



## **VOLUME 1: EXECUTIVE SUMMARY OVERALL STRATEGY AND IMPLEMENTATION PLAN**

### **Formulation of a Diversification Strategy and Implementation**

Ref: PE1-A-01 EDF/2012/022-912

To

**Strengthening the Development of Small and Medium Enterprises of the OCTs in the  
Caribbean Region (COSME)**

By

**A-Z Information Jamaica Limited**

**January 30<sup>th</sup>, 2017**

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January 30, 2017

The Financial Secretary (FS)  
Ministry of Finance  
Government of the Virgin Islands, UK (VI)  
Deputy Regional Authorizing Officer (DRAO)

**Re: Formulation of a Diversification Strategy and Implementation for Caribbean OCTs**

Dear Sir/Madam,

A-Z Information Jamaica Limited (A-Z) is pleased to have finally completed a draft of the Overall Diversification Strategy and Implementation for Caribbean OCTs. The purpose of the project, as outlined in the Terms of Reference included the following:

1. To assess the socio-economic fabric of all OCTs,
  - a. Outline their current economic structure,
  - b. Define the role of SMEs in the economic growth of the OCTs and
  - c. Identify potential bottle necks/challenges affecting the full growth potential of SMEs within current structure.
2. Based on the current economic structure
  - a. Identify priority economic sector(s), island specific sub-sectors to the priority sector or alternative but compatible sector and facets offering potential diversification of the economy in general and growth in the SME sector in specific, subsequently
  - b. Forecast the economic trends of the highlighted sectors (both sub-sectors as new sectors).
3. Formulate island specific diversification strategy and Implementation Plan, outlining the roadmap of SME development on each OCT or group of OCTs. The strategy should also incorporate SME creation amongst a wider population range e.g. youth and women.

We feel that the report has addressed in full the above issues plus others, as it relates to the Caribbean OCTs.

The project involved extensive secondary and primary research and included extensive consultations with a wide cross section of key stakeholders. The Final Report is divided into three volumes:

**Volume 1** in which this letter is incorporated, provides an Executive Summary and summarizes the Diversification Strategy and Implementation Plan

**Volume 2** which presents the overall Background, Main Findings and Recommendations emanating from the project

**Volume 3** is the main body of the report that contains most of the literature review, data analysis, main findings, and country information Appendices. The contents of the chapters are summarized as follows:

CHAPTER 2	<ul style="list-style-type: none"><li>• Chapter 2 presents an introduction and detailed description of the background to the project.</li></ul>
CHAPTER 3	<ul style="list-style-type: none"><li>• Chapter 3 details the approach and methods used by the Consultants from A-Z Information Jamaica Limited in collecting and analyzing the data presented throughout the Report .</li></ul>
CHAPTER 4	<ul style="list-style-type: none"><li>• Chapter 4 presents the main findings from the secondary and primary research conducted by the Consultants. It also provides an analysis of the the sectoral contribution to GDP of OCTs, a comparative analysis of the economic structures of Caribbean OCTs as well as a literature review of the major development plans, policies and other documents developed by or for OCT Governments</li></ul>
CHAPTER 5	<ul style="list-style-type: none"><li>• Chapter 5 provides a detailed description of the various tools for diversification such as the Product Life Cycle (PLC) as well as the reasons for and criteria for diversification.</li></ul>
CHAPTER 6	<ul style="list-style-type: none"><li>• Chapter 6 also focuses on diversification but zones in on the existing and potential opportunities and challenges faced by Governments and SMEs in OCTs as well as mitigating actions.</li></ul>
CHAPTER 7	<ul style="list-style-type: none"><li>• Chapter 7 provides an economic diversification strategy OCTs and examines the optimal level of diversification for each OCT economy. The chapter also presents numerous opportunities which may be accessed by youth and women in new industries.</li></ul>
CHAPTER 8	<ul style="list-style-type: none"><li>• Chapter 8 presents the model developed by the Consultants which is used to forecast the economic trends of each OCTs' external and internal sectors.</li></ul>

**Volume 3** also contains the Appendices including the Terms of Reference, Data and Comparative Analysis of OCTs, Data Collection Instruments and the detailed analysis of the survey findings.

