UNDP MSME Policy and Programs: Hurricane Dorian and COVID-19

Building Resilience for MSMEs in the face of unprecedented crisis in The Bahamas.

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Acknowledgements

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One Eleuthera Foundation
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Acronyms

BCCEC- Bahamas Chamber of Commerce and Employer's Confederation

BSD- Bahamas Dollars

BDB -Bahamas Development Bank

CORE- Community Organized Relief Effort

COVID-19 Novel Coronavirus Disease 2019

ERC- Economic Recovery Committee

GB -Grand Bahama

GDP- Gross Domestic Product

IADB- Inter America Development Bank

IFRC- International Federation of Red Cross

ILO- International Labour Organization

IMF – International Monetary Fund

INGO International Non-Governmental Organization

IRC Internal Revenue Commission

MoF-Ministry of Finance

MSMEs- Micro, Small and Medium Enterprises

MVI- Multidimensional Vulnerability Index

NIB- National Insurance Board

NGOs -Non-Governmental Organizations

ORG- Organization for Responsible Governance

SBARC- Small Business Association and Resource Centre

SEIA-Socio Economic Impact Assessment

SIDS-Small Island Developing States

UNDP- United Nations Development Programme

USD- United States Dollar

WCK- World Central Kitchen

Executive Summary

1.1 Overview

1. The Bahamas has been significantly affected by the devastation and damage from the powerful category 5 Hurricane Dorian and unprecedented social and economic restrictions resulting from the still unfolding global *novel coronavirus 2019* (COVID-19) pandemic.
2. Hurricane Dorian is estimated to have generated damages and losses of $3.4 billion in the Bahamas (IDB, 2019). The bulk of this economic loss was incurred primarily by inhabitants of the islands of Grand Bahama and Abaco that were impacted by the epicentre of this storm. The Ministry of Finance, in a 2020 Post-Hurricane Dorian report estimated that the recovery costs for small businesses from Hurricane Dorian in Abaco and Grand Bahama would reach $43 million (Ministry of Finance, 2020). The same report held that of the 3500 registered MSMEs and large number of unregistered informal businesses operating in the islands primarily affected by the storm, 75% of those operating in Abaco and 60% of those in Grand Bahama reported being impacted (Ministry of Finance, 2020).
3. In less than twelve months after the hurricane, the COVID-19 pandemic brought social and movement restrictions resulting in economic shutdowns. Significant damage to the national and local economies have been incurred. In addition to the costs and toll to the national health systems, food security issues have been widespread, and countless livelihoods affected. As the COVID-19 pandemic has continued to unfold and supply and demand markets are continually challenged, the impact to The Bahamas' social and economic systems continues to grow in scope and complexity. The effects of the COVID-19 pandemic on Micro, Small and Medium Enterprises (MSMEs) which had to change many dimensions of their business activities are comparable to the impacts caused by Hurricane Dorian.
4. To date, the combined macro-level economic impact of both crises is projected to inflict losses of $7.5 billion or 60 % of the GDP of The Bahamas. As a result, social and economic development will likely be inhibited for years to come. Governor of the Central Bank of the Bahamas, John Rolle, at the 2021 Annual Bahamas Business Outlook, presented that the Central Bank estimates that economy will not rebound until 2023 (Rolle, 2021), whereas the International Monetary Fund (IMF) forecasted in their Staff Concluding Statement of the 2020 Article IV Mission that the Bahamian GDP will only recover to pre-COVID-19 levels during 2024 (IMF, 2020) .
5. MSMEs in The Bahamas, recognized as having historical operational challenges, have been found to have a lower capacity to manage in post disaster circumstances. MSMEs that operated in Grand Bahama and Abaco have had to endure the direct impact of both shocks – each generating their own crises – thereby warranting special consideration from government as recovery programmes and projects are currently being designed.
6. This report links the available institutional research on the distinct and separate impacts of Hurricane Dorian and COVID-19 with new data collected from an online survey created on the KOBO Humanitarian platform in collaboration with UNDP SURGE Data Hub, Country Support Management Team of the UNDP Crisis Bureau. The survey, launched from November 2020 to February 2021 and promoted via radio and social media, received 486 responses from affected owners of MSMEs in Grand Bahama and Abaco, some of whom had been displaced as a result

of the storm. The respondents represent almost 14 percent of all registered MSMEs on the islands prior to Hurricane Dorian.

7. The report provides:
   7.1. An assessment of the social and economic impact and efficacy of the post Dorian and COVID support programmes on micro, small and midsized enterprises in Grand Bahama and Abaco.
   7.2. Recommendations for policy development to improve resiliency, promote social and economic recovery and mitigate the impact of future disaster on MSMES.
8. The primary data was further assessed against a Multidimensional Vulnerability Index (MVI) conducted by the UNDP SURGE Data Hub, Country Support Management Team, Crisis Bureau, in order to capture the many layers of vulnerability, and enable a more nuanced and holistic analysis of the impact of external stressors presented by both Hurricane Dorian and the COVID-19 crises on MSMEs in Abaco and Grand Bahama.
9. These analyses have been used to identify the various dimensions of the impacts and generate policy and practice recommendations for the consideration of the Government of the Bahamas and its civil society and private sector partners. The primary objective of these recommendations is to support the recovery and development of systems to improve the resilience of MSMEs such that they can play a greater role in the future sustainability and resilience of Grand Bahama, Abaco and The Bahamas as a whole.
10. The unprecedented scope of the crises; the proximity of timing between the two events; and, the limitations of available data and government data analyses systems present a complex and challenging situation to the Government of The Bahamas as it works to develop policies, plans and resources to aid in the recovery of MSMEs and develop strategies for the resilience and sustainability of this group of businesses. In both circumstances, it is of particular note that a lack of current and prior data and information on the MSME sector has limited the capacity of the Government of The Bahamas to achieve the full intended impact of their sponsored programs. Additionally, issues that have been noted as historic obstacles to MSME operation in The Bahamas, have been compounded in the post Hurricane environment, particularly in Abaco, which was hardest hit during the storm. From the work to date, this seems to be the case during the COVID-19 pandemic as well.

1.2 Key Findings

The findings of this report reflect the devastating impact that the dual crises of Hurricane Dorian and the COVID-19 outbreak have had on the MSMEs, both formal and informal, that operated on the islands of Grand Bahama and Abaco. The survey was launched on November 19th, 2020 and ran until February 4th, 2021 and the responses reflect a total of 486 responses (exceeding sample goal of 465).

1.2.1 Descriptive Analysis of SEIA Survey Responses

1. ***Business Profiles of the Respondents prior to the Crises.***
   1.1. Socio-economic and demographic profiles
      1.1.1. Prior to Hurricane Dorian, 63.6% of respondent MSMEs were in Grand Bahama and 36.4% on Abaco.
      1.1.2. Eighty-one-point nine percent (81.9%) were owners or co-owners of the business.
      1.1.3. Fifty-two-point nine percent (52.9%) were female.

1.1.4. Forty-point seven (40.7%) percent of respondents were sole wage earners in their households and the mean household size of the respondents was 3.6 members.

1.1.5. In terms of *registration*, 80.3 % of MSMEs were formally registered as businesses.

1.1.5.1. Twenty-point-four percent (20.4%) of these indicated having experienced challenges during the registration process. These ranged from issues with getting government approvals, difficulty completing the application and meeting the payments required to the National Insurance Board (NIB).

1.1.5.2. Only 54.4% percent reported positive advantages associated with registration of their business. A combined 38.7% indicated that they either did not see or were unaware of the advantages of formal business registration.

1.1.5.3. The main advantages for formal registration were seen as Access to loans, access to favourable business locations, and eligibility for non-financial support.

1.1.6. Almost 19% of responding MSMEs reported having to tip or pay extra to access public service either one time, sometimes of very often.

1.1.7. Over 60% of MSME owners were sole proprietors, 23.9% were in partnership with family members and another 6.9% were Limited Liability Companies.

1.2. Record keeping

1.2.1. Almost thirty one percent (30.6%) of the MSMEs reported having a complete bookkeeping system. Over fifteen percent (15.3%) reported not keeping written records. Twenty-eight point three (23.8%) use a digital accounting system maintained by a non-accounting professional, and 11.9.% use a system maintained by a Certified Professional Accountant (CPA).

1.2.2. Comparatively, MSMEs operating on Grand Bahama utilize formal accounting systems more than those in Abaco: digital (20.1% vs 12.4%); complete bookkeeping (26.2% vs 15.3%); and an accounting system (10% vs 6.2%). A larger proportion of MSMEs on Grand Bahama also do not keep any written records – 12.9% - in comparison to those on Abaco at 7.9 %.

1.3. Nature of MSME Business

1.3.1. Thirty-seven-point-eight percent (37.8%) of businesses offered a service whilst 24.6% indicated they offered a product for sale.

1.3.2. The customer base of the MSME respondents are largely local individuals and businesses – 71.8% with only 23.2% of customers being visitors. Grand Bahama based MSMEs reported a greater proportion of local customers that Abaco, where Abaco MSMEs reported a greater proportion of tourists and visitors as customers.

1.3.3. <u>On Grand Bahama</u>, the most significantly represented sectors in which respondent MSMEs operated were:

1.3.3.1. Wholesale and Retail – 30.8%

1.3.3.2. Professional Activities– 16.9.%

1.3.4. <u>On Abaco</u>, the top three sectors in which MSMEs operated were:

1.3.4.1. Accommodation and food – 16.7%

1.3.4.2. Wholesale and Retail Trade – 16.1%

1.3.4.3. Agriculture, forestry, and fishing – 13.2%

2. The dual crises had significant impacts on the MSMEs in Grand Bahama and Abaco.

2.1. Relocation

2.1.1. Most businesses, 76.7%, have been able to maintain their location, but 11.8% have had to find a new location on the same island or relocate to another island (9.5%). Just over 2% indicated another relocation option.

2.1.2. Of the Forty-nine of the respondent MSMEs which do not intend to return to their original location, 48 do intend to return, and four (4) indicated having no current option for relocation.

2.1.3. Of the 9.5% of MSMEs that relocated within The Bahamas, almost 45% relocated to New Providence.

2.2. Business income/expenditure cycle

2.2.1. A slight majority of MSMEs (30.3%) reported having had a daily income/expenditure cycle prior to Hurricane Dorian. Twenty-five percent of businesses had weekly business cycles, 14.9% maintained monthly cycles, 11.3% were bi-weekly, 7.4% were seasonal and 11.1% were other.

2.2.2. Business cycle lengths differed across the islands. Of the surveyed businesses in Grand Bahama, 32.5.% had daily cycles, followed by other (17.2%), weekly (19.2%), biweekly (9.6%), and seasonal (4%) business cycles. In Abaco, business cycles ranked from weekly (35.1%), daily (26.4%), monthly (16.1%), biweekly (14.4%), seasonal (7.5%) and then other (>1%), respectively.

2.3. Hurricane versus pandemic impacts

2.3.1. Sixty-three-point two percent (63.2%) of MSMEs were affected by both Hurricane Dorian and COVID-19. More than 23% were affected by Hurricane Dorian exclusively, 6.3% by COVID-19 exclusively, and 7.1% were unaffected by either.

2.3.2. The impact was not experienced evenly for MSMEs across the islands. More businesses in Grand Bahama (75.2%) reported being affected by both the storm and pandemic, and in Abaco Hurricane Dorian alone impacted the larger share of MSMEs (50%).

2.4. Business status post-disaster

2.4.1. MSME respondents identified business investment and purchasing capital as their highest priority funding need, 46.7%, and owner and staff payroll related expenses (20.6%) being the second highest priority. Business commitments and debt administration accounted for 13.4% of responses and other 17.3%.

2.4.2. Almost 42 % of businesses indicated that they have been able to remain at least partially open because of the storm and pandemic. Thirty-point-five percent (30.5%) declared they were partially closed and 27.8% were permanently closed.

2.4.3. More than 55.2% of MSMEs in Abaco have closed permanently compared to 11.6% of businesses in Grand Bahama. A larger percentage of businesses are in operation in Grand Bahama (50.5%), compared to the 26.7% in Abaco.

2.4.4. When comparing the first quarter of 2020 to that of the previous year, 70.5% of MSMEs respondents declared having decreased sales; 18.1% experienced no change in sales and 11.3% have had an increase in sales.

2.4.5. A decrease in sales has been experienced in Grand Bahama and Abaco. This circumstance has been experienced by 46.3% of Grand Bahamian MSMEs, and 73.5% of MSMEs in Abaco.

2.5. Product and service prices:

2.5.1. Over 38% of respondents declared that their prices have remained unchanged. Just over 14.7% of respondents indicated prices increased moderately and 6.5% saw a

significant increase. Inversely, 13.9% of MSMEs have had extraordinary moderate price decreases and 12.7% with significant price decreases. Thirteen-point-three of businesses were not sure of whether prices had been increased or decreased.

2.5.2. Thirty four percent of MSMEs expected for their sale prices to remain the same looking a month ahead. Thirty-two percent anticipate a general increase. About 5.7% expected prices to decrease, 28.3% indicated being unsure, and over 27% were unresponsive to the question.

2.6. Business hours

2.6.1. Comparing the first quarter of 2020 to that of the previous year, 63.7% of MSMEs indicated a decrease in the number of hours worked, 14.4% indicated no change in hours and 10.2% indicated an increase.

2.7. Business inputs

2.7.1. Assessing their own acquisition of inputs, raw materials or finished goods purchased to sell, 30% of MSMEs declared that their own demand for inputs has decreased. The same number of businesses were unsure of any change in their demand or need. . Twenty one point two (21.2%) of business owners experienced an increase in demand and 18.7% saw no change in demand

2.7.2. Over thirty percent (30.3%) percent of MSME respondents indicated that their source or supply of inputs have decreased. There were no supply changes for 22.1% of businesses, an increase of inputs for 10.5%, and 37.1% did not know.

2.8. Business adaptations and adjustments for COVID-19

2.8.1. Responding MSMEs indicated measures which they have had to employ to adjust for the current conditions. These included temporary shutdowns (77.3%), implementing social distancing (33.4%), bearing the cost of purchasing personal protective equipment for employees (32.6%), reduced financial investment in their businesses (31.4%), clients not paying their bills (29.7%), reduced logistics (28.9%), shifting business production to COVID19 related products and services (22.9%), new problems with infrastructure (19.8%), employee absences (12.5%), reduced certification and public services (11.9%), and/or increased administrative bottlenecks (11.6%). Twenty-eight (28) businesses, 7.9% did not use any of the aforementioned measures and 4.5% indicated some "Other" measure.

2.8.2. Seventy-four-point two percent. (74.2%) of businesses have not had to layoff or furlough any staff, 62 (17.6%) have let staff go permanently, and 29 (8.2%) have had to furlough employees.

2.8.3. Four hundred and fifty-two full time (452) employees were laid-off or furloughed during this time; a mean of 4.97 per organization. The staff let go were likely to be Bahamian and had about a 2 in 5 likelihood of being a woman.

2.8.4. Two hundred and eight-eight (288) MSMEs (81.6%) have not had to lay off or furlough any part-time staff, 50, (14.2%) have laid staff off permanently, and 15 (4.2%) have had to furlough part-time employees.

2.8.5. A total of 266 part time stuff were laid off or furloughed during the period by the responding MSMEs -- a mean of 4.09 persons per organization. They were most likely to be Bahamian and had about a 1:4 chance of being a woman.

2.8.6. Three hundred and twenty-one MSMEs (90.9%) did not have to lay off or furlough any temporary workers, 25 (7.1%) have had to lay off temporary staff permanently, and 7 (2%) have had to furlough temporary staff.

2.8.7. A total of 176 temporary staff were laid off or furloughed by the responding MSMEs during this period. Temporary staff who were laid off had a mean of 5.5 per organization. The highest average (mean) numbers, compared to full-time and part-time staff. They were just as likely to be Bahamian and had about a 1:5 chance of being a woman.

2.8.8. Most of their business models (64%) do not allow for employees to work remotely. More than 24% of MSME have permitted remote work and 11.6% have been able to remotely at least partially.

2.8.9. Of the 174 MSMEs that reported the capacity to operate remotely fully and partially, 127 indicated that they have provided their staff with equipment, resources or reimbursements to make remote work possible. Specific resources included workstations (47.2%), computers/tablets (29.9%), access to online platform software (18.9%), remote access to intranet (13.4%), use of platforms for scheduling and task management (11.8%), fully compensated internet services (7.1%), partially compensated internet services (4.7%), payments toward essential utilities (4.7%), other remote work tools (1.6%). Almost 30% of businesses did not offer any remote work support.

2.9. Overall financial performance during COVID-19.

2.9.1. Comparing the financial performance of first quarter 2020 with that of 2019, 68.3% of businesses indicated a decrease in their financial performance. An increase was experienced by 10.2%, also 10.2% remained the same, and 11.3% did not know.

2.9.2. The cash flow for 65.7% of MSMEs has decreased since the outbreak of COVID19. Forty-four (44) businesses, 12.5%, stated that their cash flow remained the same, 7.9% indicated an increase, and 13.9% did not know. .

2.9.3. Over thirty nine percent (38.2%) of MSMEs reported a decrease in being able to offer sales on credit. since the onset of COVID-19. Sales on credit remained the same for 25.2% of businesses and increased for 4% of them. One hundred and fifteen (115) of respondents, 32.6% did not know the answer to this question.

2.9.4. MSME respondents identified that their access to purchases on credit decreased for 36%, remained the same for 25.5%, and increased for 3.1% of businesses. Just over 35% of MSMEs did not know the answer to his question.

3. MSMEs used a variety of coping strategies to sustain their operations.

3.1. External aid and support

3.1.1. The main sources of funding used to sustain MSMEs through COVID-19 related to cash flow shortages included: Using personal savings or family contributions - 27.2%, loans from non-banking financial sources - 9.9%, delayed payments to suppliers or workers - 6.8%, government grants - 6.8%, sale of personal assets - 5.9%, delayed payments to banks, etc. - 5.7%, loans from commercial banks - 5.4%, other measures - 3.4%, sale of business assets - 3.4%, and equity financing - 1.4%. Over 22% of businesses indicated having no other source of funding and 1.7%, did not know the answer to this question.

3.1.2. Over 75.4% of the 353 MSMEs that remained in operation indicated having received no form of government support measure. MSMEs receiving fiscal exemptions or reductions represented 4% of respondents. Other types of support included receiving cash transfers for their businesses - 3.4%, access to new credit - 3.1%, deferral of credit payments (rent,

mortgage, interest payments, etc.) - 2.8%, receiving wage subsidies - 1.7%, distribution of masks and other PPE ->1%.

3.1.2.1. In Grand Bahama, 25.2% of MSMEs received some form of government support.

3.1.2.2. In Abaco 22.9% of MSMEs received some form of government assistance.

3.1.3. Over 78% of MSMEs indicated that they received no support from non-governmental organizations (NGOs). Of those MSMEs that received support, seven-point nine percent (7.9%) received cash transfers, 2.3% gained access to new credit, 2% received PPE, just over 1% accessed deferred credit payments and 11.6% indicated some "Other" form of aid.

3.1.3.1. In Grand Bahama, 21.5% of MSMEs were able to access some form of NGO support, and 78.5% got no form of assistance.

3.1.3.2.. In Abaco respondents reported that, 22.9% of businesses received some form of assistance and 77.1% received no form of assistance.

3.1.4. MSMEs identified cash transfers (44.5%) as the most helpful types of support and assistance received from both government and NGOs.

3.2. MSMEs reactions to the current environment

3.2.1. At the time of survey response, most respondent MSMEs (44.5%) were not sure how much longer they anticipated being able to stay open, 29.2% estimated at least six months, 8.8% were operating as usual. Eight-point two percent (8.2%) estimated 2-3 months, 5.1% estimated 4-5 months, and 4.2% expected to remain open for one month or less.

3.2.2. More businesses in Grand Bahama than Abaco were uncertain of their future. MSMEs in Abaco were more likely to have an outlook of six months or more or be operating as usual while in Grand Bahama, more businesses had an outlook of less than one month to five months.

3.2.3. Over 30% of businesses declared having no plans to change their sector, 49.8% considered a change due to both the hurricane and pandemic, and a combined 19.4% have considered a sector change due influenced by either the hurricane (13.7%) or the pandemic (5.7%).

3.2.4. Over 56% identified a reduction of customers as their first or *primary difficulty* in operating their businesses post COVID-19.

3.2.5. Over sixty-three (63%) of businesses across both islands reported a dual impact from the social and economic shutdowns of COVID-19.

3.2.6. In Grand Bahama, 75.2% of MSMEs reported being impacted by both the storm and the pandemic.

3.2.7. In Abaco, 50% of MSMEs reported being affected by Hurricane Dorian alone.

1.2.2 Findings from Multidimensional Vulnerability Index (MVI) analysis

1. ***MSME vulnerability may differ based on a variety of factors.***

1.1. Differs by business location.

1.1.1. MSMEs operating in Grand Bahama reflected a vulnerability rate of 90%.

1.1.2. MSMEs in Abaco had a vulnerability rate of 84%.

1.2. Differs by nature of business.

1.2.1. Service sector MSMEs reflected the highest vulnerability rate (93%).

1.2.2. MSMEs with a nature of business as a combination of both goods producing and service providers had the second highest vulnerability rate (87%).

1.2.3. MSMEs reporting a business nature of product and sales were the least impacted by the pandemic with a vulnerability rate of 84%.

1.3. Does not differ by Gender.

1.3.1. The incidence of vulnerability for firms owned/managed by males is just 2% more that those owned/managed by females.

1.4. Differs by size of the MSME.

1.4.1. As the size of business increases from two to more than five employees, business vulnerability moderately decreases.

1.4.2. Those who are self-employed reflected the third highest business vulnerability (89%), which correspond to the vulnerability rate for the whole sample (89%).

1.4.3. Businesses with two employees manifested the highest vulnerability rate (94%), followed by those with three to five employees (90%).

1.4.4. Analysis showed that single-employee businesses exhibit the lowest vulnerability (84%), as compared to the other business sizes.

1.5. Differs by age of the business.

1.5.1. Businesses with one to two years of operation in the market reflect almost the same level of business vulnerability as those with more than ten years in operation.

1.5.2. An "n" shape in is noted in the vulnerability rate across the business categories based on age.

1.5.3. Comparatively low levels of business vulnerability are recorded for young businesses (those in operation for 1-2 years) (84%), 97% for businesses with 3 to 5 years in operation, and 86% for businesses with more than 10 years of operation in the market.

1.6. Differs based on status of business registration.

1.6.1. Unregistered businesses manifested a higher vulnerability rate (93%) as compared to the registered one.

1.6.2. This result is supported even by the MVI, which in this case is 0.571 and 0.532 for unregistered and registered businesses, respectively.

1.7. Differs based on whether there was a change in main sector of activity due to COVID-19.

1.7.1. MSMEs that have not changed the business' main sector of activity reflected the lowest vulnerability rate (81%), as compared to those who changed activities.

1.7.2. The lowest MVI was found for those businesses that changed the main sector due to COVID-19 (0.412).

1.7.3. This result means that the effects of the COVID-19 pandemic on businesses operating in these locations are comparable to the impacts caused by the two hurricanes.

1.8. Differs based on reported highest priority funding need.

1.8.1. MSMEs that reported "businesses commitments and debt administration" as their highest priority funding need were found to have the highest vulnerability rate (97%).

1.8.2. MSMEs that reported "owner and staff payroll and related expenses" as their highest priority funding need were found to have the highest MVI (0.583).

1.8.3. MSMEs that selected the "need for business investments and purchasing capital" as their highest priority funding need reflected the lowest business vulnerability (86%) with an MVI of 0.518, which is almost the same MVI for the whole dataset (0.532).

1.3 Key recommendations

The findings of the survey were analysed in conjunction with key informant interviews to make certain recommendations. These findings have significant implications on the capacity of local

MSMEs to survive this period of crisis and possibly the likelihood that new ones will emerge through the medium term.

A greater number of locally owned and operated MSMEs can add much needed local economic activity, supplement revenue sources and reduce the need for public programs by increasing the capacity of communities to sustain themselves.

The report identifies several strategies that could be considered by the Government to bolster the capacity of MSMEs to prosper and recover, now and in the future. Principal to this is achieving a more comprehensive engagement and understanding of MSMEs in The Bahamas. Better information can create more data to drive effective Government policies and programs to help MSMEs fortify local Island economies with consumption and jobs.

Despite the availability of multiple government and private programs offered to MSMEs in Grand Bahama and Abaco relief, recovery and resilience programs only 56% reported receiving support across both islands. Additionally, several NGOs involved in providing livelihood support noted that there may be significant overlap in their efforts and minimal opportunity to ensure that the available resources were disbursed inclusively and with equity. As such, better cooperation, and coordination among government, MSMEs, the Institutional partners and NGOs that are working to support MSMEs, can support planning and implementation of programming to be more strategic in post Dorian and COVID-19 recovery.

Finally, the role of the SDBC and the Chambers of Commerce have been critical in supporting MSMEs, both prior to the effect of Hurricane Dorian and thereafter. Their teams are to be commended for their responsiveness and ingenuity in working with MSMEs to cope with these dual crises. It is important to note that the SBDC was initially formed with the objective of serving as an advocate, incubator, and capacity building resource for MSMEs. As these dual crises have occurred, SBDC has creditably been able to pivot and expand its role and services to anchor and implement government sponsored post disaster relief and recovery programs which aid affected MSMEs. The centralization and continuity of a "one stop shop" are surely an advantage in focusing government efforts. The report suggests, if SBDC is to continue to serve in this wider capacity, it could benefit from institutional strengthening to ensure sufficient human and technical capacity to fully carry out the objective of the dual roles. Of value, would be dedicated resources toward monitoring and assessment, either internal, or in conjunction with the pending National Statistics Institute. In this way, SBDC and other private sector MSMSE support organizations, such as the Chambers of Commerce could increase the breadth of its knowledge and contribution to fostering growth to Bahamian MSMEs and assisting the Government to build a strong and resilient MSME sector to support the recovery of national and local economy.

Almost half of MSMEs surveyed reported that accessing business investment and purchasing capital was their top current priority. In alignment with this need, Government has established new and creative opportunities to link MSME with sources of capital. There is a need to expand the number of MSMEs that can take advantage of these programs.

Additionally, the prior lack of comprehensive data and information on the MSME sector has limited the capacity of the Government to ensure that support is as widely distributed to the greatest areas of need. More institutionalized information would enhance the capacity of Government support programs to achieve full impact and then monitor the efficacy of these efforts. The development of stronger reporting systems, beyond those that exist in Inland Revenue, can help in tracking the

development of MSMEs and serve to inform the development and monitoring of government policies.

A dedicated team which can compile and consistently generate data on MSMEs, whether housed in the Small Business Development Centre as the central mechanism of disbursement of support and resources, or as a function of the planned National Statistics Institute, would be a key asset for development of policy and support programs.

There is a need for better engagement of the informal segment, who while estimated to contribute to as high as 30% of GDP are difficult to measure or monitor. They may also represent a more vulnerable group but they would not benefit from targeted support which typically requires some minimum level of formality. These informal MSMEs are largely unregulated, untaxed and can create unfair competition for formal MSMEs. This also has implications in times of crisis, such as the current COVID-19 Pandemic. Fourteen percent (14%) of respondents to our survey reported that they were unregistered and as such could not access available government support resources. This renders these MSMEs more vulnerable to crisis conditions and potentially jeopardizes their ability to recover. Additionally, it is difficult to support the informal sector in relief and recovery. For example, despite the $76 million that Government spent to providing enhanced unemployment benefits to support displaced workers during the COVID-19 pandemic, the IMF, in their 2021 country report on The Bahamas, estimates that some 13,000 informal workers may have not been able to access supports greater education on the process or benefits of registering a business could help in this regard.

The need for engagement on this topic is also present among registered MSMEs, in Grand Bahama and Abaco, of which almost 50% reported not seeing or understanding the value of registering their business, and twenty percent of formal MSMEs surveyed reported issues with the registration of their businesses. Government can both encourage greater development of MSMEs; and support further formalization of the segment by making the registration process easier and faster through simplified requirements, procedures, and digital options to facilitate remote registration and compliance. Expansion and promotion of programs to educate entrepreneurs on the value of formal registration could also support increased formalization of the sector.

Despite the availability of multiple government and private programs offered to MSMEs in Grand Bahama and Abaco relief, recovery and resilience programs only 56% reported receiving support across both islands. Additionally, several NGOs involved in providing livelihood support noted that there may be significant overlap in their efforts and minimal opportunity to ensure that the available resources were disbursed inclusively and with equity. As such, better cooperation, and coordination among government, MSMEs, the Institutional partners and NGOs that are working to support MSMEs, can support planning and implementation of programming to be more strategic in post Dorian and COVID-19 recovery.

Finally, the role of the SDBC and the Chambers of Commerce have been critical in supporting MSMEs, both prior to the effect of Hurricane Dorian and thereafter. Their teams are to be commended for their responsiveness and ingenuity in working with MSMEs to cope with these dual crises. It is important to note that the SBDC was initially formed with the objective of serving as an advocate, incubator, and capacity building resource for MSMEs. As these dual crises have occurred, SBDC has creditably been able to pivot and expand its role and services to anchor and implement government sponsored post disaster relief and recovery programs which aid affected

MSMEs. The centralization and continuity of a "one stop shop" are surely an advantage in focusing government efforts. The report suggests, if SBDC is to continue to serve in this wider capacity, it could benefit from institutional strengthening to ensure sufficient human and technical capacity to fully carry out the objective of the dual roles. Of value, would be dedicated resources toward monitoring and assessment, either internal, or in conjunction with the pending National Statistics Institute. In this way, SBDC and other private sector MSMSE support organizations, such as the Chambers of Commerce could increase the breadth of its knowledge and contribution to fostering growth to Bahamian MSMEs and assisting the Government to build a strong and resilient MSME sector to support the recovery of national and local economy.

The report presents an integration of past available data and new data secured via the Socio-Economic Impact Assessment survey to justify the above recommendations. Sections 1 & 2 present a country and island specific context within The Bahamas as a rationale for the study. Section 3 presents the methodologies used in estimating the impacts of the two shocks and the depths of the vulnerabilities that have been exposed. Section 4 offers a descriptive analysis and findings from available data related to MSMEs in Grands Bahama and Abaco. Section 5 presents the findings gathered through the SEIA survey and the multidimensional vulnerability index. Lastly Section 6 outlines the proposed recommendations and conclusion.

2 Country Context

The Bahamas at a Glance

- Fiscal year is June to July.
- Population in 2019 was estimated at **389,482**, a **1% increase** from 2018.
- Vulnerability: The Bahamas ranks as a middle to high vulnerability country with a score 0.57 out of 1.0 on Caribbean Development Bank Vulnerability Index for the Caribbean, 2017 (Ram, 2019).

Figure 1. *Map of the Bahamas*

Economic Profile

- Currency Equivalent: BSD 1:1 to the USD (as of 14 December 2020)
- GDP per capita 2019 was **$32,933**, a 2.22% increase from 2018.
- Unemployment rate 2019 was **10.4%**, a **0.4% increase** from 2018; the youth unemployment rate was 23.5%, a 0.59% decline from 2018.

Human Development

- Human Development Index, 2017 (Rank 54/189) 0.807
- 14.8% of population lives below the poverty line (2017)
- Life expectancy at birth (years) 73.8 years

Connectivity

- Mobile phone penetration as a percentage of population reached 89.4 % in 2017.
- Internet penetration at 85%.

Source: World Bank DataBank (2020) https://data.worldbank.org/country/bahamas-the

3 Introduction

3.1 Overview and Rationale for Study

As a country within the hurricane belt and susceptible to the impacts of climate change, The Bahamas' geographic composition is an important factor contributing to its vulnerability to hydrological and extreme weather events. The archipelago extends more than 5,000 miles and is composed of a set of islands, cays and reefs -- only 30 of the islands being inhabited. The highest point, Mount Alvernia, Cat Island is 209 feet, however, the elevation on most of the islands do not go far above sea level. In addition to this factor is that the country comprises a series of coastal communities. Many of the Bahamas coastal communities exist on land that is a mere five to ten feet above sea level. This presents an increasing risk as climate change has contributed to the intensity of storms in recent years, as evidenced by the storm tide of over 20 feet that was experienced on Abaco and Grand Bahama during Hurricane Dorian.

Figure 2. *Hurricane Dorian*

The Caribbean Development Bank ranks The Bahamas as the 6th most vulnerable country in the region achieving an overall score of 0.57 out of 1.0 in their 2019 study "Multidimensional Vulnerability Index for the Caribbean"(Ram et al, 2019). The Index, measuring economic, social and environmental vulnerability, defines vulnerability as "the exposure to sharp external shocks, either fiscal, trade or climate-related, and can be distinguished from there term fragility", and found "tourism-based economies (like The Bahamas) appear to be more vulnerable than commodity-based economies". Hurricanes have been a consistent threat to the social and economic development of The Bahamas. In the years prior to 2019 the Bahamian economy experienced consistent growth at a moderate pace despite the impact that successive hurricanes in 2011, 2012, 2015, 2016 & 2017, had on the tourism market. Growth was sustained by direct foreign investment primarily in construction and developments. The fiscal deficit, while doubling from $310 million to $669 million in 2017 due to hurricane recovery related projects and national elections, returned to normal trend levels after an increase in tax revenue was realized (Central Bank of The Bahamas, 2018).

Additionally, as noted in the 2019 Caribbean Regional Quarterly Bulletin (3rd quarter) of the Inter-American Development Bank (IDB), The Bahamas has historically struggled to fund and maintain sufficient infrastructure across the archipelago. Despite having to support infrastructural assets across multiple islands, from 1997, the IDB reported that public investment by the Bahamas as a percentage of GDP, has been less than other Caribbean nations (IDB, 2019). This does not create an environment that is very resilient or with sufficient capacity to cope with the inherent challenges of coordination and allocation of sufficient resources for post-disaster recovery of social and economic activity.

The Bahamas was significantly affected by the devastation and damage from the powerful Category 5 Hurricane Dorian and unprecedented social and economic restrictions resulting from the still unfolding global novel coronavirus 2019 (COVID-19) pandemic. Hurricane Dorian is estimated to generate damages and losses of $3.4 billion in the Bahamas (IDB, 2019). The bulk of this economic loss was incurred primarily by inhabitants of the islands of Grand Bahama and Abaco that were impacted by the epicentre of this storm. In Grand Bahama and Abaco, which endured the epicentre of the most powerful Hurricane in modern record and, as a result, local economic activity in the islands' main industries: tourism, agriculture and manufacturing have experienced significant economic dislocation. Business closures have resulted in a rise in unemployment and caused economic levels to plummet in addition to dislocation of families and business. MSMEs on both islands have been particularly hard hit in this context. The recovery costs for small businesses from Hurricane Dorian were estimated by the Government of The Bahamas to reach $43 million. Of the 3500 registered MSMEs and large number of unregistered informal businesses, 75% of those operating in Abaco and 60% of those in Grand Bahama reported being impacted by the storm (Ministry of Finance, 2020).

The Islands and Cays of Grand Bahama and Abaco bore the brunt of the devastation of the Category five Hurricane Dorian. The storm made landfall on 2nd September 2019. At under 22 miles at its widest point, Abaco received a direct hit to its eastern side being no match for a storm with a diameter of 90 miles. Hurricane Dorian's impact included the sum of its winds (185 mph), wind gusts (220 mph) rainfall (up to 3ft) and storm tide (20 - 25ft). The storm continued northwest and landed in Grand Bahama on 2nd September. It stalled over the island, not departing until the 3rd of September. The wind gusts and storm tide in Grand Bahama were comparable in scope to what had occurred in Abaco.

The business community in Grand Bahama and Abaco's motivation and capacity to restart operations post-Dorian was affected by the extensive damage and loss of housing, infrastructure and utilities, and access to social services like health care and schools. The IDB in their 2019 impact assessment estimates the storm to have inflicted $3.4 billion in total damages, losses, and additional costs (ECLAC, 2019). This is equivalent to one-fourth of the country's GDP. Damage alone was $2.5 billion. Eighty seven percent of which occurred in Abaco and 13% in Grand Bahama. The damages in the industrial sector, tourism, agriculture and fisheries and other areas of commerce, all related to private property and is estimated at $620.9 million (Deopersad et al., 2020). Only 38% of the damages were insured, as most individual policies covered an insured value, as opposed to the actual replacement cost (Deopersad et al., 2020). Losses are estimated at $717.3 million. Seventy percent, or $502 million, took place on Abaco and 15%, or $107.6 million, on Grand Bahama, and 9% in other islands. Five hundred and two million dollars in estimated loss in Abaco and in Grand Bahama (Deopersad et al., 2020). Additional costs totalled $220.9 million. The clean-up of the oil spill in Grand Bahama accounts for almost half of these costs. In another report written by the IDB, UN ECLAC and PAHO in 2019 estimated that the impact of Hurricane Dorian on the local economic activity of Abaco was equivalent to 7.3 % of its GDP and 2% of GDP on Grand Bahama

Less than twelve months after the hurricane, the COVID-19 pandemic brought social and movement restrictions resulting in economic shutdowns. Significant damage to the national and local economies have been incurred. In addition to the costs and toll to the national health systems, food security issues have been widespread, and livelihoods affected. Early in the Bahamas'

outbreak, 72% of respondents in a World Food Program (WFP) survey during April 2020 reported that their livelihoods were disrupted. Half of these respondents reported loss of jobs or income particularly among young business owners (WFP, 2020). As the COVID-19 pandemic has continued to unfold and supply and demand markets are continually challenged, the impact on the social and economic systems of The Bahamas continues to grow. The effects of the COVID-19 pandemic on MSMEs have compounded those previously experienced due to the impact of Hurricane Dorian.

Overall, it is anticipated that The Bahamas has been significantly impacted, both economically and socially, by the devastation and damage effected by these two hazards. The combined economic impact of both the powerful category 5 Hurricane Dorian and the global COVID-19 pandemic is projected to inflict combined losses of $7.5 billion or 60 % of GDP. According to Standard & Poor's April 2020 forecasts on Global Credit conditions and reinforced by the International Monetary Fund (IMF) Staff Concluding Statement of the 2020 Article IV Mission, The Bahamas' GDP is expected to decline by an unprecedented 16 percent or more and economic recovery is not anticipated until 2024. This recovery is heavily dependent on the buoyancy of the tourism sector and the broader post-pandemic global economic recovery. An article the April 2021 Journal of International Affairs on "The Pandemic's Unprecedented Shock Opportunity for the Caribbean" in reflects that The Bahamas could suffer the most severe economic contraction of all Caribbean countries and points to the high risks emanating from the ongoing uncertainty of the scope of the COVID-19 pandemic and the continued vulnerability of the country to weather-related natural disasters.

This chapter synthesizes the social and economic background of the Bahamas – with specific focus on the islands of Grand Bahama and Abaco and the MSMEs operating pre-Dorian and during/post COVID-19 – to contextualize the situation within which this socioeconomic impact assessment has been conducted. Given the challenges that had been identified in relation to the MSME sector in The Bahamas and the nascent program of work implemented by the government through the Access Accelerator with support from the United Nations Development Programme (UNDP), the UNDP has undertaken this socioeconomic impact assessment (SEIA) to support the government in its assessment and prioritisation efforts as it attempts to ignite recovery from the impact of these twin crises.

3.2 Composition of the Bahamian Economy

The Bahamas is classified as a high-income nation by the World Bank based on its relatively high level of GDP per capita. Nevertheless, as a small island developing Caribbean nation there are many economic and social factors that impact its ability to advance beyond its current ranking further – some of which are indicated above. As an archipelago spanning over 700 islands and 2400 cays with an area of 5,358 sq. miles, there have been major differences in the distribution of and access to infrastructure which limits access across and the fluidity of transportation between the islands. The country's general topography and conservation efforts influence its agricultural and marine sectors with implications for food security. The country's proximity to the United States of America (USA) and par dollar value presents itself as a factor in considering the opportunity costs in the sector's development.

The country's economy relies heavily on the services sector –with tourism contributing more than 50% of the GDP and the financial services a further 20%. Agriculture and industry contribute 2.3% and 7.7%, respectively. The ***UNDP Bahamas Country Note: Impact of COVID-19 and Policy options*** cautions that growth in other areas of the economy are important to minimize

the risks associated with such economic dependence on tourism. Low levels of economic diversification mean that the shocks experienced by The Bahamas in these sectors will impact large segments of the economy and society thereby making it very difficult for the resumption of economic activity after the temporal impact of the shock.

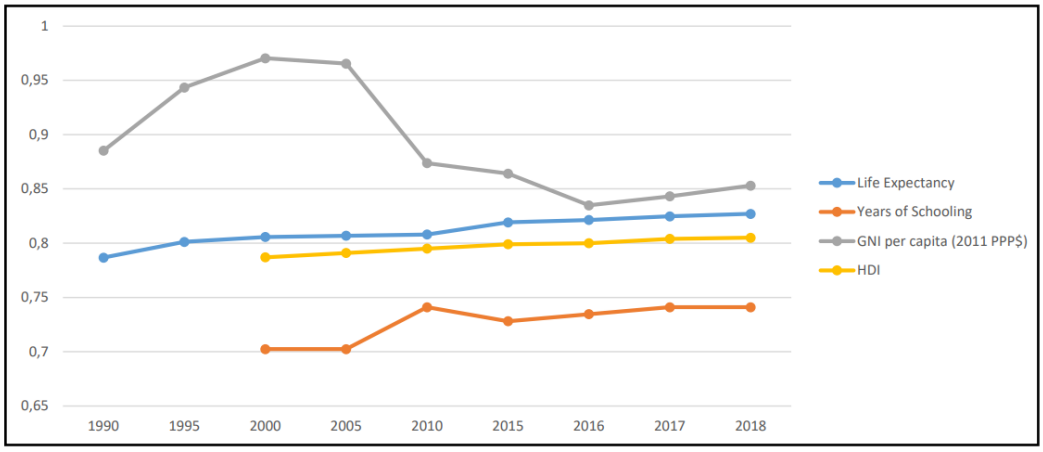
The Central Bank of The Bahamas' review of the second quarter of 2019 released in September of that year frames the state of the Bahamian economy ahead of the period of transition that would be incited by Hurricane Dorian in September 2019. The second quarter of 2019 was one of sustained economic growth. The gains were facilitated by positive improvements in tourist numbers and investment in the construction industry. In 2018, the country experienced an 18.5% increase in the number of stop-over visitors for total visitor arrivals of 1.1 million (Central Bank of The Bahamas, September 2019).

Domestic construction and home repairs reflected an injection or commitment of around 32 million dollars (Central Bank of The Bahamas, September 2019). The combination of these two factors were sufficient to bolster the employment rate -- decreasing unemployment by 1.2% for a workforce of 215,000 (Central Bank of The Bahamas, September 2019). This positive impact was also felt in Grand Bahama and Abaco where unemployment declined by 1.5% and 1.4% respectively, over the previous year.

Following the global trend towards the implementation of direct taxation, The Bahamas instituted a Value Added Tax (VAT) as a broad-based consumption tax applied to most goods and services in 2015. The VAT was initiated at 7.5% and has since increased to 12% and serves as a significant portion of annual recurrent revenue representing over 40% in 2018 and 465 in 2019. Businesses with business turnover of $100,000 and more are required to self-report and remit to government collected VAT. With no other corporate tax structure in The Bahamas, this reporting expectation operates as the government's primary vehicle for gathering data on registered businesses. Given the focus of this SEIA on the MSME sector, we leverage the trends in the VAT to identify the proximate impact of Hurricane Dorian and the COVID-19 measures on MSMEs at the macroeconomic level based on reported gross revenues. The major limitation of this, however, is the fact that, many microbusinesses do not meet the VAT business turnover threshold of $100,000 and are therefore not required to collect and remit VAT. This presents a potential gap in knowledge and potential revenues.

3.3 Social Development and Governance

The Bahamas has typically enjoyed peaceful transitions of Government within its Parliamentary democracy over its 45 years as an independent country. Bahamians enjoy a relatively high quality of life in comparison to other Caribbean countries as evidenced by a strong Human Development Index score increasing from levels of 0.778 in 1990 to 0.792 in 2015 and 0.805 in 2018. This ranks The Bahamas at 60 out of 189 countries and this ranking is above the average for countries in Latin America and the Caribbean; nevertheless, the country's rank is below the average for countries in the very high human development group.



Source: UNDP. Human Development Report 2019

Figure 3. *Trend in Bahamas HDI Component Indices*

Despite this comparatively high level of measured development, The Bahamas has a number of long-standing development issues including significant poverty and violent crime, poor educational and health outcomes and high unemployment that compromise the country's ability to make even more marked progress. According to the Ministry of Labour from their results of their 2019 Labour Force survey, youth unemployment has remained high, ranging between 22% to over 25% during 2016 and 2019 (Ministry of Labour, 2019).

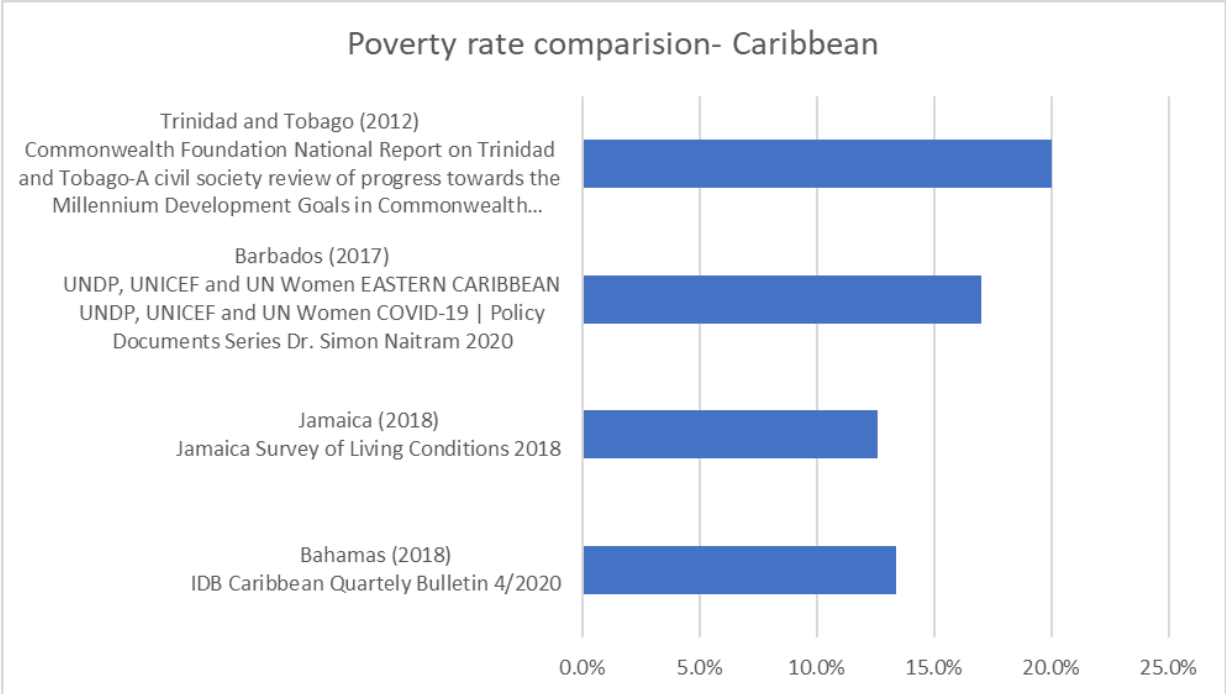


Figure 4. *Poverty Rate Comparison within Caribbean nations.*

In 2019, prior to Hurricane Dorian, thirteen percent of the of the Bahamas was estimated to live in poverty, with 25% of these being children between the ages of 5-14. Although these poverty levels are low compared to those of other countries in the Caribbean region, the IDB 2020 Caribbean Quarterly Bulletin "Caribbean Economies in the time of Coronavirus" noted that that the poverty rate in The Bahamas is more than twice that of other high-income countries and The Bahamas

experienced a very modest decline in vulnerability from 17.6 percent in 2011 to 16.7 percent in 2014 (IDB, 2020).

The poverty rates among the islands in The Bahamas vary greatly. Based on population distribution the largest number of persons in Poverty reside on the capital Island of New Providence. However, the Family Islands experience the highest rate of poverty and Grand Bahama the lowest. Households led by women are more likely to face poverty in the Bahamas (9.7 percent) than households led by men (7.9 percent). Women are estimated to represent slightly more of the poor population at 51.83 percent. The United Nations Human Development Report for 2018 noted a more than 33 percent income disparity between men and women. Additionally, income inequity is particularly significant in the Haitian population who represent 7.48 percent of the resident Bahamian population and Haitians are estimated to have the highest rate of poverty at 37.69 percent across all ethnic groupings.

