Third Regional Conference on Poverty in Latin America and the Caribbean
(Santiago, Chile, 23-25 November, 1992)

URBAN POOR AND PRODUCTIVITY: KEYS TO ACTION

Public programmes aimed at raising productivity of poor sectors in urban areas of Jamaica

This document was prepared by Mr. Leroy Taylor, consultant of ECLAC’s Social Development Division, within the framework of the proyect PNUD/CEPAL to support the preparation of the Third Regional Conference on Poverty, (RLA/92/013). The views expressed on this document are the sole responsibility of the author and may not coincide with those of the Organization.

This paper has not been submitted to editorial revision.

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Consequent on the economic crisis of the 80's and the adoption of structural adjustment policies and programmes Jamaica established several measures aimed at preventing the expected further deterioration of living standards among vulnerable groups in the society. Within the traditional framework of public assistance offering benefits to children in need, the handicapped, and the indigent aged, social development policy became increasingly oriented towards a gender focused and integrated approach to community development and the relief of poverty. A Bureau of Women’s Affairs was established and given a strengthened mandate. Programmes targeted at marginalized youth were also given greater focus. Further, government increased its collaboration with non-governmental organizations (NGO's) to promote community development throughout the island. In this process of integrated community development the public sector has sought simultaneously to achieve a more decentralized management structure than previously obtained.

In the early years of the 80’s intervention by the public sector to alleviate urban poverty was spearheaded by the Urban Upgrading Project, the major components of which were community health education, sanitation and income generating projects, focused especially on women with children under 6 years of age. Health Committees were established in targeted urban areas to teach people techniques of maintaining a healthy lifestyle. These Committees conducted training sessions on various aspects of nutrition, family life, health care, and motherhood preparation. The sanitation projects concentrated on the construction of pit latrines and clean-up of entire urban districts with assistance from Metropolitan Parks and Markets (MPM) an agency established by government outside of the public sector bureaucracy specifically to promote urban sanitation. Income generating projects concentrated widely on small-scale manufacturing (pastry-making, soft toys, leather products, fast foods, etc.), services (cosmetology, sewing, dry-cleaning, etc.) and distribution. In this period too the Working Group on Women, with financial assistance from multi-lateral and bi-lateral sources, established a number of projects aimed at improving the living conditions of low-income women in urban and rural areas. Urban projects ranged over fruit drying, construction, urban farming, sewing and race-horse grooming.

Towards the end of the 80’s a more comprehensive approach to the relief of poverty began to take shape. The remainder of this paper will largely be concerned with describing those programmes of the late decade.
I. THE SOCIAL AND ECONOMIC SUPPORT PROGRAMME (SESP)

In 1990 the Jamaican government launched the SESP with initial funding of J$100,000,000. This programme was intended to provide a "safety net" of sorts for vulnerable groups and those dislocated by the impulse towards a full market economy. The major share of SESP funds was allocated to the provision of direct employment in the public sector (mainly in infrastructure projects) and in the private sector. Credit and grant financing were to be made available to NGO's and to other approved lending agencies (ALA's) for on-lending to clients for technical services and marketing advisory. Training would absorb 8.2% of the total by way of restoration of training centres damaged by hurricane Gilbert and establishment of new ones, while most of the remaining funds would go towards social programmes in the field of education (school feeding programmes, assistance to parents), public health (improving the supply of generic drugs to hospitals, construction of latrines) and the repair and establishment of community centres operated by the government's Social Development Commission. Thus the SESP embodied short-term and long-term programmes. The short-term programme involved the provision of temporary employment for unskilled persons in urban and rural areas, the maintenance of infrastructure and the provision of welfare grants, specially to those likely to suffer most from the removal of general subsidies and the anticipated increase in prices. The longer-term programme focused attention on the development of infra-structure and entities oriented towards increasing production and productivity.

With these aims in view a Social Support Programme Unit (SS PU) within the Office of the Prime Minister was established to (i) ensure the timely and efficient implementation of the SESP and (ii) prepare a long-term self sustaining social support programme, which would attract further local and international funding. It was anticipated that the experiences acquired from implementing the short-term programme, specially in the areas of design and programme management, would be useful as a guide in shaping the long-term programme. The SSPU would collaborate with the appropriate Ministries in finalizing projects to be funded, work closely with the Ministry of Finance to facilitate and to ensure the timely transfer of budgeted funds, monitor, coordinate and evaluate the implementation of the SESP, and develop a proposal for a long-term programme of social support. The staff of the unit would include a programme coordinator, a programme developer, a programme assistant and a secretary. The programme managers would liaise with the Planning Institute of Jamaica (PIOJ) and ensure that their objectives and activities were consistent with the priorities of the Five Year Plan. The Unit would, however, report directly to the Prime Minister and be responsible to his Office.

