

Findings – Item 23 (ii) (Page 31): Current financial lending practices do not favour small businesses who are challenged to provide evidence of administrative and financial records as well as collateral and security requirements.

Response:

Access to finance is a key limitation for Small and Medium-sized Entities (SMEs), as they often find it difficult to acquire financing required to invest and grow. Even in developing countries that have fairly well-developed financial systems with efficient, well-managed, and profitable banks, challenges arise in meeting SMEs' financing needs. These financial institutions are usually unwilling to undertake additional risks when funding SMEs, and are instead primarily interested in working with large corporate clients and governments.

The Ministry of Finance acknowledged that SMEs' access to capital has been challenging for a number of reasons including:

- (i) lack of collateral;
- (ii) poor debt repayment records; and
- (iii) lack of knowledge and know how, in terms of producing a proper strategic plan and cash flow projections etc.

Despite these challenges, both public institutions and development agencies assist SMEs by creating a facilitating environment, which can also include providing market players with financial instruments better tailored to their needs. To this end, the Ministry of Finance (MOF) has been reviewing the challenges faced by SMEs and the options to improve their access to finance. During the period 2020 to 2022, the MOF increased access to financing through its suite of SME programmes, which has been reviewed and enhanced to ensure that the lending practices are all inclusive.

In March 2020, the Government of the Republic of Trinidad and Tobago (GORTT) and the four (4) major commercial banks established Phase 1 of the \$300 million SME Loan Guarantee Facility to assist SMEs in the onset of the global pandemic. At the request of stakeholders in the SME sector who experienced difficulty in accessing loans under the first phase, Phase 2 of the SME Loan Guarantee Programme was offered in 2021. This 100% Government guaranteed loan facility was finalised in September 2021 at a value of \$196 Million. Similarly, the Government is also in the process of introducing a new long-term guaranteed loan facility through the provision of collateral funding in the amount of \$500 million to back up a Loan Guarantee Scheme for SMEs.

In addition to GORTT's partnership with a consortium of commercial banks in administering a loan guarantee programme/scheme for SMEs, the MOF collaborated with the National Entrepreneurship Development Company Limited (NEDCO), which was established in 2002 and is mandated to develop SMEs in Trinidad and Tobago whose needs could not be met by traditional lending agencies. In light of the COVID-19 pandemic and the debilitating impact it had on the socio-economic landscape, GORTT decided to

implement a Grant Facility for SMEs with less than \$1.0 million in annual revenues throughout Trinidad and Tobago.

Given NEDCO's experience and relationship with the small business community in Trinidad and Tobago in terms of fostering growth and managing the disbursements of small loans, the Government viewed NEDCO as the most ideal partner to administer the Entrepreneurial Relief Grant (ERG) Facility. Based on the financial challenges faced by SMEs, existing and previous NEDCO clients and owners of unregistered businesses were eligible to access this Facility. The application process for the NEDCO-administered Grant Facility and eligibility criteria to qualify for the ERG was relatively simple.

Additionally, the Government provided SMEs with an avenue for raising capital on the local capital market in order to reduce their reliance on bank financing and provide them with an alternative source of capital to expand their businesses. This initiative is also intended to further develop the local capital market, which is important in the thrust towards economic diversification. In response to this initiative, the Trinidad and Tobago Stock Exchange (TTSE) established a market for SMEs with the specific objective of providing a successful avenue for these companies to raise capital and to fulfil their untapped potential.

Moreover, in October 2022, GORTT officially launched the SME Market Place. This Market Place is an online 24/7 portal connecting SMEs with business support products and services currently offered by various public and private sector entities. The Ministry of Finance along with its partners, the Central Bank of Trinidad and Tobago and the Trinidad and Tobago Stock Exchange established the SME Market Place as a facilitative environment for SME sustainable growth by aggregating relevant business information to a dedicated web portal, enabling easier access to information for SMEs.

Findings - Item 23 (vii) (Page 32): Stakeholders within the Hospitality and Tourism sector expressed a need for overall debt management and re-financing measures that would be better achieved through loan restructuring as opposed to credit support as a standalone option.

