



Keeping Firms and Supply Chains Afloat in the Age of COVID-19

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Sashi Jayatileke is the Team Lead of the Development Finance, Impact Investing, and Entrepreneurship team in USAID'S Private Sector Engagement (PSE) Team. In this role, she manages the team that provides technical and strategic advice on finance, including the PACE program, INVEST, Catalyze, and the blended finance learning agenda.



Anastasia de Santos

Anastasia de Santos is an economist with USAID's Trade & Regulatory Reform Office in Washington, DC. She has worked in USAID's Bureau for Economic Growth, Education & Environment since 2008 and currently works on USAID's Employment Framework, private sector development, and women's economic empowerment.



Thuy Nguyen

Thuy Nguyen is a Senior Program Manager and the Mission Private Sector Engagement Advisor of USAID/Vietnam. She has been with the Mission since 2008 and has managed a high number of activities in such areas as economic growth, governance, education, trade facilitation, and private sector engagement.



Yacine Simporté

Yacine Simporté is an Investment Officer at I&P, an impact investment group dedicated to African SMEs. She is involved in the I&P Development project (IPDEV 2), which aims to sponsor 10 new African impact funds dedicated to small businesses with high potential. She is also coordinating the implementation of the USAID PACE Program in the Sahel region.



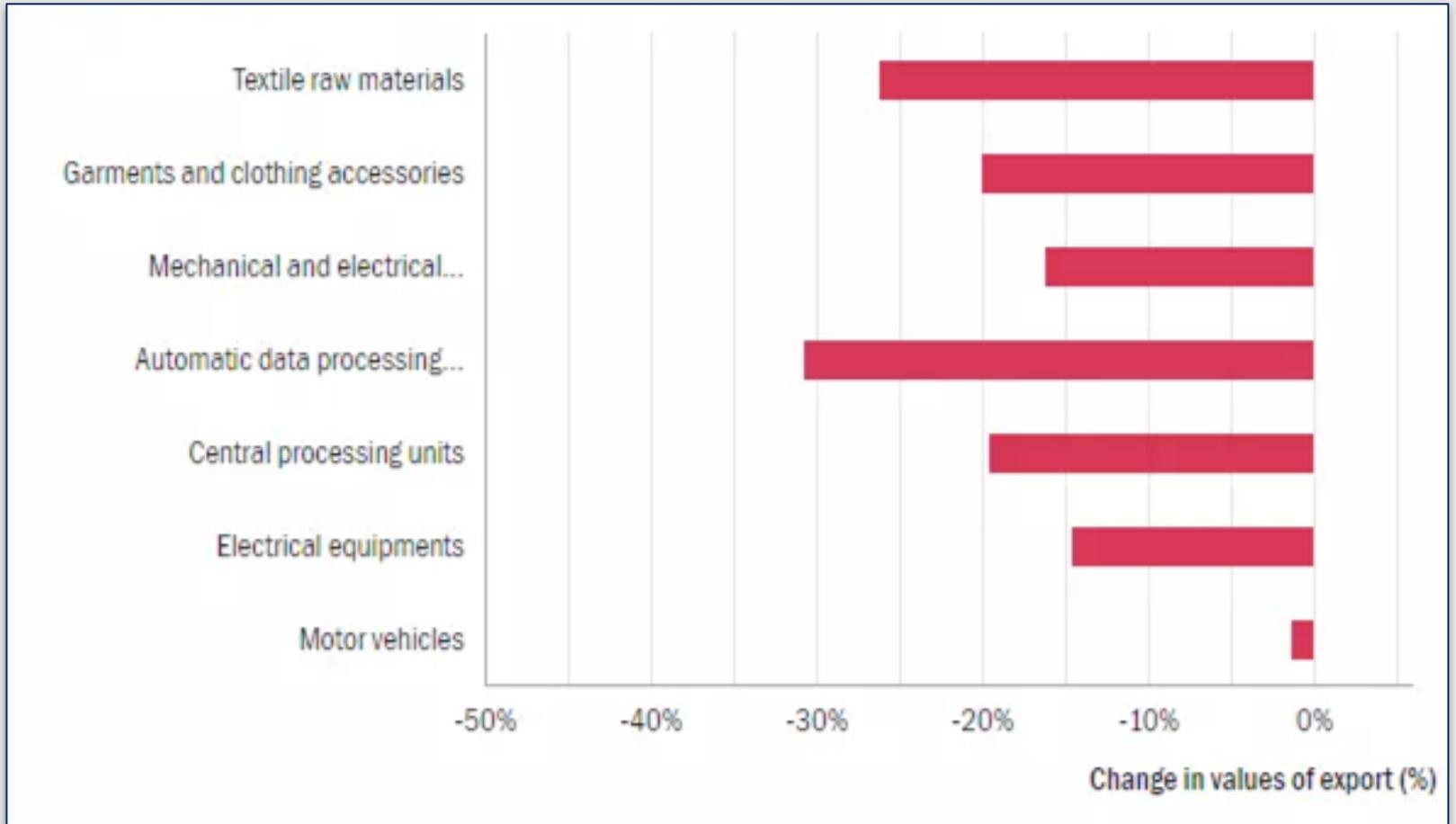
AGENDA

1. Introduction
2. COVID-19 Impact
3. USAID's Response
4. USAID/Vietnam and LinkSME
5. Investisseurs & Partenaires
6. Q&A

Disruptions on a Global Scale

- Industrial production in China has fallen by 13.5 percent in January and February combined (y-o-y).
- Calls for supply chain nationalization, regionalization, and **redundancy**; the last present opportunities for our host countries to compete with Chinese products and services.

