



*TWENTY-FOURTH REPORT OF*  
**PUBLIC ACCOUNTS**

**( E N T E R P R I S E S ) C O M M I T T E E**

*FIFTH SESSION OF THE 11<sup>TH</sup> PARLIAMENT*

Examination of the Audited Accounts, Balance Sheets and other Financial Statements of the Export-Import Bank of Trinidad and Tobago (EXIMBANK) Limited for the financial years 2012 and 2017



## Public Accounts (Enterprises) Committee

The Public Accounts (Enterprises) Committee (P.A.(E).C) established under Section 119(5) of the Constitution of the Republic of Trinidad and Tobago is mandated to consider and report to the House of Representatives accordingly on:

*“(a) the audited accounts, balance sheets and other financial statements of all enterprises that are owned or controlled by or on behalf of the state; and*

*(b) the Auditor General’s Report on any such accounts, balance sheets and other financial statements.”*

### Current membership

Mr. Wade Mark	Chairman
Dr. Tim Gopeesingh	Vice-Chairman
Mrs. Jennifer Baptiste-Primus	Member
Mr. Fitzgerald Hinds	Member
Mrs. Cherrie-Ann Crichlow-Cockburn	Member
Dr. Nyan Gadsby-Dolly	Member
Ms. Amrita Deonarine	Member
Mr. Foster Cummings	Member

### Committee Staff

The current staff members serving the Committee are:

Ms. Keiba Jacob	Secretary
Ms. Hema Bhagaloo	Assistant Secretary
Ms. Vanna Jankiepersad	Procedural Officer Intern
Mr. Darien Buckmire	Graduate Research Assistant
Mr. Justin Jarrette	Graduate Research Assistant
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### Publication

An electronic copy of this report can be found on the Parliament website: [www.ttparliament.org](http://www.ttparliament.org)

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## Table of Contents

<b>Members of the Public Accounts (Enterprises) Committee.....</b>	<b>Error! Bookmark not defined.</b>
<b>Executive Summary .....</b>	<b>5</b>
<b>Introduction.....</b>	<b>7</b>
Establishment.....	7
Mandate.....	7
Ministerial Response.....	7
State Enterprises Performance Standards .....	7
Election of the Chairman and Vice Chairman .....	8
Establishment of Quorum .....	8
Change in Membership.....	8
<b>Methodology .....</b>	<b>9</b>
Determination of the Committee’s Work Programme .....	9
Fourth Session Work Programme.....	10
<b>The Inquiry Process.....</b>	<b>11</b>
<b>Export-Import Bank of Trinidad and Tobago Limited’s Background .....</b>	<b>12</b>
<b>Issues, Observations and Recommendations.....</b>	<b>14</b>
<b>Concluding Remarks .....</b>	<b>Error! Bookmark not defined.</b>

## Members of the Public Accounts (Enterprises) Committee



Mr. Wade Mark  
**Chairman**



Dr. Tim Gopeesingh  
**Vice-Chairman**



Dr. Nyan Gadsby-Dolly  
**Member**



Mrs. Jennifer Baptiste-Primus  
**Member**



Mr. Fitzgerald Hinds  
**Member**



Ms. Amrita Deonarine  
**Member**



Mrs. Cherrie-Ann Crichlow-Cockburn  
**Member**



Mr. Foster Cummings  
**Member**

## Executive Summary

The Public Accounts (Enterprises) Committee (PA(E)C) is the Parliamentary Financial Oversight Committee tasked with the responsibility of examining the audited accounts of all State Enterprises that are owned or controlled by the state. The Committee examined the **Audited Accounts, Balance Sheets and other Financial Statements of the Export-Import Bank of Trinidad and Tobago (EXIMBANK) Limited for the financial years 2012 and 2017** and produced this report to highlight its findings and recommendations.

This report details the issues, endorsements and recommendations made by the Committee to improve EXIMBANK's performance. The issues identified in this report were found during the period under examination (2012 to 2017).

During this inquiry, the following topics were discussed:

- *EXIMBANK's high staff turnover*
- *The threats to EXIMBANK's operations*
- *EXIMBANK's competitive advantages and disadvantages*
- *Operational growth via Guyana*
- *Using technology and new distribution networks to improve operational efficiency*
- *EXIMBANK's operational achievements*
- *The status of the Made in T-n-T.com*
- *Loan made below EXIMBANK's Cost of Funds and Interest Rates*

In light of the Committee's findings, the following observations were made:

- *The Committee notes that the 33<sup>d</sup> Report of the Public Accounts Committee on an inquiry into the implementation of Information and Communication Technology across the public service. During this inquiry it was learnt that the National Information and Community Technology Company Ltd (iGovTT) was responsible for negotiating Microsoft Enterprise Agreements for the use of Ministries, Departments and Agencies. These Agreements facilitate cost reductions and promote uniformity of ICT systems across entities;*
- *The Committee notes that the Made in TnT website was offline as at July 6, 2020; and*
- *The Committee notes and is concerned about the two different explanations given by EXIMBANK regarding lower than usual rates charged to a customer and the effect of this practice.*