Table 1. *Population distribution by quintile and across regions (percentage)*

Region	Overall	Consumption Quintile				
		1	2	3	4	5
New Providence	72.6	73.1	67.3	67.3	78.1	77.6
Grand Bahama	14.4	10.6	16.8	18.9	10.9	15.3
Family Island	13	16.4	16.4	13.8	11	7.1
Total	100	100.1	100.5	100	100	100

Source: 2013 Household Expenditure Survey

Historic issues have affected both the public education and health care systems, both of which have achieved generally poor outcomes in comparison to other high-income countries. A noted critical gap in the social development of the public sector is the lack of universal health coverage. The Bahamas also has inequity in infrastructure given the multiplicity and variable geography of the various islands in the archipelago. The Bahamas is challenged to support the infrastructure needs on smaller, less populated, and less economically vibrant islands and the capacity to ensure quality systems throughout is inconsistent. As a result, there is marked uneven development that is further challenged by public institutions which require strengthening, increased accountability, transparency, and effectiveness. Finally, like so many small island developing states (SIDS), the country's greatest threat is its vulnerability to climate change and rising sea level.

3.4 Abaco

Abaco is in the Northern Bahamas. As an "island", it is an archipelago unto itself consisting of Great and Little Abaco as the contiguous land masses with a series of inhabited cays surrounding. The entire area spans 649 sq. miles. The island's economy is rooted in fishing (food and game), and tourism, and it is home to many second homeowners who spend winters there. The history of the island's population is credited to the British Loyalists who departed New York, USA, in 1783, and its communities maintain strong relationships with their American counterparts.

Figure 5. *Map of Abaco*

On September 1, 2019, as Hurricane Dorian touched down in Abaco, The Bahamas Investor Magazine published an article, "Abaco on the Upswing", on the island's positive future outlook. The tourism sector, construction and real estate markets were said to be booming enough to support the growth and development of complementary businesses. In the first quarter of 2019, Abaco benefitted from an almost 18 percent increase in stopover tourist arrivals; building on a record setting 2018 (Morris, 2019). The Abaco Chamber of Commerce was acknowledged as having rallied support for businesses and entrepreneurs who could fill entertainment, transportation and amenity gaps which would add to the island's appeal to tourist and winter residents (Morris, 2019). Abaco's outlook on the cusp of Hurricane Dorian was framed as positive and the island looked forward to an upcoming $580 Million dollar investment in a marina as well as land, sea, and air transportation development projects planned for 2019-2020 (Morris, 2019).

3.5 Grand Bahama

Grand Bahama, also located in the Northern Bahamas, is the second most populated island of The Bahamas and is home to the nation's second city, Freeport. The island's economic history is rooted in its location as its westernmost end is about 100km east of West Palm Beach, Florida, and this location was integral in the colony's role in bootlegging alcohol during American Prohibition in the 1920s and 30s. Freeport was developed as a port city with the purpose to encourage the development of local and foreign industry. Its economy is forged on this premise, with shipping and manufacturing playing significant roles. Additionally, like most of the other islands, tourism drives a big portion of economic activity.

Figure 6. *Map of Grand Bahama*

Transshipment and industry were introduced as a part of the island's economic basis with the ratification of the Hawksbill Creek Agreement in 1955 and the creation of the Grand Bahama Port Authority. The agreement's terms include the identification of Freeport as a bonded customs area with trade being managed by The Port Authority. The Port Authority also manages much of the island's business services, tax regime, and utilities. Grand Bahama, in alignment with the broader Bahamian economic model, expanded its tourism product through the creation of Port Lucaya in the 1960s, a luxury tourism centre. This was instrumental to increasing the island's population -- rendering it the second most populous island in the country, with 51,000 residents in 2012 (Department of Statistics, 2014).

Grand Bahama is an anomalous Bahamian island, unique in its management system, economic composition, and political representation. While the Government of The Bahamas manages the infrastructure (delivery and maintenance) and most of the utilities throughout the country, in Grand Bahama, the privately owned Grand Bahama Power Company and the Grand Bahama Utility Company hold the majority of the responsibility for those activities. The island is divided into East Grand Bahama, West Grand Bahama, and Freeport. Freeport's infrastructure is managed exclusively by the Port Authority which has the latitude to impose and collect taxes and fees relative to its responsibilities -- real property taxes, trash collection, etc. The other parts of the island are managed and maintained by The Bahamian government, which can utilize the Port Authority's localized presence to deliver some of its services. This offers some advantages over other the other less populated islands across the archipelago which tend to have little access to private support in the management of their infrastructure and resources. In addition to its free trade port, Grand Bahama is home to one of the world's largest ship docking and repair facilities -- The Grand Bahama Shipyard -- and hosts several crude oil related businesses -- oil refinery, storage, and transhipment. Grand Bahama is also the only Bahamian island to have a Cabinet ministry assigned to it, The Ministry of Grand Bahama, in addition to its three Members of Parliament who serve in the legislative branch.

Grand Bahama has experienced the impact of several tropical storms and hurricanes over the past ten years. In addition to Hurricane Dorian in 2019, Tropical Storm Bret (2011), Hurricane Irene (2011), Hurricane Sandy (2012), Hurricane Matthew (2016), Hurricane Irma (2017) and Hurricane Isaias (2020) have all hit Grand Bahama. The damage to property from the hurricanes prior to Dorian is estimated in the millions of dollars including the Grand Lucayan hotel, the largest tourism property on the island. Successive hurricanes from 2015 to 2018 negatively impacted tourism resulting in a 40% decline in stopover visitors as well as a significant decline in available rooms on the island and a decline in related industries. Grand Bahama has experienced significant unemployment in the recent years. The Bahamas Labour Force Survey of 2019 reports unemployment rates in Grand Bahama of over 12% in late 2017 and early 2018. In late 2018 and early 2019, Unemployment rates had decreased to levels around 11% (Department of Statistics, 2019).

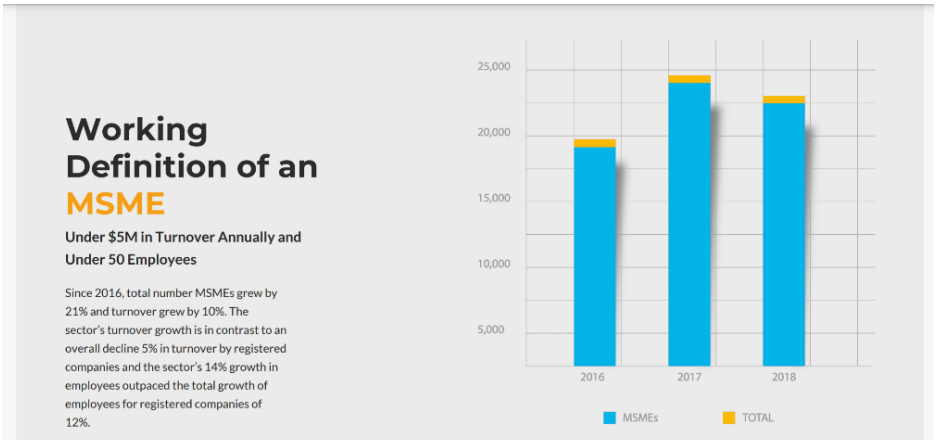
In 2018, the Minister of Grand Bahama, Kwasi Thompson, indicated that economic data pointed to successful steps towards the island's recovery from the effect of hurricanes pre-2019. These included a: (i) 44% increase in AirBnB bookings; (ii) $15 million increase in customs revenue; (iii) 97% increase in enrolment in the local technical and vocational college; (iv) increases in newly established businesses and direct foreign investments; (v) the government's decision to purchase the island's flagship tourism property, the Grand Lucayan Hotel (as the previous owners

announced its closure and decision to sell); and, (vi) the 87 businesses which benefited from $370,000 in small business grants (TheBahamasInvestor.com, 2018).

3.6 Micro, Small, Medium Enterprises

The owners of micro, small, and medium enterprises (MSMEs) and their employees are critical components to the global and regional economy of almost every national/local economy. Based on 2019 data from the World Bank MSMEs represent around 90% of businesses and more than 50% of employment globally. MSMEs in the formal sector contribute up to 40% of the gross domestic product (GDP) in developing countries. Microbusinesses in The Bahamas are those that earn less than $250,000. A small business grosses less than one million dollars, and medium businesses are those earning between one million dollars and $10 million. Historically, MSMEs have accounted for up to 99% of business licenses issued in The Bahamas while representing only 7% of the revenue collected (Sweeting, 2017).

MSMEs play a critical role in the economy of The Bahamas and even more so in the smaller communities of the Family Islands. MSMEs bring local economic opportunity and "*are often more flexible with regard to their employment practices (in terms of education and skill-level requirements)*". They tend to serve as a "*crucial conduit for lifting people out of poverty and generating employment for lower income and underprivileged sections of society, including women and youth*." (FSG, 2020). The 3500 registered MSMEs operating in Grand Bahama and Abaco and many unregistered informal businesses employ more than 4500 employees. Government, by way of the 2019 Department of Inland Revenue 2019 filings, reported that Abaco has 1732 MSME's employing 2365 workers and their Grand Bahama counterparts represented 1814 companies providing work for 2128 employees.



(Source Access Accelerator Small Business Development Center)

Figure 7. *Working Definition of an MSME*

3.6.1 MSME policy history in The Bahamas

Over the past decade, the contribution of MSMEs to long-term economic stability and sustainability in The Bahamas has long been noted. Although MSMEs account for more than 98% of the registered businesses, in The Bahamas according to the Department of Inland Revenue, they only account for 13% of the nation's Gross Domestic Product. Historically, many challenges have been identified to the development and operation of local MSMEs, including access to capital, and the high costs and challenges of doing business. In addition, although the IDB estimated in 2017 that informal enterprises in The Bahamas may comprise between 15 and 30% of GDP, there is a gap in knowledge regarding this significant sector of MSMEs (IDB, 2017). MSMEs have been recognized

by subsequent political administrations, as well as capacity building institutions such as the International Labour Organization (ILO), IDB and The Bahamas Development Bank (BDB), as performing key roles particularly for building the local economy and advancing efforts financial inclusion and diversity through the generation of jobs and ownership opportunities for the most vulnerable parts of the community.

Recognising the contribution of MSMEs to the economy, discussions have taken place during the past two government administrations about the need to develop legislation and regulations to support MSME growth. In 2010, The Bahamas Chamber of Commerce and Employers Confederation's (BCCEC) developed a proposal for new legislation supporting SMEs and recently the Small Business Association and Resource Centre (SBARC), another industry association, has renewed the call for passage of laws. These efforts have received support from the private sector and industry associations, however, to date, no legislation exists.

Outside of legislation there have been both private and government efforts to develop institutions and resources to foster growth in the sector. In 2012, the IDB secured $750,000 to support a national initiative for SME development. In 2015, The Ministry of Finance (MOF) and the ILO committed a combined $200,000 to the BCCEC to develop an MSME Help Desk for small businesses seeking professional services and advice. The Program aimed to provide several small business advisory services and elements of the BCCEC's business-to-business mentorship programme, as well as workshops. The program was developed in reaction to recognition that over 50 percent of start-ups failed within the first year of operations.

The Government of The Bahamas further formalized its support for MSMEs in 2017 with an official policy position and Minute Paper of the MOF. Although not accompanied by its own legislation, the policy goals are however, supported by legislative framework for the MOF, Ministry of Financial Services, and the Ministry of Agriculture and Marine Resources, as well as the BDB, The Bahamas Capital Venture Fund, the Small Business Development Centre, and the BCCEC. The policy is designed around seven (7) pillars which aim to:

1. create an enabling business environment,
2. increase direct financing for MSMEs,
3. enhance development and support for MSMEs through programming,
4. focus MSME development for poor and marginalized groups,
5. foster entrepreneurship and innovation,
6. minimize political interference, and
7. advocate for greater linkages between MSMEs and other parts of the domestics and international economy.

The country's policy design is rooted in the important, although fiscally small role that MSMEs play in the Bahamian Economy. The government's level of financial commitment to the sector at the time of that policy announcement, included: (a) $250,000 of government guaranteed facilities at commercial banks, secured by $10,000,000 in escrow; and (b) up to $50,000 in government loans and government grants up to $5,000 accessible to businesses (Sweeting, 2017).

3.6.2 Access Accelerator: Small Business Development Centre (SBDC)

As a direct manifestation of the mutual goal to grow MSMEs and to address the universal cry of local MSMEs for increased access to financing and business development support, the Government of The Bahamas launched the *Access Accelerator: Small Business Development Centre* in 2018 as a

not-for-profit Public Private Partnership between the Government of The Bahamas through the Ministry of Finance, University of The Bahamas (UB) and the BCCEC. Its objective is to foster greater development of small businesses in the country. The SBDC aims to benefit local entrepreneurs who desire to start a MSME business and those existing business owners that want to improve the outcomes of their MSMEs.

The primary goals of the SBDC include:

- Improving the environment to enable small business to flourish.
- Increasing direct financing to MSMEs.
- Creation and promotion of innovative programmes to support MSMEs.
- Fostering a culture of entrepreneurship and innovation, with a particular focus on marginalized groups.

The SBDC operates five (5) core programs (a number which is projected to grow) designed to equip its clients with the tools and supports to develop business ideas and then help them to evolve into legitimate and effective business models. The programs offer Entrepreneurial Training, technical assistance in the form of training, mentorship, advising and consulting in addition to funding in the form of direct cash grants and/or loans, and other innovative measure to access capital such as guaranteeing equity for third party loans. Finally, the SBDC is designed as a hub for gathering and disseminating information on MSMEs for policy advocacy and national development on behalf of the entire sector.

The SBDC began operations with a government investment of 25 million dollars over five years. In its Annual Report of 2018/2019 an estimated economic impact of $2.2 million was reported from the first $1 million of secured funding for participating MSMEs. At the end of 2019, the SBDC reported assisting a total of 4,013 clients.

In 2020, the second year of operations for SBDC, reported total investment of $52.7 million to 962 businesses, including disbursement of post-Dorian government support *(discussed further below)* exceeded the original allocation. In late 2020, The Government of The Bahamas announced an additional allocation of $55.8 million to continue the general Access Accelerator Programme, the Disaster Recovery Programme, the Over-the-Hill Programme and complete approved assistance from the Business Continuity Loan Programme. New programming will be supported through an Economic Recovery Programme, a Youth Development Fund supporting youth unemployment through a $1.5 million fund to offer training, networking, mentorship, and collaboration platform for entrepreneurs 30 years old and under, and an initiative to support implementation of a Universal Pre-School Initiative through MSMEs.

4 SEIA Objectives, Methodology and Implementation

Given the background and indicative impact of both Hurricane Dorian and the COVID-19 pandemic on The Bahamas, the aim of this report is to present a detailed analysis of the dimensions of the impacts on MSMEs and the implications of these impacts for policy and other interventions that can be implemented to support their recovery and rebuilding beginning in 2021. This section presents the objectives, methodology and implementation modalities of the survey conducted to identify the impacts.

4.1 Objectives

The objectives of the project were to assess the socioeconomic impact of Hurricane Dorian and COVID-19 on MSMEs in Abaco and Grand Bahama.

To achieve this the project looked to:

1. Identify the impacted population groups in Abaco and Grand Bahama whose livelihoods are potentially affected and rank them from the most to the least vulnerable.
2. Identify the impact on informal, self-employed, independent or non-professional workers who derive their income on a day-to-day basis and to youth and women and point to risk factors and causes of these impacts.
3. Reflect the impacts of the Hurricane and COVID-19 on MSMEs in Abaco and Grand Bahama (including financial, human resources and other losses).
4. Identify which sectors are expected to recover faster than others.
5. Identify business profiles of the MSMEs, location and roles in the community.
6. Outline how the measures put in place to contain COVID-19 have impacted MSMEs including productivity and the capacity of business to cope with the increased dependence on technology caused by COVID-19.
7. Reflect the likely impacts on communities and the workers employed and the economic and social development in the islands where these businesses are situated.
8. Detail how COVID-19 has exacerbated or compounded the impact of Hurricane Dorian on the economy and businesses.
9. Identify the prospects for economic/financial recovery and the likely impact of COVID-19 on GDP in The Bahamas.
10. Describe and analyse Government or private sector-led support systems that were in place to assist MSMEs prior to Hurricane Dorian and COVID-19 and reflect how these measures may have supported in the assistance in the recovery of MSMEs post Dorian and the affected businesses impacted by the pandemic. This will include support provided by the Government and other entities.
11. Assess the impact and effectiveness of the MSME Disaster Recovery Funding Programme, including describing the Funding Programme (including target group, total funding, types of funding, criteria for benefit, etc.); reflecting if the development of the Programme was informed by initial assessments and any findings and analysing the effectiveness and adequacy of the Programme and any implementation challenges of the measures adopted.
12. Determine the viability for The Bahamas to expand the MSME Disaster Recovery Funding Programme or other programs to ensure adequate policy response to households and identify ways the Programme could be improved and further resourced financially.
13. Develop an inventory of contributory and non-contributory social protection policies and programs available, as well as an inventory of Conditional Cash Transfers programmes and other poverty reduction programmes (including their coverage and scope), to assess vulnerability to income loss of the different population groups identified.
14. ORG will assess the Government's existing capacity to provide a safety net to vulnerable MSMEs, impacted by a hurricane or pandemic and reflect the scalability of the government cash transfer programmes to target the individuals most impacted by the economic effects of Hurricane Dorian and COVID-19 and note any opportunity for reallocation of resources.
15. Identify what are private sector opportunities and resources to protect employees.

16. Develop an inventory of the measures already adopted by the Government to protect households' incomes and employment via MSMEs.
17. Identify alternatives and additional opportunities in the short-term to effectively support MSMEs vulnerable to the impacts of natural hazards and pandemics. Point to strategies that can allow economic activity and businesses to restart.
18. Offer resilience strategies among MSMEs in the face of future hurricanes, economic crises and pandemics.
19. Recommend advocacy strategies for policy changes to protect MSMEs.

4.2 Survey Design and Methodology

Reviews of the various prior institutional impact studies conducted for the Bahamas and across the region related to Hurricane Dorian and COVID-19 were undertaken. Additional review was conducted of the available governmental and institutional information on economic development, social development and MSMEs.

Partners were interviewed and asked to supply information on their past and current work in supporting livelihoods and MSMEs in Abaco and Grand Bahama.

Information from Inland Revenue was acquired and analysed to better establish baselines and reference for the data to be gathered in an online survey. The tool was developed in conjunction with the UNDP SURGE Data Hub, Country Support Management Team, Crisis Bureau support teams using the KOBO humanitarian survey, a widely used online humanitarian response toolkit for collecting and managing data (See Appendix #1).

Using a Bahamas Department of Inland Revenue businesses registry for 2018, a sampling design was created with a target of 465 respondents -- 230 on Abaco and 235 on Grand Bahama.

The original sampling design included specific respondent demographic goals from home-based, sales, service and retail, construction and related and fishing and agriculture. Due to limitations in access to direct phone numbers and the relocation of several businesses in Abaco particularly, the sampling achieved was shifted from the initial quota design to a convenience sampling method with outreach directed toward MSMEs which were easy to contact or to reach through central community locations.

4.3 Instruments, Training and Fieldwork

The MSME Socio-economic Impact Assessment for Abaco and Grand Bahama survey was launched on 19th November 2020 and ran until 4th February 2021. There was a total of 486 responses exceeding the sample goal of 465 respondents.

Figure 8. *Socio-Economic Impact Assessment survey web advertisement*

The survey was launched online via a webform. Additionally, a call centre was utilized to target available sets of contact data as shared by Inland Revenue and the government and NGO partners. The survey, accessible on mobile/smartphone and PC/desktop, was circulated widely via email, social media, traditional media and other communication channels by Barefoot Marketing, a local Public Relations/ Communications firm in Grand Bahama. They partnered with local media houses, Chambers of Commerce in Abaco, Grand Bahama, Nassau, and Eleuthera, the SBDC and NGO partners. Responses were collected by data collectors using direct phone calls and door-to-door visits. Businesses were also encouraged to respond directly to the online survey and were reached through text messages, email, advertisements on social media and private and national radio stations. Responses were visualized live on an interactive dashboard and continually monitored to ensure their legitimacy based on cross referencing with prior knowledge and secondary data. Data validation methods were designed into the survey form to mitigate against intentional or unintentional outliers. Data was analysed according to age groups and sex where there are sufficient responses. The qualitative analysis was done with support from UNDP's internal remote SEIA support team.

5 Discussion and analysis

5.1 Interventions implemented in response to Hurricane Dorian

The rebuilding and reconstruction on the islands post-Dorian were undertaken as a strategic process to be coordinated through a central authority supported by a host of international non-governmental organizations and community-based groups - local and international - committed to seeing the redevelopment of the islands. Recognizing the potential vulnerability that micro, small and medium enterprises in Abaco and Grand Bahamas had to the impact of Hurricane Dorian, both the private sector and Government reacted quickly to develop mechanisms of relief and recovery. The following is a summary of some of the most notable programmes. The list of private international programs is not exhaustive as it reflects those that self-identified as offering programmes.

5.1.1 Hurricane Dorian interventions – Government of the Bahamas

The government responded by implementing several programmes to provide relief and assist in recovery. The SBDC rapidly adjusted to serve as a focal point for management and dissemination of government relief and recovery to MSMEs in Abaco and Grand Bahama. In November 2019, the SBDC, in response to Hurricane Dorian launched the latter three of its programs - Grand Bahama (GB) Technology Grant, MSME Business Disaster Recovery Program, and Business Continuity Program. A three-year $10 million dollar loan guarantee and equity financing program for MSMEs was launched. MSMES who were impacted by the storm, and new businesses, could secure financing up to $500,000 to rebuild and recover, as well as create new businesses. The funding for this program was sourced from the Central Bank of The Bahamas' Dormant Funds Account and used to offer 75% government guaranteed loans, 20% equity partnerships and five per cent government grants with a $5,000 limit. There were different criteria to participate for businesses based on length of operation and size of business turnover.

The Ministry of Finance mid-year fy2020/2021 budget snapshot presents that, as of December 2020, $6 million grants & loans have been provided to 447 businesses in Grand Bahama and Abaco to rebuild after Hurricane Dorian (Ministry of Finance, 2021). Four thousand four hundred and

seventy-five (4475) businesses received business license fee waivers valued at $10.7 million. Special Economic Recovery Zones (SERZ) ravaged by Hurricane Dorian received tax relief to rebuild estimated at $261.8 million between September 2019 and December 2020 (Ministry of Finance, 2020).

The MSME Business Disaster Recovery Program was designed to support the redevelopment of businesses in Grand Bahama and Abaco impacted by Hurricane Dorian. The program supported business restoration on those islands, since November 2019, in an effort to expedite the time needed for MSMEs to restart after the hurricane. The program, which also provided resources for the revision of businesses plans and the setup of a formal accounting system, provided access to funding for the renovations and capital, vehicle, material, and stock purchases.

In January 2020, the Minister of Finance noted that the government MSME relief efforts had not been operating as quickly as had been anticipated. By that point, only 60 MSMEs, representing an estimated 1.7 percent of all the 3,546 MSMEs in Grand Bahama and Abaco that employed 12 percent of the total number of employees working in MSMEs, had submitted requests. The total requested from these applicants of $8.6 million represented 87% of the total government funding allocated for the relief and recovery program. Of those 60, 36 MSMEs were approved by the government to receive support. The total amount of support approved by the government for the approved applicants was $2.17M, but $647,000 had been distributed. It is to be noted that the Ministry expected that the recovery of these 36 companies would generate an economic impact of $6.7 million in the first year, with a combined retention and creation of one hundred and thirty-eight jobs.

As an update , in June 2020, in the Opening statement of the 2020/21 Bahamas Budget debate , the Minister of Finance presented that the SBDC had disbursed $3.4 million to MSMEs in Abaco and Grand Bahama after Hurricane Dorian,

5.1.2 Hurricane Dorian interventions (selected) - International Non-governmental organisations (INGOs)

In addition to the support provided by the government, five (5) International non-governmental organizations self-identified as having created programs to support the sustainability of business in Abaco and Grand Bahama post Hurricane-Dorian -- some of which have expanded to include further investment from financial stress associated with the national lockdowns and business suspension due to COVID-19 related policies. Mercy Corps, International Federation of Red Cross and Red Crescent Societies (IFRC), Community Organized Relief Effort (CORE), and World Central Kitchen, have independently or with partner organizations, committed an estimated $6.7 million to supporting businesses in Abaco and Grand Bahama.

Mercy Corps. Mercy Corps launched their "Restoring Industries and Sustaining Employment" (RISE) Initiative, launched in December 2019, in response to the devastation caused by Hurricane Dorian. This effort was supported by a pool of resources from American Red Cross, Grand Bahama Port Authority, Apple, Bacardi, and the Center for Disaster Philanthropy. The program offered funding to micro/small businesses in Grand Bahama and Abaco respectively with restricted grants up to $10,000 disbursed over three months, together with training on business fundamentals and preparedness/resilience training, one-on-one mentorship for business growth through a Micro Mentor program, Mercy Corps' global online mentoring platform, and strengthening local networks and capacity building for the licensing authority and the chambers of commerce.

To qualify for the grant in Grand Bahama, businesses were required to show proof of existence for at least a year, be in good standing with the Grand Bahama Port Authority or Department of Inland Revenue and have an annual gross profit of less than $150,000 per year for under 20 employees or under $300,000 per year for less than 25 employees. The programme demonstrated a preference for businesses within the service sector. To participate in the programme, businesses were also required to show proof that they had received no prior support, or lacked insurance coverage for the hurricane program, and were willing to participate in business training activities and engage with a mentor. The program offered two tiers of support funding to be distributed through digital currency. In Grand Bahama, a cash recovery grant became accessible to MSMEs after the hurricane and in Abaco, similar terms applied. MSMEs in Grand Bahama have access to the additional tier of unconditional cash relief for COVID-19 related economic challenges.

This well-funded and broad reaching was targeted to serve specific sectors of the economy -- those that are core to development and infrastructure (construction and industrial services and water providers), food and marine related (marine services, agriculture, and fisheries), and within the tourism sector. Applicants could apply for the program directly through the website or in person on both islands. MSMEs in Grand Bahama have access to the additional tier of unconditional cash relief for COVID-19 related economic challenges. Implementation challenges were noted related to the restrictions from the emergency orders on business operations and supply chains and contracted travel to and within the islands are amongst the most notable challenges the program has experienced in its implementation.

The RISE pilot initial goal was to assist 200 MSMEs. As the programme progress was reviewed, the RISE goals were increased, and the programme provided $2.5 million in funding to nearly 300 micro and small businesses across Grand Bahama. The programme was closed in March 2021 and Mercy Corps reported that 75% of the funding was "reinvested locally into reconstruction, large equipment repairs and other local purchases" (Eyewitness News, 2021).

Mercy Corps reported that 75% of the MSMEs which completed the programme reopened. Over 60% made invested "hurricane and flood resilient structures, comprehensive insurance, or diversified their revenue" (Mercy Corps, 2020). Half of the MSMEs that received support from Mercy Corp claimed the assistance prevented them from closing of selling their businesses immediately after the hurricane. (Mercy Corps, 2020) Participating businesses say they would have closed permanently or were sold, either immediately following the storm, or because of the pandemic without the program, and a further 25% avoided taking on additional debt. Mercy Corps also noted the lack support available for MSMEs in Grand Bahama and Abaco.

Mercy Corps also completed a market assessment report: "*Building resilience in The Bahamas* in 2020" to inform their further interventions. The report evaluated the state of Grand Bahama and Abaco looking at resilience and market forces. The report noted the vulnerability of MSMEs in the islands to the impact of disasters and the value of supporting them as a means of increasing the resilience of the entire community. The report also identifies a need to support several populations with increased sensitivity to Hurricane impacts, particularly the Haitian migrant communities.

In its recommendations for further interventions the report posits the following for consideration in supporting MSMEs toward resilience and recovery. These include:

- Ensuring inclusiveness across geography and social status.
- Ensuring that support reaches the most vulnerable communities.

- Focussing on business digitalization and COVID-19 adaptation.

International Federation of the Red Cross -International Federation of the Red Cross launched the Livelihoods Restoration program for Abaco. The program offered $600,000 in committed funding to respond to needs identified in Abaco: The focus of the programme was on: 1) addressing farmers needs for capital, access to land, and other limitations they have experienced related to labour shortages; 2) providing support and capital and housing needs for fishermen; and 3) offering general repairs, construction material, and sourcing locations for displaced businesses.

Community Organized Relief Effort. The Bahamas Economic Recovery CORE program is designed specifically to support businesses in Central Abaco and Sweeting's Cay, Grand Bahama. The program ran from May 2020 to March 2021. Eligible businesses applying for the program had to be in business prior to Hurricane Dorian with an annual income of less than $100,000 gross income. The program served 87 participants allowing flexibility in application process, accepting submissions in person, online and via phone. CORE noted challenges in reaching businesses which might have qualified for the program because of the remote nature of the locations and national restrictions and requirements for in-country travel due to the COVID-19 pandemic.

World Central Kitchen (WCK)
The Food Producer Network Program, launched in March 2020, was designed to support businesses directly related to food security on both Abaco and Grand Bahama. The funding was split evenly between Abaco and Grand Bahama, was allocated for capital expenditures, supplies and relative costs associated with food, production, harvesting and distribution for businesses in agriculture and aquaculture and fisheries.

In 2021 WCK granted $350K in grants and in 2021 expects to grant $500K in the Bahamas.
Eligible applicants must have proof of business for a period no less than 18 months. Purchases are restricted to items on the approval list and monies must be spent within three (3) months of receipt. The research around this program's design speaks to a need for more capital for rebuilding and the development of businesses within the fishing sector. The program designers allude to a need for a larger national coordinating body to foster and facilitate discussions around issues relative to the sector and policies which support development and the agency of businesses.

Organization of American States (OAS). In May 2020, the OAS partnered with the social media company Facebook to provide resilience building tools for MSMEs. The program is designed with two strategies: online roundtables and online training videos to support business development strategies. The online roundtables, 30 - 40 minutes in length, serve as a collaboration tool for businesses to identify their challenges in light of COVID-19 and discuss policies which facilitate sustainability and expansion beyond this period in time. The online training videos take the form of webinars which feature a range of skills to support business growth and recovery from the economic downturn.

5.2 Interventions implemented in response to the COVID-19 pandemic-Government of The Bahamas

On 15 March 2020, less than seven months after Hurricane Dorian had struck, The Government of The Bahamas confirmed the presence of COVID-19 in the country. The Bahamas and countries across the world shared the challenge of how to effectively manage its economy in the wake of the

COVID-19 global pandemic. The uncertainty of the future limits the capacity to plan recovery and rebuilding efforts. This is made even more difficult with the dependence that The Bahamas has on tourism for economic activity. The strategies to stem the spread of the disease through restrictions in inter and intra country movement have significantly impacted The Bahamas' annual revenue. In January 2021, the IMF Staff Concluding Statement of the 2020 Article IV Mission for The Bahamas, has assessed that "*Real GDP is projected to contract by 16.2 percent in 2020, followed by a modest rebound of 2 percent in 2021, and to converge back to its pre-pandemic level only by 2024. Public debt is expected to jump to almost 90 percent of GDP by 2021 and to remain more than 22 percentage points above its pre-pandemic level over the medium-term*."

The public health measures have been authorized through a set of Emergency Orders, which names a Competent Authority, the Prime Minister of the country, supported by his Cabinet. The Orders give the Competent Authority the ability to enact laws and measures in the interest of public health without the legislative process as outlined in the Westminster System. This process has facilitated the speed at which the Orders have been enacted and amended, sometimes outpacing the rate at which businesses could adjust their models. Businesses least impacted by the emergency orders have been grocery stores, pharmacies, and gas service stations - as they have consistently been deemed essential. COVID-19 related restrictions on islands including Grand Bahama and Abaco, meant a complete cessation of nonessential services and air and sea travel. In June 2020, a COVID-19 fiscal stimulus response plan was rolled out, with support programmes falling over a range of Government Ministries. The plan ***"A Resilient Bahamas: A Plan for Restoration"***, called for stimulus for businesses via accessible loans for business continuity and expediting public construction projects, increased spending for unemployment assistance, food and social support, health and education and business loans $811.1 million.

However, the allocated spending on social support may not be sufficient to address the current and growing needs in The Bahamas. The unemployment rate in The Bahamas was reported in an IDB survey as nearing 50% in April 2020 one of the highest rates in the region (IDB, 2020) According to the IMF projections, unemployment is not anticipated to return to pre-COVID rates of 10-12% until 2026 (IMF, 2020). In addition to the economic contraction, the public health policy for managing the spread of COVID-19, has been a set of lockdown measures which have restricted business operations to varying degrees. These measures have included 24-hour curfew periods, complete business shut-down periods, curb side-services only for retail businesses, reduced capacity for service businesses, and complete restrictions on businesses related to culture and entertainment including gyms. Over 60% of the 2020 stimulus spending represents expedited public construction projects as opportunities for local economic activity. The percentage of Government spending on Social support programs has been noted in the 2020 UNDP report *"The Bahamas Country Note: Impact of COVID-19 and policy options"* represents 2.37% of GDP, which falls below the 11.6% average that other advanced economies are allocating and 3.2% allocations of emerging markets (Mera, 2020). The Bahamas is allocating fewer resources than the average emerging market, having a GDP per capita closer to advanced economies.

As the crisis developed, the government's response has continued to evolve. A multi-sector Economic Recovery Committee (ERC) was formed with the responsibility of identifying short and midterm opportunities to stimulate local economic activity. The ERC Executive Summary report was issued in late October 2020 and made several recommendations across multiple dimensions which would benefit MSMEs. Some of these include: (i) the promotion of investment opportunities within

The Bahamas; (ii) significantly expanding access to capital for Bahamians; (iii) the creation of Special Economic Zones in underdeveloped islands; (iv) the expansion of duty concessions beyond tourism and manufacturing to support local start-up businesses; (v) encouragement of local high-tech and fin-tech opportunities; (vi) a Master Plan for land use in Grand Bahama, major investments in Family Island infrastructure; (vii) the collection of revenues on trans-Caribbean cables in our waters and on ships that come into our ports on their way to other destinations; and, (viii) the legalization of marijuana for recreational, religious and medicinal use. There were recommendations of system reform including: (a) moving towards a more progressive and equitable form of taxation; (b) the elimination of government bureaucracy to improve the ease of doing business; (c) reforms to local energy and environmental conservation policies; and (d) improving the transparency for approvals on large development. The ERC also offered a host of educational and social reforms, such as: (i) training for Bahamian entrepreneurs to participate in the shared economy; (ii) significant investments to further extract the value from the Creative Economy; (iii) the support of independent school boards and charter schools to improve educational outcomes; and (iv) the funding of pre-apprenticeship training for senior high school students (Office of the Prime Minister, 2020).

As of May 2021, the complete ERC report has yet to be published, however there have been several follow up actions related to the Executive Summary. These are summarized in table #2.

Table 2. *Economic Recovery Committee Recommendations Status*

Economic Recovery Committee Recommendations Status	
ERC Recommendation	**Current follow up status as of May 2021**
Environmental Reforms	
Promotion of investment opportunities within The Bahamas;	Ministry of Finance issued an request for Proposals for a new investment regime InvestBahamas.(Ministry of Finance, 2021)
Significantly expanding access to capital for Bahamians;	The Ministry of Agriculture and Marine Resources and the Access Acelerator: SBDC have partnered to increase access to capital for agri-entrepreneurs and fishers through grants. (Eyewitness News, 2020)
Creation of Special Economic Zones in underdeveloped islands;	The Government of The Bahamas announced expansion of tax relief measures under the Special Economic Recovery Zone (SERZ) Extension Order for the islands of Grand Bahama and the Abacos.
Expansion of duty concessions beyond tourism and manufacturing to support local startup businesses;	Extension of duty concessions for vehicles, fuel sales and construction materials and Services in Abaco and Grand Bahama until June 2021. (Coakley, 2021)
Encouragement of local high-tech and fin-tech opportunities;	Ministry of Trade and Industry and Immigration is promoting awareness of new Fin Tech oppportunities . New Fin Tech Legistation was announced on the near term policy agenda. The Central Bank has launched the use of the Digital Sand Dollar Currency.
Master Plan for land use in Grand Bahama, major investments in Family Island infrastructure	TBD
Collection of revenues on trans-Caribbean cables in our waters and on ships that come into our ports on their way to other destinations;	TBD
Legalization of marijuana for recreational, religious and medicinal use	Government of The Bahamas is currently completing legislation to legalize medicinal marijuana.
System Reforms	
Move towards a more progressive and equitable form of taxation;	The Government Bahamas has reported to be in internal discussions on feasibility of income tax. (Hartnell, 2021)
Elimination of government bureaucracy to improve the ease of doing business;	The Government of The Bahamas launched an on line digital services portal with plans to offer 40 different services by the end of 2021.
Reform to local energy and environmental conservation policies;	TBD
Improve the transparency for approvals on large development.	A Freedom of Information Commisioner has been appointed. The FOIA office is not yet functioning.
Social and Educational Reforms	
Training for Bahamian entrepreneurs to participate in the shared economy	World Central Kitchen's Food Producer has hosted training sessions for Fishers and Farmers. The Minstry of Agroculture and Marine resources has partnered with regional institutions to offer an extensive reaining curriculum to applicants for thier grants.
Significant investments to further extract the value from the Creative Economy	Bahamas Development Bank "re-tooled" to better serve MSMEs including those in the Orange Economy. (Office of the Prime Minister, 2021)
The support of independent school boards and charter schools to improve educational outcomes	TBD

The Bahamas attempted a "re-opening" in July 2020, bolstered by a noted decline in local cases of COVID-19. This did result in the return of a minimal level of tourism as private aircrafts had been allowed to travel to The Bahamas. Unfortunately, there was a spike of local cases reported after the first lifting of restrictions and further restrictions were imposed. The second attempt at reopening was accompanied with a rolled back set of restrictions which included 9pm - 5am curfews on weekdays and 6pm - 5am on weekends for most of the islands in the country.

Government spending has also increased as the social and economic needs stemming from an unfolding COVID-19 pandemic continue to grow. As of Q4 of 2020 $369 million had been allocated to respond to COVID-19 in The Bahamas (approx. 3.0% of The Bahamas' annual GDP). Of this, approximately $250 million is geared towards sustaining pre-COVID-19 employment levels. The ability of this funding to meet the needs of the most vulnerable remains in question. As an example, the IMF recommended in their 2021 report to increase monitoring and engaging stakeholders the most vulnerable in the Bahamian population is critical in managing the COVID crisis (IMF, 2020). This strategy would also place great emphasis on formal activities and registered employees, which is not expansive enough to meet the most vulnerable segments of the population.

For the business community, 284 small businesses were approved for loan financing, – representing a collective $19.4 million in funding. The Government also advanced a business tax credit and deferral initiative to minimize further private sector job losses. The Department of Inland Revenue approved 44 companies who benefitted from $5.7 million in tax credits and deferrals collectively. These Government loans, grants and deferrals have protected roughly 5400 vulnerable jobs (*Ministry of Finance, Budget Communication 2020*).

***Table 3**. Bahamas Fiscal Policies in Response to COVID-19*

Text Table The Bahamas: Key Fiscal Policy Measures in Response to COVID-19

(In percent of GDP)

Measure	Details	Budget	Outturn
Total		**1.2**	**0.8**
Tax Credit & Tax Deferral Program	Medium and large size businesses with at least 25 employees can receive tax credits/deferrals of up to $600k for 3 months to service non-tax payroll.	0.5	0.2
SME Support	Small Business Development Center loans and grants of up to $300k and $20k, respectively. For FY2020/21, extended to include grants for niche businesses (food delivery and agriculture).	0.2	0.3
Utility Subventions	Compensate for payment waivers to COVID-19 impacted persons for 3 - 6 months.	0.2	-
Health	Ministry of Health funding	0.1	0.0
Unemployment Assistance	Self-employed persons receive up to $200 per week for 8 weeks. For FY2020/21, up to $500 per month for a 5-month period. Also, the duration of regular unemployment benefits was extended from 13 to 26 weeks.	0.1	0.3
Food Assistance	Food vouchers of up to $100 per week for 8-weeks. For 2020/21, extend the program at a cost of $15M and provide an additional $17M to other programs under the Ministry of Social Services.	0.1	0.0

Sources: Ministry of Finance and IMF staff calculations.

While noting shifts in local product development and manufacturing to meet new demands such as: (a) masks and sanitizer; (b) the adoption of new services such as digital ordering platforms; and (c) the growth of delivery companies to cope with the social restrictions imposed by the state, the government acknowledged that a significant portion of small businesses were challenged to survive under the current conditions. To respond to the need, the government increased the capital budget allocation for small business growth and development from $5 million last year to $55 million in the 2021 budget (*Ministry of Finance, Budget Communication, 2020*).

Additional support programmes provided to MSMEs are presented below.

Taxation

- The government implemented a Tax Credit and Tax Deferral Employment Retention Program. Under the program qualifying businesses, including registered MSMEs, will be allowed to withhold outstanding business license fees or VAT receipts collected up to a maximum of $200,000 per month for up to 3 months. At the maximum funding level, $100,000 would be in the form of non-reimbursable tax credit and the other $100,000 will be in the form of a deferred tax payment to be used to assist with covering payroll expenses of affected businesses. Qualifying businesses had to agree to retaining 80% of its staff complement. Taxes were deferred until January 2021 and were to be repaid in equal instalments over a 12-month period.
- The Tax Credit and Tax Deferral Employment Retention Program has been extended and expanded to all qualifying VAT registered businesses with a turnover more than $100,000. This would have little applicability on Micro and Small Businesses, with turnovers below the threshold and they would not have been required to remit taxes. The 2020/21 Bahamas Mid-year Budget report presented that the government's Tax credit and deferral had resulted in $44.4 million in payroll support (Ministry of Finance, 2021).
- The deadline for the payment of Business License and Real Property Tax fees was extended.

Access Accelerator Small Business Development Centre (SBDC)

In March 2020, SBDC again pivoted to lead the relief and recovery response to COVID-19 impacts on MSMEs. Grand Bahama (GB) Technology Grant, continuation of the MSME Business Disaster Recovery Programme developed after Hurricane Dorian, and Business Continuity Programme were positioned to respond to the COVID-19 Pandemic, as is detailed in the following sections.

On March 30th 2021, in an update on Government's stimulus measures in response to COVID-19, the Minister of Finance reported that: 616 MSMEs registered for assistance with the SBDC and, 382 businesses completed the full application process requesting approximately $14.88 million in financial assistance.

Grand Bahama (GB) Technology Grant.

The GB Technology Grant - accessible to all businesses in Grand Bahama, has provided $149,000 in funding to 31 participants in Grand Bahama as of September 2020 according to the Ministry of Finance . The program is designed to provide access to funding for capital and equipment for companies to build digital infrastructure to mobile and transition their companies to online platforms. In keeping with their model, the SBDC supported the progress and development of the businesses in the digital space and provided access to resources and training for clients.

Business Continuity Programme.

The Business Continuity Programme is the SBDC's largest (impact) program, to date. The Government of The Bahamas allocated $20 million to provide MSMEs micro, small and medium-sized enterprises with loans with capital to assist with loss of revenue due to COVID-19. An additional $5 million was allocated for grants to help MSMEs use for payroll. The overall goal for this programme is for its participants to be able to recover from the economic stagnation and return to full operation when normal business is restored. The terms of participation in this programme are greater than the other programs offered by the SBDC and participating businesses have committed to retain 51% of their staff and have their credit performance monitored and data shared with a selected number of financial institutions and the, recently launched, credit bureau operated by CRIF. As of September 2020, the program had reached 1962 participants, with spending, reaching $27.6 million.

National Insurance Board (NIB) Unemployment Benefits for Self-Employed

The National Insurance Board (NIB) Act came into effect in the country in 1972, with the purpose of providing security, protection, and funding for workers in the country and providing financial compensation or payments for work-related life events, retirement, maternity, disability, and unemployment. Its unemployment program collects 1% of an employee's salary as contribution to the fund. At economic interruption of business in Grand Bahama and Abaco due to Hurricane Dorian, NIB began processing payments to the unemployed. The self-employed do not contribute to the fund, and therefore did not qualify to receive payments.

In March 2020, aligned with the first COVID-19 case and the interruption of business throughout the Bahamas from the implementation of emergency orders, the government looked to reduce the impact on workers in the Tourism industry, arguably, the most impacted by the restrictions and subsequent reduced demand for travel to the country. A new programme was introduced by the Bahamas Government and managed and administered by the NIB the Government Unemployment Assistance for COVID-19 or *GOV-UEA TOURISM PACKAGE*.

The *GOV-UEA TOURISM PACKAGE* provided up to $1600 total in payments -- distributed as $200/week for up to eight weeks of unemployment. This program took into consideration the levels of informality of businesses within the tourism sector, so while applicants were required to give proof of their direct link to the tourism industry, they were only required to submit one supporting document from the following: business license, letter from hotel granting permission to operate on site, relevant association/cooperative membership, straw market permit, business receipts showing sector related purchases, or any other document demonstrating work in the sector.

Although inclusive of tourism sector participants, the GOV-UEA -TOURISM PACKAGE was not applicable to all of those self-employed persons that may have been less directly impacted by the economic downturn that resulted from COVID-19 related loss of tourism and increased business restrictions. A second version of this program, Government Unemployment Programme for Self-Employed (Sole Entrepreneur) Persons Impacted by COVID-19 (Without Employees) was launched in April 2020. Additionally, the government expanded the Accelerate the Youth Apprenticeship Program to include additional opportunities for young Bahamians. Such opportunities included training in the construction sector aimed at supporting local reconstruction.

According to the 2020/2021 Combined 9-month Fiscal Snapshot & Report on Budgetary response, as of March 2020, the government of The Bahamas has reportedly paid out over $108 million in unemployment benefits (Ministry of Finance, 2021). This includes $45.5 million provided in unemployment support through the National Insurance Board (NIB) between March and October for self-employed Bahamians in the hospitality sector and the unemployment extension program for persons who had exhausted their standard NIB benefits (Ministry of Finance, 2020).

Additional Economic Stimulus efforts with implications for MSME during the COVID-19 Pandemic were as follows:

- Domestic commercial banks and credit unions are allowing a 3 – 6-month payment deferral against the repayment of loans for borrowers in good standing who have been negatively impacted by COVID-19. Interest will however continue to accrue during the deferral period.
- Government has stated they will re-evaluate capital projects to prioritize projects that are easy to deploy to increase business activities of local small businesses.
- Approvals for the domestic and foreign capital investment projects to be accelerated.
- Allowance for suspended payment of premiums related to health, medical and life insurance for a defined period.
- A social assistance program was made available to assist individuals facing reduced work weeks with the purchase of household groceries. The assistance is primarily for individuals within the hospitality industry.
- Rental assistance program was implemented that allowed individuals to have 40% of their rent deferred for 3 months.
- State-owned electricity, water and sewage companies provided deferral arrangements, reconnected services for consumers meeting certain requirements, and suspended disconnections for a defined period.
- The Ministry of Finance is allocating $1.8 million to support the Family Islands specifically to be used for any COVID-19 related expenditure.
- A temporary monthly increase of $50.00 was provided through the Old Age Pension, to aid the elderly who may be dependent on other family members that are unemployed.
- A National Food Distribution Taskforce was established through a Public Private Partnership between local NGOs and the Bahamas Government. As of February 2021, the Taskforce has utilized $24 million to provide direct food assistance to 72,000 households.
- Future Opportunities - The IDB has approved a $200 million loan to promote the blue economy in The Bahamas. The program scope looks to supporting the Micro, Small and Medium Enterprises (MSMEs) continuity, modernizing the institutional and legal framework to protect the natural resources, and economic diversification.

5.3 Indicative Macro-level Impact of Hurricane Dorian and COVID-19 on Abaco and Grand Bahama

In this section we utilize the changes in the taxes declared by businesses to get a sense of the firm level and macro-level impact of Hurricane Dorian and the COVID-19 Pandemic. These changes are

interpreted to provide an indication of the scale of the contraction in business activity/earnings associated with the impact of the crises generated from the impact of both events.

