



Government of the Republic of Trinidad and Tobago

MINISTRY OF FINANCE

INVESTMENTS DIVISION

Ref: F (I): 1/14/1

January *20*, 2021

Ms. Keiba Jacob
Secretary to the Public Accounts (Enterprises) Committee
Parliament of the Republic of Trinidad and Tobago
Level G - 7, Tower D
The Port of Spain International Waterfront Centre
1A, Wrightson Road
Port-of-Spain.

Dear Ms. Jacob

Re: The Twenty Fourth Report of the Public Accounts (Enterprises) Committee on the 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

I refer to your letter dated July 23, 2020, Ref. Parl: 5/4/8, on the captioned matter wherein the Committee requested a paper responding to the recommendations/comments contained in the Report.

The Ministry of Finance has noted the recommendations of the Committee and will continuously work closely with EXIMBANK to ensure that the recommendations are implemented and value for money and adherence to good corporate governance principles are achieved throughout its initiatives for expanding its operations whilst remaining within the remit of the company's mandate.

Further, the attached *Appendix* is submitted with reference to the written submissions provided by EXIMBANK.

Yours sincerely,

Permanent Secretary in the
Ministry of Finance

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

1. 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;

Draft Response for the Ministry:

The Ministry of Finance has been provided with all the relevant information with respect to the request for revised compensation packages for EXIMBANK for General staff for the period January 1 2012 to December 31 2014; and for Executive and Senior Management Staff for the period January 1 2013 to December 31 2015.

The Ministry has also noted the Trade Dispute - Breakdown in Negotiations for a Collective Agreement for the Past Period 2012-2014, and the urgency with respect to obtaining instructions from the Ministry to provide to the Industrial Court. In this regard, the Ministry of Finance continues to liaise with the Chief Personnel Officer with respect to receiving firm recommendations for this matter at the Industrial Court for General Staff; as well as for Management Staff, which information would be forwarded consideration by the Human Resource Advisory Committee.

2. EXIMBANK should conduct a risk analysis of all its identified threats and weaknesses and devise a management plan/process for each so as to 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;

Institutional Strengthening underway:

The Eximbank's Board has set-up improved governance and oversight protocols over the last few years. Board committees in effect are Human Resources, Audit, Operational Risk and Compliance and a Credit Committee.

At the Management level, it has been identified that a comprehensive Enterprise Risk Management (ERM) function should be formalised. While accountabilities to monitor credit, market and operational risk are shared between the executive team CEO, COO and CFO a formal framework is required. To complete this, the following actions must be completed: ERM diagnostic and needs assessment, framework development and implementation.

This is an area that appropriate **technical assistance will be extremely valuable** as it should implemented alongside any capital restructuring. In this regard, the Eximbank has approached the IDB for the provision of Technical Assistance, but Ministry of Finance approval is under consideration.

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An RFP is presently being prepared to source consulting/implementation partners to conduct a full transformation of the Eximbank. This will include but not be limited to the following areas:

As the Bank already has its mandate and strategic direction the following will comprise the Institutional Strengthening solution. Key areas for attention will include:

1. Setting the context for results/ defining clear roles and responsibilities
 - ▶ Leading practices (using the Canadian model)
 - ▶ Value chain
 - ▶ Journey mapping to understand desired customer experience
 - ▶ Key Performance Indicators
 - ▶ Critical Success Factors
 - ▶ Reporting dashboard

2. Organizational structuring
 - ▶ Governance arrangements
 - ▶ Organization structure
 - ▶ Departments and/or units of operation

3. Business Process Transformation
 - ▶ Business and operational planning
 - ▶ Process designs and implementation
 - ▶ Departmental policies and procedures
 - ▶ Use of program and project planning and management principles and tools
 - ▶ Development of a network/ eco-system of sister agencies and other relevant organizations and rules of engagement for collaborative support
 - ▶ Budget preparation and preparation of business cases
 - ▶ Development of a network/ eco-system of sister agencies and other relevant organizations and rules of engagement and collaborative support
 - ▶ Quarterly status and Annual reports to Parliament or Cabinet or Ministry of Finance, Ministry of Planning and international bodies, and Insurance Regulator

