



Project Completion Report

PCR

Project Name: Trade Sector Support Program (TSSP)

Country: Trinidad and Tobago

Sector/Subsector: Integration and Trade

Original Project Team: Michael McLeod (RE3/SC3), Project Team Leader; Badrul Haque (RE3/OD6); Michael Baptiste (COF/CTT); Mario Berrios (INT/ITD); Andrew Crawley (INT/ITD); Igor San Juan (INT/ITD); Kevin McTigue (LEG/OPR); and Mercedes Rochac (RE3/SC3).

Project Number: TT-0052

Loan Number (s), TC(s): 1454/OC-TT

QRR Date: June 27th, 2013

Final Approval Date of PCR:

PCR Team: Principal Author and Members:

Mario Umana Team Leader (INT/TIU), Oscar Vasco (INT/TIU), Dale James (COF/CTT) David Low and Warren Wong consultants



Acronyms and Abbreviations

ACS	Association of Caribbean States
AOP	Annual Operating Plan
BDC	Business Development Company Ltd.
CARICOM	Caribbean Community and Common Market
CBF	Commonwealth Business Forum of CHOGM
CED	Customs and Excise Divisions
CHOGM	Commonwealth Heads of Government Meeting
COMTRADE	Commodity Trade Statistics Database (of the United Nations Statistics Division)
CSME	CARICOM Single Market and Economy
CSO	Central Statistical Office
EPA	Economic Partnership Agreement
e-Teck	Evolving TecKnologies & Enterprise Development Company Ltd.
Eximbank	Export–Import Bank of Trinidad and Tobago Ltd.
FTA	Free Trade Agreement
FTAA	Free Trade Area of the Americas
GORTT	Government of the Republic of Trinidad and Tobago
HAL	Hickling Arthurs Low
ICT	Information and Communication Technologies
IADB	Inter-American Development Bank
IDB	Inter-American Development Bank
ITPP	International Trade Professionals Program
MFA	Ministry of Foreign Affairs
MSG	Multi-Sectoral Group (also referred to as the Vision 2020 Planning Committee)
MTI	Ministry of Trade, Industry and Investment
PCU	Program Coordinating Unit
PIU	Project Implementation Unit
PSIP	Public Sector Investment Programme
PWC	PricewaterhouseCoopers
SCBD	Standing Committee on Business Development
SEW	Single Electronic Window
SIC	Standard Industrial Classification
SITC	Standard International Trade Classification
SME	Small and Medium Enterprise
SOE	Standard ICT Operating Environment
T&T	Trinidad and Tobago
TCC	Technical Coordination Committee
TDC	Tourism Development Company
TIDCO	Tourism and Industrial Development Company of Trinidad & Tobago
TSSP	Trade Sector Support Program
TTMA	Trinidad and Tobago Manufacturers' Association
UWI	University of West Indies
WTO	World Trade Organization



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(For orientation on completing this version of the PCR please roll mouse over highlighted text).

I. Basic Information

BASIC DATA (AMOUNTS IN US\$)							
PROJECT NO: TT 0052	TITLE: Trade Sector Support Program						
Borrower: Government of the Republic of Trinidad and Tobago	Date of Board Approval: March 14, 2003						
Executing Agency (EA): Ministry Trade, Industry and Investment	Date of Loan Contract Effectiveness: May 21, 2003						
Loan(s): 1454/OC-TT	Date of Eligibility for First Disbursement: May 19, 2004						
Sector: Trade	Months in Execution						
Lending Instrument: Investment Loan	* from Approval: 114 months						
	* from Contract Effectiveness: 112 months						
	Disbursement Periods						
	Original Date of Final Disbursement: November 21, 2007						
	Current Date of Final Disbursement: September 30, 2012						
	Cumulative Extension (Months): 58 months						
	Special Extensions (Months):						
	Loan Amount(s)						
	* Original Amount: \$5,000,000						
	* Current Amount: \$4,035,935						
	* Pari Passu (if applicable):						
Poverty Targeted Investment (PTI): No	Disbursements						
Social Equity (SEQ): No	* Amount to date: as of May 31, 2012: US \$5.6 million (GORTT \$1.9 million; IDB \$3.7 million) (%) as of May 31, 2012: Total 79% (GORTT 90%; IDB 74%)						
Environmental Classification: C	Total Project Cost (Original Estimate): \$7,100,000						
	Redirectioning						
	Has this Project?						
	Received funds from another Project [No]						
	Sent funds to another Project [No]						
	N/A []						
	<table border="1"> <thead> <tr> <th>To/From Project Number</th> <th>From Sub-Loan Number</th> <th>Amount</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> </tr> </tbody> </table>	To/From Project Number	From Sub-Loan Number	Amount			
To/From Project Number	From Sub-Loan Number	Amount					
	* Current amount (adjusted for redirectioning):						
	On Alert Status						
	Is project currently designated "on alert" by PAIS: Yes						
	If yes then why is the project on alert (DO , IP Ratings and/or relevant PAIS indicators):						
	Comments on relevance of "on alert" status for this project (if applicable):						

Summary Performance Classifications				
DO	<input type="checkbox"/> Highly Probable (HP)	<input checked="" type="checkbox"/> Probable (P)	<input type="checkbox"/> Low Probability (LP)	<input type="checkbox"/> Improbable (I)
IP	<input type="checkbox"/> Highly Satisfactory (HS)	<input checked="" type="checkbox"/> Satisfactory (S) in last two years of the TSSP	<input checked="" type="checkbox"/> Unsatisfactory (US) overall	<input type="checkbox"/> Very Unsatisfactory (VU)
SU	<input type="checkbox"/> Highly Probable (HP)	<input type="checkbox"/> Probable (P)	<input checked="" type="checkbox"/> Low Probability (LP)	<input type="checkbox"/> Improbable (I)



II. The Project

a. Project Context

In its quest to become internationally competitive and able to effectively exploit free trade agreements, the Government of the Republic of Trinidad and Tobago (GORTT) implemented a Trade Sector Support Program (TSSP). The Program was jointly funded by a loan of US \$5 million from the Inter-American Development Bank (IDB), and US \$2.1 million from local Funds. The loan contract for TSSP was signed on May 21, 2003 and declared eligible for disbursement on May 19, 2004. The Program ended on September 30, 2012. The Ministry of Trade, Industry and Investment (MTI) was the executing agency for this Program.

b. Project Description

i. Development Objective(s)

The overall objective of the TSSP to improve the international trade performance of Trinidad and Tobago was supplemented by the following specific objectives:

- Improve the institutional organization of the Ministry of Trade, Industry and Investment (MTI);
- Develop the technical capacity of human resources in trade-related public institutions;
- Improve the technical, analytical and institutional bases of trade policymaking; and
- Provide support to the private sector's attempts to adjust to the challenges posed by the liberalization of trade.

ii. Components

In pursuit of these overall and specific objectives, the TSSP was implemented through five components as follows:

- 1) Component I: Institutional Reorganization and Strengthening to help MTI enhance its capacity to formulate and implement policy, as well as to improve the coordination with other public institutions whose activities deal with trade issues and with the private sector.
- 2) Component II: Specialized Technical Training to enhance and improve the knowledge of trade policy issues of officials of MTI and other trade-related institutions.
- 3) Component III: Technical Studies to help provide a sound technical grounding to underpin trade policy positions on priority matters, so that MTI officials and trade negotiators are better equipped to assess options, anticipate outcomes, negotiate effectively and implement the commitments arising from negotiations.
- 4) Component IV: Integrated Information System to facilitate decision-making and inter-institutional coordination by providing a constantly updated picture of the country's external sector (markets and other impacting external forces). Also, to ensure that information on trade matters can be exchanged among the various ministerial departments and non-governmental organizations active on trade matters.
- 5) Component V: Trade Assistance Program to enhance the international competitiveness of local firms, including an assessment of the manufacturing sector in order to identify vulnerable sectors and industries, and to develop a program of assistance for firms to



resuscitate / reinvent themselves to face the challenges created by globalization and trade liberalization.

c. Quality -At- Entry Review (if applicable)

Quality -At- Entry Review			
<input type="checkbox"/> Highly Satisfactory (HS) - 1	<input type="checkbox"/> Fully Satisfactory (S) - 2	<input type="checkbox"/> Less than Satisfactory (LS) - 3	<input type="checkbox"/> Unsatisfactory (U) - 4

III. Results

a. Outcomes

Intermediate Outcome: The country's technical and institutional capacity to formulate trade policy and negotiate and implement trade agreements is strengthened.

Strategic Outcome: The international trade performance of Trinidad and Tobago is improved

ACHIEVEMENT OF DEVELOPMENT OBJECTIVES (DO)	
Development Objective(s) (Purpose)	Key Outcome Indicators
1. Component I: Institutional Reorganization and Strengthening. Objective: to help MTI enhance its capacity to formulate and implement policy, as well as to improve the coordination with other public institutions whose activities deal with trade issues and with the private sector.	
<i>Classification: HP, P, LP, I – Probable [P]: component has achieved most of its DO(s)</i>	
Planned Outcomes The capacity of the Ministry of Trade, Industry and Investment (MTI) to coordinate with other public institutions is enhanced	Outcomes Achieved Under the new structure, roles and responsibilities are better defined which has brought greater focus to the activities of each of the four key directorates. From the perspective of organizations outside MTI, the Ministry is more open, accessible and responsive. The new organization structure makes it easier to identify the unit or individual regarding a specific issue such as investment, business development, trade and/or policy and regulations and MTI staff are better informed. Coordination and relations with other Ministries and trade related institutions has measurably improved, according to those interviewed. However, the Ministry continues to have problems with staffing processes which are centrally controlled by the Ministry of Public Administration. The large number of vacant positions has limited the benefits of institutional strengthening, and in the case of the PCU has reduced the capacity of the PCU to lead the TSSP implementation.
2. Component II: Specialized Technical Training. Objective: to enhance and improve the knowledge of trade policy issues of officials of MTI and other trade-related institutions.	
<i>Classification: HP, P, LP, I – Probable [P]: component is expected to achieve satisfactory development results</i>	
Planned Outcomes Technical capacity of trade related staff in public institutions is improved and strengthened	Outcomes Achieved While a significant amount of training has taken place and anecdotal evidence suggests that the training has improved the trade knowledge and negotiating skills of MTI staff, a lack of performance data makes it difficult to attribute specific



	improvements to the training. It is noted that training was not available to those on contract except for contract staff in established positions.
<p>3. Component III: Technical Studies. Objective: to help provide a sound technical grounding to underpin trade policy positions on priority matters, so that MTI officials and trade negotiators are better equipped to assess options, anticipate outcomes, negotiate effectively and implement the commitments arising from negotiations.</p> <p><i>Classification: HP, P, LP, I - Low Probability [LP]: Component failed to achieve most of its DO(s) and has not yielded substantial development results</i></p>	
<p><u>Planned Outcomes</u></p> <p>Technical grounding for trade policy on high priority matters is improved</p>	<p><u>Outcomes Achieved</u></p> <p>Only one technical study was completed, and one other is about to be completed out of a planned total of 15 studies. The two studies cover major areas of concern to MTI but overall the benefits of this component to MTI, TRIs and the business community were limited. Contributing reasons for the low return were seen to be the inadequate terms of reference for the studies and the poor selection of authors for the studies.</p>
<p>4. Component IV: Integrated Information System. Objective: to facilitate decision-making and inter-institutional coordination by providing a constantly updated picture of the country's external sector (markets and other impacting external forces). Also, to ensure that information on trade matters can be exchanged among the various ministerial departments and non-governmental organizations active on trade matters.</p> <p><i>Classification: HP, P, LP, I - Probable [P]: Component is expected to achieve most of its DO(s)</i></p>	
<p><u>Planned Outcomes</u></p> <p>The integrated information system for the trade sector is being used by MTI and others to support trade policy, negotiations and implementation</p>	<p><u>Outcomes Achieved</u></p> <p>This component received little attention in the early years of TSSP implementation. It was not until 2010 that an ICT Plan for an integrated information system was developed. It is too early to determine how well the system is working in terms of improvements in the relevance and timeliness of data to MTI staff.</p> <p>A successful outcome of the component, however, was the creation of a Single Electronic Window (SEW) through which companies are able to obtain the necessary trade permits and certificates faster, more conveniently and in an open and transparent manner. As well, the Business Development Company's (BDC's) Trade Information Facility (TIF) which received some initial start-up support from TSSP appears to have improved the relevance and timeliness of data for the needs of the private sector.</p>
<p>5. Component V: Trade Assistance Program. Objective: to enhance the international competitiveness of local firms, including an assessment of the manufacturing sector in order to identify vulnerable sectors and industries, and to develop a program of assistance for firms to resuscitate / reinvent themselves to face the challenges created by globalization and trade liberalization.</p> <p><i>Classification: HP, P, LP, I - Probable [P]: Component is expected to achieve satisfactory development results</i></p>	
<p><u>Planned Outcomes</u></p> <p>Public and private sector trade related groups level of preparedness to deal with the implications of trade liberalization is improved.</p>	<p><u>Outcomes Achieved</u></p> <p>Trade policies and strategies for seven sectors (film, food and beverage, merchant marine, music and entertainment, print and packaging, seafood and yachting), which have been developed jointly by the private and public sectors appear to have been adequately communicated to stakeholders. In addition, it appears that some markets were secured by firms that participated in trade fairs and missions supported by the TSSP, and that these firms understand and are prepared for the implications of trade liberalization. However, assessments of the full benefits flowing from the investment in this component have not been possible as there has been no systematic monitoring and follow-up of initiatives such as trade fairs and missions.</p>
<p>Reformulation</p>	

Due to the slow implementation of the TSSP and based on discussions between the MTI, Ministry of Finance and the IDB, the July 2010 Administrative Mission proposed the "re-directing of US \$1.3 million for some other activity of the GORTT (November 2010 Note for Cabinet). As a result, TSSP's IDB budget was reduced to approximately US \$4 million, from US \$5 million in 2010, and that a further reduction of approximately US \$100,000 is anticipated by the end of September 2012. These reductions were intended to align TSSP's budget with actual expenditures, and reflect a slower than planned rate of implementation.

[] N/A

Summary Development Objective(s) Classification (DO):

[] Highly Probable (HP) [☒] Probable (P) [] Low Probability (LP) [] Improbable (I)

Overall, there is greater involvement of and improved coordination with other ministries and organizations outside government involved in trade related matters. Since the TSSP was implemented, the dependence on CARICOM has lessened, and four new countries have emerged as part of the top ten export destinations. Trade data shows, however, that the implementation of trade agreements is significantly less than expected which may be due to a number of factors not able to be explored in this study including inadequate guidance or support being given to firms in developing new markets. The lack of performance data makes it difficult to attribute any changes or improvements in trade performance to TSSP.

Country Strategy. Given the results described above, briefly discuss how the project contributed to the Bank's strategy in the country.

b. Externalities

Although MTI's reorganization is generally regarded as being successful, with the exception of the support units, it is noted that the Ministry continues to be resource constrained and that problems with staffing processes persist. It is recognized at the same time that deficiencies in the staffing processes are outside the control of MTI, and pertain to staffing across all Ministries.

A key factor that impeded implementation was inadequate staffing of the Program Coordinating Unit (PCU), most notably the TSSP was implemented without a Program Coordinator in the last four years that is since August 2008.

Current practice is for the Service Commission to appoint civil servants into line departments without the department's input. Furthermore, advancement is weighted towards length of service rather than merit. Thus, there is a tendency in line departments such as MTI to engage appropriate people on a contract basis, where the departments have complete control over staffing. Another factor is the gap in wages between civil servants and contract workers which can mean that contractors can earn roughly twice that of civil servants. This wage gap has created another problem in that more civil servants are competing for contract positions. As they are working in the Ministry and have the required knowledge and experience, the civil servants tend to get these higher paying contract positions if they apply. At the end of the contract term, civil servants can return to their civil service positions as they are allowed to take a leave of absence from their positions for 2-3 years without losing any benefits.



c. Outputs

IMPLEMENTATION PROGRESS (IP)	
Components (Outputs):	
1. Component 1: (Institutional Reorganization and Strengthening) Total cost of Component 1: US \$1.5 million Counterpart: US \$300 thousand IDB: US \$1.2 million IDB Disbursement: 30% Classification: HS, S, U, VU – Satisfactory [S] : Implementation of the significant elements (critical to achieving DO) was as envisaged in the revised PEP and the quality is adequate.	
Key Output Indicators:	
<u>Planned Outputs</u> The Ministry of Trade, Industry and Investment (MTI) undergoes institutional reorganization and strengthening: 1.1 MTI has been reorganized 1.2 Roles and responsibilities are clearly defined and understood, and aligned with MTI objectives 1.3 Inter-agency coordination mechanisms in place	<u>Outputs Achieved</u> 1.1 The new organization structure for the MTI, which increased the number of directorates from one to four, was approved by Cabinet on April 24, 2008. 1.2 The reorganization and strengthening of MTI particularly as it affects its four core directorates of policy and strategy, trade, investment and business development appears to have been successful. Under the new structure, roles and responsibilities are better defined which has brought greater focus to the activities of each of the four key directorates. The Ministry continues to be human resource constrained due to persistent problems with staffing. These constraints have limited the benefits of institutional strengthening. 1.3 As a result of the reorganization and strengthening efforts under TSSP, the Ministry now appears to be more open, accessible and responsive to organizations outside government. Coordination and relations with these organizations, according to those interviewed, has measurably improved. The new organization structure makes it easier to identify the unit or individual regarding a specific issue such as investment, business development, trade and/or policy and regulations and MTI staff are better informed. An area for improvement suggested by trade related institutions and industry associations is for more lead time to begin to prepare an informed response to a document or trade position put forward by MTI.
Briefly explain differences between planned and actual outputs (if applicable).	
[] N/A	
Restructuring. Indicate if this component was restructured (date of approval by Manager). Briefly discuss the consequences of these changes. The January 19-20, 2010 Aide Memoire noted that there was full consensus between the MTI and the Bank that all remaining efforts of the project should support the successful implementation of component I – Institutional Reorganization and Strengthening and component IV – Integrated Information System. This resulted in an increase in the IDB budget for component I from US \$610 thousand to US \$1.2 million. [] N/A	



2. Component 2: (Specialized Technical Training)

Total cost of Component 2: US \$1.1 million

Counterpart: US \$150 thousand

IDB: US \$925 thousand

IDB Disbursement: 23%

Classification: HS, S, U, VU – **Satisfactory [S]**: Implementation of the significant elements (critical to achieving DO) was as envisaged in the original PEP and the quality appears to be adequate.

Key Output Indicators:

Planned Outputs	Outputs Achieved
Technical training delivered to trade related staff in public institutions to strengthen capacity: 2.1 Number and type of training	2.1 Twenty officers of the MTI received training at international training institutions in trade related subject areas. In addition, three officers at MTI were supported to obtain a M.Sc. in International Trade Policy at UWI Barbados, two officers to obtain a Certificate in International Trade Policy at UWI Barbados, and one officer to obtain a M.Sc. in Economics at UWI Trinidad. Finally, two workshops on trade in Trinidad and Tobago were held for both private and public sector participants; the first was training activities associated with the Commonwealth Heads of Government Meeting (CHOGM), and the second on "Taking advantage of the CARIFORUM-EU EPA - How to do Business in the EU". The October 2010 Note to Cabinet indicates that approximately 300 individuals from both the private and public sectors attended these two workshops.
2.2 Alignment of training with MTI's objectives	2.2 While training has taken place, a lack of performance data makes it difficult to address this question. A 2011 study on training needs assessment and evaluation of training at MTI found a lack of any system to identify and prioritize training, and therefore, it is not clear if any of the training addressed priority performance gaps in the organization.
2.3 Relevance, timeliness and appropriateness of the training	2.3 The lack of performance data makes it difficult to determine the relevance, timeliness and appropriateness of the training, including what the benefits of the training were.
2.4 Distribution of training across groups in MTI, other departments, state agencies and business stakeholders	2.4 The lack of performance data makes it difficult to determine the extent of accessibility. It was noted that training was not available to those on contract, the exception being those on contract in established positions.

Briefly explain differences between planned and actual outputs (if applicable).

[] N/A

Restructuring. Indicate if this component was restructured (date of approval by Manager). Briefly discuss the consequences of these changes.

