Study on the Effects of Financial Support Schemes on the Performance of SMEs during COVID-19: A Comparative Analysis

APEC Small and Medium Enterprises Working Group

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ACRONYMS AND ABBREVIATIONS

APEC	Asia-Pacific Economic Cooperation
AUD	Australian dollar
CAD	Canadian dollar
CEBA	Canada Emergency Business Account
CECRA	Canada Emergency Commercial Rent Assistance
CEWS	Canada Emergency Wage Subsidy
CGSs	Credit Guarantee Schemes
CLP	Chilean Peso
COFIDE	Development Finance Corporation (Peru)
CRHP	Canada Recovery Hiring Program
FAE Agro	Business Support Fund for the Agricultural Sector
FAE Mype	Business Support Fund for SMEs
FAE Texco	Business Support Fund for the Textile Sector
FOGAPE COVID	Covid-19 Guarantee Fund for Small Entrepreneurs
FOGAPE Reactivate	Guarantee Fund for Small Entrepreneurs Reactivate
GDP	Gross Domestic Product
HASCAP	Highly Affected Sectors Credit Availability Program

HHBRP	Hardest-Hit Business Recovery Program
IFC	International Finance Corporation
IMACEC	Monthly Economic Activity Index
IPoM	Monetary Policy Report
MEF	Ministry of Economy and Finance
MSMEs	Micro, Small and Medium Enterprises
MYPE	Micro and Small Enterprises
MXN	Mexican Peso
OECD	Organisation for Economic Co-operation and Development
PAE Mype	Business Support Program – PAE MYPE
PEN	Peruvian Sol
PRODUCE	Ministry of Production (Peru)
SMEs	Small and Medium Enterprises
THRP	Tourism and Hospitality Recovery Program

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EXECUTIVE SUMMARY

Small and medium-sized enterprises (SMEs) constitute the fundamental architecture of economic activity across the Asia-Pacific Economic Cooperation (APEC) region. They represent around 97% of all businesses and 60% of total private employment in the majority of economies. However, SMEs were the group of businesses that suffered more negative effects during the Covid-19 pandemic, which is explained by structural factors.

In this context, this study examines and compares the support mechanisms implemented by five APEC economies - Australia; Canada; Chile; Mexico; and Peru - during the Covid-19 pandemic, focusing on their design, implementation, and impact on SMEs. The analysis aims to identify lessons learned and propose recommendations to enhance future crisis-response frameworks. This will contribute to APEC's ongoing dialogue on inclusive, sustainable, and resilient economic recovery.

The analysis was based on a mixed-method approach combining secondary data review, 8 semi-structured interviews, a cross-economy SME survey (250 valid surveys), 50 firms by economy, and a webinar with the participation of representatives of economies and SMEs. The comparative perspective captures both the diversity of responses and the institutional conditions that shaped implementation outcomes. The study analyzed the support mechanisms considering four categories: job retention schemes, deferral measures, financial instruments, and structural policies.

The pandemic exposed the structural vulnerabilities of SMEs but also confirmed their central role in sustaining employment and production. In addition, the effects of the pandemic were different for each economy. In 2020, GDP contractions ranged from 0.1% in Australia to 11.1% in Peru, and job losses changed. Nevertheless, it was evident the disproportionate effect on SMEs concentrated in contact-intensive sectors such as retail, accommodation, and service. In this context, economies implemented several measures to support SMEs. Across economies, short-term measures - job retention schemes, deferral measures, financial instruments- were applied in comparison to structural

measures - such as digitalization or productivity upgrading- that remained limited, underscoring the need to integrate resilience-building elements into emergency programs.

Advanced economies (like Australia and Canada) demonstrated greater institutional readiness. They designed interventions considering their pre-existing systems, such as tax, welfare, data systems, well-established monitoring mechanisms, and banking frameworks, and efficient inter-agency coordination to deploy large-scale interventions rapidly. In Australia, programs such as the JobKeeper wage subsidy, extensive loan deferrals, and the SME Loan Guarantee and Recovery Loan Schemes, and in Canada, programs such as the Canada Emergency Wage Subsidy and the Canada Emergency Business Account, avoided large-scale bankruptcies and mitigated employment losses. Developing economies (Chile; Mexico; and Peru) focused on financial instruments like credit guarantees, direct loans, or grants, but they applied limited subsidy options. Programs such as Fogape-Covid in Chile and Reactive Peru provided massive liquidity injections that were supported with a strong inter-agency coordination. In Mexico, “Trust word” extends microloans but of limited amounts, which restricts their longer-term effectiveness. However, these measures have challenges in their design and implementation, like limited information, long process to identify beneficiaries, and did not reach the informal segment, which highlights a structural challenge in financial inclusion.

The analysis confirms that SMEs are central to sustaining economic activity. However, their structural vulnerabilities - limited liquidity, dependence on specific sectors, and high informality - made them highly exposed to crisis shocks. Public interventions were decisive in preventing business collapse and loss of jobs. Advanced economies, such as Australia and Canada, deployed large-scale subsidies (JobKeeper, CEWS, etc.) and liquidity schemes supported by strong institutional frameworks, allowing fast and transparent delivery. Preliminary evaluations show that these measures were positive in reducing the negative effect of the pandemic on SMEs and employment; however, they were expensive and, in some cases, could not support more vulnerable SMEs. Developing economies – Chile; Mexico; and Peru - applied guarantee and deferral programs (FOGAPE- Covid, Reactive Peru, Trust words, etc.) that helped sustain operations and liquidity during the pandemic. Nevertheless, they could not target informal firms and had represented a small help (Mexico) or had suffered limited information (especially Mexico and Peru).

In the same way, the survey evidence revealed that participating SMEs highlighted the importance of employment and continuity of operation. On the other hand, non-participating SMEs cited a lack of awareness, complex procedures, and reluctance to assume debt. Moreover, interviews reaffirmed the relevance of institutional coordination, data systems, and understanding of SMEs were critical determinants of policy success. These findings are relevant to designing future interventions and preparing economies to get instruments before and during crises.

The findings highlight that institutional coordination, data availability, and program design were the main determinants of policy success. Economies with robust monitoring systems and comprehensive SME data, such as Australia and Canada, could better target and evaluate support, whereas limited information, difficult to understand necessities of SMEs, and complex conditions for applying for and paying financial support in Chile; Mexico; and Peru (limited coordination) restricted outreach and consistency.

On the other hand, international organizations such as the Organization for Economic Co-operation and Development (OECD), the World Bank, and the International Finance Corporation (IFC) have emphasized the need to modernize and diversify SME financial support frameworks. Evidence shows that most crisis-response programs were focused on traditional tools (loans, deferrals, and credit guarantees) while alternative instruments like fintech solutions, leasing, factoring, and equity-based mechanisms were underused, although they can expand access to finance, particularly for innovative and high - risk SMEs. The analysis evidenced that these new alternatives were not applied during the

pandemic. Future programs should integrate financing with digitalization, sustainability, and skills development to strengthen long-term competitiveness. Also, combining financial and non-financial assistance will enhance inclusion, resilience, and crisis preparedness across economies.

Two key recommendations emerge from the analysis: strengthening preparedness before crises and enhancing response capacity during crises. Before crises, economies should invest in institutional resilience by establishing permanent coordination platforms and by developing integrated SME data systems to guide timely and well-targeted interventions. It is equally important to embed monitoring and evaluation frameworks, promote SME formalization, and expand long-term access to diversified and innovative financing instruments—such as fintech solutions, leasing, factoring, and equity schemes. Additionally, efforts to advance SME digitalization and green finance should be prioritized to align competitiveness with sustainability goals. APEC economies could play a catalytic role in this process by creating a regional guarantee fund for SMEs, establishing common financial inclusion metrics, and fostering cross-economy mechanisms for digital and sustainable finance. During crises, policy responses should balance speed with inclusiveness, using existing administrative and financial systems to ensure rapid and transparent delivery, while simplifying eligibility criteria and strengthening communication strategies. Financial instruments must be calibrated to the liquidity needs of firms and accompanied by non-financial services—such as training, advisory, and digital tools—to support business continuity and resilience

1. INTRODUCTION

Small and medium-sized enterprises (SMEs)[1] constitute the fundamental architecture of economic activity across the Asia-Pacific Economic Cooperation (APEC) region, representing approximately 97% of all businesses [2] and demonstrating sustained growth trajectories of 1% to 2.5% annually across most member economies[3]. Moreover, employment by SMEs comprises over 60% of total employment in the majority of APEC economies, with several APEC members having shares of over 80%[4]. These statistics reflect the profound social and economic importance of SMEs as vehicles for job creation, income distribution, and the provision of goods and services within the regional economic framework.

Despite their pivotal economic role, SMEs encounter disproportionately severe constraints in accessing financial resources compared to their larger corporate counterparts, a phenomenon particularly pronounced in emerging market economies. This financing disparity manifests through multiple interconnected mechanisms: pervasive information asymmetries between borrowers and lenders, fundamental market failures in small business credit allocation, stringent collateral requirements that exceed SME asset bases, inadequate risk assessment methodologies for heterogeneous business models, limited internal financial management capabilities, and restrictive regulatory frameworks that inadvertently disadvantage smaller enterprises. The convergence of these factors creates systematic barriers that impede SME growth trajectories and constrain their capacity to contribute optimally to economic development objectives.

[1] It is important to note that while Canada and Australia use the classification of small and medium-sized enterprises (SMEs), economies such as Chile; Mexico; and Peru also include microenterprises in this category. Therefore, in these economies, we will use the term micro, small, and medium-sized enterprises (MSMEs)

[2] APEC. (2025). https://www.apec.org/groups/som-steering-committee-on-economic-and-technical-cooperation/working-groups/small-and-medium-enterprises

[3] APEC. (2020). Overview of the SME Sector in the APEC Region: Key Issues on Market Access and Internationalization. Asia-Pacific Economic Cooperation.

[4] Ibid.

The Covid-19 pandemic profoundly disrupted global economic systems and amplified pre-existing SME financing challenges, creating unprecedented liquidity crises that threatened the survival of viable enterprises across multiple sectors. In response to this extraordinary circumstance, economies implemented extensive financial support programs specifically designed to address SME vulnerabilities and preserve economic continuity. These interventions can be systematically categorized into three primary modalities: credit guarantee mechanisms that enhance loan accessibility through risk-sharing arrangements, direct lending facilities that provide immediate liquidity support, and fiscal transfers, including subsidies and grants that strengthen enterprise balance sheets. The strategic objectives of these interventions were to facilitate access to credit under preferential conditions (such as lower interest rates or longer payment terms), preserve employment levels, and ensure payment compliance within the financial supply chain to prevent systemic disruptions across interconnected business networks.

The study examines the design, implementation, and effectiveness of these financial support interventions across five strategically selected APEC economies: Australia; Canada; Chile; Mexico; and Peru. These jurisdictions represent diverse economic development stages, institutional frameworks, and policy approaches, thereby providing a robust comparative foundation for evaluating intervention effectiveness and identifying best practices. Each economy implemented distinct financial support programs during the pandemic, creating a comparative evaluation of different policy approaches and their relative effectiveness in addressing SME financing challenges.

Furthermore, this study seeks to derive evidence-based policy recommendations that can inform the design and implementation of enhanced support mechanisms for other APEC member economies, contributing to regional knowledge sharing and capacity building in SME finance policy development.

The research framework integrates both quantitative and qualitative methodological approaches, enabling comprehensive triangulation of evidence and more robust analytical conclusions. Regarding quantitative analysis, the study discusses the findings of 250 valid surveys that were applied in the five economies. The analysis distinguishes firms that participated in public support programs from those that did not, describes respondent characteristics, and assesses program impacts along three principal dimensions: employment (layoffs, furloughs, rehiring), financial (liquidity, indebtedness, access to credit) and operational (business continuity, digital adoption, supply-chain effects). Complementing this, the qualitative component includes eight semi-structured interviews with SME experts and policymakers[5]. Moreover, the study includes the opinion and perception of representative of economies and CEOs of SMEs[6] who participated in the webinar “Effects of Financial support schemes for small and micro enterprises performance during times of crisis”. The objective of this qualitative component was to gather first-hand insights into the experiences, motivations, and perceptions surrounding the support programs implemented during the COVID-19 pandemic.

The rest of this study is organized as follows: Section 2 explains the economic context of the APEC region and five economies. Section 3 presents literature reviews that explain financial support measures (design and implementation) and their effects on SMEs. Section 4 analysis findings of survey and interviews. Section 5 presents conclusions of the study and Section 6 puts forward some recommendations based on the study.

[5] Annex 2 presents the details of the interviews.

[6] Annex 3 presents the details of the webinar.

2. ECONOMIC CONTEXTS IN APEC ECONOMIES

To achieve the study's objective of analyzing and comparing financial support schemes, it is first necessary to understand the starting conditions faced by businesses. This section presents the macroeconomic environment, the SMEs' relevance in the economy, and the pre-existing challenges in accessing finance for SMEs in Australia; Canada; Chile; Mexico; and Peru. By examining these baseline conditions before and during the onset of the pandemic, this section provides the foundation for assessing the scope, adequacy, and design of the subsequent policy interventions.

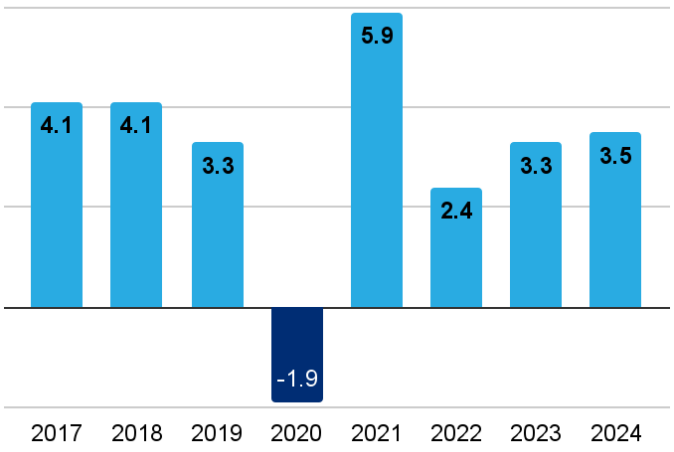
2.1. APEC Economic Context: Post-Covid Recovery and SME Relevance

The COVID-19 pandemic precipitated an unprecedented economic contraction across the APEC region, fundamentally disrupting key macroeconomic indicators and labor market dynamics. According to the APEC Policy Support Unit - PSU (2021), the real GDP fell by 1.9% in 2020 compared with 2019 and contracted by 3.7% in the first half of 2020[7]. As of 2024 - 2025, the APEC region has moderated amid slower global demand, ongoing trade frictions, and persistent supply-chain adjustments: APEC growth is projected to be around 3.5% in 2024 and approximately 3% in 2025[8].

[7] APEC, "APEC Regional Trends Analysis, May 2021: Bolstering Supply Chains, Rebuilding Global Trade; Making Recovery Inclusive", APEC, 2021, https://prod-statistics.apec.org/publications/2021/05/apec-regional-trends-analysis---may-2021.

[8] APEC, "APEC Regional Trends Analysis, November 2024", APEC, 2024, https://www.apec.org/publications/2024/11/apec-regional-trends-analysis--november-2024.

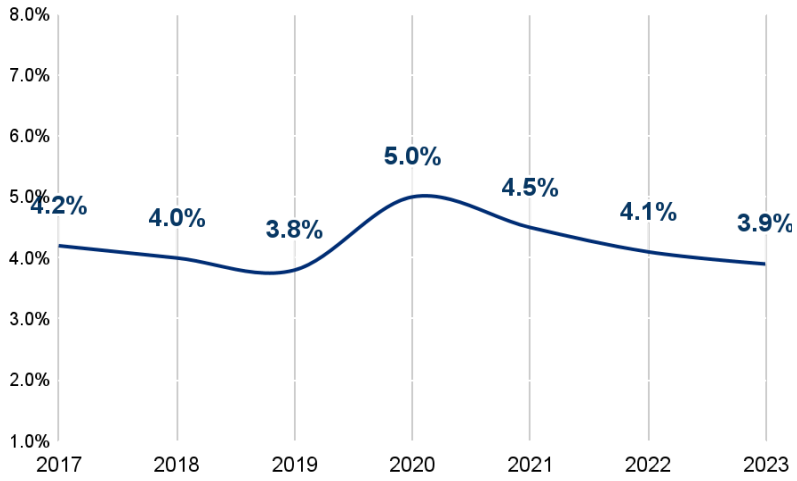
Graph 1. Real GDP growth in the APEC region 2017 -2024 (%)



Source: APEC Policy Support Unit (2024) . Own elaboration.

In addition, labor markets experienced sharp fluctuations. The average unemployment rate rose from 4% before the pandemic to nearly 5% in 2020. By 2023, this rate had declined to 3.9%, reflecting strengthened job creation across the majority of member economies.

Graph 2. Unemployment rate - APEC, 2017 - 2023



Source: APEC Policy Support Unit (2024). Own elaboration.

SMEs represent the cornerstone of the APEC region's economic framework. SMEs account for over 97% of all businesses, account for 60% of private-sector employment, and contribute roughly half of private sector output[9]. In 2020, according to the APEC - PSU[10], before the pandemic started, nearly 150 million businesses were considered to be SMEs across the APEC region; SMEs account for over 60% of total employment, and they typically contribute between 40% to 60% of GDP.

[9] APEC, “Small and Medium Enterprises”, APEC, 2025, https://www.apec.org/groups/som-steering-committee-on-economic-and-technical-cooperation/working-groups/small-and-medium-enterprises.

[10] APEC Policy Support Unit, “Overview of the SME Sector in the APEC Region: Key Issues on Market Access and Internationalization”, Asia-Pacific Economic Cooperation Small and Medium Enterprises Working Group (SMEWG), 2020, https://www.apec.org/publications/2020/04/overview-of-the-sme-sector-in-the-apec-region.

Although SMEs have an important role in the economy, this group of businesses also has particular barriers that limit their growth and market participation. SMEs have a lack of skills and knowledge to develop strategies required to manage the business, navigate regulations and business practices, limited access to financial options, and heightened vulnerability to supply chain disruptions[11].

Therefore, the pandemic's impact was particularly severe given the structural characteristics of SMEs. These enterprises were heavily affected by lockdowns and restrictions over the past two years, and continue to struggle in the post-pandemic world, highlighting the persistent nature of recovery challenges facing this critical sector[12]. In this context, economies applied a series of policy responses, aiming mainly to support SME's survival in the short term - to ease the liquidity concern, and only a few economies applied medium to long-term initiatives - to provide structural support.

2.2. Australia

Australia's economy demonstrates one of the strongest recoveries from the pandemic among other major economies[13]. The real GDP growth is estimated at 1.4% in 2024, with projections of 1.9% in 2025 and 2.5% in 2026. Moreover, the employment to population ratio (15+) stood near 64% and the unemployment rate at 4.1% in 2024[14].

SMEs play a pivotal role in Australia. Defined as small firms with fewer than 20 employees and medium firms with 20–199 employees, SMEs together account for a substantial share of domestic output—small enterprises contributing 33% and medium enterprises 23% of GDP as of June 2024[15]. Small businesses make up 97.2% of all registered firms and employ 42% of the private sector workforce, while medium-sized enterprises represent 2.6% of businesses and 25% of private employment[16]. These statistics highlight the central role of SMEs in sustaining economic growth, job creation, and skill development, as well as their importance in maintaining a dynamic and resilient labor market in Australia[17].

Table 1. Relevance of SME in Australia

Type of business	Number of business June 2024	% of total businesses	Number of employees 2023 ('000)	% of total employees
Small business	2,589,595	97.2%	5,368	42%

[11] Ibid.

[12] APEC, "Policy Reponses to Stimulate MSME Demand in the Wake of COVID-19 Pandemic in APEC Economies", 2022, https://apec.org/publications/2022/10/policy-reponses-to-stimulate-msme-demand-in-the-wake-of-covid-19-pandemic-in-apec-economies.

[13] OECD, "OECD Economic Surveys: Australia 2023", OECD Publishing, el 26 de octubre de 2023, https://www.oecd.org/en/publications/oecd-economic-surveys-australia-2023_1794a7c9-en.html.

[14] OECD, OECD Economic Outlook, Volume 2024 Issue 2: Australia (OECD, 2024), https://www.oecd.org/en/publications/oecd-economic-outlook-volume-2024-issue-2_d8814e8b-en/full-report/australia_201abb07.html.

[15] Australian Small Business and Family Enterprise Ombudsman, "Number of Small Businesses in Australia", 2024, https://www.asbfeo.gov.au/small-business-data-portal/number-small-businesses-australia.

[16] Australian Small Business and Family Enterprise Ombudsman, "MSME Small Business Facts", n.d., https://www.asbfeo.gov.au/msme-small-business-facts.

[17] Ibid

Medium business	68,214	2.6%	3,184	25%
Large business	5,189	0.2%	4,376	34%

Source: ABS Counts of Australian Business - August 2024 and ABS Australian Industry - May 2024. Own elaboration.

Previous to the pandemic, SMEs reported difficulties accessing bank credit under unfavorable conditions. For example, SME credit amounted to 44% of total business lending in 2019, compared to 47% in the average OECD. The cost of credit is also higher for SMEs, with the differential relative to large firms persistently elevated since the 2008-09 crisis and exceeding the OECD median. Additionally, risk weights for SME loans were high unless secured by residential property[18].

Table 2. Principal indicators of Australia - 2024

Principal indicators	Statistics
GDP growth	1.4%
Employment	64%
SMEs contribution to GDP	56%
SMEs contribution to employment	67%
SMEs business	99.8%

Source: World Bank (2025) and ABS Counts of Australian Business - August 2024 and ABS Australian Industry - May 2024. Own elaboration.

- **Effect of Covid - 19 in economy and SMEs:**

Australia faced significant socio-economic disruptions due to the Covid-19 pandemic, although by late 2020, most of Australia's indicators showed signs of economic and labor market recovery[19]. Real GDP contracted by only 0.1% in 2020 compared to 2019, making it one of the least affected economies compared with Canada (–5.5%) and the United States (–3.5%), along with other high-

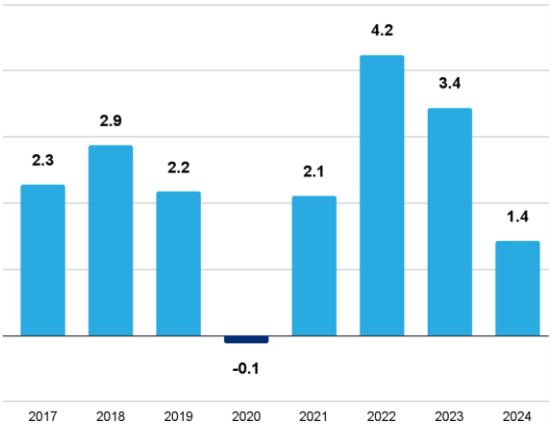
[18] OECD, "OECD Economic Surveys: Australia 2021", OECD Publishing, 2021, https://www.oecd.org/en/publications/oecd-economic-surveys-australia-2021_ce96b16a-en.html.

[19] Reserve Bank of Australia, "The COVID-19 Pandemic: 2020 to 2021", Reserve Bank of Australia, 2021, https://www.rba.gov.au/education/resources/explainers/the-covid-19-pandemic-2020-to-2021.html.

income economies[20]. Labor market conditions deteriorated initially, with the unemployment rate peaking at 6%; however, by early 2021, approximately 93% of jobs lost between March and May 2020 had been recovered[21].

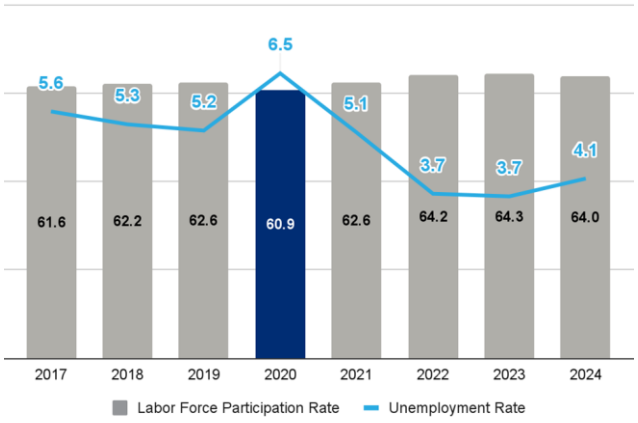
The outbreak of Covid-19 has affected businesses in all industries, although there is heterogeneity. SMEs were particularly vulnerable due to their overrepresentation in sectors most constrained by lockdowns—such as hospitality, retail, and arts. Survey data from mid-2020 indicated that small businesses were twice as likely as large firms to report severe revenue declines, highlighting the disproportionate burden borne by smaller enterprises during the early months of the pandemic[22].

Graph 3. Australia's GDP 2017 - 2024 (%)



Source: World Bank data (2025). Own elaboration.

Graph 4. Australia's employment and unemployment rates 2017 - 2024



Note: Labor Force Participation rate considering the OIT model, which uses total people of 15 or more years.

Source: World Bank data (2025). Own elaboration.

2.3. Canada

The Canadian economy has proven resilient despite the pandemic recession and global economic uncertainty. In 2024, the economy maintained positive momentum, with real GDP growth 1.5%[23]. In comparison to 2023, the employment rate for the population aged 15 years and over was 61.3%[24].

[20] OECD, "OECD Economic Surveys", October,2023.

[21] Australian Bureau of Statistics. 2021. One year of COVID-19: Aussie jobs, business and the economy. https://www.abs.gov.au/articles/one-year-covid-19-aussie-jobs-business-and-economy

[22] Michelle Lewis and Qiang Liu, "The COVID-19 Outbreak and Access to Small Business Finance | Bulletin – September 2020", Bulletin of Reserve Bank of Australia, 2020, Reserve Bank of Australia, https://www.rba.gov.au/publications/bulletin/2020/sep/the-covid-19-outbreak-and-access-to-small-business-finance.html.

[23] World Bank (n.d). Data Canada: https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?locations=CA

[24] Statistics Canada, Labor Force Survey, 2018 to 2024: .https://www.statcan.gc.ca/hub-carrefour/quality-life-qualite-vie/prosperity-prosperite/employment-emploi-eng.htm

SMEs are central to Canada's productive structure. According to statistics, over the 2017-2021, the average contribution of small firms (1-99 employees) to GDP was 34.4%, medium-sized firms (100 - 499 employees) was 13.9%, and that of large firms (more than 499 employees) was 51.7%[25]. In addition, as of December 2023, of the total of employer businesses in the economy, 98.1% were small businesses, 1.5% were medium-sized businesses, and only 0.4% were large businesses[26]. Additionally, SMEs accounted for 63.6% of private-sector employment, equivalent to nearly two-thirds of the workforce[27]

Table 3. Relevance of SME in Canada

Type of business	Number of businesses 2023	% of total businesses	Number of employees 2023 (In millions) *	% of total employees
Small business	1,074,939	98.1%	5.8	46.5%
Medium business	16,966	1.5%	2.1	17.1%
Large business	3,346	0.4%	4.5	36.3%
Total	**1,095,251**	**-**	**17,644.4**	**-**

Note: * Number of individuals employed in the private and public sectors by business size, 2023

Source: Statistics Canada, Business Register. Own elaboration.

This information highlights the vital role of SMEs in GDP, exports, and employment that generate local economic development. However, SMEs tend to face greater financial vulnerability and limited access to capital, conditions that heightened their exposure to economic shocks such as the pandemic. In a survey of 2017, 47% of SMEs requested external financing, and larger firms got better financing compared to smaller firms[28] and 15% of SMEs responded that one of the major obstacles to growth was maintaining sufficient cash flow or managing debt[29].

[25] ISED, "Key Small Business Statistics 2024", Innovation, Science and Economic Development Canada, 2025, https://ised-isde.canada.ca/site/sme-research-statistics/en/key-small-business-statistics/key-small-business-statistics-2024.

[26] Ibid.

[27] Ibid.

[28] ISED, "Summary of the Survey on Financing and Growth of Small and Medium Enterprises, 2017", Innovation, Science and Economic Development Canada, 2018, Surveys, https://ised-isde.canada.ca/site/sme-research-statistics/en/survey-data-and-analysis/survey-financing-and-growth-small-and-medium-enterprises/summary-survey-financing-and-growth-small-and-medium-enterprises-2017.

[29] Ibid

Table 4. Principal indicators of Canada

Principal indicators	Statistics
GDP growth	1.5%
Employment	61.3%
SMEs contribution to GDP	48.3%
SMEs contribution to employment	63.6%
SMEs business	99.6%

Source: World Bank (2025) and Statistics Canada, Business Register. Own elaboration.

