



Trinidad &
Tobago IFC

Financial Sector Development

ADMINISTRATIVE REPORT

AS AT JUNE 30TH, 2015



Submitted to the Ministry of Finance and the Economy.

June 30, 2015



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1.0 Vision and Mission

The Vision of the Trinidad and Tobago International Financial Centre Management Company Limited (TIFCMCL) is “to make Trinidad & Tobago the premier location in the Western Hemisphere for financial services”.

Our Mission: “to attract and facilitate foreign direct investment in the financial services sector that would enhance the growth and diversification of the economy by creating sustainable employment”.

2.0 Core Business and Strategic Plan

The Company was established by Cabinet Minute No. 2647 on September 18th, 2008 and incorporated under the Company’s Act 1995, on 6th November, 2008.

The Trinidad and Tobago International Financial Centre Management Company Limited is an investment promotion agency created to make Trinidad and Tobago the premier location in the Western Hemisphere for Financial Services. As such, it is entrusted with attracting and facilitating foreign direct investment in the financial services sector that would enhance the growth and diversification of the economy, by creating sustainable employment.

In order to fulfill this mandate, the TTIFCMCL has been pursuing a strategic approach that is focused on two mutually reinforcing components of the Financial Services marketplace namely Capital Markets Development and the creation of a new Financial Institution Support Services - FINESS Industry with the overall objective of diversifying T&T’s economy beyond the energy sector; creating quality employment opportunities in financial services jobs for some 3000 tertiary level graduates over a five year period (2012 – 2017), thus supporting development of Trinidad & Tobago’s economy.

3.0 Corporate Structure

Corporate Structure

The TTIFCMCL corporate structure comprises Six (6) levels of hierarchy:

- CEO
- Executive Level
- Managerial Level
- Professional Level
- Administrative Level
- Support

The reporting structure identifying the approved positions is outlined in the attached Organization Chart.



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BOARD OF DIRECTORS

The members of the Board as at June 30, 2015 are:

Mr. Franco Siu Chong – Chairman

Mr. Peter Clarke

Mr. Wayne Dass

Mr. Taranpersad Ramdeen

Ms. Jasodra Rampersad

Ms. Inez Sinanan.

All the directors listed were re-appointed to the Board with effect from 11th March 2015.

BOARD COMMITTEES:

The Board established Committees to assist in exercising its authority and the terms of reference of the Committees and their composition, are listed below:

Audit Committee:

Committee Members: Mr. Wayne Dass (Chairman), Mr. Taranpersad Ramdeen

The purpose of the Audit Committee of the Board is to assist the Board in monitoring:

- The periodic financial reports and other financial information provided by the Company to the Board, any governmental body or the public;
- The Company's systems of internal controls regarding finance, accounting, financial reporting, and financial compliance that Management and the Board have established; and
- The Company's auditing, accounting and financial reporting processes generally.

Consistent with the function, the Committee should encourage continuous improvement of, and should foster adherence to the Company's policies, procedures and practices at all levels.

Corporate Governance and Strategy Committee

Committee Members: Mr. Peter Clarke (Chair), Ms. Jasodra Rampersad

The purpose of the Corporate Governance and Strategy Committee of the Board is to ensure compliance by the Directors and Executive Management of the Company with the requirements of the Corporation Sole, the Companies Act, ethical standards consistent with their fiduciary responsibility and to review and monitor implementation of the Strategic Plan of the Company.

Human Resource Committee:

Committee Members: Ms. Jasodra Rampersad (Chair), Ms. Inez Sinanan, Mr. Franco Siu Chong

The purpose of the Committee is to assist the Board in its responsibilities for an effective organizational structure, competitive human resources and compensation policies and practices for the Company.



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Finance and Investment Committee:

Committee Members: Mr. Peter Clarke (Chair), Mr. Wayne Dass, Mr. Franco Siu Chong

The Finance and Investment Committee shall:

- Assist the Board in setting the investment policy to be adopted for the management of the Company's funds as approved by the Board and in compliance with any guidelines established by the Minister of Finance (Corporation Sole); and
- Ensure that the investment of Company funds is conducted in accordance with the investment policy and best practice.

