

Mission Statement

CDB intends to be the leading catalyst for development resources into the Region, working in an efficient, responsive and collaborative manner with our BMCs and other development partners, towards the systematic reduction of poverty in their countries through social and economic development.

**P.O. Box 408,
Wilkey, St. Michael BB11000
Barbados, West Indies**

Telephone: (246) 431-1600
Telefax: (246) 426-7269; (246) 228-9670
Internet Address: <http://www.caribank.org>
E-mail Address: info@caribank.org

April 30, 2014

CDB – ITS PURPOSE, ROLE AND FUNCTION

Dollars (\$) throughout refer to United States Dollars

CONTENTS

	Page
CDB AT A GLANCE	1
WHY WE ARE NEEDED	4
THE ORIGINS OF CDB	6
WHO MAKES DECISIONS AT CDB	8
HOW DOES THE BANK OBTAIN ITS RESOURCES?	11
LENDING ACTIVITIES	15
EQUITY OPERATIONS	23
TECHNICAL ASSISTANCE	24

APPENDICES

1. Board of Governors
2. Board of Directors
3. Principal Officers of the Bank
4. Capital Stock and Voting Power

CDB AT A GLANCE

The Caribbean Development Bank (CDB) was established for the purpose of contributing to the harmonious economic growth and development of the member countries in the Caribbean.

To achieve this purpose, CDB:

- assists its borrowing member countries to optimise the use of their resources, develop their economies, and expand production and trade;
- promotes private and public investment, encourages the development of the financial upturn in the Region, and facilitates business activity and expansion;
- mobilises financial resources from both within and outside the Region for development;
- provides technical assistance to its regional borrowing members;
- supports regional and local financial institutions and a regional market for credit and savings; and
- supports and stimulates the development of capital markets in the Region.

The Bank is currently owned by 27 member countries: 22 members from the Region, divided into 19 borrowing member countries (BMCs) and three non-borrowing member countries; and five non-regional members. The voting power of each country is linked to its subscription to the Bank's capital stock. Regional members are required to hold not less than 60% of the shares, and non-regional members not more than 40% of the shares. Only regional members can borrow from CDB.

CDB's Charter allows for membership of:

- (a) States and Territories of the Region;
- (b) Non-regional States which are members of the United Nations or any of its specialised agencies or of the International Atomic Energy Agency; and
- (c) Institutions.

Admission to membership in CDB may be obtained upon the affirmative vote of not less than two-thirds of the total number of Governors, representing not less than three-fourths of the total voting power of the members.

The following States and Territories are **founding members** of CDB – those States and Territories which signed the Agreement Establishing the Bank in 1969:

- Antigua and Barbuda; The Bahamas; Barbados; Belize; British Virgin Islands; Cayman Islands; Dominica; Grenada; Guyana; Jamaica; Montserrat; St. Kitts/Nevis/Anguilla, St. Lucia, St. Vincent and the Grenadines; Trinidad and Tobago; Turks and Caicos Islands; Canada and the United Kingdom.

Those who joined after 1969 were:

- Venezuela (April 25, 1973); Colombia (November 22, 1974); Anguilla (May 4, 1982 - formerly part of the State of St.Kitts/Nevis/Anguilla); Mexico (May 7, 1982); Italy (November 2, 1988); Germany (October 27, 1989); China (January 20, 1998). Haiti (January 19, 2007). The newest member Suriname was formally admitted on September 17, 2013.

TABLE 1
COMPLETE LISTING OF MEMBERS

Regional Members*

Anguilla	Haiti
Antigua and Barbuda	Jamaica
The Bahamas	Montserrat
Barbados	St. Kitts and Nevis
Belize	St. Lucia
British Virgin Islands	St. Vincent and the Grenadines
Cayman Islands	Suriname
Dominica	Trinidad and Tobago
Grenada	Turks and Caicos Islands
Guyana	

Other Regional Members*

Colombia, Mexico, Venezuela

Non Regional Members*

Canada, China, Germany, Italy, United Kingdom

***Regional Members** are entitled to borrow funds from the Bank and have voting rights which entitles them to be a part of the decision-making process of the Bank.

***Other Regional Members** are not entitled to borrow funds from the Bank.

***Non-Regional Members** have voting rights but are not entitled to borrow funds from the Bank.

CDB's priorities are to broaden the membership base of the Bank, both borrowing and non-borrowing. With the intention to have a more Pan-Caribbean flavour, initiatives have been taken to invite other non-English-speaking Caribbean countries to become members. *Brazil (2008) application for membership has been approved.*

The Bank is also seeking non-borrowing members which are keen on supporting its efforts through the provision of resources, thereby making their own contribution more cost-effective.

WHY WE ARE NEEDED

An institution that fights poverty: CDB embraces the Millennium Development Goals and is working to facilitate their attainment for the 14.5 million people living in its BMCs.

The Bank provides resources to poor communities to improve their access to basic services, enhance employability and reduce socio-economic vulnerability. The objectives are:

- *The expansion and conservation of social and economic infrastructure;*
- *The improvement of the human resources base; and*
- *The promotion and strengthening of the communities' capacity to initiate and manage change.*

CDB's flagship poverty reduction programme is the Basic Needs Trust Fund (BNTF).

BNTF deals with the reduction of poverty in disadvantaged Caribbean communities in a holistic manner by providing avenues for sustainable social and economic development.

