

Impact of the COVID-19 pandemic on MSMEs

Indonesia Report

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MSMEs during COVID-19

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Indonesia report



Provides a detailed country-level view of the impact of COVID-19 on MSMEs and their coping strategies, and provides recommendations for policymakers and financial service providers to support them

01 Recommendations

02 Impact of COVID-19 on MSMEs

03 Coping strategies of MSMEs

Annex



Indonesia

Under the Regulation #21 of 2020, the Government of Indonesia implemented large-scale social and economic restrictions, namely *Pembatasan Sosial Berskala Besar* or PSBB, since mid-March, 2020.

This policy exclusively allowed eight important sectors to continue business, which includes healthcare, food, energy, communication, distribution, retail trade, and other strategic business. Therefore, in our sample, 51% of businesses have kept operating as usual, 36% reduced their operating hours, 10% were closed, while the remaining 3% have been running their business remotely.

In this study, our focus was mostly on microenterprises. Our sample also included a few small enterprises and medium enterprises.

01 Recommendations



Utilize multiple channels to target and provide access to financial services for MSMEs

Measures to boost access to finance

Key insights

- As the COVID-19 crisis starts to subside, the Government of Indonesia (GoI) will need to revive the microenterprises sector, which employs more than 100 million Indonesians.
- KUR¹⁾ and UMI²⁾ loans, along with private sector capital, will be critical to inject the necessary capital required to stabilize microenterprises in Indonesia.

Recommendations

- 01 The GoI may need to increase the budget and relax the terms and conditions for both UMI and KUR loans, including the mode of repayment, pricing, and distribution to suit post COVID-19 financial needs of MSMEs
- 02 The GoI should expand channels to distribute KUR and UMI, especially through banks, non-banks, and fintech agent networks (> 1 million)
- 03 The GoI may set up by credit guarantee fund to encourage private sector lending for the MSMEs, especially from multi finance companies, ventura companies, and fintechs (P2P)

Measures to improve targeting of informal enterprises

Key insights

- Given movement restrictions, which are likely to continue for a considerable future, any government support efforts for MSMEs will require effective targeting of beneficiaries.
- A low-cost digital platform for verifying the identity of small merchants and micro-entrepreneurs will be critical to any government support efforts and providing direct support to informal enterprises.

Recommendations

- 01 For effective targeting of informal enterprises, government could use multiple databases: QRIS merchants (BI), e-commerce merchants (Tokopedia, Bukalapak), and MFIs (with national-level presence)
- 02 Utilize wet market associations (ASPARINDO) and BUMDES to assist in building a database of informal enterprises under their network
- 03 Extend biometric-based e-KYC using the national ID database to facilitate non-face-to-face verification of micro-entrepreneurs

1) KUR (Kredit Usaha Rakyat or People's Business Loan) is a working capital loan for MSMEs and Cooperatives for productive and decent but not yet bankable

2) UMI (Ultra Micro loan) is a working capital loan for micro-business which cannot yet be facilitated by banks through KUR and distributed by Non-Bank Financial Institutions

Enhance capacities and build enablers to adopt digital platforms

Measures to promote the digitization of MSMEs

Key insights

- Based on MSC research, entrepreneurs are increasingly relying on digital platforms to sustain the business in the current situation. Research shows that only about 30% of MSMEs use the internet for their business, women-owned MSMEs are worse off.
- Private sectors initiatives to build digital skills of MSMEs are limited in scale and scope.

Recommendations

- 01 Use the Special Allocation Fund (DAK) of IDR 200 billion (USD 13.8 million) to build a digital skills training platform for women. The cooperatives should utilize such platforms to train their women clients
- 02 Banks and non-banks and telco companies can offer an affordable loan for women to acquire a smartphone. If the customer defaults, the telco company can switch off and disable the phone through its IMEI number
- 03 Extend the *Kartu Pra Kerja* program for > 3 million QRIS merchants to build their awareness or skill sets to use social media, e-commerce, and digital payments for their business growth

1) Digital micropayments: interbank transfers, e-money top-up charges, and QRIS MDR rates
2) FSPs: Financial Service Providers

Measures to promote digital payments

Key insights

- MSC research shows that the adoption of digital payments has been fairly limited during COVID-19, despite some measures taken by the government to incentivize them.
- A survey conducted by SNKI shows that despite 45.7% phone ownership, around 70% of people have little or no capability to conduct financial transactions through phones.

Recommendations

- 01 The Central Bank of Indonesia should consider waiving off charges for digital micropayments¹⁾ for the FSPs²⁾ for minimum six months. The exemption should apply for small ticket size transactions to encourage small merchants to learn, adapt and use digital payments solutions
- 02 Encourage the private sector, especially fintechs, to use existing the micro-payments infrastructure to develop specific payment solutions for microenterprises. The Gol could host hackathons or challenge fund programs under its 1000 start-up program initiative.

Release the financial burden on MSMEs and institutions serving them

Measures to reduce the burden of expenses

Key insights

- ▶ Fifty-one percent of microenterprises in our study rent a place to run their business and it is the largest operational expense for such enterprises.
- ▶ Most of them cited that their rent cost has remained the same in this time of crisis while their income has decreased.

Recommendations



The Gol should consider offering rent holidays (for at least three months) to microenterprises that rent from [local or municipal government markets](#). The Gol can provide a different rent holiday program for essential and non-essential businesses

Measures to boost the liquidity of MFIs and cooperatives

Key insights

- ▶ Cooperatives and credit unions, key lenders to the microenterprises, are facing [major issues around liquidity and delinquency](#).
- ▶ Support to cooperative and credit unions would be necessary as they have the last-mile reach and could potentially play an important role in the recovery of microenterprises.
- ▶ MFIs are struggling with declined in deposit due to Eid Al-Fitr festive and liquidity reserve has dropped by 60-70% in Q1-2020.

Recommendations



The Ministry of Cooperatives & SMEs can consider a subsidized revolving fund program to provide liquidity support to credit unions and cooperatives. The potential eligibility criteria for such a program should include timely and accurate reporting of the use of funds.



