

CARIBBEAN DEVELOPMENT BANK

TWO HUNDRED AND SEVENTY-SECOND MEETING OF THE BOARD OF DIRECTORS

TO BE HELD IN BARBADOS

DECEMBER 8, 2016

PAPER BD 87/16

COUNTRY STRATEGY PAPER 2017-2021 – TRINIDAD AND TOBAGO

The attached Country Strategy Paper outlines the assistance strategy of the Caribbean Development Bank (CDB) for Trinidad and Tobago over the period 2017-2021. It sets out the strategic direction for CDB's engagement and defines the parameters of its support. In developing the Country Strategy, CDB held extensive discussions with key government officials, as well as other stakeholders and development partners, in an effort to promote country ownership of the proposed programme of assistance. The proposed Country Strategy therefore responds to Trinidad and Tobago's development priorities and it seeks to maximise CDB's comparative advantage and optimise development effectiveness and impact through selective and focussed support. The proposed programme of assistance is designed to prioritise CDB's additionality through technical assistance, institutional strengthening, capacity building and knowledge creation.

2. Specifically, the proposed programme rests on the following three strategic pillars: *inclusive social and economic development; governance and institutional development; and environmental sustainability*. In particular, the Strategy supports a programme of assistance that is designed to help achieve the following development outcomes: (a) improved quality of, and access to, education and training; (b) strengthened social protection; (c) increased productivity, competitiveness and economic diversification; (d) improved evidence-based development planning and institutional development; and (e) strengthened environmental management supported by safe and resilient infrastructure. Gender equality, as well as energy security and citizen security considerations, will be mainstreamed in CDB's interventions. Tobago will be given special focus since its development deficits are more acute. An indicative resource envelope of four hundred and thirty-six point seven million United States dollars (USD436.7 mn) has been estimated to support the programme of assistance over the Strategy period, of which USD67 mn has been earmarked for Tobago-specific interventions.

3. The proposed Country Strategy is aligned with CDB's Strategic Objectives of supporting inclusive and sustainable growth and development, and promoting good governance. Considerable effort has also been undertaken to gauge impact by orienting the strategy towards a Managing for Development Results framework.

4. The Board is asked to approve CDB's Strategy for Trinidad and Tobago for 2017-2021.



CARIBBEAN DEVELOPMENT BANK

STAFF REPORT

**COUNTRY STRATEGY PAPER (2017-2021)
TRINIDAD AND TOBAGO**

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Considered at the Two Hundred and Seventy-Fourth Meeting
of the Board of Directors on December 8, 2016

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DECEMBER 2016

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CURRENCY EQUIVALENT

Dollars (\$) throughout refer to United States dollars (USD) unless otherwise stated.

ABBREVIATIONS

bn	-	billion
BMCs	-	Borrowing Member Countries
CC	-	Climate Change
CDB	-	Caribbean Development Bank
CEDAW	-	Committee on the Elimination of Discrimination Against Women
CEDP	-	Comprehensive Economic Development Plan
CSO	-	Central Statistical Office
CSP	-	Country Strategy Paper
CVQ	-	Caribbean Vocational Qualification
DFI	-	Development Financial Institutions
DRM	-	Disaster Risk Management
ECCE	-	Early Childhood Care and Education
EE	-	Energy Efficiency
EU	-	European Union
GATE	-	Government Assistance for Tuition Expenses
GBV	-	Gender-Based Violence
GDP	-	Gross Domestic Product
GE	-	Gender Equality
GII	-	Gender Inequality Index
GNI	-	Gross National Income
GOTT	-	Government of Trinidad and Tobago
HDA	-	Human Development Atlas
HDR	-	Human Development Report
HSF	-	Heritage and Stabilisation Fund
ICT	-	Information and Communication Technology
IDB	-	Inter-American Development Bank
LMIS	-	Labour Market Management Information System
m	-	metres
MfDR	-	Managing for Development Results
MLSED	-	Ministry of Labour and Small Enterprise Development
mn	-	million
MOE	-	Ministry of Education
MPD	-	Ministry of Planning and Development
MPI	-	Multi-dimensional Poverty Index
MSME	-	Micro, Small and Medium-sized Enterprise
NEDCO	-	National Enterprise Development Company
NHDI	-	National Human Development Index
NSS	-	National Statistical System
NQI	-	National Quality Infrastructure
PBL	-	Policy-Based Loan
PCM	-	Project Cycle Management
Petrotrin	-	The Petroleum Company of Trinidad and Tobago Ltd.
PFM	-	Public Financial Management
PPAM	-	Public Policy Analysis and Management
PPP	-	Public-Private Partnerships
PSIP	-	Public Sector Investment Programme

RE	-	Renewable Energy
RMF	-	Results Management Framework
S&P	-	Standard and Poor's
SLC	-	Survey of Living Conditions
SWF	-	Sovereign Wealth Fund
km ²	-	Square kilometres
TA	-	Technical Assistance
TTD	-	Trinidad and Tobago Dollars
THA	-	Tobago House of Assembly
TVET	-	Technical and Vocational Education and Training
UNDP	-	United Nations Development Programme
WASA	-	The Water and Sewerage Authority
WB	-	World Bank

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COUNTRY DATA: TRINIDAD AND TOBAGO

	2011	2012	2013	2014	2015^P
GDP per capita (constant prices, \$)	10,728	10,825	10,994	10,880	10,688
GDP at Current Market Prices (\$ billion)	25.4	25.7	26.4	27.3	24.6
Sectoral Distribution of Current GDP (%)					
Petroleum Industry	44.8	41.4	38.3	37.2	32.1
Non-Petroleum Industry	55.7	57.9	60.9	62.3	67.4
Agriculture	0.5	0.5	0.5	0.4	0.5
Manufacturing	5.7	5.4	5.9	5.4	5.6
Electricity and Water	1.2	1.2	1.1	1.2	1.3
Construction and Quarrying	5.4	5.3	5.5	5.9	6.5
Distribution and Restaurants 3/	17.8	19.3	20.4	21.0	21.8
Hotels and Guest Houses	0.4	0.4	0.3	0.3	0.4
Transport, Storage and Communication	5.3	5.3	5.4	5.5	5.9
Finance, Insurance, Real Estate, etc.	10.0	10.6	11.4	11.2	12.8
Government	6.4	6.5	6.8	7.9	8.8
Education and Cultural Services	2.0	2.3	2.3	2.2	2.4
Personal Services	1.2	1.2	1.3	1.4	1.5
GDP at Constant 2000 Prices (\$ bn)	14.3	14.5	14.8	14.7	14.5
GDP (annual % change)	(0.3)	1.3	2.3	(1.0)	0.2
MONEY AND PRICES					
Money Supply (M2, annual % change)	13.9	10.6	8.8	13.1	(1.4)
Credit to the Private Sector (annual % change)	5.1	5.3	3.7	7.2	6.8
Inflation (period average) (%)	5.1	9.3	5.2	5.7	4.7
Crude Oil Price (West Texas Intermediate, \$/barrel)	95.1	94.2	97.9	93.1	48.7
PUBLIC FINANCES (% of GDP)					
Overall Surplus/(Deficit)	(2.9)	(4.7)	(1.6)	(4.0)	(4.9)
Net Public Sector Debt	31.2	39.4	39.1	42.2	50.0
BALANCE OF PAYMENTS (% of GDP)					
Total Exports	58.8	50.3	70.9	53.4	n.a.
Of which: Energy Exports	49.5	38.1	57.4	44.3	n.a.
Total Imports	37.3	45.3	47.8	41.4	n.a.
Current Account Balance	7.0	(10.7)	12.9	1.4	n.a.
Capital and Financial Account	(4.1)	8.2	(10.0)	3.5	n.a.
Overall Balance	3.0	(2.4)	3.0	4.9	n.a.
AVERAGE EXCHANGE RATE					
Trinidad dollars (TTD) to \$1	6.4	6.4	6.4	6.4	6.4
Sources: International Monetary Fund's World Economic Outlook (October 2016) and Central Bank of Trinidad and Tobago.					
Notes: Data for 2015 are provisional. n.a. means unavailable.					

COUNTRY DATA: TRINIDAD AND TOBAGO

	2011	2012	2013	2014	2015
POPULATION					
Population (number)	1,334,790	1,341,579	1,348,240	1,354,483	n.a.
Population (annual % change)	0.5	0.5	0.5	0.5	n.a.
LABOUR FORCE					
Unemployment Rate (%)	4.7	5.0	3.6	4.0	3.5
Male	4.0	4.2	2.8	3.1	n.a.
Female	5.6	6.2	4.7	5.3	n.a.
HEALTH					
Life Expectancy at Birth (years)	70.1	70.2	70.4	70.5	n.a.
Male	66.6	66.7	66.9	67.0	n.a.
Female	73.6	73.7	73.9	74.0	n.a.
Mortality Rate, Infant (per 1,000 live births)	20.4	19.7	19.2	18.7	18.2
Human Development Index	0.76	0.77	0.77	0.77	n.a.
Source: World Bank's World Development Indicators (October 2016).					
Notes: Data for 2015 are provisional. n.a means unavailable.					

GENDER MARKER

Gender Marker	Analysis	Data	Engagement	Response	Score	Code
	0.5	0.5	0.5	0	1.5	MM ¹

¹ MM – Marginally Mainstreamed.

EXECUTIVE SUMMARY

This Country Strategy Paper (CSP) articulates the Caribbean Development Bank's (CDB) strategic focus and planned interventions for Trinidad and Tobago over the period 2017-2021. The proposed Country Strategy responds to Trinidad and Tobago's development priorities and is aligned with CDB's Strategic Objectives of supporting inclusive and sustainable growth and development, and promoting good governance. Extensive and intensive discussions were held with key country officials both in Trinidad and in Tobago, as well as other development stakeholders in designing the Strategy and shaping the proposed interventions. Considerable effort has also been undertaken to gauge impact by orienting the strategy towards a Managing for Development Results (MfDR) framework.

Country Context and Key Development Priorities

2. Trinidad and Tobago is a twin-island, democratic republic state. Its development achievements since independence in 1962 have been impressive. Per capita income levels and human development indicators rank amongst the highest in the Caribbean, though high income levels tend to mask chronic socioeconomic disparities between the two islands. The level of poverty in the country is relatively low by regional standards, but geographic disparities in social development outcomes are wide and income inequality is fairly high. On the economic front, as a predominantly hydrocarbon-based economy, strong revenues from the export of oil and gas have underpinned a period of sustained robust growth, at least until the onset of the global financial crisis in 2008. However, the economy is currently being adversely affected in the context of low energy prices. In Tobago, tourism, which is the fulcrum of economic activity, is still a fledgling industry and needs to be substantially developed. Politically, Trinidad and Tobago has a laudable reputation for having a strong, mature and stable democracy.

3. At this juncture in Trinidad and Tobago's history, transformative shifts in policies, practices and institutions are required to: (a) accelerate economic diversification and increase productivity and competitiveness; (b) improve governance and development planning; (c) enhance social development; and (d) promote environmental sustainability, with an explicit focus on prioritising safe and reliable infrastructure.