[] N/A

3. Component 3: (Technical Studies)

Total cost of Component 3: \$170 thousand

Counterpart: \$5 thousand

IDB: \$165 thousand

IDB Disbursement: 4%

Classification: HS, S, U, VU – **Very Unsatisfactory [VU]**: Most significant elements were not in compliance with the original PEP and there was a serious problem with quality. A serious delay in implementation of the component occurred.



Key Output Indicators:	
<u>Planned Outputs</u>	<u>Outputs Achieved</u>
<p>Technical studies completed:</p> <p>3.1 Eight technical studies completed to support negotiations and implementation</p> <p>3.2 Two technical studies completed to support the modernization of customs administration</p> <p>3.3 Five other technical studies completed</p> <p>3.4 Alignment of studies with MTI's objectives</p>	<p>Of the fifteen technical studies that were planned, only two were completed by the end of the TSSP.</p> <p>3.1 Only one study was completed in this area, and it was intended to support the ongoing negotiations of the CARICOM-Canada Trade Agreement.</p> <p>3.2 No studies were undertaken to support the modernization of customs administration</p> <p>3.3 Only one study was completed in this area, and it was on the <i>Competitiveness of the Services and Non-Oil Manufacturing Sectors in Trinidad and Tobago</i>,</p> <p>3.4 It does not appear that any criteria were developed and/or used to select the technical studies. A contributing reason for only two of the fifteen planned studies being completed is the inadequate terms of reference for the studies. The two studies that were completed do cover major areas of concern to MTI.</p>
<p>Briefly explain differences between planned and actual outputs (if applicable).</p> <p>[] N/A</p>	
<p>Restructuring. Indicate if this component was restructured (date of approval by Manager). Briefly discuss the consequences of these changes.</p> <p>[] N/A</p>	
<p>4. Component 4: (Integrated Information System)</p> <p>Total cost of Component 4: US \$400 thousand</p> <p>Counterpart: US \$290 thousand</p> <p>IDB: US \$110 thousand</p> <p>IDB Disbursement: 3%</p> <p><u>Classification:</u> HS, S, U, VU – Unsatisfactory [U]: A serious delay in implementation of the component occurred.</p>	
<p>Key Output Indicators:</p>	



Planned Outputs	Outputs Achieved
An integrated information system for the trade sector is in place: 4.1 Internal information system of MTI is modernized 4.2 Trade information centre is created within MTI 4.3 Database of trade in services is established and existing databases of trade in goods are strengthened 4.4 MTI's, TRI's, associations and businesses make use of the trade information centre	4.1 The two main activities supported by component 4 have been for the establishment of (a) the Single Electronic Window (SEW) and (b) a Strategic ICT Plan for 2011-2016, in the last three to four years of the program. a) Single Electronic Window (SEW) was launched in October 2009. The SEW, branded TTBizLink is an internet based trade facilitation tool which allows parties involved in trade and transport to lodge standardized information utilizing one single document at a single entry point, in order to fulfill all import, export and transit-related regulatory requirements. This mechanism is designed as a one-stop-shop, where private stakeholders and approving government agencies can collaborate to process necessary permits and approvals online in a seamless and efficient manner. b) The MTI's Strategic ICT Plan 2011 - 2016, "provides a comprehensive ICT "roadmap" and sets the direction and pace of ICT investment in the MTI from 2011 to 2016. The Plan supports, enables and enhances a seamless interconnected information network which helps ensure the competitive position of the Ministry, its stakeholders and the national community in international markets." 4.2 In 2007, the TSSP provided the BDC with some initial start-up funding to establish a Trade Information Facility (TIF). The TIF was established in response to a BDC-administered survey, which found that 90% of exporters wanted better, up-to-date trade related information. Funding to operate the TIF was covered by the Public Sector Investment Programme (PSIP). It is envisioned that TIF, which currently serves as an information hub for exporters will be upgraded to a fully-fledged Trade Information Centre (TIC) to better cater to the information needs of Trinidad and Tobago exporters. 4.3 TIF links users to the latest international market data and information in "real time" via international databases, among them Euromonitor, Kompass, Product Map, Trade Map and Importers Database. 4.4 The TIF began operations in 2008, and since that time has received 574 trade enquiries for an average of 182 enquiries per annum.
Briefly explain differences between planned and actual outputs (if applicable).	
<input type="checkbox"/> N/A	
Restructuring. Indicate if this component was restructured (date of approval by Manager). Briefly discuss the consequences of these changes.	
The January 19-20, 2010 Aide Memoire noted that there was full consensus between the MTI and the Bank that all remaining efforts of the project should support the successful implementation of component I – Institutional Reorganization and Strengthening and component IV – Integrated Information System. However, despite the increased attention to component IV in the last two years of the TSSP, actual IDB expenditures amounted to only US \$100 thousand compared to the original budget of \$806 thousand.	
<input type="checkbox"/> N/A	
5. Component 5 (Trade Assistance Program): Total cost of Component 5: US \$915 thousand Counterpart: US \$365 thousand IDB: US \$550 thousand IDB Disbursement: 14%	
Classification: HS, S, U, VU – Satisfactory [S]: Implementation of the significant elements (critical to achieving DO) was as envisaged in the original PEP and the quality appears to be adequate.	
Key Output Indicators:	

<u>Planned Outputs</u>	<u>Outputs Achieved</u>
<p>Initiatives taken to ensure public and private sector trade related groups fully understand the implications of trade liberalization:</p> <p>5.1 Trade liberalization impact study completed and (when appropriate) disseminated</p> <p>5.2 National strategy on trade investment promotion developed and substantially implemented</p> <p>5.3 Sector specific export promotion strategies developed and substantially implemented</p> <p>5.4 National Framework on trade incentives developed and implemented</p>	<p>5.1 The evaluation was not provided with the trade liberalization impact study.</p> <p>5.2 The evaluation was not provided with the national strategy on trade and investment promotion</p> <p>5.3 Trade policies and strategies for seven sectors (film, food and beverage, merchant marine, music and entertainment, print and packaging, seafood and yachting), which have been developed jointly by the private and public sectors appear to have been adequately communicated. Based on data from the BDC, it appears that markets were secured by firms that participated in trade fairs and missions supported by the TSSP, and that these firms understand and are prepared for the implications of trade liberalization. There was, however, no systematic monitoring and follow-up of initiatives such as trade fairs and missions.</p> <p>5.4 The evaluation was not provided with the national framework for trade incentives.</p>
<p>Briefly explain differences between planned and actual outputs (if applicable).</p> <p>[] N/A</p>	
<p>Restructuring. Indicate if this component was restructured (date of approval by Manager). Briefly discuss the consequences of these changes.</p> <p>[] N/A</p> <p>(In case of more components, create new row and complete.)</p>	
<p>Summary Implementation Progress Classification:</p> <p>[] Highly Satisfactory (HS) [] Satisfactory (S) [<input checked="" type="checkbox"/>] Unsatisfactory(U) [] Very Unsatisfactory (VU)</p>	

d. Project Costs

Total Project Cost - Planned (US\$000)	Total Project Cost - Actual (US\$000)	% Difference
<i>(Reproduce cost table)</i> GORTT Contribution: \$2.1 million IDB Contribution: \$5 million Total: \$7.1 million	<i>(Reproduce cost table)</i> GORTT expenditures: \$2.1 million IDB expenditures: \$3.9 million Total: \$6 million (as of Sept. 31, 2012)	GORTT: 0% IDB: 22% Total: 22%
<p>Briefly explain any differences.</p> <p>TSSP took twice as long to implement than originally planned and financial disbursements for the TSSP were 20% less than budget. Key factors that impeded implementation included: a) lack of ownership of TSSP by key MTI officials; b) lack of leadership and continuity in senior management created an environment of inertia; c) inadequate staffing of the Program Coordinating Unit (PCU) particularly the Program Coordinator; d) lack of clear terms of reference for some of the activities particularly the technical studies; and e) lack of performance information to inform the PCU on TSSP's progress.</p>		



Category of Investment	Total Project Cost – Planned	GORTT Planned	Total Project Cost - Actual	GORTT Actual
	(US\$000)	(US\$000)	(US\$000)	(US\$000)
01.00.0- INSTITUTIONAL REORGANIZATION AND STRENGTHENING	610,000.00	182,000.00	1,215,722.00	393,910.00
02.00.00- SPECIALIZED TECHNICAL TRAINING	1,263,000.00	377,000.00	944,659.00	149,535.00
03.00.00- TECHNICAL STUDIES	347,000.00	103,000.00	166,535.00	35,655.00
04.00.00- INTEGRATED INFORMATION SYSTEM	806,000.00	241,000.00	109,608.	294,037.00
05.00.00- TRADE ASSISTANCE PROGRAM	1,073,000.00	320,000.00	550,938.00	375,554.00
06.00.00- MONITORING AND EVALUATION	200,000.00	0	218,616.00	14,774.00
07.00.00- FINANCIAL COSTS	50,000.00	698,000.00	0.	444,315.00
08.00.00- ADMINISTRATION	484,000.00	144,000.00	588,775.00	410,837.00
09.00.00- CONTINGENCIES	167.000	35,000.00	0	0
TOTAL	5,000,000.00	2,100,000.00	3,974,853.00	2,118,617

IV. Project Implementation

a. Analysis of Critical Factors

The critical factors in the implementation of the TSSP are noted below together with possible steps that would have improved TSSP implementation are as follows:

- *Lack of leadership and continuity in senior management:* A consistent commitment to the implementation of TSSP by senior management would have improved delivery. The changes in MTI leadership over the long delivery period of TSSP exacerbated the issue of commitment as well as the lack of a strong Program Coordinating Unit (PCU). It is appreciated that changes in leadership are outside MTI's control thus the focus for continuity of commitment lies with a well-managed PCU.
- *Inadequate staffing of the Program Coordinating Unit (PCU):* Having an experienced program manager as Program Coordinator throughout the program is key to successful implementation. TSSP had difficulty filling the position for reasons noted in this report and TSSP delivery suffered as a result.
- *Lack of ownership of TSSP by key MTI officials:* Consistent commitment by senior management to TSSP implementation would be essential to embedding a sense of ownership to the program among ministry officials. Creating a two phased approach to implementing the TSSP content as suggested above might also have contributed to a greater sense of ownership with its clear focus on reorganization. Ownership is also derived from ensuring the involvement of key officials in program activities.
- *Lack of project management skills in MTI:* Improvements in TSSP delivery at all levels of MTI would benefit from competent project management skills and experience. MTI could learn from the shortfalls of TSSP implementation to see that opportunities are provided to staff for project management training.

b. Borrower/Executing Agency Performance

MTI failed to implement the TSSP. As noted above, this was due to:

- a) Lack of leadership and continuity in senior management created an environment of inertia. It is noted that over the period from 2003 to 2012, there were five Ministers, four Permanent Secretaries and two Deputy Permanent Secretaries.
- b) Lack of ownership by key MTI officials. Many respondents noted that the TSSP represented additional work to their day-to-day responsibilities, and unless the Program Coordinator was able to convey to directors and staff the importance of the TSSP and influence a consistent commitment to TSSP by senior management, implementation would continue to be impeded.
- c) Lack of appreciation for project management skills by MTI specifically and the government generally. Several respondents indicated that the TSSP PCU was staffed with good people, but those that were there lacked the necessary project management skills for effective TSSP implementation and were unable to obtain the cooperation and support of senior management.
 - Related to the lack of project management skills, as noted by the November 2006 Aide Memoire, were "problems related to the procurement of consultants under several components of the program". This was another reason for the slow implementation of the TSSP. Several MTI officials attributed this procurement problem to unclear terms of reference (TOR) particularly for the technical studies. They noted that the TORs were confusing and expectations unrealistic. This often resulted in recruiting the wrong consultant, which further exacerbated the problem.
- d) Inadequate staffing of the Program Coordinating Unit (PCU). In the first two years execution was slowed by gaps in the staffing of the PCU (TSSP Program Coordinating Unit) and problems related to the procurement of consultants under several components of the program. A new Program Coordinator assumed duties in August 2006, and the pace of implementation picked up at that time. However, the TSSP has remained without a project coordinator since August 2008. In 2009 MTI confirmed that no new coordinator would be hired, and the supervision of the project would be led by the Deputy Permanent Secretary with full-time support by the Assistant Coordinator and the Financial and Administrative Manager of the PCU (February 2009 Aide Memoire).

It is noted that the increased activity of component 1 as a result of a budgetary adjustment (Aide Memoire 2009) as well as the direct involvement of the Acting PS, were likely factors in accelerating implementation in the last two years of the Program.

Borrower/Executing Agency			
<input type="checkbox"/> Highly Satisfactory (HS)	<input type="checkbox"/> Satisfactory (S)	<input checked="" type="checkbox"/> Unsatisfactory (U) overall	<input type="checkbox"/> Very Unsatisfactory (VU)

But, satisfactory in the last two years of the TSSP

c. Bank Performance

Slow implementation of the TSSP resulted in increased oversight by the IDB over the June 2007 to January 2010 period, followed by periodic administration missions in 2011 and 2012, with the intention of enhancing implementation. As noted in the November 2006 Aide Memoire:

To facilitate execution of the TSSP and resolve administrative matters as they arise, COF/CTT will have formal progress meetings with the PCU on a bi-monthly basis. Technical review meetings, with participation from Bank HQ, will be held in May 2007 and November 2007. MTI will prepare an interim progress/evaluation report for the



November 2007 meeting, outlining trends in the various performance indicators developed by the evaluation consultant and which will be tracked by the PCU. The Bank will assist MTI with a series of technical inputs pertaining to execution.

The Bank agreed with the MTI during multiple administration missions from February 2008 to July 2010 on specific actions plans to improve the execution and offered technical support. The mission of July 2010 included a plan to use undisbursed funds for US\$1.1 million to finance the International Business Centre. Given the lack of progress with the procurement processes, the Bank decided to cancel the remaining resources.

It is noted that due to insufficient staffing of the TSSP PCU, other than financial data, no performance information was collected particularly on the benefits of the training (component II) and the technical studies (component III), and benefits of assistance to trade fairs and missions.

Bank Performance			
<input type="checkbox"/> Highly Satisfactory (HS)	<input checked="" type="checkbox"/> Satisfactory (S)	<input type="checkbox"/> Unsatisfactory (U)	<input type="checkbox"/> Very Unsatisfactory (VU)

V. Sustainability

a. Analysis of Critical Factors

Of the implementation factors noted above, the following are critical to the sustainability of the changes brought about by the TSSP:

- a) Lack of leadership in senior management: The priority given completing and continuously improving on the institutional strengthening, training, and modernizing MTI's information system by senior management is critical to sustaining the improvements brought about by the TSSP. However, as noted above, changes in leadership have and may occur in future. Thus, the continuity for commitment lies with the designation of a champion to ensure that institutional strengthening, training and information system improvements are completed.
- b) Lack of ownership by key MTI officials: As noted above, consistent commitment by senior management to TSSP implementation is essential to embedding a sense of ownership to the program among key ministry officials. The evaluation found that these key MTI officials would sometimes resist efforts of the Program Coordinator to involve them in TSSP activities. The main reason was that TSSP represented additional work to their day-to-day responsibilities. However, unless there is a change in attitude on the part of these key MTI officials, coupled with indications from senior management that completing TSSP initiatives regarding institutional strengthening, training and information system improvements is a priority, the long term sustainability is in doubt.
- c) Inadequate staffing of the Program Coordinating Unit (PCU): As noted above, having an experienced program manager as Program Coordinator throughout the implementation of the TSSP was key to successful implementation. Post TSSP will require a senior official with the full support of senior management to complete the institutional strengthening, training and information system improvements of the TSSP. The champion will also need to be at the same level as key MTI officials.

b. Potential Risks

The potential risks, in relation to the critical factors, are as follows:

- a) Senior management: While the current senior managers at MTI have indicated their commitment to the objectives of the TSSP, given the Ministry's history of continuous change in its senior management, there is a risk that history will repeat itself and the Ministry will experience another change.
- b) Ownership by key MTI officials: As noted above, an attitude change by key MTI officials is needed in order to fully realize the objectives of the TSSP. With the reorganization complete and key MTI officials appointed as directors of trade, investment and policy and strategy, there continues to be the risk that their principal responsibilities will have priority over TSSP.
- c) TSSP Champion: As noted above, the TSSP was implemented without a Coordinator since August 2008. This responsibility was delegated to the Administrative Manager, who, being on a contract and occupying a lower position than the key MTI officials, was unable to implement TSSP as intended. There continues to be the risk that this situation will remain unchanged.

c. Institutional Capacity

Staffing of positions for the new organization structure, including directors for each of the four core directorates, began in February 2009. Activities related to change and transformation, and business process reengineering, took place over the 2010 to 2012 period. Although MTI's reorganization is generally regarded as being successful, with the exception of the support units, many noted that the Ministry continues to be resource constrained and that problems with staffing processes persist. It is recognized at the same time that deficiencies in the staffing processes are outside the control of MTI, and pertain to staffing across all Ministries.

Current practice, as noted above, is for the Service Commission to appoint civil servants into line departments without the department's input. Furthermore, advancement is weighted towards length of service rather than merit. Thus, there is a tendency in line departments such as MTI is to engage appropriate people on a contract basis, where the departments have complete control over staffing. Another factor is the gap in wages between civil servants and contract workers, which according to interviewees, can mean that contractors can earn roughly twice that of civil servants. This wage gap has created another problem in that more civil servants are competing for contract positions. As they are working in the Ministry and have the required knowledge and experience, the civil servants tend to get these higher paying contract positions if they apply. At the end of the contract term, civil servants can return to their civil service positions as they are allowed to take a leave of absence from their positions for 2-3 years without losing any benefits.

MTI's staff complement as of June 2012 is shown in the table below. As indicated in the table, there are 265 positions in MTI of which 180 (68%) are to be filled by civil servants and 85 (32%) by contract workers. The staff complement currently is considerably less: 74 (41%) of the 180 established positions are filled by civil servants acting in the position, and overall, 36 (14%) of the 265 established and contract positions are vacant, not filled by either civil servants or contract workers.



Table: Staff Complement in the Ministry of Trade, Industry and Investment, as of June 2012

	Number of Positions	Positions Filled	Vacant with People	Vacant without People
Established	180	95	74	11
Contract	85	60	0	25
Total Positions	265	155	74	36

	Number of Positions	Positions Filled	Vacant with People	Vacant without People
Established	68%	36%	28%	4%
Contract	32%	23%	0%	9%
Total Positions	100%	58%	28%	14%

Sustainability Classification SU:

☐ Highly Probable (HP) ☐ Probable (P) ☒ Low Probability (LP) ☐ Improbable (I)

VI. Monitoring and Evaluation

a. Information on Results

As noted in the November 2006 Aide Memoire, the TSSP PCU was to have tracked "TSSP progress and performance indicators as supplied by the (evaluation) consultant. Due to insufficient staffing of the TSSP PCU, other than financial data, no performance information was collected particularly on the benefits of the training and the technical studies (e.g., did trainees use the information they learned, how were the technical studies used by the MTI) and benefits of assistance to trade fairs and missions. Without adequate performance information, the TSSP PCU was unable to determine if implementation was progressing as planned and if the expected results were being achieved.

b. Future Monitoring and Evaluation

A final evaluation was conducted over the period from June to September 2012 by Hickling Arthurs Low (HAL) Corporation, which had been engaged by MTI through a competitive process. The final evaluation report was submitted to MTI on September 18, 2012. Members of the HAL team also attended the Exit Workshop held on September 13, 2012. The full final evaluation report is attached as Annex 2. The government of the Trinidad and Tobago decided not to do an Ex-post evaluation given the cost-benefit for the country, given the lack of proper indicators.

VII. Lessons Learned

Overall, TSSP was generally considered to have the key foundational components to enhancing the country's trade performance. That is, the reorganization, training and integrated information system components were essential to improving the focus and capabilities of MTI to implement its trade, business development and investment mandate and the technical studies and trade assistance components were designed to build up the knowledge base and marketing strengths for all stakeholders in all aspects associated with trade liberalization. However, the evaluation found that the scope of TSSP while appropriate for the objective of the program was too broad for MTI to be able to deliver as a single program. The issue therefore was the structure of TSSP rather than the content.



TSSP would likely have been more successful if the components internal to MTI had been completed before the more externally directed components were initiated rather than running them in parallel which is what was attempted. The clarification of roles and responsibilities through the reorganization would have brought a greater focus to the implementation of the external components, for example to the preparation of terms of reference for the technical studies which were seen as inadequate despite the Bank's offers to give technical assistance with the TORs, with CGE modeling and with a trade-negotiation software developed by the Bank. Improvement to the TSSP content was not seen as the issue so much as its implementation in two tranches perhaps through two loans rather than a single loan.

