



# JAMAICA

-UPDATED 2017-

## MICRO, SMALL & MEDIUM ENTERPRISES (MSME) & ENTREPRENEURSHIP POLICY

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IN COLLABORATION WITH NATIONAL STAKEHOLDERS

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## LIST OF ABBREVIATIONS AND ACRONYMS

AFI	Approved Financial Institution
AMID	Agricultural Marketing Information Division
BDO	Business Development Office
BDS	Business Development Services
BOJ	Bank of Jamaica
BERA	Business Environment Reform Agenda
CAC	Consumer Affairs Commission
CAP	Career Advancement Programme
CARICOM	Caribbean Community
CBO	Community Based Organization
CO	Cabinet Office
COJ	Companies Office of Jamaica
DBJ	Development Bank of Jamaica
DBR	Doing Business Report
EGC	Economic Growth Council
EVAO	Estimated Value of Agricultural Operations
EXIM Bank	Export and Import Bank of Jamaica
FBO	Faith-Based Organization
FCG	Foundation for Competitiveness and Growth
FIS	Financial Inclusions Strategy
FOBs	Family-Owned Businesses
GCT	General Consumption Tax
GDP	Gross Domestic Product
GEM	Global Entrepreneurial Monitor
GOJ	Government of Jamaica
HEART/NTA	Human Employment and Resource Training/National Training Agency
ICT	Information and Communication Technology
IDB	Inter-American Development Bank
IFC	International Finance Corporation
IP	Intellectual Property
JACAP	Jamaica Association of Composers, Authors and Publishers
JAMCOPY	Jamaican Copyright Licensing Agency
JAMMS	Jamaica Music Society
JAMFA	Jamaica Micro-Finance Association
JAMFIN	Jamaica Association of Micro Finance
JAMPRO	Jamaica Promotions Corporation
JANAAC	Jamaica National Agency for Accreditation
JBA	Jamaica Bankers Association
JBDC	Jamaica Business Development Corporation
JCA	Jamaica Customs Agency
JCC	Jamaica Chamber of Commerce
JCSD	Jamaica Central Securities Depository
JEA	Jamaica Exporters' Association
JEF	Jamaica Employers' Federation
JIPO	Jamaica Intellectual Property Office

JMA	Jamaica Manufacturers' Association
JSE	Jamaica Stock Exchange
JSIF	Jamaica Social Investment Fund
MDAs	Ministries, Departments and Agencies
MDGs	Millennium Development Goals
ME	Micro Enterprises
MCGES	Ministry of Culture, Gender, Entertainment and Sports
MFAFT	Ministry of Foreign Affairs and Foreign Trade
MFI	Micro financing Institution
MICAF	Ministry of Industry, Commerce, Agriculture and Fisheries
MFPS	Ministry of Finance and the Public Service
MSME	Micro, Small and Medium-Sized Enterprise
MEYI	Ministry of Education, Youth and Information
NCC	National Competitiveness Council
NCST	National Commission on Science and Technology
NCU	Northern Caribbean University
NCR	National Collateral Registry
NDP	National Development Plan
NES2	National Export Strategy 2
NHT	National Housing Trust
NIS	National Insurance Scheme
OAS	Organization of American States
OECD	Organization of Economic Cooperation and Development
PC Bank	Peoples Cooperative Bank
PIOJ	Planning Institute of Jamaica
PSC	Policy Steering Committee
PSOJ	Private Sector Organization of Jamaica
RADA	Rural Agricultural Development Authority
SBAJ	Small Business Association of Jamaica
SBDC	Small Business Development Centre
SDC	Social Development Commission
SDGs	Sustainable Development Goals
SE	Social Enterprise or Social Economy
SELA	Latin American and Caribbean Integration System
SEZ	Special Economic Zone
SEBI	Social Enterprise Boost Initiative
SIPP	Security Interest in Personal Property
SME	Small and Medium Enterprises
SPI	Social Progress Index
SRC	Scientific Research Council
STATIN	Statistical Institute of Jamaica
STR	Secured Transaction Regime
TAJ	Tax Administration Jamaica
TWG	Thematic Working Group
UTECH	University of Technology
UWI	University of the West Indies
WB	World Bank

WENC  
WOBs  
YEA

Women’s Entrepreneurial Network of the Caribbean  
Women-Owned Businesses  
Young Entrepreneurs Association

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The review and updating of the Micro, Small & Medium Enterprises (MSME) & Entrepreneurship Policy (2013) was undertaken by the Ministry of Industry, Commerce, Agriculture and Fisheries (MICAFA) under the guidance of a Policy Steering Committee (PSC) - a stakeholder grouping co-chaired by the public and private sectors.

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The Ministry recognizes that policy is a dynamic process and that the policy framework governing MSMEs and Entrepreneurship must be responsive so that pointed, strategic and synergistic support can be provided. There have been several new projects, programmes, legislation and initiatives impacting MSMEs since the Policy was first tabled in the Houses of Parliament in May 2013. Cabinet, therefore, deemed it appropriate that MICAFA undertake a limited review and updating of the Policy. Cabinet also mandated that an Implementation Plan be prepared for the updated Policy.

This policy framework continues to be catalyst for the implementation of policy strategies, the successful execution of which will require the fulsome and active participation of stakeholders and adequate funding.

## EXECUTIVE SUMMARY

From pre to post colonialism, micro small and medium enterprises (MSMEs) have been important drivers of equity, economic growth and sustained development in Jamaica. These enterprises create and retain wealth, generate employment, and provide the support for private sector growth and expansion. It is estimated that classified tax-paying MSMEs account for 97.6% of all classified and registered enterprises in Jamaica (TAJ, 2015). When this is combined with over 412,000 own-account-workers (STATIN, 2015) it becomes evident that MSMEs are a significant portion of the Jamaican economy.

Despite their economic significance, MSMEs face challenges that hinder their growth and development. It is therefore critical and logical, that the Government of Jamaica (GOJ) place MSME development at the forefront of the country's economic policy agenda. The MSME and Entrepreneurship Policy provides a coordinated, coherent and targeted framework and this review of the 2013 Policy reflects an updated policy framework designed to support the growth of MSMEs.

An important acknowledgment of this updated Policy is that '**one size does not fit all**'. There are significant differences between companies in size (micro, small and medium), between industries and in attitudes towards scalability and growth. With this in mind, policy makers, programme designers and implementers working in the MSME space must always seek to differentiate and target. The acronym 'MSME', although convenient and an accepted global *term of art* used in this Policy, does not seek to suggest that 'MSME' denotes a single homogenous category.

The challenges facing MSMEs in Jamaica are both internal and external to their operations. Many businesses are characterized by entrepreneurs that lack marketing capacity, operational capacity, business leadership, financial acumen, communication skills, and are generally unfamiliar with available business support services. There are some issues which can be considered as fundamental or foundation issues and 'getting these right' will significantly improve the outlook for MSME development. One such issue is the prevalence of business informality among Jamaican MSMEs. This continues to pose a specific challenge to the growth and development of the sector<sup>1</sup>. Informal operators are obliged to remain invisible to the legal system and these enterprises face restrictions in carrying out business activities and this, in turn, stymies growth. Informality limits access to support services, financing as well as certain markets. It is, therefore, important that GoJ eventually seek to have a precise definition of formality in the Jamaican context and that simplified processes are developed to make registration attractive to MSMEs, particularly the 'micro' category.

Difficulties in accessing capital and attendant issues such as the availability of suitable and adequate collateral for borrowing; the higher (than prevailing) interest rates and the ability of the firm itself to manage the financing are often cited as fundamental challenges to small business development. In addition, training and other forms of business development support for the sector need greater coordination; and there continues to be a low capacity for innovation and low utilization of technology among Jamaican MSME; factors which also impact productivity and competitiveness in the sector.

It is imperative that the impediments to the formation, sustainable growth and development of businesses in the MSME sector be systematically reduced. The sustainability of MSMEs necessitates that the

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<sup>1</sup> MSMEs are frequently referred to as a sector but some argue that they are not a true 'sector' of the economy, This Policy uses the term 'sector' in the ordinary meaning of the word that is "an area or portion that is distinct from others" (Oxford Dictionary). This is an accepted convention in academic literature, for example, the public sector, the private sector, the informal sector etc.

business model which underpins their operations be supported by a culture of entrepreneurship, which sees creativity, innovation, risk-taking and wealth accumulation as fundamental tenets. Equally important is a legal, regulatory and institutional framework that supports business growth and development, by limiting the cost and time for complying with regulatory requirements and allows for reorganization in cases of insolvency.

The updated Policy clarifies that MSMEs are multi-sectoral and enterprises in any economic sector that falls with the definition threshold for turnover would be categorized as an MSME. This includes the agricultural sector. The Rural Agriculture Development Authority (RADA) has 161,504 farmers on its registration database; of this total 30.4% are female. The infusion of commercial business principles with modern farming techniques is an important policy principle for the development of agricultural MSMEs.

There is increasing importance on the role that the social economy can play in Jamaica's development. In this regard, a significant addition to this updated Policy is the inclusion of the social economy and the business enterprises that operate therein (termed 'social enterprises'). There is open acknowledgement of the need to promote Brand Jamaica using community-driven enterprise development. State entities have established local and rural enterprises which seek to promote ventures at the community level while corporate foundations and international donor partners are also establishing social enterprise initiatives.

Cross cutting issues of gender, youth, persons with special abilities (disabilities) and environmental stewardship are considered central to foster sustainability, impact and equity. As such, these are considered imperative for consideration in implementing and sustaining any venture.

The policy development process encompassed research, the early convening of a Validation Workshop to arrive at a consensus on a revised definition for MSME that will use annual turnover threshold as the primary determinant for MSMEs. There were a series of vertical and horizontal consultations involving key Ministries, Departments and Agencies (MDAs), the private sector and the associations representing MSMEs. National consultations were held in Kingston and St. Andrew, Manchester and St. James, in order to gain feedback from a wide cross-section of stakeholders. In addition, a Validation Workshop was convened to facilitate feedback on the adequacy, relevance and overall acceptability of the Policy. It was attended by stakeholders from the private sector, Ministries and agencies, non-governmental organisations and MSME associations. (Appendix I)

Six key policy priorities have been identified in the Policy and a chapter has been developed for each priority. These priority areas are the same as the 2013 Policy, with the exception of Social Value Creation, which is a new chapter. The six key areas are as follows:

**1. Creating an Enabling Business Environment:** The high levels of bureaucracy in the administrative and regulatory system, coupled with high transaction costs, are not conducive to the development and growth of businesses in Jamaica. The redesign and simplification of procedures underpinned by targeted business education are the two primary strategies recommended to tackle the policy elements that have been identified.

**2. Increasing Finance to the Sector:** A challenge facing MSMEs is their limited ability to access adequate and/or serviceable financing sources. The policy strategies place emphasis on innovative

mechanisms to increase the supply of financing to the sector. In terms of access, greater emphasis will need to be placed on using the Secured Transactions Regime to improve the acceptance of non-traditional collateral such as accounts receivable, equipment and intellectual property.

**3. Enhancing Business and Development Support:** Training and development are critical to the growth and viability of the MSME sector. The Jamaica Business Development Corporation (JBDC) will lead the process of training MSMEs, with support provided by other key state and non-state entities. The adoption of a national network model among business development offices is a critical strategy and this will be significantly influenced by the successful United States Small Business Development Centre (SBDC) network model.

**4. Fostering a Culture of Entrepreneurship:** The policy goal which speaks to developing a deep-seated culture of entrepreneurship in Jamaica has the potential to transform the economy. To that end, the introduction of entrepreneurship in the curricula of all primary, secondary and tertiary institutions is a game-changing strategy. Other strategies focus on exposing the youths to the tools for communicating in the future, coding, animation and robotics, and how they are used to support and enhance venture creation. A critical feature in going forward will be the monetization/commercialization of innovation, inventions and intellectual property.

**5. Social Value Creation:** The Policy addresses the issue of social value creation against the background that MSMEs are faced with several social challenges that stem from a general deterioration in the country's social capital. The emergence of social enterprises as a vibrant complementary sector over the last few years has been impactful on communities. Social enterprises are agents for development and can play an important role in maintaining community infrastructure and providing services for the community while solving social issues; contributing to employment, and generating sustainable income. To this end, the Policy serves as a platform for supporting the work of social enterprises and promoting social value creation.

**6. Tackling Cross-Cutting Issues:** The Policy addresses “cross-cutting” issues such as the collaboration among government entities, associations representing MSMEs, and trade associations to foster greater social capital among MSMEs through various programmes; targeting youth, gender, persons with disabilities and environmental stewardship.

The implementation of the key strategies will be effected through the use of an Implementation Plan (Annex I). This is crucial as the Policy seeks to generate outputs, but more importantly, facilitate the generating and measuring of outcomes and impact form support offered. Research and consultations informed the policy elements, issues, objectives, strategies and activities which are embedded in the document. It was ensured that the objectives, strategies and activities address the components in the entrepreneurship process from governance, opportunity recognition to implementing and harvesting the venture by way of a Strategy Map. (See Annex II)

The Ministry of Industry, Commerce Agriculture and Fisheries (MICAF) is committed to coordinating the implementation of strategies contained in this Policy. In 2016 the Ministry established an MSME Office with specific responsibility to guide and facilitate the effective implementation of the Policy. The Ministry is cognizant that, in order to achieve results, there must be synchronicity of efforts and an enduring commitment on the part of all the partners involved in the process. The key words in policy

implementation are collaboration, cooperation and commitment. The Government of Jamaica will lead by example in demonstrating the adage that *'one hand caan clap and many hands mek the wuk light'*.v This is a precondition if the MSME and Entrepreneurship Policy is to be successful in transforming the economy, so that, Jamaica ultimately becomes the *'the place of choice, to live, work, raise families and do business'* (NDP Jamacia, 2009).

# CHAPTER 1

## INTRODUCTION

In light of the significance of the MSME sector to economic growth and job creation, the development of appropriate policies has, in recent years, become a priority for economies worldwide as evidenced by numerous programmes and initiatives for the sector across the globe and the targeting of the sector by international development partners.

The Government of Jamaica (GOJ) finalized an MSME and Entrepreneurship Policy in 2013 which provided a comprehensive, targeted and coherent framework to promote an entrepreneurial sector, characterized by innovative and competitive businesses, and supported by a conducive institutional and regulatory business environment.

The updated 2017 policy document includes new developments and recognises social economy stakeholders, in particular social enterprises. Since 2013 there have been a number of policy changes, legislative and regulatory adjustments, institutional reforms, macro-economic changes and special initiatives that impact MSMEs either directly or indirectly.

These developments have partially driven the need to review the 2013 MSME and Entrepreneurship Policy and the revised Policy makes reference to them. A fuller listing of the developments, in chronological order, is presented at Appendix IV. A summary of the main developments are, however, noted below:

### **Business Environment**

- The IMF approved a 4 year Extended Fund Facility for Jamaica in May 2013, designed, *inter alia*, to strengthen the stability of the Jamaican macro-economy, and in so doing provide greater certainty for market prices (inflation, interest rates, exchange rate rates and wages).
- Jamaica signed a Staff Level Agreement with IMF for a 3 Year Precautionary Standby Facility in October 2016 to include reforms geared towards generating faster growth and employment.
- The establishment of the Economic Growth Council and the publication of a “Call to Action” that requires specific reforms to improve the business environment.
- A Trade Facilitation Task Force was established to improve the trading environment in Jamaica and these efforts are ongoing.
- A new Insolvency Regime was established with the enactment of the Insolvency Act and the establishment of the Offices of (i) the Supervisor of Insolvency and (ii) the Government Trustee, to create an environment that aids in the rehabilitation of debtors and the preservation of viable companies, having due regard to the protection of the rights of creditors.
- The passage of the Omnibus Legislation in December 2013 governing the granting of tax incentives
- The establishment of the MSME Office on a project basis in the portfolio Ministry and the eventual approval of a permanent MSME Division in the portfolio Ministry to drive implementation of the Policy.

## **Finance to the MSME Sector**

- The establishment of a Secured Transactions Regime with the enactment of the Security Interest in Personal Property (SIPP) Act and the establishment of an electronic Collateral Registry. The regime is geared at improving MSME access to financing through a transparent, asset-based lending regime that allows several classes of non-traditional assets to be used as collateral.
- Approval of the National Financial Inclusion Strategy by Cabinet which has a strong emphasis on greater inclusion of the MSME sector in service by the formal financial sector.
- The Bank of Jamaica approved a lower capital requirement for banks lending under the DBJ Credit Enhancement Fund, making loans to the SME sector more attractive to the banking sector.
- The establishment of several financing initiatives directly targeting MSMEs. These include the DBJ Venture Capital Programme, the DBJ Voucher Programme for Technical Assistance to MSMEs, the Start-Up Jamaica Programme, the HEART MSME Support and Financing Programme, the EXIM Bank special J\$1 billion loan window at 5% for SMEs and the DBJ IGNITE Programme with an emphasis on innovative MSMEs.

## **Business and Development Support to MSMEs**

- Phase One of the OAS SBDC Pilot completed in JBDC with recommendations on the way forward to improve the delivery of business development services island wide.
- The establishment of the Tourism Linkages Council and the introduction of targeted Networks by the Tourism Ministry to create and sustain linkages throughout productive industries. The Council produced a Tourism Demand Study which provides market information on the tourist sector for local producers.
- MSME Financing Task Force Report published outlining the issues adversely impacting MSME financing in Jamaica along with specific recommendations to improve the supply of financing to the MSME sector.

The inclusion of the social economy in the updated Policy recognises that all social enterprises that meet the size definition are MSMEs (but not all MSMEs are social enterprises). Social enterprises are mission-driven entities that establish an independent sustained source of income through which they can finance operations and programmes while generating a social and financial rate of return on the expenditure. As such, the goal in relation to social enterprises is the establishment of growth ventures that are underpinned by good governance and ethical practices. The value creation mirrors a triple (and in cases like Jamaica, a quadruple) bottom line, generating economic, social, environmental and cultural values. Jamaica has a massive global cultural footprint and therefore the securing and generating of cultural value is crucial. MSMEs can play a significant role in securing and generating value along the entire value chain of the creative and cultural economy.

The review of the Policy is both relevant and timely, from the global and the local context. Over the last three years, the United Nations (UN) released the 17 Sustainable Development Goals (SDGs) replacing the Millennium Development Goals (MDGs). The underpinning philosophy of the SDGs surrounds the creation of economic, social and environmental value for all. This

represents a macro social entrepreneurial context that requires action at the micro level. Several stakeholders including state agencies, private sector entities, foundations, endowments, international development partners, NGOs and CBOs, have been doing significant social and community work in the form of social enterprises. However, over the years, the absence of a coherent and comprehensive policy framework for the sector has resulted in an uncoordinated and *ad hoc* approach to administering support.

The introduction of the MSME and Entrepreneurship Policy in 2013 was against the backdrop of the country's economic recovery from what was the worst global recession since the Great Depression. On the path to growth, there are significant opportunities in Jamaica that, if positioned, supported and leveraged properly, the MSME sector will be able to utilize to contribute to economic growth and wealth creation. Jamaica continues to impress in the creative and cultural industry; there is increasing interest in agriculture and value added by youths; the medical and wellness industry offers real opportunities; tourism is growing rapidly globally, the creative and culture industries are expanding and Jamaica has an ideal location for expanded port and logistics services.

The continued effort to establish Jamaica as a logistics centre can present significant opportunities for venture creation, including MSMEs as well as large enterprises. Jamaica, because of its central location and natural harbours presents an opportunity for sea transport, including cruise ships. This will translate to increased demand for various goods and services.

It is within this context that the Policy becomes critical, not just to provide for facilitation at the level of the enterprise, but in ensuring an enabling environment for the establishment of formal and structured enterprises.

From a policy perspective, the updating of the MSME and Entrepreneurship Policy is strategic as it seeks with each revision to ensure greater alignment with the vision articulated in the National Development Plan, Vision 2030 which states "*Jamaica, the place of choice to live, work, raise families and do business.*" The proposed strategies outlined in the Policy are congruent with those articulated in Vision 2030 which sets out a set of national strategies to ensure an efficient bureaucracy, adequate access to capital, supportive trade relations, a well-functioning labour market and improved opportunities for MSMEs.

The Policy is divided into twelve chapters. Chapters 2 and 3 provide definitions and a discussion on key concepts as well as a description of the MSME sector based on empirical data. Chapter 4 outlines the vision, mission, goals and guiding principles of the Policy. The key Policy Elements are covered in Chapters 5 to 10. To ensure a logical flow in the interpretation of the key policy areas, each Policy Element is firstly identified, followed by a discussion on the associated Policy Issues. This is followed by a definition of each Policy Objective, with the key Policy Strategies and Activities concluding each section. Financing considerations are covered in Chapter 11 while Monitoring and Evaluation is covered in Chapter 12. The Implementation Plan is found in Annex I and a Strategy Map aligning the Policy to the entrepreneurship process is contained in Annex II.

## CHAPTER 2

### DEFINITIONS AND KEY CONCEPTS

There is no single globally accepted definition for MSMEs, given divergences in economic structures and stages of development. Classification of these enterprises is usually for the purpose of extending credit and formulating government policies. The definitions vary amongst countries and international organisations. What is constant, however, is that almost all countries have a specific, documented definition suitable to their economy<sup>2</sup>. Individual countries develop their unique definition in an effort to craft effective and appropriate policies and programmes for MSMEs. The definition also provides a guide to researchers and policymakers as it contributes to more consistent and efficient statistical measurements in the sector.

#### International Definitions

The European Union (EU) defines MSMEs as firms with 1 to 249 employees, with up to Euro 50 million in annual turnover, and a maximum of Euro 43 million in balance sheet total. The World Bank defines micro-enterprises as those with 10 or less employees; total annual sales amounting to no more than US\$100,000, and total assets capped at US\$100,000; small enterprises are those with a maximum of 50 employees, maximum assets of US\$3 million, and total sales of not more than US\$3 million while medium enterprises have a total staff of 300 or fewer, up to US\$15 million in sales, and a maximum of US\$15 million in total assets (Ayyagari, 2003).

Based on an assessment carried out by the International Finance Corporation (IFC), the most common variables in the definitions used among one hundred and twenty (120) economies are number of employees, assets, turnover, capital and investment. The majority (96% or 115 of 120) of these countries used the number of employees in their definitions and (51% or 61 of 120 countries) used Assets/Turnover/Capital/Investment. The definitions are selective with regards to the sub categories, for example, in countries such as Uzbekistan, Peru and Kuwait, definitions distinguish between micro and small only and in China and Egypt the definitions differentiate between small and medium enterprises only (Kushnir, 2007).

Although there is generally a size threshold in the definitions of the different enterprises, these thresholds may also vary across sectors and different combinations of these criteria are sometimes used. For example, in Australia, employment is used as a criterion for identifying size in all sectors except for agriculture which is measured by the estimated value of agricultural operations (EVAO)<sup>3</sup>.

The United States (US) uses the number of employees to define small businesses in most sectors except for the non-goods producing sectors where annual receipts are used as a defining criterion.

Japan uses a mixture of criteria, including workforce, capital and total investment, but the threshold for these varies across sectors; for example, an MSME has an upper threshold of 300 employees and 300 million Yen in manufacturing, construction and transportation; 100 employees and 100

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<sup>2</sup> “How Do Economies Define MSMEs” provides the definitions used by 120 economies with 26 economies having more than one definition for varying applications. (Khrystyna Kushnir, IFC)

<sup>3</sup> A physical production criteria and sales value are used to evaluate the EVAO

million Yen in wholesale and trade; 100 employees and 50 million Yen in services; and 50 employees and 50 million Yen in retail. Similarly, South Africa uses a mixture of criteria with wide variations across sectors.

### **National Definition for Jamaica**

The crafting of a single national definition for the MSMEs is instrumental in aligning the policies and programmes designed across the Government of Jamaica to target the needs of the sub groupings. As previously noted, the MSME category is not homogenous and that there is a need to define specific parameters for each sub-category to allow for the design of specific programmes and interventions.

MICAF (formerly MIIC) partnered with the Mona School of Business (MSB) to hold a one-day workshop in July 2011. This workshop involved participants from the public and private sectors, including the associations representing MSMEs (MSME Alliance and SBAJ). From the exercise, a definition was adopted in the first 2013 Policy.

In the context of the 2016 policy review and in response to requests from key MSME stakeholders, particularly in the GoJ financial sector, a review was undertaken of the 2013 definition to determine whether these definitions were still relevant and whether financial data gathering instruments were appropriately aligned to the definition. There was consensus that both total annual turnover and the number of employees were the relevant qualitative indicators for the sector in Jamaica as these are readily understandable and aligned to existing data collection mechanisms.

Support for a revised definition was overwhelming and stakeholders highlighted that the review and finalization of one national definition of the sector was fundamental to any review of the Policy. Against this background, the Ministry hosted a series of stakeholder consultations culminating with Definition Validation Workshop in September 2016 to review the 2013 policy definition and finalize the updated national definition. The following is the national definition for MSMEs in Jamaica:

**Table 1: Jamaica’s Revised MSME Definition**

	<b>PRIMARY INDICATOR</b>	<b>SECONDARY INDICATOR (For Guidance Purposes Only)</b>
<b>Firm Category</b>	<b>Total Annual Sales/Turnover</b>	<b>No. Employees</b>
<b>Micro</b>	≤J\$15 million	≤ 5
<b>Small</b>	> \$15 million ≤ J\$75 million	6 – 20
<b>Medium</b>	> J\$75 million ≤J\$425 million	21 – 50

It should be noted that the 2013 thresholds relating to employment have been maintained while the thresholds for annual turnover have been increased. There was overwhelming support for the

determinant of category size to be the turnover variable only and **not** both turnover and employment, as previously adopted in the 2013 Policy. However, maintaining the 2013 employment threshold will be in harmony with the Draft CARICOM Draft MSME Policy with regards to the definition of an MSME<sup>4</sup>. A sample survey by MICAF suggested a continued correlation between turnover and permanent employment at the upper end of medium category in the revised definition. It must be emphasised that employment thresholds have been maintained in the definition for guidance and supplemental purposes only.

The amendments to increase the turnover thresholds were based on three primary reasons. Firstly, the changing global environment (depreciation of currency, exchange rates, inflation etc.) since the finalization of the policy in 2013. This dictated necessary adjustments to the thresholds. Secondly, and very critical, is an adjustment to effectively capture a more realistic definition of the actual sector. This relates specifically to the upper limit of ‘turnover’ in the medium category, as well as the variable ‘employment. Thirdly, there was a need to harmonise with existing ‘*de facto*’ definitions already being used in the public financial sector. This alignment will ensure a more harmonised approach to data gathering. It was concluded that total annual turnover would be the primary indicator while the number of employees would be a supplementary indicator.

### Qualitative (Descriptive) Indicators

The process of reviewing of the MSME definition highlighted the value of including qualitative descriptors in the updated Policy. These qualitative descriptors can be used as a guide to identify specific characteristics for the MSME sector. The United Nations Industrial Development Organization (UNIDO) generally advises countries to take qualitative indicators into account. The qualitative indicators as recommended by UNIDO are provided in the table below.

**Table 2: Qualitative Indicators for MSMEs**

Category	MSMEs	Large Companies
<b>Management Structure</b>	<ul style="list-style-type: none"> <li>▪ Proprietor- Entrepreneurship</li> <li>▪ Functions linked to personality</li> </ul>	<ul style="list-style-type: none"> <li>▪ Manager – Entrepreneurship</li> <li>▪ Division of labour by subject matter</li> </ul>
<b>Personnel</b>	<ul style="list-style-type: none"> <li>▪ Lack of university graduates</li> <li>▪ All-round Knowledge</li> </ul>	<ul style="list-style-type: none"> <li>▪ Dominance of university graduates</li> <li>▪ Specialization</li> </ul>
<b>Organization</b>	<ul style="list-style-type: none"> <li>▪ Highly Personalized contacts</li> </ul>	<ul style="list-style-type: none"> <li>▪ Highly formalized communication</li> </ul>
<b>Sales</b>	<ul style="list-style-type: none"> <li>▪ Competitive position not defined and uncertain</li> </ul>	<ul style="list-style-type: none"> <li>▪ Strong competitive position</li> </ul>
<b>Buyer’s Relationships</b>	<ul style="list-style-type: none"> <li>▪ Unstable</li> </ul>	<ul style="list-style-type: none"> <li>▪ Based on long term contracts</li> </ul>
<b>Production</b>	<ul style="list-style-type: none"> <li>▪ Labour intensive</li> </ul>	<ul style="list-style-type: none"> <li>▪ Capital intensive, economies of scale</li> </ul>
<b>Research Development</b>	<ul style="list-style-type: none"> <li>▪ Following the market, intuitive approach</li> </ul>	<ul style="list-style-type: none"> <li>▪ institutionalized</li> </ul>
<b>Finance</b>	<ul style="list-style-type: none"> <li>▪ Role of family funds, self-financing</li> </ul>	<ul style="list-style-type: none"> <li>▪ Diversified ownership structure, access to anonymous capital market</li> </ul>

Source: UNIDO

<sup>4</sup> The CARICOM Policy will provide a regional framework but CARICOM member states will retain policy flexibility in the implementation of their own national policies.

It should be noted that during the policy review, several Jamaican MSME financing institutions confirmed that they are increasingly using both quantitative and qualitative indicators in their decision making.

## **Entrepreneurship**

Essentially, entrepreneurship is the assumption of risk by individuals and companies to create value.

The Global Entrepreneurship Monitor (GEM) defines entrepreneurship as “any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business”. This is an occupational perspective of entrepreneurship which entails the initiation of economic activities under a legal form of business. But, often times the occupational definition does not tell the whole story. Pioneering studies on entrepreneurship have characterized entrepreneurs by their drive to achieve, desire for independence, capacity to tolerate ambiguity and risk, perseverance and self-confidence.

According to the classical paradigm, the development of an economy depends on two critical factors of production, namely labour and capital (inclusive of advanced technology). It is against this background that the rise of the four “Asian Tigers” Singapore, Taiwan, Hong Kong and South Korea and a widening of the development gap between the industrialized nations and less developed countries (LDCs) brought about a new school of thought that emerged in the early 1980s. Given the nature of economic development and contributory factors, this new perspective posited that entrepreneurship should be added to the two classical production factors. Thus a new equation was introduced, one where entrepreneurship coupled with human skills is considered as one of the drivers for economic growth in many countries and a catalyst for a country’s achievements and social advancement.

Bygrave and Hofer (1991) posit that entrepreneurship researchers are hampered by the lack of a common conceptual framework for entrepreneurship. The lack of consensus on the meaning of this term makes it imperative that researchers provide a clear statement of their meaning when they use it. Bygrave and Hofer offer such a meaning by considering the *process of entrepreneurship* rather than defining the occupational term “entrepreneur.” By their definition, the entrepreneurial process “*involves all the functions, activities, and action associated with the perceiving of opportunities and the creation of organizations to pursue them.*” Stevenson *et al.* (1992) posited that it as a process of bringing together a package of unique resources to exploit an opportunity. Fundamentally, if defined more in ‘opportunity’ terms rather than in ‘occupational’ terms, it can be described as the “process of applying innovation and creativity in generating sustained value by organizing the required resources to seize the opportunity to produce goods and services that satisfies needs and or wants’.

Morris *et al* (2001) presented a set of models and frameworks to guide the teaching, research and practice of entrepreneurship. Among these is the overarching framework described as “An Integrated Framework” where there is interaction among six key variables. These key variables are: the process; the entrepreneur; the environment; the business concept; the resources and the

organizational context. The ‘process’ is central to the integrated framework and includes six components from opportunity identification to harvesting the venture<sup>5</sup>.

### **Innovation**

Innovation is bedrock of opportunity entrepreneurship. Austrian economist Joseph Schumpeter makes a clear link between innovation and entrepreneurship. His definition of entrepreneurship does not focus on new firm formation, but rather on the various forms of innovative activity and on the role of innovative entrepreneurship in driving changes in the historical context of business, industry and economy. He maintains the view that the entrepreneur strives to create wealth by combining inputs innovatively to generate value to consumers. Hence, using Schumpeter’s definition of entrepreneurs, it can be argued that the entrepreneurial spirit is characterized by innovation and risk-taking, and is an essential component of a nation’s ability to succeed in an ever changing and more competitive global marketplace. (Schumpeter, 1934)

Schumpeter’s definition of entrepreneurship places an emphasis on innovation, in the form of new products or new production methods or new markets or new forms of organisation or a combination of innovations. Innovation is also defined as a process involving “the implementation of a new or significantly improved product (good or service) or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations.” (Schumpeter, 1934). Three levels of novelty can be distinguished from the process of innovation: new to the firm, new to the market and new to the world. (OECD, 2009)

### **Creativity**

Opportunity entrepreneurship and innovation must be underpinned by creativity. The term creativity can take on many dimensions ranging from the ability to come up with objects of art or novelty products, a new idea that departs from what exists, to solving a problem through creative reasoning. According to Franken (2006) creativity is “the tendency to generate or recognize ideas, alternatives, or possibilities that may be useful in solving problems, communicating with others, and entertaining ourselves and others”. Torrance (1965) defines creativity as “the process of becoming sensitive to problems, deficiencies, gaps in knowledge, missing elements, disharmonies, and so on; identifying the difficulty; searching for solutions, making guesses or formulating hypotheses about the deficiencies; testing and retesting them; and finally communicating the results”.

While innovation and creativity are integrally related, there is a slight distinction between the two: creativity is the process of generating meaningful ideas, while innovation is the process of transforming these ideas into effective solutions. Thus in the entrepreneurship process, the first two stages is the creative, ideation stage (opportunity identification and concept development), the last four being the innovation implementation stage (identifying resources, accessing resources, implementing and managing and harvesting) (Morris et.al 2001).

Promotion of entrepreneurship among MSMEs is widely handled through a combination of public and private sector organizations in different countries. Recognizing that the vast majority of entrepreneurs in Jamaica are replicative or necessity entrepreneurs (i.e. start businesses based on

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<sup>5</sup> It is this process that is applied to the map the policy strategy to ensure that the activities directly impact the MSME and that the activities follows the logic and are relevant to the growth of the venture of the entire growth process

pre-existing markets, products, models, processes) and not innovative, this policy framework seeks to strengthen the entrepreneurial culture of MSMEs so that they metamorphose into creative, risk-taking, innovative enterprises.

### **Start-ups**

A key factor in the entrepreneurial process is the identification of imaginative new products or services that may lead to a promising business venture. Once an entrepreneur puts this business venture into action, it becomes a “start-up”. A start-up is therefore a new business venture that is established from “scratch”; that is, any business venture that did not exist prior to the entrepreneur’s efforts. A start-up may therefore occur at varying stages of a business operation<sup>6</sup>. Entrepreneurs with start-ups in the early stages may have entrepreneurial alertness<sup>7</sup> but lack business and technical experience. It is this lack of business and technical experience that constitutes one of the major problems facing start-ups.

Start-ups provide an opportunity for many unemployed persons to become self-employed and transforms the unemployable into employable. Successful start-ups therefore increase employment and provide economic opportunities.

### **Social Enterprises**

Social enterprises are business entities that apply commercial strategies to maximize social impact through improvements in human and environmental problems. Entities that adopt this model have a primary mission to solve social, economic, cultural or environmental problems at the community or national level through effective and ethical business practices with the reinvestment of profits to the social mission. Social enterprises have the dual responsibility of creating social value and ensuring financial viability. In generating this social value, the social enterprise uses a triple and quadruple bottom line, business model. They generate social, economic, environmental and cultural value, which can be quantified and monetized using tools like Social Rate of Returns on Investments (Knife 2016 forthcoming). The majority of the social enterprises in Jamaica are a part of the MSME sector (using the same criteria) and therefore face many of the same constraints experienced by the wider MSME sector such as informality, weak management & technical capacity (scaling & group dynamics), lack of access to finance and the need for a stronger enabling culture of (social) entrepreneurship (Knife 2016a and 2016)

### **Convergence of MSME and SEs (Social Enterprises the Social Economy)**

While MSMEs traditionally operate on the premise of a reward for shareholder risk, they differ from social enterprises in mission and motive for profit. Social enterprises are mission driven entities that generate profits to reinvest in the enterprise and to fulfill their social mission. While this difference is clear and have implications for how the ventures are operationalized, they tend to have more similarities in business best practices while facing similar problems in the economy. The Policy while recognizing the uniqueness of SEs refers to MSMEs in a holistic way, which incorporates SEs. Therefore the vision, mission, aims, objectives and strategies listed support the needs of both traditional and non-traditional MSMEs.

