A National Policy Framework
For The Development Of Micro, Small and Medium-Sized Enterprises (MSMEs).
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AGRI-BUSINESS

TOURISM NICHES

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<thead>
<tr>
<th>ACRONYM</th>
<th>FULL NAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>BAS</td>
<td>Barbados Agricultural Society</td>
</tr>
<tr>
<td>BBA</td>
<td>Barbados Banker’s Association</td>
</tr>
<tr>
<td>BCCI</td>
<td>Barbados Chamber of Commerce and Industry</td>
</tr>
<tr>
<td>BCSI</td>
<td>Barbados Coalition of Service Industries</td>
</tr>
<tr>
<td>BEC</td>
<td>Barbados Employers’ Confederation</td>
</tr>
<tr>
<td>BHTA</td>
<td>Barbados Hotel and Tourism Association</td>
</tr>
<tr>
<td>BIBA</td>
<td>Barbados International Business Association</td>
</tr>
<tr>
<td>BIDC</td>
<td>Barbados Investment and Development Corporation</td>
</tr>
<tr>
<td>BIMAP</td>
<td>Barbados Institute of Management and Productivity</td>
</tr>
<tr>
<td>BMA</td>
<td>The Barbados Manufacturer’s Association</td>
</tr>
<tr>
<td>BPSA</td>
<td>Barbados Private Sector Association</td>
</tr>
<tr>
<td>BRA</td>
<td>Barbados Revenue Authority</td>
</tr>
<tr>
<td>BSO</td>
<td>Business Support Organization</td>
</tr>
<tr>
<td>BSS</td>
<td>Barbados Statistical Services</td>
</tr>
<tr>
<td>BYBT</td>
<td>Barbados Youth Business Trust</td>
</tr>
<tr>
<td>CAIPO</td>
<td>Corporate Affairs and Intellectual Property Office</td>
</tr>
<tr>
<td>CALC</td>
<td>Country Assessment of Living Conditions</td>
</tr>
<tr>
<td>CARICOM</td>
<td>Caribbean Community Market</td>
</tr>
<tr>
<td>CCB</td>
<td>Central Bank of Barbados</td>
</tr>
<tr>
<td>CDB</td>
<td>Caribbean Development Bank</td>
</tr>
<tr>
<td>CROSQ</td>
<td>Caribbean Regional Organization for Standards and Quality</td>
</tr>
<tr>
<td>CSME</td>
<td>Caribbean Single Market and Economy</td>
</tr>
<tr>
<td>EGFL</td>
<td>Enterprise Growth Fund Ltd.</td>
</tr>
<tr>
<td>FUNDACCESS</td>
<td>Barbados Agency for Micro Enterprise Development Limited</td>
</tr>
<tr>
<td>HACCP</td>
<td>Hazard Analysis Critical Control Points</td>
</tr>
<tr>
<td>ICT</td>
<td>Information Communication Technology</td>
</tr>
<tr>
<td>ILO</td>
<td>International Labour Organization</td>
</tr>
<tr>
<td>LAC</td>
<td>Latin America and the Caribbean</td>
</tr>
<tr>
<td>MAFF</td>
<td>Ministry of Agriculture, Food Fisheries &amp; Water Resource Management</td>
</tr>
<tr>
<td>MIICS</td>
<td>Ministry of Industry, International Business, Commerce and Small Business Development</td>
</tr>
</tbody>
</table>
MSME  National Micro, Small and Medium Enterprise
NIS    National Insurance Scheme
NMDP  National MSME Development Policy
NPC   National Productivity Council
PPP   Public Private Partnership
RDC   Rural Development Commission
R&D   Research and Development
SALISES Sir Arthur Lewis Institute of Social & Economic Studies
SBA   Small Business Association of Barbados
SBDC  Small Business Development Centre
SBDU  Small Business Development Unit
SEED  Student Entrepreneurial Empowerment Development Project of the University of West Indies Cave Hill Campus
SJPP  Samuel Jackman Prescod Polytechnic
TVET  Technical Vocational and Education Training
UDC   Urban Development Commission
YES  Youth Entrepreneurship Scheme
ACKNOWLEDGEMENTS

The Ministry of Industry, International Business, Commerce and Small Business Development expresses appreciation to the National Micro, Small and Medium Enterprise (MSME) Policy Sub-Committee which formed part of the wider National MSME Steering Committee for the invaluable contribution made towards the development of this National MSME Policy.

Global best practices have indicated that timely and relevant policy interventions can transform fledgling economies. In this regard, Barbados has positioned the MSME sector as a critical component in the revitalization of the national economy, this policy is therefore intended to play a pivotal role towards the achievement of this strategic goal.

The National MSME Steering Committee comprised the following stakeholders:

- Barbados Investment and Development Corporation (BIDC).
- The Small Business Association of Barbados (SBA).
- Youth Entrepreneurship Scheme (YES) of the Ministry of Culture, Sport and Youth.
- The Barbados Coalition of Service Industries (BCSI).
- Sir Arthur Lewis Institute of Social & Economic Studies (SALISES).
- Student Entrepreneurial Empowerment Development (SEED) Project of the University of West Indies Cave Hill Campus.
- The Barbados Manufacturer’s Association (BMA).
- Barbados Youth Business Trust (BYBT).
• Senator John Watson (Entrepreneur).
• The Samuel Jackman Prescod Polytechnic (SJPP).
• Enterprise Growth Fund Ltd. (EGFL).

Additionally, the Ministry expresses appreciation to the Ministry of Agriculture, Food, Fisheries and Water Resource Management, the Ministry of Tourism and International Transport, and the National Council for Science and Technology (NCST) of the Ministry of Education, Science, Technology and Innovation for the provision of support documentation. It is noted that the MSME & Entrepreneurship Policy of the Jamaica’s Ministry of Industry, Investment & Commerce as well as the CARICOM Regional Policy on MSME Development was referenced.

It is hoped that this policy framework will act as a catalyst for the implementation of the initiatives contained herein, facilitate the competitiveness of the MSME sector, increase its contribution to the national economy and catapult those MSMEs who are desirous onto the world stage.
EXECUTIVE SUMMARY

The Micro, Small and Medium-Sized Enterprise (MSME) Sector the world over has been touted as the engine of growth of the modern economy. The Barbados scenario bares no exception. Cognizant of this global reality, the Government of Barbados has positioned the MSME sector as a critical plank in the effort to revitalize the island’s economy.

This Policy Framework therefore recognizes the role that MSMEs must play in realizing government’s wider objective of leveraging the fullest potential of the MSME sector to champion the revitalization effort and to chart a revised growth path that lends to the sector’s expanded contribution to the national economy.

Critical to the aforementioned is the need to mitigate the inherent challenges facing this important sector evidenced by:

- Lack of integration, collaboration and cohesiveness of business support agencies.
- Lack of participation of private enterprises in the business support framework in the areas of training, technical assistance, and finance.
- Low penetration rate of business development services.
- The existence of an expanding informal business sector.
- Lack of simplified registration and classification process for businesses.
- Insufficient foreign-exchange generation.
- Lack of MSME category in national accounts; and a
- Culture of mistrust among agencies and constituents.

In an effort to unlock the fullest potential of the MSME sector, it is imperative that a culture of entrepreneurship is inculcated among MSMEs. It is acknowledged that economic transformation revolves around innovation, labour productivity, the existence of high-growth enterprises which aggressively seek to improve and introduce new ways of doing business, and utilize advanced technology to achieve competitive and
comparative advantages. A review of international best practices has therefore seen government’s crafting and implementing a set of strategic policies, projects and programmes, with concomitant legislation, to facilitate the development and growth of the MSME sector, while simultaneously strengthening the entrepreneurial spirit of businesses by providing sustainable capacity building programmes, and business support services

This MSME Policy Framework is therefore a critical cog in government’s strategic focus and seeks to address the major development goals for the MSME sector, namely, effective and efficient export facilitation and development; the internationalization of MSMEs; the facilitation of a more innovative MSME culture; an expanded employment regime and a more efficient and productive MSME sector. The policy prescriptions are therefore pitched towards the following thematic pillars to facilitate the attainment of intended outcomes and the achievement of the identified development goals:

- **Legislative, regulatory and business support framework;**
- **Access to finance;**
- **Market access, competitiveness and productivity; and,**
- **Development of entrepreneurial skills, knowledge and competencies through education and training.**

The recommended interventions are guided by government’s vision to position the MSME sector “To be a globally competitive, technology driven MSME sector, contributing to the sustainable socio-economic development of Barbados” while its mission is “To facilitate an enhanced and effective enabling environment for potential and existing micro, small and medium enterprises within Barbados that will accelerate entrepreneurship, increase profitability and employment, and foster innovation, competitiveness and sustainable development of the MSME Sector”.

In recognizing the need for a multi-sectoral approach to MSME development where public and private sector linkages are encouraged, this document suggests the importance of embracing other policy considerations where greater emphasis is placed on the role of special development groups and sectors in determining the success of the wider MSME sector.

It must be noted that the recommendations are not to be regarded the panacea for MSME
development in Barbados. Conversely, these recommendations should be considered the catalyst for facilitating the development of a sector that if left unchecked, has the potential to stymie its growth and that of the wider Barbadian economy.
INTRODUCTION

The National MSME Development Policy (NMDP) provides a framework for Micro, Small and Medium Enterprise (MSME) Development in Barbados in light of the national goals for enhancement of the MSME sector. It also encompasses the guiding principles for MSME development in Barbados which require MSMEs to be:

- entrepreneurial in all undertakings.
- catalysts for human, social and economic development.
- key drivers of economic growth.
- enablers of social stability.

It is therefore envisaged that the NMDP will greatly assist in facilitating the attainment of the five major national goals for the MSME sector which are:

- increased export development;
- internationalization of MSMEs;
- the development of a cadre of innovative MSMEs;
- increased employment generation; and
- increased efficiency and productivity among MSMEs.