VIII. Annexes:

1. Minutes from the [Exit Workshop](#)
2. Final Evaluation [Trinidad and Tobago - Final Evaluation Report](#)
3. Presentations
 - [Trade Sector Support Program\PCR Exit workshop](#)
 - [Presentation Ministry of Trade, Industry and Investment](#)





Trade Sector Support Program 1454/OC-TT

Exit workshop

Program Objective

- ▶ To improve the international trade performance of the country through **strengthening of the technical and institutional capacity** to formulate trade policy, to participate effectively in trade negotiation, to implement trade agreements and to increase and diversify exports.



Basic Project Data

- ▶ **Loan approved date:** March 14th, 2003
- ▶ **Loan signature date:** May 21st, 2003
- ▶ **Eligibility date:** May 19th, 2004
- ▶ **Original Loan amount:** US\$5.0 Million
- ▶ **Current amount:** US\$4.035.935.11
- ▶ **Original disbursement expiration date:** 21 November 2007
- ▶ **Current disbursement expiration date:** September 30th, 2012
- ▶ **Disbursed life :** US\$ Million (92.75%)
- ▶ **Disbursements in 2012:** US\$170.647
- ▶ **Available Amount :** US\$292.693.30

2008

- ▶ In early 2008, the program had disbursed only 27%
- ▶ First general extension had just been granted in late 2007 for 24 months.
- ▶ Need to obtain Change management support is incorporated in AOP
- ▶ Little development of component III (Technical studies)
- ▶ Little development in component V and private sector participation.



Reprofiling in 2009

- ▶ By June 2009, the programme had disbursed only 40%
- ▶ There was no Program Director
- ▶ New needs at the MTI



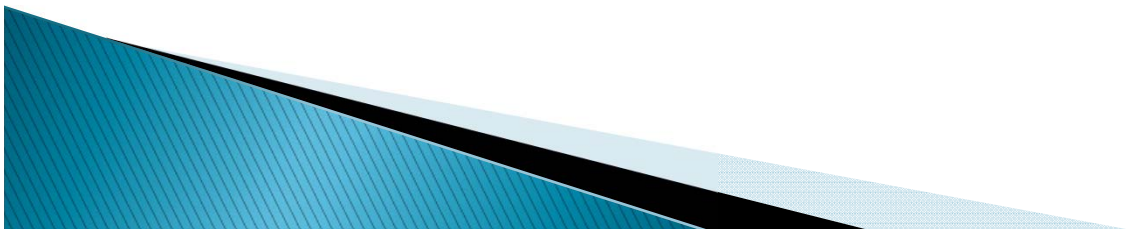
2009 Plan

- ▶ **Re-profile** components to focus on anchor of the program: Component I (MTI institutional reform) and IV (IT development)
- ▶ **Address** emerging needs and priorities of government: CHOGM
- ▶ **Extend** the project by 12 months to November 2010
- ▶ **Improve** project execution capacity
 - Close collaboration –Monthly meeting with the Minister and PS
 - The Minister becomes the Champion of the Project
 - PS assumes direct control
 - Disbursement targets connected to Action Plan/Procurement Plan



2010 Plan

- ▶ **Complete** process of hiring consulting firms to work on: Process reengineering and Human Resource and Institutional performance
- ▶ **Finalized** new commitments for ITPP program
- ▶ **Support** ESW
- ▶ **Prepare** Canada-Caricom impact study
- ▶ **Dedicate remaining uncommitted resources (US\$1 MM) to transform the International Financial Centre into a modern IPA**



2011

- ▶ Procurement process for IFC was not completed before deadline to commit resources
- ▶ Cancellation of US\$964.000
- ▶ Special extension to complete change management contracts



Main outputs

Component I. Strengthening MTI

- ▶ 32% project resources
- ▶ PWC completed MTI Business Plan in 2007
- ▶ Cabinet approved new MTI organizational structure in 2008
- ▶ Change Management firms
 - Process reengineering
 - Human resource management



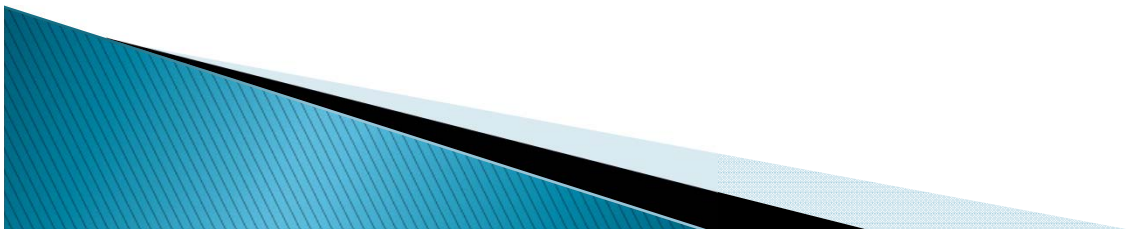
Component II. Technical Training

- ▶ 23% project resources
- ▶ Approximately 100 staff of MTI and other 400 from professionals trained under the program to date (ITPP)
- ▶ Curriculum for ITPP



Component III. Technical Studies

- ▶ 8% of project resources
- ▶ 2 studies completed
- ▶ CARICOM/Canada impact study
- ▶ Trade policy Strategy



Component IV. Integrated Information Systems

- ▶ 3% of project resources
- ▶ Conceptual design completed in 2006
- ▶ Chief Information Manager to develop a ICT Strategic Plan
- ▶ MIT Website development
- ▶ Trade Licensing system
- ▶ Implementation of the EUROTRACE Trade Statistics interface with the Customs and Excise ASYCUDA system.



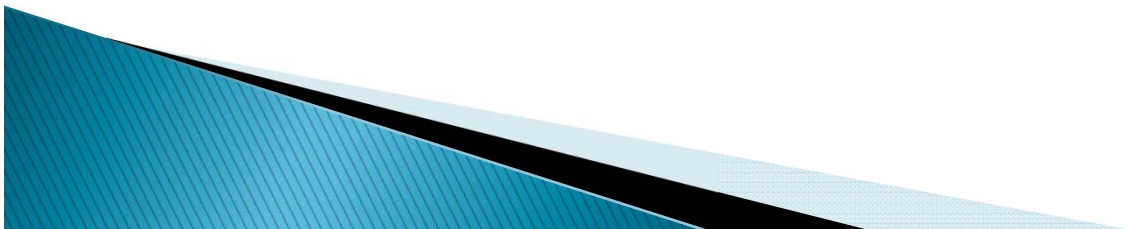
Component V. Trade Assistance

- ▶ 14% of project resources
- ▶ Participation in trade fairs
- ▶ 7 sector studies



Administration

- ▶ 16% of resources of the project



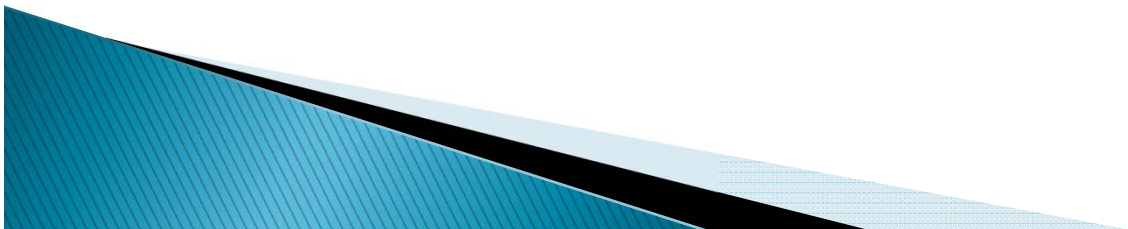
Issues

- ▶ Multiple changes in leadership
- ▶ Lack of ownership from MTI
- ▶ Weak project management, specially in the procurement side



Current issues

- ▶ Need to process final disbursement and assess possible additional cancellation of funds
- ▶ Payment of final audit
- ▶ Progress report 2012
- ▶ Project Completion Report PCR



The future

- ▶ Need to complete institutional reform at MTI
- ▶ Potential in developing global services sector and Investment Promotion
- ▶ Need to change execution scheme





PROJECT PERFORMANCE MONITORING REPORT (PPMR)

I. BASIC DATA (AMOUNTS IN US\$)

PROJECT NUMBER:	TT0052	TITLE:	Trade Sector Support Program
LOAN NUMBER(S):	1454/OC-TT		
Lending Instrument:	Investment		
Borrower:	MINISTRY OF TRADE AND INDUSTRY		
Executing Agency (EA):	MINISTRY OF TRADE AND INDUSTRY		
Sector:	REFORM / MODERNIZATION OF THE STATE	Date of Board Approval:	14 Mar 2003
		Date of Contract Effectiveness:	21 May 2003
Related Operation(s):	No related operations	Date of Eligibility for First Disbursement:	19 May 2004
		Disbursement Periods	
Contacts:		Original Disbursement Expiration Date:	21 Nov 2007
Executing Agency:		Current Disbursement Expiration Date:	21 Nov 2009
Team Leader:	UMANA, MARIO ALBERTO	Cummulative Extension (months):	24
		Special Extension (months):	0
Date of Current Update:	15 Dec 2008	Loan Amount(s):	
Date Validated by Representative or Division Chief:	17 Dec 2008	* Original amount:	5,000,000
		* Current amount:	5,000,000
PTI:	[] Yes [X] No	* Pari Passu:	68.99%
SEQ:	[] Yes [X] No	Disbursements:	
Environmental Classification:		* Amount to date:	2,006,972
		* Percent:	40.14%
Months in Execution:		Total Project Cost:	
* from approval:	75	* Original estimate:	7,100,000
* from contract effectiveness:	73	Redirecting Of Resources:	
Loan Proposal, as approved by the Board:	PR-2750	* Has this project:	
		[] Received funds from another Project?	
		[] Sent funds to another Project?	
		[X] N/A	

To Project Number	Via Sub-Loan Number	Amount
From Project Number	Via Sub-Loan Number	Amount

* Current amount (adjusted for redirectioning): 5,000,000

On Alert Status:

Is project currently designated "on alert": [X] Yes [] No

PAIS INDICATORS							
1	2	3	4	5	6	7	8
	X		X				

HISTORICAL AND CURRENT PPMR RATINGS:

Month Year	Dec 2007	Jun 2008	Dec 2008	Current
Implementation Progress	S	S	S	S
Risk	M	M	H	H
Development Objectives	P	P	P	P

II. ACHIEVEMENT OF DEVELOPMENT OBJECTIVES (DO)

If the operation has multiple purposes (DOs) then enter each one in a separate field. In such a case, each DO must have individual DO ratings. Progress towards achieving each DO should be rated individually based on the corresponding outcomes achieved. The relative weight of each individual DO in the summary DO classification should be discussed with the Executing Agency.

Development Objective(s)/Purpose(s)

1. To strengthen the country's technical and institutional capacity to formulate trade policy and negotiate and implement trade agreements.
Classification: Probable

Key Planned Outcome Indicators	Outcomes Achieved
1.1. Description: Trained personnel with competencies in trade disciplines to analyse and provide solution options for a range of policy issues Unit: No of trained sr personnel in trade policy Baseline Target Annual/Intermediate Target EOP Target 0 (31 Oct 2008) 3 (21 Nov 2009)	0 (_____)
1.2. Description: A Trinidad and Tobago trade policy document Unit: Trade Policy Document Baseline Target Annual/Intermediate Target EOP Target 0 (31 Oct 2008) 1 (21 Nov 2009)	0 (_____)
1.3. Description: Database of goods and services established Unit: Database	

	Baseline Target 0 (31 Oct 2008)	Annual/Intermediate Target	EOP Target 1 (21 Nov 2009)	0 (_____)
1.4. Description: Updated Matrix of trade assistance activities for 2009/2010				
Unit: Updated Matrix	Baseline Target 0 (31 Oct 2008)	Annual/Intermediate Target	EOP Target 1 (21 Nov 2009)	0 (_____)
1.5. Description: Mid Term Review completed				
Unit: Final Mid Term Review Report	Baseline Target 0 (31 Oct 2008)	Annual/Intermediate Target	EOP Target 1 (21 Nov 2009)	0 (_____)
1.6. Description: A reorganized Ministry that is adaptable, effective and productive				
Unit: Re-structuring and Training Plan	Baseline Target 0 (31 Oct 2008)	Annual/Intermediate Target	EOP Target 1 (21 Nov 2009)	0 (_____)

Reformulation: Was the objective(s) of this project reformulated? [] Yes [X] No

If yes, indicate date of Board Approval: _____

Briefly describe the consequences of these changes. (If any changes were made to the outcome indicators/targets, describe it under the next section.):

Hyperlink: _____ (Hyperlink through IDBDOCS to documentation approved by the Board.)

Were there any changes to the outcome indicators or targets? [X] Yes [] No

If yes, indicate most recent date 28 Nov 2008 and who approved these changes: The team leader in collaboration with the COF team approved the outcome indicators/targets based on a comprehensive project reprofiling exercise whichw as undertaken by the Bank and Govt in Oct 2008. In order to improve tproject relevance(espially with the current global financial crisis), proeject implementation speed and at the same time achieve the original devleopment objective, thye re-profiling exercise sharpened and modified the indicators (as presented above) within a development results framework. The reprofiled proeject is outlined in detailed in the 2009 AOP for the project which as agreed with Govt will be used as the principal tool to monitor and evlauate the results of the project by the final disbursement date, 21 Nov 2009. Pleas see hyperlink (CTTDOCS 51251).

Briefly explain any changes that were made. (If this was part of a retrofitting exercise, see below.)

Hyperlink: _____ (Hyperlink through IDBDOCS to documentation approved by the Representative.)

Retrofitting: Was this PPMR retrofitted? [] Yes [X] No

If yes, indicate most recent date _____

Briefly explain any changes resulting from this exercise.

Summary Development Objective(s) Classification (DO):

[] Highly Probable (HP) [X] Probable (P) [] Low Probability (LP) [] Improbable (I)

Briefly justify the Summary DO Classification based on the degree planned targets were met, explaining the difference between planned and actual outcomes, as well as any other relevant factors. Cite reference for evidence that supports these results.

Following the re-profiling exercise of Oct 2008, it is anticipated that the project will achieve its development objective. The re-profiling exercise produced the foll key deliverables: (1) Revused overall proeject performance indicators (2) revised results framework with agreed upon target dated and component performance indicators (3) Updated risk matrix (4) disbursement proejectstions, which will provide a solid platofrm for the proeject to advance.

Country Strategy: At the time of approval this project was expected to contribute to the following Country Strategy objective(s):

The re-profiled project is directly in line with the competitiveness objective of the Country Strategy. Please see Country Strategy IDBDOCS # 374541.

Given the results described above, briefly discuss how the project has contributed or will contribute to the Bank's strategy in this country:

Given the current global financial crisis, and the urgent need for the country to strengthen its competitive advantage, the final results of the newly re-profiled project will provide Trinidad and Tobago with robust capacity to make more strategic trade policy interventions.

Hyperlink to Country Strategy: _____

Sustainability Analysis:

The sustainability of the project will depend to a large extent on continued support of Cabinet and the related govt agencies (BDC, ETECK) to continue with the implementation of the project components even after the Bank's funding support comes to an end. Give the current financial crisis, it is critical that Government be encouraged to continue implementing the plans, policies and recommendations produced by the project for at least the next 5 years.

Sustainability Classification:

[] Highly Probable (HP) [X] Probable (P) [] Low Probability (LP) [] Improbable (I)

Externalities:

While Govt's decision to sign the EPA agreement in 2007 has resulted with added impetus to implement the project, the more worrying externality to project implementation and sustainability is the current global financial crisis which by all indications, its effects will result with the country operating within a much tighter fiscal space. As a result, it is crucial that the proeject be implemented in accordance with its re-profiled scope in order to provide Govt with the necessary capacity to make strategic decisions for the future of the country's competitiveness position.

III. IMPLEMENTATION PROGRESS (IP)

Components (Outputs):

Component Title: Institutional Reorganization and Strengthening

Description: The MTI to be re-organized so that it can be more adaptable, responsive , effective and productive in trade related matters.

Total cost of Component	792,000	Counterpart:	182,000	IDB:	610,000	Co-financing:	0
IDB Disbursement:	321,504	Total amount committed:	0				

Classification: Unsatisfactory

Key Indicators for Planned Outputs				Actual Outputs
1. Description: MTI Strategic Plan updated and implemented				0 (_____)
Unit: Updated Strategic Plan				
Baseline Target		Annual/Intermediate Target	EOP Target	
0 (31 Oct 2008)			1 (21 Nov 2009)	
2. Description: Improved inter-agency coordination among MTI, BDC and ETECK				

Unit: Coordination Committee Meetings Baseline Target 0 (31 Oct 2008)	Annual/Intermediate Target	EOP Target 6 (21 Nov 2009)	0 (_____)
3. Description: New senior staff has been hired and installed in accord with new structure			
Unit: New senior staff Baseline Target 0 (31 May 2004)	Annual/Intermediate Target	EOP Target 3 (21 Nov 2009)	0 (_____)

In the case of unsatisfactory or very unsatisfactory ratings for this component, provide comments on its status focusing on the problems identified in attaining planned outputs. Other pertinent information may also be entered here:
The Bank and the Government undertook a project re-profiling exercise in October 2008 in order to set project milestones within a clear development results framework. The exercise also produced revised indicators as presented below. While the Bank recognizes the effort demonstrated by Government in the re-profiling exercise, the component has been given a "unsatisfactory" rating given that the progress on this component is lagging behind significantly. Once MTI makes progress against the indicators as set out below, the Bank will upgrade the rating accordingly.

Restructuring: Indicate if this component was restructured (approved by Operational Department): [] Yes [X] No
If yes, date: _____

Briefly describe the consequences of these changes:

Hyperlink to documentation approving restructuring, if relevant: _____

Component Title: Technical capacity of trade related staff in public institutions is improved and strengthened
Description: Provide technical and administrative training to MTI staff and staff of trade related institutions
Total cost of Component 1,640,000 Counterpart: 377,000 IDB: 1,263,000 Co-financing: 0
IDB Disbursement: 314,215 Total amount committed: 0
Classification: Highly Satisfactory

Key Indicators for Planned Outputs	Actual Outputs
1. Description: Revised and updated training plan along thematic areas Unit: Comprehensive Training Plan Baseline Target 0 (31 Oct 2008)	
Annual/Intermediate Target	EOP Target 1 (21 Nov 2009) 0 (_____)
2. Description: Number of staff at MTI and Trade Related Organizations trained in accord with new training plan Unit: Number of staff trained Baseline Target 0 (31 May 2004)	
Annual/Intermediate Target	EOP Target 320 (30 Nov 2009) 90 (24 Jul 2008)

In the case of unsatisfactory or very unsatisfactory ratings for this component, provide comments on its status focusing on the problems identified in attaining planned outputs. Other pertinent information may also be entered here:
a. Training activities are ongoing. This component is implementing very well.

b. At the re-profiling exercise of Oct 2008, it was agreed that the training plan will be reviewed and updated by 1st quarter 2009 when the new sr mgt at MTI is in place. The new plan is to include technical and administrative areas in order to improve the responsiveness of MTI and its trade related institutions. Also, the plan will be revised and organized thematically in accordance with the Ministry's new institutional structure, and is to include the names and positions (within the new structure) of staff who will participate in each training. The revised plan is also to indicate what is proposed for financing under the IDB contribution to the TSSP and what would be funded with counterpart resources.

