



JAMAICA: FOUNDATIONS FOR COMPETITIVENESS AND GROWTH PROJECT

Loan No.: 9203-JM – Component 1

Assignment Title: Revision of the Micro Small and Medium Enterprise Policy and Preparation of Strategy and Implementation Plan

Reference No. (as per Procurement Plan): FCG/AF/CON/41

TERMS OF REFERENCE

1.0 BACKGROUND

MSMEs have been identified as 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 represent a significant force in the Jamaican economy. These firms also contribute to over 40 percent of Gross Domestic Product (GDP), account for over 34 percent of the total employed labour force, 90 percent of the private sector and over J\$80 billion in tax revenue to the Government. The MSME sector is, therefore, important to the country's drive to induce sustainable *and* broad-based economic growth.

The extent of business informality (estimated at 94 percent) among Jamaican MSMEs, especially among the “micro” category, remains one of the major challenges inhibiting to the growth and development of the sector. Additionally, MSMEs face many other challenges that are both internal and external to their operations, which hinder their growth and development, namely:

- lack of access to appropriate financing;
- capacity constraints and the acquisition of business development support;
- lack of an enabling business environment;
- lack of appropriate technologies;
- limited capacity to increase productivity;
- lack of innovation and adherence to international standards;
- limited access to export markets;
- propensity to stay small, which limits the possibility to become scalable MSMEs with strong export potential; and
- poor linkages among firms.

The GOJ passed the MSME and Entrepreneurship Policy in 2013 (revised 2018) which was the first comprehensive, coherent and coordinated framework for addressing the issues facing the sector. An outline for targeted support to the sector to increase its contribution to socio-economic development was also established. The 2018 Policy¹ proposes a mid-term review of the current Policy and Implementation Plan and recommends a limited update of the policy to incorporate changes in the local, regional and international environments over the past three (3) years. This is in keeping with the decision of the Parliament of Jamaica for this periodic update.

The Ministry of Industry, Investment and Commerce (MIIC) now sees this timely review and update to the policy document as very important, necessary and urgent in the context of a changing local, regional and international business landscape, which is further exasperated by the COVID-19 pandemic, and the implications on the Ministry's objectives, strategies, key activities, and performance.

The Ministry is therefore seeking a qualified and experienced Policy Consultant who will be required to work in close collaboration with the MSME National Policy Implementation Committee (NPIC), the Policy Division of the Ministry and the MSME Office, Government Officials, other Ministries, Departments and Agencies (MDAs), technical advisors, and experts, academia, multi-lateral and bi-lateral donors and civil society to successfully generate a revised policy and implementation plan, strategy and action plan for the Ministry.

1.1 Performance on Policy Implementation

The Ministry has established a MSME National Policy Implementation Committee (NPIC), with responsibility for oversight and coordination of the Policy and Implementation Plan, led by the MSME Division. This oversight body is chaired by the Permanent Secretary in the Ministry, and the membership of the NPIC is comprised of representatives from: other relevant Ministries, Departments and Agencies (MDAs), private sector, academia, MSME stakeholder organizations and associations, non-profit organizations and other advocacy groups.

The work of the NPIC is performed by four (4) thematic working groups as follows:

- Business Enabling Environment;
- Capacity Building and Training;
- Access to Finance;
- Social Enterprise.

As at the end of **June, 2022**, of the One Hundred and Ninety-three (193) activities to be implemented under the Policy, One Hundred and Thirty-four (134) activities have been implemented, 32 are at various stages of implementation, and 27 activities are to be implemented.

Based on the foregoing performance, the Ministry has achieved a policy implementation rate of 86%,

¹ Hyperlink to policy can be found at: <https://www.miic.gov.jm/content/updated-msme-entrepreneurship-policy-2018>

and an achievement rate of 70%.

