

NEDCO

National Entrepreneurship Development
Company Limited

We Support. You Succeed.

ADMINISTRATIVE REPORT
October 2014-September 2015

FOREWORD

The reporting period covered by this Report would have preceded the assumption to office of the new Board of Directors which held its first Board meeting in December, 2015.

The Report as presented provides considerable detail on the operation of NEDCO for the financial year ended September 30, 2015. It would be observed however that during the reporting period NEDCO encountered numerous challenges, the most formidable of which is the protracted unhealthy state of its loan portfolio which reflects a delinquency rate of approximately 78 per cent. Although this has shown a modest decline from earlier years, as a financial institution, this delinquency level must be cause for concern. The high level of the non-performing component of the loan portfolio has been principally responsible for the burgeoning accumulated deficit which totalled \$136.7 million at the end of the reporting period.

This unsatisfactory state of NEDCO's financial position, if allowed to persist, will continue to retard the company's effort to grow and develop into that transformation agent which the founding fathers had envisioned at the time of its establishment in 2002.

The Board of Directors has identified the state of NEDCO's finances as a priority on which it must focus and which must be tackled head-on as a matter of urgency. Accordingly, as the Board continues to review and assess the operation and functioning of NEDCO, it will take the necessary steps to ensure that the core function of NEDCO as a provider of loan financing for entrepreneurial pursuits and the follow-up and measurement of same will be accorded precedence in a revitalised outlook. Simultaneously, the ancillary services being provided by NEDCO will be streamlined to ensure there is alignment with the *raison d'être* of the institution.



Mr. Clarry Benn
Chairman of the Board of Directors

NEDCO CORPORATE INFORMATION

OFFICE LOCATIONS

NEDCO Head Office

38 New Street, Port of Spain

Tel: 821-5800

Fax: 623-1606

Email: contactus@nedco.gov.tt

NEDCO Regional Entrepreneurship Development Centres:

EAST / TOBAGO CLUSTER

Arima

27 Broadway, Arima

Tel: 821-5810

Fax: 667-5395

Tunapuna

135 Eastern Main Road, Tunapuna

Tel: 821-5808

Tel: 662-1650

Sangre Grande

LP 66, Eastern Main Road, Sangre Grande

Tel: 821-5806

Fax: 691-0707

Tobago

Milford Road, Lower Scarborough

Tel: 639-1270

Fax: 635-0769

UWI Sub Office

Student Activity Centre

UWI Campus, St. Augustine

Tel: 662-3842

NORTH / CENTRAL CLUSTER

Chaguanas

93 Ramsaran Street, Chaguanas

Tel: 821-5805

Fax: 672-6819

Port of Spain

88 Queen Street, Port of Spain

Tel: 821-5802

Fax: 625-7144

SOUTH CLUSTER

Princes Town

3 Manahambre Road, Princes Town

Tel: 821-5809

Fax: 655-5277

San Fernando

13 Naparima Mayaro Road, San F'do

Tel: 821-5807

Fax: 653-7184

Point Fortin

Guapo Road, Cap de Ville

Tel: 821-5803

Fax: 648-3450

Entrepreneurial Training Institute and Incubation Centre (ETIIC)

Head Office

149 Eastern Main Road, Barataria

Tel: 821-5817

Fax: 675-4613

Chaguanas

93 Ramsaran Street, Chaguanas

Tel: 821-5805

Fax: 672-6819

San Fernando

13 Naparima Mayaro Road, San F'do

Tel: 821-5822

Fax: 653-5913

National Integrated Business Incubation System (IBIS)

Administrative Hub

1st Floor, The Atrium, Don Miguel Road Extension, El Socorro

Tel: 821-5800 ext. 2095/2108

INCUBATORS:

Diego Martin

21-22 New Yalta Road, Diego Martin

Tel: 633-0183

Sangre Grande

LP 917 Manzanilla Road, Sangre Grande

Tel: 691-3729

Point Fortin

Lot#14 Guava Road, Point Fortin

Tel: 821-5803

AUDITORS

PKF

90 Edward Street

Port of Spain

Tel: 624-4388

GLOSSARY

ALJGSB	Arthur Lok Jack Graduate School of Business
BIP	Business Investment Proposal
BON	Branch Operations Network
BRO	Business Relationship Officer
CARIRI	Caribbean Industrial Research Institute
CED	Centre for Enterprise Development
CCLCS	Cipriani College of Labour and Co-operative Studies
CEO	Chief Executive Officer
CGCL	Caribbean Gas Chemicals Limited
CMFA	Caribbean Microfinance Alliance
COO	Chief Operating Officer
COSTAATT	College of Science Technology and Applied Arts of Trinidad and Tobago
CSTIC	CARICOM Science, Technology and Innovation Committee
ECA	Employers' Consultative Association
ECB	Enabling Competitive Business (Strategy)
EDD	Enterprise Development Division
EMP	Entrepreneurial Management Platform
EPIC	Entrepreneurship Programme for Innovation in the Caribbean
ETIIC	Entrepreneurial Training Institute and Incubation Centre
GEM	Global Entrepreneurship Monitor
GEW	Global Entrepreneurship Week
IBIS	Integrated Business Incubation System
ICT	Information Communication Technology
i2i	Idea to Innovation
LMS	Loans Management Software
MFI	Micro Finance Institution
MOLSMED	Ministry of Labour and Small & Micro Enterprise Development
MSE	Micro / Small Enterprise
NBIA	National Business Incubation Association
NEDCO	National Entrepreneurship Development Company Limited
NGO	Non-Government Organisation
NIHERST	National Institute of Higher Education, Research, Science and Technology
NRWPTT	National Rural Women Producers of Trinidad and Tobago
NTA	National Training Agency
PIDA	Pre-Incubator Diagnostic Assessment
RDM	Regional Development Manager
SME	Small / Micro Enterprise
TTCIC	Trinidad and Tobago Chamber of Industry and Commerce
UNDP	United Nations Development Programme
UTT	University of Trinidad & Tobago
UWI	University of the West Indies
YBTT	Youth Business Trinidad & Tobago
YTEPP	Youth Training & Employment Partnership Programme

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EXECUTIVE SUMMARY

For the fiscal year ended September 30, 2015, NEDCO focused on improving operational effectiveness, process improvement, and implementing new methodologies. The Company also exploited opportunities for better synergies with key stakeholders and created further alliances with key players in the micro and small enterprise (MSE) development arena.

The main overarching strategies for improving the operational effectiveness as outlined in the 2012 - 2015 Strategic Plan incorporate: (i) Staff Development, (ii) Implementation of the New Business Model, (iii) Partnerships, (iv) More in-depth Reporting, (v) Image, (vi) Culture, and (vii) greater focus on Enterprise Risk Management.

Management of the Company's human resources for the period under review focused heavily on the activities of recruitment and staff development. The few vacant positions were filled with the assistance of "Recruitment Experts" to attract the highest quality of candidates for the senior positions. This included Chief Operations Officer, Executive Manager Finance & Risk, Internal Audit Manager, and IBIS Programme Manager.

Staff members benefited from attendance at training programmes, workshops conferences and seminars. Revised remuneration for staff was implemented effective January 2015. Payment of salary arrears for the period September 2008 to December 2013 was partially settled with currently employed staff.

During this twelve month period ended September 2015, NEDCO produced 379 loans at a value of \$15,997,247.70. The Company however receives a number of credible loan applicants and enquiries which it is unable to accommodate due to cash constraints. This amount is estimated to be over \$10M annually. The loan trial balance recorded 5,453 loans at a value of \$111.8M as at September 30, 2015 with the three (3) main activities being Retail Trade, Services and Building Contracting.

In terms of training support, a total of 2,770 individuals benefited from NEDCO's training initiatives during fiscal 2015. Programmes included Steps to Starting Your Business, Record Keeping & Cash Management, Costing & Pricing, and Tendering for Contracts. This figure represented a 290% increase from the previous fiscal year when 952 individuals were trained. NEDCO also partnered with the University of the West Indies to once again deliver a successful edition of the annual Entrepreneurship Boot Camp. This programme has been instrumental in conducting intense, Boot-Camp

style training and support, including financial support, to innovative entrepreneurs attached to UWI.

NEDCO also continued to operate the National Integrated Business Incubation System as the implementing agency for MOLSMED. There are sixty three (63) active businesses within the programme currently generating revenue through the provision of various goods and services. For the period under review, there were thirty two (32) Pre-Incubation clients and one hundred and four (104) Incubation clients operating across all the targeted communities, both on site and off site, inclusive of seventeen (17) Fast-Tracked clients. Strategic stakeholder relationships were maintained with a number of agencies, internationally, regionally and locally, to ensure IBIS clients are provided with access to the best networks to contribute to their success.

