



TRINIDAD AND TOBAGO

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

1.1 Update on the Political Situation

There is a deep and strong tradition of free and fair elections in Trinidad and Tobago and the democratic transfer of power is peaceful and routine. The General Election for membership in the House of Representatives of the 9th Parliament of the Republic of Trinidad and Tobago was held on Monday November 05, 2007. The People's National Movement (PNM) won 26 of the 41 constituencies and the United National Congress 15. A new third party, the Congress of the People (COP) recently emerged from a breakaway faction of the UNC also contested the General Elections. While some third parties in the past have done well, T&T effectively remains a two-party system. Local Elections are due in 2008, as well as, elections to the Tobago House of Assembly.

1.2 Update on the Economic Situation

Indicator	2003	2004	2005	2006	2007
1. Population	1.282	1.291	1.294	1.298	1.303
2. Population growth (%)	0.5	0.7	0.2	0.3	0.4
3. GDP per capita (US \$)	8,809	9,859	11,724	14,044	16,094
4. GDP per capita PPP US \$ *	10,766				
5. Growth of GDP/capita (%)	24.0	11.9	18.9	19.5	8.8
6. Gross capital formation as % of GDP of which FDI	25.3 5.2	17.4 7.6	15.5 3.9	na 2.8	13.4 3.9
7. External debt as % of GDP	13.8	10.7	8.5	6.9	6.5
8 External debt service as % of GDP	2.3	3.4	1.6	1.4	1.4
9. Arrears on domestic debt	0	0	0	0	0
10. Exports as share of GDP of which the main export markets are: US CARICOM	46.1 24.7 9.3	50.3 35.1 7.0	63.8 38.2 13.8	66.4 44.2 13.3	64.4 35.8 8.7
11. Trade balance as % of GDP	11.5	12.0	26.0	28.9	16.1
12. Government income as % of GDP of which the main sources of income is: Energy sector	26.4 8.1	26.2 8.8	31.2 13.8	33.6 18.1	30.7 14.8
13. Government expenditures as % GDP of which main areas are: Personnel Expenditure Goods and Services	23.5 6.4 2.9	25.9 6.0 3.2	28.7 5.6 3.3	32.3 4.8 3.3	29.7 4.9 3.5
14. Budget surplus (deficit) (US\$ mill.)	123.7	33.7	385.2	242.7	201.4
15. Inflation (period average)	3.8	3.7	6.9	8.3	7.9
16. Exchange rate (TT/US\$)	6.26	6.27	6.27	6.28	6.30

* 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 2008 and the Ministry of Finance
Figures in italics are estimates

1.2.1. Economic Performance GDP

The International Monetary Fund (IMF) noted that Trinidad and Tobago doubled its Gross Domestic Product (GDP) over the past five years. Economic growth slowed significantly in 2007. The increase in Real GDP of 5.5 percent was the smallest

increase in output since 2001. The slower growth (compared to 12.2 percent in 2006) was a direct result of a levelling off in output from the energy sector. Crude oil production posted a sharp 17 percent decline. For the first time in 6 years, no new energy-based plant came on stream, however, construction activity commenced on two new plants scheduled for completion in 2009.

The slowdown in real output was masked by buoyant international market price. The price of WTI crude oil averaged US\$77.66/bbl for the year and peaked at US\$99.16 in November, 2007. The findings of the Ryder Scott audit report showed that the proven reserves of natural gas had declined. The price of natural gas showed less volatility and modest increase over the year. The average price for LNG was US\$8/mmbtu; methanol US\$435/tonne; and ammonia US\$290/tonne.

The non-energy sector maintained momentum in 2007 and posted growth of 6.7 percent due largely to the impetus of Government expenditure on social and economic infrastructure and social services. The leading non-energy sub-sectors were Construction, Manufacturing Distribution and Financial Services. However, domestic primary agricultural production failed to respond to the rising food prices and this sector continues to contract for the fifth consecutive year declining by 5.9 percent in 2007. The non-energy fiscal deficit has increased from 8 percent of GDP in 2002 to 15.5 percent of GDP in 2007

The high commodity export prices and consequential growth in foreign exchange earnings have strengthened the current account surplus, reinforced the exchange rate and supported an increase in merchandise exports. The Heritage and Stabilisation Fund was legislated in March 2007 and provides mechanisms to ensure some portion of windfall revenue is save automatically on an annual basis.

Trinidad and Tobago's gross international reserves continue to grow. At the end of 2006 reserves expanded from USD6,115.8 in 2005 to USD7,427.8 representing an equivalent of 11.4 months of imports.

Unemployment

The unemployment rate continued the downward trend falling to 5.8 percent during October 2006 to march 2007 from 6.8 percent in the previous twelve-month period.

Inflation

Headline inflation steadily declined (from the peak of 10.9 percent in October 2006) to 7.3 percent by June 2007 due to the combined effects of the Central bank's monetary policy and the government's fiscal measures to reduce food prices and construction materials.

EPA Negotiations

The CARIFORUM-EC Economic Partnership Agreement was initialled ahead of the December 31 2007 deadline representing the only one of six negotiating ACP groups to push ahead with the conclusion of a full agreement in the original time-frame. From January 01, 2008 the region will be afforded duty free, quota free entry into the EU market, except for rice and sugar that will have short transition periods, ending 2009 and 2015 respectively. Rules of origin have been improved as well allowing for easier cumulation notably in the textile sector.

1.2.2. Economic Structure

Under the Public Sector Investment Programme the government is advancing its projects for the diversification of the economy. A major initiative is the development of the seven priority industries for investment: Yachting; Merchant marine, Fish and fish processing; Music and Entertainment; Food and Beverage; Film; and Printing and Packaging.

To further expand the initiative, the government established several state enterprises to reduce the dependency on the energy sector, namely, the Seafood Industry Development Company Limited; the Trinidad and Tobago Film Company; and the Trinidad and Tobago Entertainment Company Limited. As part of the public sector reform initiative, two agencies were established: the Government Human Resources Services Company Limited was established to fill the skills gap in the public service and the Government Information Service Limited to promote the development of quality local programming.

Balance of Payments

The country maintained its favourable trade position with the rest of the world as evidenced by the significant surplus on the external balance. The current account showed strong growth due to the performance of the merchandise account. There was however, a large deficit in the capital account which contributed to a weakening of the overall surplus by 13.1 percent. The overall surplus stood at USD1,645 million in 2006 compared to USD1,893 million in 2005

Fiscal Operations

Total budget expenditure for 2007 was TTD39, 275.1 million, including transfers to the HSF of TTD2, 030.2 million. Recurrent expenditure accounted for 79 percent while capital expenditure was estimated at 20.8 percent of total expenditure. The expenditure on the Public Sector Investment Programme (PSIP) increased by 112.9 percent to TTD3, 926.1 million reflecting an overall increase in the rate of implementation of projects and programmes. Expenditure on the Infrastructure Development Fund increased by 27.1 percent to TTD3, 443.7 million.

Trade

During the period October 2006 to March 2007, the country recorded a visible trade surplus of TTD16, 301.8 (USD2, 587.6) million.

Quality of Management of Public Finances

The Government of Trinidad and Tobago in collaboration with the Central bank is currently pursuing a wide ranging programme of reform of the financial sector. The elements of the reform include: corporate governance guidelines; new regulatory arrangements of the credit union sector; the national inter-bank payments system; and amendments to the Financial Institutions Act 1993. The Central Bank also launched an automated clearing house in collaboration with commercial banks.

1.3. Update on the Poverty and Social Situation

The EU funded Report on the state of the poor in Trinidad and Tobago was released in October 2007. The results of the survey which was conducted in 2005 showed a reduction in the level of poverty from 24 percent in 1998 to 16.7 percent in 2005.

The government allocated \$7.6 billion for education and social services.