Restructuring: Indicate if this component was restructured (approved by Operational Department): [] Yes [X] No
If yes, date: _____

Briefly describe the consequences of these changes:

Hyperlink to documentation approving restructuring, if relevant: _____

Component Title: Technical grounding to underpin trade policy on priority matters in place.
Description: (1) Trade negotiation positions for TT. (2) Trade Policy and Trade Policy strategy (3) Printing and packaging policy for TT
Total cost of Component 450,000 Counterpart: 103,000 IDB: 347,000 Co-financing: 0
IDB Disbursement: 172,229 Total amount committed: 0
Classification: Satisfactory

Key Indicators for Planned Outputs	Actual Outputs
1. Description: Trade Policy and Trade Policy Strategy Unit: Draft Final Trade Policy and Strategy Document Baseline Target 0 (31 Oct 2008)	
Annual/Intermediate Target	EOP Target 1 (21 Nov 2009) 0 (_____)
2. Description: technical studies completed to support negotiations and implementation Unit: Technical Studies Baseline Target 0 (31 May 2004)	
Annual/Intermediate Target	EOP Target 7 (30 Nov 2009) 0 (_____)

In the case of unsatisfactory or very unsatisfactory ratings for this component, provide comments on its status focusing on the problems identified in attaining planned outputs. Other pertinent information may also be entered here:
As noted at the re-profiling exercise in October 2008, the MTI has completed the ground work for the above component. The MTI is now to focus on finalising its trade negotiation positions, trade policy and trade policy strategy by the end of Nov 2009. In addition, the Government has taken a decision to develop a draft final policy by Nov 2009 for its printing and packaging sector as one of its top prpriety competitiveness sector areas

Restructuring: Indicate if this component was restructured (approved by Operational Department): [] Yes [X] No
If yes, date: _____

Briefly describe the consequences of these changes:

Hyperlink to documentation approving restructuring, if relevant: _____

Component Title: Integrated information system for the trade sector operational

Description: (1) An optimum solution for MTI internal information systems (2) Database of trade services and goods (3) Trade information facility at BDC (4) Improved communication links between MTI and trade stakeholders

Total cost of Component1,047,000Counterpart:241,000IDB:806,000Co-financing:0

IDB Disbursement:8,595Total amount committed:0

Classification: Unsatisfactory

Key Indicators for Planned Outputs			Actual Outputs
1. Description: Modernized internal information system			0 (_____)
Unit: Phase 1 of Information System installed	Annual/Intermediate Target	EOP Target 1 (21 Nov 2009)	
Baseline Target 0 (31 Oct 2008)			
2. Description: trade Information Facility at BDC			0 (_____)
Unit: Trade Information Facility established	Annual/Intermediate Target	EOP Target 1 (21 Nov 2009)	
Baseline Target 0 (31 Oct 2008)			
3. Description: Number of transactions per month on the newly created Trade Information Center at the MTI			0 (_____)
Unit: Number of Transactions	Annual/Intermediate Target	EOP Target 200 (30 Nov 2009)	
Baseline Target 0 (31 May 2004)			

In the case of unsatisfactory or very unsatisfactory ratings for this component, provide comments on its status focusing on the problems identified in attaining planned outputs. Other pertinent information may also be entered here:
At the re-profiling exercise in Oct 2008, MTI confirmed the ICT component of the TSSP has been delayed due to the slow implementation of Component 1. It is expected that with the installation of Information Manager by 1st quarter 2009, a comprehensive internal ICT plan for MTI will be developed. The plan will be Phase 1 and is to include project milestones and target dates.

Restructuring: Indicate if this component was restructured (approved by Operational Department):[] Yes [X] No
If yes, date: _____
Briefly describe the consequences of these changes:

Hyperlink to documentation approving restructuring, if relevant: _____

Component Title: Trade Assistance Programme

Description: Provide technical and logistical supprot to trade related industries through workshops, seminars, promotions and providing technical assistance and advice

Total cost of Component1,393,000Counterpart:320,000IDB:1,073,000Co-financing:0

IDB Disbursement:532,322Total amount committed:0

Classification: Highly Satisfactory

Key Indicators for Planned Outputs			Actual Outputs
1. Description: Rationalization of trade fairs in order to maximise value-added to participants			0 (_____)
Unit: Matrix of trade fairs to be attended for 2009/10			
Baseline Target 0 (31 Oct 2008)	Annual/Intermediate Target	EOP Target 1 (21 Nov 2009)	
2. Description: Promotional Video for Food and Beverage Sector			0 (_____)
Unit: Promotional Video			
Baseline Target 0 (31 Oct 2008)	Annual/Intermediate Target	EOP Target 1 (21 Nov 2009)	
3. Description: Sector specific export promotion strategies developed and implemented			0 (_____)
Unit: Sector Specific export promotion strategies			
Baseline Target 0 (31 May 2004)	Annual/Intermediate Target	EOP Target 5 (30 Nov 2009)	

In the case of unsatisfactory or very unsatisfactory ratings for this component, provide comments on its status focusing on the problems identified in attaining planned outputs. Other pertinent information may also be entered here:
At the Oct 2008 reprofiling exercise, it was noted that this component is very active and it is expected that all the resources under this component will be fully disbursed by the end of the project. The Bank reiterated to MTI to think about re-targeting its approach and to this end, MTI is to revisit the number of trade fairs and be more selective in the future. It was noted that the private sector response to partaking in these fairs has been lukewarm. In order to explore new ways to encourage participation by private sector, MTI is looking to approach the Trinidad and Tobago Coalitions of Services with the intention of securing more participation from the services sector. The Bank is to be kept informed accordingly

Restructuring: Indicate if this component was restructured (approved by Operational Department):[] Yes [X] No
If yes, date: _____
Briefly describe the consequences of these changes:

Hyperlink to documentation approving restructuring, if relevant: _____

Implementation Progress Summary Classification (IP):
[] Highly Satisfactory (HS) [X] Satisfactory (S) [] Unsatisfactory (U) [] Very Unsatisfactory (VU)

Briefly justify the Summary IP Classification based on the degree planned targets were met , explaining the difference between planned and actual outputs as well as any other relevant factors. Cite reference to evidence that support these results.

Components I and IV need to be advanced if their indicators are to be achieved. The Bank is confident based on the results of the Oct 2008 project re-profiling exercise that the project will achieve its development objective once substantial improvement (both in financial and physical execution) are achieved during the first 2 quarters of 2009. Otherwise, the Bank will favor major cuts to the program. The administrative mission schedule for January 2009 will set the goals and prioritize the activities in agreement with the stakeholders

Check off critical factors/reasons for Unsatisfactory/Very Unsatisfactory IP Classification or Low Probability/Improbable DO classification, and reflect in section IV (Risk Profile), as needed:
[] Legislative approvals [] Inter-agency coordination [] National policy changes
[] Borrower/executing agency commitement [] Supplier/contractor performance [] Executing agency policy changes

- | | | |
|--|--|---|
| <input type="checkbox"/> Counterpart funding shortfall/fiscal ceilings | <input type="checkbox"/> Project/component design | <input type="checkbox"/> Bank policy changes |
| <input type="checkbox"/> Executing agency institutional capacity | <input type="checkbox"/> Bank efficiency (response delays) | <input type="checkbox"/> Lack of monitoring/evaluation system |
| <input type="checkbox"/> Community/political opposition | <input type="checkbox"/> Environmental issues | <input type="checkbox"/> Other: |
| <input type="checkbox"/> Consultant services performance | <input type="checkbox"/> Cost overrun | |

FIDUCIARY ISSUES PROFILE

- ☒ **Contractual Condition Compliance Delays.** List any delay and/or other problems in compliance with other important contractual conditions:
☒ No compliance problems experience during this reporting period

- ☒ **Audited Financial Statements (AFS).** List any important qualified options of the auditor presented in the AFS:
 External Auditor's opinion of the most recent financial statement received by the Bank (as at Sept 30, 2007) was unqualified.

Observations of Financial Specialist, including comments on AFS and/or factors affecting the development objectives:
 AFS for the fiscal year ended Sept 2007 was submitted within the deadline. No major issues were highlighted in the financial statements. The Auditors in their findings on internal control, indicated that Microsoft Excel worksheets were being used for the purpose of recording transactions and as such recommended that an accounting software be used for this purpose. This recommendation is similar to that made by the Bank and as such the PEU has acquired and is using an accounting software which has been customized to their requirements.

Relevant Hyperlinks:

Qualified opinions given by external auditors (AFS): _____

Project AFS Review Guide(AF320): _____

Timeliness of AFP Submission(LMS40): <http://ops/lms/lms40.asp?UDRCODE=CTT&LoanType=LON&AuditYear=2008>

Documents/correspondence to and from the EA regarding non-compliance, if applicable: _____

- ☐ **Procurement difficulties, if applicable.** Briefly list any major procurement issues affecting implementation progress:

Any additional observations of Financial, Sector and/or Procurement Specialist(s):

During Sept 2008, a Fiduciary (Financial Mgt) Risk Assessment was undertaken in which the project was rated with a medium fiduciary risk. As a result of this rating, the project was moved to ex-post review methodology for disbursements.

IV. RISK PROFILE

Key Risk:	Category	(a) Severity of Impact	(b) Likelihood of Occurrence	(a x b) Classification
1. A delay in the hiring and installation of the 3 Sr Management positions, namely, Information Services manager, Change Manager and HR Manager	Fiduciary and operational	4	60	240
2. The Ministry of Trade and Industry will not have the institutional capacity to implement project effectively.	Fiduciary and operational	3	75	225
3. Private sector stakeholders will not have buy-in to the project	Environmental, social, cultural and natural disaster	2	80	160

Summary Risk Classification (RI):

☐ Very High ☒ High ☐ Moderate ☐ Low

ALERT STATUS PROJECTS

Comments on relevance of "on alert" status for this project (if applicable):

V. PLAN OF ACTION FOR RISK MANAGEMENT AND TO ADDRESS IMPLEMENTATION PROBLEMS

RISKS	
Risk:	Response:
3	Commitment with Trinidad and Tobago Coalition of Services industries to get more private sector participation in the Trade Assistance Program of the TSSP <u>Responsible unit:</u> PCU <u>Date Action to be completed:</u> 27 Feb 2009 <u>Date Action Completed:</u> _____

IMPLEMENTATION PROBLEMS

Implementation Problem:	Action Plan:
1. Hire Chief Information Officer	<u>Responsible unit:</u> Program Coordinating Unit, MTI <u>Date action to be completed:</u> 27 Feb 2009 <u>Date action completed:</u> _____
2. Quality control systems should be strengthened in order to ensure that the outputs of the consultancies being commissioned meet the requirements of the program's development objectives. The Executing Agency should strengthen the operations of the various Technical Steering Committees and convene a meeting of the Program Steering Committee.	<u>Responsible unit:</u> PCU <u>Date action to be completed:</u> 30 Jan 2009 <u>Date action completed:</u> _____
3. Install Change Manager to oversee business transformation of MTI	<u>Responsible unit:</u> PCU <u>Date action to be completed:</u> 27 Feb 2009

VI. LESSONS LEARNED

Add or fine-tune lessons learned that can be used to improve the programming, design, execution, as well as the monitoring and evaluation of other operations in the sector or country, as needed.

1. Given the costs of the project's delay with respect to: (1) inflation; (2) commitment fees on unused balances; (3) additional staff costs during delay; and (4) opportunity cost of delayed service delivery. It is critical that as part of project design and to ensure that projects can deliver on the client's expectations, it is important that the design for new projects have as a minimum:

(1) An appropriate Development Results Framework with measurable output and outcome indicators (baseline, intermediate and final) so that we are on the same page.

(2) An appropriate Results Based Project Management Framework, so that planning and implementation capacity are addressed early on from the design phase. This includes identifying EU personnel to participate in the design with Project Management training and competencies.

(3) Performance Contracts, if possible, for EU staff.

In these respects, we are trying to ensure that the Bank can deliver technical assistance and financing in a timely manner, so that the client has a greater likelihood of success with reforms that enhance service delivery.

2. While the program is only mid-way in its execution, the key lesson for smooth implementation is that there is need to have continued stakeholder engagements as distinct project activities, at least once every quarter to ensure and refresh stakeholder buy-in and commitment to the project.

3. The project could have been sequenced in which Phase 1 could have been on the development of HR and institutional capacity at the MTI with Phase 2 the overall implementation of the project. The reasoning is that strong institutional capacity is required to drive implementation progress.

VII. MONITORING AND EVALUATION

When was the baseline information gathered for at least one outcome indicator?

☐ Before Board Approval ☒ Other Date: 26 Jan 2004

When was the baseline information gathered for at least one output indicator, if applicable?

☐ Before Board Approval ☒ Other Date: 26 Jan 2004

Does the borrower have a defined data gathering system in place?

☒ Yes ☐ No

Is the borrower maintaining performance data on agreed outcome indicators?

☒ Yes ☐ No

Is the borrower maintaining performance data on agreed output indicators?

☒ Yes ☐ No

Are there any *issues* or problems related to the quality, validity and timeliness of the data gathering system?

☐ Yes ☒ No

Start-up Mission:

☒ Yes ☐ No If yes, date: 24 Mar 2004

Hyperlink(s) to relevant Aides Memoire(s): _____

Administration or Other Relevant Missions:

☒ Yes ☐ No If yes, date: 12 Feb 2008

Hyperlink(s) to relevant Aides Memoire(s): _____

Mid-Term Evaluation (MTE):

☐ N/A ☒ Planned ☐ Completed Date: _____

Briefly describe the main findings and results, as well as the principal conclusions/recommendations of this evaluation:
A partial MTE took place on 8 & 9 of November 2006.

Main Agreements reached during the Mid-term Review:

a. Component I - Institutional Reorganisation and Strengthening. MTI will sign off on a new institutional structure by the end of this year and begin operating under the new structure in early 2007. Full implementation of the new structure, including the filling of new positions, is likely to be achieved by the end of 2008.

b. Component II - Specialised Technical Training. MTI will submit a training plan for 2007-2008 by December 15, 2006. The training plan will reflect a thematic approach consistent with the ministry's new institutional structure, incorporate the training needs of other TRIs, and prioritize local training opportunities. Training activities for 2008 will be subject to review pending adoption of the ministry's new institutional structure and identification of related priority training needs.

c. Component III - Technical Studies. The studies component will focus on the area of services. Other planned studies will be put on hold until the main components of MTI's new institutional structure are in place, urgent priorities for technical assistance under the new structure are defined, and the continued relevance of the planned studies can be reviewed against those priorities.

d. Component IV - Integrated Information Systems. MTI will pay special attention to the content side of the integrated information system, particularly as it pertains to the Trade Information Center and the Database on Trade in Goods and Services. To this effect, the Deputy Permanent Secretary will establish a working group within the Ministry and consult closely with both the Bank and other TRIs on content development.

e. Component V - Trade Assistance Programme. MTI will develop a program of trade assistance activities for 2007 in close collaboration with TRIs, particularly BDC, e-Teck and TTMA.

Hyperlink(s) to MTE: _____

Final Evaluation: Is a final evaluation for this project foreseen?

☐ Yes ☒ No If yes, date: _____

Hyperlink(s) to relevant Aides Memoire(s) and/or report: _____

Ex-Post Evaluation: Is an ex-post evaluation for this project foreseen?

[X] Yes [] No If yes, date: 31 Jan 2010

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

SURINAME

TRADE SECTOR SUPPORT PROGRAM

(SU-L1002)

LOAN PROPOSAL

This document was prepared by the project team consisting of: Michael McLeod (RE3/SC3) Project Team Leader; Raimundo Arroio (RE3/SC3); Mario Berrios (INT/ITD); Anneke Jessen (INT/ITD); Matthew Stone Shearer (INT/ITD); Silvano Tjong-Ahin (COF/CSU); Diego Buchara (LEG); Gabriela Martinez (RE3/FI3) and Adriana Abreu-Combs (RE3/SC3) who were in charge of document production.

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ANNEXES

ANNEX I	Logical Framework
ANNEX II	Tentative Procurement Plan

BASIC SOCIOECONOMIC DATA

For basic socioeconomic data, including public debt information, please refer to the following address:

<http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata>

INFORMATION AVAILABLE IN THE FILES OF RE3

PREPARATION:

EXECUTION:

1. Draft Operations Manual
2. Draft First Year Annual Operating Plan
3. Detailed Budget

ABBREVIATIONS

ACP	African, Caribbean and Pacific Countries
AOP	Annual Operating Plan
ASYCUDA	Automated System for Customs Data
ATPL	Agricultural and Trade Policy Program
CARICOM	Caribbean Community
CET	Common External Tariff
CSME	CARICOM Single Market and Economy
EC	European Commission
EPA	Economic Partnership Agreement
EU	European Union
FDI	Foreign Direct Investment
FIAS	Foreign Investment Advisory Services
FTAA	Free Trade Area of Americas
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GSP	Generalized System of Preferences
IC	International Competition
ICB	International Competitive Bidding
ICT	Information and Communications Technology
IDB	Inter-American Development Bank
IMF	International Monetary Fund
IP	Intellectual Property
IT	Information and Technology
KKF	Chamber of Commerce and Industry
LAC	Latin America and Caribbean
MFA	Ministry of Foreign Affairs
MFN	Most Favored Nation
MTI	Ministry of Trade and Industry
NC	National Competition
NCB	National Competitive Bidding
NIMOS	National Environmental Agency
OC/IFF	Ordinary Capital/Intermediate Financing Facility
PCR	Project Completion Report
PCU	Program Coordination Unit
PPMR	Project Performance and Monitoring Report
PSC	Program Steering Committee
PSMSP	Public Sector Management Strengthening Program
PTI	Poverty Targeted Investment
RNM	Caribbean Regional Negotiating Machinery
SPS	Sanitary and Phytosanitary
TC	Technical Cooperation
TOR	Terms of Reference
VSB	Trade and Industry Association
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

TRADE SECTOR FACILITY

TRADE SECTOR SUPPORT PROGRAM

(SU-L1002)

EXECUTIVE SUMMARY

Borrower:	Republic of Suriname		
Executing agency:	Ministry of Trade and Industry (MTI)		
Financing amount and source:	IDB: (OC/IFF)	US\$	4,000,000
	Local:	US\$	400,000
	Total:	US\$	4,400,000
Financial terms and conditions:	Amortization Period:	20	years
	Grace Period:	42	months
	Execution Period:	36	months
	Disbursement Period:	42	months
	Interest Rate:	Variable	
	Inspection and Supervision:	0	%
	Credit Fee:	0.25% of undisbursed balance	
	Currency:	US\$ from Single Currency Facility	

The interest rate, credit fee, and inspection and supervision fee mentioned in this document are established pursuant to document FN-568-3 Rev. and may be changed by the Board of Executive Directors, taking into account the available background information, as well as the respective Finance Department recommendation. In no case will the credit fee exceed 0.75%, or the inspection and supervision fee exceed 1% of the loan amount.¹

Objectives: The overall objective of the program is to improve public management of Suriname's foreign trade by strengthening the country's technical and institutional capacity to formulate, negotiate and implement trade policy and related agreements.

To those ends, the program's specific objectives are: (i) to strengthen the MTI's capacity to lead, coordinate and support the trade policymaking process and to establish effective mechanisms for consultation among relevant government agencies and between these and the private sector; (ii) to implement an effective information and communications system to support the trade policymaking process;

¹ With regard to the inspection and supervision fee, in no case will the charge exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount, divided by the number of six-month periods included in the original disbursement period.

(iii) to develop the technical capacity of human resources in trade-related public and private sector institutions; and (iv) to address specific sector issues related to agricultural trade, sanitary and phytosanitary measures and intellectual property.

Components:

In pursuit of its general and specific objectives, the program will encompass the following four components:

1. Organization and coordination of trade policymaking (US\$864,000): This component aims to strengthen the trade policymaking process in Suriname by improving intra- and inter-agency organization and coordination, as well as consultation with the private sector and other relevant non-government actors. Based on the definition of an overall trade policy for Suriname (see paragraph 1.20), including well-defined short and medium-term priorities, the component will provide technical assistance to support: **a)** assessment of trade policymaking mechanisms in the country and recommendations for appropriate institutional reforms; **b)** based on the above assessment and recommendations pertaining specifically to the MTI, develop and implement an action plan for reform of the ministry; **c)** examine trade procedures and assessment of current data collection system and recommendations for revision; **d)** establishment of Dispute Settlement Section within the MTI; **e)** establishment of the national Bureau of Standards; **f)** coordination with the private sector; and **g)** public education and outreach programs to raise public awareness of impending changes in the area of trade.

2. Implementation of effective information and communications system (US\$544,000): Complementing the above activities, this component aims to support institutional strengthening of trade-related public agencies through the provision of the necessary information and communications infrastructure to formulate, negotiate and implement trade policy. Activities will include: **a)** design and implementation of an integrated, secure and computerized information and communications system for the MTI, including purchase of necessary computer, copying and printing equipment and software, link-up to high-speed Internet access and establishment of effective communications channels with Brussels, Geneva and other important trade policy locations; **b)** creation of a modern trade information and documentation center in the MTI that will support the ministry's data collection, analysis and dissemination capacity (including in the area of services trade); **c)** implementation of a computerized system for monitoring the ministry's work program and activities; and **d)** design, implementation and maintenance of MTI website.