Abaco. From the declared revenue for 2018 and 2019, there was a 38.5% fiscal decline for micro businesses and 20.9% for small businesses and a simultaneous increase of 675% and 7.25% for medium-sized and special taxpayers, respectively. The total revenue declared for MSMEs in 2018 exceeded $285 million, reaching $2.8 billion for all of 2019. This increase is congruent with the fiscal predictions for the island in the previous years.

The revenue declared between October and December 2019, contributed $17.8 million, less than 1%, to the total revenue and only 2.7% of the quarterly revenue mean for the year. The business categories grossing over $2 million in revenue post Hurricane Dorian were engaged in building construction ($4.6 million) and construction-related services ($2.66 million). The first quarter of 2020 experienced a 96.2% decrease in gross revenues compared to the quarterly revenue mean for 2019. Although the data for 2020 refers to one quarter's outturn, when the average quarterly declared revenues for 2018 are calculated, gross revenues for 2020 would have underperformed if the first quarter's performance continued for the remaining three quarters of the calendar year in Abaco. Nevertheless, the most robust performance in terms of gross revenue came from medium-sized businesses (See Table 4 and Figures 9 to 13). The conclusions are the same if the comparison was made between the estimated quarterly declarations for 2019 and the 2020 first quarter results.

Table 4. *Declared Gross Revenue for MSMEs in Abaco: January 2018 – March 2020*

	Declared Gross Revenue				
Year	**Micro**	**Small**	**Total Medium**	**Special Taxpayers**	**Total**
2018	$32,228,214	$67,692,940	$184,715,609	$1,279,834	$285,916,597
2019	$19,831,818	$53,547,283	$1,431,593,562	$1,372,672	$2,876,526,749
2020*	$3,276,971	$7,403,264	$16,931,320	$59,799	$27,671,355

**Reflects data from First Quarter (January – March)2020*

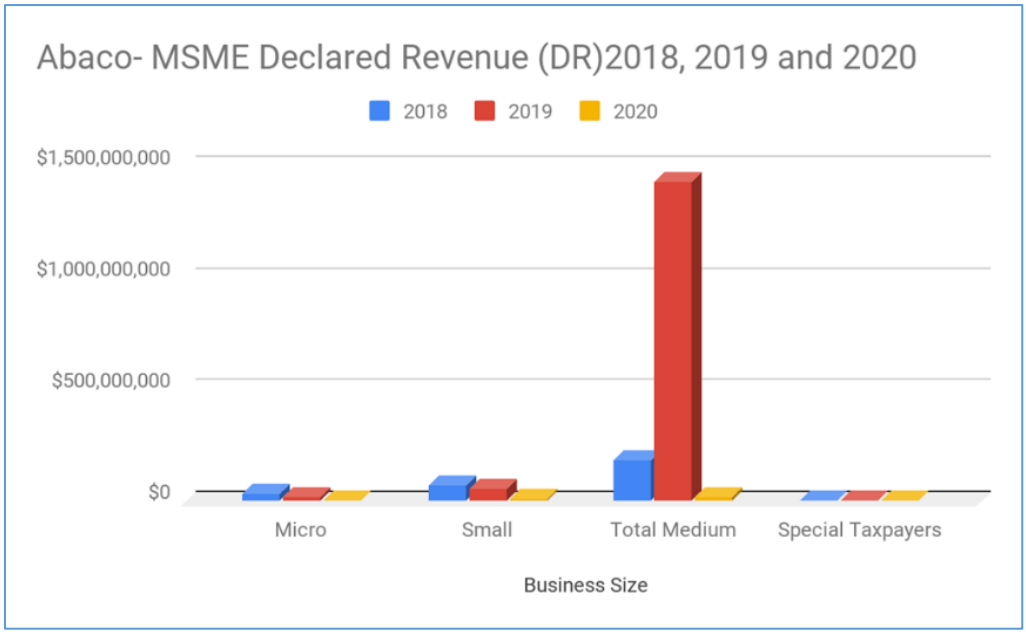


Figure 9. *Abaco Declared revenue 2018-2020*

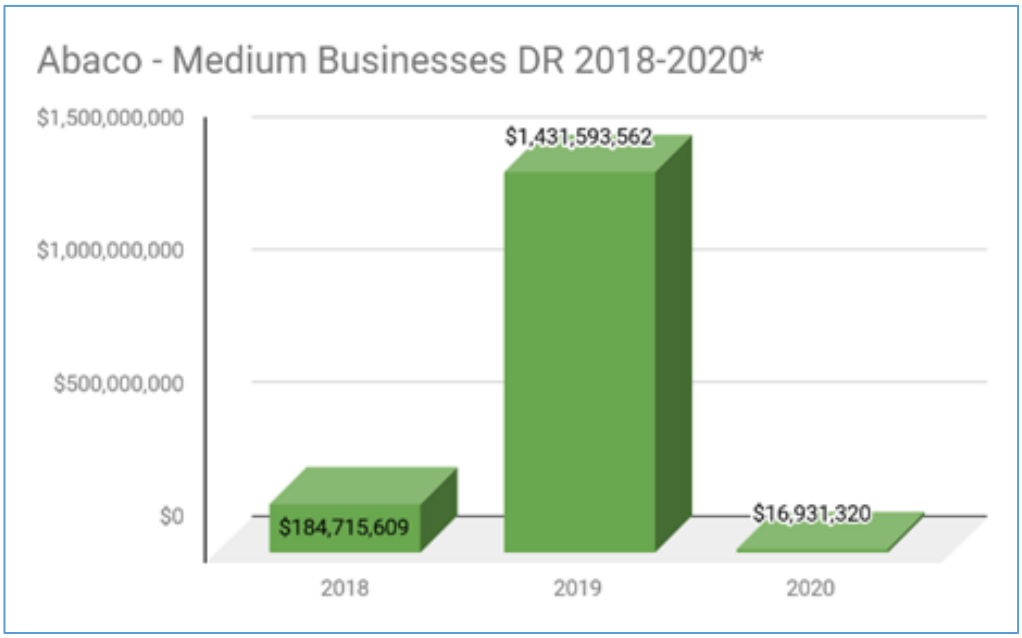


Figure 10. *Abaco: medium business declared revenue.*

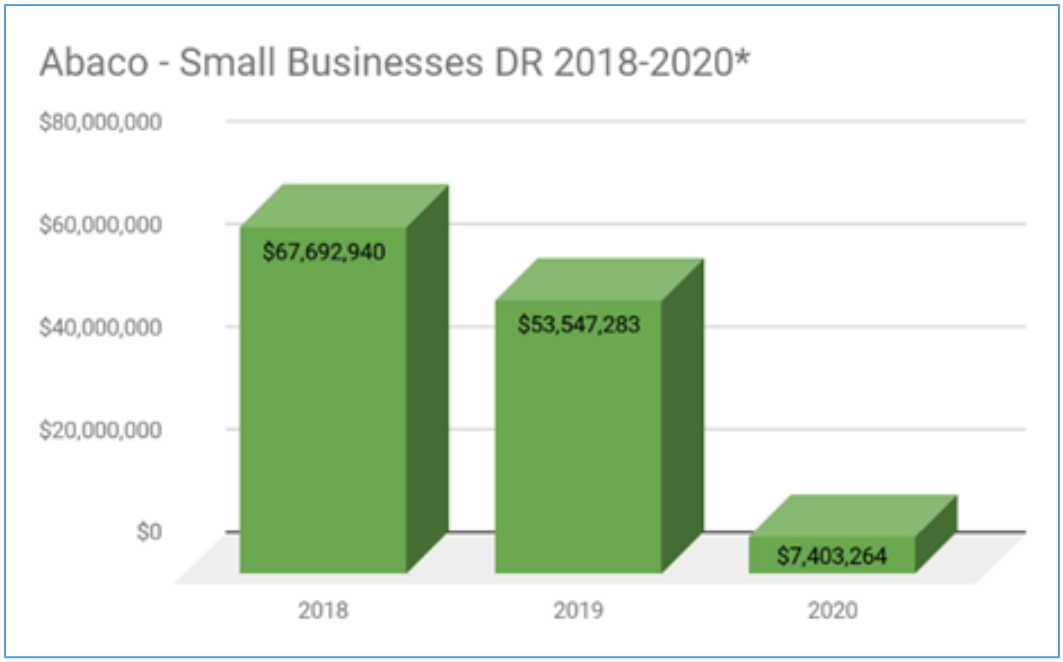


Figure 11. *Small Business declared revenue.*

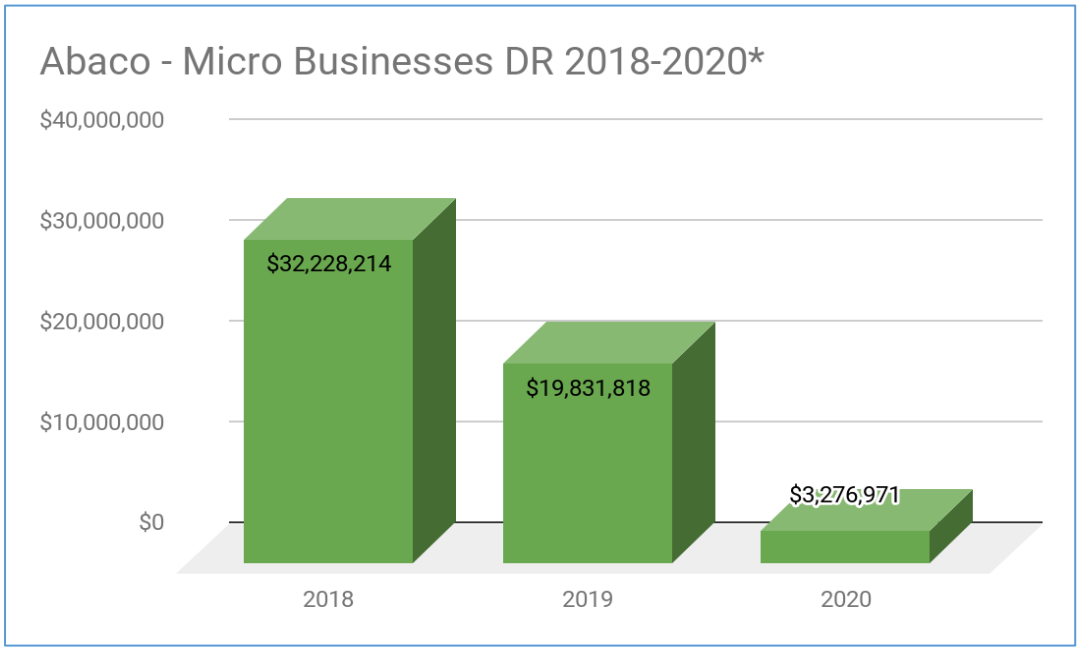


Figure 12. *Abaco Micro businesses revenue declared.*

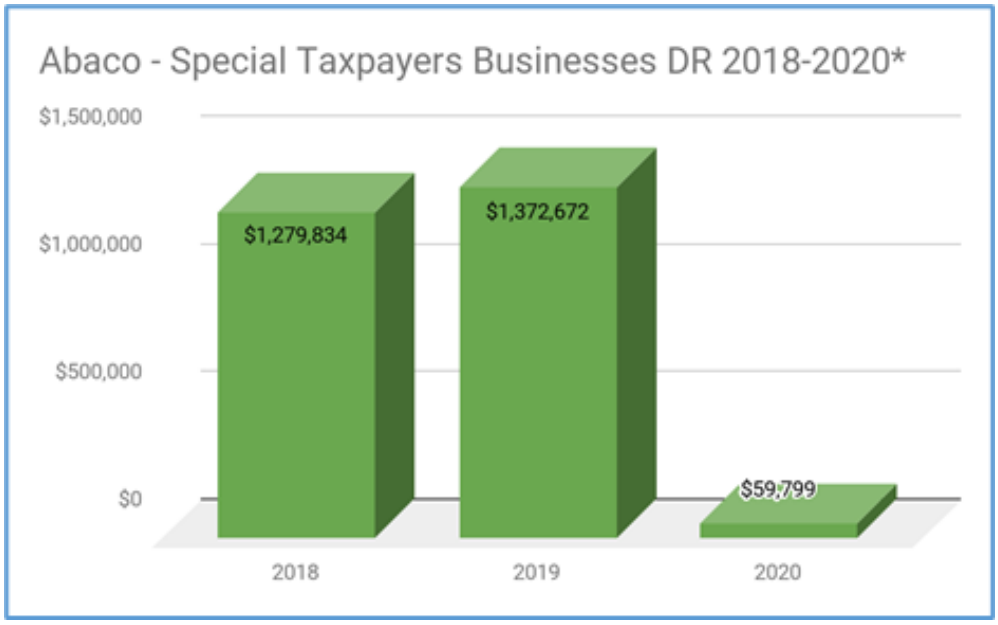


Figure 13. *Abaco special taxpayers' businesses revenue declared.*

The lower levels of performance in gross revenues in almost all categories during 2019 and 2020 in comparison to 2018 is likely reflective of the compounding effect of the two consecutive crises and the impact they have both had on the vibrant nature of economic activity and earnings of MSMEs in Abaco.

Grand Bahama. Grand Bahama experienced a 3.6% decline in the overall performance of MSMEs on the island between 2018 and 2019; dropping from $163 million to $157 million in declared revenue. Micro and medium businesses and Special Taxpayers all experienced a decline in declared revenue of 14%, 4% and 32% respectively. Small businesses, however, experienced an uptick in performance by about 8%, increasing from $27.1 to $29.2 million during this period.

From a quarterly perspective, the fiscal performance for the first quarter of 2020, demonstrated an 18% improvement on the quarterly mean for 2019, the performance of which includes some impact of Hurricane Dorian. More than $46 million in revenue was declared, an increase on the $41 and $39 million of declared revenue for 2018 and 2019 respectively. In the fourth quarter of 2019, over $34 million was declared in revenue from MSMEs - 87% for the quarterly mean for 2019 (See Table 5 and Figures 14 to 18).

Table 5. *Declared Gross Revenue-Grand Bahama (2018-2020)*

	Declared Gross Revenue				
Year	**Micro**	**Small**	**Total Medium**	**Special Taxpayers**	**Total**
2018	$24,062,760.63	$27,166,659.65	$112,098,210.23	$586,141.41	$163,913,771.92
2019	$20,684,314.97	$29,251,522.70	$107,661,788.09	$395,782.89	$157,993,408.65
2020	$5,050,637.28	$10,560,383.24	$30,837,325.42	$67,340.04	$46,515,685.98
**First Quarter (January - March 2020)*					

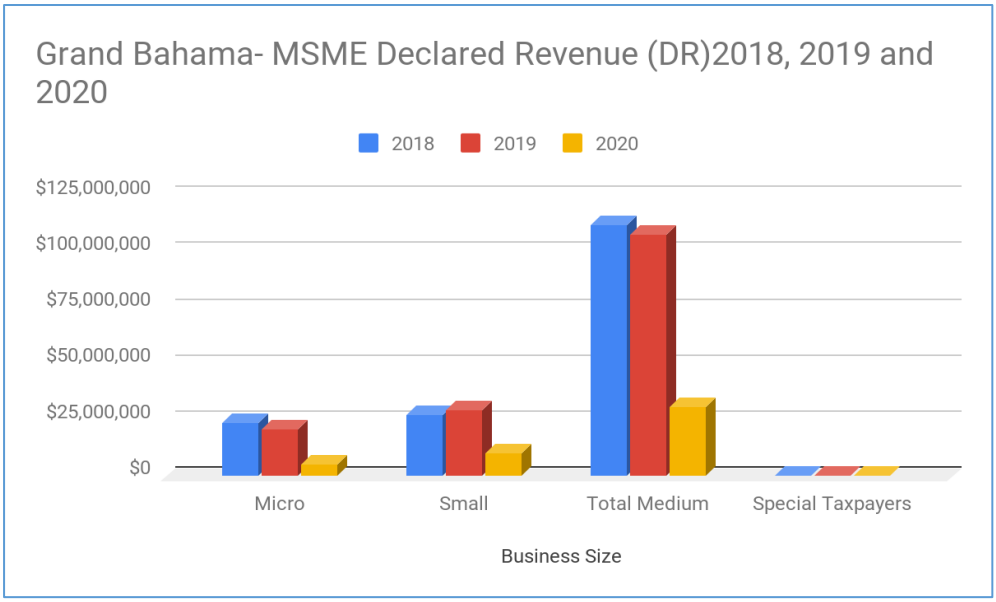


Figure 14. *Grand Bahama declared revenue 2018-2020.*

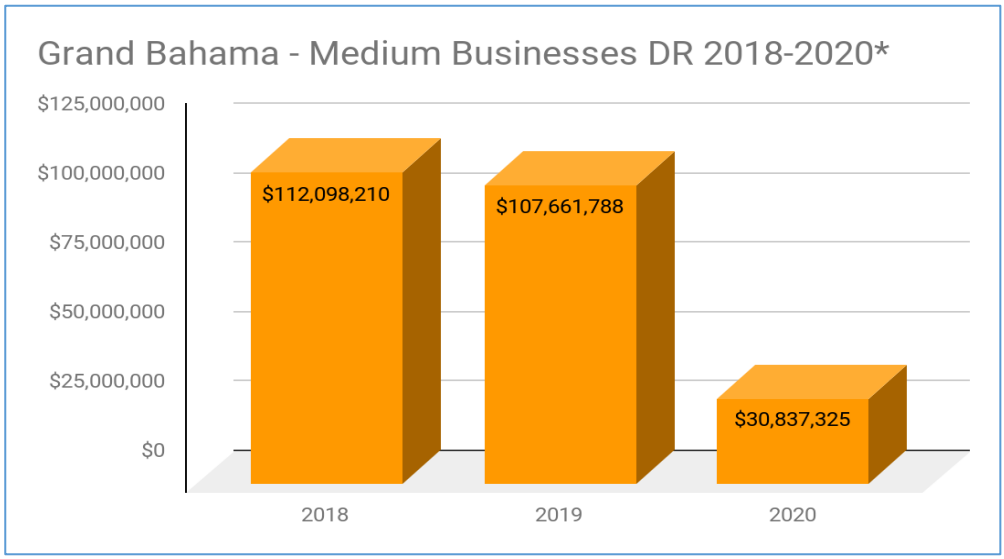


***Figure* 15.** *Grand Bahama: Medium-sized businesses declared revenue.*

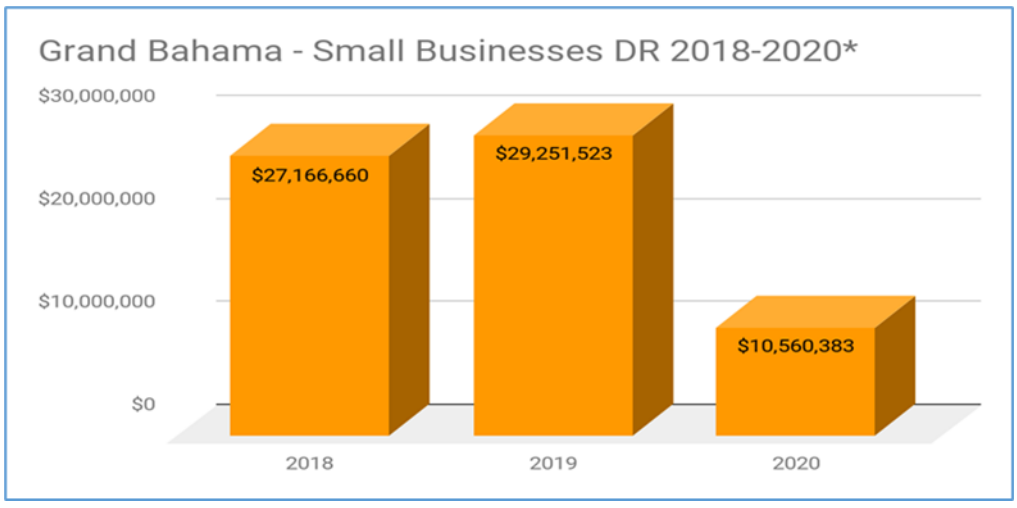


Figure 16. *Grand Bahama: small businesses declared revenue.*

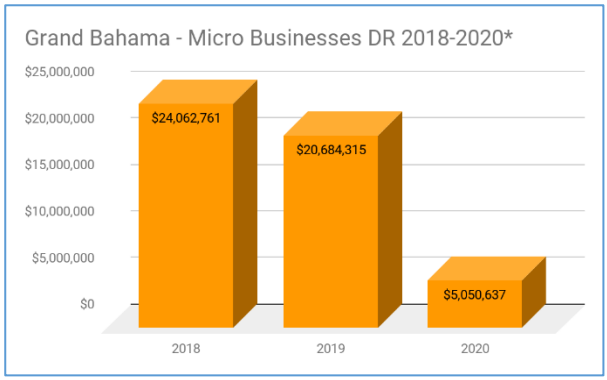


Figure 17. *Grand Bahama: Medium-sized businesses declared revenue.*

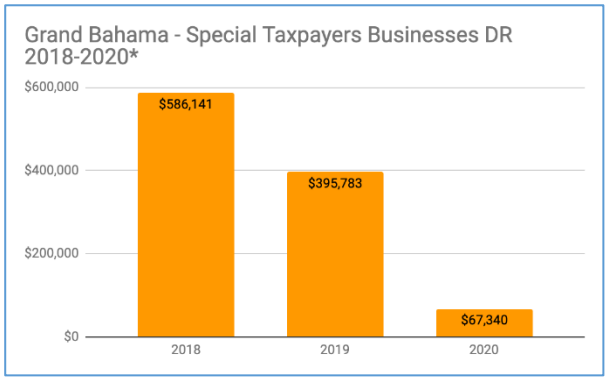


Figure 18. *Grand Bahama: Special taxpayer businesses declared revenue.*

Cumulative effects of Dorian and COVID-19 across both islands.

Similar to the experience of Abaco, gross revenues were most substantive among medium businesses across the MSME landscape. The data indicates the value and potential that MSMEs have had on the local Economies of Grand Bahama and Abaco and reveals both the initial financial impact that Hurricane Dorian had in 2019 and the compounded impact that came during the COVID-19 Pandemic in the following year. The spike of increased revenue in 2019 among medium sized businesses, particularly in Abaco reflect the effect of Post-Hurricane construction and recovery work which does not appear to carry over significantly into 2020. The growth of revenue for MSMEs appears significantly inhibited as the islands struggle with the ongoing economic and social restrictions of the COVID-19 pandemic. This can be anticipated to continue into the short and medium term and most MSMEs will struggle to recover under these circumstances.

Taken together, the declines in tax revenue indicate the heterogeneous impact of the crisis of the two most highly impacted geographical areas of the Bahamas – Abaco and Grand Bahama. The support measures put in place by government and the private and voluntary sectors to assist MSMEs in Grand Bahama and Abaco in the wake of Hurricane Dorian and during the outbreak of COVID-19 have been varied, innovative and timely. However, given the challenges involved with coordination and communication of such a large-scale natural disaster and such an unprecedented global pandemic in such a short time period, the collective impact of these support programs on the MSMEs is unclear. In preparing and planning future relief, recovery and resiliency efforts, the Government and its partners may benefit from a comprehensive assessment of the impact achieved during these dual crises.

This survey commissioned by the UNDP Multi-Country Office is an important and seminal contribution in obtaining and presenting much needed information on what is happening with the MSMEs in the hardest hit sections of The Bahamas in the wake of these two crises for the benefit

of not only the sector but also of all the stakeholders that are committed to supporting the recovery and rebuilding efforts in The Bahamas based on the evidence and in alignment with the priorities. It is expected that these results will also strengthen opportunities for coordination and improve targeting of efforts to support this sector, thereby improving the capacity of MSMEs in contributing to the economy and society of The Bahamas and to be resilient to future shocks.

6 Findings for MSMEs from the SEIA Survey

This section presents the results from descriptive analysis of the responses to the survey instrument and Multidimensional Vulnerability Index that was implemented in the field during the period of November 2020 to February 2021 as well as the results from a Multidimensional Vulnerability Index (MVI) that was estimated to assess the depth and intensity of the vulnerabilities identified from the survey data. These results will be interpreted and translated into policy and programmatic prescriptions to support government and stakeholders in their reviews of the existing infrastructure and policy around MSMEs in Grand Bahama and Abaco and, when relevant throughout The Bahamas. The Recommendations will be offered as short to medium term interventions. The detailed results of the survey and the MVI are presented in the sub-sections below.

6.1 Results from Descriptive Analysis

This subsection presents detailed results from a descriptive analysis of data from the survey. This level of detail is anticipated to contribute to the targeting efforts that the various stakeholders may wish to leverage to improve the effectiveness of the interventions from the design stage..

6.1.1 Location and Demographic information

- When declaring their business locations during August/September 2019, **63.6% of responding MSMES indicated being located in Grand Bahama and 36.4% in Abaco**. When outlined by major settlements or land areas on each island, for Grand Bahama, 77.7% of businesses were located in Freeport, 11.3% in West Grand Bahama, and 11 % in East Grand Bahama. In Abaco, 42.9% of businesses were in Central Abaco, 18.6 % in North Abaco, 17.5% in South Abaco, 7.9% in Hope Town, 7.9% on Green Turtle Cay, and 5.1% shared between Grand Cay and Moore's Island.

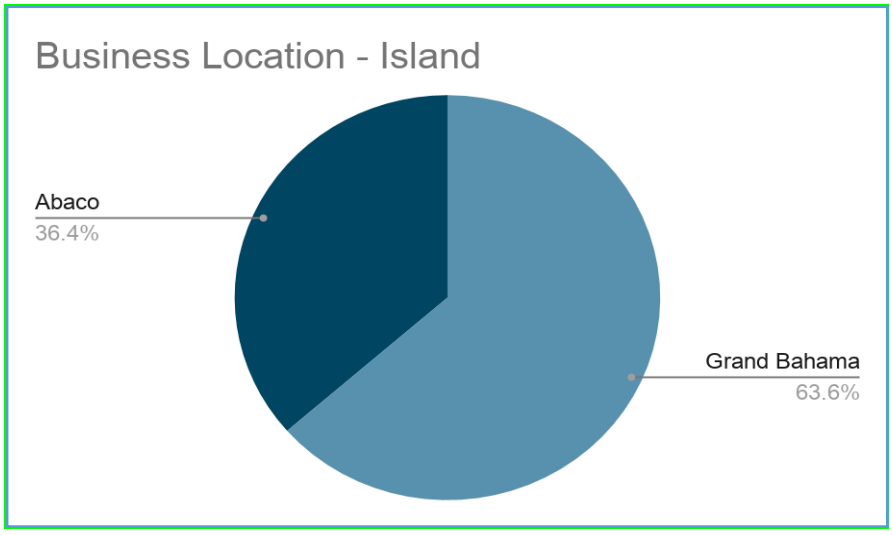


Figure 19. *MSME Location by island.*

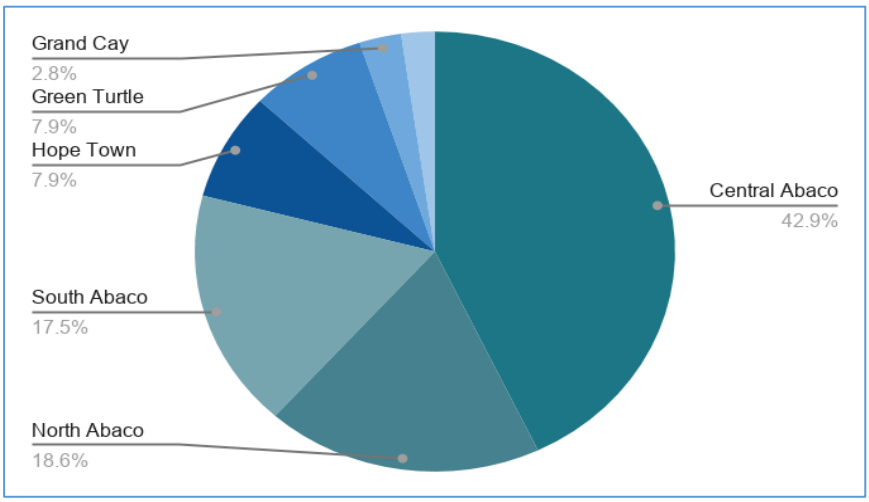


Figure 20. *MSME location on Abaco.*

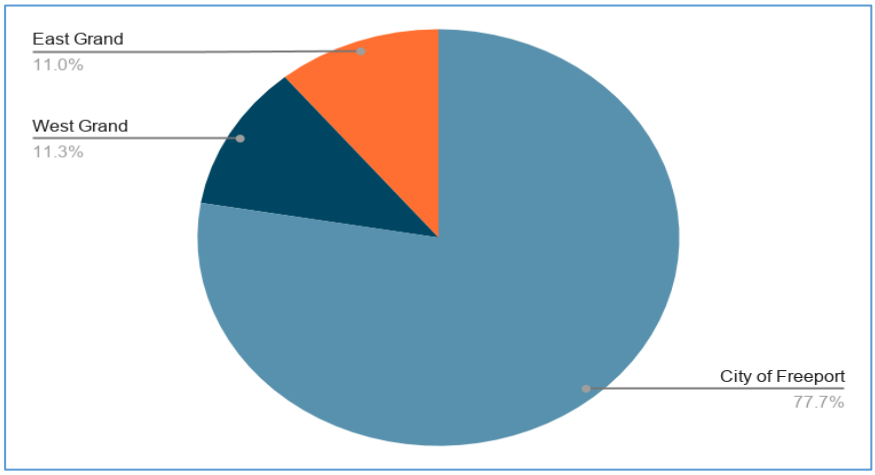


Figure 21. *MSME location on Grand Bahama.*

- **The largest group of respondents to the survey, 81.9%, identified as owners or co-owners of the business.** Other respondents were managers (12.1%), in an executive management role (2.3%), in the lead financial role (1.6%), and "Other" represented 2.1%. Four hundred and fifty-six businesses (93.8%) were able to provide email addresses.

- **When answering about the gender of the owner of the business establishment, 52.9% indicated that the role was held by a female**, 44.9% indicated that the owner was a male. One percent (1.1%) were identified as "Other" and 0.2% preferred not to or did not respond to the question.

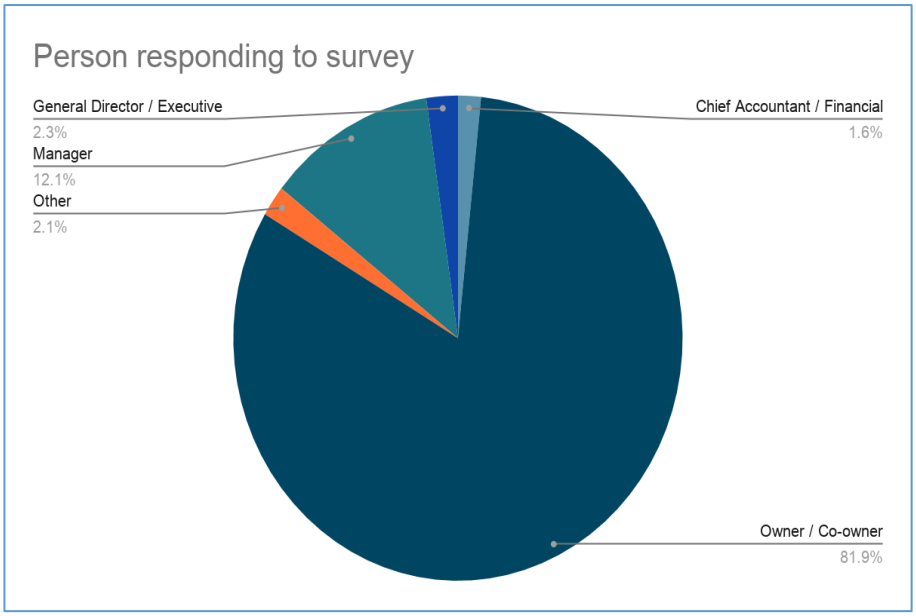


Figure 22. *Gender of respondent.*

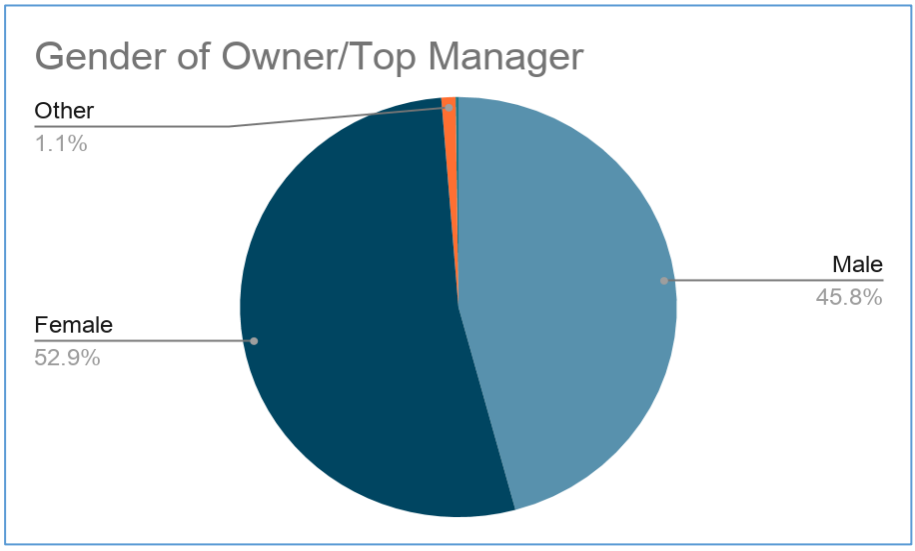


Figure 23*. Gender of MSME owner.*

- ***Wage Earners.*** **Over 40% of business owners held the role of sole wage earner in their household** and 22.4% were Primary wage earners. Dual wage earners were 12.6% of respondents, secondary wage earners, 11.7%, and 10.5% were contributors (7.41%) or other (3.09%). The average (mean) household size was 3.6 members.

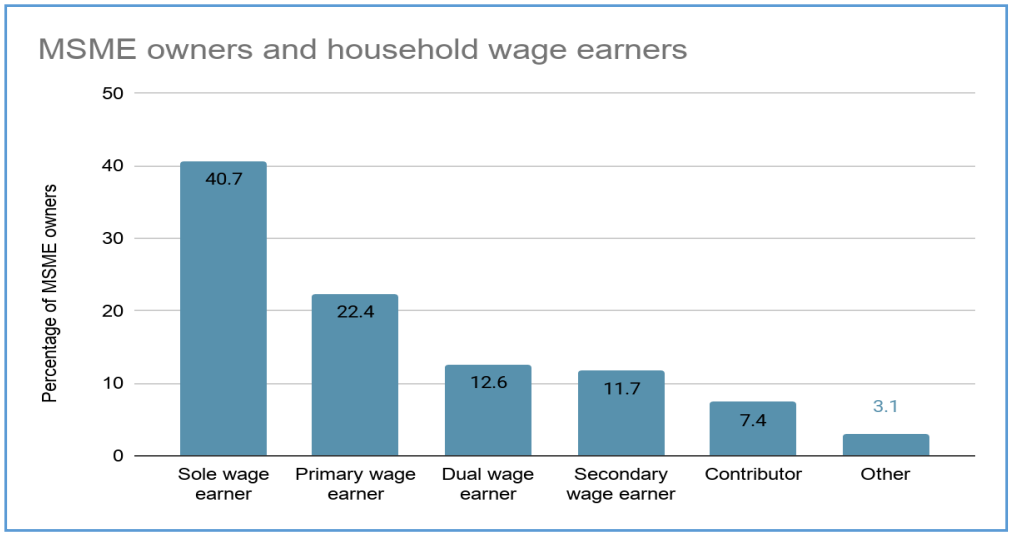


Figure 24. *MSME owners and Household wage earners.*

- ***Registration Status and challenges.*** Three hundred and eighty-two or 80.3% of businesses were formally registered, 14.5% identified as unregistered, freelancer/independent/consultant accounted for 2.5% and 2.7% preferred not to declare their status.

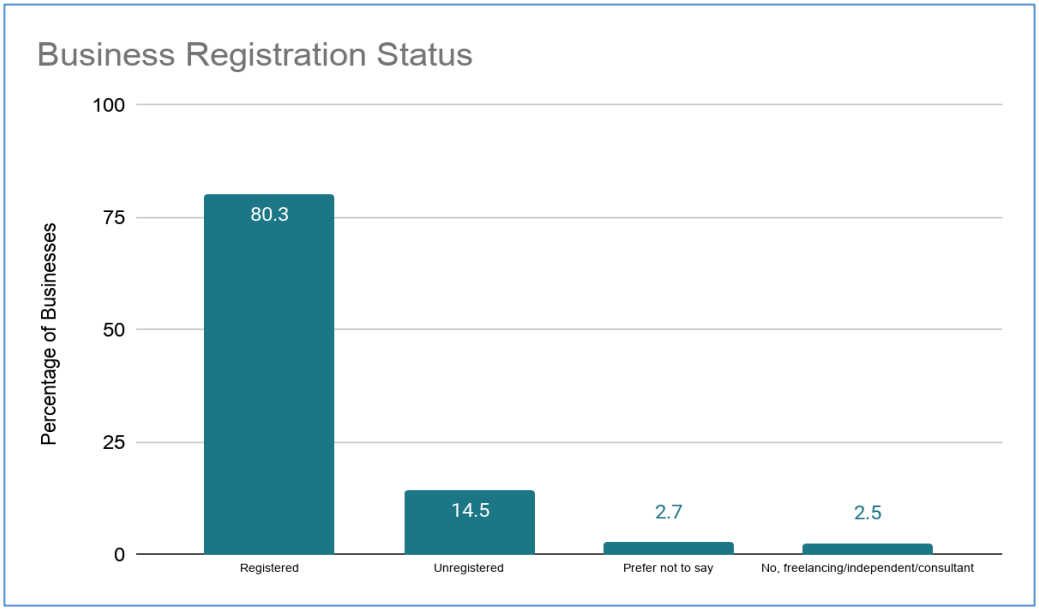


Figure 25. *MSME registration status*

- **When asked about any challenges experienced in the business registration process, most, 75.7%, indicated having no problems.** Twenty-point four percent (20.4%) of respondents indicated experiencing some challenges and 3.9% did not respond to the question.
- **One hundred and fifty-nine of the MSME respondents identified issues experienced in the business registration process**. Thirty-five MSMEs (22%) had difficulties securing approvals from various government departments. Thirty-four, (21.4%), had trouble completing the application. Twenty-nine (18.2%) also found it difficult to meet the necessary requirements to set up the business according to requirements of land or having necessary certifications, and fifteen respondents (9.4%) had trouble meeting National Insurance Board payments.

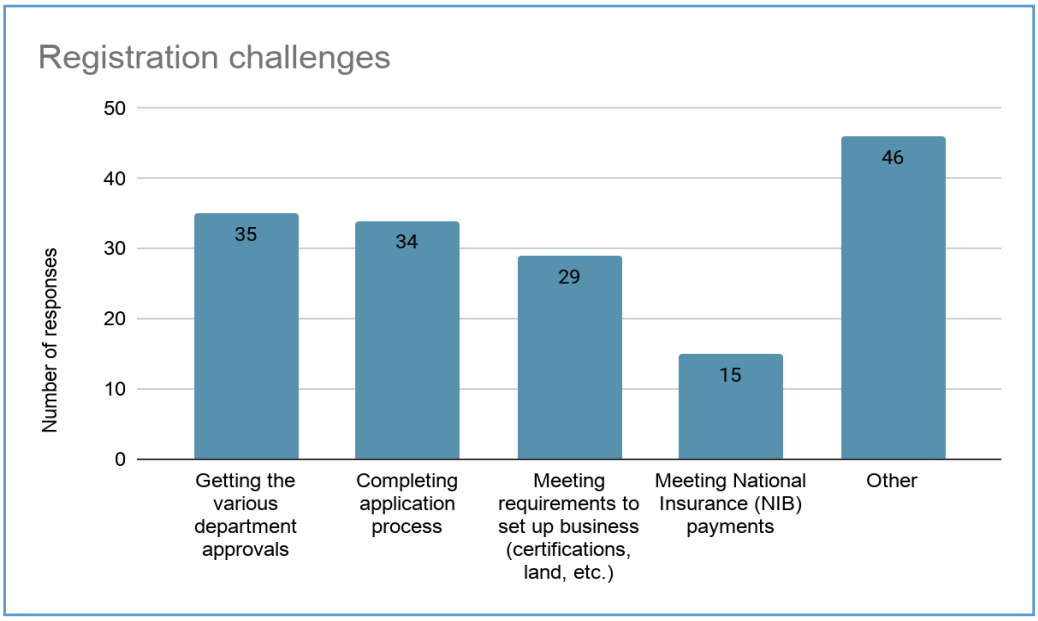


***Figure 26**. MSME reported challenges with registration.*

- Forty-six respondents indicated having "other" challenges. When specified, the challenges included:
    - Not being able to have a unique type of business recognized by the proper authorities.
    - Not having the funds to make repairs necessary for approvals post Hurricane Dorian.
    - Complexity in the process of registration
    - Finding a new location post Hurricane Dorian
    - Not having the capital necessary to restart
    - Delays in feedback and response from Department of Inland Revenue
    - Having to navigate the requirements for both the Port Authority and the government
    - Lingering approvals for non-profit organizations
    - Approval of broadcasting license
    - Location no longer zoned for businesses.

- When responding to the question regarding the benefit of being a registered business, 259 respondents, **54.4%, identified some positive reason for being a registered business**. These reasons included: access to loans (43.6%), access to best business location (19.3%), eligibility for non-financial support (15.1%), best chance of selling/doing business with state or private businesses (12%), and publicity (10%). **Twenty-two percent (22%) of respondents indicated that there were no advantages to being a registered business, 17.9% did not know the advantage or did not respond to the question.** Thirty-three persons (6.8%) indicated "Other" as their response. When asked to specify "Other" reasons for business registration, nine (9) of the responses indicated a desire or need to be a legally compliant business. Another eleven of the

responses were a restatement or combination of previously indicated positive reasons, five (5) respondents indicated that registration was required for their specific type of business (insurance, customs brokerage, etc.), and two (2) respondents indicated that there were customs duty and other tax concessionary benefits for being a registered business.

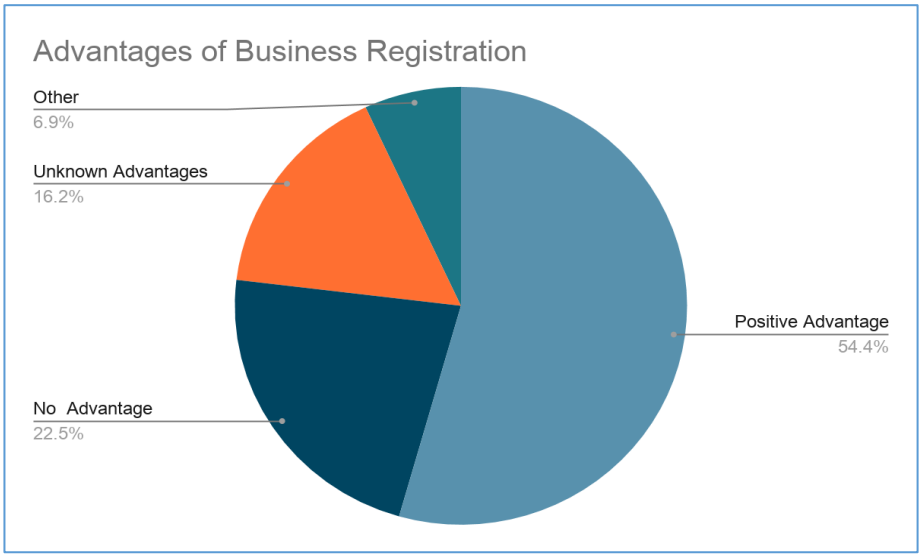


Figure 27. *Perceptions of advantages of business registration.*

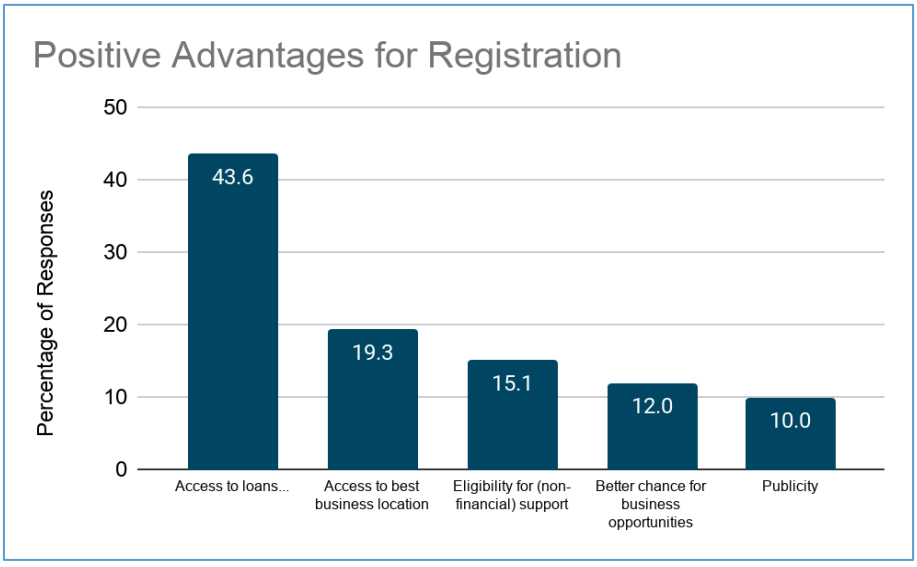


Figure 28*. Perceptions of benefits of business registration.*

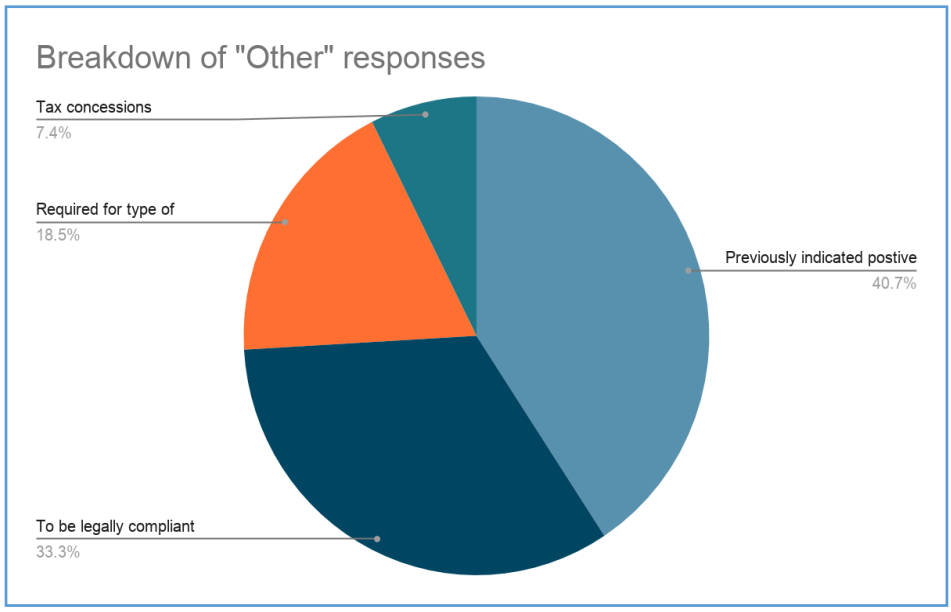


Figure 29. *"Other" responses to perception of advantages of business registration*

Incidences of corruption in registration. The Transparency International 2018 Global Corruption Barometer study of the region found that 41 % of Bahamians paid some level of bribe to ensure they could access public services. Therefore, it is notable that **seventy-eight point two (78.2%) of MSME survey respondents in Grand Bahama and Abaco indicated not having experiences of paying or tipping a civil servant to have publicly available services rendered**. Seventeen-point nine percent (17.9%) of respondents indicated having paid extra or tipped for public services at least once.

