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REGIONAL

**FISCAL CHALLENGES IN THE CARIBBEAN: DEMOGRAPHIC CHANGES AND FISCAL RISKS
FROM SOEs**

(RG-T4854)

PROJECT DOCUMENT

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PROJECT SUMMARY		
Operation Type:	Technical Cooperation	
Sector:	REFORM / MODERNIZATION OF THE STATE	
Subsector:	FISCAL POLICY FOR SUSTAINABILITY AND GROWTH	
TC Taxonomy:	Research and Dissemination	
Project Number under the Operational Support Taxonomy:	N/A	
Technical Responsible Unit:	IFD/FMM-Fiscal Management Division	
Unit with Disbursement Responsibility (UDR):	IFD/FMM-Fiscal Management Division	
Executing Agency:	Inter-American Development Bank	
PROJECT OBJECTIVE		
<p>The general objective of this TC is generate knowledge and analytical tools to support the governments of the ONE Caribbean countries—The Bahamas, Barbados, Belize, Guyana, Jamaica, Suriname, and Trinidad and Tobago—in strengthening the institutional and technical capacities of Ministries of Finance, line ministries, and State-Owned Enterprises (SOEs) to deliver efficient and financially sustainable public services that meet the growing needs of an aging population, while fostering sustainable economic development and resilient growth.</p>		
FINANCIAL INFORMATION		
Financing Type	Fund	Amount in US\$
TCN - Nonreimbursable	W3B - OC Strategic Development Program Window 3 - Transitory Emerging Need for Sustainable Development in the Caribbean	500,000
	Total IDB Financing	500,000
	Counterpart Financing	0
	Total Project Budget	500,000
Donors:	N/A	
Disbursement Period:	36 36 months	
Execution Period:	36 36 months	
ADDITIONAL FINANCIAL INFORMATION		
N/A		

I. JUSTIFICATION AND OBJECTIVE

- 1.1 **Diagnostic.** The Caribbean region is undergoing a profound demographic transition that is reshaping its economic and fiscal landscape. The share of the population aged 60 years or older is growing faster than the total population, reflecting longer life expectancy and declining fertility rates. According to ECLAC (2022)¹, the old-age dependency ratio in the Caribbean is projected to rise from around 14 per 100 working-age adults in 2020 to 20 by 2030, and nearly 28 by 2045². This acceleration means that the region will “age before becoming rich”, reaching advanced stages of demographic transition with comparatively lower income levels and fiscal buffers than those observed in high-income countries (UNDP, 2025)³.
- 1.2 While ageing is a common regional trend, its intensity and timing vary considerably across the ONE Caribbean countries. Barbados, The Bahamas, and Trinidad and Tobago are already experiencing advanced demographic transitions, with rapidly rising old-age dependency ratios and fertility rates below replacement levels—making ageing a first-order fiscal challenge. Jamaica is ageing at a fast pace due to declining fertility and sustained emigration, while Belize, Guyana, and Suriname still have younger demographic profiles but are projected to experience significant ageing pressures over the next decade⁴. This heterogeneity underscores the need for differentiated diagnostics and policy responses, as some countries face immediate fiscal pressures, whereas others have a narrowing window to prepare for the demographic shift.
- 1.3 Demographic ageing will exert increasing pressure on public finances through higher pension liabilities, healthcare and long-term care expenditures, and the need for age-appropriate public infrastructure and services⁵. At the same time, the shrinking share of the working-age population (also affected by the emigration patterns) threatens labor supply and productivity growth, narrowing the fiscal space to meet these rising obligations⁶. Without productivity-enhancing reforms and targeted fiscal adjustments, these dynamics could generate persistent fiscal imbalances and undermine medium- and long-term growth prospects. The fiscal impact of ageing is particularly concerning for small Caribbean economies, which already face limited diversification, exposure to climate-related shocks, and constrained debt sustainability.

¹ ECLAC (Economic Commission for Latin America and the Caribbean). 2022. [The ageing Caribbean: 20 years of the Madrid Plan of Action](#).

² Cotlear, D. 2011. [Envejecimiento de la población: ¿está preparada América Latina?](#) Directions in Development, World Bank.

