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 2020¹

99.5% of firms in Latin America and the Caribbean region are SMEs and they generate 60% of productive employment²

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

Survey responders (CA & SA) by category

- Individual/Sole Proprietor 35%
- Private Limited Company or Shares 29%
- Partnership** 12%
- Corporate 2%
- Cooperative 2%
- Other 20%

**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

Significant Risks Identified by SMEs Responses in CA & SA

- Earthquakes 65%
- Cyber Attacks 54%
- Epidemics 54%
- Transport Accidents 45%
- Extreme Temperatures 44%
- Industrial Accidents 42%
- Landslides 34%
- Other* 20%
- Wildfires 20%
- Droughts 19%
- Oil Spills 18%
- Other** 16%

*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:

- 480 million jobs lost globally
- ½ of SMEs surveyed globally fear to be out of business within 3 months without further support
- Structural policies to strengthen longer-term resilience of SMEs

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

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.
4. OECD 2020.
5. UNDRR estimate.
6. Recommendations in UNDRR Guidance: Reducing Risk and Building Resilience of SMEs to Disasters, 2020. Note that with regard to all references to the 2020 UNDRR survey, ‘Central and South America’ refers only to those countries from which survey responses were received: Colombia, Dominican Republic, Argentina, Chile, Costa Rica, Peru, Ecuador, Guatemala, Venezuela, El Salvador, Honduras, and Panama. Reponses from this region were grouped, as disaggregation to country level would not have been representative.