

**Swiss Agency For Development and Cooperation (SDC)**

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**Brief History**

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The Swiss Agency for Development and Cooperation was established in 1961. It is solely funded and operated by the Swiss Government through the Swiss Foreign Ministry. Since 1966, SDC has had bilateral links with Pakistan that remain active today.

In Pakistan, SDC's overall goal is to "effectively strengthen potentials and opportunities with dedicated and professional Pakistani partners in selected areas to improve the living conditions of disadvantaged groups of society". In the MSE (Micro and Small Enterprises) sector, SDC's overall goal is "to improve the profitability, competitiveness and the productivity of a better organized MSE sector with a specific focus on women entrepreneurs."

The development agency has long-standing experience in supporting microfinance and non-financial services in Pakistan. Key interventions in this field were the Small Scale Enterprise Promotion (SSEP), Community Services Programme (CSP) and the Civil Society Human and Institutional Development Programme (CHIP). SDC also supported the development of microfinance programs run by commercial banks (First Women Bank, Bank of Khyber) and other microfinance providers (Orangi, Kashf, Thardeep), while encouraging the development of a conducive regulatory framework through its partnership with the State Bank of Pakistan.

**Country program**

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In Pakistan, SDC concentrates on three basic tenants of development:

1. Promotion of micro enterprises through finance and vocational education.
2. Support to sustainable practices regarding the use of natural resources.
3. Promotion of human rights and education, with emphasis placed upon the education of women and girls.

SDC's stated objectives in the MSE sector are focused on:

**1) Financial services:**

SDC aims to contribute to the development of an appropriate demand-oriented financial services system that provides services to MSEs. It includes three main projects:

- Leasing to Small and Micro Scale Enterprises Program (LMSE). This project aims to increase earning and employment in the MSE sector in NWFP and Northern Areas through access to leasing services.
- State Bank Partnership for Microfinance (SBPM) has for objective to enhance the State Bank's supervisory capacities in microfinance.
- Financial Sector Strengthening Programme (FSSP). The overall goal of the programme is to assist the Microfinance Sector in providing services to MSEs and the disadvantaged poor on a sustainable basis. The main objectives are to:
  - (a) Develop human and institutional capacity of all types of microfinance institutions for efficient delivery of microfinance services;
  - (b) Build the capacity of local expertise providers for increasing the resource base, supporting market oriented approaches; and
  - (c) Support the creation of enabling environment for the growth of the microfinance sector by promoting and supporting coordination among the stakeholders.

## 2) Non-financial services:

SDC aims to enhance the entrepreneurial, managerial and technical skills of MSEs through market-based demand, with a specific focus on income generation and organizational-strengthening. It supports entrepreneurship and skills development of women and other disadvantaged groups for income enhancement through traditional craft and self-employment creation.

### **Area of Operations**

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SDC operates nationwide but gives a strong focus on the North-West Frontier Province (NWFP) and Northern areas.

### **Partners**

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SDC works with the following partners:

- Local and national non-governmental organizations and public institutions;
- United Nations agencies such as the United Nations Development Program (UNDP), the United Nations Children's Fund (UNICEF), the International Labor Organization (ILO) and the International Union for Conservation of Nature (IUCN);
- International financial institutions such as the World Bank and the Asian Development Bank;
- The government of Northwest Frontier Province and to some extent the national government as well the State Bank of Pakistan.
- Commercial banks and leasing companies. In the recent past, SDC has supported the First Women Bank and the Bank of Khyber. Partnerships are currently implemented with Network Leasing and Orix Leasing.
- Other donors: SDC has reactivated a MSE Donor dialogue focusing on microfinance and improving coordination among donors.

### **Poverty Focus**

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SDC involvement in the MSE sector includes a strong focus on developing the contribution of MSEs to poverty alleviation through market-oriented employment, self-employment and sustainable income generation practices.

### **Distinctive Features**

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SDC takes a systemic approach to poverty alleviation, focusing on a complex interplay of poverty dimensions, it uses a flexible program design combined with defined benchmarks and monitoring framework.

### **Funding**

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SDC's funding commitments to Pakistan equal 14.5 CHF million a year.

### **Sources**

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- *'A Presentation Paper on Forms of Regional Cooperation in Micro Finance, the SDC involvement in Pakistan'*, by Ayesha Khan, Programme Officer, SDC, paper presented at the BWTP workshop on 29 January 2004
- SDC web site: [www.deza.admin.ch](http://www.deza.admin.ch)
- SDC Pakistan web site: [www.sdcpakistan.org](http://www.sdcpakistan.org)