4. HR Function
 - ▶ HR skills requirements
 - ▶ Compensation survey
 - ▶ Performance KPIs
 - ▶ Job descriptions
 - ▶ Performance appraisal system
 - ▶ Staff Manual – induction booklet
 - ▶ Staff hiring and induction training support
 - ▶ Training program, curriculum development, presentation slides, training of staff
 - ▶ Culture

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5. Technology

- ▶ Requirements definition
- ▶ Concept design, including application options
- ▶ Solution design and selection
- ▶ Procurement process
- ▶ Solution customization, testing and implementation
- ▶ Security controls
- ▶ Data capture and data migration
- ▶ Reporting templates
- ▶ Dashboard linkages
- ▶ Technology implementation support
- ▶ Help Desk and user training

See appendix 110 for a proactive submission from EY.

3. EXIMBANK should report on what markets it can penetrate if it is allowed to focus beyond the non-energy export sector as well as 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;

The Eximbank intends to be a key collaborative partner in initiatives that will drive increased export activity. The forex shortage over that last few years has already opened the eyes of the business sector regarding the need to earn US\$. Accordingly, the local market is primed for products and services that will enable them to take advantage of global opportunities. Highlighting the success stories of exporters from multiple business segments (SME to large exporters) will help drive the mindset shift required and motivate business by letting them see that exporting from TnT can work and be very beneficial! In this regard the Eximbank has sourced EU funding to conduct a market demand testing study. The project, led by the Frankfurt Business School has commenced in early 2020 and is presently underway and is meant to:

1. Look at what products and services are offered by Eximbank's around the world;
2. What offerings would be relevant to Trinidad and Tobago;
3. Do market demand testing for the selected products, so when we launch new products we have empirical evidence to back up potential success.
4. Other project deliverables include creating a local and international marketing strategy

Items 1 & 2 have been completed, and 3&4 has already commenced and the completion of the project is slated to occur before 2020 year end. A report with the initial research findings is attached together with some global benchmarking data. See appendixes 111, 112 & 113.

4. 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;

The Eximbank CEO attended a TTMA Guyana Trade Mission in October 2019. The key Trinidad and Tobagonian businesses that were interested in expanding their Guyana market access were part of the mission. The Eximbank has cultivated relationships with many of the companies and have continued to offer capital and forex resources as the local businesses to assist as they continue to expand in Guyana. Also, at a TTMA strategy meeting, the Eximbank floated a concept of providing the debt financing for a major distribution centre in Guyana that will serve TTMA members and other local businesses. There is private sector interest to provide the equity investment required as well as the management and operational support to make this a reality. Progress on this initiative was intentionally paused during the recent political impasse in Guyana, but market participants are now being re-engaged.

5. 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;

The Eximbank team met with the senior Leadership team of the IgovTT in December 2019, out of this it was agreed that a MoU would be developed. Measures have already been put in place for iGovTT to act as a disaster recovery site for the Eximbank. Also, the Microsoft agreement enrolments has been explored.

Steps are underway to effect this however 3 conditions that are required by IgovTT/ Microsoft are as follows:

1. The Agencies' revenues/profits go solely to the state
2. The Agency is exempt from corporation tax
3. The Agency is over 50% funded by the Government of Trinidad and Tobago

6. 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;

Technology deployment and utilization

In July 2019 the Board of Directors approved the resources for the Bank to engage in In-house IT management starting Aug 1, 2019. The new role will be developed with a view of exploring and implementing strategies where the Bank will be able to move toward digital workflows and determine how software can improve customer relationship management and sales; human resource functions as well as internal and external collaboration.

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A priority item that will engage this resource, is the core banking system utilized by the bank, and the potential for it to be scaled up to support new and existing products. To set up a scalable banking platform, some investment in the upgrade of our existing system or migration to a new system will be required.

Data is an asset that must be productively utilized

The Eximbank plans to employ a data enabled strategy that will include market testing, empirical and evidence-based decision making. To this end, we have commenced discussions with the relevant public sector officials (starting with the Ministry of Trade) to access various trade related data collected via the TT Biz Link system. If successful in obtaining access to this trade data, the Eximbank and ExportTT will be able to verify trade shipments and increasing export activity. Businesses that are increasing their export trade could be identified and targeted to be offered financial resources and trade facilitation services. A buyer database of international firms that already buy from TnT could be developed. Data science students have already been lined up to aide in this development. Finally, but very important, export sector metrics could be available to validate the success of the Eximbank and ExporTT support.