1.2 Project Description

The Government successfully engaged the World Bank to extend and expand its 6-year US\$50 million loan facility called Foundation for Competitiveness and Growth Project (FCGP) to allow it to deepen the reform initiatives that had been supported under the Project. Approval was granted for the Additional Financing of US\$10 million from the World Bank and the Government committed to provide a further US\$5 million, thus providing a total of US\$15 million to support the various government entities implementation of investment climate reforms.

FCGP is expected to be concluded on March 31, 2024, based on the Additional Financing that has been approved by the World Bank and Government of Jamaica (GOJ) to implement critical Investment Reforms. Component 1 of the project, which is coordinated by JAMPRO, seeks to enhance competition in the business environment. The initiatives under the project are expected to strengthen the enabling environment for private sector competitiveness, assist Jamaica unleash its potential for productivity and growth, and improving the trade environment.

2.0 OVERVIEW OF THE ASSIGNMENT

The FCGP Project Development Objective of which this contract will form a part is, ***“To strengthen the business environment in Jamaica for private investment.”*** The objectives of this assignment are to undertake a comprehensive review and update the 2018 MSME and Entrepreneurship Policy and Implementation Plan, and generate a Strategy Paper and Action Plan, containing activities, strategies and programs that the Ministry should implement within the short-term (12 months), medium-term (24 months), and long-term (4-5 years) to transform the sector and generate high impact. The Consultant is therefore expected to:

- Conduct a comprehensive review of the 2018 MSME and Entrepreneurship Policy and Implementation Plan; assess the level of performance of the policy implementation activities and lessons learnt;
- Perform an assessment of the MSME policy environment within the context of a changing local, regional and international business landscape;
- Recommend the suite of policies, strategies and activities for consideration by the Ministry to facilitate the emergence of new enterprises, and enhance the economic growth, catalyze the recovery and development of existing businesses and foster MSME growth and development in Jamaica;

- Provide practical short-term, medium-term, and long-term recommendations on an integrated approach to MSME development ensuring mainstreaming of cross-cutting issues such as gender equality, climate change, disaster and risk management, environmental and social sustainability.

The results to be achieved by the consultant:

- A comprehensive report on policy achievements, lessons learnt, recommendations on activities in the current Policy that should rolled or otherwise in a Revised Policy Document and Implementation Plan (2023-2028);
- Situation / Gap Analysis of the MSME sector in Jamaica;
- Strategy and Action Plan, containing short-term (12 months), medium term (24 months), and long-term (4-5 years) actions, activities and strategies that the Ministry should consider for implementation;
- Final Draft Green Paper MSME Policy and Implementation Plan (2023-2028).

3.0 SCOPE OF WORK AND KEY DELIVERABLES

The specific services to be performed by the Consultant shall include, but are not limited to, the following:

3.1 Inception Report

- a) Participate in an inception meeting with the Policy Steering Committee (PSC) and any other stakeholder group representatives;
- b) Prepare a workplan, methodology and data collection instruments for undertaking the assignment. This should include timelines and the administrative support needed for undertaking the scope of work.;
- c) Prepare a draft outline of the revised Policy and Implementation Plan, Strategy Paper and Action Plan. This is to be developed concurrently with the current 2018 Policy and Implementation Plan, in line with Cabinet Office's Guidelines on Policy Development.

Deliverable 1: Inception Report

3.2 Situational Analysis

- a) Undertake a comprehensive review and evaluation of the implementation of the Ministry's 2018 MSME and Entrepreneurship Policy and Implementation Plan, and assess the extent to which it has accomplished its goals and objectives through execution of the strategies and activities. Based on this assessment, identify and determine the critical list of remaining activities to be completed, and assess the possibility or otherwise of rolling these activities in an updated Policy, assess the lessons learnt policy implementation, determine the implications of the COVID-19 Pandemic on the achievement of activities.
- b) Conduct situational analysis (using desk research, data analysis, stakeholder interviews, questionnaires, etc.), including identification of constraints/threats and opportunities for MSME growth and development, including impact of COVID -19 pandemic, climate change, supply chain disruptions, among other emerging threats and the need to build resilience of MSMEs to withstand economic and other shocks to livelihoods. The analysis should also consider the opportunities that MSMEs can gain by engaging in e-commerce and the use and adoption of digital technology products and services to boost business growth, and impact on economic growth.