3. Capacity-building in trade (US\$669,000): This component aims to strengthen the technical expertise of staff in the MTI and other trade-related agencies, particularly in trade policy areas that are of

strategic interest to Suriname. It will provide relevant government agencies with access to technical expertise to support policy formulation, negotiations and implementation. Such support can be in the form of internships, short- or longer-term attachments of experts to the MTI and other agencies in order to transfer know-how to existing personnel, or hiring and supervising outside technical work in an effort to insure program effectiveness. Due to the acute lack of sufficient technical capacity, in the short-term and medium-term, this approach intends not only to provide practical solutions to priority issues but also to contribute to the training of officials. It is expected that this transfer of technical knowledge over time would create sufficient accumulated expertise. Support will be provided in the following areas: **a)** design and implementation of annual training programs based on identified needs; and **b)** technical support in trade negotiations and export diversification.

4. Sector specific support (US\$1,378,000): This component will address three sector issues which require specific attention: the Ministry of Agriculture; sanitary and phytosanitary measures and the Bureau of Intellectual Property. The activities in this component are designed to assist institutions with specific programs in order to enhance their participation in the trade policymaking process and their effectiveness in implementing resulting agreements. Support for the Ministry of Agriculture will be provided in two areas: (i) general institutional support, which includes an institutional assessment, training, website development, development of an information and communications system, technical studies and legal support; and (ii) sanitary and phytosanitary measures (SPS) which includes SPS infrastructure, food safety and strengthening the SPS Enquiry Point. Support for the Bureau of Intellectual Property will be in the following areas: institutional strengthening, legal advice, technical studies and implementation of a computer and information system.

**Special
contractual
conditions:**

Conditions precedent to first disbursement: (i) creation and staffing of the Program Coordination Unit (PCU) (paragraph 3.2); (ii) creation of the Program Steering Committee (PSC) and appointment of its members (paragraph 3.3); (iii) adoption of the Operations Manual in accordance with the text already agreed upon with the Bank (paragraph 3.10); and (iv) adoption of the Annual Operating Plan for the first year of the program in accordance with the text already agreed upon with the Bank (paragraph 3.11).

Conditions precedent to the disbursement of resources for Component 1 a (Assessment of trade policymaking mechanisms in the country) and b (Action plan for reform of the MTI); Component 2 a (Information and communications system for the MTI) and c (Computerized system for monitoring the MTI's work program and activities); and Component 4 a) (i) a (Ministry of Agriculture-

General institutional support-Institutional assessment) and d (Information and communications systems), the Borrower will have to present to the satisfaction of the Bank, evidence that the trade sector strategy for Suriname has been duly approved by the corresponding authority (paragraph 3.4).

Conditions precedent to the disbursement of resources for Component 1 e (Bureau of Standards), the Borrower will present to the satisfaction of the Bank, the recommendations to assist with the initial establishment and operation of a national Bureau of Standards produced under technical cooperation ATN/CC-9093-SU (paragraph 3.4).

Special disbursement: Once the Loan Contract has entered into effect, and the Borrower has complied with the conditions precedent set forth in the General Conditions of the Loan Contract, the Bank may disburse to the Executing Agency up to the amount of US\$250,000 in order to hire the staff for the PCU as well as for the contracting of the evaluation consultant (paragraph 3.2)

**Relationship to
Bank's country
and sector
strategy:**

As articulated in the 2000 Country Paper (GN-2080-1), the core of the Bank's country strategy in Suriname is to support policy and institutional reforms in order to improve institutional and incentive frameworks. The principal areas of focus are: (i) private sector development; (ii) modernization of the state; (iii) human resource development; (iv) environmental management; and (v) improved macroeconomic management. The proposed project, which will contribute to improving public management of Suriname's foreign trade as well as use the potential of knowledge and information technologies in public management, is in keeping with the Bank's Modernization of the State Strategy (OP-1004) and is specifically mentioned in the 2003 Suriname Country Strategy Update. Furthermore the proposed program is consistent with the Bank's Regional Integration Strategy (OP-1006) insofar as it supports training to develop the expertise required to manage negotiations and implement agreements.

The proposed program is also fully consistent with the Bank's regional strategy for CARICOM, which seeks to facilitate the group's effective international insertion through activities supporting the full implementation of the CARICOM Single Market and Economy (CSME), expansion of the regional market (through the negotiation and implementation of new trade agreements), improved collection and management of trade data and institutional strengthening, among other things. In the Bank's support to regional initiatives such as the Caribbean Regional Negotiating Machinery (RNM), it has become increasingly obvious that, in order to yield the expected benefits, such initiatives depend crucially on effective member state involvement. The proposed program seeks specifically to help Suriname in this respect.

**Coordination with
other Multilateral
Development
Institutions:**

The Bank program will complement the trade-related assistance of other donor agencies in Suriname, which mostly focuses on support to the private sector. The European Commission (EC) has approved and set in motion a €2.4 million private sector support program in Suriname. The aim is to establish a Business Center that will be managed by the Suriname Business Forum, a consultation mechanism aimed at facilitating public/private sector discussion and coordination on business development issues. The Center will have funds to undertake a number of private sector support activities related to trade. Suriname will moreover benefit from some technical assistance funded under two regional EC programs to help African, Caribbean and Pacific (ACP) countries negotiate Economic Partnership Agreements (EPAs) with the European Union (EU). In addition, the Dutch Development Agency is planning a few smaller-scale trade-related initiatives for the private sector in the area of export facilitation and promotion of trade between Suriname and the EU. There is little other donor activity in the area of trade. A TC program entitled *Support for the Design, Implementation and Management of Trade Policy and Technical Standards*, financed by the IDB-Canada Trade Fund (ATN/CC-9093-SU, CAN\$150,000), and approved in February 2005, will provide relevant input to two activities contemplated in the proposed program, namely the formulation and implementation of a trade sector strategy for Suriname, and the launching of a national Bureau of Standards (see paragraph 1.24c).

**Environmental
and social
classification:**

It is not anticipated that the activities to be financed in this program will have negative direct social effects, but it could be expected that the program could have a positive influence on the country's trade performance by supporting the increase and diversification of labor-intensive exports. It could thereby contribute to employment creation and the mobilization of resources to support sustainable improvements in the delivery of social services.

This program opens the opportunity to discuss important environmental issues with the government as well as to support it as it addresses their implications. It is therefore recommended that, to the extent possible, technical studies and training be incorporated on matters such as sustainable methods of production, the link between environmental and trade issues, other key market access related issues, enhancing competitiveness, building local capacity and creating a framework to develop organic agriculture and stimulating certification of products, among others. Likewise, it is not expected that the activities to be financed in this program will have any negative direct environmental effects.

Potential benefits: The program will increase the technical capacity of Suriname to conduct trade negotiations, to implement trade agreements and to exploit the opportunities and face the challenges arising from trade liberalization. This will enhance the country's insertion into the global economy, support the development of non-mineral exports and contribute to improving the efficiency of the economy, thereby increasing the potential for economic growth and development.

Potential risks: The Bank has recently approved two operations related to public sector reform in Suriname: a technical cooperation to assist the country in identifying a Roadmap for Medium and Long Term Public Sector Reform (ATN/SF-8664-SU) and a loan to finance the Public Sector Management Strengthening Program (PSMSP) (1547/OC-SU) to support the reform process by implementing a selection of urgent short term activities in the ministries of Home Affairs and in Finance. The latter also includes the establishment of a connectivity backbone to electronically connect all sixteen ministries and some strategic government agencies. To prevent overlap and/or conflicts, it is imperative to coordinate the Information Technology (IT)-related activities of the proposed operation with those of the PSMSP and to ensure that the activities being financed under the aforementioned technical cooperation are taken into consideration in the design of the proposed program.

A key risk in implementing the program is the limited institutional capacity of the MTI. The program addresses this risk by establishing from the outset a solid Program Coordination Unit (PCU) that would build up managerial capacity, more efficient administrative methods, executive decision making processes and qualified personnel. In addition, the program envisages the contracting of three long-term consultants (senior trade specialist, senior agricultural specialist and an IT support technician) who will work directly with personnel from their respective ministries as a means of insuring implementation of program consultants recommendations and building an inherent element of sustainability into the program. Furthermore, the Bank's Country Office in Suriname will provide assistance, as required, to insure satisfactory execution of the program.

Given the inadequate response from line ministries, the private sector and other stakeholders through the existing consultation methods that do not function well, a key to the success of this program is also for the private sector and Government to continue to improve mutual cooperation. This goal will be addressed on the one hand through the European Commission program which will establish a Business Center to serve as a consultation mechanism aimed at facilitating public/private sector coordination and, on the other, through additional activities to be financed under the proposed operation to improve inter-agency coordination and public/private sector dialogue.

Poverty-targeting and social equity classification:

This operation does not qualify as a social equity-enhancing project, as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704). Furthermore, this operation does not qualify as a poverty-targeted investment (PTI).

Procurement Plan & Timeframe, threshold amounts for ICB:

Goods. The procurement of goods will be carried out in accordance with Bank policy established in document GN-2349-4 ("Policies for the Procurement of Works and Goods Financed by the Inter-American Development Bank" of January 19, 2005). It is not foreseen that any civil works will be financed under this program. International Competitive Bidding (ICB) is mandatory for the acquisition of goods that exceed the equivalent of US\$100,000 partially or totally financed with loan resources. National Competitive Bidding (NCB) may be used for goods between US\$25,000 and US\$100,000 and shopping for goods below US\$25,000. Procurement of Goods will be carried out in accordance with the annual Procurement Plan previously approved by the Bank. The Draft Procurement Plan and Timeframe is attached (see Annex II). The Procurement Plan will be reviewed every six months.

Consultants. Selection and contracting of consultants will be carried out following the policy set out in document GN-2350-4 ("Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank" of January 19, 2005). For the selection and contracting of consulting services with a value equal to or greater than the equivalent of US\$100,000, the short list will include international consulting firms (ICB). A short list may comprise entirely national consultants: (i) if the assignment is below the equivalent US\$100,000 and a sufficient number of firms are available for having a short list with competitive costs (NCB). However, if foreign firms express interest, they shall be considered; and (ii) when competition including foreign consultant is *prima facie* not justified or foreign consultants have not expressed interest. Contracting of consulting services will be done in accordance with the Procurement Plan previously approved by the Bank.

Given the fact that the PCU will be created as part of the program and will have had no experience in the acquisition of goods and consulting services using Bank procurement procedures, the *ex-ante* method will be adopted for the revision of procurement of goods and services. This method will be used until such time that the Bank's procurement specialist determines that the PCU has demonstrated a satisfactory level of procurement capacity, in which case the review will be *ex-post*.

Key Performance Indicators & Monitoring Benchmarks:

At the end of the program the following key performance indicators will be used to measure the achievement of program goals:

- (a) Goals: (i) the private sector conducts international commercial transactions in improved conditions of market access (e.g.

improved use of existing preferences, better capacity to address SPS and technical standards issues, or implementation of new trade liberalization initiatives); (ii) domestic regulatory environment is more compatible with trade agreements reached (e.g. greater compatibility with international trade obligations); and private sector has greater access to commercial information (e.g. better identification of demand for Surinamese products in foreign markets, more active participation in foreign trade fairs).

- (b) Purpose: (i) Demonstrated higher level of technical knowledge and analytical skills of trade officials in the country as measured by the degree of satisfaction among experts as well as private sector and other relevant stakeholders and (ii) Government manages trade policy with a clear sense of priority, based on a clearly defined national trade strategy.

**Reporting
arrangements
jointly with Bank
and Executing
Agency:**

Monitoring. A draft Operations Manual for the program has been prepared and agreed upon with the Surinamese authorities and is available in the technical files of RE3/SC3. This manual contains the operating instructions for each of the program activities, including the Program Coordination Unit. These operating instructions include: the schematic qualifications and terms of reference for each of the consultancies to be contracted as part of the program, as well as a tentative timetable for their contracting and the execution of their responsibilities.

On the basis of the existing Operations Manual and schematic Terms of Reference (TOR) for the activities, at the beginning of each year of project execution, the PCU will prepare an Annual Operating Plan (AOP) for each component of the program. This document will present an updated version of the information described in the Operations Manual concerning the activities, calendar, TOR and goals to be achieved in the ensuing 12-month period. The AOPs, with the exception of the one for the first year of the program, should present an evaluation of the previous period and justification for modifications with respect to the originally envisioned goals. A draft AOP for the Program's first year has been prepared and agreed upon with the Surinamese authorities and is available in the technical files of RE3/SC3. The first year draft AOP includes: (i) detailed functions of the PCU; (ii) detailed TOR for the PCU personnel and the consultants to be contracted during the first year of project execution; (iii) the main activities to be carried out in the first year of project execution (contracting and procurement) with an indication of their cost and sequencing.

Mid-term review and final evaluation. Resources are provided for in the loan for the Bank to contract a consultancy to carry out an independent mid-term and final evaluation of the program (draft terms of reference are in the Operations Manual). This consultant will be

contracted within six months of the signature of the loan contract and will establish, within three months of his contracting, an evaluation framework based primarily on the indicators and goals established in the Logical Framework. As part of the evaluation framework, an initial survey should be carried out in order to establish a baseline for the goals and purpose performance indicators of the Logical Framework. The PCU will be responsible for collecting the relevant data during the execution of the program. Within 18 months of the signature of the loan contract, or once 50% of the project financing has been disbursed, the evaluation consultant will carry out a mid-term review of the project. Immediately before the mid-term evaluation, a review of each of the AOPs will be carried out to determine if any changes should be made to the execution of the program. This review will also be based on the agreed indicators, and the degree to which the program is achieving the goals established. The assumptions in the Logical Framework will also be reviewed and updated as required. If necessary, the consultant will make recommendations for actions to improve execution. Finally, once the execution of the main components of the program has concluded, the consultant will carry out a final evaluation. This evaluation will analyze the results of the execution of the program and the achievement of the proposed goals in all sections of the Logical Framework.

Progress reports. Progress reports on the execution of the project will be presented to the Bank by the PCU on June 1 and December 1 in each year of execution so that they can serve as the basis for preparation of Project Performance and Monitoring Reports (PPMRs) by COF/CSU, which are due June 30 and December 31. The progress reports will be prepared in accordance with the relevant guidelines agreed upon with the Bank.

Ex-post evaluation. In accordance with Bank policy, the MTI was consulted as to whether or not it wanted to carry out an ex-post evaluation of the program. It responded that, rather than the ex-post evaluation, it supports the Bank's initiative to utilize the Annual Operating Plans, mid-term review and final evaluation as a means to evaluate the project, as described in paragraphs 3.11–3.12. In this regard, the evaluations included in the POAs, the mid-term review, and final evaluation will include indicators and parameters that will enable the Bank and the borrower to understand the impact of the program and the goals achieved as a result. This information will be available to the Bank in the event that it should later decide to carry out its own ex-post evaluation.

I. FRAME OF REFERENCE

A. The importance of trade in Suriname's economy

- 1.1 Suriname is a small economy with one of the highest trade/GDP ratios in the Western Hemisphere – 145%². Because external trade plays such a dominant role in Suriname's economy, it also substantially determines the country's development prospects. Exports are particularly important in this respect: export income is needed to spur capital accumulation and investment, create and sustain jobs, finance imports, and maintain balance in the country's external accounts, all of which is necessary to achieve sustainable levels of economic growth. Successful participation in the global economy through improved trade performance is therefore a central aim of Suriname's development strategy, and a necessary condition for eliminating the poverty that currently affects almost half of the country's population. The effective management and implementation of trade policy is crucial in this respect.
- 1.2 After two decades of economic stagnation, Suriname has experienced renewed growth in recent years, mainly as a result of a stable political environment, increased investment in the mining sector and higher international prices for some of the country's main export commodities. Between 2000-2004, GDP growth averaged over 4% a year. The short-term outlook for the economy is good, with the IMF predicting growth of 4.8% in 2005.
- 1.3 While this growth trend is encouraging, its medium to long-term sustainability is not guaranteed. Suriname's relative economic openness renders it extremely vulnerable to external shocks such as fluctuations in commodity prices or policy changes abroad. This vulnerability is compounded by the fact that Suriname depends for its export earnings on a very small number of natural resource products – mainly alumina, gold, crude oil, shrimp, rice, bananas and timber. Alumina exports alone account for almost two thirds of Suriname's total exports; a sudden downturn in prices for this product could thus quickly reverse the growth trend witnessed in recent years. Price changes largely explain the huge fluctuations in Suriname's annual export earnings over the past decade, with export values contracting or expanding by as much as 60% in some years. Bauxite mining and alumina production are fully controlled by two multinationals: Alcoa and Billiton. Oil and banana production are monopolized by state-owned enterprises, while rice production is supported via direct and indirect subsidy schemes.
- 1.4 In addition to the vulnerabilities associated with a narrow export base, Suriname faces substantial new trade challenges ahead. For some important export crops

² Period average 2000-2002. The trade openness indicator is calculated as export and imports of goods and services, divided by GDP. By comparison, the average ratio for the Caribbean Community (CARICOM) is around 100%; the average for Latin American countries is only 40%.

(rice and bananas), Suriname faces renegotiation of its preferences in the European Union (EU) market and stronger competition in international markets in the coming years. Although rice and bananas constitute only a small share of the country's exports, they account for a significant share of employment, and even small changes in market access could spell sizeable economic disruptions in the agricultural sector. The mining sector is globally competitive and an important foreign exchange earner for the country, but contributes little in terms of employment (only 2.5% of the labor force work in the bauxite industry, compared to 11% in agriculture). Meanwhile, the economic weight of manufacturing has declined steadily since the country's entry into the Caribbean Community (CARICOM), and with the exception of alumina production and some (mainly fisheries-related) food-processing industries, manufacturing activity is mostly limited to supplying the small domestic market. Only further expansion of export activity would provide space for growth and employment creation. Diversification of the export base is therefore also of strategic importance.

- 1.5 A history of state control, coupled with the lack of an enabling environment and the small size of the domestic market, has hindered the development of Suriname's private sector. Local investors are not sufficiently prepared to confront the challenges (or grasp the opportunities) posed by the trend towards increased global market liberalization. At the same time, international investors are becoming more selective in choosing their investment destinations, opting for countries with attractive investment climates built on good governance, sound institutions and protection of property rights. Despite sizeable new investment inflows in recent years, *net* inflows of foreign direct investment (FDI) to Suriname have been negative in most years since the late 1980s.³ Apart from structural economic conditions, macroeconomic instability and the presence of a legal and regulatory environment that is not conducive to private sector development are generally considered to be the key factors behind Suriname's recent poor record with regard to inward FDI.
- 1.6 In the medium to long term, growth and diversification of the trade base will require substantial improvements to the local investment environment and infrastructure. To begin addressing these challenges, the Bank and the Foreign Investment Advisory Services (FIAS) are currently funding a consultancy to review and improve the country's regulatory system in order to raise Suriname's attraction as a business location for both local and foreign investors. To date, infrastructure improvements have been financed primarily through the Dutch Treaty Fund, but given the planned phasing out of this source of funding over the next five years, the Bank is expected to play a significant role in the medium term in identifying unmet demands for infrastructure and channeling resources,

³ These negative inflows are most likely driven by intra-company loans. In other words, these are repayments of loans by foreign affiliates to their parent companies. These large repayments could be due to efforts to improve debt-equity ratios, to take advantage of periods of low interest rates, or due to tax planning strategies.

including some Bank financing, towards addressing those demands through other possible operations. In the short term, however, the Surinamese authorities also face the immediate challenge of negotiating a favorable outcome for the country in a series of ongoing trade negotiations. The results of these negotiations and the alliances that are formed will serve to drive the country's future opportunities and economic development. Equally urgent is the effective implementation of existing trade agreements in order to enable the private sector to take full advantage of the market access opportunities inherent in these accords. The design and implementation of effective trade policies, aimed at facilitating Suriname's successful international insertion, are indeed a necessary condition for improving the local business environment and attracting the investment that is needed to ensure the economy's sustained growth.

- 1.7 Given Suriname's traditional trade concentration on mining activity, other sector-specific trade needs and concerns have been neglected. Today, however, several sector issues have become central to Suriname's trade potential and to the participation of the country in trade negotiations and the implementation of trade agreements. Some of the most pressing needs related to specific sectors are concentrated on agricultural, sanitary and phytosanitary and intellectual property issues.