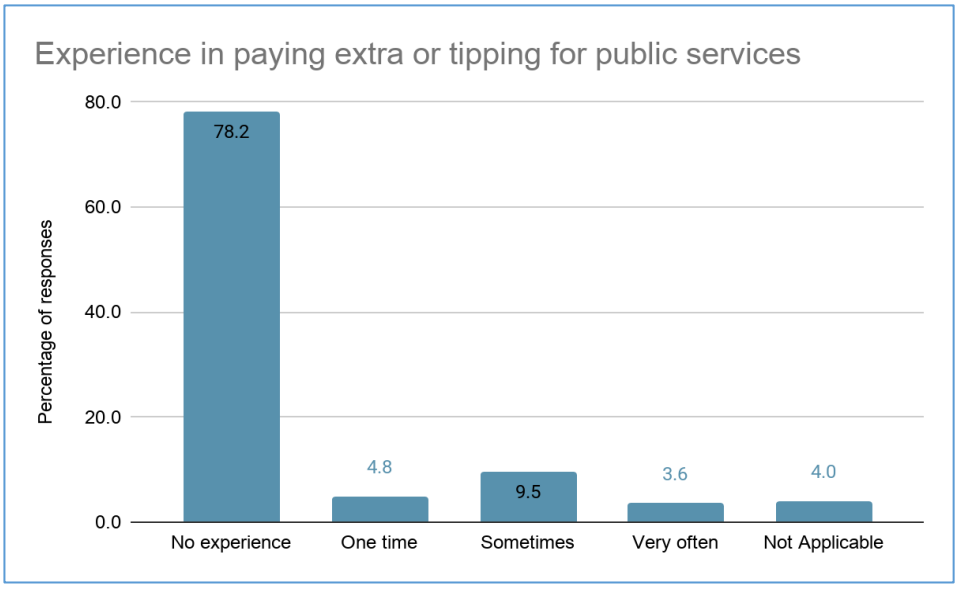


Figure 30. *MSME experience paying extra or "tipping" for public services.*

- ***Business organizational structure:*** Of the responding businesses, **60.1% were categorized as sole proprietorships. Twenty-three-point nine percent (23.9%) were partnerships with family members, 6.9% - LLCs (limited liability company or corporation), 5.5% - partnerships with non-relatives, and 1.1% - other**. Three categories, non-profit or not for

profit (0.8%), cooperative (0.4%), and private households employing domestic staff (0.4%) represented a combined 1.6%.

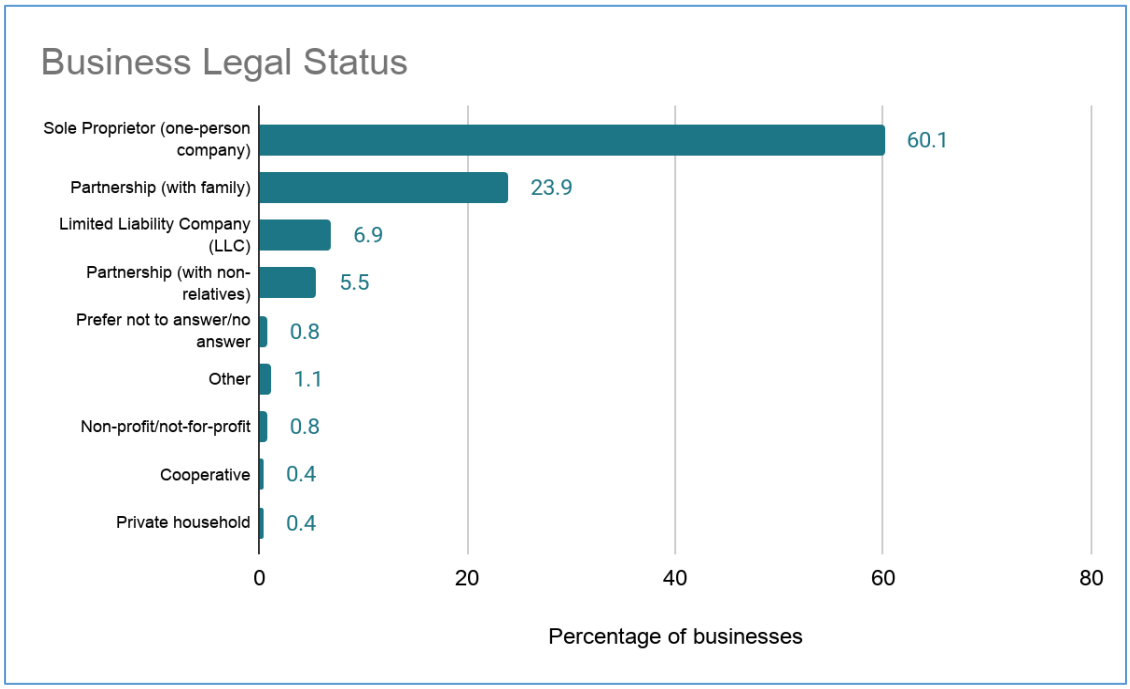


***Figure 31**. MSME legal status.*

- ***Age of business:*** The reported year of establishment for businesses ranged from 1955 to 2020 with the average (mean) year of establishment being 2009 and 2018 being the year most frequently indicated. The bulk of businesses were established post 2010 (See Figure 32).

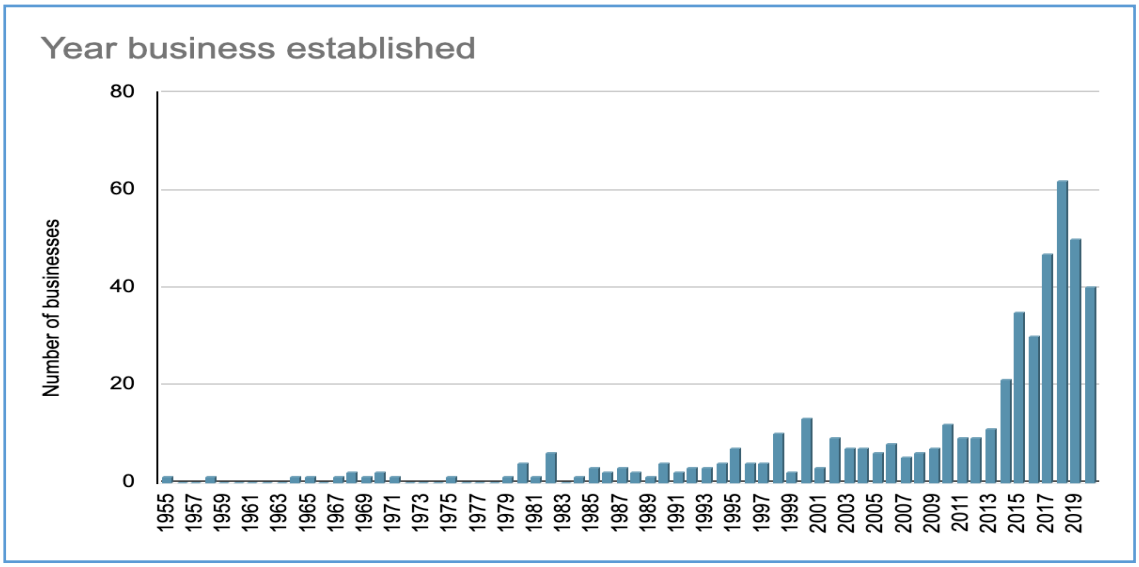


***Figure 32.** Year MSME established.*

- ***Employees*** The average (mean) number of full-time persons, including the owner, employed by all of the businesses is 3.75, but the majority of businesses indicated only having one

employee.

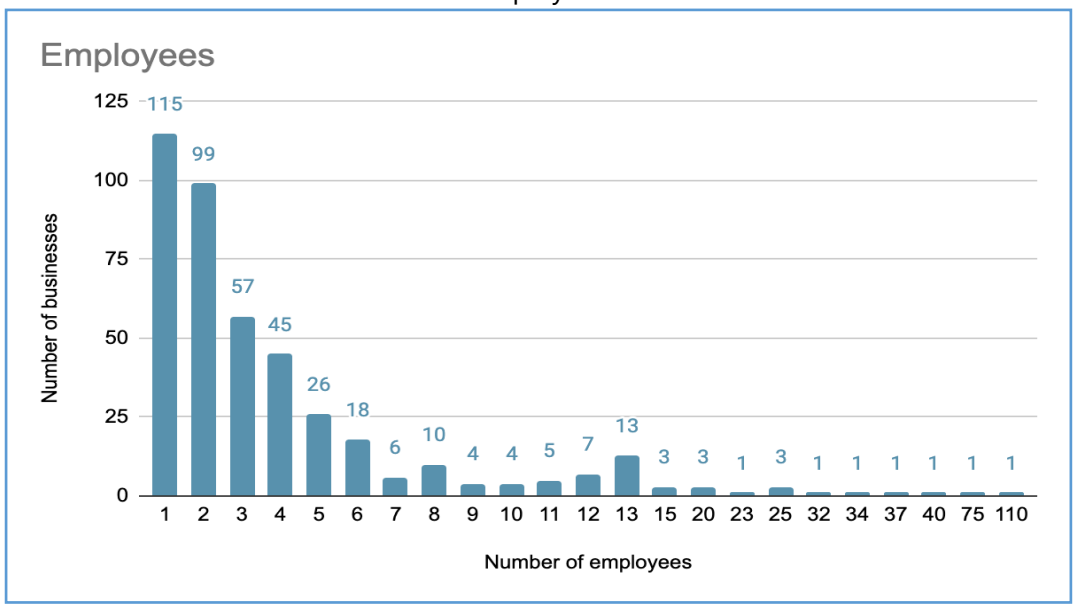


Figure 33. *Number of employees.*

Nature of business: **Thirty-seven-point eight percent (37.8%)** of businesses engaged in service industries, **24.6% in product and sales, and thirty-six percent (36.6%)** of businesses were a combination of sales and service.

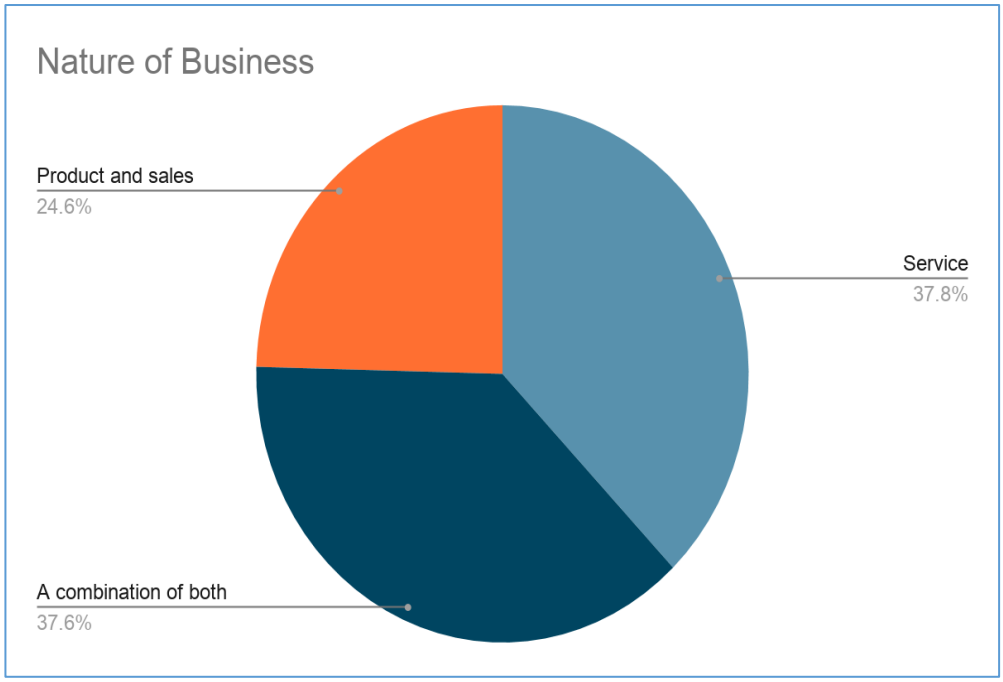


Figure 34. *Nature of MSME.*

- ***Business customer base:*** In identifying their customer base, **71.8% of customers were identified as local individuals and businesses, 23.2% were visitors and customers,** and **8.3% were international clients and exports**.

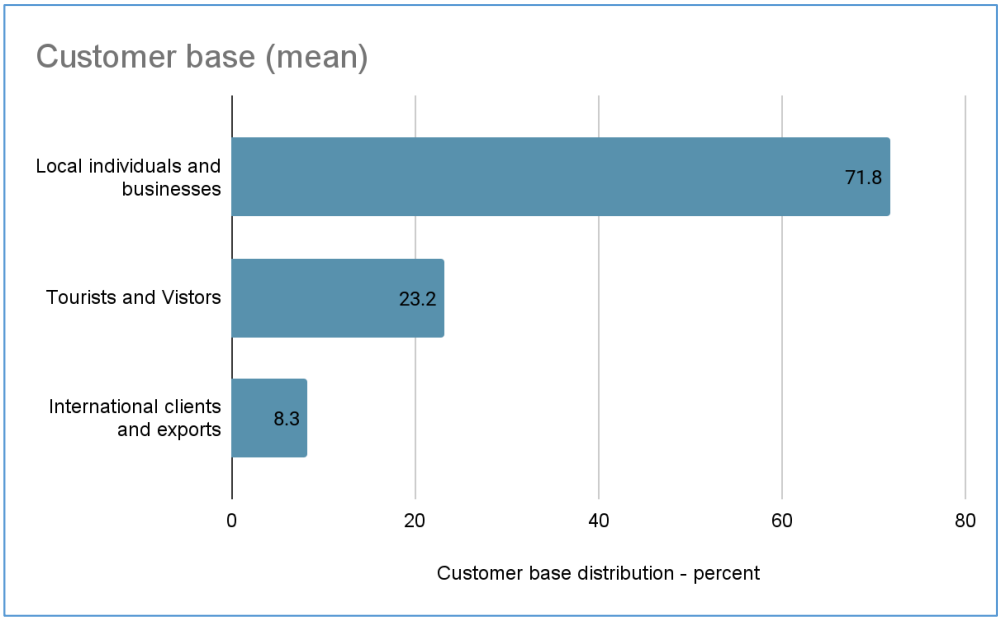


Figure 35. *MSME Customer Base.*

- When sorted by island, **Grand Bahama had a higher local individual and business customer base of 76.2%** when compared to 64% in Abaco. **Abaco, alternately, had higher tourist and visitor customers, 34%,** and **Grand Bahama 16.8%. Grand Bahama had more international and export customers, 9.7%, and Abaco had 6%**.

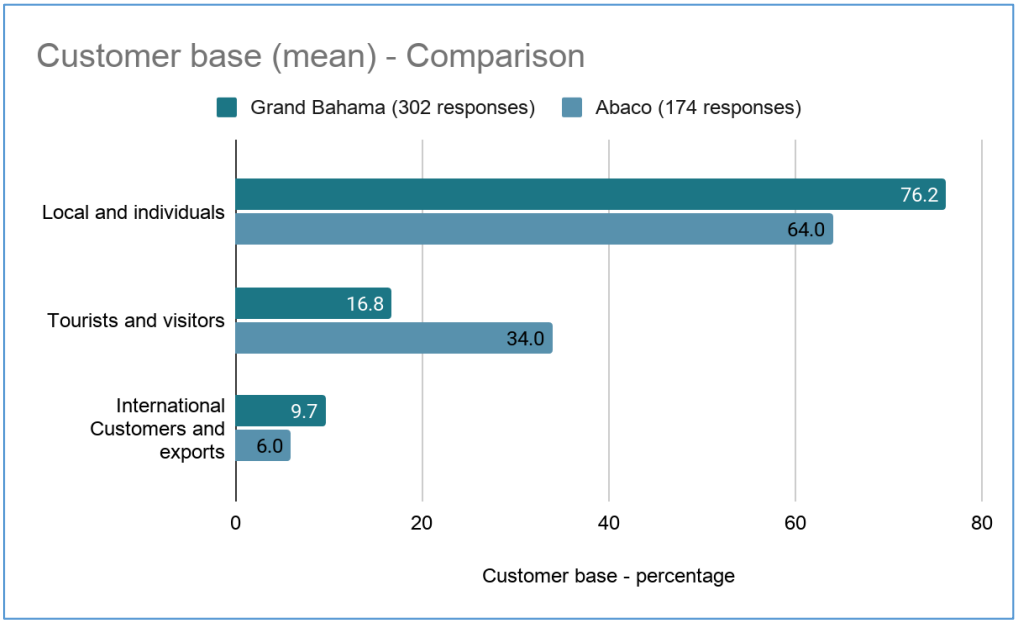


Figure 36. *MSME Customer Base (mean).*

- ***Business and financial record keeping*** Identifying their record keeping strategy, 30.6% of businesses indicated full booking methods, 23.8% used a digital accounting system and maintained by a person who was not an accounting professional, 15.3% kept no written records, 11.9% used to the services of a CPA, and 18.4% maintained some "Other" system.

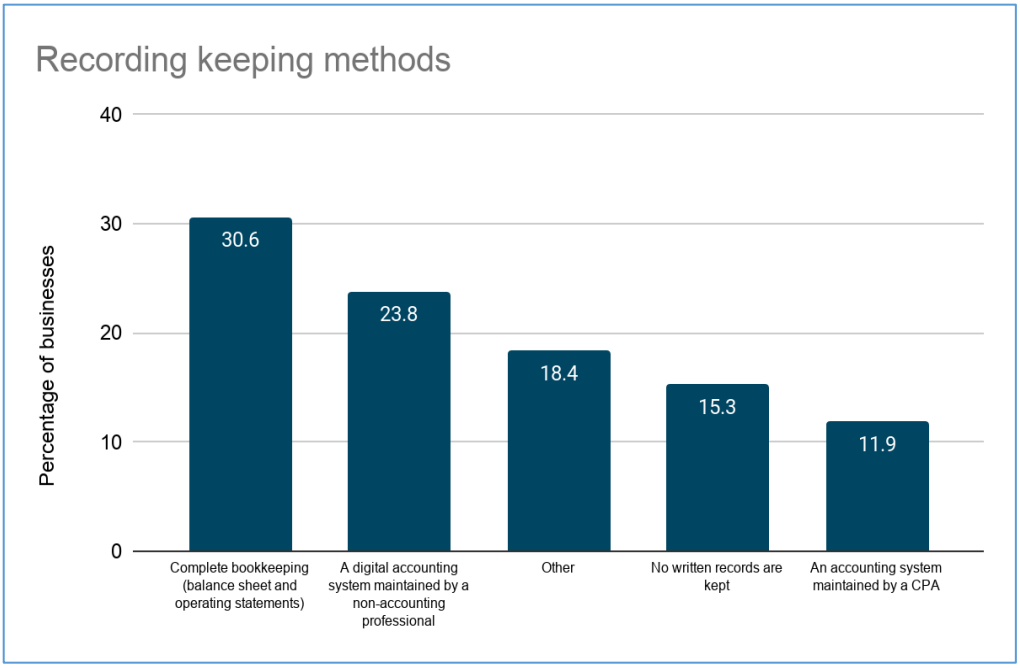


Figure 37. *MSME record keeping methods.*

- The 65 respondents indicating "other" record keeping methods specified their methods as "not applicable", notebook or ledger, online booking system, invoice/receipt record, digital accounting system, uncertain, a spreadsheet, website analytics, bank statements, and a combination of two or more accounting systems.
- The distribution of record keeping methods differed between the islands, a ratio which may be relative to the number of businesses which responded to this question.

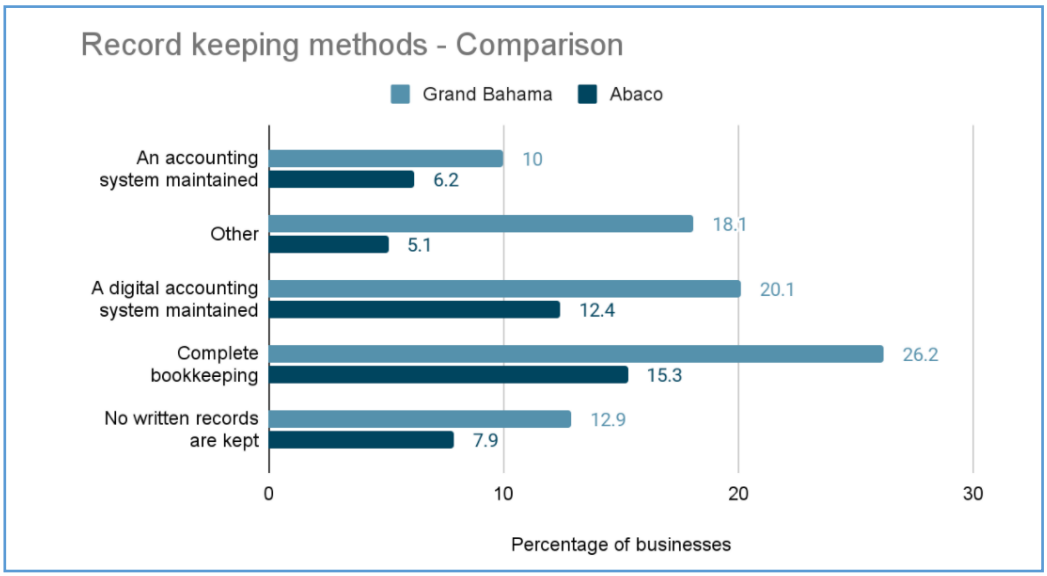


Figure 38. *Comparing record keeping methods between Abaco and Grand Bahama.*

- ***Bank accounts:*** **Fifty-three-point five percent (53.5%) of respondents indicated having bank accounts in the name of the business**. Forty-five-point three percent (45.3%) had no such account and about one percent of respondents did not know the answer to this question.

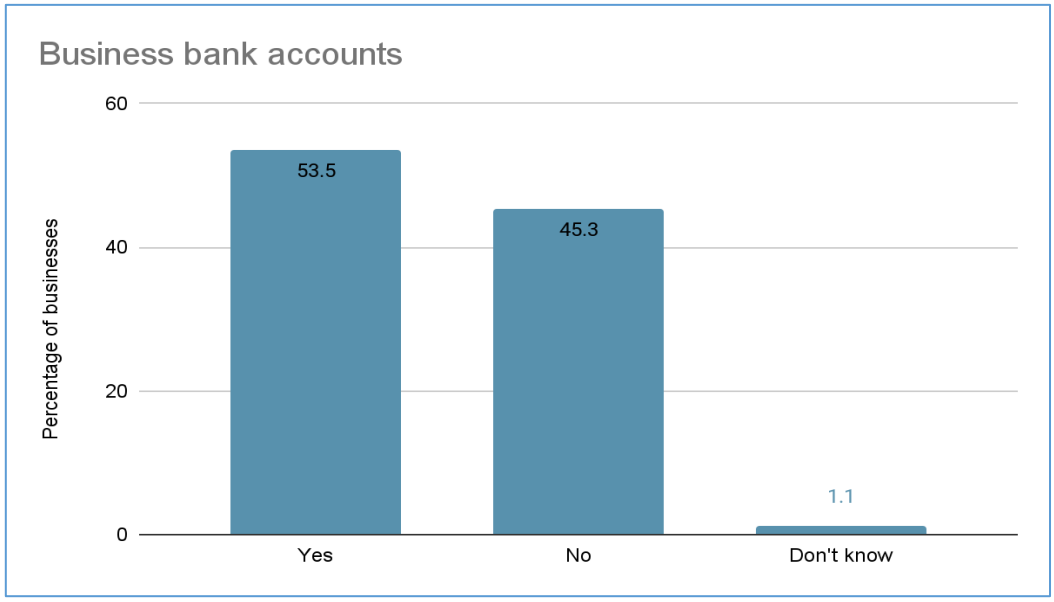


***Figure 39**. MSME bank account status.*

- ***MSME Sectors of activity:*** Respondents classified their current business within 19 sectors of activity. On both islands, 121 businesses fell within ***Wholesale and retail trade***, 41 in ***Agriculture and forestry***, 61 in ***Accommodation and food service activities***, 28 in ***Construction***, 26 in ***Transportation and storage***, 55 in ***Other service activities***, 15 in **Arts, entertainment and recreation**, 12 in ***Utilities*** , 14 in ***Health***, 14 were in ***Education*** and ***Professional activities***, 10 in ***Manufacturing***, 9 in ***Information and communication***, 10 in ***Real estate activities*** and ***Administrative support and service activities***, and 7 in ***Financial and insurance activities***, ***Energy***, ***Activities of households as employers*** and ***Public administration and defence***.

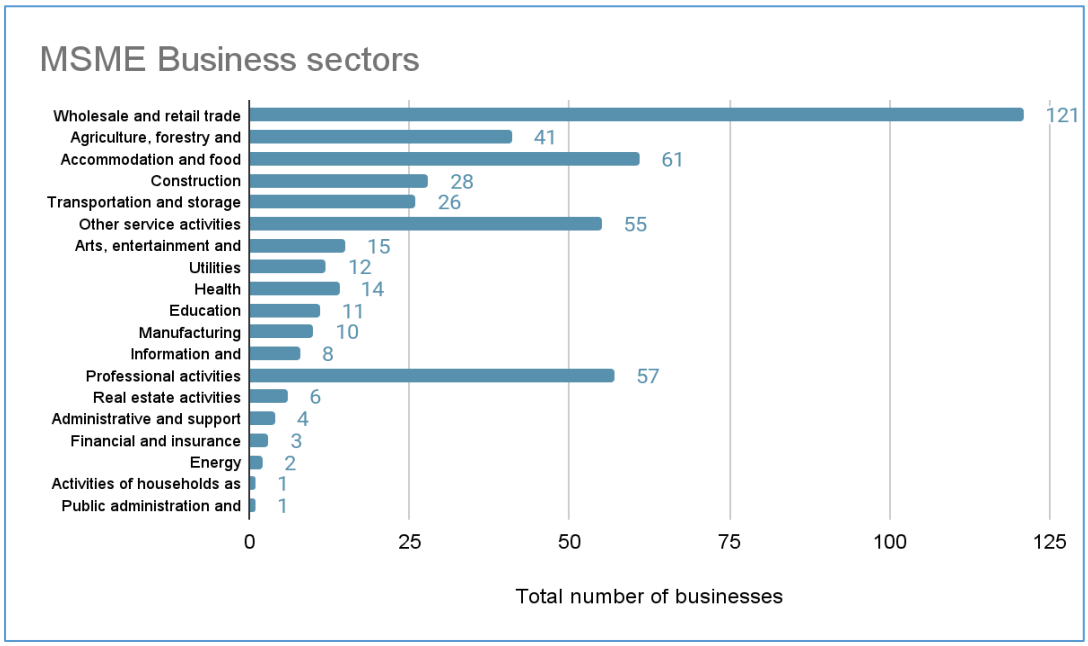


Figure 40. MSME business sectors.

- In Grand Bahama, ***Wholesale and retail businesses (30.8%)*** and ***Professional activities (16.9%)*** stand out as outliers accounting for the largest share of business sectors. In Abaco, accounting for the majority share of sectors are ***Accommodation and food service activities (16.7%)***, ***Wholesale and retail trade (16.1%)***, and ***Agriculture, forestry and fishing (13.2%)***.

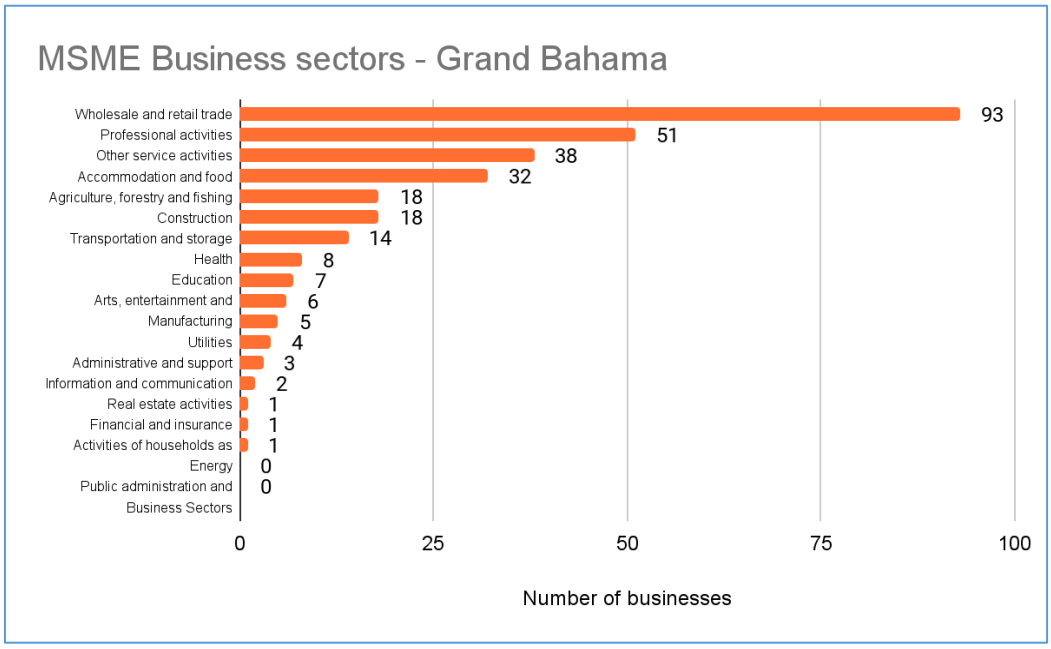


Figure 41. MSME Business Sectors – Grand Bahama.

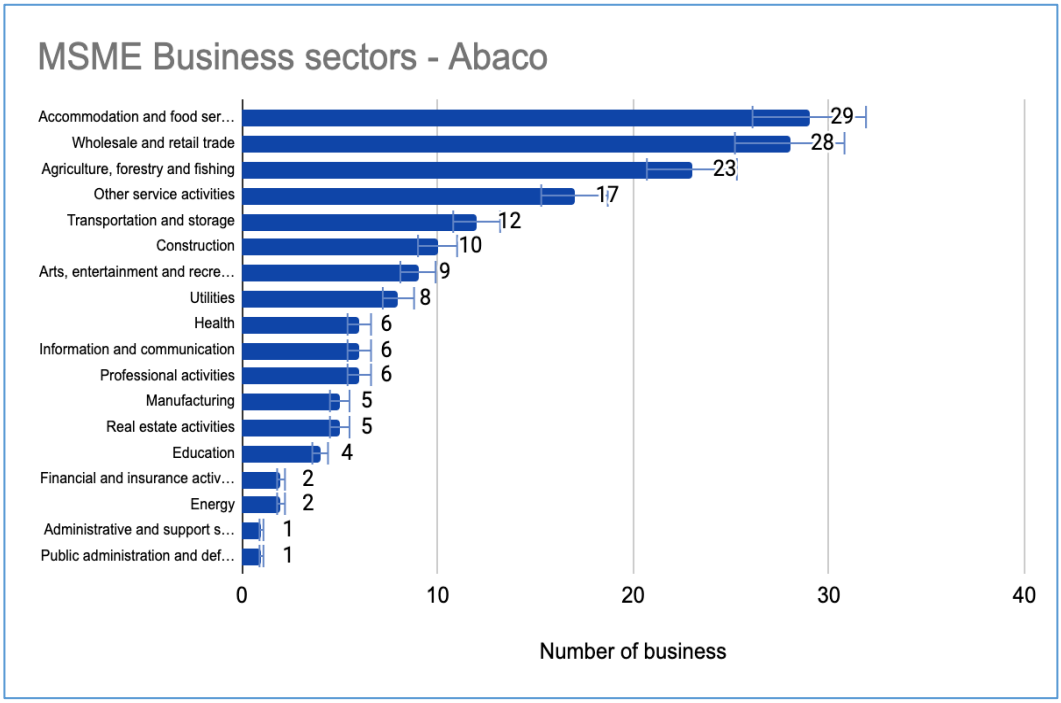


Figure 42. MSME Business Sector – Abaco

6.1.2 The impacts of COVID-19 on MSMEs

Relocation

- **Seventy-six-point seven percent of MSMEs have been able to maintain their location,** 11.8% have had to find a new location on the same island or relocate to another island (9.5%). Just over 2% indicated another relocation option.
    - Opened a new location in New Providence and Exuma in addition to relocating on same island
    - Closed down or lost location.
    - Transitioned online.
    - Unable to restart because there are no customers.
    - Relocated to the United States

- Of the 45 businesses relocated within The Bahamas 44.4% of them relocated to New Providence, 13.3% to Spanish Wells, 11.1% to Abaco, 8.9% to Grand Bahama, 4.4% to Berry Islands, Bimini, and North Eleuthera, respectively, and 2.2% to Long Island, Central Eleuthera, Harbour Island and Exuma, respectively

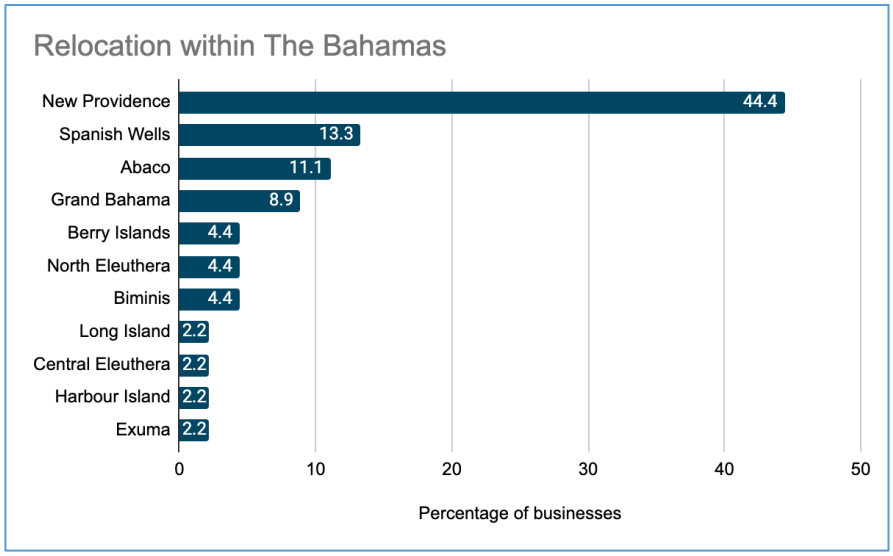


***Figure 43**. MSMEs that required relocation.*

- **A total of 101, 21.2% MSMEs relocated in one form or another**. Forty-nine (49) of those businesses do not intend to return to their original location. Forty eight (or 47.5 % of the responding MSMEs, 48 do intend to return to their original location, and four (4) indicated that they have no current option for relocation**.**

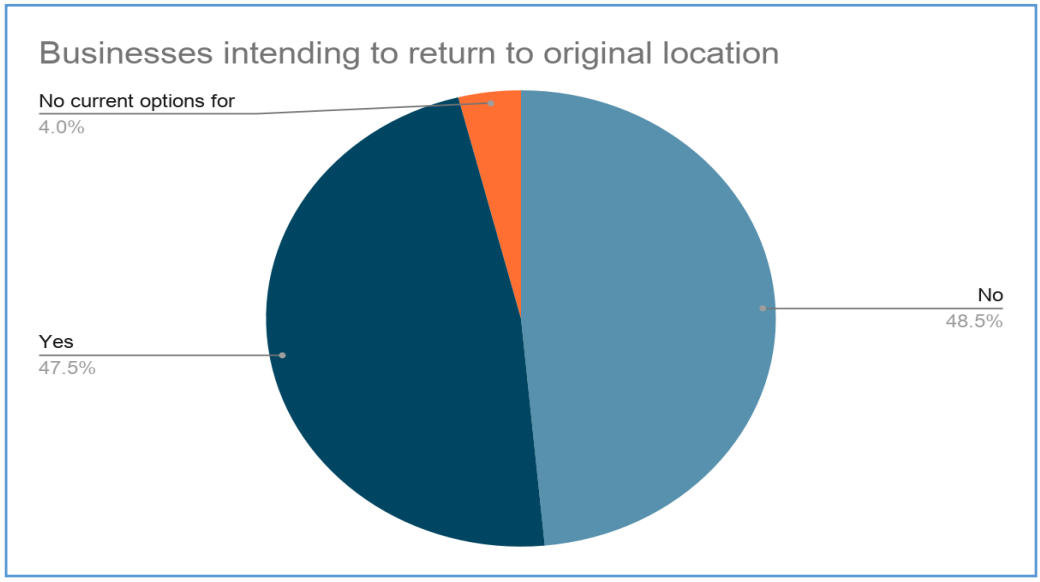


Figure 44. *MSMEs that intend to return to original location of operations.*

- ***Business income/expenditure cycle*** **Before Hurricane Dorian, a slight majority of businesses (29.6%) had a Daily income/expenditure cycle.** More than 24% of businesses had weekly business cycles, 14.6% maintained monthly cycles, 11.1% were bi-weekly, 7.2% were seasonal and 10.9% were other.

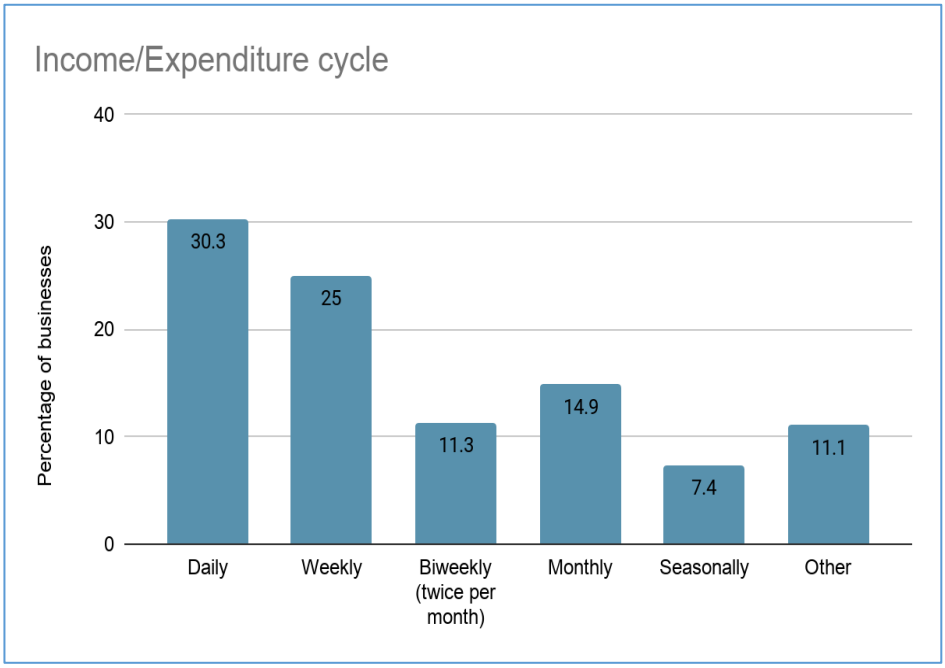


Figure 45*. Income Expenditure cycles of MSMEs*

- "Other" business cycle examples included:
    - Not applicable or not having a business cycle.
    - A combination of daily income and monthly expenses.

- Newly launched businesses.
- Alternating between seasonally and monthly.
- Fishing and construction activities determine business cycle.

- Business cycle lengths differed between the islands. Of the surveyed businesses in Grand Bahama, 32.5% had ***Daily*** cycles, followed by ***Other*** (17.2%), ***Weekly*** (19.2%), ***Biweekly*** (9.6%), and ***Seasonally*** (4%) business cycles. In Abaco, business cycles ranked from ***Weekly*** (35.1%), ***Daily*** (26.4%), ***Monthly*** (16.1%), ***Biweekly*** (14.4%), ***Seasonally*** (7.5%) and then ***Other*** (>1%), respectively.

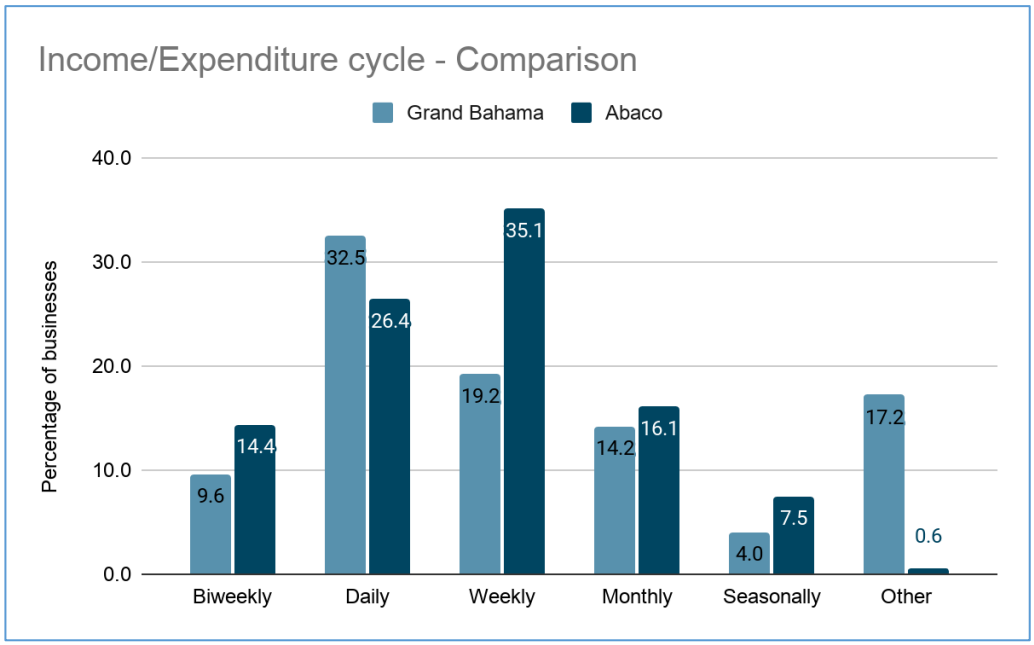


Figure 46. *Comparison of MSME Income / Expenditure cycles between Grand Bahama and Abaco.*

6.1.3 Hurricane and pandemic impact

- In assessing the challenges experienced by MSMEs, 63.2% of businesses were affected by both Hurricane Dorian and COVID19. More than 23% were affected by Hurricane Dorian exclusively, 6.3% by COVID19 exclusively, and 7.1% were unaffected by either.

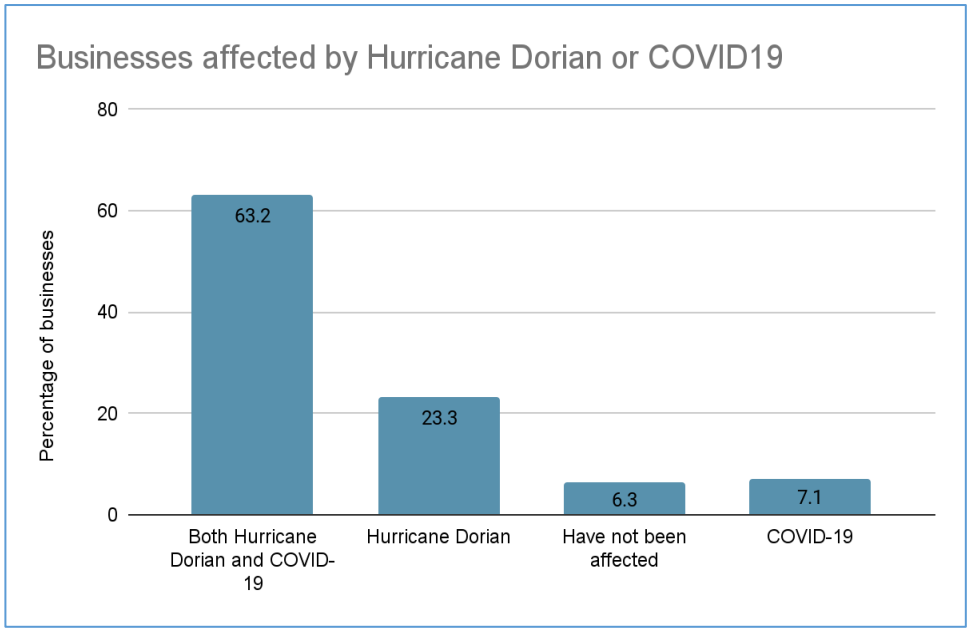


Figure 47. *MSMEs affected by Hurricane Dorian, COVID-19, both or neither.*

- The impact was not experienced evenly for businesses across the islands. More businesses in Grand Bahama (75.2%) were affected by both the storm and pandemic, and in Abaco, Hurricane Dorian alone impacted the larger share of businesses (50%).

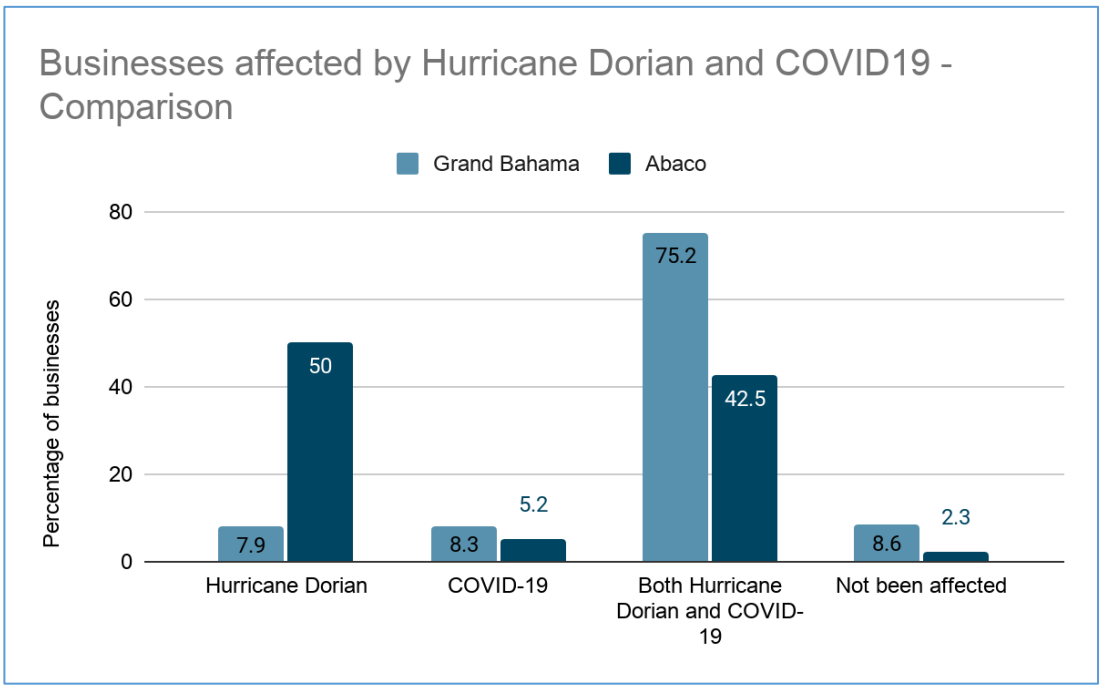


Figure 48. *MSMEs affected by Hurricane Dorian, COVID-19, both or neither.*

Current Business Status

- ***Highest priority funding area:*** In assessing the present needs of their businesses, respondents identified ***Business investment and purchasing capital*** as their highest priority funding need, 47.7%, and ***Owner and staff payroll related expenses*** (21%) being the second highest priority. ***Business commitments and debt administration*** accounted for 13.7% of responses and ***Other***, 17.6%.

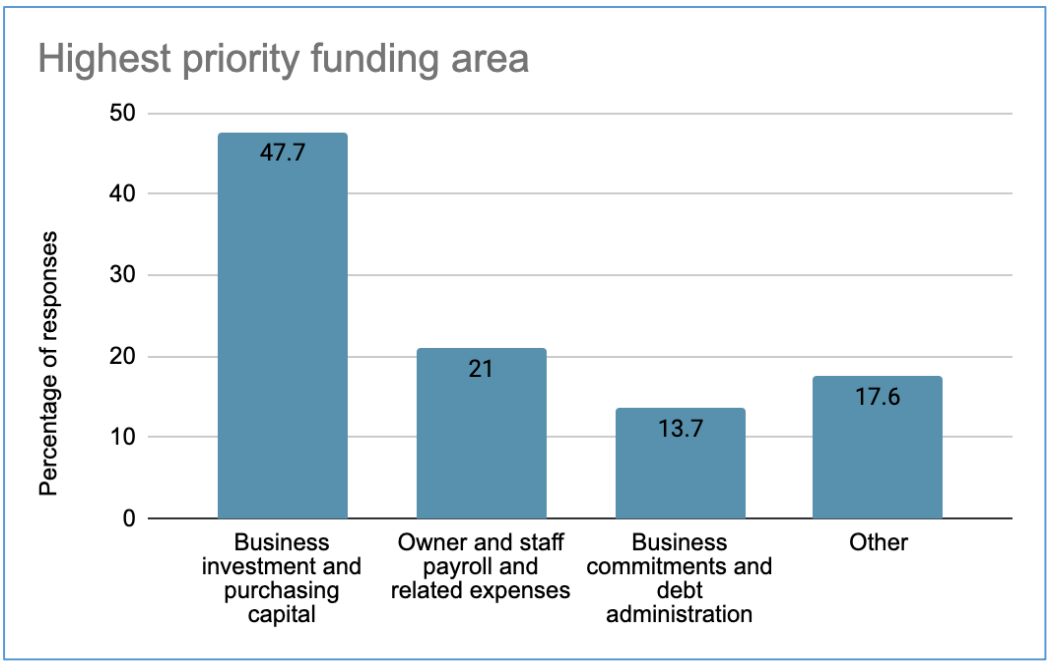


Figure 49. *Highest priority MSME funding area.*

- *Other* highest priority funding need responses fell into 16 categories:
  - Repairs and inventory
  - Inventory
  - Repairs/Rebuilding
  - All funding areas are priority
  - Inventory and security
  - Two or more areas are equal priority
  - An open economy
  - Securing a new location
  - Marketing
  - Capital items
  - Overhead costs
  - Customers
  - Rebuilding and operating costs
  - Operating costs
  - Food program/ logistics and debris cleanup
  - Maintaining property while awaiting salary

- The impact was not experienced evenly for businesses across the islands. More businesses in Grand Bahama (75.2%) were affected by both the storm and pandemic, and in Abaco, Hurricane Dorian alone impacted the larger share of businesses (50%).

