



# Project Completion Report

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## PCR

**Project Name:** *AGRICULTURE SECTOR REFORM PROGRAM –  
TECHNICAL ASSISTANCE PROGRAM  
(ASRP-TAP)*

**Country:** *THE REPUBLIC OF TRINIDAD AND TOBAGO*

**Sector/Subsector:** *AGRICULTURE*

**Original Project Team:** *Tyrone Rajnauth, Cristina Price, Clark  
Sand, John Horton, Paul Trapido, Team  
Leader*

**Project Number:** *TT- 0022*

**Loan Number (s), TC(s):** *882/OC-TT*

**Final Approval Date:** *July 15<sup>th</sup> 2006*

**PCR Team: Principal Author and Members:** *Brian Mc Nish*



## **Acronyms and Abbreviations**



<b>ASL</b>	<b>-</b>	<b>Agriculture Sector Loans</b>
<b>ASL – TAL</b>	<b>-</b>	<b>Agri-Sector Technical Assistance Loan</b>
<b>ASRP</b>	<b>-</b>	<b>Agriculture Sector Reform Program</b>
<b>CSO</b>	<b>-</b>	<b>Central Statistical Office</b>
<b>DO</b>	<b>-</b>	<b>Development Objective</b>
<b>IP</b>	<b>-</b>	<b>Implementation Progress</b>
<b>MALMR</b>	<b>-</b>	<b>Ministry of Agriculture, Land &amp; Marine Resources</b>
<b>PCR</b>	<b>-</b>	<b>Project Completion Report</b>
<b>SOE</b>	<b>-</b>	<b>State owned Enterprises</b>
<b>SU</b>	<b>-</b>	<b>Summary of Assumptions</b>



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## II. Basic Information

### BASIC DATA (AMOUNTS IN US\$)

**PROJECT NO:** TT- 0022

**TITLE:** Technical Cooperation to Support the Implementation of the Agriculture Sector Reform Program

**Borrower:** Government of Trinidad and Tobago  
**Executing Agency (EA):** Ministry of Agriculture Land and Marine Affairs

**Date of Board Approval:** September 27, 1995

**Date of Loan Contract Effectiveness:** June 11, 1996

**Date of Eligibility for First Disbursement:** September 27, 1999

**Loan(s):** 882/OC-TT

**Sector:** Agriculture

**Months in Execution**

\* from Approval: 123 months

\* from Contract Effectiveness: 103 months

**Lending  ument:** Investment/Reimbursable Technical Cooperation

**Disbursement Periods**

**Original Date of Final Disbursement:** June 11, 1999

**Current Date of Final Disbursement:** December 31, 2005

**Cumulative Extension (Months):** 78 months

**Loan Amount(s)**

\* **Original Amount:** 9,000,000

\* **Current Amount:** 8,000,000

\* **Pari Passu (if applicable):** Not Applicable

**Were funds redirected away from** ☐ **or to** ☐ **this Project?**

☒ **X** **N/A (Please check one)**

**Poverty Targeted Investment (PTI):** Yes/No

**Social Equity (SEQ):** Yes/No

**Environmental Classification:** A, B, or C

**Disbursements**

\* **Amount to date:** 100 (%)

**Total Project Cost (Original Estimate):** 11,000,000

**On Alert Status**

**Is project currently designated "on alert" by PAIS:** No

**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):** Not applicable

### Summary Performance Ratings

DO	<input type="checkbox"/> Highly Probable (HP)	<input type="checkbox"/> Probable (P)	<input type="checkbox"/> Low Probability (LP)	<input checked="" type="checkbox"/> Improbable (I)
IP	<input type="checkbox"/> Very Satisfactory (VS)	<input type="checkbox"/> Satisfactory (S)	<input checked="" type="checkbox"/> Unsatisfactory (US)	<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:**

Trinidad and Tobago has been heavily dependent on oil and gas as the mainstay of its economy for many years. During the oil-based boom of the 1970s, when increases in oil prices and domestic crude production fueled rapid economic growth, international reserves mounted, leading to a strong exchange rate and an increased propensity to import. This period of relative abundance induced generous real wage levels, substantial transfers and subsidy programs and a bias towards public sector investment and employment. However, international competitiveness of the non-oil productive sectors particularly the agriculture sector deteriorated rapidly.

During the 1980s, this inward-looking pattern of development collapsed with declining oil production and the plunge in oil prices, which required Government to change. An effective turning point for deeper economic reform came in 1987 with the adoption of a comprehensive medium-term adjustment program. The government implemented structural reforms through trade and exchange regime liberalization divestment of state-owned enterprises and improvements in the legal and regulatory framework. These reforms stabilized the economy but the major economic challenge remained of diversifying the economy away from its dependence on the, hydrocarbon sector, and making a sustainable reduction in unemployment.

To this end, the Government having already set in motion a wide range of policy reforms under an Investment Sector Loan (ISL), trained its attention on the agriculture sector. Recognizing that favorable climate, soils and location were all factors in Trinidad and Tobago which provide a sound basis for the sector's contribution to the national economy. The challenge however, was that for years agriculture's contribution had diminished, largely as a result of the oil boom, but also because of cultural and ethnic factors which attached a stigma to agriculture in the period following independence. While the agriculture sector at the time comprised only a small portion of GDP (less . than 3%), the sector's contribution to employment (12%) and savings of foreign exchange were important features, which had the potential to be expanded. It was recognized that an improvement in agricultural production would contribute to the diversification of the economy, with positive direct and indirect employment benefits.

However the obstacles facing Trinidad and Tobago's agricultural sector were attributed to several factors, including policy distortions, institutional weaknesses and inadequate investment in the sector. The agricultural sector Technical Cooperation loan therefore was intended to facilitate the analyses of issues in the policy area and thereby provide a solid foundation for IDB sector lending for institutional strengthening and for an improved investment climate in the sector.



In particular it was identified that policy distortions affecting agriculture were the exchange rate which acts as a major constraint to, the sector. The then high value of the local currency, supported by oil exports, created the typical symptoms of "Dutch Disease" and the lack of competitiveness of non-oil activities. The disincentives to the agricultural sector were exacerbated, by a highly distortionary trade regime, in which some basic food items were imported with low or zero duties (wheat, beef, milk powder) while other items received extremely high levels of protection (sugar, rice, poultry). The financing, of agricultural activities through the Agricultural Development Bank (ADB) was driven by production targets, and resettlement schemes, which biased rural investment decisions and savings mobilization. The extensive land holdings of the state and state-owned companies (over 50% on the island of Trinidad) limited scope for private ownership, and restrictions on land rental by private owners resulted in the lack of a well developed market for agricultural lands.

Institutionally despite the agriculture sector's limited contribution to GDP, it has required large central government subsidies estimated in excess of US\$100 million per year. In addition, a large share of public expenditure went to personnel costs, as the public sector institutions are typically overstaffed, with weak professional training, or are engaged in activities that could be more efficiently performed by the private sector. The public employees in the sector therefore needed greater training, either to improve their current performance, or as part of a program for retrenchment in the public sector.

With respect to infrastructure and investment in the productive infrastructure of the agricultural sector, such as irrigation and drainage, this still needs to be comprehensively understood in order to achieve the desired increase in aggregate sector output and in improving the performance of the export sector.

Against this backdrop, the Government of Trinidad and Tobago (GOTT) in 1996 signed the Agricultural Sector Loan (ASL) LO-881/OC-TT which was designed to revitalize the Agricultural Sector and provide balance of payments support to the GOTT during the period of transition to a modern agricultural sector. The components of the loan included reform actions in the areas of trade and price policy, land and water use, divestiture of state owned enterprises (SOE's), government expenditure and public administration and included support for social impact mitigation. The assumption was that the implementation of agriculture policy reforms would establish a sound framework for future investment in agriculture.

During the design of the ASL it was recognized that the capacities of the agricultural management institutions in Trinidad and Tobago were weak - a risk for the successful implementation of the ASL, so that interventions of an organizational, managerial and technical nature became a necessary imperative.

Accordingly, to mitigate this risk the ASL-Technical Assistance Loan (LO-882/OC-TT) a reimbursable technical cooperation was formulated as an adjunct but secondary source of funding to work in sync with ASL to retain experts who could assist the Government with timely analytical and theoretical reasoning to drive the envisioned reforms and also who could help GOTT design and implement programs that ease any negative



impacts of the reform. When the ASL was cancelled in June 2002, the ASL-TC loan was adjusted to focus on activities to both strengthen capacities in the Ministry of Agriculture and to add on a number of land adjudication and land registry issues.

## B. Project Description

The ASL-TAL was a reimbursable technical cooperation (LO-882/OC-TT) in the amount of US\$11 (US\$9M IDB, US\$2M GOTT) designed to work in tandem with the ASL, to underpin the agriculture sector reform agenda in Trinidad and Tobago. The ASL-TAL as designed provides in aggregate 262 person months of expertise, in areas of agricultural trade and price policy, land management, state-owned enterprises, public administration and social impact mitigation. The expertise retained were to be used to assist GOTT by institutionally strengthening the Ministry of Agriculture Land and Marine Resources (MALMR), Central Statistical Office (CSO), the Private Sector Agribusiness Community, and the Town and Country Planning Division pursuant to implementing the agriculture reform agenda as envisioned in the ASL.

The operation provided for the;

- a. Building of institutional capacity for the collection, processing and analysis of data on Agricultural sector economic performance. (42 expert months).
- b. Building of institutional capacity to provide business assistance to private sector agribusiness community. (42 expert months)
- a. Building of institutional capacity for Land use management (44 expert months)
- b. Rationalization of Caroni 1975 Ltd (100 expert months) and
- c. Reengineering the MALMR to align with new reformed agriculture sector policies (36 expert months).

### i. Development Objective(s)

The Development Objectives of the ASL-TAL are:

1. To provide experts to assist the Borrower in the timely and effective implementation of key policy and institutional reforms of the agriculture sector as ascribed in the Agriculture Sector Reform Program Loan 881/OC-TT, including the reorganization of the Executing Agency to function in its reformed capacity.



2. To assist agribusiness in the identification of opportunities and increased responsiveness under an emerging new policy environment.

## ii. Components

The key policy reforms areas to be addressed in the ASL were (i) trade and price policy (ii) land use policy and administration (iii) restructuring and divestment of state-owned enterprises and (iv) public administration reform to improve agricultural support services and sector policy programming and budget functions. Accordingly, to achieve the above objectives the program supported 262 person months of experts in the following areas:

1. **Sector Policy Reforms:** Building of institutional capacity for the collection, processing and analysis of data on Agricultural sector economic performance. (42 expert months)
2. **Agri-business Development:** Capacity building to facilitate improvement to agri-business production/investments (42 expert months)
3. **Land Use Policy and Administration:** Institutional strengthening to improve Land use management (44 expert months)
4. **Rationalization of State-owned Enterprises:** Rationalization of Caroni 1975 Ltd (100 expert months)
5. **Public Administration Reform** Reorientation of MALMR in alignment with reformed agriculture sector policies (30 expert months).





## C. Quality -At- Entry Review ( Not Applicable)

Quality -At- Entry Review			
<input type="checkbox"/> Highly Satisfactory (HS)	<input type="checkbox"/> Satisfactory (S)	<input type="checkbox"/> Unsatisfactory (U)	<input type="checkbox"/> Very Unsatisfactory (VU)



### III. sults

#### A. Outcomes

Development Objective(s) (Purpose)	Key Outcome  ators		
<p>1. To provide experts to assist the Borrower in the timely and effective implementation of key policy and institutional reforms of the agriculture sector as ascribed in the Agriculture Sector Reform Program Loan 881/OC-TT, including the reorganization of the Executing Agency to function in its reformed capacity.</p> <p>Classification: I</p>	<b>Planned Outcomes</b>		<b>Outcomes Achieved</b>
	<u>Baseline</u> 1.1B 1 <sup>st</sup> Tranch of ASRP US\$22.5M disbursed (1996/june/11)		1 <sup>st</sup> Tranch US\$22.5M was achieved - 1996/June/11
	<u>Intermediate</u> 1.1I 2 <sup>nd</sup> Tranch of ASRP US\$20.0M disbursed (1998/June/11)		ASRP was cancelled prior to 2 <sup>nd</sup> tranch eligibility. Notwithstanding a number of policy and legislative reforms were enacted with the support of the ASL-TAP pursuant to agreed 2 <sup>nd</sup> tranch reform initiatives, details of their status and impact are outlined in Annex 3 and Annex 4 respectively.
<p>2. Assist Agribusiness in the identification of opportunities and increased responsiveness under an emerging new policy environment.</p> <p>Classification: LP</p>	<b>Planned Outcomes</b>		<b>Outcomes Achieved</b>
	<u>Baseline</u> 2.1B Strengthen and streamline the Ministry of Agriculture Land and Marine Resources.		Recommendations for Organizations change and a strategic plan for the MALMR were developed but these have not been implemented.
	<u>Intermediate</u> 2.1I Improved regulatory and legislative framework.		Also regulatory and legislative needs were identified to improve the regulatory and legislative framework of the sector but these were not actively addressed by the borrower
<u>End of Project</u> 2.1E Foster the rapid expansion of agriculture by assisting agribusiness to explore and take advantage of new opportunities			
<p><b>Reformulation.</b> Following the cancellation of the ASRP in 2002  government proposed and the Regional Manager approved and the Government agreed that, the size and scope of this ASL-TAL should be  uced to focus on fewer, less controversial activities but which were still consistent with the developmental objective of the operation and which build on the institutional strengthening programs that were initiated under the ASRP. As well as activities which further the implementation of the policy reforms taken in land use policy and land administration under the ASRP and also for pre-investment work which could contribute to establishing the foundation for future work in this area. The decision to go this route rather than reformulate the operation after the ASL was cancelled was based on the following (1) It was recognized that the scaled down activities being pursued were consistent with the original developmental objectives of the operation as approved by the board - to go the board, was to effectively ask the Board to approve the operation again. (2) The advantage of not having to go to the board given the institutional delay involved allowed the Bank to be more responsive in term of timing to the Borrower, it allowed the Regional Manager the flexibility to quickly agree with Government on the way forward and appear more customer focused and as a true development partner. (3) Accordingly, activities which were pursued in the resized ASL-TAP were carefully screened for their consistency with the original development objectives ensuring the need not to have to return to the board.</p> <p>The disadvantage of the decision not to reformulate the project objectives have become apparent since reformulation would have properly reflected the major changes that took place in the policy environment and would have led to a redefinition of the operation's development objectives to be more consistent with the new reality. This way the operation would have probably been gauged to have achieved a much better rating evaluation at project termination since many of the objectives were actually achieved.</p>			
<p><b>PPMR Retrofitting.</b> Indicate if and when the PPMR was retrofitted and explain any changes resulting from this exercise.</p> <p>[N/A]</p>			
<p><b>Summary Development Objective(s) Classification (DO):</b> </p>			
<p>[ ] Highly Probable (HP)      [ ] Probable (P)      <input checked="" type="checkbox"/> Low Probability (LP)      [x ] Improbable (I)</p>			
<p>The summary development objective classification is improbable since ASRP was cancelled and the raison d'être of the ASRP-TAP was to assist with the implementation of ASRP. Moreover with the exception of Land Reforms there was little evidence during executing and by the end of the operation that the Borrower was interested in making the PPMR of it 2006 called for under the ASRP. Notwithstanding the rationalization of Caroni an original outcome of this project has been achieved but this cannot be credited to the this project since the decision was taken mutually exclusive of the project.</p>			

