

PROJECT PROFILE

TRINIDAD AND TOBAGO

I. BASIC DATA

Project name:	Program to Support the Climate Change Agenda I		
Project number:	TT-L1022		
Project team:	Gerard Alleng (INE/ECC) and Maria Claudia Perazza (INE/RND), Co-Team Leaders; Natacha Marzolf (INE/ENE); Ana Rios (INE/ECC); Dale James (CCB/CTT); Denise Ann Salabie (PDP/CTT); Javier Jimenez Mosquera (LEG/SGO); Ana Linares (SPD/SDV); Sara Valero (INE/ECC) and Dianela Avila (INE/ECC).		
Borrower:	Republic of Trinidad and Tobago		
Executing agency:	Ministry of Finance (MOF)		
Financing plan:	IDB (OC):	Up to US\$60,000,000	
	Local:	N/A	
	Total:	Up to US\$60,000,000	
Safeguards:	Policies triggered:	B.13; B.01; B.02; B.06; B.17	
	Classification:	N/A	

II. GENERAL JUSTIFICATION AND OBJECTIVES

A. Background

- 2.1 Trinidad and Tobago as a small island developing state within the Caribbean region is highly vulnerable to the impacts of global climate change, due to its limited land space, fragility of its ecosystems, limited technical and technological capacity, human capacity and susceptibility to the vagaries of international trade and exogenous economic [shocks](#). The impacts from climate change in the country are expected to stem specifically from [raising temperature, decreased precipitation and sea level rise](#). Sea level for the region and by extent for Trinidad and Tobago is projected to raise from 0.13 to 0.43m under a best case scenario for global emissions reductions ([B1](#)) and 0.18 to 0.56m under a worst case scenario ([A1](#)). It is anticipated that these changes will likely have adverse effects on biophysical and socio-economic conditions in Trinidad and Tobago, with the following [specific sectors](#) likely to be impacted: agriculture (e.g. increased aridity of soils leading to decreased crop yields), human [health](#) (e.g. increased incidences of water borne diseases), human settlements (e.g. disruption from an increase incidence of flooding), coastal zones (e.g. loss of natural coastal defences) and the water resources (e.g. reduced availability of surface water and potable water).
- 2.2 The Government of Trinidad and Tobago (GoRTT) recognizes the country's unique position as an oil and gas producer and the potential to engage in significant greenhouse gas (GHG) emissions reductions [as part of its response](#) to climate change. The country has a very high per capita greenhouse gas emissions in the

order of 7.58 metric tons of carbon (in 2010 it was [ranked](#) 6th globally), although this accounts for less than 1% of total global carbon emissions. The main sources of emissions in Trinidad and Tobago are from the petrochemical and power generation sectors, together with the transportation sector. During the period 1990 – 2006, it was estimated that the carbon emissions from the energy sector increased by 278% ([63,456 gigagrams of carbon](#)) with a similar trend showing in the other sectors and processes. As emissions from these sectors are expected to [increase](#), the GoRTT envisions the opportunity to pursue a strategy for carbon emission mitigation that could render financial benefits from access to global climate change initiatives while showcasing the country's commitment to mitigating climate change and of reducing its [carbon footprint](#). In this context, the Government is pursuing policy reforms aiming at a low carbon development pathway that incorporates adaptation to climate change measures and principles across all sectors whilst developing and implementing GHG emissions reduction strategies and actions, utilizing alternative energy resources and conservation and carbon sequestration.

- 2.3 A key element of this initiative has been the development of a National Climate Change Policy (adopted by Cabinet in July 2011), designed to integrate adaptation into national planning, take advantage of the co-benefits of mitigation actions, generate economic opportunities and cost savings through adaptation and mitigation actions, while enhancing energy security for the country. This process would be achieved by integrating elements of the climate change policy into existing and proposed sector policies together with the implementation of new or updated legislation relevant to climate change. In addition, the GoRTT has initiated policy reforms aimed at improving conservation of natural carbon stocks (National Forest Policy, 2011) and other ecosystems, and to enhance the resilience of natural biophysical systems by maximizing their environmental services (National Protective Areas Policy, 2011). An energy policy is also being developed that will be aligned to the goals of the National Climate Change Policy.
- 2.4 **Macroeconomic situation:** The current macroeconomic conditions for Trinidad and Tobago indicate having grown faster than the Caribbean and the LAC-7 countries for the past [15 years](#), the country's GDP amounts to US\$20 billion and US\$15,000 in per capita terms in 2010. The economic crisis of 2008 substantially affected the domestic economy and the expectations are for more modest growth going forward. The global economic crisis found Trinidad and Tobago in a relatively strong position. The Government had been running fiscal surpluses for 10 years, [the stock of debt was low](#) by regional standards, and the country had accumulated around 50% of GDP in net foreign assets, including the international reserves and [the Heritage and Stabilization Fund](#).
- 2.5 **Main challenges for addressing climate change:** The fact that Trinidad and Tobago presents a unique situation of being a highly vulnerable small-island state and is also a net producer of fossil fuels, presents the GoRTT with the challenge of having to address adaptation to the impacts of climate change while also willing to pursue mitigation actions on the basis of its increasing emissions portfolio. The GoRTT has recognized the financial requirements to adequately address climate

