

## Technical Cooperation Document

### I. BASIC INFORMATION

Country/Region:	Trinidad and Tobago/CCB
TC Name:	Strategic Roadmap for Productive Development Policy in Trinidad and Tobago
TC Number:	TT-T1054
Team Leader/Members:	Juan Carlos Navarro (IFD/CTI), Team Leader; Claudia Stevenson (IFD/CTI); Kayla Grant (IFD/CTI); Tara Lisa Persaud (IFD/CTI); Priya Ramsumair (CCB/CTT); Betina Hennig (LEG/SGO); and Blanca Torrico (IFD/CTI)
Taxonomy:	Operational Support
If Operational Support TC, give number and name of Operation Supported by the TC:	Support for the National Competitiveness and Innovation Agenda (TT-L1043)
Date of TC Abstract authorization:	May 22, 2015
Beneficiary	Republic of Trinidad and Tobago
Executing Agency and contact name	Inter-American Development Bank; Competitiveness and Innovation Division (IFD/CTI)
Donors providing funding:	SPID - Special Program for Institutional Development
IDB Funding Requested:	US\$400,000
Local counterpart funding, if any:	US\$0,00
Disbursement period (which includes Execution period):	12 months
Required start date:	July 10, 2015
Types of consultants :	Individual consultants
Prepared by Unit:	IFD/CTI
Unit of Disbursement Responsibility:	IFD/CTI
TC Included in Country Strategy (y/n):	Yes
TC included in CPD (y/n):	Yes
GCI-9 Sector Priority:	Support for Small and Medium Enterprises

### II. DESCRIPTION OF THE ASSOCIATED LOAN

- 2.1 The Government of Trinidad and Tobago (GORTT) has requested a lending program (Support for the National Competitiveness and Innovation Agenda (TT-L1043)) from the Bank in order to enhance the competitiveness of non-hydrocarbon sectors of the TT's economy through investments in innovation. Specific objectives are: (i) to achieve a higher level of investments in innovation in a number of both established and emerging firms; (ii) to steer R&D outputs towards a better alignment with TT's developmental goals; (iii) to achieve better coordination among private, public and academic elements of the innovation system; and (iv) to enhance public sector capacities to carry out innovation policy at a level consistent with the development challenges facing TT.

### III. OBJECTIVES AND JUSTIFICATION

- 3.1 GORTT has undertaken over the past few years a series of policies and programs aimed at enhancing the overall competitiveness standing of the economy and, in particular, to encourage firms to be more innovative. The lending program (TT-L1043) is intended to strengthen the design and implementation capacity required to maximize the pertinence

and impact of such initiatives, as well as to launch complementary investments that fill missing links in the set of policy tools already in place.

- 3.2 The objective of this Technical Cooperation (TC) is to support the analytical work and the policy dialogue activities needed to feed into the preparation and detailed design of the lending operation in order to maximize its impact over the medium and long term. In addition, the TC will prepare the terrain for a timely and effective implementation by strengthening the capacity of the GORTT (particularly the Ministry of Planning and Sustainable Development (MPLSD) and entities directly under its range of competencies such as the Economic Development Board (EDB), the Council for Competitiveness and Innovation (CCI) and their Executive Secretariat) to be ready to execute the main activities supported by the project in a timely manner, as well as by putting in place systems and resources towards the objective of creating strategies for the development of three priority industry clusters (services for oil and gas industry, the creative industries, and a third industry cluster to be selected at a later stage).
- 3.3 The disproportionate reliance on the oil and gas industry to spur economic growth poses risks to the sustainability of the TT economy. As a consequence the GORTT has intensified its diversification efforts with a particular goal of growing knowledge and innovation-related industries. These efforts are intended to better position the country to hedge against global economic downturns and temporary or extended declines in export commodity prices. The oil and gas industries of TT contribute approximately 40% of gross domestic product and 80% of exports, but only 3.1% of employment<sup>1</sup>. Given the dominance of the oil and gas industries in TT's economy and the relative weakness of other sectors, the government has recognized the need to re-orient both its economic policies and its educational institutions toward growth in knowledge-related industries. As a part of such diversification efforts, this TC will support the loan operation by contributing to the project's technical design, to the readiness of the government to execute the program in a timely manner and crucially, to develop a mid-term policy roadmap that will contribute to the sustainability and impact of the lending program and, beyond it, to permanent enhancements in policy making capacity.
- 3.4 **Strategic alignment.** This TC is aligned with the 2011–2015 Country Strategy for TT (GN-2638), as it aims to support the government in transitioning the economy into a post-hydrocarbon model through diversification. Private sector development is an area of dialogue in the strategy.<sup>2</sup> Given the TC's nature as operational support for the TT-L1043, this TC will contribute to the lending program priorities of the GCI-9 (AB-2764): (i) lending to small and vulnerable countries; (ii) lending for poverty reduction and equity enhancement; and (iii) lending to support regional cooperation and integration. The program is also aligned with the priorities defined in the Innovation, Science and Technology Sector Framework Document (GN-2791-3).