Response:

Fiscal and monetary support were provided to the Tourism Sector in the face of the COVID-19 Pandemic. A series of broad-based measures brought relief to the people, particularly those in Tobago, which included the Tourism Accommodation Relief Grant; Relief Business Grant; Business Relief Loan; Relief Grant to Tourism Industry Ancillary Services; a 4-year Soft Loan Facility with a two-year moratorium through First Citizens and Republic Bank for Micro, Small and Medium Businesses; and the Liquidity Support Loan Programme from the Credit Union Movement.

The 2021 National Budget included the expansion and extension of the Tourism Accommodation Upgrade Project (TAUP) incentive. The extension started on October 1, 2020 and expires on September 30, 2023. This facility is a tourism incentive which provides a reimbursable grant to eligible tourist accommodation facilities.

The fiscal allocations to the Tobago House of Assembly placed increased focus on enhancing its tourism product through greater use of digital technologies and social media in marketing, attracting new investment in the tourism sector, enhancing service delivery, providing financial support to facilitate upgrades to properties in the tourism sector and to boost online presence.

Allocations to the THA for Fiscal 2022 provided for significant financial assistance through both the Enterprise Assistance Grant and Enterprise Assistance Loan Programmes of the Assembly to aid businesses in Tobago adversely affected by the COVID-19 pandemic to resume operations and to stimulate business activity on the island. The ceiling for both programmes was increased by the Assembly at the onset of the pandemic to provide immediate support to the SME sector.

Going forward in FY 2023, the Government's objective is to encourage innovation, entrepreneurship, and diversification within the combined tourism and creative industries sector. The Government will, therefore, provide assistance to those small and micro enterprises in the tourism and creative sectors to digitize the provision of their services. By doing so, their integration in the global marketplace would thus be assured.

In addition to the abovementioned fiscal measures, the Central Bank of Trinidad and Tobago announced via circular letter, the implementation of the following measures effective from October 1, 2021:

1. For a one-year period beginning October 1, 2021, banks and relevant nonbank financial institutions were allowed to restructure commercial loans more than twice over the life of the original loan, and mortgages more than twice over a five-year period, without a downgrade in their asset classification to nonperforming status.
2. Financial institutions are allowed to have greater flexibility in lowering their mortgage rates over a two-year period beginning October 1, 2021.

Recommendations – 24 (B) Page 33: The Ministry of Finance may consider working in tandem with the Ministry of the Attorney General and Legal Affairs to implement a simplified process of business registration that is incentivised by a reduced tax rate or other form of financial savings measure.

Response:

With regard to the above recommendation, the Companies Registry of the Registrar General's Department, Ministry of the Attorney General and Legal Affairs (MAGLA) has reengineered the process of business registration by implementing strategies that are on par with international standards of best practice. For instance, the Companies Registry Department's Payment Portal facilitates the payment of a Name Search/Name Reservation (Business/Company) and Business Registration by credit card. Moreover, the Registrar General's Department's application forms for business registration under

the Registration of Business Names Act, Chapter 82:85 and the Companies Act, 1995 (Chapter 81:01) can be found online via MAGLA's website. Furthermore, MGALA has developed a new web application to facilitate paperless, electronic and remote transaction of business with the Registry. Every person whose name is on a record maintained by the Companies Registry or who wishes to register a Business Name, as well as every person who wishes to use the facility, can create an electronic identity in Companies Registry Online System (CROS). Once the Electronic Identity is created, a Personal Identification Number for the account (Account PIN) will be issued. The Account PIN will be used to match the electronic identity with which the person may be associated. The Account PIN will also serve as the electronic signature of those individuals authorized to sign documents electronically.

Benefits of the Companies Registry Online System (CROS):

- User-friendly remote access on a twenty-four hour basis to:
 - electronically submit registration, incorporation and post-incorporation documents for business names, non-profit organizations and companies;
 - electronically sign documents;
 - instantaneously register business names, incorporate profit companies and file post-incorporation documents;
 - immediately receive notification of changes to business names, non-profit organizations and company records;
 - electronically create, top up and manage payment accounts;
 - electronically settle fees, charges and levies required to be paid for the Services provided; and
 - electronically search business names, non-profit organizations and company records.