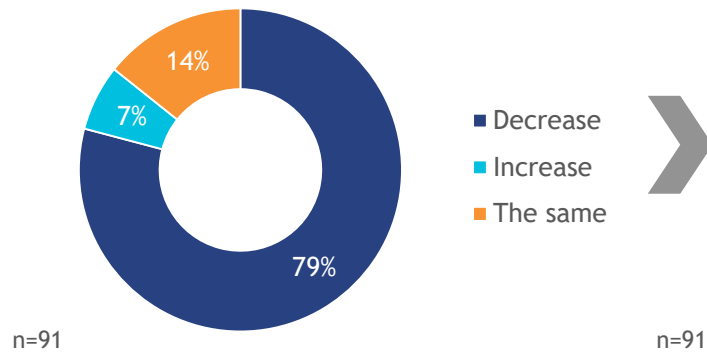
Alternatively, the [Village Fund program](#) can also be utilized to support the registered cooperatives using a revolving fund program.



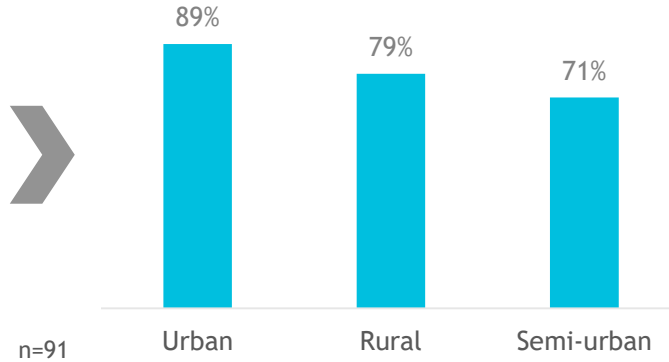
02 Impact of COVID-19 on MSMEs

The revenues of MSMEs have nearly halved since the onset of the crisis

79% of MSMEs reported a decrease in the volume of sales by a median of **50%**



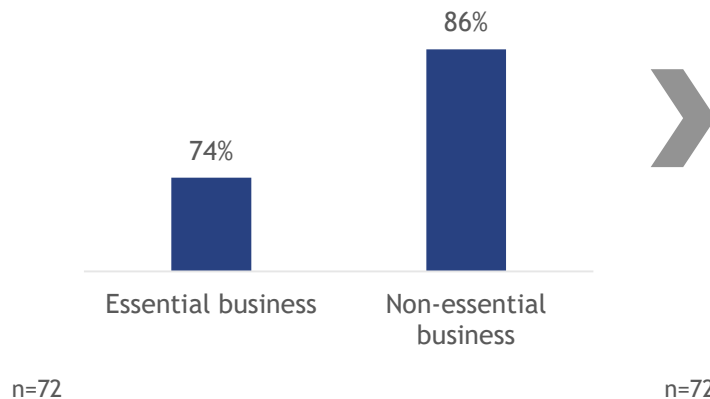
Sales in urban areas decreased more than the rural areas



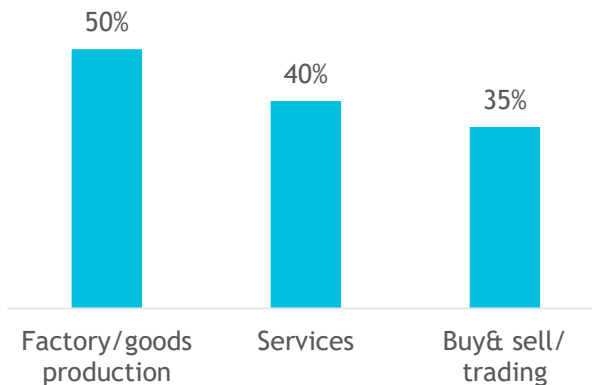
Urban MSMEs are affected more

- Urban areas have seen greater social restrictions alongside large-scale exodus and layoffs of the working population to their home towns and villages. This has affected the sales of urban MSMEs more compared to MSMEs in semi-urban and rural areas.
- In this crisis, the consumer demand for non-essential products or services and access to them have reduced considerably, affecting the revenues of such MSMEs.

86% of non-essential business saw a decrease in sales by a median of **50%**, while 74% of essential ones suffered decrease of only **33%**



Based on its nature of the business, the factory businesses had the most decrease in sales with a median of **50%**



“My revenue has decreased by 40% and my business expenses have gone up. I spend more on transportation costs. I need to deliver my products since my customers cannot travel to my shop. I also still paying full salary to my staff every month, although we reduced our operational hours.”
- A small pharmacy owner in urban Jakarta

Eid Al-Fitr is unlikely to boost consumer demand. MSMEs expect the situation to continue until July/August

Many companies are canceling Eid Al-Fitr bonuses

- Typically, turnover during Ramadhan and Eid Al-Fitr is significantly higher than the turnover in the other 11 months. The Central Bank of Indonesia projects that cash needs for the Ramadhan and Eid Al-Fitr 2020 are decreasing by 17.7 % compared to 2019.
- The companies no longer give holiday allowance (THR) to their employees due to economic pressure, and the government has banned the Eid Al-Fitr exodus to villages to stop the COVID-19 spread.
- In their recent statistics, the World Bank's forecast on household spending in Indonesia indicates a drop of just 1.5%. The World Bank is using best-case scenario economic forecasting with only one month of quarantine or stay-at-home, and mobility restrictions which affecting economic activity to predict this.
- Some MSMEs expected that their sales would return to normal on Eid Al-Fitr or by the end of May. But without THRs, customers are likely to spend the bare minimum for festive shopping.

“I hope this will all be over after Eid Al-Fitr. I have no idea what to do if it will take longer, depends on the government’s decision.” - A restaurant owner in Jakarta

MSMEs think that the crisis will take until mid-year

- Business owners who deal in essential items believe that they will bounce back earlier, around July, 2020.
- In contrast. the business owners who deal in non-essential items said that their sales would not return to normal until August, 2020.
- Many small businesses across the country have no cash cushion, so they hope the pandemic will be over within three months at most.

“I started to calculate the available funds on hand and my bank account balance. Then predicting how long we can cope and restart again, including staff planning. We can only survive until May, 2020. So I hope the pandemic will be over by then.”

