



MINISTRY OF LABOUR AND SMALL AND MICRO
ENTERPRISE DEVELOPMENT

Enterprise Development Division

**MICRO AND SMALL ENTERPRISE (MSE)
DEVELOPMENT POLICY FOR TRINIDAD AND
TOBAGO**

2014 – 2016

Driving Entrepreneurship

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Executive Summary

The Micro and Small Enterprise (MSE) Development Policy seeks to create a holistic ecosystem in Trinidad and Tobago to support entrepreneurship. This will be done by eliminating or reducing hurdles for entrepreneurs, creating opportunities and providing a framework to expand the business support services available to MSEs. This will be achieved in collaboration with key agencies that serve micro and small businesses in Trinidad and Tobago.

Viable micro and small businesses are the key to both economic diversification and social transformation. The Policy aims to 'level the playing field' between MSEs and larger businesses by apportioning equitable treatment to all businesses. The needs of the MSEs are addressed in five (5) categories:

1. Business Environment
2. Business Development and Support Services
3. Market Network
4. Financing
5. Governance and Advocacy

Firstly, the policy recommendations focus upon simplifying processes for MSE registration, licencing and reporting. Secondly, there is the need to strengthen the MSE support network to improve the quality of management and the capacity of the MSEs, the access to market opportunities and the provision of adequate financing to support MSE growth. While some initiatives are government driven, the intention is to encourage greater public/private partnerships. Finally, the policy outlines the structures and channels for maintaining social dialogue, which in its simplest form puts to concerns of micro and small enterprises on the agenda for all national issues, especially in the areas of trade, monetary and fiscal policy.

The entire focus of the policy is the establishment of a very supportive entrepreneurship ecosystem that will respond to and anticipate MSE development needs, thus resulting in greater contribution to national development.

A. Micro and Small Enterprise Policy Context

An estimated 25,000 registered businesses or 90 per cent of all registered businesses in Trinidad and Tobago are recognised as micro or small¹. The most significant economic activities of the micro and small enterprise (MSE) sector are Retail and Distribution (60 per cent), Personal Services (16 per cent), Finance, Insurance, Real Estate and Business Services (11 per cent) and Construction (6 per cent). Despite the size, importance and diversity of the sector, micro and small businesses face significant challenges that inhibit them from contributing more effectively to economic development and employment in Trinidad and Tobago.²

These challenges range from access to markets (local, regional and international), access to affordable finance and a general lack of information to support operations. Additionally, many MSEs find it difficult to access quality training and access to advanced technology largely due to high costs. Further, many MSEs operate informally. In some cases they consider the reporting and taxation requirements of the government to be difficult, excessive and bureaucratic. Informality has implications for employee work conditions, the selection of operating locations and compliance with health and safety standards. Finally, the MSE sector is largely fragmented and is therefore unable to effectively take part in social dialogue efforts as a unified sector.

A.1. Previous policies and complementary initiatives

This proposed policy represents a comprehensive approach to dealing with the challenges of micro and small enterprises. It has been informed by six (6) public consultations carried out in 2012 and 2013, and is guided by the Trinidad and Tobago Medium Term Policy Framework (2011-2014) and the Ministry of Labour and Small and Micro Enterprise Development's Strategic Plan (2011-2015). It has also taken into account the Enterprise Development Policy and Strategic Plan for Trinidad and Tobago (2001-2005). These documents indicate the Government's desire to diversify and modernise the economy in harmony with social gains. The process for policy development is outlined in Appendix I. The policy goals are linked to the seven (7) Interconnected Pillars for Sustainable Development (See Appendix II: Seven Interconnected Pillars for Sustainable Development).

Currently, the petroleum and natural gas industry contribute³ 45.3 per cent to Gross Domestic Product (GDP), the total energy sector accounts only for estimated 3 per cent of the labour force, compared with services, sixty-two (62) per cent, manufacturing eight (8) per cent) and construction sixteen (16) per cent. In order to strengthen diversification efforts into the non-energy sector in which a vast majority of MSEs operate.

In order to successfully implement this diversification strategy, there is a need to create an entrepreneurship ecosystem that will breed a more responsive entrepreneurship culture. In the Medium

¹ Central Statistical Office

² In 2006, the Economic Commission for Latin America and the Caribbean reported that the contribution of MSEs to GDP was 7 percent. Research on Policies and Institutions to support Small and Medium Scale Enterprise: Trinidad and Tobago Report (December 2009)

³ All statistics based upon CSO data for 2010.

Term Policy Framework 2011-2014, there is a "... Growth, Competitiveness and Innovation Strategy for the medium-term will centre on Government's efforts to drive innovation and entrepreneurship..." and efforts will be made to link "... entrepreneurship and MSE development (by) supporting and encouraging the entrepreneur to transform ideas into high-value products and services."

Further, entrepreneurship and small business development are important tools for achieving social objectives, including employment creation and poverty reduction. While unemployment in Trinidad and Tobago during 2012 was contained at an average of 4.8 per cent,⁴ it may be reduced further by the creation of adequate structures to foster successful MSEs. The Medium Term Policy Framework goes on to recognise the need to provide support for viable and innovative MSEs for economic diversification and the development of MSEs as a vehicle to reduce poverty by creating employment.

A.2. Legislation and Taxation

At present there is no specific legislation for MSE development in Trinidad and Tobago. Under the Ministry of Trade, Industry and Investment, there has been limited success in the Approved Small Company Status Programme (See Appendix II) that facilitates particular benefits for smaller manufacturing companies. Apart from this, special documentation has been identified for supporting micro and small businesses. As is the case with individuals, sole traders earning less than or equal to \$60,000 are exempt from income taxes, while businesses generating less than \$360,000 in annual revenue are not required to be Value Added Tax (VAT) registered businesses.

A.3. Institutions and public programmes

The GORTT has engaged in several projects and programmes aimed at supporting business in Trinidad and Tobago. While several of these emerge from the MOLSMED and address the MSE sector specifically, other projects and programmes are broader and apply to the wider business community. Additionally, there are initiatives headed by other Ministries, which are also geared at encouraging entrepreneurial development.

The Community Development Fund, Ministry of Community Development (MCD)

The Community Development Fund (CDF) was founded in 1996 by the GORTT under a loan agreement with the Inter-American Development Bank (IADB). It is aimed at poverty alleviation and promoting community self-sufficiency. This Fund provides funding and seeks partnerships with private sector sponsors. The model also includes community business projects and a business and social enterprise mentorship. It also provides a grant of \$5,000 for business purposes.

Green Fund, Ministry of the Environment and Water Resources (MEWR)

The Green Fund is the National Environmental Fund of Trinidad and Tobago, established under the Finance Act 2000 through the Miscellaneous Taxes Act. The purpose of the fund is to provide financial assistance to community groups and organizations to undertake activities and projects related to reforestation, remediation, environmental education and public awareness of environmental issues and conservation of the environment. The Green Fund is capitalised through the Green Fund Levy which is a

⁴ Central Bank Annual Economic Survey, second quarter 2012

tax of 0.01 per cent on the gross sales or receipts of companies carrying out business in Trinidad and Tobago. The Green Fund Levy is payable quarterly in each year of income. As of September 30, 2011 the Green Fund stood at \$2.60 billion.⁵

Innovation Fund, Ministry of Planning and Sustainable Development (MPSD)

The GORTT has identified a need to provide financial support to entrepreneurs with original business ideas with the potential to deliver new or improved products and services and address social needs. To this end, the Government has established the Innovation Financing Facility (IFF) to support investments in projects that have the potential to transform research into economic value. As part of this initiative, the “Call for Innovations and Inventions” (or i2i) was launched in 2012 as a competition for innovators and inventors in key economic growth sectors. In its first two (2) years, the competition has provided funding and support to 103 projects, each receiving between \$75,000 and \$200,000.

