



Study on the impacts of
the COVID-19 pandemic
on the private sector
in the Asia Pacific Region

This is a research study of the Asian Preparedness Partnership (APP) established by the Asian Disaster Preparedness Center with support from the Bill & Melinda Gates Foundation (the foundation).

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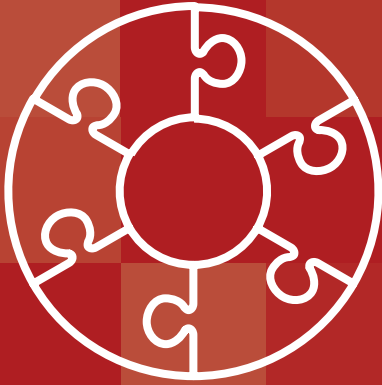


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ACRONYMS AND ABBREVIATIONS

ADB	Asian Development Bank	MMK	Myanmar Kyat
ADPC	Asian Disaster Preparedness Center	LKR	Sri Lankan Rupee
AIMO	All India Manufacturers' Organisation	MSMEs	Micro, Small and Medium-sized Enterprises
APEC	Asia-Pacific Economic Cooperation	OECD	Organisation for Economic Co-operation and Development
APP	Asian Preparedness Partnership	PDRF	Philippine Disaster Resilience Foundation
ASEAN	Association of Southeast Asian Nations	PHP	Philippine Peso
BCP	Business Continuity Plan	PKR	Pakistani Rupee
BDT	Bangladeshi Taka	PM-KISAN	Pradhan Mantri Kisan Samman Nidhi
BGMEA	Bangladesh Garment Manufacturers and Exporters Association	PPE	Personal Protection Equipment
BKMEA	Bangladesh Knitwear Manufacturers and Exporters Association	QRE	Quick Risk Estimation
CBi	Connecting Business initiative	RMG	Ready-made garments
CMP	Cut-Make-Pack	SDGs	Sustainable Development Goals
COVID-19	Coronavirus/Novel Coronavirus Disease of 2019	SIKAP	Synergizing Recovery Initiatives, Knowledge, and Adaptation Practices for MSMEs
DRM	Disaster Risk Management	UMFCCI	Union of Myanmar Federation of Chambers of Commerce and Industry
EU	European Union	UNCTD	United Nations Conference on Trade and Development
FASMEC	Federation of Associations for MSMEs of Cambodia	UNDRR	United Nations Office for Disaster Risk Reduction
GDP	Gross Domestic Product	UNESCAP	The Economic and Social Commission for Asia and the Pacific
GMAC	Garment Manufacturers Association in Cambodia	UNESCO	United Nations Educational, Scientific and Cultural Organization
IATA	International Air Transport Association	UNIDO	United Nations Industrial Development Organization
ICC	International Chamber of Commerce	USD	United States Dollar
ICT	Information and Communications Technology	VAT	Value Added Tax
IEC	Information, Education and Communication	WHO	World Health Organization
IFC	International Finance Corporation		
ILO	International Labor Organization		
IMF	International Monetary Fund		
INR	Indian Rupee		



Executive Summary

The corona virus (COVID-19) pandemic has put tremendous pressure on health systems, social services, and emergency management capabilities across the world. Since Asia is regarded as a primary driver of the global economy, the impacts on the private sector in the region have been significant. COVID-19 has led to disruptions in business operations, supply, and distribution chains, and has altered customer behaviors and led to reorienting business models. Micro, small, and medium-sized enterprises (MSMEs) have been particularly impacted due to their limited resources in both human and financial terms, and in some cases they have been forced to close down permanently. The pandemic has highlighted that MSMEs require specific and targeted support to ensure their business operations and overall resilience to disruptive events can be maintained. Considering the multifaceted impacts of the pandemic and adverse effects of climate change, there is a strong need for reconfiguring and transforming business strategies and practices to adapt to the “new normal,” including navigating the prevailing conditions of the ongoing pandemic and enhancing preparedness for future large-scale disruptive events.

In this study, the Asian Disaster Preparedness Center (ADPC) under the program “COVID-19 Country Support to Asian Preparedness Partnership (APP)” with support from the Bill & Melinda Gates Foundation (the foundation), has collated and synthesized information regarding the impact of COVID-19 on the private sector, including MSMEs and efforts for mitigating the impacts in the region. It also provides recommendations for relevant stakeholders to address the current pandemic as well as future crises. These findings highlight practical insights from the APP network, consisting of partners from the government, local humanitarian and private sector Networks in Cambodia, Myanmar, Nepal, Pakistan, the Philippines, and Sri Lanka. In particular, perspectives were gathered from members of the Regional Technical Working Group on Advancing Private Sector Engagement in Disaster Risk Management (RTWG-PSE), which was established in early 2020 under the APP.

This study consolidates primary and secondary data from country partners across the APP and ADPC network in the region, as well as by employing desk research and a literature review of research papers developed by the concerned government agencies and business associations (e.g., chambers of commerce and industries reports, business continuity publications, and peer-reviewed articles).

The report provides a regional overview of impacts on the private sector in the Asia-Pacific region. It also provides “country snapshots” of the pandemic’s impacts on the private sector and various measures undertaken by the respective governments and partners to alleviate the impacts in selected countries in the region. This study intends to serve as a snapshot of the COVID-19 situations in the respective countries and is not intended to be a comprehensive documentation of each national context.

Finally, the study proposes recommendations for key stakeholders, namely national governments, business associations and businesses themselves, to respond to the COVID-19 pandemic in the short to medium-term, as well as future pandemics in the long-term. The report identifies potential roles and measures for each stakeholder whilst underlining the importance of cooperation and partnerships for an integrated response and comprehensive preparedness for future public health emergencies and other disruptive events.



Background

Cases of the novel corona virus disease of 2019 (COVID-19) have been recorded in over 220 countries and territories around the world.¹ The World Health Organization (WHO) declared COVID-19 as a pandemic on 11 March 2020. As of 11 June 2021, there have been 174,061,995 recorded cases and 3,758,560 deaths as a result of the disease.² The pandemic has put tremendous pressure on health systems, social services, and emergency management capabilities of the impacted countries. Furthermore, there have been notable macro-economic impacts on the global economy following the outbreak. Overall, it is estimated that the global economy will have contracted 4.3% in 2020³ a sharp decline compared to the 2.9% increase registered for 2019.⁴ For 2021, global economic output is expected to expand 4%, more than 5% below its pre-pandemic trend.⁵ The impact of the pandemic on Asia, which is considered one of the primary drivers of the global economy, has been described as “severe and unprecedented.”⁶

Given this context, this study aims to collate information that will assist in better understanding the impacts of the COVID-19 pandemic on the private sector in the region. Specifically, the study looks into the impacts on MSMEs in emerging economies. These businesses are typically more vulnerable and lack the capacity to cope with disruptive events due to limited resources both in human and financial terms, and often require specific and targeted support.

This study was conducted by ADPC under the program “COVID-19 Country Support to APP” and supported by the foundation. The study envisages to obtain practical insights on challenges faced by businesses, including MSMEs, and efforts for mitigating the impacts. It draws on experiences and findings of the APP network⁷ consisting of partners from government, local humanitarian and private sector networks in Cambodia, Myanmar, Nepal, Pakistan, the Philippines, and Sri Lanka. Specifically, the study team

1 <https://www.worldometers.info/coronavirus/>

2 <https://www.worldometers.info/coronavirus/>

3 <https://www.worldbank.org/en/publication/global-economic-prospects>

4 <https://intelligence.weforum.org/topics/a1G0X000006O6EHUA0?tab=publications>

5 <https://www.worldbank.org/en/publication/global-economic-prospects>

6 <https://www.weforum.org/agenda/2020/04/covid19-pandemic-asia-growth>

7 The Asian Preparedness Partnership (APP), established by the Asian Disaster Preparedness Center (ADPC), is a unique multi-stakeholder regional partnership that includes countries from South and South-East Asia to better prepare for, respond to, and recover from disasters. Supported by the Bill & Melinda Gates Foundation and USAID Bureau for Humanitarian Assistance (BHA), the partnership strives to improve inter-organizational coordination and dialogue between governments, local humanitarian organization networks, and the private sector for enhancing capacities through partnerships, knowledge resources, training and networking opportunities.



collaborated with members of the RTWG-PSE established in early 2020 under APP.⁸

This study consolidates primary and secondary data from country partners across the APP and ADPC network in the region and employs desk research and a literature review of research papers developed by the concerned government agencies and business associations (e.g., chambers of commerce and industries reports, business continuity publications, and peer-reviewed articles). The study includes secondary data sources about the impacts and challenges of COVID-19 on business operations, supply chains, policy, and support measures for enterprises in different countries, including good practices and existing guidelines and resources. Practical recommendations for enterprises, business associations and governments in the region are also included in the study which include short term suggestions addressing the medium and longer-term impacts of the pandemic.

8 The RTWG serves as a platform under APP governing structure for regional knowledge sharing, learning, and incubation for innovations in advancing the engagement of the private sector in Disaster Risk Management and is currently composed of representatives from the private sector and their partners in the six Asian countries under APP.

Scope, Objectives and Methodology

The study aims to investigate the impacts of COVID-19 on the private sector and efforts for mitigating the impacts from various stakeholders. It provides practical recommendations and references to address the ongoing pandemic and future disruptive events. The specific objectives of this study are as follows:

- * Document impacts of the COVID-19 pandemic on businesses of different scales in selected industries, including challenges and response actions;
- * Consolidate relevant policies, measures, and other support provided by governments, partners, and businesses themselves to address the pandemic; and
- * Provide practical recommendations to governments, business associations, and businesses, including existing guidelines and tools to mitigate the impacts of and enhance resilience of business operations against COVID-19 and future pandemics.

The study draws upon both primary and secondary data sources, specifically:

- * Secondary data available from desk research, including peer-reviewed articles and publications, relevant articles from media sources, governments, chambers of commerce and industries, business media, business continuity related consulting firms, and more
- * Primary data collected through country partners regarding the impacts of COVID-19 on business operations through outreach to chambers of commerce or business associations across the APP network and from other selected countries in the region.

The sections on the impacts and measures of COVID-19 are intended to serve as a snapshot of the situation in the respective countries rather than to provide comprehensive documentation or compilation of all impacts, initiatives, and programs related to COVID-19 in each national context.



Regional Overview of COVID-19 Impacts on the Private Sector in the Asia Pacific Region

The COVID-19 pandemic has been termed as a “twin crisis of unprecedented proportion”: on one hand, it is a public health emergency, and at the same time it is an economic crisis.⁹ Businesses have seen their operations impacted for a variety of reasons, such as employee absenteeism, changes in working modalities, supplier or vendor disruption, and sudden changes in customer demands, behaviors and government restrictions, including factory or workplace closures. In the short to medium term, many enterprises have been unable to operate as usual.

In macroeconomic terms, the global impact of the pandemic could be as high as 6.4 to 9.4% of global gross domestic product (GDP), which is equivalent to economic losses between United States Dollar (USD) 5.8 trillion and USD 8.8 trillion.¹⁰ In Asia, it is anticipated that the ongoing outbreak will have a significant impacts on developing economies through numerous channels, including sharp declines in domestic demand, tourism and business travel, trade and production linkages, and supply chain disruptions. It is predicted that Asia (excluding the People’s Republic of China) will experience a loss between USD 1.7 trillion and USD 2.5 trillion, which is equivalent to 6.2 - 9.3% of the region’s GDP.¹¹

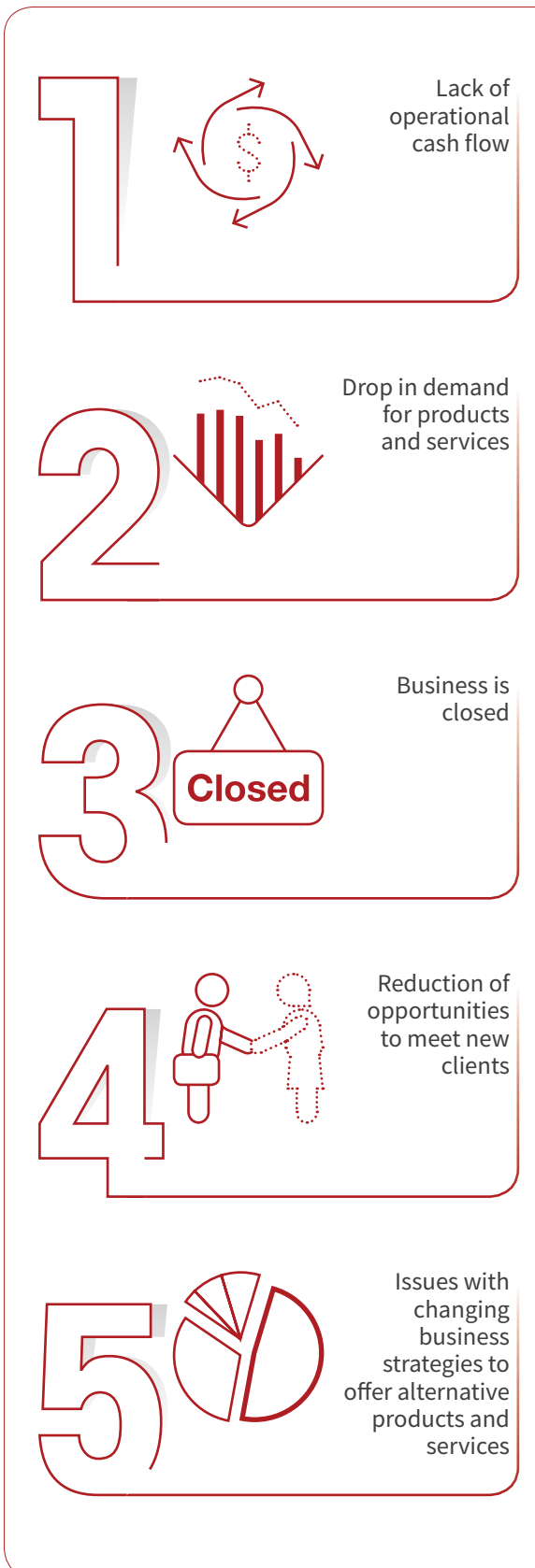
All national economies in the region were affected to varying extents as a result of the pandemic, primarily due to high disruption to industrial supply chains and weaker tourism inflows.¹² The economic losses due to COVID-19 were uneven across different countries depending on their exposure and severity of the outbreak in each location, as well as the respective measures taken to contain the disease, such as quarantines, border closures and suspension of productive activities.

9 https://www.channelnewsasia.com/news/singapore/need-for-global-effort-to-tackle-growing-economic-crisis-brought-12548730?cid=fbcna&fbclid=IwAR1wbxiWj75_TZx1zQu6mEoG5fZzygHymc2z0k5tGSPNjlbmbPXSdBtqUOs

10 <https://www.adb.org/sites/default/files/publication/604206/adb-brief-133-updated-economic-impact-covid-19.pdf>

11 <https://www.adb.org/sites/default/files/publication/604206/adb-brief-133-updated-economic-impact-covid-19.pdf>

12 <https://unsdg.un.org/sites/default/files/2020-03/SG-Report-Socio-Economic-Impact-of-Covid19.pdf>



Furthermore, government policies and support programs, including lockdown measures, economic stimulus packages and recovery strategies, as well as information and communications technology (ICT) related infrastructure the country embraces all brought disproportionate impacts on the ability of businesses to cope with and bounce back from the COVID-19 pandemic.

