



Roadmap

for Trinidad and Tobago:

***TRANSFORMING TO
A NEW ECONOMY
AND A NEW SOCIETY***

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EXECUTIVE SUMMARY

Our Report sets itself the very ambitious goal of pointing the population to a **new economy** and a **new society**. While the aim may be grand, the intention is to take a very practical and realistic approach to attaining this goal.

Phase 2 of the Roadmap Report begins by highlighting the key feature of the context, which is a pandemic that has laid bare several weaknesses of the economy and the society. The pandemic has exposed our long-standing, precarious dependence on the Energy sector, our worrying dependence on imports of food and other basic items, and expansive inequities that have put segments of our society in a very vulnerable position.

A critical position taken in the Report is that the answers to the current situation do not lie simply in increased investment of resources, but moreso on how the country effects the transformation of the economy. It shows how, as a nation, we address the food security challenge; and how, as public and private sectors, we make equity and empathy central to the economic and social life of the country. It recognizes and tangibly addresses the reality that if we do not find a way to bring everyone along on our road to recovery, those who we leave behind will suffer, stymie and perhaps even derail any progress we seek to make.

Figure E.1 summarizes the three (3) main pillars of the Recovery Roadmap.

Figure E.1: Pillars of the Recovery



OVERVIEW OF RECOMMENDATIONS

The undermentioned subsections provide an overview of the recommendations under each of the Pillars highlighted in Figure E.1.

The first pillar of the Report is to articulate the roadmap for transforming the economy of Trinidad and Tobago from being energy dependent into one that generates revenues and foreign exchange from a broader range of sectors and a wider portfolio of products. The understanding is that new and increased investments must come from encouraging innovation, entrepreneurship and diversification, inspiring new players in the market, both in and outside Trinidad and in Tobago making it easier for investors to “do business and get projects activated and commercialised”.

Pillar 1: Diversifying and Transforming the Economy in Tobago and in Trinidad – leveraging digitalization

1. Adopting modern technology nationally, beginning with the digitalization of public services;
2. Enhancing the Ease of doing Business;
3. Deepening research and building human capacity in Manufacturing and other sectors;
4. Providing incentives and funding for small and medium-sized businesses while enabling the Private Sector;
5. Strengthening professional technical capacity at the Town and Country Planning Division (TCPD) and other State development entities;
6. Shifting focus to mass transit and other non-automobile options, including walking and cycling;
7. Expanding the use of renewable energy and improving Energy Efficiency;
8. Investing in steelpan manufacturing and the Creative Industries;
9. Strengthening and leveraging the capacity of our Financial institutions, including Credit Unions and other non-bank Financial institutions; and
10. Promoting Tobago as a Green Tourism destination.

The second pillar of the Report responds to one of the critical weaknesses highlighted by COVID-19, the very tenuous food security position of the country. With an emphasis on production that uses modern technology and on the quality

of production, the intention is to attract young, well-trained entrepreneurs into food production.

Pillar 2: Making Food Security a Reality in Trinidad and in Tobago

1. Adopting new technology to make Agriculture more attractive;
2. Providing the protective policy space for domestic Agriculture production expansion;
3. Strengthening the domestic farm-to-market supply chain;
4. Producing cocoa for domestic industry and niche export market expansion;
5. Investing in precision agriculture that allows farmers to maximize yields by controlling every variable of crop farming;
6. Promoting the development of home gardens using a combination of growing techniques such as grow boxes, container farming, homestead hydroponics, aquaculture/aquaponics, aeroponics/stackypots to augment the domestic food supply;
7. Investing in artificial intelligence driven systems that build and expand credible agricultural databases and inform decision-making for better harvests and environmental conditions;
8. Targeting the production of commodities that can derive higher value-added benefits through the manufacturing sector such as the agro-processing, nutraceuticals, cosmetics, pharmaceuticals, textiles, paper, packaging, and adhesive industries;
9. Creating more Public Private Partnership arrangements for agribusiness; and
10. Revisiting the mega-farm concept with an emphasis on transfer of technology to smaller farms.

The third pillar of the Report is to brand the country as having many opportunities for self-improvement and building a decent standard of living. The emphasis will be on human capital development and on expanding the range of business opportunities for all sections of society. Moreover, for those in the country who are genuinely not in a position to adequately look after themselves, the social protection system will be modernized and expanded to better meet their needs.

