

CARIBBEAN DEVELOPMENT BANK

STRATEGIC PLAN

2020-24

TRANSFORMING LIVES



\$ refers to US dollars unless otherwise stated

ABBREVIATIONS

BMCs	Borrowing Member Countries
bn	billion
CDB	Caribbean Development Bank
GDP	Gross domestic product
ICTs	Information and communication technologies
MSME	Micro, small and medium-sized enterprise
SDGs	Sustainable Development Goals

BORROWING MEMBER COUNTRIES

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

NON-BORROWING REGIONAL MEMBER COUNTRIES

Brazil
Colombia
Mexico
Venezuela

NON-REGIONAL MEMBER COUNTRIES

Canada
People's Republic of China
Germany
Italy
United Kingdom

THE CARIBBEAN'S PARTNER IN PROGRESS

Since 1970, the Caribbean Development Bank (CDB) has been one of the Region's most trusted development partners. The Bank uses its influence, expertise, and resources to contribute to the improvement of the lives of every citizen, with an emphasis on the most vulnerable. CDB's strategy for the period 2020-2024 outlines the way the Bank fulfils its updated mission of **reducing poverty and transforming lives through sustainable, resilient and inclusive development.**

Poverty is a multi-dimensional problem; and CDB's development solutions will be adapted to target its multiple facets. The Bank's work is predicated on the knowledge that real, lasting development takes into account whether people have good quality work and access to education, enjoy good health, live in adequate housing situated in environmentally safe communities, are free from the fear of violence, and feel that their voices and concerns are heard. CDB will build on its record of achievements by redoubling its efforts in the coming years.

In alignment with the Sustainable Development Goals (SDGs), which guide the development agendas of the Bank's Borrowing Member Countries (BMCs), CDB's strategic plan is rooted in building social, economic, and environmental resilience. This integrated approach ensures that the impact of the Bank's work is amplified and that outcomes are comprehensive and sustainable.

CDB's strong brand, in-depth knowledge of, and exclusive focus on the Region make it uniquely placed to deliver value to its clients. Through close collaboration with other development entities operating in the Region, CDB will avoid duplication, focusing its resources on the areas in which it can make the greatest difference and provide additionality.

The Bank's operations are adapting to meet tomorrow's challenges. By reviewing its organisational structure, improving project processes, and utilising appropriate technology, CDB can deploy both its human and financial resources to the greatest effect. The Bank will regularly evaluate its performance and make appropriate adjustments to sustain meaningful development results.

Many BMCs aspire to achieve developed country status in the coming decade. Improving livelihoods equitably for males and females and addressing the needs of vulnerable groups, including the youth, persons with disabilities, and the elderly; and leaving no one behind are central tenets of their development strategies. Meeting these legitimate expectations requires consistent and coherent policy action.

In this, the Bank's 50th year of existence, CDB is seizing the opportunity to renew its purpose. The new strategic plan recognises that the development landscape has evolved, and that continued success depends on the Bank remaining fit for purpose as it navigates the change. The needs of clients are different. Market dynamics are constantly shifting. CDB has therefore reimagined its role in a manner that looks to the future, setting out a bold and ambitious vision that is practical and achievable.

SETTING A COURSE TO RENEWAL

CDB aims to reinvigorate the Bank's operations to remain a relevant and effective development institution for the Region. This shift starts inside the organisation and extends outward to its relationships with clients and the delivery of its services. Over the next five years, CDB is committed to:



A more holistic, integrated approach to development



Closing infrastructure gaps, capacity deficits and the digital divide



An expanded private sector role



A transformed CDB



Balancing country demand with the Bank's resource availability

CHALLENGES ON THE ROAD AHEAD

The Region has plotted its path to progress with ambitious national and regional medium to long-term development plans. While moderate economic growth over the last decade has enabled steady social progress and improved the lives of countless citizens, there is much more to be done. Several indicators provide key signposts for CDB’s interventions over the strategic plan horizon.



1 in 5 people still living in poverty.



GDP of BMCs falling behind GDP of other Small Island Developing States.



A decline in Human Development Index ranking of most BMCs.



Economic damage and loss caused by natural disasters estimated at \$26 bn in 2000-2018.



Electricity costs amongst the highest in the world, with 95% of the Region’s energy needs met through imports.



More than half of BMCs holding public debt above the benchmark of 60% of GDP.



\$21 bn in infrastructure investment needed in 2015-2025.



