The purpose of this document is to identify new opportunities for supporting ANDE members based on a clear understanding of the current impact of the COVID-19 crisis.

Objectives of this document

1. **Understand the impact of the COVID-19 crisis on ANDE members** as well as the SGBs they support

2. **Identify new high-impact initiatives to help ANDE members respond to the crisis** and build long-term resilience more broadly

Survey respondents

- A survey for ANDE members was **deployed from March 30 to April 7** and then analyzed by ANDE and Dalberg
- Data was collected from **190 respondents representing 133 members**, the majority (56%) of the organizations are headquartered in a non-emerging market country
- **The organizations who responded are consistent with ANDE’s overall membership**

<table>
<thead>
<tr>
<th>Member Type</th>
<th>Survey sample representation</th>
<th>ANDE membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity Development Provider</td>
<td>53%</td>
<td>42%</td>
</tr>
<tr>
<td>Investor</td>
<td>21%</td>
<td>19%</td>
</tr>
<tr>
<td>Research or Advisory Service Provider</td>
<td>8%</td>
<td>9%</td>
</tr>
<tr>
<td>Foundation</td>
<td>6%</td>
<td>9%</td>
</tr>
<tr>
<td>Academic Institution</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Corporation or Corporate Foundation</td>
<td>4%</td>
<td>7%</td>
</tr>
<tr>
<td>Development Finance Institution or Donor Agency</td>
<td>3%</td>
<td>5%</td>
</tr>
<tr>
<td>Sector Association</td>
<td>1%</td>
<td>4%</td>
</tr>
</tbody>
</table>

Notes: Total respondents N=190
Source: ANDE member survey on impact of COVID-19 (April 2020)
Impact of COVID-19 on ANDE Members

COVID-19 is dramatically disrupting the viability of SGBs and presents a huge risk to many ANDE members around the world.

On average, ANDE members believe 42% of the SGBs they support face a significant possibility of failing in the next 6 months...

... and the risk of having to shut down their own operations is already high for nearly one-quarter of the respondents.

These estimates of SGB insolvency are relatively consistent across all ANDE regions, ranging from a high of 50% in the Andean region to a low of 40% in East Africa.

Source: ANDE member survey on impact of COVID-19 (April 2020)
Impact of COVID-19 on ANDE Members

Members are already downsizing; almost all members are responding with new programming to support SGBs

More developed market-based members have downsized their operations¹…

Organizational financing challenges:
Actions taken in response

- Reassessing your organization’s own financial situation
  - Developed: 72%
  - Emerging: 73%

- Reducing or downsizing operations
  - Developed: 32%
  - Emerging: 22%

… and they have been slightly more proactive in terms of adjusting their programming.

SGB Programming challenges:
Actions taken in response

- Adjusting your current SGB support programming to directly address the crisis
  - Developed: 85%
  - Emerging: 80%

- Developing new SGB support work to directly address the crisis
  - Developed: 72%
  - Emerging: 67%

This difference between developed and emerging markets is likely due to developed markets being more impacted by COVID-19 at the time of the survey but can be expected to balance out over time.

¹ Statistically significant difference between developed and emerging markets (p value (Dev Mean = Emerg Mean) = 0.185)

Source: ANDE member survey on impact of COVID-19 (April 2020)
<table>
<thead>
<tr>
<th>How members are responding</th>
<th>Sample quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reassessing budgets and downsizing</td>
<td>“EU discontinued funding some projects which required us to lay off staff immediately in certain countries”&lt;br&gt;“We are indefinitely postponing or reevaluating in-country work and turning towards online alternatives.”&lt;br&gt;“We had won a contract to conduct a study with leading foundation but due to covid-19 that funding has been redirected and the study postponed...this has financial implications on our ability to operate as a business.”</td>
</tr>
<tr>
<td>Adjusting existing programming</td>
<td>“Much of our programming that requires a physical presence has been put on hold or curtailed, including those activities in support of SGBs. We have moved many trainings and activities to on-line or virtual platforms.”&lt;br&gt;“We are accelerating the development of our online platform which is intended to make it easier to continue with online mentorship of SMEs and online reporting to clients.”&lt;br&gt;“Pivoting our technical assistance to the existing SGBs we are supporting.”</td>
</tr>
<tr>
<td>Developing new programming</td>
<td>“We’re focused on aligning the work we do (and our entrepreneurs do) with mitigating the fallout from COVID-19, including highlighting innovative solutions entrepreneurs have developed to address everything from clinical care to emergency household aid.”&lt;br&gt;“We are rolling out digital solutions and planning digital skills upgrades for SGBs in response to the information that COVID is accelerating, and pivoting others where possible/needed into new markets in the medium to long term”&lt;br&gt;“We started talking about how this present crisis can also be an opportunity for our focus areas of circularity, financial inclusion and food systems.”</td>
</tr>
</tbody>
</table>
Member experiences