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<sup>6</sup> Varying types of start ups as well as stages in a business life cycle

<sup>7</sup> The ability to recognize conditions that may lead to a new business opportunity

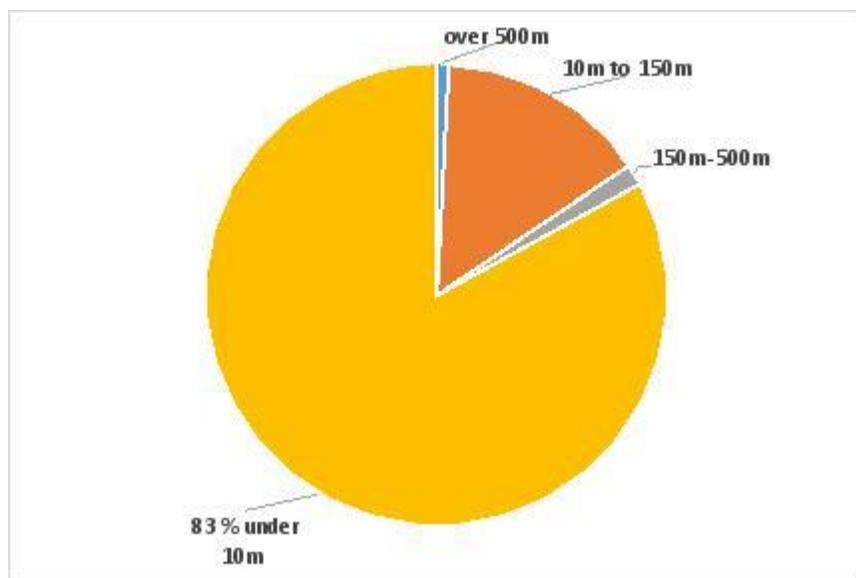
## CHAPTER 3

### PROFILE OF THE MSME SECTOR

#### Most Businesses are MSMEs

According to data provided by Tax Administration Jamaica, approximately 97.6% of all classified tax payers for FY 2015/16 fell within the 2013 Policy definitions of MSMEs, with 83% of these enterprises falling in the micro sector. The ratio of MSMEs to the entire classified business population will likely increase to approximately 99%, with the revised definition of MSMEs in the current policy.

**Diagram 1: Classified Tax Paying Enterprises in 2015/16 by Turnover**



Source: TAJ

The heavy weighting of enterprises towards the MSME sector is a feature of most economies, whether developing or developed (with the difference being that the turnover and employee thresholds in developed economies are significantly higher). In the United Kingdom, 99.9% of all enterprises fall within that country's definition of MSMEs (ICAEW, 2014). In the United States small and medium firms make up 99.7% of all enterprises using the US definition of small and medium (US Census Bureau, 2012). In Singapore, 99% of all enterprises are classified as small and medium (Singapore Statistics, 2015e). Closer to home, MSMEs account for 96.3% of all formal enterprises in Barbados (Barbados SBA, 2016).

In Jamaica there is a robust informal economy, estimated to be 43% of the GDP (IDB, 2006) and measurements by the Statistical Institute of Jamaica (STATIN) in the Labour Force Survey indicate that 412,950 Jamaicans are categorized as Own Account Workers, that is, they are essentially self-employed and employ no one else on a regular basis in the business activity (STATIN, 2015).

The MSME sector is, therefore, seminal to the Jamaican economy and its prospects for sustainable growth and job creation. It has the potential to be a major catalyst for the development and growth of the private sector, while supporting innovation, competitiveness, wealth creation and social stability.

In developed countries such as Germany, the MSME sector largely consists of highly innovative and productive firms, many of which are world leaders in their fields. In Jamaica, however, the majority of firms in the MSME sector are replicative or necessity enterprises that are poorly financed and globally uncompetitive. This signifies that much effort is needed to drive the sector towards greater levels of innovation and productivity.

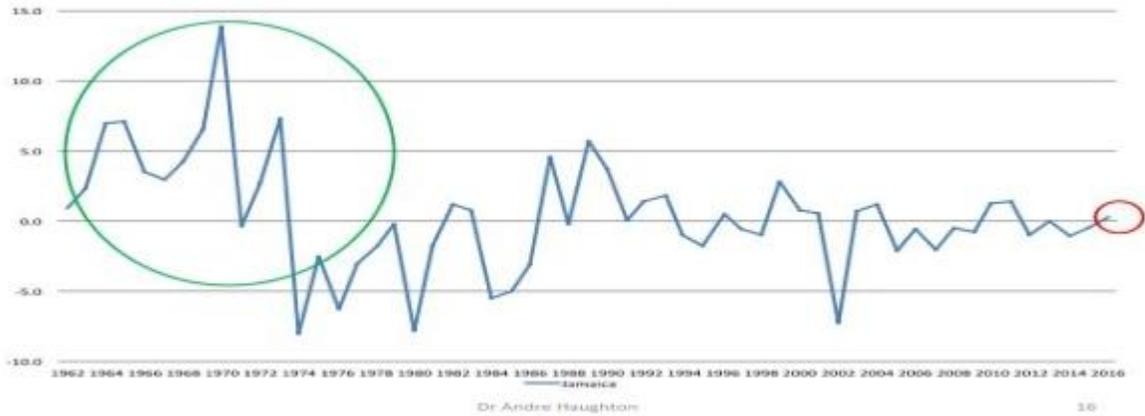
### **GEM Data on Jamaica**

The Global Entrepreneurship Monitor (GEM) is a global consortium of universities that track key statistical data related to entrepreneurship in participating countries. The GEM initiative started in 1999 with ten countries and in the 2016 Global Report, 66 countries were covered. Jamaica is a participating country and the GEM publications provide the most consistent data on the Jamaican entrepreneurship landscape. The 2016 GEM Report identifies Jamaica as a country that accords a very high social value to entrepreneurship when compared with the rest of the cohort. Jamaica ranked number one out of the sixty-one countries in terms of media attention to entrepreneurship as 87.2% of respondents thought that entrepreneurs get significant media attention. Jamaica ranked number two with regards to entrepreneurship as a good career choice and ranked fourth in terms of the high status accorded to entrepreneurs. In fact, Jamaica was the only country, which had above 80% of respondents attaching a high social value to entrepreneurship in all three categories, approximately 20 percentile points above the regional average in Latin America and the Caribbean for all three indicators.

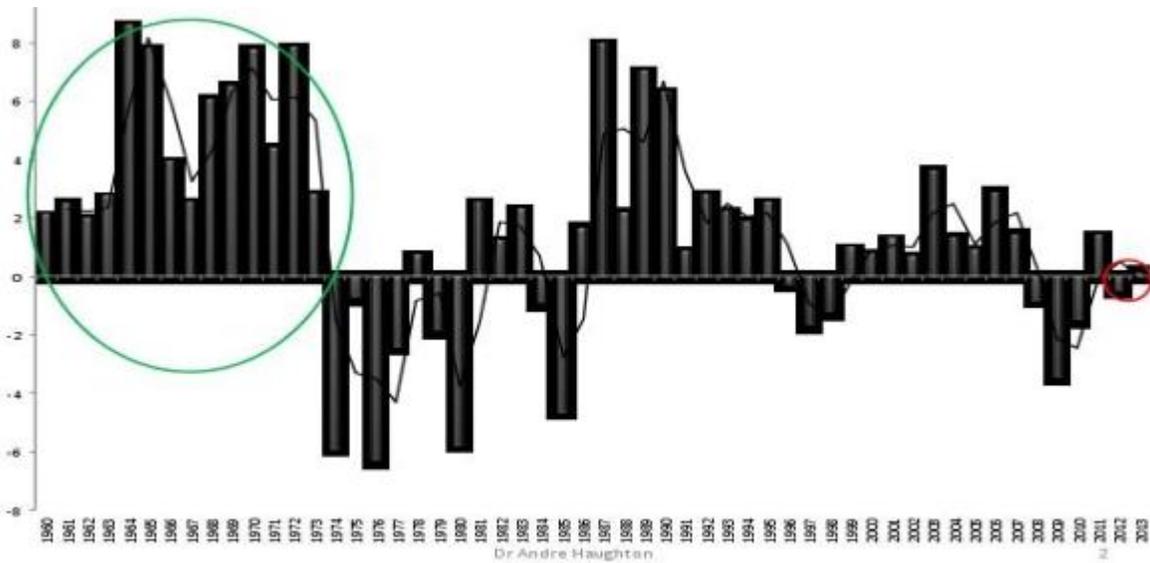
However, the same GEM 2016 report classifies Jamaica as a country that is an ‘efficiency driven’ economy and not ‘innovation’ driven. With regards to innovation Jamaica ranked 45<sup>th</sup> out of 64 countries. While it is good that Jamaica has transitioned from being considered as a ‘factor’ economy, the GEM report identified some economies as now transitioning from efficiency to innovation but Jamaica was not so identified. This is a matter of concern as innovation is the key to improving production and bolstering competitiveness. Additionally, this is exacerbated given the low total factor productivity (TFP) of Jamaica and its correlation to the low or no GDP growth for the last five decades (Haughton 2016, Diagrams 2 and 3 below). Note that the data reveals that the declining GDP pattern follows the same pattern as the declining TFP over the period 1960 -2013. If Jamaica is to a high growth trajectory, it must transition to an innovation economy hence improving its total factor productivity of labour. If MSMEs are to drive this process it will require a MSME sector that is creative but, more importantly, innovative as well. GEM 2016 recommends that countries like Jamaica need to:

*“Develop the innovation capabilities of factor-driven and efficiency-driven economies. This may include advancing an economy’s human resources, government or private research laboratories, and partnerships between multinationals and universities. Equally important are practices and mechanisms for commercializing solutions based on technological innovations. Introduce different mechanisms for better collaboration with research institutions for new ventures and established businesses.”(GEM Global Report, 2016).*

**Diagram 2: Total Factor Productivity of Jamaica: 1962 - 2016**



**Diagram 3: Jamaica's GDP growth per annum 1960 to 2013**



Within the context of a declining TFP and GDP, and the recognition of the role that innovative MSMEs will play in driving the Jamaican economy, it is crucial to understand what the MSME and Entrepreneurship landscape is like. In this regard, key data from the GEM Global 2016 Report on Jamaica is reproduced in Box I below.

## Box 1: Insights on Jamaican Entrepreneurship from the GEM 2016 Global Report

**Excellent perception of entrepreneurship in Jamaica...** According to the 2016 GEM Report, Jamaica leads the 64 countries surveyed in the societal value placed on entrepreneurship. It is the only country to have over 80% of its respondents attaching a high social value to entrepreneurship (measured by career choice, status and media attention). This is approximately 20 percentile points above the regional average in Latin America and the Caribbean (LAC).

**Jamaican entrepreneurs are confident in their ability...** Compared to adults in other Caribbean countries, 83.5% of Jamaicans respondents in 2016 are confident that they have the capabilities (knowledge and skills) for entrepreneurship. The regional average in LAC is 62.6%. With regards to seeing good opportunities for starting a business in Jamaica, 64.4% responded in the affirmative compared with the regional average of 46.2%. GEM studies indicate that individuals who are confident in their skills to start a business are four to six times more likely to be involved in entrepreneurial activity.

**Total early-stage entrepreneurial activity in Jamaica is lagging ...** In 2016, the total early-stage entrepreneurial rate (those who were starting a business or started one within 42 months of the GEM survey) was reported at 9.9% in Jamaica. The last reported figure for Jamaica was 19.3% in 2014. 2016 therefore represents a decline and is below the 2016 regional average of 18.8%. The largest gap was in the nascent entrepreneur rate (a business that is less than four months and that has not paid salaries) which was 4.1% in Jamaica in 2016 but 11.8% in the rest of the LAC.

**Jamaica registers the lowest in the cohort for opportunity based entrepreneurship...** The 2016 GEM report ranked Jamaica 64<sup>th</sup> out of 64 countries for opportunity based entrepreneurship but ranked Jamaica 2<sup>nd</sup> for necessity based entrepreneurship and 54<sup>th</sup> for improvement-driven entrepreneurship. Overall Jamaica ranked 61<sup>st</sup> out of 64 countries on the GEM Motivational Index for 2016.

**Young adults are declining in early stage entrepreneurial activity ...** The proportion of Jamaican youths (defined as 18-24 by GEM) as a percentage of early-stage entrepreneurs is declining. This age group had increased its relative share from 12% in 2005 to 17% in 2011 but fell to 7.6% in 2016. The GEM regional LAC average is 15.7% with Belize, Colombia and Ecuador all reporting over 25% of youths accounting for early stage entrepreneurship.

**The level of business discontinuance in Jamaica is on par with the region...** GEM 2016 data reveals that business discontinuance (respondents who discontinued a business in the last 12 months) in Jamaica is on par with the region at 9% compared to the regional average of 9.6%. In Europe the average is 6.8%, while in North America the average is 12%. The majority of respondents in Jamaica (56.3%) cited unprofitability as the reason for discontinuance and 10.7% had problems with financing.

**Small gender gap in entrepreneurial activity ...** The early-stage entrepreneurial activity rates for adult women are generally lower than for men across GEM countries, but compared to the average, the gender gap in Jamaica is relatively small. Over the past seven years, women have accounted for about 45% of the adults either trying to get a business started or owning a new business.

**Jamaican entrepreneurs have the lowest growth prospects ...** On an individual basis, Jamaican early-stage ventures have little plans to grow. In 2016, 87.9% of the early stage entrepreneurs surveyed indicated that they planned to have no additional employees over the next five years. This ranked Jamaica 1<sup>st</sup> in low growth prospects. GEM studies stress the importance of high-ambition entrepreneurs to an economy as these enterprises make a disproportionate contribution to overall job growth in the economy.

**Lack of Innovation:** Jamaican early-stage entrepreneurs themselves do not describe their products and services as innovative. In 2016, Jamaica ranked 45<sup>th</sup> on the innovativeness index with only 20.1% of early-stage entrepreneurs indicating that their customers would find their products and/or services new or unfamiliar.

The latest GEM Policy Brief on Jamaica was completed in 2013 and noted that GoJ was faced with two high level policy challenges. The first is to improve the rate of transition of Jamaicans through the entrepreneurial pipeline. The second is to build the entrepreneurial and business management capacity of Jamaican adults; encourage them to pursue higher-potential business ideas and improve the growth rates of their enterprises so they are able to make a larger contribution to job creation and economic development. It was also noted that there was a need to create more initiatives that are specifically tailored to encourage the creation of high-growth enterprises, by fostering stronger linkages between public research centres, universities and the private sector to facilitate the transfer and commercialisation of research

Reforms in the business environment have improved Jamaica's ranking considerably in the global index for starting businesses<sup>8</sup>. Despite ranking among the top countries for the ease of starting a business in the World Bank Indices, Jamaica ranked 31 out of 64 countries in terms of business discontinuation in the 2016 Global Report (GEM notes that this not a failure rate as there are several reasons for business discontinuation). The data for 2016 indicates that the level of business discontinuation increased from 7.4% in 2013 to 9 % in 2016. However, Jamaica was in line with the regional average of 9.6% in 2016. It should also be noted that at the level of micro and small enterprises, the landscape is characterized by a high degree of informality, low tax compliance rates, limited differentiation, and low quality standards and labeling.

Generally, the Jamaican economy has experienced low growth over the past few years and difficulty in rebounding from the significant drop in gross domestic product (GDP) growth during the 2008-09 global financial crisis. The unemployment rate, which had hovered around 11% since 2005, increased to almost 13% in 2010 and by April 2013 had climbed to 16.3%; although down to 12.9% in October 2016 (STATIN). The large number of unemployed persons and the need to create jobs is one of the major pressures in the economy. Unemployment is a particularly serious issue for women and young people. In October 2016, the male unemployment rate was 8.9 per cent while that of the female was 17.5 per cent. The unemployment rate among youth aged 14-24 was 32.4%. The inability of the public and private sectors to create productive employment for Jamaicans has been identified as a major policy challenge (Stevenson 2014).

In many economies, governments look to the MSME sector to create jobs and spur growth. It is estimated that the sector accounts for over 80% of jobs in Jamaica, the majority of these jobs are created by one-person enterprises as almost 40% of working Jamaicans are self-employed. However, only 7.8% of the self-employed create jobs for others; these means that most are pursuing "survivalist" activities, in heavy competition with each other, and are not creating real wealth for the economy. Thus, the MSME sector is highly vulnerable and not contributing its full potential to the growth of the economy. This is reflected in GEM data related to the motivation for entrepreneurial activity in Jamaica, with regards to necessity based entrepreneurship, Jamaica ranked number two in the GEM 2016 Report while for opportunity based entrepreneurship, Jamaica was a the very bottom of the ranking, ranking 64<sup>th</sup> out of 64 countries.

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<sup>8</sup> Jamaica moved from 94<sup>th</sup> in this indicator in 2013 to 64<sup>th</sup> in 2016 (World Bank, Doing Business Reports 2013, 2016)

## Type of Business Activities

The IDB 2006 survey revealed that MSMEs in Jamaica are mostly involved in the Wholesale and Retail Trade and Community and Social and Personal Services sectors. More than half (55.7%) of the MSMEs surveyed were involved in the Wholesale and Retail Trade and 23.3% operated in Community, Social and Personal Services (see Table 4). This report, although dated, is reflective of non-agricultural MSME activity, which is heavily skewed towards the wholesale a retail trade (with vendors and micro shops that buy and sell).

**Table 4: Percent of MSMEs by Sectors**

<b>Percent of MSMEs by Sectors</b>	
<i>Sectors</i>	<i>Percent</i>
Wholesale and Retail Trade	55.7
Community, Social and Personal Services	23.3
Manufacturing (Non-Metal)	9
Manufacturing (Metal)	2
Transport Sales and Communication	3.9
Financial, Insurance, Real Estate and Business Services	2.4
Construction	2.3
Electricity, Gas and Water Supply	1.2
Mining	0.1
Source: PSDP (April 2008). A Landscape Assessment of Jamaican Micro, Small and Medium-Size Enterprises (MSMEs). Prepared for the Target Growth Competitiveness Committee (TGCC)	

Table 4 is a good example of the exclusion of the agricultural sector from traditional reporting on MSME activity. However, there are over 160,000 farmers registered with the Rural Agricultural Development Authority. The contribution of agriculture to Jamaica's Gross Domestic Product (GDP) was 6.6% in 2015, and according to STATIN the sector employed 16.2% of the national workforce in October 2016. Agriculture also provides raw material inputs into the agro-processing sector, providing enterprise and value added opportunities for MSMEs. As a matter of national policy, agriculture will be treated as an industry grouping falling within the MSME categorisation.

## Formality and Informality

The MSME sector is characterized by a high degree of informality, low tax compliance rates, limited differentiation, low quality standards and labelling. Sole traders and Own Account Workers form the bulk of the MSME sector. A study in 2006 estimated that the informal sector was valued at 43% of Jamaica's GDP (IDB, 2006).

Businesses in Jamaica are obligated, under law, to comply with licensing, registration and tax requirements and procedures in order to be recognized as formal. The basic legal requirements for individuals and organizations operating businesses in Jamaica are described below:

- Registration with the Companies Office of Jamaica in accordance with either the Companies Act or the Registration of Business Names Act<sup>9</sup>
- Be licensed as required under the License to Trade and Business Act, Spirit License Law, Hotel License etc.<sup>10</sup>

The following are the main tax compliance requirements:<sup>11</sup>

- Obtain Taxpayer Registration Number (TRN)
- File and make Income Tax payments (as required)
- Obtain Tax Compliance Certificate (as required)
- Register to pay General Consumption Tax (GCT) and make payments for all taxable activities as required.
- Pay Education Tax
- Contribute to National Insurance Scheme (NIS)
- Contribute to Human Employment and Resource Training (H.E.A.R.T.)<sup>12</sup> as required.
- Register with the National Housing Trust (NHT) and make contributions, as required by law<sup>13</sup>
- Submit an Annual Return Form<sup>14</sup>

The 2006 IDB study estimated that the average micro and small business met just over one third (36%) of the requirements of formality, with the smaller enterprises registering greater levels of informality. The PSDP 2008 survey revealed that 44% of MSMEs surveyed claimed to be registered while 49% indicated that they were not registered and 43 % were registered to pay GCT.

### **Geographical Distribution**

More than half (56.9%) of the micro and small businesses were located in the Kingston Metropolitan and Other Urban Areas. The 2008 survey also found that the majority of the businesses surveyed were located in the Metropolitan and Other Urban Areas; Kingston (15%), St. Andrew (22%) and St. Catherine (11%). The proportion of productive value added (mainly agricultural sector) to non-value added MSMEs is higher in the rural areas, yet there is disproportionate business support to the agricultural sector and the rural areas (MIIC 2015). The Government is aware of this has been developing projects and initiatives in recent years to address this such as the JBDC Mobile Business Clinics held across Jamaica.

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<sup>9</sup> Registration depends on whether you are operating a business or a company. According to the COJ, a company is a commercial enterprise registered or incorporated under the Companies Act and a business is a sole trader or partnership registered under the Business Names Act. For more details see: <http://www.orcjamaica.com/services/>

<sup>10</sup> See details on license types and requirements at: [http://www.jamaicatax-online.gov.jm/licence\\_types.html#TradeLicence](http://www.jamaicatax-online.gov.jm/licence_types.html#TradeLicence)

<sup>11</sup> Tax Requirements and Procedures in Jamaica. The Tax Administration Directorate.

<sup>12</sup> This is payable by employers on behalf of employees

<sup>13</sup> According to the NHT ‘ a “contribution” refers to an amount that is payable to the NHT in accordance with the National Housing Trust Act of 1979 (and Act 23 of 2005) ; while a “Contributor” is an employed person (whether employed by an organization or self-employed), or an Employer, or someone who is not liable to pay contributions under the Act but has applied for and has been granted the authorization to make voluntary contributions’ See more at: <http://www.nht.gov.jm/contribution-payments>

<sup>14</sup> This is a single form which consolidates employer’s annual payroll information for NHT, NIS, Education Tax and PAYE (Income Tax). It should be submitted by all employers with one (1) or more employees from whom payroll deductions were made during the year stated in respect of NIS, NHT, Education Tax and/or PAYE. See more details at: [http://www.jamaicatax.gov.jm/Documents/pdf/FAQs\\_for\\_S02.pdf](http://www.jamaicatax.gov.jm/Documents/pdf/FAQs_for_S02.pdf)

## **Ownership Structure and Management Practices**

Owner-managed businesses represent the majority of non-agricultural micro and small businesses. According to the Nicholson and Garvey 2006 survey, approximately 48% of Family-Owned Businesses (FOBs) and 57% of Women-Owned Businesses (WOBs) can be classified as sole proprietorships or partnerships. IN 2015 the Statistical Institute of Jamaica's (STATIN) Labour Force Survey estimates that Own Account Workers accounted for 412,950 Jamaicans or 35.9% of the employed labour force.

## **Financial System Participation**

A 2003 IDB study found that ninety percent (90%) of Own Account Workers did not have bank accounts. The *Jamaica: National Financial Inclusions Strategy (NFIS), 2016* indicates that 27% of all formal small and medium enterprises (SMEs) have a bank loan, or access to credit, which is below the average of 48% in Latin America and the Caribbean (LAC). The NFIS states that over 40% of firms in Jamaica consider access to finance to be a major constraint but it is more acute for the small firm where 47% indicated it was a major constraint (compared with an average of 32% in the LAC region).

The 2008 PSDP survey revealed that 57.9% of MSMEs used their own savings to start their business, 27.5% used funds from family members, 8.4% from credit unions while approximately 17% were able to source funds from banks. The survey also showed that more than half (53.2%) of the MSMEs surveyed continued to use their own savings to finance business activities, 16% relied on family members, 12.4% accessed funds from banks and 5.6 % from credit unions.

The Jamaica Stock Exchange Junior Market offers an alternative equity financing option to small and medium businesses. It is designed to attract new capital from equity investors, encourage new start-ups and provide financing to existing businesses, thereby enabling small businesses to participate more effectively in the country's economic development process. Investors and small and medium businesses have displayed confidence in the Junior Market since 2009 with 33 listings up to December 2016 and over J\$5billion in capital being raised. However, these 33 companies still represent only a small percentage of formal small and medium enterprises.

According to the *MSME Financing Task Force Report, 2015* and the *National Financial Inclusion Strategy* the lack of access to capital remains an impediment to the growth and development of the MSME sector and calls for a comprehensive approach and strategy to address the needs of the sector over the entire business and investment life-cycle. However, this is only one side of the coin, as the capacity of MSMEs to effectively access and manage financing remains a key issue.

Several initiatives including the Security Interests in Personal Property Act and the Insolvency Act have been implemented by the Government to support the growth and development of the sector. Despite the several initiatives implemented by Government, improving access to capital by MSMEs remains extremely critical to the growth and development of the MSME sector.

## **Customers and Suppliers**

The 2003 IDB study showed that 90.3 per cent of micro and small businesses surveyed provided goods and services to local individual customers. Though variations were reported for the different enterprises, overall only 2.8% and 2.3% of them sold to private enterprises and to wholesalers and retailers, respectively. This indicates limited linkages among micro and small businesses and between these enterprises and larger firms. The study also showed that 1.1% of businesses surveyed provided goods and services to public institutions which suggest that the government sector accounts for a very small fraction of the customer base of micro and small businesses.

Wholesalers and retailers comprised the vast majority of suppliers for micro and small businesses. The IDB reported that 86% of the businesses surveyed bought from wholesalers and 24% bought goods from retailers. The study also found that only 15% of enterprises were assisted by their suppliers, and this was particularly with overcoming liquidity constraints; however assistance in the form of knowledge and technology transfer or access to machinery and equipment was generally limited. It was revealed that the availability of credit lines was limited. There was a slight difference however, in how small businesses were treated in this regard as lines of credit were more prevalent among small businesses when compared to own-account and micro-enterprises.

## **Demography**

The 2006 IDB study reveals important gender differences across different types of enterprises. According to the study, while women accounted for 58% of own-account enterprises, they represented a much smaller percentage of micro and small enterprises, that is, they accounted for 42% and 21% of micro and small businesses, respectively. The 2008 survey reveals a higher percentage of males (56%) than females (44%) are MSME owners.

According to the 2006 survey on family-owned and women-owned businesses in Jamaica, there were 2,916 FOBs and 1,718 WOBs, with 315 being categorized as both FOBs and WOBs. Some 31% of FOBs and 20% of WOBs have been in operation for over twenty (20) years, and over the last 2-3 years, the number of WOBs appeared to have been growing at a faster rate than that of FOBs. Most FOBs were in the area of wholesale and retail (48.7%), with WOBs geared towards social and personal activities (37.1%). For both categories of businesses, most of the wholesale and retail businesses have been in operation for over ten (10) years. The study also shows that 22% of FOBs and 26% of WOBs have been in operation for between ten (10) and nineteen (19) years, respectively. Over 33% of FOBs and approximately 10% of WOBs in the wholesale and retail sector have been in operation for over twenty (20) years.

The top five (5) factors that FOBs highlighted as the most problematic in doing business were: (i) crime and theft; (ii) high tax rates; (iii) lack of access to financing; (iv) inflation; and (v) high interest rates. Findings for WOBs indicated similar challenges, with the top five (5) being: (i) inflation; (ii) tax rates; (iii) lack of access to financing; (iv) crime and theft; and (v) inefficient government bureaucracy.

According to the 2003 IDB study, the average age of the micro and small businesses surveyed was 45 years and there was no significant age difference across the different sizes of enterprises. A

recent survey by Lawrence Nicholson (2012) in the English-speaking Caribbean indicates that 70% of the FOBs were MSMEs and that 62% were male dominated and 11% were shared equally between the genders. The majority of FOBs were still under the control of the founder (88%). The survey also identified the top five reasons for starting FOBs were financial; achievement; a family legacy; entrepreneurial drive and a desire to control one's destiny.

### **Training and Education**

The 2008 PSDP study revealed that roughly 30% of business operators indicated that they completed secondary school. This study also shows almost 20% had vocational and skills training, 5.1% were tertiary students, 11.7% were tertiary graduates and 16.4% indicated that they had all-age school/some secondary education. The 2003 IDB study found that a positive relationship exists between the entrepreneur's level of education and the size of enterprises; small business operators had an average three years of additional education over own-account business operators and one-third of small entrepreneurs attained university-level education.

### **Business Development Services (BDS)**

The characteristics of MSMEs in Jamaica suggest that there would be significant beneficiaries of increased availability of business support and development services. The Jamaican Government has partnered with other stakeholders and, with their assistance, provides support to the MSME sector through a number of financial and non-financial institutions, projects and programmes.

Despite the efforts over the years, MSMEs in Jamaica appear to have very limited knowledge of business development services (BDS). The 2003 IDB survey shows that only 20% of the businesses surveyed had prior knowledge of these services and just 9% had experience with the services. While 9.9% of own-account businesses know about BDS but only 3.7% of those surveyed have ever used these services; 27% of micro businesses are aware of these services with only 10.1% of the sample having ever used them and 49.6% of small businesses know of the services but they have been accessed by only 26.7% of the businesses surveyed. Accounting and tax assistance appear to be the most commonly used BDS and these facilities are mostly provided by the private sector. The 2008 PSDP survey found that only 8 % of MSMEs surveyed indicated that they have used Government support services and the majority (67%) of respondents that gave reasons for not using these services cited lack of awareness as the main factor while approximately 59% indicated that they would be encouraged to make greater use of the services if they knew more about them. This points to an on-going need to build awareness and demand of these services and to bring these services closer to communities.

### **Institutional Framework**

'Small business development' is a subject assignment to the Ministry of Industry, Commerce, Agriculture and Fisheries (MICAFA). In 2016 the Ministry was reorganized to establish a permanent MSME Division as a focal point within the Ministry on policy issues relevant to MSME development. The Jamaica Business Development Corporation (JBDC) is an agency of the Ministry that was established in 2001 as the public body with the mandate to provide business development services to the MSME community.

However, support to the MSME sector is much wider than the portfolio Ministry. It involves a commitment from all Ministries as in the design of policy as regardless of the policy issue a special lens is invariably required for the MSME sector. This relates to taxation, tourism energy, education, gender, local government, investment, exports, banking, financing, technology, statistics, youth, culture and the list goes on and on. The key GoJ stakeholder departments and agencies are listed at Appendix III. In addition to Ministries, Department and Agencies (MDAs) there are also several private sector umbrella groupings that represent the interests of MSMEs. Several are broad based and multi sectoral while others have a specific sector or demographic membership base. Collectively, the academic community is also key institutional stakeholder, providing specialised research and other services.

The establishment of an MSME Thematic Working Group (TWG) in 2016, was therefore an important step towards seeking greater collaboration and cooperation in the MSME space.

### **Legislative Framework**

Jamaica has no specific small business legislation. A Model Bill was drafted by the CARICOM Secretariat but this has been put on hold until the Regional MSME Policy has been approved by member states. There are, however, several pieces of legislation (current and proposed) that have provisions to facilitate the MSME sector. These include:

The Registration of Business Names Act, 1934 (updated 2006): An act to provide for the registration of firms and persons carrying on business under business names and for other purposes. This act allows micro and small firms to access a simple business registration process but does not create a separate legal entity as provided for under the Companies Act.

Security Interests in Personal Property Act, 2013: An act to facilitate the creation of security interests in personal property, to provide for a simple registration process for the recognition of such interests, and to stipulate the rules which will govern the priority in which such interests are enforceable”.

Public Procurement Act, 2015: An act to consolidate and modernise the law relating to the public procurement of goods, works and services; and for related matters. This legislation allows GoJ to provide ‘offsets’ to support developmental objectives of the GoJ.

Special Economic Zones Act, 2016: An act to repeal the provide for the, development, regulation, construction supervision, management and control of Special Economic Zones. The act provides for special and differential treatment to be granted to MSMEs

Insolvency Act, 2014: The act provides for the rehabilitation of the insolvent debtor under court protection, and will help to remove the stigma and constraints associated with bankruptcy in Jamaica. The ultimate goal is that entrepreneurs will not be stigmatized for taking risks, nor left without remedies when normal business failures occur.

Microcredit Bill (draft legislation): An Act to register and regulate microcredit companies that provide financing to micro, small and medium sized businesses; to discourage microcredit companies from lending money at excessive interest rates and from engaging in predatory lending practices; and for connected matters.

## CHAPTER 4

### POLICY FRAMEWORK

The goals of the MSME & Entrepreneurship Policy synchronize with the National Development Plan (Vision 2030) that projects the Jamaica of 2030 as “*the place of choice to live, work, raise families and do business*”.

Vision 2030 outlines the roadmap that will facilitate the nation achieving “developed country” status by 2030. Achieving this vision requires that Jamaica foster a culture of entrepreneurship and improve the business environment by ensuring an efficient bureaucracy, adequate access to capital, supportive trade relations, a well-functioning labour market and improved opportunities for enterprises. Importantly, Vision 2030 and the Policy support global goals that emphasize an integrated triple bottom line of economic, social and environmental imperatives.

In 2015, the world agreed a new set of global goals to eradicate extreme poverty and achieve sustainable development. Building on the UN Millennium Development Goals (MDGs) of 2000, these are known as the Sustainable Development Goals (SDGs) including social, economic and environmental dimensions. The SDGs attempt to balance these three dimensions and they are the first attempt to integrate across a broad range of issues at the United Nations. The 17 goals outlined in the SDGs are listed below. Several of these developmental goals are closely intertwined with the development of the MSME sector in Jamaica (and, indeed, across the world).

#### **Box 2: The United Nations 17 Sustainable Development Goals (SDGs)**

- i. End poverty in all its forms everywhere;
- ii. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture;
- iii. Ensure healthy lives and promote wellbeing for all at all ages;
- iv. **Ensure inclusive and equitable quality education** and promote lifelong learning opportunities for all;
- v. **Achieve gender equality and empower all women and girls;**
- vi. Ensure availability and sustainable management of water and sanitation for all;
- vii. Ensure access to affordable, reliable, sustainable and modern energy for all;
- viii. **Promote sustained, inclusive and sustainable economic growth;**
- ix. Build resilient infrastructure, **promote inclusive and sustainable industrialization and foster innovation;**
- x. **Reduce inequality** within and among countries;
- xi. Make cities and human settlements inclusive, safe, resilient and sustainable;
- xii. Ensure sustainable consumption and production patterns;
- xiii. Take urgent action to combat climate change and its impacts;
- xiv. Conserve and sustainably use the oceans, seas and marine resources for sustainable development;
- xv. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss;
- xvi. **Promote peaceful and inclusive societies** for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels and
- xvii. Strengthen the means of implementation and **revitalize the global partnership for sustainable development, on finance, technology, capacity-building, trade** and systemic issues.

The alignment of the Policy with Vision 2030 and the SDGs, highlights a national consensus that development can only be meaningful and impactful when it is inclusive, equitable and sustainable. In this context, it is important to again note that the 2016 review of the Policy incorporates the social economy, recognizing the increasingly important role stakeholders are playing in generating social value and contributing to the GDP (Knife 2015 and 2016).

### **Social Progress Index**

This recognition of the social economy is in keeping with how the UN has redefined measurement of economic activity, using the Social Progress Index (SPI) approach (Porter *et al* 2014). The Social Progress Index creates a holistic and robust measurement framework for national social and environmental performance that can be used by leaders in government, business and civil society at the country level as a tool to benchmark success, improve policy, and catalyse action. According to the data provided, Jamaica is ranked 43 out of a 132 economies although Jamaica's per capita income is not amongst the highest (SPI, 2015).

### **The Policy**

The logic of the policy flow is intuitive. Vision 2030 guides the Policy Vision and Policy Mission. Through a process of collaboration the policy elements and their inherent issues were identified, then the strategies and actions were developed for each policy issue. All of these components therefore cascade from Vision 2030. This establishes a closed positive feedback loop, which generally tends to be sustainable. The Policy will support MSMEs through the entrepreneurship process from governance to harvesting as all components are aligned to the flow of the entrepreneurship process. This ensures that the policy, while not addressing all concerns, makes provision to support MSMEs along all major steps (See Annex 1 - Entrepreneurship Process and MSME Strategy Map).

The MSME and Entrepreneurship Policy presents six (6) Policy Goals with accompanying objectives, strategies and activities to move Jamaica towards an entrepreneurial MSME sector that fuels economic transformation through innovation, creativity and high performance. In doing so it will advance the country's vision of positioning MSMEs as a *'a vibrant and sustainable sector that embodies the concept of "inclusive growth" as the sector makes a growing contribution to employment and social stability'* (MICAF, 2016)

#### **Policy Vision**

*'A vibrant and sustainable sector that embodies the concept of "inclusive growth" as the sector makes a growing contribution to employment and social stability'* (MICAF 2016)

#### **Policy Mission**

*"To inculcate a deep-seated culture of entrepreneurship in MSMEs, reduce bureaucracy to improve the ease of doing business, build capacity, and provide timely and relevant support by forging strategic partnerships and linkages with key sectors within the society."*

## Policy Goals

1. Creation of an enabling business environment that results in growing levels of formality in the economy
2. Increased availability of innovative and inclusive financial systems that are appropriate, affordable and accessible throughout the MSME business lifecycle
3. Strengthened access to timely, relevant and measureable business development and capacity building serving the MSME sector island wide
4. Facilitate the development of a culture of entrepreneurship and innovation that promotes creativity, research and development in business operations and throughout the education system
5. Establishment of a framework that supports the creation and measurement of social value
6. Promote the seamless integration of cross cutting issues in the sector are weaved seamlessly into major programmes to ensure inclusive growth

## Guiding Principles

- MSMEs are entrepreneurial
- MSMEs are catalysts for human, social and economic development
- MSMEs are key drivers of economic growth
- MSMEs are key enablers for social stability.