- **Effect of Covid - 19 in economy and SME**

The COVID-19 crisis had significant impacts on the Canadian economy. Real GDP declined by 5.5% in 2020 in comparison to 2019, while output fell by over 15% during the first wave of lockdowns[30]. Moreover, unemployment peaked at nearly 13% comparing pre-pandemic year, with more than 3 million jobs lost, and an additional 2.5 million workers experiencing reduced hours in 2020[31].

The pandemic had a disproportionate impact on SMEs. Roughly one-third of them temporarily closed in 2020[32] and between 2019 and 2020, total net employment change in the private sector was -878,700 for SMEs[33]. This highlights how the pandemic impacted SMEs differently, with SMEs suffering more negative effects. Furthermore, around 30% of small businesses reported a substantial revenue reduction in the first quarter of 2021[34]. In this context, the Canadian Federation of Independent Businesses estimated that between 5% and 19% of small businesses were at risk of closure as a result of Covid-19 between 2020 and 2021.

[30] Bank of Canada, "2020 by the Numbers", 2021, https://www.bankofcanada.ca/publications/annual-reports-quarterly-financial-reports/annual-report-2020/2020-by-the-numbers/.

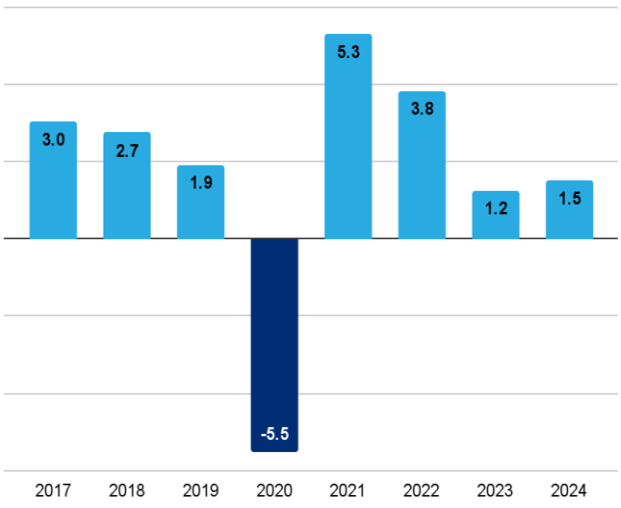
[31] Government of Canada, "Economic and Fiscal Overview | 2024 FES", 2024, https://www.budget.canada.ca/update-miseajour/2024/report-rapport/overview-apercu-en.html.

[32] ISED, "Summary of the Survey on Financing and Growth of Small and Medium Enterprises, 2020", Innovation, Science and Economic Development Canada, 2022, Surveys, https://ised-isde.canada.ca/site/sme-research-statistics/en/survey-data-and-analysis/survey-financing-and-growth-small-and-medium-enterprises/summary-survey-financing-and-growth-small-and-medium-enterprises-2020.

[33] ISED, "Key Small Business Statistics — 2021", Innovation, Science and Economic Development Canada, el 22 de diciembre de 2021, https://ised-isde.canada.ca/site/sme-research-statistics/en/key-small-business-statistics/key-small-business-statistics-2021.

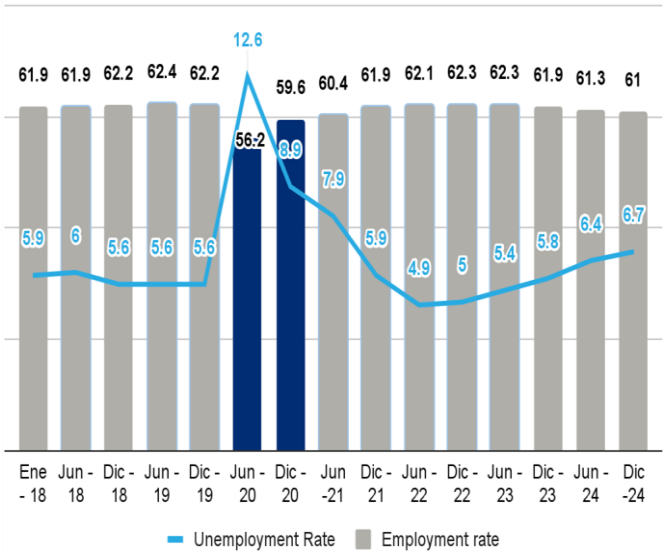
[34] Stephanie Statistics Canada, "Impact of COVID-19 on small businesses in Canada, first quarter of 2021", Tam, Sood and Johnston, 2021, https://publications.gc.ca/collections/collection_2021/statcan/45-28/CS45-28-1-2021-8-eng.pdf.

Graph 5. Canada's GDP rate 2017 - 2023



Source: World Bank data (2025). Own elaboration.

Graph 6. Canada's employment and unemployment rates 2018 - 2024



Source: Labor force survey - Statistics Canada (2025). Own elaboration.

2.4. Chile

Chile stands out in Latin America with one of the region's most advanced economies. In 2024, Chile's GDP expanded by 2.6%, and real GDP growth is expected to be 2.1% in 2025[35]. Also, in 2023, the employment rate was 61.5%, showing an upward trend since 2021[36] and unemployment declined slightly to 8.5%, though it remained higher than the pre-pandemic rate of 7.2% in 2019[37].

The classification of MSMEs (Micro, Small and Medium Enterprises) is based on two main criteria, according to the Law 2016 SME Statute Chile: annual revenue and number of employees. Microenterprises have annual revenues not exceeding 2,400 UF (unit of account) and employ between 1 and 9 employees; small enterprises have revenues between 2,400 and 25,000 UF and 10 to 49 employees, while medium enterprises generate annual revenues between 25,000 and 100,000 UF and 50 to 199 employees[38].

Data from the Internal Revenue Service (SII by its name in Spanish)[39] for the 2023 tax year shows that 98.6% of all firms are classified as MSMEs, where micro enterprises represent around 75%.

[35] World Bank, "Overview - Chile", Text/HTML, The World Bank in Chile, 2025, https://www.worldbank.org/en/country/chile/overview.

[36] World Bank, "World Bank Open Data", World Bank Open Data, 2025, https://data.worldbank.org.

[37] INE, "Annual unemployment rate was 8.5% in 2024", 2025, http://www.ine.gob.cl/sala-de-prensa/prensa/general/noticia/2025/03/20/tasa-de-desocupación-anual-fue-8-5-en-2024.

[38] Ministry of Foreign Affairs - Chile, "MSMEs", Default, n.d., https://www.subrei.gob.cl/ejes-de-trabajo/home-comercio-inclusivo/pymes.

[39] SII, "Business Statistics", SII | Internal Revenue Service, n.d., https://www.sii.cl/sobre_el_sii/estadisticas_de_empresas.html.

Moreover, according to the results of the Seventh Annual Business Survey (2023), in terms of declared revenue, small and medium-sized enterprises accounted for 16% of revenue, microenterprises for 2%, while large enterprises accounted for more than 80%[40]. Although this is not a traditional statistic about the contribution of GDP, it reflects the minor participation of MSMEs in terms of revenue that is connected with GDP. Additionally, MSMEs currently employ approximately 4 million people (formal employment), which corresponds to nearly 50% of the total workforce (46.4%)[41].

Table 5. Relevance of MSMEs in Chile

Type of business	Number of businesses 2023	% of total businesses	Number of employees 2023*	% of total employees
Micro business	905,636	74.7%	646,950	7.2%
Small business	251,515	20.8%	2,036,727	22.7%
Medium business	37,279	3.1%	1,480,918	16.5%
Large business	17,341	1.4%	4,798,002	53.5%
Total	**1,194,430**	**-**	**8,962,597**	**-**

Note: * Number of dependent employees by business size, 2023.

Source: Internal Revenue Service - SII. Own elaboration.

Despite their relevance, MSMEs face high rejection rates for credit, higher borrowing costs, and significant productivity gaps compared with large firms. According to the Survey of Enterprises (2017)[42], 19% of microenterprises were rejected for credit compared to 1% of large companies, and microenterprises also face higher interest rates (around 3 p.p.) compared to large companies. Additionally, MSMEs have less labor productivity than large enterprises. Findings of Survey of Enterprises (2022)[43] show that the labor productivity of large companies is more than double that of medium-sized companies, and for small and microenterprises, this figure is three times as high.

[40] Ministry of Economy - Chile, "Results Report: Seventh Longitudinal Business Survey", Results report (Studies Unit of the Ministry of Economy, 2024), 35, https://www.economia.gob.cl/2024/12/27/septima-encuesta-longitudinal-de-empresas-ele-7.htm.

[41] SII, "Business Statistics".

[42] Ministry of Economy - Chile, "Quinta Encuesta Longitudinal de Empresas (ELE5)", Boletín: ELE-5: Características Financieras de las Empresas Chilenas, 2019, https://www.economia.gob.cl/2019/03/12/quinta-encuesta-longitudinal-de-empresas-ele5.htm.

[43] Ministry of Economy - Chile, *Results Report: Seventh Longitudinal Business Survey*.

Table 6. Principal indicators of Chile

Principal indicators	Statistics
GDP growth	1.5%
Employment	61.5%
SMEs' contribution to GDP	18%
SMEs' contribution to employment	46.4%
SMEs business	98.6%

Note: SMEs' contribution to GDP represents the participation of SMEs in the total revenue**.**

Source: Central Bank of Chile (2025), World Bank (2025), and Internal Revenue Service - SII. Own elaboration.

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Chile experienced severe economic and social disruptions during the COVID-19 pandemic, with the effects felt across nearly all productive sectors, particularly those most exposed to mobility and operational restrictions[44]. Real GDP contracted by 5.8% in 2020, marking one of the sharpest declines in recent decades[45]. According to the Central Bank of Chile, economic activity fell by 14% in the second quarter of 2020, representing the most abrupt quarterly contraction in over 40 years[46]. However, the economy rebounded strongly in 2021, posting an 11.7% expansion, largely driven by fiscal stimulus measures and favorable copper prices. The unemployment rate surged to 10.5% in 2020, approximately 3 p.p. above 2019 levels, translating into about one million job losses. Although a gradual recovery followed, by the fourth quarter of 2024, employment levels had still not returned to pre-pandemic levels.

The pandemic had a disproportionate effect on MSMEs due to several structural factors. MSMEs are heavily concentrated in sectors such as retail, transportation, accommodation, food services, and personal services, which were among the hardest hit by lockdown measures[47]. This is

[44] Ministry of Finance - Chile, "3. SMEs: A look at government aid during the health crisis", Biblio.hacienda, 2023, https://biblio.hacienda.cl/avances-en-politicas-economicas-y-sociales-2021/3-pymes-una-mirada-a-las-ayudas-del-gobierno-en-la-crisis-sanitaria.

45 Central Bank of Chile, "Publicaciones - Cuentas Nacionales de Chile", Banco Central de Chile, 2025, https://www.bcentral.cl/web/banco-central/nuevo-buscador?category=133394&categorias=35741&temas=35829&subTemas=35841&productos=133394&sort=sortableDate_sortable-.

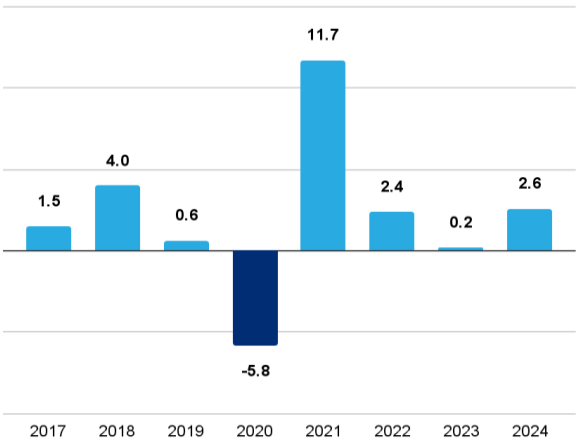
[46] M. Marcel, "The Chilean economy in the face of the COVID-19 pandemic: strengths, challenges, and risks", Economic Vision Seminar 2021, SOFOFA – UDD, Chile, 2020, https://www.bcentral.cl/documents/33528/133214/mmc18122020.pdf/83f103c6-53c9-4c96-9190-7b0314a4574d?t=1608295798437.

[47] Sercotec - Chile, "Analysis of the SME 2021", Results report (Ministry of Economy, Development and Tourism, 2021), 32, https://explorador.sercotec.cl/wp-content/uploads/2023/05/Radiografia-de-la-Situacion-Actal-de-la-Mipe-en-Chile-2021.pdf.

consistent with data[48], between 2019 and 2020, 57% of companies reported a decline in sales, with microenterprises experiencing an average decrease of 37.5% and small firms 10.4%.

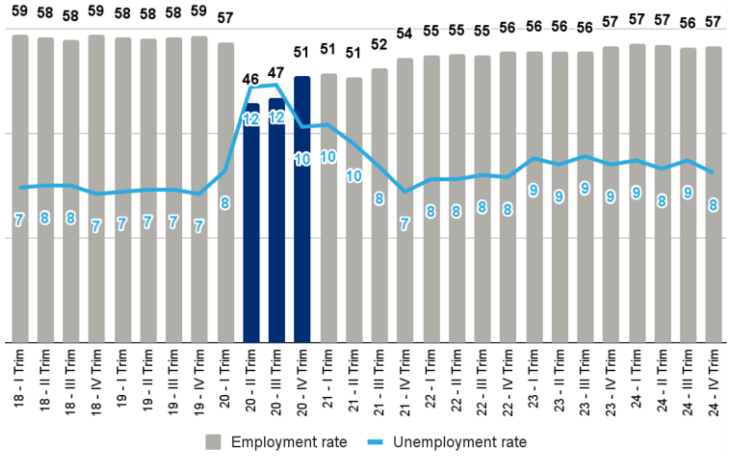
Survey evidence reinforces this uneven impact[49]. In 2021, over 60% of MSMEs reported a reduction in sales compared to 2019, and 7% stated that they had received no income at all during 2020. Moreover, nearly 60% of MSMEs were operating only partially, while 11% remained closed, awaiting more stable conditions to resume activity. Around 15% of firms laid off workers during the pandemic and were unable to rehire them by 2021, underscoring the prolonged challenges to employment recovery within this segment.

Graph 7. Chile's GDP growth rate 2017 - 2024



Source: Central Bank of Chile - National

Graph 8. Chile's employment and unemployment rates 2018 - 2024



Source: National Institute of Statistics of Chile - Employment and unemployment statistics

2.5. Mexico

Mexico is the second-largest economy in Latin America and one of the most globally integrated economies in the region. According to statistics, the GDP rate grew 1.2% in 2024[50] and the Bank of Mexico estimated that GDP's forecast to reach only 0.1% in 2025[51]. The labor force participation rate was 61.7%, and the unemployment rate was 2.7% in 2024[52].

[48] Ministry of Economy - Chile, "Descriptive analysis of the impact of the pandemic on companies in Chile", 2021, https://www.economia.gob.cl/wp-content/uploads/2021/07/analisis-descriptivo-del-impacto-de-la-pandemia-sobre-las-empresas-en-chile-version-final-2.

[49] Sercotec - Chile, "Analysis of the SME 2021".

[50] INEGI, "Gross Domestic Product (GDP) Quarterly February 2025", 90/25 Indicator Bulletin, 2025, Instituto Nacional de Estadística y Geografía - INEGI, https://www.inegi.org.mx/contenidos/saladeprensa/boletines/2025/pibt/pib_Pconst2025_02.pdf.

[51] Banxico, "Quarterly Report January - March 2025" (Bank of Mexico, 2025), https://www.banxico.org.mx/publicaciones-y-prensa/informes-trimestrales/informes-trimestrales-precios.html.

[52] World Bank, "World Bank Open Data".

MSMEs are classified by employment size as micro (0 to 10 workers), small (11 to 50 workers), and medium (51 to 250 workers). MSMEs contribute around 50% of GDP[53], represented 99.9 % of all firms, generated 56.5% of total income, and provide 70.7% of employment[54].

Table 7. Relevance of MSMEs in Mexico

Type of business	Number of businesses 2023	% of total businesses	Number of employees 2023*	% of total employees
Micro enterprises	5,205,813	95.5%	11, 542, 522	41.5%
Small business	201,692	3.7%	4, 102, 017	14.8%
Medium business	38,158	0.7%	3, 996,298	14.4%
Large business	5,450	0.1%	8,144,668	29.3%
Total	**5, 451, 113**		**27, 785,505**	

Note: Information is from the Economic Census (CE), Timely Results, 2024, which shows information to 2023

Source: INEGI (2024). Own elaboration.

Despite this weight, they face barriers such as informality, restricted access to finance, and low levels of digitalization, limiting their productivity and resilience. The Secretariat of Economy mentions low life expectancy (52 out of every 100 MSMEs close within their first two years), poor knowledge of digital skills and administrative complexity (70% of MSMEs face obstacles when starting their business), and limited access to financial services (only 12.4% of MSMEs had access to financing in 2018)[55]. Particularly, MSMEs have difficulty accessing bank financing, especially in their early stages, due to a lack of reliable information on their activities and high mortality rates.

[53] J. Arbache et al., “SMEs in Latin America and the Caribbean”, 2023, Development Bank of Latin America and the Caribbean - CAF, https://scioteca.caf.com/handle/123456789/2132.

[54] INEGI, “Statistics for Micro, Small and Medium-Sized Enterprises (MSMEs) Day 2025”, National Institute of Statistics and Geography - INEGIs, 2025, https://www.inegi.org.mx/contenidos/saladeprensa/aproposito/2025/EAP_MIPYMES_25.pdf.

[55] Ministry of Economy -Mexico, “Mexican SMEs: the engine of our economy”, Undersecretariat of Foreign Trade, 2024, Gobierno de México, https://mipymes.economia.gob.mx/.

Table 8. Principal indicators of Mexico

Principal indicators	Statistics
GDP growth	1.2%
Employment	61.7%
SMEs contribution to GDP	50%
SMEs contribution to employment	70.7%
SMEs business	99.9%

Source: INEGI (2025), World Bank (2025) and INEGI (2024). Own elaboration.

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Mexico's economy contracted sharply during the pandemic, with GDP falling by 8.4% in 2020[56], marking one of the steepest declines in Latin America. Among the economies analyzed, Mexico experienced the second most severe GDP decline in 2020. Although growth resumed in 2021, the recovery has been modest. Between the first quarters of 2020 and 2021, Mexico lost around 2.1 million jobs, with the vast majority being in the informal sector, where MSMEs are prevalent[57]. The standard unemployment rate was 6% in the worst time, and it returned to its 2019 values only in December 2022. Furthermore, labor market participation is gradually recovering. Pre-pandemic, the employment rate was around 60%; it decreased to around 55% during 2020, which shows the negative impact of Covid-19 in the labor market. As noted by the International Monetary Fund (IMF), Mexico had a very high humanitarian, social, and economic cost from the pandemic[58].

The impact of the pandemic on MSMEs in Mexico was substantial. Statistics[59] indicate that approximately 21% of these firms closed in 2020 compared with 2019. Among those that survived, average employment declined by 3% to 26% across different periods in 2020, with the largest losses occurring among informal MSMEs. Income also fell significantly, dropping by 12% to 30% between January and June 2020. Additionally, in August 2020[60], around 70% of MSMEs faced a decrease in revenue, while only 12% of large companies experienced this decline. This reflects the differentiated

[56] World Bank, "World Bank Open Data".

[57] Tomás Ramírez y Joann Vanej, The Impact of COVID-19 on Employment in Mexico, 2020-2023, Statistical Briefs N° 37 (WIEGO - Women in Informal Employment: Globalizing and Organizing, 2023), https://www.wiego.org/research-library-publications/impact-covid-19-employment-mexico-2020-2023/.

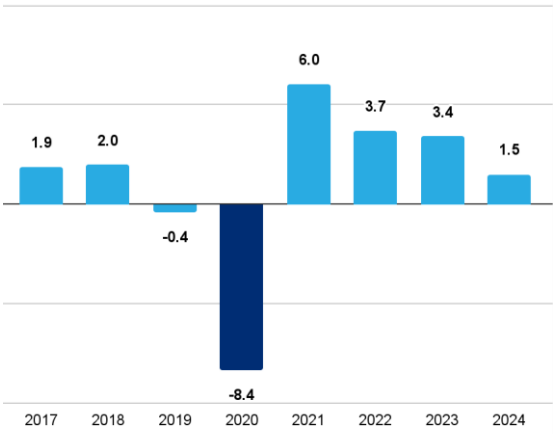
[58] IMF, "Mexico: 2021 Article IV Consultation- Press release; and staff report", International Monetary Fund, 2021, https://www.imf.org/en/Publications/CR/Issues/2021/11/05/Mexico-2021-Article-IV-Consultation-Press-Release-and-Staff-Report-504339.

[59] INEGI, "Business Demographics Study - EDN 2020", Presentation of results, 2021, https://www.inegi.org.mx/programas/dn/2020/#documentacion.

[60] INEGI, "ECOVID-IE 2020 Encuesta sobre el impacto económico generado por COVID-19 en las empresas - Resultados segundo evento - Agosto 2020", 2020, https://www.inegi.org.mx/programas/ecovidie/#documentacion.

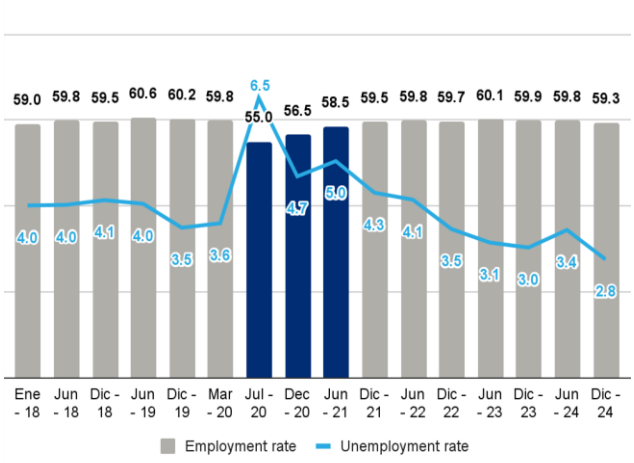
impacts across different types of companies, with MSMEs facing the greatest challenges during the pandemic.

Graph 9. Mexico's GDP growth rate 2017 - 2024



Source: INEGI. Own elaboration.

Graph 10. Mexico's employment and unemployment rates 2018 - 2024



Source: INEGI. Own elaboration.

2.6. Peru

Peru is a middle-income economy in Latin America that has maintained a stable macroeconomic environment, supported by sound fiscal and monetary policies. However, this stability changed between 2020 and 2023 due to the effects of the COVID-19 pandemic and adverse climate events. Despite these disruptions, the economy began to recover in 2024, achieving a GDP growth rate of 3.3%[61] in comparison to 2023. According to the Central Bank of Peru (BCRP), the economy will grow by 2.9% in 2025 and 2.5% in 2026[62]. In addition, the employment rate was 65.9%, and the unemployment rate was 5.6% in 2024[63].

A key feature of the Peruvian economy is the role played by MSMEs. MSMEs, classified by annual turnover thresholds (UIT): micro enterprises get up to 150 UIT, small enterprises get between 150 UIT to 1, 700 UIT, and medium enterprises get more than 1,700 UIT and up to 2,300 UIT. As of 2023, MSMEs participated in the 30.9% of GDP, represented approximately 99.4% of all formal enterprises, and generated around 89.4% of employment in the private sector[64].

[61] INEI, *National production - Dec 2024*, Technical Report 02 (National Institute of Statistics and Informatics-INEI, 2025), https://m.inei.gob.pe/media/MenuRecursivo/boletines/informe-tecnico_produccion_nacional.pdf.

[62] BCRP, *Inflation Report - March 2025: Current Outlook and Macroeconomic Projections 2025-2026* (Central Bank of Peru, 2025).

[63] INEI, "Peru: Labor Market Indicators at the Departmental Level, 2022-2024", 2025, https://www.gob.pe/institucion/inei/informes-publicaciones/6978987-peru-indicadores-del-mercado-laboral-a-nivel-departamental-2022-2024.

[64] Ministry of Production - Peru, *MSMEs in numbers 2023*, General Office of Impact Assessment and Economic Studies of the General Secretariat of the Ministry of Production, Annual publications (2024), https://ogeiee.produce.gob.pe/index.php/en/shortcode/oee-documentos-publicaciones/publicaciones-anuales/item/1225-las-mipyme-en-cifras-2023.

Table 9. Relevance of MSMEs in Peru

Type of business	Number of businesses 2023 1/	% of total businesses	Number of employees 2023 2/	% of total employees
Micro business	2,168,708	93.9%	8,628,776	72.8%
Small business	121,070	5.2%	1,648,227	13.9%
Medium business	4,506	0.2%	311,107	2.6%
Large business	13,849	0.6%	1,260,846	10.6%

Note: 1/ The information presented includes formal firms. 2/ Information is provided on private sector employment, including interns, unpaid family workers, and self-employed individuals who use unpaid family workers.

Source: Ministry of Production (2024). Own elaboration.

Nevertheless, MSMEs face structural limitations in terms of productivity, informality, and access to finance. In 2023, 81.3% of employment generated by MSMEs in the private sector is informal; that is, 8 out of 10 MSME workers provide their labor force under informal conditions. This characteristic represented a challenge to increasing productivity and financial access[65]. These aspects have historically constrained their growth potential and made them especially vulnerable to external shocks.

Table 10. Principal indicators of Peru

Principal indicators	Statistics
GDP growth	3.3%
Employment	65.9%
SMEs' contribution to GDP	30.9%
SMEs' contribution to employment	99.4%
SMEs business	89.4%

Source: INEI (2025) and Ministry of Production (2024). Own elaboration.

[65] Ibid

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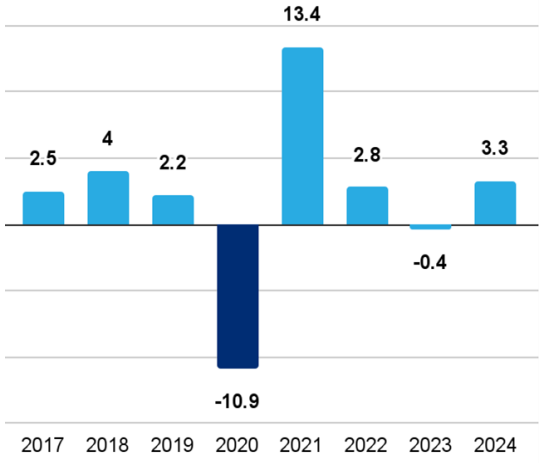
Peru was one of the economies most affected by the pandemic, registering one of the highest cumulative death rates per million people in the world. In 2020, the GDP contracted by 10.9% in compare to 2019, after 21 years of sustained growth[66]. In this way, Peru stands out as the economy that experienced the largest GDP contraction in 2020 compared to the other economies under analysis. Moreover, the impact on employment has been noticeable. The employed population decreased by 39.6% during the second quarter of 2020.[67]. The effect on employment has varied depending on the characteristics of the workers. In fact, the self-employed and those working in companies with fewer than ten employees (micro enterprises) have been the most affected. At the worst point of the crisis, employment for both groups contracted by more than 60%[68].

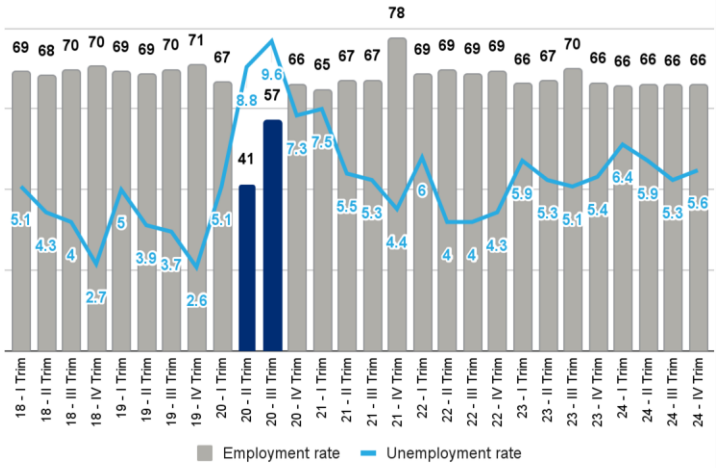
MSMEs suffered negative effects from Covid-19, such as a reduction in sales, cessation of operations, and a reduction in jobs. According to the Ministry of Production[69], revenues across all business sectors declined as a result of the Covid-19 pandemic in 2020. Formal MSMEs saw sales fall by 10.5% compared to the previous year, with microenterprises being the most affected, seeing their sales decrease by 15.6%. Moreover, the number of formal businesses contracted by 25.1%, approximately 600,000 companies were MSMEs that ceased operations. In addition, in this year, employment generated by MSMEs in the private sector decreased by 7.8% compared to 2019, representing approximately 788,000 job losses.

