

SME Business Support Fund

**Business Development Services Providers (BDSPs)
Way Forward for SME Development in Pakistan**

By:

Syed Saquib Mohyuddin
Chief Executive Officer

Presentation Roadmap

ADB/BSF Project



Concept of BDS Providers

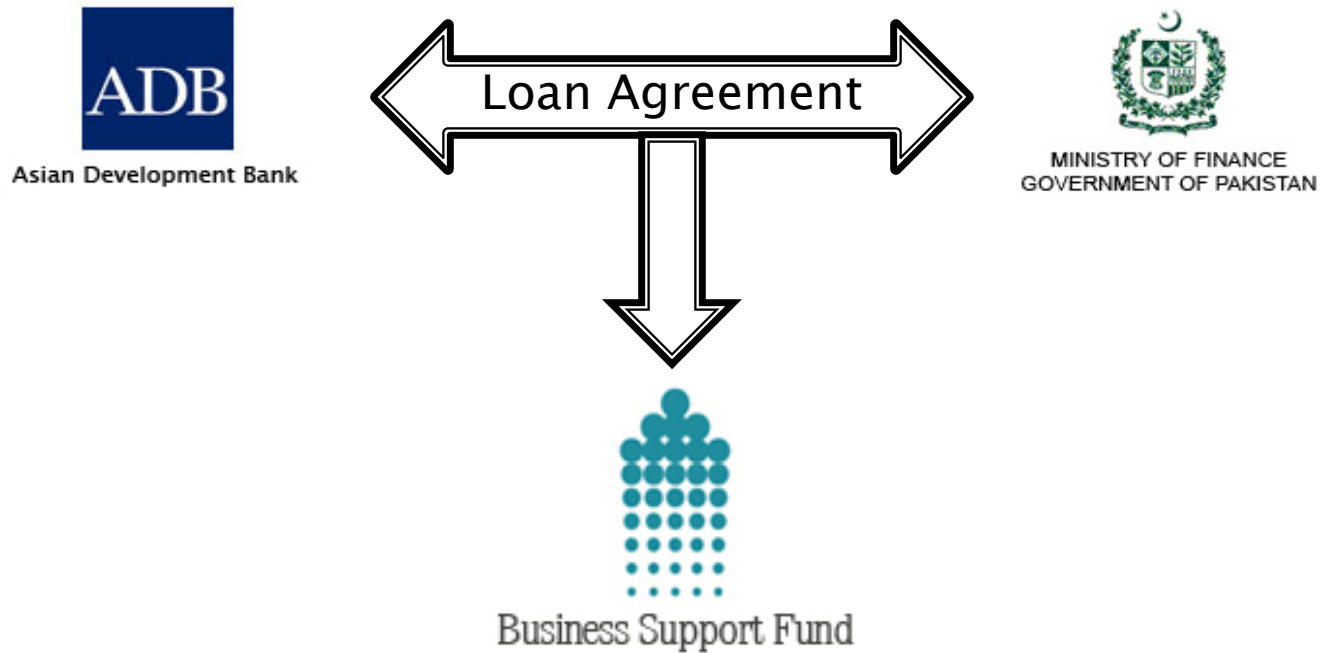