Caribbean Development Bank in Trinidad and Tobago and Lessons Learnt

4. Trinidad and Tobago is one of CDB's largest shareholders, with ownership totaling 19,342 shares or 17.91% of total share capital. Over the period 1970 to October 31, 2016, CDB approved two hundred point six million United States dollars (\$200.6 million [mn]) in loans, which represented 3.1% of CDB's total approvals. The approvals to the country ranked it as one of the smallest recipients of assistance among CDB's Borrowing Member Countries (BMCs). CDB's lending has been channeled to the following sectors: (a) agriculture and rural development; (b) mining and quarrying; (c) manufacturing; (d) transportation and communication; and (e) multi-sectoral. The multi-sectoral assistance was provided through lines of credit and a policy-based intervention in the energy sector. Trinidad and Tobago's borrowing patterns from CDB have traditionally correlated strongly with its macroeconomic performance in general, and the health of its public finances in particular. Lessons from previous country strategies with Trinidad and Tobago suggest that the following are imperatives to maximise CDB's development impact: (i) a focused approach to strategy design; (ii) active assessment of in-country capacity needs; (iii) strong collaboration with other development partners; and (iv) close engagement with key in-country stakeholders.

Country Strategy 2017-2021: Proposed Pillars and Expected Outcomes

5. The proposed Strategy seeks to maximise CDB's comparative advantage through selective and focussed support that prioritises CDB's additionality through technical assistance (TA), institutional strengthening, capacity building and knowledge creation. The Strategy rests on three pillars: *inclusive social and economic development; governance and institutional development; and environmental sustainability*. The proposed programme of assistance has been designed to achieve the following outcomes: (a) improved quality of, and access to, education and training; (b) strengthened social protection; (c) increased productivity, competitiveness and economic diversification; (d) improved evidence-based development planning and institutional development; and (e) strengthened environmental management supported by safe and resilient infrastructure. The proposed programme will be delivered through a mix of direct financing and TA that complements the efforts of other development partners. Gender Equality (GE), as well as energy security and citizen security considerations, will be mainstreamed in CDB's interventions. Tobago will be given special focus since its development deficits are more acute.

Resource Envelope

6. The size of the envelope is estimated at \$436.7 mn over the strategy period, of which \$67 mn has been programmed for Tobago. The indicative resource envelope is an increase of \$35.7 mn, relative to the indicative envelope of the 2011-14 Strategy. This reflects the renewed commitment between CDB and the Government of Trinidad and Tobago (GOTT) for a closer and more active engagement, as well as the country's new economic realities, which will restrict it from financing its development needs from internal resources. The utilisation of the estimated budget over the strategy period will depend on two critical factors: (a) the evolution of public finances over the five-year period; and (b) the extent to which technical capacities in key line ministries hinder, or help, project preparation and execution. CDB will intensify its macroeconomic surveillance to improve its monitoring of public finances over the strategy period. Additionally, technical capacity limitations will be addressed by providing in-country capacity building in project cycle management (PCM) and public policy analysis and management (PPAM) for executing agencies and associated line ministries.

Execution and Results Monitoring

7. Implementation of the Country Strategy will be guided by a coherent operational framework that defines specific roles and responsibilities, at both CDB and in-country, once projects have been approved. Results will be monitored within a Results Monitoring Framework (RMF) that identifies: (a) the country's development objectives to which each of CDB's indicative interventions is aligned; (b) sector outcomes to which proposed interventions are expected to contribute; and (c) the performance indicators against which the results of the interventions will be measured. A mid-term review will be undertaken in 2018 to assess progress towards meeting expected outcomes and review the utilisation of the resource envelope within the context of possible changes to the country's fiscal circumstances. An end-of-strategy review will also be undertaken to assess overall performance and impact, as well as to extract any relevant lessons. The Country Strategy is designed with flexibility to allow for appropriate adjustments in the indicative programme based on the findings of the mid-term review. Monitoring will be done by both CDB and the country's authorities.

Risks and Mitigating Actions

8. The main risks that may affect the execution of the proposed Country Strategy are: (a) macroeconomic risk – economic uncertainties in the context of a challenged energy sector; (b) implementation risk – institutional and human capacity constraints to effectively implement the Strategy; and (c) exogenous shocks, particularly those precipitated by natural hazards. CDB has identified

measures to help mitigate these risks, including policy advice and support of GOTT's efforts at: (i) pursuing prudent macroeconomic policies; (ii) capacity building; (iii) active engagement of development partners and wide stakeholder consultations; and (iv) quick response to address the socioeconomic effects of natural hazards.

1. COUNTRY CONTEXT

OVERVIEW

1.01 Trinidad and Tobago is a twin-island, democratic republic state, with a land area of 5,131 square kilometres (km²) and population of approximately 1.35 mn². The country has a laudable reputation for having a strong, mature and stable democracy. Trinidad and Tobago's development achievements since independence in 1962 have been impressive, and commendable progress has been made in improving living standards. The human development indicators rank amongst the highest in the Caribbean, though high per capita income levels tend to mask chronic socioeconomic disparities. Trinidad is a predominantly hydrocarbon-based economy (oil and gas); its energy sector accounted for 42% of total revenue, 60% of total exports and 38% of total gross domestic product (GDP) on average, over the decade ending 2015. The non-energy sector (mainly services and manufacturing) is highly dependent on public sector expenditure and subsidies which are, in turn, dependent on the energy sector.

1.02 Tobago, the sister island, is much smaller, with a land area of 300 km² and a population of approximately 60,000 (2014 country estimate). The island has its own autonomous government, with local government functions administered by the Tobago House of Assembly (THA). The main contributors to economic activity are tourism, fishing and government spending. However, tourism is still a fledgling industry and needs to be developed. THA receives direct budgetary allocations from Trinidad annually, which have been decreasing in recent years³, especially in the past two years. This trend has the potential to aggravate extant socioeconomic disparities (discussed further in subsequent sections) between the two islands and, as such, strategic refocusing/reprioritising of development programmes is critical.

MACROECONOMIC CONTEXT

Recent Macroeconomic Performance and Prospects

1.03 Since the preparation of the 2011-14 Country Strategy, the macroeconomic situation in Trinidad and Tobago became increasingly difficult. With economic growth of 3.3% in 2010, there were high hopes that the effects of the global recession were short-lived (the economy had contracted by 4.3% in 2009, following an annual average growth of 7.2% in the preceding five years). However, this did not materialise. Economic growth averaged 1.1% in 2011-13, declined by 1% in 2014, but recovered only marginally in 2015 (by 0.2%). Lingering effects of the global economic crisis, slowing production in maturing oil and gas fields, and plummeting⁴ international energy prices (which started in the latter part of 2014), are among the key antecedents. Meanwhile, inflationary pressures persisted over the five years to 2015, averaging 6% (particularly affected by food price volatility⁵). Data for 2016 indicate a considerable taming of retail prices with an average 2.1% year-on-year through to September 2016. The unemployment rate remained low by regional standards (averaging around 4% over the five-year period), though job losses, especially in the energy sector, rose significantly in 2015 and continued in 2016.⁶

1.04 Public finances have also been severely affected, which prompted credit rating downgrades (within the investment grade category) by both Standard and Poor's (S&P) and Moody's Rating Agencies in April

² World Bank (WB) 2014 estimate.

³ For fiscal year 2016, the Assembly requested 5.805 billion Trinidad and Tobago dollars (TTD5.805 bn) and was allocated TTD2.779 bn – an increase of 6.3% over the parliamentary allocations for fiscal year 2015.

⁴ Oil prices declined by 70% over the period September 2014 to January 2016.

⁵ Food inflation is mainly driven by the changes in the prices of locally-produced agricultural goods.

⁶ Latest data show an uptick in the unemployment rate from 3.4% to 3.8%.

2016⁷. The overall fiscal deficit widened from 0.7% of GDP in 2011 to an estimated 4.9% of GDP in 2015; consequently, the net public debt sector rose from 31.2% to an estimated 50.0%⁸. The country's external performance has also been negatively impacted. Almost \$2 bn of reserves were lost in 2015; but those losses have so far been stabilised in 2016. As at end-October 2016, the stock of net international reserves was at a relatively healthy level (\$9.8 bn), providing 10.9 months of import cover. Furthermore, the balance on the country's Sovereign Wealth Fund (SWF) – the Heritage and Stabilisation Fund (HSF)⁹ – was around \$5.5 bn¹⁰ (24.9% of GDP). Against the backdrop of low energy prices, and in the context of Trinidad and Tobago's heavy external dependence, the country's reserves can be easily depleted and, more broadly, economic instability can ensue in the absence of appropriate policies. In recognition of the need for prudent macroeconomic policies, especially at this juncture in the country's history, GOTT announced a series of fiscal-structural, as well as growth-promoting, measures in December 2015 and in April 2016¹¹. The measures are intended to stabilise the economy and improve public finances in the short term, while simultaneously laying the groundwork to build economic resilience over the medium term.

1.05 Trinidad and Tobago's short-to-medium term outlook is highly uncertain and subject to significant downside risks. The downward trend in energy production and prices is expected to continue. While gas production has remained relatively stable, uncertainty remains with respect to the price of this commodity due in part to developments in new extraction technologies (such as those related to shale gas). The negative outlook for the energy sector – giving the scaling back in operations and/or the outright closure of large energy companies in the country – will have non-trivial, knock-on effects for the economy and wider society. Regarding the external sector, the current account deficit is expected to widen over the medium term mainly due to the projected decline in petroleum industry production and prices. On public finances, notwithstanding Trinidad and Tobago's low level of indebtedness (relative to Caribbean peers) and large reserve buffers, care must be taken to cement the relatively strong fiscal foundation by firmly entrenching fiscal and debt sustainability by implementing strong fiscal-structural reforms. This is especially important in light of the marked fiscal deterioration that has occurred in recent years. Over the short term, public finances are likely to remain strained, given that oil prices are projected to remain depressed for the next two years¹². However, should there be a protraction, economic growth could be squeezed further, external pressures heightened and fiscal consolidation undermined. GOTT, therefore, needs to remain vigilant and utilise/adjust its policy tools appropriately as macroeconomic developments unfold.

⁷ On April 22, 2016 S&P ratings moved from A with a negative to A- with a negative outlook; earlier, Moody's adjusted its ratings to Baa3 from Baa2 with negative outlook.

⁸ Trinidad and Tobago, however, is one of the least indebted Caribbean countries.

⁹ In 2007, Trinidad and Tobago institutionalised the saving of oil price-related windfalls through the creation of a SWF.

¹⁰ GOTT withdrew TTD2.5 bn (\$385 mn) from HSF in June 2016, to help fund its operations in fiscal year 2016/17.

¹¹ Some of these measure are: (a) 15% increase in the cost of super gasoline, as well as diesel; (b) reduction in the value-added tax (from 15% to 12.5%), but increase in the number of non-exempt items; (c) 50% increase in the customs duties and tax on luxury vehicles; (d) 7% levy on online purchase of goods and services; (e) a reintroduction of property tax at 3%; and (f) comprehensive operational review of state-owned enterprises.

¹² Based on WB's Commodity Market Outlook (October, 2016), crude oil prices are forecasted to average \$52.2 per barrel in 2017-18.

SOCIAL CONTEXT

Poverty and Welfare Analysis, and Gender Developments

1.06 The most recent poverty study, the 2005 Survey of Living Conditions (SLC), estimated that 16.7% of the country's population live below the poverty line and that 1.2% within that group was indigent. The 2005 poverty and indigent indicators showed significant improvements over the 24% and 8.3%, respectively, recorded in 1997/98. Income inequality, however, represented by a Gini Coefficient of 0.39 was relatively high, being unchanged from 1978. In Tobago, while no indigence was recorded, poverty at 19% exceeded the national average. Within each island, poverty was more prevalent in rural areas with an excess of 30% of the population in the municipality of Sande Grande in the north east of Trinidad, and the parish of St. Paul in the east of Tobago, living in poverty. The findings of SLC suggest that variables such as: (a) area of residence; (b) household size; (c) age; (d) ethnicity; (e) years of education of the household head; and (f) industrial sector employment of the head, are important in the welfare levels of the household and, by extension, are contributory factors to poverty in the country. Although not cited as a separate indicator, the sex of the household head was also deemed to be important and significant in poverty analysis, underscoring the need for gender considerations in poverty-reduction policies.