Certain sectors such as tourism and non-food manufacturing industry have experienced heavy losses in revenues, while other sectors including essential goods and service providers have needed to increase their supplies and operation to meet higher demands.¹³ For many companies around the world, one of the most important considerations from the COVID-19 outbreak was the effect on supply chains that originate in or traverse China. As a result of the shutdowns in China, which included factories and production hubs, disruptions were felt across regional and global supply chains, particularly during the first part of 2020.¹⁴ Measures designed to limit international and domestic transmission of COVID-19 such as travel restrictions, lockdowns, and suspension of production activities had the knock-on effect of disruption to labor movement and supply chains. In particular, those sectors which rely heavily on extended supply chains, such as automobiles, pharmaceuticals, and electronics, were particularly impacted due to supply shortages.¹⁵

Traditional service sectors, such as tourism, retail, hospitality, and some labor-intensive and supply chain-based manufacturing took an immediate hit, resulting in increased layoffs and unemployment. Whilst the extent of the pandemic on employment is still evolving, the impact is likely to be substantial as services and labor-intensive manufacturing comprise over 80% of the region's informal sector and MSMEs and contribute to the majority of jobs in the region.¹⁶ Moreover, the overall economic fallout of COVID-19 is yet to be seen but has already resulted in a sudden decline in revenue across different sectors. On the other hand, the pandemic has created additional

13 <https://www.weforum.org/agenda/2020/03/world-travel-coronavirus-covid19-jobs-pandemic-tourism-aviation/>; <https://www.dtnext.in/News/TamilNadu/2020/03/20022757/1220951/Job-loss-threat-looms-over-MSMEs-say-industry-sources-.vpf>; <https://www.ecotextile.com/2020030325782/materials-production-news/garment-workers-jobs-threatened-by-coronavirus.html>; <https://www.dw.com/en/coronavirus-bangladeshs-garment-industry-risks-collapse/a-52917410>

14 <https://www.mckinsey.com/business-functions/risk/our-insights/covid-19-implications-for-business>

15 <https://www.unescap.org/resources/impact-and-policy-responses-covid-19-asia-and-pacific>

16 Ibid.

Figure 1 Challenges faced by MSMEs during the COVID-19 pandemic

Source: Adapted from Asia-Pacific MSME Trade Coalition (2020)

demand and opportunities for internet-based economy sectors, such as online shopping and education, as well as for medical services.¹⁷

Depending on the nature of respective industries and the size of enterprises, businesses are affected differently when disruptive events, including pandemics, occur. MSMEs, which make up more than 96% of all businesses and account for two out of three private-sector jobs in the region,¹⁸ have been hardest hit by COVID-19. They typically lack the capacity to cope with disruptive events, including pandemics, due to limited financial and human resources and thus require specific and targeted support to maintain operations and recover from disruptive events.¹⁹

According to an Asia-wide survey on the impact of COVID-19 on MSMEs in the region conducted by the Asia-Pacific MSME Trade Coalition between 31 March and 6 April 2020, there were five major challenges that MSMEs face:²⁰

The survey also found that MSMEs encountered difficulties obtaining raw materials, providing logistics, and shipping products. Workers were also not able to return to work.²¹

While large businesses are impacted more in terms of absolute economic losses, smaller businesses may experience a higher proportion of income loss. Small enterprises also face pressure to generate short term profits, high costs, inaccessibility to insurance or appropriate financial products, and lack of access to expertise. Factors arising from the COVID-19 pandemic such as changing customer behaviors, labor shortages, and late payments mean that many small businesses may not reopen if such businesses are forced to shut down. This causes a knockdown effect for larger businesses given that MSMEs play a key role in the national economies and value chains in the region.

Furthermore, women-owned businesses (which comprise approximately one-third of MSMEs in the region) have been hit hardest due to a limited capacity to absorb the shock of the pandemic.²² In addition to inherent challenges faced by MSMEs in general, women-run MSMEs are constrained by limited access to finance services and assets, ICT and business networks.²³

The COVID-19 virus spreads indiscriminately, however, certain groups are disproportionately impacted: those already marginalized by structural barriers and gender inequalities including older persons, women (including pregnant women) and girls, youth, persons living with disabilities and migrants.²⁴ It is noteworthy that women workers are particularly hit hard since key sectors such as export-oriented manufacturing, agriculture, and tourism and hospitality, which are dominated by women, are among the hardest hit sectors in many countries.²⁵

Informal sector workers are also highly impacted by the fallout from COVID-19 due to challenges in accessing financial support and information, particularly recovery measures introduced by governments. Whilst this study focuses primarily on the impact and

17 <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7280091/>

18 <https://www.adb.org/publications/role-MSMEs-asia-and-their-difficulties-accessing-finance>

19 <http://www.adpc.net/sme-resilience-asia/>

20 <https://mailchi.mp/amtctrade/survey-results-covid-19-sme-impact-survey>

21 *Ibid.*

22 <https://www.bangkokpost.com/business/1990847/investing-in-women-for-recovery>

23 UNWomen (2020) <https://asiapacific.unwomen.org/en/digital-library/publications/2020/04/guidance-note-for-action-supporting-MSMEs-to-ensure-the-economic-covid-19-recovery>

24 <https://www.undrr.org/publication/undrr-asia-pacific-covid-19-brief-leave-no-one-behind-covid-19-prevention-response-and>

25 <https://asiapacific.unwomen.org/en/digital-library/publications/2020/04/guidance-note-for-action-supporting-MSMEs-to-ensure-the-economic-covid-19-recovery>

recommendations relating to formal business enterprises, it is also important the context of economic inequality and the prevalence of informal enterprises in the Asia Pacific region. Around 400 million people in the region still live below the international poverty line of USD 1.90 a day and more than 1 billion live on less than USD 3.20 a day.²⁶ These individuals were less equipped and prepared to protect themselves in the midst of the pandemic, often residing in crowded accommodation, informal settlements, or urban slums where such infectious diseases can spread rapidly.²⁷

Over 60% of the Asia-Pacific population also lacks access to social protection, including those employed in the informal sector, such as domestic workers, street vendors, small scale farmers, fishermen, and landless laborers.^{28,29} The lack of “social safety nets (e.g., financial support, in-kind food/voucher schemes, utility and financial obligation support, cash for work, etc.) mean that vulnerable populations have faced critical challenges in maintaining income and livelihoods during the epidemiological crisis.³⁰

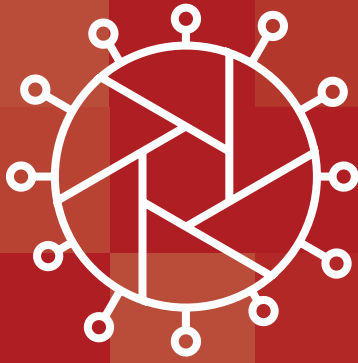
It is also important to note that many countries in the region are disaster-prone and are ranked as medium to high-risk countries according to the risk index such as the Global Climate Risk Index³¹ and Inform Risk Index.³² Notably, the pandemic coincided with the annual monsoon season, which typically traverses the months of June to October across South Asia and Southeast Asia. The 2020 monsoonal period was described as “excessive” in terms of rainfall across Asia,³³ which resulted in multi-layered or “dovetailing disasters,” whereby recurring hazards communities face on a yearly basis are further compounded by the backdrop of the pandemic.³⁴

Specifically, monsoon-related hazards such as floods and landslides have been exacerbated by the COVID-19 outbreak, which squeezed relief supplies and resources for disaster response, and economic uncertainty has made recovery difficult for communities.³⁵ Commentators have labeled the intersection between such climate related disasters and COVID-19 as an unprecedented “double”³⁶ or even “triple” disasters (i.e., pandemic, monsoon hazards, and the socio economic crisis of loss of livelihoods and jobs).³⁷

The following section provides an overview of the impact of the pandemic in selected countries in the Asia-Pacific region and explores support measures from the respective governments and businesses in these countries to mitigate the impacts of COVID-19.

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- 26 <https://www.worldbank.org/en/topic/poverty/overview>
- 27 <https://www.thenewhumanitarian.org/interview/2020/04/01/coronavirus-cities-urban-poor>
- 28 <https://www.unescap.org/resources/impact-and-policy-responses-covid-19-asia-and-pacific>;
- 29 <https://development.asia/insight/informal-sector-needs-financial-support>
- 30 https://www.ugogentilini.net/wp-content/uploads/2020/05/Country-SP-COVID-responses_May22.pdf
- 31 https://www.germanwatch.org/sites/germanwatch.org/files/20-2-01e%20Global%20Climate%20Risk%20Index%202020_14.pdf
- 32 <https://drmkc.jrc.ec.europa.eu/inform-index/INFORM-Risk/Results-and-data/moduleId/1782/id/419/controller/Admin/action/Results>
- 33 <https://earthobservatory.nasa.gov/images/147006/excessive-monsoon-rains-flood-asia>
- 34 <https://reliefweb.int/report/cambodia/dovetailing-disasters-how-covid-19-compounding-risk-cambodian-communities>
- 35 <https://www.thenewhumanitarian.org/maps-and-graphics/2020/07/23/Heavy-monsoon-rains-floods-landslides-Asia#:~:text=Monsoon%20season%20rainfall%20has%20been,and%20landslides%20across%20the%20region.&text=Unusually%20heavy%20monsoon%20rainfall%20is,China%2C%20Mongolia%2C%20and%20Japan>
- 36 <https://www.undrr.org/publication/undrr-asia-pacific-covid-19-brief-combating-dual-challenges-climate-related-disasters>
- 37 <https://media.ifrc.org/ifrc/press-release/south-asia-floods-9-6-million-people-swamped-humanitarian-crisis-deepens/>



Country Snapshots: Impacts of COVID-19 on the Private Sector

This section of the report provides insight into the impacts of the COVID-19 pandemic on the private sector in selected countries in the Asia-Pacific region. This includes the broader economic effects on key sectors in each country and the specific challenges faced by enterprises of different sizes in each national context. Moreover, it reflects on the various measures and policies adopted by governments and relevant networks, such as business associations to support the recovery of businesses and maintain operations in the face of COVID-19. It provides a snapshot of the impacts of the pandemic as well as measures taken by national governments, business associations, and development partners to support the continuity and recovery of enterprises in the face of the economic and social challenges posed by the pandemic.



Bangladesh

Impacts

As of 11 June 2021, Bangladesh has reported 817,819 cases of COVID-19, including 12,949 deaths. The impact of COVID-19 on the Bangladesh economy is significant. GDP growth for 2020 is forecasted to reach 2%, which represents a 6% drop compared to 2019.³⁸ The pandemic also threatens the existence of 2.5 million MSMEs,³⁹ which contributes 25% of Bangladesh's total GDP and 70 - 80% of non-agriculture sector employees.⁴⁰

The largest industry in Bangladesh is the garment and textile industry. It accounts for 80% of the country's exports. Despite the garment industry once being largely composed of MSMEs, the landscape has changed as many MSMEs have closed in recent years. This is mainly because of expenditures for safety measures introduced after the fatal Rana Plaza collapse in 2013 and a drop in demand for orders over the years. Therefore, in 2017, the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) advised MSMEs not to focus or invest in the garment sector.⁴¹ As a result of the pandemic, 1,025 factories reported to the BGMEA that combined orders worth USD 2.81 billion have been canceled as of 30 March 2020.⁴²

More than half of suppliers have had most of their in-process or already completed production canceled. This occurred despite buyers' obligations in contracts to pay for the orders, as the pandemic was referred to as force majeure. Most buyers refused to pay for raw materials (72.1%) and production costs (91.3%). This resulted in 58% of factories in this industry being forced to shut down most or all of their production, leading to the dismissal and furloughing of more than 1 million garment workers.⁴³ The BGMEA further reported that exports in the ready-made garments (RMG)

38 <https://www.imf.org/en/News/Articles/2020/06/11/na-06122020-helping-bangladesh-recover-from-covid-19>

39 <https://www.ilo.org/global/topics/coronavirus/regional-country/country-responses/lang--en/index.htm#BD>

40 <https://www.adb.org/sites/default/files/linked-documents/36200-023-ssa.pdf>

41 <http://textilefocus.com/rmg-business-bangladesh-much-challenging-small-entrepreneurs/>

42 <https://www.forbes.com/sites/rebeccasuhrawardi/2020/03/30/collapse-of-bangladeshs-garment-industry-leaves-its-workers-more-vulnerable-than-ever-during-coronavirus/#35fa975cf27e>

43 <http://www.workersrights.org/wp-content/uploads/2020/03/Abandoned-Penn-State-WRC-Report-March-27-2020.pdf>

sector fell by 20.14% to USD 2.25 billion in March 2020; 85.25% to USD 374.67 million in April 2020; and 62.06% to USD 1.23 billion in May 2020.

MSMEs in Bangladesh across other sectors have been severely affected by the COVID-19 crisis. One study found 52% of the interviewed MSMEs had to shut down completely, 28% suffered a significant decrease in revenue (more than 50%), and 11% suffered a small decrease. On the other hand, 6% saw a small increase in revenue and 3% saw a significant increase.⁴⁴ MSMEs play an important role in the development of Bangladesh as more than 90% of industrial enterprises are MSMEs. They are labor intensive and a leading factor for sustainable economic development in Bangladesh.⁴⁵ MSMEs in Bangladesh consist primarily of wholesale, retail, trade and repair (40%), production and sale of agricultural goods (22%), services (15%), and manufacturing (14%). In rural areas, the percentage of MSMEs working on production and the sale of agricultural goods is much higher.⁴⁶

Rural and low-income populations, including those employed in the informal sector, have been impacted by a demand-supply mismatch of consumer goods and services as demand from urban consumers for basic commodities such as poultry, meat, and eggs dropped due to restrictions resulting from lockdown.⁴⁷

Even though the tourism sector in Bangladesh only contributed 1.9% to the total GDP in 2014, it was expected to rise to 2% in 2025.⁴⁸ Although the tourism sector consists mainly of domestic tourism, it provides a livelihood for 1.1 million employees directly. As business travel has come to a halt, hotels, restaurants, and the transportation sector have been affected.⁴⁹ Many travel agencies closed indefinitely during the peak of the pandemic.⁵⁰

Overall, despite the impacts of COVID-19, estimates indicate that the economy of Bangladesh has continued to expand, at odds with the majority of economies around the world which have been unable to maintain a positive economic growth rate or have contracted.⁵¹ The factors for this macroeconomic performance include Bangladesh's solid export performance, remittance performance and the resilience of the private sector in the domestic economy.⁵²

Measures

In a joint statement, the BGMEA and the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), along with eight other Asian textile associations issued a nine-point statement addressing economic considerations that global companies, retailers and traders should consider.⁵³ In March 2020, the Government of Bangladesh announced a stimulus package of Bangladeshi Taka (BDT) 50 billion (approximately USD 600 million) for export-oriented industries to help pay salaries and provide funding for 2-year loans for factory owners at 2% interest.⁵⁴ Of this, around BDT 42 billion (approximately USD 500 million) is possibly earmarked for the garment industry.⁵⁵ The BGMEA also received BDT 13.20 million (approximately USD 155,660) from the Central Fund to support families of RMG workers who died during the pandemic.⁵⁶

44 <https://www.lightcastlebd.com/insights/2020/04/25/covid-19-impact-on-bangladeshs-sme-landscape>

45 <https://globaljournals.org/GJMJBVolume15/1-Small-and-Medium-Enterprise.pdf>

46 <http://www.jobstrust.org/jobstrust/project/programs/SI%2033.%20Natal%20Private%20Sector%20Survey.pdf>