The “New” BSF



Focus on Non-Financial SME Development Programs through BDSPs

Origin of BSF

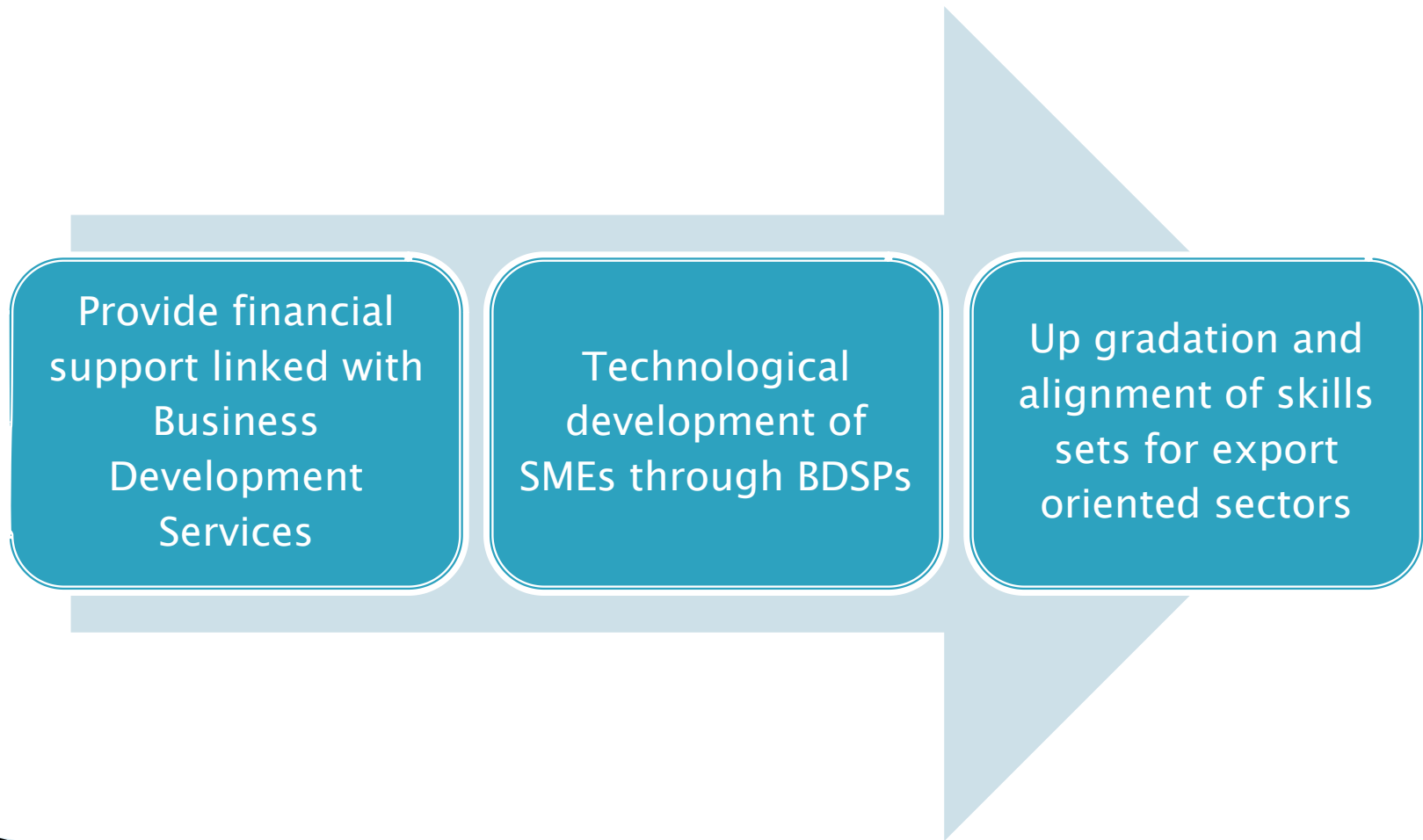


- Established in 2005
- A Guarantee Ltd Company under Section 42 of Companies Ordinance 1984
- 9 Board Members
- Total Outlay of USD 5.7 M (For grant allocation)

