia

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Figure 10 continued

continued on next page

Figure 10 continued

d. Women-Led MSMEs

In all countries surveyed, more women-led MSMEs suffered major drops in sales and revenue than men-led MSMEs.

In Indonesia, women-led MSMEs with no sales increased from 39.7% in March to 50.6% in April (+10.9pp), the highest share, while men-led MSMEs increased from 34.7% to 48.8% (+14.1pp) (Figure 11A). Similarly, women-led MSMEs reporting no revenue increased from 36.5% in March to 51.3% in April (+14.8pp), the highest share, while men-led MSMEs increased from 35.8% to 47.7% (+11.9pp).

In the Lao PDR, women-led MSMEs with no sales increased from 39.3% in March to 66.9% in April (+27.6pp), the highest share, while men-led MSMEs increased from 37.5% to 57.8% (+20.3pp) (Figure 11B). Similarly, women-led

MSMEs without revenue increased from 36.2% in March to 66.3% in April (+30.1pp), the highest share, while men-led MSMEs increased from 34.9% to 59.9% (+25.0pp).

In the Philippines, over 59% of women- and men-led MSMEs reported no sales or revenue in March due to temporary business closures (Figure 11C).

In Thailand, women-led MSMEs with no sales increased from 31.3% in March to 44.0% in April (+12.7pp), the highest share, while men-led MSMEs increased from 26.4% to 37.1% (+10.7pp) (Figure 11D). Similarly, women-led MSMEs reporting no revenue increased from 29.5% in March to 43.2% in April (+13.7pp), the highest share, while men-led MSMEs increased from 25.4% to 35.5% (+10.1pp).

Figure 11: Sales and Revenue during the Pandemic—By Ownership

A. Indonesia

B. Lao PDR

continued on next page

Figure 11 continued

e. Internationalized MSMEs

In Indonesia and the Lao PDR, a higher proportion of internationalized MSMEs suffered major losses in sales and revenue than non-GVC MSMEs from the start of the pandemic. They were more seriously affected by a sharp drop in domestic and foreign demand, delayed product/service delivery, supply chain disruptions, and contract cancellations immediately after the virus outbreak and quarantine measures implemented.

In Indonesia, 48.3% of GVC MSMEs had no sales in both March and April, while non-GVC MSMEs increased from 35.5% to 49.4% (+13.9pp) (Figure 12A). GVC MSMEs with no revenue increased from 48.3% in March to 51.7% in April (+3.4pp), the highest share, while non-GVC MSMEs increased from 35.3% to 48.6% (+13.3pp).

In the Lao PDR, GVC MSMEs without sales increased from 50.9% in March to 64.4% in April (+13.5pp), the highest share, while non-GVC MSMEs increased from 35.8% to 61.5% (+25.7pp) (Figure 12B). Similarly, GVC MSMEs reporting no revenue increased from 42.4% in March to 62.7% in April (+20.3pp), while non-GVC MSMEs increased from 34.1% to 62.8% (+28.7pp).

In the Philippines, a similar percentage of GVC and non-GVC MSMEs reported no sales in March (55.9% and 58.6%, respectively), with an equal percentage (58.8%) reporting no revenue (Figure 12C).

In Thailand, the expected impact on internationalized MSMEs was reversed: GVC MSMEs had relatively less damage than non-GVC MSMEs in both sales and revenue. Specifically, GVC MSMEs with no sales increased from 20.9% in March to 32.9% in April (+12.0pp), while non-GVC MSMEs increased from 31.7% to 43.1% (+11.4pp) (Figure 12D). Similarly, GVC MSMEs with no revenue increased from 20.0% in March to 30.9% in April (+10.9pp), while non-GVC MSMEs increased from 30.2% to 42.3% (+12.1pp).

Figure 12: Sales and Revenue during the Pandemic—Globalized and Domestic MSMEs

A. Indonesia

B. Lao PDR

continued on next page

Figure 12 continued

3. Employment

a. Overall MSMEs

In the Philippines, Thailand, and the Lao PDR, around 60% of MSMEs surveyed said there was no change in employment after the COVID-19 outbreak, with the remaining 40% reducing their workforce (Figure 13A). By contrast, some 60% of MSMEs reduced staff during March and April in Indonesia, suggesting more MSME workers lost their jobs during the first 2 months after the virus outbreak. The survey findings show that the temporary cut in staffing was widespread, and that reduced working hours was the second choice of response (Figure 13B). Also, the surveys found “work-from-home” (WFH) arrangements were not viable for MSMEs (13%–21% of MSMEs surveyed), despite all countries trying to promote it.

Figure 13: Employment during the Pandemic—Total MSMEs

INO = Indonesia; LAO = Lao People's Democratic Republic; MSME = micro, small, and medium-sized enterprise; PHI = Philippines; THA = Thailand.

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

Source: Asian Development Bank.

b. By Firm Size

In the initial 2 months of the COVID-19 outbreak, employment conditions overall were unchanged in more than half of the MSMEs surveyed, implying they could at least initially afford to keep workers on. However, they began reducing their workforce from mid-March—when it was formally named a pandemic—and accelerating further in April. Some MSMEs reported increased employment during the pandemic, but it was negligible across all countries surveyed.

In Indonesia, while more than 50% of medium-sized firms reported no change in employment in March and April, more than 60% of microenterprises and small firms reduced employees in the same period as temporary layoffs (Figure 14A). It also appears that jobless MSME workers increased in March and April, especially in microenterprises and small firms.

In the Lao PDR, more than 60% of MSMEs had no change in employment in March, but around half of small firms (42.3%) and medium-sized firms (50.0%) reduced employees in April, increasing from 36.5% and 16.7% in March, respectively (Figure 14B). Temporary layoffs surged in April due to the lockdown, especially in small and medium-sized firms.

In the Philippines, more than half of MSMEs surveyed reported no change in employment in March, while around 40% reduced employees with a slightly higher share in small firms (45.3%) (Figure 14C).

Similarly, in Thailand, around 60% of MSMEs had no change in employment in March and April, but around 40% reduced employees with a slightly higher share in medium-sized firms (43.1% in April) (Figure 14D).

Figure 14: Employment during the Pandemic—By Firm Size

A. Indonesia

B. Lao PDR

continued on next page

Figure 14 continued

Work arrangements during the crisis differ by firm size. In general, temporary layoffs were most common. When data are broken down, more microenterprises and small firms cut staff, while medium-sized firms maintained employment levels by encouraging WFH and by adjusting working hours. Most microenterprises could not use WFH arrangements.

In Indonesia, more than half of microenterprises (51.1%) and small firms (56.7%) used layoffs during the pandemic (Figure 15A). More than 30% of medium-sized firms encouraged WFH or teleworking and reduced employee working hours. Around 20%–30% of MSMEs reported specific changes in working environment—such as producing at home (not teleworking), or working normally but prioritizing safety by wearing masks and practicing hygiene, among others.

In the Lao PDR, more than 50% of MSMEs used layoffs during the pandemic (54.4% of microenterprises, 52.6% of small firms, and 50.0% of medium-sized firms) (Figure 15B). Around 25% or more MSMEs reduced employee working hours, more in small firms (28.5%). WFH was used more by medium-sized (25.0%) and small firms (21.9%), while 19%–25% of MSMEs reported specific changes in working environment—for example, a no-hire policy or working with increased safeguards.

In the Philippines, temporary layoffs were commonly used by all MSMEs immediately after the COVID-19 pandemic began with strict lockdown measures in mid-March (67.2% of microenterprises, 61.3% of small firms, and 68.0% of medium-sized firms) (Figure 15C). Around 40% of small firms (38.7%) and medium-sized firms (40.0%) reduced employee working hours, while 36.0% of medium-sized firms arranged WFH for employees. Around 10% of small firms (10.7%) and medium-sized firms (12.0%) encouraged employees to take sick leaves, but this option was not used much among other countries surveyed. Less than 2% of MSMEs reported specific changes in working environment such as transferring employees to other businesses, no layoff policies due to humanitarian reasons, and a no new staff hiring policy.

In Thailand, more than 30% of MSMEs used layoffs during the pandemic, especially in microenterprises (47.0%) (Figure 15D). Around 40% of small firms (40.9%) and medium-sized firms (35.4%) reduced employee working hours, while 38.5% of medium-sized firms arranged WFH for employees. Some 17%–22% of MSMEs reported specific changes in work environment—providing temporary accommodation for employees, terminating part-time/migrant/foreign workers, using a no wage-cut policy, reducing employee salaries, and working normally with social distance arrangements.

continued on next page

Figure 15 continued

c. By Industrial Sector

Temporary staffing cuts were used by many MSMEs across all industrial sectors, but it was more pronounced in manufacturing and agriculture, although the affected industries differed slightly by country.

In Indonesia, 71.9% of manufacturing MSMEs reduced employees in March, followed by services (60.1%) and agriculture (57.4%) (Figure 16A). These shares fell slightly in April in manufacturing (66.7%) and services (58.9%), while rising in agriculture (59.6%).

In the Lao PDR, more than 60% across industries saw no change in employment in March, more in services (70.7%). These shares fell slightly in April in services (68.8%) and manufacturing (53.1% from 62.5% in March), with agriculture increasing (from 60.7% in March to 64.3% in April) (Figure 16B). Manufacturing MSMEs cutting jobs increased from 35.9% in March to 45.3% in April.

In the Philippines, more than half of MSMEs across all industries saw no change in employment in March, more in services (68.0%) (Figure 16C). Nearly half of manufacturing (45.9%) and agriculture (46.5%) MSMEs reduced employees.

Similarly, in Thailand, more than half of every industry saw no change in employment in March and April, but around 30%–40% cut employees during the same period, more in manufacturing MSMEs (45.1% in April) (Figure 16D).

Figure 16: Employment during the Pandemic—By Sector

A. Indonesia

B. Lao PDR

C. Philippines

continued on next page

Figure 16 continued

Employment work arrangements by industry vary among the countries surveyed. Temporary layoffs were common in all industrial sectors, but more in manufacturing on the whole. Reduced working hours and WFH arrangements followed in every industry, but with a smaller share.

In Indonesia, about half of the industries laid people off during the pandemic (51.3% of services, 47.4% of manufacturing, and 53.2% of agriculture MSMEs) (Figure 17A). Meanwhile, one-quarter of manufacturing (24.6%) and agriculture (25.5%) MSMEs encouraged reduced employee working hours, with 19.3% of manufacturing MSMEs promoting WFH/teleworking arrangements.

In the Lao PDR, about half of the industries also cut jobs during the pandemic, but more so in manufacturing (65.6%) (Figure 17B). Reduced working hours was used by 35.7% of agriculture MSMEs, followed by services (25.5%) and manufacturing (23.4%). WFH/teleworking arrangements were promoted by 18.8% of manufacturing MSMEs, with most agriculture MSMEs unable to use WFH arrangements.

In the Philippines, more than half of MSMEs across industries reduced their workforce during the pandemic, most in manufacturing (72.3%), followed by services (63.8%) and agriculture (52.5%) (Figure 17C). Reduced working hours was used by 41.4% of agriculture MSMEs, while 14.7% of services MSMEs arranged WFH for employees. Around 5% or less of industries encouraged employees to take sick leave, the highest share among countries surveyed, but it was not major option elsewhere.

In Thailand, more than 40% of industries reduced workers during the pandemic, especially in manufacturing (45.1%) (Figure 17D). Reduced working hours was used by 43.3% of manufacturing MSMEs, while 30.0% of agriculture MSMEs arranged WFH for employees, followed by services (24.1%).

Figure 17: Change in Working Environment—By Sector

Notes: 525 valid samples in Indonesia, 355 in the Lao People's Democratic Republic (Lao PDR), 1,804 in the Philippines, and 1,147 in Thailand. Calculated based on data from the rapid MSME surveys in Indonesia, the Lao PDR, the Philippines, and Thailand, April–May 2020. Source: Asian Development Bank.

d. Women-Led MSMEs

In Indonesia, the Philippines, and Thailand, a relatively higher proportion of women-led MSMEs reduced employees during the COVID-19 pandemic than men-led MSMEs. In general, there were no specific differences in employment work arrangements between women- and men-led MSMEs.

In Indonesia, 62.8% of women-led MSMEs reduced employees in March and April, slightly higher than men-led MSMEs (60.4% in March and 58.5% in April) (Figure 18A). Temporary layoffs were common during the pandemic, regardless of ownership gender. Although small share, 16.7% of women-led MSMEs arranged WFH, higher than men-led MSMEs (11.4%).

In the Lao PDR, around 70% of women-led MSMEs reported no change in employment arrangements during March and April, while 33.1% reduced employees in April, up from 28.2% in March (+4.9pp), This was lower than men-led MSMEs (34.4%) (Figure 18B). Temporary layoffs were common with no specific differences by work arrangement, regardless of the firm's ownership.

In the Philippines, around 60% of both women-led and men-led MSMEs had no change of employment (Figure 18C). Some 38.6% of women-led MSMEs reduced employees, slightly more than men-led MSMEs (35.1%).

In Thailand, similar to the Philippines, around 60% of both women-led and men-led MSMEs had no change of employment during March and April (Figure 18D). About 42% of women-led MSMEs reduced employees in March and April, slightly more than men-led MSMEs (36.6%). Temporary layoffs were used more by women-led MSMEs (46.2%) than men-led MSMEs (39.2%).

