



TRINIDAD AND TOBAGO – EUROPEAN COMMUNITY

Country Strategy Paper

For the Period 2002 - 2007

Prepared by:
Ministry of Integrated Planning and Development

and the:
Delegation of the European Commission in Trinidad and Tobago

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The Government of Trinidad and Tobago and the European Commission hereby agree as follows:

- (1) The Government of Trinidad and Tobago, represented by *Dr. the Honourable Keith Rowley, Minister of Planning and Development* and the European Commission, represented by *Her Excellency Sari Suomalainen, Ambassador, Head of Delegation of the European Commission in Trinidad and Tobago, the Netherlands Antilles and Aruba*, hereinafter referred to as the Parties, held discussions in Trinidad and Tobago from October 2000 to August 2001 with a view to determining the general orientations for co-operation for the period 2001 – 2007.

During these discussions, the Country Support Strategy and an Indicative Programme of Community Aid in favour of Trinidad and Tobago were drawn up in accordance with the provisions of Articles 2 and 4 of Annex IV to the ACP-EC Partnership Agreement, signed in Cotonou on 23 June 2000. These discussions complete the programming process in Trinidad and Tobago.

The Country Strategy Paper and the Indicative Programme are annexed to the present document.

- (2) As regards the indicative programmable financial resources which the Community envisages to make available to Trinidad and Tobago for the period 2001-2007, an amount of € 17 million is foreseen for the allocation referred to in Article 3.2 (a) of Annex IV of the ACP-EC Partnership Agreement (A-allocation) and of € 0.9 million for the allocation referred to in Article 3.2 (b) (B-allocation). These allocations are not entitlements and may be revised by the Community, following the completion of mid-term and end-of-term reviews, in accordance with Article 5.7 of annex IV of the ACP-EC Partnership Agreement.
- (3) The A-allocation is destined to cover macroeconomic support, sectoral policies, programmes and projects in support of the focal or non-focal areas of Community Assistance. The indicative programme under chapter VI concerns the resources of the A-allocation as well as uncommitted balances of former EDFs, for which no projects and programmes have been identified under the respective National Indicative Programmes. It also takes into consideration financing from which Trinidad and Tobago benefits or could benefit under other Community resources. It does not pre-empt financing decisions by the Commission.
- (4) The B-allocation is destined to cover unforeseen needs such as emergency assistance where such support cannot be financed from the EU budget, contributions to internationally agreed debt relief initiatives and support to mitigate adverse effects of instability in export earnings. The B-allocation shall be triggered according to specific mechanisms and procedures and does therefore not yet constitute a part of the indicative programme.
- (5) Pending the entry into force of the Financial Protocol of the ACP-EC Partnership and within the framework of the present Country Strategy Paper and Indicative Programme, financing decisions for projects and programmes can be taken by the Commission at the request of the

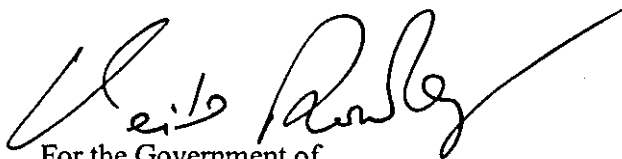
Government of the Republic of Trinidad and Tobago, within the limits of the A- and B-allocations referred to in this document and under the condition that sufficient resources are available under the general reserve of the eighth EDF. The respective projects and programmes shall be implemented according to the rules and procedures of the eighth EDF until entry into force of the Financial Protocol for the Ninth European Development Fund. Corresponding amount shall be provided as a supplementary allocation to the eighth EDF

- (6) The European Investment Bank may contribute to the implementation of the present Country Strategy Paper by operations financed from the Investment Facility and/or from its own resources, in accordance with Articles 3 (a) and 4 of the Financial Protocol of the ACP-EC Partnership Agreement.
- (7) In accordance with Article 5 of Annex IV to the ACP-EC Partnership Agreement, the National Authorising Officer and the Head of Delegation shall annually undertake an operational review of the Indicative Programme and undertake a mid-term review and an end-of-term review of the Country Support Strategy and the Indicative Programme in the light of current needs and performance.

The mid-term review shall be undertaken within two years and the end-of term review shall be undertaken within four years from the date of signature of the Country Support Strategy and the National Indicative Programme. Following the completion of the mid- and end-of-term reviews, the Community may revise the resource allocation in light of current needs and performance.

- (8) The agreement of the two parties on this Country Strategy Paper and the National Indicative Programme, subject to the ratification and entry into force of the ACP-EC Partnership Agreement, will be regarded as definitive within six weeks of the date of the signature, unless either party communicates the contrary before the end of this period.

Signatures


For the Government of
The Republic of Trinidad & Tobago


For the Commission

EXECUTIVE SUMMARY

The overall objective of Government's policy is to improve the quality of life of all citizens. The principal medium-term policy objectives being pursued by the Government are:

- Diversifying the economy to ensure high sustainable growth with low inflation;
- Re-focusing on sectors that have the greatest potential to increase employment;
- Transforming the economy into one that is globally competitive and technology-driven to compete effectively in an integrated world economy;
- Developing a knowledge-based society;
- Assuring security of life of all citizens; and
- Ensuring equal opportunity and promoting social cohesion.

Trinidad and Tobago has had good economic and social performance in the past seven years. However, there are deficiencies in the economic and social situations. The economy is susceptible to external shocks due to dominance of the hydrocarbon sector. The social situation is affected by poverty and unemployment and deficiencies in the health and education systems.

Government is pursuing several strategies to overcome, in a sustained manner, deficiencies and improve living conditions. Economic diversification and employment generation are being pursued with strategies aimed at stimulating growth of the non-hydrocarbon sectors. Social deficiencies are being addressed with strategies that focus on human development through empowering individuals and communities by creating an environment for building social capital, enhancing knowledge, skills and productivity, and fostering attitudes of self-reliance and self-determination. Education and health are critical social sub-sectors. Universal primary and secondary education has been achieved but deficiencies exist in the quality as evidenced by declining pass rates in mathematics, science and English Language. There is a severe capacity constraint at the tertiary/post secondary education level along with a need to improve the quality, range and relevance of programmes with particular attention to programmes in science and technology. In health, there is need to improve the quality and range of services and to more aggressively address the HIV/AIDS epidemic which poses the most serious health-related challenge to sustained economic growth and improved quality of life.

Trinidad and Tobago and the European Union agree that during the ninth EDF the objective of EC support will be to foster **human development**. More specifically, the EC will concentrate its programmable grant resources on "**Education**" as the focal sector and "**Health**" as the non-focal sector. Two specific projects are proposed for funding in the education sector, viz., (a) a major project to increase the capacity and quality of the tertiary/post secondary level system and (b) a minor project to popularize and mainstream science and technology in everyday life, education and career selection. In the Health sector, the support will implement a comprehensive strategy and programme for preventing the spread of HIV/AIDS. In the context of the 9th EDF, Trinidad and Tobago has been allocated an indicative amount of € 17 million of programmable resources. Eighty percent (80%) of the programmable resources available to Trinidad and Tobago under the ninth EDF will be allocated to the focal sector of education and twenty per cent (20%) to health.

PART A

THE COOPERATION STRATEGY

1. EU CO-OPERATION OBJECTIVES

The central objectives of co-operation under the Cotonou agreement are poverty reduction, sustainable development, and integration of the ACP countries in the world economy. In this context, the co-operation shall promote local ownership of economic and social reforms and the integration of the private sector and civil society actors into the development process. Specifically co-operation shall aim at:

- ▲ achieving rapid and sustainable job creating growth, developing the private sector, improving access to productive activities and fostering regional co-operation;
- ▲ promoting human and social development and an equitable income distribution;
- ▲ promoting cultural values;
- ▲ promoting institutional reforms and developments for democracy, good governance and efficient and competitive market economies;
- ▲ promoting environmental sustainability.