47 <https://www.lightcastlebd.com/wp-content/uploads/2020/05/Impact-of-Coronavirus-on-Livelihoods-Rural-and-Low-Income-Population-of-Bangladesh.pdf>

48 <https://www.iiste.org/Journals/index.php/JTHS/article/viewFile/33827/34769>

49 <https://tbsnews.net/economy/covid-19-cost-bangladesh-tourism-sector-tk40bn-unwto-78118>

50 Preprints, 2020. (P. 14) COVID-19 and Bangladesh: Socio-Economic Analysis towards the Future Correspondence. <https://www.preprints.org/manuscript/202004.0458/v1>

51 https://www.imf.org/en/Publications/WEO/weo-database/2020/October/weo-report?c=513,534,&s=NGDP_RPCH,NGDPD,PPPGD,P,NGDPRPC,NGDPRPPPC,NGDPCC,NGDPDPC,&sy=2018&ey=2021&ssm=0&scsm=1&sc=0&ssd=1&ssc=0&sic=0&sort=country&ds=.&br=1

52 <https://scroll.in/article/976457/why-is-bangladeshs-gdp-growing-despite-covid-19-while-other-economies-are-contracting>

53 https://www.bgmea.com.bd/home/media/Joint_Statement_on_Responsible_Purchasing_Practices_amid_the_COVID-19_Crisis

54 <https://www.ilo.org/global/topics/coronavirus/regional-country/country-responses/lang--en/index.htm#BD>

55 <https://www.forbes.com/sites/rebeccasuhrawardi/2020/03/30/collapse-of-bangladeshs-garment-industry-leaves-its-workers-more-vulnerable-than-ever-during--coronavirus/#35fa975cf27e>

56 <https://www.ilo.org/global/topics/coronavirus/regional-country/country-responses/lang--en/index.htm#BD>

In April 2020, the Ministry of Labour and Employment formed 23 regional “Tripartite Crisis Management Committees” to address wage payments; unfair labor practices; conduct tripartite inspection/investigation of factories in case of labor unrest; and ensure compliance with COVID-19-related safety measures in the workplace, in line with Ministry of Labour guidelines.⁵⁷

For low-income professionals, farmers and micro-businessmen, Bangladesh Bank announced a refinancing scheme of BDT 30 billion (approximately USD 350 million). The loan limit for individual customers is between BDT 75,000 and BDT 3 million (approximately USD 880 to USD 35,000). It will be financed by Bangladesh Bank, which will charge banks 1% interest. Banks will issue Micro Credit Financing Institutions with 3.5% interest loans and they will charge customers 9% interest. A stimulus package of BDT 677.5 billion (approximately USD 8 billion) was announced by the Bangladesh Prime Minister on 5 April 2020. The package is divided into four parts. Part one was a BDT 300 billion (approximately USD 3.5 billion) fund for banks to provide working capital loans to affected industries. These loans will have an interest rate of 9%, of which 4.5% will be borne by the borrower and a further 4.5% by the government. A second BDT 200 billion (approximately USD 2.4 billion) fund was also provided for banks to provide working capital loans to MSMEs. These loans have an interest rate of 9%, of which 4% is borne by the borrower and 5% by the government. The third and fourth parts of the support package are focused on the import of raw materials through the Export Development Fund and a pre-shipment credit refinance scheme by Bangladesh Bank.⁵⁸

Bangladesh Bank also disbursed financial support via commercial banks to pay the wages of workers in export-oriented industries for the month of April 2020. Initially, companies had to pay back this loan within a two-year period, however, in September 2020, the BMGEA requested the Government of Bangladesh for it to be extended to five years.⁵⁹

In addition, the European Union (EU) pledged a Euro (€) 113 million (approximately USD 133 million) grant for up to a million retrenched workers in the export sector. The workers will be paid BDT 3,000 (approximately USD 35) for three months, starting in September 2020. Companies such as Primark, H&M, PVH, Inditex, and Marks & Spencer came forward with assurances to support garment suppliers by taking shipments of goods that had already been manufactured or ordered. Primark also established a fund to pay the wages of factory workers in the country for a critical period of the pandemic.⁶⁰

57 <https://www.ilo.org/global/topics/coronavirus/regional-country/country-responses/lang--en/index.htm#BD>

58 <https://home.kpmg/xx/en/home/insights/2020/04/bangladesh-government-and-institution-measures-in-response-to-covid.html>

59 <https://www.ilo.org/global/topics/coronavirus/regional-country/country-responses/lang--en/index.htm#BD>

60 <https://www.ilo.org/global/topics/coronavirus/regional-country/country-responses/lang--en/index.htm#BD>



Cambodia

Impacts

As of 11 June 2021, Cambodia has reported 36,240 cases of COVID-19 and 289 deaths.⁶¹ Cambodia's economic growth was expected to drop to 1.8% in 2020⁶² as a direct result of the COVID-19 pandemic.⁶³ The Royal Government of Cambodia launched the Cambodia Master Plan for COVID-19 in March 2020, which is monitored by the Inter-Ministerial Committee to Combat COVID-19 to limit the transmission of COVID-19. While this has been effective to contain the transmission of the virus, this has also reduced the ability of businesses to operate. Select categories of businesses including massage, spa, and wellness centers were ordered to suspend services in early April 2020 whilst hairdressers, nail and beauty salons, and other similar services were permitted to operate only when compliant with Ministry of Health Instructions on preventive measures against COVID-19.⁶⁴

The service sector has been particularly hard hit by the pandemic due to a reduction in foreign visitor arrivals and a fall in tourism (forecasted to contract by 1.7% in 2020). Meanwhile, construction and manufacturing has been impacted due to supply chain disruption and reduced demand (industry growth is forecasted to slow to 6.5% in 2020 with deceleration in garment production).⁶⁵ A particular challenge for garment factories in Cambodia is disruptions and delays in the supply of raw materials.⁶⁶

Day to day impacts of the outbreak on small businesses have been documented by the foremost business associations in the country. The Federation of Associations for MSMEs of Cambodia (FASMEC) highlighted key challenges such as enterprises facing liquidity risks, especially in view of being unable to fulfil regular payments on bank

61 <https://covid19.who.int/table>

62 <https://www.amro-asia.org/covid-19-in-focus/>

63 <http://aec.utcc.ac.th/en/cambodia-ADB-forecasts-2-3-%-economic-growth-for-2020/>

64 <https://www.eurocham-cambodia.org/post/714/03-07-APRIL-KEEPING-YOU-INFORMED-RECENT-ANNOUNCEMENTS-BY-THE-ROYAL-GOVERNMENT>

65 www.adb.org/publications/asian-development-outlook-2020-innovation-asia

66 <https://asia.nikkei.com/Spotlight/Coronavirus/Cambodia-s-garment-industry-hangs-by-a-thread>

loans.⁶⁷ Companies have also faced difficulties in paying employee salaries, and in the worst cases face bankruptcy. In March 2020, a quick impact assessment of 45 MSMEs was carried out by FASMEC. The majority of respondents (60%) were located in Phnom Penh and 55.6 % of respondents were from small enterprises. According to the survey, more than 50 - 70% of enterprises saw their incomes decrease due to delays in producing new products, decrease in customers purchasing goods and services, and also impacts on cash flow. The survey also highlighted the particular financial challenges that businesses face such as the lack of ability to provide necessary budget for labor force, office rental, bank repayments and annual tax to the government.

Measures

The Royal Government of Cambodia has announced a number of measures to support businesses in the sectors worst affected by the pandemic with a particular focus on manufacturing, tourism, and agriculture.⁶⁸ The Ministry of Economy and Finance announced a tax exemption for a minimum period of six months for those factories in the garments, footwear, and bags manufacturing sectors severely impacted from the lack of raw materials due to supply-chain disruptions caused by COVID-19. An easing of import rules to facilitate the import of raw materials, accessories, and parts used for textile and garment production has also been implemented, with the General Department of Customs and Excise instructing the number of products that qualify for the “green lane” (i.e., items eligible for immediate assessment and issuance of custom clearance) to be expanded.⁶⁹

It was further announced that the government would subsidize a proportion (up to 40%) of the monthly minimum wage of garment workers from factories that had suspended operations, with employers expected to provide a share of the stipulated amount. However, the exact amount workers will receive remains unclear after the government and the Garment Manufacturers Association in Cambodia (GMAC) raised concerns about the ability to fulfill the amount cited in the earlier announcement.⁷⁰ Specifically, GMAC cited the challenges of their members who had experienced a collapse in cash flow from buyers after the closure of factory operations.⁷¹

Unions and GMAC also conducted a dialogue to jointly advocate to the Ministry of Labour and Vocational Training to address the impacts of COVID-19 on garment factories and workers.⁷² They also appealed to international buyers and brands to continue relations and honor terms of payment. GMAC also promoted the implementation of Ministry of Labour and Vocational Training guidelines and information, education, and communication (IEC) materials among garment factories and unions to prioritize worker safety in COVID-19 response.

The government announced a tax relief for registered hotels and guesthouses operating in the tourist destination of Siem Reap province, which exempted these enterprises from the payment of all monthly taxes from February 2020 to September 2020.⁷³ To support the agriculture sector, the government allocated USD 50 million in the form of low-interest loans to help MSMEs. The funds were to be distributed through the state-owned Rural Development Bank with the aim of increasing local production capacity.⁷⁴

67 Minutes of Meeting - APP Regional Technical Working Group on Advancing Private Sector Engagement in Disaster Risk Management (APP RTWG-PSE), 22 April 2020.

68 home.kpmg/xx/en/home/insights/2020/04/cambodia-government-and-institution-measures-in-response-to-covid.html

69 www.dfdl.com/resources/legal-and-tax-updates/cambodia-update-relief-provided-for-businesses-affected-by-covid-19-and-eba/

70 <https://vodenglish.news/promised-pay-for-suspended-garment-workers-reduced-new-year-postponed>

71 <https://vodenglish.news/factories-cant-afford-to-pay-suspended-workers-40%-gmac/>

72 <https://www.ilo.org/global/topics/coronavirus/regional-country/country-responses/lang--en/index.htm#KH>

73 <https://www.dfdl.com/resources/legal-and-tax-updates/cambodia-update-additional-measures-to-support-private-sector-workers-to-revive-the-post-covid-19-economy/>

74 <https://www.aseanbriefing.com/news/cambodia-issues-regulations-businesses-impacted-covid-19-eba/>



India

Impacts

As of 11 June 2021, India has reported 29,183,121 cases of COVID-19, including 359,676 deaths.⁷⁵ The economic impacts of the pandemic on India have been substantial. According to the International Monetary Fund (IMF), GDP contracted sharply in quarter two of 2020 (-23.9% year-on-year) due to lockdowns to control the spread of the disease. A nationwide lockdown was announced on 24 March 2020 for 21 days, with localized lockdowns in containment zones extended to 30 September 2020. Prior to the lockdown, the government imposed multiple containment measures differing in intensity across the country, namely, travel restrictions; closing theaters, gyms, museums, and educational establishments; bans on mass gatherings; and promoting remote work among companies.⁷⁶ After the lockdown, most public offices were closed with many public services suspended. Furthermore, almost all private and commercial establishments were closed, and exceptions were only made for essential businesses like insurance offices and banks, shops selling food, and internet and printing services. Industrial establishments were also shut, and exceptions were only made for manufacturing units producing essential goods. In addition, all, except essential transport services and hospitality services were suspended.⁷⁷

MSMEs in India are the backbone of the country's economy, employing 150-180 million people and contributing 30% to GDP and 40% to exports. They have faced severe impacts from COVID-19, including canceled orders, loss of customers, supply chain disruptions and sharp falls in revenue.⁷⁸ The All India Manufacturers' Organisation (AIMO) estimated in March 2020 that around 25% of over 75 million MSMEs would face closure if lockdown measures exceeded four weeks

75 <https://covid19.who.int/table>

76 <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19>

77 <https://openknowledge.worldbank.org/bitstream/handle/10986/33986/Examining-the-Economic-Impact-of-COVID-19-in-India-through-Daily-Electricity-Consumption-and-Nighttime-Light-Intensity.pdf?sequence=1&isAllowed=y>

78 <https://www.worldbank.org/en/news/press-release/2020/06/30/world-bank-approves-750-million-emergency-response-program-for-micro-small-and-medium-enterprises-in-india>

and that the number would increase to 43% if the lockdown was extended beyond eight weeks.⁷⁹ According to the Ministry of Micro, Small, and Medium Enterprises, one of the biggest challenges to MSMEs during the COVID-19 crisis is meeting fixed costs.⁸⁰ MSMEs in the production, retail, consumer goods, garments, footwear, utensils, and automotive sectors, as well as micro-enterprises in the service sector have been particularly affected by COVID-19. Moreover, MSMEs in the tourism sector, hotel industry, and logistics sectors have witnessed a sharp drop in business and even those engaged in essential services are faced with liquidity constraints, as well as decreasing general sentiments and purchasing capacity. Sectors highly dependent on imports such as pharmaceuticals, consumer durables, and electronics are facing bottlenecks, as well as export-oriented sectors due to a significant drop in global demand.⁸¹

In April 2021 India’s growth rate for 2021 was forecast to be 12.5%, however, the IMF noted that the severe second wave of COVID-19 which hit the country in the same month “presents a worrisome downside risk” for India’s economic performance.⁸² Whilst a second national lockdown had not been enforced as of mid-May 2021, localized lockdowns and curfews were in place in locations where there had been spikes in cases of the virus which disrupted business operations.⁸³ Enterprises engaged in retail and service sector as well as travel and are likely

Figure 2: Reasons for partial or full closure of businesses during the COVID-19 pandemic

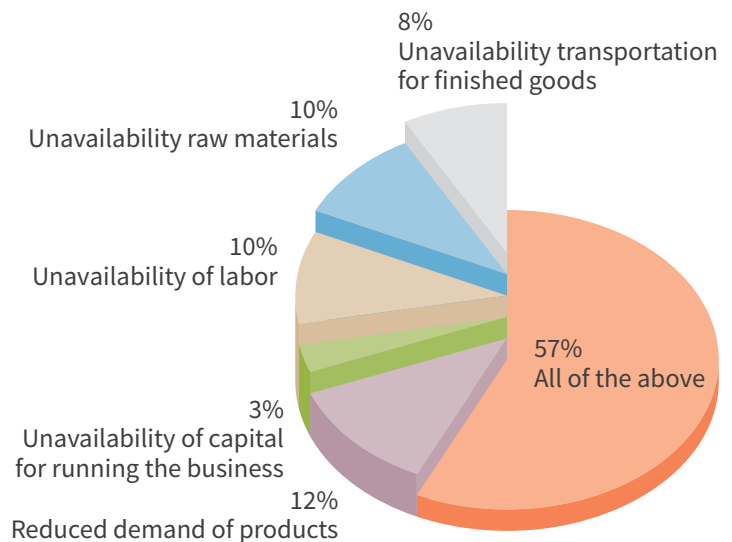
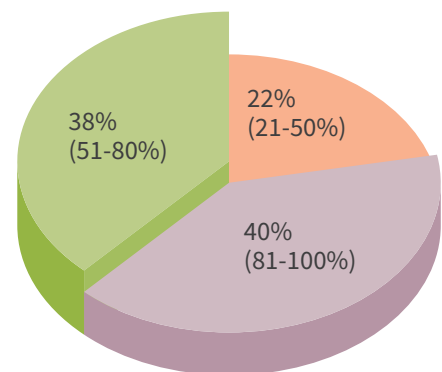


Figure 3: Estimated financial losses of businesses due to COVID-19 lockdown



79 <https://home.kpmg/content/dam/kpmg/in/pdf/2020/04/potential-impact-of-covid-19-on-the-indian-economy.pdf>

80 <https://msme.gov.in/sites/default/files/ActiononCOVID-19ReliefforMSMEsector.pdf>

81 <https://home.kpmg/content/dam/kpmg/in/pdf/2020/04/potential-impact-of-covid-19-on-the-indian-economy.pdf>

82 <https://www.imf.org/en/News/Articles/2021/04/14/tr041321-transcript-of-april-2021-asia-and-pacific-department-press-briefing>

83 <https://www.aljazeera.com/economy/2021/4/20/as-covid-cases-surge-in-india-what-next-for-the-economy>

to be impacted again during the second wave as people are urged to stay home to avoid transmission of the virus.

