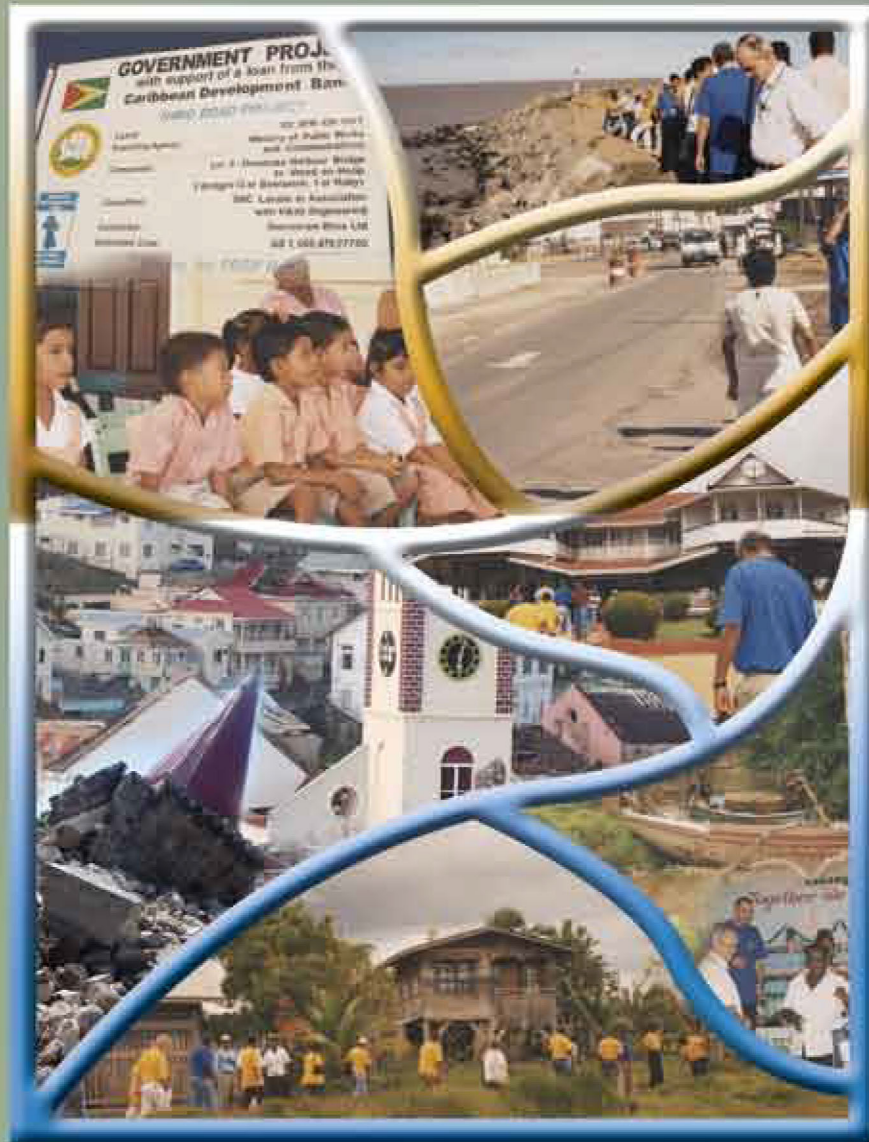


REPORT



CARIBBEAN
DEVELOPMENT BANK

ANNUAL REPORT
2004

Caribbean Development Bank

Annual Report 2004

Mission Statement

CDB intends to be the leading Caribbean development finance institution, working in an efficient, responsive and collaborative manner with our borrowing members, towards the systematic reduction of poverty in their countries through social and economic development.

ABBREVIATIONS

APEC	- Audit and Post-Evaluation Committee	MDGs	- Millennium Development Goals
BMC	- Borrowing Member Country	mn	- million
bn	- billion	MPS	- Management and Professional Staff
BNTF	- Basic Needs Trust Fund	MSE	- Micro and Small-scale Enterprises
CARICOM	- Caribbean Community	NGO	- Non-Governmental Organisation
CARTAC	- Caribbean Technical Assistance Agency	NHIA	- Natural Hazard Impact Assessment
CCJ	- Caribbean Court of Justice	NHM	- Natural Hazard Mitigation
CDB	- Caribbean Development Bank	OCR	- Ordinary Capital Resources
CDERA	- Caribbean Disaster Emergency Response Agency	OECD	- Organization for Economic Cooperation & Development
CFD	- Caribbean Forum for Development	OECS	- Organisation of Eastern Caribbean States
CGCED	- Caribbean Group for Cooperation in Economic Development	OPEC	- Organization of Petroleum Exporting Country
CIDA	- Canadian International Development Agency	OSDF	- Other Special Development Funds
CPA	- Country Poverty Assessment	OSFR	- Other Special Funds Resources
CRNM	- Caribbean Regional Negotiating Machinery	PRAPs	- Poverty Reduction Action Plans
CSME	- CARICOM Single Market and Economy	PRS	- Poverty Reduction Strategy
CTCS	- Caribbean Technological Consultancy Services Network	RBM	- Results-Based Management
DFID	- Department for International Development	SDF	- Special Development Fund
DMFC	- Disaster Mitigation Facility for the Caribbean	SDF(U)	- Special Development Fund (Unified)
ECCB	- Eastern Caribbean Central Bank	SFR	- Special Funds Resources
EIA	- Environmental Impact Assessment	SS	- Support Staff
EU	- European Union	TA	- Technical Assistance
FTAA	- Free Trade Area of the Americas	US	- United States of America
FY	- Financial Year	USAID	- United States Agency for International Development
GDP	- Gross Domestic Product	WTO	- World Trade Organization
IDB	- Inter-American Development Bank		
IFAD	- International Fund for Agricultural Development		
IMF	- International Monetary Fund		

BOARD OF GOVERNORS
(As at December 31, 2004)

H.E. Mr. Bharrat Jagdeo
Dr. Uschi Eid
Mr. Francisco Gil Díaz

Guyana
Germany
Mexico

Chairman
Vice-Chairman
Vice-Chairman

COUNTRY

GOVERNOR

ALTERNATE GOVERNOR

Anguilla, British Virgin)
Islands, Cayman Islands,)
Montserrat and Turks)
and Caicos Islands)