In FY 1992/93 the main components of the SESP are:

- provision of credit for micro-enterprises and rehabilitation of persons with skills currently in receipt of Food Stamps;

- provision of training through the Ministry of Local Government Youth and Community Development (formely, Ministry of Youth and Community Development);
- provision of assistance to needy students in public education institutions (primary and tertiary) to enable the successful completion of the minimum required period of study;

- construction of new facilities for the aged and the poor;

- improvement of existing recreational facilities;

- development of Urban and Rural Integrated Projects targeted at a specified number of the poor and the unemployed within each electoral district.
II. VOCATIONAL TRAINING

Recognizing that the liberalization programme and the expansion of productive investment would be impeded by the low level of skills of the work force, government in 1990 inaugurated a programme of vocational training through the Ministry of Youth and Community Development (MYCD). This programme involved a strong educational and personal development component and included activities aimed specifically at relieving the condition of high youth unemployment. The following activities were accorded high priority within the programme:

- expansion of non-formal vocational training institutions to provide at least one multi-skilled institution in each parish offering a variety of programmes consistent with identified training and employment needs;

- raising the quality of training offered to vocational students by improving the facilities and learning resources and the quality of instructional staff; and by introducing other professional services e.g.: Career information, counselling, entrepreneurial studies, etc.;

- improving the relevance of the work of the training programme through more active participation of the private sector and by bringing the training offerings more in line with the needs of the labour market;

- introduction of specialized, high-capability Vocational Institutions in important economic sectors such as Automotive Repairs and Maintenance and Manufacturing, these institutions to be located specially in communities containing high concentration of such activities.

The first phase of the implementation of this programme (intended to extend over 5 years) would be treated as a pilot phase, the objectives of which would be to assess the effectiveness and efficiency of decentralized training and to observe the impact of local participation on the quality and the cost of training. In the remaining years of the programme priority would be given to training in:

1. Building and Construction (carpentry, cabinet making, steel work, etc.)

2. Automotive and Heavy Engines (autobody repairs and building, engine repairs, diesel, hidraulics, etc.)

3. Electronics (radio and TV, computers, busines machines, etc.)

4. Air Conditioning and Refrigeration

5. Welding and Machine Fitting

The proposed Vocational Training Centres responsible for training in these skills would operate as autonomous entities, each managed by a locally appointed Vocational Training Council composed of public and private sector representatives.

The Centre Manager and the Council would be jointly responsible for the efficient operation of the institution and its programmes. The programmes, which would be implemented based on specific needs, would be identified locally with support from the Division for Vocational Training of the MYCD, who would be responsible for providing the operational and policy framework for the centres, ensuring high standards of efficiency of the programme, coordinating the planning and funding, and monitoring the rise of training funds. Additionally, the Ministry would seek to articulate its activities with those of the National Training Agency subsequently established.

An enriched curriculum would be offered by the Centres in an effort to correct the personal and technical weaknesses of students. Thus the curriculum would address the following areas:

i) Academics and intellectual competency - a programme to improve thinking and reasoning skills, decision making and problem solving.

ii) Attitudinal and personal (life) skills - a programme to strengthen discipline, behaviour on and off the job, work ethics, work efficiency, etc.

iii) Social and economic issues - a programme aimed at introducing students to basic national and international issues that influence social and economic programmes in order to engender positive attitudes to critical national concerns.

iv) Occupational and job counselling - a programme designed to improve the readiness of graduates to enter the world of work and to negotiate successfully problems commonly occurring in the work situation.

Each of these programmes would extend over 15-18 months and would be operated flexible in order to ensure that the required minimum technical skills are absorbed allowing for the varying needs of different occupational groups.

The financial plan for the vocational training programme over the period 1989/90 to 1993/94 is given below:

<table>
<thead>
<tr>
<th>FY</th>
<th>No. OF INSTITUTIONS</th>
<th>No. OF TRAINEES</th>
<th>PROJECT LOST a/ J$m.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989/90</td>
<td>4</td>
<td>-</td>
<td>3.0</td>
</tr>
<tr>
<td>1990/91</td>
<td>8</td>
<td>500 - 6,000</td>
<td>7.0</td>
</tr>
<tr>
<td>1991/92</td>
<td>12</td>
<td>900 - 7,000</td>
<td>12.0</td>
</tr>
<tr>
<td>1992/93</td>
<td>16</td>
<td>1,400 - 7,000</td>
<td>15.5</td>
</tr>
<tr>
<td>1993/94</td>
<td>20</td>
<td>2,000 - 8,000</td>
<td>20.0</td>
</tr>
</tbody>
</table>

a/ Capital plus recurrent.
III. THE MICRO INVESTMENT DEVELOPMENT AGENCY (MIDA)

