



SMEDA ANNUAL REPORT (BRIEF)

FISCAL YEAR OF 2021-22

About SMEDA

Small Medium Enterprises Development Authority (SMEDA) is the apex SME development organization for the promotion and development of SMEs in Pakistan. Its legal framework, the SMEDA Ordinance 2002, specifies it as an autonomous agency at the federal level with a mandate to support SME development in the country.

VISION & MISSION

VISION

GROWTH OF THE GLOBALLY COMPETITIVE SME SECTOR, FACILITATED BY A FAVOURABLE ENVIRONMENT AND SUPPORTIVE SERVICES FOR THE NATIONAL ECONOMY'S SUSTAINABLE GROWTH.

MISSION

TO CONTRIBUTE TO THE CREATION OF JOBS AND VALUE ADDITION TO THE NATIONAL INCOME THROUGH DEVELOPING THE SME SECTOR, BY ASSISTING IN THE GROWTH OF THE NUMBER, SIZE, AND COMPETITIVENESS OF THE SMES.



SMEDA Outreach

4
Provincial
Offices

21
Business
Centers

Categories of Service

1. Over-the-Counter Products and Services
2. Legal Advice and Facilitation
3. Industry Support-Production Efficiency Improvement
4. Sector & Cluster Development
5. HRD for SMEs
6. Assistance in Access to Finance
7. Research, Policy, & Advocacy
8. SME Development Projects



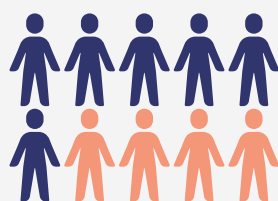
Threefold Operational Strategy



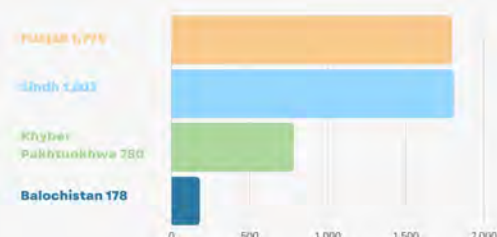
SME Facilitation & Business Development Services

SMES FACILITATED

A total of four thousand five hundred and fifty-five (4,555) SMEs were facilitated during 2021-22.

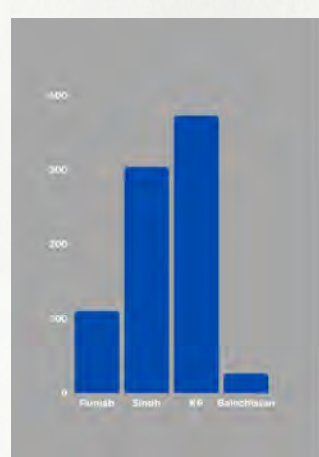
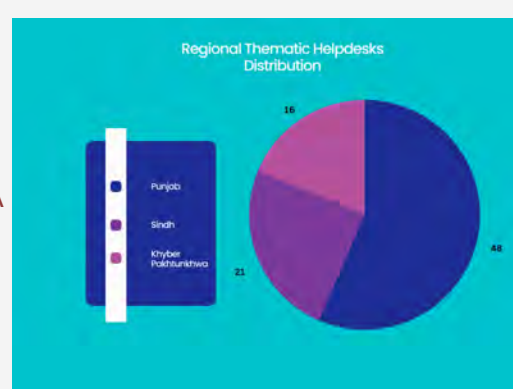


SME'S FACILITATION



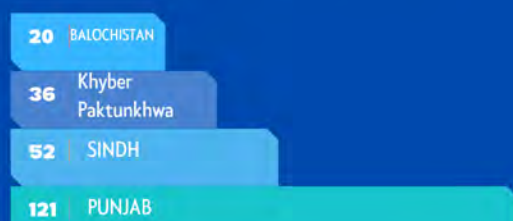
THEMATIC HELP DESKS

During 2021-22, SMEDA organized 85 theme specific helpdesks at different locations across Pakistan.



During FY 2021-22, SMEDA facilitated an investment of PKR 811 million.

Regional Trainings Distribution



In 2021-22, two hundred and twelve (229) training programs/workshops including YEPs were conducted across the country resulting in the capacity building of around 6000 individuals.

Business Plans & Prefeasibilities

- 4 Business plans were developed.
- 137 Prefeasibilities were developed and updated.



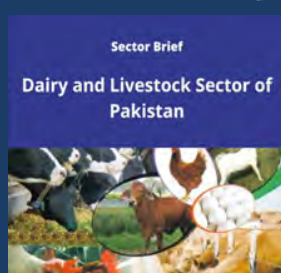
SMEDA ONE WINDOW (SOW)

389 applications were received while Letter of Intent (LOIs) were issued to 341 applicants.