As projects are community based, the residents of the community are expected to assume ownership and provide essential input from the onset of the project. This bolsters the spirit of the community and ensures the project's success and the continued maintenance of the result. The BNTF supports projects concerned with:

- *Health*
- *Education*
- *Economic infrastructure*

- *Day-care services (for infants and adults)*
- *Skills training*
- *Public access utilities including roads, drainage systems and water lines*

Development means more than financing: It takes more than financing to solve problems encountered by small and medium-sized enterprises. CDB offers technical assistance to institutions and individual firms through a variety of approaches in order to facilitate transfer of techniques, development of expertise, identification and promotion of investment opportunities, and to build capacity generally in its BMCs. This complements its projects operations.

CDB's technical assistance programme for supporting the small- scale private sector is primarily through the Caribbean Technological Consultancy Services (CTCS). The CTCS is a network operated by the Private Sector Development Division within CDB in cooperation with regional and national institutions, laboratories, industrial enterprises and consultants. It contributes to strengthening private sector capabilities by linking people who have business and technical experience with businesses that need consulting advice and assistance. Interventions are carried out under three principal modes:-

- *Direct technical assistance (facilitated by consultants)*
- *Workshops*
- *Job Attachments*

An incomparable comparative advantage: CDB's comparative advantage lies in its close relationship with its BMCs, and its understanding of the challenges of the small states; the easy access of Bank personnel to policy-makers, administrators and institutions of civil society; the ownership and confidence that BMC governments feel in their own regional institution; the Bank's physical location in the Region and proximity to many of its BMCs; and its comparatively lower costs for the appraisal and supervision of projects of the size that frequently characterise the economies of the Caribbean.

CARICOM economic cooperation and integration: The Bank undertakes cooperation activities with countries and institutions in the Region in its efforts to support economic and social development in its BMCs. It maintains close functional links with the CARICOM Secretariat, the

Organisation of Eastern Caribbean States (OECS) Secretariat and the Eastern Caribbean Central Bank, and participates in meetings of the Organs of CARICOM and the OECS Authority.

THE ORIGINS OF CDB

After the demise of the West Indies Federation in 1962 and the subsequent independence of Jamaica (August 6) and Trinidad and Tobago (August 31) that year, international attention was focused on the smaller Territories of the Eastern Caribbean, i.e. the seven Windward and Leeward Islands and Barbados. Efforts were made by the United Kingdom Government to form a Federation of the **Little Eight** for these Territories and, following an East Caribbean Conference held in London in May 1962, several surveys were initiated and Commissions established to prepare for the Federation. There was the Survey by Dr. Carleen O'Loughlin of the **Economic Potential and Capital Needs of the Leeward Islands and Windward Islands and Barbados** published by the United Kingdom Department of Technical Cooperation in 1963; the Report of the Fiscal Commission on the Federation of East Caribbean Territories; the Report of the Civil Service Commission on the Federation of East Caribbean Territories; and the Report of the Judicial Commission on the Federation of East Caribbean Territories, all published in April 1963.

However, in spite of all the documentation and preparation, a Conference held in Barbados in June 1963 failed to reach agreement on the terms for the Federation.

Following the failure of the attempt at the **Little Eight** Federation, the United Kingdom, Canada and the United States of America, in January 1966, set up a Tripartite Team of Experts to make an economic survey of Barbados and the Leeward Islands and Windward Islands for the purpose of formulating plans for the achievement of economic viability and to suggest priorities for the next five years.

One of the recommendations of the Report of the **Tripartite Mission** was that a Regional Development Agency should be established for the Territories which were included in the survey, within which a Development Bank Division should operate.

Soon after the Report of the **Tripartite Survey** was finalised, a Canada/ Commonwealth Caribbean Conference was held in Ottawa in July 1966, and one of the recommendations of the Conference was that a Study be made of the possibility of establishing a financial institution to serve the Commonwealth Caribbean Countries and Territories.

A Conference of the sponsors of the **Tripartite Survey** and representatives of the Governments of Barbados, the Leeward Islands and Windward Islands met in Antigua and Barbuda in November 1966 to consider the Report and agreed that, bearing in mind the decision of the Ottawa Conference, consideration be given to the establishment of a financial institution to serve all of the Commonwealth Caribbean Countries and Territories of the Region rather than only Barbados and the Leeward Islands and Windward Islands.

With the concurrence of all Countries and Territories, the United Nations Development Programme (UNDP) was requested to appoint a team of experts with the following terms of reference:

“to undertake a study of the possibility of establishing a financial institution for regional development in the Caribbean which might be used as a method of financing projects of particular interest to the smaller areas as well as projects which might benefit the region as a whole.”

The team, whose Report was submitted in July 1967, recommended the establishment of a Caribbean development bank with an initial capital of \$50 million (mn). The Report was considered at a meeting of officials in Georgetown, Guyana, in August 1967 and its acceptance was recommended. At a conference held in Barbados in October 1967, the Heads of Government of the Commonwealth Caribbean Countries and Territories accepted the Report and established a Committee of officials to work out details for the establishment of CDB, including the preparation of a draft Agreement.

The draft Agreement establishing CDB was submitted early in 1968 and was finally adopted after three meetings at Ministerial level. At the last meeting in July 1969, a Preparatory Committee for the establishment of CDB was set up and a Project Director was subsequently appointed. The Committee was responsible for all arrangements leading up to the establishment of CDB, including the Conference of Plenipotentiaries, ratification and the Inaugural Meeting of the Board of Governors. The

Committee received assistance from the UNDP, the International Bank for Reconstruction and Development (World Bank) and the Inter-American Development Bank (IDB).