Graph 11. Peru's GDP growth rate 2017 - 2024



Source: Central Bank of Peru (2024). Own elaboration

Graph 12. Peru's employment and unemployment rates 2017 - 2024



Note: The employment rate shows the proportion of the employed population (PEAO) over the total working-age population (PET)

Source: INEI (2024). Own elaboration.

[66] Central Bank of Peru

[67] INEI. Employment Statistics 2019 and 2020

[68] ILO, *Peruvian labor market: impact of COVID-19 and policy recommendations* (International Labour Organization, 2021), 56, https://www.ilo.org/es/publications/mercado-laboral-peruano-impacto-por-covid-19-y-recomendaciones-de-politica-0.

[69] Ministry of Production - Peru, *MSMEs in numbers 2020*, General Office of Impact Assessment and Economic Studies of the General Secretariat of the Ministry of Production, Annual publications (Peru, 2021), https://ogeiee.produce.gob.pe/index.php/en/shortcode/oee-documentos-publicaciones/publicaciones-anuales/item/1008-las-mipyme-en-cifras-2020.

Box 1. Definition of MSME and SME

APEC economies: The definition of an SME varies between members, the number of employees is a basic criterion for classifying businesses as SMEs in nearly all APEC economies. Other criteria used across the region include the amount of sales or revenue and/or the amount of assets or capital. Also, 15 economies have the classification: micro, small, and/or medium sized enterprises (MSME), while the others use the categories: small and medium sized enterprises (SME).

Note: Unit of account: Chile uses a development unit (UF by its name in Spanish), and Peru uses Tax Unit (UIT by its name in Spanish).

Sources: Australian Taxation Office, Financial and Taxation Statistics for Enterprises of Canada, Undersecretariat of International Economic Relations of Chile, The Mexican Secretariat of Economy, and Peru's Tax Administration

3. LITERATURE REVIEW

This section reviews the main academic and institutional literature addressing financial support mechanisms for SMEs during the Covid-19 crisis. It first summarizes global trends and conceptual frameworks developed by organizations such as the OECD, the World Bank, and the Economic Commission for Latin America and the Caribbean (ECLAC), and then systematizes the evidence for the five selected economies. The analysis identifies the most relevant types of interventions—job retention schemes, deferral measures, financial instruments, and structural policies—and highlights evaluation results that inform the comparative assessment presented in later sections.

3.1. SMEs and access to financial resources

SMEs constitute the backbone of the global economy. They represent around 90% of all businesses worldwide and employ approximately 70% of the global workforce[70]. Evidence shows their impact on employment generation[71], improving innovation, flexibility, enabling rapid adaptation to changing market conditions, and other aspects. Furthermore, SMEs serve as crucial vehicles for poverty reduction and economic inclusion.

Despite their economic importance, SMEs face a fundamental and persistent challenge in accessing adequate financing[72]. According to the IFC, over 65 million firms, representing 40% of formal SME enterprises (including micro firms) in developing economies, have an unmet financing need of USD 5.2 trillion every year as of 2019[73]. More recent estimates from 2022 indicate that about 43% of formal SMEs in developing economies continue to experience an unmet financing need of nearly USD 4.1 trillion[74]. The magnitude of this financial gap shows the critical importance of understanding and addressing the barriers that prevent accessing the financial resources and their impact on growth and survival.

SMEs frequently encounter barriers that are structural and systemic. One is that information asymmetry between lenders and borrowers creates obstacles. Unlike large firms that possess comprehensive financial statements, standardized reporting systems, and long-standing credit histories, many SMEs operate with limited formal documentation and irregular cash flows[75].

[70] OECD, “Financing SMEs and Entrepreneurs 2024: An OECD Scoreboard”, OECD Publishing, 2024, https://doi.org/10.1787/fa521246-en.

[71] Meghana Ayyagari et al., “Who Creates Jobs in Developing Countries?”, Small Business Economics 43, 1, (2014): 75–99, https://doi.org/10.1007/s11187-014-9549-5.

[72] Sarah Holton et al., “Firm credit in the euro area: a tale of three crises”, Applied Economics 46, 2, (2013): 190–211, https://doi.org/10.1080/00036846.2013.824547.

[73] World Bank, “Small and Medium Enterprises (SMEs) Finance”, Text/HTML, World Bank, 2019, https://www.worldbank.org/en/topic/smefinance.

[74] IFC, “Banking on SMEs: Driving Growth, Creating Jobs”, International Finance Corporation - World Bank Group, 2022, https://www.ifc.org/en/insights-reports/2022/2022-global-sme-finance-facility-progress-report.

[75] Diego Herrera, MSME Financing Instruments in Latin America and the Caribbean During COVID-19, Discussion Paper IDB-DP-771 (Inter-American Development Bank- IDB, 2020), https://publications.iadb.org/en/msme-financing-instruments-in-latin-america-and-the-caribbean-during-covid-19?eloutlink=imf2iadb.

Consequently, SMEs are riskier from the perspective of financial intermediaries, which leads to higher transaction costs and unfavorable loan conditions or outright credit rationing[76].

In addition, collateral requirements disproportionately affect SMEs. Traditional lending models continue to prioritize tangible collateral to mitigate opacity and higher perceived riskiness, which restricts SMEs' ability to obtain credit[77]. These aspects are not oriented to SMEs' characteristics, which have intangible collateral, including intellectual property, human capital, or customer networks. Furthermore, unlike large corporations that can internalize financing needs through sophisticated capital allocation mechanisms, SMEs must rely predominantly on external financial resources for growth and working capital requirements[78]. This dependency is connected with difficulties related to business skills or managerial capital that impact their productivity, growth, and financial management decisions[79]. These skill gaps reduce the likelihood of successful financing applications and may result in suboptimal financial decisions that further constrain access to capital.

These factors imply higher costs of lending to SMEs and greater risks involved, generating higher interest rates and fees for SMEs relative to large firms[80]. Therefore, although SMEs would need external financial resources to grow their business or be stable during any external shock, they have access to hard terms and conditions, and this can reduce their initiatives to participate in the financial market.

Economies and financial institutions have introduced a variety of mechanisms to address these barriers. One of these interventions is credit guarantee schemes (CGSs), whereby governments share part of the default risk with lenders, reducing their exposure and incentivizing credit allocation to SMEs[81]. CGS has been adopted across both advanced and emerging economies and has proven effective in mobilizing private credit during crises.

Another alternative is establishing development banks and specialized financial institutions, which provide long-term capital, subsidized loans, and technical assistance to SMEs. These institutions play a countercyclical role, particularly during downturns when commercial lending contracts. In addition, direct subsidies and fiscal incentives—such as wage support programs, tax deferrals, or grants—have been increasingly deployed to strengthen SME liquidity and encourage investment. While these measures are typically temporary, they are vital in safeguarding business continuity during systemic shocks.

More recently, digital financial services and fintech platforms have emerged as transformative solutions to the SME financing challenge[82]. By leveraging big data, artificial intelligence, and alternative credit scoring models, fintech providers can reduce transaction costs and overcome information asymmetries, offering new avenues for SMEs to access credit, particularly in underserved markets.

[76] M. Ayyagari et al., "SME Finance", Policy Research Working Paper 8241, 2017, Development Research Group - Word Bank Group, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3070705.

[77] IFC et al., G20 Global Partnership for Financial Inclusion: Action Plan for Micro, Small and Medium Enterprises Financing, G20 Brasil 2024 (International Finance Corporation, 2024), IFC, https://www.ifc.org/en/insights-reports/2025/gpfi-action-plan-for-msme-financing.

[78] T. Beck et al., "Financing patterns around the world: Are small firms different?", Journal of Financial Economics, 2008.

[79] Miriam Bruhn et al., "What Capital is Missing in Developing Countries?", The American Economic Review 100, 2, (2010): 629–33.

[80] Ayyagri, Demirguc_Kunt (2019); Beck, Demirgue, and Martínez (2008);

[81] J.C. Gozzi y S. Schmukler, "Public Credit Guarantees and Access to Finance", Warwick Economics Research Paper Series, 2016, https://warwick.ac.uk/fac/soc/economics/research/workingpapers/2016/twerp_1122_gozzi.pdf; T. Beck et al., "Banking Services for Everyone? Barriers to Bank Access and Use Around the World", SSRN Scholarly Paper 950134 (Social Science Research Network, 2008), https://papers.ssrn.com/abstract=950134.

[82] Ayyagari et al., "SME Finance".

However, despite their potential, fintech solutions remain unevenly regulated and face scalability challenges

On the other hand, the Covid-19 pandemic dramatically amplified the pre-existing financing challenges faced by SMEs. The sudden collapse left many SMEs unable to meet payroll obligations, rent, or debt service[83]. The pandemic had a significantly negative influence on profitability, operations, economic performance, and access to finance for SMEs globally[84]. In response, economies implemented extraordinary financial support measures, often at unprecedented scales. These interventions were justified by decades of research demonstrating that SME financing constraints represent persistent market failures requiring public intervention, particularly during economic crises when standard market mechanisms tend to amplify existing credit constraints. Systematic literature reviews identify public interventions as crucial mechanisms for mitigating COVID-19's impacts on SMEs[85]. These included: credit guarantee programs to rapidly channel liquidity through banks, direct lending programs via public development banks or central banks, wage subsidies and tax deferrals to reduce fixed costs, and direct grants to prevent insolvency of viable firms. Evidence suggests that innovative SMEs exhibited higher resilience and better survival chances during the pandemic, partly due to attracting more government support[86].

Additional research highlights both the challenges and positive effects of financial support programs for SMEs during the crisis. On the one hand, several obstacles limited the effectiveness of these measures. In many middle-income economies, although instruments tried to stimulate new lending for SMEs, these efforts did not always achieve the expected results. Credit guarantee schemes were often only partially effective[87]. Moreover, several support and recovery programs focused on traditional financial mechanisms and did not promote alternative sources of finance for SMEs: only 60 rescue policies were related to alternative finance for SMEs compared to 450 rescue policies related to other, mainly debt-related sources[88]. Another structural factor was informality, which hindered access to formal financial services. As a result, informal SMEs were excluded from programs channeled through formal financial institutions.

On the other hand, some positive effects emerged. In several economies, SMEs could access loans under more favorable conditions, such as lower interest rates and reduced collateral requirements, as a result of monetary and fiscal policies[89]. Furthermore, the share of lending to SMEs and large enterprises remained largely stable in 2020, indicating that the COVID-19 crisis did not redirect credit away from SMEs toward larger firms. This stability likely reflects the strong policy measures and targeted liquidity support that prioritized SMEs in recovery packages[90].

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[83] OECD, “Financing SMEs and Entrepreneurs 2024: An OECD Scoreboard”.

[84] S. Kalemli-Ozcan et al., “COVID-19 and SME Failures”, International Monetary Fund, 2020, IMF, Working Paper, https://www.imf.org/en/Publications/WP/Issues/2020/09/25/COVID-19-and-SME-Failures-49753; OECD, “The Impact of COVID-19 on SME Financing”, OECD, 2020, https://www.oecd.org/en/publications/financing-smes-and-entrepreneurship-an-oecd-scoreboard_ecd81a65-en.html.

[85] Md. Nazmus Sakib y Md. Mahbubur Rahman, “Mitigating the Impact of COVID-19 on SMEs Through Government Policy Intervention: A Systematic Literature Review and Bibliometric Analysis”, Future Business Journal 10, 1 (2024): 50, https://doi.org/10.1186/s43093-024-00346-0.

[86] F. Corredera-Catalán et al., “Post-COVID-19 SME financing constraints and the credit guarantee scheme solution in Spain”, Journal of Banking Regulation 22, 3 (2021): 250–60, https://doi.org/10.1057/s41261-021-00143-7; Hang Thu Nguyen et al., “SMEs’ Innovation and Government Support during the COVID-19 Pandemic”, Journal of Asian Business and Economic Studies 31, 3 (2024): 203–15, world, https://doi.org/10.1108/JABES-08-2023-0300.

[87] OECD, “Financing SMEs and Entrepreneurs 2022: An OECD Scoreboard”, OECD Publishing, 2022, https://www.oecd.org/en/publications/financing-smes-and-entrepreneurs-2022_e9073a0f-en.html.

[88] Ibid

[89] Ibid

[90] OECD, “Financing SMEs and Entrepreneurs 2024: An OECD Scoreboard”.

The analysis of SME financing challenges reveals a complex interplay of market failures, structural barriers, and cyclical vulnerabilities that have persisted across different economic contexts. The pandemic reaffirmed the importance of public mechanisms as indispensable tools for preserving SME viability. At the same time, the crisis highlighted the need for long-term structural support, including digitalization, financial literacy, and alternative financing ecosystems. Moving forward, the challenge for policymakers will be to balance short-term liquidity measures with structural reforms that enhance SME resilience (see Box 2 regarding recommendations for future measures). This dual approach provides the analytical foundation for the next subsection, which examines in greater detail the interventions deployed in APEC economies during the Covid-19 crisis.

Box 2. Recommendations for future SMEs' support programs

Improving diversification of financial instruments: The evidence describes that during the crisis, financial programs relied predominantly on traditional options (such as loans, deferring payments, etc.). However, alternative instruments like fintech, leasing, hire purchase arrangements, factoring, equity, and quasi-equity mechanisms were largely not implemented by economies. These options offer important opportunities for future policies, as they provide greater flexibility compared to traditional lending (in terms of access time, eligibility requirements, and capital expansion limits) and can finance young and innovative SMEs or startups with limited credit histories or higher-risk business models.

Financing needs to be linked with digitalization, sustainability, skills, and innovation: Future measures need to consider the structural transformations affecting SMEs. It is therefore essential to invest in capabilities that ensure SMEs can actively participate in the digital and green transition, rather than focusing exclusively on short-term liquidity support.

Take additional steps to address the challenges of SME insolvency: Although findings confirm the positive impact of emergency programs during crisis, economies need to implement direct measures to reduce SMEs insolvency. For example, some measures such as debt restructuring solutions, financial education programs, and initiatives to strengthen the institutional capacities of insolvency systems.

Prioritize specific groups such as women entrepreneurs, indigenous entrepreneurs, and innovative sustainability firms to access financial support: Given the structural barriers faced by women or indigenous entrepreneurs, future initiatives should incorporate targeted measures to increase their access to financial support. Similarly, in the context of climate action, financial programs should prioritize resources for firms working on sustainable and innovative solutions.

Combining financial and non-financial support: Strengthening SME resilience requires not only financial resources but also complementary non-financial services such as advisory support, consultancy, and training. Key areas include cash-flow management, information on available financial aid, and business-model adaptation. Non-financial services help SMEs allocate resources more effectively and build the capabilities needed to withstand an adverse environment.

Develop and consolidate robust guarantee funds in economies that do not yet have them and provide guarantee funds with a dual role: Economies that do not yet have guarantee funds should establish them with strong corporate governance frameworks and clear operating rules. These funds should serve a dual purpose: facilitating access to credit and promoting financial inclusion in normal times and acting as counter-cyclical instruments to mitigate credit constraints during extraordinary crises.

Source: IFC (2024), OECD (2022), IDB (2022), IMF (2020), ITC (2020), OECD (2018)

3.2. Interventions in APEC Economies

This section provides a general overview of the interventions implemented during COVID-19 across the APEC region. This information allows us to identify similarities among measures, which are essential for conducting comparative analysis and formulating recommendations.

The COVID-19 pandemic generated a systemic liquidity crisis across the APEC region, with SMEs bearing the brunt of prolonged lockdowns, supply-chain disruptions, and reduced consumer demand. Recognizing the vulnerability of SMEs, economies applied measures to support these groups.

According to OECD[91], responses can be grouped into two categories: those aimed at easing liquidity concerns (short-term measures) and those focused on structural support (long-term measures). The first group was aimed primarily at preserving the immediate solvency of SMEs and preventing mass business closures during lockdown periods. These included: job retention schemes, deferral of payments, and financial support via debt channels.

Job retention schemes included salary subsidies or modifications in regulation to prevent sharp rises in unemployment. Deferrals of payments -such as taxes, rents and utilities, pension and social security, etc.- were used to reduce the operational expenses for the broad population of SMEs as well as larger enterprises. Financial support was implemented by credit guarantee schemes, direct lending and grants to provide swift access to external financing for liquidity-strapped SMEs.

The second group was taken to assist SMEs in adapting to the changed business environment and building resilience. These included: support for digitalization and innovation, upskilling and reskilling initiatives, finding new alternative markets, and sustainability measures. In this study, we focus on short-term policies and discuss aggregated structural policies.

[91] OECD, "One Year of SME and Entrepreneurship Policy Responses to COVID-19: Lessons Learned to 'Build Back Better'", Tackling Covid-19: contributing to a global effort, 2021, Browse OECD contributions, https://www.oecd.org/en/publications/one-year-of-sme-and-entrepreneurship-policy-responses-to-covid-19-lessons-learned-to-build-back-better_9a230220-en.html.

Table 11. Summary of type of intervention: category and specific measures

Type of intervention	Category	Specific measures	Objective
Short term - Liquidity support measures	Job retention schemes	Short time work schemes and wage subsidy schemes	Prevent sharp rises in unemployment as well as to lift consumer demand
	Deferrals of payment	Deferrals of income and corporate tax payments, value added tax, social security and pension payments, debt payment moratoria and waivers of rent, utility payments, and reductions of financings fees and interest	Preserve liquidity within SMEs by reducing operating expenses
	Financial support	Extended and simplified loan guarantees, direct lending through public institutions and non-banking finance through grants and subsidies, and equity financial interventions	Government-guaranteed working capital loans via Central Bank liquidity.
Structural support measures	Innovation and technology	Digitalization, teleworking, e-sales	Help SME adapt to the changed business environment and build resilience
	Upskilling and reskilling	Training and redeployment	
	New alternative markets	Creation of star-ups	
	Sustainability	Application new process in enterprises	

Source: OECD (2021). Own elaboration.

Unlike short-term liquidity measures, which were nearly universal across the region, structural support initiatives were distributed unevenly (as shown in Table 7). Economies with greater fiscal capacity and stronger institutional frameworks—such as Australia; Canada; and Republic of Korea—were better positioned to complement immediate liquidity assistance with transformative policies. In contrast, several developing economies prioritized emergency liquidity support due to resource constraints and the pressing need to preserve employment. At the same time, most economies emphasized short-term liquidity to maintain business continuity. However, the design and targeting mechanisms varied substantially. For instance, while Canada relied heavily on wage subsidies to

sustain employment, Chile and Peru focused more intensively on credit guarantee schemes and state-backed lending facilities[92].

In addition, another relevant aspect is the disproportionate gap in financing between SMEs led by men compared to those led by women from diverse backgrounds. During the crisis, women-led SMEs suffered more negative effects. In this context, APEC recommended improving policies targeted at this population[93]. Considering this context, economies like Canada implemented specific measures.

Therefore, the economies of the APEC region implemented several measures to support SMEs during the crisis. In general, these measures were short-term, and some economies included long-term structural interventions. In some cases, this included specific measures for particular people.

[92] APEC, “Policy Reponses to Stimulate MSME Demand in the Wake of COVID-19 Pandemic in APEC Economies”.

[93] APEC, “APEC Covid-19 Indigenous and Diverse Women-Led MSME Responses”, Policy Partnership on Women and the Economy, 2023, Ministry of Women - New Zealand, https://www.women.govt.nz/library/apec-covid-19-indigenous-and-diverse-women-led-msme-responses-2023.

Table 12. Measures response to Covid-19 pandemic across the APEC economies by type of policy instrument (February 2020 - February 2021)

Economic	Job retention schemes		Deferral measures					Financial instruments				Structural policies			
	Wage subsidies	Self-employed	Income/ corporate tax	Value added tax (VAT)	Social security and pension contribution	Rent/ utilities	Deb Moratorium / reduce interest	Loan guarantees	Direct lending to MSME	Grants & subsidies	Equity instruments	Innovation & Technology	Upskilling and reskilling	New markets	Sustainability
Australia	X	X	X			X	X	X	X	X	X	X	X		X
Canada	X	X	X	X		X	X	X	X	X	X	X	X	X	X
Chile	X	X	X	X		X		X		X		X		X	
People's Republic of China	X		X		X	X	X	X	X	X		X	X	X	
Hong Kong, China			X			X	X	X	X						
Indonesia	X		X	X					X	X		X	X		
Japan	X		X			X		X	X	X		X	X	X	X
Republic of Korea	X	X					X	X	X	X		X	X	X	X
Malaysia	X		X			X	X	X	X	X		X	X	X	
Mexico	X						X		X				X		
New Zealand	X		X			X	X		X	X		X	X	X	

Peru	X			X	X				X	X	X						
The Russian Federation	X	X		X			X	X		X	X	X	X				
Singapore	X	X		X				X		X	X				X	X	
Thailand	X	X		X	X	X	X				X			X	X	X	
The United States	X	X		X							X	X	X		X	X	
Viet Nam	X			X	X	X	X										

Note: Data are not available for Brunei Darussalam; Papua New Guinea; The Philippines; and Chinese Taipei.

Source: OECD (2021) and APEC (2022)

3.3. Support policies aimed Covid-19 in Australia

Australia's economy implemented one of the most comprehensive SME support packages in the APEC region to respond to the negative effects of Covid-19 in this group of businesses. Australia implemented several support programs that can be grouped into four categories, according to the following details.

a) Job retention schemes

The JobKeeper Payment was the flagship wage subsidy program introduced in March 2020. Initially intended to run for six months, the program was extended until March 2021[94]. With an initial projected cost of AUD 130 billion over six months, JobKeeper became the central component of Australia's fiscal response to the pandemic[95].

As the evidence shows, and as the Australian representative confirmed, JobKeeper became the largest and most impactful intervention, benefiting a vast number of firms and workers across the economy. Its primary objective—shared with other support programs—was to inject liquidity into SMEs as quickly as possible to ensure their operational continuity under strict mobility and health restrictions.

The JobKeeper program had a broad and far-reaching impact across the Australian economy. In its initial phase, it provided support to around one-third of all businesses and workers, reaching approximately 4 million individuals and 1 million businesses. The majority of recipients were small businesses, representing over 96% of participating entities and receiving more than 60% of total payments. Sectors most affected by Covid-19 restrictions—such as hospitality, construction, and the arts—had the highest proportion of support[96].

Independent evaluations found that the program significantly reduced unemployment, preventing an estimated 300,000 job losses during the first year of the pandemic[97] and had a positive impact on macroeconomics to provide a substantial direct stimulus to economic activity[98]. However, some studies noted that this impact was shorter than hoped in the labor market, and the cost of intervention was high[99].

[94] N. Ray, Independent Evaluation of the JobKeeper Payment - Final report - September 2023, Report (Australian Government, 2023), https://treasury.gov.au/sites/default/files/2023-10/p2023-455038.pdf.

[95] Ibid

[96] Commonwealth of Australia, Covid-19 Response Inquiry Report (Department of the Prime Minister and Cabinet, 2024), https://www.pmc.gov.au/sites/default/files/resource/download/covid-19-response-inquiry-report.pdf.

[97] Ray, Independent Evaluation of the JobKeeper Payment - Final report - September 2023.

[98] Jeff Borland and Jennifer Hunt, "JobKeeper: An Initial Assessment", Australian Economic Review 56, 1 (2023): 109–23, https://doi.org/10.1111/1467-8462.12503.

[99] Ibid

Box 3. Key aspects of JobKeeper

Principal characteristics: JobKeeper was the central pillar of Australia's economic response to Covid-19. AUD 88.8 billion total cost – one of the largest fiscal interventions in the economy's history. SMEs were the most affected during the pandemic and therefore received the bulk of the support.

Principal effects: The program boosted consumer confidence and business sentiment immediately after implementation. Moreover, it prevented labor scarring and maintained employer–employee relationships during lockdowns.

Effective crisis support requires timely, flexible, and targeted interventions: The program introduced early, automatically triggered, and adaptable through retrospective tests and mobility provisions while ensuring transparent design and strong real-time data capabilities. At the same time, targeting must be equitable from the outset, with tiered payments and broader eligibility to prevent the exclusion of vulnerable groups such as short-term casual workers and temporary migrants.

Relevance of evaluation of interventions: Although during a crisis the best option is

Source: Webinar "Effects of Financial support schemes for small and micro enterprises performance during times of crisis" (2025)

b) Deferral measures

The Australian Taxation Office granted deferrals of income and business activity statement obligations, while major banks introduced loan repayment deferrals of up to six months for SMEs. Moreover, banks offered a support package aimed at assisting small businesses and home loan customers. For business banking, they provided repayment deferrals of up to three months, with loan terms extended accordingly. As of June 2020, nearly 780,000 loans worth AUD 236 billion were deferred.

Post-crisis analysis by the Reserve Bank of Australia[100] found that loan deferrals played a critical role in preventing a surge of insolvencies in 2020. However, some firms struggled to resume repayments in 2021, which raised concerns that financial stress could limit their capacity to invest in the following years.

c) Financial instruments

The SME Loan Guarantee Scheme was central to Australia's financial response; the scheme commenced in March 2020 and closed for new loans on June 2022. As of June 2025, nearly 109,000 loans worth around AUD 16.5 billion were provided to SMEs, and outstanding credit under the scheme stood at AUD 4.5 billion[101].

[100] Reserve Bank of Australia, "The COVID-19 Pandemic"; Reserve Bank of Australia, "Household and Business Finances in Australia | Financial Stability Review – October 2021", Reserve Bank of Australia, el 8 de octubre de 2021, https://www.rba.gov.au/publications/fsr/2021/oct/household-business-finances-in-australia.html.

[101] Australian Government Treasury, "Schemes Performance Data | Treasury.Gov.Au", text, Department of the Treasury, n.d., https://treasury.gov.au/sme-schemes-performance-data.

The SME Recovery Loan Scheme was designed to support small and medium-sized enterprises through flexible financing options. This expanded the scope, offering loans up to AUD 5 million with 10-year terms. A diverse group of lenders took part in the SME Recovery Loan Scheme[102].

Complementary initiatives included the Show Starter Loan Scheme for the Arts sector and Boosting Cash Flow for Employers. Regarding the first measure, the government provided a full guarantee on eligible new loans, encouraging lenders to offer up to AUD 90 million in credit[103]. Moreover, the second measure included that eligible SMEs in Australia received tax-free cash flow boosts ranging from AUD 20,000 to AUD 100,000[104].

d) Structural policies

Beyond immediate liquidity, Australia invested in skills and digitalization. The Supporting Apprentices and Trainees program subsidized 50 percent of wages. This measure was expected to support approximately 90,000 small and medium-sized businesses, employing around 180,000 apprentices[105].

Overall, Australia's policy mix was successful in avoiding large-scale SME bankruptcies and preserving employment, though reliance on debt instruments raised concerns about long-term leverage. JobKeeper and loan deferrals were identified as the most impactful short-term measures, while training and digitalization initiatives represented forward-looking investments in SME competitiveness.

To achieve this, Australia relied on pre-existing institutional mechanisms, particularly the tax and welfare systems, instead of designing new structures that would have taken months to operationalize. This point was emphasized during the interview: *"What we can learn, particularly in the Australian context, is that the systems that worked should be the ones we rely on in the future." - Interviewee 7.* The underlying rationale was to deliver funds swiftly to businesses and individuals using systems that the population was already familiar with, thereby minimizing administrative delays and ensuring rapid disbursement. *"The central idea [of programs] was to deliver funds swiftly to the businesses and individuals that needed them most, relying on systems the population was already familiar with and knew how to use." - Interviewee 7*

A particularly important lesson learned during the pandemic was the strengthened cooperation between different levels of authorities. Australia operates under eight state and territorial jurisdictions in addition to the federal government, and during Covid-19, one coordination option was reactivated to facilitate coordination of support programs between several actors.

> *"Australia has eight jurisdictions, each with its own government, in addition to the federal government. During COVID-19, the National Cabinet Process was reactivated, through which the premiers of each state and territory, together with the federal prime minister, met as a single group to coordinate measures and ensure that state and territorial interventions complemented federal ones." - Interviewee 7*

According to the interviewee, this mechanism not only ensured complementarity between federal and provincial measures but also improved intergovernmental relations significantly.

[102] Australian Government Treasury, "SME Recovery Loan Scheme | Treasury.Gov.Au", text, Department of the Treasury, n.d, https://treasury.gov.au/coronavirus/sme-recovery-loan-scheme.

[103] Commonwealth of Australia, "Australian Government Show Starter Loan Scheme Scheme Rules", 2020, https://treasury.gov.au/sites/default/files/2020-11/final-showstarter-schemerules.pdf.

[104] Commonwealth of Australia, Covid-19 Response Inquiry Report.

[105] Australian Government Treasury, "Supporting apprentices and trainees", 2020, https://treasury.gov.au/sites/default/files/2020-07/fact_sheet-supporting_apprentices_and_trainees_0.pdf.