The NMDP therefore lays the foundation for facilitating MSME development by enabling MSMEs to contribute towards the attainment of:

- An enabling business environment.
- A stable macro-economy.
- International competitiveness.
- A transformational culture that promotes entrepreneurship.
- Energy security and efficiency.
- A technology-enabled society.
- Sustainable growth and development.
Barbados is a small open economy that is largely dependent on tourism and international financial services. As a consequence, economic growth and development is contingent on the state of the global economy. The global financial crisis (Circa 2007) has meant general economic decline in the country since 2008, with real growth in the intervening years reaching a trough of -4.1% in 2009 with only marginal growth in subsequent years. The consequences for the domestic economy have been rising levels of unemployment - increasing from 10.0% in 2009 to 11.9% in the second quarter of 2015, and fiscal imbalances of -12.3% in 2013/2014\(^1\). As shown in the figure below, youth suffer higher unemployment rates than adults, and sex-disaggregated data shows the situation to be more severe for young females. Despite the effect of the global financial crisis the country has maintained a high human development index value at 0.78 in 2013, and a rank of 59th, and had one of the highest GDP per capita levels in the Caribbean in 2014 at nearly US$15,343\(^2\).

**Figure 1: Unemployment Rates for Youth and Adults in Barbados by Sex 1991-2013**

Source: KILM 8th Edition

Note:
Youth defined by ILO as 15 to 24, while adults are those over 24 years of age.

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2 Source: World Development Indicators. Figures in current US$. 
The global financial crisis has presented some medium-term economic challenges to the Barbadian economy. However, there are some longer term challenges related to the static structure of the economy, and consequently the labour market. The structure of the Barbadian economy is one long dominated by traditional services, dependent on imports to satisfy domestic demand and reliant on tourism to earn foreign exchange (*the contributions of various sectors are highlighted in the table below*). Consequently the structure of the labour market is dominated by low and semi-skilled occupations; elementary occupations accounted for 19.6% of employment in 2003 and 18.2% in 2013, service/shop workers accounted for 19.1% of employment in 2003 and 18.6% in 2013. The next highest occupational grouping was craft and related workers accounting for 13.4% of employment in 2003 and 11.6% in 2013. Particularly relevant here is that there has been a similar static structure with regards to self-employment which accounted for 14.4% of the employed in 2003 and 16.7% in 2013, with self-employment more prevalent amongst males (20% of male employment) than females (13% of female employment) and youth (5% of youth employment) in 2010 (CDB, 2012).

*Table 1: Sector Contributions to GDP for 2003 and 2013*

<table>
<thead>
<tr>
<th>Sector</th>
<th>2003</th>
<th>2013</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>7.7</td>
<td>4.1</td>
<td>-3.6</td>
</tr>
<tr>
<td>Wholesale and Retail Trade</td>
<td>9.6</td>
<td>8.0</td>
<td>-1.6</td>
</tr>
<tr>
<td>Hotels and Restaurants</td>
<td>12.4</td>
<td>11.8</td>
<td>-0.6</td>
</tr>
<tr>
<td>Finance and Business Services</td>
<td>24.5</td>
<td>26.1</td>
<td>+1.6</td>
</tr>
</tbody>
</table>

Source: Central Bank of Barbados (2015)

The economic crisis, coupled with a lack of structural change in the economy, and consequently the labour market, has had a severe effect on livelihoods. In 2010, the Country Assessment of Living Conditions (CALC) estimated that 15% of households and 19% of individuals were living in poverty, that is, below the poverty line of BD$7,860. The burden of poverty was also shown to fall more heavily on females, where 62% of poor households were headed by women.

There is a link between underemployment, unemployment and poverty, where the poor
are more likely to be employed part-time, in lower-paying occupations, or unemployed. It was noted that 39% of the poor are in lower level occupations as opposed to 25% for the non-poor, and 26% were unemployed as opposed to 6.3% of the non-poor. There is also a link between education and poverty with 57% of the poor having no educational qualifications and the related proportion for the non-poor being 31%.

The current state of the Barbadian economy suggests the need for a multifaceted approach to socio-economic development, with the development of the MSME sector particularly relevant for addressing macroeconomic growth, poverty alleviation, and the empowerment of women and youth through the facilitation of access to finance, technical assistance and training.

As a key component of the Barbadian economy, MSMEs contribute significantly to employment and output. A 2012 report by SALISES entitled National Survey of the Small Business Sector in Barbados for the Government of Barbados estimated that 11,275 registered small businesses employed approximately 34% of the entire labour force, accounting for 43% of the private sector workforce. The table below was extracted from the report and shows the sectoral distribution of these registered small businesses in Barbados based on data from the Inland Revenue Department (IRD):

<table>
<thead>
<tr>
<th>Sector</th>
<th>Frequency for IR Data (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholesale and Retail Trade</td>
<td>26.34</td>
</tr>
<tr>
<td>Professional Services</td>
<td>24.28</td>
</tr>
<tr>
<td>Road Transport (including garages)</td>
<td>10.91</td>
</tr>
<tr>
<td>Building and Construction</td>
<td>7.20</td>
</tr>
<tr>
<td>Other Manufacturing</td>
<td>7.00</td>
</tr>
<tr>
<td>Agriculture</td>
<td>4.94</td>
</tr>
<tr>
<td>Banking</td>
<td>4.32</td>
</tr>
<tr>
<td>Restaurants</td>
<td>4.12</td>
</tr>
<tr>
<td>Insurance (other)</td>
<td>3.09</td>
</tr>
<tr>
<td>Shipping, Port and Warehousing</td>
<td>2.88</td>
</tr>
<tr>
<td>Real Estate</td>
<td>1.44</td>
</tr>
<tr>
<td>Hotels</td>
<td>1.44</td>
</tr>
<tr>
<td>Recreation Services</td>
<td>1.23</td>
</tr>
<tr>
<td>Petroleum and Natural Gas Production</td>
<td>0.41</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>0.40</td>
</tr>
<tr>
<td>General Services</td>
<td>Nc</td>
</tr>
<tr>
<td>Group Association</td>
<td>Nc</td>
</tr>
<tr>
<td>ICT</td>
<td>Nc</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

*nc means not categorized by data source

Given this significant share of employment and hence output, adverse issues faced by
MSMEs affect the overall economy.

Some of the main issues affecting businesses in the country are outlined in the Doing Business Report of the World Bank. The 2015 Doing Business Report for Barbados indicates that overall the country ranks 106th out of 189 economies, with a score of 61 out of 100, the same as the average for Latin America and the Caribbean but significantly below the score of 81 for the UK, the 8th ranked country in the world. The component rankings for Barbados were as follows:

**Above Average Performance**
- Starting a business: 84.36
- Trading across borders: 83.34
- Resolving insolvency: 74.09
- Paying taxes: 72.99
- Getting electricity: 67.51
- Dealing with construction permits: 61.06

**Below Average Performance**
- Protecting minority investors: 30.83
- Getting credit: 35.00
- Enforcing contracts: 41.61
- Registering property: 54.95

The results show that while the country is performing well on the majority of indicators, there are four main areas that require attention: protecting investors, getting credit, enforcing contracts and registering property. A review of the factors influencing these below average ranks reveals the following:

i. Protecting Minority Investors (30.83 versus 46.25 for LAC): Lack of disclosure requirements, lack of director liability, lack of governance structure requirements, lack of corporate transparency, moderate shareholder rights (4.5/10.5) but good access to evidence in the case of litigation;

ii. Getting Credit (35.00 versus 47.34 for LAC): No credit information system by good strength of legal rights;

iii. Enforcing Contracts (41.61 versus 52.45 for LAC): Enforcement takes an average of 1340 days, costs 19.7% of the value of the claim and requires 38 procedures;

iv. Registering Property (54.95 versus 60.56 for LAC): 6 procedures, 118 days and costs 5.6% of property value.
This data reflects some points of concern for small businesses in particular. While the country ranks well in relation to Starting a Business, the issue of access to finance remains problematic and was noted as the biggest challenge to business in the Enterprise Survey for Barbados conducted by the World Bank in 2010. Of all of the issues thought to affect businesses, 27% stated that access to finance was the biggest obstacle, followed by electricity costs (23%), an inadequately educated workforce (18%) and transportation (11%). Overall, 41% of firms identified access to finance as a major constraint; with 45% of small firms (5-19 employees) indicating the same. In terms of electricity costs, 52% of small firms identified this as a major constraint, while for an inadequately educated workforce this was 32%. These enterprises are therefore constrained by inadequacies in capital and labour, as well as infrastructure.

The importance of the MSME sector to the Barbadian economy coupled with the constraints faced in accessing capital and suitable labour suggest the need for intervention by the Government to ameliorate conditions that could lead to persistent market failures in the provision of support to the MSME sector.
ENTERPRISE SUPPORT IN BARBADOS

The business support framework in Barbados is buttressed by several public and private sector agencies and ancillary entities which supply training, technical assistance, finance and advocacy. The table below is a representation of some of these institutional actors.

Table 2: Enterprise Development Support Institutions

<table>
<thead>
<tr>
<th>Public Sector</th>
<th>Private Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Business Development Unit (SBDU) of MIIBCSBD</td>
<td>Enterprise Growth Fund Limited (EGFL)</td>
</tr>
<tr>
<td>Barbados Investment Development Corporation (BIDC)</td>
<td>Invest Barbados (IB)</td>
</tr>
<tr>
<td>Youth Entrepreneurship Scheme (YES) of the Ministry of Culture, Sports and Youth</td>
<td>Rural Development Corporation (RDC)</td>
</tr>
<tr>
<td></td>
<td>Urban Development Corporation (UDC)</td>
</tr>
<tr>
<td></td>
<td>National Productivity Council (NPC)</td>
</tr>
<tr>
<td>Barbados Small Business Association (SBA)</td>
<td>Barbados Coalition of Service Industries (BCSI)</td>
</tr>
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<td>Barbados Youth Business Trust (BYBT)</td>
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<td>Barbados Bankers’ Association (BBA)</td>
</tr>
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<td></td>
<td>Barbados Employers’ Confederation (BEC)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ancillary Agencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Insurance Scheme (NIS)</td>
</tr>
<tr>
<td>Central Bank of Barbados (CBB)</td>
</tr>
<tr>
<td>Corporate Affairs and Intellectual Property Office (CAIPO)</td>
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Small Business Development Centre Model

The adoption of the Small Business Development Centre (SBDC) Model has been agreed to and supported by the Government of Barbados as a policy action to improve integration, collaboration and cohesiveness of business support agencies. *(See appendix 1).*

It is envisaged that the adaptation of the SBDC Model through the Barbados SBDC Network will greatly improve the national delivery of business support services to MSMEs. It will integrate and enhance Public-Private Partnerships and collaborations to effect greater operational efficiencies across the MSME sector. The Network will also promote a culture of measurement and impact assessment.