Research and Development Fund, ExporTT and Ministry of Trade, Investment and Industry (MTII)

The Research and Development Fund (RDF), managed by ExporTT, is designed to provide support for research, development and technological innovation at all stages of company development. The Facility is geared towards enabling companies to progress from undertaking an initial research project to high level innovation and Research and Development activity. It serves to encourage the development of an innovative business culture among local businesses with the aim of increasing the rate of new product development. As the RDF falls under the purview of the MTII, there is no specific emphasis on micro and small businesses.

A.4. Ministry of Labour Small and Micro Enterprise Development

The MOLSMED oversees the development of the MSE sector through the Enterprise Development Division (EDD), which was established in 2002. In the area of small business development, the Ministry’s implementation agency is the National Entrepreneurship Development Company Limited (NEDCO). Over the past year, through the EDD, the MOLSMED has implemented two (2) programmes and has begun work on establishing policies and additional programmes to support the MSE sector.

NEDCO - National Entrepreneurship Development Company Limited

The National Entrepreneurship Development Company Limited (NEDCO) was established in August 2002 as a limited liability state-owned organisation. NEDCO’s focus encompasses a holistic approach to business support and includes loan funding, business advisory and training, and promotional support.

National Integrated Business Incubator System (IBIS)

The National Integrated Business Incubation System (IBIS) assists MSEs by providing assistance in the areas of mentoring, infrastructural support, information technology, operational support, financing in the form of seed capital, and networking advice for access to local and foreign markets. Cabinet granted approval for IBIS in August, 2011 and the project was launched in October 2011. The National Entrepreneurship Development Company Limited (NEDCO) is responsible for implementing IBIS. IBIS incubators may be community-based or commercial. Community-based incubators operate in

⁵ Datum obtained directly from the Ministry of the Environment and Water Resources for 2012.

communities or regions where socioeconomic needs, such as poverty and unemployment, may be addressed by business formation. Commercial business incubators focus upon high-value and/or high volume businesses that often have export potential. IBIS has partnered with academic and research institutions to develop innovation policies to proactively attract entrepreneurs to translate their business ideas into reality. At present, the IBIS launched four (4) community-based incubators in regions throughout Trinidad. Three (3) additional commercial incubators are carded for Trinidad and Tobago in fiscal year 2013. A total of eighteen incubators is planned for the country.

The FairShare Programme

Launched in 2011, FairShare is a set-aside programme that enables MSEs to access opportunities to do work with the Government for contracts valued up to \$1 million to MSEs. Simultaneously, the FairShare Programme provides some training to MSEs to improve business management, use of technology and understanding of legal obligations. FairShare utilises an online platform where Government Ministries post opportunities and where MSEs search for and bid on those opportunities.

The objective of the FairShare Programme is to create independent and strong MSEs by allowing MSEs to participate in Government spending over a fixed period of time, over which period they should have increased their capacity, skill, product quality and other capabilities.

MSEs can be registered with the FairShare programme for 2-year cycles up to a maximum of 6 years. As such, the FairShare Programme is a temporary support offered by the Government to MSEs.

The National MSE Baseline Survey

The National MSE Baseline Survey, launched in 2012, is a survey of formal and informal MSEs. It aims at providing baseline data on the MSE sector, obtaining feedback on interventions and establishing metrics by which to measure the impact of future policies, programmes and adjustments to policies and programmes. It is the basis for other future surveys. The baseline survey is expected to be completed in 2013.

In order to create an entrepreneurship culture, there is a need to address all of the key issues that will facilitate entrepreneurship, namely:

- Improving the business environment
- Enhancing the business development and support services
- Creating a facilitative market network
- Improving access to finance
- Developing an effective governance and advocacy structure

The strategies for each of these areas will be articulated below.

B. Policy Goal, Objectives and Principles

B.1. Goal

The goal of the National Micro and Small Enterprise Policy is to create a facilitative environment for MSEs so that they can contribute significantly to economic diversification and wealth creation.

B.2. Objectives

The specific Objectives of Policy are:

1. To redefine the sector appropriately.
2. To heighten awareness and expand participation of MSEs and entrepreneurship in Trinidad and Tobago's economic development.
3. To facilitate MSEs by reducing the barriers between formal and informal sectors and to encourage equitable treatment to MSEs as to medium and large enterprises.
4. To create systems for meaningful market intelligence and networks for the Trinidad and Tobago MSE sector.
5. To expand opportunities for MSEs to access market networks, and business development support services.
6. To encourage innovation among MSEs in the interest of economic diversification and wealth creation.
7. To centralise information on the micro and small enterprise sector and to bring all related activities in Trinidad and Tobago under the purview of the MOLSMED.
8. To create permanent structures for advocacy and governance, including legislative reform and taxation.
9. To make Trinidad and Tobago the entrepreneurship capital of the English-speaking Caribbean through creating supportive national, regional and international MSE development networks.

B.3. Principles

The overarching policy seeks to improve the quality and quantity of micro and small businesses by creating an environment characterised by well-articulated and harmonised policies and programmes within the guidelines of Decent Work. In all its interactions, the MOLSMED will operate according to and seek to propagate the twelve principles listed below.

- | | |
|---|--|
| a. Advanced technology | • Use of modern information technology in production, operation and marketing of micro and small businesses in order to improve efficiency, productivity and competitiveness of the MSE sector. |
| b. Strategic alliances/Public Private Sector partnerships | • Alliances with stakeholder partners from the public, private and non-Governmental organisation (NGO) sectors to effectively and efficiently implement MSE development.
• Co-involvement of various Government agencies to reduce duplication of effort and collaborate on learning experiences and areas of competence. |
| c. Corporate social responsibility (CSR) | • Encouragement of socially responsible actions, processes, products and services both for the benefit of MSEs and from MSEs. |

- d. Equality and Equity
 - The integration of the Decent Work Agenda as espoused by the International Labour Organisation.
- e. Innovation
 - The policy will emphasise support for value-generating innovation to encourage sustainable social benefits and economic returns.
- f. Respect for social conditions and environment
 - The promotion of “green” enterprise and the inculcation of “greenness” into programmes wherever possible, by utilising green technologies and renewable resources thus creating new business opportunities for MSEs.
- g. Support for the entrepreneurial spirit
 - Promotion of entrepreneurship via national communications channels at all levels and within all communities
- h. Sustainability
 - Support for MSE development initiatives that are not perpetually dependent upon the Government and that conceptually include or supports innovation.
- i. Simplification of business processes
 - There should be a need to minimize bureaucracy for MSEs and thus make it easier to do business.
- j. Regionalisation:
 - Initiatives should recognise, target and support entrepreneurship throughout the Caribbean region.

