



In collaboration with Marketlinks

How the private sector is adapting to Covid-19: country-level analysis from the World Bank

5th November 2020



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Businesses through the COVID-19 Shock: Firm-level evidence from 51 countries

November 5, 2020



WORLD BANK GROUP
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COVID-19 Business Pulse Survey - Data

- Joint WBG effort to capture the impacts of COVID-19 on businesses in 50+ countries
- Rapid phone/online firm survey
- Collaboration with National Statistics Offices and several institutional partners, including the USAID



Lockdown effects

Public health measures require non-essential businesses to close



Supply shocks

Decline in labor and intermediate inputs, global value chains disrupted



Demand shocks

Economic downturn drives down demand domestically and abroad



Financial shocks

Opportunities for finance becoming further constrained



Uncertainty

Uncertainty is driving down investment and innovation

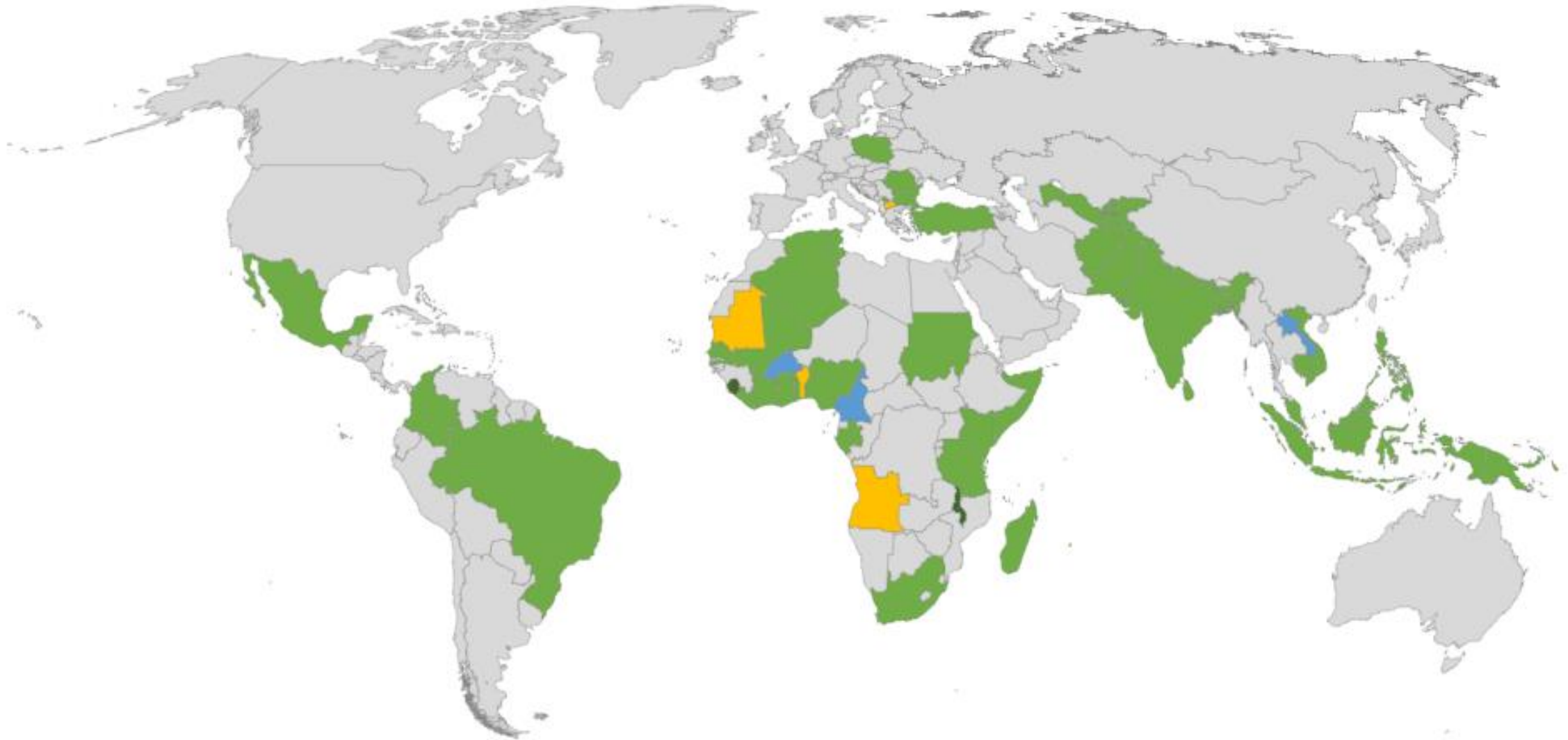


Policy responses

Demand for policies and support received by firms.

COVID-19 Business Pulse Survey - Data

■ Completed ■ Agreed/planned ■ Under discussion ■ Under implementation



COVID-19 Business Pulse Survey - Analysis

We harmonize and analyze firm-level data from 50+ countries in all WB regions

- Business Pulse Survey
- World Bank Enterprise Survey follow-ups

Key questions

Impact on sales and employment

Financial liquidity and survival

Response to the shock: Innovation

Expectation and uncertainty

Policy: Demand and response



Specific topics

- Policy interventions
- Gender
- Managerial capabilities
- Technology
- Trade

COVID-19 Business Pulse Survey – Stylized Facts

1) The shock is deep and persistent

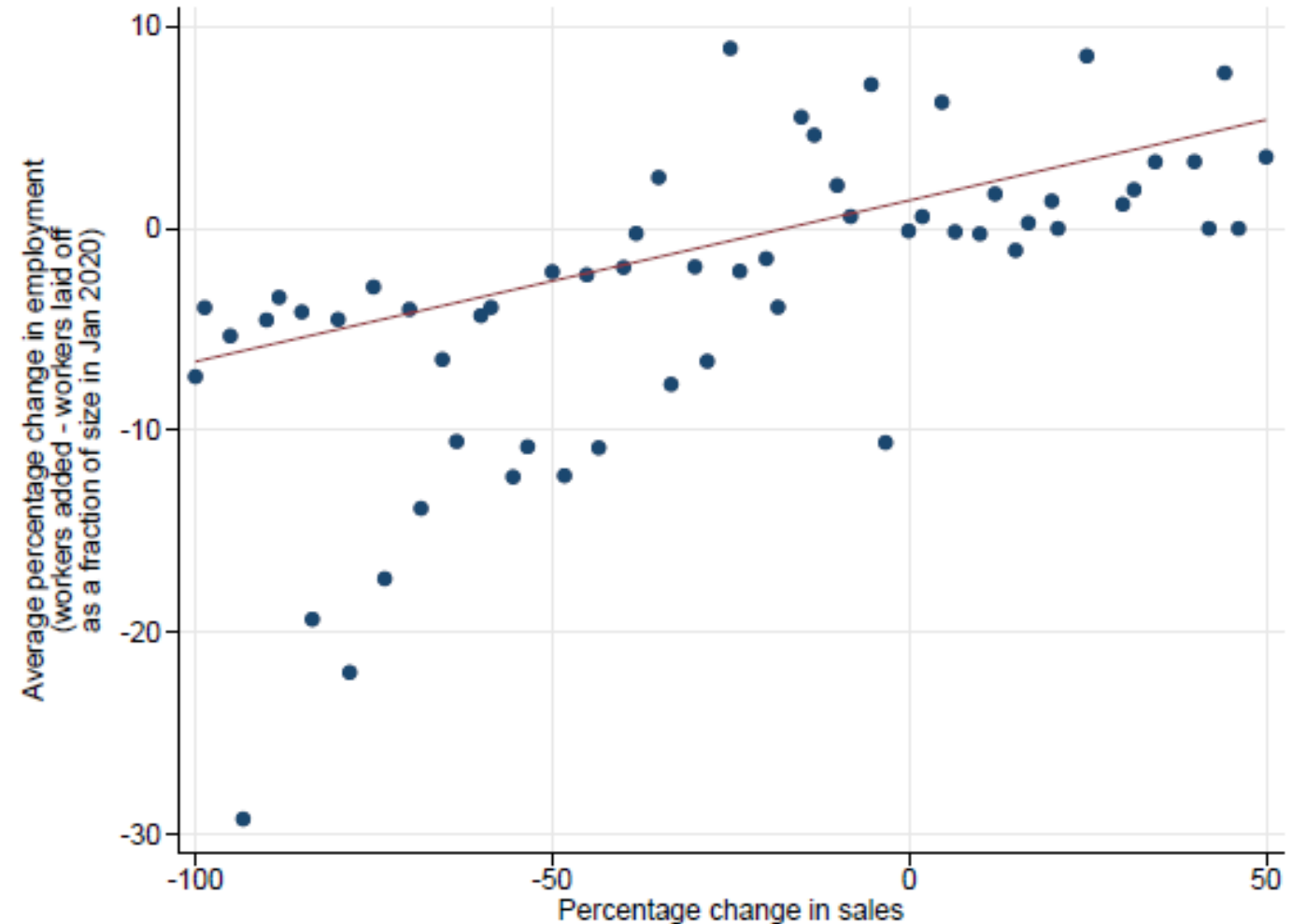
2) For the moment, firms are hanging on to workers