1.0 BACKGROUND

The National Entrepreneurship Development Company Limited (NEDCO) is a State owned limited liability company established by the Government of Trinidad and Tobago in August 2002 as a micro finance institution (MFI) with a mandate to assist in the development of a sustainable small and micro enterprise sector.

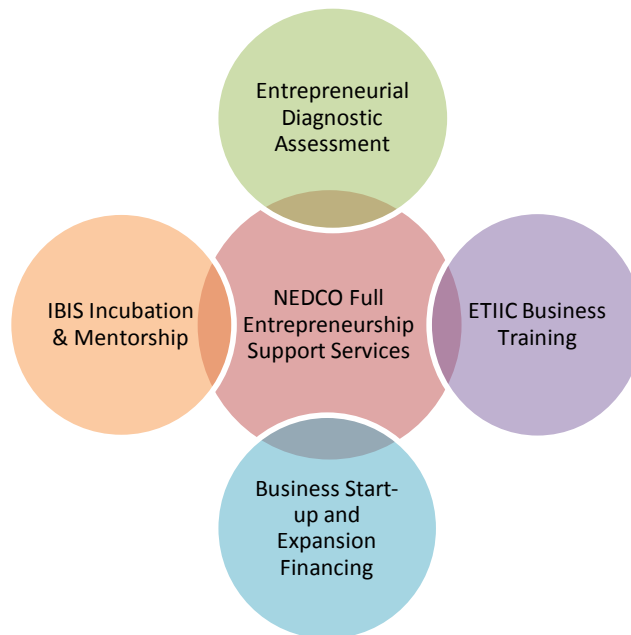
The stakeholders are the Government of Trinidad and Tobago (through the line Ministry), Board of Directors, Clients, Management and Staff. Cabinet Minute No. 776 of April 25, 2002 agreed to the establishment of NEDCO to be the implementing agency for Government's policy on small and micro enterprise development. The MSE Development Policy (2014) envisions micro and small businesses as key to both economic diversification and social transformation. The policy seeks to strengthen the MSE support network to improve the quality of management and capacity for MSEs, better access to market opportunities and provision of adequate financing to support growth.

As part of a holistic approach to entrepreneurship support, NEDCO established the Entrepreneurial Training Institute and Incubation Centre (ETIIC) as a strategic business unit in 2005, and also manages the National Integrated Business Incubation System (IBIS) a programme initiated by the MOLSMED in 2012 specifically for intense mentoring of entrepreneurs and monitoring early stage businesses and business start-ups.

With the implementation of the IBIS programme, ETIIC has evolved its original role to focus more heavily on fundamental business training services for entrepreneurs using expert training facilitators. Conversely, IBIS focuses heavily on mentorship to entrepreneurs at on-site facilities using experienced and established business persons and professionals. Both programmes are now critical and major components of the entire range of services offered by NEDCO, which on a holistic basis provides diagnostic assessment of the entrepreneur which is followed up by customised training, mentorship and business financing.

NEDCO's business model of an integrated full service system for entrepreneurship development and business support is depicted in the diagram below.

NEDCO Business Model



2.0 MISSION

To promote and support the development of new and existing MSEs to achieve financial independence, sustainability and competitiveness through the provision of evolving, cutting edge financial products and development support services in a customer focused environment.

3.0 VISION

To be the leader of the SME sector, fostering an entrepreneurial culture, thereby contributing to wealth creation and national development.

4.0 MANDATE

To empower individuals with the ability to achieve financial independence through employment, as well as to provide credit to the small and micro business sector, including start-up capital at a preferred rate of interest on a sound and collectible basis.

5.0 CORE VALUES

- Ethical behaviour
- Integrity
- Accountability & Transparency
- Quality Service & Efficiency
- Excellence & High Standards
- Health, Safety & Well-Being of Staff
- Innovation
- Teamwork

6.0 ORGANISATIONAL STRUCTURE

The Company is administered through its Head Office in Port of Spain with a Branch Operations Network (BON) comprising ten (10) branches strategically located throughout Trinidad and Tobago. A sub office was also established at the University of the West Indies, St Augustine in 2013 to facilitate collaboration between NEDCO and the UWI.

ETIIC's offices are strategically located at Barataria, Chaguanas and San Fernando. In terms of IBIS, 5 Incubation / Mentorship centres were located in: Point Fortin, Penal, El Socorro, Sangre Grande and Diego Martin.

The Board of Directors comprised twelve (12) members and was re-appointed in June 2013 with Dr Natasha Ramkissoon as the Chairman. The Board's responsibilities comprise four specific roles:

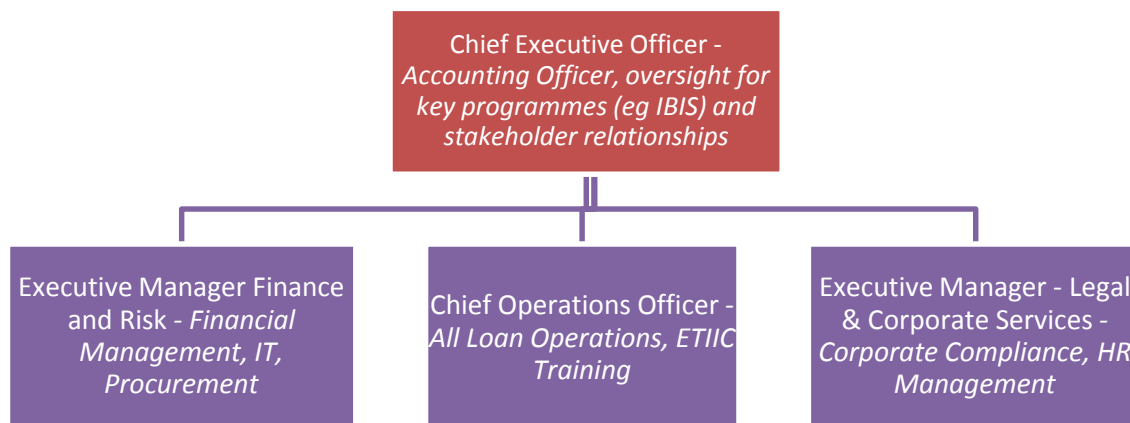
- i. Fiduciary, with responsibility for safeguarding the interests of all stakeholders;
- ii. Strategic, i.e. reviews management's business plans in the context of the company's mission and approves accordingly;
- iii. Supervisory, i.e. delegates authority for operations to management through the Chief Executive Officer;
- iv. Management Development, i.e. supervises the selection, evaluation and compensation of the senior management team, management and staff – responsible for operations, products and services.

These areas are administered through a corporate functional structure comprising two main divisions – Business Services & Finance and Administration. These divisions are further subdivided into departmental silos, namely Human Resource and Administration; Lending and Business Support; Recoveries; Development Support Services; Marketing and Corporate Communications; Finance and Risk Management; Information Technology; Properties; Procurement; and Audit.

The Executive Management team comprises:

- The Chief Executive Officer
- The Chief Operations Officer
- The Executive Manager – Legal and Corporate Services
- The Executive Manager – Finance and Risk

The basic structure is illustrated by the following diagram:



The Chief Operations Officer (COO) is responsible for all lending and business support operations encompassing the BON, in addition to the operations of ETIIC.

Under the supervision of the COO are three (3) Regional Development Managers (RDMs) responsible for a cluster of branches, namely:

- East & Tobago: Tunapuna, Arima, Sangre Grande and Tobago
- North & Central: Chaguanas and Queen Street
- South: San Fernando, Princes Town, Penal and Point Fortin

The Regional Development Committee oversees the development of lending and business support activities, and comprises:

- Chief Operations Officer
- Three Regional Development Managers
- Head of Business and Credit Strategy
- Head of ETIIC

Branch offices are typically staffed by a Centre Coordinator, Business Relationship Officer(s), Loan Administration/Compliance Officer, and Administrative Assistant.

The following table illustrates NEDCO’s Staff Resources in terms of Organisational Position and Core Function.

NEDCO’s Staff Resources:

Organisational Position	#	Core Function			
		Production	Supervision	Strategic	Administration
Executive	3	0%	60%	35%	5%
Audit Manager	1	0%	80%	10%	10%
Department Management	8	0%	75%	0%	25%
Professional (MSE Support)	33	65%	0%	0%	35%
Professional (Department)	28	0%	20%	0%	80%
Department Assistants	10	0%	0%	0%	100%
Other Admin Assistants	27	0%	0%	0%	100%
Total Staff & Average Time	110	9%	34%	6%	51%

7.0 STRATEGIC PLAN

The 2012 - 2015 Strategic Plan provides a road map guiding future efforts to further strengthen the Company’s institutional capacity and to enable it to function as a more effective provider of support to the Micro and Small Enterprise (MSE) sector in Trinidad and Tobago. It focuses on further transforming NEDCO into a more vibrant organization which will contribute to the strengthening of the national economy.