“Coordination between the different levels of authorities was one of the most positive aspects of Australia’s response to COVID-19”. - Interviewee 7

At the same time, the interview highlighted two major challenges in implementation. First, the need to design and roll out programs under extreme time pressure, like the crisis of Covid - 19.*"I think that was quite a challenge as well to design something that suited the unique settings each sector has in how they operate their business." - Interviewee 7.*

Second, often without sufficient data at the outset, meant that in some cases, the most vulnerable businesses did not receive immediate support. As the interviewee noted: *“There were some industries that missed out, and maybe some industries that received support that didn’t need it in the same way.” - Interviewee 7*

Nevertheless, overall evidence confirms that Australia’s interventions provided crucial financial relief to SMEs, and both representatives agreed that the programs were effective, largely because they were built and implemented quickly through existing mechanisms that the public sector already had available.

Looking ahead, the interviewees underscored the importance of evaluating which systems proved most effective during the pandemic to use them as the foundation for future interventions. From a policy perspective, they stressed two recommendations for other economies: Leverage existing mechanisms—whether tax, welfare, or financial institutions—to deliver support rapidly, rather than investing time in building new structures during a crisis

> *"I think each economy would need to look at what systems they have in place to deliver, like, whether it's tax or welfare support (…) and what systems they already have if they needed to provide their support quickly, because that was sort of a consideration of what existing mechanisms we already have so that we don't have to build a new system (…). The people already understood how to use them and how they operated." - Interviewee 7*

Second, conduct systematic reviews of policy effectiveness—assessing which decisions worked well and which did not—to refine crisis-response frameworks for future shocks. In the same way, they noted that each economy should identify and leverage its strongest institutional structures when designing crisis interventions.

> “*Policymakers should identify which systems worked well to use them as the foundation for future interventions, while at the same time prioritizing the analysis of which decisions were effective and which were no*t.” *- Interviewee 7*

Australia’s response to the Covid-19 crisis stands out in the APEC region for its breadth, coordination, and speed of implementation. Through the JobKeeper wage subsidy, extensive loan deferrals, and the SME Loan Guarantee and Recovery Loan Schemes, the economy successfully avoided large-scale bankruptcies and mitigated employment losses. The swift deployment of aid relied on pre-existing tax, welfare, and banking mechanisms, minimizing administrative delays and ensuring effective outreach to SMEs. Nonetheless, the experience also exposed challenges—limited initial data and uneven sectoral coverage—which underline the importance of maintaining robust information systems and evaluation frameworks. Overall, Australia’s case illustrates how strong institutions, rapid coordination, and policy flexibility can deliver effective crisis support while laying the groundwork for resilience in future shocks.

Table 13. Summary of financial support schemes in Australia and their key features

Type of intervention	Objective	Characteristics	Number of
Job retention schemes			
JOBKEEPER PAYMENT	Preserve employment relationships, support businesses and workers, and provide income support	Wage subsidy to employers	Reached approx. 1 million businesses and 4 million individuals
Deferral measures			
BANK LOAN DEFERRALS	Provide repayment relief and temporary banking fee waivers to businesses affected by Covid-19 lockdowns	Loan repayment deferrals and financial relief	779,458 loans deferred
Financial instruments			
BANK LOAN DEFERRALS	Improve access to affordable credit for SMEs to survive, recover, and plan for future growth	Government-backed loans (50% guarantee)	Nearly 109,000 loans totaling approx.
SME LOAN GUARANTEE SCHEME (PHASES 1–3)	Support SMEs with broader financing options and extended loan terms	Government-backed loans (80% and 50% guarantee), flexible repayment terms	Total beneficiaries not specified
SHOW STARTER LOAN SCHEME	Support SMEs with broader financing options and extended loan terms	Loans with 100% government guarantee	Total beneficiaries not specified
BOOSTING CASH FLOW FOR EMPLOYERS	Support SMEs with broader financing options and extended loan terms	Government-backed loans (80% and 50% guarantee), flexible repayment terms	Approx. 823,000 businesses
Deferral measures			
BANK LOAN DEFERRALS	Help SMEs retain or rehire apprentices and trainees impacted by the pandemic	Wage subsidy (50% of wages) for eligible apprentices and employers	90,000 businesses supported

Source: Own elaboration based on official documents and websites from the Australian Government Treasury (2020–2023), Australia Council for the Arts (n.d.), Reserve Bank of Australia (2021), Australian Bureau of Statistics (2025), and Australian Banking Association (2020).

3.4. Support policies aimed Covid-19 in Canada

Canada implemented an extensive SME support package[106] to respond to the negative effects of Covid-19 in this group of businesses, all aimed at helping small businesses maintain solvency and workforce continuity during the most critical periods of economic disruption.

> "*The most urgent need for SMEs was to access immediate financial support through loans, subsidies, and emergency programs that guaranteed working capital. On the public sector, various programs and support measures were implemented, such as access to cash flow, which allowed businesses to survive the health restrictions without falling into bankruptcy.*" *- Interviewee 8*

From March 2020 until June 2022, a total of CAD 161 billion of financial support was provided to around one million businesses across Canada. Additionally, around 58% of all participants across the measures took part in only one program, whereas 26.2% y 11.1% of businesses participated in two and three measures respectively[107].

a) Job retention schemes

The Canada Emergency Wage Subsidy (CEWS) was the principal wage subsidy, covering up to 75% of employee wages, and was open to any businesses. The objective of the support in general was ensuring that businesses were able to maintain staffing levels, continue operations even if partially, weather temporary financial difficulties, and more readily resume operations once the situation improved. The total program was one of Canada's largest pandemic expenditures (~CAD 110 billion). By January 2021, CEWS had supported approximately 4.2 million rural jobs. According to official statistics, between March 2020 and October 2021, CEWS supported 5 million workers and around 440,000 participating employers[108].

Studies indicated that CEWS substantially reduced layoffs and stabilized labor markets, though concerns emerged about its high fiscal cost and diminishing efficiency in later phases as the economy reopened. For instance, one study[109] estimated that the direct costs of providing the program were large, CAD 87.1 billion to date during the first 15 periods; however, the benefits of the subsidies are numerous as well: they have prevented business closures and encouraged businesses to rehire employees or keep employees on the payroll. On the other hand, another study found that the impact on reducing layoffs was minimum, but these interventions caused a small but persistent reduction in business closure rates during subsequent waves of the pandemic and increased the earnings of existing employees[110].

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[106] Xiaobao Lin y Matthew Hoffarth, "An analysis of Canadian business support programs in response to the global COVID-19 pandemic", Latest Developments in the Canadian Economic Accounts, 2023, https://publications.gc.ca/site/eng/9.928585/publication.html?wbdisable=true.

[107] Ibid

[108] Government of Canada, "Claims to Date - Canada Emergency Wage Subsidy (CEWS)", 2023, https://www.canada.ca/en/revenue-agency/services/wage-rent-subsidies/cews-statistics.html.

[109] Department of Finance Canada, "Evaluation of Wage Subsidy Program. Report on Federal Tax Expenditures - Concepts, Estimates and Evaluations 2022", 2022, https://www.canada.ca/en/department-finance/services/publications/federal-tax-expenditures/2022/part-11.html.

[110] M. Smart et al., "The employment effects of a pandemic wage subsidy", Journal of Public Economics, 2025.

Complementary programs included the Canada Recovery Hiring Program (CRHP), which subsidized up to 50 percent of incremental wages for rehired staff. The intervention approved 178, 920 applications that represented CAD 1.43 million of the budget[111]. Additionally, other interventions were sector-specific wage support under the Tourism and Hospitality Recovery Program (THRP), which approved 104,680 applications and represented CAD 1.99 billion of the budget[112] and the Hardest-Hit Business Recovery Program (HHBRP), which approved 45,620 applications and represented CAD 498 million of the budget[113].

b) Deferral measures

Canada implemented tax payment deferrals, accelerated access to GST/HST credits, and temporary relief from import duties. These measures provided immediate liquidity to SMEs but were relatively modest in scale compared to direct subsidies.

Moreover, rent relief was provided through the Canada Emergency Commercial Rent Assistance (CECRA) program, which offered forgivable loans to landlords to reduce SME rent obligations. As of September 2020, over 106,000 small business tenants have been supported, representing 994,000 employees, for a total of over CAD 1.32 billion in rent support[114]. Evaluations highlighted administrative challenges and uneven access, particularly for tenants dependent on landlord participation[115].

Additionally, specific sector measures were implemented regarding the rent subsidy. THRP approved 105,610 applications that represented CAD 716 million[116] and HHBRP approved 71,180 applications that represented CAD 160 million[117].

c) Financial instruments

The Canada Emergency Business Account (CEBA) provided interest-free loans of up to CAD 60,000, with partial forgiveness for timely repayment. CEBA distributed over CAD 49 billion to approximately 898,000 businesses in partnership with more than 230 participating financial institutions[118]**.** Evaluations showed CEBA was critical in covering fixed costs during lockdowns, particularly for micro-enterprises with fewer than 10 employees[119]. However, another study found that

[111] Canada Revenue Agency (CRA), “Claims to Date - Canada Recovery Hiring Program (CRHP)”, 2023, https://www.canada.ca/en/revenue-agency/services/wage-rent-subsidies/crhp-statistics.html.

[112] Canada Revenue Agency (CRA), “Claims to Date - Tourism and Hospitality Recovery Program (THRP)”, 2023, https://www.canada.ca/en/revenue-agency/services/wage-rent-subsidies/thrp-statistics.html.

[113] Canada Revenue Agency, “Claims to Date - Hardest-Hit Business Recovery Program (HHBRP)”, 2023, https://www.canada.ca/en/revenue-agency/services/wage-rent-subsidies/hhbrp-statistics.html.

[114] Government of Canada, “Government Announces Extension of Rent Relief for Small Businesses”, news releases, 2020, https://www.canada.ca/en/department-finance/news/2020/09/government-announces-extension-of-rent-relief-for-small-businesses.html.

[115]OECD, One Year of SME and Entrepreneurship Policy Responses to COVID-19: Lessons Learned to Build Back Better, OECD Publishing, OECD Policy Responses to Coronavirus (COVID-19) (OECD, 2021), https://doi.org/10.1787/9a230220-en.

[116] Canada Revenue Agency (CRA), “Claims to Date - Tourism and Hospitality Recovery Program (THRP)”.

[117] Canada Revenue Agency, “Claims to Date - Hardest-Hit Business Recovery Program (HHBRP)”.

[118] Canada Emergency Business Account, “Canada Emergency Business Account (CEBA) | Program Overview”, 2025, https://ceba-cuec.ca/en/overview.html.

[119] Lin and Hoffarth, “An analysis of Canadian business support programs in response to the global COVID-19 pandemic”.

SMEs avoided to participate of CEBA because they did not know if they could pay the loan in the future[120]. This implies that requirements could not be adequate considering the context of the pandemic.

Other instruments included the Highly Affected Sectors Credit Availability Program (HASCAP), which offered government-guaranteed low-interest loans up to CAD 1 million[121]. Between 2021 and 2022, HASCAP issued more than 17,000 loans totaling CAD 3.7 billion[122].

Initial studies on the program's impact on employment and business continuity are positive. Findings show that HASCAP loans have a statistically significant effect on recipient firms, contributing to post-pandemic employment growth and reducing business closures[123].

d) Structure policies

Canada's structural policies emphasized sectoral recovery and adaptation. Moreover, innovation support programs were adapted to facilitate SME digital adoption. However, structural initiatives were less prominent compared to Australia, as fiscal resources were concentrated on large-scale wage subsidies and liquidity measures.

Canada's interventions were among the most generous in the OECD. CEWS and CEBA were identified as the most impactful programs, preventing massive layoffs and providing essential liquidity. As highlighted both in the literature and reinforced by the interviewee, SMEs experienced an abrupt decline in revenues, which jeopardized their liquidity and their capacity to meet even basic operating costs. In response: "*Authorities implemented various programs and support measures, such as access to cash flow, which allowed businesses to survive the health restrictions*." *- Interviewee 8*

A central point emphasized by the interviewee was that many of these measures were strategically targeted to sectors most affected by restrictions such as lockdowns, ensuring that support reached businesses facing the greatest vulnerabilities. At the same time, the conditions for accessing the programs reduced actions known as moral hazard by SMEs.

Regarding the enabling conditions for Canada's swift response, two elements were repeatedly highlighted: One is the effective coordination across different authorities, which allowed for a rapid, unified response. *"The interinstitutional coordination during the implementation of the support programs involved close collaboration between ministries, the Business Development Bank of Canada (BDC), and the branches responsible for small businesses and entrepreneurship". - Interviewee 8*

Moreover, another element is the availability of high-quality, up-to-date statistical information, which enabled precise identification of priority sectors and SME needs during the crisis. This type of data proved indispensable for tailoring interventions to the realities of SMEs. For instance, as one interviewee explained: "*Every three years we conduct a survey in Canada of small and medium-sized*

[120] D. Isabelle et al., "A Machine-Learning Analysis of the Impacts of the COVID-19 Pandemic on Small Business Owners and Implications for Canadian Government Policy Response", Canadian Public Policy, 2022.

[121] ISED, "Minister Ng Announces Launch of Highly Affected Sectors Credit Availability Program", news releases, 2021, https://www.canada.ca/en/innovation-science-economic-development/news/2021/01/minister-ng-announces-launch-of-highly-affected-sectors-credit-availability-program.html.

[122] BDC, "HASCAP Guarantee Statistics by Region and Sector", Business Development Bank of Canada.Ca, 2022, https://www.bdc.ca/en/about/corporate-governance/financial-results/hascap-guarantee-statistics-region-sector.

[123] C.A. Durodola and J. Tu, The Impact of the Highly Affected Sectors Credit Availability Program on Business Closure and Growth: Evidence from the 2020 COVID-19 Pandemic (Innovation, Science and Economic Development Canada - Small Business Branch, 2024), 27, https://ised-isde.canada.ca/site/sme-research-statistics/en/research-reports/impact-highly-affected-sectors-credit-availability-program-business-closure-and-growth-evidence-2020.

enterprises, asking several questions including on financing—why they requested financing, under what conditions, and for what purposes." *- Interviewee 8*

On the other hand, the main challenges during the implementation of the programs were the unprecedented nature of Covid-19. The pandemic created a very different context for small businesses, which made it difficult to determine the most appropriate way to address their needs. "*In terms of the effect on small businesses, I would say that deciding how to appropriately address this very different circumstance was a challenge to overcome. I think it helped having a kind of clear objectives for the program.*" *- Interviewee 8*

Finally, the interviewees outlined two key recommendations for designing and implementing future interventions: Economies should prioritize building robust and timely statistical systems for SMEs, as reliable data allows for responding more effectively to crises. Special emphasis should be placed on ensuring inclusive support for marginalized groups.

For example, Canada's data collection made it possible to identify the underrepresentation of women-owned or Black-owned businesses, enabling the economy to design targeted programs that directly addressed their needs. As one interviewee noted: "*Part of what we were able to use with HASCAP was the data we already had in Canada, including information on small businesses and from the statistics agencies. Statistics Canada did a lot of work very rapidly*." *- Interviewee 8*

Canada implemented one of the most comprehensive SME support frameworks globally, combining wage subsidies, liquidity measures, and credit guarantees. The CEWS reached over 5 million workers and 440,000 employers, helping stabilize employment and sustain income levels during the peak of the pandemic. The BCAP and CEBA expanded credit access, with CEBA alone providing interest-free loans of up to CAD 60,000 to nearly 900,000 businesses. These programs were supported by strong institutional coordination between public agencies, financial institutions, and the Business Development Bank of Canada. The design and execution benefited from robust SME data systems and well-established monitoring mechanisms, allowing for real-time adjustments and high transparency. While the fiscal cost was substantial, Canada's approach showcased how data-driven decision-making, inter-agency cooperation, and early evaluation processes can enhance the efficiency and accountability of large-scale interventions.

Table 14. Summary of financial support schemes in Canada and their key features

Type of intervention	Objective	Characteristics	Number of
Job retention schemes			
CANADA EMERGENCY WAGE SUBSIDY (CEWS)	Preserve employment by subsidizing wages of retained or rehired staff	Wage subsidy	5 million of applications
CANADA RECOVERY HIRING PROGRAM (CRHP)	Encourage rehiring and wage increases during economic recovery	Employers receive refund per additional dollar of salary/wages	178,920 approved applications
CANADA TOURISM AND HOSPITALITY RECOVERY PROGRAM (THRP)	Support wage & rent expenses in tourism/hospitality firms with revenue losses ≥40%	Wage and rent subsidies	210,290 approved applications
HARDEST-HIT BUSINESS RECOVERY PROGRAM (HHBRP)	Assist non-tourism businesses with larger revenue losses (≥50%)	Wage and rent subsidies	116,800 approved applications
Deferral measures			
CANADA EMERGENCY COMMERCIAL RENT ASSISTANCE (CECRA)	Reduce fixed overhead by providing rent relief to commercial tenants	Wage and rent subsidies	106 thousand small business
Financial instruments			
CANADA EMERGENCY BUSINESS ACCOUNT (CEBA)	Provide immediate liquidity for small businesses to cover essential costs during pandemic disruptions	Interest-free loans	898 thousand businesses
HIGHLY AFFECTED SECTORS CREDIT AVAILABILITY PROGRAM (HASCAP)	Provide financial assistance to SMEs offering government - guaranteed loans	Guarantee - loans	17,150 loans

Note: The number of benefits includes all firms and not only SMEs.

Source: Own elaboration based on Canada Revenue Agency, Innovation, Science and Economic Development Canada, Business Development Bank of Canada

3.5. Support policies aimed Covid-19 in Chile

Chile implemented a wide range of measures to support SMEs during the Covid-19 crisis, combining labor market protection, liquidity relief, financial instruments, and structural initiatives. These measures, while varied in scope and design, sought to preserve employment relationships, prevent bankruptcies, and strengthen the capacity of SMEs to adapt to the post-pandemic economy.

a) Job retention schemes

Employment-related support in Chile was centered on two major programs. First, the Employment Protection Law, introduced in April 2020, allowed firms experiencing revenue losses or mandatory closures to suspend contracts while workers accessed unemployment insurance. By late 2020, the scheme covered more than 700,000 workers, most of them in SMEs[124]. Evaluations by the Ministry of Labor and the OECD emphasized that the law was crucial in preventing mass layoffs at the peak of the crisis, although it excluded many informal workers and microenterprises[125].

To complement this policy, Chile launched the High Return Subsidy Program between 2020 and 2021. This initiative aimed to accelerate labor market recovery by offering monthly subsidies of up to CLP 160,000 (USD 200) per reinstated worker and CLP 270,000 (USD 340) for new hires in vulnerable groups such as women, youth, and persons with disabilities. Evaluations conducted by the Ministry of Labor indicated that the subsidy effectively boosted reemployment, particularly among women and younger workers, although challenges in targeting the most vulnerable firms were also observed[126].

b) Deferral measures

Liquidity relief was further supported through deferral policies. The economy introduced postponements of VAT and provisional income tax payments, while social security contributions were also deferred for firms operating under suspended contracts. In addition, loan repayment moratoria were negotiated with “Banco Estado” and private banks[127]. These interventions eased cash-flow constraints during the most acute phase of the crisis.

c) Financial instruments

Chile’s most significant contribution to MSMEs support came from credit guarantee programs. The Fogape-Covid scheme was expanded in April 2020, raising state guarantees to cover up to 85 percent of MSME loans, with preferential terms of up to 48 months. To respond to the crisis, legal

[124] Ministry of Labor and Social Security - Chile, *Employment Situation in the Face of the COVID-19 Health Crisis - Ministry of Labor and Social Security*, el 31 de enero de 2022, https://www.mintrab.gob.cl/situacion-del-empleo-ante-crisis-sanitaria-covid-19/.

[125] OECD, One Year of SME and Entrepreneurship Policy Responses to COVID-19: Lessons Learned to Build Back Better.

[126] M. Dini y A. Heredia, Analysis of policies to support SMEs in confronting the COVID-19 pandemic in Latin America, Project Documents (LC/TS.2021/29) (Economic Commission for Latin America and the Caribbean (ECLAC), 2021), 114, ECLAC, https://repositorio.cepal.org/entities/publication/65b1d311-b7d6-4272-9107-256e63d73805.

[127] B. Aguilera et al., *COVID-19: Evolution, effects, and policies adopted in Chile and around the world*, 2022/28, Public Finance Studies of the Budget Directorate (Ministry of Finance, 2022), https://www.dipres.gob.cl/598/articles-266625_doc_pdf.pdf.

adjustments were made to expand the reach of Fogape beyond micro and small enterprises, allowing larger companies and especially hard-hit sectors to benefit. This expansion aimed to address the sharp drop in sales and liquidity needs by guaranteeing access to credit, even if it meant incurring "planned losses" to ensure fund functionality. This implies that Chile prioritized giving support to MSMEs over maintaining the financial sustainability of Fogape.

In the last months of 2020, Chile implemented Fogape-Reactivate, which had changes that included extending the maximum loan, flexible interest rates, and increased guarantee term under the Fogape- Covid program from four to five years, and launching a new initiative[128]. Under this scheme, loans could be issued through December 2021 and used to refinance existing Fogape-backed debt. In 2021, the Reactivate program supported approximately 207,372 operations, with total amounts reaching UF 224,745 million.

The main beneficiaries of these programs were MSMEs, accounting for 97% of the operations and 58% of the total amounts. MSMEs, highlighting the program's targeted efforts to provide relief and ensure business continuity during the economic crisis. According to the interviewee: "*Fogape-Covid and Reactivate aimed to guarantee access to financing for companies that would not have been covered by the traditional financial system." - Interviewee 4*

Studies about Fogape give three principal findings. First, it was optimal that Chile had this fund, Fogape, for years before the pandemic, as this gave them experience in managing and implementing these measures during the pandemic[129]. Second, the application of maximum interest rates could have been restrictive for a significant percentage of companies that accessed the program[130]. Third, unbanked clients had limited access to the program. It is observed that approximately 60% to 95% of beneficiaries, depending on the financial institution, had already accessed bank loans before the pandemic, suggesting that the reach for new clients was lower[131].

Furthermore, the programs were channeled mainly through banks, which meant that most beneficiaries were formal businesses. While some efforts were made to reach excluded firms through non-banking financial entities, the lack of access among informal enterprises or those without credit history remained a challenge. The interviewee also pointed to: *"The limited diversity of financial intermediaries in Chile, suggesting that increasing competition in the future could improve coverage and efficiency". - Interviewee 4*

Additional instruments included the Reactivate with Sercotec, which provided direct grants of up to CLP 3 million to microenterprises aimed at helping beneficiaries restart their economic activities through the development of an investment plan[132]. Moreover, the "Relief Grant for MSMEs" consisted of a one-time payment of CLP 1 million granted to micro and small enterprises—both individuals and legal entities—that had initiated first-category activities by March 2020 and reported annual income not exceeding 25,000 UF in 2020. As of 23 November 2021, a total of 913,407 applications had been approved, amounting to CLP 972.6 billion.

Finally, as part of the "Chile Supports" inclusive recovery plan, the "Recover Your SME"[133] program was created to assist micro and small businesses whose operations were disrupted due to

[128] The name of the program in Spanish is "Fondo de Garantía para Pequeños Empresarios Reactiva".

[129] J. Bolzico and J. Prats, *Public guarantee schemes for bank loans during COVID-19 in Latin America and the Caribbean*, Discussion document IDB-DP-937 (Inter-American Development Bank- IDB, 2022).

[130] C. Flores et al., "State-guaranteed loans during the pandemic: Evidence of access to the FOGAPE-COVID-19 program", 2021, https://www.cmfchile.cl/portal/estadisticas/617/articles-46781_doc_pdf.pdf.

[131] Ibid

[132] Gutierrez, "Statistical report on Fogape state-guaranteed loans (Reactiva + Covid), as of November 29, 2021".

[133] The name of the program in Spanish is "Programa Recupera tu Pyme (Plan ChileApoya)".

social unrest[134]. According to Sercotec's 2023 report, the Chile Supports Plan supported 2,490 beneficiaries in 2022 and executed a budget of CLP 10,835 million[135].

d) Structural policies

Chile also introduced initiatives aimed at strengthening the long-term resilience of MSMEs. Digitize your MSME[136] The program was broadened to provide online training, e-commerce support, and digital adoption resources. By late 2021, around 84,000 MSMEs participated in any activity to increase their knowledge about digital tools[137]. In parallel, training and upskilling programs under the SENCE platform offered courses in digital tools, business management, and reemployment skills, with participation concentrated among MSMEs in services and retail. Although smaller in fiscal magnitude compared to Fogape or wage subsidies, these structural measures helped MSMEs adapt to new market conditions and supported their integration into the digital economy.

According to interviewees, Chile coordinated efficient interventions between sectors and entities: "*The Chilean case stands out for the high level of coordination among public institutions. Initiatives such as "Chile Supports" demonstrate effective implementation coordination, particularly between the Ministry of Economy and the Ministry of Finance, and were recognized as good practices*". *- Interviewee 4*

Interviewees noted two main challenges in Chile: first, limited competition among financial intermediaries constrained the effectiveness of support programs; second, the need to pass new legislation delayed implementation. They suggested that pre-established legal frameworks to address economic shocks could allow faster and more efficient responses in the future.

Looking forward, the interviewee emphasized the importance of institutional preparedness. "*In future crises, having preapproved legal frameworks and a more robust financial development infrastructure would enable faster responses*". *- Interviewee 4.* In the same way, it is key that economies have policies to apply fast actions in future crises. "*All economies have a development lending architecture; ideally, they should formulate a policy that allows them to undertake this type of action." - Interviewee 4*

Furthermore, regarding issues like informality, the interviewee mentioned the relevance of generating interventions considering this context. "*Economies with higher levels of informality, a diversified set of tools—such as development banks or guarantee schemes tailored to excluded segments—would be essential to ensure more inclusive support mechanisms*". *- Interviewee 4*

In summary, Chile's response to the pandemic crisis was marked by rapid and large-scale financial interventions, primarily through the Fogape-Covid program, tax deferrals, and liquidity facilities. These measures effectively prevented a wave of SME bankruptcies and sustained credit flows during the most acute phase of the pandemic. The Fogape-Covid program alone provided over USD 18 billion in guaranteed loans, supporting more than 300,000 firms—particularly in commerce and services. Independent evaluations underscore the success of these programs in preventing bankruptcies and stabilizing the labor market. Institutional coordination between the Ministry of Finance, "Banco Estado", and the Central Bank was a defining strength of Chile's response, ensuring policy coherence and

[134] Sercotec - Chile, Recupera tu Pyme – Sercotec, n.d., https://www.sercotec.cl/recupera-tu-pyme/.

[135] Sercotec - Chile, "Cuenta Pública Participativa '23", 2023, https://www.sercotec.cl/wp-content/uploads/2023/05/Cuenta-publica-Sercotec-023_Putre_22-05-2023.pdf.

[136] The name of the program in Spanish is "Digitaliza tu Pyme"

[137] Ministry of Economy - Chile, Pymes Digitales (31 dec 2021), Informe de Detalle de Programas Sociales (2021), http://www.dipres.cl/597/articles-275582_doc_pdf1.pdf.

credibility. However, access was disproportionately concentrated among formal firms, and repayment accumulation after the expiration of deferrals exposed structural financing weaknesses, also, challenges persisted in generating options that allow for the financial stability of companies that received some type of credit, as well as the growth of other financial options (such as fintechs), and a key aspect is to have a greater reach in extending support to informal firms and in scaling structural reforms[138]. Overall, Chile's case demonstrates the value of pre-existing institutional frameworks and sound financial infrastructure for emergency responses, while underscoring the need to extend future instruments to micro and informal enterprises.

Table 15. Summary of financial support schemes in Chile and their key features

Type of intervention	Objective	Characteristics	Number of
Job retention schemes			
RETURN SUBSIDY PROGRAM	Incentivize the rehiring of workers affected by the pandemic	Monthly wage subsidy to rehire suspended workers	Total beneficiaries not specified
HIRING SUBSIDY PROGRAM	Encourage new hiring while expanding total workforce	Monthly wage subsidy for hiring new workers	Total beneficiaries not specified
Financial instruments			
COVID-19 GUARANTEE FUND FOR SMALL ENTREPRENEURS (FOGAPE COVID)	Provide liquidity to individuals and businesses affected by the pandemic	Government-backed working capital loans	283,731 operations; 11,824 directed to MSMEs
GUARANTEE FUND FOR SMALL ENTREPRENEURS REACTIVATE (FOGAPE REACTIVATE)	Support economic recovery and expand financing flexibility for MSMEs	Government-backed loans for investment, debt repayment, and working capital	207,372 operations; 96.95% benefited MSMEs
REACTIVATE WITH SERCOTEC	Help micro and small enterprises restart activities through investment in assets, working capital, etc.	Non-repayable grant of up to CLP 3 million to 4 million	-
RELIEF GRANT FOR MSMES	Provide immediate financial relief to micro and small businesses with reduced activity during the pandemic	One-time direct grant of CLP 1 million	913,407 applications approved
RECOVER YOUR SME PROGRAM (CHILE SUPPORTS PLAN)	Support businesses still recovering from social unrest and health crisis impact	Non-repayable grant of CLP 4 million	2,490 beneficiaries in 2022

Source: Own elaboration based on Cabrera and Holz (2022); Sercotec (s. f., 2023); Briones (2020); Ministry of Finance of Chile (2022).