Keith Wallace
Hivos Impact Investments

Johnni Kjelsgaard
Growth Africa
Impact of COVID-19 on ANDE Members

Both SGBs and members are in urgent need of funding with the need slightly higher for emerging market-based members.

Emerging market members see higher urgency in securing funding for their own organization’s financial stability...

Average urgency of securing funding to keep member organization fiscally stable

- Developed: 2.6 (N=72)
- Emerging: 3.0 (N=60)

... but both developed and emerging market members see the same urgency in helping the SGBs they support secure funding.

Average urgency of helping SGBs secure immediate funding to remain operational

- Developed: 4.0 (N=72)
- Emerging: 4.0 (N=60)

1. Urgency is defined on a 5-pt scale throughout this analysis: 1 (Not immediate) to 5 (Immediate)
Source: ANDE member survey on impact of COVID-19 (April 2020)
Impact of COVID-19 on ANDE Members

Capacity builders and advisory service providers have been the hardest hit with one-third already reducing staff.

Capacity Development and Research/Advisory Service Providers report the highest risk of failure...

...as well as the highest number of layoffs to date, although almost all member types are reducing staff.

Estimated percentage of members at risk of shutting down operations across member type¹

<table>
<thead>
<tr>
<th>Member Type</th>
<th>Minimal risk</th>
<th>Moderate risk</th>
<th>High risk</th>
<th>Existential risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research or Advisory Service Provider</td>
<td>18%</td>
<td>36%</td>
<td>16%</td>
<td>9%</td>
</tr>
<tr>
<td>Capacity Development Provider</td>
<td>16%</td>
<td>60%</td>
<td>20%</td>
<td>4%</td>
</tr>
<tr>
<td>Investor</td>
<td>16%</td>
<td>16%</td>
<td>60%</td>
<td>1%</td>
</tr>
<tr>
<td>Corporation or Corporate Foundation</td>
<td>33%</td>
<td>71%</td>
<td>14%</td>
<td>4%</td>
</tr>
<tr>
<td>Foundation</td>
<td>17%</td>
<td>83%</td>
<td>11%</td>
<td>1%</td>
</tr>
</tbody>
</table>

N=11  N=67  N=25  N=7  N=9  N=6

Percentage of members that have reduced or downsized in response to COVID-19

<table>
<thead>
<tr>
<th>Member Type</th>
<th>Not reduced or downsizing</th>
<th>Reduced or downsizing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity Development Provider</td>
<td>66%</td>
<td>34%</td>
</tr>
<tr>
<td>Research or Advisory Service Provider</td>
<td>73%</td>
<td>27%</td>
</tr>
<tr>
<td>Foundation</td>
<td>78%</td>
<td>22%</td>
</tr>
<tr>
<td>Investor</td>
<td>80%</td>
<td>20%</td>
</tr>
<tr>
<td>Academic Institution</td>
<td>86%</td>
<td>14%</td>
</tr>
<tr>
<td>Corporation or Corporate Foundation</td>
<td>86%</td>
<td>14%</td>
</tr>
</tbody>
</table>

N=67  N=11  N=9  N=25  N=7  N=7

¹ Member types with <5 responses total have been removed due to data quality; Sector associations and DFIs are removed from this view as a result.

Source: ANDE member survey on impact of COVID-19 (April 2020)
Impact of COVID-19 on ANDE Members

Members expect the same impact on SGBs across genders but gender-inclusive ANDE members are more impacted.

