National Policy Framework for **The Development of Micro, Small and Medium-Sized Enterprises** (MSMEs) in Barbados

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LIST OF ACRONYMS

BARP	Barbados Association of Retired Persons
BAS	Barbados Agricultural Society
BBA	Barbados Banker's Association
BCCI	Barbados Chamber of Commerce and Industry
BCSI	Barbados Coalition of Service Industries
BEC	Barbados Employers' Confederation
BHTA	Barbados Hotel and Tourism Association
BIBA	Barbados International Business Association
BIDC	Export Barbados/Barbados Investment and Development Corporation
BIMAP	Barbados Institute of Management and Productivity
BMA	The Barbados Manufacturer's Association
BPSA	Barbados Private Sector Association
BRA	Barbados Revenue Authority
BSO	Business Support Organisation
BSS	Barbados Statistical Services
BTFL	Barbados Trust Fund Ltd
BYBT	Barbados Youth Business Trust
CAIPO	Corporate Affairs and Intellectual Property Office
CALC	Country Assessment of Living Conditions
CARICOM	Caribbean Community Market
CCB	Central Bank of Barbados
CDB	Caribbean Development Bank
CEDA	Caribbean Export Development Agency
CIDA	Cultural Industries Development Act
CROSQ	Caribbean Regional Organisation for Standards and Quality
CSME	Caribbean Single Market and Economy
EGFL	Enterprise Growth Fund Ltd.
FLB	Financial Literacy Bureau
FUNDACCESS	Barbados Agency for Micro Enterprise Development Limited
HACCP	Hazard Analysis Critical Control Points
ICT	Information Communication Technology
IFPG	Innovation, Firm, Performance and Gender Survey
ILO	International Labour Organisation

ITC	International Trade Centre
LAC	Latin America and the Caribbean
MAFF	Ministry of Agriculture, Food Fisheries & Water Resource Management
MEB	Ministry of Energy and Business
MSME	Micro, Small and Medium-sized Enterprise
NIS	National Insurance Scheme
NMDP	National MSME Development Policy
OTN	Office of Trade Negotiations of CARICOM Secretariat
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
SBDA	Small Business Development Act
SBDC	Small Business Development Centre
SBDU	Small Business Development Unit
SCHSBM	Sagicor Cave Hill School of Business and Management
SEED	Student Entrepreneurial Empowerment Development of the University of West Indies Cave Hill Campus
SJPI	Samuel Jackman Prescod Institute of Technology
TVET	Technical Vocational and Education Training
UDC	Urban Development Commission
UWI	University of the West Indies
YES	Youth Entrepreneurship Scheme

Preamble

The National MSME Development Policy (NMDP) provides a framework for Micro, Small and Medium Enterprise (MSME) Development in Barbados considering 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 envisaged that the NMDP will greatly assist in facilitating the attainment of the five major national goals for the MSME sector which are:

1. business resilience.
2. internationalisation of MSMEs.
3. the development of a cadre of innovative MSMEs that address social and economic priorities.
4. increased employment generation.
5. 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.

1.0 BACKGROUND AND OBJECTIVES

The Ministry of Energy and Business has commissioned the adjustment to the National MSME Development Policy for Barbados. The original NMDP was developed in 2016, but since then, there have been changes in the business environment and across the world because of shocks such as COVID-19. As such, there is a need to "refresh" the framework to be more fit for purpose and to assist the development of innovative and sustainable MSMEs in the current business environment.

Micro, small and medium-sized enterprises (MSMEs) play a pivotal role in promoting inclusive growth and helping to achieve the sustainability across a country, as they are considered the backbone of an economy (United Nations, 2020). MSMEs contribute to accelerated economic growth through employment opportunities, equity, and income (Rana & Tiwari, 2014). In addition, they are one of the main pillars of the national economy, which should receive basic opportunities, support, protection, and development to the maximum extent possible as a form of aligning enterprises with economic groups of people. In countries with a pro-active business environment, MSMEs contribute substantially to employment creation and inclusive economic growth, whilst also fostering competition and innovation in all economic sectors (Sharma & Kharub, 2015).

In some countries, the operating environment may be harsh for many MSMEs, and various constraints make it difficult for MSMEs to contribute fully to economic and social well-being (Onyeje, Court & Agbaeze, 2022). This is reflected in low survival rates of MSMEs, especially micro and small enterprises (WTO, 2016). In Barbados, MSMEs comprise 96.3 percent of formal enterprises in the country. A large majority are micro (45.3%) and small (46.9%), while medium-sized firms (26 to 50 employees) account for 4.1 percent of firms. MSMEs contribute to 64.1 percent of national value-added and account for approximately 60.7 percent of employment (IDB, 2020). Despite their contribution, MSMEs still face various obstacles and constraints, both internal and external. As such, several obstacles continue to hinder the development of MSMEs, suggesting that part of their potential business growth and sustainability remains untapped. These issues may include capital, licensing, marketing, human resources, databases, business climate, and access to Government projects (Syal, 2015). Research (Sekhar & Radha, 2019; Saleh & Ndubisi 2006) has also highlighted many challenges facing MSMEs, such as lack of financing, low productivity, lack of managerial capabilities, lack of access to management and technology, as well as a disproportionate regulatory burden. In addition, commercial banks have also been more inclined to provide credit to larger establishments. These and other problems have restricted the ability of MSMEs to accumulate capital, in turn limiting their voice and political influences, and subsequently, access to Government patronage. Lack of technological capacity and skilled labour, market limitations and competition have also kept their turnover and profit low, thus inhibiting their ability to grow (Eravia & Handayani, 2015).

When the full potential of MSMEs is hindered, there are negative impacts on their financial stability, the productivity of their employees and their attitudes towards the business environment. The promotion of MSMEs will improve the competitiveness of the Barbados economy, generate additional quality employment, improve the quality and range of goods and services available on the local market and improve the overall quality of life for Barbadians. Furthermore, a thriving MSME sector is widely recognised as one of the key characteristics of any prosperous and growing economy. To unlock the potential of MSMEs in the business environment and to ensure the sustainability of the economy there must the development of co-operative engagement among the private sector, MSMEs, Government and other key stakeholders through the development of policy.

In response to this, the original NMDP was developed to assist Government in creating the appropriate enabling environment to allow MSMEs to grow substantially and assist the MSME sector's expanded contribution to the national economy. This included assisting Government in its overarching effort of facilitating the attainment of the five major national goals for the MSME sector; increased export development, internationalisation of MSMEs, development of a cadre of innovative MSMEs, increased employment generation, and increased efficiency and productivity among MSMEs. However, since the NMDP's inception, there have been economic and social changes to the business landscape of Barbados and the MSME ecosystem. Moreover, there have been changes to the MSME ecosystem because of changes in business logistics, the effectiveness of the value-chain, climate change, modern technological disruptions, and the way business is conducted. Furthermore, the drive for sustainability, resilience and innovation has become the most important thrust in the business environment, and among entrepreneurs.

1.1. Objectives

The overall objective of the revision was to develop and design an NMDP that is fit for purpose, addresses the current challenges and identifies the opportunities for growth in entrepreneurship and MSME sustainability, determines the necessary tools, policies and frameworks that will facilitate the unhindered growth of MSMEs, and creates an enabling business environment in Barbados. Specifically, the objective of this exercise was to:

- Determine the main characteristics of the MSME sector and their current needs.
- Review Government's existing programmes that promote MSME development with a view towards enhancing them.
- Identify opportunities for growth and unleashing the potential of MSMEs.
- Identify the constraints hampering the development of the MSMEs in Barbados.
- Develop a MSME and entrepreneurship framework.
- Design a business resilience and business continuity framework.
- Assess various forms of entrepreneurship and how they can increase economic development.
- Identify the drivers of innovation in MSMEs in Barbados.
- Review entrepreneurship and MSME financing prospects.
- Provide recommendations and initiatives that will guide the sustainability and resilience of the MSME sector and advance entrepreneurship in Barbados.

1.2 A Framework for MSME Growth and Sustainability

The role of Government is to create an enabling environment in which businesses can flourish, especially those most vulnerable to external shocks, that is, MSMEs. Government has a legitimate role to protect consumers, workers and the environment, but it must also recognise that certain fiscal policies may also discourage entrepreneurs. Often, too, Government needs to step in where support – in the form of advice and finance – is missing or inadequate, that is, addressing market failures.

When it comes to regulations, the smallest businesses bear a disproportionate amount of the load, and it is typically the entrepreneur who is responsible for finding the time to comply with them.

Consequently, this takes away from the primary responsibility of expanding and managing the organisation. It is nearly usually the case that regulations are implemented for good causes; nonetheless, Government agencies should investigate other options and only resort to regulation as a last resort. The necessity to regulate will be better balanced with the additional cost that it will unavoidably impose because of this. However, rather than assuming that all enterprises will be able to deal with the situation, departments should first consider the ramifications for small businesses. For policies to be effective, it is necessary to adhere to the principles of good regulation, which include consistent targeting, accountability, transparency, and proportionality. Government.

The adjustment of the NMDP will serve a variety of policy objectives which are likely to help MSMEs realise their potential and become sustainable. Figure 1 shows the recommended framework that will incorporate various contemporary mechanisms that will ensure that the framework is fit for purpose. This will include policy frameworks that aim at strengthening competitiveness, productivity, business continuity and resilience, innovation, and various forms of entrepreneurships of MSMEs. Moreover, the new model considers a "Think Small First" approach which looks at building an entrepreneurial culture, building innovative capacity, improving access to finance for small businesses, encouraging diversity in the MSME sector, improving the support services and infrastructure available to MSMEs from the Government, and the development of progressive regulation and policy. This approach is crucial as it integrates the roles of every part of society and Government in supporting and promoting MSMEs and more importantly an entrepreneurial society. Furthermore, this approach encourages the development of the right macro-economic conditions for business success by providing a framework which is stable and will help to foster enterprise.

Figure 1: A New Framework for MSME Sustainability and Innovation

Some policies aim to improve framework and business conditions, for instance a favourable regulatory framework, favourable competitive conditions and initiatives for the development of an entrepreneurial culture. Other policies offer direct support to companies, for instance, through training and education programmes, provision of information, advice, coaching and mentoring, facilitating access to finance for entrepreneurs and supporting entrepreneurs in specific activities that are conducive to growth, such as innovation and internationalisation. Some of these policies are specifically targeted to MSMEs or certain types of MSMEs (such as start-ups), whereas others are more generically open to the wider business community. However, this policy seeks to be all encompassing to ensure that MSMEs can become sustainable, competitive and innovative.

The following subsections outline the main components/pillars of the revised NMDP, namely:

1. Business Continuity and Resilience
2. Sustainability
3. Sustainable Digital Transformation
4. Driving Innovative Capacity

1.2.1. Business Continuity and Resilience

An enabling business environment provides the conditions necessary to ensuring that MSMEs are resilient. Resilient MSMEs in turn spur on the resilience of the economy and guarantee business continuity even during times of uncertainty, such as the COVID-19 pandemic. However, various challenges affect the ability of MSMEs to be resilient. Amongst the numerous challenges impeding the growth and development of MSMEs are limited access to financial resources, lack of infrastructure support, and inadequate linkages to domestic and global markets. These are a few of the bottlenecks that make these enterprises vulnerable, particularly in a period of economic downturn. In building a viable and resilient business model, MSMEs need to identify and examine the relationship between the various challenges they face to understand the relative importance of every factor in the context of each other.