The Cotonou Agreement introduces a more selective and flexible way of using EC resources for ACP countries. Aid allocations will be based on an assessment of each country's need and performance with the possibility to adjust financial resources through a system of rolling programming. In practice, it means that resources can be increased in case of 'good performance', i.e. timely and effective implementation of programmes.

For small NIP envelopes the programming is focusing on one focal sector to maximise the impact of EC assistance. The Commission identifies 6 sectors which closely correspond with the comparative advantage of the Community and from which the focal sector will be selected:

- Trade and development;
- Encouragement of regional integration and co-operation;
- Support to macro-economic policies with an explicit link to poverty reduction strategies, in particular to sector programmes in social areas (health and education);
- Transport;
- Food security and sustainable rural development strategies, and
- Institutional capacity building, good governance and the rule of law.

2. THE NATIONAL POLICY AGENDA

The overall objective of Government's policy is to improve the quality of life of all citizens. This overarching objective is guided by the vision of a nation reinforcing its stability, sovereignty, democracy and unity with all the people being impelled by a sense of national purpose and pride and motivated by strong spiritual and moral values. The vision foresees a progressively diversified, resilient and internationally competitive economy; a workforce that is skilled and knowledgeable with the capacity to innovate on the most modern technologies and processes; citizens that are highly educated, healthy, well-housed, and sensitive to diversity and the environment; and government that is highly efficient, effective, accountable and transparent.

The policy agenda and development strategy for Trinidad and Tobago is documented in the three (3) year rolling plan -- *the Medium Term Policy Framework: 2002–2004* -- published by the Ministry of Finance and the seven (7) year draft *National Strategic Development Planning Framework: 2000 – 2006* developed by the Ministry of Integrated Planning and Development (MIPD). These two policy documents contain inputs from Government, the private sector, civil society and individuals representing a wide and diverse range of social and economic interests.

2.1 MEDIUM TERM GOALS AND OBJECTIVES

The principal medium term policy goals of Government by emphasising both the economic and the social dimensions are mutually reinforcing and interrelated. Medium-term policy goals and objectives being pursued by the Government are:

- **Diversifying the economy to ensure high sustainable growth with low inflation;** the key sectors that will be targeted are gas-based downstream industries, manufacturing, services, sports programmes and agriculture. Essential aspects of this framework will include the creation of an entrepreneurial environment as well as the continuing collaboration with relevant stakeholders towards establishing a more participatory approach in the decision-making process.
- **Re-focusing on sectors that have the greatest potential to increase employment;** the lead sectors of the economy that have been targeted for job creation are: the downstream industries of the gas industry; the information and telecommunications sector and its downstream industries; the manufacturing, services and agri-business sectors; and the micro, small and medium enterprises (MSMEs).
- **Transforming the economy into one that is globally competitive and technology-driven to compete effectively in an integrated world economy;** Key strategies include: establishment of a Technology Park; the liberalization of the telecommunications sector, the expansion of internet connectivity and implementation of the E-commerce Action Plan.
- **Developing a knowledge-based society;** Education and lifelong learning supported by the appropriate marketable skills are important avenues to achieve this goal. Universal secondary education was achieved in September 2000. Capacity and quality issues in the primary and secondary systems are being addressed with specific programmes. At the post-secondary level, emphasis will be placed on expanding tertiary/post-secondary level education and improving the technological skills base of the country. Additionally, the thrust in education is to stimulate interest in science and technology.
- **Assuring security of life of all citizens;** Citizens will be assured a decent standard of living through strategies of poverty alleviation, drug abuse prevention, improved quality of health care and services, increased access to affordable housing, and preservation of the environment. The aspect of enhancing physical security will involve reducing crime, youth deviance and prison overcrowding while promoting law and justice.
- **Ensuring equal opportunity and promoting social cohesion;** by improving regulations governing conditions of work and industrial relations; fostering gender equity; facilitating community empowerment; improving the level of support for sport, culture and the arts; enhancing the available opportunities for the development of our youths; and strengthening Local Government Bodies.

3. ASSESSMENT OF THE POLITICAL, ECONOMIC AND SOCIAL SITUATION

3.1 POLITICAL SITUATION

Trinidad and Tobago is a twin-island sovereign unitary state with a population of 1.32 million and responsibility for a marine area that is more than 11 times its land area of 5129 km². The two islands are 32 km apart at their closest points. The island of Trinidad (4828 km²) is the seat of national Government. The island of Tobago (300 km²) has a substantial measure of autonomy over its internal affairs. The Tobago House of Assembly is an elected representative body responsible for the administration of the island and implementing policies in respect of specific areas of responsibility set out in the Tobago House of Assembly Act.

Trinidad and Tobago is a democratic State and a member of the British Commonwealth. The country gained independence from Britain in 1962 and became a constitutional republic headed by a President in 1976. General elections, the last of which was held in December 2001, are due at least once every 5 years. A number of political parties contest each election.

Government comprises three independent arms – the Legislature, the Executive, and the Judiciary. Legislative power resides in the bicameral Parliament -- the House of Representatives comprised of 36 elected members and the Senate comprised of 31 appointed members. Executive authority lies with the Prime Minister and his Cabinet. The Cabinet is appointed from among the Members of Parliament. The Judiciary is headed by a Chief Justice; its independence is guaranteed in the Constitution.

The Constitution of the Republic of Trinidad and Tobago entrenches fundamental human rights and freedoms. These rights are guaranteed to foreign nationals, just as they are to Trinidad and Tobago citizens. The media are free and vibrant – 3 television stations, at least 10 radio stations, 3 daily and several weekly newspapers operate in the country. Many civil society organisations representing a wide and diverse range of interests are active and operate freely. Government encourages the participation of representatives of the trade union movement and business organisations in national policy and strategy formulation.

A foundation of laws fosters social and economic activity. Government actively supports investment with policies that have continued through successive administrations. The public financial systems are subject to scrutiny by auditors and Select Committees of Parliament. The “Integrity in Public Life Act 2000” seeks to stimulate high standards of behaviour among public officials. The Freedom of Information Act (FOIA), which was recently brought into law, extends the general right of access by the public to official documents held by the State.

Trinidad and Tobago is an active member of the Caribbean Community (CARICOM), a regional trade and economic partnership of nations in the Caribbean. CARICOM has objectives of: (i) economic cooperation through the creation of a Caribbean Single Market and Economy, (ii) coordination of foreign policy among the independent Member States, and (iii) common services and cooperation in functional matters such as health and education.

Due to relative young age of the political life and parties in Trinidad and Tobago there seems to still be a tendency for the electors to vote according to ethnic affiliations. Genuine efforts are made to address this by involving the whole society in democratic processes. In the recent past, corruption has been an issue in the media and is widely discussed in the society.

3.2 ECONOMIC AND SOCIAL SITUATIONS

3.2.1 Economic Situation

Macro-economic Performance

Trinidad and Tobago has enjoyed solid economic performance for the past seven years. Economic growth has been positive since 1994 with an estimated annual average of 5.3 per cent during the period 1994–2000. A growth rate of 6.4% was achieved in 2000, with 4.2% projected for 2001. Appendix 3 provides information on the growth rates of GDP using national accounts data valued in 1985 prices. Inflation, as measured by the Retail Price Index (All Items), has been moderate. In 1994, the inflation rate was 10.8%; in 2000 it was 3.5%; it is projected to be 5.3% in the year 2001. GDP per capita was US\$6,259 in 2000.

