Statement by Godfrey Gaoseb  
Date of Meeting: April 13, 1999

We welcome the opportunity to discuss this Country Assistance Strategy for Trinidad and Tobago and endorse the proposed lending and non-lending program for the country. We commend staff for the participatory approach followed in the CAS preparation, which involved a wide range of stakeholders, including the Government, development partners as well as the non-governmental organizations. Since the last CAS, Trinidad and Tobago has achieved remarkable progress in its macroeconomics stabilization, financial system reforms and broadening its economic base. The economic development is market-driven and there is clear evidence that the private sector is increasingly becoming the engine of growth. Many of the country’s economic indicators are encouraging, with growth of over 3 percent per year, low inflation, budget surplus and balance in external accounts. Notwithstanding the commendable economic performance, more still remains to be done to deepen reform program.

It is gratifying to note that the Bank's effectiveness will be assessed against its ability to meet the desired poverty reduction goals set in the proposed CAS. We hope that many CASs will start featuring performance benchmarks on poverty. We are pleased with government's over-arching objective to reduce poverty from the current 21 percent of population to 18 percent within the three-year horizon of this CAS and 12 percent by the end of year 2009. As the document states, there is a strong correlation between the incidence of poverty, the low level of education and unemployment. We, therefore, support the idea of using the oil and gas revenues for improving the quality education by increasing access and quality of education both at the primary and secondary levels. We also welcome the government's strategy to reduce unemployment through labor intensive programs. We believe that the proposed plan to reform the agriculture sector, especially the land tenure system as well as the removal of labor market rigidities, will go a long way in generating more employment.
We note with concern the weak institutional capacity that had affected the implementation of Bank and other donor-supported projects in the country. Two out of four ongoing projects are rated unsatisfactory and annual disbursement averaged only $14 million for the last three years. In addition, the Bank prepared and approved only one project since the March 1995 CAS. Given this low level of project performance, one wonders whether there are preferences for other sources of funding than the IBRD. We therefore find the focus on Economic Sector Work and non-lending service in the proposed CAS appropriate, as this will deepen the Bank's dialogue with the authorities. While we support management's new approach to improving the performance of Bank-financed projects by using simpler designs, we believe that efforts should be made to ensure that the program is demand-driven and fully owned by the authorities.

We note the concern expressed in the document about the country's dependence on only energy related products for its export earnings and the need to diversify to the non-oil sectors like insurance, off-shore banking, construction services and specialized agricultural products, among others. In this regard, we believe that IFC and MIGA can play an active role in helping the country to attract foreign direct investment.

A number of other donors are active in the country. Given the low project performance noted earlier, the importance of aid co-ordination can not be over-stressed. The proposed strategy of selectivity, with focus in areas where the Bank has a comparative advantage, is appropriate. In its capacity as Chairman of the CCGED and its active involvement in the recently launched Small States Initiative, the Bank can play a crucial role in helping the country benefit from the Caribbean regional integration. Finally, we support the proposed Postal Services Reform Project accompanying this CAS, and wish the Government of Trinidad and Tobago every success in meeting the challenges of implementing the economic reforms.