

CARIBBEAN DEVELOPMENT BANK



SPECIAL DEVELOPMENT FUND

ANNUAL REPORT 2007

AND FINANCIAL PROJECTIONS 2008–2010

April 2008

CURRENCY EQUIVALENT

[Dollars (\$) throughout refer to United States dollars unless otherwise stated]

ABBREVIATIONS

BMCs	-	Borrowing Member Countries
BNTF	-	Basic Needs Trust Fund
BOD	-	Board of Directors
CAIC	-	Caribbean Association of Industry and Commerce
CARICOM	-	Caribbean Community
CDB	-	Caribbean Development Bank
Cdn\$	-	Canadian dollars
CFD	-	Caribbean Forum for Development
CPAs	-	Country Poverty Assessments
CSME	-	Caribbean Single Market and Economy
CSOs	-	Civil Society Organisations
CSPs	-	Country Strategy Papers
CTCS	-	Caribbean Technological Consultancy Services
DFID	-	Department for International Development
DMFC	-	Disaster Mitigation Facility for the Caribbean
EC	-	European Commission
HIV/AIDS	-	Human Immuno-deficiency Virus/Acquired Immune Deficiency Syndrome
IDB	-	Inter-American Development Bank
IMF	-	International Monetary Fund
MDBs	-	Multilateral Development Banks
MDGs	-	Millennium Development Goals
MfDR	-	Managing for Development Results
MfR	-	Management for Results
MSE	-	Micro- and Small-Scaled Enterprises
mn	-	million
NPRs	-	National Poverty Reduction Strategies
OCR	-	Ordinary Capital Resources
OECS	-	Organisation of Eastern Caribbean States
p.a.	-	per annum
PBLs	-	Policy-based Loans/Policy-based Lending
PPES	-	Project Performance Evaluation System
PPI	-	Project-Implementation Performance Index
PRAPs	-	Poverty Reduction Action Plans
PRGF	-	Poverty Reduction and Growth Facility
PRODEV	-	Programme to Implement the External Pillar of the Medium-Term Action Plan for Development Effectiveness
PRS	-	Poverty Reduction Strategy
PRSP	-	Poverty Reduction Strategy Papers
RAS	-	Resource Allocation Strategy/Resource Allocation System
RPGs	-	Regional Public Goods
SDF (U)	-	Special Development Fund (Unified)
SMEs	-	Small- and Medium-Scale Enterprises
TA	-	Technical Assistance
TEI	-	Tertiary Education Institutions
USD	-	United States dollars
USAID	-	United States Agency for International Development
UTECH	-	University of Technology
WB	-	World Bank

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SUMMARY DATA SHEET: 2003–2007

Item	2003	2004	2005	2006	2007
<u>1. Resources</u>					
No. of Contributors at Year-End	24	24	26	26	26
Historical Value of resources pledged (\$ mn)	609.7	609.7	765.6	766.4	766.4
Amount of Resources made available (\$ mn)	565.9	598.9	604.6	662.2	714.5
Accumulated Net Income (including currency adjustments)	19.1	17.9	18.6	21.1	28.1
Amount of Resources not yet made available (\$ mn)	23.2	0.0	63.0	89.5	48.4
Contributed Resources and Reserves (\$ mn)	608.1	616.8	686.2	772.8	791.0
Amount of resources approved but not yet effective (\$ mn)	4.6	4.6	6.6	16.9	14.4
Size of Fund (\$ mn)	612.7	621.4	692.8	789.7	805.4
of which allocation for grant programmes - Haiti, Technical Assistance (TA) and Basic Needs Trust Fund (BNTF) (\$ mn)	119.0	126.0	126.0	217.0	217
Operating lending limit (\$ mn)	493.7	495.4	566.8	572.7	588.4
Loan commitments (Signed agreements less repayments) (\$ mn)	446.6	443.1	449.4	449.3	462.0
Commitments as % of operating lending limit	90.5	89.4	79.3	78.5	78.5
<u>2. Loans and Grants</u>					
Value of loan approvals during year (\$ mn)	29.9	24.4	26.3	29.7	25.3
No. of loans approved during year incl. TA Loans	6	8	9	6	8
Average size of SDF (U) Loans (\$ mn)	5.0	3.1	2.9	4.9	3.2
Value of loan cancellations during year (\$ mn)	2.8	3.1	0.5	2.0	6.3
Cumulative loan cancellations (\$ mn)	43.9	47.0	47.5	49.5	55.8
Cumulative net loan approvals at year-end (\$ mn)	582.7	605.0	630.2	656.6	683.1
Cumulative loan approvals at year-end (\$ mn)	626.6	652.0	677.7	706.1	738.8
Grant approvals for the year (\$ mn)	2.3	2.2	4.4	6.7	20.8
Cumulative net grant approvals at year-end (\$ mn)	117.2	119.4	121.4	127.5	147.6
Total net cumulative approvals (\$ mn)	699.9	724.4	751.7	784.1	830.6
<u>3. Resource Flows (\$ mn)</u>					
Disbursements on loans during year	31.5	32.6	30.2	27.0	27.7
Disbursements on grants during year (including BNTF)	3.7	3.9	4.6	5.7	13.2
Debt service from borrowers	<u>20.9</u>	<u>24.4</u>	<u>22.4</u>	<u>24.0</u>	<u>23.9</u>
(of which repayments)	13.3	16.6	14.2	15.8	15.4
Net transfers during year	14.3	12.1	12.4	8.7	17.0
Cumulative net transfers	242.6	254.7	267.1	275.8	292.7
<u>4. Financial Summary</u>					
Administrative expenses (\$ mn)	9.0	9.3	9.7	9.6	10.0
Net income (\$ mn)	2.8	(0.5)	0.0 ^{1/}	3.1	5.0
Gross Loans Outstanding (\$ mn)	318.9	335.0	352.1	363.3	375.8
Administrative expenses/Average loans outstanding (%)	2.9	2.9	2.8	2.7	2.7
Average interest earned on loans outstanding (%)	2.4	2.3	2.3	2.2	2.3

^{1/} Actual Net Income in 2005 was \$0.032 mn

THE UNIFIED SPECIAL DEVELOPMENT FUND

Background

The Caribbean Development Bank's Charter provides for the establishment and administration of special funds exclusively for servicing high-priority development loans. Additionally, this funding facility offers loans with longer maturities and grace periods, as well as lower interest rates than those applied in the Bank's ordinary operations.

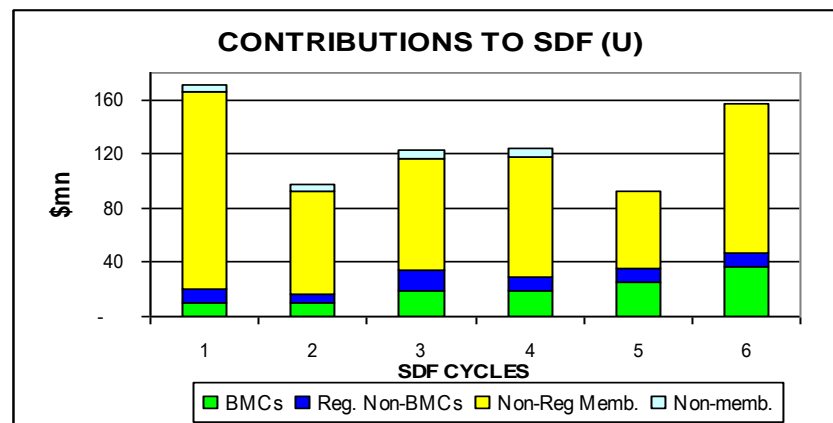
The *Special Development Fund* (SDF/the Fund) was established in 1970 with financial support from several contributors. SDF offered an assortment of terms and conditions fixed by the Fund's various contributors. These differing terms and conditions created a number of complexities and inefficiencies in the Fund's operation, which prompted the decision to set up a fund with a uniform set of rules.

Hence, in 1983, the *Unified Special Development Fund* [SDF (U)] was formed with consistent terms, objectives and procurement conditions. Contributors to the SDF (U) comprised borrowing member countries (BMCs), regional non-borrowing members, and non-regional members. With interest-free contributions provided on a multi-year basis, for an indefinite term, the new SDF (U) sought to overcome the problems associated with individual donors and funding arrangements. To give focus to the Fund's operations, a supplementary governance structure was created which included an Annual Meeting of Contributors. Non-members were also invited to participate as observers in meetings of the Bank's Board of Directors (BOD) and Board of Governors.

SDF (U) funding is provided in four-year replenishments. The third replenishment cycle (SDF 4) was however, extended by an extra year as a result of additional contributions received when the People's Republic of China joined the Bank in 1998. The sixth SDF cycle ends in December 2008 and discussions for the replenishment of the SDF (U) for a seventh cycle, covering the period 2009-2012 commenced in December 2007.

Funding

Contributions or pledges to the SDF (U) over its six cycles of operation total \$766.4 million (mn). Of this figure, non-borrowing members have contributed \$645.2 mn or 84% while borrowing members have accounted for \$121.2 mn or 16%. Contributions by category of membership, shown in the chart below with details presented in Appendix I, indicate that borrowing members have been contributing a larger share of new resources over the cycles. For SDF 6, the sum of \$156.7 mn has been pledged to date, with borrowing members pledging 23% or \$36.1 mn of the contributions and non-borrowing members contributing 77% or \$120.6 mn.



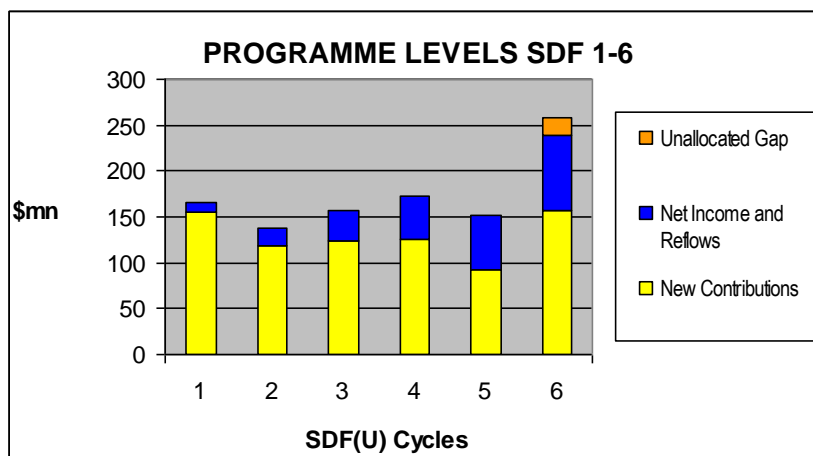
Themes and Priorities

During each SDF cycle's negotiations, Contributors and the Bank agree on the priorities and issues to be addressed. Over the years, there has been increasing emphasis on poverty reduction projects directed at the poor and low-income groups. Building capacity, reducing vulnerability and enhancing governance in beneficiary countries have also received significant support from SDF in recent cycles. The themes and priorities of each SDF cycle are presented in the table below.

SDF Replenishment Themes and Priorities	
SDF 1 (1983-1987)	Employment-intensive projects benefiting the poor; economic infrastructure; lines of credit to financial intermediaries for on-lending to Small- and Medium-Scale Enterprises (SMEs); assistance to the agriculture sector.
SDF 2 (1988-1991)	High priority development activities in "poor countries"; technical assistance (TA) to support loan operations and provide economic policy advice; first contribution to BNTF; use of country groups to set lending terms; the blending of SDF and OCR resources to achieve a lower effective lending interest rate.
SDF 3 (1992-1995)	Projects directly targeting the poor (at least 25% of resources to finance projects directly benefiting the poor); small-scale enterprise development programme; additional contribution to BNTF; allocations for TA; disaster rehabilitation; social infrastructure and lines of credit.
SDF 4 (1996-2000)	Poverty reduction (at least 40% of resources focussed on activities directed towards poverty reduction); human resource development; support for BNTF; environment and sanitation, including environmental mitigation and natural resource management activities; institutional strengthening in the public sector and to enhance productive capacity; essential socio-economic non-financially self-liquidating physical infrastructure; attention given to gender issues in SDF project design and implementation.
SDF 5 (2001-2004)	Poverty reduction through capability enhancement, vulnerability reduction and good governance, together with broad-based sustainable growth; at least 60% of resources to be targeted directly to the poor and poorest communities; introduction of the use of the poverty prism for assessing programmes and projects at all stages of the project cycle; development of Caribbean-specific Millennium Development Goals (MDGs); continuing support for BNTF; introduction of the Resource Allocation System (RAS) and set-aside allocations for supporting regional TA projects; initial operations in new BMCs; an emergency reserve for natural disasters, major transitions in economic structure and other emergencies, e.g: HIV/AIDS; introduction of the Project Performance Evaluation System (PPES).
SDF 6 (2004-2008)	Similar objectives to SDF 5 and the completion of unfinished SDF 5 programmes; poverty reduction and broad-based economic growth; addressing the MDGs; strengthening development effectiveness and results-based management (RBM); planning for, and implementing, the expansion of BMC membership; continuing support for BNTF; resources set-aside for an initial programme in Haiti.

Programme Levels

The programme level for each SDF (U) cycle is financed with new pledges from Contributors, net income generated by the Fund and reflows from loan repayments. The programme levels over the six cycles of the Fund are shown in the chart below. For SDF 6, Contributors approved an overall programme level of \$257.5 mn. This programme level includes a structural gap of \$25.1 mn, which is expected to be financed by additional contributions from new and existing members of the Fund (see Appendix II).



Eligibility of Countries

BMCs are assigned to one of four country groups based on their relative per-capita incomes and other socio-economic criteria. These country groups help to determine the terms and conditions for SDF lending. While all BMCs are eligible for SDF resources, countries in Group 1 are not entitled to a country allocation. These countries may instead be the beneficiaries of regional projects. They also qualify for a limited number of highly poverty-focused projects, such as support to undertake a poverty assessment or prepare a Poverty Reduction Strategy (PRS), TA to help promote good governance, and other assistance in the event of a natural disaster (refer to Appendix II).

Allocation of Resources

RAS is used to allocate both SDF loan resources to eligible countries and BNTF funds to participating BMCs. The CDB's resource allocation formula is comprised of a *needs component* and a *country performance or effectiveness component*. The latter element in this formula recognises that countries with better policy and institutional frameworks are likely to make more effective use of concessionary resources, especially with regard to poverty reduction and broad-based sustainable growth, and provides an incentive for good policy and institutional performance. The formula also includes a CDB-developed measure of *vulnerability* as an indicator of country needs.

1. OPERATIONAL PERFORMANCE

1.01 This section of the Annual Report covers the operational performance of the Unified Special Development Fund for the third year of the sixth cycle to December 31, 2007. It identifies the resources available for programming under SDF 6, details how these resources have been allocated and disbursed. The Report highlights the loan and grant commitments for 2007 along with the expected results of these initiatives. The performance of two major SDF (U) programmes - BNTF and Caribbean Technological Consultancy Services (CTCS) - is also presented.

RESOURCES AND PROGRAMME LEVELS

1.02 The Report of Contributors on SDF 6 approved a target programme level of \$257.5 mn, to be financed by \$158.1 mn from existing Contributors and internally generated resources of \$73.5 mn. This agreed programme level included a structural gap of \$25.9 mn, which was expected to be funded by additional contributions from new and existing members, and income from the early encashment of demand notes. The base funding level as shown in Table 1 was projected to be \$231.6 mn.

1.03 As shown in Table 1, the base funding level projected to 2008 now stands at \$238.5 mn, compared with the original projection of \$231.6 mn as a result of higher levels of repayments and net income than originally projected. Net income to December 31, 2008 is now projected to increase from \$8.7 mn to \$15.0 mn due to higher investment yields and an improved investment portfolio resulting from the early encashment of demand notes by some Contributors. The structural gap is projected to decrease from \$25.9 mn to \$19.0 mn by the end of 2008.

TABLE 1: SDF 6 RESOURCES AND FUNDING LEVELS
(\$ mn)

Item	Original Funding Levels	Revised Projection to 2008	Difference
Commitment authority at beginning of period	5.0	5.0	-
Net income	8.7	15.0	6.3
Repayments	59.8	61.8	2.0
New contributions	158.1	156.7	(1.4)
Base Funding Level	231.6	238.5	6.9
Structural gap	25.9	19.0	(6.9)
Overall funding level	257.5	257.5	-

COMMITMENT AUTHORITY

1.04 Table 2 shows the projected annual available commitment authority and the use of resources for SDF 6. The net income and approvals figures for 2005 to 2007 represent actual out-turn for those years with projections for 2008. The available commitment authority at the end of 2007 amounted to \$52.3 mn and a carry-over balance to SDF 7 of \$14.5 mn is projected at the end of 2008. Further details are provided in Appendix III.

TABLE 2: SDF 6 COMMITMENT AUTHORITY AND USE OF FUNDS

(\$ mn)

Item	Actual			Projected	
	2005	2006	2007	2008	2005-08
Commitment authority at beginning of period	5.0	(1.5)	26.4	52.3	5.0
Net income	0.0	3.1	5.0	6.9	15.0
Repayments	14.4	15.8	15.4	16.2	61.8
Commitment authority from new contributions ^{a/}	11.0	45.4	55.6	44.7	156.7
Approvals for SDF Loans	26.3	29.7	25.3	54.2	135.5
Approvals for SDF Grants (Excl. BNTF and Haiti)	5.6	6.7	10.8	8.4	31.5
Approvals for BNTF and Haiti			14.0	43.0	57.0
Available Commitment authority at end of period	(1.5)	26.4	52.3	14.5	14.5

^{a/} New contributions exclude the amount of the structural gap and contributions from Suriname

SDF 6 OPERATIONAL STRATEGY

The operational strategy for SDF 6 focuses on completing these major initiatives:

Poverty Reduction

- Poverty reduction initiatives to be guided by the priorities of enhancement of capabilities, reduction of vulnerability and good governance.
- Assisting BMCs in conducting Country Poverty Assessments (CPAs) and preparing national poverty reduction strategies.
- Cultivating gender equality at all levels including capacity-building in gender-based analysis for the production of statistics, and priority setting in policy-making, planning and community-based programming.