---

<sup>1</sup> Longmore, Rohan et. al. World Bank. (2014). *Toward Economic Diversification in Trinidad and Tobago*. Artana, et. al. IADB. (2007). *Trinidad and Tobago: Economic Growth in a Dual Economy*.

<sup>2</sup> The Country Strategy endorses the view of the priority of fostering the development of non-traditional economic sectors and states the need to focus in the areas of (i) improving policies and institutions to promote entrepreneurship and investment in non-energy sectors; (ii) improving the enabling environment for business development; and (iii) strengthening public-private dialogue on issues of competitiveness, innovation, diversification and growth, all three are addressed by this operation.

#### IV. DESCRIPTION OF ACTIVITIES, COMPONENTS AND BUDGET

- 4.1 The TC project will have three components, focused, respectively, on policy instrument design, training and capacity building and policy dialogue. Activities planned for the three components will be instrumental in completing an adequate and evidence based preparation of the lending program. They will also build on previous work done by the Bank in the productive development and innovation policy areas, particularly the results of Compete Caribbean project TT-CC2009<sup>3</sup> and the data gathered by the Innovation Survey of Trinidad and Tobago in 2014, and the comprehensive innovation policy review carried out the same year.<sup>4</sup>
- 4.2 Component I provides technical input for designing innovation policy instruments; it will feed into the design of the lending program and is expected to be completed within three months once execution starts. Component II builds capacity through basic targeted training activities on innovation policy management, monitoring and evaluation, up to the level needed to support a timely start of the execution of the lending program. Component III supports public-private policy dialogue aimed at better informing policy decisions and strengthening institutional commitment to innovation policies in selected sectors of the economy. Components II and III are anticipated to be ongoing during the full period of execution of the TC.
- 4.3 **Component I. Policy Instrument Design and Medium-term Institutional Roadmap (US\$220,000).** This component will finance studies and consulting activities deemed essential for the adequate preparation of the lending program in the context of strengthening the evidence base as well as the institutional architecture of innovation policy making. More specifically, the following activities will be undertaken: (i) in depth analysis of the innovation survey of TT; (ii) identification of the actions required to accelerate the diversification and expansion of the economy; (iii) consultancy to design innovation policy instruments for the GORTT; (iv) consultancy to design entrepreneurship policy instruments for the GORTT; (v) identification and examination of the global value chains related to the key sectors/cluster of TT's economy and developing a strategy for upgrading and internationalization; (vi) consultancy on a medium term roadmap to guide institutional reform of the innovation system of TT; and (vii) consultancy to conceptualize a design for a technology transfer office that will operate within the university systems, will

---

<sup>3</sup> The TT-CC2009 project laid the groundwork for actions to be followed up by this TC and the concomitant loan operation both in terms of institutional development and in terms of policy and sector work. It supported the development of the Executive Secretariat to the Economic Development Board and the Council for Competitiveness and Innovation, key elements of the incipient institutional architecture of innovation policy in TT. It also financed key studies that led to the request for further Bank support for competitiveness and innovation in the country, as described in the next footnote.

