



May 2020

The Small and Growing Business Sector and the COVID-19 Crisis:

Emerging Evidence on Key Risks and Needs

ANDE Issue Brief



TABLE OF CONTENTS

<u>Overview</u>	4
<u>Key Takeaways</u>	4
<u>Data Sources</u>	5
<u>Emerging evidence on how COVID-19 is impacting SGBs</u>	6
<u>Emerging evidence on how COVID-19 is impacting the SGB support sector</u>	12
<u>Strategies for addressing urgent SGB needs in response to COVID-19</u>	16
<u>New resources and support initiatives for SGBs</u>	19

ABOUT ANDE

The Aspen Network of Development Entrepreneurs (ANDE) is a global network of organizations that propel entrepreneurship in emerging markets. ANDE members provide critical financial, educational, and business support services to small and growing businesses (SGBs) based on the conviction that SGBs will create jobs, stimulate long-term economic growth, and produce environmental and social benefits.

CONTRIBUTORS

Matt Guttentag, ANDE

Abigayle Davidson, ANDE

Victoria Hume, ANDE

Mark Pedersen, Dalberg

Alekhya Sure, Dalberg

Kusi Hornberger, Dalberg

SUPPORT FOR THIS REPORT

This report was prepared as part of the [Aspen Partnership for an Inclusive Economy](#), with generous support from the initiative's founding partner Mastercard.

PARTNERSHIP FOR AN
INCLUSIVE ECONOMY



THE ASPEN INSTITUTE

OVERVIEW

The effect of COVID-19 on economies around the world has been unprecedented. While evidence on this impact is only beginning to emerge, it is clear that the economic damage has been particularly severe for Small and Growing Businesses (SGBs) in emerging markets. Given the importance of SGBs to economic growth and job creation, supporting these businesses must be a critical part of the global recovery.

This issue brief summarizes 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. It summarizes current risks, impacts, and needs so that organizations and individuals who support SGBs can better understand what is happening on the ground and most importantly, take action to design and implement more effective interventions.

The findings show that a large proportion of SGBs are at risk of failure, and that providing effective support should include three categories of action:

- 1 Flexible financing directly to SGBs to help them weather the crisis;
- 2 Non-financial support to SGBs to help them adapt to a post-COVID-19 world; and
- 3 Direct financial support to Capacity Development Organizations (CDOs), and particularly CDOs headquartered in emerging markets, which are facing liquidity crises while attempting to provide the critical non-financial support that SGBs need today.

KEY TAKEAWAYS

- **There is a significant risk of widespread SGB failure in emerging markets.** Nearly 42% of SGBs are at risk of failing in the next six months, a figure broadly consistent across regions. Many SGBs have already closed permanently as a result of COVID-19.
- **SGBs urgently need flexible financing** due to low cash balances and declining revenues. Many SGBs have already downsized and/or temporarily shut their businesses to prevent complete business failure.
- **SGBs need technical assistance**, primarily to access financial relief funds and pivot their business models so they can adapt to a post-COVID-19 world.
- **Capacity Development Organizations (CDOs), and particularly CDOs based in emerging markets, are also facing severe liquidity crises** and need financial support to both survive and introduce new COVID-19-related programming for SGBs.

¹ ANDE coined the term Small and Growing Business (SGB) to describe the higher growth segment of small businesses in emerging markets. SGBs have typically raised between US \$20,000 and \$2 million in capital and employ between 5 and 250 people. See the full definition at <https://www.andeglobal.org/page/aboutandesgbs>.

DATA SOURCES

ANDE COVID-19 Member Needs Survey

ANDE collected data and feedback from ANDE members about the impact of COVID-19 on their organizations and the SGBs they support through a survey that was open between from March 30 to April 6, 2020. ANDE received responses from 190 individuals representing 133 member organizations. All responding organizations support SGBs in emerging markets, and 44% of these organizations are themselves headquartered in emerging markets. The respondents mostly include capacity development organizations (53%) and investors (21%), which is consistent with ANDE's overall membership, followed by a smaller number of research and advisory service providers, corporations, foundations, and academic institutions.

ANDE COVID-19 SGB Relief Funding Survey

ANDE administered a separate supplemental survey from April 14 to April 20, 2020 to specifically target donor organizations that support the SGB sector. Thirty donor organizations provided feedback on the actions they had already implemented or planned to implement and indicated their level of interest in potential new funding mechanisms. These organizations are headquartered in 15 countries, and most provide over US \$20 million annually to support the SGB sector.

Global Accelerator Learning Initiative (GALI) Entrepreneur Survey

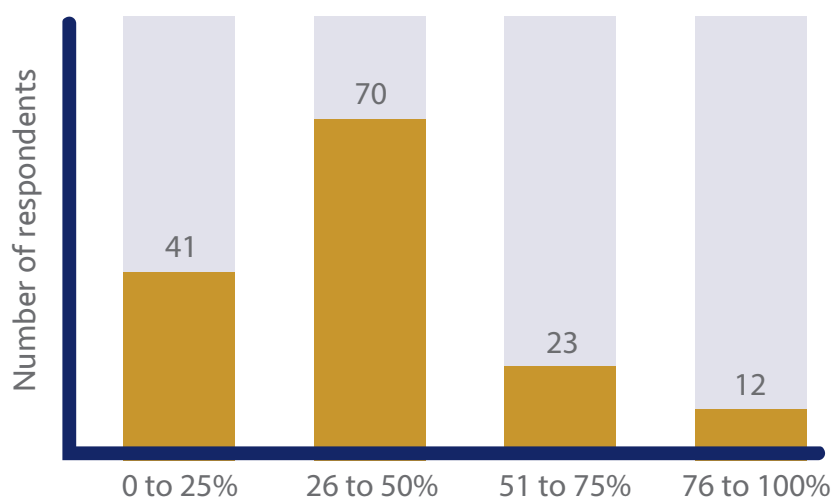
Between April 13 and April 27, 2020, GALI (a partnership between ANDE and Emory University) distributed a survey on the effects of the pandemic on its global database of early-stage ventures that have applied to accelerators. Entrepreneurs representing 488 ventures from across the world responded, though the analyses in this brief focus on those based in emerging markets, including sub-Saharan Africa (39%), Latin America & Caribbean (25%), and Asia (8%). These ventures most commonly work in the sectors of Agriculture (24%), Education (11%), and Health (11%).

EMERGING EVIDENCE ON HOW COVID-19 IS IMPACTING SGBS

COVID-19 is massively impacting the viability of SGBs in emerging markets.

COVID-19 is an existential threat to an enormous number of SGBs around the world. ANDE members estimate that 42% of the SGBs they support globally are at risk of failing in the next six months (Figure 1) – a number that is in line with emerging research from other organizations.² These risk estimates are also remarkably consistent across geographies so far. ANDE members, for example, estimate the highest failure rate in the Andean region at 50% and the lowest in East Africa at 40%.

