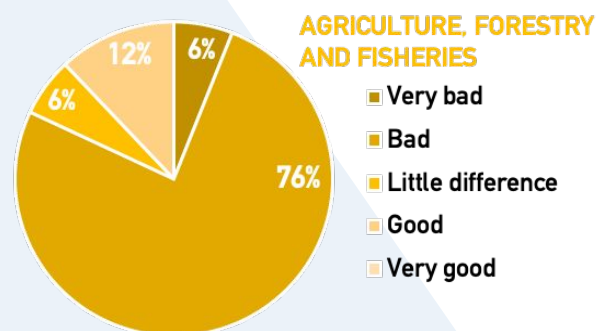
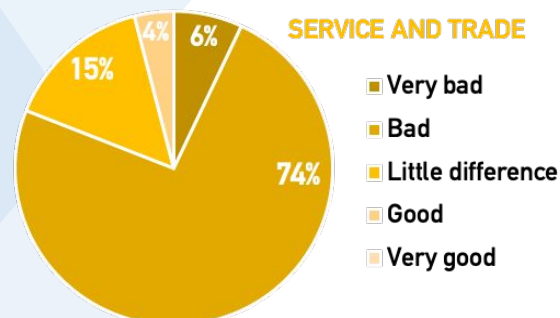
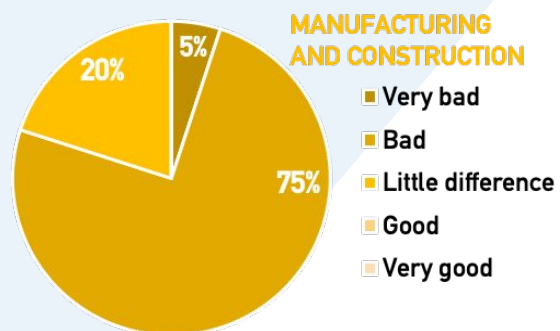
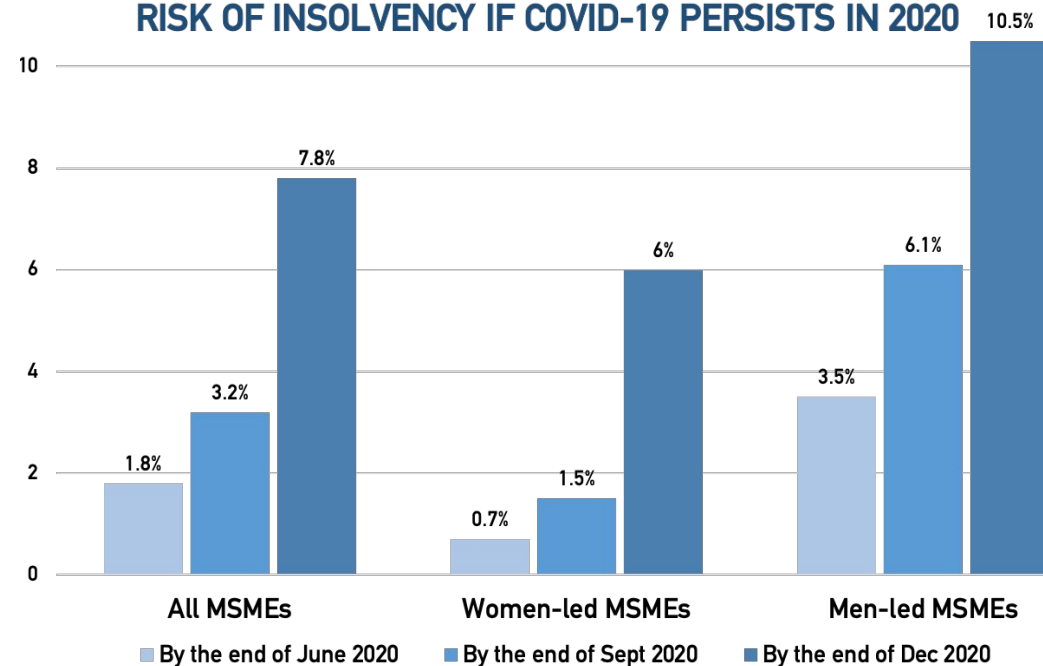


