



Project on “Empowering SME Development Agencies with Innovative Financing Solutions under the OIC-SMENET Framework”

Workshop on “Designing Implementation Strategies for Innovative SME Financing Support Mechanisms”

16-17 September 2026

Ankara, Türkiye

This Project is funded under the 13th Call for Project Proposals of COMCEC Project Funding

SME FINANCING • PAKISTAN

National & Institutional SME Financing Landscape in Pakistan

Institutions, Access to Finance, and the Policy Response

Small and Medium Enterprises Development Authority (SMEDA), Pakistan
Ministry of Industries and Production (MoIP) – Government of Pakistan



Pakistan's SME Landscape

The backbone of Pakistan's economy and employment base

7 Mn

Estimated MSMEs in Pakistan

40%

Contribution to National GDP

30%

Share of National Exports

78%

Share of Non-Agricultural
Labour Force Employed

19.5%

Small-Scale Manufacturing Share
of the Manufacturing Sector

2.3%

Small-Scale Manufacturing
Contribution to GDP

9%

Small-Scale Manufacturing
Growth Rate

53%

SMEs in Wholesale & Retail
Trade, Hotels and Restaurants



SME Definition

*Enterprise categories by annual sales turnover**

1 Micro Enterprises

Up to PKR 30 Mn

approx. US\$ 0.10 million annual turnover ceiling

2 Small Enterprises (SEs)

PKR 30 Mn – 150 Mn

approx. US\$ 0.10 – 0.54 million annual turnover

Threshold under revision → ~US\$ 1.43 Mn

3 Medium Enterprises (MEs)

PKR 150 Mn – 800 Mn

approx. US\$ 0.54 – 2.85 million annual turnover

Threshold under revision → ~US\$ 7.14 Mn

4 Start-ups

Up to 5 Years Old

A small or medium enterprise classified as a Start-up SE or a Start-up ME

**An independent, for-profit, privately-owned enterprise.*



Eight Strategic Pillars for MSME Development

SMEDA Business Plan FY 2026-28 — a two-year strategic framework spanning 68 sub-initiatives

1

**Expanding Market
Access**

2

**Unlocking Capital &
Investment**

3

**Strengthening Value
Chains**

4

**Boosting Micro &
SME Competitiveness**

5

Deepening Inclusion

6

**Building Climate
Resilience**

7

**SME Policy &
Ecosystem
Formalization**

8

**SMEDA Brand &
Operations**



Operational Strategy: Building Partnerships

Building and strengthening institutional partnerships with technical experts and professional organizations

i

Federal & Provincial Governments

- Policy development
- Delivery of services

ii

Chambers & Trade Associations

- Capacity building of SMEs
- Joint execution of projects

iii

International Development Partners

- Execution of SME development initiatives

iv

Academia & Private Sector

- Research
- Business Development Service Providers' development



SME Financing Pakistan: At a Glance

Formal financial-sector exposure to the SME segment (as of June 2026)

**PKR 901.6
Bn**

Outstanding SME Financing
(approx. US\$ 3.25 Bn)

318,585

SME Borrowers

PKR 2.8 Mn

Average Loan Size
(approx. US\$ 0.01 Mn)

KEY MESSAGE

SMEs are economically significant, but their access to formal finance remains disproportionately low.

7.6%

Share of Private Sector Credit

10%

SME Non-Performing Loan Ratio

4.87%

Women Enterprise (WE) Financing
Share of SME Financing

6%

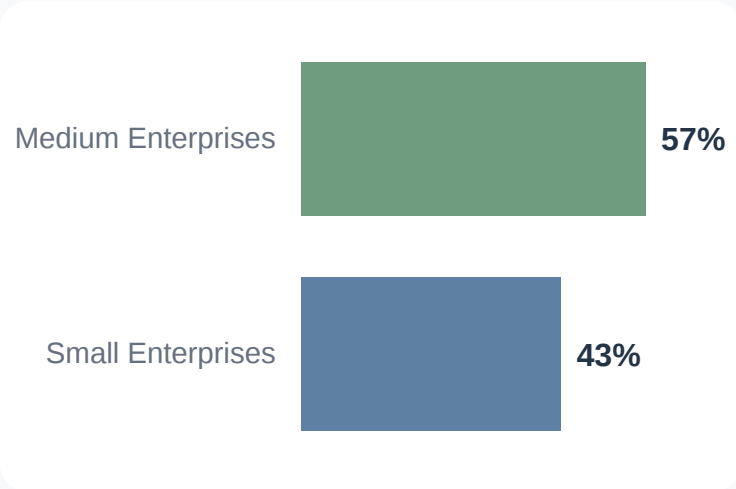
Women Enterprise Borrowers
as a Share of Total SME Borrowers



