



Project Completion Report

PCR

Policy-Based Loan

Project Name: Program to Support the Climate Change Agenda I

Country: Trinidad and Tobago

Sector/Sub-sector: Environment and Natural Disasters

Original Project Team: Gerard Alleng, Team Leader (INE/ECC); Maria Claudia Perazza (INE/RND); 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).

Loan Number(s): 2659/OC-TT

Project Number(s): TT-L1022

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PCR Team: Principal Author and Members: Gerard P. Alleng (INE/CCS); Dale James (CCB/CTT); Sara Valero (INE/CCS); and Vanessa Lynch (CID/CBL).

Acronyms and Abbreviations

CCS	Carbon Capture and Storage
CDM	Clean Development Mechanism
CL	Colonial Life
DO	Development Objective
EA	Executing Agency
GHG	Green House Gas
GORTT	Government of the Republic of Trinidad and Tobago
ICZM	Integrated Coastal Zone Management
IDB	Inter-American Development Bank
IMA	Institute of Marine Affairs
IP	Implementation Progress
MEAU	Multilateral Environmental Agreements Unit
MEWR	Ministry of the Environment and Water Resources
MHE	Ministry of Housing and the Environment
MOFE	Ministry of Finance and the Economy
MPSD	Ministry of Planning and Sustainable Development
NPO	Non-Profit Organizations
PBL	Policy Based Loan
PCR	Project Completion Report
PDLB	Planning and Development of Land Bill
SIDS	Small Island Developing State
SU	Sustainability Classification
UNFCCC	United Nations Framework Convention on Climate Change
USD	United States Dollars

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I. Basic Information

BASIC DATA (AMOUNT: US\$80,000,000)

PROJECT NO: TT-L1022	TITLE: Program to Support the Climate Change Agenda I
Programmatic <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, list all related Project and Loan Numbers: 2659/OC-TT	
Borrower: Trinidad and Tobago	Date of Board Approval: December 2, 2011
Executing Agency (EA): Ministry of Finance and the Economy	Date of Loan Contract Effectiveness: December 13, 2011
	Date of Eligibility for First Disbursement: December 19, 2011
Sector: Environment and Natural Disasters	<u>Months in Execution</u> * from Approval: 12 * from Contract Effectiveness: 12
	<u>Disbursement Periods</u> Original Date of Final Disbursement: December 13, 2012 Current Date of Final Disbursement: December 13, 2012 Cumulative Extension (Months): N/A
Social Equity (SEQ): No	
Environmental Classification: "C"	<u>On Alert Status</u> Is project currently designated "on alert" by PAIS? No If yes, then why is the project on alert (DO, IP Ratings and/or relevant PAIS indicators): N/A Comments on relevance of "on alert" status for this project (if applicable): N/A

Summary Performance Ratings				
DO	<input type="checkbox"/> Highly Probable (HP)	<input checked="" type="checkbox"/> Probable (P)	<input type="checkbox"/> Low Probability (LP)	<input type="checkbox"/> Improbable (I)
IP	<input checked="" type="checkbox"/> Very Satisfactory (VS)	<input type="checkbox"/> Satisfactory (S)	<input type="checkbox"/> Unsatisfactory (US)	<input type="checkbox"/> Very Unsatisfactory (VU)
SU	<input type="checkbox"/> Highly Probable (HP)	<input checked="" type="checkbox"/> Probable (P)	<input type="checkbox"/> Low Probability (LP)	<input type="checkbox"/> Improbable (I)

II. The Project

A. Project Context

Loan Contract reference No 2659/OC-TT was signed on December 13, 2011 between the Inter-American Development Bank (IDB) and the Government of the Republic of Trinidad and Tobago (GORTT) to facilitate cooperation on the execution of the Program to Support the Climate Change Agenda I (TT-L1022). The Program included the agreement for the IDB to grant a loan to the GORTT of up to US\$80,000,000. A second PBL was expected to be approved in 2013 in the amount of US\$20,000,000.

The macroeconomic context at the time of the start of the program described Trinidad and Tobago's economy as recovering from severe contraction in the year following the global financial crisis. Fiscal deficits were close to 5% and 0.4% of GDP in fiscal 2008/9 and 2009/10 respectively with a then expected deficit of 3% in 2010/11.

During the time of the operation Trinidad and Tobago was described as having been in a strong position in terms of its public debt, with a debt level less than 40% in 2009/10 and the expectation that this position would be maintained. A favorable debt profile (10% maturing in five years from 2011) and the country as a net creditor of foreign assets, also contributed to the strength of this position.

The IDB program was to contribute to the financing needs for 2011/12, estimated in US\$860,000,000 (excluding the bail out of the financial sector following the failure of CL Financial). This loan program was not only consistent with the GORTT policy framework for the sector, it also was an instrument to finance part of the country's overall deficit during the 2011/12 budget exercise. This loan was included in the Bank's Country Programming Document for 2011 (GN-2617).