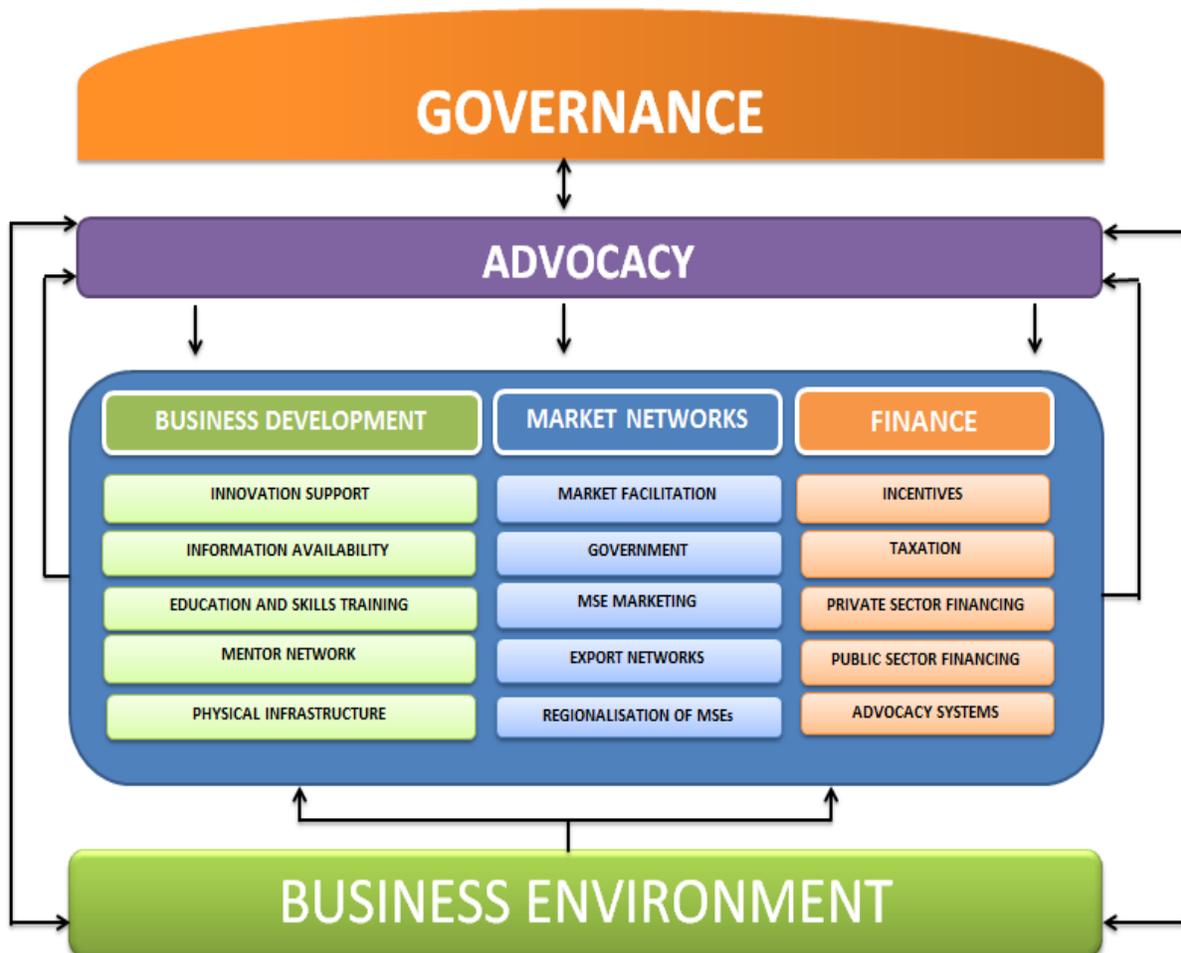
C. Policy Areas

MSEs and Entrepreneurship in Trinidad and Tobago

The MSE Policy will focus on formalizing, strengthening, supporting and empowering the sector through specific Policy Areas. The Policy Areas were selected based on international best practice. The Policy addresses the concerns of MSEs within five (5) areas: Business environment; Market Networks; Financing; Business Development and Support Services; and Governance and Advocacy. Each of these has been divided into several sub-categories as per Figure 1: Policy Areas and Structure.

Figure 1: Policy Areas and Structure shows that improvement to the business environment underscores all other areas while Business Development, Market networks and Finance and the policy pillars. Once these areas are well developed, the sector may be organised into a super-structure for the primary purpose of advocacy and governance at the national and regional levels.

Figure 1: Policy Areas and Structure



C.1 Business Environment

C.1.1 Definition of MSEs

C.1.1.1 Current Situation

The current definition of MSEs has been in existence since 2002.⁶ The definition used to date does not address the need for revisions. The definition of MSEs is important to ensuring that support mechanisms offered at the national level address the needs of respective groups with the MSE sector.

C.1.1.2 Objectives of Policy Area

- (i) To develop and operationalize a national definition for Trinidad and Tobago's micro and small enterprises that is relevant and subject to periodic revision to suit the development needs of Trinidad and Tobago.
- (ii) To channel support to target specific sectors and/or groups to expedite development.
- (iii) To enable MSEs to access support services and benefits available to the sector.

C.1.1.3 Recommendations and Actions

1. Definition

a. Structure

- (i) The definition of a qualified micro and small enterprise (MSE) will now consider:
 - (1) The number of employees including the owner/manager
 - (2) Turnover
 - (3) The owners of the MSE

The following changes are made in response to the developments regarding the structure of business whereby MSEs can generate very high sales' levels.

Size of enterprise	Number of Employees	Turnover per annum
Mini-micro	= 1 including owner/manager	\$250,000
Micro	≤ 5 including owner/manager	\$1,000,000
Small	≤25 including owner/manager	\$8,000,000

b. Ownership

- (i) The enterprise may be owned by (1) a citizen of Trinidad and Tobago (whether based locally or abroad) or (b) a resident of Trinidad and Tobago.

⁶ **Micro enterprises:** 1-5 employees, including the owner/manager; assets up to \$250,000 and sales turnover up to \$250,000. **Small enterprises:** 6-25 employees, including the owner/manager; assets up to \$1,500,000 and sales turnover up to \$5,000,000.

- (ii) The incorporator must be a current resident of Trinidad and Tobago.
- (iii) An enterprise that is owned by an MSE and meet the above criteria, will be defined as an MSE on the condition that the collective values of both entities do not carry them outside of the aforementioned MSE definition ranges.
- (iv) These basic criteria will be reviewed on a biennial basis by MOLSMED to account for:
 - a. Changes in inflation;
 - b. Changes in the structure of small businesses;
 - c. Relevant international, regional and local trends;
 - d. National development priorities.

C.1.2 Small Business Certification

Given that MOLSMED is responsible for MSE development, the Ministry (through the Enterprise Development Division) will assume the responsibility for the Approved Small Company Status currently under the Ministry of Trade, Industry and Investment. The status will be renamed “Small Business Certification” for which EDD will have certification and compliance responsibilities. The new guidelines will be as follows:

(i) Eligibility

Such businesses must:

1. Meet the MSE criteria in (number of employees, revenue and ownership);
2. Be a registered business;
3. Comply with legislative tax and reporting requirements;
4. Be owned at least 51 per cent owned by (a) current resident(s) of Trinidad and Tobago over 18 years of age;
5. Be compliant with applicable Government regulations;
6. Be compliant with industry-specific, licences and permits that are necessary for its operation.

(ii) Benefits

1. The benefits of Small Business Certification will match those of the Approved Small Business status (See Appendix III)⁷.
2. Small Business Certification will benefit from a tax credit equivalent to 25% of their chargeable profits for a period of 5 years, during which time the small business must be in compliance with the aforementioned requirements.
3. Additionally, Small Business Certified MSEs should benefit from less frequent filings of all statutory and tax returns (quarterly and annually only).
4. The Certified Small Businesses will automatically enroll into the FairShare Programme (subject to the Fair Share certification requirements), as well as make them eligible for inclusion into the IBIS programme (subject to IBIS client selection requirements).