The Ministry responsible for the administration of the SBDC Network will coordinate the operations of the Network through a technological platform, which will allow each SBDC to create and capture economic impact. The SBDC, through this technological database, will influence the MSMEs’ understanding of the need to pursue greater levels of economic impact. A partnership will therefore exist between the Ministry and the recipient organization by way of Memoranda of Understanding for the delivery of assistance to the MSME community in an effort to create a sustainable entrepreneurial culture.

Previous Policy Recommendations

Previous research in the area of MSME development by the Government of Barbados through the Ministry responsible for MSME development proffered a number of recommendations to strengthen and incentivize the sector. A 2009 study conducted by SALISES on data for the sector recommended that greater access to data residing in support agencies would need to be facilitated to suitably address the identified sectoral needs and foster strategic planning. In addition, it was noted that greater utilization of technology was required as large amounts of the information available was not in electronic format. The inclusion of specific indicators, harmonization of systems and standardization of classifications were also recommended.
At a macro level, SALISES (2012: xvii) made several broad recommendations including:

- Clear articulation of the goals for small business support in Barbados.
- Identification of the different motivations of the private sector, which are not in harmony with national goals.
- Inclusive policy to promote the development of small businesses.
- Enhancement of the effectiveness of enterprise development support.
- Rationalization of the business startup and support process through inter-agency cooperation.
- Development of internet-based linkages between agencies in the rationalization of support services in Barbados.

The report also noted a number of sector-specific constraints that would need to be addressed going forward.

In addition to these recommendations, Holder and Mascoll (2013) proposed a policy framework to incentivize the micro business sector which included formulating a definition of a microenterprise. Holder and Mascoll (2013) suggested the following key components of the framework:

- Improved information flow.
- Improved access to finance.
- Enhanced regulatory environment.
- Access to business development services.
- Provision of technical assistance.
- Foster greater innovation.
SWOT ANALYSIS

A SWOT analysis was conducted on the MSME sector to identify those strengths and opportunities which should be maximized via this policy, as well as the weaknesses and threats which require appropriate policy action. The following is a synopsis of the findings.

**SWOT Analysis of the MSME Sector**

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Opportunities</th>
</tr>
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<tbody>
<tr>
<td>• Supportive legislative framework, inclusive of definition for sector and incentives for businesses that import.</td>
<td>• Opportunity for services sector to be incentivized and contribute to economic growth.</td>
</tr>
<tr>
<td>• Several business support organizations providing a range of training, advisory and technical services for MSMEs.</td>
<td>• Harmonization of policy at the level of the Caribbean Community.</td>
</tr>
<tr>
<td>• Availability of seed capital for business start-up and expansion</td>
<td>• Small Business Development Centre (SBDC) model provides opportunity to improve the competitiveness of firms.</td>
</tr>
<tr>
<td>• Training institutions that provide managerial and vocational courses to build skills within the MSME sector.</td>
<td>• &quot;Privatization&quot; - Greater private sector involvement in national economy.</td>
</tr>
<tr>
<td></td>
<td>• Greater involvement with educational institutions.</td>
</tr>
<tr>
<td></td>
<td>• Expansion of use and integration of technology.</td>
</tr>
<tr>
<td></td>
<td>• Expansion of research in the identification of niche markets</td>
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</table>

<table>
<thead>
<tr>
<th>Weaknesses</th>
<th>Threats</th>
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<tbody>
<tr>
<td>• Lack of integration, collaboration and cohesiveness of business support agencies.</td>
<td>• Current legislation is a disincentive to the informal sector.</td>
</tr>
<tr>
<td>• Lack of participation of private enterprises in the business support framework in the areas of training, technical assistance, and finance.</td>
<td>• Bilateral agreements provide unfair advantage to foreign firms.</td>
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<tr>
<td>• Low penetration rate of business development services.</td>
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</table>
The existence of a growing informal business sector that has the potential to promote an “underground economy” which is not beneficial to economic development.

- Lack of simplified registration and classification process for businesses.
- Lack of MSME category in national accounts.
- Culture of mistrust among agencies and constituents.
- Insufficient foreign-exchange generation.
- Insufficient access to finance.

OVERVIEW OF CARICOM REGIONAL POLICY ON MSME DEVELOPMENT

The CARICOM Regional Policy on MSME Development has a number of key thematic areas which have been used to inform the development of the related NMDP for Barbados. The intention of the Regional Policy framework is to facilitate the growth of the MSME sector throughout the CARICOM Community by creating conditions to improve their productive capacity, competitiveness, profitability and by extension increase sustainable business and employment opportunities.

The Regional Policy also recognizes the significant role MSMEs play in the economic development and macroeconomic stability of the region. The MSME Sector:

- Accounts for more than seventy percent (70%) of GDP in some CARICOM Members States;
- Creates about 45 per cent (45%) of jobs in CARICOM Member States;
- Accounts for over 70% of main export crops and an even higher proportion of domestic food crops;
- Provides transportation and other tour guide services for tourists and commuters;
• Plays a leading role in the production and marketing of agricultural produce, in construction, equipment repairs and maintenance, technical services, food and the retail trade; and

• Dominates in some manufacturing sub-sectors such as wood products, garments and sewn goods and handicraft items.

Further, most of the research done within the region indicates that the sector plays a significant role in aiding poverty reduction, wealth creation and supporting sustained economic growth across the Region. A vibrant MSME sector means:

• More equitable distribution of wealth;
• Greater development of skills;
• Better utilization of resources and the development of appropriate technology; and
• A key source of employment for women, youth and the rural poor.

The NMDP is therefore guided by the thematic segments of the CARICOM MSME Policy with a view towards facilitating regional policy congruence while reflecting the local reality. These thematic segments include:

• Policy and Legislative Framework
• Financing for the MSME Sector
• Competitive Input Factors and Supporting Infrastructure
• Human Resource and Entrepreneurial Skills Development
• Institutional Frameworks and Business Development Services
• Marketing: Markets, Export Promotion and Trade Facilitation
• Innovation and Entrepreneurship
Other areas include:

- Production Integration/Value Chains/Clusters
- Intellectual Property
- Public-Private Partnerships
- Priority Sectors
- Gender Equality and Women Entrepreneurship
- Youth Entrepreneurs

PROPOSED POLICY FRAMEWORK FOR BARBADOS

This NMDP is not intended to give singular focus to MSMEs operating either within the manufacturing or services sectors; rather, it gives targeted attention to an integrated approach to MSME development thus recommending comprehensive interventions that straddle both sectors and embrace all areas of economic activity. Further, an inter-sectoral approach to MSME development is recommended to leverage the benefits of the wider Barbadian economy and by extension that of the global economy.

The NMDP framework lays the foundation for how the MSME sector will contribute to Barbados’ economic development by mitigating the weaknesses identified within the sector, leveraging its several strengths and seizing the opportunities presented within the global market place. Further, the policy is positioned to meet Barbados’ major development goals for the MSME sector, namely;

- Effective and efficient export facilitation and development.
- The internationalization of MSMEs.
- The facilitation of a more innovative MSME culture.
- An expanded employment regime and:
- A more efficient and productive MSME sector.
MISSION, VISION, OBJECTIVES

The achievement of the aforementioned development goals will be guided by the following Vision, Mission and Policy Objectives.

Vision:
To be a globally competitive, technology driven MSME sector, contributing to the sustainable socio-economic development of Barbados.

Mission:
To facilitate an enhanced and effective enabling environment for potential and existing micro, small and medium enterprises within Barbados that will accelerate entrepreneurship, increase profitability and employment, and foster innovation, competitiveness and sustainable development of the MSME Sector.

Objectives:
- To increase the number of viable and sustainable MSMEs over the short to long term period;
- To increase the number of globally competitive MSMEs in the country;
- To enhance the productive and export capacity of MSMEs within the next six (6) years;
- To consistently enhance market opportunities nationally and throughout the Caribbean Community;
- To facilitate the formalization of the MSME Sector with annual increases in the number of formal MSMEs;
- To annually increase the number of MSMEs accessing investment funding and finance;
- To encourage diversification in the production of goods and services through innovation, creativity and technology and therein to note annual increases in the number of MSMEs making use of R&D and ICTs and the number of MSMEs that are internationalized;
- To increase the annual number of MSMEs accessing trade and technology information;
• To annually improve the entrepreneurial, management and technical skills of MSMEs in Barbados;
• To support the short term (6–24 months) availability of information and statistical data on the local MSME Sector;
• To promote the involvement of Barbados’ youth and persons living with disabilities in the MSME Sector;
• To encourage gender equality in all economic sectors and commercial entrepreneurial undertaking in Barbados,
• To support equity of opportunities among MSMEs;
• To encourage the introduction of entrepreneurship and innovation in the education system at the primary, secondary and tertiary levels in Barbados.

These goals and objectives identified are to be achieved through the following four thematic pillars:

• Legislative, regulatory and business support framework;
• Access to finance;
• Market access, competiveness and productivity, and;
• Development of entrepreneurial skills, knowledge and competencies through education and training.
PILLAR 1: LEGISLATIVE, REGULATORY AND BUSINESS SUPPORT FRAMEWORK.

The following policy objectives will address the weaknesses identified within the MSME sector while leveraging the sector’s strengths relative to the legislative, regulatory and business framework.

POLICY OBJECTIVE 1: TO ENCOURAGE BUSINESSES TO ENTER THE FORMAL BUSINESS SECTOR.

It is accepted that the informal business sector will continue to exist. However, the NMDP seeks to promote the transition of businesses from the informal sector to the formal sector (formalization) through the provision of a set of relevant incentives. This objective therefore focuses on the formalization of micro businesses through the following initiatives:

❖ Policy Initiatives:

- Facilitate an increase in the number of business registrations by providing an exemption from the first band of taxable income;
- Facilitate the ease of business registration through an online facility and the creation of a central repository of data on business registrations; and
- Business owners will be required to honour their statutory obligations, specifically as it relates to their National Insurance contribution, in order to retain the benefits associated with the business registration status attained.

POLICY OBJECTIVE 2: TO CREATE A MONITORING AND CLASSIFICATION PROCESS THAT ENCOURAGES MSMEs TO GROW AND EXPAND.