- A clothing store owner in Yogyakarta

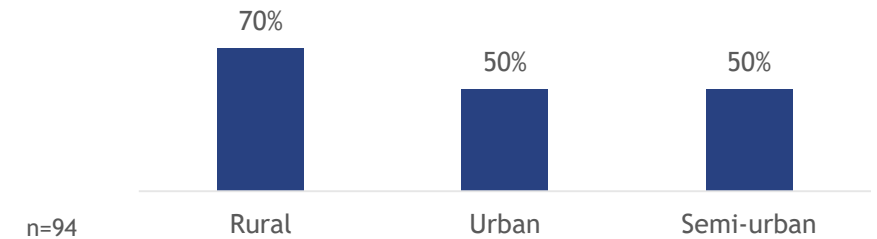
A significant deterioration of sales has been causing a drastic change in household economics

92% of MSME households experienced a decrease in the volume of sales that reduced their monthly income by a median of 60%

- While the sales in urban areas decreased more than rural areas, the income of households in the rural areas decreased the most with a median of 70%.
- Rural MSMEs are not as agile as their counterparts in urban and semi-urban areas to cope quickly with the situation.

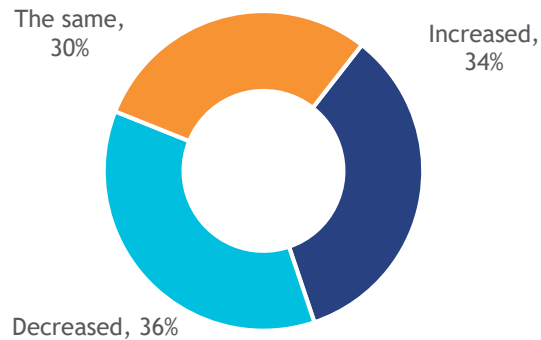
“I have no customers since mid of April, my income has decreased by more than 50%.” - Desmerina, a micro-entrepreneur from Siantar

Median of decreasing income among households, based on their area type

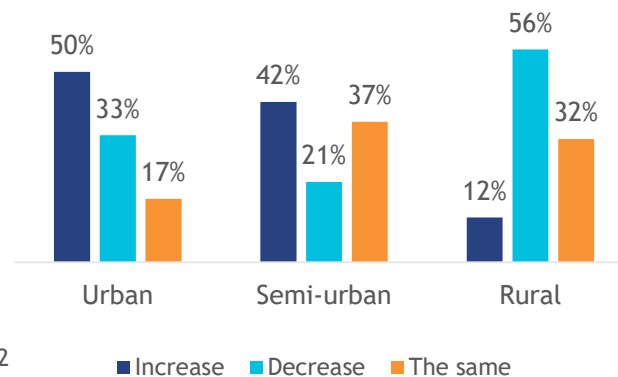


The expenses of households have either remained the same or increased for around two-third of MSMEs

MSMEs experiences different condition in their household expense



The changes in monthly expense based on location



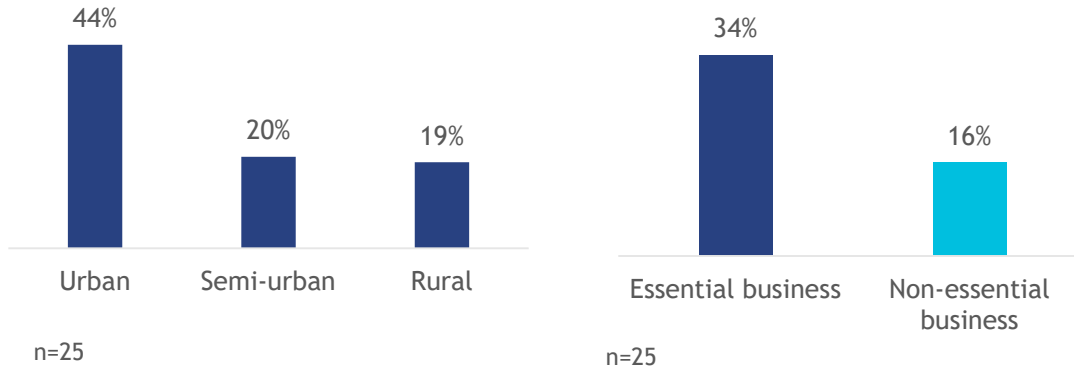
- Household expenses have increased because of buying and stocking items to support health (vitamins, hand sanitizer, masks, etc.), and the price of the essential needs in their location has increased.
- Rural MSMEs have greater propensity to adjust their household expenses compared to their urban counterparts.

“My household expenses increased by around 25% to buy more vitamins and health supplements during this pandemic.” - Hartono, a micro-entrepreneur from Wonogiri

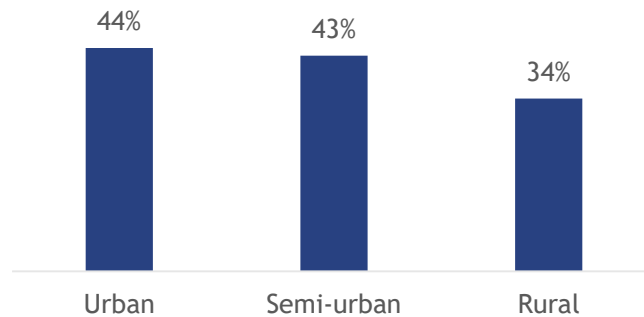
Supply chains are disrupted, resulting in an increase in prices

44% of enterprises located in urban centers reported they are not getting the stocks

34% of the essential business owners cannot replenish their stock as per demand



44% of MSMEs in urban experiences increase in the price of supply by mean of **15%**



n=94

Dependency on imported products

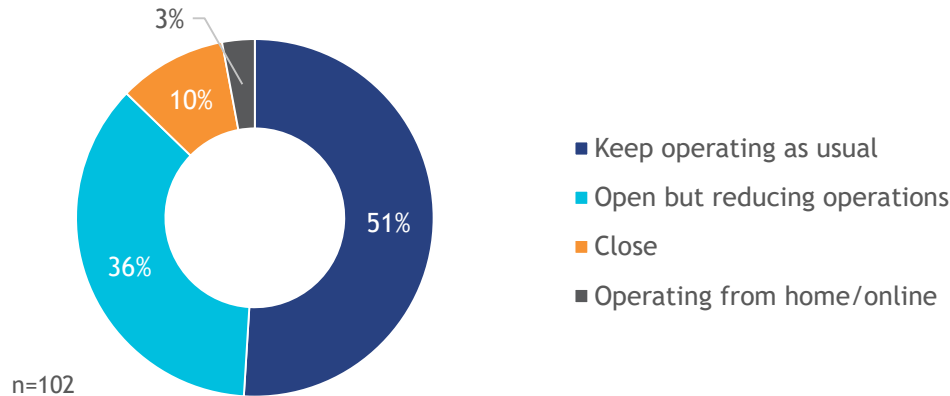
MSMEs in the services industry are facing an increase in the price of supplies by a mean of 29% due to their dependency on imported products from China.

