

MINISTRY PAPER NO.: _____

PERFORMANCE OF THE MICRO INVESTMENT DEVELOPMENT AGENCY FOR FINANCIAL YEAR 2005/2006 AND FOCUS FOR FINANCIAL YEAR 2006/2007

1.0 Introduction

The purpose of this document is to inform Parliament and the public about the performance of the Micro Investment Development Agency (MIDA) for Financial Year 2005/2006 and its focus for Financial Year 2006/2007.

2.0 Mission

MIDA exists to promote sustainable growth in the micro enterprise sector through the provision of financial services while networking with partners in the sector to promote and facilitate the delivery of non-financial services to those wishing to start or expand their micro businesses.

3.0 Vision

The Agency's vision is to build a revolving pool of sustainable credit for on-lending to the micro enterprise sector through an island-wide network of sustainable Community Development Funds (CDF's) facilitating progressive, competitive micro entrepreneurs contributing to sustainable employment.

4.0 Background

The Micro Investment Development Agency Limited (MIDA) was established in 1991 to provide a focused approach to the development of the micro enterprise sector by providing critical micro credit support necessary for the growth and sustainability of the sector.

5.0 Corporate Objective

The primary objective of MIDA is to facilitate and support the creation of sustainable employment through the development of micro enterprises. In this respect, MIDA may be regarded as an agency of government whose interest is to fight poverty through the promotion of **entrepreneurship** instead of through direct grant support.

6.0 Functions

The major functions of MIDA are to:

- (a) act as a wholesaler of funds to Community Development Funds (CDFs);
- (b) provision of technical assistance to the CDFs to enable them to lend to their target group, collect repayments and keep arrears at a sustainable level, develop and grow their portfolios;
- (c) monitor CDFs performance and take corrective action as necessary to protect funds lent;
- (d) facilitate the development of entrepreneurial production centre (EPCs);
- (e) collaborate with providers of business development services to facilitate final micro borrowers and operators located in EPCs.

7.0 Main Achievements

(a) Credit Operations

Since its inception, MIDA disbursed approximately \$1.48 billion. This served to create 34,816 full-time and part-time jobs.

During the 2005/06 Financial Year, MIDA disbursed \$162 million to sixteen CDFs. This financed 1,535 micro enterprises.

The classification of loans based on the 2004/05 disbursement is as follows:

- (a) Service-type loans: 78%
- (b) Agriculture: 18%
- (c) Manufacturing: 6%

(b) Non-Financial Services

(i) Entrepreneurial Production Centre

MIDA was instrumental in establishing its first Entrepreneurial Production Centre in the “Back Bush” area off Mountain View Avenue, Eastern St. Andrew, taking a “least cost” approach. This EPC is involved in metal work, woodwork and other production operations.

(ii) Music Production Centre

MIDA has commenced work to assist a group of micro entrepreneurs to establish an EPC that is expected to operate as a music production centre. This is in an embryonic stage of development and work will continue during the current financial year.

8.0 Corporate Plan - Summary of Main Programmes FY's 2006/2007 – 2008/2009

Priority Policy Issues	Objectives/ Policy Outcomes	Strategies	Performance Measures/ Outcome indicators	Major Tasks, Targets, Resources and Cost		
				Year 1 2006/07	Year 2 2007/08	Year 3 2008/09
Provision of wholesale micro enterprise credit, job creation and poverty eradication	Accessing wholesale micro enterprise funds, deepening access to retail micro enterprise credit, and employment generation	Loan disbursement through an island-wide network of sustainable Community Development Funds (CDFs). Institutional Strengthening of CDFs	Number of micro enterprise funded Employment generated Sourcing of NIS Funds	Loan disbursement \$115 million Financed 1,020 micro enterprises Generate and sustain 1,040 jobs	Loan Disburse \$115 million Financed 1,020 micro enterprise Generate & sustain 1,040 jobs	Loan Disbursed \$115 million Finance 1,020 Micro enterprise Generate & sustain 1,040 jobs
	Sustainable Agency	Sourcing of wholesale funds Best lending practices	Collect Collections Low arrears	Train & support CDFs' personnel (12 CDFs) Sourcing of funds 10% arrears	Training of CDFs' personnel Continue search for wholesale funds 10% arrears	Training of CDFs' personnel Continue search for wholesale funds 10% arrears

