

**TRINIDAD AND TOBAGO-EUROPEAN UNION
COOPERATION**

TRINIDAD AND TOBAGO

**LATEST VERSION 29/06/03
ANNUAL REPORT**

2002

**Prepared Jointly by the
Delegation of the European Commission
and the
National Authorising Officer of the European Development Fund**

April 2003

TABLE OF CONTENTS

| | | |
|-------------|--|----|
| 1 | EXECUTIVE SUMMARY | 1 |
| 2. | THE NATIONAL POLICY AGENDA | 3 |
| 3. | UPDATE ON THE POLITICAL, ECONOMIC AND SOCIAL SITUATION | 3 |
| | 3.1 Human Rights, Rule of Law, Good Governance and Fight Against Corruption | 4 |
| | 3.2 Achievements in the Social Sectors | 5 |
| | 3.3 Macro-Economic and Structural Reform Performance | 7 |
| | 3.4 Trade Arrangements, Shifts in Terms of Trade and External Debt Burden | 9 |
| | 3.5 Regional Politics and Progress in Regional Integration | 9 |
| | 3.6 Quality of Management of Public Finances and Budgetary Expenses | 9 |
| | 3.7 Environment | 10 |
| 4. | OVERVIEW OF PAST AND ONGOING COOPERATION | 10 |
| | Table I. Performance of the 6 th , 7 th and 8 th EDFs as at 31 December 2002 (in Euros) | 11 |
| | 4.1 Focal Sectors | 12 |
| | 4.1.1 Economic Diversification and Employment Creation | 12 |
| | a) Results | 12 |
| | b) Activities | 12 |
| | c) Degree of Integration of Cross Cutting Issues | 13 |
| | 4.1.1 Poverty Reduction | 13 |
| | a) Results | 13 |
| | b) Activities | 13 |
| | c) Degree of Integration of Cross Cutting Issues | 14 |
| | 4.2 Actions Outside the Focal Sectors: | 15 |
| | 4.3 Utilisation of Resources for Non-State Actors | 15 |
| | 4.4 Other Instruments | 16 |
| | 4.4.1 European Investment Bank (EIB) | 16 |
| | 4.4.2 Regional Cooperation | 16 |
| 5. | PROGRAMMING PERSPECTIVES FOR THE FOLLOWING YEARS | 16 |
| | Table II: Balance of funds of 6 th , 7 th and 8 th EDF as at 31/12/02 | 18 |
| | Table III: TRINIDAD & TOBAGO: Pipeline 2003-2007 | 19 |
| 6 | 2003 ANNUAL OPERATIONAL REVIEW – SPECIFIC THEMES | 20 |
| | 6.1 The speeding up of the use of old EDF resources | 20 |
| | 6.2 Setting indicators and targets for measuring results in the focal sectors | 20 |
| | Table IV: Indicators and targets (see above for sources) | 22 |
| | B: Health Sector: General Health indicators and HIV/AIDS specific indicators | 25 |
| | 6.3 Dialogue in country with NAO and non-State actors | 28 |
| 7. | CONCLUSIONS | 29 |
| ANNEX I | Intervention Framework: GoTT Sectoral Objectives and Measures for the 8 th EDF (Updated with Status Assessment) | 32 |
| ANNEX II. | Chronogramme -- Schedule of Preparation and Implementation Phases of EDF Projects and Activities for the Period 2002 - 2005 | 34 |
| ANNEX III. | Forecast of commitments and disbursements 2003-2004 | 35 |
| ANNEX IV: | NIP of the 8 th EDF --Financial Situation and Status Report of Projects funded (as at 31.12.02 in EUR) | 36 |
| ANNEX V: | NIP of the 7 th EDF --Financial Situation and Status Report of Projects funded (as at 31.12.02 in EUR) | 37 |
| ANNEX VI. | NIP of the 6 th EDF --Financial Situation and Status Report of Projects funded (as at 31.12.02 in EUR) | 38 |
| ANNEX VII: | Regional Programmes Executed from Trinidad and Tobago: Financial Overview Dec 2002 | 39 |
| ANNEX VIII. | Financial Situation and Status Report of Projects Funded by the European Investment Bank in Trinidad and Tobago (as at 31.12.02 in EUR) | 40 |

1 EXECUTIVE SUMMARY^a

Politics: Following the general elections of December 2001, which produced a 'hung' Parliament with each of the two major political parties winning 18 seats, fresh elections were held in October 2002. These resulted in a 20-seat to 16-seat result in favour of the incumbent Peoples National Movement (PNM) administration under the leadership of Prime Minister Patrick Manning. The first sitting of the new parliamentary term was held in October 2002.

During 2002, the national policy agenda remained largely as for 2001 with the main emphasis being on diversification and transformation of the economy, and on social development.

Economics: No significant diversification of the economy occurred in the period under review with a continued high dependency on the energy sector (almost 25%). Services remained the largest single sector accounting for close to 2/3 of GDP. The economy continued to grow (3.2%) though at a lower rate than the previous three years with low inflation (4.2%) a further decline in the unemployment rate (down to 10.1 from 10.8) and a strengthening of the balance of payments position. Food prices fell by 10.5%. National public debt continued to rise (by 3.5%) to reach 51.5% of projected GDP but debt service charge as a proportion of government revenues fell significantly from 37.2% in 2001 to 21.5% in 2002.

Social development: In education, capital expenditure continued to grow at a similar rate to GDP and with continued emphasis on tertiary education. In health, around 11% of the capital budget was spent on infrastructure in financial year 2001-2. A 5 year national strategic plan for HIV/AIDS was prepared and discussions initiated with the World Bank for funding part of the projected US\$90 million implementation cost. Measures to combat crime included strengthening the judiciary and the police detection and response systems as well as increasing the focus on social programmes.

The 6th, 7th and 8th EDFs: Only 40.8% of the 47.8M Euro allocated since 1986 had been disbursed as at 31 December 2002. It is estimated that 18.8M Euro will be transferred to the 9th EDF from earlier EDFs. A significant amount of EDF funds (€14.6 M) are being held up in programmes, which are inactive but so far not closed - the majority (€12.02 M) linked to an arbitration decision on the Solomon Hochoy Highway project. **Active projects were:** (i) Support to the Caribbean Business Services Ltd – Phase I concluded March 2002 and a FP accepted for a Phase II (ii) Poverty Reduction Programme started with a PMU established and first WP accepted (iii) Institutional Strengthening of the Office of the NAO continued with a second phase project approved to 2005. (iv) Management Plan for North-east Tobago – plan completed for discussion and finalisation in 2003. **Studies** were completed for projects in Rural Electrification- Phase II, Support to Caribbean Business Services Ltd (CBSL)-Phase II, Improvement of Cocoa based farming systems, and Small and Medium Business Development.

9th EDF: The Country support strategy was signed with sectors of concentration agreed as tertiary education (€13.6M) and HIV/AIDS (€3.4M). These amounts will be supplemented by the balance of the previous EDFs (€18.8M). Activities for preparation of associated studies were begun.

Streamlining of the Delegation: The Office of the EC in Curacao, dependant on the Delegation in Trinidad and Tobago was closed in July 2002. All project management, preparation and follow-up was since covered directly from Port of Spain. This temporary arrangement is foreseen to last until the first quarter of 2003 when the Guyana Delegation will take over this responsibility.

^a Note: figures used throughout this report are based on published data available in 2003. In some cases the figures may differ from those given in the 2001 annual report for years before 2002.

Staff in the Delegation in Port of Spain was reduced by two officials (including the Ambassador) mid 2002 and one ALAT post was established. The Commission is now represented in Trinidad and Tobago by the non-resident Head of Delegation for Guyana and Suriname. The Delegation is headed by a Chargé d'Affaires a.i. in the absence of the Head of Delegation. A number of local staff posts are also expected to be cut prior to deployment of new resources under the devolution process.

2. THE NATIONAL POLICY AGENDA

The overall objective of Government policy is that of "improving the quality of life of all citizens". The national development strategy expressed in the "Medium Term Policy Framework 2002-2004 (Ministry of Finance 2002), had objectives of:

- Developing a vibrant, robust, productive and diversified economy;
- Achieving full employment by 2010;
- Transforming the economy into one that is globally competitive and technology-driven;
- Developing a knowledge-based society;
- Assuring security of life and a decent standard of living for all citizens;
- Ensuring equal opportunity and promoting social cohesion.

Some progress was made towards meeting the objectives of the ACP-EC Partnership Agreement that aims for poverty reduction, sustainable development and integration into the world economy. The EU-funded project "Poverty Reduction in Trinidad and Tobago", which was launched in December 2001, initiated activity towards supporting the decentralization of the social services delivery system in the country. The country continued to participate in negotiations at the WTO and for the creation of the FTAA and participated in initial discussions in connection with the Cotonou Regional Economic Partnership Agreements.

3. UPDATE ON THE POLITICAL, ECONOMIC AND SOCIAL SITUATION

Table 3.1 Indicators Relevant to Ten Millennium Development Goals

| Type | Indicator | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 |
|---------|--|-------|-------|-------|-------|-------|------|------|------|
| Impact | 1. Proportion of population below \$1 per day | | | | | | | | |
| | 2. Prevalence of underweight children (%under-five years of age) | | | | 7 | | | | |
| | 3. Under-five mortality rate (per 1000 live births) (in 1970: 57) | | | | 20 | | | | |
| Outcome | 4. Net enrolment ratio in primary education (%) | 95.0 | 99.8 | 99.2 | | | | | |
| | 5. Primary Completion Rate (%) | | | 99.6 | 99.4 | 99.7 | | | |
| | 6. Ratio of girls to boys in (per 100 boys): | | | | | | | | |
| | - primary education | | | 96.7 | 96.6 | 95.5 | | | |
| | - secondary education | | | 109.5 | 110.1 | 108.1 | | | |
| | - tertiary education | | | 86.2 | 96.4 | 96.0 | | | |
| | 7. Proportion of births attended by skilled health personnel (%) | 99.04 | 99.08 | 99.12 | | | | | |
| | 8. Proportion of 1 year old children immunised against measles (%) | | | 91 | 90 | 91 | 90 | | |
| | 9. HIV prevalence among 15-24 year old pregnant women (per 10,000) | | | 11.56 | 5.70 | 9.78 | | | |
| | 10. Proportion of population with sustainable access to an improved water source | | | | 86 | | | | |

Source(s): Central Statistical Office provided the information for items 3, 4, 5, 6, 7. /// Ministry of Health for item 8. National HIV/AIDS Surveillance Unit, Ministry of Health for Item 9; UNDP Human Development Report 2002 for item 10

Table 3.1 indicates the difficulty in assembling indicators on the ten millennium development goals for the period 2000 – 2002. Where there was a deficiency of data for the period 2000-2002, as was the case for several indicators, additional information is presented for 1997-2000. The data are not

available for the poverty line of US\$1 per day or a poverty line scaled in domestic currency. This deficiency will be addressed in 2003 under the EU-funded Poverty Reduction Programme through a survey and institutional strengthening initiatives. A similar problem of deficiency of the data also exists with respect to the prevalence of under-weight under 5-year old children.

3.1 Human Rights, Rule of Law, Good Governance and Fight Against Corruption

Following on the general elections of December 2001, which produced a 'hung' Parliament with each of the two major political parties winning 18 seats, fresh elections were held in October 2002. The elections of 2002 produced a 20-seat to 16-seat result in favour of the incumbent Peoples National Movement (PNM) administration under the leadership of Prime Minister Patrick Manning. The first sitting of the new parliamentary term was held in October 2002.

During the year 2002, human rights and freedoms and the independence of the Judiciary remained unchanged and entrenched in the Constitution. The rule of law continues to be seen as a critical element for progress in the social and economic spheres as evidenced by wide-ranging measures intended to have an impact on increased crime. These measures taken to address crime have included: implementing projects geared towards improving the welfare of the less privileged; improving the social safety net with programmes that enhance employment and training and retraining opportunities; improvements to the system for the administration of justice that included providing for the establishment of a Family Court and commencing the construction/refurbishment of several Court facilities; institutional strengthening of the Judiciary, the Ministry of the Attorney General and the Ministry of Legal Affairs to increase levels of efficiency; establishment of a sentencing committee; improvements to prison facilities; increasing the effectiveness of systems for maintaining public order and safety, such as the expansion of the E-999 rapid response system, construction of additional police stations, acquisition of software for a fleet management system and improved information access in the police service, and acquisition of computers and equipment to expand the AFIS/Mug shot and criminal records database systems and digital mobile cameras (15) for use with the mug shot ID system.