In light of the Committee's findings, the following recommendations were made:

- *The Personnel Department should thoroughly review the job evaluation exercise and re-evaluate the EXIMBANK's current compensation system given that the existing salaries are below the market rate and contribute to an above normal staff turnover rate and report to Parliament by September 4, 2020;*
- *EXIMBANK should conduct a risk analysis of all its identified threats and weaknesses and devise a management plan/process for each so as create ways to circumvent them and reduce their effects on the company's operations. The results of this analysis as well as the relevant management plans should be submitted to Parliament by September 4, 2020;*
- *EXIMBANK should report on the what markets it can penetrate if it is allowed to focus beyond the non-energy export sector as well the proposed contribution to the economy the country stands to gain if EXIMBANK was allowed to operate outside its niche market focus. This report should be submitted to Parliament by September 4, 2020;*
- *EXIMBANK should submit a report on its initiatives for expanding operations into Guyana including the timeline for EXIMBANK's operationalisation in Guyana. This report should be submitted by September 4, 2020;*
- *EXIMBANK should confer with iGovTT about being included in the Microsoft Enterprise Agreement, if this has not already been done, and report to Parliament on this matter by September 4, 2020;*
- *EXIMBANK should submit a progress report to Parliament on the deployment of technology to aid in the delivery of its core management functions and provide the estimated of this technology by September 4, 2020;*
- *EXIMBANK should provide Parliament with a timeline for the implementation of business sentiment surveys by September 4, 2020;*
- *EXIMBANK should provide a report to Parliament containing the following by September 4, 2020; and*
  - *the reason why it is offline;*
  - *how long the website has been offline and when it will be online again; and*
  - *the effect of the website being offline on the achievement of value for money from this project.*
- *EXIMBANK should submit a report highlighting all the substantial details surrounding the abovementioned scenario given that two differing explanations were provided to the Committee, by September 4, 2020.*

## Introduction

### Establishment

The PA(E)C of the Eleventh Republican Parliament was established by resolutions of the House of Representatives and the Senate at sittings held on Friday November 13, 2015 and Tuesday November 17, 2015 respectively.

### Mandate

The Constitution of the Republic of Trinidad and Tobago mandates that the Committee shall consider and report to the House on the audited accounts, balance sheets and other financial statements of all enterprises that are owned or controlled by, or on behalf of the State.

In addition to the Committee's powers entrenched in the Constitution, the Standing Orders of the House of Representatives and Senate also empower the Committee (but not limited) to:

- a. send for persons, papers and records;
- b. have meetings whether or not the House is sitting;
- c. meet in various locations;
- d. report from time to time; and
- e. communicate with any other Committee on matters of common interest.

### Ministerial Response

The Standing Orders<sup>1</sup> provide for the Minister responsible for the Ministry or Body under review to submit within sixty (60) days a paper to the House responding to any recommendations or comments contained in the Report which are addressed to it.

### State Enterprises Performance Standards

The PA(E)C used the State Enterprises Performance Monitoring Manual as a benchmark to examine the performance of State Enterprises. The manual outlines the framework for compliance with official

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<sup>1</sup> Standing Order 110 (6) in the House of Representatives and 100(6) of the Senate.

policy and the monitoring mechanisms to be used in assessing such compliance. The Government of Trinidad and Tobago monitors the performance of State Enterprises to ensure that these enterprises successfully execute their mandates and maximise value for money for the national stakeholders and shareholders<sup>2</sup>

### **Election of the Chairman and Vice-Chairman**

In accordance with section 119(6) of the Constitution, the Chairman must be a member of the Opposition in the Senate. At the first meeting held on Wednesday December 2, 2015, Mr. Wade Mark was elected Chairman and Dr Tim Gopeesingh was elected Vice-Chairman of the Committee.

### **Establishment of Quorum**

The Committee is required by the Standing Orders to have a quorum so that decisions can be made. A quorum of four (4) Members, inclusive of the Chair or Vice-Chairman, with representatives from both Houses was agreed to by the Committee at its First Meeting.

### **Change in Membership**

On November 27, 2018 a decision was made at a sitting of the Senate to replace Mr. David Small as a Member of the Committee with Ms. Amrita Deonarine.