1.07 The 2015 Human Development Report (HDR)¹³, which provided a Multidimensional Poverty Index (MPI) for Trinidad and Tobago, introduced other dimensions of poverty such as: deprivations in education; health; and living standards. It indicated that based on findings of the 2006 Multi-cluster Indicators Survey, Trinidad and Tobago had a MPI of 0.007, with only 1.7% of the population living in households that suffered from multiple deprivations, only an additional 0.5% of the population was near poor and 0.2% experienced severe poverty¹⁴. As a result of these and other favourable indicators, HDR placed the country in the high human development category with a Human Development Index value of 0.772 and a ranking of 64 out of 188 countries. HDR indicated an average life expectancy at birth of 70.4 years (74 for females and 67 for males); 12.3 expected years of schooling (12.5 for females and 12.1 for males); 10.09 mean years of schooling (10.7 for females, 10.9 for males); and a Gross National Income (GNI) per capita (2011 purchasing power parity) of \$26,090. In the case of GNI per capita, the disparity between men and women was quite significant; females earned \$19,669 on average, while for males it was \$32,656, almost 70% higher.

1.08 On the whole, there are substantial intra-country, as well as inter-island, social disparities. Trinidad and Tobago's 2012 (the latest period for which data is available) Human Development Atlas (HDA), which provided the National Human Development Index (NHDI), based on assessment of the following dimensions: long and decent life; knowledge; and decent standard of living¹⁵, Gender Inequality Index (GII) and other human development measures, identified several disparities and had the following conclusions:

¹³ Briefing note for countries on the Trinidad and Tobago, HDR 2015, Work for Human Development.

¹⁴ The education and health dimensions are each based on two indicators, while the standard of living dimension is based on six indicators. A deprivation score of 33.3% (one-third of the weighted indicators), is used to distinguish between the poor and non-poor. If the household deprivation score is 33.3% or greater, the household (and everyone in it) is classified as multi-dimensionally poor. Households with a deprivation score greater than or equal to 20%, but less than 33.3%, are near multi-dimensional poverty; and households with a deprivation score greater than or equal to 50% live in severe multidimensional poverty.

¹⁵ The long and decent life dimension is measured by the percentage of the population suffering from chronic illness. The knowledge dimension is measured by two indicators: primary and secondary educational attainment rate (% ages 6-16); and secondary and higher educational attainment rate (% ages 17 and above). The decent standard of living dimension is measured using household income per capita per year – Trinidad and Tobago HDA 2012.

- (a) Point Fortin (the main area for oil and gas production) ranked the highest in primary and secondary educational attainment rate, and had the lowest percentage of the population with chronic illness.
- (b) Mayaro/Rio Claro (a rural municipality in south-east Trinidad) ranked the lowest in the NHDI and had the lowest performance in the Primary and Secondary Educational Attainment Rate.
- (c) Tobago had the lowest household income per capita per year, whilst San Fernando ranked the highest. San Fernando also ranked the highest in Secondary and Higher Educational Attainment Rate, compared to Sangre Grande which scored the lowest.
- (d) Overall Sangre Grande and Mayaro/Rio Claro had the lowest NHDI figures in the four areas of measurement.
- (e) Gender inequalities were greater in the eastern regions of Mayaro/Rio Clara and Sangre Grande than in the areas of Tobago and Penal/Debe.

1.09 Gender-based inequalities are reflected more specifically in HDR's GII, which assessed the following dimensions: reproductive health; empowerment; and economic activity¹⁶. Trinidad and Tobago attained a GII value of 0.371 and a rank of 73 out of 155 countries in 2014 (the latest period for which data is available). Female participation in the labour market was 53%, compared to 75.5% for men. Meanwhile, 24.7% of parliamentary seats were held by women, and 59.7% of adult women obtained at least a secondary level of education, compared to 60.9% of their male counterparts. For every 100,000 live births, 84 women die from pregnancy-related causes and the adolescent birth rate was 34.8 births per 1,000 women of ages 15-19. On gender-based violence (GBV), a 2015 report (covering the period 2010-14) from the Committee on the Elimination of Discrimination Against Women (CEDAW), noted that 940 reports of domestic violence were made to the Police in 2010. In 2013, there were 551 reports of rapes, incest and other sexual offences. Many cases of GBV, however, go unreported. The Hotline at the National Domestic Violence Unit receives approximately 30,000 calls annually, with 84% of calls made by women¹⁷. Child marriage, adolescent pregnancies and trafficking in persons are other issues related to gender. A draft National Policy on Gender and Development has been prepared. Effective coordination among public sector agencies with responsibility for gender issues and clear inter-agency responsibilities and accountability, are important to promote effective gender mainstreaming.

Education Profile

1.10 Education in Trinidad and Tobago is free and compulsory from 5-16 years. While pre-primary education is not compulsory, in the last five years GOTT has achieved universal access at this level by providing places for all early childhood children not accessing what was essentially a private provision. At the primary and secondary levels, education is provided in a combination of public, government-assisted and private schools, while a number of public and private institutions serve the tertiary level. All citizens pursuing tertiary education in approved local and regional institutions can benefit from Government

¹⁶ GII is interpreted as the loss in human development due to inequality between female and male achievements in the three dimensions. Reproductive health is measured by maternal mortality and adolescent birth rates; empowerment is measured by the share of parliamentary seats held by women and attainment in secondary and higher education by each gender; and economic activity is measured by the labour market participation rate for women and men.

¹⁷ CEDAW/C/TTO/4-7, CEDAW, consideration of reports submitted by states parties under Article 18 of the Convention, combined fourth to seventh periodic reports of states parties due in 2015, Trinidad and Tobago.

Assistance for Tuition Expenses (GATE), a programme established in 2004 to provide grant funding and encourage citizens to enroll in tertiary education. Persons in tertiary education may also access soft loans to finance their living expenses through the Higher Education Loan Programme. These structures allow 100% of the eligible population at each level to access education, if they so desire. GATE funds cover 100% of tuition expenses for undergraduate students and up to 50% of tuition expenses, to a maximum of TTD10,000, for postgraduate students. Despite the tuition support, many students from working class and vulnerable homes may be unable to fund their living expenses and there are, therefore, financing gaps which can prevent students from pursuing higher education. Particularly as well, GATE does not provide financing for students who may be required to repeat part of a programme.

1.11 In Tobago, the education sector provides education services to approximately 14,000 students across 12 Early Childhood Care and Education (ECCE) centres, 43 primary and 9 secondary schools. The system employs 800 teachers. In both Trinidad and Tobago, the education system is affected by many challenges including: (a) teacher shortages in a number of core and specialised areas (particularly, but not exclusively related to Technical and Vocational Education and Training [TVET]); (b) aging and inadequate infrastructure; (c) inequities in ECCE; and (d) inadequate school and system leadership capacity.

1.12 The system in Tobago is particularly affected given the scale of these issues, which tend to compound other Tobago-specific challenges. For example, Tobago operates within a nationally-determined policy framework, but the policies may not necessarily reflect the Tobago context. This issue specifically impacts on the framework for the delivery of special education services, but is also pertinent to the curriculum, with Tobago following the national curriculum but needing to offer options, especially in TVET, which relate to the economic needs of Tobago. Additionally, even though Tobago was included in the Inter-American Development Bank's (IDB)-funded ECCE Project, 5 of the 12 centres earmarked for Tobago have, to date, not been constructed and outfitted with the requisite resources. There has also been a delay in the training and capacity building earmarked for teachers and caregivers, especially in privately-run institutions. These delays have had an impact on the island's ability to offer quality ECCE services to some of its most vulnerable early childhood population.

1.13 Further, Tobago's basic education infrastructure is constructed to accommodate small populations but with migration to, and employment opportunities in, certain urban areas over the years; that infrastructure, in many cases, cannot now meet the demand for places. Some schools are therefore seriously overcrowded and, coupled with the delay in provision of specialist ECCE centres, are unable to provide an optimum environment for early stimulation and development. In addition, at the primary level many facilities lack the specialist spaces to accommodate the diverse curriculum now being offered, while at the secondary level some do not meet the facilities' standards for the delivery of the Caribbean Vocational Qualification (CVQ) programming. There are also structural issues in a number of school buildings, in particular the Scarborough Secondary School is affected by significant soil erosion, which render them unsafe for teaching and learning. Nationally, but more so in Tobago, many TVET programmes have been discontinued as a result of the inability of the system to identify qualified replacements for teachers exiting the system. Additionally, residents of Tobago are faced with increased non-tuition costs, such as travel and accommodation, when compared to residents of Trinidad *vis-à-vis* attendance in colleges and universities in Trinidad.

1.14 Overall, despite these challenges, Trinidad and Tobago has made significant progress in education including the: (a) attainment of universal ECCE; (b) improvement in instructional quality through the provision of requisite training and professional development of caregivers and teachers in ECCE, as well as in basic education; (c) rehabilitation and customisation of public day care facilities and nursery schools to meet specific early development needs (though a number of them, particularly in Tobago, still remain to be addressed); and (d) expansion of facilities and programmes for awarding CVQs. Teachers in these

programmes have also benefitted from industry internships which expose them to authentic workforce practices, resulting in invaluable knowledge transfer to students.

Crime and Citizen Security

1.15 Violent crime is considered to be the most serious problem for almost a quarter of the population. Based on the United States' Department of State Crime and Safety Report on Trinidad and Tobago for 2015, there were 403 murders in 2014, up from 352 in 2011. According to the United Nations and the World Health Organisation's Global Status Report on Violence Prevention, Trinidad and Tobago's murder rate was approximately 35.3 per 100,000 inhabitants in 2014, representing the tenth highest murder rate in the world. Meanwhile, its murder detection rate was 6.1%. Other criminal activities include: burglaries; robberies; wounding and shooting; rapes; incest and sexual offences; narcotic offences; and domestic violence and GBV. In Tobago, murder, home invasion and petty theft are among the main crimes. The prevalence of criminal activities varies in the different parts of the country. According to the 2012 HDA, which drew on the findings of the 2010 Citizen Security Survey, over 70% of residents in the Western and Central Police Divisions that cover the major population areas, were fearful of becoming a victim of crime. This fear is founded on the situation where over 50% of residents in the Western Division; 40% in the North Eastern; and 38% in Port of Spain, were actually victims of crime during the 10-year period ending 2010. The Tobago Division had the lowest, about 8%. About 12% of residents in the country were victims of crime at least once over the 10-year period, while about 23% of residents in the Western Division were. These figures highlight the real concerns that persons living in the country will continue to have in this regard, unless there are significant changes regarding the factors that contribute to this state of affairs.

