



# THE YOUNG ENTREPRENEURS ASSOCIATION OF JAMAICA

## PROPOSED POLICY POSITIONS

**Presented at YEA Public Forum  
March 20, 2014**

The Young Entrepreneurs Association of Jamaica (YEA), upon its formation, identified this as one of its core objectives:

- To affect public policy in order to improve the Jamaican Business Environment.

The leadership of the YEA has taken a conscious decision, that this objective, of seeking to affect public policy in the quest to improve Jamaica's Business Environment, will be one of our primary focuses for 2014 and 2015.

In formulating policy positions, the YEA through its Public Policy & Advocacy Committee has recognized that there are four (4) fundamental threshold criteria which must be included in policy formulation postulated by the organization:

1. **Research and the Reliance on Empirical Data** – In formulating policy proposals, the YEA will always undertake extensive research, and obtain the information necessary to ensure that our positions are informed, and are in keeping with present realities.
2. **Legislative Framework** – When proposing policy changes and policy positions, we will be mindful of whatever legislative changes may be required for implementation, and will make recommendations accordingly.
3. **Financing** – In proposing policy positions, we will be cognizant of the financial requirements which may exist to implement such a policy. In making our recommendations, we will try as best as possible to identify possible funding sources to offset the policy implementation process.
4. **Process of Implementation** – In making policy recommendations we will always strive to recommend an Implementation Plan by which said policy positions are to be implemented, inclusive of performance indicators and measurable targets.

## POLICY POSITIONS

For the calendar year 2014, the YEA has undertaken to focus its advocacy efforts on some core policy areas:

- **Youth Unemployment:**
  - Incentivizing SMEs for employment creation.
  - SME Business Capitalization Policy.

- **New Industry Creation**
  - An increased focus on the creation of new industries to complement Jamaica's existing traditional industries.
- **New Markets Identification**
  - A new thrust towards identifying new markets for Jamaica's goods and services in addition to our traditional markets of North America and Europe. Try to identify new areas (such as Latin America and Africa).
- **The Development of a Social Entrepreneurship Policy:**
  - To facilitate the development of social enterprises, primarily in inner city and rural communities to stimulate employment and opportunity creation in these communities.
- **The Development of a Entrepreneurship Culture in Jamaica:**
  - The inclusion of entrepreneurship in the school curriculum at all levels beginning at the primary school level.
  - An increased emphasis on Research and Development, so as to ensure that Jamaican businesses are at the forefront of creating and developing new products and services, creating new industries and sectors, which will aid in Jamaica constantly increasing its productive capacity.
  - Significantly strengthening the business support framework; so as to offer greater levels of support services for business, with the goal of significantly reducing the failure rate of new businesses, while assisting in the continued growth and development of existing businesses.
  - The creation of Business Enterprise Zones or Entrepreneurship Hubs based on a business incubator/accelerator model; which will not only provide industrial and commercial space necessary for the businesses' operations, but will also provide them with the necessary essential business support service to ensure their successful start-up and continued growth and development.

### **The Unemployment Problem**

Jamaica's current unemployment rate is close to 17%, with the rate among youth being alarming close to 40%. The YEA considers this rate (particularly the rate among youth) to be chronic, and would like to put forward some suggestions which we believe will be of use in the systemic reduction of Jamaica's unemployment rate.

## **The Ministry of Employment**

The Young Entrepreneurs Association of Jamaica (YEA) is proposing to the Government of Jamaica (GOJ), that through the process of a Cabinet submission, the current Ministry of Industry, Investment, and Commerce (MIIC) be reshaped to what would now be known as the Ministry of Industry, Investment, Employment and Commerce (MIEC), with an additional Minister of State or Minister Without Portfolio being assigned to that ministry with specific responsibility for Employment.