change issues, and the importance to develop the policy framework to adequately respond to climate change and strengthen the institutions responsible for the management of climate change related portfolios. There is limited institutional and technical capacity, inadequate or a lack of data relevant to climate change and limited educational programs, which are constraints to the development of a climate change program in Trinidad and Tobago. Furthermore, such a program will have to be cross-sectoral given the transversal multifaceted nature of the climate change issue, and will require very concerted coordination among key stakeholders and decision-makers. Therefore, a strong focus must be placed on establishing a policy framework that will provide guidance for the development of needed institutional and legislative reforms aiming at mainstreaming climate change issues into the Government's economic development programming, in order to increase adaptive capacity and build resiliency to climate change, while benefiting from programs that would reduce GHG emissions through the use of alternative energy resources, enhancement of carbon sinks and use of carbon markets. To meet these challenges the GoRTT through the Ministry of Finance (MOF) has requested the support of the Bank, in its pursuit of a low carbon economy and sustainable development path.

B. Objectives and expected results:

- 2.6 **Program general objective:** the program's main objective is to mainstream climate change adaptation and mitigation into national development planning and sector policies. The program is structured as a programmatic Policy Based Loan consisting of two individual operations in support of a series of reforms that will strengthen the areas of intervention presented in the next paragraphs. The expected results of such reforms are sequential and progressive, which will require some time to occur, but will allow continued dialogue with the government. The first PBL operation (TT-L1022) is to support the necessary policy reforms and institutional arrangements to help mainstream climate change into national development and the country's shift to a low carbon economy. This focus will then be consolidated and implemented through additional reforms in the subsequent operation. The programmatic structure was selected given its flexibility to design and implement the measures required to reach the targets envisioned.
- 2.7 **Component I – Policy and Institutional Framework.** This component is to assist in the development of the necessary institutional framework to: (i) support the mainstreaming of climate change into national policies¹; and (ii) facilitate the implementation and monitoring of the national climate change program.
- 2.8 **Component II – Support for Adaptation.** This component is to assist in the development and promotion of policy reforms targeted at reducing vulnerability and risks associated with the impacts of climate change as identified in the Climate Change Policy. Specific policy reforms to be covered include but are not restricted to: (i) development of an integrated coastal zone management policy that

¹ Outputs from the technical cooperation TT-T1016 will provide support to this area.

incorporates climate change adaptation; and (ii) refinement of sector policies for agriculture, health, land use and water to integrate climate change adaptation.²

- 2.9 **Component III – Support for Carbon Reduction.** This component is to assist in the development of a low carbon economy through the promotion of carbon markets and policies to reduce greenhouse gas emissions. Specific activities to be carried out include but are not restricted to: (i) revisions of energy, transportation and land use sector policies, (ii) development of a carbon capture and storage policy;³ and (iii) formulation of a carbon reduction policy and strategy.
- 2.10 **Consistency with GCI-9 and the Country Strategy.** The operation is consistent with the priorities outlined in the 2011-2015 Country Strategy, currently under preparation, and the accompanying Climate Change sector note, as it will directly contribute to the development and incorporation of climate change adaptation and carbon reduction policies and strategies into the sectoral policies and strategies, as well as helping to reduce the vulnerabilities of key sectors and areas. In addition, this operation was included in the 2011 Country Programming Document for Trinidad and Tobago, as well as the 2011 Operational Program Report (GN-2617). The operation is also aligned with the IDB's institutional priorities as outlined in the Report on the Bank's Ninth General Increase in Resources (AB-2764): (i) supporting development in small and vulnerable countries; and (ii) assisting borrowers in dealing with climate change, sustainable energy and environmental sustainability. The program also responds to the Bank's Integrated Strategy for Climate Change (GN-2609-1), as it will support institutional strengthening of government entities for the development and implementation of policies oriented towards climate change.
- 2.11 **Coordination with other IDB operations in the country:** A separate programmatic PBL targeting a sustainable energy framework (TT-L1023) is being prepared and has the potential for overlap with the proposed operation. The Sustainable Energy PBL will focus on the reforms needed to transform the energy mix of the country into a more sustainable and cleaner energy state, which will involve policy measures related to renewable energy, energy efficiency and conservation only within the energy sector. The area of potential overlap between the two operations is in policy reforms related to GHG emissions reduction in the energy sector; however, this present PBL will focus on emissions reduction at a national level, which will go beyond the energy sector and will include measures for the transportation and land use sectors. The two teams are collaborating to avoid duplication of efforts in this area and ensure synergy.