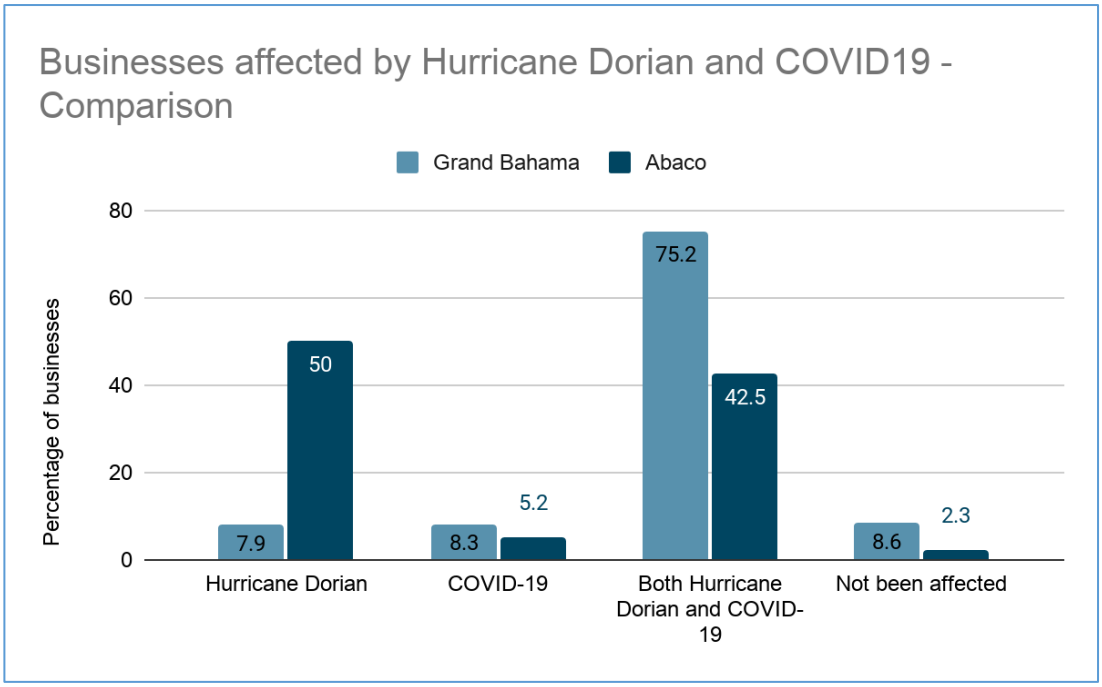


Figure 50. *Comparison of MSMEs in Grand Bahama and Abaco affected by Hurricane Dorian and COVID-19.*

- When asked about whether the business has been able to remain open with impact of the storm and pandemic, 184 businesses indicated that they have been able to remain at least partially open (41.6%). Thirty-point five percent (30.5%) declared they were temporarily closed and 27.8% permanently closed.

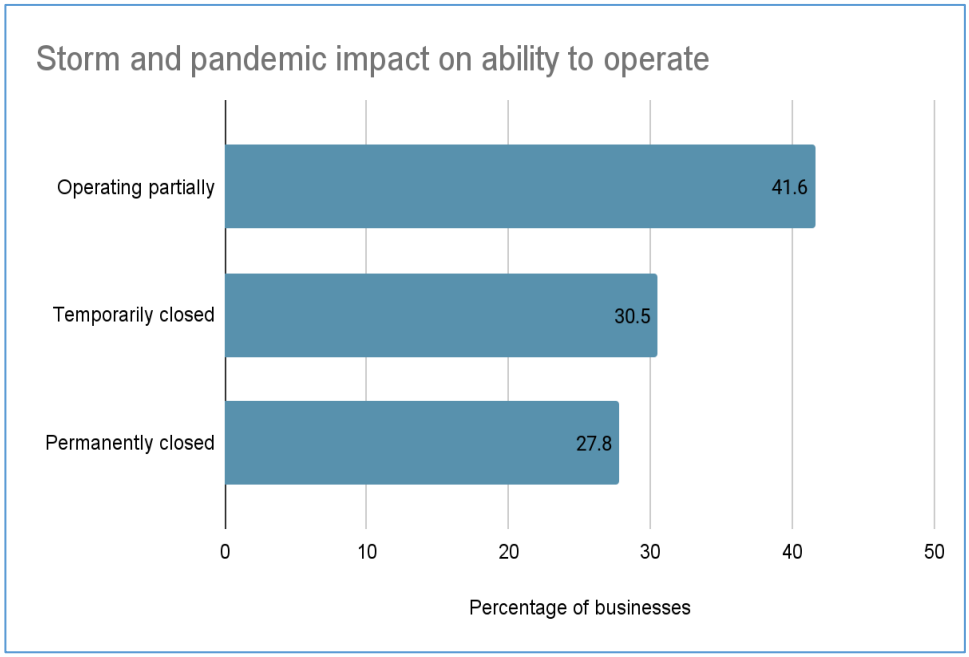


Figure 51. *Impact of Hurricane Dorian and COVID-19 on MSMEs ability to operate.*

- **NB**. The survey tool was originally launched while restrictions and limitations were imposed on the operation of certain types of businesses. Curfews were in place and the tourism market was opened only in part. At the end of the data collection timeline many of the restrictions had been reduced but curfews and operation time limitations remain in place on both islands.

- These numbers differed significantly by island. In Grand Bahama 50.5% of MSMEs were operating partially, compared to 26.7% in Abaco. Thirty-seven-point nine percent were temporarily closed compared to Abaco's 18.2%, and 11.6% permanently closed in contrast to 55.2% of MSMEs in Abaco.

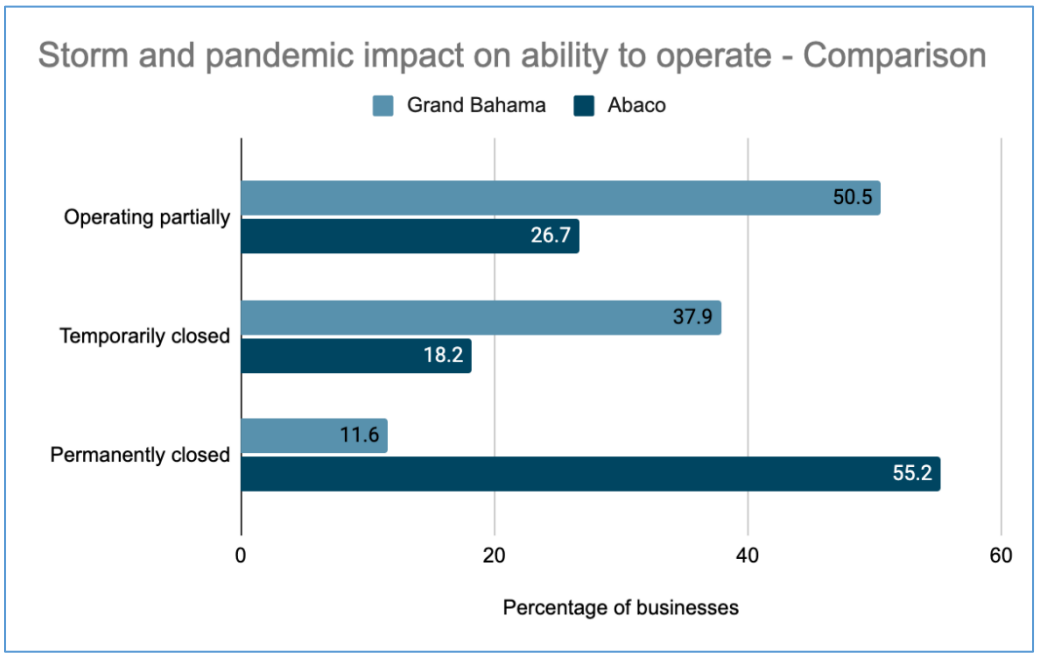


Figure 52. *Comparison of the impact of Hurricane Dorian and COVID-19 impact on MSMEs to operate in Grand Bahama and Abaco.*

- ***Business Sales*** When comparing the first quarter of 2020 to that of the previous year**, 70.5% businesses declared having decreased sales;** 18.1% experienced no change in sales and 11.3% have had an increase in sales.

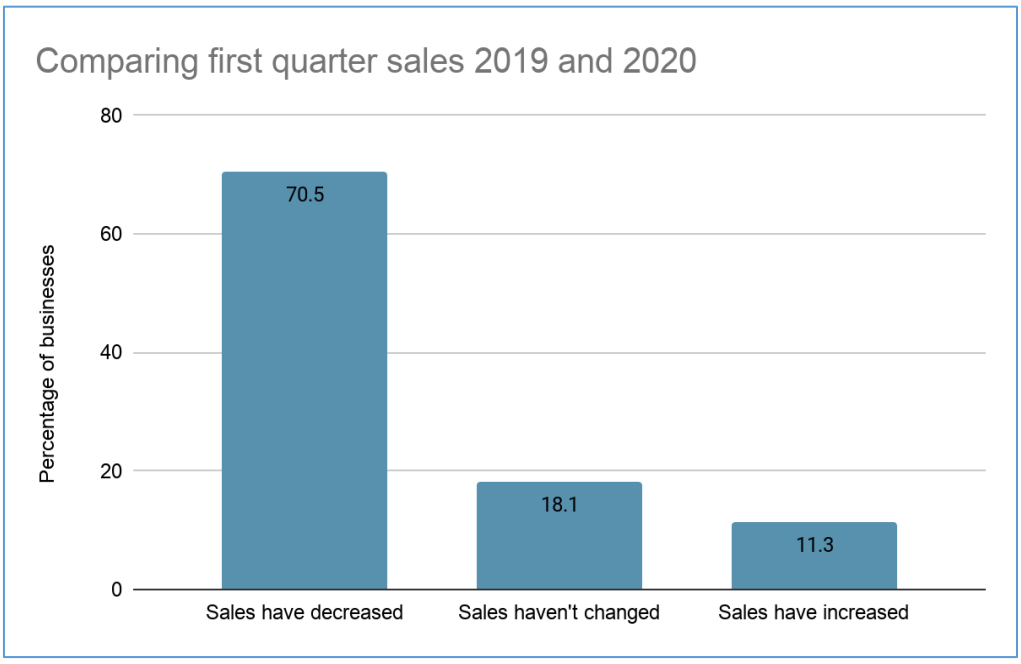


Figure 53. *Comparing MSME Quarter one sales – 2019 versus 2020.*

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- A decrease in sales has been experienced across islands; this circumstance has been experienced **by 46.3% of Grand Bahamian MSMEs, and 73.5% of MSMEs in Abaco**. Sales did not change for 19.3% or businesses in Grand Bahama and 14.5% in Abaco and increased for 11.1% and 12% on the islands, respectively.

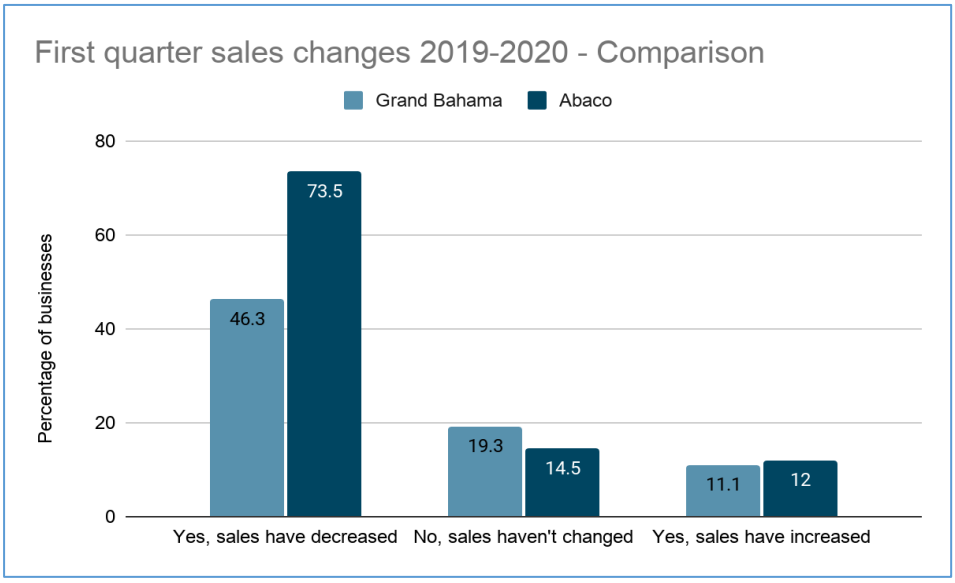

Figure 54. *MSME Quarter one sales 2020 over 2019: Grand Bahama versus Abaco.*

- ***Product and service prices***. In indicating whether MSMEs have had extraordinary experience in product and service pricing outside of normal or historic fluctuations, **38.8% of respondents declared that their prices have remained unchanged.** Fourteen point seven (14.7%) of respondents indicated prices increased moderately and 6.5% saw a significant increase. Inversely, 13.9% of businesses have had extraordinary moderate price decreases and 12.7% with significant price decreases, and 13.3% of businesses were not sure of whether prices had been increased or decreased.

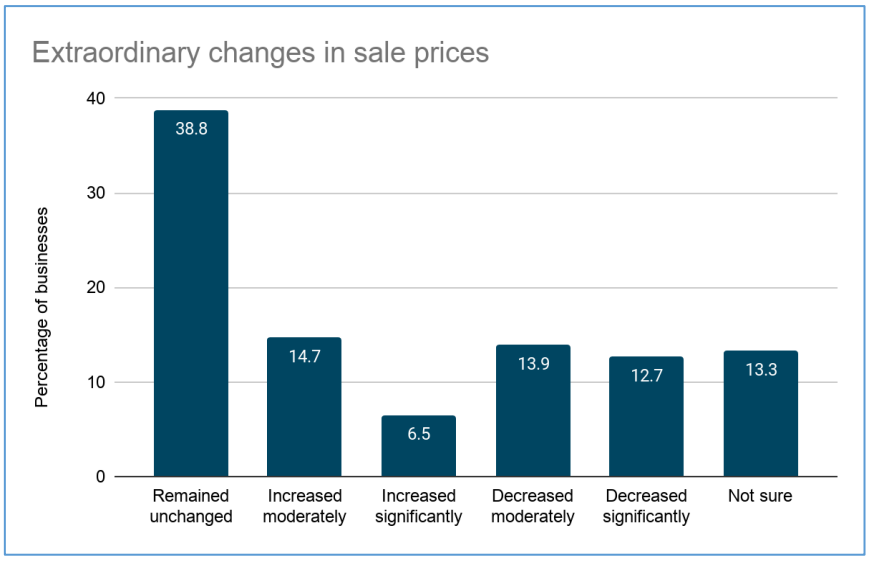

Figure 55. *MSME changes to product and service prices.*

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- ***Anticipated price fluctuations*** **Looking a month ahead, 34% of MSMEs expected for their sale prices to remain the same and 32% anticipate a general increase**. About 5.7% expected prices to decrease, 28.3% indicated being unsure.

Figure 56. *Anticipated price fluctuations.*

- ***Business hours*** Comparing the first quarter of 2020 to that of the previous year, **63.7% of business indicated a decrease in the number of hours worked,** 14.4% indicated no change in hours, 10.2% indicated an increase, and 11.6% of respondents did not know the answer to this question.

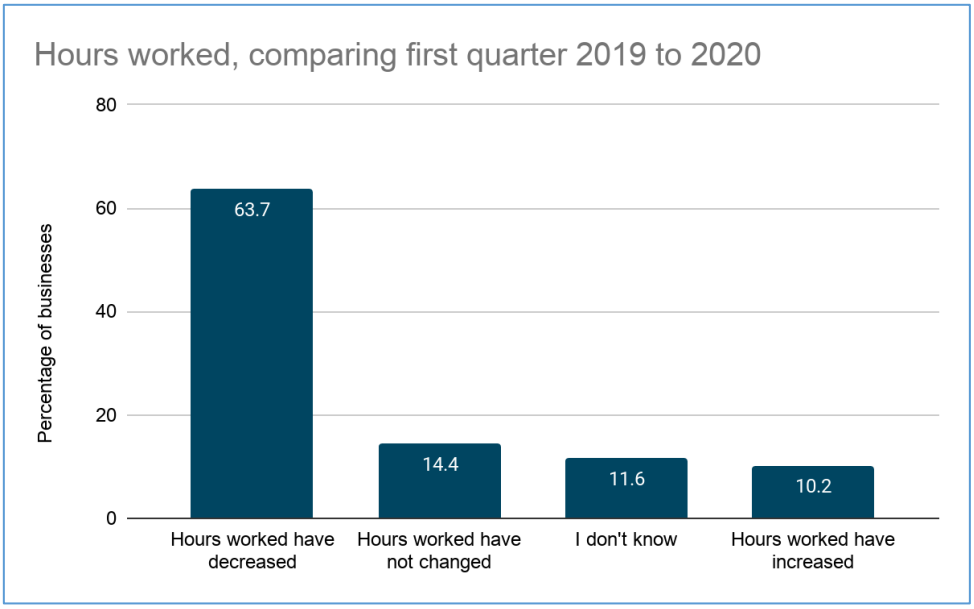

Figure 57. *Change in MSME business hours.*

- ***Business inputs*** Assessing their own acquisition of inputs, raw materials or finished goods purchased to sell, **30% of MSMEs declared that their own demand for inputs has decreased**. The same number of businesses were unsure of any change in their demand or

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need. Twenty-one-point two percent (21.2%) of business owners experienced an increase in demand and 18.7% saw no change in demand.

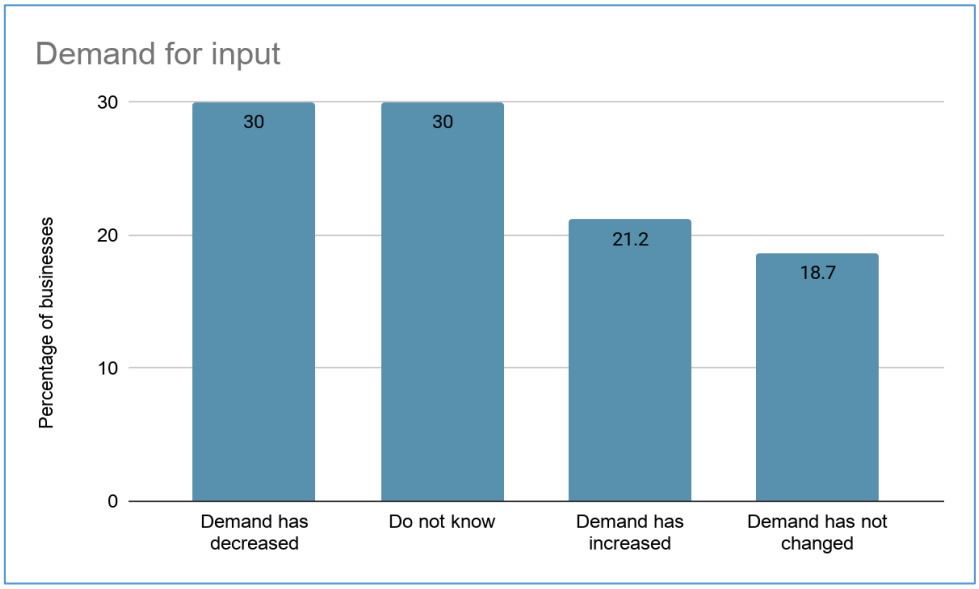

Figure 58. *Changes in MSME business inputs resulting from Hurricane Dorian and COVID-19 in Grand Bahama and Abaco.*

- ***Supply of inputs*** **Conversely, 30.3% percent of businesses also indicated that their source or supply of inputs have decreased.** There were no supply changes for 22.1% of businesses, an increase of inputs for 10.5%, and 37.1% did not know.

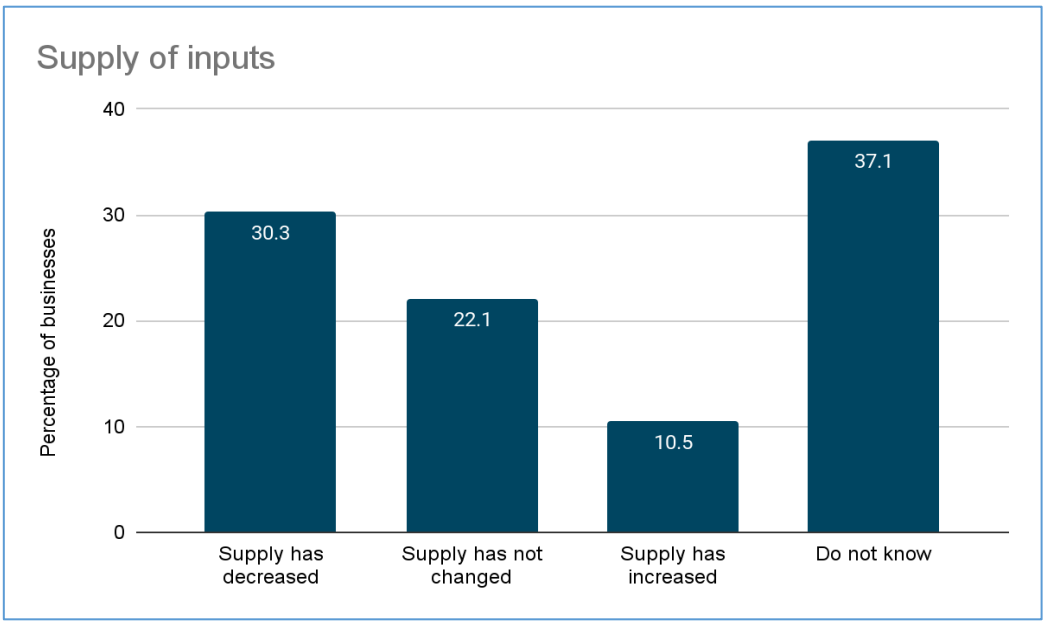

Figure 59. *Changes in supply inputs for MSMEs.*

Business adaptations and adjustments for COVID-19 MSMEs indicated measures which they have had to use in order to adjust to operations during the COVID-19 pandemic. The measures used or experienced included **temporary shutdowns (77.3%), implementing social distancing (33.4%), bearing the cost of purchasing personal protective equipment for employees (32.6%), reduced financial investment in their businesses (31.4%), clients not paying their**

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bills (29.7%), reduced logistics (28.9%), shifting business production to COVID19 related products and services (22.9%), new problems with infrastructure (19.8%), employee absences (12.5%), reduced certification and public services (11.9%), and/or increased administrative bottlenecks (11.6%). Twenty-eight (28) businesses, 7.9% did not use any of the measures and 4.5% indicated some "Other" measure.

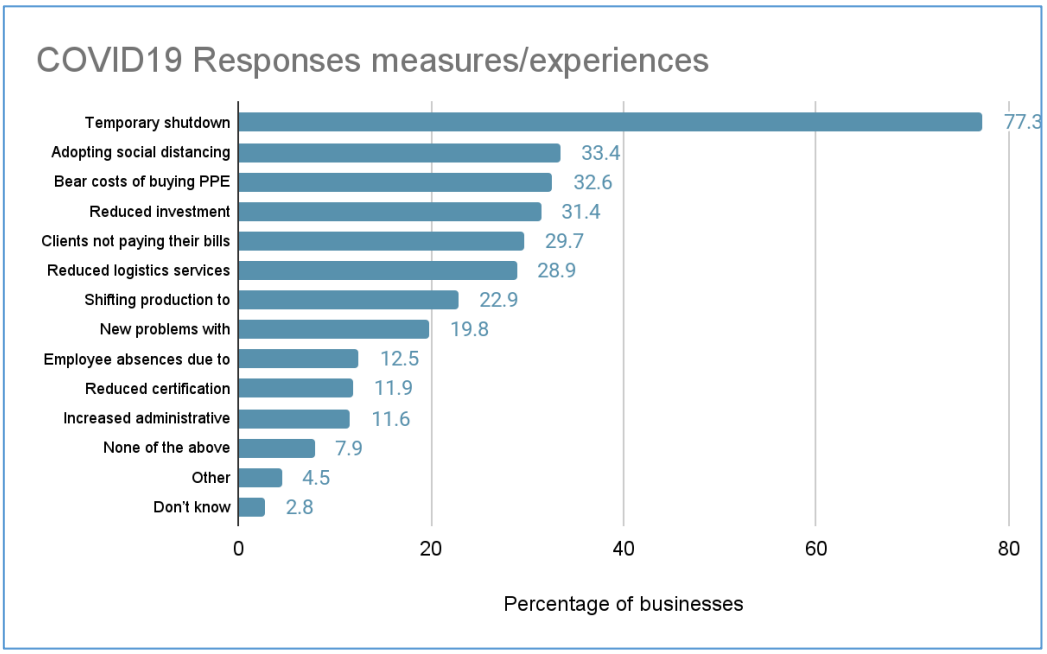

Figure 60. *Business adaptations and adjustments due to COVID-19.*

Staffing

Businesses indicated how they have had to manage their human capital in light of COVID-19 and identified the demographics most affected by necessary measures.

- ***Full-time employees*** Despite the impact of the dual crises, 262, or 74.2% of responding MSMEs have not had to lay off or furlough full time staff. Sixty-two reported 62 (17.6%) having to let full time staff go permanently, and 29 (8.2%) have had to furlough employees. The combination of the two of these categories represents 452 employees, or a mean of 4.97 per organization who were reported laid-off or furloughed during this time.
- The combination of the two latter categories represents 452 employees, or a mean of 4.97 per organization who were reported laid-off or furloughed. However, most businesses indicated they have to lay off or furlough just one employee.
- The full-time staff let go or furloughed were **likely to be Bahamian and had about a 2 in 5 likelihood of being a woman.**

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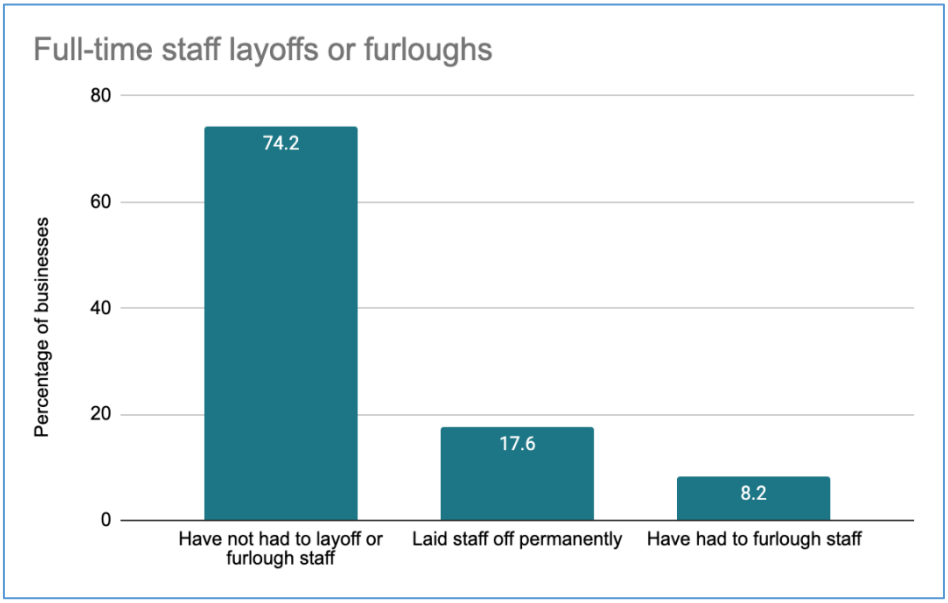

Figure 61. *MSME layoffs or furloughs of full-time employees*

- ***Part Time Employees*** Two hundred and eight-eight (288), 81.6% of MSMEs have not had to lay off or furlough any part-time staff, 50, (14.2%) have laid staff off permanently, and 15 (4.2%) have had to furlough part-time employees. A total of 266 part time employees were reported as laid off or furloughed during the period -- a mean of 4.09 persons per organization.
- **Laid off or furloughed part time employees were most likely to be Bahamian and had approximately a 1:4 chance of being a woman.**

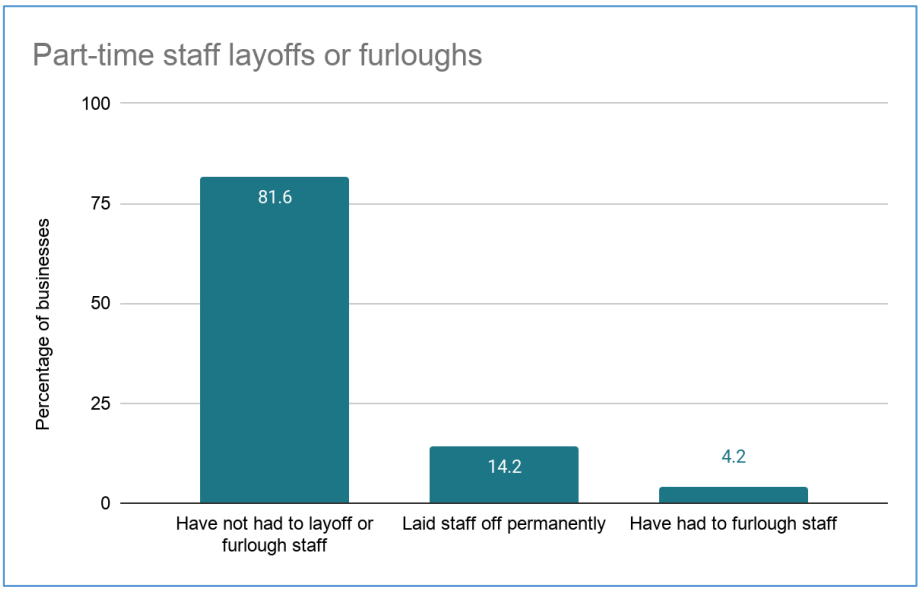

Figure 62. *MSME layoffs or furloughs of part-time employees*

- ***Temporary workers.*** Three hundred and twenty-one (90.9% of the respondents) of MSMEs reported that they did not have to lay off or furlough any temporary workers, 25 (7.1%) have had to lay off temporary staff permanently, and 7 (2%) have had to furlough

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temporary staff. A total of 176 temporary staff were laid off or furloughed during this period -- a mean of 5.5 per organization.

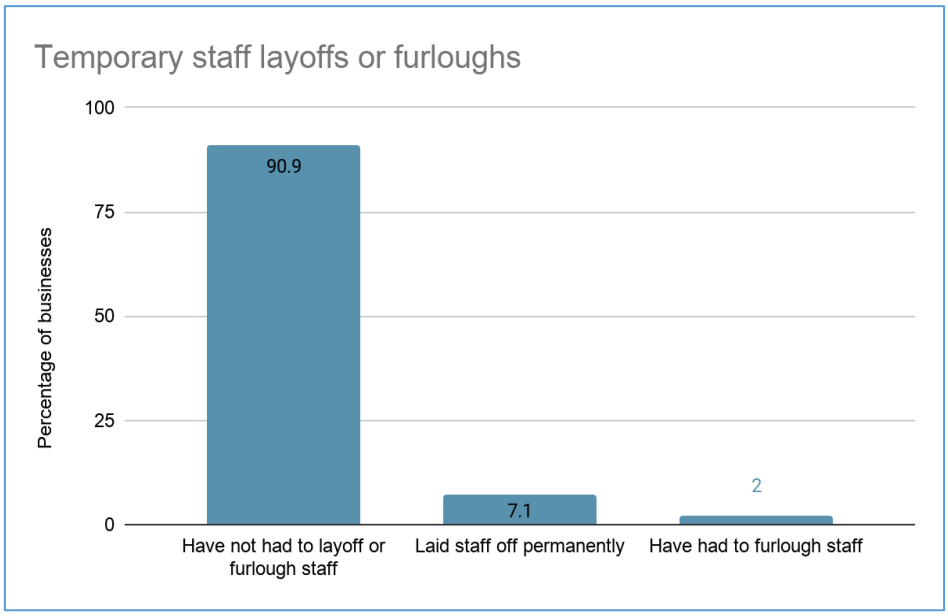

Figure 63. *MSME layoffs or furloughs of temporary staff.*

- **Temporary staff had the highest average (mean) numbers of persons laid off or furloughed, 5.5, compared to full-time and part-time staff.** They were most likely to be Bahamian and had about a 1:5 chance of being a woman.

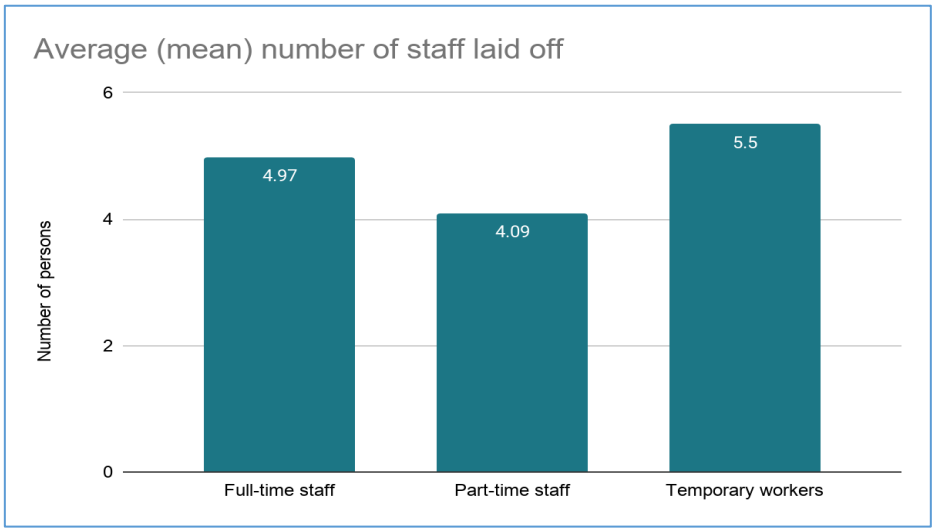

Figure 64. *Average (mean) number of staff laid off by category of staff.*

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Remote work According to respondent MSMEs, most of their business models (64%) do not allow for employees to work remotely. More than 24% of MSME have permitted remote work and 11.6% have been able to remotely at least partially.

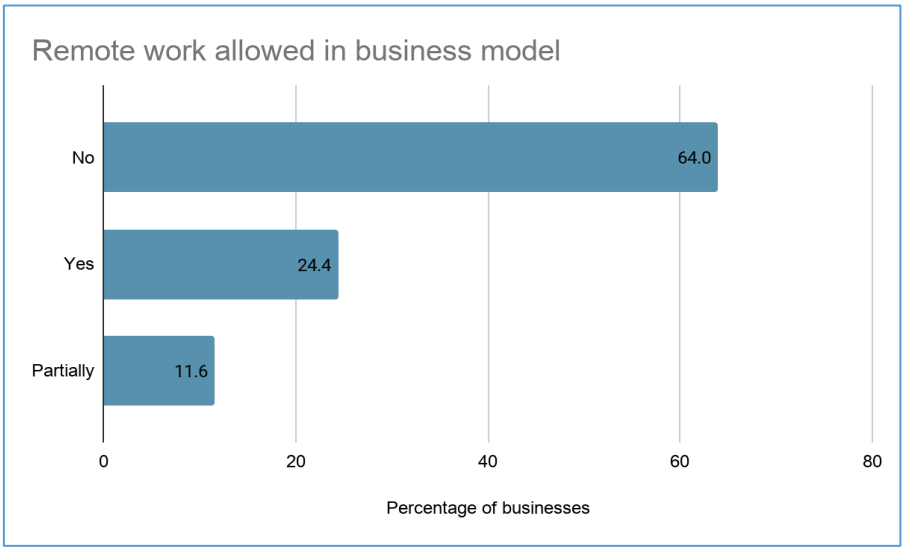

Figure 65. *Remote work allowed in business model.*

- Of the 165 MSMEs that reported the capacity to operate remotely fully and/or partially, **127 (or 70%) indicated that they provided their staff with equipment, resources or reimbursements to support remote work.** Specific resources included workstations (47.2%), computers/tablets (29.9%), access to online platform software (18.9%), remote access to intranet (13.4%), use of platforms for scheduling and task management (11.8%), fully compensated internet services (7.1%), partially compensated internet services (4.7%), payments toward essential utilities (4.7%), other remote work tools (1.6%). Almost 30% of businesses did not offer any remote work supports.

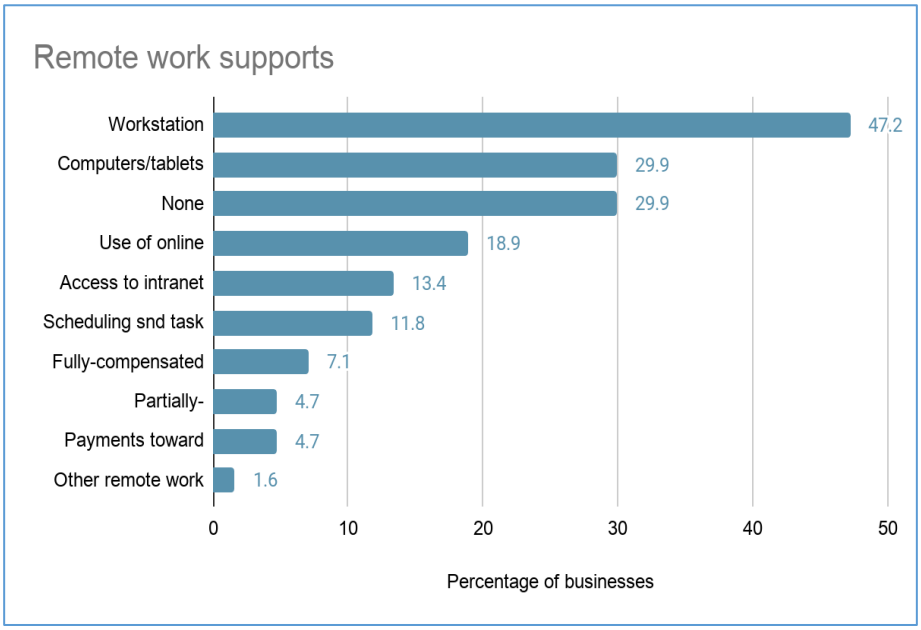

Figure 66*. Remote work support provided to workers.*

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Overall financial performance

- **Notable** - 27.4% of businesses did not answer this question because they had closed and were therefore not eligible.
- Comparing the financial performance of first quarter 2020 with that of 2019, **68.3% of responding MSMEs indicated a decrease in their financial performance.** An increase was experienced by 10.2%, also 10.2% remained the same, and 11.3% did not know.

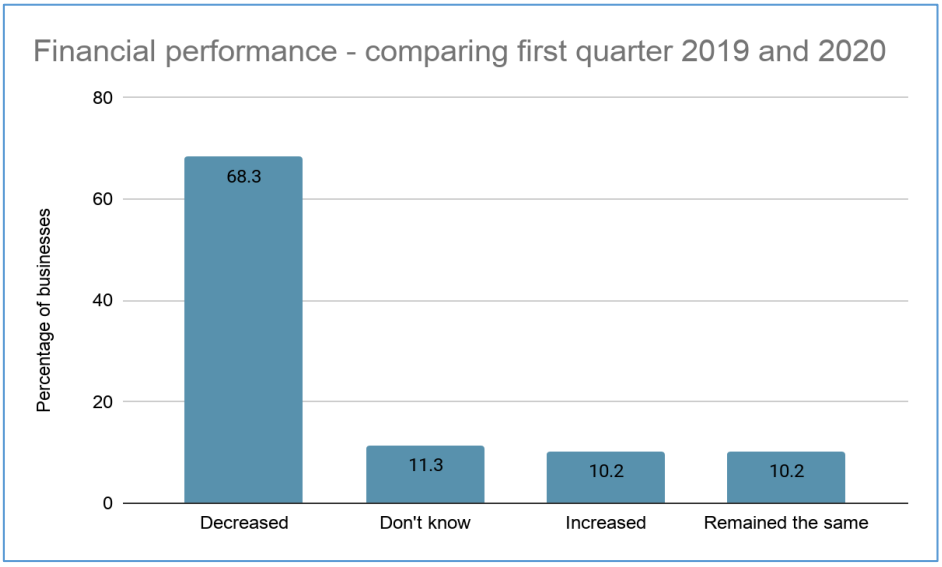

Figure 67. *MSME financial performance quarter one 2020 versus 2019.*

- ***Cash flow*** **The cash flow for 65.7% of respondent MSMEs was reported as having decreased since the outbreak of COVID-19**. Forty-four (44) businesses, 12.5%, stated that their cash flow remained the same, 7.9% indicated an increase, and 13.9% did not know.

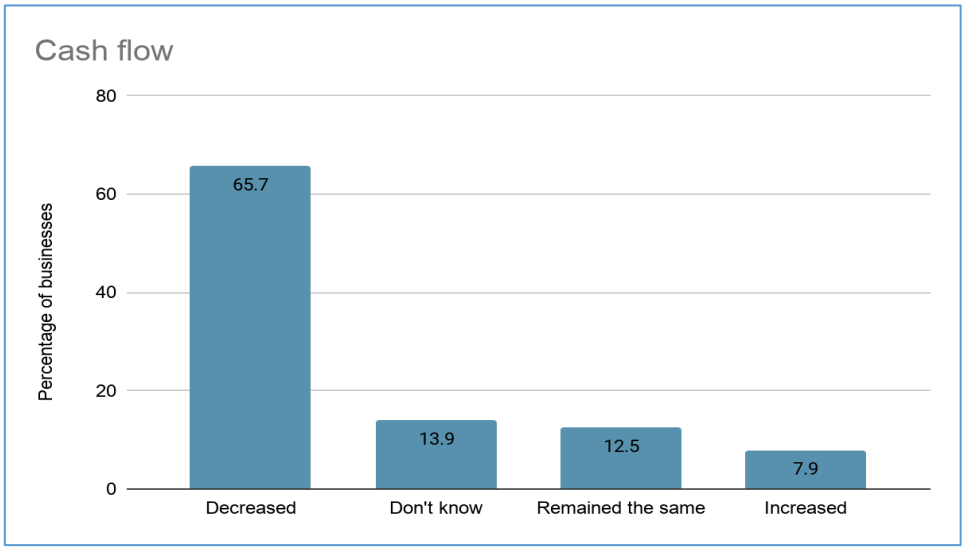

Figure 68*. MSME cash flow impacts due to COVID-19.*

- ***Sales on credit*** The ability of businesses to offer **sales on credit 38.2% of businesses started it has decreased since the onset of COVID-19**. Sales on credit remained the

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same for 25.2% of businesses and increased for 4% of them. One hundred and fifteen (115) of respondents, 32.6% were unsure of the answer to this question**.**

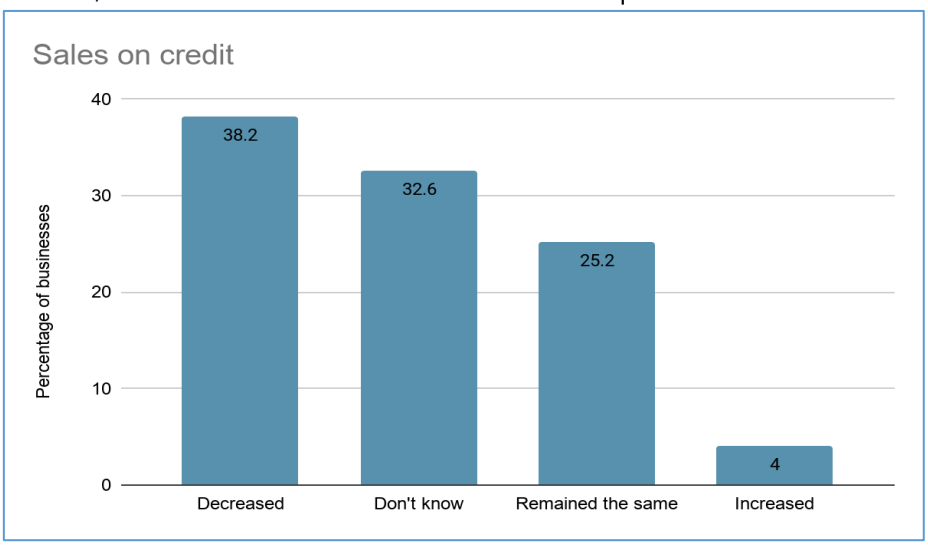

Figure 69*. MSME capacity to offer sales on credit.*

- ***Purchases on credit*** MSMEs identified their own access to make purchases on credit. **Access to purchases on credit decreased for 36%,** remained the same for 25.5%, and increased for 3.1% of businesses. Just over 35% of MSMEs were unsure of the answer to this question.

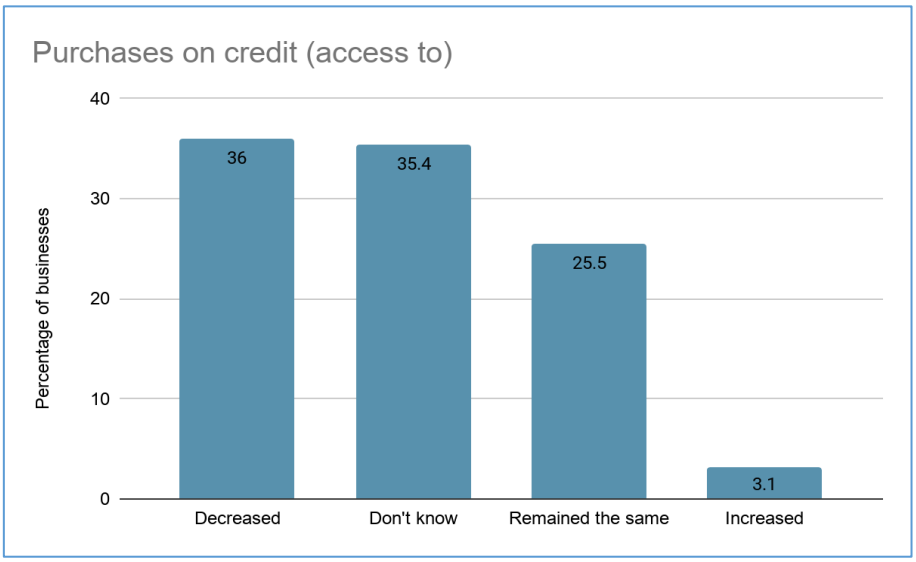

Figure 70*. MSME capacity to make purchases on credit.*

5.1.4. Coping Strategies

Sources of funding

- ***Main source of funding.*** **Twenty-seven-point two percent (27.2%) of MSME respondents identified that they had used personal savings or family contributions as the main source of funding to sustain their business cash flow through COVID-19**. Over 22% of businesses indicated having no source of funding. Nine-point-nine percent (9.9%) used loans from non-banking financial sources. Six-point-eight percent (6.8%) delayed payments to

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suppliers or workers. Another 6.8% used government grants as the main source of funding, 5.9% sold personal assets, 5.7% delayed payments to banks, etc., 5.4% took loans from commercial banks. The remaining responses were as follows, other measures - 3.4%, sale of business assets - 3.4%, and equity financing - 1.4%, and 1.7%, did not know the answer to this question.