Tenders Committee:

Committee Members: Ms. Inez Sinanan (Chair), Mr. Wayne Dass

The Tenders Committee shall, in accordance with the levels of authority, approve the acquisition of goods and services above \$500,000. The Tenders Committee shall also ensure that Value for Money, Transparency and Accountability are maintained at all times within the procurement process of the organization. The Tenders Committee shall make recommendations to the Board of Directors on the acquisition of goods and services within its authority level.

3.0 Performance Accomplishments

The accomplishments described below cover the period July 1, 2014 to June 30, 2015. The period under review was an active one for the organization:

Capital Markets Operations

Over the past year, the focus was on building international partnerships and recognition to enable Trinidad & Tobago to achieve listing on leading IFC indices such as the Global Financial Centres Index (GFCI); the development of transformative IFC specific legislation; and empowering SMEs through the provision of new investment and financing options.

The company implemented a Trinidad & Tobago IFC International Awareness Campaign, designed to position the country as an emerging global financial centre. The awareness drive began in June 2014, with a roundtable arranged by LatinFinance where a high-level team including Ministry of Finance & the Economy, the Central Bank Governor and senior TTIFC representatives met with New York's top investment bankers, global rating agencies such as Fitch and the Inter American Development Bank, for an open discussion about Trinidad and Tobago.

In September 2014, the TTIFC participated in a roundtable breakfast in London which hosted senior-level financial executives from top investment banks. This was followed by the LatinFinance 6th Latin American China Investors Forum held in Beijing, China, where Trinidad and Tobago was the first Caribbean jurisdiction to participate in the event. This venture proved worthwhile since we were placed front and center as a premier investment opportunity before China's leading banks and corporations as well as potential Latin American banks and investors.



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The TTIFC held intensive discussions with a few selected financial centres around the world. These included research and investigation into Dubai, London, Malaysia, New York, Toronto and Dubai. These critical activities will ensure that Trinidad & Tobago takes its place in the rankings as an international financial centre.

Partnerships were forged with two internationally recognized training institutions - in June 2014 with the New York Institute of Finance (NYIF) a Financial Times company founded by the New York Stock Exchange (NYSE); and with the Chartered Institute of Securities and Investment, the UK's largest professional body for those who work in securities and investment. In October 2014, the NYIF in conjunction with the UTT and the TTIFC completed its first local programme, *"Best Practices in Capital Market Activity"*.

The Company developed on the mandate for creation of new avenues for access to capital and funding for financial services players through the implementation of a Risk Capital Financing Model, a public private partnership to invest in expansion-ready SMEs. This model was developed in collaboration with consultant, SME Think, who led a series of focus group meetings with key stakeholders including entrepreneurs, investors and fund managers in order to ascertain whether this was a suitable model for the local environment. In November 2014, the TTIFC presented a preview of the model at the Trinidad and Tobago Coalition of Services Industry (TTCSI) workshop themed, *"SME Financing – Bridging the Gap"*, a signature event in the year's national services week.

The final draft of the unique IFC legislation was completed in December 2014. This will effectively create a special purpose economic zone with a unique suite of laws and judicial management system in the country which upon Parliamentary approval, will lead to the formation of the T&T IFC Authority, the Financial Services Authority and the IFC Courts.

We continued to build on the partnership initiative to ensure that the country's finance professionals receive industry specific training, thus MoUs for training collaborations were signed with the Securities Dealers Association (SDATT) in September 2014, the Toronto Financial Services Authority (TFSA) in January 2015, and the Chartered Institute for Securities Investment (CISI)/UTT in April 2015.

Together with LatinFinance, the TTIFC co-hosted the LatinFinance Caribbean Investment and Finance Forum held March 4-5, 2015, in Port of Spain. LatinFinance is a leading source of value-added financial market intelligence on Latin America and the Caribbean. The Forum is a significant strategic step to developing the capital markets, as well as to position Trinidad & Tobago as an emerging international financial centre, and will also serve as a magnet for regional and international public and private sector leaders of the world's leading financial institutions and global investors.