³ UNDP (2025). Reaping what we sow: [How demographic change and social protection will shape Latin America and the Caribbean's future](#). United Nations Development Program, Regional Bureau for Latin America and the Caribbean.

⁴ UNDESA (United Nations, Department of Economic and Social Affairs). n.d. [World Population Prospects 2024](#).

⁵ Aranco, N., Bosch, M., Stampini, M., Azuara, O., Goyeneche, L., Ibarrarán., P., Oliveira, D., Reyes Retana, M., Savedoff, W., and Torres, E. 2022. [Aging in Latin America and the Caribbean: social protection and quality of life of older persons](#). Inter-American Development Bank.

⁶ Banik, B. 2006. [Aging population, emigration and growth in Barbados](#). *International Journal of Social Economics*, 33(11), 781–788. DOI:

1.4 Compounding these demographic pressures are fiscal risks arising from State-Owned Enterprises (SOEs), which play a central role in delivering essential public services such as energy, transport, water, and telecommunications. Evidence from the IDB and IMF shows that in Latin America and the Caribbean, SOEs absorb between 0.3 and 1.0 percentage points of GDP annually in fiscal transfers to cover operational losses (Musacchio, Pineda, et al., 2019⁷; Reyes-Tagle et al., 2022⁸). In some Caribbean countries, contingent liabilities from SOEs exceed 10 percent of GDP (Li, 2021⁹; Pineda and Musacchio, 2020¹⁰), posing significant risks to fiscal sustainability. These challenges are intensified by weak governance, limited oversight, and soft budget constraints that reduce incentives for efficiency and accountability¹¹.

1.5 The interaction between demographic change and SOE performance represents a critical and underexplored fiscal vulnerability. SOEs account for roughly one quarter of public-sector employment and are major providers of the goods and services most affected by population ageing. As demand for healthcare, utilities, transport, and social infrastructure are influenced by changes in consumption patterns it will affect the provision of services increasing the operational and financial pressures on SOEs due to an ageing labor force and the need to adapt infrastructure to demographic trends. Without adequate risk assessment and planning, these enterprises may require greater fiscal support at a time when ageing-related expenditures are already expanding, creating a feedback loop of fiscal fragility.

1.6 Institutional capacity constraints further compound these challenges. Ministries of Finance and line ministries in the Caribbean often lack integrated tools to identify and quantify demographic and SOE-related fiscal risks. Data gaps persist in areas such as population ageing profiles, long-term care needs, and the financial performance of SOEs. Budgetary and planning processes tend to focus on short to medium-term horizons, with limited incorporation of long-term demographic and contingent liabilities. These constraints hinder governments' ability to design forward-looking fiscal frameworks that integrate demographic trends, investment priorities, and public service delivery models.

1.7 Lessons from IDB operations underscore the importance of strengthening institutional and technical capacities in ministries of finance, line ministries, and State-Owned Enterprises (SOEs) to safeguard fiscal sustainability and ensure effective service delivery¹². Evidence from prior IDB engagements in the

⁷ Musacchio, A., Pineda, E., Huber, J., Jara, M., Kim, H., Ter-Minassian, T., & Wagner, R. (2019). [Fixing State-Owned Enterprises: New Policy Solutions to Old Problems](#).

⁸ Reyes-Tagle, G., Silvani, C. and Ospina, L. 2022. [The Nuts and Bolts of Revenue Administration in the Caribbean](#). In [Economic Institutions for A Resilient Caribbean](#), edited by M-J. Schwartz and D-W. Beuermann, 11-93. Washington, DC: Inter-American Development Bank.

⁹ Li, R. 2021. [Macroeconomic Resilience in the Caribbean: 360° Resilience Background Paper](#). World Bank.

¹⁰ Musacchio, A., and Pineda, E. 2020. [Solving the State-Owned Enterprises Puzzle in Latin America and the Caribbean, Recaudando Bienestar](#). Blog, January, Inter-American Development Bank.