Figure 1: ANDE member estimates of what proportion of SGBs they support face significant risk of failing in the next 1-6 months



Source: ANDE COVID-19 Member Needs Survey (N = 142)

More alarming, however, is the fact that many SGBs have already failed due to COVID-19. Based on a recent GALI survey of early-stage ventures that have applied to accelerators, nearly 6% have shut down permanently.³ Findings from a USAID-sponsored ACIDI/VOCA survey of 1,178 enterprises in Honduras paint an even bleaker picture: 15% of enterprises there have closed permanently, 28% are expecting to close within one month unless the situation changes, and 40% are expecting to close within three months unless the situation changes.⁴

These massive disruptions to SGBs flow from the impact of the crisis on SGB suppliers and customers. For example, GALI data show that 62% of SGBs are unable to deliver on existing orders or contracts due to logistical challenges and more than 40% have adjusted or missed a required financing payment due to the crisis (Figure 2).

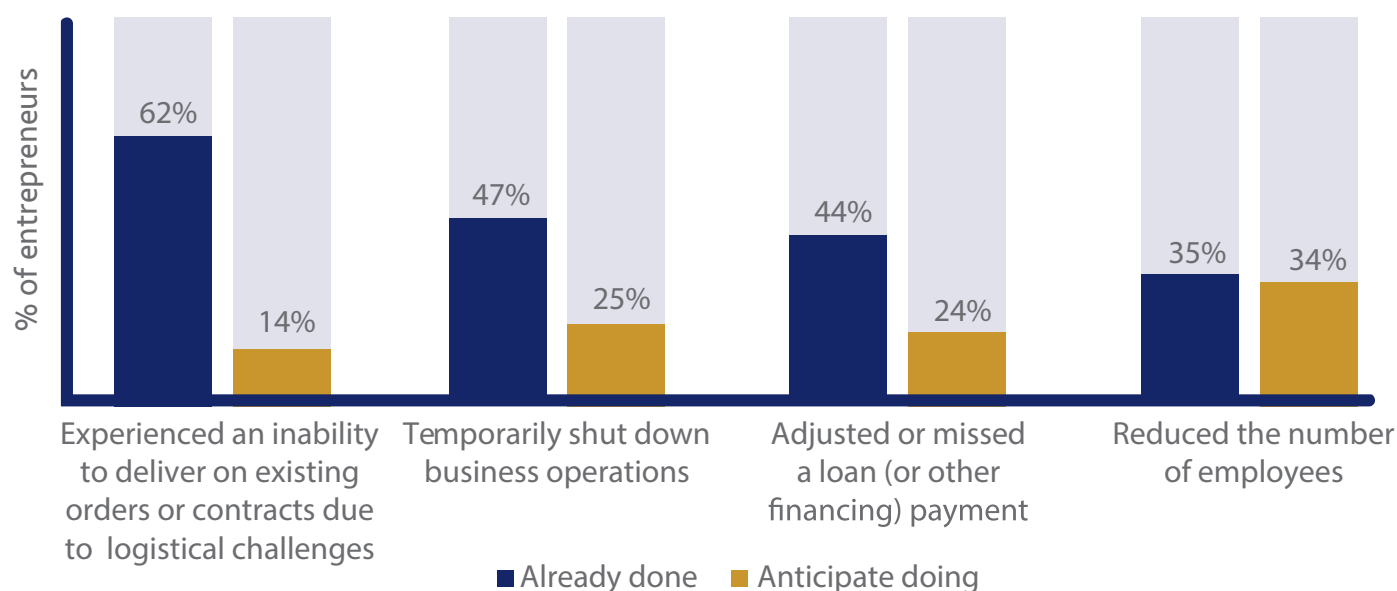
SGBs in emerging markets are taking an unprecedented set of actions to avoid permanent closures, markedly downsizing and/or temporarily suspending operations. According to GALI data, more than one third have reduced their number of employees and 47% have temporarily shut down business operations to preserve cash and/or maintain headcounts. Others are cutting salaries and/or the hours of staff.

²Morelix, A. (2020). [The Impact of COVID-19 on Global Startup Ecosystems: Global Startup Survey. Second Installment.](#) Startup Genome.

³GALI survey respondents represent earlier-stage businesses (roughly half are less than 5 years old), a significant part of the SGB segment given their focus on growth.

⁴USAID. (2020). [Business Resilience Analysis COVID-19](#)

Figure 2: Actions taken or anticipated by emerging market SGBs due to COVID-19



Source: GALI Entrepreneur Survey (N=357)

Unfortunately, these efforts may not be enough for many SGBs. Notably, 47% of SGBs in the GALI survey have already experienced greater than 50% revenue loss.

The risk to emerging market SGBs is widespread, but there are variations by sector and gender.

The impact of COVID-19 on SGBs is high everywhere, but certain sectors appear to have been more affected to date. Evidence is still spotty, but the ACDI/VOCA survey shows that enterprises in the food services, arts, events, tourism, and recreational and manufacturing sectors will fail in less than a month, compared to three to six months for finance and insurance companies.⁵

The crisis has created opportunities for a few SGBs, but they remain very much in the minority. According to GALI data, 12% of SGBs in the financial services sector, 11% in the education sector, and 10% in the health sector have adjusted their revenue projections for 2020 upwards since the crisis started.

Data on how COVID-19 is impacting men- and women-led SGBs differently is also beginning to emerge. For example, within the GALI dataset there is a statistically significant difference in the percentage of men- versus women-led SGBs that have temporarily shut down (39% vs. 46%). Interviews with and evidence from a range of SGB actors suggest this split will become more pronounced as sectors that tend to have more female workers, such as handicrafts and textiles, become more impacted.⁶ The Gender Innovation Lab at the World Bank recently warned of the potential of COVID-19 to severely impact women entrepreneurs in Africa: women make up 58% of the continent's self-employed workforce but are "particularly vulnerable to shocks as they are disproportionately informal and operate in less profitable sectors."⁷

⁵USAID. (2020). [Business Resilience Analysis COVID-19](#)

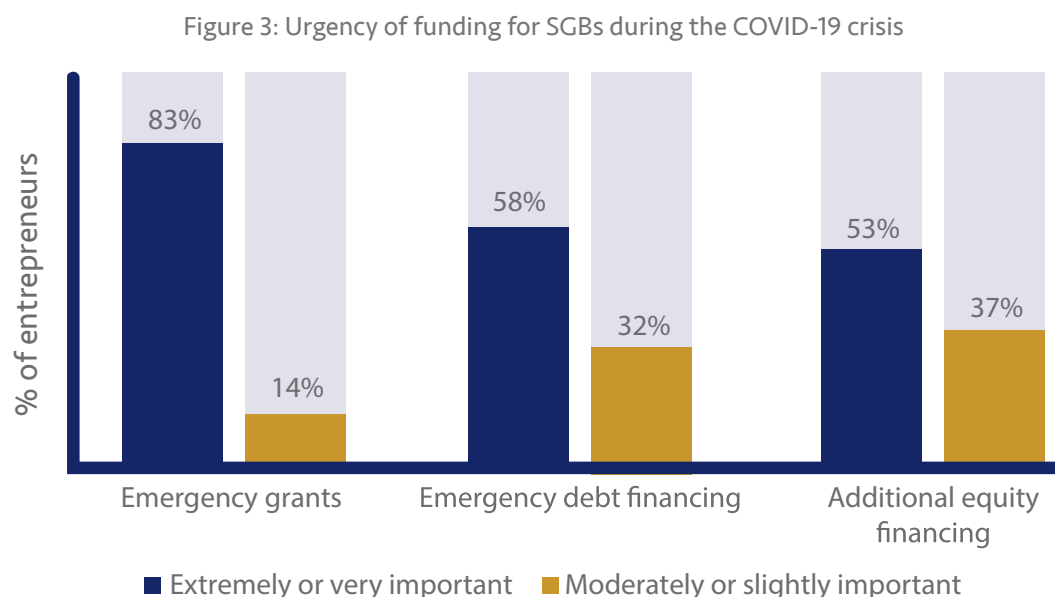
⁶UN Women. (2020). [The First 100 Days of COVID-19 in Asia and the Pacific: A Gender Lens](#).