MAGLA has also made available via its website the step by step process for creating an electronic identity and acquiring an account pin and logging in to CROS. Additionally, the website features a Frequently Asked Questions (FAQ) on the CROS section which aims to simplify the process for ease of understanding and business facilitation. MAGLA also has a comprehensive FAQ section that explicitly explains Business and Company names as well as Businesses Registered under the Registration of Business Names Act Ch. 82:85.

With regard to incentivising the business registration by way of a reduced tax rate or other forms of financial savings measures, it should be noted that the process of registering a business is seen as a function and or method of governance that involves verifying a trade, lawful activity or profession carried on for gain or profit by an individual or by two or more persons. The process of registering a business cannot be incentivized by these means as it not customary for fiscal incentives to be implemented and administered as a catalyst for compliance under the Registration of Business Names Act, Chapter 82:85. This also creates an unequitable system of governance as those who have already complied with registering small businesses with the Registrar's Department cannot benefit from the proposed notion of providing a reduced tax rate or other forms of financial savings measures for small businesses wishing to register.

To this end, the Ministry of Finance is of the view that MAGLA's above-mentioned business processes that facilitate paperless, electronic and remote transaction of business with the Registry represents a modernized approach that is in keeping with international standards. These simplified processes contribute to the ease and efficiency in doing business and are commensurate with providing small businesses with financial savings from reduced administrative expenses in the process of registering a business. In addition, the proposed reduce tax rate or any other form of financial savings measures for persons seeking to register a business cannot be used as a catalyst for increasing small business participation in registering with the Registrar General's Department.

Findings - Item 60 (v) (Page 49): The Ministry of Finance acknowledged that the stringency of the qualification criteria was the major deterrent to MSEs uptake of Phase I of the SME Loan Guarantee Facility. From the viewpoint of some stakeholders however, not only were the criteria exclusionary but the output relative to input was not materially beneficial for businesses' pursuit.

Response:

In May 2020, the Government of the Republic of Trinidad and Tobago announced the implementation of a stimulus package geared towards bringing relief to Small and Medium Enterprise (SME) businesses that were affected as a result of the COVID-19 pandemic. The intent of the Programme is to ensure businesses are kept open, people are re-employed and in general the SME sector, which is considered an integral part of the economy, continues to contribute to overall economic development and growth of Trinidad and Tobago. Further, the First Citizens Bank Limited was selected to be administrator of this Facility and it, along with Republic Bank, RBC and Scotia Bank approved and disbursed loans, accordingly.

This Programme was designed to support SME businesses with annual Gross Revenues between TT\$6 million to TT\$20 million and which have a minimum of five (5) employees.

In administering Phase 1 of the Small and Medium Enterprises (SME) Loan Guarantee Programme, Ministry of Finance along with the participating banks recognized that applications were not transitioning to successful disbursements due to the following:

- Inability to satisfy pre-qualifying criteria such as evidence of up-to-date VAT, Tax and NIS payments;
- Difficulty in providing basic cash flow information to support the application;
- Applicants reluctance to provide any form of collateral;
- Where collateral was offered, it was limited to personal guarantees of the principals for the 25% of the loan that was not guaranteed by the Government of the Republic of Trinidad and Tobago (GORTT).

The Ministry of Finance noted that the main reasons loans were rejected were due to the applicants' inability to:

- (i) provide evidence of, or meet the relevant statutory requirements (47% of rejected applications); and
- (ii) meet the minimum debt service requirements (16% of rejected applications), which were lowered specifically for the SME Programme.

Other reasons are listed hereunder:

- Credit Worthiness - Judgements against company/ shareholders/ directors; delinquency on Transunion/ non-performing;
- Financial - Loss; disparity between financial information provided and deposit activity; liquidity and weak financial indicators.

Despite the challenges encountered in the first phase of the Programme, GORTT considered the Loan Guarantee Programme a valuable tool to get SMEs facing severe financial difficulties back to recommencing their operations.