7.1 Overarching Strategies

The main overarching strategies for improving the operational effectiveness as outlined in the 2012 - 2015 Strategic Plan incorporate the following:

- 7.1.1 Staff Development** - The Strategic Plan outlined a need for strengthening at the Executive as well as Branch Management level. A new organizational structure was therefore developed and approved for implementation by the Board of Directors during the first quarter of the 2013/2014 fiscal year. Further to the organisational changes, greater emphasis was placed on staff training and performance monitoring.
- 7.1.2 New Business Model** - NEDCO had developed a new business model which incorporates sound lending and credit risk management practice for the industry. The system emphasises a diagnostic assessment of entrepreneurial ability, cash flow based analysis and an integrated business training system.
- 7.1.3 Partnerships** - In recognition of the need to access a wider range of services for NEDCO clients, greater collaboration and partnerships with key organisations and stakeholders were emphasised.
- 7.1.4 Reporting** - Enhanced reporting capability inclusive of retraining and use of best practice reporting standards, focus on benchmarks for performance results and, most critically, the deployment of a new Loans Management Software (LMS). Once deployed, NEDCO's new LMS will improve reporting efficiency, portfolio performance and demographics, analysis and client relationship management.
- 7.1.5 Image** - Improved corporate image and public perception.
- 7.1.6 Culture** - Change of organisational culture towards greater emphasis on performance and results.
- 7.1.7 Risk Management** - Greater focus on Enterprise Risk Management.

7.2 Achievements

In keeping with the main objectives as prescribed by the Strategic Plan, NEDCO has achieved the following:

7.2.1 Staff Development

Training – During the period under review NEDCO conducted intense internal training in “Loan Operations”, “Introduction to Cost Ledger Account Referencing” and “Role and Function of Loan Administration/ Compliance Officer”. Forty nine (49) staff members were exposed to these modules.

NEDCO team members also attended workshops and conferences, including the VIII Americas Competitiveness Forum; 4th Caribbean Procurement Conference; Latin Finance Investment Forum; UWI Biannual Banking, Business and Finance Forum; and Caribbean Microfinance Forum VI.

Management at the executive and branch / department level identify training needs for NEDCO staff on an ongoing basis. Such training may be conducted through external programmes, ETIIC modules and other internal facilitation.

Performance Management - Review and upgrade of Performance Based Management System

- i. Key Performance Indicators for all staff positions have been developed for incorporation into a new performance assessment process. The assessment form for the branch operations has been completed and currently being test piloted.
- ii. Performance indicators for Head Office staff and those positions that are less target-oriented have also been developed and will be test piloted in fiscal 2016.

7.2.2 New Business Model

The model incorporates a revised system of entrepreneurship diagnostic known as “The 360 Degree assessment” which allows for client grading and reporting by giving equal emphasis on: 1) entrepreneurial potential / capability, and 2) actual business viability as opposed to business viability only. This comprehensive assessment is then used to customize the applicant’s finance and/or entrepreneurial training package.

A new delinquency policy was also developed and implemented. All staff, including officers involved in the recovery process, were extensively re-trained in the new system which encompassed new reporting and quality control systems.

7.2.3 Partnerships

NEDCO has developed collaborative relationships with key organisations and other stakeholders to expand the scope and range of entrepreneurial development services. These include:

- **University of the West Indies** – NEDCO office established at the Student Activity Centre at the St Augustine Campus. The unit interfaces with faculty, staff, students and recent graduates. The unit has positioned itself as a mentor, facilitator and a conduit for financing innovative campus MSEs via the branch network. NEDCO benefits from a pool of potential clients while also contributing to the development of an entrepreneurial mind-set that will ultimately redound to the benefit of the wider community.
- **University of Trinidad and Tobago** – NEDCO's Corporate Business Analyst serves on the ICT Advisory Council. In this position he assists with development and review of curriculum content to ensure attainment of an entrepreneurial mind-set and or relevant skills to enhance employment opportunities. During the period under review this officer served on the Validation Panel for the Academic Programme for Engineering and ICT. NEDCO also regularly assists with guest lectures and evaluation of students' Business Plans.
- **Youth Training & Employment Partnership Programme** – Strategic working relationship established since 2005. In addition to NEDCO's Loan Programme, the agreement provides for collaboration between the parties for development of case studies; sharing of training facilities and co-hosting of defined marketing and distribution events.
- **Trinbago Unified Calypsonians' Organisation** – NEDCO signed a Memorandum of Understanding with the Trinbago Unified Calypsonians' Organisation in July 2013. The parties have agreed on a collaborative arrangement for NEDCO to provide loan funding and other business support to TUCO's members.
- **Caribbean Local Economic Development Program** – NEDCO's Corporate Business Analyst serves on the Trinidad and Tobago National Advisory Committee on Local Economic Development. The members of the Advisory Committee have assisted the organisation to (i) increase its ability to conduct economic analysis and integrate business and investment needs into local authority needs (ii) integrate gender equality and environmental considerations for sustainable and gender equitable local area development.
- **Caribbean Microfinance Alliance** – NEDCO's Corporate Business Analyst serves on the Board of Directors of this regional network of 20 Caribbean microfinance practitioners. CMFA provides a platform

for the region's industry players to engage with global stakeholders to ascertain best practices and trends applicable to the region.

- **Arthur Lok Jack GSB / Central Bank of Trinidad and Tobago Business Confidence Survey** – completion of quarterly surveys on the local and global economy's financial performance, financial outlook, investment outlook, employment outlook, production outlook, local economic outlook and global economic outlook.
- **Global Entrepreneurship Monitor (GEM)** – NEDCO's Corporate Business Analyst serves on the panel for the National Expert Survey and also assists with research for the project. NEDCO has collaborated with GEM as an enabler of entrepreneurship.
- **Ecomicro Program** of the Multilateral Investment Fund via the Inter-American Development Bank, Washington D.C. – NEDCO has established a collaborative relationship with the organisation. The programme provides technical training in the development of green financial products by Micro Finance Institutions (MFIs). Participating organizations in the Latin America / Caribbean region will be selected through a competitive process based on performance parameters and their capability to develop green financial products that can facilitate their clients' access to clean and efficient energy, and improve their ability to adapt to climate change. The programme will also assist MFIs to analyze their loan portfolios' vulnerability to climate change and support them in lowering operational energy costs and greenhouse gas emissions.
- **MIX Market, Washington DC** – NEDCO has established a collaborative relationship with this global organisation and maintains its international profile on the MIX website. NEDCO submits financial reports, statistical data and other performance reports annually. This provides the company with international exposure in addition to a platform to interface with similar organisations.
- **CARIRI i2i Programme** – NEDCO administers the fund, including disbursements to programme recipients, through a Memorandum of Understanding with the Ministry of Planning and Sustainable Development.
- **Network of Rural Women Producers of Trinidad and Tobago (NRWPTT)** – NEDCO's Corporate Business Analyst serves as a member of the project team comprising officers of Ministry of

Finance, Ministry of Food Production and other stakeholders to assist the organisation in the areas of capacity building, financial management and governance.

- **CARICOM Science, Technology and Innovation Committee (CSTIC)** – NEDCO’s Corporate Business Analyst was involved with the facilitation of the regional conference entitled “Strengthening and Utilizing S&T in the Caribbean” at Grand Anse, Grenada, March 26 to 28, 2015 under the auspices of the Right Honourable Dr. Keith Mitchell, Prime Minister of Grenada - the Prime Minister in charge of Science and Technology for the Caribbean Community.
- **Global Entrepreneurship Week** – NEDCO participates in the various activities. These events attracted a wide cross section of the business community and afforded an opportunity for networking and strengthening the relationship with other stakeholders in the entrepreneurship eco system.

7.2.4 Reporting

Financial Reports - NEDCO’s financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). These statements are examined by the Internal Audit Department and the year-end Financial Statements are audited by external auditors.

In addition to the formal reporting structure to the line Ministry as outlined in the table below, NEDCO has further developed internal reporting relationships at various levels that ultimately allow information to flow efficiently from the operational level to the executive level and onward to the Board of Directors as required.

Portfolio Performance Reports - The internal loans management system ensures accountability over NEDCO’s loan portfolio. Reports are generated independently from the Finance Department (through the IT Manager) which are received by the Branch Operations staff for their ongoing monitoring and reporting on loan portfolio performance. The critical reports are:

- Productivity - Loan Disbursements
- Collections Efficiency – Collections Report
- Loan Portfolio Quality - Ageing Portfolio at Risk Report

The reporting system places greater responsibility for portfolio performance on the individual BROs responsible for origination and monitoring of loans. The reporting results tie in to the BRO's overall performance.

Compliance Reports - NEDCO has recognised its requirements for compliance reporting. The table below provides a list of compliance reports that NEDCO submits to the relevant Ministries.