¹¹ Reyes-Tagle, G., Musacchio, A., Hosein, R., Pan, C. and Park, Y. 2022. Smoldering Embers: Do State-Owned Enterprises Threaten Fiscal Stability in the Caribbean?, chapter 2, Inter-American Development Bank.<https://doi.org/10.18235/0004001>

¹² Musacchio, A., Pineda, E., Huber, J., Jara, M., Kim, H., Ter-Minassian, T., and Wagner, R. 2019. Fixing State-Owned Enterprises: New Policy Solutions to Old Problems. <https://doi.org/10.18235/0002012>

Caribbean and broader Latin America (e.g., HA-T1311, RG-T4479) shows that SOEs often face structural weaknesses—such as limited financial reporting, inadequate risk management systems, and outdated governance arrangements—that heighten fiscal vulnerabilities and reduce their ability to respond to long-term pressures, including demographic change. Recent analytical work by the IDB on SOE performance and fiscal risks in the Caribbean highlights that improving data systems, enhancing transparency, and adopting forward-looking planning tools are critical to mitigating contingent liabilities and strengthening service delivery (Reyes-Tagle, G., Musacchio, A., Hosein, R. et al., 2022; Reyes-Tagle, Ruprah, and Baca Campodónico, 2024¹³). These findings are consistent with global best practices promoted by the Bank, which emphasize the need for robust fiscal risk frameworks, performance-based governance, and systematic monitoring of demographic and financial pressures. This TC integrates these lessons by prioritizing data-driven diagnostics, capacity building, and the development of practical roadmaps for reform in participating countries, ensuring that the proposed interventions align with proven approaches and international standards while addressing the region's specific demographic and institutional challenges.

- 1.8 In this context, strengthening the institutional and technical capacity of ministries of finance, line ministries, and SOEs is essential to ensure the sustainability of public finances and service provision. Addressing these challenges requires the development of knowledge, analytical tools and methodologies to (i) identify and measure the demographic risks affecting fiscal sustainability and institutional capacity, (ii) assess the long-term impacts of ageing on public investment, productivity, and growth, and (iii) evaluate and mitigate the fiscal risks associated with SOE performance under changing demographic and economic conditions.
- 1.9 The proposed TC responds directly to these needs. It will generate knowledge and analytical tools to support the governments of The Bahamas, Barbados, Belize, Guyana, Jamaica, Suriname, and Trinidad and Tobago (the ONE Caribbean countries) in integrating demographic and SOE-related fiscal risk assessments into policy planning and budgetary frameworks. By generating evidence, improving data systems, and promoting capacity building, the TC will help these countries design policies that ensure efficient, financially sustainable, and resilient public services in the face of demographic change. The initiative builds on and complements previous IDB operations that strengthened fiscal management and SOE governance (e.g., BA-T1101; RG-T4479), while introducing a new analytical dimension on demographic risk—an area of increasing urgency for Caribbean policymakers.
- 1.10 Ultimately, this TC seeks to help the ONE Caribbean countries anticipate and manage the fiscal implications of demographic ageing and SOE performance, thereby supporting fiscal sustainability, economic productivity, and inclusive growth.
- 1.11 **Request.** The Fiscal Management Division (IFD/FMM) of the Inter-American Development Bank (IDB) is developing this regional Research and Development

¹³ Reyes-Tagle, G., Ruprah, I. and Baca Campodónico, J. 2024. [Not Just Taxes: Revenue, Economic Growth and Inequality in the Caribbean](#).

(R&D) Technical Cooperation (TC) to address the growing fiscal and institutional challenges posed by demographic ageing and the financial vulnerabilities of State Owned Enterprises (SOEs) in the Caribbean. As outlined in the diagnostic, these dynamics are expected to exert increasing pressure on public finances, service delivery, and fiscal sustainability in small island economies that already face limited diversification, high debt levels, and exposure to external shocks. Recognizing the strategic importance of these challenges for the region, the IDB considers it essential to generate knowledge and analytical tools to support the ONE Caribbean countries—The Bahamas, Barbados, Belize, Guyana, Jamaica, Suriname, and Trinidad and Tobago—in strengthening fiscal institutions and building technical capacity to anticipate and manage age related fiscal risks. This TC responds to the Bank’s mandate to promote sound fiscal management, efficient public spending, and institutional modernization, consistent with the priorities of the ONE Caribbean program and the IDB Group’s institutional strategy Transforming for Scale and Impact (GN-3201-5).