The efforts of the government towards good governance included an expenditure of \$80.9 million towards modernizing and improving the public sector through activities in areas of institutional strengthening, capacity building for policy formulation, computerization, and rehabilitation and construction of public buildings. The specific activities included: preparation of strategic plans and conduct of reviews in several Ministries of current procedures and policies towards enhancing functional capabilities and efficiency of service delivery; advanced training scholarships and skills training for members of the public service; improving its information technology and telecommunications systems; development of a multi-million dollar Automated Human Resource Information System (IHRIS) that will automate human resource management within the public service, as well as to link all Ministries and Departments via a WAN. Establishment of an Electronic Government Unit and National E-Commerce Secretariat in the Ministry of Trade and Industry to deal with the country's state of e-readiness, e-commerce policies and the provision of electronic access to information on government services; and improving the IT infrastructure at the Inland Revenue Division to facilitate widening of the tax and reduced processing time for returns and dealing with queries.

The fight against corruption included efforts to draft tighter legislation and regulations for the conduct of public officials, and the conduct of several Commissions of Inquiry and investigations into allegations of impropriety voiced in the society, press and political arena.

3.2 Achievements in the Social Sectors

The Government has adopted a people-centred approach to development that has core strategies of addressing immediate needs and providing beneficiaries with the capacity to empower themselves. More specific aspects of the strategy particularly as it relates either directly or in an enabling way to poverty reduction involve (i) reducing unemployment, (ii) increasing the social infrastructure such as in housing, (iii) improving access to and the quality of social services, (iv) expanding rehabilitative and drug treatment facilities and programmes, (v) enhancing access to quality education and training and (vi) improving healthcare.

Unemployment: Unemployment, a major source of income poverty, was 10.1% of the labour force at the end of June 2002, a significant decline from the 10.8% annual average for calendar year 2001. The good news on unemployment was enhanced by an inflation rate projected to be 3.9% in 2002. More importantly, for the first time in more than 10 years there was a decline (of 10%) of the food component (to which the poor are most sensitive) of the Retail Price Index (Ministry of Finance Review of the Economy 2001-2002).

Infrastructure: Government, for the financial year October 2001 to September 2002, expended 47% of its capital budget towards developing the social infrastructure (i.e., capital expenditures in Education, Health, Housing and Settlement, Human Resource Development and Training and Support for Employment). Actual expenditure on social infrastructure for the financial year 2000-2001 was 45.8%; for the financial year 1999-2000 it was 36.8%.

Social Services: In keeping with the emphasis placed on social programmes, resources totaling \$68.4 million were utilised by the various social sector agencies and departments in implementing a range of projects and programmes geared to providing positive benefits to the society at large and disadvantaged groups in particular. Overall, approximately \$28.1 million supported the poverty eradication effort by providing for skills training, micro-enterprise development, community enterprise development, public assistance benefits, family life counseling and sporting and cultural activities. Programmes such as the IDB-assisted Community Development Fund (CDF) provided funding for projects (including self-help projects) for the benefit of low-income individuals and communities. The CDF for the most part channeled its assistance through its NGO/CBO Grants Window programme, the National Commission for Self Help Limited (NCSHL), SERVOL (Early Childhood Care Programme) and initiatives to strengthen the capacity of NGOs, CBOs and other agencies. The NCSHL spent 3.4 million in self-help community-based infrastructure development projects that benefited more than 20,000 people in disadvantaged communities.

The Government also continued to expand and improve the facilities for activities in areas such as drug rehabilitation, family counseling, and rehabilitation of first-time criminal offenders. More than 3.3 million was used to complete refurbishment of wards at the Caura Substance Abuse Prevention and Treatment Centre, construct a multipurpose facility at the Piparo Drug Rehabilitation Facility, furnish and equip the Remand Home at Aripo and upgrade skills for mediators, including training in specialist areas of family, community and victim/offenders mediation.

Education: Analyses indicate that capital expenditure on education is growing at the same rate as GDP, which grew at 2.7% in the past year. Expenditure on education as a percentage of GDP is provisionally projected to be 3.85% in 2002, approximately the same as in 2001 (3.97%). The value of national income spent on education increased 2.9% in 2002 over the expenditure in 2001.

The government, with the assistance of loans from the World Bank and the IDB, continued to implement strategies to improve the quality of education at the pre-primary, primary and secondary levels to meet the needs of individuals and the socio-economy. Efforts at the pre-primary and

primary levels were assisted by the World Bank-assisted Fourth Basic Education Programme and included completing construction of Early Childcare and Education Centres (ECCEs), constructing and refurbishing of primary and secondary schools, curriculum reform, improving the quality of teaching in private and public ECCEs and in primary schools through varied programmes, providing textbooks to needy students, and advancing the School-based Management Programme for an additional 66 primary schools. At the secondary level, the government with the assistance of the IDB Secondary Education Modernisation Programme (SEMP), sought to (i) improve curricula development, (ii) strengthen teacher education and development, and (iii) expand student support services such as school nutrition programmes. The government, from its recurrent revenues, funded the salary of teachers and equipment and supplies in the education sector.

At the tertiary level the Government in 2002 sought to improve the quality of the system by improving administrative and physical capacities at the College of Science Technology and Applied Arts of Trinidad and Tobago (COSTAATT), improving equipment and laboratory facilities at the Trinidad and Tobago Institute of Technology (TTIT) and commencing the construction and equipping of Technology Centres in Trinidad and in Tobago. In fiscal year 2002, the College of Science, Technology and Applied Arts of Trinidad and Tobago (COSTAATT) continued its implementation of a Wide Area Network (WAN) to link campuses of the College. The WAN Technical Team completed the WAN design and prepared the Requests for Proposals for the procurement of hardware and peripherals. Servers were configured and software installed. In addition preparatory activities were commenced for a consultancy to prepare a Master Plan for the development of the COSTAATT, including the proposed central campus at St. Joseph. An application was made to CDB for a loan of US\$1 million (TT\$6.3 million) to develop the Master Plan for COSTAATT. The Metal Industries Company (MIC) utilized \$3.0 million to train 72 full-time trainees in Tool & Dye Making, Mould Making and Precision Machining, and 3 Engineering Trainees in Workshop/Plastics/Design. In addition the GoRTT continued the Dollar for Dollar programme which provides a source of funding for studies in the tertiary education sector. In fiscal year 2002 6400 students benefited from the programme. At the end of September 2002 expenditure from the Dollar for Dollar programme totalled TT\$23.3 million. The expenditures of the Dollar for Dollar programme, which is financed from a special fund, are not included in the capital expenditures for education stated previously.

In the area of Science and Technology, the National Institute of Higher Education Research, Science and Technology (NIHERST) utilized \$1.5 million for a Feasibility Study for the establishment of a National Science Centre and to host a successful Sci-Technofest 2002 Festival during April 12-21, 2002. In addition, \$3.3 million was used to facilitate training under the Scholarship and Advanced Training Programme in Civil Engineering, Meteorology, Planning and Development, Computer Information Systems, Hindi, Maritime Affairs, Public Sector Management and Tourism. The National Library Information Services (NALIS) used \$7.5 million to procure books and materials for public libraries and award 22 scholarships for the M.Sc. in Library and Information Science, and the Master of Library Science Degrees.

Health: Government spent 11.6% of its capital budget on the health sector for the financial year 2001-2002; in financial year 2000-2001 the comparable value was 14.3%. The major portion of investment expenditure in the health sector was mediated through the IDB-funded Health Sector Reform Programme which is implementing a strategy of improving the delivery of health services by upgrading the infrastructure, developing the human resources to provide an increased quality and range of services, institutional strengthening to improve the efficiency and effectiveness of delivery systems, and increasing attention to primary health care in order to more adequately address preventable morbidity and mortality through lifestyle changes.

In fiscal year 2002, 15 Health and Outreach Centres were constructed or upgraded, one wing of the San Fernando General Hospital was renovated, and one District Health Facility was constructed. The human resources in the health sector were developed further through several training programmes designed and implemented to support changes in structure and operating systems being introduced under the HSRP. These training programmes included: (a) a third batch of 12 doctors in the 2-year postgraduate diploma in family medicine at the University of the West Indies; (b) completion of training of 12 persons in Oncology Nursing at Mc Master University in Canada; (c) training of 30 nurses in each of Nursing Education, District Health Visiting, and District Nursing.

Several institutional strengthening initiatives were undertaken in 2001. Consultancy services were used to develop and test models of finance and accounting systems and human resource management systems. Technical assistance provided policy advice for health sector financing and the more efficient operations of pharmacy services and emergency ambulance services. In addition, work continued on developing a Health Facilities Accreditation System and a Health Facilities Maintenance and Engineering Model.

With respect to HIV/AIDS, the Government completed a national strategic plan to reduce and prevent the spread of HIV/AIDS. Discussions were initiated with the World Bank for financing part of the cost of implementing the national strategy, for which it is projected an expenditure of US \$90 million over five years will be required.

3.3 Macro-Economic and Structural Reform Performance

Economic Performance: Economic growth slowed in 2002. A growth rate of 3.2 % was noticed following on the 4.0% achieved in 2001 and 6.1% in 2000. The growth rate resulted from a 10.7% expansion of the petroleum sector (in 2001 it was 2.4%) and a weaker performance of the non-energy sector of 1.0% (in 2001 it was 3.8%). GDP per capita is projected to be TT\$45,400 in 2002 following on a value of TT\$41,465 achieved in 2000.

The inflation rate slowed to 4.2%; in 2001 it was 5.5% and in 2000 it was 3.5%. The decline in the inflation rate was primarily due to decrease in food prices (10.5%), which is a reversal of events in the past 7 years. This has implications for the poor, who generally spend a larger share of income on food. The exchange rate appreciated in the first six months of the year from TT\$6.29 to TT\$6.16 per US dollar in August 2002. However, the exchange rate depreciated thereafter to end the year at a rate not far from that recorded at the beginning of 2002.

Balance of Payments: Net foreign exchange reserves continued to improve in 2002. At the end of June 2002, net foreign reserves were US\$ 2096.1 million or 10.8% above the US\$1,778.7 million recorded at the end of 2001. Gross foreign assets at the end of June 2002 also increased by 4.9% to US\$2575.9 million. This represents the strongest country reserve position since 1982 and translates into more than six (6) months of import cover.

Banking and Finance: The year under review witnessed a slight reduction in the unusually high levels of liquidity in the banking system. The liquidity indicator, measured by the liquid assets of commercial banks as a percentage of deposit liabilities, averaged 24.7 percent for the period October 2001 to July 2002, a 4.3 percent fall from its average for the previous corresponding period and the high of 29.9 percent in December 2001. The liquidity situation was seen as a result of continued expansion of the Energy sector and relatively weak demand for foreign exchange.

The Central Bank, to assist in "mopping up" the excess liquidity in system, issued a significant amount of Treasury Bills and Treasury Notes in the first half of 2001. By April 2001, however, the Central Bank having reached the \$3 billion limit for the issue of Treasury Bills started issuing its own

notes. In an effort to improve the effectiveness of monetary policy, the Central Bank introduced an overnight interest rate for Central Bank repurchase activities. This new Repo Rate, which was set initially at 5.75 percent and will influence overnight liquidity to the banking system, was reduced to 5.25 percent in August 2002.

Government Fiscal Operations: A Government budget surplus of TT\$68.9 million was achieved for fiscal year 2002. The budget surplus in fiscal year 2001 was TT\$390.1 million. The surplus was achieved despite a shortfall in total revenue collections and therefore required tight management of expenditure. Revenue collections were estimated at \$14,025.2 million; \$1,776.3 million short of the budgeted target and \$355.8 million lower than the revenue collections for fiscal year 2001. This weaker revenue performance was due in part to the decline in oil prices in the first and second quarters of 2002. On the expenditure side there were declines in capital investment expenditure and interest payments when compared to the previous year.

Public Debt and Debt Service: The total public debt rose by 3.5% to TT\$ 29,823.0 million at the end of September 2002 (equivalent to 51.5% of projected GDP); the comparable value at the end of September 2001 was TT\$ 28,799.4 (equivalent to 54.8% of GDP). Debt service charges for fiscal year 2002 amounted to TT\$3008.7 million (equivalent to 21.5% of Government revenues). For fiscal year 2001 debt service was TT\$4707.5 million, which was 32.7% of government revenues in that year.

