Office of Evaluation and Oversight

Independent Country Program Review

Trinidad and Tobago

2021-2025

IDB Group

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ACRONYMS AND ABBREVIATIONS

CAF	Development Bank of Latin America and the Caribbean (for its Spanish acronym)
CCB	Caribbean Country Department
CCLIP	Conditional Credit Line
CCT	Cross-cutting themes
CDB	Caribbean Development Bank
CP	Country Program
CPD	Country Program Document
CPE	Country Program Evaluation
CS	Country Strategy
EO	Expected Outcome
FAO	Food and Agriculture Organization
EU	European Union
FDI	Foreign Direct Investment
FI	Financial Institutions
GDP	Gross Domestic Product
GEF	Global Environment Facility
HSF	Heritage Stabilization Fund
ICPR	Independent Country Program Review
ICT	Information and Communication Technologies
IDB	Inter-American Development Bank
IMF	International Monetary Fund
INV	Investment Loan
LAC	Latin America and the Caribbean
LNG	Liquefied Natural Gas
MDB	Multilateral Development Bank
MSME	Micro, small, and medium-sized enterprises
NCD	Non-communicable disease
OVE	Office of Evaluation and Oversight
PAHO	Pan American Health Organization
PBL	Policy-based loan
PCR	Project Completion Report
SEA	Secondary Entrance Assessment
SEW	Single Electronic Window
SO	Strategic Objective
SOE	State Owned Enterprise
STREAM	Science, Technology, Reading, Engineering, Arts, and Mathematics
S&I	Small and Island
TC	Technical Cooperation
TTD	Trinidad and Tobago Dollar

UNDP	United Nations Development Program
WASA	Water and Sewerage Authority
WB	World Bank
WHO	World Health Organization
XSR	Extended Supervision Report

EXECUTIVE SUMMARY

Purpose. This Independent Country Program Review (ICPR) examines the relevance of the Inter-American Development Bank (IDB) Group's most recent Country Strategy (CS) with Trinidad and Tobago, as well as the relevance, implementation, and contribution of the Country Program (CP) of the IDB Group during the 2021-2025 period. This ICPR seeks to strengthen accountability regarding the work of the IDB Group in the country and to provide the Board of Executive Directors with valuable information to improve the design and implementation of future CSs and CPs. Additionally, the ICPR may offer the Government and other external stakeholders an independent perspective on the work of the IDB Group in Trinidad and Tobago. The ICPR is based on a systematic document review and information gathered from about 80 semi-structured interviews with IDB and IDB Invest staff, as well as with country counterparts, and a field mission conducted by the evaluation team in July 2025. The methods, tools, and processes used follow the Implementation Guidelines for ICPRs (document RE-348-10).

Country Context. Trinidad and Tobago is a geographically small, high-income economy whose strong development outcomes have long been sustained by hydrocarbon revenues, with the energy sector accounting for 25% of GDP and half of fiscal revenues. However, the natural decline of mature oil and gas fields, combined with limited new investment, has led to a reduction in natural gas and petrochemical production, weakening the energy sector's contribution to growth. The post-2021 recovery has been modest, reflecting persistent dependence on energy, a narrow export base, and subdued private investment. Fiscal performance has improved compared to previous years; however, public finances remain highly vulnerable to fluctuations in global energy prices and output. Despite targeted efforts, diversification has yielded limited results due to enduring structural barriers, including weak linkages between energy and other sectors, persistent foreign-exchange shortages that constrain firms' ability to operate effectively, and other business environment constraints, such as logistics inefficiencies, limited access to finance, low digital penetration, skill mismatches, and citizen security issues. While social outcomes remain strong compared to the region, challenges persist in education, labor market alignment, housing deficits, prevention of non-communicable diseases, and water and sanitation services.

Country Strategy Strategic Objectives
Priority area: Promoting digitalization to support economic transformation
SO1. Improving the **business environment** to enable digital transformation
SO2. Expanding the use of digital tools for improving **educational and digital skills** outcomes
SO3. Enhancing the **digital delivery of services**

Country Strategy Relevance. The 2021-2025 CS defined a single priority area—promoting digitalization to support economic transformation—and three strategic objectives within it: (i) improving the business environment to enable digital transformation; (ii) expanding use of digital tools for improving educational and digital skills outcomes; and (iii) enhancing the digital delivery of services. The CS was well aligned with the country's national development strategy and its post-pandemic priorities, which made digitalization a priority. The CS proposed digitalization as a lever for economic transformation, but its feasibility was weak because digitalization was unlikely to overcome the country's main constraints to productive development. The CS did not consider areas critical to productivity—such as crime, logistics bottlenecks, and skills development—and overlooked sectors with strong potential for growth and export diversification, including tourism and manufacturing. Moreover, the CS did not build on areas where the IDB had a strong portfolio, such as water and sanitation, health, and fiscal management. Additionally, the CS objectives were overly ambitious given the IDB's modest lending envelope and its declining role in the country's development agenda. Risks were only broadly identified, and mitigation measures relied on generalized rather than program-specific actions. The key risk posed by the government's waning interest in IDB lending and its declining role in the country was underestimated. The CS aligned with some of the country's needs and priorities, and reduced the number and scope of objectives compared to prior strategies, consistent with OVE's past recommendations. However, its limited feasibility and design weaknesses reduced its relevance.

Country Program Relevance. The IDB Group's CP for Trinidad and Tobago comprised 75 operations totaling US$633.2 million, with most of the financing concentrated in IDB Invest operations. The portfolio included 59 IDB operations amounting to US$246.2 million, distributed among 10 investment loans (INV) and 47 technical cooperations (TCs). Additionally, two conditional credit lines (CCLIPs) were approved. IDB Invest accounted for 16 operations totaling US$387 million (61% of CP financing), which consisted mainly of senior loans and debt securities, complemented by advisory services. Despite efforts to expand lending, IDB loan approvals declined sharply, averaging US$24.4 million annually—below the CS lending framework target and continuing the downward trend from previous CS periods. Only two investment loans (INV) were approved during the period under newly created CCLIPs, and no policy-based loan (PBL) materialized, despite one being planned and the country meeting eligibility requirements. Four additional INV that reached advanced preparation stages did not proceed to approval due to limited government traction, despite the use of TCs to sustain dialogue and develop new opportunities. As a result, Trinidad and Tobago registered the highest TC-to-loan ratio in the Caribbean Country Department and the second-highest number of TC approvals in the region during 2021-2025. By contrast, IDB Invest approvals doubled compared to the previous period, though they remained highly concentrated in financial intermediaries and two main clients, limiting portfolio diversification despite active origination efforts. Despite local market constraints and rising global interest rates, Trinidad and Tobago recorded the highest volume of long-term funding approvals among Small and Island countries.

Ex-ante, the CP had a stronger feasibility of contributing to *improving the business environment* (SO1) and the *digital delivery of services* (SO3), although with much less reach than originally expected. These objectives were mainly supported by mature loan operations, including eight INV—only three of which were directly related to business environment or information systems—while the rest included minor digital components, such as billing systems and health data management, representing about 10–20% of their original amounts. IDB Invest operations focused on *access to finance* (under SO1) and did not deploy support towards other objectives where private-sector participation was anticipated due to constraints such as the small size of the economy and a limited pipeline of bankable projects. In contrast, the CP supporting *education and digital skills* (SO2) had low feasibility of contribution, as planned lending did not materialize, and support was limited to small-scale TCs with limited reach. Nearly one-third of total CP financing supported areas outside the scope of the CS but in which the IDB had legacy operations, including in health, social protection, water and sanitation, and urban development.

Country Program Implementation. Annual programming was hindered by fragmented and complex country dialogue on the IDB side, while IDB Invest's business development efforts were shaped by client demand and market conditions. During the review period, IDB loan disbursements declined by nearly two-thirds to an annual average of US$28 million, primarily due to a decrease in loan approvals and the depletion of the legacy portfolio. IDB Invest disbursements remained stable despite higher approvals, mainly because one large transaction did not reach financial closure. Cancellations were low—8% of the IDB CP, or US$20.4 million—but disproportionately affected support for *digital service delivery* (SO3), a core focus of the CS. Preparation and execution times exceeded regional averages, further discouraging government interest in IDB lending. Average preparation expenses, which included those of operations that failed to materialize, were also higher than regional averages. Persistent issues with government staff turnover, inter-agency coordination, and procurement—some of which are structural and typical of small states such as a small pool of qualified vendors—delayed implementation. In response, the IDB supported execution via TCs, deployment of expert implementation consultants, and capacity building training, while IDB Invest increased local staff and advisory services. According to counterparts, these measures have improved coordination and problem-solving, though it is still too early to determine whether they will translate into better results.

Contribution. The CP had an uneven contribution across the CS objectives, with a medium contribution to *business environment* (SO1) and *digital delivery of services* (SO3), and a low contribution to *educational and digital skills* (SO2). IDB contributions to the *business environment* (SO1) were focused on trade facilitation, digital payments, and access to finance. A legacy operation supporting a Single Electronic Window for Trade (TT-L1044/2015) contributed to reducing import processing times and supported an electronic payment framework for trade transactions. IDB Invest financing to local financial institutions supported greater access to finance for MSMEs and expanded mortgage lending, though the latter had only an indirect connection to *improving the business environment*. Progress in *diversifying the energy mix* was limited as the IDB Group supported it through analytical and regulatory work without follow-up investments. Contributions to *digital service delivery* (SO3) came mainly through public-sector digitalization and data systems. Legacy loans in water (TT-L1026/2012), urban development (TT-L1056 and TT-L1057/2020), health (TT-L1039/2014), and trade (TT-L1044/2015) embedded digital components that contributed to greater efficiency and access to information—such as online billing, digital health records, and a trade information portal. Other operations, including the Public Financial Management System (L1042/2015) and Registrar General's Department Modernization (TT-L1034/2013) programs, achieved limited results due to delays and partial cancellations. Support for *digital infrastructure and institutional capacity* was modest and difficult to assess, given the limited reach of interventions and insufficient evidence on results. Contributions to *educational and digital skills* (SO2) were also low, reflecting recent or pending loan approvals as well as the limited scope of related TCs. The CP made important contributions through an ongoing legacy portfolio outside the CS scope, particularly in health through non-communicable disease prevention, water and sanitation through wastewater infrastructure, and housing and urban development through subsidies and infrastructure in informal settlements. Additionally, the Bank demonstrated flexibility during the COVID-19 pandemic by reallocating resources to support cash transfers, which provided crucial support to vulnerable populations during that time.

Conclusions. The ICPR highlights the following lessons to enhance the IDB Group's future contribution in Trinidad and Tobago: (i) further strengthen the ongoing dialogue and coordination with government counterparts, including by demonstrating the IDB Group's value added in terms of technical expertise and ability to coordinate across sectors; (ii) reinforce and refine efforts to improve the capabilities of executing agencies and to address other structural barriers typical of small states, such as a limited vendor base or scarcity of specialized procurement specialists; (iii) leverage opportunities to enhance impact during the strategy period, by building on the lessons of the legacy portfolio and by adopting an instrument mix that addresses key country needs and priorities; and (iv) enhance evidence generation and results measurement to clearly demonstrate the IDB Group's value added, inform decision-making, and reinforce its partnership with Trinidad and Tobago.

I. INTRODUCTION

1.1 **Independent Country Program Reviews (ICPRs) analyze the Inter-American Development Bank (IDB) Group Country Strategies and Country Programs.** ICPRs are independent reviews of the IDB Group's most recent Country Strategy (CS) and the corresponding Country Program (CP). According to the Country Product Protocol (document RE-348-8) of the Office of Evaluation and Oversight (OVE), ICPRs focus on accountability. In line with this, ICPRs do not formulate recommendations but rather derive conclusions to inform the Board of Executive Directors' consideration of the future CS. These conclusions may also be considered by Management to enrich the design and implementation of future CSs and CPs.

1.2 **This ICPR assesses the IDB Group's CS and CP in Trinidad and Tobago during the 2021-2025 strategic period.** The ICPR is based on a systematic review of documentary information on CP operations, as well as information obtained through nearly 80 semi-structured interviews that included both IDB Group staff and key IDB Group counterparts in the country, supplemented by field visits conducted by the evaluation team in July 2025. The methods, tools, and processes used in this ICPR follow the Guidelines for Independent Country Program Reviews (document RE-348-10). This ICPR reports exclusively on the work of the IDB Group[1] and therefore does not evaluate the country or its policies. After providing a brief description of the country context, the ICPR assesses the relevance of the objectives set out in the 2021-2025 CS,[2] describes the CP, analyzes its alignment with the CS, and examines its implementation and contributions to the CS objectives.

II. COUNTRY CONTEXT

2.1 **Trinidad and Tobago is a geographically small, high-income, hydrocarbon-based economy.** The country comprises the islands of Trinidad and Tobago, the latter accounting for around 1% of GDP and 5% of the 1.4 million population (THA 2025, CSOTT 2011). In 2024, the GDP per capita was approximately US$17,900, placing the country among the wealthiest IDB borrowing members. The economy is driven by the energy sector, particularly natural gas and petrochemicals. In 2024, merchandise exports accounted for 31% of the country's GDP, with energy products (including gas, oil, and derivatives) comprising 73% of total merchandise exports (CSOTT 2025, UN Comtrade n.d.). The country has leveraged its natural resource wealth to build financial buffers and improve human development. The population is ethnically diverse: East Indian and African groups each represent about 35%, and the remaining 30% is predominantly of mixed heritage (CIA 2022).

A. Macroeconomic and fiscal context

2.2 **Economic growth was weak and volatile during the review period, reflecting**

1 The IDB Group is composed of three entities: IDB, IDB Invest, and IDB Lab. According to the Country Protocol approved by the Board (document RE-348-8), OVE's country products cover primarily IDB and IDB Invest.