The criteria and systems to access the benefits for each classification of business identified below shall be simplified, validated via a central location (Ministry responsible for MSME development) and facilitated by the Business Support Organization’s (BSOs) in Barbados.

❖ Policy Initiatives:

CRITERIA FOR CLASSIFICATION

- MSMEs shall be classified based on established definitions. To be determined a particular business classification (Micro, Small, and Medium), the business must meet any two (2) of the three (3) stated qualifying criteria (Employees, Annual
Sales, Investment) within the respective category. The business classifications and their respective criteria are represented horizontally in the table below.

<table>
<thead>
<tr>
<th></th>
<th>Employees (full time)</th>
<th>Annual Sales (Barbados $)</th>
<th>Investment (Barbados $)</th>
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</thead>
<tbody>
<tr>
<td>Micro Enterprises</td>
<td>Owner Manager and &lt; 5</td>
<td>&lt; 0.5 million</td>
<td>&lt; 0.1 Million</td>
</tr>
<tr>
<td>Small Enterprises</td>
<td>&lt; 30</td>
<td>&lt; 3 million</td>
<td>&lt; 1 Million</td>
</tr>
<tr>
<td>Medium Enterprises</td>
<td>&lt; 100</td>
<td>&lt; 8 million</td>
<td>&lt; 3 Million</td>
</tr>
</tbody>
</table>

The aforementioned criteria acknowledge the peculiar market access challenges experienced within each category of business.

**SYSTEM FOR REGISTRATION**

The following system will be used for the registration of MSMEs as well as to facilitate the firms’ access to various incentives in an effort to stimulate growth.

i. A central location shall be established to process registration for the three (3) aforementioned classifications of MSMEs.

ii. The information accessed by the SBDU shall be used to capture data on businesses entering the market and facilitate the re-registration of firms with the Ministry responsible for MSME development every 2 years.

**INCENTIVES TO GRADUATE WITHIN THE BUSINESS CYCLE**

Businesses will be encouraged to graduate from each size classification facilitated through a suite of fiscal and business support services.

**MICRO ENTERPRISES**

Incentives for the micro business category will focus primarily on poverty alleviation.

1. Access to grant funding.
2. Tax Credit for training and development of skills required to run the business (dollar value of cap to be determined).

3. Tax credit on the use of green energy and technology up to a value of $10,000.00.

4. Exemption from withholding tax on dividends and interest earned on any investment in a micro enterprise or in any fund approved for investment in a micro enterprise.

5. A deduction from assessable income an amount equal to 5 (%) per cent of the actual expenditure incurred in respect of the use of technology, market research and any other activity that is, in the opinion of the Revenue Commissioner, directly related to the development of the business.

6. Payment of 25% corporation tax.

SMALL ENTERPRISES
Small businesses will be incentivized primarily to create jobs and employment opportunities.

1. Access to grant funding.

2. Refund of incorporation fees (legal fees only to be borne by applicant).

3. Tax Credit for training and development of skills required to run the business (dollar value of cap to be determined).

4. Tax credit on the use of green energy and technology up to a value of $15,000.00.

5. Exemption from withholding tax on dividends and interest earned on any investment in a micro enterprise or in any fund approved for investment in a micro enterprise;

6. A deduction from assessable income an amount equal to 10 (%) per cent of the actual expenditure incurred in respect of the use of technology, market research and any other activity that is, in the opinion of the Revenue Commissioner, directly related to the development of the business.

7. Payment of 25% corporation tax.
MEDIUM ENTERPRISES

Medium enterprises will be encouraged to internationalize their business operations and capitalize on various trade agreements.

1. Access to grant funding.
2. Refund of incorporation fees (legal fees only to be borne by applicant).
3. Tax Credit for training and development of skills required to run the business (dollar value of cap to be determined).
4. Tax credit on the use of green energy and technology up to a value of $20,000.00.
5. Payment of 20% Corporation Tax.
6. Tax benefits for business models (franchising; exporting) that contribute to saving of foreign exchange or attracting foreign exchange.
7. A deduction from assessable income an amount equal to 15 (%) per cent of the actual expenditure incurred in respect of the use of technology, market research and any other activity that is, in the opinion of the Revenue Commissioner, directly related to the development of the business.

APPROVED BUSINESS STATUS

Only Small and Medium enterprises will be eligible for the designation of Approved Business Status. Such determination will be made by the Minister responsible for MSME development.

QUALIFICATION CRITERIA

To attain Approved Business Status the small or medium enterprise must be incorporated and be providing significant or substantial socio-economic benefit to Barbados. By “socio-economic benefit” it is meant:

(a) the generation of new investment or the development of products or processes;
(b) an improvement in employment, production capacity through market research, technical invention or innovation; or
(c) the enhancement of export potential, foreign exchange earnings or savings, or the general welfare of persons in Barbados.
INCENTIVES

An Approved Business will be eligible for any of the incentives for a small or medium enterprise aforementioned, access to government procurement of goods and services, as well as:

1. Access to grant funding.
2. Exemption from import duty on raw materials, plant and equipment imported for use in the business;
3. Exemption from withholding tax on dividends and interest earned on any investment in an Approved Business or in any fund approved for investment in small businesses;
4. Exemption from the payment of stamp duty under the *Stamp Duty Act Cap. 91* on all documents related to the business where the registration of those documents is required by law; and
5. A deduction from assessable income of an amount equal to 20 per cent of the actual expenditure incurred in respect of the use of technology, market research and any other activity that is, in the opinion of the Revenue Commissioner, directly related to the development of the business.
6. Tax credit on the use of green energy and technology up to a value of $40,000.00.
7. Payment of 15% Corporation Tax.
8. Guided by the qualification criteria to be determined, an approved business shall have access to the provision of technical assistance in an amount not exceeding $150,000.00 every three (3) years from any government department, agency or approved private sector organization designated by Cabinet for the purpose of assisting the approved business to continue or improve its operations.
POLICY OBJECTIVE 3: TO INTRODUCE A DATA COLLECTION MECHANISM TO ENABLE EVIDENCE-BASED DECISION MAKING.

Data on businesses within each classification of MSME will be collated annually through a centralized information management system. This will enable research to monitor evolving and existing industries and the associated economic activity viz. size, structure, impact on resources (imports and exports), industry financial performance; some of the areas where additional information on the MSME sector would be useful in facilitating a timely implementation of policy and/or legislation and investment.

❖ **Policy Initiative:**

- Establish a centralized information management system to facilitate the annual collation of data on businesses within each classification of MSMEs.

POLICY OBJECTIVE 4: TO FACILITATE THE DEVELOPMENT OF AN EFFICIENT AND EFFECTIVE INTEGRATED BUSINESS SUPPORT FRAMEWORK.

The Small Business Development Centre (SBDC) Model is being proposed as a strategic initiative to facilitate improvement in the local business support framework. Through a number of Memoranda of Understanding (MOU), established between the Ministry responsible for MSME development and each SBDC, the Ministry and relevant private sector organizations, as well as between and among SBDCs, the Network will improve integration, collaboration and cohesiveness of business services provided to the MSME sector.

SERVICES OF SBDCs

The SBDC Network will facilitate the provision of the following core services which include but are not limited to:

- One-on-one, confidential, free and long-term technical assistance where the goal is to improve the managerial skills of entrepreneurs; enhance the learning process of the SBDC and to invest quality time with clients that have potential and are willing to work hard.

- Training focused on subjects of interest to MSMEs and presented by SBDC staff and private sector professionals.

- Market research tailored to the client’s needs.
• Advocacy for public policies to promote the development of the MSME sector.
• Business training in the formalization and start-up of business.
• Feasibility Study development.
• Business Plan development.
• Marketing and Sales strategies.
• Costing and Pricing.
• Financing.
• International trade and investment facilitation.
• Procurement of Government contracts.
• Technology commercialization.
• Disaster preparedness.
• Sustainable business development.
• Occupational Health and Safety.
• HIV/AIDS awareness.
• Gender sensitization and mainstreaming.

❖ Policy Initiative:

• Adapt the Small Business Development Centre (SBDC) Model to facilitate improved MSME development and the creation of economic impact by MSMEs and SBDCs.
PILLAR 2: ACCESS TO FINANCE

The lack of accessible and affordable financing and appropriate financial mechanisms remain a major constraint for MSME development. This must be addressed to enable MSMEs to acquire the investment funding or financing necessary for the development, operation, upgrade and expansion of their enterprises.

POLICY OBJECTIVE 1: CREATION OF A MECHANISM TO MITIGATE THE HIGH LEVEL OF BUREAUCRACY EXPERIENCED BY MSMES IN ACCESSING FINANCE.

Critical to the effort of facilitating MSMEs’ access to finance is the creation of a mechanism to mitigate the high level of bureaucracy experienced by MSMEs. In this regard, the below initiatives are advanced to address this anomaly.

❖ Policy Initiatives:

- Facilitate the creation of a transparent technology-based application process, among Government-owned financial institutions where:
  i. Specific timelines for processing applications are established; and
  ii. The status of applications can be viewed by applicants.

- Provide critical support through training and technical support, to prepare MSMEs to access finance;

- Establish clear criteria for suitable applications underwritten by state entities including an appropriate feedback mechanism for unsuccessful applications;

- Build public awareness of financing options available to MSMEs;

- Ensure a dedicated pool of funding is available for on-lending to MSMEs;

- Encourage the development of the privately-owned microfinance industry that enables the availability of additional funding to MSMEs while ensuring speedy, inexpensive and enforceable recourse mechanisms for both borrowers and creditors; and

- Publicize interest rates for business loans in order to promote competition and transparency in the financial community.
POLICY OBJECTIVE 2: STRENGTHEN THE RISK MITIGATION FRAMEWORK TO IMPROVE THE ACCESS TO FINANCE.

Central to improving MSME access to finance is the strengthening of the risk mitigation framework in Barbados. Towards this end, the following initiatives are proposed.

❖ **Policy Initiatives:**
   - Explore the feasibility of Loan Default Insurance to encourage more creditors to enter the market to provide MSME financing;
   - Establish a comprehensive Credit Bureau System to track and provide information to financial institutions with respect to the credit worthiness of individuals and businesses;
   - Facilitate the creation of a Collateral Registry that would allow borrowers to register the collateral they are pledging against loans thus inhibiting borrowers from pledging the same asset to different lenders without the lender’s knowledge; and
   - Expand Credit Guarantee Schemes with special focus on export oriented, innovative MSMEs operating in sectors identified as special development areas.