(iii) Exceptional Provision of Small Business certification to other businesses

⁷ The new certification will differ from the existing one in that it will accommodate enterprises whose employee number is less than 5 as well as sole traders.

The Minister, MOLSMED may change the eligibility criteria in order to advance affirmative development initiatives of MSEs, for example, to focus upon specific sectors, communities, or other target groups. The criteria will apply specifically to the targeted businesses only and will be for a defined period.

C.1.3 Information and Licensing

C.1.2.1 Current Situation

MOLSMED is committed to improving the ease of doing business in Trinidad and Tobago. There is often difficulty in accessing information for and about MSEs. Also, many MSEs still face lengthy registration periods. Additionally, the fear of taxation and elements of Government bureaucracy have contributed to the high level of informality in the MSE sector. As such, a streamlined registration process must be implemented to support MSE development.

C.1.2.2 Objectives of Policy Area

The Policy seeks to streamline all Government processes related to:

- (a) information sharing
- (b) simplification of business procedures
 - business start-up and closure
 - management and periodic reporting
 - report processing

C.1.2.3 Recommendations and Actions

a. Shared Data and Information

MOLSMED will create an **MSE Portal** of all registered MSEs and all registered service providers. This will serve to connect MSEs to the public, service providers as well as to other MSEs (to encourage B2B relationships).

b. Simplification of Business Procedures

MOLSMED will collaborate with the appropriate Government agencies to simplify business procedures for registered and Certified MSEs. These procedures will include but not be limited to:

- Simplifying and providing information on the statutory and tax reporting requirements for MSEs
- Simplifying and providing information on certification and licensing processes
- Simplifying processes for starting and terminating businesses
- Use of computer technology (paperless transactions) in all business procedures by relevant Ministries.

C.1.3 Support for Honest Bankruptcy

C1.3.1 Current situation

At present in Trinidad and Tobago, bankruptcy and its negative stigma are obstacles to creating a strong entrepreneurial culture. For instance, the credit system is comprised of a community of closely related

companies who share information on individuals' and companies' credit ratings, such that , once bankrupt, it may be exceptionally difficult for small and companies and entrepreneurs to access future credit. The terms, types and measures to be taken during bankruptcy are not known by the general public, and when and if companies go bankrupt, there is little if any formal support given to assist the bankrupt company and its principals regain favourable credit ratings and/or a clean slate. While the role of debtors, creditors and the courts is clear in the prevailing acts (Bankruptcy Act Chapter 9:70, Act 36 of 1916 ; the Bankruptcy and Insolvency Act 2007), the role of the Trustee⁸ is often one-sided in that it reflects the interests of the creditor and does not simultaneously aim to rehabilitate the debtor, its principals and managers and to restore sound credit ratings and generate financial health.

CI.3.2 Objectives of Policy Area

- (a) To encourage a culture of entrepreneurship by eliminating the negative stigma attached to honest bankruptcy.
- (b) To simplify the process of filing for bankruptcy, the process of recognizing legitimate bankruptcy and the process of assisting legitimately bankrupt business to re-establish themselves.
- (c) To reduce the period between bankruptcy and re-initiation of business activities for enterprises post-bankruptcy; and to facilitate post-bankruptcy start-ups for honest bankruptcies.

CI.3.3 Recommendations and Actions

- a) The Ministry will engage a public communications campaign to provide relevant information on bankruptcy laws and procedures; it will work with the commercial credit sector to determine what steps may be taken to restore second opportunities to micro and small enterprises and their principals, in order to restore financial health and acceptable credit ratings.
- b) Simplify the process of filing for bankruptcy. Reduce the period for retraining and re-equipping to 3 years, as in the EU and USA. The effects of honest bankruptcy will be limited to a period of no more than 5 years.
- c) The Ministry will partner with the relevant agencies to chart a course to financial health and a sound credit rating for micro and small businesses and their principals post-bankruptcy, where entrepreneurs wish to start businesses again. To this end, the Ministry will create a cadre of professionals for supporting bankrupt enterprises and their principals in a structured and monitored manner over a 3-year period, such that at the completion of courses, workshops, mentoring and a track-record of financially responsible behaviour, companies and their principals may return to viable operation.

⁸ Bankruptcy Act: 9:70:80: (3) The trustee may apply to the Court in manner prescribed for directions in relation to any particular matter arising under the bankruptcy.

(4) Subject to this Act, the trustee shall use his own discretion in the management of the estate and its distribution among the creditors.

C.2 Business Development and Support Services

C.2.1 Current Situation

There is a wide range of support services available to MSEs in Trinidad and Tobago. However, there is little information on these sources of support, the absence of standards and how business development and support services may be accessed. A number of agencies provide technical assistance⁹, and a wide range of other business support services such as accounting, marketing, and technical services to name a few.

C.2.2 Objectives of Policy

- (i) To improve the access to information of the business development services available;
- (ii) To encourage operational and management standards so that MSEs will maintain high productivity and product and service quality; and encourage accreditation of professionals who provide support services to MSEs;
- (iii) To encourage innovation and the use of technology within the MSE sector;
- (iv) To spread a holistic awareness of small businesses, business ownership and innovation in the formal education system;
- (v) To facilitate a mentoring network;
- (vi) To encourage green entrepreneurship;
- (vii) To assist with the provision of physical facilities; and
- (viii) Establish funding and oversight programme to support aforementioned initiatives.

C.2.3 Recommendations and Actions

a. Information availability

- i. The registration of all support services agencies in the online MSE Portal proposed above. Only organizations recognized/accredited by professional bodies or the National Training Agency, Trinidad and Tobago Bureau of Standards or any other recognised Standard Authority will be included in the portal.
- ii. The registration and publication of Programmes with the relevant organizations to offer continuous workshops to all registered micro and small businesses. These will deal with various business issues including statutory obligations, technical and financial support, required licences by business type, best business practices and governance and advocacy.

b. Standard Setting

i. Certification of service providers

⁹ Entrepreneurial Training Institute and Incubation Centre (ETIIC), Small Enterprising Business Association of Trinidad and Tobago Co-operative Society, Business Development Unit (Tobago House of Assembly), Youth Training and Employment Partnership Programme (YTEPP), Export Centres Company Ltd, the Caribbean Industrial Research Institute (CARIRI), IBIS and the Trinidad and Tobago Bureau of Standards (TTBS), NIHERST.

In collaboration with the Accreditation Council of Trinidad and Tobago (ACTT), the TTBS, Ministry of Tertiary Education and Skills Training (TEST) and the National Training Agency (NTA), MOLSMED will seek to establish a certification process for service providers and their training programmes. International certification agencies will also be engaged through the United Nations agencies, the Commonwealth Secretariat, African and Pacific Group of States and others so positioned to assist.

ii. *MSE Standards Training*

MOLSMED will support MSE access to standards training along two lines, namely:

- (1) Management and operational standards¹⁰: MOLSMED will partner with accredited training institutions to support this initiative.
- (2) Product and Service quality standards: MOLSMED will collaborate with TTBS, CARIRI and the relevant Ministries and agencies (including international agencies) to support product and service quality standards training and support for MSEs.

c. *Innovation*

MOLSMED will champion innovation programmes for the MSE sector:

- i. Encourage widespread adoption of existing technologies to improve the productive efficiency in the MSE sector.
- ii. Encourage creation of new methods and technologies - the encouragement of new intellectual property in processes, products and services through providing suitable funding to support these incentives.
- iii. Apply greater use of Information and Communication Technology (ICT): the general adoption of ICTs specifically to improve the efficient operation of MSEs.
- iv. Introduce and/or encourage “green” innovation: innovation which will have a positive net effect upon the environment and/or encourage the adoption of environmentally friendly and sustainable practices – including the greater use of renewal resources or recycled materials - in the MSE sector.
- v. Support the creation of an Innovation Network to improve the innovative capacity of MSEs. The Network will depend on collaboration with the Ministry of Planning and Sustainable Development, the Universities, the Council for Competitiveness and Innovation (CCI), CARIRI, Metal Industries Company Limited (MIC), TTBS and the Intellectual Property Office of the MLA to create an environment of innovation and respect for intellectual property within the MSE sector.

d. *Mentorship Network*

- i. Support the creation and utilisation of mentor systems in order to support MSEs to achieve their business goals and improve operations.