2 In accordance with OVE's Country Product Protocol (document RE-348-8), the review period runs from November 17th, 2021 (the CS approval date) to June 30th, 2025 (an OVE-designated end date set as close as feasible to the CS expiration date −November 30, 2025− to allow for the timely conduct of this review).

the lingering effects of global shocks and the exhaustion of the commodity-driven model. Real GDP growth averaged 0.75% over 2021-2024, well below the Caribbean Country Department (CCB) average of 3.8% (IMF 2025a).[3] This represented a sluggish recovery from the previous period (2017-2020), when real GDP contracted at an average pace of 3.6% a year due to two shocks: depressed energy prices in 2017-2018 and the COVID-19 pandemic in 2020, with only a brief rebound in 2019 (Annex I, I.A) (IMF 2025a). The pandemic had severe economic and social effects (Box 2.1). While higher energy prices in 2022 helped restore growth, the recovery remained sluggish, constrained by a continued decline in natural gas production since 2010 and by weak investment (IMF 2025b, IMF 2024a, CBTT n.d.). Gross fixed capital formation declined slightly from an average of 21% of GDP in 2017-2020 to 19% in 2021-2023, reflecting in part a 30% contraction in mineral and petroleum exploration (CSOTT n.d a).

Box 2.1 The effects of the COVID-19 pandemic in Trinidad and Tobago

Trinidad and Tobago recorded the fifth-highest death rate in Latin America and the Caribbean in 2021. Real GDP fell by 8.9% in 2020 and 0.9% in 2021—and the energy sector contracted (by 13.1% in 2020) as international demand for hydrocarbons declined and plant closures and unanticipated maintenance needs constrained production. The non-energy sector contracted by 7.2% in 2020, with tourism, transport, and retail particularly affected by restrictions and border closures. Unemployment rose from 4.2% at the onset of the pandemic to 7.2% by the end of 2020. Fiscal measures amounting to about 4% of GDP—including salary relief grants, food and rental assistance, and tax deferrals—helped cushion impacts for households and firms but could not prevent sharp declines in output and employment.

Source: IMF 2024a, PAHO 2024, IMF 2023, IMF 2021, CBTT 2021, IDB 2020b, IDB 2021b, ECLAC 2020.

2.3 **The fiscal balance was highly exposed to energy price swings, reflecting the sector's dominant role in public revenues.** Energy accounts for nearly half of total revenue (IMF 2024a). The average fiscal deficit narrowed to 3.6% of GDP in 2021-2024, compared with 7.9% in 2017-2020, but continued to fluctuate with energy price volatility (IMF 2025a).[4] Efforts to reduce fuel, electricity, and water subsidies have had a limited effect on overall expenditure (CBTT n.d., IMF 2024a). In addition, fiscal sustainability is under pressure from the pension system, as population aging and persistent gaps between benefit payments and contribution revenues are projected to deplete pension reserve assets by 2030 (IMF 2024a).[5]

2.4 **As central government debt widened between 2021 and 2024, financing needs were met largely with domestic sources.** Government gross debt averaged 59.3% of GDP in 2021-2024, up from 46.9% in 2017-2020, despite a temporary dip in 2022 due to higher commodity prices (IMF 2025a).[6] Between 2021 and 2024, domestic borrowing accounted for 65% of gross financing, with withdrawals from the Heritage Stabilization Fund (HSF)[7] covering 14% and external borrowing accounting for 21% (CBTT n.d.). The country maintained an investment-grade credit rating with two of the three international agencies, but it is

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3 Excluding Guyana, as it experienced atypical real GDP growth of 40.2% during the period (IMF 2025a).

4 The fiscal deficit widened to 8.4% of GDP in 2021 after a drop in energy prices, shifted to a temporary surplus of 1% in 2022 during the commodity price boom, and returned to –5.9% in 2024 (IMF 2025a).

5 In Trinidad and Tobago, the share of the population aged 65+ increased from 4.5% in 1990 to 13% in 2024 and is projected to reach 16% by 2030 and 24% by 2050 (IDB 2024a, UN 2024).

6 The authorities maintained a soft debt target of 65% of GDP, later raised to 75% in 2024 (IMF 2024a).

7 The HSF, created in 2007, is a sovereign wealth fund with holdings of about 20% of GDP. It was designed to save and invest surplus energy revenues to stabilize public finances during downturns and is the largest such fund in the LAC region relative to GDP, surpassing Guyana and Chile (IMF 2024a).

at the lowest notch of that grade. The other agency downgraded the country's debt in 2017, reflecting concerns over rising public debt and reduced fiscal buffers.[8]

B. Productive development

2.5 **Trinidad and Tobago is dependent on a slowing energy sector that has weak linkages to the rest of the economy.** In 2024, the energy sector accounted for about 25% of GDP, yet employed only 2.4% of workers (IMF 2024b, WB 2025a, IMF 2024a). The remaining 75% of GDP comes from non-energy activities such as wholesale and retail trade, manufacturing, and services, which absorb most employment (IMF 2024a).[9] Despite its size, the energy sector has few linkages with the rest of the economy. Since peaking in 2010, gas production has declined by over 40%, reducing exports and constraining access to foreign exchange, about 75% of which comes from energy firms (Annex I, I.A) (CSOTT 2025, CBTT n.d., IMF 2024a, UN Comtrade n.d.).[10] New upstream projects and deep-water licensing could lift supply, but delays[11] and aging infrastructure have raised concerns.[12]

2.6 **Some non-energy sectors have shown dynamism, but their long-term outlook is still uncertain.** Manufacturing, particularly food and beverages, played a key role in the post-pandemic recovery (IMF 2024a). However, the outlook for some of these sectors has been uneven. For example, tourism has stagnated,[13] and recent initiatives such as the 2022 Special Economic Zones Act, the Phoenix Park Industrial Estate, and a nascent FinTech hub have yet to produce results (TTBizLink n.d., IMF 2024a). Studies highlight growth potential in other sectors, such as renewable energy, the digital economy, and industrial machinery (IFC 2023, Harvard's Growth Lab n.d.).

2.7 **Barriers in the business environment and market failures weigh on productive development.** Firms face persistent foreign-exchange shortages, often receiving smaller allocations than requested and experiencing delays of three to nine months to obtain U.S. dollars to pay suppliers. According to recent surveys, this forces firms to reduce operations or rely on informal markets, ultimately lowering profitability (IMF 2024a, Chamber of Industry and Commerce 2024). Logistics bottlenecks raise time-to-market, as over 90% of trade flows go through seaports with cumbersome clearance processes (WB 2023a, UN Comtrade n.d.). High crime rates also affect the business climate, with an estimated cost of 5% of GDP in 2022, with 39% of formal firms reporting losses from theft or vandalism

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8 Moody's downgraded the country's sovereign rating from Baa3 (investment grade) to Ba1 (speculative grade) in 2017 and has remained in this speculative grade since then (Moody's 2021). See Annex I.

9 Employment is concentrated in services—primarily public sector jobs (38.7%)—followed by wholesale and retail trade (18%), construction (12%), and finance and business services (10%) (GoRTT 2022, IDB 2024a, IDB 2024c). It is estimated that about 25% of the workforce is informal (Peters 2017).

10 The exchange rate is classified as floating, but in practice is pegged to the US dollar. While this anchors inflation, reduced energy exports have limited foreign currency inflows (IMF 2024a).

11 Manatee and Dragon are the main upstream projects to address gas supply constraints. Manatee, located in Trinidad and Tobago waters, is under development and expected to add reserves in the medium term. Dragon, located in Venezuelan waters, remains stalled due to U.S. sanctions and Venezuela's suspension of bilateral energy cooperation in October 2025 (IMF 2024a, Reuters 2025).

12 Growth diagnostics and other studies highlight that reliance on hydrocarbons and declining reserves pose risks to long-term growth (Artana, et al. 2007, IDB 2016, IDB 2020a).

13 Tourism receipts are low relative to peers, and visitor arrivals remain below pre-pandemic levels.

(Compete Caribbean n.d., Perez-Vincent, et al. 2024).[14] Complex regulations, lengthy permitting processes, and limited digitalization increase transaction costs, while the significant presence of state-owned enterprises raises concerns about fair competition, particularly in public procurement, thus discouraging private participation (WB 2024c, Compete Caribbean 2013). Net FDI inflows have been negative for several years, reaching US$1 billion in 2024, largely due to intercompany loan repayments in the energy sector (CBTT 2025, CBTT 2023).

2.8 **The predominance of less productive economic actors constrains diversification.** Only about ten firms or economic groups report annual revenues above US$200 million (Business suite 2024), reflecting the small size of private enterprises and the limited dynamism outside a few large players. MSMEs account for roughly 30% of GDP and—together with the public and informal sectors—about 70% of total employment, yet they face limited access to finance,[15] managerial and technical capacity gaps, and low digital adoption (MOF 2025, Compete Caribbean n.d., Caricom 2013). Digitalization could help increase productivity, but progress is uneven. Broadband coverage is nearly universal, but quality and affordability vary; advanced ICT skills are scarce (4% of the workforce); and brain drain reduces technical talent (IDB 2022b, GoRTT 2024, Di Giorgio, et al. 2024, Jaupart 2023). MSMEs also struggle to adopt e-commerce and cashless payments due to capacity and trust issues, while regulatory gaps and limited inter-agency coordination hinder progress (UNCTAD 2025).[16]

C. Social development

2.9 **As a high-income country, Trinidad and Tobago has achieved strong social outcomes, but continues to face some challenges.** It is classified as "very high" in human development, ranking 6th among IDB borrowing members, supported by high per capita income, long life expectancy, and high average education attainment (UNDP 2023). Multidimensional poverty declined from 5% in 2011 to 2.1% in 2022, reflecting progress in access to drinking water, education, and electricity coverage. More than half the population benefits from at least one social protection program, primarily due to high pension coverage (ILO n.d.). However, rural–urban disparities persist, and housing deficits and informal settlements lacking basic services remain significant challenges (UNDP 2024, CSOTT n.d.).

2.10 **Challenges remain in educational quality and skills matching.** Secondary and tertiary enrollment rates remain below regional levels (UNDP 2023, IFC 2023). In addition, Trinidad and Tobago ranked in the bottom 20% of participating countries in its latest PISA assessment, with low-income students performing at a level equivalent to three fewer years of schooling than their highest-income peers (OECD 2016, WB 2017). These disparities contribute to a skilled labor shortage, as 64% of firms report difficulty in finding qualified workers, and the existing skills

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14 Trinidad and Tobago has the fifth-highest homicide rate in LAC. Violence has risen over the period due to gang fragmentation, organized crime, and illicit trafficking (UNODC 2023, MHSTT 2021, SSA 2021). Homicide rates increased from 40.4 per 100,000 in 2022 to 45.5 in 2024, prompting states of emergency in 2025 (US Embassy 2025, The Guardian 2025, InSight Crime 2025, Gibbs 2025).

15 Financial institutions prioritize consumer lending over business credit and offer a limited range of products—mainly reverse factoring, trade finance, and short-term loans—with only half of commercial banks (4 out of 8) providing term lending.

16 Only 62% of firms use digital platforms as marketing channels—a lower share than in any other CCB country except The Bahamas (Compete Caribbean n.d.).

composition does not align with their needs (UNDP 2022b, Compete Caribbean).[17]

2.11 **Despite extensive health coverage, life expectancy is still below that of the region.** The country outperforms regional averages in maternal and child health, hospital bed availability, and prenatal care (OECD 2020). However, it has a lower survival rate to the age of 65 than the mean for Latin America and the Caribbean. Noncommunicable diseases (NCDs)—such as heart disease, cancer, and diabetes—account for a larger share of deaths than the regional average, with three-quarters of cases occurring before age 70 (PAHO 2025, PAHO 2024, OECD 2020, WB 2024a, OCDE 2023).[18]

2.12 **Finally, although access to water and sanitation is high, service quality and wastewater treatment continue to lag.** Over 99% of the population has access to drinking water, and 94% to basic sanitation. However, the water supply is intermittent, with only half of the households receiving 24/7 service (Jade and Rooparine 2025). Fewer than 40% of households benefit from safe wastewater treatment (CSOTT n.d. b).[19] These challenges reflect both structural and environmental constraints, including aging infrastructure and recurrent droughts.[20]

III. RELEVANCE OF THE COUNTRY STRATEGY

3.1 **This chapter assesses Country Strategy (CS) relevance in terms of the selectivity of its objectives and the quality of its design.** The selectivity of the CS objectives is assessed based on: (i) their consistency with the country's development needs and priorities; (ii) their consistency with IDB Group's corporate priorities; and (iii) the soundness of the rationale supporting their selection, including how the feasibility of IDB Group's contribution was assessed. The assessment of CS design quality—whether the CS properly anticipated the elements that could enhance or limit the likelihood of the IDB Group contributing to CS objectives—considers: (i) the causal chain connecting strategic objectives and expected outcomes; (ii) the adequacy of the indicators to monitor progress in the CP implementation; and (iii) the identification of risks that could hinder the achievement of outcomes and the appropriateness of the proposed mitigation measures.