<sup>4</sup> The references mentioned in this paragraph correspond to: Arthur Lok Jack Graduate School of Business (2014) *Assessment of the Innovation System of Trinidad and Tobago*. This study discusses the main findings of the innovation survey carried out by the MPSD in 2014. It finds weak innovation performance in the TT business sector. It is focused on firms in the seven priority clusters defined by the GORTT. Supported by Compete Caribbean TT-CC2009. And: Jean Guinet. *Assessment of the National Innovation Ecosystem of Trinidad and Tobago*. This report contains a state of the art assessment of the innovation system of Trinidad and Tobago, carried out using OECD's standard methodology for this kind of analysis. Supported by Compete Caribbean TT-CC2009.

aim to create industry linkages, and will execute strategies for commercialization of intellectual assets.

- 4.4 **Component II. Training, Evaluation and Sensitization (US\$60,000).** This component will finance activities intended to strengthen the implementation and monitoring capabilities of public entities of the GORTT –particularly the MPLSD and the Executive Secretariat of the EDB– that will play a role in the execution of the lending program. The activities are: (i) a consultancy that will carry out the design of a system of indicators that would allow a proper monitoring and evaluation of the main components of the innovation system in TT, with particular reference to the measurement of private sector investment on innovation, intangibles, outputs of the creative industries and other areas traditionally overlooked by conventional indicators of scientific and technological activities and policy; (ii) training activities on innovation policy (one week for 30 participants); (iii) training activities on impact evaluation of innovation policy instruments (3 day course, 20 participants); one study and two courses will result from these activities, which are expected to contribute substantially to the readiness of the eventual project implementation unit; and (iv) to develop a stakeholder sensitization and dissemination strategy that will facilitate a timely and adequate response of the private sector and civil society in general to the launching of innovation policy activities sponsored by the program. The policy dialogues in Component III are instrumental dissemination tools for building stakeholder support that will be addressed in this strategy.
- 4.5 **Component III. Strengthening the Capacity for Organizing Strategic private-public dialogue (US\$115,000).** Building on the Ministry of Planning and Sustainable Development's creation of EDB and the CCI, the TC will support activities aimed at strengthening capacity for structured private-public dialogue, informed by technical support and expert, world-class facilitation. Strengthening such capacity is seen as a primary tool to achieve the overarching goal of an effective innovation policy in TT. This component will focus on supporting specialized consultancies dedicated to assist the EDB and the CCI in facilitating three meaningfully structured policy dialogues (one for each for the three priority industry clusters) that will lead to decisive action plans, will galvanize resource mobilization by evoking prioritization from key figures, and will ensure consensus building and clear accountabilities objectives are achieved. The policy dialogue will produce action plans detailing the decisive steps that will maximize the sustainability of the positive impacts produced by the lending program and the overall productive development policy over the medium term. The fact that the EDB and the CCI are permanent components of the institutional landscape of economic policy-making in TT maximizes the likelihood that the activities in this component will have a lasting effect on GORTT institutional capabilities for policy dialogue.