Millennium Development Goals (MDGs)

Table 1 Indicators Relevant to Ten Millennium Development Goals

	Indicator	1990	2000	2001	2002	2003	2004	2005	2006	2007	2015
Impact	1. Proportion of population living on less than USD 1 per day			12.4	12.4	12.4					
	2. Prevalence of underweight children (under-five years of age)		5.9	7							
	3. Under-five mortality rate (per 1000 live births)		5.17	5.62	6.11	6.5		19			
Outputs	4. Net enrolment ratio in primary education		92	92	93	91	91	90			
	5. Primary Completion Rate	99.6	99.4	99.7	99.7	89.0	94.2				
	6. Ratio of girls to boys in:										
	- primary education	99.9	96.6	94.7	95.5	99.9	99.97	99.97			
	-secondary education	105	110.1	103.8	107.7	108	107	104			
	- tertiary education	89	96.4	96	96	156	126	127			
	7. Proportion of births attended by skilled medical personnel		99.03	99	99.03	96	96	96			
	8. Proportion of one-year-old children immunised against measles		90	91	90	88	95	93			
	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	92	90	91			91				

Sources: Most recent figures for indicators 1,3,4,6,7,8,and 10 are taken from the UNDP Human Development Report 2007; National HIV/AIDS Surveillance Unit, Ministry of Health for Item 9;

The lack of data for key indicators relevant to MDGs in Table 1 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 assess progress in achieving the Millennium Development Goals and progress in the 9th EDF focal and non-focal sectors.

2. OVERVIEW OF PAST AND ONGOING COOPERATION

Implementation under previous EDFs was generally slow due to there being too many diversified projects, as well as administrative bottlenecks linked to EDF procedures and human resource and institutional constraints in the T&T administration. As a result of this latter factor an EDF Unit was created within the Ministry of Planning and Development to support the function of the NAO. 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.

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**, specifically HIV/AIDS (20%). The balance of funds available from earlier EDFs has been programmed into the same two areas and in the same proportion.

The **End of Term Review (ETR)** finalised at the end of 2006 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.

In 2007 cooperation was much improved with greater progress in all areas. As of the end of November 07, in reference to the July 07 targets set in the EAMR, individual commitments stood at 217% of those forecasted and payments at 92% with €8.9 million paid of the €9.7 million forecasted for the year.

Particularly beneficial was the meetings between the delegation and the EDF unit which were held more regularly and allowed all representatives the opportunity to discuss and resolve issues related to the implementation and planning of programmes. However, further progress was stymied by the general election at the end of the year and the subsequent changes within the Ministry of Planning's portfolios and responsibilities. A further bottleneck which hampered progress in 2007 and may also affect the success of future programmes is the difficulty in achieving useful and sustained dialogue within stakeholders. This problem will be particularly acute for sector support programmes that depend on a continued flow of information and the availability of up to date and necessary data.

Cooperation was also improved due to the dialogue concerning both the drafting of the **10th EDF** Country Strategy Paper (CSP) and feasibility studies for the planned programmes under the 10th EDF. Trinidad and Tobago's 10th EDF Country Strategy Paper and National Indicative Programme (CSP/NIP) has been finalised with an allocation of €25.5 million.

Progress in both the education and health programmes funded under the **9th EDF** improved on the previous year although the HIV/AIDS project continued to be plagued with a variety of problems. The Financing Agreement for the sector budget

support programme to non-university tertiary education was finally signed by the Government of the Republic of Trinidad and Tobago (GORTT), nearly a year after signature by the EC. This signing, along with the commitment of €300,000 for the disaster preparedness project resulted in the bulk of the 9th EDF 'A' envelope being committed in 2007.

An additional area of cooperation in 2007 was in the agricultural sector for **Sugar**. Whilst the Financing Agreement to formalise the initial package of assistance by the EU to T&T under the new Sugar Accompanying Measures for ACP States was finalised by the year's end some aspects of the National Adaptation Strategy (NAS) were still being reviewed by the Government. However, it was agreed with the NAO that the existing draft NAS would be considered definitive for all operational purposes.

During 2007 only 2 bilateral projects financed under the **8th EDF** were still being implemented, one of which Caribbean Business Services Ltd Project Phase II (CBSL-II) ended in March 2007. All earlier EDF funded projects have now been completed and are either closed or are in process of being closed.

There were no ROMs in either the focal or non focal sector in 2007.

A review of the Financing Agreements before signature by the Solicitor General (SG) remains a long standing and thorny problem that the delegation along with the NAO will need to address in the near future. Indeed, as things stand today, the practice of vetting FAs by the SG may take as long as 9 months which seriously stalls the early progress of a project.

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 accounts 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 'Sector Policy Support Programme (SPSP)', the first time this aid modality has been used in T&T.

After almost a year of inactivity the FA was finally signed by GoRTT in March 2007 nearly one year after being signed in Brussels. The delay was in no way the fault of the Ministry of Science Technology and Tertiary Education (MSTTE) who continued with their plans for sector reform whilst waiting for the FA to be signed. As all other requirements were in place the request for payment of the first fixed tranche worth €4.5 million was made immediately after signature and this was paid midway through the year.

One potential problem created by the delay in signing the FA is that in effect the operational period has been shortened with 4 yearly payments now needing to be paid within three years before the end of the operational phase in March 2010. Therefore, a revised time schedule was outlined and will need to be agreed upon so that all payments can be both timely (ie. giving sufficient time for indicators to be achieved) and effective. Aside from the problems of the timetable the programme is helping assist MSTTE in guiding their own reform as well as more generally providing valuable lessons on sector budget support to all stakeholders which will be useful when programming 10th EDF funds using the same funding modality.

2.1.2 Macro-economic support

No macro-economic support programme is currently in operation although the modality for the focal area of education is Sector Policy Support Programme (SPSP). It is also intended that 10th EDF funds will be distributed using sector budget support for programmes in the areas of economic diversification and ‘good and effective governance’.

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 2007 the final work programme commenced and the facility also provided valuable assistance to the education programme by financing a review of the baseline study carried out by the MSTTE. Towards the end of 2007 funds from the TCF were used to finance feasibility studies for the two projected areas to be funded under the 10th EDF.

The remaining available funds (€300,000) under the 9th EDF were committed to a ‘**Disaster Preparedness**’ project in August 2007 after signing of the FA by the EC. No further progress has been reached with the project as by the close of the year the FA still awaited signature by GORTT.

2.2.1. Health

The HIV/AIDS programme had very slow progress during 2007, an issue recognised by the Monitoring mission midway through the year. The continued delay was due to a variety of problems relating to the setting up the office, communication and relationships between the stakeholders and within the Programme management Unit. The most dynamic part of the programme (the Tobago component) has been stalled since the resignation of the Tobago Coordinator in November 2007. A medication tender valued at € 1.74 million was completed just before the n+3 deadline at the end of 2007. However little of the global commitment has been spent and as a result the majority of funds will be paid under the final programme estimate (1 September 2007 – 31 March 2009). Furthermore, the implementing agency (National HIV/AIDS Coordinating Committee, NACC) is without effective leadership at the moment. The Technical Director of NACC was elected to Parliament in the general elections at the end of 2007 and his position is yet to be filled. The Deputy Technical Director fell seriously ill at the end of 2007 and is also not expected to return. The NACC is coordinating HIV response in the country and reviews all proposals and reports initiated under 9th EDF funding. While the PMU continues working on already initiated proposals, further delays are foreseen.

2.3 Earlier EDFs

The 8th EDF **Poverty Reduction Programme (€6,000,000)** made significant progress in 2007, substantiated by a monitoring mission during May 2007 which concluded that the efficiency, effectiveness and the impact of the programme had dramatically improved over the previous 12 months. The number of micro grants

funded under the project now total over 500. The highly visible report on the Survey of Living Conditions was released in June 2007 which among other findings established that the national poverty rate is 16.7% of the population. The programme finishes in 2008 and the government has presented a draft exit strategy indicating their intention to continue the use of structures and instruments established under the programme and thus ensure sustainability.

The **Support to Caribbean Business Services Ltd. (CBSL) II (€1,982,000)** project concluded at the end of March 2007. 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. The project had suffered from procedural difficulties in previous years and although the one year no cost extension allowed the programme to regain some of its momentum and complete more of the planned activities only around 75% of committed funds were used. The project had a positive final evaluation and provides valuable lessons for the focal area (economic transition) under the 10th CSP.

2.4 Utilisation of the 9th 'B' envelope

'B' envelope funds did not need to be mobilised and therefore the 'B' envelope of €900,000 was removed and the funds transferred to the long term development reserve.