The Agreement was signed at Kingston, Jamaica, on October 18, 1969, at a Conference of Plenipotentiaries of eighteen Countries and Territories and entered into force on January 26, 1970. The Inaugural Meeting of the Board of Governors was held in Nassau, The Bahamas, on January 31, 1970.

The Secretary-General of the United Nations (UN) acted as the Depository for the Agreement and the Government of Barbados was appointed as Trustee for the receipt of payments of the first instalment of subscriptions towards share capital.

The permanent Headquarters of CDB is located at Wildey, St. Michael, Barbados. The first building was erected by the Government of Barbados as part of its obligations under the Headquarters Agreement between CDB and that Government. In 1980, the Government donated two hectares of land adjacent to CDB's Headquarters for the construction of additional office accommodation, and this was completed in September 1984.

WHO MAKES DECISIONS AT CDB

CDB is accountable to its member countries, and this accountability is essential to its effectiveness.

The top link of the chain of command is the **Board of Governors**. All the powers of CDB are vested in this Board which may delegate its powers to the Board of Directors except on certain matters, such as admission of new members, change in capital stock, election of Directors and the President, amendment of the Charter, and termination of the operations of CDB.

Each member country nominates one Governor and one Alternate Governor. *(For this purpose the Member Territories of Anguilla, British Virgin Islands, Cayman Islands, Montserrat, and Turks and Caicos Islands are regarded as one Member)*. Each Governor casts the votes of the Member Territory or Territories which he represents. Except as otherwise provided in the Charter, voting power is roughly proportional to shares subscribed, with a slight weighting in favour of the smaller Member Territories.

The Board of Governors meets once a year, but may also be summoned as required. Meetings of the Board of Governors, other than the Annual Meeting, may be called by the Board of Directors whenever requested by a majority of the Members of CDB. The Board of Governors at its Annual Meeting elects from among its Members a Chairman and two Vice-Chairmen to hold office until the next election. Appendix 1 shows the Board of Governors.

The Board of Directors is responsible for the general policy and direction of the operations of CDB.

The Board exercises all powers delegated to it by the Board of Governors, and, in conformity with the Charter, takes decisions concerning loans, guarantees and other investments by CDB, borrowing programmes, Technical Assistance and other operations of CDB; it also approves the Administrative Budget and submits accounts pertaining to each financial year for approval by the Board of Governors.

It appoints the Audit and Post-Evaluation Committee (APEC) consisting of four of its members, for a term of two years. The Committee's main responsibility is to monitor the efficiency and adequacy of financial and lending policies and procedures, thereby enhancing the credibility and objectivity of financial, audit and post-implementation evaluation reports as well as the capacity of CDB to learn from its own experiences.

The Board comprises eighteen Directors, thirteen representing the Regional Members and five representing the non-Regional Members. Directors hold office for a term of two years and are eligible for selection for a further term or terms of office. Each Director appoints an Alternate with full power to act when the Director is not present (see Appendices 2 for the listing of the Board of Directors).

The President, who besides serving as the Chairman of the Board, is the Chief Executive Officer of the Bank and conducts its business under the direction of the Board of Directors. Appointed for a renewable five-year term, the President is assisted by the **Vice-President (Corporate Services) and Bank Secretary** and **Vice President (Operations)**.

The ranking Vice-President exercises the authority and performs the functions of the President in the absence or incapacity of the President or while that office is vacant.

The Advisory Management Team (AMT), which is chaired by the President, is responsible for the consideration of matters of a broad corporate nature. It is comprised of the two Vice- Presidents and the Directors of the various departments. (*A list of Directors of Departments and Deputy Directors is at Appendix 3*).

Management-Employee relations are assisted by the functioning of a Staff Association and Staff's financial welfare is further promoted by the operations of the Caribank Cooperative Credit Union Limited.

HOW DOES THE BANK OBTAIN ITS RESOURCES?

CDB's financial resources consist of its Ordinary Capital Resources and Special Funds Resources.

Ordinary Capital Resources (OCR) include capital subscriptions from its members, reserves, market borrowings on the international capital markets as well as loans from other multilateral development banks.

Members' subscriptions to ordinary capital are listed in Appendix 4.

As at December 31, 2013, OCR comprised the following:

	(\$'000)
(a) Matured Subscriptions and Reserves	743,590
(b) EIB	116,477
(c) IDB	36,539
(d) Market Borrowings	782,963
TOTAL	1,679,569

The Special Funds Resources (SFR) consist of contributions and loans on highly concessionary terms, which are used to make or guarantee loans of high development priority, with longer maturities, longer deferred commencement of repayment, and lower interest rates than those applicable to the Bank's ordinary operations. The Special Fund comprises the Special Development Fund (SDF) which is the Bank's main Special Fund and Other Special Funds (OSF). These funds are used primarily for supporting CDB's poverty reduction efforts.

The Charter requires that the Special Funds of CDB be held, used, committed, invested or otherwise disposed of entirely separately from the OCR.

The Charter precludes the allocation to any special fund of any part of paid-up capital or reserve of CDB or from funds borrowed by CDB for inclusion in its OCR. However, allocations may be made to any special fund from the net income arising from ordinary operations (Article 39 of the Charter refers).