Intra-regional trade accounting for only 10-15% of total regional trade.



Low implementation rates delaying results of public sector investment for beneficiaries.



Deterioration in the Ease of Doing Business rankings.



Inadequate technical and financial resources to achieve development targets.



Closer coordination of bilateral and multilateral stakeholders required to maximise development outcomes.

In common with other Small Island Developing States, the Region continues to be challenged by exogenous shocks, such as extreme weather events and more recently the emergence of COVID-19, which has triggered a global economic downturn. Weak fiscal and external positions have resulted in an acute build-up of public debt, hampering the delivery of services and social goods.

The socio-economic impacts are visible in a general deterioration in the Human Development Index. All but two of the BMCs experienced setbacks, according to the 2018 rankings.

Vulnerability and climate change

The Region has been impacted by 189 natural disaster events between 2000 and 2018. The price of recovery, both in terms of the financial, social, economic and infrastructure development costs has been steep. Approximately 14.5 million people were affected, with 238,000 persons losing their lives. The cost of recovery has topped \$26 billion. Funds which would otherwise have been deployed to build on development gains have been diverted to relief and reconstruction efforts. The retarding effect of these annual weather events is mirrored in the lives of the poor and vulnerable, whose welfare and livelihoods are disproportionately disrupted, and who often lack the financial resources to restore their lives.

Energy

The Region continues to be heavily reliant on imported fossil fuels despite an abundance of natural resources with which to power a renewable energy revolution. With 95% of energy needs met through import, the Region is subject to the vagaries of international oil markets. Small market size, limited economies of scale, and a reliance on costly and inefficient diesel technology combine to burden regional end-users with some of the highest costs for electricity in the world. The impact is reflected at all levels in struggling households, uncompetitive businesses and declining foreign reserves. Pivoting away from fossil fuel will require BMCs to commit to a significant investment in renewable energy in the short to medium term.

High cost of doing business

Commercial operations in the Region remain impeded by a generally weak business facilitation environment. While businesses now find it easier to get electricity and secure construction permits, there are still challenges with registering property and accessing credit. According to the World Bank's Ease of Doing Business Reports, the average rank of BMCs fell from 81 out of 181 countries in 2008, to 126 out of 190 countries in 2019.

Infrastructure deficits

Economic growth and development, upward mobility, and poverty reduction are impeded by the existing infrastructure gaps in areas, including transportation, education, and water and sanitation sectors. Regional governments have been hard-pressed to raise the necessary capital to close these deficits.

Inadequate implementation capacity

Public sector investment programmes are effective tools for mapping and pursuing significant national development outcomes by targeting scarce resources to areas of greatest impact. However, the Region has a poor implementation record, which ranges from a low of 20% to a high of 75%. At the root of the problem are inadequate mechanisms for monitoring and evaluation, and a public sector constrained by limited financial resources, weak organisational capacity, and an outdated institutional culture.