2.5 Other Instruments

2.5.1. Sugar Accompanying Measures

T&T now benefits from special measures to assist sugar protocol countries adapt their sugar sectors to the new realities of the reformed EU sugar market. The Financing Agreement to formalise the initial package of assistance by the EU to Trinidad and Tobago under the Sugar Accompanying Measures for ACP States will enter into force after its signature in 2008. The allocations for the years 2007-2010 for Trinidad and Tobago are as follows (allocations 2008-2010 are indicative):

2007; € 6.000.000
2008; € 9.974.000
2009; € 10.702.000
2010; € 14.967.000

The EC support to the National Sugar Adaptation Strategy will be delivered through non-targeted sector budget support with the funds disbursed in two tranches, a fixed tranche and a variable tranche. The fixed tranche, amounting to € 2.200.000, will be paid on signing of the Financing Agreement and the variable tranche worth € 3.260.000 will only be paid after the realisation of indicators agreed with GoRTT in October 2007. One of those indicators is the agreement on performance indicators for the period up to 2010. However, the GORTT has already started implementation of various components of its NAS and it is hoped that after signature of the FA and thanks to among others the Programme implementation unit it will be possible to coordinate and streamline all relevant activities. The AAP 2007 foresees the conduct of a Sustainable Environmental Assessment that will also include social impacts of the EU sugar price cut and end of the GoRTT's support to the sector.

2.5.2. Regional Cooperation

The following regional programmes were managed and monitored from Trinidad and Tobago in 2007:

The **Strengthening of Medical Laboratories (Med-Labs, €7.5 million)** finished on the 31 March 2007. Although the Final Evaluation was very positive, closing the programme will prove difficult due to chronic problems with the justifications, in particular missing travel documentation. The programme organised large training seminars throughout the region and it has been problematic to collect the return leg boarding pass stubs from all participants. It is anticipated that eventually a recovery order will have to be issued.

A parallel programme concerning the Overseas Countries and Territories (OCTs) to Med-Labs was added in 2005 (**OCT Medlabs € 1.425 million**) and concluded at the end of the review period. The programme had very short implementation period, and the very positive final evaluation concluded that a considerable amount of results had been achieved in the short time. However, the project was also very challenging administratively and the programme was not able to close all accounts by the time the financing agreements expired.

The 8th EDF **Regional Radar Early Warning Network System (€13.2 million)** finally made noticeable progress in 2007 with all 4 radar sites under construction. The radar in Trinidad is now expected to be completed during the first quarter of 2008.

Two new regional programmes managed in T&T commenced in 2007 – the FA for the **Capacity Building and Institutional Support for the Caribbean Court of Justice (€ 1.315 million)** was signed in August 2007. The project aims to provide logistical and institutional support for the Court but no activities had commenced by the end of the year. Similarly, the **Support to the Implementation Agency for Crime and Security (IMPACS)** project which aims to address drug related crime within the CARICOM region made little progress in 2007 and implementation will only commence in 2008.

2.5.3. Community budget lines.

A €0.45 million grant was approved in late 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. During 2007 CANARI made good progress towards their outcomes including hosting an Action Learning group seminar attended by around thirty experts from all 8 countries covered by the programme.

2.5.4. European Commission Humanitarian Aid (ECHO)

The Caribbean Regional Representation Office (CRRO) of the International Federation of the Red Cross and Red Crescent Societies (IFRC) started a project aimed at “Improving the preparedness of Caribbean communities to respond to disasters affecting their locality.” The project is funded by the European Union’s Humanitarian Aid Department (DG ECHO) through its specific programme, DIPECHO (Disaster Preparedness ECHO) dedicated to disaster preparedness. This project is the sixth round of funding the IFRC has received with a budget of €4.0 million covering a period of 18 months from September 2007.

The programme will work with the inhabitants of highly vulnerable communities in the Caribbean region with the aim of enabling them to understand the hazards in their

environment, to adopt behaviours that will make their homes safer and to prepare for disasters through the development of Community Disaster Response Teams (CDRTs).

2.5.5. European Investment Bank (EIB) (see annex BIV for projects)

By the end of 2007, the current EIB portfolio in terms of direct operations amounted to €114 million with a current outstanding balance of €30 million.

Active operations include support for the energy and industrial sectors as well as the financial sector. The EIB has established facilities of €60 million with two financial institutions incorporated in Trinidad and Tobago to provide financing for productive investments throughout the Caribbean, including Suriname and Guyana. The financing targets small and medium sized enterprises in the industrial, agro-industrial, transport and service sectors by means of both loan and (quasi-)equity participations. The EIB also supports the microfinance sector through a regional Caribbean facility based in Trinidad.

Future operations in the financial sector will, as has been the case in recent years, mainly have a region wide focus.

2.6 Policy Coherence for Development (PCD)

The 10th EDF programming cycle for T&T for the period 2008-2013 was completed in 2007 with an allocation of €25.5 million. The proposed focal area of 'economic transition' will be influenced by general policies in the area of trade, while the proposed non-focal area of 'good and effective governance' is likely to cover two of the key policy areas, namely the environment and security.

Trade policy is the prime area of EU-T&T relations, with T&T being the region's major trading partner with the EU. A move away from over-reliance on energy is deemed essential for the long-term growth of T&T, hence the 10th EDF focal area being a sector budget support programme for economic transition. The main area of discussion in 2007 regarding trade relationships with the EU involved the EPA negotiations. T&T's position is broadly positive.

Good and effective governance is recognised in the Caribbean region and T&T as a crucial prerequisite for sustainable development and is also one of the EU's guiding principles. The proposed 10th EDF programme will mirror the GORTT's own good governance plans and commitments outlined in their Vision 2020 operational plan. Areas to be addressed include strengthening of the police force, the criminal justice system and the judiciary as well as improvements in the protection of the environment. These areas may be complemented and strengthened through other EU policies in the region such as the aim to assist the limited institutional and technical capacity of Caribbean countries to deal with organised crime and drugs in an effective and comprehensive manner through the development of internal strategies as well as capacity building. Cooperation with other actors such as the UNDP, IADB, the UK High Commission and civil society in areas such as security and support to the police service should also complement the good governance programme.

Up to now, policies affecting the environment and specifically climate change have not been discussed in any detail between T&T and the EU. Considering that T&T is currently ranked as the 9th highest contributor of greenhouse gas per capita (UN figures for the period 1990–2003), dialogue in such an area could be highly beneficial, particularly for a small island state like T&T.

The economic boom in the oil, gas and construction sectors has among other reasons led to a partial diversification in agriculture. Agriculture now makes up only a small percentage of T&T's GDP, so EU policies such as CAP have less influence than on other neighbouring countries. The change in the EU's sugar policy has had some effect and T&T is eligible for EU accompanying measures for sugar protocol countries, although any negative impact has been mitigated to a large extent by the fact that T&T closed down its state sugar business in 2003.

Although no specific policies supporting research and innovation and the 'information society' have been undertaken between the EU and T&T in 2007, both areas are covered by the 9th EDF focal area and will also be covered under the 10th EDF focal area. T&T has identified the establishment of a research and development facility as part of their Vision 2020 operational plan and has pledged to institutionalise a national innovation system. Furthermore, the 9th EDF focal area of education includes indicators for increased investment in science and technology and the enhancement of the sector's capacity to deliver S&T-oriented education through improved facilities, new programmes and staff training. Moreover, the T&T Delegation has made good contacts with UWI and UTT and has actively encouraged links between them and European institutions. The universities have also submitted applications to take advantage of schemes like Edulink. All of T&T's goals in this area complement EC policies and it is anticipated that stronger synergies can be built in this area to maximise the impact of the policies outlined above. Furthermore, T&T benefited from the 6th Research Framework Programme (2002-2006) (in the areas of fish ecosystems and avian influenza) and may also benefit from the 7th Research Framework Programme (2007-2013) which is open to all ACP countries. The 7th RFP covers areas including 'knowledge and technology' which may complement the proposed focal area.

As for the other major EU policy areas of transport, energy, migration, the social dimension of globalisation, and fisheries, none of these have as yet played any notable role in EU-T&T relations. However, T&T which produces more than 4 billion cubic feet of gas per day and 126,000 barrels of crude oil per day is a major player in the region and a significant partner of the EU in energy. This position of T&T can also have a significant stabilisation impact on the region provided that its relevant policies are adequately streamlined and accompanied by its major international and CARICOM trade partners. The EU MS are the most significant provider of direct FDI in the gas and oil sectors.

It is also worth noting that Prime Minister Manning in June 2007 shared with some of the MS missions in T&T details of his broader plans for security in the Caribbean region and this may be an area for further dialogue with the EU and Caricom. Indeed, according to the internal distribution of tasks among Caricom MS T&T has the lead for regional security.