⁷Gender Innovation Lab. (2020). [Supporting Women Throughout the Coronavirus \(COVID-19\) Emergency Response and Economic Recovery](#). World Bank.

SGBs urgently need liquidity, but overall investment activity has slowed.

SGBs urgently need additional financing. A BFA Global survey of 1,561 businesses across seven countries (Kenya, Nigeria, South Africa, Mexico, India, UK, and US) found that most small and medium-sized enterprises (SMEs) have only 4-6 weeks of cash reserves, ranging from a low of 4.2 weeks in Mexico to a high of 6.5 in the United States.⁸ Another recent study from Startup Genome found that only 60% of startups based in emerging markets have more than three months of cash runway in the bank.⁹

Not surprisingly, more than eight in ten SGBs report they need emergency grants, likely due to significant uncertainty about their ability to predict future cash flows (Figure 3). But over half of respondents report that new equity and debt financing is also extremely urgent.



Source: GALI Entrepreneur Survey (N=357)

The need for cash appears particularly acute in emerging markets, likely due to unequal access to government support. According to GALI data, 68% of SGBs in the United States have already applied for government funding or other financing relief, compared to only 18% in emerging markets—although 47% still anticipate doing so, highlighting a key opportunity for SGB finance providers to have an impact. Research from the African Management Institute (AMI) suggests that many of these SGBs in emerging markets have relatively modest capital needs: over half of SGBs in their survey on COVID-19 need a loan of less than fifty thousand dollars to survive the crisis.¹⁰

⁸BFA Global. [COVID-19 and Your Finances Seven Country Survey](#).

⁹Morelix, A. (2020). [The Impact of COVID-19 on Global Startup Ecosystems: Global Startup Survey. Second Installment](#). Startup Genome.

¹⁰Harrison, R. ["5 Things SMEs Need Right Now"](#) The African Management Institute.

This urgency for capital comes at a time when SGB investment in emerging markets overall is slowing down as a result of the crisis. While the impact investment community is mobilizing around the crisis, much of this movement is focused on developed markets. In a relief funding database of over 600 investment and funder sources identified by the Center for the Advancement of Social Entrepreneurship (CASE) at Duke University, for example, only 22 target Africa, 28 target Asia, and five target Central or South America.¹¹ Early-stage investors in emerging markets are also anticipating a significant slowdown in funding activity, which will ultimately mean that entrepreneurs will have to wait longer and have fewer opportunities to access capital. In Africa, 65% of members of the African Venture Capital Association anticipate needing at least an additional six months to deploy their capital due to COVID-19, with 16% anticipating a delay of a year or more.¹² Nearly a third (29%) have either themselves already terminated a deal or seen a portfolio company have a deal terminated.¹³ The accelerator AfricaArena projects that funding for African startups in 2020 could be US \$800 million lower than in 2019, a 40% decrease.¹⁴

These findings for emerging markets mirror the outlook among early-stage private investors in the United States. Of the 139 venture capital investors surveyed by 500 Startups, only about a quarter (26%) predict maintaining the same investment allocations as planned, with 30% expecting to reduce their allocations by more than 25%.¹⁵ Only 20% of investors anticipate the startup and early-stage investing community to be affected by COVID-19 for less than a year; the other 80% of investors anticipate effects to be felt for one to two years, indicating that investors are concerned about long term repercussions.¹⁶

¹¹Duke CASE i3's CovidCap database, available at <https://www.covidcap.com/>, is a crowdsourced funding database. At the time of writing this brief, contributions had been made primarily from individuals based in developed markets. These numbers reflect the state of the database as of April 28, 2020.

¹²AVCA. (2020). [AVCA COVID-19 GP Survey](#).

¹³AVCA. (2020). [AVCA COVID-19 GP Survey](#).

¹⁴AfricaArena (2020). [The State of Tech Innovation in Africa 2020](#).

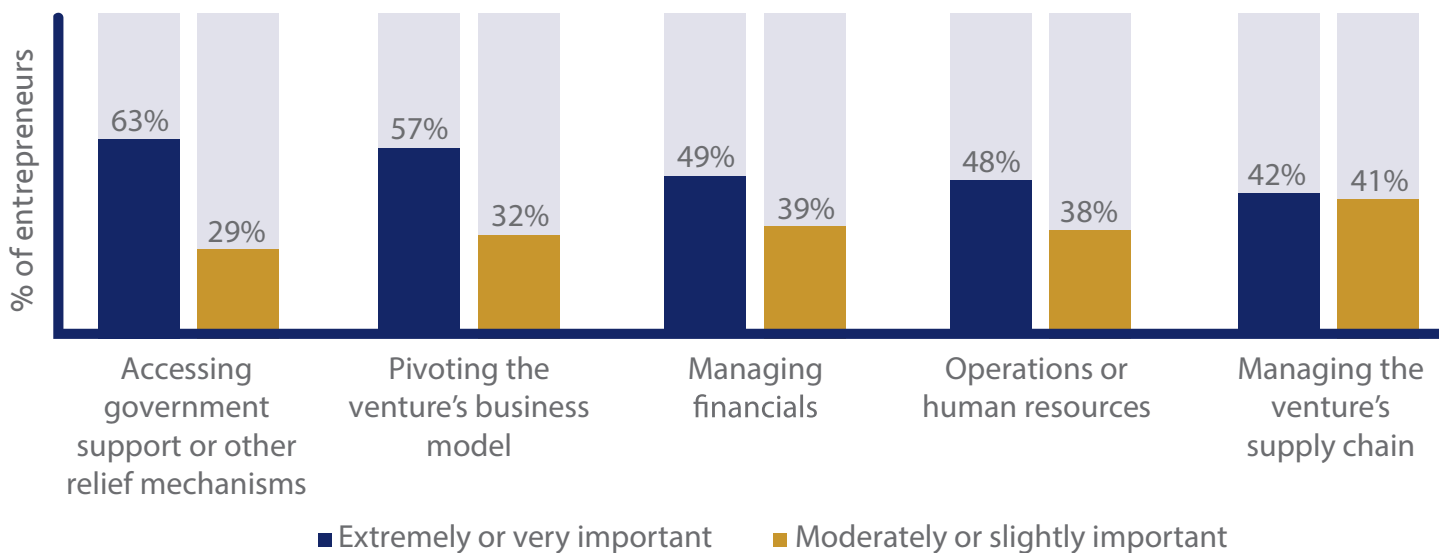
¹⁵500 Startups. (2020). [The Impact of COVID-19 on the Early-Stage Investment Climate](#).