The debt service obligations of the Central Government decreased by 36% from TTD4.7 billion to TTD 3.0 billion during fiscal year 2001/2002. This decline has been attributed to a 33% reduction in the internal debt service, largely on account of the Government's 2001 restructuring exercise, which involved the refinancing of loans totalling TTD 701 million, plus repayments of TTD 498 million on the final tranche of the two-year emolument bonds for public servants, which decreased by 41% to TTD 1.2 billion. The decrease is primarily due to the repayment of a US\$ 125 million Eurobond issue during fiscal year 2001 and the fact that there was no repayments of similar magnitude during fiscal year 2002.

Employment: During the period October 2000 to March 2001 the number of persons employed increased by 10 percent to 521,100. The number of males employed during this period increased by 3.3 percent to 332,400 and represented 63.8 percent of the total number of persons employed. The number of females employed also increased over the period to 188,700, 2.4 percent more than the previous comparative period. The data indicate a labour-force participation rate of around 61.2%.

The unemployment rate at the end of June 2002 was 10.1%. The rate of unemployment among males declined from 8.2 percent at the end of December 2001 to 7.5 percent at the end of June 2002. Unemployment among females declined from 14.7 percent to 14.2 percent for the comparative period.

Economic Structure: The economy remained highly dependent on the petroleum sector. In 2002 the petroleum sector is provisionally estimated to have contributed 24.9 percent of GDP; in 2001 the value was 24.5% of GDP.

Trade: During the period October 2001 to April 2002 Trinidad and Tobago's visible trade recorded a 7.6 percent (\$1,250.9 million) decline in exports, and a \$462.5 million or 3.8 percent decline in imports. Over the period October 2001 to April 2002, Trinidad and Tobago maintained a favourable trade balance with its CARICOM neighbours. Within this period, the country's trade surplus grew to \$3,712.8 million when compared to the \$3,214.4 million. Exports grew by a further 10.4 percent to a value of \$4,042.8, while imports declined by a further 26.2 percent or \$117.3 million, a trend, which

has been evident for the past two years. Trinidad and Tobago's main export items to the Region continued to be petroleum and petroleum products, including gasoline, gas oil and jet fuel, which, for the seven-month period ended April 2002, represented 68.8 percent of this country's trade surplus with the Region.

3.4 Trade Arrangements, Shifts in Terms of Trade and External Debt Burden

Trinidad and Tobago's trade policy is guided by the need to increase international competitiveness in the non-energy sectors, preserve foreign investor confidence, develop additional export markets, diversify the energy sector products and deepen trade relations in Latin America and the Caribbean.

Trinidad and Tobago was engaged in several trade negotiations, both at the regional and international levels. At the regional level, there were on-going discussions on the CARICOM Single Market and Economy. During the period under review, this country, as part of CARICOM, successfully negotiated a bilateral trade agreement with the Dominican Republic. In the second quarter of 2002, TIDCO organised a trade mission to the Dominican Republic, to help create contacts and linkages for entrepreneurs interested in trading in that market.

Internationally, Trinidad and Tobago continued negotiating as part of CARICOM, in the Free Trade Area of the Americas (FTAA) agreement. This country also made a bid to host the permanent FTAA secretariat and marketed this country as an appropriate site. Under the World Trade Organisation (WTO), Trinidad and Tobago prepared its requests for market access to other WTO states as well as assessing the requests received by other countries. Under the Cotonou agreement, the country commenced discussions with other ACP States in September 2002 as part of the preparations for economic partnership agreements with the European Union. Negotiations for a Free Trade Agreement with Costa Rica and a Partial Scope Agreement with Brazil and discussions towards a Trade Agreement with Mexico continued in 2002.

3.5 Regional Politics and Progress in Regional Integration

Trinidad and Tobago participated in several regional trade and economic groups, including the Caribbean Community (CARICOM), the Association of Caribbean States (ACS) and the Caribbean Forum of ACP States (CARIFORUM). During 2002, the country participated in negotiations to create the Free Trade Area of the Americas (FTAA) and for bilateral agreements with Cuba, Venezuela and the Dominican Republic.

3.6 Quality of Management of Public Finances and Budgetary Expenses

The Minister of Finance is responsible for the control and management of the Financial Affairs of the State. The procedures and practices for the management of the Public Finances is guided by various laws and regulations, the principal of these being the Constitution of the Republic of Trinidad and Tobago (Chapter 8), the Exchequer and Audit Act Chapter 69:01 and the Financial Regulations and Instructions. The Minister of Finance is assisted in fulfilling the responsibility by agencies such as the Treasury Division. The Treasury Division provides financial accounting services to Ministries and Departments, produces the consolidated accounts of the Republic of Trinidad and Tobago, and develops, establishes and monitors financial management and accounting systems throughout the Public Service.

The Treasury Division is considering a major overhaul of the financial management system in the Public Service to better face the challenges of globalisation, advances in technology, increasing public debt and management of scarce resources. Financial management reform will enable the Public Service to change the way it delivers services and to apply business disciplines and practices in order to ensure that the community, the Government and the Parliament are satisfied

about the cost, quality, quantity and timeliness of the public services delivered. A Financial Management Reform Committee has been established to identify best practice financial management environment and to steer the public service in that direction. The first phase of this project is in progress.

3.7 Environment

The Environmental Management Authority (EMA) in fiscal year 2002 focused its activities on drafting legislation and on enforcement and compliance. Public awareness and education also received attention with the dissemination of information and collaboration with Government Ministries, agencies, industries, NGOs and community groups.

Following the enactment of the Certificate of Environment Clearance (CEC) Rules and the Noise Pollution Rules in 2001, which signalled the start of a new era in environmental management in Trinidad and Tobago, the drafting of other key pieces of legislation was advanced as follows:

- The Water Pollution Rules (2002) and the attendant Fees Regulations were completed for Parliamentary approval;
- Preparation of Air Pollution Rules and the Fees Regulations were advanced to the final stages of completion;
- Hazardous Waste Rules and Draft Non-Hazardous Water Rules were prepared for public comment; and
- The Beverage Container Bill was prepared for review and comment by the Attorney General.
- Water Resource Management Strategy.

4. OVERVIEW OF PAST AND ONGOING COOPERATION

During the year under review projects financed under the 6th, 7th and 8th EDFs either were being implemented or being reviewed. In addition, project preparation activities were undertaken for projects to be financed under the sixth through eight EDFs and also the ninth EDF.

The 6th EDF, the financial protocol of the Lomé III convention, was established on May 16, 1986 providing Trinidad and Tobago with a national indicative programme (NIP) of Euro 15 million in resources. The focal areas of the 6th EDF NIP initially involved the development of (i) agriculture, (ii) the human resources and (iii) tourism but were revised jointly with the 7th EDF in July 1993 to (a) road infrastructure, (b) rural development, and (c) private sector development.

The 7th EDF, the first financial protocol of the Lomé IV convention, was signed on April 12, 1991 providing Trinidad and Tobago with Euro 18.1 million in programmable national grant resources plus Euro 6.2 million from the Structural Adjustment Facility and Euro 1.1 million from global programmable ACP resources. The principal focal area for the 7th EDF NIP was initially tourism development but was revised jointly with the 6th EDF NIP in July 1993.

The 8th EDF, the second financial protocol of the Lomé IV Convention, was signed in March 1997 with focal areas of (a) economic diversification and employment creation, and (b) poverty alleviation. The 8th EDF provided Trinidad and Tobago with Euro 21 million in grant resources - Euro 14.7 million as a first tranche and a second tranche of Euro 6.3 million subject to achieving performance targets. In October 1999 a mid-term review of the 8th EDF NIP indicated that although Trinidad and Tobago had broadly respected the policy commitments set out in the programme, progress in meeting the targets for policy commitments and commitment rates for resources were unsatisfactory. The findings of this review were presented to the EDF Committee in early 2000 and resulted in a decision not to release the second tranche of EDF8. Trinidad and Tobago was notified of the decision in May 2000.

Table I. Performance of the 6th, 7th and 8th EDFs as at 31 December 2002 (in Euros)

| | Value of the NIPs (Euro) (1) | Primary Commitments | | Secondary Commitments | | Disbursements | |
|-----------------------------------|------------------------------|---------------------|-------------|-----------------------|-------------|----------------|-------------|
| | | Value | % of (1) | Value | % of (1) | Value | % of (1) |
| Lomé III (6 th EDF) | 15,000,000 | 14,536,691 | 96.9 | 7,083,998 | 47.2 | 6,967,590 | 46.4 |
| Lomé IV (7 th EDF) | 18,100,000 | 17,057,702 | 94.2 | 16,204,353 | 89.5 | 11,772,046 | 65.0 |
| Lomé IV bis (8 th EDF) | 14,700,000 | 7,492,857 | 50.9 | 2,254,844 | 15.3 | 831,158 | 5.6 |
| Totals | 47,8 | 39,087,250 | 81.2 | 25,543,195 | 53.3 | 850,533 | 40.9 |

Trinidad and Tobago has displayed rather weak performance in utilizing the grant resources allocated by the European Commission. Table I indicates that Euro 19.50 million or 40.8% of the Euro 47.80 million allocated since 1986 was disbursed as at December 31, 2002. The 8th EDF suffered from low rates of allocation, commitment and disbursement.

The low rates of disbursement under the 6th and 7th EDFs are due primarily to disappointing performance on three projects. The Youth Agricultural Credit and Training project (YACTRAP) has had disappointing performance which has been credited to the lengthy period required to set up the trust fund and operationalise the project and to inadequate marketing and outreach activities. The contract for rehabilitation of the Solomon Hochoy Highway, held by the Spanish firm, was terminated in May 1999 due to poor performance – when notice of Breach of Contract was issued in February 1999, seventy percent (70%) of the contract period had expired with 16 percent of the works completed. The L'Anse-Fourmi Charlotteville road failed to attract a favourable decision on funding from the European Commission due to inability to satisfy financial and economic feasibility.

In the year under review there were some activities on projects funded under the 6th EDF and no activities on 7th EDF projects. Further work on de-commitment of excess resources and closure of the 6th and 7th EDF projects was done. Concerning the funds held up in the legal action following termination of the contract for re-construction of the Solomon Hochoy Highway, which represent 82% of the total amount of tied-up funds, an outcome of the problem of the non-release of the bank guarantees for advances is expected for early 2003.

The studies for projects in Rural Electrification-Phase II, Support to the Caribbean Business Services Limited (CBSL)-Phase II, and Improvement of Cocoa-based farming systems under the 6th EDF were completed in the first half of 2002. The Small Business Development study was completed in the second half of 2002.

Under the 8th EDF, the project to develop a Management Plan for North-east Tobago was extended to allow for further information gathering and stakeholder consultations. A second mission to finalise the management plan occurred in mid-2002. The management plan is expected to provide land use information and guidelines and a more informed basis for planning measures taken for the northeast including the remote area that would be made more accessible by construction of the L'Anse-Fourmi - Charlotteville road with funds from the Government.

The 8th EDF project Institutional Strengthening of the Office of the Office of the NAO was extended. The project comprises a technical assistance support unit with a contract staff of three persons, which augmented manpower resources in the Office of the NAO.

4.1 Focal Sectors

The 8th EDF focal sectors of “economic diversification and employment creation” and “poverty reduction” were addressed through basically 2 projects that supported private sector development (CBSL) and with the Poverty Reduction Programme, respectively.

4.1.1 Economic Diversification and Employment Creation

a) Results

Overall, the economy of Trinidad and Tobago continues its growth for the 9th consecutive year though a little slower than in 2001 (3.2% in 2002 in comparison with 4.0 % in 2001).

The petroleum sector showed an increase of 10.7% against the non-energy sector (comprising agriculture, manufacturing and services), which grew by only 1.0%. However, the non-energy sector contributes up to 79% of GDP, 1% higher than in 2001.

Unemployment is down from 11.7% at the end of 2001 to 10,8% in mid 2002. This compares favourably with the annual average of 10.8% for calendar year 2001. It is the non-energy sector, which continues to create most jobs opportunities. (Source: All figures from the Review of the Economy 2001-2002, Ministry of Finance).