“The low supply of Wi-Fi equipment from China has led to the increase in prices. For example, the prices of access points and antennas have increased from IDR 750,000 (USD 52) to IDR 900,000 (USD 62), and sometimes the stock is not ready yet.” - Hartono, a Wi-Fi installer in Wonogiri

- Urban MSMEs cannot replenish their stocks as easily as rural MSMEs because of the shortage of workers, causing a bottleneck in the production and delivery chain.
- Forty-five percent of enterprises that sell essential products reported an increase in the value of supply because of high demand and scarcity of certain products in the market. Indonesia depends on imports for some of the vital groceries, such as garlic, sugar, onion, and chilies.

Half of the MSMEs are still open as per usual operating hours, while the rest are closed or have reduced operating hours

51% keep operating as usual but the overall number of customers per day has decreased by a median of **50%**



Local restrictions reduce the operating hours or have forced MSMEs to close their business

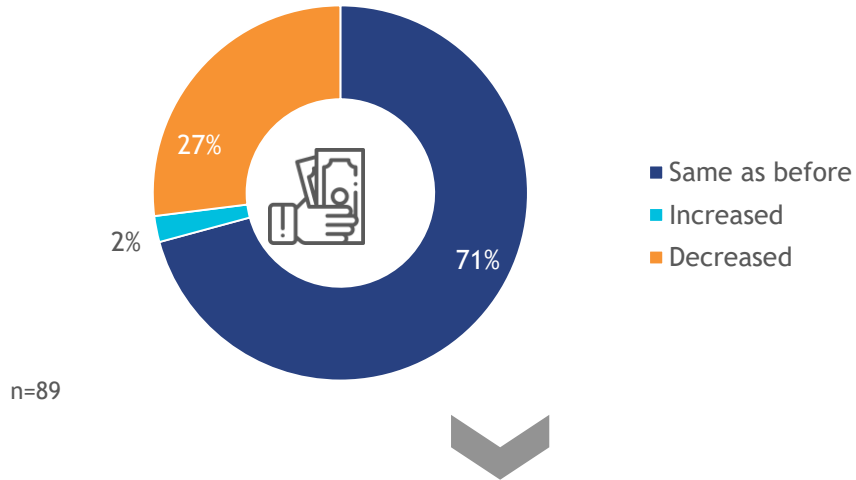
- Before large-scale restrictions, local communities had already implemented local restrictions to reduce outsiders entering their location and minimized gathering of crowds
- MSMEs, which reduced their operating hours, were following trends and rules that exist in their community. Before the pandemic, they would usually be open for 12-15 hours. Now, they only open their business for 8-10 hours per day.
- The changes in operational hours are affecting the number of customers per day for MSMEs, so they turn to digital marketing. MSMEs in the food and beverages industries only serve take-away orders and food deliveries because they are not allowed to serve dine-in customers

“The community leader asked me to close my bed and breakfast (B&B) for two weeks on 2nd April, 2020. They allowed me to open the B&B with one condition: the caretakers should be local persons to avoid the spread of the virus. My son, as the main caretaker, is coming from Jakarta, which considered as the red zone of COVID-19 pandemic. If my son wants to come and run the B&B, he must do self-quarantine for 14 days. How can my son meet his personal needs and B&B stocks if he must do that?” - *A small entrepreneur in Cianjur*

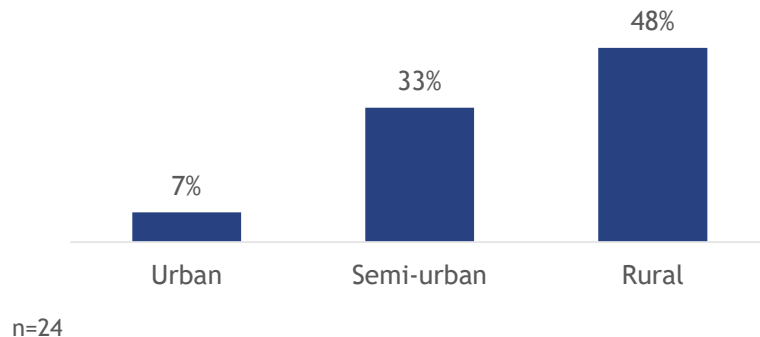
“My sales decreased significantly because of the large scale restrictions. Now I must reduce my operating hours as well. It is to respond to the change in daily public activity. Because of the large scale of social restriction, people rarely go out in the day, and there is a curfew at night. Previously, I opened from 9 AM to 10 PM, but now I only open from 12 PM to 8 PM.”
- *A micro-entrepreneur in Palu*

The pandemic has not necessarily resulted in an increase in digital payments

27% of enterprises reported a mean decrease in cash transactions by 14%



48% of rural MSMEs reported a decrease in cash transactions by a mean of 23%



“I do not have e-wallet or any digital applications.”
- Desmerina, from the rural area of Siantar

- Despite strong perceptions on disease transmission through the exchange of cash and government measures to promote digital payments, a large number of MSMEs continue to deal in cash.
- However, some 24% of rural MSMEs said cash transactions decreased because customers asked for credit and requested to defer payment. People choose to hold on to their cash or spend less money in anticipation of the upcoming impact of the pandemic.


“Eighty percent of my customers only want to pay in cash.” - Abrian, from the urban area of Bogor


“Some of my customers are worried about getting the virus through exchanging cash, so they pay me via bank transfer. But most of them still choose to pay in cash because I serve them on a first-come, first-serves basis. I will prioritize delivering my goods to whomever that can pay first.” - Suciati, from the urban area of Semarang





03 Coping strategies of MSMEs


MSMEs are adopting multiple coping strategies to deal with the current situation

1  **Optimize staff and adjust their benefits** “I told my staff that their incentive will be lesser than before, but they would not lose their job.” - Andaru, a trader from Jakarta

2  **Diversify their existing products/services** “I have no customers in my food stall and tailor shop. I saw there is a high demand for reusable masks, so I am making that now” - Lina, a tailor from Wonogiri

3  **Extend the grace period for payments** “With the current situation, I am allowing 7-10 days of credit for my new customers.” - Hartono, a Wi-Fi installer from Wonogiri