In this regard, the Ministry of Finance reviewed these arrangements and GORTT agreed to implement the following enhancements, which were applied to features of the Programme in Phase 2:

- (a) A GORTT guarantee extended to 100% of the loan amount;
- (b) The repayment period increased from five (5) to seven (7) years, inclusive of a 24 month moratorium on principal payments from date of disbursement;
- (c) Purposes for the loan extended beyond salary payments, working capital and purchase of raw materials to include the purchase of fixed assets except the purchase of residential property and financial assets/ products and limited only to the purchase of goods and vehicles which are being used specifically for the purpose of the small business. Also to provide additional funding on entities previously granted facilities under Phase 1 subject to satisfying all conditions including standard credit criteria required by participating banks.
- (d) In recognition of the administrative difficulties experienced by SMEs as a result of COVID-19, BIR/VAT payments and NIS contributions for employees were required to be up to date for the year ended December 31, 2018, however, the Borrower must undertake to settle all outstanding statutory obligations for 2019 and 2020 within one (1) year of the disbursement of the facility, or make appropriate arrangements with the BIR and other Statutory Authorities to settle the obligations, failing which the loan must be repaid in full within two (2) years.

The aforementioned enhancements made the Programme more attractive and accessible to potential applicants. In that regard, the below comparative tables provide a breakdown of the total number of companies that have benefited from the initiative and the total

value of the active loans for both Phase 1 and Phase 2 of the SME Loan Guarantee Programme as at September 30, 2022.

SME Loan Guarantee Programme - Phase 1:

| Bank | Number of Active Loans | Value of Active Loans TTD |
|--------------|------------------------|---------------------------|
| FCB | 101 | \$13,583,457.41 |
| RBL | 130 | \$17,503,259.00 |
| RBC | 33 | \$4,272,217.24 |
| SBTT | 7 | \$850,000.00 |
| Total | 271 | \$36,208,933.65 |

SME Loan Guarantee Programme - Phase 2:

| Bank | Number of Active Loans | Value of Active Loans TTD |
|--------------|------------------------|---------------------------|
| FCB | 231 | \$50,233,875.00 |
| RBL | 222 | \$44,650,000.00 |
| RBC | 90 | \$17,450,000.00 |
| SBTT | 90 | \$20,437,000.00 |
| Total | 633 | \$132,770,875.00 |

Findings - Item 60 (vi) (Page 49): The Ministry of Finance appeared to have taken a permissive approach to their relationship with the Credit Unions in the administration of the Credit Union Loan Facility Programme, as they possessed little knowledge of the number and process for loan disbursement.

Response:

A detailed process was undertaken together with the Co-operative Credit Union League of Trinidad and Tobago (CCULTT) and a clearly defined process was documented and agreed on the loan application, disbursement and reimbursement process.

Findings - Item 60 (vii) (Page 49): There appeared to be some degree of incongruity between the support offered by the Government and businesses' needs, which were primarily financing and loan re-structuring. The rigorous stipulations applied to access credit support appeared to preclude those most in need, whilst favouring those with the acumen to navigate the application process. In the case of grant support options, such as the ERG, timeliness of the grant appeared to be the main drawback.

Response:

The global pandemic (COVID-19) has significantly affected the growth of businesses and the Government, recognizing this impact on SMEs, developed a comprehensive suite of incentives to support and stabilize the sector. In so keeping, there is a range of ways in which Government has provided timely and simple support options to all SMEs by way of training, incentives and funding, particularly at the micro-level.

While the GORTT has introduced and enhanced several loan programmes, the Entrepreneurial Relief Grant (ERG) Facility administered by the National Entrepreneurship Development Company (NEDCO) was made available to small and micro business operators with annual revenues less than \$1.0 million throughout Trinidad and Tobago. The ERG was officially launched with an online application process on July 29, 2020 and is expected to end on December 31, 2022. The Ministry of Finance (MOF) has collaborated very closely with NEDCO to establish the operating procedures, parameters, applications process, monitoring and evaluation and post disbursement impact assessment of the ERG.