Hon. Floyd B. Hall, MLC, CPA^{1/}
Minister of Finance and
National Insurance
Turks & Caicos Islands

Hon. Victor Banks^{2/}
Minister of Finance,
Economic Development,
Investment and Commerce
Anguilla

Antigua and Barbuda

Dr. the Hon. Errol Cort^{3/}
Deputy Prime Minister and
Minister of Finance

Mr. Whitfield Harris Jr.
Financial Secretary

The Bahamas

Hon. James H. Smith, CBE
Minister of State
Ministry of Finance

Hon. Leslie O. Miller, MP
Minister of Trade and
Industry

Barbados

Rt. Hon. Owen S. Arthur
Prime Minister and Minister of
Finance and Economic Affairs

Mr. Grantley Smith
Director of Finance and
Economic Affairs

Belize

Hon. Ralph Fonseca
Minister of Finance and
Home Affairs

Mr. Sydney Campbell
Governor
Central Bank of Belize

Canada

Hon. Pierre Pettigrew^{4/}
Minister of Foreign Affairs
Department of Foreign Affairs
and International Trade

Mr. Alister Smith^{5/}
Associate Vice-President
Multilateral Programmes
Branch
Canadian International
Development Agency

Colombia

Dr. Alberto Carrasquilla
Minister of Finance and
Public Credit

Mr. Miguel Urrutia
Governor
Banco de la Republica

Dominica

Hon. Roosevelt Skerrit^{6/}
Prime Minister and Minister
for Finance and Planning

Mrs. Rosamund Edwards^{7/}
Financial Secretary

1/ Succeeded Hon. John Osborne on June 18

2/ Succeeded Hon. Floyd B. Hall on July 6

3/ Succeeded Hon. Robin Yearwood on April 28

4/ Succeeded Hon. Bill Graham on July 26

5/ Succeeded Mr. Bruce Montador on January 6

6/ Appointed February 3

7/ Succeeded Mr. Ambrose Sylvester on November 23

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Germany	Dr. Uschi Eid Parliamentary State Secretary Federal Ministry for Economic Cooperation and Development	Dr. Rolf Wenzel Deputy Director General Federal Ministry of Finance
Grenada	Hon. Anthony Boatswain Minister of Finance, Trade and Planning	Mr. Timothy Antoine Permanent Secretary Ministry of Finance
Guyana	H.E. Mr. Bharrat Jagdeo President	Hon. Saisnarine Kowlessar Minister of Finance
Italy	Hon. Giulio Tremonti Minister of the Economy and Finance	Dr. Lorenzo Bini Smaghi Director for International Financial Relations Ministry of the Economy and Finance
Jamaica	Dr. the Hon. Omar Davies Minister of Finance and Planning	Dr. Wesley Hughes Director General Planning Institute of Jamaica
Mexico	Mr. Francisco Gil Díaz Secretary of Finance and Public Credit	Mr. Alonso Garcia Tamés Under-Secretary of Finance and Public Credit
People's Republic of China	Mr. Zhou Xiaochuan Governor People's Bank of China	Mr. Li Ruogu Vice-Governor People's Bank of China
St. Kitts and Nevis	Dr. the Hon. Denzil Douglas Prime Minister and Minister of Finance	Hon. Vance Amory Premier and Minister of Finance, Nevis Island Administration
St. Lucia	Dr. the Hon. Kenny D. Anthony Prime Minister and Minister for Finance, Economic Affairs and Information	Mr. Trevor Brathwaite Permanent Secretary Ministry of Finance, International Financial Services and Economic Affairs

COUNTRY**GOVERNOR****ALTERNATE GOVERNOR**

St. Vincent and the
Grenadines

Dr. the Hon. Ralph Gonsalves
Prime Minister and Minister
of Finance

Hon Louis Straker
Deputy Prime Minister and
Minister of Foreign Affairs,
Commerce and Trade

Trinidad and Tobago

Hon. Camille R. Robinson-Regis
Minister of Planning and
Development

Mr. Ewart Williams
Governor
Central Bank of Trinidad
and Tobago

United Kingdom

Mr. Hilary Benn, M.P
Secretary of State for
international Development,
Department for International
Development

Mr. Gareth Thomas, M.P
Parliamentary
Under-Secretary of State
for International
Development,
Department for
International Development

Venezuela

Mr. Nelson Merentes D.
President
Venezuelan Economic and
Social Development Bank

Ambassador Oscar Hernández B.
Director-General for
International Economy and
Cooperation
Ministry of Foreign Affairs

BOARD OF DIRECTORS AND VOTING GROUPS

(As at December 31, 2004)

Chairman: Dr. Compton Bourne
President

DIRECTOR	ALTERNATE DIRECTOR	COUNTRY OR GROUP OF COUNTRIES
Regional		
Mr. Locksley Smith ^{1/}	Mrs. Carol Nelson ^{2/}	Jamaica
Mrs. Victoria Mendez-Charles	Mr. Leroy Mayers	Trinidad and Tobago
Mrs. Ruth Millar	Mr. George Rodgers	The Bahamas
Mr. Alberto de Brigard	Mr. Adolfo Meisel	Colombia
Mrs. Vanessa Rubio Márquez	Ms. Astrid Malvaez Orozco ^{3/}	Mexico
Mrs. Heidi González	Mr. Alfredo Michelena	Venezuela
Amb. Havelock Brewster	Mr. Clyde Roopchand	Guyana
Mr. Bentley Gibbs ^{4/}	Mr. Eric Brathwaite	Barbados
Dr. Carla Barnett	Hon. John R.S. Skerritt ^{5/}	Belize and Anguilla, British Virgin Islands, Cayman Islands, Montserrat and the Turks and Caicos Islands
Mr. Wendell Lawrence	Mr. Whitfield Harris, Jr.	Antigua and Barbuda and St. Kitts and Nevis
Mrs. Rosamund Edwards ^{6/}	Mr. Isaac Anthony	Dominica and St. Lucia
Mr. Maurice Edwards	Mr. Timothy Antoine	Grenada and St. Vincent and the Grenadines
Non-Regional		
Ms. Joanne Goulet	Mrs. Kathryn Dunlop ^{7/}	Canada
Ms. Sandra Pepera ^{8/}	Mr. Paul Mullard	United Kingdom
Mr. Alessandro Legrottaglie	Mr. Pablo Facchinei	Italy
Mr. Uwe Wolff ^{9/}	Ms. Kerstin Imbusch	Germany
Mrs. Jin Qi ^{10/}	Ms. Wang Lin ^{11/}	People's Republic of China