The balance of payments position of the country has improved over the past seven years (see Appendix 4). Gross international reserves have almost tripled from US\$678.9 million in 1994 to US\$1890.4 million in 2000. Gross international reserves, at the end of June 2001, provided just over 6 months of import cover. The balance of payments account has been positive the past few years. In 1997 and 1998 the merchandise account and the current account registered net negative positions that were more than compensated by the inflows on the capital account. Most of the inflows on the capital account were foreign direct investment targeted to the hydrocarbon (and in particular the natural gas) sector. The debt service ratio declined from 25.2% in 1994 to 8.0% in 1999. The floating exchange rate has been relatively stable at around TT\$6.3 per US\$ since 1996.

The public debt has been rising. In 1994, total public debt was TT\$18,297 million (or 62.4% of GDP); in 2000, it was provisionally estimated to be TT\$29,967 million (60% of GDP). Between 1994 and 2000 the internal debt increased from TT\$ 5764.9 million to TT\$10,113 million. The external debt increased by TT\$722 million to TT\$10737.6 million (or 21.4% of GDP) between 1994 and 2000. Debt service as a percentage of Government revenues was 44% in 1994; in 2000, it was 41%. Although trade is obviously vital to T&T's island economy, Government revenue does not rely heavily on customs duties or other trade taxes (8%). This will facilitate T&T's participation in regional (Caricom), intra-regional (EPA) and multilateral (WTO) trade liberalisation. Appendix 5 provides information on the public debt and debt service.

Economic performance is susceptible to external shocks. In 1980, during the oil 'boom', the petroleum sector accounted for 93.7% of export earnings and 42.1% of GDP; in 1987, during the period of the oil 'bust' the comparable figures were 71.2% of export earnings and 25.2% of GDP. The unemployment rate was 9.9% in 1980; it was 22.2% in 1987 and 12.8% in 1999. Appendix 8 provides information on labour force statistics during the period 1974 – 2000.

In 1999 and 2000 petroleum products were Trinidad & Tobago's main export product to the EU (roughly 60% of total exports to the EU in 2000), followed by products of the chemical industry

(17% in 2000). Preferential sugar exports to the EU also remain significant (7% in 2000). Various machinery constituted the main imports from the EU (roughly 40% of total imports from the EU in 2000). In 2000 the balance of trade tipped in favour of T&T, which exported € 508 mio to the EU and imported € 409 mio (as opposed to € 319 mio and € 459 mio in 1999). The EU is a significant trading partner of T&T: in 1999 the EU accounted for 11% of T&T exports and for 22% of T&T imports.

Economic Structure

A fundamental structural characteristic of the economy of Trinidad and Tobago is its high dependence on the export earnings and contribution to GDP of a single sector -- the hydrocarbon sector. Gelb¹ (1988; pp 265) notes that the economy has been dominated by the petroleum industry since 1913 and that "by the early 1970s petroleum extraction and refining accounted for almost three-quarters of exports, one fifth of government revenue, and one-fifth of GDP". In 1994 the hydrocarbon sector contributed 29.9% of GDP and 49.1% of export earnings; in 2000, 22.2% of GDP and provisionally 65.3% of export earnings. In 1994 the agriculture, manufacturing and services sectors contributed 2.2%, 7.8% and 59% respectively to GDP; the values in 2000 were 1.7%, 8.1% and 64.6% respectively. See Appendix 7 for information on the structure of the economy; Appendix 6 provides information on exports.

3.2.2 Social Situation

Social Indicators

Trinidad and Tobago is positioned quite favourably in terms of human development. The United Nations 2000 Human Development Index² (HDI) placed the country 50th out of 174 countries; a ranking higher than countries such as Mexico, Malaysia, Mauritius and Oman. The favourable ranking indicates success in converting economic growth into human development as evidenced in areas such as longevity and literacy. In 2000, the country was ranked 48th of 143 countries on UNDP's Gender-related Development Index³ (GDI) and Gender Empowerment Measure⁴ (GEM).

Other indicators of living conditions compare favourably on a regional level. Approximately 97% of the population has access to health services; 98% to potable water and 79% to sanitation. Life expectancy stands at 73 years compared to 70 years in the Latin America and Caribbean region. Life expectancy is 71.7 years for males and 76.4 years for females. Child malnutrition (as a % of children under 5 years) is 7% compared to 8% for the Latin America and Caribbean region. Infant mortality per 1000 live births is 16 versus 31 in the Latin America and Caribbean region. The mortality rate (children under 5 years) per 1000 live births is 20. There are 90 Doctors per 100,000 persons.

¹ Gelb, Alan; and Richard Auty. "Trinidad and Tobago: Windfalls in a Small Parliamentary Democracy." In Oil Windfalls: Blessings or Curse? Alan Gelb ed.; Oxford University Press, London. 1988.

² United Nations Development Programme (UNDP). Trinidad and Tobago National Human Development Report 2000: Youth at Risk. UNDP, Port of Spain, 2001

³ The GDI is the gender-disparity-adjusted HDI. A good ranking on this index means that basic human capabilities are more equally distributed between men and women in Trinidad and Tobago than in the average country

⁴ The GEM attempts to measure the participation of and opportunities for women in selected economic, political and professional domains, such as the share of administrative, managerial and parliamentary positions held by women.

Despite the favorable social indicators, critical deficiencies exist such as poverty, unemployment, insufficient social infrastructure and inadequate quality of social services.

Poverty and Unemployment

Income poverty can be assessed with data from several sources. In 1992 Survey of Living Conditions indicated that 22% of the population lived in poverty, with half that amount (11%) unable to afford the cost of a minimum food basket, i.e., conditions of extreme poverty. Further, 31% of female-headed households lived in poverty. Mullen⁵, (1999) states that poverty rates are approximately the same in rural and urban areas but with more severe effects in urban areas. The Index of Average Weekly Earnings had changes of -6.1%, 9.1% and -14.1% in 1999, 2000 and up to June in 2001 respectively.

Unemployment is a major source of income poverty. In 2000, 12.8% of the labour force was unemployed (see Appendix 8 and 9). Unemployment is higher among women (18.9% in 1999) and youth -- in 1999, 33.4% in the 15-19 age group; 21.4% for the 20-24 age group.

Education and Health

One hundred percent of eligible persons have access to primary and secondary schooling since the achievement of universal secondary education in September 2000. Despite this, primary and secondary education are affected by problems of quality of *inter alia* the physical infrastructure and dispensation of education. Only 96% of the eligible population is enrolled at the primary level. It is estimated that 40% of primary schools are in need of repair. At the secondary level, there are indications of significant declines in the quality of education as evidenced by falling levels of educational achievement by pupils. For example, comparisons of the 1996 and 1993 results of the Caribbean Examination Council (CXC) General Proficiency Level examinations show declines in all major subject areas, but especially in English language (77.3% to 36.3%) mathematics (51.4% to 34.3%) and science -- biology (73.9% to 43.1%), chemistry (73.9% to 46.1%) and physics (65.8% to 50.0%)⁶.

The tertiary/post secondary level participation rate is estimated at 8% of the age 18-22 cohort. The demand far exceeds the supply. Even using the highest standards for admission it is estimated⁶ that the demand for technician level training is 6.3 times the institutional capacity to supply; it is 3.4 times for pre-technician level training.

Tertiary/post secondary education and training is provided by several public institutions offering courses and programmes from the craftsman to professional level, and Associate degrees to University degrees. Private institutions also offer programmes. With one exception, private institutions are mainly small operations with very limited facilities offering a narrow range of programmes designed to meet the certification requirements of external (foreign) examining bodies. At this time, very little regulation, oversight, coordination or accreditation requirements are applied to the private institutions.

⁵ Mullen, Joesph; J. StCyr; and T. Paccoud. EC-Sponsored Study on Poverty in Trinidad and Tobago 1999.