The impact on women-led and women-inclusive SGBs appears to be the same as SGBs more broadly...

...but members who support gender-inclusive SGBs anticipate higher risk for themselves.¹

Average estimated percentage of member-supported SGBs at risk of failing based on their SGB targeting strategy

![Graph showing the percentage of SGBs at risk of failing based on their SGB targeting strategy.]

Estimated percentage of members at risk of shutting down operations based on their SGB targeting strategy

![Graph showing the estimated percentage of members at risk of shutting down operations based on their SGB targeting strategy.]

COVID-19 may disproportionally impact women-led SGBs going forward and so ANDE should continue to take a gender-based approach to understanding the impact on both SGBs and members.

Note: Gender-Inclusive SGBs indicate members with “Yes” responses to question: “Seek or support gender-inclusive SGBs? (those with women leaders or that drive gender equity)”. Only a subsample of total data as some members are unclassified.

1. Statistically significant difference between means (p value (Target all mean = Gender inclusive mean) = 0.49)

Source: ANDE member survey on impact of COVID-19 (April 2020)
Member experiences

Roshan Paul
Amani Institute
**Key challenge**

The immediate challenge for ANDE leadership is deciding how best to support its membership given the diversity of needs.

Members have suggested a wide range of actions ANDE could take but it is not immediately clear how to prioritize and develop them given diverse member profiles and needs.

<table>
<thead>
<tr>
<th>Member suggestions</th>
<th>Sample quotes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide direct funding to members and/or SGBs</td>
<td>“Make rapid response funding available to support SGBs and the organizations that support them…”&lt;br&gt;“Most critically we are looking for potential contingency funding to support some of our bolt-on social programs such as school feeding in Haiti and Venezuelan refugee feeding programs that we want to maintain in the next few months.”</td>
</tr>
<tr>
<td>Share information on funding opportunities, facilitate collaborations, and disseminate adaption strategy best practices</td>
<td>“Continue disseminating information on people who have resources (DFIs, Foundations, etc.) to those who need resources (SGBs, intermediaries).”&lt;br&gt;“List of what member organizations are doing and possible areas they are looking to partner for support”&lt;br&gt;“We have capital to invest and are looking for more companies that we can support during this difficult period.”&lt;br&gt;“…a coordinated response uniting key funders and intermediaries in the sector is needed to avoid inefficiencies and to share tools, support mechanisms and responses among the players.”</td>
</tr>
<tr>
<td>Advocate for SGBs to donors, investors, and governments</td>
<td>“Get behind, promote, support our members to funnel data and learnings to decision-makers…”&lt;br&gt;“Encourage funders to follow some of the guidelines set out by the Council of Foundations around loosening restrictions or revisiting guidelines”</td>
</tr>
</tbody>
</table>

1. Responses were less than N=190 as this was an optional field. Not all members provided responses. 2. Number of members who referenced these categories within their free-responses.

Source: ANDE member survey on impact of COVID-19 (April 2020)
### Categories of Potential Action

The survey results suggest ANDE could take three separate set of actions to support its members.

<table>
<thead>
<tr>
<th>Action</th>
<th>Purpose</th>
<th>Target members</th>
</tr>
</thead>
</table>
| 1. **Provide direct emergency financial support to capacity builders** | - Protect payroll of member employees impacted by COVID-19  
- Adapt SGB programming to help SGBs survive and grow in responses to the COVID-19 crisis | - Capacity builders based in emerging markets |
| 2. **Drive peer-to-peer knowledge sharing on what is working** | - Support knowledge creation and sharing across the network on financing strategies, SGB programming, and building resilience in response to the COVID-19 crisis as well as future shocks | - All members |
| 3. **Support relevant members to coordinate and direct blended/concessional finance solutions to SGBs** | - Support efforts to coordinate, blend, and tailor finance for SGBs  
- Influence efforts to design new funding and funding streams for SGBs | - SGB finance provider members (e.g., DFIs, Foundations, impact investors) |

* Based on preliminary conversations with ANDE members over the last few weeks
1. **Provide direct emergency financial support to members**

Capacity builders have the most urgent finance needs, and particularly organizations based in emerging markets.