**Table IV. 1. Indicative Results Matrix**

Activity/Component	Indicator	Baseline	Target
<b>Outcomes</b>			
Increased knowledge on how to utilize relevant innovation data and analysis for effective program design and monitoring	% of policymakers indicating usefulness of the trainings	0	80%
Increased awareness of the importance of public-private sector collaboration and ownership in developing the innovation system	% of policymakers and private sector persons indicating usefulness of the	0	75%

Activity/Component	Indicator	Baseline	Target
	dialogues		
<b>Outputs</b>			
<b>Component I: Policy Instrument Design and Medium-term Institutional Roadmap</b>			
Detailed technical reports that will directly influence key decisions in the process of designing the lending program and which will provide the input necessary for building technical capacity to design innovation policies and programs.	Number of reports produced	0	7
<b>Component II: Training, Evaluation and Sensitization</b>			
Design of a system of indicators that would allow the monitoring and evaluation of the main components of the innovation system	System Design	0	1
A M&E Strategy developed	Report	0	1
Training activities in the areas of policy instrument design, impact evaluation of innovation policy instruments, and public communications	Number of Trainings	0	2
Development of a Dissemination and Sensitization Strategy	Strategy Developed	0	1
<b>Component III: Strengthening the Capacity for Organizing Strategic Private-Public Dialogue</b>			
Improved and structured policy dialogue leading to meaningful action plans, resource mobilization, consensus building and clear accountabilities	Number of Policy Dialogues Held	0	3
	Number of Action Plans developed	0	3
Increased technical expertise within EDB/CCI to organize and execute successful private-public dialogues as documented by consultant reports assessing the overall effectiveness and lessons learned	Final Reports	0	3

4.6 The total amount of this project will be US\$400,000 fully funded by the Bank through the SPID - Special Program for Institutional Development Fund. The following table splits this budget among the different components, for more details see the Annex III.

**Table IV. 2. Indicative Budget (in US\$ dollars)**

Activity/Component	Description	IDB/Fund Funding	Counterpart Funding	Total Funding
<b>I. Policy Instrument Design and Medium-term Institutional Roadmap</b>	Funding for international consultants responsible for the required studies and design activities	220,000	-	220,000
<b>II. Training, Evaluation and Sensitization</b>	Funding for development of the innovation system monitoring system, and training in innovation policy and impact evaluation	60,000	-	60,000
<b>III. Strategic Private-Public Policy Dialogue</b>	Funding for senior international consultants for the support of the roadmap and strategic policy dialogue	115,000	-	115,000
<b>Monitoring and Evaluation</b>		5,000	-	5,000
<b>Total</b>		<b>400,000</b>	<b>-</b>	<b>400,000</b>

## **V. EXECUTING AGENCY AND EXECUTION STRUCTURE**

- 5.1 This TC is planned to be executed over a 12 month period. It includes studies and consulting work that is intended to be completed by the time TT-L1043 reaches the early stage of execution, since it contemplates studies and consulting work that contributes to strengthening the capabilities of the executing agency in a way that will be at the same time permanent and, in the short term, conducive to better carry out the activities involved in the lending program.<sup>5</sup>
- 5.2 The project team will monitor the timely delivery and quality of products during the TC's execution. A budget line has been allotted for an external final evaluation of the TC's progress in achieving the intended impacts and outputs outlined in the results matrix.
- 5.3 The Bank is the proposed executing agency, as a result of a direct request from the beneficiary (see [Annex I](#)). The request is justified given that, as an operational support TC, there are advantages in concentrating the management of consultancies and studies in the hands of the same team responsible for the preparation of the lending program in the Bank. Component II and III are intended to develop technical capacity in the MPLSD and the Executive Secretariat of the EDB and the CCI that will suffice for a timely and efficient launching of a number of activities contemplated in the lending program. This points to the fact that at present such capacity does not exist at the desirable level, a fact that would represent a likely source of delays in the execution of the TC, which includes activities that have to be closely coordinated with the preparation of the lending program. The Competitiveness and Innovation Division (IFD/CTI) will be the responsible unit in the Bank.

