

## TC ABSTRACT

### I. Basic Project Data

▪ Country/Region:	JAMAICA/CCB - Caribbean Group
▪ TC Name:	Support for National MSME Innovation, Competitiveness and Productive Growth
▪ TC Number:	JA-T1216
▪ Team Leader/Members:	GRANT, KAYLA SHAREE (IFD/CTI) Team Leader; STEVENSON, CLAUDIA (IFD/CTI) Alternate Team Leader; BLAIR, SUDANEY (CCB/CJA); MAYRETT SIERRA (IFD/CTI); SARA VILA SAINTETIENNE (LEG/SGO); TAMICA PARCHEMENT (CCB/CJA); FORONDA NOGALES, SHIRLEY MABEL (VPC/FMP); BENEDETTELLI, VERONICA (VPC/FMP); SEGREE, TERRY-ANN SHARLENE
▪ Taxonomy:	Client Support
▪ Number and name of operation supported by the TC:	N/A
▪ Date of TC Abstract:	20 Apr 2023
▪ Beneficiary:	Jamaica
▪ Executing Agency:	INTER-AMERICAN DEVELOPMENT BANK
▪ IDB funding requested:	US\$200,000.00
▪ Local counterpart funding:	US\$0.00
▪ Disbursement period:	24 months
▪ Types of consultants:	Individuals; Firms
▪ Prepared by Unit:	IFD/CTI - Competitiveness, Technology and Innovation Division
▪ Unit of Disbursement Responsibility:	CCB/CJA - Country Office Jamaica
▪ TC included in Country Strategy (y/n):	Yes
▪ TC included in CPD (y/n):	Yes
▪ Alignment to the Update to the Institutional Strategy 2010-2020:	Productivity and innovation ; Institutional capacity and rule of law; Gender equality

### II. Objective and Justification

- 2.1 The TC seeks to strengthen institutional capacity for improving the innovation, competitiveness and productive growth of MSMEs in Jamaica.
- 2.2 With MSMEs constituting approximately 97% of all classified and registered enterprises in Jamaica, it is of grave importance to understand and to address the needs of MSMEs. MSMEs that aim to increase their productivity and competitiveness face challenges such as the costs of doing business, access to finance, and improved access to business development services. According to the PROTEqIN survey, approximately 50% of surveyed firms in Jamaica were aware of existing technical assistance programs, but only 12% indicated having benefit from any of these programs. 59% indicated interest in receiving the technical assistance described in the survey (general management, marketing and operations, financial management and taxes, technological and innovation, human resources) whilst 12% did not respond and 29% indicating no. Of those who were not interested in receiving technical assistance, the+ commonly cited reasons were that the services were not needed (29%), cumbersome administrative procedures (21%), and that they were not aware of the type of assistance/don't know its advantages (19%).

- 2.3 The findings support general sentiments that greater sensitization and outreach is needed to close the gaps for those firms that are not aware of the benefits of various types of assistance due to low coordination between the public and private sectors to effectively partner and communicate to target MSMEs, especially those located outside the Kingston metropolitan area. This TC aims to improve the capacity of government institutions to coordinate and to better communicate public programs that benefit MSMEs through the implementation of a national MSME roadshow that will target MSMEs across Jamaica.
- 2.4 This TC is consistent with the Second Update to the Institutional Strategy (UIS) 2020 2023 (AB-3190 2) as it is strategically aligned with the development challenge of productivity and innovation, specifically addressing the special needs of small and vulnerable countries in fostering development through the private sector. It is aligned with the cross-cutting issue of institutional capacity and the rule of law, specifically through institutional strengthening toward facilitating a strong innovation and business climate. The TC contributes to the achievement of the promotion of technology adoption and innovation as a means of tackling the region's challenges, reduce digital gaps, nurture innovation, and strengthen skills development. It is also aligned with the objectives of Priority Area 3: Effective, efficient and transparent institutions of the Strategic Program for Development Financed with Ordinary Capital (GN-2819-14). This program is aligned with the 2021-2025 Country Strategy for Jamaica (GN-0000) as it aims to support private sector productivity and growth. The project is aligned with the priorities defined in the Innovation, Science and Technology Sector Framework Document (GN-2791-13) as it relates to promote the innovation ecosystem and technological adoption.

### III. Description of Activities and Outputs

- 3.1 **Component I: Component 1. Outreach and Partnership for Stimulating MSME Growth and Competitiveness.** This component will support collaboration between the public and private sectors to implement a targeted national campaign aimed at raising awareness amongst MSMEs of available technical and financial support available for productivity, innovation and growth. The expected outputs include: (i) design of a national communications campaign; (ii) implementation of the communication campaign and sensitization strategies.
- 3.2 **Component II: Component 2. Agile Reforms to Stimulate MSME Productivity and Growth .** This component will finance a consultant to evaluate Jamaica's policy and regulatory framework and provide recommendations for the design of agile reforms to support innovation, productivity, technological adoption and MSME sustainable growth. The expected outputs include a report on recommended reforms.

### IV. Budget

Indicative Budget

Activity/Component	IDB/Fund Funding	Counterpart Funding	Total Funding
Component 1. Outreach and Partnership for Stimulating MSME Growth and Competitiveness	US\$185,000.00	US\$0.00	US\$185,000.00
Component 2. Agile Reforms to Stimulate MSME Productivity and Growth	US\$15,000.00	US\$0.00	US\$15,000.00
<b>Total</b>	<b>US\$200,000.00</b>	<b>US\$0.00</b>	<b>US\$200,000.00</b>

### V. Executing Agency and Execution Structure

- 5.1 This TC will be executed by the Bank through the Competitiveness and Innovation Division (IFD/CTI), at the explicit request of the Government of Jamaica. As per OP-619-4, Annex II, C 2.2, the Bank is the proposed executing agency.
- 5.2 This is justified by the limited institutional capacity of the Ministry of Industry, Investment, and Commerce and the need to have an administration that brings international expertise in an effective and timely manner. Moreover, the Bank will continue its ongoing collaboration with the Ministry to accomplish the objectives of this TC and facilitate the scalability and sustainability of the activities carried out. Notably, their capacity to execute such activities will be strengthened as a result of their participation in this project.

## **VI. Project Risks and Issues**

- 6.1 Sustainability is a key risk that will be addressed by building the necessary institutional capacity to implement the outreach strategy and to support forging strategic partnerships with organizations in the ecosystem that are already working on the areas of supporting MSMEs in Jamaica.

## **VII. Environmental and Social Classification**

- 7.1 The ESG classification for this operation is "undefined".