Climate Change Vulnerability

Trinidad and Tobago is a Small Island Developing State (SIDS) with a high coastline to land space ratio. It is therefore highly vulnerable to the impacts and potential effects of climate change. Climate change impacts in the country are expected to stem specifically from rising temperatures, 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)¹. 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: (i) agriculture; (ii) human health; (iii) human

¹ Intergovernmental Panel on Climate Change (IPCC) climate scenarios.
<http://www.ipcc.ch/pdf/specialreports/>

settlements; (iv) coastal zones –where climate change impacts are expected to be multi-sectoral based on the fact that Trinidad and Tobago’s settlements concentrate in these areas; and (v) water resources.

Potential impacts can include increased soil aridity and decreased productivity, increased spread of vector insects, increased incidences of riverine flooding, accelerated erosion and loss of coastal lands, reduced water resources, more destructive storms and storm surge.

GHG Emissions

The GORTT recognizes the country’s unique position as an oil and gas producer, the carbon footprint associated to this position and the potential to engage in significant national greenhouse gas (GHG) emissions reductions as part of its response to climate change, although, in a broader context, the country’s GHG emissions accounts for less than 1% of the total global carbon emission.

As such, the GORTT envisions the opportunity to pursue a strategy for low carbon development that could render financial benefits from access to global climate change initiatives and the associated financing, while showcasing the country’s commitment to mitigate climate change impacts and reduce its carbon footprint.

B. Project Description

1. Development Objectives

The goal of the program was to support the GORTT in efforts to “strengthen and modernize the regulatory, institutional and policy framework to integrate climate change and its impacts into national development”. The program listed its specific objectives as:

- i. Support the mainstreaming of climate change into national policies and institutions.
- ii. Develop and promote instruments to assess vulnerability and risks associated with climate change.
- iii. Promote carbon markets and policies to reduce GHG emissions.

2. Project Description

A series of commitments were defined to achieve the specific objectives. Also, there was a requirement to undertake actions to accomplish those commitments prior to the disbursement of the financing. The policies were classified in three components, with commitments included for both the first and second Policy Based Loans (PBL).

Component I. Policy and Institutional Framework. It focused specifically on required improvements in policy and institutional frameworks as they pertained to climate change. This component sought to: (i) support the mainstreaming of climate change into national policies; and (ii) facilitate the

implementation and monitoring of the national climate change program. The Policy Matrix for the operation listed a number of actions that had to be carried out in order to implement this component.

Under Component I, the following ten commitments were made for the first loan:

- i. Development of a National Climate Change Policy outlining GORTT policy on both adaptation to and mitigation of climate change.
- ii. Development of a National Forest Policy and a National Protected Areas Policy which incorporate restoration and protection of ecosystems that sequester and sink carbon, as well as provide climate regulation and resilience to natural disasters.
- iii. Assessment of proposed legislation and amendments to effect implementation of new forest and protected areas policies.
- iv. Amendment of the Green Fund legislation to allow non-profit organizations and community groups to access funding for climate change related projects.
- v. Development of a Strategic Action Plan for the Environmental Management Authority 2010-2014.
- vi. Completion of a Draft Second National Communication to the UNFCCC.
- vii. Establishment of climate change focal points within key government agencies related to energy, agriculture, water, planning, transport and finance.
- viii. Establishment of an Inter-Ministerial Committee on climate change to monitor the coordination of activities related to climate change.
- ix. Placement of the Institute of Marine Affairs (IMA) under the aegis of then Ministry of Housing and the Environment (MHE).
- x. Development of a proposal for a Green Government Policy to incorporate climate change issues.

Component II. Support for Adaptation. This component provided support for adaptation to climate change. Actions devised within this component aimed 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 (ICZM) policy that incorporates climate change adaptation; and (ii) refinement of sector policies for agriculture, health, land use and water to integrate climate change adaptation considerations.

Under Component II, the following three commitments were made for the first loan:

- i. Submission of recommendations for the updating of a Planning and Development of Land Bill (PDLB).

- ii. Approval of a proposal to develop an ICZM Policy Framework.
- iii. Establishment of a Steering Committee for the development of ICZM Policy framework, strategies and action plan.

Component III. Support for Carbon Reduction. This component provided support for carbon reduction strategies. It was intended to assist in the development of a low carbon economy through the promotion of carbon markets and policies to reduce GHG emissions. Specific activities to be carried out included: (i) reviews of energy, transportation and land use sector policies, (ii) development of a Carbon Capture and Storage (CCS) policy; and (iii) formulation of a carbon reduction policy and strategy.