During 1990/91 the government established MIDA, an agency outside of the public sector bureaucracy reporting directly to the Prime Minister. Its objective is to provide a focused approach to training and credit assistance targeted at the unemployed and dispossessed (especially among youth). All beneficiaries of MIDA assistance possess less than $200,000 in assets. In providing credit MIDA acts as a wholesaler of funds to five ALA’s, namely: ASSIST, the Credit Unions, the Self-Start Fund (SSF), the People’s Cooperative (PC) banks and the National Development Fund of Jamaica (NDFJ). As a wholesaler of funds it is not in a position to direct the loan portfolios of ALA’s and thereby ensure that funds do in fact reach the target groups. It can, however, apply some degree of "moral persuasion". At August 1992 less than 20% of its loan funds had been allocated to youth under 25 years of age and 40% to female-owned and operated business. MIDA considers these ratios as too low compared to the needs of these groups and is seeking to have them raised.

The ALA’s -three of which will be described below- apply varying criteria in the administration of loan approvals. Some agencies require collateral from their clients, others (especially those lending to micro or pre-microenterprises) may require only guarantees or character references. As none of these loan criteria ensures that credit requirements of needy and productive applicants being adequately served, MIDA has itself embarked on a number of initiatives. These include:

i) Risk sharing -this involves MIDA guaranteeing to the ALA up to 50% of the unsecured portion of a loan.

ii) Private sector guarantors -the MIDA parish development officers are instructed to meet with private sector individuals and groups to discuss the possibility of providing joint or individual guarantees for clients with little or no collateral.

iii) Community revolving fund -this offers an innovative mechanism for reaching the target groups.

MIDA has been instrumental in creating sophisticated "partner" schemes by matching the pool of funds created by 30-40 members of a community-based savings group in a ratio of 5:1. The amount provided by MIDA is used as loan capital while the community group’s share is hypothecated to MIDA as security for the funds advanced. Nearly all Community Revolving Funds established to date are located in urban areas.

In the field of training MIDA has inaugurated a certificate-granting "business school" in which clients are exposed to training in basic entrepreneurship, record-keeping, marketing and commerce. This training is additional to other training provided by the ALA’s and assists clients in access to loans from some of those agencies -notably the Credit Unions where certification of the
client is deemed significant. The assistance of JAMPRO 1/ in the training field has also been significant. MIDA’s training unit also provides technical support to the ALA’s in the form of project appraisal and preparation and offers ongoing training to its own field staff.

MIDA’s support to clients in the field of marketing has not been as extensive as its credit and training assistance. However, credit has been made available to organisations involved in the marketing of agricultural products, and contract farming promoted by a few agricultural processing firms has received MIDA’s support.

In small-scale manufacturing (electronics) MIDA has favored the granting of credit to micro-enterprises who have already succeeded in identifying markets for their product(s), specially if these earn foreign exchange for the country. Nevertheless, marketing remains an area where MIDA considers it could do much more by way of training, providing market advice and planning marketing strategies.

MIDA’s funds are currently sourced from (1) the government’s central budget and (2) funds from the investment of government assets. The larger source of funds is (2). This feature of MIDA’s funding helps to explain the below-average interest rates that MIDA is able to charge on its loans. Currently, these range between 18-23%, with agricultural loans dominating the lower end of the range. At August 1992 MIDA estimated credit demands at $170m., which is significantly in excess of its funding to date of $45m.. The financial plans under active consideration include a public issue of development bonds totalling $100m. at competitive tax-free yields and fully guaranteed by government. However, this would almost certainly mean an increase in MIDA’s lending rates towards market rates of interest. The challenge will be to ensure that such an expansion in funding does not jeopardise MIDA’s mission which is to assure the development of the micro-enterprise sector as a viable contributor to national economic development.

The ALA’s repayment record on MIDA loans has been excellent. Below we describe the operations of three of these ALA’s.

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1/ A para-statal organisation responsible for industrial development and promotion including export marketing (see below).
IV. AGENCY FOR THE SELECTION AND SUPPORT OF INDIVIDUALS STARTING TRADE (ASSIST)

ASSIST is a non-denominational Christian development agency dedicated to assisting the poor through the development of entrepreneurial activity. ASSIST grew out of the concern of Christian business persons who felt it necessary to formulate a positive response to poverty and need. This response, it was felt, should impact on unemployment and encourage self-sustained growth among needy entrepreneurs unable to receive financing through the banking system. The organization has been in existence for more than five years.

The goals of the organization are:

- to identify marginalized entrepreneurs
- evaluate their proposals
- extend credit to approved applicants, and,
- where necessary, offer appropriate and effective training programmes.

ASSIST programmes are administered through funds donated by local and international development agencies and individuals. These funds form part of a revolving loan portfolio that provides on-going assistance to clients.

