
**Intergovernmental Working Group of Experts on International
Standards of Accounting and Reporting
(ISAR)**

**Consultative meeting on capacity-building needs for
effective implementation of sustainability reporting
requirements**

Tuesday, 5 November 2024

**Practical examples and lessons learned from recent
capacity-building projects**

Presented by

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The Key Lessons from Uganda's ADT Implementation

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Introduction and why the ADT

- ADT helped Uganda in assessing and benchmarking our accounting and sustainability reporting infrastructure to identifying gaps and priorities for further capacity building geared towards high quality domesticated enterprise reporting;
- The ADT's quantitative benchmark helped us assess our progress towards further implementation of SME accounting standards and practices over time.



Uganda's ADT Context

1. Private Sector is composed of 90% Small and Medium Businesses, and almost 90% of which are informal.
2. Informal sector contributes 51% of GDP but our target is to reduce it to 45% in 5 years (NDP III)
3. 1 in every 5 start –ups fail in the first year, 50% SMEs fail within 5 years and only 3 in 10 SMEs survive by the 10th years.
4. Huge “Missing Middle Enterprises challenge” due to numerous Micro and Small Businesses with few medium and large local businesses.



Objective of ADT Assessment

To assess Uganda's national infrastructure for Enterprise financial and sustainability reporting in order to identify gaps and determine priority areas for future development.



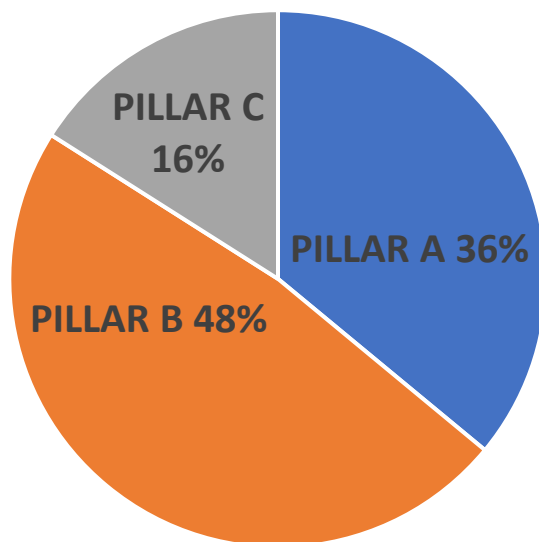
PROCESS OF ADT ASSESSMENT

- The ADT questionnaire was administered to different respondents based on their role in the enterprise reporting.
- Validation meetings were held with selected MDAs, and key private sector players.
- Training of 40 Trainers in the ADT process.
- Several National validation Workshops have been held at the MOFPED from May 2022 until June 2024.



PERCENTAGE RESPONSE PER ADT PILLAR

Pillar B received a lot of responses, pointing to the need for Uganda to have strong accounting Institutions to provide the needed capacity building projects.



■ Pillar A – Legal and regulatory framework ■ Pillar B - institutional framework ■ Pillar C – Human capacity



Overview of ADT:

Performance, Issues Identified and Status

Recommendations for Legal and Regulatory Framework	Implementation Status (Scale 0-5)					
	0	1	2	3	4	5
1. Coordination of the work of the PAO and other stakeholders through the formation of a Steering Committee, with ICPAU/PSFU taking the leading and central role						
2. Mandatory application of IFRS for SMEs						
3. Implementation of UNCTAD Guidance on Core Indicators (GCI) as a tool enabling baseline reporting on SDGs that is aligned with the key existing reporting frameworks						

There is strong working relationship between MOFPED, ICPAU and PSFU.

Provide resources to ICPAU to set up a **fully operational Steering Committee** and to supervise SME adoption of IFRS. IMCORE will support 10,000 SMEs to adopt



Performance, Issues Identified and Status

Recommendations for Institutional Framework	Implementation Status (Scale 0-5)					
	0	1	2	3	4	5
1. Have accelerated simplified electronic/digital centralization of formalization information and requirements						
2. Collaboration between the MDAs and URSB to coordinate efforts on data collection						

Fast track implementation of IMCORE program to provide simplified E-accounting tool and Database (Currently at pilot phase)

TREP provides the collaboration and data collection but lacks support to boost internal capacities to support growth of formalised SMEs to be enhanced by IMCORE program



Performance, Issues Identified and Status

Recommendation Human Capacity	Implementation Status (Scale 0-5)					
	0	1	2	3	4	5
1. Trainings in Corporate governance, internal controls/systems, analysis, reporting, records maintenance, accounting/ToT						
2. Implementation of the UNCTAD e-accounting tool for SME accounting						
3. Further developments are required for facilitating advancement of the SMEs reporting (i.e. via UNCTAD tailored training manual for SME accounting); adoption of SMEGA 3 for MSMEs;						

TOT was undertaken by UNCTAD in 2022.

ICPAU and other training organizations undertake training on Corporate Governance on a demand driven basis.

The domestication process for the UNCTAD E-accounting Tool is on-going currently at validation stage expected to provide tailored training manual for SME accounting



Key recommendations

1. **Legal and Regulatory Framework;**

- a) Need for increased emphasis on ESG reporting in SMEs to attract green financing opportunities
- b) Need to focus on strengthening corporate governance structures in SMEs

2. **Institutional Framework;**

- a) More focus on compliance monitoring and enforcement in SMEs
- b) Domesticating of financial Reporting standards to local realities

3. **Human Resource Capacity;**

- a) Assessment of accountancy capabilities and competencies in SMEs

4. **Automation and Digitalization of the Tool**

Digital Application to help solicit feedback from stakeholders and support assessment process



Thank you for listening to me!

Questions and comments are welcome.