As at December 31, 2013, the SDF was the equivalent of **\$907,309,000** as shown in the following table:

	(\$'000)
Anguilla	2,045
Antigua and Barbuda	2,257
The Bahamas	19,809
Barbados	25,681
Belize	6,575
British Virgin Islands	2,045
Canada	330,489
Cayman Islands	1,340
China	48,298
Colombia	35,657
Dominica	4,874
France	58,254
Germany	98,574
Grenada	3,345
Guyana	19,810
Haiti	1,560
Italy	63,389
Jamaica	33,204
Mexico	27,067
Montserrat	2,045
Netherlands	24,902
St. Kitts and Nevis	5,134
St. Lucia	6,575
St. Vincent and the Grenadines	6,588
Suriname	2,160
Sweden	4,037
Trinidad and Tobago	35,384
Turks and Caicos Islands	1,440
United Kingdom	258,657
United States of America	590
Venezuela	39,456
	<u>1,171,241</u>
Technical Assistance of Allocation 1/	(352,163)
	<u>819,078</u>
Accumulated Net Income	88,231
	<u>907,309</u>

1/ There is a balance of \$59,456,000 available of the amount allocated

An additional amount of **\$55,607,000** has been pledged, but not yet contributed, by seventeen Governments.

As at December 31, 2013, OSF resources equivalent to **\$444,698,000** were as follows:

(\$'000)

Other Special Funds

-	Country Contributions/Loans	
	(i) Canada	6,880
-	Institutional Contributions/Loans	
	(i) IDB	38,807
	(ii) International Development Association	18,689
	(iii) European Union	3,703
	(iv) EIB	1,377
-	Non-Reimbursable Contributions	
	(i) CDB/BNTF	225,554
	(ii) Other Grant Funds	96,610
-	Reserves	53,078
	TOTAL	<u>444,698</u>

LENDING ACTIVITIES

CDB's lending activities are divided into two major categories: Ordinary Operations and Special Operations.

- Ordinary Operations are those financed from the OCR
- Special Operations are those financed from the SFR

A project may combine aspects financed as Ordinary Operations and other aspects financed as Special Operations.

CDB may make or participate in direct loans to governments of its Regional Member Countries, to any of their agencies or political subdivisions and to both public and private entities and enterprises operating within such countries, as well as to international or regional agencies or entities concerned with the economic development of the Region.

CDB will not, however, finance an undertaking in the Territory of a Member if that Member objects to such financing.

CDB's operations provide principally for the financing of specific projects, whether forming part of national, sub-regional or regional development programmes in such fields as agriculture, livestock, fisheries, forestry, marketing, manufacturing, mining, refining, tourism, export services, transportation, housing (low and lower/middle income), education (including student loans and training for human resource development), power, water, sewerage, infrastructure and related services, waste management, environmental protection and poverty reduction.

The focus of these projects is always on the ability to promote social equity and protect the environment. CDB's BMCs are particularly vulnerable to natural disasters. As a result, the Bank has introduced mechanisms to help BMCs to mitigate and recover from disasters. This is especially important for the Region's poor, who are disproportionately affected by disasters. Special attention is given to ensure that the intervention by CDB promotes social equity and environment protection.

The listing does not necessarily exclude proposals in other sectors which are in conformity with CDB's purposes and come within its functions.

Specific private sector development projects, which are considered not large enough to warrant direct supervision of CDB, may be financed through loans or guarantees of loans to national development banks or other suitable intermediaries. CDB has also invested in two regional equity funds targeted at small and medium-sized firms in the BMCs.

CDB may also make or participate in loans to facilitate pre-investment and feasibility studies and project preparation, if it considers the project to be worthy of detailed investigation.

Methods of Loan Financing²

In making direct loans or participating in them, CDB, in accordance with Article 15 (n) of the Charter, provides financing by furnishing the borrower with currencies to meet the foreign exchange costs of the project, and, in exceptional circumstances and to a limited extent, some local currency to meet local expenditures from the local currency provided by the Government of that Territory.

However, in practice, because of the impracticability, in most cases, of distinguishing between local and foreign exchange expenditures and having regard to the economic circumstances of BMCs, the borrower is asked simply to make an appropriate contribution to the cost of the project financed by CDB.

CDB's ability to finance local expenditures in its special operations is determined in each case by the agreement under which the funds are made available to CDB.

² CDB is also empowered under Article 13 of its Charter to make equity investments, but there are strict limitations on CDB's exercise of this power.

For the purposes of its lending operations, CDB groups BMCs as follows:

where financing is from the OCR:

- | | |
|----------------|---|
| Group 1 | The Bahamas, Barbados, Cayman Islands, Trinidad and Tobago; |
| Group 2 | Anguilla, Antigua and Barbuda, British Virgin Islands, Suriname; |
| Group 3 | Belize, Dominica, Grenada, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Turks and Caicos Islands; |
| Group 4 | Guyana, Haiti. |

where financing is from the Unified SDF and other available interest-free contributions to the SFR:

- | | |
|----------------|--|
| Group 1 | The Bahamas, British Virgin Islands, Cayman Islands; |
| Group 2 | Anguilla, Antigua and Barbuda, Barbados*, Montserrat*, St. Kitts and Nevis, Trinidad and Tobago, Turks and Caicos Islands, Suriname; |
| Group 3 | Belize, Dominica, Grenada, Jamaica, St. Lucia, St. Vincent and the Grenadines; |
| Group 4 | Guyana, Haiti. |

*** In the case of Barbados, the same terms as for Group 1 would continue to apply, as in the past. Montserrat would continue to receive the same terms as for Group 3 in recognition of the impact of natural disasters.**

Interest and other Charges

In making a loan, the rate of interest, the schedule of repayment and other charges shall be such as are, in the opinion of CDB, appropriate for the loan concerned.

