



Weekly News Update on Mitigation of COVID-19 Crisis #13 - 06/15/20

How governments and IFIs are supporting SMEs through the lockdown:

For a detailed summary of mitigation actions being taken by national governments, see [this page](#) produced and updated by the IMF.

- ✓ **Chile's Ministry of Economy, Development and Tourism of Chile and its Production Development Corporation** launched the ["Pymes en Línea" platform](#) that aims at providing training to MSMEs in areas such as e-commerce and digital marketing.
- ✓ The **Ministry of Finance of Hungary** launched a USD 1.4 B [loan program for SMEs](#) to provide interest free loans.
- ✓ The **government of Sri Lanka** and **the government of Germany** signed an [agreement that grants Sri Lanka](#) EUR 11 M in technical assistance. EUR 3.5 M of the grant is earmarked for increasing competitiveness of Sri Lankan SMEs.
- ✓ The **government of France** amended its [2020 budget](#) to strengthen its support for sectors most affected by the crisis. The new budget designates EUR 1.2 B for startups and tech companies.
- ✓ The **European Investment Bank** provided [EUR 200 M in financing to DLL](#), subsidiary of Rabobank, to support SMEs and contribute to a greener economy in Spain and Italy. As part of the agreement, DLL will match that amount, meaning that EUR 400 M in total will be made available to SMEs in the two countries.
- ✓ The **government of Colombia** [established a public-private alliance between](#) "Compra Lo Nuestro" (a business network) and "StoreON" (an e-commerce services hub), which will help MSMEs access business management tools, such as order and customer management, that help boost their online sales and strengthen their presence in electronic commerce.

How banks and other financial service providers are adapting to the prolonged crisis:

- ✓ **Goldman Sachs** will partner with **Amazon** to launch a [new revolving credit line](#) for U.S.-based SMEs. This step will vastly expand Goldman Sachs' work with SMEs moving forward amidst a pandemic that has left many of these businesses in need of liquidity.
- ✓ **Efma** hosted a [webinar](#) with **Mastercard**, **First Hawaiian Bank**, and **Salesforce** to discuss the importance of SMEs banking and recent changes in the industry's strategies vis-a-vis long-term work with SMEs due.
- ✓ **Standard Chartered Bank Vietnam** has committed to provide [USD 25 million of uncommitted credit facilities](#) to women-owned SMEs through its partnership with the **Vietnam Women Entrepreneurs Council**. In addition to loans at preferential interest rates, the bank will also provide complimentary trainings to enhance financial education of women entrepreneurs.
- ✓ **IFC** has announced that it will provide a [USD 50 M loan](#) to the **Commercial Bank of Ceylon**, Sri Lanka's largest private bank. The financing will go to SMEs, helping them mitigate negative economic effects of COVID-19. The financing package is part of IFC's USD 8 B global COVID-19 fast-track financing facility, which aims to help companies stay in business and preserve jobs.

How FinTech companies can adapt to the new normal:

- ✓ **Kabbage**, an Atlanta-based small business lending fintech, processed [129,000 SBA PPP Loan applications](#), worth almost USD 4 B; including USD 800 M for 20,000 SMEs through a partnership with MountainSeed, a nationwide real estate services provider for 135 community banks and credit unions.
- ✓ Member **Farmerline**, Ghanaian agritech company, has sent WHO [COVID-19 information to over 18,000 smallholder](#) farmers across 32 districts in Ghana in the wake of the pandemic. Farmerline's merqdata platform was originally designed to communicate agronomic information to farmers. Over the past several years, the company has leveraged this technology to digitize farms and provide finance.
- ✓ Dubai International Financial Centre ([DIFC](#)) [has invested in four FinTech start-up](#) companies: **FlexxPay**, **Go Rise**, **NOW Money** and **Sarwa**. The investment is part of the USD 100 M FinTech Fund that was launched in 2019 to help establish and grow FinTech start-ups seeking access to the Middle Eastern, African and South Asian markets.
- ✓ **Taylor**, a Swiss SME lending technology startup, [closed a financing round of USD 8.4 M](#). COVID-19 pandemic increased the demand for digital banking solutions, which accelerated the company's growth and allowed Taylor to successfully close this financing round with existing and new investors. Taylor will use the funds to expand its lending and software business throughout Europe.
- ✓ **The Mastercard Foundation** announced a [partnership with a consortium of 11 SMEs in Ethiopia](#) to repurpose their factories to manufacture personal protective equipment in the fight against COVID-19. The Foundation will commit more than USD 3.2 M from its Recovery and Resilience Program, created to assist institutions and communities in Africa to respond to impacts of COVID-19.

Noteworthy insights and analysis on COVID-19 and the future of SMEs:

- ✓ A new report from the **Sasakawa Peace Foundation** and the **Angel Investment Network of Indonesia** focuses on the [emergence of Angel Investment Networks in Southeast Asia](#) and explores the current landscape of their work with SME entrepreneurs and start-ups.
- ✓ **McKinsey** released a [report](#) emphasizing the importance of specific government actions to support SMEs' recovery, as economies enter various stages of re-opening. The report highlights why protecting SMEs is important during and after the crisis and warns of long-term systemic risks to the economy if the government fails to protect them.
- ✓ An article from **iupana** asserts the growing importance of [partnerships between banks and FinTechs](#), as banks seek to maintain relevance in a world now dependent on online banking. These partnerships often allow banks to expand their work with SMEs by providing new services, including trainings, on a larger scale, thanks to the availability of digital platforms.
- ✓ CGAP launched a [Global Pulse Survey of Microfinance Institutions](#), collecting data on the impact of COVID-19 on demand, liquidity and solvency, in order to inform responses by financial institutions and policymakers.
- ✓ The World Bank Group released its [June 2020 Global Economic Prospects report](#), featuring a report on [how COVID-19 has aggravated the impacts of informality](#) in emerging markets and developing economies. Many MSMEs exist in the informal sector, leaving them without social benefits and government support, which makes them extremely vulnerable to the impacts of the pandemic.

For more industry news, visit the SME Finance Forum's [LinkedIn Discussion Group](#).