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TABLE OF CONTENTS

1.	UPDATE ON THE POLITICAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL SITUATION.....	2
1.1	UPDATE OF THE POLITICAL SITUATION.....	2
1.2	UPDATE OF THE ECONOMIC SITUATION	2
1.3	UPDATE OF THE SOCIAL SITUATION.....	6
1.4	UPDATE OF THE ENVIRONMENTAL SITUATION	8
2.	OVERVIEW OF PAST AND ONGOING EC CO-OPERATION	8
2.1	9TH EDF FOCAL SECTOR: EDUCATION.....	10
2.2	9TH EDF NON FOCAL SECTORS	12
2.3	EARLIER EDFs	14
2.4	UTILISATION OF RESOURCES FOR NON-STATE ACTORS (NSA)	17
2.5	UTILISATION OF 'B' ENVELOPE	17
2.6	OTHER INSTRUMENTS	17
2.7	ASSESSMENT OF PERFORMANCE INDICATORS.....	18
2.8	DONOR COORDINATION AND HARMONISATION.....	19
2.9	DIALOGUE IN COUNTRY WITH THE NAO and NSAs.....	20
3.	CONCLUSION	20

ANNEXES

ANNEX I	COUNTRY AT A GLANCE.....	24
ANNEX II	FINANCIAL SITUATION FOR 9TH EDF AND EARLIER EDFs.....	26
ANNEX III	FINANCIAL SITUATION FOR REGIONAL PROJECTS.....	27
ANNEX IV	FINANCIAL SITUATION FOR EIB PROJECTS.....	28
ANNEX V	USE OF BUDGETARY SUPPORT.....	29
ANNEX VI	INDICATIVE TIMETABLE FOR COMMITMENTS 2007-08.....	31

1. UPDATE ON THE POLITICAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL SITUATION

1.1 Update on the Political Situation

There were no major changes on the political situation between 2005 and 2006 and the main institutions of democratic governance continue to function well. There has been a change in ministerial portfolios with the appointment of Dr. Lenny Saith as Minister of Energy after Mr. Eric Williams resigned when corruption charges were laid against him. The seat for the constituency of Couva North was declared vacant following the conviction of Mr. Basdeo Panday, Leader of the Opposition.

The two main political parties, the ruling Peoples National Movement (PNM) and the United National Congress (UNC) prepared themselves for the upcoming General Elections due in 2007. In 2006 a third party, the Congress of the People (COP) was formed by a breakaway group from the UNC.

The Transparency International's Corruption Perceptions Index (CPI) rates countries on a zero to ten scale with zero indicating the highest level of perceived corruption. Trinidad and Tobago scored 3.2 compared to 2005's score of 3.8. This was attributed to, *inter alia*, the lack of transparency and accountability by Government and the number of public officials before the court.

1.2 Update on the Economic Situation

Indicator	2000	2001	2002	2003	2004	2005	2006
1. Population*	1,262	1,266	1,275	1,282	1.3	1,294	1,297
2. Population growth (%)	0.3	0.4	0.7	0.5	0.6	0.3	0.27
3. GDP per capita (US \$)	6,480	7,004	7,105	8,383	9,502	11,145	13,978
4. GDP per capita PPP US \$ **				10,766			
5. Growth of GDP/capita (%)	19.4	8.1	1.4	18.0	13.3	17.3	*
6. Gross capital formation as % of GDP of which FDI	17.0 8.0	19.4 8.8	19.2 7.5	17.7 5.4	16.8 7.9	na	
7. External debt as % of GDP	20.5	18.8	17.1	14.4	11.0	8.9	
8 External debt service as % of GDP	4.6	2.1	2.2	1.9	2.7	1.3	
9. Arrears on domestic debt							
10. Exports as share of GDP of which the main export markets are:	59.2 US CARICOM	56.3 US CARICOM	50.3 US CARICOM	54.3 US CARICOM	54.8 US CARICOM	59.1 US CARICOM	
11. Trade balance as % of GDP	13.9	10.7	5.5	14.9	16.2	na	

12. Government income as % of GDP of which the main sources of income is:	25.4 Energy sector	24.4 Energy sector	25.9 Energy sector	26.5 Energy sector	28.6 Energy sector	34.4 Energy sector	
13. Government expenditures as % GDP of which main areas are:	23.8 Personal expenditure Goods and services	24.5 Personal Exp. G & S	25.5 Personal Exp. G&S	23.8 Personal Exp. G&S	26.1 Personal Exp. G&S	21.6 Personal Exp. G&S	
14. Budget surplus (deficit) (US\$ mill.)	130.4	(6.5)	30.1	293.1	307.7	1,846.9	
15. Inflation	3.6	5.5	4.2	3.8	3.7	6.9	
16. Exchange rate (TT/US\$)	6.28	6.20	6.21	6.26	6.27	6.27	

* CSO

** PPP – purchasing power parity is the rate of exchange that accounts for price differences across countries, allowing international comparisons of real output and incomes. UNDP: HDR 2006

Source – Central Bank of Trinidad and Tobago 2006 and the Ministry of Finance

Figures in italics are estimates

1.2.1. Economic Performance

The development policy of GoRTT is detailed in the *Vision 2020 Operational Plan 2007 – 2010* which was finalised at the close of 2006 and builds upon the Vision 2020: Draft National Strategic Plan.

The Government continued the national long-term planning exercise as part of its plan to attaining ‘developed nation’ status by the year 2020. The GoRTT is instituting a number of reforms designed to enable it to attain sustained high-quality growth. These reforms focus on, *inter alia*, modernising and improving the efficiency of the public sector, institutional, including local government strengthening of the financial system and the regulatory framework.

Diversification of the non-energy sector remained an ongoing exercise as reflected in the growth in construction activity and in the distribution services, each of which made important contributions to employment generation. The Government has identified and targeted seven (7) key industries for intensified development focus, namely: Yachting; Fish and Fish Processing; Merchant Marine; Music and Entertainment; Film; Food and Beverage; and Printing and Packaging (*Budget Statement, October 4, 2006*). Accordingly, these initiatives were reflected in the drafting of the Country Strategy Paper for 2008-2013 in partnership with the EC Delegation.

The Ministry of Finance announced a number of agricultural measures, including establishing large farms to address the problem of the continued problem of inflation of food prices.

GDP

The economy of Trinidad and Tobago experienced an estimated 12 percent growth by the end of 2006 following the 8 percent increase recorded in 2005 (US\$13,978 GDP per capita). The main impetus for the economic expansion continued to be the energy sector which was forecasted to grow by 20.6 percent and accounted for 41.2 percent of total GDP. Conversely, the non-energy sector was expected to only grow by 6.5 percent during 2006 compared to 8.7 percent in 2005. This is due mainly to a dampening of activity in the Services sector. The four largest sub-sectors constituting

national output (Finance, Insurance and Real Estate (7.5 percent); Distribution and Restaurants (3.2 percent); Construction and Quarrying (14.5 percent); and Transport, Storage and Communication (4 percent) were projected to register lower rates of expansion than in 2005.

The Manufacturing sector was expected to maintain a strong expansionary trend with an increased growth rate of 11.8 percent. The Agriculture sector was projected to contract marginally during 2006 although in terms of GDP and employment, agriculture is marginal.

Inflation

Inflation accelerated during the first half of 2006 as retail prices rose by 4.4 percent as compared to the same period in 2005. Notwithstanding seasonal fluctuations, the unemployment rate fell sharply in the first half of fiscal year 2005/2006 to 6.8 percent.

Dealing with inflation was the major issue affecting the national economy. Rising inflation saw the Central Bank implement a variety of measures to mop up excess liquidity, including establishing a secondary reserve requirement and regular adjustments of the repo rate which reached 8 percent in October – everything that could be done to stave off the “slippery slope” of double digit inflation.

1.2.2. Economic Structure

The Energy and Extractive sector continued to play a dominant role in the development of the economy and is characterised by dynamic growth with significant investments in both upstream and downstream industries. Diversification of the economy is being pursued by GoRTT as an important strategy to create employment and sustain economic growth. The hydrocarbon sector, though dominant in the economy, is capital intensive.

In 2006, the growth in the Manufacturing sector was expected to increase marginally to 11.8 percent from 11.6 percent in 2005 and its contribution to GDP was expected to remain stable at 7.2 percent. Food, Beverage and Tobacco is the largest sub-sector and was expected to grow by 19 percent.

Agriculture remained a very small but an economically and socially important sector. With the restructuring of Caroni (1975) Limited additional lands became available for agriculture. Plots which were allocated to the former employees of Caroni were distributed.

Balance of Payments

For the third consecutive year, TT's external balance more than doubled. This trend culminated in an increase of 157.6 percent during the year 2005 as the balance of payment surplus expanded to USD 1,893.0 Mn. and import cover for 10.4 months. This strong performance was mainly due to a significant improvement in the current account consequent to the robust growth of the merchandise account.

Fiscal Operations

In 2006, fiscal policy was implemented within the context of robust international oil and liquefied natural gas prices and strong receipts from petrochemical export. At the end of fiscal 2005/2006 an overall surplus of \$580.1 million or 0.5 percent of GDP was anticipated. Government sought a Supplementary Appropriation of \$3,940.8 million in May 2006 to reallocate funds under the Recurrent Expenditure (\$3,569.7

Mn including an increase in the transfers to the Interim Revenue Stabilisation Fund of \$600 Mn. and the Infrastructure Development fund \$750 Mn) and the PSIP (\$371 Mn).