¹⁶500 Startups. (2020). [The Impact of COVID-19 on the Early-Stage Investment Climate](#).

SGBs need non-financial support, particularly to secure financing and pivot their business models.

Emerging evidence shows that SGBs need more than just financial support; they also need technical assistance for a range of COVID-19-related challenges. In the GALI survey, over half of SGBs rated technical assistance on accessing relief funds and pivoting their business model as “extremely” or “very” important (Figure 4).

Figure 4: Types of technical assistance entrepreneurs find important for dealing with COVID-19



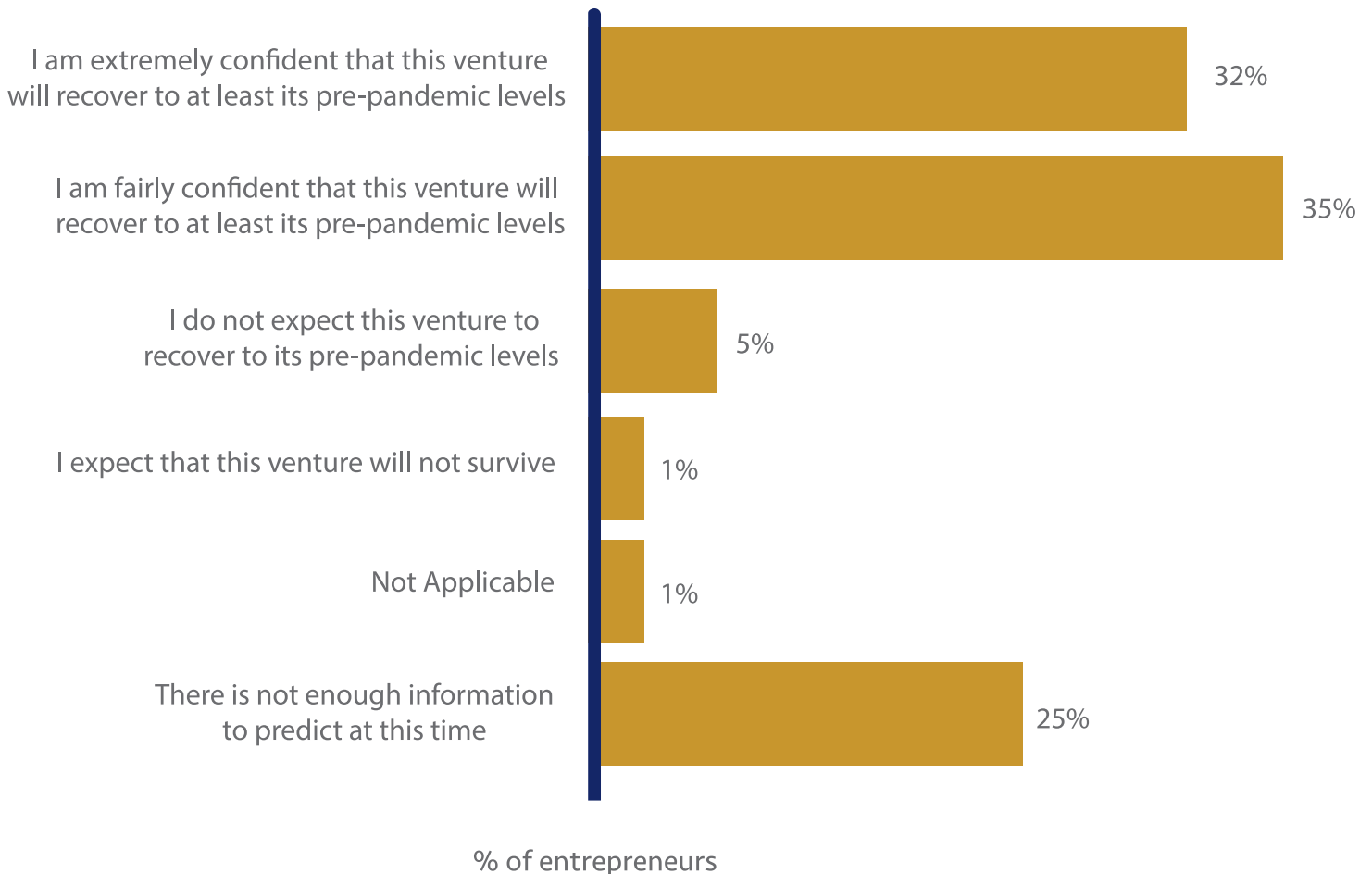
Source: GALI Entrepreneur Survey (N=357)

Findings from past crises demonstrate that direct technical assistance can help SGBs become more resilient and adapt to radically new market conditions. For example, Nicaragua’s business chamber estimated that 40-50% of small businesses failed during the country’s 2018-2019 social conflict but that 87% of the participants in the Impulsa Tu Empresa program—a program by TechnoServe and the Argidius Foundation that provided business planning, mentorship, gender training, and training on access to capital—were able to stay in business.¹⁷ In a forthcoming academic study on the program, participants estimate they would have experienced an additional 26% decline in revenue if not for the program.

Despite these challenges, SGBs overall remain optimistic.

Entrepreneurs are by their nature optimistic, and despite the dire conditions and predictions for the sector as a whole, most entrepreneurs think their own venture will still succeed (Figure 5).

Figure 5: Confidence regarding recovery after COVID-19



Source: GALI Entrepreneur Survey (N=357)

This optimism is also reflected in the initial survey data from BFA Global, which found that most entrepreneurs ultimately expected their own businesses to recover.¹⁸ Although this optimism may be at odds with broader predictions of success rates across SGBs as a whole, this positive attitude provides fertile ground for SGB support providers to work with entrepreneurs to adjust their business models.