IMPACT OF COVID-19 ON MSMEs and WOMEN-LED MSMEs

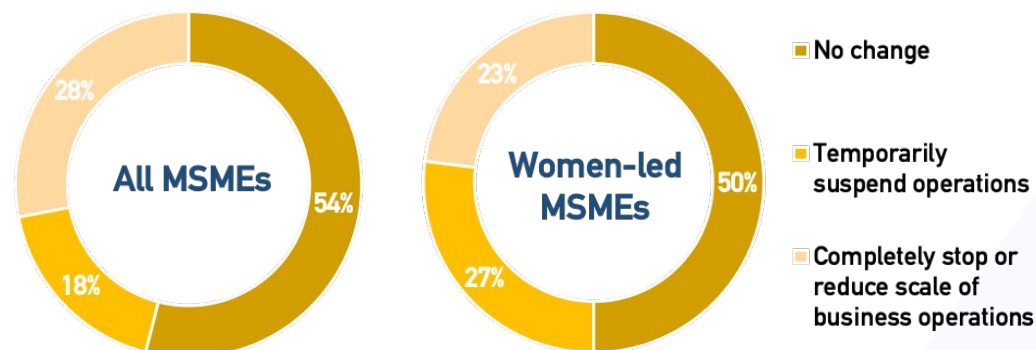
IMPACT OF COVID-19 ON MSMEs BY SECTOR



RISK OF INSOLVENCY IF COVID-19 PERSISTS IN 2020



MSMEs OPERATING STATUS DUE TO COVID-19



NEAR-TERM POLICY RECOMMENDATIONS

IMPROVED
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FURTHER ADVANCE
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LONG-TERM BUSINESS ENABLING ENVIRONMENT REFORM AGENDA

REDUCE
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FUTHER
ADVANCE ICT
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This report assesses the impact of COVID-19 on micro, small and medium sized enterprises (MSMEs) in Viet Nam, with particular emphasis on women-led MSMEs.

The study is intended to not only provide empirical data and analysis on the depth and extent of COVID-19’s impact, but also inform a series of pertinent policy recommendations on how Viet Nam can best address the adverse effects of the virus and the necessary economic and other measures taken to control its spread. Looking beyond the immediate crisis period, this study also seeks to identify clear and actionable policy recommendations to further build a robust policy environment for MSMEs, and women-led MSMEs, in Viet Nam’s post-COVID-19 “new normal”.

This empirical study was commissioned by the Agency of Enterprise Development, Ministry of Investment and Planning, Government of Viet Nam and the United Nations Economic and Social Commission for Asia and the Pacific as part of a five year (2018-2023) regional project, Catalyzing Women’s Entrepreneurship - Creating a Gender-Responsive Entrepreneurial Ecosystem.

▼ Viet Nam’s Economy and MSME Sector

SMEs REPRESENT 95% OF ALL ENTERPRISES IN VIET NAM

MSMEs GENERATE 40% OF GDP

138,000+ ENTERPRISES WERE ESTABLISHED IN 2019; A RISE OF 5.2% COMPARED TO 2018.