Country Strategy. Given the results described above, briefly discuss how the project contributed to the Bank's strategy in the country. The Bank's strategy is built on three pillars (i) promoting private sector development to increase economic diversification (ii) promoting public sector modernization to improve efficiency, effectiveness and upgrade capacity (iii) promoting social development by improving social public services. This ASRP/TAP as designed touches on two pillars (i) contribution to private sector promotion and (ii) on more effective public administration and more efficient resource allocation. Given the results of the operation while properly aligned with the Bank's strategy it was not successful in meaningfully contributing to the Bank's strategy in the Country.

## B. Externalities

Since the ASL was cancelled after the first tranche no substantive reforms were implemented under the ASRP. The program continued however with the ASL-TAP which in main effectively produced a series of technical reports focused on agri-business, land administration and pre-investment work also related to agri-business and land administration. Accordingly, the identification of the operation TT-0054 Land Adjudication and Registration Program is considered a positive externality since it was identified as a natural follow on project which could build on the platform for the management of land established in the ASRP. For example the digital mapping for the whole country was completed and survey guideline were prepared with ASL-TAP which are prerequisites for the land adjudication operation. The current rationalization of Caroni 1975 limited is also a positive externality of the project. While little was achieved during the implementation of the project much attention was put on State enterprises which give rise to the rationalization process.

In term of negative externalities beyond the control of the project unit during the 9 year life of the programme there were four national elections with two changes in Government. Including three elections in the three years 2000, 2001 and 2002 during which time the political parties were deadlock. This had the double effect of undermining the political will to carry out the ASL since social fallout from the reforms were considered politically difficult for any administration to implement and in addition during the three consecutive election years an executive vacuum in decision making was created as parliament was dissolved.

The frequent high level staff turn-over in the Ministry of Agriculture Land and Marine Resources also conspired to frustrate achievement of project implementation. For example there have been eight Permanent Secretaries and three Programme Coordinators since the project became effective in June 1996. In addition several new administrations



reorganized Ministries with responsibility for land which complicated the inter agency coordination for the successful implementation of the program.

### C. puts

IMPLEMENTATION PROGRESS (IP)		
Components (Outputs):	Key Output Indicators:	
<b>1. Component 1: (Monitoring and analysis of sector policy reforms)</b> Total cost of Component 1:US\$1.76M Counterpart:US\$0.32M IDB:US\$1.44M IDB Disbursement:100 %  <u>Classification:</u> U	<b>Planned Outputs</b> 1.1 Agriculture Policy Expert (36 months) and an applied Agricultural Economist (6 months) hired. 1.2 Trained staff of the Planning Division of the MALMR for the collection, processing and analyses of agricultural data.	<b>Outputs Achieved</b> 1.1 The experts Texas A&M University System. were contracted and conducted Needs assessments of the MALMR, Training Programmes for the staff of the Ministry and prepared Sector Performance Manuals. There is no evidence however that the Ministry has improved the collection, processing and analyses of agricultural data.
Briefly explain differences between planned and actual outputs (if applicable).  [NA] The difference between planned and actual outputs can be accounted for by the Ministry Lack of ownership of the reports , findings and recommendations of the Texas A&M University consultants.		
<b>Restructuring.</b> Indicate if this component was restructured (date of approval by Manager). Briefly discuss the consequences of these changes.  [ ] N/A		
<b>2. Component 2 (Technical assistance to the private sector agribusiness community):</b> Total cost of Component 2: US\$1.76M Counterpart:US\$0.32 IDB:US\$1.44 IDB Disbursement:100 %  <u>Classification:</u> S	<b>Planned Outputs</b> 1.1 Market Information system implemented by June 2005 1.2 Producer/Exporter Destination Guidelines developed by June 2005 1.3 National Grades and Standards for Agricultural Products developed by June 2004 1.4 Agribusiness Strategy developed by June 2005.	<b>Outputs Achieved</b> 1.1 Market Information system was completed by Dec 2005. 1.2 Producer/Exporter Destination Guidelines were completed by Dec 2005 1.3 National Agriculture grade and Standards was developed by June 2004 1.4 Agribusiness Strategy was developed by Dec 2005.
Briefly explain differences between planned and actual outputs (if applicable).  [ ] N/A		
<b>Restructuring.</b> Indicate if this component was restructured (date of approval by Manager). Briefly discuss the consequences of these changes.  [ ] N/A  <i>(In case of more components, create new row and complete.)</i>		
<b>3. Component 3 (Reform of land use policy administration, including the conduct of land surveys and conceptual development of a land management authority.):</b> Total cost of Component 2: US\$1.85M Counterpart:US\$0.34	<b>Planned Outputs</b> 1.1 Land Management Authority designed, specified land surveyed and guidelines prepared for restructured Town and Country Planning. 1.2 Regulations for Land Adjudication and Registration passed by June 2005 1.3 Creation of Parcel Index Map by June 2005	<b>Outputs Achieved</b> The consultants Land Tenure Centre, University of Wisconsin-Madison were retained and produced Needs assessments for functional areas in land management organizations. The consultant also conducted training programs in new physical planning



<p>IDB:US\$1.51 IDB Disbursement:100 %</p> <p><u>Classification:</u> S</p>	<p>1.4 Maps, Plans and other documents in the Vault of the lands and Surveys Division restored by Dec 2004.</p> <p>1.5 Land Adjudication and Registration Program prepared by June 2005.</p>	<p>methods and produced manuals for land planning authorities.</p> <p>In addition a Land Management Authority was designed, and survey guidelines prepared.</p> <p>Parcel Index Maps were created.</p> <p>Land Adjudication and Registration Program was prepared by June 2005.</p>
<p>Briefly explain differences between planned and actual outputs (if applicable).</p> <p>[ ] The differences between planned and actual outputs is that the vault restoration project was not done due to the inability of the executing agency to retain a consultant before the terminal disbursement date of the operation.</p>		
<p><b>Restructuring.</b> Indicate if this component was restructured (date of approval by Manager). Briefly discuss the consequences of these changes.</p> <p>[ ] N/A</p> <p><i>(In case of more components, create new row and complete.)</i></p>		
<p><b>4. Component 4 (Technical assistance to management of Caroni Ltd to improve its production facilities.):</b></p> <p>Total cost of Component 4: US\$4.16M Counterpart:US\$0.76 IDB:US\$3.4 IDB Disbursement:0 %</p> <p><u>Classification:</u> VU</p>	<p><b><u>Planned Outputs</u></b></p> <p>1.1 Caroni Ltd. Reduces sugar production costs and processing losses, quality of cane improves and integrated pest management program adopted.</p> <p>1.2 Hire technical consultants by June 2004</p> <p>1.3 Develop a training manual by Dec 2004</p> <p>1.4 Caroni staff trained in sugar production, sugar boiling and refinement by June 2005</p>	<p><b><u>Outputs Achieved</u></b></p> <p>1.1 This component was not implemented due to decisions to phase in private-sector involvement in the company. The original plan was to make the company viable as a state enterprise.</p>
<p>Briefly explain differences between planned and actual outputs (if applicable).</p> <p>[ ] No outputs were achieved under this component of the project due to GOTT decision to involve the private sector. The original plan was to make the company viable as a state run enterprise.</p>		
<p><b>Restructuring.</b> Indicate if this component was restructured (date of approval by Manager). Briefly discuss the consequences of these changes.</p> <p>[ ] N/A</p> <p><i>(In case of more components, create new row and complete.)</i></p>		
<p><b>5. Component 5 (Program to strengthen public administration for the agriculture sector.):</b></p> <p>Total cost of Component 5: US\$1.26M Counterpart:US\$0.23M IDB:US\$1.03M IDB Disbursement:0 %</p> <p><u>Classification</u> S</p>	<p><b><u>Planned Outputs</u></b></p> <p>1.1 Work plan and budget prepared and reflects new priorities and policies. Training is conducted according to execution schedules, planning function improves and decisions taken related to reorganization, commercial activities of the Ministry phased out and new role of the Ministry is clarified.</p> <p>1.2 Train staff in the use of program work planning, budget preparation and management.</p> <p>1.3 Hillsborough Dam feasibility studies to rehabilitate facility in Tobago completed by February 2005.</p>	<p><b><u>Outputs Achieved</u></b></p> <p>The experts Texas A&amp;M University System. were contracted and conducted Needs assessments of the MALMR, as well as Training Programmes for the staff of the Ministry and prepared Sector Performance Manuals. There is no evidence however that the Ministry has improved the collection, processing and analyses of agricultural data.</p> <p>Hillsborough Dam feasibility studies to rehabilitate the dam were completed.</p>
<p>Briefly explain differences between planned and actual outputs (if applicable).</p> <p>[ ] N/A</p>		

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

[ ] N/A

(In case of more components, create new row and complete.)

**Summary Implementation Progress Classification:**

[ ] Highly Satisfactory (HS) [ ] Satisfactory (S) [x] Unsatisfactory (U) [ ] Very Unsatisfactory (VU)

## D. Project

Total Project Cost - Planned (US\$000)				Total Project Cost - Actual (US\$000)				% Difference	
(Reproduce cost table)				(Reproduce cost table)					
Category	IDB	GOTT	Total	Category	IDB	GOTT	Total	Category	% dif
1. Firms	7,500,000	0	7,500,000	1. Firms	6,616,196.37	0	6,616,196.37	Firms	-11.78
2. Individual		400,000	400,000	2. Individual		400,000	400,000	Individual	0.00
3. Scholarships	300,000	20,000	320,000	3. Scholarships	107,767.59	20,000	127,767.59	Scholarships	-60.07
6. Gen. support	275,000	1,400,000	1,675,000	6. Gen. support	12,145	916,913.30	929,058.30	Gen. support	-44.53
Contingencies	835,000	180,000	1,015,000	Contingencies	0	180,000	180,000	Contingencies	-82.27
Inspection	90,000		90,000	Inspection	90,000		90,000	Inspection	0.00%
Total	9,000,000	2,000,000	11,000,000	Total	6,826,109.85	1,516,913.30	8,343,023.15		

Briefly explain any differences.

After the ASL was cancelled in 2005, it was decided to reduce the size and scope of the ASL-TAP to focus on fewer, less controversial activities but which were still consistent with the developmental objectives of the sector reform and which built on the institutional strengthening programs that were initiated under the ASRP. Accordingly when the program of studies were finalized with an indicative budget it was agreed that in order to minimize credit fees the unexpended balance of US\$1M would be cancelled. In addition a further US\$1.2 was cancelled since the executing agency was unable to disburse these funds by the terminal disbursement date.

## IV. Project Implementation

The Technical assistance loan to the ASL was closed on December 31, 2005 nine and a half year after it was signed and made effective (on June 11, 1996). The project implementation of the operation can be classified into three periods. 1996 - 2000, 2000 - 2003, and 2003 - 2005.

1996 - 2000

Just prior to the signing of the operation a new Government took office (Dec 95) swinging the political pendulum from "port (export growth) to plantation (indigenous agriculture)" and much time was needed by the new administration to determine if the tenor of the agriculture reforms were consistent with the development strategy of this new pro agriculture administration.

Accordingly, the conditions precedent to first disbursement and the contracting of some experts were only achieved during the 4th quarter of 1999. With election due again in 2000 implementation progress was limited as the Government was reluctant to implement many of the reforms (including the closing of Caroni) which negatively affected the



core of the their political support and by 2001 the Government decided to cancel the ASL and only use the resources of the TAL to conduct agriculture studies which were less controversial but which were still consistent with the objectives of the sector reform.

2000 - 2003

It took the Government and the Bank over two years 2001 - 2003 to finalize the scope and size of the studies to be conducted with the balance of resources.

The reason for the protracted decision was that during this gestation period there were three elections in as many years and a further change in Government. Elections were held in years 2000, 2001, & 2002 which left an executive vacuum when no decisions were made and by the time the dust settled in 2002 the Government changed once again moving the political center of gravity back from "plantation to port".

