

I. BASIC DATA (Amounts in US\$ millions)				
Country: Republic of Trinidad and Tobago Borrower: Republic of Trinidad and Tobago Executing Agency: Min. of Finance & CCULTT Sector: Financial		Project Title: Credit Union Strengthening Project Project Number: ATN/ME-5054-TT; ATN/MT-5055-TT Loan Number(s):		Date of Board Approval: 1 Nov 95 Date of Contract: 17 Jun 96 Date of Eligibility: 3 Nov 1999 Date of Final Disbursement: 16 Jun 2001
Sector Specialist: Michael O'Donnell Report Update: 18 Nov 1999 Headquarters Staff Member Assigned: Gina Baldion (RE3/FI3) Date of Last Review by Rep.: Dec 1999		Years in Execution: (Still meeting conditions prior to first disbursement) 5 months since 1 <sup>st</sup> disbursement Cumulative Extension of Final Disbursement Date (months): 18  Cancellation(s): <u>Date</u> <u>Amount</u>	Original Loan(s) Amount(s): \$1,283,460 Current Amount: \$1,283,460 Disbursements: 0 % Disbursed: 0 Original Cost: Current Cost:	<u>Loan Modality:</u> [ ] Investment [ ] Time Slice [ ] Sector [X] TC [ ] Hybrid [ ] Other
<u>Sector Loans – Amounts</u> First Tranche: Second Tranche: Third Tranche:	<u>Disbursement Dates – Expected</u>	<u>Actual</u>	<u>Cofinancing</u> Source(s): MIF: \$1,283,460 Counterpart: \$ 505,000	<u>Amount</u>

The development objective(s)/purpose(s) must describe the specific impact or results expected from the components of the project. Performance indicators should be few and readily measurable. There must be an agreement with the borrower/executing agency on objective(s) and performance indicators.

<p><u>Project Development Objective(s):</u></p> <p>Support the institutional development of the Credit Union system:</p> <p>1) Improving its solvency and operational efficiency.</p> <p>2) Reforming its legal regulatory and supervisory structure.</p>	<p><u>Key Performance Indicators:</u></p> <p>Improved solvency and operational efficiency: Financial ratios tending towards following values:</p> <p>1) Average return on equity &gt; = annual inflation rate.</p> <p>2) Institutional Capital &gt; = 10% total assets.</p> <p>3) Average loan delinquency (total outstanding debt) &lt; = 10%.</p> <p>4) Bad debt provisioning of delinquent loans &gt; 12 months = 100%.</p> <p>5) Annual operating costs &lt; = 10% of average earning assets.</p> <p>6) Fixed assets &lt; = 10% of total assets.</p> <p>7) Interest rate structure on loans and deposits at market levels.</p> <p>Legal, regulatory and supervisory reform:</p> <p>1) Enactment of a new legal and regulatory framework for the CU.</p> <p>2) Two tier supervisory system operating.</p> <p>3) MOF tracking the financial health of the CU system.</p>	
<p>Have project development objective(s) changed since Board approval?</p>	<p><input type="checkbox"/> yes</p>	<p><input checked="" type="checkbox"/> no</p>
<p>Have project development objective(s) and indicators been agreed to with borrowers/executing agencies?</p>	<p><input checked="" type="checkbox"/> yes</p>	<p><input type="checkbox"/> no</p>
<p>Have project development objective(s) and indicators changed since the last report?</p>	<p><input type="checkbox"/> yes</p>	<p><input checked="" type="checkbox"/> no</p>
<p>Has the project been officially restructured?</p>	<p><input type="checkbox"/> yes</p>	<p><input checked="" type="checkbox"/> no</p>
<p>Is the borrower maintaining performance indicator data?</p>	<p><input checked="" type="checkbox"/> yes</p>	<p><input type="checkbox"/> no</p>