Select Chinese Exports, Jan/Feb 2020, Y-O-Y



Source:
WEF

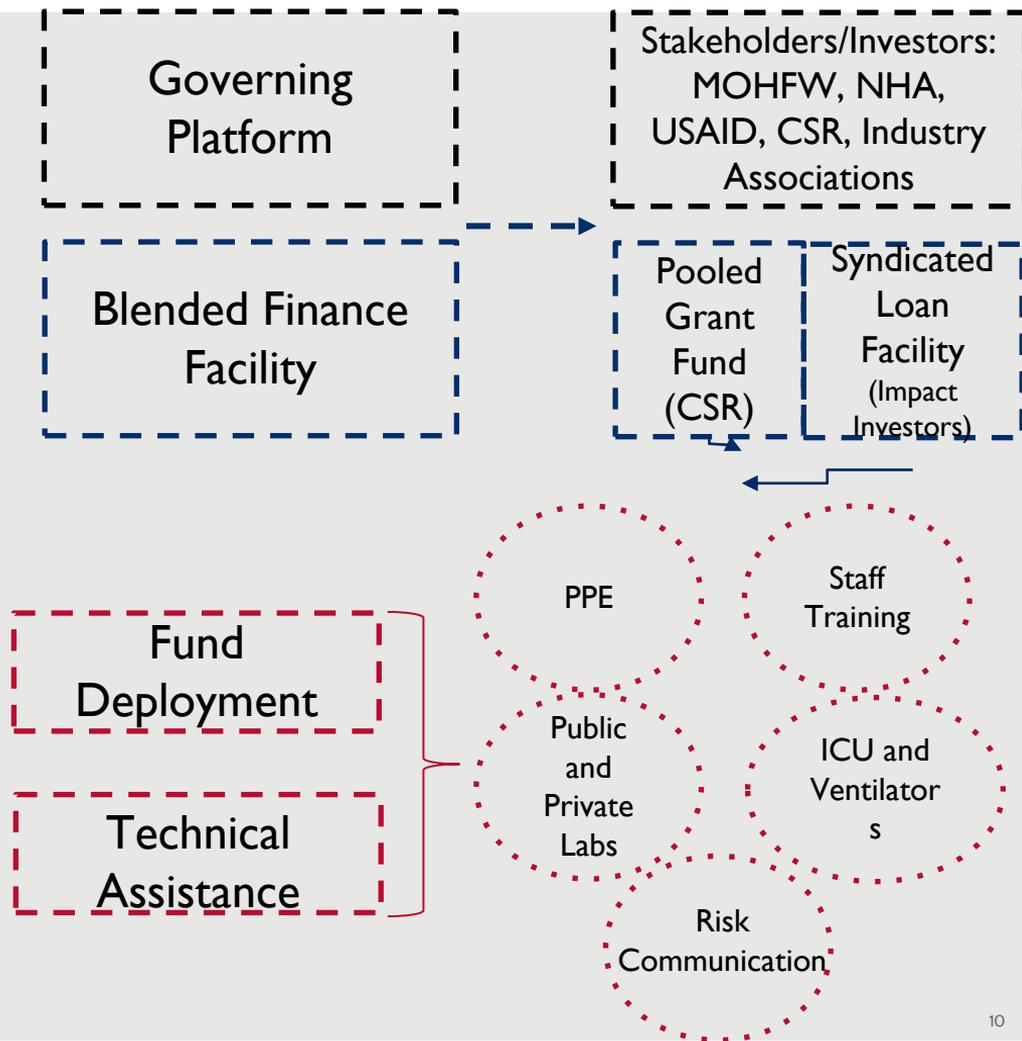
Facilitate Liquidity

Innovative grant-making and finance are critical in responding to COVID-19

- USAID recognizes the need to **adapt quickly** in the face of a pandemic that **threatens to destroy a generation of SMEs**
- We seek to **listen to partners** so as to **support local firms with enterprise driven solutions**
- What **types of solutions** are we seeing?
 - a. **Blended Finance** such as catalytic capital (financing that lowers the risk of private capital to facilitate investment), **mezzanine finance**
 - b. **Relief Capital:** program income, 0% loans, recoverable grants
 - c. Advisory Services and virtual technical assistance
 - d. Disrupted supply chains create more demand for **local currency lending**

Adaptive Management

- Post-COVID-19 era will be different. Helping entrepreneurs and SMEs to design and implement strategies that address immediate needs will instill the **adaptability tools and resiliency mindset** required to thrive in this new world
1. USAID/India Blended Finance vehicle
 2. Haiti Investment Platform
 3. Feed the Future Partnering for Innovation
 4. I&P: Partner of PACE Initiative





USAID Helps Vietnamese Businesses Adapt to Post-COVID-19 Supply Chain Realities

Thuy Nguyen, USAID/Vietnam
June 18, 2020

Challenges of SME integration pre-COVID

Small and Medium Enterprises (SMEs)

- 98 percent of total enterprises
- 63 percent of employment
- 45 percent of GDP
- 21 percent of SMEs are a part of global supply chains