Limited intra-regional trade

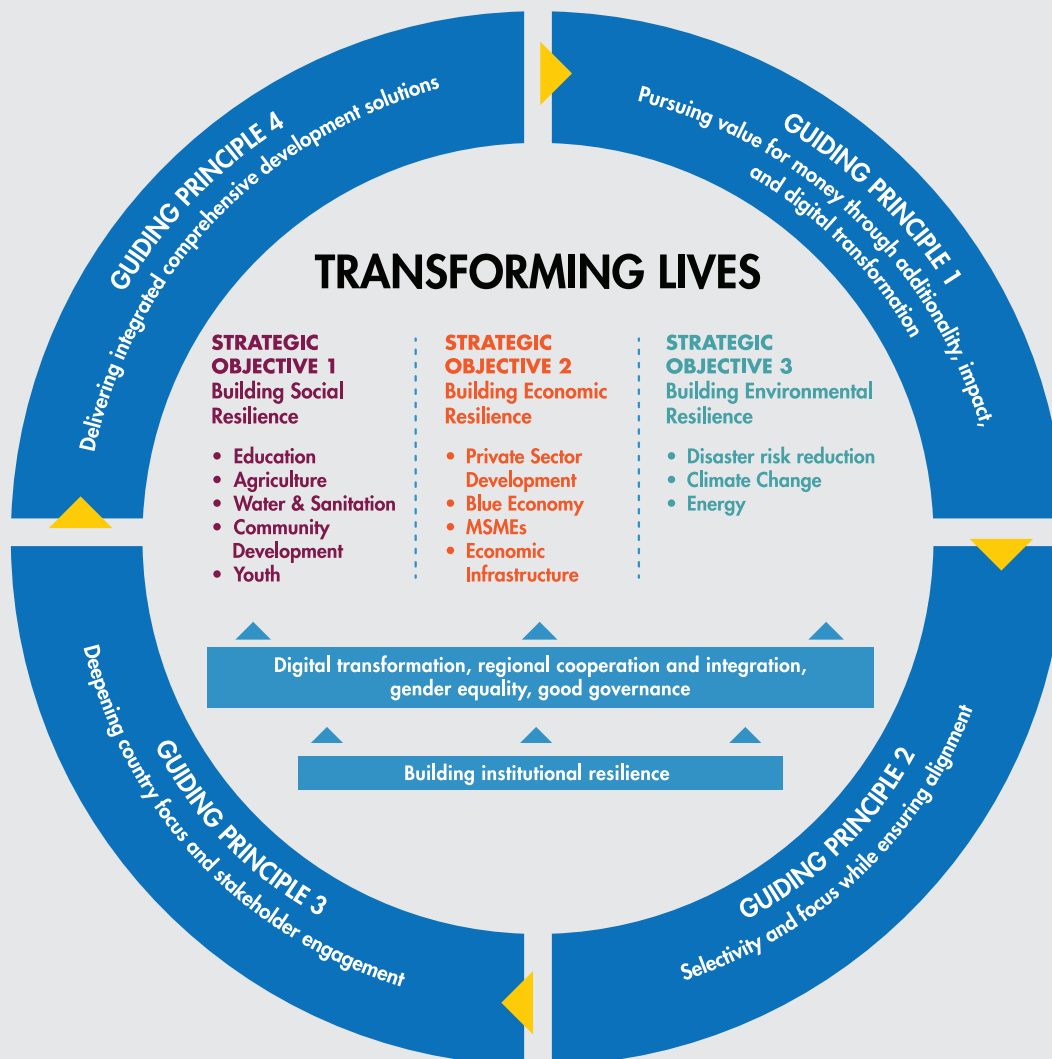
Intra-regional trade has the potential to make a significant contribution to BMC economies, yet accounts for only 10-15% of total trade. Weak maritime links and high port charges impact demand, which in turn has a knock-on effect on the type and size of vessels in use, the routes serviced and the reliability of scheduling. Inefficiencies have resulted in the shipping costs being among the highest in the world, undermining the competitiveness of Caribbean economies.

Competitive space

The Region stands to benefit from the proliferation of development resources earmarked over the past decade to support the SDGs. In addition to new and traditional multilateral partners, financing options have emerged from capital markets and commercial banks. BMCs require the appropriate technical assistance to mobilise and utilise these funds for critical public sector initiatives. Development partners will need to effectively coordinate assistance to avoid duplication and achieve sustainable outcomes.

CDB'S STRATEGIC FRAMEWORK 2020-2024

At the core of the strategic framework, CDB has set out three **strategic objectives** (building social, economic and environmental resilience) supported by four **cross-cutting themes** and underpinned by a commitment to improving its operations through the building of institutional resilience. Four **guiding principles** frame the Bank's vision, governing the effective use of its resources.



GUIDING PRINCIPLES

1

Pursuing value for money through additionality, impact, and digital transformation

- Enhanced operational efficiency and organisational effectiveness
- Leveraging digital transformation in internal operations and programme design
- Increased focus on the allocation and management of resources

2

Selectivity and focus while ensuring alignment

- Focus on CDB's core areas of strength and judicious expansion into new areas
- Development of results-focused sector policies aligned to national, regional and global goals and objectives
- Improved staff engagement and ownership