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Business Development Operations

The Business Development unit carries out the investment promotion function and is mandated to position Trinidad & Tobago as a preferred location for Finance and Accounting (F&A) and Banking, Financial Services and Insurance (BFSI) Business Process Outsourcing. To achieve its goals, the Trinidad & Tobago IFC has developed a focused, two-phase strategy to build inward investment in the sector, which targets both financial institutions and BPO providers. This requires concurrent progress on several fronts:

- Branding and market positioning
- Investment promotion
- Investment management

In the period under review, TTIFC attended two flagship events. The Shared Services Outsourcing Network allowed TTIFC the opportunity to have sixteen one-on-one meetings with US firms with shared service centres. T&T was promoted as a location for shared services, and introductions were also made to BPO providers. At this event, none of the firms were familiar with T&T, which was testimony to the need for sustained momentum in building the brand. Over the year we have maintained contact with several of these firms. In September 2014, TTIFC participated at the NASSCOM Leadership Event. TTIFC was part of a panel discussion on Nearshore trends. This was quite a successful event for T&T from the perspective that several of the BPO providers all were familiar with the T&T value proposition. This visibility allowed us to follow up with face-to-face meetings with twelve firms, and at this time, four of these firms are categorized active and progressed leads. At this event the CEO of TTIFC was interviewed by Ed Nair, Programme Editor of Global Services.

TTIFC continues to work closely with Avasant, a premiere BPO advisory firm. With their support, TTIFC has engaged with several global service providers/captive units/end-clients across India, Philippines, Europe and the US. This relationship has produced qualified leads within the key market segments Indian Service Providers, Global Service Providers and captives (e.g. Genpact, Quattro F&A, HGSL, Wipro, Zensar, Accenture, Teleperformance, Cpagemini, JLT, Spi Global, Manulife, AIG, Xchanging, Teleperformance, Discover, Sutherland, Infosys). Avasant continues to support in follow up meetings and on-site visits. TTIFC had significant follow up on-site meetings with Genpact, Sutherland, Quattro and HGSL in India.

From July 2014 to present, TTIFC hosted executives from the following companies: HGSL, Infosys, AT&Kearney, Quattro and Sutherland. The inward delegations are quite necessary for a preliminary review of T&T, given that we are a new location. While we hosted Quattro on the first occasion, this company with its partner CE payments visited T&T twice thereafter, at its own expense. Similarly, TTIFC hosted Sutherland in January 2015. Thereafter this company visited T&T on three occasions, at its own expense.

TTIFC had envisioned that Quattro would have commenced operations in 2014. However, this did not materialize as a condition of the MOU was that Quattro identify a client in T&T. The local banks, financial services companies, are at a nascent phase in their awareness and understanding of the outsourcing



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strategy for back and middle operations. TTIFC invested substantial time in creating this awareness with companies such as Intercommercial Bank, First Citizens, Republic Bank, Massy, Sagicor and Guardian Life. To date three of the companies mentioned are in advanced stages of analysis for a shared service centre, and in some instances, these discussions are in partnership with BPO firms. The focus in these discussions is net job creation and operating efficiency.

TTIFC is in advanced stages of negotiations with three global service providers leading to a possible MoU with HGSL, Infosys and Sutherland and Genpact. Based on the early stage of T&T F&A BPO Ecosystem, several additional projects were undertaken. These engagements were necessary to set the foundation for a first mover and advance discussions with existing prospects. This included:

- ✓ F&A Skill Assessment
- ✓ F&A BPO Training Program Development and Rollout
- ✓ Incubation Space Development
- ✓ Target Client Database Development
- ✓ Cost Per Seat Model Development
- ✓ BPO as a career/Interviewing Skills Sessions

In September 2014, an MoU was signed with the National Training Agency that provides a co-operative framework for the use of on-the-job trainees in the financial sector. The collaboration between the two organizations will enhance Trinidad & Tobago's position, as well as competitiveness on the global financial map as a preferred location for Finance and Accounting (F&A) Business Process Outsourcing.

The TTIFC completed the refitting of physical space at our Waterfront office, which will be designated a free zone area. These offices will be used as an incubation space to prove the BPO concept with new clients. Discussions were initiated with e-Teck to build a specialized facility in central Trinidad, which will consist of three custom-designed buildings to house new BPO operations, however this development was put on hold by e-Teck.