In times of crisis, the MSME sector suffers the most, and may be the least prepared of all organisations, indicating that changes in the global environment whether it be through recessions, cybersecurity breaches and/or health issues, are likely to cause significant damage to the MSME sector. This suggests that MSMEs need to take a proactive and strategic approach to safeguard themselves from such occurrences through a well-defined incident response structure (Tangen et al., 2012). Thus, we propose a business continuity management framework in Figure 2 that considers MSMEs' limited access to resources through the Thrifty Business Continuity Management Approach (Jarvelainen, Niemimaa & Zimmer, 2022). However, even after designing the Business continuity framework, it is important to continue to monitor the designed measures through conducting risk analyses, infrastructural mapping, business process mapping and using data to track progress.

Figure 2: The Business Continuity Framework

1.2.2. Sustainability

Sustainability is significant for business, particularly for MSMEs. COVID-19Business sustainability is linked to the capacity to innovate; MSMEs' performance in a competitive setting has been noted to be heavily dependent on their ability to innovate (Raghuvanshi & Agraawal, 2020). The capacity to innovate inspires organisations to continue providing new things (particularly to consumers), compete, and be more sustainable in their company operations. Especially in this digital age, MSMEs must turn themselves into digitalpreneurs, essentially digital-based businesses. The issue in merging digital innovation with entrepreneurship is the capacity of local entrepreneurs to create using new technology, analyse digital demands and markets, adopt all negotiating abilities, and enter a broader world via e-commerce. In addition, MSMEs need to achieve quality requirements, technology, and competitive pricing.

A firm will survive and thrive if it can make a profit. Growth-oriented MSMEs will use profit to increase the number of assets possessed and the firm's size, and hence two financial indicators are crucial to long-term firm sustainability and growth: gross and net profitability (Shen, Yan & Tzeng, 2017). Additionally, MSMEs play an important role in a country's economy, development and overall sustainability. In an era where environmental considerations are increasingly important, entrepreneurs should be encouraged to operate their businesses according to the concept of the green economy (GE) (Pagarso et al., 2022). Green economy is an economic concept that makes environmental sustainability an important part of realising sustainable development goals (SDGs). Research has found that the below factors must be evaluated when considering the sustainability of MSMEs (Jatmiko et al., 2021):

Figure 3: Factors Affecting Sustainability of MSMEs

1.2.3. Sustainable Digital Transformation (SDT)

Digital transformation empowers MSMEs to rethink the way they make decisions and apply technology in meaningful and sustainable ways (Rupeika-Apoga & Petrovska, 2022). Digitalisation is expected to offer new opportunities for MSMEs to adapt their business models, to facilitate access to finance and to new markets, whilst automation might enable them to reduce production costs and achieve productivity gains. Moreover, sustainable Digital Transformation (SDT) may provide MSMEs with new opportunities and instruments to improve their role in the business environment and mitigate against cumbersome administrative burdens and red tape. Sustainable digital transformation (SDT) refers to the process of digitalising the economy in a long-lasting, green, and organic way by building on its key strength - innovative companies and their business ecosystems. Sustainable digitalisation refers to digitalisation that is responsible, ethical, and sustainable, providing environmental, social, and governance (ESG) benefits while carefully managing the risks of harm.

The value of the goods and services that businesses offer increases because of digitalisation, and customer integration boosts long-term profitability (Fanelli, 2022). Additionally, researchers noted that digitisation has a positive effect on sustainability, cost reduction, revenue growth, and financial performance (Cichosz, 2020). The digital transformation of MSMEs has the potential to accelerate the achievement of environmental sustainability goals (Rupeika-Apoga & Wendt, 2022). The amended NMDP will seek to remove barriers to SDT with a view to boosting MSME performance and long-term profitability.

1.2.4. Driving Innovative Capacity

As part of the overarching NMDP, there must be a framework that seeks to get the best from the organisation. The capacity of MSMEs to innovate helps to increase their competitiveness in their chosen markets and to obtain improved business performance. It is then important that MSMEs engage in the various types of innovations to drive improved firm performance, market share and sustainability. Product innovation, process innovation, marketing innovation and organisational innovation all contribute to enhanced performance and create a unique service or product that would respond to the changing market needs effectively. These enablers are unstable in nature and may affect positively and negatively the enhancement of innovation practices in the MSME sector. The presence of innovation enablers show that they play a crucial role in facilitating the other factors' linkages between layers of the hierarchy. Entrepreneurs need to address these to enhance innovation in the MSMEs. Research has identified various structures that should be in place to stimulate MSME innovative practices (Figure 4). These include the following:

- Innovation strategy: Each MSME should develop an organisational strategy that considers how to get the best out of the organisation through innovative practices and ideas.
- Ability to risk: Organisations which encourage employees to take risks usually create cultures and provide tools in the workplace environment that stimulate creativity and promote innovative practices.
- Idea and Knowledge Management: Entrepreneurs must develop strategies to facilitate the shared knowledge and idea management to successfully enhance innovation in the MSME sector. This includes creating a knowledge sharing culture and an environment where employees can generate new ideas and pursue them.

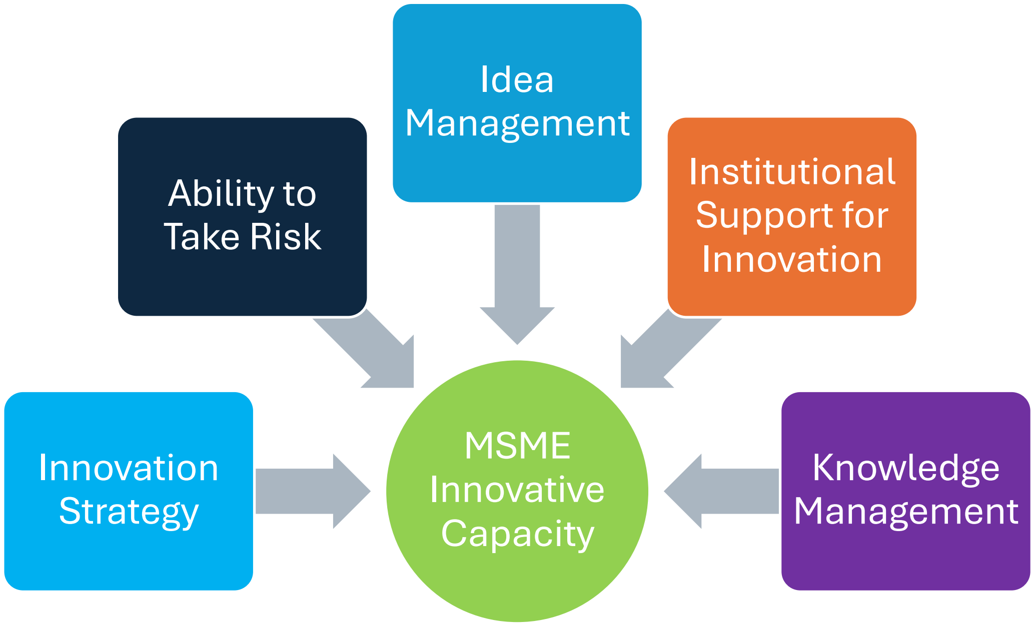


Figure 4: Drivers of MSME Innovation

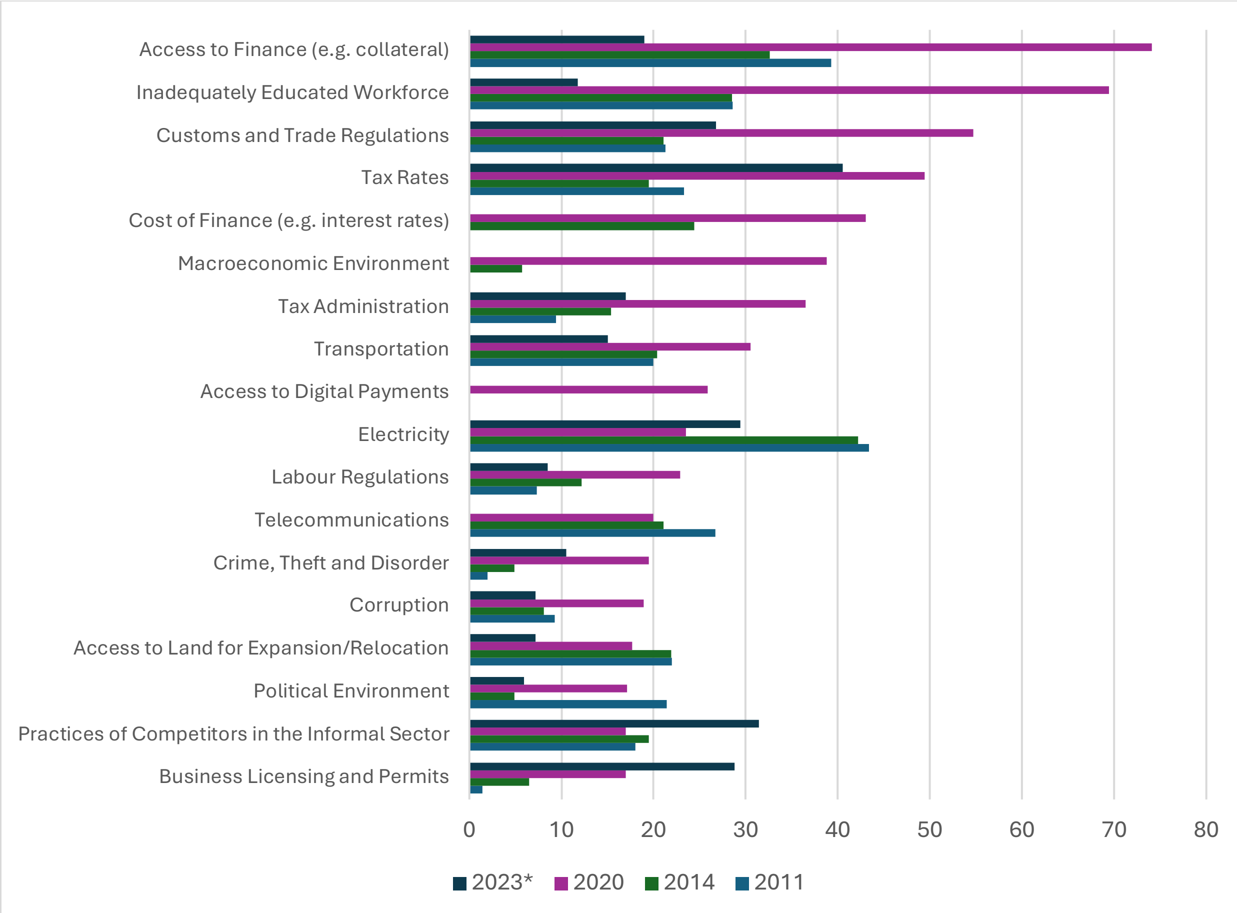
Summary

The revised NMDP utilised the four concepts discussed above (Business Continuity and Resilience, Sustainability, Sustainable Digital Transformation and Driving Innovative Capacity) to map a way forward for the MSME sector in Barbados. In revising the NMDP, the current situation of the sector was assessed to establish key gaps and needs in the current framework, both private and public. The situational analysis is submitted as Appendix 1 under separate cover. The main issues emerging are outlined in the following section.

2.0. AN OVERVIEW OF THE MSME SECTOR IN BARBADOS

The overarching premise for the revision of the National Policy Framework for MSMEs is that there have been fundamental changes to the business environment since 2016, requiring Government to alter the character of the support environment addressing any new market failures that have arisen. The COVID-19 pandemic was a catalyst for change in the way business was conducted globally, and Barbados was no exception. The greater use of technology, specifically social media, along with a recognition of the issues of connectivity and e-commerce constraints, was one of the most overt representations of the changes caused by the pandemic. Global supply chain crises increased international military conflict, and dealing with the aftermath of natural disasters (hurricanes, storms and volcanic ash), have all contributed to a change in the way consumers consume, and businesses service their clientele.