3) Firms are adjusting by going digital

4) Uncertainty weighs on recovery prospects

5) Reach of public support has been limited, in part due to lack of awareness

On average 50% sales drop is associated with a 4% reduction in employment

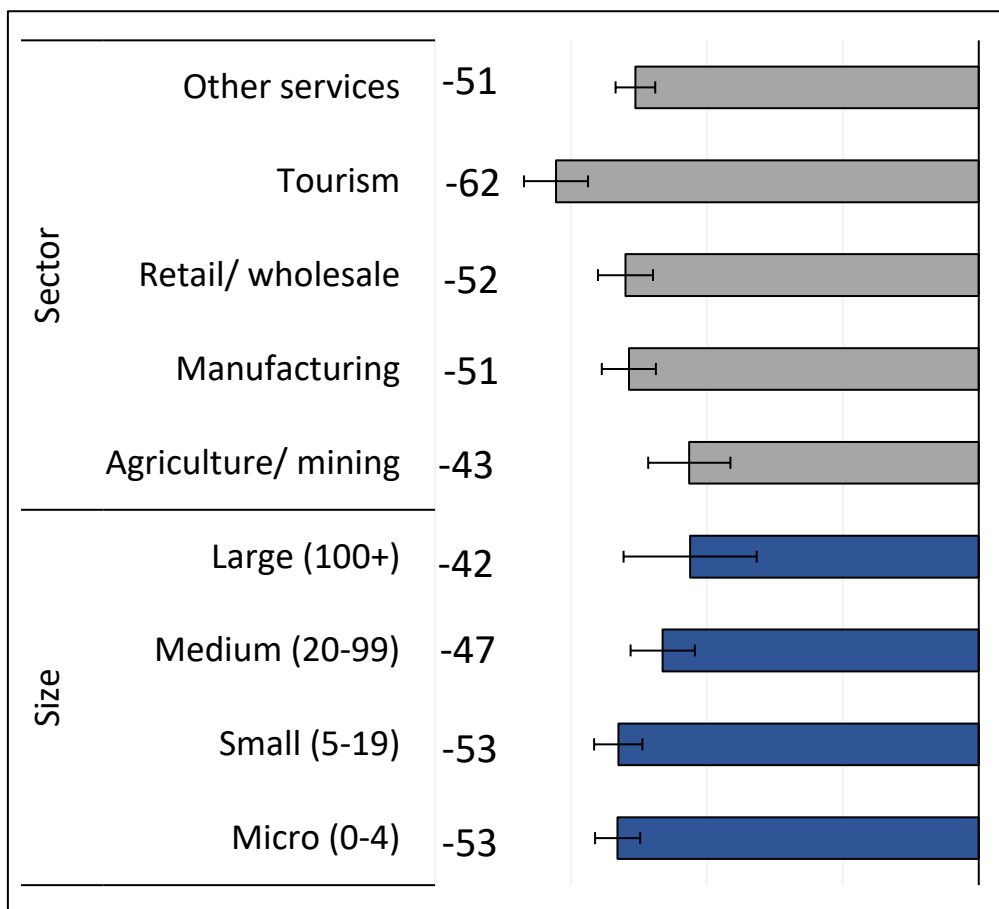


COVID-19 Business Pulse Survey – Kenya

- Nationally representative sample based on the latest Establishment Census in Kenya
- Data from 2070 selected randomly firms between June and August 2020