1.12 **Objective.** The general objective of this TC is generate knowledge and analytical tools to support the governments of the ONE Caribbean countries—The Bahamas, Barbados, Belize, Guyana, Jamaica, Suriname, and Trinidad and Tobago—in strengthening the institutional and technical capacities of Ministries of Finance, line ministries, and State-Owned Enterprises (SOEs) to deliver efficient and financially sustainable public services that meet the growing needs of an aging population, while fostering sustainable economic development and resilient growth.

1.13 **The specific objectives of the TC are to:**

- (i) identify and measure the potential demographic risks—arising from population ageing and migration- that affects institutional capacity and public finances;
- (ii) evaluate the medium- and long-term impacts of demographic changes on fiscal sustainability, public investment, productivity, and economic growth;
- (iii) develop methodologies and tools to identify, assess, and mitigate fiscal risks related to demographic ageing and SOE performance in the ONE Caribbean countries; and
- (iv) disseminate knowledge and strengthen capacities to support policy design and institutional adaptation to demographic and fiscal challenges.

1.14 By achieving these objectives, the TC is expected to generate concrete results, including:

- Strengthened analytical and diagnostic capacity within Ministries of Finance and SOEs to assess and manage fiscal risks related to ageing populations;
- development of technical tools and policy frameworks to integrate demographic and SOE-related fiscal risks into medium- and long-term fiscal planning; and
- enhanced coordination and capacity building across participating countries through regional knowledge exchanges and training activities.

1.15 **Complementarity.** This TC complements ongoing IDB efforts to strengthen fiscal management, institutional capacity, and State-Owned Enterprise (SOE) governance in the Caribbean. Previous operations such as BA-T1101, which supported improvements in fiscal administration and public financial management, and RG-T4479, which addressed SOE-related fiscal risks linked to climate change

have contributed to advancing fiscal sustainability and resilience in the region. However, none has explicitly examined the fiscal implications of demographic ageing or its interaction with SOE performance and long-term fiscal risk.

- 1.16 The proposed TC adds value by filling this critical knowledge and policy gap. It will deepen existing diagnostics on SOE governance, budgetary practices, and fiscal risk management frameworks, incorporating the demographic dimension as a new analytical frontier for fiscal policy in ONE Caribbean Countries. By identifying and quantifying demographic risks affecting the financial sustainability of SOEs and public finances, the TC will enable participating countries to adopt forward-looking strategies that integrate demographic trends into fiscal planning and SOE modernization.
- 1.17 **Strategic Alignment.** This TC is consistent with the IDB Group's Institutional Strategy: Transformation for Greater Scale and Impact (GN-3159-12) and aligns with the objective of reducing poverty and inequality through strengthening fiscal and institutional capacities to manage the long-term implications of demographic ageing—a structural trend that is expected to reshape public finances, labor markets, and service delivery systems across the Caribbean. By helping governments identify, quantify, and mitigate the fiscal and institutional risks associated with ageing populations, the TC contributes directly to building resilient and sustainable fiscal frameworks, preserving social inclusion, and promoting productivity-led growth. It also aligns with the operational focus area of institutional capacity, rule of law, and citizen security, through the modernization of fiscal management and SOE governance. The TC also aligns with the objectives of the priority area of effective, efficient, and transparent institutions of the Strategic Development Program financed with Ordinary Capital (GN-2819-14) through technical assistance and knowledge products for the preparation, financing, and implementation of development plans and projects that contribute to the adaptation of the demographic change in SOE's service provision and performance. Additionally, the TC is aligned with the Sectoral Framework for Fiscal Policy and Management (GN-2831-13), which highlights the importance of promoting actions to strengthen fiscal sustainability in the medium term.
- 1.18 In parallel, the TC is also aligned with IDB Invest's Small and Island (S&I) Action Plan (CII/GN-354), which has emphasized the strategic role of SOEs in enabling private-sector development, modernizing infrastructure, and expanding investment opportunities across the Caribbean. As part of the 2017 and 2025 updates of this plan (CII/GN-354-1 and CII/GN-354-6), IDB Invest has assessed the governance, financial performance, and investment readiness of SOEs in the region and identified a series of upstream reforms needed to strengthen regulatory frameworks, improve financial reporting, and reduce structural bottlenecks. The diagnostics and fiscal-risk assessments generated under this TC—particularly those related to governance gaps, demographic pressures, and SOE financial sustainability—will provide valuable upstream intelligence that complements IDB Invest's efforts to identify potentially bankable or near-ready SOEs for future private-sector participation or non-sovereign guaranteed operations. By aligning the fiscal and institutional strengthening supported through this TC with IDB Invest's investment strategy, the operation advances a coordinated One IDB approach that improves public-sector performance while deepening the enabling environment for private-sector-led growth in the Caribbean.