POLICY OBJECTIVE 3: TO INTRODUCE OR EXPAND OPTIONS FOR ALTERNATIVE AND INNOVATIVE FINANCING OF MSMES.

The following initiatives are advanced to facilitate an alternative and innovative financing regime for MSMEs.

❖ **Policy Initiatives:**
   - Create a suitable institutional and regulatory environment for donors and financial service providers to introduce innovative financial products and services which will lead to greater financial inclusion among ‘unbanked’ and ‘under-banked’ MSMEs;
   - Provide a regulatory regime to incentivize Small and Medium enterprises within a tier system;
   - Encourage MSMEs to raise funds for development purposes through participation in the junior stock market;
• Encourage national, regional and international private sector and NGO partnerships to provide “Angel Financing”, “Venture Capital” and or “Crowd Funding” as a source of financing to MSMEs;

• Facilitate the creation of a mechanism to offer development financing solutions for MSMEs; and

• Payment standards should be established to facilitate timely payment to MSMEs who provide goods or services to government agencies.
PILLAR 3: MARKET ACCESS, COMPETITIVENESS AND PRODUCTIVITY

As the global economy begins to recover, employment growth and high public sector debt will be areas requiring strategic intervention for developing economies. Governments must be able to introduce trade policies that promote export growth and competitiveness among MSMEs. Improvements in firm productivity will also be critical to strengthen the MSME’s ability to be sustainable and become internationalised.

POLICY OBJECTIVE 1: TO EXPAND MARKETS - NATIONAL, REGIONAL AND INTERNATIONAL

Facilitation of the global competitiveness of MSMEs involves issues of promotion and increasing the awareness of their products and services nationally, regionally and internationally. It also includes facilitating MSMEs’ penetration of identified markets in a timely manner to reach the right customers in an effort to expand their market share. The support and capacity building given MSMEs in this area remains a critical element in facilitating the development and global competitiveness of the MSME sector.

Policy Initiatives:

- Build the awareness of the goods and services provided by MSMEs;
- Provide outlets for retailing of products by MSMEs;
- Explore the potential of the Caribbean Diaspora as a market for the exportation of MSME products and services;
- Foster private sector linkages to market and distribute MSME goods and services globally (either working directly with distributors or in collaboration with other reputable extra regional agencies);
- Facilitate the promotion and strengthening of agencies and BSOs that play a vital role in assisting MSMEs in standards, packaging, product identification and development, and export marketing of products;
- Foster cooperation among MSMEs in a manner that will enable entities of similar product types to cooperate within an agreed framework and operational guidelines to satisfy production demand;
- Promote Public-Private Partnerships (PPP) to support and encourage MSMEs to expand their markets through participation in such activities as technology fairs,
trade fairs, export promotion missions, exhibitions, etc.;

- Educate MSMEs about key requirements and opportunities in international markets;

- Conduct market research to identify priority commodities and services for penetration into the international market; and

- Ensure that current and future regional and international trade policies are fully implemented and harmonious to the development of MSMEs.

**POLICY OBJECTIVE 2: TO INCLUDE GOVERNMENT AS A MARKET FOR MSMEs BY INCREASING THEIR INVOLVEMENT IN GOVERNMENT PROCUREMENT.**

- **Policy Initiatives:**
  - Implement the stated Public Sector Policy that includes the involvement of MSMEs in government procurement;
  - Enable public sector procurement procedure to recognize and make allowances for the differential capabilities of MSMEs versus larger enterprises;
  - Develop a National MSME Procurement Register and encourage MSMEs to have their enterprise listed on this register;
  - Appropriately advertise government procurements earmarked for MSME bidding;
  - Build awareness among MSMEs of the procurement strategy, the benefits to MSMEs and build their capacity to understand and deliver on the procurement requirements.

**POLICY OBJECTIVE 3: IMPROVING TRADE THROUGH PRODUCT QUALITY AND STANDARDS**

To address the issue of standards and quality in a manner that will make MSMEs more competitive and to ensure that business support is provided to MSMEs in the development of standards.

- **Policy Initiatives:**
  - Pursue a policy of achieving excellence, by adopting quality standards including ISO 9001, HACCP, Good Manufacturing Standards, and any other reputable and
reliable standard system that will satisfy the requirements necessary for trade with selected countries or trading blocs;

- Aggressively encourage the adoption of CROSQ standards where possible which allows harmonization of standards necessary to support national and regional products and services towards becoming internationally competitive;

- Promote quality as the identity and hallmark of competitiveness in goods and services with strict adherence to environmental standards, labour laws and other normative codes of industrial conduct;

- Provide technical support for MSMEs to enable them to access the services of accredited laboratories where their products can be tested for compliance to specific standards requirements and assist in relevant training;

- Facilitate development of sector-specific standards for any MSME priority sectors identified for development and focus at the national level. In Barbados these priority sectors are energy, the creative economy, agriculture and tourism niches (sports, heritage and community tourism);

- Promote the certification and accreditation of services provided by available national certification bodies and accreditation agencies, and

- Increase MSMEs’ awareness of the benefits of standards and accreditation and make available a list of accredited conformity assessment bodies and certification companies available to them, as well as up-to-date information on standards-related market access requirements in export countries.

POLICY OBJECTIVE 4: TO PROVIDE FOR THE UTILITY AND ICT NEEDS OF MSMEs THROUGH THE PROVISION OF ADEQUATE, RELIABLE AND AFFORDABLE SERVICES, NOW AND IN THE FUTURE.

Attention must be given to competitive input factors and supporting infrastructure such as energy and other utility costs and raw materials, in an effort to facilitate improved MSME development. As an example, the high cost of energy poses a threat to MSMEs and can retard the growth of enterprises and reduce competitiveness. Policies related to reducing the cost of energy and encouraging the use of alternative energy sources are therefore critical to the competitiveness of MSMEs in Barbados.
Policy Initiatives:

- Encourage energy/utility-efficiency enhancement programmes for using the most up-to-date technology. New equipment, appliances, manufacturing spaces etc. will be guided by the principle of low energy and water consumption for cooling, lighting and hot-water needs, etc.;
- Provide incentives to MSMEs that procure and outfit their enterprises with energy and utility efficient technology;
- Provide incentives e.g. green buildings, energy and water efficiency equipment as well as for standalone renewable energy systems such as photo voltaic, wind and micro hydro plants, that will provide energy services for MSMEs in rural communities to improve their productivity and efficiency;
- Conduct energy and utility audits in all MSMEs to identify possible areas of inefficiency. Inefficiency will result in energy and utility increases to which there is an associated cost. Increases in production costs are generally passed on to the consumers and this can negatively affect the wider economy;
- Similar to energy and utility audits, ICT audits will also be conducted to promote market expansion and internal business efficiency; and
- Build awareness in MSMEs on the importance of adopting sustainable energy and utility practices, as well as the importance of the effective utilization of ICTs.

POLICY OBJECTIVE 5: TO INCREASE THE AVAILABILITY OF QUALITY RAW MATERIALS ON A TIMELY BASIS IN ADEQUATE QUANTITIES.

Policy Initiatives:

- Identify critical raw materials used in the production of goods, finished products or intermediate materials that are themselves inputs for finished products and provide import concessions if importation is necessary;
- Allow for ease of access to the procedures and documentation process;
• Encourage cost saving measures amongst MSMEs in procuring raw materials through bulk purchase, cash discount, etc.;

• Identify, promote and encourage the efficient utilization and production of environmentally friendly raw materials; and

• Reduce procedural challenges in the importation of raw materials.
PILLAR 4: DEVELOPMENT OF ENTREPRENEURIAL SKILLS, KNOWLEDGE AND COMPETENCIES THROUGH EDUCATION AND TRAINING.

Training and development are central to the growth of MSMEs particularly as MSME owners originate from different social backgrounds and have varying degrees of education, business experience and training. A holistic approach to human resource development to effectively serve the needs of MSMEs and to influence an Entrepreneurial Spirit and Culture must be taken.

POLICY OBJECTIVE 1: TO BUILD AND DEVELOP MANAGEMENT AND TECHNICAL SKILLS IN MSMEs.

To ensure that the human resources of MSMEs are sufficiently developed through education and training as well as to build their entrepreneurial skills, knowledge and competencies in order to operate effectively within the MSME sector.

❖ Policy Initiatives:

- Adopt an integrated approach to entrepreneurial training throughout the educational system that includes academic, technical and vocational approaches with components related to innovation, leadership and business management;

- Educate and train MSMEs in succession planning methodologies to promote business sustainability. Ensure that the manpower planning process at the national level identifies and quantifies the needs of MSMEs and addresses them through the rationalization and coordination of education and research & development (R&D) policies;

- Strengthen, expand and integrate technical and vocational education and training (TVET) to encourage the development of the required skill sets and appropriate levels of competence-based certification relevant to MSMEs;

- Identify all institutions engaged in MSME education and training and develop a database to monitor, coordinate and measure the provision of training and development services to minimize duplication and increase economies of scale;
• Promote Entrepreneurship Education and Training throughout the school system to foster an appreciation of the importance of entrepreneurship and its impact on national development;

• Encourage Public Private Partnerships (PPPs) and other strategic alliances to facilitate the implementation of relevant continuous technical, vocational, managerial and personal development training for MSMEs through on-the-job training, mentorship, apprenticeship and internship opportunities; and

• Foster international exchanges among entrepreneurs to provide exposure to hone skills, build capacity, form networks and benchmark against global best practices.

POLICY OBJECTIVE 2: KNOWLEDGE TRANSFER TO MSMEs THROUGH MENTORSHIP, COACHING AND COUNSELLING.

To promote the transfer of experiential knowledge from successful entrepreneurs to nascent, new and existing entrepreneurs to develop their competencies as well as to establish and grow sustainable and globally competitive MSMEs.

❖ Policy Initiatives:

• Facilitate linkages with industry to provide comprehensive mentorship, coaching and counseling programmes to build the skills and capabilities of MSMEs; and

• Facilitate and promote the use of both traditional and innovative channels of communication between mentors and mentees.

POLICY OBJECTIVE 3: DEVELOPMENT OF A NATIONAL ENTREPRENEURIAL SPIRIT AND CULTURE THROUGH PUBLIC EDUCATION AND AWARENESS.