Under Component III, the following three commitments were made for the first loan:

- i. Implementation of a Nariva Swamp Carbon Sequestration and Livelihoods project.
- ii. Identification of potential Clean Development Mechanism (CDM) projects.
- iii. Submission of the draft Air Pollution Rules to the Chief Parliamentary Council.

Executing Agency

The Ministry of Finance and the Economy (MOFE) was designated as the Executing Agency responsible for monitoring. The coordination with the technical ministries was one of its roles. It was in charge of liaising with the then MHE, now the Ministry of the Environment and Water Resources (MEWR), to track and ensure the attainment of the agreed matrix conditions. These agencies were also responsible for gathering information required for monitoring and evaluation.

The first loan was disbursed as a single tranche of funds (which were not earmarked), subject to the submission of evidence by the GORTT to demonstrate that the commitments in the Policy Matrix had been met and that a Policy Letter was submitted to the IDB.

Project Leadership

The IDB project team was assigned technical staff from the Sustainable Energy and Climate Change Unit (ECC)², Environment, Rural Development and Disaster Risk Management Division (RND), Energy Division (ENE) with the responsibility for project supervision and close-out of the program.

The Policy Matrix (included in the [electronic link 2](#)) provides more details on the list of commitments for the first and second programmatic loans.

² ECC is now the Climate Change and Sustainability Division (CCS)

III. Results

A. Outcomes

ACHIEVEMENT OF DEVELOPMENT OBJECTIVES (DO)			
Development Objective(s) (Purpose): To strengthen and modernize the regulatory, institutional and policy framework to integrate climate change and its impacts into national development.			
1. Policy and institutional Framework. Classification: HP,P,LP,I			
Key Planned Outcome Indicators			Outcomes Achieved
<u>Baseline (B)</u>	<u>Intermediate (I)</u> (2011)	<u>End of Project</u> (E)	O.C.1 Second Communication to the UNFCCC completed (May 2013); three (3) policies and plans were completed (2013).
1.1B 0 (2011)	1.1I ____ (date)	1.1E 1 (2013)	
1.2B 0 (2011)	1.2I ____ (date)	1.2E 1 (2013)	
1.3B 0 (2011)	1.3I 3 (2011)	1.3E 6 (2013)	
2. Support for adaptation. Classification: HP,P,LP,I			
Key Planned Outcome Indicators			Outcomes Achieved
<u>Baseline (B)</u>	<u>Intermediate (I)</u> (2011)	<u>End of Project</u> (E)	O.C.2 Pilot program on ICZM and climate risk and change adaptation implemented (2013); two policies –National Protected Areas Policy and National Forest Policy incorporating climate change approved (2011).
2.1B 1 (2011)	2.1I 1 (2011)	2.1E 6 (2013)	
2.2B 0 (2011)	2.2I ____ (date)	2.2E ≥1 (2013)	
2.3B 0 (2011)	2.3I 1 (2011)	2.3E ≥3 (2013)	
3. Support for carbon reduction Classification: HP,P,LP,I			
Key Planned Outcome Indicators			Outcomes Achieved
<u>Baseline (B)</u>	<u>Intermediate (I)</u> (2011)	<u>End of Project</u> (E)	O.C.3 GHG inventory completed for Petrotrin (2012); one study on CCS completed (2013).
3.1B 0 (2011)	3.1I ____ (date)	3.1E ≥1 (2013)	
3.2B 1 (2011)	3.2I 1 (2011)	3.2E ≥2 (2013)	
3.3B 0 (2011)	3.3I ____ (date)	3.3E ≥3 (2013)	
Summary Development Objective(s) Classification (DO):			
[] Highly Probable (HP)	[X] Probable (P)	[] Low Probability (LP)	[] Improbable (I)

Justification of Development Objective (DO) Classification

The Monitoring and Evaluation Plan (Sec. 1.2) states that: "*Given the unique features of climate change interventions, overall outcomes are expected to materialize beyond the span of the program and hence targets for 2013 have not been defined, as the executing period of this operation represents the initial phase for the process needed to achieve these goals.*"

The Development Objective classification given is 'Probable' (P). The overarching justification for this rating is supported by the fact that the GORTT through the MEWR has embarked on climate change initiatives even though there is no second programmatic loan.

B. Externalities

During the negotiation and disbursement phases of the program, the Executing Agency was processing several PBLs concurrently. Additionally, the IDB portfolio was not the only set of projects being managed by the department spearheading the operation. The detailed processes required to finalize each PBL meant that some personnel may have been excessively stretched.

The fiscal years of the IDB and the MOFE are different –the GORTT fiscal year spans from October to September and the IDB's from January to December. This may have brought along some challenges to the MOFE with regard to the timing of negotiations and receiving funds from the Bank.³

Given that the funds cannot be earmarked to any particular ministry, the MEWR has not been a direct beneficiary of this funding to accomplish the second programmatic conditions and further additional measures that need to be pursued.