2. KEY DEVELOPMENT PRIORITIES

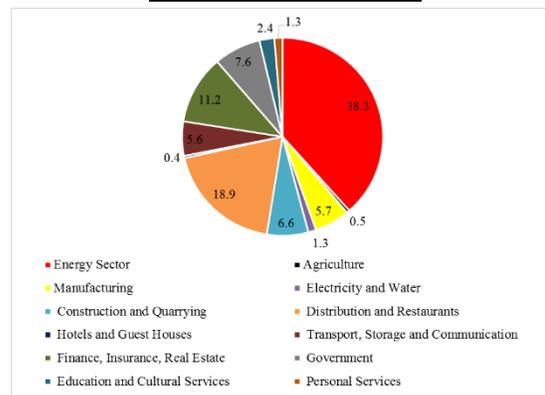
2.01 GOTT’s medium-term development priorities are articulated in its Election Manifesto, which will be formalised in the medium-term development strategy document dubbed “Vision 2030.” Based on discussions held during the Country Strategy mission (April 19-22, 2016), the “Vision 2030” document is well advanced and is expected to be completed during the third quarter of 2016. Tobago’s development priorities, which are congruent with those of Trinidad and reflect the broad development vision of the Republic as a whole, are articulated in its Comprehensive Economic Development Plan (CEDP), 2013-17. The overriding goal of the CEDP is to “*transform and diversify the Tobago economy such that it is better able to adjust to rapid changes in the national and international economies by producing products and services in which it can retain a competitive edge*” (p. 1).

2.02 Based on the development priorities outlined in both GOTT’s Election Manifesto and the CEDP 2013-17, as well as discussions held with stakeholders during the Country Strategy mission, the key development priorities for Trinidad and Tobago are summarised as: (a) accelerating economic diversification and increasing productivity and competitiveness; (b) improving governance and development planning; (c) enhancing social development; and (d) promoting environmental sustainability, with an explicit focus on prioritising safe and resilient infrastructure.

Accelerating Economic Diversification and Increasing Competitiveness and Productivity

2.03 Figure 2.1 illustrates Trinidad and Tobago’s heavy dependence on the energy sector, which exposes it to significant economic shocks. In particular, volatility in international energy prices generates macroeconomic fluctuations and imposes a level of uncertainty that increases the complexity of development planning. More fundamentally, however, oil and gas are finite/non-reproducible resources which cannot be drivers of sustainable growth and development in the long term. Reducing the over-reliance on the hydrocarbon sector and promoting new areas for economic growth are, therefore, a critical and urgent priority. GOTT has recognised the imperative of structural transformation, and its mid-year Budget presentation in April 2016 underscored its commitment to diversifying the economy. Expanding the opportunities for growth and development will require: strengthening of the country’s competitive edge; enhancing human capital to improve productivity; improving the policy and institutional environment that supports business development and entrepreneurship; and promoting a collective shift in mindset from limitations towards possibilities. Focus should also be given to: attracting greater investment; promoting research and development; and mainstreaming innovation and technology in the non-energy sector with a view to exploiting untapped potential in existing industries (including tourism and agribusiness), as well as creating new ones (in particular, high-value informatics and renewable energy [RE]).

**FIGURE 2.1: SECTORAL CONTRIBUTION TO GDP (%)
(AVERAGE 2010-2015)**



Source: CDB

2.04 Regarding the tourism sector, it has untapped potential as a key growth driver in Trinidad and Tobago. The product mix offered by the peculiarities of the two islands combines to give a rich diversity to the tourism experience. Trinidad and Tobago also possesses a strong heritage product, many cultural-based activities and financial centers of excellence, which are prime tourism assets (both pleasure and business) that should be fully exploited. In Tobago, especially, much more can be done to develop the sector, as a start Box 2.1 offers a few suggestions in this regard.

Box 2.1: Towards the Development of the Tourism Sector in Tobago

1. Conduct a destination audit to ascertain resources and gaps.
2. Enhance the investment environment through appropriate incentives.
3. Upgrade physical infrastructure and expand product offerings.
4. Strengthen cross-sectoral collaboration.
5. Enhanced customer-focused training.
6. Develop a tourism master plan for strategic direction of the sector.

2.05 The agricultural sector also holds potential to accelerate economic diversification. There is a high demand for local products; in particular, roots crops, fruits and vegetables. With regard to agricultural exports, Trinidad is world-renowned for the production of fine cocoa, a key ingredient in the manufacture of high-end chocolate. Successive administrations have expressed strong support for the implementation of measures to spur domestic agriculture production as a means of improving the country's food and nutrition security, and as part of an overall economic growth and diversification strategy. However, efforts have been stymied due to a combination of factors, most notably the effects of weather-related shocks and labour supply challenges. Policies are, therefore, needed to prioritise the development/expansion of agri-business, as well as promote climate-smart investments and competitive wages in the sector.

2.06 Accelerating economic diversification also requires focused attention on creating opportunities for entrepreneurial development. In this regard, addressing critical constraints to the development of micro, medium and small-sized enterprises (MSMEs) is an urgent priority. Critical constraints include: (a) limited access to appropriately-structured financing instruments; (b) limited innovation; and (c) inadequate financial management and business acumen skills. Knowledge gaps also exist in the sector with respect to financial management and new models of financing. Businesses are challenged by quality-related issues, among them the need to: (a) upgrade the country's public laboratory infrastructure (particularly for food, beverages and pharmaceuticals); (b) update relevant, and enforce existing, legislation; and (c) promote awareness of standards. Businesses also face high costs associated with certification and accreditation, as well as challenges in meeting stringent quality standards in international markets, and in competing with imported products on the local market which may not be adequately monitored for quality. A major priority, therefore, is the establishment of a National Quality Policy to strengthen the quality infrastructure in Trinidad and Tobago, which would in turn enhance competitiveness, particularly in priority, non-energy sectors.

2.07 Ongoing efforts by GOTT to strengthen the business development programme of the Ministry of Labour and Small Enterprise Development (MLSED), as well as training for entrepreneurs, are key components and steps in the right direction. In addition, through the National Training Agency, there are efforts to provide certification to the many skilled workers from the oil and gas sector who may have been adversely impacted by recent sector developments. Such certification will assist workers to transition in the labour market at appropriate levels of competence and remuneration. Regarding appropriate financing to support MSME development, the existing level of funding of the National Enterprise Development Company (NEDCO) by GOTT will need to be supported by other sources of long-term funding with appropriate conditions to permit extended tenor, inclusive of appropriate grace periods to entrepreneurs. With the projected increase in demand for funding and for the services of NEDCO, it is anticipated that there will be the need for a review of the operating structure and modalities of the operations for it to effectively deliver on its mandate.

Improving Governance and Development Planning

2.08 Recent assessments of the quality of public financial management (PFM) systems¹⁸ suggest that while Trinidad and Tobago performed well with respect to fiscal discipline, the area of strategic allocation of resources represented a key weakness linked to: (a) an absence of life-cycle costing in sector strategies; and (b) a budget classification system that is principally economic and administrative, and does not support the policy-based budgeting approach that would allow for more strategic development planning. In both Trinidad and Tobago, further capacity gaps exist in the area of development planning; project management; and the use of MfDR frameworks across a range of key sector programmes, including central public goods/services such as infrastructure and public utilities. The Public Sector Investment Programme (PSIP) is large at over 1,700 projects with low execution, while there is limited alignment as part of the central planning function of development partner resources with the budget process, and no timely reporting on project and programme achievements integrated into the national consolidated financial reporting framework. Moreover, there are substantial gaps in statistical capacity ranging from: (i) national accounts and external sector statistics to demographic analysis; (ii) vital statistics; and (iii) data management, dissemination and processing.

2.09 There is need to institutionalise a new policy framework that emphasises improving competition in public procurement, the quality of public institutions and strengthening integrity, transparency and accountability in public office. There is also the need to adopt a Centre of Government model for the coordination of national decision-making to improve: harmonisation and alignment in donor-funded initiatives; accountability and efficiency in government performance; and, overall, value for money. While the 2016 PSIP strategy recognises these imperatives, follow-through will be important. Regarding wider governance reforms, efforts that are currently underway are far-reaching in scope and fundamental to effective governance and service delivery and, as such, require significant change management, legislative reform and institutional strengthening support. These include the introduction of a new system of local-led government featuring decentralisation of the delivery of key services (social services, planning and building approvals and community development projects) to municipal corporations, and rural development initiatives to promote community-driven economic and business activity. This approach may provide opportunities for enhanced action in the area of citizen security, which continues to emerge, not only as a challenge to productivity and business climate, but as an overall threat to human development. The mainstreaming of existing community and youth-positive citizen security approaches across GOTT's operations, has the potential to add significant value to gains already made in this area. In Tobago, the modernisation of the Central Administration's information and communications technology (ICT) infrastructure would significantly contribute to effective implementation.

2.10 With respect to strengthening statistical capacity, efforts underway to make the Central Statistical Office (CSO) an independent statutory body by early 2017, will also need to address the broader statistical system and the capacity of line ministries (particularly, but not exclusively, the Ministry of Education (MOE]) and other stakeholders (including the Central Bank). This is important so that all stakeholders are able to gather, use and disseminate administrative and other data as part of an integrated national statistical system (NSS). Methodological and legislative issues that constrain the adequate use of data in policymaking, the production of sex-disaggregated data, and the transparency of key indicators that influence both foreign and domestic investment in key sectors, should also be addressed.

¹⁸ "Limited Public Expenditure Financial Assessment 2013" presented the status of the PFM system of the Central Government based upon 16 indicators measured in 2013, coupled with considerations of the status of 15 other indicators that were measured in 2008 and scored an A, B+ or B.

Enhancing Social Development

2.11 Trinidad and Tobago's economic downturn has resulted in a number of new challenges for the country. These challenges include increasing unemployment, underemployment and crime. This situation is a major risk factor for delinquency, drug use and gang affiliation by out-of-school young men, increased adolescent parenthood for young women, and other related social ills. Additionally, increased unemployment also puts increased pressure on agencies providing transfers and social assistance, but with a downturn in the country's economy the State becomes less able to service the normal demands and, more so, the increasing numbers in need of such assistance. This situation provides an opportunity for review and rationalisation of the myriad social programmes. The new/emerging unemployment challenge, when combined with perennial income inequality at the national and gender levels and persistent geographic disparities, pose a significant threat to social development gains achieved over the years.

2.12 In the education sector, in particular, there are a number of issues which, if allowed to remain unaddressed, can undermine the hard-won social development gains. The first such issue is the varying quality of the ECCE provision. Education outcomes are likely to improve if children at the emergent stages of their development are exposed to the requisite early stimulation and readiness activities. This is usually the case where teachers and caregivers have undergone the relevant training and professional development and where appropriate facilities and resources have been provided. In Trinidad and Tobago, however, there is concern that while there has been significant investment in ECCE, this has not fully filtered into the large number of privately-operated ECCE facilities across the country. The result is that many of these facilities still lack the appropriate physical environment, developmental resources and trained caregivers to help children prepare for formal learning. Such children may lag behind in developmental characteristics and fall further and further behind once they enter the formal system. They then become at-risk for educational failure and eventually become part of the youth population engaging in antisocial behaviours, which threaten the security of citizens. It is imperative, therefore, that there is equity in the provision of ECCE services so that all children can benefit from a quality start to their education.

2.13 A second key development issue is the emerging teacher shortage, particularly in key curriculum areas, including TVET. The system has been unable to replace a number of retiring teachers because there are simply no persons available to undertake the positions. The result is a contraction in key programmes in a context where expansion is required to support preparation of students to meet labour market needs. Next, even though Trinidad and Tobago has demonstrated its commitment to making tertiary education available to the entire population through its tuition support and significant expansion of local post-secondary and tertiary level institutions, the provision is inequitable since students from Tobago and other remote locations in Trinidad still have to find resources to support accommodation and living expenses when they enrol in post-secondary and tertiary programmes. Those who cannot afford these expenses are, therefore, deprived of the opportunity to pursue higher education and, subsequently, obtain sustainable employment. The education system must, therefore, encompass multiple modalities for delivery of higher education to expand access to remote and vulnerable communities. Other key constraints which must be addressed include: weaknesses in school and system leadership; and the aging, inappropriate and unsafe physical infrastructure.

