

UNIVERSITY OF MANAGEMENT AND TECHNOLOGY, Lahore



Beneficiary assessment based evaluation of SME policy of

Pakistan

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Dedication

I would like to dedicate this thesis to my friends and family. It gives me special feeling of gratitude for my loving parents, sister, and brother whose words, patience and encouragement made me achieve this milestone. I also dedicate my work to my friends who supported and kept on motivating me throughout my research process. I will always appreciate the way they supported me, especially Amna Irfan and Awais Sheikh.

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Abstract

The study undertook first ever evaluation of SME Policy of Pakistan. The objective of study was to evaluate policy, with perspective of its beneficiaries, and draw lessons for further improvements. SME sector is bedrock of Pakistan's economy. They contribute 40% to GDP and provide 78% non-agriculture jobs in far flung areas of the country. In 2007, first ever SME Policy was launched by the Government of Pakistan. The Policy furnished SME development vision, scope, objectives, thematic areas and principals for SME lead growth of Pakistan. Policy guidelines for thematic areas, including Access of Finance, SME Definition, Business Environment, Supporting HRD, Technology Up-Gradation and Marketing, and Entrepreneurship Development were laid down. The Policy also underscored importance of regular Monitoring and Evaluation, yet neither monitoring mechanism of policy has been established nor has any policy evaluation exercise been conducted so far.

In this background, the present study undertook beneficiary based evaluation of SME Policy of Pakistan. It has been observed that often voices of beneficiaries are overlooked by bureaucracy and powerful institutions of state, such as State Bank of Pakistan. Beneficiary based evaluation is therefore considered one of the most important approaches for policy evaluation. For the present study, qualitative data were collected through in-depth interviews of representatives of 09 associations of high growth SME sectors. Data analysis was done through NVivo software for coding data, developing mind maps and project maps. The results include perspectives of beneficiaries about the relevance of policy content, achievement of its intended outcomes, impact of policy on SME growth and recommendations for improvements.

Keywords: SME Policy of Pakistan, Evaluation of SME Policy, Beneficiary assessment approach.

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List of Abbreviations:

ACE	Action Community for Entrepreneurship
APF	Agro Foods Processing Facilities
APTMA	All Pakistan Textile Mills Association
ASEAN	Association of Southeast Asian Nations
CAP	Construction Association of Pakistan
CEO's	Chief Executive Officer
CNC	Computer Numerical Control
CSR	Corporate Social Responsibility
CPEC	China Pakistan Economic Corridor
ERIA	Economic Research Institute of ASEAN and East Asia
ESC	Economic Strategies Committee
FBR	Federal Board of Revenue
GDP	Gross Domestic Product
GOP	Government of Pakistan
HR	Human Resource
HRD	Human Resource Development
ILO	International Labor Organizaton
INSMED	Institute of Small and Medium Enterprise & Entrepreneurship Development
KPI's	Key Performance Indicators
LESCO	Lahore Electric Supply Company
M & E	Monitoring & Evaluation
NCSME	National Committee on Small and Medium Enterprises
OSMEP	Office of SME Promotion
PAAPAM	Pakistan Association of Automobile Parts & Accessories Manufacturers
PC	Pear Continental

PDA	Pakistan Dairy Association
PGJDC	Pakistan Gems and Jewelry Development Company
PGMEA	Pakistan Gloves Manufacturing and Exports Association
PHMA	Pakistan Hosiery Manufacturers & Exporters Association
PMYBL	Prime Minister's Youth Business Loan Scheme
PSDP	Public Sector Development Program
PSIC	Punjab Small Industries Corporation
PSMA	Pakistan Steel Melters Association
R&D	Research & Development
REAP	Rice Exporters Association of Pakistan
SBP	State Bank of Pakistan
SIDO	Small Industrial Development Organization
SMEs	Small and Medium Size Enterprises
SMEDA	Small and Medium Enterprise Authority
SMRJ	Organization for Small & Medium Enterprises And Regional Innovation, Japan
SOP	Standard Operating Procedure
SPRING	Standard, Productivity and innovation Board of Singapore
TIC	Technology Innovation Center
UNIDO	United Nations Industrial Development Organization
WHO	World Health Organization

Chapter 1: Introduction

SME Policy of Pakistan was made in 2007, with the objective of providing a long-term framework for achieving economic growth in SME sector. The aim of the Policy was to develop SME sector and highlight core issues that SMEs face while operating in the market. The Policy was designed to address all pertinent areas for SME development including business environment, access to finance, human resource development and supporting technology up-gradation and marketing. The Policy furnished recommendations for each of these areas. Moreover, given that no single SME definition was prevalent in Pakistan, the Policy came up with single definition. It highlighted that SME development should be central concern of all economic growth policies; and encouraged private sector to play its due role in successfully implementing the Policy and to ensure that government support and priorities for SME sector are in right direction.