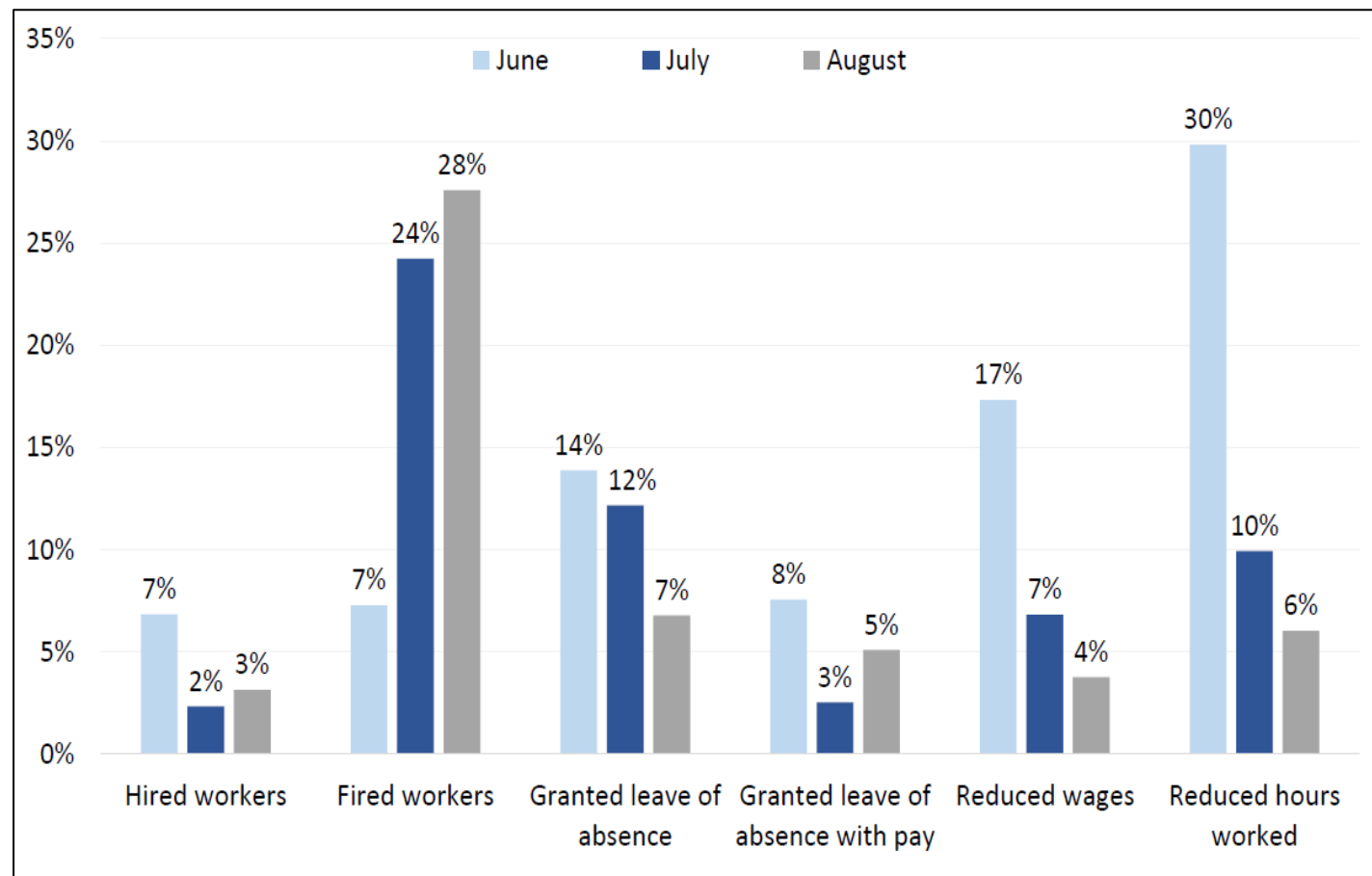
1) SALES

Sales dropped by 50% on average



2) JOBS

Firms are moving to lay off workers vs reducing hours as the crisis continues

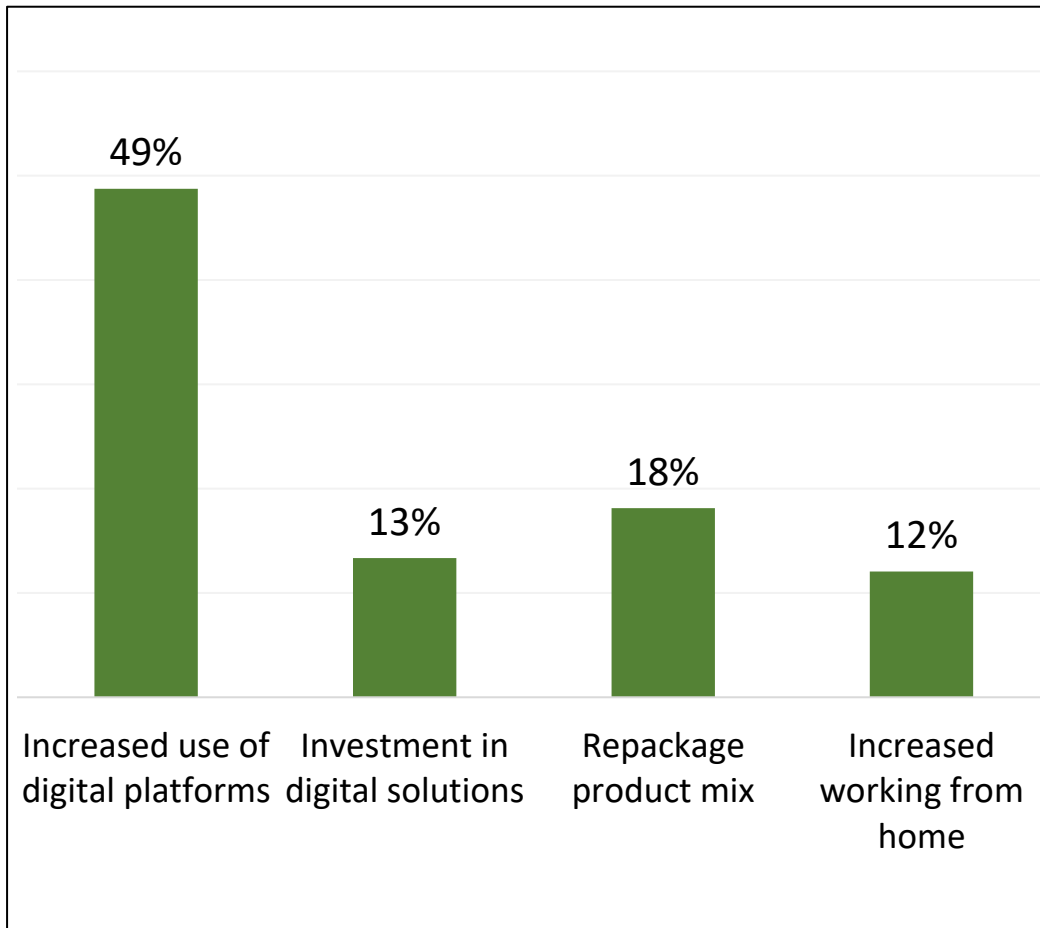


Note (1): compared to the same period in the previous year

COVID-19 Business Pulse Survey – Kenya

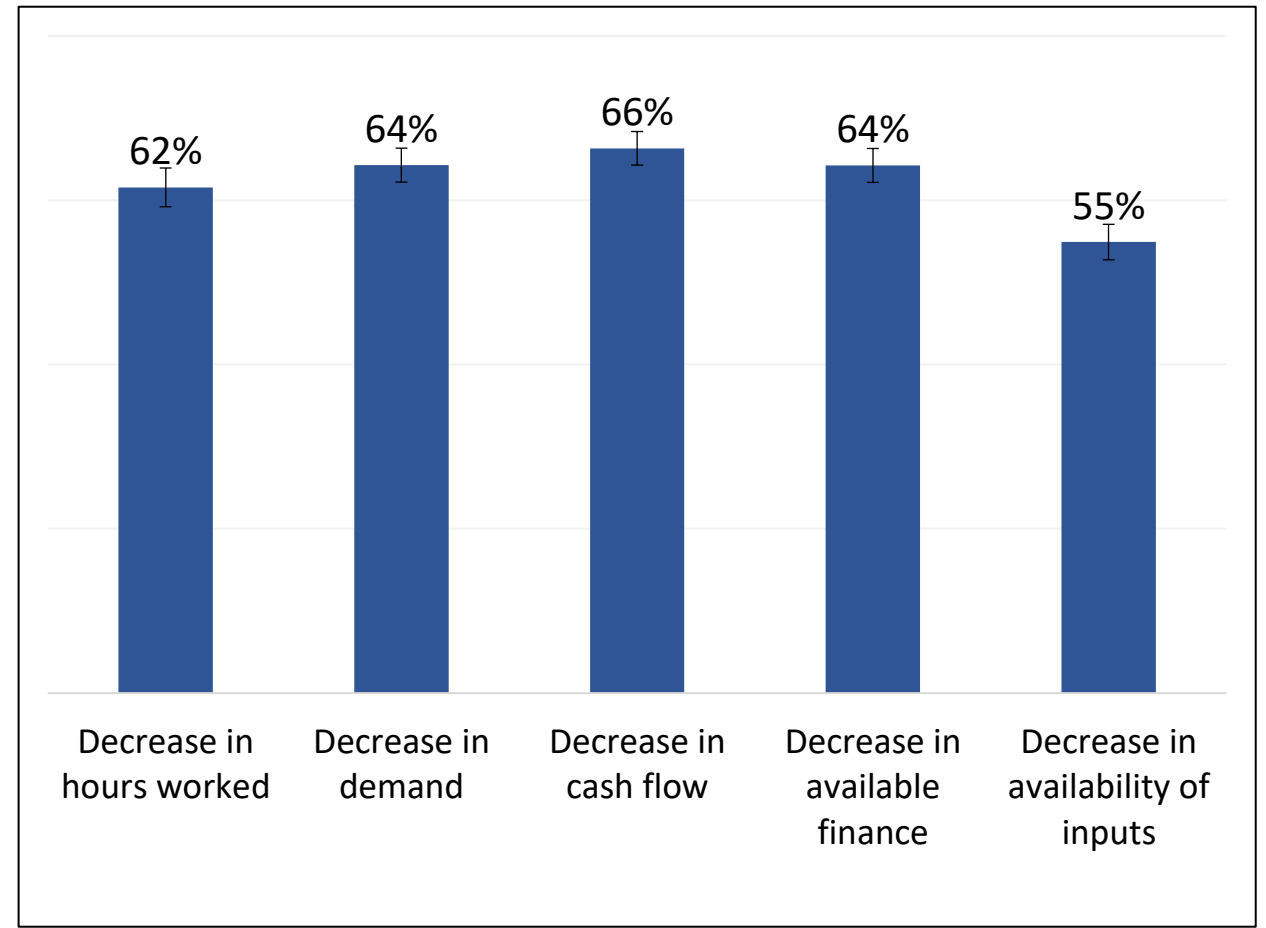
3) RESPONSE

Almost 50% of firms started or increased the use of digital technologies



4) CHANNELS

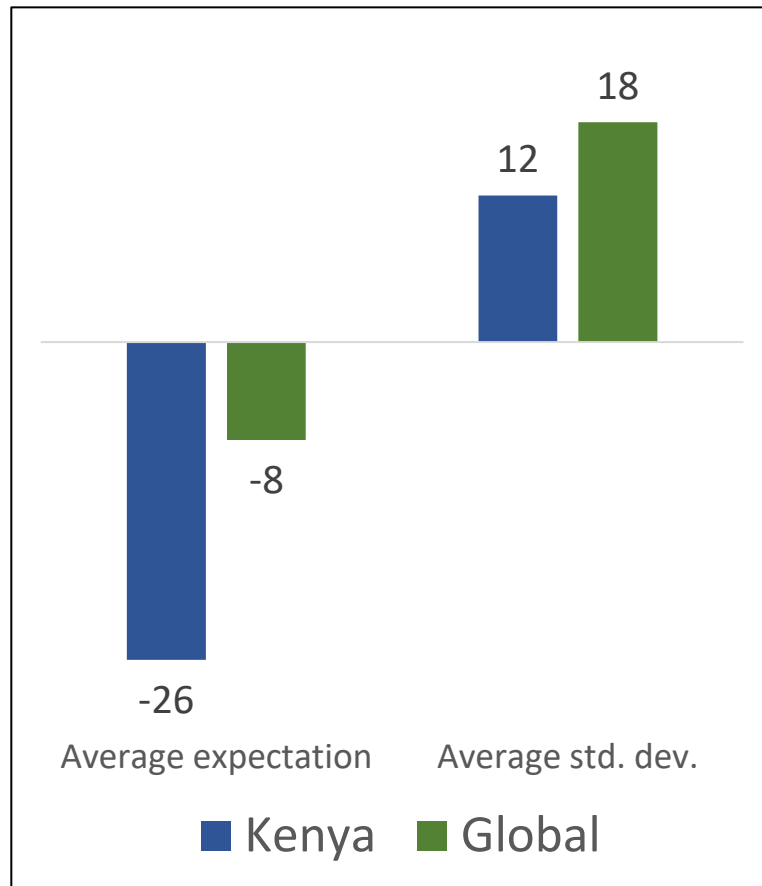
The COVID-19 pandemic has affected firms through a range of transmission channels