2003 - 2005

By 2003 the scope and allocation to the studies were agreed upon and implementation of the operation continued uneventful to the terminal disbursement date Dec 31, 2005.

Studies completed include;

LAND STUDIES

- Creation of Parcel Index Maps
- Improvement to the Geodetic Infrastructure of T&T
- Land Data Sharing System Development
- Preparation of Regulations for Land Title Legislative Package
- Land Adjudication and Registration Loan Preparation
- Feasibility Study for the Rehabilitation of Hillsborough Dam Tobago

AGRI BUSINESS STUDIES

- Transport of Perishables to Export Markets
- Agribusiness Strategy
- Market Information System
- Guidelines for Agricultural Chemicals
- Grades and Standards
- International Consultancy-Agribusiness Specialist

#### A. Analysis of Critical Factors

The critical factors which affected project outputs and outcomes were (i) the Borrower's commitment, (ii) community/political opposition to some of the agriculture sector reforms and (iii) Executing agency institutional capacity constraints.

**Borrower commitment:** Almost as soon as this operation became effective a new Government took office with a political philosophy which conflicted with a number of reform initiatives contained within the ASRP. Accordingly, the Borrower had little impetus to implement the reform component of the loan.



**Community/Political Opposition:** The ASL required that the Government implement a number of agriculture reform decisions related alia to trade, rationalization of state enterprises, and land. Agriculture in Trinidad has deep socio-economic and cultural roots and many of the conditionalities of the loan impacted negatively on the support base of the new political regime. Hence during the year 2000, 2001, and 2002 when Government had a slim majority in the House of Representative the Government allowed the ASRP to lapse to avoid difficult reform decisions which were likely to have a negative social impact on the Administration's political base but used the ASL-TAP to move forward on initiatives in agriculture that were less sensitive but necessary and consistent with the developmental objectives of the ASRP.

**Executing Agency Institutional Capacity:** At the time of the design of the operation it was always recognized that it would have been necessary to provide the GOTT with support to provide the analytical and theoretical rationale for the agricultural reforms being proposed and to communicate these to the public. The ASRP-TAP was designed to mitigate the risk associated with the lack of institutional capacity of the executing agency to implement the reforms.

## B. Borrower/Executing Agency Performance

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

## C. Bank Performance

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

## V. Sustainability

### A. Analysis of Critical Factors

The issue of sustainability is not applicable to ASL-TAP since it was designed to provide experts advice to support implementation of ASL which was cancelled. Notwithstanding a number of studies conducted under the ASL-TAL such as the development of survey regulation, the standardized land lease system introduced changes in legislation and



programmes of Government that have contributed to a more sustainable agriculture sector and land management systems.

## B. Potential Risks

Rapid growth in the energy sector can reduce the incentives to undertake reforms in other sectors and with oil above US\$70 per barrel, this is a disincentive to reform and pursue efficiency.

## C. Institutional Capacity

The ASL-TAL essentially provided diagnostic work and sector intelligence in the Agriculture sector. The sustainability of this is assured through the Bank's programming missions and through dialogue including the development of the Land Adjudication and Registration program TT-0054.

### Sustainability Classification SU:

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

## VI. Monitoring and Evaluation

### A. Information on Results

The ASL-TAP retained a number of experts to provide sector intelligence to support and inform reforms within the agriculture sector. The experts were monitored through monthly steering committee meeting and through their respective reporting systems viz inception reports, mid-term reports, draft final reports and final reports.

### B. Future Monitoring and Ex-Post Evaluation

An ex-post evaluation of this operation is not required. Future monitoring of the project should take a more sectoral perspective. Accordingly, the Bank should monitor the challenges for the entire sector through continued dialogue with GOTT, through Programming review, as well as Portfolio Review and through understanding the development challenges and priorities of the client.

## VII. Lessons Learned

### Re-establish Government commitment with each change in Administration:

The ASRP contract was designed during the last months of the PNM Administration in 1995. It was signed on 11 June 1996 several months after the UNC party came to power. Different political parties respond to different constituencies and have different views on the importance



of policy reforms. The agricultural community is a strong base of support for the then Administration, which was reluctant to take actions that may not be supported by this community. When there are significant policy differences between succeeding Administrations, it is important to have an early discussion of those differences likely to have an adversely impact on achieving program objectives. There were early indicators that the new administration was not fully supportive of the ASRP, for example the decision not to proceed with a pre-existing Cabinet decision to divest most of the Ministry's extensive field stations. It is important that each succeeding government demonstrate real commitment, to reform to avoid long, protracted, half hearted implementation efforts that do not meet program objectives.

The IDB needs to be realistic about the likelihood of achieving policy objectives not supported by the borrowing government. It is worth noting that it is sometimes difficult to distinguish between lack of commitment, lack of leadership within a specific sector and lack of implementation capacity on the part of ministry staff. It is possible to have the Prime Minister's commitment but poor leadership skills on the part of the responsible Minister. It may also be possible to have good leadership from the Minister but the inability to effect change due to an entrenched civil service that is threatened by change. This was a particular problem at the start of this project since the incoming Administration perceived the civil service to be aligned with the previous regime.

To help ameliorate the problems encountered with a change in Administrations, it may be useful to engage the political opposition during the design of new operations, taking into account sensitivities to incentives and the policy priorities.

Project Implementation Units (Integration and Buy-in by Ministry Personnel)

Identify the Head of PEU during the design of a project this should have the effect of developing good relations. More time should be devoted early in the project during design to build better relations between the PEU and the ministry staff, giving the staff more responsibility for developing and implementing components of the



project.

**Devote more project resources to building public support for difficult policy changes**

The failure to build public support is partially responsible for the demise of this operation. Project resources needed to be directed to education the public in order to build the public support needed to effect the required changes.

**Reformulate operations whenever significant events change the overall project context.**

For purposes of clear accountability it would have been more appropriate to have reformulated the ASL-TAP Loan at the time the ASL was cancelled. Such a reformulation would have properly reflected the major changes that took place in the policy environment and would have led to a redefinition of the operation's development objective, to be more consistent with the new reality. This way the operation would probably have achieved a much better rating evaluation at project termination recognizing that many of the refocused objectives were actually achieved.

**Conduct robust stakeholder analysis and a project communication plan during the design phase of operations build political support for project implementation.**

Rigorous stakeholder analysis should be conducted during the design phase of operations including the prospective analysis of the country's political environment to anticipate eventual changes and to identify win win initiatives that mitigate against project execution risk and which properly support the implementation of sector and/or institutional reforms. In addition a comprehensive communication plan should be developed during design of programs to disseminate and channel the rationale envisaged for project reforms amongst the main stakeholders with the intension of building political support for it project implementation.




**Properly dimension the projects scope**

The sized of the ASL-TAP US\$9 million to support 264 person months of consulting time in hind sight appeared to be too large a sum. This translates into approximately US\$35,000 per person month. The lesson



here is that the project could have been better dimension with the size and magnitude of the operation being more precisely calibrated to avoid wastage of funds or an inappropriate expansion of objectives.

**Annexes:**

1. Aide Memoire from Final Administrative mission (Exit Meeting) 
2. PCR of the ASRP with Borrowers Evaluation
3. Final status of Second Tranche Conditions 
4. Impact matrix of ASL-TAP on ASL reforms 
5. CRG Minutes for the PCR of the ASL-TAP



## Agricultural Sector Reform Programme TAP (882/OC-TT)

Administration Mission  
Aide Memoire

## Introduction

An Administration Mission<sup>1</sup> for the Agricultural Sector Reform Programme (ASRP-TAP) visited Port of Spain from July 15 to July 18, 2002. The purpose of the mission was to discuss with the Government of Trinidad and Tobago (GOTT) the proposal for the use of the remaining resources of the technical cooperation (Loan 882/OC-TT), in particular the proposed activities in agribusiness and land administration policy. The mission met with the Honorable Mr. John Rahael, Minister of Agriculture, Land and Marine Resources-MALMR; Mrs. Victoria Charles, Permanent Secretary of Ministry of Planning and Development; Mr. Jerry Hospedales, Divestment Secretariat, Ministry of Finance; Mrs. Susan Francois, Registrar General; Mr. Thackwray Driver, Coordinator, PCU; and other Government officials connected to the ASRP project.

## BACKGROUND

The ASRP-TAP was approved in June 1996 with the following objectives: (i) to assist the GOTT and the executing agency (Ministry of Agriculture, Land and Marine Resources) in the implementation of the ASRP financed with the Loan 881/OC-TT, including the reorganization of the Ministry to strengthen its ability to serve as facilitator of the private sector; and (ii) to foster the rapid expansion of agriculture by assisting agribusiness to explore and take advantage of new opportunities. The amount of the JFC Loan was US\$ 9.0 million, of which US\$ 5.3 million remains to be allocated.

In April 2002, the GOTT proposed to allocate a portion of the remaining resources of the ASRP-TAP in the following areas: (i) land administration, US\$ 2.0 million; (ii) agribusiness, US\$ 1.5 million; and (iii) Caroni, 1.0 million.

The Divestment Secretariat of the Ministry of Finance has completed a comprehensive plan for the restructuring of Caroni (1975) Ltd. The Plan was approved by Cabinet and public consultations are currently taking place. The plan considers the following areas: (i) the downsizing of sugarcane processing with all cane purchased from private farmers, (ii) the use of the land assets owned by Caroni in a range of other economic activities, including other agricultural crops, (iii) the implementation of manpower separation program for Caroni, and (iv) a greater private-sector participation in the operation of Caroni.

## TOPICS DISCUSSED AND AGREEMENTS REACHED

## A. Allocation of the remaining resources of the ASRP-TAP

The proposal for the allocation for the remaining resources of the ASRP-TAP was reviewed and taking account of the operational, legal and timing restrictions, the following resource allocation was agreed upon:

<sup>1</sup>The mission comprised: Michael O'Donnell (COF/CTT), Kevin Barthel (RE3/EN3) and Cesar Falconi (RE3/EN3). Gabriel Montes (RE3/EN3) was the mission leader.

1.	Land Administration	US\$ 1.425 million
2.	Agribusiness	US\$ 0.440 million
3.	Caroni	<u>US\$ 0.750 million</u>
	Total	US\$ 2.615 million

It is therefore agreed that a total of US\$2,615,000 will be allocated to the specific activities presented below. The ASRP-TAP execution period will not be extended beyond 11 June 2003. If needed, an extension could be granted to complete disbursements on the specific activities that have been contracted before 11 June 2003. In order to avoid the unnecessary payment of interest and commitment fees, the Mission recommends that the remaining resources be cancelled through an official request by the GOTT.

#### B. Activities for each Component

Land Administration. The activities to be conducted in this component and the funding are as follow:

1.	Computerization of parcel index maps	US\$685,000
2.	Geodetic framework development	US\$300,000
3.	Restoration of existing survey plans	US\$125,000
4.	Land program preparation	US\$100,000
5.	Preparation of regulation for land laws	US\$ 40,000
6.	Land data sharing system development	US\$150,000
7.	Training activities	<u>US\$ 25,000</u>
	Total	US\$1,425,000

These activities are a continuation of the institutional strengthening programme that were initiated under the ASRP and Investment Sector Reform Programme (ISRP) and will further the implementation of the policy reforms taken in land use policy and land administration under the ASRP. They will also contribute to establish the foundation for future work in this area.

Agribusiness. The resources of the TC will fund the following activities:

1. Short term consultant to review existing studies and proposals, and prepare a medium and long-term agribusiness strategy, including the possibility of financing future operations, US\$ 30,000.
2. Four Technical Assistance Reports (Transport of Perishables to export markets, Market Information System, Guidelines for Agricultural Chemicals, and Grades and Standards), US\$ 210,000. Training activities will be included to facilitate the dissemination of the reports' findings. These studies address issues that will face agribusiness in the country regardless of what agribusiness development strategy is chosen. These issues were contemplated in the original formulation of the TC operation.
3. International Consultancy to work with individual private agribusinesses to identify and pursue new market opportunities, US\$ 200,000. This activity is consistent with the original objective of the operation to provide advise to the Government and the private agribusiness community to identify competitive business opportunities in this field.

Caroni. The resources of the ASRP-TAP will be utilized to provide technical assistance via the Divestment Secretariat/Caroni in their efforts to increase private-sector participation in the company, as well activities related to the preparation of support services related to the diversification of agricultural production.

C. Other Topics

It was agreed that the legal, institutional and technical efforts completed in the area of land use policy and administration, as well as the activities to be completed under this agreement, provide a suitable foundation for the development of a broader Land Administration and Management Programme. The GOTT expressed its interest in preparing a standalone land operation and the Mission mentioned that a formal request to the Bank is required in order to include this operation in the Bank's programming process.

It was agreed with the Minister of Agriculture that an agricultural sector review would be conducted with the Bank in November 2002 after the findings of the agribusiness consultant were completed and after discussions regarding the possible land administration and management program were initiated.



