Covid-19 has impacted negatively on SMEs across the globe. Both rural, with agriculturally based activities and urban, with manufacturing and services-based micro-enterprises, are suffering heavily. The pandemic interferes the supply chain of the food and agriculture market with impaired production and distribution accompanied with lack of labor and supply of inputs, being a serious impact on SME and the food security.

**IMMEDIATE EFFECTS OF COVID-19 IN SME**

- **Impact on SME supply & service** - Total or partial closure of non-essential SME, curfews, prevention measures and movement restrictions have impacted on the ability of businesses to offer their services and products.

- **Drastic fall in incomes and reduction in working capital** – SMEs are more vulnerable and less resilient. Working capital is directly related to sales. Drops in demand due to restrictions and/or loss of consumer purchasing power, leads to a scaling-down of business operations and incomes. Savings are minimal and usually in stocks.

- **Job losses and decline in employment opportunities.** The drop in business operations results in a decrease of the labour force needed, and therefore in job losses.

- **Delay in payments from customers - unemployment**, loss of incomes and restrictions have increased customers’ debt and reduced and delayed their average payment period.

- **Increase in operational expenses** resulting from:
  1. **High cost of supplies** - the restrictions have led to an increase in transport costs, which adds to the increase in supply costs.
  2. **Increase of fees/charges** to adapt to prevention measures (e.g. providing hydroalcoholic gel, PPE equipment, reducing the number of customers that can be in the shop at the same time, etc.)
  3. **High financial costs** - less financial institutions are willing to lend money.

**CONTACT THROUGH:**
covid19-livelihoods@cruzroja.es;
www.livelihoodscentre.org
1. Advocate with **governments** and **public institutions** to support SMEs with the following actions:
   - Updated government policies on taxes, registering, labour and social protection (extended sick leave benefits, partial unemployment benefits to workers whose hours have reduced due to lower demand, tax waivers/remissions/exemptions to make it easier for SMEs to comply with their obligations in an extended period of time, restructuring loan repayment schedules, etc.).
   - Promote market linkages.
   - Provide financial and technical support for SMEs.

2. **Advocate** with **other relevant stakeholders** (private institutions) to support teleworking and smart working measures to reduce face to face contact, and organize new work-sharing programmes to avoid layoffs and provide financial and technical support.

3. **Advocate** with **microfinance institutions** to channel funding to the most vulnerable populations and SMEs and cutting interest rates so that loans become affordable.

### GENERAL DIRECT ACTIONS

- **Support SMEs to adapt and recover their activity** (adapt marketing channels, digitalisation, teleworking, etc.) through **skills development, cash grants** and **technical support**.
- **Support to diversify or reconvert their Income Generating Activities (IGAs)** after having identified new market opportunities.
- Include the **necessary protective measures** to facilitate access and protect customers when supporting IGAs.
- **Awareness actions** on how to deal with Covid-19 targeting SMEs and consumers, including occupational safety and health trainings in workplaces.
- Promote Business Continuity planning to mitigate the impact of disasters. Use **ATLAS Ready for business**! Free App to help SMEs in their journey to resilience.
- **Support to enhance and adapt marketing channels** (speed up digitalisation, include delivery service, etc.).
- **Income support to affected households** (workers and consumers) to increase demand for services and products provided by SMEs.
- **Support access to financial services**.
- Linking, building on, or aligning **humanitarian cash responses with national social protection programmes and systems**.