III. TECHNICAL ISSUES AND SECTOR KNOWLEDGE

- 3.1 **Design Aspects.** The GoRTT has initiated the process of policy reforms led by the [MOHE](#) and [MEEA](#) including the climate change policy, a framework on renewable

² These are key sectors identified in the climate change policy as sectors likely to be impacted by climate change together with coastal zones.

³ CCS has been identified as an area of development in the National Climate Change Policy and the national [Framework on the Development of a Renewable Energy Policy](#).

energy and establishment of a carbon reduction task force. To further support moving forward on these advances, the program will include a package of technical assistance to support, strengthen and feed into the development of the future commitments agreed with the GoRTT and reflected in the policy matrix. This will consist of: (i) support for policy development on coastal zone management and climate change adaptation using Tobago as an pilot study; (ii) reduction of the carbon footprint of Government's operations; (iii) institutional strengthening needed for mainstreaming of climate change into environmental management and; (iv) understanding the economics of climate change adaptation (ECA). In addition a cost benefit analysis will be undertaken to support the economic analysis of the present operation during its preparation and the feasibility of carbon capture and storage (CCS) will be examined under the TT-T1016, currently being implemented, in support of developing a carbon reduction agenda.

- 3.2 **Inter-institutional coordination:** Given the multifaceted nature of climate change and its impacts and the cross-sectoral structure of multiple stakeholders, the process of policy reform is inherently complex. In this context, there may not be sufficient coordination capacity among government entities needed to fulfill the commitments of the Program. This may be mitigated by a strong political commitment from the GoRTT to begin addressing climate change in a systematic integral way, and this operation will support process of engagement and mediation as well as capacity building in all key entities. Also, a governance structure involving the MOHE and the MOF will be established, as well as the appointment of climate change focal points across all Government ministries and coordinated by the MOHE.

IV. SAFEGUARDS AND FIDUCIARY SCREENING

- 4.1 In accordance with the Environmental and Safeguard Compliance (OP-703) this operation which will be financed under a PBL modality, does not require to be classified. The policy reforms and institutional changes will generate a framework towards a low carbon and climate resilient development in Trinidad and Tobago while seeking to improve its development planning and natural resource management.

V. RESOURCES AND TIMETABLE

- 5.1 The project team has agreed with the GoRTT on the areas of the [policy matrix](#). The Annex IV presents a timeline of activities for the preparation of this program. It is expected that the Proposal for Operational Development (POD) will be distributed to Quality and Risk Review on September 12, 2011 and the operation will be presented to the Board on November 30, 2011. Two additional missions and an economic cost-benefit analysis are expected to be required for the preparation of the programmatic PBL.

SAFEGUARD POLICY FILTER REPORT

This Report provides guidance for project teams on safeguard policy triggers and should be attached as an annex to the PP (or equivalent) together with the Safeguard Screening Form, and sent to ESR.

1. Save as a Word document.
2. Enter additional information in the spaces provided, where applicable.
3. Save new changes.

PROJECT DETAILS	IDB Sector	Environment And Natural Disasters-Air Pollution Ctrl & Climate Change	
	Type of Operation	Policy Based Loan (PBL)	
	Additional Operation Details		
	Investment Checklist	Generic Checklist	
	Team Leader	Alleng, Gerard P. (GERARDA@iadb.org)	
	Project Title	Program to Support the Climate Change Agenda I	
	Project Number	TT-L1022	
	Safeguard Screening Assessor(s)	Perazza, Maria Claudia (mariacp@iadb.org)	
	Assessment Date	2011-01-14	
	Additional Comments		
SAFEGUARD POLICY FILTER RESULTS	Type of Operation	Loan Operation	
	Safeguard Policy Items Identified (Yes)	The Bank will make available to the public the relevant Project documents.	(B.01) Disclosure of Information Policy– OP-102
		The operation is in compliance with environmental laws and regulations of the country where the operation is being implemented (including national obligations established under ratified Multilateral Environmental Agreements).	(B.02)
		Consultations with affected parties will be performed and considerations of their views will be taken into account.	(B.06)
		The Bank will monitor the executing agency/borrower's compliance with all safeguard requirements stipulated in the loan agreement and project operating or credit regulations.	(B.07)

