

CARIBBEAN DEVELOPMENT BANK

**TWO-HUNDRED AND FORTY-EIGHTH MEETING OF THE BOARD OF DIRECTORS
TO BE HELD IN BARBADOS
OCTOBER 13, 2011**

PAPER BD 74/11

COUNTRY STRATEGY PAPER 2011-14 - TRINIDAD AND TOBAGO

1. The attached Country Strategy Paper (CSP) outlines the assistance strategy of the Caribbean Development Bank (CDB) for Trinidad and Tobago (T&T) over the period 2011-14. In shaping the CSP, extensive discussions were convened with key country officials, as well as principal development partners, in an effort to sharpen focus, avoid duplication and strengthen synergistic relationships.
2. The support programme rests on three broad pillars that are in concert with CDB's own priorities. These are: promoting broad-based economic growth and inclusive social development; promoting good governance; and supporting environmental sustainability and disaster risk management (DRM). In particular, the strategy will help the Government of Trinidad and Tobago to deliver a range of outcomes including: strengthening human capital; improving livelihoods in at-risk communities with positive externalities for the incidence of crime and violence; broadening economic opportunities; and safeguarding development gains through improved DRM practices. Gender will be a cross-cutting theme in the strategy.
3. The dimensions of the proposed intervention strategy in T&T acknowledge several realities. While the country has development deficits which call for focused policy effort, the monetisation of the hydrocarbon subsector provides T&T with a range of funding options. CDB's support for T&T must be selective and well targeted in order to leverage skills and knowledge and maximise development effectiveness. The CSP therefore reflects carefully considered interventions in critical sectors which offer significant poverty reducing or income generating potential. Collectively, the strategy can add robust welfare enhancement in the twin-island state over time.

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CARIBBEAN DEVELOPMENT BANK

STAFF REPORT

**COUNTRY STRATEGY PAPER (2011-14)
TRINIDAD AND TOBAGO**

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Considered at the Two Hundred and Forty-Eighth Meeting of the Board of Directors on October 13, 2011.

(BD 74/11)

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CURRENCY EQUIVALENT

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

ABBREVIATIONS

bn	-	billion
BAICO	-	British American Insurance Company
BMCs	-	Borrowing Member Countries
CARICOM	-	Caribbean Community
CARTAC	-	Caribbean Technical Assistance Centre
CBTT	-	Central Bank of Trinidad and Tobago
CC	-	Climate Change
CCJ	-	Caribbean Court of Justice
CCRIF	-	Caribbean Catastrophe Risk Insurance Facility
CDB	-	Caribbean Development Bank
CDF	-	CARICOM Development Fund
CG	-	Central Government
CIDA	-	Canadian International Development Agency
CLICO	-	Colonial Life Insurance Company Ltd.
CSO	-	Central Statistical Office
CSP	-	Country Strategy Paper
DfID	-	Department for International Development
DLI	-	Disbursement Linked Indicators
DRM	-	Disaster Risk Management
ECCE	-	Early Childhood Care and Education
EDB	-	Ease of Doing Business
EMA	-	Environmental Management Authority
EU	-	European Union
FDI	-	Foreign Direct Investment
GCR	-	Global Competitive Report
GDP	-	Gross Domestic Product
GII	-	Gender Inequality Index
GOTT	-	Government of Trinidad and Tobago
HDI	-	Human Development Index
HIV	-	Human Immunodeficiency Virus
HRD	-	Human Resource Development
HSF	-	Heritage and Stabilisation Fund
ICTs	-	Information and Communication Technology
IDB	-	Inter-American Development Bank
IDF	-	Infrastructure Development Fund
kWh	-	kilowatt hour
LAC	-	Latin America and Caribbean
mcf	-	million cubic feet
MDGs	-	Millennium Development Goals
M&E	-	Monitoring and Evaluation
MfDR	-	Managing for Development Results
MFPLMA	-	Ministry of Food Production, Land and Marine Affairs
mn	-	million
MOCD	-	Ministry of Community Development
NIS	-	national innovation strategy
NPLs	-	non-performing loans

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NTU	-	National Transformation Unit
%	-	per cent
/	-	per
p.a.	-	per annum
PBL	-	Policy-Based Loan
PEFA	-	Public Expenditure and Financial Accountability
PFM	-	Public Financial Management
SLC	-	Survey of Living Conditions
TA	-	Technical Assistance
tcf	-	trillion cubic feet
T&T	-	Trinidad and Tobago
TTD	-	Trinidad and Tobago dollars
TVET	-	Technical and Vocational Education and Training
UTT	-	University of Trinidad and Tobago
UWI	-	University of the West Indies

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COUNTRY DATA: TRINIDAD AND TOBAGO

	2006	2007	2008	2009r	2010p
PER CAPITA GDP (current market prices: \$)	89.337	101.505	124.809	132.520	136.165
GROSS DOMESTIC PRODUCT (GDP)					
GDP at Current Market Prices (\$mn)	115,951.0	132,281.0	163,325.0	173,614.5	179,424.1
Demand Components:					
Consumption Expenditure	46,616.0	75,128.0	96,212.0	102,273.4	102,375.7
Gross Domestic Investment	18,146.0	17,666.0	19,418.0	20,641.3	22,292.6
Exports of goods and non-factor services	94,395.0	90,185.0	112,468.0	119,553.5	129,117.8
Imports of goods and non-factors ervices	43,206.0	50,698.0	64,773.0	68,853.7	74,362.0
Gross domestic savings ratio (%)	59.8	43.2	41.1	41.1	42.9
Sectoral distribution of current GDP (%)					
Agriculture	0.6	0.4	0.4	0.4	0.6
Mining & Quarrying	47.0	45.0	49.1	35.8	35.7
Manufacturing	5.6	5.3	4.3	4.9	5.3
Utilities	0.8	1.1	0.9	1.4	1.3
Construction	7.4	8.3	8.5	11.0	9.9
Transport & Communication	3.6	5.6	4.5	5.6	5.9
Hotels & Restaurants	0.4	0.3	0.2	0.3	0.2
Wholesale & Retail Trade	13.0	12.4	12.4	14.5	14.2
Financial & Business Services	11.5	11.4	9.1	12.3	11.5
Government Services	6.0	6.6	7.3	9.9	10.2
Other Services	3.5	3.3	3.0	4.1	4.1
Less Imputed Service Charge	3.2	3.4	3.0	4.4	4.2
Value Added Tax	3.7	3.9	3.5	4.0	5.2
GDP at Current Factor Cost (\$mn)	115,951.2	132,280.8	163,324.9	133,533.6	133,667.1
GDP at constant 2000 Prices (\$mn)	86,028.0	90,005.4	92,071.5	88,900.0	88,833.2
Annual rate of growth in GDP (%)	13.4	4.6	2.3	(3.4)	(0.1)
MONEY AND PRICES (\$ mn)					
Consumer prices (av. annual % change)	8.3	7.9	12.0	7.2	10.5
Money supply (M1; annual % change)	8.8	10.7	9.2	28.0	21.6
Total domestic credit(net)	7,748.4	20,164.8	16,254.5	33,019.0	34,756.7
Private sector (net)	31,333.7	37,635.2	43,103.8	41,244.6	39,933.1
Public sector (net)	(23,585.3)	(17,470.4)	(26,849.3)	(8,225.6)	(5,176.4)
Estimated Tourism Expenditure (USD mn)	...	...	...	...	...
CENTRAL GOVERNMENT FINANCES (\$ mn)					
Current Revenues	38,906.9	40,034.8	56,810.3	38,993.4	41,931.2
Current Grants	0.0	0.0	0.0	0.0	0.0
Current Expenditures	32,219.5	31,134.7	43,738.8	36,683.4	37,595.3
Current Account Surplus/ (Deficit)	6,687.4	8,900.1	13,071.5	2,310.0	4,335.9
Capital Revenue and Grants	3.8	11.4	37.5	51.4	51.5
Capital Expenditure and Net Lending	4,865.3	8,661.4	10,134.5	9,047.4	8,194.3
Overall Surplus/ (Deficit)	1,825.9	250.1	2,974.5	(6,686.0)	(3,806.9)
BALANCE OF PAYMENTS (USD mn)					
Merchandise Exports (f.o.b)	14,217.4	13,391.3	18,586.3	9,175.2	12,241.3
Merchandise Imports (c.i.f)	6,517.2	7,669.9	9,521.9	6,973.1	7,263.4
Trade balance	7,700.2	5,721.4	9,064.4	2,202.1	4,977.9
Net Balance on services account	450.9	546.4	614.4	381.7	644.1
Income (net)	(935.8)	(963.7)	(897.1)	(996.7)	(1,119.6)
Transfers (net)	55.2	60.2	10.2	27.0	63.1
Current Account Balance	7,270.5	5,364.3	8,791.9	1,614.1	4,565.5
Capital and Financial Account	(6,151.7)	(3,823.2)	(6,086.4)	(2,326.7)	(4,147.1)
Overall Balance	1,118.8	1,541.1	2,705.5	(712.6)	418.4
Change in Reserves (= Increase)	(1,118.8)	(1,541.1)	(2,705.5)	712.6	(418.4)
TOTAL PUBLIC DEBT (USD mn)					
Total public debt	2,959.0	3,390.1	3,641.4	3,905.8	4,499.9
Domestic debt outstanding	1,698.5	2,025.3	2,164.5	2,361.5	3,042.9
Long term	...	...	...	...	...
Short term	...	...	...	...	...
External debt outstanding	1,260.5	1,364.8	1,476.9	1,544.3	1,457.0
Debt Service	190.9	293.6	165.5	199.2	390.9
Amortisation	95.7	198.2	64.1	112.8	279.5
Interest Payments	95.2	95.4	101.4	86.4	111.4
External debt service as % of exports of goods and services	...	...	...	...	...
Total debt service as % of current revenue	7.5	9.4	5.9	13.0	14.1
AVERAGE EXCHANGE RATE					
Dollar(s) per US dollar	6.31	6.33	6.29	6.30	6.30

Data for 2010 are provisional.

COUNTRY DATA: TRINIDAD AND TOBAGO

	2006	2007	2008	2009r	2010e
POPULATION					
Mid-Year Population ('000)	1,297.9	1,303.2	1,308.6	1,310.1	1,317.7
Population Growth Rate (%)	0.3	0.4	0.4	0.1	0.6
Crude Birth Rate	13.7	13.95	14.1	15.3	15.4
Crude Death Rate	7.7	7.60	7.7	7.7	7.7
Infant Mortality Rate	...	...	...	...	...
EDUCATION					
School Enrollment (No.)					
Primary	123,199	...	...	...	...
Secondary	96,046	89,087	...	...	...
Pupil-Teacher Ratio					
Primary	17	...	16	17	...
Secondary	16	...	14	13	...
LABOUR FORCE					
Unemployment Rate (%)	6.2	5.6	4.6	5.3	...
Male	4.5	3.9	3.5	...	...
Female	8.7	7.9	6.2	...	...
Participation Rate (%)	63.9	63.5	63.5	62.6	...
Male	74.9	...	...	...	...
Female	53.6	...	...	...	...

	1970	1980	1990	2000	2008
INDICATORS OF HUMAN DEVELOPMENT					
HEALTH AND EDUCATION					
Life Expectancy at Birth (years)	...	68.0	70.9	74.1	...
Male	64.1	66.9	68.4	71.8	...
Female	68.1	71.6	73.2	76.5	...
Dependency Ratio	0.9	0.7	0.7	46.8	48.0
Male	0.9	0.7	0.7	...	...
Female	0.9	0.7	0.7	...	...
Adult Literacy Rate (%)	93.0	...	...	...	...
Male			...	...	...
Female			...	...	...
Human Development Index	0.789	0.776	0.787	0.802	0.837
HOUSING AND ENVIRONMENT					
Households with piped water (%)	48.7	64.3	71.4	...	...
Households with access to flush toilets (%)	27.2	41.1	57.7	...	...
Households with electricity (%)	...	83.3	89.3	...	...
Environmental strategy or action plan (year prepared):					

Source(s): Central Statistical Office of Trinidad and Tobago

... not available

r: revised p: provisional

Data as at September 13, 2011

EXECUTIVE SUMMARY

This Country Strategy Paper (CSP) articulates the Caribbean Development Bank's (CDB) strategic focus and planned interventions in support of Trinidad and Tobago's (T&T) development thrust over the period 2011-14. In shaping the CSP, extensive discussions were convened with key country officials, as well as principal development partners, in an effort to sharpen focus, avoid duplication and strengthen synergistic relationships. Considerable effort has also been undertaken to gauge impact by orienting the strategy towards a Managing for Development Results (MfDR) framework.

2. T&T is an upper-middle income country with relatively strong development indicators. The country's strong hydrocarbon base, supported by elevated fuel prices over the last decade, has translated into a period of phenomenal growth. Per capita income has more than tripled over the ten-year period from 1999 to 2008 (from \$5,410 to \$18,483). The recent global financial crisis, while triggering negative growth of T&T economy in 2009, seemed to have had weak persistence effects, as the pace of contraction decelerated in 2010. However, development challenges still persist. The economy needs to be diversified in an effort to promote new growth poles, while traditional sectors, including agriculture, need to be revitalised. Further, in spite of robust economic growth in the recent past, stubborn pockets of poverty are still a reality that requires focused policy attention. The recent upsurge in crime and criminal-related activity is a deep cause for concern. This can potentially weigh heavily on the country's development by retarding investment thereby slowing economic growth. The Government of Trinidad and Tobago (GOTT) will have to look carefully at the root causes of this wanton activity with a view to surmounting these social challenges. Building economic resilience and reducing the country's vulnerability to natural hazard events also require that the country pay closer attention to environmental regulations and standards, as well as the issue of infrastructural development.

