



**MINISTRY OF FINANCE & THE ECONOMY  
GOVERNMENT OF THE REPUBLIC OF TRINIDAD & TOBAGO**

**SPEAKING NOTES FOR  
SENATOR THE HONOURABLE LARRY HOWAI  
MINISTER OF FINANCE & THE ECONOMY**

**AT THE LAUNCH OF THE BUSINESS OPPORTUNITIES FORUM**

WEDNESDAY 27 NOVEMBER 2013

HYATT REGENCY, PORT OF SPAIN

## INTRODUCTION

Good morning and thank you for your invitation to speak at this first Annual Business Opportunities in Trinidad & Tobago conference.

I must congratulate the Trinidad & Tobago Chamber of Industry and Commerce for this most timely and pertinent initiative. Given my current portfolio as Minister of Finance and the Economy, this conference is a welcome initiative as we adopt and implement economic policies to set our country on a firmer path to economic growth and development, through expanding the level of business opportunities available to our people.

This conference comes at a time when the Trinidad & Tobago economy is once again on a positive growth trajectory.

## BRIEF ECONOMIC SNAPSHOT

On taking office in 2010, this Government had to address a number of issues:

1. A worrying decline in economic growth in the context of a world economy in recession;
2. A high level of debt owing to contractors and other local business interests;
3. An incomplete and burdensome rescue mission for the depositors of HCU and CL Financial; and
4. A number of incomplete projects some of which were already exceeding budgets.

We have begun to gradually turn around this situation. This turnaround is reflected in the following primary indicators:

1. Our economy is expected to grow by 1.6% for 2013, outperforming our regional neighbours and even some developed economies;
2. Non-energy sector growth in the last four (4) quarters has returned with preliminary estimates at 2.1% (year-on-year) in the second quarter of 2013, with a projection of 2.5% for the year;
3. The energy sector showed growth of 1.6% for the quarter (on a year on year basis);
4. The energy Services Sector has been rejuvenated with an increase in onshore and offshore exploratory drilling;
5. Manufacturing has grown by 3.8%;

6. Construction has grown by 3.5%, and

7. Agriculture has grown by 2.0%.

8. Inflation has been relatively moderate, averaging around 5.3 percent over the first nine months of 2013;

The economy continues to be supported by sound foreign exchange reserves which stood at US\$9.4 billion at the end of June or close to 12 months of import cover.

## TRANSPARENCY IS FUNDAMENTAL TO ECONOMIC POLICY

We are now in a situation where aggressive economic policy measures and robust implementation have restored our economy.

But within the Government's policy framework is the vision to ensure that reforms also deliver institutionalized measures to promote and demand openness, accountability and transparency in all Public Sector operations, as well as the relations between public and private sector entities.

This means that as we are devising strategies for growth and expansion in the economy, we have also opted to tackle issues of transparency, not only in performance and assessment, but also in the rather deeply rooted policies themselves.

And we do this to ensure that all the gaps and loopholes that existed in previous measures will be effectively sealed as we move forward.

## THE NEED FOR OPENNESS AND TRANSPARENCY

The need for openness and transparency in the Public Sector is critical at this stage, for obvious reason – as you may all agree – and the Government has committed to working with the private sector to address this need. Just yesterday, I was pleased to launch the Corporate Governance Code in conjunction with the Chamber, the Corporate Governance Institute (C.G.I) and the Stock Exchange.

Openness and transparency are key ingredients to building accountability and trust, which are essential for the efficient and effective functioning of democracies and market economies.

Openness also requires a participatory approach, where decisions are made based on meaningful consultations with all legitimate interest groups and stakeholders. It promotes transparency, participation, accountability and collaboration.

Consultation is an important strategy used BY THIS Government in conducting its business. It enhances the Government's effectiveness and improves the quality of the decisions being made.

As you may know, Consultation was in fact the path I chose in preparing our 2013 and 2014 National budgets. The National Budget is developed for the advancement of all in society and as such input from both the business community and civil society is of critical importance to the effectiveness of the National Budget.



I have held consultative meetings with various sectors of the economy before and after the budget was delivered. The post-budget consultation, in particular, have provided valuable insight into how the budget measures impact both the real and social sectors which enables us to improve our budget process for the following year.

A similar approach is being undertaken in the adoption of strategies for the development of the Small and Medium Enterprises (SMEs) market on the Trinidad & Tobago Stock Exchange. Just this week, I have met with representatives from the various business groups to discuss a way forward for the advancement of this initiative.

And indeed, you will no doubt recall that a similarly robust approach was taken when the Government tackled Local Government and Constitutional Reform.

However, openness does not only refer to the participatory governance, but it also refers to the free exchange and flow of information. This leads us to the issue of Transparency.

The United Nations Development Programme has defined Transparency as “*a process by which reliable, timely information about existing conditions, decisions and actions relating to the activities of the organization is made accessible, visible and understandable.*”

International organizations such as the World Bank, the Organization for Economic Co-operation and Development and the United Nations have all championed the need for transparency throughout all cross sections of society. It allows citizens to hold the Government accountable for its actions.

