

June 2020

The Small and Growing Business Sector and the COVID-19 Crisis:
Emerging Evidence on Key Risks and Needs
Updated Data Addendum

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About this addendum

In May 2020, ANDE released an [issue brief](#) summarizing initial evidence from the first phase of the crisis in March and April 2020 regarding the impact of COVID-19 on SGBs and the SGB support sector more broadly in emerging markets.

As the crisis and its effects on the sector continue to develop, we are working to keep updating information with new data and insights. This addendum to the brief presents new data collected in May-June 2020 from ANDE members regarding their needs, actions they are taking, and updated impressions of the impact that the crisis is having and will have on the sector.

About the survey & sample

In April 2020, ANDE deployed a survey to understand the initial impact of COVID-19 on its members. These results were summarized in [ANDE's COVID-19 Issue Brief](#). ANDE deployed a new survey the first week of June to track changes and gather new information on COVID and the SGB sector. ANDE received responses from 81 individuals representing 63 member organizations. All responding organizations support SGBs in emerging markets, and 32% of the responding organizations are headquartered in emerging markets. The respondents mostly include capacity development organizations (48%) and investors (21%), which is consistent with ANDE's overall membership and similar to the sample representation in the previous survey.

This presentation, an addendum to the issue brief, summarizes what has changed, what has stayed the same, and new information gathered from this follow-up survey.

Figure 1: Regions where respondents are based

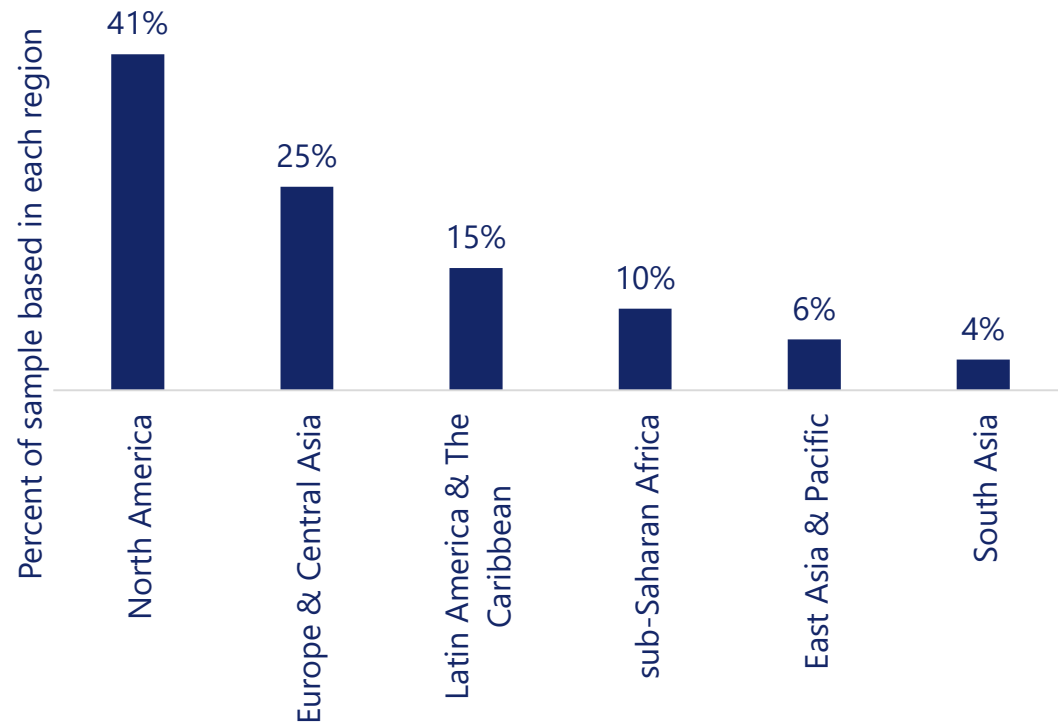
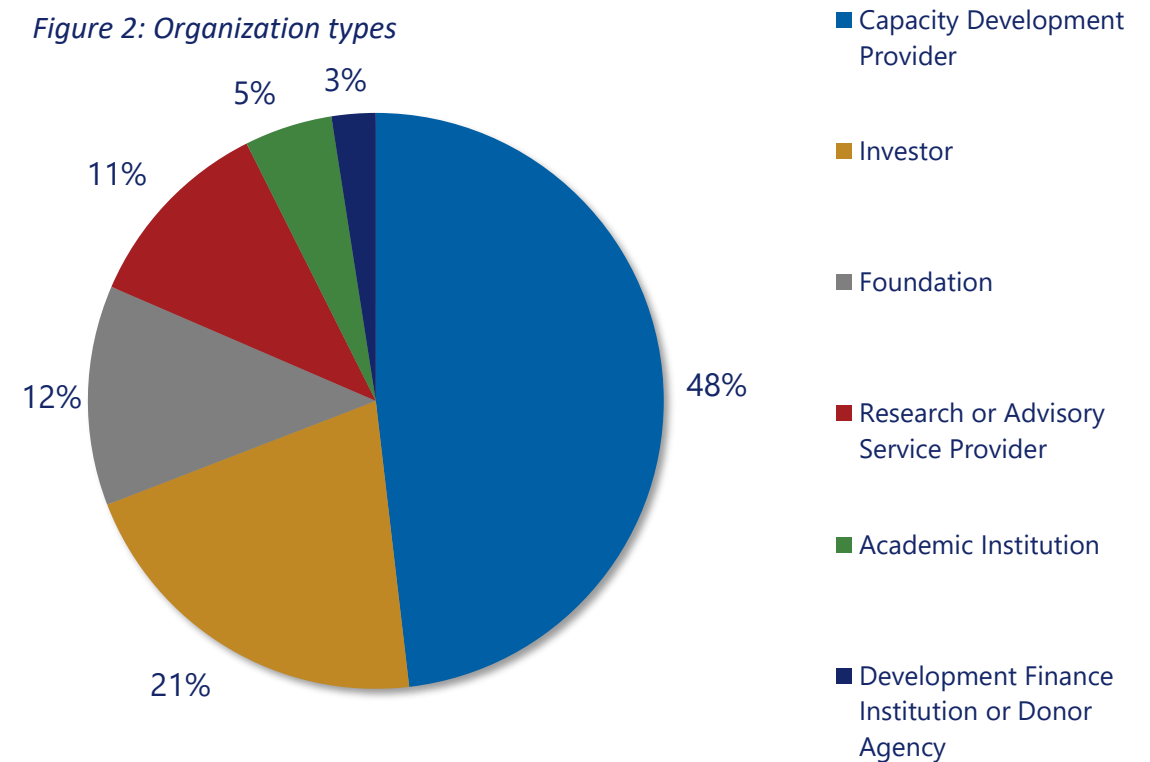