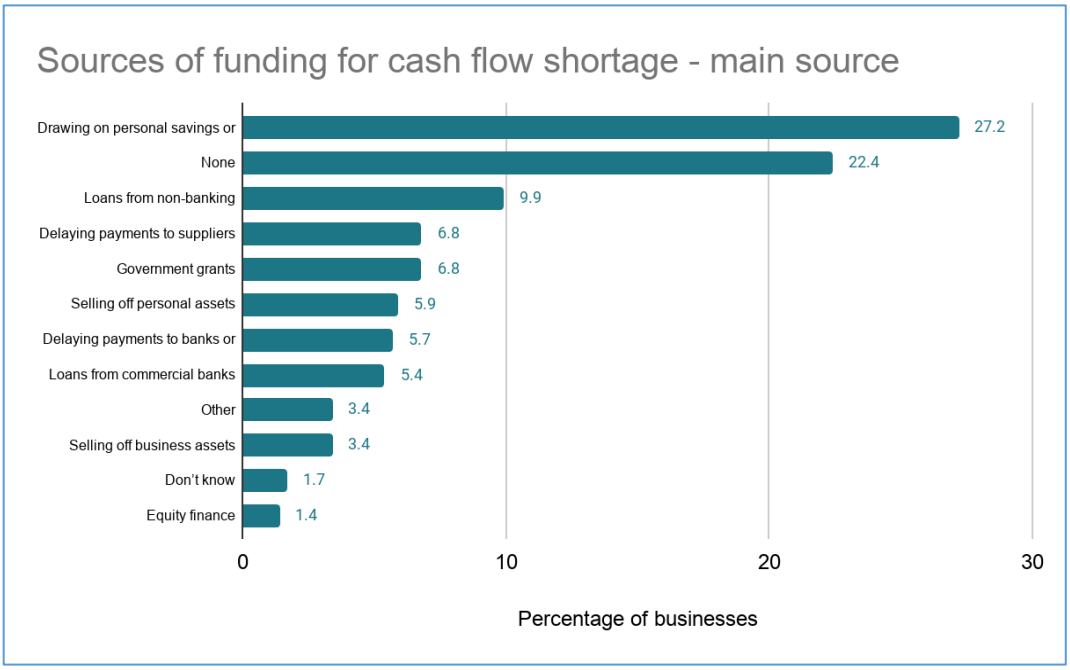

***Figure 71**. Main sources of funding during COVID-19.*

- "Other" sources of funding included:
  - Grants from NGOs
  - Owner finding another job
  - Donations meant for rebuilding used for operations
  - Support of spouse
  - Credit cards
  - Loans from other parties
- ***Secondary sources of funding*** Respondent MSMEs were also asked Secondary sources of funding were also identified. This question was answered solely by the 268 MSMEs who indicated having a main source of funding. **Thirty-two-point one percent (32.1%) of respondents indicated having no secondary source of funding, while 19.4% used personal savings or family contributions. Eleven-point two percent (**11.2%) sold personal assets, 9% delayed payments to staff and suppliers, 7.1% used government grants, 4.1% delayed payments to banks or other, 3.7% sold business assets, 3.7% used loans from non-banking financial institutions, 3.4% used other sources, 2.2% accessed equity finance, 2.2% had commercial bank loans, and 1.9% did not know the source of funding, if there was any.

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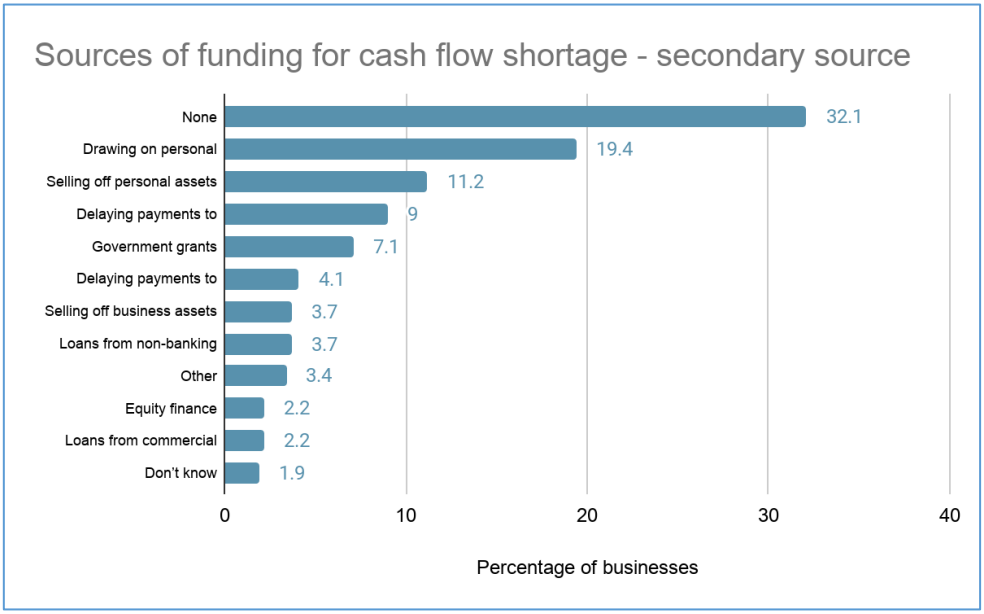

***Figure 72**. Secondary sources of funding during COVID-19.*

- ***Tertiary sources of funding*** Third sources of funding for cash flow shortages were solicited by the 177 MSMEs which responded that they had access to a second source of funding. Of these responses**, 37.9% had no identified third source of funding**, **16.4% drew on personal savings or family contributions,** 13% accessed government grants, 6.8% sold off personal assets, 5.6% delayed payments to banks etc., 5.1% made other arrangements, 4% delayed payments to suppliers or workers, 3.4% sold off business assets, 2.8% did not know, 2.3% took on non-banking loans, and 1.7% accessed equity financing and/or loans from commercial banks.

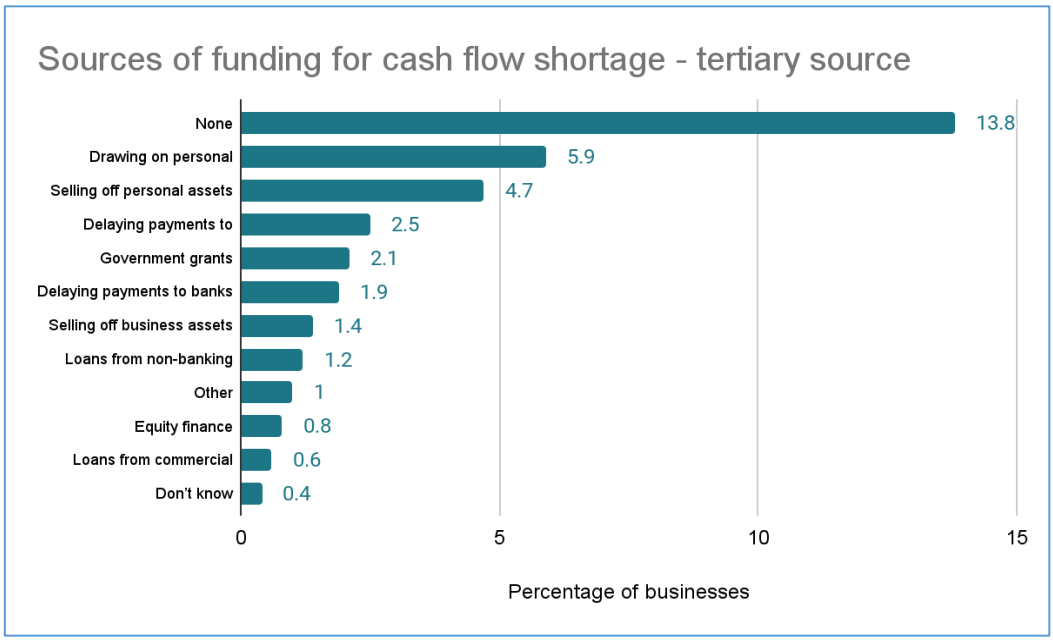

***Figure 73**. Tertiary sources of funding during COVID-19.*

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- *External assistance and support* The 353 MSMEs which indicated that they are still in operation were asked to identify the types of support and resources they received from both the government and non-governmental organizations and evaluate the adequacy of support.

- ***Government support measures*** **Seventy-five point four (75.4%) of respondent MSMEs indicated having received no form of government support measure.** Other types of support represented the next largest response (noted below). Four (4) percent of responding MSMEs receiving fiscal exemptions or reductions. Receiving cash transfers for their businesses (3.4%) was the next highest response. The remainder of responses were accessing new credit - 3.1%, deferral of credit payments (rent, mortgage, interest payments, etc.) - 2.8%, receiving wage subsidies - 1.7%, distribution of masks and other PPE ->1%.
- Forty-two MSMEs, or 11.9% of respondents, indicated they had received "other" types of government support. Thirty-seven (37) of these responses indicated having received some sort of government grant from the SBDC, NIB, or another government agency; or a grant/loan combination through the government. Two respondents indicated receipt of some form of equipment**.**

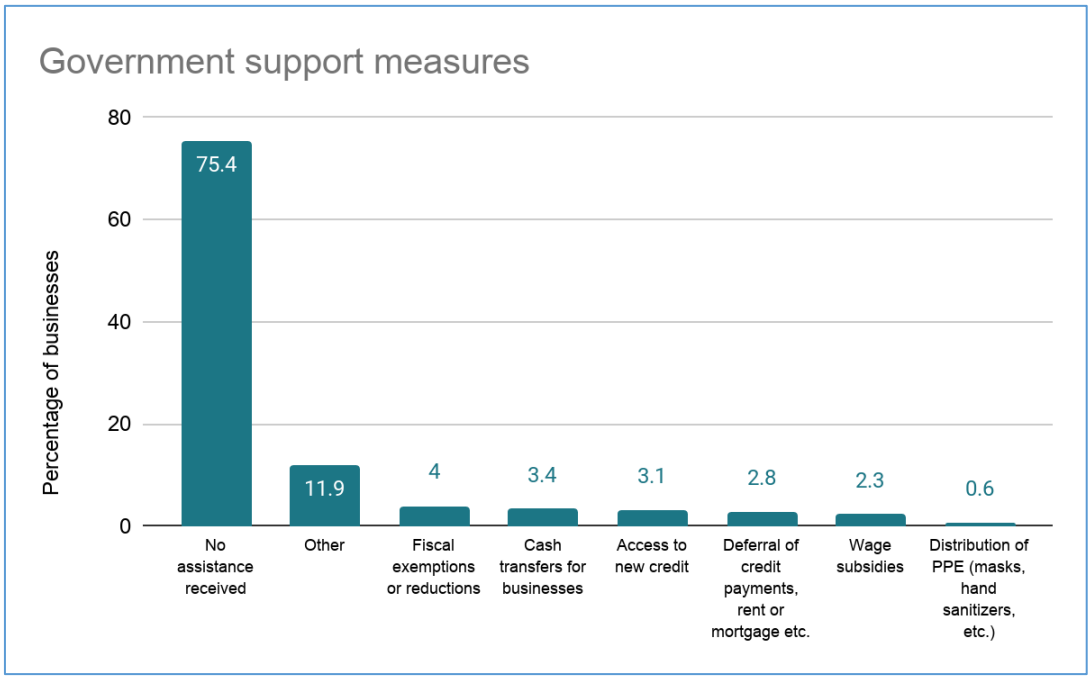

Figure 74. *Government support received by MSMEs*.

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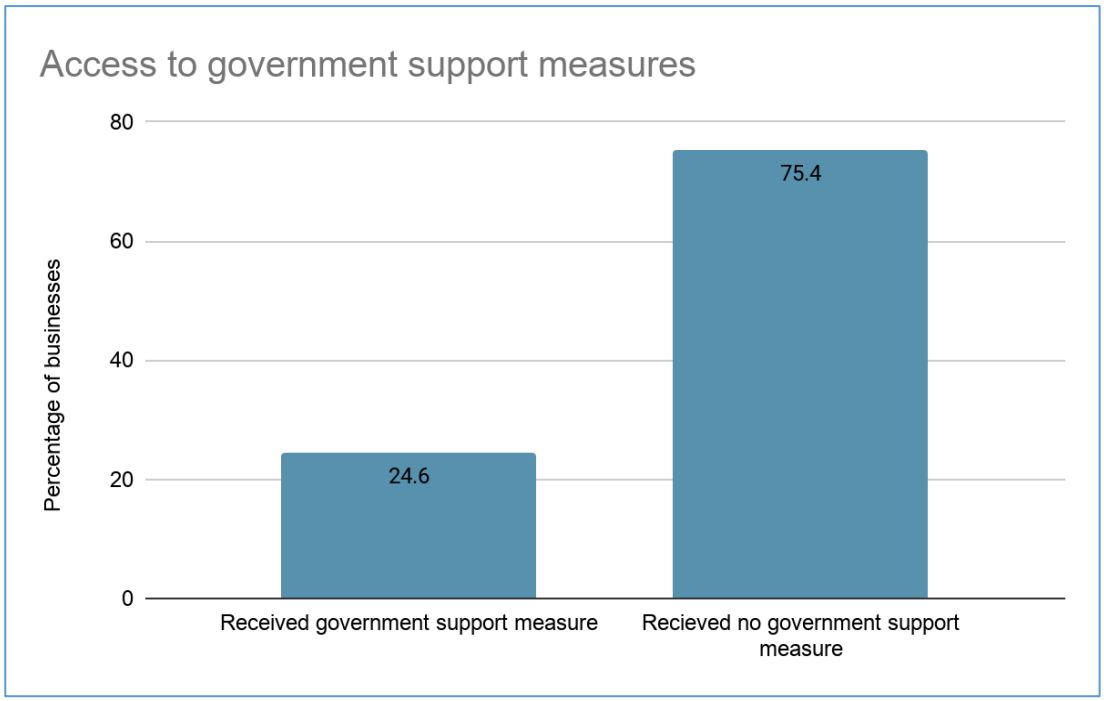

Figure 75. *MSME access to government support.*

- **This distribution of responses differed between the islands**. Of the MSMEs that responded to this question, 25.2% of MSMEs in Grand Bahama received some form of support and 74.8%, received no support. In Abaco, 22.9% of MSMEs received some form of assistance and 77.1% received no form of assistance.

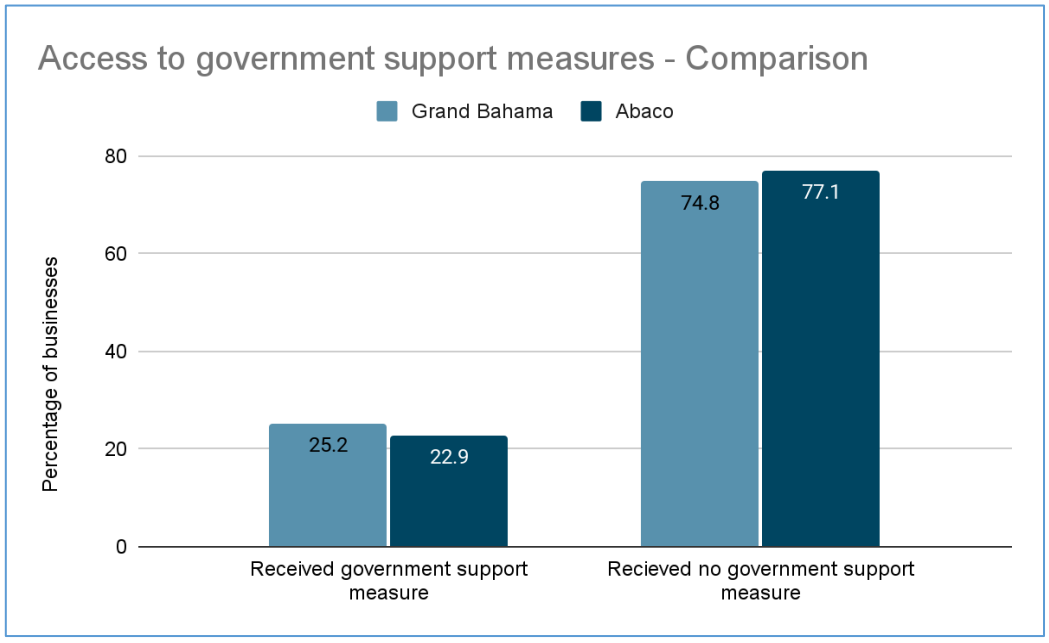

Figure 76. *MSME Access to government support – Grand Bahama versus Abaco.*

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- ***Non-government support measures*** Seventy-eight-point-two (78.2%) of respondent MSMEs indicated that they accessed no support from non-governmental organizations (NGOs). Seven-point-nine percent (7.9%) of businesses received cash transfers, 2.3% gained access to new credit, 2% received PPE, just over 1% accessed deferred credit payments and 11.6% indicated some "Other" form of aid.

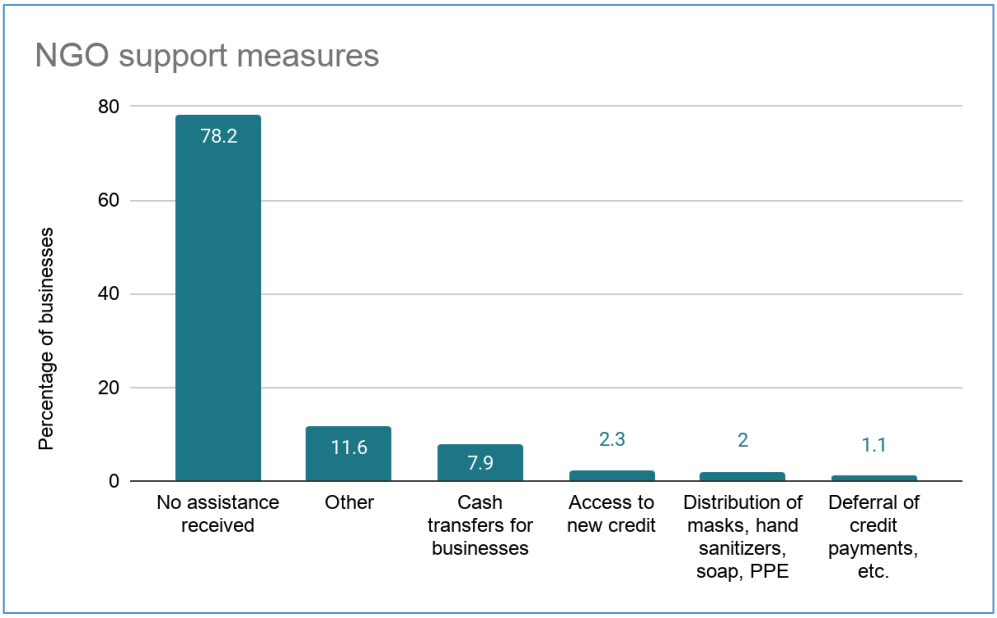

Figure 77. *MSMEs in Grand Bahama and Abaco that accessed non-governmental support measures.*

- Comparing the distribution of/access to support from NGOs for Grand Bahama and Abaco, there were distinct differences in MSME access to cash transfers, PPE, and credit deferrals between the two islands, where each of these support measures were at least twice as accessible in Grand Bahama.

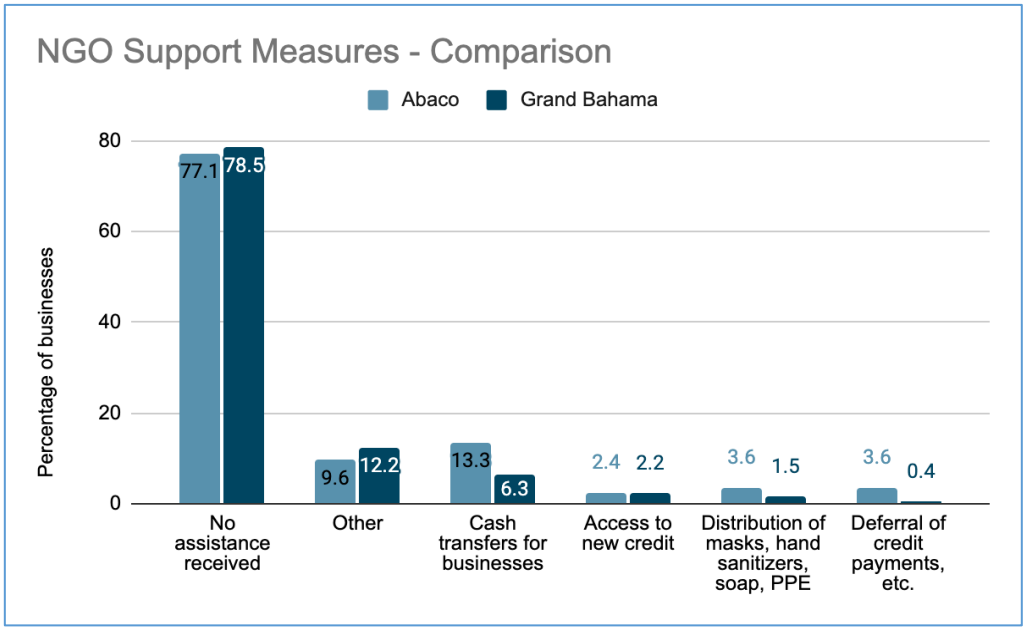

Figure 78. Comparison of MSMEs in Grand Bahama and Abaco that were able to access non-governmental support measures.

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- In general, 21.8% of businesses received some sort of NGO support measure.

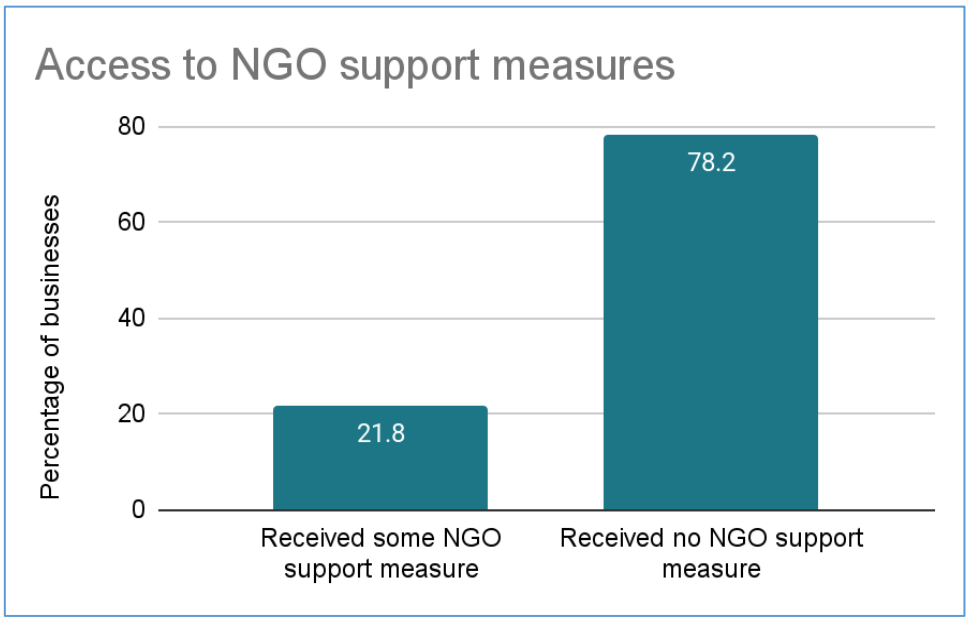

Figure 79. MSME Access to support measures by NGOs.

- Looking at the distribution of/access to support from NGOs for Grand Bahama and Abaco separately, in Grand Bahama, 21.5% of MSMEs were able to access some form of NGO support, and 78.5% got no form of assistance. In Abaco, 22.9% of MSMEs received some form of support from NGOs and 77.1% received no assistance**.**

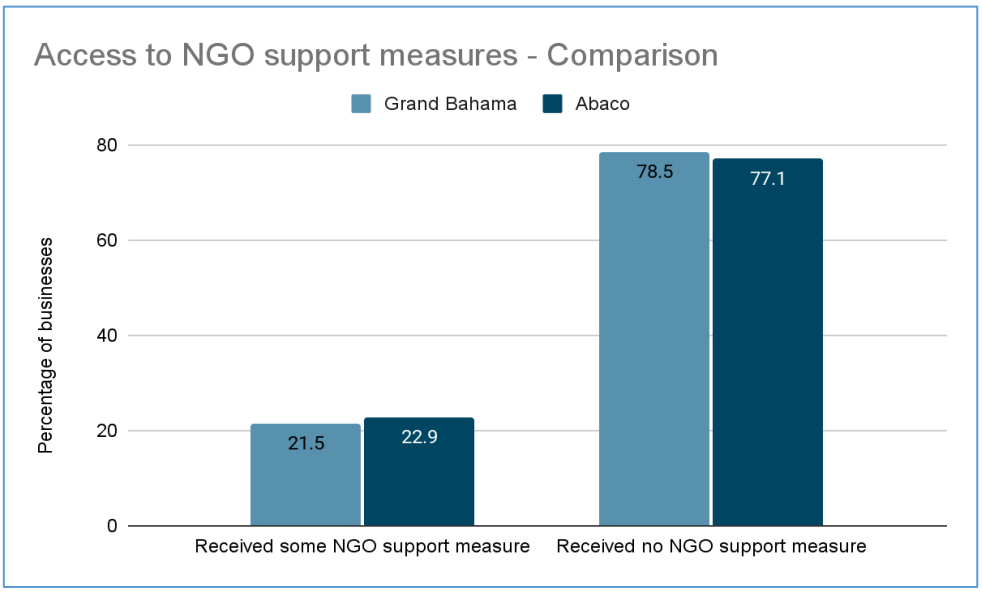

Figure 80. Comparison of MSME in Grand Bahama and Abaco and access to support measures by NGOs.

- ***Support*** When assessing the types of support and assistance received, ***Cash transfers*** (44.5%) were seen as being most helpful to MSMEs. ***Access to new credit*** ranked second with 9.6%, ***Deferral of credit payments, rent or mortgage etc.*** - 8.8%, ***Fiscal exemptions or reductions*** - 6.8%, ***Assistance to transition to new products or services,***

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and ***Wages subsidies***- 6.8%, ***Access to new markets or business matching*** - 4%, ***Access to PPE to reopen business safely -*** 2.5%, ***Other*** - 2.3%, and 9.1% indicated that no support measures would aid their businesses.

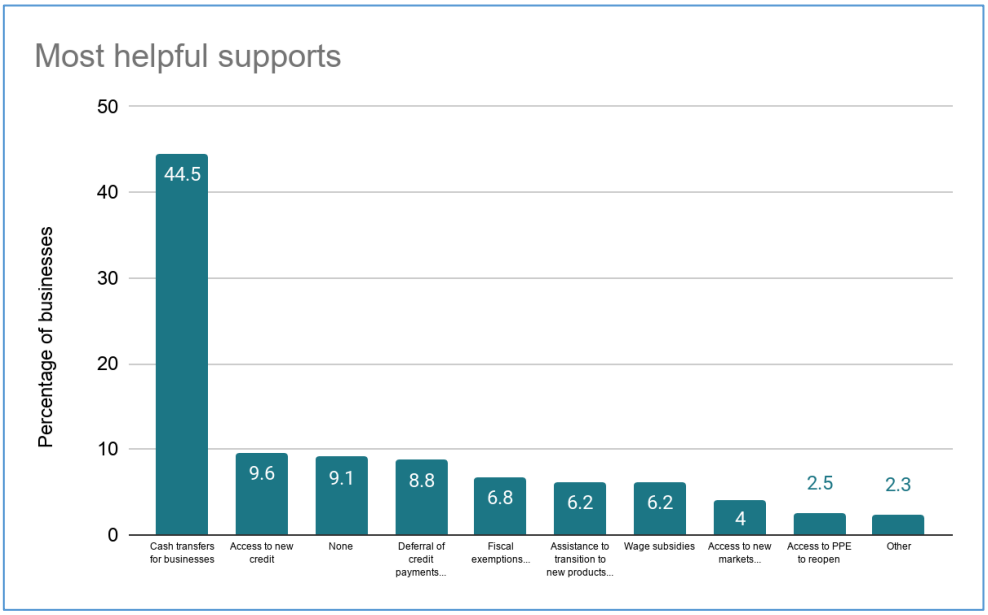

Figure 81. *Perception of MSMEs in Grand Bahama and Abaco of the post disaster support measures which was received.*

- There were some distinctions in the most helpful support measures between Abaco and Grand Bahama. Cash transfers were more helpful in Grand Bahama, and fiscal exemptions and wage subsidies more helpful in Abaco. Grand Bahama had a higher share of businesses which did not find any support helpful.

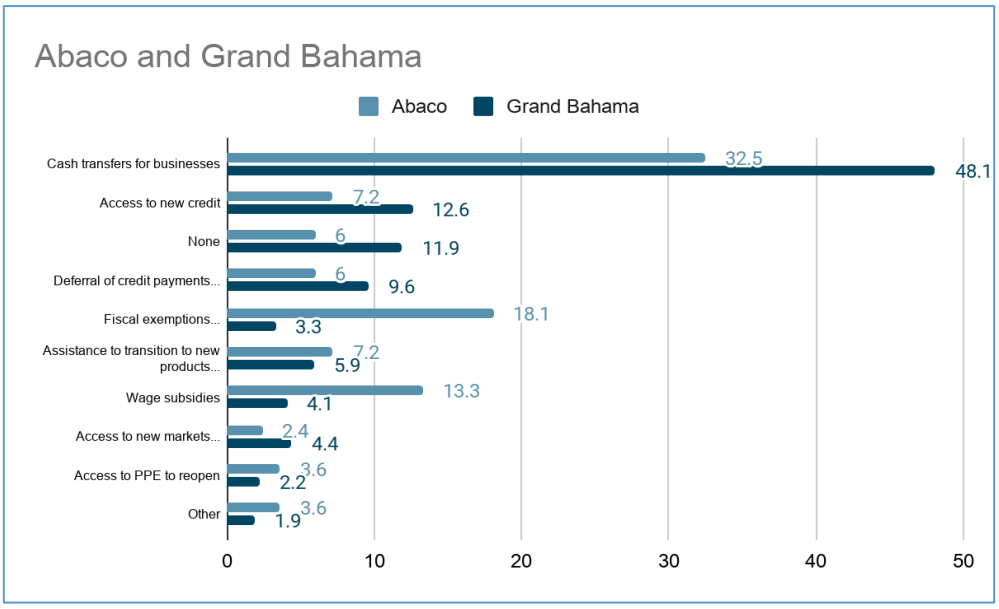

Figure 82. *Perception of MSMEs in Grand Bahama and Abaco of the post disaster support measures which was received.*

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MSME responses to the business climate

- ***Short term sustainability:*** To assess the threat level the current business climate has had on the future of their businesses in the short term, MSMEs respondents that remained open estimated how much longer they anticipated being able to stay open. Most respondents, 44.5%, were not sure, 29.2% estimated at least six months, 8.8% were operating as usual. Eight-point two percent (8.2%) estimated 2-3 months, 5.1% estimated 4-5 months, and 4.2% expected to remain open for one month or less.

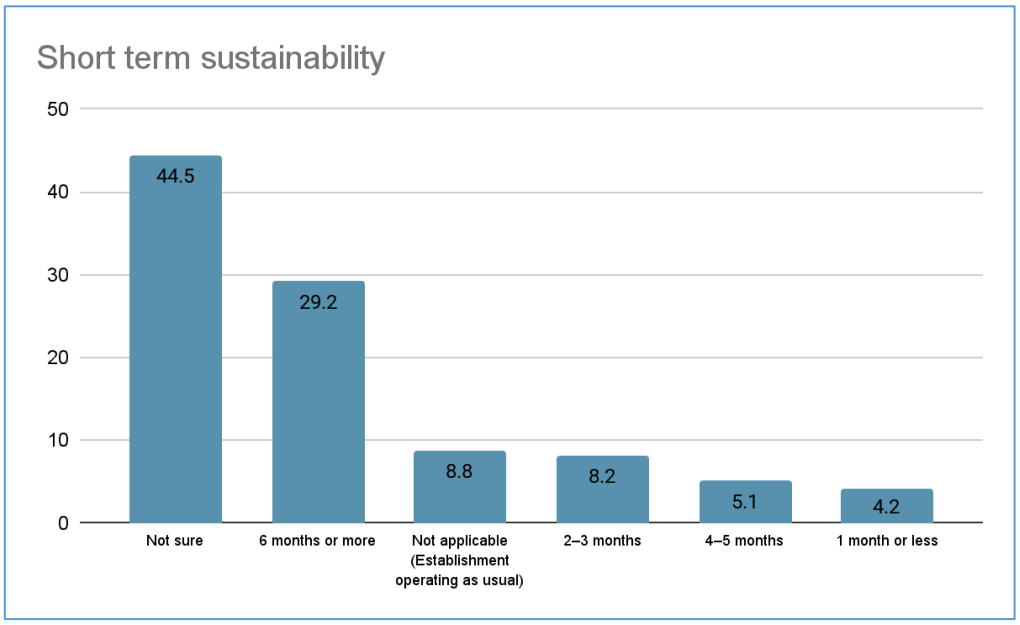

Figure 83. *Estimation of MSMEs in Grand Bahama and Abaco of the short-term sustainability of their business operations.*

- More businesses in Grand Bahama than Abaco were uncertain of their future. MSMEs in Abaco were more likely to have an outlook of six months or more or be operating as usual while in Grand Bahama, more businesses had an outlook of less than one month to five months.

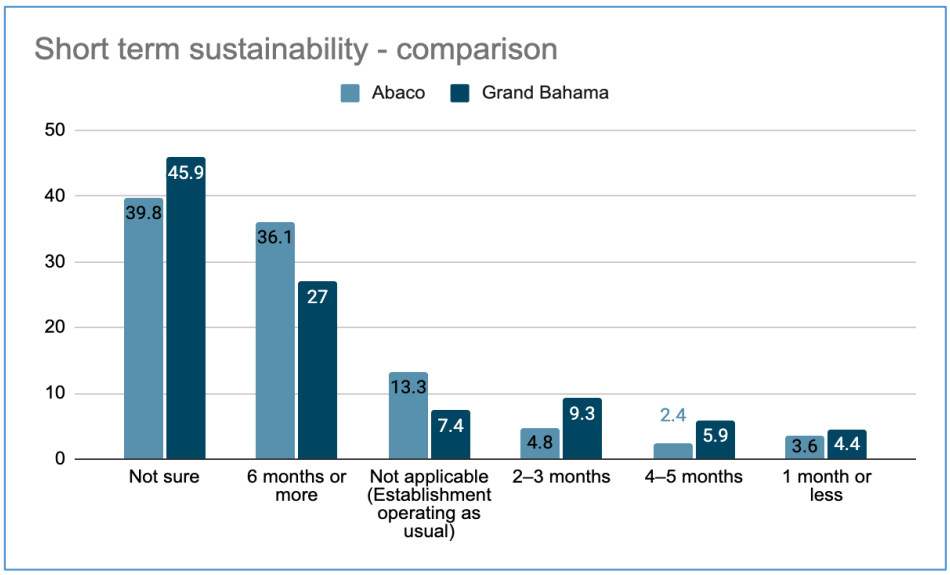

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Figure 84 Comparison *of MSMEs in Grand Bahama and Abaco and the short-term sustainability of their business operations.*

Sector change consideration When asked if they considered any change to their sector of activity due to Hurricane Dorian or COVID-19, 30.9% of MSMEs declared having no plans to change their sector, **49.8% considered a change due to both the hurricane and pandemic, and a combined 19.4% have considered a sector change due influenced by either the hurricane (13.7%) or the pandemic (5.7%).**

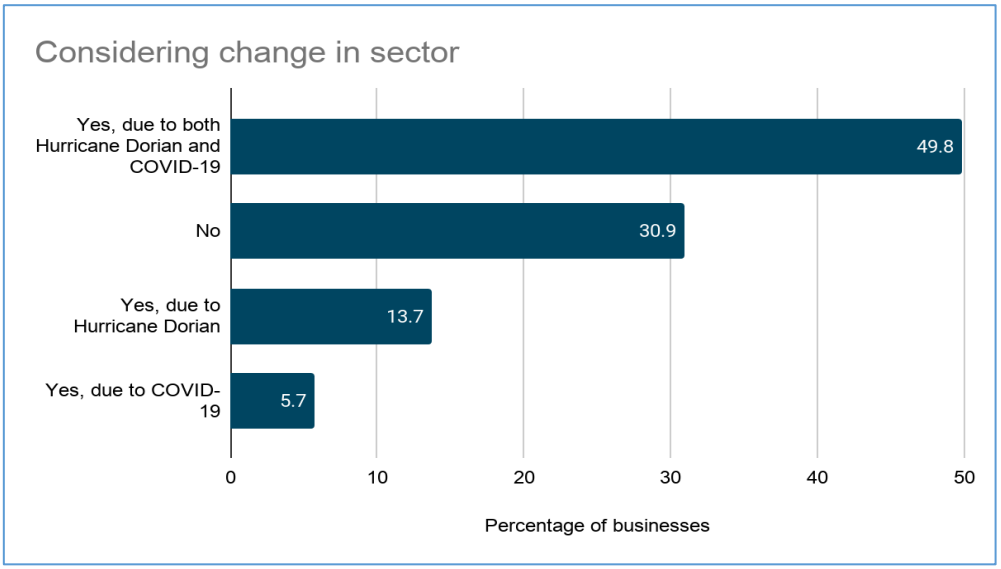

Figure 85. *MSMEs consideration of changing their sector due to COVID-19.*

- ***Ranked difficulties:*** Respondent MSMES were provided with a list of difficulties that their business might be currently encountering and asked to prioritize three of them as their primary difficulty, secondary difficulty or third main difficulty**. Over 56% identified a reduction of customers as their first or *primary difficulty***. The remaining primary difficulties are: the high cost and scarcity of raw materials - 8.8%, high competition in the market - 8.5%, no primary difficulty - 5.4%, high cost of challenge finding appropriate equipment - 4.8%, taxes and other payments to the government - 4.5%, other difficulties - 4.5%, missing infrastructure and public services - 2.3%, too many administrative procedures and controls - 2%, problems maintaining equipment or finding spare parts - 1.4%, scarcity and high cost of labor - 1.1%. Respondents also contributed secondary and tertiary difficulties.

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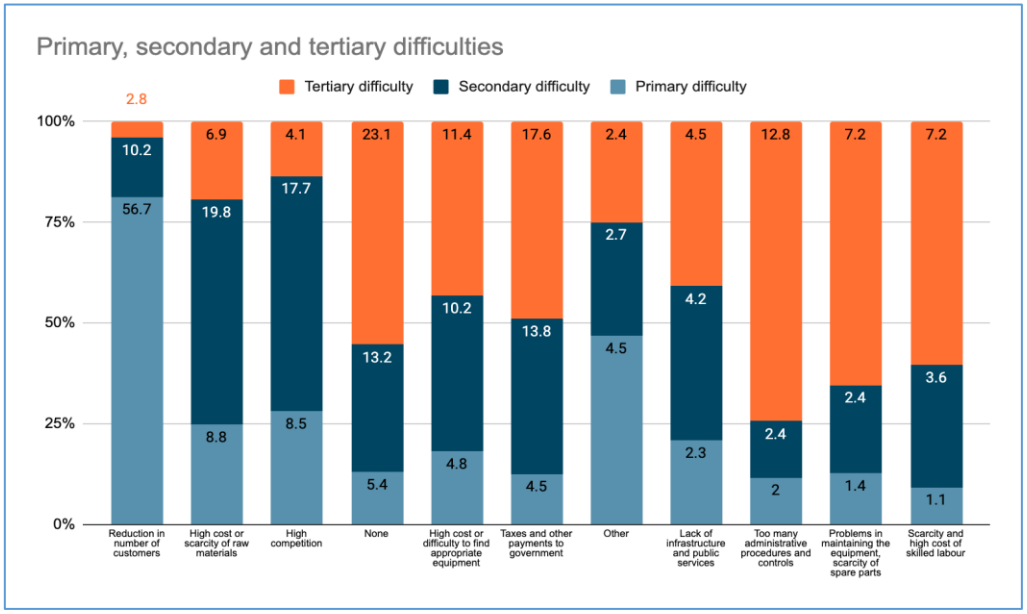

***Figure 86**. Current challenges experienced by MSMEs in Grand Bahama and Abaco ranked by primary, secondary and tertiary.*

5.1.5. Discussion of Survey Results

The key takeaways from the survey results are presented below.

- MSMEs in Grand Bahama and Abaco were significantly impacted by Hurricane Dorian. Over 63% of MSMEs were affected by both Hurricane Dorian and the COVID-19 pandemic.
- Grand Bahama was better positioned for a restart in the first quarter of 2020, due to having a stronger local customer community. Over 76% compared to Abaco's 64%. Grand Bahama MSMEs were also more likely to have international customers and exports when compared to Abaco. Abaco had a heavier reliance on tourists and visitors (34%) compared to Grand Bahama's 16.8%, which makes them particularly vulnerable to the travel related restrictions of the pandemic.
- More than 27% of MSMEs closed permanently in Grand Bahama and Abaco. More than 55% of businesses in Abaco indicated not being able to withstand the impact of both Hurricane Dorian and COVID-19 and have closed their businesses permanently. Less than 12% of businesses in Grand Bahama responded similarly. A higher percentage of Abaco MSMEs (73.5%) indicated decreased sales that those in Grand Bahama (46.3%) in the first quarter of 2020 compared to 2019.
- To make up for the cash flow shortage, over 27% of MSMEs indicated being able to draw on their savings. Conversely, approximately over 22% had no strategy to make up for the shortage, delayed accounts payable, or sold off personal or business assets. Cash transfers were assessed to be the most valuable mechanism of support by 44.5% of responding MSMEs.
- The personal needs of businesses owners are also a factor in business sustenance. Over 40% of business owners being primary or sole wage earners in their households, and a great reliance upon personal savings or sale of personal assets to maintain business operations.

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- In identifying their greatest current challenge. Fifty-six percent of MSMEs in Grand Bahamas and Abaco indicated a reduction in customers - likely because of COVID-19 government implemented restrictions and retraction in travel. This impact was unavoidable and is likely to reflect the circumstances of businesses small and large across the world.

6.2 Multidimensional vulnerability index for MSMEs

The MSMEs multidimensional vulnerability assessments help to capture the many layers of vulnerability and enable a more nuanced and holistic analysis of how and why some enterprises are more vulnerable than others. They are built on the use of multidimensional vulnerability indices (MVIs) that use the primary data collected during the Socio-Economic Impact Assessment results presented in Section 5.1. MVIs are a powerful tool which present policymakers an enhanced understanding for evidence-based decision making.

6.2.1 Methodological note

The COVID-19 pandemic outbreak has forced many companies to close, resulting in a decline in economic activity in most countries. Businesses face many short-term challenges, including health and safety, supply chain disruption, decline of labour force, cash flow shortage, decline of consumer demand and sales. These various factors are likely to increase the vulnerability of businesses in the short term, with adverse consequences on their long-term survival. It is therefore important to assess the level of vulnerability of businesses to the COVID-19 pandemic, in order to design policies which, enable their recovery.

Blaikie et al. (1994) have defined vulnerability as the characteristics of a person or entities in terms of their capacity to anticipate, cope with, resist and recover from the impact of a natural hazard. However, decades of research on vulnerability have shown that it is a complex phenomenon in which both people and enterprises are exposed to shocks. It has been shown that vulnerability can compose a host of factors: it can be physical, social, environmental, economic, or structural, and each can compound to heighten the ways that a stakeholder is vulnerable. As such, measuring vulnerability must consider its many dimensions. This is achieved by constructing a Multidimensional Vulnerability Index (MVI). MVIs show clearly and quickly which regions, sectors, or groups are the most vulnerable. From this, policies and programming can be designed which mitigate the varying and multiple factors which produce vulnerability and can protect those most at risk.

Within the fields of environment and climate change, vulnerability has been conceptualized as a combination of exposure, sensitivity, and adaptive capacity (McCarthy et al., 2001; Brooks, 2003; Schröter el al., 2005; Adger, 2006; Luers et al., 2003; Turner et al., 2003a, b). This conceptual framework is particularly useful to analyze, not only the exposure of businesses to shocks, but also how they are impacted and how they respond to these shocks. This implies developing measures of the degree to which each firm is impacted along with its ability to cope with the extent and the depth of the disturbance. From these ideas we can derive a classification in three main dimensions:

- Exposure to the external stresses reflects the extent to which a firm is subject to, or in contact with, the shock.
- Sensitivity to perturbation is the degree to which a firm is impacted by a shock or a range of different shocks.

*

- Adaptive capacity refers to the ability of a firm to respond to disturbances and recover from a shock.

In this analysis, we use this framework to investigate MSMEs vulnerability to COVID-19 in The Bahamas. An MVI is constructed basing on selected indicators that compose each dimension. To maximize available resources and for brevity, exposure and sensitivity are grouped in one dimension labelled 'potential impact' (See Appendix #2).

Although the framework of exposure-sensitivity-adaptive capacity was retained, the empirical calculation of the MVI is based on the Multidimensional Poverty Index (MPI) methodology developed by Alkire and Foster (2011). This methodology is intuitive and easy to understand or policymakers. It emphasizes the joint deprivations faced by businesses with regard to the indicators that compose the MVI. Like the MPI, the MVI is an adjusted headcount ratio measure designed to measure vulnerability, and can be broken down into **incidence, intensity**, and **dimensional composition**.

The **incidence** of vulnerability (**H**, for Headcount ratio) is the proportion of businesses (within a given population) who are identified as vulnerable because of the multiple deprivations they experience. The **intensity** of vulnerability (**A**, for Average deprivation share) is the average proportion of deprivations vulnerable businesses experience. It measures how vulnerable businesses are, on average. The MVI is the product of both.

$$MVI = H \times A$$

The MVI can also be calculated using its dimensional composition, by breaking it down by each of its indicators. The figure to be used in this regard is the censored headcount ratio, h_j, which is the percentage of businesses that are vulnerable and deprived in each component indicator (*j*). The MVI is constructed by summing the weighted censored headcount ration of each indicator.

$$MVI = \sum_{j=1}^{d} w_j h_j$$

Where, d is the total number of indicators and w_j are indicators' weights, where w_j add up to 1. In this study, we applied equal weights for all indicators, meaning that $w_j = 1/d$.

As mentioned above, the vulnerability framework used is composed of three dimensions: exposure, sensitivity, and adaptive capacity. This classification requires, however, a set of indicators to operationalize at the conceptual level. Figure 87 shows the structure of the MVI for businesses operating in The Bahamas. The three dimensions through which vulnerability is comprehended are divided into a diverse number of indicators.

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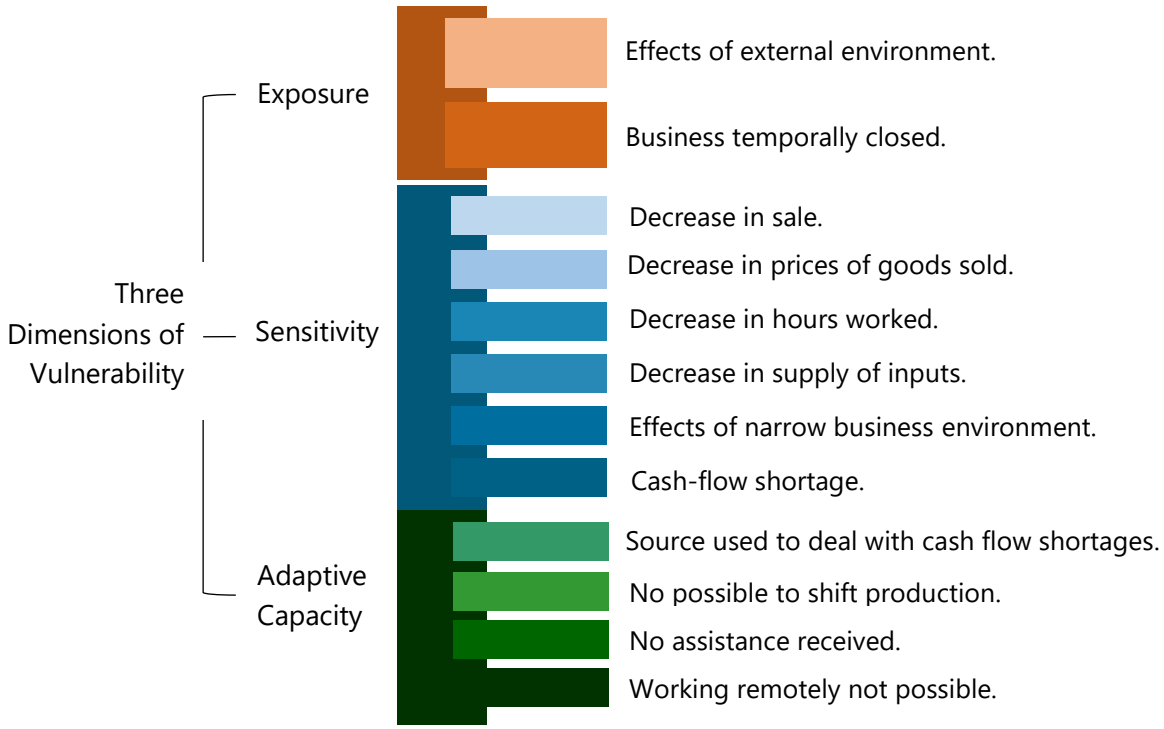

Source: SDH, UNDP, 2011

***Figure 2**. Composition of the MVI – Dimensions and Indicators.*

To calculate the MVI, we start by establishing a deprivation profile for each business, which indicates which of the 12 indicators they are deprived in (Table 6). Each business is characterized as deprived or non-deprived in each indicator based on a deprivation cut-off. All the questions selected to represent each of the MVI indicators were transformed into dummy variables, taking 1 if the business is deprived in the indicator, and 0 if not. For example, suppose that the variable representing loss in income has four response categories, 1=Strongly decrease, 2=Moderately decrease, 3=No variation, 4=Moderately increase, 5=Strongly increase. In this case, the categories 1 and 2 are recoded to 1 for loss of revenue, and the categories 3, 4 and 5 are recoded 0 for no loss of revenue.