REPORT	RECEIVING BODY	SUBMISSION PERIOD
Strategic Plan	Investments Division, Ministry of Finance Ministry of Labour and Small and Micro Enterprise Development	Six (6) months prior to the start of period of the plan
Annual Operating Budget	Investment Division, Ministry of Finance Ministry of Labour and Small and Micro Enterprise Development	Six (6) months prior to the start of the new fiscal year
Audited Financial Statements/Annual Report	Investment Division, Ministry of Finance Ministry of Labour and Small and Micro Enterprise Development	Within four (4) months of the financial year end
Annual Performance Appraisal Report	Ministry of Labour and Small and Micro Enterprise Development	Four (4) months after end of financial year
Administrative Report	Ministry of Labour and Small and Micro Enterprise Development	Before March 31st each year
Board Minutes	Investment Division, Ministry of Finance Ministry of Labour and Small and Micro Enterprise Development	One (1) week following confirmation
Cash Statement of Operations	Investment Division, Ministry of Finance Ministry of Labour and Small and Micro Enterprise Development	Within three (3) weeks after month end

REPORT	RECEIVING BODY	SUBMISSION PERIOD
Quarterly Returns Reports	Investment Division, Ministry of Finance	End of first month after Quarter
Status of Loan/ Overdraft and Investments in Securities Portfolios and Litigation Proceedings	Investment Division, Ministry of Finance	End of first month after Quarter
Return of Award of Contracts	Investment Division, Ministry of Finance	14 days after month end
Internal Audit Reports	Investment Division, Ministry of Finance	Quarterly
Investment Policy Document	Investment Division, Ministry of Finance	14 days after end of the Quarter
List of Deliverables by Constituency	Ministry of Labour and Small and Micro Enterprise Development	Annually
Quarterly Report	Ministry of Labour and Small and Micro Enterprise Development	15 days after end of quarter
Monthly Report	Ministry of Labour and Small and Micro Enterprise Development	15 days after end of month
Social Sector Initiative Report	Ministry of Labour and Small and Micro Enterprise Development	As requested
Public Sector Initiative Report	Ministry of Labour and Small and Micro Enterprise Development	As requested
Profile of New Social Sector Initiatives	Ministry of Labour and Small and Micro Enterprise Development	As available

7.2.5 Image

NEDCO has recognised the need to position the organisation as a lead service provider for MSE development and as a first choice lender and advocate for the sector. As such, the Company's main strategy for improving its image as a solid micro and small enterprise finance institution includes the following:

- i. **Service Delivery** – Improve the mind-set of front-line staff to ensure professionalism and greater sensitivity to customer needs and expectations. Strengthen its efficiency and effectiveness at delivering its core services: financing, training, mentorship.

- ii. **Visibility** – NEDCO must strengthen its marketing and promotional strategies so that it becomes synonymous with all aspects of entrepreneurial development support and widely accepted as the first point of entry for start-ups. This will involve sustained activity in communities as well as on electronic media.
- iii. **Integrity** – Critical to maintenance of key stakeholder support is NEDCO's ability to remain transparent, credible and reliable. This philosophy must extend both to internal and external stakeholders.
- iv. **Recognition** – NEDCO must engage in recognition and promotion of successful entrepreneurs.

7.2.6 Culture

NEDCO has developed the strategic framework, structure, human resource system and measurement systems to propel and maintain the level of performance necessary for organisational effectiveness.

The Company has sought to achieve that level of trust and confidence necessary to create a sufficiently powerful support base to champion and drive the process and bring others on board. The management has become more transparent and opened two way communication channels, the process creating trust and a spirit of camaraderie throughout the organisation. Emphasis has been placed on performance and results with the end goal being clearly articulated by management throughout the organisation to gain acceptance and ownership at all levels.

7.2.7 Risk Management

The audit process has already addressed performance gap analysis and the identification of risks and controls. The internal loans management system has implemented the planning, organising and controlling activities to minimise the effects of risk on NEDCO's capital and earnings.

The process involves identification of critical risk issues that are addressed through consultation with Managers directed towards immediate resolution and reporting to the Audit Sub Committee.

8.0 FINANCIAL OPERATIONS

The largest single source of income for NEDCO is government subventions. For the year to September 30, 2015, subventions recognised in the statement of comprehensive income amounted to \$27M. This varied from the actual amount received for the year of \$25M due to the application of financial reporting rules.

The Company's key revenue generating activity - lending to enterprises, yielded \$4.1M in interest income for the year, which was a decrease of \$0.75M from the preceding year. This was largely due to a contraction of the loan portfolio because of the ongoing funding constraints under which the company operates.

Notwithstanding the overall revenue contraction the Company managed to report an overall reduction in costs of approximately \$1.0M which facilitated a net breakeven position for the fiscal year.

Cash and cash equivalents held as at September 30, 2015 amounted to \$6.8M of which \$5.6M was held in money market funds.

9.0 LOAN PORTFOLIO

NEDCO has recognised the most critical need to maintain portfolio quality at acceptable levels despite the high risk nature of this industry. As such significant efforts were made to improve its business model, loan assessment and follow-up practices. However, high delinquency was still reflected in the financial reporting mainly due to a high level of historical bad-debt that resides at NEDCO's Recoveries Department. Whilst these accounts have been fully provisioned for in our financial reporting, they have not been written off. It is to be noted that NEDCO continues to pursue and receive collections on these accounts.

Loan accounts are transferred to the Recoveries Department for more stringent recovery measures / legal action only after the branch has exhausted all due diligence procedures for collection of the debt. Within recent years, through improved loan assessment, follow-up and reporting procedures, NEDCO's portfolio health has shown significant improvement.

Table 1 below represents NEDCO's performing loan portfolio. They represent the more healthy accounts that are managed directly by the branch operations. Many of these clients have achieved significant success and are regular repeat borrowers.

Table 1 PORTFOLIO QUALITY PERFORMANCE (Branch Accounts)

	<i>Sep-15</i>		
Category	No. Accs	Prin Bal (\$)	% of Total
Current	511	1,6271,043	55%
1 - 30 days	176	5,471,407	19%
31 - 60 days	64	1,744,387	6%
61 - 90 days	0	0	0%
91-120 days	56	725,649	2%
121-180 days	52	730,480	2%
Over 180 days	246	4,540,431	15%
Total	1105	29,483,397	100%

Conversely, Table 2 shows the portfolio quality for the same period for the entire loan portfolio, inclusive of historical accounts held at the Recoveries Department. These figures show a disproportionately delinquent portfolio not reflective of recent improvements.

Table 2 PORTFOLIO QUALITY PERFORMANCE (Total NEDCO Accounts)

	<i>Sep-14</i>			<i>Sep-15</i>		
Category	No. Accs	Prin Bal (\$)	% of Total	No. Accs	Prin Bal (\$)	% of Total
Current	423	14,229,952	13%	511	16,271,043	15%
1 - 30 days	123	3,699,661	3%	176	5,471,407	5%
31 - 60 days	91	1,927,309	2%	64	1,744,387	2%
61 - 90 days	0	0	0%	0		
91-120 days	60	1,125,196	0%	56	725,649	1%
121-180 days	80	1,708,685	2%	52	730,480	1%
Over 180 days	4834	90,750,959	80%	4594	86,927,934	78%
Total	5611	113,441,762	99%	5453	111,870,900	100%

For the twelve month period ended September 2015, NEDCO produced 379 loans at a value of \$15,997,247.70 with the highest level of production for the quarter January - March 2015 recording 121 accounts valued at \$5,649,094.14. NEDCO also receives credible applicant enquiries for additional funding which the Company is unable to accommodate due to cash constraints. This figure is estimated at above \$10M per annum.

The loan trial balance recorded 5,453 loans at a value of \$111.8M as at September 30, 2015. NEDCO however recognises that the majority of historical delinquent accounts will be difficult to recover.

Sector analysis of the portfolio for the year ended September 2015 as detailed by Table 3 hereunder, indicated Retail Trade as the lead client activity with 1,607 accounts at a value of \$31.2M representing 27.9% of the total portfolio, followed by Services with 937 accounts at a value of \$24.8M at 22.1% of the portfolio. Construction / Contracting occupied third position with 553 accounts valued at \$12.1M representing 10.8% of the client base.