Figure 18: Employment during the Pandemic—By Ownership

A. Indonesia

B. Lao PDR

continued on next page

Figure 18 continued

e. Internationalized MSMEs

The pandemic altered employment within internationalized MSMEs, but in different ways. The share of GVC MSMEs that reduced employees was higher than non-GVC firms in the Lao PDR and the Philippines (countries with strict lockdowns), while it was lower in Indonesia and Thailand (countries with less restrictions). The extent of containment stringency had a strong effect on the employment conditions of GVC MSMEs as well as on their operations. Limited exports and imports under falling demand and quarantine controlled logistics hurt both GVC operations and management. GVC MSMEs promoted WFH or teleworking arrangements more than non-GVC firms.

In Indonesia, 48.3% of GVC MSMEs reduced employees in March and April, less than non-GVC MSMEs (more than 60%) (Figure 19A). Temporary layoffs were common, regardless of whether a firm globalized or not. WFH/teleworking was promoted by 34.5% of GVC MSMEs, more than non-GVC MSMEs (11.7%).

In the Lao PDR, 47.5% of GVC MSMEs reduced employees in April due to the strict lockdown, slightly more than March (45.8%) and higher than non-GVC MSMEs (31.1%) (Figure 19B). WFH/teleworking arrangements were promoted by 37.3% of GVC MSMEs, higher than non-GVC MSMEs (9.8%).

In the Philippines, due to the mid-March lockdown, 44.6% of GVC MSMEs reduced employees, more than non-GVC MSMEs (36.3%) (Figure 19C). WFH/teleworking arrangements were promoted by 27.1% of GVC MSMEs, more than non-GVC MSMEs (11.4%).

In Thailand, 64% of GVC MSMEs did not cut jobs in March and April, while 41% of non-GVC MSMEs reduced employees, more than the share of GVC MSMEs (34%–35%) (Figure 19D). In the first 2 months of the pandemic, GVC MSMEs had relatively limited damage to their business from the pandemic and associated quarantine measures, compared with other countries surveyed.

continued on next page

Figure 19 continued

4. Wage Payments

a. Overall MSMEs

After the COVID-19 outbreak, more than half the MSMEs surveyed suspended wages in Indonesia (55.8%) and the Philippines (56.7%), while more than one-third reported no change of monthly wage payments in Thailand (37.0%) and the Lao PDR (33.2%) (Figure 20). Suspended wage payments were more pronounced for microenterprises across all industrial sectors.

b. By Firm Size

The wage payment suspension appeared mostly in smaller firms, while larger firms reported no change or normal monthly wage payments even during the pandemic. Some MSMEs increased wage payments during the pandemic in the Lao PDR (1.1% of MSMEs), the Philippines (2.1%), and Thailand (1.5%). This likely happened in firms supplying daily needs during the pandemic. In Indonesia, none of the MSMEs surveyed increased wage payments during the pandemic.

In Indonesia, 59.9% of microenterprises suspended wage payments to employees, followed by small (41.1%) and medium-sized (31.3%) firms (Figure 21A). About 37.5% of medium-sized firms saw no change of monthly wage payments, followed by small firms (17.8%) and microenterprises (11.2%).

In the Lao PDR, 49.5% of microenterprises suspended wage payments, followed by small (29.9%) and medium-sized (8.3%) firms (Figure 21B). Fifty percent of medium-sized firms reported no change of monthly wage payments even during the pandemic, followed by small firms (37.2%) and microenterprises (29.6%).

In the Philippines, 61.1% of microenterprises suspended wage payments, followed by small (38.1%) and medium-sized (36.0%) firms (Figure 21C). Twenty-eight percent of medium-sized firms did not change monthly wage payments even during the pandemic, followed by small firms (25.5%) and microenterprises (20.7%).

In Thailand, 38.9% of microenterprises suspended wage payments during the pandemic, followed by small (18.7%) and medium-sized (9.2%) firms (Figure 21D). There was no change in 46.2% of medium-sized firms, followed by small firms (42.0%) and microenterprises (33.3%).

Figure 21: Wage Payments during the Pandemic—By Firm Size

Notes: 525 valid samples in Indonesia, 355 in the Lao People's Democratic Republic (Lao PDR), 1,804 in the Philippines, and 1,147 in Thailand. Calculated based on data from the rapid MSME surveys in Indonesia, the Lao PDR, the Philippines, and Thailand, April–May 2020. Source: Asian Development Bank.

c. By Industrial Sector

A high proportion of MSMEs across industries suspended monthly wage payments to employees during the pandemic. In Indonesia, 61.7% of agriculture MSMEs temporarily stopped paying wages, followed by services (56.8%) and manufacturing (43.9%) (Figure 22A). Firms that continued paying normally accounted for 13.3% of MSMEs in services, 14.0% of manufacturing MSMEs, and 10.6% of agriculture MSMEs.

In the Lao PDR, 41.8% of services MSMEs temporarily stopped paying wages, followed by agriculture (39.3%) and manufacturing (35.9%) (Figure 22B). Firms with no change in wage payments accounted for 32.3% in services, 37.5% in manufacturing, and 32.1% in agriculture.

In the Philippines, 60.6% of manufacturing MSMEs temporarily stopped paying wages, followed by services (55.4%) and agriculture (46.5%) (Figure 22C). Firms with no change in wage payments accounted for 24.3% of services MSMEs, 15.4% of manufacturing, and 32.3% of agriculture.

In Thailand, 33.3% of agriculture MSMEs temporarily stopped paying wages, followed by services (32.5%) and manufacturing (25.1%) (Figure 22D). Firms that continued paying normally accounted for 37.8% of services, 34.8% of manufacturing, and 36.7% of agriculture, all higher than firms that suspended wage payments.

Figure 22: Wage Payments during the Pandemic—By Sector

Notes: 525 valid samples in Indonesia, 355 in the Lao People's Democratic Republic (Lao PDR), 1,804 in the Philippines, and 1,147 in Thailand. Calculated based on data from the rapid MSME surveys in Indonesia, the Lao PDR, the Philippines, and Thailand, April–May 2020. Source: Asian Development Bank.

d. Women-Led MSMEs

A relatively higher proportion of women-led MSMEs suspended monthly wage payments than men-led MSMEs in Indonesia, the Philippines, and Thailand. In the Lao PDR, wage payment suspension by men-led MSMEs was higher than women-led MSMEs.

In Indonesia, 61.5% of women-led MSMEs suspended wage payments, higher than men-led MSMEs (53.4%), while 12.2% of women-led MSMEs reported no change in wage payments, slightly lower than men-led MSMEs (13.6%) (Figure 23A).

In the Lao PDR, 38.0% of women-led MSMEs suspended wage payments, lower than men-led MSMEs (42.7%), while 33.1% of women-led MSMEs had no change, almost the same share with men-led MSMEs (33.3%) (Figure 23B).

In the Philippines, 59.5% of women-led MSMEs suspended wage payments, higher than men-led MSMEs (53.2%), while 20.3% of women-led MSMEs had no change, slightly lower than men-led MSMEs (23.5%) (Figure 23C).

In Thailand, 33.9% of women-led MSMEs suspended wage payments, higher than men-led MSMEs (27.8%), while 33.1% of women-led MSMEs reported no change, slightly lower than men-led MSMEs (40.0%) (Figure 23D).

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Figure 23 continued

e. Internationalized MSMEs

Both GVC and non-GVC MSMEs suspended wage payments during the pandemic, but it was more prevalent among non-GVC MSMEs in all countries surveyed. A relatively higher proportion of firms with no change in wage payments appeared in GVC MSMEs in Indonesia, the Philippines, and Thailand (the Lao PDR reported almost the same share between GVC and non-GVC MSMEs). This suggests internationalized MSMEs had relatively more room to pay salary/wages to employees than non-GVC MSMEs in the first 2 months following the virus outbreak and quarantine measures including lockdowns.

In Indonesia, 48.3% of GVC MSMEs suspended wage payments, lower than non-GVC MSMEs (56.3%), while 20.7% reported no change in wage payments, higher than non-GVC MSMEs (12.7%) (Figure 24A).

In the Lao PDR, 27.1% of GVC MSMEs suspended wage payments, lower than non-GVC MSMEs (43.2%), while 30.5% of GVC MSMEs had no change, almost the same share as non-GVC MSMEs (33.8%) (Figure 24B).

In the Philippines, 46.3% of GVC MSMEs suspended wage payments, lower than non-GVC MSMEs (57.8%), while 30.5% of GVC MSMEs reported no change, higher than non-GVC MSMEs (20.7%) (Figure 24C).

And in Thailand, 19.4% of GVC MSMEs suspended wage payments, lower than non-GVC MSMEs (35.1%), while 45.0% of GVC MSMEs had no change, higher than non-GVC MSMEs (33.6%) (Figure 24D).

Figure 24: Wage Payments during the Pandemic—Globalized and Domestic MSMEs

Notes: 525 valid samples in Indonesia, 355 in the Lao People's Democratic Republic (Lao PDR), 1,804 in the Philippines, and 1,147 in Thailand. Calculated based on data from the rapid MSME surveys in Indonesia, the Lao PDR, the Philippines, and Thailand, April–May 2020.

Source: Asian Development Bank.

5. Financial Condition

a. Overall MSMEs

MSMEs across all countries reported a serious lack of funds to continue business operations during the pandemic. It was more pronounced in Indonesia, where 85.2% of MSMEs reported they had no cash or savings or would run out funds within a month at the time of the survey—followed by the Philippines (78.8%), Thailand (75.2%), and the Lao PDR (55.2%) (Figure 25).

Figure 25: Financial Condition during the Pandemic—Total MSMEs

INO = Indonesia; LAO = Lao People's Democratic Republic; MSME = micro, small, and medium-sized enterprise; PHI = Philippines; THA = Thailand.

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

Source: Asian Development Bank.

b. By Firm Size

Smaller firms faced a more serious lack of funds. In Indonesia, 55.8% of microenterprises reported they had no cash or savings at the time of the survey, followed by small (40.0%) and medium-sized (31.3%) firms (Figure 26A). When combining this with firms running out funds within 1 month of the survey, these shares increased to 87.8% for microenterprises, 76.7% for small firms, and 62.6% for medium-sized firms.

In the Lao PDR, 36.9% of microenterprises reported no cash or savings left at the time of the survey, followed by small (34.3%) and medium-sized (25.0%) firms (Figure 26B). Combining this with firms running out funds in a month, these shares increased to 59.1% for small firms, 53.4% for microenterprises, and 41.7% for medium-sized firms—the order of microenterprises and small firms was reversed.

In the Philippines, 40.4% of microenterprises reported no cash or savings available at the time of the survey, followed by small (21.7%) and medium-sized (12.0%) firms (Figure 26C). When combined with firms running out funds in a month, these shares rose to 80.9% for microenterprises, 71.7% for small firms, and 56.0% for medium-sized firms.

In Thailand, 40.9% of microenterprises reported no cash or savings available at the time of the survey, followed by small (29.0%) and medium-sized (13.8%) firms (Figure 26D). When combined with firms running out funds in a month, these shares increased to 79.5% for microenterprises, 70.7% for small firms, and 53.8% for medium-sized firms.

Figure 26: Financial Condition during the Pandemic—By Firm Size

Notes: 525 valid samples in Indonesia, 355 in the Lao People's Democratic Republic (Lao PDR), 1,804 in the Philippines, and 1,147 in Thailand. Calculated based on data from the rapid MSME surveys in Indonesia, the Lao PDR, the Philippines, and Thailand, April–May 2020. Source: Asian Development Bank.

c. By Industrial Sector

Agriculture MSMEs faced a more serious lack of funds to continue operations during the pandemic. In Indonesia, 55.3% of agriculture MSMEs reported no cash or savings available at the time of the survey, followed by services (52.5%) and manufacturing (49.1%) (Figure 27A). When combined with firms running out of funds within a month of the survey, these shares increased to 87.2% for agriculture MSMEs, 85.0% for services MSMEs, and 84.2% for manufacturing MSMEs. These were the highest among countries surveyed.

In the Lao PDR, 50.0% of agriculture MSMEs had no cash or savings at the time of the survey, followed by manufacturing (39.1%) and services (33.1%) (Figure 27B). When combined with firms running out of funds in a month, these shares increased to 65.7% for manufacturing MSMEs, 57.1% for agriculture MSMEs, and 52.5% for services MSMEs; the order of agriculture and manufacturing MSMEs was reversed.

In the Philippines, 40.4% of agriculture MSMEs had no available cash or savings at the time of the survey, followed by services (37.5%) and manufacturing (34.7%) (Figure 27C). When combined with firms running out of funds in a month, these shares increased to 80.0% for manufacturing MSMEs, 78.4% for services MSMEs, and 74.7% for agriculture MSMEs; the order changed.

In Thailand, 36.7% of both agriculture and services MSMEs were out of cash or savings at the time of the survey, followed by manufacturing (32.0%) (Figure 27D). When combined with firms running out of funds in a month, these shares increased to 76.7% for agriculture MSMEs, 75.3% for manufacturing MSMEs, and 75.0% for services MSMEs; the order of services and manufacturing MSMEs was reversed.

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Figure 27 continued

d. Women-Led MSMEs

Women-led MSMEs faced a more serious lack of funds to continue operations during the pandemic than men-led MSMEs in Indonesia, the Philippines, and Thailand. In the Lao PDR, a relatively high share of women-led MSMEs reported enough savings, liquid assets, and other contingency financing to maintain operations during the pandemic.

In Indonesia, 58.3% of women-led MSMEs had no cash or savings left at the time of the survey, higher than men-led MSMEs (49.9%) (Figure 28A). When combined this with firms running out funds within a month, these shares increased to 83.9% for women-led MSMEs and 85.7% for men-led MSMEs; the order of women- and men-led MSMEs was reversed.