[138] Dini y Heredia, Analysis of policies to support SMEs in confronting the COVID-19 pandemic in Latin America.

3.6. Support policies aimed Covid-19 in Mexico

In contrast to other economies, support measures during the pandemic were comparatively limited in scale relative to other APEC economies[139]. For example, Mexico did not implement large-scale financial support programs for businesses. As one interviewee stated: *"The government, as such, did not contemplate what support should be given. It was mostly the banks that took the initiative"*. *- Interviewee 5*

The measures can be grouped into four groups. First, social protection and direct support to households; second, support for business continuity and employment that targeted MSMEs and formal employers; third, financial sector and liquidity support that focused on ensuring liquidity, credit availability, and the stability of the financial system; and fourth, regulatory and operational adjustments that included temporary changes in rules or operations to speed up processes or facilitate recovery[140].

a) Job retention schemes

Unlike other OECD economies, Mexico did not implement large-scale wage subsidy programs. Instead, it focused on temporary expansions of social protection, including unemployment withdrawals from pension funds and limited support for self-employed workers. The ECLAC identified this as a significant gap, noting that employment losses in SMEs were higher in Mexico than in most Latin American economies[141].

b) Deferral Measures

Mexico introduced limited deferrals of tax payments and facilitated voluntary agreements with banks to defer loan repayments for up to six months. By August 2020, the National Banking and Securities Commission reported that over 8 million credit contracts (consumer, mortgage, business) were restructured, including a substantial share for MSMEs[142].

c) Financial Instruments

The main program was "Trust-Based Loan"[143]. This initiative offers a loan of MXN 25,000 per business (around USD 1,000), repayable over three years, including a three-month grace period[144]. The approach to these loans reflects a high level of trust in business owners, as the support is granted

[139] Swarnali Ahmed et al., Mexico Needs A Fiscal Twist: Response to Covid-19 and Beyond, IMF Working Paper WP/20/215 (2020), file:///C:/Users/THINKPAD/Downloads/wpiea2020215-print-pdf.pdf.

[140] OECD, "OECD Economic Surveys: Mexico 2022", OECD, 2022, https://www.oecd.org/en/publications/oecd-economic-surveys-mexico-2022_2e1de26c-en.html.

[141] Dini y Heredia, Analysis of policies to support SMEs in confronting the COVID-19 pandemic in Latin America.

[142] CEFP, *Bank Debtor Support Programs*, Information Note No. CEFP/067/2020 (Center for Public Finance Studies, 2020), https://www.cefp.gob.mx/publicaciones/nota/2020/notacefp0672020.pdf?utm_source=chatgpt.com.

[143] The name of the program in Spanish is "Credito a la palabra".

[144] Mexico. (2020, mayo 1). Frequently Asked Questions about Word Credits. https://www.gob.mx/cms/uploads/attachment/file/550137/Preguntas_frecuentes_de_Creditos_a_la_Palabra_01052020.pdf

without requiring any formal guarantee of repayment[145]. This instrument approved around 900,000 applications, primarily benefiting small businesses in the commerce, services, and production sectors. Over 21,000 loans have already been disbursed, amounting to MXN 542.5 million[146]. According to one of the interviewees, this amount was not enough to maintain the finances of micro or small firms: "*The support they started giving—I mean, with MXN 25,000, how many salaries or rents can you cover?—was very small*". *- Interviewee 6.* Additional measures included liquidity support through development banks, though at a smaller scale compared to Chile or Peru.

On the other hand, in the absence of a strong public response, banks and private actors took the lead in providing support. However, the accessibility of these instruments was highly dependent on an enterprise's credit history. The interviewee emphasized the central role of Mexico's credit bureau: "*If your credit report is bad, your chances of getting financing drop to almost zero—even if your business is doing well". - Interviewee 5*

This structural barrier disproportionately affected micro and small enterprises, many of which had no previous credit history or financial literacy to navigate the system. *"Micro enterprises don't usually have emergency savings, investor networks, or family capital. They either shut down, adapt at great cost, or survive carrying debt". - Interviewee 5*

d) Structural Policies

Mexico promoted some digitalization and export support programs through the Ministry of Economy, such as e-commerce roundtables, but their scale remained limited. No major structural MSME reforms were introduced during the pandemic period.

Mexico's MSME support package was modest relative to regional peers. The reliance on small-scale credit programs and the absence of wage subsidies limited its effectiveness. In addition, another critical aspect that influenced is the low financial reach of MSMEs; therefore, one of the challenges is to close the gaps and improve inclusion[147].

One of the findings of the interviews is that the absence of coordinated public financial support was perceived as a missed opportunity. While efforts were concentrated on health measures and public safety, economic policy actions targeting MSMEs were minimal: *"All economic efforts focused on health issues… there was little to no support published or promoted for businesses". - Interviewee 5*

Moreover, two aspects were mentioned about measures implemented during the pandemic. First, interventions did not consider the economic characteristics of regions and labor markets, so they did not support MSMEs adequately. Any institution has not evaluated these interventions; nobody knows about their impact. "*There were no evaluation indicators on the aid given to monitor what was achieved or not*". *- Interviewee 5*

From a policy perspective, the interviewee strongly recommended advancing open finance regulation to improve access and risk evaluation. *"We need to legalize open finance models, so a business isn't evaluated just by credit history, but by broader data profiles". - Interviewee 6*

[145] Ibid.

[146] A. Salas et al., "Economic and fiscal support in Mexico due to COVID-19 for MSMEs", *Horizontes de la Contaduría en las Ciencias Sociales* 12 (2020), https://revistahorizontes.uv.mx/index.php/horizont/article/view/20/47.

[147] Dini and Heredia, Analysis of policies to support SMEs in confronting the COVID-19 pandemic in Latin America.

Additionally, they stressed the importance of contingency planning and financial education. Microenterprises in particular must be encouraged to adopt preventive strategies: *"A small business owner must study, surround themselves with people who understand sales and finance—even if it's through YouTube tutorials". - Interviewee 6*

Finally, another recommendation is elaborate policies that have a clear diagnosis of the characteristics of MSMEs and implement interventions that have positive findings with strong evidence.

Mexico adopted a more limited and fiscally constrained MSME response compared to other APEC economies. The Trust-Based Loan program offered microloans of MXN 25,000 to approximately 1.3 million firms, primarily targeting informal and microenterprises. Its simple application process and minimal administrative barriers ensured rapid delivery but limited financial impact, as loan amounts were insufficient to sustain operations beyond the short term. Unlike other economies, Mexico did not implement large-scale guarantee or subsidy schemes, reflecting both fiscal prudence and institutional constraints. The crisis revealed the need for stronger coordination between authorities, more comprehensive MSME data systems, and diversified financial instruments beyond public credit.

Table 16. Summary of financial support schemes in Mexico and their key features

Type of intervention	Objective	Characteristics	Number of beneficiaries
Financial instruments			
TRUST-BASED LOAN	To support family-run microenterprises and small businesses affected by the Covid-19 economic crisis	Moral commitment only; no collateral or legal enforcement —relying on voluntary and timely repayment	900,000 loans approved.
WELFARE MICROCREDIT PROGRAM	Support local microenterprises through sequential microloans	Must repay each loan in full and have a good payment history to qualify for the next loan	Over 600,000 microenterprises by 2020

Source: Own elaboration based on Ceballos et al., 2020 and Mexico Government 2020.

3.7. Support policies aimed Covid-19 in Peru

In light of this critical situation, Peru adopted a broad set of policy measures to contain the pandemic's socio-economic effects. These measures can be grouped into three main categories. First, labor market interventions aimed to preserve employment, such as promoting remote work and implementing temporary sponsored paid leave. Second, social protection programs sought to mitigate the adverse consequences on vulnerable populations through targeted cash transfers, food assistance, and others. Third, and most relevant to this study, financial and economic reactivation measures were introduced to support business continuity, particularly for MSMEs, through credit guarantees and liquidity support.

a) Job Retention Schemes

Peru implemented the temporary suspension of employment contracts, allowing firms to halt labor obligations while employees accessed unemployment savings (CTS) and pension withdrawals. Studies concluded that this policy protected firms' solvency but shifted the cost of adjustment to workers, resulting in significant employment losses in MSMEs[148]. On the other hand, unlike Canada or Chile, Peru did not adopt wage subsidies.

b) Deferral measures

The economy authorized deferrals of tax obligations and facilitated loan repayment moratoria. One of these measures was Covid-19 Guarantee Program[149] that facilitated the reprogramming and freezing of debt. Moreover, partial guarantees were provided on the reprogrammed credits, with coverage percentages increasing progressively as borrowers fulfilled their payment obligations. According to the Ministry of Economics and Finance (MEF), in January 2022, the program allowed the rescheduling of credits up to PEN 164 million and guarantees for PEN 94 million, benefiting a total of 76,320 individuals and SMEs[150].

c) Financial instruments

Peru's flagship programs were the Reactive Peru[151] and FAE-MYPE credit guarantee schemes. In addition, the economy implemented specific financial instruments targeting particular economic sectors such as tourism, textiles, and agriculture.

Reactive Peru was a credit guarantee program designed to maintain payment chains and support working capital for businesses affected by Covid-19 induced disruptions. The Central Bank provided liquidity to financial institutions, enabling them to issue low-interest, government-guaranteed loans in local currency. Reactive Peru represented a shift from direct fiscal spending to a contingent liability model, with the Central Bank deploying up to PEN 60 billion (around 10% of Peru's GDP). As explained by the MEF: *"The MEF didn't have to disburse funds directly; the program was backed by the Central Bank, which significantly reduced fiscal pressure. In total, about PEN 58 billion were placed through the program, with the majority going to micro and small enterprises." - Interviewee 1*

This intervention allowed giving cheap credit to enterprises and preserving financial stability by preventing widespread business insolvency. This program was implemented between April and November 2020. Moreover, the use of loan funds was restricted to working capital needs. Firms were prohibited from using loans to acquire fixed assets, make financial investments or capital contributions, or pay or prepay financial obligations before repaying the Reactive loans. Also, the government approved the rescheduling of Reactive in March 2021, due to a new wave of Covid-19 cases and continued economic strain. According to the MEF[152], Reactive disbursed PEN 58,04 billion in loans at historically low rates (average 1.7%) backed by PEN 52,33 billion in guarantees. A total of 502,200

[148] Miguel Jaramillo y Ñopo Hugo, "COVID-19 and external shock: Economic impacts and policy options in Peru", Documentos de Investigación: Empleo, productividad e innovación, 2020, Grupo de Análisis para el Desarrollo - Grade, https://www.grade.org.pe/wp-content/uploads/GRADdi108.pdf.

[149] The name of intervention in Spanish is: Programa de Garantías COVID 19

[150] Ministry of Economy and Finance - Peru, "Scope and results of the COVID-19 Guarantee Program - March 2022", 2022, https://cdn.www.gob.pe/uploads/document/file/3018566/Programa%20Garanti%CC%81as%20COVID-19.pdf.

[151] The name of intervention in Spanish is *Reactiva Perú*

[152] Ministry of Economy and Finance - Peru, "Scope and results of the Reactive Peru Program", 2022, https://cdn.www.gob.pe/uploads/document/file/3018364/Programa%20Reactiva%20Per%C3%BA.pdf.

firms benefited from the program, of which 98.3% (493,635) were micro and small enterprises, and 0.4% were medium enterprises.

From the perspective of the financial sector, the program was broadly seen as effective. The representative of the private sector noted: *"The program helped prevent the collapse of the business fabric. Liquidity issues were addressed, and we didn't see mass bankruptcies as we did in the 2008 crisis." - Interviewee 2*

Research about Reactive suggests a positive economic impact. One research[153] found that Reactive reduced bank risk (defaults) of the total credit portfolio and positively affected the employment outcomes of firms. Using a difference-in-difference approach, this study estimated employment gains of between 2.0% and 3.5% for MSMEs. Similarly, another study[154] found that it increased the supply of loans, particularly for loans exceeding PEN 750,000 and PEN 5 million. In addition, the experience also highlighted operational challenges. While banks were well-positioned to assess creditworthiness and distribute funds efficiently, the process proved difficult for many firms.

Moreover, another financial instrument was the Business Support Fund[155] (FAE-MYPE by its name in Spanish). This measure provided guarantees for working capital loans to micro and small enterprises (MYPEs), thereby ensuring their liquidity and operational continuity during the crisis. The fund also aimed to facilitate the restructuring and refinancing of existing debts for eligible MYPEs. According to a representative from the MEF, "*FAE-MYPE was the first measure, focused on micro and small enterprises. As the crisis deepened and risks in the payment chain became evident, the need for a more powerful mechanism." - Interviewee 1*

The MEF informed that over 303,000 micro and small enterprises accessed the fund, and PEN 2,890 million in guaranteed loans were placed in March 2022[156]. The majority of the loans were allocated to enterprises in the commerce sector, followed by those in transportation, storage and communications, and manufacturing. Other sectors that benefited included hospitality, real estate, agriculture, education, and health services.

One of the most important positive aspects of Reactive Peru and FAE-MYPE is that both instruments have generated a reduction in interest rates for MSMEs' credits, giving during the pandemic. The auction mechanism allowed companies to access favorable conditions, representing historically low financing costs. The most benefited from this guarantee scheme were small and medium-sized businesses, which took 90% of the loans granted and experienced the largest decreases in interest rates compared to the pre-pandemic period[157].

Another similar intervention was PAE - MYPE that was designed to guarantee working capital loans for micro and small businesses, focusing on those operating in sectors most affected by the pandemic, such as commerce, accommodation and food services, arts and entertainment, and professional, scientific, and technical activities. According to the MEF, in March 2022, PAE-MYPE

[153] B. Acurio et al., "The Impact of REACTIVA on the Real Economy and on Bank Risk-Taking", Serie de Documentos de Trabajo, 2023, Banco Central de Reserva del Perú.

[154] C. Mendoza et al., "Government guarantees and the credit supply: The Reactiva Perú case", *Working Papers*, 2022, Superintendency of Banking, Insurance and Private Pension Fund Administrators (SBS).

[155] The name of intervention in Spanish is: Fondo de Apoyo Empresarial a la MYPE

[156] Ministry of Economy and Finance - Peru, "Scope and results of the program FAE-MYPE", 2022, https://cdn.www.gob.pe/uploads/document/file/3018562/FAE%20MYPE.pdf.

[157] Bolzico and Prats, *Public guarantee schemes for bank loans during COVID-19 in Latin America and the Caribbean*.

guaranteed loans for PEN 249 million were granted to a total of 8,493 MSMEs from different economic activities[158].

Similar to other economies, Peru implemented some measures focused on specific sectors that suffered more negative impact of the pandemic. One is FAE-Texco[159] that was designed to improve credit access for micro and small businesses in the textile and apparel industries by offering state-backed guarantees for working capital, asset acquisition, and debt consolidation. The initiative targeted over 60,000 enterprises in the textile and apparel sector. It enabled the mobilization of up to PEN 800 million in credit guarantees with subsidized financing conditions. The fund complemented other recovery measures, such as public procurement programs that allocated over PEN 597 million in textile purchases during 2021, and the reprogramming of previous loans granted under Reactive Peru and FAE-MYPE.

Another measure was FAE-Turismo[160] was focussed to support the recovery of MSMEs severely impacted by Covid-19 within Peru's tourism. According to the MEF, in June 2022, FAE-TURISMO provided loans totaling PEN 150.5 million and PEN 144.7 million in guarantees, benefiting 2,303 MSMEs in the tourism sector[161].

The third intervention focus in a specific sector was FAE - Agro[162]. This was aimed to provide state-guaranteed credit to small-scale agro-producers to support the 2020–2021 agricultural campaign and ensure food supply continuity. According to the MEF, in March 2022, FAE - Agro granted loans to MSMEs in the agricultural sector for PEN 123.8 million, targeting 11,347 small agricultural producers[163].

The last financial instrument that Peru has implemented is "Impulso MYPERÚ" which was established in December 2022 as a strategic response to the economic challenges faced by Peru's MSMEs following the Covid-19 pandemic. This initiative aimed to facilitate the recovery of these businesses by providing state-backed guarantees for loans, thereby enhancing their access to financing and promoting financial inclusion. One of the distinctive features of this program is its inclusion of a Good Payer Incentive, which reduces interest rates by 5 to 7 p.p. for timely loan repayments. By August 2024, the program has supported around 206 thousand firms, 57% of which are micro enterprises and 37% are small enterprises[164].

One challenge identified in the implementation of these interventions is that the reliance on the formal banking sector left many informal enterprises excluded. As the MEF representative acknowledged, *"Informality was a real challenge. The aim was to reach MSMEs, but informal actors often lack a relationship with banks, which makes inclusion harder for policymakers." - Interviewee 1*

On the other hand, coordination among public institutions was a key success factor. The urgency of the crisis accelerated collaboration between MEF, the Central Bank, COFIDE (Development Finance Corporation), and sectoral ministries. According to the MEF, *"In normal times, it takes months*

[158] Ministry of Economy and Finance - Peru, "Scope and results of the program PAE - MYPE", 2022, https://cdn.www.gob.pe/uploads/document/file/3018563/PAE%20MYPE.pdf.

[159] The name of intervention in Spanish is: Fondo de Apoyo Empresarial para el sector Textil y Confecciones

[160] The name of intervention in Spanish is: Fondo de Apoyo Empresarial para el sector Turismo

[161] Ministry of Economy and Finance - Peru, "Scope and results of the program FAE - Turismo", 2022, https://cdn.www.gob.pe/uploads/document/file/3018565/FAE%20TURISMO.pdf.

[162] The name of intervention in Spanish is: Fondo de Apoyo Empresarial para el sector Agricultura

[163] Ministry of Economy and Finance - Peru, "Scope and results of the program FAE-Agro", 2022, https://cdn.www.gob.pe/uploads/document/file/3018564/FAE%20AGRO.pdf.

[164] Ministry of Economy and Finance - Peru, "Advances and new benefits of Impulso MYPERU", 2024, https://cdn.www.gob.pe/uploads/document/file/5681073/8464-avances-del-programa-set24.pdf.

to set up such schemes. But in this context, it took weeks or even days. Decrees and operational regulations were issued rapidly without intermediaries. (...) In this context, it was a matter of urgency that needed the actors who were going to be directly involved." - *Interviewee 1*

The private sector also highlighted the importance of aligning credible institutions and how this situation allows the participation of several entities during the application of financial support programs: *"The credibility of the Central Bank and MEF was essential. Without it, we wouldn't have participated in the program." - Interviewee 2*

On the other hand, the perspective about impact of these interventions was mixed across instruments. While Reactive Peru was widely seen as a success, other sector-specific schemes such as FAE Agro or FAE Textile were less effective: *"They allocated resources to specific sectors, but the impact was limited. Transversal programs tend to work better because they let the market identify beneficiaries aligned with public policy". - Interviewee 1*

Box 4. Key aspects of Reactive Peru

Principal characteristics: Reactive Peru was a coordinated monetary and fiscal policy response to the extraordinary event of the Covid-19 pandemic The objective was inject liquidity into the economy so that companies can replenish their working capital, pay their employees and suppliers, and thus guarantee the continuity of the payment chain. Under this program, repos were granted for PEN 52.2 billion, equivalent to 7.2% of GDP.

Principal effects: The program maintained the flow of credit and prevented a breakdown of the payment chain, thereby avoiding a deeper economic contraction. Interest rates on program loans fell well below historical averages—especially for smaller loans, which recorded reductions of up to 32 p.p. Additionally, the program contributed to financial inclusion by incorporating approximately 72,000 new clients into the financial system.

Relevance of credibility and institutional capacity: The institutional development, credibility, and accumulated technical capacity of the BCRP were fundamental for designing and implementing this intervention. The experience underscores the importance of strong macroeconomic fundamentals and a robust regulatory framework for effective crisis response.

Key role of coordination between several public and private entities: Despite Peru's usual challenges in inter-institutional coordination, Reactive Peru demonstrated effective collaboration among key actors—including the BCRP, Ministry of Economy and Finance, COFIDE, the Superintendency of Banking and Insurance, and private financial institutions. This coordination was essential to delivering a rapid response during the pandemic.

Source: Webinar "Effects of Financial support schemes for small and micro enterprises performance during times of crisis" (2025)

d) Structural policies

Structural initiatives were more limited. Programs such as "Innóvate Perú" and digitalization training workshops existed before the pandemic. Although they were reinforced during this period, their reach was a smaller number of MSMEs compared to financial guarantees.

In addition, the interviewees outlined two key recommendations for designing and implementing future interventions: strengthening interinstitutional connections to improve measures with active participation of key actors, and working to get better information to understand the needs of MSMEs, which could facilitate any coordination and design of programs in the future. *“Interinstitutional connection among key stakeholders is crucial for designing the program quickly and with limited information to understand the problems from all sectors, making the response faster”. - Interviewee 1*

Peru’s financial response was among the most ambitious in Latin America in terms of credit guarantee scale but limited in job retention measures. The Reactive Peru program provided liquidity guarantees equivalent to over 8% of GDP, delivering more than 500,000 loans to businesses within months. This intervention, combined with tax deferrals and others, prevented a massive collapse in business activity and employment. The program’s success reflected strong coordination between the Ministry of Economy and Finance, the Central Bank, and commercial banks, which leveraged existing credit channels to reach firms swiftly. Evaluations highlight its effectiveness in stabilizing credit markets, but also its bias toward more formal and medium-sized enterprises. The experience also revealed information and monitoring gaps that hindered ex-post evaluations. Looking ahead, both public and private actors identified key lessons. These include designing programs that are more inclusive of informal businesses and establishing permanent mechanisms—such as auction-based credit lines and centralized information systems—to enable rapid deployment in future crises.

Table 17. Summary of support schemes in Peru and their key features

Type of intervention	Objective	Characteristics	Number of beneficiaries
Job retention schemes			
TEMPORARY SUSPENSION OF EMPLOYMENT CONTRACTS	Reduce negative effect on labor market-	-	-
Deferral measures			
COVID-19 GUARANTEE PROGRAM	Expand credit to businesses affected by the crisis through guarantees.	Guaranteeing rescheduled loans	76,630 (all enterprises and individuals)
Financial instruments			
REACTIVE PERU	Ensure liquidity and preserve the payment chain for companies affected by confinement and economic paralysis.	Government-guaranteed working capital loans via Central Bank liquidity.	493,635 MSMEs
FAE MYPE	Provide access to low-cost working capital for micro and small firms.	Credit guarantees	303,000 micro and small sized- enterprises
PAE MYPE	Support MSMEs from severely impacted sectors through state-backed loans to boost recovery and liquidity.	Credit guarantees	8,493 micro and small sized- enterprises
FAE TEXTIL	Provide financing to textile and apparel MSMEs for business continuity, reactivation, and employment preservation.	Credit guarantees	60,000 micro and small sized- enterprises
FAE TURISMO	Reactivate the tourism sector by improving access to credit for micro and small businesses in the tourism value chain.	Credit guarantees	2,303 micro and small sized- enterprises
FAE AGRO	Guaranteeing working capital loans granted to MSMEs in the tourism sector	Credit guarantees	11,347 small agricultural producers
IMPULSO MYPERÚ	Providing state-backed guarantees for loans, thereby enhancing their access to financing and promoting financial inclusion	Credit guarantees	206 thousand of firms, 57% of total are micro enterprises and 37% are small enterprises

Source: Own elaboration based on MEF, PRODUCE, BCRP.

3.8. Comparative overview

The comparative analysis of the five economies reveals both convergence and divergence in the policy mix adopted to support SMEs during the Covid-19 crisis. While all economies implemented a combination of wage support, tax deferrals, financial instruments, and structural policies, the scope, design, and effectiveness of these measures varied significantly depending on fiscal capacity, institutional frameworks, and pre-existing SME policy infrastructure.

Table 13 summarizes the main interventions implemented in Australia; Canada; Chile; Mexico; and Peru across the four categories of policy instruments. Australia and Canada prioritized large-scale job retention schemes and wage subsidies, while Latin American economies relied more heavily on credit guarantees and liquidity provision programs. Mexico stands out as the only case without a wage subsidy, instead focusing on direct transfers and credit programs of limited scale. Peru, on the other hand, implemented one of the largest guarantee programs in the region (Reactive Peru), alongside complementary instruments for microenterprises.

Table 18. Main SME Support Measures in Five Economies

Type of intervention	Australia	Canada	Chile	Mexico	Peru
Job retention schemes	JobKeeper (wage subsidy)	CEWS (wage subsidy)	Employment Protection Law; Hiring Subsidy Return subsidy	No wage subsidy pension withdrawals permitted	No wage subsidy; suspension of labor contracts
Deferral measures	Tax payment deferrals; loan moratoria	Tax deferrals and GST/HST remittance delays; loan moratoria	VAT and income tax deferrals; social security; loan moratoria	Tax deferrals; restructuring of credit contracts	Tax deferrals; loan portfolio restructured
Financial instruments	SME Guarantee scheme	SME guarantee schemes	SME Guarantee scheme Financial subsidies (grants)	SME guarantee schemes (public sector)	SME Guarantee scheme
Structural policies	Digital Business Solutions, e-invoicing adoption	SME digital adoption	Digitize your SME	Limited support for digitalization/export capacity	Limited support

Source: Own elaboration based on information from the previous section

Reported outcomes highlight how the effectiveness of these measures differed substantially across contexts. Table 19 provides a synthesis of available evaluations and assessments. In advanced economies, evaluations confirmed significant stabilization effects: in Australia, JobKeeper reduced the

unemployment rate by up to five percentage points at the height of the crisis; in Canada, CEWS and CEBA proved critical in preserving liquidity and preventing closures, particularly among micro-enterprises. In Latin America, the record is more mixed. Chile's Fogape program expanded MSME lending with demonstrable reductions in default rates, while employment subsidies such as the High Return Program supported reemployment of women and youth. In Mexico, the relatively small scale of Trust Worth limited its effectiveness, with ECLAC concluding that the program had a negligible impact on MSME survival and employment. Peru's Reactive program successfully prevented a credit crunch and lowered borrowing costs for MSMEs, as recognized by the BCRP, but employment outcomes remained negative, particularly for micro-enterprises, where studies highlight a disproportionate burden of job losses.

Table 19. Reported Outcomes and Evaluations

Economy	Key results
Australia	Implemented one of the most comprehensive SME support packages in the APEC region. The JobKeeper program reached ~1 million firms and 4 million workers, preventing ~300,000 job losses. Loan deferrals totaling AUD 236 billion and the SME Loan Guarantee Scheme expanded liquidity and prevented insolvencies. Coordination through all level entities ensured policy coherence, while reliance on existing tax and welfare systems enabled rapid fund delivery. Challenges included limited early data and uneven coverage, underscoring the need for strong monitoring and institutional preparedness for future shocks.
Canada	CEWS supported 5 million workers and 440,000 employers; CEBA provided CAD 60,000 loans to nearly 900,000 businesses; and HASCAP loans increased employment growth and reduced business closures. Strong institutional coordination and real-time data systems ensured effective targeting and transparency. The high fiscal cost underscored the need for more selective future measures, but the overall response prevented mass layoffs and sustained SME liquidity.
Chile	Chile's response to the pandemic combined large-scale financial support with targeted employment protection and recovery subsidies that preserved and restored jobs and provided liquidity support for MSMEs. Independent evaluations underscore the success of these programs in preventing bankruptcies and stabilizing the labor market.
Mexico	Mexico adopted a more limited and fiscally constrained MSME response compared to other APEC economies. The Trust-Based Loan reached 1.3 million microenterprises with loans of MXN 25,000 each, ensuring quick access for informal firms. However, the limited loan size restricted continuity beyond the short term. Lack of large-scale guarantees and fragmented coordination constrained impact. Future efforts should strengthen institutional capacity, financial diversification, and incentives for MSME formalization.
Peru	Peru's financial response was among the most ambitious in Latin America in terms of credit guarantee scale but limited in job retention measures. Evaluations highlight its effectiveness in stabilizing credit markets, but also its bias toward more formal and medium-sized enterprises. Despite positive

	economic support and institutional coordination, monitoring and evaluation frameworks require strengthening.

