

COVID-19 INTERNATIONAL SMALL BUSINESSES SURVEY

Summary of policies and survey results from **Colombia**

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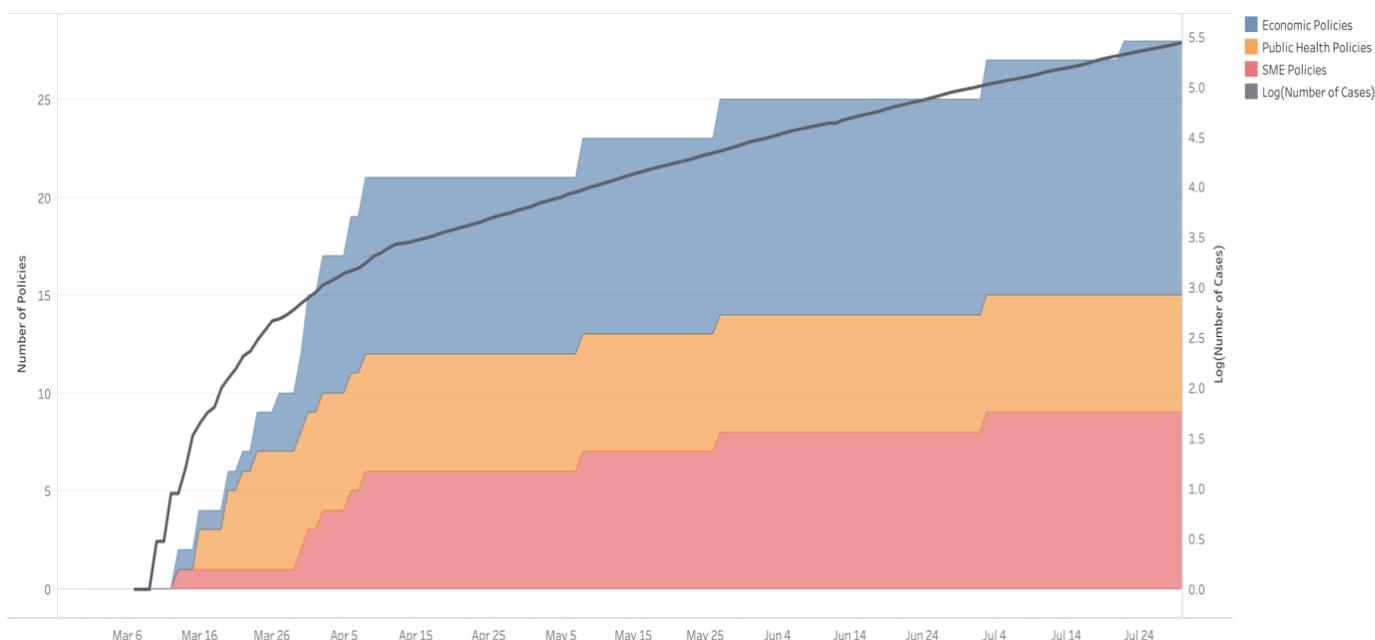
This is a collaborative project to gather information on how the current COVID-19 public health crisis is affecting small and medium-sized businesses, and how governments are responding to this situation. This report includes a summary of the economic and public health relief policies implemented so far, accompanied by updated results from our online survey of small business owners (March - June 2020). Find more information about the project, including previous reports on Colombia by visiting www.covid19sbs.org

COVID-19 in Colombia

Colombia confirmed its first case of COVID-19 on March 6. Six days later, the country declared a health emergency, suspended public events, and restricted the size of public gatherings. On March 25, the government implemented a statewide quarantine, which, for those above the age of 70, will continue to last into late August. Public schools and universities have been closed, and both domestic and international movement have seen restrictions, including a border closure and travel prohibitions.

To address both the public health emergency and its economic consequences, the country has adopted a series of policies at the federal, state, and municipal levels. For our study, we focused on the economic measures taken at the federal level with an emphasis on programs designed to help small and medium-sized businesses.