A further review of revenues and expenditure was undertaken in July 2006. Another Supplementary Appropriation in September 2006 of \$3,397.2 Mn. for the purpose of allocating additional funds to the IRSF and the IDF \$697.2 Mn and \$2,700 Mn respectively.

The Public Sector Investment Programme focussed on the key areas of Health; Education; Housing and Settlements; Roads and Bridges; Information and Communication; Trade; Public and Land Administration and Citizen Security (*PSIP 2007 Vision 2020: Moving Onwards, Ministry of Planning and Development, September 2006*). The notable feature of the financing of the overall 2006 PSIP was the re-introduction of the Infrastructure Development Fund (IDF) as part of the financing mechanism for the Governments' Capital programme with projects implemented largely by special Purpose State Enterprises

Employment

From October 2005 to June 2006, the economy created 12,700 jobs reflecting an average unemployment rate over the period of 6.9 percent. Notwithstanding seasonal fluctuations, the unemployment rate fell sharply in the first half of fiscal year 2005/2006 to 6.8 percent. Increased employment opportunities were reported in most sectors. The increased employment in construction reflected the accelerated activity in governments' housing and other construction projects (*Review of the Economy, 2006 Ministry of Finance*).

Trade

Trinidad and Tobago's visible trade balance recorded a surplus of TT\$20,917.4 Mn (USD3,325.5 Mn) for the period October to March 2006 compared to TT10,855.8 for the corresponding 2004/2005 period. The strong trade balance resulted primarily from the growth in exports of mineral fuels, lubricants and chemicals.

1.2.3. Quality of Management of Public Finances

The Article IV consultations undertaken by the International Monetary Fund (IMF) Mission in July 2006 reported good marks to the GORTT for its management of the economy. All indicators pointed to continued robust economic growth but TT needed to contain public spending to reduce the non-energy deficit. The IMF found nothing wrong with GORTT's social sector expenditure but urged ensuring that the sector's programmes were well-targeted so the population could benefit from the energy windfall. The IMF found no evidence of impropriety in the special purpose companies formed by the Government to assist in the execution of public sector projects and praised government for moving towards a Heritage and Stabilisation Fund.

In July 2006, Moody's Investor Services elevated TT's foreign currency bond rating from Baa2 to Baa1. Moody's ratings for local currency government bonds and foreign currency short-term bank deposits ceiling were also upgraded to Baa and Prime 1 respectively.

Trinidad and Tobago's rating by Standard & Poor has been affirmed at "A" for long-term foreign "A+" for long-term local currency sovereign credit rating. "A-2" for short-term foreign and "A-1" for short-term local currency. These reflect a booming

energy economy which underpins continuing fiscal and current account surpluses which improves fiscal and external flexibility. The rating were constrained by an increasing non-energy fiscal deficit due to slow development of the more labour-intensive, non-energy sector and the liability posed by off-budget, non-financial government-owned entities some of which suffer from persistent losses and heavy indebtedness.

The 2006 -2007 Growth and Competitiveness Report published by the World Economic forum and which is increasingly being recognized as an important diagnostic tool to measure the performance of economies in the global economy contain two indexes: the Growth and Competitiveness Index (GCI) and the Business Competitiveness Index (BCI). For 2005/2006, TT ranked at 60th position out of 125 countries in the GCI as compared to 51st for 2005/2006. TT is ranked 63rd out of 121 countries in the BCI. This means that although TT has been enjoying strong macroeconomic fundamental for the past four years this is not particularly an indication of economic competitiveness which embraces the factors that drive productivity; including institutions, infrastructure, health, education and training, market efficiency, technological readiness, business sophistication and innovation.

A study of the national Public Finance Management system which was completed in 2006 concluded that the management of public finances is satisfactory. The independent review also noted that the budgetary systems were old fashioned and there was no systematic public expenditure review or medium term economic planning framework although this was not considered to be a major problem. An important development has been the development and restructuring of an economic “stabilisation” fund financed from budgetary surpluses to act as a buffer against anticipated future decrease in energy revenues. The balance in the Interim Revenue Stabilization Fund at the end of 2006 was TTD8.6 billion.

1.3. Update on the Social Situation

High priority has been placed on poverty reduction, the generation of sustainable employment opportunities and the creation of an harmonious society. GoRTT is committed to Vision 2020 and to assisting the poor and vulnerable groups through well-targeted assistance programmes and intensifying efforts to improve living conditions (housing, health, utilities and community infrastructure). As a middle-income country, T&T places poverty reduction as a key development priority. Vision 2020 has been well received by development partners who have expressed support for the central focus on attaining the MDGs and the linking of investment, economic growth, job creation and the reduction of income poverty.

Although there are large T&T migrant communities in the UK and North America, there is no serious issue of illegal Trinidadian migration. However there has been a modest flow of illegal immigrants (mainly Guyanese and illegal Chinese migrants entering from Suriname) transiting T&T. There is a serious problem of human trafficking in the region but recent US reports specifically exclude T&T from the list of countries involved. T&T does have its own illegal immigration problem, mainly illegal entrants from Guyana but also small numbers from West Africa. In addition there is a steady stream of T&T nationals deported from the US and Canada following conviction who are reputedly one factor in the rapid rise in serious crime.

The national airline carrier BWIA was closed after 66 years on December 31, 2006 and is to be replaced by Caribbean Airlines.

Millennium Development Goals (MDGs)

Indicators Relevant to Ten Millennium Development Goals

	Indicator	2000	2001	2002	2003	2004	2005	2006	2015 target
Impact	1. Proportion of population below \$1 per day		12.4	12.4	12.4				
	2. Prevalence of underweight children (% under 5 years of age)		7	7					
	3. Under 5 mortality rate (per 1000 population)	5.17	5.62	6.11	6.5				
Out-come	4. Net enrolment ratio in primary education	92	92	93	91				
	5. Primary Completion Rate (%)	99.4	99.7	99.7					
	6. Ratio of girls to boys (per 100 boys) in:								
	- primary education	96.6	94.7	95.5	99.9				
	- secondary education	110.1	103.8	107.7	108				
	- tertiary education	96.4	96	96	156				
	7. Proportion of births attended by skilled health personnel (%)	99.03	99	99.03	96				
	8. Percentage of 1 year old children immunised against measles	90	91	90	88				
	9. HIV prevalence among 15-24 year old pregnant women (per 10,000)	5.70	2.5						
	10. Percentage of population with sustainable access to an improved water source	90	91						

Sources: Most recent figures for indicators 1,3,4,6,7,8, and 10 are taken from the UNDP Human Development Report 2006; National HIV/AIDS Surveillance Unit, Ministry of Health for Item 9;

The lack of data available in the table above illustrates the current difficulty in assembling indicators on the ten millennium development goals for the most recent years. The lack of data is due to a number of reasons including – i) no customised national or regional poverty and social development goals agreed upon; ii) MDG targets and indicators not introduced into Government Department and statistical offices and iii) too often missing data not prioritised as a problem and difficulties arise from inconsistent definitions. There is thus a need for improvements to the statistical data collection and analysis systems so that timely and accurate information can be used to judge progress in achieving the Millennium Development Goals and progress in the 9th EDF focal and non-focal sectors. One of the objectives of the T&T TCF, funded with resources from the 9th EDF, is to assist the CSO in providing the social statistics essential to the monitoring of the focal and non-focal areas of the 10th EDF.

See also Section 2.4 assessment of performance indicators. The UNDP have completed a Human Development Report for T&T, and this is still awaiting approval for publication after almost two years. This will assist in improving the quality of statistical data available, especially with respect to health and HIV/AIDS. The UNDP

in collaboration with the Ministry of Planning and Development are also in the process of adapting MDGs so that they will be more relevant to the needs of T&T because T&T is already on target to meet most MDGs.

1.4. Update on the environmental situation

The National Environmental Policy was revised in 2006 to take into consideration the rapid industrialization. A permit system was also proposed that would require industries to upgrade pollution control, in the first instance, to the Best Practicable Technology (BPT), significantly upgrade plants to the Best Available Techniques Not Entailing Excessive Costs (BATNEEC); and new plants to Best Available Techniques (BAT). This system is expected to more closely enforce pollution control (*Budget Statement, October 4, 2006*).

2. OVERVIEW OF PAST AND ONGOING COOPERATION

Under successive EDFs the EU's cooperation with T&T has concentrated on transport infrastructure, poverty alleviation, economic diversification and employment creation. Implementation was slow due to administrative bottlenecks linked to EDF procedures and human resource and institutional constraints in the T&T administration; it was this latter factor which led to the creation of an EDF Unit within the Ministry of Planning and Development to support the function of the NAO. There were also too many diversified projects under earlier EDFs which hampered smooth implementation. Given that infrastructural development is best left to Government and poverty reduction was already being addressed by an 8th EDF project, it was decided that the objectives of supporting economic diversification and employment generation under the 9th EDF could best be met through concentrating on human resource development with post secondary/non-university education reform as the one focal sector. Health (and specifically HIV/AIDS) was adopted as the non focal sector. All balances from previous EDFs were rolled over into one of these two programmes.