¹⁰ The “Trinidad and Tobago Standard for good Management Practices for MSEs”, scheduled for launch in 2013.

- ii. Develop and expand the network to encompass regional and international mentors and similar support networks that already exist, particularly to support MSEs with export potential.
- iii. Encourage mentorship programmes to supplement all MSE business development and/or financing initiatives.

e. *Green Enterprises*

- i. Green enterprises include eco-tourism, resource and environmental conservation, environmental costing/pricing/valuing, renewable energy, agro-tourism, alternative use of organic products and waste, repurposing and recycling of organic and inorganic products and their waste material, where such activities are profitable or can be made profitable with suitable support. Green businesses also include environmental activities linked to the physical, cultural or historic, national or regional patrimony. As such the policy seeks to:
 - (1) Create new green enterprises;
 - (2) Support existing businesses whose core activity is economic greening ;
 - (3) Inculcate green practices among all MSEs;
 - (4) Create a green certification process for MSEs.
- ii. MOLSMED will partner with the relevant Ministries, Departments and Agencies to:
 - (1) Support programmes and enterprises that both improve the expertise and increase the financing options for green enterprises.
 - (2) Support viable green businesses in its incubator and public procurement programmes.
 - (3) Seek to establish a green certification and labelling programme for MSEs.

f. *Physical Infrastructure*

- i. Encourage the provision of economically priced facilities to MSEs actively involved or poised to be actively involved in economic diversification. Such facilities should include:
 - (1) ICT infrastructure
 - (2) Storage facilities
 - (3) Utilities and Amenities
 - (4) Shared Assets
 - (5) Security (both against anthropogenic and natural risks)
- ii. Encourage the development of enterprise zones where the private sector can establish business zones in targeted communities, based on the identified growth poles.
- iii. Collaborate with eTeck to provide affordable accommodation within its industrial parks.

g. *Implementation*

- i. MOLSMED will establish the Enterprise Investment Fund (EIF) as the vehicle to facilitate greater cooperation between the State, private sector, NGOs and other agencies. The EIF will support all of the aforementioned Business Development and Support Services programmes as it seeks to ensure a more coordinated approach to MSE development including ensuring that the programmes have more focused oversight and develop and

achieve specific measurable objectives, particularly the improved performance of the MSE beneficiaries.

Support will be afforded to private sector agents and non-Governmental organizations involved in (but not limited to):

- Financial and in-kind support
- Capacity building via education, training and human resource development
- Creativity, Design and Innovation
- Technology Upgrade
- Research and Development
- Feasibility studies, market/product validation, commercialisation
- Upsizing of existing MSE support operations

C.3 Market Networks

C.3.1 Current Situation

One of the major challenges of MSEs is access to domestic, regional and international markets. In the Trinidad and Tobago context, this is largely due to the fact that there is a lack of information on services offered by MSEs. Other impediments to domestic and international market facilitation include lack of information on market opportunities, unsuitable locations, inadequate marketing systems and lack of infrastructure. With respect to exports specifically, the chief challenges are the absence of market intelligence and the need to raise quality standards.

Regionally, enterprises from the Caricom region can be established in Trinidad and Tobago and vice versa. However, Board of Inland Revenue and National Insurance Board numbers are also necessary and these are only granted to business operators with residency status (“status”). The granting of status may prove an obstacle to some businesses and would-be entrepreneurs of Caricom origin¹¹. CARICOM has focused upon the free movement of individuals but not the free movement of businesses.

C.3.2 Objectives of Policy

- (i) To create visible fora where the goods and services of MSEs can be showcased nationally, regionally and internationally
- (ii) To develop designated enterprise zones that can create centralised market centres
- (iii) To improve the quality of market information, especially regarding export opportunities and certification for MSEs
- (iv) Establish relationships within the Trinidad and Tobago and Caribbean diaspora to facilitate networking opportunities for MSEs.
- (v) To make Trinidad and Tobago the entrepreneurship and small business resource capital of the Caribbean.

C.3.3 Recommendations and Actions

a. Market Facilitation

Domestic Market facilitation	International Market facilitation
<ul style="list-style-type: none">▪ Collaboration with MTII to harmonize its policies and programmes to include specific focus on MSEs.▪ Full deployment of the FairShare Programme to include all Ministries and	<ul style="list-style-type: none">• Harmonization activities to the national export strategy with specific focus on supporting MSE participation.▪ Operation of a register of international trade fairs

¹¹ Resident businesses must be present in Trinidad and Tobago for no fewer than 182 days and are thereafter afforded privileges equal to local enterprises. Non-resident enterprises (that is, those located in Trinidad and Tobago for less than 183 days) may not access tax exemptions. Furthermore, for companies operating simultaneously in Trinidad and Tobago and another CARICOM territory, there are legal provisions to avoid double taxation. Double taxation laws exist between all but four (4) CARICOM countries and five (5) associate member states.

state agencies and approved private companies.

- The use of trade fairs and promotional events to showcase the goods and services of certified MSEs.
- More marketing support for Tobago-based MSEs in collaboration with THA.

where MSE groups can showcase their products and services.

- Engagement with the MTII and MFA to support information gathering, dissemination and networking for facilitating MSEs' international market facilitation, particularly targeting (but limited to) the Caribbean diaspora.

b. Market Presence

Domestic Market Presence

- Domestic market presence for MSEs, including the creation of enterprise zones for target sectors that can serve as centralised market centres.

International Market Presence

- Creation of an online shopping mall for domestic MSEs' goods and services for local and international consumers.

c. Market Information

Domestic Market Information

- Strengthening of information channels and the improvement of information provided to MSEs, particularly through the use of ICTs.
- Creation of an "information hub" to provide information on markets (major players, standards, source of inputs, etc).

International Market Information

- Collaboration with the MTII, the MFA and other relevant Ministries and agencies to obtain market intelligence for MSEs on international standards for penetrating foreign markets as well as information on training for achieving said standards (see section on Business Development and Supporting Services).

d. Regionalisation of MSEs

- (i) Businesses established in Trinidad and Tobago by CARICOM nationals will have access to business development programmes funded, managed and/or overseen by MOLSMED.
- (ii) Employees of the aforementioned businesses must be resident in Trinidad and Tobago.

C.4 Financing

C.2.1 Current Situation

The financial services sector does not address all the financial needs of MSEs as evident in the limited presence of, for example, receivables and supply-chain financing for MSEs. Particularly for new ventures, informal lending networks continue to dominate the system, but these sources are often inadequate in terms of quantity, price and availability. Consequently, the majority of MSEs resort to personal financing and informal funding networks for start-up and growth.

