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

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

*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
Global impacts of COVID-19 amplify urgency to build SME resilience

Global statistics:

- ½ of SMEs surveyed globally fear to be out of business within 3 months without further support³
- 480m jobs lost globally
- 31% of companies in Mexico participate in initiatives that can protect them from disasters

Structural policies to strengthen longer-term resilience of SMEs⁴

Top cited bottlenecks that delay business recovery (MX)

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

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

<table>
<thead>
<tr>
<th>Bottleneck</th>
<th>Percentage</th>
</tr>
</thead>
<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>
</tr>
<tr>
<td>Lack of incentives</td>
<td>14%</td>
</tr>
<tr>
<td>Difficulty identifying effective measure</td>
<td>13%</td>
</tr>
<tr>
<td>Not considered an immediate priority</td>
<td>13%</td>
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</tbody>
</table>

Critical Success factors that strengthen SME Resilience⁶

- 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

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¹Out 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.
²OECD/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.
³ILO Monitor 2020.
⁴OECD 2020.
⁵UNDRR estimate.