Other technical cooperation operations with the IDB are assisting in the advancement of the Climate Change agenda. For example, an ICZM pilot project implemented in Southwest Tobago by IMA is the subject of a concurrent IDB Technical Cooperation. The IMA has also allocated additional funding from its recurrent budget for its role in the ICZM related programmatic conditions.

The Executing Agency along with coordinating agency may not possess the authority that would facilitate the achievement of some of the commitments in a short time frame, but rather in some instances, achievability is dependent on other public sector stakeholders since some commitments are outside of its purview. A good example is the pending creation of the Forestry and Wildlife Authority, which may require lengthy negotiations and agreements with the labor sector prior to its establishment.

C. Disbursements

The disbursement occurred in a single tranche deposited to an account in the Central Bank of Trinidad and Tobago. Details follow in the table below:

DISBURSEMENT TRANCHES				
Tranches	Amount (US\$)	Expected Date	Actual Date	Waiver Granted (Yes/No)
1	\$80,000,000	Dec 13, 2011	Dec 13, 2011	N/A

³ The planned approval date for the operation relative to the budget planning and approval for GORTT created some uncertainty regarding the availability of loan proceeds to support the budget period 2011/2012. The loan approval was programmed for December 2, 2011 where as GORTT's fiscal 2011/2012 annual budget was approved on October 21, 2011.

D. Outputs

IMPLEMENTATION PROGRESS (IP)			
Thematic Areas/Components:		Key Conditionalities/Output Indicators:	
Component 1. Policy and Institutional Framework Classification: S		<u>Outputs Achieved</u> National Policies on Climate Change, Protected Areas and Forestry approved by Cabinet. New bill passed incorporating all forestry, wildlife and protected areas. In the process of forming an authority required to implement new law that has met some industrial action from workers at Forestry Division. Second communication to UNFCCC completed.	
Component 2. Support for Adaptation Classification: S		<u>Outputs Achieved</u> Development of ICZM policy underway, ICZM cabinet appointed committee active. National Spatial Development Strategy replaced PDLB and has incorporated climate change considerations provided by IMA. Legislative review and vulnerability assessments underway.	
Component 3. Support for Carbon Reduction Classification: S		<u>Outputs Achieved</u> CCS feasibility assessed. Draft Air Pollution Rules laid to Parliament but do not included GHG emissions and will not in the short term due to time requirements. MEWR is pursuing implementation of a CDM.	
Briefly explain differences between planned and actual outputs (if applicable). One significant change was that Petrotrin undertook a carbon assessment and mitigation project rather than the National Gas Company NGC.			
<u>Summary Implementation Progress Classification</u>			
[] Highly Satisfactory	[X] Satisfactory	[] Unsatisfactory	[] Very Unsatisfactory

The outputs associated with the first PBL were achieved and the specific outcomes as defined in the loan document were achieved, namely: (i) climate change considerations incorporated into key national sectoral policies and institutions; (ii) improved capacity to assess and reduce vulnerability and risks associated with climate change; and (iii) increased participation in carbon markets and actions to reduce greenhouse gas emissions. However the long run outcomes would not be achieved because the development of the second tranche did not materialize.

IV. Project Implementation

A. Analysis of Critical Factors

- i. The funds from this program cannot be earmarked to the activities associated with the commitments. As such, there is a risk associated with this financing modality since it could delay the implementation of reform activities with the associated ministries if these entities are not engaged in the PBL process.
- ii. As previously mentioned, Trinidad and Tobago is a SIDS with a high coastline to interior land ratio. Some of the risks associated with climate change pose significant risks to the sustainability and continuity of the country's development. Climate change vulnerability assessments and implementation

of adaptation measures are therefore critical to risk reduction. The present program addressed these shortcomings by initiating projects in these areas with the assistance of additional Bank technical cooperation operations.