3.2 **The IDB Group CS with Trinidad and Tobago 2021-2025 (2021-2025 CS) defined a single priority area: *promoting digitalization to support economic transformation*.** Within this area, the CS set three strategic objectives (SOs) and ten expected outcomes (EOs), hereafter referred to as the *CS objectives* (Table 3.1). The first SO aimed to improve the *business environment to enable digital transformation* (SO1) by working on private sector competitiveness, the energy

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17 Studies in the energy and ICT sectors report shortages in technical skills (e.g., programming, software development, cybersecurity), while manufacturing firms more often cite soft skills gaps (MoPD & UNICEF 2022a, MoPD & UNICEF 2022b, Compete Caribbean n.d.). Skilled emigration—especially in education, health, ICT, and construction—further reduces the pool of trained workers (UNDP 2022a, Jaupart 2023)

18 NCDs have a large economic impact in Caribbean countries, from 1.36% to 8% of GDP (WB 2024a).

19 To address the wastewater treatment gap, small plants built by housing developers, the Housing Development Corporation, or residents operate independently outside the Water and Sewage Authority's system. However, these plants are often poorly maintained or abandoned (Jade and Rooparine 2025).

20 Aging infrastructure causes about 53% of water being lost before reaching users (RIC 2023). Low tariffs limit investment capacity, leaving the Water and Sewarage Authority dependent on government subsidies (MF 2023, RIC 2023). Below-average rainfall has further reduced water availability, pushing reservoirs to critical levels (WASA 2025, RIC 2023).

mix, digital payments, and access to finance. The second SO aimed to expand the *use of digital tools for improving educational and digital skills outcomes* (SO2) by working on digital competencies and secondary education. The third SO aimed to improve the *digital delivery of services* (SO3) by working on the digitalization of the public sector, data production and access, digital infrastructure, and institutional capacity. To advance these objectives, the CS envisioned a coordinated approach across the IDB, IDB Invest, and IDB Lab. The CS also expected that three cross-cutting themes would be incorporated into the IDB Group's program: (i) climate change and environmental sustainability; (ii) gender equality and diversity; and (iii) institutional capacity and rule of law.

Table 3.1. Priority Area, Strategic Objectives, and Expected Outcomes of the 2021-2025 CS

Priority Area	Strategic Objectives (SOs)	Expected Outcomes (EOs)
I. Promoting digitalization to support economic transformation	SO1. Improving the **business environment** to enable digital transformation	EO1.1 Improve private sector competitiveness
		EO1.2 Diversify the energy mix
		EO1.3 Improved digital payments
		EO1.4 Improved access to finance
	SO2. Expanding the use of digital tools for improving **educational and digital skills** outcomes	EO2.1 Improved digital competence
		EO2.2 Reduce repeaters of the Secondary Entrance Assessment
	SO3. Enhancing the **digital delivery of services**	EO3.1 Improved digitalization of the public sector
		EO3.2 Improved data production and access
		EO3.3 Improved digital infrastructure
		EO3.4 Improved institutional capacity

Source: 2021-2025 CS with Trinidad and Tobago (document GN-3071). *Notes*: See Annex I.III for the complete results matrix.

3.3 **The 2021-2025 CS marked a positive shift from the previous CS (2017-2020) by significantly reducing the number and scope of its objectives.** The previous strategy pursued 13 SOs and 29 EOs across three priority areas: strengthening public sector institutions and governance, promoting private sector development, and fostering human development. The 2021-2025 CS had many fewer objectives, centered around promoting digitalization to support economic transformation. OVE's prior evaluations of the IDB's CSs and CPs in Trinidad and Tobago had repeatedly highlighted that previous strategies were overly broad.[21] The 2021-2025 CS maintained partial thematic continuity with the previous strategy, as areas such as education, business environment, and energy were retained but reframed to focus on digitalization. For instance, the education objective shifted from *improving learning outcomes* in the previous CS to *expanding the use of digital tools for improving educational and digital skills outcomes* in the current one. The CS did not continue objectives related to fiscal sustainability, public expenditure efficiency, health, housing, and water and sanitation; instead, it introduced a new focus on the digital delivery of public services, aiming to strengthen government efficiency and data production.

3.4 **The CS focus on digitalization was in line with the country's post-pandemic priorities and IDB Group's corporate strategy.** The country's national

[21] The ICPR 2016-2020 (document RE-555-3) found that "*the CS [2016-2020] was not selective enough in addressing the subset of government priorities where the IDB Group could realistically add the most value.*" Similarly, the CPE 2011-2015 (document RE-495-3) recommended defining a more selective approach to work in the country.

development strategy, *Vision 2030*, identified digitalization as a cross-cutting enabler of productivity, innovation, and improved public services (GoRTT 2016). Following the COVID-19 pandemic that exposed critical gaps in connectivity, service delivery, and public-sector efficiency, the *Roadmap for Post-COVID-19 Recovery* made digitalization a central pillar (IMF 2024b, GoRTT 2020). To advance this agenda, the government established the Ministry of Public Administration and Digital Transformation in 2021—a move to unite previously fragmented digitalization initiatives. In 2025, this mandate was further expanded with the establishment of the Ministry of Public Administration and Artificial Intelligence, which maintains a centralized approach to digital transformation and expands it to include artificial intelligence. This emphasis deepened with the adoption of a *National Digital Transformation Strategy* in 2024 (Annex I.II). This also aligned with IDB Group's *Update to the Institutional Strategy 2020-2023*, which positioned digitalization as a lever for reigniting growth and improving lives.

3.5 **However, the CS relevance was limited because digitalization, though an important enabler, lacked feasibility as a pathway to drive the country's economic transformation.** The CS reasonably sought to support *economic transformation* as its one and only priority. The country's dependence on hydrocarbons—amid declining output and investment—underscored the urgency for economic diversification (UNCTAD 2025, IFC 2023, IMF 2024a). Although digitalization can enhance productivity and diversification, regional studies suggest that its effectiveness depends on complementary reforms in skills, governance, and sectoral policy (ECLAC 2025, WB 2023b). However, the CS's narrow focus on digitalization as the path to achieve economic transformation overlooked key structural constraints—such as low institutional capacity, investment climate, skills mismatches, and logistics bottlenecks—that continue to hinder productivity (IDB 2024b, IDB 2022a). For instance, the objective of reducing repetition in the Secondary Entrance Assessment did not address the underlying skills gap, particularly the shortage of technical skills in energy and technology, and soft skills in manufacturing and tourism (MoPD & UNICEF 2022a, MoPD & UNICEF 2022b, Compete Caribbean n.d.). Moreover, the CS did not focus on sectors with greater potential for diversification, such as tourism, fintech, or manufacturing niches, which have been highlighted in recent studies as potential growth engines.

3.6 **Moreover, the CS objectives were overly ambitious given the IDB Group's modest lending envelope.** IDB loan approvals fell by 74% between the 2011-2016 and 2017-2020 CS periods (from an annual average of US$145 million to US$37.5 million).[22] During the 2017-2020 period, the IDB did not approve any loans until 2020, when it approved three at the onset of the COVID-19 pandemic. In January 2021, before the review period, four active loans were reformulated to redirect undisbursed resources toward emergency response measures, reflecting the Government's reluctance to take on more IDB loans.[23] Notably, the

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[22] Approvals during 2011-2016 reached historically high levels—nine times higher than in 2000-2008 and six times higher than in 2004-2010—driven by reforms supported through policy-based lending (27% of approvals, US$235 million) and large investment loans (CPE 2011-2015, document RE-495-3).

[23] The four reformulated loans—TT-L1042/2015 (Public Financial Management System), TT-L1034/2013 (Information Management at Registrar General's Department), TT-L1044/2015 (Electronic Single Window for Trade), and TT-L1038/2014 (Global Services Promotion Program)—totaled US$103 million, of which US$24.45 million (24%) was redirected to support vulnerable populations during the COVID-19 pandemic. According to project monitoring reports and PCRs, these operations were selected for reformulation due to slow execution and large uncommitted resources. See Annex I.VII.

digitalization components in the three reformulated operations were scaled back just months before digitalization became the central focus of the new CS. Despite this, the CS set an annual lending target of US$50 million—33% above the prior period's, which included extraordinary pandemic support—without clarifying how the IDB Group would overcome its limited operational traction. The strategy acknowledged persistent challenges, including limited use of IDB financing instruments, an aging portfolio, and weak implementation capacity, which could undermine the delivery of results. The Bank's ability to pursue an ambitious transformation agenda was further constrained by the government's growing reliance on the Development Bank of Latin America and the Caribbean (CAF, *for its acronym in Spanish*), which has been Trinidad and Tobago's main multilateral lender since 2017 (Box 3.1). Parallel to this shift, the country's financing model increasingly favored fast-disbursing instruments. While these instruments can provide rapid liquidity and support urgent priorities, their use—especially when designed quickly—should be approached with caution, as accelerated processing may limit opportunities to address deeper structural reforms, ensure compliance with international standards, or establish robust monitoring and evaluation systems—conditions essential for achieving sustainable, measurable results.

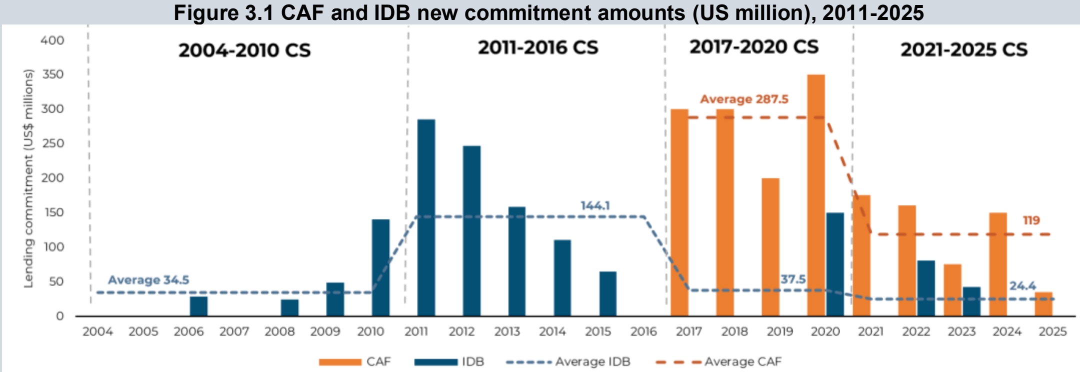
Box 3.1. Multilateral Development Banks in Trinidad and Tobago

Trinidad and Tobago's demand for multilateral development financing has plateaued as the government has turned to capital markets to meet growing financing needs. The central government's external debt increased from an average of 17% of GDP in 2017-2020 to 19.5% in 2021-2024, reflecting higher borrowing requirements. Most of the country's financial needs were met through capital markets, with bondholders' share of external debt rising from 47% to 54%. The share held by multilateral development banks (MDBs) remained broadly stable (38% to 36%), while the share of commercial banks and bilateral creditors declined from 15% to 10%.

During the evaluation period, the Development Bank of Latin America and the Caribbean (CAF) became the country's primary MDB partner. The CAF rapidly expanded its lending in the country after Trinidad and Tobago became a full member in 2016. CAF accounted for 75% of MDB commitments of reimbursable and non-reimbursable operations[a] in the review period, versus 16% for IDB, 4% for the United Nations Development Program (UNDP), and smaller shares for the Food and Agriculture Organization (FAO), Global Environment Facility (GEF), and World Health Organization (WHO). The World Bank and the Caribbean Development Bank did not approve commitments during the review period (Figure 3.1).

Since 2017, Trinidad and Tobago has increasingly favored fast-disbursing financing to address its development needs. Fast-disbursing approvals represented 41% of total MDB reimbursable financing in 2004-2010 and decreased to 27% in 2011-2016, but have risen to 95% in 2017-2020 and remained high at 73% in 2021-2025. These were financed through policy-based lending and sector-wide approaches.[c]

Figure 3.1 CAF and IDB new commitment amounts (US million), 2011-2025



Source: OVE, using data from IATI (2025), CAF (2025), WB – Finances One (2025) and CDB (2025). *Notes:* [a] IATI dataset includes data on standard loans (CAF and IDB) and standard grants (FAO, GEF, WHO, and UNDP).

3.7 **The relevance of the CS was further limited by the exclusion of long-standing engagement areas and by the introduction of new ones in which the IDB Group lacked a mature portfolio.** At CS approval, the IDB's active loan portfolio comprised eight operations in water and sanitation (TT-L1026/2012), land registration and identification (TT-L1034/2013), health (TT-L1039/2014), trade (TT-L1044/2015), public financial management (TT-L1042/2015), social protection (TT-L1060/2021), and urban development (TT-L1056/2020, TT-L1057/2020). In these sectors, the IDB had a well-established presence[24] and/or mature loans that were expected to be substantially executed during the period.[25] However, the CS did not address how existing operations would contribute to its objectives or whether they should be restructured to support its new focus on digitalization. As a result, the potential contributions of the existing portfolio in areas such as health, social protection, water and sanitation, or urban development were neither reflected nor leveraged in the new CS. Moreover, the CS introduced objectives in areas where the IDB Group had not yet approved loan operations, such as *improving education and digital skills* (SO2). Even if a related operation had been approved during the period, it likely would not have reached sufficient maturity to generate results, highlighting the gap between strategic intent and operational feasibility. Given clear signs indicating limited demand for new IDB investment lending, this approach was overly ambitious.

3.8 **Finally, the CS did not clearly articulate the IDB Group's value added by complementing or differentiating its support from that of other development partners.** The strategy referred to collaboration with other donors, but without specifying concrete coordination mechanisms or a clear division of labor. As a result, the CS did not demonstrate how the IDB's support would differentiate itself or build on comparative advantages relative to partners with expanding portfolios, particularly CAF, which had begun to increase its lending in public sector modernization and infrastructure. Despite positioning digitalization as the central pillar of the CS, the Bank did not articulate what distinctive contribution it could offer in this area—such as leveraging its regional technical expertise, cross-country experience, or operational track record. This omission limited the IDB Group's ability to position itself vis-à-vis other partners also active in digital transformation, including CAF, the European Union, and UNDP.[26] More broadly, by not elaborating on how its support in this and other areas complemented other development partners, the CS missed a key opportunity to strengthen the IDB Group's strategic positioning and differentiate its added value.