Figure 2: Organization types

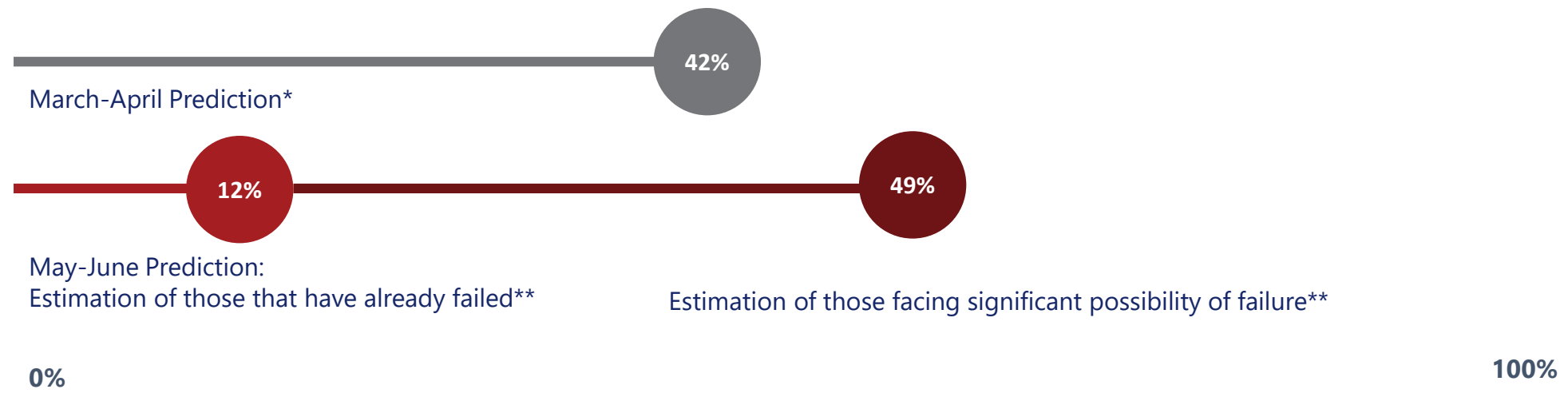


N = 81

What's Changed: Higher SGB Failure Rate

Previously, ANDE members predicted that an estimated average of 42% of the SGBs they support were at risk of failure. Now, these members estimate that an average of 12% have already failed, with an additional 37% at risk of failure – meaning nearly 50% have either already failed or are at significant risk.