Pillar 3: Leaving No One Behind while creating greater Equity in Trinidad and Tobago

1. Developing a small and medium-sized enterprises (SME) Investment Fund co-sponsored by Banks, Insurance Companies and Mutual Funds to provide non-debt financing to the SME sector;
2. Providing financing for lower income housing, priced TT\$1,000,000 and below;
3. Introducing legislation to facilitate venture or private equity funding and increase access to capital for start-ups;
4. Strengthening the DevelopTT initiative to facilitate greater effectiveness and better quality decisions to serve a wider national development agenda;
5. Developing and implementing policies to address affordability and equity of digital access to every segment of the population;
6. Expanding national youth training programmes—residential and non-residential;
7. Expanding support of vulnerable persons, particularly single parents, and implementing a programme to propel them to self-sufficiency;
8. Providing continued protection from COVID-19 for all persons in the face of the reopening of the economy;
9. Enhancing the provision of readily available primary care (diagnostic and pharmaceutical) services for every citizen or resident, perhaps via a universal health care system; and
10. Funding domestic violence shelters, transitional facilities and family planning programmes at the community level and improving strategies to end gender-based violence.

The Report creates a pathway to a new economy and society by:

- (i) embarking on new areas of activity;
- (ii) adopting new ways of doing things; and
- (iii) bringing an end to some things which we are currently doing.

It will require thoughtful, results-oriented behaviour from all stakeholders requiring a national paradigm shift which must be focused, results-oriented and driven. The emphasis will not simply be on having more things; it will be on doing

better and building relationships and transforming systems to ensure that Trinidad and Tobago will be a place we remain happy to call home.

The Report is accompanied by an extensive set of appendices which develop on a number of the issues discussed.

INTRODUCTION AND CONTEXT

Within a five-month period, the COVID-19 pandemic has disrupted the global economy and mandated significant change in the way countries conduct their business, individually and collectively. For the Caribbean region in general, and specifically for Trinidad and Tobago, COVID-19 represented a colossal “*shock*” to our economies. The Phase 1 Report of the Committee provided recommendations for the immediate response to the pandemic to ensure that ‘no one is left behind’ while laying the foundation for recovery in a new ‘digitalized’ economy. More specifically, the Report identified measures for immediate implementation to successfully navigate the crisis and to establish the foundation for transformative growth.

This Phase 2 Roadmap Report is presented with a more medium- and long-term purpose. It develops the transformative pillars of growth and strategic initiatives more fully, and, in so doing, provides the framework and architecture for transforming the economy and the society.

The Report begins by recognizing that two major concurrent events have effectively changed the trajectory of the Trinidad and Tobago economy—the arrival of COVID-19 to our shores and the unprecedented collapse in energy prices earlier in the year.

COVID-19 dealt a monumental blow both to the demand and the supply sides of the economy, causing annualized revenue losses of more than 50% in some sectors. The precipitous decline in energy prices translated into sharply reduced government revenues and foreign exchange inflows with adverse consequences for our cash flows, fiscal balances, country ratings and developmental policy options. Economic losses are in the order of billions of dollars and will have a multi-year overhang of at least two to three years’ duration, conservatively.

In a nutshell, therefore, the Phase 2 Report must initiate a rebuilding of the economy, making it more resilient in the face of possible future shocks like COVID-19. The Report endeavours to point the economy in the direction of new sources of government revenues, new areas of innovative activity and sustainable economic growth with accompanying untapped streams of foreign exchange inflows, given the expected weakening of the energy sector over the long term.

The implication here is that what is needed of the Report is much more than identifying resources to get the economy back on track. More important is the need for the Report to point the country in the direction of:

1. ***doing things that have not been done before and creating a culture of thinking differently, innovatively and entrepreneurially;***
2. ***finding new ways of doing things; and***
3. ***ceasing to do those things that we have been doing unproductively and unsuccessfully or relocating in the Value Chain.***

In other words, the legacy of COVID-19 for Trinidad and Tobago must be a new economy and a new society. This Phase 2 Report begins with the perception of the economy, not as *an engine* to give us the standard of living we aim for, but as *a set of relationships* among individuals and organizations as we seek to improve and secure our standard of living. What this means is that the Report accepts the Arthur Lewis dictum that ***good economics begins with a concern for the conditions of life under which people live.*** In other words, the Report acknowledges that economics and the policy framework that comes with it are really about people and about people's lives first and foremost. In this context it is useful to point out that the Report supports the stance of the leadership of the country that the response to COVID-19 needs to be a whole-of-country response and not merely a government response. Whether it is the need to properly support the vulnerable or to transform the economy, there will be clear roles for the private sector as well as civil society. Leaving no one behind is something we have to do together.