1.19 This TC is closely aligned with the Private Sector pillar and the Institutional Capacity crosscutting Area of ONE Caribbean the IDB Groups comprehensive regional strategy for promoting sustainable development in the Caribbean (GN-3201-5). The TC's core objective is to strengthen the institutional and fiscal capacities of Ministries of Finance and State-Owned Enterprises (SOEs), enabling them to deliver efficient and financially sustainable public services. ONE Caribbean recognizes the common challenges facing the region—such as small economic size, high vulnerability to external shocks, and growing fiscal pressures from demographic change and SOE-related fiscal risks—and seeks to address them through a territorial focus and a coordinated regional approach that leverages resources, cooperation, and economies of scale. The objective of this TC—to support governments in strengthening the institutional and fiscal capacities of ministries of finance and SOEs to provide efficient services and ensure resilient social and economic growth—is directly aligned with the private-sector development pillar and the institutional capacity crosscutting thematic area of ONE Caribbean. The TC will help improve the efficiency of public administration and capital expenditure management, consolidating fiscal sustainability as a foundation for greater productivity, stronger private-sector synergies, and sustainable growth across the region. Additionally, this TC contributes to the objectives articulated under the ONE Caribbean Strategic Development Program – Window 3B: Transitory Emerging Need for Sustainable Development in the Caribbean, by: (i) addressing interdependent fiscal and institutional challenges that constrain sustainable development through a coordinated regional approach; (ii) enhancing innovative mechanisms for financing, capacity building, and knowledge generation to strengthen fiscal management and SOE governance; (iii) complementing national level reforms while fostering regional integration, coordination, and economies of scale; and (iv) generating regional knowledge and policy tools to help Caribbean countries anticipate demographic and fiscal risks and design next-generation strategies for resilience and inclusive growth.

1.20 At the country level, the operation complements the Bank's active fiscal and institutional strengthening programs in The Bahamas (GN-3198-1), Barbados (GN-3280-1), Belize (GN-3086), Guyana (GN-3187-1), Jamaica (GN-3138), Suriname (GN-3065), and Trinidad and Tobago (GN-3071), as defined in their respective Country Strategies. These strategies emphasize improving fiscal sustainability, modernizing public institutions, and fostering private-sector-led growth—all of which are reinforced by this TC's focus on managing demographic and SOE-related fiscal risks.

II. COMPONENTS

2.1 **Component 1.** Support ministries of finances in strengthening their planning capacity for fiscal sustainability in the long term. This component aims to strengthen the capacity of the Ministries of Finance of the ONE Caribbean countries—The Bahamas, Barbados, Belize, Guyana, Jamaica, Suriname, and Trinidad and Tobago—to plan and manage fiscal sustainability in the context of demographic change. It will help identify and assess policy options to address the structural transformations arising from population ageing, particularly those affecting public revenues, expenditures, and fiscal transfers to State-Owned

Enterprises (SOEs) over the medium and long term. In order to achieve these goals, this component considers the following activities:

- a. Analytical assessment of demographic impacts on fiscal sustainability (revenue composition, social security and healthcare spending, capital investment, debt dynamics) and implications for fiscal transfers and contingent liabilities related to SOEs.
- b. Policy scenario modeling and fiscal risk analysis to estimate expected fiscal space needed to accommodate ageing-related pressures under different reform paths.