In using the report, the high-level users and decision makers who may wish to focus only on the key activities and strategies may be particularly interested in Volumes 1 and 2. Analysts and other policy makers should be interested in the deeper analyses contained in Volumes 3 which incorporate the more in depth work carried out over the course of this project.

It should be noted that there were some delays during the course of the project due to the longer than expected time required to collect the relevant data on the various OCTs (i.e. getting responses to the survey as well as gathering statistical data), develop a suitable methodology to apply across the OCTs, and analyze the findings.

Based on the findings, Governments of the OCTs have great opportunities to improve the diversification, efficiency and productivity of their economies; and in many some cases can generate significant impacts without the need for significant financial outlays.

We give special thanks to the COSME Programme Management Unit (PMU) based in the BVI as well as various stakeholders in the OCTs for their feedback, guidance and support throughout the project.

Sincerely



Noel Watson, PhD  
CEO

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## EXECUTIVE SUMMARY, STRATEGY AND IMPLEMENTATION PLAN

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## 1.0 EXECUTIVE SUMMARY

As outlined in the Terms of Reference, this project entitled “Formulation of a Diversification Strategy and Implementation”, is part of the overall project “Strengthening the Development of Small and Medium Enterprises of the OCTs in the Caribbean Region (COSME)” which aims to “To contribute to the economic diversification and prosperity of Caribbean OCTs by improving the competitiveness of SMEs in the territories”.

In executing this project, the consultants carried out primary research by way of missions to all 12 OCTs between February and April of 2016 during which consultations were held with key private and public sector entities and individuals using specifically designed data collection instruments. The consultants also engaged in extensive secondary research by examining documents and data on each Caribbean OCTs as well as other Small Island Developing States (SIDS) as well as the literature examining challenges for SIDS. The documents helped to identify what policies, plans and strategies are already in place in the OCTs and therefore guided the consultants in their approach.

The findings from the primary and secondary research were analyzed using various tools including the Product Life Cycle Model, The Boston Consulting Group Model and the Ansoff Growth model which provided approaches to examining economic sectors and markets thereby providing guidance in identifying a balanced combination of sectors for OCTS. The details of the analysis can be found in Chapter 4 of Volume 3. There are also recommendations per sector based on emerging, growth, mature stages which can be found in Section 3 of the Country Information Appendices to Volume 3.

OCTs have many things in common when they are compared with larger countries (such as being relatively small markets with a heavy dependence on tourism), however when they are compared amongst themselves they also have several differences such as in GDP per capita, unemployment rate, vulnerability to natural disasters, exchange rates to the US\$, natural endowments, etc. These differences are pointed out in Chapter 3 of Volume 3.

This study finds that there is scope for all OCTs to enhance the level of diversification of their economies even though this varies as some OCTs are already quite diversified whilst others are in the process of implementing diversification strategies. In terms of major economic pillars, the main options for OCTs to include in their diversification are typically tourism, financial services, professional services, and Government. However, there are several other emerging areas that OCTs should consider such as ICT related activities, renewable energy, modern agriculture and fishing. An important strategy in diversification process is to ensure that specific initiatives are put in place to develop and grow the sectors in which the OCT wishes to diversify. For example, an OCT that depends on a single pillar, such a tourism, should select other sectors such as financial services and ICT and put in place the policies, plans and measures necessary to develop and grow these sectors so that they contribute more to GDP and as a result to the diversification process. Rather than driving this development and growth in such sectors only by foreign or government investments and initiatives, MSMEs should be involved from the start. This requires introducing sector specific MSME polices which amongst other things facilitate the development of the capacity of MSMEs, promotes collaboration amongst MSMEs, promotes innovation

and public private partnerships, and pinpoints specific opportunities and expected rates of return on investment. Similarly, the same approach should be used to generate greater involvement of MSMEs in the existing main pillars. If MSMEs are more integrated in the diversification process, this could help to make the economy more resilient as it would spread risks over more players. The above issues are discussed more thoroughly in Volume 3 of this report. The models presented in the Country Information Appendices to Volume 3 and provided in spreadsheets can be used by OCTs to provide guidance on how the level of diversification is affected by stimulating development and growth in different sectors.