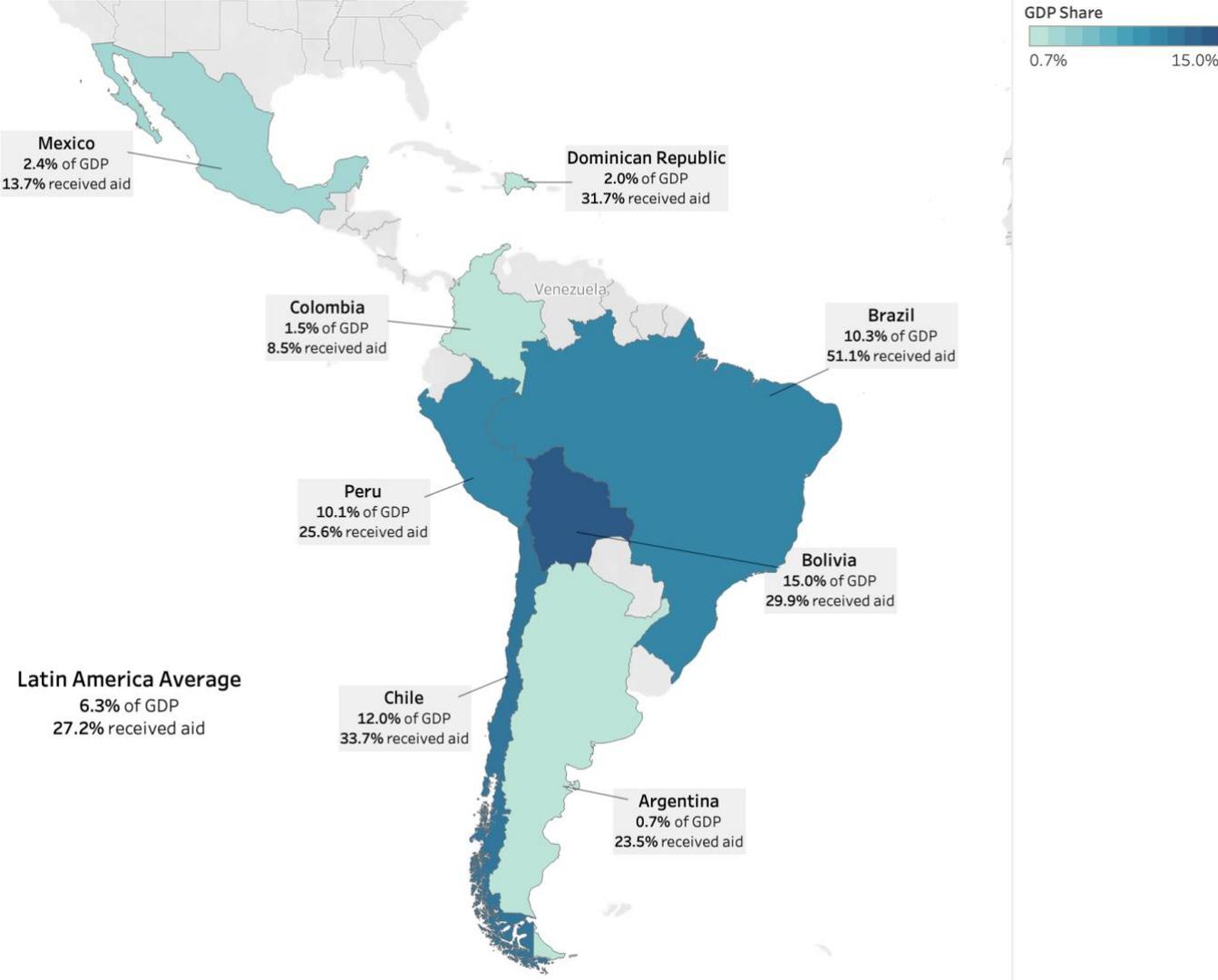
Figure 1: Evolution of confirmed COVID-19 cases and announcement of relief policies



Economic and Social Policies

As of early July, we calculated that Colombia budgeted **1.5 percent** of its GDP on COVID-19-related measures.¹ While some of this spending directly funded public health measures, much of it was devoted to preventing and repairing economic losses resulting from the pandemic. **Figure 2** compares the percent of GDP spent in Colombia to other countries in Latin America, as well as the percent of Colombians who reported receiving aid from the government as of May 19.²

Figure 2: Distribution of spending as percent of GDP



¹ Economic and public health measures for Colombia were collected using publicly available information published by Colombia’s Ministry of Economic Development (*Ministerio de Desarrollo Económico*), Colombia’s *Boletín Oficial*, and the database of COVID-19 policies made available by Colombia’s official [COVID-19 website](#).

² The percent of businesses that received aid only includes businesses that were open, or only temporarily closed, at the time of the survey.