Financial Services

- 8 SME Financing Helpdesks Facilitating 200 SMEs
- 4 Over-the-Counter Documents
- 2 Video Tutorials and Sector Brief Analysis



Dairy & Livestock Services

- 4 OTC Documents in Urdu Language
- A video tutorial on 'How to Start a Calf Fattening Farm' has been developed.

PSDP PROJECTS

SMEDA is implementing various PSDP projects across Pakistan to cope with the challenge of insufficient infrastructure and technology to increase SME productivity and competitiveness inter alia to demonstrate modern technologies for adoption by the private sector.

Completed Projects During FY 2021-22

Sports Industries Development Centre (SIDC) - Sialkot



Sialkot Business & Commerce Center (SBCC)



Ongoing Projects During FY 2021-22

1000 Industrial Stitching Units

Total Cost - 350.545 Million

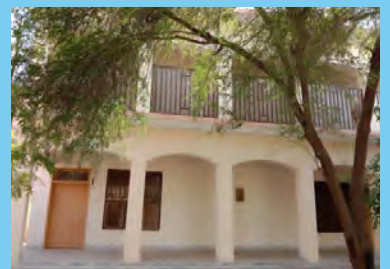
Allocation PSDP 2021-22 - 100.00 Million



Business Skill Development Center for Women - D.I.Khan

Total Cost - 59.493 Million

Allocation PSDP 2021-22 - 18.00 Million



National Business Development Program for SMEs

Total Cost - 1,954.978 Million

Allocation PSDP 2021-22 - 400.00 Million



Product Development Center for Composites Based Sports Goods - Sialkot

Total Cost - 529.770 Million

Allocation PSDP 2021-22 - 161.121 Million



SME Business Facilitation Center - Multan

Total Cost - 59.890 Million

Allocation PSDP 2021-22 - 13.00 Million



Agro Food Processing Facilities - Mirpurkhas

Total Cost - 960.318 Million

Allocation PSDP 2021-22 - 60.00 Million



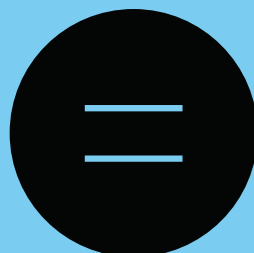
Research, Regulatory Insight & Advocacy Assistance for SMEs

Total Cost - 200.00 Million

Allocation PSDP 2021-22 - 30.00 Million



Total Allocation
for PSDP in
2021-22



782.121

Million

NATIONAL SME POLICY 2021 - 25

Rapidly changing economic environment requires policy and institutional focus that can make SME sector of Pakistan competitive in international markets and fulfill the multiple agenda of employment creation, new enterprise development, increased exports and enhanced contribution to GDP. In this regard, approval and launch of National SME Policy 2021 is an important milestone to revitalize and rejuvenate SME sector to realize the target of inclusive economic growth. The National SME Policy 2021 was approved by the Federal Government in December 2021 and subsequently launched in January 2022. The Policy is currently under implementation. Progress as of July 07, 2022 is as under:

SME DEFINITION

Adoption of single definition for SMEs across Pakistan. SBP and SECP have adopted SME definition as approved in the National SME Policy 2021. The same definition shall be adopted by provincial governments as well.

REGULATORY & TAX ENVIRONMENT

- **Simplification of Regulatory Regime** - A total of 170 reform proposals were identified, 118 reform proposals were implemented and 44 are under implementation.
- **Establish E-inspection Portal** - Government of Punjab Launched E-inspection portal and Government of KPK has developed an online inspection feedback mechanism and incorporated 12 provincial departments with a fully functional business registration portal.
 1. **No NOC Regime for New SMEs, Expansion, BMR** - The Punjab cabinet approved "Zero Time to Start-up Policy". The Government of KPK has eliminated the requirement of NOC from the EPA. 120 small businesses/traders were exempted from trade license fee and TMA inspection.
 2. **Simplification of Taxation Regime for SMEs** - 7.5% of the taxable income, where annual business turnover does not exceed PKR 100 million and 15% of the taxable income, where annual business turnover exceeds PKR 100 million but does not exceed PKR 250 million.
 3. **Sales Tax Portal** - the FBR has launched a "Single Sales Tax Portal". This will allow for a single sales tax return to be filed instead of filing separate returns to the FBR and different provincial sales tax authorities.
 4. **Introduce e-challans and e-payments** - The Government of KPK has introduced a e-Challan system in the Department of Mineral Development.