Addressing MDGs

- Using the MDG framework to monitor the effectiveness of CDB's PRS.
- Further developing the Caribbean-specific MDG targets and indicators to be used as strategic benchmarks for monitoring the progress of SDF development programming.
- Assisting BMCs to internalise these MDG targets and indicators and providing support to measure, monitor and evaluate progress towards the MDGs.

BNTF

- Consolidating the extensive changes implemented in BNTF 5 to better target poor communities and create a greater impact on poverty reduction, good governance and capability enhancement.
- Undertaking a mid-term evaluation of BNTF 5 and regular programme evaluations as bases for continuing improvement and applying the lessons of experience.
- Planning for BNTF 6 in accordance with the framework agreed for BNTF 5.

Environmental Sustainability

- Establishing environmental sustainability as a priority in the Bank's policy dialogue with BMCs.
- Promoting investment lending for projects that will protect the environment and mitigate natural disasters.
- Providing significant TA resources for capacity-building in environmental management at the regional and sub-regional levels.
- Undertaking a review of the Bank's environmental policy and strategy.
- Promoting and supporting initiatives towards the MDG target of providing clean, safe water.

Regional Cooperation and Integration

- Encouraging regional integration and providing support for the implementation of the Caribbean Single Market and Economy (CSME).
- Developing an operational policy and programme planning capability for regional programmes and Regional Public Goods (RPGs), including promoting investment in joint regulatory mechanisms.

Private Sector Development

- Improving the operating environment of Micro- and Small-Scaled Enterprises (MSEs).
- Supporting the development of financial intermediaries and other organisations which interface with MSEs.
- Re-examining the guidelines of CDB's micro-finance guarantee programme to assess whether these can be improved or made more attractive to MSEs.
- Continuing to use CTCS to provide TA to vulnerable groups to improve their technical and operating capacities through training and hands-on exposure.

An Operational Programme for Haiti

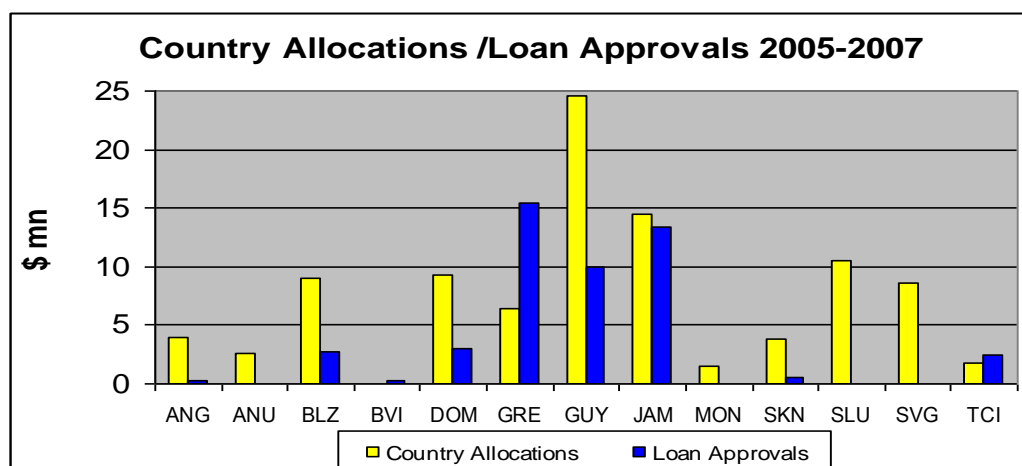
- Planning and implementing a strategy for the expansion of BMCs' membership.
- Developing a practical and well-targeted programme for Haiti.

Managing For Development Results (MfDR)

- Undertaking initiatives to improve planning, monitoring, managing and evaluating the Bank's overall operations.
- Managing for results at the country and regional level, the institutional or corporate level and through partnerships, harmonisation and alignment.
- Placing greater focus on enhancing outcomes, particularly as they relate to CPAs; NPRSs; project formulation and project management training; strengthening the country strategy process; operationalising key thematic and sector strategies; enhancing strategic planning and RBM processes; resource allocation strategy; BNTF programmes; review of lending policies and products; measuring, monitoring and evaluating CDB's programmes and projects; harmonisation; and the Caribbean Forum for Development (CFD).

ALLOCATION OF RESOURCES

1.05 The base funding level of \$231.6 mn for SDF 6 comprised \$89.6 mn for country allocations and \$142 mn in set-asides to support the targeted activity areas. The resources available for loans under SDF 6 were allocated to eligible BMCs using the approved RAS. The funding level at December 2008 is now projected to be \$238.5 mn. A reallocation exercise was undertaken at December 2007 to distribute these additional resources to eligible countries. The revised country allocations and cumulative loan approvals for 2005–2007 are presented in the chart below with details provided in Box - SDF 6 Allocation of Resources.



SDF 6 ALLOCATION OF RESOURCES						
Item	Indicative Allocations		Revised Allocations at December 2007		Approvals 2005–2007	Balance Available
	\$'000	%	\$'000	%		
<i>(Group 1)</i>			<i>No fixed allocations</i>			
Bahamas	-	-	-	-	-	-
British Virgin Islands	-	-	-	-	300	(300)
Cayman Islands	-	-	-	-	-	-
Country Allocations- Loan						
<i>(Groups 2, 3 and 4)</i>						
Anguilla	3,460	1.3	4,017	1.6	300	3,717
Antigua and Barbuda	2,262	0.9	2,613	1.0	-	2,613
Barbados	-	-	-	-	-	-
Belize	7,256	2.8	8,958	3.5	2,766	6,192
Dominica	8,404	3.3	9,268	3.6	3,036	6,232
Grenada	5,716	2.2	6,399	2.5	15,440	(9,041)
Guyana	22,906	8.9	24,536	9.5	10,000	14,536
Jamaica	13,393	5.2	14,509	5.6	13,397	1,112
Montserrat	2,507	1.0	1,526	0.6	-	1,526
St. Kitts and Nevis	3,562	1.4	3,832	1.5	600	3,232
St. Lucia	10,841	4.2	10,460	4.1	-	10,460
St. Vincent and the Grenadines	7,810	3.0	8,570	3.3	-	8,570
Turks and Caicos Islands	1,451	0.6	1,812	0.7	2,500	(688)
Trinidad and Tobago	-	-	-	-	-	-
Sub-total Country Allocations	89,568	34.8	96,500	37.5	48,339	48,161
Total Set-Asides	142,000	55.1	142,000	55.1	66,089	75,911
TOTAL	231,568	-	238,500	-	114,428	124,072
Structural Gap	25,932	10.1	19,000	7.4		
Approved Programme Level	257,500	100.0	257,500	100.0		

1.06 By the end of 2007, a total of \$114.4 mn in loans and grants, or 48% of the SDF 6 revised funding level was approved. This comprised loans of \$81.3 mn and grants of \$33.1 mn. Loan approvals included loans to BMCs of \$48.3 mn, 50% of the allocation, and loans to support countries in fiscal distress and disaster mitigation/rehabilitation projects of \$32.9 mn, or 73.1% of the \$45 mn set-aside.

1.07 The main beneficiaries of loans approved in SDF 6 were Grenada (\$15.4 mn), Jamaica (\$13.4 mn), Guyana (\$10 mn), Dominica (\$3 mn), Belize (\$2.8 mn) and Turks and Caicos Islands (\$2.5 mn). The total value of loans approved for Grenada exceeded its allocation as the Bank continued to support that BMC's efforts at rebuilding the country after Hurricane Ivan. A loan of \$0.3 mn was approved for the British Virgin Islands to support loans to needy students even though there was no specific allocation for the British Virgin Islands.

1.08 A further reallocation of resources for country loans will be undertaken in 2008 which will take into consideration the unused allocation by some BMCs and unmet demand for loans from other BMCs, so as to ensure that allocations are not far out of alignment with effective demand.

Education for All

The **Education for All** project is the first intervention approved for the Republic of Haiti since it formally became a member of the Bank on January 19, 2007. The project, funded jointly by the World Bank (WB), CDB and the Government of Haiti (GOH), aims to improve access to primary education for 135,000 poor children aged 6-12 years, who are currently out of school and double the Grade 1 capacity utilisation in at least 500 schools. The project will also enhance equity, quality and governance of the education sector and facilitate the training and deployment of at least 3,600 new teachers at the primary level.

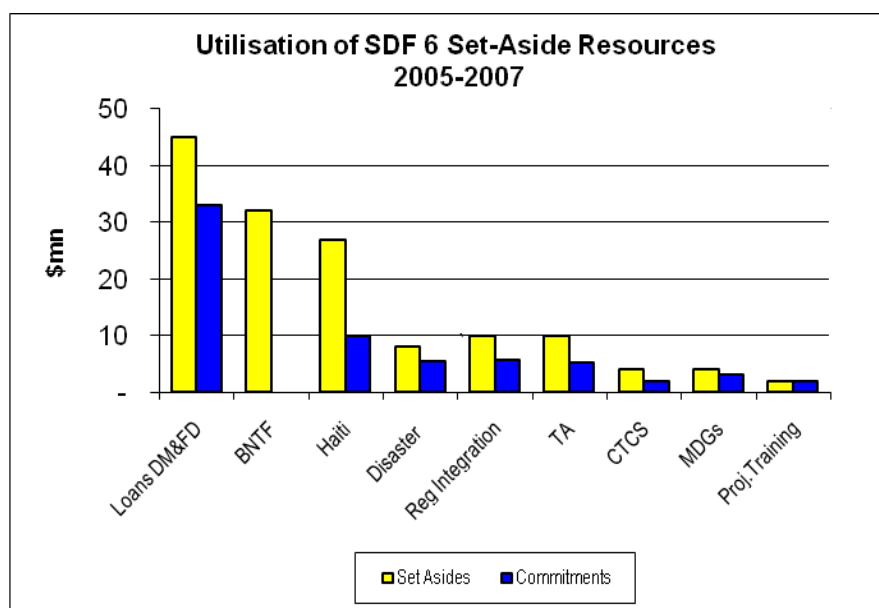
In Haiti, more than a third of primary school-aged children are not in school, less than 20% who enter the school system complete the five years of primary education. Many children suffer from chronic malnutrition, and the school system itself suffers from a shortage of financial and technical resources. The project will provide for student subsidies, school feeding, pre-service teacher training, school textbooks, multi-grade learning programmes, and activities to improve student literacy skills.

To improve the quality of education services, the project will:

- (a) pilot student-centered learning programmes adapted for some 200 multigrade classrooms;
- (b) support student health/nutrition programmes by providing meals for 25,000 students thus making them "ready to learn"; and
- (c) strengthen the capacity to improve learning outcomes, particularly basic literacy, through the provision of textbooks in the Creole and French languages.

Governance of the sector will also be improved through intensive capacity-building of relevant government departments. The policy-making, planning and managerial operations of MENFP will be strengthened. The project will also assist GOH in its efforts to achieve the objectives of the National Education for All (EFA) Strategy as well as the education-related MDGs by 2015.

1.09 The set-aside resources for SDF 6 amounted to \$142 mn comprising \$45 mn for natural disaster mitigation/rehabilitation loans, and assisting countries in fiscal distress, \$27 mn for loans and grants to support Haiti's operational programme and grants of \$32 mn for eligible BNTF countries.



1.10 The remaining \$38 mn was set-aside for grant funding activities to finance immediate disaster responses and to support TA for capacity-building in BMCs, the CTCS programme, TA for regional integration and RPGs, and assisting BMCs to pursue the achievement of the MDGs. [See Box – SDF 6 Set-Aside Resources]

UTILISATION OF SDF 6 SET-ASIDE RESOURCES			
Item	Set-aside Amounts	Loan and Grant Approvals 2005–07	Balance Available
	\$'000	\$'000	\$'000
Haiti (BNTF, Grant TA, Loan)	27,000	10,000	17,000
Loans for Disaster Mitigation and Fiscal Distress	45,000	32,913	12,087
Grants – Disaster Response	8,000	5,460	2,540
Regional Integration and RPGs	10,000	5,620	4,380
Project Training	2,000	2,000	0
CTCS	4,000	1,806	2,194
MDGs	4,000	3,126	874
BNTF (Excl. Haiti)	32,000		32,000
TA (Excl. Haiti)	10,000	5,164	4,836
TOTAL SET-ASIDE	142,000	66,089	75,911

1.11 The utilisation of the set-aside allocations for loans and grant approvals in 2005–2007 totalled \$66.1 mn. These included a grant to Haiti of \$10 mn and loans approved for disaster mitigation and fiscal distress amounting to \$32.9 mn; for Belize (\$10 mn), St. Kitts and Nevis (\$8 mn), Grenada (\$7.9 mn), Barbados (\$0.5 mn) and Jamaica (\$5.5 mn).

1.12 Grant approvals included \$5.5 mn for disaster response, \$5.6 mn for regional integration and RPGs, \$5.2 mn for capacity-building TA and other grants for CTCS, MDGs and project management training.

COMMITMENTS

1.13 SDF (U) annual commitments for loans and grants during the period 2001–2007 are presented in Table 3. There was a scaling up of SDF activity in 2007 with total loan and grant commitments amounting to \$46.1 mn, representing a 27% increase over 2006 commitments of \$36.4 mn. To date, SDF 6 total commitments have amounted to \$114.4 mn.

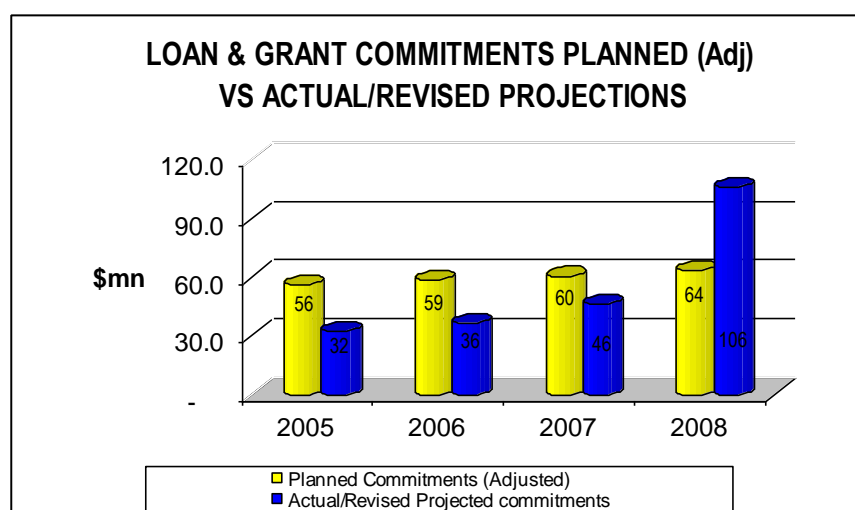
TABLE 3: SDF 5 AND SDF 6 ANNUAL COMMITMENTS
(\$ mn)

Item	SDF 5					SDF 6			
	2001	2002	2003	2004	Total	2005	2006	2007	Total
SDF(U) loan approvals	38.2	19.4	29.9	24.4	111.9	26.3	29.7	25.3	81.3
SDF (U) grant approvals	35.6	4.0	2.3	2.2	44.1	5.6	6.7	20.8	33.1
of which: TA	3.2	3.6	1.9	1.7	10.4	3.1	2.9	4.9	10.8
Disaster Response								5.3	5.4
Haiti								10.0	10.0
BNTF	32	-	-	-	32	-	-	-	-
MDGs	-	-	-	-	-		3.1	-	3.1
Project Management									
Training	-	-	-	-	-	2.0	-	-	2.0
CTCS	0.4	0.4	0.4	0.5	1.7	0.5	0.7	0.6	1.8
TOTAL COMMITMENTS	73.8	23.4	32.2	26.6	156.0	31.9	36.4	46.1	114.4

1.14 There was a decline in loan commitments during 2007 compared with 2006. Loan commitments in 2007 totalled \$25.3 mn compared with \$29.7 mn in 2006. Grant commitments on the other hand increased during the period, from \$6.7 mn in 2006 to \$20.8 mn in 2007. This was due in large part to the approval of \$10 mn for activities in Haiti and a contribution of \$5 mn to the Caribbean Catastrophic Risk Insurance Facility.

1.15 The chart below compares planned loan and grant commitments with actual approvals from 2005 to 2007 and revised projections for 2008. The planned commitments have been adjusted to the lower base funding level of \$238.5 mn to recognise the failure to fill the structural gap.

1.16 Actual commitments for the first three years of SDF 6 were below planned amounts. This was due in part to the late commencement of SDF 6 since negotiations were only concluded in October 2005. Commitments also occurred later than anticipated for BNTF, delayed by structural programme changes, and Haiti, which joined the Bank in January 2007. Based on the projects in the pipeline, this situation is expected to be reversed in the final year of the cycle, when actual commitments are expected to exceed the adjusted planned commitments by some \$42 mn.



DISBURSEMENTS

1.17 Annual disbursements to date for SDF 6 and for SDF 5 are presented in Table 4. In 2007, disbursements totalled \$40.9 mn, compared with \$35 mn and \$32.6 mn in 2005 and 2006 respectively. Of this figure, loan disbursements accounted for \$27.7 mn compared with \$26.9 mn in 2006. Grant disbursements amounted to \$13.2 mn compared with \$5.7 mn in the previous year.

