



Media Release

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Government to take a lead role in Venture Capital Financing

Charles Maynard, Chief Executive Officer, Avantor Capital Limited calls on government to take a lead role in creating an enabling environment for the Venture Capital financing now being referred to as Risk Management.

“While I am not expecting the Government to do everything, they must take a lead role in being a facilitator and direct investors with respect to Venture Capital (VC) financing.”

Drawing on the example on government operated fund models in the United States (US) and Israel, he said, “In the US, the fund manager raises capital commitments independently, but is supported by the government through equity contributions. He said the US model- Small Business Investment Company (SBIC) has been a model for the rest of the world since 1959.

Meanwhile in Israel, the government has been offering attractive tax incentives to foreign VC Investment Firms plus matching VC Funds by the government.

“The governments took a central role, not only as a facilitator of incentives but also as a direct investor into VC funds. Note though that while the government invests, it does not hold any kind of managerial or political control over these funds. That is the role for the professional fund managers.”

Maynard was one of the main presenters at the Trinidad and Tobago Coalition of Services Industries, SME Financing: Bridging the Gaps workshop on November 4, at the Hilton Trinidad Hotel and Conference Centre, Port-of-Spain.



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He further added that even though the idea of venture capital funding has not been quite popular in Trinidad and Tobago, the financing initiative has great potential and can benefit Small Medium Enterprises (SME's). "If the recommended amount of five per cent pension funds were allowed to be invested in VC funds, there would have been a pool of over \$2B available today. Even at the level of 1.5%, that amount would have been close to \$700M (equivalent to the failed Life Sport Program)."

During the feature address Minister of Finance and the Economy, Larry Howai said, "Building the venture capital ecosystem is a mandate that the government is addressing since the absence of a venture capital fund as a source of entrepreneurial financing could force home-grown talent to migrate overseas, where investment funding is more abundant." He added that government's role must be focused on enhancing the region's venture capital ecosystem, as opposed to simply funding venture capital.

Howai noted that to date, the local and regional venture capital industries are yet to mirror some of the venture capital success stories of the US. "However, with the right policy mix, and appropriate strategies, we can create a local venture capital industry that is more developed and better positioned within an enabling venture capital system. This is the only way we can ensure that some of the world's most innovative ideas and solutions of tomorrow are indigenous to T&T."

Howai said this reality makes TTCSI's National Services Week 2014 both relevant and timely. "In this context, Government continues to work towards ensuring that the environment is not only business friendly to existing businesses, but also nurturing towards local entrepreneurs." This workshop was part of TTCSI's National Services Week 2014, which ended on November 6.

Howai also stated the \$50 million fund to assist business start-ups, which was mentioned in the 2014/2015 National Budget, under the purview of the Ministry of Planning would be ready early next year.