## Role of the Government of Jamaica

In achieving the Policy Vision and Mission, the Government will perform the following roles:

- **Promoter** – The Government of Jamaica takes proactive measures to directly foster and support MSME development
- **Facilitator** – The Government of Jamaica provides an environment that is conducive to establishing and conducting business
- **Regulator** – The Government of Jamaica crafts, amends and implements laws and regulations relating to MSMEs.

## Alignment with National Policies and Programmes

The MSME and Entrepreneurship Policy is in alignment with key economic and social plans, programmes and strategies. This includes the

- Jamaica's National Development Plan (Vision 2030) and which provides the overarching framework for the goals, strategies and outcomes embedded in the MSME and Entrepreneurship Policy.
- 'Call to Action' published by the Economic Growth Council which outlines Jamaica's path to achieving 5% growth by 2020.
- The Special Economic Zone Policy which outlines the framework for the attraction of investments in logistics based industries and maps these investments to linkages to MSMEs in the domestic economy.

- The National Financial Inclusions Strategy that articulates an action plan to provide a path for greater inclusion for citizens and MSMEs.
- The Tourism Linkages Council which promotes closer commercial ties between the resorts and attractions and domestic firms and agricultural enterprises.
- The Revision of the National Quality Policy currently underway, which recommends quality focused initiatives for the MSME sector.

### **Convergence of MSME and SEs (Social Enterprises the Social Economy)**

While MSMEs traditionally operate on the premise of a reward for shareholder risk, they differ from social enterprises in mission and motive for profit. Social enterprises are mission driven entities that generate profits to reinvest in the enterprise and to fulfil their social mission. While this difference is clear and have implications for how the ventures are operationalized, they tend to have more similarities in business best practices while facing similar problems in the economy. The Policy while recognizing the uniqueness of SEs refers to MSMEs in a holistic way, which incorporates SEs. Therefore the vision, mission, aims, objectives and strategies listed support the needs of both traditional and non-traditional MSMEs.

## CHAPTER 5

### GOAL 1: CREATING AN ENABLING BUSINESS ENVIRONMENT

An enabling business environment is a pillar of Jamaica's National Development Plan - Vision 2030 where it is listed as National Outcome #8. It is understood and accepted that GOJ must create a facilitatory framework as well as provide infrastructure and support services to support economic growth and sustainable development.

However, the business environment in Jamaica is quite complex. There is the informal and formal economy, with the last estimate of the informal economy representing 43% of business activity within the island (IDB, 2006). Within the formal economy a fairly new type of firm is emerging called the 'social enterprise' (SE) which has a business-like structure but operates in the social economy with a business mandate for profit that directly will benefit the social sector. Both MSMEs and SEs in Jamaica (Knife 2015 and 2016) face similar barriers/handicaps and thus require similar enablers to aid them in becoming and maintaining their profitability and effectiveness.

*Among barriers identified are: inadequate business culture and practice; ineffective governance capacity, mind-set, inadequate financing; legislative framework; insufficient entrepreneurial thinking; research deficit, limited economic valuation; limited public education on sector and no clear succession structure. The articulated enablers include: incentive structures, MSME/SE Act; adopting good governance practices, MSME/SE interface platform, improved institutional support; effective access to resources; relevant fiscal system, grounded curriculum and educational development; reduced politicization; embracing failure as part of entrepreneurship and robust policy framework*

#### 1.1 Policy Element: Informality

##### a. Policy Issue:

MSMEs that remain informal face a number of disadvantages. A 2006 IDB study revealed that those micro and small businesses in Jamaica that were surveyed met only 36% of all the legal registration requirements. Similarly Knife (2013 and 2015) highlighted that there was no legal framework to support SEs in Jamaica and as such entities adopt an SE business model while operating under a category of 'not for profit' or 'benevolent society'. Businesses that operate informally are forced to take actions that keep them invisible to the legal system and this leads to disadvantages such as a limited number of customers, restrictions on the size of the establishment, advertising problems, no access to government purchasing and other outcomes that undermine performance.

Increasing the levels of formalisation will require public education, incentives and most importantly the simplification of existing systems and ongoing support in order to achieve the goal of reducing the number of enterprises that operate outside of the formal sector. The present body of knowledge indicates that the major barriers to formalisation are: regulatory and administrative; fees and other financial requirements; and socio-cultural and privacy issues.

**b. Objective:**

To increase business formalisation in the MSME sector by 10% each year after completing the baseline research

**c. Strategy:**

Facilitate the establishing of an enabling structure that facilitates and provides a tangible benefit for MSME formalising their operations

**d. Activities:**

- i. Conduct baseline research on the sector
- ii. Develop a clear and agreed definition of formality across Ministries, Departments and Agencies that will promote greater simplicity, cost effectiveness and efficiency in business licensing and registration and tax compliance procedures, particularly in the micro enterprise subsector
- iii. Bolster the existing incubator systems among business partners that support MSMEs throughout the entrepreneurship process, from idea generation to harvesting (reaping the benefits)
- iv. Embark on public education campaign on how formality can benefit enterprise growth
- v. Expand the network of existing business services providers to support formalisation

## **1.2 Policy Element: Tax and Incentive Structure**

**a. Policy Issue:**

MSMEs fear being caught in the government net of taxation and this impact the levels of formalisation. In part MSMEs are unclear and uninformed with regards to taxation obligations but on the other hand, taxation levels, particularly at the micro and small level should not inhibit growth and the ability to compete. GOJ should consider providing a taxation framework designed for micro and small business that facilitate sustainable growth and competitiveness. While the Omnibus Incentive Regime does not speak to MSME specific incentives, there is room for the development of policies and programmes across the government that can provide stimuli for MSMEs.

**b. Objective:**

Complete the review of the tax framework for MSMEs along with review of formality requirements

**c. Strategy:**

Stakeholder engagement and advocacy underpinned by empirical data on the national, regional and international framework for MSME development

**d. Activities:**

- i. Promote the development of an appealing tax framework for micro enterprises that will promote tax registration and compliance

- ii. Engage tax authorities in examining an amnesty period for a fixed period before informal entities are required to commence the filing of tax returns, scheduled to be implemented as an accompanying measure for simplified procedures
- iii. Ensure all beneficiaries of Government support are becoming tax compliant
- iv. Explore eliminating double taxation on dividends for non-listed companies, to encourage re-investment for expansion
- v. Promote the targeted used of sector incentives underpinned by empirical cost/benefit data
- vi. Mount a sustained public education to change the attitudes of Jamaicans towards the payment of taxes, emphasizing how the GOJ can support the MSME sector if revenue inflows increase and the benefits to the country when the tax base is broadened
- vii. Estimate the impact of tax and incentive support to the MSME sector

### **1.3 Policy Element: Legal, Regulatory and Administrative Framework**

#### **a. Policy Issue:**

There is a high level of bureaucracy in the administrative and regulatory environment for businesses in Jamaica but there are indications that Jamaica is moving in the right direction. The World Bank's Doing Business Report (DBR) is a generally accepted measure of a country's progress in implementing business environment regulatory and administrative reforms. According to the 2012 Doing Business Report, which provided a measure of business regulations and enforcement (overall ease of doing business) among economies, Jamaica ranked 88 out of 183 countries. By 2015, Jamaica jumped to 64<sup>th</sup> in the DBR. Jamaica's greatest improvement came in the areas of "Getting Credit" where it had the ranking of 12<sup>th</sup> (a movement of 97 places) and "Starting a Business" where it occupied the 20<sup>th</sup> place. These movements coincided with reforms such as the implementation of the "Super Form" to streamline business registration and the promulgation of the Secured Interest in Personal Property (SIPP) Act.

An inefficient and costly regulatory and administrative business environment retards the development and growth of businesses in general and can be disproportionately more burdensome for MSMEs than their larger counterparts, especially due to their earning potential and human and financial resource capacity. Paying taxes, for example, can be time consuming, complex, costly and weighs heavily on the resources of MSMEs. Furthermore, it results in less business activity, lower productivity levels and frustration among MSMEs. Trading across borders also has certain procedural requirements for importing and exporting goods and is an area that robs MSMEs of scarce resources especially due to the time and money needed to ensure compliance.

Land transfer and registration attract costs and entail legal procedures that have contributed to large amounts of idle or underutilized land. The PIOJ estimates that approximately 47% of the more than 800,000 parcels of land in Jamaica are unregistered. The unregistered status of the land makes for these lots being 'dead capital' as they cannot be used as means for investment or wealth creation.

Improving the regulatory and administrative environment for businesses requires a whole-of-government approach that will ensure efficiency and cost-effectiveness of services provided by the Government. However, even more targeted support to this effort should come from a number of key Ministries, Departments and Agencies that directly interface with businesses and thereby have a critical role to play in making it easier to do business in Jamaica.

The regulatory and administrative framework adversely affects businesses in many ways; Most of the strategies below are not geared toward correcting the regulatory and administrative inefficiencies affecting only MSMEs. Nonetheless, given the disproportionate burden that is placed on MSMEs and given the urgency with which this matter should be treated, tackling the major impediments in the regulatory and administrative environment is a policy imperative.

**b. Objective:**

Reduce the processing time for micro business registration by 60% by April 1, 2019

**c. Strategies:**

- i. To bolster the capacity of service providers as well as the enterprises themselves to improve efficiency
- ii. Promote greater use of technology within MDAs that provide services in order to boost efficiency and reduce cost associated with service delivery

**d. Activities:**

- i. Ensure that the appropriate framework exists for monitoring the regulatory and administrative procedures for MSMEs
- ii. Institute a comprehensive monitoring and evaluation system to measure progress in reducing the bureaucracy and cost of doing business for MSMEs
- iii. Encourage ongoing dialogue with MSMEs to sensitize them about improvements in the business environment and solicit their feedback for further changes that should be made in the administrative and regulatory environment
- iv. Complete implementation of the electronic business registration form (EBRF) to allow on-line incorporation of companies and registration of business names
- v. Engage existing structures (e.g. JBDC and SDCs along with COJ) in supporting the desired business legal, regulatory and administrative environment

#### **1.4 Policy Element: Energy Costs**

**a. Policy Issue:**

The high cost of energy poses a serious threat to micro, small and medium sized businesses. This persistent problem has led to business closures, retarded the growth of businesses and reduced competitiveness.

**b. Objective:**

To increase the number of MSMEs using least cost energy options by 10% before 2019

**c. Strategies:**

- i. Promote, support and implement ‘Least Cost Energy Projects’ to help MSMEs lower their operational costs and boost productivity through more efficient use of resources
- ii. Provide incentives to MSMEs which procure and outfit their businesses with energy efficient technology

**d. Activities:**

- i. Sensitize MSMEs about sustainable energy practices and encourage them to adopt energy practices that support affordable energy efficiency and energy diversity
- ii. Establish a robust M&E system that tracks energy use and cost by MSMEs

**1.5 Policy Element: Government Procurement**

**a. Policy Issue:**

Government Procurement accounts for approximately 30% of government total spending and approximately 12-16% of the GDP in OECD member countries. While the figure is lower for Jamaica and the Caribbean, government spending provides an opportunity for growth and development where as much of this spending as possible is in the domestic space. In 2014 the value of Government procurement in Jamaica was \$59 billion in goods and services. This involved 5,127 contracts for goods valued at \$48.4 billion; 2,108 contracts for \$8.5 billion in services and 1, 285 contracts for works valued at \$8.8 billion.

The Government of Jamaica, over the last decade, has undertaken a number of initiatives aimed at modernizing the public procurement system and aligning it with that of international best practices. In 2010 the Ministry of Finance (MOF) and the then Ministry of Industry, Investment and Commerce (MIIC) actively pursued the implementation of a special procurement policy designed to enable MSMEs to acquire a meaningful share of GOJ’s procurement contracts and to provide economic stimulus through enhancing the potential of local industries.

A survey conducted by the Jamaican Government and the Inter American Government Network highlighted the following regarding the limited participation of MSMEs in Government procurement.

- Between thirty percent (30%) and fifty percent (50%) of small and micro enterprises form part of the informal economy and are not officially registered businesses;
- Between fifty percent (50%) and seventy five percent (75%) of participating MSMEs consider the GOJ procurement process to be too lengthy, unaffordable and lacking in transparency;
- GOJ tender requirements and documents are considered too burdensome for essentially low value contracts;
- The requirement to provide bid security is one of the most commonly reported barriers to MSMEs’ participation in Government procurement;
- Tax compliance requirements act as a deterrent and there is no tax relief to enable growth for fledgling enterprises;

- Advance (mobilization) payments from Government entities are insufficient and oftentimes not offered at all;
- Lack of access to financing for MSMEs;
- Lack of coordinated and affordable business training and the need for accessible procurement awareness courses.

In 2015, the Public Procurement Act was passed in order to modernise the Jamaican public procurement system. Importantly Section 60(1) (e) of the Act makes provision for the GOJ to promulgate regulations governing “offsets” - measures described as (i) “set-aside” and (ii) “margin of preference”. This provision is specifically designed to include and support the MSME sector in terms of facilitating greater participation of the MSME by reserving a certain level of procurement for the MSME Sector only.

The Finance Ministry along with MICAF are actively pursuing consultations with stakeholders towards the implementation of these regulations. The establishment of the dedicated Procurement Policy Office is also aimed at strengthening the institution framework for public procurement.

**b. Objective:**

To increase MSME participation in government procurement tenders by 10% by 2020 having established benchmark data by 2017

**c. Strategies:**

- To streamline the regulatory structure to ensure that local MSMEs are supported and have preferential access under the “set-aside” provision when tendering for Government contracts
- Utilize web enabled technology to advertise, evaluate and track MSME participation in the Government procurement process

**d. Activities:**

- Develop a procurement policy paper, which supports MSME tendering for government contracts and requires GOJ procuring entities to set aside an appropriate portion of their Procurement Budgets for eligible micro and small businesses (micro and small are most vulnerable in the procurement process). This could include Capital A and Recurrent Expenditure. Procuring entities will be required to review and report on the volume and value of contracts issued
- Ensure that procurement set asides are linked to domestically added value as opposed to distribution and trading. Goods and services procured under this regime with domestic value will be assessed under preferential terms
- Establish procedures that allow for small groups to cluster or make joint bids
- Encourage that bidders for larger contracts are given more preferential terms where their supply chain contains qualified MSMEs that are adding domestic value

- v. Ensure that the procurement framework is aligned with support measures for MSMEs such as access to finance and business development services
- vi. Ensure that procurement activities under the set-aside programme are included in the procuring entity's Procurement Plan
- vii. Amend the threshold for exemption from bid security requirement to a value that allows for MSMEs to be participate more effectively
- viii. Increase the threshold for exemption from Performance Security requirements to a value that allows for MSMEs to participate more effectively
- ix. Advertise all contracts designated for MSMEs on a single set-aside website
  - x. Establish a database to capture MSME participation, contract awards and contract values as well as to monitor the performance of procuring entities and MSMEs; supported by an electronic procurement system
- xi. Facilitate voluntary registration of MSME contractors through a Web-Enabled National Procurement Registry framework. This should be integrated with the website, which will provide information on the procurement opportunities under the set-aside allocation
- xii. Undertake a sensitization programme for MSMEs as well as procurement personnel, to ensure that each group understands the changes required and is equipped to implement and support those changes
- xiii. Encourage MSME stakeholders both private and public, to collaborate in providing integrated, low cost training, online business information to assist MSMEs to participate in public procurement
- xiv. Establish a mechanism to monitor and evaluate the performance of MSME in executing set-aside contracts

## **1.6 Policy Element: Internationalisation of MSMEs**

### **a. Policy Issue:**

Limited firm resources and international contacts as well as lack of requisite managerial knowledge about cross border trade of goods and services are constraints to MSME internationalization. Factors within the external environment of SMEs, including network and supply chain links, social ties, immigrant links, improved global trade infrastructure, and sector and origin factors seem to stimulate their internationalisation. These factors reflect recently emerging trends, including, for example, the increasing importance of linkages with the lucrative supply systems and value chain network of larger global players to MSME internationalization (OECD, 2009)

### **b. Objectives:**

To increase MSMEs exports of goods by 5% by 2020 having established benchmark data by 2018

### **c. Strategies:**

- i. To foster the increase of MSME participation in regional and global value chains

- ii. To bolster bilateral, regional and international trade relations with MSME specific entities and programme, while simultaneously promoting international trade to the MSME sector
- iii. Promote effective use of the national trade policy landscape by MSME goods and service providers
- iv. Promote linkages with large exporters, SEZ operators and the tourism sector
- v. Promote trade to the Diaspora

**d. Activities:**

- i. Establish in collaboration with Ministry of Foreign Affairs and Foreign Trade a Diaspora Direct Investment and Marketing Strategy to support MSME development
- ii. Utilize Jamaica's National Trade Policy to provide an enabling framework for MSMEs
- iii. Promote Jamaican MSMEs' interests within the regional and multilateral system
- iv. Increase the number of high value producing MSMEs & strengthen the international competitiveness of MSMEs
- v. Continue to promote Jamaica as a key player in the global value and supply chain network
- vi. Lobby for the formulation and streamlining of the guidelines of the Special Economic Zone framework to ensure MSME participation in the supply and value chain of companies housed in Special Economic Zones
- vii. Increase MSME participation in regional and global value chains by facilitating greater linkages with regional and international production networks

## CHAPTER 6

### GOAL 2: INCREASING FINANCE TO THE MSME SECTOR

Financing challenges have been identified as some of the major constraints that have hindered the growth and development of MSMEs in Jamaica. The challenges include but are not confined to the following:

- a) Unavailability of adequate financing;
- b) High financing costs (high interest rates);
- c) Lack of appropriate financing – a preponderance of loan funding and inadequacy of non-loan financing (equity) that would better accord to firms' business and product life-cycles;
- d) Inadequacy of MSMEs to access financing even when funding is available; and
- e) Underservice by the private financial system (financial exclusion).

These financing challenges faced by MSMEs in Jamaica are even better appreciated when the MSMEs are assessed in their disaggregated components. The heterogeneous constituents of micro, small and medium sized enterprise have different experiences, challenges and successes in obtaining financing of their businesses.

- a) The medium and some small (larger) enterprises have substantially *less* challenges in raising financing than the micro and other small (smaller) operators; and
- b) Smaller operators, especially micro enterprises, have substantial challenges in obtaining financing as the private providers consider that component of MSMEs to be particularly risky borrowers, they are the ones least likely to be able to access funding even when resources are available, they have virtually no access to any support except loan financing and unless they are in trading the cost of funds are usually prohibitively expensive.
- c) The micro enterprises and the lower level small business operators tend not to be included in service provision by the private financial sector.

Policy proposals on financing the growth and development of MSMEs in Jamaica must consider the array of issues raised.

One of the prerequisites to stimulate the growth and development of MSMEs in Jamaica is to increase the supply of and access to financing by the MSMEs. Such proposals should take into consideration; *inter alia*, the following issues:

- a) The role of the private financial system versus the role of the State;
- b) The heterogeneous nature of MSMEs and the differentiated needs of the various constituents;
- c) The need for special treatment for the micro enterprise sector and for MSMEs involved in agriculture;
- d) The cost of borrowing to the sector;
- e) Loan versus equity financing;
- f) The use of innovative financing methods; and
- g) Financial inclusion.

## **PART I: FINANCING TO MSMEs (SUPPLY ISSUES)**

### **2.1.1 Policy Element: Provision of Credit**

#### **a. Policy Issue:**

In recognition of the capacity of MSMEs to contribute to economic growth and job creation and given the strong concern that the sector continues to face considerable challenges in obtaining adequate and appropriate financing, the Government has introduced a number of initiatives intended to address the issues. Additionally, several private financial entities have begun to increase their financing options targeting the MSMEs. Despite these, however, there are still a number of other factors adversely impacting financing of MSMEs. These include the following:

- i. There is no comprehensive information readily available to MSMEs and the public (potential entrepreneurs) of institutions offering financing solutions to the sector, the nature of the products being offered, the targets of the offerings and the requirements to access them;
- ii. Many MSMEs still do not attempt to get financial support for various reasons including their sense of exclusion from the financial system, perceived possible loss of control over their venture, and fear of being targeted for the payment of taxes.
- iii. Outside of trading, still there are comparatively little financing possibilities available to MSMEs either by the private sector or by the State.

#### **b. Objective:**

Establish systems that result in an increase in the supply of credit to MSME by 20% by 2020

#### **c. Strategy:**

To promote and/or facilitate the establishment of systems that encourages suppliers of credit to target MSMEs

#### **d. Activities:**

- i. Lobby, incentivize and/or facilitate, as appropriate, the private financial sector to increase the supply of credit targeting MSMEs and with reference to the differentiated needs of the disaggregated components of the sector
- ii. Continue and increase the effort of the State to facilitate the supply of greater levels of financial resources to MSMEs, channelled through the private financial sector
- iii. Explore the possibilities of providing special lending options for the non-trading micro-enterprise sector including those enterprises engaged in agriculture
- iv. Pursue assessment and ultimate implementation of the proposal to use unclaimed (dormant) funds in the banking and life insurance sectors to provide a pool of sustainable loan funds (Dormant Funds Scheme) to support MSMEs
- v. Expand special Lines of Credit at [concessionary] rates that will support the productive sector
- vi. Incentivize financial institutions, especially commercial banks, to make more loans available to businesses in the rural areas
- vii. Promote and facilitate the use of Angel Investing (convertible debt) to fund MSMEs
- viii. Explore the development and utilization of guarantee systems to support SME financing

## 2.1.2 Policy Element: Equity Financing

### a. Policy Issue:

The Junior Stock Exchange is designed to attract new capital from equity investors, encourage start-ups and provide financing to existing businesses, thereby enabling businesses to grow. This approach to equity financing has netted impressive results since the JSE was launched in April 2009. Sixteen (16) companies were listed on the Junior Market as at December 2012. The JSE reports that as at June 2016 there were 33 companies listed representing a total of \$5.179 billion in capital raised (See Table X). This is an increase of 83% in capital raised by the Junior Stock Exchange since December 2012.

**Table 5: Capital Raised on the Jamaica Junior Stock Exchange**

**April 2009-June 2016 (J\$ M)**

	2009	2010	2011	2012	2013	2014	2015	As at June 2016	TOTAL
<b>Listings</b>	1	7	4	4	7	3	1	6	33
<b>Capital Raised</b>	100	895	953	399	936	718	250	927	5,179

Although the Junior Stock Exchange has delivered on the ‘proof of concept’ over the last seven years, the 33 firms listed on the Junior Market still represent only a fraction of formal small and medium enterprises operating in Jamaica. The Junior Market continues to present tremendous opportunity for small and medium enterprises to raise capital to expand their business and make an even greater impact on employment and economic development. A significant incentive for firms to list on the Junior Exchange has been the income tax relief offered but investors will need to understand that even without that sweetener listing on the exchange is still a viable financing option to grow and develop their businesses.

‘Venture Capital’ and ‘angel financing’ are other options that provide opportunities for equity financing. According to the Global Information Technology Report 2016, when Jamaica is assessed for the ease with which entrepreneurs with innovative but risky projects can find venture capital, the country ranked 121 out of 139 countries and received a score of 2.1 which is appreciably lower than the global average score of 2.92. There has been little movement in this index since the 2013 MSME & Entrepreneurship Policy.<sup>15</sup> This highlights the challenge that exists among innovative businesses in general but which becomes more acute for innovative MSMEs.

In 2013 the DBJ embarked on the Jamaica Venture Capital Programme (JVCP) supported by the Inter-American Development Bank (IDB) through a Technical Cooperation Agreement. The JVCP seeks to develop a dynamic venture capital ecosystem and will require regulatory

<sup>15</sup> In the 2013 Policy, the 2011 Global Information Technology Report was cited and Jamaica was ranked as 124 out of 138 countries, with a score of 1.0 against a global average of 2.67

changes as well as training of local investors, fund managers and entrepreneurs. The DBJ will also seek to stimulate investments in new venture capital funds by becoming an anchor investor in VC funds along with private sector partners.

**b. Objective:**

To increase the number of MSMEs utilizing equity financing by 25% by 2019

**c. Strategy:**

To increase the range and array of equity financing options available to MSMEs in Jamaica that is inviting to MSMEs to explore equity financing as an option for capitalizing and expanding their businesses

**d. Activities:**

- i. Continue to promote the Jamaican Junior Stock Market as a viable financing option for medium-sized and upper-tier small enterprises
- ii. Assess the feasibility of introducing a second tier in the Junior Market for lower-tier small enterprises
- iii. Explore the development of an Over the Counter Exchange in Jamaica that would, *inter alia*, serve smaller companies, provide a cost-effective way for investors to raise capital and provide an exit option for venture capital and angel investors.
- iv. Continue to promote the development of a regional stock exchange
- v. Educate SMEs on the merits of equity financing and the options available
- vi. Continue collaboration with the private sector toward the further development of a venture capital ecosystem and the use of angel financing that will provide opportunities for funding for MSMEs
- vii. Promote the use of crowd funding to support MSME growth and development
- viii. Explore bilateral (eg. CBI) agreements where members of the Diaspora could direct portions of their Company's Profit Tax to support local fund for venture development
- ix. Explore the establishing of DIASPORA angel and venture funding, offering requisite incentives

**2.1.3 Policy Element: Non-Traditional Collateral to Access Credit (Secured Transactions Regime)**

**a. Policy Issue:**

Access to credit from financial institutions by MSMEs is very challenging because many MSMEs do not have the typically acceptable assets to serve as collateral for borrowing. This undermines credit flow to the sector and the inability to access adequate and/or serviceable financing on the basis of available collateral has been cited in many studies as “the most important factor determining the survival and growth of MSMEs in both developing and developed countries”.

The Organization of American has noted that:

*“Wealth in Latin America has remained almost exclusively land-based. Consequently, when assets are physically located in Latin America or the Caribbean, lenders are constrained by outdated laws that are largely based on real property regimes. Developing modern legal*

*frameworks will foster the necessary transition to enable financing secured by personal property in order to help businesses, especially MSMEs, gain access to affordable credit.”* This situation has existed generally in Jamaica and many business operators or entrepreneurs are not able to access credit from financial institutions because they do not possess the traditional real property assets (land, house, etc.) that can be used as collateral. Additionally, many would not even apply for loans because they ‘knew’ beforehand that they would not meet the collateral requirements. The experiences were particularly pronounced among MSMEs.

More and more Governments have acknowledged that modernization of secured transactions regimes was one critical policy measure that could address this deficiency in reforming credit practices and possibilities; and the OAS has extended technical support to many member countries in Latin America and the Caribbean, including Jamaica, in reforming their secured transactions regimes. In January 2014 the Government of Jamaica introduced a new Secured Transactions Regime with the passage of the Security Interests in Personal Property Act (SIPPA) and the establishment of a National Collateral Registry. The aim was to allow for the use of a new class of assets to be used as collateral by MSMEs to access credit. The new class of assets would include current and future and tangible and intangible, examples of which are machinery and equipment, inventories, consumer durables, livestock, future crops, accounts receivables and intellectual property.

Various sources have reported that there is considerable increases in the number of countries that have implemented secured transactions systems; and that among countries that have done so there has been increases in asset based lending to MSMEs and that such lending rates have been lower than no secured lending and with longer repayment periods and lower defaults. The World Bank in its 2017 Doing Business Report has noted that over the past decade, 82 economies have reformed their legislation governing secured transactions. It was noted that in Ghana, the first economy to open a collateral registry in Africa, \$1.3 billion was issued in financing for small companies and \$12 billion in total financing for the business sector overall using movable assets as collateral.

The experience with the Jamaican system does not match the reported successes elsewhere, however. Since implementation in 2014, the Companies Office of Jamaica (CoJ), managers of the National Collateral Registry, has reported that the use of the SIPP legislation for MSME financing has been limited, with few of the notices filed in the Registry in 2014 and 2015 being related to MSME financing. The Authorities will need to do more work to promote the use of the Secured Transactions Regime by both banks and non-bank financial institutions and by business operators and entrepreneurs. This should address, *inter alia*, new regulations by the Central Bank on the classification of loans based on quality of collateral and credit risks, the building out an ecosystem for valuation, concerns by lenders to be confident that they can easily dispose of the non-traditional assets in secondary markets in the event of a loan default, the rigorous and comprehensive collection of data to facilitate monitoring and evaluation, and the execution of a strong stakeholder and public education and information campaign.

**b. Objective:**

To improve MSME financing under the Secured Transactions Regime

**c. Strategy:**

To support banks and non-bank financial institutions in the designing and offering of loan products under the Secured Transactions Regime targeting MSMEs

**d. Activities:**

- i. Address deficiencies (gaps, omissions, etc.) previously identified by experts in the initial (current) Security Interests in Personal Property Act
- ii. Lobby the Bank of Jamaica to complete the regulations on the classification of loans made by financial institutions (especially commercial banks) based on quality of collateral and credit risks
- iii. Complete the assessment and evaluation of the operations of the Secured Transactions Regime in Jamaica to date, to determine why neither banks nor non-bank financial institutions have developed loan products for MSME financing
- iv. Engage the banks and non-bank financial institutions in reviewing the findings of the assessment and evaluation and address and complete corrective actions to enhance the efficacy of the Secured Transactions Regime, based on the findings of the assessment and evaluation
- v. Access technical assistance from international and regional entities (such as the Organization of American States) that have been involved in the establishment and operations of similar asset based lending schemes
- vi. Address the capacity of MSMEs to apply for and to absorb financing under the regime, emphasising governance platform of accountability
- vii. Introduce a robust and comprehensive data collection system to facilitate monitoring and evaluation
- viii. Developing robust Assessment and M&E tools to ascertain what is the needed resource - finance, HR, marketing or operations
- ix. Ensure regular monitoring and evaluation of the performance of the Secured Transactions Regime (STR) to make adjustments as required to improve efficacy of the regime in meeting policy objectives
- x. Devise a sustainable and targeted promotional, education and information campaign for the STR to educate attorneys, financial institutions and accountants and to increase awareness in the MSME community
- xi. Conduct a feasibility assessment of an electronic factoring platform and establish the platform
- xii. Continue to provide financing for the business clusters using the group guarantee which eliminates the need for individual collateral
- xiii. Revise the legal, regulatory and tax framework for the assignment of receivables financing.

## **PART II: ACCESS TO FINANCING (DEMAND ISSUES)**

### **2.2.1 Policy Element: Interest Rates for MSME Loans (Aligned to Access to Credit)**

**a. Policy Issue:**

A challenge to MSMEs borrowing is that frequently they are required to pay higher interest rates than are typically faced by other borrowers; and again, this is most pronounced among the smaller sized firms. This is a result of the assessment of significantly higher credit risk by lenders. These risks result from the informality of MSMEs particularly among micro-entrepreneurs, lack of financial capability and institutional capacity of the MSMEs, the low value or lack of collateral used as leverage by the creditors, the lack of knowledge of financial products and lack of appropriate business documents by borrowers who often have to be closely monitored to ensure that loans are repaid on time. As a consequence, creditors tend to charge high interest rates that are often above rates charged by traditional financial institutions. Such rates have the effect of increasing the cost of capital to MSMEs and may eventually discourage borrowing as a means of financing new developments or business expansion.

The reality is that as the stability of the Jamaican macro-economy has strengthened interest rates have declined and as the stability strengthens further the decline will continue. In the interim, however, the disproportionality in interest rates faced by MSMEs continues, and there is a case for special provisions for the sector. It is recognized that repressed interest rates could lead to distortions in the allocation of resources to inefficient economic/business activities but this is not expected to be significant here.

**b. Objectives:**

To have a reduction in interest rates margins on credit offered to MSMEs by end of 2017

**c. Strategy:**

To establish systems that encourage financing institutions to offer lower interest rates to MSMEs

**d. Activities:**

- i. Place limits on mark-ups on funds being on-lent to MSMEs through Approved Financial Institutions State funding agencies
- ii. Identify sustainable sources of funds to channel through GoJ wholesale financial institutions, in order to expand the pool of funds for on-lending through the AFIs until market interest rates are reduced to competitive levels
- iii. Encourage both bank and non-bank financial institutions to reduce inefficiency/increase efficiency operationally to facilitate lower interest rates
- iv. Continue business support and development services to MSMEs in order to reduce their actual and perceived riskiness

## 2.2.2 Policy Element: Capacity Development

### a. Policy Issue:

While there are clear challenges in the supply of financing (loans and equity) to MSMEs in Jamaica there are simultaneously considerable challenges on the demand side. Anecdotally, financial institutions have noted that they have funds available but that MSMEs appear to have difficulties accessing these funds. A distinct school of thought contends that if MSMEs are able to position their businesses to apply for funding and to absorb such financing, they will get the funds, whether loans or equity.

Additionally, international studies have indicated that in many jurisdictions MSMEs do not even apply for financing because of an *a priori* belief that they would not be able to access the funding. Further, many small business operators and entrepreneurs had no hard information on financing possibilities that were available and from where.

In this context, if MSMEs are to grow and develop in Jamaica, it is imperative that policies must be developed to strengthen the capacity of MSMEs to access funding.

### b. Objective:

To establish systems that result in an increase in MSMEs accessing financing by 20% by the end of 2019, arising directly from enhancing demand capacities of MSMEs

### c. Strategy:

To support the establishing of processes that bolsters MSMEs capacity to access and absorb financing

### d. Activities:

- i. Establish a comprehensive information system that is readily available to MSMEs and the public (potential entrepreneurs) of institutions offering financing solutions to the sector, the nature of the products being offered, the targets of the offerings, the requirements to access them and directions for further enquiries
- ii. Strengthen business support and development services to MSMEs targeting their capabilities to prepare their businesses to apply for financing and to absorb such funding
- iii. Design business development support in the area of finance to ensure that MSMEs have the capacity to manage financial resources
- iv. Establish national events as well as a calendar of networking events of MSMEs, financial institutions and other suppliers of financing
- v. Bolster capacity of MSMEs to improve accountability and record keeping
- vi. Ensure standards are in place for the efficient and effective delivery of credit to MSMEs
- vii. Include special loan programmes and financing windows that target qualified Women-Owned Businesses, youth-owned businesses and persons with disabilities operating businesses
- viii. Support the role of Credit Bureaus in furnishing financial intermediaries with the necessary credit information to assist in their assessment of the credit worthiness of the MSMEs and by extension, their ability to service loans
- ix. Implement loan default insurance

- x. Promulgate and implement the Microcredit Act
- xi. Enhance the institutional and regulatory framework for financial service providers to provide innovative financial products and services, leading to greater financial inclusion
- xii. Increase awareness of grant funding opportunities to support MSMEs
- xiii. Increase awareness of traditional and alternative financial services available to MSMEs through effective communication and education
- xiv. Develop new distribution channels for on-lending of funds to MSMEs

## CHAPTER 7

### GOAL 3: ENHANCING BUSINESS DEVELOPMENT SUPPORT

The characteristics of MSMEs in Jamaica (as in many countries worldwide) are such that, unlike large firms, they are frequently in need of a wide array of business support to enhance their growth and development. Typically, many MSMEs are characterized by a number of features:

- Driven by necessity rather than opportunity in starting a business;
- Management structure dominated by founder/entrepreneur/proprietor and not by professional, trained managers;
- Operate informally from a legal and/or/regulatory standpoint;
- Function informally from an operational standpoint in terms of structure, keeping of records (costs, sales, etc);
- Have difficulties accessing financing, whether loans, equity or some combination thereof;
- Have difficulties growing from one level to another;
- Challenged in marketing, sales and distribution of their products and services;
- Challenged entering supply chains including export markets, and in moving up value chains;
- Challenged in meeting production levels and quality, packaging standards, etc and, thus, entering and maintaining a presence in the market place; and
- Challenged in monetizing inventions, innovations, intellectual property, etc.

Again, these challenges, while typical of MSMEs *vis-à-vis* large firms, are more pronounced at the lower end of the MSME spectrum. Policy proposals must address these business support and development challenges faced by MSMEs while being mindful of the extent of the needs of the disaggregated constituents making up the MSME space.

#### 3.1 Policy Element: Comprehensive Training and Development Framework

##### a. Policy Issue:

Training, development advice and support are pivotal to the growth and viability of the MSME sector. In going forward this function of Business Support and Development needs to be executed on various levels:

- It should aim at addressing base issues such as formalizing businesses (legal and regulatory), business management, normalizing business operational systems, record keeping, capacity to establish business performance, etc. which should be basic standards for all MSMEs.
- The reach should be pervasive, seeking to reach as many MSMEs as possible.
- Outside of the base issues, business support should focus on specific challenges to MSMEs at a sub sector level and should target with respect to challenges and the stage of development.