1/ Succeeded Mrs. Leila Palmer on May 12

2/ Succeeded Mr. Locksley Smith on May 12

3/ Succeeded Mrs. Paola González Vargas on September 10

4/ Succeeded Mr. Andrew Cox on August 15

5/ Succeeded Dr. Carla Barnett on May 12

6/ Succeeded Mr. Ambrose Sylvester on November 23

7/ Succeeded Mr. William Anderson on September 24

8/ Succeeded Ms. Joanne Alston on December 2

9/ Succeeded Mrs. Kirsten Garaycochea on August 1

10/ Succeeded Mr. He Jianxiong on August 16

11/ Succeeded Mr. Li Zhijun on August 18

PRINCIPAL OFFICERS OF CDB

(As at December 31, 2004)

Office of the President

President: Dr. Compton Bourne*
Deputy Director, Evaluation and Oversight: Miss Anne Bramble

Finance

Vice-President: Mr. Neville Grainger**
Director, Finance and Corporate Planning: Dr. Warren Smith**
Deputy Director, Finance: Mr. Dennis Smellie
Deputy Director, Corporate Planning: Mr. Adrian Debique

Operations

Vice-President: Mr. P. Desmond Brunton**
Director, Economics and Programming: Mr. Alan Slusher**
Director, Projects: Mr. Carlson Gough**
Division Chief, Project Financing: Mrs. Yvonne Moses-Grant
Division Chief, Project Supervision: Mrs. Tessa Williams-Robertson
Division Chief, Private Sector Development: Mr. Anthony Maughn

Corporate Services

Deputy Director, Information and
Technology Management Services: Dr. Kathleen Gordon

Deputy Director, Human Resources
and Administration: Miss Jennifer Courtenay

Legal

General Counsel: Mr. Douglas Leys**
Deputy General Counsel: Mrs. Yvette Lemonias-Seale

* Chairman, Senior Management Group

** Members, Senior Management Group

MESSAGE FROM THE PRESIDENT



Economic performance in the Caribbean Region generally improved during the year, reflecting global demand for regional output consequent on continued global economic recovery from recessionary conditions at the start of the decade. Strong growth in the tourism industry was the major contributor to regional performance, with construction, international financial services, manufacturing, and, in the particular case of Trinidad and Tobago, petroleum-related activities, providing substantial economic stimuli to individual countries.

The programme for the implementation of the regional single market continued to gather momentum, with countries agreeing to a number of initiatives to remove restrictions and to coordinate policies, procedures and administrative arrangements. In keeping with these developments the pace of private sector business integration was maintained with much of the activity, as in the past, being concentrated in the finance and insurance sector.

However, the Region continues to face substantial development challenges. During the course of 2004, the challenges associated with natural endowments -

namely, a widely scattered collection of very small islands and mainland territories with a limited range of resources - were exacerbated by both natural hazards and by those under human control. These added challenges occurred at the same time that some countries grapple with the consequences of past fiscal over-expansion and related debt accumulation, and also at a time when the likely negative effects of ongoing global efforts at trade liberalisation for countries in the Region became clearer. These effects were initially manifested through export prices for bananas and sugar, but have since fed through to export volumes and reduced employment, and, in some countries, have had a significant impact on the public finances.

Within this environment, in addition to its normal lending and grant operations during 2004, CDB provided special support to its Borrowing Member Countries in a variety of ways. As part of its assistance to the Commonwealth of Dominica - which in recent times has been experiencing severe economic and fiscal hardship as a result of trade liberalisation - the Bank provided concessionary financing which led to reduced interest rates, a 10-year moratorium on principal repayments and extended repayment periods on a substantial part of the country's obligations to CDB. Additionally, the Bank made a substantial grant in support of Dominica's policy reform agenda. Natural disaster emergency response grants were made available to Grenada, Jamaica and The Bahamas following hurricane damage, and these grants were followed by immediate response loans to Grenada and Jamaica to assist with short-term rehabilitation costs, and by longer-term economic reconstruction loans to the same two countries.

There was significant progress towards

the establishment of the Caribbean Court of Justice, and that institution is expected to be established and operational during the first half of 2005. In support of this endeavour, the Bank raised almost \$100 mn on the international capital markets and disbursed the funds to a trust arrangement to enable the permanent financing of the operations of the Caribbean Court of Justice. Towards the same end, the Bank also financed a consultancy to make detailed recommendations for the establishment of a regional development fund, which is intended to support the economic transformation of CARICOM

countries through regional integration.

The year also saw significant preparatory work within the Bank for forthcoming replenishment of its Special Development Fund (SDF) and for a general capital increase. These resources will enable the Bank to continue its efforts to expand productive capacity within member countries, to assist with the processes of economic transformation and integration, and, especially through the use of the concessionary resources of the SDF, to partner countries to eradicate poverty from the Region.




Willey, St. Michael
Barbados, West Indies
March 10, 2005

My Dear Chairman:

I enclose the Annual Report of the Caribbean Development Bank (CDB) for the year ended December 31, 2004, which the Board of Directors, acting pursuant to Paragraph 2 of Article 38 of the Agreement establishing the Bank and in accordance with Section 18 of the By-Laws of the Bank, has requested me to submit to the Board of Governors.