To promote an understanding of entrepreneurship as a precursor to encouraging the development of an entrepreneurial spirit and culture through the implementation of a national entrepreneurship awareness, education and outreach programme.
Policy Initiatives:

- Promote Entrepreneurship Education and Training throughout the school system to foster an appreciation of the importance of entrepreneurship and its impact on national development;

- Collaborate with stakeholders in communities, in the private sector and civil society to promote entrepreneurship as a viable career option paying particular attention to youth, women and persons living with disabilities; and

- Promote the social legitimacy of entrepreneurship by highlighting the achievements, success stories and best practices of local and regional entrepreneurs.
OTHER POLICY CONSIDERATIONS

CARICOM AND CSME

The Caribbean Community (CARICOM) agreed in 2006 to start operating the CSME, focusing on the Single Market. In doing so, Member States declared.

“We the Heads of Government of the Caribbean Community solemnly declare that our Governments, in compliance with the provisions of the Revised Treaty of Chaguaramas establishing the Caribbean Community including the CSME and with relevant Decisions of the Conference of the Heads of Government, have taken the steps necessary to comply with the programme for removal of restrictions and for participating fully, as from the first day of July, 2006, in the Single Market component of the CSME.....And Resolve that we shall, in concert with the other members of the Community, do all that is necessary to attain the earliest possible establishment of the Single Economy component of the CSME”.

This declaration meant that a person or company from any one of the Member States would now be able to:

- Produce and Trade in Goods.
- Provide Services.
- Move Capital.
- Establish Business Enterprises; and
- Move freely without a work-permit to another Member State.

In addition, Member States would have implemented policies and laws that would:

- Regulate competition;
- Set standards and technical regulations;
- Allow transfers across each other’s borders of Social Security and other associated benefits;
- Avoid double taxation of CARICOM nationals and;
• Enable qualifications earned in one Member State to be accepted in another Member State through national accreditation councils.

POLICY OBJECTIVE: TO ALLOW PERSONS AND COMPANIES FROM CARICOM MEMBER STATES DESIROUS OF OPERATING MSMES IN BARBADOS FULL ACCESS TO THE PROVISIONS OF THE NATIONAL MSME DEVELOPMENT POLICY.

The above provisions are specifically mandated under the Revised Treaty in order to facilitate the full implementation of the CSME. To this end, Barbados gives full support to the provisions set out under the Rights of Establishment, which seeks in part to promote MSME development across the region. Barbados therefore recognizes the need for all persons or companies operating within the local MSME sector to be accorded full access to the tenets of this Policy.

❖ Policy Initiatives:

• Promote awareness of the right of access to the provisions of the Barbados National MSME Development Policy to persons and companies from CARICOM Member States domicile in Barbados;

• Facilitate full access to the provisions of the Barbados National MSME Development Policy to persons and companies from CARICOM Member States domicile in Barbados;

• Establish strategic relationships with regional Business Support Organizations and Small Business Development Centres with a view towards creating and capturing market intelligence to facilitate MSME trade within Member States; and

• Give strong support to the creation of a Regional Guarantee System for MSMEs to promote economic integration cooperation.
SPECIAL DEVELOPMENT SECTORS

In addition to the four thematic pillars on which the National MSME Development Policy is built, the Government of Barbados also recognizes the need to develop key sectors which can act as drivers of economic growth in the short to medium term. A number of strategic sectors have been identified to spur the continued development of the local economy. These sectors are: Renewable Energy, the Creative Industry, Agri-Business and various Tourism Niches. The following objective is therefore advanced to facilitate the further development of MSMEs operating within these critical sectors.

POLICY OBJECTIVE: TO FACILITATE THE DEVELOPMENT OF MSMEs IN THE SPECIAL DEVELOPMENT SECTORS OF RENEWABLE ENERGY, THE CREATIVE INDUSTRY, AGRI-BUSINESS, AND TOURISM NICHES.

RENEWABLE ENERGY

A strong focus on renewable energy has been identified by government as a critical component of restructuring the Barbadian economy. It is of significant note that Barbados has been seen as one of the leaders in the green revolution and this can be observed as the island has been ranked as high as fifth in the world of solar water heater penetration. In an effort to facilitate the development of MSMEs operating within the renewable energy sector the following strategies are advanced.

❖ Policy Initiatives:

- Encourage diversification of the country’s energy supply and options through the development and implementation of specific energy policies;

- Encourage energy/utility-efficiency enhancement programmes for using the most up to date technology. New equipment, appliances, manufacturing spaces etc., will be guided by the principle of low energy consumption for cooling, lighting and hot-water needs etc.;

- Provide incentives to MSMEs that procure and outfit their enterprises with energy and utility efficient technology;
• Provide incentives e.g. green buildings, energy and water efficiency equipment as well as for standalone renewable energy systems such as PV, wind and pico & micro hydro plants, that will provide energy services for MSMEs to improve their productivity and efficiency of their enterprise activities;

• Increase the awareness of the Sector to the various issues that are associated with environmentally safe production practices;

• Examine appropriate technologies and promote standards in production that will facilitate sustainability; and

• Provide incentives to MSMEs to assist in countering the effects of volatility in the cost of energy.

CREATIVE INDUSTRY

The Creative Industry has become a new engine of growth and development in the world economy. This dynamic sector, which ranges from traditional arts to multimedia, has been an important driver of innovation and productivity growth. A recent study on the region, argues that the creative industry can become a pillar for economic diversification and export growth in the Caribbean. The study adds to the developing literature on the creative sector by evaluating export performance in the context of constraints as well as opportunities. The Caribbean creative sector possesses a number of advantages that are recommended for development. The creative industry allows for the leveraging of the abundant talent and skills of Caribbean people and domestic capital to produce competitive products and services. In addition, the sector is comparatively labour intensive and can therefore, help to alleviate the chronic unemployment problem in the Caribbean. Nevertheless, the study indicates that Caribbean countries have been underperforming in most segments of the creative industry, even when benchmarked against other developing countries of similar size and level of development. This is reflected in small and stagnant market share, both in regional and international trade, in most segments of the sector. Weak trade performance is determined by a number of binding constraints faced by the creative industry.

The following strategies are therefore advanced to facilitate the further development of MSMEs operating within the creative industry.
Policy Initiatives:

- Encourage the development of a supportive Intellectual Property framework to protect the creative assets of MSMEs;
- Offer incentives to investors to provide a range of financial solutions to capitalize the growth and expansion of the industry;
- Encourage collaboration among training institutions to provide a range of mentorship, apprenticeship, skills training and business management programmes to build the competencies of MSMEs in the creative industry;
- Encourage the development of partnerships and strategic alliances among MSMEs and other institutions to create competitive products and services for the export markets; and
- Leverage the provisions of the bi-lateral and multi-lateral agreements to enhance the commercialization of the product offerings of MSMEs for the export market.

AGRI-BUSINESS

Pivotal to the development of agri-business must be the establishment of agrifood chains. An agrifood chain is a system that brings together economic and social stakeholders who participate in coordinated activities that add value to a particular, good or service, from its production until it reaches the consumer.

An agrifood chain allows participation of farmers, private sector and government in all aspects of the sub-sector. This concept is important to ensure that agriculture is seen not as a simple process of primary production but as a comprehensive and integrated value-added system, capable of generating the quantity and quality of products required by the markets. The chain also provides a space for strengthening human relationships within the agricultural sector and helps to promote agribusiness pursued by MSMEs. A strategic partnership with the private sector will be necessary because the nation cannot be fed by a large number of small farmers producing products of varying quality in an unplanned production programme. What will be needed are strong farmer organizations that can coordinate production and marketing among small farmers.

Noting the importance of the agriculture sector to national development, the following initiatives are advanced to facilitate the further development of MSME agribusinesses.
Policy Initiatives:

- Offer incentives to investors to provide a range of financial solutions to capitalize the growth and expansion of the sector;
- Encourage collaboration among training institutions to provide a range of mentorship, apprenticeship, skills training and business management programmes to build the competencies of MSMEs in the agri-business sector;
- Encourage the development of partnerships and cooperatives among MSMEs to produce goods for the domestic and export markets;
- Enhance the commercialization of farming through an expanded use of technology and innovative business policies;
- Ensure adequate acreage of lands for the production of crops and other inputs required in the agrifood chain;
- Facilitate access of local and agricultural producers to domestic and international markets through marketing and market information support;
- Facilitate niche marketing and product differentiation strategies;
- Promote agriculture and agribusiness as viable career options through training and other capacity building initiatives;
- Promote the sustainable growth and development of the agriculture and agribusiness sectors through the enhanced participation of youth and women;
- Facilitate increased levels of agri-preneurship through the development and implementation of a national media campaign that encourages forward and backward linkages between agriculture and other national priority sectors;
- Conduct value chain analysis on the agriculture sector to determine other emerging niche areas which can be developed to contribute to the enhancement of the national economy;
- Encourage collaboration between stakeholders along the value chain to develop key agribusiness industries; and
- Encourage innovation, knowledge management and an expanded use of ICT to improve the livelihoods of persons involved in agriculture, particularly among the youth.
TOURISM NICHES

The Barbados Tourism Master Plan 2014-2023 identified the development of several primary and secondary niche markets. For the sake of this policy three (3) such niche areas have been identified and are proposed for policy intervention to build capacity in the MSME sector. These three areas are:

i. Health and Wellness
ii. Sports
iii. Community

This Policy is intended to work collaboratively with the policies enunciated within the Tourism Master Plan to avoid duplication and to ensure that the two are not working at cross purposes.

It is therefore envisaged that the following strategic interventions would go a long way in advancing the plight of MSMEs operating within the Health & Wellness, Sports and Community tourism subsectors.

❖ Policy Initiatives:

• Develop a web portal to facilitate the collection and distribution of information on products and services available in the tourism niche areas identified;

• Promote the tourism niche areas identified as viable priority career options through training and other capacity building initiatives;

• Conduct value chain analysis on the tourism sector to determine other emerging niche areas which can be developed to contribute to the enhancement of the national economy;

• Encourage collaboration between suppliers and support agencies to develop value-added products and services in the selected niche areas;

• Offer incentives to investors to provide a range of financial solutions to capitalize the growth and expansion of the proposed tourism niches;
• Encourage collaboration among training institutions to provide a range of mentorship, apprenticeship, skills training and business management programmes to build the competencies of MSMEs in the tourism niches identified;

• Leverage the indigenous brand of community-based businesses to build value-added product offerings to strengthen the tourism sector;

• Inculcate a culture within the educational system where greater reliance is placed on the secondary and tertiary institutions to facilitate the development of the island’s tourism niches; and

• Build capacity of MSMEs operating in the sports and health & wellness sub-sectors to promote their effective delivery of goods and services as tourism value-added products.
SPECIAL DEVELOPMENT GROUPS

WOMEN

Women have always played a significant role in advancing the economy of any society. The Barbados scenario bares no exception. In this regard, and given the importance of entrepreneurship as a key driver of economic development, it remains an imperative that greater attention must be placed on facilitating women entrepreneurship in Barbados.