Table 3 NEDCO Sector Portfolio - September 30, 2015

Sector	# of Accounts	% of Total	\$ Value	% of Total
Retail	1,607	29.47%	31,284,090.60	27.96%
Services	937	17.18%	24,803,763.04	22.17%
Construction / Contracting	553	10.14%	12,105,199.59	10.82%
Catering / Restaurant	494	9.06%	9,436,932.25	8.44%
Health & Wellness	527	9.66%	8,800,186.53	7.87%
Grocery	596	10.93%	8,280,115.93	7.40%
Light Manufacturing	355	6.51%	6,737,045.46	6.02%
Creative	196	3.59%	3,413,708.79	3.05%
Taxi	30	0.55%	2,326,377.77	2.08%
Transport	33	0.61%	2,240,463.06	2.00%
Food Processing	53	0.97%	1,118,003.42	1.00%
Education	35	0.64%	728,394.06	0.65%
Packaging Distribution	11	0.20%	176,689.59	0.16%
Hotel / Accommodation	7	0.13%	142,483.65	0.13%
Meat Packaging / Retail	8	0.15%	109,617.48	0.10%
Tourism	6	0.11%	106,504.79	0.10%
Horticulture	5	0.09%	61,327.00	0.05%
TOTAL	5,453	100.00%	111,870,903.01	100.00%

10.0 HUMAN RESOURCE AND ADMINISTRATION

Management of the Company's human resources for the period under review focused heavily on the activities of recruitment and staff development.

10.1 Recruitment

The Company filled the few vacant positions by conducting several rounds of interviews. Given the importance of having a strong, well-qualified and strategically positioned leadership, the Company also used the services of "Recruitment Experts" to attract the highest quality of candidates for the senior positions.

The following positions were filled:

- Chief Operations Officer
- Executive Manager Finance & Risk
- Training Officer
- Internal Audit Manager
- Recoveries Officer
- Accountant
- Accounting Assistant
- Facilities Officer
- IBIS Programme Manager
- IBIS Incubator Manager

All positions at ETIIC were filled by full time staff as at the end of the fiscal year 2015 with the exception of one Training Officer. An on the job trainee filled the position of Administrative Assistant.

10.2 Staff Training and Development

NEDCO sought and realized many opportunities for staff members to gain more technical experience and expertise to enhance performance, productivity, quality of work and their general capabilities. Staff members attended and benefited from attendance at training programmes, conferences and seminars: -

- OSHA Seminar – seven (7) attendees
- VIII Americas Competitiveness Forum – nine (9) attendees
- Venture Capital Workshop – five (5) attendees
- Dispute Resolution – one (1) attendee
- Effective Writing of Board Minutes - five (5) attendees

- MIX Marketing Leaders Conference – four (4) attendees
- Fourth Caribbean Procurement conference – one (1) attendee
- Ministry of Finance - “Modern Internal Control Framework for Public Procurement” – two (2) attendees
- UTT - “Computer Protocol & Etiquette” – two (2) attendees
- Latin Finance Investment Forum – two (2) attendees
- ALJ GSB DLIC Conference 2015 - “Learn to Disrupt-Disrupt to Learn” – one (1) attendee
- NBIA Conference – one (1) attendee
- UNDP Forum - “Future of the Caribbean” – one (1) attendee
- UWI Biennial International Business, Banking and Finance Conference – two (2) attendees
- CARISCIENCE, UNESCO & TWAS – “Strengthening and Utilizing S&T in the Caribbean” – one (1) attendee
- MOLSMED - “Best Practices in Labour Migration” – one (1) attendee
- ALJ GSB - “Transformative Entrepreneurship” – four (4) attendees
- CMF VI - “Microfinance Solutions for Inclusive Growth” – three (3) attendees
- ECA - “Contract Employment in the Public Sector & State Enterprises” – one (1) attendee
- Institute of Internal Auditors & ACCA - “Get It Right” – one (1) attendee

10.3 Compensation & Benefits

Revised remuneration for staff, as per the Chief Personnel Officer’s agreement, was implemented effective January 2015. Payment of salary arrears for the period September 2008 to December 2013 was partially settled with currently employed staff. Outstanding payments remain unsettled for former employees covered under the agreement due to funding constraints, in addition to arrears for travelling and cellular allowances for both current and former employees.

Several former employees were aggrieved by the non-payment of arrears and have sought redress through their representative unions – the Banking Insurance & General Workers Union (BIGWU) and the National Union of Government & Federated Workers (NUGFW) while others are pursuing other legal remedies. The unions have referred the matter to the Conciliation Unit of the Ministry of Labour and Small and Micro Enterprise Development.

11.0 INDUSTRIAL RELATIONS

Senior and mid-level management have been exposed to training programmes to address changes brought about through existing/new labour legislation. The Company has produced an employee handbook as a policy guide covering employment, wage and salary administration, employee benefits, code of conduct and business ethics, personal administration, performance management, training and development, health and safety, management/worker relations and corporate dress code.

- 11.1 Employee Benefits** – this covers vacation leave, sick leave and extended sick leave, time off for urgent personal business, bereavement leave, maternity and paternity leave, examination leave and leave for National Service. Benefits also extended to the provision of uniforms and an Executive Medical Programme for management staff.
- 11.2 Safety and Health Management System** – this necessitated the development of a Health and Safety Policy and Procedures Manual and implementation of Safety Management System. Management has conducted the necessary audit and tries to promote zero tolerance to incidents/accidents.
- 11.3 Training and Development** – implementation of annual training plan, with performance indicators to measure improvements in staff competency levels, as reflected in productivity levels and staff morale.
- 11.4 Recruitment** – implementation of psychometric testing and more comprehensive back ground checks, particularly for senior/management positions. The Company has implemented a recruitment process with considerable emphasis on academic qualification, experience and trainability.
- 11.5 Orientation** – review and enhancement of the system to reduce the transition period for new staff and develop clear understanding of corporate culture and operational requirements.
- 11.6 Human Resource Information System** – implementation of an automated HRIS with improved real time information.

12.0 INTERNAL AUDIT

The Internal Audit Department functions as an independent and objective assurance and consulting activity that is guided by a philosophy of adding value to improve the operations of NEDCO. It assists NEDCO in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the organization's governance, risk management, internal control. The department became better equipped to fulfil this function with the recruitment of the Internal Audit Manager in September 2015.

Despite the staffing constraints within the Internal Audit Department during the financial year ended September 30th 2015, several audits were conducted arising from which recommendations were made to remedy issues noted. Reports on these audits were taken to the Audit Committee of the Board of Directors as is required.

NEDCO's external auditors have completed the audits of the Company's draft financial statements for years ended 2013 and 2014.

13.0 PROCUREMENT

Procurement procedures have been established to standardize acquisition methods for goods and services to ensure value for money and transparency for all our procurements. The Procurement Procedure Summary Guide, as amended April 2012, serves to standardize procurement methods for goods and services purchased by NEDCO, and to achieve value for money in all our procurements. Tender procedures have been established to ensure that NEDCO operates on the principles of Value for Money, Transparency and Accountability.

The tender policy covers the acquisition of goods, provision of services and undertaking of works. Contracts in excess of \$250,000.00 require Board's approval. Within the ambits of the tender procedures, NEDCO invites Expressions of Interest (EOI) to ensure transparency within the process. A database of prequalified and preferred suppliers has been established for janitorial services, security services and insurance brokerage to service the execution of tenders during the EOI exercise for goods and services above \$250,000.00.

During the period under review NEDCO employed the "Request for Proposals" process to select DAVYN for the supply and installation of an Integrated Loans and

Accounting Management Software at a cost of TT\$1,047,640.00 payable in tranches during the period of installation. The package includes commissioning, training and after sales service and will be delivered by DAVYN's team of specialised consultants to provide the following solutions:

- Microsoft Dynamics GP 2013
- Binary Stream Loans Manager
- Microsoft Dynamics CRM

Other major services were procured for IBIS as listed in the following table:

Location	Service Provider	Service	Cost
Diego Martin	Leef Company Limited	Construction of Office Space	\$386,437.95
Diego Martin	MDCUM & Galt and Littlepage Ltd	Outfitting of Office Furniture	\$104,974.30
Point Fortin	Francis Bobb General Contractors	Construction of Office Space	\$397,000.00
Point Fortin	MDCUM & Total Office Limited	Outfitting of Office Furniture	\$145,733.13
Sangre Grande	Imcon Enterprises Limited	Construction of Office Space	\$158,368.80
Sangre Grande	Galt and Littlepage Ltd	Outfitting of Office Furniture	\$45,448.00
Mixed Cohort	University of the West Indies	Incubator Training	\$235,000.00
Mixed Cohort	COSTAATT	Incubator Training	\$190,625.00

14.0 ENTREPRENEURIAL TRAINING INSTITUTE AND INCUBATION CENTRE (ETIIC)

The Entrepreneurial Training Institute and Incubation Centre (ETIIC) was established in 2005 to provide support services for MSE development and to facilitate research activities. ETIIC's three (3) centres are strategically located at Barataria, Chaguanas and San Fernando. The premises are equipped with training rooms, conference facilities and libraries. ETIIC offers a comprehensive suite of developmental and support services to latent, existing and aspiring entrepreneurs in addition to a range of other stakeholders.

