Building the resilience of SMEs in Central and South America

Best positioned to support their local communities to build resilience

UNDRR Global Survey carried out from November 2019 through March 2020

99.5% of firms in Latin America and the Caribbean region are SMEs and they generate 60% of productive employment

65% of companies in Central and South America are aware of tools that can be used to understand the risk

70% of companies in Central and South America have a risk reduction strategy in place

72% of companies in Central and South America carry out risk assessments prior to new investments

UNDRR Global Survey across all continents
33 countries
444 responses

Significant Risks Identified by SMEs Responses in CA & SA

*Other: E.g. social conflicts, disturbance of public order, food, and environmental pollution

**Partnership: an association of two or more persons to carry on as co-owners a business for profit
Global impacts of COVID-19 amplify urgency to build SME resilience

Global statistics:

- Of SMEs surveyed globally, 50% fear to be out of business within 3 months without further support.
- Working-hours losses due to the COVID-19 pandemic in the 2nd quarter of 2020:
  - 480m jobs lost globally
- Structural policies to strengthen longer-term resilience of SMEs:
  - Only 15% of the measures implemented by OECD countries

Top cited bottlenecks that delay business recovery (CA & SA)

- Lack of regulatory framework for recovery initiatives (47%)
- Uncertainty and lengthy bureaucratic procedures (53%)
- Lack of financial resources (60%)

Top cited bottlenecks that prevent investing in SME Resilience (CA & SA)

- Lack of capacity and resources (35%)
- Lack of incentives (23%)
- Lack of awareness of risks and potential impacts on business (16%)

Critical Success factors that strengthen SME Resilience:

- Supporting and developing international and national policy frameworks that address the specific needs of SMEs
- Providing access to finance and financial products tailored to SMEs
- Combining Enterprise Risk Management and Business Continuity Management mechanisms to better incorporate and increase the focus on prevention
- Addressing interdependencies and inequities across value and supply chains

Note:
1. Out of 444 responses from 33 countries, 394 responses from 12 countries were utilized. Note that it is likely that respondents to the UNDRR 2020 survey are interested and engaged in risk prevention, or could be part of the ARISE, the Private Sector Alliance for Disaster Resilient Societies. This might have led to certain bias in response for the questions.
2. OECD/CAF Latin America and the Caribbean 2019: Policies for Competitive SMEs in the Pacific and Participating South American economies in the Americas and the Caribbean region are diverse. Statistics are recent estimates for the region.
3. OECD 2020.