Specifically, problems that must be solved in order to create an effective financing system for MSEs are:

- A general lack of information on the financial service providers and the product options available;
- Low level of product diversity among the suppliers of funds for start-up MSEs;
- Lack of literacy among MSE owners, regarding the use financing options;
- Insufficient volumes of risk capital available to support investment in MSEs; and
- A tax structure that does not support investments in MSEs.

At present, only MSEs generating above \$360,000 must pay value-added taxes (VAT). However, there are tax incentives for specific enterprises and activities. While these incentives apply to MSEs, they are not specific to them and their needs. Additionally, the incentives are largely unknown to the wider public, inclusive of the MSEs to whom they apply.

C.2.2 Objectives of Policy

- a. To increase the options and financing avenues available to MSEs;
- b. To incentivise private sector and individuals' interest in financing MSEs;
- c. To create a simple system of tax incentives that supports MSEs with a particular emphasis upon potentially innovative and internationally competitive MSEs and to improve access to information on taxation
- d. To improve the flow and quality of information between demanders and suppliers of funds.

C.2.3 Recommendations and Actions

a. Public Sector Financing

- i. Expansion of investment and lending products by NEDCO, with special emphasis on risk capital, factoring (discounted bills), cash flow loans, income bonds, loan guarantees and other working capital financing products, as well as leasing. NEDCO's collateral may include current assets including inventory, receivables as well as intangible assets (such as patents and intellectual property).
- ii. Introduction and management of crowd funding by NEDCO and/or TTEDA.
- iii. Improvement of access to Government funding programmes to Certified MSEs, including:

- (1) Green Fund – expand access to for-profit MSEs who are green certified on criteria established by the Green Enterprises Development Policy for MSEs and Cooperatives (to be developed in collaboration with MEWR).
 - (2) Innovation Fund – access to risk capital and/or grant funds to MSEs with innovative projects (in collaboration with MPSD).
 - (3) Research and Development Fund – all projects that have credible Research and Development opportunities should be funded up to its current investment limits with no restrictions on age of the company.
- iv. Provision of risk capital and/or grant funding for MSEs dealing with the special needs population and for social entrepreneurs.
 - v. Collaboration with the Export-Import Bank of Trinidad and Tobago to provide greater access to the MSE sector in financing and other services.

b. Private Sector Financing

- i. Capital investors including risk and angel investors: The MOLSMED will undertake to develop an investment mechanism (approved by MOFE) that will operate via matching principle whereby Government (through TTEDA) may provide a maximum of 40% as seed capital for the establishment of an Angel Investment Fund.
- ii. Profits earned from the Angel Investment Fund will be tax free for ten (10) years provided that (a) principal amounts are invested in MSEs for a minimum of five (5) years and (b) the target companies are certified MSEs, and (c) no more than 20% of retained earnings are distributed to owners during the first ten (10) years. Any income distributed will be taxable.
- iii. Financial Co-operatives: Collaborate with the Co-operative Development Division (CDD) to create financial products tailored to the needs of MSEs.
- iv. Corporate Social Responsibility in Financing of MSEs: Encourage corporate social responsibility (CSR) from large and medium enterprises to support MSEs and entrepreneurship in a sustainable manner.
- v. Junior Stock Market: Efforts will be made to increase accessibility so that MSEs – and particularly small businesses with high growth potential – will have access to the capital they need to expand.
- vi. Improved emphasis on investor protection, particularly as it relates to minority shareholders in publicly and non-publicly traded investments.

c. Incentives

- i. Investments in the approved Angel Investment Fund and other MOLSMED approved MSE Development Funds will be 100% tax deductible.
- ii. VAT refunds to MSEs who purchase fixed assets (as defined by MOFE);
- iii. Use of tax credits to encourage companies to engage in CSR activities directed towards stimulating MSE development.
- iv. MSEs certified under FairShare will benefit from a tax credit calculated on the portion of its Fair Share Revenue (percentage to be determined in consultation with MPSD and MFE).

- v. New and supplemental tax incentives will be proposed in consultation with Ministry of Planning and Sustainable Development (MPSD) and Ministry of Finance and the Economy (MFE) to encourage entrepreneurship and innovation. Only those businesses certified through the Small Business Certification process will benefit from these incentives.

d. Improved quality of information

The MOLSMED will improve the quality of financial information and incentives to and on MSEs via:

- i. Collation of information from other Government Ministries and Agencies as well as private sector and NGOs to create comprehensive database on funding opportunities available to MSEs.
- ii. Promotion of programmes that utilise independent MSE ratings for improving the quality of information between MSEs and commercial lenders, to help MSEs obtain fairly priced credit.
- iii. Provision of quality information linking all government services and listing all venues along the way for support.
- iv. Implementation of a business hotline.

C.5 Governance and Advocacy

C.5.1 Governance

C.5.1.1 Current Situation

Governance refers to the oversight and coordination of activities of the MSE sector, including the social dialogue process and policy formulation. Currently, the Enterprise Development Division is responsible for the development of policies and programmes to support MSE Development. Currently, there is no office in Tobago where the needs of MSEs differ somewhat from those in Trinidad and Tobago. Also, there is a greater need for coordination of MSE development initiatives to eliminate duplication and gaps.

C.5.1.2 Objectives of Policy

- (i) To establish a mechanism for dialogue for the purpose of MSE governance at a national level.
- (ii) To establish a system for harmonising policies and programmes and make recommendations on same to ensure that MSEs are not disadvantaged.
- (iii) To establish an agency of Government responsible for supporting implementation of public policy.

C.5.1.3 Recommendations and Actions

- a. Role of the Enterprise Development Division (EDD)
 - i. EDD will be responsible for development of policies and programmes for the MSE sector, and will liaise with Government authorities and other stakeholders to ensure that MSEs are favourably impacted by Government and private sector policies and programmes.
 - ii. EDD will continue to contribute to entrepreneurship development and support national programmes that focus on encouraging entrepreneurship.
 - iii. EDD will establish a physical office in Tobago to deploy programmes and encourage the inclusion of Tobago MSEs in MSE development.
- b. Trinidad and Tobago Micro and Small Enterprise Council
 - a. A Trinidad and Tobago Micro and Small Enterprise Council (TTMSEC)¹² will be created and will comprise members of the public and private sectors and civil society including trade unions and NGOs. TTMSEC will advise on the development of the MSE sector, and provide feedback from the stakeholder on issues and challenges that need to be addressed by the Ministry, particularly at the policy level. The members of the TTMSEC will be appointed by Cabinet and report to the Minister.
 - b. TTMSEC will:
 - i. Propose strategic options and priorities for MSE development.

¹² Cabinet Minute #585 dated 2010/08/26.

- ii. Provide feedback from the various stakeholders on matters that are being addressed by those respective agencies that will affect MSE development.
 - iii. Propose recommendations to the stakeholders so that their policies will impact favourably on MSE growth and development.
 - iv. Advise on mechanisms that contribute towards the development and harmonization of policies and programmes that affect MSEs.
 - v. Advise on measures to improve MSE developmental institutions, MSE service providers and the legal and regulatory framework; such measures are intended to strengthen the effectiveness of MSE policy
 - vi. Harmonise national policies and programmes that impact on MSEs.
- c. The policy will ensure that all Ministries, Government agencies and private sector entities involved in developing policies and programmes for MSEs will advise MOLSMED in order to create a seamless support system for MSEs.

C.5.2 Advocacy

C.5.2.1 Current Situation

Advocacy consists of two-parts: advocacy within the government, and advocacy on behalf of MSEs. The two interface to create a fully functional advocacy system. At present, the EDD collaborates with key stakeholders to monitor the MSE sector and function as an advocate.¹³ Despite this, there is a need to strengthen the advocacy role within the Government.

