



SMEs RESILIENCE IN CRISIS TIMES

JULY 2020 - OCTOBER 2020

SMEs reality during COVID-19 times

In conditions of the declared world pandemic of COVID-19 virus, the world economies started a decline, with the risk of falling into one of the deepest recession. The virus strikes not only humans, but it hits the entire economic system. The effect on SMEs is especially severe, particularly because of higher levels of vulnerability and lower resilience related to their size. In the Republic of Moldova, 98.6% of companies are SMEs, they hire 60% of the working force from the economy and generate 40% of the total revenues. There are several ways the coronavirus pandemic affects the SMEs, on both the supply and demand sides. On the supply side, companies experience a reduction in the supply of labour, as workers are unwell or need to look after children or other dependents while schools and kindergartens are closed. On the demand side, a dramatic and sudden loss of demand and revenue for SMEs severely affects their ability to function and causes severe liquidity shortages. Furthermore, consumers experience loss of income, fear of contagion and heightened uncertainty, which in turn reduces spending and consumption.

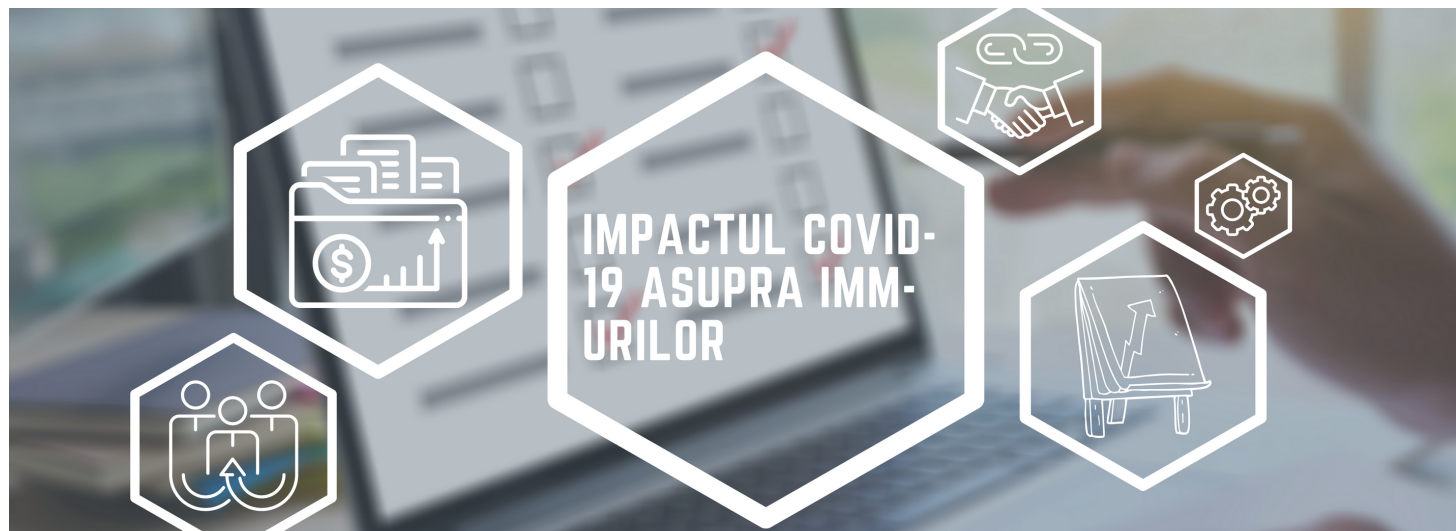
During pandemic lockdown, some companies could continue their activity in full capacities like the food industry, pharmacies or agriculture, while there were businesses that have stopped fully their activity: restaurants, tourism, private kindergartens, sports centers, event organizers, beauty salons. Some other businesses continued their activity partially through online commerce like retail, service providers, light industry and others. At the beginning of COVID-19 breakout, AIM launched an open call to record most challenges and risks of SMEs. As a result industry representatives from food, tourism, restaurants, commerce, services, event organizers, textile industry, media, education, creative industry shared the biggest challenges. The biggest concerns were regarding the fulfilment of the fiscal obligations, as well as the payment of wages, payment of taxes related to wages, payment of VAT and presentation of reports at the time. Commitments to suppliers and creditors regarding the payment of loan rates banking and their interest rates, rent payments was another concern.