The interest charged by CDB on all loans made in its ordinary operations and the service fee in SDF operations, are computed on the amount of loan outstanding. On loans made from OCR, CDB also levies a commitment fee of 1% per annum on the amount undisbursed, and, on loans directly to the private sector, a 1% front-end fee. One half of the front-end fee is payable as a deposit as a condition of project appraisal and the remainder is payable on loan approval. The deposit is refundable if the loan is not recommended or approved, but is retained by CDB if the loan is approved.

CDB charges a variable interest rate on amounts outstanding in respect of loans from CDB's OCR approved after April 1, 1984. The interest rate is reviewed semi-annually to take effect in respect of each such loan on the day following the first due date after June 30 and December 31 in each year for the payment of interest or on such other date as CDB may specify. The current interest rate on loans from the OCR to the public sector is 4.10% per annum. In the case of the private sector, the current interest rate on loans approved after March 15, 1991 is 6.10% per annum with the commitment fee of 1% per annum on undisbursed balances and the front-end fee equivalent to 1%.

Loans from the OCR are repayable over varying periods, depending on the group into which the BMC is classified, and the maximum periods (inclusive of a five-year grace period) will not exceed:

- (a) 17 years for Groups 1 and 2 Countries; and
- (b) 22 years for Groups 3 and 4 Countries.

Grace and repayment periods are determined on the basis of the project's projected cash flow and the borrower's ability to repay. Where loans are made to finance lines of credit, the maximum repayment period will not exceed three years longer than the weighted average term of the subloans to be financed.

The rate of interest and other terms of loans financed from the Unified SDF and other available interest-free contributions to the SFR are summarised below.

Group	Maximum Maturity (Including Grace Period) (Years)	Maximum Grace Period (Years)	Interest Rate Per Annum (%)	Upper Lending Limit (%)
1	10	5	5	80
2	25	5	4	80
3	30	10	2.5	90
4	30	10	2	90
Regional	25	7	2.5	to be determined

The interest rate on loans financed from the SDF includes a service charge of 1% per annum.

All loan repayments shall ordinarily be made in the currency loaned except for loans made from the unified resources of the SDF, in which case the currency of repayment is United States dollars. Amortisation and grace periods shall be such as are, in the opinion of CDB, appropriate for the loan concerned.

Project Appraisal

In appraising and/or preparing prospective projects, CDB considers their technical, commercial, financial, economic cost-benefit, legal, organisational and managerial, environmental validity; their effect on the general development activity of the country concerned; their contribution to the removal of economic bottlenecks; the capacity of the borrowing country to service additional external debt; the introduction of appropriate technologies to raise the contribution to domestic output and productivity; and the expansion of employment opportunities.

Projects are now looked at through a “poverty prism”, assessing the prospective impact on poverty and on vulnerability.

In respect of the environment, CDB requires its borrowers to undertake an impact assessment of project proposals to ensure that they are environmentally sound and sustainable, and that any environmental consequences are taken into account in the project design. Terms of Reference for pre-investment and feasibility studies are to include environmental analysis. CDB will consider additional funding to cover the cost of mitigation measures required.

In considering the application for a loan, CDB pays due regard to the ability of the borrower to obtain financing elsewhere on terms and conditions that CDB considers reasonable.

General Conditions

CDB generally requires that borrowers seek competitive bids from potential suppliers, that engineering plans and specifications be drawn up independent of the suppliers, and, if appropriate, that independent consulting engineers be retained by borrowers.

Except in special circumstances, CDB requires that the proceeds of loans, investments or other financing by CDB be used only for procurement of goods and services produced in Member Countries and where the financing is made in CDB’s Ordinary Operations in such other countries as may be permitted under agreements between CDB and lenders or donors to its resources or, when the financing is made in CDB’s Special Operations, in those countries which have contributed substantially to the SDF and are permitted in the agreement between CDB and the lender or donor.

In cases where the recipient of a loan is not itself a member government, CDB may, where necessary, require the guarantee of the member government or another acceptable entity and, in the case of a loan for a private sector project, CDB normally requires the loan to be covered by adequate security either in the form of a first legal mortgage of land or in some other form acceptable to CDB. In cases of a direct loan made by CDB, the borrower is permitted to draw on the loan only to meet expenditures in connection with the project as they are actually incurred.

Loan Applications

Prospective borrowers should address preliminary inquiries to CDB. On the basis of these inquiries, CDB will decide what additional information is required and will provide the prospective borrower with an appropriate Loan Application Form.

In processing an application for a loan, CDB deals only with the applicant or authorised representative, not with intermediaries.

Basic information which CDB requires in writing in order to study applications includes:

1. Brief history of business and principal activities of the proposed borrower in the case of applications from entities other than national governments. In addition, applications from public entities should specify the applicant agency's financial and legal relationship to its government; and, in the case of applications from private entities, the names of holding or subsidiary or associate companies, if any, along with their interest in or ownership relation to the borrower concerned.
2. A general description of the project.
3. A plan of operations for the activity including information, where appropriate, on:
 - kind and amount of products and services;
 - type and source of raw materials;
 - availability of transportation and other essential utilities;
 - manufacturing process and equipment;
 - procurement arrangements; and
 - management plans.
4. Feasibility studies, pre-investment surveys and any other information which helps to establish the economic and technical feasibility of the project. If all pertinent data are not available, the applicant should inform CDB of any plans for obtaining the additional information.