The forecast of the changes of GDP and unemployment for 2002 – 2005 is as follows:

| Indicator | 2002 | 2003 f | 2004 f | 2005 f |
|-----------------|------|--------|--------|--------|
| Real GDP growth | 3.2 | 4.5 | 5.5 | 6.0 |
| Unemployment | 10.8 | 9.7 | 9.2 | 8.7 |

f: forecast (Source: Social and economic policy framework 2002 and Central Bank Annual Report 2002)

No figures forecasting the growth of GDP per sector (i.e. non-oil versus energy) are available but a strong growth of the gas sub sector within the energy sector is expected to boost the contribution of the energy sector to GDP.

b) Activities

The overall objective of Trinidad and Tobago-EU cooperation in this focal sector of the 8th EDF is to enhance national efforts to encourage private sector development and provide essential infrastructure for development of the non-oil sector of the economy.

The EDF contribution to the said goal was very limited as seen in the small amount of funds committed to activities related to economic diversification. The Caribbean Business Services Ltd, was the only active project with funds up to €484,441. This project commenced in October 1998 and concluded on March 31, 2002.

8 ACP TR 1 : Support to Caribbean Business Services Ltd. (€484.441)

The project provided demand-driven support to the Small and Medium (SMEs) sector in food and agri-business, downstream and iron casting and plastic industries by way of managerial, marketing and technical advice and transfer of technology.

From January 2002 to March 2002 the company facilitated 6 assignments utilising 83 man-days. This brought the total For the Work Programme from June 2001 to March 2002 to 15 assignments and 441 man-days.

With the resources provided by the first Financing Agreement covering the period October 1998 to March 2002, CBSL was able to facilitate 66 assignments utilizing 1,930 man-days of consultants' time. The assignments included implementing ISO 9000 systems, production managements systems and technical training courses in areas such as wood drying and quarry operations.

Between April 2002 and December 2002 the company facilitated around 17 assignments involving consultants utilising around 310 man-days. Funding for CBSL during this period was provided by the Government of Trinidad and Tobago. This funding is expected to continue until the new CBSL Phase II will start implementation.

The phase II is being proposed for a total funding of €1,983,300 and is expected to get underway by July 2003.

Studies:

Two preparatory studies were foreseen in the Annual Report 2001 for the focal sector of economic diversification and employment creation. A feasibility study for Small and Medium Business Development was completed in November 2002 and a project proposal was prepared for the institutional strengthening of the Ministry of Planning and Development.

c) Degree of Integration of Cross Cutting Issues

The interventions in small business development while not explicitly addressing the cross-cutting issue areas of environmental protection or gender equality will contribute to these by enhancing the efficiency and competitiveness of target firms in, particular, the food and agribusiness sector and by increasing the potential for increased employment in industries that traditionally employ a high percentage of women.

4.1.1 Poverty Reduction

a) Results

Enhancing the quality of life by improving and expanding the access to social services and the promotion of an equitable society by eradicating poverty and reducing imbalances in the society are two of the major priorities of the Government's social policy.

Two major overall impact indicators can be used to measure progress in these fields i.e. the "Population below income poverty line" and the Gini Index.

No changes have been recorded in the data available for the poverty line index when compared to the last 2 previous years.

There is a deficiency of data and analysis of data to enable the measurement of year-to-year changes in the poverty profile for Trinidad and Tobago. Data collection and updating seem to be problematic. Improved poverty related data collection and analysis is actually one of the contributions of the EC funded Poverty alleviation project (see below). The availability of updated poverty related data, within the reach of the project, could as such be set as one of the measures of the success of the Poverty alleviation project itself.

The Gini index, which measures inequality over the entire distribution of income or consumption and where a value of 0 represents perfect equality, is 40.3 in the 2002 HDR report (same figure as in the 2001 report, and both based on data collected in 1992).

b) Activities

8 ACP TR 8: Poverty Reduction Programme (€6,000,000)

The Poverty Reduction Programme, implementation of which began in December 2001, has a total allocation of Euro 6.0 million of which €947,250 was committed and €189,927 disbursed by the end of 2002.

The main purpose of this project is to support the Government in formulating and implementing a National Poverty Reduction Strategy, including decentralisation of the delivery system so that it becomes more responsive to the needs of the most vulnerable groups of the population.

The project is expected to have the following activities:

- (a) Strengthening of the institutional framework for poverty reduction by activities of
 - i. Strengthening the Change Management Unit (CMU);
 - ii. Creating and providing technical support to the Regional Social and Human Development Councils the forerunners of the decentralized system;
 - iii. Conducting poverty Audits.
- (b) Improvement of the delivery of poverty reduction services by activities of:
 - i. Establishing a Micro-project Fund accessible to the grassroots communities for financing of collective social services to vulnerable groups;
 - ii. Establishing a Micro-credit Fund accessible to low-income individuals for the financing of activities to develop their productive capacities; and
 - iii. Facilitating a network of information and resource centres to support the identification and regular mobilisation of all the intervening entities in the delivery of social services to the poorest segments of the population
- (c) Strengthening of the information system on poverty and poverty reduction programmes through activities of:
 - i. Improving the availability of and access to information on poverty;
 - ii. Undertaking regular National and Regional Poverty analyses; and
 - iii. Improving the availability of and access to information on poverty reduction programmes and partnerships.

The programme, having effectively started only in March 2002, is obviously still not in its full implementation capacity so that no measurable results can be shown with respect to programme targets, except for the acquisition of materials, the hiring of staff and the managerial set-up of the project.

However, it is noted that the start-up has been slow (3% of the funds spent in the first year of operation) and it would be advisable for the project management to reschedule specific time related targets and disbursements rates for the rest of the project.

Studies:

Two preparatory studies were foreseen in the Annual Report 2001 for the focal sector of poverty reduction. A feasibility study and draft Financing Proposal for a Phase II of the Rural Electrification project were completed in the first quarter of 2002. A feasibility study and draft Financing Proposal was completed in the first half of 2002 for a project of Improving the Cocoa-based farming systems in Trinidad and Tobago.

c) Degree of Integration of Cross Cutting Issues

The Poverty Reduction Programme will directly and indirectly address the cross-cutting issue of gender equality by providing resources under the micro-project and micro-credit funds to women and in particular, female heads of single parent households.

4.2 Actions Outside the Focal Sectors:

Two projects have been implemented under the non-focal sectors.

8 ACP TR 6 and 12: Institutional Strengthening of the Office of the NAO (€140,216 and 576,200)

This is a project intended to enhance capabilities of the country to prepare projects for EDF funding and manage EC funded programmes by reducing institutional constraints and augmenting manpower resources. The EDF Unit, established under this project, also assists in the identification and programming of future EC funded interventions.

Under the 8th EDF, the Unit facilitated preparations for a number of pipeline projects such as the Caribbean Business Services Ltd. – Phase II; Rural Electrification Programme – Phase II; Improvement of Cocoa-based Farming Systems in Trinidad and Tobago; Small and Medium Business Development Programme- Phase II; Institutional Strengthening of the Office of the NAO; Institutional Strengthening and Capacity Building of the Financial Services Sector and the Services of Government. The unit was very instrumental in the preparation of the Country Strategy Paper and the further preparatory work for the programming of the 9th EDF resources.

In a first phase, which started in 2001 and ended in April 2002, €140,216 was committed and €131,919 spent. A 3-year extension of the programme started in May 2002. Of the total of €576,200, €254,500 was committed and €66 000 paid by the end of 2002.

8 ACP TR 5 and 11 : Tobago Management Plan (€220,000 and 32,000)

The goal of this project is to formulate a Management Plan for North-Eastern Tobago. Of the total allocation of €252,000, €247,100 has been committed and €61, 474 disbursed at the end of December 2002.

Activities under the consultancy to develop a management plan for Northeast Tobago – inclusive of land-use and other guidelines to regulate development activities in the ecologically sensitive region – were initiated on June 24, 2001. The first of two planned missions was completed on August 9, 2001 and the draft Interim Report submitted in September 2001. A second mission took place from June to August 2002 and a draft final report was sent in December. This report will be reviewed and finalized in 2003 ensuring adequate treatment of issues of interest to authorities and communities in Tobago.

Support to Fisheries Export Industry

The EDF unit supported the efforts of the GoRTT for access to the resources of the All-ACP project for fisheries export enhancement. It is expected that the GoRTT will access these resources in cooperation with other CARIFORUM member States.

4.3 Utilisation of Resources for Non-State Actors

The CBSL, the lone fully active project in 2002 in the focal sector of “economic diversification and employment creation”, is targeted to benefit the private sector by providing subsidized management, advisory and Technical services to assist small and medium sized businesses in overcoming constraints to growth. The Poverty Reduction Programme when fully operational will benefit the NGOs and low-income individuals and communities in Trinidad and Tobago, for example by providing funds through its Micro-credit Fund and Micro-Project Fund.

4.4 Other Instruments

4.4.1 European Investment Bank (EIB)

The EIB support to Trinidad and Tobago dates back to the First Lomé Convention and has, in terms of number of loans made, mainly been in the form of loans to Development Finance Ltd (DFL) for provision of funding for investments made by small and medium-sized enterprises (SMEs). The active loans can be found in the tables in Appendix VIII. The second part of the table lists loans managed by the Bank on behalf of the European Commission.

The loans to DFL have been made from both own resources, for on-lending as senior loans, and risk capital, for making of equity or quasi-equity investments in SMEs. In early 2002 two more risk capital loans to the DFL group were approved – one for the making of private equity investments in Trinidad and Tobago and the other countries in the South-eastern Caribbean, and one in support of DFL's establishment of a subsidiary in Guyana. No further loans were allocated after that.

4.4.2 Regional Cooperation

Several regional programmes executed from Trinidad and Tobago in 2002, viz., the Caribbean Agriculture and Fisheries Programme (CAFP), the Caribbean Regional Anti-Money Laundering Programme, Technical assistance to the Caribbean Telecommunication Union, the project for the Strengthening of Medical Laboratories and the Epidemiological Surveillance Programme.

The only new regional project, prepared and managed from Trinidad and Tobago, is the Regional Radar Early Warning Network System. The preparatory studies for this project produced a feasibility study, tender documents, MoU's and a Financing Proposal. The amount involved for the execution of this programme is €13.2 M from the 8th EDF. The FP is supposed to go to the EDF committee in the second semester of 2003.

Annex IX provides information on the financial situation in 2002 of Regional Funds.

5. PROGRAMMING PERSPECTIVES FOR THE FOLLOWING YEARS

Programming activities for the following years will take into consideration the de-commitment of unspent resources from the 6th, 7th and 8th EDF's. The freed resources will be used, partly for two project proposals that were in the approval pipeline in Brussels at the end of 2002. i.e. Support to CBSL-Phase II and Rural Electrification-Phase II (for a total amount of €3,833,300), partly for the preparation of project proposals for funding under the 9th EDF (amounting to €370,000) but mainly for the actual implementation of the programmes in the focal sectors of the 9th EDF.

Table II provides detailed information on this balance of funds available from the 6th, 7th and 8th EDFs as of 31 December 2002.

Approximately €23 M of grant resources is available from the 6th, 7th and 8th EDFs. After €4.2 M for the above-mentioned "committed" projects is deducted, €18.88 M will roll over to the 9th EDF for use under the two focal sectors identified in the Country Strategy Paper. Initial discussions with the Government indicate that the same 80/20 divisions will be applied to these balances, as is the case for the 9th EDF allocation i.e. 80% of the funds will be earmarked for activities in the tertiary education and 20% in the field of HIV/AIDS. All indications are there that those additional funds can indeed be absorbed in the identified sectors.

Table III shows the distribution of all future EDF funds for Trinidad and Tobago. Annex II provides a chronogramme for activities planned in 2003 and 2004 with commitment and disbursement rate forecasts for all balances of previous EDF as well as for the 9th EDF.