Promoting Environmental Sustainability, with a Focus on Prioritising Safe and Resilient Infrastructure

2.14 Trinidad and Tobago is confronted with serious challenges in promoting environmental sustainability including among others: (a) inadequate solid waste management; (b) weak land-use planning; (c) proliferation of unplanned physical development; (d) land-based pollution; (e) depletion and degradation of biological resources; (f) coastal erosion and inappropriate coastal development; and (g) vulnerability of the agriculture, water and transport sectors, and coastal resources to the adverse impacts of climate

variability and climate change (CC). Sea level rise, changes in precipitation patterns, and extreme weather events can seriously affect the operation of roads and water infrastructure. Moreover, the absence of a comprehensive land-use policy has contributed to: (i) unplanned development; (ii) increased hazard vulnerability; and (iii) environmental degradation. Appendix 2.1 presents a detailed climate and disaster risk screening analysis. With a view to mainstreaming the environment, CC adaptation and disaster risk management (DRM) into national development planning, urgent attention is required in the areas of water and sanitation, solid waste management, coastal protection, public (bus) transportation and road infrastructure. The projected decrease in precipitation and increase in temperature, coupled with increasing demand for water, are likely to place significant stresses on the water sector. The Water and Sewerage Authority (WASA) currently has an 11% deficit on potable water production of 242.3 millions of gallons per day and is experiencing the effects of a mature El Nino system, matching the strength of the strongest event (1997/1998) in the last 50 years. The need exists for WASA to improve the sustainability of its operations through enhanced operational efficiency, including reducing non-revenue water which is currently estimated at 50%. Presently, 94% of the country has access to water, however, only 4% (consisting mainly of industrial and commercial customers) is metered. A universal metering programme, mains replacement and other distribution network upgrading are needed to reduce potable water losses.

2.15 With respect to solid waste management, of the existing 4 sanitary landfills (3 in Trinidad and 1 in Tobago), the Beetham Estate in Trinidad is at capacity and the other 3 are near capacity. A National Solid Waste Management Strategy and Action Plan is being developed to propose solutions to the sector challenges, as well as an implementation plan to effect short, medium and long-term improvements to the sector. The east and southwest coastal areas in Trinidad and the northeast coast of Tobago are experiencing the deleterious effects of coastal erosion, which are being exacerbated by the effect of CC. Tobago also faces the special challenge of ensuring an integrated system of coastal zone development and management, particularly in zones of high tourism investment.

2.16 In the road transport sector, GOTT has embarked on a programme (for both islands) that promotes energy efficiency (EE) in its public (bus) transport system to help reduce greenhouse gas emissions to contribute towards reducing Trinidad and Tobago's carbon footprint and improving air quality, which are integral to national development. More broadly, GOTT has articulated its nationally-determined contribution, which is based on its Carbon Reduction Strategy developed for its power generation, transportation and industrial sectors, which are the major emitting sectors of the economy and consistent with implementing the provisions of the National Climate Change Policy. However, in spite of these policy-related developments, key barriers to building climate resilience remain. Chief among them are: weak and/or non-existent institutional and capacity constraints in undertaking climate vulnerability assessments; and the lack of technical tools and guidance materials, including guidelines for making investments. This has hindered progress with the integration of CC considerations into sectoral planning and infrastructure design.

2.17 The extant challenges of the energy sector necessitate enhanced operational efficiency, as well as the promotion of RE/EE to reduce the high dependence on fossil fuels of existing players in the sector. Regarding the former, there is an opportunity for smaller and more efficient local companies to participate further in the drilling and ancillary services aspects of the industry. The Petroleum Company of Trinidad and Tobago Ltd. (Petrotrin) is expected to play a leading role to support the small companies to ensure that levels of production are maintained to meet the existing market demand. Currently, Petrotrin requires financing for the replacement of old pipelines and equipment, which contribute to leakages and losses, whereas the smaller rig operators require working capital to enhance the efficiency of their operations. With respect to promoting RE, a RE policy framework was developed in 2011 and is currently being revised. A Green Paper on EE has also been prepared. However, the absence of a supportive legislative and regulatory environment to facilitate the development of RE remains a key constraint to the development of the sector and requires urgent attention. Given that it is neither practical nor likely that GOTT will totally

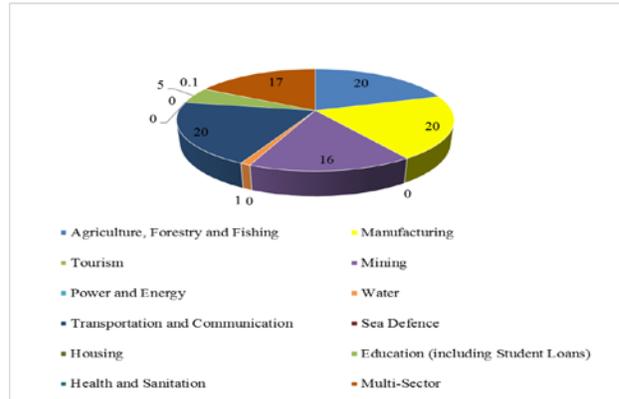
abandon the use of fossil fuels, there is a need for measures to be implemented to further mitigate environmental risks associated with the sector.

3. COUNTRY PORTFOLIO, REVIEW OF COUNTRY STRATEGY 2011-14 AND LESSONS LEARNT

COUNTRY PORTFOLIO

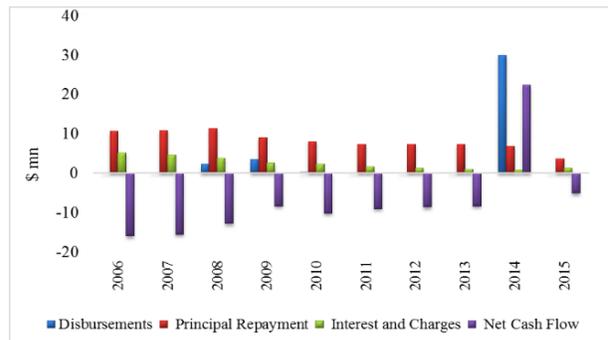
3.01 Trinidad and Tobago is one of CDB's largest shareholders, with ownership totaling 19,342 shares or 17.91% of total share capital. Over the period 1970 to October 31, 2016, CDB approved \$200.6 mn in loans to Trinidad and Tobago, which represented 3.1% of CDB's total approvals, ranking the country as the 10th largest recipient of assistance among CDB's 19 BMCs. CDB's lending was channeled to the following sectors: (a) agriculture and rural development; (b) mining and quarrying; (c) manufacturing; (d) transportation and communication; and (e) multi-sectoral. The multi-sectoral assistance was provided through lines of credit and a policy-based loan (PBL) to the energy sector. As Figure 3.1 shows, manufacturing; transport and communication; and agriculture, forestry and fishing accounted for the largest shares of CDB's lending to Trinidad and Tobago. CDB's cumulative disbursement over the 40-year period amounted to \$190.7 mn at end-October 2016, while Trinidad and Tobago's cumulative repayments to CDB were \$148.9 mn.

FIGURE 3.1: DISTRIBUTION OF LOAN, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET) - 1970 TO OCTOBER 31, 2016 (%)



Source: CDB.

FIGURE 3.2: PORTFOLIO FLOWS (\$ mn)



Source: CDB.

REVIEW OF COUNTRY STRATEGY 2011-14¹⁹

3.03 A four-year Country Strategy was approved in 2011. The Strategy was anchored on three pillars: (a) promoting broad-based economic growth and inclusive social development; (b) promoting good governance; and (c) supporting environmental sustainability and DRM. Gender was considered a cross-cutting theme. For most of the strategy period, Trinidad and Tobago benefitted from high and rising international energy prices. Additionally, domestic interest rates fell sharply because of the high level of liquidity in the commercial banking system. The macroeconomic developments resulted in GOTT being able to finance its resource needs from domestic sources at interest rates, in some cases, on more favourable

¹⁹ The delay in the preparation of the new Country Strategy is explained by uncertainties surrounding the General Election, which was eventually held on September 7, 2015. Preparations for a new Country Strategy, which had started in mid-2015 were put on hold. However, CDB remained engaged with country officials and resumed preparations following the General Election. A high-level CDB delegation visited Trinidad and Tobago in January 2016, followed by the Country Strategy mission which was held April 19-22, 2016.

terms than could be obtained from CDB. During the final quarter of 2014, global petroleum product prices experienced severe falls, which resulted in many of the major actors in the industry cutting back on proposed capital expenditures. Against this background, CDB was able to approve a PBL which was intended to reinforce policy changes in the energy sector within the context of GOTT's sustainable energy programme. The approval of the \$40 mn PBL was the only loan approved during the Country Strategy period, which means that only 10% of the Strategy's total indicative resource envelop was utilised.

3.04 In terms of development impact, the End-of-Strategy Review found that RMF underpinning the Strategy was deficient (having pre-dated extensive, CDB-wide MfDR training), thereby inhibiting a clinical assessment of whether outcomes have been realised and development results achieved as they pertain to the energy sector intervention. However, it is worth mentioning that the First Tranche (\$30 mn) of the two-tranche²⁰ energy-sector PBL was disbursed in December 2014, against completed reform actions that are intended to: (a) deepen the development of a sustainable energy framework; (b) promote environmental sustainability of alternative energy fuels in the energy matrix; and (c) enhance economic efficiency and improved fiscal outcomes.

LESSONS LEARNT

3.05 Based on the performance of the previous Country Strategy, four key lessons have emerged, which have informed the design of the new Strategy:

- (a) Capacity-building, as well as institutional strengthening needs of executing agencies should be continuously assessed to adequately address implementation capacity constraints.
- (b) It is important to design the Country Strategy with built-in flexibility to allow for changes in socioeconomic circumstances, as well as changes in strategic priorities of the country.
- (c) Strong donor coordination is important to increase the likelihood of achieving meaningful development results.
- (d) It is important to promote CDB's additionality and value proposition (beyond price) through strong country presence (not necessarily physical presence) and active and constant engagement with key decision-makers in country.

²⁰ The Second Tranche is expected to be disbursed by the end of 2016.

4. CARIBBEAN DEVELOPMENT BANK'S ASSISTANCE STRATEGY (2017-2021)

COUNTRY STRATEGY AND ITS PROPOSED CONTRIBUTION TO COUNTRY OUTCOMES

4.01 In responding to the development priorities of Trinidad and Tobago, the proposed Strategy seeks to maximise CDB's development impact through selective and focussed support that prioritises CDB's additionality through TA, institutional strengthening, capacity building and knowledge creation. Tobago will be given special focus because its development deficits, in some instances, are more acute. Accordingly, in addition to benefitting from support that will be provided nationally, the sister island will also benefit from Tobago-specific interventions.