C.5.2.2 Objectives of Policy

- a. To empower MOLSMED to act as intermediary and advocate for MSEs.
- b. To ensure that MSEs are the recipients of fair market conditions by creating a channel for receipt of MSE concerns, complaints and recommendation to the improvement of the management of the sector in a structured and organised manner.

C.5.2.3 Policy Actions and Recommendations

- a. Strengthen the EDD to advocate for the MSE sector by employing advocacy officers. The EDD will therefore effectively monitor, and assist with the enforcement of MSE rights, particularly as they interact with other businesses and institutions (public and private).
- b. The EDD will collaborate with the Trinidad and Tobago Micro and Small Enterprise Council (TTMSEC), the Fair Trade Commission (FTC) and the Regulated Industries Commission (RIC) to strengthen its advocacy functions.
- c. The EDD will partner with the relevant agencies to make entrepreneurship and business development part of the formal education system of Trinidad and Tobago at all levels. The MOLSMED will therefore collaborate with the Ministry of Education (MOE),

¹³ The advocacy functions of EDD are not meant to operate as substitutes for core regulatory agencies such as the Financial Services Ombudsman, the Ombudsman Fair Trade Commission, Regulated Industries Commission, and the formal appeals process. It is meant to complement these agents.

Ministry of Tertiary Education of Skills Training (TEST), National Training Agency (NTA) and others to integrate entrepreneurship and innovation as a component of the education curriculum from primary to tertiary education.

- d. Collaboration to ensure that there is a Dispute and Resolution mechanism to expeditiously deal with claims made by MSEs to resolve disputes between MSEs and other entities.

D. Special Areas for Social Development

Special emphasis will be placed upon programmes for gender, youth and the differently-abled.

D.1 Gender

Trinidad and Tobago has integrated gender mainstreaming to its policy and budgeting processes as of October 2013. Although female participation in various levels and sectors in the occupational environment has continued to improve progressively¹⁴ and, despite the upturn in women running businesses, MOLSMED continues to maintain focus on the gender gap. Statistics for the Americas¹⁵ show that even though women have become increasingly visible in the workplace, their participation is often limited by occupational segregation and gender discrimination. This policy recognises the crucial role of women in enterprise development and subsequently in boosting the modern economy. As such, the MOLSMED (in collaboration with MGYCD) seeks to create women's mentoring networks and will partner with groups that address the particular needs of women entrepreneurs.

D.2 Youth

The MSE policy proposed to unleash the entrepreneurial potential of the youth by promoting young entrepreneurs, modifying in formal education curricula, creating awareness and providing effective support through the following (in collaboration with MGYCD):

1. Inclusion of entrepreneurship in primary, secondary and tertiary level curricula to stimulate and reinforce a culture of entrepreneurship and innovation among youth. This incorporates initiatives such as, an inclusion of "Entrepreneurship" courses in all professional degree awarding programmes and vocational institutions.
2. Youth competitions in entrepreneurship.
3. Mainstreaming of youth in the IBIS (Integrated Business Incubator System), FairShare, and other existing youth enterprise development programmes.
4. Collaboration with existing youth business stimulation programmes.
5. Public information sessions and fairs in public locations, schools, universities, special institutions etc.
6. Training and other support services specific to youth.

¹⁴ As at 2011 in Trinidad and Tobago, the labour force participation rate (ratio of female to male shares) is 0.705, according to the ACS.

¹⁵ The Council of Ministers of Central America (COMMCA)

D.3 Differently-abled and other people in special circumstances

This group is comprised of individuals who are excluded or limited from the workplace and wider socioeconomic environment primarily due to differently-abled. The MOLSMED recognises that efforts must be made to increase access to entrepreneurship opportunities to these individuals. MOLSMED acknowledges the dignity that can be afforded to all persons, and particularly those persons who are differently abled or are in other special circumstances, and an affirmative approach needs to be taken to support these individuals to enable them to earn income and thus empower them to become self-sustainable. Adjudicated persons may also be targeted in this instance.

E. Implementation

MOLSMED will be responsible for the implementation of the Micro and Small Enterprise (MSE) Development Policy. As such, MOLSMED will lead the implementation of the Policy and monitor and evaluate each policy action, thereby ensuring that the desired results are produced. The MOLSMED will join efforts with the mentioned Government and private sector partners, trade unions and NGOs to mobilize resources toward materializing the policy goals and objectives

Agencies and Mechanisms

The implementation of the policy requires the development or evolution of agencies and structures engaged in the deployment of the policy. These key entities in this policy's implementation are:

1. The Enterprise Development Division (EDD)
2. Trinidad and Tobago Enterprise Development Agency (TTEDA)
3. National Entrepreneurship Development Company Limited (NEDCO)
4. The Trinidad and Tobago Micro and Small Enterprise Council (TTMSEC)

Enterprise Development Division (EDD)

EDD will be responsible for the development of policies and programmes, the certification of MSEs, engage in compliance activities to ensure MSEs continue to abide by the rules and regulations outlined. Also, the Division will advocate proactively and reactively (after receiving complaints) on behalf of MSEs, and will engage in community outreach activities to stimulate entrepreneurship.

Trinidad and Tobago Enterprise Development Agency (TTEDA)

TTEDA will be created to assist in the implementation of the business development and other MSE support programmes. While NEDCO will be responsible for implementing programmes directly to the MSEs, TTEDA will be the agency that will be the partner agency in the public private sector partnerships. In most cases, TTEDA will be the partner for all EIF supported projects.

National Entrepreneurship Development Company Limited (NEDCO)

NEDCO will continue to provide business support services and financing to its clients. It is proposed that NEDCO's marketing be more targeted and focused on attracting new clientele, while the broader approach used in community outreach events can be led by EDD through its Advocacy Unit.

Trinidad and Tobago Micro and Small Enterprise Council (TTMSEC)

TTMSEC will provide advisory support to MOLSMED on MSE development and will institutionalize social dialogue for MSE development.

Monitoring and Evaluation

Monitoring and Evaluation Framework. This will be established within the Monitoring and Evaluation Division of MOLMSED and will include:

- a. A modern IT-based monitoring and evaluation mechanism throughout all ministries, state agencies and specific private sector agencies to assess the state of micro and small enterprises over time and the efficacy of interventions
- b. Regular micro and small enterprise surveys (areas specific and general)

These structures will be established over a two-year period.

Future Policies for Development

Future Policies and Programmes for Development	
Differently-abled	The framework for a series of programmes aimed at: <ul style="list-style-type: none"> • supporting the differently-abled in business • supporting the caretakers of the differently abled in meaningful business activities
Persons in special circumstances	The framework for supporting those either in or about to leave correctional facilities for pursuing meaningful business ideas, partly designed to stem recidivism
Gender-based Entrepreneurship	The framework for supporting entrepreneurship activities with due sensitivity to gender differences.
Social Entrepreneurship	The needs of not-for-profit organisations are different from those of for-profit/commercial ones. The former therefore require a special policy defining the government's response to the same.
Youth Entrepreneurship	The challenges faces by young entrepreneurs require special attention from official government channels.
Creative industries	A series of incubator-styled programmes to develop strategic sectors within the creative sector for the purpose of economic diversification.
Green businesses	Policy and programmes to support micro and small enterprises involved in the green economy and to support the greening of the Ministry, its programmes and all micro and small businesses benefiting from its services (currently in progress).

