

ISAR 33

Capacity-building for financial inclusion and access of small and medium-sized enterprises to finance

**Tatiana Krylova,
Head, Enterprise Branch,
Division on Investment and Enterprise,
UNCTAD**



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DEVELOPMENT ACCOUNT PROJECT

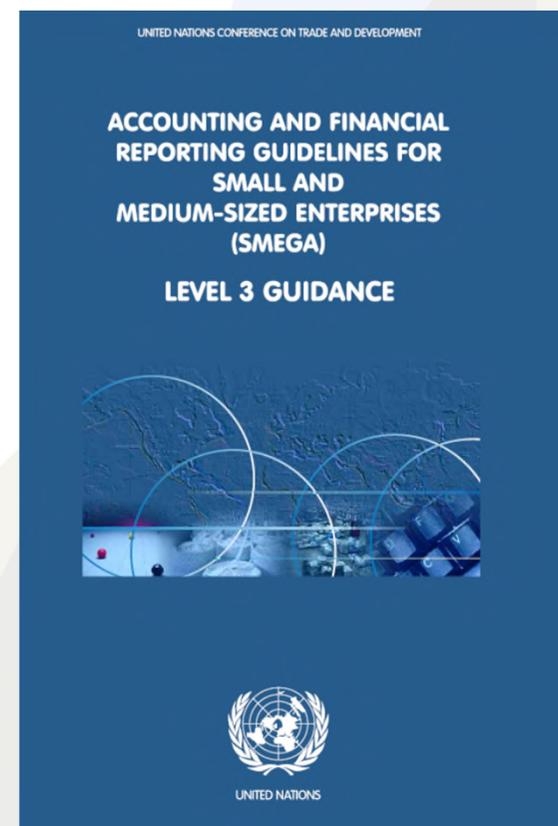
- "Support developing country policy makers in the formulation of national entrepreneurship policies through the implementation of Entrepreneurship Policy Frameworks" (June 2015 to June 2017).
- Two components:
 - ✓ entrepreneurship policies and
 - ✓ financial literacy, including accounting and insurance for SMEs

Introduction & background

- Built on UNCTAD/ISAR well documented and recognized experience in the area of accounting for MSMEs
- ISAR identified a number of obstacles that (SMEs) were facing in applying accounting standards issued by national and international standard-setting bodies.
- With a view to meet the financial reporting needs of SMEs UNCTAD/ISAR developed guidance on accounting for SMEs
- More recently published a study on accounting for SMEs

Introduction & background

Accounting and Financial Reporting Guidelines for Small and Medium-sized Enterprises (SMEGA) Level 3 Guidance during its 17th and 18th sessions. The secretariat prepared a revised version of the SMEGA Level 3 Guidance at the 25th session of ISAR.



The challenge

Implementation of accounting standards and guidelines for SMEs remains a big challenge both for governments and SME owners. Some of the most common issues across countries, despite their level of socio-economic development are (among others):