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HONORABLE MR. JOHN RAHAEL  
MINISTER, MALMR

17 July, 2002



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GABRIEL MONTES  
MISSION LEADER

17 July, 2002

**TRINIDAD AND TOBAGO**  
**AGRICULTURAL SECTOR REFORM PROGRAM**  
**(LO-881/OC-TT)**

**Project Completion Report (PCR)**

PROJECT NUMBER: TT-0032

EXECUTING AGENCY(IES): MINISTRY OF AGRICULTURE, LAND AND MARINE  
RESOURCES

SECTOR: AGRICULTURE

MODALITY: INVESTMENT

DATE APPROVED: SEP 20/95

DATE COMPLETED: LOAN CANCELLED

LOAN/TC AMOUNT(S): \$65 MILLION

FINAL PROJECT IMPLEMENTATION CLASSIFICATION (HS, S, U, VU): VU

FINAL PROJECT ASSUMPTIONS CLASSIFICATION (H, L): L

FINAL DEVELOPMENT OBJECTIVES CLASSIFICATION (HP, P, LP, I): I

## PART A: IDB REVIEW

### **I. PROJECT OBJECTIVES AND COMPONENTS**

During the 1970's and early 1980's the Trinidad and Tobago economy benefited from high oil prices. During this period significant Government resources flowed to agriculture. By the mid-1980's oil prices dropped significantly and the country experienced a significant fall in its foreign exchange earnings. There was a significant drop in the import of agricultural products and increased migration of labour back to agriculture. The ensuing recession resulted in a large increase in loan arrears at the Agricultural Development Bank (ADB), with loan approvals dropping from US\$40 million per year in the early 1980s to US\$6.6 million in 1987.

The Agriculture Sector Reform Program (ASRP) was signed in 1995 to support a range of policy and institutional reforms to strengthen the performance of the agriculture sector in Trinidad and Tobago. (See Policy Matrix attached as Annex I to this report for a listing of specific policy objectives.) These reforms were intended to rationalize public sector expenditure in agriculture and to achieve fiscal savings. The program was also to reform protectionist, distortionary economic policies to increase competitiveness. In the medium term, it was expected that the program would generate foreign exchange through increased exports, more rational land utilization, as well as foster economic diversification and increase sectoral employment.

The principal benefits of the Program were to result from reforms in trade and pricing policies, land use expenditure and public sector rationalization. First, the reforms sought to increase agricultural productivity by improving access to land and enhancing agricultural support services (extension, trade promotion, grades and standards, food safety, etc.). Second, greater reliance on market determined prices were to shift more resources to the production of higher value products. Finally, as a result of the reduction in subsidies and protection, accompanied by increased access to land for non-agricultural purposes, there was to be an expansion of activity in "rural" areas. The ultimate objective of these reforms was to maintain or increase the level of production, while reducing the excessive cost of the current agricultural policies.

The key policy reform areas to be addressed in the ASRP were:

**Trade and Price Policy:** Trade policy was heavily protectionist, and combined with price supports to producers, these policies resulted in high prices to consumers and transfer payments to agriculture, estimated at about US\$100 million annually.

Reforms to be implemented as part of the program included:

- a. Conversion of trade restrictions from non-tariff barriers (negative list, government monopoly) to a tariff equivalent system consistent with the December 1993 GATT agreements on agriculture and the government's commitment to extend and strengthen trade and price liberalization in the

agricultural sector.

- b. Phased reduction of the dispersion among tariff rates and their average level in order to improve the incentives facing agriculture consistent with comparative advantage and attaining benefits for consumers from improved market access and lower food costs.
- c. Within the framework of the established tariff structure, maintenance of an open and transparent trade regime for agriculture with a minimum of government intervention.
- d. Containment of direct support payments and subsidies to producers consistent with the GATT agreement and prudent domestic fiscal management.

**Land Use Policy and Administration:** Access to, and ownership of land are key constraints to investment and growth in the agricultural sector. The Government owns slightly over 50% of the land in Trinidad (255,748 hectares), and about 40% of the land in Tobago (10,772 hectares). State enterprises such as Caroni Ltd., Trintope, and Trintoc (now PETROTRIN) have extensive lands suited to sugar, rice and other crops.

Reforms proposed to be implemented as part of the program included:

- a. Modernize leasing of land by (i) revising the Agricultural Small Holding Act; (ii) establishing a new Standard Agricultural Lease instrument which incorporates terms that protect the interests of small farmers, sanction environmental damage, assure long-term productive uses, and strengthen economic value and financial security of the leasehold; (iii) improving and expediting leasing of land by adopting formal land disposition programs designed to maximize agricultural productivity and economic values within the context of social and environmental policy; and (iv) establishing a Land Management Authority (centralizing land management functions previously served by the Lands and Surveys Division and other State land management functions).
- b. Establish an Urban and Regional Planning Agency (replacing the present Town and Country Planning Division) following adoption of the Planning and Development of Land Act (PADL)<sup>1</sup>.  
The new planning agency should strive to improve public participation and confidence in the development plan and planning permissions process, decentralize planning and development control activities where appropriate, and limit administrative and political discretion. Land use policy and regulation were to be placed in the context of overall economic reforms underway in Trinidad and Tobago and be harmonized with efforts to: (i) improve management of State-owned lands; (ii) control and regularize illegal occupations; (iii) enhance agricultural productivity; and (iv) support other economic development initiatives.

**State-Owned Enterprises:** The active role of parastatal agencies in agricultural production, marketing and trade contribute to the high fiscal cost and economic inefficiency of the sector. A major issue relates to the extensive public lands managed by Caroni Ltd. The Caroni Ltd. lands are among the best suited for agriculture in terms of quality and location, but the company has been characterized by a lack of financial discipline, poor management, and low labor productivity. Furthermore, the extensive state land holdings act as a barrier to potential development of new export products, and increase the risk faced by private farmers who must compete with state

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<sup>1</sup> Originally entitled the Urban and Regional Planning Act, the name was changed to the Planning and Development of Land Act.

subsidized activities. Similarly, other public sector enterprises such as the National Flour Mills Ltd. (NFML), raise costs to domestic agro-industry, and could be more efficiently operated by the private sector.

Caroni Ltd. is the state-owned sugar estate and processing facility. Caroni Ltd. also had land in production for rice, beef, dairy, citrus, and a pilot shrimp project. The 77,000 acres owned by Caroni Ltd. comprise about 30% of the arable land on the island of Trinidad. After mounting losses which exceeded US\$25 million per year in the later 1980's, in 1991-1992 the GOTT successfully negotiated a landmark Tripartite Agreement with Caroni Ltd. labor unions and Caroni Ltd. management, as the basis of a plan intended to achieve profitable Caroni Ltd. operations by 1998.

Reforms to be implemented as part of the program included:

a. Caroni Ltd

- (i) Caroni Ltd. implementation of a system for cane purchase based on quality incentives, requiring the purchase of 3 core samplers;
- (ii) Transfer of at least 6,000 acres cultivated by Caroni Ltd. to independent cane farmers (approximately one-quarter of current Caroni Ltd. sugar cane acreage);
- (iii) Reduction in force of at least 1,200 Caroni Ltd. employees by 1998;
- (iv) Ministry of Finance was to provide loan guarantees of TT\$138.14 million in Caroni Ltd. refining/production during 1995-98, plus funding for the accelerated retirement program and for funding for the sugar workers pension fund, and operating losses of \$TT90 million in 1994 to be reduced to 5% of total revenue by 1999.

b. National Flour Mills Ltd

- (i) Termination of all monopolies, negative lists, licensing requirements and price controls for NFM products.

**Government Expenditure and Public Administration:** The successful implementation of the new policies supported by the ASRP required reorienting the role of the agricultural public sector institutions towards a primary supervisory and regulatory role as purveyor of key services in support of policy reforms. This reorientation would include the identification of the services/functions to be transferred to the private sector, and most importantly, MALMR's support for mixed public-private research and extension activities to accelerate the farming sector's transition towards agricultural productivity growth, and the development of new non-traditional export products.

The main elements of the sector restructuring plan include:

- a. a satisfactory plan for the reorganization of the MALMR;
- b. a program to phase out commercial activities, or transfer them to the private sector;
- c. a satisfactory plan to strengthen support services for the small farming sector;
- d. identification of staff and day laborers for retrenchment, and;
- e. a satisfactory plan to improve budget planning, programming and execution.

**Social Impact Mitigation:** The ASRP anticipated an increase in unemployment (estimated at 20% in 1995) and poverty due to the adjustment process in the country. Consequently, the ASRP incorporated a US\$15 million Social Mitigation Program to help offset the impact on vulnerable groups in rural areas and displaced workers.

The Bank recommended that the Government undertake as an integral part of the agricultural reform effort, a targeted intervention program of US\$5 million per year during 1995-1997. The program was to consist of the following set of flexible instruments designed to address the potentially affected groups:

- a. competitiveness-enhancing measures for farmers who remained in agriculture;
- b. training for the population leaving agriculture;
- c. for those facing extreme hardship in rural areas, public works employment or income vouchers;
- d. for former public sector employees, payments to be used for purchase of land, retraining or small business development;
- e. additional measures as necessary for groups where impact was unanticipated.

**Agricultural Development Bank (ADB):** The financial viability of the ADB was a condition of the Investment Sector Reform Loan (Loans 758 & 759). The condition of the ADB had deteriorated during the life of the Investment Sector Reform Loan (ISRP) with mounting arrears and loan losses. On 11 August 1999 the Investment Sector Reform Loan was presented to the IDB Board for approval of its third and last tranche. The Project Team sought a waiver of the loan conditionality concerning the financial viability of the Agricultural Development Bank. The waiver was granted and the third tranche approved on the condition that the financial viability of the ADB became a condition under the ASRP Loan (881).

## II. PROJECT RESULTS AND DEVELOPMENT OBJECTIVES

This loan was approved by the IDB Board on 20 September 1995, with the loan to be disbursed in three tranches. A different political party came into power in T&T in December 1995. The project Agreement was signed by the new Administration on 11 June 1996, with the first disbursement made on signing the Agreement. Loan 881 was accompanied by a technical cooperation loan (#882) to hire the professional resources needed to formulate and implement the policy changes adopted under Loan 881. Due to a number of administrative delays in hiring the professional resources, loan 882 became eligible for disbursement only on 24 September 1999.

By May 2000 the Government had achieved all of the conditionalities under the Trade and Price Policy component and made some progress under the Land Administration Component. Unfortunately, there has been no progress in the other areas. Losses at Caroni continued to grow, with the Government subsidy reaching US\$60 million in 2000 and Caroni debt exceeding US\$200 million. No action has been taken on the Agricultural Development Bank and its losses continue to mount.

With elections pending at the end of 2000, the GORTT found it difficult to enact the changes called for under the ASRP, especially those relating to Caroni, ADB and restructuring the MALMR. In May 2000 GORTT informed IDB that they had decided not to request an extension to the Agricultural Sector Reform Program Loan 881, which was due to expire on 11 June 2000. The Government indicated their intention to continue with the policy changes called for under the ASRP but over a longer time frame. GORTT wanted to continue with the ASRP/TAP loan 882, the US\$11.5 million program of technical assistance, which was to expire on 11 June 2001, citing their intention to draw on these resources to help implement the reforms called for under Loan 881. The ASRP Loan 881 was allowed to expire on 11 June 2000 having made only the first tranche release of US\$22.5 million.

The following paragraphs outline the progress as of 26 April 2000 that had been made under the four main areas of the ASRP. The table, which appears as Annex II, gives a more detailed account of progress towards achieving Second Tranche Conditions at the time of cancellation of Loan 881.

**Land Administration:** The Government had put processes in place that would put more land into the hands of private farmers, but the level of achievement was low. The second tranche called for the transfer of 3,500 acres of Caroni land and 8,200 acres of other state land. Caroni was reluctant to lease additional land to private farmers because, under the existing Agricultural Small Holders Tenure Act (ASHTA), Caroni would have effectively lost the control of this land. The Government prepared a new ASHTA, which was introduced in Parliament in November 2000. The Government was unable to secure passage of the Bill before Parliament was dissolved in order to hold the December 2000 elections. The Bill is due to be re-introduced to Parliament, but it appears to be fairly low on the Government's congested legislative agenda.

The MALMR has prepared a new standardized land lease in accordance with ASRP conditions and is using this lease on all new transactions. The MALMR had also organized the Accelerated Land Distribution Program (ALDP) as a special effort to speed up the process of issuing leases to state agricultural land in accordance with the ASRP. The ALDP has been operating since November 1999; it employs 16 people. The ALDP is funded by Government sources and costs US\$300,000 per year. Since inception to April 2001 the ALDP has issued only 152 leases covering about 410 acres, but according to the Ministry this does not reflect a very significant amount of work which has been done in clearing the backlog of field and paper work on other leases that should soon be ready for issuing.

The GORTT was to have enacted a new Planning and Development of Land Bill (PADL) to control land use planning and related matters such as appeals against environmental classifications. PADL was first introduced into Parliament in January 1999. It has lapsed in Parliament several times and as of April 2001 it has still not been approved by Parliament. Because the Bill touches on issues of ownership of private property it may require a two thirds majority vote in Parliament to be passed. It is unlikely that the government will be able to get the two thirds majority required. Nevertheless, the Government has begun to put structures (such as the Interim National Physical Planning Commission) in place as called for under the proposed PADL.

### **Caroni**

The Government has not yet taken any significant steps to improve its efficiency in cane production or in reducing its high administrative costs. Since this project was first designed, there has been no progress in reducing the drain on the Treasury caused by Caroni operating at a loss. The situation appears to be worse since Caroni continues to increase its debts to input suppliers and employee pension obligations. The Government has increased both the price paid for cane from private farmers and the salaries paid to Caroni workers. In addition, Caroni has stopped buying cane based on sugar content and has reverted to buying cane based on gross weight of the cane, reducing incentives for proper agricultural practices. As a second tranche condition, Caroni losses were to be reduced to a level less than 25% of revenues, but current losses are running closer to 100% of revenues. Revenues for 2001 are estimated at US\$63 million with costs of US\$127 million. In 1999 the Government subsidy to Caroni was US\$25 million; in 2000 the subsidy was US\$50 million; for 2001 it is expected to be US\$65 million. Caroni debt is estimated to exceed US\$300 million.