9th EDF The CSP for the 9th EDF, the first financial protocol of the Cotonou Convention, was signed on 30th July 2002 with a financial envelope of Euro 17 million in grant resources. The focal area is **Education** (80%) and the non-focal area is **Health** (20%). The balance of funds available from earlier EDFs has been programmed into the same two areas and in the same proportion.

The Financing Agreement for the 9th EDF 'focal area' **Non – University Tertiary Education Programme** was finalised following a positive Public Finance Management (PFM) review to confirm the appropriateness of the sector budget support model proposed in the agreed Financing Proposal.

Progress on drawing up a financing proposal for a 9th EDF **Disaster Preparedness** programme was delayed due to the total restructuring by Government of existing disaster preparedness arrangements and their replacement by a new agency and the recruitment of new management.

The Joint Annual Review for 2003 confirmed the GORTT's continued commitment to the existing focal and non-focal areas and no change of strategy was proposed. The 9th EDF Mid Term Review (MTR) in 2004 reached the same conclusion given government's continued and strong commitment to tertiary education reform and the fight against HIV/AIDS, and the T&T Delegation's confirmation of the continued relevance of assistance to these two sectors. The 'A' budget allocation was

maintained. It was initially proposed the 'B' allocation be radically cut but it was ultimately maintained at existing levels following Hurricane Ivan and strong representations by the GORTT.

The **End of Term Review (ETR)** concluded that although the country strategy contained in the CSP and NIP should be maintained, the allocation of funds would be reduced by €4.7 million due to under performance and lack of firm projects in the pipeline. In line with the conclusions of the Mid Term Review, the focal sector and the major project in the non-focal sector (HIV/Health) will be topped up with balances from earlier EDFs. It also ruled that the €0.9 million be removed from the 'B' envelope and be transferred to the long term development reserve. €0.3 million balance was left under the NIP and will be used for a small disaster preparedness programme.

Progress was slow in both the education and health programmes. The Financing Agreement for the sector budget support programme to non-university tertiary education awaited signature from GORTT for much of the year while the HIV/AIDS programme was hampered by the extended time taken to set up the PMU. Important progress was made however with a positive Public Financial Management (PFM) review which was carried out in the first quarter of the year and is a pre-requisite for budget support programmes.

It was anticipated that most 'A' funds would be committed in 2006 but a combination of an extended period awaiting signature of the focal sector Financing Agreement, procedural delays at the NACC and the collapse of the rural electrification programme all contributed to delays that have resulted in the bulk of the 'A' envelope only being committed in 2007.

The financing agreement for the 9th EDF funded **Rural Electrification Project** was signed in June 2004. Project start-up was continually delayed despite the assistance provided to the Steering Committee by the consultancy firm AETS in improving knowledge of EDF procedures and revising project tender documents. The numerous delays finally sealed the fate of the programme when a failure to meet D+3 deadlines resulted in the collapse of the programme.

During 2006 only 2 bilateral projects financed under the 8th EDF were still being implemented. All earlier EDF funded projects have now been completed and are either closed or are in process of being closed. Programme preparations were undertaken and/or finalised for two new projects to be financed from the 9th EDF, notably

- the focal area 'Sector Policy Support Programme to Post-Secondary Education', (FA signed in Brussels in April 2006 but still awaited signature by the GORTT t the year end),
- and 'Disaster Preparedness' (which is still to be programmed).

The National Indicative Programme (NIP) for the 8th EDF (Lomé IV *bis*) was signed in March 1997 with two focal areas;

- economic diversification/employment creation, and
- poverty alleviation.

The 8th EDF had a financial envelope of Euro 21 million; comprising Euro 14.7 million as a first tranche with a second tranche of Euro 6.3 million subject to

achieving performance targets. The 8th EDF mid-term review (Oct. 1999) concluded that although Trinidad and Tobago had broadly respected the NIP policy commitments, commitment rates and progress in meeting NIP targets were less than satisfactory. The second 8th EDF tranche was therefore not released.

The 8th EDF funded **Caribbean Business Services Ltd Project Phase II (CBSL-II)** was approved early in 2003 and its activities in support of the SME sector continued in 2006 after a one year no cost extension. However EDF procedural problems (notably problems in arranging a financial guarantee) which effectively paralysed the programme for the first half of 2005 made it difficult for the project to regain momentum.

The 8th EDF **Institutional Strengthening of the Office of the NAO** project came to an end in May 2005 and future support to the NAO will come from the TCF. The programme was closed in 2006.

The 8th EDF **Poverty Reduction Programme** made significant progress in 2006 with the strengthening of the fifteen regional NGO/CBO networks established under the programme and the Micro Projects component is now fully operational. By the end of 2006, more than 230 projects had been approved for funding. A monitoring mission and MTR were carried out in the first half of 2006 and both noted generally positive conclusions. The MTR recommended a one year no cost extension for the programme, which was granted in October 2006.

The NIP for the 7th EDF (Lomé IV) was signed in April 1991 with a financial envelope of Euro 18.1 million in programmable national grant resources, plus Euro 6.2 million from the Structural Adjustment Facility and a further Euro 1.1 million from global programmable ACP funds. The focal area of the 7th EDF NIP was tourism development but this was revised jointly with the 6th EDF in July 1993 to prioritise (a) road infrastructure, (b) rural development, and (c) private sector development.

In 2006, there was no activity on 6th and 7th EDF programmes and no further activity is expected although it is pertinent to note that there were low rates of disbursement under both the 6th and 7th EDFs.

2.1 Focal Sectors (and macroeconomic support)

2.1.1 9th EDF Focal Sector: Education

'Education' is the focal sector for the 9th EDF and the Tertiary Education Programme will account for 80% of available resources. The total EDF commitment to the programme is € 27, 300,000 and has been programmed in the form of a macro-economic 'Sector Policy Support Programme (SPSP)', the first time this aid modality has been used in T&T.

9th EDF Focal Sector Programme

a) Expected results

The overall objective is the development of an internationally competitive labour force through equitable and effective education. The specific objectives are to:

- Improve the efficiency/effectiveness of the non-university tertiary sector;

- Develop coherent quality tertiary education within a Seamless Education and Training System (SETS);
- Extend free access to public tertiary education by 2008;
- Increase the participation rate in post secondary and tertiary education;
- Enhance the sector's capacity to deliver science and technology oriented education through improved facilities, new programmes, and staff training.

In order to achieve these objectives, GORTT's tertiary sector policy will address two critical areas: - improving access and participation and enhancing quality. In furtherance of these broad aims and objectives which are in line with the Green Paper policy recently adopted by cabinet, the following goals have been identified as priority areas for policy reform:

- **Restructuring the public and private system** – through the development of a coherent and seamless tertiary education and training system responsive to socio-economic development needs and goals;
- **Widening access** – through the adoption of an inclusive approach to post secondary education and training provision;
- **Reforming the curriculum** – to prepare students for effective citizenship and the world of work with emphasis on sciences, innovation and entrepreneurship, and languages;
- **Financing the system** – through the design and implementation of funding and resource allocation mechanisms that promote equity and access, improve programme quality and encourage operational efficiency;
- **Managing the system** – through strengthening leadership and managerial capacity at sectoral and institutional level; and enhancing research capacity to support data-driven strategic planning, policy formulation and evaluation.

b) Progress in Activities in the Focal Sector

The requirement of a clear sector policy on tertiary education was not fulfilled when the current NIP was signed but it has evolved considerably and positively since 2004. The existence of a coherent policy framework combined with sound macro-economic fundamentals has encouraged the GORTT and the EC to abandon the project approach initially proposed in 2003 and adopt instead the sector funding model in its FP.

During 2006 further delays continued to stymie the programme. The Financing Agreement was signed in Brussels in April 2006 and was immediately forwarded to the relevant GORTT authorities. Unfortunately the FA still awaited signature by GORTT at the end of the reporting period and even though the MSTTE had formulated plans and activities for the expected funds.

c) Degree of Integration of Cross Cutting Issues

T&T continues to make good progress towards gender equality with women strongly represented in the cabinet, in the higher echelons of the administration and in business. Similarly, women have excellent access to higher education with many more women than men enrolled in post-secondary education. One challenge is to change the traditional subject areas choices

made by both sexes, and in particular, the choice of non-technical courses by females which lead to jobs which command lower wages.

An increasingly important challenge is to address the issue of access and school survival for young men. The growing problem of underachievers and 'male dropouts' from the secondary education system is, among other reasons, feeding the drift into crime and must be addressed in part through education reform and other measures, including transition and 'second chance' courses to prepare capable but unqualified secondary students for tertiary level education. It is expected that the focal area programme will assist in improving this situation.

The mutually supporting links between education and health are well established, and budgetary support to the education sector will complement support to the non focal area of the 9th EDF, specifically support to combat HIV/AIDS. Similarly, there is a strong correlation between an educated population and increased understanding of environmental issues and the role of civil society and its effect on good governance and human rights. These areas should all benefit from the 'knock-on' effect of an SPSP for education.

2.1.2 Macro-economic support

No macro-economic support programme is currently in operation although the planned modality for the focal area of education is a macro-economic Sector Policy Support Programme (SPSP). It is also intended that 10th EDF funds will be distributed using budget and/or sector support.

2.2. 9th EDF programmes outside the focal areas

9th EDF support to the non-focal sector '**Health**' takes the form of a € 7,130,000 programme to support the National Strategic Plan for combating HIV/AIDS; this accounts for the remaining 20% of available resources under the 9th EDF.

