Building the resilience of SMEs in Mexico

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 are SMEs and they generate 60% of productive employment

60% of companies in Mexico are aware of tools that can be used to understand the risk

Survey responders (MX) by category

- Cooperative 2%
- Corporate 2%
- Franchise 1%
- Individual/Sole Proprietor 35%
- Partnership** 15%
- Private Limited Company or Shares 35%
- Other 10%

*Other: E.g. fires, human impact on the environment, changes in compliance regulations, the economy, political instability, theft, blackouts, lack of government action

**Partnership: an association of two or more persons to carry on as co-owners a business for profit

52% of companies in Mexico have a risk reduction strategy in place

60% of companies in Mexico carry out risk assessments prior to new investments

Significant Risks Identified by SMEs Responses in Mexico
Global impacts of COVID-19 amplify urgency to build SME resilience

- ½ of SMEs surveyed globally 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
- Only 15% of the measures implemented by OECD countries

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

Top cited bottlenecks that delay business recovery (MX)

- Lack of regulatory framework for recovery initiatives (50%)
- Uncertainty and lengthy bureaucratic procedures (62%)
- Lack of financial resources (41%)

Top cited bottlenecks that prevent investing in SME Resilience (MX)

<table>
<thead>
<tr>
<th>Bottleneck</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Lack of capacity and resources</td>
<td>32%</td>
</tr>
<tr>
<td>Lack of awareness of risks and potential impacts on business</td>
<td>16%</td>
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<tr>
<td>Lack of incentives</td>
<td>14%</td>
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<tr>
<td>Difficulty identifying effective measure</td>
<td>13%</td>
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<tr>
<td>Not considered an immediate priority</td>
<td>13%</td>
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</tbody>
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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 countries. Economies in the Americas and the Caribbean region are diverse. Statistics are recent estimates for the region.
3 OECD 2020.
4 ILO Monitor 2020.