Furthermore, SMEs may find it harder to obtain information not only on measures to halt the spread of the virus, but also on possible business strategies to lighten the shock, and government initiatives available to provide support. Given the limited resources of SMEs, and existing obstacles in accessing capital, the period over which SMEs can survive the shock is more restricted than for larger firms. The effects on the SMEs sector in Moldova will be critical, especially due to the lack of proper support measures to ensure the adaptability of these businesses to the current situation.

In these uncertain times, the help and advice that an entrepreneur can benefit from are essential for maintaining and developing the business.

SMEs resilience in crisis times

The Alliance of Small and Medium Enterprises of Moldova is implementing a four months duration project "SMEs resilience in crisis times" with the support of the Friedrich Naumann Foundation for Freedom and the Optim Project. The project goal is to increase the access of the local SMEs in the discussions at the governmental level and provide real time possibilities for them to advocate for policy changes using all legal resources in the pandemic crisis.



AIM will run a survey to collect the data from the entrepreneurs that will be transformed into policy recommendations to be presented at the Economical Council of the Prime Minister and other relevant governmental commissions where AIM has access. Beyond that AIM will provide free legal assistance and business advice to SMEs. All these joint efforts will help to improve communication between entrepreneurs and the government level, giving them the opportunity to identify the challenges they face. Thus, SMEs will contribute to the creation of medium and short-term programs to overcome the crisis caused by the pandemic.

Joining efforts with the Center for International Private Enterprise, AIM will launch a unique initiative that will represent the economic situation of SMEs in Moldova, an interactive map that will visually and quantitatively present the impact of COVID-19 on the business environment. The map will be built based on the "Assessment of the impact of COVID-19 on SMEs".



**PROGRAME DE SUPTOR PENTRU ÎMM-uri
în contextul postpandemic**

CU IULIA COSTIN

Director General Oranizația pentru Dezvoltarea Sectorului IMM

05.08.2020 | PLATFORMA ZOOM | 11:00

Through July and August AIM organized three online events with more than 70 representatives of small and medium enterprises. There have been organized an information session "Support Programs for SMEs" with the participation of Mrs Iulia Costin, director of the Organization for the Development of the Small and Medium Enterprises Sector. During the meeting, Mrs Costin presented the programs supported by the Government available for SMEs and how the institution contributes to the support of SMEs to overcome the crisis situation.

The second informative session was about "Access to finance" for SMEs with Olga Melniciuc, director of Gradient Consulting and founder of investitii.md, and Angela Gladei, founder of Business Development Capital and BDC Creative Moldova and Romania. The speakers gave tips and tricks on access to finance for SMEs and gave the most recent updates in the context of the pandemic focused on different types of industries or types of an entrepreneur such as: women, men, young women in business, digitalization, greening, internationalization, etc.

**ACCESUL LA FINANȚARE PENTRU IMM-RI:
Actualizări în contextul postpandemic**

14.08.2020 | PLATFORMA ZOOM | 11:00

Olga Melniciuc
Directoare Gradient Consulting, Fondatoare investitii.md

Angela Gladei
Fondatoare Business Development Capital și BDC creative MD și RO

Informational support and professional assistance is important to equip entrepreneurs to overcome the challenges. That is why one type of event delivered by AIM is "Experts Answering questions", this is a small group consultation with legal and fiscal topics. While it is direct support to SMEs it is a good way to collect qualitative data and better understand from the first source the type of problems that they face. This will serve as an input for policy proposals and recommendations along with quantitative data collected through the survey analysis.

EXPERTUL RĂSPUNDE

Alexei Gherțescu
AVOCAT,
MAGISTRU ÎN DREPT

Iuri Cicibaba
MANAGING PARTNER
TAXACO GROUP

AIM published four video interviews with four entrepreneurs from different industries: tourism, restaurant, service provider, construction and retail shared their business behaviour during Pandemics and beyond pandemics.



In the upcoming two months AIM will evaluate the perception of 300 companies on the economic situation and impact of COVID-19 on their businesses and how the Government addresses this crisis. AIM experts team will write policy proposals based on the assessment results and will promote them in the meetings with the Prime Minister Economic Council and other relevant stakeholders. AIM will raise awareness of SMEs challenges during the current economic crisis and advocacy measures that can support SMEs to overcome or adapt to these changing times.



**FRIEDRICH NAUMANN
FOUNDATION** For Freedom.

Romania and Moldova