1.18 The high level of grant disbursements in 2007 of \$13.2 mn resulted from the payment of the contribution to the Caribbean Catastrophic Risk Insurance Facility (CCRIF) (\$5 mn) and disbursements relating to the project management training and the conduct of CPAs. Disbursement of BNTF funds also increased in this period and exceeded the 2006 disbursement figure by \$0.7 mn.

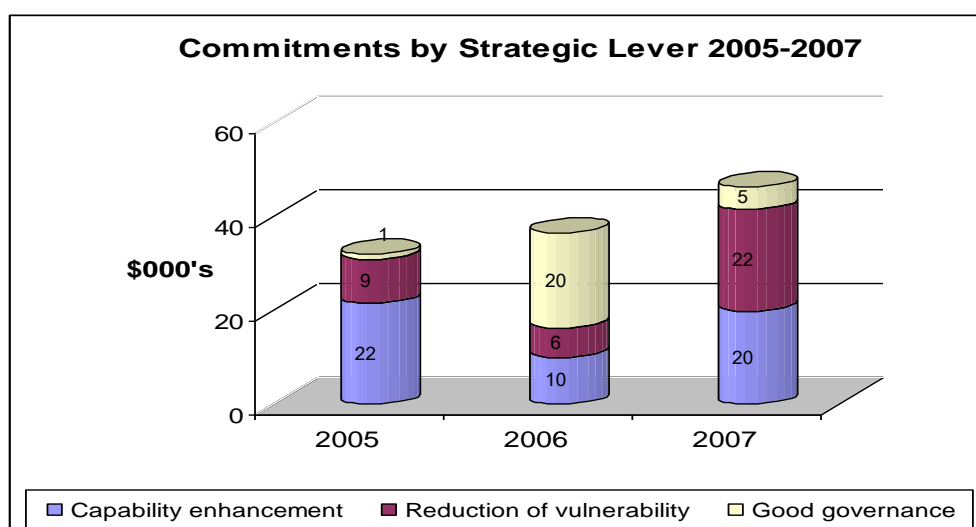
TABLE 4: SDF 5 AND SDF 6 ANNUAL DISBURSEMENTS
(\$ mn)

Item	SDF 5					SDF 6			
	2001	2002	2003	2004	Total	2005	2006	2007	Total
SDF (U) loan disbursements	37.7	33.6	31.5	32.6	135.4	30.4	26.9	27.7	85.0
SDF (U) grant disbursements	6.3	3.5	3.7	3.9	17.4	4.6	5.7	13.2	23.5
<i>of which:</i> TA	2.7	1.9	2.8	2.7	10.1	2.0	2.4	9.2	13.6
BNTF	3.6	1.6	0.9	1.2	7.3	2.6	3.3	4.0	9.9
TOTAL DISBURSEMENTS	44.0	37.1	35.2	36.5	152.8	35.0	32.6	40.9	108.5

OPERATIONAL HIGHLIGHTS

Poverty Reduction

1.19 The chart below - *Total Commitments by Strategic Lever 2005-2007*, shows the SDF commitments categorised into these three priority areas. Details of the loan and grant approvals classified according to these three themes are presented in Appendix IV. It should be noted that the policy-based loans approved in 2006 were reclassified as governance interventions instead of capability enhancement.

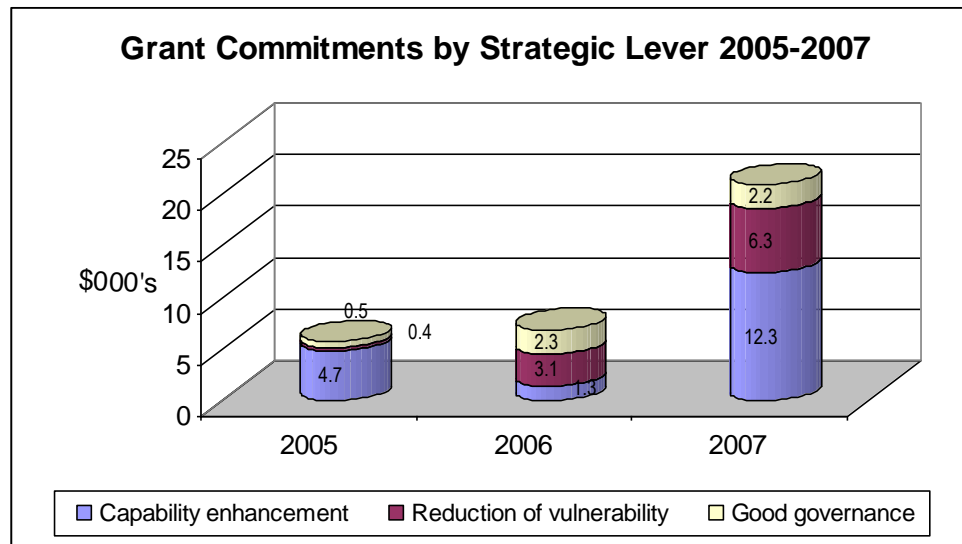


1.20 In 2007, capability enhancement projects accounted for \$20 mn (43%) of the total commitments, an increase over the \$10 mn or 28% of approvals in 2006. Meanwhile, vulnerability reduction accounted

for \$22 mn (47%) of the commitments in 2007; compared with the \$6 mn (17%) in 2006. In 2007, approvals for good governance initiatives decreased with \$5 mn (10%) allotted to this priority area as against the \$20 mn or 55% in 2006.

1.21 Assessing SDF 6 total commitments by priority to date, capability enhancement projects have accounted for 45%, while activities supporting vulnerability reduction and good governance were 32% and 23%, respectively.

1.22 The chart below, *Grant Commitments by Strategic Lever 2005-2007*, sets out the allocation of SDF grant funding to the agreed priority areas. Grant approvals in 2007 amounted to \$20.8 mn, representing increases in all priority areas and bringing the total SDF 6 grant commitment to date to \$33.1 mn. In 2007, \$6.3 mn was committed to vulnerability reduction compared with \$3.1 mn in 2006. Capability enhancement received \$12.3 mn in grant commitments in 2007, as compared with only \$1.3 mn in 2005, while there were \$2.2 mn in approvals for governance activities compared with \$2.3 mn in 2007.



1.23 To date, SDF 6 grant commitments in favour of capability enhancement have accounted for 55% of the allocation while reduction of vulnerability and good governance have comprised 30% and 15%, respectively.

Capability Enhancement

1.24 *Capability enhancement*, focuses on the economic and social empowerment of people seeking to enhance their capabilities to take advantage of economic opportunities and to empower them to participate fully in the social and political processes that govern their lives. *Capability enhancement* initiatives assist BMCs with providing essential social and economic infrastructure especially in rural communities, developing SMEs, and developing their human resources.

Community Development for the Carib Territory

The Carib Territory in Dominica is the home to the largest group of indigenous people in the Eastern Caribbean. With a population of over 2,200 persons, it has been identified as having the highest rates of poverty in Dominica. Low education and skill levels and limited capacity to respond to economic opportunities or to formulate and implement development projects have contributed to the continuous cycle of poverty in the community.

In 2007, CDB approved a community capacity development project which aims to enhance the capacity of residents and institutions in the Territory to plan and manage development interventions and to provide basic infrastructure and support systems for income generation.

The project will include the following components:

- (a) Institutional strengthening to increase the capacity of the Carib Council and key agencies in the Territory to efficiently implement development projects;
- (b) Construction of a number of key roads to facilitate access within the community;
- (c) Construction and equipping of two community resource centres to facilitate skills training; and
- (d) Training in house retro-fitting for small contractors, artisans and residents in hurricane resistant construction techniques.

The design of the project has benefited from the lessons learnt from earlier rural development projects and is expected to result in increased household incomes and reduced levels of poverty within the community. There will also be improved access to physical resources and to social and economic services.

1.25 Capability enhancement projects totalling \$19.8 mn were approved by the Bank in 2007 and included:

- (a) A grant of \$10.0 mn to Haiti for the Education for All Project which is intended to provide increased access to primary education for 135,000 poor children, aged 6-12 years and double the Grade 1 capacity utilisation in at least 500 schools; strengthen public and non-public sector partnership, and enhance school management capabilities to increase access; improve equity and monitor learning outcomes, with the objective of a better educated population with the knowledge and competencies to contribute more effectively to social and economic development in Haiti [See Box: Education For All];
- (b) An investment loan of \$5.0 mn to Jamaica for the University of Technology (UTech) Enhancement Project. This loan will provide for the construction of classrooms, lecture theatres, labs, staff training and the development of an institutional framework to allow for the diversification of UTech's income. It will facilitate access by over 3,800 additional students annually and reduce the current problem of overcrowding. Allocations for staff development will allow for upgrading of skills and qualifications for 90 staff members and allow UTech to expand and diversify its programme offerings. UTech's expansion and upgrade will promote affordable and equitable access to post-secondary education and training needed to reduce the knowledge and income gaps between socio-economic groups;
- (c) A capital loan of \$2.0 mn to Grenada, to rehabilitate and reconstruct one primary and three secondary schools and expand the technical/vocational and science laboratories in some of the schools. The project will benefit over 2,400 students, 1,800 enrolled in the project secondary schools and 600 in the primary school, some of whom are currently accommodated in inadequate temporary facilities. Over 65 teaching and non-teaching staff will benefit from an enhanced physical environment. This project will also improve

the performance of selected schools and increase the number of graduates capable of contributing more significantly to the country's social and economic development;

- (d) A contingent loan of \$0.25 mn and a grant of \$0.15 mn to Belize to finance feasibility studies for the phased implementation of expanded water and sewerage infrastructure on Ambergris Caye, and the detailed design for Belize River Valley water supply systems; and
- (e) CTCS projects totalling \$0.62 mn were implemented in Anguilla, Antigua and Barbuda, the Bahamas, Barbados, Cayman Islands, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St Vincent and the Grenadines and Trinidad and Tobago. In addition, two regional workshops were held in 2007 on food hygiene and safety management and hot pepper processing. A significant amount of these CTCS interventions were directed at enhancing general management and business development skills of the Region's small entrepreneurs, contributing to health, safety and saleability of products and improvement of livelihoods.

1.26 At the regional level, the Bank supported a number of initiatives such as:

- support to LIAT (\$0.5 mn) to strengthen its viability and internal operations and contribute to economic and social development of BMCs by improving the efficiency and reliability of inter-island air transport;
- financing a *Conference on Development Banking in the Caribbean* (\$0.9 mn), and a consultancy for *Promoting the Use of Sovereign Ratings* (\$0.15 mn). These initiatives are aimed at strengthening the financial infrastructure in the Region and improving risk and portfolio management;
- support for the private sector through the presentation of training courses on *Improving Small and Medium-Sized Enterprise Financing in the Caribbean* (\$0.69 mn), *SME Cluster and Network Development* (\$0.05 mn) and sponsoring the *Caribbean Microfinance Capacity Building Programme CARIB-CAP* (\$0.27 mn) and the *Youth Business Trusts - Strategic Planning Workshop* (\$0.3 mn). These initiatives were aimed at facilitating the establishment of Youth Business Trusts in other BMCs, strengthening the Region's SME sector and the microfinance industry through the promotion of commercial microfinance principles and best practices;
- support for the agriculture sector through the participation of BMCs in the *Development of a Caribbean Agricultural Monitoring and Evaluation Information System* sponsored by the *Inter-American Institute for Cooperation on Agriculture (IICA)* (\$0.05 mn), and financing an *Evaluation of the use of Greenhouse Technology in Crop Production* (\$0.05 mn);
- financing the development of a *Distance Learning Course in Tourism* (\$0.1 mn) which will provide more accessible and flexible training opportunities for tourism personnel and result in more qualified persons in the sector;
- providing support to the *Standing Committee of Caribbean Statisticians* (\$0.02 mn), the *IDB/CDB Housing Conference* (\$0.02 mn), the workshop entitled "*II Sub-Regional Workshop in the Caribbean - Development Effectiveness and Managing for Results*" (\$0.02mn) and a *Diagnostic Review of Literacy and Numeracy* (\$0.02 mn) in the Region in an effort to strengthen and improve capacity in these areas;

- providing TA to develop a framework for operationalising the proposed CARICOM Development Fund which is a major element in the implementation of CSME.

SME Clusters

There is ample evidence that SMEs operating in the same or in related industrial sectors tend to cluster close to each other. SMEs operating in such clusters derive a clear competitive advantage from their proximity to sources of raw inputs, the availability of suitably customised business development services, the abundance of clients attracted by the cluster tradition in that industry, and the presence of a skilled labour force. The experience of the Jamaica Exporters' Association's Jamaica Cluster Competitiveness Project (JCCP) which was started in 2002 has shown that clustering can help SMEs to grow and upgrade their operations. For example, the tourism aspect of the project has created a unique travel product and new opportunities for local food processors and restaurants.

UNIDO has, since 1993, developed an approach to assist governments and the private sector to support the establishment of, and improve the performance of, under-achieving SME clusters. The organisation also has a training programme on the cluster development methodology which is conducted in association with the ILO's International Training Centre (ITCILO), Turin, Italy.

In 2007, the Bank sought the assistance of ITCILO with the organisation and delivery of the cluster training course utilising the UNIDO methodology. The objectives of the course were to provide practitioners in SME development with the necessary skills to promote the creation and development of SME clusters, networks and business associations.

Thirty representatives from eight BMCs from the public and private sectors responsible for the design and management of SME development programmes, such as the ministries responsible for small enterprises, exporters' associations, financial institutions, and organisations that provide small business development services participated in the training.

Reduction of Vulnerability

1.27 The SDF's *vulnerability reduction* activities include mainstreaming natural hazard risk management, improving the delivery of public services, formulating health policy and health systems reform, shelter development and special mortgage interventions for low-income households, and rural development to improve the living conditions of small farmers and indigenous populations.

1.28 In 2007, a total of \$21.6 mn was committed to reducing vulnerability. The SDF loans and grants approved in 2007 included:

- (a) A loan of \$12.5 mn and a grant of \$0.01 mn to Jamaica to finance natural disaster emergency relief following Hurricane Dean and heavy rainfall in August and November 2007. This financing will assist the Government to effect speedy rehabilitation of the country's road infrastructure and restoration of its productive capacity;
- (b) A contribution of \$5 mn to CCRIF which aims to address the high vulnerability of Caribbean countries to natural disasters. In the aftermath of a natural disaster, BMCs generally see significant declines in their revenue generation, sharp increases in expenditure and a decline in access to credit. This risk insurance facility (CCRIF), will allow governments to purchase insurance coverage to provide short-term liquidity after a major earthquake or hurricane. Two countries, Dominica and St. Lucia, were able to access the facility for damage sustained during the earthquake on November 29, 2007;
- (c) A loan of \$2.8 mn and a grant of \$0.3 mn to Dominica for the Carib Territory Community Capacity-Building Project which is aimed at reducing poverty and vulnerability among the

indigenous peoples. The Territory, which is home to approximately 2,200 indigenous people, has been identified as having the highest level of poverty in Dominica. The project will enhance the capability of residents and institutions in the Territory to plan and manage development interventions, and to provide basic infrastructure and support systems for income-generation. It will also provide an enabling environment for investment in small- and micro-enterprises. The intended results include improved access to social and economic infrastructure, strengthening of good governance and improved management systems for the Carib Council and Carib Model Village;

- (d) A 6th student loan of \$0.3 mn to the British Virgin Islands for financing loans to students from poor and vulnerable households. These loans provide opportunities to break the cycle of poverty to persons from poor households that cannot afford to provide security for loans. They therefore are expected to contribute significantly to the country's social development by expanding access to post-secondary education and training; and
- (e) Emergency relief grants of \$0.1 mn each to Belize and Dominica in the wake of Hurricane Dean to provide assistance in the clearing and cleaning of debris and restoring essential public services.

1.29 In its contribution to vulnerability reduction at the regional level, the Bank approved the following regional grants:

- \$0.25 mn for the Natural Disaster Risk Management Assessment (NDRM) to assess the development effectiveness of CDB's financial and other assistance for NDRM in its BMCs. This knowledge accumulation will provide access to lessons of experience for use in the design of future projects. The assessment is also expected to make recommendations for improvement in the operational practices and policy framework;
- \$0.15 mn for the development of a Gender Policy and Implementation Framework for CDB which will guide the mainstreaming of gender in the Bank; and
- A TA grant of \$0.25 mn to strengthen the risk management capabilities of 21 Microfinance Institutions (MFIs) in CDB's BMCs in the area of disaster mitigation through the preparation of vulnerability assessments and the design, implementation and testing of risk management plans.

Strengthening Management by Results in the OECS Countries

PRODEV is an IDB initiative which aims to help its BMCs build and/or strengthen their management for results (MfR) capacity; enhances IDB coordination with other development institutions and intensifies the sharing of MfR-related lessons of experience, knowledge and training.

The initiative includes training workshops on development effectiveness, managing for results and new public sector management techniques. It also provides support for the preparation of a Medium-Term Action Plan (MTAP) to improve the planning, management, monitoring and evaluation capacity of the public sector.

The PRODEV initiative was seen as a mechanism which could assist the OECS member states to strengthen the planning frameworks. This would improve the link between investment programming, the capital and current budget processes and debt management and maximise revenue intake and improve budget management. Participation in IDB's PRODEV initiative will also give the OECS member states, who are not members of IDB, access to PRODEV grant resources for implementation of associated reform initiatives.

In July 2007, CDB collaborated with the IDB to conduct an introductory PRODEV workshop for OECS member states. The workshop aimed to improve the budget management capacity of the individual member states and the agencies that currently provide technical support to the member states in this area, namely the Eastern Caribbean Central Bank, the OECS Secretariat and the Caribbean Regional Technical Assistance Centre. Following the workshop, the Bank and IDB agreed to implement the PRODEV initiative for Strengthening Management By Results in the OECS Countries.

