



Trinidad & Tobago Chamber of Industry & Commerce 2015 Post-Budget Analysis



BUSINESS STIMULATION

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ROLE OF GOVERNMENT

- **“Obviously, Government is a vital part of society ... but ... it is the **SUPPORT** for the engine of the economy, it is not the engine itself.”** *Jack Welch*
- **Small and Medium Enterprises (SME’s) are a significant source of job creation and sustainable economic growth ... as they represent more than 95% of firms and up to 70% of employment in the Americas.”** *Statement from vice presidents and ministers of 15 western hemisphere countries at the 4th Annual Americas Competitiveness Forum (2010)*
- **Business is the sustainable engine and SME’s are a significant part of that engine**



SME's in T&T

	# of Employees	Assets TT\$ '000	Annual Sales TT\$ '000
Small Enterprises	6 - 25	\$250 - \$1,500	\$250 - \$5,000
Medium Enterprises	26 - 50	\$1,500 - \$5,000	\$5,000 - 10,000

- **CSO estimates that SMEs constitute 85% of registered businesses**
- **At the end of the last decade there were an estimated 18,000 SME's employing around 200,000 persons**

*"An Engine of Growth" by Natasha Ramnath
TTCIC Contact Magazine Vol. 12 No. 3 2012*



GOVERNMENT & SME's in T&T

Several agencies facilitate SME development in T&T:

- The Business Development Company offers business advisory services, loan guarantee programmes, lease financing, trade promotion and training programmes
- The National Enterprise Development Company Limited (NEDCO) offers a more holistic approach including training and empowerment of the entrepreneur
- The FairShare Programme, an initiative of the Enterprise Development Division of the Ministry of Labour and Small & Micro Enterprise Development, assists with procurement opportunities under \$1 million and entrepreneurship and technical training programmes

*“An Engine of Growth” by Natasha Ramnath
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ROLE OF GOVERNMENT

In its support role government provides:

- **Police and Fire Protection**
- **The Justice System**
- **Education**
- **Transport Infrastructure (highways, ports)**
- **Water and Sanitation**
- **Health care**
- **National Security (foreign diplomacy and national defense)**



***“What you MEASURE, you
MANAGE.***

What you MANAGE gets DONE”

Prof. Robert Kaplan



GOVERNMENT'S PERFORMANCE

HOW ARE WE DOING?

- **World Bank: “Doing Business 2015: Going Beyond Efficiency”**
- **World Economic Forum: “Global Competitiveness Report 2015-2016”**



World Bank's Doing Business

An economy with an efficient bureaucracy and rules of governance:

- **Facilitates entrepreneurship and creativity**
- **Provides an enabling atmosphere for people to realize their full potential**
- **Can enhance living standards and promote growth and shared prosperity, and**
- **Can help create an environment in which macroeconomic policies are more effective**



World Bank's Doing Business

- **Doing Business highlights the important role of government and government policies in the day-to-day life of SME's.**
- **Its objective is to encourage efficient regulations, accessible to all and simple to implement.**

“Where regulation is burdensome and competition limited, success tends to depend on whom one knows. But where regulation is efficient, transparent and implemented in a simple way, it becomes easier ... to compete on an equal footing ... innovate and expand.”



What Doing Business Measures

Complexity and cost of regulatory processes

Starting a business	Procedures, time, cost and paid-in minimum capital to start a limited liability company
Dealing with construction permits	Procedures, time and cost to complete all formalities to build a warehouse
Getting electricity	Procedures, time and cost to get connected to the electrical grid
Registering property	Procedures, time and cost to transfer a property
Paying taxes	Payments, time and total tax rate for a firm to comply with all tax regulations
Trading across borders	Documents, time and cost to export and import by seaport