In January 2015, TTIFC signed an MOU with ICATT to ensure a partnership that would allow TTIFC to build awareness of BPO as a career, acquire industry information, advertise job and training opportunities.

In April 2015, TTIFC signed an MOU with Operations Shared Services Limited to develop an internship programme to enable professionals to gain experience in BPO as a career.

Corporate Services

Marketing & Communication Support

For the period under review, the Marketing & Communications initiatives were focused on providing critical strategic support to the Business Development and Capital Markets areas, while maintaining the Trinidad & Tobago IFC's corporate communications activity.



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The latter was achieved through the production and distribution of four (4) issues of the Corporate Newsletter – The IFC Quarterly. Apart from being prominently placed in the Business Guardian, the publication is disseminated via print and email to all major stakeholders and has received high-level commendation from readers alike. Supplementing this, was the production of the 2013-14 Annual Report, which was redesigned into a sleek, elegant and contemporary layout. Other Corporate collateral was upgraded and related photography and other assets were acquired to ensure material was current.

The company also sponsored/ partnered with industry leaders to represent at major local conferences / corporate events such as: Scotiabank Shared Services tour, TT Chamber's SME Conference, TT Chamber's Post-Budget Panel, ICATT's Annual Finance Conference, TTCSI's Services Week, AMCHAM's FATCA Seminar and TT Chamber's Biz Opps TT.

Importantly, the Company has also engineered an interactive web application which is used for conferencing and general promotional activity.

A number of public relations activities were planned and executed for updating the general public along with stakeholders on the company's efforts. On the international front, artwork was prepared for publications and reports which helped to position T&T as the premier location for financial services in the Western Hemisphere.

Business Development

The main support provided in this area was that of logistics, preparation and on-the-day coordination of the NASSCOM BPM presence along with logistics and public relations with inward missions (HinduJa, Quattro, Infosys, Sutherland).

Further, the Business Development function required promotion and coordination assistance with its, BPO HR recruitment and training exercise.

All related collateral was revised to include updated information. A Business Development promo video was scripted and produced, which is posted on the company's website as well as imbedded into media cards for distribution as commemorative tokens.

Capital Markets

Marketing & Communications support for this area was focused mainly on the promotion and advertising of the Caribbean Investment & Finance Forum (March 4-5) - signage, PR scheduling, training/ talking points and advertising, which was complemented by a series of layouts for the Company's International Recognition and Awareness campaign.

Aligned to this, was the coordination of the invitations for the Latin-American China Investors' Forum (Sep 14). Also promotional support was provided for the NYIF training programme.

A series of speaking notes, speeches and briefings were executed for the CEO and Chairman in advance of meetings, presentations and panel discussions (e.g LACIF, The Banker Masterclass)



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IT Support

Phase 2 of the BPO pilot project began in August 2014, which included enclosing the office space to the southern side of the floor and installation of structured cabling. The project was completed and signed off by September 2014.

With the anticipated increase in the number of persons on the floor the TTIFCMCL investigated and installed security surveillance cameras to cover entrances and common areas.

Payroll and HR applications (MicroPay and MicroHR) were implemented to assist in streamlining those functions internally. The Payroll function was previously outsourced and the administration of HR is done manually.

In an effort to improve the overall management of the IT function, an IT Service Level Agreement (SLA) was drafted and approved. This SLA will serve as the basis for the provision of IT Services to the TTIFCMCL, outlining hours of operation and levels of service.

As part of the Corporate Risk Management exercise that was undertaken, IT Support developed an IT Balanced Scorecard (BSC) to assist with evaluating the operations of the IT function. The BSC was approved by the Board of Directors and will be used going forward. This will be used to identify any gaps within the IT environment and assist with building a case for remediation where required.

Routine maintenance of IT equipment is being carried out and software licenses were reviewed to ensure that the TTIFCMCL remains compliant. Software licenses were purchased and upgraded where required.

Administrative Support

The general insurance portfolio was expanded to cover identified operational risks. In May 2014, Insurance coverage for money (cash in transit) and fidelity guarantee were implemented.