3

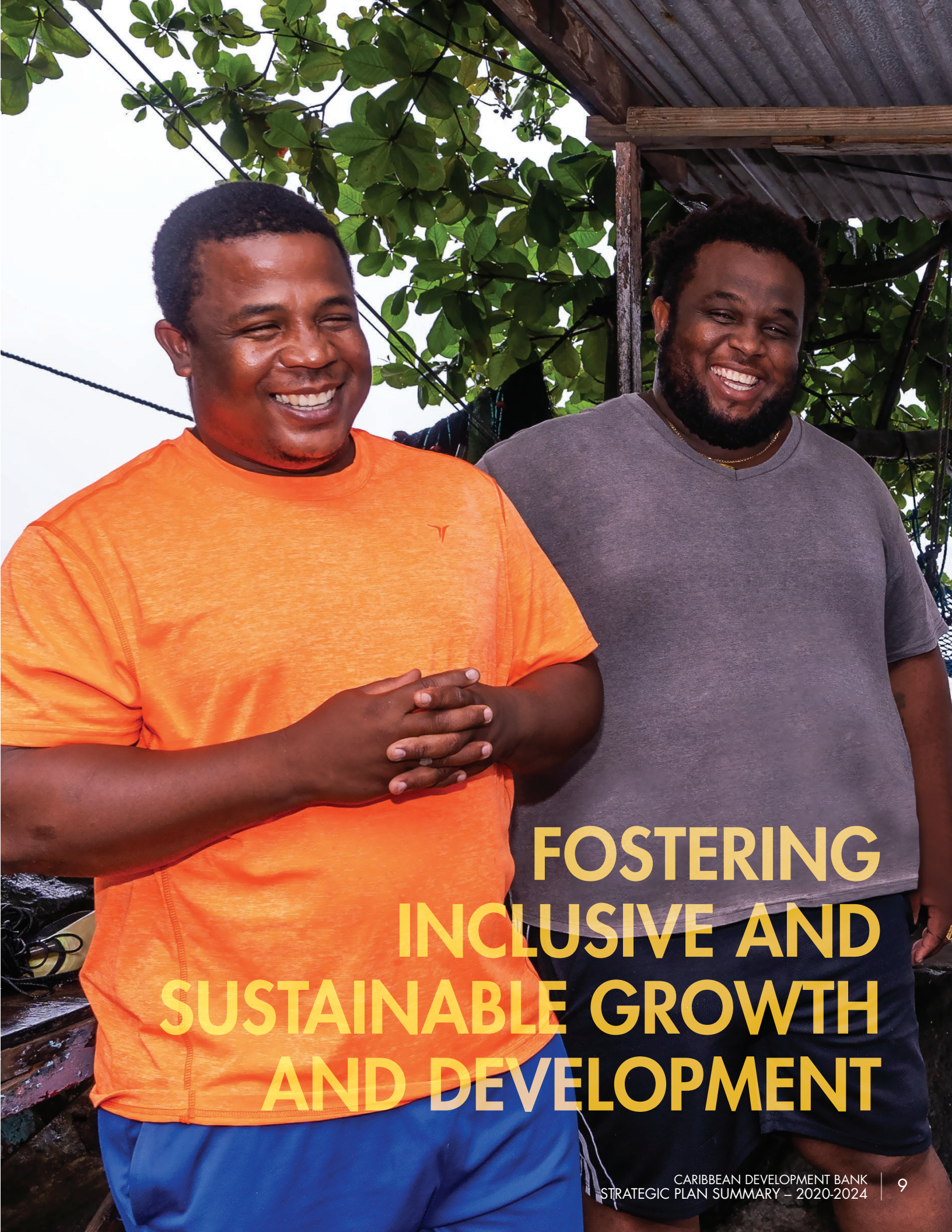
Deepening country focus and stakeholder engagement

- Regular consultation with clients to ensure evidence-based decision-making
- Increased client engagement at all stages of the project cycle
- Targeted, country-specific development solutions

4

Delivering integrated comprehensive development solutions

- Programmes designed to address the interconnected nature of the SDGs
- Incorporation of a multisectoral approach to programme design
- Improvement in project outcomes through evaluation and sharing of lessons learned



**FOSTERING
INCLUSIVE AND
SUSTAINABLE GROWTH
AND DEVELOPMENT**

STRATEGIC OBJECTIVE ONE

BUILDING SOCIAL RESILIENCE

Building adaptive, coping and transformative capacities of individuals, communities and institutions to sustain well-being and improve quality of life.