The parameters for accessing the ERG Facility is as follows:

| Parameters | Details |
|---------------------------|--|
| Documents to be submitted | <ul style="list-style-type: none"> • Completed Grant Application Form • Two (2) forms of valid Trinidad and Tobago identification • Certificate of registration and/ or proof of assignment of BIR number • Proof of operations e.g. Receipts, Invoices, Contracts etc. • Details of persons employed • Proof of address |
| Eligibility Requirements | <ul style="list-style-type: none"> • Available to applicants eighteen (18) years and over • Applicants must be nationals or residents of Trinidad and Tobago |
| Restrictive Conditions | <ul style="list-style-type: none"> • Individuals in receipt of unemployment relief benefits, food cards or other social relief benefits are not eligible. • Individuals in receipt of Tobago House of Assembly grants are not eligible. • Applicants with pending/ current criminal court proceedings against them will not be eligible. |
| Site Visit | <ul style="list-style-type: none"> • Site visit to confirm existence of the business. • Site visits may be waived for NEDCO clients whose information is already on file. |

NEDCO's operation flow in respect of the timelines for grant funding is a five (5) step process that is relatively simple:

- **Step 1:** Applicant approaches an authorised NEDCO staff member for information on applying for the Grant and may or may not submit personal information;
- **Step 2:** Applicant completes Application form and provides details on the business with the required documents to an authorised NEDCO officer;
- **Step 3:** Completed documents are submitted for initial agreement for processing. Branch personnel will conduct the necessary processing and assessment. The Business Manager has the authority to reject incomplete applications and/ or applications that do not satisfy the assessment criteria. Rejected applicants may, however, appeal the decision directly to Head Office and thereafter resubmit to the Approval Panel;
- **Step 4:** Processed application documents are emailed to NEDCO's Head Office for final approval;
- **Step 5:** Upon approval, a client account is created and funds are disbursed.

NEDCO's simplified grant application and operational processes created a more enabling environment to accommodate the inflow of applicants, who approached the company for the grant funding and related business support services with the roll out of the facility.

In that regard, as at **September 20, 2022**, NEDCO disbursed **3,468** grants under the ERG facility valued at **\$30,370,000.00**.

Aside from the grant support provided by the Ministry of Finance to SMEs, the Ministry of Trade and Industry (MTI) has implemented the following facilities:

- **Gateway to Trade Programme**, which is spearheaded by the MTI in collaboration with the Trinidad and Tobago Coalition of Services Industries and focuses on four (4) service sectors including: business and professional services; information and communication technology; energy services; and tourism. This export capacity building and acceleration programme is designed to strengthen trade promotion organizations, sector associations and SME services firms;
- **Export Booster Initiative**, which was crafted by the MTI in collaboration with the Trinidad and Tobago Manufacturers Association with the aim of enhancing market access for small and medium enterprises;
- **Grant Fund Facility**, which is administered by ExporTT, assists SMEs in eight (8) designated sectors, such as Manufacturing, Agriculture and Agro Processing, Financial Services, Maritime Services, Creative Industries, Software Design and Application, Fish and Fish Processing, Aviation Services etc., with the acquisition of new capital requirements/expenditure.

Findings - Item 60 (viii) (Page 50): The lack of a systemic approach to provide a source of forex for small businesses may negatively impact on their development with future implications for business survival and economic growth by extension.

Response:

With the establishment of the Manufacturing Forex Facility at the EXIMBANK, the Ministry of Finance provides a source of forex to small business that are engaged in manufacturing and export generation. This systematic program reviews businesses' performance of export sales and US dollar repatriation and directs limited forex to the productive, foreign exchange earning sector of the economy.

Findings - Item 60 (ix) (Page 50): The Ministry of Finance had a number of enabling measures for listing on the Trinidad and Tobago Stock Exchange but this feat remained largely out of reach for smaller businesses.

Response:

The incentives to list on the SME Market of the Trinidad and Tobago Stock Exchange are largely in the form of tax incentives that became applicable in January 2022. These are:

1. A full tax holiday for the first five years (exemption from the payment of Corporation tax, Business Levy and Green Fund Levy);
2. A fifty percent (50%) reduction in taxes for the second five-year period (Corporation Tax, Business Levy and Green Fund Levy).

