

MINISTERIAL REMARKS



HON. ANTHONY HYLTON

MINISTER OF INDUSTRY, INVESTMENT &
COMMERCE

LAUNCH OF CARIBBEAN MICROFINANCE FORUM VI
AND MICROFINANCE AWARDS 2015

CORPORATE OFFICES OF CITI BANK
19 HILLCREST AVENUE,
KINGSTON 6

THURSDAY, APRIL 30, 2014 at 6:00 PM

Salutations

- Mr. Peter Moses, Country Officer, Citi Jamaica
- Mr. Ramesh Persaud, Chairman, Caribbean MicroFinance Alliance
- Mrs. Therese Turner-Jones, Country Representative, Inter- American Development Bank Jamaica
- Mrs. Michelle Scott, Executive Director, Caribbean MicroFinance Alliance
- Members of the private sector
- Members of the public sector
- Entrepreneurs all
- Members of the media
- Specially invited guests... good evening

I want to begin by thanking you for the opportunity to speak at the launch of the sixth staging of the Caribbean Microfinance Forum and Microfinance Awards. The setting here at Citibank, though not exactly a microfinance entity but an important player in the finance sector, is as good a place to continue the dialogue on the issues affecting this very important sector.

Caribbean Microfinance Alliance has, over the years, proven itself as a leading advocate for the provision of effective and sustainable microfinance services to poor households in the Caribbean. I therefore commend the organization for its continued drive in fulfilling this mission through its capacity building initiatives, financial education programmes and its yearly performance report on the regional microfinance sector.

I will also take this opportunity to commend the Inter-American Development Bank for the support that they

have shown towards the development of the micro finance sector in the Caribbean. Key among its initiatives is the hosting of Foromic, a yearly event geared at creating a space for discussing issues related to the development and financing of micro and small enterprises in Latin America and the Caribbean. We look forward to the hosting of this signature event in Montego Bay next year.

The pace of development of the Caribbean microfinance industry is affected by the small scale of operations due to smaller markets, higher levels of informality, and high delinquency rates. The Caribbean as a whole and Jamaica in particular, has much to do towards the development of this sector.

As Minister of Industry, Investment and Commerce, microfinance is of signal importance to me and the administration of which I am apart. I therefore view today's launch as an opportunity to highlight the role of the micro

sector in driving growth and economic inclusiveness as part of the Logistics Hub Initiative and by extension the logistics-centered economy.

Ladies and gentlemen, the Logistics Hub Initiative is the nucleus of a framework to include strategic investments, an improved business environment, workforce training, further development of the maritime, aviation and ICT infrastructure, and linkages to the MSME sector.

At present, efforts are underway to create a sustainable Special Economic Zone regime with backward linkages to the Jamaican economy through MSMEs. This will be achieved through the facilitation of business linkages of MSMEs with large-scale enterprises, enabling them to participate in global supply-chains.

We are all too aware that the MSMEs, and specifically the micro sector, are only as strong as the measures in place to nurture and assist in their development. To this end, we

implemented the MSME and Entrepreneurship Policy as a clear plan of action for the preparedness and incorporation of the sector as we move forward with the logistics hub initiative.

The Government's MSME and Entrepreneurship Policy defines micro enterprises as entities with five (5) or fewer employees and an annual turnover of J\$ 10 million or less. This definition embraces a gamut of entrepreneurs including the pan chicken man, the small farmer, the fruit vendor and the local hairdresser. These are the creative and hardworking entrepreneurs that the Government's policy is designed to support.

The policy contains five major elements. They are as follows:

Creating an enabling environment

This element speaks to the targeted reforms, through the National Competitiveness Council, to make it easier to do business in Jamaica. Critical initiatives in the furtherance of this agenda include:

- The introduction of the business superform to reduce the length of time to conduct the administrative processes and allow seamless business registration at the Companies Office of Jamaica, instead of visiting several Government offices.
- The enactment of the Insolvency Act and the establishment of the Office of the Supervisor of Insolvency. These are critical to the implementation of a modern insolvency regime to make it easier for entrepreneurs with strong business ideas to bounce back after financial setbacks, and
- The steps towards the implementation of a modern intellectual property regime to ensure that investors and innovators can feel reasonably confident that their products will not be illegally copied or marketed.