2.7 EU Strategy for the Caribbean

The EU Strategy for the Caribbean outlined in the document presented by the European Commission to the Council, the European Parliament and the European Economic and Social Committee in March 2006 (ref COM(2006) 86 final) identifies the strategy's objective to form 'a strong mutually beneficial partnership on the international scene within which the two sides will work together towards the shared ideals of democracy and human rights and in the fight against poverty and global

threats to peace security and stability'. The EU will assist the Caribbean to achieve the region's development objective based on the following three dimensions;

1. Shaping a political partnership based on shared values
2. Addressing economic and environmental opportunities and vulnerabilities and
3. Promoting social cohesion and combating poverty

The approach is founded on the principles of the EU development policy, the 2005 European Consensus and the Cotonou Agreement and builds on more than 30 years of co-operation experience

A number of actions taken within the delegation in 2007 reflected priorities identified in the EU-Caribbean partnership. These include, helping shape a political partnership based on shared values. As previously mentioned, a good governance programme was identified as one of the two main areas of intervention to be funded under the 10th EDF. This is one of the EU's guiding principles as outlined in the 2003 Communication on Governance and Development.

The delegation has also provided information meetings and support when necessary in pursuit of concluding negotiations and agreement on the EU-CARIFORUM EPA by the end of 2007.

In support of the EC's target to address environmental opportunities and vulnerabilities the delegation in 2007 concluded a financing proposal for a disaster preparedness programme which was finalised and signed by Brussels in August 2007. Another action in support of the environment was including it as one of the areas to support in the 10th EDF good governance programmes and it is expected that some of the variable tranche payments will be dependent on progress in a range of environmental indicators.

As part of the activities to promote social cohesion and combating poverty the delegation has continued its 9th EDF funded support to the HIV/AIDS project in its battle against HIV. Moreover, to encourage human resource development economic diversification was chosen as the focal area for the 10th EDF to assist in reducing poverty and social exclusion as well as to encourage the over reliance on energy related industries. The 8th EDF funded 'Poverty Reduction Programme' received a 1 year extension in 2007 and the delegation used some of this time to work with the government in ensuring the sustainability of the project after the conclusion of EC funds.

Importantly, as part of the Commission's aim to simplify financial and administrative procedures for aid delivery and in so doing make aid more effective the delegation has identified sector budget support as the preferred delivery method for the programmes to be funded under the 10th EDF. This follows on from using this modality for the focal programme under the 9th EDF although it is still too early to judge the success of the financing mechanism in this case.

2.8 Donor coordination and harmonisation

The EU is the only grant donor. It is also the only donor to fund (the EDF Unit) a specific capacity building action in the Ministry of Planning, Housing and Environment. However there is contact between the EC Delegation and other development agents – 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).

However it should be noted that T&T has not signed the Paris Declaration and the five principles¹ are not adhered to in any systematic manner. Donor coordination is mainly donor led and there has not been any progress towards formal harmonisation.

In 2007 contacts were also reinforced through discussions on the proposed programmes to be funded under the 10th EDF as UNDP and the IADB have activities related to the areas of good governance and economic transition respectively.

The EC has a significant bilateral cooperation programme and works closely with the 5 MS missions in T & T, France, Germany, Netherlands, the UK and Spain. The drafting of the 10th CSP also involved close co-ordination with the MS at all drafting stages and this continued throughout 2007.

Relations with MS colleagues in the 5 MS Mission to T&T are close and meetings are frequent at several levels. There are regular meetings of HOMs and deputy HOMs. There were several specific cooperation meetings scheduled and as well as a number of information meetings on programming and sector support as a funding modality along with dialogue concerning the drafting of the CSP.

It is expected that harmonisation will continue to flourish in 2008 as the delegation aims to increase dialogue between stakeholders as they move towards making concrete proposals for the 10th EDF programmes.

Dialogue with the NAO is productive and results oriented. T&T being a middle income country and a leading CARICOM MS, the government has increasingly started viewing itself as a major actor in regional integration rather than as a recipient of development assistance. However, and despite its strong growth rate development gaps persist and development cooperation in the form of policy based instruments such as sector budget support can still have an important contribution to the country's development agenda.

2.9 Dialogue in country with the NSAs, local authorities and national Parliament

NSAs, local authorities and representatives of the national parliament were consulted in the preparation and finalisation of T&T's 10th EDF Country Strategy Paper and National Indicative Programme, which now awaits official endorsement. The involvement of NSAs in programming was more substantial than previously, in part because NSAs in T&T are becoming better organised but also because their contact with the Delegation and the NAO is much improved (in part through the 15 NGO networks set up by the Poverty Reduction Programme and also through improved links with business and other professional clusters).

¹ Paris Declaration 5 principles are;

1. Ownership: Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions
2. Alignment: Donors base their overall support on partner countries' national development strategies, institutions and procedures
3. Harmonisation: Donors' actions are more harmonised, transparent and collectively effective
4. Managing For Results: Managing resources and improving decision-making for results
5. Mutual Accountability: Donors and partners are accountable for development results

The EC Delegation actively encourages the National Authorising Officer to continue to dialogue with Non State Actors at every stage of the programming and project implementation process.

Relations with the national authorities centred on 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 normal and frequent ad hoc meetings and discussions with key NSA contacts. These included coordination sessions with the NSA groups behind the Caribbean Centre for Human Rights, consultations with key governance groups, co-ordination meetings with the aforementioned 15 NGO networks set up by the Poverty Reduction Programme, and contacts via the NACC (HIV/AIDS) structure.

3. CONCLUSIONS

During 2007 the **political situation** remained stable with the PNM cementing their position in government after winning the General Election held in November and in so doing increasing their majority.

Economically the macro-economic conditions remained favourable although the rate of economic growth slowed (still an impressive 5.5%) compared to the previous 5 years. T&T maintained its favourable trade position illustrated by a significant surplus on its external balance although domestically inflation is still a concern despite the government taking measures to reduce it from 10% at the start of the year. Trade continues generate a surplus largely on the back of the continuing boom in the energy sector.

The **social situation** showed mixed results. The publication of an EC funded household poverty survey showed a reduction in poverty levels to 16.7 % of the population although essential up to date data on the progress in MDGs is still absent. Crime continued to be an issue in 2007 and affects all strata of society.

As part of **Policy Coherence for Development** strategy the EU may wish to consider increased dialogue on energy, security and environmental issues as they are all of particular importance to the development agenda of T&T. Other EU policy areas such as trade, governance and agriculture already cover the proposed focal and non focal areas of the 10th EDF CSP/NIP.

The **EU Strategy for the Caribbean** covers a wide range of issues and the delegation has made a concerted effort to reflect priorities identified in the EU – Caribbean partnership. T&T is the dominant economic country in the region and as such can have a large part to play in driving the partnership in the Caribbean.

EC cooperation with the Government improved in 2007 although there is still room for improvement. The move towards policy based development assistance in the form of sector budget support will require all parties increase and improve policy dialogue in the coming years.

Donor coordination also continues to improve and the delegation remains proactive in trying to promote dialogue with Non State Actors in all areas of the programming cycle.

As for the next round of financing, the Country Strategy Paper for the **10th EDF** has been finalised. Economic diversification will be the focal sector whilst the 'non focal area' will cover the area of good and effective governance.

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ANNEXES

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ANNEX AI: “COUNTRY AT A GLANCE” TABLES

Table of macroeconomic indicators

	2003	2004	2005	2006	2007	2008	2009	2010
Basic data								
1	Population (in 1000)	1.282	1.291	1.3	1.3			
	- annual change in %	0.5	0.6	0.3				
2a	GDP (US \$ billions)	10.5	11.5	13.3				
3	Real GDP growth - annual change in %	13.2	6.5	7.2	10.0	5.5		
4	Gross fixed capital formation (in % of GDP)	17.7	16.8					
International transactions								
5	Exports of goods and services (in % of GDP)	54.3	54.8	59.1				
	- of which the most important: energy sector (in % of GDP)							
6	Trade balance (in % of GDP)	14.9	16.2					
7	Current account balance (in % of GDP)	8.9	14.5	18.8	21.2	17.8		
8	Net inflows of foreign direct investment (in % of GDP)	5.4	7.9					
9	External debt (in % of GDP)	14.4	11.0	8.9				
10	Service of external debt (as % of GDP)	1.9	2.7	1.3				
11	Foreign exchange reserves (in months of imports of goods and non-factor services)	6.9	7.3	7.0	7.4	8.7		
Government								
12	Revenues (in % of GDP)	27.5	26.8	32.1	33.4			
	- of which: energy (in % of GDP)	11.2	15.8	21.0				
13	Expenditure (in % of GDP)	23.2	23.3	25.0	26.7			
	- of which: capital expenditure (in % of GDP)	1.5	2.1	3.1	3.3			
14	Public Sector Debt (in % of GDP)	54.7	49.1	41.3	31.8	23.2		
	- of which: external (in % of total public debt)	14.4	11.0	9.0	6.6	5.9		
Other								
15	Consumer price inflation (annual average change in %)	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 €)	7.13	7.80	7.44	8.61	8.64		
18	Unemployment (in % of labour force, ILO definition)	10.3	8.3	8.0	7.5	7.3		

Sources: Based on material from the Ministry of Finance, IMF Article IV Report 2007, World Bank development indicators (www.worldbank.org) and Economist Intelligence Unit Country report december 2007.