Yours sincerely,


Compton Bourne, Ph.D., O.E.
President

The Hon. Bharrat Jagdeo
Chairman
Board of Governors
Caribbean Development Bank

CDB - FIVE YEARS AT A GLANCE

	2000	2001	2002	2003	2004
APPROVALS					
-No-					
No. of Capital Projects (New)					
Approved for Loan Financing	28	20	16	20	10
(of which OCR involved in)	(20)	(8)	(11)	(19)	(7)
No. of Additional, Technical Assistance Contingent Loans and Equity Approved	6	9	17	4	7
-\$mn					
Gross Loans and Equity Approved	182.5	106.0	122.1	192.5	113.5
(of which OCR accounted for)	(131.1)	(57.5)	(89.3)	(149.4)	(74.0)
Net Loans and Equity Approved	180.3	84.3	106.3	184.7	93.5
Amount Approved for Grants	4.6	34.9	6.8	5.0	10.1
LOAN DISBURSEMENTS ^{1/}					
-\$mn-					
Amount Disbursed in OCR	67.0	62.0	74.0	79.7	170.9
Amount Disbursed in SFR	27.2	41.8	45.0	36.8	51.2
Total Disbursed	94.2	103.8	119.0	116.5	222.1
Net Transfers	(28.0)	25.5	25.8	32.2	122.2
PORTFOLIO					
-\$mn-					
OCR Loans Outstanding	387.3	423.3	463.0	513.0	637.1
SFR Loans Outstanding	329.2	348.8	370.4	392.3	423.8
Total Loans Outstanding	716.5	772.1	833.4	905.3	1,060.9
FINANCIAL PERFORMANCE					
-\$mn-					
Net Income on OCR ^{2/}	15.4	12.8	27.2	21.9	19.5
Net Income on SFR ^{2/}	10.5	8.4	5.6	4.7	0.0
Total Net Income	25.9	21.2	32.8	26.6	19.5
SUPERVISION					
-No-					
Capital Projects under Supervision	265	256	271	285	291
Capital Projects under Implementation	107	112	123	124	117
Capital Projects Operational	158	144	148	161	174
Financial Intermediaries	24	23	25	22	21
ADMINISTRATION					
Total Staff in Place at Dec.31 (No.)	210	209	199	198	206 ^{3/}
Total Administrative Expenses (\$mn)	16.7	17.5	17.5	18.6	19.3
Administrative Expenses to Total Average Loans Outstanding (%)	2.4	2.4	2.2	2.2	2.0

1/ Translated at rates effective at December 31 of each year.

2/ Shown at historical exchange rates and before appropriations.

3/Excludes four frozen positions

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Part I

The Caribbean Economies in 2004

International Developments

Following economic growth in 2003 that had been led predominantly by the United States (US), global economic expansion in 2004 not only gained momentum but was more broad-based, with Asia, particularly China, as well as the Euro area and Latin America, contributing to the higher level of world economic output. Increased private consumption and business investment were the principal contributors to growth and the increased activity also contributed to widening current account imbalances as trade volumes increased. The rise in economic activity fed through to labour markets, helping to lower unemployment rates, although the growth in employment reflected the usual lagged response of employers.

The increase in aggregate demand, together with growing uncertainty over oil supplies, pushed oil prices sharply upwards. Most of the impact of the oil price increases was confined to energy-related goods, and inflation rates continued to drift upwards only very slowly, although the upward movement was sufficient, taken together with the strong rates of economic expansion, to encourage a slow tightening of monetary policy in some countries. The US central bank raised its key policy rate four times during the course of the year, and the People's Bank of China increased lending and deposit rates for the first time during the decade. In contrast, the European Central Bank left rates unchanged at June 2003 levels in its continuing effort to encourage growth.

Management of the public finances remained a source of difficulty, with several economies, including the US and some in the Euro area, reporting substantial overall deficits. The outturn

in the US largely reflected the combined effects of tax cuts and increased defence-related spending. In the Euro area, the 3% deficit limit under the Stability and Growth Pact came under increasing challenge as some countries sought to balance their treaty obligations against a willingness to stimulate economic growth through increased public spending.

Regional Developments

Overview

Economic performance in the Region generally improved in 2004 as the pace of global activity accelerated. Anguilla, Trinidad and Tobago, St Lucia, and Antigua and Barbuda recorded the highest growth rates in 2004, all in excess of 5%, with Anguilla leading the group with just over 12%. Economic activity in Anguilla was driven mainly by tourism and related construction, while energy sector operations spurred growth (at least 7%) in Trinidad and Tobago. In St Lucia, increased value-added in tourism and in banana production were the main contributors to the 5.4% rise in output, while in Antigua and Barbuda increased activity in tourism and transportation provided the basis for the 5.1% overall increase in economic activity.

Generally, most countries in the Region recorded higher levels of economic activity in 2004 compared with 2003. The notable exceptions were the Cayman Islands, where no growth was recorded; Grenada, where output declined by 3% and Jamaica where the economy expanded by about 1.1% compared with 2.3% in 2003. In all three cases higher levels of output were originally forecast before damage from hurricane Ivan reduced performance levels. Jamaica was affected as well by Hurricane Charlie, although in Jamaica's case hurricane damage, though considerable in absolute terms, was a smaller fraction of GDP than in the other two countries. The Bahamas was also hit by hurricanes

during the year, with the damage resulting in a lower than expected level of output growth for the year, although the final outturn exceeded the previous year's level as a result of increased activity in tourism and in construction. One effect of the hurricanes was a credit-rating downgrade for Grenada, reflecting that rating agency's view regarding the country's capacity to service debt in the short- to medium-term.

Sector Performance

Tourism

Activity in the tourism industry rose strongly during 2004 as a whole, despite some slowing during the latter part of the year in some countries as a result of hurricane threat and damage. Continued strengthening of the global economy, particularly in the economies of the main source markets for the Region (the US, Europe and Canada), the depreciation of the US dollar against the Euro (prices in the Region are dollar-based), and a perception of the Region as a safe destination, all contributed to improved industry performance. Within the Region, countries benefited from intensified marketing (maintained since the 9/11 events), increased airlift (both in terms of increased capacity on established carriers as well capacity on new carriers, including charter services), and an expansion in room capacity. An ongoing programme to expand visitor attractions also contributed to the buoyancy of the sector, with international cricket tournaments and music festivals taking place in an increased number of regional destinations. The number of long-stay arrivals rose in 15 of CDB's 17 BMCs, with only the Cayman Islands and Grenada recording declines.

Data for 13 BMCs indicated strong growth in total visitor arrivals from the three main market sources, with all countries except Belize (where the number of visitor arrivals from Europe declined)

recording increases from all three areas. The total number of cruiseship visitors also continued to grow, with only Trinidad and Tobago recording a decline in this category.

Although the Region has consistently been able to attract an increasing number of visitor arrivals over the years, barring adverse shocks, the price competitiveness of the tourism product has been an ongoing issue. The English-speaking Caribbean is generally regarded as a high-end destination, reflecting a cost-structure that is higher than that of other competing destinations both within and outside the Caribbean. While this is thought to have some effect on the number of visitor arrivals, it is also seen as skewing the market towards higher-income travellers who are less price-sensitive and whose travel plans are less affected by economic performance fluctuations in their home countries. In addition, the smaller number of visitors thought to be associated with more expensive destinations is seen in some quarters as placing less pressure on the natural environment and on infrastructure than the larger number of visitors associated with a mass-marketing focus.