### PROJECT PERFORMANCE MONITORING REPORT (PPMR)

III. PROJECT IMPLEMENTATION PROGRESS					
Implementation of project components relates directly to the achievement of development objective(s)/project purpose(s). When classifying implementation progress, please take into consideration the <i>physical</i> progress and the <i>quality</i> of the components, as well as the performance indicators for delivery.					
Components/Outputs	Key Delivery Performance Indicators	Classification			
		HS	S	U	VU
<b>CCULTT:</b> 1. Develop and implement technical assistance and training program. 2. Establish CU monitoring unit. 3. Reform League Bylaws. 4. Develop MIS system for CU monitoring. 5. Establish fee for service structure. 6. Reform the operating objectives and principals of the Stabilization Fund. 7. Conduct workshops to outline CCULTT objectives and strategy regarding the reform of the CU system.  <b>Ministry of Finance:</b> 1. Establish CU Unit within the MOF. 2. Establish working relationship with CBTT. 3. Outline GOTT policy regarding CUT. 4. Development strategy of CU supervision. 5. Working group to develop legal reform proposal, submit to Parliament. 6. Develop necessary MIS for prudential supervision of CUT.	<b>CCULTT:</b> 1. Improved training and TA programs for CU are operational. 2. Reform of CCULTT Bylaws: Dues structure based on total assets of CU and not membership. 3. CU Monitoring and Reporting Unit operational. 4. Training program for CU operating. 5. Stabilization fund restructured.  <b>Ministry of Finance:</b> 1. CU Unit established. 2. Budgetary allocation for the CU Unit included in MOF annual operating budget. 3. Elimination of interest and dividend rate restrictions in the Co-operative Societies Act and Regulations (Act: 46. Regulations: Section 13 and 50). Interest and dividend rates are market determined. 4. Elimination of the concept of Adisputes in the Act, and the participation of the Commissioner of Co-operatives in the settlement of loan delinquency (Act. Section 67). 5. Eliminate restriction on CU loans against mortgage of real property (Section 44). 6. Specialized CU Law and Regulations enacted.		x  x  x   x x	   x x	
<b>Implementation Progress Summary Classification (IP):</b> <div> <input type="checkbox"/> Highly Satisfactory (HS)             <input checked="" type="checkbox"/> REP Satisfactory (S)             <input checked="" type="checkbox"/> MIF Unsatisfactory (U)           </div>					
Check key reasons for <b>very unsatisfactory</b> or <b>unsatisfactory</b> classifications:					
<div> <input type="checkbox"/> Legislative approvals             <input type="checkbox"/> Borrower commitment             <input type="checkbox"/> Counterpart funding shortfall             <input type="checkbox"/> Central Government             <input type="checkbox"/> State/Provincial/Local             <input checked="" type="checkbox"/> Executing agency institutional capacity           </div> <div> <input checked="" type="checkbox"/> Community/political opposition             <input type="checkbox"/> Executing agency staff             <input type="checkbox"/> Consultant performance             <input checked="" type="checkbox"/> Inter-agency coordination             <input type="checkbox"/> Supplier/contractor performance             <input type="checkbox"/> Project/component design           </div> <div> <input checked="" type="checkbox"/> Contract condition compliance             <input type="checkbox"/> Bank efficiency             <input checked="" type="checkbox"/> Procurement difficulties             <input type="checkbox"/> Environmental issues             <input type="checkbox"/> Cost overrun           </div>					
Identify causes, other reasons, or additional comments: The previous Project Managing Committee (PMC) did not deal aggressively with issues; there were problems with decision making and leadership. It took 1.5 years to effect changes to CCULTT by laws. There were significant procurement delays and on 1 June 1998 Government transferred responsibility for Credit Unions back to Ministry of Labour and Cooperatives from the Ministry of Finance. Responsibility for the financial supervision has been placed back in the Ministry of Finance. But there is a new leadership at the PMC which is more active in resolving problems.					

### IV. KEY ASSUMPTIONS

The achievement of project development objectives and the delivery of components often depends on assumptions which are outside the control of the project manager. In assessing whether such assumptions will be met, one needs to take both *quality* and *timeliness* into consideration. Identify and report only on the assumptions that may affect the achievement of development objectives/delivery of components. These assumptions may be implicit or explicit (an example of an implicit assumption might be that the regulatory authority permits timely adjustment of tariffs of a public enterprise). When reporting on key assumptions, please take into consideration compliance with *contractual conditions* that are of particular importance to the project and that may have been formulated to increase the probability that an assumption will hold true. The summary classification refers to the probability that the assumptions will occur and permit meeting of project objectives.

Assumptions	Assessment of Probability of Occurrence	
	High	Low
<u>Assumptions Related to Development Objectives</u> 1. The GOTT and CCULTT implement proposed legal and regulatory reforms, 2. The Ministry of Labour and Cooperatives, specifically the Commissioner of Cooperatives, will support the achievement of project goals, and will cooperate with the MOF and CCULTT in enforcing financial discipline among the credit unions.	X X	
<u>Assumptions Related to the Implementation of Components</u> 1. Credit Unions willing to pay for services received from CCULTT. 2. Credit Unions willing to implement proposed reforms. 3. Min of Finance given the budget resources to carry out Credit Union supervision. 4. Recommendations of the technical assistance firm are accepted by CCULTT, credit unions and Government.	X X X X	
List major factors on which classification is based: CCULTT has already implemented policy reforms; and changed its fee structure. The responsibility for Credit Unions has been placed again with the Ministry of Finance. The Ministry of Finance has hired a Director of their Supervisory Unit and provided office space.		
<b>Summary Assumptions Classification:</b> [X] High Probability                  [] Low Probability		
<b>V. ACHIEVEMENT OF DEVELOPMENT OBJECTIVES</b>		
<b>To classify the likely achievement of development objective(s), take into consideration the project=s development objective(s), the performance indicators, components performance, and key assumptions.</b>		
List major factors on which the development objective(s) classification is based: With the inclusion of the Ministry of Labour and Cooperatives on the PMC, there is renewed interest and cooperation for moving this project forward.		
<b>Development Objective(s) Assessment (DO):</b> [ ] Highly Probable (HP)                  [ ] Low Probability (LP) [X ] Probable (P)                                 [ ] Improbable (I)		
<b>VI. SUMMARY OF PROJECT STATUS, ISSUES AND ACTIONS</b>		
Project Status:  1) The Ministry of Finance has allocated the budget and office resources needed for CUSU. With a new Chairperson appointed for the PMC and the inclusion of the Ministry of Labour and Cooperatives on the PMC, there is renewed interest and energy for moving this project forward. MOF has hired a full-time Director for CUSU and support staff.  2) A long-term technical assistance firm has been hired, begun work and submitted a well-prepared, informative Inception Report. The presence of the firm will greatly assist in moving the project forward. The Inception Report identifies major problems in the credit unions and identifies a number of important legal regulatory issues that require immediate attention.  3) CUSU, CUMRU and the consulting firm continue to evaluate the needs of individual credit unions and are developing a training program.		
Identify the major issues affecting project implementation and/or achievement of development objectives: 1. The staff of the Ministry of Labour and Cooperatives did not fully endorse the current arrangement, but they are now represented on the PMC, The cooperation of the Commissioner of Cooperatives will be very important in passing the regulations needed to empower the CUSU (MOF Supervisory Unit). 2. The consultants are recommending that a separate Credit Union Act be enacted. This will take over a year to draft, gather consensus and pass. 3. The Consultants are proposing a structure for the supervision of credit unions that differs from that in the existing project. Their proposal has merit but needs further discussion at the PMC and with the IDB.		