In October 2014, the TTIFC Files Classification System was approved and served as the basis for the implementation of the TTIFC Records Management System that incorporates a central filing system for all company documentation.



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4.0 Financial Operations

(a) Budget Formulation

The TTIFCMCL has an Operating Budget and PSIP Budget that identifies departments' expenditure plans for the financial year from October to September of the following year.

Based on the Zero Based Budget concept, each department prepares and submits to the Accounting Department, the plan of projected expenditure for the upcoming financial year by February each year. The department projections are reviewed by members of the Executive Team and the CEO. Upon revision of department expenditures, a Master Budget is prepared by the Accounts Department and submitted for Board Approval, and then to the Ministry of Finance and the Economy. The proposed budget for financial year ending 2016, was submitted on March 25, 2015.

(b) Financial results

The Audited financial results for the Company for FY 2014 are summarized below:

	2014	2013
	\$	\$
Profit before tax	77,634	108,038
Taxation	(59,347)	(134,764)
Profit/(loss) for the year	<u>18,287</u>	<u>(26,726)</u>
Retained Earnings	18,287	(26,726)
Retained Earnings - At Beginning of Year	(21,594)	5,132
Retained Earnings - At End of Year	<u>(3,307)</u>	<u>(21,594)</u>

Government Subventions for 2014 totaling TT\$30.756 M (2013: TT\$23,412 M) were received and taken up as deferred operating subventions in the Statement of Financial Position. These amounts are recognised in the statement of comprehensive income as expenses are incurred.

	2014	2013
	\$	\$
Beginning balance	12,785,856	9,323,711
Funds received from the government of Trinidad and Tobago	30,756,000	23,412,000
Amounts transferred to statement of comprehensive income	<u>(31,124,509)</u>	<u>(19,949,855)</u>
	<u>12,417,347</u>	<u>12,785,856</u>



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(c) Debt Policy

At present, the TTIFCMCL has no Debt Policy.

(d) Investment Policy

The TTIFCMCL has a Board approved Investment Policy.

5.0 Human Resource Development Plan

(a) Career Path Systems

At present, employees of the TTIFCMCL are hired on fixed term contracts for job specific functions.

(b) Performance Measurement Tools

Performance Appraisals are undertaken for each employee at the end of each year of the contract period by their immediate Supervisor and reviewed by the CEO. Performance results are evaluated based on pre-determined targets.

The Employee Training & Development Policy is incorporated into the TTIFCMCL approved HR Policy and Procedure Manual. Arising from employees annual Performance Appraisal, as well as assessed organizational needs, a training matrix is prepared, which schedules the required training for each of its employees, as funding allows.

6.0 Reporting Functions

(a) Reports to Ministries, President/Parliament

The required reports are submitted to the Permanent Secretary, Ministry of Finance & the Economy (Investments Division) as and when it becomes due, and are indicated hereunder:

The Strategic Plan for 2014 to 2016: Submitted

Annual Budget for 2015 to 2016: Submitted

Annual Audited Financial Statements for FYE September 2014: Submitted

Board Meeting Minutes are submitted one week following confirmation

Monthly Cash Statement of Operations. The last report submitted was for the period ended December 31, 1 2013. All outstanding reports will be submitted by July 31, 2015.

Quarterly Returns Report submitted at end of first month after Quarter

Quarterly Status of Loan/Overdraft/Investments and Litigation Proceedings are submitted at the end of first month after Quarter

The Return of Award of Contracts submitted 14 days after month end.



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7.0 Procurement Procedures

The TTIFCMCL Procurement procedure is guided by Appendix B of the State Enterprises Performance and Monitoring Manual: *“Standard Procurement Procedures for the Acquisition of Goods, Provision of Services, Undertaking Works and Disposal of Unserviceable Items in State Enterprises.”* However, an operating procedure specific to the TTIFCMCL has been formulated and is detailed in the approved Purchasing Policy dated September 2013.

(a) Open Tender

The TTIFCMCL adheres to the open tender process that is outlined in the manual mentioned above.

(b) Selected Tender

The TTIFCMCL adheres to the selected tender process that is outlined in the manual mentioned above.

(c) Sole Tender

The TTIFCMCL adheres to the sole tender process that is outlined in the manual mentioned above.