### **Financial viability of the Agricultural Development Bank (ADB):**

The IDB has provided the ADB with two institutional strengthening operations (1989 and 1994) and a US\$27 million line of credit passed through the GORTT. Notwithstanding these supports, the ADB has registered losses since 1987 and arrears have remained above 20%. ADB operating costs (excluding loan losses) are about 10%. Its lending rate for all borrowers is 15% and is insufficient to cover losses and operating costs, even though its cost of funds is close to zero.

The primary beneficiaries of ADB loans have been larger borrowers, with 5% of the borrowers receiving about 65% of the funds. These same borrowers also have relationships with private

commercial banks. Since 1987 the Government has converted about TT\$312 million of ADB debt to equity in an effort to maintain operating ratios in accordance with IDB loan conditions.

A loan from the Caribbean Development Bank is currently being repaid at the rate of about TT\$5 million per year. GORTT preferred shares are scheduled to be redeemed over 10 years, beginning in 2001, at the rate of TT\$13 million per year. With high loan losses, high operating expenses and interest rates that do not cover these costs, the ADB is in the process of self-liquidation.

In February 2000 consultants hired by the IDB concluded the following about the options for dealing with the ADB: "Converting the ADB to a commercial bank or turning it into a second-story bank or a loan guarantee fund are not viable options. This leaves the options of liquidating the bank or continuing to support the ADB in its present form. Continuing to support the current operations of the bank is the easiest decision politically, although it will likely be more costly in the long run than liquidating the bank in the near future." The Government is considering its options for dealing with ADB but as of April 2001 no decision has been taken.

#### **Reformulation of Agricultural Policies and MALMR Restructuring:**

The MALMR and the IDB were to agree on a new strategy and work plan for the Ministry as a condition of the second tranche. The Texas A&M University was hired by the Ministry in Oct 99 to help formulate policies and make recommendations on restructuring the MALMR, but there has been very little progress. Texas A&M University prepared 13 Needs Assessment Reports, a Sector Economic Performance model and a number of procedure manuals, which have circulated to the relevant MALMR officials including the Permanent Secretary and the Minister. Numerous meetings were held between Texas A&M University consultants and Ministry staff during 2000, and the recommendations of the consultants have been extensively discussed. As of April 2001 the Ministry has a draft Strategy Paper, which has been discussed at one national public consultation, and the consultants have produced a proposed restructuring plan for the Ministry, but the Ministry has not officially accepted this as a "Ministry plan". At this stage it is uncertain what reforms will be implemented.

### III. CHANGES IN ORIGINAL OBJECTIVES, COMPONENTS AND ASSUMPTION

There were a number of cross conditions between the Investment Sector Loan (Loan #758), and the ASRP. As a condition of IDB Board approval of the Third Disbursement of the Investment Sector Loan, the financial viability of the Agricultural Development Bank became an important condition of the ASRP. With this exception, there were no other changes in objectives or components. The only changes in assumptions relate to:

1. **Foreign Exchange Requirements:** Improvements in the Government's foreign exchange position in the mid 1990s reduced the need for the foreign exchange resources offered by this loan, and
2. **Commitment to Agricultural Reform:** Government has not demonstrated a strong willingness to implement significant structural reforms in the Ministry, Caroni and the Agricultural Development Bank.

#### IV. LESSONS LEARNED FROM THE PROJECT

##### Re-establish Government commitment with each change in Administration:

The ASRP contract was designed during the last months of the PNM Administration in 1995. It was signed on 11 June 1996 several months after the UNC party came to power. Different political parties respond to different constituencies and have different views on the importance of policy reforms. The agricultural community is a strong base of support for the current Administration, which is reluctant to take actions that may not be supported by this community. When there are significant policy differences between succeeding Administrations, it is important to have an early discussion of those differences likely to adversely impact on achieving program objectives. There were early indicators that the new administration was not fully supportive of the ASRP, for example the decision not to proceed with a pre-existing Cabinet decision to divest most of the Ministry's extensive field stations. It is important that each succeeding government demonstrate real commitment to reform to avoid long, protracted, half hearted implementation efforts that do not meet program objectives.

The IDB needs to be realistic about the likelihood of achieving policy objectives not supported by the borrowing government. It is worth noting that it is sometimes difficult to distinguish between lack of commitment, lack of leadership within a specific sector and lack of implementation capacity on the part of ministry staff. It is possible to have the Prime Minister's commitment but poor leadership skills on the part of the responsible Minister. It may also be possible to have good leadership from the Minister but the inability to effect change due to an entrenched civil service that is threatened by change. This was a particular problem at the start of this project since the incoming Administration perceived the civil service to be aligned with the previous regime.

To help ameliorate the problems encountered with a change in Administrations, it may be useful to engage the political opposition during the design of new operations, taking into account sensitivities to incentives and the policy priorities.

##### Improved economic environment can reduce incentives for change:

The ASRP (Loan 881) has not been effective in achieving the policy changes that had been expected. The ASRP was designed at a time when there was a high level of unemployment and oil prices had not yet fully recovered from the low levels of the mid-1980s. The project was designed at a time when the Government needed access to the foreign exchange offered by the "quick disbursing" policy loan. Yet, discovery of new energy sources (gas and oil), large new investments in the energy sector and improved energy prices, resulted in an increase of foreign reserves, the reduction in unemployment from 20% in 1990 to 14% in 2000, with unemployment in the rural areas dropping to about 5% due to the movement of young people to the better paying jobs in the urban centers.

With oil prices above US\$29 per barrel, the Government did not need the US\$42 million in foreign exchange offered by this loan in tranches two and three and improved economic conditions reduced the pressure on the MALMR to improve conditions in the agricultural sector. It is not unreasonable that the Government should have sought to cancel the outstanding portions of this loan while working towards achieving the policy objectives envisioned by the loan.

The current Minister of MALMR has stated his intention of moving in the direction of the policy adjustments referred to in the ASRP. Nevertheless, with high energy prices, good economic performance and the uncertain political climate, there is no sense of urgency about these matters, especially since much of the political support for the current Administration is based in the rural areas.

#### **Project Implementation Units (Integration and Buy-In by Ministry Personnel):**

During the first two years of its existence, the Project Coordination Unit had a poor working relationship with the regular staff of the MALMR. The Minister and the Head of the PCU had a very close working relationship, but this appeared to be resented by the Ministry's staff. Consequently there was little cooperation between the Ministry's staff and the PCU. This resulted in considerable resentment on the part of the Ministry's staff and made the work of Texas A&M University more difficult in developing appropriate policies and achieving buy-in by the staff. The ASRP was seen as an activity to be carried out by the PCU and the foreign consultants. This situation was aggravated by the turn over of senior leadership. Since the signing of the ASRP in 1995 and its cancelation in 2000, there have been a succession of 6 Permanent Secretaries (the chief civil servant in the Ministry responsible for the day to day management of the Ministry).

With a change in Ministers, a new Head of the PCU and a very pro-active approach by the PCU to develop good relations with the Ministry staff, this situation has much improved. It would have been useful to have devoted more time and energy early in the project on building better relations between the PCU and the ministry staff, giving the staff more responsibility for developing and implementing components of the project.

## V. MAIN LESSONS AND RECOMMENDATIONS FOR FUTURE PROJECTS

### Devote more project resources to building public support for difficult policy changes:

Public sector reform, in a government with only a slight political majority, is very difficult. This is especially true during an election year. It is counter-productive to press for changes that may be seen as having excessive political costs. There is no substitute for “adequate” public support for public policy reform prior to undertaking such reform. Nevertheless, a process of building public support while a policy loan is being implemented does present some opportunities for building such support. The failure to build such support is partially responsible for the demise of this operation. Project resources need to be directed to educating the public in order to build the public support needed to effect the required changes.

### Have PCU staff better integrated into line ministry positions:

The existing PCU has its own staff who reports directly to the Head of the PCU. The PCU is also located in a building separate from the regular Ministry. It would be more effective to have each specialist of the PCU located within a division of the Ministry, with a dual reporting structure to the Division Chief and the Head of the PCU. The PCU Specialist would be an assistant to the Division Chief and the Division Chief would be held more responsible for the accomplishment of ASRP project goals.

## PART B: MFPMR REVIEW

### I. PROJECT OBJECTIVES AND COMPONENTS

The Government agrees with the Bank's review of the objectives of the ASRP outlined in Part A., with one major caveat. The opening sentences of the review and the renaming of the Public Administration Reform component, as Government Expenditure and Public Administration, implies that reduced Government expenditure on agriculture was an overall objective of the ASRP.

While reducing losses from Caroni (1975) Ltd. was indeed a major objective of the ASRP, there is good reason to believe that the sector needs significant new investments, especially in infrastructure (e.g. irrigation and drainage and rural access roads), Government support facilities such as laboratories and in programmes of land tenure regularization. Indeed, the Bank has been working with the Government for many years on the design of an Agriculture Sector Investment Programme with the aim of providing significant funding for a number of investments in infrastructure, new laboratories and other Government facilities and information systems.

The aim of the ASRP's Public Administration Reform component was to ensure that the Government made the best use of its expenditure, and to move from the production of private goods and services to the production of public goods and services – not necessarily to reduce the overall budget of the Ministry.

### II. PROJECT RESULTS AND DEVELOPMENT OBJECTIVES

#### **Land Administration**

The Bank argues that the new Agriculture Small Holdings Tenure Bill appears to be 'fairly low on the Government's congested legislative agenda'. Revising ASTHA is high on the agenda of both the Ministry of Food Production and Marine Resources, and the agenda of the Ministry of Finance (in the context of the Divestment Secretariat's work on the reform of Caroni (1975) Ltd.). Revising this law is included as a principal strategy in the Ministry's *Sector Policy for Food Production and Marine Resources*. It should be noted that the revision of the legislation is important not simply for the transformation of Caroni, but for the creation of a vibrant and transparent rental market in agricultural land more generally. A new draft Bill was circulated for public comments in 1998 and received widespread support.

Given this commitment to change the legislation, other explanations are needed of why the Government has been unable to secure passage of a revised ASTHA. It is the view of the Ministry of Food Production that major problems have been encountered with drafting this legislation mainly because of a lack of specific experience and knowledge of the realities of land

administration in Trinidad & Tobago amongst the legal drafters in the Ministry of the Attorney General. The ASRP as a whole included major activities in legal drafting in the area of land administration; including the Agriculture Small Holdings Tenure Bill, the Urban and Regional Planning Bill (renamed the Planning and Development of Land Bill), new Land Surveying regulations, the Registration of Title to Land Act, the Land Tribunal Act, the Land Adjudication Act, and amendments to the State Lands Act (and now the recommendation for an entirely new State Lands Act). Despite this heavy burden in terms of legal drafting, the ASRP included no specific activities to build capacity in the area of land law in the Government of Trinidad & Tobago.

This problem with legal drafting is most clearly indicated with the amendment to the State Lands Act passed by Parliament in 2000. This amendment was intended to allow the Government to register leases for State Lands under the Real Property Ordinance (RPO), rather than in the Deeds Registry, as at present. The Government, with the active support of the Bank, wanted to make this change, as under the new Registration of Title to Land Act, land registered under the RPO would be automatically transferred into the new Registry without having to go through a process of adjudication. This amendment has, however, had some unfortunate and unforeseen consequences (for example making it mandatory for the President to personally sign each lease), which have significantly delayed the process of regularizing tenure on State Lands. Cabinet has now (August 2001) agreed to go back to Parliament to repeal the amendment.

Problems caused by this amendment are a key reason for the delay in implementing the Accelerated Land Distribution Programme (ALDP). Other bottlenecks are also present in the process – the significant ones being the approval of Survey Plans by the Director of Surveys (Ministry of Housing and Settlement) and the valuations of parcels by the Commissioner of Valuations (Ministry of Finance). The Ministry has been able to provide additional human resources in these two functions, through its ALDP, but it has not been able to address overall problems created by long established and time-consuming procedures in other Ministries.

The Ministry of Food Production accepts the recommendations made by consultants hired under the ASRP-TAP that the only way to address these procedural problems is to create one agency with responsibility for the entire process (and the ability to contract out parts of the process as it sees fit). A Note from the Ministry of Food Production seeking approval for this recommendation has been before Cabinet since March of this year, but Cabinet has taken no decision on the issue.

### **Caroni (1975) Ltd.**

The Government accepts the fact that, despite numerous meetings, committees, discussion documents and action plans, little has actually been achieved with respect to improving the efficiency of Caroni's operations. Given the importance of the company to employment in central and south Trinidad, in particular employment for semi-skilled labourers with few transferable skills, transforming Caroni is no easy task.

The Government has been attempting to introduce private sector participation into the operations of Caroni on a phased basis, initially through the partial divestment of the rum distillery, the citrus estates and the rice project.

The Government recognizes that the partial divestment of these business units will have little impact on the overall financial performance of the company. The intention of this limited partial divestment was primarily a public relations exercise to show employees and the general public that it was possible for the private sector to become involved in the operations of the company without mass retrenchments and negative social impacts. It was hoped that the successful implementation of this partial divestment would build general support for further partial divestments - in particular further divestments of sugar cane farming and factory operations.

### **Financial Viability of the Agricultural Development Bank (ADB)**

The availability of affordable debt and venture capital is a major problem for the small farm sector. Improving credit availability has been highlighted by the Ministry (and numerous consultants) as a major issue for the sector. While the Government accepts that the Agricultural Development Bank (ADB) is not currently financial viable, any future plans for the ADB need to be undertaken in the context of ensuring that small farmers are able to access credit. The Government does not believe that the commercial banking sector, as currently structured and with current lending rates, is a viable option for most small to medium farmers. This fact is backed up by available data, which shows that very few farmers access any form of formal sector credit (including the ADB).

