

AID-FOR-TRADE CASE STORY

TRINIDAD AND TOBAGO

Trinidad and Tobago Services Trade Mission to Guadeloupe and Martinique

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EXECUTIVE SUMMARY

Trinidad and Tobago is a small vulnerable economy with a high per capita income. Nevertheless, the country's economy remains highly vulnerable to natural disasters and other international economic shocks as a result of its strong dependence primarily on exports from the energy sector. In an effort to reduce its economic vulnerability, Trinidad and Tobago has sought to diversify the economy with the assistance of Aid for Trade (AfT). AfT inflows to high/middle income countries like Trinidad and Tobago however have been significantly less when compared to lower income countries in the region. This trend is of concern as it is important that high/middle income countries like Trinidad and Tobago are not overlooked for aid, as high per capita income is not a reliable indicator of vulnerability and assistance required.

Notwithstanding the above, Trinidad and Tobago through the Trinidad and Tobago Coalition of Services Industries (TTCSI) sought AfT funding to embark on a Services Trade Mission to Martinique and Guadeloupe from 15-22 July 2010 with the aim of promoting trade in the creative/cultural services sectors between the French Caribbean's Outmost Regions (FCORs) and Trinidad and Tobago as provided for under the recently negotiated CARIFORUM – EU Economic Partnership Agreement.

The objectives of the Mission were to; (1) develop new market opportunities and/or collaborative business arrangements; and (2) Share information and expertise between government departments/agencies for the further development of the creative/cultural sectors.

The Project, budgeted at €37,000, was financed by the Caribbean Export Development Agency (Caribbean Export) through its Grant Assistance Scheme Program from funds obtained from the European Union's 9th European Development Fund for CARIFORUM Countries. Under the Grant Scheme, the TTCSI was required to raise the total cost of the project upfront. Upon the completion of the project, Caribbean Export would reimburse TTCSI seventy percent (70%) of the cost of the project. In the end, TTCSI was only eligible to collect a reimbursement of a maximum of €25,000 or 68% of their total cost. The project ran for seven months from 29 January-29 July, 2010.

The Grant Scheme program suffered from a number of challenges including:

- Difficulties in completing the application form as a result of limited project management skills and human and financial resources at the TTCSI

- Onerous and unnecessary eligibility criteria that required the TTCSI to partner with other companies in order to qualify for the grant
- Cumbersome reimbursement system and procedures that resulted in long delays on the release of funds which placed additional strains on the organization's limited financial resources. To date TTCSI has only collected part of the re-imbusement. Even this was only possible due to the intervention of the CEDA Executive Director following a letter written by the TTCSI. This procedure is extremely onerous. For example, Liat's ticketing machines were not working for one leg of the journey so no Boarding Passes were issued. That was one of the pieces of documentation which delayed re-imburements.

Despite the aforementioned challenges, the TTCSI was able to complete the Mission successfully due to two key success factors. Firstly, the TTCSI was able to develop a close working relationship with their counterparts in Caribbean Export which helped TTCSI to satisfy the eligibility criteria and prepare the project proposals. Secondly, Caribbean Export also conducted a grant proposal writing workshop that assisted tremendously in TTCSI's ability to secure the grant funding for the Mission.

Notwithstanding the aforementioned challenges, the Services Trade Mission succeeded in strengthening business ties between the Trinidad and Tobago and Guadeloupe and Martinique business communities and relevant government agencies. A number of participating service providers were able to secure direct and immediate business opportunities related to the tourism, education and entertainment sectors; while others developed potential relationships to pursue exchange and trading opportunities.

Trinidad and Tobago's experience with this project and other AfT initiatives have resulted in a number of observances that can be summarised into broad and specific areas.