Figure 3: Member estimates of potential SGB failure (March-April 2020 vs. May-June 2020)



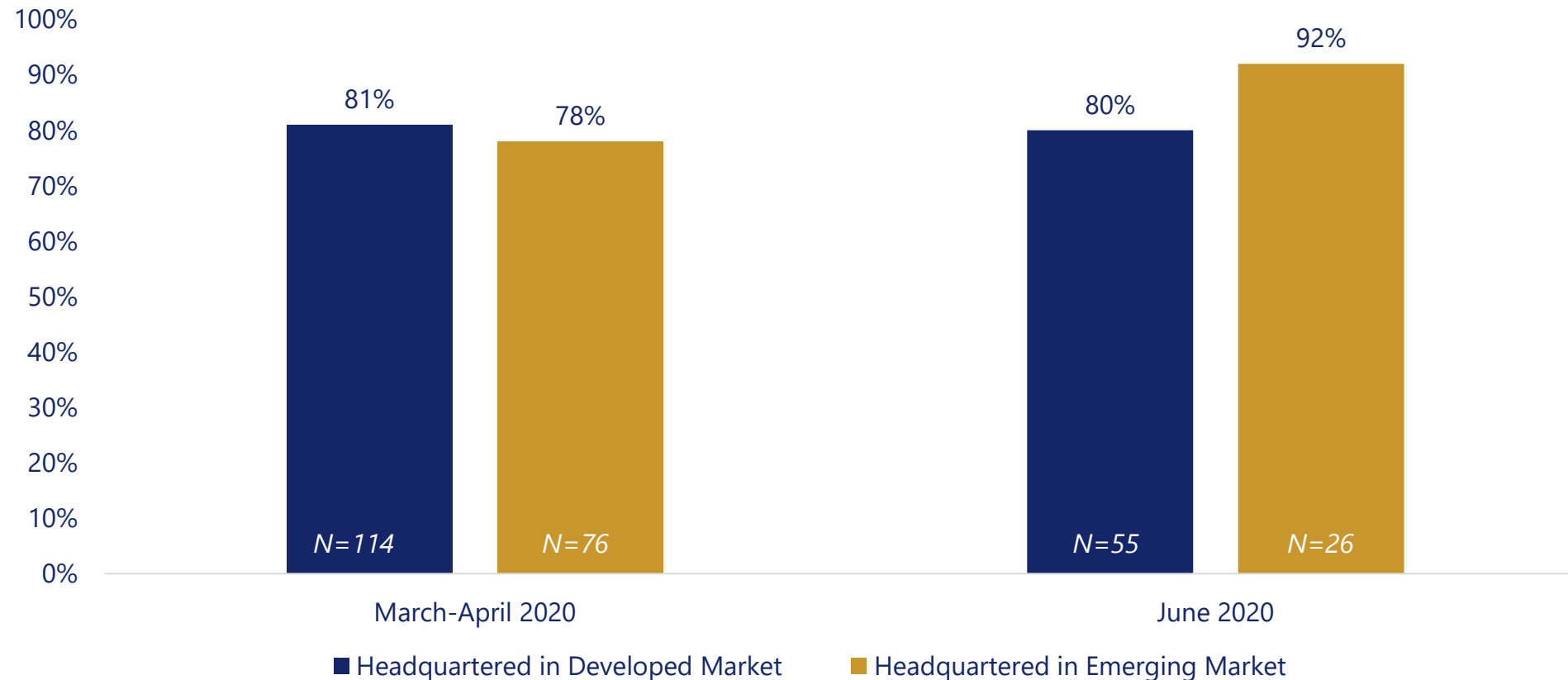
*Data from ANDE COVID-19 Member Needs Survey March-April 2020, N= 142

**Data from Follow-up ANDE COVID-19 Member Survey, May-June 2020, N= 58

What's Changed: More Program Adaptation

The vast majority of ANDE members have now adapted the content of their programming to directly address the crisis, with an increase in the percentage of those based in emerging markets now having done so relative to the previous survey.