4.02 The Strategy has been framed within the following context: (a) high-level policy dialogue with key policymakers and stakeholders; (b) the country's financial/fiscal capabilities; and (c) development partners' activities in the country. It is consistent with CDB's Strategic Objectives of promoting broad-based economic growth and social development, and enhancing environmental sustainability. GE, as well as energy security and citizen security considerations, will be mainstreamed in CDB's operations. The Strategy rests on three pillars: (i) inclusive social and economic development; (ii) governance and institutional development; and (iii) environmental sustainability, which would guide specific sectoral interventions aimed at achieving particular development outcomes. In addition to the interventions being proposed, where applicable Trinidad and Tobago will also benefit from CDB's regional programmes.

Pillar I: Inclusive Social and Economic Development

Expected Outcome 1: Improved Quality of and Access to Education and Training

4.03 CDB will support initiatives nationally which seek to: address quality, relevance and equity in the sector; strengthen the capacity to plan for, and manage, the sector; enhance instructional quality; and maximise opportunities for youth to participate fully and benefit from economic activity. Many of the issues identified and proposed for intervention nationally, particularly affect the system in Tobago. CDB has developed expertise in working with BMCs to enhance education development in vulnerable and remote communities experiencing challenges similar to those in Tobago. Having given consideration to these challenges, in addition to the support that will be provided nationally, CDB is also prepared to specifically undertake interventions for development in Tobago. The full package of interventions include, but are not necessarily limited to:

- (a) Strategic planning and policy formulation to guide structured and integrated development of the system.
- (b) Curriculum development and revision to address existing and emerging needs in the economy.
- (c) Establishment/upgrade of institutions/centres for the delivery of second-chance skills development and enhancement of school/community cohesion.
- (d) Support to post-secondary and tertiary-level institutions to assist in achievement of expansion and development goals.
- (e) Establishment of safe havens/youth-friendly spaces for children/youth whose educational development has been impacted by crime and violence.

- (f) Tobago Focus:
 - (i) Infrastructural development and technological enhancements to:
 - (aa) support the expansion of post-secondary and tertiary education to remote and vulnerable communities; (bb) replace inadequate and unsafe physical facilities; and (cc) provide customised facilities for ECCE, CVQ and special education needs.
 - (ii) Teacher training and continuous professional development to alleviate teacher shortages, enhance instructional quality in key areas of the curriculum, and strengthen the capacity of school and system leaders (also relevant for Trinidad).

Expected Outcome 2: Strengthened Social Protection

4.04 Chapter 2 discussed how the extant economic downturn has triggered new social challenges such as unemployment and underemployment, and has also exposed weaknesses in the coordination of social programmes now that there are more demands for social assistance. To address these two specific issues, and with a view to realising the expected outcome, CDB proposes to focus its interventions on:

- (a) Re-orientating the National Employment Service to assist with the training and retooling of retrenched workers.
- (b) Supporting the operationalisation of a Labour Management Information System (LMIS) that would provide real time information and data on needs of the labour force. IDB is providing assistance in designing and developing the LMIS, and CDB's role could be to support its operations.
- (c) Supporting a comprehensive review of GOTT's social programmes, with a view to enhancing their coordination and improving their effectiveness.
- (d) Tobago Focus:
 - (i) Supporting the development of operational policies for administration of social assistance programmes.

Expected Outcome 3: Increased Productivity, Competitiveness and Economic Diversification

4.05 To facilitate the attainment of this outcome, CDB will focus on interventions to support private sector development (particularly, but not exclusively, on the MSME sector, as well to increase agricultural and tourism sectors' economic contributions). Potential areas for CDB's assistance include:

- (a) TA to support institutional strengthening in the development agencies, as well as loan resources to development financial institutions (DFI) for on-lending to MSMEs. CDB's Caribbean Technological Consultancy Services resources will also be available to MSMEs.
- (b) Support to further develop the creative industries and maritime sectors.

- (c) Support the articulation of a National Quality Policy which would establish the framework for development of the National Quality Infrastructure (NQI). NQI is the institutional framework required to establish and implement the standardisation, metrology, accreditation and conformity assessment services (inspection, testing, and product and system certification) necessary to prove that products and services meet defined requirements demanded by authorities or by the market place.
- (d) Support, in partnership with regional agriculture support institutions, to strengthen the Agricultural Sector Policy Framework in a gender-responsive way.
- (e) Measures to address deficiencies in agriculture-support infrastructure and systems, particularly those to mitigate the impact of CC/climate variability-induced, weather-related challenges.
- (f) Strengthen the dialogue with GOTT within the framework of regional agriculture support interventions. Among the planned regional interventions being actively pursued by CDB, which could directly benefit farmers in Trinidad and Tobago, is the development of a weather-index based agriculture insurance product, which should be accessible by both women and men.
- (g) TA for consultancy services for institutional capacity building of development agencies.
- (h) Lines of Credit to assist DFI in providing financial resources to MSMEs.
- (i) Tobago Focus:
 - (i) Support to develop the tourism sector.

Pillar II: Governance and Institutional Development

Expected Outcome 4: Improved Evidence-based Development Planning and Institutional Development

4.06 CDB will support fundamental governance and institutional development reforms aimed at strengthening the use of timely and reliable data within an integrated system of evidence-based policymaking and planning. These include, but are not limited to:

- (a) Institutional strengthening of NSS including, but not limited to, CSO.
- (b) Development of a national performance framework and strengthened mechanisms for integrated policy development, including the harmonisation and alignment of development financing.
- (c) Support to multi-stakeholder governance mechanisms for enhanced citizen security.
- (d) Support to Local Government modernisation in the areas of legislative reform and institutional strengthening.

- (e) Tobago Focus:
 - (i) Modernisation of Tobago's public sector through enhanced ICT management and training in PCM, and public policy analysis and management (PPAM) (Trinidad to also benefit).

Pillar III: Environment Sustainability

Expected Outcome 5: Strengthened Environmental Management Supported by Safe and Resilient Infrastructure

4.07 To support the realisation of this outcome, and having regard for the need to incorporate CC, DRM and RE/EE strategies into infrastructural investment planning in Trinidad, as well as in Tobago, in addition to institutional strengthening and capacity building support, possible areas for assistance include:

- (a) Mainstreaming CC into key sectors by undertaking climate vulnerability assessments and developing climate resilient investment master plans for key infrastructure sectors.
- (b) Supporting RE/EE investments including policy development (regulatory and institutional) and infrastructure.
- (c) Supporting water and sanitation infrastructure and systems.
- (d) Supporting road infrastructure (both primary and secondary) – building resilience and promoting safety.
- (e) Supporting public (bus) transportation and ancillary facilities.
- (f) Supporting efficiency and security in the energy sector.
- (g) Training of GOTT staff in the area of Public-Private Partnerships (PPP), including screening project pipeline and identifying next steps in the development of higher priority projects.
- (h) Tobago Focus:
 - (i) Land use planning, coastal protection, transport and sanitation.

INDICATIVE RESOURCE ENVELOPE

4.08 The resource envelope is estimated at \$436.7 mn over the strategy period, of which \$67 mn has been programmed for Tobago (Table 4.1). The indicative programme of assistance reflects a mix of financial and TA. The indicative interventions are based on the salient issues that emerged from discussions with key sector officials about the urgent priorities within the respective sectors and ongoing interventions supported by other development partners. The indicative resource envelope is an increase of \$35.7 mn, relative to the indicative envelope of the 2011-14 Strategy. This reflects the renewed commitment between CDB and GOTT for a closer and more active engagement, as well as the country's new economic realities which will restrict it from financing its development needs from internal resources. The utilisation of the estimated budget over the strategy period will depend on two critical factors: (a) the evolution of public finances over the strategy period; and (b) the extent to which technical capacities in

key line ministries hinder, or help, project preparation and execution. CDB will intensify its macroeconomic surveillance to improve its monitoring of public finances over the strategy period. Additionally, technical capacity limitations will be addressed by providing in-country capacity building in PCM and PPAM for executing agencies and associated line ministries.

TABLE 4.1: INDICATIVE ASSISTANCE PROGRAMME

Proposed Areas for Support	Indicative Amount (USD mn)
Expected Outcome 1: Improved Quality of and Access to Education and Training	
Education <i>of which: Tobago</i>	146.2 [27.7]
Expected Outcome 2: Strengthened Social Protection	
Institutional strengthening, capacity building, and training <i>of which: Tobago</i>	1.0 [0.2]
Expected Outcome 3: Increased Productivity, Competitiveness and Economic Diversification	
Productive Sector/Private Sector Development <i>of which: Tobago</i>	20.4 [0.2]
Expected Outcome 4: Improved Evidence-based Development Planning and Institutional Development	
Governance and Institutional Strengthening <i>of which: Tobago</i>	6.1 [0.9]
Expected Outcome 5: Strengthened Environmental Management Supported by Safe and Resilient Infrastructure	
CC Adaptation and Mitigation <i>of which: Tobago</i>	25.0 [13.0]
Environmental Management <i>of which: Tobago</i>	58.0 [5.0]
Physical Infrastructure Upgrade <i>of which: Tobago</i>	180.0 [20.0]
TOTAL <i>of which: Tobago</i>	436.7 [67.0]

RESULTS MONITORING

4.09 The RMF in Appendix 4.1 will be used to monitor and assess development results. It identifies the country's development objectives to which each of CDB's indicative intervention(s) is aligned, the sector constraint(s) to be addressed, the expected outcomes to which the proposed intervention(s) are expected to contribute (including GE), and the performance indicators against which the results will be measured. For strategic purposes, the RMF is pitched at the sector level; however, the project-level RMF will be specified during project design. Monitoring of the Strategy will be done by both CDB (primarily the Economics Department) and country authorities. CDB's engagement will be focused on promoting mutual

accountability for results and fostering open and frequent policy dialogue with GOTT. Strategy implementation will be monitored through annual country portfolio reviews, as well as a mid-term review. The Mid-term Review will be undertaken in 2018 to assess progress towards meeting expected sector outcomes, in addition to assessing portfolio progress and utilisation of the resource envelope within the context of possible changes to the country's fiscal circumstances. An end-of-strategy evaluation will also be undertaken to assess its contribution to sector outcomes.

IMPLEMENTATION PLAN, ROLES AND RESPONSIBILITIES

4.10 Implementation of the Country Strategy will be guided by a coherent operational framework that defines specific roles and responsibilities at both the country and Bank levels once projects have been approved. The relevant line ministries/agencies (in close collaboration with the Ministry of Planning and Development [MPD]) will have responsibility for the management of specific projects, while CDB will assist with implementation through technical and financial assistance, and will work closely with the relevant executing agencies to ensure timely implementation of projects following Board approval. Where needed, capacity-building support will be provided to facilitate efficient execution of projects and, by extension, promote the realisation of the expected sector outcomes of the proposed Country Strategy. Capacity building and sensitisation on GE considerations will be part of the institutional strengthening related to the execution of projects. The mechanism to promote efficient strategy implementation will be through structured communication channels and regular reporting. CDB will work closely with country officials to promote and improve cross-agency/cross-sector dialogue and collaboration with a view to fostering a common understanding of the results and the collective responsibility for their achievement. CDB will also seek to build a network of in-country consultants and experts in the proposed areas of intervention, who can be deployed on short notice to help drive implementation of approved projects. Moreover, CDB will continue to actively monitor socioeconomic developments in Trinidad and Tobago and have regular policy dialogue with country officials in order to ensure that the Strategy is appropriately adjusted to reflect any changes in GOTT's priorities.