ASSIST has provided credit, technical services and training (TST) to small-scale manufacturing and agricultural enterprises, appliance service centres and other production and service-oriented activities. At August 1992 the average size of loans was between $12,452 - $22,000. The average loan size has been increasing through the years at roughly the rate of increase in inflation. At present the targeted average loan size is $20,000 and the aim is to create at least one new job for every $11,200 of credit extended. The loan ceiling on individual projects is $100,000.

The programme of assistance includes loans for the expansion of small businesses, (specially those that are labour intensive), loans that generate additional income within a business even if no new job are created, start - up loans for small businesses and training in small-enterprise management, book-keeping, accounting, purchasing, marketing and Christian business principles. Although equity participation by borrowers is not mandatory, borrowers on average have 20% equity in projects.

In the current portfolio of 497 projects, 288 are owned and operated by males and 209 by females. The sectoral distribution of projects is as follows:
<table>
<thead>
<tr>
<th>OWNED AND OPERATED BY</th>
<th>MALES</th>
<th>FEMALES</th>
</tr>
</thead>
<tbody>
<tr>
<td>MANUFACTURING</td>
<td>78</td>
<td>69</td>
</tr>
<tr>
<td>TRADING</td>
<td>58</td>
<td>64</td>
</tr>
<tr>
<td>SERVICES</td>
<td>39</td>
<td>20</td>
</tr>
<tr>
<td>AGRICULTURE</td>
<td>81</td>
<td>34</td>
</tr>
<tr>
<td>FOOD TRADE</td>
<td>32</td>
<td>22</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>288</strong></td>
<td><strong>209</strong></td>
</tr>
</tbody>
</table>

The repayment record has been quite good for this type of programme: the rate of arrears (over one day) on the total portfolio stood at 24.12% in August 1992.

All borrowers are individually required to undergo a short training session (approximately two hours) in elementary business accounting procedures where they are shown how to separate business from household operations. The major hurdle to be overcome by most applicants is how to see their business as an activity involving more than mere survival. The training programme is not certificate oriented but the organization is currently considering formalized group training for some micro-enterprises engaged in export manufacture (furniture).

The organization does not itself assist micro-enterprises in the field of marketing but it is contemplating the possibility of hiring a marketing officer. The marketing services currently offered by similar organizations (JAMPRO and NDFJ) are deemed inappropriate to the special needs of ASSIST clients, who are mostly at the pre-micro or micro-enterprise stages of development with widely varying or limited general educational backgrounds.

ASSIST identifies applicants through the network of Christian churches and community organizations located in every small village of the island. All applicants must be recommended by the leadership of their local church or community organization. Applicants undergo a thorough needs-assessment evaluation in which the feasibility of their business proposal is examined. The organization does not believe in simply handing out charity. The aim is to help the poor develop a sense of responsibility and industry and become self-respecting human beings capable of managing a small successful enterprise which is able to support them and their families.

Officially registered as a Limited Liability Company in 1985, ASSIST is run by a Board of Directors comprising 12 (twelve) persons, themselves directly involved in the company’s operations. For purposes of those operations the island is divided into two major divisions (Eastern and Western) and these are in turn sub-divided into six areas. Two regional managers are responsible for the six area offices. The six area offices are each supervised by an area board comprising five to ten persons resident in each area who are well-known, respected and familiar with local customs. The area board
approves loans for funding through the credit committee, generates support for the agency from the wider community and identifies prospective clients. The chairman of each area board sits on the national Board of Directors.

ASSIST has an efficient and well-trained staff. Managerial staff all possess at least a bachelor’s degree in an appropriate discipline. Senior project officers responsible for the area offices hold college diplomas in business administration or the equivalent.

ASSIST operates a revolving loan scheme, lending to each applicant between $500 and $100,000 to start a business or to expand an existing micro-business. Applicants ineligible for loans from commercial banks or large financial institutions are favored. Approved loans are monitored by project officers who visit each client once per month.

Plagued by several problems at the start, ASSIST has succeeded in improving its portfolio management and training programmes over the years. After applicants have graduated from their initial two-hour orientation seminar they are required to attend other seminars relevant to their specific project area. In addition, micro-entrepreneurs with three or more employees undergo a short course in personnel management. In 1990, 35 training sessions were conducted; these included three specialist seminars for clients with needs in the areas of personnel management, marketing strategies, stock keeping and control. These sessions benefited 275 persons. Experienced businessmen also serve as training and marketing consultants to the programme.

Although the average interest on loans is below commercial rates, it is sufficient to generate a reserve fund for use when the organization becomes independent. At present the interest rates charged on loans are as follows: Agriculture 18%, Manufacture 20%, Services 20% and Trade 25%. These differential rates reflect the organisation’s emphasis on commodity production and productivity growth.

