

MINISTRY PAPER

**PRIORITY INVESTMENT AND BUSINESS
FACILITATION MEASURES**

The implementation of these measures will contribute to the effectiveness of the financial assistance being provided to the sector by ensuring that there is a minimum of unnecessary delay in moving viable projects through the necessary system of approvals and other requirements.

BACKGROUND

The problem of **effective access to and utilization of assistance is recognized**. Resolution of the problem hinges on a reduction in the number of steps and the time frames involved in moving viable projects through the continuum from concept to implementation. The measures being proposed are intended to assist in providing a hassle free environment to persons – foreign or local – doing business. At the core of creating this environment must be a national commitment to facilitating investment and business. This requires changes in attitudes – especially within all organs of the bureaucracy – and in procedures.

Immediate Facilitation Measures

(i) Culture Change Initiative

The public sector has made strides in the area of client servicing under the impetus of initiatives such as the Public Sector Modernization Programme and the Citizens' Charter Programme. However, attitudes steeped in regulation rather than facilitation remain evident in many areas of public sector operation. This is so in the case of investment and business facilitation. Decision-makers throughout the public sector need to be sensitized to the importance of investment to the national economy, and thus the importance of promotion and facilitation. For this reason, it has been agreed that retreat/training sessions should involve and be led by the political directorship at the very highest level. To ensure extensive reach, particularly in respect of those involved in one or other area of facilitation and approvals, a number of these sessions will be organized. The Ministry of Industry and Investment and JAMPRO in collaboration with the Office of the Prime Minister, will be responsible for organizing and implementing this programme of change-direct sessions.

(ii) Information for Investors

Information is the start of facilitation. As an important facilitatory measure JAMPRO will **immediately** undertake the preparation of a comprehensive business and investment manual setting out in simple and sequential steps what must be done and the procedures to be followed to get the necessary approvals and meet the various requirements related to establishing a business, getting a project started, or carrying out a range of business activities. While there are a number of brochures and guides, there is no comprehensive manual. JAMPRO directly assists many investors who approach the Agency for assistance, but there are a large number of entrepreneurs and business persons who cannot approach the Agency directly and who need an authoritative and comprehensive guide to what is required.

The necessary public information will be carried out to ensure that all business persons are aware of the availability of this comprehensive procedures manual.

(iii) Business Approvals Unit

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JAMPRO will establish a unit dedicated to approvals – the Business Approvals Facilitation Unit. The approval process for major projects now takes well beyond the three-four months that obtains in some locations against which Jamaica must compete.

Investors and entrepreneurs are urged to inform JAMPRO when approval applications are lodged so that the facilitatory Unit can follow-up. This Unit will submit a monthly report on the status of approvals to the Investment Facilitation Board, chaired by the Honourable Minister of Industry and Investment.

(iv) Investment Facilitation Officers

All Ministries and Agencies with a high level of involvement in pre and post – investment activities are required to assign to a senior officer the specific responsibility for moving business and investment related applications through the decision making processes of their respective Ministries and Agencies. These Investment Facilitation Officers will submit monthly reports on the status of business and investment-related approvals to the Heads of their organizations and to the Investment Facilitation Board. Attention will be drawn in particular to applications that have not been processed within a reasonable period of time and the reason(s) for delay.

(v) Parish Council Monthly Lists

In the case of Parish Councils, procedures will be implemented whereby, on a monthly basis, status reports on all applications with major investment implications will be submitted to the Ministry of Environment and Housing which will seek to drive these applications expeditiously through the system.

(vi) Consolidated Portfolio of Projects

A consolidated portfolio of projects will be developed through the collaboration of JAMPRO and its Business Approvals Facilitation Unit, The Ministry of Environment and Housing, the Ministry of Local Government and the Parish Councils, and the Development Banks - the National Development Bank, the Agricultural Credit Bank, the National Investment Bank and the Export-Import Bank. This consolidated portfolio will be circulated widely within the public sector to ensure knowledge and transparency regarding the pace and status of decision-making relating to approvals for investment. Analysis and assessment of the consolidated portfolio will identify as well matters requiring action at the level of the Development Council whose involvement in the process is described further in the section that follows.