In the Lao PDR, 33.7% of women-led MSMEs reported no cash or savings at the time of the survey, lower than men-led MSMEs (37.0%) (Figure 28B). When combined with firms running out funds in a month, these shares increased to 50.9% for women-led MSMEs and 58.9% for men-led MSMEs. Meanwhile, 41.1% of women-led MSMEs reported enough savings to survive during the pandemic, more than men-led MSMEs (33.9%).

In the Philippines, 37.9% of women-led MSMEs reported no cash or savings available at the time of the survey, more than men-led MSMEs (35.2%) (Figure 28C). When combined with those running out funds in a month, these shares increased to 79.2% for women-led MSMEs and 78.3% for men-led MSMEs.

In Thailand, 40.4% of women-led MSMEs reported no cash or savings at the time of the survey, more than men-led MSMEs (31.5%) (Figure 28D). Combined with firms running out funds in a month, these shares increased to 79.2% for women-led MSMEs and 72.0% for men-led MSMEs.

Figure 28: Financial Condition during the Pandemic—By Ownership

Notes: 525 valid samples in Indonesia, 355 in the Lao People's Democratic Republic (Lao PDR), 1,804 in the Philippines, and 1,147 in Thailand. Calculated based on data from the rapid MSME surveys in Indonesia, the Lao PDR, the Philippines, and Thailand, April–May 2020.

Source: Asian Development Bank.

e. Internationalized MSMEs

A relatively higher proportion of GVC MSMEs than non-GVC MSMEs had sufficient savings, liquid assets, and other contingency funds to maintain business during the pandemic in Indonesia, the Philippines, and Thailand (the Lao PDR had a relatively higher share). Non-GVC MSMEs or domestically focused MSMEs faced more serious lack of funds than GVC MSMEs in all countries surveyed.

In Indonesia, 44.8% of GVC MSMEs had no cash or savings at the time of the survey, less than non-GVC MSMEs (52.8%) (Figure 29A). When combined with firms running out funds in a month, these shares increased to 72.4% for GVC MSMEs and 85.9% for non-GVC MSMEs. Meanwhile, 20.7% of GVC MSMEs reported sufficient savings to survive the pandemic, higher than non-GVC MSMEs (7.9%).

In the Lao PDR, 28.8% of GVC MSMEs reported no cash or savings at the time of the survey, lower than non-GVC MSMEs (36.8%) (Figure 29B). When combined with firms running out funds within a month, these shares increased to 57.6% for GVC MSMEs and 54.7% for non-GVC MSMEs; the order of GVC and non-GVC MSMEs was reversed. Some 32.2% of GVC MSMEs reported enough savings in hand to survive during the pandemic, lower than non-GVC MSMEs (38.2%), but a relatively higher share than other countries surveyed.

In the Philippines, 22.0% of GVC MSMEs already ran out of cash or savings at the time of the survey, lower than non-GVC MSMEs (38.3%) (Figure 29C). When combined with firms running out funds in a month, these shares increased to 72.3% for GVC MSMEs and 79.5% for non-GVC MSMEs. Meanwhile, 24.3% of GVC MSMEs reported they had enough savings to survive during the pandemic, higher than non-GVC MSMEs (16.2%).

In Thailand, 26.8% of GVC MSMEs reported no cash or savings at the time of the survey, lower than non-GVC MSMEs (39.0%) (Figure 29D). When combined with firms running out funds in a month, these shares increased to 65.3% for GVC MSMEs and 79.3% for non-GVC MSMEs. Meanwhile, 28.2% of GVC MSMEs reported enough savings to survive during the pandemic, higher than non-GVC MSMEs (16.2%).

Figure 29: Financial Condition during the Pandemic—Globalized and Domestic MSMEs

continued on next page

Figure 29 continued

6. Funding

a. Overall MSMEs

MSMEs had huge difficulty in raising enough working capital across all countries. They did not change their normal approach to raising funds even during the crisis—relying mostly on their own funds or borrowing from family, relatives, and friends (Figure 30). All four countries, especially Indonesia, mostly relied on informal financing sources to survive. Obtaining bank credit remained limited, although several new government measures—such as special refinancing facilities, soft loan programs, and special guaranteed loans—were launched in all countries. MSMEs did not so much utilize digital finance platforms (such as peer-to-peer lending and crowdfunding) for their working capital needs during the pandemic (less than 3% of MSMEs in all countries surveyed).

Access to finance is a structural problem for MSMEs in any country: MSMEs have limited access to formal financial services while relying on informal sources to survive. In Indonesia, 24.6% of MSMEs used their own funds or retained profits to survive during the pandemic. Some 39.0% relied on borrowing from close relatives. Around 8.8% applied for bank credit, but only 1.0% successfully obtained working capital loans. In the Lao PDR, 61.7% of MSMEs used their own funds/retained profits to survive; 26.5% relied on borrowing from close relatives; and 16.3% applied for bank credit, but only 7.6% were approved. In the Philippines, 47.5% of MSMEs used their own funds/retained profits to survive; 33.5% relied on borrowing from close relatives; and 16.7% applied for bank credit, but only 4.8% could obtain loans. In Thailand, 39.1% of MSMEs used their own funds/retained profits to survive; 32.3% relied on borrowing from close relatives; and 25.3% applied for bank credit, but only 7.5% were successful.

Figure 30: Funding during the Pandemic—Total MSMEs

INO = Indonesia; LAO = Lao People's Democratic Republic; MSME = micro, small, and medium-sized enterprise; PHI = Philippines; THA = Thailand.

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

Source: Asian Development Bank.

b. By Firm Size

By firm size, and across all countries, a relatively large number of microenterprises and small firms relied on borrowing from close relatives, the most common source of financing. All micro, small, and medium-sized firms relied on their own funds or retained profits to survive during the pandemic. Medium-sized firms could usually apply for bank credit or loans from nonbank finance institutions (such as microfinance institutions). This suggests that the ability to raise funds varied greatly according to firm size. Immediate working capital is critical for MSMEs to survive, but most had problems in raising just small local currency amounts (equivalent to \$1,000), more prevalent in microenterprises.

In Indonesia, a relatively large share of microenterprises (38.7%) and small firms (42.2%) relied on borrowing from close relatives, the most common source of finance (Figure 31A). Meanwhile, more than half of medium-sized firms (56.3%) relied on their own funds or retained profits to survive. About 8.1% of microenterprises, 11.1% of small, and 12.5% of medium-sized firms could apply for bank credit; and 11.0%, 7.8%, and 12.5%, respectively, could access loans from nonbank finance institutions. However, firms successfully getting bank credit were small in number: 0.7% of microenterprises, 2.2% of small, and none of medium-sized firms at the time of the survey. Ensuring immediate working capital is crucial for MSMEs to survive, but the survey found that 79.2% of MSMEs (82.0% of microenterprises, 15.6% of small, and 2.4% of medium-sized firms) had difficulty in raising even small funds (Rp16 million or \$1,000). The survey also identified 81.4% of microenterprises seeking quick money of up to Rp320 million (\$20,000) to survive the pandemic; 72.2% of small firms and 81.3% of medium-sized firms up to Rp640 million (\$40,000).

In the Lao PDR, a large share of MSMEs relied on their own funds or retained profits to survive, higher in microenterprises (65.5%) (Figure 31B). Borrowing from close relatives was the second-largest source of funding

for MSMEs (around one-quarter of each firm size). Meanwhile, 11.7% of microenterprises, 22.6% of small, and 25.0% of medium-sized firms could apply for bank credit, but firms successfully getting bank credit were small number except for medium-sized firms: 6.3% of microenterprises and 8.0% of small firms (all 25% medium-sized firms obtained bank credit at the time of the survey). The survey revealed that 54.1% of MSMEs (61.4% of microenterprises, 37.0% of small, and 1.6% of medium-sized firms) had difficulty in raising even small funds (KN9 million or \$1,000). The survey also identified 67.5% of microenterprises seeking quick money of up to K360 million (\$40,000) to survive during the pandemic; 57.7% of small firms up to K900 million (\$100,000); and 58.3% of medium-sized firms up to K1.5 billion (\$166,000).

In the Philippines, a large share of MSMEs relied on their own funds or retained profits to survive, more in small firms (55.7%) (Figure 31C). Borrowing from close relatives was the second-largest source of funding for MSMEs, especially for microenterprises (35.7%). Meanwhile, 15.7% of microenterprises, 19.8% of small, and 36.0% of medium-sized firms could apply for bank credit; and 11.4%, 12.9%, and 12.0%, respectively, could access nonbank finance institution loans. However, firms successfully getting bank credit were small in number: 4.4% of microenterprises, 5.7% of small, and 16.0% of medium-sized firms. The survey found that 69.7% of MSMEs (85.4% of microenterprises, 13.7% of small, and 0.9% of medium-sized firms) had difficulty raising even small funds (P50,000 or \$1,000). The survey also identified 81.3% of microenterprises, 77.7% of small firms, and 52.0% of medium-sized firms seeking quick money of less than P10 million (\$200,000) to survive during the pandemic.

In Thailand, a large share of MSMEs relied on their own funds or retained profits to survive, more among small (43.3%) and medium-sized (43.1%) firms (Figure 31D). A relatively large share of microenterprises (33.0%) and small firms (32.9%) relied on borrowing from close relatives. Some 19.4% of micro, 35.0% of small, and 30.8% of medium-sized firms could apply for bank credit; and 9.3%, 7.8%, and 4.6%, respectively, could access nonbank finance institution loans. However, firms successfully getting bank credit were small in number, like other countries: 5.6% of microenterprises, 9.3% of small, and 16.9% of medium-sized firms. The survey revealed that 51.2% of MSMEs (68.0% of microenterprises, 28.3% of small, and 3.7% of medium-sized firms) had difficulty in raising even small amounts (B33,000 or \$1,000). The survey also identified 68.1% of microenterprises seeking quick money of up to B1.32 million (\$40,000); 63.2% of small firms up to B3.3 million (\$100,000); and 58.5% of medium-sized firms up to B6.6 million (\$200,000).

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Figure 31 continued

c. By Industrial Sector

The funding structure of MSMEs did not significantly differ by industry. MSMEs across all industries relied on their own funds/retained profits and borrowed from close relatives and informal sources to survive during the pandemic. MSMEs in all industries had difficulty accessing formal financial services, although funding conditions differed by country.

In Indonesia, around 40% of services (39.0%), manufacturing (38.6%), and agriculture (40.4%) MSMEs relied on borrowing from close relatives (Figure 32A). Meanwhile, around one-third or less in each industry relied on their own funds or retained profits to survive, more so for agriculture MSMEs (34.0%). About 9.0% of services, 7.0% of manufacturing, and 8.5% of agriculture MSMEs could apply for bank credit; and 10.2%, 12.3%, and 10.6%, respectively, could access nonbank finance institution loans. However, firms successfully getting bank credit were small in number: 0.7% of services, 1.8% of manufacturing, and 2.1% of agriculture MSMEs. The survey revealed that 79.2% of MSMEs (81.0% for services, 9.9% for manufacturing, and 9.1% for agriculture MSMEs) had difficulty raising even small funds like Rp16 million (\$1,000). The survey also identified 76.5% of services, 64.9% of manufacturing, and 66.0% of agriculture MSMEs seeking quick money of up to Rp320 million (\$20,000) to survive the pandemic.

In the Lao PDR, around one-third or less of services (24.3%), manufacturing (32.8%), and agriculture (32.1%) MSMEs relied on borrowing from close relatives (Figure 32B). Meanwhile, MSMEs in all industries relied on their own funds or retained profits, more in services MSMEs (67.7%). Some 14.4% of services, 17.2% of manufacturing, and 32.1% of agriculture MSMEs could apply for bank credit; and 4.9%, 7.8%, and 10.7%, respectively, could access nonbank finance institution loans. However, firms successfully getting bank credit were limited: 4.6% of services, 14.1% of manufacturing, and 21.4% of agriculture MSMEs. The survey reported that 54.1% of MSMEs (76.6% for services, 15.1% for manufacturing, and 8.3% for agriculture MSMEs) had difficulty in raising even small funds like K9 million (\$1,000). The survey also identified 70.3% of services MSMEs and 73.4% of manufacturing MSMEs seeking quick money of up to K900 million (\$100,000); 60.7% of agriculture MSMEs up to K1.5 billion (\$166,000).

In the Philippines, about one-third of services (34.0%), manufacturing (31.8%), and agriculture (39.4%) MSMEs relied on borrowing from close relatives (Figure 32C). Meanwhile, around half of MSMEs in each industry relied on their own funds or retained profits to survive during the pandemic, more so for agriculture MSMEs (52.5%). About 15.4% of services, 18.4% of manufacturing, and 19.2% of agriculture MSMEs could apply for bank credit; and 10.3%, 13.2%, and 16.2%, respectively, could access nonbank finance institution loans. However, firms successfully getting bank credit were limited: 5.3% of services, 4.0% of manufacturing, and 5.1% of agriculture MSMEs. The survey revealed that 69.7% of MSMEs (60.1% for services, 34.3% for manufacturing, and 5.6% for agriculture MSMEs) had difficulty raising even small amounts of funds like P50,000 (\$1,000). The survey also identified 80.0% of services MSMEs, 81.9% of manufacturing MSMEs, and 72.7% of agriculture MSMEs seeking quick money of less than P10 million (\$200,000) to survive during the pandemic.