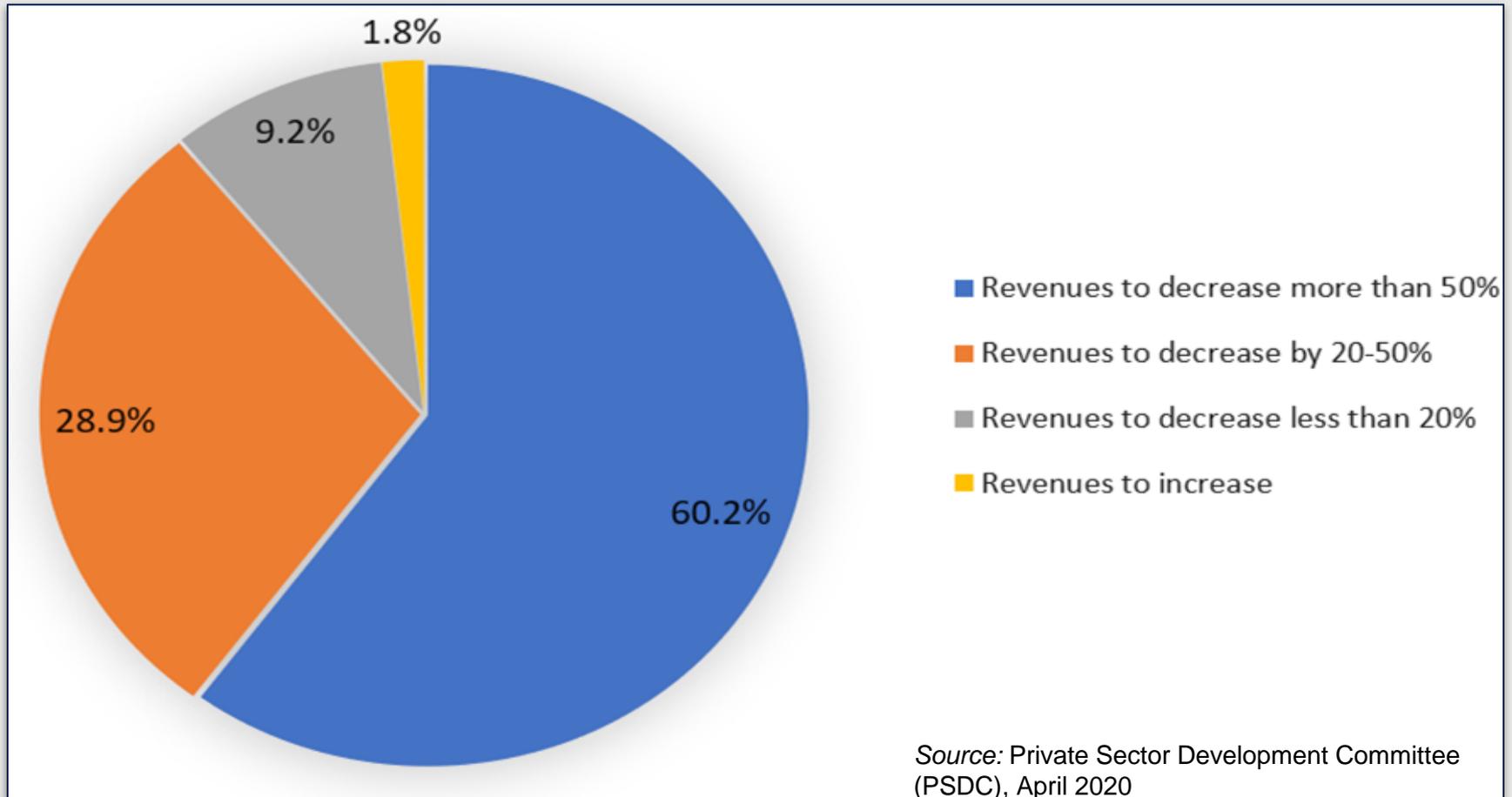
Foreign Direct Investment (FDI) Firms

- 70 percent of Vietnam's exports
- Co-locate with their foreign suppliers
- Processing and manufacturing remain the most attractive sector
- Largest investors: South Korea, Japan, Singapore, China