- iii. In addition to managing the risks associated with climate change, the government recognized the opportunity to pursue a strategy for low carbon development that could render financial benefits from access to global climate change initiatives while showcasing the country's commitment, to the mitigation of climate change and the reduction of the country's carbon footprint, as outlined in the vision of the National Climate Change Policy.
- iv. As a result of statutory requirements and institutional arrangements in Trinidad and Tobago, the MOFE was designated as the Executing Agency, while the technical staff from the MEWR was assigned the oversight of the execution of most of the programmatic conditions stipulated in the Policy Matrix of the PBL. This arrangement required close coordination between these two ministries, the Ministry of Planning and Sustainable Development (MPSD) and other key agencies and stakeholders, to accomplish a number of major institutional changes within a relatively short period of time.
- v. Interviews with project stakeholders indicated that in most cases, coordination amongst ministries worked well and that a good working relationship was established. It was also noted however, that there was high reliance on existing relationships and institutional memory (particularly after the re-shuffling of ministerial portfolios) based on personnel currently holding the affected positions. There seemed to be a gap where actual systems for inter-ministerial coordination were concerned.
- vi. Preparations to formalize the loan contract and to receive disbursements proved to be a significant challenge to the Executing Agency given short time allotments. Diverse stakeholders⁴ involved in the process of finalizing the contract and meeting the requirements to ensure a timely disbursement are governed by separate and distinct legislations which required internal coordination between line ministries.
- vii. The program addressed the fact that the country lacked some policies, legislation, a governance structure and initiatives to address climate change. Many of the programmatic commitments –conditions– to be fulfilled prior to the disbursement of funds needed the Cabinet's approval and therefore required the then MHE to propose and defend said changes before the entire Cabinet of Ministers in order to get the appropriate changes sanctioned in short order. Despite the absence of a second programmatic loan, there is evidence to suggest that the GORTT have proceeded with the reforms ([electronic link 4](#)). It should be noted however, there is no direct increase in funding from the GORTT revenues. Nevertheless, key initiatives are being

⁴ For example, some of these stakeholders include the MOFE, the MEWR and the MPSD.

pursued through grant programs funded with resources from the European Union, the United National Environmental Program, the United Nations Development Program and the Global Environment Fund, which are being used to perform coastal vulnerability assessments and identify Clean Development Mechanism project opportunities. The GORTT is also continuing to implement policy reforms related to coastal zone management and climate change development of national mitigation strategy on reducing greenhouse gas emissions and the expansion of the program of climate change/environmental agreements focal points throughout the national framework.

B. Borrower/Executing Agency Performance

Borrower/Executing Agency			
<input type="checkbox"/> Highly Satisfactory (HS)	<input checked="" type="checkbox"/> Satisfactory (S)	<input type="checkbox"/> Unsatisfactory (U)	<input type="checkbox"/> Very Unsatisfactory (VU)

C. Bank Performance

Bank Performance			
<input checked="" type="checkbox"/> Highly Satisfactory (HS)	<input type="checkbox"/> Satisfactory (S)	<input type="checkbox"/> Unsatisfactory (U)	<input type="checkbox"/> Very Unsatisfactory (VU)

V. Sustainability

A. Analysis of Critical Factors

- i. The most critical factor governing the sustainability of the reform initiatives is the government's commitment to continue with the reform agenda in keeping with the sectoral development objectives articulated during the design of the program.
- ii. Additionally, funding for the reform initiatives could be protracted if the necessary budgetary allocations are not provided to the relevant entities engaged in this reform agenda. Additional budgetary allocation will be required, for example, to support the increase the number of carbon sequestration projects.
- iii. Legislative reforms and incentives will also be critical to engage private sector and their participation in climate change projects.
- iv. Public and private companies from the energy sector will need to reinforce and strengthen their current carbon reduction strategies and interventions.

B. Potential Risks

- i. Change in the government's priorities could adversely impact the sustainability of the reform agenda. This could result in reduced budgetary allocations to support ongoing initiatives.
- ii. Institutional changes both at the ministerial and technical levels could protract the advancement of the policy agenda during the political cycle and strategic reforms are realigned and new priorities emerge.

- iii. Stakeholder engagement is required to ensure all entities share common understanding of the issues and managing the internal government processes and procedures. Weak coordination and communication within ministries and agencies would significantly impact programs where there are cross-cutting policy reform agendas. Knowledge-management and transfer would be considered a best practice since throughout the execution of the program, the senior technical experts of the government entities involved, proved to be vital to comply with the triggers in a timely manner.
- iv. As the program is a PBL, the policy commitments were to be completed prior to disbursement of the funds. The program included a second PBL for which a second set of policy commitments was devised. The design was such that the second set of policies would continue the trajectory toward fully meeting the development objectives. The absence of a time-bound action plan could delay the achievement of the reforms.

C. Institutional Capacity

The key issue raised by stakeholders was the lack of dedicated personnel to effectively coordinate and execute these reform initiatives. The result of this dearth in personnel was that current staff had to allocate time from their regular duties.

Sustainability Classification SU:			
<input type="checkbox"/> Highly Probable (HP)	<input checked="" type="checkbox"/> Probable (P)	<input type="checkbox"/> Low Probability (LP)	<input type="checkbox"/> Improbable (I)

VI. Monitoring and Evaluation

A. Information on Results

The MOFE and the Multilateral Environmental Agreements Unit (MEAU) of the MEWR were the principal entities responsible for collecting the necessary data from other ministries and agencies to monitor the PBL's outputs and initial outcomes of the Results Matrix. Regarding the execution of action plans towards the fulfillment of the policy conditions, the MOF was in charge of facilitating their implementation, monitoring their progress, and finally, submitting the Means of Verification Matrix to the Bank for compliance. Currently there is no formal mechanism to monitor the ongoing reform initiatives but this could be assisted with the creation of the IDB Portfolio Unit.