The Government believes that some form of intervention is necessary in the agricultural credit market, though this must be carefully designed in order to reduce any market distortions. One option the Government is actively exploring is the issuance of credit guarantees to allow farmers to access loans from private banks or other financial bodies. The Bank's consultants, who reported in February 2000, argued that this was not a viable option for the ADB, but the Government believes that the experience of the Small Business Development Centre (SBDC) indicates that there is some merit in this option and it should be fully explored.

The Bank should also recognise that significant reforms were made to the ADB in the late 1990s: interest rates were increased, new procedures were introduced, staffing levels were reduced and many non-performing loans were transferred to Taurus. The implementation of these reforms was, however, unable to address the overall problems with the ADB's financial viability.

## Reformulation of Agricultural Policies and MFPMR Restructuring

The new *Sector Policy for Food Production and Marine Resources 2001-2005* (approved by Parliament in July 2001) and the Government's *Medium Term Policy Framework, 2001-2003* outline the areas in which the Government has committed itself to action. Both of these documents are entirely consistent with the policy direction outlined in the ASRP. While it is acknowledged that the publication of a policy and implementation strategy in an official document is no guarantee that it will be implemented, it is clear that the Government does indeed have a strategy to transform the sector.

The challenge, obviously, comes in operationalising this strategy, which is where the work of Texas A&M University becomes of critical importance. The Ministry does not agree that consultants were hired to formulate policies. Formulating policies is the work of Cabinet and Parliament. The consultants were hired to improve the Ministry's (in particular the Planning Division) ability to analyse policy options and to provide policy-makers with information to make sound policy decisions. Significant institutional strengthening has taken place in order to improve these functions of the Ministry, including numerous training sessions, the provision of manuals, and assistance in the development of an agriculture and fisheries database.

The consultants were also to propose, and assist in implementing, an organizational structure to serve the needs of a more market-oriented agriculture. The Bank is right to suggest that this has yet to be accepted as a "Ministry plan", but need to recognize that obtaining agreement on restructuring is a complex and time-consuming activity.

The Bank also needs to recognize that over the past decade significant changes have been made to the Ministry's operations. The overall size of the Ministry's labour force, in particular at the semi-skilled and unskilled levels, has been significantly reduced. In 1994 there were approximately 3,800 daily-rated employees employed by the Ministry, today this has been reduced to 2,337 daily-rated employees,<sup>2</sup> through a process of voluntary separation and attrition.

In addition the Ministry has reduced its production of a number of private goods, such as planting material and seeds, leading to some new opportunities for the private sector. There are indications that some private-sector operators are grasping these new opportunities and providing goods previously supplied by the Ministry on a viable commercial basis. Much of the production of private goods that continues in the Ministry is, unfortunately, simply because of the need to keep existing daily-paid employees occupied. Making these employees redundant is difficult, given the Nation's political and industrial relations environment.

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<sup>2</sup> This includes approximately 700 employees in the Forestry and Horticulture Divisions

### **III. CHANGES IN ORIGINAL OBJECTIVES, COMPONENTS AND ASSUMPTIONS**

#### **Commitment to Agricultural Reform**

While the Government agrees it has not managed to implement significant structural reforms to the Ministry or Caroni, it does not believe that the reasons for this failure to implement are as simple as a lack of commitment. As the Bank's review makes clear, the level of commitment is not evenly distributed across the State – different agencies, or individuals within agencies have a different level of commitment to the reforms. Furthermore, the Government does not accept that significant structural reforms were not made to the ADB (as the section above indicates). These structural reforms have not, however, been successful in making the ADB financially viable.

### **IV. LESSONS LEARNED FROM PROJECT**

#### **Re-establishing Government commitment with each change in Administration**

The Bank needs to recognize that in countries such as Trinidad & Tobago, opposition parties do not have the resources available to enter office, after a change in Government, with well-developed programmes and projects ready to be implemented. This means that even after a change of Government, many of the programmes initiated by previous regimes will continue. However, the lack of capacity in policy analysis means that incoming Ministers are not provided with clear information on why a certain policy direction is being pursued, and therefore, why a certain programme is being implemented. There is a clear need for the Bank to work with the Government in these circumstances in order to provide Ministers with clear data on the policy options available and the implications of these different options. Ministers should not be simply presented with the existing policy and asked whether or not they agree with it. In these circumstances Ministers will inevitably say they agree with the policy direction, as they know a well-funded programme is attached.

#### **Improved economic environment can reduce incentives for change**

The Bank's review suggests that there has been a significant improvement in the socio-economic conditions in Trinidad and Tobago's rural areas over the past six years, citing lower unemployment rates in rural areas compared to urban areas. Official statistics demonstrate that unemployment rates in agriculture sector are lower than in other sectors. In 1998 the national unemployment rate was 14.2% while the agricultural sector unemployment rate was 5.8%. However, these figures need to be treated with caution, as they are largely the result of the manner in which the Central Statistical Office collects data on unemployment rates. Agriculture in Trinidad & Tobago is often a "fall-back" activity for the rural and urban population unable to find employment in other sectors (this pattern of lower unemployment rates in the agriculture sector has been reported in the official statistics going back to the early 1980s). Average

incomes in the agriculture sector remain significantly below rates in other sectors: in 1998 the national average GDP per worker was TT\$40,233, while in agriculture the average was TT\$13,707.<sup>3</sup>

It is clear that, despite strong national growth, significant pockets of rural poverty remain in Trinidad & Tobago. Addressing this rural poverty and increasing agricultural incomes is a key objective of the Government, and agricultural reform is a key component in the effort to meet this objective.

### **Project Implementation Units**

The Government agrees with the conclusions of the Bank on this matter and identifies this as a key problem impacting on the implementation of the Public Administration Reform action plan. It is less clear that addressing this issue would have assisted in implementing the Land Use Policy and Administration component or the Caroni (1975) Ltd components of the ASRP (which were reliant upon actions by agencies outside the Ministry).

In addition to the three lessons outlined by the Bank, the Government believes that there are other important lessons that should be learnt and incorporated into future projects.

### **New Agriculture Sector Investment Programme**

The decision to undertake activities to design a new loan programme before significant progress was made on the ASRP created numerous problems. The fact that many of the activities proposed for the Agriculture Sector Investment Programme (ASIP) were to be built on reforms made under the ASRP led to confusion in the minds of decision-makers, especially when consultants planning the new loan began arriving and asking questions and making recommendations for actions which seemed very similar to those being initiated under the ASRP. Undertaking activities to design the ASIP also diluted the efforts of the Programme Coordinating Unit.

The Bank was very keen to sign a new ASIP with the Government. Doing enough to ensure short-term compliance with the specific conditionalities of the ASRP second tranche, in order to sign the new loan, became the objective of the Bank and Government, rather than ensuring genuine reform to enable long-term sustainable growth. Deliverables due under the Technical Assistance Programme were speeded-up in order to bring forward the potential compliance date. This led to projects becoming “front-loaded” with a large number of consultants arriving in Trinidad in a short space of time during late 1999 and early 2000. Absorbing this level of technical assistance was way beyond the capacity of the Ministry.

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<sup>3</sup> All data from: Government of the Republic of Trinidad & Tobago/Texas A&M University *Trinidad and Tobago Agriculture Sector Economic Performance Evaluation 2000* (report submitted to the Ministry of Food Production and Marine Resources, Agriculture Sector Reform Programme).

## Budget for Technical Assistance

The ASRP – Technical Assistance Programme included a very large budget to hire international consultants (US\$7.0 million). While the project outline in the original loan document only envisaged hiring a small number of long-term consultants, the Terms of Reference for the projects did not make this clear and the large budget available for each component (seemingly out of proportion with the number of consulting months outlined in the loan document) lead to technical proposals with large consulting teams of short-term commodity or sub-sector specialists. Managing these large teams was beyond the capacity of the Ministry, even with the establishment of a PCU charged with this responsibility.

## V. MAIN LESSONS AND RECOMMENDATIONS FOR FUTURE PROJECTS

### Devote more project resources to building public support for difficult policy changes

While the Government accepts this recommendation, care should be taken with suggesting that the Bank should lend Governments resources, which will then be used to advance the Bank's policy recommendations. Project resources could be utilized to encourage public debate and education on policy options, but should not be used to "tell people what to think". Greater pre-programming resources need to be devoted to giving policy analysts the tools needed to inform policy-makers (Cabinet and Parliament) and the general public about the possible impacts of policy changes. Care needs to be taken with trying to use *programmes* to drive *policy* changes – programmes should be designed in order to implement policies, not the other way around.

### Have PCU staff better integrated into line Ministry positions

While the Government agrees that PCU's should be better integrated into the Ministry, it is not clear if the Bank's proposal for "joint reporting" is a workable solution, as this sort of reporting relationship inevitably leads to confused lines of responsibility and authority. A more workable solution would be to ensure that the PCU is closely incorporated into the office of the Permanent Secretary and conceptualised as a staff function serving the whole Ministry, rather than a line function implementing its own programme. The PCU should not be established as a separate Unit with support staff hired on contract – rather it should consist of a few professionals, supported by existing Ministry support staff (with additional equipment, vehicles etc. procured as appropriate).

### Other lessons for future projects:

- 1) The Bank should not use the promise of future investment loans to drive forward existing reform programmes. This led to confusion in the minds of policy-makers and the sense

that achieving the specific conditionalities of the ASRP was an objective, rather than reforming the agriculture sector in order to ensure agricultural development. The “sugar on the medicine” should be the long-term development of the sector, not the promise of a future loan.

- 2) The Bank needs to be realistic in what can be achieved in short-time frames, especially in politically sensitive periods. Implementing the ASRP was reliant upon activities in many different Ministries, with little capacity to implement new policies. Hiring international consultants can only go so far in overcoming this lack of capacity.
- 3) Technical Assistance Programmes will fail when the changes are seen as being driven by external agencies based on their ideology (external agencies include the Bank and consultants hired using loan funds). When the changes are being demanded by local policy-makers, international technical assistance will be better utilized. The demand for change from policy-makers cannot be created, but it can be stimulated by providing clear and useful policy analysis outlining the potential impact of changing policy directions.

AGRICULTURE SECTOR REFORM TECHNICAL ASSISTANCE PROGRAM  
OUTPUTS ACHIEVED

IN SUPPORT OF SECOND TRANCHE CONDITIONS  
OF THE ASL AS AT CANCELLATION

<p style="text-align: center;"><b>ASL SECOND TRANCHE CONDITIONS</b></p>	<p style="text-align: center;"><b>AGRICULTURE SECTOR REFORM TECHNICAL ASSISTANCE PROGRAM OUTPUTS ACHIEVED</b></p> <p style="text-align: center;"><b>IN SUPPORT OF SECOND TRANCHE CONDITIONS OF THE ASL AS AT CANCELLATION</b></p>
<p>(a) Develop and implement a macro economic framework that is consistent with and supportive of the diversification of the economy.</p>	<p style="text-align: center;">Condition Met</p>
<p>(b) The following measures have been taken in respect of the Agricultural Development Bank (ADB) as stated in the ISL</p> <ul style="list-style-type: none"> <li>• That the ADB's Capital Adequacy Ratio continues to be at a level which assures a degree of solvency consistent with generally accepted parameters for development banks.</li> <li>• That the fees and lending interest rates charged by the ADB continue to be at levels which reflect Full Cost Pricing</li> <li>• That the final phase of the institutional strengthening action plan has been implemented</li> </ul>	<p>Government and the Bank had agreed to develop options for dealing with ADB's long term financial viability. Consultants were hired to develop restructuring options for the ADB. The consultants met with ADB staff, MALMR officials, staff of the Ministry of Finance and others during the period 24-31 January 2000 Their report was delivered to the Divestment Secretariat on 14 February 2000, This report was the subject of discussed by the Divestment Secretariat Committee on the ADB whose recommendations on the future of the ADB were to be sent to cabinet when the ASRP was cancelled..</p>
<p>(c) Implement the second phase of the Action Plan for the Land Tenure Rationalization. The elements of which are</p> <ul style="list-style-type: none"> <li>• Cabinet approval of Land Sub-Division Code.</li> <li>• Cabinet approval of Forest Resources Bill</li> <li>• Cabinet approval of Land Registration Bill, Land Adjudication Bill, Land Tribunal Bill, National Parks Bill.</li> <li>• Table in Parliament the Planning and Development of Land Bill (PADL)</li> </ul>	<p style="text-align: center;">Condition met</p> <p>The Bill was under review by the Forestry Division/National Parks Task Force to ensure that the provisions of the Bill were in keeping with proposed activities under the Watershed component Of the proposed World Bank funded National Parks and Watershed Management Project when the ASL was cancelled.</p> <p style="text-align: center;">Condition met</p> <p style="text-align: center;">Condition met</p>

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<ul style="list-style-type: none"> <li>• Institutional Strengthening of Lands and Surveys (MAPPING)</li> <li>• Modernization of Registrar General Department(RGD)-Land Registry.</li> </ul>	<p>Condition met</p> <p>Condition met</p>
<p>(d) The following measures have been taken in respect of the importation and exportation of goods:</p> <ul style="list-style-type: none"> <li>• Substantial progress has been achieved in the implementation of the customs data automation system agreed upon under Loans 758 and 759/OC-TT.</li> <li>• The Legislative modifications required for the implementation of a comprehensive customs reform programme have been presented to the Borrower's (T&amp;T's) Parliament for its approval.</li> <li>• The second phase of the operating plan for the administration and enforcement of the Antidumping and Countervailing Duty Regulations has been implemented</li> </ul>	<p>Condition met</p> <p>Condition met</p> <p>Condition met</p>
<p>(e) Measures concerning rice, pork, pork products, and poultry have been implemented in accordance with the Action Plan for Agricultural Trade and Price Policy Reform.</p>	<p>Condition met</p>
<p>(f) Satisfactory Progress in the Implementation of the Trade and Price Policy Action Plan, which shall specifically include the following:</p> <ul style="list-style-type: none"> <li>• All agricultural commodities have been removed from the negative list and that the CET and Surcharges on these agricultural commodities are those agreed upon with the Bank on the Tariff Surcharge Schedule for Agricultural commodities.</li> <li>• Monitored direct support payments and subsidies to agriculture on a</li> </ul>	<p>Condition Met</p> <p>Compliance with this conditionality was contingent on reducing the Government's</p>