The main findings of this study, which are outlined in more detail in Volumes 2 and 3, include the following:

### **Policies, Plans and Strategies**

There is variability in the number of development of policies and plans in place between OCTs. For example, Montserrat has a National Sustainable Development Plan and several sector policies while Anguilla and the Cayman Islands have fewer plans. However, the implementation of policies and plans is a major concern in OCTs; the BVI has recognized this and responded by putting in place a Financial Services Delivery Unit (which comprises private and public sector representatives) to guide the implementation of reforms/initiatives that the McKinsey Report has recommended for the financial services sector.

The OCTs need to develop sector specific policies for MSMEs in order to strengthen the participation of SMEs in each sector. The TCI gets close to this with its MSME Ordinance and the identification of priority sectors, however the sector specific policies are not yet in place.

### **Opportunities in different economic pillar/sectors**

Tourism is the most dominant pillar/sector across Caribbean OCTs and plays a significant role in their economies. Some OCTs have specialty areas in their tourism such as diving in Bonaire, St. Eustatius, Cayman Islands, and Turks and Caicos Islands. Yachting is also a specialty area in St. Maarten, BVI and St. Barths. These specialty areas should be encouraged because they often attract persons of relatively high net worth and high spending power. An overdependence on Tourism can be quite risky for an OCT because the sector can be affected adversely by global factors such as a downturn in economic performance of the main tourism market; the opening up of a new destination; the issuing of a travel warning; etc. In addition, the yield on tourism is low when compared to other sectors such as financial services (see more detailed discussions throughout Volume 3).

The International financial services sector is either mature or growing in most OCTs and is the dominant pillar in the Cayman Islands and the BVIs. The higher per capita income in Cayman and the BVI is related to the contribution of this high yield sector. The sector also has its risks given recent developments on the international scene such as the Foreign Account Tax Compliance Act (FATCA) and the Panama Papers, etc. This sector can still be a very important pillar in OCTs, however OCTs must be active and

dynamic in ensuring that they are compliant with the international requirements, have a robust legislation, have a well-regulated sector, have a good mix of products, etc. It is recommended that other OCTs should aim to learn from the Cayman Islands and the BVI as it relates to operating successfully in this sector. The McKinsey Report, which is being implemented by the private sector and the Government in the BVI, should be examined by other OCTs.

The pursuit of opportunities to increase the contribution of ICT to GDP is on the agenda of all OCTs which makes sense in this information and technology driven era. Some OCTs, such as St. Barth, are actively pursuing the steps to becoming a SMART Island. ICT is an emerging or growth sector in OCTs and in the diversification efforts is important to view it not only as a facilitator of other sectors but also in terms of ICT as a business e.g. App development for electronic devices. The use of ICT is an important way that OCTs can reduce any disadvantages due to being small or not being accessible easily or at low cost. OCTs can use the internet to promote their unique and idyllic range of offerings that render them attractive to high net worth visitors.

Professional services and administrative services are strategic sub-sectors that contribute significantly in some OCTs, especially those in which the financial services industry is a major pillar and are heavily dependent on the services of lawyers, accountants, actuaries, etc. OCTs should provide incentives to their nationals/belongers to develop their skills and competencies in professional and administrative services so that the reliance on expatriates can be reduced and ultimately these services can be exported. The Diaspora population could be called upon in such initiatives.

In terms of energy several Dutch OCTs have important pillars that are related to fossil fuels, namely Curacao, Aruba, Bonaire, and St. Eustatius. Renewable energy is an emerging sub-sector and several OCTs, especially the Dutch OCTs, are well advanced in initiatives to have 100% of their energy needs met between 2020 and 2030. Montserrat is undergoing significant work in developing geothermal energy and hopes to be able to satisfy its energy needs as well as export between 2020 and 2030. With the natural abundance of solar, wind and other forms of renewable energy in the OCTs and the falling costs of photo-voltaic panels and other inputs, initiatives in this sector should be pursued actively and will result in import-substitution and the saving of scarce foreign exchange resources. There are opportunities for all OCTs in this sub-sector.

There are also opportunities in solid and liquid waste separation and recycling in OCTs which make sense from an environmental and financial perspective.

There are some OCTs that have emerging or mature offshore education exports in the form of Offshore Medical school. For example, St. Maarten and Saba have such schools. This is definitely an area that OCTs should pursue more actively because these schools provide significant boosts to the tourism, wholesale and retail, transport and other sectors of the economy. Another good example is St. George's University in Grenada which is estimated to contribute about 20% of the country's GDP.