All the surveys reviewed for the current revision of the NMDP between 2011 and 2023 were designed to ensure that the main elements of the business sector, as seen in the 2016 survey, were represented. The tables below that represent the main obstacles to businesses in the country and can therefore be considered as representative of the sector in general.



*Moderate to Very Severe

Figure 5: Major/Very Severe Obstacles (2011-2023) (%)

Over the period 2011 to 2020, although Electricity was the main constraint in 2011 and 2014, Access to Finance and Inadequately Educated Workforce were prominent as obstacles to business, becoming more prominent in the 2020 survey, the period of the COVID-19 pandemic. Of interest, and because the 2020 survey was altered to consider the effect of the crisis, the issue of Access to Digital Payments emerged as a prominent obstacle, cited by 26% of respondents as a major or very severe obstacle. In the 2023 survey, the ranking of obstacles changed significantly from 2020, where Access to Finance fell to 19% and Inadequately Educated Workforce to 12%. The issue of Electricity as a significant constraint returned to pre-2020 levels, accounting for 29% of respondents. The results for 2023 may not suggest that finance and education of the workforce are no longer constraints, but maybe that in the post-pandemic period, other issues have arisen; this may be the case especially with respect to the practices of the informal sector, where it would be expected, conceptually, that there would be an increase in the size of the informal sector following loss of employment. For ease of reference, the table below highlights the top 3 constraints for the four surveys.

Table 0-1: Top 3 Obstacles to Businesses (2011 to 2023)

Top 3 Obstacles			
2011	**2014**	**2020**	**2023**
Electricity (43.4)	Electricity (42.2)	***Access to Finance (collateral) (74.1)***	Tax Rates (40.5)
Access to Finance (collateral) (39.3)	Access to Finance (collateral) (32.6)	***Inadequately Educated Workforce (69.4)***	Practices of Competitors in the Informal Sector (31.4)
Inadequately Educated Workforce (28.3)	Inadequately Educated Workforce (28.5)	***Customs and Trade Regulations (54.7)***	Electricity (29.4)

The 2020 IFPG survey commenced at approximately the same time as the COVID-19 crisis. This allowed the inclusion of questions to assess the impact of the crisis on business operations. In the pre-crisis period, the most serious obstacles faces were an inadequately educated workforce and access to finance (Figure 6). Following the advent of the pandemic, the most serious issues were **access to digital payments and, relatedly, communications**. The significant changes to 'doing business' caused by the pandemic, resulted in finance issues, workforce issues, Government taxes, and trade and customs regulations to all decrease in relative importance as obstacles. However, finance and workforce issues did not disappear, merely relegated to lesser positions; they were still in the top five obstacles noted by businesses. As there is a shift to digitalisation, it is not surprising that issues related to e-commerce, and ICT in general, arose because of the pandemic.

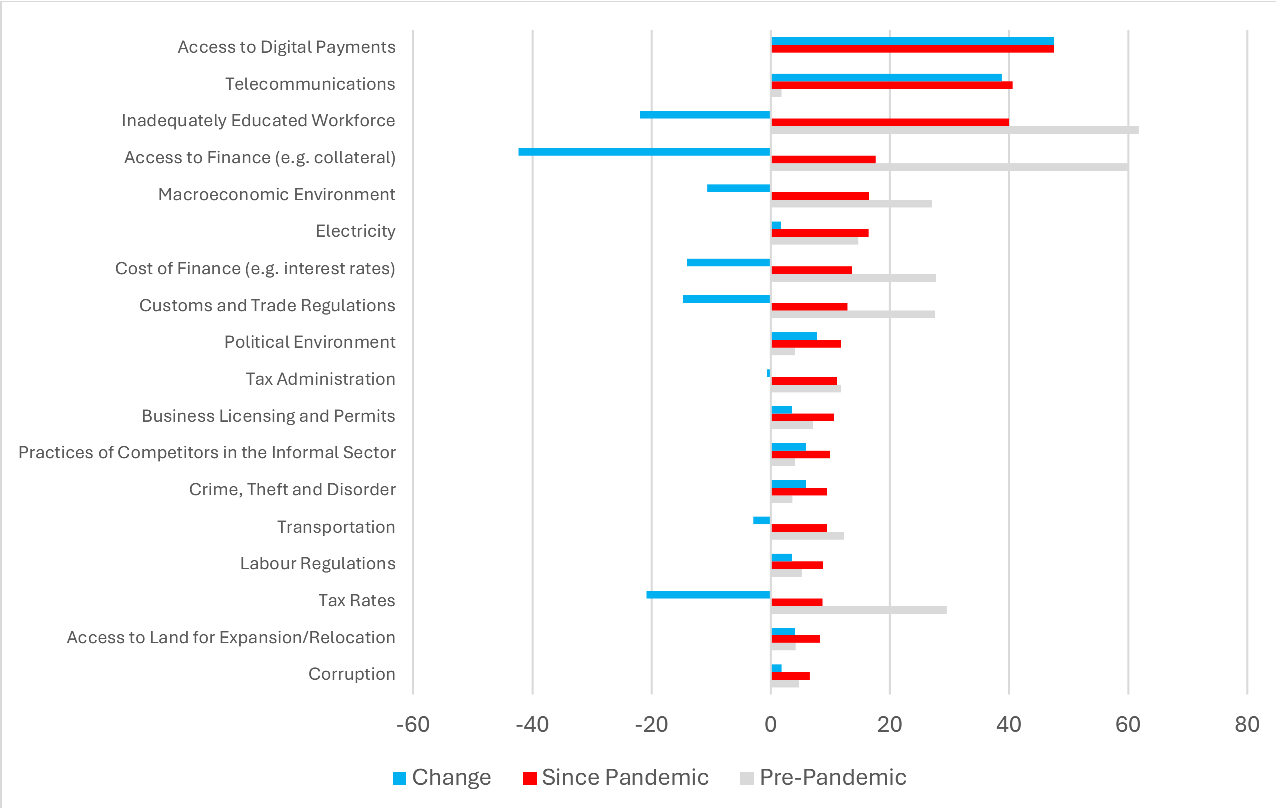


Figure 6: Top 3 Most Serious Issues and Change: Pre-Pandemic and Since Pandemic (2020)

2.1 Business Continuity and Resilience: Main Findings

COVID-19As demonstrated in the review of the data to emerge from the 2020 survey, there was a level of resilience demonstrated, with most businesses implementing measures to protect sales (approximately 90%), mainly through measures to retain and expand their customers. However, while some did take measures to facilitate online payments, only 26% sought to develop an online sales presence. Limited attention was paid to innovation or networking, where businesses appeared to focus more on consolidation rather than expansion. While some of these measures are advantageous to growth and business development in general, only 41% indicated they would continue with them after the pandemic.

With respect to addressing financing issues during the pandemic, less than half of the businesses surveyed implemented any mitigating measures (46%). Of those that implemented mitigating measures, there was a focus on the use of internal funds or seeking credit from suppliers; limited use was made of external finance or networking. On a positive side, limited asset erosion was seen with the sale of business assets, a strategy only adopted by 6% of businesses. However, the cause of this may be more related to a lack of available purchasers during the pandemic. The data to emerge in relation to mitigation measures implemented indicated that while some action was taken in relation to sales and finance, practically no action was taken to address supply chain issues, with only 7% of businesses seeking to avoid disruptions of the supply chain.

The limited implementation of measures to cope with the effects of the pandemic is concerning. While the experience of the pandemic may influence future responses in a positive manner, Government, in conjunction with private sector representatives, will need to monitor the knowledge and ability to implement the variety of mitigation measures available to businesses to cope with shocks, such as the pandemic, and stresses, such as short-term recessions and the longer-term effects of climate change. Additionally, it is imperative that businesses are knowledgeable and can deal with global mega trends, especially as it relates to the volume, velocity and variety of big data, Artificial Intelligence, robotics and 3D printing. Over 80% of sample considered the other global trends to have no impact on their business, and only 25% indicated that they would implement changes in their business because of such trends. This is concerning and suggests that Government and relevant private sector organisations will need to ensure that business operators are aware of such global trends to ensure that they are prepared to not just mitigate any negative effects, but also to utilise such trends to grow and development their businesses.

A further point of concern was a lack of recovery plans in force for businesses to cope with natural or man-made disasters; only 46% had such plans, and these mostly consisted of items to protect employees and retrieve company data, although measures to protect data in general were less prevalent. While a minority of businesses indicated that they required support to assist in recovery from the pandemic (36%), the main types of support related to training (especially to support digitalisation) and diversification of marketing and operations. Less support was required in the areas of innovation, networking and export promotion.

Overall, the results of the analysis indicate that businesses have demonstrated the ability to absorb shocks such as COVID-19 but are not as prepared as they could be. The underlying causes of this lack of preparation are unclear, but may lie at several levels, namely a lack of access to information, a general level of apathy or indifference, or a lack of time to plan and be proactive in the growth and development of the business. Government, in conjunction with relevant private sector agencies, will need to implement measures to support the development of strategies to enhance the preparedness and resilience of businesses in the country.

2.2 Sustainability: Main Findings

Market Demand and Marketing: Most businesses are domestically focused, with local individuals comprising the largest customer base followed by other local small businesses. Market share is generally low, with a median of 3% and businesses operated in very competitive markets with the majority having five or more competitors. Growth was only seen with half of the sample, with a quarter contracting over the previous two years.

Finance: There was limited use of external finance, both debt and equity, with the main reasons given for lack of application for debt being the possession of sufficient internal capital, and unfavourable interest rates/collateral requirements. The most utilised financing sources were credit from suppliers and advances from customers.

In relation to the receipt of payments, traditional means are still dominant in relation to cash and credit cards, with limited use of more recent financial technologies such as mobile money or cryptocurrency. The main causes of this focus were noted in the surveys as expense and bureaucracy.

Business Operations/Organisational Management: There was a moderate level of capacity utilisation observed, around 80%, with only 50% of businesses review and streamline production processes. There was only a limited level of international quality certification (less than a quarter of businesses).

With respect to innovation, this was limited, with low levels seen with both green innovations and innovations at the level of product, service or process. For green innovations, innovations that result in environmental improvements, the catalyst was mainly due to codes or agreements at a sector level or due to the demands of customers.

Some of the reasons for the lack of innovation seen were revealed in the obstacles to innovating, as reported from the businesses surveyed. These have been classified as Chronic, Emerging and Limited, as shown in the table below. Chronic obstacles relate to issues internal to the businesses, culture, confidence, resources (both financial and human), while the other issues relate to market size and skills available in the external labour market. The main Emerging issues are mostly external, and relate to the availability of networks and finance, and procedural matters of time to market and compliance.

Table 0-2: Obstacles to Innovation by Category

Obstacles to Innovation		
CHRONIC	**EMERGING**	**LIMITED**
1. Current organisational/managerial culture 2. Degree of self-confidence for innovation 3. Level of available financial resources 4. Qualification of employees 5. Level of perceived economic risks and unwillingness of enterprise to take risks 6. Market too small for the cost of innovation 7. Labor force lacks skills required for innovation	1. Time to market 2. Flexibility/openness of other companies of the sector for collaborative approaches 3. Compliance requirements to international standards 4. Financing of innovation is too costly	1. Competitors too strong 2. Past failures of innovation 3. Intellectual property (IP) protection too complex - technically

2.3 Sustainable Digital Transformation: Main Findings

The use of ICT in business was moderate in 2020, while the use of e-commerce was practically non-existent; while 41% of businesses had some level of sales that were paid for online, the mean percentage of sales was 6%, with a maximum of 33%. In relation to ICT use, nearly all businesses used mobile phones (99%) and email (96%), while just over half used social media (53%) and 56% had a website; increasing to 85% from the 2023 survey. With respect to marketing, 57% utilized some form of digital media (e.g. Google Ads, Facebook, Instagram); the median share of the advertising budget in these cases was 35%. In addition, and as a matter of concern, there was a lack of readiness for dealing with a highly digitised environment.