Juridictions

National legislations and enforcement issues

Insufficient infrastructure

Lack of coordination between relevant agencies

Lack of widespread technical competence in all territories of a jurisdiction

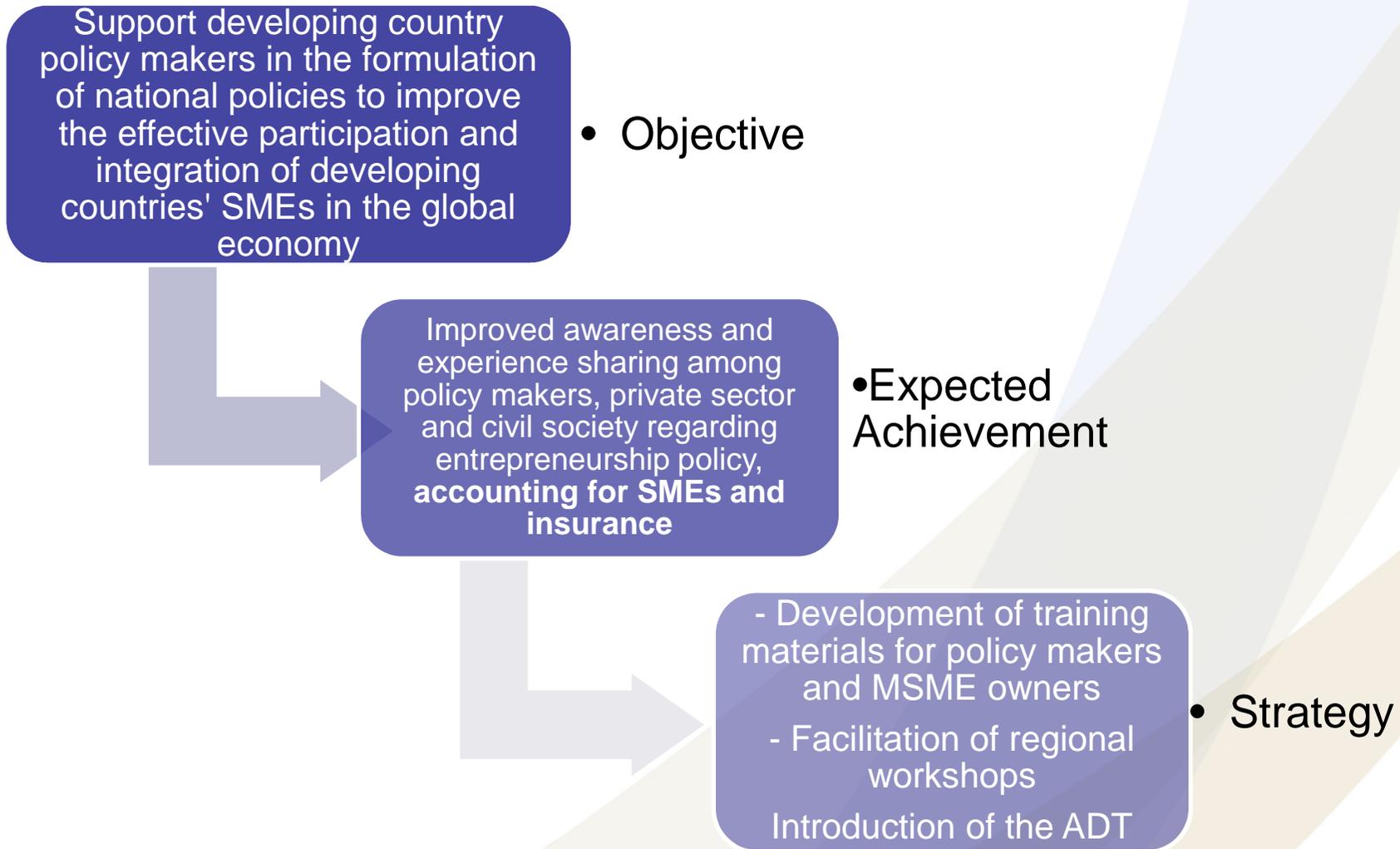
SMEs

Different size/capacity of private enterprises within the range of MSMEs

Balance between cost and benefits. Regarded more as a burden than a tool for improved financial management and access to finance

Reduced entrepreneurship activity due to onerous financial reporting requirements.

Content of the technical assistance project ISAR 33



Outputs (1)

Improving the technical capacity

1. **Accounting Manual for Entrepreneurs and small businesses (based on SMEGA3)** - training material to be used by implementing agencies, BSOs, incubators, among others

2. **Facilitating Access to Affordable Insurance Products by SMEs**

Training material to be used by insurance market regulators, insurance companies (providers) and SMEs

- ✓ Improved access to financial services to MSMEs
- ✓ Improved awareness of the usefulness of financial information by SMEs
- ✓ Improved conditions for insurance providers and MSMEs



Outputs (2)

Experience sharing and dialogue among policy makers and different agencies: accounting setter bodies, insurance regulators, entrepreneurship promotion agencies, among others

1. **Regional workshops on financial inclusion:** Best Practices and guidelines on Accounting and Insurance coverage for SMEs

