



Government of the Republic of Trinidad and Tobago

Ministry of Trade and Industry

***Graduation for
Cohort 2
Scale up Trinidad and
Tobago***

FEATURE ADDRESS

SENATOR THE HONOURABLE PAULA GOPEE-SCOON
MINISTER OF TRADE AND INDUSTRY

FEBRUARY 28TH, 2023

SALUTATIONS

- Mr. Nigel Edwards-Executive Director, Trinidad and Tobago Unit Trust Corporation
- Professor Daniel Isenberg-Chief Executive Officer, Entrepreneurship Policy Advisors
- Members of the Enterprise Leadership Team of the Trinidad and Tobago Unit Trust Corporation
- Members of the Selection Committee for Scale Up TT
- Graduating Members of Cohort 2 of Scale Up TT
- Specially Invited Guests
- Members of the Media
- Ladies and Gentlemen

Good afternoon.

It is indeed a pleasure for me to deliver remarks at today's graduation ceremony for the 2nd Cohort of the Scale Up Trinidad and Tobago Business Accelerator Programme (Scale Up TT). The Programme is a strong collaborative effort between the Ministry of Trade and Industry (MTI) and the Trinidad and Tobago Unit Trust Corporation (UTC) to grow and develop Small and Micro Enterprises (SMEs) in Trinidad and Tobago by providing them with the necessary training, skills and tools to pivot their business.

Looking very broadly, according to the World Bank, SMEs play a major role in most economies, particularly in developing countries. SMEs account for the majority of businesses worldwide and are important contributors to job creation and global economic development. They represent about 90% of businesses and more than 50% of employment worldwide. Formal SMEs contribute up to 40% of national income (GDP) in emerging economies. These numbers are significantly higher when informal SMEs are included.

Bringing this closer to home, SMEs are considered the lifeblood of developing countries like Trinidad and Tobago. In the local economy, SMEs contribute approximately 28% to the country's Gross Domestic Product. Furthermore, they account for 91% of all registered businesses and employ more than 200,000 persons.

Accordingly, when SMEs are negatively impacted, the economy of many countries, including Trinidad and Tobago, underperforms. The reality is that many SMEs were adversely affected by the Covid-19 pandemic and some economies are still recovering from its harsh effects. These companies have had to grapple with multiple challenges for almost two and a half years including reduced demand, disrupted supply chains, reduced access to finance, rising debt, escalating cost and business closure; so, it's been a hard two and a half years.

Based on data from the International Monetary Fund, World Economic Outlook, the baseline forecast for global growth in 2023 is 2.9%, which is lower than 3.4% in 2022 and significantly less than 6.1% in 2021. Although the global inflation rate is expected to fall from 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024, it is still above pre-pandemic (2017–2019) levels by approximately 3.5%. These are very concerning statistics, which is indicative of the need to implement targeted initiatives to recalibrate businesses and economies.

As the Government aims to build resilience and accelerate the transition towards more sustainable and inclusive growth, it is compelled to place greater attention on SMEs that scale up and harness the revenues, productivity, innovation, competitiveness and job creation they can bring. According to the Organization for Economic Cooperation and Development (OECD) Scalars are the engine of job and value creation. While they represent only 13% to 15% of SMEs, they contribute 47% to 69% of all new jobs. It is notable; the diversity in the Scale Up profiles of different SMEs demands a unique offering targeted to each SME. Adoption of a one size fits all approach will not work.

Scaling up encompasses the capacity of a firm to operate, in a sustained manner, on a larger scale and at a higher level of productivity, which may imply innovating, competing in a broader product space, entering new or international markets, or partnerships, or expanding networks. The question then becomes how do we successfully Scale up our SMEs?

In response, the Ministry collaborated with the UTC to execute the 2nd Cohort of this Business Accelerator Programme to Scale Up SMEs in Trinidad and Tobago given its success internationally. We could not be more pleased about this decision, which we will continue to take with regard to the 3rd Cohort, which we are prepared to implement as soon as possible. Scale Up TT provides companies with the necessary tools, skills and mindset to transform their businesses to increase their revenues, exports and employment, as well as strengthen the entrepreneurial ecosystem of SMEs in Trinidad and Tobago.

The testimonies of the graduates of the 1st Cohort of Scale Up TT are evidence of the success of the Programme, and we're excited to hear the testimonies of the 2nd Cohort as well. Collectively, all of these businesses achieved increased growth, increased exports, some entered new markets and, of course, new jobs were created—all of this was achieved over a period of approximately six (6) months from the commencement of the particular Cohort.