2.4 Innovative Capacity: Main Findings

The current innovative capacity of businesses is limited. From the 2020 survey, only one of the 170 enterprises surveyed had a dedicated R&D team or department, and in 2023, only 7% had spent on R&D. This lack of formalisation of R&D was reflected in the lack of innovation observed in the 3 years previous; only 4% introduced new or improved goods/methods of production/or service provision and only 1.2% introduced new or improved services, as noted above. As outlined in Table 2-2, there are several Chronic and Emerging obstacles to innovation.

2.5 Enterprise Support in Barbados

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

Table 0-3: Enterprise Development Support Institutions

Public Sector	
Ministry of Energy & Business Small Business Development Unit (SBDU) of Ministry of Energy & Business Export Barbados/ Barbados Investment Development Corporation (BIDC), an approved SBDC Youth Entrepreneurship Scheme (YES) of the Ministry of Youth, Sports & Community Empowerment (MYSCE), an approved SBDC	Barbados Agency for Microenterprise Development (FundAccess) Enterprise Growth Fund Limited (EGFL) Invest Barbados (IB) Rural Development Corporation (RDC) Urban Development Corporation (UDC) Barbados Trust Fund Ltd Ministry of Agriculture and Food & Nutritional Security (MAFS)/Barbados Agricultural Development & Marketing Corporation (BADMC)
Private Sector	
Barbados Small Business Association (SBA) Barbados Youth Business Trust (BYBT) Barbados Manufacturers Association (BMA) Barbados Hotel and Tourism Association (BHTA) Barbados Agricultural Society (BAS) which comprises several commodity groups e.g. Sheep Farmers Association, Barbados Egg and Poultry Association etc Intimate Hotels of Barbados Copyright Society of Composers and Publishers (COSCAP)	Barbados Coalition of Service Industries (BCSI) Barbados Private Sector Association (BPSA) Barbados Chamber of Commerce and Industry (BCCI) Barbados International Business Association (BIBA) Barbados Bankers' Association (BBA) Barbados Employers' Confederation (BEC)

Table 0-4 cont'd: Enterprise Development Support Institutions

Training/Academic	
University of the West Indies (UWI), Student Entrepreneurial Empowerment Development (SEED), an approved SBDC Samuel Jackman Prescod Institute (SJPI) Barbados Community College (BCC) Barbados Institute of Management and Productivity (BIMAP) TVET Council Barbados National Transformation Initiative Barbados	
Ancillary Agencies (Business Support Services)	
National Insurance Scheme (NIS) Central Bank of Barbados (CBB) Corporate Affairs and Intellectual Property Office (CAIPO)	Barbados Revenue Authority (BRA) Barbados Statistical Service (BSS)
Regional and International Organisations	
Caribbean Export Caribbean Development Bank Inter-American Agency for Cooperation on Agriculture International Trade Centre	

2.6 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 8.1)*. 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 coordinates the operations of the Network through a technological platform, which allows each SBDC to create and capture economic impact. The SBDC, through this technological database, influences the MSMEs' understanding of the need to pursue greater levels of economic impact. Thus, a partnership exists between the Ministry and the recipient organisation by way of Memoranda of Understanding for the delivery of assistance to the MSME community to create a sustainable entrepreneurial culture.

2.7 Previous Policy Recommendations

Previous research in MSME development by the Government of Barbados through the Ministry responsible for MSME development proffered several recommendations to strengthen and incentivise 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 utilisation of technology was required as large amounts of the information available was not in electronic format. The inclusion of specific indicators, harmonisation of systems and standardisation 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.
- Revision of the Small Business Development Act (1999/2006) to address constraints.
- Enhancement of the effectiveness of enterprise development support.
- Rationalisation of the business startup and support process through inter-agency cooperation.
- Development of internet-based linkages between agencies in the rationalisation of support services in Barbados.

The report also noted several 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 incentivise 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.

2.8 SWOT Analysis

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

Table 0-5: SWOT Analysis of the MSME Sector

Strengths	**Opportunities**
Supportive legislative framework, inclusive of definition for sector and incentives for businesses that import. Several business support organisations providing a range of training, advisory and technical services for MSMEs. Availability of seed capital for business start-up and expansion Training institutions that provide managerial and vocational courses to build skills within the MSME sector.	Opportunity for services sector to be incentivized and contribute to economic growth. Harmonisation of policy at the level of the Caribbean Community. Small Business Development Centre (SBDC) model provides opportunity to improve the competitiveness of firms. "Privatisation" - Greater private sector involvement in national economy. Greater involvement with educational institutions. Expansion of use and integration of technology, AI. Expansion of research in the identification of niche markets Digitisation of business support services e.g. CAIPO, BRA Market access to non-traditional regions supported by air routes

Table 0-6 cont'd: SWOT Analysis of the MSME Sector

Weaknesses	Threats
Lack of integration, collaboration and cohesiveness of business support agencies. Slow implementation of the SBDC model. 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 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.	Current legislation is a disincentive to the informal sector. Bilateral agreements provide unfair advantage to foreign firms. Global pandemic, terrorism or other business anticatalyst, climate change

In addition to the general SWOT analysis, separate SWOTs were undertaken for some of the new emerging concepts guiding the revision of the NMDP, namely Resilience, Sustainability, Digital Transformation and Innovation. The results of these analyses are shown in the tables below.

Table 0-7: SWOT Analysis of Resilience

Strengths
Support Networks: Existence of a well-established network of organisations that provide support to MSMEs. These organisations offer vital resources and guidance, helping MSMEs navigate challenges. Adaptability: MSMEs in Barbados have shown an ability to adapt to challenging circumstances, such as the COVID-19 pandemic, by adjusting business models and seeking support from available resources. Previous experience of shocks (natural disasters, COVID-19 pandemic) assists in future recovery. Exposure: A moderate level of reliance on domestic supplies/inputs provides scope for continued operation in the short-term in the advent of a disaster and reduced access to imports. Awareness: Awareness that training in digitalisation is needed.

Table 0-8 cont'd: SWOT Analysis of Resilience

Weaknesses
Financial Instability: Many MSMEs struggle with financial vulnerability due to limited access to affordable financing, high-interest rates. This makes them susceptible to economic shocks. Inadequate Financial Literacy: Most MSMEs lack financial literacy. Supply-side Constraints: MSME's face supply-side constraints, including limited access to raw materials, inadequate infrastructure and difficulty scaling production due to financial and technological limitations. Policy and Regulatory Challenges: The MSME sector faces difficulties due to inconsistent policies and changes in Government initiatives, which create uncertainty and hinder long-term planning. Lack of preparation for external shocks (limited use of emergency and recovery plans) and the utilisation of reactive rather than proactive coping mechanisms (the preparation of plans) with a focus on internal resources and limited use of or demand for external support. Lack of utilisation of a variety of coping mechanisms available such as developing: an online presence, new markets, new products, new networks. Lack of awareness and lack of appreciation of the effect of contemporary global phenomena (big data, computational power, AI, robotics, 3D printing). Limited levels of data protection. Limited demand for external support for innovation, networking or export promotion.
Opportunities
Strengthening Financial Support: There is an opportunity to enhance financial literacy and access to diverse funding options, which would improve the financial resilience of MSMEs. Education and Training: There is an opportunity to align programmes offered with national developmental needs. Policy Advocacy: Engaging in more consistent and targeted policy advocacy could lead to a more stable regulatory environment, benefiting the MSME sector. Collaboration: There is an opportunity to collaborate informally and formally (through the SBDC Network, cooperatives) to limit the impact of external shocks. Market Access: MSMEs have an opportunity to take advantage of market access to diverse countries by implementing standards. The exploitation of contemporary global mega-trends (big data, computational power, AI, robotics, 3D printing) presents opportunities for growth (*also a threat*). Drawing on experience, the development of proactive disaster recovery plans for competitive advantage in post-disaster periods.

Table 0-9 cont'd: SWOT Analysis of Resilience

Threats
Economic Uncertainty: The ongoing economic fluctuations and global market changes pose a threat to the resilience of MSMEs, particularly those with limited financial reserves. Regulatory Risks: The potential for sudden regulatory changes or the introduction of new compliance requirements could negatively impact the sector. Implementation Gap: The lack of implementation, for example, of the Small Business Development Centre (SBDC) Network, a collateral registry, Junior Stock Exchange, and adequate Government contract participation for MSMEs have constrained their ability to bounce back from unanticipated shocks. Climate change with increasing frequency and intensity of adverse weather events. Contemporary Global mega-trends (big data, computational power, AI, robotics, 3D printing) (*also an opportunity*). Data security breaches.

2.8.1. SWOT Policy Implications: Resilience

The 2016 MSME Policy Framework addresses several issues that have emerged in relation to the weaknesses and threats to the resilience of MSMEs; specifically, issues related to finance and training. However, there are also various emerging issues, especially at a broad level in relation to the inclusion of resilience as a core concept in the revision of the 2016 framework. Specifically, the SWOT suggests the need for the following:

1. Internal Plans and Policies: Development of proactive disaster recovery plans, data protection policies.
2. Sensitisation: Development of programmes through both Government agencies and private sector organisation to sensitise businesses to the threats and opportunities presented by global technology trends, including the volume, velocity and variety of data that may have a detrimental effect on 'doing business', but also present opportunities for entrepreneurial exploitation. The development of such programmes or communication channels could also allow for informing businesses of regulatory changes, whether at the domestic, regional or international level.
3. Training: There are several training needs required in MSMEs, some of which are already addressed in the 2016 policy. However, mention is required of the need for training in financial literacy and digitalisation.

4. Promotion: Advocacy is needed by both Government and private sector organisations to promote the development of cooperative behaviour amongst MSMEs, whether bilateral or multilateral (networking), through the demonstration of its benefits in innovation, marketing, and market penetration. At a wider level, the dissemination of information on the MSME policy itself will be required as the 2024 survey revealed a very limited knowledge of the existence of the 2016 policy.

Table 0-10: SWOT Analysis of Sustainability, Digitalisation and Innovation

Strengths
Sustainability: Focus on Sustainable Practices: MSMEs are beginning to adopt sustainable practices, particularly in sectors like agriculture, where there is a growing emphasis on efficiency, resource management, and food security. Support for Sustainable Development: Organisations like the Barbados Agricultural Society are actively promoting sustainable practices, which contribute to the long-term viability of MSMEs. Moderate to high levels of capacity utilisation (may indicate scope for growth). **Digitalisation:** Growing Awareness of Digital Tools: There is an increasing recognition among MSMEs of the importance of digital tools and e-commerce for business growth and market access. Support for Digital Transformation: Various initiatives and programmes are being developed to support the digital transformation of MSMEs, helping them to compete in a global market. Current high level of utilisation of mainstream ICT (mobile phones, email, social media, website). Moderate level of utilisation of social media. **Innovation:** Entrepreneurial Spirit: There is a strong entrepreneurial culture within the MSME sector, with keen interest in innovation and exploring new ideas. Supportive Ecosystem: The presence of Government programmes, and incentives aimed at fostering innovation provides a supportive environment for MSMEs to experiment and grow.