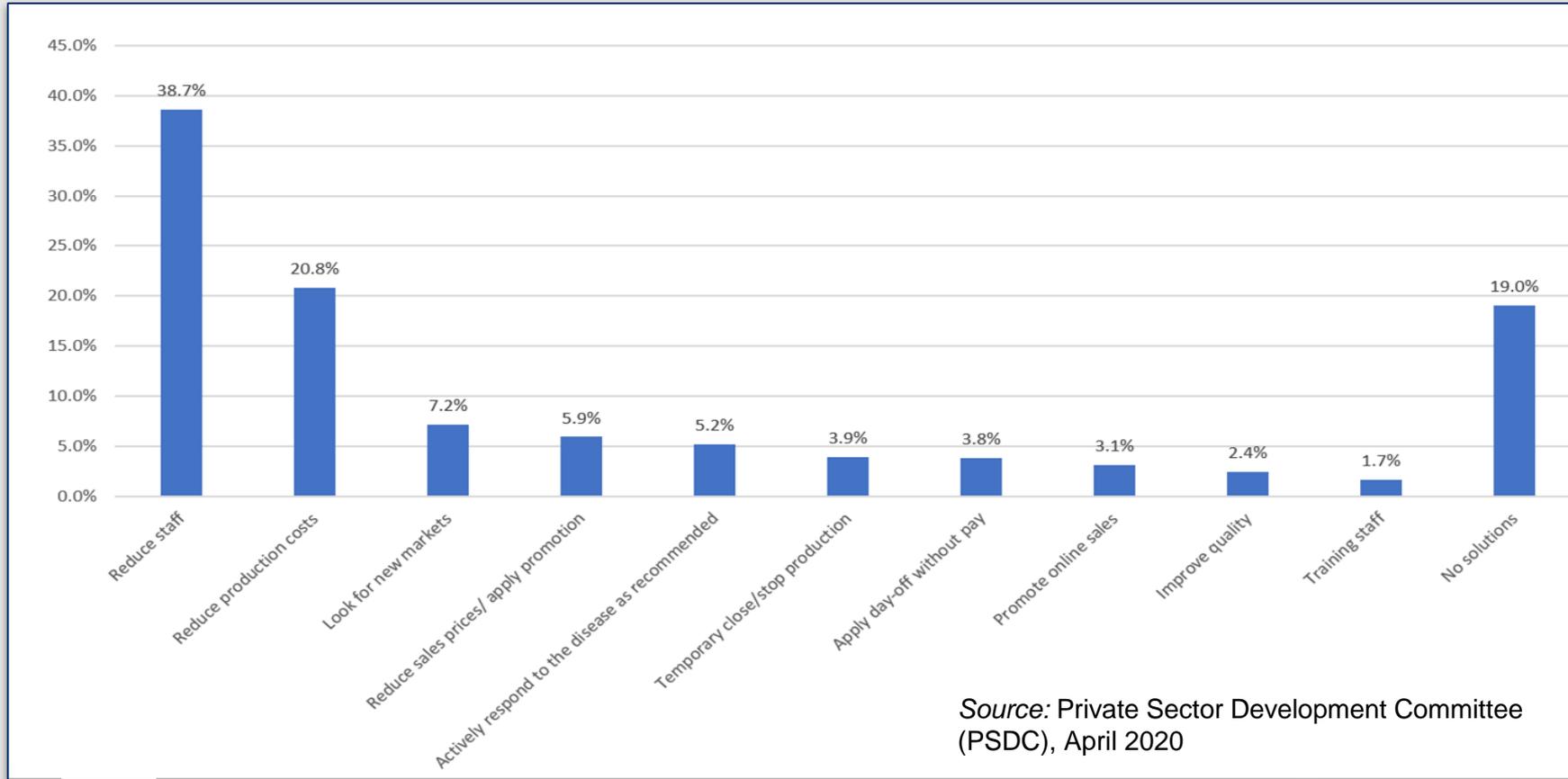
SME Linkages to FDI Firms

- Local content in Vietnam is low by regional and global standards
- Why? Low technology adoption, poor productivity, lack of experience with FDI firms, inadequate standardization, shortage of skilled staff and management, language barriers, limited access to finance, low reliability...

