AGENDA

- How we got here
- Context
- Role of Government in Healthy MSME Sector
- Role of Entrepreneurs in Healthy MSME Sector
- Challenges
- Specific ICT challenges
- Discussion
BACKSTORY

How we got here

“BIIPAC's Component 3, entitled "ICT Awareness and Capacity Building Programmes" is most important in that it represents the actualization of the value and investment that Component 1 (Infrastructure) and Component 2 (legal/policy/regulatory environment) represent. Indeed it is building the capacity of sector stakeholders to leverage available infrastructure and the enabling environment to create opportunities and deliver/capture value that the return on broadband investment can achieve within the Region.”
CONTEXT

- Correlation between healthy MSME sector and economic growth
  - Responsible for 50% GDP in developed economies
  - Responsible for over 60% of total employment
  - Seedbed for entrepreneurship
  - Lower income distribution inequality
  - Vehicles for transitioning from agriculture-oriented to service-oriented economy
  - Tend to be labour-intensive and attract more low-skilled workers
  - Important part of the supply chain for MNCs
HEALTHY MSME SECTOR
- ROLE OF GOVERNMENT

- Determining the Business climate (Doing Business Rating)
  - Creating [and regulating] the enabling environment
  - Macroeconomic stability
    - Predictable and Transparent Regulatory Frameworks and Practices
    - Healthy & Sustainable Public Finances
    - Manageable Sovereign Debt
    - Inflation in line with largest trading partners
    - Competitive FX and Interest Rates
    - Stable Financial Sector

- National education & training system that produce skillsets required for economic production
HEALTHY MSME SECTOR – ROLE OF ENTREPRENEURS

- Meet customer needs by providing great products with excellent service
  - Effective management operations
    - Right operating support tools
    - Needed human resources
    - Efficient processes
  - Effective marketing
  - Forging partnerships for market exploitation
  - Remain agile and flexible
CHALLENGES (CDB 2013-2014)

- Inadequate legal and regulatory frameworks
  - Property legislation
  - Bankruptcy legislation
  - Intellectual property legislation
- Poorly developed capital markets
- Access to credit
- Inadequate training and mentoring
- Business support services
- Deficient & costly transportation systems
- Limited R&D Investments
CHALLENGES (MSME POLICY JA June 2012)

- Un-competitiveness
- Lack of access to credit
- High unit costs of production
- Poor quality products
- Inconsistency in the supply of products
- Low levels of technology and technical skills
- Weak business and management skills
- Financial markets’ perceived risk of MSEs and lack of appropriate collateral
CHALLENGES (MSME JA June 2011)

- Development of MSME sector policy
- Reserve market for MSME products and services for public sector purchase
- Democratize decision-making by inclusion of MSMEs in policy development
- Access to financing
- Training and capacity building
- Business support services
CHALLENGES (CARICOM 2008)

- Participatory decision-making in policy development
- Access to financing and credit
- Lack of managerial capacity
- Training and capacity building
- Technological capacity
- Cost of business support services
- Market access
PERSISTENT & CHRONIC CHALLENGES

- Financing and credit
- Training and capacity building
- Business support services
- Technology Skills
WHAT TO DO?

Specific to ICTs and commerce

………..select results from……..

2010 Caribbean Export e-Commerce Survey
On Average 15% of SMEs are still using dial-up.

Percentage of SMEs still using dial-up in selected Territories

- Antigua-Barbuda: 17%
- Belize: 42%
- Guyana: 3%
- Jamaica: 6%
- St-Kitts-Nevis: 16%
- Suriname: 9%
- Trinidad-Tobago: 17%
Number of Websites among SMEs

- 38% of businesses had 0 websites
- 43% had 1 website
- 9% had 2 websites
- 4% had 3 websites
- 5% had more than 3 websites

61% of businesses had their own website
72% use their websites to improve customer service.

84% use their website to Market their product.
72% of business have increased their revenues by 10-50% by having a web presence.
Only 28% the websites use local domain names.
(e.g. AG, LC, DM, DO, GD, JM, KN, TT, VC)?
Only 2% of business transactions were with Regional governments.
Inter-Regional Trade (Business) by SMEs is Low

Where products and services are sold

- Own Country: 82%
- Elsewhere: 13%
- Other CARIFORUM Countries: 5%

Only 5% of business activity was with other CARIFORUM states (why may this be the case?)
50% of SMEs host their websites outside their own country

However, many businesses that hosted with local providers don’t know that these providers, themselves were hosting outside of the country.
Reasons for hosting abroad

- **Cost**: 64%
- **Speed**: 39%
- **Security**: 33%

Other: 32%
Few - ISPs: 26%
Few - ESPs: 18%
Security: 33%
Speed: 39%
Cost: 64%
Concerns about Conducting Business on the Internet

Website-Security: 55%

Reliable Payment System: 42%

Website-Expense: 31%

Perhaps an intervention could be made here by support institutions?.......

Types of Internet Business Concerns By SMEs

- Website-Security: 55%
- Reliable Payment System: 42%
- Website-Expense: 31%
- Management-Not-Understand: 5%
- Not-Priority: 14%
- Employees-Not-Ready: 11%
- Cost-To-Change: 13%
- Do-Not-Want-Change: 9%
- Unsuitable-Business-Systems: 17%
- Shipping-Difficulty: 2%
- Products-Not-Suited: 25%
- Reliable-Payment-System: 42%
- Website-Security: 31%
- Website-Expense: 55%

Perhaps an intervention could be made here by support institutions?.......

Type of Concerns

Percent SMEs
63% of SMEs do not have an e-Commerce Strategy

28% Have no strategy and don’t plan on having one in the near future.

35% Have no strategy, but plan to have one soon.

Only 27% have implemented and e-Commerce strategy.
WRAP-UP

WHERE DO WE GO FROM HERE?

DISCUSSION