The Jamaica Business Development Corporation (JBDC) is the government agency charged with the responsibility for MSME development and leads in the provision of business support and development services. Interventions also are provided by other entities such as the HEART Trust/National Training Agency (NTA); the DBJ through a network of business

development advisors; the Jamaica Social Investment Fund (JSIF); the Social Development Commission and several other entities in government, academia, the private sector and the social enterprise sector.

Despite the existence of multiple entities offering targeted business development services, the combined reach remains limited. The 2013 Policy indicated that approximately five percent (5%) of the MSME sector is receiving business development support.

JBDC, in an effort to expand its services, has seven satellite offices across the island, partnering with other organizations. However, there is recognition that the other institutions engaged in business education and training have a fundamental role to play if MSMEs are to flourish. Thus the creation of synergies across the various training agencies, departments and universities to streamline the offering of a comprehensive platform will increase delivery and improve impact.

**b. Objective:**

To increase the number of MSMEs accessing training and development by 30% by the end of FY 2018/19

**c. Strategy:**

To use a focused and network approach to improve the availability and accessibility of quality service providers that offer capacity building for MSMEs

**d. Activities:**

- i. Continue to pursue the development of the ‘hub and spoke’ network model employed by the US that has a nationwide network of small business development centers (spokes) that are supported by a central organisation (hub) that develops training programmes and manuals for the centres and their small business advisors<sup>16</sup>
- ii. Establish a SME Business News Web Portal to provide ongoing information and access to web based training tools for members of the sector<sup>17</sup>
- iii. Sensitize MSMEs on the need to protect intangible assets such as copyrights, trademarks, patents and rights
- iv. Utilize Geo-Informatics Systems to map and create the necessary resource centers/clusters comprising the business information and support services available for the MSMEs
- v. Design a system that will re-align the mindset of the students to become both entrepreneurs and ‘intra-preneurs’

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<sup>16</sup> This network will be underpinned by management information system that will allow for monitoring measurement of business counselors and provide impact assessment data. This approach allows for exponential but orderly growth is the delivery of business development services through a range of organisations including Community-Based Organisations (CBOs), Faith-Based Organisations (FBOs), educational institutions and private enterprises.

<sup>17</sup> There would be a regulated forum where registered members and resource persons can share information via the internet.

- vi. Engage the Ministry of Education (MOE) to integrate the discipline of Business Management and Entrepreneurship in the teacher-training curriculum at the teachers colleges across the island
- vii. Directly support local not-for-profit organizations representing MSMEs such as the SBAJ and the MSME Alliance

### **3.2 Policy Element: Preparing, Facilitating and Enabling MSMEs to Access Financing**

#### **a. Policy Issue:**

One seemingly unique challenge facing MSMEs is their inability to access financing, even when funding is available. This is reportedly the case among private lenders, whether commercial banks or non-bank financial institutions, and also among government supported programmes. The challenges vary from absence of knowledge of what is available to inability to provide business plans, business records and financial statements and the financial viability of businesses.

The difficulties faced by MSMEs in accessing equity financing are also very pronounced. Small and Medium Entities (SMEs) are most likely to qualify for listing on the Jamaican Junior Stock Market but they have challenges in doing so. Additionally, MSMEs that would want to utilize other equity funding options such as venture capital, angel financing or crowd-funding are also challenged.

From a policy perspective, the financing loop has to be closed – providing increased supply of financing to MSMEs but also enhancing the capacity of MSMEs to access financing.

#### **b. Objective:**

To increase the number of MSMEs accessing loan financing through improved accessing capacity by 20% by the end of 2019; and for SMEs through equity by 30% by end of 2019

#### **c. Strategy:**

To use a focused and network approach to improve the capacity of MSMEs to access financing

#### **d. Activities:**

- i. Encourage, assist and facilitate micro enterprises to formalize their businesses legislatively and by regulations
- ii. Encourage, facilitate and enable MSMEs to normalize and formalize their business operations by structuring operations in a business-like manner, keeping records of costs, sales, etc., to provide the basis for financial statements and the ability to assess the financial viability of businesses
- iii. Assist businesses to develop business plans
- iv. Support existing and establish/collaborate to establish new specific programmes to assist SMEs to access equity financing – listing on the Jamaica Junior Stock

- Exchange, accessing angel financing and venture capital funding, utilizing crowd-funding and using any eventual over the counter exchange
- v. Establish a comprehensive information directory that is readily available to MSMEs and the public (potential entrepreneurs) of institutions offering financing solutions to the sector, the nature of the products being offered, the targets of the offerings and the requirements to access them

### **3.3 Policy Element: Technical Skill Levels of MSMEs**

#### **a. Policy Issue:**

The absence of adequate technical skills has hampered the establishment, growth and viability of MSMEs. Employees sometimes lack the necessary facilities such as computer hardware/applications and the requisite training, such as accounting and human resource management, to efficiently carry out their business procedures. E-training is not widely embraced by MSME operators, and as such, they are often unaware of new technical skills which can be beneficial to their enterprises. Additionally, several sectors need to modernize and retool as well as apply greater levels of science and technology. Over the last six years several tools and methodologies have been developed locally which have guided the growth of Social Enterprises that can be applied to MSMEs in general. This process from governance to tracer systems has been found to be very effective in building the technical skills of the beneficiaries.

#### **b. Objective:**

To bolster the technical skill levels of the MSME sector by 20% by FY 2018/19 resulting in increasing total factor productivity within the sector.

#### **c. Strategy:**

To support the establishing of a network of accessible service providers that offer technical capacity building for MSME sector

#### **d. Activities:**

- i. Adopt methodologies that support MSME development over the entire entrepreneurship process – emphasizing components of governance, strategic planning, and business modelling
- ii. Facilitate the compilation of an online directory of available technical training assistance resources. This information will be made available on the MSME Business News Web Portal
- iii. Accelerate the wider incorporation of technical/vocational training at the primary, secondary and tertiary levels of the educational system
- iv. Support the development and work programme of incubators and accelerators regarding capacity building, hereby providing technology and key skills; business, management, legal and accounting support to startup companies to prepare them for attracting funding support
- v. Collaborate with existing programmes that supports entrepreneurial thinking and practices including the Community Empowerment and Transformation Programme COMET II, JSIF's REDI programme, SDC's LED programme and NHT's Best Schemes Programme

- vi. Promote the enhancement of the Career Advancement Programme (CAP) to facilitate application of technical learning
- vii. Promote awareness of the importance of technical skills in the development and growth of Micro and Small Enterprises, through libraries, youth clubs, 4H Clubs and other relevant outreach programmes
- viii. Bolster capacity of MSMEs to apply technology road-mapping and horizon scans in identifying and selecting the most relevant existing and emerging technologies to use in their businesses

### **3.4 Policy Element: Development of Robust Business Mentorship Programme (through a Structured Network of Resource Persons)**

#### **a. Policy Issue:**

In order to deliver business support and development services to MSMEs and to promote and strengthen entrepreneurship across Jamaica, a critical strategy is the establishment of a robust Business Mentorship Programme. This can be done through a structured network of resource persons (voluntary and non-voluntary) that can service a cross-section of MSME entrepreneurs and potential/future entrepreneurs.

#### **b. Objective:**

To establish a structured network of resource persons that can, among other things, provide mentorship to MSMEs, by FY 2018/19

#### **c. Strategy:**

To use web based technologies for the development and implementation of plan for a structured mentorship programme in the sector, comprising local, regional, diaspora and international personnel

#### **d. Activities:**

- a. Encourage entrepreneurs, senior business executives and professionals with proven track records in particular fields to volunteer as mentors
- b. Establish a network with the Diaspora Alumni Associations across US, UK and Canada, to support transnational mentorship programme with their alumni<sup>18</sup>
- c. Expand existing internship programmes with private sector entities that are embracing creativity, innovation and a culture of entrepreneurship
- d. Provide resources to facilitate networking opportunities and to match mentors and MSME entrepreneurs
- e. Recognize business mentors for their contributions through annual awards ceremonies
- f. Organize educational activities to enhance the mentorship experience through seminars, workshops, visits, etc.
- g. Facilitate and promote online business counseling

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<sup>18</sup> Note that a Diaspora registry is being developed by the Ministry of Foreign Affairs and Foreign Trade.

- h. Establish entrepreneurship and business mentorship programmes in primary and secondary schools and in tertiary institutions

### **3.5 Policy Element: Demand for Traditional Goods and Services**

#### **a. Policy Issue:**

Often, low demand for traditional goods and services available from MSMEs is primarily due to improper or insufficient marketing and a lack of understanding of the sector(s) in which they are competing.<sup>19</sup> Additionally, the products and services of MSMEs are usually not tailored to niche or preferential markets and this impedes their performance in markets which have the presence of several larger businesses. Product differentiation amongst MSMEs is also a factor which hinders the competitiveness of Jamaican MSMEs competing within a global marketplace.

The demand for products produced by MSMEs is negatively affected by poor packaging and inadequate conformity to standards. There is also weakness in the bargaining power of MSMEs, especially when dealing with relatively large-scale suppliers and buyers. Furthermore, even when MSMEs have an understanding of the market, they are sometimes challenged by difficulties in procuring raw materials.

#### **b. Objectives:**

To increase the market share for goods and services produced by client MSMEs by 10% annually

#### **c. Strategy:**

Facilitate the establishment of a system that guides MSME concept and product development specific to the targeted markets

#### **d. Activities:**

- i. Develop a direct marketing strategy of high quality brand Jamaican products specifically targeting the Diaspora Market
- ii. Bolster JBDC outlets and Productivity Centres so they can continue and expand their services to the increasing number of clients, emphasizing Brand Jamaica
- iii. Continue to conduct research and disseminate information to local MSMEs about key requirements in international markets
- iv. Facilitate the promotion of non-traditional exports such as the creative arts, ethnic food and apparel, through overseas missions and consulates
- v. Continue to provide an outlet for better retailing of products by MSMEs. Emphasis will be placed on the supply of goods to areas with a notable Caribbean Diaspora presence
- vi. Facilitate the promotion and strengthening of agencies that play a vital role in the areas of standards-setting, package design and marketing
- vii. Help to market and showcase the products and services of MSMEs through the internet

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<sup>19</sup> According to Rudjito, most MSMEs do not have an understanding of the market in which they operate in terms of its size, the kind of products that are demanded and the form of packaging and distribution expected.

- viii. Strengthen agencies that play a key role in the identification, facilitation and development of products with a high export potential
- ix. Support business support organizations that promote MSME-produced goods and services among children in schools, so as to develop life-long loyalty to local products
  - x. Promote greater linkages between MSMEs and large businesses in the tourism sector
  - xi. Promote greater linkages between MSMEs and special economic zones to increase MSME involvement in local and global value chains

### **3.6 Policy Element: Marketing and Communication Skills**

#### **a. Policy Issue:**

Demand for the goods and a service from MSMEs is generally hindered by the inability of MSMEs to effectively market their products. Common marketing problems faced by MSMEs include having a limited customer base, lack of access to marketing resources and a lack of formal marketing plans and marketing skills

#### **b. Objective:**

To increase the marketing and communication skills among 20% of client MSMEs annually

#### **c. Strategy:**

To support the greater use of technology in the development of programmes that bolsters MSMEs capacity to market and communicate more effectively

#### **d. Activities:**

- i. Promote and facilitate technical training to help build marketing and communication capacity among MSMEs, through the support of both private and public technical Business Development Service (BDS) providers
- ii. Promote MSME awareness of BDS providers which focus on the improvement of marketing skills
- iii. Facilitate the use of ICT as an avenue for MSME operators to access information necessary to facilitate “self-paced” empowerment and knowledge
- iv. Encourage MSMEs to use online social networks to promote their products.
- v. Implement structured internship programmes involving tertiary level students in order to increase business development support in the area of marketing and communication
- vi. Encourage and facilitate the integration of MSMEs in marketing integration possibilities offered by support networks such as the SBDCs, Connet Americas etc.

### **3.7 Policy Element: Developing MSMEs through Business Clusters and Centres**

#### **a. Policy Issue:**

Business clusters have been identified as important in the areas of business development, competitiveness, productivity, knowledge-sharing, marketing and networking. Business clusters provide MSMEs with the opportunity to operate in an environment with interconnected businesses. Through this interconnectivity, businesses have an opportunity

to form valuable relationships which may lead to greater levels of competitiveness. The need for the establishment of business clusters in Jamaica has been verified by the JBDC and JAMPRO.

**b. Objective:**

To increase the number of business clusters in the sector by 10% annually

**c. Strategies:**

To foster collaboration between the public and private sectors and other stakeholders in developing business clusters, and to support programmes that guide how business clusters are developed within the MSME sector

**d. Activities:**

- i. Revisit JBDCs approach to clustering to incorporate lessons learnt so as to guide future efforts
- ii. Collaborate with the private sector, MSME associations and academia to deliver a pointed and persistent education programme to inform MSMEs of the benefits of being part of a cluster
- iii. Facilitate the hosting of quarterly idea exchange sessions for specific business clusters across the country. In addition to the exchange of ideas, there should be relevant presentations that will help to ignite creative thinking especially among business leaders
- iv. Develop a coordinated and structured methodology for accessing funds/resources offered by multinational organizations to support the formation and/or improvement of business clusters
- v. Partner with real estate owners/developers to provide suitable building infrastructure for small businesses
- vi. Allocate underutilized government buildings for business clusters, centres and zones, with special emphasis on communities with high rates of unemployment
- vii. Collaborate with International Development Partners to secure funding to build out and equip business clusters

### **3.8 Policy Element: Developing Business Incubators**

**a. Policy Issue:**

Among MSMEs, start-ups and early-stage companies constitute special categories that can benefit from specific business support and development services, and a critical element for such delivery are business incubators. Incubators typically will provide a variety of services such as provision of space (office and/or production space), market research and marketing assistance, legal, accounting, computing and networking services. Additionally, business incubators sometimes focus on specific industries and will use different business models.

**b. Objective:**

To increase the number of business incubators serving MSMEs by one annually

**c. Strategies:**

To foster collaboration between the public and private sectors, tertiary institutions and other stakeholders in developing business incubators, and promoting the concept of

business incubators as primary developers of MSME start-ups and strengthening early-stage companies

**d. Activities:**

- i. Develop requirements, protocols, incentives and facilitating provisions for the development of incubators
- ii. Collaborate with stakeholders to develop incubators
- iii. Collaborate with potential developers and users to suggest the preferred types of incubators to be developed and seek to develop them as priorities

### **3.9 Policy Element: Standards, Quality and Safety of Products and Services**

**a. Policy Issue:**

Market access<sup>20</sup> is generally a challenge for MSMEs because of the technical barriers faced when seeking to enter some overseas markets. These barriers include standards, certification<sup>21</sup> and accreditation<sup>22</sup> requirements, rules of origin, customs procedures and labeling and packaging rules.

MSMEs generally lack the capacity to identify and meet the standards and other requirements of export markets. One reason for this is the relatively low level of awareness of the importance of standards and quality while another is that they do not possess the requisite financial resources to make the necessary improvements to their processes. The capacity of MSMEs to be competitive in terms of quality of goods and services provided should therefore be upgraded. This implies a need to focus efforts towards building and/or strengthening MSMEs' capacity to become more competitive and to gain and or increase overseas market access. One such area of capacity building is in the implementation of standards (including quality, environmental and food safety management systems standards). The EU is well known for its high standards not only for food products but also for a range of other products. It is to be noted that food exported to European markets must comply with the Hazard Analysis and Critical Control Points (HACCP)<sup>23</sup> requirements.

Accreditation is critical to gaining market access. When products exported are accompanied by certificates of analysis bearing the symbol of a recognized accreditation body, the product is accepted by the importing country so eliminating the need for goods to be held in the ports and retested. Two USA regulations, the Consumer Product Safety Improvement Act, 2008 and the Food Safety Modernization Act (FSMA), 2011, require the use of accredited laboratories for certifying products to be exported to the USA. Accreditation therefore enables access to world markets by allowing products to be tested once in Jamaica and accepted everywhere. Therefore, for entry into the markets with accreditation

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<sup>20</sup> Market access refers to the conditions, tariff and non-tariff measures for the entry of specific goods into export markets.

<sup>21</sup> In the context of ISO 9001:2008 or ISO 14001:2004 certification refers to the issuance of a written assurance (the certificate) by an independent external body that has audited a management system and verified that it conforms to the requirements specified in the standards.

<sup>22</sup> Accreditation refers to the formal recognition by an independent third party entity (an accreditation body) that specified requirements related to conformity assessment bodies (laboratories, and inspection and certification bodies) have been met and that the accredited body is competent to perform specific tasks

<sup>23</sup> Hazard Analysis Critical Control Points (HACCP) is a methodology, which food processors, packagers and distributors must use to identify the potential hazards that can be introduced while food is under their care. Furthermore, it determines how those hazards can be prevented, eliminated or reduced to acceptable levels.

requirements, MSMEs should ensure that the laboratories which they select to test their products are accredited. That National Quality Policy (NQP) which was first approved in 2001 is now being revised to take account of the new global trade paradigm. It aims to address matters regarding the quality of Jamaica goods and services in the global market place. The global acceptance of Jamaican goods and services is dependent on an infrastructure which is built on credible and accurate measurements. These measurements must be in line with internationally recognized calibration and measurement capabilities as well as documented standards that, as far as possible, reflect international consensus.

The revised NQP addresses and advances a number of the policy strategies identified below. The NQP facilitates: trade and economic development; the establishment of standards and technical regulations; compliance and conformance; innovation and intellectual property development as well as consumer and environment protection.

The NQP is being revised with recognition of the importance of the MSME sector being a major supplier of goods and services. The revised draft NQP acknowledges that successful economies have been those that have managed to provide support systems that integrate the MSME into global supply chains meeting the standards requirements of those chains of which quality and standards are vital. The revised draft NQP is committed to:

- i. Establishment and promotion of system(s) for the provision of tangible incentives for the implementation of standards in production processes for goods and services
- ii. Assistance to comply with national and international regulations
- iii. Intellectual Property
- iv. Coaching, hand-holding etc. as necessary for application of standards and quality principles towards successful business establishment and growth.

The above initiatives are in line with the strategies of the MSME and Entrepreneurship Policy and shows that steps are being taken to advance strategies geared at improving standards, quality and safety of goods and services produced by the MSME Sector.

**b. Objective:**

To increase the competitiveness and market access of goods and services that meet international standards and certification

**c. Strategies:**

To facilitate the amplification of processes, which ensure that MSMEs goods and services meet the required standards, certification and accreditation for entry into targeted markets

**d. Activities:**

- i. Identify and address the issues MSMEs face with becoming involved in the standards development process
- ii. Develop and implement communication mechanisms to increase the awareness of MSMEs about the benefits of standards and certification (product and management systems)

- iii. Develop and implement initiatives (e.g. provision of training, technical guidance, grants) to support MSMEs in the implementation and maintenance of regional and international standards.
- iv. Encourage MSMEs to seek certification (product and management system) for their goods and services
  - v. Develop and strengthen the capacity of local intermediaries (e.g. business support organizations {BSOs}) to provide services to MSMEs in the implementation and maintenance of regional and international standards
  - vi. Facilitate development of sector-specific standards for the priority sectors identified in national policies and plans such as the National Export Strategy
  - vii. Develop, maintain and publicize a database of accredited conformity assessment bodies (laboratories, inspection and certification bodies) and certified companies
  - viii. Identify and seek to reduce or remove selected business constraints, including technical barriers to trade, faced by MSMEs
  - ix. Ensure that relevant and up-to-date information on standards-related market access requirements in export countries is identified and provided to MSMEs
  - x. Promote the certification and accreditation services provided by the National Certification Body (NCBJ) and the Jamaican National Agency for Accreditation (JANAAC)
  - xi. Provide accreditation-related training and make relevant technical information available to MSMEs
  - xii. Promote ISO 9001-2008 quality management system certification across the entire public and private sectors to modernize quality management systems in their organizations
  - xiii. Establish Quality-Based Competitions in the MSME sector, the reward for which will be mentorship from successful businesses
  - xiv. Adopt a more niche marketing strategy for MSMEs, in particular the Jamaican and Caribbean Diaspora

### **3.10 Policy Element: Labour Productivity and Labour Conditions**

#### **a. Policy Issue:**

The Jamaica Productivity Centre (JPC) reports that labour productivity (or output per worker) has declined at an average annual rate of 1.3 per cent between 1973 and 2007. Labour productivity in Jamaica compares poorly with that of its trading partners and neighbours in the Caribbean which have experienced annual increases of 1.5 per cent since 1972. According to the JPC, the average worker in Trinidad and Tobago was three times more productive than the average Jamaican worker when measured in 1997 and this gap widened significantly by 2007.<sup>24</sup> The PIOJ explains that several factors contribute to low labour productivity, including inadequate investment in human and physical capital, inadequate investment in science and technology, inadequate plant organization and management systems, and poor labour-management relations.<sup>25</sup>

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<sup>24</sup> Jamaica Productivity Centre, Jamaica: Productivity Summary Report 1972-2007 (see page v)

<sup>25</sup> Labour Market and Productivity Sector Plan, (Page 25) See [http://www.vision2030.gov.jm/Portals/0/Sector\\_Plan/Microsoft%20Word%20-%20%20Labour%20Market%20&%20Productivity%20%20.pdf](http://www.vision2030.gov.jm/Portals/0/Sector_Plan/Microsoft%20Word%20-%20%20Labour%20Market%20&%20Productivity%20%20.pdf)

While the MSME sector is a significant contributor to employment in Jamaica, the conditions of employment within the sector must also be addressed. The Labour Market and Productivity Sector Plan (contained in the Vision 2030 National Development Plan) recognizes that more needs to be done to improve working conditions especially among small and medium-sized enterprises. Within these enterprises ‘workers are often subject to a less than acceptable physical environment in their places of work, gender discrimination,...., employers fail to honour laws relating to vacation and maternity leave entitlement, there is union busting, poor occupational health and safety standards... among other infractions.’<sup>26</sup>

**b. Objective:**

To improve the total factor productivity of the MSME labour force

**c. Strategies:**

To facilitate the networking of HR service providers and MSMEs so as to ensure continuous improvement in labour productivity and the working environments

**d. Activities:**

- i. Collaborate with HMRAJ in ensuring that the labour force for MSMEs is on the cutting edge in service provision, thus bolstering the factor productivity of the employee and the overall productivity of the venture
- ii. Increase the capacity of the Jamaica Productivity Centre to expand technical assistance to all MSMEs<sup>27</sup>
- iii. Encourage and reward MSMEs that offer training and development opportunities for staff
- iv. Enforce existing legislation regarding occupational health and safety and other issues including those relating to sexual harassment and discrimination at the workplace and the promotion of ‘decent work’
- v. Increase awareness and facilitate greater utilization of the services provided by the Ministry of Labour and Social Security to help MSMEs with effective job matching<sup>28</sup>

### 3.11 Policy Element: Creative Industries

**a. Policy Issue:**

The success of MSMEs will be dependent on their ability to eke out possibilities and opportunities through the generation of ideas for novel products and services and to create objects of arts. Jamaica is endowed with manifold creative offerings which have helped to shape its culture and confirm its level of innovativeness over the years. These creative offerings generally fall within the category of ‘Creative Industries’ which emerge from the

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<sup>26</sup> Labour Market and Productivity Sector Plan, (Page 41) See [http://www.vision2030.gov.jm/Portals/0/Sector\\_Plan/Microsoft%20Word%20-%20%20Labour%20Market%20&%20Productivity%20%20.pdf](http://www.vision2030.gov.jm/Portals/0/Sector_Plan/Microsoft%20Word%20-%20%20Labour%20Market%20&%20Productivity%20%20.pdf).

<sup>27</sup> The Jamaica Productivity Centre (JPC) offers Productivity Advisory Services to private and public organizations and industries that will enhance their capacity to initiate and sustain productivity growth. Services are offered in the following areas: process and systems improvement, inventory control, quality control, Kaizen management, energy productivity, benchmarking and best practices and productivity-linked wage systems (PLWS). See: <http://www.jpc.com.jm/services.html>

<sup>28</sup> The Ministry of Labour and Social Security offers job-matching services through the Electronic Labour Exchange (ELE). The ELE allows employers to access a large pool of potential applicants no cost.

individual creativity, talent and skill of the Jamaican people. The Vision 2030 National Development Plan identifies these as industries involved in the ‘creation, production and commercialization of contents which are intangible and cultural in nature, which are typically protected by copyright, and which may take the form of goods and/or services.

The Creative Industries in Jamaica encompass inter alia film, music, crafts, fashion and sports. These involve activities such as printing, publishing and production of multimedia, audio-visual, phonographic and cinematographic materials. Creative industries may also encompass architecture, sports, manufacturing of musical instruments, visual and performing arts, advertising and cultural tourism. These industries possess strong linkages potential to many sectors of the economy and have the potential to generate wealth and create meaningful employment.<sup>29</sup> A study commissioned by the World Intellectual Property Organization (WIPO) the UN specialized agency for the protection of intellectual property, shows that copyright industries contribute roughly 4.8 per cent to the GDP of Jamaica, and account for 3.0 per cent of all employment, these are by very conservative estimates being the first such study done in the Caribbean. The Vision 2030 National Development Plan also highlights these industries as capable of becoming major contributors to economic growth based on the country’s ‘demonstrated competitive advantages and the projected long-term expansion of the global creative economy’.

Creative industries are fraught with challenges that can only serve to undermine their true value to the Jamaican economy, if not addressed. Some of these challenges include: high levels of piracy, limited access to capital, limited resources allocated to the development of the industries, inadequate training and education opportunities, lack of suitable method for tax assessments for entrepreneurs/businesses in these industries, lack of national statistics, challenges with enforcement of contracts, lack of understanding of intellectual property, lack of commercialization in general, and limited ownership/presence in the marketing and distribution channels for the industries.<sup>30</sup> The applicability of various trade agreements such as the CSME and the EPA also poses challenges for the creative industries, particularly as it relates to travelling abroad (issues include unclear definitions of artistes, unclear processes required for entry into new markets etc.)

The development of a national Craft Strategy and Craft Policy seeks to place more emphasis on authentic Jamaican creations, to ensure that greater benefits are derived from the art and craft industry. The objective of the policy is to modernize and streamline the sector by facilitating incremental improvements in areas such as quality, variety, customer satisfaction and profits to the entire industry in a sustainable manner. The Policy will provide a proper governance structure and regulatory framework to mitigate against the largely informal nature of the sector and address critical issues such as sourcing of raw materials, the packaging and branding, and ensuring that local craft producers and traditional artisans benefit from the marketing and commercial opportunities provided by the tourism industry.

**b. Objective:**

To increase participation of MSMEs in the creative industry by 10% annually

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<sup>29</sup> See Vision 2030 National Development Plan, pg. 217

<sup>30</sup> See discussion on issues and challenges in Vision 2030 National Development Plan

**c. Strategy:**

Collaborate with the relevant Ministries in implementing the Creative Industry Strategic Plan, which centralizes the role that MSMEs play in producing goods and services offered within this industry

**d. Activities:**

- i. Support the revision of the existing Creative Industry Strategic Plan, while implementing relevant recommendations therein.
- ii. Support the establishing of a Creative Industry Institute with departments with responsible for individual components of the industry including sports, music, fashion, film, cuisine etc. as recommended in the 2008 strategic plan
- iii. Ensure alignment of the creative industry strategic plan among all relevant stakeholders
- iv. Facilitate special training<sup>31</sup> for micro, small and medium-sized entrepreneurs operating in the creative industries. Training should be offered in areas such as business practices for these industries and the use of ICT tools in production and commercialization of creative goods and services
- v. Facilitate e-training through Massive Open Online Courses (MOCCs) which are available in business practices, film-making etc.
- vi. Facilitate greater links with the Diaspora to expand the market for authentic creative goods and services
- vii. Alignment with the national craft policy to facilitate the diversification of creative products and maximize the export potential of MSMEs involved in the creative industries by having a strong link with Brand Jamaica
- viii. Promote non-traditional exports in the creative industries e.g. creative arts, ethnic food, and apparel
- ix. Increase awareness of the global creative economy among entrepreneurs
- x. Address issues related to the implementation of the various trade agreements and facilitate greater ease of entry into African, Caribbean and Pacific markets (also see policy element 6.0 on internationalization of MSMEs)
- xi. Increase resources to the Jamaica Intellectual Property Office (JIPO) to help increase public awareness of the value of intellectual property and how to secure it
- xii. Create greater linkages between the creative industries and other sectors of the economy such as tourism
- xiii. Develop networks and clusters specifically for the creative industries (see policy element 16.0 on strategies to develop business clusters) and establish more business incubators for creative entrepreneurs<sup>32</sup>
- xiv. Encourage greater application of ICT in the production, distribution and marketing of creative products and services
- xv. Provide more suitable financing options for entrepreneurs operating in creative industries (see chapter 6 which outlines strategies for financing MSMEs in general;

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<sup>31</sup> One area that has been identified for these special training is contract enforcement.

<sup>32</sup> More incubators are needed for specific industries, such as fashion (see the Toronto Fashion Incubator (<http://fashionincubator.on.ca/>)). The JBDC and other stakeholders will continue to be integral to the process of establishing business incubators through its Incubators and Resource Centre

- policy elements 7.0 and 10.0 on policy strategies to support non-traditional collateral financing and equity financing, respectively, are suitable for the creative industries)
- xvi. Strengthen institutional support organizations such as Jamaica Intellectual Property Office (JIPO), Jamaica Association of Composers, Authors and Publishers Limited (JACAP), Jamaican Copyright Licensing Agency (JCAP) and Jamaica Music Society (JAMMS)
  - xvii. Consider reducing IP registration fees to drive registration and commercialization on IP
  - xviii. Increase data and information on the creative industries and update study on economic contribution of the Copyright-based industries in Jamaica

## CHAPTER 8

### GOAL 4: FOSTERING A CULTURE OF ENTREPRENEURSHIP AND INNOVATION

#### 4.1 Policy Element: Entrepreneurial Skills

**a. Policy Issue:**

Despite the rapid increase in entrepreneurship education from CXC CAPE through to tertiary institutions (UWI, UTECH and NCU), formal training of entrepreneurship is low among MSME sector. Several programmes have been developed locally offering business management training to various groups but generally MSMEs continue to lack general proprietary skills, which hamper their development and growth. It is vital that their entrepreneurial skills, values and attitudes are strengthened, so that innovation, creativity, and wealth accumulation are permanent features of their operations. The idea is to shift the paradigm from merely “buying and selling” to high performance businesses which can contribute towards transforming the Jamaican economy. Vision 2030, Jamaica’s strategic development framework, recognizes the deficiencies in the training system as follows:

*“The training system does not sufficiently promote a culture of entrepreneurship. It is important that this system presents entrepreneurship as a possible and desirable outcome of training.”*

**b. Objective:**

To increase the uptake of sound entrepreneurial practices among MSMEs over their life cycle by 10% annually

**c. Strategy:**

To support the design of a coordinated approach at the national level to promote capacity building and public education for MSME in sound entrepreneurial practices

**d. Activities:**

- i. Expand the inclusion of entrepreneurship and business management in the curricula of institutions at all levels with practical components
- ii. Pursue and support youth entrepreneurship programmes and design events to ensure there is public recognition for excellence
- iii. Partner with the stakeholder groups to promote entrepreneurship throughout the country, not just as a means of survival, but highlighting its possibilities for generating wealth and transforming the economy
- iv. Promote the development of ecosystem with incubators and accelerators to assist start-ups with the technical skills, technology; business, management, legal and accounting support that will prepare them for attracting equity investors
- v. Encourage MSMEs to employ creativity an innovation by employees as a strategy to achieve competitive advantage and spur innovation at all levels of the organization

## 4.2 Policy Element: Business Sustainability and Fear of Failure

### a. Policy Issue:

The capacity of MSMEs to endure and create value over time is an issue of concern. According to the Global Entrepreneurship Monitor (GEM) “greater emphasis needs to be placed on the long term sustainability of startups, business growth, and reducing business discontinuation.”<sup>33</sup> Among the major barriers to business entry and exit that influences a person’s decision to start or to grow a business is the fear and ‘stigma’ of failure. Research also shows that the perception of the costs of business failure can be a disincentive to entrepreneurship. The GEM 2014 Global Report indicated that 22% of the adults surveyed stated that fear of failure would prevent them from setting up a business. This is a decline from the 33% reported for Jamaica in 2010. According to GEM the fear of failure is greater in innovation driven economies when compared to factor driven and efficiency driven economies. In the EU, fear of failure averaged 40.7% while the average was 33.1% in North America. It should also be noted that many entrepreneurs in Jamaica are micro, necessity-based entrepreneurs and this may also account for the relatively low response levels in Jamaica indicating a fear of failure. Of course, there is an ever-present risk of failure when starting a new venture and statistically it is established that some new businesses will not survive. According to the US Small Business Administration, 66% of new businesses with employees in the US survive at least 2 years and about 50% survive at least 5 years (2012). However risk can be mitigated with proper planning and, depending on the entrepreneur, failure may be an important part of the journey towards eventual success.

The Global Entrepreneurship Monitor reported in 2015/16 that unprofitability and financial hardship in Jamaica accounted for 29.5% of business closures. Small enterprises usually lack surplus resources to withstand internal or external jolts. Lawrence (2012) noted a positive correlation between the age of the MSME and the number of its employees. MSME discontinuation not only destroys economic value but also frustrates the national efforts to create new jobs.

The Bankruptcy and Insolvency Act was promulgated in Jamaica in 2014. This Act aims to create an environment that aids in (i) the rehabilitation of debtors and the preservation of viable companies, having due regard to the protection of the rights of creditors, and (ii) fair allocation of the costs of insolvencies with the overriding interest of strengthening and protecting Jamaica’s economic and financial system and the availability and flow of credit within the economy.

### b. Objective:

To ensure that MSMEs have access to specialized support in the event of insolvency

### c. Strategy:

To engage stakeholders towards the design of a structured programme of support that is accessible to all MSMEs experiencing losses or insolvency to restructure and turnaround their operations

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<sup>33</sup> GEM Jamaica Report 2010

**d. Activities:**

- i. Develop programmes that demystify bankruptcy legislation for the reorganization of viable MSMEs in financial distress
- ii. Educate business owners and managers on how to choose and execute strategies for sustainable turnaround
- iii. Devise specific programmes on business counseling and advisory services for troubled firms

**4.3 Policy Element: Innovation and Productivity through Science, Technology, Research and Development**

**a. Policy Issue:**

The utilisation of suitable science, technology and research and development (R&D) in any organization is a key driver in creating higher levels of productivity. Increased innovation and greater use of science and technology contribute to the country's total factor productivity (TFP).<sup>34</sup> According to the Jamaica Productivity Centre (JPC), during periods of improvement in TFP, growth in the Jamaican economy was positive, and during periods of negative economic growth, TFP growth was also negative.<sup>35</sup>

Although science and technology are widely accepted as key drivers of economic growth, expenditure in this area is limited. According to Jamaica's National Development (Vision 2030), one of the main factors hampering greater exploitation of science, technology and innovation is the low levels of investments in scientific research and development. Jamaica spends 0.3% of GDP on scientific research and development and comparatively, this rate of investment ranks low with developed countries; the average expenditure on R&D for Latin America and the Caribbean is 0.6 % of GDP.

Jamaica continues to do well with regards to the availability of the latest technologies and is now ranked 43<sup>rd</sup> out of 139 countries according to the Global Information Technology Report 2016, moving up from 52<sup>nd</sup> out of 138 countries in the 2011 Report. However, Jamaica was ranked 90<sup>th</sup> with regards to households with internet access with only 25.7% of Jamaican households being reported as having access to the internet.

According to the Global Information Technology Report 2016, Jamaica has made positive strides in its 'capacity for innovation' and 'firm-level technology absorption' for which the country respectively ranked 51<sup>st</sup> and 59<sup>th</sup> among 139 countries.<sup>36</sup> In the area of 'capacity to innovate' Jamaica has moved up over 50 spaces when compared with the figures reported in the 2013 MSME & Entrepreneurship Report, when Jamaica was reported as 104 out of 138 countries.

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<sup>34</sup> Total Factor Productivity is a measure that accounts for the changes in output that are not attributable to changes in the factors of production such as labour and capital.

<sup>35</sup> See Jamaica Productivity Centre, Jamaica: Productivity Summary Report 1972-2007 (see page 4)

CXC in recognizing the global imperative of creativity, innovation and ICT has introduced over the last two years CAPE in Entrepreneurship and CAPE in Robotics, both of which emphasizes creativity and innovation using an experiential learning pedagogy.