Good Governance

1.30 CDB's *good governance* interventions focus on capacity-building in BMCs to strengthen the public sector and support the establishment of strong regulatory systems, encouraging wider participation in national consensus-building, strengthening regional governance mechanisms and mainstreaming governance in the Bank's operations.

1.31 In 2007, the Bank approved a total of \$8.7 mn in loans and grants to promote good governance. Good governance initiatives supported by the Bank included:

- (a) A TA loan totalling \$2.5 mn to Belize for modernisation of its Customs and Excise Department. This financing will strengthen and modernise a critical public service department, improve revenue collection and contribute to the competitiveness of export industries that directly or indirectly require the import or export of goods;
- (b) Two TA grants totalling \$0.2 mn, which were part of the capacity-building required for the successful implementation of the PBL, were also approved for Belize for the revision of its financial regulation, as well as to develop the institutional framework for conducting macroeconomic management. These projects will enhance economic performance of the country over the medium to long term by putting in place modern financial regulation systems and an adequate framework for conducting macroeconomic management; and
- (c) Capacity-building TA grants to Antigua and Barbuda (\$0.4 mn) and Dominica (\$0.01 mn) for the institutional strengthening of the Statistics Division and the Ministry of Finance, Industry and Planning, respectively and to undertake strategic business planning and organisational strengthening for the Public Utilities Authority in Antigua and Barbuda.

YOUTH BUSINESS TRUSTS

YBTs are among the few NGOs that have initiatives aimed at making youth self-sufficient through entrepreneurship education and business support services. The Trusts provide young persons with financing to develop micro-enterprises and they also link them with business mentors who help the entrepreneurs with various aspects of their operations, including the preparation of business plans, accounting, marketing, and identification of networking opportunities.

Despite the progress made by YBTs in the Region, they continue to face several challenges, of which securing funding has been the most pervasive. In an attempt to deal with these problems, over the last four years, the Programme Managers and the BODs of YBTs have been meeting annually to discuss general plans to increase efficiencies, improve outreach and review operations to ensure that they conform to YBT's objectives and standards. YBTs recognise that a more structured approach to their growth is required, particularly in the context of the increased interest in establishing new Trusts across the Region.

Against this background, CDB assisted with the hosting of a strategic planning workshop from October 15-18, 2007, which focused on the preparation of a draft Strategic Plan for the established YBTs which would provide a clear sense of direction and purpose which would lead to more focused activities through better planning and organisation. Nineteen persons from eleven BMCs participated in the workshop.

Following an evaluation of the workshop, it was recommended that a review of the implementation of these Plans should be conducted after a period of six months.

1.32 At the regional level, the Bank contributed \$0.04 mn to co-host the fourth *CDB/IDB and Civil Society Organisational Dialogue* in St. Lucia to discuss issues of mutual interest to Civil Society Organisations (CSOs) and the Bank. Civil society is an important constituency in the BMCs development framework and this dialogue helped to strengthen the relationship between each institution and CSOs in their member countries.

1.33 In addition, the Bank approved the following:

- A TA grant for \$0.9 mn to the CARICOM Secretariat to conduct a multi-year training programme in Demographic Analysis in the Region. The project, to be held over a three-year period, comprises a monitoring and evaluation system to assess post-training activities and performance of participants, and an introductory course on Principles of Demography for Senior Statisticians. It will assist BMCs in research, collection, collation and dissemination of information, and evidence-based policy formulation, including monitoring progress towards MDGs;
- A TA grant for \$0.4 mn to the Caribbean Knowledge and Learning Network Project for the improvement of college administration and student records management in eight tertiary education institutions (TEIs) in the OECS. The project will identify a standard records management system for introduction in all participating TEIs and a set of common reporting standards;
- A TA grant of \$0.03 mn for a Workshop for Credit Union Regulators with the objective of improving supervision, regulation and prudential operations of credit unions in the region, including amendments to cooperative societies legislation and a timetable for achieving compliance with the PEARLS credit union prudential standards and reporting system; and
- The sum of \$0.2 mn to strengthen the SDF through a Mid-Term Review of SDF 6 and a Multi-Cycle Evaluation of SDF 4 and SDF 5. These evaluations will assess the extent to which CDB has met its agreed commitments and undertakings, identify lessons learned and potential improvements to strengthen the effectiveness and impact of remaining resources under SDF 6 and guide the administrative, policy, operational, monitoring and evaluation framework of future replenishments.

BNTF

1.34 BNTF is one of the major poverty reduction programmes funded by SDF. BNTF directly targets the poor, and makes a valuable contribution to the three poverty reduction priorities.

1.35 The BNTF 5 allocations, approvals and disbursements for the period 2002–2007 are presented in Table 5 overleaf.

TABLE 5: BNTF 5 ALLOCATIONS, APPROVALS AND DISBURSEMENTS, 2002–2007

Item	BNTF 5 Allocation	Approvals 2002–2007		Disbursements 2002–2007		Rate of Disbursement
	\$'000	\$'000	%	%	%	%
Belize	3,254	3,035	16.7	1,564	17.1	51.5
Dominica	1,786	1,303	7.2	389	4.3	29.9
Grenada	1,680	1,916	10.6	1,150	12.6	60.0
Guyana	6,468	6,222	34.3	4,138	45.2	66.5
Montserrat	1,050	634	3.5	350	3.8	55.2
St. Kitts and Nevis	1,093	668	3.7	233	2.5	34.9
St. Lucia	2,750	2,511	13.9	1,108	12.1	44.1
St. Vincent and the Grenadines	2,184	1,381	7.6	175	1.9	12.7
Turks and Caicos Islands	735	458	2.5	40	0.4	8.7
Sub-Total	21,000	18,128	100	9,147	100	50.5
Regional Coordination	6,000	2,373		1,702		
Incentive Bonus	5,000	0				
TOTAL	32,000	20,501		10,849		

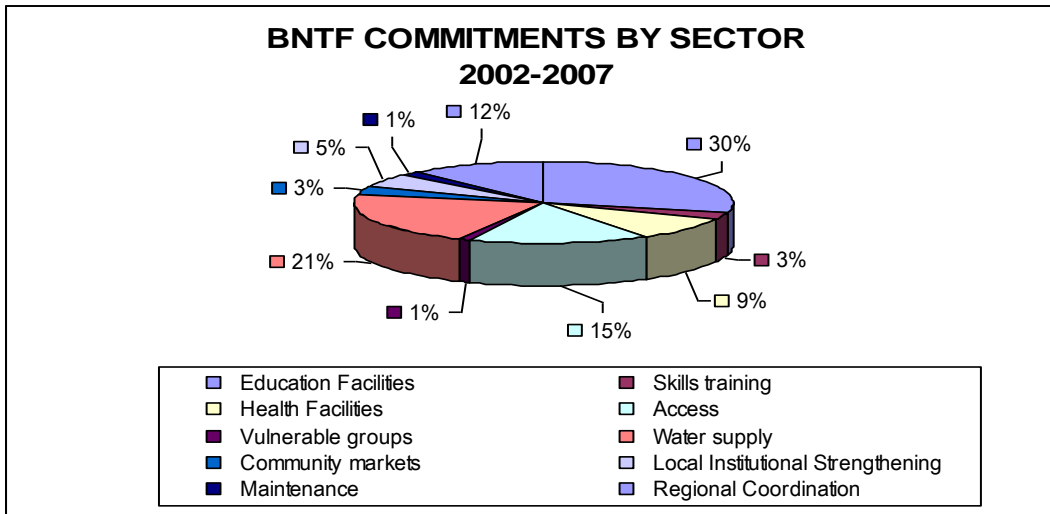
1.36 During the period 2002-2007, the sum of \$20.5 mn or 76% of the BNTF allocation, net of the incentive bonus, was committed for sub-projects in beneficiary countries and regional coordination. Of this amount, \$10.8 mn or 53% of commitments was actually disbursed.

1.37 In 2007, the Bank approved 121 BNTF sub-projects valued at \$4.7 mn. Over the period 2002–2007, a total of 492 sub-projects were approved, accounting for \$18.1 mn or 67% of the BNTF allocation net of the incentive bonus. Sub-projects committed to date for Belize, Guyana and St. Lucia represent over 90% of those countries' allocation, while Grenada has exceed its allocation by \$0.3 mn as a result of responding to its reconstruction needs following Hurricane Ivan. It is assumed that this over-commitment may be adjusted after application of incentive bonus.

1.38 By the end of 2007, 281 social infrastructure and 40 skills training sub-projects were successfully implemented and operational to the benefit of over 420,000 Caribbean residents.

1.39 BNTF 5 disbursements for sub-projects in 2007 amounted to \$3.5 mn. Disbursements to date amounted to \$9.1 mn or 50.5% of the \$18.1 mn approved for sub-projects. A sum of \$2.4 mn from the \$6 mn set-aside for regional coordination was committed by December 2007 and \$1.7 mn or (71.7%) has been disbursed to date.

1.40 At the end of 2007, St. Vincent and the Grenadines (13%) and the Turks and Caicos Islands (9%) recorded relatively low disbursement levels arising from institutional difficulties being experienced at the BNTF Offices (BNTFO). These are being addressed and an institutional assessment of BNTF countries is being undertaken which will indicate the appropriate institutional arrangement for the local BNTFO.



1.41 The chart above shows BNTF commitments by sector during the 2002–2007 period. As illustrated, the majority of sub-projects approved provided education facilities (30%), such as nursery and primary schools and day care centres, access - roads and footpaths (15%), and water supply systems (21%), many of them in rural communities. Regional coordination, comprising workshops, training, consultancy services for BMC sub-projects and administrative support, accounted for 12% of the commitments to date.

1.42 Community participation is the platform for BNTF 5 initiatives and the Project Management Committee (PMC) is the community-based mechanism which monitors the implementation of sub-projects. In 2007, there was a notable increase in the number of PMCs established and considerable training was undertaken to prepare PMCs for their monitoring role.

1.43 In July 2007, a four-day immersion training workshop was convened at the BNTFO St. Lucia to introduce new staff members to field techniques, participatory methods for data collection and the administrative processes and tools of the Programme.

1.44 Also in July 2007, staff of the BNTFOs and CDB participated in a regional workshop in Grenada where they were introduced to environmental management concepts and to appropriate environmental impact assessment tools for screening, monitoring and supervision within the BNTF Programme.

1.45 The Regional BNTF gender equality strategy was developed and launched in June 2007. Participants at the interactive launch session included the staff of all areas of CDB's operations, representatives of regional development agencies and BNTFOs. The strategy identifies gaps and exclusions in the current programme design and suggests broad areas to impact effectiveness; efficacy and equity.

1.46 A Mid-Term Evaluation of BNTF 5 was conducted by a team of independent evaluators in 2007 who undertook an assessment of the current strategies of the BNTF programme, the status of implementation in each country and critical paths identified to increase performance and the effective use of resources. Recommendations for future direction have been proposed and the draft report has been reviewed by BNTF beneficiary countries. It acknowledges that poverty continues to be a major development issue in the Region, and that spaces in which people can articulate demands, act collectively and work towards a more equitable distribution of power are essential pre-conditions for sustainable results of the BNTF programme.

THE BASIC NEEDS TRUST FUND

BNTF remains one of the SDF's flagship poverty reduction programmes. Directly addressing the needs of poor communities, BNTF provides resources for improving access to basic public services and skills training to increase employability and reduce socio-economic vulnerability.

BNTF, which originated from an earlier Basic Needs programme, was established in 1984 and continues to evolve, based on experience and better understanding of poverty and its root causes, adding to the Fund's improved efficiency and performance over time.

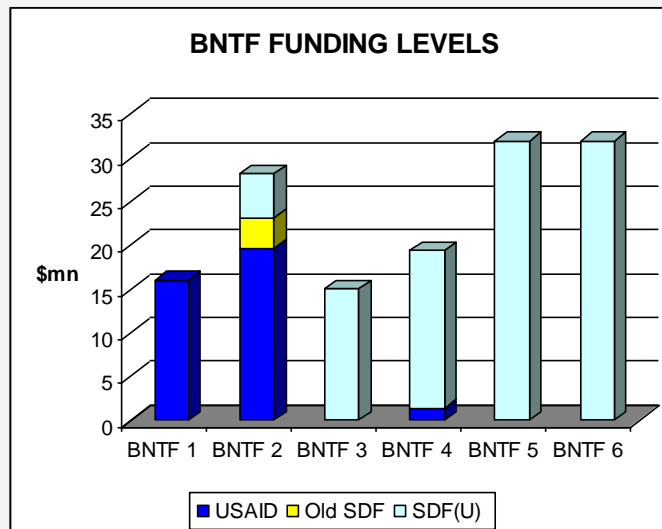
The most recent changes to the operation of the Fund came in BNTF 5. These changes were implemented to ensure better targeting and greater impact of BNTF interventions, especially in relation to longer term poverty reduction, gender equality, good governance and capability enhancement. The modifications included:

- (a) a requirement for participating BMCs to develop *Poverty Reduction Action Plans (PRAPS)* in order to better target BNTF interventions;
- (b) the adoption of a more socially-inclusive, participatory approach, with the requirement for sponsorship of all sub-projects by beneficiary communities;
- (c) an increase in local project steering committee membership and a broadening of its mandate on governance issues;
- (d) the introduction of a RBM reporting framework;
- (e) an in-depth focus on environmental analysis, including natural hazard mitigation and the need to produce more specific EIA guidelines; and
- (f) increased focus on gender and HIV/AIDS.

Since 1992, BNTF has been financed through the SDF, with some level of counterpart funding from beneficiary governments. Using the Bank's resource allocation formula, BNTF funds are allocated to eligible countries which include Belize, Dominica, Grenada, Guyana, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and the Turks and Caicos Islands.

Over the years, the BNTF programme's success has allowed CDB to leverage its comparative advantage and experience in executing community-based poverty programmes to catalyse additional resources. In 2003, for instance, Canada contributed the equivalent of \$25 mn to be administered under the BNTF programme over a six-year period. These additional resources enabled the expansion of the BNTF's coverage to include Jamaica, and also provided supplementary funds to existing beneficiaries.

The increasing share of SDF resources committed to BNTF is a noted trend since BNTF 3, and one which has been sustained in BNTF 6 with a further \$32 mn allocation from SDF 6, and an additional \$19 mn set-aside specifically for BNTF-type activities in Haiti.



Environmental Sustainability, Disaster Risk Management and Climate Change

1.47 The Bank recognises that BMCs require assistance to stem the deterioration of their environmental and natural resource capital. Environmental sustainability and disaster risk management have therefore been identified as cross-cutting themes and efforts have been focussed on trying to address more comprehensively, the relationship between poverty reduction and environmental degradation. Additionally, the vulnerability of the Region to natural hazards, along with the additional stresses being imposed by climate change, has highlighted the need for natural disaster risk management to be integrated into the design of the Bank's interventions.

1.48 In response to the recommendations of the 2006 evaluation report on the application of its Environmental Review Guidelines (ERG), the environment and social review procedures were revised and consolidated into one document. These will be presented to the BOD in early 2008 and will be used to ensure that environmental and social considerations are integrated into the Bank's operations. The Bank is also currently preparing a position paper on climate change and environmental sustainability, which will be incorporated into the revision to the Environmental Policy.

1.49 In 2007, CDB strengthened the resources in the environmental function through the recruitment of another environmental officer. A permanent disaster risk management function was also established which will focus on continuing to mainstream disaster risk management at the institutional level, whilst also building community resilience and coping strategies for disaster risk management in BMCs. Assistance was provided to the Caribbean Climate Change Centre to establish administrative and financial procedures for this new entity, in addition to exploring mechanisms for financing its development initiatives.

CTCS

1.50 The CTCS Network is an important vehicle for CDB in its efforts to provide capacity building and advisory services to MSMEs, using low-cost modes of delivery. It is recognised that MSMEs play a pivotal role in the economies of CDB's BMCs by generating output and foreign-exchange earnings, creating jobs, and contribution to poverty reduction through skills enhancement. The outreach of CTCS contributes towards the creation of opportunities for low-income persons to earn and/or sustain their livelihoods. The programme is targeted at assisting both start-ups and established enterprises to improve the efficiency and profitability of their operations.

Pottery and Ceramics Skills for Prisoners

CTCS, the Anguilla Development Board and the Social Security Board collaborated to conduct a pottery and ceramics class for 18 inmates of Her Majesty's Prison in Anguilla. The two, three-week, courses were part of the Sentence Planning Programme which provides the opportunity for the prisoners to be rehabilitated and have a skill once they leave the prison.

Members of the media were invited to view some of the artwork made by 18 prisoners who participated in a ceramics and pottery class and a news item was carried in the Anguillan newspaper. One prisoner spoke about the class and thanked the instructor for "not being afraid to take part in a prison-based workshop and not treating us like mere criminals". Another said that the class had helped him to discover new talents which he was looking forward to upgrading and showing the world.

Extracted from The Anguillan Newspaper- March 7, 2008

1.51 During 2007, the CTCS programme was active in 15 of its BMCs with a total of 83 activities being undertaken. CTCS was able to respond to 52 requests for assistance across a variety of sectoral interests. CTCS interventions resulted in the implementation of 31 direct, short-term TA interventions,

42 training workshops and 4 job attachments to over 1,000 beneficiaries in 13 BMCs. Capacity-building skills were acquired and honed in numerous technical disciplines and enabled CTCS to contribute to the overall achievement of CDB's strategic goal of promoting broad-based economic growth, while also promoting the MDGs of facilitating poverty reduction, gender equity and economic sustainability.