ETIIC's primary objectives are:

- To be an economic development tool designed to accelerate the growth and success of entrepreneurial businesses through an array of business support resources and services.
- To produce successful firms that transform into financially viable freestanding enterprises.
- To develop a supportive and stimulating environment for the entrepreneur.
- To provide common interlinked business services.
- To be the flagship institution generating entrepreneurial knowledge and informing entrepreneurship policy.
- To produce an entrepreneurial class capable of competing in the global market.

The following report highlights the activities, initiatives and accomplishments for the fiscal year October 2014 to September 2015.

14.1 Training

The development and delivery of SME relevant training programmes is a key function of ETIIC. Programme content is based on assessing and anticipating the needs of entrepreneurs in the local environment, and consultants/trainers are sourced from a pool of well qualified and experienced professionals that has been built up over the years.

Programmes were also designed and delivered for a number of new external clients including, The National Institute of Higher Education, Research, Science and Technology (NIHERST), Caribbean Gas Chemicals Limited, The Environmental Management Authority and The Ministry of Community Development. Further information on two (2) of these corporate clients is detailed hereunder:

- NIHERST** – NEDCO partnered with this organisation to provide entrepreneurial skills training to persons in the Prime Minister's Award for Scientific Ingenuity. While the participants have great inventive capacity, the aim of the training was to develop their entrepreneurial capacity to assist with the commercialisation of their ideas.
- Caribbean Gas Chemicals Limited** – Caribbean Gas Chemicals Limited (CGCL) is a Japanese-led consortium comprising of Mitsubishi Gas Chemical Company, Mitsubishi Corporation and Massy Holdings (formerly Neal & Massy Holdings). The Trinidad-registered company was

formed to advance the development and commercialization of a “Natural Gas to Petro-chemicals Complex” at the Union Industrial Estate in La Brea. This targeted training programme was developed to provide support to entrepreneurs in the La Brea area to better position them to benefit from contracts that may be available from the establishment of the complex.

Overall, a total 2,770 individuals benefited from the training initiatives of NEDCO in 2014-2015 which included programmes such as Steps to Starting Your Business, Record Keeping & Cash Management, Costing & Pricing and Tendering for Contracts. This figure represents a 290% increase from the previous fiscal when we trained 952 individuals.

14.2 Special Training Initiative

NEDCO / UWI Fourth (4th) Entrepreneurship Boot Camp

The NEDCO UWI Office / ETIIC Team collaborated to provide solid support for the preparation, facilitation, technical guidance and related services for a very focused and intense edition of the Entrepreneurship Boot Camp over a three (3) day period. The programme included sessions on Idea Generation; Innovation; Business Model Canvas; Leadership; Intellectual Property; Marketing & Branding; Managing People and Financing. The formal training element was conducted through a mix of external facilitators, NEDCO Officers in addition to a very informative session on Intellectual Property conducted by officers of the Ministry of Legal Affairs. There were also three (3) interactive sessions by guest entrepreneurs who shared the practical experiences on their entrepreneurial journey.

Boot Camp 2015 provided an immersion programme for the ten (10) attendees in the various skills and disciplines necessary to increase the likelihood of success for their intended businesses. The presence of dedicated NEDCO officers for the entire three (3) day period carried the added advantage for the participants to:

- Clarify any issues regarding the application of academic/theoretical concepts to actual business practices
- Seek assistance with the various elements in the preparation of the Business Canvas/ Business Plan
- Seek assistance with the actual application process for NEDCO and IBIS

- Gain information on related support services for the MSE sector available through Fairshare, i2i and ExportTT Research and Development Fund

These initiatives were conducted with the view of assisting the participants to prepare and present a business canvas. The prize structure was as follows:

- 1st place - \$20,000.00
- 2nd place – \$14,000.00
- 3rd place – \$8,000.00
- 4th place – \$5,000.00
- 5th place – \$3,000.00

14.3 Business Advisory

In addition to training, ETIIC also provided Business Advisory Services to the public at no cost. These services were provided by our Regional Business Advisors and entailed general advice on business setup and all areas of business operations. These were delivered mostly in one-on-one sessions.

Two hundred and eighty one (281) persons benefited from Business Advisory services for the period under review. These individuals comprised one hundred and twenty two (122) males and one hundred and fifty-nine (159) females. They came from varying parts of the country and the sessions covered a wide range of business activities, including:

- Publishing
- Events planning
- Retail – Clothing
- Bookbinding, photocopying and internet services
- Construction services
- Agro-processing
- Hydroponics
- Health foods
- Natural juices \ punches

14.4 Outreach

The unit also engages and is engaged by numerous entities, both public and private, to increase entrepreneurial awareness throughout Trinidad and Tobago. These engagements are fulfilled via outreach efforts that include:

- Facilitating information sessions at schools and other educational institutes
- Participation in various conferences
- Partnering with stakeholder groups including Credit Unions, Regional Corporations, Constituency Offices, Educational Institutes and various Ministries
- Setting up of information booths in strategic areas

These outreach efforts have been conducted throughout the country in areas including: Santa Cruz, El Socorro, Arouca, Tacarigua, St Augustine, Maloney, Arima, San Juan Chaguanas, Couva, Carapichima, Fyzabad, Palo Seco, Marabella, La Romaine, Gasparillo, Siparia, Freeport, Tacarigua, Tunapuna, Barataria, Maraval, Moruga, Diego Martin, D'Abadie, Spring Village, Penal, Claxton Bay and Point Fortin.

Initiatives such as these have served to promote the services offered by NEDCO, increase the company's profile and to highlight entrepreneurship as a viable option for the achievement of career and personal goals. The total number of persons impacted by outreach efforts was 3,851.

14.5 Library and Research

The Library was able to procure software in the previous fiscal year which will allow ETIIC to put its catalogue of material online. This process is ongoing. In addition, the department executed a tracer study for participants in the 2012 and 2013 editions of the Boot Camp. It highlighted that 10 persons started a business after participating in the event and have employed 21 persons. This was the company's first tracer study since 2009.

In addition, total attendees to the libraries during the period were two hundred and eighty-one (281) persons.

14.6 Reporting Function

During the period under review, ETIIC submitted monthly reports to the Promotions and Development Committee of NEDCO on all its activities. Staff meetings were held monthly and minutes submitted to Head Office. Other reports on training and outreach activities were also submitted when requested from the line ministry.

By achieving its goals, the department will be well positioned to continue fulfilling its mandate and to assist NEDCO in its role as the leader in the MSE sector.

15.0 NATIONAL INTEGRATED BUSINESS INCUBATOR SYSTEM (IBIS)

The National Integrated Business Incubator System (IBIS) has been operational since October 2011. NEDCO and the line ministry entered into an MOU for the operation of IBIS in September 2011. The MOU inter alia, outlines NEDCO's roles and responsibilities as the implementing agency for IBIS; Governance Structure; Intellectual Property and Terms and Length of Engagement. IBIS is a comprehensive system that centres on supporting the prospective entrepreneur, as well as those already operating micro and small businesses that are seeking to grow.

The programme aims to assist all selected candidates with the appropriate support, skills and networks to create successful businesses. IBIS is driven by its main objective i.e. to enable and inspire the creation of successful sustainable businesses that are (a) novel, entrepreneurial and globally competitive and (b) yield value and produce high quality rewarding employment opportunities. This overarching objective embodies all of the elements of IBIS – its phases, the learning processes, the applied techniques, and the overall framework.

15.1 Programme Activities

The following activities were completed during October 2014-September 2015:

a. Marketing and Promotion

In line with its mandate to positively enhance the MSE landscape of Trinidad and Tobago. Almost all IBIS clients and staff members on a rotational basis participated in forty one (41) events including seminars, conferences, workshops, boot camps and business mixers. These outreach and networking activities also served to create programme awareness to prospective IBIS clients and maintain the IBIS profile as a viable option for support of small and micro enterprises throughout Trinidad and Tobago.

b. Client Selection Process

Client Selection Diagnostic Tool

The programme developed a thorough diagnostic tool for Pre-Incubation. The primary goal was to strengthen the Client Selection process which allows the streamlining of prospective clients into two specific arenas: (i) Remedial training and (ii) Continuation to Pre-Incubator training. The programme also sought to ascertain whether or not the client needed fast-tracking into the Incubator phase or qualified for exemption from specific modules. Two documents were drafted for review in this period by the programme's service providers: the Pre-Incubator diagnostic tool and the Fast tracking assessment instrument.

Thirty seven (37) candidates were interviewed in March 2015 with nine (9) advancing to the next phase of this process. The Entrepreneurial Mind-set Self-Assessment was distributed to the nine successful clients via email. One hundred and ten (110) applicants were interviewed in April 2015 with forty three (43) selected for the next phase of this process.