Modern agriculture is an emerging sub-sector for OCTs. Agriculture typically contributes less than 1% of GDP in OCTs, however with increased use of modern techniques in farms and/or backyards, it is possible to increase this contribution to 2-3%. Given the shortage of (quality) land, it is important that OCTs maximize the productivity of land by utilizing it more intensively and effectively. Modern agricultural techniques such as hydroponics or vertical farming systems should be deployed in OCTs for the purpose of import substitution, food security, food safety, and linkages with the tourism industry. Realistically, with the constraints in terms of the quantity and quality of land as well as the competing uses/opportunity cost of using land (e.g. for tourism and real estate development), it is unlikely that agriculture will become a dominant or major sector in any OCT in terms of contribution to GDP but there is definitely scope to increase productivity and contribution.

Fishing is also identified as a sub-sector that OCTs should pursue more actively given that they have significant Exclusive Economic Zones (EEZs). Like agriculture, fishing typically contributes less than 1% to GDP in OCTs but there is great scope to improve this to 1-2% by using technology to exploit more intensively their fisheries resources while not overfishing or damaging the reefs, etc. Lessons can be learned from other SIDs where fishing makes a greater contribution to GDP. These opportunities are discussed in greater detail in Volume 3 of this report.

Government is a dominant or major sector in all OCTs typically accounting for a significant proportion of GDP. Whilst it is important that Governments provide quality goods and services to enable, support and protect the society, it is important that the contribution to GDP does not crowd out or grow more rapidly than export and strategic sectors such as tourism, financial services, ICT, and professional services.

### **Optimal Diversification**

The consultants categorized each economic pillar/sector in OCTs based on the contribution to GDP, for example a dominant pillar was defined as one contributing 15% or more of GDP, a major sector contributing 10-15% of GDP, a minor pillar contributing 5-10% of GDP, and emerging sectors typically contributing less than 5%.

Some OCTs are dominated by a single pillar such as Aruba. Saba, St. Eustatius, TCI and BVI are economies with two significant pillars. There are some economies such as Curacao and Bonaire which are quite well diversified. The Cayman Islands is in the process of diversifying its economy from being highly dependent on two pillar.

The consultants divided OCTs into four different categories/baskets based on their population size and suggested ideal diversification for OCTs in terms of the number of dominant, major minor, and emerging pillars. Overall about 3-4 dominant or major pillars was deemed as optimal for OCTs. The consultants recommended that strategies be implemented to stimulate more rapid and healthy growth (relative to other sectors) in selected minor and emerging sectors such as ICT, in order to produce optimal diversification.

In terms of optimal diversification of the economy, it was recommended that OCTs not only diversify across sectors but also diversify within sectors (e.g. stimulate activities in various forms of tourism such as sand, sea and sun; eco-tourism; health and wellness tourism; education tourism; etc.). In financial services it was recommended that OCTs aim to be involved in a mix of offshore financial services.

### **Involvement of SMEs and women and youth**

The consultants identified several activities in both traditional and non-traditional sectors in which SMEs could readily participate – these are outlined in section 1.2.8 of Volume 2 and Chapter 5 of Volume 3. Section 6.3 of Chapter \*\*\* in Volume 3 provides an extensive list of opportunities for women and youth who may lack (access to) financing, need flexibility in hours of employment or cannot find appropriate employment. OCTs need to move with urgency to structure the opportunities for SME within each sector, especially in tourism and government where there are numerous opportunities for the involvement.

### **Challenges**

The report outlines the main challenges and constraints faced by OCTs, including small market size, shortage of professional and technical workers, limited access to capital, limited access to the island, susceptibility to national disasters (especially in the British OCTs), etc. With respect to each challenge, mitigating actions are outlined (this can be seen in section 1.2.8 of Volume 2 and Chapter 5 of Volume 3).

### **Model of Economic Sectors and Forecasting**

The model and forecasts, outlined in Chapter 8 of Volume 3 and in Section 5 and 6 of the Country Information Appendices, demonstrate how OCTs can move towards optimal diversification over the next 5-10 years. The models will be made available to OCTs in a spreadsheet format and allow them to make forecasts including sensitivity analyses if they change the values of parameters and variables.