According to Law No. 04/2017/QH14 of June 2017 A WOMAN-OWNED SME IS DEFINED AS

- 1 OR MORE WOMEN OWN 51% OF ENTERPRISES CHARTERED CAPITAL; AND
- A WOMAN IS AN EXECUTIVE DIRECTOR



SMEs EMPLOY 50% OF THE FORMAL WORKFORCE

IN 2019, VIET NAM’S GDP GROWTH WAS 7%, INDUSTRIAL PRODUCTION GREW BY 9.1%, FDI INFLOW PLEDGES WERE US\$17,400,000,000, AND TOTAL INVESTMENT GREW BY 10.2%, WITH NON-STATE SECTOR’S INVESTMENT UP BY 17.3%

Size of enterprises	Indicators	Agriculture, forestry and fisheries Manufacturing and construction	Trade and services
Micro enterprise	Employees	<=10 employees	<=10
	Revenues	< 3 Bil. VND	< 10 Bil. VND
	Capital		< 3 Bil. VND
Small enterprise	Employees	11-100 employees	11- 50 employees
	Revenues	3-50 Bil. VND	10-100 Bil. VND
	Capital	3-20 Bil. VND	3-50 Bil. VND
Medium enterprise	Employees	101-200 employees	51-100 employees
	Revenues	50-200 Bil. VND	100-300 Bil. VND
	Capital	20-100 Bil. VND	50-100 Bil. VND

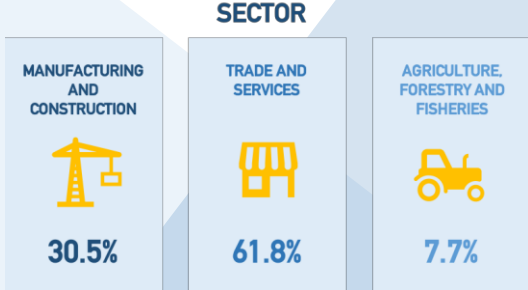
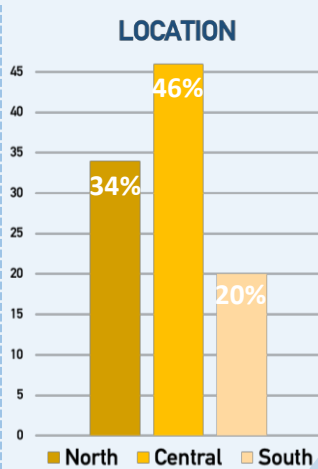
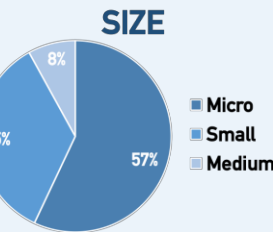
WOMEN OWN 21% OF FORMAL ENTERPRISES

THE SIZE OF 57% ARE MICROENTERPRISES WOMEN-OWNED 42% ARE SMES ENTERPRISES: 1% ARE LARGE ENTERPRISES

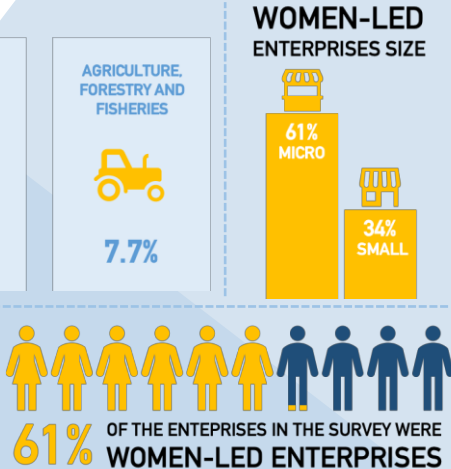
AVERAGE ANNUAL REVENUES FOR SMALL ENTERPRISES USD 548,000 FOR WOMEN USD 543,000 FOR MEN

