

One-Quarter of SMEs Closed During the COVID-19 Lockdown

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Original post [here](#).

One-quarter of small- and medium-sized enterprises (SMEs) globally, and as many as half in countries like India and Bangladesh, closed between January and May due to the COVID-19 lockdown, according to the Global State of Small Business Report.

On [July 15](#), Facebook, the OECD, and the World Bank released the report, which draws on the Future of Business Survey with more than 30,000 SMEs responding in more than 50 countries and regions. The survey compiles data regarding the impact of the COVID-19 pandemic on SMEs and their top policy needs to survive the pandemic, which include salary subsidies, tax deferrals, and credit guarantees.

The Future of Business Survey was launched as a biannual survey in [2016](#) to provide more up-to-date and global data regarding challenges and expectations of online SMEs. In response to the COVID-19 pandemic, the survey will take place monthly in order to better monitor the impact of the pandemic on SMEs. The survey covers SMEs with Facebook Business Pages in specific countries. Therefore, the data don't reflect the state of SMEs in an entire country or region, but can provide policymakers with some key insights.

In response to the COVID-19 pandemic, SMEs have been forced to close, faced declining revenue, and reduced employment. According to the survey, 26% of SMEs reported closing between January and May of 2020, though there is significant variation across countries. South Asian countries, such as India and Bangladesh, were particularly affected as 47% and 50% of SMEs in each country closed. In both Germany and Sweden, less than 10% of SMEs reported closing.

Among the SMEs that continued to operate, 62% reported that they generated lower sales in the prior month compared to the same month in 2019. The transportation and hospitality sectors were most likely to report a decline.

One third of SMEs reported cutting staff. Employment reductions vary widely across sectors and regions. SMEs in European countries, where there are strong government support measures for employment, were less affected. Employment reductions were more severe in low- and medium-income countries.

During normal times, SMEs have limited access to financing. This challenge has been exacerbated by the pandemic. Government support programs seek to alleviate SME financing constraints, but only a quarter of businesses surveyed had received such support. The degree of support varied greatly across countries and regions, with around 50% of SMEs in countries like Australia, Belgium, and Ireland receiving government support and just 10% of SMEs in regions like Latin America, South Asia, and Africa

receiving support. Of the total support provided, government grants represented 49% of the SME support.

SMEs said the government assistance they most desired were salary subsidies, tax deferrals, and access to loans and credit guarantees. SMEs cited other important support measures like rent and loan repayment deferrals, utility subsidies, and social security exemptions.

Of the SMEs that reported closing, 28% expected to reopen within a month and 54% expected to reopen within three months. The remaining businesses were uncertain when or if they would be able to reopen. SMEs reported that the top three near-term challenges they faced were: lack of demand (cited by 47%), cash flow constraints (cited by 37%), and repaying outstanding loans (cited by 19%). Some SMEs reported that they were adapting to the pandemic by increasing their online presence, with 41% of SMEs surveyed in Ireland and 32% in Brazil reporting such action.

The full survey data can be found [here](#).