



As the novel coronavirus (**COVID-19**) pandemic continues to threaten lives and livelihoods, some of the most severe economic impacts are being felt by micro-, small-, and medium sized enterprises (**MSMEs**) and their workforces, in both developed and developing economies. The longer the crisis persists, the greater the risk of a systems collapse of global supply chains.

Such a collapse would have severe consequences for the global economy and society at large. MSMEs comprise an estimated 80% of the world's businesses and collectively employ billions of people: Together, they are fundamental to the day-to-day provision of goods and services around the world, and are the key to economic growth, social development, and social stability. Despite this, MSMEs often have limited cash flow and reserves, and an economic disruption of this magnitude jeopardises their very existence as well as the livelihoods of their employees. A failure to protect MSMEs and their workers could compound the spread of the virus, imperil our collective achievement of the United Nations Sustainable Development Goals, threaten global supply chains and, in turn, further strain the global economy, leading to social and political unrest.

In this context, the International Chamber of Commerce (**ICC**) has launched a campaign to [Save Our SMEs](#). As part of this campaign, ICC released a [Call to Action](#) to governments and multilateral institutions to cooperate and coordinate their responses to ensure that immediate stimulus efforts flow into the real economy—and, in particular, to those most vulnerable to the economic disruptions caused by COVID-19—as well as to ensure that developing countries receive adequate assistance to deal with the crisis.

Beyond government action, clear and principled corporate leadership is needed, particularly from multinational companies, for whom many global supply chains exist. Companies that successfully preserve their supply chains, operations and workforce during the pandemic will be able to rapidly resume operations in the recovery phase of the pandemic, benefitting their business and the lives and livelihoods that depend on them. By extension, these same companies will also help to ensure the long-term sustainability of global value chains and the global economy.

Prior to the onset of COVID-19 many multinational corporations spoke of the pressing need to embrace a more inclusive capitalism, one that put all stakeholders at the heart of corporate purpose, including employees, suppliers and local communities. This trying time for MSMEs presents an opportunity for supply chain leaders to visibly demonstrate commitment to their purpose in outlining their COVID-19 response.

ICC calls on global supply chain leaders to deliver on this purpose by ensuring that their response to COVID-19 includes the following core principles:

1. Ensure the health and safety of the workforce in the supply chain

Where your MSME suppliers/distributors are still operating, encourage them to take [practical steps to fight COVID-19](#) and ensure the health and safety of their workforce, customers and local communities.

Encourage your suppliers/distributors to provide reliable and up-to-date health information to their workforce, including information on how to prevent the spread of COVID-19, such as proper hand-washing, respiratory hygiene and social distancing. Posters can be obtained from relevant health authorities or from the [World Health Organization](#) to assist in disseminating these messages. In addition to information, encourage your suppliers to provide their workforce with the necessary wash/hand sanitiser stations, disinfectant for work surfaces and any required protective gear, and to adjust work practices to ensure physical distancing.

Wherever necessary, assist your suppliers in implementing these measures and support the most vulnerable groups in your value chain with meeting their basic needs.

2. Uphold your contracts with your suppliers/distributors

Cancelling orders or terminating contractual relationships can cause immediate harmful economic effects on MSMEs and may leave them unable to pay their workers' salaries. Where social security is not in place, this can lead to the lives and livelihoods of vulnerable workers being jeopardised.

Supply chain leaders should uphold their contractual obligations, pay for and receive orders, and avoid resorting to force majeure to cancel orders or distribution contracts, especially where suppliers or distributors have already started to fulfil commitments under those contracts.

Further guidance on invoking force majeure can be found [here](#).

3. Facilitate continued business operations of the supply chain

On average, MSMEs have between two weeks and two months of cash flow reserves. Wherever possible, you should consider what you can do to help MSME suppliers or distributors weather inevitable cash flow disruptions. While actions will depend on the nature and commercial realities of a given industry, some examples include:

- > early payment or improved payment terms, including cash;
- > making advanced orders;
- > procuring the raw materials necessary for production;
- > giving credit and rent relief to distributors;
- > providing interest-free or low-interest emergency loans; and
- > using leverage with creditors to facilitate low-interest credit or bridging loans for MSMEs in the supply chain.

Migrant workers, those in the informal sector, and workers in countries with limited social protection are particularly vulnerable to the economic impacts of COVID-19. You can take measures to help MSME suppliers and distributors avoid mass lay-offs and ensure that the workforce can continue to work and/or return quickly when operations can fully resume. Some examples include helping MSMEs provide continued income to their workforce and, where possible, helping MSMEs repurpose for production/distribution of essential goods.

[ICC's Business Continuity Guide](#) can also assist MSMEs to prepare for the impact of COVID-19 on their operations.

4. Insist on integrity and responsible business conduct

A crisis is no excuse to fail to uphold human rights and responsible business conduct or engage in unethical and corrupt practices. The long-term viability of the global supply chain system is dependent on the responsible conduct and integrity of business in the face of the health and socio-economic crisis today.

ICC encourages supply chain leaders to continue to uphold the highest standards for integrity in business transactions and continue to act responsibly with respect to human rights, good governance, integrity rules and environmental considerations when conducting business. Supply chain leaders should also encourage their suppliers/distributors to do the same. ICC's [Business Integrity Compendium](#) can be a helpful tool for companies big and small to navigate business responsibility in this regard.

ICC encourages businesses to engage in efforts to support governments, suppliers/distributors and people in these difficult times, including initiatives such as public service advertisements, providing information, free resources, products and services as well as financial support. While many businesses are already exploring such initiatives, there has been a proliferation of advertisements that undermine public health advice or exploit people's anxieties. These advertisements harm consumers' trust in information and advertising and, in some instances, endanger public health. In addition, supply chain leaders and their suppliers/distributors should not exploit consumers' current increased susceptibility to claims that particular products or services will improve their health or finances. Businesses should advertise responsibly, taking into account existing advertising laws and standards, and should make sure that all claims are fully substantiated, especially any claims expressly or impliedly promising health benefits. The [ICC Marketing Code](#) is a globally accepted standard for responsible advertising and marketing communications and provides useful guidance in this context.

5. Advocate for stimulus efforts to flow into the real economy

ICC encourages supply chain leaders to maintain open dialogue with government leaders to ensure that policies address the on-the-ground effects of the pandemic and emerging risks for MSMEs.

Advocacy efforts should be focused on ensuring that adequate support reaches MSMEs and workers quickly and that countries remain open to trade in goods and services. The imperative to Save Our SMEs cannot be overstated: it is of paramount importance to safeguard the current and future functioning of supply chains, the global economy and the livelihoods of billions of workers throughout the world.