Consequently, even as we move to get the economy back onto a sustainable track of development, we have to ensure that the social environment within which the required changes must take place is one characterized by ***cohesion*** and by a perceptible sense of ***equity***. Put another way, the environment created must be one that obviates social tension and builds harmony. This means that social and economic policy must be geared towards removing all the systemic factors that keep some groups in the society from progressing, and must create a framework of opportunity, which will give every citizen or resident of the country the hope that he or she stands a good chance of having a better life in the future.

Essentially, the policy framework articulated within this Report is one where the laws and practices do not inadvertently discriminate against certain groups. This is especially important in a multi-ethnic country like Trinidad and Tobago. It also means that within the policy framework, technology and training must be so entrenched that people, especially our young people, from every segment of the society will be motivated to get into new lines of economic activity.

The current international and domestic environment underscores the need for new and transformative approaches to development planning. The Committee is of the view that the present scenario presents an opportunity to significantly and positively change the way the economy is currently managed and the way the social and environmental objectives are pursued. Notwithstanding, iterative, discreet, and manageable changes are recommended, which must be driven by an institutional architecture that requires greater accountability in the delivery of results.

There are five (5) dimensions to the context of this Report:

1. The economic underbelly of the COVID-19 pandemic;
2. The collapse in Energy Prices and the changing dynamics in the Sector;
3. The climate change challenges;
4. The crisis in neighbouring Venezuela; and the rapidly evolving nature of Caribbean and global relationships.
5. The serious non-communicable disease (NCD) situation in the country.

These dimensions have several common themes and pose ongoing and future challenges to our socio- economic wellbeing and future economic growth. Successfully transitioning the country's economic business model is predicated on, inter alia, a careful consideration of the complex issues related to the aforesaid dimensions, the anticipated additional stress on the economy and additional challenges that our country will be required to navigate.

VISION 2030

The Committee acknowledges that at present the country is being guided by the Vision 2030 National Development Strategy (2016-2030). However, while the broad vision articulated in the Vision 2030 National Development Strategy remains

valid, the Committee believes that there is need for refinement of Vision 2030 in light of the profound health, lifestyle, and other seismic, technological changes confronting countries today.

A new economy and society post COVID-19 must be guided by a reoriented vision, recognising that new challenges have arisen requiring resilience building, in many instances at a faster pace than previously anticipated. The COVID-19 fuelled need for more immediate transformation presents us with not only the opportunity to address these challenges head on, but also a chance to reprioritise the approach to development. *We now have the opportunity to:*

- Accelerate e-Government Services towards Developing a Digitalised Economy and Building Resilience;
- Make the shifts towards more progressive attitudes and behaviours;
- Promote greater innovation to facilitate diversification and growth;
- Rationalise public investment for efficiency and effectiveness;
- Fix the leadership gap, efficiency and effectiveness in the Public Service; and
- Formalise a Governance structure for a collaborative approach to sustainable development.

In the wake of COVID-19, the Committee recommends the following much-abridged vision statement:

To be a resilient and prosperous nation built on the pillars of harmony, productivity and ingenuity.

THE BACKDROP OF ECONOMIC POLICY FOR THE NEXT TWO YEARS

The years 2020-2023 are expected to be an extremely difficult period, characterised by market volatility, a low energy and commodity price regime, and consequently reduced country revenues and foreign exchange. The 2014 to 2020 period, which preceded the current planning period, was also characterised by sharply lower revenues, consequent growing fiscal deficits and debt to GDP ratios and sharply reduced levels of foreign direct investment (FDI).