But today is all about you, the Graduates of the 2nd Cohort of Scale Up TT. Firstly, I congratulate you for making the bold decision to be part of this Programme. I acknowledge you for tangibly demonstrating ambition to scale-up your businesses by being part of this Programme. Having experienced the rigorous training by the knowledgeable and experienced facilitators at Economic Policy Advisors (EPA) I know that you are well positioned to pivot your businesses at this time.

My advice is that you must be committed to the process of implementing your individual strategies and business plans that have been clinically designed to take your businesses to the next level. You prepare yourselves, get ready for the challenge and stay the course. I assure you, it won't be simple but the results are worth it.

Additionally, you must see yourselves as agents of change not only in your respective businesses but within the various sectors or industries of which they you are a part. You must now provide the necessary guidance and mentorship to others that have not benefitted from the Programme. You must inspire others to succeed as you have.

As you progress, I want to emphasize that the Government is committed to supporting companies like your own. Accordingly, priority has been given to strengthening the entrepreneurship ecosystem in Trinidad and Tobago, to create an enabling environment where entrepreneurs can prosper and thrive. The entrepreneurial ecosystem brings together key entrepreneurial players, including the Government, private sector, academia, financial institutions, with the entrepreneur at the centre.

The Government has collaborated with several of these entrepreneurial players to provide a comprehensive suite of financial and other support measures, to address the challenges faced by new SMEs and catalyse their transformation.

One of the main obstacles to SME growth is access to funding. The International Finance Corporation (IFC) estimates that 65 million firms, or 40% of formal micro, small and medium enterprises (MSMEs) in developing countries, have an unmet financing need of \$5.2 trillion every year. In particular, SMEs in Latin America and the Caribbean face some of the greatest challenges in obtaining finance. In this regard,

Government has focused on ensuring that SMEs in Trinidad and Tobago have access to credible sources of financing through several facilities.

One such facility is the Long Term Loan Guarantee for Small and Medium-sized Enterprises (SMEs). This will be implemented through four banks quite shortly, as the Minister of Finance has already launched it. The Government has committed TT\$500 million in funding to be managed by First Citizens Bank Limited in collaboration with other commercial banks. The Loan Guarantee will cover 80% of the loan value and targets SMEs specifically in the non-energy sector. The loan will span 10 years and borrowers will receive a two (2) year moratorium on repayments.

SMEs also have the ability to list and access equity financing through the Junior Stock Exchange. In 2021, tax incentives were issued for newly listed SMEs, whereby these would benefit from a tax exemption on Corporation Tax, Business Levy and Green Fund Levy for the first five (5) years, after which they companies would be taxed at 50% reduction of these amounts.

Other Support Measures

The Government also collaborated with several agencies to execute myriad capacity building programmes geared towards boosting the pool of entrepreneurial talent and which complement the financial measures referred to previously.

The Export Booster Initiative, managed by exporTT, also provides funding to SMEs through its programmes including the International Certification Fund (ICF). The ICF specifically supports SMEs in achieving the quality and safety standards, which you would require for entrance into international markets and to satisfy franchises.

I am encouraged by the benefits of these and other initiatives that are already generating tangible returns. According to data from the Central Statistical Office (CSO), total exports for 2022 were estimated at TT\$83.2 billion, of which non-energy exports were valued at TT\$16.8 billion, representing a 29% increase from 2019. This robust performance was led by a resilient Non-Energy Manufacturing sector which demonstrated significant increases in exports from several subsectors.

You have to be part of this; those of you that are part of the manufacturing sector and all of those others that are engaged in the non-energy sector. You can look forward to exporting your goods and services and thereby contributing to increasing exports.

In closing, I recognize Mr. Nigel Edwards and the leadership team at UTC for collaborating with the Ministry in implementing this very transformative Programme in Trinidad and Tobago. We do look forward to working with you towards achieving the 3rd Cohort as well. I also acknowledge Professor Daniel Isenberg and the team of consultants at EPA for the successful execution of the 2nd Cohort and, of course, I want to congratulate the businesses. To the Scale Up Graduates, there is a high expectation is that your businesses will be repositioned to contribute increased revenues, exports and employment. I want to wish you the very best.

I leave you with the comforting words of Nelson Mandela - "It always seems impossible, until it is done."

I thank you.