In Thailand, less than half of services (30.8%), manufacturing (34.8%), and agriculture (46.7%) MSMEs relied on borrowing from close relatives (Figure 32D). Less than half of MSMEs across all industries relied on their own funds or retained profits to survive, more pronounced for agriculture MSMEs (46.7%). Some 26.3% of services, 22.9% of manufacturing, and 23.3% of agriculture MSMEs could apply for bank credit; and 8.4%, 8.2%, and 16.7%, respectively, could access nonbank finance institution loans. However, firms successfully getting bank credit were limited: 7.3% of services, 8.8% of manufacturing, and no agriculture MSMEs at the time of the survey. The survey showed that 51.2% of MSMEs (71.2% for services, 25.6% for manufacturing, and 3.2% for agriculture MSMEs) had difficulty raising even small funds like B33,000 (\$1,000). The survey also identified 72.9% of services MSMEs, 69.3% of manufacturing MSMEs, and 80.0% of agriculture MSMEs seeking quick money of up to B3.3 million (\$100,000) to survive during the pandemic.

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Figure 32 continued

d. Women-Led MSMEs

There was no significant difference in funding availability between women- and men-led MSMEs. However, women-led MSMEs had more difficulty in raising enough working capital through formal financial services than men-led MSMEs.

In Indonesia, the proportion of women-led MSMEs that could apply for bank credit was 6.4%, lower than men-led MSMEs (9.8%), and the share of those successfully getting bank credit was just 0.6%, also lower than men-led MSMEs (1.1%) (Figure 33A). Access to nonbank finance institution loans was more limited for women-led MSMEs (7.1%) than men-led MSMEs (11.9%).

In the Lao PDR, the proportion of women-led MSMEs that could apply for bank credit was 14.7%, lower than men-led MSMEs (17.7%), and the share of those successfully getting bank credit was 6.1%, also lower than men-led MSMEs (8.9%) (Figure 33B). Access to nonbank finance institution loans was more limited for women-led MSMEs (3.7%) than men-led MSMEs (7.8%).

In the Philippines, the proportion of women-led MSMEs that could apply for bank credit was 17.1%, slightly higher than men-led MSMEs (16.2%), but the share of those successfully receiving bank credit was 4.2%, lower than men-led MSMEs (5.6%) (Figure 33C). Access to nonbank finance institution loans was more limited for women-led MSMEs (11.4%) than men-led MSMEs (12.0%).

In Thailand, the proportion of women-led MSMEs that could apply for bank credit was 23.7%, lower than men-led MSMEs (26.5%), and the share of those successfully getting bank credit was 7.0%, also lower than men-led MSMEs (7.9%) (Figure 33D). However, relatively higher proportion of women-led MSMEs (10.4%) had access to nonbank finance institution loans than men-led MSMEs (7.1%).

Figure 33: Funding during the Pandemic—By Ownership

Notes: 525 valid samples in Indonesia, 355 in the Lao People's Democratic Republic (Lao PDR), 1,804 in the Philippines, and 1,147 in Thailand. Calculated based on data from the rapid MSME surveys in Indonesia, the Lao PDR, the Philippines, and Thailand, April–May 2020. Source: Asian Development Bank.

e. Internationalized MSMEs

There was also no significant difference in funding environment between GVC and non-GVC MSMEs during the virus pandemic. However, GVC MSMEs had relatively good access to bank credit and had funding support from business partners during the pandemic.

In Indonesia, the proportion of GVC MSMEs that could apply for bank credit was 6.9%, lower than non-GVC MSMEs (8.9%), but the share of those successfully getting bank credit was all 6.9%, higher than non-GVC MSMEs

(0.6%) (Figure 34A). Although small in scale, a relatively higher proportion of GVC MSMEs (3.4%) used digital finance platforms for obtaining working capital than non-GVC MSMEs (2.0%). A higher proportion of GVC MSMEs had funding support from business partners (10.3%) and government (6.9%) than non-GVC MSMEs (1.8% and 2.0%, respectively). GVC MSMEs (17.2%) also had better access to informal money lenders than non-GVC MSMEs (5.8%).

In the Lao PDR, the proportion of GVC MSMEs that could apply for bank credit was 28.8%, higher than non-GVC MSMEs (13.9%), and the share of those successfully getting bank credit was 13.6%, also higher than non-GVC MSMEs (6.4%) (Figure 34B). A relatively higher proportion of GVC MSMEs also accessed nonbank finance institution loans (10.2%) and digital finance platforms (3.4%) than non-GVC MSMEs (5.1% and 0%, respectively). A higher proportion of GVC MSMEs had funding support from business partners (6.8%) than non-GVC MSMEs (1.0%). And GVC MSMEs (32.2%) borrowed more from family/relatives/friends than non-GVC MSMEs (25.3%).

In the Philippines, the proportion of GVC MSMEs that could apply for bank credit was 20.9%, higher than non-GVC MSMEs (16.2%), and the share of those successfully getting bank credit was 5.6%, also higher than non-GVC MSMEs (4.7%) (Figure 34C). A higher proportion of GVC MSMEs had funding support from business partners (7.3%) and government (9.0%) than non-GVC MSMEs (2.7% and 5.3%, respectively).

In Thailand, the proportion of GVC MSMEs that could apply for bank credit was 30.9%, higher than non-GVC MSMEs (22.9%), and the share of those successfully getting bank credit was 8.5%, also higher than non-GVC MSMEs (7.1%) (Figure 34D). Although small in scale, a relatively higher proportion of GVC MSMEs (2.4%) used digital finance platforms for working capital than non-GVC MSMEs (0.9%). A higher proportion of GVC MSMEs received funding support from business partners (7.1%) than non-GVC MSMEs (1.6%).

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Figure 34 continued

MSME Perceptions of the COVID-19 Impact

1. Concerns and Obstacles

a. Overall MSMEs

The survey also asked what the main concerns and obstacles MSMEs will face if the pandemic continued for more than a month after the survey was taken. The top concern was a lack of working capital, which more than 70% of MSMEs reported in Indonesia, the Philippines, and Thailand, and 60% in the Lao PDR (Figure 35). Other concerns varied by country. In Indonesia, they were loan repayments (29.9% of MSMEs), a further drop in domestic demand (28.4%), supply disruptions (23.8%), tax payments (9.5%), and a drop in foreign demand (5.5%). In the Lao PDR, they were a drop in domestic demand (59.4%), loan repayments (49.9%), tax payments (35.5%), a drop in foreign demand (21.1%), and supply disruptions (19.4%). In the Philippines, supply disruptions (47.1%), loan repayments (45.7%), a drop in domestic demand (40.5%), tax payments (37.7%), and a drop in foreign demand (7.9%) were concerns. In Thailand, they were a drop in domestic demand (56.2%), supply disruptions (51.0%), loan repayments (47.4%), a decline in foreign demand (23.5%), and tax payments (22.3%). Given the prolonged virus pandemic and quarantine measures, MSMEs surveyed had serious concerns over how to ensure profits and funding sources were sufficient to maintain their business and customers; naturally their concerns concentrated on cash flow and retaining customer.

Figure 35: Concerns and Obstacles Perceived—Total MSMEs

INO = Indonesia; LAO = Lao People's Democratic Republic; MSME = micro, small, and medium-sized enterprise; PHI = Philippines; THA = Thailand,

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

Source: Asian Development Bank.

b. By Firm Size

The magnitude and types of concerns varied by firm size and by country. In Indonesia, 75.2% of microenterprises seriously worried about ensuring working capital, followed by loan repayments (29.6%), falling domestic demand (23.6%), and supply disruptions (23.6%) (Figure 36A). Some 72.2% of small firms and 81.3% of medium-sized firms emphasized a lack of working capital, followed by declining domestic demand (46.7% and 50.0%, respectively) and loan repayments (32.2% and 25.0%). One-quarter of microenterprises, small, and medium-sized firms were concerned about supply disruptions.

In the Lao PDR, 62.1% of microenterprises reported declining domestic demand as their top concern, followed by a lack of working capital (55.3%) and loan repayments (44.2%) (Figure 36B). Small firms stressed a lack of working capital (67.2%), followed by loan repayments (57.7%) and declining domestic demand (56.2%). Loan repayments were a concern for 58.3% of medium-sized firms, followed by a lack of working capital and declining domestic demand (50.0% for both).

In the Philippines, 76.7% of microenterprises and 69.8% of small firms reported a lack of working capital as their top concern, followed by supply disruptions (44.9% and 56.9%, respectively) and loan repayments (43.5% and 55.3%) (Figure 36C). About 64.0% of medium-sized firms worried over declining domestic demand, followed by the lack of working capital and loan repayments (56.0% for both).

In Thailand, 77.4% of microenterprises, 77.7% of small firms, and 73.8% of medium-sized firms reported a lack of working capital as their top concern, followed by declining domestic demand (54.0%, 58.0%, and 69.2%, respectively) and supply disruptions (46.4%, 56.7%, and 66.2%) (Figure 36D).

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Figure 36 continued

c. By Industrial Sector

The magnitude and types of concerns also differed by industry and by country. In Indonesia, 75.3% of services MSMEs reported a lack of working capital as their top concern, followed by loan repayments (31.1%) and declining domestic demand (25.7%) (Figure 37A). Some 71.9% of manufacturing MSMEs and 74.5% of agriculture MSMEs worried over a lack of working capital, followed by declining domestic demand (43.9% and 34.0%, respectively) and supply disruptions (35.1% and 29.8%).

In the Lao PDR, 61.2% of services MSMEs reported declining domestic demand as their top concern, followed by a lack of working capital (56.7%) and loan repayments (49.4%) (Figure 37B). Manufacturing MSMEs worried over the lack of working capital (73.4%), followed by loan repayments (59.4%) and declining domestic demand (57.8%). About 57.1% of agriculture MSMEs were concerned over a lack of working capital, followed by declining domestic demand (46.4%) and supply disruptions (35.7%).

In the Philippines, 73.1% of services MSMEs reported a lack of working capital as their top concern, followed by loan repayments (47.4%) and tax payments (39.7%) (Figure 37C). Manufacturing MSMEs were concerned over a lack of working capital (77.9%), followed by supply disruptions (60.1%) and loan repayments (43.9%). Agriculture MSMEs stressed a lack of working capital (79.8%), followed by supply disruptions (61.6%) and declining domestic demand (44.4%).

In Thailand, 77.9% of services MSMEs reported a lack of working capital as their top concern, followed by declining domestic demand (56.1%) and supply disruptions (47.9%) (Figure 37D). Manufacturing MSMEs (76.2%) and agriculture MSMEs (73.3%) worried over a lack of working capital, followed by supply disruptions (57.7% and 63.3%, respectively) and declining domestic demand (56.4% and 56.7%).

Figure 37: Concerns and Obstacles Perceived—By Sector

Notes: 525 valid samples in Indonesia, 355 in the Lao People's Democratic Republic (Lao PDR), 1,804 in the Philippines, and 1,147 in Thailand. Calculated based on data from the rapid MSME surveys in Indonesia, the Lao PDR, the Philippines, and Thailand, April–May 2020. Source: Asian Development Bank.

d. Women-Led MSMEs

Concerns and obstacles perceived by women-led and men-led MSMEs did not significantly differ by country, although the order of priority differed by the gender of a firm's ownership. In Indonesia, 78.2% of women-led MSMEs reported a lack of working capital as their top concern, followed by loan repayments (35.3%) and declining domestic demand (24.4%) (Figure 38A). Meanwhile, 73.4% of men-led MSMEs were concerned over a lack of working capital, followed by declining domestic demand (30.1%) and loan repayments (27.6%).

In the Lao PDR, 61.3% of women-led MSMEs reported declining domestic demand as their top concern, followed by a lack of working capital (58.9%) and loan repayments (47.9%) (Figure 38B). Meanwhile, 60.4% of men-led MSMEs worried over a lack of working capital, followed by declining domestic demand (57.8%) and loan repayments (51.6%).

In the Philippines, 76.0% of women-led MSMEs and 74.1% of men-led MSMEs reported a lack of working capital as their top concern, followed by supply disruptions (46.0% and 48.4%, respectively) and loan repayments (44.1% and 47.9%) (Figure 38C).

In Thailand, 77.5% of women-led MSMEs reported a lack of working capital as their top concern, followed by declining domestic demand (54.6%) and loan repayments (49.6%) (Figure 38D). Meanwhile, 77.2% of men-led MSMEs worried over a lack of working capital, followed by declining domestic demand (57.5%) and supply disruptions (53.2%).

Figure 38: Concerns and Obstacles Perceived—By Ownership

Notes: 525 valid samples in Indonesia, 355 in the Lao People's Democratic Republic (Lao PDR), 1,804 in the Philippines, and 1,147 in Thailand. Calculated based on data from the rapid MSME surveys in Indonesia, the Lao PDR, the Philippines, and Thailand, April–May 2020. Source: Asian Development Bank.

e. Internationalized MSMEs

The magnitude and types of concerns differed between internationalized and domestically focused MSMEs. A lack of working capital was the top concern for both GVC and non-GVC MSMEs, but GVC MSMEs had more serious concerns than non-GVC MSMEs over falling domestic and foreign demand, supply disruptions, and tax payments.

In Indonesia, a relatively higher proportion of GVC MSMEs were concerned over declining domestic demand (55.2%), declining foreign demand (34.5%), supply disruptions (31.0%), and tax payments (13.8%) than non-GVC MSMEs (26.8%, 3.8%, 23.4%, and 9.3%, respectively) (Figure 39A).

In the Lao PDR, similar to Indonesia, a relatively higher proportion of GVC MSMEs had concerns over declining domestic demand (62.7%), declining foreign demand (59.3%), supply disruptions (37.3%), and tax payments (39.0%) than non-GVC MSMEs (58.8%, 13.5%, 15.9%, and 34.8%, respectively) (Figure 39B).