▼ Methodology

220 ONLINE SURVEYS COMPLETED
10 IN-DEPTH INTERVIEWS



TYPE OF FIRM
96% PRIVATE-SECTOR
1% STATE-OWNED
3% FOREIGN-INVESTED



Impact of COVID-19 on MSMEs and women-led MSMEs

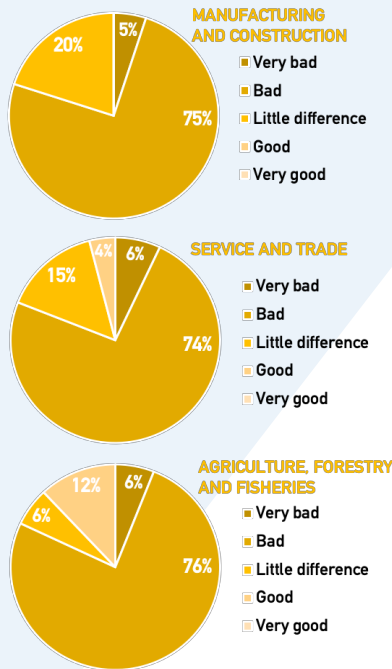
COVID-19 has caused 3 broad difficulties for Vietnamese enterprises

- Business activities have decreased, along with aggregate demand;
- Shortages of working capital for production and business; and
- Firms have been facing labour shortages, due in part to the need to furlough non-essential staff, in a bid to reduce costs.

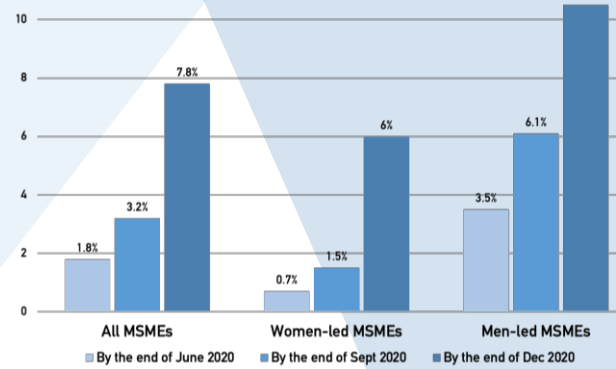
However, the effect of COVID-19 on businesses, is also dependent on a number of factors, including:

- The business sector in which they operate;
- The financial strength of the firm;
- The degree of reliance on steady cash flows; and
- Cost structure.

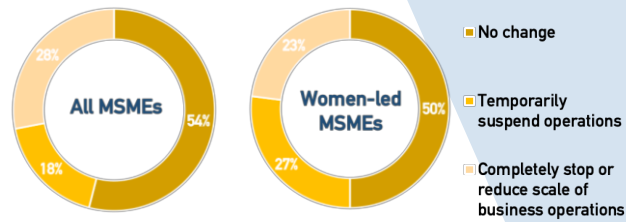
IMPACT OF COVID-19 ON MSMEs BY SECTOR



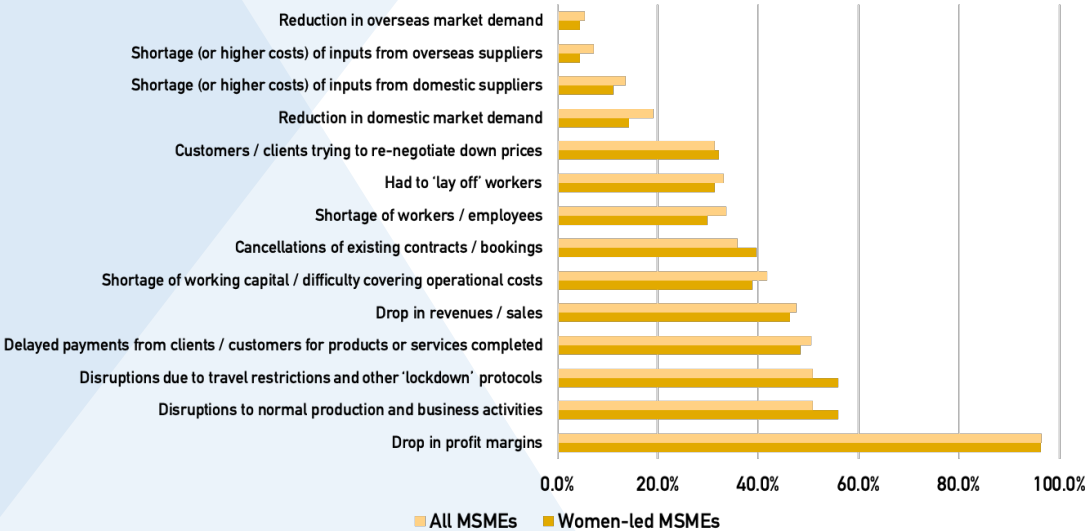
RISK OF INSOLVENCY IF COVID-19 PERSISTS IN 2020



