

AID-FOR-TRADE: CASE STORY

JAMAICA

Productive Integration of Micro-Enterprises in Jamaica: Increasing the Competitiveness of Micro – Enterprises in the Craft and Agro-processing Sub-sectors

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(1) Issues Addressed

The micro and small enterprises in Jamaica are estimated at 415,050 firms accounting for 80% of all businesses. The government estimates that the sector currently accounts for 36% of employment. In both the agro-processing and craft sectors, some MEs are engaged in export, acting as the suppliers to larger enterprises. The government sees this sector as having great potential for economic development. It was for this reason that a project was developed targeting this sector.

(2) Objective

The overall objective of this project was to improve the competitiveness of Micro Enterprises (MEs) in Jamaica. The specific objective was to implement an integrated programme for 14 groups of Micro Enterprises in the craft and agro-processing sub-sectors utilizing a sustainable model of productive integration.

The project commenced with the signing of the document by the Jamaica Business Development Corporation and the Inter- American Development Bank on 9th May 2006.

(3) Description of the Project

The target group comprised community based organizations or informal groups cooperatively producing and selling a range of agro- processing (jams, jellies, confectionaries, fermented) and craft (wooden, straw and natural fibers) items. These MEs often operated at a subsistence level. The project sought to work with producers to address challenges that inhibited the groups from operating

efficiently and profitably. These include, product design, product development, business management and marketing.

The project has four (4) components as follows:

- (i) Strengthening horizontal and vertical integration
- (ii) Upgrading of enterprises in the craft and agro-processing sub-sectors
- (iii) Strengthening the sub-sectors support systems for Craft and Agro-processing.
- (iv) Dissemination of the model

(4) Implementation of the Project

With the approval of the IDB, this project was reformulated to maximize the benefits to the beneficiaries .

The project was executed by the Jamaica Business Development Corporation (JBDC). The Corporation is the leading government business support organization for MSMEs in Jamaica and provides a wide range of business and technical services from guiding business start-ups to production expertise.

- 14 groups were selected by JBDC to participate in the project, 9 of which were craft producers and 5 agro-processors.
- Baseline studies of all groups were prepared;
- Business Guidelines, more so than business plans, were prepared to guide the groups;
- Some equipment was purchased for the groups to improve or support production methods;
- Technical assistance was provided for product development and resulted in 14 improved product designs and three (3) new products;
- Market research and viability testing of some product collections were undertaken;
- Commercial readiness product samples were produced;
- Promotional material was produced;
- Assistance given to groups to formalize their businesses;

- Groups participated in local trade shows;
- Project dissemination material was designed and produced
- A consultancy to design a sustainability plan has been undertaken;
- Horizontal Workshops, to introduce groups not a part of the project to the production procedures used in the project, were conducted in three (3) regions;
- Hands on Marketing Workshops are being conducted.

(5) Problems Encountered

- There were delays in the implementation of project activities; this was due to several factors which included the difficulty at times in identifying the specialist expertise required;
- Availability of beneficiaries to participate in scheduled project activities;
- Natural disasters - impacted the use of equipment e.g. solar dryer;
- Internal group issues resulted in changes in the size and cohesiveness of groups;
- The original project design had to be modified in order to facilitate the dynamics of the Micro-Enterprises which required flexibility;
- Suitable production space for agro-processing groups has been a problem;
- Groups consistently implementing required operating procedures to ensure quality of products.

(6) Factors for Success/Failure

The focus on integration of the groups was decreased and activities were realigned towards improving production processes and product quality.

At present, approximately 80% of the reformulated project objectives have been achieved. Some project activities are still pending. There is every indication that the project will be completed by March 2011.

Capacity-building in groups at early stages of their development may be required before activities focused on integrating them internally and with other producers can be successfully implemented.

Flexibility in project design to take account of local conditions and beneficiary needs is required for interventions to be successful.

(7) Results Achieved

- The completion of 14 group baseline studies;
- The provision of product development/technical assistance from craft and agro-processing experts, and the government regulatory agencies including the Bureau of Standard, Jamaica Intellectual Property Office (JIPO) and National Environmental Planning Agency (NEPA) and the Scientific Research Council.
- Provision of basic tools and equipment to assist in the improvement of the groups production processes;
- The completion of nine (9) business guidelines with the other five (5) scheduled to be completed by the end of February 2011;
- The registration of the groups with agencies such as the Bureau of Standards, the Companies Office of Jamaica, and the Jamaica Intellectual Property Office;
- The completion of at least two (2) product lines per group for most of the groups; .
- The holding of a Sustainability Workshop for the groups and stakeholders;
- Products, such as confectionery and craft items, being stocked in stores at both international airports;
- Sales increasing for nearly all the groups.

(8) Lessons Learned

- At the project design stage, beneficiaries' requirements must be clearly identified and matched to project objectives;
- Procurement policies and guidelines must match procurement options of the project;
- Some beneficiaries may need significant support and encouragement e.g. to enter the formal sector, which can prove to be very difficult as most proprietors are very wary of this sector;
- In order for Micro-Enterprises to compete internationally, a significant amount of resources are required to prepare and build capacity in this sector;
- Mechanisms should be developed to provide ongoing support to beneficiaries in areas such as trust building and cohesiveness of groups;
- The importance of the literacy level of beneficiaries;
- Coaching and monitoring for groups require specific, dedicated resources;
- Many members of the MEs sector are operating at subsistence level. Therefore, they must have alternative sources of income and this has influenced their dedication to the group production activity.

(9) Conclusions

Three (3) groups each from the Agro-Producers and Craft Producers have shown great improvement in the quality and standards of their products. These producers are now producing goods which are commercially marketable. Most of the remaining groups are working towards having their products ready for the market.

The level of sales of products for all groups has increased.

The groups, on the whole, recognize the importance of working together to ensure success.

The Productive Integration of Micro-Enterprises (PIMJ) project will be completed by May 2011.

More projects of this nature, which are geared to the development and upgrading of persons in the informal sector, are required if Jamaica is to reduce the size of this sector.