The amendment of the Copyright Act to extend the Copyright term from 50 years to 95 years and the amendment of the Trade Marks Act to allow for the registration of trademarks in multiple countries through one centralized application procedure are critical in this regard.

Increasing Finance to MSMEs

Addressing the challenge of financing solutions for the micro productive sector is an investment that the Government must undertake. In this regard, I have appointed a Task Force comprising members of the private sector, academia and Government, to work on finding a solution to this urgent problem.

The Task Force is currently looking at putting in place a plan that is expected to improve access to capital. This plan includes repurposing and recapitalizing Self-Start Fund and the Micro-Investment Development Agency

(MIDA) to ensure greater efficiency and cost reduction. Indeed, we recognize that the risk profile of MSME firms is a major impediment to financing.

Implementing risk management and practices are critical elements of MIDA's new mandate.

The establishment of the Secured Transactions Regime, underpinned by the enactment of the Security Interest in Personal Property (SIPP) Act and the implementation of the accompanying Collateral Registry, are designated towards assisting with the facilitation of micro-financing. Indeed, if we aim to facilitate the progression of micro enterprises to becoming small enterprises and later medium enterprises, the hurdles in obtaining capital must be removed!

An important piece of legislation for the sector is the Micro Credit Act which, when enacted will provide for the licensing and regulation of privately-owned micro

financers. The micro financing sector remains largely unregulated and this hinders the development of the sector.

The Micro Credit Act, therefore, proposes that a regulator be established with the authority to issue directions or standards on transparent lending practices, credit administration and other matters relating to operational issues, and will determine whether to accept or reject and revoke registrations.

Enhancing Business Development Support

Capacity building is a major element of the policy. The implementation of the Small Business Development Centre (SBDC) Model and the Mobile Business Clinic are, therefore, critical to this initiatives enhancing business development support.

The SBDC model is a managerial and technical support system for small businesses, which started in the USA over 35 years ago to provide small business owners with business development services and technical assistance. The Jamaica Business Development Corporation (JBDC) is the pilot for the model.

The Mobile Business Clinic which is also being implemented through the JBDC to make business development and capacity services available to entrepreneurs and MSMEs across the island, serves to decentralize the provision of services from the metropolitan areas of Kingston and Montego Bay.

These initiatives along with work of key agencies including the Jamaica Intellectual Property office (JIPO), the Bureau of Standards (BSJ), Companies Office of Jamaica (COJ) and JAMPRO are critical to this element of the policy.

Fostering a Culture of Entrepreneurship and Innovation:

In order for entrepreneurship and innovation to become an entrenched part of our culture, we must take measures to foster the value of entrepreneurship within society and assist innovators to the stage that they can become entrepreneurs.

In this regard, we are seeking through the Factories Corporation of Jamaica, to work with the MSME sector to ensure that lands become available to conduct administrative and incubation services.

Initiatives such as today's earlier launch of the Small Business Expo are critical to ensuring that the average Jamaican sees entrepreneurship as an opportunity for wealth creation and economic contribution to the

economy, instead of simply an alternative to finding employment or eating a food.

Tackling Cross-Cutting socio-economic and environmental issues:

Collaboration among the private sector, public sector and academia cannot be overstated. It is only when all stakeholders come on board will we be able to truly effect a positive outcome for the micro sector.

In closing, I want to reiterate the importance of micro sector in microfinancing. This sector remains a key contributor to job creation and growth in our economy. However, for us in Jamaica, its role must be viewed as part of the logistics hub initiative in furthering our country's development. Indeed, we cannot ignore this sector if we want to achieve a sustained and inclusive growth.

With this in mind, I implore you all to attend the Caribbean Microfinance Forum (CMF VI), July 6-8 in Miami this year. The event is an opportunity for policymakers, academics and development organizations to share ideas for the further development of the burgeoning microfinance sector in the Caribbean.

I look forward to seeing you there!!!

I thank you.