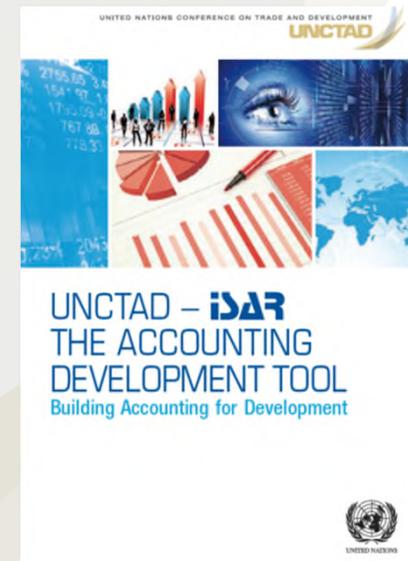
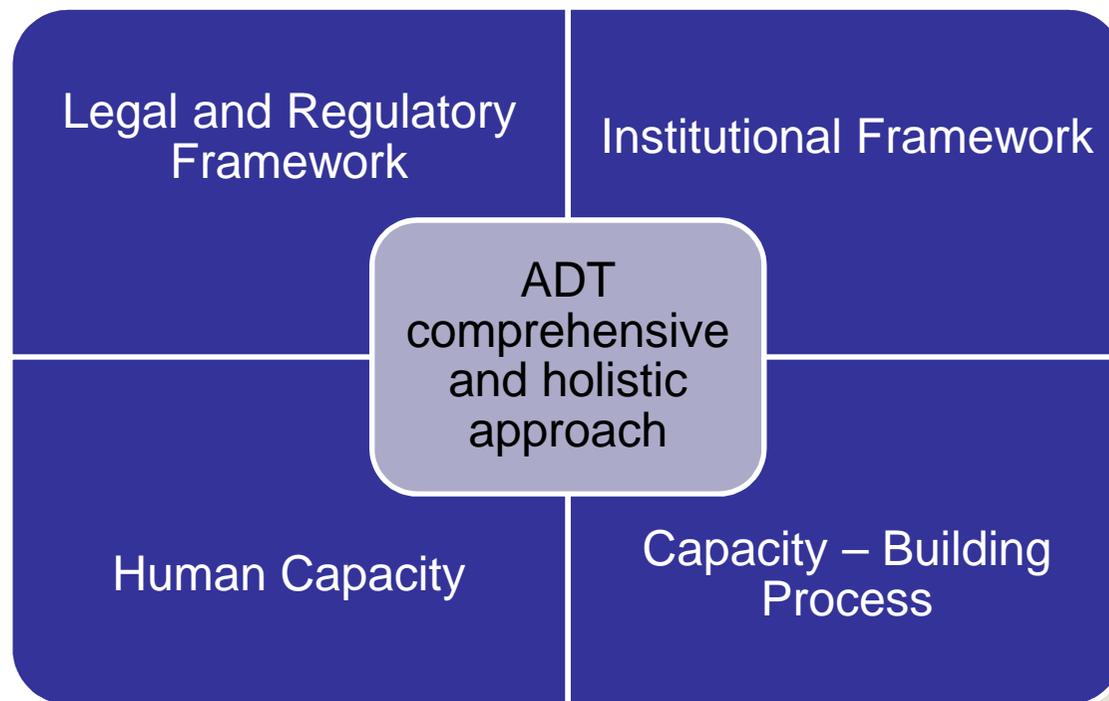
2. **Collaboration with regional agencies and bodies:** African Union, IFAC and World Bank Africal, ACCA, Glenif, Assal among others

