



**WP/20/55**

# IMF Working Paper

---

## Unlocking Access to Finance for SMEs: A Cross-Country Analysis

by Armand Fouejieu, Anta Ndoeye, and Tetyana Sydorenko

***IMF Working Papers* describe research in progress by the author(s) and are published to elicit comments and to encourage debate.** The views expressed in IMF Working Papers are those of the author(s) and do not necessarily represent the views of the IMF, its Executive Board, or IMF management.

I N T E R N A T I O N A L M O N E T A R Y F U N D

**IMF Working Paper**

Middle East and Central Asia Department

**Unlocking Access to Finance for SMEs: A Cross-Country Analysis**

**Prepared by Armand Fouejieu, Anta Ndoeye, and Tetyana Sydorenko**

Authorized for distribution by Nicolas Blancher

March 2020

***IMF Working Papers* describe research in progress by the author(s) and are published to elicit comments and to encourage debate.** The views expressed in IMF Working Papers are those of the author(s) and do not necessarily represent the views of the IMF, its Executive Board, or IMF management.

**Abstract**

Countries in the MENAP and CCA regions have the lowest levels of financial inclusion of small and medium enterprises (SMEs) in the world. The paper provides empirical evidence on the drivers of SME access to finance for a large sample of countries, and identifies key policy priorities for these two regions: economic and institutional stability, competition, public sector size and government effectiveness, credit information infrastructure (e.g., credit registries), the business environment (e.g., legal frameworks for contract enforcement), and financial supervisory and regulatory capacity. The analysis also shows that improving credit information, economic competition, the business environment along with economic development and better governance would help close the SME financial inclusion gap between MENAP and CCA regions and the best performers. The paper concludes on the need to adopt holistic policy strategies that take into account the full range of macro and institutional requirements and reforms, and prioritize these reforms in accordance with each country's specific characteristics.

JEL Classification Numbers: D12; D25; O16;

Keywords: Small and Medium Sized Enterprises; Financial Inclusion;

Author's E-Mail Address: [afouejieu@imf.org; andoye@imf.org; tsydorenko@imf.org]