SMES ACCESS TO FINANCE

To enhance SMEs access to finance the "SME ASAAN Finance (SAAF) Scheme" is currently under implementation and is targeting collateral free financing for SMEs.



Total Number of Borrowers	=	1,350
Disbursed Amount	=	PKR 6,291 Million

INFRASTRUCTURE

Allocation of land in existing industrial estates on a land lease-based model, is one of the pillars of the National SME Policy. 4,200 acres of land has been identified for SMEs with access to 19,500 plots to set-up businesses across existing and new industrial estates. Similarly, it is envisaged that identified plug and play infrastructure facilities will be made available to SMEs. In Punjab land lease model is finalized for soliciting approval from Chief Minister of Punjab.

ENTREPRENEURSHIP, INNOVATION & INCUBATION

- **In collaboration with SMEDA, the HEC has signed a MoU with five universities to implement National Ideas Lab initiative:**
 - National University of Sciences and Technology (NUST), Islamabad
 - Institute of Management Sciences (IMSciences), Peshawar
 - NED University of Engineering & Technology, Karachi
 - National Textile University (NTU), Faisalabad
 - Balochistan University of IT, Engineering, and Management Science (BUIITEMS), Quetta
- **To promote the Limited Liability Partnership (LLP) Act, 2017 as a more flexible model for partnership registration the SECP has submitted a proposal to the FBR to tax LLPs in line with AOPs. Currently, LLPs are taxed at a higher rate than AOPs.**

NATIONAL SME POLICY 2021 - 25

WOMEN ENTREPRENEURSHIP

Women entrepreneurs contribute significantly to a country's social and economic development. To better facilitate them the MoI&P has formed a consultative group on Women Owned Businesses vide notification dated March 25, 2022, comprising of public and private stakeholders. The MoI&P will lead the consultative group to prepare and implement policies that support women-owned SMEs. On June 21, 2022, a consultative meeting with women entrepreneurs was held to deliberate upon the issues and constraints faced by them in Pakistan and to formulate policy recommendations for their facilitation.



BUSINESS DEVELOPMENT SERVICES

Under the National Business Development Project (NBDP), SMEDA has launched the Business Development Service Provider (BDSPs) Strengthening and Networking Initiative in order to link SMEs with BDSPs. This will identify, strengthen, and network the BDSPs for enhancing usability of their services by SMEs. The agro and food processing, tourism, IT and ITeS sectors were identified as high growth sectors.



MARKET ACCESS

MoU has been signed with TDAP for joint initiatives and on February 21, 2022, the E-Tijarat platform was launched to increase SMEs participation in international e-commerce and to better facilitate their domestic and international market access.



SME REGISTRATION PORTAL (SMERP)

SMEDA has developed and launched SME Registration Portal (SMERP). SMEs can register at the SME Registration Portal and apply for SME Size Certificate that will act as single point access for SMEs to benefit from the incentives offered by the Government of Pakistan.



RESEARCH & PUBLICATIONS

1

FEDERAL BUDGET RECOMMENDATIONS



In order to facilitate creation of a conducive business environment for SMEs, SMEDA initiated a countrywide consultation process to solicit inputs on the Federal Budget 2022-23. For the purpose, around 250 small and medium-sized enterprises (SMEs) stakeholders, including chambers of commerce and industry, trade associations, and other stakeholders, were contacted to gather policy inputs/ recommendations for the Federal Budget 2022-23.



Consultative sessions for the Federal Budget 2022-23 also held with Trade Associations to solicit sector specific recommendations on 17th February, 2022.



Consultative Session with Women Chambers and Women



Owned Businesses was held on 22nd February, 2022.

SMEDA also conducted consultative sessions with key stakeholders in the Food and Furniture sectors on February 14th and 15th, 2022, respectively, to develop policy recommendations to formulate Industrial Policy.

2

POLICY INPUT/ COMMENTS ON OTHER GOVERNMENT POLICY FRAMEWORKS



National Action Plan on Business and Human Right, Draft National Energy Efficiency & Conversation (NEEC) Policy 2022,



Investment Promotion Strategy 2020-23, Draft Science, Technology, and Innovation Policy 2021, Draft Strategy and Plan to Encourage Private Sector Investment in Technology and Innovation,



Draft Domestic Commerce Policy and Draft National Startup Policy 2021 and



Draft Strategy and Plan to Encourage Private Sector Investment in Technology and Innovation.