Annex II

(TT-L1022) - Program to Support the Climate Change Agenda I

		Operation for which ex-ante impact classification may not be feasible. These loans are: Policy-based loans, Financial Intermediaries (FIs) or loans that are based on performance criteria, sector-based approaches, or conditional credit lines for investment projects.	(B.13)
		Suitable safeguard provisions for procurement of goods and services in Bank financed projects may be incorporated into project-specific loan agreements, operating regulations and bidding documents, as appropriate, to ensure environmentally responsible procurement.	(B.17)
	Potential Safeguard Policy Items(?)	The Borrower/Executing Agency exhibits weak institutional capacity for managing environmental and social issues.	(B.04)
	Recommended Action:	Operation has triggered 1 or more Policy Directives; please refer to appropriate Directive(s), including B13, for guidance. No project classification required. Submit Report and PP (or equivalent) to ESR.	
	Additional Comments:		
ASSESSOR DETAILS	Name of person who completed screening:	Perazza, Maria Claudia (mariacp@iadb.org)	
	Title:	Natural Resources Lead Specialist	
	Date:	2011-01-14	

ANNEX III.

ENVIRONMENTAL AND SOCIAL SAFEGUARD STRATEGY (ESS)

- 1.1 Given the nature of the program, that involves institutional strengthening activities, there are no associated environmental or social risks. Based on the results of the “Safeguards Policy Filter Report and Screening Form,” **No project classification is required. According to the B.13 policy.** The objective of the program is to support the new government of Trinidad and Tobago in its reform efforts towards transformation to a low carbon and climate resilient development pathway for the country, while seeking to improve its development planning and natural resource management.
- 1.2 Additionally, the program activities will play an important role in developing policy and legislative reforms as well as the institutional capacity to promote and mainstream climate change adaptation and mitigation into national development planning and sector policies.
- 1.3 With the corresponding regulations considered, no environmental assessment study or consultation is required for this program.
- 1.4 The measures this program will foster will provide additional benefits to the environment: (i) increased use of alternative fuels and adoption of cleaner production technology that will contribute to improving air quality and reducing incidence of respiratory illnesses among the country’s citizens; and (ii) the conservation of natural carbon sinks such as forests and coastal ecosystems that will contribute to carbon sequestration, will also ensure protection of the country’s biodiversity and natural and cultural heritage, as well as continuous provision of food and sustainable livelihoods for communities.

ANNEX IV
INDEX FOR COMPLETED AND PROPOSED SECTOR WORK

Topic	Description	Estimated Dates	References and Electronic Links
Technical options and design aspects	National Assessment Report on the Five Year Review of Progress Made in Implementation of the Mauritius Strategy for Further Implementation of the Barbados Programme of Action.	Completed	Trinidad and Tobago-MSI-NAR2010
	Long Term Development Study Towards Vision 2020: Environment and Natural Resources Management for Trinidad and Tobago.	Completed	Long term development study Enviro Natural Resources Management for TT
	Initial National Communication of the Republic of Trinidad and Tobago under the United Nations Framework Convention on Climate Change	Completed	First national communication to UNFCCC
	National Environmental Policy	Completed	Nep 2009
	Integration of coastal zone management and climate change adaptation through a pilot demonstration project in Tobago.	September 2012	
	Study on the implementation of a green government program, including guidance on the reduction of carbon footprint of government's operations and procurement of environmental goods and services.	September 2012	
	Understanding the economics of climate adaptation (ECA) for Trinidad and Tobago, including analysis of priority sectors – energy, agriculture and water.	November 2012	
	Analysis of the institutional strengthening needed of the EMA, to improve its coordinating role in mainstreaming environmental management and climate change related priorities into all development sectors in T&T.	April 2012	

Topic	Description	Estimated Dates	References and Electronic Links
Cost analysis and economic viability of the Program	Data required to develop economic viability of the program.	October 2011	Term of Reference
Financial management and fiduciary issues	No special fiduciary issues are anticipated.	NA	
Data collection and analysis for reporting the results	Identification of proposed indicators to measure impact of program	June 2012	
Ex-post cost-benefit analysis	Ex-post cost-benefit analysis will be performed to compare results of the initial cost-benefit analysis of the program.	TBD	