In collaboration with the MSME Development Institute, Patna, ADPC conducted a small study to understand the impact of COVID-19 on MSMEs. The analysis was based on 40 responses received from manufacturers (68%), service providers (22%) and enterprises like Bakery Biscuits, Printing Press during the first half of 2020 etc.⁸⁴ Fifty-seven percent of respondents cited the unavailability of labor, raw materials, and transportation for finished goods, as well as capital and reduced demand of products as the reasons for partial or full closure of their businesses (Figure 2).

In view of the economic impact of the crisis, 38% of respondents reported financial losses at 81 - 100%; 40% reported losses at 51 - 80%, while 22% are suffering with 21-50% financial losses (Figure 3).

Since the announcement of the pandemic, a substantial number (70%) of respondents reported to be practicing physical distancing, while 10% have reduced the number of workers in their workplace. Also, 10% reported that frequent and proper cleaning is being done in order to prevent the spread of virus (Figure 4).

Figure 4: Measures being taken by business owners to prevent the spread of COVID-19

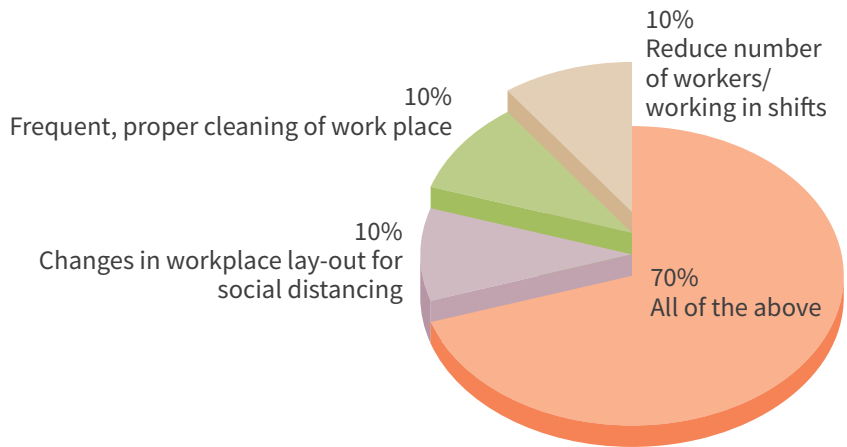
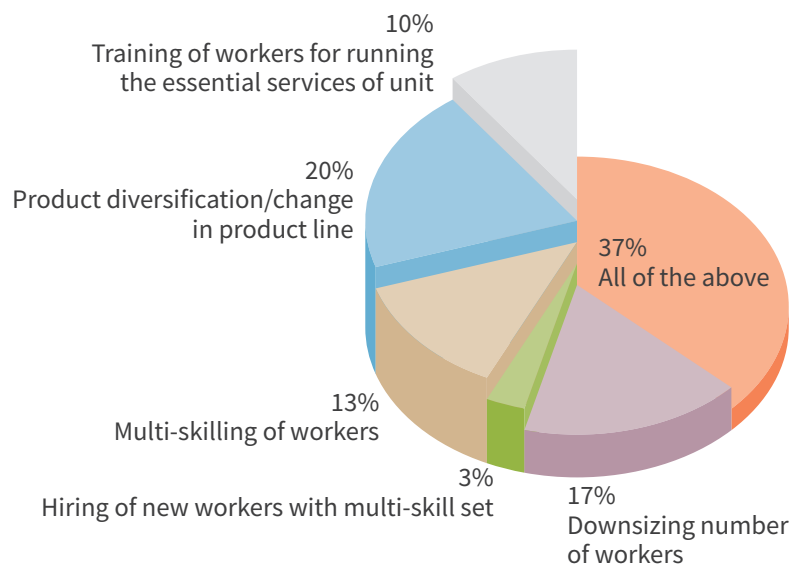
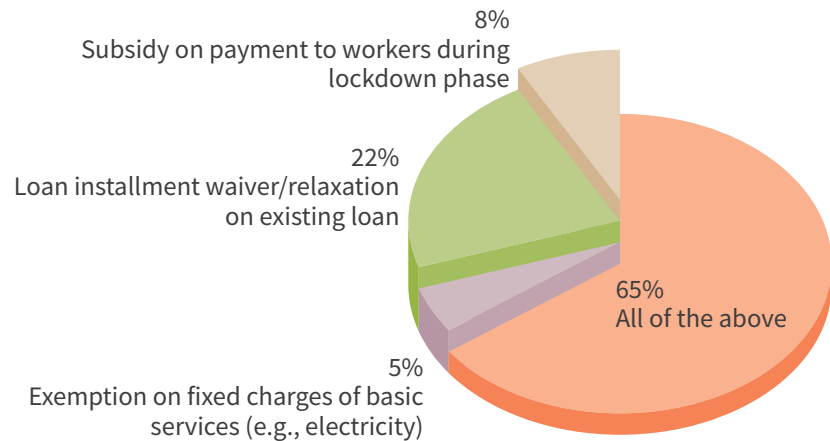


Figure 5: Expected changes in business arising from the COVID-19 pandemic



84 ADPC (2020). Impact of COVID-19 on MSME sector in Bihar Findings of a dip-stick study.

Figure 6: Recommended assistance to support recovery of MSMEs from the COVID-19 lockdown



Thirty-seven percent of the respondents expressed after the lockdown is lifted, they plan to adopt measures such as hiring new workers having multiple skills, providing training to the workers for running the essential services of their unit, and reducing the number of workers as critical strategies for running their businesses. However, 3% of them plan on simply hiring new workers with multiple skill sets (Figure 5).

Sixty-five percent of the respondents recommended relaxation in goods and services tax, loan installments, electricity bills as well as subsidies for payments to employees and rental costs of premises. While 22% recommended loan installment waivers, the remaining 13% sought only subsidies on payment to workers during the lockdown phase and exemption on fixed charges of basic services respectively for an early recovery from COVID-19 (Figure 6).

Measures

Numerous measures were implemented to support MSMEs in India throughout 2020 and the continuing pandemic. For instance, the Reserve Bank of India gradually reduced interest rates from 5.15% in February to 4% on 22 May 2020.^{85,86} The State Bank of India announced the opening of a special credit facility for MSMEs in March to address their liquidity concerns. A package worth USD 23 billion (about 0.8% of GDP) was announced on 25 March 2020 and focused on health workers, farmers, and low-income people. It included:

- * A Building and Construction Workers Welfare Fund to provide relief to construction workers;
- * An increase in wage for workers engaged in the rural public employment programme (MNREGA) to Indian Rupees (INR) 202 a day (approximately USD 2.3) from INR 182 (approximately USD 2.1) to benefit 136.2million families;
- * The provision of food (i.e., rice, wheat, pulses) for 800 million poor people for three months;
- * The front-loading of cash transfers for farmers (INR 2,000 [approximately USD 23.3]) under the PradhanMantri Kisan Yojana programme to benefit 87 million farmers;
- * A INR 500 INR (approximately USD 5.8) per month cash transfer to 200 million women Jan Dhan accountholders;
- * An insurance coverage of INR 5 million (approximately USD 68,830) per health worker fighting COVID-19.

85 <https://home.kpmg/xx/en/home/insights/2020/04/india-government-and-institution-measures-in-response-to-covid.html>

86 <http://www.oecd.org/coronavirus/policy-responses/coronavirus-covid-19-sme-policy-responses-04440101/#section-d1e16179>

The last date for filing income tax returns for fiscal year 2018 - 19 was extended from 31 March 2020 to 30 June 2020 to alleviate liquidity constraints on firms and a similar extension was given for the Goods and Services Tax reporting. The government then announced another support package on 12 May 2020 worth USD 266 billion to support the availability of credit to MSMEs. It included USD 40 billion of collateral free loans to MSMEs of four-year tenure with no payments due for a year; USD 266 billion for subordinate debt to help stressed MSMEs; and USD 679 billion for equity funds for MSMEs. These measures sought to bail out 200,000 ailing MSMEs.⁸⁷ The package included the following support:

- * Eligible firms could access an emergency credit line of 20% of their outstanding credit, with 100% government credit guarantee and a moratorium of 12-months on principal repayment;
- * A USD 2.7 billion subordinate debt scheme with partial loan guarantee was available for stressed firms requiring equity support;
- * Global tenders are excluded from government procurement of up to USD 27 million to protect domestic firms from foreign competition..⁸⁸

On 14 May 2020, the government announced credit facilities for small, informal businesses and street vendors. These included a special lending program for street vendors of up to INR 10,000 (approximately USD 138) to finance their working capital and a 2% interest subsidy on micro-loans for 12 months for loans up to INR 50,000 (approximately USD 688) under the Mudra scheme. The government announced a reform of the Insolvency and Bankruptcy Code on 17 May 2020. The minimum threshold for initiating insolvency procedures was raised 100 times to INR 10 million (approximately USD 138,800), and initiation of insolvency proceedings was suspended for up to a year and COVID-19-related debt was excluded from the definition of default that would trigger insolvency.^{89, 90} Another initiative was initiated to provide concessional credit to Pradhan Mantri Kisan Samman Nidhi (PM-KISAN) beneficiaries such as animal husbandry farmers and fishermen through Kisan Credit Cards to inject an additional USD 26 billion into the farming sector.⁹¹

On 30 June 2020, the World Bank approved a USD 750 million MSME Emergency Response program to support the increased flow of funding to MSMEs severely impacted by the COVID-19 crisis in India. This program aims to address the immediate liquidity and credit needs of around 1.5 million viable MSMEs to help them overcome the current shock and protect millions of jobs. The World Bank Group, as well as the International Finance Corporation (IFC), will support the government of India's initiatives to protect the MSME sector by:

- * **Unlocking liquidity:** The program will support the government's efforts to channel liquidity to the MSME sector by de-risking lending from banks and Non-Banking Financing Companies to MSMEs through various instruments, such as credit guarantees.
- * **Strengthening non-banking financing companies and small Finance banks:** This program will seek to improve the funding capacity of Non-Banking Financing Companies and Small Finance Banks so they can respond to the urgent needs of MSMEs.
- * **Enabling financial innovations:** The program will incentivize and mainstream the use of fintech and digital financial services in MSME lending and payments. This is to enable lenders, suppliers, and buyers to reach firms faster and at a lower cost.⁹²

87 <http://www.oecd.org/coronavirus/policy-responses/coronavirus-covid-19-sme-policy-responses-04440101/#section-d1e16179>

88 <https://home.kpmg/xx/en/home/insights/2020/04/india-government-and-institution-measures-in-response-to-covid.html>

89 <http://www.oecd.org/coronavirus/policy-responses/coronavirus-covid-19-sme-policy-responses-04440101/#section-d1e16179>

90 <https://home.kpmg/xx/en/home/insights/2020/04/india-government-and-institution-measures-in-response-to-covid.html>

91 <https://www.ilo.org/global/topics/coronavirus/regional-country/country-responses/lang--en/index.htm#IN>

92 <https://www.worldbank.org/en/news/press-release/2020/06/30/world-bank-approves-750-million-emergency-response-program-for-micro-small-and-medium-enterprises-in-india>



Myanmar

Impacts

As of 11 June 2021, Myanmar has reported 144,715 cases of COVID-19, including 3,233 deaths.⁹³ Economic forecasts in the first quarter of 2021 indicated that Myanmar would be well placed to weather the global economic downturn sparked by the COVID-19 pandemic in comparison to other countries in the region.⁹⁴ Nonetheless, economic growth is expected to slow significantly as a result of the COVID-19 pandemic with GDP growth expected to drop to 0.5% for the 2020 fiscal year⁹⁵ (compared to 6.8% in 2019 and 6.4% in 2018).⁹⁶ The garment, tourism, and agriculture sectors have been particularly hard hit by the effects of the pandemic. The country's foremost business association, the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI), received reports from its member organizations that due to the government-enforced lockdown, many businesses stopped operations, initially on a temporary basis, whilst those enterprises offering essential services had continued to operate with a skeleton workforce.⁹⁷

The country's garment industry has been greatly impacted by the global fallout from COVID-19 and has reflected the changing dynamic and shifting nature of the pandemic. Initially, Myanmar's domestic garment production was hindered by disruption to suppliers of raw materials, which are primarily located in the People's Republic of China. However, once challenges related to supply chains were eased with the lifting of restrictions and resumption of industrial activities across China, the sector suffered a further blow due to a collapse in demand of garment exports from its key customer base in the European Union, where orders ceased once shops closed as a result of restrictions such

93 <https://covid19.who.int/table>

94 <https://frontiermyanmar.net/en/world-bank-cuts-growth-forecast-urges-focus-on-health-sector>

95 Myanmar Economic Monitor: <http://documents1.worldbank.org/curated/en/806001593183687694/pdf/Myanmar-Economic-Monitor-Myanmar-in-the-Time-of-COVID-19.pdf>

96 www.adb.org/publications/asian-development-outlook-2020-innovation-asia

97 Minutes of Meeting - APP Regional Technical Working Group on Advancing Private Sector Engagement in Disaster Risk Management (APP RTWG-PSE), 22 April 2020.

as lockdowns aimed at curbing the transmission of the disease.⁹⁸ Numerous garment factories have been shut down and forced to lay off staff during this period with the dual challenge of supply chain disruption and lack of customer demand cited as key factors.⁹⁹

Factories in Myanmar were ordered to close for mandatory inspections to ensure that workplaces had put in place adequate preventive measures against COVID-19 (e.g., provision of hand sanitizer, observing social distancing of employees, temperature checks, etc.). The inspections were to be undertaken by the Ministry of Labour, Immigration and Population, between 10 - 20 April 2020. Manufacturing, pharmaceuticals, and food factories, as well as factories with a workforce of more than 1,000 people were prioritized during the inspection process. Factories, workshops, and workplaces that met the requirements were certified with permission to continue operations with priority given to pharmaceutical and foodstuff factories, and factories with more than 1,000 workers.¹⁰⁰

Due to travel bans in Myanmar and around the world, the flow of international visitors came to a halt, threatening the jobs and incomes of more than 500,000 women and men employed in the tourism and hospitality industry. By July 2020, tourism businesses such as hotels and restaurants reduced staff salaries, asked employees to take unpaid leave, and were functioning with less than half of their workforce. An International Labor Organization (ILO) survey also revealed that 94% of enterprises had temporarily stopped operations due to COVID-19, primarily based on instructions from authorities, and 39% reported a lack of staff due to movement restrictions, fears of infection, quarantines, and family care responsibilities.¹⁰¹ Tourism revenue is expected to decline sharply in 2020, reflecting global travel restrictions and falling earnings from transportation activities, restaurants, and hotels. Tourism and related industries are also expected to recover more slowly than other sectors even after restrictions are lifted due to precautionary behavior.¹⁰²

The annual Business Sentiment Survey for 2020, conducted by the Union of Myanmar Federation of Chambers of Commerce and Industry (UMFCCI), identified the principal challenges facing local businesses. 2,944 enterprises responded, including many UMFCCI members. Eighty-nine percent of respondents indicated that their businesses were “not doing well” with the main reasons being, 1) impacts of the COVID-19 pandemic, 2) drop in market demand, and 3) increase in local costs and inflation. On the other hand, respondents who reported that their businesses were doing well mentioned that this was due to 1) increase in demand of products and services, 2) the situation arising from the pandemic, and 3) access to new markets.¹⁰³

In the same study, 65% of respondents mentioned that they did “not have confidence” that their businesses would develop or improve over the next three months. Key reasons for this included global and local economic downturn (e.g., decline in consumer demand, suspension of trade routes) and continuation of COVID-19 restrictions (e.g., travel ban, lockdown, quarantine measures). Ninety-two percent of respondents stated that they were affected by COVID-19 due to loss of customers. It was also reported that 88% of the businesses’ total revenue decreased more than expected.