Figures in italics are projections/estimates.

Table of indicators for the MDGs

	Indicator	1990	2000	2001	2002	2003	2004	2005	2006	2007	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)		5.9	7							
	3. Under-five mortality rate (per 1000 live births)		5.17	5.62	6.11	6.5		19			
Outputs	4. Net enrolment ratio in primary education		92	92	93	91	91	90			
	5. Primary Completion Rate	<i>99.6</i>	<i>99.4</i>	<i>99.7</i>	<i>99.7</i>	<i>89.0</i>	<i>94.2</i>				
	6. Ratio of girls to boys in:										
	- primary education	<i>99.9</i>	<i>96.6</i>	<i>94.7</i>	<i>95.5</i>	<i>99.9</i>	<i>99.97</i>	<i>99.97</i>			
	-secondary education	<i>105</i>	<i>110.1</i>	<i>103.8</i>	<i>107.7</i>	<i>108</i>	<i>107</i>	<i>104</i>			
	- tertiary education	<i>89</i>	<i>96.4</i>	<i>96</i>	<i>96</i>	<i>156</i>	<i>126</i>	<i>127</i>			
	7. Proportion of births attended by skilled medical personnel		<i>99.03</i>	<i>99</i>	<i>99.03</i>	<i>96</i>	<i>96</i>	<i>96</i>			
	8. Proportion of one-year-old children immunised against measles		<i>90</i>	<i>91</i>	<i>90</i>	<i>88</i>	<i>95</i>	<i>93</i>			
	9. HIV prevalence among 15- to 24-year-old pregnant women		<i>5.70</i>	<i>2.5</i>							
	10. Proportion of population with sustainable access to an improved water source	<i>92</i>	<i>90</i>	<i>91</i>			<i>91</i>				

Source: United Nations 'Human Development Report' 2007

Figures in italics sourced from the UN Millenium Development Ggoals official website used by Eurostat

<http://mdgs.un.org>

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 BI: FINANCIAL SITUATION FOR 9TH EDF GRANTS AND PREVIOUS EDFs (31.12.07)

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					43,636,764	39,319,415	4,317,349
TOTAL ON ONGOING INDIVIDUAL COMMITMENTS					37,496,089	9,135,875	28,360,214
2000	8ACP TR8	0	POVERTY REDUCTION	20081231	6,000,000	4,177,747	1,822,253
2000	8ACP TR8	12	PE # 4 - 1 MARCH 06 - 28 FEB 07	20070430	1,310,000	1,304,529	5,471
2000	8ACP TR8	14	AUDIT CONTRACT WITH PKF FOR AUDIT OF PE #S 3 & 4		18,000	8,331	9,669
2000	8ACP TR8	15	PROGRAMME MANAGER - GARY TAGALLIE	20081219	82,000	32,719	49,281
2000	8ACP TR8	16	PROGRAMME ESTIMATE #5 FOR PERIOD 1 MAY 2007 - 30 JUNE 2008	20080630	1,400,000	660,188	739,812
2003	8ACP TR14	0	SUPPORT TO CARIBBEAN BUSINESS SERVICE LTD (CBSL) PHASE II	20070331	1,982,000	1,447,134	534,866
2003	8ACP TR14	2	GRANT AGREEMENT FOR SUPPORT TO THE CBSL PHASE - 6.632.500 TT	20070331	822,800	819,393	3,407
2003	8ACP TR14	4	PROGRAMME ESTIMATE FOR PERIOD JAN - DEC 2005	20060331	174,000	170,052	3,948
2003	8ACP TR14	6	PROGRAMME ESTIMATE #3 FOR PERIOD JULY 06 - MARCH 07	20070331	175,000	154,510	20,490
2004	9ACP TR2	0	TECHNICAL COOPERATION FACILITY	20101031	924,764	761,106	163,658
2004	9ACP TR2	7	PE #2 FOR PERIOD 1 AUG 2006 - 31 JULY 2007	20070731	60,000	52,007	7,993
2004	9ACP TR2	8	PEAK CONSULTANTS LTD (TA TO THE EDF UNIT)	20071221	100,880	67,824	33,056
2004	9ACP TR2	9	PROGRAMME COORDINATOR TO THE EDF UNIT (MARELENE ANTOINE)	20081031	71,900	33,576	38,324
2004	9ACP TR2	10	BEN FWC #2007/139964 WITH ECO 3	20080331	51,300	30,780	20,520
2004	9ACP TR2	11	AUDIT OF TCF PE 1 AND 2	20071224	14,000	3,870	10,130
2004	9ACP TR2	12	BENEFICIARY FWC #2007/140370 WITH ATOS ORIGIN	20080105	94,390	56,634	37,756
2004	9ACP TR2	13	BENEFICIARY FWC #2007/140461 WITH HTSPE	20071005	33,390	20,034	13,356
2004	9ACP TR2	14	PROGRAMME ESTIMATE NO. 3 (01/08/2007 - 31/10/2008)	20081031	155,000	65,110	89,890
2004	9ACP TR3	0	SUPPORT TO NATIONAL HIV/AIDS STRATEGIC PLAN	20111231	7,130,000	6,133,429	996,571
2004	9ACP TR3	1	PE #1 FOR PERIOD 1 MARCH 06 - 28 FEB 07	20070831	301,000	297,552	3,448
2004	9ACP TR3	2	PROGRAMME MANAGER_ - MARK SADOWSKI		150,000	54,224	95,776
2004	9ACP TR3	3	PROGRAMME ACCOUNTANT - SHELLY DANIEL-JOSEPH		94,000	34,649	59,351
2004	9ACP TR3	4	TOBAGO CO-ORDINATOR - DONNA LISA PENA		120,000	43,975	76,025
2004	9ACP TR3	5	PE #2 (15 OCT 2007 - 14 APRIL 2009)	20091014	3,610,000	725,920	2,884,080
2004	9ACP TR3	6	AUDIT CONTRACT WITH MOORE STEPHENS	20080430	51,365	0	51,365
2004	9ACP TR3	7	SUPPLY OF HIV DRUGS LOTS 12 & 15 - AGOSTINI PHARMACEUTICALS	20081231	395,598	0	395,598
2004	9ACP TR3	8	CONTRACT FOR LOTS 5 & 17 - SUPPLY OF HIV DRUGS	20081231	345,285	0	345,285
2004	9ACP TR3	9	LOT 10 - SUPPLY OF HIV DRUGS - SMITH	20081230	899,025	0	899,025
2004	9ACP TR3	10	ROBERTSON COMPANY LTD LOT 1 - SUPPLY OF HIV DRUGS - BRYDEN PI	20081230	118,349	0	118,349
2004	9ACP TR3	11	AUDIT FRAMEWORK CONTRACT #2007/146431 WITH MOORE STEPHENS	20080411	48,807	0	48,807
2006	9ACP TR4	0	SUPPORT TO THE NON UNIVERSITARY TERTIARY EDUCACATION SECTOR	20120331	27,300,000	26,800,000	500,000
2006	9ACP TR4	1	FIXED TRANCHES 2006 - 2008 & VARIABLE TRANCHES 2007 - 2009	20100331	26,800,000	4,500,000	22,300,000
2007	9ACP TR5	0	DISASTER MANAGEMENT SUPPORT FOR TRINIDAD AND TOBAGO	20121231	300,000	0	300,000