Apart from these recent incentives, the following were offered in FY 2014 and 2012, respectively:

- In order to encourage small and medium-sized enterprises to raise capital through the Trinidad and Tobago Stock Exchange, Section 3 Part XV of the Corporation Tax Act Chap. 75:02 was amended to redefine the qualifying capital base by excluding retained earnings and reserves. In terms of the new issued capital raised, the 30.0 percent to be owned by 25 unrelated shareholders will be 30.0 percent of the new capital issued.
- SMEs with a minimum capital of \$5 Million were made eligible to list on the TTSE provided that they have at least 25 shareholders, holding at least 30% of the Share capital which must not exceed TT\$50 Million. To encourage this activity, the Corporation Tax Act, Chap. 75:02 was amended to provide for a reduced Corporation Tax at a rate of 10% on taxable profits, for the first 5 years of operations.

Complementary to the abovementioned tax incentives and to ease the operational burden of listing, the Stock Exchange also designed a Mentorship Programme that was officially launched in October 2022 and would provide a necessary support to the SMEs and close the gaps of insufficient documentation, as well as, ensure adherence to compliance and corporate governance standards.

This will be a comprehensive programme which would offer an experienced and highly qualified cadre of industry professionals who would strategically develop the competencies of each SME, mentoring directly and contributing to the companies' growth, innovation, and overall strategy to administer the Programme.

While the tax incentives and SME Mentorship Programme are geared towards the Small and Medium Enterprises, in an effort to promote a stable and accessible environment for the growth of Micro, Small and Medium Enterprises, a single-entry portal – SME Market Place, was developed on the Ministry of Finance's website. This will provide access to information to other support services offered by government agencies inclusive of information on the SME Market and SME Mentorship Programme - <https://sme.finance.gov.tt/>

On this platform, there are several options that lead the MSME to the National Entrepreneurship Development Company Limited (NEDCO). NEDCO provides micro and small business services under the broad headings of: small business financing; entrepreneurial training; and business advisory. The platform also provides access to services and programmes under the purview of the Tobago House of Assembly (THA), as well as the Ministry of Trade and Industry. Access to other services will be provided as they become available in the future.

There are several initiatives and programmes under the auspices of the Ministry of Trade and Industry, more recently as announced in the National Budget FY 2023:

- *Gateway to Trade Programme* - spearheaded by the Ministry of Trade and Industry in collaboration with the Trinidad and Tobago Coalition of Services Industries, targeting 4 service sectors: business and professional services; information and communication technology; energy services and tourism;
- the *Export Booster Initiative* - in collaboration with the Trinidad and Tobago Manufacturers Association with the aim of enhancing market access for small and medium enterprises; and
- the *Grant Fund Facility* to be administered by ExporTT

The Ministry of Youth Development and National Service has recognised the need to revise the Micro and Small Enterprises (MSE) Policy and is currently in the process of acquiring a consultant to draft the revised policy after conducting a situational analysis of the sector, comparing existing regional and international MSE policies, conducting stakeholder consultations and collating findings in a comprehensive policy tailored to meet the needs of our local MSEs.

Findings - Item 60 (x) (Page 50): The absence of documented protocols for monitoring the risk associated with Government-sponsored funding programmes and inadequacy of information on the evaluation of such programmes has implications for how the administering agencies are guided in their decision-making and response to the evolving nature of COVID-19.

Response:

The absence of documented protocols for monitoring the risks associated with Government-sponsored funding programmes and inadequate information on the evaluation of such programmes is a result of monitoring and evaluation (M&E) capacity challenges.

Recognizing the need for evidence-based decision and policy making and the necessity of tracking progress towards outcomes and the impact of Government's programmes, projects and policies, the establishment of M&E Units in all Government Ministries was mandated since 2008. Despite this mandate, it should be noted that the Ministry of Finance (MOF) currently has **one (1) position** related to the M&E function that is, the position of Monitoring and Evaluation Officer, which at present, is vacant.