Technology Deployments to date: -

Organization wide deployment – To facilitate remote work

- Deploy Microsoft Teams & SharePoint
- Microsoft Remote Desktop Services
- Increased security
 - Implementation of Multi Factor Authentication
 - VPN access for all staff
- Deployment of High Definition webcams with microphone
- Digitization of employee directory into an online application
- Workflow automation using Microsoft Power Automate & PowerApps
- Implementation of DocuSign

Finance Department

- Digitization of physical forms and manual processes into applications to increase productivity

Legal and Compliance

- Evaluation compliance application for short term deployment

Human Resource

- Evaluating Human Resource Management systems for short term deployment

Additional short-term deployments

- Document Management System with an onboarding application to facilitate digital customer applications via our website
- Further digitization of manual paper base processes into automated applications

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Further technology deployment is being considered as part of the transformation initiative described above.

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

IMPLEMENTED: Business Sentiment Surveys completed and institutionalised.

The Eximbank has partnered with The Trinidad and Tobago Manufacturers' Association which updates their Board of Directors on foreign exchange challenges. These updates are compiled based on surveys that are issued to the membership on a quarterly basis in an attempt to better understand whether or not the U.S. dollar shortage situation is improving over time. In line with the mandate, questionnaires are administered based on the following schedule:

1. March 2020
2. June 2020
3. September 2020
4. December 2020

Two reports were submitted for the year thus far and the Association continues to work with the Export Import Bank of Trinidad and Tobago Limited to aid in alleviating the foreign exchange challenges faced by the manufacturing sector.

Another Business Sentiment Survey was conducted by the Eximbank in June 2020, specifically targeted to clients that accessed the Forex for Essential Items programme (FAS Essential Items Programme); below is a description and summary of the results:-

CUSTOMER SATISFACTION METRICS.

To track the program's performance and to gain valuable insight from key external stakeholders, the bank developed a customer satisfaction survey. This survey was created on June 15th and deployed on June 21st, utilizing the very renowned SurveyMonkey platform. It consisted of 10 questions and the response format included both direct and graphic rating scales, ensuring we solicited the most accurate answers from the participants.

The survey was directed to C-suite executives in forty-one (41) recipient companies, identifying the type of business participating in the survey, the timeliness of the program, its impact on their operations and their overall experience with Eximbank's team.

A total of thirty-four (34) responses were received from participating companies representing an 80% response rate. This is considered a statistical milestone as surveys distributed internally (i.e. to employees) generally have a much higher response rate than those distributed to external audiences (i.e. customers).

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Breakout analysis for the survey was based on the existing corporate demographic profile and data was compiled and reported on the statistical response to questions, which engaged the attention of the survey's participants, with the following responses.

- Client experience with the Eximbank's FAS Essential Items program was rated positively with an average score of 86% across all survey respondents.
- The allocation provided by the Eximbank, positively impacted the needs of respondent's operations by 80%.
- 55% of all respondents were happy with the bank's request for supporting application documents.
- 87% of all respondent indicated they were pleased with the bank's responsiveness (timeliness) to their questions and concerns regarding the FAS program.

Key element of the survey were client responses to questions related to their experiences with the Eximbank, how well the allocation provided was able to meet their business needs and the bank's responsiveness to their questions and concerns.

Overall, satisfaction among the targeted group of companies who were beneficiaries of the program remained high, indicated by the statistical data, and reinforced by the testimonials from individual clients and Business Support Organizations (BSO's).

Some qualitative feedback is as follows:

"The interventions from Eximbank came at a time when we were very vulnerable with continued operations with our major suppliers. Their support has allowed us to become current with our major accounts"

Pharmaceutical Distributor.

"It is of paramount importance that the Government through Exim Bank continues to make available USD to SMEs. The regular banks are insensitive to our needs. If it were not for this and other facilities some of us would not be in business today.

Small Manufacturer.

"This is our first experience with EXIM and about our 3rd transaction. Each time everyone went above board to assist and with their help we were successful in avoiding a great loss. We are extremely appreciative of the service and support of the EXIM team"

Mid-sized food importer/distributor.