**Capacity development providers have the most urgent financing needs relative to other member types ...**

Average urgency of securing funding to keep organization fiscally stable

<table>
<thead>
<tr>
<th>Urgency</th>
<th>Capacity Development Provider</th>
<th>Academic Institution</th>
<th>Investor</th>
<th>Research or Advisory Service Provider</th>
<th>Development Finance Institution or Donor Agency</th>
<th>Foundation</th>
<th>Corporation or Corporate Foundation</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.3</td>
<td>2.6</td>
<td>2.6</td>
<td>2.4</td>
<td>1.9</td>
<td>1.8</td>
<td>1.1</td>
<td></td>
</tr>
<tr>
<td>N=67</td>
<td>N=7</td>
<td>N=25</td>
<td>N=11</td>
<td>N=4</td>
<td>N=9</td>
<td>N=7</td>
<td></td>
</tr>
</tbody>
</table>

The urgency of funding is consistent across organizational size.

... and these needs are greater for emerging market-based members.¹

Average urgency of securing funding for capacity development providers to keep organization fiscally stable by HQ location

<table>
<thead>
<tr>
<th>Urgency</th>
<th>Developed</th>
<th>Emerging</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>3.5</td>
<td></td>
</tr>
<tr>
<td>N=37</td>
<td>N=41</td>
<td></td>
</tr>
</tbody>
</table>

Examples of emerging-market based capacity builders

¹ Statistically significant difference between these means (p val (Dev. Mean = Emerg. Mean) = 0.28)

Source: ANDE member survey on impact of COVID-19 (April 2020)
Provide direct emergency financial support to members
Capacity builders in emerging markets see high urgency in adapting their SGB programming

Capacity development providers see supporting SGBs as highly urgent …

...and more than 70% of capacity builders have already invested in COVID-19-related programming.

Average urgency of SGB support amongst capacity builders

<table>
<thead>
<tr>
<th>Urgency</th>
<th>Directly responding to/supporting SGBs</th>
<th>Adjusting SGB support programming to remain relevant in response to economic repercussions</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.0</td>
<td>4.0</td>
<td></td>
</tr>
</tbody>
</table>

Percentage of capacity builders having taken COVID-19 related actions

<table>
<thead>
<tr>
<th>% of members</th>
<th>Adjusting your current SGB support programming to directly address the crisis</th>
<th>Developing new SGB support work to directly address the crisis</th>
</tr>
</thead>
<tbody>
<tr>
<td>78%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>71%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: ANDE member survey on impact of COVID-19 (April 2020)
Drive peer-to-peer knowledge sharing on what is working

Webinar series, website, and research

• **ANDE global and regional webinar series** – sourcing topics from members on this (contact your local chapter or Juliana at [Juliana.Rubio@aspeninstitute.org](mailto:Juliana.Rubio@aspeninstitute.org))

• **Collecting and updating resources and a SGB sector COVID-related events calendar:** [https://www.andeglobal.org/page/covid-19](https://www.andeglobal.org/page/covid-19)

• **Issue brief on the SGB sector and COVID**
  • Combining intermediary and SGB-level data, as well as insights from other analyses that are relevant to the sector

• **Adjusting our upcoming research to examine COVID**
  • For example, upcoming Latin America impact investing report and ecosystem snapshots will include specific data points around impacts of COVID
Support relevant members to coordinate funding
Funder and investor engagement

• **Initial set of funder meetings** → Potential to further formalize this

• **Aggregating opportunities** → Doing this at the regional level alongside efforts like the Latin America ecosystem initiative, potential to further develop this

• **Advocacy** → Articles on the importance of SGB ecosystem support

• **TBD...**
Questions

Questions for us…?

Questions for you (can enter answers in chatbox or indicate you have a comment and we will unmute):

• Did anything here surprise you, or does it more or less align with your expectations?

• Are there ways you are adapting your work that you would like to share?

• Are there other efforts you would particularly like to see from ANDE or other sector-building organizations?

• Is there value in repeating this survey as a “pulse check” on the sector?
Contacts

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