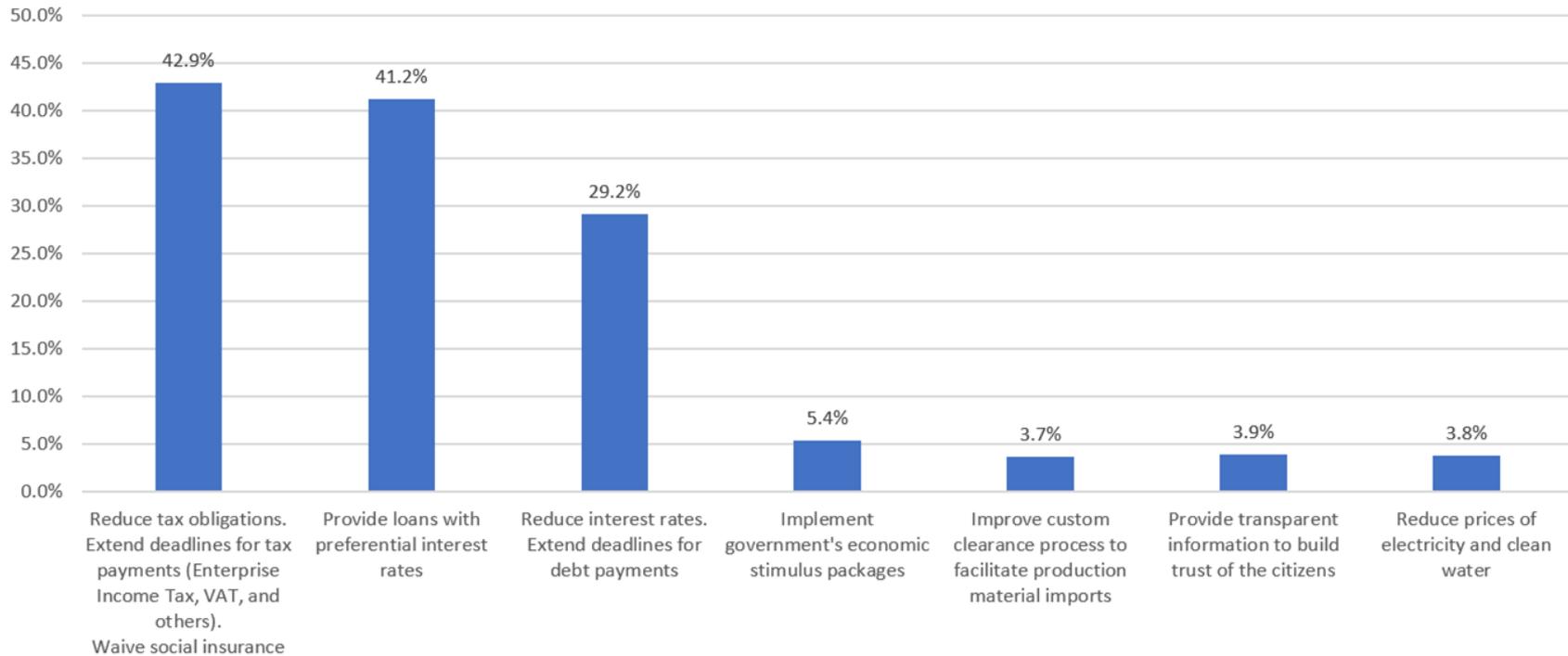
How COVID-19 has impacted Vietnamese SMEs



