

SALES



RESPONSES TO COVID-19 IN AFI MEMBER COUNTRIES

Experts are forecasting for 2020 the deepest

global recession since the Great Depression,

due to the COVID-19 pandemic. Micro, Small and Medium sized enterprises (MSMEs), especially those in the informal sector, which includes the majority of women-led MSMEs, are acutely vulnerable to the impact of the crisis. **SUPPLY SIDE:** Movement restrictions and guarantines are leading to severe disruptions in capacity and causing companies to trim their labor force.

DEMAND SIDE: The halt in demand is resulting in liquidity shortages and restricting the overall ability to do business. Financial markets are also being affected with reduced levels of confidence and credit.

HOW COVID-19 AFFECTS MSMEs LOSS OF LOSS OF **STAFF**

MARKET

AVAILABILITY

MITIGATION

Reduced policy rate, lowered repo rate and Cash Reservation Ratio (CRR).

Reduced contributions of lenders' deposit

Reduced compulsory reserve for commercial banks and additional liquidity injected into

Capital conservation buffers with reduced

banks to supplying credit to the economy.

buffer rates for limited period, that support

STRUCTURAL POLICIES

Encourage the use of digital channels and contactless mobile payments particularly

Introduce measures for new markets and

Reduced/waive transaction fees for on-line

Online operations and business digitization

enable greater accessibility to finance

insurance funds to boost liquidity.

for the agriculture sector.

Special Incentive Refinancing Scheme

MONETARY AND MACRO-FINANCIAL

Reduced policy rate, cash boost and moratorium

contributions for MSMEs.

on debt payment

MITIGATION

RECOVERY

MITIGATION

RECOVERY

EXCHANGE RATE AND BALANCE OF PAYMENTS

Conduct interventions in the foreign exchange

from fluctuations in global financial markets.

market to reduce excess volatility arising

Restrict financial account transactions and

some current account transactions. Help limit

outflows and reduce exchange rate volatility

Provide additional measures for targeting vulnerable MSMEs and their integration in domestic and international markets,

Hold discussions with money service providers

Facilitating access to capital is important, particularly for the retail sector, which employs a large share of the population

Diversification of economies - internally and externally -

- Invest in digital banking and onboarding of women-led MSMEs. Carefully modify and amend 'living' regulations.
 - can only be ascertained after the

SME FINANCE

Particularly for People are Curtailed ability those with little to to work due to confined to their no online presence. homes. movement restriction and domestic responsibilities, especially for those unable to work from home. **SUPPLY CHAIN** DISRUPTION **DISRUPTIONS OF FINANCE** For those with low For those with inventory, in need low levels of of frequent supplies cash reserves. and/or dependent on exports. MSMEs in the informal sector, including the majority of womenled MSMEs, are at higher risk of loss of incomes and may be less able to access government support. Countries are implementing various measures to encourage business operations, safeguard jobs and increase domestic investment. Some of the countries have applied two main phases in their policy responses. TWO MAIN PHASES WITH FOUR BUCKETS PHASE I -PHASE II -**MITIGATION RECOVERY** Helping firms return to their Adopting emergency measures that address immediate pre-crisis production and employment levels and set the liquidity challenges, reduce layoffs and avoid firm closures foundations of longer-term productivity-driven growth. and bankruptcies. FISCAL PACKAGES Relief on MSMEs costs of operations through subsidies, tax exemptions and targeted funding **MITIGATION RECOVERY** Removal of charges on mobile money transactions up to a certain amount. Stimulus packages on fiscal interventions, including wage subsidies for MSMEs. Reduced Interbank Payment and Settlement System processing fees. Budget allocated to cover immediate expenses, mainly in health and related to the pandemic, particularly benefits women. Credit guarantee schemes for MSMEs. Decreased taxes and social security

Moratorium on monthly payments of loans and financing by banks for a limited period and without a penalty.

for women.

transactions.

including:

platform).

> Public procurement.

banks.

increase measures for existing markets aimed at reducing cash transactions and facilitate the use of mobile money.

to encourage enhanced remote services and ensure uninterrupted services, including foreign currency transcations.

ADDITIONAL MEASURES

> FinTech (mobile payments, financing

> Legal and regulatory reforms (e.g. of licensing, labor laws, bankruptcy and debt enforcement mechanisms). Incentivize, between informal and women-led MSMEs to come into the formal system.

mitigates potential outcomes, such as currency depreciation and as physical movement restrictions to be consistent.

Ensure that gender lens is applied

The effectiveness of policy responses

Country Policy Responses in Different Regions >

in developing countries through MSMEs.

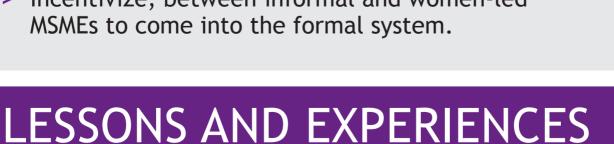
firms to deal with crises.

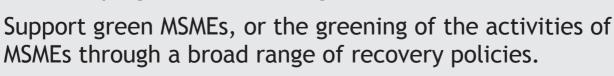
MORE INFORMATION (CLICK LINK BELOW)

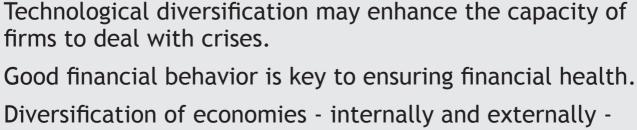


to all your activities.

pandemic.









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