⁶ Trevor Hamilton and Associates Institutional Study of Post Secondary/Tertiary Education and Training in Trinidad and Tobago: Final Report -- Study prepared for the Caribbean Development Bank -- Sept. 2000

The delivery system in the health sector suffers from a number of qualitative, operational, allocative and administrative deficiencies with consequent impact on health of citizens. The quality of healthcare is affected by delays in obtaining care and inadequate access to services. The allocation of resources puts an overemphasis on hospitalisation as against preventive and primary healthcare thereby exacerbating health problems. Moreover, the inadequate physical conditions of hospitals, the lack of equipment and other supplies, and shortages of nursing and specialist medical personnel complicate the existing problems.

The health profile of the population is changing. Malignant neoplasms, diabetes and other non-communicable lifestyle-related diseases have increased. Genito-urinary tract diseases, respiratory and circulatory diseases are among the leading causes of hospitalisation. HIV and AIDS have reached epidemic proportions with an infection rate of 300 per 100,000 persons. In the island of Tobago, the incidence of HIV/AIDS at 400 per 100,000 persons is much higher than the national average.

Overall, there is concern for the integrity of communities and families and the capacity of individuals to take advantage of the opportunities for self-advancement and empowerment.

3.2.3 Environmental Situation

There is some measure of degradation of the land, air and marine environments as evidenced in some areas by soil erosion and sedimentation problems and reduction of bio-diversity.

3.3 THE PROCESS OF REFORM

The Government initiated a structural reform programme in 1983. In 1987, following agreement with the IMF, the structural reform programme was made more comprehensive. The reform programme included: trade and foreign exchange liberalisation, divestment of State-owned enterprises, taxation reform and tightening of the monetary and fiscal systems. By 1994, the country had achieved positive balances in its major economic accounts. The sustainability of the recovery is evidenced by an average annual growth rate of 5.3% since 1994 along with simultaneous improvements in all key macroeconomic indicators and high levels of investment.

The country has now embarked on a programme of second order reforms to further enable it to attain sustained high-quality growth. These reforms focus on modernising and improving the efficiency of the public sector, institutional strengthening, judicial reform, strengthening the financial system and regulatory framework and improving social services.

3.4 STRUCTURE OF PUBLIC SECTOR FINANCES

Government's fiscal operations had overall deficits in 1998, 1999 and 2000. Taxes constituted most of revenue – 85% and 84.2% in the 1999-2000 and 2000-2001 financial years respectively. Recurrent expenditure constituted most of expenses – 91% and 94.7% in the 1999-2000 and 2000-2001 financial years respectively. Over the period 1990 – 2000 recurrent revenue and expenditure doubled. Increased economic activity contributed to revenue increase, payment of salary arrears and increases in subsidies and transfers contributed to higher expenditures.

3.5 REGIONAL INTEGRATION AND TRADE POLICY

Trinidad and Tobago holds membership in a number of trade and economic groups including the World Trade Organisation (WTO), CARICOM, the African Caribbean and Pacific States (ACP), and the Association of Caribbean States (ACS). The country is involved in negotiations to create the Free Trade Area of the Americas (FTAA) and for bilateral agreements with countries such as Cuba, Venezuela and the Dominican Republic.

The country has sought to improve its effectiveness in international negotiations by joining with other CARICOM countries to create the Regional Negotiating Machinery (RNM). The RNM facilitates preparation and joint representation of CARICOM positions.

Trinidad and Tobago benefits from preferential access to the European Union market for its sugar and rum. In general, however, the non-reciprocal preferences of the Lomé Agreement have not generated new dynamism in ACP export performance, and are not in line with the requirements of the WTO. Therefore the Cotonou Agreement envisages comprehensive Economic Partnership Agreements (EPAs) to be negotiated between the European Union and ACP countries, which will build on ACPs' regional integration initiatives. These EPAs will progressively remove barriers to trade and enhance cooperation in all areas relevant to trade, with a view to fostering the smooth and gradual integration of the ACP States into the world economy, with due regard for their political choices and development priorities. Negotiations are scheduled to start in 2002 and be completed no later than 2008.

Since 1990, Government has undertaken reforms aimed at liberalizing the economy. The country has a Trade Reform Programme designed to foster improved efficiency and increased export-oriented production and international competitiveness in the non-hydrocarbon sector. Government is also involved in progressively liberalizing its financial, fiscal and investment regimes in keeping with the mandate of the WTO and its commitments to CARICOM and bilateral trade agreements.

In the *Fisheries sector*, Government has, among others, undertaken to upgrade existing wholesale fish markets in accordance with Hazard Analysis Critical Control Point (HACCP) procedures. The adoption of HACCP procedures should ease access to both regional and international markets.

3.6 SUSTAINABILITY OF CURRENT POLICIES

3.6.1 Economic Performance

It is expected that sound macro-economic policy will result in continued strong surpluses on the Balance of Payment account, expansion of the gross official reserves, and allow Government to reduce the public debt and high debt service burdens to manageable levels. The Minister of Finance has indicated publicly the intention of, within 3 years, reducing the public debt from 60% to 50% of GDP and the debt service ratio from 42% to 30% of government revenues.

Diversification of the economy is being pursued by the Government as an important strategy to create employment and sustain economic growth. The hydrocarbon sector, though dominant in the economy, is capital intensive -- in 1999, 3.1% of persons employed were in the hydrocarbon

sector compared with 10.8% and 8.1% in agriculture and manufacturing respectively. Appendix 9 provides information on employment by industrial sector for the period 1975-1999. Business activity and the government budget -- and thereby the capacity to fund social and development programmes -- expand and contract with changes in international petroleum prices.

3.6.2 Social Issues including Poverty and Gender

The Government has adopted a people-centred approach to reducing poverty and unemployment and improving living conditions. The central pillar in this approach to human development involves empowering individuals and communities by creating an environment for building social capital, enhancing skills and productivity, and fostering attitudes of self-reliance and self-determination. Strategies include, institutional strengthening of social development agencies, micro-enterprise and small and medium-sized business development, and improved social infrastructure and services particularly in education and health. This focus on empowerment represents a shift away from reliance on short-term employment and other relief measures and is expected to have more sustained impact in the life and welfare of all citizens and especially so for low-income and poor individuals and communities.

The Government is emphasising the provision of resources to social programmes and the social sectors. It is expected that expenditure on "Social Security, Welfare Affairs & Services" will continue to exceed eleven percent of Central Government recurrent budget. The share of the Government's capital budget for improving social infrastructure (e.g., education, housing, health, social services) has been increasing. The expenditure for social infrastructure was 30.4% of the capital budget in the 1998/1999 financial year, 36.8% in 1999/2000 and 45.8% in 2000/2001. The allocation proposed for the 2001/2002 financial year is 43.6% of the capital budget.

Poverty

In poverty alleviation, Government intends to adopt the two-pronged approach of addressing immediate needs while providing beneficiaries with the capacity to empower themselves, through for example education and training. The social services delivery system will be decentralised and the involvement of CBOs and NGOs expanded in order to more effectively and efficiently fulfill needs. Drug demand reduction and community based prevention programmes along with treatment and rehabilitation services will be expanded with greater emphasis on targeting schools and communities. Gender equity will be promoted by an active and visible policy of gender mainstreaming. The needs of low skilled unemployed women, especially single female-headed households, for training in a number of areas will be addressed.

Education and Health

Primary and secondary education is an important means of developing and empowering the human resource and thereby realising the national economic and social objectives. Trinidad and Tobago has a history of considerable private sector and religious involvement in the provision of primary and secondary education. Declining student performance on national exams in English, mathematics and science has brought increased scrutiny on teacher training and the relevance of curricula in developing the cognitive, literacy and numerical abilities of students. In order to maintain universal primary and secondary education and improve the quality of programmes Government aims to upgrade facilities, construct schools and strengthen collaboration with

providers from the private sector and religious bodies. Additionally, Government intends to improve the quality and relevance of primary and secondary programmes through (i) curricula development, (ii) strengthening teacher education and development, and (iii) expansion of student support services such as school nutrition programmes.

