

## **Ewart S Williams: Small and medium-sized enterprises in Trinidad and Tobago – challenges and priorities**

Opening remarks by Mr Ewart S Williams, Governor of the Central Bank of Trinidad and Tobago, at the Small and Medium-Sized Enterprises Seminar, Port-of-Spain, 24 November 2008.

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Good Morning and welcome to this very important Seminar on “*Developing Viable Small and Medium-Sized Enterprises in Trinidad and Tobago: Challenges and Priorities*”. The seminar is being jointly hosted by the Central Bank of Trinidad and Tobago; the Inter-American Development Bank; the Ministry of Labour and Small and Microenterprise Development; the Ministry of Trade and Industry; and the Ministry of Planning, Housing and the Environment.

I would like to thank the Honourable Prime Minister for gracing us with his presence, which underscores the importance that the Government places on Small and Medium-sized Enterprises (SME) development.

I would also like to take this opportunity to warmly welcome our guests from overseas – Dr. Erik Terk from the Estonian Institute for Future Studies and Mr. Martin Clemensson, the Chief of Small Enterprise Development at the International Labour Organisation. A special word of thanks to Mr. Iwan Sewberath-Misser, Country Representative at Inter-American Development Bank, and to the various Ministries who have lent much support to this event.

There is no doubt that the importance of the SME sector to the supply side of the economy is much more widely appreciated now than it used to be. While there is a dearth of reliable statistics, it is certain that the SME sector is a major provider of employment and makes an important contribution to the country's GDP.

In recognition of its critical importance, the SME sector has moved up the policy agenda and in fact, the sector has been identified as having a critical role to play in the economic diversification effort as envisaged in the Government's 2020 Vision.

SME development is currently being implemented across a very broad front by the Government, as well as by private-sector organizations. Initial steps have been introduced to use the education system to encourage an entrepreneurial culture – the idea that starting a business is a viable career option. The Government has established institutions to provide technical support, including training and advice as well as direct financial assistance to SMEs, fiscal incentives have been provided for SME development (though, perhaps this is not sufficiently known) and some private financial institutions have opened small business windows to service the sector.

Notwithstanding these increasing efforts, demand continues to outstrip supply, and there is the widely-held view that the SME sector is still underserved. Perhaps that is the main justification for this seminar – to provide an opportunity for small business entrepreneurs and associations, financial institutions, government bodies, the private sector as well as academic institutions to (a) examine the major challenges facing the sector; and (b) to identify some necessary priority actions that can contribute to building a more vibrant small business sector in Trinidad and Tobago.

Today's programme is organized around four (4) main themes (a) characteristics of the sector and the Constraints affecting SMEs (b) Fostering Entrepreneurship and Developing an Appropriate Business Environment, (c) Financing SME Development, and (d) Setting Priorities for SME Development.

One of the major obstacles to developing appropriate policies for the SME sector is the lack of an organized set of information on the sector, its contribution to national output, investment and employment. The **first session** of the Seminar is devoted to a discussion of these issues, drawing from the **preliminary findings** of two studies that are currently in the field.

The **second and third sessions** of the seminar take a more in-depth look at some key factors that are critical to fostering entrepreneurship and to the development of appropriate business environment, drawing on current best practices.

In the **final segment** of the programme, we have invited a number of associations connected to small and medium sized enterprises to identify some of the areas that need to be given priority, if SMEs are to play their role in the development and transformation of the economy.

The Central Bank has a deep involvement in small business development – not by actually providing financing ourselves, but in a catalytic way, by encouraging financial institutions to be responsive to the financing needs of SMEs. Recently, the Bank expanded its support for SME development through its National Financial Literacy programme. We are now in the final stages of preparing a SME Handbook, which is geared to helping small entrepreneurs better understand the business climate and to providing them with relevant material to assist in the effective management of their businesses. This handbook will cover issues such as product pricing, product distribution, marketing, sourcing finance, budgeting, the development of an appropriate business plan and the preparation of financial statements to mention a few.

Ladies and gentlemen, today's programme could not have come at a more opportune time, since we need our small business sector to bolster our economy's resilience to exogenous shocks, of the type we are facing currently.

I therefore welcome you all to the seminar and invite you to contribute to meaningful discussions which will further the development of our SME sector and redound to benefit our economy over the medium and long term.

I thank you very much for your participation and I again thank the various sponsors, speakers and all those who have contributed to make this seminar possible.

I wish you a most productive seminar.