

Webinar: Supporting SMEs in Response to COVID-19 Pandemic in Asia-Pacific

Summary

The summary and recording of the webinar can be accessed [here](#).

On 22 July, 2020, a webinar on **Supporting SMEs in response to the COVID-19 pandemic in Asia-Pacific** was organized by the United Nations Office for South-South Cooperation (UNOSSC) and the Economic and Social Commission for Asia and the Pacific (ESCAP) of the United Nations.

Small and medium-sized enterprises have borne the greatest burden from the impact of the COVID-19 pandemic. This is not only because of SMEs' higher vulnerability and lower resilience resulting from their size and their lack of access to resources and expertise to mitigate and absorb shocks. The fact that SMEs make significant contributions to economic development and employment also means that the path for a long-term recovery from COVID-19 take into account SMEs and the informal sector.

The Asia-Pacific region was the first epicentre of the global pandemic. Now with COVID-19 kept in check in many countries in the region, some countries are also poised to get their economies back on track. It is both timely and urgent to share experiences among the developing countries and support their efforts to help SMEs in pursuit of a steady regional recovery.

During the webinar, the following key messages were emphasized by the panelists:

1. **Identifying SMEs is not always easy.** There are grey areas in the classification of Small-to-Medium Enterprises, micro-enterprises and the informal sector. Together they account for a high percentage of people pursuing livelihoods in each country. Nations have their thresholds for SMEs (usually size of people employed and capitalization). Some of these enterprises are not on the radar of the national registry of companies; for example, they may not meet mandatory registration criteria. It therefore becomes difficult to reach out to them for relief packages.
2. **Rebuilding SMEs from scratch is extremely difficult and costly, and that's why early precautionary measures can make a big difference.** Investing in early precautionary and preventive measures helps countries to control the spread of the virus as early as possible, thus reducing the risk of a longer lockdown and adverse impacts on livelihoods. Providing support (increased liquidity) to the SMEs at the earliest stage possible can also help them weather the storm and keep them in business. It is much cheaper to act now rather than later when there would be a need to rebuild completely from scratch after most SMEs have collapsed. This is of particular importance to developing countries as their resources are limited compared to the developed country economies.
3. **Making sure that subsidies and stimulus packages are targeted towards the most vulnerable is of critical importance in current crisis.** It is clear that some industry sectors (food service, entertainment, tourism etc.) have been hit harder than others and will take longer to recover due to long-term demand and supply disruptions. This means that SMEs in

these industries will go through a much more difficult time and need more support. Special attention must also be given to small businesses, and micro businesses, especially when countries design their stimulus packages, as they are much more vulnerable than larger companies but provide a significant share of employment in developing countries. Tailored efforts must also be made and accessible by informal businesses due to their vital role in job creation, poverty reduction and economic development.

4. **Fast and easy access to government support is equally important as the support itself.** According to the International Trade Center (ITC)'s report, "SME Competitiveness Outlook 2020" issued in June 2020, many interviewed SMEs indicated that they know the government is providing help in response to COVID-19, but they didn't know how to access it. Experience in Thailand also indicates that even when SMEs are aware of the support, they are sometimes considered ineligible to receive the support. It is therefore important for policy makers to help SMEs identify the right forms of assistance for themselves, ease relevant administrative processes and secure assistance faster.
5. **Multinational corporations (MNCs) can also play a key role to save SMEs.** Although governments will remain as the most important actor in helping SMEs survive and recover, there are other stakeholders that can play a key role. By upholding contracts with SME suppliers or distributors, facilitating continued business operations of the supply chain etc., multinational corporations can also provide significant help to SMEs towards their recovery.
6. **As part of the new normal, digitalization should become a bridge for SMEs to step into the future, not a stumbling block.** The current wave of digitalization brought by the COVID-19 crisis can go two ways for SMEs. For those that can easily embrace new technologies and carry out digital transformation, their chances of survival and even growth are much higher. The identification of COVID-19 as the "great technology accelerator" can be true for them. But for some SMEs, especially those in the traditionally labor-intensive industries, the risk of being completely phased-out is even higher. Support from the government to close the existing gaps between SMEs and big companies, and among SMEs themselves will help to make digital technologies a solution rather than another challenge for vulnerable groups.
7. **South-South cooperation is an important means to support recovery.** Although countries in the Global South are more vulnerable in the current crisis, they have also demonstrated to the world how solidarity can help to weather the intertwined health and economic crisis. Developing countries have been helping each other not only through providing medical supplies and equipment when the pandemic started, but also sharing their own experience and knowledge in dealing with the health impact and economic shock. It is strongly believed that through South-South cooperation, more can be achieved in the region to tackle the crisis and build back better.
8. **Recommendations made by speakers and participants.** The panelists stressed that "business as usual" is not an option and more opportunities will emerge when the new "normal" is fully embraced. Investing in digital technologies will facilitate a quicker and better recovery if better targeted interventions can be provided. Encouraging and facilitating social dialogue on labour protection is also very necessary. Both the panelists and participants expressed their

interest in having more in-depth discussions on the issues discussed. Some participants also requested that more examples from the developing countries with limited resources to respond to the crisis be shared during a follow-up webinar.

The webinar was moderated by Dr. Denis Nkala, Regional Coordinator and Representative, Office for Asia-Pacific, UNOSSC. Presentations were made by the following panelists, followed by a Q&A session.

- **Mr. Jorge Chediek**, Director of UNOSSC & Envoy of the UN Secretary-General on South-South Cooperation
- **Dr Mia Mikic**, Director, Trade, Investment and Innovation Divisions, United Nations Economic and Social Commission for Asia and the Pacific (ESCAP)
- **Dr Jomo Kwame Sundaram**, Malaysian Economist
- **Dr Marion Jansen**, Chief Economist, International Trade Centre
- **Ms. Xiaoyue Wang**, Transfer Pricing Practice Leader, KPMG in China
- **Ms. Sara Elder**, Head, Regional Economic & Social Analysis Unit, ILO Regional Office for Asia and the Pacific
- **Dr Wimonkan Kosumas**, Deputy Director General, The Office of Small and Medium Enterprises Promotion of Thailand
- **Ms. Barbara Meynert**, member of the Executive Committee of the UN ESCAP Sustainable Business Network (ESBN)