Table 0-11 cont'd: SWOT Analysis of Sustainability, Digitalisation and Innovation

Weaknesses
Sustainability: Limited Resources: Many MSMEs lack the resources or knowledge to fully implement sustainable practices, making it challenging to operate in an environmentally friendly manner. Resistance to Change: There is a general reluctance among some MSMEs to adopt new, more sustainable practices due to the perceived costs and effort involved. Domestic market focus. Low growth. Main customers are individuals. Businesses are operating in highly competitive markets. Limited use of external finance (debt or equity). **Digitalisation:** Digital Skills Gap: MSMEs lack the digital literacy and skills necessary to fully leverage technology, which limits their ability to adopt digital solutions effectively. Digital Utilisation: Low level of digitalisation with only marginal use of new technologies and limited use of e-commerce as alternative to traditional payment methods. High Costs of Technology: The high costs associated with adopting new technologies, including the need for training and support, are barriers. **Innovation:** Limited Access to R&D Resources: Many MSMEs lack access to the necessary research and development (R&D) resources, which hinders their ability to innovate effectively. Resistance to Innovation: There is a tendency among some MSMEs to resist change, preferring traditional methods over innovative solutions, which can limit their growth potential. There is a lack of focus on industrial and product design and low levels of product and process innovation were seen. Internal constraints to innovation (organisational culture, individual abilities, lack of entrepreneurship). Inadequate Intellectual Property Legislation: Barbados's legislation is antiquated. Lack of international quality certification. Lack of proactive production planning. Limited levels of green innovations (intentional or unintentional). Lack of utilisation of external support for innovation (green, product, process). Limited spending on product development or exploration of new markets. Unfavourable labour markets for innovation. Small domestic market unsuitable for innovation. Lack of cooperative culture unfavourable for the development of networks for innovation.

Table 0-12 cont'd: SWOT Analysis of Sustainability, Digitalisation and Innovation

Opportunities
Sustainability: Incentivizing Sustainable Practices: Introducing incentives for MSMEs to adopt sustainable practices could encourage more businesses to integrate sustainability into their operations. Other approaches could involve the adoption of green innovations through sectoral codes and customer awareness. Collaboration for Sustainability: Greater collaboration between MSMEs and larger organisations could lead to shared resources and knowledge, promoting sustainability across the sector. Expansion of utilisation of new technologies given current low levels can provide for expansion. **Digitalisation:** Digital Training Programmes: Expanding access to digital literacy and training programmes could significantly improve the digital capabilities of MSMEs, allowing them to better compete and innovate. E-commerce Expansion: Encouraging the use of e-commerce platforms can open new markets for MSMEs, providing opportunities for growth beyond local boundaries. **Innovation:** Collaborative Innovation Projects: Encouraging collaboration between MSMEs and research institutions or larger companies could enhance innovation, particularly in sectors like technology, manufacturing and agriculture. Infrastructure: Providing facilities for testing and prototyping innovative products could attract investment development. The Food Science Centre is an important development. Government Support for Innovation: Strengthening Government support through grants, subsidies, and innovation-specific policies could drive more MSMEs to pursue innovative projects
Threats
Sustainability: Environmental Risks: Climate change and environmental degradation pose significant threats to the sustainability of MSMEs, particularly those in agriculture and tourism. Regulatory Pressure: Increasing pressure to comply with environmental regulations could strain the resources of MSMEs, particularly those already struggling with other challenges. Unfavourable financial markets (access and cost) for normal business growth and innovation. **Digitalisation:** Cybersecurity and Data Protection Risks: As MSMEs increasingly adopt digital tools, they become more vulnerable to cybersecurity threats, which could have severe financial and reputational impacts. Digital Divide: The disparity in access to digital resources among MSMEs could widen, leading to uneven growth within the sector. **Innovation:** Global Competition: MSMEs face increasing competition from global players who have more resources and better access to innovation.

Market Saturation: In some sectors, the rapid pace of innovation could lead to market saturation, making it difficult for new entrants to establish themselves. Compliance requirements as an obstacle to innovation.

2.8.2. SWOT Policy Implications: Sustainability, Digitalisation and Innovation

The 2016 MSME Policy Framework addresses a few issues that have emerged in relation to the weaknesses and threats to the general operations of MSMEs. Some of the issues emerging in relation to resilience, provide a base from which to sensitise MSMEs to issues and promote action, whether it be through cooperative behaviour, or through entrepreneurial action within the business. Specifically, the SWOT suggests the need for the following additional policy action areas:

1. Incentives for innovation and digitalisation, and for the adoption of sustainable practices: These incentives can take the form of fiscal incentives from Government and voluntary codes of practice promoted by private sector agencies.
2. Provision of infrastructure facilities for Research and Development and innovation; such provision would not only provide avenues for domestic businesses but provides an incentive in the attraction of foreign investment.
3. Sensitisation to the variety of new technologies and new technological trends utilising similar mechanisms to those developed for the building of resilience among MSMEs. Of particular importance will be encouraging the use of e-commerce as a prerequisite for the expansion of markets beyond the domestic.
4. Sensitisation of businesses to existing public policies and programmes targeted at enhancing sustainability and innovation.
5. Training is required in several areas, with the broadest need being digital literacy, followed by more specific training in developing capabilities for growth and innovation.

Promotion of collaboration within and between sectors, between businesses of different sizes, and between business and research institutions, in the key areas of digitalisation and innovation.

2.9 Overview of CARICOM Regional Policy on MSME Development

The CARICOM Regional Policy on MSME Development has several 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 recognises 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 utilisation 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.
- Elder entrepreneurs given Barbados' aging society.

3.0 PROPOSED POLICY FRAMEWORK FOR BARBADOS

This National Micro, Small and Medium-sized Enterprises Development Policy (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 marketplace. Further, the policy is positioned to meet Barbados' major development goals for the MSME sector, namely;

- Business resilience
- The internationalisation 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 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 formalisation 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 internationalised;
- 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, elderly 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:

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

3.1. PILLAR 1: GOVERNANCE

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 1.1: 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 (formalisation) through the provision of a set of relevant incentives. This objective therefore focuses on the formalisation of micro businesses through the following initiatives:

Policy Initiatives:

- Offer an exemption from the first band of taxable income for a specified period to businesses that formalise;
- Streamline the business registration process by providing online registration platforms, reducing paperwork, lowering registration fees, and offering support services such as registration assistance programmes;
- Provide access to low-interest loans, grants, and other financial products exclusively available to formalised businesses, and collaborate with financial institutions to create tailored financial products that meet the needs of small and newly formalised businesses;
- Provide free or subsidised business development services to formalised businesses, including legal advice, business planning assistance, accounting services, and marketing support to help businesses navigate the challenges of formalisation and growth;
- Create a set-aside programme in public procurement that reserves an appropriate portion of Government contracts for small, newly formalised businesses;
- Facilitate access to new domestic and international markets for formalised businesses through participation in trade fairs, business-to-business matchmaking events, and inclusion in Government-sponsored export programmes;
- Ensure that formalised businesses honour their statutory obligations e.g. National Insurance contributions to retain the benefits associated with formalisation;
- Highlight success stories of businesses that have successfully formalised;

- Review and reform the existing legal regulatory framework to reduce barriers to formalisation, including simplifying licensing requirements, reducing the cost of compliance, and ensuring that regulations are proportionate to the size and nature of the business;
- Launch targeted awareness campaigns to educate informal business owners about the benefits of formalisation, using multimedia outreach, community engagement, and partnerships with private sector organisations;
- Establish a monitoring and evaluation framework to track the effectiveness of formalisation initiatives, regularly assessing the impact of incentives and adjusting as needed to improve the rate of formalisation; and
- Work closely with community leaders to identify and support informal businesses within their communities, helping to identify barriers to formalisation and tailor incentives to their needs.

Policy Objective 1.2: 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 Organisation's (BSOs) in Barbados.

Policy Initiatives:

Criteria For Classification

- MSMEs shall be classified based on established definitions. To be determined as 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. The criteria acknowledge the peculiar market access challenges experienced within each category of business.

	Employees (full time)	Annual Sales (Barbados $)	Investment (Barbados $)
Micro Enterprises	Owner Manager and < 5	< 0.5 million	<0.1 million
Small Enterprises	< 30	< 3 million	< 1 million
Medium Enterprises	< 100	< 8 million	< 3 million

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 to stimulate growth.

1. A central location shall be established to process registration for the three (3) classifications of MSMEs.
2. 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.

<u>Micro Enterprises</u>

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.

<u>Small Enterprises</u>

Small businesses will be incentivised 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.

<u>Medium Enterprises</u>

Medium enterprises will be encouraged to internationalise their business operations and capitalise 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:

1. the generation of new investment or the development of products or processes;
2. an improvement in employment, production capacity through market research, technical invention or innovation; or
3. 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, 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.

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 organisation designated by Cabinet for the purpose of assisting the approved business to continue or improve its operations.

Policy Objective 1.3: 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 centralised information management system. This will enable research to monitor evolving and existing industries and the associated economic activity namely 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 Initiatives:

- Establish a centralised, digital information management system accessible to Government agencies, researchers, and policymakers that will store comprehensive data on MSMEs. It will include details such as business size, structure, industry classification, financial performance, employment statistics, and trade-related information for each MSME category. Ideally this technological platform should be driven by the SBDC Network.
- Implement an annual data collection process facilitated through user-friendly online forms where all registered MSMEs are required to submit key business data;
- Introduce mandatory reporting requirements for MSMEs to ensure comprehensive data collection. Provide mechanisms to support micro enterprises lacking the capacity to

compile the required data. Provide training and resources to help MSMEs comply with data submission requirements and leverage the centralised system for their benefit;

- Integrate MSME data with national economic statistics, allowing for a broader understanding of the MSME sector's impact on the economy and aligning the NMDP with national economic goals;
- Establish a feedback mechanism for regular review of data collected to ensure MSME policy and legislation align with the changing economic landscape and business environment. This could take the form of an annual MSME forum at an academic institution;
- Engage with MSME stakeholders, including business support organisations to ensure they understand the importance of data reporting;
- Use the data collected to identify areas for R&D that can drive innovation within the MSME sector. Encourage collaborations between MSMEs, academic institutions, and the public sector to leverage data for advancement of the industry; and
- Develop a monitoring and evaluation framework to regularly assess and improve the effectiveness of the centralised information management system and its impact on policy implementation.

Policy Objective 1.4: To facilitate the development of an efficient and effective integrated business support framework.

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

Services of SBDCs

The SBDC Network facilitates 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 formalisation 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 commercialisation.
- Disaster preparedness.
- Sustainable business development.
- Occupational Health and Safety.
- HIV/AIDS, COVID-19 or other public health related awareness.
- Gender sensitisation and mainstreaming.

Policy Initiatives:

- Adapt the Small Business Development Centre (SBDC) Model to facilitate improved MSME development, data collection and creation of economic impact by MSMEs and SBDCs;

- Tailor the services provided by SBDCs to meet the specific needs of different segments within the MSME sector, according to the different classifications and priority sectors;
- Provide support for digital transformation and innovation within MSMEs through the SBDC Network. This could include access to technology tools, training in digital marketing, and assistance with e-commerce development;
- Periodically review and adjust the MOUs between the Ministry, SBDCs, and private sector partners to reflect changing business environments and emerging needs within the MSME sector to ensure the agreements remain relevant and effective; and
- Review and amend as necessary the Small Business Development Act.