In the Philippines, a relatively higher proportion of GVC MSMEs reported concerns over declining domestic demand (54.2%), declining foreign demand (29.4%), supply disruptions (59.9%), and tax payments (41.8%) than non-GVC MSMEs (39.0%, 5.5%, 45.7%, and 37.2%, respectively) (Figure 39C).

And in Thailand, a relatively higher proportion of GVC MSMEs were concerned over declining domestic demand (61.8%), declining foreign demand (40.0%), supply disruptions (62.9%), and tax payments (26.5%) than non-GVC MSMEs (53.9%, 16.5%, 46.0%, and 20.6%, respectively) (Figure 39D).

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Figure 39 continued

2. Actions Considered

a. Overall MSMEs

If the pandemic continued over a month from the time of the survey, around half or more MSMEs considered seeking a deferral of loan repayments across all countries surveyed, but more so in the Lao PDR (63.1% of MSMEs) (Figure 40). More than half of MSMEs desired deferred tax payments in the Philippines (57.3%) and Lao PDR (59.2%). Nearly half of MSMEs considered further layoffs (44.2%) and wage cuts (44.4%) in Thailand. One-fifth of MSMEs considered applying for bankruptcy in Indonesia (20.8%), the largest share among countries surveyed.

b. By Firm Size

Actions considered by MSMEs if the COVID-19 crisis lasted over a month (from the time of the survey) differed by firm size and by country. In Indonesia, 46.8% of microenterprises desired a deferral of loan repayments, followed by considering wage cuts (26.5%) and applying for bankruptcy (22.2%) (Figure 41A). Meanwhile, 48.9% of small firms considered seeking a deferral of loan repayments, followed by wage cuts (41.1%) and seeking deferrals of tax payments (34.4%). Some 56.3% of medium-sized firms considered employee wage cuts, followed by seeking a deferral of loan repayments (37.5%) and staff layoffs (12.5%).

In the Lao PDR, 60.2% of microenterprises wanted loan repayments deferred, followed by deferrals of tax payments (58.7%) and wage cuts (27.7%) (Figure 41B). Some 67.9% of small firms considered seeking a deferral of loan repayments, followed by deferred tax payments (59.9%) and staff layoffs (40.1%). Medium-sized firms (58.3%) considered seeking deferrals of loan repayments and tax payments, along with employee wage cuts.

In the Philippines, 55.6% of microenterprises and 64.2% of small firms hoped to defer tax payments, followed by deferred loan repayments (48.1% and 63.2%, respectively) and staff layoffs (29.8% and 55.0%) (Figure 41C). Medium-sized firms (68.0%) considered seeking deferrals of tax payments and loan repayments, followed by staff layoffs (60.0%).

In Thailand, 45.8% of microenterprises hoped to defer loan repayments, followed by staff layoffs (40.7%) and wage cuts (35.9%) (Figure 41D). Small firms (57.0%) considered employee wage cuts, followed by a deferral of loan repayments (53.4%) and staff layoffs (49.0%). Medium-sized firms (60.0%) considered seeking the deferral of loan repayments and wage cuts, followed by staff layoffs (53.8%).

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Figure 41 continued

c. By Industrial Sector

Actions considered by MSMEs during the COVID-19 crisis also differed by industry and by country. In Indonesia, 46.8% of services MSMEs looked for deferred loan repayments, followed by employee wage cuts (28.7%) and applying for bankruptcy (21.6%) (Figure 42A). Manufacturing MSMEs (45.6%) considered seeking deferred loan repayments, followed by wage cuts (40.4%) and deferrals of tax payments (26.3%). Agriculture MSMEs (48.9%) sought deferred loan repayments, followed by wage cuts (27.7%) and deferred tax payments (21.3%).

In the Lao PDR, 58.2% of services, 78.1% of manufacturing, and 75.0% of agriculture MSMEs hoped to defer loan repayments, followed by deferred tax payments (57.4%, 67.2%, and 57.1%, respectively) and employee wage cuts (31.9%, 42.2%, and 21.4%) (Figure 42B).

In the Philippines, 56.8% of services, 58.7% of manufacturing, and 53.5% of agriculture MSMEs desired deferrals of tax payments, followed by a deferral of loan repayments (51.0%, 51.7%, and 47.5%, respectively) and staff layoffs (33.6%, 35.9%, and 38.4%) (Figure 42C).

In Thailand, 48.1% of services MSMEs wanted to defer loan repayments, followed by wage cuts (43.9%) and staff layoffs (42.5%) (Figure 42D). Some 51.7% of manufacturing and 50.0% of agriculture MSMEs considered seeking the deferral of loan repayments, followed by staff layoffs (49.5% and 33.3%, respectively) and employee wage cuts (47.0% and 30.0%).

Figure 42: Actions Considered by MSMEs—By Sector

Notes: 525 valid samples in Indonesia, 355 in the Lao People's Democratic Republic (Lao PDR), 1,804 in the Philippines, and 1,147 in Thailand. Calculated based on data from the rapid MSME surveys in Indonesia, the Lao PDR, the Philippines, and Thailand, April–May 2020. Source: Asian Development Bank.

d. Women-Led MSMEs

Actions considered by women-led and men-led MSMEs during the pandemic did not significantly differ among all countries surveyed, although their order of priority differed by the gender of a firm's ownership. In Indonesia, 51.9% of women-led MSMEs desired a deferral of loan repayments, followed by wage cuts (30.1%) and applying for bankruptcy (21.8%); all slightly higher than men-led MSMEs (44.7%, 29.8%, and 20.3%, respectively) (Figure 43A).

In the Lao PDR, 60.1% of women-led MSMEs desired deferrals of tax payments, followed by a deferral of loan repayments (60.7%) and staff layoffs (30.1%); slightly higher than men-led MSMEs, except for the deferral of loan repayments (58.3%, 65.1%, and 29.2%, respectively) (Figure 43B).

In the Philippines, 56.9% of women-led MSMEs considered seeking deferred tax payments, followed by deferred loan repayments (50.3%) and staff layoffs (32.4%); all slightly lower than men-led MSMEs (57.7%, 52.0%, and 37.6%, respectively) (Figure 43C).

In Thailand, 51.4% of women-led MSMEs wanted to defer loan repayments, followed by staff layoffs (46.6%) and employee wage cuts (41.8%); slightly higher shares than men-led MSMEs for the deferral of loan repayments (47.4%) and staff layoffs (42.3%), but lower for wage cuts (46.4%). (Figure 43D).

Figure 43: Actions Considered by MSMEs—By Ownership

Notes: 525 valid samples in Indonesia, 355 in the Lao People's Democratic Republic (Lao PDR), 1,804 in the Philippines, and 1,147 in Thailand. Calculated based on data from the rapid MSME surveys in Indonesia, the Lao PDR, the Philippines, and Thailand, April–May 2020. Source: Asian Development Bank.

e. Internationalized MSMEs

The priority and magnitude of actions hoped for by internationalized MSMEs differed from domestically focused MSMEs and by country. GVC MSMEs considered contract cancellations with suppliers, requests for deferred tax payments and loan repayments, staff layoffs, and employee wage cuts more seriously than non-GVC MSMEs.

In Indonesia, a relatively higher proportion of GVC MSMEs considered cancelling contracts with suppliers (31.0%) and hoped for deferred tax payments (27.6%) than non-GVC MSMEs (9.7% and 19.2%, respectively) (Figure 44A).

In the Lao PDR, a relatively higher proportion of GVC MSMEs considered cancelling contracts with suppliers (18.6%), requests for deferred tax payments (62.7%) and loan repayments (69.5%), staff layoffs (40.7%), and wage cuts (45.8%) more seriously than non-GVC MSMEs (7.1%, 58.4%, 61.8%, 27.4%, and 30.4%, respectively) (Figure 44B).

In the Philippines, similar to the Lao PDR, a relatively higher proportion of GVC MSMEs considered contract cancellations with suppliers (27.7%), requests for deferred tax payments (62.7%) and loan repayments (58.2%), staff layoffs (41.2%), and employee wage cuts (27.7%) more seriously than non-GVC MSMEs (17.1%, 56.7%, 50.3%, 34.0%, and 25.9%, respectively) (Figure 44C).

In Thailand, a relatively higher proportion of GVC MSMEs considered cancelling contracts with suppliers (19.1%), requests for deferred tax payments (32.1%) and loan repayments (52.9%), wage cuts (49.7%), and applying for bankruptcy (5.6%) more seriously than non-GVC MSMEs (14.3%, 24.9%, 47.6%, 42.1%, and 4.2%, respectively) (Figure 44D).

continued on next page

Figure 44 continued

3. Policy Measures Desired

a. Overall MSMEs

Most MSMEs strongly wanted further government financial support, regardless of size or business sector. Of the 21 policy options listed in the survey, the most popular involved some kind of financial assistance. More than 90% desired zero-interest rates and/or collateral-free loans (Figure 45). Subsidies, cash transfers, and grants ranked second in Indonesia, the Philippines, and Thailand, with a refinancing facility with low interest rate loans in the Lao PDR. Interestingly, 90% of Indonesian MSMEs suggested exit finance to restart (new) businesses, signaling a potentially large number of looming bankruptcies.

Figure 45: Policy Measures Desired—Total MSMEs

INO = Indonesia; LAO = Lao People's Democratic Republic; MSME = micro, small, and medium-sized enterprise; PHI = Philippines; THA = Thailand,

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

Source: Asian Development Bank.

Based on the “strong want” answers from the surveys, financial assistance was clearly desired by MSMEs in every country.

In Indonesia, 91.8% of MSMEs desired zero interest and collateral-free loans, followed by subsidies, cash transfers, and grants for business recovery (89.5%); a special refinance facility with low interest rate loans (85.7%); debtor-in-possession financing for MSMEs amid financial distress (exit finance) (84.6%); and faster approval of bank loans (simplified loan procedures) (84.2%) (Figure 46A). A high proportion of MSMEs surveyed sought exit finance to restart business, signaling a potentially large number of bankruptcies in Indonesia.

In the Lao PDR, 81.4% of MSMEs desired zero interest and collateral-free loans, followed by a special refinance facility with low interest rate loans (77.2%); faster approval of bank loans (74.4%); a loan repayment moratorium (66.5%); and subsidies, cash transfers, and grants for business recovery (62.3%) (Figure 46B).

In the Philippines, 85.9% of MSMEs desired zero interest and collateral-free loans, followed by subsidies, cash transfers, and grants for business recovery (83.8%); a special refinance facility with low interest rate loans (79.3%);

faster approval of bank loans (78.6%); and tax relief, deferred tax payments, and reduced corporate taxes (73.3%) (Figure 46C).

In Thailand, 81.3% of MSMEs desired zero interest and collateral-free loans, followed by faster approval of bank loans (75.9%); subsidies, cash transfers, and grants for business recovery (75.6%); a special refinance facility with low interest rate loans (70.4%); and a business restructuring fund (67.7%) (Figure 46D).

Box: SME Promotion Fund in Response to COVID-19—Lao PDR

For the Lao People's Democratic Republic (Lao PDR), the Asian Development Bank survey added special questions on the SME Promotion Fund requested by the Department of Small and Medium Enterprise Promotion (DOSMEP), under the Ministry of Industry and Commerce.

The SME Promotion Fund is part of DOSMEP and has its own administration and management regulations. It began providing financial support in 2012 and reforms were launched in late 2018 through 2019 to make the fund operate more effectively. The SME Promotion Fund does not lend directly to micro, small, and medium-sized enterprises (MSMEs); it channels loans to small businesses via participating commercial banks. It offers concessional lending rates 5.5%–10% per annum, supported by a 3%–5% subsidy (regular commercial lending rates are 9%–15% per year). The loan tenor can be up to 10 years. Priority sectors include agriculture, industry and handicrafts, tourism, and specific sectors as decided by participating banks. The government has promoted the SME Promotion Fund in response to COVID-19.

During the COVID-19 pandemic, 32% of microenterprises, 25% of small firms, and 42% of medium-sized firms received bank loans backed by the SME Promotion Fund. By industry, 27% of services MSMEs, 36% of manufacturing MSMEs, and 43% of agriculture MSMEs benefitted.

The majority of approved MSMEs borrowed from the Lao Development Bank; 67% of microenterprises, 47% of small, and 60% of medium-sized firms; by industry, 60% of services, 43% of manufacturing, and 92% of agriculture MSMEs. The remaining MSMEs borrowed from the Lao-Viet Bank, Lao-China Bank, ST Bank, and Sacombank Laos.

MSME borrowers claimed principal and interest payments as their top concern on the SME Promotion Fund-backed bank credit. Some 68% of microenterprises, 53% of small, and 100% of medium-sized firms reported interest repayments as a concern; 74%, 59%, and 80%, respectively reported principal payments as an issue. All industries (services, manufacturing, and agriculture) had similar responses.

Borrowers from the SME Promotion Fund-backed bank credit desired a loan repayment moratorium (80% of microenterprises and medium-sized firms and 71% of small firms; 84% of services, 48% of manufacturing, and 92% of agriculture MSMEs) and additional loan acceptance by commercial banks (47% of micro, 53% of small, and 80% of medium-sized firms; 51% of services, 52% of manufacturing, and 42% of agriculture MSMEs).

During the pandemic, most borrowers of the SME Promotion Fund-backed bank credit desired working capital loan support from the government (65% of microenterprises, 56% of small, and 80% of medium-sized firms; 66% of services, 61% of manufacturing, and 50% of agriculture MSMEs), loan repayment moratorium (76% of microenterprises, 59% of small, and 80% of medium-sized firms; 77% of services, 52% of manufacturing, and 67% of agriculture MSMEs), and 1-year interest exemption by commercial banks (55% of micro, 38% of small, and 20% of medium-sized firms; 56% of services, 35% of manufacturing, and 25% of agriculture MSMEs).

