

**The Inter-American Development Bank (IDB) loan fund and
Boosting Innovation, Growth and Entrepreneurial Ecosystems Project (BIGEEP)**

1. Introduction

The allocation from the BIGEEP loan valued at US\$25 million, to the Development Bank of Jamaica (DBJ), is taking place over five (5) years, from July 2019 to July 2024.

Assessments of the eco-system to support entrepreneurship and innovation in Jamaica found that there was insufficient support at the ideation stage to yield a solid pipeline of dynamic growth enterprises, and there were no accelerators in Jamaica to adequately support the needs of high-potential growth entrepreneurs.

The BIGEEP loan is intended to fund a project which will help close the identified gaps and address the main bottlenecks.

2. Overview

The BIGEEP loan is a facility under the IDB's Conditional Credit Line for Investment Projects (CCLIP) modality, and will provide a credit line for the DBJ in order to implement the BIGEEP project. The CCLIP can finance programmes involving one sector or multiple sectors, and is expected to increase the agility of the processes to prepare and approve loans, reduce loan-processing costs; and reward borrowers for good performance in executing projects. By placing conditions on the credit line, the CCLIP supplies borrowers with timely resources, encourages them to execute the project well, and provides a vehicle to ensure efficient IDB support and continuous presence in the sectors of involvement.

3. The BIGEEP Project

The objective of the project is to promote sustainable and robust growth among start-ups and Micro, Small, Medium, Enterprises (MSMEs) in Jamaica, and is broken down into four components as follows:

Component 1 - Innovation and growth for established MSMEs (US\$10 Million)

This component is geared towards promoting efficiency and growth through developing and adopting innovation among established MSMEs with high growth potential.

This component will:

- a) Develop a MSME innovation facility for supporting innovation and growth, which will support established firms with grants of up to US\$300,000 in order to innovate in either products or processes. Grants will be awarded for research and development activities, product development, prototyping, patenting and patent commercialisation.
- b) Strengthen the current technology extension service providers to provide support on business models for new disruptive technologies.

Component 2 - Facilitating growth for scalable startups (US\$7 Million)

This component is geared towards promoting equity financing and improving the system for scalable start-ups.

This component will include:

- a) Establishment or capitalization of a Venture Capital Fund for investment in scalable start-ups. This fund is expected to provide US\$100,000 to \$2 million (US\$750,000 average amount) in risk capital to established MSMEs that have high growth potential and operations in Jamaica but have not been deemed investment worthy by private equity funds.
- b) Support to the ecosystem by strengthening the ability of accelerators to support start-ups in rapid expansion.

Component 3 - Promoting viable start-ups (US\$5 Million)

This component will support viable start-ups by strengthening current incubators; providing early stage capital; fostering technology transfers; developing entrepreneurial skills mindset; and culture and capacity building for the ecosystem.

This component will:

- a) Establish the capacity for technology transfer through the development of Technology Transfer Offices and support for corporate entrepreneurship services.
- b) Strengthen incubators by providing incubation services and providing seed capital in the form of grants for entrepreneurs for ideation, commercialization and technology adoption.
- c) Shift the mindset and culture for dynamic entrepreneurship.

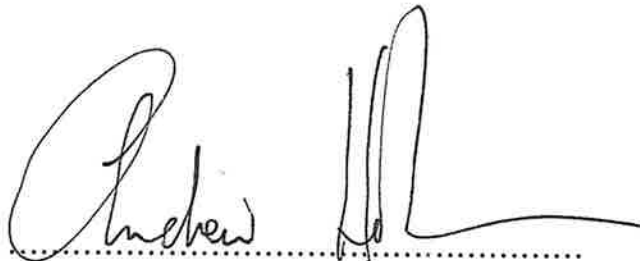
Component 4 - Project Administration and capacity building (US\$3 Million)

This component will finance auditing, the midterm and final evaluation and a monitoring and evaluation system, including a technical unit at the DBJ, a programme manager and technical staff, procurement and financial specialist.

4. Project Implementation

The project is being implemented by the DBJ over 5 years, from July 2019 to July 2024, through a Project Implementation Unit (PIU), which will have responsibility for the overall management, coordination and implementation of the Project. The PIU will be staffed with persons whose qualifications, experience and terms of reference are acceptable to both the DBJ and the IDB.

5. This Ministry Paper is being tabled in the Houses of Parliament in accordance with the instructions of the Ministry of Finance and the Public Service for the requisite Parliamentary approval in order to allow inclusion in the Supplementary Estimates of Expenditure.



Andrew Holness, ON, MP

Prime Minister and Minister of Economic Growth and Job Creation

September 25, 2019