The €1,000,000 '**Technical Cooperation Facility**' financed under the 9th EDF covers measures to be financed according to normal EDF procedures to improve the delivery of the National Strategic Plan through technical assistance (including support to the EDF Unit), studies, training and conferences. In 2006 the second work programme commenced and the facility also provided valuable assistance to the education programme by financing a review of Public Financial Management (PFM) an essential pre-requisite for sector support programmes. Funds from the TCF also funded a consultancy to assist in devising a disaster preparedness programme and a short term Technical Assistant to the NAO's office to update and train staff on EDF procedures.

2.2.1. Health

With a prevalence rate of approximately 3.2% the programme is of crucial importance to the public health sector.

a) Expected Results

The programme will support the GORTT's National HIV/AIDS Strategic Plan and the overall objectives are to contribute to reducing the incidence of HIV and to mitigate the negative impact of HIV/AIDS on persons infected and affected in T&T.

The expected results of the EDF funded HIV-AIDS programme will be achieved through supporting the national strategic plan in five priority areas, namely:

1. **Prevention of the spread of HIV/AIDS** by reducing the susceptibility of the population to HIV infection
2. **Treatment, care and support** through the provision of support services to those infected with HIV and support to for those affected
3. **Advocacy and Human Rights** by increasing awareness of HIV/AIDS issues and protection of the rights of those infected
4. **Programme management, coordination and evaluation** through the provision of support to NACC activities, specifically, by facilitating legislative initiatives on HIV/AIDS discrimination in the work place and by measures to institutionally strengthen the NACC Secretariat and the HIV/AIDS Substance Abuse Commission in the Tobago House of Assembly.
5. **Implementation of the Tobago response** through strengthening the multipurpose health promotion clinic in Tobago to enable it to deliver comprehensive PLWHA services to the general and at risk population.

With regards to donor cooperation, the 9th EDF Programme is an integral part of the National HIV/AIDS Strategy Plan which is coordinated by the National Aids Coordinating Committee (NACC) which is also charged with coordinating all other programmes and activities in the fight against the HIV/AIDS epidemic. In T&T, there are at least 13 such major projects and programmes. Among the key donors and organisations operating in T&T either directly, or as a part of a regional intervention, are: CIDA, CAREC, CARICOM, EU/EC, GTZ, OAS, PAHO/WHO, UNAIDS, UNFPA, UNICEF, UNDCP, UNDP, UNV and the World Bank¹.

The EC Delegation is represented on the NACC and on its Management and Finance sub-committee.

b) Progress in Activities

The financing agreement was signed in Brussels in December 2004 and in Port of Spain in May 2005. Initial project implementation has been slow because of the complexity of launching such a large multi-disciplinary action and because of a lack of human resources at the implementing agency. However the first yearly programme estimate was approved in March 2006 and the PMU was finally established in September 2006.

c) Degree of Integration of Cross Cutting Issues

The economic justification for the Project is anchored in the National HIV/AIDS Strategic Plan, the principal strategic action promoted by the Government of T&T as its national response to HIV/AIDS.

The country's rapidly growing economy is among the main "economic motors" for Caricom and any erosion of its competitiveness will have negative regional repercussions. HIV and AIDS in Trinidad and Tobago mainly affects the population aged 15-49 years, in particular males (62%) although over half

¹ MATRIX, Activities of Agencies Involved in HIV/AIDS in the Caribbean Region. FINAL COPY - March 2003. Pan Caribbean Partnership/CARICOM Secretariat, with support by CDB, CIDA, UNAIDS

of all new cases are females. As this segment of the population is the key pool of labour supply, the epidemic poses a substantial potential threat to economic growth in Trinidad and Tobago. Therefore, government intervention, and a key role for the public sector in efforts to minimise the risks of mortality due to HIV/AIDS, are well justified.

Gender issues are specifically addressed in the proposed HIV/AIDS Programme through counselling, care and treatment for men and women, and through the spread of measures to minimise mother-to-child transmission. Although HIV/AIDS is not a uniquely poverty related condition, the programme will specifically benefit those whose poverty restricts their access to advice and care.

2.3 Earlier EDFs

2.3.1 8th EDF Focal Sector:

Economic Diversification/Employment and Poverty Reduction

The NIP for the 8th EDF was signed in March 1997 with two focal areas;

- (a) economic diversification/employment creation, and
- (b) poverty alleviation.

The financial envelope was € 21 million in grant resources - € 14.7 million as a first tranche with a second tranche of € 6.3 million subject to achieving performance targets. The 8th EDF NIP mid-term review (Oct. 1999) concluded that although Trinidad and Tobago had broadly respected the NIP policy commitments, commitment rates and progress in meeting NIP targets were less than satisfactory. Too many and inadequately planned projects and administrative delays played a role, together with start-up and implementation problems with major infrastructure projects (one was not accepted by the EDF Committee, and the other hit major problems with the EU contractor). The second tranche of EDF 8 was therefore not released.

The 8th EDF focal sector of “economic diversification/employment creation” is addressed through the ‘Caribbean Business Services Project (CBSL) Phase II’ (€ 2.0 m.) which supports private sector development (see 3.3.2 below). This highly successful programme has close links with the CDE.

Poverty Reduction is addressed through a specific ‘Poverty Reduction Programme’ (€ 6.0 m.) and through the ‘Rural electrification’ project (€ 1.8 m.) approved by the Commission in December 2003 and signed in June 2004 (see 3.3.2 below).

2.3.2 Support to Caribbean Business Services Ltd. (CBSL) II (€1,982,000)

The project’s objective was to increase the competitiveness and export readiness of small and medium manufacturing and service companies, and to assist the growth and diversification of the non-energy sector. CBSL II provides demand-driven support to the Small and Medium Enterprises (SMEs) by way of managerial, marketing and technical advice and transfer of technology. The Government of Trinidad and Tobago provided bridging funding for CBSL I during the period April 2002 to June 2003 prior to the implementation of the CBSL Phase II project.

Under the 'Awareness Building Service' clients contributed 28% of the value of ABS services with the CDE contributing 50% and CBSL the remaining 22%. Under the 'Competitiveness Building Service' clients contributed 44% of the value with CDE contributing 45% and CBSL the remaining 11%.

In 2004, the project ran smoothly and received a very positive rating from the monitoring mission in October 2004. However, the programme encountered problems in 2005 when CBSL was requested to provide a bank guarantee (which it had never been required to do before) which effectively starved it of funds for the first two thirds of the year. This EDF procedure-induced cash flow crisis seriously disrupted the programme's activities and limited the number of new clients taken into the CBSL pipeline.

The project received a one year no cost extension after a positive Mid Term Review although in 2006 (its final year) the project struggled to regain its previous momentum as had been envisaged. Despite the problems the final evaluation was still largely positive and outlined the strengths and achievements of the programme. It is anticipated that a 10th EDF programme may build on the success and lessons learned from this project.

2.3.3. Rural Electrification (€1,850,000)

Although addressing 8th EDF focal sector priorities, the project was actually financed under the 9th EDF. The main purpose of the project was to improve the living conditions of households in isolated target communities of Trinidad and Tobago where it is currently uneconomic for the national supplier to operate. Once connections are provided, supply becomes economically viable. The project was to support poverty alleviation because access to electricity brings improved living standards and increased opportunities for employment.

This project was approved by the EDF committee in December 2003 and although the financial agreement was signed in June 2004 there were serious delays in start up. These initially included T&TEC being overstretched in responding to emergency work, post Hurricane Ivan, in Grenada and Tobago. Additionally, a number of communities identified in the project preparation phase were actually electrified by the signing of the FA. The programme was monitored in October 2004.

In 2005 progress continued to be slow and further delays in 2006 eventually led to the cancellation of the project after failing to meet the D+3 deadline. Various problems were exacerbated by the cancellation of the supplies tender due to all tender submissions being over the FA supplies budget and not being technically compliant. Various options to save the project were considered but none were possible procedurally or within the time frame. The programme has now been de-committed.

2.3.4. Poverty Reduction Programme (€6,000,000)

The Poverty Reduction Programme began in December 2001 with an EDF grant of €6.0 million of which € 4.2 Million was committed and € 2 million disbursed by end 2006. Its main purpose is to support Government in formulating and implementing a National Poverty Reduction Strategy, and decentralising the delivery system to make it more responsive to the needs of the most vulnerable groups of the population.

The project encompasses the following activities:

- (a) Strengthening of the institutional framework for poverty reduction by:
 - i. Strengthening the management of poverty reduction actions that fall under the responsibility of Office of the Prime Minister – Social Service Delivery (now re-integrated into the Ministry of Social Development).
 - ii. Creating and providing technical support to the network of Regional Social and Human Development Councils that form the basis of the decentralized system;
 - iii. Conducting poverty Audits to fundamentally improve policy-makers detailed knowledge of the shape and incidence of poverty.

- (b) Improvement of the delivery of poverty reduction services by:
 - i. Establishing a Micro-project Fund for financing group social projects;
 - ii. Establishing a Micro-credit Fund for income generating activities; and
 - iii. Facilitating a network of information and resource centres to coordinate delivery of social services to the poorest segments of the population.

- (c) Strengthening information systems on poverty and poverty reduction programmes through regular surveys and improved availability of and access to information on poverty.