"We are truly grateful to the Government and Exim bank for understanding how the situation impacted importers and initiating the program. It was crucial to persevere through the situation and it became available at the perfect time. We look forward to continuing working with Eximbank in the future for our manufacturing/export endeavours"

Small importer/distributor.

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“Thank you once more for the tremendous support that was provided through this programme, it was truly a pleasure working with you all and we appreciate the time taken to respond to our queries, review documentation and provide us with updates along the way. The programme did indeed allow us to bring key vendor accounts for essential food imports to a current position, and for this we are very grateful”

Large diversified importer/distributor.

“Firstly, thank you! It was truly a pleasure to work with the team at Eximbank. We were extremely grateful for the support received. We hope to ship our first container to Barbados by next month. This could not have been achieved without the support so, please know that we are truly appreciative”

Small PPE importer/distributor.

“Without this very critical and timely input from the FAS Essential Program, it may well have taken a different turn as we navigated uncharted territory uncertain of what developments would shape tomorrow”

Supermarket Association of Trinidad and Tobago.

“All of our members were pleased with the facility offered by Eximbank. All of them had access to the funds dispensed. It was excellent that the funds were spread especially at a time when the dispensation from the banks had fallen significantly since the latter part last year”

Food Distributors Association.

The Eximbank will continue to build on key strategic relationships established during this period and exploit all opportunities to market and distribute our core products, assist in the creation of new exporting entities, and solidify our role as the premier Export Credit Agency, having successfully completed the FAS Essential Items Program, **‘On time, On Budget and On target’.**

8. 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.**

The Export-Import Bank of Trinidad and Tobago Ltd (EXIMBANK), in 2015 created the electronic channel “www.made-in-TnT.com”. This initiative was aimed at transforming the domestic export landscape, by acting as a catalyst for locally registered companies who manufactured and delivered exportable goods and services.

Consistent with the bank’s mandate, this portal is representative of a tactical project designed to enable indigenous goods and services access to regional and international

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markets, enhancing potential foreign exchange earnings and supporting the country's economic diversification strategy.

The bank established strategic partnerships with major business associations in Trinidad and Tobago and maintained a structured schedule of appearances, ensuring the business community both domestic and international were aware of the electronic initiative.

These strategies were complimented with advertisements in local media and business journals. However, client engagement and acceptance were not as robust as anticipated, as it was determined the limitation of version 1. Included:-

- End-user commitment was insufficient, resulting in reduced site engagement.
- Product restriction based on market entry requirements.
- Domestic market responsiveness to international clients.

This however provided key learning outcomes, as the bank was able to reassess its market position and make the necessary strategic adjustments to facilitate the execution of version 2.0

In February of 2020, a request for proposal (RFP) was prepared and publicly advertised attracting the attention of knowledgeable industry stakeholders to redesign the platform's infrastructure and solidify a new market position.

The bank also submitted a proposal to the Inter-American Development Bank (IDB) and IDB Invest, Corporate Venturing Program; the Compete Caribbean Partnership Facility.

Launched in 2012, The Compete Caribbean Partnership Facility (CCPF) remains a private sector development program which delivers innovative and practical solutions that stimulate economic growth, increases productivity, and fosters innovation and competitiveness. CCPF remains a partnership between the Inter-American Development Bank (IDB), the UK Department for International Development (DFID), the Caribbean Development Bank (CDB) and the Government of Canada.

This program represents a structured approach to facilitating business-to-business (B2B) collaborations between large and small firms, including start-ups and will facilitate the bank's exploration and utilization of new technological advances in a rapid and responsive way, while simultaneously assisting small pioneering and indigenous firms obtain market feedback, about their innovative products, and rapidly improve product-market fit.

The bank remains committed to this strategic initiative and will continue to engage key stakeholders, both domestic and international to ensure the success of its Electronic Channel for Exports, version 2.0.

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9. 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.

After a further review of the PAEC submissions by the Eximbank on this topic, it is advised that explanations provided do not “differ” but instead address various aspects of credit structuring and approvals. The Subject facilities are now in the final year of a 5 year term, which means they are up for renewal at market terms within the next year.