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<sup>2</sup> <http://www.finance.gov.tt/wp-content/uploads/2013/11/State-Enterprise-Performance-Monitoring-Manual-2011.pdf>

## Methodology

### Determination of the Committee's Work Programme

At its second meeting on Wednesday January 13, 2016, the Committee agreed to prioritise thirty-four

(34) State Enterprises as follows:

- Caribbean Airlines Limited (CAL)
- Caribbean New Media Group (CNMG)
- Caroni Green Limited
- Community Environmental & Protection Enhancement Programme Company Limited (CEPEP)
- Education Facilities Company Limited (EFCL)
- Estate Management and Business Development Company Ltd. (EMBDC)
- Evolving Tecknologies and Enterprise Development Co. Ltd (eTECK)
- National Commission for Self Help Limited
- National Entrepreneurship Development Company Ltd. (NEDCO)
- National Enterprises Limited (NEL)
- National Gas Company of Trinidad and Tobago Limited (NGC)
- National Infrastructure Development Company Limited. (NIDCO)
- National Insurance Property Development Company Limited. (NIPDEC)
- National Quarries Company Limited (NQCL)
- National Schools Dietary Services (NSDSL)
- Palo Seco Agricultural Enterprises Limited (PSAEL)
- Petroleum Company of Trinidad and Tobago (PETROTRIN)
- Point Lisas Industrial Port Development Corporation Limited. (PLIPDECO)
- Port of Spain Waterfront Development Limited.
- Rincon Development Ltd.
- Rural Development Company of Trinidad and Tobago Limited.
- Sport Company of Trinidad and Tobago (SporTT)
- Telecommunication Services of Trinidad and Tobago (TSTT)
- Trinidad and Tobago Fashion Company Limited.
- Trinidad and Tobago Mortgage Finance Company Limited (TTMF)
- Trinidad and Tobago National Petroleum Limited (NP)

- Tourism Development Corporation (TDC)
- Union Estate Electricity Generation Company Limited
- Urban Development Corporation of Trinidad and Tobago (UDECOTT)
- Solid Waste Management Company Limited (SWMCOL)
- Vehicle Management Corporation of Trinidad and Tobago (VMCOTT)
- National Flour Mills Limited (NFM)
- Community Improvement Services Limited (CISL)
- Government Human Resource Services Company Limited (GHRS)

### **Fifth Session Work Programme**

At a meeting held on February 5, 2020 the Committee identified the following entities for examination in the Fourth Session of the 11<sup>th</sup> Parliament:

1. Rural Development Company of Trinidad & Tobago Limited (RDC);
2. ExporTT;
3. Urban Development Corporation of Trinidad & Tobago Limited (UDECOTT);
4. Vehicle Management Corporation of Trinidad & Tobago (VMCOTT);
5. Development Finance Limited;
6. Metal Industries Company Limited (MIC);
7. National Enterprises Limited (NEL)
8. Follow-up;
  - PLIPDECO
  - NQCL
  - EMBD
  - NGC
  - CEPEP
  - SPORTT

## The Inquiry Process

The Inquiry Process outlines steps taken by the Committee to conduct the inquiry into the operations of EXIMBANK. The following steps outline the Inquiry Process agreed to by the PA(E)C:

- I. Identification of issues in the Audited Accounts, Balance Sheets and other Financial Statements of EXIMBANK for the financial years 2012 to 2017;
- II. Preparation of Inquiry Proposal for EXIMBANK. The Inquiry Proposal outlines:
  - a. Background;
  - b. Objective of Inquiry; and
  - c. Proposed Questions.
- III. Questions were forwarded to EXIMBANK on March 21, 2019. Written responses were received from EXIMBANK on April 18, 2019;
- IV. Determination of the need for a Public Hearing based on the analysis of written submissions. In this instance, no public hearing was held. A written request for additional information was sent to the EXIMBANK on June 21, 2019. The responses were subsequently received on July 10, 2019.
- V. Report the Committee's findings and recommendations to Parliament upon conclusion of the inquiry.
- VI. Carry out follow-up to monitor progress in the implementation of recommendations.

# Export-Import Bank of Trinidad and Tobago Limited's Background<sup>3</sup>

## Company History

The Export Import Bank of Trinidad and Tobago Limited (EXIMBANK) remains the only official Export Credit Agency (ECA) in the country. It has emerged out of what was formerly the Trinidad and Tobago Export Credit Insurance Company Limited (EXCICO), which was established in 1973 by the Government to promote the export of goods and services. This allows regional buyers access to a wide range of manufactured goods on credit terms.

EXCICO was converted to EXIMBANK following an Order by the Minister of Finance on November 4th 1997, cited as "Financial Institution (Amendment to the Third Schedule) Order 1997." This Amendment to the FIA allows EXIMBANK to conduct "the business of a Confirming House, Acceptance House, Finance House or Finance Company ... (and) ...Financial Services."

EXIMBANK's operations are funded principally by its own financial resources accumulated from profitable trading operations over the years and by various lines of credit provided by major financial institutions. Institutional support is also provided by a Guarantee from the Government of Trinidad and Tobago under the Guarantee of Loans (Companies) Act in respect of the settlement of all claims due and payable by EXIMBANK. EXIMBANK remains a profitable, well managed, state owned financial institution working with local and regional financial institutions and pursuing a business philosophy of promoting selective and controlled expansion of the export sector.