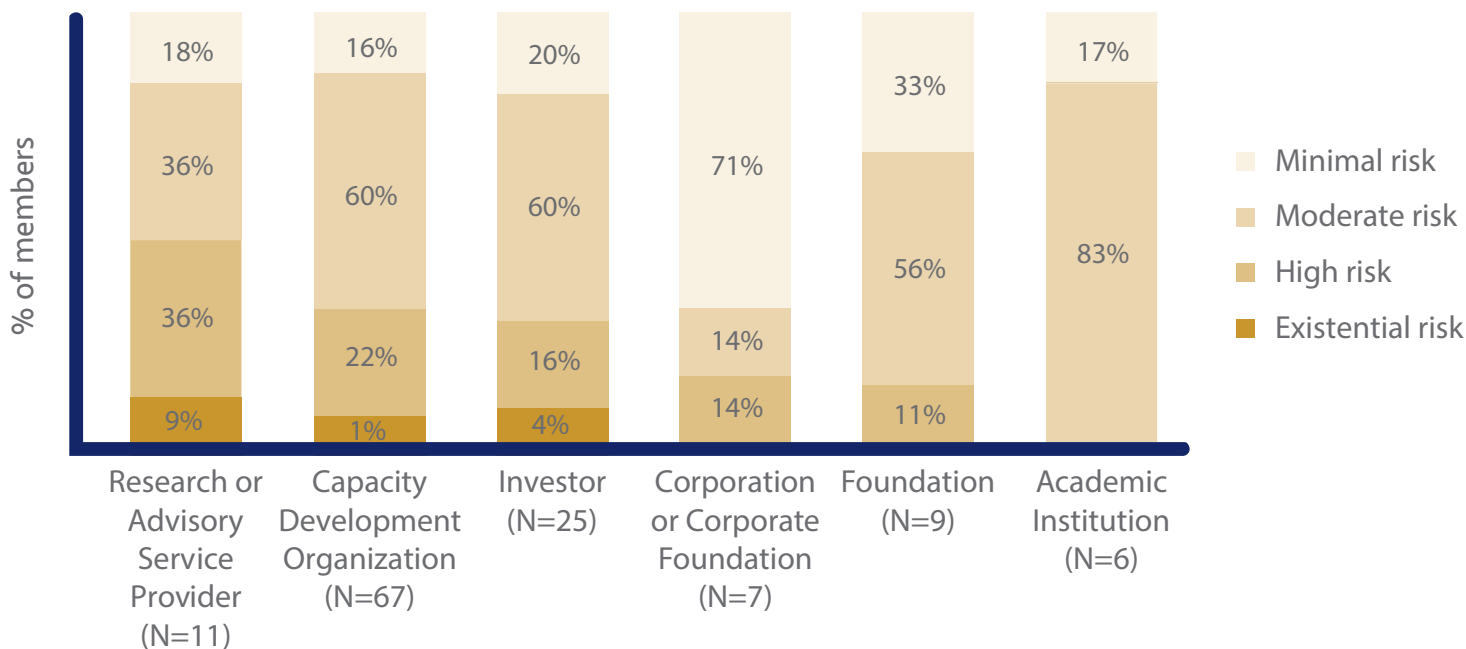
¹⁸BFA Global. [COVID-19 and Your Finances Seven Country Survey.](#)

EMERGING EVIDENCE ON HOW COVID-19 IS IMPACTING THE SGB SUPPORT SECTOR

COVID-19 is having a significant adverse impact on organizations that support SGBs in emerging markets.

COVID-19 is proving to be an existential risk not only to SGBs, but also to the broader ecosystem that supports them in emerging markets. This ecosystem includes Capacity Development Organizations (CDOs), impact investors, SGB researchers, advisory service providers, corporate foundations, academic institutions, entrepreneurial sector associations, and others. According to ANDE’s COVID-19 Member Needs survey data, the biggest impact to date appears to be on research and advisory service providers and CDOs, while a moderate risk is prevalent across different organization types (Figure 6).

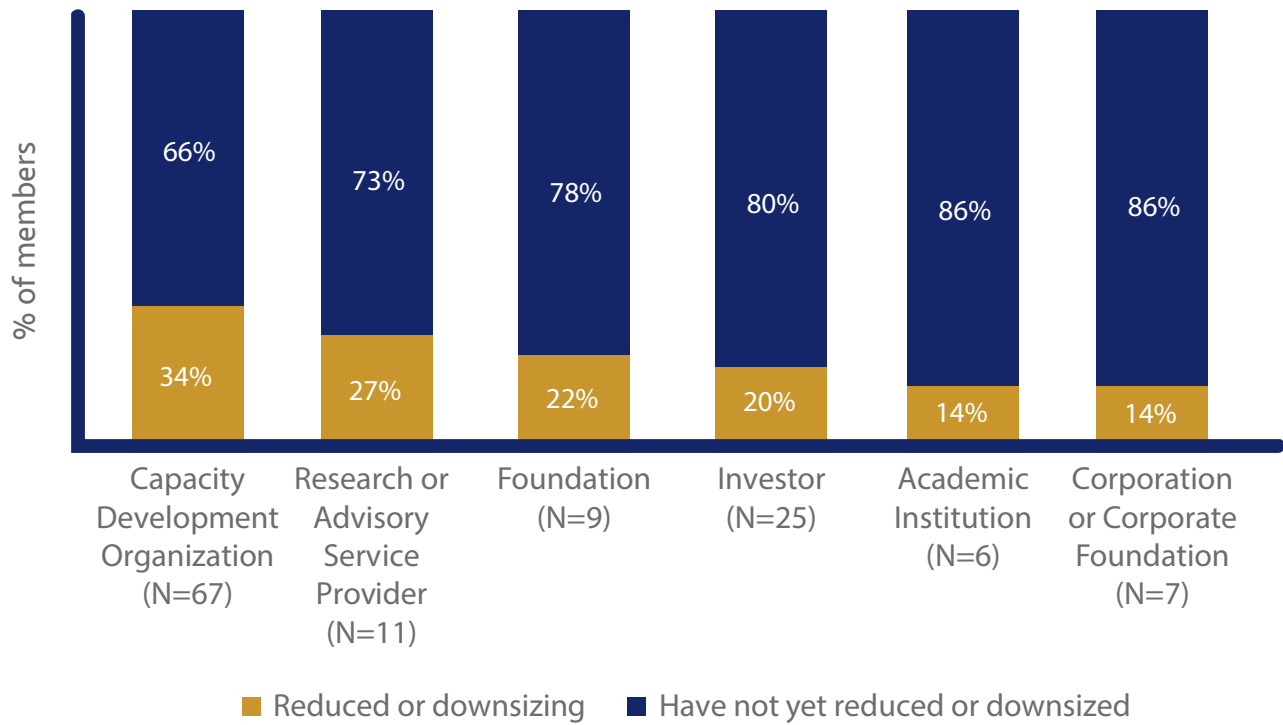
Figure 6: Estimated percentage of ANDE members at risk of shutting down operations across member type



Source: ANDE COVID-19 Member Needs Survey

In response to these risks, 73% of ANDE members based in both developed and emerging markets are reassessing their organization’s financial situation. Many ANDE members have already had to lay off staff, most significantly CDOs (Figure 7).

Figure 7: Percentage of members that have reduced or downsized in response to COVID-19