9.0 Operational Plan – Summary of Main Programmes 2006/2007

Major Tasks, Targets, Resources and Cost by Quarter							
Priority Policy Issues	Objectives/Policy Outcomes	Strategies	Performance Measures/Outcome indicators	First Quarter (April 1 – June 30, 2006)	Second Quarter (July 1 – Sept 30, 2006)	Third Quarter (July 1 – Sept 30, 2006)	Fourth Quarter (Jan 1 – Mar 31, 2007)
Provision of Wholesale micro enterprise credit, job creation and poverty eradication	Accessing wholesale micro enterprise funds, deepening access to retail micro enterprise credit, and employment generation	Loan disbursement through an island-wide network of sustainable Community Development Funds (CDFs). Institutional Strengthening of CDFs	Number of micro enterprise funded Employment generated Sourcing of Petro Caribe/NIS Funds	Disburse \$30.0 million Finance 266 micro enterprises Generate and sustain 276 jobs	Disburse \$22.5M Finance 196 micro enterprise Generate & sustain 200 jobs	Disbursed \$32.5M Finance 292 Micro enterprise Generate & sustain 297 jobs	Disburse \$30.0M Finance 266 micro enterprises Generate & sustain 267 jobs
	Sustainable Agency	Sourcing of wholesale funds Best lending practices	Collect Collections Low arrears	Source new funds Training of CDFs' management & staff (3 CDFs) 10% arrears	Source new funds Continue training of CDFs' personnel (3 CDFs) 10% arrears	Sourcing new funds Continue training and supporting CDFs (3) 10% arrears	Sourcing new funds Continue training and CDFs' personnel (3 CDFs) 10% arrears

Operational Plan - Summary of Main Programmes FY 2006/2007

Major Tasks, Targets, Resources and Cost by Quarter							
Priority Policy Issues	Objectives/ Policy Outcomes	Strategies	Performance Measures/Outcome indicators	First Quarter (April 1 – June 30, 2006)	Second Quarter (July 1 – Sept 30, 2006)	Third Quarter (July 1 – Sept 30, 2006)	Fourth Quarter (Jan 1 – Mar 31, 2007)
Provision of Wholesale micro enterprise credit, job creation and poverty eradication	Accessing wholesale micro enterprise funds, deepening access to retail micro enterprise credit, and employment generation	Loan disbursement through an island-wide network of sustainable Community Development Funds (CDFs). Institutional Strengthening of CDFs	Number of micro enterprise funded Employment generated Sourcing of Petro Caribe/NIS Funds	Loan disbursement \$115 million Financed 1,020 micro enterprises Generate and sustain 1,040 jobs	Loan Disburse \$115M Financed 1,020 micro enterprise Generate & sustain 1,040 jobs	Loan Disbursed \$115M Finance 1,020 Micro enterprise Generate & sustain 1,040 jobs	
	Sustainable Agency	Sourcing of wholesale funds Best lending practices	Collections Low arrears	Train & support CDFs' personnel (12 CDFs) Sourcing of funds 10% arrears	Training of CDFs' personnel Continue search for wholesale funds 10% arrears	Training of CDFs' personnel Continue search for wholesale funds 10% arrears	

10.0 Budgetary Allocation

MIDA does not receive any budgetary support through the Consolidated Fund. MIDA is expected to disburse \$115 million from its own resources to 1,020 micro enterprises.

Phillip Paulwell
Minister
Ministry of Industry, Technology, Energy & Commerce
June 20, 2006