## Mission:

To provide a wide range of attractive and effective trade finance products to the export sector that will satisfy market needs, while facilitating regional penetration and expansion at the same time positioning our clients to take advantage of global opportunities.

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<sup>3</sup> Export-Import Bank of Trinidad and Tobago. Website accessed on May 31, 2020  
<http://www.eximbanktt.com/about.html>

## **Vision:**

To be the premier trade finance and credit insurance institution facilitating the national export thrust as the country pursues its stated goal of sustainable economic growth and development.

## **Mandate:**

The EXIMBANK will vigorously pursue its mission to facilitate the growth and expansion of the non-energy export and manufacturing sectors in order to enhance the foreign exchange earnings of Trinidad and Tobago, and to create and sustain employment through our trade finance product portfolio's coverage to the exporting community.

## **Board of Directors**

- ❖ Mr. John Tang Nian - Chairman
- ❖ Ms. Nicole Patrick
- ❖ Mr. Greig Laughlin
- ❖ Ms. Elsa Lara-Joseph
- ❖ Mr. Gary Darwent
- ❖ Ms. Cindy Anne Bazzard

## **Management Team**

- ❖ Mr. Navin Dookeran - Chief Executive Officer
- ❖ Ms. Josephine Ible - Chief Operations Officer
- ❖ Mrs. Carol Austin - Chief Financial Officer
- ❖ Mrs. Marlene Mendez - Manager, Human Resources
- ❖ Mr. Lindsay Chevalier - Manager Recoveries and Securities
- ❖ Mr. Sheldon Thomas - Marketing Manager
- ❖ Mr. Kevin Tang Nian - Credit Manager
- ❖ Mr. Yoganan Dipchan - Internal Auditor

## Issues, Observations and Recommendations

In the Committee's examination of EXIMBANK, the following issues were identified and the corresponding observations and recommendations proposed:

### 1. High staff turnover

At EXIMBANK, salary negotiations/reviews for both management and staff were outstanding up to the periods as follows:

- General Staff - 2012 to 2014
- Executive & Senior Management - 2013 to 2015

EXIMBANK pointed out that a Job Evaluation had been completed in July, 2013 and had been submitted as requested to the Chief Personnel Officer (CPO). The exercise revealed the following shortcomings of the compensation system:

1. It failed to take a broad and long-term view of where the bank's business is going
2. It was significantly below the market rate
3. It failed to attract and retain the best employees
4. It contributed significantly to high turnover rates

On average staff salaries were 37% below the market rate and the situation resulted in a high staff turnover over the years. It was expressed that the situation fundamentally affected the efficient working of the institution and it essentially established the EXIMBANK as a training ground for other financial institutions. The EXIMBANK is awaiting a ruling from the Industrial Court and is also hopeful for some intervention by the CPO. However, in the interim, the EXIMBANK began reengaging its new line Ministry for guidance and support on how to address this issue.

#### ***Recommendation:***

- ***The Personnel Department should thoroughly review the job evaluation exercise and re-evaluate the EXIMBANK's current compensation system given that the existing salaries are below the market rate and contribute to an above normal staff turnover rate and report to Parliament by September 4, 2020.***

### 2. Threats to EXIMBANK's operations

The challenges stemming from a contracting global economy, government regulations, breakdown in negotiations and inadequate funding have been identified as detrimental to EXIMBANK's operations. They are detailed as follows:

- The global economic contraction brought tremendous uncertainty in the business community which affected the Bank's ability to steadily generate revenue due to a decrease in customers' requests for loan facilities.
- As mentioned prior, failure of the CPO to address salary negotiations for general staff resulted in a breakdown in negotiations which is before the Industrial Court. This has resulted in high staff turnover which crippled the Bank's operations and made it constantly necessary to hire and train new staff.
- The bank's inability to be sufficiently capitalised ensured that it was unable to raise financing on the capital markets when compared to comparable international agencies. This lack of

resources inevitably creates operational deficiencies related to product development and distribution.

- The bank consistently brought up its structural issues in its discussions with Corporation Sole but nothing came to fruition. EXIMBANK stated that it was developing a capital restructuring plan and engaging relevant stakeholders as best as they could where necessary

**Recommendation:**

- ***EXIMBANK should conduct a risk analysis of all its identified threats and weaknesses and devise a management plan/process for each so as create ways to circumvent them and reduce their effects on the company's operations. The results of this analysis as well as the relevant management plans should be submitted to Parliament by September 4, 2020.***

**3. Competitive advantages and disadvantages**

EXIMBANK's competitive advantage remained as it is the only entity in Trinidad and Tobago that can offer its export credit insurance product by law. This product reduces or removes the risk (for the exporter) of non-payment by a new or existing buyer in a foreign market. Another competitive advantage, initiated in 2018 was becoming a supplemental forex provider. This will remain a competitive advantage only while the country has a national forex shortage. A competitive disadvantage has been EXIMBANK's niche market focus on the non-energy export sector which has limited the company's growth potential.