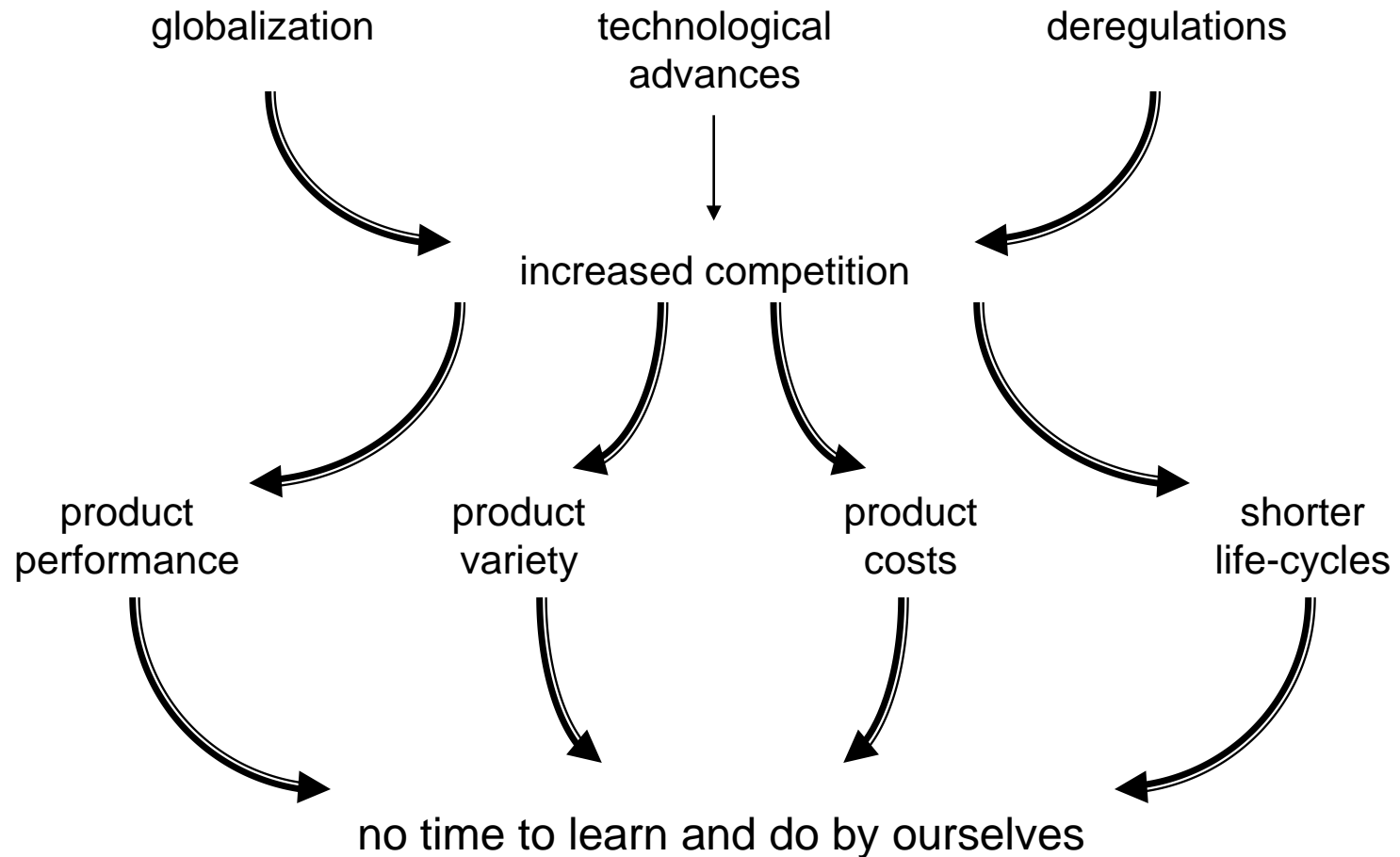
Introducing the Concept of BDSP

- ▶ To road test the concept of Business Development Service Providers for supporting the SMEs
 - Building Capacity of BDSPs.
 - Building Capacity of SMEs to reach out BDSPs