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24 Between 2005 and the approval of the 2017-2020 CS, the IDB approved 14 loans—nine investment loans and five policy-based operations. Twelve of these were concentrated in five sectors where the IDB maintained engagement: social investment (TT-L1003, TT-L1006, TT-L1014, TT-L1050); reform and modernization of the state (TT-L1004, TT-L1042, TT-L1034, TT-L0056, TT-L1019); health (TT-L1035); urban housing and development (TT-L1016); and water and sanitation (TT-L1036).

25 At the start of the CS period, most active operations still had substantial pending balances: health (TT-L1039, 49%), trade (TT-L1044, 41%), public financial management (TT-L1042, 44%), social protection (TT-L1060, 100%), and urban development (TT-L1056, 98%; TT-L1057, 91%). In contrast, land registration (TT-L1034, 22%) and water and sanitation (TT-L1026, 7%) had lower pending balances.

26 In 2022, the CAF approved a US$120 million loan to support the country's digital transformation agenda. In 2023, the UNDP approved a US$8.2 million project focused on digital public services, civic engagement, and social protection systems. In 2025, the European Union approved a €3 million grant to promote digital business services and innovation.

3.9 **The theory of change was generally clear but included objectives that were too broadly defined to guide the IDB Group's work.** Several EOs were overly broad or ambiguously defined, which reduced their usefulness within the results framework. For instance, *improved private sector competitiveness* (EO1.1) or *improved institutional capacity* (EO3.4) were catch-all objectives that potentially allowed a wide alignment of future operations but diluted the clarity on how IDB Group interventions would contribute to higher-level objectives. Even seemingly narrower objectives like *improved digital infrastructure* (EO 3.3) were too broad, since a country's digital infrastructure spans the physical infrastructure (e.g., fiber optics cable, power supply), the network infrastructure (e.g., internet and broadband networks), software infrastructure (e.g., operating systems, cybersecurity frameworks), and human and institutional infrastructure (skilled professionals and policies that govern digital operations).

3.10 **The CS did not clearly articulate cross-cutting themes and coordination mechanisms within the IDB Group.** According to the CS Guidelines, cross-cutting themes are expected to be mainstreamed throughout the CP (document GN-2468-9).To reinforce their role, two of the three CS cross-cutting themes were also formulated as quasi-objectives meant to be supported by part of the CP. For example, the *gender and diversity theme* included specific actions—such as reducing gender-based violence, preventing male suicides, and promoting behavioral change on masculinity and femininity—that resembled an intervention area rather than mainstreaming expectations. Similarly, the cross-cutting theme of *institutional capacity and rule of law* overlapped with *improved institutional capacity* (EO3.4), creating redundancy and blurring the distinction between transversal themes and objectives. Finally, while the CS envisioned coordination among IDB Group windows under each objective, it did not clearly define their respective roles. The CS mentioned collaboration practices such as joint meetings and knowledge sharing but it did not include a structured framework for joint support to achieve the CS objectives. Given the importance of re-engaging with the government and differentiating the IDB Group's value proposition, a more deliberate approach to collaboration could have served as an important differentiator.

3.11 **Monitoring of CS results was hindered by data limitations, some of which are common across small Caribbean states.** Primary data collection and reporting remain challenging in Trinidad and Tobago and other small Caribbean countries (see One Caribbean Strategy, document GN-3201-5). To address national data availability limitations, the CS relied on international sources for 8 of the 11 indicators. However, for nearly three-quarters—corresponding to eight EOs—OVE identified shortcomings due to limited data availability or discontinuity in the production of the means of verification. For example, EO1.1 *Improve private sector competitiveness* and EO3.4 *Improved institutional capacity* were affected by missing updates in *The Global Competitiveness Report* (World Economic Forum) and by the discontinuation of the *Doing Business Report* (World Bank).[27] Similarly, EO3.3 *Improved digital infrastructure* was affected by the absence of updated editions of the Digilac Report (IDB), which has not been published since 2017. When alternative data sources became available, the IDB did not use formal mechanisms, such as the annual Country Programming Documents (CPDs), to revise these indicators or address data gaps.

[27] The World Economic Forum discontinued the *Global Competitiveness Report* after 2020. Other EOs also relied on datasets no longer regularly produced for Trinidad and Tobago (Annex I.III).

3.12 **Most risks and their mitigation measures were generic, while the main risk that affected the IDB Group's contribution—the Government's waning interest in IDB lending—was underestimated.** The CS identified macroeconomic volatility, climate vulnerability, and portfolio execution as key risks to advancing its objectives. However, the first two were generic country risks rather than specific to the objectives, and their mitigation measures—such as maintaining fiscal prudence or implementing ongoing operations—relied on broad country responses.[28] Portfolio execution was the only risk specific to the IDB Group, encompassing both operational risks (limited implementation capacity) and strategic risks (low borrowing demand). Although the CS identified execution capacity as a recurring challenge, its mitigation measures repeated previous approaches with limited evidence of success. Similarly, the strategic risk mitigation measure—to strengthen relationships with government counterparts—lacked sufficient detail to be actionable and did not address the persistent challenges inherent to the IDB Group's pipeline development processes. Moreover, the CS did not recognize that this risk was critical, despite the IDB's declining role in the government's development agenda. No mitigation was proposed to strengthen the IDB's role, such as resetting the policy dialogue, coordination with other multilateral partners, or strategic engagement with the Ministry of Finance, which, unlike for CAF, is not the IDB Group's direct counterpart. Nevertheless, efforts were made during the period to reset the dialogue and strengthen engagement with national authorities and strategic partners, although these had a limited impact.[29]

IV. COUNTRY PROGRAM RELEVANCE

4.1 **This chapter describes the Country Program (CP) and analyzes its alignment with CS objectives and operational design.** OVE's Country Product Protocol (document RE-348-8) establishes that the CP includes all operations of the IDB and IDB Invest approved during the review period, as well as "legacy" operations, i.e., operations approved in previous periods but with pending balances at the start of the review period. The chapter first presents the composition of the CP and assesses its alignment—or ex-ante feasibility to contribute—to the CS objectives. Next, it analyzes whether the CP's design was fit to contribute to CS objectives, examining the mix of instruments used and the integration of cross-cutting themes.

A. Description of the Country Program

4.2 **The CP comprised 75 operations totaling US$633.2 million, with a majority of the financing concentrated in IDB Invest operations.** The portfolio included 59 IDB operations amounting to US$246.2 million, including 10 investment loans (95% of total IDB financing) and 47 technical cooperation (TC) operations (5%). Additionally, the IDB approved two conditional credit lines (CCLIPs) during the

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28 The CS guidelines (document GN-2468-9) indicate that the CS preparation should identify "*the principal risks that could hinder the achievement of the development objectives of the IDB Group interventions*".

29 The IDB Group's formal counterpart is the Ministry of Planning, Economic Affairs and Development, which oversees long-term development planning and policy coordination. However, new lending requires approval from the Ministry of Finance. Interviews conducted for this ICPR consistently noted that the lack of a formal relationship with the Ministry of Finance has created programming challenges. Donor engagement is fragmented: the Ministry of Planning is the formal counterpart for the IDB, Caribbean Development Bank, European Union, and UNDP, while CAF, World Bank, and IMF engage mainly with the Ministry of Finance. According to interviews, this split—combined with the absence of formal donor coordination by either the government or development partners—has hindered unified policy dialogue.

period. The IDB Invest portfolio included 16 operations totaling US$387 million (61% of the CP's total amount), consisting of three senior loans (68% of total IDB Invest financing), two debt securities (32%), and seven advisory services (Table 4.1). The CP includes all operations approved during the review period (82% of total CP financing), as well as legacy operations, which represent 18% of the total CP amount (see Annex I.IV for a complete list of the CP).

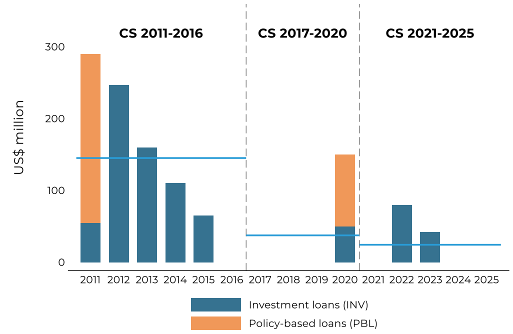
Table 4.1. Country Program: US$ million (number of operations), 2021-2025

Instrument	Legacy operations[a]	Approvals 2021-2025 [b]	Total
IDB	113.8(20)	132.4(39)	246.2(59)
Reimbursable operations	111.5(8)	122.0(2)	233.5(10)
Investment Loans (INV)	*111.5(8)*	*122.0(2)*	*233.5(10)*
Non-reimbursable operations	2.3(12)	10.4(35)	12.8(47)
Technical cooperations (TC)	*2.3(12)*	*10.4(35)*	*12.8(47)*
Other			
Conditional credit line (CCLIP) [c]		(2)	(2)
IDB Invest	(4)	387(12)	387(16)
Long term		386.6(5)	386.6(5)
Senior Loans		*261.3(3)*	*261.3(3)*
Debt Security		*125.4(2)*	*125.4(2)*
Other		0.3(7)	0.3(7)
Advisory services		*0.3(7)*	*0.3(7)*
Operations for which management prepared an XSR [d]	(4)		0(4)
Total	**113.8(24)**	**519.4(51)**	**633.2(75)**

Source: OVE, with data from the IDB (2025) and IDB Invest (2025).
Notes: Data as of June 30, 2025. [a] Pending balance at the start of the review period. [b] Original approved amount. [c] Counted in the total number of operations but not in the total approved amount, as these are approved lines with a maximum limit that can be utilized at the country's request, but do not commit resources until they are used. [d] Operations included as part of the CP because they prepared an XSR during the period, which means they were expected to produce results at that time, although they had no pending disbursements. Regional and IDB Lab operations are excluded from the table.

4.3 **During the review period, IDB loan approvals declined, continuing the downward trend of the previous CS period and falling well below CS projections.** Annual average approvals fell from US$145 million during the 2011-2016 CS period to US$37.5 million in 2017-2020, and reached US$24.4 million in 2021-2025—a 35% decrease compared to the previous CS period and 85% relative to 2011-16 (Figure 4.1). Period approvals averaged less than half of the CS projections of US$50 million per year. Lending during the period consisted solely of two new investment loans (INVs). No policy-based loans (PBLs) were approved, unlike the prior two CS periods and despite the country's eligibility for this instrument. Alongside these loans, 35 new TCs were approved, totaling US$10.4 million (or 8% of the total lending amount approved, an unusually high ratio compared to other IDB members).

Figure 4.1. IDB lending approvals

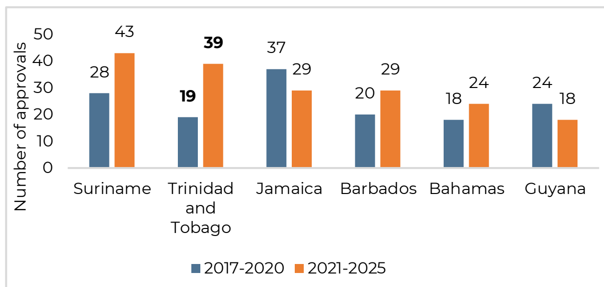


Source: OVE, with data from the IDB (2025).
Note: Figures reflect approvals by calendar year. One legacy INV (TT-L1060), approved in 2021 prior to the CS period, is excluded from new approvals, as its financing derived entirely from the reformulation of existing loan resources.

4.4 **Despite efforts to expand the IDB's lending, several planned operations were not approved due to limited traction with the government.** The CS emphasized the use of a broader set of instruments—such as partial credit guarantees, PBLs, and different investment loan modalities—to increase approvals and improve execution; however, uptake was limited. Interviews cited government interest in alternatives such as debt swaps, which provide quicker access to financing and help manage fiscal exposure while addressing development priorities, though these were not formally explored.[30] Two CCLIPs[31]—together with the first loans under each one—were approved during the period, marking the first use of this instrument in the country. However, a planned second-phase PBL for the COVID-19 response was dropped after the Government declined to proceed. The IDB also prepared four INVs—including a results-based loan—that reached late preparation but were not approved.[32] Interviews with IDB staff and counterparts indicated this was due to a lack of traction at the highest levels of government, which prevented loan proposals from being approved at Cabinet.

4.5 **Unusually ample TC resources aimed to sustain dialogue, create opportunities for new lending, and support implementation.** During the period, Trinidad and Tobago had the highest ratio of TC funding to approved lending in the CCB region and ranked third across the IDB, behind only Nicaragua and Belize—two countries with extraordinary conditions. The country also recorded the second-highest number of TC approvals in the CCB region during 2021-2025, following Suriname (Figure 4.2), a notable rise from 2016-2020, when it ranked last, underscoring the IDB's active effort to sustain engagement with the government. The CP included 47 TCs, most of which (87%) were *client support* operations designed to strengthen engagement. At least 11 of these *client support* TCs aimed to open dialogue in areas where IDB hoped to generate interest in new loans, though no loan approvals have yet materialized.[33] The six *operational support* TCs aided in the design of new loan operations[34] or provided implementation support to active loans. For instance, a TC (TT-T1108/2020)

Figure 4.2. TC approvals in the CCB region



Source: OVE, with data from the IDB (2025).
Note: Figures reflect approvals by calendar year.