**Recommendation:**

- ***EXIMBANK should report on the what markets it can penetrate if it is allowed to focus beyond the non-energy export sector as well the proposed contribution to the economy the country stands to gain if EXIMBANK was allowed to operate outside its niche market focus. This report should be submitted to Parliament by September 4, 2020.***

**4. Operational growth via Guyana**

EXIMBANK stated that going forward, Trinidad and Tobago's trade strategy must include Guyana due to the projected vast increases in purchasing power, needs and the demands of Guyanese consumers and businesses. The EXIMBANK implied that it would be able to construct "turnkey" financial solutions that integrate not only funding, but operational capacity confirmation, checks for adherence to international standards and protocols and base legal documentation formats for service providers and buyers to utilise and move forward toward a final agreement and service arrangement. The EXIMBANK could explore Trinidad and Tobago-Guyana industry specific offerings in Oil & Gas services, construction, architectural and ICT sectors. These are primarily service exports which are in line with GORTT strategy. Goods penetration will also continue in tandem utilising tried and tested traditional methods of export market penetration.

**Recommendation:**

- ***EXIMBANK should submit a report on its initiatives for expanding operations into Guyana including the timeline for EXIMBANK's operationalisation in Guyana. This report should be submitted by September 4, 2020.***

## 5. Use of Technology and new distribution networks to improve operational efficiency

EXIMBANK's growth plans would be achieved through the development of new or enhanced products and services, reduced cost of borrowing, improved processing functionality and strategic partnerships with other financial institutions to redistribute its services over a secure network. Technology and new distribution networks created through strategic alliances with other financial institutions will improve efficiency through the creation of a shared Virtual Private Network (VPN), potentially even connected to other FIS via relevant APIs.

The platform will facilitate the transfer of information and data regarding client applications and supporting material. The EXIMBANK team will be able to review all information online, respond in real time, gather further client data, confirm or decline any client or partner request. The system can improve the turnaround time for application processing and disbursement activity.

Additionally, the EXIMBANK indicated that it will explore the deployment of technology to aid in the delivery of various core management functions, such as HR — payroll/time/attendance, Customer Relationship Management as well as workflow management and processes.

### ***Observation:***

- *The Committee notes that the 33<sup>d</sup> Report of the Public Accounts Committee on an inquiry into the implementation of Information and Communication Technology across the public service. During this inquiry it was learnt that the National Information and Community Technology Company Ltd (iGovTT) was responsible for negotiating Microsoft Enterprise Agreements for the use of Ministries, Departments and Agencies. These Agreements facilitate cost reductions and promote uniformity of ICT systems across entities.*

### ***Recommendations:***

- *EXIMBANK should confer with iGovTT about being included in the Microsoft Enterprise Agreement, if this has not already been done, and report to Parliament on this matter by September 4, 2020; and*
- *EXIMBANK should submit a progress report to Parliament on the deployment of technology to aid in the delivery of its core management functions and provide the estimated of this technology by September 4, 2020.*

## 6. Operational achievements

The bank has been able to expand the non-energy sector through a focused, marketing and business development strategy which increased the number of new exporters, expanded the market reach of existing exporters and impacted the following sectors:

- i. Food and Beverage;
- ii. Chemicals;
- iii. Film;
- iv. Cosmetics and Toiletries;
- v. Media;
- vi. Paper and Packaging;

- vii. Clothing and Accessories;
- viii. Building and Construction;
- ix. Fuels and Oils;
- x. Furniture and Household;
- xi. Medical and Pharmaceuticals;
- xii. Stationary and Office Supplies and
- xiii. Plastics.

Other achievements include:

- Facilitating Government's diversification thrust by providing the financial impetus to export sectors of focus by the state.
- Increased Foreign Exchange earnings by providing export manufacturers with a suite of products and services which increased their exporting capacity.
- Improved exporters' competitiveness by providing financing facilities below prevailing market rates.
- Increased domestic employment through the provision of services which facilitated expanded market opportunities for the manufacturing sector, necessitating exporters to increase production and meet new demands.

In a written submission about the fulfilment of its mandate, EXIMBANK recognised the importance of keeping track of 'business sentiment'. It was indicated that a monthly survey run in collaboration with business associations could provide insight into how the business community perceives and reacts to the enabling environment that EXIMBANK helps to create.