3. GOTT has enunciated a development agenda that responds to these challenges while seeking to lift the country's growth trajectory. More specifically, in the near to medium-term the development programme seeks to: foster people-centered development; eradicate poverty and promote greater social justice; ensure national and personal security; entrench good governance; as well as steer the country towards a diversified knowledge intensive economy, including the use and availability of Information and Communication Technologies (ICTs). With respect to people-centred development, GOTT has identified the promotion of a strong basic education system and significant participation in tertiary education as being central to the thrust towards a more knowledge-driven economy. Efforts aimed at poverty eradication and social justice will be pursued by seeking to close the divide between the rich and the poor and strengthening the social safety net. GOTT also aims to strengthen communities through urban and rural rejuvenation initiatives, involving improvements in the provision of social services, the upgrading of basic infrastructure, and strengthening of community-based organisations.

4. CDB's support for T&T must be selective and well targeted in order to leverage skills and knowledge, avoid duplication and maximise development effectiveness. While the country has development deficits, the monetisation of the hydrocarbon subsector provides the country with funding options which are not necessarily biased towards external sources. This notwithstanding, carefully designed interventions in critical sectors which offer significant poverty reducing or income generating potential can add robust welfare enhancement in the twin-island state. This is the essence of the CSP. The support programme rests on three broad pillars that are in concert with CDB's own priorities. These are: promoting broad-based economic growth and inclusive social development; promoting good governance; and supporting environmental sustainability and disaster risk management (DRM). In particular, the strategy will help GOTT to deliver a range of outcomes including: strengthening human capital; improving livelihoods in at-risk communities with positive externalities for the incidence of crime and violence; broadening economic opportunities; and safeguarding development gains through improved DRM

practices. Gender will be a cross-cutting theme in the strategy recognising that gender equality is integral to the achievement of good governance, social justice and sustainable economic development.

5. In relation to promoting broad-based economic growth management and inclusive social development, CDB proposes to support human capital development by improving the quality of and access to education and training. The Bank proposes to target the upgrading of the physical facilities, as well as supporting related quality enhancement including teacher training and curriculum reform and development. Further, the Bank will partner with GOTT to support pilot interventions in the form of demonstrated development models of holistic, gender equitable development approaches. This is in keeping with GOTT's mandate to rejuvenate economic, social and physical development, in its most socially vulnerable and displaced communities. This urban and rural renewal/transformation will be undertaken in partnership with civil society and other key stakeholders, targeting districts most affected by issues of crime, violence, insecurity and pockets of severe poverty. The proposal is timely and critical given the recently imposed State of Emergency. Further, it will reduce opportunities for crime and enhance the security of individuals and property, creating the enabling environment for development in targeted communities. In relation to broad-based economic growth, the Bank will support GOTT's thrust towards innovation as a potential key growth driver. While there is compelling evidence to suggest that there is a strong correlation between innovation and growth, the policy framework and structure within which ideas are transformed into viable projects with commercial value, needs to be defined. Against this backdrop, the Bank will consider providing resources to undertake a comprehensive design of a national innovation strategy (NIS), as well as provide requisite support for the implementation of the NIS.

6. In relation to promoting good governance, the Bank proposes to assist GOTT in the critical area of statistical capacity building, including economic and social data capture, retrieval and analysis. T&T, like many of the Bank's Borrowing Member Countries (BMCs), is significantly hampered by the lack of an appropriate system that is able to generate high quality data to aid policy decision-making in a timely manner. As the country moves towards MfDR and more evidence-based decision-making, GOTT has recognised the extensive limitations inherent in the current organisational and institutional capabilities. The Bank will seek to partner with the Caribbean Technical Assistance Centre (CARTAC) in the provision of technical assistance (TA) to build the requisite system. Further, lessons learned will inform similar work planned for other countries in the Region.

7. With respect to the third pillar of promoting environmental sustainability, the Bank proposes to pay close attention to Tobago's acute vulnerability. Recognising its strong tourism activity and the significant potential for an enhanced performance, the state of environmental management and practices, warrant particular concern. CDB proposes to assist GOTT through an infrastructure investment programme, including the rehabilitation of sewerage collection and treatment systems, as well as the upgrade of solid waste management.

8. The size of the envelope is estimated at around \$401 million (mn) over the planning period. This reflects the mix of strategic projects, as well as proposed TA that the Bank agrees can assist in lifting the country's growth trajectory, while making growth more inclusive. However, there are risks to be considered. GOTT's demand for development assistance is closely tied with the evolution of energy prices. Within this context, the programme size may vary depending on the country's actual fiscal outturns over the life of the strategy. Additionally, the country's negligible loan demand over the past decade subjects the forecast to a degree of uncertainty. This notwithstanding, emphasis needs to be placed on the 'softer' elements of the programme in relation to knowledge transfer and capacity-building.

9. Other macroeconomic risks must also be taken into account. Given the openness of the economy, T&T is susceptible to the vagaries of the international economy. Within this context, challenges to sustained global growth constitute uncertainties for the country's near to medium-term outlook. In addition,

lingering unresolved issues arising out of the global financial crises, including the Colonial Life Insurance Company Ltd. (CLICO) affair, could potentially stymie growth. These risks are mitigated to the extent that GOTT continues to pursue prudent macroeconomic policies while aggressively pursuing its economic diversification agenda.

10. Weather-related shocks may cause a reordering of priorities. T&T faces substantial risks posed by natural hazards. These include flooding, seismic activity and storm surge which leads to coastal erosion. In the past, the fiscal costs required for rehabilitation, after some events, have been significant. GOTT is currently pursuing several policy initiatives to mitigate this risk. These include the country's participation in the Caribbean Catastrophe Risk Insurance Facility (CCRIF), as well as ongoing efforts to mainstream disaster risk reduction.

SUMMARY MATRIX OF PROPOSED STRATEGY AND RESULTS FRAMEWORK

Country Development Goals	Country Sector and Country Strategy Paper Outcomes	Key Sector Constraints	Outcome Indicators	Key Areas of Caribbean Development Bank's Intervention	Risks
Pillar 1: Promoting Broad-Based Economic Growth and Inclusive Social Development					
<p>Sustained people-centred development through the creation of a knowledge-driven economy:</p>	<ul style="list-style-type: none"> • Improved quality of and access to education and training at basic and tertiary levels. 	<ul style="list-style-type: none"> • Limited capacity. • Inappropriate curricula. • Limited number of trained teachers. • Teacher preparation programmes not aligned to current development needs. 	<ul style="list-style-type: none"> • Number of classrooms built/upgraded. • Number of curricula adequately revised. • Number of teachers trained and certified. 	<ul style="list-style-type: none"> • Capacity-building and institutional strengthening in: Educational leadership; Teacher professional development; Curriculum development; Educational testing and measurement and Educational planning. • Support for expansion of school plant, at the primary level, to provide appropriate enabling environment. • Support for the development of alternative modes of instructional delivery to expand access, particularly for persons in remote and underserved communities. • Support for the expansion of tertiary education to meet Government's targets and needs of the labour market. 	<ul style="list-style-type: none"> • Delays in project implementation. • Trained teachers exit the system through migration and retirement. • Fiscal shocks may reset GOTT's priorities. • Natural hazard events may damage or destroy school plant.

SUMMARY MATRIX OF PROPOSED STRATEGY AND RESULTS FRAMEWORK

Country Development Goals	Country Sector and Country Strategy Paper Outcomes	Key Sector Constraints	Outcome Indicators	Key Areas of Caribbean Development Bank's Intervention	Risks
Pillar 1: Promoting Broad-Based Economic Growth and Inclusive Social Development					
Promote innovation and enhance T&T competitiveness:	<ul style="list-style-type: none"> • Increased access to support services. 	<ul style="list-style-type: none"> • Lack of innovation to drive long-term growth. 	<ul style="list-style-type: none"> • Increase in the number of new and viable business start-ups. • Implementation of an NIS. 	<ul style="list-style-type: none"> • Support for incubator project. • Support in preparing an NIS. • Support for the implementation of the NIS. 	<ul style="list-style-type: none"> • Deterioration in macroeconomic environment.
Social transformation of urban and rural areas:	<ul style="list-style-type: none"> • Improved access to basic infrastructure and services. • Strengthened social policy framework. 	<ul style="list-style-type: none"> • Disparities in access to basic services in poor communities. • Limited income earning capability. • Limited access to income earning opportunities. • Insecurity resulting from high levels of crime and violence. • Inadequate social infrastructure. • Weak community organisations. 	<ul style="list-style-type: none"> • Improvement in quality and quantity of social services provided in target communities to meet the specific needs identified. • Number of capability enhancement projects designed to support skills enhancement. • Social infrastructure rehabilitated and established. Organisational strengthening exercises. 	<ul style="list-style-type: none"> • Provisional furniture and equipment for social service providers in new and refurbished social infrastructure facilities. • Interventions to enhance income earning potential of at risk residents. • Support for community and grass- root organisations that are already well recognised and supported within communities. • Direct poverty reduction support through community-driven development. 	<ul style="list-style-type: none"> • Lengthy approval systems. • Delays in programme evaluation. • Delays in staffing in the social services. • Low levels of trust. • High levels of crime and violence in targeted communities hindering project's progress.

SUMMARY MATRIX OF PROPOSED STRATEGY AND RESULTS FRAMEWORK

Country Development Goals	Country Sector and Country Strategy Paper Outcomes	Key Sector Constraints	Outcome Indicators	Key Areas of Caribbean Development Bank's Intervention	Risks
Pillar 2: Promoting Good Governance					
Promoting good governance:	<ul style="list-style-type: none"> Improved public sector management systems and capacity. 	<ul style="list-style-type: none"> Limited range of data on which to base policy making and evaluation. 	<ul style="list-style-type: none"> Institutional assessment undertaken. 	<ul style="list-style-type: none"> Support for undertaking an institutional assessment of the Central Statistical Office (CSO) to determine the capacity-building and other needs of the agency. Support in capacity building in CSO. 	<ul style="list-style-type: none"> High staff turnover.
Pillar 3: Supporting Environmental Sustainability and Disaster Risk Management					
Contribute to improved environmental sustainability:	<ul style="list-style-type: none"> Improved environmental management and resilience to impacts of climate change (CC) and disaster risks. 	<ul style="list-style-type: none"> Limited mainstreaming of environment, climate change and disaster risk reduction in sector policies strategies and plans. 	<ul style="list-style-type: none"> All investment projects use appropriate tools to effectively address environment, climate change and disaster risk reduction consideration during project design and implementation. Number of projects that directly contribute to improvements in environmental management, climate change adaptation, and mitigation and disaster risk reduction. 	<ul style="list-style-type: none"> Environment, CC and disaster risk screening of all infrastructure investments and the climate proofing of investments at risk from CC and natural hazards. Support for T&T participation in a regional public education and awareness campaign on seismic hazards. Interventions in Tobago for solid waste, coastal erosion and sewage treatment in-keeping with Tobago's "greening" agenda. 	<ul style="list-style-type: none"> Sustained weakness with respect to inter-sector coordination. Lack of enforcement of legislation and policies.

SUMMARY MATRIX OF PROPOSED STRATEGY AND RESULTS FRAMEWORK

Country Development Goals	Country Sector and Country Strategy Paper Outcomes	Key Sector Constraints	Outcome Indicators	Key Areas of Caribbean Development Bank's Intervention	Risks
Cross Cutting Interventions: Gender Equality					
<ul style="list-style-type: none"> Enhancing gender mainstreaming: 	<ul style="list-style-type: none"> Strengthened capacity for gender planning and gender budgeting. 	<ul style="list-style-type: none"> Weak systems for gender management. Inadequate capacity for gender analysis and planning across social and economic sectors. 	<ul style="list-style-type: none"> Number of gender planning and gender budget initiatives in identified sectors/projects. 	<ul style="list-style-type: none"> TA to support gender planning and gender budget initiative in identified sectors. 	<ul style="list-style-type: none"> Resistance to gender considerations and gender mainstreaming.

INTRODUCTION

T&T is a twin-island democratic republic state. T&T is located at the southern end of the Caribbean chain of islands, off the northeast coast of Venezuela. At its closest point, Trinidad is just 11 kilometres off the Venezuelan coast. The country's constitution provides for the separation of powers of the three branches of Government; the Executive, Legislative and Judicial. The country is organised into 13 administrative areas, with Tobago being administered separately by the Tobago House of Assembly.

2. T&T is an upper-middle income country that is making significant development strides. The country's rich resource endowments, coupled with relatively strong public institutions, lie at the centre of an emerging social and economic transformation. A decade of phenomenal economic growth of approximately 6.4 per cent (%) per annum (p.a.) has lifted most of the country's development indicators. Per capita income has more than tripled over the ten-year period from 1999 to 2008 (from \$5,410 to \$18,483), principally on account of sustained expansion in the country's critical oil and gas industry. The recent global financial crisis, while triggering negative growth of the T&T economy in 2009, seemed to have had weak persistence effects, as growth resumed in 2010.

