**SME competitiveness**

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The United Nations Industrial Development Organisation (UNIDO) is the specialised agency of the United Nations with a unique mandate to promote and accelerate industrial development in its partner countries. UNIDO’s mandate emphasises that industrialisation is the primary source of income generation, allows for rapid and sustained increases in living standards for all people, and provides technological solutions to industrialisation. UNIDO’s mandate argues that without technology and innovation, industrialisation will not happen, and without industrialisation, development will not happen. Accordingly, UNIDO provides its support through four mandated functions: technical cooperation; action-oriented research and policy-advisory services; normative standards-related activities; and fostering partnerships for knowledge and technology transfer. UNIDO also recognises the role of sustainable industrial development in achieving gender equality and the economic empowerment of women. UNIDO has a presence in Pakistan that aims at building indigenous (human and/or institutional) capacity to enhance the industrialisation process of Pakistan sustainably.

[PM terms return of SC bill by President as unfortunate](https://www.nation.com.pk/09-Apr-2023/pm-terms-return-of-sc-bill-by-president-as-unfortunate)

The government of Pakistan (GoP) attaches great importance to small and medium enterprises (SMEs) and believes that SMEs are the main engine of economic growth and job generation in Pakistan. Accordingly, the Small and Medium Enterprise Development Authority (SMEDA) has been established by the GoP to promote the interests of SMEs. SMEDA partners with various international development agencies (IDAs) such as JICA, Japan, and GIZ, Germany. However, contrary to innovation and technology transfer initiatives for SME upgradation and development, most of the collaboration with these development agencies relates to improving operational efficiency on the shop floor.

For instance, a three-year project was started in the year 2021 by GIZ in collaboration with SMEDA to develop labour and environmental standards in Pakistan’s textile industry and would be completed by end of the current year. The project aimed at improving the competitiveness of the Pakistani textile and fashion industry in the world market by improving and enhancing labour and environmental standards. Furthermore, the government of Germany, through GIZ, has decided to initiate two new projects: one again for raising international standards of labour environment in the textile industry and the other for promoting employment through women empowerment. Similarly, JICA has assisted in improving the capacity and productivity of suppliers to auto manufacturers of Pakistan, such as Honda and Toyota. Thus, most of the industrial initiatives relate to operational improvement for increased productivity and efficacy, which are no longer a source of competitive advantage.

[Educationist Dr Ajmal Sawand killed in tribal feud](https://www.nation.com.pk/09-Apr-2023/educationist-dr-ajmal-sawand-killed-in-tribal-feud)

For industrialisation and sustained competitiveness, the world has moved to technological upgradation and innovation, as also enumerated by the UNIDO mandate. Therefore, various government agencies related to policymaking and facilitating SMEs should realign to changing the international industrial environment and should nudge the local SMEs, especially export-oriented ones, to upgrade their technological processes and products for better-value-added markets abroad. This would require moving out of the ‘comfort zone’ where presently our government agencies and industries are cocooned in. This would entail continuous innovation-unlearning the old skills and continuously learning the new skills for a sustained technological edge against local and regional competitors. Furthermore, macro-level decisions need to be taken by the GOP that all national and international collaborations should relate to technological upgradation and accordingly at the micro-level, all government development agencies should dove-tail with IDAs for better value-added processes and products. At the industrial level, incentives should be provided to enterprises that successfully integrate better value-added processes and products, while punitive tariffs may be imposed on industries that fail to embrace change. Thus, overarching policies need to be devised at the sectoral and regional levels, taking into account the aforementioned steps, for sustained SME development, because it’s either upgrade or perish in the modern technology-based world.