The analysis should also consider any other emerging opportunities that can positively impact MSMEs' growth and development; and especially the ability of MSMEs to integrate in the local, regional and global value-chains with a view to significantly developing and expanding export capacity.

- c) Engage and facilitate interviews with relevant stakeholders in the MSME Ecosystem, including: Ministries, Departments and Agencies (MDAs), MSME Associations and Advocacy groups, private sector, capital providers, academia and other NGOs in order to garner a better understanding of current developments at the macro, and micro levels, with a view to understanding the needs of MSME stakeholders.
- d) Analyze recent developments, programs, initiatives, legislation and regulations, among other changes, which are likely to impact the MSME sector and update the text of the policy document to reflect these developments and changes. The following is an indicative list of some of the developments and changes in the MSME space:

- Draft National Financial Inclusions Strategy;
- Projects funded under the Foundations for Growth and Competitiveness Project (World Bank);
- 2020-2023 Medium Term Socio-Economic Policy Framework;
- Enhanced Security Interests in Personal Property Act (SIPPA)
- Ministerial Orders on the Special and Differential Treatment Measures for

- MSMEs (Public Procurement Act and Regulations;
 - COVID-19 Task Force Report;
 - National Quality Policy;
 - Microcredit Act;
 - National Craft Policy;
 - CARICOM MSME Policy;
 - Draft Social Enterprise Legal Status Act and Implications for an emerging sector;
 - Impact of the COVID-19 Pandemic on Jamaican Businesses (with an emphasis on MSMEs) Report, 2020;
 - Proposed folding of the functions of the EXIM Bank into the operations of the Development Bank of Jamaica (DBJ);
 - Work of the MSME National Policy Implementation Committee, the oversight body established to oversee and coordinate the implementation of the Policy.
- e) Undertake comprehensive research and review of existing literature on policy trends for MSMEs and entrepreneurial development, locally, regionally and internationally and make recommendations on proposed policies, strategies and actions which the Ministry should consider and would form the basis for an updated Policy and Implementation Plan.
- f) Perform a comprehensive environmental scan of the MSME Ecosystem: including the business support organizations, capital providers, legislative and regulatory arrangements and identify relevant and appropriate actions, including incentives/stimulants and support that the Ministry should consider for catalyzing the private sector generally, and the MSME sector more specifically.
- g) Review current relevant policy frameworks, laws, approaches and national implementation plans on business issues at the regional and international levels, including documentation of global best practices.
- h) Convene a National Stakeholder Consultation/Workshop to present findings of the desk review and assessment of policy implementation (2018 to 2022), as well as obtain their views, opinions, feedback, and recommendations on the proposed strategies, activities and programs for an updated 2023-2028 Policy and Implementation Plan. The Workshop would also seek to present and validate with stakeholders the proposed strategies and actions for consideration in the short, medium and long-terms

Deliverable 2: Situation Analysis Of The Msme Sector To Include The 2018 Msme Policy Assessment Findings.