***Recommendation:***

- ***EXIMBANK should provide Parliament with a timeline for the implementation of business sentiment surveys by September 4, 2020.***

**7. Made in T-n-T.com**

The only ongoing EXIMBANK project was its business portal which may be accessed via <http://www.made-in-tnt.com/>. The initial estimated cost of the project was \$3,012,000.00 however, as at fiscal year-end 2017 total costs had exceeded \$3,494,508.99. The project was listed at 90% complete with development works still ongoing. Made-in-TnT.com in its early stages would have provided a virtual platform for local manufacturers and service providers to showcase their products and services to a global community, increasing the potential for export-oriented business. EXIMBANK would have gauged the success of the portal by looking at the following key performance indicators:

- The monthly increase in client listings;
- The expansion of new product and service categories;
- Monthly site visits by destination;
- Monthly page visits;
- Business opportunities obtained via the site;
- Monthly E-commerce transactions; and

- Marketing revenue derived from the site.

**Observation:**

- *The Committee notes that the Made in TnT website was offline as at July 6, 2020.*

**Recommendation:**

- *EXIMBANK should provide a report to Parliament containing the following by September 4, 2020:*
  - *the reason why it is offline;*
  - *how long the website has been offline and when it will be online again; and*
  - *the effect of the website being offline on the achievement of value for money from this project.*

**8. Loan made below EXIMBANK's Cost of Funds and Interest Rates**

An existing customer of the EXIMBANK, which also held facilities at multiple lenders was in need of capital restructuring to avoid the closure of the business. All financial institutions were approached jointly to negotiate a solution. As part of the restructuring, all debt providers (with the exception of EXIMBANK) accepted immediate losses on their exposure. The EXIMBANK did not suffer any immediate losses. At the same time, the customer came to the table with an equity injection. This contradicts an earlier submission received from EXIMBANK which stated "In August 2016 a customer was given rates below EXIMBANK's Cost of Funds and this accounted for:

- A Loss of Income of \$2.421M for the Year 2016 and \$5.846M for the Year 2017;
- Total Impact on Retained Earnings of \$8.267M to 31st December 2017 as follows:

**Year 2016**

		Rate		Interest As Per	Interest As Per	Interest Difference	
		New	Std	New Rate	Old Rate	US\$	TT\$
Pulp & Paper Customer				US\$	US\$	US\$	
02/08/2016	31/12/2016	151	2%	8%	41,944	167,778	(125,833)
02/08/2016	31/12/2016	151	1%	8%	20,972	167,778	(146,806)
Pulp & Paper Customer							
Amortisation Schedule			5%	8%	15,527	27,768	(12,242)
02/08/2016	31/12/2016	151	3%	8%	56,085	149,560	(93,475)
Total For 2016					134,528	512,884	(378,356)

**Year 2017**

		Rate		Interest As Per	Interest As Per	Interest Difference
				New Rate	Old Rate	

			New	Std	US\$	US\$	US\$	TT\$
Pulp & Paper Customer								
31/12/2	31/12/2017	365	2%	8%	101,388.96	405,555.84	(304,167)	(1,946,668)
31/12/2	02/08/2017	214	1%	8%	29,722.27	237,778.13	(208,056)	(1,331,558)
02/08/2	31/12/2017	151	1%	8%	20,972.25	167,778.03	(146,806)	(939,557)
Pulp & Paper Customer								
Amortisation Schedule			5%	8%	46,124.64	74,614.52	(28,490)	(182,335)
31/12/2	31/12/2017	365	3%	8%	135,569.98	361,519.94	(225,950)	(1,446,080)
Total For 2017					333,778.10	1,247,246.46	(913,468.36)	(5,846,197.53)

This was a decision taken by the GORTT. EXIMBANK being fully aware that this would negatively impact its profitability made several submissions for a reconsideration.”

**Observation:**

- *The Committee notes and is concerned about the two different explanations given by EXIMBANK regarding lower than usual rates charged to a customer and the effect of this practice.*

**Recommendation:**

- *EXIMBANK should submit a report highlighting all the substantial details surrounding the abovementioned scenario given that two differing explanations were provided to the Committee, by September 4, 2020.*

## Conclusion

EXIMBANK has been plagued by the continued loss of key personnel to its competitors who offered better payment packages that were in line with industry standards. As it stands, EXIMBANK's salary packages are 37% below that of other financial institutions. It could be said that EXIMBANK is a training ground where the very best are cherry picked by the other financial institutions and resources spent investing in employees leads to the benefit of the bank's competitors. The Personnel Department should step in and approve improved salary packages so as to allow the Bank to retain its best employees.

Given the Bank's focus on the non-energy export sector, the Bank should collaborate with the National Export Facilitation Organisation of Trinidad and Tobago (exporTT). ExporTT is charged with generating export growth and diversification in the non-energy goods and services sectors by catering to the needs of exporters and if EXIMBANK were to work with exporTT's exporters it would be a mutually beneficial arrangement for all stakeholders involved.