Openness, transparency and accountability helps to lessen the impact of corruption.

Key to maintaining a robust framework for openness and transparency is information and the right to it through the *Freedom of Information Act*.

What has been found in nations which abide by the highest standards are:

1. Greater information that is easily accessible provides strength to transparency initiatives; and
2. Greater mandatory transparency measures encouraged greater accountability.

The need for accountability measures that ensure that the public is kept fully aware of how State resources are being used for development do in fact provided strong support in the fight against corruption in any form.

## GOVERNMENT ACTION

Government's actions have been broad and as all-encompassing as possible to eliminate corruption as well as enhance efficiencies and productive output in the local economy.

We not only find it important; we find it to be a critical need, particularly in being able to achieve progress in our return to growth and our ongoing economic diversification programme.

As you all may know, the current system of public procurement was established in 1961 under the Central Tenders Board Act and does not represent international best practices in public procurement.

There is a deep understanding and most unfortunate experience that unfair practices in public procurement breathe distrust, inequity and social injustice in society.

As such tremendous efforts are being made by the Minister of Planning and Sustainable to ensure that the Public Procurement Bill is laid in Parliament as early as possible. I am advised that the Bill went out for public comment and is now before the Legislative Review Committee.

The Public Procurement Bill will prescribe parameters centered on the core principles of value for money, fairness, equity, accountability and transparency.

It underscores the Government's understanding for the need for openness, transparency and accountability within its public procurement practices. The intention of this Bill is to promote within a sound regulatory framework, efficiency, effectiveness, ethics and fair dealing in the procurement of goods and services within the Public sector.

Apart from the Public Procurement initiative, there already exist a number of rules, guidelines and laws governing the State Sector that ensures a level of transparency and accountability. These include:

1. The *Performance Monitoring System* which is the framework for the oversight of State Enterprises by the Corporation Sole;

2. The responsibilities discharged by the Central Audit Unit, established within the Ministry of Finance and the Economy;
3. The *Internal Audit Manual* prepared by the Treasury Division of the Ministry.

There are also internal auditors within Ministries who must examine the records of Ministries/Departments in order to ascertain the extent of compliance with established policies and procedures as established by the Treasury.

These are buttressed by:

- The Constitution of the Republic of Trinidad and Tobago (Chapter 8) concerning the Minister of Finance, the Auditor General and the Consolidated Fund;



- The *Exchequer and Audit Act, Chapter 69:01*;
- The *Financial Regulations to the Exchequer and Audit Act (Chapter 69:01)*; and
- The Ministry's Comptroller of Accounts Circulars outlining new accounting systems/procedures being introduced or amended;

Another significant undertaking is also being pursued by the Trinidad & Tobago Corporate Governance Institute which will implement and monitor a code to ensure compliance with openness and transparency demands.

## PRESENT RANKINGS

The comprehensive framework and the transformation which I have commenced as Corporation Sole in the areas of consultation and the strengthening of the regulatory framework that govern the financial system will further assist in the mitigation of corruption in business processes.

And the gains we have made are well reflected in our global rankings. Transparency international ranked Trinidad & Tobago in its Corruption Perception Index in 2011 at 91 with a score of 3.2.

By 2012, this same index improved our ranking to 80, with a score of 3.9.

The Open Budget Survey 2012 found that Trinidad & Tobago increased its budget transparency score from 33 points out of 100 in 2010 to 38 points in 2013 on account of improved citizen access to budget information.

In the context of fighting corruption and its impact on the business environment, the *World Bank's Doing Business 2014 Report* found that Trinidad and Tobago is one of three Caribbean economies that improved its business regulatory environment for small and medium-sized businesses over the past year.

Further, in the context of revenues for our natural resources, *Revenue Watch's Resource Governance Index* ranked Trinidad and Tobago 10th out of the 58 countries surveyed, for publishing timely, regular reports on oil and gas production, prices and exports as well as sound Heritage and Stabilization Fund governance.

These core highlights, I hope, are laid out to provide a view of the impact of the gains that the Government has made in building openness and transparency on its operations.

What this means is that as we move forward with our growth and development strategies, THESE STRATEGIES will be supported by our demonstrated commitment to openness, transparency and accountability.

And as you explore the many business opportunities in Trinidad & Tobago, you can do so with confidence that we in the Government are as concerned about the safety and value of your investment resources, as you are.

## CONCLUSION

Whether it is:

- In our advancing capital market with a thrust to encourage local companies to list on the Trinidad & Tobago Stock Exchange;
- Tapping into the opportunities which exist in our diversification sectors;
- Participating in our re-invigorated energy sector, or
- Giving attention to our use of the Public Private Partnership concept for project development.

The Government has made a very strong commitment to openness and transparency and as I have just articulated, we are well underway to measuring success in our efforts. And I can assure you that these efforts will continue!

We have chosen to use the opportunities brought by the post-2008 global challenges to begin the process to modify and transform our economy in a manner that supports sustainability and diversification. With the progress we have made and the very achievable targets we have set, there is no better time to invest in Trinidad & Tobago than now.

I thank you!