5. The total estimated cost of the project broken down into principal items and the basis of cost estimates including details of contingencies.
6. The size of the loan required from CDB, full details of the specific purposes for which the loan is sought, the proposed repayment schedule, and the amount and terms of the balance of total financing needed, including the applicant's own contribution.
7. Details and results of efforts, if any, made to obtain financing or facilities elsewhere.
8. Financial reports, when pertinent, for the previous three years of operation, including balance sheets and profit and loss statements.
9. Estimates of financial results and cash flow including the annual income, expenditures and profits anticipated in the first three years of operation or until the first year of full operation is reached, whichever is later.
10. Estimates, by main products or classes of products, of the volume and value of sales for each year until the project is expected to be in normal operation together with bases of these estimates, details of system of distribution, long-term sales contracts, if any, and other marketing arrangements.

Loan Approvals

CDB commenced operations in 1970, and in October of that year made its first loan from OCR. The first loan from SFR was made in April 1971. Projects financed so far by CDB from both OCR and SFR cover a wide range of development activities including ports, agriculture, livestock, processing of agricultural products and marketing facilities, industrial estates, roads and bridges, water and electricity, sea and air transport equipment, airport buildings and runways, hotels and tourist facilities, agricultural credit, small and medium-sized industries, residential mortgages and human resource development, directly and indirectly, through national development banks and other authorised intermediaries.

In 1987, CDB made its first loan to assist a structural adjustment programme in one BMC; and in 1990, made a substantial loan for a similar programme in another BMC. Such assistance will be made in association with structural adjustment programmes funded by the World Bank Group.

Some recently-approved interventions include:-

- *Education for All Project – Haiti*
- *Schools Rehabilitation and Reconstruction Project - Grenada*
- *Carib Territory Capacity Building Project – Dominica*
- *Fifth Road Improvement (Washington Boulevard Project - Jamaica*

EQUITY OPERATIONS

Subject to certain limitations, CDB makes direct or indirect equity investments. CDB may make loans to financial intermediaries for the purchase of equity (including preference shares) or convertible debentures, and may consider investments in finance corporations whose major function is the purchase of equities.

In making direct investments (including preference shares) or convertible debentures, CDB invests only where it is necessary to supplement the investment activity of other regional development institutions or the local development finance institution. Investments may also be made to supplement a loan.

The minimum direct investment in special operations is \$100,000 and the maximum in ordinary operations is \$50,000. Investments may be made in new enterprises in the directly productive sectors providing that CDB's equity investment does not exceed one-third of the equity of the enterprise. Investment in certain special cases may also be made for the expansion of existing enterprises.

TECHNICAL ASSISTANCE

Technical Assistance (TA) may be either project-related or non project-related.

1. Project related TA includes the following activities:
 - (a) pre-investment studies of a general or specific nature for the identification of programmes or projects suitable for financing by CDB or other lending institutions;
 - (b) provision of expertise to facilitate the project preparation and loan appraisal process by CDB;
 - (c) technical, advisory and training services during the implementation and operational phases of capital projects; and
 - (d) assistance of a remedial nature to correct problems and deficiencies arising in the course of project operation.

2. Non project-related TA is broader in scope and includes the following activities on a regional, sub-regional or national basis:

- (a) the provision of consultants to supply advisory services of a general or specific nature;
- (b) institutional support to national or regional bodies to introduce and implement more effective management systems; and
- (c) training programmes for the upgrading and training of staff as well as workshops and seminars to address development issues of a general, sectoral or project nature.

In addition to the abovementioned TA activities, CDB will, if requested, assist in the planning and coordination of various TA operations which are being carried out at a national or regional level.

Methods and Sources of Financing TA

There are four possible methods of financing TA:

- (i) Grants;
- (ii) Contingently Recoverable Loans;
- (iii) Loans; and
- (iv) Some combinations of (i) to (iii).

Grants: These are non-repayable and usually cover non project-related TA such as general studies e.g. sector assessments, training, advisory services of a general nature, demonstration projects, as well as financing staff experts and short-term consultancy services for CDB, and other regional institutions.

Contingently Recoverable Loans: These relate specifically to pre-investment activity with a specific capital project in view. These are used to finance feasibility studies, project designs, technological assessments in the pre-investment/preparation phases of projects. CDB provides for the cost of this activity and interest is charged on the outstanding balance. If a capital project ensues then the full cost of the TA is recoverable from the first disbursement of the capital loan project, whether the project is financed by CDB or by other funding sources. However, if the results of the study show that the project is not feasible or, in the event that CDB determines for any reason that it will not fund the project and financing cannot be found from any other source, then CDB may by notice convert the loan and all interest secured thereon into a grant.

Loans: These are used specifically in the case of project implementation for capital loan projects which are considered sufficiently viable to pay back the cost of the technical and advisory services provided.

Combinations of Grants, Contingently Recoverable Loans and Loans: Loans may be mixed with grant funding proportionate to the viability of each project.

Funding Sources

Non-reimbursable TA is funded from CDB's net income or any special funds received by the Bank for this purpose. Reimbursable TA operations are funded from CDB's SDF as well as OSF provided by bilateral or multilateral agencies.

Beneficiary Contribution

As a condition of the provision of TA, all beneficiaries shall agree to provide a minimum of 15% of total TA costs in cash or in kind. Beneficiaries matching contributions may include several local elements of project costs, such as office accommodation, professional, technical, secretarial, clerical services and local transportation.

Local Counterpart Personnel

Beneficiaries are required to provide local personnel to understudy experts engaged in on-line, operational activities to ensure continuity on termination of the experts' assignments.