**b. Objective:**

Increase the number of MSMEs using science and technology and R&D by 10% annually

**c. Strategies:**

To support an innovation network among MSMEs, state entities and other institutions, which supports knowledge sharing, technology innovation and R&D

**d. Activities:**

- i. Continued emphasis on effective intellectual property protection and incentives to bolster the culture of creativity and innovation, while bolstering the capacity of entities like JBDC, SRC and the Bureau of Standards to nurture, accommodate and grow local innovation
- ii. Support the transformation of traditional community centres and shared public spaces into innovation centres. NCYD through the youth information centres YICs already has a platform that can support this kind of transformation. Under the COMET II programme the community resource centres are being designed to accommodate these practices as well in supporting the monitoring and evaluation processes of social enterprises
- iii. Partner with the MSME umbrella organizations to actively promote awareness of the importance of technology in today's competitive global marketplace
- iv. HEART Trust/NTA will continue to deliver on-the-job sensitization and training modules with emphasis on making the existing technologies more efficient.
- v. Establish incubators to support MSMEs involved in science, technology and innovation
- vi. Promote greater use of technology especially in schools<sup>37</sup>
- vii. Provide information on innovation and technological and scientific business development services afforded by private and public institutions<sup>38</sup>
- viii. Encourage umbrella organizations to provide information on technological and scientific business development services to their members
- ix. Encourage MSME umbrella organizations, business development service providers etc., to develop and use online customer/client relationship management (CRM) software to help stimulate productivity and technological adaptation
- x. Spearhead the process of aligning the scientific research and development resources of the country to the opportunities in the marketplace through Ministry-University-Industry collaboration
- xi. Modernise the legislative framework to govern matters related to patent legislation

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<sup>37</sup> This has been done in other countries such as Japan and India.

<sup>38</sup> The MIIC is developing a Jamaica Business Information System (JBIS) which will facilitate this initiative.

#### 4.4 Policy Element: Innovation and Productivity through Information Communication Technology (ICT)

##### a. Policy Issue:

The ICT sector provides opportunities for MSMEs, regardless of the industries in which they operate. Table 6 is an extract of the Global Information Technology 2016 and 2013 Reports, which shows improvement by Jamaica in selected business indicators over the past three years. The comparison indicates that Jamaica is now at the average in most indicators. The most significant area of improvement is in the capacity for innovation and one of the areas in which Jamaica is notably below average is in business-to-consumer use of the internet. This remains consistent with the 2008 report referenced in the 2013 Policy, which indicated that only 5.4% of MSMEs sold their goods online. Jamaica is also below the global average in the quality of math and science education. With regards to the percentage of the workforce employed in knowledge intensive jobs, in Jamaica it is consistently 20% of the labour force, while Canada leads the Americas in this indicator at 43.7% in 2016.

**Table 6: Extract from the Global Information Technology Report 2013 and 2016 on Jamaica’s Business Usage of ICT (Scores are 1- 7 with 7 being best)**

Business Usage Indicator	2013 Rank	2016 Rank	2013 Score	2013 World Avg.	2016 Score	2016 World Avg.
Firm-level technology absorption	67/144	59/139	4.8	4.8	4.7	4.7
Capacity for innovation	85/144	51/139	2.9	3.3	4.2	4.1
PCT patents, applications	73/144	77/139	-	-	-	-
ICT Use Business-to-Business	77/144	66/139	4.9	5.0	4.7	4.7
Business-to-consumer Internet Use	104/144	93/139	3.9	4.5	4.0	4.5
Extent of staff training in ICT	58/144	67/139	4.1	3.9	4.0	4.0
Knowledge Intensive Jobs	71/144	70/139	20.1%*		20.1%*	
Quality of Math and Science Education	116/144	96/139	3.0	3.9	3.5	4.0

Source: Global Information Technology Report 2013 and 2016

\*Percentage of the Labour Force

The supply of ICT providers is another area of concern. The suppliers of ICT products and services also require an enabling environment that will ensure that their intellectual property is protected and that the appropriate cyber-crime laws are enforced. This requires a suitable regulatory and legislative environment that will foster new ideas and support the commercialization of those ideas. High-tech MSMEs that may wish to undertake research and development may face difficulty sourcing financing to cover high cost associated with such activities. Funding for these activities is especially difficult due to, among other things, the specialist nature of these products or processes to be researched.

##### b. Objectives:

Increase the number of MSMEs using ICT products and services by 10% annually

**c. Strategies:**

To support an innovation network among MSMEs, state entities and other institutions, which support the adaptation of ICT products and services by MSMEs

**d. Activities:**

- i. Actively promote the importance of creativity as a precondition for innovation, hence the need to focus on STEAM and not just STEM in the national education programme
- ii. Promote the introduction of coding, robotics and animations within early and primary education as a way of promoting technology innovation within the formative years of school. In many developed countries, coding is being introduced in early childhood institutions. (CAPE has introduced robotics as an examination in early 2016 to be offered 2017)
- iii. Support technical training and education to develop a cadre of knowledge workers capable of being instrumental in local and international investments in the ICT sector and the wider economy
- iv. Support technical training and education to develop a cadre of MSMEs capable of partnering with foreign direct investors
- v. Support the introduction of ICT-enabled services to the sector, including Mobile Money<sup>39</sup> and other innovative products and services that will boost the productivity of MSMEs as well as enhance the delivery of business service providers in the sector
- vi. Facilitate the provision of private equity financing and other types of financing options for high-tech MSMEs (those involved in innovation and creation of ICT products and services) that need to acquire ICTs for business development purposes
- vii. Foster the development of an appropriate legislative framework to support businesses that use or supply ICT products and services
- viii. Promote the marketing of local products and services through online social networks
- ix. Collaborate with umbrella organizations to encourage more MSMEs to take advantage of e-commerce opportunities
- x. Expand ICT infrastructure by collaborating and co-branding with providers of low cost broadband services that can be accessible to all businesses

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<sup>39</sup> One of the areas currently being explored is the introduction of a mobile money platform to help to facilitate micro-finance services to the sector.

## CHAPTER 9

### GOAL 5: IMPROVING SOCIAL VALUE CREATION

#### 5.1 Policy Element: Social Capital

**a. Policy Issue:**

MSMEs are faced with several social challenges that stem from a general deterioration in the country's social capital. That is, many challenges facing the sector emanate from a break-down of the norms, values, obligations and trust embedded in the country's social structures, social interactions and overall social institutional arrangements that are crucial to facilitating cooperation within and among organizations and helping businesses to grow. Enterprise-related social capital can be promoted especially for the benefit of increasing the flow of knowledge and information through formalized and non-formalized inter-firm relations. Through firm to firm interaction, stronger alliances can be formed, feedback from customers is quicker and more frequent and innovative activities (developing new products, new production methods) can be supported as firms interact. Greater levels of trust and cooperation (environment-related social capital), especially among MSMEs can also help them to lobby matters affecting the sector, and build goodwill/good public relations by sponsoring schools, the poor etc., through their organizations.

**b. Objectives:**

To establish a knowledge-sharing platform by January 2018

**c. Strategy:**

To support the development of a knowledge-sharing platform which facilitates effective dialogue among MSMEs

**d. Activities:**

Collaborate with MSME umbrella organizations and trade associations to foster greater social capital among MSMEs through programmes aimed at:

- i. Strengthening social cohesiveness, unity, cooperation, trust and solidarity
- ii. Improving knowledge sharing and information symmetry
- iii. Building and strengthening existing networks
- iv. Improving experience sharing and best practices
- v. Developing Jamaican employees and leaders with a global mindset and understanding of Jamaica's role in the world
- vi. Building strong, confident, socially-conscious and socially-responsible citizens sensitizing MSMEs as to their responsibility to the consumers under the Consumer Protection Act
- vii. Encouraging MSME umbrella organizations to take a united and harmonized
- viii. Approach to seeking Government's intervention as and when deemed necessary

## 5.2 Policy Element: Creating Social Value

### a. Policy Issue:

As is the case with any other country, Jamaica faces several social and environmental problems that are inimical to the country's development. These issues range from crime, poverty, unemployment, to environmental degradation. These problems have traditionally been addressed by government or by NGOs, popularly known as the "Third Sector", using philanthropic resources, however, since the urgency of these problems surpasses the scale of the resources deployed by these traditional solutions. There is a need to add the greater assets that can be generated by sophisticated business models. Social enterprises are one such model, which can unleash the power of business to foster social inclusion and cohesion at the community, regional and national levels.

**A social enterprise is a business whose mission is to solve social, economic or environmental problems at the community and/or national level through effective and ethical business practices with the reinvestment of profits to the social mission.** The emergence of Social Enterprises as a vibrant related and complementary sector over the last few years is remarkable. Social enterprises are becoming critical agents for development by employing a solid business model. The model has shown particular strength in addressing issues related to inclusion of the marginalized such as youth, rural women, and persons with disabilities.

Social enterprises have the dual responsibility of creating social value and ensuring financial viability. While the majority of the social enterprises in Jamaica are a part of the MSME sector, not many MSMEs operate as social enterprises. Social enterprises face many of the same constraints facing the wider MSME sector such as informality, weak management & technical capacity (scaling & group dynamics), lack of access to finance and the need for a stronger enabling culture of (social) entrepreneurship.

For instance, over the last 12 months in the United Kingdom, social enterprises were more effective at job creation than mainstream small and medium enterprises (SMEs) - 41% by social enterprises created new jobs but only 22% of mainstream SMEs did so (Social Enterprise UK, 2015). Further, 52% of social enterprises in the UK grew their turnover in 2015, as compared to 40% among the traditional SMEs (Social Enterprise UK, 2015). Given the success in the UK and Jamaica's own social landscape - unemployment rate among youth at 30.5% in 2015 and average unemployment rate for women being double that for men at (X%) (STATIN, 2015), public sector austerity and slow growth of the private sector - the social enterprise model can be effective in helping to offset such problems.

Research by Knife (2013; 2015 and 2016) examined the Social Economy and SEs in Jamaica highlighted the significant positive impact SEs are having on community and national development. It argues that SEs contribute significantly to the aggregate demand and thus the overall GDP of the economy. The impact however can be more significant with meaningful support of social enterprises along their growth/business cycle. The level of consumption for social enterprises is comparable to the broader economy, at 44% of expenditure. The reinvestment of profits to secure social goals is identified as one of the most important aspects of the majority of social enterprises. Social enterprises differ from the traditional business as they are committed to economic and social value creation of beneficiaries rather than in the enrichment of shareholders. More specifically, Knife (2015) indicates that from a sample of 100 SEs, SEs created contributed 767 jobs that paid a salary

with 415 being full-time posts. The sector employed **278** youth (between the ages of 14 and 29 and 466 females (261 full-time and 205 part-time).

Globally, entrepreneurial thinking and practice (nurturing creativity and innovation) is seen as major drivers for all forms of enterprise including SEs. However given the absence of significant resources in the startup phase, SEs, as an emerging component of MSMEs, also require the support of state and non-state actors in securing both financial and non-financial resources. More recently, developed countries have seen exponential growth of the sector due to its comprehensive approach to addressing a myriad of issues through innovation. For example, sixty percent of all social enterprises in the United States were created since 2006. Countries such as Australia, Finland and Italy have taken legislative steps to enshrine social enterprises into their economies. For example, in recognizing the value to the economy, Australia formally defined and mapped the social enterprise sector in 2010. In South Korea, the government in creating an enabling environment, went a step further by passing a Social Enterprise Promotion Act in 2007, while Hong Kong has set up venture philanthropy organizations to invest in viable social enterprises with significant social impact.

Social enterprise value is not measured on a single economic bottom line, but adds social and environmental results on a double or triple bottom line. For countries like Jamaica, many SEs also focus on the creation of cultural value, thus embracing what could be viewed as a quadruple bottom line. Social value creation seeks to balance profits with a contribution to the public good. Notably, conventional Gross Domestic Product (GDP) measures income and expenditure and is not effective in assessing the overall contribution of the third sector to the economy. The UN report on social index (Porter 2014) argues that economic development alone is not sufficient to explain social progress outcomes. GDP per capita is an incomplete measure of a country's overall performance. Each dimension of social economy progress has a distinct relationship with economic development. It argues that the 'Social Progress Index' creates a holistic and robust measurement framework for national social and environmental performance that can be used by leaders in government, business and civil society as a tool to benchmark success, improve policy, and catalyze action. There are three dimensions of the Social Progress Index Framework, these are: (i) Basic Human Needs; (ii) Foundations of Wellbeing and (iii) Opportunity. Within this report Jamaica is ranked 43 out of a 132 although Jamaica's per capita is half that of some countries that had a lower ranking, this seems to be a paradox as, according to the SPI, there are 'wealthier' countries that lag behind Jamaica in terms of social development. What explains this divergence? Knife *et al* using social returns on investment (SROI) from SEs argues that one explanation is the social value created by entities within the social economy and more specifically social enterprises.

Increasingly, alternative tools of measuring value creation have been developed to measure social and environmental impact of social enterprises. A preferred approach is, Social Return on Investment (SROI), an analytical tool used to measure and account for a broader conceptualization of value, taking into account social, economic and environmental factors. SROIs measure the impact that social enterprises have on the national economy and better represent value creation by social enterprises. Importantly, it monetizes the value creation,

which assists stakeholders to quantify the monetary value of value or savings generated from their operations.

The promotion and enabling of social enterprises in Jamaica will help to achieve the Vision 2030 goals as well as assist in meeting the country's commitments under international obligations e.g. the UNDP's Sustainable Development Goals. Support for the social enterprise model potentially contributes directly to at least 3 goals:- **Goal 8:** Decent Work and Economic Growth, **Goal 9:** Industry, Innovation & Infrastructure, **Goal 10:** Reduced Inequalities and **Goal 12:** Responsible Consumption and Production, while promoting an entrepreneurial approach to solving social and environmental issues captured in other goals.

Social enterprises who are generally small in nature face many of the same constraints facing the wider MSME sector such as informality, weak management & technical capacity (scaling & group dynamics), lack of access to finance and the need for a stronger enabling culture of (social) entrepreneurship as outlined in Chapter 5. It is therefore imperative that the current policy addresses the ecosystem in which social Enterprises operate.

**b. Objectives:**

To ensure that the national policy framework accounts for the creation of social value and the social economy

**c. Strategies:**

To facilitate the review and expansion of the MSME and Entrepreneurship Policy to create an enabling environment for the continued development of the Social Economy in Jamaica

**d. Activities:**

- i. Ensure widespread awareness of the concept of social enterprises as part of the business ecosystem
- ii. Ensure all entities offering business development support services are trained to support social entrepreneurship
- iii. Promote creativity and innovation in entrepreneurship to address social issues
- iv. Promote cross-fertilization and social capital building between MSME and SE sub sector
- v. Collect national data on the value being created by social enterprises, build a central data base and conduct tracer studies on entities in the sector
- vi. Develop and/or adapt an analytical tool (SROI) to measure social value creation which should inform businesses that provides supportive products or services (e.g. financing) to social enterprises
- vii. Support the establishment of national organization with responsibility for organizing, supporting and advocating for the social enterprise sector
- viii. Develop a code of ethics for the social enterprise sector
- ix. To research & propose viable legal structures for social enterprise operation
  - x. Support capacity building that strengthens and supports the growth of the social enterprise sector
  - xi. Support the inclusion of the Social Enterprises Sector under the GOJ governance framework in terms of legislation, programmes and institutions

## CHAPTER 10

### GOAL 6: EMBEDDING CROSS-CUTTING ISSUES

#### 6.1 Policy Element: Gender Sensitivities in Business

##### a. Policy Issue:

According to the 2010 Global Entrepreneurship Report: “*Entrepreneurship in a society should contain a variety of business phases and types, led by different types of entrepreneurs, including women and underrepresented age groups.*” The society must be cognizant of the differences that exist between males and females. Each gender responds to, and is affected differently by the same policies. To extend equal rights to all MSME operators, it will be important to ensure equality in levels of remuneration, employment, conditions of labour and civic involvement. Studies show that gender influences how a business operator organizes human capital, investments, social networks and goals. These factors in turn affect business structure and success.

GEM reports (2008, 2010 and 2012) reveal further that growth of MSMEs are directly related to the level of education attained by the entrepreneur/business owner. The research emphasizes consistently that the majority of MSMEs in Jamaica are operated by persons with secondary education, which stymies their growth and development. This manifests itself in the MSMEs having smaller networks and hence, lower levels of social capital. Currently, the majority of tertiary students in Jamaica are female, thus having the required educational trajectory that will support the transition of MSMEs to a high growth business model. However, Williams and Knife (2014) show that they lack the social capital to access financial capital and are also more cautious about venture expansion. This suggests that there is need for incubator support for accessing capital and expansion of venture among women entrepreneurs in Jamaica. Importantly Nicholson and Williams (2015) also noted that women who own a venture would consider it to be a ‘family business’ while the male proprietor considers himself a ‘sole trader’. This suggests that women owned enterprises will have more immediate and direct multiplier effect on the family and the community and by extension national development as they become more successful – effectively supporting vision 2030.

##### b. Objective:

To ensure that the MSME and Entrepreneurship Policy structure allows women and men equal access to resources to support their venture’s growth and development, by January 2017

##### c. Strategy:

To establish a MSME and Entrepreneurship policy structure that ensures equality and equity of opportunities between women-owned and men-owned business

##### d. Activities:

- i. Continuously identify factors that constrain the participation of women in business, through partnership with the Women Owners Limited and other women’s associations and develop appropriate strategies to address the constraints – focusing on bolstering their social capital and support along the growth path of their ventures

- ii. Build capacity of organizations/entities to design and deliver programmes that take the unique challenges of female and men entrepreneurs into account
- iii. Support the mission of non-governmental organizations and business such as Social Enterprises that are set up to address the needs of marginalized gender
- iv. Facilitate training with at least fifty per cent (50%) of training resources allocated to women entrepreneurs
- v. Develop business incubators, to facilitate innovation particularly in ICT and the use of indigenous material, with at least thirty percent (30%) WOB occupation
- vi. Partner with Women Owners Limited in the development of business-related policies/strategies for women

## 6.2 Policy Element: Persons with Disabilities

### a. Policy Issue:

Jamaica was one of the first signatories to the UN convention, which advances the need to support persons with disabilities to lead full and independent lives. Despite some advances, the community continues to be disenfranchised and face severe discrimination in establishing enterprises and securing employment (Harvey 2012). Indications are that although persons with disabilities are still employable and are being employed, there remains a high level of unemployment within the group. As of December 2011, The Jamaica Council for Persons with Disabilities (JCPD), an agency of the Ministry of Labour and Social Security, had registered some 12,045 disabled Jamaicans<sup>40</sup> but believed that the number of physically challenged persons living on the island is closer to 400,000. For many persons with disabilities or debilitating conditions, self-employment offers the hope of both making a living and achieving self-sufficiency. Additionally both public and private institutions are tardy in incorporating disability friendly practices in their infrastructure construction thus creating a natural barrier for meaningful engaging of the community in the business environment.

The difficulties experienced in finding appropriate work may be a driving force for an increasing number of persons with disabilities to start their own businesses; yet they do not enjoy full inclusion or equal opportunities for the survival of their businesses. Self-employment provides persons from the disabled community with a freedom to work at their own pace and to work in a familiar environment that accommodates their special needs. Being owners of business often provides the flexibility necessary to those who require frequent medical attention, flexible hours, accessible work-space, or other special considerations. Jamaica has made strides in addressing the needs of the disabled community but there is still a much more that can be done, especially in the area of entrepreneurial support.

### b. Objective:

To establish a national Policy framework that allows for full inclusion, opportunities and support for persons with disabilities within the business community

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<sup>40</sup> See ESSJ 2011

**c. Strategy:**

To facilitate and guide the establishing of a national policy framework that allows for full inclusion, opportunities and support for persons with disabilities within the business community

**d. Activities:**

- i. Enforcing regulation ensuring that all public and private facilities are disability friendly in their construction, while providing incentives/rewards for compliance to support reconstruction/retrofitting of such facilities
- ii. Build the capacity of organizations/entities to design and deliver programmes that consider the needs of physically challenged entrepreneurs
- iii. Support the mission of non-governmental organizations and business such as Social Enterprises that are set up to address the needs of the physically challenged
- iv. Establish programmes or a web portal dedicated to the promotion, networking and education of physically challenged entrepreneurs
- v. Provide increased funding for the small-scale entrepreneurship venture under the Rehabilitation Grant
- vi. Develop, by means of the MICAFA and its agencies partnering with the Jamaica Council for Persons with Disabilities and the, special training programmes that respond to needs of business operators with disabilities
- vii. Ensure that at least five per cent (5%) of participants in all relevant training programmes offered by the MICAFA and its agencies comprise persons with disabilities
- viii. Encourage MDAs outside of MICAFA and its agencies as well as NGOs and other groups to provide training, financing and other business development support to persons with disabilities
- ix. Ensure the MSME and Entrepreneurship Policy and all relevant documents used for business development are converted to Braille and other formats for ease of access for persons with disabilities

### **6.3 Policy Element: Youth<sup>41</sup> in Business**

**a. Policy Issue:**

In 2011 the youth population of Jamaica (persons 15 to 24 years of age) was approximately 17.0 percent of the population and totaled 460,900. Of this number approximately 140,000 were classified as unattached, that is, not in school or employed. While a significant number of the nation's youth are disconnected from education and appropriate employment, it is believed that given the right support and interventions, the potential creativity of this group can be harnessed to establish enterprises that will contribute to national development. According to Knife 2016, despite this situation the majority of these youths are very proud of their community and country, but at least a third would rather live in another community or country. This was directly linked to perception of discrimination based on residence,

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<sup>41</sup> This policy adopts the definition for 'youth' used in the National Youth Policy; A youth is 'someone between the ages 15 –24 who has passed through the dependent stage of childhood, in the semi-independence of adolescence or who will soon acquire the maturity of adulthood'. See: [http://planipolis.iiep.unesco.org/upload/Youth/Jamaica/Jamaica\\_2003YouthPolicy.pdf](http://planipolis.iiep.unesco.org/upload/Youth/Jamaica/Jamaica_2003YouthPolicy.pdf)

resulting in lower levels of employment and lack of opportunity to access resources to start enterprises.

However, this targeted population falls within a group called the ‘millennials’ with specific character traits including being very confident, innovative and creative, collaborative with a preference to work in small groups, they have a global perspective, embracing of ICT and desire to own their own enterprises. Essentially, these youths are the ‘entrepreneur generation’ or more specifically the social entrepreneurial generation.

Engaging youth in organized activities directed towards the creation of an entrepreneurial culture will serve to harness their enthusiasm and innovative ideas to increase personal development, social stability as well as economic growth. The trajectory towards self-employment and entrepreneurship should therefore be encouraged to meet career aspirations and fulfill financial needs. Several local and international, state and non-state organisations have been operating programmes that targets and serves this population effectively. Policy element 19.0 elaborates on how the education system can begin the process of inculcating a culture of entrepreneurship among the youth. The focus in this section is on strategies for youth employment and empowerment for those who are unattached.

**b. Objective:**

To establish a MSME and Entrepreneurship policy structure, which supports youth entrepreneurship as a strategy for youth empowerment and employment

**c. Strategy:**

To establish a MSME and Entrepreneurship policy structure that supports youth entrepreneurship as a strategy for youth empowerment and employment

**d. Activities:**

- i. Implement the Youth Entrepreneurship Strategy in an attempt to create an enabling framework for the development of successful and sustainable youth-led businesses. Under this strategy, efforts should be made to establish projects and programmes on entrepreneurship that specifically target otherwise attached youth, in an effort to bring them into the mainstream of society through self-employment
- ii. Establish a resource and support network within the strategy including HEART/NTA, NHT, NCYD, SDC, JSIF, CSJP, JCF and CHASE which have funding and programmes that supports enterprise development. Additionally, efforts should also include the Youth Diaspora Connect Programme as well as local foundations (JN, Digicel, JPS, NCB, Scotia foundations) and international donor agencies (USAID, IDB, British Council etc.) in supporting this thrust for youth entrepreneurship
- iii. Support the mission of non-governmental organizations and business such as Social Enterprises that are set up to address the needs of marginalized youth.
- iv. Partner with institutions such as the HEART/NTA to attract and engage youth in basic literacy and numeracy skills development to help with assimilation of information on entrepreneurship
- v. Enhance the reach of the JBDC by equipping it with resources that will help them to provide mentors for the youth
- vi. Create community clusters for youth-led enterprises

- vii. Strengthen NGOs such as the People’s Action for Community Transaction<sup>42</sup> (PACT) to help encourage interest in entrepreneurship

#### **6.4 Policy Element: Climate Change & Environmental Degradation**

**a. Policy Issue:**

The business practices of some MSMEs pose serious threats to the environment. Business operations must consider fundamental issues such as pollution, ozone depletion, flooding (as a result of dumping in gullies, drains, et al.) and climate change.

**b. Objective:**

To increase the number of MSMEs that are utilizing environmental best practices by MSMEs in their operations, by 10 annually

**c. Strategy:**

To support efforts and collaborate with relevant state and non-state institutions in ensuring that a proper system is in place to ensure environmental stewardship and protection in MSME operations

**d. Activities**

- i. Sensitize MSMEs on the need to protect the environment and the positive relationship among goodwill/reputation, efficiency in resource use and overall profitability of venture
- ii. Ensure that some of the revenue garnered from the Environmental Levy will fund recycling activities and other projects and programmes, which serve to protect the environment and guard against climate change
- iii. Promote conformity among MSMEs, to National Environmental Policies and Legislation
- iv. Providing incentives for adaptation of green innovation and solutions
- v. Recognize, through national awards, MSMEs that undertake ‘green initiatives’ which contribute to sustainable development

#### **6.5 Policy Element: Continuous and Comprehensive Empirical Data on MSMEs**

**a. Policy Issue:**

There is a paucity of data on MSMEs. There is need for continuous and comprehensive data and studies to adequately inform policy direction, including project and programme development. Under the 2016 review of the Policy, the MSME portfolio Minister convened a meeting of the heads of the major data collection agencies and several measures were agreed to begin the development of systematic collection of data on MSME activity.

**b. Objective:**

To establish a data mining system for the MSME sector

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<sup>42</sup> The PACT is a coalition of community-based and non-government organizations that work at the community level to implement programmes in the voluntary sector. Read more: <http://www.jamaica-kidz.com/pact/>

**c. Strategy:**

To facilitate the process where stakeholders in the sector can generate, collate and analyse data relevant to the growth and development of the MSME sector

**d. Activities:**

- i. Establish an interagency working group, headed by the Statistical Division of MICA and supported by the MSME Office that will be focused on the development of key statistical indices for the MSME sector
- ii. Support the efforts of STATIN to complete a comprehensive enterprise survey during 2017/18. This survey will provide critical benchmark data on commercial activity across Jamaica that can be regularly updated. The support needed by STATIN includes the identification of funding sources to ensure (and possibly accelerate) the completion of the survey. The final design survey instrument can also be supported by other GoJ entities to ensure that the instrument yields critical benchmarks for the sector
- iii. Develop a research network among STATIN and research institutions/academia to populate data base, significant base line data has been generated on the Social Economy which can be used to guide the surveys for the traditional MSME sector
- iv. Develop cooperation protocols with TAJ and JCA that will provide a source of ongoing data on categories of registered taxpayers by annual sales (as defined in the MSME Policy). This includes number of registered taxpayers, sales, exports and contribution to tax by each subcategory
- v. Explore methods of data collection through the Ministry of Local Government, Parish Councils and SDCs
- vi. Ensure alignment of GoJ financial stakeholders with MSME definitions in the Policy to ensure uniformity in reporting on MSME loan disbursements by MSME financing entities
- vii. Establish a central mechanism to capture all MSME financing (loan and grant) provided by GoJ entities (DBJ, MIDA, HEART, EXIM etc) in accordance with the definitions agreed in the Policy
- viii. Explore the use of a central MIS system by GoJ BDOs (through the SBDC model) to establish 'track and trace' capabilities to assess the impact of GoJ interventions.
- ix. Align policy interventions on 'formality' with data collection strategies
  - x. Sensitize MSMEs about the importance of gathering data for policy formulation and decision-making
  - xi. Increase the use of Geographic Information Systems to help map locations of businesses and other relevant information on the MSME sector

## **6.6 Policy Element: Public Education**

**a. Policy Issue:**

Entrepreneurship education is one of the fastest growing areas in education globally at all levels. Within the Caribbean CXC has recently offered CAPE in Entrepreneurship, which has the highest recorded uptake of candidates. Currently there are over 2000 candidates for CAPE entrepreneurship just after two years of offering the course. It is anticipated that the

numbers will continue to climb rapidly. It is important to note that Jamaica has the highest uptake of the CAPE programme and was the first to establish Entrepreneurship degree programmes in tertiary institutions. Additionally, Jamaica has the largest body of current research on entrepreneurship and social entrepreneurship in the Caribbean, and as such is developing models and methodologies that can be adopted by other Caribbean territories. This suggests that tertiary institutions need to bolster their capacity to absorb these youths within their programmes as well. Additionally numerous other business and entrepreneurship programmes are being implemented in Jamaica by various stakeholders. Essentially there is an entrepreneurship education revolution taking place and Jamaica is at the forefront of this process in the Caribbean. The implications are entrepreneurial-minded graduates who desire to establish their own venture or apply their creativity and innovativeness in their jobs; essentially being intrapreneurs.

MSMEs and SEs lack awareness of the factors, which impede (or can enhance) their development and growth, including available services, programmes and initiatives. In addition, although private and public BDS providers provide business development support services, a significant number of MSMEs are unaware of these services or how to access them.

**b. Objective:**

To establish an effective centralized platform that offers informational support to MSMEs by January 2018

**c. Strategy:**

To support the establishing of a central repository of information through which MSMEs can access informational support efficiently

**d. Activities:**

- i. Use of ICT to support public education on entrepreneurship (developing of digitized animated teaching material for distribution among stakeholders) noting that the pedagogy must meet the learning styles of the millennials
- ii. Direct and indirect support for and partnership with CXC/CAPE and tertiary institutions entrepreneurship programmes (UWI, UTECH, NCU, HEART NTA etc.) in producing the next generation of entrepreneurs
- iii. Partner with the private sector and academia to implement a structured and sustainable public education programme which provides critical and relevant information to MSMEs concerning factors which retard their performance, as well as the range of available services and initiatives
- iv. Partner with the Jamaica Exporters' Association (JEA) and the Jamaica Chamber of Commerce (JCC) to increase the number of Information Centres
- v. Partner with the Social Development Commission (SDC), Faith-Based Organizations (FBOs) and Community-Based Organizations (CBOs) to promote service offerings available through business development service providers
- vi. Partner with the Jamaica Information Service (JIS) and other media houses to further publicize the available services offered by business development service providers
- vii. Partner with the private sector to train businesses in the area of customer service

## CHAPTER 11

### FINANCING OF THE POLICY

The total cost for implementation of priority activities within the MSME and Entrepreneurial Policy and Implementation Plan is J\$1.6 billion, over a five year period. The excludes revolving financing schemes and focuses squarely on policy development, facilitation and coordination and implementation. The key priority activities are on-going as these activities are aligned to the Ministry’s Business Plan as well as priority activities will be subsumed into the scope of work of the relevant Ministries, Departments and Agencies. The Implementation Plan will be financed through budgetary support from the collaborating ministries and their respective agencies.

MSME and Entrepreneurial Policy and Implementation Plan will be financed by Government of Jamaica budgetary resources (under the programme for MSME Development), donor funding (including technical cooperation) and resources from the private sector and civil society, where appropriate. Collaboration with the private sector and civil society interests will be critical in the programming of non-government resources towards the MSME and Entrepreneurial Policy and Implementation Plan. The Ministry of Industry, Commerce, Agriculture and Fisheries will identify possible sources of funding for activities in the Implementation Plan. This will involve:

- i. Inventory of traditional donors and areas of support;
- ii. Identification of potential funding from non-traditional sources (local and international);
- iii. Mapping of potential donors/partners to action areas;
- iv. Packaging of projects to attract funding; and
- v. Engaging donors/partners at the highest level to secure their support.

**Table 7: Overall Projected Funding for the MSME Implementation Plan**

Objectives	J\$	
<b>Pillar 1:</b> Enabling Environment	250,000,000	
<b>Pillar 2:</b> Finance to the Sector	300,000,000	
<b>Pillar 3:</b> Business and Development Support	337,000,000	
<b>Pillar 4:</b> Culture of Entrepreneurship	175,000,000	
<b>Pillar 5:</b> Social Value Creation	222,000,000	
<b>Pillar 6:</b> Cross-cutting Issues	100,000,000	
Monitoring and Evaluation	75,000,000	
<b>Contingency 10%</b>	145,900,00	
<b>TOTAL</b>	<b>1,604,900,000</b>	

## CHAPTER 12

### IMPLEMENTATION, MONITORING AND EVALUATION FRAMEWORK

In order to achieve the goals outlined in the Policy, an Implementation Plan (see appendix II (aligned to *Vision 2030 Jamaica: National Development Plan*) has been crafted. This has been done via a partnership between the public and private sector. The plan details the six (6) key imperatives for the MSME, the policy element, aims, objectives strategies and activities, performance indicators, timeline, duty bearers/ partners and status of the activity. This work programme will be reflected in the Strategic Business Plan of each Ministry, Department and Agency, with a concomitant Quarterly or Semi-Annual Review System in place. A rigid monitoring and evaluation system will also be developed and implemented to ensure that the strategic objectives are met. The policy will be evaluated after the first year of implementation. Thereafter, reviews will be conducted every three (3) years (at minimum) to meet the changing needs of the MSME sector. A Progress and Analysis Report with respect to the impact and achievements will be prepared to inform such review and modifications.

#### 12.1 Institutional Framework

##### 12.1.1 National MSME Policy Implementation Committee

The Government shall establish a body responsible for oversight and coordination of the MSME and Entrepreneurship Policy and Implementation Plan. The main functions of the oversight body will include, inter alia:

- Coordinate the activities for implementation of the MSME and Entrepreneurship Policy and Implementation Plan;
- Ensure collaboration among all stakeholders in the implementation of the MSME and Entrepreneurship Policy and Implementation Plan;
- Guide development of legislation and quality standards for the MSME sector;
- Provide advisory services on MSME-related matters;
- Establish relevant sub-committees to support its work;
- Advocate for resources to be committed to the MSME and Entrepreneurship Policy and Implementation Plan;
- Provide half yearly reports on the progress of implementation of the to the MSME and Entrepreneurship Policy and Implementation Plan MSME Unit of the MICAF;
- Provide input to continuous revision of the MSME and Entrepreneurship Policy and Implementation Plan; and
- Develop and implement communication programme for the MSME and Entrepreneurship Policy and Implementation Plan.

The oversight body shall be chaired at a senior level by the Ministry with assigned portfolio responsibility for small business development and its membership comprised as follows:

- Two representatives of the Ministry responsible for small business development portfolio and the agriculture portfolio, with one from each portfolio;
- A representative from JBDC;
- A representative from the PIOJ;
- A representative from RADA;
- A representative from DBJ;
- A representative from a PSOJ;
- A representative from STATIN;
- A representative from the National Financial Inclusions Strategy, BOJ;
- A representative from the Ministry of Tourism;
- A representative from the Ministry of Economic Growth and Job Creation;
- A representative of the Small Business Association of Jamaica;
- A representative from the MSME Alliance;
- A representative of the Jamaica Manufacturers Association;
- A representative from the Bankers Association;
- A representative from the Jamaica Chamber of Commerce;
- A representative from the Ministry of Finance;
- A representative from Academia; and
- Two representatives from micro-financing sector

The oversight body may co-opt such other persons as it deems necessary for the efficient and timely execution of its mandate.

The oversight will meet quarterly in the first two years of its establishment, to ensure the building of the momentum for the implementation of the MSME and Entrepreneurship Policy and Implementation Plan. The Committee can then meet at intervals which it deems necessary to carry out its work. The MSME Office of the Ministry of Industry, Commerce, Agriculture and Fisheries shall provide secretariat and logistical support to the work of the oversight body.

## **12.2 Roles of Government, Private Sector & Civil Society**

The implementation of the MSME and Entrepreneurship Policy and Implementation Plan will require input from Government, private sector and civil society for the sustainability of the industry.