Colombia's most important economic and social policies include:

- **Support Program for Formal Employment** (*Programa de Apoyo al Empleo Formal, or PAEF*), which provides contributions equivalent to 40 percent of minimum wage for three months.
- **Support Program for the Payment of Premium Services** (*Programa de Apoyo para el Pago de la Prima de Servicios, or PAP*), which will benefit workers with a monthly salary of less than 1 million Colombian pesos (USD ~ 270).
- **Colombia Responds** (*Colombia Responde*), a program that provides working capital loans for the tourism, aviation, and entertainment sectors.
- **Colombia Responds for All** (*Colombia Responde para Todos*), a program that provides working capital loans for all non-agricultural sectors.
- **Colombia Agro Produce** (*Colombia Agro Produce*), credits to rural producers to help supply food for the country.

On June 8, the World Bank predicted Colombia's economy would shrink 4.9 percent this year.

In the near future, the Central Bank of Colombia (*Banco de la República*) and the Ministry of Economic Development (*Ministerio de Desarrollo Económico*), will likely establish further credit lines and relief packages for businesses.

Small Business Policies

The Colombian government has implemented a suite of policies designed to support small businesses facing economic hardship as a result of the pandemic. On April 6, the federal government announced **United for Colombia** (*Unidos por Colombia*), a guarantee fund with 12 billion pesos (USD ~ 3.2 million) drawing from the National Guarantee Fund (*El Fondo Nacional de Garantías*). The program aims to help small and medium-sized businesses meet liquidity needs as well as offset personnel costs and fixed costs. The National Guarantee Fund also assured small business owners that it would restructure existing loan programs given the challenges posed by COVID-19. For example, employers may defer up commission payments for up to four months.

This new program is complemented by existing credit lines designed to support small and medium-sized businesses, many of which are funded by *Bancóldex*. These include the **Prosper Colombia Credit** (*Línea Colombia Próspera*), the **Squeezing the Orange Credit** (*Línea Exprimiendo la Naranja*), and the

Employment and Business Sustainability Credit (*Línea Capital de Trabajo y Sostenimiento Empresarial*). In addition, Bancóldex supports several credit lines for each region in Colombia.

Finally, the Colombian government has announced greater flexibility in other government-related small business expenditures. The government suspended, reduced, and/or deferred business payments related to loans, taxes, pensions, and other welfare schemes as well as transferred resources to municipalities and states.

Survey Results in Colombia

Between March 28 and May 19, the COVID-19 Small Business Survey collected the experiences of more than 75,000 businesses in Latin America and the Caribbean, and more than 15,000 in Colombia. The information collected includes the size of the companies, number of layoffs, expectations about the future, and their knowledge of government programs that could help them. From this first survey, we find the following main results:

Fact 1: Nearly three-fourths (73.26 percent) of surveyed firms had to lay off a worker in the past months.

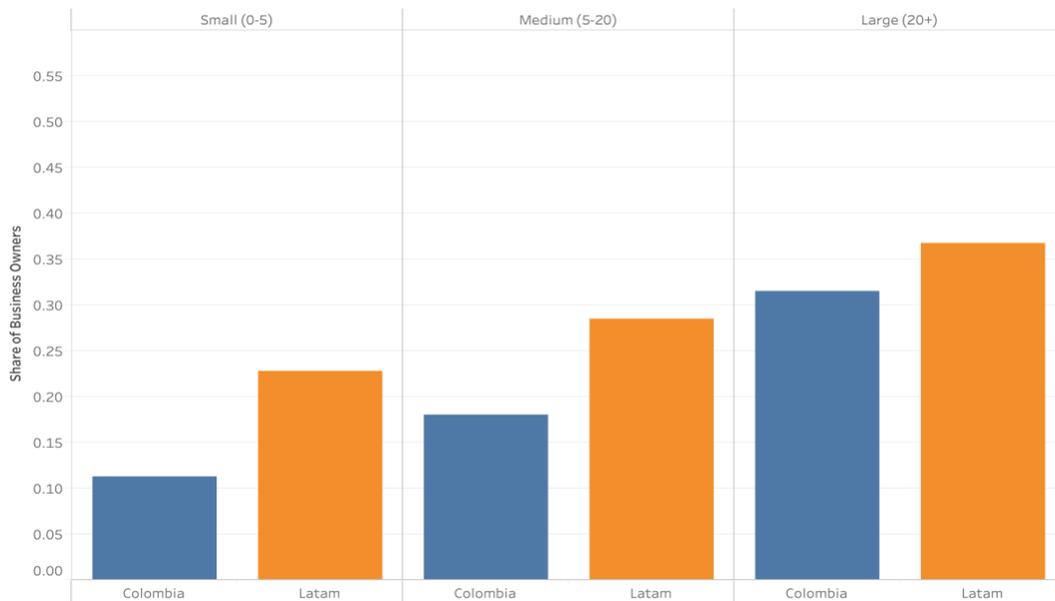
Fact 2: More than two-thirds (70.78 percent) of surveyed firms suspected they would have to lay off a worker in the near future.