Agriculture

Agricultural production in the Region rose during 2004, with increased output recorded for the major export commodities of sugar and bananas; livestock production rose to a lesser extent, while the production of non-traditional items was mixed.

Regional sugar production rose by 1.9% in 2004, reflecting increased output in Belize, Guyana, and Jamaica, and which was sufficient to offset declines in Barbados, St Kitts and Nevis, and Trinidad and Tobago. The increase in output was attributed to successful replanting programmes, improved yields and increased factory efficiency. In contrast, adverse weather conditions, a reduction in the acreage under cultivation, labour

disputes and mechanical problems affected production in those countries where output declined.

In the case of bananas, production for export rose largely under the influence of favourable weather conditions, improved irrigation and field-management practices, and improved planting material. The movement towards improved field-management and crop-care, if sustained, should help to improve the competitiveness of the industry, output from which has been contracting consequent upon the liberalisation of the UK and European import markets since the early 1990s.

In the area of domestic food production, livestock and marine output rose, with increases being recorded for mutton, beef, poultry, dairy products, lobster and conch.

Mining and Energy

At the Regional level, activity in mining and energy was mixed during the year, with higher output levels in Jamaica and Trinidad and Tobago, and with some contraction in Guyana. In Trinidad and Tobago, energy sector output rose by about 10.5%, mainly reflecting a 25% rise in natural gas production consequent on capacity expansion during 2003, and increased exploration activity as a result of higher prices. Production of crude oil and condensate fell by 3.1% as a result of the temporary closure of an existing well and difficulties with a major pipeline. In Jamaica, bauxite production rose 3.1% in response to increased global demand, particularly from China. The expansion in output would have been higher, but production facilities suffered hurricane damage during the second half of the year. In Guyana, mining sector output declined, reflecting lower production levels of both gold and bauxite. The continuing decline in gold production resulted from the winding-down of operations of a major producer, following the completion of ore-

extraction at the producing mine, while industrial action, high rainfall levels and unreliable power supplies contributed to a 15% contraction in bauxite production.

Construction

Construction activity in the Region was buoyant during 2004, reflecting a high level of activity in both the public and private sectors. In the public sector, much of the focus was on improving transportation infrastructure, with particular attention to road rehabilitation and the upgrading or expansion of airports. During the year, the public sector was also engaged to a significant extent in the construction of housing and in expanding government office space. In the private sector, much of the construction activity involved the expansion of hotels and the provision of other tourism-related facilities, as operators sought to improve the quality of facilities and to expand accommodation in the face of increased demand. There was also continued growth in private residential construction.

Manufacturing

Preliminary data suggest that output from the manufacturing sector rose during 2004, reflecting increased output of electrical and electronic components, chemicals, paper products, and food and beverages. Sector performance was driven largely by increased demand from both Regional and international markets in line with the rise in economic activity. At the same time manufacturing operations continued to face strong competition from imports and from third country producers in traditional markets.

International Financial Services

Activity in the offshore business services area rose during 2004 despite negative side-effects from efforts in some OECD countries to increase tax collections, and the broader effort to eliminate the

funding of terrorist activity utilising the international financial system. There were increases in the number of captive insurance companies, mutual funds, offshore banks, and in new company registrations in Anguilla, Barbados, the British Virgin Islands, and in the Cayman Islands, with operations continuing in the Cayman Islands with minimal disruption despite the damage caused by Hurricane Ivan in September.

Efforts to improve and streamline operations in the sector, and to enhance monitoring and supervision, continued during the year. In Anguilla, a Financial Services Commission was established to regulate the offshore business sector, and new legislation covering insurance, mutual funds, and offshore business companies was brought into effect. In the British Virgin Islands, legislation to address the “ring-fencing” issue by removing the distinction between “offshore” and “local” companies was scheduled to come into effect in January 2005; business registration fees were increased and a new payroll tax, which also applied to financial services providers, was imposed. In St Vincent and the Grenadines, the business registration process was streamlined and the registration fee structure was adjusted to increase the attractiveness of the jurisdiction to offshore business entities.

Monetary Policy

The higher rate of growth in Regional economies was reflected in increased credit demand in the financial system. This had the effect of reducing somewhat the high level of excess liquidity that had characterised the system in recent years. Monetary policy continued to be expansionary, however, with most central banks lowering interest rates and reserve requirements. The Barbados authorities intervened twice during the year to further ease credit conditions, while the Central Bank of Trinidad and Tobago reduced reserve requirements. In The Bahamas,

limits on outstanding credit in place since 2001 were removed in response to rising liquidity and improved economic performance, while in Jamaica interest rate levels were lowered. In contrast, there was further monetary system tightening in Belize towards year-end as part of a programme to bring the public finances back into balance and to protect the foreign exchange reserves following a period of unsustainable fiscal expansion and debt accumulation.

Fiscal Developments

There was some improvement in the fiscal situation of BMCs during the year, particularly with respect to recurrent operations, reflecting a combination of spin-off effects from the rise in economic activity and intensified efforts by finance officials to improve the management of the public finances. The overall outturn varied, however, as high levels of capital spending in some countries led to increased fiscal deficits. Efforts to improve fiscal management included increased attention to the collection of arrears of revenue, and improvement in assessment practices. In the British Virgin Islands, personal and corporate income taxes were abolished and replaced with a payroll tax, while the authorities in Antigua and Barbuda announced that income tax would be re-introduced.

Public debt levels in the Region continued to rise during the year despite concerns over the ability of some countries to continue to meet rising debt service payments, particularly given the likelihood of interest rate increases in the medium term, and over the sustainability of the debt stock generally. One noticeable trend was a decline in foreign currency issues and in foreign currency borrowing from commercial banks; and there was increasing recourse in the OECS to the regional Government Securities market.

Prospects

The outlook for the Region is positive going into 2005, as the global recovery

is expected to continue, although at a somewhat slower pace. Tourism will continue to play a major role in the economic performance of the Region. There is also likely to be a continuation of the trend in construction activity, with further growth projected in 2005, as both public and private sector investment activity continues. In financial services, growth is also expected to continue as international economies strengthen. The acceleration of the processes of regional integration, through the CSME, presents opportunities for the Region over the medium-term, particularly as it relates to efficiency and productivity gains through the more effective sourcing and utilisation of inputs. This becomes even more critical as the Region competes not only in already established markets, but also as it seeks to carve out niches in an increasingly competitive environment.