Government aims to popularise and mainstream science and technology. This objective cuts across the primary, secondary and tertiary education levels. Programmes in support of this objective will contribute to improved student performances in math and science and support the increased focus on science and technology at the tertiary level. Government proposes to establish a National Science Centre as one component of the strategy to meet this objective.

The main focus of policy at the tertiary/post-secondary level is to expand enrollment to meet the demands for a more technologically inclined workforce and support personal and national development goals. Government has established a policy goal of increasing enrollment from its current 8% to 20% of the 18-22 age cohort by 2005. Enrolment rates in the comparable neighbouring middle-income countries of Barbados and Venezuela are 22% and 26% respectively.

At the tertiary level Government is pursuing a number of strategic policy initiatives to address the constraints of institutional deficiencies, inadequate capacity, deficiencies in quality, range and relevance of programmes, and barriers to access. Two recent initiatives aimed at reducing the institutional deficiencies are the creation of a Ministry of Human Development, Youth and Culture (HDYC), and establishment of the College of Science Technology and Applied Arts of Trinidad and Tobago (COSTAATT⁷). The HDYC, established in January 2001, has jurisdictional oversight for over 90% of the public tertiary education institutions. This sets the stage for development of a coherent policy framework to address the constraints in tertiary education. The COSTAATT, established by Act 77 of Parliament in October 2000, is a multi-campus community college that will grant certificates, diplomas, associate degrees and bachelor's degrees in specialised technical and academic programmes. The rationale and objectives for the establishment of the COSTAATT are detailed in Appendix 2. Initiatives for increasing capacity include, expanding facilities of the COSTAATT, promoting distance education and encouraging private sector participation. Improvements in the quality, range and relevance of programmes will be addressed through *inter alia* curriculum development, teacher training and accreditation of programmes. The Government is developing a comprehensive national system of financial incentives (the Dollar for Dollar System) to address more adequately financial constraints to access at the tertiary level.

Government has embarked on a Health Sector Reform Programme (HSRP) with goal "to improve the health status of the population by promoting wellness and providing affordable quality care in an efficient and equitable manner". The HSRP provides a greater focus on primary health care and should more adequately address preventable morbidity and mortality and promote lifestyle changes. In support of this thrust, Government is constructing and refurbishing health centres and outreach centres, developing community care programmes and further developing human resource capabilities. The Government is also developing a comprehensive

⁷ The formation of a national Community College was articulated in: Ministry of Education. Education Policy (White) Paper (1993 – 2003). National Task Force on Education. 1993

HIV/AIDS Strategy that will address the prevention and treatment of the disease and seek to coordinate the inputs of the public and private sectors and civil society.

3.6.3 The Environment

The Government aims for a holistic approach to environmental management. Over the medium term, initiatives will continue to be directed at strengthening national capacity for improved environmental management through enhancement of the legislative, policy, regulatory, enforcement and institutional frameworks. In this regard, initiatives that are more recent have included passage into law of environmental legislation and the formation of the Environmental Management Authority (EMA) and the Environmental Commission. Additionally, environmentally responsible behaviour will be fostered among all segments of the population to ensure the protection and preservation of the environment for future generations.

3.6.4 Good Governance

Government recognises good governance as an essential element enhancing the welfare of all citizens. Good governance contributes to poverty reduction and improved living conditions because it stimulates economic activity and more effectively addresses the demands of the needy.

Government is pursuing strategies of increased stakeholder participation and decentralisation in order to improve governance. Participatory processes are being used to engage individuals, communities and non-state actors in dialogue on key issues facing the country and in the formulation of policies and strategies. In addition, the leaders of business, labour and government meet in committee for the purpose of agreement on policy and strategic issues to enhance social and economic development. Devolution of some Central Government responsibilities to representative and semi-autonomous regional bodies has started – for example in the health sector and delivery of social services.

The government is committed to a policy in which the State facilitates private sector activity and improves the quality of life of its citizens. Within Ministries, Government intends to strengthen the regulatory, planning and policy-making capacities while transferring to the private sector the responsibility for providing private goods. It is intended that the re-balanced focus will ensure increased attention to the core tasks of Government.

3.7 MEDIUM TERM CHALLENGES

Government has identified the need to address significant economic and social problems that are critical structural constraints to the country and its people realising their full potential. These structural constraints to development include (i) an insufficiently diversified economy and (ii) inadequate levels of human development.

3.7.1 An Insufficiently Diversified Economy

The dominance of the hydrocarbon sector makes economic performance susceptible to price fluctuations in the international petroleum market. The relative strength of the petroleum industry also affects the performance of other foreign exchange earning sectors of the economy –

such as manufacturing and agriculture. More recent international trade developments -- such as regionalism and trade liberalisation -- pose challenges and opportunities and demand increased competitiveness of local businesses on grounds of price and quality.

The major medium-term economic challenge for the Government is to foster growth of an internationally competitive private sector in the non-hydrocarbon sectors of the economy. The Government must give special attention to assisting the industry, agriculture and tourism sectors to meet the challenges of international competition and a changing domestic environment.

3.7.2 Inadequate Human Development

Despite impressive gains there is still need for a more all-inclusive, comprehensive and faster pace of human development that empowers individuals, families and communities to address their constraints and aid in poverty reduction. The constraints to human development relate to social infrastructure, access to quality social services, and improvements in human capital that can be facilitated with education and access to healthcare. Increased access to education and training and improved healthcare are primary means of stimulating sustained human development.

Education:

At the primary and secondary levels, the major challenges involve improving the quality of programmes, enhancing the efficiency and effectiveness of the delivery systems, upgrading the quality of the infrastructure, and improving student performance particularly in math and the sciences. Universal primary and secondary education has been achieved in Trinidad and Tobago.

There is a severe capacity constraint at the tertiary level along with a need to improve the quality, range and relevance of programmes. Particular emphasis is required on programmes in science and technology. Overall there is a need to mainstream education (inclusive of the heightened focus on science and technology) to serve more adequately the objective of economic diversification.

Health:

Government needs to improve the quality and range of services available – particularly to low-income households. It must also increase the efficiency and effectiveness of delivery systems in the health sector.

The Government needs to react more aggressively to the HIV/AIDS epidemic since this poses the most serious health-related challenge to sustained economic growth and improved quality of life. HIV/AIDS⁸, according to a UWI and CAREC study in 1998⁹ (see also KPMG¹⁰, 2001), will by 2005 cause *inter alia*, a 4.2% fall in GDP; a 15.6% decline in investment; a 5.2% reduction in labour supply; and a 25.3% increase in

⁸ Caribbean Task Force on HIV/AIDS *The Caribbean Regional Strategic Plan of Action for HIV/AIDS*. 2000

⁹ CAREC UWI Macroeconomic Impact of HIV Epidemic in Trinidad and Tobago and Jamaica; 1998

¹⁰ KPMG Consulting *Audit of National Programmes and Laboratories, Trinidad and Tobago -- National HIV/AIDS/STI Programme: Draft Final Report*. pp 15, March 2001

expenditure on HIV related illnesses. HIV/AIDS cause individuals and households to divert valuable resources to care for sick family members and replace foregone income.

4. AN ASSESSMENT OF PAST AND ONGOING COOPERATION

Several international agencies contribute funds to the developmental efforts of Trinidad and Tobago. Most of the agencies, such as the World Bank, the Inter-American Development Bank, the Caribbean Development Bank and the European Investment Bank provide loan funding. The European Commission/EDF is the major provider of grant funds. Individual European countries provide little large-scale developmental support but offer scholarships for tertiary level education as well as financing micro-projects for social and community development. The Donor Matrix for Trinidad and Tobago, attached as Appendix 1, provides additional information.