3. The Millennium Development Goals (MDGs) indicators, particularly with respect to education and health care, have also improved, although those in relation to environmental sustainability continue to be below expectations. Sustaining the country's growth momentum in the medium to long term will require focused policy attention. It is doubtful whether the energy sector exclusively can deliver on the ambitious development targets that the country has set itself. Moreover, the presence of noticeable pockets of poverty, particularly in rural areas, coupled with a very difficult crime situation, point to the need for greater targeted development effort.

4. GOTT, armed with a strong mandate, has sought to refresh its development thrust. The Government has articulated a people-centred development strategy highlighting, among other things, the need to promote innovation to drive growth while diversifying the economy, strengthening social justice and safeguarding the environment. Closer attention will also be given to supporting gender equality.

5. This CSP for the period 2011-14, seeks to support GOTT in confronting the country's obstacles to further development, particularly in areas where the Bank can clearly add value.

1. DEVELOPMENT CONTEXT: KEY ISSUES AND DEVELOPMENT CHALLENGES

Macroeconomic Overview

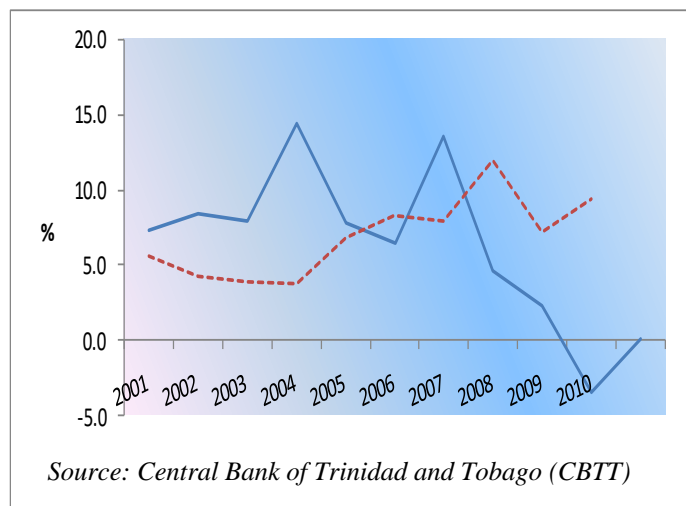
1.01 T&T's economic structure is overtly hydrocarbon based. Over the period 1999-2010, on the back of an aggressive exploration strategy, higher fuel prices and the installation of greater processing capacity, the oil and gas sector almost doubled its contribution to Gross Domestic Product (GDP), moving from 22.5% in 1999 to approximately 42.6% in 2010. The sector's contribution also rose close to 55% (in 2007) of total current revenue and over 60% (in 2009) of merchandise exports. This notwithstanding, employment generated by the sector is around 3.5% of the labour force, given its capital-intensive nature. Relatively low energy costs^{1/} have also facilitated the emergence of a strong manufacturing base. T&T has emerged as the dominant source market for intra-regional exports. The most recent complete data show that in 2008, T&T accounted for approximately 88.2% of intra-regional exports (inclusive of petroleum products) and 48.5% of total intra-regional merchandise trade.^{2/} In relation to finance, the presence of a relatively mature capital market and significant liquidity have positioned the country as perhaps the leading source of sovereign credit in the English-speaking Caribbean.

(a) Recent Economic Performance

1.02 Over the past decade, T&T's economy grew at a rate that is unparalleled in the country's recent history. Real GDP expanded at an annual average of 7.2% over the period 2000-08, and outperformed most economies in Latin America and the Caribbean (LAC) (with the exception of Argentina and Uruguay). However, in 2009 T&T's economy registered negative growth (-3.5%) for the first time in 15 years, as the global economic downturn triggered a tumble in energy prices, with a concomitant fall in the country's oil revenues, leading to a significant reduction in Government's capital investment programme. Given the large size of public sector-related activity, relative to private sector operations, the impact on aggregate demand was severe.

Moreover, the crisis exposed regulatory fragility in some aspects of the country's insurance sector with the collapse of the largest insurance company.^{3/} The downturn appears to have bottomed out in 2010 (see Figure 1.1) as economic activity showed signs of recovery. Real GDP growth was marginally negative (0.1%). This improvement, relative to 2009, was driven primarily by positive growth in the energy sector, coupled with a slowing in the rate of decline in many of the non-energy sectors. The energy sector expanded by 3%, compared with 2.6% in 2009. The non-energy sector contracted by some 1.9%, compared with a decline of 7.2% in 2009, as the recessionary effects loosened somewhat. The activity in the distribution sector fell by 5.1% in 2010, compared with the double-digit decline of 21.2% recorded one

Figure 1.1



^{1/} Energy costs in T&T averaged \$0.05 per (/) kilowatt hour (kWh), compared with \$0.229/kWh in Barbados, and \$0.238 and 0.268 in Jamaica and St. Lucia, respectively. *Caribbean Electric Utilities Commission (2008)*.

^{2/} Caribbean Community (CARICOM) Trade Statistics.

^{3/} Among other things, this led to some degree of uncertainty among economic agents and served in part to slow the economic recovery.

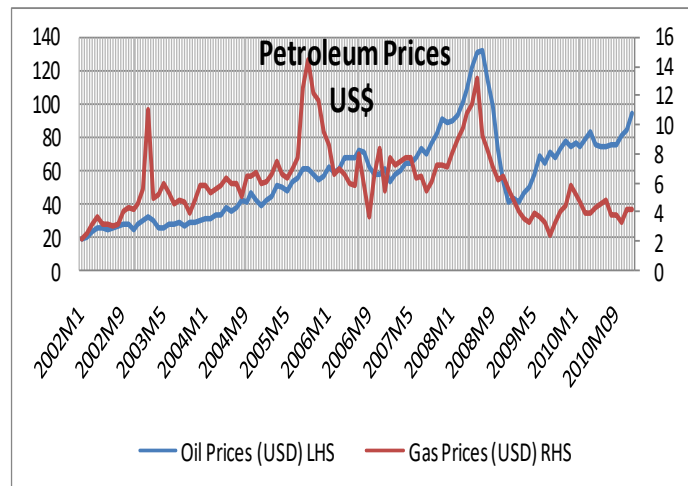
year earlier, reflecting the improvement in domestic aggregate demand. Construction-related activity continued to struggle, and fell by 8.9%, following negative growth of 7.6% in 2009. In many respects, the outturn mirrored the slowing in Government's capital works programme, coupled with soft private sector investment spending. Preliminary data for the first six months of 2011 suggest that the economic recovery loss momentum. Output in the energy sector fell as both oil and natural gas production contracted. Further, important non-energy sectors including construction continue to be under pressure.

1.03 Inflationary pressures have persisted in T&T over the four years to 2010. In particular, the food sub-index which exerts strong influence on domestic inflation sustained these impulses. In the recent past, high food prices have emanated from the cost of grains on the world market, coupled with domestic production shortages. However, core inflation (which excludes food and fuel prices) has remained subdued, averaging less than 5% p.a. With respect to unemployment, indications are that the rate has been relatively low by regional standards at 5.3% and 7% in 2009 and 2010, respectively. This notwithstanding, the industrial relations climate deteriorated, particularly during the latter part of 2010 and into 2011 amid protracted negotiations between public sector unions and the authorities.

1.04 T&T's boom years are reflected in the country's strong fiscal position over the seven-year period to 2008. The country enjoyed overall fiscal surpluses from around 2003 (1.4% of GDP), moving to a high of 7.8% of GDP in 2008. The bulk of this performance was precipitated by a strong recovery in energy prices (see Figure 1.2) which increased almost sevenfold over that period. Current revenue as a percentage of GDP rose from just under

25 to 37.3% in 2008. However, the sharp decline in fuel prices in 2009 led to a 13.2 percentage point decline in current revenue inflows with ensuing steep policy adjustments on the expenditure side in an effort to contain the fiscal deficit. The fiscal balance measured -4.9% of GDP in 2009, the first deficit since 2002. The projection is for a small deficit of 0.2% of GDP for the fiscal year 2010/11. In relation to debt, the country remains at extremely comfortable levels. At the end of March 2011, Central Government's (CG) debt stock stood at 47.5 billion (bn) T&T dollars (TTD) (32.5% of GDP), comprising TTD38.2 bn domestic and TTD9.6 bn external. This debt level continues to put T&T as one of the least indebted countries in the Caribbean.

Figure 1.2



Source: CBTT

1.05 The country has done a good job in avoiding past mistakes associated with oil shocks and moved to institutionalise the saving of oil price-related windfalls through the creation of a sovereign wealth fund [the Heritage and Stabilisation Fund (HSF)] in 2007. At the end of March 2011, the balance in the Fund stood at \$3.76 bn.

1.06 For the most part, monetary policy in T&T has broadly responded to fiscal developments. During the boom years of expansionary fiscal policy, the monetary authorities raised its policy rate in an effort to avoid overheating in the economy, and lowered it when aggregate demand softened. Consequently, the repo rate was reduced from 8.25%, around mid-2008, to 3.75% by the end of December 2010. The repo rate was reduced by 50 basis points to reach 3.25% by end-June 2011. Developments with respect to private sector credit also mirrored the evolution of Government's fiscal position, given the pervasive nature

of public sector operations relative to total economic activity. Domestic credit growth peaked around 19.7% in 2008 before contracting sharply to -3.4% by end 2009. Credit growth (particularly consumer loans) returned to positive territory (0.4%) during the latter half of 2010. However, credit growth was virtually flat for the first quarter of 2011 relative to the corresponding period one year earlier. The overall depressed credit conditions, coupled with increased deposit growth,^{4/} led to a relatively large fall in the loan to deposit ratio, which fell from 86.7% in 2008 to 64.5% by the end of March 2011. The prime lending rate gradually trended downwards from 10.25 to 8.25% over the same time period.

1.07 The 2011 Mid-Year Financial Stability Report for T&T points to a relatively healthy financial system. Commercial banks continued to show strong resilience in the face of uncertainties created by the global financial crisis, the difficulties posed by CLICO and the still somewhat fragile domestic economy. Prudential ratios continued to be relatively robust, notwithstanding the growth in loan delinquency ratios in the banking system. The ratio of non-performing loans (NPLs) to total loans rose to 5.5% in March 2011, from around 1% at the beginning of 2009^{5/}. Capital adequacy also remained at comfortable levels with the level of regulatory capital to risk-weighted assets (24.6%) being well in excess of the minimum ratio of 8%. Moreover, the central monetary authority has moved swiftly to tighten regulatory and supervisory oversight in the wake of the CLICO affair. Amendments to the Insurance Act now provide the Central Bank with enhanced powers to address problem institutions, particularly through the issuance of compliance directions if an insurer is engaged in 'unsafe and unsound' practices.

1.08 With respect to the Balance of Payments, T&T has consistently achieved a merchandise trade surplus with the rest of the world, primarily as a result of the significance of the value of its oil, gas and manufacturing exports relative to the value of the country's import needs. Preliminary data for 2010 suggest that the current account balance stood at approximately 20.5% of GDP, compared with 8 and 36.2% in 2009 and 2008, respectively, and broadly reflect energy price fluctuations. With respect to the capital and financial account, outward private capital flows were particularly strong, as the turnaround in the global economy inspired a re-entry into the international capital market. Foreign direct investment (FDI) also fell slightly, compared with 2009. This notwithstanding, the stock of net foreign reserves continued to be healthy at around \$9.1 bn at end-December 2010, representing 13 months of import cover.

1.09 The near to medium-term outlook for T&T is relatively optimistic but there are attendant upside and downside risks. While it is unlikely that the economy will achieve the double digit growth rates seen during the last decade, there is a solid basis on which to expect a less volatile, yet creditable, growth performance. Admittedly, much will depend on the behavior of the global economy,^{6/} its impact on energy prices, as well as the implications for regional economic outcomes. GDP growth is therefore projected at between 2.5 and 4% over the period 2011-14. Hydrocarbons will continue to play an important role in the growth outturn. Within this context, the announced plans during the 2010/11 budget statement to restructure the fiscal incentives framework governing the energy sector; the finalisation of new bid rounds for blocks comprising approximately 870,000 hectares, coupled with a recently signed production-sharing accord between Trinidad and Venezuela,^{7/} should collectively serve to sustain exploration and production of oil and gas over the projected period. Elevated energy prices will also have significant positive

^{4/} In part, this was sparked by a flight to quality given CLICO-related concerns.

^{5/} This was the first time in over a decade the NPL ratio breached the 5% prudential ceiling. However, the ratio was lower than many of the regional comparators including Jamaica (6.5%), Barbados (10.5%), and Belize (20%).

^{6/} The forecast for global growth is around 4% over the near to medium term. Lingering risks posed by the fiscal distress in a few Eurozone countries, ongoing political uprising in some Arab states, together with the fallout from Japan's natural disaster, could be significant.

^{7/} The accord involves production sharing of the approximately 10 trillion cubic feet (tcf) (7.3 tcf Venezuela and Trinidad 2.7 tcf) in the Loran-Manatee field.

implications for the fiscal accounts.^{8/} However, the resolution of the CLICO affair represents a downside fiscal risk. Appendix 1.1 provides a synopsis of GOTT's proposal to affect an orderly resolution of the issue. In the monetary sector, credit demand is expected to pick up in line with expected growth in the real economy and as uncertainty dissipates. Prudential indicators are also projected to remain within safe margins. The external position should remain at comfortable levels, assuming strong merchandise exports alongside robust FDI. Appendix 1.2 provides details of the near-term macroeconomic projections.