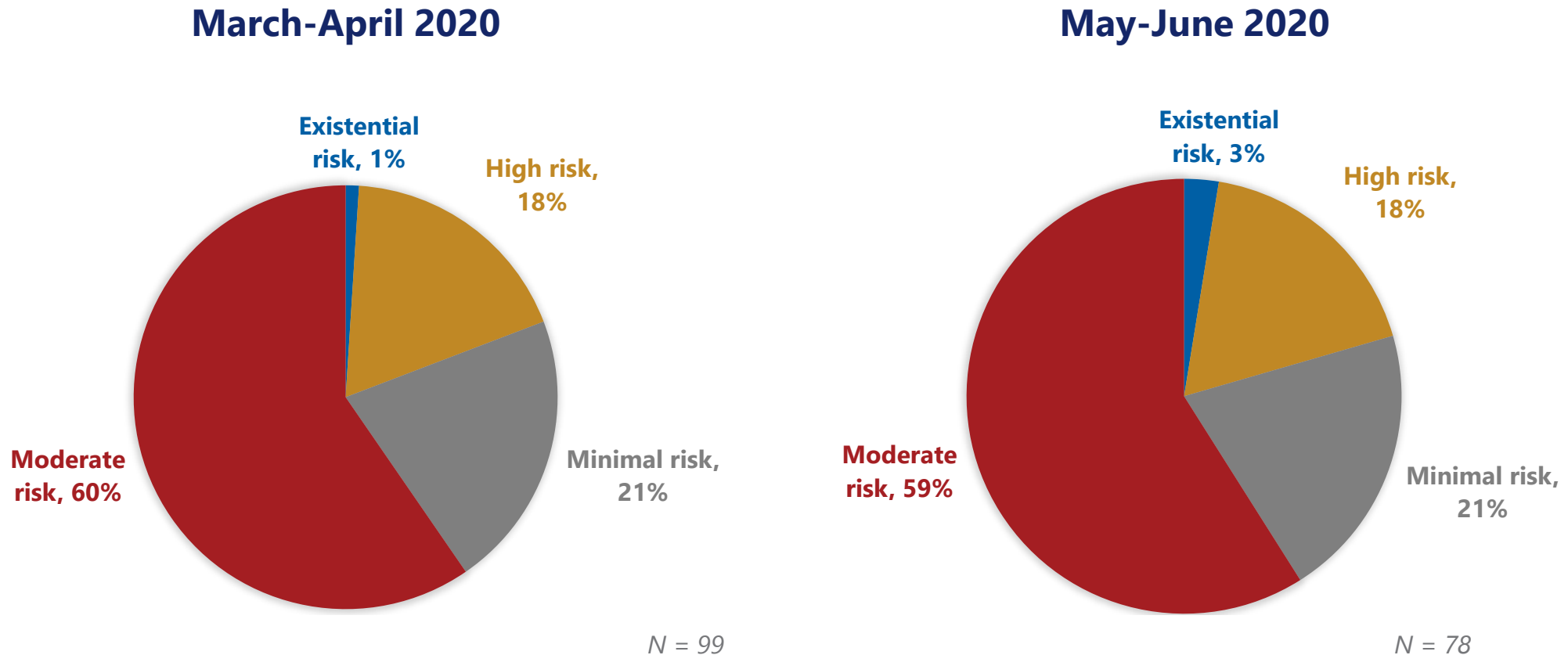
Figure 4: Percent of members who've adapted content (emerging vs. developed market)



What Hasn't Changed: Capacity Development Provider Risk

The current financial risk to capacity development organizations to remain operational remains at the same level as in the previous survey, with 21% at "high" or "existential" risk and 59% at "moderate" risk. However, 14% of these organizations have already laid off staff (which was not measured directly in the previous survey).