Measures

The government, recognizing the vulnerable sectors of “Cut-Make-Pack” (CMP) (i.e., domestic garment and manufacturing sector), hotel, and tourism businesses, as well as MSMEs¹⁰⁴ established a COVID-19 fund worth Myanmar Kyat (MMK) 100 billion (approximately USD 72 million or 0.1% of GDP) at the Myanmar Economic Bank. The funds, which are to be used by the beneficiaries to pay salaries and fund current business operations only, will

98 <https://www.mmtimes.com/news/more-woes-myanmar-garment-industry-eu-cancels-orders.html>

99 <https://myanmar-now.org/en/news/thousands-to-lose-jobs-as-13-yangon-factories-shut-down>

100 <https://www.mmtimes.com/news/update-factories-myanmar-close-mandatory-covid-19-inspections.html>

101 https://www.ilo.org/yangon/publications/WCMS_751897/lang--en/index.htm

102 <http://documents1.worldbank.org/curated/en/806001593183687694/pdf/Myanmar-Economic-Monitor-Myanmar-in-the-Time-of-COVID-19.pdf>

103 Myanmar Marketing Research & Development Ltd. (MMRD) (2020) Business Sentiment Survey 2020. Summary Report.

104 <https://asean.org/storage/2020/06/Policy-Insight-Enterprise-Policy-Responses-to-COVID-19-in-ASEAN-June-2020v2.pdf>



be disbursed as soft loans to affected businesses in the garment and tourism sectors as well as MSMEs at 1% per annum interest rate for a one-year period, with terms to be reassessed as needed. These loans reached 3,393 and 2,241 businesses during the first and second rounds respectively.¹⁰⁵ The second phase focused on the fishery sector, which employs 2.3 million people in Myanmar. Criteria established by the government specified that registered businesses must have had a registered annual income for the past two years, and be able to demonstrate that they are in a sufficiently stable condition to repay the loan.¹⁰⁶ Likewise, as part of the same package, a tax relief was provided for enterprises in the hotel and tourism sector, CMP, and MSMEs (i.e., payment deadline for income tax extended, advance income tax on exports exempted, and payment of monthly commercial tax deferred).¹⁰⁷

In terms of private sector-led actions, the UMFCCI formed a dedicated COVID-19 response committee and undertook various initiatives for affected businesses such as offering funds for MSMEs with low interest rates and disseminated protection guidelines to all businesses. The private sector cooperated with the government on distributing essential goods (e.g., staple products such as rice and cooking oil) to vulnerable households and helping to ensure price controls.¹⁰⁸

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105 <http://www.fao.org/fishery/facp/MMR/en>

106 <https://www.irrawaddy.com/news/burma/myanmar-govt-announces-loan-package-coronavirus-hit-businesses-key-sectors.html>

107 <https://home.kpmg/mm/en/home/insights/2020/03/20200326-myanmar-tax-alerts-financial-and-tax-assistance-for-MSMEs-hotel-and-tourism-cmp.html>

108 Minutes of Meeting - APP Regional Technical Working Group on Advancing Private Sector Engagement in Disaster Risk Management (APP RTWG-PSE), 22 April 2020.



Nepal

Impacts

In Nepal, the COVID-19 pandemic has disrupted supply chains, and shut or threatened the survival of MSMEs through widespread loss of income and jobs. Furthermore, the lockdown imposed in Nepal on 24 March 2020¹⁰⁹ forced many businesses to close temporarily, which severely affected and eroded months of potential profit and capital of enterprises in the country.

As of 11 June 2021, Nepal has reported 598,813 cases of COVID-19, including 8,179 deaths.¹¹⁰ The economic impact of COVID-19 is expected to be severe despite the government’s efforts to curb the economic fallout of the pandemic.¹¹¹ The World Bank’s latest South Asia Economic Focus report “Beaten or Broken?” predicts a 0.2% GDP growth for Nepal in financial year 2019/20, compared with 7% in 2018/19.¹¹² Key impacted sectors in Nepal include MSMEs, employment, tourism, and agriculture. MSMEs in the country are facing severe challenges from the pandemic, including 1) loss of months of potential profit, leading to a tightening of liquidity positions, 2) permanent closure of their operations, and 3) limited access to financing.

MSMEs in the country are facing severe consequences from the pandemic. This is significant as MSMEs are critical to Nepal’s economic growth.¹¹³ They contribute 22% to Nepal’s GDP and employ around 1.75 million people. According to the COVID-19 Nepal Business Pulse Survey conducted by the World Bank and the IFC, more than half of Nepal’s MSMEs were facing permanent closure of their operations by October 2020, 45% of enterprises had granted leave of absence to employees, and 27% had reduced working hours between May and June 2020.¹¹⁴

109 https://www.researchgate.net/publication/340950591_Nepal%27s_Response_to_Contain_COVID-19_Infection

110 <https://covid19.who.int/table>

111 <https://openknowledge.worldbank.org/handle/10986/34178>

112 <https://www.worldbank.org/en/news/press-release/2020/10/08/covid-19-impact-on-nepals-economy-hits-hardest-informal-sector>

113 <https://www.ecorys.com/sites/default/files/2020-08/Roadmap%20to%20Post-Covid%20Recovery%20for%20Nepal%27s%20MSMEs.pdf>

114 <https://www.worldbank.org/en/news/press-release/2020/09/23/survey-reveals-extent-of-the-fallout-from-the-pandemic-on-micro-small-and-medium-enterprises-in-nepal>

This was primarily due to disruptions to supply chains, disruption to transportation of goods, and significant reductions in sales.¹¹⁵ MSMEs involved in tourism, hotels and restaurants, education, consulting, transportation and logistics, micro-enterprises in the service sector, and small manufacturing units all experienced sharp drops in business. Enterprises highly dependent on import activities such as consumer electronics, machinery, pharmaceuticals, and garments also faced shortages in raw materials and labor.¹¹⁶

The employment sector, especially in regard to migrant workers, was also heavily impacted by COVID-19. A large number of migrants either lost their jobs or were on unpaid leave. It was reported that they had financial issues and wanted to return to their homes because of the COVID-19-related stigma they had faced abroad as some were staying illegally, had expired visas, and many were facing problems due to political unrest between India and Nepal. However, they had no access to transportation, and had been stranded as tourists. Migrant returnees have also lost their household livelihood due to COVID-19. The key reasons for the disruption in their current livelihood activities are shutdown of markets or stores due to lockdown, requirement to stay at home to look after their children due to school closures, impact on markets due to the economic downturn, travel restrictions and contract termination.

COVID-19-related quarantine and flight restrictions during the first half of 2020 were especially catastrophic for the tourism sector. Demand for tourism services declined significantly as tourists could not enter the country. Current figures predict a reduction of 45 - 80% of visitors in 2020 compared to 2019. Furthermore, China and India usually account for more than 35% of inbound tourists to Nepal and these countries were some of the most affected by COVID-19. In addition, tourist numbers are expected to remain low due to fears of contracting COVID-19 while on holiday and not being able to access adequate treatment in Nepal. Small hotels, tour operators and tea houses also struggled to survive after the four-month lockdown. According to a survey by ECORYS (2020), 1,300 starred and tourist standard hotels closed during the lockdown with the majority of staff only being paid 12.5% of their basic monthly salary.¹¹⁷ More than 3,500 travel and 2,600 trekking agencies also reported having to close during the lockdown. The impact of COVID-19 on Everest expeditions alone is projected to cause the loss of 20,000 jobs.¹¹⁸

The agriculture sector, which made up one-third of Nepal's GDP prior to the COVID-19 crisis and employed more than two-thirds of the country's labor force, has also been critically affected by the pandemic. Production and trading of agricultural MSMEs has been disrupted and cross-border purchases between India and Nepal have reduced on both sides due to concerns about hygiene standards from buyers in border communities. Moreover, global demand for exported items such as coffee, tea, ginger, and cardamom has reduced significantly throughout the period of the pandemic.¹¹⁹

Measures

Multiple measures were implemented in Nepal to support MSMEs. First of all, on 29 March 2020, the Refinance Fund's size was increased to provide funding for banks willing to lend at a concessional rate to priority sectors, including MSMEs impacted by COVID-19.¹²⁰ Affected borrowers were also entitled to a 10% rebate (not less than the base amount) from banks, financial institutions, and cooperatives on monthly interest due by mid-April 2020.¹²¹ On 26 April 2020, informal sector workers who had lost their jobs due to the pandemic were also given the opportunity to participate in public-works projects for a subsistence wage or to receive 25% of the local daily wage if they chose not to participate.¹²²

115 <https://www.ilo.org/global/topics/coronavirus/regional-country/country-responses/lang--en/index.htm>

116 <https://pokharacentre.org/2020/10/30/analysis-of-impact-of-covid-19-in-MSMEs-of-nepal/>

117 Ecorys (2020). <https://www.nathaninc.com/wp-content/uploads/2020/09/Roadmap-to-Post-Covid-Recovery-for-Nepals-MSMEs.pdf>.

118 <https://www.ecorys.com/sites/default/files/2020-08/Roadmap%20to%20Post-Covid%20Recovery%20for%20Nepal%27s%20MSMEs.pdf>

119 <https://www.ecorys.com/sites/default/files/2020-08/Roadmap%20to%20Post-Covid%20Recovery%20for%20Nepal%27s%20MSMEs.pdf>

120 <https://home.kpmg/xx/en/home/insights/2020/04/nepal-government-and-institution-measures-in-response-to-covid.html>

121 <https://www.ilo.org/global/topics/coronavirus/regional-country/country-responses/lang--en/index.htm#LK>

122 <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#P>

Additionally, on 29 April 2020, the Nepal Rastra Bank (Central Bank of Nepal) announced that banks would defer loan repayments due in April and May until mid-July. Furthermore, for working capital loans, banks extended the repayment schedule of the amount due during the lockdown up to 60 days. The Nepal Rastra Bank further announced that businesses in affected sectors could apply for additional working capital loans of up to 10% of the approved amount of their existing capital loans to be repaid within a year. Banks were also directed by the Nepal Rastra Bank to apply lower interest rates (up to 2%) when calculating the interest from mid-April to mid-July for borrowers from impacted sectors.¹²³

Furthermore, on 28 May 2020, Finance Minister Khatiwada announced measures for additional business support including a lending program for cottage enterprises, MSMEs and those in the tourism sectors. On 17 July 2020, the Nepal Rastra Bank reduced the policy rate from 3.5% to 3% and announced that additional liquidity support would be made available through a longer-term repayment facility as necessary. The Nepal Rastra Bank also required banks to increase their loans to priority sectors, such as MSMEs to 40% from 25% which could be repaid by 2024.¹²⁴

The Action Plan for the Implementation of the Decision of the Government of Nepal on Providing Relief Assistance to COVID-19 Affected Sectors 2020 also contained additional measures to support MSMEs.¹²⁵ For instance, some production-based enterprises were entitled to a 30 - 50 % discount on electricity if electricity was consumed during the power surplus period designated by the National Electricity Authority.

123 <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#P>

124 <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#P>

125 <https://www.adb.org/sites/default/files/project-documents/54184/54184-001-rrp-en.pdf>



Pakistan

Impacts

As of 11 June 2021, Pakistan has reported 936,131 cases of COVID-19, including 21,453 deaths.¹²⁶ The impact of the pandemic on the country's economy is predicted to be significant. Pakistan's GDP growth in the 2020 fiscal year is projected at -0.4%, however, a gradual recovery is predicted in 2021 as the economy reopens.¹²⁷

In Pakistan, MSMEs are critical for the economy as they account for over 90% of the estimated 3.2 million business enterprises and contribute 40% to GDP with over 40% to export earnings. They also represent a considerable proportion of the service, wholesale, trade, retail, agriculture, and manufacturing sectors. Due to the COVID-19 crisis and lockdowns, Pakistan's firms faced unprecedented adverse effects on their businesses. This is mainly due to the fact that MSMEs are highly reliant on the cash economy, which has been heavily impacted by the pandemic. Moreover, transportation restrictions, shortage of raw materials, slowdown of production and the unavailability of labor have had major impacts on these businesses.¹²⁸

According to a survey on the impacts of COVID-19 on MSMEs in Pakistan, over 94.57% of the studied enterprises indicated that their businesses had been affected in some form by the pandemic or the lockdown, and 38% indicated that the impact on their business had been severe. When asked about the kinds of issues these businesses faced, the top five reported that issues were financial (67.93%), supply chain disruption (47.83%), decrease in demand (44.02%), reduction in sales and profit (38.04%, 41.85% respectively). In terms of the expected decline in sales during 2020, 75% of participating businesses mentioned that they expect a decrease in sales of over 60%. Over two-thirds of businesses also believe their profits will have decreased by more than 60% in 2020 due to the COVID-19 crisis.¹²⁹

126 <https://covid19.who.int/table>

127 <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#P>

128 <https://pesquisa.bvsalud.org/global-literature-on-novel-coronavirus-2019-ncov/resource/en/covidwho-689068>

129 <https://pesquisa.bvsalud.org/global-literature-on-novel-coronavirus-2019-ncov/resource/en/covidwho-689068>

Measures

To help curb the spread of the virus, the federal and provincial governments implemented measures from 23 March 2020 onwards. These entailed border closures, international and domestic travel restrictions, selective quarantines, social distancing measures, banning of public events, and various levels of lockdown. In mid-April, the federal government, in coordination with provinces, started gradually lifting lockdown arrangements by allowing select businesses (e.g., small retail shops, low-risk industries) to reopen under strict standard operating procedures (SOPs). Furthermore, restrictions on domestic and international movement were lifted across all economic sectors and provinces. On 15 September 2020, educational institutes, recreational places, restaurants, malls, and retail outlets were reopened. Shortly afterwards, to avert a second wave, the government implemented certain measures, including COVID-19 testing requirements for international passengers arriving from high-risk countries.

The federal government announced a relief package worth Pakistani Rupees (PKR) 1.2 trillion (approximately USD 7.7 billion) on 24 March 2020. Key measures included financial support to MSMEs and the agriculture sector (PKR 100 billion [approximately USD 648.1 million]) in the form of power bill deferment, bank lending, subsidies, and tax incentives. Accelerated tax refunds were issued to companies in the export industry (PKR 100 billion [approximately USD 648.1 million]), cash transfers were provided to 6.2 million daily wage workers (PKR 75 billion [approximately USD 486.1 million]) and more than 12 million low-income families (PKR 150 billion [approximately USD 972.2 million]).^{130,131} Fiscal measures were also implemented by provincial governments. For instance, the government of Sindh implemented a cash grant and ration distribution program of PKR 1.5 billion (around USD 9.9 million) for low-income households. The government of Punjab implemented a PKR 18 billion (approximately USD 116.6 million) tax relief package and a PKR 10 billion (approximately USD 64.8 million) cash grants program.