Areas of intervention

Education and training

- Promoting universal access
- Providing high quality, inclusive, and relevant education
- Reaching underserved communities by maximising information and communication technologies (ICTs)
- Supporting wider stakeholder engagement and integrated governance
- Providing climate and disaster-resilient learning spaces
- Mainstreaming social and emotional intelligence and life skills

Agriculture and rural development

- Improving agri-food system infrastructure
- Supporting emergency response strategies and agriculture insurance
- Promoting climate-smart agriculture through research and innovation
- Building early warning systems and rural ecosystem management
- Enhancing marine resource management
- Addressing vulnerabilities in rural communities and among marginalised groups such as women and youth

Community development and participation

- Providing community assets and services
- Strengthening community-based/rural water supply and sanitation services
- Promoting education and human resource development
- Supporting institutional strengthening and capacity building
- Enhancing citizen security, gender equality and youth programming

Water and sanitation

- Protecting and restoring water-related ecosystems
- Developing sustainable, efficient, and climate-resilient water supply systems
- Increasing water efficiency and improving water management
- Enhancing regulatory frameworks, infrastructure and capacity building

Youth development

- Enhancing young people's participation in, and contributions to, sustainable and inclusive economic growth
- Harnessing young people's social and intellectual capital
- Creating safe and nurturing communities and spaces for young people
- Enabling active citizenship and youth participation in democratic and community life
- Supporting youth action on climate change, food security, sustainable energy, environmental sustainability and disaster and mitigation



STRATEGIC OBJECTIVE TWO

BUILDING ECONOMIC RESILIENCE

Fostering inclusive and sustainable growth and development

Areas of intervention		
Private sector development and competitiveness	<ul style="list-style-type: none"> • Enhancing the business environment • Supporting gender-equitable participation in business 	<ul style="list-style-type: none"> • Addressing private sector development constraints • Exploring entry points for private sector lending
Growth of micro, small and medium-sized enterprises (MSMEs)	<ul style="list-style-type: none"> • Supporting financial institutions in designing effective MSME lending programmes • Improving access to finance for women and youth 	<ul style="list-style-type: none"> • Exploring avenues for growth and economic diversification, including the creative industries
Climate resilient economic infrastructure	<ul style="list-style-type: none"> • Financing infrastructure development in the transport sector • Supporting good governance, planning and transparency • Capacity building through improved access to finance 	<ul style="list-style-type: none"> • Strengthening disaster management and technical capabilities • Strengthening institutional and regulatory frameworks • Improving data and analytics through the wider sharing of planning data
Greater leverage of blue economy assets	<ul style="list-style-type: none"> • Capacity building to measure value-added • Supporting policy and strategy development 	<ul style="list-style-type: none"> • Supporting niche projects in the fishing industry • Financing port development and expansion



STRATEGIC OBJECTIVE THREE

BUILDING ENVIRONMENTAL RESILIENCE

Promoting environmental sustainability

Areas of intervention

Concessionary resources

- Leveraging bank and climate finance resources to support climate action
- Collaborating with financing partners to increase concessional fund flows
- Facilitating public-private partnerships for critical public infrastructure
- Supporting development financial institutions to address climate risk
- Strengthening information sharing on climate change with MSMEs and financial institutions for better decision-making

Adaptation and climate resilience

- Encouraging private sector participation in public investments (ports, airports, service utilities)
- Assisting with disaster risk reduction for communities
- Promoting climate-resilient development and livelihoods in communities
- Promoting a multi-sector approach to climate-resilient urban development
- Intensifying efforts to build climate change resilience in the agriculture sector
- Improving security and climate resilience of the water sector

Climate action

- Supporting data collection for environment, disaster risk reduction, climate risk monitoring and information systems
- Promoting universal climate change knowledge and awareness
- Building institutional capacity to integrate climate risk management into development planning and policy
- Supporting legal, administrative, and governance reforms
- Supporting environmental quality and ecological services, as well as protection, restoration and improvements of biodiversity
- Promoting participatory governance and administrative processes in climate action
- Facilitating collaboration within the public sector and between the public sector, private sector, and civil society

Energy

- Strengthening human and institutional capacities to effectively plan and facilitate investment decisions
- Assisting in the provision of clean energy services to all segments of the society
- Harnessing the dynamism of the energy sector with a focus on green energy
- Establishing CDB as a key development financier and intermediary in the regional energy sector

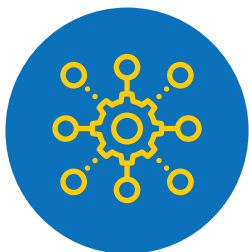


CROSS-CUTTING AREAS



Digital transformation

CDB will position digital transformation as a major catalyst for the Region's development. CDB will adopt a holistic approach to ICT development, focusing on infrastructure as well as appropriate governance and the development of managerial and technical skills. The Bank will also incorporate technology into its financing solutions in traditional lending areas, including agriculture and education. In its internal operations, the use of new technologies will allow the Bank to reduce operational costs and deliver services more efficiently to its clients.