Social and Poverty Analysis and Gender Developments

1.10 In spite of high earnings generated from the petroleum sector, the most recent comprehensive poverty estimates (2005) found that 16.7% of the population was poor, with 1.2% indigent or severely poor, and 15.5% poor. An additional 9% of the population was estimated to be vulnerable to poverty, but not poor. These findings suggested that over a quarter of the population (25.7%) were at risk. The differences in welfare status and characteristics between the sister islands were evident. Poverty in Tobago was significantly higher than the national average at 19%, but there was no indigence in Tobago, while in Trinidad poverty levels were just below the national average. Although there were no cases of severe poverty in Tobago, some 25.8% of the population was estimated to be at risk. This suggests that Tobagonians can generally satisfy their basic food needs, but a relatively large proportion of the population on Tobago is unable to sustainably meet basic non-food needs required for healthy living. These relatively higher levels of hardship in Tobago can be attributed to the higher cost of living in Tobago. The poverty line for Tobago was TTD11.49, compared to TTD8.22 for Trinidad.

1.11 The 2005 estimates demonstrated that there was a sharp reduction in poverty when compared with the previous study in 1997/98. Prior to the twin-island state's economic recession in the 1980s (1982-89), poverty levels were very low, at 3.5% in 1981. During the recession, Government's structural adjustment programmes resulted in sharp increases in deprivation and declines in social wellbeing, evidenced by increased poverty levels to 14.8% in 1988. Poverty levels continued to rise in the 1990s, peaking at 24% in 1997/98, with indigence or severe poverty levels as high as 8.3%. In contrast, significant progress in poverty reduction occurred as a result of the rapid expansion of the economy during the period 2000-05 and its associated increases in employment opportunities. Noteworthy were contributions to employment from activity in the construction sector, especially in the public sector, with the construction and expansion of economic infrastructure^{9/} to facilitate further growth.

1.12 Regrettably, gains made in poverty alleviation will not be unaffected by the recently imposed curfew associated with the twin island's "State of Emergency". The State of Emergency was proposed for a total of just over three months during one of the most productive periods for the entertainment industry and commercial sector alike. The income earning potential of mainly individuals from the informal sector and labour force participants from the informal and formal sectors in entertainment and services will no doubt be greatly reduced.

1.13 Unemployment fell into single digits to 8% in 2005 from 13.1% in 1999, and continued to fall to an all-time low of 4.5% in 2008 before rising to 7% by the end of 2010. Poverty modelling has demonstrated that for T&T, when household income increases by 5%, the odds of the household being poor fall by 82.9%, while with every additional unemployed person in the household, the risk of poverty for the household increases by as much as 121%.^{10/} Unemployment was therefore identified as a major

^{8/} The 2011 Budget was set within a very conservative frame. The oil and gas price assumptions in the Budget were \$65 / barrel and \$2.75 / mn British Thermal Units, respectively. Oil prices (West Texas Intermediate), as well as gas prices (Henry Hub), have exceeded these forecasts by large margins.

^{9/} State expenditure in office complexes, road expansion and industrial development.

^{10/} KAIRI Consultants Ltd. (2007): Analysis of the T&T SLC 2005.

contributing factor to social deprivation. It is therefore reasonable to hypothesise, given developments in the labour market, that there was, most likely, a further reduction in poverty and the severity of poverty/vulnerability since the 2005 estimate. Some of the poor are likely to have graduated from indigence to working-poor, others rising above the poverty line, and the vulnerable enhancing their capability sufficiently to escape hardship. Remittances also have a major influence on household wellbeing in the twin-island state, contributing to household income equally in both the upper and lower quintiles.

1.14 T&T ranked 59th out of 169 countries on the 2010 Human Development Index (HDI). More importantly, between 1980 and 2010, the country's HDI rose by 0.4% annually from 0.656 to 0.736. Meanwhile, the HDI of LAC increased from 0.578 to 0.706, placing T&T above the regional average. In general, T&T seem to be on track towards achieving the MDGs. Though persistent pockets of poverty remain, the nexus between poverty and employment suggests that poverty is declining. Access to primary education is good. The country has achieved a 100% literacy rate for both males and females between the 15-24 age group, while the completion rate at the primary level has improved. GOTT has identified human resource development (HRD) as a major pillar for the sustainable social and economic development of the country. Within this context, education and training, as a major vehicle for achieving HRD, has been accorded high priority. GOTT's average investment of 13.4% p.a. is expended across all sub-sectors, from early childhood to tertiary, with the principal share of approximately 40% being expended at the primary level, in keeping with the acknowledged recognition that primary education lays the foundation for critical abilities that contribute to learning, and is the place to begin in engendering a culture of innovation within the country. However, although there is a transition rate of 90% from the primary to the secondary level, and despite the achievement of universal access to secondary education, efficiency is impacted by a secondary participation rate of less than 80%. This has implications for Government's thrust to increase tertiary enrolment to 60% by 2015.

1.15 With respect to health-related indicators, the maternal mortality ratio trended downwards from 86 per 100,000 in 1990 to 55 per 100,000 in 2009. This is believed to be attributable, in part, to trained health personnel attending to over 99% of all births in the health care system. Immunisation for measles has also improved to 94% of children ages 12-23 months, compared with 70% in 1990. Human Immunodeficiency Virus (HIV)/Acquired Immune-Deficiency Syndrome continues to represent a significant lifestyle challenge, particularly for those in their most productive years. This is evidenced by the rise in the prevalence of HIV in the 15-49 age cohort from 0.2% in 1990 to 1.5% in 2009.^{11/}

1.16 In relation to gender, a great deal of progress has been made in bridging inequalities between men and women. As a signatory to a number of gender international agreements, namely, the Convention for the Elimination of all forms of Discrimination against Women and the Beijing Platform for Action, GOTT is committed to progress on gender equality and women's empowerment. However, some gender-related concerns remain. For instance, a disaggregation of the trends in unemployment by sex reveals that while unemployment has indeed been declining, unemployment rates for females were almost double that for men. While the rate for males declined from 4.5% in 2006 to 3.5% in 2008, females were overall much higher than males at 8.7 and 6.2% in 2006 and 2008, respectively. Survey of Living Conditions (SLC) 2005, also indicate poor female heads of household experiencing much higher levels of unemployment (17.6%) than poor male heads (9.8%). The disparity in the labour force participation rates and poverty figures has persisted even though progress on the MDGs suggests more females than males have entered and completed the education system at all levels and the serious lags which still exists in the sector is with respect to males. Taken together with the prevailing inverse correlation between sex and wages, the disparities continue to contribute to a gendered labour market with gender bias in recruitment and remuneration, lower female labour force participation rates, higher rates of unemployment for females and

^{11/} GOTT has moved aggressively to address this alarming trend by the expansion of treatment services and the free provision of anti-retrovirals which was initiated in 2002.

the clustering of more females in low-wage occupations with less benefits and sectors that make them more vulnerable to changes in the economy.

1.17 Further, a gender perspective is often not used as a differentiating lens through which to understand the poor's exposure to risk and vulnerability and to accordingly design social protection measures and policies to tackle gender-related risks.

1.18 A newly introduced Gender Inequality Index (GII), which replaces the Gender Empowerment Measure, currently captures the loss in human development due to inequality between female and male achievements in three key areas including reproductive health, empowerment and the labour market. A GII value of 0.473 in 2008 ranked T&T 48th out of 85 countries. The GII ranking reflects the inequality between women and men in parliamentary representations as a measure of the empowerment of women; labour force participation at 59.4% for women versus 81.9% for men; and a maternal mortality ratio of 45. Measures of these disadvantages, which women in T&T still face, will continue to raise awareness of the disparities and challenges, allow for more effective monitoring of progress towards gender equality and equity objectives, as well as keep the Government accountable. Appendix 1.3 provides greater details of T&T's MDG progress.

Environmental Management and Natural Disaster Vulnerability

1.19 Domestic sewage, industrial effluents and poorly managed solid waste continue to be major contributors to the pollution and the degradation of the environment of both islands. T&T is also vulnerable to and experiences moderate to significant seismic, flooding and landslide hazard events. Coastal erosion is also observed on an ongoing basis along economically important shorelines both in Trinidad and Tobago. Flood history analysis shows that the frequency and intensity of flooding events are increasing. CC and sea level rise are set to further exacerbate environmental impacts, contributing to further degradation of sensitive ecosystems and biological resources on both islands such as Tobago's Buccoo Reef and Trinidad's Nariva coastal wetlands that already enjoy international protected area status under the Ramsar Convention. Down-scaled regional CC projections for T&T suggest higher temperatures and lower rainfall in the future. Inadequate planning and lax development control have resulted in considerable urban sprawl, placing further pressure on the island's natural resources and contributing to issues such as deforestation, soil erosion, poor drainage, and increasing population exposure in areas vulnerable to natural hazards. A high level of car ownership, combined with urban sprawl, is also contributing to increasing levels of air pollution in the main urban areas.

1.20 Despite these challenges, GOTT has established an administrative and legislative framework for environmental management, with elements that have been commended as "best practice" by the development community. It includes the establishment of the Environmental Management Authority (EMA), underpinned by the Environmental Management Act, 1995 and in 2001, GOTT established the "Green Fund" to provide grant resources to community groups carrying out environmental management initiatives including poverty reduction initiatives that show demonstrable links to environmental management. The Fund has had a long gestation period, dogged operational and procedures issues and only became operational in 2008. In February 2011, the fund was estimated at TTD2.15 bn, however, only a small number of initiatives were financed. Disaster management is, however, governed by the Disaster Measures Act of 1978 that inadequately embraces the concept of Comprehensive Disaster Management and is in need of revision.

1.21 GOTT has signaled that, in the medium term, it will focus policy efforts on addressing CC mitigation and adaptation, the promotion of renewable energy and energy conservation initiatives and the start of a major re-orientation of the approach to forestry, national parks and protected areas management.

Tobago's stated priority is the implementation of a long-term programme for "greening" in keeping with its "Clean Green Safe and Serene" slogan as a tourism destination.

Private Sector Development

1.22 The country's private sector is well established, particularly with respect to banking and insurance, as well as manufacturing operations (downstream oil industries including plastics and metal processing and food processing). The sector's access to low-cost energy supplies, relatively easy access to credit, and a pool of skilled and semi-skilled labour has provided it with a definite competitive advantage. But recent reports, including the Ease of Doing Business (EDB) – 2010, as well as the Global Competitiveness Report^{12/} (GCR) 2010-11, suggest that there are still critical bottlenecks to overcome.

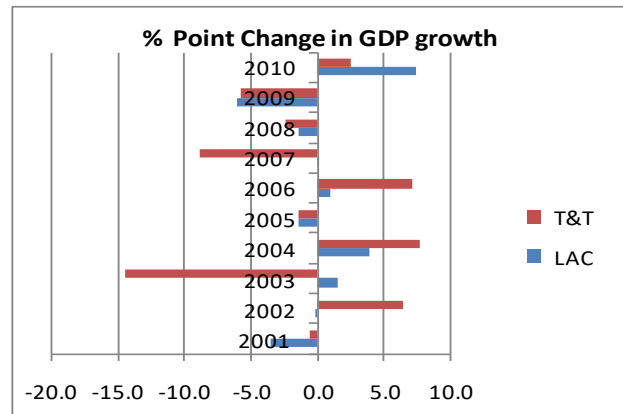
1.23 EDB placed T&T 81st in its global rank of 183 countries, compared with Antigua (50th) and Jamaica (75th). While the country scored well in terms of getting credit and the payment of taxes, registering property rights, as well as enforcement of contracts, were below average. GCR ranked the country 86th out of 139 countries surveyed. This compared with a ranking of 43rd for Barbados. With respect to trade, T&T's main policy objectives are to position itself as an economic hub of the Western Hemisphere, and to achieve full integration into the Latin American economy while fully supporting CARICOM. The authorities' overall trade policy objective is to position T&T as a manufacturing base and the commercial, trans-shipment and financial hub. This envisages the full exploitation of T&T's location as the gateway to South America. To achieve its overall trade policy objective, the country intends to place emphasis on expanding T&T's trade frontiers, ensuring a supportive tax regime for the re-tooling of industry, lowering the cost of doing business, promoting investment in human capital and improving overall economic efficiency.

Figure 1.3

Key Development Challenges

(a) Limited Economic Diversification

1.24 One of the most common challenges in mineral rich countries is the potential for a type of Dutch-disease. This is defined in terms of the neglect of some sectors of the economy as opportunities are exploited in the key mineral sector.^{13/} In the past,



Source: CBTT

^{12/}The Global Competitive Index is premised on 12 pillars, viz; Institutions, Infrastructure, Macroeconomic Environment, Health and Primary Education, Higher Education and Training, Goods Market Efficiency, Labor Market Efficiency, Financial Market Development, Technological Readiness, Market Size, Business Sophistication and Innovation.