The Region continues to have significant levels of underutilised resources: natural, financial, labour and entrepreneurial. It needs to find ways of bringing these resources together, to identify market opportunities, and to engage in sustainable production operations which respond to the increasing demand flexibility that now characterises the global economic environment.

The main downside risks to regional growth are from a slowdown in the international economy, either from escalating geopolitical tensions or a deterioration in macroeconomic fundamentals, both of which would reduce visitors' propensity to travel. The depreciation of the US dollar was an important contributor to regional tourism performance in 2004, although there were also associated price increases for imports to the Region sourced from non-dollar areas. Prospects for the dollar are uncertain, although it is clear that continued strong US growth and high levels of public and private spending will contribute to further deterioration. Monetary policy action is already

being taken to reduce the potential for overheating, and to increase the attractiveness to investors of holding the currency. Rising oil prices could also constrain growth in the Region, increasing the cost of domestic inputs, pushing up the cost of international travel, and reducing the competitiveness of regional goods.

On-going concerns relate to the rising level of public sector indebtedness and debt servicing requirements, which reduce the degree of manoeuvrability Governments have in making necessary economic adjustments. Significantly enhanced attention to fiscal management, and public debt management in particular; more focussed attention on matching public sector investment programmes with critical development challenges; greater transparency and efficiency in public sector operations; and substantial improvement in governance in both the private and public sectors are critical areas for attention in the Region going forward.

The need for enhanced policy and programme coordination between the members of CARICOM, leading to the convergence which is critical for smooth and effective economic and social integration, has never been greater. Most important, there is a need for urgency in dealing with these issues because of the time pressure associated with the Region's own commitments to reducing the barriers which currently exist not only between BMCs, but also between the Region and the rest of the world.

The threat of natural disasters also cannot be overlooked, in light of the damage and destruction caused by hurricanes and earthquakes in 2004. These developments have served to underscore the vulnerability of the Region, and the ability of a single event, in a few hours, to eliminate decades of growth and development. Managing the Region's resources effectively and efficiently in order to achieve the stated objective of

sustained improvement in the quality of life of Caribbean people continues to feature as the Region's main challenge.

CARICOM Economic Cooperation and Integration

During 2004, the Bank continued its cooperation activities with countries and institutions in the region in its efforts to support economic and social development in its BMCs. In keeping with its charter responsibilities to pay special attention to the requirements of its less developed members and to foster regional economic integration, the Bank maintained close functional links with the CARICOM Secretariat, the OECS Secretariat and the Eastern Caribbean Central Bank, and participated in meetings of the Organs of CARICOM and the OECS Authority. In addition, staff members from the Economics Department continued to participate in country visits and consultations with staff from both the International Monetary Fund and the World Bank.

Caribbean Court of Justice

In July, CDB raised \$150m on the international capital market to fund its operations, and disbursed approximately \$100m for the establishment and operation of the Caribbean Court of Justice.

Regional Development Fund

During the same month, the Bank commissioned a consultant to examine the requirements for the establishment of a regional development fund as provided for in the Treaty of Chaguaramas to assist countries, regions and sectors disadvantaged by the operations of the CARICOM Single Market and Economy, and to make recommendations for its operationalization. This Fund is considered to be critical to the integration process, given the differences in initial

conditions in countries across the region, and the differences in competitiveness, economic performance and growth prospects between individual country members of the Caribbean Community. The Bank expects to make formal recommendations to Heads of CARICOM Governments regarding the establishment of the Development Fund during the course of 2005.

Disaster Responses

In accordance with its disaster management and response policies, the Bank provided short- and medium-term grant and loan financing to a number of BMCs following damage caused by hurricanes during the second half of the year. Emergency response financing grants through the Caribbean Disaster Emergency Response Agency (CDERA) were provided to Grenada, Jamaica and The Bahamas; while immediate response loans were provided to Grenada and Jamaica. The Bank played a lead role in the various donor meetings held in countries affected by disasters during the year. CDB secured from the IDB concessionary resources as part of the wider response to Grenada and St. Vincent and the Grenadines. CDB also initiated discussions with IDB on a larger programme of post-hurricane reconstruction assistance to Grenada, to be financed by IDB. These activities in part reflected the results of a larger programme of cooperation and coordination being undertaken between CDB and IDB in support of CDB's BMCs.

In late October the CARICOM Secretariat, jointly with CDB, convened a Roundtable on Catastrophe Risk Management at CDB Headquarters in Barbados. The purpose of the meeting was to define a way forward in the management of catastrophic risk, with special attention to insuring against natural hazards; both the public and private sectors, as well as other interested stakeholders were invited to the meeting, the convening of which

had been mandated by CARICOM Heads of Government, meeting in emergency session the previous month in Port of Spain.

The Bolivarian Republic of Venezuela, as part of its strategy to improve cooperation and strengthen relations with CDB, created a fund with an initial contribution of \$500,000 to assist in the relief efforts of CDB's BMCs which experience hurricane damage. The fund, disbursement from which is limited to an annual amount of \$100,000, can finance goods and the fees, travel expenses and other costs related to the services, provided by individual consultants, specialized institutions or companies relating to activities arising as a result of hurricane damage. The agreement relating to the fund was signed between Venezuela and the Bank on July 15, 2004 and operating procedures for the fund agreed in November 2004.

Bank Membership: Haiti

In anticipation of Haiti taking up its invitation to become a member of the Bank in 2005, based on developments which had taken place earlier in the year, staff members from CDB attended Donors' meetings on Haiti in Port-au-Prince and Washington. As part of the internal preparation efforts, country presentations were made to Bank staff, while a number of staff members participated in a Bank-sponsored French language training programme.

Caribbean Forum for Development

In 2004, the operations of the Caribbean Group for Cooperation in Economic Development (CGCED), effectively moved from the World Bank to CDB. The move to the region was partly aimed at giving the Caribbean greater ownership in the Group's activities. During the year, the Steering

Committee of CGCED met four times to provide a framework for the continued functioning of the CGCED within the new environment, and to develop a new framework for its operations. Decisions reached included renaming the group the *Caribbean Forum for Development* to reflect a more inclusive approach to the development dialogue in the region; the implementation of a more action-oriented work programme, and an associated increase in the budget for the Secretariat; and a switch in emphasis from dialogue to greater support for the implementation of projects and programmes to address identified critical development issues in the region. A Coordinator for the CFD was recruited by the Bank in July 2004 to manage the Forum's activities. Later in the year, an Advisory Group to the CFD was appointed and consultations were held with civil society in preparation for the main Forum dialogue in 2005.