***Table 6.** Dimensions and indicators of the MVI for businesses*

Dimension	Indicator	Deprived if…
Exposure	Effects external environment on business operations	Reduced logistics services Reduced certification services New problems with infrastructure, e.g. internet or roads Increased administrative bottlenecks
	Temporary shutdown	Yes
Sensitivity	Decrease in sales	Yes, sales have decreased
	Decrease in prices of goods or services sold	Decreased significantly or moderately
	Decrease in hours worked	Yes, hours worked have decreased

*

Dimension	Indicator	Deprived if…
	Decrease in supply of inputs	Yes, demand has decreased
	Effects of narrow business environment on business operations	Clients not paying their bills Reduced investment Employee absences due to sickness or childcare Increased costs due to need to purchase personal protective equipment for employees
	Actions to deal with cash flow shortages	Delaying payments to suppliers or workers Delaying payments to banks or other financial service providers Selling off business assets (e.g., property, equipment) Selling off personal assets (e.g., car, property)
Adaptive capacity	Source used to deal with cash flow shortages	Loans from commercial banks Loans from non-banking financial institutions (microfinance institutions, credit cooperatives, credit unions, or finance companies) Equity finance (increase contributions or capital from existing owners/shareholders or issuing new shares) Drawing on personal savings or contributions from family Government grants
	No possibility to shift production	No possibility to shift production to products required for COVID-19 response
	No assistance received	No assistance received
	Work remotely not possible	Work remotely not possible

Following the vulnerability criteria of the MVI, businesses are considered vulnerable if they are deprived in 20% to 40% of indicators, which correspond to 1/5 and 2/5 of the indicators. Since 12 indicators were used to calculate the MVI in this study, the thresholds which correspond to 1/5 and 2/5 are approximately 2 and 5, respectively. In order to test the robustness of the results, we considered thresholds 3-6 and performed Spearman's and Kendall's ranks correlation tests on MVI classification by business location, nature of business, and business income/expenditure cycle. These tests investigate whether the classification of provinces by level of vulnerability changes significantly when the threshold varies. In other words, if Region A is the most vulnerable according to threshold 3, would this change when we consider thresholds 4 and 5?

Both Spearman's and Kendall's ranks correlation tests show that the correlations between MVIs with thresholds 3 to 6 are strong and significant at least 10% level for the business location, nature of business, and business income/expenditure cycle (see Appendix). This indicates that results with thresholds 3 to 6 are robust. However, in order to limit the number of parameters

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to interpret, we will only use the threshold 5, corresponding to approximately 2/5 of the indicators.

6.2.2 Results of the MVI for businesses

The percentage of vulnerable businesses as well as the intensity and MVI are reported in **Error! Reference source not found.** for each level of deprivation. The linkage between the number of deprivations and the incidence of business vulnerability is displayed in the chart next to the table. The biggest difference is in cases moving from 7 to 8 deprivations, which is 22.6% (= 58.4% - 35.8%), followed by the increase of the number of deprivations from 8 to 9, which is 16.4% (= 35.8% - 19.3%). Enterprises that are vulnerable for the cut-off of 5 indicators is 88.7%, which indicates that **six out of seven enterprises are vulnerable in at least 5 indicators**. Moreover, regarding the intensity, on average, **vulnerable enterprises have 60.39% deprivations in average.** The MVI indicates that vulnerable businesses experience 53.56% of all possible deprivations for all businesses. Therefore, all **businesses that are vulnerable experience half of all possible deprivations for all businesses**.

Table 7. *Business MVI and the selected threshold*

Deprivations	Incidence	Intensity	MVI
1	100%	0.5681	0.5681
2	99.6%	0.5699	0.5678
3	98.9%	0.5729	0.5666
4	95.3%	0.5852	0.5575
5	**88.7%**	**0.6039**	**0.5356**
6	73.7%	0.6419	0.4732
7	58.4%	0.6792	0.3966
8	35.8%	0.7398	0.2646
9	19.3%	0.8019	0.1551
10	8.03%	0.8750	0.0703
11	3.28%	0.9352	0.0307
12	0.73%	1.0000	0.0073

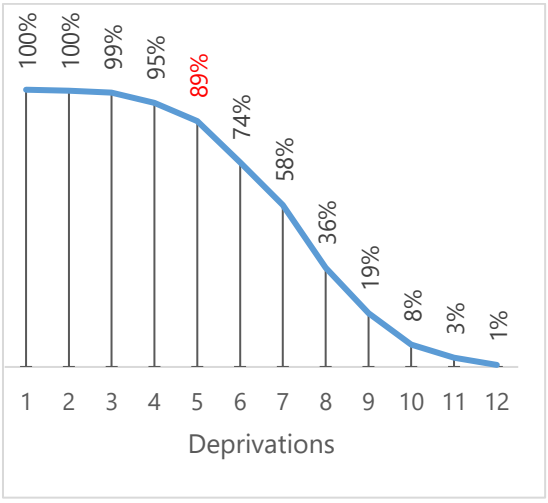

Figure 88. *Business MVI and the selected threshold.*

Figure 89 illustrates the vulnerability of enterprises by business location. It shows both the percentage of vulnerable enterprises and the vulnerability index which takes into account the intensity of vulnerability. The graph demonstrates regional differences in the vulnerability of businesses. **Businesses operating in Grand Bahama reflected the higher rate of vulnerable businesses (90%**), as compared to those operating in Great Abaco (84%).

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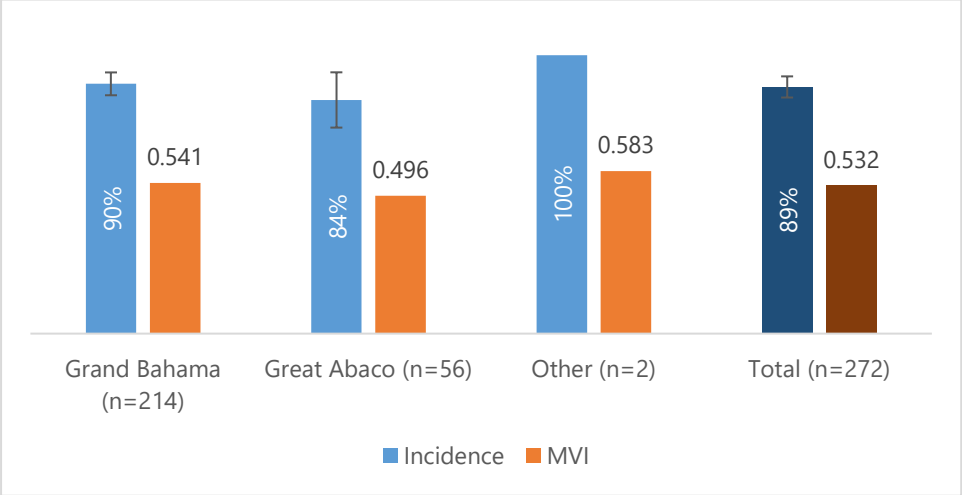

Figure 89. Business vulnerability by business location.

The COVID-19 pandemic has shown different levels of impact across the categories of the nature of business, as displayed in Figure 90. Compared with other sectors, **businesses operating in service reflected the highest vulnerability rate (93%),** followed by those businesses with a nature of business as a combination of both (87%). On the other hand, firms with a nature of business as product and sales were the least impacted by the pandemic (84%), as compared to the other sectors.

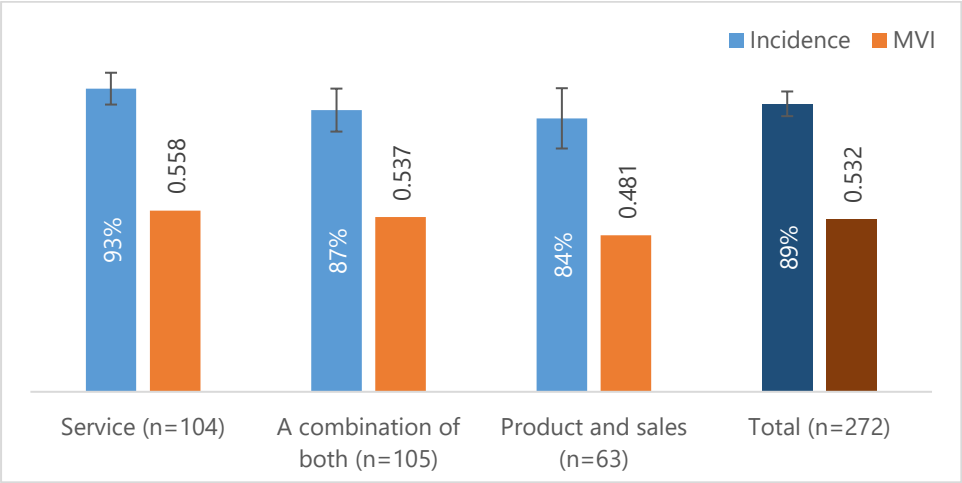

Figure 90. *Business vulnerability by nature of business.*

The analysis shows that there is not much difference between businesses owned/managed by males and females. As illustrated in Figure 91, the incidence for firms owned/managed by males is just 2% more that those owned/managed by females. These results indicate that gender does not play a significant role in business vulnerability.

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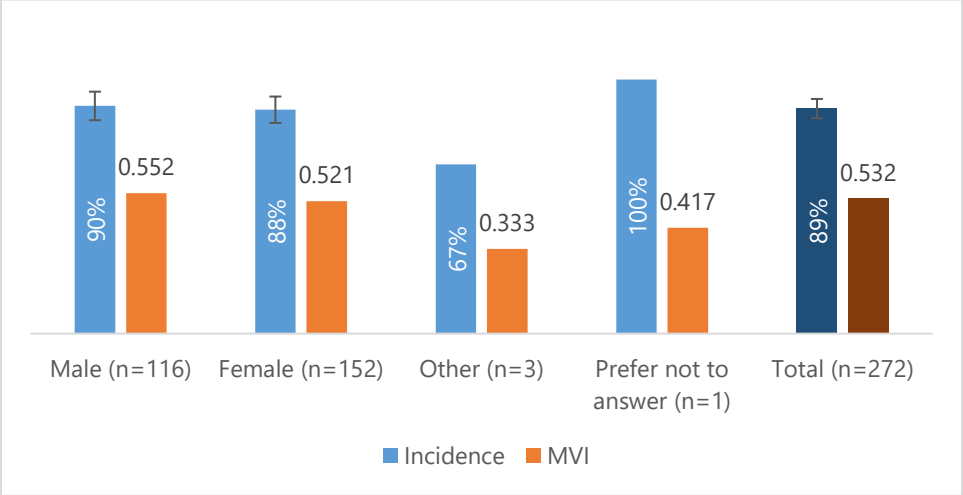

***Figure 91**. Business vulnerability by gender of owner/manager of business.*

Based on the analysis, **size of the business matters for business vulnerability** as illustrated in Figure 92. As shown, as the size of business increases from two to more than five employees, business vulnerability moderately decreases. Those who are self-employed reflected the third highest business vulnerability (89%), which corresponds to the vulnerability rate for the whole sample (89%). **Businesses with two employees manifested the highest vulnerability rate (94%), followed by those with three to five employees (90%)**. Analysis showed that single-employee businesses exhibit the lowest vulnerability (84%), as compared to the other business sizes.

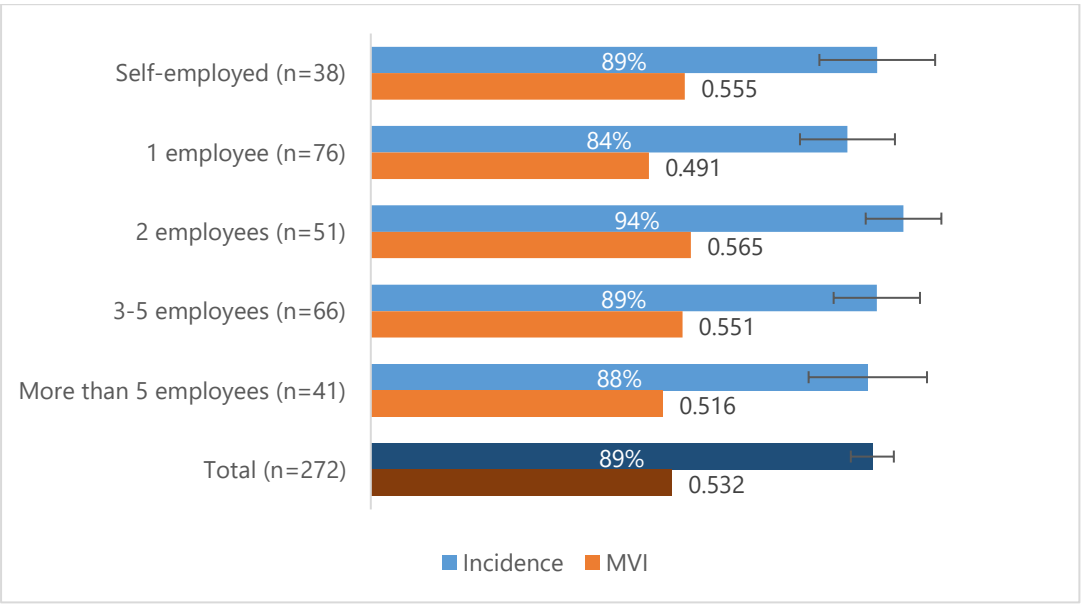

***Figure 92.** Business vulnerability by business size.*

The MVI analysis for enterprises shows that enterprises that have a biweekly business cycle manifested the highest business vulnerability (100%), followed by those with weekly (95%) and seasonal (91%) business cycle. Figure 93 illustrates the distribution of enterprise vulnerability disaggregated by the length of business cycle. The least vulnerable businesses are those with

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"other" type of business cycle (74%), reflecting also the lowest MVI (0.426), and followed by those with a monthly business cycle (82%).

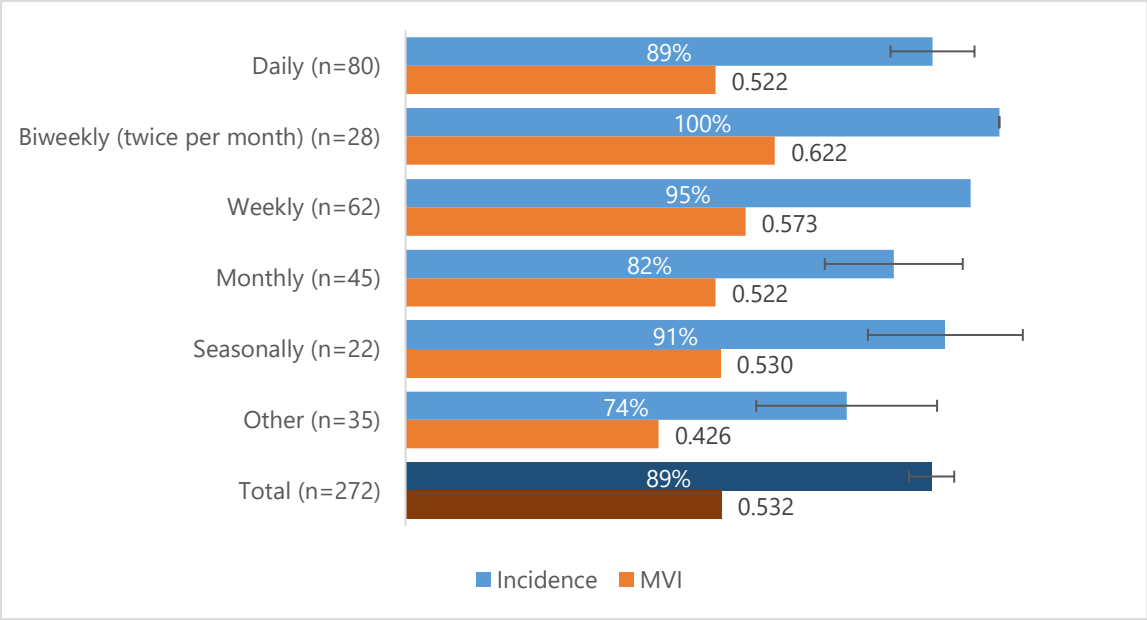

Figure 93. *Business vulnerability and business income/expenditure cycle.*

Business vulnerability per number of years a business operates in the market is illustrated graphically in Figure 94. It is noted an "n" shape in vulnerability rate across the business age categories: starting with low business vulnerability for young businesses (1-2 years) (84%), increasing to 97% for businesses with 3 to 5 years in operation, and then reducing to 86% for businesses with more than 10 years of operation in the market. Hence, businesses with one to two years of operation in the market reflect almost same business vulnerability as those with more than ten years in operation.

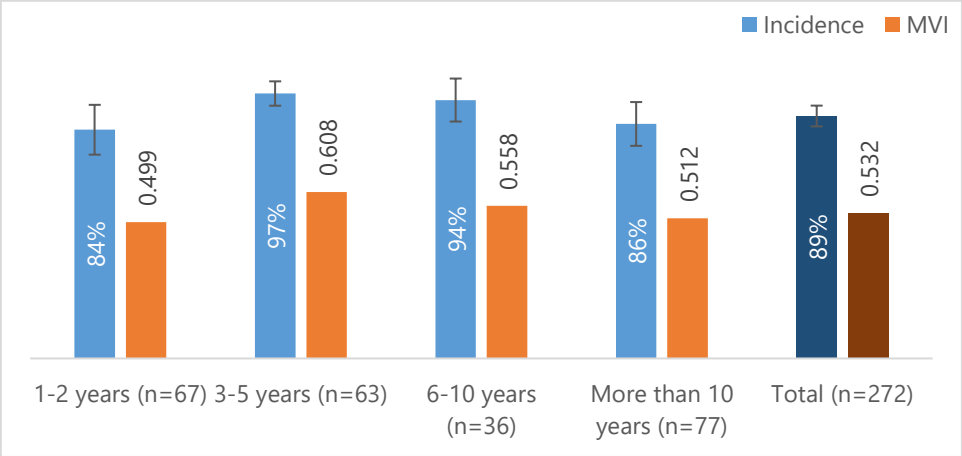

Figure 94. *Business vulnerability by business age.*

Figure 95 shows the vulnerability of the businesses regarding business registration. The analysis demonstrates that unregistered businesses manifested a higher vulnerability rate (93%) as

compared to the registered ones. This result is supported even by the MVI, which in this case is 0.571 and 0.532 for unregistered and registered businesses, respectively.

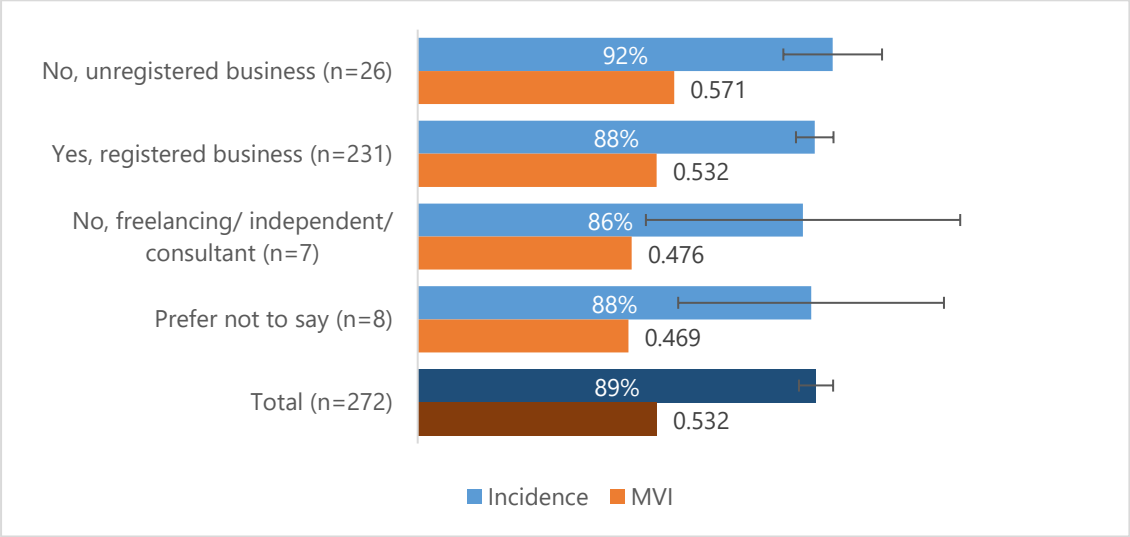

Figure 95. *Business vulnerability and registration.*

Figure 96 displays the business vulnerability disaggregated to change in the business' main sector of activity. Analysis indicates that businesses that have not changed their main sector of activity reflected the lowest vulnerability rate (81%), as compared to those who changed it. Here, it is interesting to discuss that the lowest MVI was found for those businesses that changed the main sector due to COVID-19 (0.412). It was expected that Hurricane Dorian would have resulted in a change to the main business activity, but it is interesting to see that COVID-19 has almost the same impact. This result means that **the effects of the COVID-19 pandemic on businesses operating in these locations are comparable to the impacts caused by Hurricane Dorian, when it comes to changing their main business activity**.

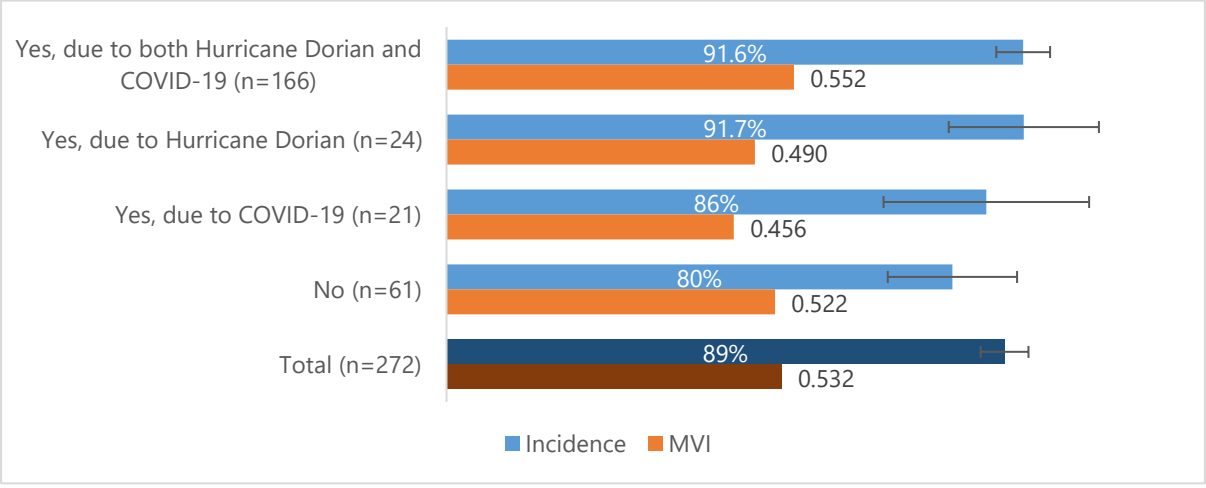

Figure 96. Business vulnerability and change in business main sector of activity.

In the following graph it is illustrated business vulnerability according to the business highest priority funding need. The category labelled "businesses commitments and debt administration" is found to have the highest vulnerability rate (97%), while the option labelled "owner and staff payroll and related expenses" manifests the highest MVI (0.583). Businesses

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that selected the need for business investments and purchasing capital reflected the lowest business vulnerability (86%) with an MVI of 0.518, which is almost the same MVI for the whole dataset (0.532) (see Figure 97).

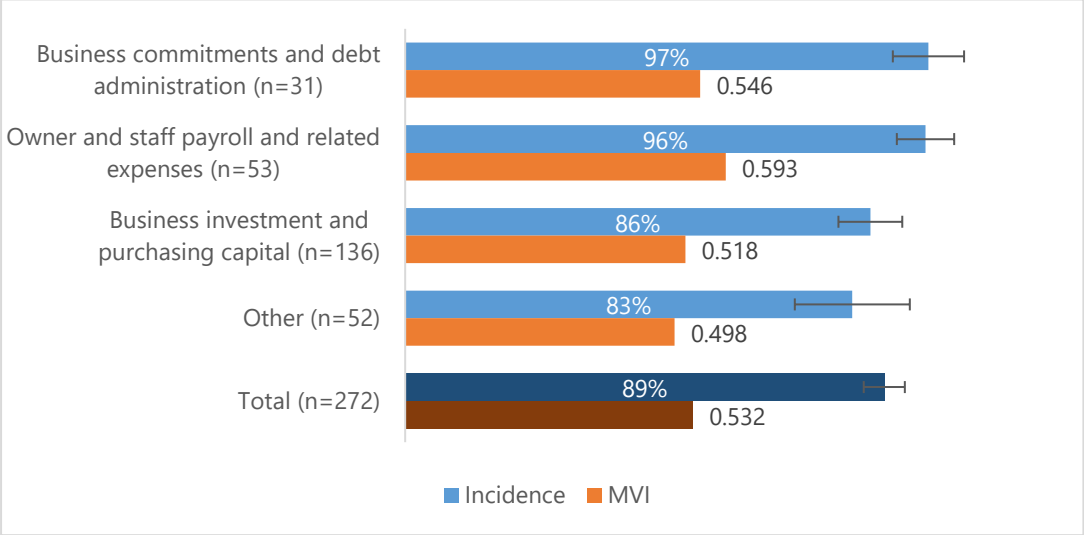

Figure 97. Business vulnerability and women in leadership in the business.

6.2.3 How are businesses vulnerable?

In order to get a better view of business vulnerability, an analysis of the MVI's components was conducted. Exposure, sensitivity and adaptive capacity are the three dimensions of the MVI. Additionally, potential impact was calculated using the indicators of exposure and sensitivity. In the following paragraphs, an in-depth analysis is done. The level of the MVI's dimensions for the enterprises covered by this survey is shown in Figure 88. The highest rate is found to be for adaptive capacity dimension (71%), followed by exposure dimension (66%), which is close to sensitivity value (64%).

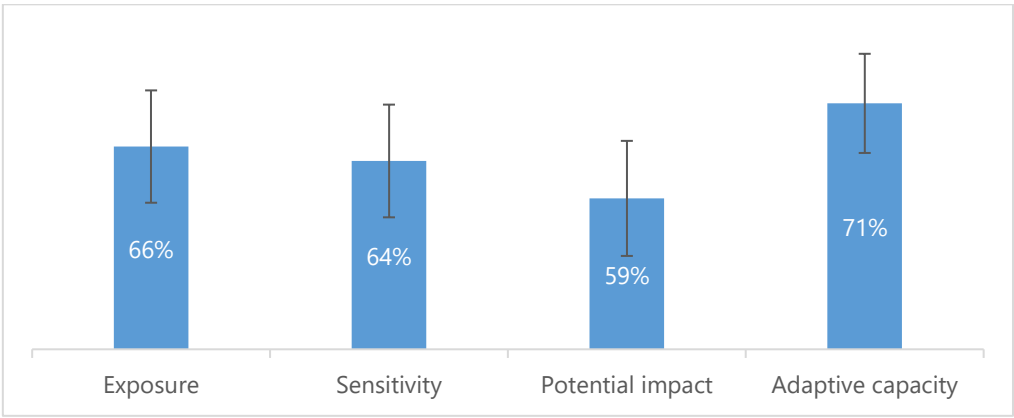

Figure 98. *Dimensions of business vulnerability.*

The potential impact, including exposure and sensitivity, and adaptive capacity dimensions are disaggregated by business location (see Figure 99). Businesses operating in Grand Bahama showed relatively higher level in exposure (66%), sensitivity (64%) and potential impact (61%), as compared to Abaco. Nevertheless, regarding adaptive capacity, 75% of the businesses from Abaco did not have adaptive capacity to cope with COVID-19, which is the highest rate among these two locations.

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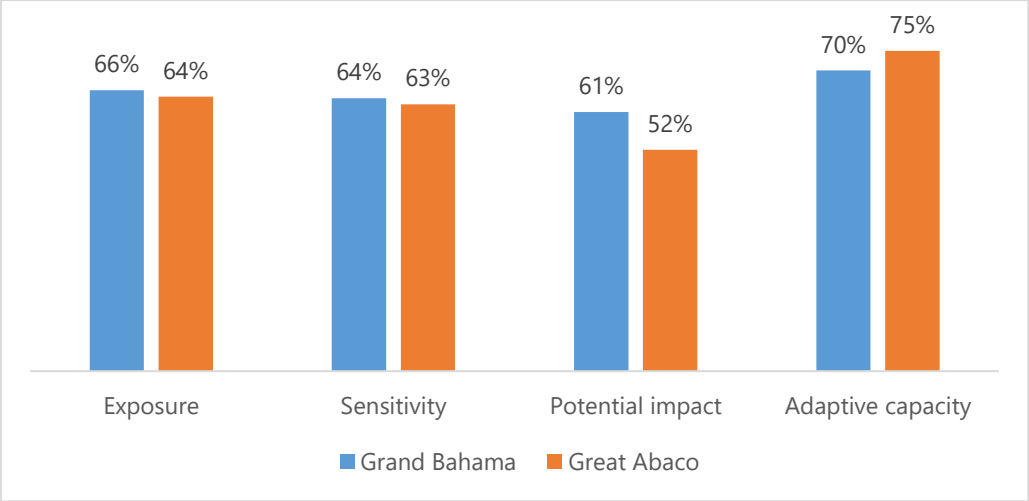

Figure 99. *Potential impact and adaptive capacity by business location.*

Figure 100 illustrates the level of exposure, sensitivity (including potential impact), and adaptive capacity for the sectors where businesses operate. There is variation of each dimension across the sectors. **The highest level in exposure, sensitivity and potential impact dimensions is reached by those firms operating in both sectors.** The sector with the lowest values is not the same across the dimensions. Hence, services (64%) had the lowest value in exposure, product and sales (56% and 49%) was the lowest for sensitivity and potential impact dimensions, while service reflected the lowest rate (68%) in adaptive capacity dimension. What is interesting is the fact that a similar pattern was found for both potential impact and sensitivity despite the variation in the percentages (see Figure 89).

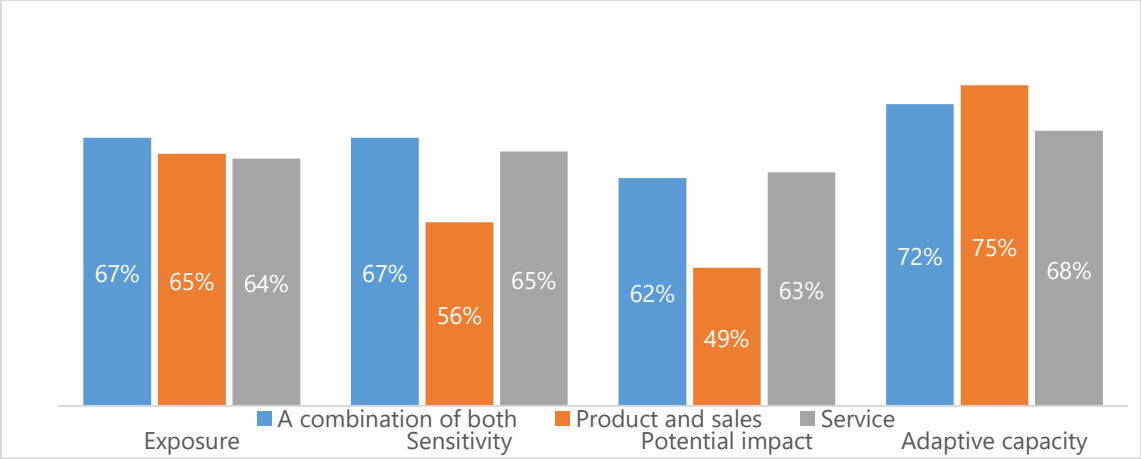

Figure 100. *Potential impact and adaptive capacity by sectors.*

In the following paragraphs, an analysis at indicator level is done. Figure 101 summarizes the censored headcount ratios of all indicators used in constructing the MVI for businesses. As can be seen, there are 2 indicators related to the exposure dimension, 6 other indicators pointing to the sensitivity dimension and the 4 last indicators covering the adaptive capacity dimension. The average of these censored headcount ratios gives the MVI, which is 0.5356. This insight

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indicates that the following figure can be used in identifying which indicator contributes most to business vulnerability.

As the figure shows, indicators under adaptive capacity contributes most to business vulnerability, followed by those under sensitivity dimension. The highest rate was reported for the third indicator of the adaptive capacity dimension, relating to the response option no assistance received (75%). On the other hand, indicators with lowest contribution to business vulnerability are under sensitivity dimension. Regarding the exposure dimension, 44% of the businesses have faced external environment effects on their business operations.

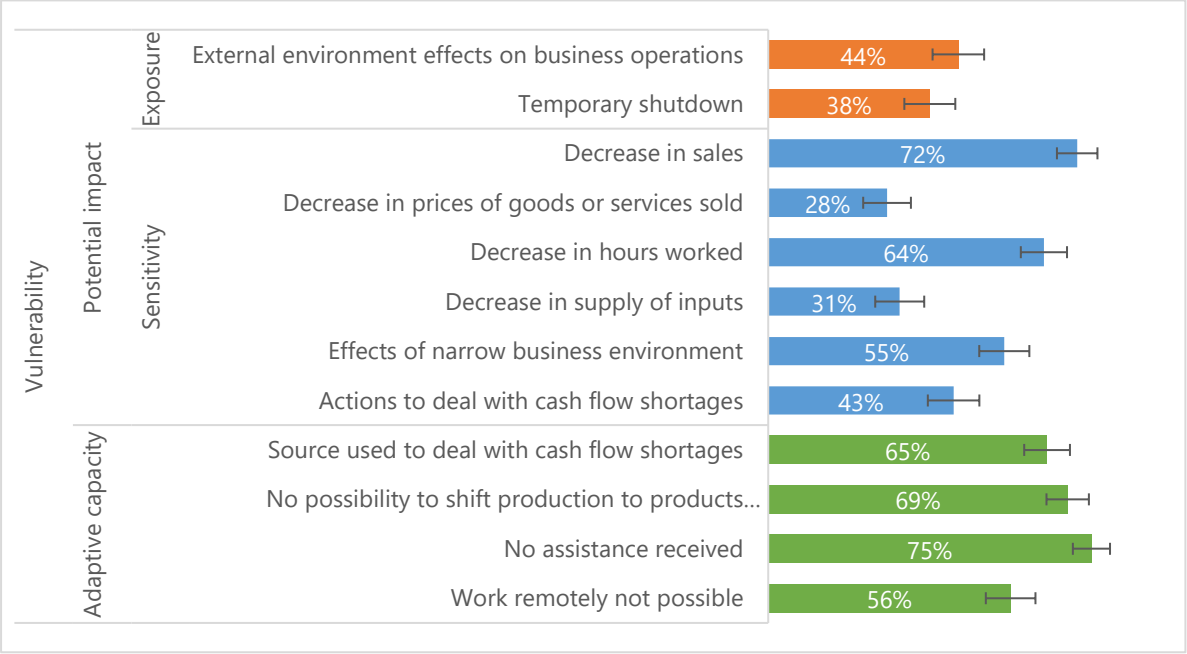

Figure 101. Indicators of business vulnerability according to dimensions.

In Figure 102, the results of each indicator used in constructing the MVI for businesses in Grand Bahama and Great Abaco are displayed. Based on this insight it can be judged on which indicator contributes most to business vulnerability per region. The highest rate for Grand Bahama is found at the indicator under the adaptive capacity dimension, which is 'no assistance received' (76%), followed by 'decreases in sales' (71%) under sensitivity dimension. Similarly, the highest rate for Great Abaco is found at under sensitivity dimension, which is 'decreases in sales' (75%), followed by the 'no assistance received' (76%), indicator under adaptive capacity dimension. It can be argued that the average of these censored headcount ratios gives the MVI per business location, which are 54.1% and 49.6% for Grand Bahamas and Great Abaco.

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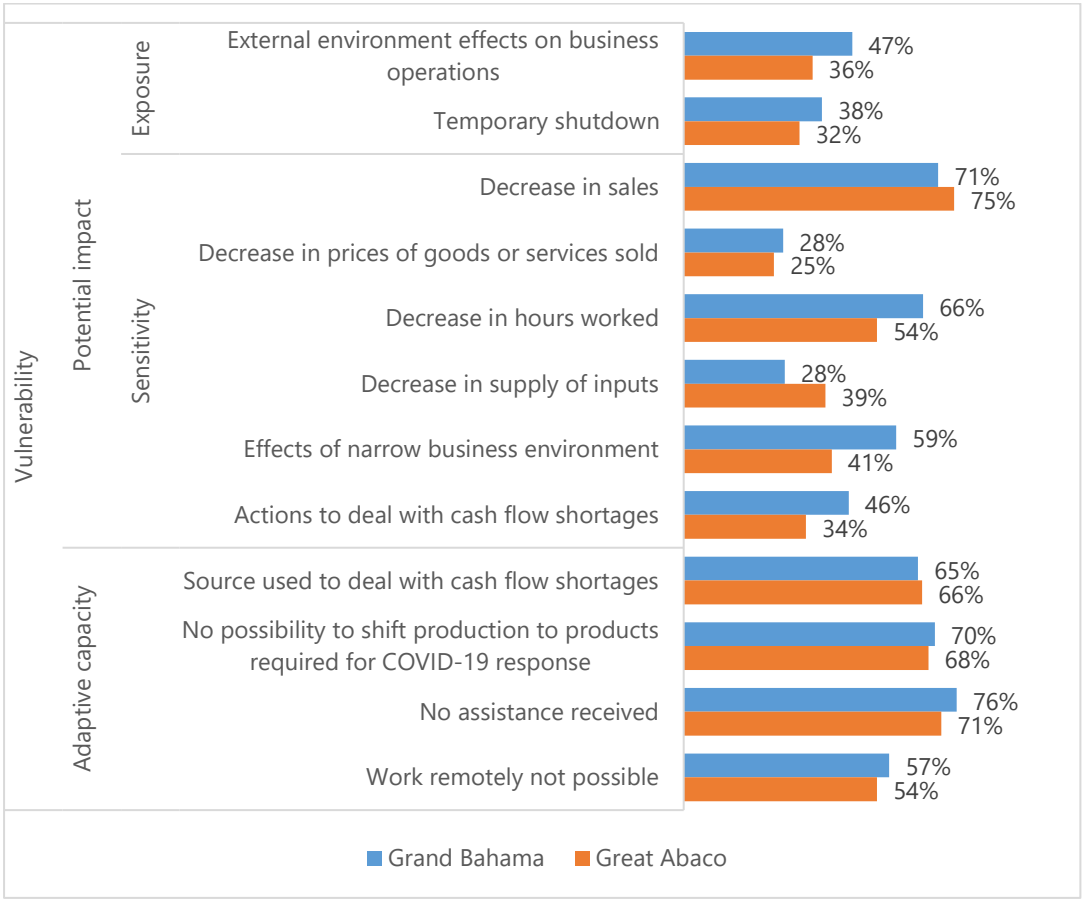

Figure 102. Indicators of business vulnerability per business location.

Similarly, Figure 103 illustrates the results of each indicator that was used in constructing MVI for three sectors. As the graph shows, similar patterns are found for the three sectors. This leads to the conclusion that the sector in which the MSME operates does not play a significant role in the rates of vulnerability for each indicator used in constructing MVI. The average of these censored headcount ratios gives the MVI per sector, which are 48%, 55%, and 54% for product and sales, service, a combination of both, respectively. Based on this logic, it can be identified which indicator contributes most to business vulnerability per sector.

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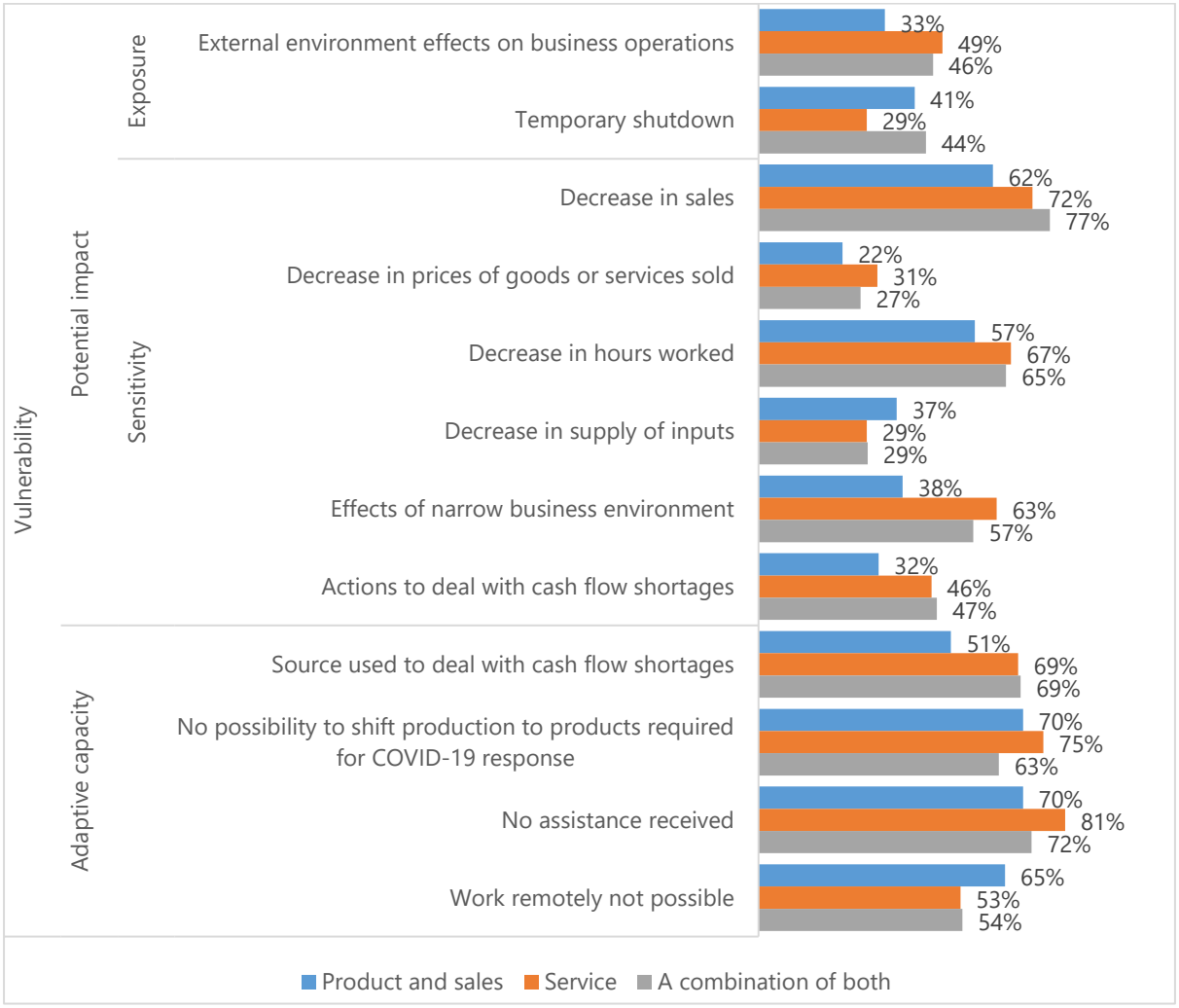

Figure 103. *Indicators of business vulnerability per sectors.*

6.2.4 Limitations

Although a substantial effort has been made to ensure the robustness of the results, some limitations remain. First, the number of indicators used to calculate the MVI was limited as they were constrained by the available data. Indeed, other indicators could have been considered to strengthen the analysis. A second possible limitation of the analysis is the use of equal weight for all indicators. Indeed, this implies that all indicators have the same level of influence on the vulnerability of firms, which may not be the case. There are several ways to weight the indicators and dimensions of the MVI. However, the recommended approach is to define the weights according to the country's vulnerability measurement objectives. For example, if the country wishes to focus on sales businesses, a high weight should be given to the sales indicator. It is also possible to consider several weighting methods and then conduct robustness tests.

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7 Recommendations and Conclusion

Businesses across the world have had to re-adjust how to do business. MSMEs in Abaco and Grand Bahama, have experienced ongoing issues regarding infrastructure (electricity, phone, cable and internet), building destruction, supply access for production, and recovered resources and capital due to Hurricane Dorian. The further impact of the COVID-19 pandemic has compounded the levels of vulnerability of MSMEs to sustain and thrive. Additionally, the imposed conditions and restrictions related to the pandemic have exposed already existing challenges and inefficiencies of operating a business in The Bahamas.

One of the major takeaways from the descriptive analysis of the survey and the MVI analysis is the importance of exploring location specific research to identify the specific needs of different groups. Although, the MSMEs located in Grand Bahama and Abaco would have been viewed as experiencing the same shocks and therefore should need the same interventions to the same extent, the results indicate important variations and heterogeneity that need to be acknowledged and integrated into future policy and planning for the sector. Vulnerability, though common across the two areas, is experienced in varying dimensions and intensity and there is heterogeneity in the needs expressed in Grand Bahama and Abaco. This final section presents Recommendations and Conclusions to support the work of stakeholders as they contemplate programming to support the recovery and rebuilding efforts of the sector and the government.

The policy recommendations presented reflect the data gathered via direct response and through research from established institutional sources. The needs of Micro, Small and Medium sized enterprises in Grand Bahama, Abaco and across The Bahamas by way of support systems and skill development, access to public-information, policy design and consultation, and public education strategies frame the recommended areas of targeted development. Not surprisingly, the MVI revealed that MSMEs which did not receive, or do not have access to any assistance constitute the most vulnerable to external impacts and least likely to survive a disaster. As such the overt agenda of the offered recommendation are intended to expand the range and opportunities for MSMEs to access available and meaningful supports.

7.1 Recommendations

7.1.1 Improve mechanisms for data collection and access.

There were several data collection challenges experienced during the lifespan of this project that indicate systemic issues which may limit the potential knowledge to be utilized to improve government responses to support the development of post-disaster recovery and resilience programmes.

The Bahamian Government's response to the onset of the COVID-19 pandemic, specifically the ban on non-essential movement, presented an initial challenge to the project. This restriction increased challenges in directly accessing MSMEs which exist outside of main city areas. As a result, there was limited access to gathering direct responses. some available businesses information

There was also, limited availability of a comprehensive and updated directory of businesses on the islands and logistic obstacles of communication through phone, email or website. Through

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networking and persistence, some business registry information was secured from both government and private sources. However, access to phone contacts and email addresses were not always available through the same sources. This information was required confidentially leveraged through working relationships with government agencies and NGOs as this data is not available readily through open and transparent databases as exists for other Caribbean nation-states like Barbados, Jamaica, and Trinidad and Tobago. **Embracing a similar open digital data approach in The Bahamas can support the development of MSMEs. Prioritization of digital and on-demand access of information of registered businesses in The Bahamas can increase opportunity and competitiveness of MSMEs** through improved **benefit record-keeping, general transparency, freedom of information, and access for the public to government service and support programs.** Encouragingly, there is a current government initiative for the digitization of public records and government business services Government backed by a loan from the Inter-American Development Bank. **A specific focus on developing a strong set of supplementary business data, business classification (micro, small, medium, large, etc.), web address, and VAT collection status is recommended for access by the public.** This information contributes toward the first steps in being able to maintain public record and economic transparency. Concurrently, MSMEs should be encouraged or supported to adding their locations to search engines like Google and other data pools so that they could be easily mapped and found.