Fact 3: More than a third (36.17 percent) of surveyed firms believed they would not recover from the economic impacts of the COVID-19 crisis within the next two years.

Fact 4: Less than a fifth (14.22 percent) of surveyed firms were aware of any government programs that could assist them. As Figure 3 suggests, small and medium-sized business owners in Colombia were less likely to be aware of relief programs compared to large business owners.

Compared to their counterparts across the rest of Latin America, Colombian business owners appeared to be less aware of relief programs that could help them weather the COVID-19 crisis. This held across firm size, although the gap in knowledge between Colombian business owners and Latin American business owners appeared larger in smaller firms.

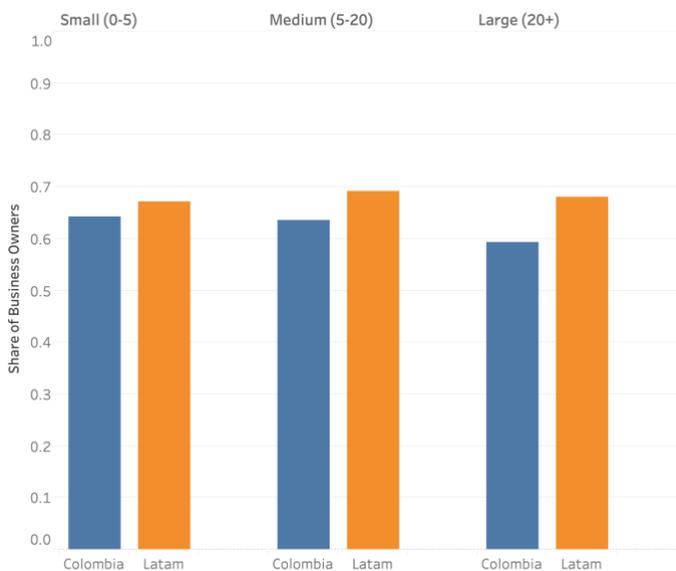
Figure 3: Percentages of surveyed business owners who were aware of relief programs



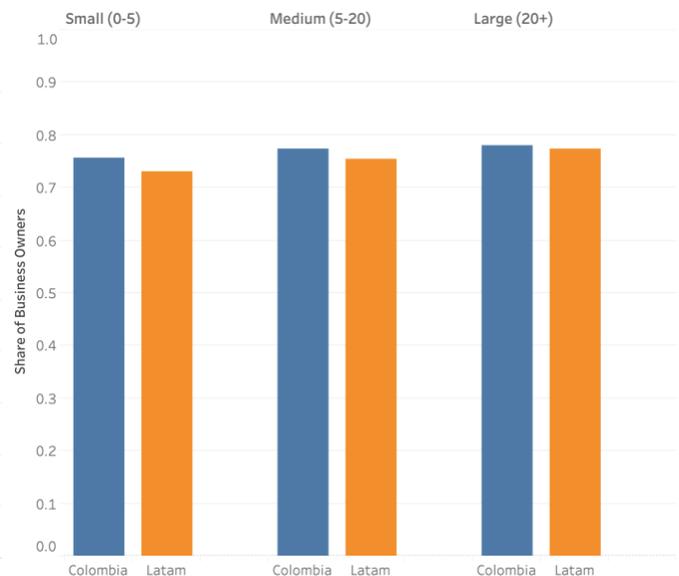
These relief programs are geared toward helping businesses recover from the COVID-19 crisis. From our survey, many respondents across Latin America feared that their businesses would not return to normal within two years and some believed that their businesses would never return at all. This picture was mixed in Colombia, where respondents, across firm size, seemed less optimistic about their recovery within two years but appeared more optimistic about their eventual recovery.

Figure 4: Percentage of surveyed business owners who believed they would:

A. Recover within two years



B. If not, ever recover



To learn more about the survey and research, please visit covid19sbs.org.



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