Source: Own elaboration based on information from the previous section

4. ANALYSIS

This section presents the empirical findings from the cross-economy SME survey conducted across the five study economies (Australia; Canada; Chile; Mexico; and Peru). The analysis distinguishes firms that participated in public support programs from those that did not, describes respondent characteristics, and assesses program impacts along three principal dimensions: employment (layoffs, furloughs, rehiring), financial (liquidity, indebtedness, access to credit), and operational (business continuity, digital adoption, supply-chain effects). Moreover, this survey gives information about perception and SMEs' recommendations for future programs.

4.1. Descriptive statistics by economies

As part of the research process, a survey was conducted with representatives of formal SMEs. The main objective of this survey is to generate robust, policy-relevant quantitative evidence on SMEs that participated in support programs during the Covid-19 pandemic in selected APEC economies, as well as insights into the factors influencing and perceptions of SMEs that did not participate in any support program. A total of 250 SMEs were surveyed, with 50 cases per economy. This section summarizes the main features of those firms, not only in terms of basic demographics such as firm size and years in operation, but also regarding their workforce composition, operational continuity during the Covid-19 pandemic, and whether they received financial support.

The purpose is to understand which firms answered the survey and what shared characteristics they bring to the dataset, as well as to ensure data diversity and quality. Therefore, these descriptive statistics provide both a closure to the fieldwork stage and a necessary foundation for subsequent analysis.

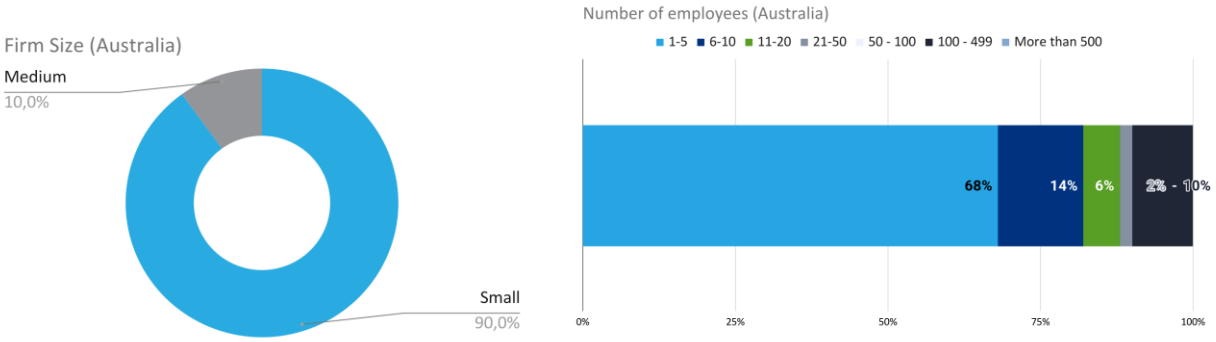
The results show that while the design of the survey achieved a balanced distribution in terms of numbers, the composition of SMEs in the sample varies significantly across economies: some economies display a predominance of microenterprises, while others concentrate on medium-sized or more mature firms. Likewise, there are marked differences in employment scales, business longevity, pandemic resilience, and coverage of support programs. Highlighting these contrasts at the descriptive level allows us to appreciate the heterogeneity of SMEs across APEC, and also sets the context for interpreting findings in the chapters that follow.

4.1.1 Australia

In Australia, the business landscape reflected in the survey is dominated by small firms, where 9 out of 10 firms are small-sized, while only 10% correspond to medium-sized firms. This distribution indicates that the analysis of results for Australia is driven primarily by the perspectives of small enterprises. This distribution agrees with the responses obtained when asked for the number of employees, since more than 88% report having up to 20 workers (Graph 13), which, according to the regulations of this economy, implies that the company is a small business. In addition, half of the firms have been active for more than a decade, and another fifth between six and ten years. The picture is

one of seasoned, established companies, less representative of start-ups or recently formalized ventures.

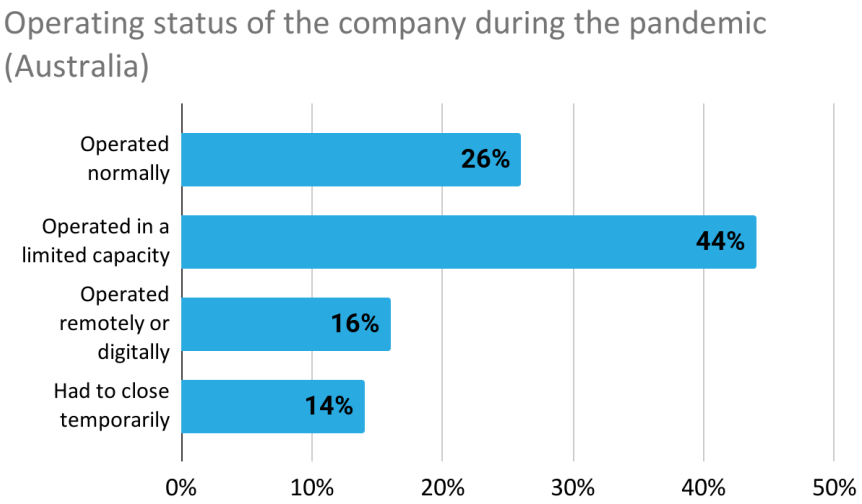
Graph 13. Firm's sizes and number of employees in Australia



Source: APEC SMEWG_203_2023A Survey (2025)

Regarding the effects of the pandemic, the findings suggested that this crisis forced most businesses into restrictions. 44% firms reported limited operations and 14% had to close temporarily. Nevertheless, 26% kept normal activity, one of the highest shares across economies, which hints at stronger resilience.

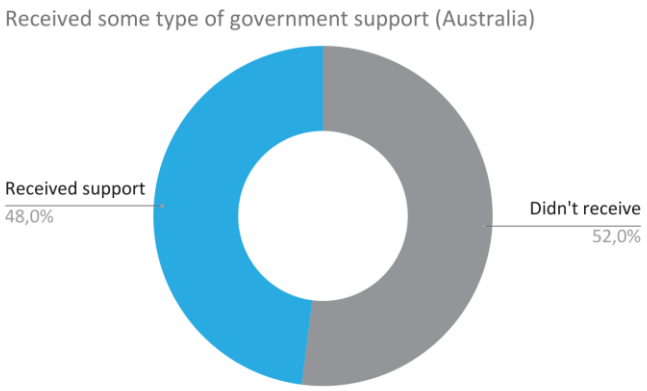
Graph 14. Firm's operational status during Covid-19 in Australia



Source: APEC SMEWG_203_2023A Survey (2025)

Out of the 50 SMEs from Australia, nearly half (48%) received some type of support during the pandemic, which makes it the second-largest economy with the biggest share among all economies in the study. This not only reflects the broader reach of assistance measures within the Australian business landscape but also builds a better subset of companies to which several critical survey questions apply, those aimed at capturing the impacts and transformations linked to such support.

Graph 15. Share of Australian firms that received support

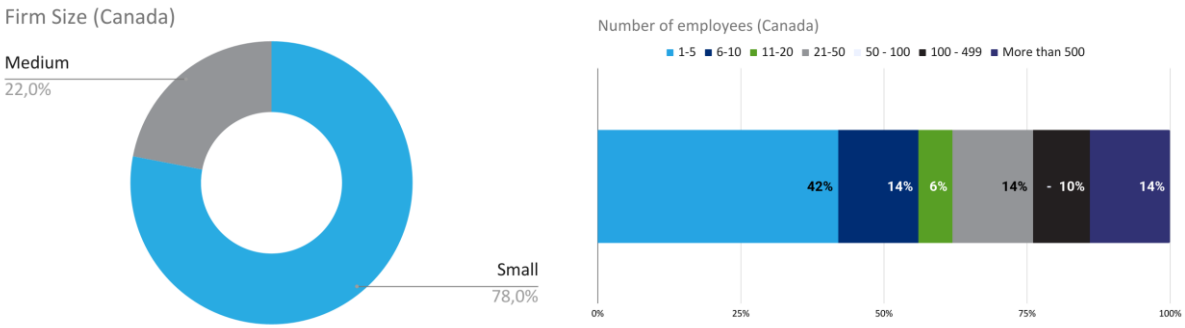


Source: APEC SMEWG_203_2023A Survey (2025)

4.1.2 Canada

In Canada's survey, small firms represented 78%, and 22% were medium firms. The workforce distribution is more varied than in Australia: 42% employ 1–5 workers, 14% employ 6–10, and 14% fall in the 21–50 bracket; this means that 70% firms are smaller according to regulation. Moreover, a notable feature is that 10% are in the 100–499 workers category, which is the classification of medium firms, and 14% exceed 500 employees, highlighting the inclusion of relatively large firms in the survey. Also, a strong majority (64%) report more than 10 years of activity, with only 16% below six years. This makes Canada, along with Peru, one of the most mature samples.

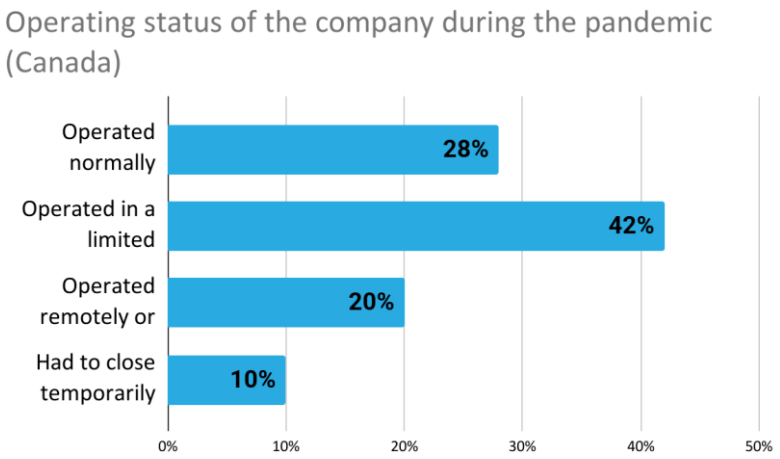
Graph 16. Firm's sizes and number of employees in Canada



Source: APEC SMEWG_203_2023A Survey (2025)

Additionally, the findings of the survey regarding the effects of Covid-19 show that Canada had the highest share of firms operating normally (28%). Limited operations were reported by 42%, remote activity by 20%, and temporary closures by just 10%—the lowest incidence of shutdowns across the five economies.

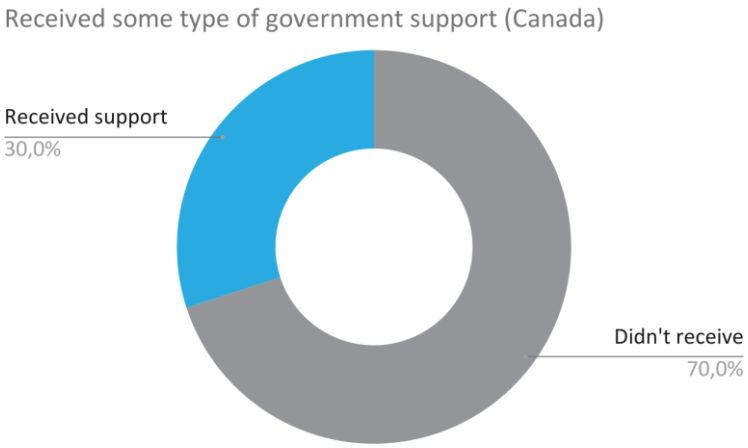
Graph 17. Firm's operational status during Covid-19 in Canada



Source: APEC SMEWG_203_2023A Survey (2025)

In the survey, three in ten businesses (30%) acknowledged receiving support. While not a majority, this level is higher than in most Latin American cases and provides a meaningful base for assessing the effects of support programs.

Graph 18. Share of Canadian firms that received support



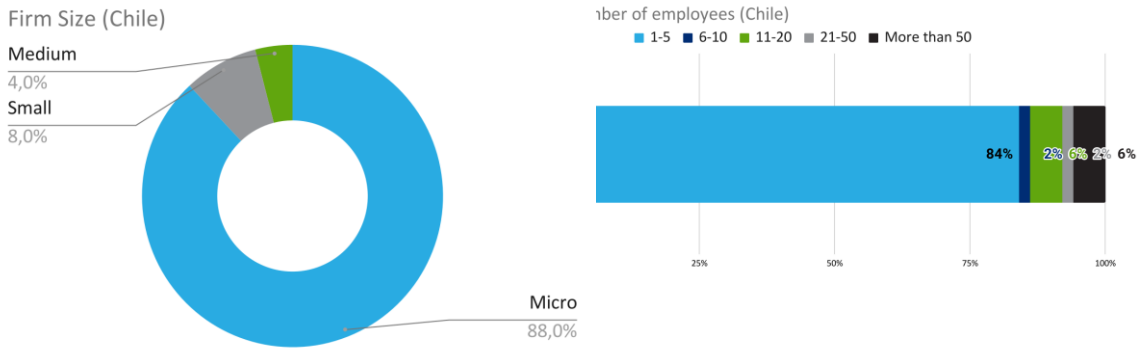
Source: APEC SMEWG_203_2023A Survey (2025)

4.1.3 Chile

Chile is the main economy where microenterprises dominate (88%) the number of firms in the survey. This category surpasses small (8%) and medium (4%) sizes by a large margin. This mirrors the MSME structure, which is heavily micro-based. Furthermore, employment data reflect the following: the vast majority (88%) employ only 1–5 workers, which echoes the micro-enterprise structure of the sample, and only 12% (small + medium). Moreover, the Chilean sample is well diversified by firm maturity: 26% have 4–6 years in operation, 34% fall between 6–10 years, and 40% report more than

10 years. This balance captures perspectives from businesses at different stages of the lifecycle—young and consolidating firms alongside more established ones—so later results will not be driven by only one maturity profile.

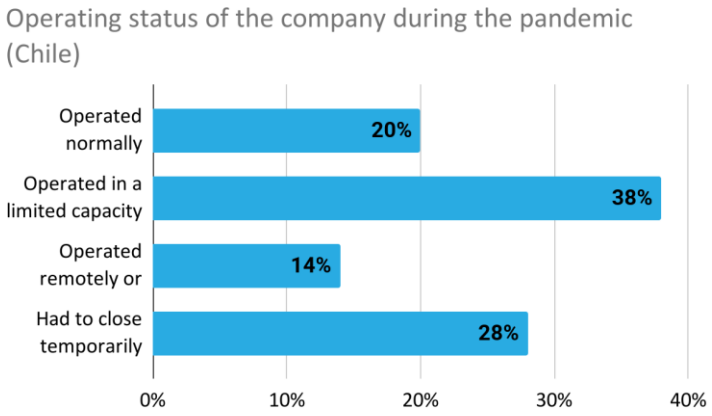
Graph 19. Firm's sizes and number of employees in Chile



Source: APEC SMEWG_203_2023A Survey (2025)

Furthermore, the findings of the survey suggest that the highest incidence of operational status of Covid-19 was temporary closures (28%), significantly above comparative to other economies. Only 20% continued normal operations, while 38% operated with limitations and 14% remotely. This indicates high vulnerability among microenterprises.

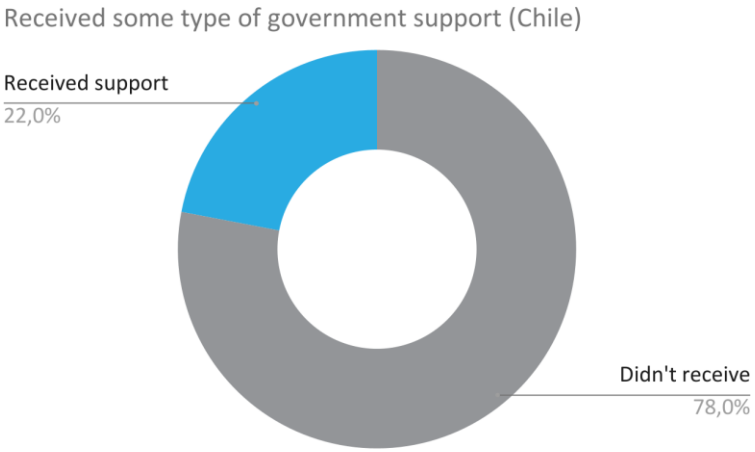
Graph 20. Firm's operational status during Covid-19 in Chile



Source: APEC SMEWG_203_2023A Survey (2025)

The sample encompasses 22% of firms that received any supports during the pandemic, thereby providing insights from both those that benefited from such measures and those that did not.

Graph 21. Share of Chilean firms that received support

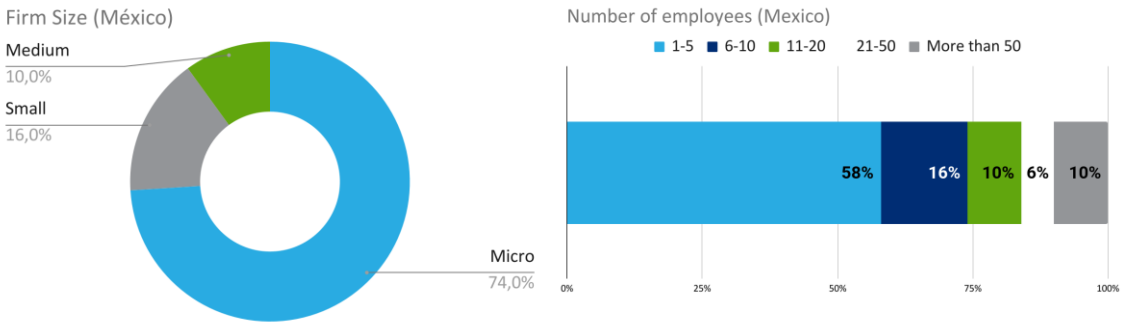


Source: APEC SMEWG_203_2023A Survey (2025)

4.1.4 Mexico

The Mexican subsample shows a relatively balanced distribution across categories: 74% microenterprises, 16% small, and 10% medium-sized. The presence of nearly one-sixth of small firms is significant, as it allows us to contrast micro-level experiences with those of slightly larger firms. At the same time, the share of medium firms (10%) ensures that the sample does not exclusively represent the smallest players. As it's common in Latin America, the firms are mainly micro employers: 58% report only 1–5 workers, and another 16% employ 6–10. Together, these two groups represent nearly three-quarters of the sample, emphasizing how lean Mexican MSMEs tend to be. However, 10% of firms reported having more than 50 employees, which, although minor, still indicates that the sample includes companies with a medium organizational scale. The age profile of Mexican MSMEs is mixed, with 42% having operated for over 10 years, 32% for 4–6 years, and 26% for 6–10 years. This nearly even distribution suggests that the sample brings together both experienced firms and younger enterprises.

Graph 22. Firm's sizes and number of employees in Mexico

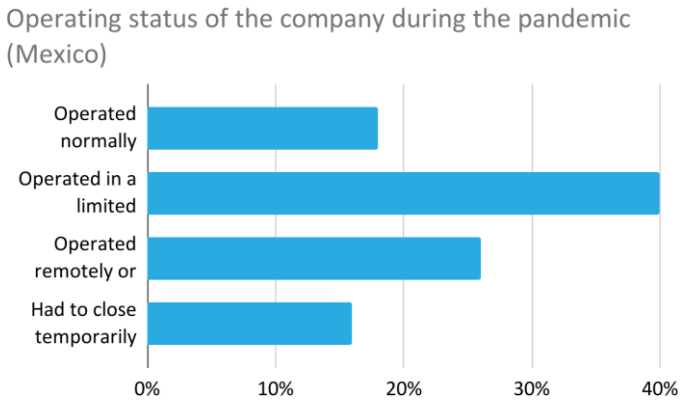


Source: APEC SMEWG_203_2023A Survey (2025)

Regarding the effects of the pandemic, the survey shows a similar tendency to domestic statistics. A large group (40%) functioning with restrictions and temporary closures affected 16%. Only

18% reported operating normally, the second-lowest rate across the five economies, while 26% moved operations online, one of the higher proportions of digital adaptation in the sample.

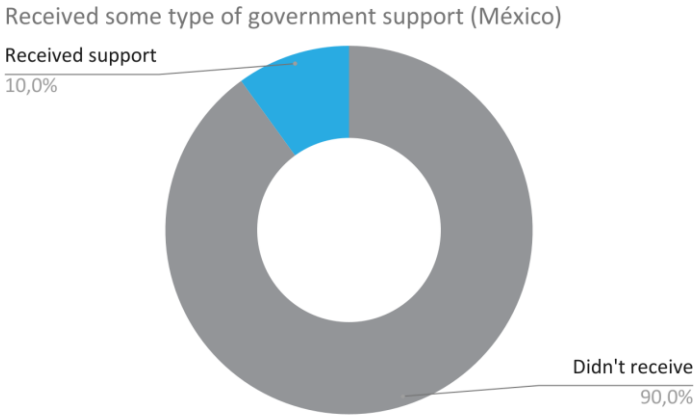
Graph 23. Firm's operational status during Covid-19 in Mexico



Source: APEC SMEWG_203_2023A Survey (2025)

Nevertheless, Mexico recorded the lowest proportion of firms that received any support, with just 10% reporting any assistance. This sample could be related with the slow number of benefits that support programs go in this economy, such as IMF and OECD mentioned in previous studies[165].

Graph 24. Share of Mexican firms that received support



Source: APEC SMEWG_203_2023A Survey (2025)

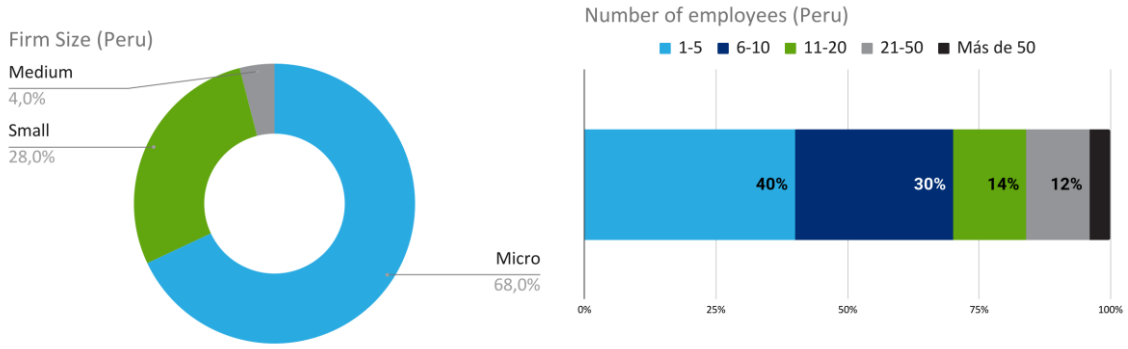
4.1.5 Peru

In Peru, the sample of formal MSMES is dominated by micro enterprises (68%), followed by small enterprises (28%) and medium firms (4%). Employment is concentrated in the lower ranges, but with some diversification. While 40% employ 1–5 workers and 30% employ 6–10, there is also a noticeable 12% in the 21–50 category. This slightly broader spread compared with Chile and Mexico shows that Peruvian MSMEs in the sample include both very small businesses and firms with more

[165] IMF, "Mexico: 2021 Article IV Consultation- Press release; and staff report"; Ahmed et al., Mexico Needs A Fiscal Twist: Response to Covid-19 and Beyond; OECD, "OECD Economic Surveys", 2022.

substantial employment responsibilities. Peru stands out for the maturity of its MSMEs. Fully 64% of respondents report more than a decade in operation, while another 28% fall between 6 and 10 years. This leaves only a small minority under six years of activity. Such a concentration of long-established firms suggests that the Peruvian sample is composed mainly of businesses with stability and experience, which may influence both their ability to weather crises and their capacity to access financial programs.

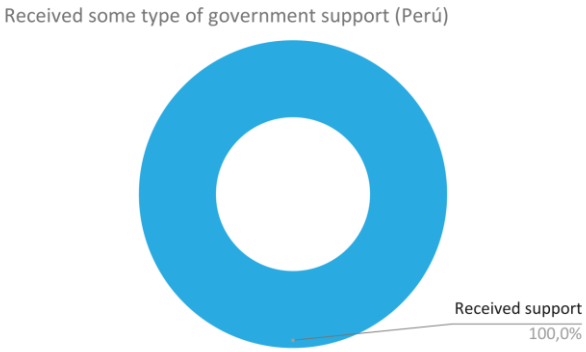
Graph 25. Firm's sizes and number of employees in Peru



Source: APEC SMEWG_203_2023A Survey (2025)

In Peru, all surveyed firms (100%) reported having received some type of. This complete coverage is due to our broader reach we had in this economy, which allowed us to target and select only those companies that benefited from assistance. This complete coverage sets Peru apart from the rest of the sample and means that the full set of impact-related questions could be applied to the entire respondent base.

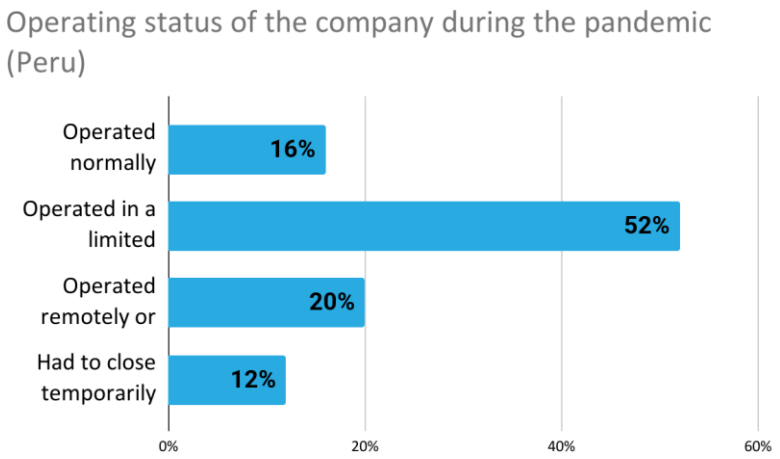
Graph 26. Share of Peruvian firms that received support



Source: APEC SMEWG_203_2023A Survey (2025)

During the pandemic, according to the findings of the survey, more than half of Peruvian MSMEs (52%) reported operating under restrictions. Only 16% continued normally, while 20% moved operations online and 12% had to close temporarily. This distribution is close to the regional average, but what stands out is that one in five MSMEs adopted remote or digital channels, showing a degree of adaptability. At the same time, the fact that normal operations were so rare highlights the depth of the disruption experienced.

Graph 27. Firm's operational status during Covid-19 in Peru



Source: Source: APEC SMEWG_203_2023A Survey (2025)

In summary, this section presents the descriptive statistics of the 250 surveys applied during the study. The quantitative information shows that more than 40% of firms operate more than 10 years in all economies, and around 30% to 50% operated in a limited capacity during the pandemic, for each economy, more than 50% are small or micro enterprise-sized. The next section analyzes the principal findings regarding the impact of the policy support during the pandemic.

4.2. Findings

This section presents the main findings for SMEs that received financial support and those that did not. For the first group, the analysis focuses on three dimensions—employment, operational continuity, and financial management—along with SMEs' perceptions of the support received. For the second group, the study examines their key characteristics and the reasons for non-participation, drawing on these insights to identify preferences and recommendations for future support mechanisms. Together, both perspectives provide critical inputs for designing new financial support schemes that strengthen SME resilience.

4.2.1 SMEs that participated in support programs

This section focuses on the analysis of the firms that received support programs during the pandemic. The analysis explores both the impact of the intervention and the perceptions of beneficiaries. Impact of the intervention will be explored through areas such as employment, financial stability, and operational continuity, and the perception of the beneficiaries will regard the access process, conditions, and transparency of the programs.

Therefore, this analysis will be based only on the subset of businesses that reported participating in a support program. The 250 valid surveys, 105 mentioned having participated in any program. To illustrate these dynamics, we present a selection of key indicators, represented through summary statistics and graphical outputs, which shed light on the effectiveness and perceived quality of the support. The indicators highlighted in this section provide a focused lens on the most relevant

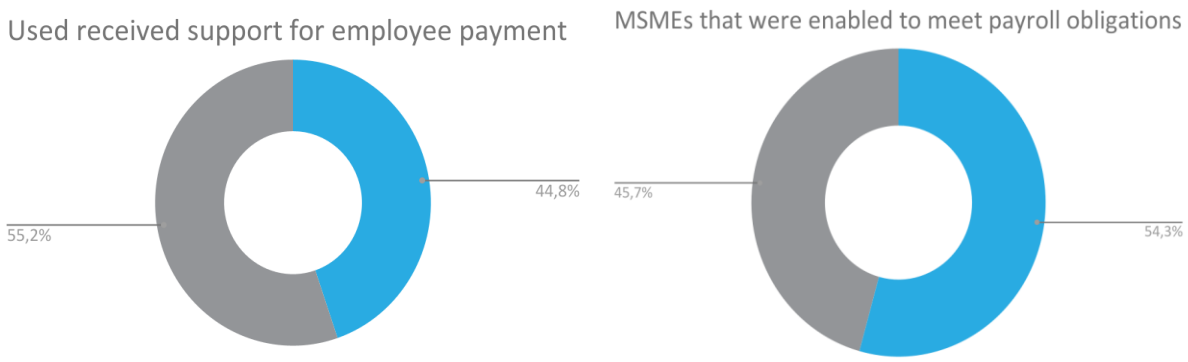
dimensions of impact and perception, offering an evidence-based foundation for evaluating the reach and legitimacy of the policy.