RISK ANALYSIS

4.11 The main risks that may affect the execution of the proposed Country Strategy are: (a) macroeconomic risk – economic uncertainties in the context of a challenged energy sector, which can reset GOTT's priorities; (b) implementation risk – institutional and human capacity constraints, which can undermine effective implementation the Strategy; and (c) exogenous risks – natural hazards, which can also reset GOTT's priorities. CDB has identified measures to help mitigate these risks, including: (i) policy advice on how best to optimise trade-offs amongst competing macroeconomic priorities; (ii) capacity building and institutional strengthening (particularly, but not exclusively, in the area of project planning and management); (iii) active engagement of development partners and wide stakeholder consultations; and (iv) quick response to address the socioeconomic effects of natural hazards.

COORDINATION WITH OTHER DEVELOPMENT PARTNERS

4.12 Strong donor coordination is important to increase the likelihood of achieving meaningful development results. CDB will pursue an active engagement strategy with relevant partners in the areas/sectors of its interventions in order to avoid duplication and optimise its development support. Areas for possible collaboration will be actively pursued. CDB will also work closely with the new unit in MPD that has been established to improve donor coordination and harmonisation. CDB will also seek to forge strategic alliances with other regional and international organisations that are headquartered in country (which may not necessarily have current programmes with GOTT) to help build network capital. Appendix 4.2 summarises the current activities of development partners. Trinidad and Tobago's main development partner is IDB. Other partners include the European Union (EU), and the United Nations Programme for Human Development (UNDP).

CLIMATE AND DISASTER RISK SCREENING
BASIC PROJECT/PROGRAMME INFORMATION

Basic Project/Programme Information

Project Title: Country Strategy Paper Country: Trinidad and Tobago Sector: Multi-Sector
Country Objectives and Brief Description: To identify the overall risk to priority sectors identified as critical to meeting the country's CSP goals and priorities, based on climate and geophysical hazards and sector potential impact, but adjusted for the sector's institutional readiness and for the challenges and opportunities presented by the larger development context.
Project Cost: N/A.

Summary of Climate and Disaster Risk Screening

<p>A. <u>Context</u></p> <p>Trinidad and Tobago is located in the southern Caribbean Sea just north of South America, northeast of Venezuela and south of Grenada. Trinidad contains three distinct mountain ranges, namely the: northern range; central range; and southern range. The northern range is the most mountainous consisting of rugged hills and steep slopes¹. The central range consists of mainly a low-lying topography, with a swampy area which rises into rolling hills with a maximum height of 325 metres (m). The southern range is made up of a line of broken hills which taper off at the southern coast. Due to Trinidad's mountainous terrain to the north, the island is drained by two main rivers, the Caroni River and the Ortoire River.</p> <p>Tobago is of volcanic origin and is dominated by one main central ridge approximately 29 km long and with maximum elevation of 640 m. The mountainous terrain of Tobago produces several small rivers and streams throughout the island, the main one being the Courland River.</p> <p>B. <u>Sectors</u></p> <p>Energy</p> <p>The energy sector, one of the main economic drivers of the country, is minimally vulnerable to the potential impacts of natural disasters and CC. However, some access roads leading to major energy plants are located in flood-prone areas. In a few instances, natural gas pipelines may become exposed due to beach erosion.</p> <p>Education</p> <p>Some schools throughout Trinidad are located in flood-prone areas, while others are in close proximity to landslide-prone areas. With the effects of CC and natural hazards projected to intensify, these processes can be exacerbated, thus future construction must take areas prone to flooding into consideration.</p>

¹ The highest point is El Cerro del Aripo at 940 m.

Transport

The transport sector is highly vulnerable to the effects of CC and natural hazards. Ports are extremely vulnerable to storm surges and sea-level rise which can critically damage infrastructure. Some major roads are located on low-lying areas at, or near, the coast which are subject to flooding and coastal hazards. Some of the more threatened corridors include: Port of Spain to Arima; Port of Spain to Chaguanas; and Manzilla to Mayaro. Roads in especially the Northern Region also face the threat of landslides.

Insufficient road rehabilitation and the absence of climate-sensitive road construction guidelines for the construction of new roads have combined to increase the vulnerability of roads.

Water

The projected decrease in precipitation and increase in temperature, along with the increasing demand for water, are likely to place significant stresses on the water sector, making it especially vulnerable to the impacts of CC. The likely increases in evaporation and evapo-transpiration, as well as reduced precipitation, will affect groundwater recharge rates. As sea level rises, coastal alluvial aquifers will be reduced in size, the thickness of the water lens will diminish, and water quality will deteriorate. These coastal aquifers and reservoirs will be susceptible to salt water intrusion and inundation.

Coastal Resources

The coastal resources of Trinidad and Tobago are highly vulnerable to the impacts of CC, particularly sea level rise and storm events. Already, coastal erosion is a major problem in Eastern Trinidad and Eastern Tobago as it undermines the stability of structures including roads, vacation and residential homes and coastal defence works². In some instances, coastal agricultural land, recreational areas, beaches and habitats are also being negatively affected. These impacts have the potential to affect the livelihoods of coastal communities that depend on tourism, fishing and agriculture. CC can accelerate coastline erosion either directly, or indirectly, by degrading the coral reefs which protect the shoreline.

C. Exposure³: Brief Description of Hazards Likely to Affect the Country Strategy Paper⁴

Hazard

Description⁵:

The hazards listed below are the significant ones for the country:

- i. Extreme Temperature.
- ii. Extreme Precipitation and Flooding.
- iii. Drought.
- iv. Sea-Level Rise.
- v. Storm Surge.
- vi. Strong Winds.
- vii. Earthquakes.
- viii. Landslides.

CC projections indicate a rise in temperature of between 1.5-2.0°C in the Caribbean Region by the 2080s, compared to the 1980 to 1999 period. Annual rainfall is projected to decrease in the range of 15% for Trinidad and Tobago by the 2080s and an increase in intense rainfall events over shorter periods is projected. The projections also indicate an increase in longer dry spells and drought events.

² Despite being sheltered, some areas on the East Coast such as the Western Peninsula, have also been experiencing high rates of erosion.

³ The presence of people, livelihoods, species or ecosystems, environmental services and resources, infrastructure, or economic, social, or cultural assets in places that could be adversely affected by a hazard.

⁴ A physical process or event (hydro-meteorological or oceanographic variables or phenomena) that can harm human health, livelihoods, or natural resources.

⁵ Trinidad and Tobago Meteorological Office, 2015.

D. <u>Sensitivity⁶ of Sectors (if known) or Overall Project</u>	
Key Sectors in CSP:	Sensitivity to CC and Natural Hazards:
<ul style="list-style-type: none"> i. Energy. ii. Education. iii. Transport. iv. Water. v. Coastal Resources⁷. 	<p>The education and energy sectors were assessed to have a low sensitivity to climate variability and CC. The transport and water sectors, on the other hand, were assessed as being highly sensitive to the potential impacts of climate variability and CC. Extreme precipitation and flooding posed the main threat for the transport sector. For the water sector, drought was assessed to be the main area of concern.</p>
E. <u>Adaptive Capacity</u>	
<p>Overall, the priority sectors in CSP have a low adaptive capacity to potential impacts of CC. While several policies and strategies have been developed, none of the sectors have taken a comprehensive approach to incorporating CC considerations into their daily practices.</p>	
F. <u>Climate and Disaster Risk Assessment Summary</u>	
<p>The priority sectors in CSP have varying levels of vulnerability to climate variability and change ranging from low vulnerability in the energy sector, to high vulnerability in the water sector. Coastal resources are also highly vulnerable to CC impacts. Adaptive capacity in all sectors is at a low level, signaling the need for interventions to address areas of shortcoming. More emphasis needs to be placed on:</p> <ul style="list-style-type: none"> i. Mainstreaming CC into key sectors by undertaking climate vulnerability assessments and developing climate-resilient investment master plans for key infrastructure sectors. ii. Supporting DRM through mapping of landslide risk, road slope stabilisation, remediation or elimination of failures for primary and secondary road networks and national and local scale, and seismic micro-zonal hazard mapping. iii. Developing climate-resilient water, sanitation and transport infrastructures. iv. Implement measures to improve water-use efficiency. 	
G. <u>Overall Risk Assessment Rating (None/Low/Moderate/High):</u>	
<p>Moderate.</p>	

⁶ The degree to which a system, asset, or species may be affected, either adversely or beneficially, when exposed to climate variability or change, or geophysical hazards.

⁷ Though not a sector, coastal resources were included in the screening because of their economic and societal linkages.

	Energy		Education		Transport		Water	
	Historical/ Current	Future	Historical/ Future	Future	Historical/ Future	Future	Historical/ Future	Future
Potential Impact:								
Extreme Temperature	Green	Yellow	Green	Yellow	Green	Orange	Green	Orange
Extreme Precipitation and Flooding	Green	Yellow	Yellow	Orange	Orange	Red	Orange	Orange
Drought	Green	Green	Green	Green	Green	Green	Red	Red
Sea Level Rise	Green	Yellow	Yellow	Yellow	Yellow	Orange	Green	Yellow
Storm Surge					Orange	Orange		
Strong Winds	Green	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Earthquake	Yellow	X	Yellow	X	Yellow	X	Yellow	X
Landslide	Green	X	Yellow	X	Orange	X	Yellow	X
Overall Sector Potential Impact:								
	Green	Yellow	Yellow	Yellow	Yellow	Orange	Orange	Orange
Institutional Response:								
	3-Mininal		4-Mininal		0-Mininal		0-Mininal	
Preliminary Sector Impact:								
	Green	Yellow	Yellow	Yellow	Yellow	Red	Orange	Red
Development Context Considerations:								
	Prices (particularly food and energy) : Increase risk				Access to technology: Decreases risk		Pollution: Increases risk	
Overall Sector Risk:								
	Yellow		Yellow		Orange		Orange	
Insufficient Understanding								
	Green		Yellow		Orange		Red	

No Potential Impact	Low Potential Impact	Moderate Potential Impact	High Potential Impact
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RESULTS MONITORING FRAMEWORK

Country Development Priorities	Specific Sector Constraints Being Addressed by CDB	Sector Outcomes Being Targeted	Outcome Indicators	CDB's Indicative Areas for Support	Risks and Mitigation
PILLAR 1: Inclusive Social and Economic Development					
Enhancing Social Development.	<ul style="list-style-type: none"> i. Significant teacher shortages in key curriculum areas, particularly TVET. ii. Limited second-chance opportunities for skills development. iii. Aging and inadequate infrastructure unable to support population growth and curriculum expansion, and provide a safe environment for students and teachers. iv. Inadequate support structures for learners with special educational needs. v. Inadequate school and system leadership capacity. vi. Inequity and inequality in educational opportunities, particularly at the tertiary level. 	Improved quality of, and access to, education and training.	<ul style="list-style-type: none"> i. % of pedagogically trained teachers available in TVET. <i>Baseline (2015): 25% vacancy rate.</i> <i>Target (2020): 5% vacancy rate.</i> <i>(Source: MOE).</i> ii. % of principals/deputy principals with specific training in school leadership. <i>Baseline (2015): To be determined.</i> <i>Target (2020): 100%.</i> 	<ul style="list-style-type: none"> i. Strategic planning and policy formulation to guide structured and integrated development of the system in an inclusive way. ii. Curriculum development and revision to address existing and emerging needs in the economy. iii. Establishment/upgrade of institutions/centres for the delivery of second-chance skills development and enhancement of school/community cohesion. iv. Support to post-secondary and tertiary-level institutions to assist in achievement of expansion and development goals. v. Establishment of safe havens/youth-friendly spaces for children/youth whose education development has been impacted by crime and violence. vi. Tobago Focus: Infrastructural development and technological enhancements to: (aa) support the expansion of post-secondary and tertiary education to remote and vulnerable communities; (bb) replace inadequate and unsafe physical facilities; and (cc) provide customised facilities for CVQ and special education needs. Teacher training and continuous professional development to alleviate teacher shortages, enhance instructional quality in key areas of the curriculum, and strengthen the capacity of school and system leaders (also relevant for Trinidad). 	<p>Main Risks:</p> <ul style="list-style-type: none"> i. Implementation capacity constraints. ii. Macroeconomic challenges may reset GOTT's priorities. <p>Mitigation Measures:</p> <ul style="list-style-type: none"> i. Active supervision of project/programme activities by CDB staff. ii. CDB will maintain dialogue with the country authorities and offer policy advice to ensure that issues are addressed early. Additionally, CDB will engage other development partners in the process.