After the COVID-19 pandemic, a large number of borrowers desired soft loans from government (88% of microenterprises, 76% of small, and 100% of medium-sized firms; 89% of services, 78% of manufacturing, and 75% of agriculture MSMEs), consultancy services to rehabilitate businesses (55% of microenterprises, 38% of small, and 20% of medium-sized firms; 59% of services, 26% of manufacturing, and 25% of agriculture MSMEs), and grants to improve productivity (41% of micro and small, and 60% of medium-sized firms; 46% of services, 30% of manufacturing, and 42% of agriculture MSMEs).

Source: The Rapid MSME Survey in the Lao PDR (23 April–22 May 2020), 355 valid samples.

Figure 46: Policy Measures Desired—Total MSMEs by Country

Notes: 525 valid samples in Indonesia, 355 in the Lao People's Democratic Republic (Lao PDR), 1,804 in the Philippines, and 1,147 in Thailand. Calculated based on data from the rapid MSME surveys in Indonesia, the Lao PDR, the Philippines, and Thailand, April–May 2020. Source: Asian Development Bank.

b. Women-Led MSMEs

The priority and magnitude of policy measures desired by women-led MSMEs differed from men-led MSMEs. Based on the gap of percentage shares between women- and men-led MSMEs, the differences were clear. A high proportion of women-led MSMEs desired some assistance related to government/public projects, such as suspending payments on government contracts and eased requirements for public procurement. Women-led MSMEs sought more mentoring and business literacy support from government.

In Indonesia, the proportion of women-led MSMEs that desired suspending payments on government contracts was 12.8pp higher than men-led MSMEs, followed by assistance on teleworking arrangements (+7.7pp), mentoring

and business literacy programs (+6.2pp), debtor-in-possession financing (+5.1pp), and removing restrictions on foreign investments in domestic MSMEs (+4.5pp) (Figure 47A).

In the Lao PDR, the proportion of women-led MSMEs that requested simplified procedures and/or eased requirements for public procurement was 6.0pp higher than men-led MSMEs, followed by assistance to pay employee salaries (+2.0pp) and mentoring and business literacy programs (+0.7pp) (Figure 47B).

In the Philippines, the proportion of women-led MSMEs requesting assistance on teleworking arrangements was 10.4pp higher than men-led MSMEs, followed by suspending payments on government contracts (+9.8pp), mentoring and business literacy programs (+5.7pp), removing restrictions on foreign investments in domestic MSMEs (+4.9pp), and one-stop service windows to support MSME exporters/importers (+3.2pp) (Figure 47C).

In Thailand, the proportion of women-led MSMEs requesting assistance on teleworking arrangements was 9.5pp higher than men-led MSMEs, followed by sector-specific support measures (such as tourism) (+8.9pp), suspending payments on government contracts (+7.8pp), mentoring and business literacy programs (+5.8pp), and one-stop service windows to support MSME exporters/importers (+5.4pp) (Figure 47D).

continued on next page

Figure 47 continued

c. Internationalized MSMEs

The priority and magnitude of policy measures desired by GVC MSMEs were also different from non-GVC MSMEs. Based on the gap of percentage shares between GVC and non-GVC MSMEs, the differences were also clear. A high proportion of GVC MSMEs desired one-stop service windows to support MSME exporters and importers in all countries surveyed. Internationalized MSMEs sought more technical support from government, such as consultations, advisory, business development services; digital transformation of their business (teleworking and digital finance); timely access to information on government assistance programs; and regulatory easing to promote their export and import business.

In Indonesia, the proportion of GVC MSMEs that desired one-stop service windows to support MSME exporters/importers was 16.1pp higher than non-GVC MSMEs, followed by sector-specific support measures (such as tourism) (+15.3pp), easing access to new financing models or digital financial services (+13.8pp), assistance on

teleworking arrangements (+8.8pp), and removing restrictions on foreign investments in domestic MSMEs (+6.8pp) (Figure 48A).

In the Lao PDR, the proportion of GVC MSMEs that desired one-stop service windows to support MSME exporters/importers was 31.3pp higher than non-GVC MSMEs, followed by comprehensive information platforms on government assistance programs (+25.9pp), business development and advisory services (+21.5pp), removing restrictions on foreign investments in domestic MSMEs (+18.1pp), and assistance to pay employee salaries (+15.1pp) (Figure 48B).

In the Philippines, the proportion of GVC MSMEs that desired one-stop service windows to support MSME exporters/importers was 17.0pp higher than non-GVC MSMEs, followed by removing restrictions on foreign investments in domestic MSMEs (+14.7pp), facilitation of access to new financing models or digital financial services (+6.0pp), sector-specific support measures (such as tourism) (+5.9pp), assistance on teleworking arrangements (+4.2pp), and support for access to trade finance and supply chain finance (+4.2pp) (Figure 48C).

In Thailand, the proportion of GVC MSMEs that desired one-stop service windows to support MSME exporters/importers was 19.0pp higher than non-GVC MSMEs, followed by tax relief, deferred tax payments, and corporate tax reduction (+8.5pp); removing restrictions on foreign investments in domestic MSMEs (+5.4pp); and a special refinancing facility with low interest rate loans (+1.0pp) (Figure 48D).

Figure 48: Policy Measures Desired—Globalized and Domestic MSMEs

continued on next page

Figure 48 continued

Policy Implications

The COVID-19 pandemic and government response immediately affected MSME business operations in all countries surveyed. A large proportion of MSMEs suspended business after the virus outbreak; the remaining continued to operate, but most faced supply disruptions and low demand. MSME sales and revenue dropped sharply in March and further deteriorated in April with increased business closures. Huge losses in sales and revenue occurred, differing by firm size and sector—and at different times. Strict lockdown or not tangibly affected MSMEs' business performance and management. Jobless MSME workers have been increasing during the pandemic. All industrial sectors began reducing their workforce after the virus outbreak, more so in manufacturing and agriculture. Overall, microenterprises and small firms promoted layoffs during the pandemic while medium-sized firms maintained employment by encouraging WFH and adjusting employee working hours. A large share of MSMEs suspended wage payments to employees after the COVID-19 outbreak. Most MSMEs immediately lacked the funds needed to retain their businesses and had difficulty raising even small amounts of funding. They strongly hoped for additional government financial support, regardless of firm size or business sector.

This volume assessed the initial 2-month impact of COVID-19 and associated quarantine measures on MSMEs based on survey findings. As of September 2020, many Asian countries have tried moving into the recovery stage, but uncertainty over fully containing COVID-19 remains, along with fears over a potential second or third wave of virus infections. If the pandemic continues, the economic damage will rise exponentially at the national, regional, and global levels. This section discusses potential policy directions in the post-COVID-19 or under the “new normal,” with some implications on support for women-led and internationalized MSMEs.

1. Policy Directions in the Post-COVID-19

The surveys identified seven policies that could support MSMEs during and after the COVID-19 pandemic.

Assistance to focus groups

Assistance to focus groups should be better outlined and disseminated to encourage the effective use of limited budgets and support for the most affected groups of firms, in sectors such as manufacturing, distributive wholesale and retail trade, accommodation, tourism, and transportation, among others. The focus groups include women-led and internationalized MSMEs as well. Governments in the countries surveyed initially addressed these issues within their economic stimulus packages, but should the pandemic continue further, more detailed budget allocations are needed for those most affected by COVID-19 and quarantines.

Phased approach

A phased approach should be adopted so governments can flexibly redesign policy support measures, given the uncertainty over containing the virus spread. The surveys showed that strict lockdowns immediately affected

MSME business operations (sales and revenue) and management (employment and wage payments). Economic stimulus packages should be flexible and timely designed to balance business recovery with effective containment measures.

Differentiated policy measures

Policy support measures should be differentiated by firm size and business sector, given that the pandemic impact appears at different times for micro, small, and medium-sized enterprises—depending on their ability to cope with a specific impact and the magnitude of that impact (which varies by industry). The surveys found that more microenterprises and small firms cut staff during the pandemic, while medium-sized firms could afford to maintain employment by encouraging WFH arrangements and adjusting employee working hours, suggesting different coping tactics by firm size. Policy measures can be adjusted accordingly.

Assistance for work-from-home arrangements and the digital transformation

Government assistance should be provided to promote WFH arrangements and shift to digital transactions, particularly as WFH is not an option for most MSMEs and that their business generally requires personal contact. The surveys showed that most microenterprises found it difficult to set up WFH or teleworking arrangements. Conventional MSMEs are not familiar with digital transactions. During the pandemic, most MSMEs did not use digital finance platforms to obtain working capital. The digital transformation is inevitable for businesses operating under a new normal that promotes a more contactless society. Assistance should include digital skill training for MSME owners and employees.

Dissemination of government support programs

The dissemination of government support programs, especially financial support, should be strengthened to ensure it reaches target beneficiaries. For instance, governments offered several financial assistance programs—including special funds, soft loans, and credit guarantees—but most MSMEs still relied on informal sources for funds during the pandemic. A relatively high proportion of MSMEs surveyed desired comprehensive information platforms on government assistance programs (82.5% of MSMEs in Indonesia, 40.3% in the Lao PDR, 75.3% in the Philippines, and 54.5% in Thailand, based on “strong want” answers).

Focus on both business and employment retention

It is crucial to keep businesses running and employees secure. A large proportion of MSMEs suspended business operations during the pandemic, while those continuing to operate had to deal with supply disruptions and low demand. In addition, many MSMEs began reducing their workforce after the COVID-19 outbreak, with jobless workers increasing as a result. Support to retain and reopen businesses and maintain employment levels is indispensable, given the potentially large number of MSME bankruptcies expected and the high jobless risk for workers.

Monitoring MSME business conditions

MSME business conditions should be periodically monitored so governments can fine tune the direction of policy support measures in a timely fashion. Given the uncertainty over containing COVID-19, governments must constantly assess and understand the real conditions of businesses to set the best, most appropriate policy measures—for example, ADB can help its developing member countries promote evidence-based policy design to support MSMEs amid the new normal through periodic follow-up MSME surveys.

2. Women-Led MSMEs

The surveys indicated that, in general, relatively more women-led MSMEs temporarily closed business, suffered greater losses in sales and revenue, reduced their workforce, and suspended monthly wage payments than men-led MSMEs—although actual conditions differed by country. They also faced a more serious lack of funds than men-led MSMEs in some countries (Indonesia, the Philippines, and Thailand). Women-led MSMEs had more difficulty in raising enough working capital through formal financial services than men-led MSMEs, partly caused by the lack of women owning immovable assets (land and buildings) as loan collateral.

The surveys also identified that, based on the gap of percentage shares between women- and men-led MSMEs, a high proportion of women-led MSMEs desired some assistance related to government/public projects, such as suspending payments on government contracts and easing requirements for public procurement. They sought more mentoring and business literacy support from governments compared with men-led MSMEs. These findings would be useful for governments in designing focus group (women-led MSMEs) assistance programs.

3. Internationalized MSMEs

From 2010 to 2018, MSMEs contributed an average 20% of exports by value in Indonesia, Malaysia, and Thailand; the share largely stable at a compound annual contraction of just 0.05%.⁸ Across developing Asia, internationalizing MSMEs by participating in GVCs is critical to unlocking new productivity and promoting inclusive growth nationally. For instance, Thailand promotes specific industrial clusters as high potential production bases in automotive assembly and parts production, electronics, and digital industries—providing more global business opportunities for MSMEs. Malaysia uses several support programs to promote MSME internationalization, such as SME Go Global, Market Development Grant, and export training programs. MSMEs can expand their business and grow further by tapping global markets. But they remain fragile entities easily disrupted by external shocks, such as financial crises, disasters, or forced changes in the business environment—such as the impact of COVID-19.

The surveys showed that internationalized MSMEs—firms involved in GVCs or export/import business—faced a sharp drop in domestic and foreign demand, delayed product/service delivery, supply chain disruptions, and contract cancellations more seriously than non-GVC MSMEs. GVC MSMEs temporarily closed their businesses at about the same or lower rate as non-GVC MSMEs.

A relatively higher proportion of GVC MSMEs suffered major losses in sales and revenue from the start of the pandemic in Indonesia and the Lao PDR. The share of GVC MSMEs that reduced employees was higher than non-GVC firms in countries with strict lockdowns (the Lao PDR and the Philippines), while it was less in countries with relatively lighter containment measures (Indonesia and Thailand). The extent of stringency of containment policies highly affected employment conditions of GVC MSMEs as well as their operations. Limited exports and imports with declining demand under controlled logistics (as part of quarantine measures) more seriously affected GVC MSME operations and management. More GVC MSMEs promoted WFH or teleworking arrangements than non-GVC firms.

GVC MSMEs had relatively more room to pay salary/wages to employees in the first 2 months following the virus outbreak and quarantines. Wage payments were suspended more among non-GVC MSMEs than GVC MSMEs. A relatively higher proportion of GVC MSMEs did not alter wage payments even during the pandemic in Indonesia, the Philippines, and Thailand. They had sufficient cash and savings to maintain operations and had better access

⁸ ADB. 2020. Asia Small and Medium-Sized Enterprise Monitor 2020. Volume I: Country and Regional Reviews.

to bank credit and funding support from business partners. Nonetheless, a lack of working capital was the top concern for both GVC and non-GVC MSMEs. Rather, GVC MSMEs were more concerned than non-GVC MSMEs over falling domestic and foreign demand, supply disruptions, and tax payments. They had to consider cancelling contracts with suppliers, requests for deferred tax payments and loan repayments, staff layoffs, and employee wage cuts—more than non-GVC MSMEs.