Special programmes operated by ASSIST include the Partner Savings and Credit Scheme (PSCS) and the Inner City programme. Under the Inner City programme ASSIST works with pastors from inner city churches in the capital city of Kingston. The pastors recommended reputable persons from their community with projects to be funded, and ASSIST provides funds and training. The churches provide health and other social services to those individuals, and ASSIST currently maintains offices in six main towns outside of the capital city. These are located in Spanish Town, Mandeville, Black River, Montego Bay, St. Ann’s Bay and Port Antonio.
V. SELF-START FUND (SSF)

Established by the government of Jamaica in 1985, the SSF was originally designed as a wholesale lending institution providing loans to small and medium sized businesses through approved lending agencies. Beginning in 1991, SSF began lending directly to clients. This has resulted in a rapid expansion of both its loan portfolio and its geographical reach. For the purpose of facilitating prospective clients SSF has divided the nation into four regions:

a) **Region 1** includes the parishes of Kingston and St. Andrew, St. Catherine and St. Thomas (Total population of 1.09 million);

b) **Region 2** includes St. James, Trelawny, Hanover and Westmoreland (Total population of 422 thous.);

c) **Region 3** includes Clarendon, Manchester and St. Elizabeth (Total population of 521 thous.); and

d) **Region 4** includes the remaining parishes of St. Mary, St. Ann, and Portland (Total population of 333 thous.)

Loans approved recently for the different regions and by project type are shown in Tables 1 and 2. The number of projects and volume of loans attracted by the Kingston Metropolitan Area have in recent years been significant.

SSF grants loans to persons between the ages of 18 and 60 whose assets, excluding land and buildings, do not exceed $500,000. These are 22 operations officers attached to the 4 regional offices and 9 sub-offices island-wide. Loans are extended for purposes of acquiring basic tools implements of trade, equipment and raw materials. Three types of loans are offered:

a) The Small Business Loan, which has a limit of $250,000 and a maximum term of 60 months. Interest rates in this category are 18% for agriculture, manufacturing and services.

b) The Micro-Business Loan with a limit of $50,000 for a maximum period of 48 months. The interest rate is 18% for agriculture and 23% for manufacturing and services.

c) The Micro-Business, short-term loan which has a limit of $5,000 for a maximum term of 12 months and interest rate of 23%.

In applying for loans from SSF, applicants need to supply a number of documents among which are included pro-forma invoices for equipment and raw materials to be purchased, recommendations, rental/lease agreements, orders/letters of intent, market information, etc. Applicants are also required to produce two character references from reputable personal
acquaintances, such as community leaders, teachers, landlords, or employees. The client is required to be directly involved in the enterprise which should be designated as his main source of income.

SSF requires collateral but it accepts types of collateral not normally accepted by the larger lending agencies. These include:

a) bill of sale on fixed assets purchased with loan funds;
b) assignment of proceeds from the sale of goods produced with the help of the loan;
c) third-party guarantee; and
d) personal effects, equipment and furniture owned by the borrower.

SSF is mainly a credit-granting agency and provides only limited training services to clients, owing to current budgetary constraints.

For those of its clients requiring training in record-keeping and elementary business procedures, SSF relies on JAMPRO's Entrepreneurial Centre with which it maintains a close working relationship. Assistance to clients in the field of marketing is provided only at the project identification stage. There is at present no plan to conduct training sessions for clients in marketing and marketing strategy.

SSF is the successor to SOLIDARITY, a programme established in the early 80's to provide mainly grants to young micro-entrepreneurs resident in poor inner-city areas. Under that programme some $16 m. were distributed to clients. SSF is sensitive to the bad-debts and poor performance record of SOLIDARITY and is determined to ensure that its loan programme regenerates funds from repayments.

To date SSF has loaned a total of $20 m. to clients. The average size of loans is $40,000 and each project creates an average direct employment for two adults and indirect employment for the same number. The average loan size has been increasing at roughly the same rate as the annual increase in inflation. The Kingston office maintains 40% of the total loan portfolio and is closely followed by Montego Bay, the second major urban centre, and Mandeville.

SSF managers, however, are concerned about the enduring impact of the Fund’s operations. Less than 30% of borrowers have become permanent entrepreneurs. Graduation of clients into commercial borrowing has been minimal. The result is that repeat borrowing from the Fund is significant. The sole encouraging sign is that repeat borrowers graduate within the credit programmes offered by the Fund. This internal graduation process could be significantly aided by a mandatory training programme for clients.
Table 1