ANNEX BII: SECTOR CONCENTRATION OF THE ENGAGEMENTS UNDER THE 9TH EDF: TRINIDAD AND TOBAGO

STRATEGY FOR CARIBBEAN	EUROPEAN CONSENSUS	SUB SECTOR AND PART SBS	In euro x 1000 total cumulative commitm. 31.12.07
Human rights and governance	governance, human rights and support to economic and institutional reforms	governance	
		economic and institutional reforms	
		Non State Actors (NGO)	
Peace and security	conflict prevention and fragile states	conflict prevention and fragile states	
Economic growth, regional integration and trade	trade and regional integration	European Partnership Agreements	
		regional economic integration	
		private sector development	
	infrastructure, communication and transport	infrastructure, communication and transport	
		water and energy	water energy
	social cohesion and employment	social cohesion and employment	
	environment and sustainable management of natural resources	environment and sustainable management of natural resources (disaster preparedness)	300
investing in people	rural development, territorial planning, agriculture and food security	rural development and territorial planning	
		agriculture	
		food security	
	human development	Health (HIV/AIDS)	7130
		primary education	
education (non university tertiary)		27,300	
other	TCF	TCF	1,000
	support to NAO	support to NAO	
	unspecified	Unspecified	
Budget Support	GBS	General Budget Support	
TOTAL	TOTAL	TOTAL	35,730
Level of sector concentration	percentage of 9th EDF commitments covered by largest sectors of concentration + GBS	largest sector + GBS	27,300
		Two largest sectors + GBS	34,430
		Three largest sectors + GBS	
		Largest sector + GBS	76%
		Five largest sectors + GBS	N/A
		nr of sectors + GBS to reach 85% of NIP *	1
		sectors (NSA and GBS excluded)	4

ANNEX BIII: FINANCIAL SITUATION FOR REGIONAL PROJECTS (31.12.07)

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 T.	DEL RESP.	TITLE INDIVIDUAL COMMITMENT		AMOUNT ONGOING INDIV. COMMIT.	PAYMENTS ON ONGOING INDIV. COMMIT.	RAP
ING GLOBAL COMMITMENTS						31,728,568	31,396,614	331,954
ING INDIVIDUAL COMMITMENTS						10,510,757	9,866,544	644,213
1995	7ACP RPR385	0		INTEGRATED CARIBBEAN REG. AGRICULTURE & FISHERIES DEV. PROG.	20040430	18,530,191	18,373,338	156,853
1995	7ACP RPR385	8	ACP BE	FISHERIES DEVELOPMENT COMPONENT (1.310.935	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 DC	PROCREBI (DOP 15.786.000)	20030831	652,968	652,968	0
1995	7ACP RPR385	23	ACP BE	WP N. FDP/02/2002 FOR 1.535.100 USD	20030331	1,718,000	1,514,509	203,491
1995	7ACP RPR385	40	ACP JM	1.11.01/31.03.03 CARICOM FISHERIES UNIT BELIZE - WP 3	20040430	292,770	292,769	1
1998	8ACP RCA1	0		CARRIBEAN REGIONAL ANTI-MONEY LAUNDERING PROGRAM.(1998-2002)	20041231	3,745,587	3,678,068	67,519
1999	8ACP RCA13	0		EPIDEMIOLOGICAAL SURVEILLANCE SYSTEM - CARIFORUM	20031231	1,025,911	918,328	107,582
2000	8ACP RCA20	0		STRENGTHENING OF MEDICAL LABORATORY SERVICES IN CARRIBEAN	20070331	7,048,926	7,048,926	0
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	2,358,050	119,950
2000	8ACP RCA20	18		PKF - AUDIT OF PE#S 3 & 4	20070331	18,000	0	18,000
2004	9PTO REG3	0		STRENGTH. OF MEDICAL LABORATORY SERVICES IN THE CARRIBEAN	20090630	1,377,954	1,377,954	0
2004	9PTO REG3	1		PE NO. 1 - OPERATION PERIOD - DATE OF SIGNATURE TO 31.01.200	20060630	150,000	121,880	28,120
2004	9PTO REG3	2		PE#2 FOR PERIOD 1 JULY 2006 - 30 SEPT 2007	20071231	1,183,000	1,006,154	176,846
2004	9PTO REG3	3		PANNELL, KERR, FORSTER (AUDIT OF PE 1 & 2)	20071231	14,000	3,553	10,447
2004	9PTO REG3	4		COMMISSION FWC #2007/141892 WITH IBF	20071201	30,954	9,286	21,668

ANNEX BIV: FINANCIAL SITUATION FOR EIB PROJECTS UPTO 31.12.007

Region / Country	Project Name	Status	Convention	Amount signed (m)		Date of Signature	Amount outstanding (m)		Beginning Repayment
				OR	RC		OR	RC	
Caribbean									
	Total					3,650,000.00		243,750.00	
Trinidad and Tobago	TTDFC V A	Disbursed	Lome - 3			390,529.66	20/12/1989	215,028.15	
		Disbursed	Lome - 3			2,500,000.00	20/12/1989	1,017,839.91	25/09/2010
	TRINTOC MTBE	Disbursed	Lome - 4	8,500,000.00			07/04/1994	652,644.88	05/10/1997
	DFL VI	Disbursed	Lome - 4			4,000,000.00	02/09/1994	476,323.66	20/08/2009
	DFL VI SHARE PARTICIPATION	Disbursed	Lome - 4			74,843.12	02/09/1994	58,057.60	
	NATIONAL GAS COMPANY	Disbursed	Lome - 4	45,000,000.00			11/12/1996	4,172,482.41	10/06/2000
	DFL VII	Disbursed	Lome - 4 - Bis	8,000,000.00			21/09/1998	2,975,434.45	31/12/2002
		Disbursed	Lome - 4 - Bis			2,000,000.00	21/09/1998	2,000,000.00	30/06/2013
	CARIBBEAN MICRO-FINANCE FEASIBILITY ST	Disbursed	Lome - 4			250,000.00	28/07/1999	250,000.00	05/07/2014
	DFL VIII	Signed	Lome - 4			6,000,000.00	17/06/2002	3,275,244.18	
	CLICO GLOBAL LOAN	Signed	Accord De Cotonou			20,000,000.00	03/11/2005	9,400,806.99	15/05/2011
	DEVELOPMENT FINANCE LIMITED IX	Signed	Accord De Cotonou			7,000,000.00	20/12/2005	5,627,817.75	15/07/2009
	CLICO GLOBAL LOAN	Signed	Accord De Cotonou			10,000,000.00	21/12/2007	0	
	Total			61,500,000.00		52,215,372.78		7,800,561.74	22,321,118.24

ANNEX BV: USE OF BUDGETARY SUPPORT AND BUDGET LINES

The focal area of the 9th EDF is sector budget support to the area of non-university tertiary education, worth €27.3 million. In 2007 the FA was signed by the GORTT and the first fixed tranche of € 4.5 million was paid in June 2007.

It is anticipated that both major programmes financed through the 10th EDF will be through sector budget support.

Sector budget support will also be used for funds provided through the 'sugar programme' budget line although no funds had been disbursed by the close of the year.

The only other budget line used in Trinidad and Tobago in 2007 was through a tropical forestry budget line which provided funds for a regional environmental NGO (CANARI) up to a maximum of €450,000.

ANNEX CI: INDICATIVE TIMETABLE FOR DISBURSEMENTS OF 9TH EDF & ANY PREVIOUS EDFs* 2008-2010 (in Euros, millions)

All amounts are in Euros

Ongoing Projects	FA Amount	2008		2009		2010	
		1st semester	2nd semester	1st semester	2nd semester	1st semester	2nd semester
8 ACP TR 8 – Poverty Reduction Programme	6,000,000	285,000	305,000	15,000			
9 ACP TR 2 – Technical Cooperation Facility (TCF)	1,000,000	138,000	94,000				
9 ACP TR 3 – Support to National HIV/AIDS Strategic Plan	7,130,000	413,000	1,943,000	1,000,000	440,000		
9 ACP TR 4 – Sector Budget Support to Non-University Education	27,300,000	100,000	7,050,000	6,550,000	40,000	2,000,000	
9 ACPTR 5 – Disaster Management Support for Trinidad and Tobago	300,000			150,000	150,000		
Total	41,730,000	936,000	9,392,000	7,715,000	630,000	2,000,000	

* Excluding regional funds

ANNEX DI: QUESTIONS ON THE EU AID EFFECTIVENESS TARGETS

The Commission has to report its performance annually against the four EU targets on aid effectiveness. The data for this will be collected through the EAMR reporting system. You are therefore requested to complete the questions below with specific information as noted so that the current baseline we have from the July 2007 EAMR can be tracked annually. The information will also be important for you to exchange with your government colleagues, NGOs and with other donors, including MS.

Delegations had difficulty completing the questionnaire for the July 2007 EAMR. Following discussions with them the guidance to measure each target has been made more specific, following the revised OECD guidance for the 2008 survey. We hope you find the new elements more helpful. If you would still like further clarifications please contact your desk officer in AIDCO.

Some Delegations will also be completing the OECD survey during Jan-March 08. Your responses below should make it much easier to answer the OECD survey.