In light of same, the Committee recommends a deliberate focus on the following:

- 1.) acceleration of measures to enhance revenues in the short term. In this respect, consideration must be given to urgent engagement of the Gas Value Chain recalibration to optimize gas and commodity output in the short term. (Targeted revenue can be set at 2 billion dollars);
- 2) implementation of the Property tax and effective widening of the Tax Net to provide more equitable and effective methods of tax collection. (Targeted collection could be set at 1.5 billion dollars)
- 3) reduction in the level of imports, beginning with a reduction of the Food Import bill through the proposed Agriculture stimulus (Targeted reduction is 2 Billion dollars by 2022);
- 4) accelerated employment of targeted PPP arrangements for infrastructural development as well as leveraging of idle capacity in the public sector. Sponsored parks eg Eidicott, Eteck etc must be fully activated. (The level of activity aimed at here could be 1.5 billion)
- 5) increase of Non-Energy earnings using the ExIm Bank, ExporTT and other Private Sector partnerships (The earnings target here could be 1 Billion dollars);
- 6) rationalization of Transfers and Subsidies predicated on a unique e identity system to make transfers and subsidies more efficient while protecting the vulnerable and to make State-owned Enterprises more

self-sufficient whilst carefully considering a divestment programme for non-core assets; (Conservatively 1.5 Billion dollars)

- 7) focus on innovation and Entrepreneurship to stimulate the Micro and SME sector targeting traditional and non-traditional areas. This is the defining moment to change productivity levels and culture to embrace digitalization, to think, reengineer and act transformatively and execute differently. This transformation must be anchored in key areas of the Public Sector led by a multidisciplinary team reporting to the Office of the Honourable Prime Minister.

The stark reality is that the required liquidity levels are simply not available and debt head room has significantly diminished. This means that 'policy choices have to be made' to transition the country out of a long-term potential debt trap and systemic inter-generational poverty.

These choices have to be clearly communicated in our upcoming National Budget in a frank and forthright conversation with the population. This is a defining moment in which a health pandemic must not be allowed to become an extended economic pandemic but rather becomes a pillar for new behaviour and long-term sustainable growth.

While the issues raised in describing this policy backdrop have not all been directly addressed in the Report, it is important that as implementation proceeds policy makers in each sector take these into account in a deep dive and navigate the conditions necessary for success as we go forward.

PILLARS OF THE REPORT

There are three (3) main pillars of the Roadmap to Recovery.

Figure I.1: Pillars of the Recovery



The Pillars anchor and support the economic and social aspirations of the citizens and population of Trinidad and Tobago. COVID-19 has re-emphasized that our extreme dependence on imports for our food security is unsustainable and must be rectified. The Report therefore places great emphasis on the country's food security. Our traditional dependence on our Energy sector to power growth and the foreign exchange needs of the country are situations that were always fraught with danger and are now unsustainable. COVID-19, coming as it did with a simultaneous collapse in energy prices, has emphasized the imperative to transform the economic base of the country. Finally, as a nation very mindful of two major manifestations of social unrest in the past 50 years, we know that equity and empathy must be central to economic and social planning for the country. The Report has taken on board this very important national concern.

Following the methodology employed in the Phase 1 Report, this Report will be presented under two broad themes. Theme 1, which consists of Section 1, focuses on the very direct people concerns, securing our food supply and making sure that the needs of the vulnerable members of the population will be looked after in accordance with the principles of equity and empathy, and in a way that allows them to attain self-sufficiency and dignity at the earliest opportunity.

The Committee has also given active consideration to the need for a further stimulus particularly for the SME Sector and the more vulnerable. The Committee recommends that any action regarding further short term stimulus action be closely monitored and be precisely directed on 'a needs basis'. It also recognises that micro and small businesses in the less than one million dollar range need cash flow support, particularly where SME's in these sectors have been affected by the resurgence of COVID 19. Key agencies responsible for directing much needed support to these sectors must be made to accelerate and enhance their efforts to provide that support. The Committee also recognises the significantly tighter fiscal space and constraints under which the economy is operating and the critical obligation for the messaging of responsible behaviour as the first line of defence from a health and economic perspective.

Theme 2, which consists of Sections 2, 3 and 4 of the Report, focuses on strengthening the economic sectors responsible for sustaining and enhancing the standard of living of the population and for providing the level of employment needed to sustain this standard of living.