1.52 During the year, CTCS conducted training and provided assistance in a variety of technical disciplines as outlined in Table 6. 1,376 clients were trained in 2007 compared with 513 in 2006, largely influenced by training activities in preparation for the hosting of Cricket World Cup.

TABLE 6: CTCS TECHNICAL SKILLS TRAINING CONDUCTED, 2005–2007

Skill	Number of Clients Trained		
	2005	2006	2007
General management and business development	117	305	491
Pottery/Ceramics	20	12	73
Garment design and production	15	45	12
Other applied skills *	93	50	334
Agro-processing	7	4	171
Agriculture-related activities	21	3	97
Institutional strengthening	32	15	1
Tourism-related activities	40	20	160
Food management and related activities	190	24	30
Computer Applications	-	35	7
Total	535	513	1,376

* Includes basketry, batik, tie dye, weaving, jewellery making, etc.

THE CTCS NETWORK

Cultivating entrepreneurship is the focal point of the CTCS Network project. This programme is one of CDB's primary initiatives to support the development and expansion of the Region's MSME sector.

What exactly does the Network do? The CTCS Network project provides subsidised, Caribbean expertise to individuals, enterprises and organisations in BMCs, who would otherwise not be exposed to such technical expertise. The involvement of local financial institutions, small enterprise development agencies, national and community-based organisations and associations of industry and commerce in the Network, brings the added benefit of institutional strengthening.

The direct impact of the CTCS programmes on livelihoods is clearly manifested in all the quarters exposed to CTCS intervention. Over the years, the CTCS Network project has helped to develop and enhance both the technical and managerial skills of entrepreneurs in BMCs. It has provided skills training in a variety of disciplines including pottery and ceramics, basketry, bamboo and wicker craft, floral arrangement, cake decorating and gift basket design, garment design and production, and agro-processing. CTCS has also offered TA in project preparation and evaluation of new and expanding businesses, upgrading of management systems and resolving industrial, production and maintenance problems. Many beneficiaries of the training offered in the management of small businesses and enterprise development, are today the proprietors of successful SMEs across the Region.

1.53 The significant increase in the number of persons participating in the general management and business development skills during 2007 is noteworthy. In this period, 491 individuals participated in this type of training compared with 305 in 2006.

1.54 Table 7 summarises the activities of the CTCS programme over the period 2001 to 2007. In 2007, while there was a decrease in the number of requests received for CTCS assistance, the number of attendees at workshops increased considerably due to specially organised workshops to cater to events that were associated with Cricket World Cup in the participating countries. Workshops specifically organised for this event were designed to address computing and management techniques for skilled

artisans, as well as issues in food hygiene and sanitation practices. The latter workshop was attended by 54 professionals from the Bureaus of Standards and Ministries responsible for food hygiene in the 8 BMCs hosting World Cup events.

TABLE 7: CTCS OPERATIONS, 2001–2007

Activities	SDF 5				SDF 6		
	2001	2002	2003	2004	2005	2006	2007
No. of requests received	148	173	161	108	104	114	52
In-field consultancy (weeks)	207	285	272	209	153	254	494
No. of TAs requiring field visits	65	78	79	65	75	48	48
No. of TAs satisfied by documented information	48	34	24	2	n.a	25	n.a.
Total Expenditure (\$'000)	411	431	417	547	504	718	834
Total Income (\$'000)	60	19	26	66	36	25	52
No. of workshops	35	56	58	45	29	41	45
No. of attendees	446	1,118	1,039	655	536	945	1,185
Cost of workshops (\$'000)	157	166	177	199	171	286	572

1.55 CTCS co-sponsored a regional workshop with IICA and CEDA entitled; “**Diversification of the Hot Pepper Industry through Cross-Sector Linkages and Capacity Development**” for 57 participants from 11 BMCs. The workshop presented an opportunity for the interaction and discussion of the various stakeholders in the industry from Ministries of Agriculture, development agencies, financiers and persons at all levels of the value chain from growers to end-users of processed peppers.

1.56 There was also a considerable increase in the demand for TA that required the use of consultants. There continued to be a sharp rise in both the number of people trained and number of workshops conducted, with 1,185 participants being trained in 45 workshops compared with 945 in 41 workshops in 2006, with females representing over 60% of CTCS clients.

Planning for Expanding the Bank’s Membership

1.57 During 2007, the Bank continued its membership expansion efforts. Haiti officially became a member of CDB on January 19, 2007 and sat as a member at its first Board of Governors’ Meeting on May 21, 2007. The Government of Spain indicated its intention to contribute an amount of Euros two million, five hundred thousand (€2,500,000) to SDF. Membership discussions continued with Ireland, India and Suriname while Brazil formally applied for membership in CDB in October 2007.

Haiti’s Operational Programme

1.58 The focus of CDB’s interventions in Haiti is guided by the country’s development priorities outlined in the Interim Cooperation Framework (ICF), the proposed interventions of other development partners, and the Bank’s own capacity and areas of strength.

1.59 In January 2007, the Bank’s Senior Management held extensive discussions with the Haitian political leadership and business community and identified a preliminary list of potential programmes for assistance by CDB. Some of the priority areas highlighted during the visit included infrastructure development (*agricultural feeder roads*), social sector development (*primary education facilities*), capacity development (*training in tourism-related services and project cycle/management training*), private sector development (*line of credit to private financial institutions for intermediation to SMEs*), administrative and other assistance (*facilitation of the exchange of economic data on Haiti*).

1.60 The Bank initiated a special familiarisation programme to support the execution of CDB’s interventions in Haiti and acquaint CDB staff with Haitian conditions and with the *modus operandi* of the

Haitian government as well as to familiarise Haitian public officials and to a lesser extent the Haitian business sector with CDB and its *modus operandi*. The activities undertaken in 2007 include:

- (a) A two-person mission from the Economics Department in August which sought to develop an understanding of some of the main operations' processes in the public sector, and to establish contacts and points of reference for information flow and data-gathering for future interaction, as the Bank intensifies its engagement with Haiti;
- (b) A mission by the Bank's legal team to familiarise themselves with and assist in the completion of the appropriate legislative framework for the Bank's interventions; and
- (c) an arranged programme of lectures and seminars for CDB staff conducted by experts on Haiti.

1.61 Other activities and interventions by the Bank in Haiti in 2007 include:

- (a) the approval of a grant of \$10 mn to assist the GOH in financing an 'Education for All' project, co-funded with WB;
- (b) initial discussions with IDB on the co-financing of an early childhood education project in early 2008;
- (c) an assessment of training needs in the public sector to guide the Bank's institutional strengthening interventions;
- (d) a pre-appraisal assessment of a financial institution for intermediating CDB resources to SMEs in Haiti;
- (e) discussions with the Caribbean Association of Industry and Commerce (CAIC) regarding the hosting of a regional trade mission to Haiti in early 2008;
- (f) participation of Haitian public officials in the Project Management Training programme currently being run by the Bank and discussion regarding the mounting of a similar programme specifically for Haiti;
- (g) participation of Haitian officials in a number of private sector training programmes supported by the Bank, including the workshop on Improving Small- and Medium-Sized Enterprise Financing in the Caribbean; the Youth Business Trusts - Strategic Planning Workshop and the II Sub-Regional Workshop in the Caribbean - Development Effectiveness and Managing for Results; and
- (h) conclusion of an arrangement with the CARICOM Secretariat to share the offices allocated to it by the Haitian authorities.

SDF PORTFOLIO ANALYSIS

1.62 The Annual Review of the Bank's portfolio is based on the project reporting information from the previous year. Details of the SDF portfolio analysis for 2006 are provided in Appendix V.

1.63 The performance and quality of the SDF portfolio is measured by a *Project Implementation Performance Index (PPI)*, using a composite score derived from the application of PPES. This composite score is an indicative measure of the likely impact of projects in terms of the Bank's development assistance objectives. It is the sum of the weighted scores of six core criteria: *strategic relevance, poverty*

relevance, efficacy, cost efficiency, institutional development impact and sustainability. The overall portfolio for 2006 received a PPI rating of 6.2, which was a marginal improvement on the rating for 2005 of 6.1.

1.64 The SDF portfolio analysis also assigns a *Project Performance rating* and a *Country Portfolio Performance rating*. Overall, 61.5% of the projects under implementation in 2006 were rated as highly satisfactory and 33.3% as satisfactory. One project (1.3%) received an excellent rating and three projects (3.8%) were rated as marginally unsatisfactory. In 2006, all BMCs received highly satisfactory or satisfactory ratings in the country portfolio performance assessments.

2. MANAGING FOR DEVELOPMENT RESULTS

2.01 The Bank is committed to MfDR and has adopted a comprehensive results agenda which is set out under three pillars: *MfDR at the country and regional level*, *MfDR at the institutional or corporate level*, and *MfDR through partnerships, harmonisation and alignment*. An Action Plan assists in the management and monitoring of the SDF programme implementation according to the pillars identified above. The Action Plan for SDF 6, with the status of implementation at December 31, 2007, is presented at Appendix VI.

PILLAR 1: MANAGING FOR RESULTS AT THE COUNTRY AND REGIONAL LEVEL

2.02 MfDR at the country and regional level involves helping BMCs to increase their understanding and usage of MfDR approaches to planning, public financial management, monitoring and evaluation and statistical reporting. The assistance rendered by the Bank to date in this area has been primarily through its TA initiatives.

CPAs

2.03 Poverty reduction through broad-based growth was adopted as the Bank's central mission in 1999. CPAs have been identified as a significant component for facilitating the development of results-oriented poverty reduction programmes as they provide critical information on poverty and poverty-related issues. In 2006, the BOD approved an amount of \$3.7 mn to provide support to ten BMCs in conducting CPAs and National Poverty Reduction Strategies over the period 2006-08.

2.04 In 2007, CPAs for Anguilla, Cayman Islands, Dominica, Grenada, Montserrat and St. Kitts and Nevis were undertaken and tentative dates had been set for commencement of the CPA for Barbados and Belize. Discussions were also held with officials of the British Virgin Islands and the Turks and Caicos Islands on arrangements to commence the CPAs in these countries.

2.05 The results from the CPAs are being used to guide the social planning interventions and related programming instruments of CDB, such as PBLs, and its development partners. The CPA programme has also contributed to building the capacity in BMCs for conducting household surveys and basic social research.

MDGs

2.06 The Bank, in its continuing assistance to BMCs in assessing and monitoring the attainment of the MDGs, provided support to the 32nd Meeting of the Standing Committee of Caribbean Statisticians held in November 2007 in Suriname. The meeting of statisticians is a long-standing activity of the CARICOM Secretariat Statistics Sub-Programme and seeks to develop a sustainable statistical infrastructure within CARICOM providing accurate, timely and reliable statistical information of a high quality and broad scope. In addition, it facilitates analysis and dissemination of these data; promotes their use in effective and efficient decision-making; and simultaneously fosters an enabling environment for statistical development among member states of CARICOM. At the meeting, attention was given to measurement issues associated with the Caribbean-specific MDGs and some of the practical considerations involved in generating the relevant data for measuring and monitoring development at the national and regional levels.

2.07 In addition, the Bank provided grant resources of \$921,000 to CARICOM for a seven-week residential training programme in Demographic Analysis, to run over a three-year period, i.e., one workshop each year from 2007 to 2009. The programme also comprises an introductory course on "Principles of Demography" to expose Senior Government Officials to the basic concepts, definitions and methods of demography; and a Monitoring and Evaluation System to monitor the post-training activities

and performance of participants trained. The first seven-week course was held from July 2 to August 17, 2007 with 22 participants from 15 countries. Participants of the programme are expected to play a significant role in the 2010 census activities in the region and contribute to the provision of timely and reliable statistical information.

PILLAR 2: MANAGING FOR RESULTS AT INSTITUTIONAL OR CORPORATE LEVEL

2.08 The Bank continues to strengthen its own capacity to manage for development results through results-based country strategies and programmes, improving the results focus of its projects, institutionalising its results-reporting and increasing staff capacity to manage for development results.

Strengthening the Country Strategy Process

2.09 The results-based country strategy process is the Bank's instrument for planning, prioritising and giving focus to its lending and non-lending interventions in BMCs. This process also promotes improved policy dialogue and better coordination of country strategies and financial and non-financial operations among development partners in the Region. The results-based CSP addresses the capacity development needs of BMCs, as well as policy development issues in respect of regional development and the provision of RPGs.

2.10 In 2007, the restructuring of the Economics Department contributed to the delay in completing and revising CSPs. This exercise remains a high priority and the restructuring, scheduled to be completed by July 2008, has been designed to focus available resources on priority issues. Work on the CSP for Jamaica commenced and is scheduled for completion by July 2008.

Resource Allocation System

2.11 Since 2002, the Bank's planning process has included a RAS to apportion SDF resources among individual BMCs. By taking account of needs, vulnerability, smallness and performance factors, RAS helps to strengthen the effectiveness and likely results of the SDF resources provided to these countries.

2.12 An independent review of RAS was completed early in 2007. The exercise considered the Bank's experience with the allocation system during the period 2002 to 2006. It concluded that the system had worked well and made some recommendations for improvement based on the experience of the other MDBs with similar systems. WB however is in the process of modifying its own system and it was decided that modifications to the RAS should await the WB/International Development Association (IDA) modifications.

Strategic Planning and Results-Based Management

2.13 An Annual Review is undertaken of the implementation of the Strategic Plan 2005-2009 which suggests that the current Plan remains largely relevant but consideration must be given in the Banks' planning to the emerging forces of change which are affecting the Region. Additionally, in the context of a number of BMCs developing long-term development plans with a 20-25 year horizon, Management is committed to adopting a longer-term perspective than previously employed. In November 2007, the first Strategic Planning Retreat on the development of the next 10-15 year Strategic Plan was held.

2.14 The RBM system was further enhanced during the 2007 Work Programme and Budget exercise when a multi-year planning framework was adopted to align the planning and development of work programmes more closely with the Bank's multi-year budget process which was initiated in Financial Year 2005. This initiative now entails the development by work units of work programmes for a two-year period instead of the former one-year programme document and allows for better planning, monitoring

and managing of the linkages between the work units' expected outcomes and the planned outputs and activities for achieving them.

Measuring the Development Effectiveness of CDB's Interventions

2.15 The responsibility for assessing the effectiveness and continuing relevance of the Bank's programmes lies with the evaluation function. It provides information on the intended and unintended outcomes of the Bank's interventions as well as the lessons of experience which can be incorporated into decision-making on future strategies and programmes. A number of major evaluations and independent reviews were completed or initiated during 2007. These included:

- (a) The evaluation of CDB's TA Programme 2000–2004 which rated the majority of the sample of TAs selected as satisfactory or better and almost a third as highly satisfactory or better. The evaluation identified various lessons which could help to strengthen performance and results, and its recommendations are under consideration by the Management.
- (b) The mid-term review of the SDF which identified a number of lessons learned and recommended potential improvements to strengthen the effectiveness and impact of remaining resources under SDF 6;
- (c) The mid-term evaluation of BNTF 5 which concluded that the programme had the potential to demonstrate a good alignment with the criteria for aid effectiveness - ownership, accountability and managing for results. There were, however, some issues at the interface of CDB and country management offices that were in need of resolution in terms of their impact on performance;
- (d) The Basic Education Project II St. Lucia which was accorded a satisfactory evaluation rating, indicating that the project had achieved the objective of increasing access to primary education and eliminating the shift system in the Castries area;
- (e) The Community Initiated Agricultural Rural Development Project in Belize for which the draft report has been completed and comments are being awaited from the Government of Belize.

PILLAR 3: MANAGING FOR RESULTS THROUGH PARTNERSHIPS, HARMONISATION AND ALIGNMENT

2.16 Building regional and global partnerships and coordinating activities and initiatives with other development partners is critical to the achievement of the Bank's strategic objectives, priorities and successful outcomes. In 2007, the Bank continued to form productive and beneficial alliances with regional and global development partners on issues such as harmonised procurement guidelines and procedures, environment, disaster risk management and common approaches to development effectiveness, resource allocation and budgeting and planning.

2.17 In 2007, the Bank collaborated with development partners in a joint approach to disaster risk management through its contribution to the CCRIF which is supported jointly by several donors, with IDA as Trustee.

2.18 CDB and IDB jointly sponsored the PRODEV Caribbean regional workshop on Development Effectiveness and MfDR for BMC Ministries of Finance and Economic Planning in July 2007. CDB and IDB have also agreed under the PRODEV initiative to jointly provide assistance through CDB for OECS countries for diagnostic studies, plans of action and training in MfDR.

2.19 CDB has been an active participant in the MDB Heads of Procurement group and is using the harmonised procurement guidelines. It also hosted a meeting of the MDB Technical Working Group in January 2008. CDB versions of the harmonised bidding and prequalification documents have been prepared and are expected to be released for use by mid-2008.

2.20 The Bank is an active member of the MDB working groups on Performance-Based Resource Allocation (PBRA), Planning and Budgeting and Human Resources Management. The PBRA working group surveys and records changes in performance based allocation systems and associated country performance assessment frameworks, while the planning and budgeting group encourages common approaches to planning and budgeting.

3. FINANCIAL PERFORMANCE AND PROJECTIONS

FINANCIAL PERFORMANCE

3.01 A summary of the SDF (U) financial results over the period 2005 to 2007 is presented in Table 8, with details set out in Appendices VII-1 and VII-2.