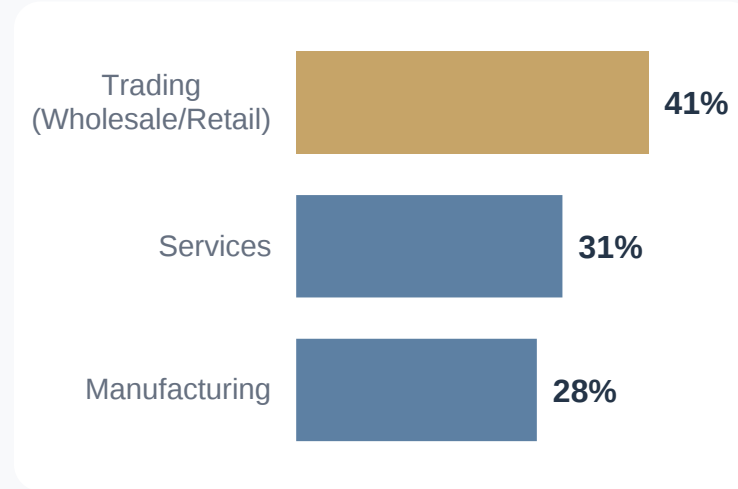
SME Financing by Size & Sector

Composition of outstanding SME financing across key breakdowns

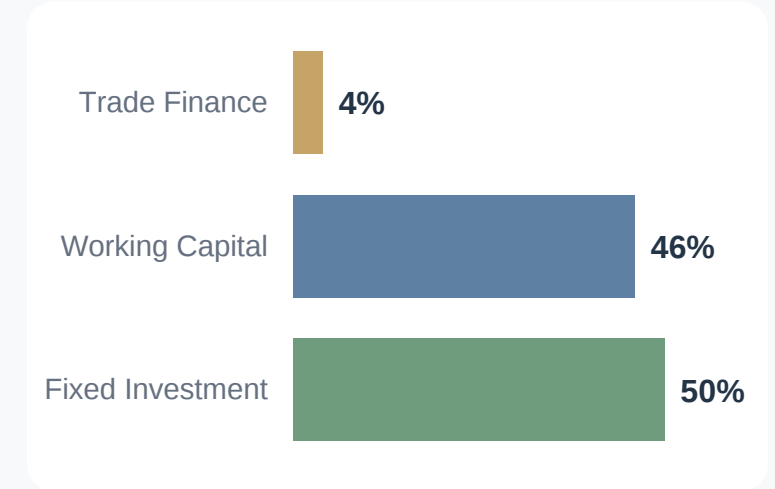
By Firm Size



By Sector



By Facility Type



16%

Islamic (Shariah-Compliant)
SME Financing Share

11,545,000

Microfinance: Active Borrowers

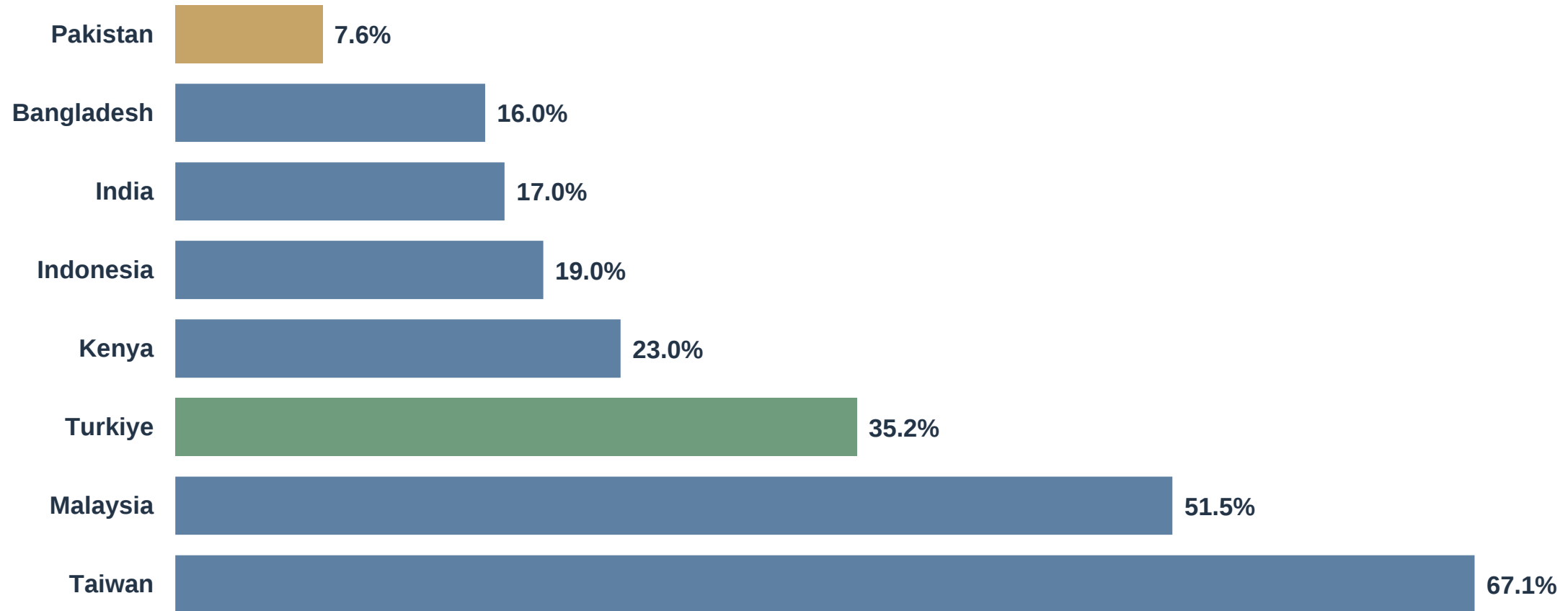
PKR 734 Mn

Microfinance: Gross Loan
Portfolio (as reported)



Comparison with Peer Countries

SME financing as a percentage of private sector financing — a persistent gap



Regional peer average (excl. Pakistan): 32.7%. *Pakistan trails every peer shown, including Türkiye (35.2%), the host country of this course.*



SME Financial Ecosystem Assessment

Root causes behind Pakistan's persistent SME financing gap



SUPPLY-SIDE GAPS

(Institutional)

- No centralized SME registry — sector size and performance cannot be measured or targeted
- No movable-asset collateral registry — real estate dominates as the only accepted collateral
- Weak credit information and rating systems — deepens information asymmetry and bank risk aversion
- Fragmented oversight and policy coordination across institutions reduces intervention effectiveness
- Widespread use of personal accounts for business obscures financial records and tax visibility



DEMAND-SIDE GAPS

(SME-Level)

- Weak financial record-keeping and inefficient receivables/payables management
- Low digital adoption and limited equity bases to support growth financing
- Poor awareness of banking procedures and available financing products
- Lack of insurance on productive assets; over-reliance on supplier credit
- Cultural and regulatory barriers, including aversion to interest-based products



National SME Financial Architecture

Part 1 — Policy, regulatory, and facilitation layer



Ministry of Finance

Fiscal policy, budgetary support, and government financing / risk-sharing programmes