Table II: Balance of funds of 6th, 7th and 8th EDF as at 31/12/02

| EDF N° | Project name | amounts in € | | | | | | | | | | date of decision | date start | date end | Actions taken or to be taken |
|----------|---|-----------------|------------|----------------|------------|------------|----------|----------------------------|----------|--|--|------------------|------------|----------|------------------------------|
| | | Total Prim Com. | | Total Sec Com. | | Total paid | | Balance to be Re-committed | | | | | | | |
| | | | | | | | | | | | | | | | |
| 6/ACP TR | 10 Phase 2 tourism dev programme | 707,500 | 493,668 | 493,668 | 493,668 | 213,832 | 19910423 | 19970723 | 20020331 | Closed | | | | | |
| 6/ACP TR | 13 Support to Caribbean business lid | 416,400 | 416,400 | 416,400 | | | 19970723 | | | Commit 1 & 2 closed. Commi. 3 & 4 waiting reconciliation of acc. | | | | | |
| 6/ACP TR | 16 Road rehabilitation in Trinidad | 6,000,000 | 6,000,000 | | 6,000,000 | | 19931220 | | 19971231 | Pending recall of guarantee from BANESTO | | | | | |
| 6/ACP TR | 19 Yacrap; also 6nr/18, 7nr/23, 7nr/24 | 2,182,456 | 788,677 | | 720,665 | 1,461,830 | 19940406 | | | Justification of outstanding adv. requested from NAO | | | | | |
| 6/ACP TR | 21 Study Rural Electrification Prog. | 20,000 | 20,000 | | 19,089 | 911 | | | | Closure requested | | | | | |
| 6/ACP TR | 23 Study CBSL phase II | 78,000 | 20,385 | | 20,385 | 57,615 | | | | Closure requested | | | | | |
| 6/ACP TR | 24 Cocoa investment facility study | 78,500 | 78,040 | | 76,040 | 460 | | | | Closure requested | | | | | |
| | subtotal | | | | 7,734,648 | | | | | | | | | | |
| 7/ACP TR | 17 Road rehabilitation in Trinidad | 10,000,000 | 9,995,166 | | 5,498,349 | 4,501,651 | 19931220 | 19961125 | 19971231 | Pending recall of guarantee from BANESTO | | | | | |
| 7/ACP TR | 21 Small business development programme. | 2,000,000 | 1,273,850 | | 1,270,996 | 729,005 | 19940112 | | | Request from NAO to close project forthcoming | | | | | |
| 7/ACP TR | 27 Assistance to national drug abuse demand reduction programme | 250,000 | 250,000 | | 225,912 | 24,088 | 19950616 | | | Closure requested via Note N° 0193/02 of 8 February, 2002 | | | | | |
| 7/ACP TR | 29 Support to structural adjustment programme - gip ii (*7/190) | 1,100,000 | 1,045,000 | | 1,045,000 | 55,000 | 19951027 | 19951101 | 19961201 | Closure requested via Note N° 0365/01 of 21 March, 2001 | | | | | |
| 7/ACP TR | 30 Support to structural adjustment programme - gip ii (*7/129) | 3,200,000 | 3,200,000 | | 3,200,000 | | 19951027 | 19951101 | 19961201 | Closure requested via Note N° 0365/01 of 21 March, 2001 | | | | | |
| 7/ACP TR | 34 Road rehabilitation in Trinidad | 1,520,000 | | | | 1,520,000 | 19931220 | 19951125 | 19971231 | Pending recall of guarantee from BANESTO | | | | | |
| | subtotal | | | | 6,829,744 | | | | | | | | | | |
| 8/ACP TR | 1 Support to Caribbean business lid | 484,441 | 484,437 | | 482,887 | 1,554 | 19970723 | 19970723 | 20020331 | Awaiting reconciliation of accounts | | | | | |
| 8/ACP TR | 6 TA to the NAO | 140,216 | 131,919 | | 131,915 | 8,301 | 19990826 | 19991101 | 20020430 | Closure to be requested | | | | | |
| 8/ACP TR | 7 Moderation of a logical framework workshop | 40,000 | 39,700 | | 23,233 | 16,767 | | | | Closure requested | | | | | |
| | subtotal | | | | 26,622 | | | | | | | | | | |
| | Uncommitted balances form the 6th | | | | | 249,477 | | | | | | | | | |
| | Uncommitted balances form the 7th | | | | | 1,042,298 | | | | | | | | | |
| | Uncommitted balances form the 8th | | | | | 7,207,143 | | | | | | | | | |
| | TOTAL | 29,217,532 | 24,237,242 | | 13,626,639 | 23,089,932 | | | | | | | | | |

Table III: TRINIDAD & TOBAGO: Pipeline 2003-2007

| EDF | Project title | 2003 Total | 2003 Jan | 2003 Feb | 2003 Mar | 2003 Apr | 2003 May | 2003 Jun | 2003 Jul | 2003 Aug | 2003 Sep | 2003 Oct | 2003 Nov | 2003 Dec | Cat <2mio € | 2004 | 2005 | 2006 | Total 2003 - 2007 | Comments |
|--------------|---|------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-------------|------------------------------------|------|------|-------------------|---|
| 9 | Support to Tertiary Education and science and technology popularisation (*) | | | | | | | | | | | | | | | FP to HQ and FA decision for 28.71 | | | 28.71 | Original amount of 13.6M increased with 15.11M balance from previous EDFs |
| 9 | Health : prevention of HIV/AIDS (*) | | | | | | | | | | | | FP to HQ | | | FA for 7.17 | | | 7.17 | Original amount of 3.4M increased with 3.77M balance from previous EDFs |
| 8 | Prep. study education | 0.27 | | | 0.27 | | | | | | | | | | | | | | 0.27 | ToR being prepared |
| 8 | Prep. study health | 0.10 | | | 0.10 | | | | | | | | | | | | | | 0.10 | ToR being prepared |
| 8 | Support to CBSL | 1.98 | | | | 1.98 | | | | | | | | | | | | | 1.98 | FA ready for signature in HQ |
| 6 | Rural electrification II | 1.85 | | | | | | | | 1.85 | | | | | | | | | 1.85 | Details not yet ready |
| TOTAL | | | | | | | | | | | | | | | | | | | 40.08 | |

* Total balance of EUR 18.88 M from previous EDF's included: 15.11M for education; 3.77M for health

Situation 31/12/2002

| Allocation | Primary Commitment. | To be decommitted | Uncommitted. balance |
|--------------|---------------------|-------------------|----------------------|
| EDF 6 | 15,000,000 | 7,734,648 | 249,477 |
| EDF 7 | 18,100,000 | 6,829,744 | 1,042,298 |
| EDF 8 | 14,700,000 | 26,622 | 7,207,143 |
| EDF 9 | 17,000,000 | | 31,591,014 |
| Total | 64,800,000 | 14,591,014 | 40,089,932 |

Plus 900.000 "B" envelope

6 2003 ANNUAL OPERATIONAL REVIEW – SPECIFIC THEMES

6.1 The speeding up of the use of old EDF resources

A significant amount of EDF funds (€14.6 M) in Trinidad and Tobago is being held up in programmes, which are inactive (see Table II).

The majority of the tied-up funds (€12.02 M) are linked to the future arbitration decision on the Solomon Hochoy Highway project (where the contract of the Spanish firm was terminated due to poor performance) and the calling in of the bank guarantees for the recuperation of advances. The arbitration decision has been de-connected from the repayment of advances in that the Government accepted to deal with eventual claims through its own funds. However, BANESTO, the bank holding the guarantees, and which was requested to release those guarantees since November 1999, had not done so up to 31/12/02 despite several reminders from the Government. With the assistance of the Commission, some progress in this issue has been booked and BANESTO has committed to release the guarantees during the first quarter of 2003. Once this is done, the secondary and primary commitments under this project can be closed, reducing the total amount of funds blocked by €12.02 M.

The other major amount to be released after closure is €1.46M under the Youth Agriculture Training Programme. A partial de-commitment of €2.34 M was already applied in 2002. However, further closure of the project is awaiting justification of outstanding advances under 6 ACP TR 19/3 (WP/CE 1999). The closing of the programme is foreseen for the first semester of 2003.

Other smaller amounts tied up in different commitments will be looked at one by one and closure requested. No major problems are foreseen to do so.

In general, it is anticipated that the majority of funds mentioned above will be de-committed before the end of 2003.

The future use of the de-committed funds as well as the uncommitted balances of previous EDF has been explained under point 5 above.

6.2 Setting indicators and targets for measuring results in the focal sectors

Table IV provides a set of indicators that can be applied to Trinidad and Tobago. The indicators and targets are necessarily provisional where no data is provided and it is expected that the table will be modified during the forthcoming preparatory studies for Tertiary Level Education and HIV/AIDS prevention. Indicators and targets are also being developed by government for use in the vision 2020 programming exercise which is expected to set targets for development goals and intermediate indicators of progress to the year 2020. Finally, more specific indicators and targets on HIV/AIDS are being developed for the HIV/AIDS five year strategy.

Where data cannot be given following these studies, those indicators will either be removed or replaced with other indicators that can be measured. The preparatory studies should check the capacity of the Central Statistical Office in dealing effectively with the data gathering for the indicators identified.

In any case, for purposes of the mid-term review, the indicators and monitoring measures should be agreed upon before the draft FP's are sent to HQ i.e. December 2003 for HIV/AIDS and February 2004 for Tertiary Education.

A large number of specific input targets are provided in the SEPF for 2003/4 on teacher training, accreditation etc aimed at progress toward provision of universal access to post secondary education.

Source of indicators:

- 1 GoRTT Social and Economic Policy Framework (SEPF),
- 2 UNDP National Human Development Report 2000 (NHDR),
- 3 UNDP Global Human Development Report 2001 (HDR 2001)
- 4 UNDP Global Human Development Report 2002 (HDR 2002)
- 5 UNICEF Multiple Indicator Cluster Survey 2000 (MICS)
- 6 Central Bank Statistics Annual Report 2002 (CBS)
- 7 World Bank Country Profile 2002
- 8 Trinidad and Tobago – EC annual report 2001
- 9 National development strategy 2002
- 10 National HIV/AIDS strategic plan 2003-7

Table IV: Indicators and targets (see above for sources)

A: Education

| 1 Input indicators | | | | | | | | | |
|--|---|--------------------------|--------------------------------------|--------------------|--------------------|---------------|---------------|---------------|--|
| Indicator | Link to objective in intervention framework | Gender/ region variation | 2000 | 2001 | 2002 | 2003 Forecast | 2004 Forecast | 2005 Forecast | |
| Government expenditure on education as a percentage of total public expenditure | | | 4.38% ⁸ | 3.97% ⁸ | 3.85% ⁸ | | | | |
| Public expenditure on primary & pre-primary education as a percentage of total public expenditure on education | | | 40.5% ² (1997) | | | | | | |
| Public expenditure on secondary education as a percentage of total public expenditure on education | | | 33.1% ² (1997) | | | | | | |
| Public expenditure on post-secondary education as a percentage of total public expenditure on education | | | 13.3% ² (1997 – tertiary) | | | | | | |
| 2 Output indicators | | | | | | | | | |
| Indicator | Link to objective in intervention framework | Gender/ region variation | 2000 | 2001 | 2002 | 2003 Forecast | 2004 Forecast | 2005 Forecast | |
| Pupil teacher ratio: primary | | | | | | | | | |
| Pupil teacher ratio: secondary | | | | | | | | | |
| Pupil teacher ratio: post-secondary | | | | | | | | | |
| Primary teachers with Diplomas as a % of total teacher population | | | | | | | | | |
| Secondary teachers with degree as a % of total teacher population | | | 63.6% (1997) ² | | | | | | |
| Post-secondary teachers with degree as a % of total teacher population | | | | | | | | | |

3 Outcome indicators

| Indicator | Link to objective in intervention framework | Gender/ region variation | 2000 | 2001 | 2002 | 2003 Forecast | 2004 Forecast | 2005 Forecast |
|---|---|--|-------------------------------|------|------------------------|---------------|---------------|---------------|
| Enrolment rate pre-primary education | | | | | 45% ¹ | | | |
| Enrolment rate primary education | | NSD at national level ² | 93% ² (1998) | | 99% ¹ | | | |
| Enrolment rate secondary education | | | 71.5% ² (1998) | | 74% ¹ | | | |
| Enrolment rate post secondary education | Provide universal access to post-secondary and tertiary training by all members of the population | 44.9% male 55.1% female ² | | | 8% ¹ (est.) | | | 20% |
| Completion rate – primary | | | 77% (1978) ² | | | | | |
| Completion rate –secondary | | | | | | | | |
| Completion rate –post-secondary | | | | | | | | |
| Average drop out rate primary | | 0.6% male ² 0.4% female ² | 0.5% ² (1996/7) | | | | | |
| Average drop out rate secondary | | | 15.1% (1998) ² | | | | | |
| Average drop out rate post-secondary | | | | | | | | |