The European Investment Bank (EIB), since 1978, has provided loan and equity financing for the hydrocarbon sector and small and medium sized enterprises (SMEs) in the non-hydrocarbon sector. These investments have been expanded to include loans to micro-enterprises.

The Centre for the Development of Enterprise (CDE) provided funding for a programme of managerial, advisory and technical support to private enterprises in Trinidad and Tobago. For the past few years, that programme initiated with funding from the CDE has been conducted utilising grant resources from the 8th EDF national indicative programme. CBSL continues to represent CDE in Trinidad and Tobago as its Antenna and actively channels CDE's reserves to local beneficiaries.

Trinidad and Tobago also benefits from a number of regional and All-ACP projects funded by the EC. Regional projects include the Caribbean Agriculture and Fisheries Programme, the Cultural Centres programme, the Anti-Money Laundering programme, and other regional programmes in areas such as Tourism, Education and Health. All-ACP programmes include the EBAS and Proinvest.

4.1 LESSONS LEARNED FROM PAST EVALUATIONS

Trinidad and Tobago has been a recipient of EC funding since the Lomé I Convention (4th EDF). Table 1 below provides information on the indicative amounts allocated to the country under Lomé I through Lomé IV *bis*. *For the 9th EDF Trinidad and Tobago has been allocated a provisional indicative amount € 17.0 million of programmable resources.* Additionally, an indicative allocation of € 0.9 million has been allocated for unforeseen needs such as emergency assistance and debt relief initiatives.

Table 1 **Allocations under Lomé I through Lomé IV *bis***

	National Indicative Programme Million €
Lomé I (4 th EDF)	10.3
Lomé II (5 th EDF)	10.5
Lomé III (6 th EDF)	15.0
Lomé IV (7 th EDF)	18.1
Lomé <i>bis</i> (8 th EDF)	14.7

Trinidad and Tobago has had some successful programmes but overall has a less than optimal rate of utilising funds allocated under the 6th, 7th and 8th EDFs. The country lost 30% of its indicative allocation under the 8th EDF because of poor performance.

The Structural Adjustment Programmes (SAPs) are examples of successful EC funded programmes implemented in Trinidad and Tobago. The SAP programmes provided foreign exchange that was utilized for import cover while allowing the equivalent domestic counterpart funds to be used for projects – mainly improvement of physical infrastructure in educational facilities, community centers and recreational facilities – within the country. The reasons identified for success include the quick disbursement of the SAP and clearly identified projects that were implemented using standard administrative procedures of the government.

In the past, EDF funds have mainly been concentrated on Transport infrastructure, poverty alleviation, economic diversification and employment creation. The “Mid-Term Review of the 8th EDF NIP – Trinidad and Tobago” stated that while “7th EDF NIP funds are almost fully committed (90%); disbursements have followed with a moderate time lag (68%).” The report noted that disbursement delays were a result of “legal and bureaucratic bottlenecks” and poor performance in project implementation. The slow pace of preparation of projects for funding under the 8th EDF was attributed to “human resource and institutional constraints”. One project in NIP II sought to increase the absorptive capacity by addressing the human resource constraint. The project for institutional strengthening of the Office of the National Authorising Officer (NAO) within the Ministry of Integrated Planning and Development involved the establishment of an EDF Unit with contracted staff. The EDF Unit was established in March 2001.

In the light of past experience, 9th EDF funds are now aiming at tackling the same economic diversification and employment creation goals but through a different strategy: by fostering human development.

Furthermore, a significant number of projects aimed at strengthening the capacity of Small and Medium enterprises (SMEs) have already benefited from the EBAS facility since it became operational in the year 2000.

4.2 COORDINATION WITH OTHER DONORS

The government records the contributions of the international lending and grant agencies. Grant and loan funding is reflected in Government's annual Public Sector Investment Programme managed by the Ministry of Finance. Additionally, the Ministry of Integrated Planning and Development records technical cooperation with international donor partners. The Government ensures that loan and grant funds are channeled in support of the national development strategy and, in most cases, conducts oversight project monitoring activities. Regular meetings take place between the EC Delegation and all major Donors of Development assistance.

5 THE EC RESPONSE STRATEGY

The EC response strategy is derived from the economic and social analysis, the national development strategy and the activities of other development co-operation partners and takes into account the views expressed by the private sector and civil society in Trinidad and Tobago. The response strategy meets the objectives of EU cooperation and draws on the comparative advantage of the European Commission.

Trinidad and Tobago has access to the resources of the EIB, the CDE and the All-ACP and regional (CARIFORUM) projects funded by the EDF. The loan resources of the EIB can assist the Government to achieve the objectives of promoting economic diversification and support of environmentally motivated investments. The resources of the CDE can be accessed to assist private sector development. Trinidad and Tobago will also benefit from All-ACP and CARIFORUM projects that address deficiencies or seek to build institutional capacity in areas such as the environment including land degradation, fisheries export or trade negotiations and governance. The grant resources of the EDF allocated to the Trinidad and Tobago national indicative programmes will be directed towards further developing the social sectors.

Government will explore the possibility of a CARICOM/CARIFORUM position and CARICOM/CARIFORUM joint negotiating team in negotiating the economic partnership agreements (EPAs) with the European Union. The CARICOM States already utilise the method of joint representation in negotiations at the World Trade Organisation.

5.1 PRIORITIES FOR COOPERATION

The underlying objective of Trinidad and Tobago-EU cooperation will be to foster **human development**. Under the 9th EDF the EC will concentrate its programmable resources on "Education" as a focal sector and "Health" as a non-focal sector. In Education, the European Commission will assist the Government to increase the capacity and quality of the tertiary level system by supporting initiatives of the COSTAATT, and to popularise and mainstream science and technology by establishing a permanent science centre. In the Health sector, the European Union will assist in the fight against HIV/AIDS by providing resources that will assist in implementing an effective prevention programme. The design and implementation of the interventions in education and health will take into account the contributions of relevant private sector, civil society and donor institutions.

The EC response strategy will comprise of the following:

1. Focal Sector - Education: A support programme for education. This intervention may take the form of budget support, a more specific project or a combination of these two. The exact form of the intervention will be determined by the conclusion of the preparatory studies; and
2. Non Focal Sector – Health: A project to support HIV/AIDS prevention activities.

5.2 FOCAL SECTOR – EDUCATION

The choice of “Education” as the focal sector has the following advantages:

- Education contributes to development and is recognised by ACP-EU States as a primary means of empowering individuals, families and communities and reducing poverty;
- Education contributes to diversification of the economy by fostering private sector development because it can fulfill the critical human resource requirements of industry;
- Education provides opportunities to reduce gender inequity because of the absence of discrimination in access to education in the country;
- Education can contribute to improved environmental management by increasing the pool of knowledgeable and skilled persons in addition to improving community awareness and reducing poverty related causes of environmental degradation;
- The EC has a comparative advantage in the education sector given its successful programme of refurbishing schools under the Structural Adjustment Programme;
- The intervention will complement the regional EC-funded tertiary level education project, the Caribbean University Level Programme (CULP).

The placement of EC resources in education will support national development strategies and complement the activities of other donors in the education sector. A more effective tertiary/post-secondary level system and popularisation of science and technology will support the national efforts in economic diversification by enhancing the capacity to supply the skilled manpower for industry. It will also support the process of empowering individuals and families, and reducing poverty. The intervention will complement the activities of the World Bank and the Inter-American Development Bank (IDB). The World Bank is providing resources to improve the capacity and quality of physical infrastructure of the primary school system. The IDB is providing resources to improve the quality and expand the physical capacity of the secondary education system.

5.2.1 Consistency with Government Policy

The major objective of Government is to increase the capacity of the tertiary/post-secondary education system to achieve the goal of increasing enrollment from the current 8% to 20% of the age 18-22 cohort by 2005. Additionally, the Government aims to popularize and popularise science and technology.

