

REMARKS

**Hon Derrick Kellier, Minister of Labour and Social Security
on the MLSS/ILO 'Formalization of the Informal Economy Project'
Workshop, Montego Bay, St. James on Monday, January 26, 2015**

(SALUTATIONS & ACKNOWLEDGEMENTS)

I am pleased to be associated with this capacity-building workshop aimed at building awareness among small business operators and so I heartily welcome all participants here today.

The Ministry is keenly aware of the crucial role you all play in economic and social development. We recognize the importance of your contribution to entrepreneurship and job creation as, together with training and certification, these are catalysts for empowering and enriching the lives of Jamaicans.

This is why we welcome the partnership with the International Labor Organization (ILO) in this one-year pilot project on the 'Formalization of the Informal Economy'.

This workshop is therefore the first part of a programme aimed at building your capacity as informal business operators to understand and appreciate the finer points in managing a successful business.

REDUCING INFORMALITY

Ladies and gentlemen, you will all appreciate the extent of the task of the *'Formalization of the Informal Economy'* given the size of the informal economy in Jamaica. In 2002, a team of consultants from the Inter-American Development Bank (IDB) estimated that Jamaica's informal economy accounted for **43.5 per cent of GDP**. This means that the informal economy contributed just under a half of our national productivity.

While the definition of informality used in that research might be very wide, for our purposes, we are interested in focusing on businesses that are largely unregistered.

Experts believe that activities in the informal economy usually provide an escape valve, so that trying to understand its structure and rationality could provide valuable information regarding rules and regulations and other challenges that need to be reassessed.

This is why the Ministry believes – and the ILO agrees – that reducing informality must begin at the community level.

In many instances, when the national economy is depressed, there are opportunities for job creation and employment in the informal sector, especially in small communities. We must, therefore, facilitate, encourage and support these small enterprises as they are critical to the economy.

STRENGTHENING SMALL ENTERPRISES

However, because of their informal modes of operation, these enterprises are usually unable to benefit from interventions of the more formal economy such as loans from financial institutions for their growth and expansion.

This project is aimed at strengthening institutional capacities in local communities and building networks to enable participation in the formal economy. But ultimately, it will result in the enhancement in the quality of jobs. And enhancing the quality of jobs under the ILO Decent Work Programme, means reducing informality and is a key component and a good indicator for local employment programmes.

Ladies and gentlemen, the project is currently being piloted in two communities in St James – **one urban (Granville) and one rural (Garlands)**. This will involve close collaboration with micro and small entrepreneurs and other stakeholders in these communities.

Last November, the Ministry, in partnership with the ILO, began to expose selected small business participants in the **Granville community** to elements of entrepreneurship. They were taken through the stages of formulating business ideas, operating and organizing businesses to the legal aspects of business, as well as costing and financial planning.

The participants heard experiences from established entrepreneurs and they brain-stormed among themselves about challenges and solutions for micro-

businesses. It was a successful workshop and sets the stage for what you and others can expect through these training sessions.

ENSURING LINKAGES

It is worthwhile to note that while the Ministry is the focal-point for the project, there is a multi-stakeholder National Steering Committee responsible for its general oversight.

In addition, a **National Coordinator (Ms Ruth Carey)** and a **Local Area Coordinator (Mr. Owen Allen)** have been engaged and are currently working on the ground to ensure that linkages are maintained and that the pilot experiences the necessary success so that it can be replicated in other communities.

The Ministry, therefore, thanks the ILO for this collaboration which provides us with an opportunity to transform the informal economy, boost productivity and hopefully contribute to a reduction in the drift from rural communities to urban towns.

SUPPORTING GROWTH

In fact, ladies and gentlemen, this project fits nicely into the Government's Growth Agenda being pursued under the IMF Agreement which is aimed at ensuring economic development.

It strengthens the Ministry's mandate for human capital development, empowerment of vulnerable groups in the society and incorporating more Jamaicans in the development process. It also offers one method to address our fundamental problem of youth unemployment.

I urge you, the participants, to take full advantage of the training so that you will be able to empower yourselves, help to reduce informality and assist in moving Jamaica forward.

CONCLUSION

In closing, I thank the ILO Decent Work Team from the Caribbean Regional Office, and in particular to **Mr. Kelvin Sergeant**, Specialist for Sustainable Enterprise Development and Job Creation, who is the facilitator for these workshops.

I thank all other associated stakeholders and hasten to assure you that the Ministry ardently supports the principle and process of decent work for sustainable development.

Ladies and gentlemen, I hope that when you leave here today, you will be more fulfilled, qualified and committed to the mission of reducing informality and making Jamaica the *“place of choice to live, work, raise families and do business”*.

Thank you