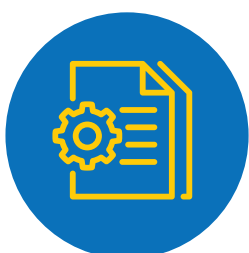
Regional cooperation and integration

An increase in the level of intra-regional trade has the potential to stimulate more evenly distributed growth and development across the Bank's BMCs, closing the gap between lesser developed and more developed countries. CDB will continue to deepen collaboration at the state and sector levels. The Bank will facilitate the growth of intra-regional trade by promoting trade integration, the development of regional supply chains, the improvement of quality assurance infrastructure and stronger financial links.



Gender equality

CDB affirms its commitment to creating a workplace environment where everyone is treated fairly and to maintaining a diverse and inclusive workforce. The Bank is refocusing its efforts to incorporate gender equality as a key aspect of its work. It has adopted a Gender Equality Policy and Operational Strategy to both mainstream gender in all of its interventions and to guide the creation of activities that target gender equality in the labour market, education, reduction in crime and violence, including gender-based violence and poverty.

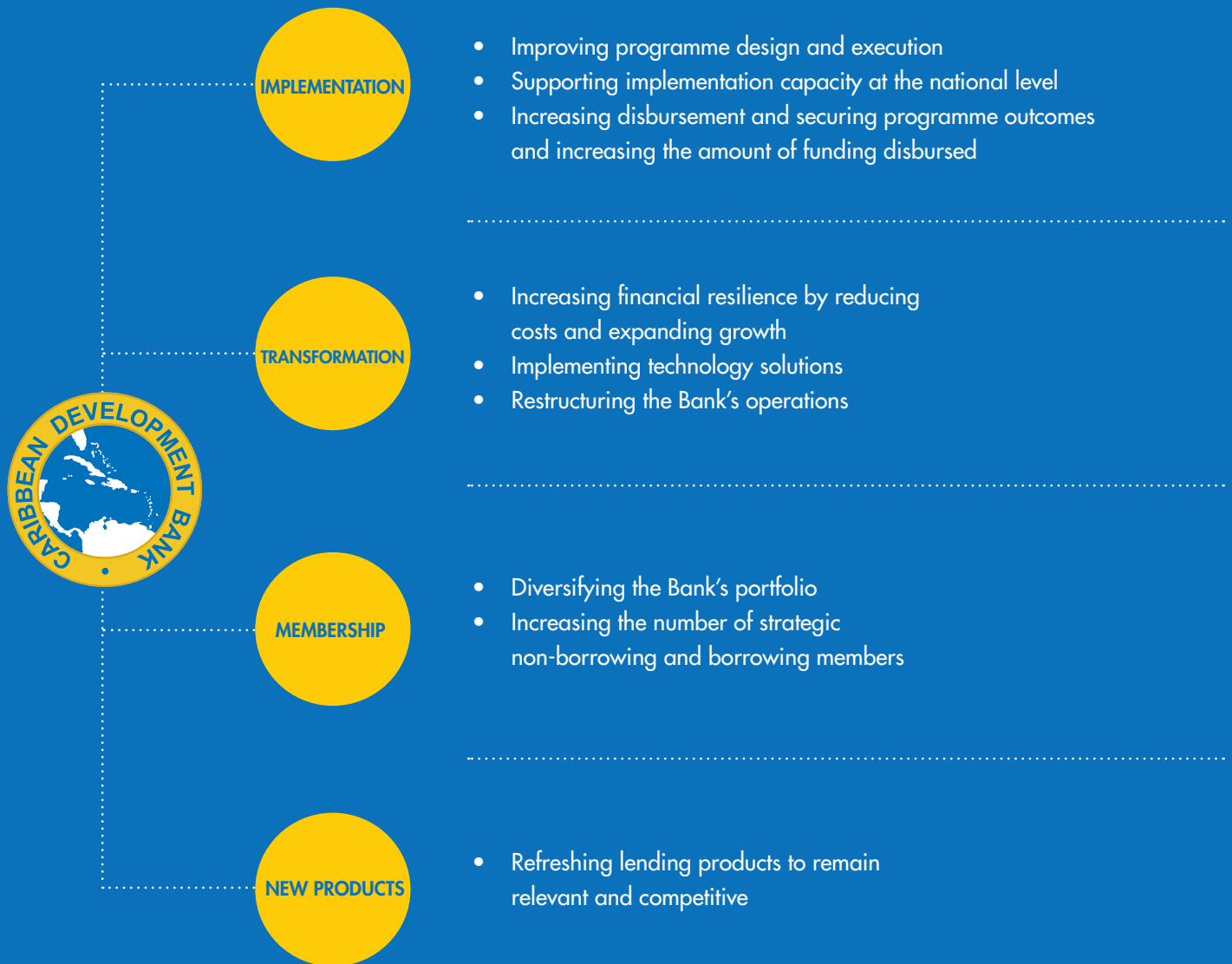


Governance

Good governance will continue to be at the centre of CDB's operations. In its work with BMCs, the Bank will promote the adoption of good governance practice as a critical tool to ensure sustainable development outcomes. The Bank will assist BMCs to develop policies and introduce systems which support openness and transparency, accountability and integrity, equity and fairness, and civic engagement and participation. By instituting and deepening reforms, these countries can make the best use of available resources, reduce incidences of corruption and build public trust.

BUILDING INSTITUTIONAL RESILIENCE

CDB is adapting its mission and its operations to meet the challenges of today's development environment and prepare for the future. To secure its role as an effective regional financing partner, the Bank needs to become more responsive and efficient while remaining financially viable. A stronger CDB will emerge from improvements in four key areas:



TRANSFORMING THE LIVES OF MANY



INSTITUTIONAL AND DEVELOPMENT EFFECTIVENESS




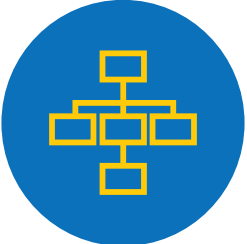
CDB’s Results Monitoring Framework (RMF) is a performance management tool that allows the Bank to translate its mandate and Strategic Plan into concrete actions and targets as well as tangible development outputs and outcomes. The RMF will allow the Bank to track performance and examine the quality and effectiveness of its interventions in BMCs.