### **Collaboration across OCTs**

In the recommendations in the final Section of Volume 2, the consultants made recommendations on approaches to regional economic synchronization and collaborations across OCTs with the objective of enhancing the competitive edge of the SMEs across the OCTs and increase economies of scale and scope thereby enhancing the economic presence/ significance of the Caribbean OCTs within the wider Caribbean, the region and worldwide.

Collaborations were recommended in the following areas:

- a. Collaboration on Development and Implementation of Policies, Plans and Legislation
- b. Collaboration in Sharing Diversification Strategies and Activities
- c. Collaboration in Establishing Centres of Excellence
- d. Collaboration in Training

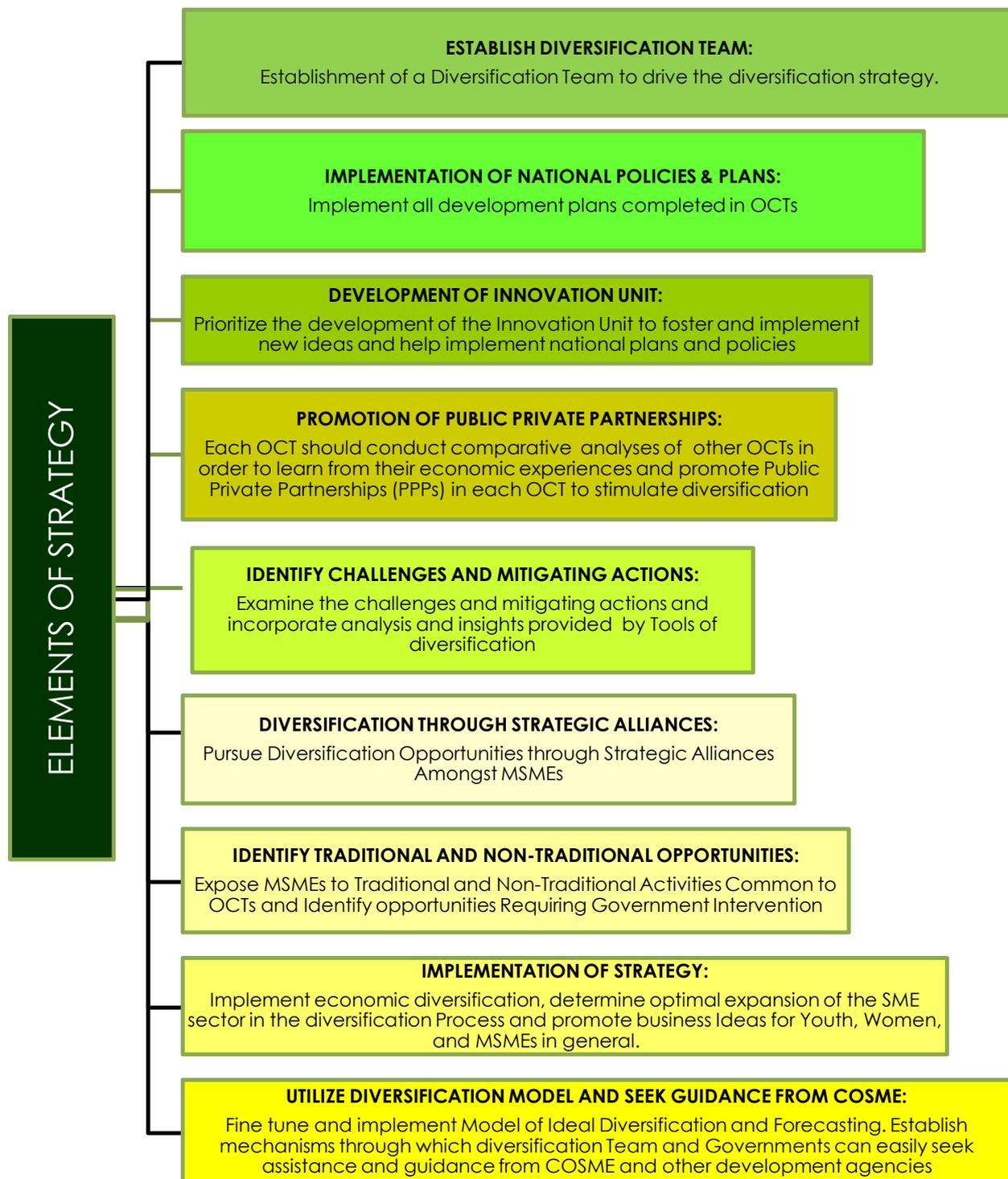
e. Collaboration amongst OCT Chambers of Commerce