3.3 Draft Revised Policy and Implementation Plan (2023-2028)

- a) Analyze the current state of the business and policy environments, conduct risks and business analysis, generate new set of objectives, policies, strategies and activities, and make recommendations on the proposed changes/revisions to the Policy document to enhance the recovery of the MSME sector going forward.
- b) Prepare draft policy in consultation with Policy Steering Committee and sub-committees, where applicable, taking into consideration findings of the situation analysis. This should include policy recommendations for programmes, policies, legislation, institutions, sectors, and stakeholder groups in the MSME sector in line with global best practices. This should be aligned with the Vision 2030 Jamaica - National Development Plan, and in keeping with the policy development guidelines of the Cabinet Office.
- c) Prepare a draft Strategy and Action Plan in alignment to policies recommendations to include strategies, activities, responsible stakeholders, timelines, and indicative costs. The Strategy and Action Plan should be structured to be immediately executed by the Ministry and its partners after the stakeholder validation phase.
- d) Host consultative sessions with stakeholders, including policy sub-committees to build consensus on strategies and actions, where applicable.
- e) Recommend to the senior leadership of the Ministry the proposed changes to improve the existing policy, and how it aligns with GoJ overall policy and programmes for the private sector.
- f) Considerations for climate change, youth, gender, the elderly, and the physically challenged must be included in the Policy and Implementation Plan, Strategy and Action Plan.

Deliverable 3:

- i. Draft Revised Msme Policy and Implementation Plan (2023-2028);***
- ii. Priority Short Term Action Plan For Immediate Implementation.***

3.4 Stakeholder Consultation Workshop

- a) Plan, organize, coordinate and facilitate a stakeholder consultation workshop to validate findings and draft policy and implementation plan, strategy and action plan;
- b) Convene a stakeholder consultative workshop to present the proposed preliminary changes to the Policy and incorporate any recommendations and modifications to the draft document;
- c) Prepare Workshop Report on proceedings and outcomes of the workshop.

Deliverable 4: Stakeholder Consultation Workshop

3.5 Final Draft Green Paper on Revised Policy and Implementation Plan (2023-2028)

- a) Integrate findings and recommendations from stakeholder workshop and other stakeholders in draft Policy and Implementation Plan document;
- b) Prepare Draft Green Paper Policy and Implementation Plan;
- c) Prepare input for Cabinet Submission for the Draft Green Paper revised Policy and Implementation Plan.

Deliverable 5: Final Draft Green Paper Revised Policy and Implementation Plan

4.0 CONSULTANT QUALIFICATIONS

- Master's Degree in Social Sciences discipline [15]
- Experience in monitoring and evaluation of policies, programmes, projects, strategies or plans as evidenced by three assignments in the last 12 years. [10]
- Experience in preparing situation analysis, studies, or assessments, for the MSME sector as demonstrated by three relevant assignments completed over the past 12 years [15]
- Experience in preparing national policies, strategies or plans in a Caribbean or developing country dealing with MSMEs/entrepreneurship/ business development/private sector development, demonstrated by three completed over the past 12 years [30]
- Experience in preparing Implementation Plans or Action Plans in a Caribbean or other developing country, demonstrated by three completed over the past 12 years [15]
- Demonstration of five assignments that required the consultant to utilize participatory methodologies, stakeholder engagement and facilitation of workshops or meetings [15]

5.0 REPORTING REQUIREMENTS AND TIME SCHEDULE FOR DELIVERABLES

The Planning Institute of Jamaica is the Contracting Authority and is responsible for final approval of any contractual amendments and payments. The Consultant will report to the Ministry of Industry, Investment and Commerce the Supervising Entity. The Supervising Entity shall be responsible for the approval of contractual reports and payment requests. The designated representative of the Supervising Entity is the Senior Director MSME Division, in consultation with the Project Steering Committee.

In fulfilling his/her responsibilities, the designated representative will consult with an established Project Steering Committee to review and recommend approval of deliverables under this consultancy. The Steering Committee will have the responsibility to ensure that all deliverables are properly executed. under this consultancy.

The intended start date is April 2023 and the period of implementation is 10 months from this date. Please see Special Conditions of contract for the actual start date and implementation.