The programme began slowly but has made good progress during the past 3 years. All fifteen regional NGO/CBO networks have been established and trained which is encouraging a diverse and fragmented civil society sector to collaborate, integrate and network. Cabinet approved 15 Regional Social Human Development Councils (RSHDCs) and the associated PIUs have been established within the official GORTT structure. The Regional Micro Project Fund is delivered by the RSHDCs. The Fund commenced in March 2005 and by the end of 2006 more than 230 grants had been approved.

The Survey of Living Conditions was completed in 2005 with data gathered and inserted into a database. Analysis of the data has been systematically delayed and by the end of 2006 it was still not available.

The implementation of the Micro Credit Fund proved unworkable due to the lack of a suitable EDF instrument to implement revolving funds. As a result the funds earmarked for micro credit under the FA were reallocated to other budget lines according to MTR recommendations.

The programme received good feedback from the monitoring mission in February 2006 and the Mid Term Review which was carried out in April 2006 also provided a positive evaluation. The evaluations concluded that the Programme has fostered institutional change by creating Regional Social Human Development Councils (RSHDCs) and Civil Society Networks, and that the RSHDCs are a valid and an innovative framework to support decentralization of government services. Finally, the consultants found that despite its complexity, this structure and process does deliver poverty alleviation to the grass roots.

2.3.5. Institutional Strengthening of the Office of the NAO (€576,200)

This project enhanced the Government's institutional capacity and ability to prepare projects for EDF funding and to manage EC funded programmes by reducing institutional constraints and augmenting human resources. The EDF

Unit established under this project began operating in May 2002 and of the total of €576,200 allocated, €347,865 was committed and €228,335 paid by the end of 2005.

The programme finished in June 2005 and did not fully realise its key objectives of developing a sustainable and self standing management unit within the Ministry. EDF support to the work of the EDF unit continues but this is now funded from the TCF. The programme was closed in 2006.

2.4 Utilisation of Resources for Non-State Actors

CBSL Phase II activities directly target the private SME sector, while the Poverty Reduction Programme (PRP), also 8th EDF, directly benefits NGOs and low-income individuals and communities in Trinidad and Tobago through its micro-project grant scheme which was extended in 2006. More significantly the PRP has already made a significant contribution to enhancing the role of NSA's in social development by the creation and training of 15 regional NGO networks which will work with the 15 local government authorities on social service delivery.

The delivery of the 9th EDF HIV/AIDS programme is heavily dependent on non-state actors for its success and they will be important beneficiaries as well as active stakeholders able to influence programme policy through their membership of the National Aids Coordinating Committee. Some of the main regional HIV-AIDS NGOs (e.g. CRN+, Alliance-Caribbean) are T&T based and are also active in EDF funded regional programmes.

The feasibility study and subsequent financing proposal for the proposed Disaster Preparedness programme also emphasised the importance of community and grass roots involvement in primary intervention and this aspect is an integral part of programme design and implementation.

2.5 Utilisation of the 9th 'B' envelope

The 'B' envelope was frozen in 2004 while MTR discussions continued on whether or not it would be cut. In April 2005 the GORTT was informed that it would be maintained.

2.6 Other Instruments

Stabex and Sysmin are not applicable. However, T&T will benefit from special measures to assist sugar protocol countries adapt their sugar sectors to the new realities of the reformed EU sugar market. Trinidad and Tobago did not submit a multi-annual adaptation strategy by the agreed date of 28th April 2006, but still benefited in 2006 from some technical assistance to help it establish such a strategy. From 2007 on, the EC support to the National Sugar Adaptation Strategy will be delivered through non-targeted sector budget support.

2.6.1. Regional Cooperation

Annex VI provides financial information on Regional Cooperation programmes. The following regional programmes were managed and monitored from Trinidad and Tobago in 2006:

- Strengthening of Medical Laboratories (Med-Labs, Euro 7.5 million; 2002-March 2007).
- A parallel programme associating the EU OCT's to Med-Labs was added in 2005 (€ 1.425 million; 2005 – June 2007).
- Regional Radar Early Warning Network System (€13.2 million from the 8th EDF) 2002 – ongoing.

T&T institutions are also beneficiaries of regional Caribbean programmes that are managed from other Caricom countries.

2.6.2. Intra ACP initiatives

- NSA's (national and regional) based in T&T were strongly encouraged to submit proposals for the second call EU-ACP Water facility and 11 applications were submitted; sadly none were funded although one is on the reserve list.
- T&T does not directly benefit from the Global Fund because that was centrally allocated for Caricom countries to Pancap in Georgetown. However many T&T based regional entities (e.g. CAREC, CRN+, Alliance, CAIC etc) do benefit via Pancap support.

2.6.3. Community budget lines.

A €0.45 million grant was approved in 2006 for the Caribbean Natural Resources Institute (CANARI) under the Tropical Forestry Budget line. The objective of the programme is improvement of forest management and livelihoods of the rural poor in the insular Caribbean

2.6.4. European Investment Bank (EIB)

EIB support to Trinidad and Tobago dates back to Lomé I and its more recent operations have tended to focus on loans to DFL (Development Finance Ltd) and its subsidiaries in the eastern Caribbean to fund investments by very small and small enterprises. Currently active EIB loans can be found in Annex VIII. The second part of the table lists loans managed by the EIB on behalf of the European Commission. Loans to DFL, an active Trinidad and Tobago based private finance institution, have been made from EIB own resources for on-lending as senior loans, and as a risk capital facility to invest in innovative SME's. The EIB has also provided risk capital for equity or quasi-equity investments in SMEs.

Since 2004 the EIB has considered that there was considerable potential for additional EIB activity in T&T, not least because T&T is now clearly established as Caricom's main financial and business centre. The EIB has continued to visit regularly and in 2005 concluded two major financing agreements (a Clico Global Loan for €20 million and the 'Development Finance Limited IX' programme for €7 million). The EIB will continue to be involved with activities in the energy sector (pipelines, industrial development, gas and oil derivative industries) but it is also interested in extending its activities to other sectors.

2.7 Assessment of Performance Indicators

Whilst T&T provides core statistics that are broadly adequate for macro-economic performance, further strengthening of the statistical system remains a key priority if the tertiary education reform is to be accurately monitored. Although development of improved management information systems will take time to set up, the identification of good sector sector-wide indicators has already been established and MSTTE

commenced a baseline study in 2006 to further assist in indicator monitoring. This could also lend itself to the setting up of a system that could assess, monitor and benchmark institutional performance developed by MSTTE and conducted by an independent performance agency.

Currently, data collection and statistical trends are produced by the CSO although there is a need for further capacity building within the office. This may be improved in the short term by the IADB who commenced a long term consultancy to assist in strengthening the Central Statistics Office. This is part of its Public Sector Reform Initiative and it is anticipated that this programme will also assist in more accurate and available indicators in the future.

T&T provides core statistics to the IMF that are broadly adequate for surveillance (IMF 2006), although further strengthening of the statistical system remains a key priority. Measures to address this have been taken with T&T now officially participating in the General Data Dissemination Standard (GDSS) of the IMF.

It must also be noted that indicators most relevant to T&T may not be those most applicable to other ACP countries who may be in an earlier stage of development and that specific indicators should be selected, reflecting the main focus of policies and the country's current situation. The figures should also be gender disaggregated and measure not only outputs/outcomes, but also cost-efficiency of expenditure.

In this regard the UNDP have completed a Human Development Report for T&T, and although this is still awaiting approval for publication after almost two years it will assist in improving the quality of statistical data available, especially with respect to health and HIV/AIDS. The UNDP in collaboration with the Ministry of Planning and Development are also in the process of adapting MDGs so that they will be more relevant to the needs of T&T because T&T is already on target to meet most MDGs.

2.8 Donor coordination and Harmonisation

The EU is the only donor to fund (the EDF Unit) a specific capacity building action in the Ministry of Planning and Development. However there is contact between the EC Delegation and other donors – and notably the UNDP and the IADB – on capacity building issues and these are to some extent touched on by their more specifically programme oriented actions (e.g. support on statistics, public procurement and trade facilitation).

The EU works closely with the 4 MS missions in T & T, France, Germany, Netherlands and the UK. A fifth, Spain, opened its Embassy in December 2006, but only the EU has a significant bilateral cooperation programme so the issue of un-coordinated missions seldom arises. The drafting of the 10th CSP involved close co-ordination with the MS in the early drafting stages and it is expected to continue and be significantly reinforced in 2007.

Relations with MS colleagues in the 4 MS Mission to T&T are close and meetings are frequent at several levels. There are regular meetings of HOMs and deputy HOMs. There are specific cooperation meetings scheduled biannually, there are also specific meetings to cover the finalisation of the draft JAR and the ETR, and there was an information meeting on programming along with dialogue concerning the drafting of the CSP.

2.9 Dialogue in country with the NAO and NSAs

A new NAO was appointed in April 2006 (the third in two years) which is an important development and necessitated increased dialogue with the Ministry of Planning and Development to brief the new incumbent and encourage ownership of programmes.

Relations with the national authorities centre around meetings with the NAO and key line ministries (notably Higher Education, Social Development, Planning and Development, Agriculture and Trade and Industry). These reflect existing programmes and 10th EDF (and sugar sector) programming.