Furthermore, the State Bank of Pakistan (SBP) cut the policy rate by a cumulative 625 basis points to 7% since 17 March 2020. It expanded the scope of existing refinancing facilities and introduced new ones, for 1) supporting hospitals and medical centers to purchase COVID-19-related equipment (40 hospitals, PKR 7.8 billion [approximately USD 50.5 million] to date), 2) stimulating investments in new manufacturing plants and machines, as well as modernization and expansion of existing projects (170 new projects, PKR 125 billion [approximately USD 810.1 million] to date), and 3) incentivizing businesses to avoid laying off employees during the pandemic (2,858 firms, PKR 229 billion [approximately USD 1.9 billion] to date).

The SBP also introduced temporary regulatory measures to support the overall banking system and sustain economic activity. These measures included: increasing the regulatory limits on extension of credit to MSMEs by 44% to PKR 180 million (approximately USD 1.16 million), relaxing the debt burden ratio for consumer loans from 50% to 60% as well as allowing banks to defer clients' payments of principal on loan obligations by one year (with a total of PKR 654 billion (approximately USD 4.2 billion) being deferred to date). Mandatory targets for banks to ensure loans to construction activities account for at least 5% of the private sector portfolios by December 2021 were also been introduced.¹³²

130 <https://www.orfonline.org/research/covid19-and-pakistan-the-economic-fallout-67296/>

131 <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#P>

132 <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#P>



Philippines

Impacts

As of 11 June 2021, the Philippines has recorded 1,286,217 cases of COVID-19, including 22,190 deaths. The impact of the pandemic on the country's economy is projected to be significant as the Asian Development Bank forecasts it to drop by 7.3% in 2020 before growth returns to 6.5% in 2021.¹³³

On 16 March 2020, the Government of the Philippines imposed an enhanced community quarantine (ECQ) or “lockdown” in response to the COVID-19 crisis that limited non-essential movement and mandated the closure of non-essential shops and businesses.¹³⁴ These measures had a profound impact on the country's MSMEs, which account for 99.5% of the total enterprises in the Philippines and employ 63.2% of the workforce.¹³⁵ The most affected sectors were tourism, trade, remittances, repair services, finance, wholesale, manufacturing, and accommodation.¹³⁶ According to a survey conducted by MicroSave Consulting, the restrictions imposed by the lockdown forced 23% of surveyed MSMEs to close and 28% to reduce business hours, which led to a significant decrease in income. This was further exacerbated by low customer demand, supply chain disruptions and an increase in transportation costs.¹³⁷ According to another survey by the Department of Trade and Industry, 67.5% of surveyed MSMEs were in need of financial assistance for at least three months.¹³⁸

In May 2020, about 94% of economic activities in the country were allowed to reopen under a “general community quarantine.” The Department of Trade and Industry, as well as the Department of Labor and Employment issued minimum health protocols for businesses

133 <https://www.adb.org/news/philippine-economy-decline-further-2020-amid-covid-19-recovery-2021>

134 https://investinginwomen.asia/wp-content/uploads/2020/08/20200728-IW_UNW-Philippines-report_Final.pdf

135 <https://www.adb.org/sites/default/files/publication/646146/asia-sme-monitor-2020-volume-1.pdf>

136 https://sikap.com.ph/wp-content/uploads/2020/09/Report-on-Impact-Assessment-of-COVID-on-MSMEs_2nd-Round-Aug2020.pdf

137 <https://www.adb.org/sites/default/files/publication/650251/asia-sme-monitor-2020-volume-2.pdf>

138 https://sikap.com.ph/wp-content/uploads/2020/09/Report-on-Impact-Assessment-of-COVID-on-MSMEs_2nd-Round-Aug2020.pdf

allowed to reopen under the general community quarantine, including wearing face masks, observing physical distancing, regular disinfection processes, regular temperature checks, submission of a daily health symptoms questionnaire and testing of sick or suspected sick employees for COVID-19. However, by June 2020, the number of displaced workers due to COVID-19 had already reached 2.7 million according to the Department of Labor and Employment.

Measures

Numerous measures have been implemented in the Philippines to support MSMEs during the COVID-19 crisis. For instance, the Department of Trade and Industry set up a Philippine Peso (PHP) 1 billion (approximately 20.6 million USD) Enterprise Rehabilitation Financing facility to support MSMEs affected by COVID-19 and help them stabilize or recover from losses. The loan fund is available to MSMEs with at least one year of continuous operation prior to March 2020 and that have suffered a drastic reduction in sales.¹³⁹ Micro-enterprises with an asset size of no more than PHP 3 million (approximately USD 61,800) may borrow between PHP 10,000 (approximately USD 206) to PHP 200,000 (approximately USD 4,123) and small enterprises with an asset size of no more than PHP 10 million (approximately USD 206,229) may borrow up to PHP 500,000 (approximately USD 10,313). The loan's purpose is to update loan amortizations for vehicle loans or other fixed asset loans of the business; replace inventory of damaged perishable stocks; and replace working capital to restart the business.¹⁴⁰ The Department of Trade and Industry, in collaboration with United States Agency for International Development (USAID), National Confederation of Cooperatives, Facebook Philippines, Lazada, and Shopee also implemented a "Connecting Women Entrepreneurs to the Digital Economy" project, which sought to equip businesswomen with knowledge in maximizing the use of digital platforms to expand and boost their businesses amid the pandemic.¹⁴¹ The Department of Trade and Industry implemented a similar project to support other MSMEs affected by COVID-19 by formulating a e-commerce roadmap to facilitate market access and prepare enterprises for digital transformation and efficient low cost logistics at a lower cost.¹⁴²

In May 2020, the Department of Labor and Employment extended its cash assistance to more than 1 million workers in both the formal and informal sectors, including overseas Filipino workers.¹⁴³ Under the COVID-19 Adjustment Measures Program, a one-time cash assistance of PHP 5,000 (approximately USD 103) was given to workers in private establishments where flexible working arrangements were introduced. About 650,000 formal sector workers from MSMEs were assisted through this program. Informal workers on the other hand, were reached through the Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers program. Assistance to overseas Filipino workers was provided through the Department of Labor and Employment's Abot Kamay ang Pagtulong program which provides PHP 10,000 (approximately USD 200) of cash assistance per worker.¹⁴⁴

Furthermore, the national government provided a wage subsidy for affected employees of small businesses to help mitigate the impact of the quarantine in Luzon and other local government units. Applications were open from April until May 2020. This Small Business Wage Subsidy could be given for up to two months to allow small businesses to retain their employees during the quarantine period. Employers would be given between PHP 5,000 (approximately USD 103) to PHP 8,000 (approximately USD 165) per employee per month by the government through the Social Security System.¹⁴⁵ The Department of Agriculture approved a PHP 1 billion loan assistance to fisherfolk and marginal farmers, as well as agri-fishery micro and small-enterprises to increase farm productivity and ensure food sufficiency during the COVID-19 crisis.¹⁴⁶ The state-run Philippine Guarantee Corporation (Philguarantee) also rolled out a PHP 120 billion (approximately USD 2.4 billion) MSME credit guarantee program so banks could lend capital

139 <https://www.ilo.org/global/topics/coronavirus/regional-country/country-responses/lang--en/index.htm#PH>

140 <https://www.dti.gov.ph/archives/news-archives/sbcorp-loan-facility-covid-affected-MSMEs/>

141 <https://www.pna.gov.ph/articles/1108470>

142 <https://www.pna.gov.ph/articles/1111893>

143 <https://www.dole.gov.ph/news/over-1m-workers-get-dole-cash-aid/>

144 <https://www.ilo.org/global/topics/coronavirus/regional-country/country-responses/lang--en/index.htm#PH>

145 <https://sites.google.com/dof.gov.ph/small-business-wage-subsidy/quick-links?authuser=0>

146 <https://www.ilo.org/global/topics/coronavirus/regional-country/country-responses/lang--en/index.htm#PH>



loans to MSMEs struggling due to the pandemic. Under this program, Philguarantee insures the potential losses of banks from MSME lending via a fifty-fifty credit sharing arrangement.¹⁴⁷

Measures to support MSMEs in the Philippines also went beyond government intervention, with notable support from the private sector for businesses and communities impacted by the pandemic. For instance, the Philippine Disaster Resilience Foundation (PDRF) developed an online COVID-19 recovery hub entitled “Synergizing Recovery Initiatives, Knowledge, and Adaptation Practices for MSMEs” (SIKAP) to provide MSMEs with the right knowledge and information to adapt and redesign operations in light of the COVID-19 crisis. It curates tips and guidelines per sector, offers recovery journey tracking and funding, as well as mentoring opportunities for MSMEs.¹⁴⁸ PDRF also launched a Sari-Sari Store Program in collaboration with Coca-Cola Beverages Philippines Inc., Smart Communications, Unilever, Hapinoy, PASCO Philippines Corporation, and Jefferies LLC to jumpstart the early recovery of 400 micro-retailers in the Greater Manila Area by providing them the opportunity to avail up to PHP 10,000 worth of retailer packages. The program offers PHP 3,000 worth of Coca-Cola products, Smart Communications’ Exclusive Smart Ka-Partner Retailer Package (equivalent to PHP 500 [approximately USD 10.3] or PHP 4,000 [approximately USD 82.4]), Ka-Partner Negosyo Phone Package (equivalent to PHP 3,500 [approximately USD 72.1]), or Unilever’s Paninda Packs containing PHP 3,000 worth (around USD 60) of Unilever products. Beneficiaries can choose all or some offered packages based on need.¹⁴⁹

Finally, Google Philippines allowed MSMEs to list their products on the Google Shopping tab for free to help them recover from the crisis. It also committed to continue the MSME Caravan partnership with the Department of Trade and Industry launched in February 2020 to train MSMEs on how to grow their businesses through digital tools such as Google My Business.¹⁵⁰

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147 <https://business.inquirer.net/301668/govt-guarantees-p37-5b-in-bank-loans-to-MSMEs>

148 <https://sikap.com.ph>

149 <https://www.pdrf.org/media/newsroom/sari-sari-program-jumpstarting-recovery-of-400-covid-affected-micro-retailers-launched/>

150 <https://www.pna.gov.ph/articles/1119341>



Sri Lanka

Impacts

As of 11 June 2021, Sri Lanka has reported 213,396 cases of COVID-19, including 1,910 deaths.¹⁵¹ The impact of the pandemic on the country’s economy is expected to be substantial with the economy projected to contract by 6.7% in 2020 with all key drivers of demand affected: investment, private consumption and exports.¹⁵² To contain the spread of COVID-19, the Government of Sri Lanka introduced a curfew and lockdown on 20 March 2020, with total restrictions on people’s movements and the prohibition of social gatherings. Furthermore, workplaces, schools, and businesses were closed and only grocery and food retailers, as well as public and private essential service providers were allowed to stay open and deliver to residential areas.¹⁵³ Internal travel across district borders was also only permitted under special circumstances and with a police-authorized curfew pass.¹⁵⁴

These measures, along with the pandemic itself, had significant impacts on the country’s MSMEs, which are critical for the country’s socio-economic development, contribute about 52% to GDP and account for 45% of employment.¹⁵⁵ The sectors most affected by the COVID-19 pandemic include the agriculture, tourism, manufacturing, and apparel sectors. Their biggest challenges involve difficulties with cash flow, breakdowns in supply and demand chains, reduction of employment and a sharp decrease in market supply, and demand for goods and services. The decrease in demand for the goods and services of MSMEs is primarily due to the contraction of aggregate demand in both domestic and foreign purchases and purchase delays by domestic consumers during the periods during which lockdowns were enforced.¹⁵⁶

151 <https://covid19.who.int/table>

152 <https://www.worldbank.org/en/country/srilanka/overview#4>

153 <https://link.springer.com/article/10.1007/s41649-020-00153-z>

154 <https://asiafoundation.org/2020/07/08/notes-from-colombo-sri-lanka-weather-the-covid-19-storm/>

155 https://sustainabledevelopment.un.org/content/documents/26277Report_The_Impact_of_COVID19_to_MSME_sector_in_Sri_Lanka.pdf

156 [https://hss.ruh.ac.lk/Faculty%20of%20Humanities%20and%20Social%20Sciences.%20\(2020\).%20COVID-19%20The%20Socio-Economic%20Impact%20on%20Sri%20Lanka.%20Part-1%20The%20Economic%20Impact%20of%20the%20COVID-19%20Pandemic%20in%20Sri%20Lanka.pdf](https://hss.ruh.ac.lk/Faculty%20of%20Humanities%20and%20Social%20Sciences.%20(2020).%20COVID-19%20The%20Socio-Economic%20Impact%20on%20Sri%20Lanka.%20Part-1%20The%20Economic%20Impact%20of%20the%20COVID-19%20Pandemic%20in%20Sri%20Lanka.pdf)

In the tourism industry, the closing of the border to foreign passengers in mid-March 2020, global travel restrictions and the closing of airports led to considerable losses in revenue.¹⁵⁷ It is expected that the less-developed tourism sector in the north and east regions of the country will be slower to recover than in other areas of Sri Lanka, bringing a sharper economic downturn in these locations.¹⁵⁸ The apparel sector faces cancelled orders and importers not paying for supplied goods.¹⁵⁹ It is estimated that the textile and clothing sector earnings will decrease by 30% in 2021 because of COVID-19, and 100,000 jobs are anticipated to be lost.¹⁶⁰

Measures

Multiple measures were implemented in Sri Lanka to ease the burden of COVID-19 on businesses and individuals. These measures entailed a six-month debt moratorium (until end of September 2020) for ICT, plantation, tourism, apparel sectors and MSMEs,¹⁶¹ with the Central Bank of Sri Lanka providing refinancing and concessional lending facilities of 1% of GDP, partially supported by a Central Bank of Sri Lanka guarantee.¹⁶² To facilitate the provision of these concessions, the Central Bank also announced a relaxation of loan classification rules, lower capital conservation buffer requirements and the availability of liquidity at reduced interest rates.¹⁶³ Furthermore, the tourism sector will benefit from a debt moratorium until March 2021. Enterprises in the construction sector are eligible to borrow from banks with government guarantees.¹⁶⁴ The Central Bank also reduced interest rates to 6% (Standing Deposit Facility Rate) and 7% (Standing Deposit Lending Rate) to enable domestic financial institutions to expand credit to businesses and individuals. Moreover, a six-month moratorium (until end of September 2020) on loan repayments was provided to 1.5 million self-employed three-wheeler drivers, bus, and van owners. The first quarter of 2020 deadlines for income tax, VAT, driver's license fee registrations, local tax on households, electricity and water bills below Sri Lankan Rupee (LKR) 15,000 (approximately USD 75.4) were extended to 30 April 2020. VAT and local taxes were also waived for the Cooperatives Department (Sathosa stores) and cooperative societies retail outlets.¹⁶⁵