### **12.2.1 Role of Government**

The role of Government in the implementation of this Policy and Plan is the:

- Provision of leadership in policy, planning and programme development;
- Appropriate regulation of the MSME sector;
- Creation of an enabling environment for private sector involvement in the national MSME sector;
- Education on the importance of the MSME sector to the development of the country's economy
- Provision of technical assistance to the private sector involved in the development of the MSME sector

### **12.2.2 Role of the Private Sector**

The role of private sector in the implementation of this Policy and Plan is as follows:

- Participate in, and technically contribute to the oversight body charged with policy implementation
- Bridge partnerships between GoJ and the MSME sector to strengthen research and other programmes;
- Participate in capacity building of actors in the MSME sector;
- Participate in the design and implementation of public education and awareness programmes; and
- Advocacy for issues relating to the MSME sector;

### **12.2.3 Role of Civil Society**

The participation of civil society is integral to the implementation of the MSME and Entrepreneurship Policy and Implementation Plan. In this regard, civil society will be allowed to inform and influence the decision making process and be involved in its implementation. The role of civil society in this Policy and Plan includes:

- Building of partnerships with actors in the MSME sector to strengthen research and quality control programmes;
- Participate in, and technically contribute to the National MSME Policy Implementation Committee (NMPIC);
- Participate in capacity building of actors in the MSME sector;
- Participate in the design and implementation of public education and awareness programmes;
- Advocacy for issues relating to the MSME sector; and
- Assist in efforts to bolster MSME programmes at the community and national levels.

## **12.3 Monitoring and Evaluation**

The monitoring and evaluation (M&E) of the MSME and Entrepreneurship Policy and Implementation Plan are important to facilitate effective management and oversight of its implementation. The MSME Office of the Ministry of Industry, Commerce, Agriculture and Fisheries will be responsible for implementing the MSME and Entrepreneurship Policy and Implementation Plan and managing an M&E system for the in collaboration with the National MSME Policy Implementation Committee (NMPIC).

### **12.3.1 Monitoring Process**

The monitoring framework consists of impact and output indicators that are SMART. At a higher level, the impact indicators are aligned to the goal and objectives of the Implementation Plan. The output indicators are found in the activity matrix and are linked to actions, which are each aligned to a strategy. Performance monitoring will be closely tied to the activity matrix. By continuous

monitoring of the implementation process, information will be generated on the progress of implementation and remedial actions to be taken, if necessary.

In implementing the monitoring framework, an incremental approach will be used, that is, in the first phase, a minimum set of core indicators will be defined, guided by the assessment of information availability. The set of indicators can be adjusted, if it is deemed necessary, as it becomes clear where to invest to fill information gaps and enhance monitoring capacities.

An Annual Progress Report will be compiled each year by the MSME Office with support from the National MSME Policy Implementation Committee (NMPIC). The Annual Progress Report will be submitted to Cabinet and tabled in Parliament. Thereafter, it will be posted on the website of the Ministry of Industry, Commerce, Agriculture and Fisheries to ensure transparency and accountability.

## ANNEX I

### MICAFA Entrepreneurship Policy 2017: Implementation Plan

The Implementation Plan and M&E framework outlined below compliments the Entrepreneurship Process and the MSME Strategy Map (Annex I). It details the key imperatives for MSME, the policy element, aims, objectives strategies and activities, performance indicators, timeline, responsible entities & partners and status. The timelines included are delineated as short, medium or long run/term.

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 1: To Create an Enabling Business Environment</b>					
<b>Informality</b>  To ensure that there is a more supportive tax and incentive framework for MSMEs by April 1 <sup>st</sup> 2017	1.1 Facilitate the establishing of an enabling structure that facilitates and provides a tangible benefit for MSME formalizing their operations	1.1.1 Conduct baseline research on the sector	Baseline developed Research Report	Short term (every 3yrs)	MICAFA, STATIN, Academia, PIOJ
		1.1.2 Develop a clear and agreed definition of formality across MDAs that will promote greater simplicity, effectiveness and efficiency in business registration & tax compliance procedures	Definition Agreed & Finalized	Short-term	MICAFA, MOFPS, COJ
		1.1.3 Bolster the existing incubator systems for MSMEs and SEs development throughout the entrepreneurship process; from idea generation to harvesting (reaping the benefits)	Presence of a holistic Incubator ecosystems	Short term and ongoing	MICAFA, JBDC & Universities & service providers
		1.1.4 Embark on public education campaign on the benefits of formality	Increased number of MSMEs formalized	Short term and ongoing	MICAFA, COJ, JBDC
		1.1.5 Expand the network of existing business services providers to support formalisation	Increasing support for Formalizing MSMEs	Short term and ongoing	MICAFA & JBDC

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/Stakeholders
<b>Goal 1: To Create an Enabling Business Environment</b>					
<b>Legal, Regulatory and Administrative Framework</b>  Reduce the processing time for micro business registration by 60% by April 1, 2019	1.2 To bolster the capacity of service provider to improve efficiency to MSME sector	1.2.1 Ensure appropriate monitoring, regulatory and administrative framework for MSMEs	Data on MSMEs regulatory & administrative procedures	Medium term	MICAF, JBDC, STATIN, COJ, Research Institutions
		1.2.2 Institute a comprehensive monitoring and evaluation system to measure progress in reducing the bureaucracy and cost of doing business for MSMEs	Reduction the cost of doing business	Short term	MICAF, JBDC, STATIN, COJ, Research Institutions
		1.2.3 Encourage ongoing dialogue with MSMEs to sensitize them about improvements in the business environment and solicit their feedback for further changes that should be made in the administrative and regulatory environment	Increase use of technology among MDAs	Short term and ongoing	MICAF, JBDC, STATIN, COJ, Research Institutions
	1.3 Promote greater use of technology within MDAs that provide services in order to boost efficiency and reduce cost associated with service delivery	1.3.1 Complete implementation of the electronic business registration form (EBRF) to allow on-line incorporation of companies and registration of business names	Increase efficiency	Short term and ongoing	MICAF, JBDC, STATIN, COJ, Research Institutions
<b>Energy Costs</b>  To increase the number of MSMEs using least cost energy options by 10% before 2019	1.4 Promote, support and implement 'Least Cost Energy Projects to help MSMEs lower their operational costs and boost productivity through more efficient use of resources	1.4.1 Sensitize MSMEs about sustainable energy practices and encourage them to adopt energy practices that support affordable energy efficiency and energy diversity.	Number of MSME using affordable energy and practicing energy diversity	Medium to Long term	JBDC, SBAs, MSME alliance, MSET & OUR JPS

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/Stakeholders
<b>Goal 1: To Create an Enabling Business Environment</b>					
<b>Government Procurement</b>  To increase MSME participation in government procurement tenders by 10% by 2019	1.5 To streamline the regulatory structure to ensure that local MSMEs are supported and have preferential access under the “set-aside” provision when tendering for Government contracts)	1.5.1 Develop a procurement policy paper, which supports MSME tendering for government contracts and requires GOJ procuring entities to set aside an appropriate portion of their Procurement Budgets for eligible micro and small businesses (micro and small are most vulnerable in the procurement process). This could include Capital A and Recurrent Expenditure. Procuring entities will be required to review and report on the volume and value of contracts issued	Procurement Regulations in place	Short term	MICAF, MOF, MDAs
	1.6 To streamline the regulatory structure to ensure that local MSMEs are supported and have preferential access under the “set-aside” provision when tendering for Government contracts)	1.6.1 Ensure that procurement set asides are linked to domestically added value as opposed to distribution and trading. Goods and services procured under this regime with domestic value will be assessed under preferential terms	Procurement Regulations in place	Short term	MICAF, MOF, MDAs
		1.6.2 Establish procedures that allow for small groups to cluster or make joint bids	Procurement Regulations in place	Short term	MICAF, MOF, MDAs
		1.6.3 Encourage that bidders for larger contracts are given more preferential terms where their supply chain contains qualified MSMEs that are adding domestic value	Procurement Regulations in place	Short term	MICAF, MOF, MDAs
		1.6.4 Ensure that the procurement framework is aligned with support measures for MSMEs such as access to finance and business development services	Procurement Regulations in place	Short term	MICAF, MOF, MDAs
		1.6.5 Ensure that procurement activities under the set-aside programme are included in the procuring entity’s Procurement Plan	Procurement Regulations in place	Short term	MICAF, MOF, MDAs
		1.6.6 Amend the threshold for exemption from bid security requirement to a value that allows for MSMEs to be participate more effectively	Procurement Regulations in place	Short term	MICAF, MOF, MDAs

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/Stakeholders
<b>Goal 1: To Create an Enabling Business Environment</b>					
		1.6.7 Increase the threshold for exemption from Performance Security requirements to a value that allows for MSMEs to participate more effectively	Procurement Regulations in place	Short term	MICAF, MOF, MDAs
		1.6.8 Advertise all contracts designated for MSMEs on a single set-aside website	Procurement Regulations in place	Short term	MICAF, MOF, MDAs
	1.7 Utilize web enabled technology to advertise, evaluate and track MSME participation in the Government procurement process	1.7.1 Advertise all contracts designated for MSMEs on a single set-aside website	Procurement Regulations in place	Short term	MICAF, MOF, MDAs
		1.7.2 Establish a database to capture MSME participation, contract awards and contract values as well as to monitor the performance of procuring entities and MSMEs; supported by an electronic procurement system	Procurement Regulations in place	Short term	MICAF, MOF, MDAs
		1.7.3 Facilitate voluntary registration of MSME contractors through a Web-Enabled National Procurement Registry framework. This should be integrated with the website, which will provide information on the procurement opportunities under the set-aside allocation	Procurement Regulations in place	Short term	MICAF, MOF, MDAs
		1.7.4 Undertake a sensitization programme for MSMEs as well as procurement personnel, to ensure that each group understands the changes required and is equipped to implement and support those changes	Procurement Regulations in place	Short term	MICAF, MOF, MDAs
		1.7.5 Encourage MSME stakeholders both private and public, to collaborate in providing integrated, low cost training, online business information to assist MSMEs to participate in public procurement	Procurement Regulations in place	Short term	MICAF, MOF, MDAs
		1.7.6 Establish a mechanism to monitor and evaluate the performance of MSME in executing set-aside contracts	Procurement Regulations in place	Short term	MICAF, MOF, MDAs

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 1: To Create an Enabling Business Environment</b>					
<b>Internationalisation of MSMEs</b>  To increase MSMEs export of goods by 10% by 2019	1.8 To bolster bilateral, regional and international economic trade relations, while simultaneously promoting local, diasporic, regional and foreign investment in the MSME sector	1.8.1 Establish in collaboration with Ministry of Foreign Affairs a Diaspora Direct Investment and Marketing Strategy to support sector development.	DDI and Marketing Strategy implemented	Short to Medium Term	MICAF, Diaspora groups and MFAFT
	1.9 Promote effective use of the National Trade Policy landscape by MSME goods and service providers	1.9.1 Utilize Jamaica’s National Trade Policy to provide an enabling framework for MSMEs.	Number of MSMEs in international trade	Short-run	MFAFT, MICAF, MOT, JBDC & JAMPRO
		1.9.2 Promote Jamaican MSMEs’ interests within the regional and multilateral system.	Content of Regional an multilateral agreements	Medium term	MICAF, MOT, MFAFT
		1.9.3 Increase the number of high value producing MSMEs & strengthen the international competitiveness of MSMEs	Output from MSME	Short to Medium term	MICAF, JBDC, SRC, BSJ, JAMPRO
	1.10 Promote trade to the Diaspora	1.10.1 Strengthen the involvement and contribution of the Jamaican Diaspora in national development	Metrics on Diaspora involvement; Diaspora Directory populated	Short term	MICAF, MFAFT, JBDC, JAMPRO
	1.11 Foster the increase of MSME participation in regional and global value chain	1.11.1 Increase MSME participation in the regional and global value & supply chain by facilitating greater linkages with regional and international production networks	Number of joint production and exports	Medium term	JBDC, MSME groups, MICAF, JAMPRO
		1.11.2 Continue to promote Jamaica as a key player in the global value and supply chain network	Increase value added production	Short to Medium term	MICAF, JBDC, JAMPRO,
	1.12 Promote linkages with large exporters, SEZ operators and the tourism sector	1.12.1 Framework for MSME participation in the SEZ regime	# MSMEs participation in SEZ value chains	Short to Medium term	MICAF, MOF & SEZ Authority

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/Stakeholders
<b>Goal 2: To Increase Financing to the Sector</b>					
<b>Provision of Credit</b>  Establish systems that result in an increase in the supply of credit to MSME by 20% by 2020	2.1 To promote and/or facilitate the establishment of systems that encourages suppliers of credit to target MSMEs	2.1.1 Pursue assessment of the proposal to use unclaimed (dormant) funds in the banking and insurance sectors to provide a pool of sustainable loan funds to MSMEs	Established framework No. of MSME	Medium term	MICAF, MOF, DBJ, BOJ & JBDC
		2.1.2 Expand special Lines of Credit at [concessionary] rates that will support the productive sector	Special interest rates for credits being offered to MSME	Short to medium term	DBJ, MICAF, MOF, financial institutions
<b>Equity Financing</b>  To increase the number of MSMEs utilizing equity financing by 25% by 2019	2.2 To increase the range and array of equity financing options available to MSMEs in Jamaica that is inviting to MSMEs to explore equity financing as an option for capitalizing and expanding their businesses	2.2.1 Continue to promote the Jamaica Stock Market Junior Market as a viable financing option SMEs	No. of MSMEs utilizing the platform	Medium term	JSE, DBJ, MICAF & MOF
		2.2.2 Assess the feasibility of introducing a second tier in the Junior Market for small enterprises	Findings from feasibility study	Medium term	MICAF
		2.2.3 Continue to promote the development of a regional stock exchange	Promotional campaign and advertisements	Medium term	MICAF
		2.2.4 Educate SMEs on the merits of equity financing	No. of MSMEs	Short and medium term	MICAF, MOF, JSE
		2.2.5 Continue collaboration with private sector towards the further development of a venture capital ecosystem and the use of angel financing that will provide opportunities for funding for MSMEs	No. of MSME beneficiaries	Short and medium term	MICAF and Business Community
		2.2.6 Promote the use of crowd funding to support MSME development	No. of platforms established	Short to medium term	MICAF , DBJ, MOF, BOJ & partners
		2.2.7 Explore the establishing of DIASPORA angel and venture funding, offering requisite incentives	Funding platform established and funds raised	Short to Medium term	DBJ, MOF, MICAF, MOF and MFA

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/Stakeholders
<b>Goal 2: To Increase Financing to the Sector</b>					
<b>Non-Traditional Collateral to Access Credit</b>  To raise MSME financing under the new Secured Transaction Regime	2.3 To support bank and non-banks in designing and offering of loan products under the Secured Transaction Regime targeting MSMEs	2.3.1 Address deficiencies (gaps, omissions, etc.) previously identified by experts in initial (current) Security Interest in Personal Property Act	# of Financial products designed and operating	Short term	MICAF, financial institutions, NFIS
		2.3.2 Developing robust assessment M&E tools to ascertain what is the needed resource - financing (HR, marketing or operations)	Tools developed and being employed	Short to medium term	JBDC, MICAF, Research Institutions
		2.3.3 Conduct regular monitoring and evaluation of the Secured Transactions Regime (STR) to make adjustments as required to meet policy objectives	Number of times the STR has been assessed based on the M&E data	Short term	MICAF, JBDC, COJ, Research Institution
		2.3.4 Devise a sustainable and targeted promotional programme for the STR to educate attorneys, bankers and accountants and to increase awareness in the MSME community	Increase understanding and application of the STR by service providers	Short to medium term	MICAF, relevant MDAs
		2.3.5 Conduct a feasibility assessment of an electronic factoring platform and establish the platform	Findings from the feasibility analysis	Short to medium term	MICAF, relevant MDAs
		2.3.6 Revise the legal, regulatory, and tax framework for assignment of receivables (for receivable financing)	The revised legal, regulatory and tax framework completed	Medium term	DBJ, BOJ, MICAF & MOF
		2.3.7 Seek to expand Credit Guarantee Schemes especially for export oriented, innovating firms and the creative industries	Number of MSMEs benefiting from scheme	Short to medium term	DBJ, MICAF & MOF
		2.3.8 Continue to provide financing for the business clusters using the group guarantee	Number of clusters benefiting from the programme	Short to medium run	DBJ, MICAF, JBDC & MOF

Objective	Strategy	Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 2: To Increase Financing to the Sector</b>					
<b>Capacity Development</b>  To establish systems that result in an increase in access of credit by MSMEs by 20% by 2019	2.4 To support the establishing of processes that bolsters MSMEs capacity to access and absorb credit.	2.4.1 Bolster capacity of MSMEs to improve accountability and record keeping	Improvement in accounting records of MSME	Short to Medium term	MICAF, JBDC, training partners
		2.4.2 Ensure standards are in place for the efficient and effective delivery of credit to MSMEs	Increased access to credit by MSMEs in reduce times	Short to medium term	MICAF, JBDC, BOJ, financial institutions
		2.4.3 include Special loan programmes & financing windows targeting qualified Women owned businesses, youth-owned businesses and persons with disabilities operating businesses	Number of WOBS, youth and persons with disabilities receiving loans	Short to medium term	MICAF, JBDC, financial Institutions
		2.4.4 Support the role of Credit Bureau System for increased credit worthiness of MSMEs	Increased credit based on Credit Bureau assessment	Short to medium term	MICAF, BOJ, Credit Bureaus
		2.4.5 Implement loan default insurance	Number of MSMEs benefiting from the service	Medium term	MICAF, BOJ, DBJ, Financial institutions
		2.4.6 Promulgate the Microcredit Act	Number of MSMEs benefiting from Microcredit	Short to medium term	MOF, BOJ, MICAF & Financial Institutions
		2.4.7 Promote more business development support in the area of finance to improve MSMEs capacity to manage financial resources.	Better management of financial resources among MSME	Short term	MICAF, DBJ JBDC
		2.4.8 Enhance the institutional and regulatory framework for financial service providers to provide innovative financial products and services, which will lead to greater financial inclusion	Number of innovative financial products being used by MSMEs	Short to medium term	MICAF, MOF, JBDC, DBJ & financial institutions

Objective	Strategy	Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 2: To Increase Financing to the Sector</b>					
		2.4.9 Increase awareness of grant funding opportunities to support MSMEs	Increase uptake of grant funding by MSME	Short to medium run	MICAF, JBDC, Funding Agency
		2.4.10 Increase awareness of traditional and alternative financial services available to MSMEs through effective communication and education	Increase uptake of traditional and non-traditional financing by MSMEs	Short to medium term	DBJ, MICAF, JBDC, Funding Agencies
		2.4.11 Develop new distribution channels for on lending of funds to MSMEs.	Number of MSMEs using these new distribution channels	Medium term	DBJ, MICAF. MOF and Financial Institutions
<b>Interest Rates for MSME Loans</b>	2.5 To guide the establishing of systems, which encourages credit facilities to offer loans at lower interest rates to MSMEs	2.5.1 Ensure an efficient process to on-lend development funds.	Number of beneficiaries from development loan	Short to medium run	DBJ, PIOJ, BOJ, MICAF & MOF
To reduce interest rates on credit offered to MSMEs		2.5.2 Identify sustainable sources of funds to expand the pool of funds for on-lending at soft interest rates	Decreasing market interest rates	Short to medium term	MICAF, MOF, JBDC

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 3: To Enhance Business Development Support to the Sector</b>					
<b>Comprehensive Training and Development Framework</b>  To increase the number of MSMEs accessing training and development by 30% by 2019	3.1 To support the establishing of a network of accessible service providers that offer capacity building for MSME sector	3.1.1 Pursue a network model for business development support services delivery in line with the SBDC model	Membership in the network – training programmes and manuals	Short to medium term	MICAF, JBDC & other service providers
		3.1.2 Establish a MSME Business News Web Portal to provide ongoing information and access to web based training tools	News web portal established	Short to medium term	MICAF and JBDC, other service providers
		3.1.3 Sensitize MSMEs on the need to protect intangible assets such as copyrights, trademarks, patents	Number of persons/clubs protecting their intangible assets	Short to medium term	MICAF, JBDC, JIPO
		3.1.4 Utilize Geo-Informatics Systems to map and create the necessary resource centers/clusters available for the MSMEs	Findings are recommendations from mapping exercise	Medium term	MICAF & JBDC
		3.1.5 Design a system to re-align the mindset of students to become both entrepreneurs and intra-preneurs	Proposed system and strategy finalized	Short to medium term	MICAF, MOE, Teachers colleges
		3.1.6 Engage the Ministry of Education (MOE) to integrate Business Management & Entrepreneurship in the teacher-training curriculum	Number Teachers being taught and certified in Management and Entrepreneurship education	Short to Medium term	MICAF, MOE, Universities & Colleges
		3.1.7 Provide more direct support to local not for profit organizations e.g. SBAJ & the MSME Alliance	Number of Programmes supported by MICAF	Short to medium term	MICAF, JBDC

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 3: To Enhance Business Development Support to the Sector</b>					
<b>Technical Skill Levels of MSMEs</b> To bolster the technical skill levels of the MSME sector by 20% by FY2018/19 resulting in increasing total factor productivity within the sector.	3.2 To support the establishing of a network of accessible service providers that offer technical capacity building for MSME sector	3.2.1 Inculcate methodologies that support MSME development over the entrepreneurship process	# of MSMEs with Business Portfolios – structure of the incubator systems	Short term	MICAF, JBDC, Incubation providers
		3.2.2 Facilitate the compilation of an online directory of available technical training assistance resources	Directory established;  # of clients using platform;	Short to medium term	MICAF, JBDC & HEART Trust NTA
		3.2.3 Accelerate the wider incorporation of technical/vocational training throughout the educational system	# of institutions offering technical/vocational training	Short to medium term	MICAF, MOE, HEART Trust NTA & Academic Institutions
		3.2.4 Support incubators and accelerators in providing capacity building support to prepare them for attracting funding support	Number of incubators offering service to startup companies	Short to Medium term	MICAF, DBJ, Startup Jamaica & JBDC
		3.2.5 Collaborate with existing programmes that supports entrepreneurship including the Community Empowerment and Transformation Programme COMET II, JSIF's REDI programme, SDC's LED programme and NHT's Best Schemes Programme	Number of joint programmes implemented	Short term	MICAF, MLGCD, JBDC & other stakeholders
		3.2.6 Promote the enhancement of the Career Advancement Programme (CAP) to facilitate application of technical learning	Technical training programmes facilitated under CAP	Short and medium term	MICAF, JBDC, MLGCD, HEART Trust NTA & CAP

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/Stakeholders
<b>Goal 3: To Enhance Business Development Support to the Sector</b>					
		3.2.7 Promote awareness of the importance of technical skills in the development and growth of MSMEs through libraries, youth clubs, the 4H Clubs and other outreach programmes	Number of youth entrepreneurs expressing interest in technical skills programme	Short to medium term	MICAF, JBDC, SDC, 4 H clubs and partnering groups
		3.2.8 Bolster capacity of MSMEs to apply technology road-mapping and horizon scans in identifying and selecting the most relevant existing and emerging technologies to use in their businesses.	Number of MSMEs participating in workshops; applying tools in technology decisions	Medium term	MICAF, DBJ JBDC & training institutions
<b>Structured Network of Resource Persons</b>  To establish a structured network of resource persons that can provide mentorship to MSMEs, by 2019	3.3 To guide the development and implementation of plan for a structured mentorship programme in the sector, comprising of local, regional, diaspora and international personnel	3.3.1 Establish Primary, Tertiary to High School mentorship programmes, from CAPE to BSc and Graduate programmes	Number of mentorship programmes implemented	Short to medium term	MICAF, MOE, & CXC
		3.3.2 Establish networks with Diaspora Alumni Associations to support transnational mentorship programme.	Number of active participants in the network	Short to medium term	MICAF, MFAFT, JBDC, DBJ & Diaspora Groups
		3.3.3 Expand existing internship programme with private sector entities that are embracing of creativity, innovation & entrepreneurship	Number of participants in the internship Programme	Short to medium term	MICAF, JBDC and the relevant Partners
		3.3.4 Encourage entrepreneurs, senior executives and business professionals with proven track records in particular fields to volunteer as mentors	Number of volunteers in the programme	Short to medium term	MICAF, JBDC and the relevant Partners
		3.3.5 Recognize business mentors for their contributions through annual awards ceremonies	Number of mentors awarded	Short to medium term	MICAF, JBDC, DBJ & Partners
		3.3.6 Facilitate networking opportunities for MSMEs	Resources provided; events organized	Short run	MICAF, JBDC and the relevant partners

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/Stakeholders
<b>Goal 3: To Enhance Business Development Support to the Sector</b>					
		3.3.7 Organize educational activities to enhance the mentorship experience through seminars, workshops, visits, etc.	Number of workshops and seminars conducted	Short to medium term	MICAF, JBDC and the relevant partners
		3.3.8 Facilitate and promote online business counseling	Number of beneficiaries from online platform	Short to medium term	MICAF, JBDC and the relevant partners
<b>Demand for Traditional Goods and Services Produced by MSMEs</b>  To increase the market share for goods and services produced by MSMEs by 10% annually	3.4 Facilitate the establishment of a system that guides MSME concept and product development specific to the targeted markets	3.4.1 Develop a direct marketing strategy targeting the Diaspora Market	Marketing strategy completed	Short to medium term	MICAF, JAMPRO, JBDC, MFAFT
		3.4.2 Bolster JBDCs outlets and Productivity Centres so as to expand their services to increased clientele emphasizing brand Jamaica	Number of outlets and beneficiaries	Short to medium term	MICAF & JBDC
		3.4.3 Continue research & disseminate information to local MSMEs about key requirements in international markets	Research findings & Reports	Short to medium term	MICAF, JBDC and research institutions
		3.4.4 Facilitate the promotion of non-traditional exports such as the creative arts, ethnic food and apparel, through overseas missions and consulates	Increase in exports of non-traditional products	Short to medium term	JBDC, MICAF, JAMPRO
		3.4.5 Continue to provide an outlet for better retailing of products by MSMEs with emphasis on the supply to notable Caribbean Diaspora	Number of MSME utilizing the outlets	Short to medium run	MICAF, JBDC, MFAFT, JAMPRO
		3.4.6 Facilitate the promotion and strengthening of agencies that play a vital role in the areas of standards-setting, package design and marketing	Number of agencies receiving supports	Short to medium term	MICAF, BSJ & JBDC
		3.4.7 Help to market and showcase the products and services of MSMEs through the internet	Internet platform established and operationalised	Short to medium term	MICAF, JBDC and STATIN

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 3: To Enhance Business Development Support to the Sector</b>					
		3.4.8 Strengthen agencies that play a key role in the identification, facilitation and development of products with a high export potential	Number of agencies receiving support	Short to medium term	MICAF, JBDC, SRC, BSJ & JAMPRO
		3.4.9 Support business support organizations that promote MSME-produced goods and services among children in schools, so as to develop life-long loyalty to local products	Number of agencies receiving support	Short to medium term	MICAF, JBDC & MOE
		3.4.10 Promote greater linkages among MSMEs and large businesses in the tourism sector and SEZ MSME involvement in local and global value chains	Number of partnerships established	Short to medium term	MICAF, PIOJ, SEZA, JBDC, MOT, JAMPRO
<b>Marketing and Communication Skills</b>  To increase the marketing and communication skills among 20% of MSMEs annually	3.5 To support the greater use of technology in the development of programmes that bolsters MSMEs capacity to market and communicate more effectively	3.5.1 Promote and facilitate technical training to help build marketing and communication capacity among MSMEs, through the support of both private and public technical Business Development Service (BDS) providers	Number of workshops conducted	Short to medium term	MICAF, JBDC & HEART Trust NTA
		3.5.2 Promote MSME awareness of BDS providers, which focus on the improvement of marketing skills	Number of MSMEs that are more aware of BDS providers and their services	Short to medium term	MICAF, JBDC & DBJ
		3.5.3 Facilitate the use of ICT as an avenue for MSME operators to access information necessary to facilitate “self-paced” empowerment and knowledge	Number of MSMEs using the ICT platform	Short to medium term	MICAF, MSET, JBDC & other partners
		3.5.4 Encourage MSMEs to use online social networks to promote their products	Number of MSMEs using social network	Short to medium term	MICAF, JBDC, other partners

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/Stakeholders
<b>Goal 3: To Enhance Business Development Support to the Sector</b>					
		3.5.5 Implement structured internship programmes involving tertiary level students in order to increase business development support in the area of marketing and communication	Number of participants in the programme	Short to medium term	MICAF, JBDC, MOE and Tertiary Institutions
<b>Business Clusters/Centres</b>  To increase the number of business clusters in the sector by 10% annually	3.6 To foster collaboration between the public and private sectors and other stakeholders in developing business clusters and to support programmes that guide how business clusters are developed within the MSME sector	3.6.1 Revisit the JBDC approach to clustering to incorporate lessons learnt so as to guide future efforts.	Review of approach, findings and recommendations	Short term	MICAF & JBDC
		3.6.2 Collaborate with the private sector, MSME associations and academia to deliver a pointed and persistent education programme to inform MSMEs of the benefits of being part of a cluster	Number of workshops and events conducted	Short to medium term	MICAF & JBDC
		3.6.3 Facilitate the hosting of quarterly idea exchange sessions for specific business clusters across the country. Facilitate presentations that will help to ignite creative thinking especially among business leaders	Quarterly events held	Short to medium term	MICAF, JBDC & partners
		3.6.4 Develop a coordinated and structured methodology for accessing funds/resources offered by multinational organizations to support the formation and/or improvement of business clusters	Structured for accessing funds and resources established	Short to medium term	MICAF PIOJ & JBDC
		3.6.5 Partner with real estate owners/developers to provide suitable building infrastructure for small businesses	Number of MSMEs accessing suitable infrastructure through this network	Medium term	MICAF, JBDC FCJ & other partners
		3.6.6 Allocate underutilized government buildings for business clusters, centres and zones, with special emphasis on communities with high rates of unemployment	Number of building being utilized as cluster under the programme	Short to medium run	MICAF, FCJ & JBDC

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/Stakeholders
<b>Goal 3: To Enhance Business Development Support to the Sector</b>					
<b>Standards, Quality and Safety of Products and Services</b>  To increase the competitiveness and market access of goods and services that meets international standards and certification by 10% annually.	3.7 To facilitate the amplification of processes, which ensure that MSMEs goods and services meet the required standards, certification and accreditation for entry into targeted markets	3.7.1 Identify and address the issues MSMEs face with becoming involved in the standards development process	List of issues faced by MSME	Short term	MICAF, JBDC, SRC and BSJ and Partners
		3.7.2 Develop and implement communication mechanisms to increase the awareness among MSMEs about the benefits of standards and certification (product and management systems)	Communication mechanism developed  Number of MSMEs that are aware of standards and certification	Short to medium term	MICAF, JBDC, SRC
		3.7.3 Develop and implement initiatives (e.g. provision of training, technical guidance, grants) to support MSMEs in the implementation and maintenance of regional and international standards	# of training and technical assistance workshops conducted	Short to medium term	MICAF, SRC BSJ and JBDC
		3.7.4 Encourage MSMEs to seek certification (product and management system) for their goods and services	# of MSMEs with certified goods and services	Short to medium term	MICAF, BSJ, SRC and JBDC
		3.7.5 Identify and seek to reduce or remove selected business constraints, including technical barriers to trade, faced by MSMEs	List of constraints identified	Short to medium term	MICAF, MFAFT & JBDC
		3.7.6 Ensure that relevant and up-to-date information on standards-related market access requirements in export countries is identified and provided to MSMEs	Body of up to date information on standards access requirement	Short to medium term	MICAF, JBDC, BSJ, SRC
		3.7.7 Promote the certification and accreditation services provided by the National Certification Body (NCBJ) and the Jamaican National Agency for Accreditation (JANAAC)	# of MSMEs certified	Short to medium term	MICAF, JBDC, NCBJ and JANAAC

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 3: To Enhance Business Development Support to the Sector</b>					
		3.7.8 Provide accreditation-related training and make relevant technical information available to MSMEs	# of MSMEs accredited	Short to medium term	MICAF & JBDC
		3.7.9 Promote ISO 9001-2008 quality management system certification across the entire public and private sectors to modernize quality management systems in their organizations	Number of MSMEs certified by ISO standards	Short to medium term	MICAF, JBDC, BSJ, SRC
		3.7.10 Establish Quality-Based Competitions in the MSME sector, the reward for which will be mentorship from successful businesses	Number of competitions held	Short to medium term	MICAF, JBDC, SRC and BSJ
		3.7.11 Adopt a more niche marketing strategy for MSMEs, in particular the Jamaican and Caribbean Diaspora	# of MSME accessing niche markets for their products	Short to medium term	MICAF, MFAFT, JBDC & JAMPRO
<b>Labour Productivity and Labour Conditions</b>  To improve the total factor productivity of the MSME labour force by 5% annually	3.8 To facilitate the networking of HR service providers and MSMEs so as to ensure continuous improvement in labour productivity and the working environments.	3.8.1 Collaborate with HMRAJ to ensure that the labour force supports the cutting edge needed for bolstering the factor productivity of the employee and the overall venture	Increasing in factor productivity among MSMEs	Short to medium term	MICAF, HMRAJ, MLSS and JBDC
		3.8.2 Increase the capacity of the Jamaica Productivity Centre to expand technical assistance to all MSMEs	# of MSME receiving support from Jamaica Productivity Centre	Short term	MICAF, JBDC, MLSS and JPC
		3.8.3 Encourage and reward MSMEs that offer training and development to staff	# of MSMEs that received rewards	Short to medium term	MICAF & JBDC
		3.8.4 Enforce existing legislation regarding occupational health and safety and other issues	Changes in the number of MSMEs reported for breach of legislation	Short to medium term	MICAF, MOH & MLSS
		3.8.5 Increase awareness and facilitate greater utilization of the services provided by the Ministry of Labour and Social Security to help MSMEs with effective job matching	# of MSMEs using the job matching platform	Short to medium term	MICAF, JBDC & MLSS

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 3: To Enhance Business Development Support to the Sector</b>					
<b>Creative Industries</b>  To increase participation of MSMEs in the creative industry by 10% annually	3.9 Collaborate with relevant ministries in implementing the Creative Industry Strategic plan, which centralizes the role that MSMEs play in producing goods and services offered within this industry	3.9.1 Support the revision of the existing Creative Industry Strategic Plan, while implementing relevant recommendations therein	Review report and list of recommendations submitted	Short term	MICAF, JBDC, MOT, MCGES & JAMPRO
		3.9.2 Ensure alignment of Creative Industry Strategic Plan among all the relevant stakeholders	Increase MSME participation in these CI	Short to medium term	JBDC, MICAF, MCGES & JAMPRO
		3.9.3 Support the establishing of a Creative Industry Institute with departments with responsible for individual components of the industry including sports, music, fashion, film, cuisine, etc. as recommended in the 2008 strategic plan	Institute operationalized	Short to medium term	MICAF, JBDC, MOT, MCGES & JAMPRO
		3.9.4 Facilitate special training for MSMEs operating in the creative industries. Training should be offered in areas such as business practices for these industries and the use of ICT tools in production and commercialization of creative goods and services	Number of workshops/training sessions completed	Short to medium term	MICAF, JBDC, MOT, MCGES & JAMPRO
		3.9.5 Facilitate e-training through Massive Open Online Courses (MOCCs) which are available in business practices, film-making, etc.	Number of MSMEs participating in online training	Short term	MICAF, JBDC, JAMPRO, Universities and Colleges
		3.9.6 Facilitate greater links with the Diaspora to expand the market for authentic creative goods and services	Increasing demand from the Diaspora for goods and services	Short term	MICAF, JBDC, MOT, MCGES, MFAFT & JAMPRO
		3.9.7 Alignment with the national craft policy to facilitate the diversification of creative products and maximize the export potential of MSMEs involved in the creative industries by having a strong link with Brand Jamaica	Number of goods and services recognized as brand Jamaica.	Short run	MICAF, JBDC, MCGES, MOT MFAFT & JAMPRO
		3.9.8 Promote non-traditional exports in the creative industries e.g. creative arts, ethnic food, and apparel	Increase in non-traditional exports	Short and medium term	MICAF, JAMPRO and JBDC

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/Stakeholders
<b>Goal 3: To Enhance Business Development Support to the Sector</b>					
		3.9.9 Increase awareness of the global creative economy among entrepreneurs	Number of MSMEs who are more aware of the global creative economy	Short to medium term	MICAF, JBDC, MCGES, MOT MFAFT & JAMPRO
		3.9.10 Address issues related to the implementation of the various trade agreements and facilitate greater ease of entry into African, Caribbean and Pacific markets	List of issues addressed	Short to medium term	MICAF, JBDC, MCGES, MOT MFAFT & JAMPRO
		3.9.11 Increase resources to the Jamaica Intellectual Property Office (JIPO) to help increase public awareness of the value of intellectual property and how to secure it	Increase activities by JIPO in raising public awareness of IP, number of MSME protecting ideas	Short to medium term	MICAF, JBDC, MCGES, MOT MFAFT & JAMPRO
		3.9.12 Create greater linkages between the creative industries and other sectors of the economy such as tourism	Number of MSME operating ventures across the sectors	Short to medium term	MICAF, JBDC, MCGES, MOT MFAFT & JAMPRO
		3.9.13 Develop networks and clusters specifically for the creative industries and establish more business incubators for creative entrepreneurs	Number of clusters and incubators established	Short to medium term	MICAF, JBDC, MCGES, MOT, SUJ, MFAFT & JAMPRO
		3.9.14 Encourage greater application of ICT in the production, distribution and marketing of creative products and services	Number of MSMEs using ICT in production, distribution and marketing	Short to medium term	MICAF, JBDC, MSET, MCGES, MOT MFAFT & JAMPRO
		3.9.15 Provide more suitable financing options for entrepreneurs operating in creative industries	Number of MSMEs securing financing through options organised	Short to medium term	MICAF, JBDC, MOF
		3.9.16 Strengthen institutional support organizations such as Jamaica Intellectual Property Office (JIPO), Jamaica Association of Composers, Authors and Publishers Limited (JACAP), Jamaican Copyright Licensing Agency (JCAP) and Jamaica Music Society (JAMMS)	List of institutions that received support	Short to medium term	MICAF, JIPO, JACAP, JCAP, JAMMS

