Building the resilience of SMEs

Best positioned to support their local communities to build resilience

UNDRR Global Survey carried out from November 2019 through March 2020

SMEs account for 99% of all businesses and 2 out of 3 employees work in an SME.

55% of companies are aware of tools that can be used to understand the risk.

Building the resilience of SMEs worldwide

Global survey responders by category

- Corporate: 9%
- Partnership*: 8%
- Cooperative: 5%
- Individual/Sole Proprietor: 46%
- Joint Stock Company: 19%
- Other: 13%

57% of companies have a risk reduction strategy in place.

Significant Risks Identified by SMEs

- Cyber attack: 14%
- Other Weather Events: 28%
- Transport Accidents: 10%
- Epidemics: 15%
- Extreme Temperature: 10%
- Earthquake: 23%

61% of companies carry out risk assessments prior to new investments.

*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 support

Top cited bottlenecks that delay business recovery

- Lack of regulatory framework for recovery initiatives: 38%
- Uncertainty and lengthy bureaucratic procedures: 42%
- Lack of financial resources: 65%

Top cited bottlenecks that prevent investing in SME Resilience

<table>
<thead>
<tr>
<th>Bottleneck</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of capacity and resources</td>
<td>34%</td>
</tr>
<tr>
<td>Lack of incentives</td>
<td>12%</td>
</tr>
<tr>
<td>Lack of awareness</td>
<td>16%</td>
</tr>
<tr>
<td>Difficulty identifying effective measures</td>
<td>14%</td>
</tr>
</tbody>
</table>

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

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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 SME and Entrepreneurship Outlook 2019. Policy Highlights (statistic is across the OECD).
3 ILO Monitor 2020.
4 OECD 2020.
5 UNDRR estimate.