COVID-19 Business Pulse Survey – Kenya

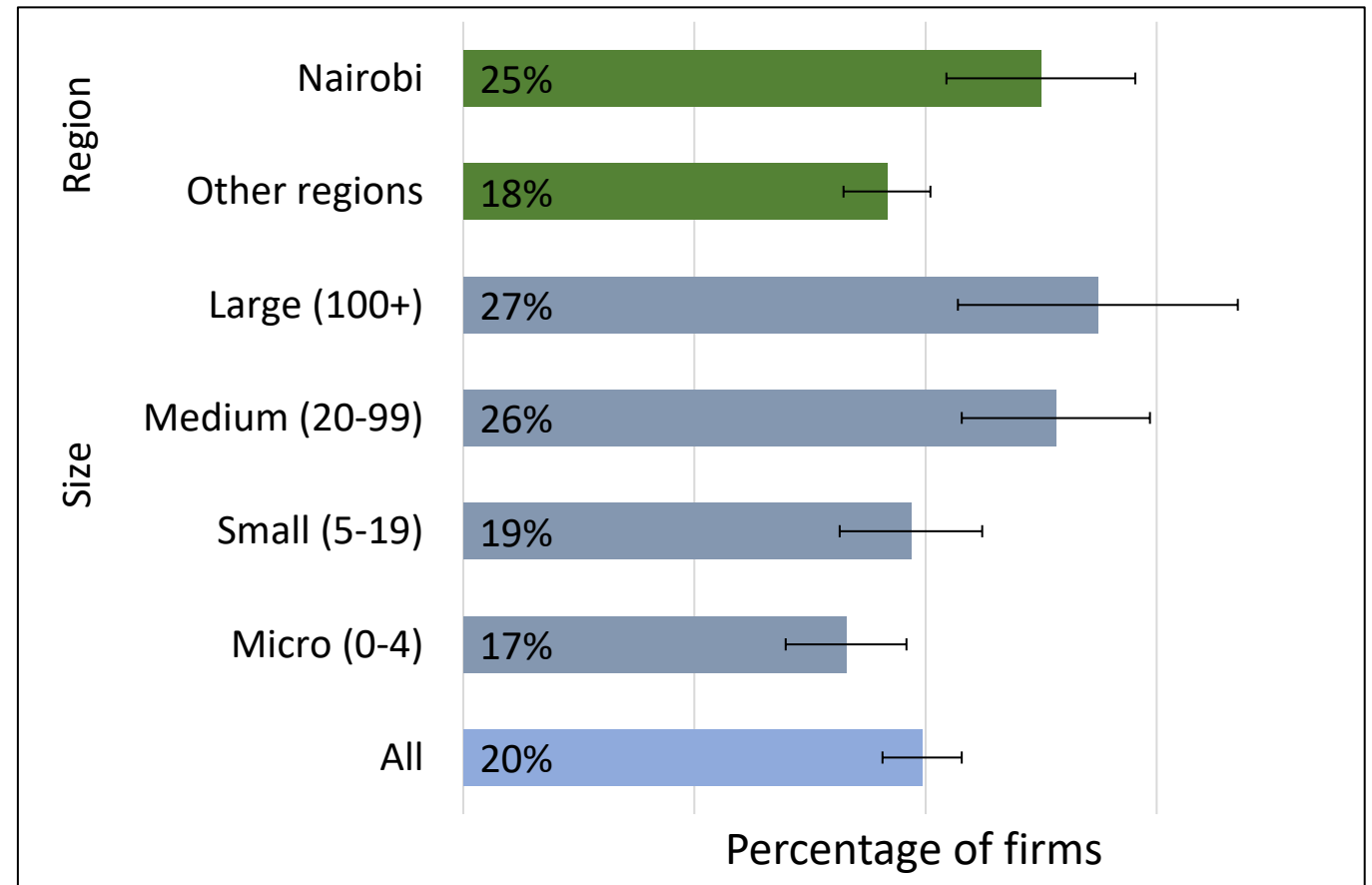
5) EXPECTATION & UNCERTAINTY

Firms expect sales to continue to contract sharply.



6) POLICY

One in five firms in Kenya has received public support during the COVID-19 pandemic

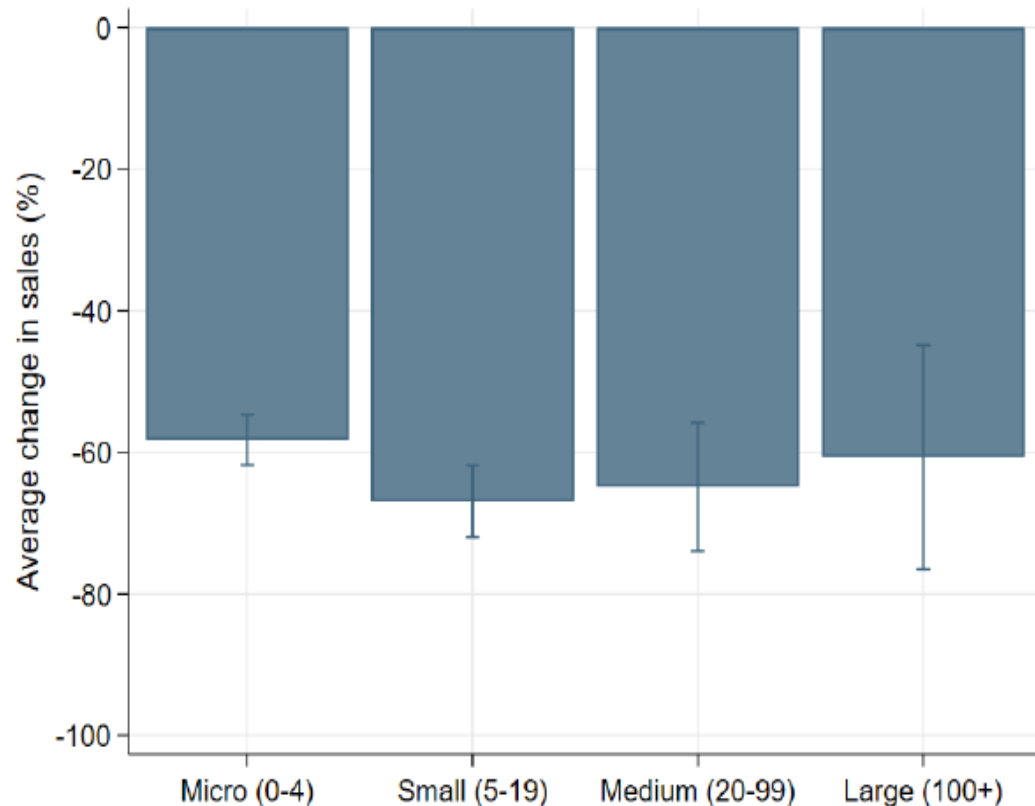


COVID-19 Business Pulse Survey – Bangladesh

- Data from 500 MSMEs collected between June 4-15
- Sampling based on several lists of MSMEs in Bangladesh
- Additional data, collected in April-May, 400 manufacturing firms, 2013 establishment census. Similar results.