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 3: To Enhance Business Development Support to the Sector</b>					
		3.9.17 Consider reducing IP registration fees to drive registration and commercialization on IP	Number of MSMEs registering IP given reduce fees	Short term	MICAF, JIPO, MCGES & JBDC
		3.9.18 Increase data and information on the creative industries and update study on economic contribution of the Copyright-based industries in Jamaica	Data generated on the industry – report on study/findings	Short to medium term	MICAF, JBDC, JIPO, MSET, MCGES, MOT MFAFT & JAMPRO
<b>Goal 4: To Foster a Culture of Entrepreneurship and Innovation</b>					
<b>Entrepreneurial Skills</b>  To increase the uptake of sound entrepreneurial practices among MSMEs over their life cycle by 10% annually.	4.1 To support and design a coordinated approach at the national level to promote capacity building and public education for MSME in sound entrepreneurial practices	4.1.1 Expand the inclusion of entrepreneurship and business management in the curricula of all LEVELS with a practical component	Number of amended curriculum being applied; Number of business formed by students	Short to Medium term	MOE, JBDC, Academic Institutions, CXC CAPE
		4.1.2 Pursue and support youth entrepreneurship programmes and design events that provides public recognition for excellence	Number of events and awards	Short run	MICAF, MOE, JBDC and Partners
		4.1.3 Partner with the stakeholder groups to promote entrepreneurship throughout the country, highlighting possibilities for generating wealth and transforming the economy	Number of promotional events supported by MICA	Short run	MICAF, JBDC and Partners
		4.1.4 Promote the development of ecosystem with incubators and accelerators to assist start-ups with the technical support needed to attract investors	Number of incubator and accelerator systems supported	Short to medium term	MICAF, MSET, SUJ, JBDC and Partners
		4.1.5 Encourage MSMEs to employ creativity and innovation by employees as a strategy to achieve competitive advantage and spur innovation at all levels of the organization	Number of innovation developed by MSMEs	Short to medium term	MICAF, JBDC, JIPO, BSJ, SRC

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 4: To Foster a Culture of Entrepreneurship and Innovation</b>					
<b>Business Sustainability and Fear of Failure</b>  To ensure that MSMEs have access to specialized support in the event of insolvency	4.2 To engage stakeholders towards the design of a structured programme of support that is accessible to all MSMEs experiencing losses or insolvency to restructure and turnaround their operations	4.2.1 Develop programmes that demystify bankruptcy legislation for the reorganization of viable MSMEs in financial distress	Uptake of service facilitated by the simplified bankruptcy legislation	Short to medium term	MICAF, MOF, JBDC, Financial Institutions
		4.2.2 Educate business owners and managers on how to choose and execute strategies for sustainable turnaround	Number of MSMEs that turnaround their businesses	Short to medium term	MICAF, JBDC, financial Institutions & other partners
		4.2.3 Devise specific programmes on business counseling and advisory services for troubled firms	Number of MSMEs that utilize services	Short to medium term	JBDC & other partners
<b>Innovation &amp; Productivity through Science, Technology, Research and Development</b>  Increase the number of MSMEs using science and technology and R&D by 10% annually	4.3 To support a innovation network among MSMEs, state entities and other institutions, which supports knowledge sharing, technology innovation and R&D	4.3.1 Continued emphasis on effective Intellectual Property protection and incentives to bolster the culture of creativity and innovation, while strengthening the capacities of entities like the JBDC, SRC and the BSJ to nurture, accommodate and grow innovation	Number of innovations developed and protected	Short to medium term	MICAF, JBDC, JIPO, SRC, BSJ
		4.3.2 Support the transformation of traditional community centres and shared public spaces into innovation centres	Number of centres transformed	Short to medium term	JBDC, SDC, MICAF, JCF

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 4: To Foster a Culture of Entrepreneurship and Innovation</b>					
		4.3.3 Partner with the MSME umbrella organizations to actively promote awareness technology in a competitive global marketplace	Number of events conducted and uptake of technology by MSME	Short to medium term	JBDC, SRC, BSJ, MICAFA
		4.3.4 Strengthen the delivery of on-the-job sensitization and training modules with emphasis on making the existing technologies more efficient	Number of modules delivered	Short to medium term	MICAFA, JBDC and HEART/NTA
		4.3.5 Establish incubators to support MSMEs involved in science, technology and innovation	Number of incubator supported or established	Short to medium term	MICAFA, JBDC, SRC, SUJ, BSJ and Tertiary Institutions
		4.3.6 Promote greater use of technology especially in schools	Uptake of technology by schools	Short to medium term	MOE, MSET, MICAFA & JBDC
		4.3.7 Provide information on innovation and technological and scientific business development services afforded by private and public institutions	Database of information on innovation and technology	Short to medium term	MICAFA, JBDC, MSET, SRC & BSJ
		4.3.8 Encourage umbrella organizations to provide information on technological and scientific business development services to their members	Information provided to members	Short to medium term	MICAFA, MSET, JBDC & Partners
		4.3.9 Encourage MSME umbrella organizations, et al to develop and use online customer/client relationship management (CRM) software to help stimulate productivity	Uptake of CRM software among MSMEs; changes in productivity levels among MSMEs	Short to medium term	MICAFA, JBDC and partners
		4.3.10 Aligning the scientific research and development resources of the country to the opportunities in the marketplace through Ministry-University-Industry collaboration	Number of collaboration embarked upon by partners	Short term	MICAFA, JBDC, Universities and Industry partners

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 4: To Foster a Culture of Entrepreneurship and Innovation</b>					
<b>Innovation and Productivity through Information Communication Technology (ICT)</b>  Increase the number of MSMEs using ICT products and services by 10% annually.	4.4 To support an innovation network among MSMEs, state entities and other institutions that supports the adaptation of ICT products and services by MSMEs.	4.3.11 Modernise the legislative framework to govern matters related to patent legislation	Revised framework	Short term	MICAF, JIPO, SRC
		4.4.1 Actively promote the importance of creativity as a precondition for innovation, hence the need to focus on STEAM and not just STEM in the national education programme	Inclusion and emphasis on the arts in national educational curriculum	Short to medium term	MICAF, MOE, CAPE
		4.4.2 Promote the introduction and greater emphasis on coding, robotics and animations within the education system as a way of promoting technology innovation within the formative years of school	Inclusion of coding and robotics in curriculum	Short to medium term	MICAF, MOE and CAPE
		4.4.3 Support technical training and education to develop a cadre of knowledge workers capable of being instrumental in local and international investments in the ICT sector and the wider economy	Number of programmes supported and implemented Number of MSMEs trained and certified	Short to medium term	MICAF, MOE, state agencies specifically HEART/NTA
		4.4.4 Support technical training and education to develop a cadre of MSMEs capable of partnering with foreign direct investors	# of programmes supported # of MSMEs trained and certified	Short to medium term	MICAF, MFAFT HEART/NTA
		4.4.5 Support the introduction of ICT-enabled services to the sector, including Mobile Money and other innovative products and services that will boost the productivity of MSMEs as well as enhance the delivery of business service providers in the sector	# of ICT enabled MSMEs  # of MSMEs using equity and other types of financing	Short to medium term	MICAF, SRC MICAF, MSET, JBDC, funders
		4.4.6 Facilitate the provision of private equity financing and other types of financing options for high-tech MSMEs (those involved in innovation and creation of ICT products and services) that need to acquire ICTs for business development purposes	# of MSME beneficiary	Short to medium term	MICAF, MSET, JBDC, funders

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 4: To Foster a Culture of Entrepreneurship and Innovation</b>					
		4.4.7 Promote the marketing of local products and services through online social networks	Number of MSMEs using platform; platform developed and implemented	Medium term	MICAF and JBDC
<b>Goal 5: To Foster a Framework for Social Value Creation</b>					
<b>Social Capital</b>  To establish a knowledge-sharing platform for MSMEs by January 2018	5.1 To support the development of a knowledge-sharing platform which facilitates effective dialogue among MSMEs	5.1.1 Collaborate with MSME umbrella organizations and trade associations to foster greater social capital among MSMEs	Increase in social capital among MSMEs	Short to medium term	MICAF, JBDC and Partners
<b>Social Value Creation</b>  To ensure that the national policy framework and architecture account for the creation of social value and the social economy	5.2 To facilitate the review and expansion of the MSME and Entrepreneurship Policy to create an enabling environment for the continued development of the Social Economy in Jamaica	5.2.1 Ensure widespread awareness of the concept of social enterprises as part of the business ecosystem	Increasing services being offered to SEs	Short term	MICAF, JBDC and SE partners
		5.2.2 Ensure all entities offering business development support services are trained to support social entrepreneurship	Workshop conducted	Short to medium term	MICAF, JBDC and SE partners
		5.2.3 Promote creativity and innovation in entrepreneurship to address social issues	Innovative solutions to resolve social concerns	Short to medium term	MICAF, JBDC and SE partners
		5.2.4 Promote cross-fertilization and social capital building between MSME and SE sub sector	Increase access to resources by MSMEs and SEs	Short to medium term	MICAF, JBDC and SE partners

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 5: To Foster a Framework for Social Value Creation</b>					
		5.2.5 Collect national data on the value being created by social enterprises, build a central database and conduct tracer studies	Data base established, research completed	Short to medium term	MICAF, JBDC and SE partners, Universities
		5.2.6 Develop and/or adapt an analytical tool (SROI) to measure social value creation which should inform businesses that provides supportive products or services (e.g. financing) to social enterprises	Tools developed and applied;	Short to medium term	MICAF, JBDC and SE partners, Universities
		5.2.7 Support the establishment of national organization with responsibility for organizing, supporting and advocating for the social enterprise sector	SE organization established and operationalised	Short to medium term	MICAF, JBDC & SE partners, researchers/Universities
		5.2.8 Develop a code of ethics for the social enterprise sector	Agreed Codes established	Short to medium term	MICAF, JBDC and SE partners, researchers/Universities
		5.2.9 To research & propose viable legal structures for social enterprise operation	Submitted proposed ideas	Short to medium term	MICAF, JBDC, MOFPS, COJ & SE partners, researchers/Universities
		5.2.10 Support the inclusion of the social enterprises sector under the GOJ governance framework in terms of legislation, programmes and institutions	SE organization established and operationalised	Short to medium term	MICAF, JBDC, PIOJ and SE partners, researchers/Universities
		5.2.11 Support capacity building that strengthens and supports the growth of the social enterprise sector	Capacity building workshops and programmes	Short to long run	MICAF, JBDC and SE partners, researchers/Universities

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 6: To Address Cross Cutting Issues in the Sector</b>					
<b>Gender Sensitivities in Business</b>  To ensure that the MSME and Entrepreneurship policy structure allows women and men equal access to resources to support their venture's growth and development	6.1 To establish a MSME and Entrepreneurship policy structure that ensures equality and equity of opportunities between women-owned and men-owned business	6.1.1 Continuously identify factors that constrain the participation of women in business, through partnership with the Women Owners Limited and other women's associations and develop appropriate strategies to address the constraints	List of identified constraining factors	Short to medium term	MICAF, JBDC and SE partners, researchers/Universities
		6.1.2. Build capacity of organizations/entities to design and deliver programmes that take the unique challenges of female and male entrepreneurs into account	Capacity building workshop	Short to medium term	MICAF, JBDC and WOB partners, researchers/Universities
		6.1.3 Support the mission of non-governmental organizations and business such as Social Enterprises that are set up to address the needs of marginalized gender	Number of SEs supported	Short to medium term	MICAF, JBDC and SDC
		6.1.4 Facilitate training with at least fifty percent (50%) of training resources allocated to women entrepreneurs	Number of women trained in workshops	Short to medium term	MICAF, JBDC and WOB partners, researchers/Universities
		6.1.5 Develop business incubators, to facilitate innovation particularly in ICT and the use of indigenous material, with at least thirty percent (30%) WOB occupation	Number of incubators developed that supports WOB	Short to medium term	MICAF, JBDC and SE partners, researchers/Universities
		6.1.6 Partner with Women Owners Limited in the development of business-related policies/strategies for women	Policies and strategies developed	Short to medium term	MICAF, JBDC and WOB partners, researchers/Universities

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 6: To Address Cross Cutting Issues in the Sector</b>					
<b>Persons with Disabilities</b>  To establish a national policy framework that allows for full inclusion, opportunities and support for persons with disabilities within the business community	6.2 To facilitate and guide the establishing of a national policy framework that allows for full inclusion, opportunities and support for persons with disabilities within the business community	6.2.1 Enforcing regulation ensuring that all public and private facilities are disability friendly in their construction, while providing incentives/rewards for compliance to support reconstruction/retrofitting of such facilities	Number of entities that are compliant	Short to medium term	MICAF, JBDC, Disability partners
		6.2.2 Build the capacity of organizations/entities to design and deliver programmes that consider the needs of physically challenged entrepreneurs	Workshops conducted; programmes developed	Short to medium term	MICAF, JBDC, Disability partners
		6.2.3 Support the mission of non-governmental organizations and business such as Social Enterprises that are set up to address the needs of the physically challenged	Number of SEs supported	Short to medium term	MICAF, JBDC, SEs, Disability partners
		6.2.4 Establish programmes or a web portal dedicated to the promotion, networking and education of physically challenged entrepreneurs	Web portal developed; number of users and content	Short to medium term	MICAF, JBDC, Disability partners
		6.2.5 Provide increased funding for the small-scale entrepreneurship venture under the Rehabilitation Grant	Number of funding recipients; value of funding offered	Short to medium term	MICAF, JBDC, Disability partners
		6.2.6 Develop special training programmes that respond to needs of business operators with disabilities	Training programmes developed; number of beneficiaries from training	Short to medium term	MICAF, JBDC, Disability partners

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 6: To Address Cross Cutting Issues in the Sector</b>					
		6.2.7 Encourage MDAs, NGOs and other groups to provide training, financing and other business development support to persons with disabilities	# of training programmes supporting the disabled community  # of participants and/or beneficiaries in programme	Short to medium term	MICAF, JBDC, Disability partners
<b>Youth in Business</b>  To establish a MSME and Entrepreneurship policy structure, which supports youth entrepreneurship as a strategy for youth empowerment and employment	6.3 To establish a MSME and Entrepreneurship policy structure that supports youth entrepreneurship as a strategy for youth empowerment and employment	6.3.1 Implement the Youth Entrepreneurship Strategy in an attempt to create an enabling framework for the development of successful and sustainable youth-led businesses	Youth Policy Indicators; Number of established youth led business	Short to medium term	MICAF, JBDC, Youth Service focus partners
		6.3.2 Establish a resource and support network within the strategy including HEART/NTA, NHT, NCYD, SDC, JSIF, CSJP, JCF and CHASE which have funding and programme that supports enterprise development	Network platform;  # of youths groups securing funding	Short to medium term	MICAF, JBDC, Youth Service focus partners
		6.3.3 Support the mission of non-governmental organizations and business such as Social Enterprises that are set up to address the needs of marginalized youth	# of SEs and NGOs that receive support	Short to medium term	MICAF, JBDC, Youth Service focus partners
		6.3.4 Partner with institutions such as the HEART/NTA to attract and engage youth in basic literacy and numeracy skills development to help with assimilation of information on entrepreneurship	# of youths participating in programme	Short to medium term	MICAF, JBDC, Youth Service focus partners, HEART/NTA
		6.3.5 Enhance the reach of the JBDC by equipping it with resources that will help them to provide mentors for the youth	# of youths mentored under the programme	Short to medium term	MICAF, JBDC, Youth Service focus partners
		6.3.6 Create community clusters for youth-led enterprises	# of clusters operationalised	Short to medium term	MICAF, JBDC, partners

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 6: To Address Cross Cutting Issues in the Sector</b>					
		6.3.7 Strengthen NGOs such as the People's Action for Community Transaction (PACT) to help encourage interest in entrepreneurship	Number of NGOS strengthened	Short to medium term	MICAF, JBDC, Youth Service focus partners
<b>Climate Change &amp; Environmental Degradation</b>  To increase the number of MSMEs that are utilizing environmental and climate change best practices in their operations by 10 % annually	6.4 To support efforts and collaborate with relevant state and non-state institutions in ensuring that a proper system is in place to ensure environmental stewardship, guard against negative climate change and protection in MSME operations	6.4.1 Sensitize MSMEs on the need to protect the environment and the positive relationship among goodwill/reputation, efficiency in resource use and overall profitability of venture	Number of MSMEs incorporating environmental stewardship in their operations	Short to medium term	MICAF, JBDC, Environmental Partners
		6.4.2 Ensure that some of the revenue from the Environmental Levy will fund recycling activities and other projects and programmes, which serve to protect the environment and guard against climate change	Expenditures made on activities; projects completed	Short to medium term	MICAF, JBDC, Environmental partners
		6.4.3 Promote conformity among MSMEs, to National Environmental Policies and Legislation	Number of MSMEs that comply within policies and legislation	Short to medium term	MICAF, JBDC, Environmental partners
		6.4.4 Providing incentives for adaptation of green innovation and solutions	List of incentive offered and secured by MSMEs	Short to medium term	MICAF, JBDC, Environmental partners
		6.4.5 Recognize, through national awards, MSMEs that undertake 'green initiatives' which contribute to sustainable development	Number of MSME awardees	Short to medium term	MICAF, JBDC, Environmental partners
<b>Continuous and Comprehensive Empirical Data on MSMEs</b>  To establish a data mining system for the MSME sector	6.5 To facilitate the process where stakeholders in the sector can generate, collate and analyse data relevant to the growth and development of the MSME sector	6.5.1 Establish an interagency working group, headed by the Statistical Division of MICAF and supported by the MSME Office that will be focused on the development of key statistical indices for the MSME sector	Statistical Indices developed and being utilized	Short term	MICAF, JBDC and partners

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 6: To Address Cross Cutting Issues in the Sector</b>					
		6.5.2 Support the efforts of STATIN to complete a comprehensive enterprise survey during 2017/18	Survey completed - findings	Short to medium term	MICAF, JBDC, STATIN
		6.5.3 Develop a research network among STATIN and research institutions/academia to populate data base, significant base line data has been generated on the Social Economy which can be used to guide the surveys for the traditional MSME sector	Data gathered	Short run	MICAF, JBDC, STATIN and University researchers
		6.5.4 Develop cooperation protocols with TAJ and JCA to provide a source of ongoing data on categories of registered taxpayers as defined in the Policy	Data mined from partners	Short to medium term	MICAF, JBDC, partners
		6.5.5 Explore methods of data collection through the Ministry of Local Government, Parish Councils and SDCs	Data collected through CDCs, PCs and SDC	Short to medium term	MICAF, JBDC, partners
		6.5.6 Ensure alignment of GoJ financial stakeholders with MSME definitions in the Policy to ensure uniformity in reporting on MSME loan disbursements by MSME financing entities	Loan disbursement by entities	Short to medium term	MICAF, JBDC, partners
		6.5.7 Establish a central mechanism to capture all MSME financing (loan and grant) provided by GoJ entities (DBJ, MIDA, HEART, EXIM etc.) in accordance with the definitions agreed in the Policy	Financing information captured on MSMEs	Short to medium term	MICAF, JBDC, Financing partners
		6.5.8 Explore the use of a central MIS system by GoJ BDOs (through the SBDC model) to establish 'track and trace' capabilities to assess the impact of GoJ interventions	Tracking information gathered, number of MSMEs on the MIS system	Short to medium term	MICAF, JBDC, GoJ, BDOs and other partners
		6.5.9 Align policy interventions on 'formality' with data collection strategies	Data collected on formality	Short to medium term	MICAF, JBDC, partners
		6.5.10 Sensitize MSMEs about the importance of gathering data for policy formulation and decision- making	Number of MSMEs engaged in data mining	Short to medium term	MICAF, JBDC, partners

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 6: To Address Cross Cutting Issues in the Sector</b>					
		6.5.11 Increase the use of Geographic Information Systems to help map locations of businesses and other relevant information on the MSME sector	Number of MSMEs identified	Short to medium term	MICAF, JBDC and partners
<b>Public Education Programme</b>  To establish an effective centralized platform that offers informational support to MSMEs by January 2018	6.6 To support the establishing of a central repository of information through which MSMEs can access informational support efficiently	6.6.1 Use of ICT to support public education on entrepreneurship (developing of digitized animated teaching material for distribution among stakeholders) – pedagogy must meet the learning styles of the millennials	Digitized Materials developed and uploaded on platform	Short to medium term	MICAF, JBDC, Academia partners
		6.6.2 Direct and indirect support for and partnership with CXC/CAPE and tertiary institutions entrepreneurship programmes (UWI, UTECH, NCU, HEART NTA etc.) in producing the next generation of entrepreneurs	Number of participants in entrepreneurship education and training across institutions	Short to medium term	MICAF, JBDC, Academia partners
		6.6.3 Partner with the private sector and academia to implement a structured and sustainable public education programme which provides critical and relevant information to MSMEs concerning factors which retard their performance, as well as the range of available services and initiatives	Number of workshops and training programmes conducted	Short to medium term	MICAF, JBDC, Academia partners
		6.6.4 Partner with the Jamaica Exporters' Association (JEA) and the Jamaica Chamber of Commerce (JCC) to increase the number of Information Centres	Number of information centres established	Short to medium term	MICAF, JBDC, Academia partners, JEA and JCC
		6.6.5 Partner with the Social Development Commission (SDC), Faith-Based Organizations (FBOs) and Community-Based Organizations (CBOs) to promote service offerings available through business development service providers	Number of joint programmes implemented; uptake of service offerings by MSMEs	Short to medium term	MICAF, JBDC, SDC, FBOs Academia partners

Objective	Strategy	Key Activities	Performance Indicators	Timeline	Responsible Agencies/ Stakeholders
<b>Goal 6: To Address Cross Cutting Issues in the Sector</b>					
		6.6.6 Partner with the Jamaica Information Service (JIS) and other media houses to further publicize the available services offered by business development service providers	Number of public announcements and broadcasts facilitated by partners	Short to medium term	MICAF, JBDC, Academia partners, Media partners

From the matrix above, it should be noticed that the majority of the activities to be implemented are short to medium term; ongoing and the key duty bearers being MICAF and JBDC. This is so as the policy activities required are urgent and some components are already being done by a partner/s in the sector. Significant work is being done by existing institutions including: Endowments, Foundations ( e.g. DIGICEL Fn, Jamaica National fn, NCB Fn, Scotia Fn, Grace and Staff Fn; Sandals Fn and JPS fn and Branson Fn), NGOs, State Agencies (e.g. JBDC, NHT Social Development arm; JSIF/REDI, SDC/LED, JCF, CSJP, JCDC, CHASE, HEART/NTA) and PIOJ/CRP) and International donor agencies and partners ( e.g. COMET II, USAID, IDB, British Council) Academic Institutions (OSE/UWI, UWE/MECC, UTECH/TIC, NCU and UOC). The policy activities support the creation of a robust network among the stakeholders and will establish a platform guided by JBDC at the micro level and the MICAF at the macro level. With this kind of dynamic an oversight the activities outlined can be implemented within the time stipulated. Those that are already ongoing can be collated further and data gathered can be used to support the baseline data that is needed to measure performance of the sector.

## ANNEX II

### Map of the Entrepreneurship Process to the Policy

Opportunity based entrepreneurship is a process of creating value by bringing together the relevant set of resources to seize the identified opportunity. Within this process there are two key considerations, the application of creativity and innovation.

Creativity is the process of generating ideas, while innovation is the process of converting ideas into goods and services that can satisfy a need and/or want. According to Morris et al (2001), this process is captured in a framework, which consists of six stages. The first two stages, (i) opportunity identification and (ii) business concept development, represent the ideation phase of the process. The entrepreneur is attempting to identify patterns and forces in the environment that represents profit potential, and to develop a creative means of capitalizing on that potential. The remaining stages are concerned with implementation where the entrepreneur (iii) assesses and acquires the necessary resources, (iv) implements the concept, (v) manages the business, and eventually (vi) harvests the venture. While creativity is perhaps most associated with the beginning of the process, in practice the subsequent stages often require the most innovative and risk taking behaviors on the part of the entrepreneur. It must be acknowledged that there are several models and frameworks to describe the entrepreneurship process. The selection of this model is convenient for illustrative processes but the mapping can also be applied to other models

The process components are outlined below but it is important to note that there are preconditions to generating the idea and the governance platforms that best suit the venture form (Morris et al. 2001). This includes capacity building to support governance and the development of ventures.

1. **Identifying an Opportunity:** the opportunity can emerge through a number of changes including; changing demographics; emergence on new market segments; new process needs; new technologies; incongruities; regulatory change and social changes.
2. **Developing the Concept:** the development of a new concept could be in the form of new products; new services; new processes; new markets; new organizational structure/forms; new technologies and new sales or distribution channels.
3. **Determine the Required Resources:** the required resources fall within four categories Financial, Human Resources, Operations and Marketing (FHOM). More specifically these include: skilled employees; general management expertise; marketing and sales expertise; technical expertise; financing; distribution channels; sources of supply; production facilities and licenses, patents and legal protection.
4. **Acquire Necessary Resources:** there are several ways through which secure needed resources, these include: debt; equity; leveraging; outsourcing; leasing; supplier financing; joint venture; partnership; barter; gifts and grants.

5. **Implement and Manage:** implementing the venture idea successfully would require implementation of concept; monitoring of performance; payback of resource providers; reinvestment; expansion and achievement of performance goals.
6. **Harvest the Venture:** as the venture grows the entrepreneur faces a number of options for the future including: absorption of new concept into mainstream operations; licensing of rights; family succession; sale; a public listing or a structured closure.

The GoJ policy framework should therefore support the venture over the entire process from ideation through to harvesting. As such there must be a clear synchronization of the strategy to the stages of the process. The matrix below is a high level mapping of the major policy elements on the six stages of the entrepreneurship process. This provides a guide to identify which elements are being addressed and where there are gaps, if any. This represents the first component in the Implementation Plan. The second component of the Implementation Plan outlines the strategy activities, timeline, and duty bearers.

### Illustrative Mapping of the Entrepreneurship Process to Key Elements of the MSME & Entrepreneurship Policy

Stage in the Entrepreneurship Process	Policy Element	Aim
<i>Pre Conditions for Idea Generation and Governance</i>	Informality (Chapter 5)	To encourage business formalization in the MSME sector
	Tax and Incentives Structure (Chapter 5)	To establish a more supportive tax and incentive framework for MSMEs
	Legal, Regulatory and Administrative Framework (Chapter 5)	To improve the efficiency and cost-effectiveness of the legal, regulatory and administrative environment for businesses.
	Comprehensive Training and Development Framework (Chapter 7)	To increase access to training and development by MSMEs in areas that will address specific challenges
	Creative Industries (Chapter 7)	To create an enabling institutional and legislative framework to aid the development of creative enterprises
	Entrepreneurial Skills (Chapter 8)	To promote sound entrepreneurial practices through sustainable capacity building and public education programmes
	Business Sustainability and Fear of Failure	To support restructuring of MSMEs as required.
	Continuous and Comprehensive Empirical Data on MSMEs (Chapter 9)	To improve the capacity of the public sector to collect data on MSMEs
	Public Education Programme (Chapter 9)	To provide ongoing informational support to MSMEs

Stage in the Entrepreneurship Process	Policy Element	Aim
<i>Stage 1.</i> <i>Identifying an Opportunity</i>	Government Procurement (Chapter 5)	To increase MSME participation in government procurement tenders.
	Demand for Traditional Goods and Services	To increase the market share for goods and services produced by MSMEs.
	Comprehensive Training and Development Framework (Chapter 7)	To increase access to training and development by MSMEs.
	Creative Industries (Chapter 7)	To create an enabling institutional and legislative framework to aid the development of creative enterprises
	Social Value Creation (Chapter 9)	To strengthen the policy framework that creates an enabling environment for the continued development of the social enterprise model as an enabler of economic growth and social development in Jamaica.
	Internationalisation of MSMES (chapter 5)	To improve the ability of MSMEs to take advantage of international opportunities.
<i>Stage 2.</i> <i>Developing the Concept</i>	Comprehensive Training and Development Framework (Chapter 7)	To increase access to training and development by MSMEs in areas that will address specific challenges
	Technical skill levels of MSME (Chapter 7)	To increase the level of technical skills in the MSME sector.
	Demand for Traditional Goods and Services Produced by MSMEs (Chapter 7)	To increase the market share for goods and services produced by MSMEs.
	Standards, Quality and Safety of Products and Services (Chapter 7)	To increase the competitiveness and market access of good and services produced by MSMEs through standards, certification and accreditation
	Creative Industries (Chapter 7)	To create an enabling institutional and legislative framework to aid the development of creative enterprises
	Innovation and Productivity through Science, Technology, Research and Development (Chapter 8)	To foster a culture of innovation through more productive use of science and technology and R&D among MSMEs.

<b>Stage in the Entrepreneurship Process</b>	<b>Policy Element</b>	<b>Aim</b>
	Social Value Creation (Chapter 9)	To strengthen the policy framework that creates an enabling environment for the continued development of the social enterprise model as an enabler of economic growth and social development in Jamaica.
<b>Stage 3.</b>		
<i>Determine the required resources</i>	Supply of credit (Chapter 6)	To facilitate an increase in the supply of credit to MSMEs.
	Comprehensive Training and Development Framework (Chapter 7)	To increase access to training and development by MSMEs in areas that will address specific challenges
	Technical skill levels of MSME (Chapter 7)	To increase the level of technical skills in the MSME sector.
	Standards, Quality and Safety of Products and Services (Chapter 7)	To increase the competitiveness and market access of good and services produced by MSMEs through standards, certification and accreditation
	Creative Industries (Chapter 7)	To create an enabling institutional and legislative framework to aid the development of creative enterprises
<b>Stage 4.</b>		
<i>Acquire Necessary Resources</i>	Supply and Access to Financing Chapter 6)	To facilitate both the supply of credit and increase access to credit by MSMEs
	Non-Traditional Collateral (Chapter 6)	To introduce and promote the use of financing options that is less dependent on the provision of traditional collateral
	Interest Rates for MSME Interest Rates for MSME Loans (Chapter 6)	To facilitate lower interest rates to MSMEs.
	Equity Financing (Chapter 6)	To promote equity financing as a viable financing option for MSMEs
	Comprehensive Training and Development Framework (Chapter 7)	To increase access to training and development by MSMEs in areas that will address specific challenges
	Technical skill levels of MSME (Chapter 7)	To increase the level of technical skills in the MSME sector.

Stage in the Entrepreneurship Process	Policy Element	Aim
	Labour Productivity and Labour Conditions (Chapter 7)	To build an internationally competitive labour force that will bolster productivity performance.
	Creative Industries (Chapter 7)	To create an enabling institutional and legislative framework to aid the development of creative enterprises
	Social Capital (Chapter 9)	To foster greater cohesiveness and promote the benefits of information and knowledge sharing, unity and cooperation
	Social Value Creation (Chapter 9)	To strengthen the policy framework that creates an enabling environment for the continued development of the social enterprise model as an enabler of economic growth and social development in Jamaica.
	Gender Sensitivities in Business (Chapter 9)	To ensure equality and equity of opportunities between women-owned and men-owned business.
	Persons with Disabilities (Chapter 9)	To provide full inclusion, opportunities and support for persons with disabilities within the business community
	Youth in Business (Chapter 9)	To encourage and support youth entrepreneurship as a strategy for youth empowerment and employment
<b>Stage 5. Implement and Manage</b>	Energy Costs (Chapter 5)	To promote the use of least cost energy among MSMEs
	Comprehensive Training and Development Framework (Chapter 7)	To increase access to training and development by MSMEs in areas that will address specific challenges
	Technical skill levels of MSME (Chapter 7)	To increase the level of technical skills in the MSME sector.
	Structured Network of Resource Persons (Chapter 7)	To implement a structured Mentorship Programme for the sector
	Marketing and Communication Skills (Chapter 7)	To increase the marketing and communication skills of MSMEs
	Business Clusters/Clustering (Chapter 7)	To encourage the formation of business clusters as a means of developing the MSME Sector.
	Standards, Quality and Safety of Products and Services (Chapter 7)	To increase the competitiveness and market access of good and services produced by MSMEs through standards, certification and accreditation

Stage in the Entrepreneurship Process	Policy Element	Aim
	Labour Productivity and Labour Conditions (Chapter 7)	To build an internationally competitive labour force that will bolster productivity performance.
	Creative Industries (Chapter 7)	To create an enabling institutional and legislative framework to aid the development of creative enterprises
	Innovation and Productivity through Information Communication Technology (ICT) (Chapter 8)	To create an enabling environment that will help to foster innovation among MSMEs through greater supply of and demand for ICT products and services.
	Environmental Degradation (Chapter 10)	To ensure that proper systems, including an environmentally aware/friendly culture, are in place to ensure environmental protection while MSMEs carry out their operations
<i>Stage 6. Harvest the Venture</i>	Equity Financing (Chapter 6)	To promote equity financing as a viable option.
	Technical skill levels of MSME (Chapter 7)	To increase the level of technical skills in the MSME sector.
	Comprehensive Training and Development Framework (Chapter 7)	To increase access to training and development by MSMEs in areas that will address specific challenges
	Structured Network of Resource Persons (Chapter 7)	To implement a structured Mentorship Programme for the sector
	Creative Industries (Chapter 7)	To create an enabling institutional and legislative framework to aid the development of creative enterprises

**Note:** The above table does not map all policy elements to the entrepreneurship process, only key elements have been mapped. It should also be noted that several policy elements are relevant to several (or at times all) all steps in the entrepreneurship process, and thus comprise of the overarching strategies that are imperatives for effective development of the sector.