Proactive Measures by SMEs to Cope with COVID-19



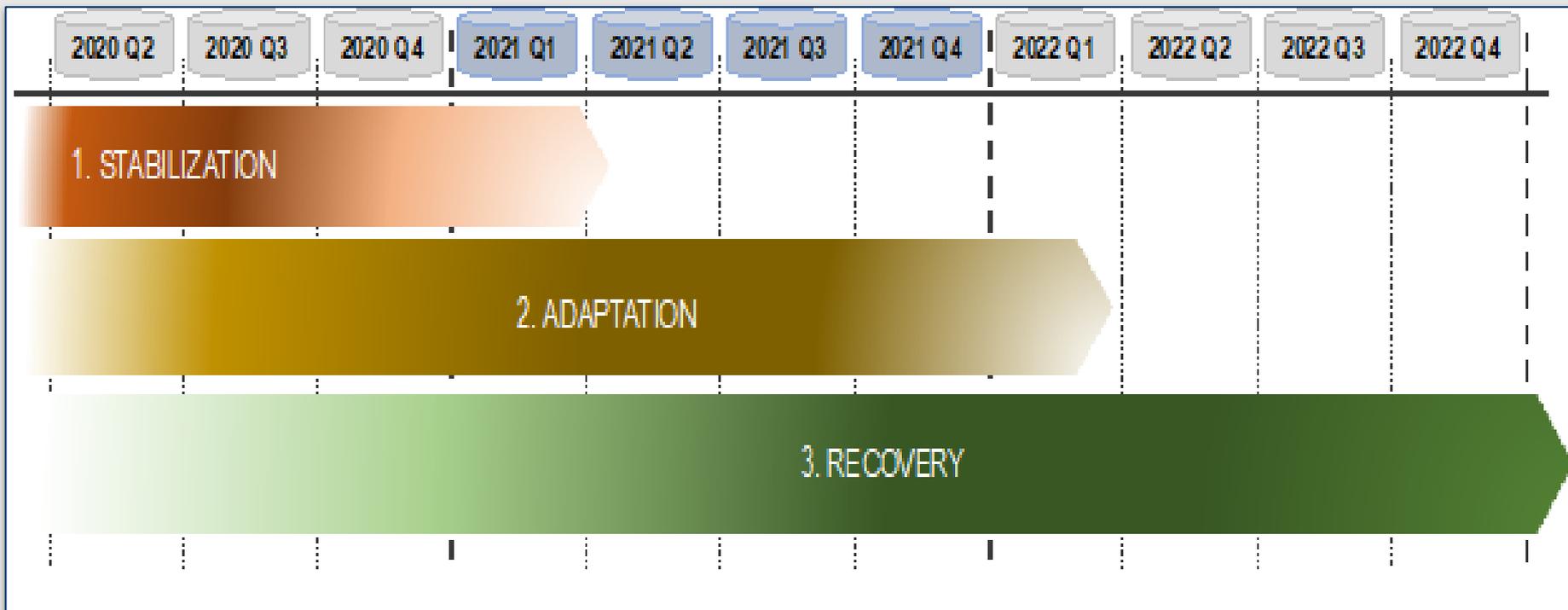
Recommendations from SMEs to the GVN



Source: Private Sector Development Committee (PSDC), April 2020

USAID LinkSME COVID-19 RESPONSE

Support Across Expected Phases of COVID-19 Response



USAID LinkSME COVID-19 RESPONSE

Component I: Policy Reforms

STABILIZATION

Review recently issued policies and regulations and propose/recommend, add/modify corrective solutions.

ADAPTATION

Review and evaluate business conditions in sectors.

Propose solutions to improve effectiveness in state governance.

RECOVERY

Study the trend of investment flows, and propose policies to support enterprises engaged in new value chains.

USAID LinkSME COVID-19 RESPONSE

Component 2: Government to Business Interactions

ADAPTATION

Research and recommend a pilot digital administrative procedure reform to improve G2B interactions.



USAID LinkSME COVID-19 RESPONSE

Component 3: Business to Business Linkages

STABILIZATION

Support businesses to restructure production models and financial sources.

Improve and roll out the SME care tool to improve performance of SMEs.

Establish the Vietnam Mentoring Network (VMN) to provide coaching services to SMEs

USAID LinkSME COVID-19 RESPONSE

Component 3: Business to Business Linkages

ADAPTATION

Develop a training system (including online training) for SMEs.

Provide VMN experts to SMEs.

Support digital transformation at SMEs.

Support SMEs to renegotiate lending terms and restructure debt.

Promote innovative financial services for SMEs.

USAID LinkSME COVID-19 RESPONSE

Component 3: Business to Business Linkages

RECOVERY

Conduct experience sharing workshops among CEOs of lead firms and SMEs