The YEA is suggesting that the Ministry/Minister with responsibility for Employment, among other things, be primarily responsible for:

- The development of Government policies specifically geared towards employment creation.
- To develop through the process of Private- Public partnership, an unemployment reduction strategy. This strategy is to include:
  - Targeted annual unemployment reduction levels (over a medium term period), with benchmark review dates, and strategy adjustments if necessary to ensure that we meet the stated targets.
  - The identification of new and targeted sectors of the economy which will significantly contribute to the reduction of the unemployment rate.
- The development and identification of appropriate incentive schemes, within the context of Jamaica's current incentive arrangements, to offer incentives to businesses tied to the employment of additional Jamaicans.
- The targeted identification of new global markets for Jamaican goods and services. The minister, in collaboration with other relevant ministries and agencies, will develop the requisite relationships in these markets, and develop the appropriate strategy for individuals and business to access and penetrate these markets.
- To identify the available programs, benefits, and support services which are available to businesses across Government agencies and departments, to interpret and simplify these benefits, and communicate them to the relevant business interests.

- To work in collaboration with the Ministry of Education to spearhead the development and implementation, of the inclusion of Entrepreneurship in the school curriculum at all levels starting at the primary school level.

It could be argued that the Minister/Ministry of Employment be a standalone Ministry or should be attached to another Ministry such as the ministry of Labor. The YEA is of the view that it is Jamaica's commercial, industrial, and investment policies and activities which have the potential to significantly reduce the rate of unemployment to globally desirable levels. For these reasons we believe that the Minister/Ministry of Employment would be ideally placed within the current Ministry of Industry, Investment and Commerce to maximize on the synergies which exist. Though we recognize that the proposed functions of the Ministry/Minister of Employment may currently be resident with various Government departments and agencies, we believe that this focused approach of having these functions consolidated and be the responsibility of one central entity will enhance operational efficiency and cohesiveness and will result in faster and greater levels of success.

### **The MSME Business Fund (J\$1B)**

As a membership association catering primarily to young entrepreneurs, the YEA is acutely aware of the significant challenges facing businesses to access start-up and operational capital.

The YEA is proposing to the Government of Jamaica that a special MSME Business Fund of \$1 Billion Jamaica Dollars be established and made part of the budget for financial year 2014/2015. We are proposing that the \$1B be drawn from these possible sources:

- \$50 million from the forfeiture of criminal assets through the proceeds of crimes act.
- \$300 million from the National Insurance Fund (NIF).
- \$300 million from funds which are currently available to the sector through the Development Bank of Jamaica (DBJ).
- \$250 million from the Tourism Enhancement Fund (TEF),
- \$100 million to be sourced from grant funding institutions.

We are proposing that these funds are directly on lent by the Micro Investment Development Agency (MIDA) and the Self Start Fund (SSF) at concessionary rates of interest of 2-5%.

Based on our experiences, there are two primary factors which act as impediments to businesses gaining access to much needed financing:

1. The businesses are not “loan ready”.
2. Onerous collateral requirements.

In seeking to ensure that businesses are loan ready to access the funds earmarked under this program, we are proposing that a special qualifying criteria be developed through a Public-Private Partnership consultation process. Upon the establishment of said criteria, membership associations like the YEA will be used as implementing entities to ensure that their interested members meet the qualifying criteria before applying for funding under the program.

The recommendation of businesses by implementing entities/membership associations like the YEA will act as an offset for a percentage of collateral requirements for businesses applying for financing under this special fund.

In addition we are recommending that the following measures accompany the program in helping to ensure that the rate of delinquency is kept at a minimum:

- A directive that information on delinquent businesses be provided to credit bureaus and credit scores be generated for business similarly to that which is done for individuals.
- A published business black list for chronic business delinquents.
- A directive that delinquent businesses and/or other business associated with the owners of delinquent business, not qualify for special benefits and support services offered by the Government.

The YEA does not consider the ideas put forward to be novel or proprietary, however, we believe that if these initiatives are implemented, in conjunction with other existing and proposed initiatives of a similar nature, they will go a far way in assisting in the process of reducing Jamaica's rate of unemployment and significantly improve Jamaica's business environment. This we believe will greatly assist in making Jamaica the place of choice to live, work, do business and raise families.