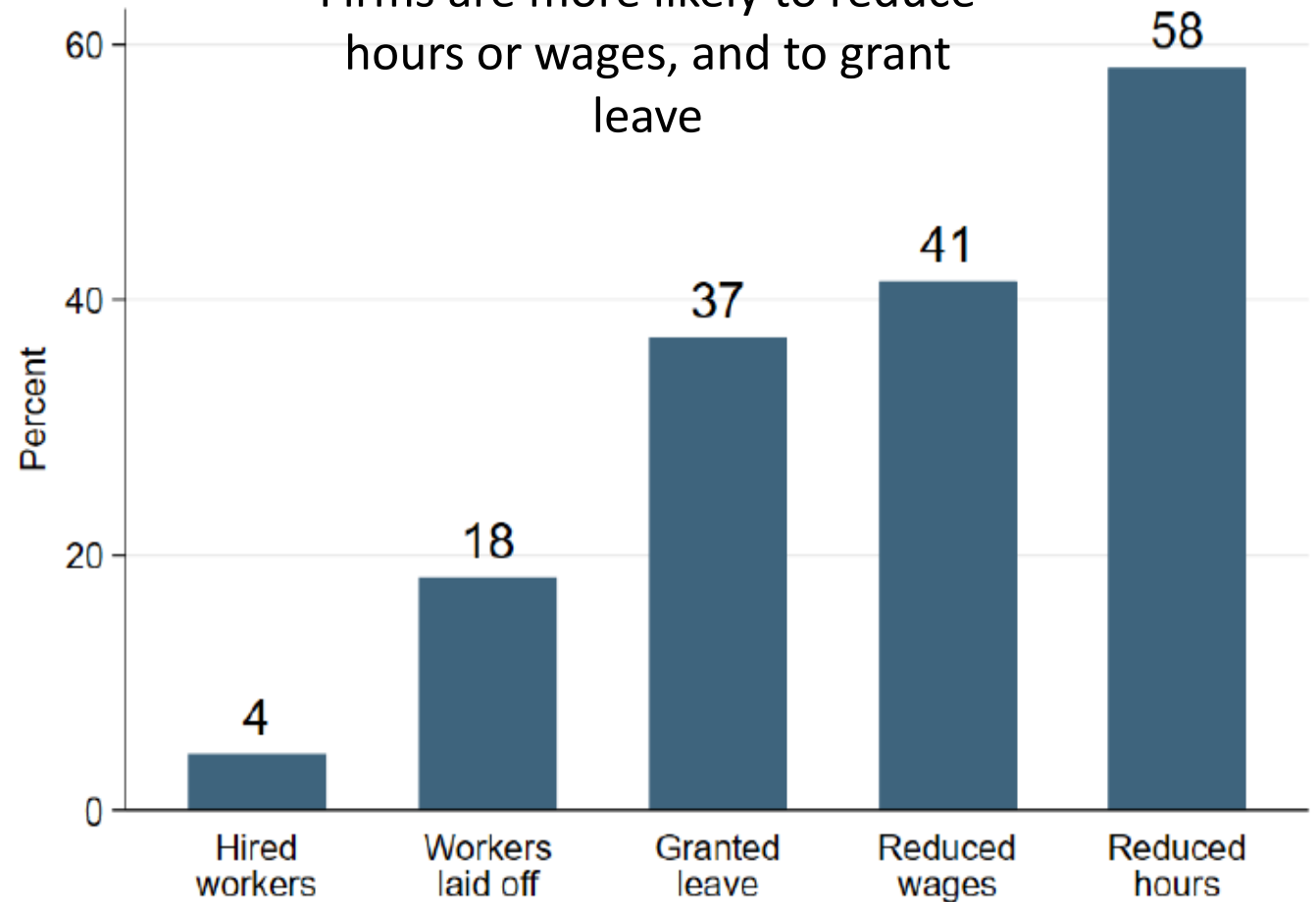
1) SALES

Sales dropped by 60% on



2) JOBS

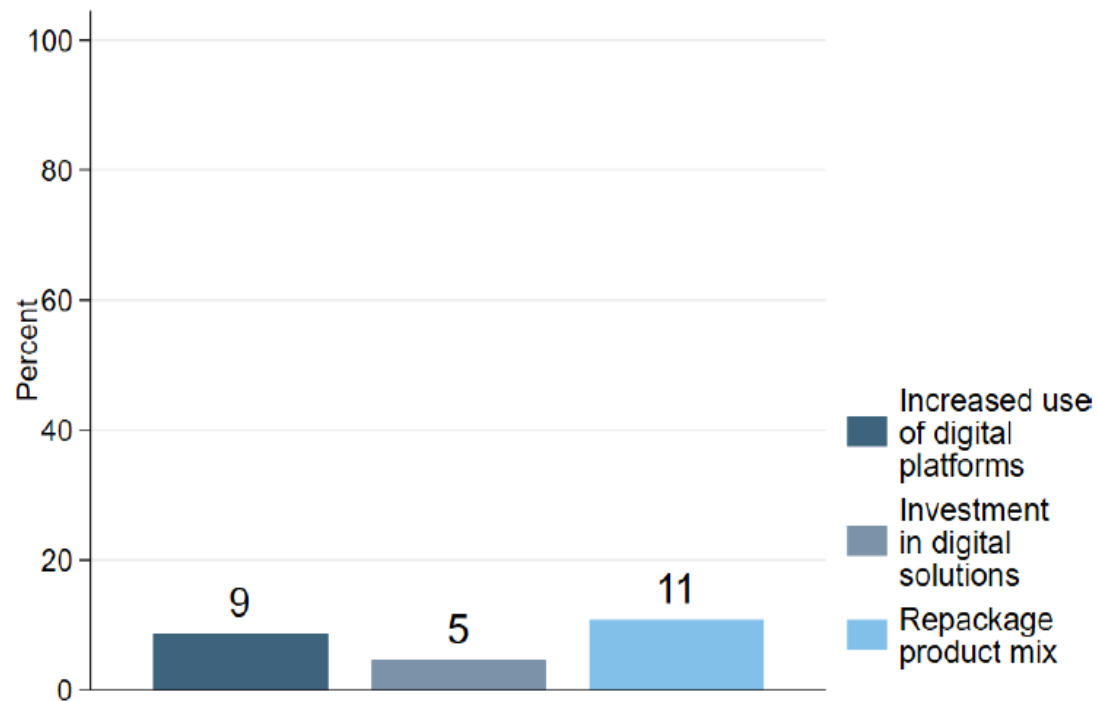
Firms are more likely to reduce hours or wages, and to grant leave



COVID-19 Business Pulse Survey – Bangladesh

3) RESPONSE

Firms in Bangladesh have been slower to use digital to adjust to the crisis



4) Firms are being affected by multiple channels.

5) Almost 90% of firms are already in arrears or expect to fall in arrears.

6) Less than 2% of firms reported that they received public assistance.

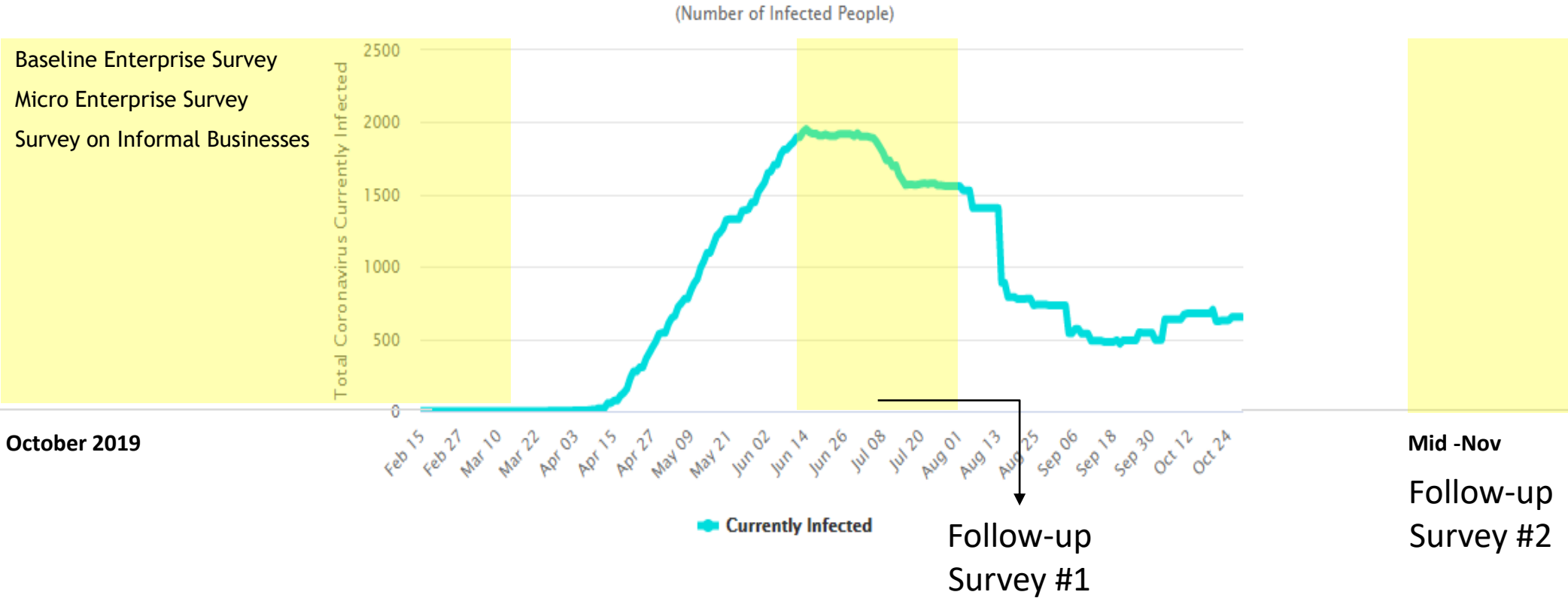
Impact of the COVID-19 crisis on firms in Somalia