● Employment Impact

The first dimension assesses how financial support contributed to sustaining employment during the pandemic. The analysis considers not only whether firms allocated resources to cover wages but also whether the financing was decisive in enabling them to maintain payroll obligations and preserve staff levels. Within the objectives of this study, this dimension captures the role of public support as a buffer against job losses, wage cuts, job freezes, etc.

A considerable share of SMEs used the financing received to sustain their workforce. About 44.8% reported allocating the resources received from the support program directly to employee payments, showing that wage bills were one of the most pressing concerns during the pandemic. This decision to prioritize labor costs highlights how these support programs developed an immediate connection with household incomes linked to these businesses.

Graph 28: Share of MSMEs that used the support received for employee payments and share of MSMEs that were enabled to meet payroll obligations thanks to the support received.



(n=105)
Source: APEC SMEWG_203_2023A Survey (2025)

Beyond usage, 54.3% of firms affirmed that the financing actually enabled them to meet payroll obligations. This distinction matters: while many used the funds for salaries, only slightly more than half perceived that the support was decisive in avoiding delays or layoffs in the sense that employee payment couldn't have been possible without it. Similarly, during the webinar, SMEs' representatives emphasized that one of the most important supports of Reactive Peru was to allow the payroll obligations during the first stage of the crisis. Employment remained vulnerable, yet the intervention clearly reduced the risk of widespread cuts.

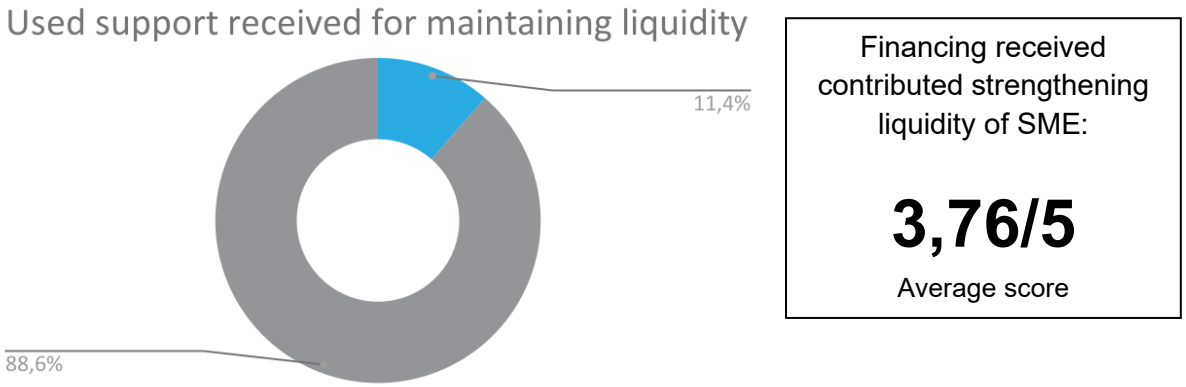
● Financial Impact

This dimension examines the influence of support programs on the financial health of SMEs, with a focus on payment of debts and liquidity. The objective here is to understand whether the support provided a real cushion for firms' financial operations or whether it was quickly absorbed by other priorities. By situating these results in the broader discussion on access to credit and financing barriers faced by SMEs, the analysis sheds light on the ways emergency programs tried to contribute to the financial resilience of small businesses.

In contrast to operational spending or payroll obligations, financial operations seem to be a less frequent priority. Only 11.4% of firms declared that the main use of financing was to maintain liquidity or payment debts. This limited share may explain because some economies (such as Chile and Peru) prohibited the use of funding to pay debts, so it could reduce the use of measures in this activity (at least, in the first stage of measures), and in economies like Canada and Australia, the fundings were used to support payroll obligations.

However, those who did focus on liquidity rated the impact positively, with an average score of 3.76. This suggests that the financing was perceived, indirectly, as cash flow, since it allowed for the payment of other obligations without increasing company liabilities. Although it did not allow for debt repayment, it did alleviate the need for cash liquidity. This finding aligns with what representatives of SMEs pointed out in the webinar, where they indicated that one of the main benefits of programs like Reactive Peru was that it maintained companies' liquidity for paying obligations.

Graph 29: Share of firms that used the support received for maintaining liquidity and average score of the extent to which the support contributed to strengthening liquidity.



(n=105)
Source: APEC SMEWG_203_2023A Survey (2025)

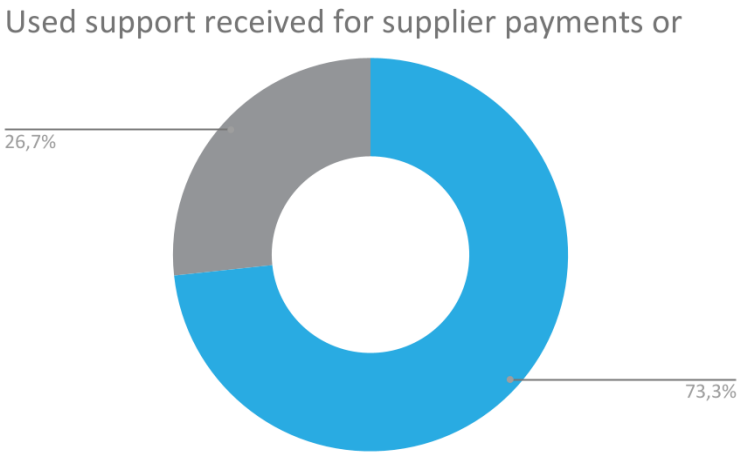
• Operational impact

This third dimension explores the capacity of measures to sustain productive and operational continuity. It considers the extent to which resources were directed to supplier payments, the purchase of inputs, and the maintenance of production processes. Within the framework of the study, this analysis is central to evaluating whether the intervention allowed SMEs not only to survive administratively but also to remain active players in their markets. In doing so, it connects with one of the main objectives of the policy: to prevent widespread interruptions in value chains and business ecosystems during the crisis.

This dimension shows the strongest evidence of programs as a continuity tool during the pandemic. A striking 73.3% of SMEs reported using funds to pay suppliers, purchase inputs, or sustain basic operations. In the same way, according to SMEs representatives' opinion, the measures helped them to pay for supplies and operational costs that were necessary to work during the crisis. Both findings demonstrate that support programs were tightly interwoven with day-to-day survival strategies, enabling firms to remain active even when revenues collapsed.

When asked to rate the ability of the support received to cover supplier obligations from 1 to 5, the subset averaged a score of 3.76. This suggests that firms generally recognized the usefulness of these resources for keeping their supply chains active.

Graph 30: Share of firms that used the support received for supplier payments and average score of the extent to which the support contributed to meeting supplier obligations



Satisfaction with access-related aspects of support received

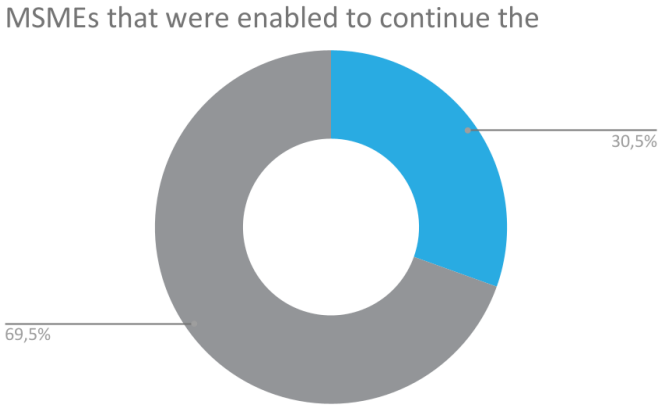
3,77/5

Average score

(n=105)
Source: APEC SMEWG_203_2023A Survey (2025)

However, as can be seen in the following graph, when asked whether financing actually enabled them to continue producing goods or services, only 30.5% answered affirmatively. This gap between use and perceived enabling effect is revealing, while most directed funds toward operations, fewer felt that production itself could be maintained thanks to this support. The perception of impact, therefore, was uneven to the actual use of the support.

Graph 31: Share of firms that were enabled to continue the production of goods thanks to the support



(n=105)
Source: APEC SMEWG_203_2023A Survey (2025)

The results in terms of employment and operational capacity are in line with what has been mentioned in the literature and in the interviews. In this sense, as the interviewee in Canada pointed out, programs like HASCAP helped SMEs in terms of employment and operational process: "*We found that businesses that received HASCAPs survived for longer. That means that they stayed open and avoided being closed for longer than businesses that didn't receive HASCAPs. (…) We also found that they had some growth in employees. (…)."* Similarly, the interviewee of Chile mentioned: *"With Fogape-Covid and Reactive, we could guarantee access to credit, prevent business bankruptcy, and prevent job losses.*" In the same way, the opinion of interviewees of Peru emphasizes the positive impact of Reactive: *"Preliminary evaluations show positive results in employment, MSMEs' financial and operational processes. Not having done Reactive could have meant a higher cost for the economy; reactivating the economy would have been more difficult and would have cost the public sector more.*"

Moreover, regarding the discussion of Panel 3 of the webinar, SMEs' representatives emphasized two important effects of interventions in Peru about liquidity and operational continuity: Participants underscored Reactive's role in maintaining payroll, paying suppliers, and ensuring cash-flow stability during the crisis. In fact, they mentioned that Reactive allowed firms to keep operating despite restrictions, safeguarding business continuity.

The next step to analyze was the SMEs' perception; these firms answered about the access process, conditions of intervention, and transparency. In general, over half of SMEs expressed a positive perception of support programs.

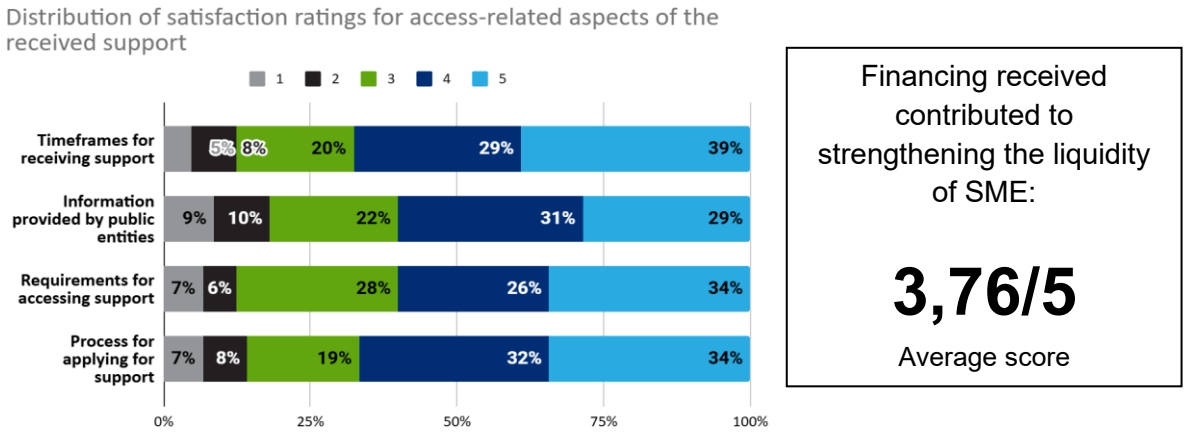
● Access process

The access process dimension analyzes beneficiaries' perceptions of the procedures required to obtain financing. It looks at aspects such as clarity of information, ease of application, requirements, and processing times. This analysis is directly linked to the study's objective of understanding not only the effectiveness of support but also its inclusiveness: if procedures are perceived as too complex, they risk excluding the very firms most in need. The dimension thus situates the intervention within a broader reflection on how design and implementation choices shape access to public policy.

Perceptions of access were moderately positive. The overall average score of 3.77 for clarity of information provided by public entities, application procedures, accessing requirements, and timeframes indicates that, although firms were able to navigate the process, it was not free of frictions. For many small and micro businesses, administrative hurdles can represent a disproportionate cost, as it was mentioned in previous qualitative findings.

The next chart illustrates the distribution of satisfaction levels among beneficiaries regarding access-related aspects of the support programs. Overall, perceptions tend to be positive; the average satisfaction with access-related aspects of the support received was 3.77. For instance, 68% of respondents reported being satisfied or very satisfied (scores 4 and 5) with the timeframes for receiving support, and 60% expressed similar satisfaction with the information provided by public entities. Likewise, 60% of participants rated the requirements for accessing support, and 66% indicated satisfaction with the process for applying for support. On the contrary, low ratings (1 and 2) do not represent more than 20% in any evaluated aspect, and in most cases, the rating is around 15%. These results suggest that, despite variations between specific components, most beneficiaries perceived the implementation of these programs as efficient and responsive during the pandemic, reflecting a generally favorable experience with the administrative and operational dimensions of access to the support program.

Graph 32: Distribution of satisfaction ratings for access-related aspects of the received support and the average overall satisfaction of these aspects



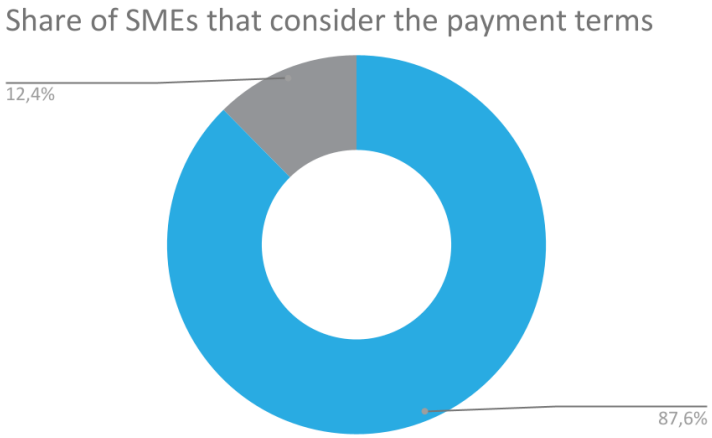
(n=105)
Source: APEC SMEWG_203_2023A Survey (2025)

• Conditions of intervention

This dimension addresses the repayment terms exploring whether firms found them appropriate and aligned with their repayment capacities. The analysis reflects on how such conditions can determine whether financing is perceived as a relief measure or as a new burden. In line with the study's objectives, this section evaluates the sustainability of the intervention, evaluating the extent in which well-designed repayment terms are relevant to enabling long-term recovery among SMEs.

Repayment terms were widely appreciated. An overwhelming 87.6% of firms considered them appropriate or very appropriate, suggesting that one of the key design features of the programs—aligning obligations with repayment capacity—was successful.

Graph 33: Share of firms that consider the payment terms appropriate



(n=105)
Source: APEC SMEWG_203_2023A Survey (2025)

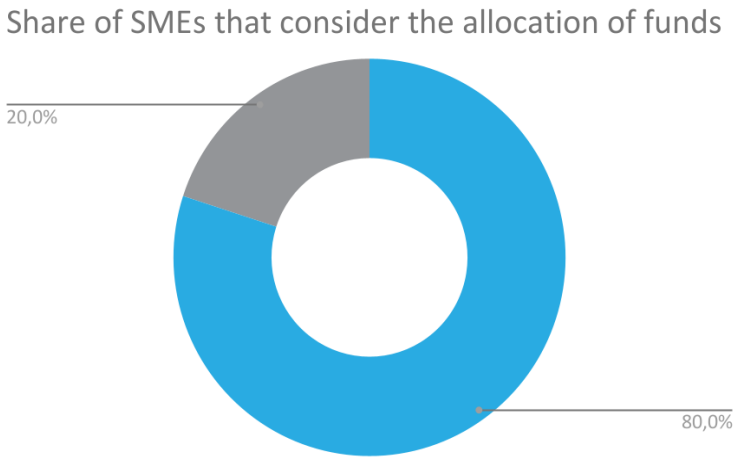
Transparency

Finally, the transparency dimension evaluates the perceived fairness and clarity of allocation processes. It seeks to measure whether firms trusted that resources were distributed equitably and whether they had access to sufficient information about the programs. This connects with the broader objective of understanding the legitimacy of interventions in times of crisis: perceptions of transparency influence not only immediate program credibility but also future willingness of SMEs to engage with formal support schemes.

Trust in the fairness of allocation was generally high. Around 80% of SMEs believed that resources were distributed transparently, a finding that strengthens the legitimacy of public programs during emergencies. Such levels of trust are not trivial; they create conditions for greater willingness of firms to participate in future formal support schemes.

At the same time, the average score of 3.62 for satisfaction with the information provided by public entities indicates some weaknesses. While allocation itself was perceived as fair, communication about the programs could have been clearer, more detailed and proactive. This duality echoes insights previously mentioned: legitimacy depends not only on transparency of procedures but also on the quality of information flows. Improving the latter could amplify the credibility already achieved.

Graph 34: Share of firms that consider the allocation of funds transparent and the average score of satisfaction with the Information provided by public entities.



Satisfaction for the evaluated aspect: information provided by public entities:

3,62/5

Average score

(n=105)

Source: APEC SMEWG_203_2023A Survey (2025)

Overall, the survey findings reveal that SMEs' perceptions of support were closely linked to the accessibility and design of the programs. Firms that benefited from interventions viewed them as crucial for preserving employment and maintaining production during the most critical months of the pandemic. Insights from participants in Panel 3 of the webinar reinforce these results, highlighting three key aspects related to access and program conditions. First, participants agreed that application processes were generally clear and fast. Second, SMEs with prior experience in the formal financial system were better positioned to access support and obtain favorable credit terms. Finally, participants noted that the conditions attached to the support—such as interest rates and repayment rules—were appropriate and reasonable given the severity of the crisis.

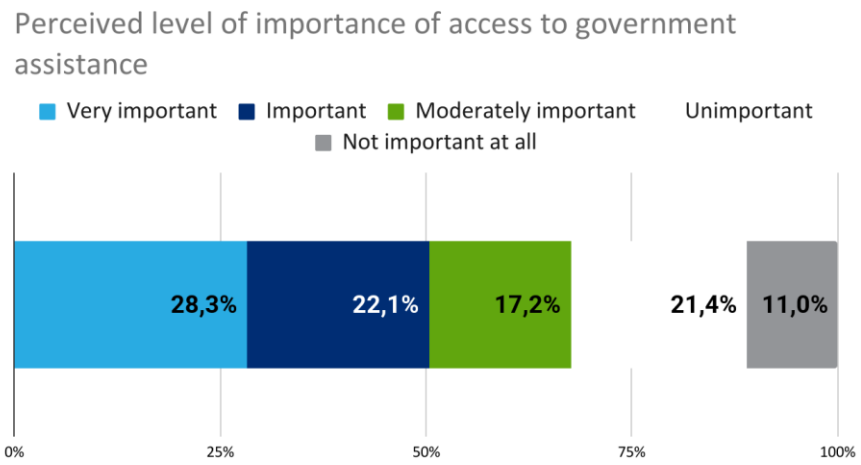
4.2.2 SMEs that did not participate in support programs

In this section, we turn to the group of firms that did not receive support programs during the pandemic, which represents 58% of the total sample. The analysis explores the perceptions and expectations regarding public assistance in times of crisis by firms that haven't benefited, including what types of support they would value most, their awareness of existing programs, and the characteristics they believe future interventions should prioritize. By examining these perspectives, this part of the report provides complementary insights to the impact analysis of beneficiaries, helping to identify gaps in coverage and opportunities for more inclusive policy design.

Two-thirds of firms without support (67.6%) emphasized that access to assistance is moderately important, important or very important during crises. This reveals that even in the absence of direct benefits, firms recognize the potential value of such measures. The finding reinforces the relevance of designing policies that broaden outreach, since expectations around state intervention remain high among excluded firms.

Graph 35: Distribution of the perceived levels of importance of access to support programs

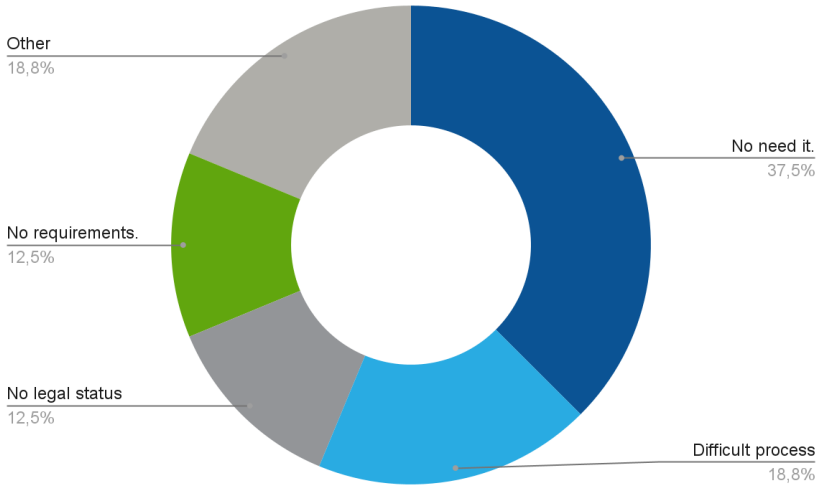
(n=145)



Source: APEC SMEWG_203_2023A Survey (2025)

Regarding reasons why firms have not participated in programs, the principal is that firms did not need this to survive during the crisis (37.5%). On the other hand, the second reason is that processes were difficult because they were complicated or slow (18.8%). Then, other two relevant answers are that firms did not meet requirements, or they did not have legal status to participate. These three answers give important information to consider for future interventions.

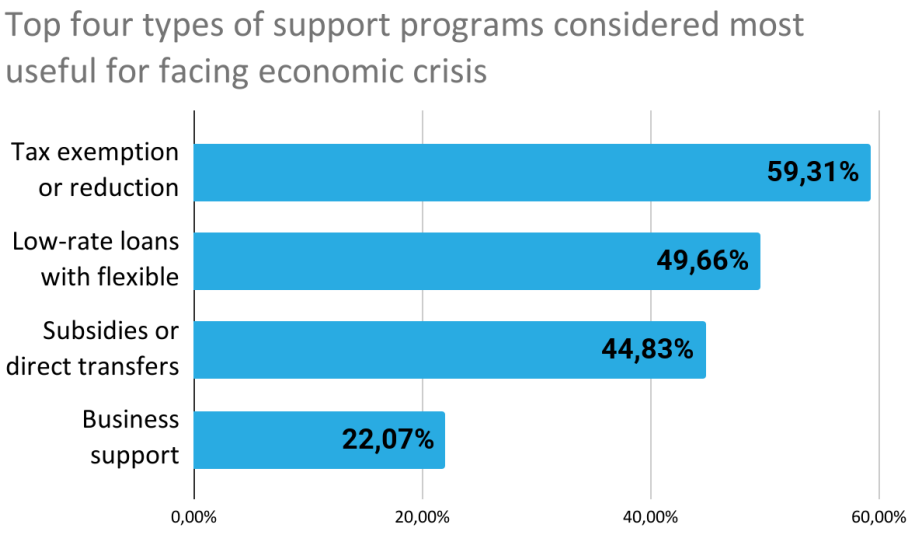
Graph 36: Reasons why firms have not participated in programs



(n=16)
Source: APEC SMEWG_203_2023A Survey (2025)

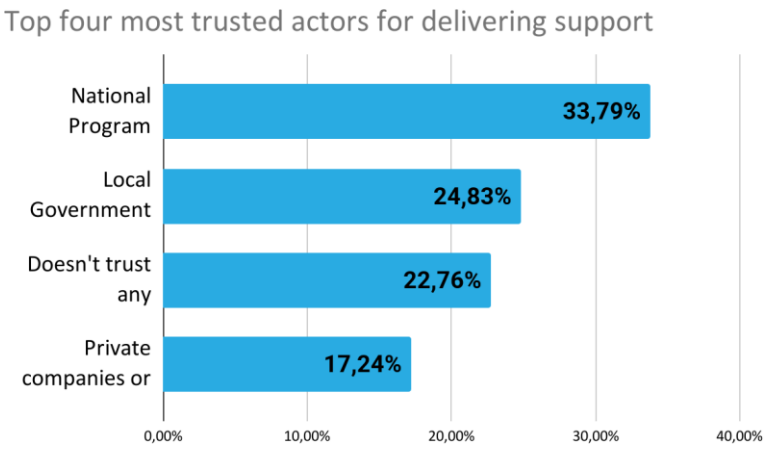
When asked about the most useful forms of assistance, tax exemptions or reductions topped the list (59.3%), followed by low-interest loans with flexible guarantees (49.7%) and direct subsidies (44.8%). By contrast, business development services were less frequently mentioned (22.1%). These preferences indicate that firms primarily seek relief in areas that directly affect financial sustainability, echoing previous findings on the structural importance of tax burdens and credit constraints in the survival of SMEs.

Graph 37: The top four types of support programs are considered most useful when facing an economic crisis



(n=145)
Source: APEC SMEWG_203_2023A Survey (2025)

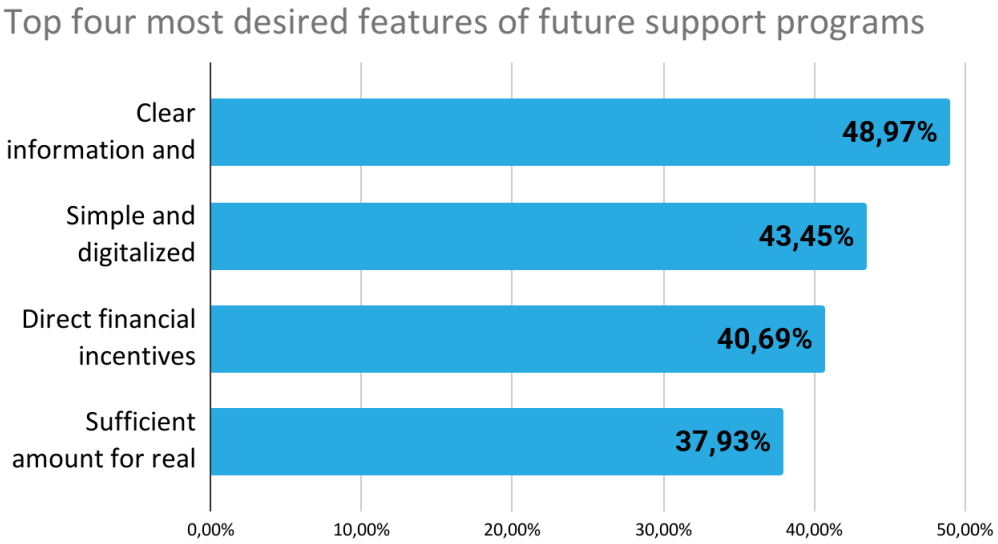
Graph 38: The top four actors are considered most trusted for delivering the support



(n=145)
Source: APEC SMEWG_203_2023A Survey (2025)

The preferences of excluded firms converge around simplicity and clarity. Nearly half highlighted the need for clear information and active dissemination (49%), while many emphasized simple, digitalized procedures (43.5%), direct economic incentives (40.7%), and amounts sufficient to meet real needs (37.9%). These priorities align closely with international evidence stressing that accessibility and administrative simplicity are as important as the financial value of support itself.

Graph 39: The top four features most desired for future support programs



(n=145)
Source: APEC SMEWG_203_2023A Survey (2025)

The lack of visibility and diffusion of the few existing programs further exacerbated the situation: *"There have always been programs, but they are not well known. Entrepreneurs don't immediately think 'I'll apply for a government program,' because we don't really know what it's about". - Interviewee 6*

Finally, when asked about potential future programs adapted to their needs, 60% of firms expressed willingness to participate. This indicates that despite exclusion and skepticism, there remains a strong demand for effective public intervention. The result reinforces the idea that designing inclusive, transparent, and well-communicated programs could substantially increase participation and impact in future crises.

The analysis of non-participating SMEs underscores critical gaps in policy outreach and inclusion. Firms were unaware of available programs, uncertain about their eligibility, or reluctant to assume new debt amid economic uncertainty. Others reported structural barriers such as registration, which excluded them from formal support mechanisms. This group's experience illustrates a persistent disconnect between policy intent and on-the-ground accessibility. Strengthening information channels, expanding non-debt-based instruments, and improving the integration of informal businesses into financial systems are essential to ensuring that future interventions achieve broader coverage and equity across the SME spectrum.

4.3. Lessons learned

The interviews conducted across the five economies reveal a set of shared challenges and strategic approaches in the design and implementation of financial support schemes during the COVID-19 crisis. While contexts differed, several common themes emerged, complemented by comparative evidence that underscores variations in institutional capacity, program design, and outcomes.