Country Development Priorities	Specific Sector Constraints Being Addressed by CDB	Sector Outcomes Being Targeted	Outcome Indicators	CDB's Indicative Areas for Support	Risks and Mitigation
PILLAR 1: Inclusive Social and Economic Development					
	<ul style="list-style-type: none"> i. Ineffectiveness of National Employment Service to train and retool retrenched workers. ii. Inability of LMIS to provide real time information and data on the needs of the labour force. iii. Limited capacity of the Ministry of Youth and Sports to research and disseminate information on major issues affecting youth. iv. Inadequate coordination of social programmes. 	Strengthened Social Protection.	<ul style="list-style-type: none"> i. Youth (ages 20-24) unemployment as a % of labour force. <i>Baseline (2015): 7.8%.</i> <i>Target (2020): 5%.</i> <i>(Source: MLSED).</i> ii. % of social protection programmes administered within a centralised framework. <i>Baseline (2015): 0%.</i> <i>Target (2020): 50%.</i> <i>(Source: Ministry of Social Services).</i> 	<ul style="list-style-type: none"> i. Re-orientating the National Employment Service to assist with the training and retooling of retrenched workers. ii. Supporting the operationalisation of a LMIS that would provide real time information and data on needs of the labour force. Supporting a review of GOTT's social programmes, with a view to enhancing their coordination and improving their effectiveness. iii. Tobago Focus: Supporting the development of operational policies for administration of social assistance programmes. 	

Country Development Priorities	Specific Sector Constraints Being Addressed by CDB	Sector Outcomes Being Targeted	Outcome Indicators	CDB's Indicative Areas for Support	Risks and Mitigation
PILLAR 1: Inclusive Social and Economic Development					
Accelerating Economic Diversification and Increasing Competitiveness and Productivity.	<ul style="list-style-type: none"> i. Limited institutional capacity of development agencies to support entrepreneurs. ii. Insufficient resources to finance MSME activities. iii. Insufficient technical capacity of MSMEs. iv. The absence of a robust policy framework to guide agriculture sector interventions. v. Inadequate production-support infrastructure and systems. vi. High exposure to natural hazards, in particular floods and droughts. vii. Underdeveloped tourism sector, especially in Tobago. 	Increased productivity and competitiveness and economic diversification.	<ul style="list-style-type: none"> i. % of MSME's contribution to GDP. <i>Baseline: (2013): 28%. Target: 30% by 2020.</i> <i>(Source: MLSED).</i> ii. % increase in number of persons employed by MSMEs. <i>Baseline (2013): 200,000 Target: (2020): 210,000.</i> <i>(Source: MLSED).</i> iii. % of Agricultural sector's contribution to GDP. <i>Baseline (2015): 0.5% Target (2020): 5%.</i> <i>(Source: CSO-National Accounts Statistics).</i> iv. % of Tourism sector's contribution to GDP. <i>Baseline (2015): 2.5%. Target (2020): 3.5%.</i> <i>(Source: CSO -National Accounts Statistics).</i> 	<ul style="list-style-type: none"> i. TA to support institutional strengthening in the development agencies, as well as loan resources to development financial institutions for on-lending to MSMEs. ii. Support to further develop the creative industries and maritime sectors. iii. Support the articulation of a National Quality Policy which would establish the framework for development of NQL. iv. Support, in partnership with regional agriculture support institutions, to strengthen the Agricultural Sector Policy Framework, in a gender-responsive way. v. Measures to address deficiencies in agriculture support infrastructure and systems, particularly those to mitigate the impact of CC/climate variability-induced, weather-related challenges. vi. Strengthen the dialogue with GOTT within the framework of regional agriculture support interventions. vii. TA for consultancy services for institutional capacity building of development agencies. viii. Lines of Credit to assist Development Finance Institutions in providing financial resources to MSMEs. ix. Tobago Focus: Support to develop the tourism sector. 	<p><u>Risks:</u></p> <p>Implementation capacity constraints.</p> <p>Mitigation Measures:</p> <ul style="list-style-type: none"> i. Continuous and timely engagement by CDB staff to assess country capacity needs and the provision of support as needed. ii. CDB will collaborate with regional agriculture support institutions to strengthening country systems.

Country Development Priorities	Specific Sector Constraints Being Addressed by CDB	Sector Outcomes Being Targeted	Outcome Indicators	CDB's Indicative Areas for Support	Risks and Mitigation
PILLAR 2: Governance and Institutional Development					
Improving Governance and Development Planning.	<ul style="list-style-type: none"> i. Acute capacity gaps in the areas of development planning and coordination, project management and the use of MfDR frameworks in sector programmes. ii. Gaps in statistical capacity ranging from national accounts and external sector statistics to demographic analysis, vital statistics and overall data processing, management and dissemination. iii. Lack of a modernised, ICT-based central administration system affects effective implementation (Tobago). 	Improved evidence-based development planning and institutional development.	<ul style="list-style-type: none"> i. WB's Statistical Capacity Indicator Score. <i>Baseline (2015): 56.67.</i> <i>Target (2020): 70.</i> ii. % of national and/or sector policies developed as part of national integrated policy development mechanism. <i>Baseline (2015): 0%.</i> <i>Target: (2020): 50%.</i> <i>(Source: MPD).</i> 	<ul style="list-style-type: none"> i. Training in PCM and PPAM. ii. Institutional strengthening of NSS including, but not limited to the CSO. iii. Support to the development of national performance frameworks and strengthened mechanisms for integrated policy development. iv. Support to multi-stakeholder governance mechanisms for enhanced citizen security. v. Support to Local Government modernisation. vi. Tobago Focus: Modernisation of the public sector through enhanced ICT management. 	<p>Main Risks:</p> <p>Implementation capacity constraints.</p> <p>Mitigation Measures:</p> <p>Continuous and timely engagement by CDB staff to assess country capacity needs and the provision of support as needed.</p>

Country Development Priorities	Specific Sector Constraints Being Addressed by CDB	Sector Outcomes Being Targeted	Outcome Indicators	CDB's Indicative Interventions	Risks and Mitigation
PILLAR 3: Environmental Sustainability					
Promoting Environmental Sustainability with a Focus on Prioritising Safe and Resilient Infrastructure.	<ul style="list-style-type: none"> i. Limited mainstreaming of environment, CC, EE and disaster risk reduction in sector policies, strategies and plans. ii. Weak institutional and technical capacity for effective environmental management and physical development planning. iii. Limitation of the current energy policy. iv. Inadequate sanitation, water and transport infrastructure. 	Strengthened environmental management supported by safe and reliable infrastructure.	<ul style="list-style-type: none"> i. % of investment projects using appropriate tools to effectively address environment, CC, EE and disaster risk reduction considerations during project design and implementation. <i>Baseline (2015) : 0.</i> <i>Target (by 2020):100%.</i> ii. % of people with access to reliable basic infrastructure, including potable water, sanitation and public (bus) transportation. <i>Baseline (2015):</i> <i>Potable water: 93.6%.</i> <i>Sewerage collection: 34%.</i> <i>Transportation: 90%.</i> <i>Target (by 2020):</i> <i>Potable water: 100%.</i> <i>Sewerage collection: 40%.</i> <i>Transportation: 95%.</i> <i>(Sources: WASA and Public Transport Service Commission).</i> 	<ul style="list-style-type: none"> i. Support to mainstreaming CC into key sectors. ii. Supporting road transport improvements – building resilience and promoting safety and reducing emissions. iii. Supporting water and sanitation infrastructure and systems – building resilience and improving efficiency. iv. Supporting efficiency and security in the energy sector. v. Training of GOTT staff in the area of PPPs including screening project pipeline; and identifying next steps in the development of higher priority projects. vi. Tobago Focus: Land use planning, coastal protection, transport and sanitation, as well as support. 	<p>Main Risks:</p> <ul style="list-style-type: none"> i. Sustained weakness with respect to inter-sector coordination. ii. Lack of enforcement of legislation and policies. <p>Mitigation:</p> <p>CDB will maintain dialogue with the country authorities and offer policy advice to ensure that issues are addressed early. Additionally, CDB will engage other development partners in the process.</p>

DEVELOPMENT PARTNERS' CURRENT ACTIVITIES

Area	EU	IDB	UNDP
Agriculture	Accompanying measures for sugar protocol countries.		<ul style="list-style-type: none"> i. National food security and food safety communications project. ii. Strengthening food safety in Trinidad and Tobago.
Education	Support for the enhancement of the education strategy.	Building young people's resilience through life skills.	Support the enhancement of the education strategy.
Environment		<ul style="list-style-type: none"> i. Piloting an innovative approach to adaptation in Tobago. ii. Feasibility studies for a risk-resilient coastal zone management programme. 	<ul style="list-style-type: none"> i. National capacity development for DRM Office of Disaster Preparedness. ii. Coastal erosion assessment and mitigation for South-West Trinidad. iii. Low emissions capacity building programme. iv. Institutional strengthening – National Ozone Unit. v. Elaboration of a strategy for the reduction of carbon emissions.
Private Sector Development/Trade	Environment programme in the pipeline – Innovation Programme.	<ul style="list-style-type: none"> i. Strengthening of the single electronic window for trade and business facilitation. ii. Global services Offshoring Promotion Programme. 	<ul style="list-style-type: none"> i. Development of a National Corporate Social Responsibility Policy. ii. Purchase of ambulances.

Area	EU	IDB	UNDP
Public Sector Modernisation/Governance		<ul style="list-style-type: none"> i. Strengthened information management at the Registrar General's Department. ii. Support to strengthen the PFM System (pending signature). iii. Manpower strategy. iv. Strategic roadmap for the Productive Development Policy. v. Support to strengthen MPD's institutional capacity for economic development planning. 	<ul style="list-style-type: none"> i. Strengthening the Parliament. ii. Governance of community facilities. iii. Institutional strengthening and capacity building for the promotion of good governance.
Social Protection/Poverty Reduction.		<ul style="list-style-type: none"> i. Neighbourhood upgrading programme. ii. Becoming A Woman: Creating safe spaces for at-risk girls and young women. iii. Citizenship Security Programme. iv. Support to the design and implementation of a Women's City Centre. 	<ul style="list-style-type: none"> i. Strengthening a National Human Rights Agenda and Action Plan. ii. National Poverty Reduction Strategy.
Water and Sanitation.		<ul style="list-style-type: none"> i. Modernisation and Wastewater Infrastructure Rehabilitation Programme. ii. Multi-phase Water Rehabilitation Programme – Phase 1. iii. Food Alleviation and Drainage Programme. 	Hydro-chlorofluorocarbons phase out – Management Plan.