SELF START FUND LOANS APPROVED OVER THE PERIOD MARCH 1991 - JULY 1992

<table>
<thead>
<tr>
<th>REGION</th>
<th>Office</th>
<th>Amount approved $</th>
<th>Balance outstanding $</th>
<th>#</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>KINGSTON</td>
<td>6,770,884.00</td>
<td>6,301,592.00</td>
<td>139</td>
</tr>
<tr>
<td></td>
<td>ST. THOMAS</td>
<td>467,472.00</td>
<td>444,100.00</td>
<td>16</td>
</tr>
<tr>
<td></td>
<td>ST. CATHERINE</td>
<td>2,190,742.00</td>
<td>2,000,163.00</td>
<td>71</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>9,429,098.00</td>
<td>8,742,855.00</td>
<td>226</td>
</tr>
<tr>
<td>2</td>
<td>ST. JAMES</td>
<td>2,388,457.00</td>
<td>2,111,058.00</td>
<td>71</td>
</tr>
<tr>
<td></td>
<td>TRELAWNY</td>
<td>733,162.00</td>
<td>677,333.00</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>HANOVER</td>
<td>320,620.00</td>
<td>300,387.00</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>WESTMORELAND</td>
<td>714,383.00</td>
<td>619,692.00</td>
<td>26</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>4,156,622.00</td>
<td>3,708,500.00</td>
<td>123</td>
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<tr>
<td>3</td>
<td>CLARENDON</td>
<td>1,425,527.00</td>
<td>1,236,248.00</td>
<td>51</td>
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<tr>
<td></td>
<td>MANCHESTER</td>
<td>1,690,723.00</td>
<td>1,578,998.00</td>
<td>55</td>
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<td></td>
<td>ST. ELIZABETH</td>
<td>836,009.00</td>
<td>681,947.00</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>3,952,259.00</td>
<td>3,497,193.00</td>
<td>134</td>
</tr>
<tr>
<td>4</td>
<td>ST. MARY</td>
<td>816,714.00</td>
<td>771,521.00</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>ST. ANN</td>
<td>169,242.00</td>
<td>162,352.00</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>PORTLAND</td>
<td>1,438,987.00</td>
<td>1,381,920.00</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>2,424,943.00</td>
<td>2,315,793.00</td>
<td>50</td>
</tr>
</tbody>
</table>
Table 2

SELF START FUND APPROVAL BY PROJECT TYPE

As at August 31, 1992

<table>
<thead>
<tr>
<th>PROJECT TYPE</th>
<th>AMOUNT LOANED $</th>
<th>NUMBER</th>
<th>%</th>
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<tr>
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VI. NATIONAL DEVELOPMENT FUND OF JAMAICA (NDFJ)

The NDFJ is a private limited liability non-profit organisation established in 1981 to strengthen and develop small business through the provision of credit, technical services and training (TST) to individuals and groups unable to access traditional commercial sources of funds. NDFJ has received funds from USAID, CIDA, PADF, IADB, the National Development Bank of Jamaica (NDBJ), the Jamaica Agricultural Development Fund (JADF), and more recently MIDA. In 1987, in an effort to achieve self-sufficiency by 1992, the Fund instituted a Strategic Development Plan which called for the separation of cost and profit centres as well as the separation of banking and TST functions with each division providing its own resources. In 1988 an operations review of the Fund established break-even portfolio and target-loan sizes and disbursement levels. An endowment fund was established to attract local and overseas contributions for investment, the income form which would be used exclusively to defray TST costs. By November 1989 this fund had attracted $4.4 m. NDFJ has also raised money by offering seminars, workshops and business counselling. The result of these activities has been to raise the share of loan interest in total funding from 20% in 1985 to 40% in 1982. Additionally, while the Fund's operating deficit has grown, the rate of growth has declined sharply from 106% in 1984-85 to 9% between 1986-87. More recently the Fund has inaugurated a venture capital window which permits it to take equity in high yielding projects. This new strategy is supportive of the strategy of self-sufficiency, if carefully managed.

NDFJ receives 3,000-4,000 loan enquiries each year, 70% of which become loan applications. Approved loans however number no more than 15% of total applications. During 1981-89 2,524 loans were approved and $41 m. in loan funds disbursed. The average loan size was $16,197 and the enterprises established or expanded numbered 1,700. During this period too, the Fund trained 13,300 entrepreneurs and estimates that it created (or saved) some 6,500 jobs by its loan operations. 52-55% of NDFJ loans during this period were disbursed to urban projects and the total loan portfolio was evenly distributed between the sexes.

The greatest demand for loans (and the best repayment performance) originates from the services sector (viz. retail outlets, groceries, meatshops, transport, hairdressing, education, etc.), even though interest rates on loans to this sector average 20% while the rates on agricultural loans (22% of the loan portfolio) range between 10-14%.

NDFJ endeavours to be a one-stop entrepreneurial centre offering credit, TST and a range of other services. Every approved loan applicant must undergo a certain period of business training while his application is being further processed. The loan ceiling is $500,000 and loans are granted for up to 10 years.

The TST offered by the Fund includes project development assistance, business counselling, 6-8 hours of business management training covering the following topics: NDFJ loan policies and procedures, cost analysis of product or service, marketing techniques, basic record keeping, business consultancy and business training. Clients must be directly responsible for the management of their
business and loans must be secured by collateral in the form of buildings, machinery, cash land, furniture, a cosignor or guarantor.