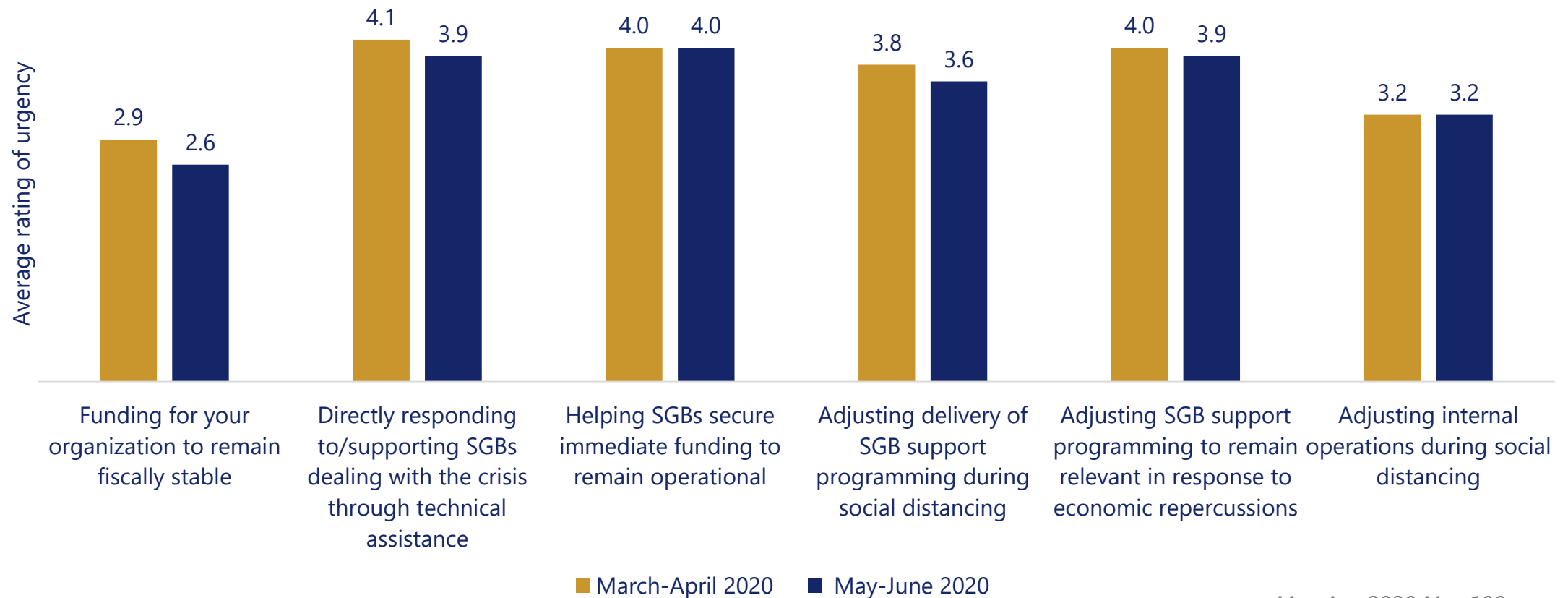
Figure 5: Self-rated risk level (March-April 2020 survey results vs. May-June 2020 survey results)



What Hasn't Changed: Member Needs

Members continue to emphasize their need to help the SGBs they support through technical assistance and funding more than their own organizational needs.

Figure 6: Perceived level of urgency (March-April 2020 survey results vs. May-June 2020 survey results)