TABLE 8: SUMMARY OF FINANCIAL RESULTS, 2005–2007
(\$ mn)

Item	2005	2006	2007
Loans Outstanding (Net)	352.1	363.3	375.8
Cash and Investments	80.0	114.8	173.2
Loan Income	8.1	8.2	8.5
Investment Income	1.6	4.6	8.5
Administrative Expenses	9.7	9.6	10.0
Net Income *	-	3.1	7.0

*Net Income for 2005 was \$0.03 mn

3.02 Loans outstanding at the end of December 2007 amounted to \$375.8 mn. This represents a 3.4% or \$12.5 mn increase over the 2006 figure of \$363.3 mn for outstanding loans. Significant growth in the investment portfolio was realised in 2007 as a result of the early encashment of Promissory Notes. The investment portfolio grew from \$114.8 mn at the end of 2006 to \$173.2 mn in 2007.

3.03 In 2007, the Fund generated a net income of \$7.0 mn. This is a markedly improved performance over the previous year, which recorded net income of \$3.1 mn. The Fund's performance in 2007 was attributed to a significant increase in investment income over the previous year, resulting from the higher investment portfolio coupled with improved investment returns. Cash and investments in 2007 grew by \$58.4 mn, generating increased revenues of \$8.5 mn. In the review period, there was a marginal increase in loan income of \$0.3 mn while administrative expenses increased by \$2.4 mn.

NOTES, ENCASHMENTS AND DRAWDOWNS

3.04 A summary of Notes, encashments and drawdowns is presented at Appendix VII-3. At December 31, 2007, notes receivable from Contributors totalled \$94.7 mn, a reduction of \$34.4 mn, when compared with the notes receivable figure of \$119.1 mn recorded at the end of 2006.

3.05 The current value of total approved contribution to the SDF (U) at the end of 2007 was \$777.3 mn. Of this figure, \$48.4 mn represented contributions for which demand notes had not yet been issued and \$14.4 mn represented pledged amounts for which instruments of contribution were still outstanding at December 31, 2007.

3.06 A number of SDF Contributors have agreed to the early encashment of Promissory Notes issued for SDF 6 and Notes outstanding from earlier cycles. As a result, the Demand Notes encashed, and payments made in cash during the year amounted to the equivalent of \$86.7 mn, which brought the cumulative sum received from Contributors to \$619.8 mn as at December 31, 2007.

FINANCIAL PROJECTIONS 2007–2009

3.07 Table 9 summarises the projected financial results for the period 2008 to 2010, with further details presented in Appendices VII-4 to VII-6.

TABLE 9: SUMMARY OF PROJECTED FINANCIAL RESULTS, 2008–2010
(\$ mn)

Item	2008	2009	2010
Long-term Loans	393.2	421.1	455.6
Cash and Investments	187.5	188	188.5
Loan Income	9.6	10.2	10.9
Investment Income	7.7	7.9	8.0
Administrative Expenses	10.5	10.8	11.1
Net Income	6.8	7.3	7.8

3.08 The loan portfolio is expected to grow from \$378.8 mn in 2007 to \$455.6 mn in 2010. It is also forecasted to yield loan income of \$9.6 mn, \$10.2 mn and \$10.9 mn in 2008, 2009 and 2010, respectively.

3.09 The investment portfolio is estimated to average \$188 mn over the three-year period as a result of the programme of early encashment of Demand Notes for SDF 6 and the un-cashed notes from earlier SDF cycles. The investment portfolio will also be boosted by reflows of principal repayments on earlier SDF loans that are projected at \$15.3 mn in 2008, \$16.8 mn in 2009 and 2010, respectively. These increased cash flows, coupled with the forecasted favourable interest rate environment, are anticipated to generate significant investment income.

3.10 Investment income in 2008, 2009 and 2010 is projected at \$7.7 mn, \$7.9 mn and \$8.0 mn respectively as a result of higher levels of investments in the portfolio. Over this period, net income is predicted at \$6.8 mn, \$7.3 mn and \$7.8 mn.

3.11 The assumptions supporting these estimates are listed below:

- (a) Loan commitments are projected at \$41.8 mn, \$47.0 mn and \$47.0 mn for 2008, 2009 and 2010 respectively.
- (b) The average lending interest rate is estimated at 2.5% per annum (p.a.).
- (c) Over the projected disbursement period, the disbursement pattern for the combination of old and new commitments is assumed to be 10%, 26%, 17%, 13% and 7%.
- (d) The yield from investment in liquid resources is estimated at 4% p.a.
- (e) Administrative costs are projected to increase by 3% p.a.
- (f) The terms and conditions of lending are based on those applicable for SDF 6.

APPENDICES

APPENDIX I

CONTRIBUTIONS TO THE UNIFIED SPECIAL DEVELOPMENT FUND
(after transfers from earlier SDF and other adjustments)
(\$'000)

Item	SDF 1 ^{a/}	SDF 2 ^{a/}	SDF 3 ^{a/}	SDF 4 ^{a/}	SDF 5 ^{b/}	SDF 6
Regional Members: BMCs						
Trinidad and Tobago	2,500	2,500	3,850	3,850	5,000	7,500
Jamaica	1,400	1,400	3,870	3,850	5,000	7,500
Guyana	1,400	1,400	2,160	2,160	2,810	4,215
Bahamas	1,400	1,400	2,160	2,160	2,810	4,214
Barbados	1,400	1,400	2,160	2,160	2,810	4,210
Antigua and Barbuda	250	250	162	250	320	420
Belize	250	250	650	650	840	1100
Dominica	250	250	650	650	840	840
Grenada	250	250	650	650	840	100
St. Kitts and Nevis	250	250	650	650	840	1100
St. Lucia	250	250	650	650	840	1100
St. Vincent and the Grenadines	250	263	650	650	840	1100
Cayman Islands	100	100	150	250	320	420
Anguilla	100	100	250	250	320	420
Turks and Caicos Islands	100	100	250	250	320	420
British Virgin Islands	100	100	250	250	320	420
Montserrat	100	100	250	250	320	420
Haiti	---	---	---	---	---	650
Sub-total	10,350	10,363	19,412	19,580	25,390	36,149
Regional Members: non-BMCs						
Colombia	5,000	3,333	5,000	3,000	3,600	3,600
Mexico ^{c/}	---	---	5,000	3,000	3,000	3,000
Venezuela	5,000	3,333	5,000	3,000	3,000	3,600
Sub-total	10,000	6,666	15,000	9,000	9,600	10,200
Non-Regional Members						
Canada ^{d/}	60,865	15,000	20,000	16,800	25,200	44,000
United Kingdom ^{d/}	42,823	15,000	20,000	16,800	25,200	44,000
France ^{e/}	21,000	10,000	14,000	11,760	---	---
Italy	21,000	10,000	14,000	8,660	3,145	5,003
Germany	---	26,000	14,000	11,760	--	12170
China ^{f/}	---	---	---	24,000	4,000	5,200
Sub-total	145,689	76,000	82,000	89,780	57,545	110,373
Non-Members						
Netherlands	5,000	5,000	7,000	6,300	---	---
Suriname ^{g/}	---	---	---	---	---	---
Sub-total	5,000	5,000	7,000	6,300	--	---
TOTALS	171,039^{d/}	98,029	123,412	124,660	92,535	156,722

^{a/} At exchange rates as of dates of payment.

^{b/} Amounts recorded in the SDF 5 Resolution, with applicable exchange rates where required.

^{c/} Mexico contributed \$5 mn and \$3.33 mn to SDF Other in 1984 (SDF 1) and 1988 (SDF 2).

^{d/} SDF 1 contributions include amounts originally contributed to earlier special funds.

^{e/} No longer a member as of October 2000.

^{f/} Joined in 1998 subsequent to the Replenishment negotiations on SDF 4.

^{g/} Contribution of \$2.16 mn for Suriname was negotiated as part of their membership arrangements, but no pledge was received.

APPENDIX II

SDF 6 PROGRAMME LEVEL, COUNTRY GROUPS AND TERMS OF LENDING

PROGRAMME LEVEL

The Contributors approved an overall programme level for SDF 6 totalling \$257.5 mn, comprising \$121.5 mn in country loans, \$45 mn in loans for natural disaster mitigation and rehabilitation and assistance for BMCs in fiscal distress, and \$91 mn in grant allocations (See Box – Approved Programme Level for SDF 6).

APPROVED PROGRAMME LEVEL FOR SDF 6

Item	\$'000
Country Loans (based on RAS)	121,500 ^{1/}
Loans for Natural Disaster Mitigation/Rehabilitation and Assistance for BMCs in Fiscal Distress	45,000
Grant Allocations:	
BNTF – current beneficiaries	32,000
BNTF – Haiti	19,000 ^{2/}
TA consisting of:	18,000 ^{3/}
<i>Project Training</i>	2,000
<i>BMC Capacity-Building, including MfDR Programme</i>	12,000
<i>CTCS</i>	4,000
Regional Integration and RPGs (Environment)	10,000
MDGs	4,000
Disaster Response and BMCs in Fiscal Distress	8,000
Sub-Total – Grant Allocations	91,000
TOTAL PROGRAMME LEVEL	257,500

^{1/} Includes \$6 mn for Financial Intermediary Lending in Haiti

^{2/} Includes \$4 mn for meeting Administrative Expenses for Haiti programming

^{3/} Includes \$2 mn for Capacity Building/TA in Haiti

COUNTRY GROUPS

Country groups are used to determine the terms and conditions for SDF lending. The country groupings to be used for SDF 6 are as follows:

COUNTRY GROUPS FOR SDF 6

Group 1

Bahamas
British Virgin Islands
Cayman Islands

Group 2

Anguilla, Antigua and Barbuda
Barbados^{a/}, Trinidad and Tobago^{a/}
Turks and Caicos Islands

Group 3

Belize, Dominica, Grenada^{b/}
Jamaica, Montserrat^{c/}, St. Kitts and Nevis^{c/}
St. Lucia, St. Vincent and the Grenadines

Group 4

Guyana
Haiti

^{a/} The same terms as for Group 1 will continue to apply, as in the past.

^{b/} The same terms as for Group 4 will apply for SDF 6 because of the devastation from Hurricane Ivan.

^{c/} Retained in Group 3 in recognition of the impact of natural disasters.

TERMS OF LENDING

SDF lending terms vary according to country grouping. The lending terms to be applied in SDF 6 are shown in the box below (Lending Terms for SDF 6). It should be noted that an adjustment has been made for Grenada, which has suffered devastating losses from hurricanes. In this special circumstance, Grenada will receive the terms and conditions applicable to a Group 4 country.

LENDING TERMS FOR SDF 6

Country Group	Interest Rate (%)	Maximum Grace Period (years)	Maximum Overall Maturity (years)	Maximum Grant Element (%)
1	5.0	5	10	30.8
2	4.0	5	25	46.6
3	2.5	10	30	66.3
4	2.0	10	30	70.7
Regional	2.5	7	25	61.3

AVAILABILITY AND USE OF RESOURCES
 (as of December 31, 2007)
 (\$'000)

Item	SDF 5	SDF 6			
	2001– 2004	Actual 2005	Actual 2006	Actual 2007	Projected 2008
Commitment authority at beginning of period	16.3	5.0	(1.5)	26.4	52.3
<i>Plus: Net Income</i>	4.6	0.0	3.1	5.0	6.9
<i>Less: Allocation from accumulated net income</i>	(5.4)				
Net increase(decrease) to reserves	(0.8)	0.0	3.1	5.0	6.9
<i>Plus:</i>					
Repayments	59.4	14.4	15.8	15.4	16.2
Commitment authority from new contributions	92.5	11.0	45.4	55.6	44.7
<i>Less:</i>					
Net Approvals for SDF Loans	111.4	26.3	29.7	25.3	54.2
Approvals for SDF Grants (Excl. BNTF and Haiti)	19.0	5.6	6.7	10.8	8.4
Approvals for BNTF	32.0				32.0
Approvals for Haiti				14.0	11.0
Commitment authority at end of period	5.0	(1.5)	26.4	52.3	14.5

APPENDIX IV**SDF 6 COMMITMENTS, 2005–2007***(Classified by Themes)*

(\$'000)

Project	Date Approved	Net Approved from SDF (U)	Total CDB Financing
<i>CAPACITY ENHANCEMENT LOANS:</i>			
<u>Anguilla</u>			
Student Loan Programme			
To finance technical, vocational and professional education.	Dec-05	300	1,300
<u>Belize</u>			
Feasibility Study, Expansion of Water and Sewerage Facilities			
To finance the services of consultants to study the feasibility of expanding the Ambergris Caye water and sewerage systems	Dec-07	250	250
<u>Dominica</u>			
Road Improvement and Maintenance (Valley Roads)			
To finance road works, institutional strengthening, engineering services and physical and price contingencies.	Oct-05	550	5,550
<u>Grenada</u>			
Second Bridge and Road Improvement			
To restore approximately 2.1 km of main urban roads and the replacement of bridges on the Western Main Road.	Dec-05	5,939	11,939
Grenville Market Square Development Project			
To redevelop Grenville Town as the regional urban centre servicing the northern and eastern coasts of Grenada.	Dec-06	7,501	11,031
Schools Rehabilitation and Reconstruction Project			
To rehabilitate and reconstruct one primary school and three secondary schools and expansion of technical/vocational and science laboratories in some of the schools.	May-07	2,000	7,476
<u>Guyana</u>			
Community Services Enhancement Project			
To provide social and economic infrastructure and TA in policy reform and institutional strengthening to allow the communities of Bartica, Charity, Parika and Supernaam to improve and sustain themselves.	Jul-05	10,000	13,580

Project	Date Approved	Net Approved from SDF (U)	Total CDB Financing
<u>Jamaica</u>			
Development Planning Framework (TA Loan)			
To prepare a comprehensive national development plan to 2030 and to facilitate the development of a planning model which will be used as a quantitative tool for the preparation of the plan.	May-06	1,160	1,160
Road Project 5th (Washington Boulevard Improvement)			
To finance the reconstruction and widening of approximately 2.75 km of Washington Boulevard and Dunrobin Avenue.	May-07	237	14,777
University of Technology Enhancement Project			
To provide for the construction of classrooms, lecture theatres, labs, staff training and the development of an institutional framework to allow for the diversification of UTECH's income.	May-07	5,000	25,868
SUB-TOTAL – LOANS		32,937	92,931
GRANTS:			
<u>Anguilla</u>			
CTCS Projects	Dec-05	41	41
CTCS Projects	Dec-06	57	57
CTCS Projects	Dec-07	56	56
<u>Antigua and Barbuda</u>			
CTCS Projects	Dec-05	21	21
CTCS Projects	Dec-06	44	44
CTCS Projects	Dec-07	1	1
<u>Bahamas</u>			
CTCS Projects	Dec-05	27	27
CTCS Projects	Dec-06	22	22
CTCS Projects	Dec-07	22	22
<u>Barbados</u>			
CTCS Projects	Dec-05	38	38
CTCS Projects	Dec-06	55	55
CTCS Projects	Dec-07	37	37

Project	Date Approved	Net Approved from SDF (U)	Total CDB Financing
<u>Belize</u>			
Feasibility Study and Detailed Designs for River Valley Water Supply Systems	Oct-07	149	149
<u>Cayman Islands</u>			
CTCS Projects	Dec-07	12	12
<u>Dominica</u>			
CTCS Projects	Dec-05	44	44
Social Impact Analysis of the Introduction of Value-Added Tax	Oct-05	31	31
CTCS Projects	Dec-06	54	54
CTCS Projects	Dec-07	32	32
<u>Grenada</u>			
CTCS Projects	Dec-05	49	49
CTCS Projects	Dec-06	76	76
CTCS Projects	Dec-07	56	56
<u>Guyana</u>			
CTCS Projects	Dec-05	35	35
Community Services Enhancement Project, Institutional Strengthening	Jul-05	200	200
CTCS Projects	Dec-06	76	76
CTCS Projects	Dec-07	28	28
<u>Haiti</u>			
Education for All Project	May-07	10,000	10,000
<u>Jamaica</u>			
CTCS Projects	Dec-05	124	124
CTCS Projects	Dec-06	139	139
CTCS Projects	Dec-07	93	93
<u>Montserrat</u>			
CTCS Projects	Dec-05	9	9
CTCS Projects	Dec-06	7	7
CTCS Projects	Dec-07	55	55
<u>St. Kitts and Nevis</u>			
CTCS Projects	Dec-05	40	40
TA for Nevis Water Resource Management Study	Jul-05	42	42

Project	Date Approved	Net Approved from SDF (U)	Total CDB Financing
<u>St. Kitts and Nevis Cont'd</u>			
CTCS Projects	Dec-06	118	118
CTCS Projects	Dec-07	22	22
<u>St. Lucia</u>			
CTCS Projects	Dec-05	12	12
CTCS Projects	Dec-06	32	32
CTCS Projects	Dec-07	8	8
<u>St. Vincent and the Grenadines</u>			
CTCS Projects	Dec-05	28	28
CTCS Projects	Dec-07	12	12
<u>Trinidad and Tobago</u>			
CTCS Projects	Dec-05	7	7
CTCS Projects	Dec-06	46	46
CTCS Projects	Dec-07	26	26
<u>Turks and Caicos Islands</u>			
CTCS Projects	Dec-05	8	8
<u>Regional</u>			
Training Programme for Organic Fertilizer Production	Mar-05	15	44
CDB/IDB - Civil Society Meeting	Mar-05	37	37
Support for the Presentation of the 2nd Training Course on Creating an Enabling Environment for Small Enterprise Development	May-05	124	124
Research Project, Cost and Financing Tertiary Education	Oct-05	40	40
Financing of Tertiary Education Symposium	Oct-05	150	150
The Re-Introduction of Project Management Training for the BMCs	Oct-05	3,150	3,150
Establishment of Caribbean Regional Technical Assistance Centre			
Continuation of Support	Dec-05	375	375
Workshop on the Water and Waste Water Sectors	Dec-05	15	15
CTCS Projects	Dec-05	12	12
Third CDB/IDB and Civil Society Organisational Dialogue	Mar-06	47	47
Financing Meetings of Regional Experts in the Health Sector	Mar-06	36	36
Seventh Annual SALISES Meeting.	May-06	10	10
Establishment of a UWI Consultancy Firm	Jul-06	150	150
Fifth Microfinance Roundtable	Jul-06	8	8
Caribbean Trade and Investment Report 2005	Jul-06	25	25