In addition, it is recommended that SMEs in the relevant subsectors should be brought together periodically in each OCT and regionally to exchange lessons learned and new methods. A mechanism, possibly online, should be put in place to ensure that the knowledge is transferred to SMEs that are unable to participate in such exchange sessions.

The Consultants also recommend the introduction of coaches/mentors/trainers with sector-specific specialization which could be shared across OCTs. For example, Saba might not have a resident on-island mentor with demonstrable experience in small hotel management but could benefit from the shared resource.

The consultants also recommend the development of how-to-manuals to start and run several types of businesses.

## 2.0 SCHEMATIC REPRESENTATION OF KEY ELEMENTS OF STRATEGY



### 3.0 ECONOMIC DIVERSIFICATION STRATEGY AND IMPLEMENTATION PLAN

The strategies outlined in this Volume of the Report are essentially those laid out in Volume 2: OCT Executive Summary Report; however the responsibility, start date, ease of implementation and level of priority in terms of economic diversification are also included (Table 1 below). The strategies are presented under broader headings including:

- Implementation of existing Development Plans
- Innovation Strategies
- Public Private Partnerships (PPPs)
- Comparative Analysis of Other OCTs
- Challenges and Mitigating Actions
- Tools of Diversification
- Diversification Opportunities through Strategic Alliances Amongst MSMEs
- Traditional and Non-Traditional Activities Common to OCTs
- Opportunities Requiring Government Intervention
- Economic Diversification Strategy
- Optimal Expansion of the SME Sector in the Diversification Process
- Business Ideas for Youth, Women, and MSMEs in General
- Model of Ideal Diversification and Forecasting
- Assistance and Guidance

It should be noted that all of the strategies are supported by extensive work presented in the other Volumes of this report so the reader can probe more deeply where necessary. In terms of ease of implementation and level of priority, the following scoring system is provided as a guideline.

- **Ease of Implementation: 10** = Easy to implement by Government “low hanging fruit”; **8= Major decision involving Government and COSME, 7=** Major decision involving Government and other local stakeholders, **5=** Major decisions involving Government, wider consultations and foreign stakeholders, **3=** Major decision requiring other donor funding or major predecessor activities, **1=** Major decision requiring a referendum, extensive consultations and significant funding

- **Level of Priority:** **10** =High Priority – Critical for national development; **7** = Medium to High Priority – Very important for national development; **5** = Medium priority – Important to National Development; **3** = low-medium priority - Moderately important to National Development; **1**= low priority – Minor importance to national development

The Consultants recommend that all strategies be implemented according to the timeframe indicated below and wish to draw attention to the fact that some are low hanging fruits which are relatively easy to implement in each OCT.

**Table 1: Strategy and Details of Implementation**

Required Activity	Strategy	Responsibility	COSME Assistance	Start Date	Ease of Implementation	Level of Priority
1. Establish a Diversification Team to drive the diversification strategy	Diversification Team should be given responsibility and resources to drive the diversification strategy. The Team should have persons from the public sector (planning, finance and ICT) and persons from the private sector (Chamber of Commerce and a few influential business persons and a few capable micro-entrepreneurs). Mechanisms should be set up so the team works in tandem with any other National level Committee(s), such as the Financial Services Delivery Unit in BVI or the Team implementing the Labour Market Strategy in Montserrat or the Innovation Units in other OCTs, or a PPP with the Chamber of Commerce in the Cayman Islands	Government - main driver 1. Cabinet 2. Unit responsible for Planning 3. Sector Ministries 4. Private sector - Industry leaders, especially through the Chambers of Commerce	Assist in drawing up the TOR for the Team and training the team in monitoring & implementation, etc.	1 Qtr 2017	10	10