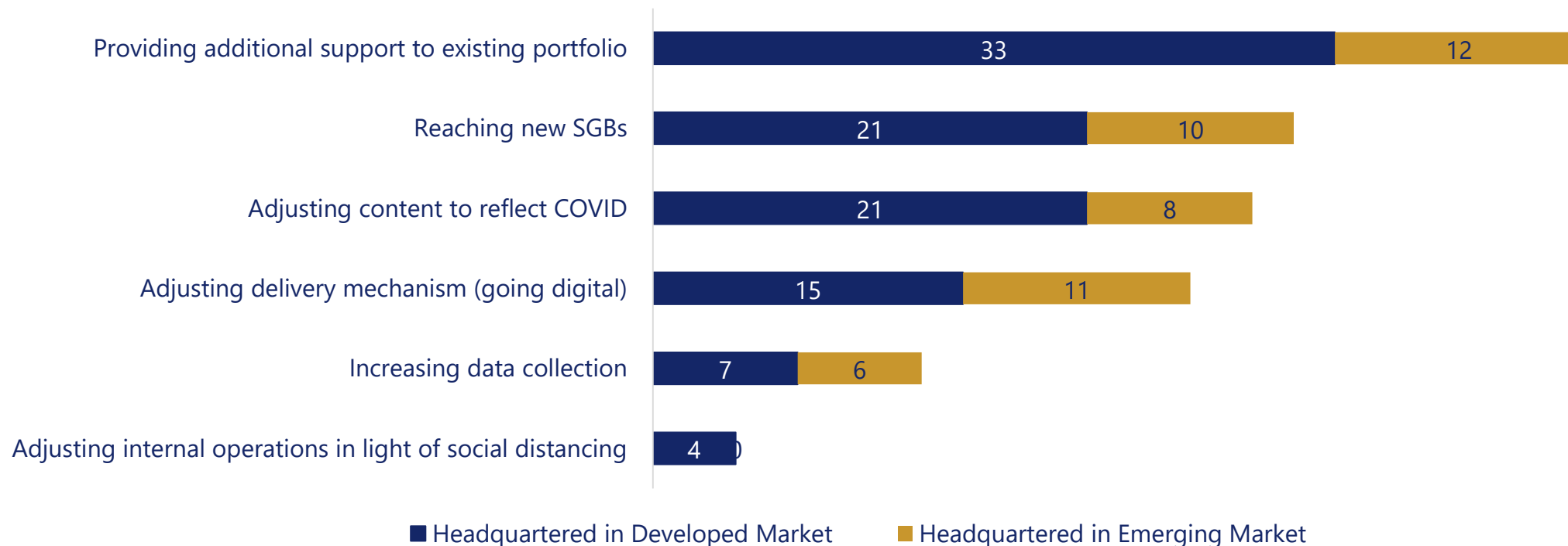
Mar-Apr 2020 N = 100
May-June 2020 N = 81

What's New: Member Prioritizations

Asked to prioritize what they would do with additional funding, ANDE members are most likely to prioritize additional support for their current portfolio. A greater proportion of organizations in emerging markets would direct those funds towards digitizing their programs, something that has been challenging.

Both groups would also expand their services to reach new SGBs if possible.

Figure 7: Number of member that would prioritize each action (headquartered in developed vs emerging market)

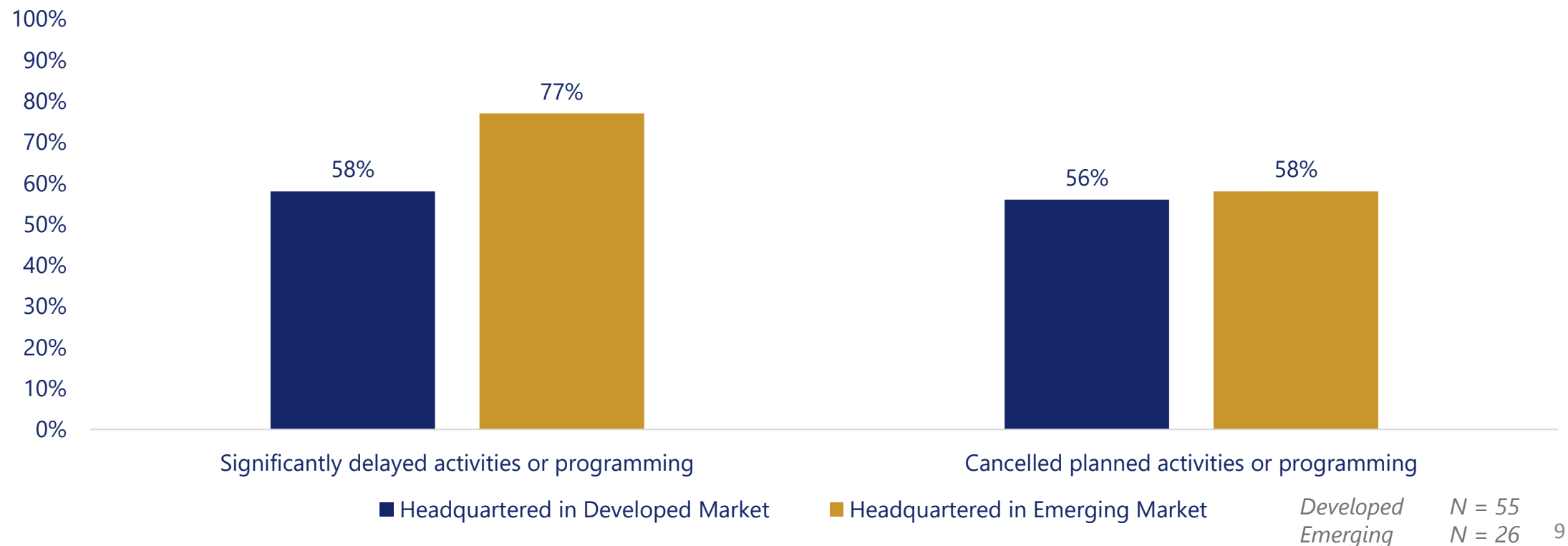


What's New: Delayed or Cancelled Activities

The pandemic has had a near-universal impact on activities and programming. 80% of ANDE members have had to delay or cancel activities, events, or programming as a result of the pandemic.

