

REMARKS BY

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MINISTER WITHOUT PORTFOLIO

IN THE

MINISTRY OF ECONOMIC GROWTH AND JOB CREATION

AT THE

DBJ/WORLD BANK ENVIRONMENTAL AND SOCIAL MANAGEMENT

FRAMEWORK CONSULTATION

ON

WEDNESDAY MARCH 15, 2017 @ 7:30 A.M.

AT

THE JAMAICA PEGASUS HOTEL (MONTEGO SUITE)

- Master of Ceremonies
- Colleague Minister Audley Shaw
- Mr. Christopher Zacca, Chairman of DBJ
- Representative of the World Bank, Mr. Michael Daar
- Dr. Wayne Henry, DG of the PIOJ
- Mr Peter Knight, CEO of NEPA
- Other distinguished guests
- Ladies and gentlemen

It is my great pleasure to be here this morning for this Environmental and Social Management Framework (ESMF) Consultation. From the outset I must say how proud I am that the Development Bank of Jamaica (DBJ), which falls under MEGJC is once again leading the charge in pursuing creative and innovative means of ensuring sustainable social and economic growth for Jamaica.

The DBJ is joined in this initiative by the World Bank which has been an excellent partner to Jamaica throughout the years and has worked with successive governments on projects that are too numerous to mention, and I wish to commend both organizations for their efforts.

Ladies and gentlemen, our hosts have asked me to make brief remarks on the benefits of Lines of Credit to Micro Small and Medium Enterprises as well as the relevance and impact of the environment and climate change to the financial sector and small businesses. I will therefore do my best to comply with their request.

I am sure this room is convinced about the potential of the MSME sector to promote growth and strengthen the resilience of the Jamaican economy otherwise we would not be here today.

MSMEs in Jamaica employ some 80 percent of the labour force. They serve as valuable partners to larger enterprises as suppliers and providers of support services. They also serve as incubators for new talent, new products and new entrepreneurs.

However, it is a fact that one of the biggest challenges to this sector is the lack of access to appropriate capital from the banking sector and capital markets.

Ladies and gentlemen, the Development Bank of Jamaica remains one of the primary lenders to the productive sector through its extensive branch network of Accredited Financial Institutions (AFIs) which include all commercial banks as well as other lending institutions.

The benefits have been tangible. In the 2015-2016 Financial Year, MSME loans totaling just over J\$6 billion disbursed by the DBJ and new investments totaling over J\$12.25 billion led to the creation of 8,660 new jobs and the maintenance of 15,200 jobs.

Steps by the DBJ to increase the attractiveness of the Credit Enhancement Facility to Accredited Financial Institutions (AFI) resulted in an increase in the amount of guarantees and resulted in amendments to the facility to allow available guarantee coverage for both DBJ and AFI funded loans.

The Bank is also taking steps to drive down the level of interest paid by MSMEs which is a deterrent to productive enterprise.

In recognition of the potential of the MSME sector as the ‘Engine of growth’ for the nation’s development, we will continue to take the necessary steps that will enable entrepreneurs to turn their ideas into reality, and promote innovation and capacity building that will strengthen the sector, and help the country to achieve its “5 in 4” growth target.

But in doing so, we remain mindful of the implications and potential negative impacts of environmental degradation and climate change which call for renewed focus in ensuring that our industries and economies are robust and resilient.

Crucial infrastructure related to our energy, water supply systems, roads as well as buildings and our centers of production are all vulnerable to natural disasters, which scientists are predicting will become more frequent and catastrophic due to the effects of climate change.

However, the country is moving towards the implementation of green economy policies through increased investment in renewable energy projects and instituting energy-efficiency programmes.

Last year I had the pleasure of launching the Green Economy Scoping Study for Jamaica. The premise of the study is that 'greening' the Jamaican economy will provide a robust engine for economic growth and job creation.

It is a generator of jobs, which is a vital strategy for the elimination of poverty, and a pathway to prosperity for our people and our country.

The Study sets out several options of enabling conditions for the five sectors covered under the scoping study - Agriculture, Construction, Energy, Tourism and Water. The five targeted sectors in the Scoping Study were selected to be the first for examination under the Project due to their direct impact on the environment as well as their contribution to the economic growth and development of Jamaica.

These sectors are the country's primary foreign exchange earners, the largest consumers of water, and significant energy consumers. They provide a response to challenges facing the country such as poverty, inequitable sharing of prosperity and environmental degradation.

How do financial institutions fit into this equation? First there has to be recognition of the enormous growth potential of the "green economy" as well as its impact on Jamaica.

Climate change and the environment are the new and emerging "big business" and governments are pumping hundreds of millions of dollars into making their economies resilient to climate shocks and shoring up the environment.

The Peoples' Republic of China as one example, is in the process of constructing vertical forests which are essentially trees growing on high rise construction towers. The first tower in the Pukou district of Nanjing is being constructed and when completed, it will have over 1,000 trees, 2,500 cascading plants and shrubs. It will help to regenerate local

biodiversity, and will absorb 25 tons of Carbon Dioxide (CO²) each year and will produce about 60 kilograms of oxygen per day.

Access to finance for this sector is critical and so on a practical level, financial institutions could supply the investment needed and also develop new financial products to encourage and achieve sustainable development, for example in energy efficiency, and here again I must single out the DBJ for commendation.

The Bank continues to support the national efforts toward energy conservation, energy efficiency and the adoption of renewable energy solutions by providing and promoting financing for energy investments through its AFIs and MFIs.

DBJ loan financing for energy projects while focused on MSMEs is available to all businesses and is not restricted to those in the productive sector. The Bank also provides loans for training and conducting energy audits as well as for suppliers of energy equipment.

As businesses become more energy efficient and as the supply of local renewable energy grows, energy demand falls and energy importation along with it. With reduced overhead from energy costs, businesses become more competitive and can reinvest their savings. The decisions that are good for individuals become good for the country.

In closing, I take this opportunity to thank the DBJ and the World Bank for their hard work and dedication to Jamaica and our people.

Undoubtedly the path to resilience and prosperity must promote inclusive growth and opportunity for all Jamaicans and I have no doubt that the initiatives being undertaken by both entities will redound to the benefit of all.