In the absence of dedicated resources to design and implement appropriate M&E systems, the Ministry is challenged in undertaking these activities and providing the necessary procedures and guidelines to administering agencies. For monitoring and evaluation to be effective, data collection, measurement and reporting systems should be developed and implemented during the programme's design stage and maintained throughout the programme's life cycle. This is to ensure that baseline data is collected and used to track the programme's effectiveness in assisting the target beneficiaries (micro and small enterprises). Successful M&E requires adequate human resources and capacity, time, funding and a high level of cooperation and data-sharing among a number of stakeholders. Further, it has been observed that the current legal framework, in some instances, has limited the sharing of data among agencies.

While some level of monitoring is undertaken, evaluation activities are scarce. Current monitoring efforts include requesting information on the status of programmes and expenditure and reporting on the performance of same.

Recommendations – 61 (C) Pages 50-51: The Ministerial Response of the Ministry of Finance must provide a status update on the following:

- ***The total number of loans disbursed under the Credit Union Loan Facility as at June 2022;***
- ***The approach taken by Credit Unions to sensitise their membership about the existence of the facility; and***
- ***The role of the Ministry of Finance in the management of these loan portfolios, vis a vis the Credit Unions.***

Response:

Loans

As at **June 30, 2022**, the total number loans advanced by credit unions to its members thus far, stood at seventy-five (75) loans in the accumulated amount of **TT\$ \$670,817.16**. An amount of **TT\$544,817.16** has been reimbursed in full by the Government of the Republic of Trinidad and Tobago (GoRTT).

In addition to the above, as stipulated in the agreements with the credit unions, the credit unions shall make quarterly payments of capital and interest to GoRTT and the League or the CFF, based on amount collected from repayment of principal and interest by borrowers. As at **June 30, 2022**, payments consisting of principal and interest in the amount of **TT\$406,993.67** were remitted to GoRTT by credit unions.

Approach

The **TT\$100.0 million** Credit Union Facility agreed to by Cabinet was one of the mechanisms employed to provide economic relief to the Micro, Small and Medium Sized Enterprise (MSME) Sector due to the Coronavirus (COVID-19) Pandemic. It was envisaged that this programme would provide cash flow relief to approximately 300,000 of the Credit Union membership which comprises predominantly of salaried employees, self-employed individuals such as caretakers, barbers, tailors etc. and small business owners which form the smallest part of the group.

The Ministry of Finance, as administrator of the Facility, held a meeting on January 31st 2022 with the Co-operative Credit Union League of Trinidad and Tobago to discuss the extension of the Facility to the credit union membership. The Ministry was informed that credit unions wished to discontinue the Facility as members were not interested in accessing these loans and the demand for these loans were in the negative. Furthermore, the League's perspective on Credit Union operations was also shared:

- Credit Unions also provided relief loans at an interest rate of 0.75%;
- Members do not wish to take additional loans;
- There is a “dip” in the borrowing by members because of the uncertainty of unemployment; and
- The up take on loans were a “mix of loans” for small, medium and large credit unions.

Recommendations – 61 (D) Page 51: The Committee recommends that the Ministry of Finance consider the implementation of a guaranteed percentage of forex to businesses that fall within the micro and small enterprise category, any un-used portion of which will be returned to the pool of funds accessible to large manufacturers and exporters.

Response:

The recommendation to provide access to forex to micro and small enterprises is aligned with the current strategic interventions established by the Ministry of Finance. At present, the EXIMBANK Manufacturing Forex Facility serves small and medium sized manufacturers. The program supports 136 manufacturers with **114 or 84 per cent** of these falling into the small and medium sized categories. Also, more than half of the funds have been directed to small and medium sized companies.

Recommendations – 61 (E) Page 51: The Ministerial Response of the Ministry of Finance should provide a status update on the implementation of any monitoring and evaluation systems including impact assessments conducted on the credit support programmes administered through the Ministry, including the Entrepreneurial Relief Grant, SME Loan Guarantee Facility and Credit Union Loan Facility. The Response must provide details on the furtherance of this monitoring protocol, if applicable.

Response:

The Ministry of Finance has not conducted detailed or formal impact assessments on the credit support programmes administered through the Ministry. Information gathered so far has been informal and used for reporting purposes. The Ministry of Finance usually communicates with the various administering agencies with respect to periodic status reports on their respective initiatives so as to be informed of the performance and progress of same.