Women are change agents both within the family unit and the wider society. They inspire self-reliance and in large measure are instrumental in passing on the requisite values needed for the advancement of the modern society. This has often redound to the success of the family unit and by extension that of the nation.

To this end, the following are posited to facilitate the enhancement of enterprise development among women in Barbados.

POLICY OBJECTIVE: TO ENSURE EQUALITY AND EQUITY OF OPPORTUNITIES BETWEEN WOMEN-OWNED AND MEN-OWNED MSMES.

❖ Policy Initiatives:

- Continuously identify factors that constrain the participation of women in business, through partnership with the Bureau of Gender Affairs and other relevant agencies and develop appropriate policies and strategies to address the constraints;
- Build capacity of organizations/ entities to design and deliver services and programmes that take the unique challenges of female and male entrepreneurs into account;
- Facilitate training with at least fifty percent (50%) of training resources for MSME development allocated to women entrepreneurship. This training should include: specific corporate governance training programmes; specialist training on quality standards and certification requirements; and
specific training to support organic farming and use of land leases for special agricultural/horticultural farming;

- Develop tools and support services for women entrepreneurs to facilitate innovation particularly in technology and knowledge intensive sectors, while promoting the use of indigenous materials; and

- Create specific enterprise and employment opportunities for women with the commensurate funding (seed or grant) opportunities.

**YOUTH**

Youth are a critical demographic in the success of any nation. Barbados’ vision for its youth is the promotion of an environment where well educated, confident, healthy, responsible, progressive, creative and enterprising young men and women are fully involved in the sustainable cultural, political, economic, social and physical development of the nation. This vision locates Barbadian youth at the center of the process of nation building. It defines a reciprocal relationship between youth and the rest of the society. It gives a commitment by the state to provide adequate education and training to its youth that would equip them with the knowledge, skills and confidence to develop their country in a sustainable way.

Unemployed youths, 25 and under, contribute to the poverty level in any given country. The International Labour Organization (ILO) estimates that approximately 88 million young men and women are unemployed. While policies encourage the introduction of entrepreneurship in the education system it is still important to support this with specifically designed programs to promote awareness, opportunities and challenges of entrepreneurship among youths.

In this regard it is anticipated that youth entrepreneurship can be further facilitated through careful consideration of the following policy objectives and timely implementation of supporting strategies.
POLICY OBJECTIVE: TO ENCOURAGE AND SUPPORT YOUTH ENTREPRENEURSHIP AS A STRATEGY FOR YOUTH EMPOWERMENT AND EMPLOYMENT.

 Policy Initiatives:

- Establish projects and programmes on entrepreneurship that specifically target unattached and at-risk youth, in an effort to bring them into the mainstream society through self-employment;
- Strengthen and partner with existing organizations that support youth to encourage youth entrepreneurship;
- Promote the utilization of mentoring and apprenticeship as an approach to developing youth entrepreneurship;
- Promote the integration to entrepreneurship at all levels of the educational system; and
- Facilitate the creation of clusters, cooperatives and networks for the development of youth-led enterprises.

COMMUNITY-BASED ENTREPRENEURS

As Government continues to recognize the importance of entrepreneurship in facilitating national economic development, greater focus must be placed on developing those MSMEs operating within the rural and urban communities of Barbados.

Research has shown that community entrepreneurship initiatives can redound to significant improvements in the social fabric of our communities in terms of poverty and crime reduction; the effective allocation and utilization of scarce resources within the community; skills upgradation across the various strata; improved family life; improved technical knowledge-transfer; and the unleashing of hither-to untapped sources of creativity, innovation and national productivity, among other things.

This remains true given that a growing number of persons are opting to conduct business both in manufacturing and services either from their homes or community domiciles.
In this regard, the following policy prescriptions are being recommended to enhance community-based enterprise development.

**POLICY OBJECTIVE 1: TO ENCOURAGE ENTERPRISE DEVELOPMENT AMONG ADULTS RESIDING WITHIN RURAL AND URBAN COMMUNITIES.**

- **Policy Initiatives:**
  - Increase the avenues of basic financing by utilizing public finance agencies inclusive of grant financing for persons recommended by any approved public or private community development agencies;
  - Utilize the modern technology platforms to educate persons within the community on available business development initiatives;
  - Create linkages with the private sector and the various business support organizations to encourage mentorship activities within the community; and
  - Develop evening programmes with secondary and tertiary institutions as well as community resource centres to assist those sixteen years and older interested in becoming entrepreneurs within the communities who lack basic remedial skills.

**POLICY OBJECTIVE 2: TO REDUCE POVERTY AMONG DISADVANTAGED FAMILY UNITS BY EMPOWERING THEM THROUGH BUSINESS DEVELOPMENT ACTIVITIES.**

- **Policy Initiatives:**
  - Conduct research on the levels of interest of various family members, sixteen years and older, who want to become involved in business development activities in the Barbadian rural and urban corridors;
  - Liaise with the Identification/Assessment Stabilization Enablement and Empowerment (ISEE) Bridge programme in order to identify suitable candidates for engagement in micro business development;
• Institute specific training in craft and technical skills to prepare persons for self-employment; and

• Provide avenues for direct intervention through the use of business development to families living in poverty using financing from domestic, regional and international donor agencies.

PERSONS LIVING WITH DISABILITIES

A significant part of the population in the Caribbean is living with disabilities. Countries in the region have taken several measures and initiatives to address the specific problems of this population. The commitment towards the rights and the position of persons living with disabilities is mixed. However, even the best examples are falling far short of guaranteeing full participation to persons living with disabilities as is given to those living without disabilities. The full potential of persons living with disabilities is not utilized which is a loss for the society as a whole.

Disability is addressed explicitly by the Charter of Civil Society for the Caribbean Community (CARICOM) which expressly states:

“Every disabled person has, in particular, the right -

a. not to be discriminated against on the basis of his or her disability;

b. to equal opportunities in all fields of endeavour and to be allowed to develop his or her full potential;

c. to respect for his or her human dignity so as to enjoy a life as normal and full as possible.”

The CARICOM Model Harmonization Act Regarding Equality of Opportunity and Treatment in Employment and Occupation has as objectives ‘to eliminate, as far as possible, discrimination in employment and occupation against persons on the grounds of race, sex, religion, colour, ethnic origin, national extraction, social origin, political opinion, disability, family responsibilities, pregnancy or marital status’.

In light of the above, opportunity must be given to persons living with disabilities to pursue their dreams and to facilitate their independence, survival and sustainability. This
policy in recognizing the invaluable contribution made by persons living with disabilities offers an added channel through which their business acumen can be exploited.

POLICY OBJECTIVE: TO PROVIDE FULL INCLUSION, OPPORTUNITIES AND SUPPORT FOR PERSONS LIVING WITH DISABILITIES WITHIN THE MSME COMMUNITY AS ENTREPRENEURS AND EMPLOYERS.

❖ Policy Initiatives:

- Build the capacity of organizations/ entities to design and deliver services and programmes that consider the needs of differently-abled entrepreneurs;

- Partner with relevant agencies to provide training, networking, financing and other business development support services for entrepreneurs with disabilities;

- Facilitate the employment of persons with disabilities in MSMEs through sensitization and technical support services;

- Ensure that a portion of the budget allocated to the National Disabilities Unit is earmarked for entrepreneurial development for persons living with disabilities; and

- Ensure that the MSME Development Policy and related documents are in formats that are easily utilized and accessible to persons living with disabilities.

THE BARBADIAN DIASPORA

The Barbadian Diaspora plays an important role in national economic development. An increased engagement and investment by the diaspora in the MSME sector will be a boost for entrepreneurial development and can lead to greater exposure by MSMEs to traditional and emerging diasporic markets while leveraging the knowledge-transfer of the Diaspora to create new, high-skilled jobs.
The Diaspora itself is recognized as a sizeable, well-educated, and an affluent demographic whose large majority is interested in investing in its country of origin. Supported by the right incentives and policies, the Diaspora could play an even larger role in Barbados’ socio-economic development.

While recognition is given here regarding the importance of the Barbadian Diaspora in facilitating trade, it is also noted that the wider Caribbean diaspora remains a very captive market from which MSMEs can leverage an expanded trade regime. Barbadian MSMEs should therefore be encouraged to pursue this option as a critical component of their business model.

**POLICY OBJECTIVE:** TO EFFECTIVELY ENGAGE THE BARBADIAN DIASPORA IN SUPPORTING THE GROWTH AND DEVELOPMENT OF MSMEs.

- **Policy Initiatives:**
  - Create an online marketplace that connects Diaspora investors with opportunities back home. This would address the geographically dispersed nature of diaspora populations, the increasing use of the Internet for social networking and investing, and the growing crowdfunding sector;
  - Develop a Diaspora investing network;
  - Build the capacity to access and develop the Diaspora investment network;
  - Facilitate greater links with the Diaspora to expand the market for the goods and services of MSMEs as clients, suppliers, investors and partners; and
  - Facilitate greater links and partnerships with the Diaspora to expand the market for supply and access of goods and services by MSMEs.
ENCOURAGE A CULTURE OF INNOVATION

Innovation is a key to economic competitiveness and the technological breakthroughs that improve lives. Innovation and Entrepreneurship must therefore be seen as critical tools to promote competitiveness, diversify our economies and to realize the benefits that can accrue from a rapidly expanding digital economy. As a region, the Caribbean continue to face seemingly insurmountable challenges as our economies transition away from being “old economies” that are heavily dependent upon traditional, low value commodities, towards becoming modern knowledge-based economies that can compete and thrive in a rapidly changing world where there is inexhaustible demand for high-end, luxury or niche market products for which consumers are willing to pay premium prices.