2.2 **Component 2: Support SOEs in strengthening their planning and financial capacity.** This component aims to strengthen the corporate governance, planning, and financial management capacities of selected State-Owned Enterprises (SOEs) in the ONE Caribbean countries to help them anticipate and respond effectively to the fiscal and operational challenges associated with demographic change. The component will promote the adoption of forward-looking management practices, risk assessment tools, and financial strategies that enhance SOE efficiency, transparency, and long-term sustainability, embedded in selected country-specific roadmaps. In order to achieve these objectives, the component has the following activities:

- a. Diagnostic of SOE governance and technical capacities by performing institutional and financial assessments and benchmarking of participating SOEs to detect governance gaps, fiscal risks, and operational weaknesses linked to demographic and economic trends.
- b. Assessment of the medium-term fiscal impact of SOE performance under various demographic scenarios.

2.3 **Component 3: Production of knowledge products and result dissemination.** This component aims to synthesize, publish, and disseminate the analytical and policy findings generated under Components I and II. It will promote knowledge exchange, policy dialogue, and institutional learning among the ONE Caribbean countries, contributing to the regional debate on demographic change, fiscal sustainability, and the governance of State-Owned Enterprises (SOEs). As such, it considers the following activities:

- a. Preparation and publication of knowledge products that disseminate the analytical and policy findings generated under Components I and II.
- b. Dissemination and capacity-building activities by organizing a regional workshop to present results, discuss lessons learned, and share best practices among fiscal authorities, SOE managers, and development partners. This workshop will be conducted in a hybrid (both online and in person) format and hosted in one of the participating countries.

2.4 **Results.** This Technical Cooperation (TC) will generate concrete analytical and policy results that strengthen the fiscal and institutional capacities of the ONE Caribbean countries to manage the challenges posed by demographic change. The main output will be regional and selected country roadmaps of actionable

measures and strategies to enhance the fiscal and technical capacities of State-Owned Enterprises (SOEs) and related public institutions, with the objective of improving the enabling environment for private-sector productivity and sustainable growth. The roadmaps will be informed by a series of research reports, policy papers, and a regional workshop to disseminate findings and foster policy dialogue. These outputs will be based on quantitative and qualitative evidence collected from Ministries of Finance, line ministries, and SOEs regarding the effects of demographic change on: (i) the fiscal sustainability of the ONE Caribbean countries; and (ii) the financial sustainability and operational performance of selected SOEs. In addition, the TC will produce a dedicated SOE roadmap outlining specific recommendations and institutional measures to help SOEs adapt to demographic pressures strengthening governance, improving financial management, and enhancing service delivery efficiency.

2.5 **Beneficiaries.** Beneficiaries of this TC are Ministries of Finances, line ministries and selected State-Owned Enterprises.

III. BUDGET

3.1 **Budget.** The total cost of the TC is US\$500,000 which will be financed entirely by the W3B OC Strategic Development Program Window 3 Transitory Emerging Need for Sustainable Development in the Caribbean. No local counterpart contribution is expected. No additional costs are expected to be generated in the transaction budget of the Country Office for supervision. This TC will be executed in a period of 36 months, which includes the execution period. Indicative Budget is as follows:

Components	Fund Code W3B	Total
Component 1: Support ministries of finances in strengthening their planning capacity for fiscal sustainability in the long term.	\$200,000	\$200,000
Component 2: Support SOEs in strengthening their planning and financial capacity	\$250,000	\$250,000
Component 3: Production of knowledge products and result dissemination	\$50,000	\$50,000
Total	US\$500,000	US\$500,000

IV. EXECUTION STRUCTURE

4.1 **Executing Agency.** In accordance with the guidelines in Annex II of document OP-619-4 and Bank's TC Policy GN-2470-2, due to the nature of this TC as Research and Dissemination, it will be executed by the Inter-American Development Bank (IDB), through the Unit of Fiscal Management Division (IFD/FMM), in close collaboration with the Country Department Caribbean Group (CCB/CCB), the Country Department Central America, Haiti, Mexico, Panama and the Dominican Republic (CID/CID) and the Country Office of Belize (CID/CBL).