B. Suriname's participation in trade agreements and negotiations

- 1.8 Suriname has been a contracting party of the General Agreement on Tariffs and Trade (GATT) since 1978 and became a founding member of the World Trade Organization (WTO) in 1995. The country completed its first WTO Trade Policy Review in 2004. It currently faces two challenges as a result of its multilateral commitments: the first relates to the full implementation of the agreements reached in the Uruguay Round of multilateral trade negotiations, which concluded in 1994. A decade later, Suriname is still in the process of completing this difficult process, which involves a considerable number of legislative and institutional changes. The second challenge relates to Suriname's participation in the current Doha Development Round, which was launched in 2001 and includes a large number of technically difficult negotiating areas. Suriname's active participation in these negotiations is hindered by the fact that it does not have a WTO mission in Geneva.
- 1.9 In addition to its participation in the WTO, Suriname has been a member of CARICOM since 1995. CARICOM countries are currently in the process of establishing a single market, the CARICOM Single Market and Economy (CSME), which includes the free movement of goods, services, capital and skilled persons within the sub-region, growing harmonization of economic and regulatory policies, and a common external tariff (CET). Suriname already enjoys duty-free access to the CARICOM market for virtually all its merchandise exports and has fully implemented the CET, but still faces important negotiation and implementation issues in other areas of the single market. There are, moreover, some problems of non-compatibility with respect to the adoption of CARICOM's

CET and Suriname's WTO tariff bindings. These issues were identified in the WTO Trade Policy Review of 2004 and constitute pending matters that the country will need to address.

- 1.10 Suriname also benefits from non-reciprocal trade preferences granted by the EU under the ACP-EU Cotonou Agreement, and is a beneficiary of the Generalized System of Preferences (GSP) of various countries - although only a fraction of its exports are eligible under this scheme. Through CARICOM, Suriname has moreover signed trade agreements with a number of Latin American countries, with resulting improvements in access to these markets once the agreements are ratified and enter into force. In all these markets, however, preferences are being eroded by global tariff reductions agreed in the WTO and by bilateral trade initiatives between Suriname's trade partners and third countries. This trend towards preference erosion is likely to intensify in the coming years because of further trade liberalization under the WTO and the entry into force of new trade agreements in the Western Hemisphere, which would gradually reduce Suriname's market access advantages relative to those of other LAC countries in the US/Canadian and Caribbean markets. These processes, along with the negotiation of a reciprocal trading arrangement with the EU, will also put increased pressure on Surinamese firms producing for the domestic market.
- 1.11 Of particular challenge for Suriname is the planned reform of the EU's banana import regime, whereby existing preferential quotas for banana imports from ACP countries (including Suriname) will be replaced by tariffs. The need for reform stems from various challenges raised by WTO members against the EU's existing import regime. These and other trade disputes in the WTO have important repercussions for Suriname; to respond to them efficiently, it is of crucial importance for the country to build capacity on trade policy issues such as reform of the EU's banana regime; the granting of trade preferences and effects on most favored nation (MFN) treatment; agricultural subsidies; special crops; and dispute settlement.
- 1.12 Suriname's reliance on trade preferences is lower than that of other CARICOM countries, reflecting the heavy weight of minerals in the country's exports, most of which enjoy MFN (i.e. non-preferential) duty-free access to foreign markets. It is nevertheless estimated that about one quarter of Suriname's exports currently benefit from some form of preferential treatment. A key issue in 2005 is that the country can no longer depend on unilateral preferences that in past decades facilitated growth of certain industries in Caribbean countries. Growing worldwide liberalization presents a particular challenge for specific sub-sectors (mainly rice and bananas). In addition, Suriname's business sector will have to brace itself for greater competition in domestic markets once the EPA and Free Trade Area of Americas (FTAA) agreements enter into force. Further trade liberalization will also affect fiscal revenues. Customs duties currently account for almost one fifth of such revenues, and new revenue sources may have to be found to compensate for this shortfall.

- 1.13 At the same time, there are significant opportunities to be derived from these new trade initiatives, not only in terms of improved access to both traditional and new markets, but also in terms of a more secure and transparent trading environment based on contractually agreed rules rather than unilaterally applied preferences. Free trade agreements in fact offer countries like Suriname the opportunity to consolidate their existing preferences by changing them into permanent market access rights. What is certain, however, is that in an ever more liberalized world economy where a growing number of countries enjoy mutually agreed market access “privileges” that were previously reserved for only a few trade partners, competition will increase, and only those with the most favorable conditions will capture the benefits of new markets and business opportunities. In such a context, questions of export performance and diversification as well as competitiveness become even more relevant for Suriname, as does the country’s capacity to effectively negotiate and implement the new agreements in order to maximize their potential benefits.
- 1.14 The simultaneous engagement in several highly complex international negotiations (including the EPA and the Doha Development Round), along with participation in the CSME process and implementation of existing trade agreements, places a severe burden on Suriname’s limited human, financial and technical resources. The difficulties of such engagement lie not only in the need to negotiate on several fronts simultaneously, but also in the fact that these negotiations are technically more complex, and potentially far more influential in their outcome than any previous trade talks in which Suriname has participated. The creation in 1997 of the Caribbean Regional Negotiating Machinery (RNM), whose mandate is to coordinate CARICOM’s external trade negotiations on behalf of all member states, has eased some of the pressure on national authorities to be present at all meetings and technically competent in all areas covered by the negotiations. The RNM, however, cannot function effectively without support from member states, and relies on national authorities to help define the region’s joint negotiating position. Likewise, Suriname cannot expect to have its national interests properly represented at the negotiating table unless it is actively engaged in the process. Neither can it reap the full benefits of the resulting agreements without their proper and timely implementation. The effective management of trade policy requires not only a strong trade ministry, but also efficient inter-agency coordination and consultation with the private sector and other relevant stakeholders. Suriname faces significant challenges in this regard.

C. Institutional framework: characteristics and weaknesses

- 1.15 The Ministry of Trade and Industry (MTI) is the lead agency for trade policy formulation, management and coordination in Suriname. It does not however, have the basic institutional capacity to address issues in an efficient and systematic manner. While historically the MTI performed a mainly administrative role in such areas as the administration of trade licenses and interventions in the rice sector, its mandate was expanded several years ago to more policy-oriented tasks. The Ministry is largely organized into four Directorates: Industry, Trade,

Market Control and Administrative. The Trade Directorate has 19 full-time professional staff members, of which some 17 work on international trade issues

- 1.16 Apart from the MTI, several other ministries and public entities have responsibilities in trade. The Ministry of Foreign Affairs (MFA) has traditionally taken the lead in matters related to the WTO and oversees the political and diplomatic elements of Suriname's various trade agreements; Suriname's ambassador to the EU is also the country's representative to the WTO. MFA officials attend CARICOM and WTO meetings. The MFA is the only ministry that has permanent representation abroad. Other entities with responsibilities in trade include the Ministry of Labor, Environment and Technological Development, the Ministry of Agriculture, Animal Husbandry and Fisheries (agriculture negotiations and sanitary and phytosanitary (SPS) issues), the Ministry of Finance (through its Directorate of Taxation and Customs Department), the Central Bank (monetary policy, economic planning), the Ministry of Justice and Police (intellectual property rights), the Bureau of Intellectual Property, the National Bureau of Statistics, and the National Environmental Agency (NIMOS).
- 1.17 To fulfill its coordinating mandate, the MTI consults on a regular basis with different actors with a direct stake in trade and economic issues. For this, the ministry uses existing consultation networks to bring together representatives from different ministries, as well as relevant private sector organizations such as the Suriname Business Forum, the Chamber of Commerce and Industry (KKF), the Suriname Trade and Industry Association (VSB) and other representatives of civil society. As a member of CARICOM, moreover, Suriname is committed to a regionally harmonized trade policy. The MTI therefore coordinates closely on trade policy matters with regional agencies such as the RNM and the CARICOM Secretariat.
- 1.18 In executing their respective mandates, the MTI and the other agencies face significant constraints. These constraints, in turn, inhibit the proper functioning of existing consultation mechanisms both within and among public sector agencies, between these and the private sector, and vis-à-vis regional agencies.
 - a. The MTI's capacity to lead and coordinate the country's trade policymaking process, and to provide effective and timely input to the formulation of regional negotiating positions, is constrained by several factors, including the lack of a coherent and well-defined trade policy that clearly spells out the country's priorities; the absence of specific work plans and definition of priority areas of work for the trade unit in the ministry; a sub-optimal organization of the ministry's scarce resources as a result of the above; weak technical capacity resulting from both the limited number of, and insufficient technical knowledge among existing staff in specific areas of trade policy; inadequate response from line ministries, the private sector and other stakeholders through the existing consultation mechanisms which are weak to begin with; huge gaps and deficiencies in basic office equipment such as

computers, printers, photocopiers, fax machines and supplies; and the absence of an efficient information and communications system that is needed to obtain, analyze and disseminate crucial trade information, monitor the ministry's work program, and efficiently connect the various agencies involved in trade policymaking both with each other and with external partners (RNM, FTAA Secretariat etc.).

- b. Technical capacity in areas related to trade is weak not only in the MTI, but across all public agencies and within the private sector, as well. The trade section of the Ministry of Agriculture, which is expected to support the MTI in matters related to agricultural trade negotiations (including sanitary and phytosanitary measures) and implementation of resulting agreements, lacks the institutional organization, technical capacity and information and communications infrastructure needed to confront the multiple challenges that Suriname faces in this area. The Bureau of Intellectual Property was only recently established and does not have the human and technical resources to fulfill its key mandate, which is to provide intellectual property rights and the legal means for their protection – crucial not only for the promotion of innovation at home, but also for attracting foreign direct investment and maintaining harmonious trade relations with third parties. Weaknesses are equally evident in the private sector. With some notable exceptions, the private sector is ill equipped to play a meaningful role in the trade policymaking process, and technically too weak to influence the formulation of national negotiating positions.
 - c. Suriname has recently benefited from a number of donor-financed training activities in the area of trade, but they have mostly been of very short duration, limited to the public sector and not thorough enough to close the knowledge gap between Suriname and its trading partners. Lack of financial resources has prevented public agency staff from accessing the best training available in trade negotiations, which is participation in real negotiations (learning by doing). Access to international expertise has been on a very ad-hoc, short-term basis, and too infrequent to allow for efficient transfer of knowledge to local staff.
- 1.19 In the area of implementation, Suriname has been overwhelmed by the multiple commitments emerging from recently concluded trade agreements. Responsibility for the implementation of WTO and CSME obligations is diffused across different ministries and there is no effective coordination among them. The authorities lack a coherent implementation plan and the legal and technical resources to follow through with it. Of equal concern is the absence of a functioning mechanism to monitor trade partners' adherence to existing agreements, with potentially serious implications for Suriname's export opportunities in these markets. Without solving these problems, Suriname cannot begin to address the combined challenges of eroding trade preferences in key export markets, growing competition at home and worldwide and, as a result, the urgent need to formulate, negotiate and implement effective trade policies and

agreements that both promote and safeguard Suriname's national interests. The proposed program, by addressing the above urgent shortcomings and focusing on the strengthening of technical skills for the negotiating table, seeks to support the government in paving the way for the country's more effective insertion into the global economy as a vital condition for improving its long-term development prospects.

D. The country's trade sector strategy

- 1.20 Despite the major challenges that a small, trade-dependent economy faces in an ever more open global economy, Suriname has yet to define an overall trade sector strategy. The proposed program, along with a recently approved Technical Cooperation financed by the IDB-Canada Trade Fund (ATN/CC-9093-SU), aims to rectify this situation. The consultant who will assist in the preparation of the strategy is in the process of being contracted. Nonetheless, as part of its continuing efforts to enhance economic growth, the Government has indicated that it seeks to reform certain key aspects of its trade policy. The essential thrust of its new policy is to liberate traders from as many restrictive administrative burdens as possible. This will be achieved by reducing government interventions in export and import processes.

E. The Bank's country and sector strategy

- 1.21 As articulated in the 2000 Country Paper (GN-2080-1), the core of the Bank's country strategy in Suriname is to support policy and institutional reforms in order to improve institutional and incentive frameworks. The principal areas of focus are: (i) private sector development; (ii) modernization of the state; (iii) human resource development; (iv) environmental management; and (v) improved macroeconomic management. The proposed project, which will contribute to improving public management of Suriname's foreign trade as well as use the potential of knowledge and information technologies in public management, is in keeping with the Bank's Modernization of the State Strategy (OP-1004) and is specifically mentioned in the 2003 Suriname Country Strategy Update. Furthermore the proposed program is consistent with the Bank's Regional Integration Strategy (OP-1006) insofar as it supports training to develop the expertise required to manage negotiations and implement agreements.
- 1.22 The proposed program is also fully consistent with the Bank's regional strategy for CARICOM, which seeks to facilitate the group's effective international insertion through activities supporting the full implementation of the CSME, expansion of the regional market (through the negotiation and implementation of new trade agreements), improved collection and management of trade data, and institutional strengthening, among other things. In the Bank's support to regional initiatives such as the RNM, it has become increasingly obvious that, in order to yield the expected benefits, such initiatives depend crucially on effective member state involvement. The proposed program seeks specifically to help Suriname in this respect.

- 1.23 Bank experience with Trade Sector projects using the Flexible Lending Instruments approved in March 2000 currently extends to eight countries: Guatemala (1318/OC-GU) approved in 2001; Peru (1442/OC-PE), Nicaragua (1117/SF-NI) and Bolivia (1118/SF-BO) approved in 2002; Trinidad and Tobago (1454/OC-TT)⁴, Ecuador (1524/OC-EC) and the Dominican Republic (1511/OC-DR) approved in 2003 and Panama (1641/OC-PN) approved in 2005. The increased use of the Trade Sector Facility illustrates the growing demand in the region for projects that help strengthen institutional capacity in the area of trade and, in doing so, contribute to improved trade performance. A review of program execution to date of the aforementioned projects has led to the identification of the following lessons learned that are being taken into consideration in the design of this program: (i) the need for strong political commitment and support; (ii) the positive impact of internships on creating new skills; and (iii) the need to provide training on Bank policies and procedures at the outset of the program in the case of Project Execution Units without experience in the execution of Bank projects, in order to avoid initial program start up delays.

F. The program strategy

- 1.24 In preparing the program, careful consideration was given to:
- a. **Urgent priorities.** Suriname faces a multitude of problems in its trade sector, not all of which can be addressed simultaneously. In order to achieve maximum impact, the program focuses on the country's most urgent priorities in the area of trade policymaking, particularly the need to defend Suriname's national interests in the various trade negotiations and agreements in which it currently participates, and to implement its commitments under already existing agreements.
 - b. **Previous Bank support to the trade sector.** The Bank approved a US\$30.0 million Agricultural and Trade Policy Program (ATPL) in 1998 (1148/OC-SU). Among the objectives of this fast disbursing sector loan were the elimination of unnecessary and non-transparent administrative controls in external trade and administrative market controls, and the reduction of pricing and export-taxation distortions in the rice sub sector. The program included some institutional strengthening in the areas of customs, export promotion and trade negotiation, among others. The loan was completely disbursed in 2003, having met full compliance with both tranches. A review of the Project Completion Report (PCR) of this project revealed the following lessons learned: (i) policy conditions must be kept to a minimum; (ii) political will to complete institutional changes is likely to be more

⁴ It should be noted that important synergies, complementarities and coordination of activities could be established between the Trade Facility loans for Suriname and Trinidad and Tobago. Certain experiences have already been accumulated in the latter program, which could be important for Suriname.

intensive during project design than during project implementation and changes in administrations may introduce additional difficulties in maintaining original policy commitments; (iii) number of components (subject areas and contractual conditions) should be kept to a minimum; (iv) changes in the minister at the ministry responsible for implementation require a mission to review status, benchmarks and commitments; and (v) strict and clear responsibilities for implementation have to be specified at the level of the implementing agency and not limited to the level of the minister. To the extent that these lessons are applicable, they will be taken into account in the design of the proposed project.

- c. **Existing support to the trade sector.** The Bank program will complement the trade-related assistance of other donor agencies in Suriname, which mostly focuses on support to the private sector. The European Commission (EC) has approved and set in motion a €2.4 million private sector support program in Suriname. The aim is to establish a Business Center that will be managed by the Suriname Business Forum, a consultation mechanism aimed at facilitating public/private sector discussion and coordination on business development issues. The Center will have funds to undertake a number of private sector support activities related to trade. Suriname will moreover benefit from some technical assistance funded under two regional EC programs to help African, Caribbean and Pacific (ACP) countries negotiate EPAs with the EU. In addition, the Dutch Development Agency is planning a few smaller-scale trade-related initiatives for the private sector in the area of export facilitation and promotion of trade between Suriname and the EU. There is little other donor activity in the area of trade. A TC program entitled *Support for the Design, Implementation and Management of Trade Policy and Technical Standards*, financed by the IDB-Canada Trade Fund (ATN/CC-9093-SU, CAN\$150,000), and approved in February 2005, will provide relevant input to two activities contemplated in the proposed program, namely the formulation and implementation of a trade sector strategy for Suriname, and the launching of a national Bureau of Standards. Draft legislation for the establishment of the Bureau has been prepared and is in the process of being reviewed prior to submission to Parliament for approval.
- d. **Other relevant Bank support to Suriname.** The Bank is supporting the Public Sector Management Strengthening Program (1547/OC-SU), which includes the installation of a secured electronic communication network to provide connectivity to the management and information systems for all ministries and strategic institutes. This connectivity ‘backbone’ will complement component II of this operation: the implementation of an information and communication system.

II. THE PROGRAM

A. Objectives and description

- 2.1 The overall objective of the program is to improve public management of Suriname's foreign trade by strengthening the country's technical and institutional capacity to formulate, negotiate and implement trade policy and related agreements.
- 2.2 To those ends, the program's specific objectives are: (i) to strengthen the MTI's capacity to lead, coordinate and support the trade policymaking process and to establish effective mechanisms for consultation among relevant government agencies and between these and the private sector; (ii) to implement an effective information and communications system to support the trade policymaking process; (iii) to develop the technical capacity of human resources in trade-related public and private sector institutions; and (iv) to address specific sector issues related to agricultural trade, sanitary and phytosanitary measures, and intellectual property.

B. Components

- 2.3 In pursuit of its general and specific objectives, the program will encompass the following four components:

1. Component I: Organization and coordination of trade policymaking (US\$864,000)

- 2.4 This component aims to strengthen the trade policymaking process in Suriname by improving intra- and inter-agency organization and coordination, as well as consultation with the private sector and other relevant non-government actors. Based on the definition of an overall trade sector strategy for Suriname (to be prepared under the IDB-Canada Trade Fund project referred to in paragraph 1.20), including well-defined short and medium-term priorities, the component will provide technical assistance and transfer of knowledge, through the contracting of consultants, to support the following activities:
- a. **Assessment of trade policymaking mechanisms in the country**, focusing on the MTI and trade-related functions of other ministries and agencies⁵ (including the Ministry of Labor, Environment and Technological Development, Ministry of Finance, Ministry of Foreign Affairs, Customs, Central Bank, Ministry of Justice and Police, the National Bureau of Statistics, and the National Environmental Agency-NIMOS); and recommendations for appropriate institutional reforms. The assessment will include inter-agency and public/private sector coordination and consultation matters.

⁵ This assessment will not include the Ministry of Agriculture nor the Bureau of Intellectual Property since specific assessments of these two entities will be carried out under Component IV.