^{13/} Strictly, Dutch disease occurs when strong external demand for 'mineral resources' pushes up the real exchange rate of the exporting country thereby reducing the competitive position of other exports, for example, in the agriculture and manufacturing sectors. Over time, the erosion in competitiveness leads to output losses in these sectors.

economic growth in T&T has been driven to a large extent by outturns in oil and gas. This has placed the country's development at significant risks. In particular, the vagaries of the market impose a level of uncertainty that increases the complexity of development planning.^{14/} Beyond this, there are a number of adverse factors that can attend this situation. One such implication has been relatively large swings in GDP growth rates resulting from oil price behaviour. Over the ten-year period to 2010, the degree of volatility (see Figure 1.3) computed as the standard deviation of the output swings in T&T was 7.3, compared with 3.7 for LAC as a group. Second, increases in energy prices positively impact revenue flows and correlate strongly with increases in government spending. However, sharp declines in energy prices, with direct and immediate impacts on revenue intake, may translate into a rapid deterioration in Government's fiscal accounts, given the level of downward stickiness associated with expenditures. This has been the case during the recent recession.

1.25 Among other things, this may put Government's development programme at risk and slow poverty reduction initiatives. Moreover, it may also lead to a level of complacency and even neglect of other critical sectors, including agriculture and tourism. The agriculture sector is a potential mainstay of the economy with a strong poverty relevance and an important component in addressing the country's food security needs. This notwithstanding, T&T is dependent on imports to satisfy over 50% of its dietary needs, and for a significant volume of agriculture production inputs. As a result, the country is highly vulnerable to events that affect the supply and price of food on the international market. Further exacerbating the problem is low agricultural productivity, and the vulnerability of domestic food production to weather related shocks – droughts and flooding, which routinely trigger food-related inflation spikes. As a percentage of GDP, agriculture slipped from almost 2% in 1999 to under 0.5% in 2010.^{15/}

1.26 The development of the tourism sector also has hugely untapped potential as a key growth driver in T&T. The product mix, offered by the peculiarities of the two islands, combines to give a rich diversity to the tourism experience. The totality of the country's natural beauty, including a mountainous terrain, beaches, flora and fauna, is relatively unexploited tourism assets. The country also possesses a strong heritage product and many cultural-based activities including rich carnivals. However, the sector has been over shadowed by activities in, and the focus on, the petroleum industry. Data from the World Travel and Tourism Council tourism satellite accounting suggest that in 2008, the sector contributed 10.6% directly and indirectly to GDP in 2009. However, for Tobago alone, the contribution was higher at 36.9%. Annual long-stay visitors (in 2009, the latest year with a comparable complete data set) were 342,091, compared with 518,564 and 1,831,097 for Barbados and Jamaica, respectively. With respect to cruise passengers, in 2009 the figure stood at 119,600 in T&T, compared with 635,746 in Barbados and 922,349 in Jamaica. Moving the sector forward requires, among other things, a new strategic plan that can point the way, coupled with supporting infrastructure.

1.27 Expanding the opportunities for growth and development also requires strengthening the country's competitive edge. Among other things, this can be promoted by pursuing improvements in educational outcomes and encouraging innovation. Against this backdrop, pursuing enhanced education outcomes in T&T will require focused attention. In T&T, the system of education and training is currently characterised by a number of issues that impact negatively on its effectiveness. At the early childhood level, GOTT's challenge is to provide or support the provision of sufficient places of appropriate standard, that all children, but particularly those from backgrounds that place them at risk of educational failure, may be exposed to the readiness activities that provide the foundation for rounded educational development.

^{14/} Indeed, GOTT's HSF is an attempt to mitigate the adverse impacts of fuel price volatility.

^{15/} In part, this reflects the closure of the state's sugar company during the period.

1.28 GOTT views primary education as the vehicle for moulding the child into the innovative citizen he/she is expected to become. Accordingly, the broad objective is to develop rounded students. However, even though GOTT provides full financial support for the delivery of education in this sub-sector, it is challenged by the fact that the physical infrastructure is predominantly owned (80%) by denominational boards. Most of this infrastructure is old and inadequate for the provision of the physical facilities required for delivery of a curriculum that is multifaceted and inclusive, that maximises the benefits of ICTs and is designed to deliver a broad range of skills and competencies to develop the entire child. In addition, current assessment modalities are inadequate for reporting on the student across all developmental domains.

1.29 GOTT has also stated its intention to increase tertiary throughput to 60% by 2015. Tertiary enrolment, however, is in large measure fuelled by completion at the secondary level. GOTT is therefore challenged to increase the participation rate at the secondary level, currently less than 80%, since this is a critical precursor to increasing the rate of participation at the tertiary level.

1.30 Further, the current levels of trained teachers in the system (approximately 55% overall, but considerably less at the Early Childhood Care and Education [ECCE] level and in Technical and Vocational Education and Training [TVET]), as well as the current focus on teacher preparation, present major challenges for achievement of broad educational targets. Primary among these challenges is the impact on instructional quality. Enhancement of quality is unlikely to be achieved unless there is a significant overhaul of teacher preparation programmes and unless GOTT find a means of speeding up the deployment of trained teachers into the classroom.

1.31 GOTT has also articulated the need for the provision of multiple pathways for accessing further education and training to meet the needs of a more diversified, knowledge-intensive economy. However, the system is currently plagued by the absence of structured linkages across programmes, as well as across levels. This is particularly manifested in TVET. It contributes to disjointed programming and duplication and absence of articulation, often with significant financial implications to the sector. GOTT therefore has the challenge of rationalising and harmonising programming in tertiary education, TVET and lifelong learning.

1.32 In addition, curricula, at all levels of the system, may no longer be relevant to the needs of the country and are therefore in need of comprehensive revision. Further, deficient and inadequate institutional capacity impacts efficiency both at the level of the school, as well as in the entities which oversee education. Together, they all impact negatively on the efforts of GOTT to enhance educational achievement across the sector.

(b) Economic and Social Exclusion

1.33 Economic growth has not been totally inclusive in T&T. Therefore, a major development challenge for the twin-island state is achieving geographic equity in development and, by association, equity in wellbeing across the country. This is particularly difficult as the geographic distribution of the population is determined by a host of socioeconomic and cultural divisions that independently create disparities. It is therefore not surprising that the 2005 SLC found relatively high levels of poverty in highly concentrated pockets across the islands. These pockets of poverty were inconsistent with the country's economic wealth, with most of the poor residing in oil rich Southern Trinidad. Although the oil and gas industry produces wealth in the energy sector it does not create a significant amount of employment opportunities, nor do the benefits of the sector automatically spillover to other sectors. On the other hand, with tourism as the main economic earner and supplier of employment on the island of Tobago, transient poverty seems more prevalent there than in Trinidad. The nature of poverty and characteristics of the poor between the two islands, therefore, differ significantly. Success rates of development interventions have therefore been variable across geographic areas, signifying the need for more indepth targeting, designing and

implementation of development initiatives that are tailored and, at the same time, flexible enough to be modified to meet the specific needs of each geographic area.

1.34 One manifestation of socioeconomic disparity has been the upsurge in crime. Crime has become a pressing development challenge. Among the other root causes of crime are factors including the breakdown in family life, unemployment and, increasingly, the drugs trade. The incidence of murders and homicides has ballooned in recent years. Murders jumped from 118 in 2000 to 485 in 2010, only second to Jamaica in the Region. The country also has one of the highest rates of kidnapping for ransom in the LAC Region. The effect of crime weighs heavily on a country's growth and development momentum by redirecting scarce resources to limit its impact and by deterring critical investment.

1.35 There is still some scope for further entrenching gender equality in an effort to promote inclusive growth. Evidence suggests that notwithstanding T&T's progress in gender mainstreaming, issues in relation to equality of remuneration, access to credit and access to employment still remain.

(c) Deficient Public Sector Management Systems

1.36 Sustaining high quality growth is also contingent upon the selection of appropriate public sector investment choices. T&T's public sector operations are particularly extensive. Alongside CG, there are some 82 state-owned enterprises operating in a number of sectors across the economy. The Public Sector Investment Programme represents a significant contributor to gross domestic capital formation. Total public investment averaged around 12% of GDP over the last five years (approximately 7% of GDP by CG and 5% by the rest of the public sector). Notwithstanding the significance of public investment spending, a recent Public Expenditure and Financial Accountability (PEFA) report calls into question the analytical rigor that attends the project selection process, as well as issues of procurement. Research shows that enhancing capital output ratios and for public investment to play an important role in fostering economic growth and development, sound technical and institutional capacity are required to ensure that public resources are channeled effectively. Among other things, PEFA findings point to the need to enhance the project cycle, including planning and pre-investment studies, to ensure prioritisation of investments in areas with the highest social and economic benefits, as well as solid monitoring and evaluation (M&E) capacity. Second, GOTT needs to improve project management implementation systems by building requisite system capacities. In addition, GOTT will have to pay rapt attention to mainstreaming across the public sector in an effort to clearly demonstrate development progress.

(d) Environmental Degradation and Weak Resilience to Hazard Events

1.37 With rapid expansionary economic growth and urbanisation, the need for a coordinated national, local and sector approach to DRM, in terms of emergency response, risk reduction, recovery planning and risk transfer, is an intensely pressing one. Both the architecture for DRM and the practice of risk mitigation are in need of strengthening. The majority of the Office of Disaster Preparedness and Management's focus appears to have been on advancing emergency response rather than proactive risk reduction within sectors. Furthermore, in spite of the country's creditable institutional and regulatory achievements, improved environmental sustainability will require: (i) institutionalisation of mechanisms for improved coordination and integration of environmental issues at the sectoral policy and project investment levels; (ii) better enforcement of environmental laws, and regulations; and (iii) establishment of more robust supporting systems for environmental monitoring and reporting. This process will require long-term intra-ministerial commitment and collaboration in the design of sectoral policies and spatial planning and development, as well as better coordination in the programming and implementation of critical investments. These issues are all the more urgent given current efforts to decentralise spatial planning and development control requirements and the management and delivery of services such as solid waste. There is also need for the establishment of environmental monitoring and information systems to improve decision-making which

will also contribute to greater development effectiveness and better results of development interventions.

1.38 Road infrastructure, as a critical element in strengthening resilience, also needs focused attention. A significant portion of the road, bridge and drainage network has deteriorated, due to the deferment of periodic maintenance interventions. The absence of a National Road Transportation Plan, to prioritise and guide capital investment, has resulted in the underutilisation of some routes, along with extreme congestion on others. In Tobago, significant investment is required to upgrade sewage treatment to tertiary levels and expand sewage collection systems to protect sensitive natural resources given the 'Green' thrust of the island.

2. GOVERNMENT'S DEVELOPMENT STRATEGY

Medium-term Development Strategy and Policy Agenda in Key Areas

2.01 GOTT is a new administration with a strong mandate and has a clear development vision for the country. Over the near to medium term the development programme seeks to: foster people-centered development; eradicate poverty and promote greater social justice; ensure national and personal security; entrench good governance; as well as steer the country towards a diversified knowledge intensive, innovation-driven economy, including through the use and availability of ICTs.

2.02 With respect to people-centred development, GOTT has identified the promotion of a strong basic education system and significant participation in tertiary education as being central to the thrust towards a more knowledge-driven economy. Recognising that the process of development begins at the earliest levels of a child's educational experiences, GOTT has indicated a reform agenda that commences at the early childhood level. The Ministry of Education has developed a wide-ranging set of standards for regulating ECCE. However, coupled with appropriate curriculum reforms, a comprehensive strategy for ensuring that the goals articulated for this sub-sector are achieved still needs to be developed. GOTT is also seeking to expand physical capacity and partnering with private institutions to facilitate 100% enrolment at this level. In addition, since GOTT views primary education as the vehicle for moulding the child into a productive and innovative citizen, the broad objective at this level is to develop rounded students. This will be done through the delivery of a curriculum that equitably addressed all developmental domains. This calls for adequate and appropriate physical facilities and technological resources. However, even though GOTT provides full financial support for the delivery of education in this sub-sector, it is challenged by the ownership structure of the physical infrastructure, with 80% being owned by denominational boards. Most of the infrastructure is old and inadequate for the delivery of a curriculum that is multi-faceted and inclusive, that maximises the benefits of ICTs, and is designed to deliver a broad range of skills and competencies to develop the entire child.

2.03 To address the challenges of fragmentation at the post secondary and tertiary levels, GOTT proposes to rationalise and harmonise the system through the establishment of a National Qualifications Framework and a National Commission for Higher Education, which will oversee all development in the sub-sector. GOTT also proposes to implement additional modalities for instructional delivery, to better serve remote and currently underserved communities; to reform the curricula to better facilitate the development of skills required for labour market needs; and to develop capacity for undertaking research.

2.04 Efforts aimed at poverty eradication and social justice will be pursued by seeking to close the divide between the rich and the poor and strengthening the social safety net. Further, public policy will promote poverty reduction through wealth generation and accumulation initiatives targeted towards the poor. GOTT also aims to strengthen communities through urban and rural rejuvenation initiatives, involving improvements in the provision of social services, the upgrading of basic infrastructure, and strengthening of community-based organisations. In relation to security, GOTT will seek to reorganise the justice system and pursue proactive interventions that address crime at the source. These interventions include strengthening societal value systems and implementing gender sensitive public policies with gender mainstreaming strategies.