- FINDINGS FROM THE BUSINESS SURVEY IN SOMALIA
- OCTOBER 2020

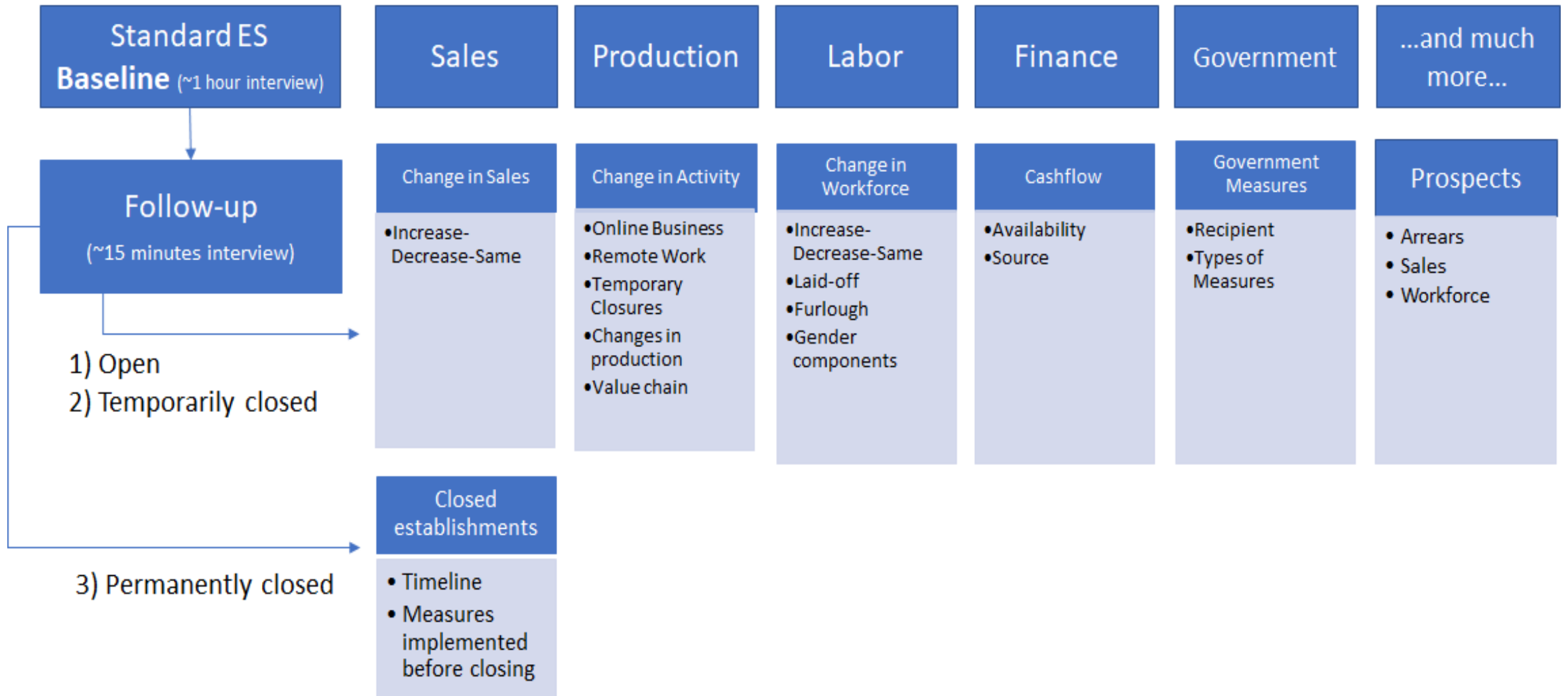
SURVEY APPROACH IN SOMALIA



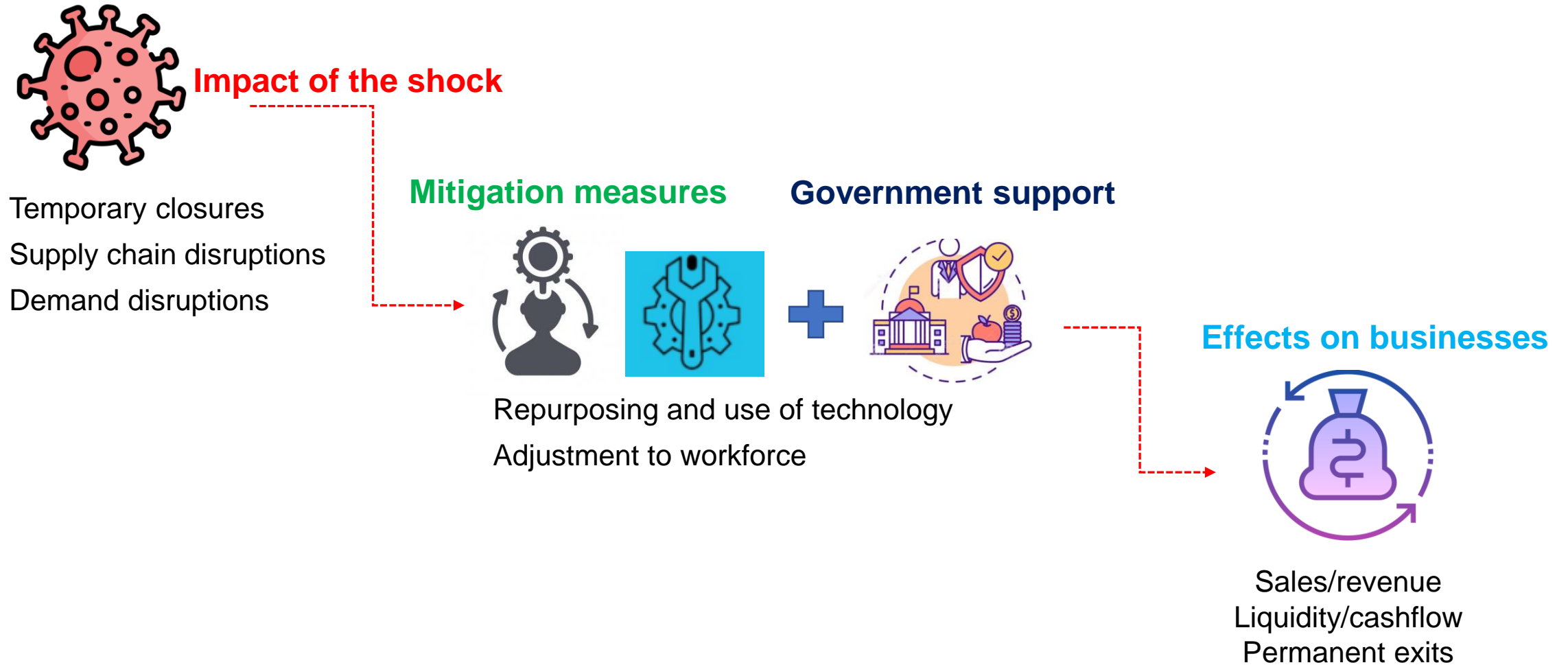
Creating Markets, Creating Opportunities
Active Cases



STRUCTURE OF QUESTIONNAIRE



COVID-19 AND BUSINESSES: SURVEY SCOPE



KEY HIGHLIGHTS

- Widespread disruptions: closure, demand and supply shocks.
- Deep impacts on business: sales (**employment**) contracted by 32% (**29%**).
- Significant financial challenges and potential ripple effect:
 - 90% of the firms report liquidity challenges; 90% had to delay payment to suppliers and tax authorities.
- Business remain optimistic; almost all firms expect their sales and employment to rebound.
- Microenterprises seem to be nimbler; but face pervasive liquidity shortages.
- Limited government support: as of June/July, only about 1% of the firms received some support.
- Deferring payments to service providers and tax authorities most desired support.
Access to credit is 2nd most desired support.