Required Activity	Strategy	Responsibility	COSME Assistance	Start Date	Ease of Implementation	Level of Priority
2. Implement all sector and development plans especially infrastructure projects such as the expansion of T. B. Lettsome Airport in BVI or the Carr's Bay/Little Bay development in Montserrat.	Establish a high level cross functional committee with private sector involvement to re-establish and drive the implementation of national plans (should work closely with each OCT Diversification Team and have at least one member from the Diversification Team). This needs to start from and have buy-in at the highest level. This may require capacity building of some Chambers of Commerce, especially in the British OCTs.	OCT Governments - main driver 1. Cabinet 2. Ministry responsible for Planning 3. Sector Ministries 4. Private sector - Industry leaders especially through the Chambers	Coordinating assistance from COSME and training in project implementation	2 <sup>nd</sup> Qtr 2017	5	10
3. Prioritize the development of Innovation Units in OCTs to foster and implement new ideas and help implement national policies and plans	Provide capacity building to Innovation Units and benchmark some of the Innovation strategies in St. Maarten, TCI, Cayman Islands and St. Barths	OCT Governments to lead in collaboration with the relevant Business Support Organisations (BSOs)	Coordinating assistance from COSME to facilitate sharing of ideas amongst OCTs	1 <sup>st</sup> Qtr 2017	10	10
4. Promote more Public Private Partnerships	Deepen and broaden tri-partite discussions between the	OCT Governments – Chambers of	Capacity building for the Chambers of	1 <sup>st</sup> Qtr 2017	10	5

Required Activity	Strategy	Responsibility	COSME Assistance	Start Date	Ease of Implementation	Level of Priority
(PPPs) to stimulate diversification	government, the private sector and the unions to address issues relating to diversification. Governments should work with the Chambers of Commerce and other BSOs including those associated with MSMEs to provide a stronger link with the private sector (and labour) to offer services such as business training, mentoring and motivational seminars, technical assistance & counselling, Loan Guarantee Programmes.	Commerce and representatives of Labour	commerce as well as providing opportunities to share with Cayman Chamber and Chambers in Dutch OCTs			
5. Carry out a comparative Analysis of each OCT with other OCTs and SIDS in order to learn from their economic experiences	Diversification Team in each OCT should explore economic activities in other OCTs and identify opportunities for MSMEs in their home territory	OCT Governments, Ministries responsible for Planning, Diversification Teams	Assist Team in design and execution of Exploratory Mission to other OCTs	2 <sup>nd</sup> Qtr 2017	7	5
6. Examine the Challenges and Mitigating Actions outlined in Section 6.0 of Volume 3	Diversification Team in each OCT along with experts from other disciplines (private and public sector) should examine the intensity of challenges and implement the mitigating factors outlined in Section 6.0 of Volume 3 of the main report in a systematic way.	OCT Governments – Ministry responsible for Planning, Diversification Team with support from the private sector (BSOs)	Assist multidisciplinary team in designing a methodology to conduct their analysis	1 <sup>st</sup> Qtr 2017	7	7

Required Activity	Strategy	Responsibility	COSME Assistance	Start Date	Ease of Implementation	Level of Priority
7. Incorporate Analysis and Insights provided by Tools of Diversification	Diversification Teams should examine findings and recommendations closely and refine the findings based on Ansoff Growth Model, BCG Matrix and Product Life Cycle (PLC). Some important activities by different stakeholders are identified under the PLC analysis.	OCT Governments – Ministry responsible for Planning with support from the private sector (BSOs), and Diversification Team	COSME could provide training and guidance to refine findings, utilize various measures, and implement some of the actions listed in the PLC analysis.	1 <sup>st</sup> Qtr 2017	10	7
8. Pursue Diversification Opportunities through Strategic Alliances Amongst MSMEs	Each Diversification Team should set up an inventory of skills and resources which identifies the assets of different SMEs so that these can be more easily tapped to foster strategic alliances. MSMEs with complementary assets can then examine opportunities for strategic alliances. For example, MSMEs that are cash rich or have access to funds could be matched with those that have other valuable assets and ideas but are cash deficient.	OCT Governments – Ministry responsible for Planning and relevant BSOs, Diversification Team,	COSME should work with OCT Governments to identify opportunities for strategic alliances within MSMEs and put together a strategy to foster such alliances and demonstrate the clear win-win opportunities	1 <sup>st</sup> Qtr 2017	7	7
9. Expose MSMEs to Traditional and Non-Traditional Activities Common to OCTs that are laid out in Volume	Diversification Team should organize seminars, workshops and other sessions to provide business and marketing information to MSMEs with	OCT Governments – Ministry responsible for Planning and Relevant BSOs	COSME could provide training, supporting workshops, developing	1 <sup>st</sup> Qtr 2017	10	10