4  **Sell products with extended shelf life** “I reduced my menu and chose to sell less perishable eatables. I can now sell these items over 1-2 days.” - Desmerina, a caterer from Siantar

5  **Implement rapid promotions on digital platforms** “Now, with only one staff left, I am doing rapid promotion on social media to get more online orders.” - Gilang, a café owner from Palu

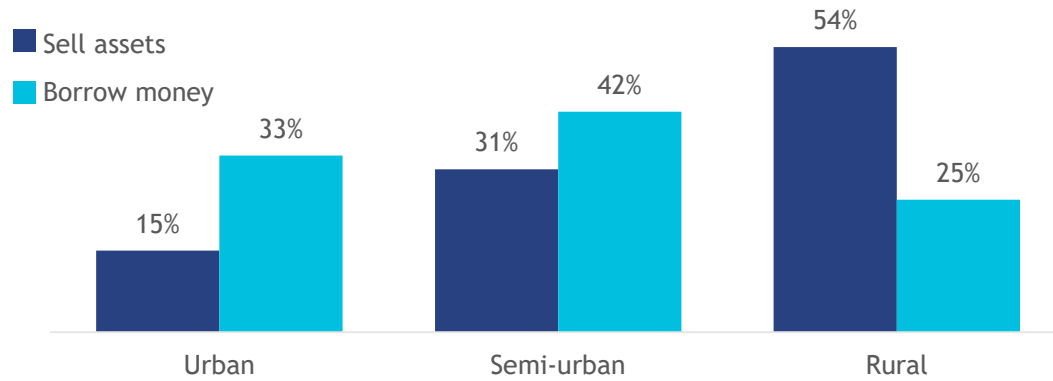
6  **Start to offer home-delivery service** “Now I only depend on selling milk products and offer a home-delivery service for it.”- Abrian, a caterer from Bogor

Urban MSMEs, semi-urban MSMEs and women entrepreneurs show more agility to cope with the crisis

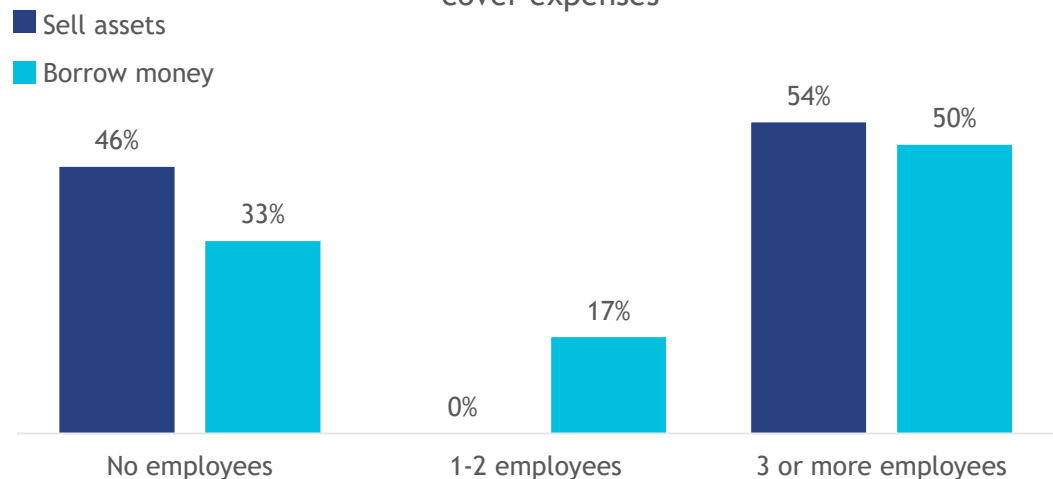
- ▶ 28% of MSMEs want to diversify their products or services with those that have high demand to support their existing business.
- ▶ Women-owned MSMEs are more enthusiastic and agile to seize any opportunities in this crisis:
 - ▶ 34% of women said that they had diversified their products or services, while only 23% of men have done so.
 - ▶ Women entrepreneurs are raising the price of those products or services that are in high demand to earn more profit.

MSMEs have resorted to borrowing or selling assets to survive

MSMEs in urban areas choose to borrow money while those in rural areas prefer to sell their assets



MSMEs with three or more staff used all of their resources to cover expenses



Maximize all resources to cover operational expenses

- ▶ Male entrepreneurs are more likely to sell their assets or borrow money compared to women entrepreneurs.
- ▶ Compared to their counterparts in rural areas (20.6%), business owners in urban areas have more employees (40%).
- ▶ Due to the nature of their business, 67% of business owners of “essential products and services” have borrowed money to cope with the situation.
- ▶ Some MSMEs have used their savings to cover operational expenses.

“I do not want to sell my fixed assets. So far, I have managed my expenses and am ready to use my savings for an emergency to avoid business loss.” - Andaru, a trader in Jakarta

“My income has decreased by 80% because my bed and breakfast is closed since 2nd April 2020. My husband and I are depending on my pension fund to survive.” - Ati, a hotelier in Cianjur

MSMEs are aggressively using digital platforms to boost sales



Social media to the rescue

- Sixty-five percent of MSMEs has been using social media (WhatsApp, Instagram, Facebook) even before COVID-19 pandemic. [Recent research by Kantar](#) shows a 40% increase in the use of WhatsApp, Facebook, and Instagram, as people look to stay connected
- Male entrepreneurs use social media more as the main communication channel with customers and suppliers, compared to female ones. Surprisingly, rural MSMEs owners are more familiar with the use of social media.