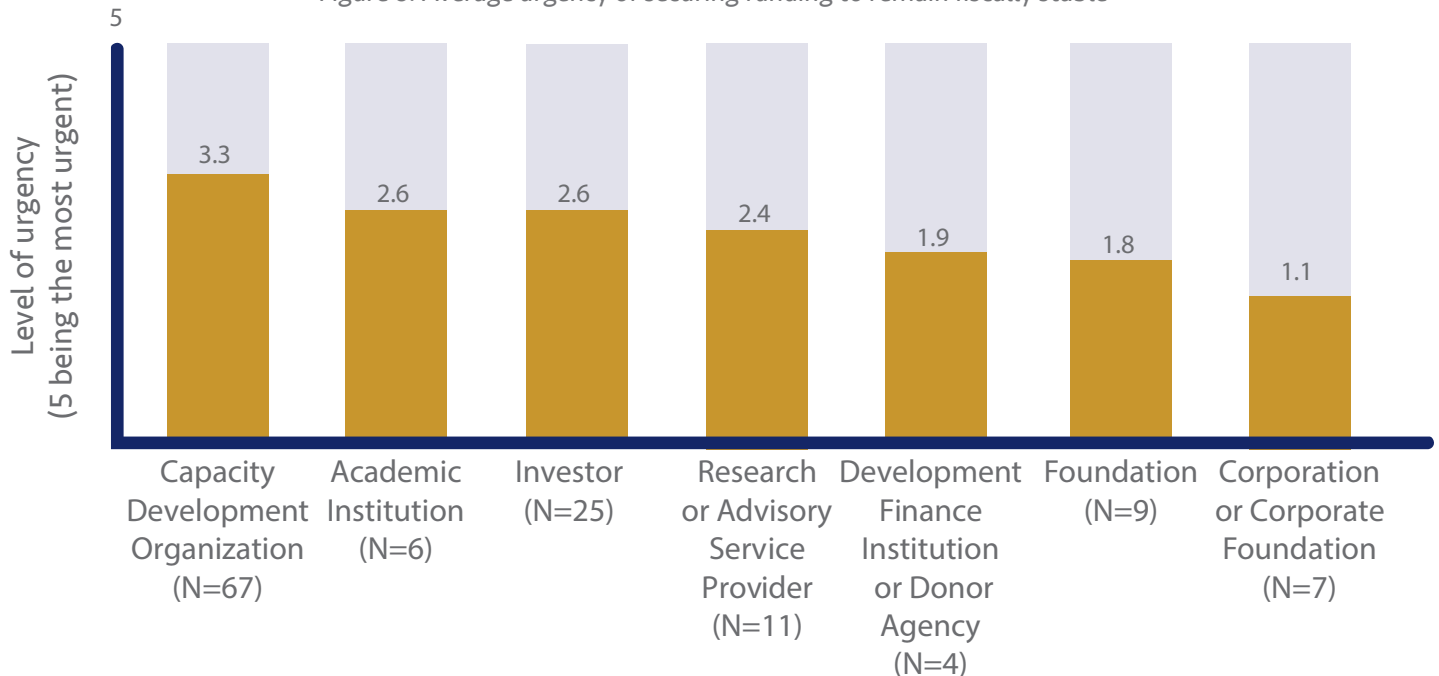


Source: ANDE COVID-19 Member Needs Survey

CDOs based in emerging markets have the highest urgency for funding.

CDOs report the highest urgency for financing compared to other types of SGB support organizations. On a scale of urgency, with one being the least urgent to five being extremely urgent, CDOs were the only member type to report average financing needs higher than three (Figure 8). Within this segment, those headquartered in emerging markets have been even harder hit, reporting a statistically significant higher urgency for funding than their counterparts based in developed markets.¹⁹

Figure 8: Average urgency of securing funding to remain fiscally stable



Source: ANDE COVID-19 Member Needs Survey

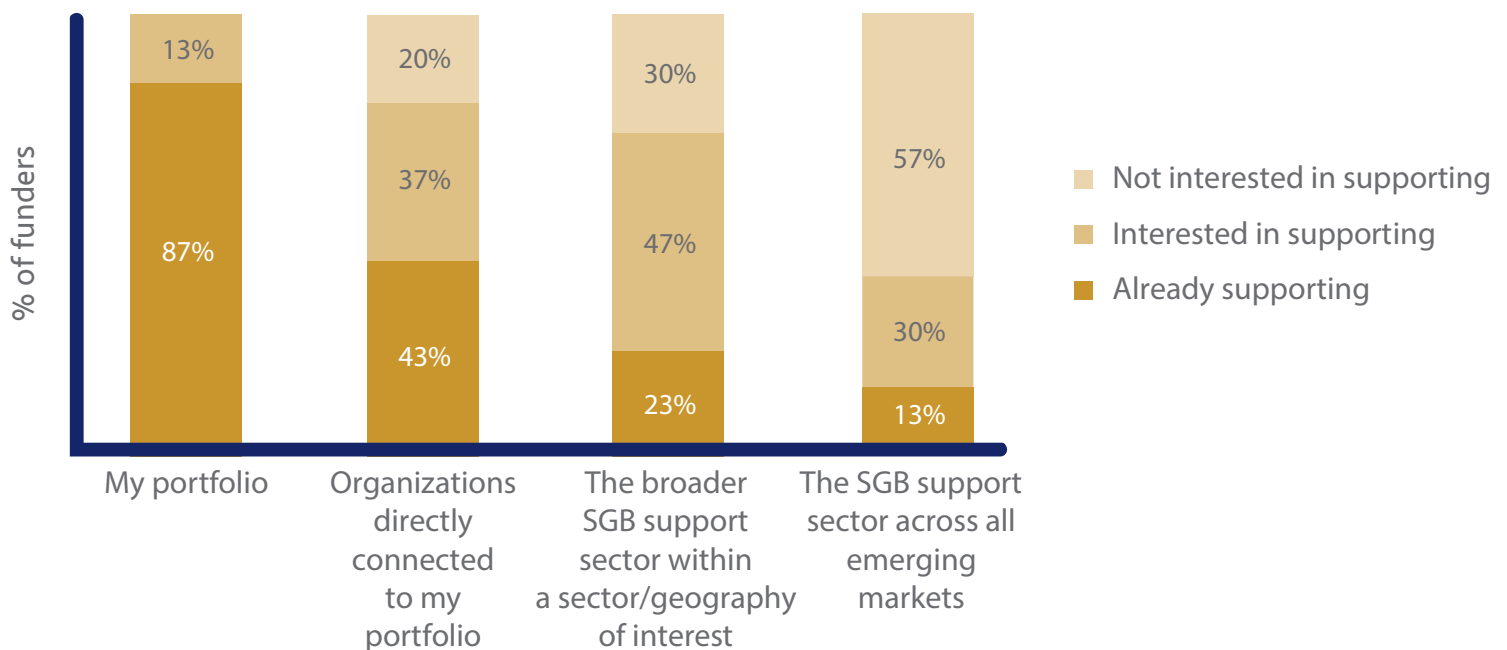
¹⁹ANDE COVID-19 Member Needs Survey.

Funders often encourage CDOs to become more financially autonomous by shifting their funding away from grants and towards fee-for-service models. In the context of the COVID-19 pandemic, this has ironically put many CDOs, especially those based in emerging markets, in an extremely precarious financial position. Other reasons for the disproportionate impact on emerging market-based CDOs include their generally smaller and more local networks of funders, a dependence on short-term contracts for specific workshops or trainings that are no longer taking place due to social distancing and travel restrictions, and funders moving more slowly on new grant requests, especially for projects that would normally require in-person due diligence.²⁰

Funders are providing financial support to their portfolios but not the broader CDO sector.

In response to the needs identified above, funders have begun to step up to provide funds to organizations they already support, though this support has not yet been directed at the wider SGB sector. A recent survey of funders in the ANDE network showed a majority are already providing additional support to organizations within their current portfolio, but very few have provided any support to organizations outside of their existing set of grantees (Figure 9). Approximately half are interested in providing broader funding for SGB support organizations, though mostly within specific sectoral or geographic areas. This latent interest in broader support has implications for CDOs that have a less stable group of funders and/or rely heavily on fees from SGBs to survive.