Regional offices will have to complete Annex C separately for each country in their region.

Please note that within the strategy that EuropeAid in relation to EU Target 4 – reduce the number of uncoordinated missions by 50 % - a number of new points have been prepared:

Delegations are invited to:

- list dates for HQ missions already planned for the immediate 6 months period and mention if they are not coordinated;
- indicate to HQ what priority missions the Delegations estimate better serves coordination arrangements at local level for the following 6 months period.

The periods for missions, to be used in the January and July EAMR are as follows:

In the **2008 January EAMR**; Delegations list missions agreed for the period March to August 2008 and indicate their priorities for HQ in the period September 2008 to February 2009;

In the **2008 July EAMR**: Delegations list missions agreed for September 2008 to February 2009 and then indicate their priorities for HQ missions in the period March to August 2009.

1. EU Target No 1		
Channel 50% of government-to-government assistance through country systems, including by increasing the percentage of our assistance provided through budget support or SWAP arrangements		
2. Introduction		
The aim is to collect information that allows us to measure this target. The information that is needed is both the total amount of ODA provided, as well as the extent to which country systems are used in providing this ODA. For these purposes the country systems are defined as covering four main areas: (i) national budget execution procedures; (ii) national financial reporting procedures; (iii) national auditing procedures; and (iv) national procurement systems. By treating each of these four areas as having a 25% weight and dividing by the total amount of ODA provided the information required can be calculated (hence the division by four – see part 4 below). In all cases the necessary information can be collected using the same definitions as those in the OECD/DAC "Definitions and Guidance" (see attached page which includes an extract of definitions relevant to this indicator)		
3. Questions and definitions		
Question	Definition – OECD Ref	Response EUR
How much ODA did you disburse at country level for the government sector in FY 2007 (EUR)?	Qd2	8,968,000
How much ODA disbursed for the government sector in FY 2007 used national budget execution procedures (EUR)?	Qd5	4,500,000
How much ODA disbursed for the government sector in FY 2007 used national financial reporting procedures (EUR)?	Qd6	4,500,000
How much ODA disbursed for the government sector in FY 2007 used national auditing procedures (EUR)?	Qd7	4,500,000
How much ODA disbursed for the government sector in FY 2007 used national procurement procedures (EUR)?	Qd9	4,500,000
4. Definition of Indicator		
$[(Qd5 + Qd6 + Qd7 + Qd9) \div 4] \div [Qd2]$ (please calculate and enter as response %)		Response 50.17 %
5. Additional information		
Are there any significant initiatives in your country to promote the use of country systems? If so provide a list and a short description. If not, highlight the constraints to use of country systems (use additional space as needed)		
T&T's budget, finance and procurement procedures are based on the UK system and although effective are slightly outdated. A Public Sector Reform process is ongoing, but progress is relatively slow.		

Definitions from "Definitions and Guidance" OECD/DAC

www.oecd.org/dataoecd/13/29/36306366.doc

ODA	<p>Official Development Assistance (ODA) includes all transactions as defined in OECD-DAC Statistical Directives para. 32 (see appendix), including official transactions that:</p> <ul style="list-style-type: none"> ▪ Are administered with the promotion of the economic development and welfare of developing countries as its main objective; and ▪ are concessional in character and convey a grant element of at least 25%.
Disbursements	<p>A disbursement is the placement of resources at the disposal of a recipient country or agency (see OECD-DAC Statistical Directives para. 15-18). Resources provided in kind should only be included when the value of the resources have been monetised in an agreement or in a document communicated to government. In order to avoid double counting in cases where one donor disburses ODA funds on behalf of another, it is the donor who makes the final disbursement to the government who should report on these funds.</p>
Government sector	<p>Administrations (ministries, departments, agencies or municipalities) authorised to receive revenue or undertake expenditures on behalf of central government.</p>
Disbursements for the government sector	<p>This category includes the disbursement of ODA in the context of an agreement with the government sector (see definition above), including works, goods or services delegated or subcontracted by government to other entities (e.g. NGOs, private companies).</p>
Use of national budget execution procedures (Q ^{d5})	<p>Donors use national budget execution procedures when the funds they provide are managed according to the national budgeting procedures as they were established in the general legislation and implemented by government. This means that programmes supported by donors are subject to normal country budgetary execution procedures namely procedures for authorisation, approval and payment.</p>
Use of national financial reporting procedures (Q ^{d6})	<p>Legislative frameworks normally provide for specific types of financial reports to be produced as well as for the periodicity of such reporting. The use of national financial reporting means that donors do not make additional requirements on governments for financial reporting. In particular they do <u>NOT</u> require:</p> <ul style="list-style-type: none"> ▪ The production of additional financial reports. ▪ Periodicities for reporting that are different from government's normal reporting cycle. ▪ Formats for reporting that do not use government's existing chart of accounts.
Use of national auditing procedures (Q ^{d7})	<p>Donors rely on the audit opinions, issued by the country's supreme audit institution, on the government's normal financial reports/statements as defined above. The use of national auditing procedures means that donors do not make additional requirements on governments for auditing.</p>
Use of national procurement procedures	<p>Donors use national procurement procedures when the funds they provide for the implementation of projects and programmes are managed according to the national procurement procedures as they were established in the general legislation and implemented by government. The use of national procurement procedures means that donors do not make additional, or special, requirements on governments for the procurement of works, goods and services. (Where weaknesses in national procurement systems have been identified, donors may work with partner countries in order to improve the efficiency, economy, and transparency of their implementation).</p>

1. EU target 2		
Provide all capacity building assistance through coordinated programmes with an increasing use of multi-donor arrangements ³		
2. Introduction		
<p>EU target 2 aims to measure progress in aligning and coordinating support for capacity development. It's closely linked with indicator 4 of the Paris Declaration. Therefore, the term "capacity building" used in the EU target is interpreted as "technical cooperation". This use of the DAC definitions allows consistency with the DAC monitoring of the Paris Declaration.</p> <p>The term "coordinated" also refers to the DAC definition which covers the following principles: ownership of TC by partner countries, alignment of TC with countries/local strategies and objectives and, where more than one donor is involved, harmonisation of TC among donors.</p> <p>To avoid confusion, we strongly advise that you use the definitions given in the OECD guidance, by clicking on the link http://www.oecd.org/dataoecd/13/29/36306366.doc. DAC criteria on this indicator are being updated to make them easier to use and in January the final version to be used for monitoring the indicators in 2008 will be available on this site.</p> <p>Finally please note that a separate AIDCO initiative on EU target 2, related to preparing a strategy for achieving the target, is ongoing in 46 Delegations. Through this EAMR however, we hope to capture information from all delegations. Questions 1 and 2 below seek quantitative information on technical cooperation. Section 4 seeks qualitative information from delegations not participating in the survey launched by AIDCO (46 Delegations contacted) and provides the opportunity to share your experience and views.</p>		
3. Questions and definitions		
1	How much technical cooperation did you disburse in 2007 (Total TC in EUR)? <i>OECD question reference in the Paris survey : Q^{d3}</i>	Euro 250,000
2	How much technical cooperation did you disburse through co-ordinated programmes in support of capacity development in 2007 (EUR)? <i>OECD question reference in the Paris survey : Q^{d4}</i>	Euro 150,000
4. Definition of Indicator		
3	$Q^d 4 / Q^d 3$ (please calculate this and enter in the next column as %)	60 %

³ Despite the different wording the target is interpreted to correspond to Paris Declaration indicator 4. Please pay particular attention to the definition for the question Q^{d4}.

5 Additional Information

4

Qualitative information⁴ :

Are there any significant initiatives to promote coordinated technical cooperation in your country?

If so, please provide a short description. And indicate whether they are linked to the Code of Conduct / Division of Labour process or any other "EU initiatives"

If not, highlight key constraints delaying joint work on TC and capacity development.

Please note any other comments you have on these issues

The donor community is very small in T&T with the EC the only provider of grants, as such the initiative is not particularly applicable to the T&T setting. However, any technical initiatives provided by other development agents such as the UNDP and IADB are usually shared between the various agencies.