State Bank of Pakistan

Financial sector regulator — SME financing regulations, supervision, refinance facilities, credit-risk / risk-sharing schemes, and financial inclusion



Ministry of I&P SMEDA

SME policy advice, business development services, financial readiness, facilitation, and market intelligence

Together, these three institutions set the policy direction, prudential rules, and development-support foundation on which all downstream SME financing is built.



National SME Financial Architecture

Part 2 — Financing providers, risk-sharing, and market institutions



Financial Institutions

- Commercial Banks — working capital, investment & trade finance
- Islamic Banks — Shariah-compliant SME financing
- Microfinance Banks — underserved segment financing
- Development Finance Institutions — longer-term / project financing
- Digital Banks



Non-Bank Finance

- SECP-regulated NBFCs — leasing, investment finance & alternative lending
- Fintech / Digital Lending Platforms — alternative-data-based lending



Risk-Sharing / Guarantee

- Government / SBP Risk Coverage Schemes — partial risk coverage to expand SME lending
- National Credit Guarantee Company (NCGCL) — credit guarantee infrastructure



Industry & Market Institutions

- Pakistan Banks' Association (PBA) — banking-sector coordination
- Chambers of Commerce & Industry — SME outreach and linkage
- Trade / Industry Associations — sector intelligence & advocacy



Development Partners

- World Bank / IFC — SME finance programmes & institutional strengthening
- ADB and other partners — financing programmes, policy support & capacity building

Pakistan's SME financing architecture combines government policy and SME development support, SBP-led financial regulation and risk-sharing, market-based financing through banks and non-bank institutions, and supporting credit-information and development-finance infrastructure.