Project	Date Approved	Net Approved from SDF (U)	Total CDB Financing
<u>Regional Cont'd</u>			
Study Attachments to Selected International Trade Agencies	Jul-06	12	12
Participants of BMCs at CHA Industry Conference 2006	Jul-06	32	32
Feasibility Study on the Establishment of a Regional Health Insurance Mechanism.	Dec-06	270	270
Workshop Entitled "Works Tender and Contract Management"	Dec-06	28	28
Caribbean Studies Association 31st Annual Conference	Dec-06	8	8
Caribbean Anthurium Industry Development Workshop	Dec-06	17	17
Fourth CDB/IDB and Civil Society Organisational Dialogue	Feb-07	41	41
Conference on Development Banking in the Caribbean	Feb-07	92	92
Support for the Presentation of a Training Course on Improving SME Financing in the Caribbean	May-07	69	69
Participation of BMCs in the Development of a Caribbean Agricultural Monitoring and Evaluation Information System - IICA	May-07	50	50
Support for the Transformation Process - LIAT (1974) Limited	Jul-07	500	500
Evaluation of Greenhouse Technology in Crop Production	Jul-07	50	50
Literacy and Numeracy in the Caribbean	Oct-07	16	16
Operationalisation of the CARICOM Development Fund	Oct-07	44	44
Workshop Entitled " II Sub-Regional Workshop in the Caribbean - Development Effectiveness and Managing for Results"	Oct-07	20	20
Consultancy for Promoting the Use of Sovereign Ratings	Oct-07	149	149
Development of Distance Learning Course in Tourism	Oct-07	100	100
Caribbean Microfinance Capacity Building Programme CARIB-CAP	Dec-07	276	276
IDB/CDB Housing Conference 2007	Dec-07	20	20
Standing Committee of Caribbean Statisticians	Dec-07	22	22
Training Course on SME Cluster and Network Development	Dec-07	49	29
CTCS Projects	Dec-07	155	155
Youth Business Trusts - Strategic Planning Workshop	Dec-07	26	26
SUB-TOTAL GRANTS		18,331	18,340
CAPACITY ENHANCEMENT - LOANS AND GRANTS		51,268	111,271
VULNERABILITY			
LOANS:			
<u>Barbados</u>			
Natural Disaster Management - Immediate Response Loan			
To finance cleaning of debris, shoring-up of damaged structures, and construction of near-shore protective structures (Worthing Beach)	Dec-06	500	500

Project	Date Approved	Net Approved from SDF (U)	Total CDB Financing
<u>British Virgin Islands</u>			
Student Loans 6th Loan To provide funding to the Scholarship Fund Board for financing sub - loans to eligible persons for vocational, technical and professional education.	Oct-07	300	5,000
<u>Dominica</u>			
Carib Territory Community Capacity-Building Project To finance roads, community resource centres, training in house, retrofit, institutional strengthening and an Enterprise and Cultural Development facility in the Territory.	Dec-07	2,486	2,486
<u>Grenada</u>			
Natural Disaster Management, Immediate Response Loan To finance the clearing and cleaning of affected areas and the emergency restoration of essential services.	Oct-05	500	675
Hurricane Reconstruction Support Loan To assist the government in meeting its financial obligations, in order to sustain an economic recovery programme - 2nd Loan	Dec-05	5,413	5,413
Disaster Mitigation and Restoration - Rockfall and Landslip To reduce the risk associated with rockfall and landslip events, and the restoration of damaged roads	Dec-05	2,500	5,200
<u>Guyana</u>			
NDM Immediate Response, Severe Floods To finance the clearing and cleaning of affected areas and the emergency restoration of essential services.	Mar-05	500	500
<u>Jamaica</u>			
Natural Disaster Management, Hurricane Dean Rehab. Works To construct sea defences, repair main roads including rehabilitation of pavement, drainage works and river training.	Dec-07	12,500	20,500
<u>Turks and Caicos Islands</u>			
Special Mortgage Facility (Fifth Consolidated Line of Credit) To provide mortgage loans to individuals with annual income less than \$18,000.	May-06	2,000	2,000
Student Loan Scheme (Fifth Consolidated Line of Credit) To assist students who are unable to provide the required collateral to pursue courses of study at TCICC.	May-06	500	1,500

Project	Date Approved	Net Approved from SDF (U)	Total CDB Financing
TOTAL LOANS		27,199	43,774
GRANTS:			
<u>Barbados</u>			
Natural Disaster Management - Immediate Response	Dec-06	20	20
<u>Belize</u>			
Natural Disaster Management - Emergency Relief	Dec-07	100	100
<u>Dominica</u>			
Natural Disaster Management - Emergency Relief	Dec-07	100	100
Carib Territory Community Capacity Building Project - Institutional Strengthening.	Dec-07	259	259
Carib Territory Community Capacity Building Project - Supervision Services and Mid-term Review.	Dec-07	54	54
<u>Grenada</u>			
Consultancy Services NDM - Hurricane Emily	Oct-05	20	20
<u>Guyana</u>			
Natural Disaster Emergency Relief - Severe Floods	Mar-05	100	100
Consultancy Services - Severe Floods	Mar-05	20	20
<u>Jamaica</u>			
Natural Hazard Impact Assessment Training Programme	Dec-06	7	7
Natural Disaster Management - Emergency Relief	Dec-07	100	100
<u>St. Kitts and Nevis</u>			
Short-Term Advisor, Transition Management Team - Sugar Industry	Jul-05	70	70
Counselling for Employees of Sugar Manufacturing Corporation	Dec-05	30	30
<u>Regional</u>			
Child Focus III: Strengthening Early Childhood Education	Mar-05	150	150
7th Biennial Conference of Association of C'Bean Social Work Educators	Oct-05	10	10

Project	Date Approved	Net Approved from SDF (U)	Total CDB Financing
<u>Regional Cont'd</u>			
Caribbean Community Early Childhood Policy Forum	May-06	14	14
Country Poverty Assessments and Poverty Reduction Strategies	May-06	3,126	3,715
Conference on Youth, Crime and Violence: Prevention and Intervention in the OECS.	Dec-06	16	16
Caribbean Catastrophic Risk Insurance Facility: Contribution to IDA	May-07	5,000	5,000
Consultancy Services for Natural Disaster Risk Management Assessment.	Oct-07	250	250
Development of a Gender Policy	Dec-07	146	146
Strengthening the Disaster Mitigation Efforts of Microfinance Institutions in the Caribbean.	Dec-07	250	250
SUB-TOTAL – GRANTS		9,842	10,431
VULNERABILITY - LOANS AND GRANTS		37,041	54,205
<i>GOOD GOVERNANCE</i>			
LOANS:			
<u>Belize</u>			
Policy-based Loan			
To support policy and institutional reforms while helping the government to improve its debt dynamics by using the proceeds of the loan to replace some of its high-cost debt.	Dec-06	10,000	25,000
Modernisation of the Customs and Excise Department			
To automate customs data systems, procure information technology conduct a post-implementation audit of the new system in 12 months.	May-07	2,516	2,516
<u>St. Kitts and Nevis</u>			
Corporatisation of the Electricity Department - TA			
To reform the power sector by facilitating the corporatisation of the electricity department and providing scope for liberalisation of the power generation market.	Dec-05	600	600
Policy-based Loan			
To support policy and institutional reforms while helping the government to improve its debt dynamics by using the proceeds of the loan to replace some of its high-cost debt.	Dec-06	8,000	20,000

Project	Date Approved	Net Approved from SDF (U)	Total CDB Financing
SUB-TOTAL – LOANS		21,116	48,116
GRANTS:			
<u>Antigua and Barbuda</u>			
Undertaking Strategic Business Planning and Organisational Strengthening for Public Utilities Authority	Oct-07	119	119
Institutional Strengthening Programme of the Statistics Division	Dec-07	263	263
<u>Belize</u>			
Institutional Framework for Conducting Macro-Economic Management	Oct-07	101	101
Modernisation and Revision of Financial Regulations	Oct-07	101	101
<u>Dominica</u>			
Local Gov't Reform, National Policy on Local Government	Dec-05	148	148
Institutional Strengthening of the Ministry of Finance, Industry and Planning.	Oct-07	14	49
<u>Jamaica</u>			
Development Planning Framework	May-06	506	606
Institutional Strengthening of National Environmental Planning Agency	Jul-06	60	60
<u>St. Kitts and Nevis</u>			
Corporatisation of the Electricity Department	Dec-05	60	60
<u>Regional</u>			
Preparation of a Strategy and Plan for CDB's Operations in Haiti	Jul-05	30	30
Strategic Planning Workshop for the National Development Foundations in the Eastern Caribbean	Oct-05	13	13
Evaluation of the Technical Assistance Programmes of CDB	Oct-05	191	191
Creating a Sustainable Framework for Monitoring the Achievement of the Millennium Development Goals in the Caribbean	Dec-05	60	60
Launching of Guidelines for Procurement January 2006	May-06	96	96
Institutional Strengthening, C'bean Community Climate Change Centre	May-06	35	35
Preparation of Caribbean Building Standards	Oct-06	1,393	1,393
Review of CDB's Unified Special Development Fund - Resource Allocation System.	Dec-06	40	40
Update of CDB's Environmental Policy and Review Guidelines.	Dec-06	148	148
Strengthening Capacity in Demographic Analysis in CARICOM	Feb-07	921	921
Caribbean Knowledge and Learning Network Project - Improvement of Student Records Management Systems	May-07	431	431

Project	Date Approved	Net Approved from SDF (U)	Total CDB Financing
<u>Regional Cont'd</u>			
Mid-Term review of the Sixth Cycle of the Unified SDF	Jul-07	106	106
Support Presentation of a Workshop for Credit Union Regulators	Dec-07	25	25
SDF 4 and 5 Multi-cycle Evaluation	Dec-07	142	142
SUB-TOTAL – GRANTS		5,003	5,138
GOOD GOVERNANCE - LOANS AND GRANTS		26,119	53,254
GRAND TOTAL		114,428	218,730

SDF PORTFOLIO ANALYSIS

The performance and quality of the SDF portfolio is measured by a *PPI*, using a composite score derived from the application of PPES. This composite score is an indicative measure of the likely impact of the project in terms of the Bank’s development assistance objectives, and is the sum of the weighted scores of six core criteria: *strategic relevance, poverty relevance, efficacy, cost efficiency, institutional development impact, and sustainability*. The project performance ratings which are applied to the composite scores are shown in the box below.

Composite Score	Project Performance Rating
8.0–10.0	Excellent
6.0–7.9	Highly satisfactory
4.0–5.9	Satisfactory
2.0–3.9	Marginally unsatisfactory
0.0–1.9	Unsatisfactory

Project Performance Rating

As shown in the box below, in 2006 the performance of 78 projects under implementation, with a SDF financing component were evaluated, compared with 83 for 2005. The performance of the projects in 2006 was consistent with the performance of the previous year with 75 of the 78 projects being rated as highly satisfactory or satisfactory, compared with 80 out of 83 in 2005. There were three projects with a marginally unsatisfactory rating in 2006 and 2005. The portfolio was given an overall PPI of 6.2, which was an improvement on the rating at the end of 2005 of 6.1.

SDF PORTFOLIO – PROJECT PERFORMANCE RATING
Years ending December 31, 2005 and 2006

Composite Score	2006			2005		
	No. of Projects	% of Portfolio by No. of Projects	% of Portfolio by Value of Projects	No. of Projects	% of Portfolio by No. of Projects	% of Portfolio by Value of Projects
8.0–10.0	1	1.3	2.7	1	1.2	2.3
6.0–7.9	48	61.5	66.0	51	61.4	61.8
4.0–5.9	26	33.3	30.1	28	33.7	33.7
2.0–3.9	3	3.8	1.2	3	3.6	2.2
0.0–1.9	0	0.0	0.0	0	0.0	0.0
Totals	78	100	100	83	100	100

Country Portfolio Performance

There were some changes in overall country portfolio rating for 2006 (see box overleaf), compared with 2005. The Turks and Caicos Island and Grenada rose to the highly satisfactory category from satisfactory while the ranking of the other countries remained unchanged. There were no projects in the portfolio for Barbados in 2006.

SDF PORTFOLIO – COUNTRY PERFORMANCE RATING

Year ending December 31, 2005 and 2006

Composite Score	2006	2005
8.0 –10.0	None	None
6.0 –7.9	Anguilla, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Turks and Caicos	Anguilla, Dominica, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines,
4.0 –5.9	Antigua and Barbuda, Belize, British Virgin Islands	Antigua and Barbuda, Barbados, Belize, British Virgin Islands, Grenada, Turks and Caicos Islands
2.0 –3.9	None	None
0.0 –1.9	None	None

Sector Portfolio Performance

The average composite performance scores by sector are shown in the table below. The financing, multi-sector, and social and personal services sectors accounted for 78% of the portfolio. Of the remainder, transport and communications and agriculture projects each accounted for 15%, and power, energy and water, 6%. The rating of the sectors in 2006 remained relatively unchanged over 2005 with power, energy and water remaining in the satisfactory category.

SDF PORTFOLIO – AVERAGE PERFORMANCE SCORES BY SECTOR

Years ending December 31, 2005 and 2006

Sector	2006		2005	
	No. of projects	PPI	No. of projects	PPI
Agriculture	7	6.3	6	6.3
Financing	18	6.1	20	5.7
Multi-sector and Other	23	6.1	26	6.3
Power, Energy and Water	4	5.7	4	5.9
Social and Personal Services	20	6.4	20	6.0
Tourism	1	5.6	1	5.7
Transport and Communications	5	6.8	6	6.8
Total No. of Projects	78		83	
Overall Average		6.2		6.1

Projects at Risk

PPES includes criteria relating to scoring and changes in scores to identify “projects at risk”. This is not a performance measure, but a “red flag” to draw attention to projects experiencing difficulties. As at the end of 2006, three projects were classified as “at risk” (about 1.2% of the SDF capital portfolio under implementation) compared with two projects (2.4% of the portfolio) at the end of 2005.

SDF 6 ACTION PLAN

MILESTONE	Target Date	Status as of DECEMBER 31, 2007
COUNTRY AND REGIONAL LEVEL		
<i>Objective: To support targeted capacity building at Country and Regional Level</i>		
1. Support for development of Caribbean-specific MDG targets and indicators.	2004-2005	Development of Caribbean-specific MDG targets and indicators completed in 2005 on CDB initiative and with CDB and the United Nations Development Programme (UNDP) support. CDB and collaborating agencies are in the process of obtaining endorsement by the Council on Human and Social Development on behalf of CARICOM. Development of country-specific targets and indicators is a follow-on task for individual BMCs.
2. Capacity-building in BMCs for measuring, monitoring and assessing progress towards MDG targets.	2005-2008	CDB has undertaken support for statistical capacity-building to measure and monitor progress towards the MDGs, particularly for OECS countries. CDB has also sponsored a three-year programme of six-week courses in Demographic Analysis, following up on an initial course under the Canadian International Development Agency-supported CARICOM Capacity Development Programme. Work has commenced, in collaboration with CARICOM and the United Nations Children's Fund, on the provision of assistance to BMCs to acquire and support electronic data dissemination systems.
3. Strengthening results-based poverty reduction programming by: (a) updating of CPAs for all BMCs, and (b) development of NPRSs, according to timetable.	2005-2008	Progress has been made on updating CPAs. Current programme to complete 10 CPAs by end of 2008 is on schedule for the most part but some implementation delays may result in two CPAs being extended to 2009. Completion of CPA updates remains a key priority, as does providing support for BMCs to follow CPAs with development of a full NPRSP. CPAs have been completed for Antigua and Barbuda and St. Lucia., Others scheduled for completion in 2008 include Cayman Islands (July), St. Kitts and Nevis (September), Grenada (November), and Dominica, Anguilla and Montserrat (December). Use of "PRAPs" for BNTF was envisaged as an interim step to full NPRSPs, which will now receive accelerated attention in cases where CDB can take the lead in providing such support. NPRSs are scheduled to be prepared with CDB's support in six of the countries that have completed CPAs. Arrangements are being made to undertake at least two of these in 2008 and TA will be provided to assist.
4. Launch of reformulated and strengthened project formulation and project management training for CDB's BMCs	mid-2005	New project formulation and management training was successfully launched, and one full year has been completed. This included two core courses and five specialised courses. To date, 114 persons have attended the core courses and 110 persons have attended the specialised courses, for a total of 624 person-weeks. Participants came from 14 countries. The training programme is being continued in 2008.
5. Identification through CSPs of capacity-building requirements to strengthen CSME implementation, economic management, policy development on RPGs, and public sector reform.	2005-2008	Preparation of CSPs has continued, with efforts to strengthen results orientation and deepen coverage. This has not yet adequately covered capacity development needs, and overall process for completing and revising CSPs is ongoing. This remains a high priority and a major restructuring of the Economics Department has been designed to focus available resources on priority issues. The restructuring will be completed in July 2008. CSPs have been completed/updated for Belize, St. Kitts and Nevis and St. Lucia. The CSP for Jamaica is scheduled for completion by July 2008, those for Dominica, Grenada, Guyana and Haiti by December 2008, while draft CSPs for St. Vincent and the Grenadines and Trinidad and Tobago are awaiting comments from the government authorities.

