SME WEEKLY NEWS

(23 March 2020 – 27 March 2020)

Countries	Highlights
MALAYSIA **SMEs get RM13bil stimulus**	The central bank has increased the allocation for a special fund targeting SMEs by an additional RM4bil to RM13.1bil, while making the facilities under the fund cheaper and accessible to businesses. The enhancement is to help SMEs sustain their business operations and preserve jobs. The enhancements under the fund will entail firstly, an increase in the allocation of the Special Relief Facility (SRF) from RM2bil to RM5bil to provide relief assistance to more SMEs who are affected by the Covid-19 outbreak. The maximum financing rate is now lowered from 3.75% p.a. to 3.5%. The enhanced SRF is available until 31 Dec 2020. Secondly, an increase in the allocation of the All Economic Sectors facility from RM5.8bil to RM6.8bil to enhance access to financing for SMEs and to support growth. The maximum financing rate is also reduced from 8% p.a. to 7%. In addition, SMEs can also apply three other facilities under the fund, namely the Automation and Digitalisation Facility, Agrofood Facility and Microenterprises Facility. Additionally, the central bank is also providing measures for affected policyholders and takaful participants, such as the deferment of payment of life insurance premiums and family takaful contributions, effective April 1 until 31 Dec 2020. *(Source: The Star, 27 March 2020)*
MALAYSIA **Covid-19: After MCO, survey finds nearly 70pc SMEs lost half income**	A survey by an online home services platform, Recommend.my have found that 68.9% of local SMEs have suffered more than 50% drop in business within one week of the movement control order (MCO) period. Around 92.5% of SMEs now have a negative outlook for Malaysian economy for the rest of 2020. The majority of SMEs plan to use better hygiene practices, workplace disinfecting, and work from home policies as strategies to maintain business operations, but a worrying 10 to 15% of them are considering to reduce or re-deploy their staff. Among the problems faced by SMEs prior to MCO include fewer requests for their service, cancellation of orders, reduction in client spending and clients are avoiding face-to-face meetings. After the MCO, up to 91.1% SMEs reported far severe problems facing their business, including SMEs' inability to get supplies during MCO period as their suppliers have temporarily closed down. Up to 75% of them reported that their biggest worry right now is cash flow stemming from very low sales. Prior to MCO, their fear was on supply chain disruption but now many companies just want to know where their next sale is coming from. One week into MCO, more SMEs felt that the situation was beyond their control (9.3%), and 18.6% now feel the need to redeploy their workers, learn new skills and offer new products. *(Source: Malay Mail, 27 March 2020)*
PHILIPPINES **SMEs urged to comply with quality standards**	SME owners and managers in the export industry are encouraged to comply with regulatory requirements & quality standards and adapt to changing market conditions and preferences to boost sales. A research paper series published by Philippine Institute for Development Studies identified compliance with regulatory requirements and quality standards, both in the Philippines and potential export market destinations, as among main challenges for SMEs in linking to GVCs. These standards include certifications on the use of certain production processes and inputs to make it compliant with regulations in export markets. The paper underscored the need to comply with these standards as it improves the quality of the product, thereby increasing its chances to penetrate the international market. Conformity with certain non-regulatory standards, such as organic production, allows the producer to participate in the higher-value segment of the GVC. The paper cited reasons for Philippine SMEs find it difficult to comply with international standards and regulations, including access to finance, lack of access to skilled labor and absence of an entrepreneurial mindset. *(Source: Philippine News Agency, 27 March 2020)*

SINGAPORE **$20 billion in loan capital to give businesses access to credit during Covid-19 crisis**	Billions have been drawn from past reserves to finance several enhanced schemes to provide business with credit access amid the coronavirus outbreak. The Temporary Bridging Loan Programme, which was previously rolled out to the hard-hit tourism sector only, will be made available to enterprises across all sectors. Around $20 billion of loan capital has also been allocated in the $48 billion Supplementary Budget to support companies with strong capabilities and catalyse private sector loan capital. The SME Working Capital Loan, which helps SMEs in all industries access financing for cash flow, has also been updated. The maximum loan quantum has been increased to $1 million, up from the $600,000 cap announced at Budget 2020. The Government will work with participating FIs to defer principal payments for one year on loans under these two schemes if enterprises request to do so. The Government is also increasing its subsidies to businesses for loan insurance premiums under the Loan Insurance Scheme to 80%, up from 50% to help SMEs across all industries manage their trade financing costs. The Monetary Authority of Singapore is working with banks and insurers to see how they can best help businesses and individuals facing cash flow challenges with their loan obligations and insurance premium payments. *(Source: The Straits Times, 26 March 2020)*
CAMBODIA **MoUs boost finance access for SMEs**	The Agriculture and Rural Development Bank (ARDB) has signed MoU with the Cambodia Food Manufacture Association (CFMA) to disburse $50 million in loans from the government to SMEs for business expansion and productivity. CEO of ARDB, Kao Thach said that the funds will help boost Cambodian exports so the Kingdom can repel some of the economic impacts from Covid-19. ARDB will provide all SMEs with low-interest loans. The fund can provide for up to 500 SMEs to expand their businesses. The fund aims to help companies boost productivity and improve their competitiveness amid the impact of the Covid-19 outbreak and the EU's partial withdrawal of the Everything but Arms (EBA) scheme, ARDB said. Enterprises can borrow up to $300,000 each, with a low 6% annual interest rate for loans used as working capital and 6.5% for those used for investment. The president of CFMA said that he will recommend CFMA members to apply for loans from ARDB. Last week, the ARDB also signed an MoU with Cambodia Women Entrepreneurs Association, Young Entrepreneurs Association of Cambodia and Cambodia Investors Club to enhance SMEs' access to finance. *(Source: The Phnom Penh Post, 25 March 2020)*