F. Conclusion

The Ministry of Labour and Small and Micro Enterprise Development recognises the immense importance of MSEs to the development of the national economy and society and, as such, seeks to facilitate and advance the development of the sector, principally by setting an all-embracing, accommodative MSE environment. To guide the multi-faceted process of directing the MSE sector towards modernisation, innovation and good governance within the context of national solidarity, the Ministry, through the Enterprise Development Division, has developed this Micro and Small Enterprise Development Policy for Trinidad and Tobago. The Policy also intends to solidify the position of Trinidad and Tobago as the centre of premier entrepreneurship and MSE development.

This Policy provides the framework for the strategic and effective integration of micro and small enterprises into the formal economic structure of Trinidad and Tobago, thereby allowing them to access resources and services directed at holistically improving and supporting them while simultaneously channelling their economic success in the direction of employment creation, and economic development and diversification. The actions to address the issues will be undertaken in joint efforts with other Government Ministries, labour, civil society and the private sector. The success of each action therefore requires the deep commitment of all the stakeholders.

The Ministry of Labour and Small and Micro Enterprise Development will monitor and evaluate the implementation process of the policy for the creation and consolidation of a fostering environment which will support MSEs as much as possible toward sustainable and profitable operations within the formal economic sector. Once implemented, the Policy will produce a business environment for Trinidad and Tobago in which MSEs are formalized, productive, sustainable, and are stable instruments of diversification, development and employment creation.

Based on the feedback from this Policy's implementation, including the information obtained from TTMSEC and other key institutions, the Policy will be revisited at the end of its life and amendments will be made to continuously improve the entrepreneurship climate.

G. Appendices

Appendix I: Policy Development Methodology

Desk Review - Prior to the consultations the Ministry engaged the Enterprise Development Division in extensive desk review centred on past studies on the local MSE sector, references to the sector in the policies and programmes of other ministries, international reports on the MSE sector and reports and recommendations from multi-lateral organisations such as the United Nations, European Union and regional development banks.

Consultative Process- The MOLSMED coordinated its efforts of through a Policy Working Committee comprised of internal departments including Enterprise Development Division (EDD). This was essential to the inclusion of diverse and comprehensive views on the way forward for MSEs within Trinidad and Tobago as well as internationally. The Policy Working Committee contributed to the development of the initial Draft National Micro and Small Enterprise Development Policy (2013-2016) by assisting in the selection of the five (5) priority areas and eighteen (18) sub-areas as nucleus of the policy.¹⁶

In keeping with the Ministry's Decent Work Agenda, the social dialogue process was incorporated as the medium for the input and exchange of information from key MSE stakeholder groups. These stakeholders included MSEs, Ministries, public and private sector agencies, international organizations, community groups and non-Governmental organisations (NGOs). The social dialogue process consisted of four public consultations between an extensive period of September 2012 – March 2013¹⁷ in Trinidad and Tobago. In these consultations, responses were raised by the participants regarding each priority area of the Policy. The responses were thus considered in the development of the Policy. In order to complete the drafting of the National Micro and Small Enterprise Development Policy, the policy will be placed on the Ministry of Labour and Small and Micro Enterprise Development's website. The Draft Policy will be reviewed to ensure alignment with the general public consensus and the Trinidad and Tobago Medium term Policy Framework (2011-2014). A second round of consultations was held in October 2013 in both Trinidad and Tobago.

Quantitative and qualitative review – The participants' responses were collected, sorted, analysed and collated under the five (5) areas used throughout this policy. The responses were recorded by frequency of response with the more frequently occurring responses and comments identified as the most significant. Qualitative responses were also included as much as practicable.

Draft Policy Review: A draft policy was uploaded to the MOLSMED's website September 2012 for a period of 3 months for stakeholder comment. After the comments were integrated and various meetings held with government stakeholders, the policy was reloaded to the website in October 2013 until January , 2014 for further comment.. After all comments were considered and evaluated, the policy adjusted accordingly. The policy was completed in December 2013.

¹⁶ Definition of MSEs, Business Environment, Finance, Business Development and Training, Market facilitation, Physical Infrastructure, The Environment and Green Enterprise and, Advocacy and Governance.

¹⁷ Tuesday 18th September, 2012 Paria Suites; Thursday 20th September, 2012, Capital Plaza; Friday 21st September, 2012, Capital Plaza (Two Sessions - Morning and Afternoon); Tobago consultation held in April 2013

Appendix II: Seven Interconnected Pillars for Sustainable Development

1. People Centred Development – focuses on improving our education system and maintaining a seamless link for continuous learning.
2. Poverty Eradication and Social Justice – introduces strategies to reduce the income inequality that exists and provide a social safety net for the poor and vulnerable.
3. National and Personal Security – centres on human security and the maintenance of law and order. Addressing the social conditions that serve as incubators for criminal activity and the reform of the prison and justice systems will be critical.
4. Information and Communication Technologies – serves as the backbone which supports our educated population, maintains effective communication locally and globally and promotes timely information sharing and management.
5. A More Diversified, Knowledge Intensive Economy – emphasizes the expansion of other productive sectors in the economy through the continued development of existing sectors and the establishment of new areas that span the creative, technological and manufacturing sectors.
6. Good Governance – focuses on ensuring transparency, accountability participation and effective representation through institutional strengthening, enhancing democracy and strengthening execution and delivery capacity.
7. Foreign Policy – maintains and develops bilateral and multilateral relations ensuring that our foreign policy supports our objectives for the achievement of sustainable development.

Appendix III: Approved Small Company Status

The existing Approved Small Company Status¹⁸ was approved in 1995 to be administered by Business Development Company, under the MTII.

Benefits

- Limited Liability Companies can enjoy a tax credit of 25% of their chargeable profits by obtaining Approved Small Company status through the Business Development Company (BDC) Ltd.
- Financial institutions that grant loans to Approved Small Companies will be entitled to a 10% tax deduction of the net increase of those loans for the year of income.
- Additionally, there is 50% exemption on corporation tax on interest earned on transactions to Approved Small Companies.
- The Approved Small Company Status is valid up to 5 years but renewals are not automatic and must be requested by companies on an annual basis.

Eligibility

In order to be registered as an Approved Small Company, a Limited Liability Company must:

- Be locally owned and controlled;
- Not have as a shareholder any other Company holding shares directly or indirectly through its nominees;
- If incorporated after 8th January 1988, not be a result of splitting or reconstruction of an existing company;
- Have machinery, equipment and working capital the total value of which does not exceed \$1,500,000;
- Have at least five permanent employees;
- Have potential for creating jobs;
- Make optimum use of locally produced raw materials;
- Operate a system of accounts approved by an accountant who is a member of the Institute of Chartered Accountants of Trinidad and Tobago.

A Limited Liability Company interested in obtaining Approved Small Company Status should obtain and complete the Approved Small Company Application Form from any BDC office. Please follow the link at the bottom of this section for a list of BDC office locations.

Application Process

Copies of the following supporting documentation should be attached to the completed application form:

1. Certificate of Continuance
2. Certificate of Incorporation
3. Sixth Schedule-Form of Annual Return for Company having share capital
4. Notice of Directors (Form 8)
5. Audited Financial Statements for the year of income and an introductory report from auditors

There is a processing fee of \$500 for the Approved Small Business Status.

¹⁸ Adapted from TTCONNECT:

http://www.ttconnect.gov.tt/gortt/portal/ttconnect/Cit_businesspersDetail/?WCM_GLOBAL_CONTEXT=/gortt/wcm/connect/gortt+web+content/TTConnect/Citizen/Role/ABusinessPerson/GeneralBusinessServices/Approved+Small+Company+Status

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