Building the resilience of SMEs in the Caribbean

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

52% of companies in the Caribbean are aware of tools that can be used to understand the risk

Significant Risks Identified by SMEs Responses in the Caribbean

74% of companies in the Caribbean have a risk reduction strategy in place

84% of companies in the Caribbean carry out risk assessments prior to new investments

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¹ UNDRR Global Survey
² Source: World Bank

*Other: flooding
**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:

- 17% of companies in the Caribbean participate in initiatives that can protect them from disasters
- Uncertainty and lengthy bureaucratic procedures: 25%
- Lack of financial resources: 25%
- Other: 67%
- E.g., infrastructure repair, potential impact on employees
- Top cited bottlenecks that delay business recovery (CARIB)
- Top cited bottlenecks that prevent investing in SME Resilience (CARIB)
  - Lack of capacity and resources: 33%
  - Lack of incentives: 17%
  - Not considered an immediate priority: 17%
  - Other e.g., no obstacles, mitigation measures: 17%

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

Global statistics:

- 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
- Structural policies to strengthen longer-term resilience of SMEs

Notes:

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.