The main needs identified during the pandemic revolved around liquidity shortages, maintaining employment, and ensuring the continuity of small business operations. Programs such as Fogape Reactive (Chile) and FAE MYPE (Peru) illustrate varied approaches to guarantee access to credit and mobilize resources quickly, despite institutional and operational constraints.

However, unequal access to financial instruments was a recurring concern. Across economies, interviewees consistently emphasized that the firms best positioned to benefit from large-scale guarantee schemes and subsidized credit were those already integrated into the formal financial system. Respondents in Chile and Peru highlighted that despite programs such as Fogape-Covidand Reactive Peru, which succeeded in mobilizing unprecedented volumes of liquidity and included fewer conditions to participate in these interventions, they systematically excluded many micro-enterprises without prior credit histories. As a result, the programs helped stabilize the SME sector overall but did little to address the vulnerabilities of the most fragile firms.

Moreover, the trade-off between speed and targeting was evident across cases. In Chile and Peru, interviewees recognized that the deployment of credit guarantees was swift and decisive, helping to avert a systemic credit crunch. However, the rapid rollout also meant that financial institutions prioritized existing clients, leading to a concentration of benefits in medium-sized firms. By contrast, Mexico's financial programs were designed for microenterprises and were perceived as accessible, but their limited scale and loan amounts (approximately MXN 25,000 per firm) were regarded as insufficient to sustain operations beyond a short period.

Regarding coordination between entities, the opinion is positive. In contrast to other situations, interviewees mentioned that during the implementation of these interventions, the coordination was efficient between the Ministry of Economics, the Ministry of Finance, the Central Bank, and the private sector. Another key finding is about the monitoring and evaluation of interventions because there is a gap in Latin America. Respondents across Chile; Mexico; and Peru pointed out that while disbursement

data were available, there was no systematic follow-up to assess repayment capacity, firm survival, or employment outcomes.

A recurrent theme in the interviews was the importance of having timely and detailed information on SMEs' characteristics to design more effective interventions in the future. Respondents from Canada and Chile emphasized that updated statistics enabled them to better identify which specific sectors required targeted support during the pandemic, and, in Canada's case, to conduct ex-post evaluations of the effectiveness of wage subsidies and credit programs.

Drawing from all interviews, several recommendations emerged:

- Future interventions should be designed with greater flexibility, allowing quick adjustments as new evidence becomes available.
- Policy design should incorporate evaluation mechanisms from the outset to track outcomes and adjust instruments in real time.
- Coordination among institutions—including ministries of finance, central banks, and statistical agencies—was seen as critical to align interventions and avoid duplication.
- Economies should strengthen the collection and dissemination of SME data, ensuring disaggregation by sector, size, and type of financing.
- Interviewees underscored the need for sustainable financial instruments, avoiding excessive reliance on temporary deferrals that may generate future financial stress for SMEs.

Moreover, other key highlights from the webinar discussion include:

- Financial inclusion for SMEs is key to economic growth. Despite their important role in economies, SMEs continue to face structural barriers to accessing financial services and tools. Therefore, it is necessary to increase their financial inclusion; formalization is a prerequisite, and digitalization is a means to achieve faster financial inclusion.
- The importance of technology and digitalization in improving the resilience of SMEs. According to SME CEOs, improving both aspects is crucial for firms to be better prepared for future crises.
- Relevance of providing financial education that allows SMEs to understand the advantages and responsibilities of accessing financial services and tools, as well as improving SMEs' trust in traditional financial institutions.
- It is necessary to increase the use of alternative financing tools that meet the needs of SMEs, especially smaller or newer ones, which may not necessarily be able to meet all the requirements of traditional financial instruments.

5. CONCLUSIONS

This section integrates the findings from the literature review, policy mapping, and interviews to develop a comparative assessment across the five economies. It identifies the factors that determine policy effectiveness—such as institutional strength, data availability, and policy coordination—and distinguishes between what worked well in advanced APEC economies and the challenges that persisted in developing APEC economies. The conclusions drawn here directly inform the recommendations presented in the next section.

1 The pandemic reaffirmed the central role of SMEs in economic resilience.

Across all economies, SMEs played a pivotal role in maintaining production, employment, and local supply chains. Their share of total employment and contribution to domestic value chains highlighted their systemic importance. In the APEC region's economic framework, SMEs account for over 97% of all businesses, account for 60% of private-sector employment, and contribute roughly half of private sector output. A similar situation is for the five economies. For example, in Australia, SMEs accounted for over 97% of all firms and 67% of private employment, while in Chile, they generated around 70% of national employment. However, their vulnerabilities to external shocks such as the pandemic became immediately visible, stressing the need for robust and adaptive support mechanisms tailored to their heterogeneity.

2 Public interventions were decisive in avoiding systemic collapse through financial support for SMEs.

Large-scale fiscal and financial measures, encompassing the four main categories of interventions identified in the APEC framework (job retention schemes, deferral measures, financial instruments, and structural policies) were mobilized with varying intensity across economies. Evidence from the survey shows that nearly 45% of SMEs allocated received funds directly to wage payments, while more than half confirmed that the financing enabled them to meet payroll obligations during the most critical months of the pandemic. This highlights how financial support programs became an indirect tool for preserving household incomes and preventing labor market deterioration. Likewise, 73% of firms used the funds to sustain suppliers, purchase inputs, or maintain operations, demonstrating that the interventions effectively protected value chains and ensured the continuity of basic business functions.

3 Advanced economies demonstrated the effectiveness of direct subsidies

Australia's JobKeeper and Canada's CEW successfully preserved millions of jobs and stabilized labor markets and ensured liquidity during the most acute phases of the pandemic, outcomes confirmed through official evaluations and the interview findings. In Australia alone, JobKeeper supported 3.6 million workers across 1 million firms, cushioning the fall in employment. Their success was supported by solid institutional frameworks and fiscal capacity. Nevertheless, evaluations noted their high fiscal cost and diminishing efficiency as economic activity resumed, underlining the need for more targeted designs in prolonged crises.

4 Financial instruments in advanced economies are balanced in scale with accountability.

Both Australia and Canada implemented credit support schemes that expanded liquidity for SMEs, accompanied by early-stage monitoring and evaluation mechanisms. This combination ensured transparency and allowed policy adjustments, reinforcing trust in government measures and strengthening the resilience of the SME financing ecosystem. At the same time, evaluations indicated that program uptake was lower than initially projected, reflecting both banks' cautious lending practices and SMEs' reluctance to assume additional debt amid uncertainty.

5 Chile and Peru mobilized unprecedented financial support through guarantees.

Chile's Fogape-Covid and Peru's Reactive represented historic interventions, reaching more than 170,000 and 480,000 firms, respectively. These programs illustrated institutional adaptability and coordination, especially in Chile between "Banco Estado" and the Ministry of Finance, and in Peru between the Ministry of Economy, Central Bank and financial intermediaries. However, like interviews and survey revealed, access remained skewed toward small - sized and formal enterprises, leaving microenterprises and informal firms (especially women-led enterprises) underrepresented, highlighting persistent barriers to financial inclusion that must be addressed structurally.

6 Traditional financial alternatives applied in Chile and Peru provided short-term relief but limited sustainability.

Tax and credit deferrals offered immediate breathing space for MSMEs in Chile and Peru, but obligations accumulated once deadlines expired, reducing the sustainability of these interventions. Despite this, the crisis stimulated improvements in coordination among government actors in both economies, one of the most important institutional gain identified through interviews. In addition, both economies did not implement new alternatives of financial services, so this is a gap that should be analyze for future interventions.

7 Mexico's MSME support was insufficient in scale.

Although some interventions were quickly provided access to micro-loans without heavy administrative burdens, reaching a wide base of microenterprises in the informal sector. This inclusiveness was a notable innovation. Yet, like were mentioned in interviews, the relatively small loan amounts (around MXN 25,000 per firm) limited the program's capacity to ensure business continuity beyond the very short term. The experience illustrates the importance of calibrating financial support to real liquidity needs and complementing it with programs promoting digital literacy, financial skills, and sustainable business practices.

8 Institutional coordination emerged as a key factor explaining policy efficiency.

In Australia and Canada, strong institutional arrangements, clear mandates, and effective inter-agency coordination allowed interventions to be deployed rapidly and with relatively fewer bottlenecks. These capacities ensured smoother implementation and greater confidence among SMEs. In contrast, fragmented governance and overlapping responsibilities in Chile; Mexico; and Peru often delayed delivery and reduced the coherence of support measures. However, the interviews evidence suggests that, despite these structural gaps, the crisis response prompted improvements in coordination among actors in Chile and Peru, particularly in the design and implementation of emergency interventions. Strengthening these foundations is essential to ensure that future interventions are delivered efficiently and equitably.

9 Data availability, monitoring, and SME understanding remain uneven across economies.

Advanced economies benefited from comprehensive SME data systems, continuous monitoring, and ex-post evaluation frameworks, enabling precise targeting and real-time adjustments. Australia's Treasury evaluations and Canada's Parliamentary Budget Office reports illustrated how continuous monitoring improved transparency and accountability. By contrast, limited data and weaker supervisory structures in Chile; Mexico; Peru constrained abilities to identify vulnerable firms and evaluate program effectiveness, leaving important gaps in the inclusiveness and sustainability of support. Strengthening statistical systems is essential not only for better targeting during crises but also for designing programs supporting digitalization, innovation, and green transition.

10 Crisis response fostered valuable policy learning for future interventions.

Although coverage and monitoring mechanisms were uneven, the experience of implementing large-scale support programs during the pandemic generated lessons on targeting, inter-agency coordination, and the importance of flexibility. In Australia, post-crisis reviews of the JobKeeper Program by the Australian Treasury identified that early data integration between the Tax Office and Treasury enabled real-time monitoring of over 1 million firms, a practice now institutionalized for future emergencies. Similarly, in Chile, the Ministry of Finance's evaluation Fogape-Covid led to the creation of Fogape-Reactive (2021), which adjusted eligibility criteria and expanded coverage to smaller firms. These examples demonstrate how adaptive learning during implementation strengthened policy design and improved readiness for future shocks.

11 Non-participating SMEs revealed critical blind spots in policy outreach.

A significant share of SMEs did not access or benefit from support programs, either because they were unaware of the schemes, considered themselves ineligible, or were reluctant to increase indebtedness in an uncertain environment. These perspectives highlight the limits of policy coverage and the need for improved communication strategies, simplified procedures, and instruments that address the specific constraints of micro and informal enterprises. Expanding new alternative financial services and digital infrastructure can also catalyze improving access to both financial and non-financial support in future crises.

12 SMEs' views on conditions and access highlight the importance of design simplicity.

Evidence from participating firms indicates that program conditions—such as eligibility criteria, collateral requirements, or administrative procedures—strongly influenced access and perceptions of fairness. While larger and more formal SMEs viewed the schemes as essential to weather the crisis, smaller firms often found conditions restrictive or misaligned with their operational realities. These insights suggest that future interventions must balance financial safeguards with user-friendly design, ensuring that the firms most in need can benefit from the support offered.

13 Inclusiveness and formalization remain critical challenges for SME resilience.

Microenterprises, informal firms, and women-led businesses were often excluded from large-scale financial programs, which generally relied on existing banking relationships and tax records. The crisis demonstrated that being formally registered and integrated into the financial system significantly increased the likelihood of accessing support measures, thereby enhancing firms' resilience and survival prospects. Therefore, promoting formalization through digital compliance tools, simplified regimes, and incentives tied to sustainable and innovative business models will be critical to expanding financial inclusion and improving long-term productivity. Formality deepened structural vulnerabilities,

14 Structural support remained underdeveloped.

Few economies implemented policies aimed at strengthening SMEs' long-term competitiveness, digitalization, or resilience. Only Australia introduced targeted digitization grants for SMEs, whereas in Latin America, structural capacity-building programs were largely postponed. The overwhelming focus on immediate survival left structural gaps unaddressed, particularly in developing economies. Building capacities for digital transformation, innovation, and access to green finance should be central to future strategies to enhance resilience. Developing economies require permanent support frameworks that improve financing conditions while simultaneously building SMEs' technological, informational, and managerial capacities. Such measures will not only increase resilience to shocks but also enhance competitiveness and inclusion in the long term.

15 The sustainability of SME finance policies requires forward-looking frameworks.

The findings of survey demonstrate the key role of financial programs during pandemic: many firms used received funds to preserve essential operations and employment. In addition, interviewees and evaluations converge on the importance of embedding evaluation mechanisms, strengthening SME data systems, and designing flexible schemes that can be activated during future shocks. Future policy frameworks must move beyond temporary liquidity and embed digital transformation, innovation, and access to green finance as pillars of SME resilience. Such measures will not only boost competitiveness but also align economic recovery with sustainable and inclusive growth objectives across APEC economies.

6. RECOMMENDATIONS

This section translates the lessons learned into actionable guidance. Recommendations are divided into measures to be developed before crises, aimed at strengthening preparedness, and those to be applied during crises, to enhance response effectiveness. Distinctions are drawn between advanced and developing economies, with stronger emphasis on the latter, given their structural and financial constraints.

6.1. Preparedness before future crises

1 Strengthen institutional capacity, coordination, and evaluation frameworks (All economies, priority in developing APEC economies).

According to the analysis, economies with strong institutional structures, robust coordination, and better data systems implemented more efficient programs during the pandemic. Australia and Canada benefited from pre-existing mechanisms for monitoring and evaluation, while Chile; Mexico; and Peru faced delays due to fragmented governance and insufficient data. Therefore, it is recommended to strengthen institutional capacity and evaluation framework. This includes creating permanent inter-agency platforms, embedding monitoring and evaluation as standard practice, and expanding SME information systems. These measures are critical to ensure timely, transparent, and equitable responses in future crises to identify vulnerable firms more precisely.

2 Strengthen SME data systems: characteristics and financial inclusion (Developing APEC economies).

Findings of literature and interviews show that the absence of comprehensive SME statistics in some economies limited the targeting and evaluation of interventions during crises. Establishing centralized registries and regularly updated databases, including firm-level information (size, sector, financing behavior, and informality levels). Moreover, it is relevant to enhance credit reporting systems (CRS) that to address the challenges of incomplete and asymmetric information between SME borrowers and financial providers. It is key that CRS coverage alternative financial services to building a credit footprint or reputational credit of SMEs, especially those that have not yet made use of traditional sources. To address this, APEC could launch an SME Data Harmonization Initiative, supporting national statistical agencies to develop standardized registries that would allow economies to design tailored programs and identify vulnerable segments more effectively in future crises.

3 Promote alternative and diversified financing mechanisms for SMEs (All economies, with priority in developing APEC economies).

The pandemic revealed the limitations of relying exclusively on traditional bank-based lending to support SMEs, as found in interviews and surveys. To strengthen resilience, economies should foster the development of alternative financing channels, including fintech, factoring, supply-chain finance, crowdfunding, and equity-based instruments such as venture capital. These mechanisms can offer more flexible conditions than conventional loans, broaden access for underserved firms, and reduce concentration risks in the SME financing ecosystem, aspects that were mentioned in surveys and interviews. Economies might consider developing an environment for equity financing to improve SMEs that work on research, development, and innovation. To achieve this recommendation, APEC could establish a Regional Rotating Guarantee Fund for SMEs, jointly monitored by member economies, to support credit risk-sharing across borders and mobilize private capital.

4 Develop long-term SME support frameworks that go beyond liquidity (Developing APEC economies).

Emergency credit guarantees and subsidies helped firms survive in the short term but did little to address structural weaknesses. Developing APEC economies in particular need to design permanent frameworks that improve access to affordable financing while simultaneously strengthening SMEs' financial management, digital adoption, and technological capacities through non-financial services, as emphasized in interviews and literature review. Strengthening digital and green capabilities before a crisis is essential to ensure that SMEs can adapt rapidly to disruptions, maintain business continuity, and integrate into more sustainable and technology-driven value chains, and SMEs would be more capable of contributing to inclusive growth. Economies could establish integrated programs linking finance with digital and green transformation, such as concessional credit lines for SMEs that adopt digital tools, e-commerce platforms, or green technologies. In parallel, public–private partnerships could be developed to expand access to affordable digital infrastructure, technical assistance, and certification for sustainability standards—especially for micro and small firms that face higher entry barriers. At the regional level, APEC could launch a "Digital and Green Transition Fund for SMEs", a rotating facility co-financed by member economies and multilateral partners, aimed at scaling up investment in SME digitalization and green projects. Complementarily, APEC could integrate digital adoption and green finance metrics into member reviews, promoting accountability and facilitating cross-learning.

5 **Promote SME formalization as a resilience strategy to achieve financial inclusion of SMEs (Developing APEC economies).**

The analysis confirmed that informality was one of the main barriers preventing SMEs from accessing financial support during the pandemic. Firms operating outside formal systems—without tax records, bank accounts, or registration—were systematically excluded from large-scale credit and subsidy programs. Formalization, therefore, must be understood as a strategic pathway to financial inclusion and resilience. To address this, economies could implement incentive-based formalization programs that link registration directly with access to financial and non-financial benefits. This could include develop digital one-stop platforms integrating business registration, tax identification, and access to SME financial services, reducing administrative burdens for micro and small enterprises.

At the regional level, APEC could play a role by creating an APEC SME Formalization and Inclusion Initiative Agenda. This initiative could include (i) a regional repository of best practices in formalization and financial inclusion policies; (ii) technical assistance programs to help developing economies build interoperable digital registries linking tax, labor, and financial data; and (iii) the integration of formalization and inclusion indicators into APEC's Member Review (MR) framework. These actions would enable cross-economy benchmarking and accountability, while ensuring that progress toward formalization translates into measurable improvements in SME access to finance and resilience.

6.2. Actions during crises

6 **Balance speed with inclusiveness in program design (All APEC economies).**

The literature and interviews highlighted the trade-off between speed and inclusiveness in crisis response. Although rapid deployment of subsidies and credit guarantees was vital to prevent mass bankruptcies, yet the design often excluded microenterprises and informal firms. Future programs should prioritize inclusiveness by ensuring simplified eligibility, minimal paperwork, and proactive outreach to vulnerable groups—particularly women-led and micro firms—so that speed does not come at the expense of equity. APEC could support economies in developing a Rapid-Response Financial Toolkit, including templates for emergency loan guarantees, wage subsidies, and deferral mechanisms adaptable to different institutional contexts.

7 **Calibrate financial instruments to firms' real liquidity and sustainability needs (Developing APEC economies).**

Financial instruments should be better tailored to SMEs' diverse liquidity and repayment capacities, with differentiated credit lines, longer grace periods, and sustainable interest rates to balance immediate relief with long-term financial health. In this way, it is important to consider alternative financial instruments that could get better coverage than traditional financial instruments during a crisis.

8 **Ensure communication and transparency to build trust (All APEC economies)**

Survey findings revealed that many SMEs did not participate in programs due to a lack of information or perceived ineligibility. Therefore, economies should establish clear, multi-channel communication strategies to ensure that SMEs understand eligibility, application steps, and potential benefits. One of the most important aspects for SMEs is transparency, so transparent reporting also enhances trust and program legitimacy. APEC could coordinate an SME Crisis Communication Framework, offering communication protocols and templates for transparent reporting and stakeholder engagement.

9 **Embed structural elements within emergency measures (All economies, emphasis on developing APEC economies)**

Comparative review and interviews described that most interventions were designed for immediate survival, with limited contribution to long-term competitiveness. Linking crisis support with digitalization, innovation, and training incentives will ensure that recovery programs not only stabilize firms in the short term but also strengthen their long-term resilience and competitiveness. APEC could track these initiatives through a Regional Resilience Dashboard, measuring progress in digital and green capacity building among SMEs.

These recommendations call for the creation of a more robust and diversified financial ecosystem that combines debt and equity financing, promote use of new alternatives of financing, strengthens institutional frameworks, and deepens SME inclusion. Moreover, it is important to consider that not all economies require the same types of interventions before and during a crisis. Therefore, decisions should be guided by the diagnostics and evaluations to understand the type of SMEs targeted, the type of financing needed, the characteristics of the financial sector, and the structure and development level of institutions. Furthermore, establishing regional alternatives —such as an APEC Rotating Guarantee Fund, harmonized SME data systems, and resilience monitoring tools—would enhance coordination, accountability, and shared learning. Finally, these measures aim to transition from reactive crisis management to proactive institutional preparedness, ensuring that APEC economies can support SMEs more effectively during future global disruptions.

Table 20. Summary of recommendations

Type of recommendation	Policy toolkit	Specific recommendations
Before crisis	Advanced economy	Promote alternative and diversified financing mechanisms for SMEs Develop long-term SME support frameworks that go beyond liquidity
	Developing economy	Strengthen institutional capacity, coordination, and evaluation frameworks Strengthen SME data systems: characteristics and financial inclusion Promote alternative and diversified financing mechanisms for SMEs Develop long-term SME support frameworks that go beyond liquidity Promote SME formalization as a resilience strategy to achieve financial inclusion of SMEs
During crisis	Advanced economy	Balance speed with inclusiveness in program design Ensure communication and transparency to build trust Embed structural elements within emergency measures
	Developing economy	Balance speed with inclusiveness in program design Calibrate financial instruments to firms' real liquidity and sustainability needs Ensure communication and transparency to build trust Embed structural elements within emergency measures

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Annexes:

Annex 1

- Digital survey in Kobo Toolbox - Peru: https://ee.kobotoolbox.org/x/DRc8kh1e
- Digital survey in Survey Monkey – Australia; Canada; Chile; and Mexico: https://es.surveymonkey.com/r/XWDS6RD?ticket=[ticket_value]

Annex 2

Table A.1. Field report interviews

Economy	Date	Interview	Entity	Type	Advancement
Australia	28/05/2025	Interview 7	Treasury - Strategy, International and Data Unit - Small Business Policy Branch	Exploratory	Exploratory: 1 Discussion: 1
	17/09/2025		Treasury - Strategy, International and Data Unit - Small Business Policy Branch	Discussion first findings	
Canada	17/09/2025	Interview 8	BDC Oversight and Small Business and Entrepreneurship Research	Policy maker	Stakeholders: 1
Chile	17/06/2025	Interview 4	Ministry of Economy, Development, and Tourism	Policy Maker	Stakeholders: 1
Mexico	03/07/2025	Interview 5	Impala Kapita	Private sector / Exploratory	Stakeholders: 1
	08/07/2025	Interview 6	-	Expert independent	Exploratory: 1
Peru	19/06/2025	Interview 1	Ministry of Economic and Finance	Policy Maker	Stakeholders: 3
	19/06/2025	Interview 2	Private bank - BBVA	Private sector	
	25/06/2025	Interview 3	Association of Banks of Peru - Asbanc	Policy Maker	

Source: APEC SMEWG_203_2023A

Annex 3

Table A.2. Systematization of webinar: "Effects of Financial support schemes for small and micro enterprises performance during times of crisis"

Panel	Entity	Participate	Principal aspects
Presentation of findings	**Equilibrium**	Ellen Mayorca	**Principal lessons learned:** ● Credit programs mobilized liquidity fast but excluded micro/informal firms. ● Both Chile and Peru achieved strong internal coordination among their Ministries of Economy, Finance, Central Banks, and the private sector ● Chile; Mexico; and Peru show a notable lack of monitoring and evaluation of policy interventions implemented by authorities in comparison to Australia and Canada. ● Australia; Canada; and Chile used updated SME statistics for targeted and evidence-based policies. **Principal conclusions**: ● The pandemic reaffirmed the central role of SMEs in economic resilience. ● Public interventions were decisive in avoiding systemic collapse, particularly through large-scale wage subsidies and credit guarantees. ● The sustainability of SME finance policies requires forward-looking frameworks that incorporate data systems, evaluation mechanisms, and more inclusive financial ecosystems. ● None of the economies implemented interventions to increase the use of new financing alternatives (factoring, fintech, green financing, and others). **Principal recommendations:** two types of recommendations: The first group: recommendations to design and implement before future crises: ● Strengthen institutional capacity, coordination, and evaluation frameworks. ● Strengthening SME data systems is critical. We recommend developing standardized and integrated SME registries, including financial inclusion indicators. ● Economies should promote alternative and diversified financing mechanisms. Beyond traditional bank lending, SMEs need access to fintech solutions, factoring, supply-chain finance, crowdfunding, and equity instruments such as venture capital. ● Economies' long-term support frameworks that go beyond liquidity. Strengthening SMEs' financial management, digital adoption, and green capabilities before crises will help firms maintain continuity when shocks occur. ● Promoting SME formalization is essential for financial inclusion. The second group: recommendations for actions during crises: ● Crisis programs must balance speed with inclusiveness. While rapid deployment is essential, simplified eligibility and targeted

			outreach—especially to women-led, micro, and informal firms—are necessary to avoid exclusion. ● Financial instruments must be calibrated to real liquidity and sustainability needs. ● Communication and transparency must be strengthened. Many SMEs did not participate simply because they lacked information or thought they were ineligible. Economies should implement clear, multi-channel communication strategies and transparent reporting. ● Crisis measures should integrate structural components. Linking financial support with digitalization, innovation, and training incentives increases long-term resilience.
Interventions of policy support during crisis	**Australian Treasury**	Hamish Baird	**Australia's Covid-19 Financial Support Schemes for SMEs - JobKeeper** ● JobKeeper was a central pillar of Australia's economic policy response. ● Total cost of AUD 88.8 billion, one of the largest fiscal interventions in Australian history. ● SMEs were most affected during the pandemic, so they received the most support. ● JobKeeper had an immediate impact on consumer confidence and business sentiment. ● Reduced risk of labor scarring and maintained employer-employee links ● Lessons: ○ Timeliness & Flexibility: Early, automatic, and adaptable support. ○ Inclusive Targeting: Tiered aid, broad eligibility, transparency, and real-time data. ○ Independent evaluations give relevant information to consider for future interventions.
	Central Reserve Bank of Peru	Fernando Pérez	**The Reactive Peru Program** ● Reactive Peru was a coordinated monetary and fiscal policy response to the extraordinary event of the Covid-19 pandemic ● To quickly inject liquidity into the economy so that companies can replenish their working capital, pay their employees and suppliers, and thus guarantee the continuity of the payment chain. Under this program, repos were granted for PEN 52.2 billion, equivalent to 7.2% of GDP. ● The program made it possible to maintain the flow of credit, avoiding the breakdown of the payment chain and, with it, an economic depression. ● Interest rates on program loans reached levels well below their historical averages, especially on smaller loans (-32 p.p.). ● Financial inclusion of 72 thousand new customers. ● Lessons: ○ Relevance of institutional development, credibility and technical capacity accumulated by the BCRP ○ Important coordination with other entities. ○ The program was an exceptional measure: other types of interventions to increase the financial support of SMEs.

Private sector experience during COVID-19	**Tekton Labs**	Jeffrey Pinedo	**Benefit of Reactive Peru and relevance of digitalization** ● The pandemic created new opportunities for SMEs offering technology-based services, underscoring the role of digitalization in strengthening resilience. ● Reactive Peru enabled firms to continue operating without major disruptions. ● Main benefits of Reactive Peru: payroll protection and operational liquidity during the crisis. ● Despite the importance of digital tools, support measures did not explicitly promote digitalization during the pandemic. ● Recommendations: ○ Strengthen SMEs' financial literacy and expand access to financial services under favorable conditions. ○ Improve integration and centralization of SME information to support targeted interventions. ○ Incentivize and invest in digitalization and technological adoption among SMEs. ○ Strengthen SME participation in business ecosystems through programs that build managerial and technological capabilities. ○ Promote the growth of start-ups to expand innovative solutions available to SMEs.
	Electrocom	Antonella Gallegos	**Benefit of Reactive Peru** ● Reactive Peru provided timely support during a critical moment, offering much-needed certainty to SMEs. ● The program expanded access to financing under favorable conditions—low interest rates, predictable repayment terms, and clear requirements. ● SMEs with pre-existing financial relationships before the pandemic had greater access and received better credit offers. ● Main positive effects: liquidity support, preservation of payroll, and continuity of payments to suppliers, ensuring stable cash flow. ● Formality proved essential, as informal firms were largely excluded from all financial support mechanisms. ● Actions to prepare for the next crisis: ○ Strengthen SME data systems to better understand firm characteristics, financing needs, and vulnerabilities. ○ Expand access to diverse financial tools and services to increase resilience. ○ Encourage SMEs to develop contingency and financial planning for crisis scenarios. ● Recommendations: ○ Promote financial education, as many SMEs lack financial knowledge or trust in financial institutions. ○ Simplify loan application processes to reduce barriers to access. ○ Foster the adoption of new financial alternatives, such as fintech platforms and other non-traditional instruments. ○ Encourage collaboration among financial actors to generate solutions tailored to SME needs.