Among the broad conclusions that can be made from Trinidad and Tobago's experience include:-

- There is a need to delink high income and vulnerable developing economies and access to aid. The financial and technical assistance and support provided under AfT is crucial for small vulnerable developing economies in

overcoming their supply side constraints and trade related barriers. Nevertheless, despite the quantity of funds pledged to the Region, there have been difficulties in accessing those resources by high/middle income countries like Trinidad and Tobago. Aid flows to Trinidad and Tobago were significantly less than to other lower income countries in the Region with similar economic challenges. It is important that high/middle income countries like Trinidad and Tobago are not overlooked for aid as high per capita income is not a reliable indicator of vulnerability and assistance required

- There should be continued support to private sector organizations (e.g. coalition of services industries and manufacturing associations). These organisations interface closely with the economic actors that impact directly on the country's trade performance, namely manufacturers and services providers. It is therefore crucial that these organisations continue to be aided in their work so as to ensure that AfT is effective
- Attention should also be paid to those national and sub-national institutions that implement AfT initiatives. Organisations such as the Bureau of Standards and Customs and Excise also play a critical role in the process as they facilitate the conduct of trade. It is important that their needs be addressed as well so as to fully realise the benefits of increased trade
- It is also essential to have a national AfT Strategy. In the absence of a Strategy, identifying the national AfT priorities as well as, monitoring and evaluating the flows and impact of AfT in Trinidad and Tobago has proved extremely challenging. Having a clear Strategy that identifies the national aid priorities and objectives significantly increases the likelihood of greater aid effectiveness

The specific conclusions that can be made from TTCSI's experience with the Services Trade Mission to Martinique and Guadeloupe are as follows:-

- Training should be undertaken to enhance the project management skills of recipients in the preparation of their proposals for submission to donor agencies

- Recipients should establish good working relationships with development partners to ensure that project proposals are developed in conformity with project guidelines
- Eligibility criteria, procedures and rules should be clear, simple and relevant taking into account the resource constraints of potential recipients
- Adequate time should be provided to potential recipients between donor's call for proposal and the deadline date for submission of completed applications

1. ISSUES ADDRESSED

Trinidad and Tobago is a small vulnerable economy with limited production capacities. With a land mass of less than 2,000km² the country is not predisposed to achieving economies of scale. Despite having one of the highest growth rates and per capita incomes in Latin America, Trinidad and Tobago like many other countries in the Caribbean is highly susceptible to natural disasters and international shocks in commodity prices. The nation's economy is fuelled largely by investments in the LNG sector, and is heavily dependent on energy exports. Most of the country's employment occurs not in the energy sector but rather in the services sector which account for more than 50% of total employment.

In light of the above, Trinidad and Tobago has undertaken to reduce its economic vulnerability to natural and international exogenous shocks through economic diversification assisted by Aid for Trade. The financial and technical assistance and support provided under AfT is crucial for small vulnerable developing economies like Trinidad and Tobago in assisting them overcome their supply side constraints and trade related barriers. It has been observed however that despite the quantity of funds pledged to the Region, there have been difficulties in accessing those resources by high income countries like Trinidad and Tobago. Aid inflows were significantly less than inflows to other lower income countries in the region with similar economic challenges. It is important that high/middle income countries like Trinidad and Tobago are not overlooked in the distribution of AfT funding since high per capita income is not indicative of vulnerability and the level of assistance required.

Notwithstanding the above, Trinidad and Tobago, through the Trinidad and Tobago Coalition of Services Industries (TTCSI), sought AfT funding to embark on a Services

Trade Mission to Martinique and Guadeloupe from 15-22 July 2010. The aim of which was the promotion of trade in the creative/cultural sectors between the French Caribbean's Outmost Regions (FCORs) and Trinidad and Tobago as provided for under the recently negotiated CARIFORUM – EU Economic Partnership Agreement.

The Project was administered by the Caribbean Export Development Agency's (CEDA) under their Grant Assistance Scheme Program. The Mission was budgeted at €37,000 and funded from the 9th European Development Fund for through the Caribbean Trade and Private Sector Development Programme (CTPSDP). The duration of the entire Project was seven (7) months (29 January-29 July, 2010).