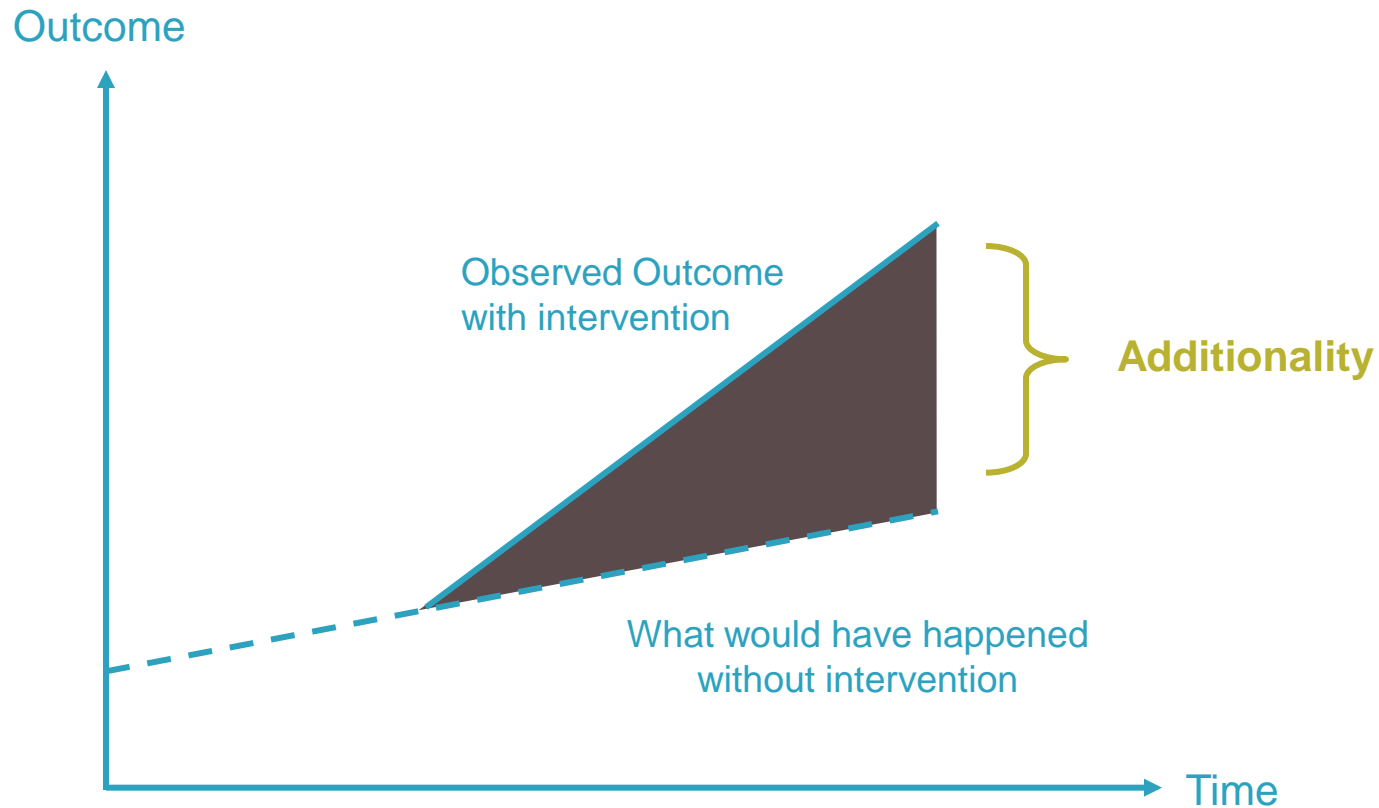
Role of BSF under ADB Pilot Project



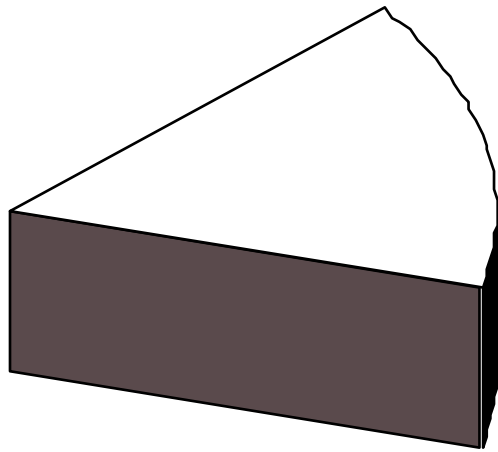
More Demanding Environment



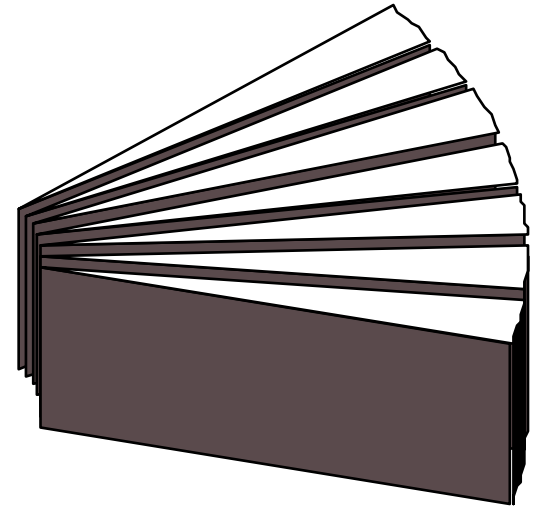
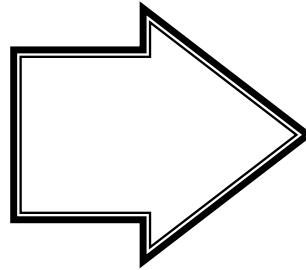
External Experts Can Achieve More



