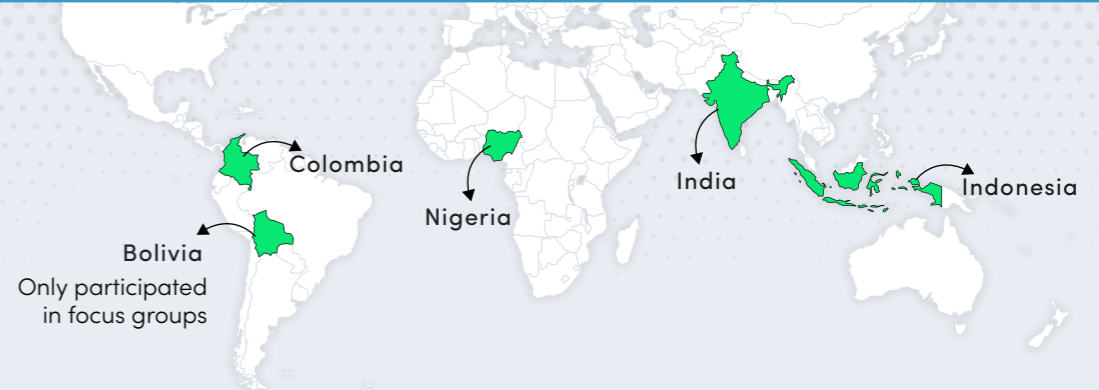


# PREPARING MSMES FOR FUTURE CRISES

# LESSONS FROM COVID-19

1. Improve effectiveness of government support schemes to better assist MSMEs in future crises
2. Expand access to credit for MSMEs by offering productstailored to their needs
3. Support the digital adoption of MSMEs, especially for women.

Conducted a longitudinal survey of over 1,600 MSME owners from June 2020 to October 2021 over six waves. And conducted focus groups of 130 MSME owners from March to April 2022 in the following countries:



## WOMEN MSME OWNERS STRUGGLED MORE THAN MEN

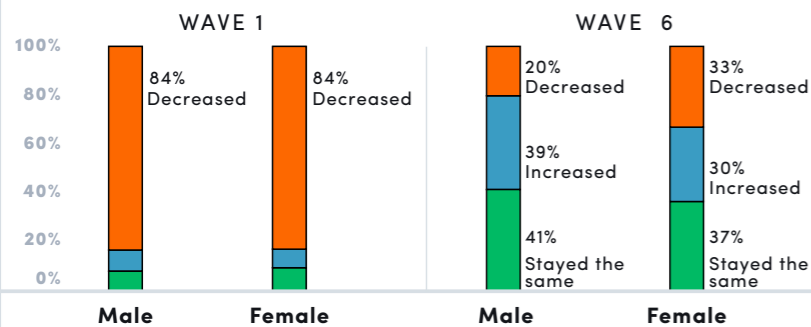
BUSINESS CLOSED IN WAVE 1

**12%** vs **18%**  
Men-owned vs Women-owned

BUSINESS REMAINED CLOSED IN WAVE 6

**5%** vs **8%**  
Men-owned vs Women-owned

### PROFIT TRENDS BY WAVE AND GENDER



Men-owned businesses saw overall better profit trends, with **80%** reporting that profits stayed the same or increased, compared to **67%** for women-owned MSMEs

## HIGHER FINANCIAL AND BUSINESS CAPABILITIES ASSOCIATED WITH BETTER BUSINESS OUTCOMES

MSMEs with higher levels of financial and business capability successfully used a range of coping mechanisms to quickly adapt their activities to adjust for the circumstances.

### 4 EXAMPLES OF COPING STRATEGIES



Shifted inventory and inputs approach to improve liquidity



Introduced delivery to reach more customers and/or continue operating during movement restrictions



Used social media for marketing but **12%** used digital platforms to conduct transactions

### Reduced workforce



by Q3 2021, employments levels were just **50%** of what they were pre-pandemic in Colombia and between **60-70%** of pre-pandemic levels in India, Indonesia, and Nigeria

## MSME OWNERS USED A VARIETY OF FINANCIAL SERVICES BUT MANY NEEDS REMAINED UNMET

### SAVINGS

When COVID hit, the number of MSMEs who reported saving dropped. By Q3 2021:

SAVED IN A BANK ACCOUNT

**32%** vs **25%**  
Men vs Women

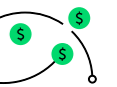
SAVED WITH MOBILE MONEY

**18%** vs **10%**  
Men vs Women

### CREDIT



As savings depleted, business owners turned to credit. Business owners with declining profits were more likely to prefer informal loans.



### INSURANCE

Although many owners said that insurance was important, only a few reported having insurance coverage prior to the pandemic



### GOVERNMENT SUPPORT

A low number of respondents received government cash transfer payments