“I am joining e-commerce now”

- [Tokopedia and Blibli confirmed a surge in the number of sellers](#) on their platforms during the pandemic. Both have been holding online classes and webinars on the e-commerce business for first-time sellers
- Ten percent of MSMEs cited that they had started to use e-commerce to handle the situation
- Women-owned MSMEs are more eager to start using e-commerce as their marketing channel
- Urban (36%) and semi-urban (46%) MSMEs used e-commerce more than rural (18%) MSMEs due to courier services coverage

The “super apps” are the first choice for digital payments

- To keep the driver and customer safer and hygiene, the “super apps” as the ride hailers providers, have been offered no physical contact delivery. The customers can request the driver to leave the food package in front of their house and paid the service cashless by e-wallet
- [Several banks impose free top-up and cashback on Gojek’s digital wallet](#)



Annex

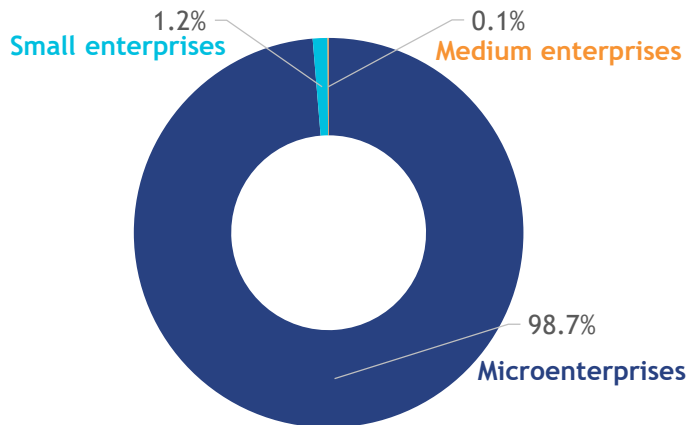
Status of the MSMEs sector in Indonesia¹

Definition of MSMEs

Criteria	Assets (IDR million)	Annual sales (IDR million)	Number of employees
Micro	<50 (< USD 3,272)	<300 (< USD 19,634)	107,376,540
Small	50- 500 (USD 3,272- 32,722)	300- 2,500 (USD 19,634- 163,612)	5,831,256
Medium	500- 10,000 (USD 32,722- 654,450)	2,500- 50,000 (USD 163,612- 3,272,251)	3,770,835

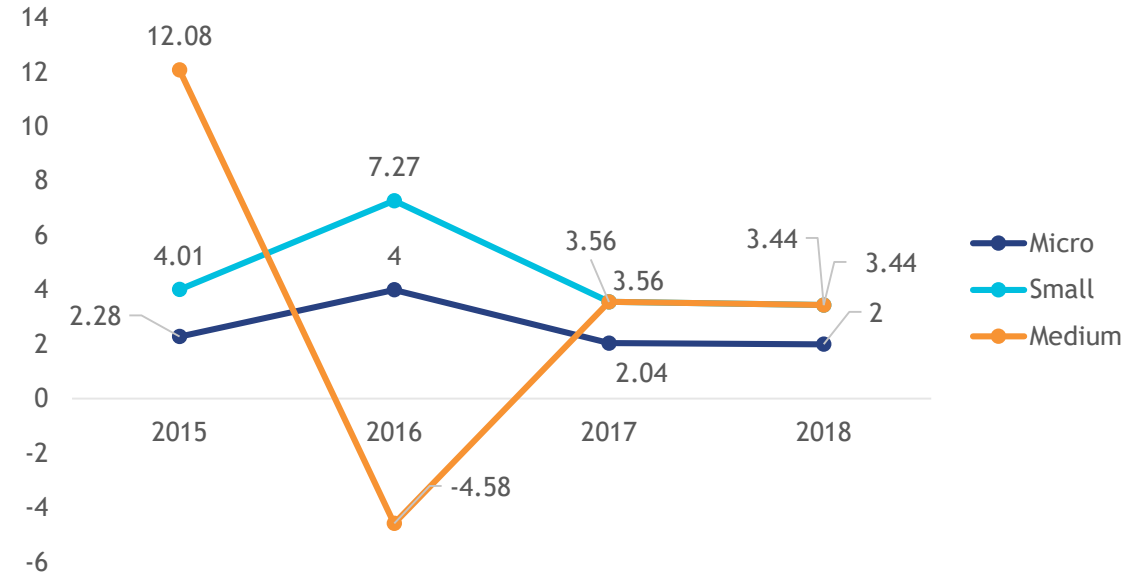
USD 1= IDR 15,280

Proportion of MSMEs



Number of MSMEs
64,194,056

Percentage-wise growth of MSMEs year-on-year (2015-2018)



Data on the contribution of MSMEs to the nation



1. Data on development of MSME Indonesia, Ministry of Cooperatives and MSMEs of Indonesia

Snapshot of government policies to ease the burden of MSMEs

Instant liquidity measures	Credit related (short-term and long-term)	Other relief and benefits
<p>Exemption of tax</p> <ul style="list-style-type: none"> Income tax: provides tax incentives for MSMEs with a turnover less than IDR 4.8 billion (USD 331.034) per year: exemption of income tax from 0.5% to 0% for six months (April-September 2020) VAT: exemption from import VAT for export purpose industries, mostly small and medium enterprises to maintain liquidity Corporate income tax: a reduction from 25% to 22% for small and medium enterprises 	<p>MSMEs loans</p> <ul style="list-style-type: none"> Relaxation and restructuring of loans in various ways for a maximum of six months. The program applies for <i>Kredit Usaha Rakyat</i> or KUR (People's Business Credit) recipients, <i>Kredit Usaha Rakyat</i> or KUR (People's Business Credit), Ultra Micro loans (UMi), to <i>Pegadaian</i> (state-owned pawnshops) The method of loan restructuring includes interest rate reduction, extension of credit tenor, principal arrears reduction, interest arrears reduction, loan top-up, and conversion of loans to Temporary Equity Investment (refers to FSA regulation/POJK number 11-2020 on National Economic Stimulus as a Countercyclical Policy on COVID-19 Impact) The government will expand the MSME financing in the form of a stimulus for working capital assistance. The target is given to 23 million MSMEs that have never received financing, while 41 million MSMEs are already connected with financial institutions and banks 	<p>Exemption of electricity bill The government waived the electricity cost for six months (May - October 2020) for 450 VA micro-businesses and industries</p> <hr/> <p>Promoting digital payments Promote hygiene in the money circulation system by reducing the costs of National Clearing System Services (SKNBI), setting 0% of MDR of QRIS in micro-business merchants, and supporting the distribution of non-cash G2P</p> <hr/> <p>Cushion for MSMEs ecosystem The ministries, institutions, state-owned enterprises (SOEs), and local governments should be a cushion in the MSME ecosystem, especially in the early stages of recovery</p> <hr/> <p>Kartu Pra-Kerja (Pre-Employment Card) Fund aids to reduce termination employment in the MSMEs sector and maintain business continuity, in amount of IDR 3.5 million (USD 241.4) per beneficiary</p> <hr/> <p>Direct cash transfer from the Ministry of Co-operatives and MSMEs</p> <ul style="list-style-type: none"> Fund aid to stimulate the purchasing power of micro-entrepreneurs during COVID-19 pandemic to the tune of of IDR 3 million (USD 207) per beneficiary and an additional IDR 2 million (USD 138) for micro-entrepreneurs Only for listed MSMEs <hr/> <p><u>PKH¹, Kartu Sembako², BLT Dana Desa³, and BST⁴</u> Social assistance to reduce the burden of MSMEs businesses that are classified as poor and vulnerable groups affected by COVID-19</p>