30 For example, in 2024, the IDB supported the Bahamas with a debt conversion that would save $124 million to help finance ocean conservation and worked with Barbados in advancing the world's first debt-for-climate-resilience swap to generate $125 million to enhance water resource management and increase water and food security.

31 A CCLIP is an instrument that establishes a framework for a series of loans, enabling countries to finance multiple investment projects under one umbrella. This approach aims to facilitate more efficient approvals for subsequent loans by reducing preparation time and streamlining processes.

32 The four prepared investment loans were TT-L1065 (green hydrogen), TT-L1067 (education quality), TT-L1068 (trade facilitation), and TT-L1069 (climate-resilient infrastructure).

33 TCs in the energy, environment and natural resources, and transport sectors aimed to sustain policy dialogue in areas where the government had interest in lending operations (see Annex I.IV.D).

34 Four *operational support* TCs supported active loans in the portfolio (TT-L1055, TT-L1060, TT-L1058 and TT-L1056/TT-L1057). The remaining two *operational support* TCs were linked to two loans in the education and trade sectors that were prepared in the period but did not move forward.

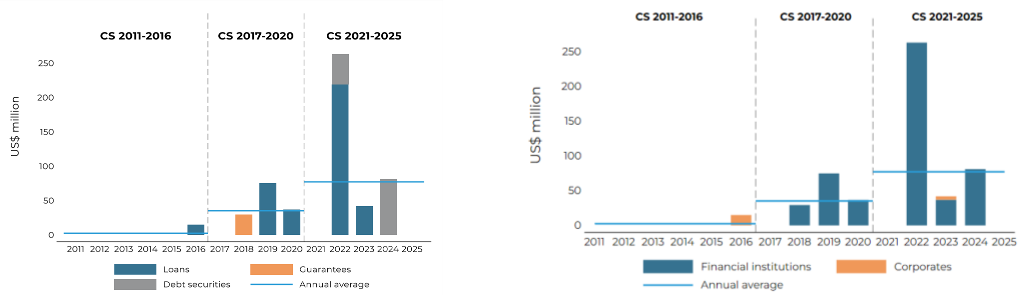
supported the Water Sector Transformation Program (TT-L1055/2022) by financing tender documents, technical studies, and a transformation roadmap to accelerate loan execution.

4.6 **IDB Invest average annual approvals doubled compared to the previous CS period but remained highly concentrated in the financial institutions segment and almost exclusively directed at supporting two clients.** Approvals increased steadily over the past two CS periods, rising from an annual average of US$2.5 million in 2011-2016 (one operation totaling US$15 million) to US$35 million in 2017-2020 (four operations totaling US$140 million) and US$77 million in 2021-2025 (five operations totaling US$387 million) (Figure 4.3, panel a). Approvals were highly concentrated in the financial institutions business segment (Figure 4.3, panel b), serving only two clients: 53% of total approved financing was directed to a state-owned, non-bank financial institution with whom the IDB Invest had previously worked, and 46% to a new financial institution client. The remaining 1% supported a US$5 million transaction with a new corporate client.

Figure 4.3. IDB Invest approvals

(A) IDB Invest: Approvals by instrument

(B) IDB Invest: Approvals by business segment



Source: OVE, with data from IDB Invest (2025). *Note:* Data as of June 30, 2025. Figures reflect approvals by calendar year. One loan with a financial institution remains on hold.

4.7 **IDB Invest's operations focused on *improving access to finance*, particularly through mortgage lending.** Four out of five period investment approvals supported *access to finance* (EO1.4), aiming to expand mortgage credit for low and middle-income households through a mix of instruments: one senior loan, two social bonds,[35] and one residential warehousing line. Additionally, IDB Invest approved a senior loan to *enhance the competitiveness* (EO1.1) of a pulp and paper company. Advisory services were embedded in every approved transaction, focusing on environmental and social issues and diversification of financial instruments—such as gender and thematic bond issuance readiness—as well as improving information on underserved segments.

4.8 **Despite structural obstacles to generating new transactions, IDB Invest leveraged a long-standing client relationship to achieve the highest amount of long-term approvals among small and island countries during the period.** Interest rate hikes in the US market affected two IDB Invest transactions: an approved US$175 million loan was put on hold, and another planned transaction

35 One of the bonds represented the first thematic bond issue in the English–speaking Caribbean.

did not proceed due to increased financing costs.[36] Additionally, IDB Invest's origination opportunities were limited by its nascent brand recognition in Trinidad and Tobago and the country's small market, which comprises only about 10 large private firms and a handful of major state-owned enterprises, the two largest of which are in oil and gas. IDB Invest sought to address these barriers—common to other small and island (S&I) countries—through its S&I Action Plan and the deployment of local-currency transactions (Box 4.1). Despite these challenges, Trinidad and Tobago recorded the highest approved amount in long-term transactions among S&I countries in the period, representing 27% of all S&I long-term funding approvals.[37]

Box 4.1. Examples of IDB Invest efforts to increase its presence in Trinidad and Tobago

Since 2018, IDB Invest has implemented targeted measures under its S&I Action Plan to address investment barriers in small and island economies. The S&I Action Plan, approved in 2017 and updated in 2020, set a goal of allocating at least 10% of IDB Invest's committed amount approvals to S&I countries[a] and promoted stronger local engagement, greater delegation of authority for smaller transactions, and the use of advisory services to strengthen project preparation. According to interviews, hiring two investment in-country team members (in 2019 and 2020) improved market engagement and client relationships. IDB Invest also established a task force for S&I countries to accelerate project development, strengthen due diligence processes, and ensure alignment with institutional standards.

IDB Invest demonstrated adaptability by deploying local-currency financing. Three of the five local currency approvals in S&I countries since 2016 were in Trinidad and Tobago dollars (TTD), all of which were with a state-owned mortgage financial institution. These transactions were structured through a back-to-back loan with a domestic financial institution, as alternative market-based hedging instruments are not readily available due to limited market depth for local currency.

Source: OVE. *Notes*: [a] S&I countries: The Bahamas, Barbados, Belize, Dominican Republic, Guyana, Haiti, Jamaica, Suriname, and Trinidad & Tobago.

B. CP alignment with the CS objectives

4.9 **Despite the slowdown in IDB approvals, the CP—mainly through legacy loans—included smaller operations and loan components that supported *digitalization* (SO3) and *business environment* (SO1) objectives, but with much less reach than originally expected.** The IDB's legacy portfolio consisted of eight loans: three of them were information systems or business environment related (Single Electronic Window for Trade, Land Registrar and Public Financial Management System); while the remaining ones (~85% of the legacy portfolio's original amounts) either had no connection to business environment or included relatively minor components—10 to 20% of the loan—for digitalization (for example, related to billing in water or clinical histories in health). The CS envisioned IDB Invest's support across all SOs, but its CP focused on supporting the *business environment* (SO1); and opportunities in other areas, such as *digital infrastructure* (EO3.3)[38] did not materialize.

4.10 **Regional and IDB Lab operations complemented support to *business environment* (SO1) and *digitalization* (SO3) objectives.** In small and island

36 Refers to a 2022 loan transaction, which was put on hold due to higher financing costs following U.S. interest rate hikes, and a pending transaction that has not materialized despite being included in the 2021-2024 CPDs.

37 Long-term transactions at IDB Invest refer to financing operations with repayment periods typically exceeding five years.

38 The CS did not provide a definition of digital infrastructure. For this ICPR, OVE defined it as broadband and cybersecurity systems that expand connectivity, improve access, and strengthen data protection.

economies, regional operations may play an important role in addressing shared constraints. In Trinidad and Tobago, four IDB regional TCs and one grant sought to support the *digital delivery of services* (SO3) through institutional modernization, digitalization, or data integration in sectors like tourism, health, and water resource management. Concurrently, six IDB Invest regional operations primarily supported the *business environment* (SO1) through initiatives aimed at expanding access to finance and enhancing private sector productivity. A regional operation—the largest IDB Invest transaction in S&I countries—supported the modernization of logistics and retail activities of a regional conglomerate based in Trinidad and Tobago. Five IDB Lab operations piloted innovative solutions, supporting the *business environment* (SO1) and *digital delivery of services* (SO3). Projects aimed to foster creative industries, enhance SME competitiveness in the cocoa value chain, promote green fintech through a tokenized credit system, and introduce digital traceability tools and GIS mapping to improve data management and ecosystem planning. In addition, with co-financing from the European Union, IDB Lab approved the "Shaping the Future of Innovation" program—its largest operation in Trinidad and Tobago—to catalyze innovation-led growth in the non-energy sector. The program provided grants and technical assistance to SMEs, supported applied R&D internships to increase links between universities and firms, and helped establish a national innovation network.[39]

4.11 **By contrast, the CP provided lower support to *expanding educational and digital skills* (SO2), due to the non-approval of planned loans and the absence of legacy operations.** The IDB had no legacy portfolio in the education and digital skills area. A new loan to improve the quality of secondary education—Schools for Globally Competitive Citizens (TT-L1067)—has reached advanced preparation stages but has not been approved as of November 2025. One of the two IDB loans approved in the period—Program to Accelerate Digital Transformation (TT-L1061/2023)—had a small component to expand digital capabilities in the private sector and higher education, but it was insufficient to meaningfully advance the objective. The CP also included five TCs that funded studies linked to the objective.[40] The level of CP support to the different CS objectives—associated with its ex-ante feasibility of contribution, or alignment with the respective objectives—is summarized in Table 4.2.

[39] In line with OVE's Country Product Protocol, Regional and IDB Lab operations were not included in the CP financing analysis or operation totals. For a complete list of operations, refer to Annex I.IV.

[40] These TCs supported curriculum modernization, digitalization of vocational training systems, preparatory work for digital secondary schools, and initiatives promoting digital inclusion (see Annex II).

Table 4.2. CP alignment with CS objectives: US$ million (number of operations)

Strategic Objective (SO)	Alignment with EOs ● = Strong ● = Weak	Legacy operations			Review period approvals			Total [/a]
		IDB Loans	IDB Invest loans	Non-reimbursable	IDB loans	IDB Invest loans	Non-reimbursable	
Strategic Area 1: Promoting digitalization to support economic transformation								
SO1. Improving the **business environment** to enable digital transformation	●●●●	$76.5M (5)	$0M [/b] (4)	$0.5M (4)	$42M (1)	$386.6M (5)	$5.4M (19)	$511.1M (38)
SO2. Expanding the use of digital tools for improving **educational and digital skills** outcomes	●●			$0.2M (1)	$42M (1)		$0.9M (4)	$43.1M (6)
SO3. Enhancing the **digital delivery of services**	●●●●	$111.5M (7)		$1.9M (9)	$122M (2)		$6.0M (22)	$241.3M (40)
Total [/c]		$111.5M (8)	$0M (4)	$2.3M (12)	$122M (2)	$386.6M (5)	$10.8M (42)	$633.2M (73) [/d]

Source: OVE, with data from the IDB (2025) and IDB Invest (2025). *Notes:* Number of operations in parentheses. The color of each row indicates alignment strength: yellow (weakness present) and green (no weakness). Each colored circle represents an EO. [a] Operations aligned with more than one SO are duplicated in each row but counted only once in the totals. Totals reflect full operation amounts (total approved amount for period approvals and undisbursed amount for legacy operations). The total does not report component-level budget allocations; therefore, an operation may appear under an SO even if only a small subcomponent is related to that objective.[b] Operations included as part of the portfolio because they prepared an XSR during the evaluation period, but had no pending disbursements. [c] The two CCLIPs approved during the period are excluded. [d] Includes nine operations not aligned with any CS SO.

4.12 **Lastly, nearly one-third of total CP financing was misaligned with the CS objectives.** Five IDB investment loans were formally classified as aligned to CS objectives due to their inclusion of digitalization components, although their main sectoral objectives fell outside the CS scope.[41] These operations in health, social protection, urban development, and water and sanitation mostly financed NCD prevention activities and infrastructure works—such as wastewater treatment plants, water distribution networks, urban regeneration, and housing construction. Together, these five loans accounted for about a third of total CP financing, yet only a small share of their resources directly supported the CS objectives.[42]

C. CP design

4.13 **IDB Invest deployed a broader mix of instruments to support CS objectives than the IDB, yet its narrow focus on *access to finance* (EO1.4) reduced the expected cross-window collaboration.** IDB Invest deployed a diverse mix of instruments—including five senior loans, two thematic bonds, one guarantee, one warehousing facility, and advisory services—but focused its support to only two

41 In addition, nine operations (0.2% of the total CP financing) were not linked to any CS objective, including one COVID-19 support loan, seven TCs, and one advisory service.

42 This includes loans TT-L1026/2012 (Wastewater Rehabilitation Program) TT-L1055/2022 (Water Sector Transformation Program), TT-L1056/2020 and TT-L1057/2020 (Urban Upgrading and Revitalization Program), and TT-L1039/2014 (Health Services Support Program). Together, these five loans totaled US$487 million in approved financing. Based on their financial information, OVE estimates that approximately 80 to 90% of their originally approved resources were not aligned with CS objectives.

EOs: *access to finance* (EO1.4) and marginally to *digital payments* (EO1.3).[43] IDB also supported these EOs, but there was little coordination beyond information exchange or technical dialogue between IDB and IDB Invest;[44] falling short of the CS's goal of cross-window collaboration. The IDB worked across all three strategic objectives but used only two instruments: investment loans and TCs. TCs financed a broad range of activities (Box 4.2)—including policy dialogue, institutional strengthening, and outreach—but they were generally insufficient to advance objectives on their own.

