

SME HIGH-LEVEL SYMPOSIUM: Entrepreneurship & the SME business environment in the Caribbean – June 5<sup>th</sup> 2008, Port of Spain, Trinidad

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Are SME's in the Caribbean sustainable – what are the critical issues?

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You surprised me a little bit yesterday to be in the programme but I have made some observations from the Suriname prospects too you know and in fact I am not a banker, I am a Director of the Suriname Trade and Industry Association and we in fact represent 200 employers in Suriname and the employers produce about 95% of the GDP. We have another organization which is the Association of Manufacturers and we have the Chamber of Commerce.

In the country we have about 23,000 let's say entrepreneurs, of which 13,000 are just a name, no activities, so we have about let's say 10,000 entrepreneurs in the country of which 5,000 are supermarkets. You know the CSME stands for CARICOM Single Market Economy. We call it in Suriname the Chinese Supermarket Economy. In each and every street we have about 3 to 5 Chinese shops. It is just as a joke, you know. Okay, then of course we have about 2,000 hotels and restaurants, more Chinese restaurants of course than hotels. My estimate is that we have about 3,000 SME's really operating in the country of which for my point of view about 1,000 are really within the scope of to be told this morning up to 50 people turnover of about \$1 million and assets of about \$.5 million and these kinds of things.

The population in Suriname for your information is about 500,000 people, of which about let's say the formal workers are about 120,000 and the informal industries are about 30,000 so we have employed about 150,000 people of which almost 50% are Government employees, so the rest I would say are working for multi-nationals, unionized big companies and the rest is really SME.

The SME's in Suriname should really concentrate on the supply side because we are importers, we don't produce anything ourselves we have been trying to do that but still we should replace in the first place the imports and start from there to organize it and then go to the exports, first in the region and later on most probably to Europe.

What should be done to support, strengthen the SME's. I have made a few remarks in this respect, I said okay training is a big thing, affordable finance not only investment but also working capital and perhaps some equity, environmental measures to be sustainable that's also a lack, we are really lacking safety and OSHA regulations, occupational health and safety as you know, market research and analysis are what we should go after, in fact should be the niche market in development, we should develop appropriate techniques, improved management skills as already mentioned this morning. On top of that

it is small enterprises so what should be done we should really make partnerships and cluster the business to make sure that we can make a voice and have a voice. Of course all these measurements are taking money and I estimate that for investment in SME's in Suriname DFLSA needs at least US \$50 million to let it happen. It is a lot of money of course but that is my estimate. Okay it is not of course only the entrepreneurs, the Government has also a role in this whole environment. But first of all what are the sectors where we should really invest in: I think tourism, agro-industry, service industry, ICT, a little bit of mining, building and construction and bio-diversity, that is something I think in Suriname and in Guyana we should invest in because that is something that is scarce these days in the world. So I think we should really look in these areas for improvement. Another thing is perhaps something in the near future there is a potential for water fills. Suriname is one of the country's who has really an excess of water, water in the ground but also surface water. We should really do something there to export it in the Caribbean area where you have sea water, you have to do it from sea water to drinking water (potable water) that I think is an area where we should invest in. There is also a task as I said for the Government. To do these things good you should really create a tripartite organization for permanent development. It should be from the Government tax incentives to help the entrepreneurs. Renew outdated rules and regulations because we still have laws from 1925, 1940 you know and in a safer environment there is no law at all. So we really have to develop, that's the Government, and we should help the Government in this case. We should really bring experts in and really produce these things. For instance, in this moment there is no investment law in Suriname.

Question: How do you handle things?

It is incredible. Good governance is also something that should be transferred there should be anti-corruption and education of course. The social system is also something that creates sustainability, health care, pension funds, these things we really should establish them to make the SME sustainable, export financing and then of course tripartite institutions. The Government should also come up with institutions for a monitoring system. If you like to export meat, fish or vegetables you need an institution and that's something where the Government should really come in and help us and then of course you can approve the licences because doing business in Suriname there is a worldwide scoring and we are scoring I think one of the lowest. It takes for us to establish a limited liability company on paper about 600 days. How can you really work and start a business coming from abroad. But what has been done so far and that I think is really the most important thing the Government moving we have established last year in Suriname a business forum this Suriname Business Forum is by law and was set up let's say at the beginning of this year and of course we have the CSB, the Chamber in fact participating, on top of that we have some people who are in business we have the University is participating, the Minister of Justice and the representatives of the Union that support the Suriname Business Forum. The working arm of the Suriname Business Forum is the Suriname Business Centre, that's in fact the entity that is in constant discussion with the Government. It is a Lobby organization for the SME's to say okay this is not good enough, this has to be improved; you know the things

I just mentioned. We are there and I think it starts creating at least an opening in the Government that they see what has to be done in the near future to stay alive because everybody is jumping on you, Trinidad is coming in hard in Suriname, it is unbelievable you know because we are lazy, easy people, give me pay for that, as long as you can pay for it no problem, nothing is wrong the moment it stops then you have to do it yourself and then we are really more or less at the same level as Guyana, unfortunately.

There is another thing we develop, the Government you know the skills development centre, as you said education is also lacking here and there because we have about 10% unemployed people in the country on the other hand we are crying for professionals so we really have to make sure that we educate for the right jobs and I think we are coming up with a list of 15 professions that we are short in. There we start training on 3 levels, the lowest level, the drop-outs, people have to be retrained, the middle management level and the higher level. I think people who are coming from school should really take an additional course for a couple of months to make sure that we are paid for the job that we have at the moment.

We also have Micro credits. The Government is making available about €6 million to let the micro-entrepreneurs at least get some relief because this €6 million the Government will only do it themselves until we cannot. There is a last movement and that is something for the bankers. We have a National Development Bank and in this bank we of course finance entrepreneurs who start a new business. There is always a lot of risk involved but the Government is coming up with the guarantee funds where we say okay certain businesses where we really are taking risks let's at least do something to take 10/20/30/40% risk into the project that gives the banker also a good feeling you know to let it happen at the end of the day he is not only responsible for its money

I think these are the things moving in Suriname and I think it will give DFLSA a chance at this moment because the commercial banks are not that much interested and for your corporation and you are working on it and I think this is a good opening for you guys to jump into the business. That's about it.