2.05 Regarding governance, the authorities will seek to deepen transparency, accountability and participation. This will involve strengthening existing institutions and enhancing democracy, including the upgrade of statistical capacity with a view towards improving evidence-based policy-making and facilitating policy evaluation. Government will also seek to diversify the economy by creating stronger linkages between the country's creative industries, technology-driven sectors and education training sectors. This strategy is designed to infuse elements of the creative economy, in all other sectors, while

seeking to exploit opportunities for the establishment of niche, skills-intensive manufacturing aimed at undergirding the resilience of the economy. In addition, GOTT will also promote business cluster development to deepen production systems in both traditional and newly emerging sectors. With respect to ICTs, GOTT fully understands the need for information technology and connectivity to lay the requisite platform for learning, doing business and strengthening the country's competitive position.

2.06 Further insights into GOTT's development agenda can also be gleaned from its first, 2010/11 budget presentation, as well as the policy direction given to the reconfigured government ministries as implementing agencies. The policy stance is embedded in the prepared one-year action plans following general elections and will be further elaborated within the context of the three and five-year strategic plans which are currently under preparation. At the institutional level, GOTT established a National Transformation Unit (NTU) which is tasked with the responsibility of taking the lead in the development of a system of M&E for the national development framework.

2.07 GOTT has re-emphasised the need for T&T to expand its economic base in order to promote long-term growth and sustained development. In this regard, GOTT sees its priorities as expanding the energy sector; realigning the economy; revitalising the agriculture sector; expanding tourism; and standardising the country's environmental regulations.

2.08 According to its first budget presentation, GOTT will seek to renew oil explorations through a reworked fiscal incentive structure, support the use of alternative energy and create opportunities for the exportation of advisory services. GOTT will also seek to spur agriculture-related activity by promoting improved water resources management, as well as drainage and irrigation. Moreover, it will seek to streamline the operations of the Agricultural Development Bank in order to facilitate adequate access to credit. Realigning the economy will be pursued, in part, by spurring small business development and facilitating the expansion of entrepreneurial capabilities. Within this context, GOTT is seeking to create a National Innovation System that consists of centres of excellence, small and medium-size enterprises (SMEs), finance, marketing and market development systems. Tourism initiatives will centre on expanding the tourism product by using the country's festivals and cultural diversity to anchor an all-year-round product offering. GOTT will also expand the country's room stock and seek to build airlift capacity. In relation to the environment, GOTT has signaled priority changes to the national agenda that will see greater focus on addressing CC mitigation and adaptation and promoting the associated "greening" of the development agenda through the use of renewable energy and encouraging energy conservation.^{16/}

2.09 GOTT has also articulated policies aimed at promoting inclusive development, reducing poverty and securing a stable society. GOTT will pursue new security measures, including the establishment of a National Security Operation Centre and a Special Criminal Court, geared towards crime reduction. Government also intends to look carefully at the social safety net programme with a view to pursuing greater efficiency and effectiveness through improved targeting. Further, GOTT is seeking to develop and enhance capacities that will allow civil society to effectively participate in the country's development and promote good governance.

^{16/} While recognising that price signaling to alter behaviour with respect to energy consumption is difficult in the Trinidad context given relative prices, GOTT announced a number of fiscal incentives during the 2010/11 Budget, designed to promote the usage of renewable energy.

Analysis of Government's Strategy, Challenges and Risks

2.10 Government's enunciated strategy is encouraging and demonstrates GOTT's resolve in tackling the critical development challenges confronting the country. These relate to expanding the country's economic base; reducing poverty, thereby making growth more inclusive; and paying closer attention to the issues of crime, as well as environmental concerns. GOTT's economic diversification efforts are well supported. While Government recognises that an abrupt policy shift away from the oil and gas sector is unwise, there is acknowledgement that the singular reliance on the sector carries enormous risks to the country's sustained development efforts. Moreover, other important sectors, in particular agriculture, are in need of urgent revival. Government rightly recognises the close nexus between inflation and intermittent shortages in agriculture output, as well as the sector's wider role in supporting food security and restricting the rural poor.

2.11 Further, the benefits to be derived from a strong focus on education are well documented and as such are undeniable. Beyond this, efforts aimed at broadly strengthening governance systems and combating the difficult crime situation, as well as paying closer attention to environmental issues, are steps in the right direction.

2.12 While the strategic direction of the Government is appropriate, GOTT's technical and implementation capacity across the public sector may need to be assessed and appropriately strengthened. In particular, the results orientation that should characterise the strategy represents work in progress. Also, the critical NTU, which is charged with the responsibility to coordinate the implementation of national policies and strategic plans, seems understaffed. Moreover, there is a need to build-out the technical capabilities to support M&E of the collective strategy across the public sector. Indeed, some work has started in this area with the rolling out of Phase One of MfDR with the support of the Inter-American Development Bank (IDB).

2.13 GOTT will have to pay closer attention to the fiscal implications of the strategy. At present, the one-year action plans, as prepared, are presented within the context of single year fiscal frames. GOTT will have to move aggressively to secure a comprehensive picture of the costing of the strategy and also establish a clear system of prioritising investment choices. An efficient public sector investment system will be required to ensure that the projects that contend for scarce resources represent the best mix of choices and those that can deliver on the expected development impact.^{17/}

^{17/} The newly established Economic Development Board will partially respond to this need.

3. CARIBBEAN DEVELOPMENT BANK'S ASSISTANCE STRATEGY (2011-14)

Strategic Focus of the Country Strategy and Expected Overall Outcomes

3.01 The proposed strategy for T&T is designed to assist GOTT in putting in train its refashioned development thrust for the country and its people. This is characterised by a sharp focus on people-centred development; redoubling efforts to arrest stubborn pockets of poverty; undergirding growth opportunities and paying closer attention to the environment. Beyond this, the strategy is influenced by the deep concerns expressed by the authorities, as well as development partners regarding the troubling crime situation that has gripped the country. The Bank firmly acknowledges the need for safety considerations to be comprehensively addressed in order to avoid the derailing of the country's development and growth agenda. At the same time, the Bank also recognises that it must be particularly selective in T&T with respect to its intervention programme. Achieving tangible impacts will require a narrow focus on key development challenges rather than a scattered approach which may render the expected outcomes at risk. At the same time, there should be clear gaps in relation to interventions by other development partners in order to avoid duplication of effort. However, strong donor coordination has the potential to deliver robust outcomes and optimise the use of scarce human and financial resources. Within this context the strategy rests on three broad pillars. These are: promoting inclusive social development; supporting broad-based economic growth; and supporting environmental sustainability and disaster risk management (DRM). In particular, the strategy will help GOTT to deliver a range of outcomes including: strengthened human capital; improvements in livelihoods in at-risk communities with positive externalities for the incidence of crime and violence; broaden economic opportunities; and safeguarding development gains through improved DRM practices. Gender will be a cross-cutting theme in the strategy.

3.02 Achieving greater development effectiveness dictates the alignment of the proposed strategy with country objectives and expected outcomes, as well as with the Bank's own strategic posture. Against this backdrop, the strategy is also congruent with the Bank's policy thrust as articulated in the 2010-14 Strategic Plan. In its Plan, CDB's strategic focus and priorities seek to assist the Bank's BMCs with the reduction of poverty through sustainable economic growth and strengthening their resilience to external shocks. In so doing, the Bank aims to promote a balanced approach to improving the welfare of BMCs' citizens by ensuring that growth is inclusive, as well as explicitly focused on income and gender disparities and other inequities. Environmentally sustainable growth will also be promoted.

Outline of Priority Areas and Sectors and Linkages with Proposed Lending Programme

3.03 In designing the proposed country strategy, CDB has been particularly selective in its programme choices in order to tailor interventions that can unlock further growth and development in T&T, while reflecting the Bank's own comparative advantage. Further, dialogue with the authorities as well as key development partners suggests that the core development challenges to which the Bank has alluded, are being given some level of attention. The package of support is therefore concentrated in areas and sectors within which the Bank has built considerable knowledge and expertise over time, or areas that the Bank considers emerging policy areas.

(a) Pillar 1: Promoting Broad-based Economic Growth and Inclusive Social Development

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

3.04 CDB proposes to support the upgrading of the physical facilities, as well as related quality enhancement. The targeted support is expected to have a positive development impact through the pursuit of a more knowledge-driven economy that broadens the opportunities for growth. CDB will focus its interventions at the primary and tertiary levels, given both GOTT's enunciated priority, as well as given the perceived gaps in the sector with respect to other donor activity. More specifically, the Bank will focus on the provision of both physical and technological infrastructure, as well as quality enhancement through support for capacity-building and institutional strengthening. At the primary level, GOTT has indicated the objective of creating well-rounded students who, through honing of all of the developmental domains, will be more likely to become the innovative citizens envisaged by GOTT. However, the achievement of this goal requires the provision of the enabling environment to support delivery of appropriate instruction. Such an environment begins with the physical facilities. At the primary level however, not only is 80% of the physical infrastructure privately owned, but it is also old and inadequate for delivery of the programmes required. The Bank proposes to target the upgrading of physical facilities, as well as supporting related quality enhancement including teacher training and curriculum reform.

3.05 The tertiary sub-sector is required to respond to the changing needs of the labour market, as well as drive the development of enterprise and innovation in the country. There must be the introduction of new modes of delivery to cater especially to remote and underserved communities, persons wishing to access lifelong learning, as well as those who, for whatever reason, cannot physically access the institutions. The University of Trinidad and Tobago (UTT), as the main national tertiary education institution in T&T, is critical to the achievement of these goals. In developing plans for completion and re-purposing of the new campus at Tamana, UTT recognises the need for student accommodation since, as a result of its remoteness; it is better suited as a residential facility. UTT's proposal for locating the education faculty on this campus and operating a double shift system will see teachers being trained in two and a half to three years, instead of four years, resulting in cost savings to the Government, speedier deployment of trained teachers and improved quality in instructional delivery. CDB will therefore support the construction of the new residential facilities at UTT, as well as the implementation of the Open and Flexible Education and Training Network to expand access, assisting in the achievement of a number of the national targets at this level.

3.06 The University of the West Indies (UWI), through the St. Augustine Campus, is the main provider of tertiary education in T&T and, along with UTT, is expected to be a critical partner in assisting GOTT to achieve the target of 60% tertiary enrolment by 2015. UWI is currently transforming itself into a more student-centered entity with a greater focus on research and development. The St. Augustine Campus however, is challenged by an inadequate physical environment. The campus' development plan provides for upgrading of student and staff facilities and the enhancement of teaching/learning infrastructure, particularly as it relates to research and development and institutional strengthening. CDB proposes to partner with UWI and GOTT in upgrading these critical areas.

Outcome 2: Enhanced Citizen Security

3.07 GOTT recently imposed State of Emergency in the Twin island state to reduce opportunities for crime and violence and enhance safety of citizens and property will promote an enabling environment for social and economic development in these targeted communities. Further to this CDB will partner with GOTT to support model interventions of comprehensive, integrated, gender equitable approach in selected urban and rural communities in T&T. This initiative is in keeping with GOTT mission, to transform communities that are at risk through economic, social and physical regeneration, and cultural development.

The proposed will assist GOTT in identifying mechanisms for reducing poverty that are sustainable and equitable. Participatory processes of the model will allow members of benefiting communities to identify their strengths, assets, priorities and needs, while providing resources (micro-financing and training) to explore opportunities for income generation. The general objective of this intervention is to enhance the quality of life of all residents in targeted communities through development interventions that will stimulate social and economic activity and provide sustainable livelihoods to artisans, small businesses, and unemployed/underemployed young men and women. Other potential benefits under this development approach will include:

- (i) investments in community infrastructure that will enhancement housing, as well as economic and social infrastructure;
- (ii) improved accessibility and connectivity with surrounding communities and enhanced access to opportunities in the wider society;
- (iii) promotion of cultural and artistic development; and
- (iv) engagement of the private sector as a development partner in the process.

Outcome 3: Strengthened Private Sector Development through Innovation

3.08 Technological innovation is critical to sustaining economic growth. There are many examples drawn from both time series as well as cross sectional data that indicate that by establishing proper institutional structures supported by the requisite policy environment and adequate resources, innovation can take root and propel the growth process. Similarly, driving growth and development in T&T on a sustained basis requires the identification of new growth poles and boosting competitiveness of existing enterprises. While there is compelling evidence to suggest that there is a strong correlation between innovation and growth, the policy framework and structure within which ideas are transformed into viable projects with commercial value, is to be defined. Against this backdrop, the Bank will consider providing resources to undertake a comprehensive design of an NIS, as well as provide requisite support for the implementation of the NIS. Beyond this, the Bank will also seek to provide critical TA through its Caribbean Technological Consultancy Services in an effort to help strengthen private sector enterprises.

- (b) Pillar 2: Promoting Good Governance

Outcome 4: Improved Evidence-based Policy Formulation

3.09 The Bank also proposes to assist GOTT in the critical area of statistical capacity-building, including economic and social data capture, retrieval and analysis. T&T, like many of the Bank's BMCs, is significantly hampered by the lack of an appropriate system that is able to generate high quality data to aid policy decision-making in a timely manner. As the country moves towards MfDR and more evidence-based decision-making, GOTT has recognised the extensive limitations inherent in the current organisational and institutional capabilities. The Bank will partner with CARTAC in the provision of TA to build the requisite system. Further, lessons learned will inform similar work planned for other countries in the Region.