It will assess CDB’s organisational performance with respect to its capacity and ability to mobilise, allocate and use resources to meet the needs of its BMCs and support their development agendas in a timely and efficient manner.

The RMF of the 2020 - 2024 Strategic Plan speaks to 69 results and performance indicators, which are organised around four levels.

Level	Selected results/performance indicators
Level 1: Progress towards SDGs and regional development outcomes	<ul style="list-style-type: none"> • Reducing poverty and inequality and promoting productive employment • Building competitive economies • Facilitating climate action, including affordable and clean energy
Level 2: CDB’s contribution to development outcomes	<ul style="list-style-type: none"> • Improving access to quality, inclusive, and equitable education and training • Promoting sustainable agriculture and rural development and increasing food production • Increasing resilience of national and local institutions and communities to disaster risk and climate change
Level 3: How well CDB manages its operations	<ul style="list-style-type: none"> • Strengthening operational processes and practices and improving portfolio performance • Enhancing the quality of operations and development outcomes • Improving selectivity and strategic focus
Level 4: How efficient CDB is as an organisation	<ul style="list-style-type: none"> • Increasing utilisation of capacity and value for money • Expanding good governance practices • Improving resource mobilisation, staff engagement, and client satisfaction

MANAGING RISKS

Category	Selected Risks	Mitigation
<p>Strategic</p> 	<p>CDB aims to expand into new countries and deepen its engagement with the private sector. This may expose the Bank to the risk of fraud and corruption, which could damage the Bank’s standing and ability to raise funds.</p>	<p>CDB will boost its due diligence, compliance mechanisms and staff training.</p>
<p>Financial</p> 	<p>Funding for CDB’s operations and programmes could be endangered by a global recession or a reduction in funding from its shareholders and donor countries.</p>	<p>CDB will secure commitment from traditional shareholders and raise additional funding in a timely manner.</p>
<p>Developmental</p> 	<p>The Region’s weak implementation track record remains a major hindrance to successful project delivery.</p>	<p>CDB will invest appropriately in training and capacity building.</p>
<p>Operational</p> 	<p>Gaps in budgetary and human resource capacity at CDB could hamper the delivery of Strategic Plan outcomes.</p>	<p>The Bank will actively manage the training of existing staff, recruitment of new talent, and succession planning.</p>



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