- b. Based on the above assessment and recommendations pertaining specifically to the MTI, consultants will develop and support MTI officials in the implementation of an **action plan for reform of the ministry**, including reorganization and redistribution of human, technical, administrative, IT and financial resources; new work procedures; preparation of medium-term work plans and implementation of mechanisms for their annual review; formulation of job descriptions and strengthening of managerial and administrative capacity.
 - c. **Examine trade procedures** such as registration of exports/imports, negative list and licensing issues and make recommendations for their reform. This activity includes an assessment of the current data collection system in the country and recommendations for its revision and simplification.
 - d. The establishment of a **Dispute Settlement Section** within the MTI, including the development of operating manuals, documentation and job descriptions, identification and training of staff assigned to the new unit (through on-the job training, exchange programs etc.), and organization of workshops with the private sector to introduce the work of the unit.
 - e. Based on the legislation in place at the time of program approval, and recommendations from the IDB/Canada Trade Fund project referred to in paragraph 1.24 c, the program will support the establishment of the national **Bureau of Standards**, including institutional set-up and management, identification, hiring and training of technical staff, IT and laboratory equipment as needed, preparation of a private/public sector agreement on the functioning and financing of the Bureau and on management of technical standards; and training workshops on standards for the private sector.
 - f. **Coordination with the private sector.** This sub-component will finance six public/private sector consultations per year on technical issues relevant for trade negotiations.
 - g. **Public education and outreach programs** to raise public awareness of impending changes in the area of trade (particularly agricultural trade), focusing not only on potential challenges but also on the new business opportunities that open trade can bring to the private sector (radio programs, newspaper articles, public forums).
2. **Component II: Implementation of effective information and communications system at the MTI (US\$544,000)**
- 2.5 Complementing the above activities, this component aims to support institutional strengthening of trade-related public agencies through the contracting of consultants and the provision of the necessary information and communications infrastructure to formulate, negotiate and implement trade policy. Activities will include:

- a. Based on paragraph 2.4 a and b above, the design and implementation of an integrated, secure and computerized **information and communications system for the MTI**, supported by adequate electricity capacity. This would include consultancy services (design and implementation, training, maintenance); connection capability (cabling, servers) and high-speed internet access; computers (30), including for the Export/Import Division, network printers (3), standard printers (4), copying machines (2); fax machines (2); other hardware as needed (stabilizers); software for 20 units; software for data base: one statistical package. This sub-component would also include the definition of control and security policies for the equipment and the preparation of manuals for their implementation.
- b. Creation of a modern **trade information and documentation center** in the MTI that will support the ministry's data collection, analysis and dissemination capacity (including in the area of services trade). This will include consulting services to support the set-up of the statistics desk; training of staff to manage statistics; design and implementation of a work program for preparation of statistics reports, including consideration of a future link-up of the MTI and the Agriculture Ministry to the Automated System for Customs Data (ASYCUDA) in Customs and the Statistical Bureau as needed.
- c. Design and implementation of a **computerized system for monitoring the ministry's work program and activities** (management consultant, software development).
- d. **MTI website development.** Technical advice will be contracted to: design, implement, and provide regular maintenance and updating, and training.

3. Component III: Capacity-building in trade (US\$669,000)

- 2.6 With the support of external technical trainers, this component aims to strengthen the technical expertise of staff in the MTI⁶ and other trade-related agencies, as well as the private sector, particularly in trade policy areas that are of strategic interest to Suriname. It will provide relevant government agencies with access to technical expertise to support policy formulation, negotiations and implementation. Such support can be in the form of short-term training courses, internships, short- or longer-term attachments of experts to the MTI and other agencies in order to transfer know-how to existing personnel, or hiring and supervising outside technical work in an effort to ensure program effectiveness. It is expected that the transfer of technical knowledge over time would create sufficient accumulated local and "in-house" expertise. Support will be provided in the following areas:

⁶ It is expected that the institutional reorganization of the MTI will be primarily limited to the functional aspects of the Ministry.

- a. **Training.** Design and implementation of annual training programs based on identified needs that include, *inter alia*, training in negotiating techniques, preparation of offers and requests, analysis of trade information, trade statistics, financial services, non-tariff issues, trade-related environmental issues, special and differential treatment, trade-related technical English, drafting of trade regulations and laws, trade promotion, trade remedies, and trade in services. Training will be in the form of: (i) traditional training courses in Suriname (to be provided by trainers contracted under the program) and at recognized international trade institutions; (ii) support to the direct participation in negotiations (learning by doing) of ministry officials, especially junior officers (twelve meetings per year); and (iii) in a few relevant cases, short-term internships at trade-related institutions, particularly for junior trade officials.
- b. **Technical Support.** The aim of this activity is to finance short- and long-term consultants, including exchange programs (secondments) involving government officials from third countries⁷, who will provide technical support for trade policy formulation, negotiation and implementation. Technical support would be provided in areas such as:
 - i. **Trade negotiations:** preparation of negotiating priorities, technical notes, policy positions and recommendations for current or planned trade negotiations (WTO, FTAA, EPA, CSME, bilateral accords), including on market access for goods (tariffs and non-tariff measures) and services; impact analysis (particularly for import-competing sectors); fiscal impact of trade liberalization and recommendations for fiscal reform;
 - ii. **Export diversification:** under this activity the program would fund additional technical assistance to help identify ways of facilitating the diversification of Suriname's export base, including the identification of product-specific export potential; marketing studies for specific sectors and markets, including non-traditional markets; analysis of constraints hindering the development of new export products, and recommendations for their removal; and design of support policies to promote the production of new products. Activities in the area of export diversification should in particular target sectors other than mining, given Suriname's high export concentration in the latter sector.

4. Component IV: Sector-specific support: agriculture, sanitary and phytosanitary measures and intellectual property (US\$1,378,000)

- 2.7 Components I-III seek to address weaknesses in Suriname's overall trade policymaking mechanisms. The institutional assessment in Component I therefore

⁷ The program will co-finance such secondments (per diem and travel), based on agreements to be signed between the MTI and other trade ministries of donor countries.

covers all trade-related agencies (with the exception of the Ministry of Agriculture and the Intellectual Property Bureau); awareness-building activities are extended to the public and private sector alike, and the training and technical assistance offered in Component III is open to staff from all trade-related ministries. The main focus of these components, however, is on improving the capacity of the MTI, the government agency most directly involved in trade policymaking, coordination and implementation. It nevertheless became apparent during the project preparation process that, in addition to the MTI, two other institutions require specific attention: the Ministry of Agriculture and the Intellectual Property Bureau. Component IV is designed to assist these two institutions with specific programs in order to enhance their participation in the trade policymaking process and their effectiveness in implementing resulting agreements.

a) Ministry of Agriculture

- 2.8 Support for this agency will be provided in two areas: general institutional support and matters related to sanitary and phytosanitary (SPS) measures.

(i) General institutional support

- 2.9 The program will seek to strengthen the trade-related capacities of the ministry through the following activities:
- a. **Institutional assessment.** Consulting services will be contracted to review the institutional structure and capacity of the ministry as it relates to trade-related matters, and make recommendations on how the structure could be improved to maximize effectiveness. The assessment will be closely coordinated with the general assessment of Suriname's trade policymaking infrastructure as described in paragraph 2.4 above, and with the planned assessment of the ministry under the IDB's Public Sector Management Strengthening Program (1547/OC-SU). Both of these assessments are more general in nature and would provide the context for the more detailed assessment of trade-specific aspects of the ministry under this project.
 - b. **Training.** Consultants will be contracted to design and implement a technical training program on trade-related aspects of agriculture, based on the needs identified in the institutional assessment. The training would be open to staff from the Ministry of Agriculture as well as from other agencies, including MTI.
 - c. **Website.** The program would support the contracting of consulting services to design and implement a website for the ministry, in close coordination with the intra-network communications system being established under the Public Sector Management Strengthening Program.

- d. **Information and communications systems.** Based on the results of the institutional assessment and a more detailed technical assessment of the particular Information and Communications Technology (ICT) needs of the trade section of the Ministry of Agriculture, the program would provide resources to cover the basic hardware and Internet access necessary to put in place an integrated information system for this area of the ministry.
- e. **Technical studies.** To facilitate preparation of negotiating positions and implementation of trade agreements, the program would support the contacting of consultants to carry out the following technical studies: (i) recommendations regarding agricultural tariffs that would need to be re-negotiated under GATT Article XXVIII as a result of the difference between Suriname's tariff commitments made prior to becoming a member of CARICOM and its subsequent adoption of the CARICOM common external tariff; (ii) reform of EU's banana import regime: identification of main issues and strategic importance for Suriname; (iii) updating of previous analysis on competitiveness of the banana industry; (iv) WTO Agreement on Agriculture: identification of issues of strategic importance to Suriname, their current treatment in the Doha Round and main elements of Suriname's negotiating interests; (v) similar studies for the EPA and FTAA negotiations; and (vi) product-specific studies on the competitiveness of fresh vegetables, fish and shrimp.
- f. **Legal support.** This sub-component will provide funding to contract experts to provide legal and technical advice and translation services, through consultancies, to support ongoing reviews of laws and regulations concerning the agricultural sector, including SPS issues, and the design or revision of corresponding regulatory frameworks.

(ii) Sanitary and Phytosanitary (SPS) measures

- 2.10 The program will support capacity-building in this area with a view to improving SPS conditions and thus enabling local producers of agricultural products to both maintain export levels to existing markets and gain access to new markets. This sub-component includes the following activities:
 - a. **SPS basic framework.** Consulting services will be contracted to review the structure and functions of the sections of the Ministry of Agriculture that deal with SPS issues, and, based on that review, to provide recommendations on institutional arrangements, objectives and priorities, management, annual work plans, technical capacity and staffing requirements, upgrading of laboratory and testing equipment and coordination with other ministries and agencies. Based on these recommendations, the program would fund implementation of the most critical initial tasks.
 - b. **Food safety.** (i) Consulting services will be contracted to design a mechanism to improve coordination between the Agriculture and Health

Ministries and other agencies that participate in Suriname's Codex Commission; to define a work plan to address the key priority SPS areas for Suriname; to draft annual work plans; and to formulate proposals for discussion; (ii) the program will provide resources to implement a pesticide management system through activities related to: training and acquisition of basic equipment to implement the system; (iii) implementation of a trace back system for crop farms and packing facilities. The activities would include the funding of experts to carry out a training program on traceability and pesticides and investment in priority equipment to increase laboratory capability; and (iv) post-harvest training for technicians and producers.

- c. **SPS Enquiry Point.** Part of Suriname's commitment under the WTO is to establish an enquiry point on SPS matters. The program foresees activities to strengthen the enquiry point and to enhance Suriname's participation in the work of the WTO SPS Committee. It includes (i) contracting of consultancy services to carry out an assessment of the existing arrangements of the enquiry point with a view to re-structuring them; (ii) contracting experts to provide training on the functions, coordination, responsibilities and operation of the enquiry point; and (iii) to define priorities for Suriname in the work of the WTO SPS Committee.

b) Bureau of Intellectual Property (IP)

- 2.11 Suriname's newly created Bureau of Intellectual Property (IP) is participating with other countries' IP bureaus in a cooperation agreement with the World Intellectual Property Organization (WIPO) aimed at the creation of a global information system and network of IP agencies. Institutional weaknesses are nevertheless preventing Suriname's bureau from participating effectively in the WIPO program. The program will provide funding to support urgent priority tasks for strengthening the bureau's capacity to fulfill its mandate, including:

- i. **Institutional strengthening.** This will include (i) contracting of consultancy services for the development of recommendations and a comprehensive plan for upgrading the institutional structure, functioning and legal characteristics of the bureau; (ii) technical support, through consultants, for the preparation of legislation to fully implement the bureau once the government has reviewed the recommendations and made a decision regarding the bureau's structure; and (iii) funding to implement some of the most urgent tasks resulting from the agreed revisions to the bureau.
- ii. **Legal advice, capacity and awareness building.** Support for review and drafting of IP laws and regulations. Technical advice would be provided by experts to be contracted under the program to support the preparation and approval of new IP laws and regulations concerning trade marks, patents, industrial design, copyrights and related (neighboring) rights. This sub-component also includes the contracting

of experts to provide training of technical staff at the bureau and awareness building on IP issues activities among relevant stakeholders.

- iii. **Technical studies.** The program will fund technical studies and advice, through consultancies, to support the preparation of new laws concerning traditional knowledge and folklore, as well as coordination and technical advice to the Labor and Environment Ministry and the Ministry of Agriculture for the preparation of laws concerning biodiversity.
- iv. **Computer and information system.** This sub-component will finance the contracting of consultant services to provide an assessment of the Bureau's information system needs and, based on the assessment, implementation of relevant ICT infrastructure, taking into account the support that WIPO could provide.

C. Cost and financing

- 2.12 The total cost of the program is estimated at US\$4.4 million. Of this amount, the Bank would finance US\$4.0 million as a reimbursable loan, while the Government of Suriname would provide US\$0.4 million as local counterpart. The operation does not qualify as a poverty-reduction loan. The following table presents a summary of the program costs by major component.

Table II-1
Consolidated Budget (thousand US\$)

	IDB	Local counter-part	Total	%
1. COMPONENT I: Organization and coordination of trade policymaking	830	34	864	19.6
1.1 Senior Trade Specialist	216		216	
1.2 Dispute Settlement Section	46	2	48	
1.3 Establishment of Bureau of Standards	428	2	430	
1.4 Public/private sector consultations	58	15	73	
1.5 Public awareness activities	82	15	97	
2. COMPONENT II: Information and communications system	544		544	12.4
2.1 Information Technology Support Technician	75		75	
2.2 Design and implementation of information system for MTI	275		275	
2.3 Trade information and documentation	46		46	
2.4 MTI work program	72		72	
2.5 Additional hardware for other agencies	20		20	
2.6 MTI website development	56		56	
3. COMPONENT III: Capacity building in trade	669		669	15.2
3.1 Training workshops	489		489	
3.2 Technical support	180		180	
4. COMPONENT IV: Sector-specific support	1,339	39	1,378	31.3
4.1 Agriculture				
4.1.1 Senior Agricultural Specialist	216		216	
4.1.2 Ministry of Agriculture (non SPS)	395		395	
4.1.3 Sanitary and Phytosanitary measures	493	8	501	
4.2 Intellectual Property Measures	235	31	266	
5. MONITORING AND EVALUATION	121		121	2.8
5.1 Audits	45		45	
5.2 Monitoring and evaluation	76		76	
6. FINANCIAL COSTS		246	246	5.6
6.1 Interest		230	230	
6.2 Inspection and Supervision	-	-	-	
6.3 Credit Commission		16	16	
7. ADMINISTRATION	398	29	427	9.7
7.1 Program Coordinator	248		248	
7.2 Administrative/Financial Manager	90		90	
7.3 Administrative Assistant		29	29	
7.4 Office and equipment expenses	60		60	
8. CONTINGENCIES	99	52	151	3.4
TOTAL	4,000	400	4,400	100.0
TOTAL %	90%	10%	100%	

III. PROGRAM EXECUTION

A. The borrower, guarantor and executing agency

- 3.1 The borrower would be the Republic of Suriname. The executing agency would be the Ministry of Trade and Industry (MTI).

B. Program execution and administration

- 3.2 For the purposes of project execution, a Program Coordination Unit (PCU) will be created within the MTI's Trade Unit under the direct supervision of the Permanent Secretary. The PCU will be headed by a Program Coordinator who will be responsible for day-to-day program management and technical leadership, and who will serve as the focal point for communication between the executing agency, the Bank and other participating public sector bodies. The Program Coordinator will be supported by an Administrative/Financial Manager whose duties will include internal coordination, liaison with the Bank and procurement, and an Administrative Assistant, who will assist with administrative matters. **The creation and staffing of the PCU will be a condition precedent to the first disbursement.** In order to make funds available for the initial contracting of PCU staff for start-up of the project, as well as for the contracting of the evaluation consultant, after compliance with the General Conditions for first disbursement, partial eligibility will be declared in an amount of up to US\$250,000. Ministry of Trade and Ministry of Agriculture staff will also assist in program implementation, as required.
- 3.3 Strategic direction, coordination and support will be provided by a Program Steering Committee (PSC) comprising the Minister of Trade and Industry, the Permanent Secretary of MTI (who will coordinate the work of the PSC), the Deputy Director of Trade of the MTI, the Program Coordinator of the PCU, the Permanent Secretary of the Ministry of Agriculture, the head of the Bureau of Intellectual Property, a senior representative of the Caribbean Regional Negotiating Machinery (RNM, pending confirmation), and a private sector representative of the Suriname Business Forum. Representatives of other agencies will be invited to attend PSC meetings as needed. The PSC will be responsible for reviewing the annual work program, monitoring progress against agreed benchmarks, assessing the continued viability of the program, facilitating inter-agency coordination (public and private sector), actively promoting high-level "buy in" to the program by participating agencies, and channeling policy and organizational issues requiring government decisions or international involvement. The Minister of Trade and Industry will preside over the Committee and call meetings of the PSC at least once a year. **The creation of the Program Steering Committee and appointment of its members will be a condition precedent to first disbursement.**

- 3.4 Given the relevance of the outputs of technical cooperation ATN/CC-9093-SU “Support for the Design, Implementation and Management of Trade Policy”, currently in execution (see paragraphs 1.20 and 1.24c), to the program proposed herein, **it is recommended that, first, for *strategy related activities*: conditions precedent to the disbursement of resources for Component 1 a (Assessment of trade policymaking mechanisms in the country) and b (Action plan for reform of the MTI); Component 2 a (Information and communications system for the MTI) and c (Computerized system for monitoring the MTI’s work program and activities); and Component 4 a) (i) a (Ministry of Agriculture-General institutional support-Institutional assessment) and d (Information and communications systems), the Borrower will have to present to the satisfaction of the Bank, evidence that the trade sector strategy for Suriname has been duly approved by the corresponding authority. And second, for *Bureau of Standards related activities*: conditions precedent to the disbursement of resources for Component 1 e (Bureau of Standards), the Borrower will present to the satisfaction of the Bank, the recommendations to assist with the initial establishment and operation of a national Bureau of Standards produced under technical cooperation ATN/CC-9093-SU.** In the case of the trade sector strategy, if the strategy is not in place within six months of the signature of the loan contract, the Bank will carry out an assessment to identify how to proceed with the execution of the program.

C. Accounting and auditing

- 3.5 For the management of the project’s financing resources, the MTI through the PCU will open separate and specific commercial bank accounts for managing the Bank loan and local counterpart funds. The PCU will maintain adequate financial and accounting records of the project funds and internal control systems to allow for verification of transactions, identification of the sources and uses of project funds, provide documentation to verify transactions and to facilitate timely preparation of financial statements and reports. Project financial and accounting records will be arranged so that: (i) the amounts received from the various sources can be easily identified; (ii) project expenses are reported in accordance with the chart of accounts approved by the Bank, with distinction made between the Bank loan and funds from other sources; and (iii) the necessary details are included to identify goods acquired and services contracted, as well as their use.
- 3.6 The PCU will be responsible for: (i) preparing and submitting disbursement requests to the Bank and the corresponding justification of expenses; (ii) preparing and submitting to the Bank the annual audited financial statements regarding the project’s expenses; and (iii) maintaining an adequate disbursements supporting documentation filing system. The PCU will prepare and submit to the Bank, within 120 days after the closing date of each fiscal year and within 120 days after the date of the last disbursement of the financing, the financial statements of the project, audited by a firm of independent auditors acceptable to the Bank, based on the terms of reference previously approved by the Bank (Document AF-400). The private audit firm will be selected and contracted in

accordance with the Bank's bidding procedures for audit firms (Document AF-200), and will be paid with the Bank's financing.

D. Procurement of goods and services

- 3.7 **Goods.** The procurement of goods will be carried out in accordance with Bank policy established in document GN-2349-4 ("Policies for the Procurement of Works and Goods Financed by the Inter-American Development Bank" of January 19, 2005). It is not foreseen that any civil works will be financed under this program. International Competitive Bidding (ICB) is mandatory for the acquisition of goods that exceed the equivalent of US\$100,000 partially or totally financed with loan resources. National Competitive Bidding (NCB) may be used for goods between US\$25,000 and US\$100,000 and shopping for goods below US\$25,000. Procurement of Goods will be carried out in accordance with the annual Procurement Plan previously approved by the Bank. The Draft Procurement Plan and Timeframe is attached (see Annex II). The Procurement Plan will be reviewed every six months. **Consultants.** Selection and contracting of consultants will be carried out following the policy set out in document GN-2350-4 ("Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank" of January 19, 2005). For the selection and contracting of consulting services with a value equal to or greater than the equivalent of US\$100,000, the short list will include international consulting firms (ICB). A short list may comprise entirely national consultants: (i) if the assignment is below the equivalent of US\$100,000 and a sufficient number of firms are available for having a short list with competitive costs (NCB). However, if foreign firms express interest, they shall be considered; and (ii) when competition including foreign consultant is *prima facie* not justified or foreign consultants have not expressed interest. Contracting of consulting services will be done in accordance with the Procurement Plan previously approved by the Bank. Given the fact that the PCU will be created as part of the program and will have had no experience in the acquisition of goods and consulting services using Bank procurement procedures, the *ex-ante* method will be adopted for the revision of procurement of goods and services. This method will be used until such time that the Bank's procurement specialist determines that the PCU has demonstrated a satisfactory level of procurement capacity, in which case the review will be *ex-post*.