APPENDICES

BOARD OF GOVERNORS

(As at April 30, 2014)

Dr. the Hon. Ashni Singh	Guyana	Chairman
Hon. Mauricio Cardenas Santa Maria	Colombia	Vice-Chairman
Hon. Pier Carlo Padoan	Italy	Vice-Chairman
COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Anguilla, British Virgin Islands, Cayman Islands, Montserrat, Turks & Caicos Islands	Hon. Ruben T. Meade Premier and Minister of Finance and Economic Management, Montserrat	To Be Confirmed
Antigua and Barbuda	Hon. Harold Lovell, Minister of Finance, the Economy and Public Administration	Mr. Whitfield Harris, Jr., Financial Secretary
The Bahamas	Hon. Michael B. Halkitis Minister of State Ministry of Finance	Mr. John A. Rolle Financial Secretary Ministry of Finance
Barbados	The Hon. Christopher Peter Sinckler, M.P. Minister of Finance and Economic Affairs	Mr. Grantley Smith Director of Finance and Economic Affairs
Belize	Hon. Dean Barrow Prime Minister and Minister of Finance	Mr. Joseph Waight Financial Secretary Ministry of Finance
Canada	Hon. John Baird Minister of Foreign Affairs	Mr. Rob Stewart Assistant Deputy Minister, Int. Trade and Finance Branch, Dept. of Finance

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Colombia	Hon. Mauricio Cardenas Santa Maria Minister of Finance and Public Credit	Mr. José Darío Uribe Governor Banco De la Republica
Dominica	Hon. Roosevelt Skerrit Prime Minister and Minister of Finance and Foreign Affairs and Information Technology	Mrs. Rosamund Edwards Financial Secretary Ministry of Finance and Planning
Germany	Mr Hans Joachim Fuchtel Parliamentary State Secretary Federal Ministry for Economic Cooperation and Development	Mr. Claus-Michael Happe Head of Division IC5 Federal Ministry of Finance
Grenada	Dr. the Hon. Keith Mitchell Prime Minister and Minister for Finance and Energy	Mr. Timothy N.J. Antoine Permanent Secretary, Ministry of Finance
Guyana	Dr. the Hon. Ashni Singh Minister of Finance	Mr. Clyde Roopchand Chief Planning Officer Ministry of Finance
Haiti	Hon. Wilson Laleau Minister of the Economy and Finance	Mr. Charles Castel Governor Central Bank of Haiti
Italy	Hon. Pier Carlo Padoan Minister of Economy and Finance	Mr. Carlo Monticelli Head of International Financial Relations Ministry of the Economy and Finance
Jamaica	Hon. Dr. Peter Phillips Minister of Finance Ministry of Finance and Planning	Mr. Devon Rowe Financial Secretary Ministry of Finance and Planning
Mexico	Mr. Luis Videgaray Caso Secretary of Finance and Public Credit	Mr. Fernando Aportela Rodriguez Under-Secretary of Finance and Public Credit

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
People's Republic of China	Mr. Zhou Xiaochuan Governor People's Bank of China	Mr. Yi. Gang Deputy Governor People's Bank of China
St. Kitts and Nevis	Dr. the Hon. Denzil Douglas Prime Minister and Minister of Finance, Sustainable Development and Human Resource Development	Mrs. Hillary Hazel Financial Secretary (Ag) Ministry of Finance
St. Lucia	The Hon. Dr. Kenny D. Anthony Prime Minister and Minister of Finance	Dr. Reginald Darius Permanent Secretary Ministry of Finance, Economic Affairs and Social Security
St. Vincent and the Grenadines	Dr. the Hon. Ralph Gonsalves Prime Minister and Minister for Finance,	Hon. Dr. Douglas Slater Minister of Foreign Affairs, Foreign Trade and Commerce
Trinidad and Tobago	Sen. Dr. the Hon. Bhoendradatt Tewarie Minister of Planning Economic and Social Restructuring and Gender Affairs	Hon. Stephen Cadiz Minister of Trade and Industry
United Kingdom	Rt. Hon. Justin Greening, MP Secretary of State for International Development, Department for International Development	Hon. Alan Duncan Minister of State for International Development
Venezuela	Ms Edmee Betancourt de Garcia President, Venezuelan Economic and Social Development Bank (BANDES)	Ms. Veronica Guerrero Deputy Minister for Latin America and the Caribbean, Ministry of Foreign Affairs

BOARD OF DIRECTORS
(As at April 30, 2014)
Chairman: Dr. Warren Smith, President

DIRECTOR	ALTERNATE	COUNTRY OR GROUP OF COUNTRIES
Regional		
Mrs. Rose Lemonius-Stewart	Dr. Carol Nelson	Jamaica
Mr. Clint Ramcharan	Mr. Eric James	Trinidad and Tobago and Haiti
Mr. John A. Rolle	Mr Hugh Chase	The Bahamas
Mr. Neermal Rekha	Mr. Keith Burrowes	Guyana
Mrs. Juanita Thorington Powlett	Mr. Seibert Frederick	Barbados
Mrs. Rosamund Edwards	Ms. Tracy Polius	Dominica and St. Lucia
Mr. Maurice Edwards	Mr. Timothy Antoine	Grenada and St. Vincent and the Grenadines
Mr. Kenneth Jefferson, JP	Ms Yvonne S. Hyde	Belize and Anguilla, British Virgin Islands, Cayman Islands, Montserrat and Turks and Caicos Islands
Mrs. Hilliary Hazel	Mr. Whitfield Harris, Jr.	Antigua and Barbuda and St. Kitts and Nevis
Mrs. Liane Pinas-Halfhide	Mr. Carlo Mike Ebecilio	Suriname
Mr. Alberto de Brigard	Mr. Adolfo Meisel Roca	Colombia
Ms. Beatriz H. Bolivar	Mr. Jose A. Mendoza Lopez	Venezuela
Dr. Jesus Gustavo Garza Garcia	Ms. Maria Isabel Lozano Santin	Mexico
Non Regional		
Ms. Louise Clement	Ms. Jean E. McCardle	Canada
Mr. Hugh Walker	Ms. Cherianne Clarke	United Kingdom
Mrs. Stefania Bazzoni	Mr. Pablo Facchinei	Italy
Dr. Martin Kipping	Vacant	Germany
Mr. He Jianxiong	Mr. Bu Yu	People's Republic of China