The Bank's execution is justified because the Division has leadership, technical capabilities; and operational capacity to support countries in similar projects. This is a Bank's initiative to address the growing fiscal and institutional challenges posed by demographic ageing and the financial vulnerabilities of State-Owned Enterprises (SOEs) in the Caribbean.

4.2 **Eligibility Criteria to Select Beneficiaries.** The beneficiary countries eligible to participate in this Technical Cooperation (TC) were first identified based on their inclusion as beneficiary countries under the ONE Caribbean regional program. Within this group, a subset of countries will be selected with an objective criteria based on the scope and intensity of the support each country will receive. In particular, countries were assessed according to their demographic transition dynamics—such as the speed of ageing and changes in the old-age dependency ratio—and the expected impact of these trends on fiscal sustainability and the financial performance of State-Owned Enterprises (SOEs). While all ONE Caribbean countries will benefit from the regional analytical work and knowledge products generated under the TC, only the subset will participate in the more detailed diagnostic assessments based on these additional criteria.

4.3 **Procurement.** All procurement activities to be executed under this TC have been included in the Procurement Plan (Annex IV) and will be contracted in compliance with applicable Bank policies and regulations, as follows: (a) Hiring of individual consultants, as established in the regulation on Complementary Workforce (AM-650); and (b) Contracting of services provided by consulting firms in accordance with the Corporate Procurement Policy (GN-2303-33) and its guidelines.

4.4 **Execution and Disbursement Period.** This TC will be executed in 36 months, which includes the disbursement period.

4.5 **Monitoring, Reporting, and Supervision.** The project team leader from IFD/FMM will be responsible for the supervision of the TC, including monitoring and evaluation of objectives, indicators, and targets, as well as financial execution in accordance with the TC's procurement plan (Anexo IV). IFD/FMM will also serve as the Disbursement Responsible Unit. The project will be monitored and evaluated based on the annual targets and the results matrix, following the guidelines of the Technical Cooperation Monitoring and Reporting System (OP-1385-4). The results and outputs of the TC will be communicated and disseminated in a timely manner to the respective beneficiaries.

V. POTENTIAL RISKS

5.1 The main risk associated with this TC is ensuring access to the data and information to conduct effectively the diagnostics, evaluations and recommendations proposed in this TC. Furthermore, there is the risk of eventual discontinuation of the implementation of initiatives and recommendations to improve SOEs governance and countries' fiscal sustainability. Potential institutional weaknesses could delay the execution of some of the planned activities and the implementation of recommendations. Prioritizing capacity building, along with establishing close collaboration and regular communication

with various governments' leadership, is essential for identifying and accessing key data, and addressing other potential issues promptly.

5.2 **Intellectual Property.** The knowledge products, other than Software and Databases and Datasets, generated within the framework of this TC will be the property of the Bank and may be made available to the public under a Creative Commons license, in accordance with the Procedures for the Publication of Knowledge Products (AM-331). However, at the beneficiary's request, the intellectual property of said products may also be licensed to the beneficiary through specific contractual commitments that will be prepared with the advice of the Bank's Legal area.

5.3 If it becomes necessary for the Bank to receive, manage, or use information that may contain personal data or sensitive information due to activities financed by the TC, the Data Privacy team must be consulted to ensure compliance with the Bank's Personal Data Privacy Policy (GN-3030)

VI. EXCEPTIONS TO BANK POLICIES

6.1 The TC does not foresee any exceptions to Bank policy.

VII. ENVIRONMENTAL AND SOCIAL ASPECTS

7.1 This Technical Cooperation is not intended to finance pre-feasibility or feasibility studies of specific investment projects or environmental and social studies associated with them; therefore, this TC does not have applicable requirements of the Bank's Environmental and Social Policy Framework (ESPF).

ANNEXES:

- Annex I: Results Matrix
- Annex II: Terms of Reference
- Annex III: Procurement Plan