3

SMEDA RESEARCH PUBLICATIONS

SME Observer

During FY 2020-21, the following articles were published in the SME Observer:

- #Breaking the Bias – The Unacknowledged Role of Women as Driver of Economic Growth
- Public Procurement – Enhancing SME's Share in Public Procurement to Support Inclusive Growth
- Sector in Focus – Formalizing the Informal Sector
- Entrepreneurial Redemption – Creating the Culture of Second Chance
- Lahore on Rails: Streak – Customer Relationship Management (CRM)

SMEDA Newsletter (Quarterly)

A quarterly newsletter is published by SMEDA to provide a snapshot of the happenings in the SME arena and to highlight the activities SMEDA has been involved in, throughout the year. SMEDA Newsletter contains two sections; Urdu and English. It also provides technical information related to business procedures and potential investment opportunities for SMEs. The Urdu section features a summary of a prefeasibility study for new and existing businesses that are planning to diversify.



STRATEGIC PROJECTS, INSTITUTIONAL STRENGTHENING & NETWORKING

01

Economic Revitalization of Khyber Pakhtunkhwa (ERKP)

Under Phase-II of ERKP project a total amount of PKR Rs. 195.47 Million was approved/ sanctioned to 408 SMEs during FY 2021-22 in Khyber Pakhtunkhwa including Merged Areas. The project has been completed.

Type of Grant	KP Component		MA Component	
	Number of SMEs	Approved Amount (PKR)	Number of SMEs	Approved Amount (PKR)
Rehabilitation	8	4.26	451	222.48
Up-gradation	101	106.65	5	9.05
CFC/Cluster Up-gradation	2	18.90		
Sub Totals	111	191.21	456	231.53
GRAND TOTAL	SMEs – 567		Amount – PKR 361.34 Million	

02

Industry Support Program

Energy

- Energy Audits of 12 SMEs were carried out to identify the energy losses and provide suggestion to prevent such losses.
- Developed technical guide on “ISO 50001:2018”, “Energy Saving in Industrial Boilers” and “Introduction to Solar Power System”.
- Organized 15 webinars to disseminate the knowledge about the best practices pertaining to Energy Efficiency and new technologies and Renewable Energy solution
- Energy Desk for SMEs was established in collaboration with UNIDO. 54 SMEs were facilitated through this desks in FY 2021-22, moreover 2 introductory sessions on Solar Power System were conducted at Sahiwal and Sheikhpura Chamber of Commerce & Industry.



Productivity

- Facilitated 14 auto parts manufacturing units through implementation of Japanese Tools for improvement in overall factory management.
- Developed technical guide on Line Balancing and Cycle Time, Demand Forecasting ,Just in Time, 5 whys Analysis & Poka Yoke
- For productivity improvement via Japanese Technique, onsite trainings are organized on “Improving Productivity Through 5S & 5T”



Introduction of Internet of Things (IOTs) in Industry

Implemented IOT based solution at 1 factory to monitor and manage the energy consumption on a critical process of “injection molding”.

Occupational Health & Safety (OHS)

Fire Safety Assessments of two factories carried out.

03

Growth for Rural Advancement and Sustainable Progress (GRASP)

Small and Medium Enterprises Development Authority (SMEDA) has signed an MoU with International Trade Center (ITC) for the Growth for Rural Advancement and Sustainable Progress (GRASP). The Project is being funded by European Union (EU). The project will contribute to the reduction of poverty through development of rural SMEs by creating gender inclusive employment and income opportunities. The project focuses on the rural areas of Sindh and Balochistan provinces and work through targeted support to both the public and private sectors.

INSTITUTIONAL STRENGTHENING & STAKEHOLDER NETWORKING

01.

Memorandum of Understanding (MoUs) for Institutional Collaboration (FY 2021-22)

SMEDA enters tripartite agreement with HEC and Higher Education Institutions (HEIs) to execute National Idea Lab (NIL)



National Idea Lab (NIL) Implementation Roadmap



02.

Women Entrepreneurship Development

SMEDA sponsored participation of Women Entrepreneurs in the 10th WEXNET exhibition organized by Trade Development Authority of Pakistan (TDAP). The exhibition was held at the Expo Centre Lahore on 17th and 18th March, 2022. A pavilion consisting of 30 stalls sponsoring 52 women entrepreneurs from nearly 17 cities across Pakistan.



SMEDA-WEDC conducted E-Commerce Business Start-up and Management training for Women Entrepreneurs Awareness Seminar on SMEDA Services for Women Entrepreneurs (WEs)



SMEDA-WEDC conducted E-Commerce Business Start-up and Management training for Women Entrepreneurs



Awareness Session on State Bank of Pakistan's New Policy: "Banking on Equality" Jointly with Bank Alfalah