Functional Specialists Add Depth

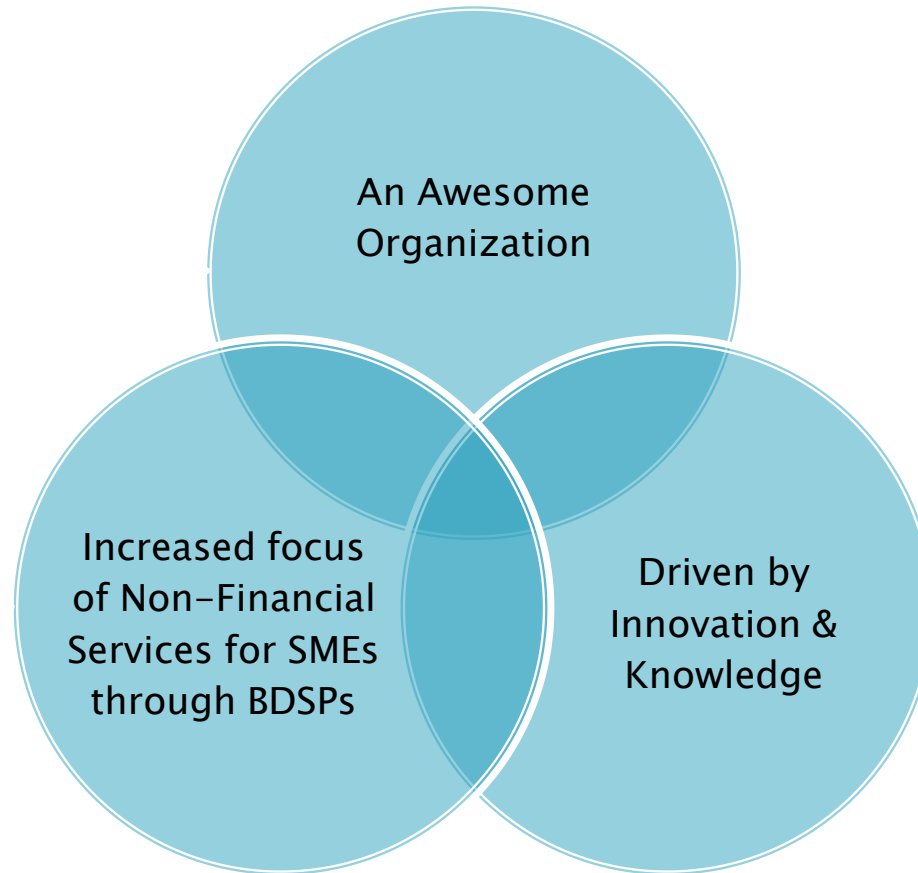


Internal Practice



External Expertise

The New BSF



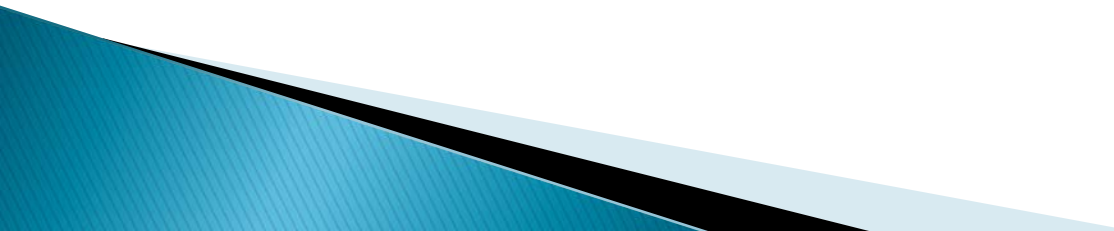
Core Values

Developing new enterprises

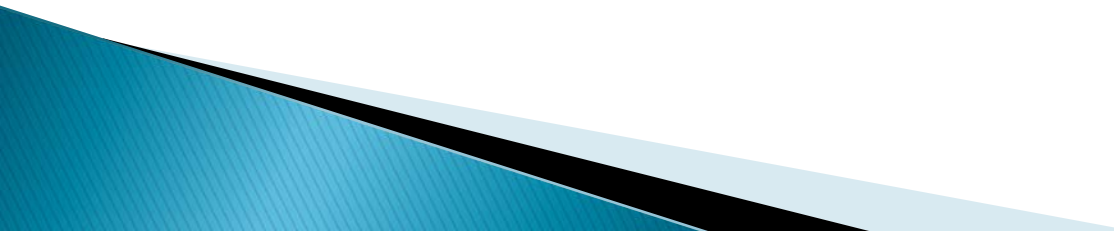
Supporting existing enterprises through
BDSPs

Inculcating Business Processes/ Models in
rural enterprises

Landscape of SMEs

- ▶ This sector has emerged as a lifeline of Pakistan's economy constituting nearly 99.06% of all economic establishments.
 - 96% sole proprietorships
 - 2% Partnerships
 - ▶ SMEs jointly contribute approximately 30% to GDP, employing 80% of the non agricultural labor force, 25% to total exports, and 35% to manufacturing value addition.
 - ▶ Most SMEs are in a low growth trap dealing in traditional products and unable to climb up the technology ladder.
 - ▶ 19% SMEs are less than 5 years old and only 4% are able to survive beyond 25 years.
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Issues affecting Competitiveness of the SME sector

- ▶ Lack of professional management.
 - ▶ Market accessibility
 - ▶ Financing
 - ▶ Technology Vision
 - ▶ Poor logistics
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BDSP Concept – Worldwide

- ▶ BDSP concept being effectively utilized world wide specially in developing economies.
- ▶ IFC program based on BDS including
 - WRAP Certification (Vietnam)
 - Construction Industry: How to put together winning bids (Albania, Bosnia–Herzegovina, FYR Macedonia, Serbia–Montenegro)
 - SABCO Linkage Program (Nairobi, APDF)
 - Yanacocha Mines (Peru)
 - Business Edge (Pakistan)
- ▶ African Countries including Ethiopia, Kenya, Zimbabwe, Namibia, Zambia, Tanzania etc.