B. Future Monitoring and Ex-Post Evaluation

In reality, it may not be necessary to prioritize the monitoring of the triggers of the first programmatic loan. However, the reforms and policy matrix should be reviewed periodically to ensure that they should not depart from the articulated development agenda in the sector. Long-term outcomes of the policy matrix will likely take place after 2014. To this effect, the Bank will assess the PBL as part of its evaluation of the current Country Strategy.

VII. Lessons Learned

Many of the lessons learned are based on those suggested by interviewees during the evaluation process:

- i. There is a need to ensure that all stakeholders, the GORTT and the IDB, were intimately acquainted with all governing statutes and functionalities –e.g. the influence of the Exchequer and Audit Act (69:01), in setting up Central Bank accounts and the steps involved.
- ii. The program schedule should in bear in mind in the future the differences between the Bank's and the GORTT's fiscal years. Any program timeline should include an allocated period for receipt of disbursed funds, since this can be a lengthy and very involved process that is subject to statutes.
- iii. Execution of the first programmatic commitments was a positive exercise in inter-ministerial coordination that should be documented and mapped to provide a model for future activities of the same nature.
- iv. A process map should be created by the executing agencies as a post program action, for both financial and technical components of the program.
- v. By nature PBLs do not provide financial incentives to line ministries charged with complying with policy measures. This situation was experienced and expressed as a disincentive for involvement in the program by the technical line ministry responsible for all the reform initiatives. Without measures to provide incentives to these actors involved in the implementation, it is understandable that the daily work demands will take priority at these line ministries and negatively impact the execution of the PBL. Furthermore, the same lack of access to PBL resources limits the capacity of technical implementing ministries to invest time and human resources in the implementation of measures required to meet the policy measures.
- vi. These reform initiatives will require the continued stability and resourcing of the units working to execute the commitments and related actions, in particular the MEAU of the MEWR, which is currently playing a leadership role in continuing the program's commitments. It may therefore be useful to do an economic cost analysis to determine the funding that would be required to achieve each additional commitment.

MINUTES FROM PCR PRE-EXIT CONSULTATION AND EXIT WORKSHOPS
2659/OC-TT
PROGRAM TO SUPPORT THE CLIMATE CHANGE AGENDA I

I. BACKGROUND

The Bank entered into contract with the Government of the Republic of Trinidad and Tobago on December 13, 2011 to finance the captioned Policy Based Loan (PBL) program. The purpose of the loan “Program to Support the Climate Change Agenda I” was to support the Government of Trinidad and Tobago (GoRTT) in strengthening and modernizing the regulatory, institutional and policy framework to integrate climate change and its impacts into national economic development. The specific objectives of the program were: (i) to support the mainstreaming of climate change into national policies and institutions (ii) to develop and promote instruments to assess and reduce vulnerability and risks associated with climate change, and (iii) promote carbon markets and policies to reduce Greenhouse Gas (GHG) emissions. The MOFE was designated as the Executing Agency responsible for monitoring and part of its role was coordinating with the technical Ministries. It was to coordinate with the Ministry of the Environment and Water Resources (formerly the MHE), to track and ensure the attainment of the agreed matrix conditions. The approved amount of the Bank’s financing was US\$80million and there was no counterpart financing from the Government of the Republic of Trinidad and Tobago. The first loan was disbursed as a single tranche of funds (that were not earmarked), subject to the presentation of evidence by the GORTT that commitments in the Policy Matrix had been met and that a Policy Letter was submitted to the IDB. At the close of the project, the disbursement of the IDB loan funds was at 100%.

II. PROJECT COMPLETION REPORT FINDINGS

A pre-exit consultation workshop was held on December 13, 2013 at the office of the IDB in Port of Spain, which was followed up by an exit workshop on July 22, 2014. The discussions and agreements from these meetings are presented in the following findings. There was agreement from the Government –Ministry of Planning and Sustainable Development, MOFE and Ministry of Environment and Water Resources on the details of the draft Project Completion Report presented at the workshop. Specific comments on the program included:

- The analysis of critical factors in terms of sustainability of the efforts supported by this program showed that the most critical factor governing the sustainability of the reform initiatives is the government’s commitment to continue with the reform agenda in keeping with the sectoral development objectives articulated during the design of the program.
- Funding for the reform initiatives could be protracted if the necessary budgetary allocations are not provided to the relevant entities engaged in this reform agenda. Additional budgetary allocation will be required, for example, to support the increase in the number of Carbon sequestration projects.