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commodity and program basis and that the amount of these support payments and subsidies do not exceed 10% of the Agricultural Sector GDP for the fiscal year.	Subvention to Caroni (1975) Ltd. Government. Government has since shut down Caroni (1975) Ltd
<p>(g) Satisfactory progress in the implementation of the <b>Land Use Action Plan, which shall specifically</b> include the following: Implementation of the Lands Disposition Program including transfer of:</p> <ul style="list-style-type: none"> <li>• at least 2,000 acres of Caroni (1975) Ltd. Land to private farmers</li> <li>• At least 7,000 acres of other state owned land either to private farmers or to regularize squatter settlements</li> <li>• that all new state land leases conform to the Revised Standard Lease based on guidelines agreed upon with the Bank</li> <li>• Enactment of a revised Urban and Regional Planning Act which conforms with the Urban and Regional Planning guidelines agreed upon by the Bank and the Government.</li> <li>• that the Government has reorganized the Town and Country Planning Division as mandated by the Urban and Regional Planning Act.</li> </ul>	<p>By the time the ASL was cancelled Caroni (1975) Ltd. had divested lands to private individuals, including squatter regularization and companies. Land was also transferred to the State for housing and other developments.</p> <p>In addition an Accelerated Land Distribution Programme (ALDP) Report had been prepared which served as the basis for the distribution of land when Caroni was shut down.</p> <p style="text-align: center;">Condition fulfilled.</p> <p>The Planning and Development of Land Bill (PADL )was drafted and agreed upon with the Bank by the time the ASL was cancelled. however the legislation had lapsed in Parliament and was not debated to become an Act.</p> <p>Consultants were hired and a plan was developed detailing a blueprint towards the reorganization of the Town and Country Planning Division.</p>
(h) The Government has made satisfactory progress in the implementation of the State-owned Enterprises Action Plan, which shall specifically include the following:	At the time the ASL was cancelled Restructuring of Caroni (1975) Ltd. was taking place through the Phased Private Sector Participation "programme, co-ordinate by the Divestment Secretariat of the Ministry of Finance. Under this

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<ul style="list-style-type: none"> <li>That Caroni Ltd. has attained in accordance with the terms and conditions agreed upon with the Bank, satisfactory progress in the fulfillment of the Caroni Performance Agreement.</li> </ul>	<p>programme consultants had reorganized Caroni (1975) Ltd. into Strategic Business Units (SBU's). Advertisements calling for private-sector partners in three of these SBU's (rice project, citrus project and distillery) were placed in the press. Applications from prospective investors have been received by Citicorp, who had conducted a preliminary evaluation.</p>
<p>(i) Satisfactory progress in the implementation of the Public Administration Reform Action Plan which shall specifically include the following:</p> <ul style="list-style-type: none"> <li>that the Executing Agency has completed all agreed studies and other preparatory work and has reached agreement with the Bank with regard to the time bound goals in each of the six areas of this Action Plan; <ul style="list-style-type: none"> <li>1) policy and budget management and supporting MIS improvements</li> <li>2) regulatory modernization including proposals for required legislative changes</li> <li>3) phasing out of selected commercial activities</li> <li>4) strengthening R&amp;E and other sector services</li> <li>5) improving design and management of infrastructure investment programs, and</li> <li>6) strengthening and streamlining the Ministry</li> </ul> </li> </ul>	<p>Thirteen <b>(13) Needs Assessment</b> Reports were received and circulated by the PCU to the relevant MALMR officials including the Permanent Secretary for comments. The PCU organized fourteen meeting over a two week in January 2000 between relevant officials and the Consultants in order to review these reports. The comments received were used to finalize the Action Plan for the six areas.</p>

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<ul style="list-style-type: none"> <li>• that the Executing Agency's 1996 program of work and budget reflect the new sector policy priorities and the agreements stated in the new Public Administration Action Plan(PAAP).</li> <li>• Agreed Technical Cooperation Programme under execution</li> </ul>	<p style="text-align: center;">Condition fulfilled</p> <p style="text-align: center;">Condition fulfilled</p>
<p>(j) Present satisfactory evidence to the Bank that the government has taken actions with respect to the implementation of an institutional mechanism and expenditure of US\$5 million in financial resources during 1995 to address the social impact of trade liberalization in the rural areas and the retrenchment of public sector employees.(Social Impact Mitigation)</p>	<p>The Government did not utilize the \$US 5 million for a specific Social Mitigation Program under the ASRP. However, a large number of projects totaling an estimated \$TT 72 million aimed at poverty alleviation/social impact mitigation were undertaken in the period 1996-1999. The MALMR prepared and submitted a Report on poverty alleviation projects undertaken by the MALMR during this period. The MALMR was also allocated TT\$ 3.0 million for a Social Mitigation Programme under the 1999-2000 PSIP. The money was used to fund re-training programmes for employees leaving Caroni under the proposed VSEP.</p>
<p>(k) Satisfactory Progress in the implementation of the Environmental Action Plan. Approval of Terms of Reference and initiation of work to:</p> <ul style="list-style-type: none"> <li>• Review and revise MALMR's agricultural chemical use and regulations.</li> <li>• Establish producer/export destination guidelines for agricultural chemical use.</li> <li>• Design and implement an integrated pest management program (including the biological control of thrips and froghopper in sugarcane.</li> <li>• Design and implement an environmentally sound and safe method of effluent control for Rum distillery</li> <li>• Design a program to retrain redundant public workers to become park rangers</li> </ul>	<p>The Environmental Management Authority (EMA) has reviewed draft regulations on agricultural chemical use. This review was submitted to the IDB as evidence of compliance.</p> <p>Consulting firm was hired to conduct this activity which continued and was completed after the ASL was cancelled.</p> <p style="text-align: center;">Condition Fulfilled</p> <p style="text-align: center;">Condition Fulfilled</p> <p>Park rangers were trained under the proposed World Bank funded National Parks and Watershed Management Project However, the National Parks Bill</p>

AGRICULTURE SECTOR REFORM TECHNICAL ASSISTANCE PROGRAM  
OUTPUTS ACHIEVED

IN SUPPORT OF SECOND TRANCHE CONDITIONS  
OF THE ASL AS AT CANCELLATION

<ul style="list-style-type: none"> <li>• Review and revise MALMR's research and extension program in light of environmental issues.</li> <li>• Preparation of a study of environmental and land use aspects of Urban and Regional Planning Act.</li> </ul>	<p>needs to be enacted in order to create the National Parks and Wildlife Authority to implement its programme which includes the training of park rangers. Texas A&amp;M University System was contracted to conduct the review and revise the MALMR's research and extension program.</p> <p>There was agreement that this conditionality was no longer applicable.</p>
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On June 11 1996 a cash strapped new administration motivated by US\$22.5 Million first tranche eligibility upon signing of the ASL, signed and made effective the Agriculture Sector Reform Program (ASRP) comprising (i) the fast disbursing ASL (LO881/OC-TT) and (ii) the ASL-TAL (LO-882/OC-TT). The ASL-TAL was designed to work in sync with the ASL, in order to retain experts needed to formulate and implement the policy changes to be adopted under the ASL in the areas of (i) Public Sector Reform (ii) Land Use Policy and Administration (iii) Trade and Price Policy (iv) State-owned Enterprises (Caroni (1975) Ltd) and (v) Environment.

The new administration however was unfamiliar with the tenor of the ASRP, and took some time to determine if the program's tenets were congruent with its political direction. Accordingly, while the ASRP disbursed the first tranche on signing, the ASL-TAP only became eligible for disbursement and experts hired over three years later on Sept 24, 1999. The program was now substantially delayed, and a 2 yr extension to June 11, 2001 was granted to the terminal disbursement date of the ASL-TAL for the consultants to do their work. After an additional year of implementation, mainly in the areas of Public Sector Reform and Land use Policy and Administration, the Government decided not to carry out a number of sector reforms and to discontinue the ASL but said that it would continue with the ASL-TAL reducing the scope and size to focus on fewer, less contentious activities but which were still consistent with the developmental objectives of the sector reform program. Accordingly, the ASL was

AGRICULTURE SECTOR REFORM TECHNICAL ASSISTANCE PROGRAM  
OUTPUTS ACHIEVED

IN SUPPORT OF SECOND TRANCHE CONDITIONS  
OF THE ASL AS AT CANCELLATION

terminated on June 11, 2002.

GOTT and Bank discussions then focused on how the balance of resources on the ASL-TAL were to be used and an agreement was reached by June 2003, so the project was extended an additional 2 years to December 2005 to allow the resources to be used to hire experts to assist with the following:

- 1 To make final payments to consulting firms hired under the ASRP
2. To undertake studies on Agri-business development projects
3. To undertake a Land Administration strengthening Project
4. To provide technical assistance to the Government's Divestment Secretariat for the privatization of Caroni 1975 ltd.
5. To train Government staff on land administration and agri -business development.
6. To prepare design studies for the rehabilitation of Hillsborough Dam, Tobago

All elements with the exception of 4. providing technical assistance to the Divestment Secretariat of Caroni were fully implemented. Support to the Divestment Secretariat became unnecessary as Government decided to proceed on their own.

## ASL-TAP -: OUTCOMES/IMPACT ACHIEVED

IN SUPPORT OF SECOND TRANCHE CONDITIONS  
OF THE ASL AS AT CANCELLATION**Agri-Sector Policy and Public Administration Reform**

<b>ASL objective</b>	<b>Effect of Technical Assistance Programme</b>	<b>Comments</b>
Improve policy and budget management and supporting MIS improvements	Six training programmes in policy analysis and budget management have been provided for Planning Division and other staff.. Manuals detailing advance policy analysis have also been provided. To date these have had a limited impact, partially as they are reliant upon restructuring of the Ministry's head office and partially as the policy analysis techniques advocated are reliant upon adequate data (which does not exist). The IT needs of the Ministry were assessed and recommendations for future action were made. The IT consultant provided specific training for Ministry staff in database management and worked 'hands-on' with Ministry IT staff to fix some of the problems in the existing databases. The format for an agricultural database was provided to the Ministry and a manual outlining how the database should be maintained and improved was provided to the Agricultural Data Unit.	<p>The consultants recommended that the Ministry introduce a system of activity-based budgeting, and training in this budget system, and a supporting MIS, was provided for Ministry staff in February 2001.</p> <p>However, the Ministry has not been able to implement this budget system, as its implementation is reliant upon reform to the overall budgetary process. Some discussion were held with the Ministry of Finance on this issue during the year 2000 but no clear decisions or action have been initiated.</p> <p>Further improvements to the Ministry's MIS are reliant upon creating and staffing an IT Unit with competent people together with appropriate political priorities on agriculture as identified in the GOTT strategic Development Plan (vision 2020)</p>
Improve regulatory framework and make proposals for legislative changes	The consultants have identified areas in which regulatory and legislative improvements need to be made.	The regulatory and legislative needs identified by the consultants have to be discussed by the Ministry and the Ministry of the Attorney General. To date no such discussion has taken place and the consultants recommendations are not being actively addressed.
Phase out selected commercial activities	No Ministry commercial activities have been phased-out to date.	Consultants have recommended which commercial activities should be phased-out, but the Ministry requires further information on the implications of phasing out the identified activities. The Ministry was in the process of collating this further information and the consultants recommendations were under active consideration when the ASL was cancelled.

## ASL-TAP -: OUTCOMES/IMPACT ACHIEVED

IN SUPPORT OF SECOND TRANCHE CONDITIONS  
OF THE ASL AS AT CANCELLATION**Agri-Sector Policy and Public Administration Reform– continued**

ASRP objective	Outcome/Impact of Technical Assistance Programme	Comments
Strengthen research and extension and other sector services	Consultants have submitted Needs Assessments on Research Extension, and Regional Offices North and South (the major service providing division). Some of the simpler recommendations of the consultants have been implemented at the Divisional level and implementation of others is in progress at the Ministry level, but little overall impact in terms of improved, service provision will be felt until restructuring is fully implemented. All extension staff have received one-week intensive training course in extension methodology	Recommendations of consultants were under review by the Ministry Policy and Programme Review Board but no firm decisions were taken on implementation of consultants or alternative recommendations up to the time the ASL was cancelled.
Improve design and management of infrastructure investment programmes.	Consultants have conducted training programmes in budget management and made recommendations for improving investment programmes but these are likely to have little impact until re-structuring of Ministry head office is completed.	When the ASL was cancelled the program was awaiting wider decisions on restructuring of the head office of the Ministry
Strengthen and streamline MALMR	Consultants have submitted Needs Assessments on all Divisions and a Final Report suggesting the structure of the Head Office has been presented to the Minister and PS. A draft final report on the overall structure. has been completed and was presented to the Ministry and the Public Sector Management Consulting Division.	Recommendations of consultants were reviewed by the then Ministry's Policy and Programme Review Board. in the context of ensuring the implementation of the new <i>Sector Policy for Food Production and Marine Resources</i> .