Agencies operating outside of the ambit of MIDA, but with the capability of raising productivity among urban poverty groups, include JAMPRO and the Integrated Demand Reduction Project executed by the National Council on Drug Abuse.
VII. JAMAICA PROMOTIONS LTD. (JAMPRO)

JAMPRO LTD. was established in 1988 following a merger of the Jamaica Industrial Development Corporation (JIDC) and the Jamaica National Export Corporation (JNEC). The organisation, originally a limited liability company, is to become a statutory body within the public sector. As government’s development agency, JAMPRO’s major role is to undertake programmes designed to diversify and expand investment opportunities, facilitate the modernisation of the production process and the improvement of management systems, as well as to encourage and facilitate the growth of the export sector.

The policy emphasis of the present government and the budget constraints within which the country has to operate have necessitated the reorganisation of JAMPRO Ltd.. This exercise has involved:

- The creation of a structure to reflect sector/product priorities, namely agriculture and agro-industry, apparel and footwear, furniture and wooden products, minerals and heavy industry, craft and service industries, technical assistance, industrial training and engineering services. The various skills/services related to each sector will function as one unit in which promotional, engineering and marketing services are integrated. The rationale for this change is to enable JAMPRO Ltd. to respond in a more coordinated manner to the needs of business in the designated priority sectors.

- Forging of stronger links with Jamaica’s High Commissions, Embassies and Consulates whenever they exist to avoid as much as possible duplication of offices and associated administrative and secretarial services.

- Undertaking more promotional activity in and from Jamaica. This will result in more selective investment promotions and targeted export marketing.

- Integrating the various components of the technical support programmes (block grants, design centre, short and medium term technical assistance to ensure consistency, and continuity and cost effectiveness where possible in the programming and delivery of this assistance.

- Maintaining a strong emphasis on delivery of quality industrial training and effective export registration/certification quota allocation/compliance services.

During the first year of operation, JAMPRO spearheaded a number of developments. In the area of investment and export promotion emphasis was placed on the following areas:

a) Light Manufacturing- apparel electronics, furniture, toys, footwear, sports goods, auto parts and accessories.
b) Agribusiness - ornamental horticulture, winter vegetables, exotic fruits, herbs and spices, aquaculture and livestock.

c) General Services - tourism, film information processing, construction, education, insurance and banking.

d) Mineral Industry - non-metallic minerals, e.g. gypsum, limestone, marble.

Between April 1988 and March 1989 one hundred and seventeen (117) projects were implemented with a capital investment of $827.4 m. and potential development of 6,620 persons. The main performances were the services and Small Business sectors which achieved 90% and 85% of targets respectively. These gains must, however, be assessed, against the ravaging of Hurricane Gilbert, which affected every sector of the economy. A range of promotional activities such as inward buying missions, outward selling missions, trade affairs and specified product promotions were used to promote Jamaican exports during the year.

At the end of March 1989, there were 173 projects at various stages of development, representing a capital investment of $1.3 billion. Considerable interest has developed in the services sector, particularly in areas such as software development, radio communications, video, tele-conferencing, banking, insurance and health care facilities.

In the period 1990-'92 JAMPRO targeted several activities in the following areas:

i) Industry modernisation. This programme is designed to improve the operational efficiency of enterprises. Under this programme the following are provided: (i) short and long-term technical assistance to enterprises in the priority subsectors aimed at increasing productivity and lowering production costs (150 firms have been targeted for assistance including 50 in apparel and sewn products and 40 in furniture and wooden products); (ii) retooling of enterprises by accessing reduced rates of duties on imports of capital goods (some 200 firms are to be examined and it is anticipated that approximately 160 of these will be certified for benefits); (iii) provision of industrial training for managerial, technical and operational personnel in industry, (the number of courses planned is 115 with anticipated participation of 1,700 persons); (iv) provision for training in toolmaking and repair and maintenance of equipment and tools for 60 participants (technical consultancy services will also be provided to manufactures in respect of purchasing of machinery and equipment, production and manufacturing processes, tooling and engineering.

ii) Establishment of a Design Centre. The objective of this Centre is to work with exporters and the packaging sub-sector in the area of design packaging and product development. It will focus particularly on quality requirements and trends and will seek to reorientate local designers towards developing appropriate packaging aden to educate local manufacturers in order to compete in the international market-place. The Centre will operate as a small unit staffed with professionals headed by an experienced industrial designer. The project is being assisted by UNIDO/UNDP.