Required Activity	Strategy	Responsibility	COSME Assistance	Start Date	Ease of Implementation	Level of Priority
3 and could be implemented successfully in the local economy	respect to how to start or develop businesses and operate them successfully in some of these traditional and non-traditional activities.		manuals, etc. as well as help to create linkages across OCTs.			
10. Focus on opportunities requiring Government Intervention (see Vol. 3)	Each Diversification Team should work with Government to identify, prioritize, drive and monitor critical initiatives requiring Government intervention.	OCT Governments – Ministry responsible for Planning and Relevant BSOS, Diversification Team	Assistance in planning	1 <sup>st</sup> Qtr 2017	7	7
11. Implement Economic Diversification Strategy (see Volume 3)	Diversification Teams should examine risk minimization and growth optimization strategies and make recommendations accordingly taking into account diversification within sectors and diversification across sectors and involvement of the MSME sector.	OCT Governments – Ministry responsible for Planning and Relevant BSOS, Diversification Team	Provide training for diversification team in outlining and executing diversification strategy in an optimal manner	2 <sup>nd</sup> Qtr 2017	7	10
12. Determine Optimal Expansion of the SME Sector in the Diversification Process	Provide long term sustainability of MSMEs by strengthening capacity of the MSME sector, implementing the MSME policy, completing the sector readiness assessment, and determining priorities for the sector.	OCT Governments – Ministry of Planning and Relevant BSOS, Diversification Team	Provide support to OCT Governments and diversification team in optimal expansion of MSME sector	2 <sup>nd</sup> Qtr 2017	7	10
13. Promote business Ideas for Youth, Women, and MSMEs in General	Develop mechanism and communication strategy to promote business ideas and get the involvement of targeted	OCT Governments – Ministry of Planning and Relevant BSOS, media	Assist with setting up mechanism and communication strategy	2nd Qtr 2017	10	10

Required Activity	Strategy	Responsibility	COSME Assistance	Start Date	Ease of Implementation	Level of Priority
14. Fine tune and implement Model of Ideal Diversification and Forecasting	OCT Governments and their Diversification Team should further customize the Model of Ideal Diversification, fine tune the parameters and use it to run different scenarios and then implement the ideal diversification strategy accordingly.	OCT Governments – Ministry of Planning and Relevant BSOs, Diversification Team	COSME should assist in providing training to OCT Governments and diversification team	1st Qtr 2017	10	10
15. Establish mechanism through which diversification Team and OCT Governments can easily seek assistance and guidance from COSME and other development agencies	Diversification team and OCT Governments should meet with the COSME team and set in place a mechanism that is not too bureaucratic in which COSME support can be obtained	OCT Governments	COSME to communicate clearly to OCT Governments and BSOs how, when and where it can assist	1 <sup>st</sup> Qtr 2017	10	10
16. Establish mechanism to facilitate collaboration amongst OCT as outlined in Volume 2 recommendations	OCT Governments, Chambers of Commerce, MSME organisations should meet with the COSME team and set in place a mechanism that will facilitate on-going collaboration to foster economies of scale and scope	OCT Governments, Chambers of Commerce and BSOs	COSME to assist in setting up the collaboration mechanism	1 <sup>st</sup> Qtr 2017	10	10

## 4.0 CONCLUSION

Based on extensive primary and secondary research carried out in this study and reflected in the various chapters, the Consultants are confident that the OCTs can enhance the performance of their economies by implementing the above strategies, especially as in most cases the required actions are very easy to implement. In order to further enhance the effectiveness of the strategies outlined above the Government should:

- Give significant thought to the composition of the Diversification Team set up to implement the strategies. Consideration should be given to setting up a mechanism in which the Diversification Team works with the Financial Services Sector Delivery Unit set up to drive reforms in that Sector.
- Ensure that the Diversification Team functions and is assessed and rewarded based on the implementation of planned results.
- Seek the support of COSME and other development agencies wherever possible.