



**Government of the Republic of Trinidad and Tobago**

Ministry of Youth Development and National Service

**MYDNS: 70/3/6 Vol. I**

17<sup>th</sup> October 2022

Clerk of the House  
Office of the Parliament  
Parliamentary Complex  
Cabildo Building  
St. Vincent Street, Port of Spain

Dear Madam

**Third Report of the Joint Select Committee on Finance and Legal Affairs on an Inquiry into the Impact of COVID-19 on the Micro and Small Enterprises Sector, Second Session (2021/2022), Twelfth Parliament**

I refer to your letter Parl.: 14/3/69 Vol.IV dated September 15, 2022, on the subject at caption and attach herewith the response of the Ministry of Youth Development and National Service to the recommendations/comments contained in the Third Report of the Joint Select Committee on Finance and Legal Affairs on an Inquiry into the Impact of COVID-19 on the Micro and Small Enterprises Sector.

Respectfully

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**FAROOK HOSEIN**  
**PERMANENT SECRETARY**

**Response of the Ministry of Youth Development and National Service to the  
Recommendations/Comments Contained in the Third Report of the Joint  
Select Committee on Finance and Legal Affairs on an Inquiry into the Impact  
of COVID-19 on the Micro and Small Enterprises Sector, Second Session  
(2021/2022), Twelfth Parliament**

The findings and recommendations of the Joint Select Committee on Finance and Legal Affairs on an inquiry into the impact of COVID-19 on the Micro and Small Enterprises Sector relevant to the Ministry of Youth Development and National Service (MYDNS) are outlined on pages twenty-two (22) to twenty-four (24), thirty-one (31) to thirty-four (34) and forty-eight (48) to fifty-one (51) of the Report. The response of the MYDNS to the findings and recommendations in the Report is presented below.

**Comments on Findings and Recommendations (at pages 22-24)**

The MYDNS recognizes that the establishment of a rigorous and systematic data collection method on the Micro and Small Enterprises (MSE) Sector is a significant challenge that needs to be addressed. In this regard, the National Entrepreneurship Development Company Limited (NEDCO), an Agency of the MYDNS, is pursuing a digitalization exercise to address this challenge.

*Recommendation*

**9. Based on the foregoing, the Committee submits the following recommendations:**

**A. Data has the potential to transform the design and delivery of public policies and services. With a view to enhancing the utility and relevance of the services provided by both NEDCO and ExporTT, it is imperative that these agencies develop individual client databases inclusive of an administrative profile featuring each company's address, employee, and statutory details, sub-categorised by business size, industry, and the nature of exports, where applicable. The Ministerial Response of the respective Ministries should advise on the general plans and strategies for accomplishing this particular endeavour.**

### *Response*

The NEDCO recognizes the value of data in making evidence-based decisions that relates to its clients. As part of its ongoing digitalization transformation exercise, NEDCO is designing a solution to enable clients to fully leverage digital technologies to support their business transformation and create an impactful customer experience. In order to achieve such an undertaking, relevant information on clients will be required and will be collected and analyzed to inform decisions by NEDCO.

### *Recommendation*

**B. The NEDCO and ExporTT should consider implementing a survival guide for businesses facing acute profitability challenges in the post-pandemic era. This aspect of business development should provide assistance to companies with resilience-building techniques, including but not limited to ensuring organisational fitness and responding to changes in consumer needs.**

### *Response*

As part of its national COVID-19 Relief programme, the Government of the Republic of Trinidad and Tobago (GORTT) has been offering an Entrepreneurial Relief Grant (ERG) to provide financial assistance to MSEs that have been negatively impacted by the pandemic. Eligible enterprises are those earning less than \$1 million annually.

In June 2020, the GORTT launched the ERG and selected NEDCO to operationalise the facility. The ERG was then extended to December 2022. Accordingly, NEDCO established operating procedures, parameters, an application process, and monitoring and evaluation mechanisms of the ERG.

Given the assurance by the Government in the 2023 National Budget Statement of the Minister of Finance to provide greater assistance to MSEs, NEDCO has embarked on the delivery of an effective business continuity strategy to support micro and small companies to facilitate growth, recovery and continuity post-COVID-19.

NEDCO will be developing comprehensive entrepreneurship and business resiliency training strategies for existing micro and small enterprises affected by the COVID-19 pandemic. This



content will be placed on a Learning Management System (LMS) that can be virtually accessible to all affected entrepreneurs.

*Recommendation*

**C. As part of its research and development initiatives, NEDCO should consider doing an in-depth analysis of the following aspects of post-pandemic business continuity:**

**i. The resilience approaches of businesses that successfully pivoted and survived the pandemic and the utilisation of this information to tailor the advice that is provided to stakeholders with respect to post-pandemic recovery;**

**ii. Statistics on job losses within the MSE sector and the potential impact on both present and future employability.**

*Response*

i. The NEDCO supports the recommendation for an in-depth analysis of post-pandemic business continuity involving the resilience approaches of businesses that successfully pivoted and survived the pandemic. Hence NEDCO will undertake focus-group meetings inviting MSEs that have successfully pivoted from the pandemic. These sessions will be recorded and developed for sharing on NEDCO's online platforms.

ii. Given the need to determine the level of impact that the Entrepreneurial Relief Grant (ERG) delivered to the local MSE sector, a method to collect and evaluate the relevant data was essential. The MYDNS and NEDCO developed a survey to gather the quantitative data needed to assess this grant facility, which was supplemented by focus group sessions to gain some qualitative information. These two methods formed the basis of an evaluation conducted by the Enterprise Development Division (EDD), MYDNS. The core objective of the evaluation was therefore to assess the impact (effectiveness and efficiency) of the ERG received by Micro and Small Enterprises.