5.2.2 Activities in the Primary Focal Sector

Two specific projects are proposed for funding in the education sector, viz., (a) a major project to increase the capacity and quality of the tertiary/post-secondary level system by supporting initiatives of the COSTAATT, and (b) a minor project to establish a permanent Science and Technology Centre under the aegis of the NIHERST

The focus on tertiary/post-secondary education and the COSTAATT will support the process of empowering individuals and families, and reduce poverty since tertiary/post-secondary education includes vocational, technical and academic areas. This therefore provides opportunities for the inclusion of persons from of the Government of Trinidad and Tobago (GOTT) all economic and academic backgrounds. The Dollar for Dollar education (scholarship) programme and other initiatives to be developed will ensure access to previously under-served groups, such as those with physical, geographic, income or academic constraints.

EC funded activities in tertiary/post-secondary level education will derive from a performance and results oriented programme of support to the multi-campus national community college, COSTAATT. The COSTAATT aims to achieve a minimum enrollment of 15,000 persons by 2005 and 20,000 persons by 2010. The current enrollment is 9,000 full and part-time students. Priority projects of the COSTAATT in the medium term include:

- Constructing and equipping a main campus at St. Joseph;
- Expanding facilities in Tobago;
- Establishing a Wide Area Network (WAN);
- Upgrading plant and facilities of the existing Technical Institutes in COSTAATT;
- Developing distance education learning capacity;
- Improving access for previously under-served groups;
- Upgrading faculty and staff;
- Improving the quality, relevance and range of programmes through activities such as accreditation, curriculum development and improved library facilities.

The establishment of a Permanent Science and Technology Centre is one element in a strategy to popularise science and technology in education, everyday life and career selection. The Science and Technology Centre will be established under the aegis of the National Institute for Higher Education Research Science and Technology (NIHERST).

The cost of interventions required to support the COSTAATT tertiary level initiatives and the establishment of the permanent Science Centre will far exceed the value of the ninth EDF indicative allocation of € 17 m. The Government proposes to complement the grant resources of the European Union with additional funds in addition to managing the focus, phasing and scale of the project. The Government will commit funds from its general revenue and provide loan funds sourced from the Caribbean Development Bank (CDB) and possibly the IDB. Government has already initiated discussions with the CDB. Government will establish an appropriate structure to coordinate the activities of the various local entities (Ministries and the non-State actors) and the international donors contributing to the project.

Project feasibility and design studies will identify a well-defined, implementable and financed project. These studies will commence in the first half of 2002. The project will be developed with appropriate performance and results oriented indicators as well as the necessary supervisory structures.

5.3 NON FOCAL SECTOR – HEALTH

The choice of “Health” as a non-focal sector is based on the following main considerations:

- Improved health of the population contributes to social development, private sector development and poverty reduction;
- The EC resources will complement the activities of other donors. The Health Sector Reform Programme (HSRP) is being funded by the IDB. The EC funds the CARICOM HIV/AIDS project being implemented by the Caribbean Epidemiology Center (CAREC).
- Supporting national HIV/AIDS activities. The country is participating in the HIV/AIDS vaccine trials and will obtain antiretroviral drugs at 10% of cost. The National AIDS Committee is involved in public education and other activities and is implementing a National Policy on the reduction of mother to child transmission.
- Complementarity with the EC funded regional projects in health, viz., the Epidemiology Survey, Strengthening of Medical Laboratories, and the HIV/AIDS project all being implemented by the Caribbean Epidemiology Center (CAREC).

5.3.1 Consistency with Government Policy

The Government aims for a comprehensive prevention and treatment programme for HIV/AIDS. Government, in May 2001, announced that it was negotiating with drug companies to make antiretroviral drugs available at 10% of cost. The Government is developing a national HIV/AIDS strategy that will provide a comprehensive approach and allow coordination and integration of the efforts of the many non-State actors currently involved in the fight against the disease.

5.3.2 Activities within the Non Focal Sector

EC cooperation in the Health sector will concentrate on supporting implementation of a comprehensive strategy for preventing the spread of HIV/AIDS. The strategy will be linked to the national health policy and seek to involve non-State actors in order to enhance effectiveness. Special attention will be paid to designing and implementing prevention and capacity building activities that take account of the special circumstance and socio-cultural characteristics of the people of Tobago. The project studies will propose project administration and coordination structures taking into account the institutional capacity for effective implementation.

The grant resources of the EC will complement the several significant interventions against HIV/AIDS in Trinidad and Tobago. The country is participating in the HIV/AIDS vaccine trials and negotiating to obtain antiretroviral drugs at 10% of cost. The Government has established a National AIDS Committee that is involved in activities such as public education and begun implementing a National Policy on the reduction of mother to child transmission. The Caribbean

Epidemiology Centre (CAREC), a regional institution provides support to the national programme and is the implementing agency for a regional HIV/AIDS programme funded by the European Union.

5.4 EIB

In the 9th EDF, the EIB will make available support to small and medium enterprises (SMEs) active in core sectors of the economy and direct financing to larger projects. Special funds (national or regional) may, if deemed appropriate, be set up to target e.g. environmental investments.

Apart from the above mentioned financial instruments of which the A envelope is the main programmable basis for the Indicative Programme, the 9th EDF includes also the " Investment Facility" as a financing instrument managed by the EIB. The Investment facility does not form part of the Indicative Programme.

5.5 COHERENCE AND COMPLEMENTARITY

Coherence between development cooperation policy and other EC policies (trade, fisheries, agriculture, environment etc.) relevant for Trinidad and Tobago will be assessed on a permanent basis. In this context NIP resources may be used to complement resources from the RIP, budget lines and trade-specific operations, according to needs and availability of funds. In particular, this may refer to support for efforts by Government departments and Non State Actors to prepare for the establishment of a coherent trade policy framework, with emphasis on preparing for the EPA and on WTO, and assistance for capacity-building for carrying out negotiations in a regional and multilateral context and in implementing the accompanying trade policy and structural reforms.

PART B

NATIONAL INDICATIVE PROGRAMME

6. INDICATIVE WORK PROGRAMME

6.1 Introduction

Within the general framework of the present CSP and based on the analysis and strategies described in the preceding chapters, the Parties have agreed on the main priorities for their co-operation and the sectors in which the support of the Community shall be concentrated. A detailed indicative programme is presented in this chapter based on the resources of the A allocation of the EDF and, subject to the outcome of the mid-term review and emerging needs as covered by the relevant regulations, the B-allocation.

6.2 Financing Instruments

The implementation of the response strategy of the EC will be financed through a number of different financing instruments, which include the following:

- 6.2.1 9th EDF A-allocation € 17.0 million:** An indicative allocation of 80% of the resources is destined to cover the long-term development activities identified in the context of the response strategy, namely in the sector of tertiary education. An indicative allocation of 20% is also foreseen outside the focal area in the Health sector and more particularly for HIV/AIDS prevention.
- 6.2.2 9th EDF B-allocation € 0.9 million:** This allocation is to be used for unforeseen needs such as emergency assistance where support cannot be financed from the Community budget, contributions to internationally agreed debt relief initiatives and support to mitigate adverse affects of instability in export earnings.
- 6.2.3 Investment Facility:** Apart from the above-mentioned financial instruments, of which the A envelope is the main programmable basis for the Indicative Programme, the 9th EDF includes also the “Investment Facility” as a financing instrument managed by the European Investment Bank (see details in Part A, chapter 5). The Investment Facility does not form part of the Indicative Programme.
- 6.2.4 Centre for the Development of Enterprise (CDE):** Support for enterprises of Trinidad and Tobago in the field of non-financial services to the private sector are available through CDE.
- 6.2.5 Budget lines of the Community:** Specific activities can be supported through the various Community budget lines, including, inter alia, NGO co-financing, decentralised co-operation, European Initiative for Democracy and Human Rights, food security, disaster prevention, and humanitarian and emergency assistance. However, these are subject to specific rules and regulations and depend on the availability of funds.