The Public Accounts (Enterprises) Committee respectfully submits this Report for the consideration of the Parliament.

.....

Mr. Wade Mark  
**Chairman**

.....

Dr. Tim Gopeesingh  
**Vice-Chairman**

.....

Mr. Fitzgerald Hinds  
**Member**

.....

Mrs. Cherrie-Ann Crichlow-Cockburn  
**Member**

.....

Mrs. Jennifer Baptiste-Primus  
**Member**

.....

Dr. Nyan Gadsby-Dolly  
**Member**

.....

Mr. Foster Cummings  
**Member**

.....

Ms. Amrita Deonarine  
**Member**

## **APPENDIX I**

### **Questions for Additional Information**

## To EXIMBANK

### General Questions

1. How does the EXIMBANK measure the effectiveness of its ability to facilitate the growth and expansion of the non-energy and manufacturing sectors including services?
2. How has the EXIMBANK been able to identify whether its activities have enhanced the foreign exchange earnings of Trinidad and Tobago?

### Strategic Plan

1. Provide a contextual explanation for the effect of funding requirements, high staff turnover, inadequate compensation and stalled CPO negotiations on the EXIMBANK's operations.
2. Provide a detailed account of how a contracting global economy, government regulation, stalled HR negotiations and inadequate funding can/will threaten the EXIMBANK's operations.
3. Who are the EXIMBANK's main competitors and what percentage of market share does each possess?
4. What competitive advantages and disadvantages has the company experienced since its establishment?
5. What operational growth opportunities exist in the Caribbean and Latin-American markets that can be exploited by the EXIMBANK? How will the EXIMBANK take advantage of these opportunities?
6. What are the EXIMBANK's plans to achieve:
  - a. An asset base growth to 2 Billion TTD;
  - b. Interest income growth to 100 Million TTD; and
  - c. Improved operational efficiency through technology and new distribution networks.

7. How will building an asset base of 2 Billion TTD help the EXIMBANK achieve its primary responsibility of facilitating the growth and expansion of the non-energy export and manufacturing sectors?
8. What new distribution networks does the EXIMBANK intend to create?
9. Provide an outline of how the use of technology and new distribution networks will improve EXIMBANK's operational efficiency?

### **Mission, Vision and Mandate**

1. What operational and structural deficiencies limited the EXIMBANK's ability to benchmark its operation against international standards? What is being done to reduce/mitigate the identified deficiencies?
2. Provide a sector breakdown of the 4,517 employees whose jobs can be attributed to the EXIMBANK's operations.
3. In the time since its incorporation, who has EXIMBANK been able to:
  - a. Expand the non-energy sector;
  - b. Facilitate Government's diversification thrust;
  - c. Increase FOREX earnings for exporters;
  - d. Improve export competitiveness; and
  - e. Increase domestic employment.
4. How has the Made-in-TnT.com in its early stages of implementation helped clients take advantage of global market opportunities so far?
5. What performance indicators has the EXIMBANK utilized to measure the success of Made-in-TnT.com?
6. Is the credit approval process used to evaluation exporters seeking export financing that was provided standard across for all applicants?
7. Does the EXIMBANK conduct internal/external verification to assess the accuracy and authenticity of the information provided by the applicant?
8. Have there been any instances/scenarios where a variation/deviation of the standard credit evaluation process was undertaken/required? If yes, provide the details of all such instances.

### **Risk Management**

1. Does the EXIMBANK utilize a competitive tendering process for all building construction and maintenance? In what instances was a competitive tendering process not used?
2. Provide recent examples of when Board of Director approval was sought to override the EXIMBANK's procurement policy? State the reasons for why this was done.

### **Procurement Policy**

1. In the absence of a procurement unit, how does the EXIMABNK ensure that managers who are responsible for the purchase of goods and services remain aware of the relevant purchasing legislation and guidelines?

### **EXIMBANK's Overall Financial Operating Strategy**

1. What strategies have been development to ensure that the company is able to achieve the below objectives:
  - a. Maintaining long term financial sustainability;
  - b. Maintaining solvency;
  - c. Achieving Value for Money in our core and supporting activities;
  - d. Ensuring high standards of financial probity and accountability;
  - e. Increasing income from all our financial products;
  - f. Maintaining a clear and robust approach toward financial planning, decision making and the allocation of resource; and
  - g. Ensuring that the financial risks associated with ongoing activities and new opportunities are communicated and managed appropriately.
2. What monitoring and evaluation tools will be utilised to measure the achievement of the above-mentioned objectives?

### Loans and Receivables

1. How much of the \$386,017,055 in Loans and Receivables recorded as at 30th September 2018 has been recovered to date?
2. Does the EXIMBANK assess its debt recovery mechanisms to determine its effectiveness? If yes, how often? If no, why not?

