MINISTRY PAPER No:_____

PERFORMANCE OF THE SELF-START FUND FOR FINANCIAL YEAR 2005/2006 AND FOCUS FOR FINANCIAL YEAR 2006/2007

1.0 Purpose of the Ministry Paper

This Ministry Paper seeks to inform Parliament and the public about the performance of the Self-Start Fund (SSF) for the Financial Year 2005/2006 and its strategic focus for the Financial Year 2006/2007.

2.0 Background

The Self Start Fund (SSF) was incorporated in October 1983 through the support of the United States Agency for International Development (USAID). The SSF was initially financed from the Caribbean Basin Initiative (CBI) reflow funds. One essential condition for use of the resources was for reflows to finance the establishment of an entity like the SSF to be operated not as a statutory body but as a commercially viable enterprise controlled by a Board of Directors. It should therefore be noted that the SSF is not owned by the Government but does benefit from funding through Government arrangements from time to time. Based on practice the Government appoints the Board of Directors and for this reason the institution is often associated with the Government. The SSF is somewhat like a non-government organization (NGO). In the event of closure of the SSF, its assets would have to be provided to an institution with similar mandate and objective. Hence, it would appear that the SSF cannot be privatized by the Government since the Government does not own the institution or its assets.

The objective and purpose of the SSF is to promote and encourage entrepreneurship, employment and wealth creation within the private sector, particularly among:

a. Graduates of approved Government training programmes

b. School leavers desirous of starting small or micro businesses

c. Other persons desirous of initiating small and micro enterprises, either individually or in groups

This objective is achieved through the provision of micro and small business credit to the target group.

3.0 Mission, Role and Function

3.1 Mission

The mission of the SSF is to promote human development through self help and self employment.

3.2 Role and Function

The SSF was established to address the needs of persons who were either graduates from the secondary school system or approved Government training programmes, and interested in starting small businesses or expanding the operations of existing small or micro enterprises (SMEs). The SSF assists its target group through the provision of credit.

In fulfilling its role, the organization has introduced a number of credit products tailored to the profiles of its clients to facilitate acquisition of working capital and equipment to grow and sustain their businesses.

Poverty alleviation through the creation of sustainable employment is a major focus of the SSF. This area is addressed through business loan products and business training that the SSF offers to its small and micro business clientele.

4.0 Priority Targets and Objectives for Financial Year 2005/2006

i. Disbursement of $30 M to the SME sector
ii. Provision of working capital and fixed assets for 200 entrepreneurs
iii. Creation/preservation of 650 jobs within the SME sector
iv. Development of a cadre of business development officers island-wide
v. Provision of greater levels of business advise/monitoring to clients
vi. Collaborate with JASPEV to provide greater support to specific weak communities
vii. Initiate an Entrepreneur Linkage Programme" with one tertiary institution.
viii. Improvement in SSF staff training.
ix. Reduction of arrears on active portfolio to 10% or less
x. Rebranding of the Self-Start Fund

5.0 Highlights of Performance/Achievements for Financial Year 2005/2006

i. Disbursement of $24.46 M to the SME sector
ii. Facilitation of business loans to 156 entrepreneurs within the SME sector
iii. Creation/preservation of 764 jobs

iv. Training of five (5) persons from St. James, Clarendon and the Corporate Area to function as business development officers. Through the Entrepreneur Linkage Programme, discussions are in progreress with a number of tertiary students to also serve as business development officers. In this regard, a MOU has been signed with the University of Technology and others are being pursued

v. Achievement of arrears rate of 11% on active loan portfolio at the close of the reporting period.

vi. Commencement of rebranding exercise with a rebranding committee redefining and repackaging the products and services of the SSF.

vii. Engagement of the Jamaica Business Development Centre to provide ongoing training for staff, particularly loan officers.

viii. Commencement of work to identify specific communities for which the SSF will be providing loan financing to micro entrepreneurs.

There was no budgetary support for the 2005/2006 Financial Year.

One of the main challenges which the SSF faced over the years is the perception by its target clientele. The view is widely held that the mandate of the SSF is to provide "soft credit" to its target group. During the year, consideration was given to a re-branding of the institution to correct the misconception and to re-position the institution.

6.0 Summary of Main Targets for Financial Year 2006/2007

- Loan disbursement: $35 million
- Projected number of borrowers: 500
- Average loan size: $70,000

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Phillip Paulwell
Minister
Ministry of Industry, Technology, Energy and Commerce
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