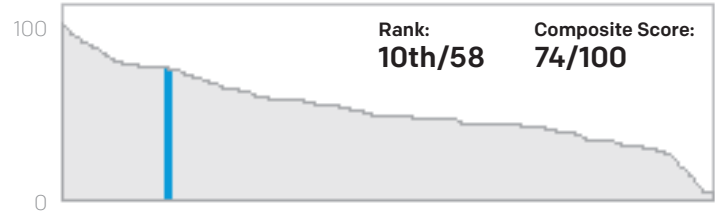


# Trinidad and Tobago



The Resource Governance Index (RGI) measures the quality of governance in the oil, gas and mining sector of 58 countries. Learn more and explore findings at [www.revenuewatch.org/rgi](http://www.revenuewatch.org/rgi).



## Background

Trinidad and Tobago is the Caribbean's leading petroleum producer, with oil and gas generating 44 percent of government revenues in 2011. In recent years it has become a major exporter of liquefied natural gas. The extractive sector as a whole accounted for 37 percent of gross domestic product and 66 percent of exports in 2010.

Trinidad and Tobago	2000	2005	2011
Population (million)	1.29	1.32	1.35
GDP (constant 2011 international \$ billion)	10.4	18.2	22.5
GDP per capita, PPP (constant 2005 international \$)	13,907	20,058	22,142
Oil and gas revenue (% total government revenue)	...	51%	44%
Extractive exports (% total exports)	65%	71%	66%

SOURCES: Oil and gas revenue as share of total government revenue from the Economist Intelligence Unit and the International Monetary Fund. All other data from the World Bank. Extractive exports 2011 data from 2010.

## Trinidad and Tobago's Performance on the RGI

Trinidad and Tobago received a "satisfactory" score of 74, ranking 10th out of 58 countries. It scored particularly well on the Safeguards and Quality Controls component.

### Institutional and Legal Setting

(Rank: 23rd/58 Score: 64/100)

Trinidad and Tobago has detailed extractive legislation but incomplete disclosure policies, resulting in a "partial" score of 64.

The Energy and Energy Affairs Ministry grants licenses following a competitive bidding process and regulates the sector. Board of Inland Revenue collects taxes, while the ministry collects royalties and other payments. All revenues are received in cash and deposited in the treasury.

Environmental impact assessments are required and often include a voluntary social impact component. A freedom of information act allows the public access to government documents, but the act does not apply to private or state-owned companies. In an effort to further improve transparency, Trinidad and Tobago became an Extractive Industries Transparency Initiative candidate in 2011.

### Reporting Practices

(Rank: 5th/58 Score: 83/100)

The government publishes useful data on most aspects of the petroleum industry, leading to a "satisfactory" score of 83.

Information on the licensing process is publicly available. Once bidding is complete, awards and block locations are published, but contract terms are not.

The Ministries of Finance and Energy and Energy Affairs and the central bank publish comprehensive information on the petroleum sector, including reserves, prices, and production. The Finance Ministry annually reports on individual revenue streams, such as taxes, royalties, dividends, bonuses, and licensing fees. The central bank publishes information on individual companies' production and payments. State-owned oil and gas companies publish their financial balances, but they are not included in government budget documents. The budget does include figures for the natural resource fund.

### Safeguards and Quality Controls

(Rank: 5th/58 Score: 86/100)

Trinidad and Tobago earned a "satisfactory" score of 86, reflecting substantive government oversight and effective audit mechanisms.

The licensing process is designed to foster competitive bidding, and regulations govern which companies may be awarded contracts. However, once companies have been selected, contract terms may be negotiated, giving the Energy and Energy Affairs Ministry discretionary powers. There is no way to appeal licensing decisions. Parliamentary oversight of the licensing process is ad hoc, and there is no requirement that petroleum companies disclose beneficial ownership.

Resource revenues are audited and subject to parliamentary and public scrutiny. Government regulators must disclose personal financial interests in the oil and gas sectors.