(c) Pillar 3: Supporting Environmental Sustainability and Disaster Risk Management

Outcome 5: Improved Environmental Management and Economic Growth Supported by Safe, Reliable and Sustainable Infrastructure

3.10 CDB proposes to support T&T's economic growth resilience by seeking to minimise set-backs triggered by natural hazards and amplified due to deficient development planning and inadequate disaster risk reduction strategies. Within this context, the peculiarities of both Trinidad, which tends to be more at risk from flooding events, and Tobago which is particularly vulnerable to coastal erosion will be taken on board. In addition, T&T's diversification drive beyond hydro carbons must be sustained and indeed fast tracked in an effort to buttress the GOTT's medium to long-term development thrust. Within that context, the push towards a greater exploitation of the country's factor endowments, particularly through tourism related services, is a step in the right direction. In this regard, the sharper focus on Tobago appears logical given brand awareness and the significant potential to market the island as a 'green' destination. The island already appears well established in the market, offering sun, sea, sand, as well as rich flora and fauna, both terrestrial and marine. This notwithstanding, current weaknesses in relation to infrastructure, development control and environmental management practices, represent risks to the growth and sustainability of the sector. As a critical component of the strategy, CDB proposes to consider the priority interventions required to safeguard Tobago's significant potential as a preferred 'green' destination. This will include helping to address issues in relation to sewerage collection and treatment, solid waste management systems, coastal erosion and broader environmental management. Consideration will also be given to the rehabilitation and expansion of water, waste water, and road and drainage infrastructure networks. These discrete project level interventions also offer opportunities for addressing environment, CC and disaster risk reduction considerations in their design, as well as to provide related support to strengthen institutional and technical capacities in these areas. Beyond this, several potential interventions exist that can significantly strengthen DRM in T&T. These include the mapping, of landslide risk, and stabilisation and remediation of failures for primary and secondary road network, national and local scale seismic micro-zonation hazard mapping, as well as risk characterisation, implemented and utilised in the application of building codes. Given its leadership role in several regional initiatives, there may also be opportunities for some regional and sub-regional lead institutions within T&T to benefit from regional grant fund programming initiatives. Such interventions could include a sub-regional earthquake hazard public education and awareness programme via a UWI Seismic Research Centre school safety education programme.

Outcome 6: Strengthened Capacity for Gender Planning and Gender Budgeting

3.11 Within the strategy, gender will be treated as a cross-cutting issue recognising that gender equality is integral to the achievement of good governance, social justice and sustainable economic development. Within this context, all of the proposed interventions will be subjected to a gender analysis in an effort to gauge impact and relative benefits. At the country level, there is also considerable scope for assisting GOTT to mainstream gender equality; through focused training and other capacity-building initiatives, particularly in relation to statistics generation and utilisation to inform gender policy.

Resource Envelope

3.12 The size of the envelope is estimated at around \$401 mn over the planning period (see Table 3.1). This estimate reflects the mix of strategic projects, as well as proposed TA that the Bank agrees can lift the country's growth trajectory while making growth more inclusive. However, there are risk margins to be considered. GOTT's demand for development assistance is closely tied with the evolution of energy prices. Within this context, the programme size may vary depending on the country's actual fiscal outturns over the life of the strategy. Additionally, the country's negligible loan demand over the past decade

subjects the forecast to a degree of uncertainty. This notwithstanding, emphasis needs to be placed on the ‘softer’ elements of the programme. A large component and clear benefit will be that of knowledge transfer and capacity building. Within T&T’s context, this value cannot be underestimated.

TABLE 3.1: LENDING PROGRAMME

Outcome	\$ mn
Improved Quality of and Access to Education and Training	200
Enhanced Citizen Security	50
Strengthened Private Sector Development	50
Improved Environmental Management and Economic Growth Supported by Safe, Reliable and Sustainable Infrastructure	100
Improved evidence-based policy formulation	1
Total	401

Review of Caribbean Development Bank’s Past Strategy Implementation, Country Portfolio Performance and Lessons

3.13 T&T is one of the Bank’s largest shareholders with ownership totaling 19,342 shares or 17.91% of total share capital. This notwithstanding, the country’s borrowing relationship with CDB has been extremely limited over the past two decades. In fact, over the period 1970-2010 total loans approved by CDB for T&T totaled \$160.59 mn, placing the country 10th in term of total lending (\$3,199.2 mn) to all BMCs over that time period.

3.14 In many respects, the country’s borrowing patterns from CDB correlate strongly with the evolution of its macro economy, in general, and the health of its public finances, in particular. Trinidad’s borrowings from CDB became relatively significant after the second oil shock in the early 1980s, as oil prices plummeted, throwing the economy into a tail spin. The bulk of GOTT credits during these early years were targeted towards ramping up agricultural production. The period of structural adjustment and negative growth that followed (alongside negative fiscal balances), provided the impetus for a sustained demand for Bank assistance. However, as the economy emerged from the period of stagnation and growth became entrenched (supported by significant oil and gas finds), T&T looked inward in financing its development. Consequently, lending to the country dwindled substantially over the past decade to 2010.^{18/} Table 3.2 below gives a sectoral breakdown of CDB’s interventions in T&T.

^{18/} The large approval in 2003 represents T&T’s contribution to the establishment of the CCJ.

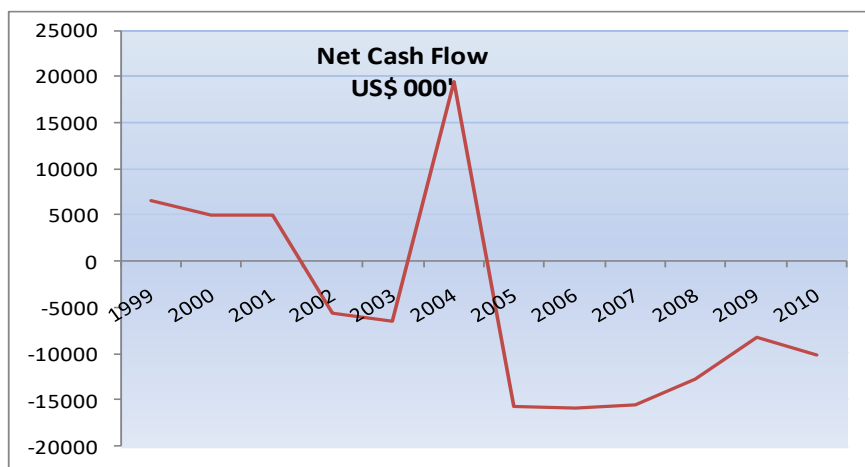
3.15 The declining portfolio in the country implies that net resource flows have turned negative. Figure 3.1 and Table 3.3 clearly indicate that net portfolio flows declined steadily since the late 1990s, becoming negative in 2002. Net flows spiked in 2003, given the one-off Caribbean Court of Justice (CCJ) lending, before resuming its downward spiral.

TABLE 3.2: DISTRIBUTION OF LOAN, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET) - 1970 TO 2008

Item	%
Agriculture, Forestry and Fishing	20.0
Manufacturing	20.0
Tourism	-
Mining	16.0
Power and Energy	-
Water	1.0
Transportation and Communication	20.0
Sea Defence	-
Housing	-
Education (including Student Loans)	5.0
Health and Sanitation	0.1
Multi-Sector	17.0
Total	100.0

Source: CDB

Figure 3.1



Source: CDB

TABLE 3.3: PORTFOLIO FLOWS

(\$ mn)

Item	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
(a) Disbursements	13.4	14.1	16.0	7.8	4.6	36.4	0.3	0.0	0.0	2.3	3.5	0.3
(b) Principal Repayment	3.0	4.8	6.0	8.8	6.8	13.1	10.0	10.7	10.9	11.3	9.1	8.1
(c) Net Disbursements (a-b)	10.5	9.3	10.0	(1.0)	(2.2)	23.3	(9.8)	(10.7)	(10.9)	(9.0)	(5.7)	(7.8)
(d) Interest Payments	3.9	4.2	5.1	4.7	4.3	3.9	5.9	5.2	4.6	3.8	2.6	2.4
(e) Net Cash Flow	6.6	5.0	5.0	(5.7)	(6.6)	19.4	(15.6)	(15.9)	(15.5)	(12.8)	(8.3)	(10.2)

Source: CDB

3.16 Notwithstanding the thinness of the portfolio over time, there are some lessons to be learnt from past experience. Beyond this, there are a few broad trends that can be discerned. Similar to other BMCs, the slow rate of implementation seems to plague project performance in T&T. The delays associated with the completion of the Southern Roads Development project point to acute challenges with respect to implementation. Furthermore, interventions targeted towards the provision of credit to the productive/export sectors projects have also suffered setbacks associated with erratic implementation/disbursement.^{19/} The cancellation of a \$25 mn line of credit (by Republic Finance and Merchant Bank) in 2007, on account of excess market liquidity, coupled with the relatively uncompetitive nature of CDB's resources, in part, highlights the scope of CDB's past challenges as the Bank sought to build a presence in T&T.

Donor Coordination – Assistance Programmes of Other Agencies

3.17 Consistent with efforts to improve development effectiveness, the country strategy preparation process involved frank dialogue with the major development partners in T&T. This is necessary to avoid duplication and to form synergistic relationships in as far as is practical and possible. IDB has been the largest multilateral lender to T&T. Currently, its lending programme covers areas including macroeconomic management, education, governance and the environment. The European Union (EU) is also a significant bilateral development partner. EU programmes cover macroeconomic management, and agriculture, as well as education. With respect to the Canadian International Development Agency (CIDA), T&T is a beneficiary of a regional programme which includes support for economic management in the Caribbean, as well as through a Trade and Competitiveness Programme. CIDA is also a contributor to the Compete Caribbean programme which seeks to strengthen private sector development in T&T along with other Caribbean countries. Similar to CIDA, the United Kingdom's Department for International Development (DfID) has a regional programme through which T&T benefits. In the area of private sector development and trade, DfID supports T&T through its contribution to COMPETE Caribbean, Caribbean Aid for Trade and Regional Integration Trust Fund (CART Fund), as well as contributions made to IDB Aid for Trade Fund. With respect to financial and economic stability DfID also supports T&T indirectly through support for CARTAC's operations. In relation to Disaster Risk Reduction and CC actions, T&T is able to benefit from DfID's support for the development of an implementation plan for the original Climate Change Resilience Strategy. Appendix 3 provides further details of donor activity in T&T.

4. RISKS AND MONITORING AND EVALUATION

^{19/} The Disbursement and Efficiency rates for T&T were 4 and 23%, respectively, in 2008 but climbed to 91% for both in 2009. The disbursement efficiency ratio is computed to compare actual to planned disbursements and is a measure of the efficiency of disbursements during the year (page 22 'Annual Review of the Performance of the Project/Loan Portfolio under Implementation for the year ended December 31, 2009.')

Strategy and Implementation Risks

(a) Macroeconomic Factors

4.01 Given the openness of the economy, T&T is susceptible to the vagaries of the international economy. Within this context, challenges to sustained global growth constitute uncertainties for the country's near to medium-term outlook. In addition, lingering unresolved issues arising out of the global financial crises, including the CLICO affair, could potentially stymie growth. These risks are mitigated to the extent that GOTT continues to pursue prudent macroeconomic policies while aggressively pursuing its economic diversification agenda. Further, CDB will continue to work closely with GOTT in terms of appraising possible options to bring about a speedy resolution to the CLICO issue at the regional level.

4.02 Output volatility and fiscal pressures, triggered by swings in energy prices, have been a bane to sustained development in T&T in the past. The establishment of the HSF represents a deliberate attempt to safeguard the economy against this risk. Beyond this, fiscal consolidation, led by appropriate strengthening of revenue and expenditure systems could serve to mitigate this risk. Elements of CDB interventions will complement ongoing IDB support aimed at bolstering GOTT's fiscal strategy.

4.03 Weather-related shocks may cause a reordering of priorities. T&T faces substantial risks posed by natural hazards. These include flooding, seismic activity and storm surge which lead to coastal erosion. In the past, the fiscal costs required for rehabilitation after some events have been significant. GOTT is currently pursuing several policy initiatives to mitigate this risk. These include the country's participation in CCRIF, as well as ongoing efforts to mainstream disaster risk reduction. CDB will also assist GOTT in disaster risk reduction by strengthening institutional capacity, as well as through discrete project interventions.

(b) Fiduciary Risks and Mitigating Actions

4.04 Fiduciary risks are not considerable. There is evidence provided through the most recent PEFA report that there is a need to: (i) strengthen public investment systems; (ii) improve procurement systems to ensure greater transparency and efficiency; and (iii) enhance PFM. GOTT has moved with alacrity to respond to these recommendations, with support being provided by IDB. GOTT has established the Economic Development Board to provide oversight and rigor to the public investment process. In addition, Government has modernised procurement legislation through appropriate amendments, as well as by currently pursuing the introduction of an upgraded Integrated Financial Management Information System. CDB proposed intervention aimed at strengthening planning systems will also mitigate this risk.

(c) Institutional Capacity Risks and Mitigating Actions

4.05 Similar to other BMCs, there is a sense that greater training and exposure to project management, through the entire project cycle will greatly benefit GOTT. CDB will therefore facilitate appropriate training in key ministries and departments.

Strategy Performance and Monitoring

(a) Institutional Arrangements

4.06 The performance of the strategy will be monitored primarily by the Economics Department. The strategy will be kept under periodic review to determine its appropriateness, within the context of possible changes to the country's development and fiscal circumstances.