MSMEs OPERATING STATUS DUE TO COVID-19



IMPACT OF COVID-19 ON MSMEs



DURING THE FIRST QUARTER OF 2020, 96% OF MSMEs REPORTED REVENUES DECLINING; WITH ONLY 4% OF MSMEs REPORTING THAT REVENUES REMAINED CONSTANT OR INCREASED

SILVER LININGS FROM THE IMPACT OF COVID-19

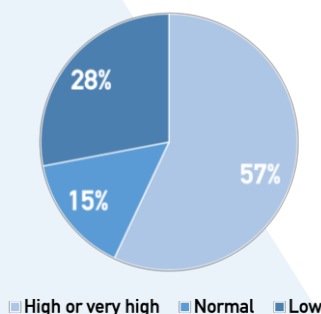
COVID-19 has obliged businesses to consider changing their business and production models, and start to embrace a greater use of ICT

Enterprises are now more aware of the need for contingency planning and cognizant of risk

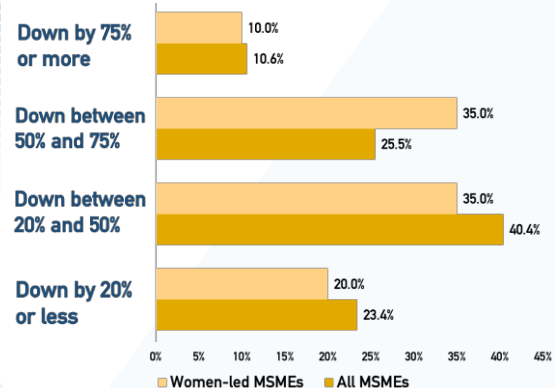
Difficulties in market and input resources have made enterprises diversify their sources of input supplies and revenue streams where feasible

Reminded enterprises that they do not operate in a vacuum but are intimately connected to a wide range of stakeholders

DEGREE OF RISK POSED TO MSMEs BY COVID-19

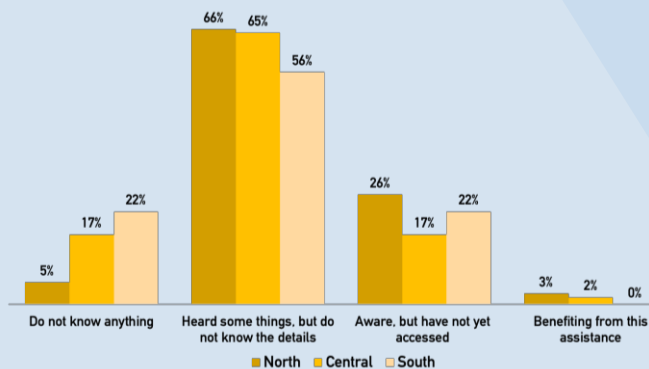


REVENUE GROWTH FORECAST FOR 2020

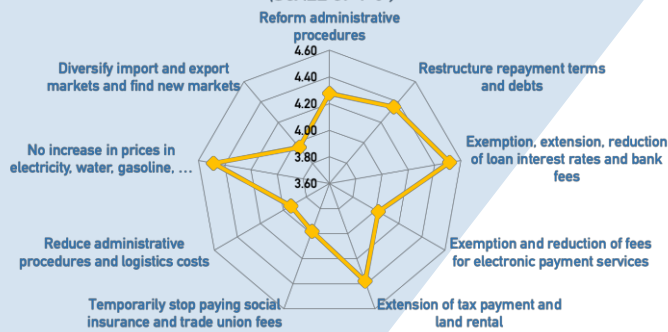


MSMEs Assessment of Support Policies

KNOWLEDGE OF STATE SUPPORT POLICIES BY REGION



MSMES PERCEPTION OF THE GOVERNMENT'S COVID-19 POLICY MEASURES (SCALE OF 1-5*)