⁴ These questions are taken from the survey on " Developing an EuropeAid Strategy on TC and PIU" sent to delegations which are members of the Aid Effectiveness Network. **They need to be answered by delegations who are not participating in this survey.**

1. EU target 3		
Avoid establishment of new project implementation units (PIUs).		
2. Introduction		
<p>EU target 3 aims to assess progress towards strengthening local capacity by tracking the number of PIUs put in place to manage projects and programmes. It is linked to indicator 6 of the Paris Declaration. This target is interpreted as "avoiding the establishment of new parallel PIUs"</p> <p>To avoid confusion, we strongly advise that you use the definition of parallel PIUs given in OECD guidance, by clicking on the link http://www.oecd.org/dataoecd/13/29/36306366.doc. DAC criteria for this indicator are being updated to make them easier to use and in January the final version to be used for monitoring the indicators in 2008 will be available on this site.</p> <p>Finally please note that a separate AIDCO initiative on EU target 2, related to preparing a strategy for achieving the target, is ongoing in 46 Delegations. Through this EAMR however, we hope to capture information from all delegations. Questions 1 and 2 below seek quantitative information on technical cooperation. Section 4 seeks qualitative information from delegations not participating in the survey launched by AIDCO (46 Delegations contacted) and provides the opportunity to share your experience and views.</p>		
3. Questions and Definitions		
1	<p>How many parallel project implementation units funded by EC were in operation in December 2007? <i>OECD question reference in the Paris survey : Q^d10</i></p>	4
2	<p>Out of these, how many <u>new</u> parallel project implementation units were established during 2007?</p>	0
4. Additional Information		
3	<p>Qualitative information⁵:</p> <p>Are there any significant initiatives to avoid the establishment of parallel PIUs in your country?</p> <p>What in your opinion should be done to increase domestic ownership and quality of project implementation arrangements?</p> <p>If so, please provide a short description. If not, highlight key constraints.</p> <p>Please note any other comments you have on these issues</p> <p>All EU funded PIUs attempt to integrate into the Government systems. However, national human capacity is low in some sectors and as a result while the TA works with local counter parts, much of the work and responsibility, is in reality, in the hands of the PIUs.</p> <p>All new programmes, apart from the TCF, to be funded under the 10th EDF will be sector budget support programmes and subsequently it is unlikely for any new PIUs to be established in the near future.</p>	

⁵ These questions are taken from the survey on " Developing an EuropeAid Strategy on TC and PIU" sent to delegations which are members of the Aid Effectiveness Network. **They need to be answered by delegations who are not participating in this survey.**

1. EU Target No 4		
Reduce the number of uncoordinated missions by 50%.		
2. Introduction		
<p>The aim is to collect data on the number of uncoordinated EC Missions to your country. The information needed is (a) the total number of EC Missions to your country and (b) how many of these were coordinated.</p> <p>The Paris Declaration objectives underlying the related indicator of progress for coordinated missions are: "In planning their missions to the field⁶ it is important that donors: Conduct fewer missions, coordinate timing of missions with partner authorities and, where necessary, with other donors, <i>conduct more joint missions, avoid conducting missions during "mission free periods"</i>⁷.</p> <p>Coordinated mission is a mission undertaken by 2 or more donors jointly, or by one donor on behalf of another. In practice, the following 3 questions help to clarify what is meant by a mission:</p> <ol style="list-style-type: none"> 1. Does the mission involve international travel to a beneficiary country? i.e. this concerns only missions from HQ, not missions undertaken within the country by the Delegation. 2. Does the mission involve a request to meet with government officials, including local government? 3. Is this mission undertaken by 2 or more donors jointly? Or is it done by an HQ service also on behalf of another donor? <p>The Definitions and Guidance of the OECD (www.oecd.org/dataoecd/13/29/36306366.doc) requires that missions undertaken by consultants contracted by AIDCO (or other DG's), if they meet the 3 above questions, must also be included.</p>		
3. Questions and definitions		
OECD	How many HQ missions to the field were undertaken in FY 2007? ⁸	16
ref: Q^d15		
Q^d16	How many of these were coordinated?	0
Please provide a breakdown of missions the Commission and its services have undertaken to your country in FY 2007 in the table below:		
Missions by:	Coordinated	Uncoordinated
Members of Commission	0	0
AIDCO	0	0
DEV	1	1
RELEX	0	0
TRADE	1	1
ECHO	0	0
FISH	0	0
(OTHER DGs) including 'Mother' Delegation	5	5
Consultants contracted by the Commission	0	9
Total	0	16

4. Definition of Indicator		
Q^d16 / Q^d15	2006	2007
Please calculate and enter in the column for 2007 and also include the figure for this indicator for 2006 ;	0/2 = 2	0/16 = 16

⁶ 'Field' refers to the country in general including missions to the capital only.

⁷ The target set for 2010 for indicator 10 a) is to have 40% if donor missions to the field as joint.

⁸ This question applies to the missions from the HQ

5. Additional Information

Delegations are invited to list the dates for main HQ missions already planned for the March 2008 to August 2008, indicating whether they are, or not, to be coordinated with other donors;

HQ DG	Date planned	Purpose/Sector	Coordinated (Yes/No)
Non planned			

Delegations are suggested to indicate higher priority requests for HQ missions needed from September 2008 to February 2009, but not yet agreed with HQs, that the Delegation estimates serve better the coordination arrangements at local level and can yield more added value for the policy dialogue.

HQ DG	Date planned	Purpose/Sector	Donor(s) involved
Non planned			

Delegations are asked to briefly inform if there are significant initiatives to decrease the number of uncoordinated missions in your country? If so, please provide a short description. If not, highlight key constraints.

There are few missions to T&T and the majority of these are either project specific or missions from the mother Delegation in Guyana. As the EU is the only grant donor in the country it is unlikely that missions will be made jointly in the future.

Finally, Delegations are asked to assess the likelihood of meeting, by 2010, the twin targets for missions, ie. the OECD target of 40% and the EU target of halving the number of un-coordinated missions.

- OECD target of 40% likely to be met: **No**
- EU target of halving the number of un-coordinated missions: **No**

Delegations are asked to briefly indicate what additional steps HQ should be prepared to consider to help in achieving those targets at the level of the beneficiary country concerned:

Considering the extremely low number of missions from HQ (the DEV and AIDCO desks have not been to T&T for 3 years) and as the personnel are new to their posts it would appear more sensible to increase rather than retain the current trend of missions.

Other aid effectiveness related information

On 4 July 2007 our Counsellors Louis Michel and Benita Ferrero-Waldner wrote to all Heads of Delegations requesting implementation of the Code of Conduct for Division of Labour. Several Delegations have responded and have attached their progress reports on aid effectiveness. We need information on the specific points below:

1. Paragraph 5 of the Council conclusion on Division of Labour notes:

"Simultaneously with the implementation of the Code of Conduct, the Member States and the Commission **will promote wide discussions with partner countries and other donors on complementarity and division of labour**, based on the EU code of Conduct which will be complemented by first experiences in the field. **The outcome of these discussions would constitute an input to the OECD/DAC partnership and the High Level Forum on Aid Effectiveness III that will take place in Accra, Ghana in 2008.** The Council invites the **incoming Presidencies to actively support such a process**, in close cooperation with the Member States and the Commission." (Highlights by AIDCO 01)

1.1 Have the discussions with partner countries and other donors been held?

(a) **If yes**, when and what was the result? Please describe in brief how these talks are progressing.

(b) **If no**, are there plans to hold them? If yes, please describe briefly what the plans are.

Considering the scarcity of donors in T&T (EC the only grant provider with IADB the only agency giving loans) it is apparent that such discussions would be low on the priority list of the GORTT. However, frequent coordination meetings do take place between the delegation and the 5 MS present in T&T although the GORTT has showed no inclination to attend when invited.

1.2 What input on division of labour is planned by the partner country towards HLF III? If none, then leave blank.

2 In paragraph 14 the Council invites the Commission to outline Community implementation of the Code of Conduct in its annual report on development cooperation, including: '**a self-assessment in its potential areas of comparative advantage** as referred to in the joint Development Policy Statement'. (highlights by AIDCO 01)

2.1 What action has been taken towards this self assessment of comparative advantage?

(a) If yes, please describe the process in brief and the results.

(b) If no, do you have any plans for initiating such a process? What are the plans?

There are no immediate plans for such a process. The EC is the only grant donor using policy based instruments such as sector budget support which is being generally used in all operations. The MS and the IADB are still operating with the project approach.

3 In country that have already initiated some form of division of labour:

3.1 Please describe the process. (e.g., when did it start; partner country leadership; donors involved; results on the ground, etc).

3.2 As a result of this process, did the Delegation:

- Reduce or expand the sectors in which it remains active?
- Exit from any sectors? Specify
- Enter any new sectors? Specify
- Become lead donor in any sectors? Specify
- Enter into delegated cooperation partnerships? Please specify.