(b) Results-Based Monitoring Plan, Roles and Responsibilities

4.07 Results of the strategy will be monitored at both the broader CSP level and at the particular project intervention. As such, responsibility of the results monitoring plan will be assumed by both the Economics Department and the Projects Department. Formal meetings will be convened on an annual basis to discuss and address all portfolio-related issues specifically related to the strategy.

**GOVERNMENT OF TRINIDAD AND TOBAGO'S PROPOSAL FOR
COLONIAL LIFE INSURANCE COMPANY LTD. RESOLUTION**

Within the context of the 2010/11 budget, GOTT took the following policy position in relation to CLICO/BAICO:

1. Separate the insurance business from the short-term investment and mutual funds business to protect the insurance policyholders; and the obligations of 225,000 policyholders will be honoured, backed by the statutory fund.
2. Restructure and merge the traditional insurance businesses of CLICO and BAICO, and prepare this merged business for divestment.
3. Depositors in short-term investments and mutual funds to be paid an initial partial payment of a maximum of TTD75,000. This is intended to bring immediate relief to the small depositors. This will fully pay off approximately 40% of the 25,000 investors in these products, including more than 140 Credit Unions and 15 Trade Unions.
4. Short-term investment and mutual fund depositors, whose principal balances exceed TTD75,000, will be given stock options in Republic Bank Ltd.
5. Conduct a detailed review of CL Financial and its subsidiaries and will introduce measures, including the divestment of assets, to reduce CL Financials debt and recover public funds.
6. Government will engage a firm with relevant local and global expertise to assist with the restructuring of the CL Financial Group. The cost of the payment of TTD75,000 to all short-term investment and mutual fund depositors is estimated at TTD1.5 bn over the next four years, as payments become due.

MEDIUM-TERM MACROECONOMIC AND FISCAL PROJECTIONS

Passive Scenario	Actual		Projections			
	2009	2010	2011	2012	2013	2014
National Accounts and Prices						
Real GDP Growth (%)	(3.4)	(0.1)	1.2	2.7	3.1	3.3
Energy	2.6	3.0	1.5	3.0	3.8	4.0
Non-energy	(7.2)	(1.9)	1.0	2.5	2.8	3.0
Inflation (Average)	7.0	9.4	6.0	4.9	5.0	5.0
Public Finances						
CG (as a % of GDP)						
Revenues	28.7	30.8	32.7	30.1	29.1	28.1
Expenditure	33.7	33.6	32.9	32.3	30.9	28.8
Overall Balance	(5.0)	(2.8)	(0.2)	(2.2)	(1.8)	(0.7)
CG Debt	17.4	20.5	23.4	23.4	23.1	21.9
Monetary System						
Prime Lending Rate (%)	10.8	9.5	9.0	9.0	9.0	9.0
Private Sector Credit (Annual % Change)	(4.4)	(2.6)	2.0	4.2	4.6	4.7
Broad Money Supply (Annual % Change)	26.9	19.5	8.4	9.0	9.5	9.7
External Sector (% of GDP)						
Merchandise Exports	43.3	55.1	55.0	55.0	51.4	48.4
Merchandise Imports	32.9	32.7	32.4	32.1	31.8	31.5
Current Account Balance	8.0	20.5	20.5	20.8	17.7	15.0
Net Official Reserves (USD mn)	8,651.6	9,070.0	9,102.0	9,284.0	9,562.6	9,945.1
Import Cover in months	11.9	13.1	12.2	11.6	11	10.4
Memorandum Items						
Crude Oil (USD/bbl)	61.79	78.00	80.00	80.25	82.00	83.50
Henry Hub Natural Gas USD/mmbtu)	3.95	4.77	5.60	6.10	6.30	6.60
Crude Oil (mn barrels)	39.4	36.5	37.7	37.2	37.0	37.0
Natural Gas (mn boe)	289.3	299.0	300.0	302.0	302.0	302.0
Nominal GDP (TTD mn)	124,116	139,521	151,294	164,702	179,996	197,092
World Output (%)	(0.6)	4.6	4.3	4.6	4.6	4.6

Source: Central Bank of T&T and IMF

PROGRESS OF ACHIEVEMENT ON MILLINEIUM DEVELOPMENT GOALS

Item	2000	2005	2006	2007	2008	2009	2010
Goal 1: Eradicate Extreme Poverty And Hunger							
Poverty Gap Ratio	n/a	4.6	n/a	n/a	n/a	n/a	n/a
Employment to Population Ratio	n/a	n/a	0.45	0.45	0.46	0.45	n/a
GDP per Person Employed	n/a	n/a	197,767.53	232,991.66	286,039.99	210,937.46	n/a
Goal 2: Achieve Universal Primary Education							
Net enrolment Ratio in Primary Education	n/a	n/a		96.5	96.7	97.7	n/a
Proportion of Pupils Starting Grade 1 who reached last Grade of Primary (Male)	n/a	n/a	97.6	90.2	92.8	n/a	n/a
Proportion of Pupils Starting Grade 1 who reached last Grade of Primary (Female)	n/a	n/a	97.6	93.8	93.1	n/a	n/a
Literacy rate of 15-24 year-olds, women	n/a	n/a	n/a	n/a	99.5	n/a	n/a
Literacy Rate of 15-24 year-olds, men	n/a	n/a	n/a	n/a	99.5	n/a	n/a
Goal 3: Promote Gender Equality And Empower Women							
Ratios of Girls to Boys in Primary Education	.99	.98	.98	.98	.98	.98	.98
Ratios of Girls to Boys in Secondary Education	1.1	1.05	1.04	1.04	1.04	1.04	n/a
Ratios of Girls to Boys in Tertiary Education	1.49	1.28	n/a	n/a	n/a	1.28	1.28
Share of Women in Wage Employment in the Non-agriculture Sector	40	42.8	43.5	42.9	44.2	44.1	n/a
Proportion of Seats held by Women in National Parliament	11.1	19.4	19.4	19.4	26.8	26.8	26.8
Goal 4: Reduce Child Mortality							
Under-five mortality rate	24.0	17.7	15.5	n/a	n/a	n/a	n/a
Infant mortality rate	21.1	15.4	13.1	n/a	n/a	13.2	
Goal 5: Improve maternal health							
Maternal Mortality Ratio	55.1	34.8	66.3	31.8	29	16.1	n/a
Proportion of Births Attended by Skilled Health Personnel	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Contraceptive Prevalence Rate	n/a	n/a	42.5	n/a	n/a	n/a	n/a
Goal 6: Combat HIV/AIDS, Malaria And Other Diseases							
HIV Prevalence Among Population aged 15-24 Years	915	1436	1419	1348	1259	1385	
Incidence rates Associated with Dengue Fever	n/a	401	517	904	6344	6344	4733
Death Rates Associated with Dengue Fever	1.03	0.08	0.08	n/a	n/a	n/a	n/a
Incidence rates Associated with Diabetes	2639	2294	1984	n/a	n/a	n/a	n/a
Death Rates Associated with Diabetes	101.87	107.53	101.08	n/a	n/a	n/a	n/a
Incidence rates Associated Hypertension	2388	2208	2310	n/a	n/a	n/a	n/a
Death rates Associated with Hypertension	32.95	30.44	31.74	n/a	n/a	n/a	n/a
Goal 7: Ensure Environmental Sustainability							
Proportion of Land Area Covered by Forest	50.5	44.1	n/a	n/a	n/a	n/a	45.7
Proportion of Urban Population Living in Slums	n/a	n/a	n/a	n/a	n/a	n/a	n/a
CO ₂ Emissions per capita Metric Tonnes	18.9	23.5	26	27.9	n/a	n/a	n/a
Consumption of Ozone-depleting Substances	109.1	52.1	73	45.8	56.8	38.5	n/a
Goal 8: Develop a Global Partnership For Development							
Debt Services a Percentage of Exports of Goods and Services	6.9	1.8	2.8	1.1	1	4.4	1.1 ^e
Telephone Lines per 100 Population	n/a	n/a	n/a	23.18	23.65	22.69	21.87
Cellular Subscribers per 100 Population	n/a	n/a	n/a	113.89	135.69	138.16	141.21
Internet Users per 100 Population	n/a	n/a	n/a	32.3	34.8	44.3	48.5

e = Estimate:

Source: GOTT

DEVELOPMENT COORDINATION MATRIX

	CDB	EU	World Bank	IDB	DfID	CIDA	UNDP
Macroeconomic Management:	<ul style="list-style-type: none"> • Support through CDB's contribution to CARTAC. 	<ul style="list-style-type: none"> • Support to enabling competitive business. 		<ul style="list-style-type: none"> • Trade Sector Support Programme. 	<ul style="list-style-type: none"> • Support through CDB's contribution to CARTAC. 	<ul style="list-style-type: none"> • Support IT development to support PFM. 	
Agriculture:		<ul style="list-style-type: none"> • Accompanying Measures for Sugar Protocol Countries (National Adaptation Strategy). 		<ul style="list-style-type: none"> • Implementation of sustainable farming practices by communities in the Northern Range. 			
Transportation:	<ul style="list-style-type: none"> • Regional road maintenance capacity building initiative (workshop/seminar on an annual basis). • Planned road safety capacity building initiative. 						
Education:	<ul style="list-style-type: none"> • Single virtual University space. 	<ul style="list-style-type: none"> • Support to non-University tertiary education sector in T&T. 		<ul style="list-style-type: none"> • Secondary Education Programme. • Support for a seamless education system programme. 			<ul style="list-style-type: none"> • Institutional strengthening and capacity building support to the Ministry of Education.
Water and Sanitation:				<ul style="list-style-type: none"> • Preparation for wastewater rehabilitation programme. 			
Poverty Reduction:				<ul style="list-style-type: none"> • Strengthening social services delivery in T&T. 			<ul style="list-style-type: none"> • Establishment of a micro credit programme in T&T. • Small grants programme.

DEVELOPMENT COORDINATION MATRIX

	CDB	EU	World Bank	IDB	DfID	CIDA	UNDP
Health:				<ul style="list-style-type: none"> • Support for health transformation programme – strengthening health services delivery. • Regional non-communicable diseases surveillance system. 			<ul style="list-style-type: none"> • Institutional strengthening of the Ministry of Health.
Governance:	<ul style="list-style-type: none"> • Implementation of DevInfo and strengthening capacity to manage for results. • Strengthening governance and advocacy in the Caribbean. 		<ul style="list-style-type: none"> • Nariva Swamp Restoration Carbon Sequestration and Livelihoods Project. 	<ul style="list-style-type: none"> • Programme to promote public-private partnerships for infrastructure in T&T. • Strengthening the Government’s capacity to manage for results Public Sector Programme. • Public Sector Reform Programme. • Electronic government and knowledge brokering. • Improving health, safety and environment standards among small and medium sized enterprises in the energy sector. 	<ul style="list-style-type: none"> • Support for the regional CC resilience strategy. • Support for the Caribbean Comprehensive Disaster Management Harmonised Implementation Programme. 		<ul style="list-style-type: none"> • Establishment of a national socioeconomic database. • Institutional strengthening and support to the Ministry of Local Government. • Capacity development in Project Management. • Institutional strengthening and capacity building for good governance in Tobago (Engineers project). • Preparation of a gender policy and action plan for T&T. • Capacity building and mainstreaming of sustainable land management terminal Phase-Out.

DEVELOPMENT COORDINATION MATRIX

	CDB	EU	World Bank	IDB	DfID	CIDA	UNDP
Disaster Risk Management:				<ul style="list-style-type: none"> • Mainstreaming CC into national development. • Improving the delivery of comprehensive disaster management. 			<ul style="list-style-type: none"> • Management of Ozone Depleting Substances in T&T Phase II. • CC enabling activity to assist T&T to complete its second national report to United Nations Framework Convention on CC. • Capacity development for DRM. • Elaboration of a strategy for the reduction of carbon emissions in T&T. • Initial assistance to enable T&T to fulfill its obligations under the Stockholm Convention on Persistent Organic Pollutants. • Institutional strengthening of National Ozone Unit – Phase V. • Global Environment Facility’s Small Grants Programme • T&T Country Programme.
Housing:				<ul style="list-style-type: none"> • Neighbourhood Upgrade Programme. 			
National Security:				<ul style="list-style-type: none"> • Citizen Security Programme. 			

DEVELOPMENT COORDINATION MATRIX

	CDB	EU	World Bank	IDB	DfID	CIDA	UNDP
Other:	<ul style="list-style-type: none"> Strengthening the capacity of labour to implement the Decent Work Agenda. 	<ul style="list-style-type: none"> Support for community-based tourism development. 		<ul style="list-style-type: none"> Mentoring model to develop young entrepreneurs. Improving labour productivity through internal corporate social responsibility. Improving financial and business literacy of small and micro entrepreneurs. ICT innovations for the development of the masquerade industry of T&T. Improving access to finance for SMEs in T&T. 	<ul style="list-style-type: none"> Mentoring model to develop young entrepreneurs. Improving labour productivity through internal corporate social responsibility. Improving financial and business literacy of small and micro entrepreneurs. ICT innovations for the development of the masquerade industry of T&T. Improving access to finance for SMEs in T&T. 	<ul style="list-style-type: none"> Support for regional integration and trade through the CARICOM Trade and Competitiveness Programme. Private sector development through COMPETE Caribbean. 	

FIGURE 1

MAP OF TRINIDAD AND TOBAGO