Box 4.2. IDB TC support across types of activities

IDB TCs supported a diverse range of activity types, primarily: **policy and regulatory reforms** (51%)—such as modernizing regulatory frameworks and governance models; **institutional strengthening** (38%)—including upgrades to systems, processes, and technical capabilities; and **outreach and dissemination** (36%)—promoting stakeholder engagement and public awareness (Annex I.IV). The examples below illustrate how these activities supported specific CS objectives.

Policy and regulatory reform: TT-T1087/2020 aimed to promote renewable energy by developing a licensing framework and reviewing the Regulated Industries Commission Act, which was necessary for integrating utility-scale solar into the national grid, aligned with *diversifying the energy mix* (EO1.2).

Institutional strengthening: TT-T1139/2023 aimed to support the Ministry of Health and Regional Authorities in developing a digital health strategy and strengthening governance and cybersecurity, aligned with *strengthening institutional capacity* (EO3.4).

Outreach and dissemination: TT-T1103/2021 sought to engage stakeholders in the Blue Economy through workshops and a national ideas competition in Tobago to identify sustainable projects, aligned with *private sector competitiveness* (EO1.1); while TT-T1119/2022 aimed to promote public awareness and collaboration through the televised "Developer's Hub Award" which encouraged digital solutions for government challenges, aligned with *digitalization of the public sector* (EO3.1).

4.14 **The CP had a high integration of cross-cutting themes (CCTs), consistent with CS expectations.** Overall, 84% of operations incorporated at least one CCT. *Institutional capacity and rule of law* (59%) and *gender equality and diversity* (57%) were the most frequently integrated, while *climate change and disaster risk management* (48%) had lower incorporation (Annex I.IX). The *institutional capacity and rule of law* CCT was incorporated in most operations supporting the *digital delivery of services* (SO3),[45] consistent with the CS emphasis on digitalization and governance.[46] *Institutional strengthening* was both a CCT and an expected outcome (EO3.4 *improved institutional capacity*), yet its wide inclusion across the portfolio suggests it was treated primarily as a CCT. *Gender equality and diversity*

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43 Two IDB Invest transactions with financial institutions sought to support the implementation of the institutions' digitalization program (such as a virtual card and digital wallet), supporting *improved digital payments* (EO1.3). However, their primary objectives were to expand MSME and housing lending.

44 OVE identified only three examples of cross-window coordination during the period. First, an IDB Invest advisory service to strengthen the corporate governance of a protected area in Tobago, which was implemented in coordination with an IDB regional TC (RG-T3496/2019). Second, a TC to incentivize entrepreneurs to tackle public sector challenges included a pitch designed by IDB with support from IDB Invest (TT-T1119/2022). Third, under TT-T1115/2022 ("Smart Town Arima"), which aimed to design a smart urban regeneration project, IDB Lab partnered with the IDB to support e-commerce and entrepreneurship training for MSMEs.

45 All EOs under SO3 (EO3.1-EO3.4) incorporated the institutional capacity theme, with inclusion rates ranging from 89% to 100%.

46 For example, the CP includes the loan TT-L1061/2023 (Digital Transformation Agenda), which aims to strengthen the Ministry of Public Administration and Artificial Intelligence through capacity building and strategies for the digital delivery of services. It also includes TCs that support training and development plans to enhance capacity in key government agencies.

was widely integrated across the portfolio, especially in the education and digital agenda.[47] *Climate change* integration was most prominent under the *business environment* (SO1) objective, where all the operations that aimed to *diversify the energy mix* (EO1.2) addressed climate-related issues, consistent with CS expectations. Operations in urban development and environment (mostly aligned with SO3) also integrated the CCT.[48] Overall, CCT incorporation reflected CS expectations, extending to objectives beyond those originally envisioned.

V. COUNTRY PROGRAM IMPLEMENTATION

5.1 **This chapter examines the implementation of the CP and its performance in supporting the CS objectives.** The analysis covers the relationship between annual programming and approvals, cancellations, and reformulations, as well as the pace of disbursements and the duration and cost of loan preparation and execution. Based on this, the main execution challenges are identified as well as the actions taken by the IDB Group to address them.

5.2 **Programming of IDB and IDB Invest loans was challenging, while technical cooperation was more predictable.** All IDB loans approved during the period were anticipated in Country Programming Documents (CPDs) but their approvals were all one to two years after initially expected. Four planned investment loans—including one results-based loan—and one PBL were dropped, despite reaching an advanced preparation stage, because the government chose not to proceed, affecting *business environment* (SO1) and *educational and digital skills* (SO2) objectives.[49] TC programming was more predictable, with 66% of programmed TCs being approved. Thirty-seven percent of TCs approved during the period were not foreseen in CPDs, reflecting the IDB's flexibility in responding to emerging government priorities as well as efforts to sustain dialogue in potential lending areas, such as digital innovation, education, and decarbonization. For IDB Invest, business development efforts were shaped by client demand and market conditions. Five operations were approved during the period despite not being planned, while the only transaction planned in three consecutive CPDs did not advance to approval due to unfavorable market conditions.[50]

5.3 **Cancellations were minimal but disproportionally affected the CP's support to the *digital delivery of services* (SO3).** Overall, cancellations during the review period represented less than 8.3% of the IDB CP (US$20.4 million), with no full cancellations. IDB cancelled 32% of one investment loan—the Public Financial Management System Program (TT-L1042/2015). The cancellation affected the *digital delivery of services* objective (SO3), preventing the completion of pilots for

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47 Operations supporting *digital competence* (EO2.1, 80%) and *data access* (EO3.2, 89%) had the highest integration of this CCT. The CP also included two TCs on gender-based violence prevention (TT-T1113 and TT-T1091).

48 Examples include TCs to promote the Blue Economy (TT-T1103), strengthen early warning systems (TT-T1116), and pilot a blue carbon credit scheme (TT-T1141), as well as the urban upgrading program (TT-L1056/TT-L1057), which financed resilient infrastructure and green building technologies.

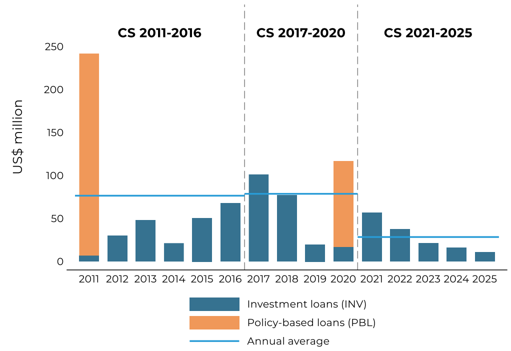
49 The four prepared investment loans planned in CPDs were TT-L1065 (green hydrogen), TT-L1067 (education quality), TT-L1068 (trade facilitation), and TT-L1069 (climate resilient infrastructure). The planned PBL was the second in a programmatic series to support the COVID-19 response (TT-L1062).

50 The planned IDB Invest transaction was with a financial institution and appeared in the 2022, 2023, and 2024 CPDs, but did not materialize due to U.S. interest-rate hikes.

the implementation of the Integrated Financial Management Information System.[51] No IDB Invest operation was canceled during the period.

5.4 **IDB loan disbursements fell sharply relative to the previous two CS periods, driven by fewer approvals and the depletion of the legacy portfolio.** Annual average disbursements declined by 64%, from US$78.8 million in 2017-2020 to US$28.5 million in 2021-2025 (Figure 5.1). Excluding PBLs, as none were approved during the period,[52] average annual loan disbursements declined by 47%, from US$215.2 million to US$53.8 million. This decrease reflected the gradual depletion of the legacy portfolio and a decrease in approvals.[53]

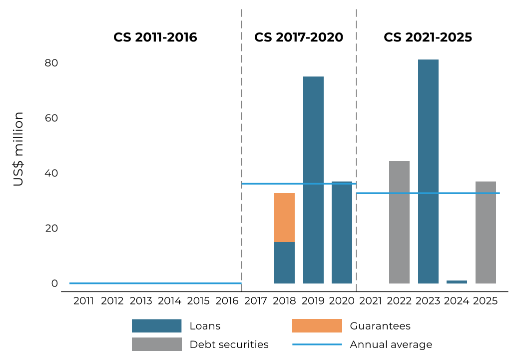
Figure 5.1. IDB loan disbursements



Source: OVE, with data from the IDB (2025). *Note:* Data as of June 30, 2025. Figures reflect disbursements by calendar year.

5.5 **Despite a doubling of approvals during the period, IDB Invest disbursements remained similar because one large transaction did not reach financial closure, a second faced execution delays, and a third—a thematic bond—did not require full disbursement.** Average annual disbursements declined only slightly, from US$36.1 million in the previous period to US$32.7 million in 2021-2025 (Figure 5.2). An operation was put on hold due to pricing constraints, and a second transaction faced external shocks that hindered disbursements. On the other hand, the third largest operation—a thematic bond—attracted other investors, reducing the need for IDB Invest participation.

Figure 5.2. IDB Invest disbursements



Source: OVE, with data from the IDB Invest (2025). *Note:* Data as of June 30, 2025. Figures reflect disbursements by calendar year.

5.6 **IDB loan preparation times increased relative to the previous period and exceeded both IDB and Caribbean Country Department (CCB) averages, posing a major challenge.** Average preparation times nearly doubled to 36.2 months versus the prior period, compared with 19.2 months in the CCB region and

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51 In 2021, before the review period, three legacy investment loans (TT-L1034, TT-L1044, and TT-L1042) were reformulated to support the government's COVID-19 response. These adjustments redirected about 24% of their combined resources (US$24.4 million) to emergency measures and reflected the Bank's adaptability to emerging priorities. However, the reallocation of undisbursed resources in some operations limited progress toward outputs linked to the *digital delivery of services* (SO3). See Annex I.

52 PBLs accounted for 51% of disbursements in 2011–2016 and 32% in 2017–2020.

53 The legacy portfolio comprised eight investment loans with a total undisbursed balance of US$115.5 million at the start of the period. Most were at advanced stages: five operations—representing 57% of the undisbursed balance—were already over halfway disbursed (averaging 67%) and completed disbursements during the period. Of the remaining three, one was a fast-disbursing COVID-19 loan (TT-L1060/2021), which fully completed disbursements within 14 months, while the two loans approved in 2020 (TT-L1056, TT-L1057) had reached 29% and 65% disbursement, respectively, by June 2025.

15.3 months IDB-wide. According to interviews, these lengthy processes—driven by extensive internal reviews, safeguard compliance, and complex coordination with government counterparts—have discouraged authorities from working with the IDB relative to other partners.[54] To address this, the Bank structured the two investment loans approved during the period under CCLIP frameworks, designed to accelerate future preparation by establishing pre-approved programs. The CCLIP operations in water and digital transformation (TT-L1055/2022 and TT-L1061/2023), took 62 and 39 months to prepare, respectively, as they were required to complete the full approval process.[55] Now in place, these frameworks are expected to make future operations more efficient by eliminating the need of some standard preparation and approval steps.[56]

5.7 **IDB loan execution times increased, with extensions longer than in the previous period and above Caribbean Country Department and IDB averages.** Average execution times increased by nearly four months—from 86 months in 2017-2020 to 90 months in 2021-2025. However, excluding the rapidly implemented COVID-19 Social Protection Loan (TT-L1060/2021),[57] execution would have increased by almost 20 months, reaching 105.9 months—well above the CCB (81) and IDB (85.9) averages, underscoring persistent implementation bottlenecks.[58] Project extensions also lengthened[59]—from 25.8 to 33.7 months—above the CCB (28.4) and IDB (24.1) averages, with nearly all closed loans requiring extensions, except for the COVID-19 Social Protection Loan. Among them, the Wastewater Rehabilitation Program (TT-L1026/2012) experienced the longest extension (88 months), mainly due to procurement challenges and pandemic-related disruptions.[60] The loans to strengthen information management at the Registrar General's Department (TT-L1034/2013) and the Electronic Window for Trade (TT-L1044/2015) also experienced extensions of 37 and 36 months, respectively, reflecting weak inter-agency coordination, high staff turnover, and procurement challenges. Among ongoing operations, the Health Services Support Program (TT-L1039/2014) required a 48-month extension.[61] Moreover, the uneven progress among components of the Urban Upgrading and Revitalization Program (TT-L1056/2020 and TT-L1057/2020), though not yet

54 In some interviews, technical counterparts indicated that these procedures were valued for strengthening project design and safeguard quality in large and complex operations such as those in water infrastructure, health, and urban development.

55 First operations under a CCLIP are more complex, as they require approval of both the program framework and the initial loan. In the case of the Water Sector Transformation Program (TT-L1055/2022), preparation was further delayed by pandemic disruptions and shifting government priorities.

56 Subsequent CCLIP operations skip stages—such as the Project Profile and Eligibility Review Meeting—thereby streamlining preparation and approval (See CCLIP Guidelines, document GN-2246-15).

57 TT-L1060 was executed over a period of 26 months, from Board approval to operational closure.

58 Additionally, PMR classifications show that only 20% of loans were rated as in "problem" and 40% as in "alert" at some point during implementation, and underlying indicators suggest persistent delays in disbursements and schedule execution (see Annex I.VII).

59 By contrast, most TCs—94% of which were executed directly by the IDB, as is common across countries—had shorter execution periods and fewer extensions (36%).

60 TT-L1026 was delayed by contractor cash flow problems after underbidding, compounded by pandemic-related extensions and higher costs due to remote work and supply chain disruptions.