The surveys found that, based on the gap of percentage shares between GVC and non-GVC MSMEs, a high proportion of GVC MSMEs desired one-stop service windows to support MSME exporters and importers. They seek more government technical support, such as consultations, advice, and business development services; help with digital transformation (teleworking and access to digital finance); timely access to information on government assistance programs; and eased regulations to promote their export and import business. These findings would also be useful for governments when designing focus group (internationalized MSMEs) assistance programs.

Appendix 1: Company Profiles Surveyed

There were 525 valid samples in Indonesia, 355 in the Lao People's Democratic Republic (Lao PDR), 1,804 in the Philippines, and 1,147 in Thailand. Calculations were based on data from the rapid MSME surveys in Indonesia, the Lao PDR, the Philippines, and Thailand in April–May 2020.

1. Firm Size

2. Operating Period

3. Female Employees

C. Philippines

D. Thailand

4. Business Sector

A. Indonesia

B. Lao PDR

C. Philippines

D. Thailand

5. Women-Led MSMEs

A. Indonesia

B. Lao PDR

C. Philippines

D. Thailand

6. MSMEs in Global Supply Chains

A. Indonesia

B. Lao PDR

C. Philippines

D. Thailand

E. Countries for MSME Exports

PRC = People's Republic of China, JPN = Japan, ROK = Republic of Korea, OthAsia = other Asia, US = United States, EUR = Europe, LA = Latin America, MENA = Middle East and North Africa, OthReg = other regions.

Appendix 2: Survey Questionnaire

Asian Development Bank Rapid Survey for the COVID-19 Impact on Micro, Small, and Medium-Sized Enterprises

Company Information

Company Name:

Name of head of the company:

Email of person responsible for answering the questions:

Address (names of municipality and province):

Part 1: Company Profile

1.1 Your primary business sector:

<p>--Please select one--</p> <p>☐ Agriculture, forestry, and fisheries</p> <p>☐ Manufacturing</p> <p>☐ Transportation and storage</p> <p>☐ Power and energy (e.g., electricity and gas)</p> <p>☐ Construction</p> <p>☐ Wholesale and retail trade</p> <p>☐ Information and Communications technology</p> <p>☐ Tourism</p> <p>☐ Others, please specify: _____.</p>
--

1.2 Your company location:

Indonesia	Lao PDR	Philippines	Thailand
--Please select Province--	--Please select Province--	--Please select Province--	--Please select Province--
☐ Aceh	☐ Attapeu	☐ National Capital Region (NCR)	☐ Amnat Charoen
☐ Bali	☐ Bokeo	☐ Cordillera Administrative Region (CAR)	☐ Ang Thong
☐ Banten	☐ Bolikhamsai/Bolikhamxay	☐ Region I (Ilocos Region)	☐ Bangkok
☐ Bengkulu	☐ Champasak/Champasack	☐ Region II (Cagayan Valley)	☐ Bueng Kan
☐ DI Yogyakarta	☐ Hua Phan	☐ Region III (Central Luzon)	☐ Buriram
☐ DKI Jakarta	☐ Khammouane		☐ Chachoengsao
☐ Gorontalo	☐ Luang Namtha		☐ Chai Nat
☐ Jambi	☐ Luang Prabang		☐ Chaiyaphum
☐ Jawa Barat	☐ Oudomxay		☐ Chanthaburi
☐ Jawa Tengah	☐ Phongsali/Phongsaly		☐ Chiang Mai

Indonesia	Lao PDR	Philippines	Thailand
--Please select Province--	--Please select Province--	--Please select Province--	--Please select Province--
☐ Jawa Timur ☐ Kalimantan Barat ☐ Kalimantan Selatan ☐ Kalimantan Tengah ☐ Kalimantan Timur ☐ Kalimantan Utara ☐ Kep. Bangka Belitung ☐ Kepulauan Riau ☐ Lampung ☐ Maluku ☐ Maluku Utara ☐ Nusa Tenggara Barat ☐ Nusa Tenggara Timur ☐ Papua ☐ Papua Barat ☐ Riau ☐ Sulawesi Barat ☐ Sulawesi Selatan ☐ Sulawesi Tengah ☐ Sulawesi Tenggara ☐ Sulawesi Utara ☐ Sumatera Barat ☐ Sumatera Selatan ☐ Sumatera Utara	☐ Sayabouly/ Xayabury ☐ Salavan/ Saravane ☐ Savannakhet ☐ Sekong ☐ Vientiane Prefecture ☐ Vientiane Province ☐ Xieng Khouang/ Xiengkhuang ☐ Xaisomboun/ Xaysomboun	☐ Region IV-A (CALABARZON) ☐ MIMAROPA Region ☐ Region V (Bicol Region) ☐ Region VI (Western Visayas) ☐ Region VII (Central Visayas) ☐ Region VIII (Eastern Visayas) ☐ Region IX (Zamboanga Peninsula) ☐ Region X (Northern Mindanao) ☐ Region XI (Davao Region) ☐ Region XII (SOCCSKSARGEN) ☐ Region XIII (Caraga) ☐ Autonomous Region in Muslim Mindanao (ARMM)	☐ Chiang Rai ☐ Chonburi ☐ Chumphon ☐ Kalasin ☐ Kamphaeng Phet ☐ Kanchanaburi ☐ Khon Kaen ☐ Krabi ☐ Lampang ☐ Lamphun ☐ Loei ☐ Lopburi ☐ Mae Hong Son ☐ Maha Sarakham ☐ Mukdahan ☐ Nakhon Nayok ☐ Nakhon Pathom ☐ Nakhon Phanom ☐ Nakhon Ratchasima ☐ Nakhon Sawan ☐ Nakhon Si Thammarat ☐ Nan ☐ Narathiwat ☐ Nong Bua Lamphu ☐ Nong Khai ☐ Nonthaburi ☐ Pathum Thani ☐ Pattani ☐ Phang Nga ☐ Phatthalung ☐ Phayao ☐ Phetchabun ☐ Phetchaburi ☐ Phichit ☐ Phitsanulok ☐ Phra Nakhon Si Ayutthaya ☐ Phrae ☐ Phuket ☐ Prachinburi ☐ Prachuap Khiri Khan ☐ Ranong ☐ Ratchaburi ☐ Rayong ☐ Roi Et

Indonesia	Lao PDR	Philippines	Thailand
--Please select Province--	--Please select Province--	--Please select Province--	--Please select Province-- ☐ Sa Kaeo ☐ Sakon Nakhon ☐ Samut Prakan ☐ Samut Sakhon ☐ Samut Songkhram ☐ Saraburi ☐ Satun ☐ Sing Buri ☐ Sisaket ☐ Songkhla ☐ Sukhothai ☐ Suphan Buri ☐ Surat Thani ☐ Surin ☐ Tak ☐ Trang ☐ Trat ☐ Ubon Ratchathani ☐ Udon Thani ☐ Uthai Thani ☐ Uttaradit ☐ Yala ☐ Yasothon

1.3 Period of your operations since establishment (as of the end of 2019):

-- Please select one -- ☐ 0–5 years ☐ 6–10 years ☐ 11–15 years ☐ 16–30 years ☐ 31 years and above

1.4 Number of employees (full-time regular employees as of the end of 2019):

Indonesia	Lao PDR	Philippines	Thailand
-- Please select one -- ☐ 1–4 people ☐ 5–19 people ☐ 20–99 people ☐ 100 people and above	-- Please select one -- ☐ 1–5 people ☐ 6–50 people ☐ 51–99 people ☐ 100 people and above	-- Please select one -- ☐ 1–9 people ☐ 10–99 people ☐ 100–199 people ☐ 200–300 people ☐ 301 people and above	-- Please select one -- ☐ 1–5 people ☐ 6–30 people ☐ 31–50 people ☐ 51–100 people ☐ 101–200 people ☐ 201 people and above

1.5 Percentage (%) of female employees to total employees (as of the end of 2019):

-- Please select one --

- ☐ 0–10%
- ☐ 11%–30%
- ☐ 31%–50%
- ☐ 51%–80%
- ☐ 81% and above

1.6 Average monthly wage per employee (regular worker as of the end of 2019)*:

Indonesia	Lao PDR	Philippines	Thailand
-- Please select one --	-- Please select one --	-- Please select one --	-- Please select one --
☐ Not more than IDR 3.2 million (\$200)	☐ Not more than LAK 1,800,000 (\$200)	☐ Not more than PHP 9,000	☐ Not more than THB 6,600 (\$200)
☐ IDR 3,200,001 – IDR 6.4 million (\$400)	☐ LAK 1,800,001 – LAK 3,600,000 (\$400)	☐ PHP 9,001 – PHP 18,000	☐ THB 6,601 – THB 13,200 (\$400)
☐ IDR 6,400,001 – IDR 9.6 million (\$600)	☐ LAK 3,600,001 – LAK 5,400,000 (\$600)	☐ PHP 18,001 – PHP 27,000	☐ THB 13,201 – THB 19,800 (\$600)
☐ IDR 9,600,001 – IDR 12.8 million (\$800)	☐ LAK 5,400,001 – LAK 7,200,000 (\$800)	☐ Over PHP 27,000	☐ THB 19,801 – THB 26,400 (\$800)
☐ IDR 12,800,001 – IDR 16 million (\$1,000)	☐ LAK 7,200,001 – LAK 9 million (\$1,000)		☐ THB 26,401 – THB 33,000 (\$1,000)
☐ Over IDR 16 million	☐ Over LAK 9 million		☐ Over THB 33,000

* Indonesia: IDR16,000/US\$; Lao PDR: LAK9,000/US\$; Thailand: THB33/US\$.

1.7a Total annual sales value (as of the end of 2019): (For Indonesia only)

-- Please select one --

- ☐ Less than IDR 300,000,000
- ☐ IDR 300 million to less than IDR 2.5 billion
- ☐ IDR 2.5 billion to less than IDR 50 billion
- ☐ IDR 50 billion and over

1.7b Annual turnover (as of the end of 2019): (For Lao PDR only)

-- Please select one --

- ☐ Not more than LAK 400 million
- ☐ Over LAK 400 million to LAK 1.5 billion
- ☐ Over LAK 1.5 billion to LAK 2 billion
- ☐ Over LAK 2 billion to LAK 3 billion
- ☐ Over LAK 3 billion to LAK 4 billion
- ☐ Over LAK 4 billion to LAK 6 billion
- ☐ Over LAK 6 billion

1.7c Annual revenue (as of the end of 2019): (For Thailand only)

-- Please select one --

☐ Not more than THB 1.8 million

☐ Over THB 1.8 million to THB 50 million

☐ Over THB 50 million to THB 100 million

☐ Over THB 100 million to THB 300 million

☐ Over THB 300 million to THB 500 million

☐ Over THB 500 million

1.8 Assets (as of the end of 2019) *:

Indonesia	Lao PDR	Philippines	Thailand
<p>-- Please select one --</p> <p>☐ Less than IDR 50,000,000</p> <p>☐ IDR 50 million to less than IDR 500 million</p> <p>☐ IDR 500 million to less than IDR 10 billion</p> <p>☐ IDR 10 billion and over</p>	<p>-- Please select one --</p> <p>☐ Not more than LAK 100 million</p> <p>☐ Over LAK 100 million to LAK 150 million</p> <p>☐ Over LAK 150 million to LAK 200 million</p> <p>☐ Over LAK 200 million to LAK 1 billion</p> <p>☐ Over LAK 1 billion to LAK 1.5 billion</p> <p>☐ Over LAK 1.5 billion to LAK 4 billion</p> <p>☐ Over LAK 4 billion to LAK 6 billion</p> <p>☐ Over LAK 6 billion</p>	<p>-- Please select one --</p> <p>☐ Not more than PHP 3,000,000</p> <p>☐ PHP 3,000,001 – PHP 15,000,000</p> <p>☐ PHP 15,000,001 – PHP 100,000,000</p> <p>☐ Over PHP 100,000,000</p>	<p>-- Please select one --</p> <p>☐ THB 30 million and less</p> <p>☐ Over THB 30 million to THB 50 million</p> <p>☐ Over THB 50 million to THB 60 million</p> <p>☐ Over THB 60 million to THB 100 million</p> <p>☐ Over THB 100 million to THB 200 million</p> <p>☐ Over THB 200 million</p>

* Indonesia: net assets excluding land and building; Lao PDR: total assets excluding land and building but including current assets related to business/manufacturing activities and financial assets such as bank savings; Philippines: total assets excluding land but include fixed assets such as office building and equipment, and financial assets such as bank savings; Thailand: fixed assets such as office building and equipment.

1.9. Assistance provided for employees:

-- Please select all that apply --

☐ Social security system (SSS)

☐ Housing loan

☐ Health insurance

☐ Others, please specify: _____

1.10 Do you use Internet in your daily business?*

-- Select--

☐ Yes

☐ No

* For instance, use the Internet to sell your products/services, buy materials from suppliers, and transfer money for business.

1.11 Have you been involved in **the global supply chain** or **export/import business**?

--Select--

☐ Yes (proceed to **question 1.11.1 to 1.11.4**)

☐ No

1.11.1 What is the **type** of your participation in the global supply chain?

-- Please select one --

☐ Subcontracting (material/input supplier)

☐ Lead firm (lead production and sales of goods and services in the supply chain)

☐ Consulting and engineering services

☐ Others, please specify: _____.