iii) Technical Assistance. A technical assistance programme designed to assist local companies in upgrading their production methods and increasing their productivity levels is in place. This programme provides production industrial engineers, machine maintenance engineers, technicians and other technical consultants to work with local companies for specified periods ranging from 3 to 24 months.
iv) **Project Implementation.** The implementation of new investment projects will continue as new industries and sectors are explored. Profiles and project proposals on viable investment opportunities will be developed for a number of sectors. Particular attention will be given to providing assistance to new and expanding small business enterprises.
VIII. NATIONAL COUNCIL ON DRUG ABUSE (NCDA) INTEGRATED DEMAND REDUCTION PROJECT: PHASE III (ECONOMIC COMPONENT)
IDRP III

The problem of drug abuse in Jamaica has been exacerbated by an explosive epidemic of cocaine and crack demand since 1985-86. Since 1986 the rate of use of cocaine crack in Jamaica has doubled every 18 months. In 1986 it showed a 1.3% rate of increase among 13-19 age group, in 1987-88 the rate of increase for the same age group had grown to 2.5%. In 1989 hard drug users were estimated at 22,000. However, as a result of the anti-drug programme the number of crack users is estimated to have declined to 19,800 by December 1991.

The main thrust of the national anti-drug demand reduction effort occurred in 1991 during the period of the implementation of the IDRP. This effort also succeeded in reducing the use of other drugs such as nicotine (cigarettes) marijuana and alcohol. IDRP targets the community as the basic unit responsible for the demand reduction process. In phase I of the project a programme involving 5 steps (acronym POPIE) was inaugurated. These steps taken in sequence include:

1. Preparation
2. Organisation
3. Planning
4. Implementation
5. Evaluation

At the end of phase I drug awareness committees were established in 15 communities, several of which have elaborated 2-year Development Action Plans (DAP) establishing the objectives, strategies, scheduling and cost of activities needed to address problems arising from dysfunctions in the community development process. This approach therefore assumes that the drug abuse phenomenon and its development result from interrelated factors linked to dysfunctions in the development of man in the context of his natural and social environment. DAP's that have to date been published link the drug abuse phenomenon to wide-ranging problems of development such as unemployment, lack of skills, inadequate education, dysfunctional family development, boredom, etc..

Phase II of the project implemented during 1992 has sought to strengthen linkages between communities involved in phase I and to deepen the process of community action in preventive treatment and rehabilitation.

The main purpose of IDRP III begun in June 1992 will be to allow the benefits accrued under phases I and II to be manifested in economic terms. During phase III financial resources necessary for developing individual and group entrepreneurship will be provided through (1) funds made available by the United Nations International Drug Control Programme (US $250,000) and (2) in-kind assistance from the Jamaican government (J$10 m.). Only Voluntary Development Organisations (or development NGO's) will be considered for grants. A voluntary organisation is an
agency established and governed by a group of private citizens for a stated philanthropic purpose. It is supported mainly by voluntary contributions from individuals. Phases I and II were designed to ensure the formation of such groups within the communities. Additionally, during phase III the Economic Component Committee of NCDA will assist in the formation and strengthening of such groups.

Funds will be disbursed to individuals by these NGO’s, provided:

a) projects reflect financial viability and are technically sound, and

b) applicants submit to a 6-hour training session on pricing and costing practices, the preparation of simple balance sheets, cash flows etc. The training programme will be conducted by voluntary business counselors from the communities who have been trained at the local polytechnic institute (CAST Entrepreneurial Extension Centre) specifically for work among NGO’s.

The maximum individual grant under IDRP III is US $2,000 and for groups it is US $17,000. Programme monitoring, evaluation, reporting and accounting will be minimised at both the levels of the NGO’s and the NCDA. However, each NGO will be expected to:

- ensure that each beneficiary executes the grant in keeping with his/her proposal;
- determine the success or otherwise of the funded operation on an ongoing basis;
- collaborate with recipients in resolving problems encountered in project implementation; and
- supply initial progress and final reports on the project.

A national coordinator will be responsible for the overall management of the programme. He/she will in turn report to the Executive Director of NCDA.

On completion of IDRP III the outputs expected are:

1) establishment of 15 community employment agencies in 15 communities;

2) a community profile data bank for each of the 15 communities;

3) 1,000 new jobs created in the 15 communities;

4) establishment of community-based youth programmes in each community; and

5) the rehabilitation of a total of 150 "unemployable " youths through skills training in each community.

Government’s contribution to the project will be used to provide infra-structural support, field and accounting staff for monitoring the project.

At the moment of writing, 6 DAP’s have been prepared by the communities, 2 by groups in the Kingston Metropolitan Area (Barbican and Rollington Town/Franklyn Town), one by an NGO
located in Montego Bay (Flankers) and one each by NGO's from the main towns of Ewarton, Buff Bay and Morant Bay. Each of these DAP's contains a number of economic projects aimed especially at the relief of urban unemployment and small business development. Other projects are aimed at the improvement of family life, development of the physical infra-structure and skills-training.