The T&T Delegation also worked closely with key national agencies (i.e. NACC, ODPM etc.). In the period under review the Delegation had three NSA consultations on 10th EDF programming (two arranged with the NAO which were open to the public) and an information session on the ACP-EU Water Initiative in addition to the normal and frequent ad hoc meetings and discussions with key NSA contacts. These included coordination sessions (together with the UK mission) with the NSA groups behind the new Caribbean Centre for Human Rights, consultations with key governance groups on the governance fiche, coordination meetings with the 15 NGO networks set up by the Poverty Reduction Programme, and contacts via the NACC (HIV/AIDS) structure.

There were regular contacts with other key donors, notably the UNDP and IADB (with whom the Delegation cooperates in quarterly 'policy coordination' meetings). The UNDP hosts an 'expanded theme group' on MDG goals in which Delegation staff participate (although the regularity of such meetings lapsed at the start of the year), and there is a close relationship with many T & T based international bodies like ACS, UN-ECLAC and the IFRC. Within the framework of project activities there is some structured coordination i.e. with visiting WB missions on the HIV/AIDS project, with WHO/PAHO on the evaluation of regional institutions and US-TA and UNDP on disaster prevention. Coordination with other donors and contacts with a strong collection of NSAs was consolidated during the reporting period. The NSAs were well represented at an information session on a 2nd 'call for proposals' for the ACP – EU water initiative and were actively involved in discussions on 10th EDF programming.

3. CONCLUSIONS

Politics

The political situation remained stable in 2006 with the two main political parties, the ruling Peoples National Movement (PNM) and the United National Congress (UNC) preparing themselves for the upcoming General Elections due in 2007. In 2006 a third party, the Congress of the People (COP) was formed by a breakaway group from the UNC.

Economics

The economy of Trinidad and Tobago experienced an estimated 12 percent growth by the end of 2006 following the 8 percent increase recorded in 2005 (US\$13,978 GDP per capita). The main impetus for the economic expansion continued to be the energy sector which was forecasted to grow by 20.6 percent and accounted for 41.2 percent of total GDP although the non-energy sector was expected to only grow by 6.5 percent during 2006 compared to 8.7 percent in 2005.

T&T's strong economic fundamentals were reflected in improved international credit ratings and a broadly positive IMF Article 4 report, however the latter cautioned against rises in inflation and of public expenditure not covered by non-energy revenue.

Social development

Social Development and education did especially well in the 2005/6 and 2006/7 budgets and continued restructuring together with decentralisation should improve the coordination and delivery of social services.

T&T has a good record in meeting MDGs but it is difficult to be precise as there are still problems in agreeing and measuring the indicators. The rise in serious crime in 2006 is a disturbing development with profound social and economic implications.

Environmental Situation

T&T is an industrial transition economy with significant environmental vulnerability not only from natural hazards (notably flooding, earthquakes and storms) but also from poorly regulated economic activity, notably in quarrying, industrial pollution, over-fishing and over-hunting, 'cut and burn' agricultural practices, and illegal logging and land development. The Environmental Management Agency is active and environmental NGOs are increasingly visible.

Results in focal sectors and relevant programmes

Progress was slow in both the focal and non focal area programmes of the 9th EDF (education and health respectively). The Financing Agreement for the sector budget support programme to non-university tertiary education awaited signature from GORTT for much of the year while the HIV/AIDS programme was hampered by the extended time taken to set up the PMU. Important progress was made however with a positive Public Financial Management (PFM) review which was carried out in the first quarter of the year and is a pre-requisite for budget support programmes. The other 9th EDF funded project 'Rural Electrification' continued to suffer numerous delays which led to a failure to meet its D+3 deadline resulting in the collapse of the programme.

The 8th EDF Poverty Reduction Programme made significant progress in 2006 with the strengthening of the fifteen regional NGO/CBO networks established under the programme and the Micro Projects component now fully operational. The MTR recommended a one year no cost extension for the programme, which was granted in October 2006.

Efforts in the refinement of indicators to measure performance in focal sectors

T&T provides core statistics to the IMF that are broadly adequate for surveillance (IMF 2006), although further strengthening of the statistical system remains a key priority. Although development of improved management information systems will take time to set up, the identification of good sector sector-wide indicators has already been established and MSTTE commenced a baseline study in 2006 to further assist in indicator monitoring for the 9th EDF focal sector programme. This could also lend itself to the setting up of a system that could assess, monitor and benchmark institutional performance developed by MSTTE and conducted by an independent performance agency. Further improvements may also be achieved with the assistance of TCF funds earmarked to support the CSO as well as an IADB programme aimed at strengthening the Central Statistics Office.

Involvement of NSA, parliaments, local authorities + MS coordination and donor harmonisation

Existing and proposed programmes work closely with NSAs (the PRP has done ground-breaking work in setting up regional NGO/CBO networks, and the HIV/AIDS programme assures programme delivery through NGOs who are represented on the NACC).

The Delegation maintained its good working relationship with the Member States and the small but effective family of donors based in T&T even though there is only limited crossover in activities.

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TRINIDAD & TOBAGO JOINT ANNUAL REPORT 2006

ANNEXES

List of Annexes

- **I Country at a glance**
- **II Financial Situation for 9th EDF and earlier EDFs as at 31.12.06 (from EAMR)**
- **III Financial Situation for Regional Projects as at 31.12.06 (from EAMR)**
- **IV Financial Situation for EIB Projects as at 31.12.06**
- **V Use of budgetary support funds and budget lines**
- **VI Indicative Timetable for commitments and disbursements 2007 – 2008**

ANNEX I: "COUNTRY AT A GLANCE" TABLES

Table of macroeconomic indicators

	2000	2001	2002	2003	2004	2005	2006	2007
Basic data								
1 Population (in 1000)	1.262	1.266	1.275	1.282	1.291	1.3	1.3	
- annual change in %	0.3	0.4	0.7	0.5	0.6	0.3		
2a GDP (US \$ billions)		8.8	8.9	10.5	11.5	13.3		
3 Real GDP growth - annual change in %		0.1	6.8	13.2	6.5	7.2	10.0	5.5
4 Gross fixed capital formation (in % of GDP)	17.0	19.4	19.2	17.7	16.8			
International transactions								
5 Exports of goods and services (in % of GDP)	59.2	56.3	50.3	54.3	54.8	59.1		
- of which the most important: energy sector (in % of GDP)								
6 Trade balance (in % of GDP)	13.9	10.7	5.5	14.9	16.2			
7 Current account balance (in % of GDP)	5.0	0.8	8.9	8.9	14.5	18.8	21.2	17.8
8 Net inflows of foreign direct investment (in % of GDP)	8.0	8.8	7.5	5.4	7.9			
9 External debt (in % of GDP)	20.5	18.8	17.1	14.4	11.0	8.9		
10 Service of external debt (as % of GDP)	4.6	2.1	2.2	1.9	2.7	1.3		
11 Foreign exchange reserves (in months of imports of goods and non-factor services)		6.3	6.3	6.9	7.3	7.0	7.4	8.7
Government								
12 Revenues (in % of GDP)	27.4	24.3	26.7	27.5	26.8	32.1	33.4	
- of which: energy (in % of GDP)	9.2	5.7	10.3	11.2	15.8	21.0		
13 Expenditure (in % of GDP)	23.8	24.2	23.5	23.2	23.3	25.0	26.7	
- of which: capital expenditure (in % of GDP)		1.4	1.3	1.5	2.1	3.1	3.3	
14 Public Sector Debt (in % of GDP)		55.0	58.4	54.7	49.1	41.3	31.8	23.2
- of which: external (in % of total public debt)		18.8	17.0	14.4	11.0	9.0	6.6	5.9
Other								
15 Consumer price inflation (annual average change in %)		5.5	4.2	3.8	3.7	6.9	6.6	6.2
16 Interest rate (for money, annual rate in %)								
17 Exchange rate (year end TT\$ per 1 €)	5.82	5.58	5.90	7.13	7.80	7.44	8.61	8.64
18 Unemployment (in % of labour force, ILO definition)		10.8	10.4	10.3	8.3	8.0	7.5	7.3

Sources: Based on material from the Ministry of Finance, IMF Article IV Report 2006, World Bank development indicators (www.worldbank.org) and Economist Intelligence Unit Country report 2006.

Figures in italics are projections/estimates.

Table of indicators for the MDGs

	Indicator	1990	2000	2001	2002	2003	2004	2005	2006	2013	2015
Impact	1. Proportion of population living on less than USD 1 per day ²			12.4	12.4	12.4					
	2. Prevalence of underweight children (under-five years of age)			7							
	3. Under-five mortality rate		5.17	5.62	6.11	6.5					
Outputs	4. Net enrolment ratio in primary education		92	92	93	91					
	5. Primary Completion Rate		99.4	99.7	99.7						
	6. Ratio of girls to boys in:										
	- primary education		96.6	94.7	95.5	99.9					
	-secondary education		110.1	103.8	107.7	108					
	- tertiary education		96.4	96	96	156					
	7. Proportion of births attended by skilled medical personnel		99.03	99	99.03	96					
	8. Proportion of one-year-old children immunised against measles		90	91	90						
	9. HIV prevalence among 15- to 24-year-old pregnant women		5.70	2.5							
	10. Proportion of population with sustainable access to an improved water source		90	91							

Source: United Nations 'Human Development Report' 2006

² Indicator 1 may be replaced by an equivalent indicator based on national poverty thresholds, in which case a comment will be needed to permit consistent interpretation of data over time.