77% of organization based in emerging markets have delayed activities and programming, and 58% have had to cancel planned activities or programming.

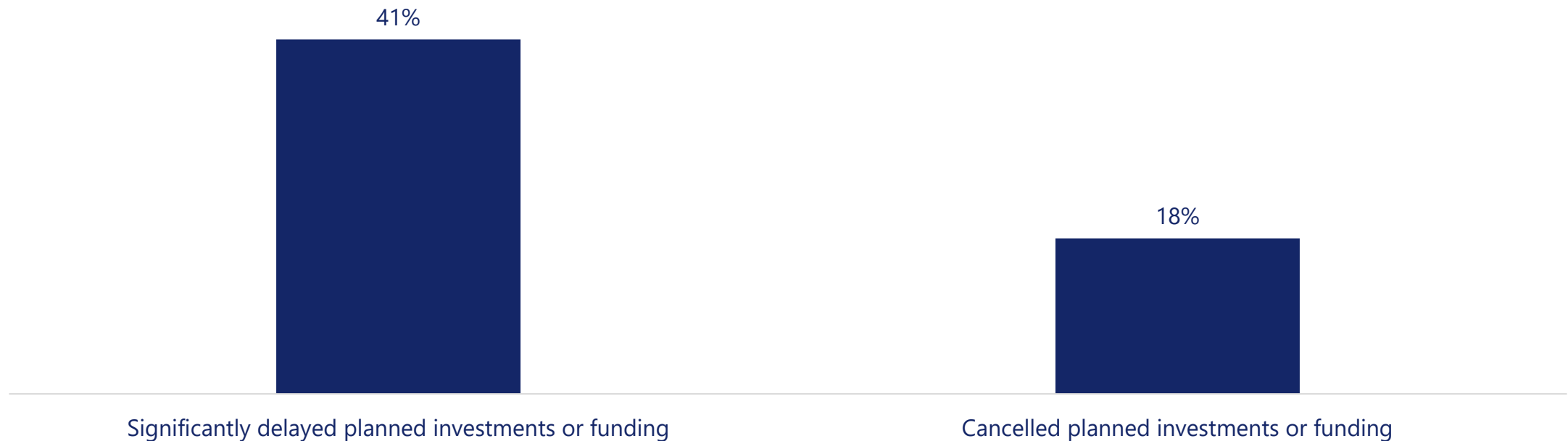
Figure 8: Percent of organizations that have delayed or cancelled planned activities/programming (developed vs emerging market headquarters)



What's New: Delayed or Cancelled Investments

Of the 17 investors surveyed, 10 have either delayed or cancelled planned investments or funding as a result of the pandemic. Most of these investors are based in developed markets, with only 2 based in emerging markets.

Figure 9: Percent of investors that have delayed or cancelled planned investments/funding



Looking ahead

What's next for the SGB sector

The additional data in this addendum shows the continued dire needs of both SGBs as well as SGB support organizations. Capacity development providers remain committed to supporting SGBs and are even more active in creatively adapting their programming but face significant operational risk.

Those in a position to support the sector (government, foundations, industry groups, etc.) have a critical role to play in keeping entrepreneurial ecosystems alive through:

- Supporting capacity development providers to continue to operate and adjust their programming to meet the new needs of SGBs during the crisis;
- Provide actionable information on models and approaches to supporting SGBs during the crisis; and
- To the extent possible, continue moving forward with investments and funding with patience and flexibility despite the inherent uncertainty.

ANDE is currently looking for funders for a grant facility to provide relief and adaptation support for capacity development providers to help address these needs; please reach out to Devin Chesney devin.chesney@aspeninstitute.org if you are interested in contributing to this facility.

For more information about ANDE's Issue Briefs,
please contact Matthew Guttentag at Matthew.Guttentag@aspeninstitute.org

 Aspen Network of
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