## APPENDIX I

### STAKEHOLDER CONSULTATIONS - MSME AND ENTREPRENEURSHIP POLICY-

#### 2011-2013 Stakeholder Consultations

1. ADA Manufacturing
2. Anti-Dumping & Subsidies Commission (ADSC)
3. Association of Development Agencies
4. Bank of Jamaica
5. Big Accounting Services
6. Boldeck Jamaica
7. Brown's Town Community College
8. Business Consultant
9. Cabinet Office
10. Caribbean Aerospace College
11. Government of Jamaica /European Union, Coordination & Monitoring Unit
12. Churches Credit Union
13. COK Sodality Co-operative Credit Union
14. Companies Office of Jamaica (COJ)
15. Consultant
16. Consumer Affairs Commission (CAC)
17. D's Exotic Creation
18. Department of Correctional Services
19. Department of Management Studies, UWI
20. Dept. Co-op & Fr. Societies
21. Dervon Barrett Upholstery
22. Development Bank of Jamaica (DBJ)
23. Entrepreneur
24. EXIM Bank
25. Exodus Gospel Limited
26. Fair Trading Commission (FTC)
27. First Union Bank
28. First Union Financial Co. Ltd.
29. Front Porch Gift & Craft
30. HEART Trust/NTA
31. Jamaica Association of Composer, Author & Publishers (JACAP)
32. Jam Dung Bar & Grill
33. Jamaica Bankers Association (JBA)
34. Jamaica Business Development Corporation (JBDC)
35. Jamaica Chamber of Commerce (JCC)
36. Jamaica Exporters Association (JEA)
37. Jamaica Intellectual Property Office (JIPO)
38. Jamaica Manufacturer Association (JMA)
39. Jamaica Micro Finance Association (JAMFA)
40. Jamaica National Agency for Accreditation (JANAAC)
41. Jamaica Promotions Corporation (JAMPRO)
42. Jamaica Social Investment Fund (JSIF)
43. Jamaica Stock Exchange (JSE)
44. Jamaica Vendors Higglers & Markets Association (JVHMA)
45. JB's Catering
46. JCC/Attorney-at-law
47. Jamaica Hotel and Tourism Association (JHTA)
48. JN Small Business Loan
49. Johnson Organic Fertilizer
50. KD&R Enterprises Limited
51. Living Juice
52. Mack John Traders
53. Micro Investment Development Agency (MIDA)
54. MIIC – Commerce
55. MIIC – Communications
56. MIIC – Consultant
57. MIIC – Industry
58. MIIC – Policy
59. MIIC – Technology
60. Ministry of Agriculture & Fisheries
61. Ministry of Education (MOE)
62. Ministry of Foreign Affairs & Foreign Trade
63. Ministry of Industry, Investment & Commerce (MIIC)
64. Ministry of Justice

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| 65. Ministry of Justice (MOJ)                            | 86. SBE Business Support Centre                |
| 66. Ministry of Local Government & Community Development | 87. Sustainable Communities Foundation (SCF)   |
| 67. Ministry of Tourism & Environment                    | 88. Scientific Research Council (SRC)          |
| 68. Ministry of Youth, Sports and Culture                | 89. Scotiabank Jamaica Limited                 |
| 69. Mona School of Business (UWI)                        | 90. Seacrest Resort Co. Ltd                    |
| 70. Montego Bay Community College                        | 91. Self -Start Fund                           |
| 71. MPCB Moneague.                                       | 92. Sitam Agencies                             |
| 72. MSME Alliance  | 93. Small Business Association of Jamaica      |
| 73. Mundle & Son Enterprise                              | 94. Smart Edge Concepts                        |
| 74. National People's Co-operative Bank                  | 95. Social Development Commission (SDC)        |
| 75. National Center for Youth Development (NCYD)         | 96. Statistical Institute of Jamaica (STATIN)  |
| 76. New Life Discipleship                                | 97. Steep International                        |
| 77. Northern Caribbean University (NCU)                  | 98. Strategy – ICT & Creative Industries?      |
| 78. National Programme for Control of Blindness (NPCB)   | 99. Sunflower                                  |
| 79. Nuff Hope  | 100. Tastee Limited                            |
| 80. Organization of American States (OAS)                | 101. Tax Administration Jamaica (TAJ)          |
| 81. Planning Institute of Jamaica (PIOJ)                 | 102. Thomas Forbes & Associates                |
| 82. Private Sector Organization of Jamaica (PSOJ)        | 103. Tourism Product Development Company       |
| 83. Progressive Innovative Enterprise                    | 104. Trade Board Limited                       |
| 84. Retired Teacher                                      | 105. Ultra Media Sales                         |
| 85. Rural Agricultural Development Agency                | 106. University College of the Caribbean (UCC) |
|  | 107. University of Technology (UTECH)          |
|  | 108. University of the West Indies (UWI)       |
|  | 109. Visual & Performing Arts Jamaica          |
|  | 110. White House E.C.C.                        |

### **2016- 2017 Limited Review - Stakeholder Consultations**

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| 1. Bankers Association of Jamaica (BAJ)    | 15. Factories Corporation Jamaica (FCJ)              |
| 2. Bank of Jamaica (BOJ)                   | 16. Factory Foods                                    |
| 3. Bank of Nova Scotia (BNS)               | 17. Fair Trading Commission (FTC)                    |
| 4. Branson Entrepreneurship Centre         | 18. HEART Trust/ NTA                                 |
| 5. Bureau of Gender Affairs                | 19. Henry's Delight                                  |
| 6. Bureau of Standards Jamaica (BSJ)       | 20. Honey Bun Jamaica                                |
| 7. Cabinet Office                          | 21. Island Best Treet                                |
| 8. Chocolate Expression/Our Jamaican Foods | 22. Jamaica Chamber of Commerce (JCC)                |
| 9. Companies Office of Jamaica (COJ)       | 23. Jamaica 4 H Club                                 |
| 10. Consumers Affairs Commission (CAC)     | 24. Jamaica Agricultural Society                     |
| 11. Council of Voluntary Social Services   | 25. Jamaica Association for Micro Financing (JAMFIN) |
| 12. Development Bank of Jamaica (DBJ)      | 26. Jamaica Bankers Association (JBA)                |
| 13. Digicel Foundation                     | 27. Jamaica Business Development Cooperation (JBDC)  |
| 14. EcoFarms                               | 28. Jamaica Chamber of Commerce (JCC)                |

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| 29. | Jamaica Cooperate Credit Union League                              | 63. | Small Business Association of Jamaica (SBAJ)               |
| 30. | Jamaica Customs Agency   | 64. | Social Development Commission (SDC)                        |
| 31. | Jamaica Employers' Federation (JEF)                                | 65. | Social Enterprise Boost Initiative (SEBI)                  |
| 32. | Jamaica Exporters Association (JEA)                                | 66. | Statistical Institute of Jamaica (STATIN)                  |
| 33. | Jamaica Intellectual Property Organization                         | 67. | Start-up Jamaica   |
| 34. | Jamaica Junior Stock Exchange                                      | 68. | Tax Administration of Jamaica (TAJ)                        |
| 35. | Jamaica Manufactures Association (JMA)                             | 69. | The National Export-Import Bank of Jamaica                 |
| 36. | Jamaica Micro Financing Association<br>(JAMFA)                     | 70. | Trade Board  |
| 37. | Jamaica National Foundation  | 71. | University of Technology (UTECH)                           |
| 38. | Jamaica National Building Society                                  | 72. | Women's Entrepreneurial Network of the<br>Caribbean (WENC) |
| 39. | Jamaica National Small Business Loans                              | 73. | Young Entrepreneurs Association (YEA)                      |
| 40. | Jamaica Promotions Cooperation                                     | 74. | 3 Star Chocolate   |
| 41. | Jamaica Social Investment Fund (JSIF)                              |     |  |
| 42. | Micro Development Agency (MIDA)                                    |     |  |
| 43. | Ministry of Industry Commerce<br>Agriculture and Fisheries (MICAF) |     |  |
| 44. | Ministry of Culture Gender Entertainment<br>and Sports             |     |  |
| 45. | Ministry of Economic Growth and<br>Job Creation                    |     |  |
| 46. | Ministry of Education  |     |  |
| 47. | Ministry of Finance & Public<br>Service (MOFPS)                    |     |  |
| 48. | Ministry of Labour   |     |  |
| 49. | Ministry of Local Government<br>& Community Development (MLGCD)    |     |  |
| 50. | Ministry of Science Energy and<br>Technology (MSET)                |     |  |
| 51. | Ministry of Tourism (MOT)  |     |  |
| 52. | Mona School of Business Management (MSBM)                          |     |  |
| 53. | MSME Alliance  |     |  |
| 54. | National Commercial Bank (NCB)                                     |     |  |
| 55. | Northern Caribbean University (NCU)                                |     |  |
| 56. | Office of Social Enterprise, UWI                                   |     |  |
| 57. | Planning Institute of Jamaica (PIOJ)                               |     |  |
| 58. | Policy Consultant  |     |  |
| 59. | Private Sector Organization of Jamaica (PSOJ)                      |     |  |
| 60. | Rural Agricultural Development Agency (RADA)                       |     |  |
| 61. | Savory Bakery  |     |  |
| 62. | Shachore Ltd   |     |  |

## APPENDIX II

### GENERAL DESCRIPTION OF THE SURVEYS

**McFarlane, Carmen (September 1997) *A Comprehensive Description of the Jamaican Micro and Small Enterprise*. McFarlane Consultants.**

The 1996 Micro and Small Enterprise Survey was a multi-stage survey of 2,000 non-agricultural micro and small businesses. The three stage sampling design involved the selection of geographic areas (Primary Sampling Units) and the identification of all non-agricultural businesses in these units, the preparation of the list of non-agricultural businesses operating in selected areas and the enumeration of selected businesses, including open-air and mobile non-agricultural micro and small businesses operated by residents living in the selected geographic areas and non-agricultural micro and small businesses within buildings and other structures situated within the boundaries of the Enumeration District. The classification for the business establishments used in this study is follows:

<b>Classification by Number of Employees</b>
Own account workers with no paid employees
Businesses with 1-4 paid employees
Businesses with 5-9 paid employees

It should be noted that the term ‘micro-enterprises’ was used in reference to the classification above (see page 17 of the study). The study however was intended to cover micro and small enterprises.

**Inter-American Development Bank. (2006). *Informal Sector in Jamaica*. IDB: New York.**

A Micro and Small Enterprise survey was designed and carried out in 2003 to collect the data that was later used in the 2006 study cited above. Using the full listing of Jamaican premises, a size-stratified random sample of 1,226 was drawn consisting of the following business components: 52% own-account workers; 37% micro enterprises with two (2) to four (4) workers; and 11% small firms employing between five (5) to twenty (20) workers. The classification for the business establishments used in this study is as follows:

<b>Size/Category</b>	<b>Classification by Number of Employees</b>
Own-account Business	Own account workers with no paid employees
Micro	Businesses with 2-4 employees
Small	Businesses with 5-20 employees

**PSDP (April 2008). *A Landscape Assessment of Jamaican Micro, Small and Medium-Size Enterprises (MSMEs)*; Prepared for the Target Growth Competitiveness Committee (TGCC)**

A large scale cross-sectional survey across Jamaica’s fourteen (14) parishes was undertaken from January 10 to February 28, 2008. For this survey, 3,300 questionnaires were distributed in order to ensure that the desired sample size was achieved. A total of 2,000 questionnaires were completed

and returned but only 1,931 instruments were deemed acceptable thus the actual sample size used to prepare this report was 1,931.

The survey involved a multi-stage sampling strategy. In consultation with the Statistical Institute of Jamaica (STATIN), businesses were stratified by area (parish) proportionate to the business activity in each parish and data collectors were given quotas based on a specific stratification configuration. The survey focused on non-agricultural formal and informal microenterprises, small businesses and medium-sized enterprises.

A simple random sampling technique of persons (managers and owners of businesses) within these groups was undertaken. The surveyor emphasizes that in many instances, data collectors were unable to meet their quotas as enterprise managers and owners refused to participate in the survey due to lack of trust regarding the intended use of the survey and apathy which stems from the lack of policy action by the Government.

The classification for the business establishments used in this study is follows:

<b>Size/Category</b>	<b>Classification by Number of Employees</b>
Micro enterprises	Less than 4 employees
Small Enterprises	4 - 10
Medium-sized Enterprises	11 - 50

**GEM (2017). *Global Entrepreneurship Monitor (GEM) Global Report 2016/2017*. Babson College: MA**

When the first GEM report was launched in 1999 by Babson College and the London Business School, it encompassed 10 developed economies. However, GEM is now a global consortium that conducts research on 66 world economies using 400 researchers from across the globe and includes more than 100 institutions every year.

Research teams in each participating economy collect primary data through an Adult Population Survey (APS) of at least 2 000 randomly selected adults (18 – 64 years of age) annually.

Complementing the Adult Population Survey is a National Expert Survey , which gathers in depth opinions from selected national experts about the factors that have an impact on the entrepreneurship ecosystem in each economy. At least four experts from eight entrepreneurial framework condition categories are interviewed per country. In order to construct a balanced and representative sample, the experts are drawn from entrepreneurs, government, academics, and practitioners in each economy.

The 2016 GEM Report includes results based on 65<sup>43</sup> world economies completing the Adult Population Survey (APS ) (between the ages of 18 and 64 years) , while 66 economies completed the National Expert Survey .

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<sup>43</sup> Survey data from Senegal was not included in the APS

### APPENDIX III

#### Key GOJ Divisions, Departments and Agencies in the MSME Sector

<b>GOJ Stakeholder</b>	<b>Stakeholder Summary Role</b>
<i>Companies Office of Jamaica (COJ)</i>	COJ is responsible for registration for the registration and regulation of companies and business names. The COJ also manages the collateral registry under the Secured Transactions Regime.
<i>Department of Cooperatives and Friendly Societies</i>	The DCFS has responsibility for registration and regulation of Industrial and Provident Societies, Co-operative Societies and Friendly Societies. The DCFS also has oversight of charities and is slated for merger with the Agricultural Credit Board.
<i>Development Bank of Jamaica (DBJ)</i>	The DBJ's mission is to provide opportunities to all Jamaicans to improve their quality of life through development financing, capacity building, public-private partnerships and privatisation solutions in keeping with GoJ policy. DBJ provides several wholesale financing and capacity development products to the MSME sector through Approved Financial Institutions (AFIs). These AFIs offer retail loans and provide the necessary credit evaluation and loan supervision.
<i>Export-Import (EXIM) Bank</i>	The EXIM Bank is a trade financing institution that provides a wide range of financing instruments at competitive interest rates for the country's productive sector. Specific focus is placed on SME entities involved in non-traditional exports, such as Tourism, Manufacturing, Agro-processing, Mining, the Service Industry, Information Communication and Technology and the Creative Industries..
<i>HEART/National Training Agency (NTA)</i>	The HEART Trust/NTA has a mission to actively shape "a vibrant and dynamic workforce through the support, maintenance and development of Technical Vocational Education and Training institutions" The agency offers entrepreneurship training as well as specially designed MSME support programmes.
<i>Bureau of Standards Jamaica (BSJ)</i>	The Bureau of Standards Jamaica (BSJ) is a statutory body established by the Standards Act (1969) to promote and encourage standardization in relation to commodities, processes and practices. The agency offers special programmes for the MSME sector.
<i>Jamaica Business Development Corporation (JBDC)</i>	The JBDC's mandate is to drive business development and facilitation among MSMEs, by offering business and technical support services in areas such as consultation and business advisory services; training; technical services; incubator services; co productions facilities; marketing assistance; retail sales outlets and financial support services.
<i>Jamaica Intellectual Property Office JIPO</i>	IPO has critical mandate of administering intellectual property systems in Jamaica, in the areas of Trade Marks, Industrial Designs and Geographical Indications, Copyright and Related Rights, Patent, New Plant Varieties and Layout-Designs (Topographies).
<i>Jamaica Social Investment Fund (JSIF)</i>	JSIF channels resources through community- based socio economic infrastructure and social services projects. This is based on partnerships between central and local government, communities, private and public organizations as well as international development partners.
<i>JAMPRO</i>	JAMPRO is a statutory agency that promotes business opportunities in export and investment to the local and international private sector. The agency has several initiatives designed to support the MSME sector, particularly in the area of trade
<i>Micro Investment Development Agencies (MIDA)</i>	MIDA is a GoJ wholesaler lender targeting the micro sector through a network of retail microfinancing institutions (MFIs).

<b>GOJ Stakeholder</b>	<b>Stakeholder Summary Role</b>
<b><i>MSME Office, Ministry of Industry, Commerce, Agriculture &amp; Fisheries (MICAF)</i></b>	The Micro Small and Medium-sized Enterprises (MSME) Office is a Division of MICAF, the Ministry with assigned policy responsibility for small business development. The MSME Office has responsibility for coordinating the overarching policy framework for MSME development within Jamaica. It also has responsibility for coordination of the MSME Policy.
<b><i>National Insurance Fund</i></b>	The National Insurance Fund (NIF) provides funds or on-lending to the small business sector through approved Participating Financial Institutions (PFIs).
<b><i>Planning Institute of Jamaica (PIOJ)</i></b>	The Planning Institute of Jamaica leads the process of economic and social planning and manages external co-operation management to achieve sustainable development. The PIOJ houses the Vision 2030 (Jamaica's National Development Plan) Secretariat
<b><i>Rural Agriculture Development Authority (RADA)</i></b>	RADA promotes agricultural production as the main engine of growth in rural communities through technical advisory services, marketing and improved infrastructure and social services.
<b><i>Scientific Research Council (SRC)</i></b>	The SRC mandate includes supporting the growth and development of MSMEs, especially those in the agro-industrial sector whose primary functions include executing quality scientific research to support development, the fostering and coordination of scientific research, and the promotion and application of its results.
<b><i>Social Development Commission (SDC)</i></b>	The SDC implements a Local Economic Development Support Programme which build quality jobs for the current population, achieve local economic stability, and build a diverse economy and employment base.
<b><i>Startup Jamaica (SUJ)</i></b>	SUJ supports talented and technologically savvy young people to create their own employment. Entrepreneurs are assisted in transforming their ideas, passion and dream into profitable businesses through an accelerator program that provide them with key skills and technology, business, management, legal and accounting support.

In executing its responsibility for the facilitation and growth of the MSME sector, the GOJ collaborates with private sector associations, academia and non-government organisations, such as;

- *Jamaica Association for Micro- Financing (JAMFIN)*
- *Jamaica Manufacturers Association (JMA)*
- *Jamaica Micro Financing Association (JAMFA)*
- *MSME Alliance*
- *Small Business Association of Jamaica (SBAJ)*
- *Social Enterprise Boost Initiative ( a JN Foundation Project funded by USAID)*
- *Technology Innovation Centre (TIC) – University of Technology*
- *University of the West Indies (UWI)*
- *Women Entrepreneur Network of the Caribbean Initiative (WENC)*
- *Young Entrepreneurs Association (YEA)*

## APPENDIX IV

### CATALOGUE OF DEVELOPMENTS RELEVANT TO MICRO, SMALL, MEDIUM ENTERPRISES (MSMEs) IN JAMICA OVER THE PERIOD 2013-2017

The following is a summary of Government of Jamaica (GoJ) projects, programmes, legislation and initiatives relevant to the MSME sector that were introduced or completed over the three year period 2013-2016, that is, since the finalisation of Jamaica's MSME & Entrepreneurship Policy early 2013. The initiatives have been captured in more detail in the text of the updated 2016 MSME & Entrepreneurship Policy.

The catalogue below is presented with the most recent initiatives first. The listing is not exhaustive of all developments but seeks to capture significant initiatives by GoJ that have had, or are intended to have, a positive impact on the development of the MSME ecosystem in Jamaica.

No.	Brief Description of the Initiative	Date
1.	<b>Performance Review of the Secured Transactions Regime</b> completed by the portfolio Ministry as a platform for recommendations to improve use of the regime by lenders to the MSME sector.	April 2017
2.	Minister of Labour and Social Security announces that money set aside under the <b>National Insurance Fund (NIF) for on-lending to the small business sector is to be increased to \$3 billion</b> , up from \$1.5 billion.	April 2017
3.	Launch of Jamaica's <b>National Financial Inclusion Strategy</b> which has a strong emphasis on greater inclusion of the MSME sector.	March 2017
4.	The Government of Jamaica <b>approves the permanent establishment of an MSME Division</b> in the portfolio Ministry to coordinate across the sector and drive implementation of the Policy.	December 2016
5.	<b>Bank of Jamaica approves lower capital requirement</b> for banks lending under the DBJ Credit Enhancement Fund, making loans to the SME sector more attractive to the banking sector.	November 2016
6.	EXIM Bank announces a special <b>J\$1 billion loan window at 5%</b> for SMEs – an initiative of the Tourism Enhancement Fund	October 2016
7.	<b>Staff Level Agreement with IMF for a 3 Year Precautionary Standby facility</b> to include reforms geared towards generating faster growth and employment.	October 2016
8.	<b>Final Draft CARICOM Regional Policy circulated at COTED.</b>	October 2016
9.	<b>Economic Growth Council publishes “Call to Action”</b> that requires specific reforms to improve access to finance by MSMEs.	September 2016
10.	<b>SEZ Act was made effective</b> with a specific provision for MSMEs.	August 2016
11.	HEART launches <b>MSME Support and Financing Programme.</b>	July 2016
12.	Establishment of an <b>MSME Thematic Working Group</b> by the portfolio Ministry in collaboration with the Vision 2030 Secretariat, PIOJ.	June 2016
13.	PIOJ establishes a <b>Social Enterprise Working Group</b> to establish policy framework for the social enterprise sector.	May 2016

14.	Cabinet approves <b>the scaling down of SSF</b> in an effort to streamline MSME financing and in recognition of the fact that the entity ceased lending in 2014.	April 2016
15.	<b>Phase One of the OAS SBDC Pilot completed in JBDC</b> with recommendations on the way forward.	December 2015
16.	<b>SEZ Act passed in both Houses of Parliament</b> but was not brought into effect	December 2015
17.	<b>Public Procurement Act passed by both Houses of Parliament</b> with a special provision to allow GoJ to benefit the MSME sector.( As at December 31, 2016 the effective date of the Act has not yet been announced).	October 2015
18.	DBJ launches <b>Innovation Grant from New Ideas to Entrepreneurship (IGNITE)</b> to fund new and innovative business ideas for start-ups, supporting their development and the commercialization of their innovations	October 2015
19.	<b>Medium Term Socio Economic Policy Framework 2015 – 2018</b> approved by Cabinet.	September 2015
20.	<b>MSME Financing Task Force Report</b> published outlining the issues impacting MSME financing in Jamaica along with specific recommendations	September 2015
21.	The Port Authority of Jamaica (PAJ) signed a US\$510 million agreement with Terminal Link/CMA CGM Consortium, for the <b>privatisation of the Kingston Container Terminal (KCT)</b> to pave the way for the dredging and expansion of the Port of Kingston to include the dredging of the ship channel, turning basin and some berths of the container terminal, to accommodate the mega ships expected to arrive after the expansion of the Panama Canal.	April 2015
22.	<b>Trade Facilitation Task Force established</b> to improve the trading environment in Jamaica.	February 2015
23.	The <b>Bankruptcy and Insolvency Act passed</b> to create an environment that aids in the rehabilitation of debtors and the preservation of viable companies, having due regard to the protection of the rights of creditors. The new Insolvency Act and the Office of the Supervisor of Insolvency became operational January 2015	October 2014
24.	<b>Start Up Jamaica, a technology accelerator, was established</b> as a five year project under the Technology Ministry with the assistance of DBJ and the World Bank.	June 2014
25.	Launch of the <b>Foundation for Competiveness and Growth Project</b> , a six-year loan programme by the World Bank to provide support to Jamaica's Growth Agenda, including SME support.	June 2014
26.	<b>DBJ launches Voucher for Technical Assistance Programme</b> that gives entrepreneurs access to technical services and helps MSMEs build their capacity so they can expand and improve their access to financing.	May 2014
27.	<b>Rollout of the 'Super Form'</b> for the registration of new companies and the incorporation of new business names replacing thirteen (13) forms previously used for the registration of companies and business names.	April 2014
28.	Effective date of the <b>Security Interests in Personal Property (SIPP) Act</b> and the related Collateral Registry as a part of the Secured Transactions Regime. The regime is geared at improving MSMEs access to financing through a transparent, asset-based regime that allows several classes of non-traditional assets to be used as collateral.	January 2014
29.	<b>Mobile Business Clinic launched by JBDC</b> to take business development services across the island.	November 2014
30.	<b>CXC Introduces Entrepreneurship</b> as a subject at CAPE	September 2014
31.	Passage of the <b>Omnibus legislation</b> governing the granting of tax incentives	December 2013
32.	The <b>Tourism Linkages Council</b> established by the Tourism Ministry to create and sustain linkages throughout productive industries. The Council produced a Tourism	June 2013

	Demand Study which provides market information on the tourist sector for local producers.	
<b>33.</b>	<b>IMF approves a 4 year Extended Fund Facility</b> for Jamaica.	May 2013
<b>34.</b>	<b>DBJ Launches Venture Capital Programme</b> to drive the legal, regulatory and tax frameworks, with the aim of establishing a viable venture capital market.	February 2013

MSME Office  
Ministry of Industry, Commerce, Agriculture and Fisheries  
April 2017

**APPENDIX V**  
**GLOSSARY OF MSME RELATED TERMS**

<b>Glossary of MSME Related Terms</b>		
	<b>Term</b>	<b>Definition</b>
1.	Accelerator	A range of support services to startups over a short time frame to 'accelerate' the business establishment process. They offer mentorship, office space, all business development services and supply chain resources. Business accelerator programs usually offer access to capital and investment in return for startup equity.
2.	Accreditation	Formal recognition by an independent third party (an accreditation body) that specified requirements related to conformity assessment bodies (laboratories, inspection and certification bodies) have been met and that the accredited body is competent to perform specific tasks.
3.	Angel Investor	An investor who provides starting or growth capital in promising ventures, and helps with advice and contacts. Unlike venture capitalists, angel investors usually operate alone (or in very small groups) and play an indirect role as advisors in the operations of the investee firm. Also called 'Business Angel'.
4.	Asset	A resource with economic value that an enterprise owns or controls with the expectation that it will provide future benefit. Assets are reported on a company's balance sheet, and they are bought or created to increase the value of a firm or benefit the firm's operations.
5.	Barriers to Entry/Barriers to Competition	Any condition or circumstance that makes it difficult for a new business to enter an industry, such as exclusive ownership of a unique resource, economies of scale, patents, licenses, trademarks, copyrights, dedicated distribution channels, and high initial investment requirements.
6.	Business Name	A title under which a sole trader, partnership or company offers its goods or services to customers. To use the title (name), registration is required in Jamaica under the Business Name Act. (Also known in some jurisdictions as a 'trade name'). This registration does not limit the liability of the enterprise owners.
7.	Business Plan	A document which presents information on the current state of the business and the plans for the business' expansion over a future period. If used to get a bank loan, it also discusses how the loan resources will be used and establishes the credibility of project.
8.	Business Rehabilitation	Restoration of an entity to its normal or near-normal functional capabilities after the occurrence of a disabling event.
9.	Business Strategy	A term used in business planning that implies a careful selection and application of resources to obtain a competitive advantage in anticipation of future events or trends.
10.	Capital	The amount of funds that represent an ownership stake in a business or new venture that can be used to create wealth.

11.	Cluster	A network of connected businesses, suppliers, and associates in a specific field that are all located in the same geographical area. Clusters are thought to provide increased efficiency and productivity so businesses can be competitive on a national and global scale.
12.	Coaching	Close support provided by a business expert that focuses on (1) the enterprises needs and accomplishments, (2) close observation, and (3) impartial and non-judgmental feedback on performance.
13.	Collateral	An asset of value which can be used to guarantee a bank loan.
14.	Credit	An agreement based largely on trust under which goods, services, or money is exchanged against a promise to pay later. Also called commercial credit.
15.	Credit Bureau	An entity that collects information from a wide variety of financial and nonfinancial entities and provides comprehensive consumer credit information with value-added services such as credit scores to private lenders.
16.	Crowd Funding	A method of raising money from a large amount of individual investors, typically through the Internet, for a project or organization.
17.	Debt Financing	The payment, in whole or in part, for a capital investment with borrowed funds.
18.	Economies of Scale	The reduction in costs arising from an increase in size of an operating unit (a factory or plant, for example).
19.	Entrepreneur	Someone who exercises initiative by organizing a business venture to take benefit of an opportunity and, as the decision maker, decides what, how, and how much of a good or service will be produced.
20.	Entrepreneurship	Any attempt at new business or new venture creation, such as self-employment, a new business organization, or the expansion of an existing business, by an individual, a team of individuals, or an established business.
21.	Entrepreneurial Shock	The psychological realization by an entrepreneur that starting and operating a small business is full of difficult decisions and disappointments.
22.	Equity Financing	Raising money by selling an interest in a business to a third party. Unlike a loan, equity financing does not have to be repaid. However, the entrepreneur gives up a part of the company and usually, a part of the control.
23.	Factoring	A financial transaction in which a business sells its accounts receivable (i.e., invoices) to a third party (called a factor) at a discount. A business will sometimes factor its receivables to meet its immediate cash needs.
24.	Family Owned Business	A company in which most of the shares are owned by members of a family.
25.	Financial Inclusion	A facilitatory financial environment that allows individuals and businesses, regardless of income, to have access to useful and affordable financial products and services that meet their needs.

26.	Feasibility Study	An analysis of a possible business opportunity that emphasizes income potential and likely expenses, with recommendations for an advantageous business model.
27.	FinTech	Financial technology, also known as FinTech, is an economic industry composed of companies that use technology to make financial services more efficient. The companies are agile and innovative and frequently disrupt traditional financial methods.
28.	Goodwill	An intangible but salable asset, such as reputation or location of a business that engenders the expectation of continued customer support if the business is sold to a potential buyer.
29.	Guaranteed Loans	A loan made by a bank upon which a government agency (e.g., the Development Bank of Jamaica) has insured partial reimbursement to the bank in the event the borrower defaults.
30.	Hand Holding	The guidance, assistance, encouragement and support to an enterprise by an experienced business counsellor.
31.	Incubator	An entity designed to nurture business ideas or new technologies to the point that they become profitable or attractive to investors. An incubator typically provides physical space and some or all of the services- legal, managerial, technical- needed for a business idea to be developed. Private equity firms often back incubators as a way of generating early stage investment opportunities.
32.	Innovation	The process of translating an idea or invention into a good or service that creates value or for which customers will pay. To be called an innovation, an idea must be replicable at an economical cost and must satisfy a specific need. Innovation involves deliberate application of information, imagination and initiative in deriving greater or different values from resources.
33.	Insolvency	In legal terminology, the situation where the liabilities of a person or firm exceed its assets. In practice, however, insolvency is the situation where an entity cannot raise enough cash to meet its obligations, or to pay debts as they become due for payment. Properly called technical insolvency, it may occur even when the value of an entity's total assets exceeds its total liabilities.
34.	Intellectual property	Knowledge, creative ideas, or expressions of human mind that have commercial value and are protectable under copyright, patent, service mark, trademark, or trade secret laws from imitation, infringement, and dilution. Intellectual property includes brand names, discoveries, formulas, inventions, knowledge, registered designs, software, and works of artistic, literary, or musical nature.
35.	Internationalization	1. Commerce: The growing tendency of corporations to operate across national boundaries. 2. Marketing and Computing: An approach to designing products and services that are easily adaptable to different cultures and languages.

36.	Line of Credit	An arrangement in which a bank or vendor extends a specified amount of unsecured credit to a specified borrower for a specified time period. Also called Credit Line.
37.	Linkages	Relationships and interactions between business enterprises that increase the flow of commerce between the interlinked enterprises. The term usually refers to domestic economic linkages, where, for example, Foreign Direct Investment is used to stimulate the domestic economy through increased purchases of goods and services from locally based firms.
38.	Liquidity	The percentage of an enterprise's assets that can be quickly converted into cash.
39.	Market Access	Refers to the conditions, tariff and non-tariff measures for the entry of specific goods from a specific country into a specific export market.
40.	Market Share	A percentage value calculated by dividing your sales with the total sales of a product or service within a specified market.
41.	Medium Enterprise	A Medium enterprise is a firm with total annual sales or turnover in the range of seventy five million to four hundred and twenty five million ( $>J\$75\text{million} \leq J\$425\text{million}$ ). Employment of these firms are between fifty one to one hundred employees (51-100).
42.	Mentorship/ Mentoring	A training system in which a senior or more experienced individual (the mentor) is assigned to act as an advisor, counselor, or guide to a small firm (mentee). The mentor is responsible for providing ongoing support, guidance and feedback to the mentee as well as access to valuable networks.
43.	Microcredit	The provision of small loans to individuals and micro enterprises who would otherwise be unable to secure credit for varying reasons, including the lack of collateral and credit history. (Also called a microloan)
44.	Micro Enterprise	A Micro enterprise is a firm with total annual sales or turnover in the range of less than or equal to fifteen million ( $\leq J\$15\text{million}$ ). Employment of these firms are equal to or less than ten ( $\leq 10$ ).
45.	Mobile Money	The use of a mobile phone in order to transfer funds between banks or accounts, deposit or withdraw funds, or pay bills; it can also refer to the use of a mobile device to purchase items, whether physical or electronic.
46.	Niche Market	The area of a target market where a company or product is particularly strong. This specialization often results in high quality or differentiation by the specialist company and elimination of competition because of uniqueness.
47.	Own Account Worker	Any person who operates a farm or a business (for profit), who does not employ any paid help.
48.	Private Equity	This refers to the holding of stock in unlisted companies (that is, companies that are not quoted on a stock exchange).
49.	Productivity	A measure of the efficiency of a person, machine, factory, system, etc., in converting inputs into useful outputs. Productivity is computed by dividing average output per period by the total costs incurred or resources

		(capital, energy, material, personnel) consumed in that period. Productivity is a critical determinant of cost efficiency.
50.	Profit	A financial benefit that is realized when the amount of revenue gained from a business activity exceeds the expenses, costs and taxes needed to sustain the activity.
51.	Public Procurement	The acquisition, whether under formal contract or not, of works, supplies and services by public bodies. It ranges from the purchase of routine supplies or services to formal tendering and placing contracts for large infrastructural projects.
52.	Quality Control	The process of making sure that products or services are made to consistently to a defined standard.
53.	Reverse Factoring	A financing solution initiated by the ordering party in order to help suppliers finance their receivables more easily and at a lower interest rate than what they would normally obtain. (Also called supply chain financing). While 'factoring' is initiated by the supplier, 'reverse factoring' is initiated by the purchaser.
54.	Secured Transaction Regime	A legislative framework creating a security right in a movable (non-traditional) asset with a view to promoting the availability of secured credit to improve access to financing through a transparent, asset-based regime that expands the collateral classes.
55.	Seed Capital / Seed Funding	The provision of very early stage finance to a company with a business venture or idea that has not yet been established. Seed capital is often provided before venture capitalists become involved. However, some venture capitalists provide seed capital.
56.	Small Business Development Centers	A partnership between the U.S. Small Business Administration (SBA) and typically a local college or university designed to help foster small businesses by providing educational resources to business owners and those looking to start a business. Small Business Development Centers provide free marketing, financing and business-related activities to local entrepreneurs.
57.	Small Enterprise	A Small enterprise is a firm with total annual sales or turnover in the range of fifteen million to seventy five million (>J\$ 15million ≤ J\$75million). Employment of these firms are between eleven to fifty employees (11-50).
58.	Social Enterprise	A type of not-for-profit business that employs people and earns income along accepted business norms in order to help address perceived social or environmental issues.
59.	Sole Trader	A type of business entity which is owned and run by one individual and where there is no legal distinction between the owner and the business. (Also known as a sole proprietorship).

60.	Special Economic Zones	A special economic zone (SEZ) refers to designated areas in countries with special economic regulations that differ from other areas in the same country. These regulations tend to contain measures that are conducive to foreign direct investment. Conducting business in a SEZ usually means a company receives tax incentives and the opportunity to pay lower tariffs.
61.	Standards	A standard is a document that provides requirements, specifications, guidelines or characteristics that can be used consistently to ensure that materials, products, processes and services are fit for their purpose. (ISO)
62.	Startup	Early stage in the life cycle of an enterprise where the entrepreneur moves from the idea stage to securing financing, laying down the basis structure of the business, and initiating operations or trading.
63.	Start-up Capital	The money required to start a new business, whether for office space, permits, licenses, inventory, product development and manufacturing, marketing or any other expense.
64.	Supply Chain	The entire network of entities, directly or indirectly interlinked and interdependent in serving the same consumer or customer. Supply chains underlie value-chains because, without them, no producer has the ability to give customers what they want, when and where they want, at the price they want.
65.	Technical Regulations	Document which lays down product characteristics or their related processes and production methods, including the applicable administrative provisions, with which compliance is mandatory. It may also include or deal exclusively with terminology, symbols, packaging, marking or labelling requirements as they apply to a product, process or production method.
66.	Third Sector	Voluntary or non-profit sector of an economy; " an intermediary space between business and government where private energy can be deployed for public good".(Also called tertiary sector.)
67.	Trademark	A distinctive name, symbol, motto or emblem that identifies a product, service or firm that has been legally registered as the property of the firm. Trademarks grant the owner the right to prevent competitors from using similar marks in selling or advertising.
68.	Unbanked	Referring to a person who does not have a bank account.
69.	Undercapitalization	Starting a new business without enough money to carry through the start-up phase, especially if the business is likely to initially operate at a loss. Undercapitalization is a frequent cause of new business failure.
70.	Valley of Death or Death Valley Curve	Colloquial term for the period of time after start-up companies receive venture capital funds but before they start to generate revenues. Death valley curves refer to the fact that a startup is more likely to fail before it can establish a steady stream of revenue.
71.	Value Chain	Interlinked value-adding activities that convert inputs into outputs which, in turn, help to create competitive advantage. A value chain typically consists of (1) inbound distribution or logistics, (2) manufacturing operations, (3) outbound distribution or logistics, (4) marketing and

		selling, and (5) after-sales service. These activities are supported by (6) purchasing or procurement, (7) research and development, (8) human resource development, (9) and corporate infrastructure.
72.	Value Chain Analysis	Examination of the value chain of an enterprise to ascertain how much and at which stage value is added to its goods and/or services, and how it can be increased to enhance the product differentiation (competitive advantage)
73.	Venture Capital Fund	Pooled investment that uses the money from third party investors, such as investment banks or wealthy investors to invest in business projects. Businesses that seek venture capital often carry more risk, and are either unwilling to pay interest on bank or market loans or are unable to obtain them.
74.	Venture Capital	Growth equity capital or loan capital provided by private investors (or specialized financial institutions). Also called risk capital.
75.	Women Owned Business	A company in which most of the shares are owned by female members.
76.	Youth	Various definitions according to source and target of an initiative but Jamaica's National Youth Policy defines as persons between the ages of 15-24.

Compiled and adapted by MSME Office, Ministry of Industry, Commerce, Agriculture and Fisheries.

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