Note: This is not an exhaustive list on measures taken to provide relief against COVID 19; Details are based on information available till 18th May 2020

1. PKH: *Program Keluarga Harapan* (Family Welfare Program), a conditional cash transfer
2. *Kartu Sembako* (Food Staples Card): an in-kind food subsidy

3. BLT Dana Desa: *Bantuan Langsung Tunai*, a direct cash transfer from the Village Fund
4. BST: *Bantuan Sosial Tunai*, a direct cash transfer

Several key sectors have been hit hard by the pandemic

	Tourism: Travel agents and hotels	Textile	Automotive	MSMEs	Retail
COVID-19 impact	<ul style="list-style-type: none"> The overall hotel occupancy rate had fallen to 30-40% The Indonesian Travel Agents Association recorded an almost 90% drop in sales due to cancellations The hotel industry will lay off at least 150,000 people The total estimated losses calculated was about USD 1.5 billion 	<ul style="list-style-type: none"> Seventy percent of textile and textile product companies face permanent closure or halted operations temporarily while facing cashflow issues. As a result of plunging domestic and export demand 1.8 million workers are already furloughed or have been laid off 	<p>Car sales declined by 2.73% in February 2020 compared to February 2019, due to postponement of purchasing tour buses and other vehicles for the tourism industry</p>	<ul style="list-style-type: none"> The MSME sector may no longer be an economic buffer as during the economic and financial crises of 1998 and 2008 Sales revenue have been dropped 30-35% from February until March The loss of business has affected 116 million workers The COVID-19 crisis has forced MSMEs to adopt e-commerce 	<ul style="list-style-type: none"> West Jakarta, South Tangerang, Depok, Central Jakarta, and Bandung were the most affected provinces as people opted to stay at home during the restrictions The most considerable decline in daily earnings was recorded in West Jakarta: a 32% fall in daily earnings per outlet
Strategies	<p>The hotel industry should <u>disinfect all tourist destinations</u> after the pandemic ends. The destinations include hotels, to regain people's trust that tourist destinations and accommodation are all free of COVID-19</p>	<p>The Indonesian Textile Association (API), in collaboration with the Indonesian Fiber and Filament Yarn Producers Association (APSyFI), is <u>producing more protective gear and masks to meet the high demand</u></p>	<p>The Ministry of Industry has been encouraging the automotive industry to collaborate with the component industry and <u>produce medical devices on a mass scale</u>, such as ventilators or breathing apparatus</p>	<p>e-commerce <u>platforms hope MSMEs and retail businesses enjoy the value and benefit, and that more sellers will join them</u>. After the pandemic, they expect MSMEs and retailers to use their platforms more.</p>	

Digital channels are the main source of information on health-related preventive measures on COVID-19

Source of information on COVID-19

- With an internet penetration of 64% and 160 million of social media user in Indonesia, no wonder MSMEs choose digital news, television, and and social media as their main sources of information on COVID-19.
- The Government of Indonesia gives daily updates on national television about the current situation of COVID-19 cases and communicates advisory, such as washing hands regularly, avoid gatherings of people, bans on Eid Al-Fitr exodus this year, among other precautions. The updates also accessible on live streaming via digital channels.



Level of understanding on COVID-19

- MSMEs with a low understanding of the risks around COVID-19 only practice washing hands as a safety procedure, or drink ginger tea for an immune booster.
- The price of hand sanitizers and disposable medical-grade masks increased significantly during the early stage of the COVID-19 pandemic in Indonesia due to high demand. However, MSMEs adopted washing hands or using hand sanitizer and wearing masks are the most prevalent safety measures to minimize disease transmission.
- Early April, 2020, the government explained that only healthcare providers and other medical professionals working on the frontlines needed to wear medical-grade masks. The government's advice to the public is to wear masks made of cloth or other materials, as long as they can prevent the spread of droplets when speaking, sneezing, or coughing.

Assessing the economic impact of COVID-19 on MSMEs

The objective of the research



- Understand and quantify the impact of COVID-19 on MSMEs
- Inform policy and support subsequent efforts to rebuild the MSME segment
- Assess the impact of COVID-19 on:
 - Revenues and costs
 - Supply chains
 - Business activities and product ranges
 - Liquidity management
- Explore options for minimizing threats and maximizing business opportunities
- Assess gender implications
- Understand usage of communication channels and opportunities to be utilized
- Understand the role of entrepreneur's networks and trust, and the impact of the pandemic on both
- Assess support services in the private and public sector

Research coverage



- Research country: Indonesia
- Locations: Rural, semi-urban, and urban areas
- Quantitative sample size: 102 respondents
- Qualitative sample size: 15 respondents