E. Revolving fund

- 3.8 To disburse Bank financing, it is recommended that a revolving fund of up to 5% of the amount of the loan be established in a special Bank account.

F. Execution and disbursement schedule

- 3.9 The program will have an execution period of 36 months and a disbursement period of 42 months according to the following disbursement schedule:

Table III-1
Annual Disbursement Schedule by Source of Financing
(US\$ thousand equivalent)

Source	Year 1	Year 2	Year 3	Total
IDB	645	1.934	1.421	4.000
Local Counterpart	56	200	144	400
Total	701	2.134	1.565	4.400
% Per year	16	48	36	100

G. Monitoring, evaluations and progress reports

1. Monitoring

- 3.10 An Operations Manual for the program has been prepared and agreed upon with the Surinamese authorities and is available in the technical files of RE3/SC3. This manual contains the operating instructions for each of the program activities, including the Program Coordination Unit. These operating instructions include: the schematic qualifications and terms of reference for each of the consultancies to be contracted as part of the program, as well as a tentative timetable for their contracting and the execution of their responsibilities. **The adoption of the Operations Manual in accordance with the text already agreed upon with the Bank is a condition precedent to first disbursement.**
- 3.11 On the basis of the existing Operations Manual and schematic TOR for the activities, at the beginning of each year of project execution, the PCU will prepare an Annual Operating Plan (AOP) for each component of the program. This document will present an updated version of the information described in the Operations Manual concerning the activities, calendar, TOR and goals to be achieved in the ensuing 12-month period. The AOPs, with the exception of the one for the first year of the program, should present an evaluation of the previous period and justification for modifications with respect to the originally envisioned goals. An AOP for the Program's first year has been prepared and agreed upon by the Surinamese authorities and is available in the technical files of RE3/SC3. The first year draft AOP includes: (i) detailed functions of the PCU; (ii) detailed TOR for the PCU personnel and the consultants to be contracted during the first year of project execution; (iii) the main activities to be carried out in the first year of project execution (contracting and procurement) with an indication of their cost and sequencing. **The adoption of the AOP for the first year of program execution in accordance with the text already agreed upon with the Bank will be a condition precedent to first disbursement.**

2. Mid-term review and final evaluation

- 3.12 Resources are provided for in the loan for the Bank to contract a consultancy to carry out an independent mid-term and final evaluation of the program (draft terms of reference are in the Operations Manual). This consultant will be contracted within six months of the signature of the loan contract and will establish, within three months of his contracting, an evaluation framework based primarily on the indicators and goals established in the Logical Framework. As part of the evaluation framework, an initial survey should be carried out in order to establish a baseline for the goals and purpose performance indicators of the Logical Framework. The PCU will be responsible for collecting the relevant data during the execution of the program. Within 18 months of the signature of the loan contract, or once 50% of the project financing has been disbursed, the evaluation consultant will carry out a mid-term review of the project. Immediately before the mid-term evaluation, a review of each of the AOPs will be carried out to determine if any changes should be made to the execution of the program. This review will also be based on the agreed indicators, and the degree to which the program is achieving the goals established. The assumptions in the Logical Framework will also be reviewed and updated as required. If necessary, the consultant will make recommendations for actions to improve execution. Finally, once the execution of the main components of the program has concluded, the consultant will carry out a final evaluation. This evaluation will analyze the results of the execution of the program and the achievement of the proposed goals in all sections of the Logical Framework.

3. Progress reports

- 3.13 Progress reports on the execution of the project will be presented to the Bank by the PCU on June 1 and December 1 in each year of execution so that they can serve as the basis for preparation of PPMRs by COF/CSU, which are due June 30 and December 31. The progress reports will be prepared in accordance with the relevant guidelines agreed upon with the Bank.

4. Ex-post evaluation

- 3.14 In accordance with Bank policy, the MTI was consulted as to whether or not it wanted to carry out an ex-post evaluation of the program. It responded that, rather than the ex-post evaluation, it supports the Bank's initiative to utilize the Annual Operating Plans, mid-term review and final evaluation as a means to evaluate the project, as described in paragraphs 3.11 –3.12. In this regard, the evaluations included in the AOPs, the mid-term review, and final evaluation will include indicators and parameters that will enable the Bank and the borrower to understand the impact of the program and the goals achieved as a result. This information will be available to the Bank in the event that it should later decide to carry out its own ex-post evaluation.

IV. VIABILITY AND RISKS

A. Institutional and financial viability

- 4.1 The design of the program has taken full account of the functions of the executing agency, the Ministry of Trade and Industry (MTI) as well as its limited institutional capacity. The MTI has the central role and responsibility for trade policy formulation, management and coordination in the country. At the same time the program is designed to assist the Ministry of Agriculture and the Bureau of Intellectual Property in order to enhance their participation in the trade policy-making process and their effectiveness in implementing resulting agreements.
- 4.2 The incorporation of the coordinating functions of the Program Steering Committee (PSC) into this program (see paragraph 3.3) will help to ensure stakeholder involvement as well as inter-agency coordination, while at the same time actively promoting support to the program by participating agencies.
- 4.3 Additionally, to consolidate yet further the operation's institutional viability, its design calls for the establishment of a Program Coordination Unit (PCU) within the MTI under the direct supervision of the Permanent Secretary. The Program Coordinator in the PCU will serve as a pivot for communication between the MTI, the Bank, and the other public entities involved. In addition, the program envisages the contracting of three long-term consultants (senior trade specialist, senior agricultural specialist and an IT support technician) who will work directly with personnel from their respective ministries as a means of insuring the implementation of program consultants' recommendations and building an inherent element of sustainability into the program. Furthermore, the Bank's Country Office in Suriname will provide assistance, as required, to insure satisfactory execution of the program. Despite MTI's limited institutional capacity, mentioned above, based on the institutional assessment carried out, it is deemed that the Ministry does possess sufficient absorptive capacity to take advantage of the technical support to be provided under the program as well as the capacity to implement program activities, as needed.
- 4.4 The percentage of total project costs to be paid for out of local counterpart resources was determined based on the Government's capacity to pay. The Government has made plain its commitment to provide the necessary counterpart resources in a timely manner over the course of the three-year project execution period. The Government's financial support extends as well beyond the program execution period, to the incremental recurrent costs associated with the yet to be established national Bureau of Standards, estimated to be approximately US\$76,800 annually. No additional incremental recurrent costs are expected as a result of the program, given that additional staff, if required, would be transferred from within the MTI and/or the Ministry of Agriculture.

B. Environmental and social impact

- 4.5 It is not anticipated that the activities to be financed in this program will have negative direct social effects, but it could be expected that the program could have a positive influence on the country's trade performance by supporting the increase and diversification of labor-intensive exports. It could thereby contribute to employment creation and the mobilization of resources to support sustainable improvements in the delivery of social services.
- 4.6 This program opens the opportunity to discuss important environmental issues with the government as well as to support it as it addresses their implications. It is therefore recommended that, to the extent possible, technical studies and training be incorporated on matters such as sustainable methods of production, the link between environmental and trade issues, other key market access related issues, enhancing competitiveness, building local capacity and creating a framework to develop organic agriculture and stimulating certification of products, among others. Likewise, it is not expected that the activities to be financed in this program will have any negative direct environmental effects.

C. Potential benefits

- 4.7 This program promises multiple benefits. It will improve the technical capacity of Suriname to conduct trade negotiations, to implement trade agreements, to promote trade and investment opportunities and to exploit the opportunities and address the challenges arising from trade liberalization. This will enhance the country's insertion into the global economy, support the development of exports and increase the efficiency of the economy, thereby increasing the potential for economic growth and development.
- 4.8 The operation will further improve coordination within the MTI, between the MTI and other state entities whose activities relate to trade, and between public sector agencies, the private sector and other stakeholders. The establishment and upgrading of mechanisms for these purposes will help build the national consensus on policymaking that is conducive to improved trade performance.

D. Potential risks

- 4.9 The Bank has recently approved two operations related to public sector reform in Suriname: a technical cooperation to assist the country in identifying a Roadmap for Medium and Long Term Public Sector Reform (ATN/SF-8664-SU) and a loan to finance the Public Sector Management Strengthening Program (PSMSP) (1547/OC-SU) to support the reform process by implementing a selection of urgent short term activities in the ministries of Home Affairs and in Finance. The latter also includes the establishment of a connectivity backbone to electronically connect all sixteen ministries and some strategic government agencies. To prevent overlap and/or conflicts, it is imperative to coordinate the Information Technology (IT)-related activities of the proposed operation with those of the

PSMSP and to ensure that the activities being financed under the aforementioned technical cooperation are taken into consideration in the design of the proposed program.

- 4.10 A key risk in implementing the program is the limited institutional capacity of the MTI. The program addresses this risk by establishing from the outset a solid Program Coordination Unit (PCU) that would build up managerial capacity, more efficient administrative methods, executive decision making processes and qualified personnel.
- 4.11 Given the inadequate response from line ministries, the private sector and other stakeholders through the existing consultation methods that do not function well, a key to the success of this program is also for private sector and Government to continue to improve cooperation. This goal will be addressed, on the one hand, through the European Commission program, which will establish a Business Center to serve as a consultation mechanism aimed at facilitating public/private sector coordination, and, on the other, through additional activities to be financed under the proposed operation to improve inter-agency coordination and public/private sector dialogue.

SURINAME
Trade Sector Support Program (SU-L1002)

LOGICAL FRAMEWORK

NARRATIVE SUMMARY	PERFORMANCE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
GOALS			
Improve the public management of Suriname's foreign trade	At the end of the program, the private sector conducts international commercial transactions in better conditions of market access, with a domestic regulatory environment that is more compatible with trade agreements reached, and with greater access to commercial information.	The final program evaluation will examine evidence of changes to market access conditions for Surinamese exporters (e.g. improved use of existing preferences, better capacity to address SPS and technical standards issues, or implementation of new trade liberalization initiatives), the regulatory framework (e.g. greater compatibility with international trade obligations) and public and private sector access to relevant trade information (e.g. better identification of demand for Surinamese products in foreign markets, more active participation in foreign trade fairs).	Government continues to pursue global economic integration The macroeconomic situation remains stable in Suriname and internationally The political situation in the country remains stable
PURPOSE (outcomes)			
Strengthen the country's technical and institutional capacity to formulate, negotiate and implement trade policy	At the end of the program: <ul style="list-style-type: none"> • Demonstrated higher technical knowledge and analytical skills of trade officials in the country as measured by the degree of satisfaction among experts, as well as private sector and other relevant stakeholders • Government manages trade policy with a clear sense of priority, based on a clearly defined national trade strategy 	<ul style="list-style-type: none"> • Project monitoring and evaluation mechanism developed by evaluation consultant (including the use of surveys to measure the change in the degree of satisfaction) • Bi-annual Progress Reports • PPMRs • Mid-term program evaluation • Final program evaluation • PCR 	Government supports institutional change and modernization Availability of local counterpart funding

NARRATIVE SUMMARY	PERFORMANCE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
COMPONENTS AND ACTIVITIES (outputs)			
<p>Component I: Improved Organization and Coordination of Trade Policymaking</p> <p>The country's trade policymaking process is strengthened through improved intra- and inter-agency organization and coordination, as well as consultation with the private sector and other relevant non-government actors</p>	<p>At the mid-term of the program:</p> <ul style="list-style-type: none"> At least nine public/private sector consultations on technical trade issues have been held and, as a result, the private sector is more actively involved in the policy-making process Annual work plans for the Ministry are routinely prepared and implemented <p>At the end of the program:</p> <ul style="list-style-type: none"> MTI has undergone institutional reorganization and reform based on specific recommendations provided during year 1 of the program A plan for improved inter-agency coordination has been drawn up and implemented Annual work plans for the Ministry are routinely prepared and implemented Existing trade procedures (registration of exports/imports, licensing etc.) have been examined, recommendations for their reform have been formulated, and the most urgent reforms have been implemented A Dispute Settlement Unit within the MTI is established and operational Suriname has a functioning Bureau of Standards that collaborates efficiently with regional and international standards organizations A total of at least 18 public/private sector consultations on technical trade issues have been held and, as a result, the private sector is more actively involved in the policy-making process An extensive public education and outreach program on trade has been formulated and implemented, raising the level of knowledge and debate on trade issues in the media and among relevant civil society groups 	<ul style="list-style-type: none"> Project monitoring and evaluation mechanism developed by evaluation consultant Bi-annual Progress Reports PPMRs Mid-term program evaluation Final program evaluation PCR 	<p>Support within MTI to introduce institutional changes</p> <p>Adequate budget support for MTI</p> <p>Ministries involved in trade policymaking are willing to cooperate and to coordinate their trade interventions</p> <p>The private sector supports and welcomes a more active role in national trade policymaking</p> <p>Definition of overall trade sector strategy and recommendations for establishment of Bureau of Standards are presented in a timely manner under ATN/CC-9093-SU</p>

NARRATIVE SUMMARY	PERFORMANCE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>Component II: Implementation of Effective Information and Communications System at the MTI</p> <p>The MTI will be strengthened through the provision of the necessary information and communications infrastructure to formulate, negotiate and implement trade policy</p>	<p>At the end of the program:</p> <ul style="list-style-type: none"> • A secure, integrated and computerized information and communications system for the MTI has been implemented and is operational • A modern trade information and documentation center that will support the ministry's data collection, analysis and dissemination capacity has been established in the MTI • A computerized system for monitoring the ministry's work program and activities has been set up and is operational • The MTI has a modern website that is regularly updated, adequately linked with other websites, and contains relevant trade information for both the public and private sector 	<ul style="list-style-type: none"> • Project monitoring and evaluation mechanism developed by evaluation consultant • Bi-annual Progress Reports • PPMRs • Mid-term program evaluation • Final program evaluation • PCR 	<p>Availability of technical experts</p> <p>Clear definition of priorities for communications and technological renewal and modernization</p> <p>Adequate coordination with other information technology projects</p>
<p>Component III: Capacity-Building in Trade</p> <p>The technical expertise of MTI and other public agency staff, as well as the private sector, will be strengthened in trade policy areas that are of strategic importance to Suriname</p>	<p>At the mid-term of the program:</p> <ul style="list-style-type: none"> • Annual training programs will have been designed and implemented. • At least nine training courses will have been organized • At least 15 junior officers of trade-related institutions will have been exposed to external negotiations • At least three staff members of relevant institutions will have undertaken internships focusing on the acquisition of trade expertise • At least ten relevant technical outputs have been produced to assist the government in trade negotiations or implementation of agreements <p>At the end of the program:</p> <ul style="list-style-type: none"> • Annual training programs will have been designed and implemented • A total of at least 18 training courses will have been organized • A total of at least 30 junior officers of trade-related institutions will have been exposed to external negotiations 	<ul style="list-style-type: none"> • Project monitoring and evaluation mechanism developed by evaluation consultant • Bi-annual Progress Reports • PPMRs • Mid-term program evaluation • Final program evaluation • PCR 	<p>Availability of experts to conduct training and provide technical support</p> <p>Sufficient number of staff available for training</p> <p>The government continues its active involvement in external trade negotiations</p> <p>The government is committed to implementing its obligations under existing trade agreement</p>

NARRATIVE SUMMARY	PERFORMANCE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> • A total of at least six staff members of relevant institutions will have undertaken internships focusing on the acquisition of trade expertise • A total of at least 20 relevant technical outputs have been produced to assist the government in trade negotiations or implementation of agreements • Specific recommendations have been formulated for achieving greater export diversification and performance 		
<p>Component IV: Sector-specific support: Agriculture, SPS and Intellectual Property</p> <p>The capacity of the Ministry of Agriculture and the Intellectual Property Bureau to participate effectively in the trade policymaking process is enhanced, and the country has acquired basic technical expertise on SPS measures</p>	<p>At the mid-term of the program:</p> <ul style="list-style-type: none"> • The Ministry of Agriculture is given the tools (in the form of practical recommendations and technical advice) to undertake institutional reform • At least three technical studies on agricultural trade have been completed • At least one study on IP issues has been completed <p>At the end of the program:</p> <ul style="list-style-type: none"> • A technical training program on trade-related aspects of agriculture has been designed and implemented • The Ministry has its own website containing relevant information for public and private sector • The trade section of the Ministry has an efficient information system • At least a total of seven technical studies on agricultural trade have been completed and legal support has been provided for the review of the most important farm laws and regulations • The government has been furnished with recommendations on the creation and maintenance of basic SPS infrastructure in the country, and some basic activities in this respect have been implemented • A mechanism for improved coordination on SPS issues among relevant agencies has been designed; and work plans for addressing SPS issues have been formulated • A pesticide management system has been implemented 	<ul style="list-style-type: none"> • Project monitoring and evaluation mechanism developed by evaluation consultant • Bi-annual Progress Reports • PPMRs • Mid-term program evaluation • Final program evaluation • PCR 	<p>Support within the Ministry of Agriculture and the Bureau of Intellectual Property to introduce institutional changes</p> <p>Adequate budget support for the Ministry of Agriculture and the Bureau of Intellectual Property</p>

NARRATIVE SUMMARY	PERFORMANCE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
	<ul style="list-style-type: none"> • A trace-back system for crop farms and packing facilities has been implemented • At least one post-harvest training session has been provided for technicians and producers • Suriname has a well-functioning SPS enquiry point • The Bureau of Intellectual Property has been furnished with recommendations and draft legal instruments for its reform, and some reforms have been implemented • At least a total of two studies on IP issues have been completed and legal support has been provided for the review and drafting of priority IP laws and regulations • An efficient information system for the Bureau has been designed and installed 		

Suriname
Trade Sector Support Program (SU-L1002)

PROCUREMENT PLAN

COMPONENTS/ ACTIVITIES	Units	(US\$)	Type of bidding procedure ¹	Selection Criteria ¹	Estimated dates
I. Organization and coordination of trade policymaking					
Consultancies (individual)	1	216,000	ICB	QCBS	1 st Sem/06-1 st Sem/08
Consultancies (individual)	7	242,800	NCB	QCBS	1 st Sem/06-1 st Sem/08
Goods	1	250,000	ICB	QCBS	1 st Sem/06-1 st Sem/08
Goods	7	140,400	NCB/Shopping	QCBS	1 st Sem/06-1 st Sem/08
SUBTOTAL	16	849,200			
II. Information and communications system					
Consultancies (individual)	13	313,000	NCB	QCBS	1 st Sem/06-1 st Sem/08
Goods	16	211,000	NCB/Shopping	QCBS	1 st Sem/06-1 st Sem/08
SUBTOTAL	29	524,000			
III. Capacity building in trade					
Consultancies (individual)	2	396,000	ICB	QCBS	1 st Sem/06-1 st Sem/08
Consultancies (individual)	1	51,200	NCB	QCBS	1 st Sem/06-1 st Sem/08
Goods	1	18,000	Shopping	QCBS	1 st Sem/06-1 st Sem/08
SUBTOTAL	4	465,200			
IV. Sector-specific support					
Consultancies (individual)	1	216,000	ICB	QCBS	1 st Sem/06-1 st Sem/08
Consultancies (individual)	32	845,400	NCB	QCBS	1 st Sem/06-1 st Sem/08
Goods	1	100,000	ICB	QCBS	1 st Sem/06-1 st Sem/08
Goods	15	186,000	NCB/Shopping	QCBS	1 st Sem/06-1 st Sem/08
SUBTOTAL	49	1,347,400			
Evaluation					
Consultancies (individual)	1	76,000	NCB	QCBS	1 st Sem/06-1 st Sem/08
SUBTOTAL	1	76,000			
Administration					
Consultancies (individual)	1	248,400	ICB	QCBS	1 st Sem/06-1 st Sem/08
Consultancies (individual)	2	118,800	NCB	QCBS	1 st Sem/06-1 st Sem/08
Goods	3	60,000	NCB/Shopping	QCBS	1 st Sem/06-1 st Sem/08
SUBTOTAL	6	427,200			
TOTAL PROGRAM	105	3,689,000			

ICB = International Competitive Bidding process (goods and consulting services above US\$100,000)

NCB = National Competitive Bidding process (goods and consulting services between US\$25,000-US\$100,000)

Shopping = goods below US\$25,000

QCBS = Quality and cost-based selection

¹Ex-ante revision of all goods and consulting services acquisitions, until such time that the Bank determines that satisfactory capacity has been attained, in which case revision will be *ex-post*.