2. OBJECTIVES PURSUED

The objectives of the Services Trade Mission were to achieve the under-mentioned:

- Develop new market opportunities and/or collaborative business arrangements
- Share information and expertise between government departments/agencies for the further development of creative/cultural sectors

The Mission to Martinique and Guadeloupe was led by the TTCSI with representation from eleven (11) national services industries as follows:

- Trinidad and Tobago Entertainment Company (T&T Ent);
- Trinidad and Tobago Incoming Tour Operators Association (TTITAO);
- Trinidad and Tobago Institute of Architects (TTIA);
- Nova Committee of the Trinidad and Tobago Chamber of Industry and Commerce;
- National Association of Technical Tertiary & Professional educators of Trinidad and Tobago (NATPETT);
- In Joy Tours (Tour Operator);
- Prudecon Limited (Engineering);
- Kenneth Dublin & Architects (Architecture); and
- Illuminat (ICT)

3. DESIGN AND IMPLEMENTATION

The Services Trade Mission project was facilitated through the CEDA's Direct Assistance Grant Scheme.

Recipients of Caribbean Export's Grant Scheme are required to fund the total cost of the project up front thereafter upon the completion of the project, Caribbean Export would reimburse up to a maximum of seventy percent (70%) of the total cost of the project, subject to the submission of receipts and other documentation (Payment Request Letter, Final Narrative Report, Final Financial Report, Original Invoices, Proof of Payment, etc).

4. PROBLEMS ENCOUNTERED

Throughout the duration of the project the TTCSI encountered a number of challenges in accessing the scheme. These include:

(i) Preparation of the Project Proposal

The TTCSI has limited human and financial resources particularly in project proposal writing and design. This lack of expertise presented a significant challenge in designing the project proposal in compliance with Caribbean Export's requirements. Despite the training was provided by Caribbean Export to assist the TTCSI in the development of the project proposal, their lack of expertise in this area presented serious difficulties.

(ii) Satisfying the Eligibility Criteria, Rules and Procedures

One of the Grant Scheme's eligibility criteria required TTCSI to enter into a partnership with two or more local organizations to share the responsibilities of undertaking the project. Securing partners for the project proved to be a long and unnecessary process given that that eventual partnered companies (acla:work and Esprit Consultant) did not play an active role in the project. It was therefore, not clear why this requirement was necessary as it appeared insignificant.

(iii) Reimbursement of Funds

Two issues arise with respect to the reimbursement element of Caribbean Export's the Grant Scheme. Firstly, the scheme required TTCSI to pay upfront one hundred percent

(100%) of the project's cost following which 70% of that cost would be reimbursed upon completion. The TTCSI is a relatively small organisation with limited financial resources at its disposal. This arrangement presented a challenge for TTCSI. The organisation was nevertheless able to secure the necessary funding in time given the relatively small size of the initiative. Had the project been more costly however, it is not certain whether the necessary funds could have been secured in time.

Secondly, the arrangement for the reimbursement of charges incurred after completion of the project presented additional challenges. The scheme required the TTCSI to submit the original receipts and other related documents (i.e. original invoices and original receipts) of expenses incurred to Caribbean Export for verification before the reimbursement of funds. However, the original copies of certain receipts (boarding passes, restaurant receipts and transportation charges) could not be submitted to Caribbean Export for various reasons. Some organisations due to their own internal administrative procedures could not supply TTCSI with original copies of receipts but copies instead. These documents when submitted to Caribbean Export were usually deemed unsuitable. This led to frequent and lengthy exchanges of correspondence between Caribbean Export and TTCSI in an attempt to "get it right" unnecessarily delaying the reimbursement process. In the end, TTCSI was only eligible to collect a reimbursement of a maximum of €25,000 or 68% of their total cost.

5. FACTORS FOR SUCCESS/FAILURE

The main success factors for the TTCSI in this initiative were:

- the development of a good working relationship with their counterparts in Caribbean Export for the duration of the project
- organisation of grant proposal writing workshop by the Caribbean Export Development Agency

The TTCSI was able to readily discuss the preparation of their proposal and other issues with Caribbean Export resulting in a better understanding of the Grant Scheme's requirements. Senior Grant Advisor Kirk Brown worked very closely with the company to ensure that they satisfied the criteria. Without his diligence, the mission was unlikely to be as successful as it was.