External Specialists / BDSPs Offer Much

Business Planning	Corporate Governance Training	Strategic Investments	Product Development Assistance	Development of QMS	Access to Markets
Export promotion projects	Staff training	Private placement support	Marketing Strategies	Supplier Information & Chains	Access to Finance
Strategic alliance support	Systems and Process consulting	Access to Technologies	Financial Management	Record Keeping	Export Development

BDSP Concept – Unique Feature of BSF in Pakistan

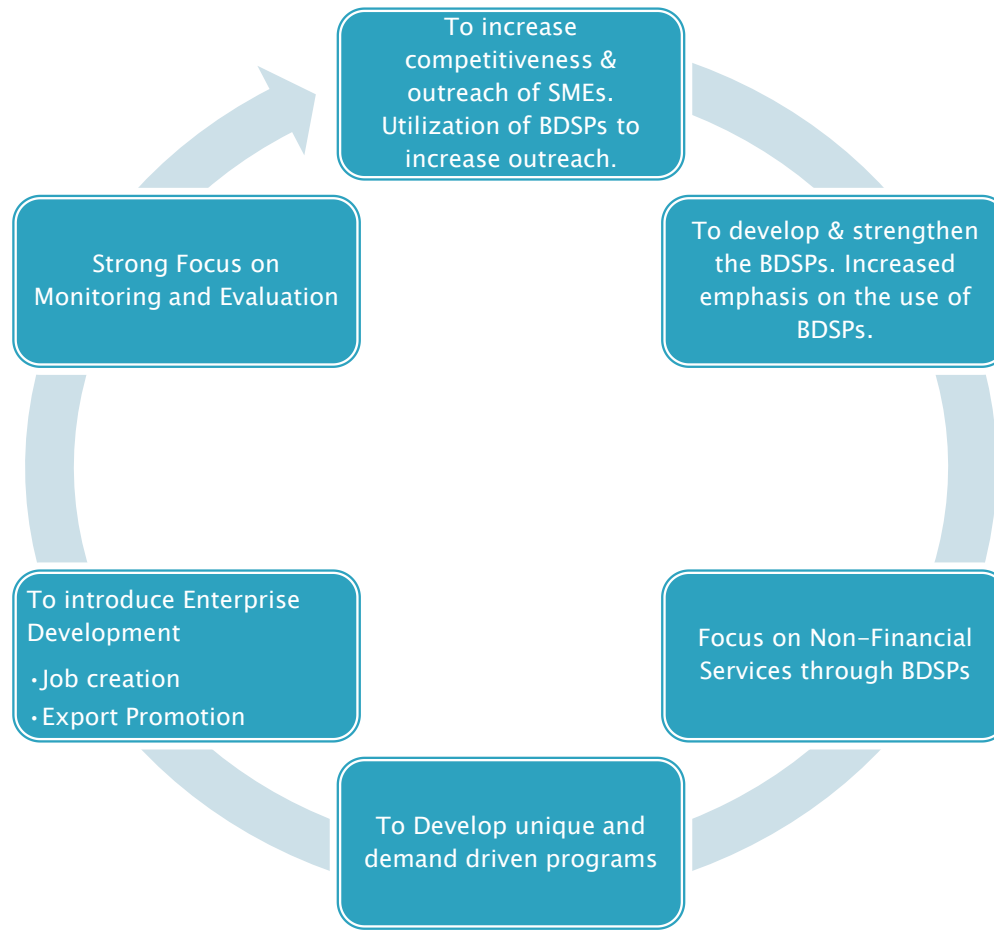
Only Government organization involved in BDSP Registrations

- Currently over 200 BDSPs registered
- Plans to start a “BDSP Accreditation and Ranking Program” very soon
- Providing platform for Handholding and Matchmaking between SMEs – BDSPs