## **VI. MAJOR ISSUES**

- 6.1 The political cycle can represent a risk of lack of policy continuity that would affect the timely achievement or could diminish the impact of the execution of this TC, should a change in GORTT priorities represent a diverging view of innovation policy. This is considered a high risk, since an election will take place right at the time of execution, yet the overall objective of productive development policy –meaning, economic diversification– to which this project contributes is widely shared across the political spectrum, as well among both public and private actors. There are no indications that institutional strengthening of the GORTT capability to steer and implement innovation policy is a matter of disagreement, which suggests that it is likely to remain a priority as a general developmental objective, allowing for a possible variation in specifics dictated by the eventuality of changes in leadership. Several mitigation strategies have been put in place in order to diminish the effect of this risk: extensive support for public-policy dialogue (since dialogue will be inclusive, it is expected to contribute to consensus building around policy objectives supported by this TC) in component III, a dissemination and sensitization strategy (Component II) which will ensure the continued engagement of key stakeholders in the private sector and at the technical level, as well as focusing capacity building in

---

<sup>5</sup> In addition, the 12 months executing period satisfies a direct request from CCB management to the project team, as per TT-L1043 Eligibility Review Meeting (ERM) Minutes.

strengthening pre-existing programs and institution with an established base of support and good track record.<sup>6</sup>

## **VII. EXCEPTIONS TO BANK POLICY**

7.1 No exception of the Bank Policy is required for the TC.

## **VIII. ENVIRONMENTAL AND SOCIAL STRATEGY**

8.1 Given the nature of the program, there are no associated environmental or social risks. Based on the Environment and Safeguards Compliance Policy (OP-703) this operation is classified as "C." (See [Safeguards Policy Filter Report and the Screening Form](#)).

### **Required Annexes:**

- Annex I - [Request from Client](#)
- Annex II - [Terms of Reference](#)
- Annex III - [Procurement Plan](#)

---

<sup>6</sup> These programs are: TT-CC2019 (already described in footnote 2) which has been instrumental in strengthening the analytical capability of the Executive Secretariat of the ECD and the CCI, anchors of the long term consistency of innovation policy; the MIF's project, TT-M1009, supported CARIRI in launching a pilot technological extension program for SMEs; REACH, a regional program focused on skill formation in the field of technology commercialization and the MPLSD's own Innovation Fund. All four pre-existing programs will facilitate for this TC to have a lasting impact since they are going to benefit from institutional strengthening activities contemplated in this TC while constituting already established and well regarded initiatives.

**STRATEGIC ROADMAP FOR PRODUCTIVE DEVELOPMENT POLICY  
IN TRINIDAD AND TOBAGO**

**TT-T1054**

**CERTIFICATION**

I hereby certify that this operation was approved for financing under the Special Program for Institutional Development (PID) through a communication dated May 22, 2014 and signed by Kai Hertz, ORP/GCM. Also, I certify that resources from said fund are available for up to US\$400,000 in order to finance the activities described and budgeted in this document. This certification reserves resources for the referenced project for a period of four (4) calendar months counted from the date of eligibility from the funding source. If the project is not approved by the IDB within that period, the reserve of resources will be cancelled, except in the case a new certification is granted. The commitment and disbursement of these resources shall be made only by the Bank in US dollars. The same currency shall be used to stipulate the remuneration and payments to consultants, except in the case of local consultants working in their own borrowing member country who shall have their remuneration defined and paid in the currency of such country. No resources of the Fund shall be made available to cover amounts greater than the amount certified herein above for the implementation of this operation. Amounts greater than the certified amount, may arise from commitments on contracts denominated in a currency other than the Fund currency, resulting in currency exchange rate differences, for which the Fund is not at risk.

*Original Signed*

*07/02/2015*

\_\_\_\_\_  
Sonia M. Rivera  
Chief  
Grants and Co-financing Management Unit  
ORP/GCM

\_\_\_\_\_  
Date

**APPROVAL**

Approved:

*Original Signed*

*07/06/2015*

\_\_\_\_\_  
Jose Miguel, Benavente  
Division Chief  
Competitiveness and Innovation Division  
IFD/CTI

\_\_\_\_\_  
Date