Caribbean Technical Assistance Centre (CARTAC)

During the year, arrangements were concluded between CDB, IDB and CARTAC for CDB to manage \$650,000 in grant resources being provided by IDB to finance part of the technical assistance activities provided by CARTAC to countries in the region. The resources were specifically earmarked to finance country support activities in improving tax administration, taxation systems and customs administration. By year end, nine technical assistance operations had been initiated in seven countries, for an estimated cost of \$ 244,000. Seven of these had been completed by year end. The Bank also continued to support CARTAC's operations by maintaining its secondment of a staff economist in that institution.

Part II

The Caribbean Development Bank in 2004

Overview

The Bank's activities in 2004 were focussed on assisting BMCs to advance their economic transformation, reduce vulnerability to external shocks and natural disasters, improve their competitiveness, and promote social development initiatives.

The strategies for advancing these outcomes involved intensifying the Bank's collaboration with development partners, accelerating the pace of internal reform towards being more responsive to the needs of BMCs, as well as improving its overall development effectiveness and promoting social development initiatives aimed at reducing vulnerability to poverty and mitigating the impact of natural hazards and disasters.

During 2004, Dominica was faced with a severe economic crisis brought about by a sharp decline in export earnings and an unsustainable level of debt. The Bank, together with other development partners and domestic and foreign creditors, implemented a debt relief operation to assist the country in regaining fiscal sustainability. CDB's assistance took the form of the conversion of existing Ordinary Capital Resources debt to debt from the Special Fund Resources (SFR), the provision of a 10-year moratorium on principal, the extension of repayment periods, the reduction of interest rates and the provision of a grant in support of the country's structural and fiscal policy reform agenda.

Hurricane Ivan, the most powerful hurricane to hit the Caribbean in fourteen years, affected several BMCs including Barbados, the Cayman Islands, Grenada, Jamaica, St. Lucia, St. Vincent and the

Grenadines and Tobago. The severity of the damage to Grenada necessitated Bank assistance in the form of an emergency loan and grant, as well as a Hurricane Reconstruction Support Loan of \$8.1 mn to assist the Government of Grenada to meet its financial obligations and sustain an economic recovery programme. A Hurricane Reconstruction Support Loan was also approved for Jamaica for an amount of \$4.6 mn.

The Bank's Board of Directors approved a Poverty Reduction Strategy which will provide a broad framework for addressing the causes of poverty in BMCs and is consistent with the objectives of the UN Millennium Development Goals (MDGs), which emphasise poverty reduction, human development and environmental sustainability in their multi-dimensional aspects, together with the promotion of results-oriented partnerships. The strategy includes an integrated set of measures, including the undertaking and updating of country poverty assessments (CPAs) as an essential knowledge-base for policy, programme and project design, support for the development of national poverty reduction strategy papers (PRSPs), preparation of country strategy papers (CSPs) for CDB's own operations, and the use of social analysis as an essential underpinning for the application of the poverty prism. Each of these elements of the strategy will be part of the Bank's work programme for 2005 and onward.

Support for environmental and natural hazard management received priority attention during the year. Loans were approved for a major Sea Defence Project in Guyana and a Flood Mitigation Project in St. Lucia. In addition, TA grant resources were made available to St. Lucia for a public education and awareness programme in Flood Risk Reduction. Training was delivered in integrating natural hazard management principles into Environmental Impact Assessments (EIAs) to EIA administrators and disaster management specialists in twelve BMCs.

A Natural Hazard Impact Assessment – EIA (NHIA-EIA) Guide and Source Book has been developed, in collaboration with the Canadian International Development Agency (CIDA) and the Caribbean Disaster Emergency Response Agency (CDERA), TA resources have been made available to six BMCs to assist with the development and application of Natural Hazard Mitigation (NHM) policies, legislation and risk reduction tools.

The Bank continued the work begun in 2003 of mainstreaming its customised approach to Results-Based Management (RBM). An electronic database of CDB's RBM cascade of achievement-based goals, outputs and performance indicators was 'rolled-out' to facilitate more timely, transparent and effective monitoring and reporting on the implementation of the annual work programme. The new individual employee performance appraisal system was used for the first time and its linkages to the RBM system reinforced to achieve a seamless results monitoring system.

The financial year 2004 represented the final year of the Strategic Planning period, 2000-2004. Work on the development of a new Strategic Plan was advanced through the holding of three strategic planning retreats for the Board of Directors and Management to discuss and agree on a new strategic planning framework. Other activities related to the completion of the new strategic plan were also advanced, including the review of the Bank's financial and operating policies. Phase one of this review was completed and stress-testing of alternative proposals for changes are being finalised for presentation to the Board.

The Fifth Cycle of the Special Development Fund (SDF) is drawing to a close and discussions for contributions towards the replenishment for a Sixth Cycle commenced, with the first negotiation meeting held in Georgetown, Guyana, in November 2004. Contributors agreed to hold further meetings in May

and July 2005 in order to finalise an agreement for the operation of a sixth replenishment cycle.

The Bank received further confirmation of the robustness of its financial operations when it received a 'Triple A' rating from the international credit rating agency Standard and Poor's.

Development Effectiveness

A number of initiatives aimed at improving the Bank's overall development effectiveness featured prominently in the Work Programme for 2004. These activities focussed on the areas of improving and applying the Bank's resource allocation formula, especially as it relates to the SDF and operations of the Basic Needs Trust Fund (BNTF); sharpening the management framework and tools for strategic planning; risk management; performance monitoring and evaluation through the RBM process; producing a set of new guidelines to govern the preparation of results-based CSPs, including their integration with Country Poverty Reduction Strategies; encouraging partnership and harmonisation with key donors in the various assistance programmes; the improvement of internal efficiency through the implementation of the various approved recommendations from the Change Management Exercises and the various process studies; and improvement and enhancement of the Project Performance Evaluation System to boost the Bank's ability to monitor and evaluate the development effectiveness of its projects.