4 Impact indicators

| Indicator | Link to objective in intervention framework | Gender/ region variation | 2000 | 2001 | 2002 | 2003 Forecast | 2004 Forecast | 2005 Forecast |
|---|---|---|--|--------------------|-------------------|------------------|------------------|---|
| Youth literacy rate (15-24) | | | 97.5% ² | | | | | |
| Unemployment rate | | 8.6% male 14.4% female (2001) | | 10.8% ¹ | 10.1 ¹ | 9.7 ¹ | 9.2 ¹ | 8.7 ¹ 0% by 2010 ⁵ |
| Youth (15-24) unemployment rate | | | 23% ² | | | | | |
| Adult literacy rate | | 95.5% male 92.1% female ⁴ | 93.8% ¹ 88% ⁷ | | | | | |
| Education level of labour force | | | Primary education only 33% ¹ 5 or more o-level passes 40% ¹ Tertiary education 6% ¹ | | | | | |
| Proportion of population below \$1 per day, below \$2 per day and below national poverty line (between US\$1&2 per day) | | | 12.4%<US\$1 per day 39% <US\$2 per day 21% below National poverty line | | | | | |
| Prevalence of underweight children under 5 | | | 6% ³ | | 7% ⁴ | | | |

B: Health Sector: General Health indicators and HIV/AIDS specific indicators

1 Input indicators

| Indicator | Link to objective in intervention framework | Gender/ region variation | 2000 | 2001 | 2002 | 2003 Forecast | 2004 Forecast | 2005 Forecast |
|---|---|--------------------------|-------------------|--------------------|--------------------|----------------------------------|---------------|---------------|
| Public expenditure on Health | | | | | 2.5 ^a | | | |
| Proportion of Govt capital budget on health | | | 5.4% ^b | 14.3% ^b | 11.6% ^b | | | |
| Doctors per 1000 inhabitants | | | | | | | | |
| Public expenditure on HIV/AIDS programmes | | | | | | US\$90M for 2003-7 ¹⁰ | | |

2 Output indicators

| Indicator | Link to objective in intervention framework | Gender/ region variation | 2000 | 2001 | 2002 | 2003 Forecast | 2004 Forecast | 2005 Forecast |
|---|---|--------------------------|------|-----------------|-----------------|---------------|---------------|---------------|
| Number of new health centres constructed or upgraded | | | | 23 ^c | 16 ^b | | | |
| Outpatient health care visits per 1,000 inhabitants | | | | | | | | |
| Hospital discharges per 1,000 inhabitants | | | | | | | | |
| Number of Voluntary Counselling & Treatment (VCT) centres | | | | | | | | |

3 Outcome indicators

| Indicator | Link to objective in intervention framework | Gender/ region variation | 2000 | 2001 | 2002 | 2003 Forecast | 2004 Forecast | 2005 Forecast |
|---|---|--------------------------|--|------|------------------|---------------|---------------|---------------|
| Contraceptive prevalence rate | | | 38.2% ⁵ (married or in union women) | | | | | |
| Condom use rate of contraceptive prevalence rate | | | 11.7% ⁵ (married or in union women) | | | | | |
| Proportion of 1 year old children immunised against measles | | | 35% ⁵ | | 91% ⁴ | | | |
| Proportion of women correctly stating the 3 main ways of avoiding HIV infection | World Summit for Children indicator | | 38% ⁵ | | | | | |
| Percentage of population covered by social security protection, health insurance schemes or exempted from payment | | | | | | | | |

4 Impact indicators

| Indicator | Link to objective in intervention framework | Gender/ region variation | 2000 | 2001 | 2002 | 2003 Forecast | 2004 Forecast | 2005 Forecast |
|---|---|-----------------------------------|--------------------|-------------------|------|---------------|---------------|---------------|
| HIV confirmed infection rates | | 2.4 male to 1 female ¹ | 9,070 ¹ | 2.5% ⁴ | | | | |
| 15-19 year old HIV infection rate | | 1 male to 1.2 female ¹ | 7% ¹ | | | | | |
| HIV prevalence in 15-24 year old pregnant women | | | | | | | | |
| Number of children orphaned by HIV/AIDS | | | | | | | | |
| Under 5 mortality rate (per 1,000 live births) | | | 20 ³ | | | | | |
| Maternal mortality rate (per 100,000 live births) | | | 70 ³ | | | | | |

Note: Actual numbers infected with HIV are thought to be at least double those given here according to studies, which suggest significant under-reporting.

Source of indicators:

1 GoRTT Social and Economic Policy Framework (SEPF),

- 2 UNDP National Human Development Report 2000 (NHDR),
- 3 UNDP Global Human Development Report 2001 (HDR 2001)
- 4 UNDP Global Human Development Report 2002 (HDR 2002)
- 5 UNICEF Multiple Indicator Cluster Survey 2000 (MICS)
- 6 Central Bank Statistics Annual Report 2002 (CBS)
- 7 World Bank Country Profile 2002
- 8 Trinidad and Tobago – EC annual report 2001
- 9 National development strategy 2002
- 10 National HIV/AIDS strategic plan 2003-7

6.3 Dialogue in country with NAO and non-State actors

The proposals made in last year's review need further elaboration so that they result in more effective dialogues between EU, the NAO, and implementers: i.e. a workshop approach where all concerned – government, donors, and other stakeholders – could present and discuss their programmes and areas of interest for possible collaboration; and more regular working meetings between the Delegation and the NAO .

The "new" programming approach of EU assistance as identified in the Cotonou Agreement, involves dialogue with Non-State actors in the choice of sectors for cooperation and on cooperation policies and strategies and the implementation of cooperation projects and programmes. It is envisaged that the involvement of non-State actors in implementing HIV/AIDS prevention activities will be further strengthened under the 9th EDF. The details of this will become clearer during the preparatory study foreseen to start in mid-2003. The private sector is already involved in the tertiary education sector in Trinidad and Tobago and the Ministry of Science, Technology and Tertiary Education is committed to their continued involvement.

7. CONCLUSIONS

Political situation

Following on the elections of December 2001, which produced a 'hung' Parliament with each of the two major political parties winning 18 of the 36 seats, fresh general elections were held in October 2002. The elections of October 2002 were won with a 20:16 majority by the incumbent PNM administration of Prime Minister Patrick Manning. During the period December 2001 through October 2002 the absence of a functioning parliament forestalled the introduction and passage of legislation.

Government's Strategies

Since the elections of October 2002, the Government has started a major initiative in development planning, the "Vision 2020" exercise. Vision 2020 aims for the preparation of a long-term strategic national development plan, over and above the usual 3-year development plans, that will guide the movement to developed country status by the year 2020. In October 2002, the parliament approved a budget with a distinct focus (47% of the capital budget in fiscal year 2002) on the social sectors.

Economics

The economy continued to grow, though at a reduced rate compared to the previous three years – real GDP growth in 2002 was 3.2% compared to 4.0%, 6.1% and 4.4% in the previous three years; the projection for global growth in 2002 is 2.8%. The economy became more competitive with productivity increasing at a faster rate than inflation (15.0% as against 4.4% respectively) for the period October 2001 to March 2002. In 2001 productivity grew by 8.2% versus a 5.6% increase in inflation. Inflation was 4.2% for 2002.

Overall, the economy did not become significantly more diversified. Growth of real GDP continues to be led by the energy sector where output is estimated to have risen by a robust 10.7% reflecting the coming on stream of an additional ammonia and LNG plant and a 14% increase in oil production. Despite this increase in the oil sector, growth was moderated by the weaker performance of the non-energy sector (1.0%).

Social issues

The unemployment rate in Trinidad and Tobago declined to 10.1% at the end of June 2002 on a labour force that was projected to increase by 1.6% to 585,800 persons with a participation rate of 61.2%. The unemployment rate in 2001 was 10.8%.

Increased crime was addressed with a range of measures including implementation of projects geared towards improving the welfare of the less privileged; improving the social safety net with programmes that enhance employment and training and retraining opportunities; improving the system for the administration of justice that included providing for the establishment of a Family Court and the commencement of construction/refurbishment of several Court facilities; institutional strengthening of the Judiciary, the Ministry of the Attorney General and the Ministry of Legal Affairs to increase levels of efficiency; establishment of a sentencing committee; improvements to prison facilities; and increasing the effectiveness of systems for maintaining public order and safety, such as the expansion of the E-999 rapid response system and the construction of additional police stations.

The extent of poverty reduction in 2002 is difficult to measure through the standard indicators mentioned in the UNDP HDR as up to date data from the Central Statistical Office in Trinidad and Tobago are not available. The last three UNDP Human Development Reports indicate

around 21% of the population live below the National Poverty Line, with some little difference from year to year (21% in the 2001 report, 21.2% in the 2002 report). Worth mentioning is the new indicator in the 2002 HD Report: "Percentage of the population living with 2 USD a day or less". The figure of 39% for Trinidad and Tobago needs verification since it is in contrast with the high HDI rank Trinidad and Tobago occupies in the UNDP list i.e. 50th place and with the relatively high GDP/capita of more than USD 8,500 (2000 figure from HDR of 2002).

Actions foreseen under the latest budget (2002-2003) should have measurable effects on poverty reduction in the years to come. These actions include, (i) reducing unemployment, (ii) increasing the social infrastructure including housing, (iii) improving access to and the quality of social services, (iv) expanding rehabilitative and drug treatment facilities and programmes, (v) enhancing access to quality education and training and (vi) improving healthcare.

The efforts of the Government in education and health are also expected to contribute to the reduction of poverty in the long term and thus may be evident in future annual reviews. This Annual Report identifies, besides the standard poverty indicators, a set of thematic indicators. It is expected that the preparatory studies for the focal sectors of the 9th EDF i.e. (tertiary) education and health (HIV/AIDS) will enable selection and refinement of specific indicators from within the identified set. Those studies are expected to take place from August 2003 onwards which means that agreed specific focal sector indicators, based on the set identified in this report, can be in place by the 2004 mid-term review.

Government expenditure on education as a percentage of GDP is provisionally projected to be 3.85% in 2002, approximately the same value as in 2001 (3.97%) but the value of national income spent on education increased 2.9% in 2002 over the expenditure in 2001.

With respect to HIV/AIDS, the Government completed a national strategic plan to reduce and prevent the spread of HIV/AIDS. In addition, discussions were initiated with the World Bank for financing part of the cost of implementing the national strategy, for which an expenditure of approximately US \$90 million over five years is projected.

Previous EDF funded activities (6th, 7th and 8th EDF)

The major EDF funded project, concentrating on poverty, is 8 ACP TR 008, Poverty Reduction Programme (€6,000,000). The project is only recently coming into full stream, after an effective start in March 2002. It is therefore too soon to be able to show concrete impact. Preparations are underway for the establishment of the micro-project and micro-lending components. The enhancement of poverty related data collection and analysis is another major component, which would receive some priority attention over the next year in order to facilitate monitoring of poverty reduction.

The one active EDF funded project operational in the field of economic diversification during 2002 was 8 ACP TR 001, Support to Caribbean Business Services Limited (CBSL) Phase I (€484,441). An evaluation of the impact of the Phase I project concluded positively whereupon the Government requested an extension of the programme, which was prepared and in its final decision stages in the EC Headquarters. The new project valued at €1,983,300 is expected to start at the end of the first semester of 2003. The GoRTT is committed to funding the CBSL during the intervening period of the Phase I and Phase II projects.

Another pipeline project (additional to the CBSL-Phase II) for a total amount of almost 2M EUR is foreseen to be funded from the previous EDF balances. The draft Financing Proposals for these two pipeline projects (Rural Electrification-Phase II and Support to the Caribbean

Business Services Ltd-Phase II) were completed in the first semester of 2002 and carried forward through the decision chain.

Two other projects proposals, involving a total of around 12.7M EUR, ("Small Business Development Programme-Phase II" and "Improvement of the Cocoa-based Farming Systems in Trinidad and Tobago") were under preparation in 2002.

Two preparatory studies for the 9th EDF focal sectors will be funded through the balances of 6th, 7th and 8th EDF funds in the course of 2003.

Balances of previous EDF

Trinidad and Tobago has 14.59 M EUR of previous EDF funds still blocked in in-active but so far unclosed projects. Up to 12M EUR of this total, however, is linked to problems related to one infrastructure project for which all activities and contracts were stopped because of the poor performance of the Spanish contractor. The calling in of the bank guarantees for the recuperation of advances proved particularly problematic. At the time of writing of this report, solutions to release all funds blocked under this project have been found and closure of all secondary and primary commitments will be possible before the end of the first semester in 2003. No major problems are foreseen in closing other non-active projects and it is anticipated that their closure can also be requested in the first semester of 2003.

The above-mentioned release of blocked funds together with the uncommitted funds under previous EDFs (6,7 and 8) brings the total amount of balances from 6th, 7th and 8th EDF to 23M EUR.