### Operating Efficiency

1. What factors lead to a customer being given rates below EXIMBANK's Cost of Funds and Interest Rates in August 2016?
2. Provide a copy of the notification received from the GORTT which directed the EXIMBANK to approve a loan below EXIMBANK's Cost of Funds and Interest Rates.
3. Provide a copy of the submissions sent to the GORTT requesting reconsideration of the decision and subsequent responses received.
4. Did the customer meet any of EXIMBANK's loan facility criteria?
5. What is the total loss of income incurred as a result of the approval of the Loan below EXIMBANK's Cost of Funds and Interest Rates as at May 31, 2019?
6. What is the payback period for the loan?
7. Is the loan extended to this customer guaranteed by the GORTT? If not, by whom?
8. Have any loans been extended to this customer in the past?
9. Have any preferential rates been extended to entities outside the period under review (before 2012 and after 2017)?

## To Ministry of Finance - Investment Division

1. In a written submission received from EXIMBANK (*see attached extract*), could the Ministry of Finance confirm:
  - a. Whether the details of the extract are true;
  - b. Whether the guaranteeing of the loan followed standard approval procedure;
  - c. The circumstances behind the company/customer receiving a loan below EXIMBANK's Cost of Funds and Interest Rates; and
  - d. Whether companies with similar circumstances made aware that they could apply for a loan below EXIMBANK's Cost of Funds and Interest Rates as well.
2. From 2012 to present, have any loans to private entities been guaranteed by the GORTT?
  - a. If yes, how many and what were the circumstances which required the loan to be government guaranteed?
  - b. What were the terms and conditions in each case?
3. What considerations are made/discussed when approving Government guaranteed loans to private entities?
4. What are the financial implications of granting preferential loans to private companies/entities on EXIMBANK's operations and the national economy as a whole?
5. What is the GORTT'S policy on the approval and guaranteeing preferential loans to private companies?
6. Does the GORTT taken into consideration the nationality composition of the Board of Directors of the private companies loan facilities are extended too?
7. What provisions allow companies incorporated in other jurisdictions the ability to seek guaranteed loans within Trinidad and Tobago?
8. Has consideration been given to enact provisions which stipulate that GORTT guaranteed loans facilities can only be granted to companies which have a Board composition that comprised of mostly Trinidad and Tobago nationals?

**What were the factors which accounted for the Eximbank's inability to sustain a net profit during the period under review?**

The data above shows that Eximbank attained a Net Profit for all years except Year 2017. The factors contributing to this are as follows:

In August 2016 a customer was given rates below Eximbank's Cot of Funds and this accounted for:

- A Loss of Income of **\$ 2.421M for the Year 2016** and **\$ 5.846M for the Year 2017**
- **Total Impact on Retained Earnings of 8.267M to 31<sup>st</sup> December 2017** as follows:

Year 2016

			Rate		Interest as per new rate	Interest as per old Rate	Interest Difference	
			New	Std	US\$	US\$	US\$	TT\$
PULP & PAPER CUSTOMER								
02/08/2016	31/12/2016	151	2%	8%	41,944	167,778	(125,833)	(805,334)
02/08/2016	31/12/2016	151	1%	8%	20,972	167,778	(146,806)	(939,557)
PULP & PAPER CUSTOMER								
Amortisation schedule			5%	8%	15,527	27,768	(12,242)	(78,346)
02/08/2016	31/12/2016	151	3%	8%	56,085	149,560	(93,475)	(598,241)
<b>Total for 2016</b>					<b>134,528</b>	<b>512,884</b>	<b>(378,356)</b>	<b>(2,421,478)</b>

Year 2017

			Rate		Interest as per new rate	Interest as per old Rate	Interest Difference	
			New	Std	US\$	US\$	US\$	TT\$
PULP & PAPER CUSTOMER								
31/12/2016	31/12/2017	365	2%	8%	101,388.96	405,555.84	(304,167)	(1,946,668)
31/12/2016	02/08/2017	214	1%	8%	29,722.27	237,778.13	(208,056)	(1,331,558)
02/08/2017	31/12/2017	151	1%	8%	20,972.25	167,778.03	(146,806)	(939,557)
PULP & PAPER CUSTOMER								
Amortisation schedule			5%	8%	46,124.64	74,614.52	(28,490)	(182,335)
31/12/2016	31/12/2017	365	3%	8%	135,569.98	361,519.94	(225,950)	(1,446,080)

					333,778.10	1,247,246.46	(913,468.36)	(5,846,197.53)

This was a decision taken by the GORTT. EXIMBANK's being fully aware that this would negatively impact our profitability made several submissions for a reconsideration.

The overarching macro-economic policy of "Full Employment" overruled.

As such **this must always be included when reviewing the Financial Results of the Eximbank.**

While the executive is called upon to account for Reduced Income Levels, a decision taken at a higher level has had a negative impact on our performance going forward.