*1 = very bad, 5 = very good

Policy-orientated Recommendations

NEAR-TERM POLICY RECOMMENDATIONS

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REDUCE REGULATORY AND ADMINISTRATIVE MEASURES

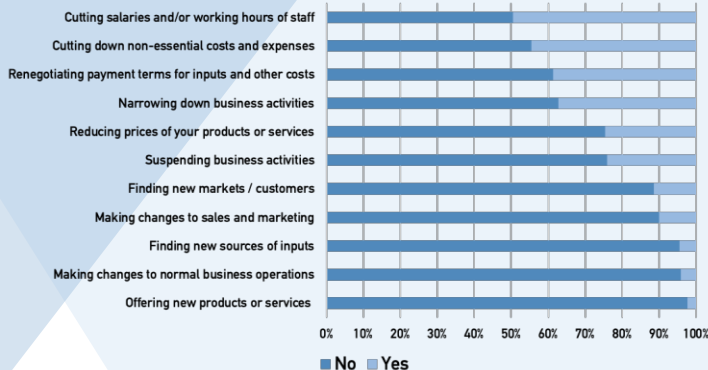
EMBRACE VARIOUS RISK AND CONTROL SYSTEMS

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INCREASE SUPPORT FOR INSOLVENCY

MSMEs Responses to COVID-19

MSMEs RESPONSES TO COVID-19



INNOVATIONS TO SUPPORT WOMEN MSMEs RESPONSE TO COVID-19

- Women-led MSMEs tend to have more **long-term contingency plans**, and/or tend to **adopt more conservative business strategies making them more resilient in times of crisis**.
- Women-led businesses have tended to opt for **business continuity mechanisms** that entail operational adjustments, such as reducing or suspending business activities, cutting costs, and re-negotiating payment terms. Rather, than cost-cutting measures.
- The proportion of businesses **conducting philanthropic activities** during the crisis period is higher for women-led enterprises.
- Women entrepreneurs associations have established **platforms** for women entrepreneurs to provide **pro bono mentoring and coaching for young women entrepreneurs**, training around transforming business models, digitalization, online marketing and e-commerce. These associations are also **actively collaborating with financial institutions** to have better access to debt finance, and with **government agencies** in disseminating information and matching support policies to women entrepreneurs.
- COVID-19 has prompted women entrepreneurs to begin **embracing greater use of ICT** and examine ways of adjusting **their business models** in various ways to be **more robust**.

SUPPORT FOR WOMEN-LED MSMEs IN A POST COVID-19 BUSINESS ENVIRONMENT

IMPLEMENT SUPPORT MEASURES TO ENCOURAGE WOMEN-LED MSMEs TO SUBMIT APPLICATIONS

DEVELOP WOMEN-LED MSME TAILORED FINANCIAL PRODUCTS AND SERVICES

IMPROVE PROGRAMMES AND INITIATIVES TO LEVERAGE ICT-DRIVE INNOVATIONS

LONG-TERM RECOMMENDATIONS TO ADDRESS BARRIERS FACED BY WOMEN-LED MSMEs

CAPACITY-BUILDING AND SUPPORT

INCLUSIVE ENTERPRISE ASSOCIATIONS AND NETWORKS

DEVELOPMENT OF INCLUSIVE BUSINESS DEVELOPMENT SERVICES

ACCESS TO FINANCIAL PRODUCTS AND SERVICES