## ASL-TAP -: OUTCOMES/IMPACT ACHIEVED

IN SUPPORT OF SECOND TRANCHE CONDITIONS  
OF THE ASL AS AT CANCELLATION**Agribusiness Development**

ASRP objective	Outcome/Impact of Technical Assistance Programme	Comments
Foster the rapid expansion of agriculture by . assisting agribusiness to explore and take advantage of new opportunities	No impact up to the time of ASL Cancellation	<p>After the ASL was cancelled the following studies were conducted</p> <p>1.1 Market Information system was completed by Dec 2005.</p> <p>1.2 Producer/Exporter Destination Guidelines were completed by Dec 2005</p> <p>1.3 National Agriculture grade and Standards was developed by June 2004</p> <p>Agribusiness Strategy was developed by Dec 2005.</p> <p>However nothing todate has taken place to foster the expansion of agriculture and the consultants recommendations are not being actively addressed</p>

**Land Use Policy and Administration**

ASRP Objective	Outcome/Impact of Technical Assistance Programme .	Comments.
Enact new Agricultural Smallholding Tenure Bill	Individual consultant hired under the ASRP- TAP drafted the legislation, but Government was unable to secure passage of Bill in Parliament.	Ministry of the Attorney General was re-drafting the Bill prior to its resubmission to Cabinet and Parliament when the ASL was being cancelled.
Enact new Land Surveying Regulations	Consultants drafted new Land Surveying Regulations in consultation with the surveying profession and Lands and Surveys Division. New regulations have been accepted by LUPAP Steering Committee and are being reviewed by the Land Surveying Institute for onward transmission to the Land Surveying Board.	Land Surveying Board need to formally adopt the Regulations before they can enter into effect.

## ASL-TAP -: OUTCOMES/IMPACT ACHIEVED

IN SUPPORT OF SECOND TRANCHE CONDITIONS  
OF THE ASL AS AT CANCELLATION

Creation of a Land Management Authority	Consultants have been contracted to assist Government in the creation of a Land Management Authority. Their initial report on the structure and functions of the Authority and, outline of an implementation plan have been accepted and a Note was before Cabinet seeking approval of this approach. Short-term activities to improve management of State land have also been recommended by the consultants, based on simple new procedures in the Commissioner of State Lands office. These changes need to take place whatever the future institutional structure.	A Note outlining the consultant's recommendations and seeking approval to implement the Land Management Authority (LMA) has been before Cabinet since March 2001. While the consultants have gone ahead with drafting a Business Plan for the LMA (one of their contracted deliverables) implementing this Business Plan was reliant upon a Cabinet directive at the time the ASL was cancelled.
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## ASL-TAP -: OUTCOMES/IMPACT ACHIEVED

IN SUPPORT OF SECOND TRANCHE CONDITIONS  
OF THE ASL AS AT CANCELLATION

## Land Use Policy and Administration - continued

ASRP Objective	Impact of Technical Assistance Programme	Comments
Creation of a National Physical Planning Commission and devolution of planning functions to Local Government.	National Physical Planning Commission (NPPC) has been established by Cabinet on 'an interim basis. Full implementation was awaiting passage of PADL. Consultants have been hired to assist in the 'institutional strengthening of NPPC and Local Government in order to implement PADL when it's enacted.	At the time of ASL cancellation Consultants made recommendations for a framework to implement PADL. This framework needs to be put in place pending passage of the Act. Consultants will conduct training programmes for Local Government in order to improve institutional capacity to conduct physical planning.
Regularise/distribute 7,000 acres of State Agricultural Land by December 2001.	This objective is being met through a GORTT funded project under the PSIP (the Accelerated Land Distribution Programme). The creation of the LMA was seen as a mechanism to allow for the successful implementation of this objective. The lack of progress to create the LMA has severely hampered the ability to meet this objective, as the regularisation process still involves activities across six agencies in five different Ministries.	60% of the activities needed to lease out the land in the programme have been completed. However, only 230 ha of land have actually been leased out, as the programme has experienced delays in some vital parts of the process, in particular valuation of parcels, approval of survey plans and registration of leases (where recent amendments to the State Lands Act have created problems).

## ASL-TAP -: OUTCOMES/IMPACT ACHIEVED

IN SUPPORT OF SECOND TRANCHE CONDITIONS  
OF THE ASL AS AT CANCELLATION**Rationalisation of State Owned Enterprises [Caroni (1975) Ltd.]**

<b>ASRP objective</b>	<b>Impact of Technical Assistance~ Programme</b>	<b>Comments .</b>
Partial divestment (49%) of rum distillery, rice and citrus SBUs, and significant progress towards private sector participation in the cane farming SBU [NB this relates to ASRP objective as it stood in prior to its cancellation.	The Phased-Private Sector Participation Plan was developed by Ernst & Young, Caroni and GORTT utilizing ASRP-Technical Assistance Programme funds. Little progress has been made towards actual implementation of the phased-private sector participation plan.	At the time of ASL cancellation Government and Caroni had experienced delays in divestment of rum distillery, mainly over issue of valuation of rum stock, and have been unable to find suitable joint venture partners for rice and citrus SBUs. The formation of other SBUs has not taken place, as the plan was to firstly introduce the private sector into rum, citrus and rice and try to create a positive environment for the introduction of the private sector into other more significant areas of Caroni's operations.

In summary therefore the results of meeting the development objective of assisting the Borrower in the timely and effective implementation of the agriculture Sector Reform Program was limited. Since only the 1st Tranche of the ASL was disbursed in - 1996/June/11. Notwithstanding this operation had the impact of opening Government to the possibilities of a rationalized Agriculture sector which lead to the 2003 closure of Caroni 1975 Ltd. In addition it contributed to the better management of land and developed a road map for the strengthening of the Ministry of agriculture and the development of a new export strategy which has not been implemented but which is expected to bear fruit in the near future.

**TRINIDAD & TOBAGO**  
**AGRICULTURAL SECTOR REFORM -**  
**TECHNICAL ASSISTANCE PROGRAM (ASRP-TAP)**  
**(LOAN 882/OC-TT)**  
**PROJECT COMPLETION REPORT (PCR)**

MINUTES OF THE MANAGEMENT REVIEW COMMITTEE (MRC)  
JUNE 7, 2006

**I. INVITEES**

- 1.1 Alicia Ritchie (REG/MGR); Christian Gómez Fabling (RE3/DEP); Antonio Vives, SDS/MGR a.i.; Camille Gaskin-Reyes, DEV/MGR a.i.; Elizabeth Rice (DEV/SPO) Eduardo Lora (RES); Guillermo Calvo (RES); Jacques Rogozinski, (IIC/GEN); Keisuke Nakamura (FSS/DEP); Sixto Aquino (OVE); Asunción Aguilá (EN1/CHF); Robert Kaplan (EN2/CHF); Janine Ferretti (ENV/CHF); Anne Deruyttere, (IND/CHF); Cesar Falconi, (RUR/CHF); Carlos Veléz-Echeverria, (POV/CHF); Hiroshi Toyoda, (PRI); Dora Currea (OD6/CHF); Alvaro Llosa (EN3/CHF); Laura Profeta (OPR/LEG); Rafael Hernández (RE3/RE3); Elio Londero (RE3/RE3); Fidel Jaramillo (RE3/RE3); William Robinson, (CTT/REP); Denise Salabie, (CTT/DEP); Clark Sand (RE3/OD6); Carlos Elías, (RE3/OD6); Flavio Bazán, (COF/CGU); Gabriel Montes, (RE1/EN1); Geoffrey Cannock, (RE3/EN3); I. Ho-A-Shu, (COF/CTT); Paul Trapido, (RE2/EN2); John Horton, (RE2/EN2); R. Vargas del Valle, (RE3/EN3); Brian Mc Nish, (COF/CTT); Adelina Pérez del Castillo (RE3/EN3).

**II. PARTICIPANTS**

- 2.1 Mr. Alvaro Llosa (EN3/CHF), Chairman; Rafael Hernández (RE3/RE3); Laura Profeta (OPR/LEG); Gabriel Montes (RE1/EN1); William Robinson (CTT/REP); Clark Sand (RE3/OD6); Adriana Maraviglia (DEV/PMP); Paul Trapido (RE2/EN2); D. Salabie (CTT/DEP); Brian McNish (COF/CTT); Ricardo Vargas del Valle (RE3/EN3), who acted as Secretary with the assistance of Adelina Pérez del Castillo (RE3/EN3). The complete list of invitees and participants is attached.

**III. COMMENTS RECEIVED AND TOPICS DISCUSSED**

- 3.1 Written comments were received only from John Horton (RE2/EN2), that were considered during MRC discussion. Participants in the MRC discussed other topics that are summarized in the following paragraphs.
- 3.2 The Representative of COF/CTT explained that the development objectives (DO) of this operation were closely linked to those of the Agricultural Sector Reform

Program (ASRP). Thus, as the DO of the ASRP were not fully achieved because the loan for the ASRP (881/OC-TT) was cancelled after its first tranche disbursement, the DO of this operation (ASRP-TAP) were not fully achieved either. However, CTT also pointed out that the Government of T&T complied with conditions prior to first disbursement and, by doing so, adopted some of the main policy reforms targeted by the ASRP. Therefore, as the rationale of the TAP was to support the Ministry of Agriculture and other Government institutions in the actual implementation of the policy reforms introduced, it was agreed at the time between the Bank and the Government to continue the execution of this TC operation, without reformulating its original DO objectives.

- 3.3 The MRC concluded that notwithstanding the decision taken at the time, looking in retrospect, it would have been more appropriate to have reformulated the TAP Loan at the time the Sector Loan was cancelled. Such a reformulation would have properly reflected the major changes that took place in the policy environment and would have led to a redefinition of the operation's development objectives, to be more consistent with the new reality. This way, the operation would probably have achieved a much better rating evaluation at project termination, recognizing that many of the objectives were actually achieved. A key lesson learned therefore is the importance of formally reformulating operations whenever significant events change the overall context. This lesson should be reflected in the PCR.
- 3.4 The MRC members then focused their discussions on the actual achievements and merits of this Technical Assistance Program Loan, regardless of the performance of the cancelled ASRP policy loan to which it was linked. It was concluded that in order to properly evaluate this operation, the results (outputs) and impacts (outcomes) of its components should be better quantified in the PCR, if possible, and qualified by their own merits. Also, the sources and verification means of the indicators included should be clearly stated.

#### **IV. AGREEMENTS AND RECOMMENDATIONS**

- 4.1 Based on the above discussions, the MRC recommends the inclusion of a better explanation of the history of this operation, expanding specific information in the PCR document to properly reflect the actual achievements of the Technical Assistance Program Loan, regardless of the cancellation of the Loan for the ASRP. The PCR should also include a documented and detailed discussion on the reasons that led the Administration to decide not to proceed with a reformulation or cancellation of this Loan, once the Government of T&T had decided to cancel the ASRP Loan to which this operation was closely linked, as well as the lesson learned that can be derived from such a decision.
- 4.2 The MRC asked CTT to expand and/or include information on these other lessons learned from the execution of this operation:


- a. Size and magnitude of institutional strengthening operation or components linked to major sector reform programs, and the actual effectiveness of the achievements within the Ministry of Agriculture.
  - b. Accountability for the decisions taken about the eventual reformulation of the operation.
  - c. The importance of including prospective analysis of the country's political environment to anticipate eventual changes and take measures to properly support the implementation of sector and/or institutional reforms. Linked to this, highlight the importance to properly disseminate the rationale for the reforms envisaged among main stakeholders and thus build political support for its implementation.
- 4.3 Once CTT completes a new version of the PCR, the MCR will meet again to discuss and comment on this PCR.



Alvaro Llosa, EN3/CHF  
CRG Chairman



Ricardo Vargas del Valle, RE3/EN3  
MCR Secretary



June 28, 2006

William Robinson CTT/REP  
Representative in Trinidad and Tobago

**List of Invitees and Participants**

<b>Name</b>	<b>Invited</b>	<b>Present</b>
A. Ritchie, RE3/MGR	X	
C. Gomez Fabling, RE3/DEP	X	
A. Llosa, EN3/CHF	X	X
A. Vives, SDS/MGR a.i.	X	
C. Gaskin-Reyes, DEV/MGR a.i.	X	
E. Rice DEV/SPO	X	
E. Lora, RES	X	
G. Calvo, RES	X	
J. Rogozinski, IIC/GEN	X	
K. Nakamura, FSS/DEP	X	
S. Aquino, OVE	X	
A. Aguilá, EN1/CHF	X	
R. Kaplan, EN2/CHF	X	
J. Ferretti, ENV/CHF	X	
A. Deruyttere, IND/CHF	X	
C. Falconi, RUR/CHF	X	
C. Vélez.Echevarria, POV/CHF	X	
H. Toyoda, PRI	X	
L. Profeta, LEG/OPR	X	X
D. Currea, OD6/CHF	X	
R. Hernández, RE3/RE3	X	X
E. Londero, RE3/RE3	X	
F. Jaramillo, RE3/RE3	X	
W. Robinson, CTT/REP	X	X
C. Sand, RE3/OD6	X	X
C. Elias, RE3/OD6	X	
A. Maraviglia (DEV/PMP)	X	X
D. Salabie, (CTT/DEP)	X	X
<b>Project Team members</b>		<b>Present</b>
F. Bazán, COF/CGU	X	
G. Montes, RE1/EN1	X	X
G. Cannock, RE3/EN3	X	
I. Ho-A-Shu, COF/CTT	X	
P. Trapido, RE2/EN2	X	X
J. Horton, RE2/EN2	X	
R. Vargas del Valle, EN3	X	X
B. Mc Nish, COF/CTT	X	X
A. Perez C., RE3/EN3	X	X