Policy Objective 1.5: To fully integrate the provisions of the CARICOM Single Market and Economy (CSME) into Barbados' National MSME Development Policy (NMDP) ensuring that individuals and companies from CARICOM member states have full access to the opportunities and benefits provided to local MSMEs.

Policy Initiatives:

- Ensure that the NMDP in Barbados is fully aligned with the provisions of the Revised Treaty of Chaguaramas and the CARICOM Single Market and Economy (CSME) framework, including reviewing and amending local laws and regulations to remove any barriers to the full participation of CARICOM nationals and businesses in the Barbadian MSME sector;
- Implement clear procedures and streamlined processes to facilitate the establishment of businesses by CARICOM nationals in Barbados, simplifying the registration and licensing processes and providing support to CARICOM entrepreneurs looking to start or expand their businesses in Barbados;
- Ensure that persons and companies from CARICOM member states have equal access to all MSME support programmes under the NMDP, including funding opportunities, business development services, training programmes, and incentives, with these provisions explicitly stated in all relevant policy documents and promotional materials;
- Actively promote Barbados as a favourable destination for CARICOM businesses by highlighting the benefits of the CSME and the support available under the NMDP,

including marketing campaigns, participation in regional trade shows, and investment forums focused on attracting CARICOM-based MSMEs to Barbados;

- Implement mechanisms for the mutual recognition of professional qualifications and standards across CARICOM member states, enabling professionals and skilled workers from other CARICOM countries to operate in Barbados without additional certification or licensing requirements, thereby enhancing the talent pool available to MSMEs;
- Work towards elimination of double taxation for CARICOM nationals operating businesses in Barbados through bilateral agreements with other CARICOM member states, ensuring that businesses are not taxed twice on the same income, making it more attractive for regional entrepreneurs to invest in Barbados;
- Facilitate the free movement of skilled labour from CARICOM member states into Barbados, including the recognition of CARICOM Skills Certificates and the waiving of work permit requirements for eligible persons, supporting the growth and competitiveness of MSMEs by ensuring they have access to necessary human resources;
- Ensure that CARICOM nationals working in Barbados have access to social security benefits and that their contributions are transferable across member states, providing additional security and incentives for CARICOM entrepreneurs and workers to participate in the Barbadian economy;
- Encourage and support collaboration between Barbadian MSMEs and businesses in other CARICOM member states through regional networking events, business partnerships, and joint ventures, including setting up a regional business matchmaking platform or supporting participation in CARICOM-wide business missions;
- Launch public awareness and education campaigns to inform Barbadian MSMEs and CARICOM nationals about their rights and opportunities under the CSME, including the specific benefits available through the NMDP, targeting both businesses and the public to foster greater understanding and support for regional integration;
- Build the capacity of relevant Government agencies, including the Ministry responsible for MSME development, to effectively implement and oversee the integration of CSME provisions into the NMDP through training programmes, the establishment of dedicated CSME liaison units, and enhanced coordination with CARICOM institutions;

- Establish strategic relationships with regional Business Support Organisations and Small Business Development Centres to create and capture market intelligence that facilitates MSME trade within Member States;
- Give strong support to the creation of a Regional Guarantee System for MSMEs to promote economic integration and cooperation;
- Ensure that opportunities for MSMEs feature prominently in ongoing regional trade negotiations; and
- Collaborate with CEDA to establish a monitoring and reporting mechanism to track the progress of CSME integration within the Barbadian MSME sector to assess the impact of the policy on regional business activity and make recommendations for further enhancing the alignment between the NMDP and CSME objectives.

Policy Objective 1.6: To Monitor and Evaluate the Achievement of the Goals and Objectives of the Policy and to take corrective actions if necessary.

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 recognised that this Policy will be updated periodically to keep abreast with the changes precipitated by the demands of the global marketplace while being cognizant of the local socio-economic reality.

It is therefore imperative that the requisite tools be utilised by the agencies responsible for MSME development to ensure that the Policy meets the changing needs of the MSME sector.

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.

3.2. PILLAR 2: 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 2.1: To create 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

- Collaborate with financial institutions to establish a centralised online portal where MSMEs can access information on various financing options, submit loan applications, and track the status of their applications, serving as a one-stop-shop for MSME financing and reducing the need for multiple interactions with different financial institutions;
- Encourage financial institutions to streamline the loan application process for MSMEs by reducing paperwork, simplifying application forms, and creating a standardised application process across financial institutions;
- Encourage financial institutions to offer pre-approved or fast-tracked financing options for MSMEs based on predefined criteria, such as credit score or business performance, to reduce the time and effort required to secure financing and provide quicker access to funds;
- Establish a MSME desk at the Central Bank responsible for resolving complaints related to access to finance, ensuring that MSMEs are treated fairly by financial institutions and that unnecessary bureaucratic barriers are removed;
- Provide training programmes for MSMEs on how to effectively navigate the financing process, covering topics such as preparing financial statements, understanding loan requirements, and improving their creditworthiness, to help better position themselves when applying for finance;

- Encourage and support the digitisation of financial processes within financial institutions to reduce the need for in-person visits and physical paperwork, including online loan applications, digital signatures, and automated credit assessments, making it easier and faster for MSMEs to access finance;
- Promote partnerships with alternative lenders, such as fintech companies and microfinance institutions, that may offer more flexible and less bureaucratic financing options, expanding the range of financing choices available to MSMEs;
- Advocate for policy and regulatory reforms that reduce the bureaucratic burden on MSMEs in accessing finance, including reviewing and adjusting collateral requirements, easing regulatory compliance for small loans, and streamlining approval processes for financial institutions;
- Require financial institutions to provide clear and transparent explanations for loan decisions, including reasons for approval or rejection, helping MSMEs understand what is expected and how to improve their chances of securing finance in the future;
- Offer incentives to financial institutions that demonstrate reduced bureaucratic processes and increased lending to MSMEs, including tax breaks, or recognition awards for adopting practices that are more favourable to MSMEs;
- Publicise the availability of the credit guarantee scheme that reduces the risk for lenders, encouraging them to simplify processes and increase lending to MSMEs, providing a safety net for financial institutions and making them more willing to streamline their procedures;
- Work closely with business support organisations to assist businesses in navigating the financing process, acting as intermediaries to help MSMEs prepare their applications and liaise with financial institutions to reduce bureaucratic hurdles; and
- Establish monitoring and feedback mechanisms to assess the effectiveness of the initiatives implemented to reduce bureaucracy, with regular surveys and feedback from MSMEs to identify ongoing challenges and allow for continuous improvement of the financing process. MSMEs could provide this feedback in their annual data submissions.

Policy Objective 2.2: To 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;
- Encourage the use of movable assets, accounts receivable, and intellectual property as collateral to secure loans, thereby broadening the security options available to MSMEs;
- Develop a risk-sharing facility where the Government or development agencies co-finance loans or share the risk with financial institutions, reducing lenders' exposure to risk;
- 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 2.3: 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 incentivise 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;
- Encourage the adoption of fintech solutions, such as digital wallets and blockchain-based lending, to provide innovative financing options that leverage technology;
- Support the creation and regulation of peer-to-peer (P2P) lending platforms that directly connect MSMEs with individual lenders, offering a more accessible alternative to traditional bank loans;
- Support revenue-based financing options where MSMEs repay loans as a percentage of their revenue, providing a flexible alternative that aligns with business performance;
- Support the growth of microfinance institutions that offer small loans to MSMEs;
- Create a fund or further capitalise FUNDACCESS and BTFL to provide seed capital and early-stage funding to MSMEs engaged in innovative projects, particularly in priority sectors;
- Promote cooperative financing, where MSMEs pool resources to access funding collectively, such as through credit unions or cooperative banks; and
- Develop payment standards to facilitate timely payment to MSMEs who provide goods or services to Government agencies.

3.3. PILLAR 3: RESILIENCE, SUSTAINABILITY AND COMPETITIVENESS

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 not only introduce trade policies that promote export growth and competitiveness among MSMEs, but also policies to ensure business continuity and growth, including measures to promote research and development (R&D) and innovation, and the protection of Intellectual Property. Ensuing improvements in firm productivity will be critical to strengthen the MSME's ability to be sustainable and become internationalised.

Policy Objective 3.1: 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 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. This objective should be carried out in collaboration with relevant regional and international organisations e.g. ITC.

Policy Initiatives:

- Develop market access programmes to help MSMEs enter new national and regional markets, including trade missions, regional expos, and partnerships with regional trade organisations;
- Create a national export strategy specifically for MSMEs, outlining key target markets, priority sectors, and necessary support services, while aligning with broader national trade policies;
- Provide targeted support for MSMEs seeking international market entry, such as export readiness assessments, market research, and assistance with meeting international standards and certifications;
- Partner with international organisations like CEDA and the ITC to leverage their expertise and networks in facilitating MSME access to global markets;

- Offer training and capacity building programmes focused on export logistics, international marketing, trade finance, and compliance with global trade regulations to equip MSMEs with the skills needed to succeed internationally;
- Provide market intelligence and research services to MSMEs, offering insights into potential markets, consumer behaviour, and competitive landscapes, enabling informed decisions about market entry;
- Promote the Caribbean Diaspora as a market for exports of MSME products and services;
- Promote the use of e-commerce platforms and digital trade solutions to expand MSMEs' reach beyond physical borders, including training on digital marketing, online sales platforms, and cross-border e-commerce logistics;
- Work with customs and trade authorities to simplify and expedite the export process for MSMEs, such as streamlining documentation, reducing export-related fees, and providing dedicated support for navigating export procedures;
- Develop export financing programmes to provide MSMEs with the capital needed to expand into new markets, including export credit guarantees and pre-shipment financing;
- Actively participate in regional integration efforts and trade agreements that benefit MSMEs, advocating for reduced tariffs, revisiting of special and differential treatment provisions, simplified rules of origin, and enhanced market access under agreements like the CSME, WTO and future bilaterals;
- Provide tailored support for MSMEs in specific sectors with high potential for international growth, such as agro-processing, creative industries, and technology, through sector-specific export strategies and mentorship programmes;
- Encourage public-private partnerships to support MSME market expansion, involving collaborations with large corporations, multinational corporations, industry associations, and Government agencies to promote MSME products in new markets;
- Facilitate the creation of regional MSME networks and industry clusters that can collectively promote their products and services in international markets, sharing resources and participating in joint marketing campaigns. This could be driven by the SBDC Network; and

- Establish a framework for monitoring and evaluating the effectiveness of market expansion initiatives, with regular assessments to identify successful strategies, areas for improvement, and emerging opportunities for MSMEs in the global market.

Policy Objective 3.2: To improve trade through product quality and standards

To address the issue of standards and quality in a manner that will make MSME's more competitive and to ensure that business support is provided to MSME's 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 harmonisation 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.

Business Continuity and Resilience

Given the need to ensure business continuity, several elements are required. The elements of a Business Continuity Framework include:

- Process Recovery Management- establishing guidelines and timelines for recovery after a disruption;
- Data Backup Management- including procedures for the restoration of data;
- Business Infrastructure Resilience;
- Contingency Planning;
- Information and data security- including the development of data use policies;
- Risk Mitigation; and
- Business Disruption Guidelines.

In addition to preparation for unexpected shocks, there is also the need for MSMEs to be aware and prepare for the effects of global business trends which can present both threats to business survival, as well as opportunities for business growth and development; for example, AI, big data, robotics and 3D printing.

Policy Objective 3.3: To ensure business continuity during and after external shocks and stresses

Development of proactive disaster recovery plans and data protection policies.