The **Pre-Incubator Diagnostic Assessment (PIDA)** was administered to fifty one (51) candidates by COSTAATT in April, 2015. Two clients were exempted from the PIDA. COSTAATT submitted the results of the PIDA on 30th April, 2015 with recommendations for each client. The Pre-Incubator Orientation was held on 28th May, 2015 at the Atrium in El Socorro for the fifty three (53) clients successful to the IBIS Pre-Incubation Training. Pre-Incubation Training began on 1st July 2015 at ETIIC San Fernando and at the San Juan/ Barataria Incubator (The Atrium).

The **Pre-Incubator Fast Tracking Assessment** was administered by The Department of Management Studies, UWI. This was a two-fold assessment, the first part composed of twenty-five (25) questions. The second phase involved interviews which were conducted on the 15th and 17th July, where nineteen (19) prospective clients were screened. UWI submitted their Fast Tracking Report on the 21st July 2015. Of the nineteen (19) clients assessed, two (2) were highlighted for Full Fast-Tracking and fifteen (15) for Partial Fast-Tracking. Two (2) clients were unsuccessful and would continue with the full Pre-Incubation Training.

c. Pre-Incubation

Application status – As at September 2015, there have been a cumulative total of six hundred and thirty (630) IBIS applications from persons interested in entering the programme. This number continues to increase weekly. The previous fiscal year ended with a total of four hundred and thirteen (413) IBIS applications, with two hundred and seventeen (217) new applicants for the fiscal year October 2014 to September 2015.

Completion of Pre-Incubation Training - To date, a total of two hundred and forty (240) Pre-Incubation candidates from Penal, Sangre Grande, Point Fortin, Laventille/San Juan/Barataria, Diego Martin/Carenage, Couva and Chaguanas were accepted into the programme, with one hundred and thirty four (134) candidates completing Pre-Incubation Training, and one hundred and two (102) candidates successfully graduating onto the Incubation Phase. There are a total of thirty two (32) clients classified as Active Pre-Incubation Clients; they are preparing to present their proposals to be considered for funding. Of this number, seventeen (17) clients have been Fast-tracked.

d. Incubation

Site Operations - The Point Fortin Business Incubator was outfitted in May 2015 and the Diego Martin site launched in July 2015. The addition of these two sites brought the total number of incubators nationwide to five (5). These are Penal, Sangre Grande, Laventille/San Juan/ Barataria, Diego Martin and Point Fortin.

Client Management - For the period under review, there were thirty two (32) Pre-Incubation clients and one hundred and four (104) Incubation clients operating across all the targeted communities, both on site and off site, inclusive of seventeen (17) Fast-Tracked clients. These clients operate a wide range of businesses spread throughout Trinidad and Tobago, ranging from software development to light manufacturing. They all benefit from the services offered by the programme, including mentorship, access to financial and human resources and information and communication technologies (ICTs.)

Agreements - Over the period, there were sixty seven (67) Seed Capital Financing Agreements and sixty two (62) Equipment Financing Agreements signed, and a commitment for funding totalling \$6,587,692.00 in approved seed and equipment financing.

Incubator Managers are assigned to each site and are responsible for providing guidance and oversight to the clients assigned to them. Clients have the option of operating offsite or within one of the incubators. To access the services provided by IBIS, these clients have executed Incubation Services Agreements. A total of eighty six (86) Incubator Services Agreements have been signed. To operate within an incubator, the Incubator Residency Agreement is a prerequisite. A total of twenty three (23) Incubator Residency Agreements have been signed.

ICT Equipment - In addition to the business support services available at the various incubator sites, clients are given the option of accessing a laptop for use while participating in the IBIS programme. A total of seventy one (71) laptops have been disbursed to clients and are maintained periodically to ensure that the lifespan of the equipment is maximised.

Active Businesses - There are currently sixty three (63) active businesses within the programme generating revenue through the provision of various goods and services. This revenue allows them to improve their standard of living and that of others through meaningful employment.

General Meetings - Client-IBIS Management - General Meetings are designed to improve the communication between IBIS Management and the clients as well as create an environment for clients to interact with their peers. Clients are encouraged to state any issue that may be affecting the effective operation of their business as well as identify areas in which they may require additional training. This creates an opportunity for the provision of additional training to ensure clients are able to successfully manage their business. These sessions are led by Incubator Managers and facilitated by subject matter experts. Across all sites, these meetings were conducted at least once per quarter.

15.2 Incubator Stakeholder Relationships

Strategic stakeholder relationships were maintained with a number of agencies, internationally, regionally and locally, to ensure IBIS clients are provided with access to the best networks to contribute to their success.

In April 2015, the IBIS Programme Manager presented at National Business Incubation Association's (NBIA) 29th International Conference on Business Incubation held in Denver, United States of America. He presented on the topic "Business Incubation in Developing Economies: Overcoming the Challenges" which highlighted the strategies used and lessons learnt by IBIS to conference participants from all over the world. This high level interaction has paved the way for collaboration between IBIS and its international counterparts.

In August 2015, an Accelerate Caribbean Team visited as part of a year-long partnership to build capacity within the IBIS Programme. IBIS was selected as one of two business enablers selected in Trinidad and Tobago, and ten throughout the Caribbean from a field of over fifty (50) applications. This programme is led by infoDev as a part of their Entrepreneurship Programme for Innovation in the Caribbean (EPIC.)

IBIS was also selected as the NBIA Global Ambassador for Trinidad and Tobago. This role means IBIS is the point of contact for all NBIA members in this country as well as the conduit through which all information is disseminated from the organisation. IBIS will also function as a thought leader and provide information related to the needs of the region.

Regionally, relationships forged from the World Bank's Info Dev Training in 2013 with incubator professionals from Barbados, Jamaica, St. Vincent and the Grenadines and St. Lucia have been maintained and strengthened through mutually beneficial dialogue.

Locally, relationships have been sustained with all key players on the MSE landscape. This includes ministries, state agencies, Trinidad and Tobago Chamber of Commerce, regional chambers, other incubators (BizBooster, CED, UTT), lending institutions (YBTT, Banks, Credit Unions) and NGOs.

15.3 Mentorship

The programme has contracted forty one (41) highly qualified and experienced mentors with diverse backgrounds ranging from accounting to human resources management. The impact of these mentorship relationships has been positive as clients experienced tangible outcomes. They included: streamlining of their business plans, with specific emphasis on financial projections, and enhanced marketing of their products/services coupled with an understanding of marketing distribution channels. For the period under review, a cumulative total of one thousand, five hundred and two (1502) structured mentorship (one hour) sessions were held as opposed to a total of one hundred and forty two (142) structured mentorship sessions held in the previous fiscal year.

15.4 Commercial Incubators

In September 2014, Cabinet agreed to, inter alia, the investment of the sum of \$7.5M over five (5) years and \$4M over four (4) years in the Arthur Lok Jack Graduate School of Business' (ALJGSB) BizBooster, and Caribbean Industrial Research Institute's (CARIRI) Centre for Enterprise Development, respectively, to support the implementation of the commercial business incubators of the ALJGSB and CARIRI. The broad objectives of these commercial incubators are in line with IBIS, namely, to provide support in the growth and development of entrepreneurs in Trinidad and Tobago.

15.5 Financial Operations

The programme is funded by the Government of the Republic of Trinidad and Tobago through the Ministry of Labour and Small and Micro Enterprise Development. Funds were disbursed via established accounting practices used to govern state agencies. A total of \$13,019,111.00 was spent on IBIS' operations during the fiscal year 2015.

The total seed capital and equipment financing approved was \$6,587,692.00, with \$3,085,596.11 being disbursed as at September 30, 2015. This variance occurred as funds approved for clients were accessed as their business developed and only when required. Further funds will be disbursed as the programme continues.