Additionally, as part of the assessment on the impact the pandemic has on employment, the Labour Market Information Unit (LMIU) of the Ministry of Labour requested information to aid in a comprehensive analysis of the impact of COVID-19 on the Labour Market in Trinidad and Tobago. The LMIU is currently assessing the data.

This information from these assessments may be used to identify and address any deficiencies in the ERG. Additionally, data and information will guide policymakers on the needs of MSEs in order to create a supportive business environment and are also expected to inform the strategy, policies and initiatives that can be virtually accessible to all affected entrepreneurs.

**Comments on Findings and Recommendations (at pages 31-34)**

The MYDNS recognizes that several constraints hinder the operation and growth of MSEs during the COVID-19 and post-COVID-19 environments. Even in the implementation of solutions to mitigate these constraints, such as the utilization of appropriate Information and Communication Technology, MSEs face peculiar hurdles due to their limited resources.

*Recommendation*

**24. The Committee recommends that:**

**A. The NEDCO as a primary intermediary between stakeholders and the Government should strongly consider a communicative approach to encourage formal business registration among micro and small enterprises. This initiative should emphasize the positives of formal business registration including: improved access to financing and business development services, opportunities within the formal economy, reduced risk of penalties and unfair competition by informal firms. The Ministerial Response of the MYDNS and MTI should provide an update on this undertaking.**

*Response*

The NEDCO has supported hundreds of businesses to transition from the informal to the formal economy to access its services and support their sustainability. There is little data on the informal economy in Trinidad and Tobago, but estimates suggest that it has been growing. According to a report by the Inter-American Development Bank, the informal sector accounts for 26-33% of GDP. Despite this, it is generally recognized that MSEs whether formal or informal are a major contributor to the economy by way of the number of businesses, contribution to GDP and employment generation.

To better position itself in the market, NEDCO recognizes the need for adequate data on the MSE sector, specifically related to informality and the profile of these enterprises. Guided by its Strategic Plan, it will also address environmental sustainability and micro and small businesses,



technology-based micro and small enterprises, creative industries and socially focused business development areas, such as youth, women and men in special circumstances. The engagement of the MTI and the CSO as key partners in data gathering and information production will be essential in this undertaking.

*Recommendation*

**B. 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 forms of financial savings measure.**

*Response*

The MYDNS supports the recommendation for the Ministry of Finance to consider working in tandem with the Ministry of the Attorney General and Legal Affairs to implement a simplified process of business registration that is incentivized. When implemented, it is the intention of the MYDNS, through the agency of NEDCO, to ensure there is action to proactively address the legitimate concerns of the small enterprise sector by engaging relevant stakeholders to create a facility where MSE views can be voiced and contribute to the regulatory process and by providing policymakers with the information needed to support the sector.

*Recommendation*

**C. As NEDCO continues to develop its Business Development Services, the company should collaborate with operators in the FinTech industry with a view to exploring options for increasing accessibility to financing for businesses outside of the formal banking sector These should focus on improving MSEs' access to microcredit and microfinance options, inclusive of fintech applications such as crowdfunding and venture capital initiatives.**

*Response*

In June 2022, NEDCO met with the FinTech Association of Trinidad & Tobago (FinTechTT) to explore opportunities in the Fintech environment. Discussions focused on NEDCO assisting the FinTechTT members to be competitive in the international arena with the development of their "soft skills", proposing to NEDCO solutions to make it first in class in the area of technology and

services offered to stakeholders internally and externally, and developing a partnership to play a strong role in the FinTechTT Hackathon through educational spotlights.

*Recommendation*

**E. The Committee recommends that the NEDCO and ExporTT can collaboratively seek to implement as part of its training and advisory services for MSEs the following initiatives:**

- **Social media marketing;**
- **Website development;**
- **Introductory courses in online sales and marketing; and**
- **Introductory courses on export sales, benefits, markets and opportunities.**

*Response*

While NEDCO currently conducts training in Social Media Marketing, it supports the recommendation to engage ExporTT to strengthen its capacity in the area of training and advisory services with a strategic focus on the areas recommended.

**Comments on Findings and Recommendations (at pages 48-51)**

In the past, there was little collaboration among Ministries and Agencies to ensure that there is awareness of existing opportunities for MSEs. In addition to making the landscape difficult for new business owners and entrepreneurs to navigate, the lack of harmonisation has presented challenges regarding quality control, programme effectiveness and overall efficiency of the entrepreneurship development system in Trinidad and Tobago.

*Recommendation*

**61. The Committee recommends as follows:**

**B. With a view to raising awareness of existing opportunities among stakeholders, the NEDCO and ExporTT may consider a more customised communication strategy that prioritizes customer engagement and facilitates the transmission of key messages from the top tiers of management.**

### *Response*

The NEDCO is undertaking a systematic mapping exercise of the support framework for MSE development in Trinidad and Tobago. This exercise seeks to assess the current environment and determine the actors as well as the type of services that are being provided. This map will form part of a focused communication strategy as a guide for entrepreneurs by providing the contact information of agencies through which they can access information and support services.