Establish new value chains and sustainable ecosystem

Conduct business e-matching sessions for SMEs

Initial Success of USAID LinkSME



Made-in-Vietnam isolation gowns exported to the USA, produced by Viet Thanh Garment Company, April 22, 2020



MARKETLINKS

Investisseurs & Partenaires
An impact investing group focused
on African entrepreneurship

June 4 , 2020

I&P IN A NUTSHELL

Investisseurs & Partenaires (I&P) is a pioneering impact investment group entirely dedicated to financing and supporting small and medium-sized enterprises (SMEs) and start-ups in Sub-Saharan Africa. Created in 2002 by Patrice Hoppenot and managed by Jean-Michel Severino since 2011, I&P has developed three complementary business lines to provide SMEs the necessary financing and skills.

A TEAM OF **80** PEOPLE

- A committed team of **Franco-African staff**
- Based in **7 African sites**: Burkina Faso, Cameroon, Côte d'Ivoire, Ghana, Madagascar, Niger and Senegal, as well as in Paris and Washington D.C.
- Creation of a new hub in Eastern Africa (Uganda/Kenya) currently underway

MORE THAN **120** COMPANIES SUPPORTED

- **100** capital-funded companies and **20** companies benefiting from subsidized acceleration programs
- With financing needs ranging from **€10,000** to **€3 million**
- Based or operating in **fifteen** Sub-Saharan African countries



3 COMPLEMENTARY BUSINESS LINES

- **I&P Acceleration**: Scaling-up young businesses through seed-funding and/or training programs.
- **I&P Development**: Financing small businesses through a network of partner funds in 10 Sub-Saharan countries.
- **I&P Expansion**: Directly supporting and financing the development of SMEs and start-ups and strengthening their impact.