### Enabling Environment

(Rank: 19th/58 Score: 52/100)

Trinidad and Tobago's "partial" score of 52 is due to a low ranking for budgetary openness, in contrast to higher scores for democracy, accountability, and government effectiveness.

## State-Owned Companies

(Rank: 17th/45 Score: 66/100)

Trinidad and Tobago has three fully state-owned companies, the Petroleum Company of Trinidad and Tobago, the National Gas Company, and the National Petroleum Marketing Company; it also holds an interest in several joint ventures. Nevertheless, foreign companies continue to dominate natural gas production.

State-owned companies may fund social initiatives, but do not engage in quasi-fiscal activities. Their audited annual reports are available to the public and, in the case of the National Gas Company, include information on reserves, production volumes, and prices. State-owned companies are required to

disclose the financial interests and decision-making processes of their executives.

## Natural Resource Funds

(Rank: 2nd/23 Score: 98/100)

Trinidad and Tobago created the Heritage and Stabilization Fund in 2007 to help insulate the economy from oil and gas price fluctuations. Law requires deposits be made to the fund when oil and gas revenues exceed expectations and allows for withdrawals when revenues fall short. The fund's auditor has noted that these regulations are broad and subject to interpretation. The Finance Ministry presents audited quarterly reports to Parliament and publishes them. Officials involved in the fund's management are required to disclose any financial interest in the sector.

## Trinidad and Tobago's Composite, Component and Indicator Scores

Rank (out of 58)		Score (out of 100)
<b>10</b>	<b>COMPOSITE SCORE</b>	<b>74</b>
<b>23</b>	<b>Institutional and Legal Setting</b>	<b>64</b>
	Freedom of information law	33
	Comprehensive sector legislation	100
	EITI participation	33
	Independent licensing process	100
	Environmental and social impact assessments required	50
	Clarity in revenue collection	83
	Comprehensive public sector balance	78
	SOC financial reports required	0
	Fund rules defined in law	100
	Subnational transfer rules defined in law	..
<b>5</b>	<b>Reporting Practices</b>	<b>83</b>
	Licensing process	83
	Contracts	0
	Environmental and social impact assessments	100
	Exploration data	100
	Production volumes	100
	Production value	100
	Primary sources of revenue	100
	Secondary sources of revenue	75
	Subsidies	100
	Operating company names	100
	Comprehensive SOC reports	100
	SOC production data	71
	SOC revenue data	50
	SOC quasi fiscal activities	..
	SOC board of directors	50
	Fund rules	100

Rank (out of 58)		Score (out of 100)
	Comprehensive fund reports	100
	Subnational transfer rules	..
	Comprehensive subnational transfer reports	..
	Subnational reporting of transfers	..
<b>5</b>	<b>Safeguards and Quality Controls</b>	<b>86</b>
	Checks on licensing process	50
	Checks on budgetary process	100
	Quality of government reports	67
	Government disclosure of conflicts of interest	100
	Quality of SOC reports	33
	SOC reports audited	89
	SOC use of international accounting standards	100
	SOC disclosure of conflicts of interest	100
	Quality of fund reports	100
	Fund reports audited	100
	Government follows fund rules	83
	Checks on fund spending	100
	Fund disclosure of conflicts of interest	100
	Quality of subnational transfer reports	..
	Government follows subnational transfer rules	..
<b>19</b>	<b>Enabling Environment</b>	<b>52</b>
	Corruption (TI Corruption Perceptions Index & WGI control of corruption)	49
	Open Budget (IBP Index)	32
	Accountability & democracy (EIU Democracy Index & WGI voice and accountability)	69
	Government effectiveness (WGI)	64
	Rule of law (WGI)	48

<span style="color: green;">■</span>	Satisfactory	<span style="color: orange;">■</span>	Weak
<span style="color: yellow;">■</span>	Partial	<span style="color: red;">■</span>	Failing