Policy Initiatives:

- Build awareness among MSMEs as to the importance of developing explicit procedures and policies to deal with unexpected business disruptions;
- In cooperation with private sector representatives, develop proactive disaster recovery plans tailored for MSMEs, focusing on maintaining operations during and after events such as natural disasters, economic downturns, or pandemics including industry-specific

templates (manufacturing, agriculture, tourism, retail etc.) of Business Continuity Framework components;

- Provide training for MSMEs on disaster preparedness and recovery, including risk assessment, emergency response planning, and crisis management;
- Provide critical technical support and training to assist MSMEs in the development of bespoke business continuity frameworks;
- Provide subsidised finance products including insurance for the development and implementation of business continuity frameworks to cover losses and support recovery during and after external shocks, ensuring that MSMEs have the necessary resources to rebuild and continue operations;
- Implement data protection policies that ensure the security and integrity of business data during external shocks, including measures for regular data backups, secure storage solutions, and rapid data recovery systems to minimise downtime and prevent data loss;
- Encourage the adoption of digital tools and cloud-based technologies that support remote work and business operations continuity, allowing MSMEs to maintain functionality even when physical locations are compromised or inaccessible;
- Promote the integration of business continuity planning into regular business operations, encouraging MSMEs to routinely review and update their plans in response to new risks or changes in their operating environment;
- Collaborate with Government agencies, industry associations, and international organisations to provide MSMEs with real-time information and resources during crises, helping them to make informed decisions and take timely action to safeguard their businesses;
- Encourage the creation of cooperative networks among MSMEs, where businesses can support each other during crises through resource sharing, collaboration, and joint recovery efforts; and
- Implement monitoring and evaluation systems to assess the effectiveness of business continuity plans and data protection measures post-crisis, identifying lessons learned and best practices for future preparedness.

Policy Objective 3.4: To raise awareness among MSMEs as to current and potential threats to the business's survival and growth, as well as the opportunities they present

Policy Initiatives:

- Develop programmes through both Government agencies and private sector organisations to sensitise MSMEs to the threats and opportunities presented by global technology trends, cybersecurity risks, economic downturns, supply chain disruptions, climate change, and changing market dynamics including strategies for mitigating risks while taking advantage of new opportunities;
- Build awareness among MSMEs as to the availability of existing support (finance, training, technical assistance) for MSMEs to address such threats and opportunities;
- Develop or link to an existing online resource hub where MSMEs can access up-to-date information on current threats and opportunities, including industry reports, market trends, and expert analyses;
- Encourage MSMEs to adopt flexible business models that allow them to pivot and adapt quickly in response to external threats, such as diversification of products or services, entering new markets, or embracing digital transformation;
- Partner with financial institutions to offer financial literacy programmes that educate MSMEs on how to safeguard their businesses from financial risks, manage cash flow effectively, and recognise investment opportunities during periods of uncertainty; and
- Facilitate access to tools and resources that help MSMEs anticipate and respond to technological disruptions, such as AI, automation, and digital marketing trends, positioning them to leverage new technologies for business growth.

Policy Objective 3.5: To foster a culture of innovation through a more productive use of science and technology among MSMEs.

This Policy document underscores the importance of science and technology in facilitating national development through its strategic use by MSMEs. Therefore, the following policy initiatives are 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 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 specialised business development services for science and technology-based enterprises;
- Leverage the use of emerging technologies such as block-chain technologies, fintech services, mobile banking and other global economic solutions to reduce verification costs and other transactional and business costs;
- Provide access to technology focused mentorship programmes, where experienced professionals in fields such as engineering, IT, and data science can offer guidance and support to MSMEs looking to innovate;
- Support MSMEs in securing intellectual property (IP) rights for their innovations, ensuring that they can protect and capitalise on new technologies, products, or processes;
- Collaborate with international organisations, such as WIPO, to introduce international best practices in innovation and technology adoption among MSMEs;
- Encourage the integration of sustainability focused technologies, such as renewable energy solutions and eco-friendly materials, to drive innovation as well as environmental responsibility within MSMEs;
- Establish innovation clusters and networks where MSMEs from similar industries can share knowledge, collaborate on technological advancements, and collectively drive sector-wide innovation;
- Enhance the effective delivery of business support services through the establishment of virtual business incubators; and
- Introduce innovation competitions to spur creativity and invention.

Policy Objective 3.6: 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 establish a fully private venture to develop 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.

Policy Objective 3.7: To provide infrastructure facilities for Research and Development and Innovation

Policy Initiatives:

- Promote public-private-academic partnerships and networks for the funding of infrastructural development for R&D and innovation;
- Establish dedicated R&D and innovation centres for MSMEs, equipped with modern laboratories, testing facilities, and prototyping equipment, enabling businesses to experiment, develop new products, and improve processes;
- Create technology parks or innovation zones that provide shared workspace, advanced equipment, and collaboration opportunities for MSMEs engaged in R&D activities;
- Partner with academic institutions to give MSMEs access to specialised infrastructure and expertise, including labs, research libraries, and technical support for joint R&D projects;
- Support the establishment of training programmes in types of engineering such as design engineering to cultivate skills in traditional and emerging fields, foster innovation, R&D, provide practical solutions for local industries, including MSMEs, enhance technology transfer, and support product development;

- Provide financial support, such as grants or subsidised access, to help MSMEs utilise R&D and innovation facilities at affordable costs;
- Encourage the development of innovation accelerators and incubators, which provide MSMEs with physical infrastructure, mentorship, networking opportunities, and technical expertise to support R&D and innovation projects;
- Collaborate with regional, international organisations and the Barbadian and Caribbean Diaspora to provide access to global R&D networks and infrastructure, enabling MSMEs to benefit from international research collaborations and cutting-edge innovation practices;
- Establish or license access to existing databases where MSMEs can access research data, patents, market trends, and technological advancements that could inform their R&D efforts;
- Support the development of local supply chains for innovative products by ensuring that R&D infrastructure includes access to local suppliers and manufacturers or foreign collaborators who can produce prototypes and test new technologies developed by MSMEs; and
- Develop monitoring and evaluation systems to track the usage and impact of R&D infrastructure on MSME innovation, ensuring that facilities are being effectively utilised and continuously improved based on user feedback.

Policy Objective 3.8: To promote innovation, digitalisation and the adoption of sustainable practices through incentives, programmes and networks

Incentives for innovation and digitalisation, and for the adoption of sustainable practices.

Policy Initiatives:

- Offer financial incentives such as grants, tax breaks, and low interest loans for MSMEs that invest in digital technologies, sustainable practices, and innovation projects;
- Build awareness among MSMEs as to the availability of existing financial support;
- Develop programmes that provide training and capacity building on digital tools, sustainability, and innovative business models, ensuring that MSMEs are equipped to leverage these practices effectively;

- Promote and support the implementation of digitalisation practices, utilisation of e-commerce and social media;
- Establish innovation and digitalisation hubs where MSMEs can access technology, mentorship, and collaborative networks to foster creativity, research, and the implementation of sustainable business solutions;
- Create public private partnerships to encourage the adoption of green technologies and renewable energy solutions in MSME operations, reducing their carbon footprint while enhancing efficiency;
- Facilitate access to digital platforms and e-commerce solutions for MSMEs, enabling them to reach new markets and streamline business operations through digital transformation;
- Raise awareness of the range of process innovative options for cost reductions within the daily operations of businesses;
- Provide technical support for conducting process audits to identify areas for efficiency gains within MSMEs;
- Implement measures to enhance MSMEs' organisational culture to facilitate greater adoption of innovation;
- Launch sector specific initiatives that support the integration of sustainable practices into key industries such as agriculture, energy, manufacturing, and tourism, providing MSMEs with industry relevant tools and knowledge;
- Promote the development of sectoral policies/codes of conduct for Green Innovations to induce MSMEs to adopt sustainable practices;
- Foster collaboration among MSMEs, universities, and research institutions to drive innovation and R&D in sustainable and digital technologies, creating a culture of continuous improvement and technological advancement;
- Promote networking opportunities for MSMEs both within and across sectors through innovation and sustainability forums, trade shows, and digital platforms, allowing them to share best practices and collaborate on innovation projects;
- Provide recognition and awards for MSMEs that demonstrate excellence in innovation, digital transformation, and sustainability; and

- Monitor and evaluate the impact of incentives and programmes, ensuring continuous improvement and the alignment of efforts with global best practices in innovation, digitalisation, and sustainability.

Policy Objective 3.9: To raise the awareness of businesses to existing public policies and programmes targeted at enhancing sustainability and innovation

Policy Initiatives:

- Develop programmes through both Government agencies and private sector organisations to sensitise businesses to the opportunities for growth presented by a proactive approach to R&D and innovation;
- Build awareness among MSMEs as to the availability of existing support (finance, training, technical assistance) for MSMEs to conduct R&D and innovation; and
- Provide targeted outreach to sectors with high potential and imperatives for sustainability and innovation, such as agriculture, manufacturing, and renewable energy, ensuring that businesses in these industries are fully aware of relevant policies and programmes.

Policy Objective 3.10: To safeguard the intellectual property of MSMEs

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 encouraged to be innovative, must retain ownership of their creative work so that they can proceed to develop successful business enterprises.

Policy Initiatives:

- Provide training programmes and workshops to educate MSMEs on the importance of intellectual property, including the different types of IP protection, their application to various industries and the international conventions to which Barbados is signatory;
- Establish a dedicated IP support office where MSMEs can receive guidance on how to protect their intellectual property, including assistance with filing for patents, trademarks, and copyright at both the national and international levels;

- Partner with intellectual property law firms to offer subsidised or pro bono legal services for MSMEs, helping them navigate the complexities of IP law and secure protections for their intellectual assets;
- Collaborate with international organisations, such as WIPO, to provide MSMEs with access to global IP protection resources, including support for filing patents and trademarks in international markets;
- Provide financial support, such as grants or low-interest loans, to help MSMEs cover the costs associated with registering intellectual property, particularly for businesses in sectors with high innovation potential;
- Offer IP audits where MSMEs can work with experts to assess their intellectual property assets, ensuring that all valuable IP is identified, protected, and leveraged for business growth;
- Promote the use of digital tools and platforms that help MSMEs monitor and protect their intellectual property online, including services that detect unauthorised use of their products, designs, or content;
- Encourage collaboration between MSMEs and academic institutions to help businesses better understand how to protect intellectual property arising from R&D and innovation partnerships and negotiate technology transfer agreements;
- Support initiatives that promote IP licensing and commercialisation, helping MSMEs generate revenue from their intellectual property by licensing their patents, trademarks, or copyrighted materials to other businesses;
- Use IP as a vehicle to promote and maintain what is authentically 'Barbados', 'Barbadian' or 'Bajan', to ensure that indigenous inventions, etc. are not re-branded by foreign entities and that MSMEs can maximise the benefits of their creative endeavours;
- Support science and technology innovations through an enabling legislative framework that governs matters related to patents; and
- Amend and modernise current IP legislation in line with international best practices to protect MSMEs from infringement.

Policy Objective 3.11: To provide for the utility and ICT needs of MSMEs through the provision of adequate, reliable and affordable services.

Attention must be given to competitive input factors and supporting infrastructure such as energy and other utility costs and raw materials, to facilitate improved MSME development. For instance, 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. This is related to initiatives that promote green innovations.

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 photovoltaic, 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 utilisation of ICTs.

Policy Objective 3.12: 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 utilisation and production of environmentally friendly raw materials; and
- Reduce procedural challenges in the importation of raw materials.

Policy Objective 3.13: 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 recognise 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; and
- Build awareness among MSMEs of the procurement strategy, the benefits to MSMEs and build their capacity to understand and deliver on the procurement requirements.