1.11.2 To which countries did you **export** your goods and services last year (2019)?

-- Please select all that apply --

☐ China

☐ Japan

☐ Republic of Korea

☐ Other Asian countries

☐ United States

☐ Europe

☐ Latin America

☐ Middle East and North Africa

☐ Other regions

☐ Don't know

1.11.3 From which countries did you **import** goods/materials last year (2019)?

-- Please select all that apply --

☐ China

☐ Japan

☐ Republic of Korea

☐ Other Asian countries

☐ United States

☐ Europe

☐ Latin America

☐ Middle East and North Africa

☐ Other regions

☐ Don't know

1.11.4 Has **the cost of supplies** from abroad increased after the COVID-19 outbreak (15 March 2020)?

-- Please select one --

☐ Rather, cost decreased

☐ No change

☐ 1%-5% increase

☐ 6%-10% increase

☐ More than 10% increase

Part 2: Impact of COVID-19 on Your Business

Please select the appropriate box below:

2.1 Your **business environment** after the COVID-19 outbreak (15 March 2020):

-- Please select all that apply --

- ☐ Better than before the COVID-19 outbreak
- ☐ No change
- ☐ Drop in domestic demand
- ☐ Drop in foreign demand
- ☐ Delayed delivery of products/services
- ☐ Disruption of production/supply chain
- ☐ Cancellation of contracts
- ☐ Temporary closed
- ☐ Others, please specify: _____.

2.2a **Sales in March 2020** as compared to February 2020:

-- Please select one --

- ☐ Zero (temporary closed)
- ☐ More than 30% decrease
- ☐ 21%-30% decrease
- ☐ 11%-20% decrease
- ☐ 1%-10% decrease
- ☐ No change
- ☐ 1%-5% increase
- ☐ 6%-10% increase
- ☐ More than 10% increase

2.2b **Sales in April 2020** as compared to March 2020: (For Indonesia, Lao PDR, and Thailand)

-- Please select one --

- ☐ Zero (temporary closed)
- ☐ More than 30% decrease
- ☐ 21%-30% decrease
- ☐ 11%-20% decrease
- ☐ 1%-10% decrease
- ☐ No change
- ☐ 1%-5% increase
- ☐ 6%-10% increase
- ☐ More than 10% increase

2.3a **Income/revenue in March 2020** as compared to February 2020:

- Please select one --
- ☐ Zero (temporary closed)
 - ☐ More than 30% decrease
 - ☐ 21%-30% decrease
 - ☐ 11%-20% decrease
 - ☐ 1%-10% decrease
 - ☐ No change
 - ☐ 1%-5% increase
 - ☐ 6%-10% increase
 - ☐ More than 10% increase

2.3b **Income/revenue in April 2020** as compared to March 2020: (For Indonesia, Lao PDR, and Thailand)

- Please select one --
- ☐ Zero (temporary closed)
 - ☐ More than 30% decrease
 - ☐ 21%-30% decrease
 - ☐ 11%-20% decrease
 - ☐ 1%-10% decrease
 - ☐ No change
 - ☐ 1%-5% increase
 - ☐ 6%-10% increase
 - ☐ More than 10% increase

2.4a **Employment in March 2020** as compared to February 2020:

- Please select one --
- ☐ Increase of employees (**proceed to question 2.4a.1 to 2.4a.2**)
 - ☐ Decrease of employees (**proceed to question 2.4a.3**)
 - ☐ No change

2.4a.1 How many more workers were employed in March 2020 as compared to February 2020?

[Please describe the number.]

2.4a.2 What is the main reason for the increase of employees?

[Please describe the main reason.]

2.4a.3 How many fewer workers were employed in March 2020 as compared to February 2020?

[Please describe the number]

2.4b **Employment in April 2020** as compared to March 2020: (For Indonesia, Lao PDR, and Thailand)

- Please select one --
- ☐ Increase of employees (**proceed to question 2.4b.1 to 2.4b.2**)
 - ☐ Decrease of employees (**proceed to question 2.4b.3**)
 - ☐ No change

2.4b.1 How many more workers were employed in April 2020 as compared to February 2020?

[Please describe the number.]

2.4b.2 What is the main reason for the increase of employees?

[Please describe the main reason.]

2.4b.3 How many fewer workers were employed in April 2020 as compared to March 2020?

[Please describe the number]

2.5 Changes in **employment** after the COVID-19 outbreak (15 March 2020):

-- Please select all that apply --

- ☐ Working hours reduced
- ☐ Work from home (teleworking)
- ☐ Taking sick leave
- ☐ Temporarily laid off (staffing cut)
- ☐ Others, please specify: _____.

2.6 Changes in **total wage payments** to employees after the COVID-19 outbreak (15 March 2020):

-- Please select one --

- ☐ Temporary no payment
- ☐ More than 30% decrease
- ☐ 21%-30% decrease
- ☐ 11%-20% decrease
- ☐ 1%-10% decrease
- ☐ No change
- ☐ 1%-5% increase
- ☐ 6%-10% increase
- ☐ More than 10% increase

2.7 Is there different wage payment arrangement by employment group (low-skilled and high skilled workers)?

-- Select--

- ☐ Yes (**proceed to question 2.7.1**)
- ☐ No

2.7.1 Please describe the difference of the wage payment arrangement.

[Please describe the difference.]

2.8 **Financial conditions** after the COVID-19 outbreak (15 March 2020):

-- Please select one --

- ☐ Enough saving, liquid assets, and other contingency budget to maintain business
- ☐ Cash/fund to be run out in a month
- ☐ Already no cash and saving
- ☐ Others, please specify: _____.

2.9 Funding conditions after the COVID-19 outbreak (15 March 2020):

-- Please select all that apply --

- ☐ Successfully took loans/overdraft/line of credit from banks for working capital
- ☐ Applied for loans/overdraft/line of credit from banks for working capital
- ☐ Utilizing nonbank finance institutions (e.g., microfinance institutions, pawnshops) for working capital financing
- ☐ Utilizing digital finance platforms (e.g., peer-to-peer lending, crowdfunding) for working capital financing
- ☐ Received funding support from business partner
- ☐ Received funding support from the government
- ☐ Borrowing from family, relatives, and friends to maintain business
- ☐ Borrowing from informal money lenders to maintain business
- ☐ Using own fund/retained profit to maintain business
- ☐ Others, please specify: _____.

2.10 If necessary, can you borrow a total of US\$1,000* from somewhere within a week?

-- Select --

- ☐ Yes (**proceed to question 2.10.1 to 2.10.2**)
- ☐ No

* Philippines: PHP 50,000; Indonesia: IDR 16,000,000; Lao PDR: LAK 9,000,000; Thailand: THB 33,000.

2.10.1 From where can you borrow a total of US\$1,000* within a week?

-- Please select all that apply --

- ☐ Banks and other financial institutions
- ☐ Family members and relatives
- ☐ Friends and neighbors
- ☐ Colleagues in the business
- ☐ Business partners
- ☐ Money lenders
- ☐ Others, please specify: _____.

* Philippines: PHP 50,000; Indonesia: IDR 16,000,000; Lao PDR: LAK 9,000,000; Thailand: THB 33,000.

2.10.2 Is it more difficult to borrow US\$1,000* now than the last year (2019)?

-- Please select one --

- ☐ More difficult
- ☐ Same as the last year (2019)
- ☐ Easier now
- ☐ Don't know

* Philippines: PHP 50,000; Indonesia: IDR 16,000,000; Lao PDR: LAK 9,000,000; Thailand: THB 33,000.

2.11 How much would you like to raise funds from financial institutions to maintain or restart your business now or near future?

Indonesia	Lao PDR	Philippines	Thailand
--Please select one-- ☐ IDR 0 ☐ IDR 1 – IDR 320 million (\$20,000) ☐ IDR 320,000,001 – IDR 640 million (\$40,000) ☐ IDR 640,000,001 – IDR 1.6 billion (\$100,000) ☐ IDR 1,600,000,001 – IDR 3.2 billion (\$200,000) ☐ IDR 3,200,000,001 – IDR 8 billion (\$500,000) ☐ IDR 8,000,000,001 – IDR 16 billion (\$1 million) ☐ Over IDR 16 billion	--Please select one-- ☐ LAK 0 ☐ LAK 1 - LAK 180 million (\$20,000) ☐ LAK 180,000,001 – LAK 360 million (\$40,000) ☐ LAK 360,000,001 – LAK 900 million (\$100,000) ☐ LAK 900,000,001 – LAK 1.5 billion (\$166,000) ☐ LAK 1,500,000,001 – LAK 3 billion (\$333,000) ☐ LAK 3,000,000,001 – LAK 4 billion (\$444,000) ☐ Over LAK 4 billion	--Please select one-- ☐ PHP 0 ☐ Fewer than PHP 10 million (\$200,000) ☐ PHP 10,000,001 – PHP 25 million (\$500,000) ☐ PHP 25,000,001 – PHP 50 million (\$1 million) ☐ PHP 50,000,001 – PHP 250 million (\$5 million) ☐ Over PHP 250 million	--Please select one-- ☐ THB 0 ☐ THB 1 - THB 660,000 (\$20,000) ☐ THB 660,001 - THB 1,320,000 (\$40,000) ☐ THB 1,320,001 - THB 3.3 million (\$100,000) ☐ THB 3,300,001 - THB 6.6 million (\$200,000) ☐ THB 6,600,001 - THB 16.5 million (\$500,000) ☐ THB 16,500,001 - THB 33 million (\$1 million) ☐ Over THB 33 million

Part 3: Perception of COVID-19 Impact

Please select the appropriate box below:

3.1 What could be **the main concerns/obstacles** to maintaining or restarting your business if the COVID-19 infection lasts for longer time exceeding 30 April 2020?

- Please select all that apply --
- ☐ Decline in domestic demand continues over time
 - ☐ Decline in foreign demand continues over time
 - ☐ Disruption of production/supply chain/business networks
 - ☐ Requirements on tax payments
 - ☐ A lack of working capital to maintain or restart business
 - ☐ Repayment of loans
 - ☐ Others, please specify: _____.

3.2 What **actions** will you be forced to take if the COVID-19 infection continues beyond 30 April 2020?

- Please select all that apply --
- ☐ Cancel contracts with suppliers
 - ☐ Request the government of the delayed payments on tax
 - ☐ Ask financial institutions of the delayed repayment
 - ☐ Reduce employees' wage/salary
 - ☐ Reduce staff (layoffs)
 - ☐ Apply for bankruptcy
 - ☐ Others, please specify: _____.

Part 4: Policy Interventions

Please click the appropriate box below:

4.1 What kind of **policy measures** do you want from the government to maintain or restart your business now or near future?

-- 5: *Strongly want* 4: *Somewhat want* 3: *Neutral* 2: *Somewhat don't want* 1: *Least want* --

	5	4	3	2	1
1. Tax relief (e.g., deferred tax payments, corporate tax reduction, etc.).	☐	☐	☐	☐	☐
2. Subsidy for business recovery/conditional cash transfer/grants.	☐	☐	☐	☐	☐
3. Assistance to pay salary for employees (to retain workers)	☐	☐	☐	☐	☐
4. Simplified procedures/eased requirements for public procurement.	☐	☐	☐	☐	☐
5. Suspending payments on government contracts.	☐	☐	☐	☐	☐
6. Business development and advisory services (e.g., finding new markets for MSMEs devastated).	☐	☐	☐	☐	☐
7. One stop-service window to support MSME exporters/importers.	☐	☐	☐	☐	☐
8. Removing restrictions/barriers to foreign investments in domestic MSMEs.	☐	☐	☐	☐	☐
9. Mentoring & business literacy programs for MSME owners and employees.	☐	☐	☐	☐	☐
10. Providing assistance on teleworking arrangement.	☐	☐	☐	☐	☐
11. Sector-specific support measures (e.g., finance and nonfinance assistance for tourism, transport, logistics, etc.)	☐	☐	☐	☐	☐
12. Comprehensive information platform on government assistance programs.	☐	☐	☐	☐	☐
13. Special refinancing facility/low interest rate loans.	☐	☐	☐	☐	☐
14. Zero interest rate and/or collateral-free loans (temporary measure)	☐	☐	☐	☐	☐
15. Special credit guarantees (partial or full coverage of credit risk)	☐	☐	☐	☐	☐
16. Faster approval of bank loans (simplified loan procedures).	☐	☐	☐	☐	☐
17. Loan repayment moratorium (ease of loan repayment conditions).	☐	☐	☐	☐	☐
18. Facilitating access to new financing models (e.g. crowdfunding, peer-to-peer (P2P) lending, and digital financial services).	☐	☐	☐	☐	☐
19. Support MSMEs in accessing trade finance and supply chain finance.	☐	☐	☐	☐	☐
20. Business restructuring fund.	☐	☐	☐	☐	☐
21. Debtor-in-possession financing for MSMEs in financial distress.	☐	☐	☐	☐	☐

☐ Others not listed above, please specify: _____.

-- End of Survey. Thank you very much for your cooperation. --

Asia Small and Medium-Sized Enterprise Monitor 2020

Volume II—COVID-19 Impact on Micro, Small, and Medium-Sized Enterprises in Developing Asia

This is a special chapter of the *Asia Small and Medium-Sized Enterprise Monitor (ASM)* focusing on the impact of the coronavirus disease (COVID-19) on micro, small, and medium-sized enterprises (MSMEs) in developing Asia. The study is based on findings from rapid MSME surveys conducted from March to May 2020 in Indonesia, the Lao People's Democratic Republic, the Philippines, and Thailand. The ASM is a knowledge-sharing product series developed as a key resource for MSME development policies in Asia and the Pacific.

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ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty. Established in 1966, it is owned by 68 members—49 from the region. Its main instruments for helping its developing member countries are policy dialogue, loans, equity investments, guarantees, grants, and technical assistance.

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