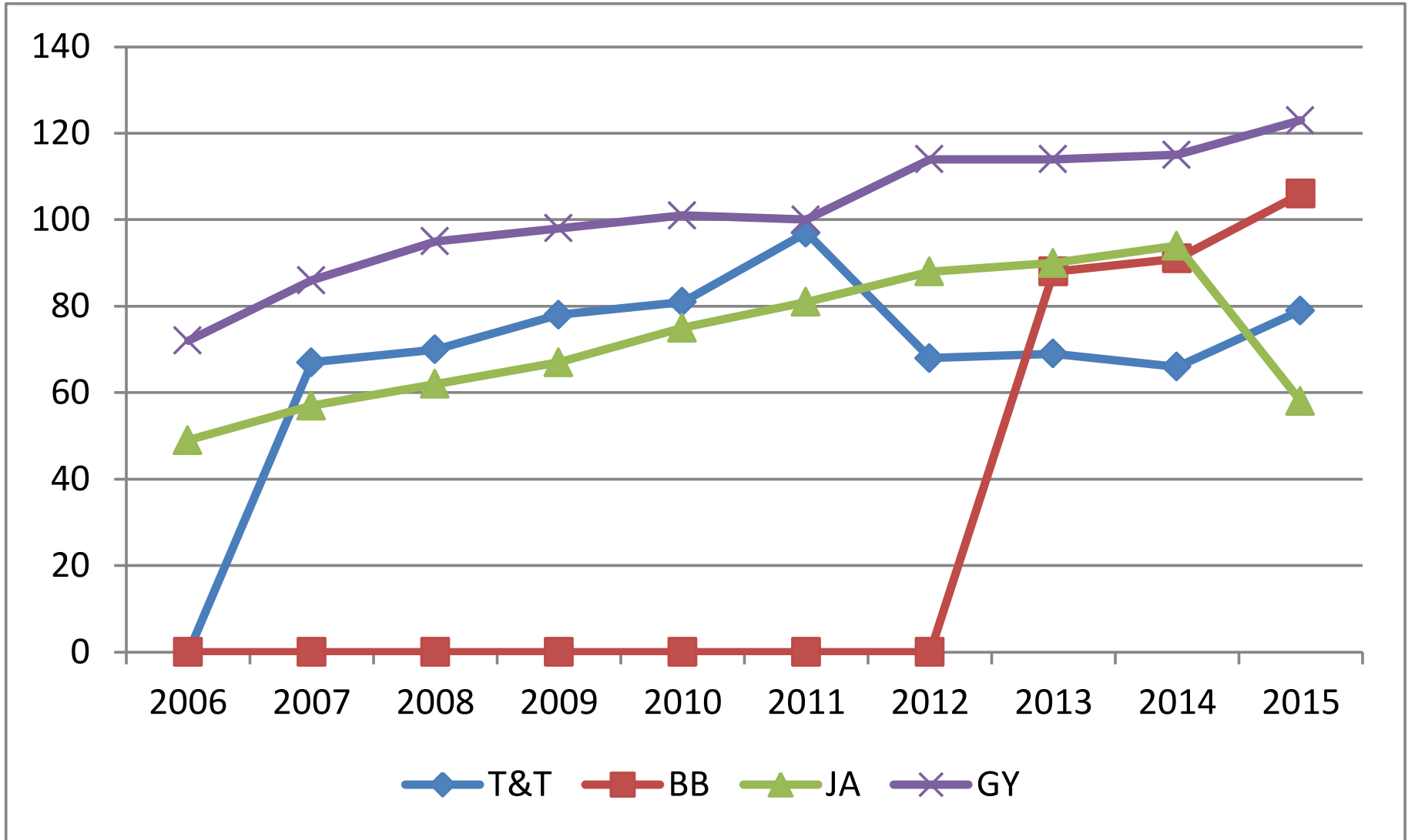
What Doing Business Measures

Strength of legal institutions

Getting credit	Movable collateral laws and credit information systems
Protecting minority investors	Minority shareholders' rights in related-party transactions and in corporate governance
Enforcing contracts	Procedures, time and cost to resolve a commercial dispute
Resolving insolvency	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the insolvency legal framework
Labour market regulation	Flexibility in employment regulation, benefits for workers and labour dispute resolution



Doing Business T&T



Rankings from Wikipedia Ease of Doing Business



World Economic Forum's Global Competitiveness Index

GCI is an annual assessment of the drivers of productivity. Why?

- Differences in productivity are the main determinants of prosperity levels
- In the last decade productivity in most regions has grown more slowly than the decade before
- Factors that contribute to GCI help explain this slowdown – lack of infrastructure, rigid labour and goods markets, underdeveloped financial markets, inefficient use of talent, lack of access to or poor quality of education



World Economic Forum's Global Competitiveness Index

- **Competitiveness is the set of institutions, policies, and factors that determine a country's level of productivity**
- **Productivity sets the level of prosperity**
- **The GCI combines 114 indicators that capture concepts that matter for productivity grouped into 12 pillars**



What GCI Measures – 12 Pillars

- 1. Institutions**
- 2. Infrastructure**
- 3. Macroeconomic environment**
- 4. Health and primary education**
- 5. Higher Education and training**
- 6. Goods market efficiency**
- 7. Labour market efficiency**
- 8. Financial market development**
- 9. Technological readiness**
- 10. Market size**
- 11. Business Sophistication**
- 12. Innovation**



Indicators—Government

- Cost of crime and violence on business
- Reliability of the police service to enforce law and order
- Favouritism in decisions of government officials
- Government's efficiency in providing public services, e.g., prompt payment to suppliers
- Quality of education system and vocational training specifically
- Burden of customs procedures
- Quality of roads
- Time and cost required to start a business
- Ease of finding and hiring labour