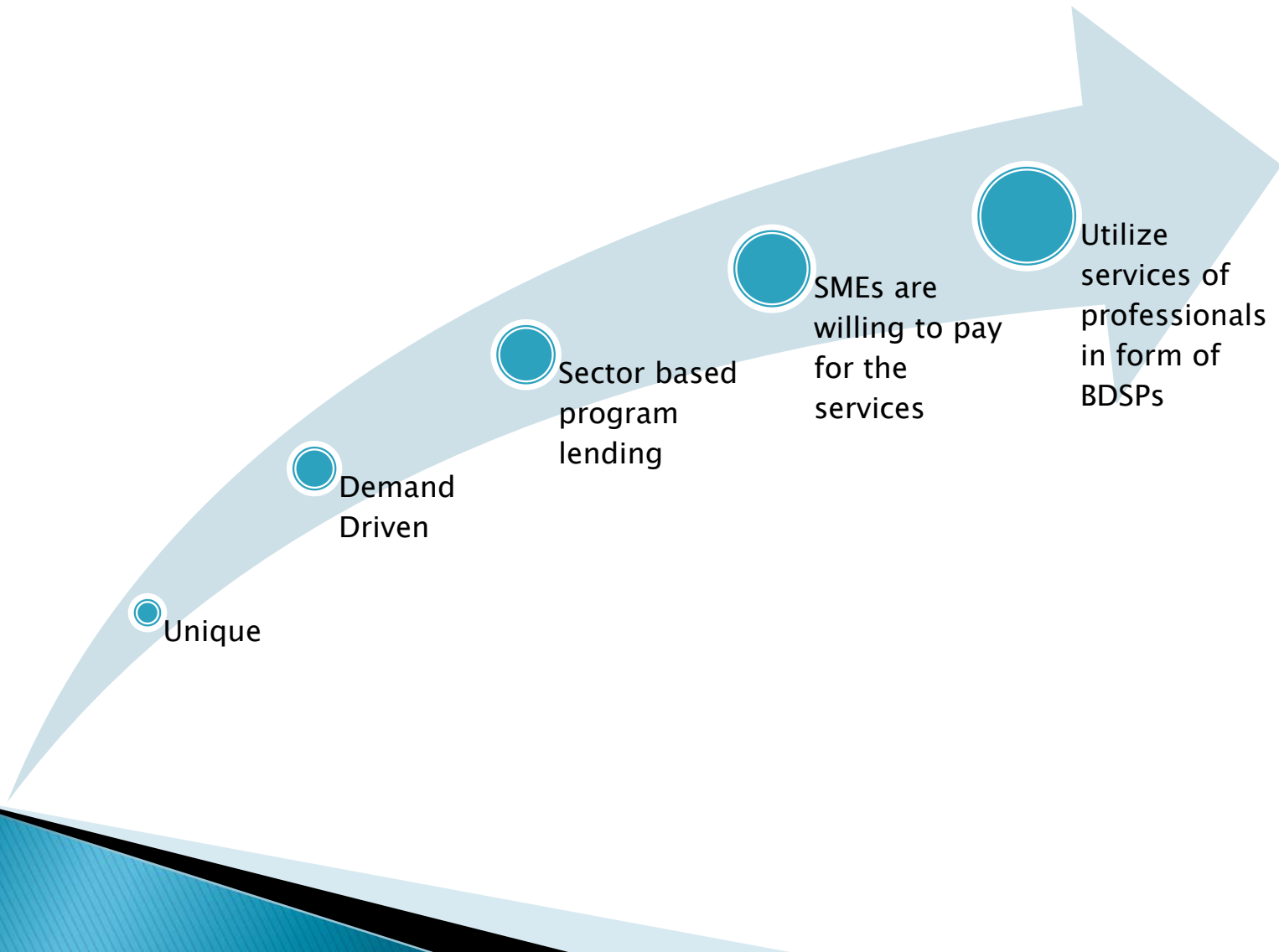
BSF Utilizing BDSPs for all SME Development Programs

- Ensuring timely availability and access of BDS to the SMEs.
- Outsourcing all its programs through BDSPs to ensure:
 - Better Outreach
 - Effective Value Chain Management
 - Operational and professional expertise
 - Lean organizational structures for timely decision making and program execution.

New Strategy



How BSF programs are different



Programs for Creating New Enterprises

“ To create business opportunities for Entrepreneurs in saturated Job market.”

- **Franchising:**

- FranchisingPakistan.com
- Formalized platform for SMEs to establish businesses through franchise model

- **Role of BDSPs**

- Developing of Portal
- Ensuring Outreach of this program
- Development of SOPs, Rules and Regulations and completion of all legal formalities.

PELP (Pakistan Entrepreneurship & Leadership Program):

- Highlighting the role of entrepreneurship in economic development
- Enabling entrepreneur to generate income, employment and profitability through innovation & efficiency.
- University collaborations

- **Role of BDSPs**

- Event Management
- Increasing University Outreach
- Developing mechanism for public – private partnership between BSF and other business enterprises.

Programs for Creating New Enterprises

(Contd....)

Web Portals with ICT R&D Fund:

- Franchising Portal
- Health Portal
- Online shopping Portal
- Outsourcing to Pakistan Portal

Role of BDSPs

- Development of Portals
- Outreach of the program
- Market Integration through marketing, export development and value chain management

Programs to support Existing Enterprises

“To build the capacity of SMEs and to strengthen the intermediary role of BDSPs.”