Caribbean Export also conducted a grant proposal writing workshop in Trinidad and Tobago in which more than 30 companies and business support organisations (BSOs) from the TTCSI's membership participated. This training assisted tremendously in TTCSI's ability to secure a grant. It also resulted in an increase in applications from Trinidad and Tobago.

6. RESULTS ACHIEVED

The Services Trade Mission succeeded in strengthening business ties between the Trinidad and Tobago and Guadeloupe and Martinique business communities and relevant government agencies. The Mission generated a fair degree of media interest and was carried extensively in both printed and electronic media (TV and Radio). In Martinique, TTCSI was invited as the featured speaker of the local evening news on the main TV station. It was an occasion to not only promote Trinidad and Tobago but specifically the work of the TTCSI in assisting the services sector.

A number of member companies were able to secure direct and immediate business opportunities related to the tourism, education and entertainment sectors; while others developed potential relationships to pursue exchange and trading opportunities. The Mission resulted in tangible success for several of the participants including:

- Exchanges of artistes performances at various cultural festivals
- Hotel Schools exchanges
- Children Theatre exchanges
- Dance Group exchanges
- Exchanges of know-how for cultural events planning
- Sharing of training opportunities in entertainment sector
- Creation of language learning centres
- Familiarisation tours for travel agents and tour operators
- Partnerships for Haiti reconstruction efforts
- Lobbying efforts for pursuit of MRA negotiations
- Study and awareness campaign on use of US and Euro codes for construction related sectors

7. LESSONS LEARNT

The TTCSI learnt the following lessons during the duration of the Project. It is important for potential recipients to:

- ensure that they are equipped with the necessary project management skills to assist in the preparation of their project proposals. This is particularly important given the usually short time span provided for between calls for proposals and the deadline dates for submission to the donor agency
- seek clarification of the eligibility requirements, rules and procedures for all donor assisted projects early on particularly those designed with a reimbursement element
- build informal and informal networks with donor agencies to ensure that project proposals are developed in conformity with project guidelines
- capitalize on training opportunities to enhance capacity in developing project proposals

8. CONCLUSION

Trinidad and Tobago's overall experience with this Mission and other AfT initiatives have resulted in a number of conclusions that can be summarised into broad and specific areas.

Among the broad conclusions that can be made from Trinidad and Tobago's experience include:-

- There is a need to delink high income and vulnerable developing economies and access to aid. The financial and technical assistance and support provided under AfT is crucial for small vulnerable developing economies in overcoming their supply side constraints and trade related barriers. Nevertheless, despite the quantity of funds pledged to the Region, there have been difficulties in accessing those resources by high/middle income countries like Trinidad and Tobago. Aid flows to Trinidad and Tobago were significantly less than to other lower income countries in the region with similar economic challenges. It is important that high/middle income countries like Trinidad and Tobago are not overlooked for aid as high per capita income is not a reliable indicator of vulnerability and assistance required

- Attention should also be paid to those national and sub-national institutions that implement AfT initiatives. Organisations such as the Bureau of Standards and Customs and Excise also play a critical role in the process as they facilitate the conduct of trade. It is important that their needs be addressed so as to fully realise the benefits of increased trade.
- It is also essential to have a national AfT Strategy. In the absence of a Strategy, identifying the national AfT priorities as well as, monitoring and evaluating the flows and impact of AfT in Trinidad and Tobago has proved extremely challenging. Having a clear Strategy that identifies the national aid priorities and objectives increases the likelihood of greater aid effectiveness significantly.

The specific conclusions that can be made from TTCSI's experience with the Services Trade Mission to Martinique and Guadeloupe are as follows:-

- Training should be undertaken to enhance the project management skills of recipients in the preparation of their proposals for submission to donor agencies
- Recipients should build informal networks with donor agencies to ensure that project proposals are developed in conformity with project guidelines
- Eligibility criteria, procedures and rules should be clear, simple and relevant taking into account the resource constraints of potential recipients
- Adequate time should be provided to potential recipients between donor's call for proposal and the deadline date for submission of completed applications