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

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"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.
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.
Support developing country policy makers in the formulation of national policies to improve the effective participation and integration of developing countries' SMEs in the global economy

**Objective**

Improved awareness and experience sharing among policy makers, private sector and civil society regarding entrepreneurship policy, accounting for SMEs and insurance

**Expected Achievement**

- Development of training materials for policy makers and MSME owners
- Facilitation of regional workshops
- Introduction of the ADT

**Strategy**
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