ANNEX II: FINANCIAL SITUATION FOR 9TH EDF GRANTS AND PREVIOUS EDFs (31.12.06)

YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL commit.	0	TITLE GLOBAL COMMITMENT	END date of implementat*	GLOBAL COMMIT.	INDIV. COMMIT	RAC
		N° INDIV COMMIT.	TITLE INDIVIDUAL COMMITMENT		AMOUNT ONGOING INDIV. COMMIT.	PAYMENTS ON ONGOING INDIV. COMMIT.	RAP
TOTAL ON ONGOING GLOBAL COMMITMENTS					44,066,027	8,310,208	35,755,819
TOTAL ON ONGOING INDIVIDUAL COMMITMENTS					7,158,122	3,447,888	3,710,234
2000	8ACP TR8	0	POVERTY REDUCTION	20081231	6,000,000	3,914,780	2,085,220
2000	8ACP TR8	8	GARY TAGALLIE - PROGRAM MANAGER	20081228	112,000	104,809	7,191
2000	8ACP TR8	10	PROGRAMME ESTIMATE (3) JAN - DEC 2005	20060228	1,580,000	693,443	886,557
2000	8ACP TR8	12	PE # 4 - 1 MARCH 06 - 28 FEB 07	20070228	1,630,000	890,776	739,224
2000	8ACP TR8	14	AUDIT CONTRACT WITH PKF FOR AUDIT OF PE #3 & 4		18,000	0	18,000
2000	8ACP TR8	Total	Individual Commitment		3,340,000	1,689,027	1,650,973
2002	8ACP TR12	0	INSTITUTIONAL STRENGTHENING OF THE OFFICE OF THE NAO	20050630	576,200	354,365	221,835
2002	8ACP TR12	5	WORK PROGRAM JUNE 2004- MAY 2005	20050531	136,000	40,393	95,607
2002	8ACP TR12	6	AUDIT CONTRACT - PANNELL KERR FORSTER FOR AUDIT OF FIRST 2 W	20050812	6,500	5,508	992
2002	8ACP TR12	7	PANNELL KERR FORSTER (AUDIT OF PE 1 JUN 04 - 31 MAY 05)		6,500	6,013	487
2002	8ACP TR12	Total	Individual Commitment		149,000	51,914	97,086
2003	8ACP TR14	0	SUPPORT TO CARIBBEAN BUSINESS SERVICE LTD (CBSL) PHASE II	20070331	1,982,000	1,918,134	63,866
2003	8ACP TR14	2	GRANT AGREEMENT FOR SUPPORT TO THE CBSL PHASE - 6.632.500 TT	20070331	962,800	819,393	143,407
2003	8ACP TR14	4	PROGRAMME ESTIMATE FOR PERIOD JAN - DEC 2005	20080331	210,000	170,052	39,948
2003	8ACP TR14	6	PROGRAMME ESTIMATE #3 FOR PERIOD JULY 06 - MARCH 07	20070331	470,000	0	470,000
2003	8ACP TR14	7	FRAMEWORK CONTRACT NO. 2006/129669 WITH ECORYS NEDERLAND BV	20070207	25,974	0	25,974
2003	8ACP TR14	Total	Individual Commitment		1,668,774	989,445	679,329
2003	9ACP TR1	0	RURAL ELECTRIFICATION - 2003	20081231	77,827	77,827	0
2004	9ACP TR2	0	TECHNICAL COOPERATION FACILITY	20101031	1,000,000	566,102	433,898
2004	9ACP TR2	1	SERVICE CONTRACT - MARLENE ANTOINE (PROGRAMME CO-ORDINATOR)	20080731	47,500	47,203	297
2004	9ACP TR2	2	6-MONTH TA CONTRACT - LISA BALKARAN (ASST PROG COORDINATOR)	20051130	11,400	11,094	306
2004	9ACP TR2	3	PROGRAMME ESTIMATE (TCF) JUNE 2005 - MAY 2006	20060731	120,000	49,440	70,560
2004	9ACP TR2	6	FRAMEWORK CONTRACT #2006/120429 WITH COWI	20060817	32,948	19,769	13,179
2004	9ACP TR2	7	PE #2 FOR PERIOD 1 AUG 2006 - 31 JULY 2007	20070731	160,000	42,701	117,299
2004	9ACP TR2	8	PEAK CONSULTANTS LTD (TA TO THE EDF UNIT)	20071107	77,600	0	77,600
2004	9ACP TR2	9	PROGRAMME COORDINATOR TO THE EDF UNIT (MARELENE ANTOINE)	20081031	71,900	0	71,900
2004	9ACP TR2	Total	Individual Commitment		521,348	170,207	351,141
2004	9ACP TR3	0	SUPPORT TO NATIONAL HIV/AIDS STRATEGIC PLAN	20111231	7,130,000	1,479,000	5,651,000
2004	9ACP TR3	1	PE #1 FOR PERIOD 1 MARCH 06 - 28 FEB 07	20070228	1,115,000	521,179	593,821
2004	9ACP TR3	2	PROGRAMME MANAGER		150,000	11,482	138,518
2004	9ACP TR3	3	PROGRAMME ACCOUNTANT - SHELLY DANIEL-JOSEPH		94,000	6,223	87,777
2004	9ACP TR3	4	TOBAGO CO-ORDINATOR - DONNA LISA PENA		120,000	8,410	111,590
2004	9ACP TR3	Total	Individual Commitment		1,479,000	547,294	931,706
2006	9ACP TR4	0	SUPPORT TO THE NON UNIVERSITARY TERTIARY EDUCATION SECTOR	20120331	27,300,000	0	27,300,000

ANNEX III: FINANCIAL SITUATION FOR REGIONAL PROJECTS (31.12.06)

YEAR of GLOB. Commit.	ACCOUNTING NUMBER of GLOBAL Commit.	0		TITLE GLOBAL COMMITMENT	END date of implementat*	GLOBAL COMMIT.	INDIV. COMMIT	RAC
		N° INDIV COMMI T.	DEL RESPONS	TITLE INDIVIDUAL COMMITMENT		AMOUNT ONGOING INDIV. COMMIT.	PAYMENTS ON ONGOING INDIV. COMMIT.	RAP
TOTAL ON ONGOING GLOBAL COMMITMENTS						36,157,387	31,732,174	4,425,212
TOTAL ON ONGOING INDIVIDUAL COMMITMENTS						14,250,584	11,734,235	2,516,349
1995	7ACP RPR385	0		INTEGRATED CARIBBEAN REG. AGRICULTURE & FISHERIES DEV. PROG.	20040430	22,200,000	18,530,191	3,669,809
1995	7ACP RPR385	6		TA CONTRACT WITH HUNTING TECHNICAL SERVICES	20040705	1,418,000	1,326,055	91,945
1995	7ACP RPR385	8	ACP BEL	FISHERIES DEVELOPMENT COMPONENT (1,310,935 USD)	20011231	1,200,000	1,198,711	1,289
1995	7ACP RPR385	15	ACP HA	FOND DE DEVELOPPEMENT INDUSTRIEL (FDI)	20030619	1,000,000	948,814	51,186
1995	7ACP RPR385	17	ACP DO	PROCREBI (DOP 15.786.000)	20030831	652,968	652,968	0
1995	7ACP RPR385	22		CARIFORUM WP/CE 1.1.02-31.12.02	20021231	555,000	531,900	23,100
1995	7ACP RPR385	23	ACP BEL	WP N. FDP/02/2002 FOR 1.535.100 USD 1.11.01/31.03.03	20030331	1,718,000	1,514,509	203,491
1995	7ACP RPR385	36		CRIDNET - 97.745 USD - 01052003/31122003	20031231	97,000	82,167	14,833
1995	7ACP RPR385	40	ACP JM	CARICOM FISHERIES UNIT BELIZE - WP 3	20040430	292,770	292,769	1
7ACP RPR385 Total Individual Commitment						6,933,738	6,547,894	385,844
1998	8ACP RCA1	0		CARRIBEAN REGIONAL ANTI-MONEY LAUNDERING PROGRAM.(1998-2002)	20041231	3,745,587	3,745,586	1
1998	8ACP RCA1	5		WP_MAR01-FEB02 USD 509,065	20020228	609,000	565,754	43,246
1998	8ACP RCA1	11		WP 01/2004-12/2004 - CARIBBEAN ANTI-MONEY LAUNDERING PROGRAM	20041231	298,500	274,228	24,272
8ACP RCA1 Total Individual Commitment						907,500	839,982	67,518
1999	8ACP RCA13	0		EPIDEMIOLOGICAAL SURVEILLANCE SYSTEM - CARIFORUM	20031231	1,286,800	1,025,911	260,889
1999	8ACP RCA13	5		CARIFORUM/UNDCP - 402.000 EUR	20031231	402,000	336,800	65,200
1999	8ACP RCA13	6		INTER-AMERICAN DRUG ABUSE CONTROL COMMISSION - 219.000 EUR	20031231	219,000	155,800	63,200
8ACP RCA13 Total Individual Commitment						621,000	492,600	128,400
2000	8ACP RCA20	0		STRENGTHENING OF MEDICAL LABORATORY SERVICES IN CARRIBEAN	20070331	7,500,000	7,083,487	416,513
2000	8ACP RCA20	11		GRANT AGREEMENT - VALERIE WILSON, PROJECT MANAGER	20051031	64,000	46,318	17,682
2000	8ACP RCA20	12		GRANT AGREEMENT - WENDY KITSON-PIGGOTT, TRAINING MANAGER	20051031	48,000	31,580	16,420
2000	8ACP RCA20	13		PROGRAMME ESTIMATE #3 - 1 JAN - 30 SEPT 2005	20060228	1,773,065	1,759,849	13,216
2000	8ACP RCA20	17		PE #4 - 1 MARCH 2006 - 31 MARCH 2007	20070331	2,478,000	1,619,698	858,302
2000	8ACP RCA20	18		PKF - AUDIT OF PE#S 3 & 4	20070331	18,000	0	18,000
2000	8ACP RCA20	19		FINAL EVALUATION OF MEDLABS	20070331	60,281	0	60,281
8ACP RCA20 Total Individual Commitment						4,441,346	3,457,445	983,901
2004	9PTO REG3	0		STRENGTH. OF MEDICAL LABORATORY SERVICES IN THE CARRIBEAN	20090630	1,425,000	1,347,000	78,000
2004	9PTO REG3	1		PE NO. 1 - OPERATION PERIOD DATE OF SIGNATURE TO 31.01.200	20060630	373,000	125,261	247,739
2004	9PTO REG3	2		PE#2 FOR PERIOD 1 JULY 2006 - 30 SEPT 2007	20070930	960,000	271,054	688,946
2004	9PTO REG3	3		PANNELL, KERR, FORSTER (AUDIT OF PE 1 & 2)	20071231	14,000	0	14,000
9PTO REG3 Total Individual Commitment						1,347,000	396,315	950,685