The "Saubagya COVID-19 Renaissance Facility" is another key initiative launched by the Central Bank to support businesses adversely affected by the pandemic. It provides working capital for adversely affected businesses to revive their activities and sub-loans are to be provided to farmers through licensed banks under the subsidized "New Comprehensive Rural Credit Scheme."¹⁶⁶ Furthermore, under the Samurdhi Welfare Programme, recipients were given an additional LKR 5,000 (approximately USD 25.1) to overcome immediate difficulties and a loan of LKR 10,000 (approximately USD 50.2) was granted for beneficiaries to start small-scale business activities.¹⁶⁷

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157 https://sustainabledevelopment.un.org/content/documents/26277Report_The_Impact_of_COVID19_to_MSME_sector_in_Sri_Lanka.pdf

158 <https://www.dfat.gov.au/sites/default/files/covid-response-plan-sri-lanka.pdf>

159 https://sustainabledevelopment.un.org/content/documents/26277Report_The_Impact_of_COVID19_to_MSME_sector_in_Sri_Lanka.pdf

160 <https://www.dfat.gov.au/sites/default/files/covid-response-plan-sri-lanka.pdf>

161 <https://www.ilo.org/global/topics/coronavirus/regional-country/country-responses/lang--en/index.htm#LK>

162 <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#S>

163 Ministry of SMBED.2020. National Study on Impact of COVID-19 Pandemic on MSME in Sri Lanka (Draft 1).

164 <https://www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19#S>

165 <https://www.ilo.org/global/topics/coronavirus/regional-country/country-responses/lang--en/index.htm#LK>

166 Ministry of SMBED.2020. National Study on Impact of COVID-19 Pandemic on MSME in Sri Lanka (Draft 1).

167 https://sustainabledevelopment.un.org/content/documents/26277Report_The_Impact_of_COVID19_to_MSME_sector_in_Sri_Lanka.pdf



Thailand

Impacts

As of 11 June 2021, Thailand has reported 187,538 cases of COVID-19, including 1,375 deaths. Thailand was the first country to report a case outside China on 13 January 2020.^{168,169} Thailand's economy has been severely impacted by the COVID-19 pandemic and is projected to contract by 8.1% in 2020.¹⁷⁰ On 17 March 2020, after seeing an increase in cases, measures were taken at the Provincial level by the Bangkok Metropolitan Administration to close schools, theaters, massage shops, sports arenas, and other establishments in Bangkok.¹⁷¹

On 22 March 2020, closures were extended to include a wide range of shops and venues, only allowing supermarkets, food markets, restaurants (limited to take-away), shops selling essential goods, and financial institutions to remain open.¹⁷² Other provinces followed suit with similar measures shortly after. The Royal Thai Government declared an Emergency Situation on 26 March 2020.¹⁷³ A nationwide curfew from 10 PM to 4 AM was imposed on 4 April 2020, only allowing certain workers such as healthcare and renovation workers to travel outside during curfew hours.¹⁷⁴

These preventive measures impacted business at all levels. A variety of affected businesses were allowed to reopen in different stages, with the first stage beginning on 3 May 2020. Other businesses reopened 17 May 2020, including malls.¹⁷⁵

The tourism sector was among the most heavily impacted in the country. The Tourism Authority of Thailand predicts the number of foreign visitors in

168 https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200121-sitrep-1-2019-ncov.pdf?sfvrsn=20a99c10_4

169 <https://www.bangkokpost.com/thailand/general/1834789/coronavirus-infected-chinese-tourist-being-treated-in-thailand>

170 <https://asiafoundation.org/2020/08/19/the-future-of-work-another-storm-on-the-horizon-for-thailand/>

171 <http://prbangkok-en.com/bma-announcement-on-temporary-closure-of-premises/>

172 <http://prbangkok-en.com/bma-announcement-on-temporary-closure-of-premises-no-2/>

173 <http://www.mfa.go.th/main/contents/files/news3-20200326-161100-704953.pdf>

174 <https://www.thaigov.go.th/news/contents/details/28373>

175 <https://asiafoundation.org/wp-content/uploads/2020/09/Enduring-the-Pandemic-Covid-19-Impact-on-Thailand-Livelihoods-Sept-2020.pdf>

2020 to drop by 65% to 14 - 16 million, compared with 39.8 million in 2019.¹⁷⁶ Tourism accounts for 21.6% of GDP and employs 9% of the workforce.¹⁷⁷ Restrictions on entering Thailand since 26 March 2020 has deeply disrupted the tourism sector. On 1 July 2020, Thailand opened its borders to some groups of foreigners, including spouses and children of work permit holders, foreigners married to Thais, students of formal education and their families. Furthermore, some short-term business travelers and foreigners seeking non-COVID-19 medical treatment in Thailand were allowed to enter.¹⁷⁸ Both international and national travel in Thailand has been restricted during the pandemic, with the tourism sector unable to re-open fully to international tourists due to quarantine requirements and travel restrictions which are likely to remain in place until mid-2021 at the least. The International Air Transport Association (IATA) forecasted a 52% drop in airline passengers in Thailand, resulting in potentially 2,167,000 lost jobs. Furthermore, the service sector is expected to contract with the lack of tourists being the leading cause.¹⁷⁹

In the first quarter of 2020, exports grew 0.9%. This was mainly due to a growth in exports of gold and electronics (mainly hard disk drives to China where factories had temporarily shut down). Despite this, exports are forecasted to contract by 5.6% in 2020 due to the global recession and the disruption of supply-chains caused by the various degrees of lockdown imposed in many countries.¹⁸⁰ In the agriculture sector, rice exports are expected to drop to a seven-year low.¹⁸¹ Fruit exports were also affected and are forecasted to contract by 21 - 24%.¹⁸² Egg prices increased substantially and an export ban on chicken eggs was imposed in Thailand to secure domestic demand.¹⁸³ On the other hand, the export of chickens to China is expected to grow 20 - 25% in 2020.¹⁸⁴

The manufacturing sector suffered from the pandemic as production dropped in March 2020 and 17.21% in April 2020. The COVID-19 pandemic is expected to have a short-term impact on Thailand's factory output, especially in the food industry as a drop in tourists caused a slump in demand.¹⁸⁵ The automobile industry has experienced a national sales drop of 24% in the first quarter of 2020. The production forecast for 2020 has also been lowered to approximately 1.5 million from 2 million.¹⁸⁶

MSMEs, which are considered to be the backbone of the Thai economy and the primary source of employment, account for 99.7% of the firms in Thailand and 37.4% (2013) of the GDP have been heavily impacted by the pandemic.^{187,188} As of June 2020, a survey of small and micro manufacturing businesses found that 70% of respondents were making half, or even less of their pre-pandemic earnings.¹⁸⁹ Reasons for disruption included being unable to travel to the workplace, workplace closures due to government restrictions or concerns about COVID-19, a decline in customers or revenue or changes to working modalities such as work from home impacting productivity or output.¹⁹⁰ Only 68% of sampled businesses were operating normally even after the relaxation of lockdown measures. Dramatic declines in individual incomes which have affected 70% of the Thai workforce is expected to be indicative of a broad-based contraction in demand that will affect all sectors of the economy in Thailand.¹⁹¹ Startup companies have also struggled to survive with up to 80% of such enterprises experiencing financial problems as their income has fallen to zero according to the Thailand Tech Startup Association.¹⁹²

176 <https://www.thailand-business-news.com/tourism/79170-2020-tourist-arrivals-forecast-cut-to-14-million.html>

177 https://www.ilo.org/wcmsp5/groups/public/---asia/---ro-bangkok/documents/briefingnote/wcms_742664.pdf

178 <https://www.thaiembassy.com/travel/can-you-enter-thailand-now-during-the-covid-19-crisis.php>

179 <https://www.adb.org/sites/default/files/publication/575626/ado2020.pdf>

180 <https://kasikornresearch.com/en/analysis/k-econ/business/Pages/y3862.aspx>

181 <https://kasikornresearch.com/en/analysis/k-econ/business/Pages/z3094.aspx>

182 <https://kasikornresearch.com/en/analysis/k-econ/business/Pages/z3087.aspx>

183 <https://kasikornresearch.com/en/analysis/k-econ/business/Pages/z3095.aspx>

184 <https://kasikornresearch.com/en/analysis/k-econ/business/Pages/z3092.aspx>

185 <https://tradingeconomics.com/thailand/industrial-production>

186 <https://www.nationthailand.com/business/30385895>

187 <http://documents.worldbank.org/curated/en/855161479736248522/pdf/110396-REVISED-v1-4-26-WB-TH-SCD-REPORT-BOOKLET-159PAGE-RevisedApr26.pdf>

188 <https://www.bot.or.th/English/PressandSpeeches/Press/2020/Pages/n2063.aspx>

189 <https://asiafoundation.org/wp-content/uploads/2020/09/Enduring-the-Pandemic-Covid-19-Impact-on-Thailand-Livelihoods-Sept-2020.pdf>

190 Ibid

191 Ibid

192 <https://theaseanpost.com/article/pandemic-hits-thai-start-ups-hard>

Measures

The Royal Thai Government has implemented a range of measures to support businesses economically affected by the COVID-19 crisis. On 10 March 2020, the government approved eleven actions to help businesses, especially MSMEs, survive the economic crisis. Among the measures are low interest loans; easing of rules for granting loans by the Bank of Thailand; reduction of withholding tax from 3% to 1.5% and further tax deductions based on different criteria; refund of electricity usage deposits; and the reduction of contributions to the Social Security Fund.¹⁹³ Additionally, small and medium enterprise (SME) employers can deduct 300% of eligible salary costs paid to employees from April to July 2020 for corporate income tax purposes.¹⁹⁴

Furthermore, the Bank of Thailand and the Ministry of Finance have issued measures to mitigate the economic troubles of MSMEs. The measures include a loan payment holiday for six months for MSMEs with loans not exceeding baht (THB) 100 million (around USD 3 million) and loans to support liquidity for MSMEs.¹⁹⁵ The Prime Minister has directed quotas for state procurement budgets to purchase local products from MSMEs consistent with World Trade Organization (WTO) regulations, and government agencies have been instructed to spend their meeting budgets on hotels and other venues to support these sectors.¹⁹⁶ Other initiatives include the Department of Industrial Promotion, under the Ministry of Industry, asking garment MSMEs to change their production from local sportswear and undergarment to textile facemasks in an effort to ensure that face masks are available to the public and, at the same time, to support MSMEs.¹⁹⁷

On 20 May 2020, the Bank of Thailand lowered its policy rate for the third time in 2020 from 0.75% to 0.5%, with the purpose of ensuring that debt restructuring for MSME borrowers can be carried out on a wider scale.¹⁹⁸

193 <https://www.tatnews.org/2020/03/thai-cabinet-approves-measures-to-help-companies-especially-MSMEs-survive-covid-19-crisis/>

194 <https://home.kpmg/xx/en/home/insights/2020/04/thailand-tax-developments-in-response-to-covid-19.html>

195 <https://www.bot.or.th/English/PressandSpeeches/Press/2020/Pages/n2063.aspx>

196 <https://www.bangkokpost.com/thailand/general/1924652/pm-looks-to-bolster-MSMEs>

197 <https://www.bangkokpost.com/thailand/general/1894305/local-MSMEs-tapped-to-produce-masks>

198 <https://www.bot.or.th/English/PressandSpeeches/Press/2020/Pages/n2763.aspx>



Recommendations and Priority Areas for Supporting Private Sector

COVID-19 has resulted in multifaceted impacts on businesses, disrupting the flow of goods, services, and supplies, altering customer/consumer behaviors, putting their employees and customers at health risk and concurrently posing a need for transforming business operations, including digitization.

Economic outlooks have highlighted infectious diseases and the knock-on effects of COVID-19 among the greatest global threats for 2021. The global economy is projected to grow 5.5% in 2021 despite “exceptional uncertainty”.¹⁹⁹ Whilst vaccine approvals and rollouts have raised hopes of a turnaround in the pandemic, this is counterbalanced by renewed waves and new variants of the virus posing concerns for the outlook.²⁰⁰ The World Economic Forum’s seminal “Global Risks Report” ranks infectious diseases as the top risk by impact and number four in terms of likelihood for 2021.²⁰¹ Thus, businesses more than ever need to rethink and pivot their business strategies and practices to adapt to a “new normal” to ensure “business as usual” and seize on opportunities for reshaping their business models in the face of this continued risk.

At the same time, their partners – particularly the government and business associations – have a significant role to play in creating a more enabling environment for businesses to overcome complex challenges arising from the pandemic. MSMEs require special attention and support from the government and their partners. The following section summarizes key recommendations for governments, business associations and businesses for responding to the COVID-19 pandemic in the short- to medium-term and similar public health emergencies in the longer term.

199 <https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update>

200 Ibid.

201 <https://www.weforum.org/reports/the-global-risks-report-2021>



A. Recommendations for Governments

Given the immediate and long-term impacts of the pandemic on businesses, a phased approach should be taken to support businesses in the wake of COVID-19. This approach will enable governments to have a pragmatic balance between public health measures such as lockdowns and allowing businesses to continue or recover their operations.

Immediate Actions: Managing and Mitigating the Crisis

This phase is focused on preventing and mitigating the spread of disease in society, including in workplaces, while supporting the business continuity of key industries and vulnerable sectors, including MSMEs, to protect them from bankruptcy and closure. Possible policy and public support that can be provided by governments during this phase include:

- 1. Workplace protection and guidelines:** Governments should advise or make it compulsory for businesses to put in place measures for protecting employees, business partners and customers/clients (e.g. physical distance, use of personal protection equipment (PPE), hygiene practices through provision of alcohol sanitizer and regular disinfection of spaces). Numerous national governments have compiled guidelines and advice for prevention and control of COVID-19 in factories, restaurants, workplaces, construction sites, etc. Relevant authorized IEC materials and guidelines have been compiled from APP and other selected program countries and are accessible at the following link: <https://app.adpc.net/covid-19-resources>.
- 2. Financial support to key business sectors:** This may include tax relief, wage and employer contribution/ social insurance subsidies, and freezing loan payments. Provision of financial assistance to substitute workers' salaries and leaves for key sectors (e.g., health and medical, food and daily necessities). The IMF policy tracker summarizes the range of economic (i.e., fiscal, monetary and macro) responses which governments are taking to limit the human and economic impact of the COVID-19 pandemic: www.imf.org/en/Topics/imf-and-covid19/Policy-Responses-to-COVID-19.
- 3. Targeted Support to MSMEs:** Government agencies responsible for SME support and development can apply a range of instruments or policy responses to support small enterprises. These may include deferrals of income or corporate tax, VAT, and rent utilities or local taxes. Wage subsidies, grants, as well as interest-free or low interest loans can be provided to ease cash flow burdens on MSMEs. SME development agencies can also simplify and streamline administrative requirements needed to access support including business registration or license renewal processes. Administrative processes may be converted to an online modality if such a facility is not already available to MSMEs. The Organisation for Economic Co-operation and Development (OECD) has compiled a comprehensive inventory of country responses to foster SME resilience: Coronavirus (COVID-19): SME Policy Responses.
- 4. Social protection programs:** Governments should provide financial and in-kind support to low- income families, which in turn will ensure that informal and smaller businesses can stay afloat. This can be in the form of cash transfers, in-kind food/voucher provision or cash for work schemes.²⁰² Basic utilities such as water and electricity may be subsidized, subject to waiver or payment postponed, to ease the financial burden on individuals and families and in turn facilitate the continuation of business activities. The World Bank has catalogued Social Protection and Jobs Responses to COVID-19 in a Real-Time Review of Country Measures.