This consolidated portfolio will be prepared and circulated by the Ministry of Finance and Planning (Office of the Minister of State – Planning).

(vii) Development Council

The investment Facilitation Board currently seeks to expedite investment approvals through regular interagency meetings of senior officials under the Chairmanship of the Minister of Industry and Investment. This will continue. However, the need clearly exists to expedite decisions regarding matters such as incentives, waivers and approvals, particularly in circumstances where the potential benefits from the investment might be considerable.

It has been agreed that the role of the Development Council will be widened to include significant involvement in the approval process. The Council will review on a regular basis development and other approvals that are outstanding in excess of ninety (90) days.

The Council will deal decisively at Ministerial level with any intractable problems being encountered in the

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The Council will deal decisively at ministerial level with any intractable problems being encountered in the approval process by entrepreneurs. It will act on any significant problems which are not being resolved speedily at lower levels in the system and which serve to diminish investment activity or to prevent investment.

(viii) Customs Duties

A matter that has been repeatedly raised as having negative implications for the performance of the productive sector concerns the treatment of inputs for use in manufacturing processes where these inputs are classified in the tariff schedule as final goods.

The manufacturing sector has long contended that a number of items used as raw or intermediate goods in the production process are classified as final goods in the tariff schedule and attract duties up to twenty (20%) percent. In the interest of facilitating producers, the Government will address this situation. As determined by the Ministry of Finance and Planning, inputs for use in manufacturing will be given duty free treatment, even where these are classified as final goods in the tariff schedule. A private sector committee will be required to certify that a given item classified as a final good will be used as a raw material or intermediate input. Entities that benefit from this incentive will be monitored closely by the Customs Department and the Revenue Protection Division to ensure that these goods are used for the purposes for which they are declared – inputs in manufacturing.

Items on the Caricom List of Ineligibles will not qualify for this concession.

(B) Medium Term Measures of Facilitation and Reform

(i) JAMPRO Restructuring

JAMPRO, the Government's investment promotion and export development agency, will be restructured and refocused to enhance its capacity to respond to the needs of the productive sector. That process has begun with streamlining of the Agency's staff complement to retain highly skilled performance driven staff and to reduce administrative expenses. Further rationalization of structure and activities will occur as JAMPRO proceeds on the path to conversion to an Executive Agency and reorients its human and financial resources to its core business.

(ii) Customs Reform and Modernization

A programme of modernization is underway at the Customs Department and the Government will continue to give its full support to this process.

(iii) Development Approval Modernization

Work is now underway to reduce the processing time for sub-division and development approval. The objective is to reduce the processing time for development and sub-division approvals to a maximum of ninety (90) days.

Under the Public Sector Modernization Project consultants have been working to modernize business processes in a number of the main agencies involved in the approval process – the Town Planning Department, Natural Resources Conservation Authority, Land Valuation and Estates Department, the Survey Department, and the Office of the Registrar of Titles. The PSMP is now well advanced in the preparation of a plan for the proposed restructuring and merger of the central land agencies. Under a separate short term

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project, the PSMP consultants have reviewed the development approvals process in other government entities in the land approvals process and have proposed a short and medium term plan for the streamlining of the process in all agencies involved in the sub-division and development approval. Fully aware of the cultural and other resistance that such a modernization plan may encounter, a Change Management Expert has been brought on board. He has been assigned to the Ministry of Environment and Housing to coordinate the implementation of the modernization plan. The Ministry of Environment and Housing will outline in a separate Ministry Paper the modernization measures to be implemented in regard to subdivision and development approvals facilitation.

(C) CONCLUSION

The foregoing constitutes a package of facilitatory and incentive measures to be implemented in the short to medium term with the clear objective of making it easier and potentially more rewarding to do business in Jamaica. These measures form part of the Government's continuing effort to improve the institutional, legislative and cultural framework and environment for business. Together with an improved macro-economic environment and the measures of financial assistance announced in the 1998/1999 budget programme and subsequently, these must now constitute a good basis for the productive sector to meet the challenge of entering a new era of performance.

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