ANNEX IV: FINANCIAL SITUATION FOR EIB PROJECTS

<i>Risk Capital operations</i>					
N° FI	Project name	Signature	Counterpart	Financial Protocol	Signed amount
70804	TTDFC V PROJECT A	20/12/1989	DEVELOPMENT FINANCE LTD	LOME - CONVENTION 3	390 529.66
70805	TTDFC V PROJECT C	20/12/1989	DEVELOPMENT FINANCE LTD	LOME - CONVENTION 3	2 500 000.00
70963	DFL - SHARE SUBSCRIPTION	02/09/1994	DEVELOPMENT FINANCE LTD	LOME - CONVENTION 4	74 843.12
70964	DFL VI GLOBAL LOAN	02/09/1994	DEVELOPMENT FINANCE LTD	LOME - CONVENTION 4	4 000 000.00
71121	DFL GL VII	21/09/1998	DEVELOPMENT FINANCE LTD	LOME - CONVENTION 4 - PROT.2	2 000 000.00
20184	CARIBBEAN MICRO-FINANCE FEASIBILITY ST	28/07/1999	DEVELOPMENT FINANCE LTD	LOME - CONVENTION 4	250 000.00
21600	DFL VIII	17/06/2002	CARIBBEAN DEVELOPMENT CAPITAL LTD	LOME - CONVENTION 4	6 000 000.00
					15 215 372.78
<i>EIB Special operations</i>					
N° FI	Project name	Signature	Counterpart	Financial Protocol	Signed amount
23226	CLICO GLOBAL LOAN	03/11/2005	CLICO INVESTMENT BANK LTD	ACCORD DE COTONOU	20 000 000.00
23339	DEVELOPMENT FINANCE LIMITED IX	20/12/2005	DEVELOPMENT FINANCE LTD	ACCORD DE COTONOU	7 000 000.00
					27 000 000.00
<i>EC loans</i>					
N° FI	Project name	Signature	Counterpart	Financial Protocol	Signed amount
80025	FISHERIES ST. PATRICK	11/01/1979	REPUBLIC OF TRINIDAD AND TOBAGO	LOME - CONVENTION 1	570 000.00
80026	PRODUCTION OF TIMBER	11/01/1979	REPUBLIC OF TRINIDAD AND TOBAGO	LOME - CONVENTION 1	1 020 000.00
80131	CREDIT TO SCALE AGRIC.PROJECT	04/07/1983	CARIBBEAN FOOD CORP	LOME - CONVENTION 2	1 500 000.00
80151	REGIONAL MARKETING OF AGR.	27/03/1984	CARIBBEAN FOOD CORP	LOME - CONVENTION 2	1 450 000.00
80152	TRADE PROMOTION PROGRAMME	02/04/1984	REPUBLIC OF TRINIDAD AND TOBAGO	LOME - CONVENTION 1	700 000.00
80154	LAMBEAU HILL WATER SUPPLY	04/05/1984	REPUBLIC OF TRINIDAD AND TOBAGO	LOME - CONVENTION 1	600 000.00
80234	CREDIT SM AGRIC.MEDIUM SCALE	15/02/1987	CARIBBEAN FOOD CORP	LOME - CONVENTION 2	1 500 000.00
80323	ST. PATRICK WATER SUPPLY	27/12/1990	REPUBLIC OF TRINIDAD AND TOBAGO	LOME - CONVENTION 1	5 500 000.00
80323	ST. PATRICK WATER SUPPLY	27/12/1990	REPUBLIC OF TRINIDAD AND TOBAGO	LOME - CONVENTION 3	768 665.00
					13 808 665.00
<i>Own Resources loans</i>					
N° FI	Project name	Signature	Counterpart	Financial Protocol	Signed amount
17200	MTBE	07/04/1994	REPUBLIC OF TRINIDAD AND TOBAGO	LOME - CONVENTION 4	8 500 000.00
19216	GAS PIPELINE	11/12/1996	THE NATIONAL GAS COMPANY OF TRINIDAD AND TOBAGO LTD	LOME - CONVENTION 4	45 000 000.00
17666	DFL GL VII	21/09/1998	DEVELOPMENT FINANCE LTD	LOME - CONVENTION 4 - PROT.2	8 000 000.00
					61 500 000.00

ANNEX V: USE OF BUDGETARY SUPPORT AND BUDGET LINES

Although sector budget support is earmarked for the non-university tertiary education programme no funds had been disbursed by the close of 2006.

Similarly no budget lines were used in Trinidad and Tobago.

ANNEX VI: INDICATIVE TIMETABLE FOR COMMITMENTS AND DISBURSEMENTS 2007-2008 (in Euros, millions)

EUROPEAN COOPERATION		Online Help click on Aide en ligne, clickeuz		FORECASTS 1st SEM 2007					FORECASTS 2nd SEM 2007					FORECASTS 1st SEM 2008					FORECASTS 2nd SEM 2008				
YEAR GLOB. COMMIT.	ACCOUNTING NUMBER	TITLE INDIVIDUAL COMMITMENT	INDIVID. COMMIT.	PAYMENTS	ESTIMATION of RISK FACTOR FOR PAYMENTS			INDIVID. COMMIT.	PAYMENTS	ESTIMATION of RISK FACTOR FOR PAYMENTS			INDIVID. COMMIT.	PAYMENTS	ESTIMATION of RISK FACTOR FOR PAYMENTS			INDIVID. COMMIT.	PAYMENTS	ESTIMATION of RISK FACTOR FOR PAYMENTS			
					Low L	Medium M	High H			Low L	Medium M	High H			Low L	Medium M	High H			Low L	Medium M	High H	
TOTALS on NEW INDIVIDUAL Commitments			7,235,700	5,446,250	5,041,250	355,000	50,000	14,518,000	8,299,000	1,959,000	4,840,000	1,500,000	40,000	2,411,500	971,500	940,000	500,000	9,000,000	8,627,750	5,097,750	530,000	3,000,000	
2000	8 ACP TR 8	Service Contract - Programme Mgr	82,500	18,750	18,750				22,500	22,500				22,500	22,500				18,750	18,750			
2000	8 ACP TR 8	Audit PE 5 & 6					18,000							9,000	9,000				9,000	9,000			
2000	8 ACP TR 8	Final Evaluation											40,000						40,000	40,000			
2000	8 ACP TR 8	PRP PE 6 May 07 - june 08	2,200,200	700,000	500,000	200,000		700,000	400,000	300,000			800,000	400,000	400,000								
2004	8 ACP TR 3	PE 2					5,500,000	1,500,000	1,500,000				1,500,000	500,000	500,000	500,000			1,500,000	500,000	500,000	500,000	
2004	8 ACP TR 3	Audit PE 1 & 2	18,000					9,000	9,000														
2004	8 ACP TR 2	Audit of TCF PE 1 and 2	15,000	7,500	7,500			7,500	7,500														
2004	8 ACP TR 2	service contract for audit of CBSL PE 2 and 3	20,000	20,000	15,000	5,000																	
2004	8 ACP TR 2	TCF PE 3	200,000					60,000	20,000	40,000			80,000	40,000	40,000			80,000	30,000	30,000			
2004	8 ACP TR 2	fwc for feasibility studies for 10th EDF programmes	200,000	200,000		150,000	50,000																
2006	8 ACP TR 4	first fixed tranche of tert ed	4,500,000	4,500,000	4,500,000																		
2006	8 ACP TR 4	2nd fixed tranche and first variable tranche					9,000,000	6,000,000		4,500,000	1,500,000												
2006	8 ACP TR 4	third fixed tranche and second variable tranche															9,000,000	7,000,000	4,500,000			2,500,000	