SUPPORTED BY MORE THAN **70+** INVESTORS

- I&P and its partner funds have raised over **€200 million** from African and international investors and donors.
- These include **institutional** and **private** investors, **foundations**, **family offices** and individual investors.

PACE IN THE SAHEL:

Accelerating the growth of early-stage businesses in Burkina Faso, Niger & Senegal

An innovative acceleration program for young companies in Niger, Burkina Faso and Senegal. The program supports high-potential start-ups and small and medium-sized enterprises to facilitate their access to finance in a region where the ecosystem supporting entrepreneurship is still poorly developed.

- **Period:** 2017-2020
- **Geography:** Burkina Faso, Niger, Senegal
- **Sector:** Generalist
- **Portfolio (current):** 24

Implementing Partners



KEY FIGURES

24 SGBs funded

108 jobs created or maintained

58% of companies are run by women

41% SGBs average revenue growth a year after the program

5 companies raising follow-on financing before the end of their acceleration

COVID IMPACT ON THE PORTFOLIO

An initial assessment shows that on the 120 SGBs (including PACE SGBs), approx. half of SMEs face a high level of risk with:

- Very significant loss of revenue (more than 25%), in hard-hit sectors
- Some of them had already a fragile cash situation
- Significant lay-offs have already happened or are about to (more than 20% of staff)

The other half of portfolio face moderate or low risk, with various situations:

- Some companies can pursue their activity and work remotely, or face a moderate loss of revenue
- Some companies have opportunities to adapt or transform activities and business model in this context (e.g. education sector).



I&P's COVID RESPONSE (1)

AT THE PACE PORTFOLIO LEVEL

Most of the early-stage SGBs were compelled to partially interrupt their activities or to readjust their business models to face the situation. I&P is providing a 3 pronged solution to support them in this particular context:



Strategic coaching

Providing close support to portfolio SGBs to repurpose their business models and innovate their offer and processes to cope with a long-lasting slowdown.

ELIGIBILITY
CRITERIA

All Portfolio SGBs



Providing additional financing

Repurposing our PACE award to provide follow-on financing to the most promising SGBs to face the crisis.

Selection based on performance and impact criteria



A proven digital technical assistance model

Strengthening the capacities of entrepreneurs by proposing tools and organizing digital trainings that have been tried and tested with 1000+ entrepreneurs, to help them adjust to crisis situations.

All Portfolio SGBs

I&P's COVID RESPONSE (2)

AT LARGER SCALE: A RELIEF FUND FOR AFRICAN SGBs

I&P is launching IPC19, a Relief Fund for African Fragile Countries to:

- Help 100+ African SGBs to deal with the sanitary crisis and the economic turn-around
- Maintain around 1,500 jobs
- Accelerate digital transition, adaptation of business model, product and process innovation to cope with the crisis,

- Launch : 2020
- Geography: Africa
- Sector: Generalist
- Portfolio (target) 100+ SGBs

KEY CHARACTERISTICS OF THE FUND:

A 20 M EUR RELIEF FUND FOR AFRICAN SGBs

I&P is raising a 20 M EUR fund, mainly from public and private grant donors with complementary strategies.

The reimbursed funds from the PACE program may also be recycled to capitalize the fund.

FLEXIBLE FINANCIAL INSTRUMENTS

- Interest and collateral free loans between 20K and 300K USD
- 7 SGBs already approved with the support of a donor

- Interest-bearing loans in few cases

IMPROVING SGBs RESILIENCE via TA

The TA part of the fund will be central to provide access to tailored capacity building and advisory services to SGBs. The fund targets to assist up to 200 companies.



THANK YOU



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