SMEDA's SME Bankability Journey

A structured six-step pathway from outreach to sustained lender linkage





SMEDA's Non-Financial Advisory Services

Complementary support that builds SME bankability alongside access to credit

1

Financial Literacy Trainings

- 1-day training programmes
- Diverse topics from wider training themes

2

SME Financing Helpdesks

- One-Day-One-Bank joint activity with SBP and banks
- CCIs and Trade Associations collaboration

3

Over-the-Counter Documents & Tools

- Pre-feasibility studies
- Financial calculators & web-tools
- Information guides

SME Fund Dedicated Fund for SME Development ---- SME Credit Scoring Model



MSME Grants

Currently under process

i

**SME Certification
and International
Compliance
Grants**

Active

ii

**Industrial
Stitching Units
Grants**

Active

iii

**Vendor
Development
Programme —
National MSME
Sub-Contracting
Programme**

Pilot Under Process

iv

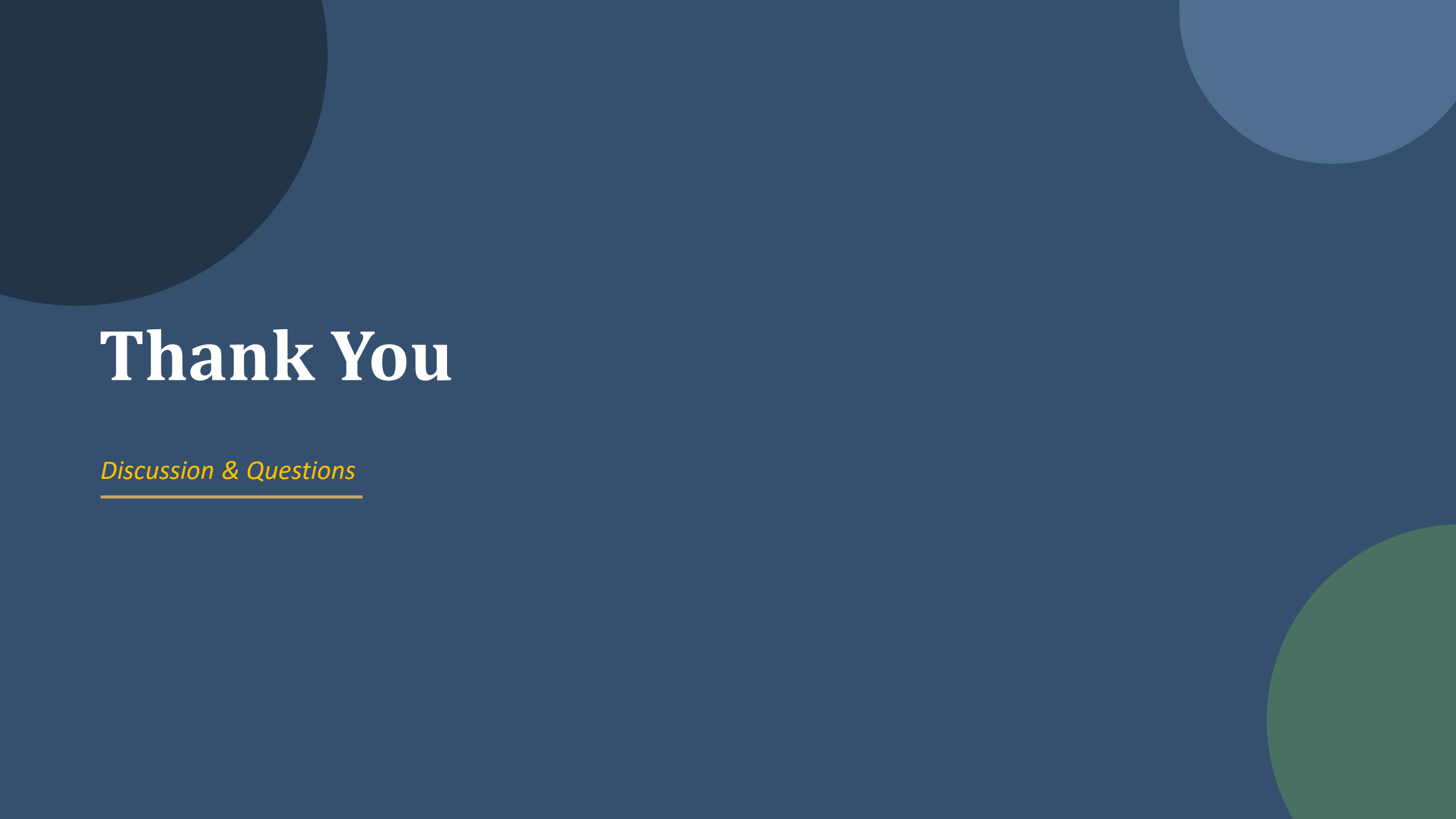
**Export Assistance
Programme for
SMEs**

Under Process

v

**Production
Design and
Development —
Women
Entrepreneurs**

Pilot Project Active

The background is a solid dark blue color. There are three large, semi-transparent circles: a dark blue one in the top left, a medium blue one in the top right, and a teal one in the bottom right.

Thank You

Discussion & Questions