Figure 9: Current and anticipated funder support by stakeholder group



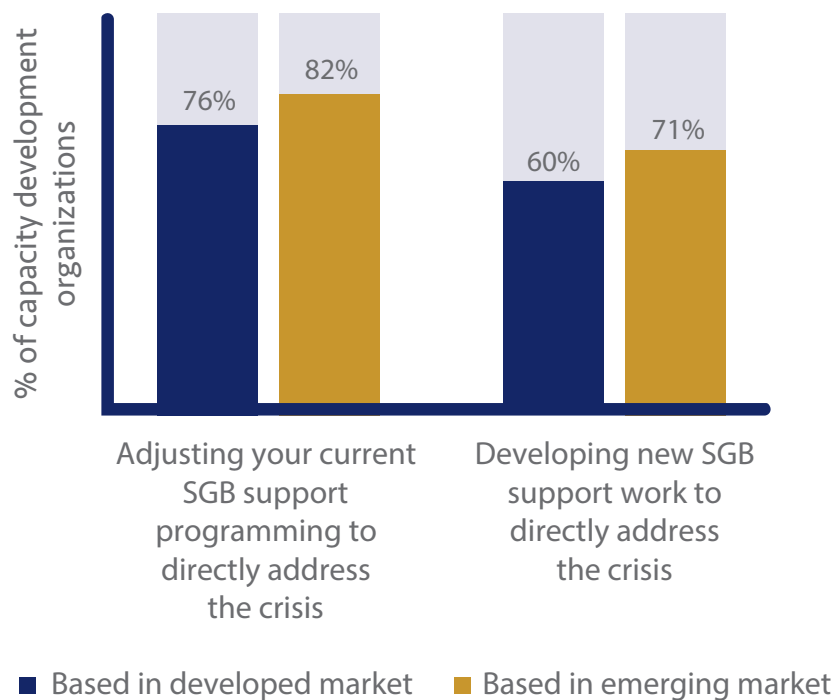
Source: ANDE COVID-19 SGB Funding Relief Survey (N=30)

CDOs are rapidly developing new programming to support SGBs despite funding challenges.

Despite existential risks to their organization’s viability, most CDOs have moved quickly to adjust their programming and develop new services to help SGBs. Based on ANDE’s COVID-19 Member Needs survey, 65% of CDOs have already invested in new programming, and nearly 80% have modified their existing programming offerings to directly address the crisis (Figure 10).

Several CDOs have shared strategies they have used to adapt their programming on recent ANDE webinars, including Technoserve, who also released a guide on how to adjust entrepreneur support programs during times of crisis.²¹ One of the most common responses has been to shift programming online. For example, ImpactHub in Mexico has run a series of virtual events²² and MicroMentor is leveraging its existing mentorship platform to connect entrepreneurs to mentors with specific experience in crisis situations.²³

Figure 10: Percentage of CDOs that have taken COVID-19 related action



Source: ANDE COVID-19 Member Needs Survey (N=100)

²¹ “The Coronavirus and Entrepreneurs in the Developing World: Learning to Support Businesses in Crisis.” Technoserve.

²² <https://mexicocity.impacthub.net/seguimos-generando-impacto/>

²³ <https://www.micromentor.org/coronavirus-and-small-business/>

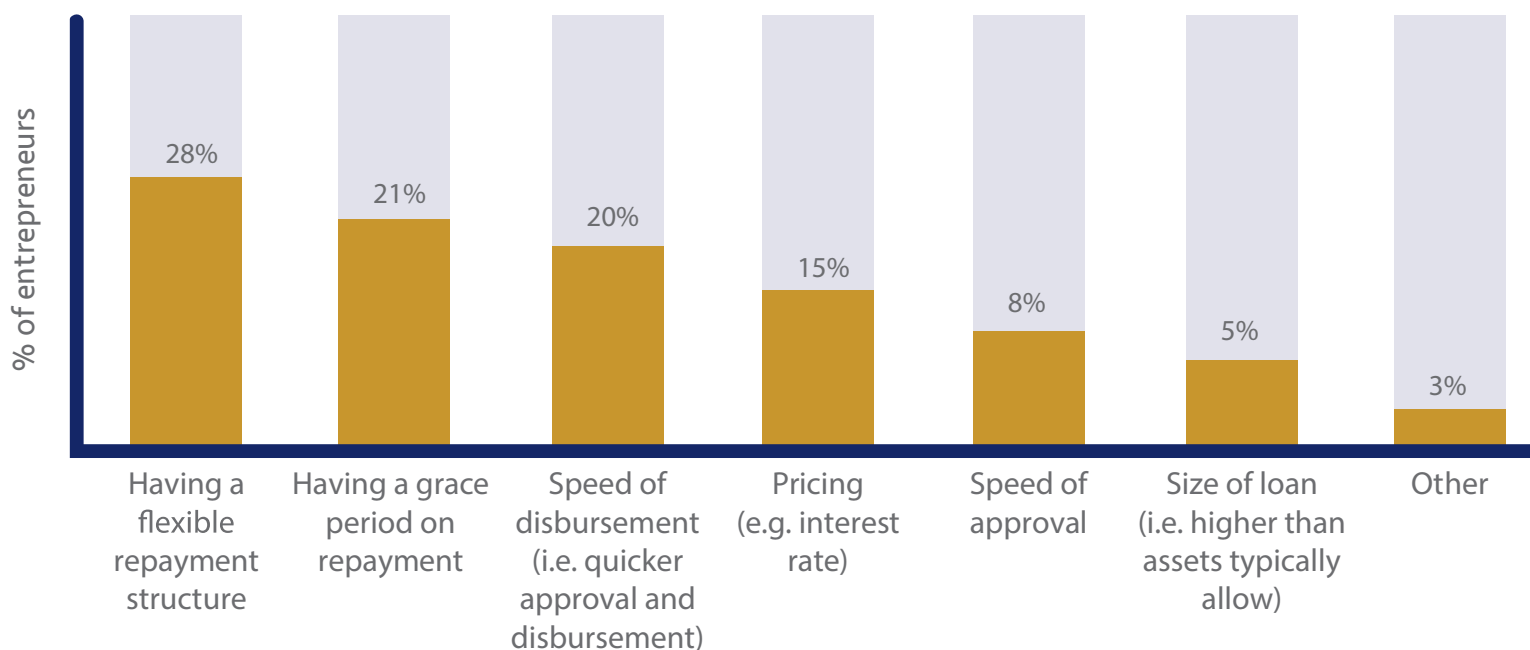
STRATEGIES FOR ADDRESSING URGENT SGB NEEDS IN RESPONSE TO COVID-19

1. Providing direct and flexible financing to help SGBs survive

SGBs need funds urgently. They particularly need flexible financing that can be disbursed quickly, and many funders have already recognized this need. Forty major US-based and international foundations, for example, have committed to more flexible funding²⁴ to help grantee partners meet emergency needs prompted by the COVID-19 crisis, an approach endorsed in a recent op-ed on Inside Philanthropy.²⁵

The most urgent need identified by SGBs is grant financing, presumably due to the significant business uncertainty they face going forward. Relatedly, for new debt issuances SGBs most highly value flexible repayment, grace periods, and a fast disbursement (Figure 11). Responses to the GALI survey also suggest that many SGBs prefer not to take on any new debt due to business uncertainty but, if required to do so, would advocate to receive forgivable debt. Unlike in the United States, where the Paycheck Protection Program is providing fully forgivable loans to many small businesses, most emerging markets do not have broad relief programs with such advantageous terms, leaving a major hole that international donors have the opportunity to fill.