61 TT-L1039 faced delays in setting up the implementation unit, procurement challenges, pandemic disruptions, and staff turnover, though progress has stabilized since 2022.

extended, suggests a risk of future delays.[62]

5.8 **Preparation expenses surpassed regional averages due to a high number of prepared loans that were not approved, while implementation expenses remained in line with regional benchmarks.** Preparation expenses decreased from US$35,899 per million approved in 2017-2020 to US$14,833 in 2021-2025, mainly due to much lower approvals spread over a relatively fixed cost structure. However, they remained above the IDB average (US$6,974) and CCB average (US$11,610). The persistence of high costs stems from the inclusion of expenses for loans that were ultimately not approved: only two of the seven loans that incurred preparation expenses during the period were approved.[63] In contrast, implementation expenses rose from US$18,228 to US$28,837 per million disbursed, below CCB (US$45,935) and in line with IDB's average (US$25,057).[64]

5.9 **Execution staff turnover, procurement, and coordination challenges were the main implementation bottlenecks.** The most common challenge, reported in 60% of IDB loans, was frequent staff turnover in executing units and central agencies, which eroded institutional memory and required repeated onboarding and training.[65] Weak inter-agency coordination, affecting 50% of IDB loans, also delayed implementation, particularly in projects involving multiple ministries or levels of government, such as those related to urban upgrading, social services, and some digital platforms.[66] Challenges in procurement—reported in 50% of loans—slowed down implementation (Box 5.1). These types of execution capacity issues have been historically recurrent in Trinidad and Tobago, as reflected in the previous CPE (document RE-495-3) and ICPR (document RE-555-3), and are, in great part, structural to a small-state context. External shocks, including the COVID-19 crisis, affected about 60% of investment loans. Lastly, changes in government priorities and project design weaknesses also contributed to implementation delays.

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62 Progress under the urban regeneration component—implemented as a Global Multiple Works Operation (GOM)—has been delayed due to tenant relocation issues at the initial site and pending Ministry approval for an alternative location. While the GOM modality allows flexibility in defining subprojects during execution, this feature can also slow implementation when unforeseen challenges arise.

63 Preparation expenses cover all project costs before Board approval (see Annex I.VII). Four planned loans reached advanced design stages but were not approved. TT-L1071 (Water Transformation Program – Phase II) began preparation during the period but is still at an early stage.

64 Execution expenses correspond to those incurred after approval (see details in Annex I.VII). Preparation and execution expenses during the previous CS period (2017-2020) were lower partly due to COVID-19 restrictions, which reduced travel and in-person mission expenses.

65 These execution capacity challenges were often tied to a scarcity of skilled personnel in the country, leading to the overburdening of a few, well-qualified staff who were assigned many responsibilities.

66 Coordination challenges in the Urban Upgrading Program (TT-L1056/2020 and TT-L1057/2020) arose as the Ministry of Housing had to work with multiple agencies to deliver key outputs, such as electrification and water connections, that were outside its mandate.

Box 5.1. Procurement challenges in the IDB loan portfolio

Procurement challenges have persisted across multiple strategy periods in Trinidad and Tobago. Procurement issues continued to affect about half of IDB loans during the period, with legacy projects particularly impacted by delays. Three main issues were observed:

- **Limited competition:** The small size of the local market, low value of contracts, and high transaction costs for international firms often led to few qualified bidders, particularly for specialized or large-scale works. In the Urban Upgrading and Revitalization Program (TT-L1056/2020; TT-L1057/2020), numerous small contracts and limited familiarity with IDB procedures resulted in prolonged procurement cycles and repeated rebidding.
- **Institutional capacity constraints:** Executing agencies often lacked sufficient staff or experience managing complex procurement, especially for technology projects, which led to prolonged negotiations and implementation delays. The Single Electronic Window for Trade (TT-L1044/2015) faced multi-year delays negotiating the Port Community System contract, resulting in delayed implementation and reduced capacity to achieve the planned outcomes.
- **Complex procedures:** Project procurement processes were often lengthy and underestimated during design, particularly for digital systems requiring extensive technical qualifications and supervision. The Integrated Financial Management Information System (TT-L1042/2015) procurement required a dedicated consultant to manage continuous revisions. Similar challenges arose in the Single Electronic Window for Trade project (TT-L1044/2015), where the design underestimated the time needed to procure large consultancies in the country.

These challenges stem not only from project-specific issues but also from systemic weaknesses in the national procurement framework, which is now undergoing gradual reform with the support of the IDB and CAF. Until April 2023, procurement was centralized under the Central Tenders Board, creating bottlenecks across public entities. The 2015 Public Procurement and Disposal of Public Property Act—effective since 2023—decentralized processes, allowing all public bodies to conduct their own procurement, but the transition remains ongoing and continues to cause delays. The IDB is supporting this reform through a TC (TT-T1159/2024) developing an e-procurement roadmap and supporting change management activities, while CAF assists the Office of Procurement Regulation with training. More broadly, the IDB's CCB and Financial Management Services and Procurement division are currently preparing a study to analyze regional procurement challenges and identify measures to improve agility and harmonization across countries.

Source: OVE based on interviews, project documentation, and CAF 2025; OAS 2023; Ministry of Finance 2015.

5.10 **To address these challenges, the IDB and IDB Invest combined capacity-building initiatives, operational support, and expanded local presence.** The IDB utilized TCs to facilitate loan execution and strengthen institutional capacity through project preparation, technical studies, and capacity-building activities for executing agencies. The Country Office also offered training on procurement, project management, infrastructure, and monitoring and evaluation for executing units and relevant institutional stakeholders. In addition, a specialized team provided hands-on support in resolving procurement and project management bottlenecks.[67] Complementing these efforts, IDB Invest provided advisory support on thematic bond structuring and flexible covenants. Both IDB and IDB Invest expanded their in-country presence during the period: the IDB maintained specialists in health, water and sanitation, and trade to support loan implementation and policy dialogue, while IDB Invest increased its local staffing to deepen client engagement and enhance portfolio supervision (Annex I.VII). Interviews with counterparts consistently underscored the value of the IDB Group's local presence, noting that staff across sectors with active loan operations play a central role in supporting implementation and helping counterparts navigate execution challenges. Their accessibility and responsiveness were highlighted as key factors enabling faster problem-solving and smoother coordination.

67 The implementation support team is composed of expert project management, procurement, and infrastructure consultants.

5.11 **Learning from previous operations helped improve project design in both IDB and IDB Invest portfolios, with positive effects on implementation, monitoring, and evaluation.** For IDB Invest, experience from earlier mortgage operations informed subsequent projects with the same client, refining results matrices to better align them with client financial management practices and strengthen results tracking. For IDB, lessons from the legacy Wastewater Rehabilitation Program (TT-L1026/2012) were applied to the Water Sector Transformation Program (TT-L1055/2022). The earlier project, implemented by the Water and Sewerage Authority (WASA) staff, alongside their regular duties, exposed capacity constraints and the need for a dedicated project management structure. The new operation adopted a sub-execution arrangement, with the Ministry of Public Utilities overseeing overall management and procurement, while WASA served as a sub-executing agency responsible for technical implementation. Procurement challenges in the first operation also underscored the importance of a stronger pre-investment phase, prompting earlier technical studies and more rigorous procurement planning under the new loan. These adjustments improved execution capacity and adherence to the disbursement schedule, but implementation has slowed as the new government (May 2025) reassesses priorities. It is too early to assess the results of these improvements.

VI. COUNTRY PROGRAM CONTRIBUTION

6.1 **This chapter provides an overview of the CP's contribution to CS objectives.** The analysis encompasses all operations under the CP and is based on both internal and external sources, including the IDB Group's databases and progress and completion reports, as well as interviews with operation heads, sector specialists, and fiduciary and procurement staff. Evidence was complemented with findings gathered during a field mission to Trinidad and Tobago in July 2025, which included interviews with key counterparts—government representatives, executing agencies, beneficiaries, and clients—and site visits to ongoing and recently closed projects.[68] Following the ICPR Guidelines, the analysis applied a hierarchical approach: first assessing each operation's contribution to its aligned EO, then aggregating these to determine each EO's contribution and, finally, deriving the overall contribution to each SO from its associated EOs. This chapter summarizes the CP's contribution to each SO and EO (analyzed in detail in Annex II).

6.2 **In line with OVE's Country Product Protocol (document RE-348-8), this ICPR reports results and contributions up to its closing date.** Country products assess the IDB Group's contribution to the CS objectives by analyzing outputs, outcomes, and, when possible, impacts, with a primary focus on outcomes. Since these results are influenced by multiple factors, the analysis is limited to reporting the IDB Group's contribution. This contribution is presented as of June 30, 2025, the closing date of this ICPR. The chapter also identifies key factors behind higher and lower contributions; and reports on contributions beyond the CS scope in areas where the IDB Group remained active despite their exclusion from the CS.

6.3 **The CP's strongest contributions were to *improving the business environment* (SO1) and *expanding digital delivery of services* (SO3), while the contribution was low towards *expanding educational and digital skills* (SO2).** The CP was considered in its entirety, but its contribution depended on its

[68] This section summarizes the detailed contribution analysis contained in Annex II.

maturity. About 29 operations (6 IDB loans, 19 TCs, and 4 IDB Invest transactions) completed disbursement; 2 legacy loans remained in execution; and 23 operations approved in this period were mature enough to be expected to yield results (17 TCs, 2 IDB Invest operations, and 4 advisory services) (Table 6.1).

Table 6.1. Country Program contribution to SOs and EOs

Strategic Objective (SO)	Contribution	Contribution to Expected Outcomes (EOs) 🟢 = High 🟡 = Medium 🔴 = Low
SO1. Improving the **business environment** to enable digital transformation	Medium	🟡🔴🟡🟡
SO2. Expanding the use of digital tools for improving **educational and digital skills** outcomes	Low	🔴🔴
SO3. Enhancing the **digital delivery of services**	Medium	🟡🟡🔴🔴

Source: OVE. *Note*: Each colored circle represents an EO.

6.4 **The CP's higher contributions were driven by three factors: (i) a sufficiently mature loan portfolio; (ii) a long-standing local operational presence; and (iii) a focused approach anchored on a digital transformation roadmap.** First, mature legacy loans in social protection, urban development, health, water and sanitation, and trade delivered tangible results during the period. For example, the Single Electronic Window for Trade (TT-L1044/2015) reduced import times and improved trade facilitation efficiency, contributing to *private-sector competitiveness* (EO1.1). Second, long-standing operational presence and local support strengthened design, execution, and adaptability. IDB Invest's sequenced operations with the same state-owned mortgage lender expanded mortgage lending and incorporated lessons from earlier transactions. The local presence of IDB specialists also facilitated problem-solving, as in the Health Services Support Program (TT-L1039/2014), where savings were reallocated to expand PAHO's clinical record system after the Government opted to self-finance the original digital component, contributing to *digitalization of the public sector* (EO3.1). Lastly, a focused approach anchored on a digital transformation roadmap—targeting specific institutional and service-delivery challenges—supported contributions to *digital delivery of services* (SO3). The Wastewater Rehabilitation Program (TT-L1026/2014) introduced digital billing and remote monitoring; the Urban Upgrading and Revitalization Program (TT-L1056/TT-L1057/2020) applied GIS mapping to manage public assets; and the Registrar General's Department Modernization (TT-L1034/2013) cut property search times through digital tools. In these cases, digital transformation served as the organizing rationale for reform.

6.5 **Lower contributions were associated with three factors: (i) low program maturity, (ii) absence of operations with sufficient scope or reach, and (iii) lack of evidence of results.** Contributions were lower to the objectives of programs that lacked mature operations, such as *digital infrastructure* (EO3.3) and *digital competences* (EO2.1), programs that relied primarily on TCs and to the objectives of a recently approved loan that had yet to show results. The absence of operations with sufficient scope or reach constrained progress towards *diversifying the energy mix* (EO1.2) and *reducing SEA repeaters* (EO2.2), both of which were only supported through TCs. Finally, limited evidence undermined the ability to demonstrate contributions to *improved institutional capacity* (EO3.4), as many operations lacked outcome indicators to measure progress.

SO1. Improving the business environment to enable digital transformation

6.6 **The CP had a medium contribution to *improving the business environment* (SO1), reflecting progress in *private sector competitiveness* (EO1.1), *digital payments* (EO1.3), and *access to finance* (EO1.4).** The IDB Group's main contribution to *private sector competitiveness* (EO1.1) was through the Single Electronic Window for Trade (SEW, TT-L1044/2015),[69] which expanded digital services from 37 to 48 (e.g., new modules for manufacturer and product registration) and reduced the time to import from 8.8 to 5.5 days. However, export time gains were limited due to incomplete interoperability, as key systems such as customs and border agencies were not fully integrated following a reformulation that redirected funds to the COVID-19 response.[70] Two legacy IDB loans in trade and water included components that *improved digital payments* (EO1.3). The SEW advanced the Electronic Funds Transfer framework for online payment processing, which provided the government with the policy framework to implement online payments for the SEW and across ministries.[71] Meanwhile, the Wastewater Rehabilitation Program (TT-L1026/2012) introduced a digital billing system with full customer coverage and online payment, though its link to the business environment objective was indirect, weakening its contribution. Finally, contributions to *improve access to finance* (EO1.4) came primarily through an IDB Invest loan to one of the country's largest financial institutions, to expand its MSME portfolio—accounting for about 3% of total commercial lending during the period. In addition, IDB Invest carried out five transactions with a long-standing state-owned mortgage lender to expand housing finance for low- and middle-income households, through various financing instruments.[72] Although the transactions increased access to housing finance—accounting for ~9% of the residential real estate market during the period—their performance fell short of targets with a smaller increase in the relevant portfolio. Furthermore, their link to improving the business environment was tangential, limiting their contribution to the objective.[73] Complementing these interventions, the IDB Lab's operation, Shaping the Future of Innovation (TT-G1002/2020), supported the objective by awarding innovation grants to 77 enterprises—primarily SMEs—for the implementation of innovative products, services, and business models.[74]

6.7 **The CP had a low contribution to *diversifying the energy mix* (EO1.2), reflecting its limited scope on preparatory work.** Support consisted of three TCs on enabling conditions for decarbonization through technical studies,

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69 TCs also supported this EO with technical guidance for venture capital valuation models (TT-T1138/2023), and preparatory studies and PPP structuring for the Port of Spain, now at feasibility and bidding stages (TT-T1126/2022 and TT-T1134/2022). While these efforts aimed to support the enabling environment, results remain pending due to limited implementation and follow-up investment (Annex II).