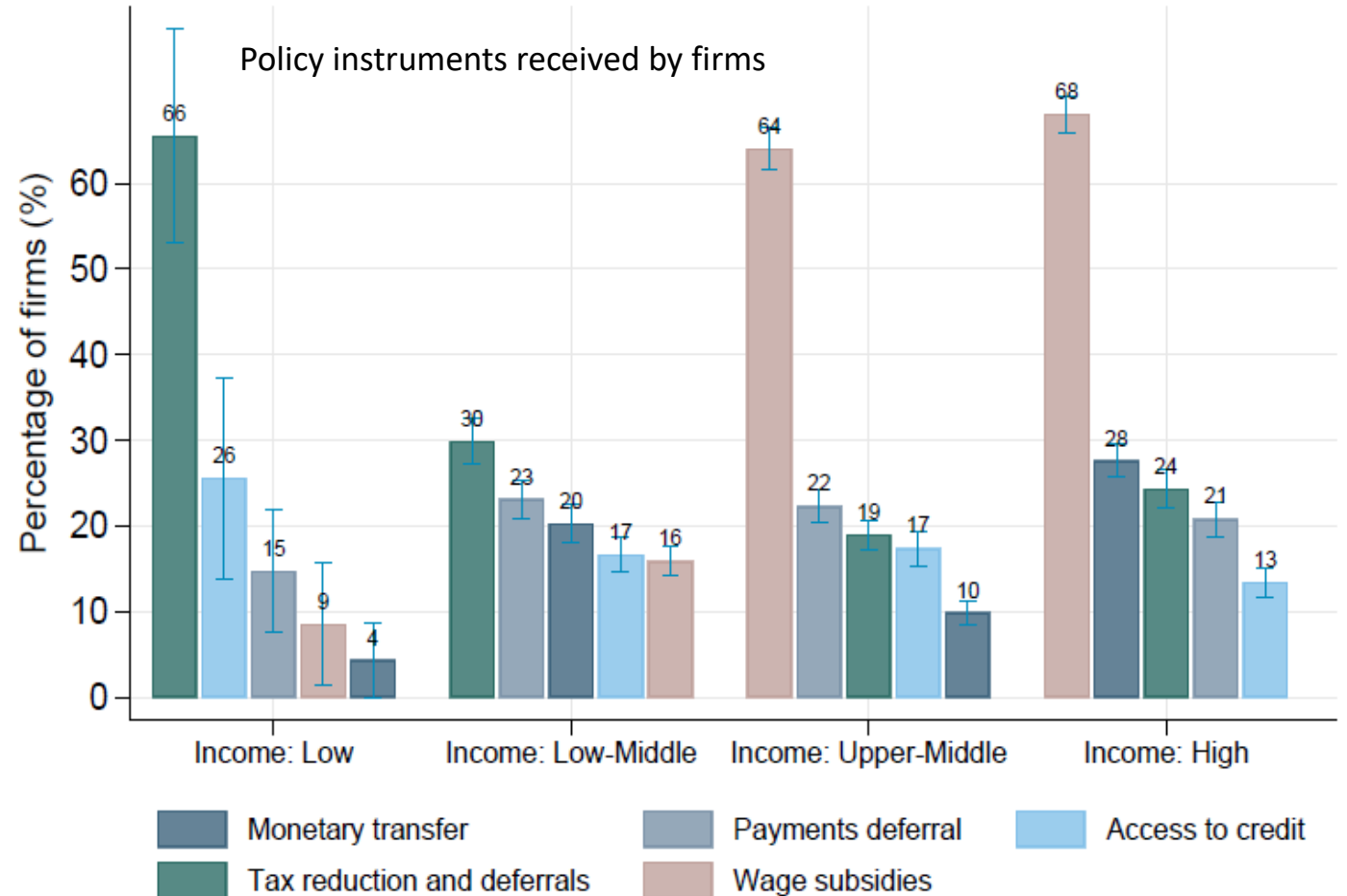
COVID-19 Business Pulse Survey – Policy

1) Firms are not receiving enough support in low-income countries



Prediction after probit regression on accessing public support controlling for firm size, subsector, weeks after peak, and income classification fixed effects

2) The policy instruments used by countries differ across income groups

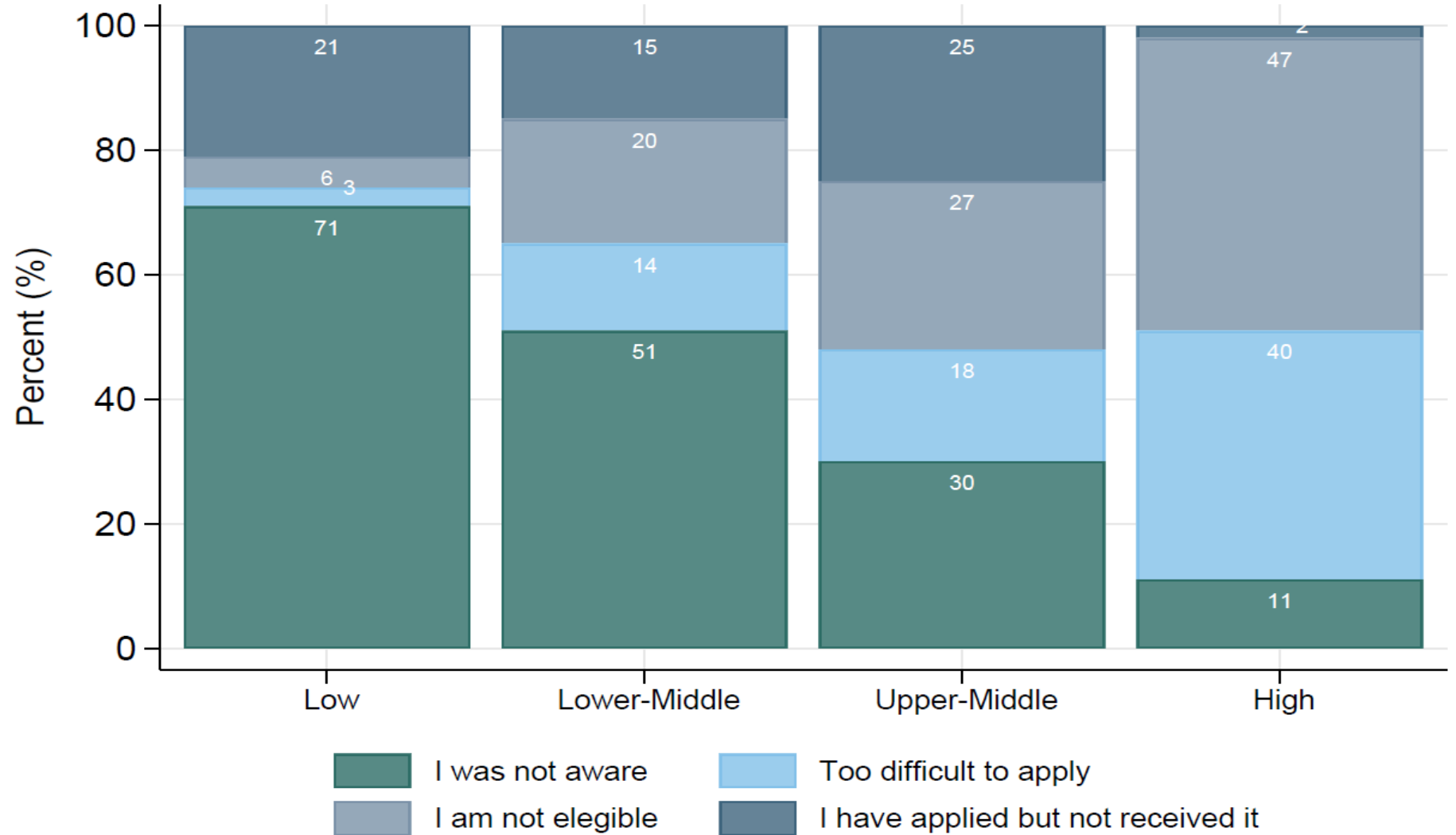


Prediction of a probit regression of policy received on firm size, subsector, number of weeks from the peak of the mobility, restriction and income classification fixed effects