- Legislative reforms and incentives will also be critical to engage private sector and their participation in Climate Change projects.
- The companies operating the energy sector both public and private will need to reinforce and strengthen their ongoing carbon reduction strategies and interventions.
- In terms of performance, both the Bank and the Government were classified as “Satisfactory”. The following table shows a summary of performance ratings for the Program based on level of achievement of the Development Objective, Implementation Progress and Sustainability:

Summary Performance Ratings				
Development Objective (DO)	<input type="checkbox"/> Highly Probable (HP)	<input checked="" type="checkbox"/> Probable (P)	<input type="checkbox"/> Low Probability (LP)	<input type="checkbox"/> Improbable (I)
Implementation Progress (IP)	<input checked="" type="checkbox"/> Very Satisfactory (VS)	<input type="checkbox"/> Satisfactory (S)	<input type="checkbox"/> Unsatisfactory (US)	<input type="checkbox"/> Very Unsatisfactory (VU)
Sustainability Classification (SU)	<input type="checkbox"/> Highly Probable (HP)	<input checked="" type="checkbox"/> Probable (P)	<input type="checkbox"/> Low Probability (LP)	<input type="checkbox"/> Improbable (I)

III. FEEDBACK FROM PARTICIPANTS

- There is a need to ensure that all Stakeholders, both GORTT and IDB, were intimately acquainted with all governing statutes and functionalities, e.g. the influence of the Exchequer and Audit Act (69:01) in setting up Central Bank accounts and the steps involved.
- The possibility of the Bank and Borrower negotiating the structure of this type of loan, with the possibility that some designated percentage of funds could be directly allocated to achieving the Developmental Objectives ascribed.
- The Program Schedule should in future bear in mind the differences in Financial Years between the Bank and the GORTT. Any Program timeline should include an allocated period for receipt of disbursed funds, since this can be a lengthy and very involved process that is subject to statutes.
- Execution of the first programmatic commitments was a positive exercise in inter-ministerial coordination that should be documented and mapped to provide a model for future activities of the same nature.
- A process map should be created by the Executing Agencies as a post program action, for both financial and technical components of the Program.
- By nature PBLs do not provide financial incentives to line ministries charged with complying with policy measures. This situation was experienced and expressed as a disincentive for involvement in the program by line ministries not responsible for execution of the program. Without measures to provide incentives to these actors involved in the implementation, it is understandable that the daily work demands

will take priority for these line ministries and negatively impact the execution of the PBL. Furthermore, the same lack of access to PBL resources limits line ministries' capacity to invest time and human resources in the implementation of measures required to meet the policy measures.

- This will require the continued stability and resourcing of the units working to execute the commitments and related actions, in particular the MEAU of the MEWR, which is currently playing a leadership role in continuing the Program's commitments. It may therefore be useful to do an economic cost analysis to determine the funding that would be required to achieve each additional commitment.
- Relevancy of the use of the PCR instrument to evaluate policy based operations as it was more aligned to the evaluation of investment loans. It was suggested that the Bank should consider modifying the PCR to capture the true outputs of the PBL instrument, particularly as the PBL does not involve tangible infrastructural development as outputs to the program.
- Challenges the executing agency experienced in setting realistic conditionalities given that attaining these measures require "buy-in" or cooperation from other non-government agencies. Stakeholders were of the opinion that at the negotiation stage for all future operations, it is crucial for the Bank to consider the communication matrix that exists within the government sector. This would help the Bank in understanding the limit of the EA's responsibilities and the various levels between external entities that can influence buy-in of the operation, which impact on the delivery of the conditionalities. In addition the issue of the availability of resources (human and financial) necessary to meet the stipulated conditionalities set forth in the PBL Agreement was highlighted.
- Lessons learned during the development and implementation of the PBL. In terms of lessons learned, the stakeholders recognized the need to formulate more vigorous climate change policy directives in order to move the country on a paradigm towards sustainable management of its natural resource in harmonization with climate change adaptation. Additionally, the stakeholders remain optimistic of the capacity building and training programs being implemented in certain government ministries related to climate change. This aims to help increase the awareness of the public sector of the importance of the country's overall climate change agenda. The establishment of focal points for climate change within the various government ministries was highlighted as a successful policy intervention arising from this program. A recommendation arising out of the discussions was the possible establishment of a climate change secretariat across the ministries. The over-arching result of this secretariat would be the implementation of a national climate change strategy and action plan.

PROGRAM TO SUPPORT THE CLIMATE CHANGE AGENDA (2659/OC-TT)
PROJECT COMPLETION REPORT CONSULTATION WORKSHOP
IDB, COUNTRY OFFICE TRINIDAD AND TOBAGO; 17 ALEXANDRA STREET,
ST. CLAIR, PORT OF SPAIN
FRIDAY, December 13, 2013
WORKSHOP AGENDA

Welcome and Summary of Objectives of the Consultation Workshop (10:10-10:20). IDB.