70 Implementation of the Port Community System (PCS) was affected by budget cuts during the loan's reformulation after the Covid-19 pandemic, and by subsequent procurement and contracting delays.

71 A TC and IDB Invest senior loan also supported EO1.3 but did not present results. An IDB Invest subordinated loan supported the implementation of a mobile wallet.

72 IDB Invest support included a warehousing facility to ease short-term liquidity pressures, a guarantee to unlock bond issuance, a senior loan, and two social bonds (including one with a gender focus). Two of these transactions prepared an XSR during the period and the other three were approved in the period.

73 The IDB approved a loan operation and three complementary TCs focused on broader access-to-finance initiatives, but they remain in early implementation or have yet to produce results (Annex II).

74 The program also provided technical support to more than 4,000 firms and facilitated the placement of 21 research associates with 19 enterprises to develop applied research and innovation projects.

regulatory reviews, and prefeasibility analyses.[75] The main outcome was the development of a renewable energy licensing framework and legal review (TT-T1087/2020), which enabled the country's first utility-scale solar power purchase agreement and solar plant—an important milestone for the energy transition.

SO2. Expanding the use of digital tools for improving educational and digital skills outcomes

6.8 **The CP had a low contribution to *improving educational and digital skills* (SO2) as operations to *improve digital competences* (EO2.1) and *reduce SEA repeaters* (EO2.2) were either too recent or limited in scope.** Support for *improving digital competences* (EO2.1) included one loan and four TCs. The Program to Accelerate Digital Transformation (TT-L1061/2023) sought to expand digital capabilities in the private sector and higher education, but with only 5% disbursed, results are not yet observable. Complementary TCs lacked direct interventions on digital skills or remained small-scale pilots, limiting their contribution to the objective. Additionally, the IDB Lab operation Tamana Technology Factory (TT-T1107/2021) supported this objective by training 100 vulnerable youth in animation and increasing the share of skilled animators in the local market by 20% from a baseline of zero, reaching its targets. Efforts to *reduce SEA repeaters* (EO2.2) were limited in scope. A planned loan focused on improving the quality of secondary education and developing a new STEM-oriented curriculum (TT-L1067) reached advanced preparation stages but has not yet been approved. One TC (TT-T1074/2019) supported the design of an early childhood education loan (TT-L1053), which was later dropped at the government's request. While potentially supportive of school retention, it had no direct link to reducing repetition in secondary education.[76]

SO3. Enhancing the digital delivery of services

6.9 **The CP made a medium contribution to enhancing the *digital delivery of services* (SO3), with most progress in *public-sector digitalization* (EO3.1) and *data production and access* (EO3.2), on which the IDB had a strong legacy loan portfolio.** Several legacy loans pursuing sectoral goals in water and sanitation, urban development, trade, public financial management, and health embedded digital components that advanced both the *digitalization of the public sector* and *data production and access*. The Wastewater Rehabilitation Program (TT-L1026/2012) introduced a digital billing platform for all customers and remote monitoring for two wastewater treatment plants, improving operational efficiency. The Urban Upgrading and Revitalization Program (TT-L1056/2020; TT-L1057/2020) enhanced data availability through a nationwide squatter survey and an electronic real estate management system to track public assets. The Health Services Support Program (TT-L1039/2014) digitized patient records in 40% of health centers and expanded PAHO's Surveillance and Perinatal Information Systems (SIP) nationwide—a clinical record system for women's health services—improving data collection and reporting at clinics and generating aggregated health

75 In 2023, the IDB prepared a loan to scale up renewable energy through green hydrogen production (TT-L1065). The operation did not move forward to approval due to a shift in government priorities.

76 Other TCs supported the education sector, though not directly aligned with CS objectives, including initiatives on early childhood assessment, hybrid learning, and STREAM curriculum updates (Annex II).

information.[77] The SEW (TT-L1044/2015), launched an online platform to streamline and automate trade- and business-related government services. The Registrar General's Department Modernization (TT-L1034/2013) supported the digitalization of records, which reduced the number of days required to complete an instrument search from 11 to one day, though plans for an automated land administration system were not completed.[78] In contrast, the Integrated Financial Management Information System (TT-L1042/2015), had limited results due to delays, cancellations, and shifting government priorities.[79]

6.10 **The CP's contribution to *improving digital infrastructure* (EO3.3) and *institutional capacity* (EO3.4) was low, constrained by the limited scope and reach of the program and a scarcity of evidence on results.** Two TCs supported *digital infrastructure* (EO3.3), including the design of a "smart town" initiative in Arima and the installation of Wi-Fi at the General Hospital and Health Center (TT-T1115/2022), as well as the preparation of a national connectivity plan (TT-T1127/2022).[80] While relevant, these projects lacked sufficient reach to substantially advance this objective. Efforts to *strengthen institutional capacity* (EO3.4) were widespread, with nearly half of the CP operations supporting this objective. However, their contribution was difficult to assess due to the absence of outcome indicators to track progress.[81]

Other contributions beyond the CS scope

6.11 **The CP achieved important contributions in health, social protection, water and sanitation, and urban development—areas outside the CS's focus on digital transformation.** These legacy operations delivered service and infrastructure improvements addressing development challenges, reflecting the IDB Group's continued engagement in these sectors.

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77 A component to implement an e-Health Information Management System (e-HIMS) connecting all clinics and Regional Health Authorities was removed in 2016 after the Government opted to self-finance it (currently under execution). Using savings from other components, the loan redirected resources to expand the SIP nationwide. It also supported strengthening data collection.

78 The system was not completed due to procurement delays, partial reformulation during the COVID-19 pandemic, and challenges integrating with other land data systems.

79 Five TCs supported digital innovation, including a GovTech challenge (TT-T1119/2022), transport data systems (TT-T1099/2021), cybersecurity plans (TT-T1137/2023), early childhood education skills assessment (TT-T1074/2019), and labor market diagnostics (TT-T1129/2022). See Annex II.

80 Approved in 2023, the Program to Accelerate Digital Transformation (TT-L1061) aims to strengthen national cybersecurity and digital infrastructure but has yet to deliver results.

81 Examples include document management reforms at the Registrar General's Department, human resource planning at the Ministry of Health, public expenditure management support at the Ministry of Planning, and sector coordination initiatives in education, trade, and social development (see Annex II).

- **Health: Support for NCD prevention.** The Health Services Support Program (TT-L1039/2014)[82] strengthened preventive care and expanded screening and treatment for NCDs, leading to: a 15 percentage point (pp) increase in annual foot exams for men and 29 pp for women with diabetes, a 60 pp increase in diabetes screening among pregnant women, and a 10 pp reduction in the proportion of women with untreated high blood pressure. It also introduced *Healthy Schools TT*[83] in partnership with the Ministry of Education, promoting healthy eating and physical activity in primary and secondary schools, later expanded nationwide as *TT Moves* to encourage healthier lifestyles and reduce risk factors for NCDs. The program also provided equipment to three cancer clinic centers nationwide, trained 655 (exceeding the expected 395) healthcare professionals in detecting gender-related NCD risks, and developed a communication campaign to raise awareness of NCD risk factors. Additionally, it developed a new Chronic Care Model and trained over 2,500 health professionals in its application.
- **Social protection: Emergency support during COVID-19.** During the pandemic, the Social Protection and Human Capital Project (TT-L1060/2021)[84] expanded the coverage of three government social programs and provided emergency cash transfers to vulnerable workers not previously included in social registries,[85] ensuring income support at a critical moment. The operation exceeded its original targets, reaching approximately 400,000 households and over 100,000 individuals, thereby helping mitigate the socioeconomic impacts of the crisis.
- **Water and sanitation: Expanding wastewater infrastructure.** The Wastewater Rehabilitation Program (TT-L1026/2012) expanded sanitation infrastructure through two new wastewater treatment plants in San Fernando (southern Trinidad) and Malabar (northeastern Trinidad). Phase I of this multiphase loan connected 8,035 households to improved sewerage networks and piloted 71 new household connections, improving sanitation coverage. However, Phases II and III, which were intended to expand the wastewater collection network and connect more households and commercial entities, were not implemented after the government shifted its priorities toward investments in potable water.[86] This poses a sustainability risk, as the wastewater treatment plants are currently operating at about 25 percent of their capacity, an underutilization that may lead to infrastructure deterioration.

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82 Approved in 2014 and loan agreement signed in 2016, the project faced significant implementation challenges due to shifting government priorities, procurement delays, inter-agency coordination issues, staff turnover, the COVID-19 pandemic, and limited execution capacity. Despite these difficulties, the loan has achieved important results in the sector.

83 Implemented in 1,108 schools (target: 700), the initiative established a water-only beverage policy and distributed sports equipment. The project completely reduced the prevalence of physical inactivity and consumption of high-sugar beverages among children in the selected schools.

84 TT-L1060 was financed entirely through the reformulation of four loans.

85 The loan financed additional cash transfers through the Food Support Program, Senior Citizens Pension, and Disability Assistance Grant, and temporarily expanded coverage to informal workers.

86 In 2022, the IDB approved the National Water Sector Transformation Program (TT-L1055), which aims to improve the efficiency, quality, and resilience of water services through network optimization. The program is in early implementation, with no measurable results yet.

- **Housing: Addressing housing deficits and informal settlements.** The Urban Upgrading and Revitalization Program (TT-L1056/2020; TT-L1057/2020[87]) financed 2,065 home-improvement subsidies and 780 new-construction subsidies for low-income households, as well as upgraded infrastructure in three informal settlements, including paved pathways, drainage, potable water connections, and flood risk reduction measures. In Factory Road, Diego Martin, the program also financed emergency works replacing steep, unpaved hillside paths with concrete footpaths, steps, and handrails, improving accessibility and safety for residents.

VII. CONCLUSIONS

7.1 **The IDB faced persistent challenges during the period, with IDB Invest demonstrating stronger traction.** The 2021-2025 Country Strategy marked a shift toward greater selectivity, aligning with government priorities and OVE recommendations. However, IDB's declining loan approvals and limited progress in new operations revealed that the risk of reduced government interest in receiving IDB loans was underestimated. Although unusually ample technical cooperation resources helped sustain dialogue and explore new lending opportunities for IDB—Trinidad and Tobago recorded the second-highest number of TC approvals in the Caribbean Country Department during the period—these rarely translated into new operations. In contrast, IDB Invest doubled its approvals compared to the previous period and maintained stable disbursements despite market constraints, including the small size of the economy and a challenging business environment. Most financing was directed at financial institutions, especially mortgage lending, and was concentrated on two major clients.

7.2 **The narrow focus of the Country Strategy on digitalization limited the feasibility of addressing key country needs and leveraging the IDB Group's comparative advantages.** While digitalization is an important enabler of productivity, the strategy did not address Trinidad and Tobago's main structural constraints to economic diversification—such as weak institutional capacity, skills mismatches, and a challenging investment climate—nor did it target sectors with higher growth potential, including manufacturing and fintech, where there was scope for greater cross-window collaboration. The Country Strategy overlooked the IDB's mature operations in health, water, social protection, and urban development, where tangible results were being delivered. Instead, it prioritized new areas, particularly education and digital skills, where no active operations existed, and expected approvals did not materialize amid limited government traction. This hindered the feasibility of achieving results and reinforcing the IDB Group's role as a key development partner.

7.3 **Persistent implementation barriers and limited evidence on results continued to undermine the IDB's ability to demonstrate its value added in Trinidad and Tobago.** Challenges such as frequent staff turnover, procurement difficulties, and weak inter-agency coordination—many typical of small

[87] The IDB has maintained a long-standing presence in the urban development sector through the *National Settlement Program* (NSP I/1989 and NSP II/2002) and the *Neighborhood Upgrading Program* (TT-L1016/2010), all focused on squatter upgrading, housing subsidies, and institutional strengthening. The current *Urban Upgrading Program* (TT-L1056/2020 and TT-L1057/2020) continues this model—excluding the previous titling activities—and introduces a new urban regeneration component to improve public spaces, which has faced significant execution delays and challenges.

economies—remained the main bottlenecks to execution. Although the Bank introduced measures to improve project preparation and supported implementation through specialized teams and technical cooperation, the impact of these efforts is not yet visible. Limited evidence on results, combined with weaknesses in the dialogue with key government counterparts, made it difficult to demonstrate contributions or leverage positive results in areas not contemplated in the Country Strategy, decreasing the IDB Group's potential to engage in support of the country's development.

7.4 **The ICPR findings highlight lessons to enhance the IDB Group's future contribution in Trinidad and Tobago.** This includes: (i) further strengthen the ongoing dialogue and coordination with government counterparts, including by demonstrating the IDB Group's value added in terms of technical expertise and ability to coordinate across sectors; (ii) reinforce and refine efforts to improve the capabilities of executing agencies and to address other structural barriers typical of small states, such as a limited vendor base or scarcity of specialized procurement specialists; (iii) leverage opportunities to enhance impact during the strategy period, by building on the lessons of the legacy portfolio and by adopting an instrument mix that addresses key country needs and priorities; and (iv) enhance evidence generation and results measurement to clearly demonstrate the IDB Group's value added, inform decision-making, and reinforce its partnership with Trinidad and Tobago.

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