



Government of the Republic of Trinidad and Tobago

Office of the Minister of Finance and the Economy
Media Release

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For Immediate Release

April 4, 2014

Howai: Venture Capital, an innovative source of financing

Venture Capital is an innovative source of financing and can aid Government's efforts in economic transformation, Finance and the Economy Minister, Larry Howai said while speaking, today at the third Caribbean Business Seminar.

Minister Howai noted that venture capital financing has invaluable economic potential for job creation, innovation and overall economic performance. He stressed however, that for Caribbean economies, focus must not only be on key macroeconomic objectives such economic growth, job creation, price stability and external viability, but also on economic transformation and sustainable development.

The Minister said, "we must seek to build knowledge based economies as increasingly, competitive advantage is being derived less from natural resources or cheap labour, and more from knowledge and technical innovations, therefore it is vitally necessary that we transform the economy's structure to:

- Seek new growth opportunities;
- Improve in the current levels of innovation;
- Seek innovative ways to increase productivity and competitiveness;
- Foster closer links between science and technology;
- Place greater focus on information and communications technologies to facilitate increased connectivity locally and overseas; and
- Make our economic well-being less reliant on primary production."

While noting that the recent global financial and economic crisis has stymied the region's efforts at building a knowledge-based economy, the Minister added, " the restoration of economic growth and the achievement of economic transformation require us to be innovative and move beyond the immediate focus on conventional economic expansion and stimulation.

“Venture capital is one such innovative avenue that can assist us in unlocking our economic growth potential.”

The Minister went on to note that there are several ways in which venture capital can contribute to the region’s drive for economic transformation, the first being that of the provision of financing to young entrepreneurs with novel untested product ideas who may find it difficult to access capital from the traditional sources, citing Google, Youtube, Microsoft and FedEx as examples.

“Venture capital is an invaluable, welcomed source of innovation financing if we are to operationalize unique, “made-in-the Caribbean” businesses and ideas for the 21st century.” the Minister said.

The Minister further added that venture capitalists could also provide invaluable services to nascent companies to ensure that they build and grow to a point where they can go public or be acquired by a strategic buyer.

“Venture capitalists are active participants in providing sound advice and guiding business performance along the way. This involvement provides a fertile breeding ground for knowledge transfer, strategic counsel, sound governance and application of cutting edge commercial best practices.” the Minister stated.

Minister Howai went on to say that positive externalities such as the promotion of sound corporate governance practices could also be derived from an active venture capital industry as investors expect transparency, sound corporate governance and social responsibility practices from investee companies.

“The enabling environment created for innovative venture capital firms to thrive also serves as a major area of reform benefitting the wider private sector as a powerful engine of growth.” the Minister added.

Minister Howai also pointed out that venture capital plays an essential role in retaining talented professionals whose human capital is an essential building block in economic transformation.

The Minister concluded by stressing the need for all stakeholders within the region to work collaboratively to reinvigorate strategies aimed at building a robust venture capital ecosystem in the Caribbean.

The event, themed ‘Growth and Competitiveness – The Role of Venture Capital in the Caribbean Economic Transformation Agenda’ was hosted by the Caribbean Centre for Money and Finance (‘CCMF’).