Africa: Cameroun, the Gambia, Tanzania

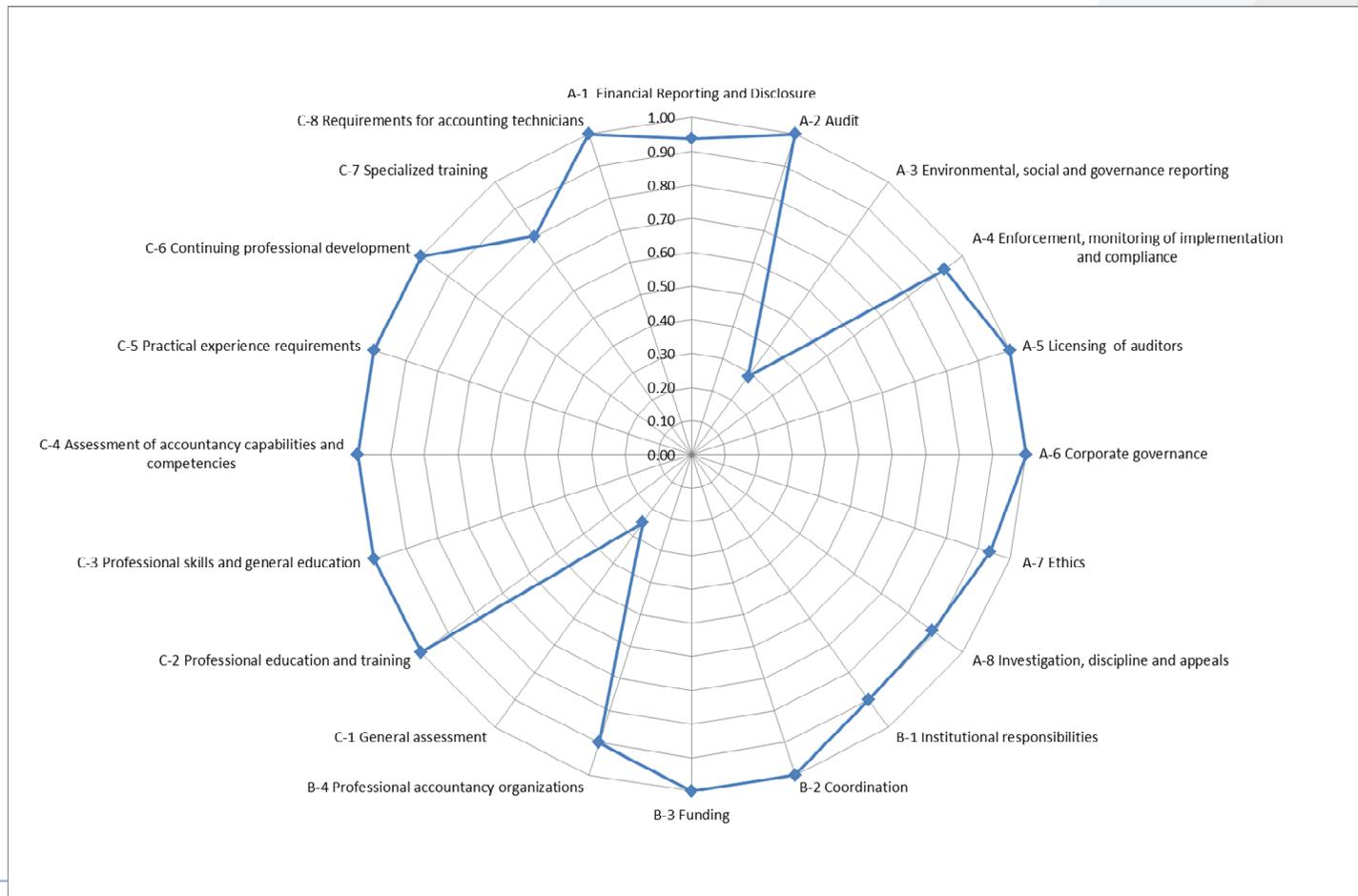
Latin-America: Ecuador, Dominican Republic, El Salvador

Accounting Development Tool

UNCTAD-ISAR assist countries to build strategies and identify priorities in their efforts towards high quality reporting based on international requirements, best practices, standards, codes.



Accounting Development Tool



Final Remarks

- Technical assistance is demand driven and subject to funding
- One size does not fit all. Each intervention demands specific considerations of the national context and priorities
- Regional collaboration is key for leveraging efforts and achieving results

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