6.3 FOCAL SECTOR : TERTIARY EDUCATION

The concentration sector is Tertiary education to which 80% of the indicative programme (€ 13.6 million) will be allocated.

6.3.1 Overall Objective

The overall objective of the EC intervention is to support the national efforts in economic diversification by enhancing the capacity to supply the skilled manpower for industry.

6.3.2 Programme Purposes

The programme aims at strengthening the Human resources and increase enrolment in the tertiary level system from 8% to 15% of the age 18-22 cohort by 2007, and to popularise science and technology in everyday life, education and career selection.

6.3.3 EC Contribution

For indicative purposes, approximately € 13,6 million (80%) of resources available under the ninth EDF shall be reserved for this sector.

The major interventions that are considered are:

- (i) Support to the initiatives of the College of Science Technology and Applied Arts of Trinidad and Tobago (COSTAATT) in order to (i) expand the capacity of the tertiary/post-secondary level education system, (ii) improve the quality, range and relevance of programmes, (iii) improve access by previously underserved groups, and (iv) set in place an operational accreditation system.
- (ii) Establishment of a permanent National Science and Technology Centre under the aegis of the National Institute for Higher Education Research Science and Technology (NIHERST).

The major policy decision to be taken by the Government as a contribution to the implementation of the response strategy in this sector is:

To identify and secure financing for the total value of the COSTAATT project and to ensure that an operational accreditation system covers both private and public institutions.

6.4 NON-FOCAL SECTOR: HEALTH

EC cooperation in the Health sector will concentrate on supporting implementation of a comprehensive strategy for preventing the spread of HIV/AIDS.

6.4.1 Overall Objective

To contribute to social development and poverty reduction by strengthening the HIV/AIDS prevention capacity in Trinidad and Tobago.

6.4.2 Specific Objective

The following specific objective shall be pursued:

To increase the institutional capacity to provide and manage sustainable prevention programmes to reduce and prevent the spread of HIV/AIDS in Trinidad and Tobago.

6.4.3 EC Contribution

For indicative purposes, approximately twenty percent (20%) of resources available under the ninth EDF shall be reserved for this sector.

The major interventions foreseen are:

- Strengthening of the health information surveillance systems and research capacities;
- Improving the capacity of decision makers to formulate, plan, implement and evaluate policy and strategies in a manner that would build alliances and mobilize communities;
- Increase the capacity in the country to deliver efficient and effective testing, diagnostic and clinical HIV/AIDS services;
- Increase the capacity of agencies to develop, implement and evaluate behavioural and communication interventions targeting priority vulnerable populations (e.g., youth).

The major policy measure to be taken by the Government as a contribution to the implementation of the response strategy in this sector is:

Development of a comprehensive national strategy for the prevention of HIV/AIDS as part of the wider national health policy.

6.5. INTERVENTION FRAMEWORK FOR THE NON-FOCAL SECTOR

Performance Indicators		Sources of Verification	Assumptions
Objective: To reduce and prevent the spread of HIV/AIDS in Trinidad and Tobago			
Project Purpose: Increased capacity to provide and manage sustainable programmes for the prevention of HIV/AIDS.		Evaluation reports of national AIDS programme Baseline data and end of project data	Government and other influential entities will remain committed to prevention
Project Results: <ol style="list-style-type: none"> 1. Health information surveillance systems and research capabilities strengthened to generate reliable data on HIV/AIDS to allow decision making, planning, implementation and evaluation 		Epidemiological and behavioural updates Reports and publications	Health surveillance systems supported by necessary legislation or regulations to facilitate reporting
<ol style="list-style-type: none"> 2. Capacity of decision makers strengthened to use the expanded response approach for policy formulation, planning, implementation and evaluation of HIV/AIDS programmes that will build alliances and mobilize communities 		National AIDS Committee reports National Strategic Plans, Annual workplans	Participatory approaches to decision making accepted by Government
<ol style="list-style-type: none"> 3. Capacity in the country to deliver efficient and effective testing, diagnostic and clinical HIV/AIDS services increased. 		Certification results of competent authorities Surveys regarding HIV/AIDS services Baseline information In country lab reports	
<ol style="list-style-type: none"> 4. Capacity of agencies to develop, implement and evaluate behavioural and communication interventions targeting priority vulnerable populations (e.g., youth, MSM) increased 		Evaluation reports of interventions conducted Copies of the communications strategies developed Copies of materials produced	

6.4. INTERVENTION FRAMEWORK FOR FOCAL SECTOR

Objective:	Performance Indicators	Sources of Verification	Assumptions
Contribute to national human, social and economic development	GDP and human development indicators in targeted sectors. Levels of employment Rate of unemployment	Central statistical office and Central Bank	
Project Purpose: More nationals are better qualified and have improved employment and further education opportunities	Enrollment in the tertiary/post-secondary level education system increased from 8% to at least 15% of the age 18-22 cohort by 2007	Records of the COSTAATT and Ministry of Human Development	Government remains committed to the goal of achieving 15% enrollment by 2007.
Project Results:			
1. Increased capacity of the tertiary/post-secondary level system	1.1 Capacity of the COSTAATT increased from 9000 to 15,000 full and part-time students 1.2 Capacity in Tobago substantially increased	Records of the COSTAATT and relevant Ministry and site evaluations Records of institutions	Gov't will supplement the resources provided by the EDF to expand physical capacity Availability of curriculum specialists.
2. Improved quality, range and relevance of tertiary level education programmes,	2.1 New and/or improved curricula to more adequately meet the needs of employers, students and the national demand in critical programme areas, such as in Health and IT 2.2 Existing campuses upgraded to improve conditions and facilitate improved quality, range and relevance of programmes offered 2.3 Percentage of trained faculty (teachers) in the tertiary level education system increased 2.4 Capacity building to increase the effectiveness of the oversight, regulatory and strategic planning functions of the line Ministry, COSTAATT and other relevant agencies in respect Of the tertiary level education system	Records of the Institutions and on-site evaluations Records of COSTAATT and teacher training programmes Performance evaluation reports	Effective training programmes can be implemented locally Government continues to treat tertiary education as a distinct and priority sector
3. Improved access by underserved groups – disabled, low-income, geographically disadvantaged, academically under-prepared, and working adults	3.1 Number of students from underserved groups enrolled in COSTAATT's programmes increased 3.2 Distance education and other outreach methods implemented	Records of institutions and the relevant Ministry	Underserved groups can meet entry requirements by 2007.
4. Accreditation system operational	4.1 Percentage of programmes that meet accreditation requirements increased	Records of accreditation bodies	Programmes can achieve accreditation requirements by 2007
5. Establish a Permanent National Science and Technology Centre	5.1 Number of programmes shared with schools	School records	

NATIONAL INDICATIVE PROGRAMME

6.6. INDICATIVE TIMETABLE OF COMMITMENTS

Table A. Distribution of Funds Among Focal Sectors and Activities

Focal Sector	Available Funds (Million €)
Education – Support to COSTAATT and Science Centre	13,6
Health – Prevention of HIV/AIDS	3,4
TOTAL	17,0

Table B. Projection of Primary Commitment expressed in % of total NIP amount.

	2001	2002	2003	2004	2005	2006	Total
	1	2	1	2	1	2	2
Focal Sector – Education				80			80
Non-Focal Sector – Health			20				20
TOTAL	0	0	0	0	0	0	100

Table C. Projection of Disbursements expressed in % of total NIP amount.

	2001	2002	2003	2004	2005	2006	Total
	1	2	1	2	1	2	2
Focal Sector – Education				2	10	23	15
Non-Focal Sector – Health			3	8	8	1	20
TOTAL	0	0	0	3	2	31	16