Barbados’ reality is compounded by the fact that time is not on our side and we must choose whether to continue competing individually against low costs producers of goods and services or join with the region as providers of the highest value proposition for end users. The latter is preferred. Further, while the small size of our businesses renders it difficult to compete within the general global marketplace effectively as lowest costs producers of goods and services, we must urgently seek to transition our efforts to leverage the flexibility of our smallness and knowledge capability to exploit and compete successfully in those emerging global market niches where we are likely to have significant competitive advantage.

To do this, require among other things, a paradigm shift in our creative thought, the kind that will drive us to be innovative in connecting with the types of consumer-driven value propositions that support growth on a sustainable basis into the future. Additionally, we need to adopt a broad-based eco-system approach that readily embraces the reality that MSMEs constitute a major avenue for the utilization of individual talent and initiative, and are in fact vehicles through which Barbados can focus on its indigenous strengths using this as the basis for deriving economic diversity.

Innovation and entrepreneurship will create greater stability within our economies, since the entrepreneur, as risk-taker, will not only develop a personal stake in his/her business but will also contribute towards maintaining and creating appropriate enabling environments. According to Joseph A Schumpeter, “Entrepreneurs continuously disrupt the economic systems, forcing it to react to them, by introducing innovation. The
system reacts by absorbing that innovation and establishing a new stability.”

In this regard, the use of science & technology and research & development as catalysts for entrepreneurial development is underscored. The use of intellectual property in business facilitation is also noted.

**SCIENCE AND TECHNOLOGY**

Science and technology have enhanced the capacities of human beings in utilizing and transforming environments to meet their needs. In the past few decades, scientific and technological advances have caused very rapid changes in human societies. It can be said that science and technology speed up development.

Development is a process leading to progress or change for the better. Science is a study to gain understanding about nature. The knowledge of science is useful in our daily lives and careers. The study of science facilitates scientific thinking, methodology and research essential for problem solving. Therefore scientific knowledge and scientific process are valuable assets of human kind.

Technology is a knowledge process which when applied improves human existence, and enables us to accomplish difficult tasks. Suitable technologies are important tools to achieve successful results and outcomes of development. In any development, science and technology education are necessary.

The success of today’s advanced industrial countries lies in their ability to innovate. The region’s productive sectors can only survive by competing through quality, novelty, and a diversity of products and services that can only be generated through innovation and continuous technological change. Society continues to reap the benefits of a growing flow of new products- medicines, vaccines, advanced materials, communication technologies, instruments, processed foods, and agricultural products supplied, more and more, by advanced science and technology. The evidence is therefore clear that the presence of science and technology in our daily lives is growing. This fact cannot be denied. Science and technology is vital to our sustainable competitiveness.

This Policy document therefore underscores the importance of science and technology in
facilitating national development through its strategic use by MSMEs. The following policy initiatives are therefore advanced to foster a culture of innovation through a more productive use of science and technology by MSMEs to advance their cause and by extension facilitate their greater contribution to the economy.

**POLICY OBJECTIVE: TO FOSTER A CULTURE OF INNOVATION THROUGH A MORE PRODUCTIVE USE OF SCIENCE AND TECHNOLOGY AMONG MSMEs.**

- **Policy Initiatives:**
  - Encourage the integration of science and technology through public awareness programmes to improve business operations, management and growth;
  - Establish a national innovation system where the public and private sector, and civil society collaborate to develop technology and processes that can lead to innovative commercial products;
  - Provide specialized business development services for science and technology-based enterprises;
  - Leverage the use of emerging technologies such as block-chain technologies and other global economic solutions to reduce verification costs and other transactional and business costs; and
  - Enhance the effective delivery of business support services through the establishment of virtual business incubators.

**RESEARCH AND DEVELOPMENT**

Research and development (R&D) can be defined as the activity that produces new products or better processes. Over time, there have been significant increases in the utilization of R & D to facilitate growth at the level of enterprise or generally to promote human development. The reason for this increased emphasis on R&D is that it creates new or improved technology that in turn can be converted through technology management into a competitive advantage at the business, corporate, and national level. While the process of technological innovation is complex and risky, the rewards can be very high.
POLICY OBJECTIVE: TO ENHANCE THE COMPETITIVENESS OF THE MSME SECTOR THROUGH RESEARCH AND DEVELOPMENT.

Policy Initiatives:

- Establish a National integrated management information system to facilitate market research and development relating to the MSME sector;
- Spearhead the process of aligning the scientific research and development resources of the country to the opportunities in the marketplace through collaboration with industry and academic partners;
- Provide incentives for private sector firms to provide funding and other development services for targeted research leading to value added or product innovation in the MSME sector; and
- Ensure that research findings coordinated through the SBDCs are disseminated to MSMEs to promote their enhancement.

INTELLECTUAL PROPERTY

Intellectual Property (IP) refers to creations of the mind and can include copyrights, trademarks, patents, industrial design rights and trade secrets. Intellectual Property allows people to own the work they create distinctively embodied in the form of a brand, an image, an invention, a design, music, art or another intellectual creation. This matter needs to be addressed to ensure that entrepreneurs in the MSME Sector, which is being greatly encouraged to be innovative, must retain ownership of their creative work so that they can proceed to develop successful business enterprises.

POLICY OBJECTIVE: TO SAFEGUARD THE INTELLECTUAL PROPERTY OF MSMES.

Policy Initiatives:

- Support the creation of a Patent and Trade Marking office, which will negate the need to register patents and trademarks in individual Member States. Apart from providing Regional coverage, this office will provide the necessary technical assistance for patent registration which will result in
reduced cost, improve efficiency and an established Regional Patent database;

- Provide the appropriate framework and instruments to stimulate and support innovation and the development of technology by MSMEs;
- Use IP as a vehicle to promote and maintain what is authentically 'Barbados' and to ensure that indigenous inventions, etc. are not re-branded by foreign entities and that it can maximize the benefits of its creative endeavours; and
- Support science and technology innovations through an enabling legislative framework that governs matters related to patents.

**MONITORING AND EVALUATION**

Monitoring and evaluation of the development and implementation of the National MSME Development Policy is extremely important to facilitate the attainment of Barbados’ goals for the enhancement of the MSME sector.

It is recognized that this Policy will be updated periodically to keep abreast with the changes precipitated by the demands of the global market place while being cognizant of the local socio-economic reality.

It is therefore imperative that the requisite tools be utilized by the agencies responsible for MSME development so as to ensure that the Policy meets the changing needs of the MSME sector.
POLICY OBJECTIVE: TO MONITOR AND EVALUATE THE ACHIEVEMENT OF THE GOALS AND OBJECTIVES OF THE POLICY AND TO TAKE CORRECTIVE ACTIONS IF NECESSARY.

❖ Policy Initiatives:

Establish an Independent Public/Private Sector MSME Policy Monitoring and Evaluation Committee or relevant entity that will report to the Minister responsible for MSME development. This Committee shall meet on a quarterly basis and be the main driver with responsibility for:

- Overseeing the implementation of the MSME Policy;
- Assessing implementation risks of any one or more Policy Interventions;
- Monitoring and evaluating the achievement of Goals and Objectives;
- Recommending Corrective Actions where necessary;
- Ensuring that all government related entities involved in the implementation of the MSME Policy factor their responsibility into their respective work plans; and
- Evaluating the Policy and its Implementation. Assessing its relevance on an Annual Basis and prepare an Annual Briefing on its implementation status.

Government may from time to time make changes, modifications and additions to this Policy Document, and may review and update it at certain intervals to meet the changing needs of the MSME sector. Revision of Policy will be conducted every three (3) years, and a progress and analysis report with respect to the impact and achievements will be presented to inform such review and modifications.
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Appendix 1

The Small Business Development Centre (SBDC) Model

The SBDC Model is the operational framework through which governance of the small business sector in the United States of America is executed. This Model has been adopted by the Government of Barbados through the Ministry responsible for Small Business Development (hereafter called Ministry) and in the Barbados context it will be referred to as the Barbados Small Business Development Centre Network. The Model which will be used to facilitate the coordination of micro, small and medium enterprise development within both public and private enterprise continues to be adapted to promote the general improvement of the sector and that of its contribution to the national economy.

The operations of the Network are executed through Small Business Development Centres (SBDCs) which are business assistance organizations or state-wide service delivery systems that offer a collection of services to start-up and existing businesses. The mission of an SBDC is to promote growth, innovation, productivity and revenue through improvements to the MSME’s business administration. It applies the resources of government, higher education and the private sector to solve business problems and foster entrepreneurship.

It is envisaged that the Barbados SBDC Network will greatly assist Barbados in mitigating many of the duplication issues across the MSME sector by being the catalyst to bring together Business Support Organizations on a common path to business development and by extension redound to greater operational efficiencies across the wider MSME sector.

At the operational level, the Ministry coordinates the Network through a technological platform called Neoserra. This database which is hosted by a US based organization allows each SBDC to create and capture its own economic impact and that of its client MSMEs.

In other words, critical to the realization of the SBDC model is the promotion of a culture of measurement and impact assessment. While allowing for greater accountability, the SBDC through the Neoserra database also influences the MSMEs’ understanding of the need to pursue greater levels of economic impact. This culture of measurement and assessment is therefore the bedrock of the SBDC Model.
The SBDC programme helps to create a broad based system of assistance for the MSME community by linking the resources of government with those of the private sector and the educational community. Ultimately, the Ministry is responsible for the general management and oversight of the programme. A partnership will therefore exist between the Ministry and the recipient organization for the delivery of assistance to the MSME community in an effort to create a sustainable entrepreneurial culture.

National Guidelines has been developed to create clarity and transparency in the administration, operation and measurement of the Small Business Development Centres (SBDCs) while maximizing the creation and capture of economic impact. SBDCs will be discouraged from executing these guidelines in a way that restricts the innovation of products or services since to do so will ultimately reduce the economic impact created and captured by the SBDC programme.

The National Guidelines are key elements that will help the Ministry create the appropriate policy framework to implement the long-term development of the National SBDC model in Barbados. Policies governing the model will evolve throughout the entire process of adopting and adapting the SBDC model and will continue to be updated as the SBDC network consolidates, expands and begins to produce economic impact.

Essentially therefore, the Ministry working in consort with partner organizations will be responsible for the creation of the National SBDC Economic Impact Assessment Model which will govern the operations of the SBDC programme.
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