For the macro-level impact, this report had to make deductions using Department of Inland Revenue VAT earnings reports however, most micro businesses do not collect and remit VAT. Collecting, and remitting VAT is a business procedure which happens with greater frequency and requires higher financial acumen than the single annual event of submitting financial documents for license renewal. Over 54% of MSMEs responding to the survey indicated having some sort of formalized bookkeeping through a complete internal bookkeeping system, digital accounting software or a certified public accountant (CPA). This is a small minority of businesses with accounting and financial systems adequate or equipped to manage tax filings. This trend is reflective of the experience in tax systems across the world. A World Bank study on tax compliance in South Africa illustrates the significant role that financial management competency and agency plays in businesses registration of tax filing compliance. The businesses which indicated that were likely to formally register their companies with the relevant agencies if they did not see the tax filing process as a burden or felt that they had the expertise necessary to be compliant (Coolidge & Ilic, 2009). **It is therefore imperative that the government incorporate other entities interfacing with MSMEs to implement a mechanism to gather and appropriate and relevant data to support assessments such as this report.**

It is perhaps unrealistic to expect a developing country the size of The Bahamas to be able to address all the needs of its economic groups or even analyse the data available. The combination of better data management for MSME registration and fiscal operation and its subsequent public access, however, opens the door to partnership support from academia, NGOs and private organizations which aim to better understand the functions, contributions, and inputs and outputs of MSMEs as factors of The Bahamian economy. The fundamental idea around data driven policy and program design is data.

7.1.2 Improved and more deliberate sector development and coordination

The funding programs offered by The Bahamas Government and the International NGOs support to MSMEs in Abaco and Grand Bahama did coexist and there was much inter-sector communication, however, more specific coordination could serve to leverage the strength of each sector. For example, the programs designed by the INGOs all featured capacity-building and skill development

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features. They have offered workshops and seminars with topics like business planning, financial management and coaching, digitization, online platform launching and development, businesses adaptability, and industry-based laws and best practices. The collective impact of these programs has not been measured independently of programs to date, but proactive multisectoral planning can benefit post-disaster recovery and resilience programming. **Developing more formal systems for information sharing, communication, and tracking of need and efforts can reduce opportunity for overlap or gaps in service. Similarly, adoption of ongoing multisectoral monitoring of a Multidimensional Vulnerability Index for MSMEs, such as the tool used for this report, can enhance the capacity for targeting disaster preparedness and support efforts to reach those who have been determined to be most vulnerable.**

7.1.3 Bolstering the Small Business Development Centre

The *Access Accelerator: SDBC* has been critical in supporting MSMEs, both before Hurricane Dorian and thereafter. Their team is to be commended for their responsiveness and ingenuity in working with MSMEs to survive these dual crises. It is also important to note that the entity was initially formed with the objective of serving as an advocate, incubator, and capacity building resource for MSMEs. As these dual crises have occurred, SBDC has been able to pivot and expand its role and services to anchor and implement government sponsored post disaster relief and recovery programs which aid affected MSMEs. The centralization and continuity of a "one stop shop" are surely an advantage in focusing government efforts. **The results of the SEIA survey suggest that if SBDC is to continue to serve in this wider capacity, it could benefit from institutional strengthening to ensure sufficient human and technical capacity to fully carry out the objective of the multiple roles that it could potentially play in the development, resilience and recovery of the MSME sector.** Dedicated resources toward monitoring and assessment, either internal, or in conjunction with the pending National Statistics Institute could increase the breadth of the SBDC's knowledge and contribution to fostering a strong and resilient MSME sector to support the recovery of national and local economy.

7.1.4 Strengthening Chambers of Commerce and NGOs.

Historically, Chambers of Commerce have held the role of facilitating business development and support services. The effectiveness of function and resources of individual chambers are driven through the strength and demands/needs of its membership. In countries across the globe, the chambers of commerce drive to serve the needs of their members through facilitated relationships with government-sponsored organizations like economic development corporations and small development centres. Business development benefits along with validation as being a trustworthy company and having access to a business network are among the top reasons for a small business' sustained membership into a chamber (Farahi & Khadem, 2018).

Over the past decade, the Bahamas Chamber of Commerce and Employer's Confederation (BCCEC) has been an advocate and partner with government in the development of resources for the growth of MSMEs in The Bahamas. Over the same time-period, Abaco and Grand Bahama have also had Chambers of Commerce operating, though on smaller scales. Both have been indicated as having some support role in fostering the post-Dorian and COVID-19 redevelopment efforts — the extent to which has not been sufficiently measured.

Increasing the role and capacity of the local Chambers of Commerce to train, evaluate and research MSMEs can be an important step forward in understanding the sector. These efforts should include a focus on the status of the informal unregistered segment of MSMEs, and MSME disaster preparedness and impact, With a stronger information base about the status,

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strengths and needs of the MSME's in their local communities and the local needs for disaster relief and recovery, The Chambers in Grand Bahama and Abaco can serve as stronger advocates to their local MSMEs. Increased focus on establishing local relationships and support systems can drive economic growth among MSMEs in these islands. The outlined and historic role of the Chambers of Commerce in The Bahamas, as a private central organization for business development support, offers a simple opportunity to build on an existing foundation. Support programs do not need to exist exclusively within a Chamber environment but are likely to be more focussed and easier to monitor when delivered to and through a collective channel. Efforts can be augmented through close partnership with other industry specific business association's organizations and cooperatives.

Positioning of a Chamber of Commerce, or similar private organization, as a lead resource organization to MSMEs can serve to alleviate some of the stated frustration of MSMEs around the communication and timeline of the government-sponsored support for businesses. Some of these concerns were expressed specifically by agriculture-based businesses in Abaco which completed applications for support but had not received updates on the next steps. This is not to say that communication had not been available or disseminated, rather, it did not reach all parties concerned.

Having a central private point of contact for MSMEs offers several benefits:

1. It increases accountability in what information is to be distributed to whom and by whom. With specific parties taking on this role, it is easier to troubleshoot gaps or lags in information dissemination.
2. There is greater reliability of access to information and confidence in its efficacy. Having confirmed sources of information boosts confidence in information acquired and its reliability and relevance to businesses. This is especially valuable to micro businesses and sole proprietorships run by single individuals who may not readily identify themselves as businesses. Text message responses from several micro business owners completing the survey sought verification as to whether they were qualified as a business or business owner to respond to the questionnaire.
3. It establishes transparency in communication between public and private entities. There is no standard policy on how the government communicates with the public outside of publishing notices to daily printed newspapers. As communication measures have modernized and bureaucracies are slower to formally adjust to new channels, private entities do not share the same challenges in communicating to their stakeholders and by extension, expands the government's communication reach.
4. It offers an independent opportunity for impact evaluation of MSME policy and support programmes.

Local and International NGOs and educational institutions have played a key role in the recovery and resilience building of MSMEs and have done a commendable effort connecting with the local context. **They can continue to contribute to the development of the segment of the sector by offering grants and skill development programmes for MSMEs. This is particularly important for MSMEs in more rural and remote settings that may have difficulty accessing Chamber or Government offered supports.** For example, World Central Kitchen has added a webinar series to its grant program to support skill development in this area and has offered classes ranging from food preparation to sustainable fishing practices to practitioners on Abaco and Grand Bahama. These have been well received and well attended.

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7.1.5 Promote greater adoption of Digital means of Transacting Business.

In December 2019, The Central Bank of The Bahamas introduced The Bahamian Sand Dollar, a first of its kind, a digital version of the Bahamian dollar fully backed by the external reserves of the Central Bank. In March 2020, the Sand Dollar was extended to Abaco and has since been rolled out across the archipelago. The digital currency was developed as an alternative to traditional banking products and to provide improved access to banking needs by providing a digital means of conducting commerce – including low value transactions – without paper cash or coins and without the need for in person transactions. Statistics are not yet available to determine the current adoption rates of the Sand Dollar by MSMEs in Abaco and Grand Bahama. However, wide adoption and use of this system could bring greater resilience to MSMEs both in normal and post-disaster conditions. Additionally, such a system in wide usage may allow for greater ease of distribution and monitoring of Government Support programs.

A 2020 study, "Technology Adoption Behavior and Sustainability of the Business in Tourism and Hospitality SMEs: An Empirical Study." looked at adoption and usage of blockchain technology by MSMEs in the tourism industry. The study noted that MSME owners that are strategically oriented, embrace innovation and are more likely to adopt new technology. Additionally, the MSME leader's perception of the usefulness and ease of use of the technology can influence adoption (Nuryyev G, Wang Y-P, Achyldurdyyeva J, Jaw B-S, Yeh Y-S, Lin H-T, Wu L-F, 2020). From these lessons, **The Government of the Bahamas may be well served to align their promotion of the Bahamian Sand Dollar among MSMEs. This can be supported with a strong engagement and education strategy that offers technical support to foster strategic business development and innovation.** Relative to digitization of public services, MSME owners and stakeholders could be educated and given a visualization of the stages in the process of accessing a government service. This should be accompanied by information on the departments responsible for each of the services executed and estimated timeframes in which the tasks could be expected to be completed.

7.1.6 Engaging the Informal Economy

There is a need for better engagement of the informal segment of MSMEs which, while estimated to contribute to as high as 30% of GDP are difficult to measure or monitor. These informal MSMEs are largely unregulated, untaxed and can create unfair competition for formal MSMEs. This also has implications in times of crisis, such as the current COVID-19 pandemic. Despite the $76 million that Government spent in providing enhanced unemployment benefits to support displaced workers during the COVID-19 pandemic, the IMF, in their 2021 country report on The Bahamas, estimates that some 13,000 informal workers may have not been able to access support. Expanded education on the process or benefits of registering a business could help in this regard.

The need for engagement on this topic is also present among registered MSMEs, in Grand Bahama and Abaco, of which almost 50% reported not seeing or understanding the value of registering their business, twenty percent of formal MSMEs surveyed reported issues with the registration of their businesses. **Government can both encourage greater development of MSME start-up development and support further formalization of the segment through increasing the ease the registration process.** Expansion and promotion of programs to educate entrepreneurs on the value of formal registration could also support increased formalization of the sector and inclusion

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of informal MSMES and informal workers. Such outreach should also have a bi-lingual component to be inclusive and engage migrant communities as well.

7.1.7 MSMEs as stakeholder participants

Asset or strengths-based development models prioritize the positioning of stakeholders who directly benefit from a policy, program, or system, as active participants in the process to achieve "maximum feasible participation". Asset based designs recognize all stakeholders or entities (Governments, NGOs, Chambers of Commerce, SBDC, and businesses) as partners in the policy and program development process. These designs also place those most impacted, in this case MSMEs, central to the design and planning (Perkins et al., 2003). Asset-based policy and development designs continue to increase in use by governments and NGOs since its recommendation by the United Nations in 1995. They have gained popularity with policy and program making entities increase in understanding that persons and organizations closest to an issue are most qualified to speak on them. **A continuous feedback loop should be engaged between small business development supporting agencies, policy makers and local MSMEs, to assess their strengths, resources toward the development of policies related to MSME regulation and growth and to monitor the impact of already implemented policies and programs.**

7.1.8 Policy support

Many of the challenges experienced by MSMEs arise out of broadly designed policies. **Not enough data is collected or analyzed on the specific national and community contexts of MSME nor are the stakeholder's consistent contributors to the policies designed to impact them.** The latter being a combination of both availability of opportunities to contribute and interest and agency to affect change. From the position of intention and diligence in implementing interventions to meet community needs, both government and non-governmental agencies have sufficiently served their targeted demographics using best practices and policy models, country economic data, and having access to the available data on MSMEs.

The Bahamas is a small country but is not monolithic. The country's government has taken the significant steps towards creating a system of support and protection for MSMEs, but **more work can be done to understand the needs of the MSMEs communities in their individual island contexts** (funding, VAT and custom duty subsidies and rebates, insurance policy subsidies and protections, etc.), reduce the obstacles to their success, and empower businesses to advance themselves, and monitor and evaluate the impact of policies, programs, and interventions.

7.1.9 Policy design and implementation and enforcement

The report establishes that the public policies designed to respond to Hurricane Dorian and COVID-19, particularly those coordinated by the Access Accelerator: Small Business Development Centre and National Insurance Board, have been both quick and responsive. However, the full impact of the range of Government support policies and programs for MSMEs remains difficult to assess without access to a comprehensive set of data. Without strong and integrated data to drive policy development, it is difficult to determine a true return on investment. These measurements of effectiveness are best determined prior to the launch of policy or programming to avoid subjective determination of the impact on the intended beneficiaries. The absence of policy design, implementation and monitoring plans leaves the government open to risks such as incongruence of the programme with the needs of the groups that they attempted to serve, over or under investing, or misplaced investments altogether.

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Over $4.3 million dollars has been spent on disaster recovery grants. Twenty one percent (21%) of businesses in Grand Bahama and 10% in Abaco indicated having received aid from the government. The SBDC indicates a 30% success rate for funding applicants. This combined data leaves questions about which businesses have been served or if the focus was on individuals, and what measures need to be implemented to improve equity in access to funding.

A department for design, implementation, monitoring, and evaluation, would serve to fill in these data gaps. The creation of a public department which specializes in policy and program design, implementation, monitoring, and evaluation is strongly advised. To support the architecture of policies which are designed in collaboration with stakeholders and provide external evaluation support for agencies. Also, increased education and systems to develop a stronger culture of formative evaluation measures within the public service could support ease of doing business and financial management for MSMEs.

The Deliverables Unit in the Office of the Prime Minister may be considered an appropriate location for such an office which can focus exclusively on design, monitoring and evaluation of public programs and policy. Additionally, the recent actions by the Government of The Bahamas to legislatively strengthen the Department of Statistics into an independent institute for data collection and management would support such an office.

Table 8. *Itemized Summary of UNPP & ORG Socio-Economic Assessment Impact recommendations to support MSME growth and resilience in The Bahamas.*

Itemized Summary of Recommendations to support MSME growth and resilience in The Bahamas.	
• *Improve Data Collection, Tracking and Access for MSMEs*	○ Better understand the needs of the MSME communities in their individual island contexts to reduce the obstacles to their success. ○ Develop national systems which support greater transparency and monitoring for micro businesses to better understand support and development needs. ○ Establish dedicated institutional authority for management and monitoring of MSME data. ○ Develop common systems to communicate on and monitor MSME post-disaster support across sectors. ○ Expand registry of companies to include all MSMEs (IADB, 2020) .
• *Foster Sector Capacity Building*	○ Support expansion of Access Accelerator: Small Business Development Centre and increase its capacity to serve as a hub for disaster relief support for MSMEs.

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	○ Build the capacity of employer's organizations, such as the Chambers of Commerce to support MSMEs. ○ Engage and link larger businesses with MSME for Mentorship. ○ Promote access to Financial and Tax services for MSMEs. ○ Support and coordinate with local and international NGOs to provide grants and training in disaster preparedness and recovery. ○ Government, NGOs and Private Sector should collaborate to target service based MSMEs as a vulnerable segment. ○ 2-3 employee MSMEs to assist them to reach critical 2-year benchmarks. ○ Explore stronger cooperation between large and smaller businesses particularly in growth sectors and those hit most by the crises. "Alliance building would enhance MSMEs' capacity to scale up production, comply with market standards and buyers' expectations "(ILO, 2020) . ○ Expand the offerings of technical schools and vocational support programs to train entrepreneurs to develop their management capacities (ILO, 2020) . ○ Promote micro enterprises as a pathway from unemployment. ▪ Simplified registration process for micro enterprises, particularly those under the $100,000 threshold.
• *Promote greater digitization and access to digital tools*	○ Educate and engage MSMEs toward adoption of digital currency and payment mechanisms. ○ Continue to link MSMEs to Information and Communication Technology support and resources, particularly accounting systems. ○ Offer training relative to digitization of public services to MSME owners, including

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	information on the government departments responsible for each of the service executed and estimated timeframes in which the tasks could be expected to be completed. ▪ A visualization of the stages in the process of a government service could benefit micro and small business owners to understand this process.
• *Engage the Informal Economy*	○ Encourage and assist all MSMEs to become registered. ○ Increase the ease of the registration process. ○ Expansion and promotion of programs (virtual and in-person) to educate entrepreneurs to develop MSMEs. These should highlight the value of formal registration. ○ Build disaster support programs targeted to informal MSMEs and informal workers as there are particularly vulnerable groups. ○ Engage migrant communities and ensure a bi-lingual component to MSME outreach. ▪ Prioritize ease of doing business for the informal sector as a means to grow toward formalization.
• *Support MSMEs as stakeholder participants*	○ Adopt asset or strengths-based development models to identify and engage MSME owners in planning and prioritization. ▪ Promote participation of MSMEs in recovery and reconstruction processes. ▪ Consider establishing a structure such as the Guyana Small Business Council, populated by MSME owners from Abaco and Grand Bahama to advise on MSME related policy and ensure that support programs are “user

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	friendly" and accessible (CDB, 2016). ○ Create regular public communication forums between small business development supporting agencies/organizations, policy makers and local MSMEs. ○ Increase focus on productivity, financial management and marketing to make MSMEs more resilient and self-sufficient (ILO, 2020). ○ Provide more assistance to the enterprises that have weathered the recent crises thus far to recover as quickly as possible so that they can transition back to healthy balance sheets and provide jobs and build revenues to pay back their loans and deferred payments (Mera, 2020).
• *Reinforce past and current Policy and legislative structure.*	○ Full enactment of FOIA to improve transparency as a universal practice in the public service and access to data is agency dependent. ○ Policy creation and education on public information access. There were challenges in gaining the data necessary to complete this exercise. ○ Consider a Formal Policy Design, Monitoring and Evaluation Department for the government created to support the architecture of policies which are designed in collaboration with stakeholders and provide external evaluation support for agencies. ○ Development of Public service education and culture of formative evaluation measures. ○ Establish minimum distance to the coastline in zoning and plans (IADB, 2020). ○ Prioritize Cash Transfers as mechanism for future MSME post disaster support. ○ Continue policy efforts to diversify economy and reduce dependency on tourism (UNDP, 2020).

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	○ Focus on broader unemployment insurance that can help maintain consumption and reduce the number of programs the Government is implementing. ▪ Establish compensation threshold for self-employed to be closer to earnings of self-employed. This is particularly important due to the lack of up-to-date records and statistics for coordinating social assistance (Mera, 2020). ▪ Promote Unemployment Insurance for Self-employed individuals • The cost of insurance premiums often causes policy holders to under insure or not insure at all. An insurance regime like the National Insurance Board could be considered as an affordable option for MSMEs to opt into to protect their assets. The policy could also serve as an incidental savings plan that could serve most businesses without business profits large enough to be converted to savings.

6.2 Conclusion

The Bahamas has endured an unprecedented blow to its economic and social structures from the consecutive crises of Hurricane Dorian and the COVID-19. This is particularly so for the majority of micro, small and medium enterprises in The Islands of Grand Bahama and Abaco, which provide vital local economic activity and employment on each island. MSMEs in these islands are seen to

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be particularly vulnerable to the impacts of these disasters. Three out of five MSMEs are impacted by the COVID-19 pandemic. As many as half of MSMEs in Abaco and 1 in 10 MSMEs in Grand Bahama have had to close their businesses permanently as a result. Those that remain open continue to remain vulnerable to the ongoing impact of the prolonged COVID-19 pandemic and their capacity to recover is in question.

The Government and Private sector have done much to support MSMEs during these crises through timely and innovative programming that offers both financial and technical assistance. However, according to the gathered responses through the SEIA survey (See Section 3), these efforts have only reached less than half of the MSME sector and may not be reaching those that are most vulnerable. Coordination and monitoring have proven difficult given minimal access to prior and current data on a significant portion of MSMEs in The Bahamas. Proactively building an institutional base of more comprehensive and timely information on MSMEs can serve to improve the government preparedness to intervene in times of disaster and develop programs to foster resilience of the sector.

The current government policies to support MSMEs rely heavily on formal activities and registered employees and these may not be the most effective given the significant portion of MSMEs which are informal or do not provide regularly updated information to government. The Government can customize policy to support the impact and potential of the informal sector. This could include greater direct outreach and engagement to the informal sector of MSMEs can bring many potential benefits. Targeted education on the tangible value of formal registration and identification of business ownership to the informal sector can strengthen the capacity of government to understand and serve this potentially valuable component of the economy and their employees. Better management of this portion of MSMEs would also support better tracking of diversification efforts, compliance with taxation and development of support programming.

Additionally, the construct and design of MSMEs may also limit the effectiveness of current support programmes. Much of the resilience of the MSME is rooted in their ability to meet a product or service need of a customer based in ways that may defy business practices which apply to larger enterprises -- the delicate and undefined juggling act of managing receivables, payables, buying inventory and paying salaries. One universal vulnerability is the need for access to customers which has been significantly limited during the combined circumstances of Hurricane Dorian and COVID-19. Some MSMEs are subsistence level, and their business models are created as a dynamic response to their immediate business environment. They function within their communities and may not have any desire to grow beyond fulfilling this role. They should have support in place which facilitate this level of sustainability - encouraging organic development and/or proactive responses to changes in the local market. These businesses serve a purpose and should be encouraged to exist through as few barriers to operating as possible. Increasing the monitoring and engaging stakeholders and monitoring the most vulnerable in the Bahamian population will be critical in managing through the COVID-19 crisis.

The MVI provides insight into the vulnerability of MSMEs due to the COVID-19 pandemic, and, additionally, which factors contribute most to the vulnerability. The MVI, being designed based on indicators, which are grouped into dimensions offers a deeper level of insight in understanding the challenges faced by MSMEs in Grand Bahama and Abaco. According to the MVI analysis, six out of seven enterprises are vulnerable to the COVID-19 pandemic. Furthermore, on average, vulnerable enterprises have 60% deprivations on average. All MSMEs that are vulnerable experience half of all possible deprivations for all businesses. The two indicators that contribute most to the business

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vulnerability are not receiving some level of support or a decrease in sales. MSMEs operating in Grand Bahama reflected a higher rate of vulnerability than those operating in Abaco. MSMEs operating in service-related industries reflected the highest vulnerability rate. Additionally, it appears that the gender of the manager/owner of the business does not affect its vulnerability.

Scaling up support organizations in government such as the Access Accelerator: Small Business Development Centre, and in the Private Sector, such as the Chambers of Commerce can provide greater access to resources, training and advocacy to MSMEs in centralized places. For the SBDC, a greater capacity to serve as distribution hub will enhance their future activities as a hub for government post disaster support. For the Chambers, increase in capacity and scope can bring greater accountability, reliability and opportunity for objective measurement and monitoring on the status of the resilience of the sector.

MSMEs in Grand Bahama and Abaco will remain a vulnerable portion of the economy of The Bahamas during this period of economic recovery. Through greater understanding and stronger engagement of the sector and support from government and private institutions and programmes that serve MSMEs, the Government of The Bahamas can increase their capacity to support the recovery and resilience against future disaster of micro, small, and medium enterprises in these islands and throughout the archipelago.

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Appendix

Appendix 1. UNDP and ORG MSME SEIA survey (see below)

Referenced here
https://kobo.humanitarianresponse.info/#/forms/aF2tVY93syBWyMQThALsns/summary

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image

This survey is initiated by the United Nations Development Programme (UNDP) and implemented with the Organization for Responsible Governance with the objective to assess the socio-economic impact of both COVID-19 and Hurricane Dorian on businesses in the Bahamas. This survey will take 15 to 30 minutes to complete, approximately.

The information collected through this survey will be treated with the strictest confidence. All the information you will provide will be anonymized and no individual data will be disclosed.

Module L: Business Location

1) First name of respondent: *

2) Last name of respondent: *

3) Business location in August/September 2019: *

- ◯ Central Abaco
- ◯ City of Freeport
- ◯ East Grand Bahama
- ◯ Grand Cay
- ◯ Green Turtle Key
- ◯ Hope Town
- ◯ Moore's Island
- ◯ North Abaco
- ◯ South Abaco
- ◯ West Grand Bahama

4) Business e-mail address: *

Module A: Business Profile

1) What is your current position in this establishment? *

- ◯ Chief Accountant / Financial Director / Financial Manager / Accountant
- ◯ Owner / Co-owner
- ◯ General Director / Executive Director / Deputy Director/Managing Director
- ◯ Manager
- ◯ Other

*

2) What is the gender of the owner/top manager of this establishment? *

- ◯ Male
- ◯ Female
- ◯ Other
- ◯ Prefer not to answer

3) Is this establishment formally registered with or licensed by a national authority? *

- ◯ Yes, registered business
- ◯ No, freelancing/independent/consultant
- ◯ No, unregistered business
- ◯ Prefer not to say

3.1) Have you experienced any challenges in becoming a registered business? *

- ◯ Yes
- ◯ No
- ◯ Prefer not to say

3.2) What was the main registration challenge you encountered? *

- ◯ Completing application process
- ◯ Getting the various department approvals (Physical planning, Department of Health, Fire Inspection, etc.)
- ◯ Meeting National Insurance (NIB) payments
- ◯ Meeting requirements to set up business (certifications, land, etc.)
- ◯ Other

Please specify *

3.3) How many years has the company been registered? *

*

4) In your opinion, what is the main advantage of registration?

- ◯ Access to loans or financial assistance
- ◯ Eligibility for support programs (non-financial)
- ◯ Better chance of selling to state enterprise/private companies
- ◯ Access to best business location
- ◯ Publicity
- ◯ Other
- ◯ No advantage
- ◯ Do not know

Please specify *

5) In the past year, have you had to pay extra or tip a civil servant to have a government service related to your business completed? *

- ◯ No
- ◯ One time
- ◯ Sometimes
- ◯ Very often
- ◯ Not applicable

6) What is the legal status/organization of this establishment? *

- ◯ Sole Proprietor (one-person company)
- ◯ Partnership (with family)
- ◯ Partnership (with non-relatives)
- ◯ Non-Profit or not-for-profit
- ◯ Cooperative
- ◯ Limited Liability Company (LLC)
- ◯ Private household employing domestic staff
- ◯ Other
- ◯ Prefer not to answer

Please specify other legal status/organization type *

7) In which year did this establishment begin its operations? *

*

8) How many full-time employees, including yourself, did this establishment have in December 2019? *

9) What is the nature of your business? *

- ◯ Service
- ◯ Product and sales
- ◯ A combination of both

10) Who are you primary customers? Enter below the percentages for each group.

10.1) What percentage of your customers are local individuals and businesses, approximately? *
Enter 0 if not applicable

10.2) What percentage of your customers are tourists and visitors, approximately? *
Enter 0 if not applicable

10.3) What percentage of your customers are international clients and exports, approximately? *
Enter 0 if not applicable

*

11) What is the main sector of activity of this establishment currently?

- ◯ Agriculture, forestry and fishing
- ◯ Mining and quarrying
- ◯ Manufacturing
- ◯ Energy
- ◯ Utilities
- ◯ Construction
- ◯ Wholesale and retail trade
- ◯ Transportation and storage
- ◯ Accommodation and food service activities
- ◯ Information and communication
- ◯ Financial and insurance activities
- ◯ Real estate activities
- ◯ Professional activities
- ◯ Administrative and support service activities
- ◯ Public administration and defence; compulsory social security
- ◯ Education
- ◯ Health
- ◯ Arts, entertainment and recreation
- ◯ Other service activities
- ◯ Activities of households as employers
- ◯ Other

*

Please specify other sector type

*

12) Have has there been a change in this establishment's main sector of activity in the past year?

- Yes, due to Hurricane Dorian
- Yes, due to COVID-19
- Yes, due to both Hurricane Dorian and COVID-19
- No

12.1) Which was this establishment's previous sector of activity? *

- Agriculture, forestry and fishing
- Mining and quarrying
- Manufacturing
- Energy
- Utilities
- Construction
- Wholesale and retail trade
- Transportation and storage
- Accommodation and food service activities
- Information and communication
- Financial and insurance activities
- Real estate activities
- Professional activities
- Administrative and support service activities
- Public administration and defence; compulsory social security
- Education
- Health
- Arts, entertainment and recreation
- Other service activities
- Activities of households as employers
- Other

Module B: Business and Community Profile

*

1) What role does the business owner play as a wage earner in their household?

- ◯ Sole wage earner
- ◯ Primary wage earner
- ◯ Dual wage earner
- ◯ Secondary wage earner
- ◯ Contributor
- ◯ Other

Please specify *

2) What is the size of the business owner's household? *

3) Currently, what is the business' highest priority funding need? *

- ◯ Business commitments and debt administration
- ◯ Business investment and purchasing capital
- ◯ Owner and staff payroll and related expenses
- ◯ Other

Please specify the business' highest priority funding need *

4) Has your business relocated to another island or another part of your island, whether permanently or temporarily, since Hurricane Dorian? *

- ◯ Yes, to another island
- ◯ Yes, to another location in the same island
- ◯ No
- ◯ Other

Please specify *

*

4.1) To which island did you locate? *

- Acklins
- Berry Islands
- Biminis
- Black Point
- Cat Island
- Central Abaco
- Central Andros
- Central Eleuthera
- City of Freeport
- Crooked Island
- East Grand Bahama
- Exuma
- Grand Cay
- Harbour Island
- Hope Town
- Inagua
- Long Island
- Mangrove Cay
- Mayaguana
- Moore's Island
- New Providence
- North Abaco
- North Andros
- North Eleuthera
- Ragged Island
- Rum Cay
- San Salvador
- South Abaco
- South Andros
- South Eleuthera
- Spanish Wells
- West Grand Bahama

4.2) Please specify which location on the same island *

4.3) Do you intend to return or have you returned to your original business location? *

- Yes
- No
- Other

Please specify *

Module C: Sales

1) Prior to Hurricane Dorian, what was your business income/expenditure cycle? *

- Daily
- Weekly
- Biweekly (twice per month)
- Monthly
- Seasonally
- Other

Please specify *

2) Has this establishment been affected by any of the following? *

- ◯ Yes, by Hurricane Dorian
- ◯ Yes, by COVID-19
- ◯ Yes, by both Hurricane Dorian and COVID-19
- ◯ No, it has not been affected

3) What has been the impact? *

- ◯ We are permanently closed
- ◯ We are temporarily closed We are operating partially
- ◯

4) Comparing the first quarter of 2020 with that of 2019, has there been a change in this establishment's sales? *

- ◯ Yes, sales have increased
- ◯ Yes, sales have decreased
- ◯ No, sales haven't changed

* 4.1) What was the approximate percentage change in sales?

.....

5) Does this establishment's sales rely on export? *

- ◯ Yes No
- ◯

6) Since the outbreak of COVID-19, how have the prices of goods or services sold by this establishment changed, compared with normal fluctuations? *

- ◯ Increased significantly
- ◯ Increased moderately
- ◯ Remained unchanged
- ◯ Decreased moderately
- ◯ Decreased significantly
- ◯ Not sure

Module D: Production

1) Comparing the first quarter of 2020 with that of 2019, has this establishment's output (sales volume) changed? *

- ◯ Yes, it has increased
- ◯ Yes, it has decreased
- ◯ No, it has not changed
- ◯ I don't know

1.1) What was this establishment's percentage change in sales volume? *

2) Comparing the first quarter of 2020 with that of 2019, has there been a change in total hours worked per month? *

- ◯ Yes, hours worked have increased
- ◯ Yes, hours worked have decreased
- ◯ No, hours worked have not changed
- ◯ I don't know

2.1) What was this establishment's percentage change in total hours worked per month? *

3) Comparing the first quarter of 2020 with that of 2019, has there been a change in demand of inputs, raw materials or finished goods and materials purchased to resell? *

- ◯ Yes, demand has increased
- ◯ Yes, demand has decreased
- ◯ No, demand has not changed
- ◯ I don't know

3.1) What has been the percentage change in the demand for this establishment's products and services comparing the first quarter of 2020 with the same quarter in 2019? *

4) Comparing the first quarter of 2020 with that of 2019, has there been a change in supply of inputs, raw materials or finished goods and materials purchased to resell? *

- ◯ Yes, supply has increased
- ◯ Yes, supply has decreased
- ◯ No, supply has not changed
- ◯ I don't know

- ◯ Prices will generally increase
- ◯ Prices will stay the same
- ◯ Prices will generally decrease
- ◯ Not sure

4.1) What has been the percentage change in this establishment's supply of inputs, raw materials or finished goods and materials purchased to resell comparing the first quarter of 2020 with the same quarter in 2019? *

5) Has the COVID-19 pandemic affected this establishment in any of the following ways? *

- [ ] Temporary shutdown
- [ ] Clients not paying their bills
- [ ] Reduced logistics services
- [ ] Reduced certification services
- [ ] New problems with infrastructure, e.g. internet or roads
- [ ] Increased administrative bottlenecks
- [ ] Reduced investment
- [ ] Employee absences due to sickness or childcare
- [ ] Adopting social distancing in the workplace
- [ ] Shifting production to products required for COVID-19 response (e.g., masks, soap, hand sanitizer, gowns)
- [ ] Increased costs due to need to purchase personal protective equipment for employees
- [ ] None of the above
- [ ] Other, specify
- [ ] Don't know

Please specify *

Module E: Labour

1) Have you had to permanently lay off or furlough full-time workers due to the COVID-19 outbreak? *

- ◯ Yes, I had to lay off staff permanently
- ◯ Yes, I had to furlough staff
- ◯ No, I have not had to do either

1.1) How many full-time workers have you had to permanently lay off or furlough? *

This question relates to full-time workers

1.2) How many of them were nationals (citizens and residents)? *

Please enter 0 if this does not apply

1.3) How many of them were non-nationals (belongers, expats, refugees)? *

Please enter 0 if this does not apply

1.4) How many of them were women? *

Please enter 0 if this does not apply

1.5) How many of them were persons with disabilities? *

Please enter 0 if this does not apply

2) Have you had to permanently lay off or furlough part-time workers due to the COVID-19 outbreak? *

This question relates to part-time workers

- ◯ Yes, I had to lay off staff permanently
- ◯ Yes, I had to furlough staff
- ◯ No, I have not had to do either

2.1) How many part-time workers have you had to permanently lay off or furlough? *

Please enter 0 if this does not apply

2.2) How many of them were nationals (citizens and residents)? *

Please enter 0 if this does not apply

2.3) How many of them were non-nationals (belongers, expats, refugees)? *

Please enter 0 if this does not apply

2.4) How many of them were women? *

Please enter 0 if this does not apply

2.5) How many of them were persons with disabilities? *

Please enter 0 if this does not apply

3) Have you had to permanently lay off or furlough temporary workers due to the COVID-19 outbreak? *

This question relates to temporary workers

- ◯ Yes, I had to lay off staff permanently
- ◯ Yes, I had to furlough staff
- ◯ No, I have not had to do either

3.1) How many temporary workers have you had to permanently lay off or furlough? *
Please enter 0 if this does not apply

3.2) How many of them were nationals (citizens and residents)? *
Please enter 0 if this does not apply

3.3) How many of them were non-nationals (belongers, expats, refugees)? *
Please enter 0 if this does not apply

3.4) How many of them were women? *
Please enter 0 if this does not apply

3.5) How many of them were persons with disabilities? *
Please enter 0 if this does not apply

4) Does the nature of this establishment's business allow its employees to work remotely? *

- ◯ Yes
- ◯ Partially
- ◯ No

5) Has this establishment provided its staff with any software, equipment, or financial reimbursements * to make remote work possible?

- ☐ Workstation (desk, chair, footrest, etc.)
- ☐ Computers/tablets
- ☐ Partial or total payment of essential services (electricity, water, gas, etc.)
- ☐ Co-financing of the internet connection service
- ☐ Full payment of internet connection service
- ☐ Remote access to the organization's intranet
- ☐ Implemented methodologies to improve the efficiency of remote work (Agile, use of Scrum tools, etc.)
- ☐ Use of online platforms for videoconference (Zoom, MS Teams, Skype for Business, etc.)
- ☐ Use of online platforms for task scheduling and/or team project scheduling (MS Teams, Planner, Slack, Monday.com, Zoho Sprints, Project Manager.com, Jira, Targetprocess, ClickUp, Vivify Scrum, Meister Task, Axosoft, Scrumwise, etc.)
- ☐ None
- ☐ Other

* Please specify other software, equipment, or financial rembursment type

.....

Module F: Financial Aspects

1) Comparing the first quarter of 2020 with that of 2019, has the financial performance for this establishment increased, decreased, or stayed the same? *

- ◯ Increased
- ◯ Remained the same
- ◯ Decreased
- ◯ Don't know

1.1) What has been the approximate percentage change in financial performance? *

2.1) Since the outbreak of COVID-19, has this establishment's access to cash flow increased, decreased or remained the same? *

- ◯ Increased
- ◯ Remained the same
- ◯ Decreased
- ◯ Don't know

2.2) Since the outbreak of COVID-19, has this establishment's access to sales on credit increased, decreased or remained the same? *

- ◯ Increased
- ◯ Remained the same
- ◯ Decreased
- ◯ Don't know

2.3) Since the outbreak of COVID-19, has this establishment's access to purchases on credit increased, decreased or remained the same? *

- ◯ Increased
- ◯ Remained the same
- ◯ Decreased
- ◯ Don't know

3) Since the outbreak of COVID-19, what have been the main money sources this establishment has used to deal with cash flow shortages?

Rank three in order of importance

3.1) Main source *

- ◯ Loans from commercial banks
- ◯ Loans from non-banking financial institutions (microfinance institutions, credit cooperatives, credit unions, or finance companies)
- ◯ Equity finance (increase contributions or capital from existing owners/shareholders or issuing new shares)
- ◯ Delaying payments to suppliers or workers
- ◯ Delaying payments to banks or other financial service providers
- ◯ Selling off business assets (e.g., property, equipment)
- ◯ Selling off personal assets (e.g., car, property)
- ◯ Drawing on personal savings or contributions from family
- ◯ Government grants
- ◯ None
- ◯ Other
- ◯ Don't know

Please specify *

3.2) Second main source *

- ◯ Loans from commercial banks
- ◯ Loans from non-banking financial institutions (microfinance institutions, credit cooperatives, credit unions, or finance companies)
- ◯ Equity finance (increase contributions or capital from existing owners/shareholders or issuing new shares)
- ◯ Delaying payments to suppliers or workers
- ◯ Delaying payments to banks or other financial service providers
- ◯ Selling off business assets (e.g., property, equipment)
- ◯ Selling off personal assets (e.g., car, property)
- ◯ Drawing on personal savings or contributions from family
- ◯ Government grants
- ◯ None
- ◯ Other
- ◯ Don't know

Please specify *

3.3) Third main source *

- ◯ Loans from commercial banks
- ◯ Loans from non-banking financial institutions (microfinance institutions, credit cooperatives, credit unions, or finance companies)
- ◯ Equity finance (increase contributions or capital from existing owners/shareholders or issuing new shares)
- ◯ Delaying payments to suppliers or workers
- ◯ Delaying payments to banks or other financial service providers
- ◯ Selling off business assets (e.g., property, equipment)
- ◯ Selling off personal assets (e.g., car, property)
- ◯ Drawing on personal savings or contributions from family
- ◯ Government grants
- ◯ None
- ◯ Other
- ◯ Don't know

Please specify *

4) How does your establishment maintain its records or accounts? *

- ◯ Complete bookkeeping (balance sheet and operating statements)
- ◯ No written records are kept
- ◯ An accounting system maintained by a CPA
- ◯ A digital accounting system maintained by a non-accounting professional
- ◯ Other

Please specify *

5) Do you have a bank account in the name of this establishment? *

- ◯ Yes
- ◯ No
- ◯ Don't know

6) Since the outbreak of COVID-19, has this establishment filed for insolvency or bankruptcy protection? *

- ◯ Yes
- ◯ No

Module G: Government and Non-Government Support Measures

1) Since the outbreak of COVID-19, has this establishment received any of the following government support measures issued in response to the crisis? *

- ☐ No assistance received
- ☐ Cash transfers for businesses
- ☐ Deferral of credit payments, rent or mortgage, suspension of interest payments, or rollover of debt
- ☐ Access to new credit
- ☐ Fiscal exemptions or reductions
- ☐ Wage subsidies
- ☐ Distribution of masks, hand sanitizers, soap, Personal Protective Equipment
- ☐ Other

Please specify *

How adequate have "Cash transfers for businesses" been in helping this establishment cope with the COVID-19 impacts? *

- Very adequate
- Adequate
- Neither adequate nor inadequate
- Inadequate
- Very inadequate

How adequate has "Deferral of credit payments, rent or mortgage, suspension of interest payments, or rollover of debt" been in helping this establishment cope with the COVID-19 impacts? *

- Very adequate
- Adequate
- Neither adequate nor inadequate
- Inadequate
- Very inadequate

How adequate has "Access to new credit" been in helping this establishment cope with the COVID-19 impacts? *

- Very adequate
- Adequate
- Neither adequate nor inadequate
- Inadequate
- Very inadequate

How adequate have "Fiscal exemptions or reductions" been in helping this establishment cope with the COVID-19 impacts? *

- Very adequate
- Adequate
- Neither adequate nor inadequate
- Inadequate
- Very inadequate

How adequate have "Wage subsidies" been in helping this establishment cope with the COVID-19 impacts? *

- ( ) Very adequate
- ( ) Adequate
- ( ) Neither adequate nor inadequate
- ( ) Inadequate
- ( ) Very inadequate

Distribution of masks, hand sanitizers, soap, Personal Protective Equipment *

- ( ) Very adequate
- ( ) Adequate
- ( ) Neither adequate nor inadequate
- ( ) Inadequate
- ( ) Very inadequate

2) Since the outbreak of COVID-19, has this establishment received any of the following non-government (NGOs, financial institutions, church and community groups, etc.) support measures issued in response to the crisis? *

- [ ] No assistance received
- [ ] Cash transfers for businesses
- [ ] Deferral of credit payments, rent or mortgage, suspension of interest payments, or rollover of debt
- [ ] Access to new credit
- [ ] Distribution of masks, hand sanitizers, soap, Personal Protective Equipment
- [ ] Other

How adequate have "Cash transfers for businesses" been in helping this establishment cope with the COVID-19 impacts? *

- [ ] No assistance received
- [ ] Cash transfers for businesses
- [ ] Deferral of credit payments, rent or mortgage, suspension of interest payments, or rollover of debt
- [ ] Access to new credit
- [ ] Distribution of masks, hand sanitizers, soap, Personal Protective Equipment
- [ ] Other

How adequate has "Deferral of credit payments, rent or mortgage, suspension of interest payments, or rollover of debt" been in helping this establishment cope with the COVID-19 impacts? *

- [ ] No assistance received
- [ ] Cash transfers for businesses
- [ ] Deferral of credit payments, rent or mortgage, suspension of interest payments, or rollover of debt
- [ ] Access to new credit
- [ ] Distribution of masks, hand sanitizers, soap, Personal Protective Equipment
- [ ] Other

How adequate has "Access to new credit" been in helping this establishment cope with the COVID-19 impacts? *

- [ ] No assistance received
- [ ] Cash transfers for businesses
- [ ] Deferral of credit payments, rent or mortgage, suspension of interest payments, or rollover of debt
- [ ] Access to new credit
- [ ] Distribution of masks, hand sanitizers, soap, Personal Protective Equipment
- [ ] Other

Distribution of masks, hand sanitizers, soap, Personal Protective Equipment *

- [ ] No assistance received
- [ ] Cash transfers for businesses
- [ ] Deferral of credit payments, rent or mortgage, suspension of interest payments, or rollover of debt
- [ ] Access to new credit
- [ ] Distribution of masks, hand sanitizers, soap, Personal Protective Equipment
- [ ] Other

Module H: Establishment's Prospects

1) Which government measures would be most helpful as this establishment copes with the COVID-19 crisis?

Rank three in order of importance

.....

1.a) Most helpful *

- ◯ Cash transfers for businesses
- ◯ Deferral of credit payments, rent or mortgage, suspension of interest payments, or rollover of debt.
- ◯ Access to new credit
- ◯ Fiscal exemptions or reductions
- ◯ Wage subsidies
- ◯ Access to personal protective equipment to re-open business safely
- ◯ Access to new markets or business matching
- ◯ Assistance to transition to new products or services with higher demand
- ◯ None
- ◯ Other

Please specify other government measures *

.....

1.b) Second most helpful *

- ◯ Cash transfers for businesses
- ◯ Deferral of credit payments, rent or mortgage, suspension of interest payments, or rollover of debt.
- ◯ Access to new credit
- ◯ Fiscal exemptions or reductions
- ◯ Wage subsidies
- ◯ Access to personal protective equipment to re-open business safely
- ◯ Access to new markets or business matching
- ◯ Assistance to transition to new products or services with higher demand
- ◯ None
- ◯ Other

Please specify other government measures *

.....

1.c) Third most helpful *

- ◯ Cash transfers for businesses
- ◯ Deferral of credit payments, rent or mortgage, suspension of interest payments, or rollover of debt.
- ◯ Access to new credit
- ◯ Fiscal exemptions or reductions
- ◯ Wage subsidies
- ◯ Access to personal protective equipment to re-open business safely
- ◯ Access to new markets or business matching
- ◯ Assistance to transition to new products or services with higher demand
- ◯ None
- ◯ Other

Please specify other government measures *

.....

2) How much longer do you think this establishment can stay in business under the current circumstances? *

- ◯ 1 month or less
- ◯ 2–3 months
- ◯ 4–5 months
- ◯ 6 months or more
- ◯ Not sure
- ◯ Not applicable (Establishment operating as usual)

3) Is this establishment considering to change its sector of activity due to the impacts of COVID-19? *

- ◯ Yes
- ◯ No
- ◯ Not sure

4) What are the three main difficulties you currently encounter in your business?

Rank three in order of importance

.....

4.1) First difficulty *

- ◯ Reduction in number of customers
- ◯ High competition
- ◯ High cost or scarcity of raw materials
- ◯ High cost or difficulty to find appropriate equipment
- ◯ Problems in maintaining the equipment, scarcity of spare parts
- ◯ Scarcity and high cost of skilled labour
- ◯ Lack of infrastructure and public services
- ◯ Taxes and other payments to government
- ◯ Too many administrative procedures and controls
- ◯ None
- ◯ Other

Please specify *

.....

4.2) Second difficulty *

- ◯ Reduction in number of customers
- ◯ High competition
- ◯ High cost or scarcity of raw materials
- ◯ High cost or difficulty to find appropriate equipment
- ◯ Problems in maintaining the equipment, scarcity of spare parts
- ◯ Scarcity and high cost of skilled labour
- ◯ Lack of infrastructure and public services
- ◯ Taxes and other payments to government
- ◯ Too many administrative procedures and controls
- ◯ None
- ◯ Other

Please specify *

.....

*

4.3) Third difficulty

- ◯ Reduction in number of customers
- ◯ High competition
- ◯ High cost or scarcity of raw materials
- ◯ High cost or difficulty to find appropriate equipment
- ◯ Problems in maintaining the equipment, scarcity of spare parts
- ◯ Scarcity and high cost of skilled labour
- ◯ Lack of infrastructure and public services
- ◯ Taxes and other payments to government
- ◯ Too many administrative procedures and controls
- ◯ None
- ◯ Other

*

Please specify

Thank you for your cooperation and assistance. Your submission will be recorded once you press "Submit." Please wait a moment before closing your browser.

Appendix 2. Spearman's and Kendall's rank correlation tests for MVI

Variable	Correlation tests	MVI with a threshold of	Correlations			
			3	4	5	6
Business location	Kendall's tau_b	3	1.000			
		4	1.000**	1.000		
		5	1.000**	1.000**	1.000	
		6	1.000**	1.000**	1.000**	1.000
	Spearman's rho	3	1.000			
		4	1.000**	1.000		
		5	1.000**	1.000**	1.000	
		6	1.000**	1.000**	1.000**	1.000
Nature of business	Kendall's tau_b	3	1.000			
		4	1.000**	1.000		
		5	1.000**	1.000**	1.000	
		6	0.333	0.333	0.333	1.000
	Spearman's rho	3	1.000			
		4	1.000**	1.000		
		5	1.000**	1.000**	1.000	
		6	0.500	0.500	0.500	1.000
Business income/ expenditure cycle	Kendall's tau_b	3	1.000			
		4	0.905**	1.000		
		5	0.619	0.714*	1.000	

		6	0.619+	0.714*	1.000**	1.000
	Spearman's rho	3	1.000			
		4	0.964**	1.000		
		5	0.750	0.857*	1.000	
		6	0.750	0.857*	1.000**	1.000

**, *, + Correlation is significant at the 0.01, 0.05, 0.10 level (2-tailed).