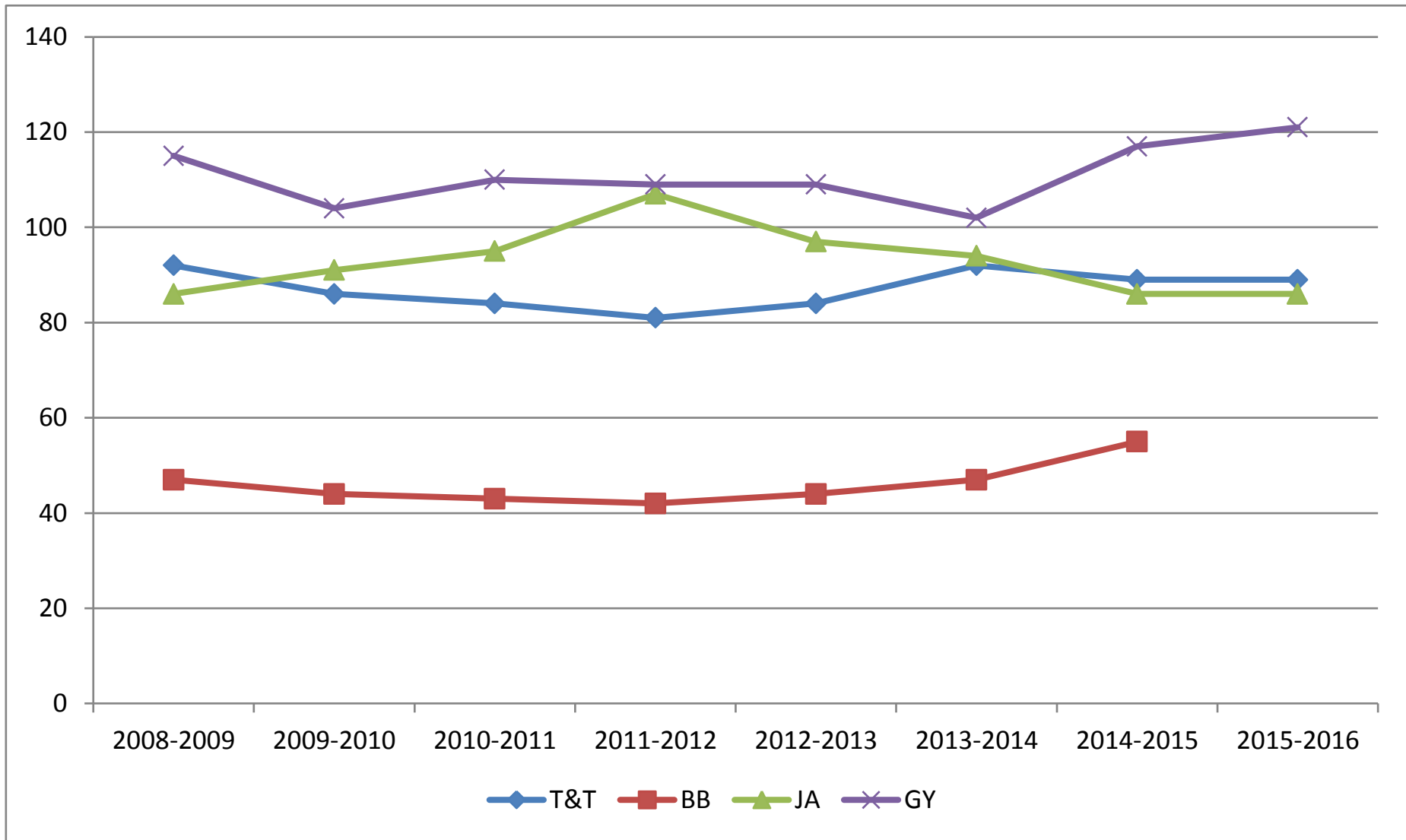


Indicators—Private Sector

- Undocumented payments and bribes
- Ethical behaviour of firms
- Strength of auditing and accounting standards
- Management's accountability to boards and investors
- Extent of staff training
- Reliance on professional management – use of professionals for legal, accounting, financial advice
- Availability of financial services
- Financing of SME's
- Local supplier quality
- Non-oil/gas exports as a percentage of GDP



Global Competitiveness T&T





SUGGESTIONS

- **Focus on Output, Outcomes and Impact, not Inputs – Measure results, not spend. Use the Doing Business and GCI as guides**
- **Successes – Water Taxi, Inter-Island Fast Ferry, Woodbrook wrecker – reliability, consequences**
- **Engage the entire National Community – Business Community, Professionals, NGO's**
- **Let's do this together**



Thank You