9th EDF

The Country support strategy was signed with sectors of concentration agreed as tertiary education (€13.6M) and HIV/AIDS (€3.4M). The focal sectors of the 9th EDF have the capacity to absorb part of the previous EDF's to an amount of 18.8M EUR and it is anticipated that the partition between the projects of 80/20 used in the CSS for the funds of the 9th EDF will also be applied to the balances of previous EDF: i.e. 80% will go to tertiary education, 20% to health (HIV/AIDS). Activities for preparation of associated studies were begun.

ANNEX I Intervention Framework: GoT Sectoral Objectives and Measures for the 8th EDF (Updated with Status Assessment)

| Objective | Measures | Date | Indicator | Source of Verification | Status |
|---|--|----------------------------|---|--|---|
| First Concentration Area Economic Diversification and Employment Creation | | | | | |
| Development of the small and medium enterprise sector | Introduce Investment Promotion Act Implementation of Venture Capital Regime | 1997/2 1998/2 | Investment Promotion Act Approved Increased resources for small business investment | Publication in Government Gazette Annual Budget review Economic reports | Accomplished Accomplished: -Venture Capital (VC) legislation in force; VC Incentive Programme implemented; 3 VC Capital companies in operation |
| Increased competitiveness in non-oil sectors and development of niche markets | Increased access to credit for companies in the non-oil sector and, in particular, for agriculture Provide appropriate incentives for exports, in particular of non-traditional products and agricultural ones Intensify marketing of T&T products and services | 1998/2 1998/2 1998/2 | Credit available at realistic rate and conditions Gov't policy statements and ongoing tax reforms Trade missions and appropriate publicity made | Banking Sector reports Annual reports of Ministry of Trade and annual review of the economy Annual reports of Ministry of Trade and TIDCO | Accomplished. Interest rates have decreased in the past few years Status to be verified Accomplished |
| Growth of the Tourism sector and increased synergies between tourism and other economic sectors | Aggressive promotion and marketing of T&T as tourism destination and of its potential for particular tourism niche markets and promotion of linkages between tourism operators agricultural producers and other sectors of the economy Enhancement of tourism infrastructure and transport access | 1998/2 1998/2 | T&T participation in relevant commercial fora and publications established, Marketing campaigns launched, building on national assets such as culture Improved and extended national road network | TIDCO regular and special reports on the marketing development programme T&T Hotel Association reports Annual reports of Ministry of Works | Accomplished Accomplished |
| Assistance to the manufacturing and services sectors | Continue phased elimination of fiscal surcharges to both sectors Enhance T&T's Industrial Policy | 1998/2 1998/2 | Reduced customs tariffs Industrial Policy for Trinidad and Tobago approved | Custom statistics Government legislation | Accomplished. Tariffs are only applied to on sugar and poultry parts and these are to be removed by 2004 Accomplished |
| | Encourage the signature of bilateral investment treaties and Intellectual Property Rights Agreements | 1998/2 | Bilateral Investment Treaties and Intellectual Property Rights Agreements signed | Ministry of Trade reports, annual review of the economy | Accomplished: Trinidad and Tobago has signed bilateral treaties with United Kingdom, France, United States of America, Canada, Spain and Cuba. Initialed agreements with Swiss, S/Korea and China |

| Objective | Measures | Date | Indicator | Source of Verification | Status |
|---|--|------------------|---|--|--|
| 2 nd concentration area: Poverty Alleviation Implementation of the social safety system | Establishment of a Change Management Unit to oversee poverty eradication | 1997 | Change Management Unit established and functioning adequately | Government Gazette | Accomplished |
| | Establishment of a National Council for Social Development | 1997 | National Council for Social Development established and functioning adequately | Government Gazette | Accomplished |
| | Adequate budget allocations for the social safety net system | 97/98/99 | Amounts allocated under appropriate budget lines | National budget | Accomplished Capital expenditure for the Social Sector has increased. |
| | Implement domestic Support Programme | 1998/2 | Legislation passed by Gov't | Government Gazette | - Annual Budget rather than legislation are traditionally used to implement initiatives for the business sector |
| | Implement Employment Generation Programme | 1998/2 | Legislation passed by Gov't | Government Gazette | - Employment generation initiatives are traditionally incorporated in annual Budget rather than legislation |
| | Approve policy document on community Centres | 1998/2 | Policy document approved | Publications of Ministry of Community Development | Accomplished Policy Paper on Community Development |
| | Organize at community level, social, sporting and cultural activities for youth population at risk | 1998/2 | Increased activities for the young of under privileged areas. | Reports of the Ministry of Sports and Youth Affairs and the Ministry of Community Dev't | Accomplished: Annual Administrative Report of the Community Development Division |
| | Regularise tenure of squatters and upgrade basic infrastructure of these settlements | 1998/2 | Enhanced access to property rights and improved conditions in former squatter settlements | Reports of Ministry of Housing and Settlements | Accomplished Establishment of the Land Settlement Agency in 1998 facilitated squatter regularization. Improved conditions were addressed by the PPEU under the Housing Programme |
| | Implement National housing Authority construction programme | 1998/2 | Programme successfully implemented | Government statistics and PSIP | Accomplished |
| | Re-introduce aided self-help and assisted housing programmes | 1997 | Increased availability of houses for lower groups and female headed households | Report of Ministry of Housing and Settlements | Accomplished The Sugar Labour Welfare Committee engages in aided self-help for low income housing |
| Pursue Gender Perspectives | Formulate National Policy in Women/Gender Development Prepare National Plan of Action for Women | 1998/2 1998/2 | Policy document approved Action plan drafted for consultation | Reports of Ministry of Community Dev't Culture and Women's Affairs Reports of Ministry of Community | Accomplished Accomplished |

ANNEX II. Chronogramme -- Schedule of Preparation and Implementation Phases of EDF Projects and Activities for the Period 2002 - 2005

| | Projects | 2003 | | 2004 | | 2005 | |
|-----------------------------|--|------|-----|-------|------|------|---|
| | | 1 | 2 | 1 | 2 | 1 | 2 |
| 1 | Tobago Management Plan | I | | | | | |
| 2 | Caribbean Business Services Ltd -- Phase II | P | I | I | I | I | I |
| 3 | Rural Electrification Programme -- Phase II | P | P/I | I | I | I | I |
| 4 | Poverty Reduction Programme | I | I | I | I | I | I |
| Ninth EDF Activities | | | | | | | |
| 5 | Tertiary Education Preparatory study | P | P/I | I | | | |
| 6 | Preventing the spread of HIV/AIDS: preparatory study | P | I | | | | |
| | FP for HIV/AIDS to HQ | | | 12/03 | | | |
| | FP for Tertiary Education to HQ | | | | 2/04 | | |

- P** - Preparatory Phase
- I** - Implementation Phase
- P/I** - Preparatory and Implementation activities both occur within a six month period

ANNEX III. Forecast of commitments and disbursements 2003-2004

| N° (6, 7 and 8 EDF) ... TR..... | Title | situation 31/12/2002 | | 1° semester 2003 | | 2° semester 2003 | | Total 2003 | | 1° semester 2004 | | 2° semester 2004 | | Total 2004 | | Situation 31/12/2004 | | |
|---------------------------------------|--|----------------------|----------------|------------------|--------------|------------------|--------------|----------------|----------------|------------------|--------------|------------------|--------------|--------------|--------------|----------------------|----------------|------------------------|
| | | Total sec.com. (A) | Total paid (B) | sec.com. (C) | payments (D) | sec.com. (E) | payments (F) | sec.com. (G+E) | payments (D+F) | sec.com. (H) | payments (I) | sec.com. (J) | payments (K) | sec.com. (L) | payments (M) | sec.com. (N) | payments (O+L) | Total sec.com. (A+G+M) |
| | Rural Electrification II | 1.850 | | | | 1.200 | 0.600 | 1.200 | 0.600 | | 0.600 | 0.400 | 0.600 | 1.000 | | 1.000 | 1.800 | 1.800 |
| 8 TR 008 | Poverty Reduction | 6.000 | 0.130 | | 0.376 | 0.979 | 0.376 | 0.979 | 0.752 | | 0.489 | 1.419 | 0.489 | 0.979 | | 0.979 | 3.345 | 1.921 |
| 8 TR 05 and 11 | Tobacco Management Plan | 0.252 | 0.061 | | 0.097 | | 0.088 | | 0.185 | | | | | | | | 0.247 | 0.247 |
| 8 TR 012 | TA to NAO | 0.576 | 0.066 | 0.149 | 0.188 | | 0.101 | 0.149 | 0.289 | | 0.102 | 0.102 | 0.102 | 0.173 | 0.060 | 0.576 | 0.537 | 0.537 |
| 8 TR 14 | Support to CBSL II | 1.983 | | 0.400 | 0.200 | | 0.200 | 0.400 | 0.400 | | 0.200 | 0.400 | 0.200 | 0.400 | 0.400 | 0.800 | 0.800 | 0.800 |
| 8 TR 15 | Identification study post-second education for 9th EDF | 0.270 | | | | 0.270 | 0.270 | 0.270 | 0.270 | | | | | | | 0.270 | 0.270 | 0.270 |
| 8 TR 16 | Identification study health (HIV/AIDS) for 9th EDF | 0.100 | | | | 0.100 | 0.100 | 0.100 | 0.100 | | | | | | | 0.100 | 0.100 | 0.100 |
| | Total 6, 7 and 8 EDF | 11.031 | 1.265 | 0.575 | 0.746 | 2.654 | 1.718 | 3.229 | 2.464 | 0.400 | 1.373 | 2.124 | 1.173 | 2.524 | 2.547 | 7.018 | 5.262 | |

| N° (9th EDF) | Title | situation 31/12/2002 | | 1° semester 2003 | | 2° semester 2003 | | Total 2003 | | 1° semester 2004 | | 2° semester 2004 | | Total 2004 | | Situation 31/12/2004 | | | |
|-----------------|-----------------------------------|----------------------|----------------|------------------|--------------|------------------|--------------|--------------|----------------|------------------|--------------|------------------|--------------|--------------|--------------|----------------------|----------------|------------------------|--------------------|
| | | Total sec.com. (A) | Total paid (B) | sec.com. (C) | payments (D) | sec.com. (E) | payments (F) | sec.com. (G) | payments (D+F) | sec.com. (H) | payments (I) | sec.com. (J) | payments (K) | sec.com. (L) | payments (M) | sec.com. (N) | payments (O+L) | Total sec.com. (A+G+M) | Total paid (B+H+N) |
| 9 TR..... | Support to post-secondary educat. | 13.600 | | | | | | | | | | 1.000 | 0.500 | 1.000 | 0.500 | 1.000 | 0.500 | 1.000 | 0.500 |
| | Support to HIV/AIDS | 3.400 | | | | FP to HQ (Dec) | | | | | | 1.000 | 0.500 | 1.000 | 0.500 | 1.000 | 0.500 | 1.000 | 0.500 |
| | Balances 6, 7, 8 EDF | 18.880 | | | | | | | | | | | | | | | | | |
| | Total 9 EDF | 35.880 | | | | | | | | | | 2.000 | 1.000 | 2.000 | 1.000 | 2.000 | 1.000 | 2.000 | 1.000 |

| | | | | | | | | | | | | | | | | |
|--------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total 6, 7, 8 and 9 EDF | 46.911 | 1.265 | 0.575 | 0.746 | 2.654 | 1.718 | 3.229 | 2.464 | 0.400 | 1.373 | 4.124 | 2.473 | 4.524 | 3.847 | 9.018 | 6.282 |
|--------------------------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|

ANNEX IV: NIP of the 8th EDF --Financial Situation and Status Report of Projects funded (as at 31.12.02 in EUR)

| Project No. 8 ACP TR | Project Title | Date Of EDF Decision | Allocated | Committed | Disbursed To Jan 1, 02 | Disbursed To Dec. 31. 02 | Status |
|-------------------------|---|-------------------------|------------------|------------------|------------------------------|--------------------------------|-----------------------------|
| 1 | Support to Caribbean Business Services Ltd | 28.08.97 | 484,441 | 484,437 | 477,721 | 482,887 | To be closed |
| 5 | Tobago Management Plan | 09.04.99 | 220,000 | 220,000 | 57,615 | 61,473 | On-going (extended) |
| 6 | Institutional Strengthening of the Office of NAO | 16.08.99 | 140,216 | 131,919 | 33,215 | 131,915 | To be closed |
| 7 | Cocoa Logical Framework Workshop | 28.09.00 | 40,000 | 39,638 | 23,233 | 23,233 | Completed (to be closed) |
| 8 | Poverty Reduction Programme | 16.12.00 | 6,000,000 | 1,097,250 | 80,300 | 65,650 | On-going |
| 11 | Supplementary work for Tobago Management Plan | 29.04.02 | 32,000 | 27,100 | 0 | 0 | On-going |
| 12 | TA to the NAO | 30.05.02 | 576,200 | 254,500 | 0 | 66,000 | On-going |
| | Projects Total: | | 7,492,857 | 2,254,844 | 672,084 | 831,158 | |
| | Total NIP | | 14,700,000 | | | | |
| | Balance | | 7,207,143 | | | | |