The Consultant shall provide the following reports:

Name of Report	Minimum Content	Submission Date	Review Period	Payment
Inception Report	A time bound work plan, methodology for conducting the assignment, data collection methodology, draft data collection instruments for key informant interviews and list of documents and policies to be reviewed, as well as outline for the Policy and Implementation Plan, Strategy and Action Plan.	2 weeks after signing of the contract	2 weeks	10%
2018 MSME Policy Assessment Findings	Introduction, 2018 Policy Overview; Assessment of extent to which goals, objectives, strategies and activities in the implementation plan have been accomplished and existing gaps (policy, legislative, institutional, etc.); Recommendations for revision of policy; Recommendations for priority strategic areas and actions to be addressed by the priority strategy and action plan Appendices-Outcome of Stakeholder consultation workshop/consultations, names and contact information of persons consulted; workshop presentations.	4 weeks after approval of the Inception Report	2 weeks	10%
Situation / Gap Analysis of the MSME sector in Jamaica	List of Acronyms, Background, Introduction, Global Best Practices, Overview of MSME Practices, Regionally and Internationally Conventions/Treaties, Policies/Plans/Strategies, Legislation and Regulations, Institutions and Programmes impacting on MSME stakeholders and the sector generally, SWOT Analysis, Emerging Issues, Recommendations, Glossary	4 weeks after approval of the 2018 MSME Policy Assessment Findings	3 weeks	10%

Short Term Strategy and Action Plan	Strategy paper outlining strategies, immediate priority actions, programmatic considerations (existing/pipeline/upcoming/ proposed programmes/ projects), implementation considerations, including institutional roles and responsibilities, financing plan and prospective approaches for its implementation to ensure MSME growth and development for the foreseeable future.	4 weeks after submission of Situation Analysis	2 weeks	10%
Draft revised MSME Policy and Implementation Plan	Executive Summary; List of Acronyms; Table of Contents; Introduction; Overview of MSME issues in Jamaica, including results of key informant interviews, Regional and International Frameworks, Policy Framework, Legislative and Regulatory Framework, Institutional Framework; SWOT Analysis; Policy Issues; The Policy, including Goal, Objectives, Thematic Areas, Policies, Strategy, Actions; Implementation Framework, including Institutional Arrangements, Legislative and Regulatory Framework, Communication Programme; Financing of Policy; Monitoring and Evaluation Framework; Linkages to Other Policies/Policy Cohesion; Implementation Plan, including strategies, activities, outputs, indicators of achievement, responsible agencies and stakeholders, timeframe; Glossary	8 weeks after submission of the Situation Analysis	3 weeks	20%
National consultation Workshop Report	Overview of Proceedings of Workshop based on agenda, summary of discussions and conclusions, Appendices- Agenda, Attendance List (name, organization, position, email, telephone)	3 weeks after approval of the Draft revised MSME Policy and Implementation Plan	1 week	10%
Draft Green Paper revised MSME Policy and Implementation Plan	Draft revised MSME Policy and Implementation Plan updated to include recommendations from National Consultation workshop and other comments from stakeholder groups	2 weeks after approval of the Workshop Report	2 weeks	15%
Final Green Paper revised MSME Policy and Implementation Plan	Final Green Paper Policy and Implementation Plan updated to include all comments.	2 weeks after approval of the Draft Green Paper revised MSME Policy and Implementation Plan	2 weeks	15%

Reports may be submitted in soft/electronic copy using Microsoft Word and Adobe PDF. The Final Report shall be delivered by electronic copy as above, via email. The Consultant will be required to make a presentation of each deliverable to the Project Steering Committee.

The Consultant may be required to participate in monthly contract execution update meetings to facilitate proactive monitoring and mitigation of risks. The Consultant shall maintain a rolling list of Action Items resulting from these meetings. All deliverables produced under this assignment are the property of the GoJ and cannot be reproduced, shared, or distributed without prior consent of the Contracting Authority and Supervising Entity.

6.0 CLIENT’S INPUT AND COUNTERPART PERSONNEL

All day-to-day operations and communication regarding the implementation of activities under the contract will be handled by the Supervising Entity – the Ministry of Industry, Investment and Commerce.

The Consultant will be home based and will only be accommodated at the Ministry of Industry, Investment and Commerce as needed.

Professional and support counterpart liaison personnel to be assigned by the MSME Division to the Consultant.