202 <http://documents.worldbank.org/curated/en/590531592231143435/Social-Protection-and-Jobs-Responses-to-COVID-19-A-Real-Time-Review-of-Country-Measures-June-12-2020>

Mid-term: Early Recovery of Businesses

This phase should facilitate the adaptation of businesses to the “new normal” to help ensure continuity and early recovery of business operations while continuing safe workplace, fiscal measures and specialized support to the key businesses and vulnerable sectors initiated in the previous phase. Possible policy and public support here include:

1. **Support for business adaptation:** Governments should support the digitalization of business operations, including e-payments and e-commerce, diversification/shift of production of goods and services to meet growing demands (e.g., masks, hygiene products and online transactions). OECD has noted that actions from governments to support digitization can include:²⁰³

- * Enhancing broadband connectivity for enterprises and employees
- * Encouraging the adoption of remote working and cloud computing services and solutions
- * Subsidizing training for MSMEs, and offering free access to online training platforms, initiatives to accelerate the uptake of electronic payment methods
- * Providing access to finance and tools to help firms engage in digital activities

Steps to alleviate the administrative burdens for firms can help speed up production processes and delivery of goods during the pandemic can also be taken by governments. For instance, the acceleration of approvals for investments in labor-intensive and infrastructure projects, faster approvals for health care and medical equipment businesses, and the reduction of investment application fees.²⁰⁴

2. **Employment placement and job matching support:** Governments should provide a platform to facilitate jobsearch and matching services between the industries that lack or require additional workforce support and jobseekers due to the impacts of the pandemic. Since the pandemic has affected the most vulnerable segments of society (e.g., women, youth, people with disabilities, migrant returnees), user-friendly and simple mediums such as social media, should be employed to ensure that services are more available and accessible to those groups.²⁰⁵
3. **Pricing control and consumer protection:** The price of essential goods or those goods with high demand due to the pandemic should be monitored with price controls enforced where necessary to ensure key products and raw materials remain accessible and affordable for consumers and enterprises. Competition authorities may issue general warnings that they are monitoring the market and will prioritize cases against companies exploiting the crisis to profiteer.²⁰⁶ These measures can limit supply and demand shocks and ensure that supply chains remain operational throughout the disrupted period.
4. **Consumer confidence and market stimulation:** Governments can utilize advocacy campaigns or initiatives including provision of subsidies, stimulus payments, incentives or discounts for key sectors such as domestic tourism, food and beverage or retail, etc.²⁰⁷ to encourage consumption among consumers and boost the incomes of smaller businesses.²⁰⁸ Studies of such stimulus programs note that this can be an effective approach to encourage increased household spending but that efforts should be made to ensure that the initiatives do not distort consumer choice or business competition.²⁰⁹

203 <https://www.oecd.org/sti/policy-options-to-support-digitalization-of-business-models-during-covid-19-annex.pdf>

204 https://unctad.org/system/files/official-document/wir2020_en.pdf

205 <https://www.theglobaldeal.com/social-dialogue-skills-and-covid-19.pdf>

206 <https://www.oecd.org/competition/Exploitative-pricing-in-the-time-of-COVID-19.pdf>

207 <https://www2.deloitte.com/content/dam/Deloitte/th/Documents/about-deloitte/th-about-an-evolving-perspective-on-the-economic-impacts.pdf>

208 <https://www.scmp.com/economy/china-economy/article/3075929/coronavirus-china-local-governments-try-boost-spending>

209 <http://ftp.iza.org/dp13567.pdf>

Long-term: Business Recovery, Transformation and Diversification

This phase should continue to assist the recovery of businesses while providing more support for businesses to pivot their strategies and operations to adopt and internalize pandemic responsive practices to build back better and boost resilience in the longer term not only against health risk but also environmental risks arising due to the impacts of climate change. Possible policy and public support include:

- 1. Health risk responsive workplace and labor standards:** The government should regulate and ensure health risk responsive workplaces and other relevant labor standards such as leave and provision of health support, non-discrimination and layoffs against COVID-19 infected employees or employees with infected family members among businesses. Governments should also incentivize proactive recruitment opportunities for affected segments of workforces such as the youth, women, persons with disabilities and other excluded groups such as migrant returnees who will have been disproportionately impacted during economic downturns. ILO has issued a paper on “COVID-19 and fundamental principles and rights at work” to serve as guidance for both employees and governments.²¹⁰
- 2. ICT Infrastructure and digital literacy strengthening:** Internet penetration in Asia is still below the global average.²¹¹ This indicates a need for enhancing stable and high-speed internet infrastructure conducive for digitalization.²¹² Furthermore, the region has more male than female internet users. Internet access and digital literacy needs to be strengthened particularly among women workers and women-led businesses to enable them to engage in the digitization of their businesses.²¹³ The United Nations Conference on Trade and Development (UNCTD) has published guidance and case studies for governments to develop strengthen their “digital economies”: “Digital Identity for Trade and Development Train For Trade case studies in South-East Asia.”²¹⁴
- 3. Disaster risk reduction, climate change adaptation and mitigation:** Whilst businesses have focused on immediate needs in responding to COVID-19, the next phase of longer-term recovery from the pandemic offers an opportunity to re-orientate business practices to be more sustainable, mitigate disaster risk and/or adapt to climate change impacts. This may include businesses adopting both structural and non-structural measures such as afforestation, watershed restoration and management or green technologies that facilitate the use of renewable energy, decarbonization, and less water usage. The World Bank has published a Sustainability Checklist for Policymakers to serve as complementary guidance for governments when designing and implementing measures for economic recovery interventions, which can be considered together with the recommendations outlined in this study.
- 4. Promote business continuity planning for enterprises:** Whilst the final recommendation of this study suggests that enterprises themselves should adopt business continuity as part of overall resilience building, the enabling environment and advocacy for this should be led by governments. In countries where business continuity plan (BCP) uptake remains low, governments can incentivize and put in place schemes to encourage the uptake of business continuity planning and management strategies to mitigate the impact of disruptive events, including pandemics. Even prior to the COVID-19 pandemic, there were numerous guides from governments, development partners and international organizations on the value of business continuity planning. The Asia-Pacific Economic Cooperation (APEC) Emergency Preparedness Working Group’s guide on “How to promote Business Continuity Planning to mitigate the impact of disasters - A guide for government officials” remains a relevant resource for addressing challenges faced by governments in their efforts to promote and facilitate the uptake of business continuity planning.

210 https://www.ilo.org/wcmsp5/groups/public/@ed_norm/@ipecc/documents/publication/wcms_757247.pdf

211 <https://www.statista.com/statistics/265153/number-of-internet-users-in-the-asia-pacific-region/>

212 <https://www.oecd-ilibrary.org/sites/9816a98d-en/index.html?itemId=/content/component/9816a98d-en>

213 <https://www.itu.int/myitu/-/media/Publications/2020-Publications/Measuring-digital-development-2020.pdf>

214 https://unctad.org/system/files/official-document/dtlkdb2020d1_en.pdf



B. Recommendations for Business Associations

Business associations such as chambers of commerce and industry associations play a key role in bridging the governments and business community for dialogue and negotiation while encouraging businesses to embrace operating in the “new normal” by incorporating internet-based economy sectors, such as online shopping or education, as well as for medical services. Business associations can support their members by deciphering government regulations to make compliance easier, including through issuance of advisories to guide members navigate regulations surrounding restrictions on business operations, access to fiscal support programs and relief available for workers etc.²¹⁵ Based on the country snapshots and experiences of business associations representing APP Regional Technical Working Group on Advancing the Private Sector Engagement in Disaster Risk Management in response to the Pandemic, interventions by the private sector organization, may include:

- * **Risk and impact assessments:** Gather information and conduct assessments to scan the state of the pandemic impacts on businesses and identify emerging needs of affected businesses, which will provide private sector organizations with a sufficient evidence base when advocating and negotiating with government agencies. The information collected will also assist the government in addressing policy and data gaps, leading to better informed planning and interventions.
- * **Advocacy, dialogue, and negotiation on behalf of members:** Consolidate and represent the voice of businesses and advocate the concerns and needs of affected businesses to policy makers as well as international buyers and brands for policy or contract terms in support of affected businesses. The International Chamber of Commerce (ICC) has launched a COVID-19 web portal, providing up-to-date information including policy recommendations, resources for businesses and actions undertaken by chambers of commerce in response to COVID-19.
- * **Raising awareness and providing information and advisory services:** Ensure that information on government restrictions on businesses due to the pandemic and support and services provided by the government and financial institutes such as stimulus packages, social protection support are disseminated among the business community and accessible by businesses. The online hub “Synergizing Recovery Initiatives, Knowledge, and Adaptation Practices for MSMEs (SIKAP)” is a well-designed and user-friendly online platform developed by the Philippine Disaster Resilience Foundation and Connecting Business initiative (CBI) to synthesize information and knowledge that helps MSMEs in the Philippines to recover and adapt their business operations in the light of the COVID-19 pandemic.²¹⁶
- * **Skills training and capacity development opportunities:** Online-based orientations, trainings and webinars can be organized to encourage businesses to upgrade and/or acquire new skills to adapt their business practices such as digitalization, e-commerce and diversification of modalities.²¹⁷ The ILO, World Bank and the United Nations Educational, Scientific and Cultural Organization (UNESCO) published a guide, including recommendations, on “Skills development in the time of COVID-19,” relevant for governments, training institutes as well as chambers of commerce and business associations.
- * **Promotion of responsible, resilient, and sustainable practices:** Guide and encourage businesses to adopt a mid- or long-term perspective to adopt socially and environmentally responsible and resilient practices. For instance, ADPC facilitated the webinar “Advancing the Private Sector Engagement in Disaster Risk Management” in September 2020. The webinar focused on how resilience must be an inherent aspect of addressing the impact

215 <https://www.cipe.org/newsroom/the-role-of-associations-and-chambers-in-post-covid19-economic-recovery/>

216 <https://sikap.com.ph/>

217 <https://www.oecd-ilibrary.org/sites/9816a98d-en/index.html?itemId=/content/component/9816a98d-en>

of COVID-19 and other disasters on businesses and society in order to amplify the growth and achievement of the Sustainable Development Goals (SDGs).²¹⁸ The webinar was organized in collaboration with private sector partners, including business associations who are members of the APP's RTWG-PSE.

- * **Undertaking community support in coordination with other stakeholders:** As an important stakeholder in the local community, businesses may consider providing cash or in-kind support to affected local communities as part of their corporate social responsibility or sustainability activities. However, business associations are encouraged to undertake this in coordination with the public sector and other stakeholders to avoid the duplication of relief materials, logistical bottlenecks and to ensure efficient use of resources.



C. Recommendations for Businesses

While businesses need to comply with public health protocols, they should assess the pandemic scenario proactively and minimize the adverse impacts on business to ensure the continuity or early recovery of operations, if disrupted. Businesses may consider putting into practice the following recommendations:

- * **Workplace safety and employee protection:** Enterprises should ensure compliance with government-issued workplace protection guidelines referenced earlier in this section under the first set of recommendations on “Immediate actions: Managing and mitigating the crisis” for governments. This includes employees being briefed on and practicing workplace hygiene and physical distancing to minimize the risk of infection. To ensure a safe environment for returning workers and to avoid further work disruptions, the ILO recommends enterprises to take the following actions:²¹⁹
 - * Mapping hazards and assessing risks of infection in relation to work operations, and continuing to assess them following a return to work
 - * Adopting risk control measures adapted to each sector and workplace, including reducing physical interactions between workers, customers and visitors and respecting physical distancing when any interactions occur, improving ventilation in the workplace, ensuring workplaces are clean and hygienic, and providing adequate facilities for handwashing and sanitization
 - * Provide PPE to workers where necessary and at no cost
 - * Provide arrangements for isolating suspected cases and tracing every contact
 - * Provide training, education and informational material about health and safety at work, including proper hygiene practices
- * **Risk monitoring and assessment:** Businesses should identify credible information sources and monitor to assist in detecting the pandemic and other associated impacts and making timely and evidence-based decisions. Conducting risk assessments are important for businesses to identify and analyze the pandemic impact on business operations holistically and systematically. Currently, the Quick Risk Estimation (QRE) tool,²²⁰ developed

218 <https://app.adpc.net/index.php/news/resilience-private-sector-adpc-webinar-series-02>

219 https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_742898/lang--en/index.htm

220 UNDRR (2020) <https://www.businessqre.net>

by the United Nations Office for Disaster Risk Reduction (UNDRR), jointly with ADPC and RICA is available for smaller businesses, including the informal sector, to help their basic understanding of the level of risk from the pandemic in two broad areas: internal and external factors. The tool can be accessed via the following link: <https://www.businessqre.net>

- * **Business adaptation and diversification of supply chain, products, and production:** By making incentives and training opportunities available, such as those provided by governments and businesses associations, enterprises can adopt the use of e-commerce platforms, better promote and describe their products or services, and adjust their business models through digitization, diversification of products and suppliers.²²¹ Business repurposing, such as temporarily repurposing manufacturing lines to meet shortfalls of critical items during disasters, can be adopted. The United Nations Industrial Development Organization (UNIDO) published a short guide on the pros and cons of business repurposing in the backdrop of COVID-19. While many supply chains that were disrupted during the height of the pandemic have been re-established, including those originating in China, there is still a need to diversify and localize supply chains to increase resilience to future disruptions.²²² An addendum published by OECD, together with the Association of Southeast Asian Nations (ASEAN), considered the question “*What can businesses do to find pathways out of the crisis?*.” The piece identified the areas of marketing (e.g., bringing services or products online), staffing (e.g., job-sharing, flexible working or letting employees take leave for training or studies) and sourcing inputs (e.g., diversifying operations, flexible storage of products) as some of the key ways smaller businesses can modify their working practices.
- * **Business continuity planning and management:** Enterprises should identify critical business functions and put in place a mechanism for protecting, continuing and recovering these functions in terms of resources, responsibilities and procedures. The plan needs to be documented, for instance through a BCP, and at the same time ensure employees are informed and capacitated to perform the expected roles and responsibilities. Toolkits to assist small businesses in business continuity planning in the context of COVID 19 were developed by UNDRR and ADPC together with self-guided online training.^{223,224} More detailed planning tools targeting MSMEs have also been introduced by ILO²²⁵ and the United Nations Industrial Development Organization (UNIDO).²²⁶

For a more integrated response and future preparedness to pandemics and other large-scale emergencies, cooperation, and partnerships between these three stakeholders are crucial. As outlined above, the government should act as a service provider, regulator, and facilitator to enhance the enabling environment for businesses to establish risk informed operations.

At the same time, business associations are well positioned to serve as a catalyst in advocating for risk informed decisions and practices among their members as well as acting as a mediator between the private sector and government. Ultimately, business enterprises themselves are the key “agents for change” and must revisit their business strategies and transform their business models in order to ensure the wellbeing of employees, ensure their business operations are robust, and strengthen the overall resilience of societies. Therefore, these three stakeholders should collaborate and complement each other’s efforts for addressing risks and building resilience against unprecedented disasters, including large-scale public health emergencies such as the COVID-19 pandemic.

221 https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---act_emp/documents/publication/wcms_754728.pdf

222 <https://www.unescap.org/sites/default/files/ESCAP%20COVID-19%20Framework%20Paper.pdf>

223 <https://www.undrr.org/publication/covid-19-small-business-continuity-and-recovery-planning-toolkit>

224 <https://courses.adpc.net/login?next=/dashboard>

225 https://www.ilo.org/wcmsp5/groups/public/---ed_dialogue/---act_emp/documents/publication/wcms_740375.pdf

226 https://www.unido.org/sites/default/files/files/2020-06/MSME_Recovery.pdf

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