Figure 11: Most important features of debt financing during COVID-19



Source: GALI Entrepreneur Survey (N=357)

²⁴<https://www.fordfoundation.org/the-latest/news/top-foundations-pledge-flexible-funding-to-grantees-in-wake-of-covid-19-crisis/>

²⁵<https://www.insidephilanthropy.com/home/2020/3/16/philanthropy-has-a-duty-to-respond-quickly-to-the-covid-19-outbreak-and-heres-how-we-can-do-it>

Fortunately, many development institutions are making new funding available for SGBs. Notable examples of new financing vehicles for SGBs/SMEs in response to the COVID-19 crisis include:

- The [**International Finance Corporation \(IFC\)**](#) has committed US \$2 billion through its Global Trade Finance Program to cover payment risks for financial institutions; this program will support SMEs involved in global supply chains by providing trade financing to companies that import and export goods. The Working Capital Solutions Program extends funding to emerging market banks so they can extend credit for businesses' payroll and rent needs.
- The [**Inter-American Development Bank \(IADB\)**](#) is making US \$12 billion in financing available to member countries, part of which is focused on assisting SMEs through short-term liquidity grants, a safety net for vulnerable populations, and country-level support for crisis response.
- [**responsAbility**](#) is establishing an emergency liquidity facility to support MSMEs through equity; companies selected will need to demonstrate pre-COVID viability and reliability.
- The [**Open Road Alliance**](#) is raising US \$40 million for the Impact Fund, which will provide short-term bridge loans to social impact organizations in Africa, the United States, Latin America, and South Asia.
- [**Vital Capital**](#) dedicated US \$10 million to a new debt facility providing loans to help promising businesses in sub-Saharan Africa get through the coronavirus pandemic.
- [**EquaLife Capital**](#) is raising a US \$20 million COVID-19 response fund for African startups.

2. Providing non-financial support to help SGBs adapt to a post-COVID-19 world

SGBs need technical assistance to build resiliency and adapt to new market challenges (and opportunities) in the short and medium term. CDOs such as the African Management Institute (AMI) provide one example of what this type of support for SGBs looks like in the short term. AMI has launched a suite of programs through their COVID-19 Business Survival Bootcamp, ranging from cash-flow forecasting to meditation sessions to promote mental well-being, and, soon, tools for leading in a crisis.²⁶ TechnoServe has also shown its adaptability through the "Reset, Adapt, Engage" framework for navigating crises²⁷ and digital skills trainings²⁸ to provide training for remote engagement.

More focused technical assistance to help SGBs access government support or other relief funds can also have a high impact, especially given the increasing number of new support funds. CDOs are in a unique position to help SGBs navigate the relief landscape; a recent Brookings Institution report highlighted how local SGB support providers can be critical facilitators of larger relief mechanisms²⁹, as they already have relationships and trust among the businesses that can benefit from relief funds.

²⁶ Harrison, R. (2020). [5 things SMEs need right now](#). African Management Institute.

²⁷ Technoserve. (2020). [The Coronavirus and Entrepreneurs in the Developing World: Learning to Support Businesses in Crisis](#).

²⁸ Technoserve. (2020). [Supporting Entrepreneurs with Digital Tools: How to Make Remote Learning Impactful](#).

²⁹ Parilla, J., Liu, S., & Whitehead, B. (2020). [How local leaders can stave off a small business collapse from COVID-19.](#) Brookings Institution.

3. Providing direct financial support to CDOs headquartered in emerging markets to protect core capabilities and develop new programming

CDOs in emerging markets have two sets of financial needs: short-term financing to maintain solvency and payroll, and medium-term financing to develop and scale COVID-19 programming for SGBs.

First, new funding to maintain solvency is needed to prevent job losses so CDO staff can continue to support SGBs and keep critical knowledge and skills within the organization. Financial support must be of sufficient size and be approved and disbursed quickly enough to slow layoffs. Impact monitoring should also be “light touch”—for example, tracking metrics that organizations are already generating—to help ensure quick disbursement and CDO’s ability to focus on programming. Funders that have already provided restricted grants to CDOs should consider making those grants unrestricted so each organization can determine how best to maintain liquidity and survive the crisis.

Second, CDOs also need funding to adapt their programming. In the short term, this might mean new programming to adjust to social distancing and help SGBs diversify funding sources, provide emotional support to staff, manage cash, and access COVID-19-related funding. In the medium term, SGBs need support to adjust to disrupted or permanently altered supply chains, collect and make sense of information on changing markets, adjust products or services for new customer segments, and repurpose existing assets to take advantage of new opportunities. It is worth noting that CDOs are already proactively investing in these types of programs, but without funding support, and a lack of resources will put these new programs at risk.

While there are a wide variety of funding mechanisms emerging that are directly focused on financing for SGBs, there are as yet few (if any) examples of new financing vehicles targeting CDOs. This puts SGB support ecosystems in emerging markets at extremely high risk of collapse and limits options for SGBs to receive critical support during and after the crisis. Funders willing to support the overall SGB support ecosystem should ideally pool their grant funds into a centralized facility to avoid a fragmented application process for CDOs, with separate windows for immediate relief funding and longer-term program adaptation funding.

A recent report from the Joint Research Centre of the European Commission highlighted the importance of CDOs and other ecosystem builders for helping SGBs during the crisis: “Entrepreneurs access resources, information, and knowledge to develop their capabilities through social interactions with resource providers in their ecosystem. It is these relationships that facilitate entrepreneurship...Governments need to ensure that entrepreneurial ecosystems remain intact.”³⁰ The SGB sector in emerging markets around the world has spent years building supportive ecosystems to help entrepreneurs thrive. These ecosystems are currently at extreme risk due to the COVID-19 crisis, and it is imperative that funders, governments, and other ecosystem supporters respond strongly and effectively to protect the progress that has been made.

³⁰ Mason, C. (2020). [“The Coronavirus Economic Crisis: Its Impact on Venture Capital and High Growth Enterprises.”](#) The Joint Research Centre of the European Commission.

NEW RESOURCES AND SUPPORT INITIATIVES FOR SGBS

ANDE will continue to provide a platform for SGB support organizations to gather and share information on how they are adapting to the COVID-19 crisis. Our comprehensive and regularly-updated list of resources for the sector is available [online](#).

Notable other information sources and initiatives for the SGB sector include:

- [Call to Action: Philanthropy's Commitment During COVID-19](#) via Council on Foundations
- [Covidcap.com online searchable database for entrepreneurs worldwide](#) via CASE at Duke and World Economic Forum
- [COVID-19 Coalition](#) among investors and entrepreneurs via Village Capital
- [COVID-19 Crisis: Global Knowledge Base for Startup Ecosystem Actors](#) via Startup Genome
- [COVID-19 Funding Dashboard](#) via Devex
- [COVID Action Platform](#) via the World Economic Forum
- [COVID Response Alliance for Social Entrepreneurs](#), which includes 40+ leading global organizations to coordinate responses
- [Emprendedores Frente al COVID-19](#), a Latin America-focused partnership including ANDE members Agora Partnerships, BLab, FUNDES, Impact Hub, Viva Idea and more
- [How are impact investors addressing COVID-19?](#) via the GIIN

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



Produced by the Aspen Network of Development Entrepreneurs © 2020