MILESTONE	Target Date	Status as of DECEMBER 31, 2007
6. Identification of carefully selected priority programme for supporting regional and sub-regional integration.	2005	CDB has taken the lead on issues of institutional structure in support of CSME such as work on the design of a regional development fund and a regional development agency, and for the air transport sector as a key element of regional integration and a major RPG. The latter has included support for a more viable and sustainable regional air transport carrier and a planned study on the policy environment for air transportation. CDB's overall operational approach to support for regional integration will be developed in a paper for submission to SDF Contributors during 2008. See also Milestone 19.
INSTITUTIONAL AND CORPORATE LEVEL		
<i>Objective: To implement targeted SDF 6 operational strategy and strengthen results-orientation of CDB programmes and management</i>		
7. Implementation of strengthened country strategy process according to timetable, including development of increased results-orientation.	2005-2006	See Status Report under Milestone 5.
8. (a) Completion of CDB Strategic Plan 2005-2009; and (b) further development of RBM in CDB operations.	2005 2006-08	Strategic Plan completed, incorporating improvements in RBM. Implementation is underway. Development of a longer-term Strategic Plan is also underway and outline paper will be submitted to the Board in mid-2008. Strengthening and customisation of RBM approach to meet CDB's particular planning, managing and monitoring needs is reflected in changes to its work programming and budgeting paradigm.
9. Operationalisation of CDB's PRS	2005	Toolkits for operationalisation of CDB's PRS were completed in 2005 and are in use by Operations staff. Progress has been made on mainstreaming and use of the "poverty prism" for all CDB operations. Lessons learned from BNTF have helped in operationalising the PRS more generally. Further training is envisaged as new staff are recruited and to provide for incorporation of lessons learned. Mid-Term Evaluation of BNTF 5, now completed, and design of BNTF 6 are key elements in the targeted poverty reduction element of poverty reduction programming and will help to further strengthen operationalisation of the PRS, as will completion of NPRSs for BMCs.
10. Operationalisation of CDB's governance strategy.	2005	Toolkits for operationalisation of the strategy were completed in 2005 and training workshops were held successfully. Replacement of CDB's governance specialist has, however, taken longer than expected and delay required follow-up. TA support for good governance has continued, e.g. in targeted capacity-building in support of PBL programmes in St. Kitts and Nevis and Belize. Technical Officer on governance is now being recruited and will provide a focal point on governance within the Project Services Division. Progress Report on the governance strategy will be submitted to SDF Contributors by mid-2008.

MILESTONE	Target Date	Status as of DECEMBER 31, 2007
11. Programme development and delivery capacity for Haiti.	2005	A senior staff committee headed by the President has been established to monitor and provide focus for operations in Haiti. A familiarisation programme for staff on Haiti economy and society has been started, as has French language training. A Country Economist for Haiti has been appointed and civil law legal counsel will be added to Legal Department staff. An office base in Haiti is being provided for CDB in conjunction with CARICOM. The identification, appraisal and consideration of projects in Haiti has already started and will be pursued to the extent of available resources.
12. Agreement with Haiti on an initial operational programme.	2005	Strategy for CDB's operations in Haiti was developed jointly with the Government and presented to the Board in October 2007, and provides strategic focus. CDB is collaborating with both WB and IDB in support for education sector. Training needs assessment for the public service has been completed and a TA response has been appraised. CDB is also undertaking a Business Forum for Haiti with CAIC. Overall, significant SDF commitments are expected in 2008.
13. Programme development and delivery capacity for Suriname.	2006	CDB stands ready to establish such capacity when Suriname indicates it is ready to move forward on CDB membership, which is still pending.
14. Agreement with Suriname on an initial operational programme.	2006	CDB has indicated its intention to work with Suriname in developing an initial operational programme as soon as implementation steps for membership are commenced.
15. Review of environmental policy and strategy.	2005-2006	An evaluation of the application of CDB's environmental guidelines was completed in 2006 and a full review and revision of environmental policy is underway and will be completed by mid-2008. The revised policy will include more explicit consideration of the priorities of climate change and adaptation and of disaster risk management in CDB's operational work programme. A strategy paper on environmental sustainability and the climate change agenda will also be submitted to SDF Contributors in 2008.
16. Strengthening of environmental programming and integration of natural hazard risk reduction into project design.	2005-2008	This important area of programming has been strengthened with additional staff and will be strengthened further with the environmental policy revision. Natural hazard concerns have been integrated into CDB's new Environmental and Social Review Procedures, which is expected to be submitted with the revised environmental policy in mid-2008. CDB has continued with its support of the work programme of the Caribbean Disaster Emergency Response Agency, and has started to work more closely with the Caribbean Climate Change Centre in Belize, of which CDB is currently a member of the BOD.
17. Integration of disaster mitigation function into CDB's permanent establishment.	2006	This has been done, and a specialist in natural hazard risk reduction was engaged as of November 2007.
18. Comprehensive gender assessment for ten BMCs and integration of gender into CDB social and operational guidelines	2007	Recruitment of gender assessment consultants is underway. Target remains assessments for 10 countries, with minimum of 5 assessments to be completed in 2008. An overall CDB gender strategy is being prepared for submission to SDF Contributors by mid-2008.

MILESTONE	Target Date	Status as of DECEMBER 31, 2007
19. Establishment of an operational policy and programme planning capability for regional programming and RPGs.	2005	CDB has continued to support important regional initiatives (see Milestone 6), and the planned reorganisation of the Economics Department will strengthen work on RPGs. Regional cooperation and integration has also been proposed as a major theme for SDF 7. Staffing constraints, however, have delayed establishment of the planned operational capability and operationalisation of the overall regional policy paper approved by SDF Contributors. Options are under consideration, and it is planned that, as indicated under Milestone 6, an operational strategy on support for regional integration will be prepared for submission to SDF Contributors later in 2008.
20. Proposal on Policy-based Lending.	Oct. 2005	Policy on PBL was approved in December 2005. PBLs/guarantees have since been provided to St. Kitts and Nevis and Belize. These have provided a focus for targeted “good governance” capacity-building to address challenges in meeting PBL conditions. PBLs currently under consideration for Antigua and Barbuda and St. Lucia.
21. Strengthened operational policy capability for poverty reduction, governance, environmental and natural hazard protection.	2005-2007	Capacity has been strengthened in environmental and natural hazard protection and recruitment is underway on governance. External support is being sought for strengthened policy capabilities in respect of poverty reduction.
22. Review of lending policies and project modalities.	2007	A general review of lending policies has been replaced by a review of sectoral policy frameworks. This is intended to adjust and update all sector policies.
23. Mid-term evaluation of BNTF 5 and preparation of BNTF 6.	2007	Draft Final Report of BNTF 5 Mid-Term Evaluation completed early 2008. Findings and lessons learned will be an important input into design of BNTF 6, which will be launched in 2008.
24. Monitoring and evaluation. Key milestones: (a) evaluation of EIA requirements and procedures; (b) evaluation of TA programme; (c) extension of PPES to BNTF and selected TAs; and (d) integration of MDGs and Caribbean-specific targets as a framework for monitoring and assessment of SDF 6.	2005 2006 2005 2005-2006	Evaluation of environmental review guidelines completed in 2006. CDB has since revised review guidelines in new Environmental and Social Review Procedures, now in draft form. The evaluation of the Bank’s TA programme was completed and reviewed by Contributors at the December Preparatory Meeting. Work has commenced in the development of new procedures to be applied to BNTF sub-projects and TA projects Work underway. The MDGs and the Caribbean Specific targets and indicators have been used in the development of CPAs and these will form part of the monitoring framework applied to SDF.
25. Undertaking of an assessment of progress at mid-term, for submission to an SDF 6 mid-term review.	2007	Undertaken in 2007. Draft and Final Reports reviewed by SDF Contributors in October and December 2007. CDB response to recommendations submitted to Contributors.

MILESTONE	Target Date	Status as of DECEMBER 31, 2007
26. Development with other donors of joint approaches to social protection in CDB's BMCs.	2006	CDB, with the Department for International Development (DFID) and the European Commission (EC) funding, sponsored a study in 2004 to examine social protection in several BMCs. This was followed by a conference to develop a regional approach, and a meeting in 2005 of CDB, DFID, EC, UNDP and WB agreed on the importance of harmonising donor-funded initiatives. WB and DFID have prepared social protecting strategy papers. CDB policy paper on social protection is under preparation and will be completed in 2008.
PARTNERSHIPS AND HARMONISATION		
<i>Objective: To strengthen CDB's participation and, as appropriate, leadership in partnerships, harmonisation and alignment</i>		
27. Implementation of cooperative approaches to CPA updates and NPRS development.	2005-2008	CPA updates continue to be undertaken with joint donor support, involvement of an inter-agency committee, and collaboration facilitated by a Poverty and Social Sector Development Donors' Group as a model of collaboration. A similar approach is envisaged on NPRSSs. CDB will, however, require additional funding for further work on CPAs and NPRSSs.
28. Further development of joint approaches to disaster mitigation and disaster risk management.	2005-2008	CCRIF has been supported jointly by several donors, with IDA as Trustee. CDB approved a \$5 mn grant contribution in May 2007.
29. Development of joint approaches to support for economic adjustment under CSME and Doha Round.	2006	As noted under Milestone 6, CDB has taken the lead on design of a regional development fund and a regional development agency to support economic adjustment. A request from Prime Minister Golding as Chairman of a Prime Ministerial Sub-Committee of CARICOM for CDB to explore mechanisms to support adjustment and implementation under the recently concluded (December 2007) EPA with the European Union is under consideration.
30. Development of joint approaches to MfDR in selected BMCs.	2006	CDB and IDB jointly sponsored the PRODEV Caribbean regional workshop on Development Effectiveness and MfDR for BMC Ministries of Finance and Economic Planning in July 2007. CDB and IDB have also agreed under the PRODEV initiative to jointly provide assistance through CDB for OECS countries for diagnostic studies, plans of action and training.
31. First major meetings of CFD as successor to previous consultative group for aid coordination (CGCED) to be held under CDB coordination and management.	2005	Meetings of the Caribbean Forum were held as scheduled. More selective approaches to policy and aid coordination, however, may now be more timely, and the role of CDB needs to be considered further.

MILESTONE	Target Date	Status as of DECEMBER 31, 2007
32. Progress on harmonisation and alignment agenda, e.g., in environmental protection or other RPGs, MDB procurement policies, and country harmonisation pilot projects.	2005-2008	<p>A Common Framework for Environmental Assessment was developed by the Multilateral Financial Institutions WG on the Environment and has been approved by the DAC. CDB's new Environmental and Social Review Procedures are aligned with this harmonised framework.</p> <p>CDB has been an active participant in the MDB Heads of Procurement group and is using the harmonised procurement guidelines. CDB also hosted a meeting of the MDB Technical Working Group in January 2008. CDB versions of the harmonised bidding and prequalification documents have been prepared and are expected to be released for use by mid-2008. The Bank is also an active member of the MDB working groups on Performance Based Resource Allocation, and Planning and Budgeting.</p>
33. Paris Declaration Indicators modified and adopted.	2006	Further work is underway and will be reported on to Contributors.

APPENDIX VII

SDF FINANCIAL STATEMENTS

- VII-1: Summary Balance Sheets as at December 31, 2005–2007
- VII-2: Summary Income Statements for the years ending December 31, 2005–2007
- VII-3: Summary of Notes, Encashments and Drawdowns 2007
- VII-4: Projected Balance Sheets as at December 31, 2008–2010
- VII-5: Projected Income Statements for the years ending December 31, 2008–2010
- VII-6: Projected Cash Flow Statements as at December 31, 2008–2010

APPENDIX VII-1

SUMMARY BALANCE SHEETS,
AS AT DECEMBER 31, 2005–2007
(\$ mn)

Item	2005	2006	2007
Assets:			
Cash and Investments	80.0	114.8	173.1
Contributions in Arrears	0.6	0.5	10.4
Non-neg. Demand Instruments	120.2	129.2	94.7
Loans Outstanding (Net)	352.1	363.3	375.8
Other Receivables	1.1	0.2	0.5
Total Assets	554.0	608.0	654.5
Liabilities:			
Contributions in Advance	-	-	-
Payables	35.6	63.9	60.2
Contributions	478.6	445.2	497.5
Accumulated Net Income	18.6	21.1	28.1
TA Allocation	21.2	77.8	68.7
Total Liabilities and Funds	554.0	608.0	654.5

APPENDIX VII-2

SUMMARY INCOME STATEMENTS,
FOR THE YEARS ENDING DECEMBER 31, 2005–2007
(\$ mn)

Item	2005	2006	2007
Revenue:			
Investment Income	1.6	4.6	8.5
Loan Income	8.1	8.1	8.5
Exchange	0	0	0
Total Revenue	9.7	12.7	17.0
Expenses:			
Administrative Expenses	9.7	9.6	10.0
Total Expenses	9.7	9.6	10.0
Net Income	0	3.1	7.0

SUMMARY OF NOTES, ENCASHMENTS AND DRAWDOWNS 2007
(‘000)

Country	Notes Receivable 1/1/2007 (\$)	Notes Issued	Encashments/ Payments in Cash		Notes Receivable 12/31/07 (\$)	Not Yet Made Available	Not Yet Effective	Cumulative Drawdowns	Agreed Contribution (Curr. Value)
			Local Curr.	US\$ Equivalent					
Trinidad and Tobago	3,179	4,875	(“)	3,179	4,875			20,325	25,200
Bahamas	7,876		(“)		7,876	-		6,268	14,144
Barbados	2,415		(“)	338	2,078	1,052		11,010	14,140
Jamaica	5,381		(“)	1,794	3,587	1,875		17,558	23,020
Guyana	3,232		(“)	436	2,796	-	4,215	7,134	14,145
Antigua and Barbuda	32		(“)		32	425		1,195	1,652
Belize	1,615	275	(“)	621	1,269	275		2,196	3,740
Dominica	803		(“)		803	210		2,467	3,480
St. Kitts and Nevis	1,615	275	(“)	266	1,624	275		1,841	3,740
St. Lucia	550		(“)		550	275		2,915	3,740
St. Vincent and the Grenadines	1,643		(“)		1,643	275		1,834	3,752
Grenada	1,167		(“)		1,167	-	940	633	2,740
Montserrat	112		(“)		112	315		1,223	1,650
British Virgin Islands	298		(“)		298	105		1,037	1,440
Turks and Caicos	-		(“)		-	105		1,335	1,440
Cayman Islands	442		(“)		442	105		793	1,340
Anguilla	160		(“)		160	-	740	540	1,440
Haiti	-				-			650	650
Total – BMCs	30,520	5,425		-	6,634	5,292	5,895	80,954	121,453
Colombia			(“)		-	900		22,633	23,533
Mexico	-		(“)		-	-		14,000	14,000
Venezuela	4,385		(“)	2,193	2,192	-	3,600	12,590	18,382
Total – Other Regional	4,385	-		2,193	2,192	900	3,600	49,223	55,915
Canada	40,044	13,585	Cdn\$	55,875	-	13,850		182,943	196,793
China	-		US\$		-	1,300		31,900	33,200
United Kingdom	36,144	5,873	Str		48,718	23,567		91,390	163,675
Germany	13,411	2,369	EUR	3,600	14,496	3,485		48,825	66,806
Italy	4,611		EUR	4,740	-	-	4,946	51,160	56,106
France			FF ^{2/}		-	-		58,607	58,607
Netherlands			NG		-	-		24,756	24,756
Total – Non-Regional	94,210	-		64,215	63,214	42,202	4,946	489,581	599,943
GRAND TOTAL	129,115	-		73,042	94,718	48,394	14,441	619,758	777,311

^{1/} Notes Issued in Canadian Dollars

^{2/} Notes Issued in Pounds Sterling

^{3/} Notes Issued in Euros

APPENDIX VII-4

PROJECTED BALANCE SHEETS
AS AT DECEMBER 31, 2008-2010
(\$ mn)

Item	2008	2009	2010
Assets:			
Cash	6.8	7.3	7.8
Securities – Prime	180.7	180.7	180.7
Long-term Loans	393.2	421.1	455.6
Other Assets	157.6	209.6	262.6
Total Assets	738.3	818.7	906.7
Liabilities:			
Current Liabilities	70.3	76.4	88.6
Contributions	564.5	631.5	699.5
Accumulated Net Income	103.5	110.8	118.6
Total Liabilities and Capital	738.3	818.7	906.7

APPENDIX VII-5

PROJECTED INCOME STATEMENTS
FOR THE YEARS ENDING DECEMBER 31, 2008-2010
(\$ mn)

Item	2008	2009	2010
Revenues:			
Investment income	7.7	7.9	8.0
Loan Income	9.6	10.2	10.9
Total Revenues	17.3	18.1	18.9
Expenses:			
Administrative Expenses	10.5	10.8	11.1
Exchange			
Total Expenses	10.5	10.8	11.1
Net Income	6.8	7.3	7.8

PROJECTED CASH FLOW STATEMENTS
AS AT DECEMBER 31, 2008-2010
(\$ mn)

Item	2008	2009	2010
Cash	2.2	6.8	7.3
Securities – Prime	170.9	180.7	180.7
Beginning Balance	173.1	187.5	188.0
Cash (Net Operating Income)	6.8	7.3	7.8
Long-term Loans (Repayments)	15.3	16.8	16.8
Draws on Subscriptions	25.0	21.1	27.3
Sub-total	47.1	45.2	51.9
Long-term Loan (Disbursements)	32.7	44.7	51.3
Sub-total	32.7	44.7	51.3
Ending Balance	187.5	188.0	188.6
Cash	6.8	7.3	7.8
Securities – Prime	180.7	180.7	180.7