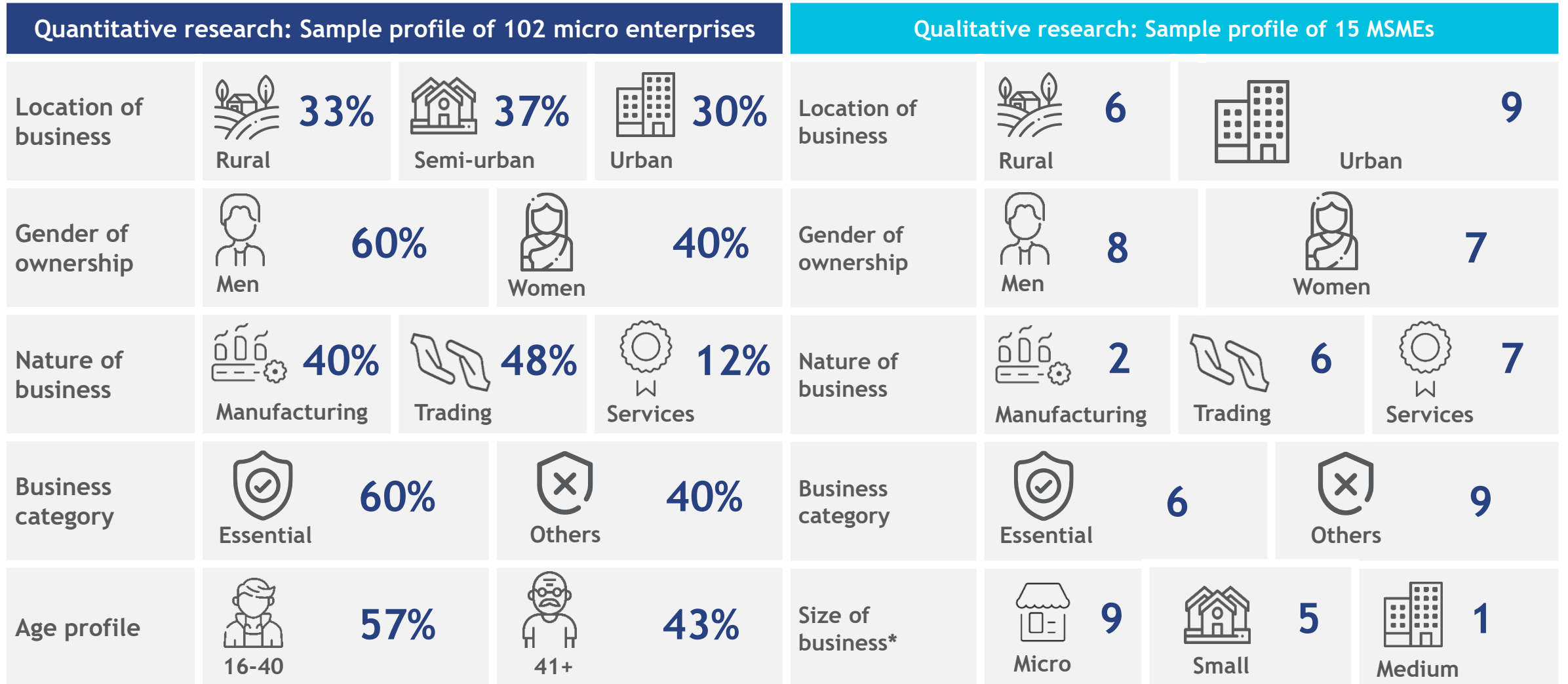
Approach



We adopted a two-pronged approach:

- Quantitative survey to be administered by MFIs
- A qualitative panel of 15 MSMEs interviewed by MSC staff

Respondents' profile



Note: The quantitative sample is not a representative of the overall MSME population in Indonesia. We have used median values in location-wise splits because sample size per location is low.

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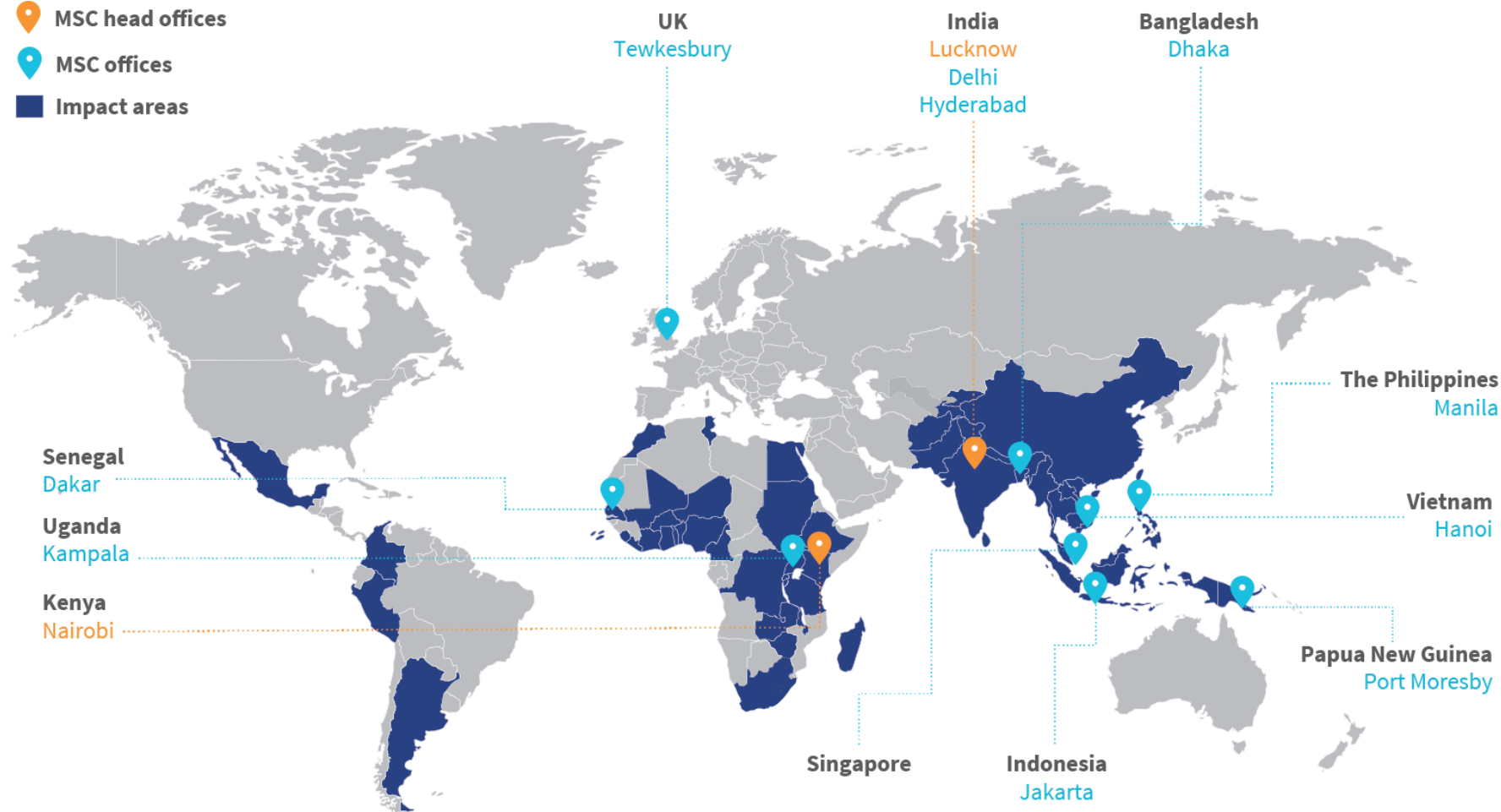
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