**PRINCIPAL OFFICERS
(As at April 30, 2014)**

President	Dr. Warren Smith*
Vice-President (Operations)	Dr. Carla Barnett**
Vice-President (Corporate Services) and Bank Secretary	Mrs. Yvette Lemonias Seale**
Director, Economics	Dr Justin Ram**
Director, Projects	Vacant**
Director, Finance and Corporate Planning	Mr. Nigel Romano**
General Counsel	Mrs. Diana Wilson Patrick
Director, Information and Technology Solutions	Mr. Mark Taitt
Director, Human Resources and Administration	Mr. Phillip Brown

DEPUTY DIRECTORS

Deputy Director, Presidents Office	Dr. Kathleen R. Gordon
Deputy Director, Human Resources	Mrs. Faye Alleyne-Kirnon
Deputy Director, Corporate Planning	Ms. Monica LaBennett
Deputy Director, Finance	Mr. Carlyle Assue
Deputy General Counsel	Mrs. S. Nicole Jordan
Deputy Director, Economics	Mr. Ian Durant

* Chairman, Senior Management Group

** Members, Senior Management Group

SUBSCRIPTION TO CAPITAL STOCK AND VOTING POWER AS AT DECEMBER 31, 2013
(expressed in thousands of United States dollars)

Member	Total No. of Shares	Percent of Total	Total subscribed capital	Callable capital	Paid-up capital	No. of votes	Percent of total votes
Regional States and Territories:							
Jamaica	48,354	18.62	291,659	227,614	64,045	48,504	18.44
Trinidad and Tobago	48,354	18.62	291,659	227,614	64,045	48,504	18.44
Bahamas	14,258	5.49	86,001	67,115	18,886	14,408	5.48
Guyana	10,417	4.01	62,833	49,038	13,795	10,567	4.02
Colombia	7,795	3.00	47,017	36,691	10,326	7,945	3.02
Mexico	3,118	1.20	18,807	14,687	4,120	3,268	1.24
Venezuela	7,795	3.00	47,017	36,691	10,326	7,945	3.02
Barbados	9,074	3.49	54,732	42,717	12,015	9,224	3.51
Suriname	4,166	1.60	25,128	19,627	5,501	4,316	1.64
Belize	2,148	0.83	12,956	10,109	2,847	2,298	0.87
Dominica	2,148	0.83	12,956	10,109	2,847	2,298	0.87
Grenada	1,839	0.71	11,093	8,661	2,432	1,989	0.76
St. Lucia	2,148	0.83	12,956	10,109	2,847	2,298	0.87
St. Vincent and the Grenadines	2,148	0.83	12,956	10,109	2,847	2,298	0.87
Antigua and Barbuda	2,148	0.83	12,956	10,109	2,847	2,298	0.87
St. Kitts and Nevis	859	0.33	5,181	4,047	1,134	1,009	0.38
Anguilla /1	455	0.18	2,744	2,141	603))
Montserrat /1	533	0.21	3,215	2,509	706	2,737	1.04
British Virgin Islands /1	533	0.21	3,215	2,509	706))

SUBSCRIPTION TO CAPITAL STOCK AND VOTING POWER AS AT DECEMBER 31, 2013
(expressed in thousands of United States dollars)

Member	Total No. of Shares	Percent of Total	Total subscribed capital	Callable capital	Paid-up capital	No. of votes	Percent of total votes
Cayman Islands /1	533	0.21	3,215	2,509	706))
Turks and Caicos Islands /1	533	0.21	3,215	2,509	706))
Haiti	875	0.34	5,278	4,120	1,158	1,158	0.39
	170,231	65.56	1,026,789	801,344	225,445	172,931	65.73
Non-Regional States:							
Canada	26,004	10.02	156,849	122,408	34,441	26,154	9.94
United Kingdom	26,004	10.02	156,849	122,408	34,441	26,154	9.94
Italy	6,235	2.40	37,608	29,375	8,233	6,385	2.43
Germany	15,588	6.00	94,023	73,376	20,647	15,738	5.98
China	15,588	6.00	94,023	73,376	20,647	15,738	5.98
	84,419	34.44	539,352	420,943	118,409	90,169	34.27
Sub-total	259,650	100.00	1,566,141	1,222,287	343,854	263,100	100.00
Additional subscriptions							
China			18,804	14,688	4,116		
Colombia			1,810	905	905		
Germany			12,546	9,681	2,865		
Italy			12,546	9,681	2,865		
Mexico			6,273	4,841	1,432		
Venezuela			1,810	905	905		
Haiti			2,639	2,060	579		
Suriname			12,564	9,814	2,750		
Sub-total	-	-	<u>68,992</u>	<u>52,575</u>	<u>16,417</u>	-	-
Total	259,650	100.00	\$1,635,133	\$1,274,862	\$360,271	\$263,100	100.00

1. In accordance with Article 3 paragraph 4 of the Agreement establishing the Bank and Board of Governors Resolution No. 4/81, these territories are considered as a single member of the Bank for the purpose of Articles 26 and 32 of the Agreement.