Special Development Sectors

Policy Objective 3.14: To facilitate the development of MSMEs in the special development sectors of renewable energy, the creative industries, agri-business, and tourism niches.

There is a need to develop key sectors which can act as drivers of economic growth in the short to medium term for the longer-term growth and development of the country. Several strategic sectors have been identified to spur the continued development of the local economy. These sectors are: Renewable Energy, the Creative Industries, Agriculture, Agri-Business and various Tourism Niches. The objective is therefore to facilitate the further development of MSMEs operating within these critical sectors.

Renewable Energy

A strong focus on renewable energy has been identified by Government as a critical component of restructuring the Barbadian economy. It is significant 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.

To facilitate the development of MSMEs operating within the renewable energy sector the following strategies are advanced to complement the policy objective noted above in relation to green innovation.

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 Industries

The Creative Industries 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.

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 capitalise 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 bilateral and multilateral agreements to enhance the commercialisation of the product offerings of MSMEs for the export market.

Agribusiness

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 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 many small farmers producing products of varying quality in an unplanned production programme. What will be needed are strong farmer organisations 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 capitalise 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 commercialisation of farming through an expanded use of technology and innovative business policies;

- Ensure adequate acreage of lands to produce 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 agripreneurship 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:

- Health and Wellness
- Sports
- 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 advance the development of MSMEs operating within the Health and 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 capitalise 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 country's tourism niches; and
- Build capacity of MSMEs operating in the sports and health and wellness subsectors to promote their effective delivery of goods and services as tourism value-added products.

SPECIAL DEVELOPMENT GROUPS

As with the special development sectors, there are several special development groups that require cross cutting support. These groups are noted here as most policy interventions relate to promoting their MSMEs to be more competitive and resilient, as well as achieving other national development goals such as poverty alleviation and social inclusion.

Policy Objective 3.15: To ensure equality and equity of opportunities between women-owned and men-owned MSMEs

Women have always played a significant role in advancing the Barbadian economy. Given the importance of entrepreneurship as a key driver of economic development, it remains 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 redounded 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 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 organisations/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;
- Create specific enterprise and employment opportunities for women with the commensurate funding (seed or grant) opportunities; and
- Support women entrepreneurs during and after maternity including facilitating breastfeeding for the first six months after birth and advocating for paternity leave.

Policy Objective 3.16: To encourage and support youth entrepreneurship as a strategy for youth empowerment and employment

Youth is 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 centre 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 Organisation (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 programmes 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 Initiatives:

- Promote the integration of entrepreneurship at all levels of the educational system to equip young people with the knowledge and skills needed to start and run successful businesses;
- Offer legal and regulatory support to help young entrepreneurs navigate the complexities of starting a business, including assistance with business registration, intellectual property protection, and compliance with local regulations;
- Establish projects and programmes on entrepreneurship that specifically target unattached and at-risk youth, to bring them into the mainstream society through self- employment;
- Strengthen and partner with existing organisations that support youth to encourage youth entrepreneurship;
- Establish youth focused business incubators and accelerators that offer mentorship, funding, and resources specifically tailored to the needs of young entrepreneurs, helping them develop innovative ideas and turn them into viable businesses;
- Create youth specific financial products, such as startup grants, low interest loans, and microfinance options, to provide young entrepreneurs with equitable access to capital, reducing barriers to starting businesses;
- Launch youth entrepreneurship competitions, hackathons, and business plan competitions to encourage young people to pitch innovative business ideas, with winners receiving funding, mentorship, and access to entrepreneurial support networks;
- Partner with technology companies and educational institutions to offer training on digital tools, e-commerce, and emerging technologies, empowering young entrepreneurs to leverage technology in their business ventures;
- Develop public-private partnerships to create youth apprenticeship and internship programmes, where young people can gain hands-on experience in entrepreneurship and business management by working with successful entrepreneurs;
- Promote coworking spaces and shared facilities specifically for young entrepreneurs, offering them affordable access to office space, technology, and networking opportunities with peers and mentors;
- Organise networking events and forums for young entrepreneurs to connect with potential investors, business partners, and customers, fostering collaboration and support within the youth entrepreneurship ecosystem;

- Implement Government led outreach campaigns to inform young people about available entrepreneurship support programmes, including funding opportunities, mentorship programmes, and training initiatives;
- Provide tax incentives and other financial benefits to young entrepreneurs to reduce the financial burden of starting and growing a business at a young age;
- Modernise public sector employment laws to incentivise the *side hustle* entrepreneurial endeavours of young persons employed in the public service who perform their full-time jobs competently;
- Support youth led businesses in accessing local, regional, and international markets through trade missions, participation in business expos, and inclusion in Government supported export programmes;
- Collaborate with youth organisations and community groups to promote entrepreneurship as a tool for youth empowerment and job creation, ensuring that young people are aware of the opportunities available to them;
- Develop mentorship programmes that connect young entrepreneurs with successful business leaders and industry experts, providing them with guidance, support, and inspiration; and
- Facilitate the creation of clusters, cooperatives and networks for the development of youth-led enterprises.

Policy Objective 3.17: To ensure equality and equity of opportunities for the elderly that are desirous of operating MSMEs.

Sub-goal 2.3 of the Barbados Population Policy (BPP) (2024) states: *'Improve the Capacity and Proficiency of the Labour Force with Access to Expanded Economic Opportunities'*. In the context of an ageing population, and the need for the retention of tacit knowledge, retirement from formal employment should not preclude the undertaking of entrepreneurial opportunities for the elderly. In keeping with the ethos of the BPP (2024), the following policy initiates are included.

Policy Initiatives:

- Disseminate information on entrepreneurial and education/training opportunities for the elderly through families, community-based organisations, faith-based organisations and labour unions;

- Provide targeted training programmes for elderly entrepreneurs focused on business management, financial literacy, and digital skills, ensuring they have the knowledge and tools needed to start and operate MSMEs successfully;
- Establish mentorship programmes that connect elderly entrepreneurs with experienced business professionals who can offer guidance, support, and advice on navigating the challenges of starting and running a business post-retirement;
- Offer tailored financial products, such as low interest loans, grants, and microfinance options specifically designed to meet the needs of elderly entrepreneurs, ensuring they have equitable access to capital;
- Provide tax incentives or other financial benefits for elderly individuals who start MSMEs, reducing the financial burden of starting a business after retirement and encouraging entrepreneurial activity;
- Create age friendly business development services that offer personalised assistance, such as assistance with business registration, compliance, and accessing resources, to accommodate the specific needs of elderly entrepreneurs;
- Ensure that elderly entrepreneurs are included in existing MSME support programmes, with specific outreach efforts to inform them of available opportunities, such as business funding, training, and mentorship;
- Develop a centralised platform where elderly entrepreneurs can access resources, including information on starting a business, financial products, legal requirements, and Government support programmes;
- Collaborate with BARP, and other community organisations, to raise awareness about opportunities for elderly entrepreneurs and promote business ownership as a viable post-retirement option;
- Advocate for age inclusive policies within Government and financial institutions to ensure that elderly entrepreneurs do not face age related discrimination when accessing funding or business support services;
- Create networking events and forums specifically for elderly entrepreneurs, providing a platform for them to share experiences, form partnerships, and connect with potential customers or investors as well as youth entrepreneurs;

- Launch public awareness campaigns to challenge stereotypes around aging and entrepreneurship, promoting the idea that elderly individuals can be successful business owners and contribute meaningfully to the economy;
- Ensure that business incubators and accelerators include programmes tailored to the needs of elderly entrepreneurs, providing them with access to the same level of support and resources as younger entrepreneurs;
- Offer legal support services to assist elderly entrepreneurs with navigating regulatory requirements, protecting intellectual property, and addressing any legal challenges that may arise during business operations; and
- Facilitate the creation of clusters, cooperatives and networks for the development of elder-led enterprises.

Policy Objective 3.18: To provide full inclusion, opportunities and support for persons living with disabilities within the MSME community as entrepreneurs and employers.

A significant part of the population in the Caribbean is living with both seen and unseen 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 utilised which is a loss for the society.

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 Harmonisation 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 statuses.

Considering 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 recognising the invaluable contribution made by persons living with disabilities offers an added channel through which their business acumen can be exploited.

Policy Initiatives:

- Build the capacity of organisations/ 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 sensitisation 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;
- Ensure that the MSME Development Policy and related documents are in formats that are easily utilised and accessible to persons living with disabilities;
- Establish accessible business incubators and accelerators that cater to the unique needs of entrepreneurs with disabilities, offering mentorship, funding, and specialised resources to help them develop and grow their businesses;
- Provide financial support options such as grants, low interest loans, and microfinance specifically targeted at entrepreneurs with disabilities;
- Promote the use of digital tools and online platforms that can help entrepreneurs with disabilities overcome physical barriers, enabling them to manage their businesses remotely and access wider markets;
- Ensure that all MSME support programmes, including training, mentorship, and funding opportunities, are fully accessible to persons with disabilities by providing necessary

accommodations such as sign language interpretation, assistive technologies, and accessible venues;

- Launch awareness campaigns to promote the inclusion of persons with disabilities in the entrepreneurial ecosystem, highlighting success stories of disabled entrepreneurs and challenging stereotypes about their capabilities;
- Create networking events and forums specifically for entrepreneurs with disabilities, providing them with opportunities to connect with potential investors, business partners, and customers in an inclusive environment;
- Provide legal and regulatory support to help entrepreneurs with disabilities navigate the complexities of starting and running a business, including assistance with business registration, intellectual property protection, and compliance with accessibility regulations;
- Offer incentives to MSMEs that employ persons with disabilities, including tax breaks, subsidies, or recognition awards, to encourage inclusive hiring practices and create more job opportunities within the MSME sector;
- Collaborate with educational institutions and vocational training centres to ensure that persons with disabilities have access to entrepreneurial education and skills-building programmes from an early age;
- Establish a dedicated support office or helpdesk that provides personalised assistance to entrepreneurs with disabilities, helping them access resources, navigate challenges, and connect with relevant support services;
- Encourage collaboration between MSMEs and the disabled community to create inclusive business models that integrate the talents and skills of persons with disabilities, fostering a more diverse and innovative MSME community; and
- Monitor and evaluate the impact of inclusion initiatives to ensure that persons with disabilities are effectively supported within the MSME community, adjusting programmes and policies as needed to enhance their effectiveness.

Policy Objective 3.19: To effectively engage the Barbadian Diaspora in supporting the growth and development of MSMEs

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 recognised 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. There are several potential areas for engagement with the Diaspora, including:

- Chronic non-communicable diseases
- Climate change adaptation and mitigation
- Agricultural research
- Marketing and sale of Barbadian Art to the Diaspora
- Sports development including franchise tournaments

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;
- Facilitate greater links and partnerships with the Diaspora to expand the market for supply and access of goods and services by MSMEs; and

- Strengthen links for investment by the Diaspora in local firms and provide non-financial incentives.

3.4. PILLAR 4: ENTREPRENEURSHIP PROMOTION 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 4.1: 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 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 human resource planning at the national level identifies and quantifies the needs of MSMEs and addresses them through the rationalisation and coordination of education and research and 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 minimise duplication and increase economies of scale. This should be led by the SBDC Network;
- 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;
- Foster international exchanges among entrepreneurs to provide exposure to hone skills, build capacity, form networks and benchmark against global best practices; and
- Provide opportunities for specific skills training in digitalisation at all levels of the education and training system as well as for current MSME employees.

Policy Objective 4.2: To transfer knowledge 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 counselling 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 4.3: To develop 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.
- 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.

4.0. APPENDICES

4.1. SMALL BUSINESS DEVELOPMENT CENTRE (SBDC)