16.0 CHALLENGES AND ACTIONS

NEDCO, inclusive of ETIIC and the IBIS programme has continued to deliver the support required for new and existing entrepreneurs not only to survive, but also thrive. However, there have been specific challenges. These challenges have been met by the implementation of specific strategies, as stated in the following table:

NEDCO OPERATIONS	
CHALLENGE	MEASURE / ACTION TAKEN
Inadequate entrepreneurial diagnostic methods	Retraining and retooling of staff Implementation of “the 360 Degree Assessment” for client grading and reporting
Portfolio at Risk in excess of industry average	<ul style="list-style-type: none"> ▪ New delinquency policy developed and implemented with new reporting and quality control systems. ▪ Staff retrained ▪ Use of collection agencies
Inadequate Risk Management	Identification of critical risk issues and mitigation through consultation with managers directed towards immediate resolution and reporting to Audit Sub Committee
Measurement to ensure governance processes and internal controls are effective and efficient	Internal Audit to undertake comprehensive scope of work to provide reasonable assurance for compliance and define measures of accountability
ETIIC	
CHALLENGE	MEASURE / ACTION TAKEN
<ul style="list-style-type: none"> ▪ Expanding portfolio of corporate clients ▪ Development and execution of industry specific training courses ▪ Engaging in dedicated research activity 	<ul style="list-style-type: none"> ▪ Increased marketing effort, including networking ▪ Collaboration with academia, other service providers, researchers and subject matter experts

IBIS	
CHALLENGE	MEASURE / ACTION TAKEN
Operational/ Logistical/ Administrative Challenges <ul style="list-style-type: none"> ▪ Navigating the administrative systems to procure goods and secure payments has been difficult and time consuming 	Operational/ Logistical/ Administrative <ul style="list-style-type: none"> ▪ Existing systems were examined and improvements made
Procedural Challenges <ul style="list-style-type: none"> ▪ Lengthy delays when accessing goods because of bureaucracy ▪ Delays in payments to mentors and clients 	Procedural <ul style="list-style-type: none"> ▪ Systems used to process payments were examined and simplified to improve efficiency. A reduction in cheque preparation turnaround time was realised. Direct deposits were introduced as an option to further reduce processing time.
Technological Challenges <ul style="list-style-type: none"> ▪ Some sites experienced ICT challenges from service providers causing connectivity issues. 	Technological <ul style="list-style-type: none"> ▪ Action taken to change service providers to improve service across all sites

Notwithstanding its challenges NEDCO has been resilient and continues to fulfil its mandate and as a viable and relevant service provider to the micro and small enterprise sector.

NATIONAL ENTREPRENEURSHIP DEVELOPMENT COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION

	September 30	
	<u>2015</u>	<u>2014</u>
	Unaudited	Audited
<u>Assets</u>		
Current Assets		
Cash and cash equivalents	1,218,325	928,213
Accounts receivable and prepayments	1,218,529	1,758,718
Other financial assets	<u>5,587,759</u>	<u>9,465,421</u>
Total Current Assets	<u>8,024,613</u>	<u>12,152,352</u>
Non-Current Assets		
Loans	19,961,212	22,083,056
Property, plant and equipment	<u>1,793,046</u>	<u>1,833,416</u>
Total Non-Current Assets	<u>21,754,258</u>	<u>23,916,472</u>
Total Assets	<u><u>29,778,871</u></u>	<u><u>36,068,824</u></u>
Liabilities and Shareholder's Equity		
Current Liabilities:		
Accounts payable and accruals	<u>12,507,555</u>	<u>17,365,493</u>
Total Current Liabilities	12,507,555	17,365,493
Non-Current Liabilities:		
Deferred income - Government grants	<u>3,141,276</u>	<u>4,573,291</u>
Total Liabilities	<u>15,648,831</u>	<u>21,938,784</u>
Shareholder's Equity:		
Stated capital	3	3
Contributed capital	150,863,149	150,863,149
Accumulated deficit	<u>(136,733,112)</u>	<u>(136,733,112)</u>
Total Shareholder's Equity	<u>14,130,040</u>	<u>14,130,040</u>
Total Liabilities and Shareholder's Equity	<u><u>29,778,871</u></u>	<u><u>36,068,824</u></u>

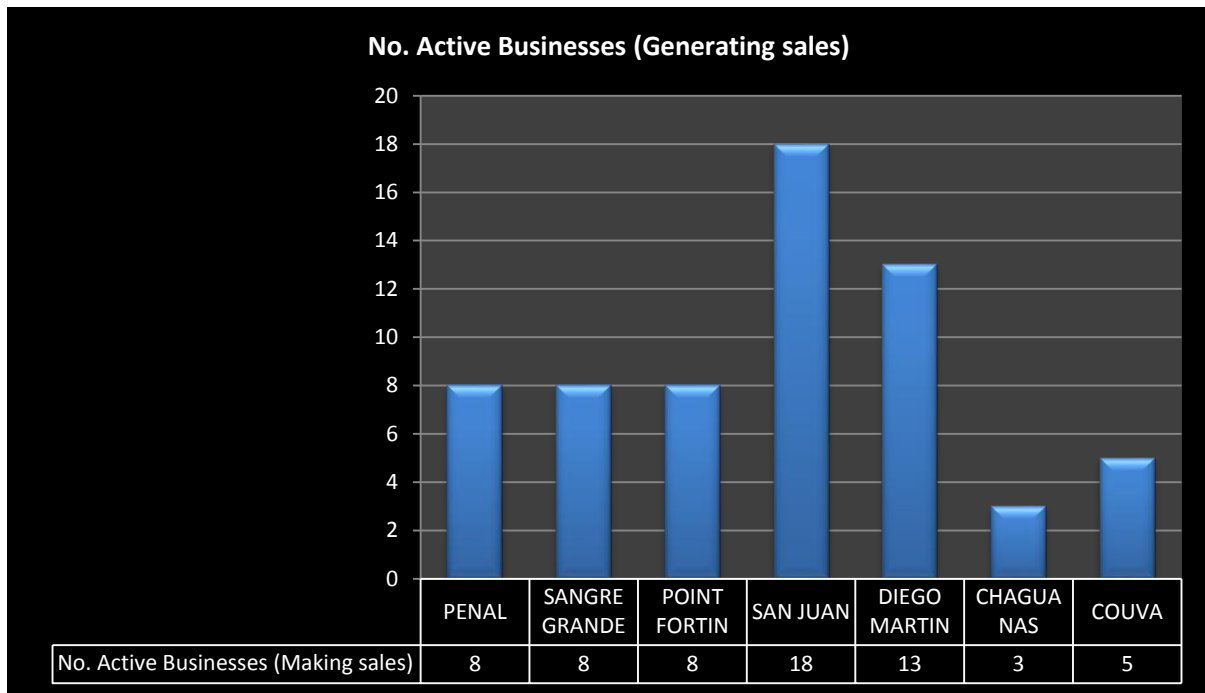
NATIONAL ENTREPRENEURSHIP DEVELOPMENT COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME

	For the year ended September 30	
	<u>2015</u>	<u>2014</u>
	Unaudited	Audited
<u>Income:</u>		
Revenue Grants from the Government of Trinidad and Tobago	26,432,016	27,095,063
Loan Interest	4,165,314	4,804,686
Investment Income	99,869	65,883
Other Income	<u>953,946</u>	<u>970,795</u>
	<u>31,651,144</u>	<u>32,936,427</u>
<u>Expenses:</u>		
Operating Expenses	30,423,847	32,237,527
Development Support Projects	1,214,425	526,958
Interest Expense	12,872	12,704
Loan Loss	<u>-</u>	<u>159,238</u>
	<u>31,651,144</u>	<u>32,936,427</u>
Surplus/(Deficit) for the year	<u>-</u>	<u>-</u>

IBIS FINANCIALS – YEAR TO DATE AS AT SEPTEMBER 2015

	Total YTD 2015
REVENUE	
Seed Capital Repayments	0
Loan Repayments	23,831
Rental Income	114,014
Income from Other Services	0
Income from Clients	610
Other Income	790
TOTAL REVENUE	139,245
PRE-INCUBATOR EXPENSES	
TOTAL PREINCUBATOR COSTS	481,248
INCUBATOR EXPENSES	
TOTAL INCUBATOR COSTS	11,270,630
PROGRAMME EXPENSES	
HR Expenses	759,832
Marketing Expenses	244,049
Occupancy Expenses	0
Administrative Expenses	5,600
Office Expenses	30,500
Training	83,171
Consultancy Fees	-7,123
Office Equipment/Furniture	122,958
	0
Other	28,246
TOTAL PROGRAMME EXPENSES	1,267,232
TOTAL EXPENSES	13,019,111
NET SURPLUS/DEFICIT	(\$12,879,865)
TRANSFERS FROM MOLMSED	11,125,000
Net Cash Flow for the Year to Date	-1,754,865
Opening Balance	\$ 4,108,536
Net Cash Flow for the Year to Date	-1,754,865
Cash Balance to Date	\$ 2,353,671

IBIS Active Businesses Generating Sales





Staff at the Trade & Investment Convention (TIC) 2015 (l-r: Jameela McDavid, Hannah Hargreaves)



Award Recipients of Entrepreneur of the Quarter with Mr. Julian Henry, CEO

(l-r: Navin Bisson, Keenan Singh, Anthony Joseph, Brian Christopher – Winner, Azard Rasoon, Vas Williams, Trelton Layne, Julian Henry)



*Finalists of the NEDCO/UWI Entrepreneurship Boot Camp with Mr. Julian Henry, CEO
(l-r: Afiya Francis, Adrian Foster, Daniel Albertie, Graham Ramone, Shenelle Hills, Michelle Roopnarine, Julian Henry)*



Discussions at the GEW Launch

(l-r: UTT Representative; J. Henry [NEDCO CEO]; Prof. D. Narinesingh [UTT President]; H. Narinesingh [Export Centres Co. Ltd CEO])