COVID-19 Business Pulse Survey – Policy

3) Firms are not aware about policy support options

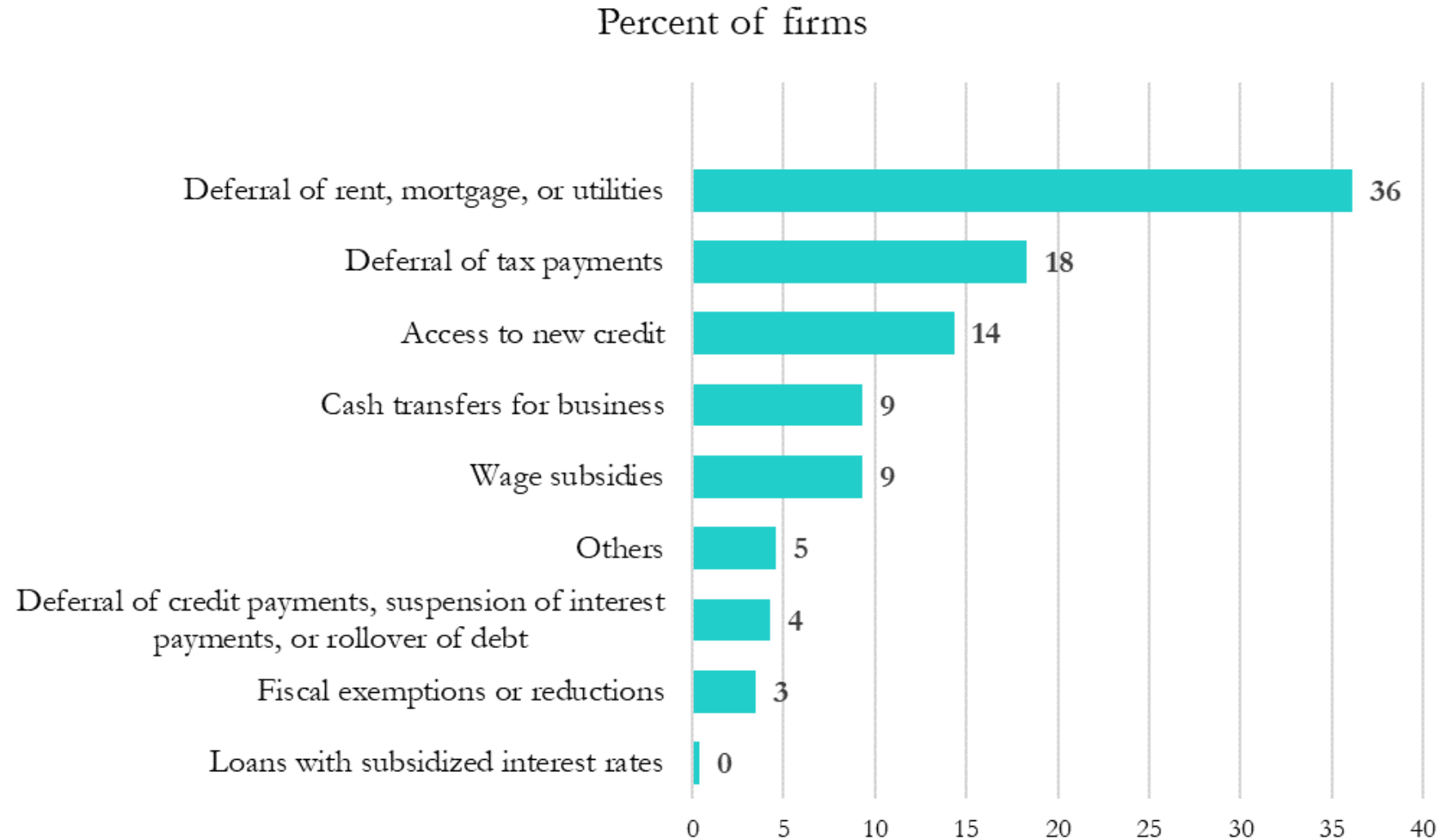
Reasons for
not receiving
public support



Margins after multinomial logit controlling for firm size, subsector, weeks after peak, and income classification, fixed effects

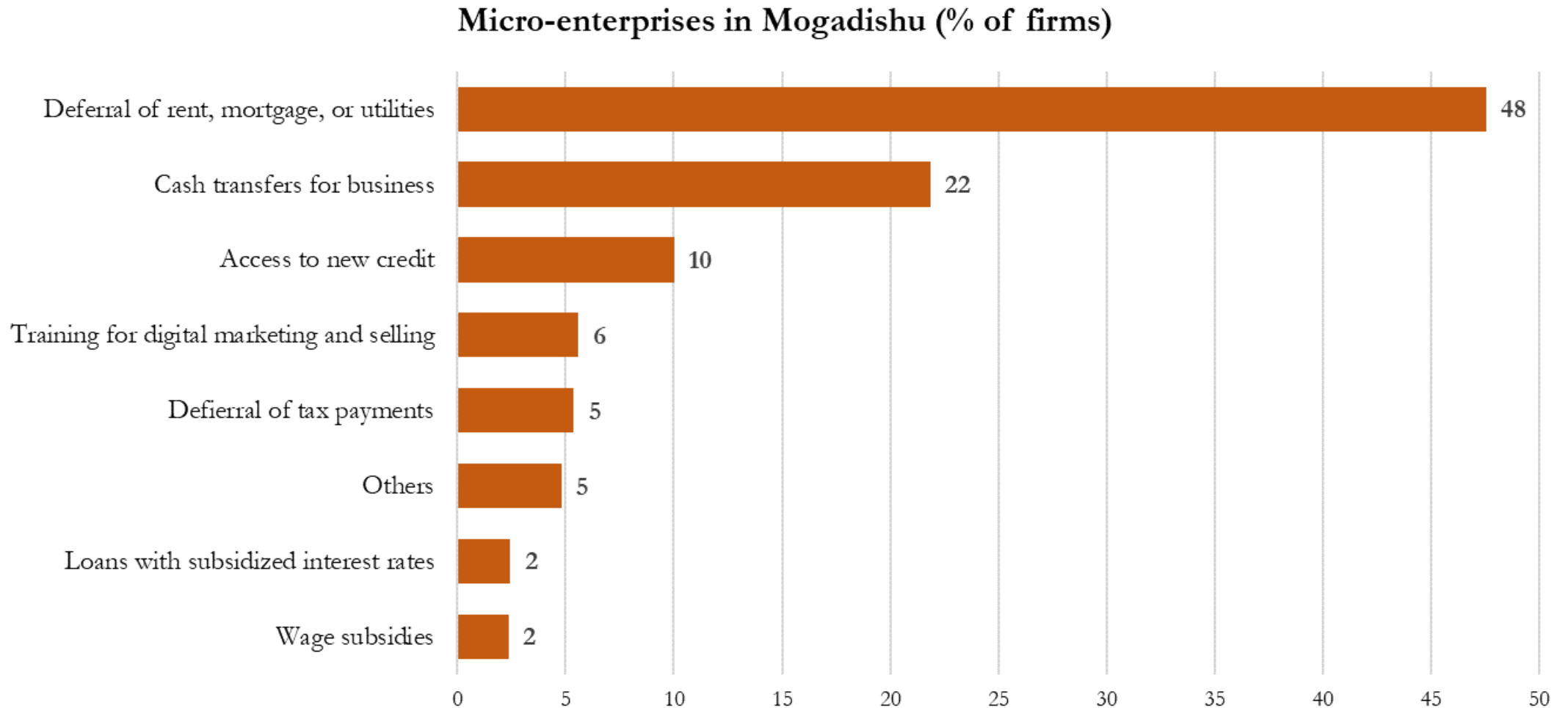
Government support

More time for payments (to service providers and tax authorities) and access to new credit are among the most cited support/interventions to help firms navigate the crisis



Government support – micro-enterprise in Mogadishu

More time for payments (to service providers and tax authorities) and access to new credit are among the most cited support/interventions to help firms navigate the crisis



Source: Enterprise Survey and Enterprise Survey Follow-Up.



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