The workshop objectives will be briefly presented and participants will be encouraged to voice their thoughts on the lessons learned and take ways from their experience with this policy based operation.

Overview/Background of the program and the PCR (10:20-10:45) IDB

A synopsis of the program, its objectives and respective components will be communicated to the stakeholders. As an icebreaker, they will be given the opportunity to introduce themselves and state the organization they represent.

Discussion: Institutional Issues, Successes and Risks (10:45 to 11:30 a.m.) IDB.

This forum will afford the stakeholders a chance to brainstorm the various processes involved in the PBL (and complementary technical cooperation) with an aim to highlight any sections/steps in the program that were seen as possible risks, best practices or success stories.

Preliminary Findings (11:30 to 1:30 pm) Frances Hanson-Lewis.

Based on pooled data as a result of consultation with the various key stakeholders, the consultant will outline her findings with a concentration on (i) Development objectives of the project; (ii) Sustainability of the activities; and (iii) Project Implementation. The details will be introduced and further examined.

Open Discussion: Recommendations and Lessons Learned (1:30 to 2:30).

Participants and the Bank will examine possible lessons learned and recommendations that could improve, impact, or be replicated in future Climate Change PBLs of investment operations.

Way forward, Next Steps and Conclusion. (2:30 to 3:30). IDB.

Implementation and supervision are critical stages for any PBL. Thus, this setting should stimulate the stakeholders cognitive about the program and its anticipated reforms and how those reforms could amplify Trinidad and Tobago's vision for Climate Change Adaptation.


PROGRAM TO SUPPORT THE CLIMATE CHANGE AGENDA (2659/OC-TT)
PROJECT COMPLETION REPORT EXIT WORKSHOP
IDB, COUNTRY OFFICE TRINIDAD AND TOBAGO; 17 ALEXANDRA STREET,
ST. CLAIR, PORT OF SPAIN
July 22nd, 2014
WORKSHOP AGENDA

1. Welcome & Introductions	Gerard Alleng
2. Discussion on draft PCR	All participants
3. Closing Remarks	Gerard Alleng

List of Participants

Name	Organization	Phone	Email
Sindy Singh	Ministry of the Environment and Water Resources	623-3158	sindy.singh@gov.tt
Jewel Batchasingh	Ministry of the Environment and Water Resources	623-3158	jewel.batchasingh@gov.tt
Vanessa Roodal Lutchman	Ministry of Planning and Sustainable Development	627-9700 ext. 2068	Vanessa.RLutchman@planning.gov.tt
Karishma Nanhu	Ministry of Planning and Sustainable Development	627-9700 ext. 2068	karishma.nanhu@planning.gov.tt
Dale James	CCB/CTT	822-6452	dalej@iadb.org
Michelle Durham Kissoon	Ministry of Finance and the Economy	627-9700	kissoonm@gov.tt
Denise Ramsawak	Ministry of Finance and the Economy	627-9700	ramsawakd@gov.tt
Xiomara Chin	Environmental Management Authority	628-8042	XChin@ema.co.tt
Kishan Kumarsingh	Ministry of the Environment and Water Resources	623-3158	kishan.kumarsingh@gov.tt
Julian Belgrave	IDB (CCB/CTT)		julianb@iadb.org
Gerard Alleng	IDB (INE/CCS)	202-623-2686	gerarda@iadb.org

BORROWER'S EVALUATION

 <p>Inter-American Development Bank Project Completion Report –2006 PCR Borrower Evaluation</p>	
Project Name: Program to Support Climate Change Agenda 1	
Executing Agency: Ministry of Finance	
Borrower: Government of the Republic of Trinidad and Tobago	
Date of Project Approval: December 2, 2011	Date of Contract Effectiveness: December 13, 2011
Date of Borrower Evaluation: July 5, 2014	Expected Date of Exit Workshop: December 12, 2013

Borrower Project Performance Ratings
<p>Probability on Achieving its Development Objective(s):</p> <p><input type="checkbox"/> Highly Probable (HP) <input checked="" type="checkbox"/> Probable (P) <input type="checkbox"/> Low Probability (LP) <input type="checkbox"/> Improbable (I)</p> <p>Project Implementation:</p> <p><input checked="" type="checkbox"/> Highly Satisfactory (HS) <input type="checkbox"/> Satisfactory (S) <input type="checkbox"/> Unsatisfactory (US) <input type="checkbox"/> Very Unsatisfactory (VU)</p> <p>Sustainability of Project Results:</p> <p><input checked="" type="checkbox"/> Highly Probable (HP) <input type="checkbox"/> Probable(P) <input type="checkbox"/> Low Probability (LP) <input type="checkbox"/> Improbable (I)</p> <p>Comments:</p>