HR Plus Program:

- Aim – Provide competency based human resource to SMEs
- Pilot project
- 25 SMEs representing selected sectors
- Customized needs assessments
- Cost-sharing basis between BSF and the SME
- **Role of BDSPs**
 - Conducting HR Need Analysis
 - Capacity Building Program

Joint Venture with Ministry of IT (ICT R & D Fund) through BDSPs.

- Designing of 200 websites for SMEs through ICT R&D Fund
- **Role of BDSPs**
 - Development of Websites
 - Providing program outreach
 - Business development opportunity

Programs to Inculcate Business Processes/ Models in Rural Enterprises

“To introduce business models and best practices in rural enterprises”.

ADC (Agri Development Companies):

- To empower the farmer's community by developing the enterprises and decreasing the role of middlemen.
- Outsourcing of BSF program with Public Private Partnership.
- **Role of BDSPs**
 - Increasing Program Outreach
 - Value Chain Management, Marketing Services and Export Development.

Peach, Peace & Prosperity:

- Training on Post Harvest Management and Entrepreneurial Development
- Enterprise development of 1250 enterprises
- Distribution of 550,000 boxes
- Post Harvest Management program with NAVTEC as the continuation of this program
- **Role of BDSPs**
 - NPO, IDEA and FINCON
 - Capacity Building Programs
 - EDC Development

Consultancy Assignments

Consortium Based Project:

- BSF participation in competitive bidding on various Government/Donor Funded Consultancy Projects.
- Participation as JV/Consortium Partner with BDSPs.

Role of BDSPs

- Providing professional services based on competencies
- Building professional capacities of the BDSPs to bid for larger donor/government funded projects.
- Business Development for the BDSPs

Collaborations

National ICT R&D Fund

- Website development for SMEs
- Development of trade portals for SMEs
- Referring upcoming graduates of NCIT scholarship program to young entrepreneurs program for training
- Access of market information to rural areas
- Development of swipe cards for
- Integrated computer based information systems for various SMEs verticals, as identified by BSF
- Training Programs for micro/SME ICT entrepreneur

State Bank of Pakistan

- Cluster Financing Model
- Innovative collateral free financial products for SMEs
- Forum to meet heads of FIs

Collaborations (Contd...)

Khushali Bank Limited

- Business Development Services
- Helping Micro Entrepreneurs transgress into Small Entrepreneurs

J.E. AUSTIN

- Potential collaboration for donor funding from USAID
- Sector based initiatives by BSF to be launched
- Support to be provided for BSF Programs

NAVTEC:

- Post Harvest Management Program (Swat, Mardan & Qasur)
- Lady Health Workers Program
- Rehabilitation program for the women of Southern Punjab

Collaborations (Contd...)

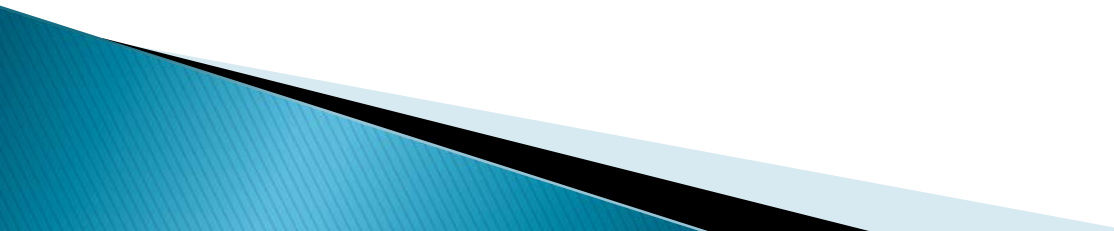
USAID (IRG)

- Energy conservation Program
- 1000 SMEs in Pilot Phase followed by 10,000 SMEs

GIA/GRP/TEVTA

- Developing and enhancing of the skills of Gems & Jewellery Sector in Taxila

Venture Capital

- ▶ Venture Capital Fund
 - Middle Eastern investors to buy stakes in small and medium sized companies
 - High end, high value-added goods and services for the Middle East
 - Strong orientation towards innovation and competitiveness.
 - ▶ Islamic mode of financing under Musharaka
 - ▶ All assets of Musharaka will be jointly owned in proportion to the capital of each partner.
 - ▶ A management fee will be paid to BSF. At the time of entering into the Musharaka agreement, an exit mechanism will be planned with a time-horizon of three to five years.
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Thank you!

64B D/1, Ghalib Road,
Gulberg III, Lahore

Tel: 042 99268150-53

Fax: 042 35871318

Email: info@bsf.org.pk

Website: www.bsf.org.pk