ANNEX V: NIP of the 7th EDF --Financial Situation and Status Report of Projects funded (as at 31.12.02 in EUR)

| Project No 7 ACP TR | Project Title | Date Of EDF Decision | Allocated | Committed | Disbursed To Jan 1, 02 | Disbursed To Dec 31, 02 | Status |
|-------------------------|--|----------------------------|-------------------|-------------------|------------------------------|-------------------------------|-----------------------------|
| 3 | Support to SAP I | 04.05.93 | 1,686,521 | 1,686,521 | 1,686,521 | 1,686,521 | Closed |
| 4 | TA to the NAO | 01.07.93 | 167,716 | 167,716 | 167,716 | 167,716 | Closed |
| 17 | Road Rehabilitation ^b (Solomon Hochoy H/way) | 20.12.93 | 10,000,000 | 9,927,801 | 5,498,349 | 5,498,349 | Terminated, to be closed |
| 18 | Rural electrification | 23.02.94 | 1,982,253 | 1,982,253 | 1,982,253 | 1,982,253 | Closed |
| 19 | Tender evaluation | 10.03.94 | 9,860 | 9,860 | 9,860 | 9,860 | Closed |
| 21 | Small Business Development Programme | 22.09.94 | 2,000,000 | 1,273,850 | 1,270,996 | 1,270,996 | Completed, to be closed |
| 24 | Yactrap | 13.10.94 | 71,009 | 71,009 | 71,009 | 71,009 | Closed |
| 29 | Support to SAP II | 04.11.95 | 1,100,000 | 1,045,000 | 1,045,000 | 1,045,000 | Completed, to be closed |
| 33 | Training seminar on EDF procedures | 22.07.96 | 12,943 | 12,943 | 12,943 | 12,943 | Closed |
| 36 | L'Anse Fourmi- Charlottesville study and design | 17.12.96 | 27,400 | 27,400 | 27,400 | 27,400 | Closed |
| Projects Total : | | | 17,057,702 | 16,204,353 | 11,772,047 | 11,772,047 | |
| Balance : | | | 1,042,298 | | | | |
| Total NIP : | | | 18,100,000 | | | | |
| | | | | | | | |

Note: Unclosed projects under 7th EDF financed from balances of the 5th EDF are:

| Project No. 8 ACP TR | Project Title | Date Of EDF Decision | Allocated | Committed | Disbursed To Jan 1, 02 | Disbursed To Dec. 31. 02 | Status |
|----------------------------|------------------------|-------------------------|-----------|-----------|------------------------------|--------------------------------|-----------------|
| 27 | Nadapp | 06.06.95 | 250,000 | 250,000 | 225,912 | 225,912 | To be closed |
| 34 | Road rehabilitation | 29.10.96 | 1,520,000 | 0 | 0 | 0 | To be closed |

^b Total EDF amount of Road Rehabilitation Project: EUR 17,520,000 of which:
- EUR 10,000,000 Lomé IV - NIP (Grant); EUR 6,000,000 Lomé III - NIP (Special Loan subsequently converted to a grant); EUR 1,520,000 transfer from EDF5 balances

ANNEX VI. NIP of the 6th EDF --Financial Situation and Status Report of Projects funded (as at 31.12.02 in EUR)

| Project No. 6 ACP TR | Project Title | Date of EDF Decision | Allocated | Committed | Disbursed To Jan 1, 02 | Disbursed To Dec. 31, 02 | Status |
|-------------------------|--|----------------------|-------------------|------------------|---------------------------|-----------------------------|--------------|
| 1 | Macro Economic and Sectoral Planning Programme | 11.10.88 | 6,005 | 6,005 | 6,005 | 6,005 | Closed |
| 2 | Macro Economic and Sectoral Planning Programme | 11.10.88 | 497,798 | 497,798 | 497,798 | 497,798 | Closed |
| 10 | Tourism Development Programme | 16.04.92 | 493,668 | 493,668 | 420,637 | 493,668 | Closed |
| 11 | Appraisal Study Road Rehabilitation & Maintenance Project | 04.03.93 | 85,114 | 85,114 | 85,114 | 85,114 | Closed |
| 12 | Support to Structural Adjustment Programme | 29.07.93 | 5,000,000 | 5,000,000 | 5,000,000 | 5,000,000 | Closed |
| 15 | Training for NAO Staff | 21.06.93 | 12,211 | 12,211 | 12,211 | 12,211 | Closed |
| 16 | Road rehabilitation (special loan converted to grant) | 20.12.93 | 6,000,000 | 6,000,000 | 0 | 0 | To be closed |
| 19 | YACTRAP ^c | 16.05.95 | 2,182,495 | 788,677 | 720,665 | 720,665 | To be closed |
| 20 | L'Anse Fourmi - Charlotteville Feasibility & Design Study ^d | 20.12.96 | 2,900 | 2,900 | 2,900 | 2,900 | Closed |
| 21 | Rural Electrification Phase II – Feasibility Study. | 28.06.01 | 20,000 | 20,000 | 13,519 | 19,089 | To be closed |
| 22 | Small Business Development – Phase II – Feasibility Study | 12.07.01 | 80,000 | 79,200 | 0 | 31,715 | On-going |
| 23 | Cocoa Rehabilitation – Farm Systems Survey – Study. | 19.07.01 | 78,500 | 78,040 | 42,667 | 78,040 | To be closed |
| 24 | Caribbean Business Services Phase II – Feasibility Study | 16.08.01 | 78,000 | 20,385 | 9,788 | 20,385 | To be closed |
| | Projects total : | | 14,536,691 | 7,083,998 | 6,811,304 | 6,967,590 | |
| | Balance : | | 6,463,309 | | | | |
| | Total NIP : | | 15,000,000 | | | | |

^c The Youth Agricultural Credit and Training Programme is MEUR 5 broken down as follows:

- 6 TR 18 EUR 426,539 - transfer from EDF 4 balances
- 6 TR 19 EUR 2,182,495
- 7 TR 23 EUR 1,320,691 - transfer from EDF 5 balances
- 7 TR 24 EUR 1,070,275

^d Total EDF amount is EUR 130,000

ANNEX VII: Regional Programmes Executed from Trinidad and Tobago: Financial Overview Dec 2002

| Project No. | Project Title | Financing AGREEMENT Signed | Allocated (Mn Euros) | Committed | Disbursed | Status |
|---------------|--|----------------------------|----------------------|----------------------|--------------|---|
| | | | | 31-Dec-02 (Mn Euros) | To 31-Dec-02 | |
| 7 ACP RPR 385 | Caribbean Agriculture & Fisheries Programme | 03/23/1995 | 22.20 | 20.20 | 11.70 | started effect in 98 on-going Near to closure; audit |
| 7 ACP RPR 759 | Caribbean Telecommunications Union Programme | 12/01/1999 | 0.75 | 0.75 | 0.70 | |
| 8 ACP RCA 020 | Strengthening of Medical Laboratories | 08/05/2000 | 7.50 | 0.76 | 0.16 | started effect Sept 01 on going |
| 8 ACP RCA 001 | Caribbean Regional Anti-Money Laundering Programme | 09/22/1998 | 4.00 | 3.22 | 2.77 | on going |
| 8 ACP RCA 013 | Drug Epidemiological Surveillance Programme | 01/10/2000 | 1.29 | 1.16 | 0.81 | on going |
| | TOTAL | | 35.74 | 26.09 | 16.14 | |

ANNEX VIII. Financial Situation and Status Report of Projects Funded by the European Investment Bank in Trinidad and Tobago (as at 31.12.02 in EUR)

| Project name | Status | Convention | Contract Number | Amount signed (m) | | Date of signature | Amount outstanding (m) | | Beginning Repayment |
|--|-----------|----------------|-----------------|-------------------|-------------|-------------------|------------------------|-------------|---------------------|
| | | | | OR | RC | | OR | RC | |
| EIB OPERATIONS | | | | | | | | | |
| TTDFC V A | Disbursed | Lomé - 3 | 70804 | | 0.4 | 20/12/1989 | | 0.4 | |
| | Disbursed | Lomé - 3 | 70805 | | 2.5 | 20/12/1989 | | 1.6 | 25/09/2010 |
| TTDFC V B Global Loan | Disbursed | Lomé - 3 | 14414 | 12 | | 20/12/1989 | 5.5 | | 25/03/1995 |
| Trintoc Refinery Project | Disbursed | Lomé - 4 | 15670 | 38 | | 12/12/1991 | 26.8 | | 05/06/1996 |
| Richmond Water Supply | Disbursed | Lomé - 3 | 70945 | | 0.1 | 07/04/1994 | | 0 | 05/04/2000 |
| Trintoc MTBE | Disbursed | Lomé - 4 | 17200 | 8.5 | | 07/04/1994 | 4.9 | | 05/10/1997 |
| DFL VI | Disbursed | Lomé - 4 | 70964 | | 4 | 02/09/1994 | | 3.8 | 20/08/2009 |
| DFL VI Share Participation | Disbursed | Lomé - 4 | 70963 | | 0.1 | 02/09/1994 | | 0.1 | |
| National Gas Company | Disbursed | Lomé - 4 | 19216 | 45 | | 11/12/1996 | 45.2 | | 10/06/2000 |
| DFL VII | Disbursed | Lomé - 4 - Bis | 71121 | | | 22/09/1998 | | 2 | 30/06/2013 |
| | Signed | Lomé - 4 - Bis | 17666 | 8 | | 21/09/1998 | 8.8 | | 31/12/2002 |
| Carib Micro-Finance Feasibility St | Disbursed | Lomé - 4 | 20184 | | 0.2 | 28/07/1999 | | 0.2 | 05/07/2014 |
| Caribbean Micro-Finance Ltd | Signed | Lomé - 4 - Bis | | | 5 | 15/03/2001 | 0 | 0 | |
| Total EIB Operations | | | | 111.5 | 14.3 | | 91.2 | 8.1 | |
| Special section on behalf of Commission | | | | | | | | | |
| Fisheries St. Patrick | Disbursed | Lomé - 1 | 80025 | | 0.6 | 11/01/1979 | | 0.2 | 15/07/1998 |
| Production Of Timber | Disbursed | Lomé - 1 | 80026 | | | 11/01/1979 | | 0.2 | 01/09/1988 |
| Credit To Scale Agric. Project | Disbursed | Lomé - 2 | 80131 | | 1.5 | 04/07/1983 | | 1.1 | 01/12/1993 |
| Regional Marketing of Agr. | Signed | Lomé - 2 | 80151 | | 1.4 | 27/03/1984 | | 0.6 | 15/09/1994 |
| Trade Promotion Programme | Disbursed | Lomé - 1 | 80152 | | 0.7 | 02/04/1984 | | 0 | 01/09/1994 |
| Lambeau Hill Water Supply | Disbursed | Lomé - 1 | 80154 | | 0.6 | 04/05/1984 | | 0.4 | 01/10/1994 |
| Credit Sm Agric. Medium Scale | Disbursed | Lomé - 2 | 80234 | | 1.5 | 18/02/1987 | | 0.8 | 15/06/1997 |
| St. Patrick Water Supply | Disbursed | Lomé - 1 | 80323 | | 5.5 | 27/12/1990 | | 4.9 | 01/03/2001 |
| | Disbursed | Lomé - 3 | 80323 | | 0.8 | 27/12/1990 | | 0.7 | 01/03/2001 |
| Road Rehabilitation. in Trinidad | Signed | Lomé - 3 | 80393 | | | 06/07/1995 | | 0 | |
| Total Special section | | | | 0 | 19.6 | | 0 | 8.8 | |
| | | | | 111.5 | 33.9 | | 91.2 | 16.9 | |