Country Poverty Assessments

The Governments of Antigua and Barbuda and St. Lucia started preparations for the new round of CPAs scheduled for the first quarter of 2005. This will be the first poverty assessment for Antigua and Barbuda. St. Lucia conducted its first CPA in 1995 so the forthcoming CPA will be an update of that earlier CPA. St. Vincent and the Grenadines is also scheduled to update its 1996 CPA in

2005 with the support of the European Union. It is evident from the new CPAs scheduled that BMC Governments are giving increased importance to conducting periodic poverty assessments and to the contribution that the information and data provided makes to the formulation of their social and economic policies and programmes.

A study that built on the wealth of qualitative information generated from CPAs was conducted. The study focussed on the participants' self-perception, their definition of poverty, their understanding of its causes, their coping methods and their proposed solutions. It was followed by a Regional Conference on "A New Perspective on Poverty in the Caribbean", convened to demonstrate how the extensive qualitative information collected through participatory poverty assessments can be analysed using specialised software to give voice to the poor, and to ensure that their views and ideas about their situation are adequately brought to the fore.

The conference brought together Ministers of Governments, officials from government agencies, civil society and other development partners with responsibility for poverty reduction programmes and social development to reflect on the current approaches to poverty reduction and to identify some critical ingredients for successful poverty reduction interventions. It considered *inter alia*, the role and nature of participation, the policy environment for social service delivery, specific examples of interventions, as well as the general approach to poverty reduction in the Region. The conference also served to sharpen the Bank's focus and validated the approach proposed in the Bank's Draft Poverty Reduction Strategy.

National Poverty Reduction Strategies

CDB continued to provide assistance to BMCs with the preparation of national

poverty reduction strategies. The Government of St. Kitts and Nevis is preparing its PRS on the basis of a Human Development Agenda. This process, which entails extensive stakeholder participation, also involves a review of the country's status in attaining the MDGs. CDB, in collaboration with the United Nations Economic Commission for Latin America and the Caribbean and the Organisation of Eastern Caribbean States Secretariat, is providing technical and financial support to this exercise. The Government of Belize, through its National Human Development Advisory Committee is preparing a National Poverty Elimination Strategy and Action Plan (NPESAP) 2005-2010 to update the country's 1998-2003 NPESAP prepared after the 1996 CPA. CDB is providing support to the stakeholder consultative activities.

The Government of Dominica has prepared an Interim Poverty Reduction Strategy Paper, and is in the process of preparing a full PRS Paper and in developing a poverty reduction monitoring system. CDB, in collaboration with the United Nations Development Programme (UNDP), supported the development of the poverty monitoring aspect by providing training to local staff in the application of the Core Welfare Indicators Questionnaire (CWIQ) household survey to measure changes in key indicators for different population groups. CWIQ also serves to support monitoring and evaluating the effectiveness of Poverty Reduction Strategies and assists national statistical offices in producing more timely and reliable data and information for national poverty reduction programmes.

Social Protection and Millennium Development Goals

As predominantly Small Island Developing States (SIDS) countries in the Caribbean, BMCs exhibit high degrees of susceptibility to economic shocks and vulnerability to a wide range of natural hazards. Further, in a number of BMCs,

the majority of the population lives in rural areas, sometimes in scattered, inaccessible locations. These conditions when coupled with difficulties posed by the loss of access to international markets for principal exports, a declining trend in overseas development assistance, deterioration in public finances and unsustainable levels of public sector expenditure place livelihoods at risk and create a major challenge to sustainable development.

CDB's Social and Economic Research Unit initiated a study on "Social Protection and Poverty Reduction in the Caribbean" in conjunction with the UK Department for International Development for the Caribbean and the European Commission office for Barbados and the Eastern Caribbean. This research sought to identify the key risks and vulnerabilities faced by the populations of Belize, Grenada and St. Lucia and to assess the coverage and effectiveness of existing SP instruments in these countries, and to explore the kinds of partnerships which can improve efficiency and effectiveness. The findings and conclusions of this study were presented at a Regional Conference in October 2004 and the implications of the research with regards to defining an appropriate framework for the development of Social protection in CDB's BMCs were discussed.

As part of efforts to assess overall progress in social and economic development in BMCs, particularly as this relates to attainment of the MDGs, CDB and UNDP held a workshop on "Achieving the Millennium Development Goals in the Caribbean" in Trinidad in September 2004. The workshop examined issues related to the definition, measurement and monitoring of the MDGs in the Caribbean and concluded that while significant progress has been made in achieving some MDGs, such as the attainment of universal primary education, greater attention should be paid to some of the other goals and to the

quality aspects of the indicators.

CDB's Poverty Reduction Strategy

In December 2004, the Board of Directors approved a Poverty Reduction Strategy (PRS) for CDB. The PRS focuses *inter alia* on examination of the causes of poverty, and the identification of interventions to prevent the vulnerable from descending into poverty. It is also intended to serve as a guide in the allocation of resources in financing interventions that are consistent with the BMCs' poverty reduction objectives. The PRS is based on four modalities and on the application of three strategic levers viz. capability enhancement; vulnerability reduction; and good governance. The modalities will comprise:

- (a) blending of the Bank's hard and soft resources at the project level, where appropriate, so as to broaden the Bank's influence in institutional strengthening and capacity building as well as to provide leverage of other funding that might otherwise be unavailable;
- (b) applying new assessment methods of project performance and monitoring and evaluation that will assist in the identification of Poverty Reduction projects;
- (c) using Poverty Reduction Effectiveness Situation scoring which forms the basis for country allocations of soft resources. This allows for the use of country comparisons and underscores CDB's commitment to PRS, essential for sustainable development; and
- (d) strengthening inter-organisational cooperation and partnership via participation in regional workshops and other fora.

Capability Enhancement, is concerned with economic and social empowerment of people, in general, and the poor, in particular. It entails equipping persons living in poverty to take advantage of

economic opportunities and empowering them to participate meaningfully in the social and political processes that govern their lives. *Vulnerability reduction* is essential both for preventing the poor from descending deeper into poverty and preventing the non-poor from becoming poor. CDB will support efforts that will reduce the exposure of BMCs to various shocks, minimise their effects and facilitate recovery in the shortest possible time. *Good governance* involves a commitment to the promotion of efficient, accountable and transparent government and defines the objectives and activities appropriate for the development of a modern state, committed to enhancing the well-being of all its citizens. CDB will support public sector reform in which the development of adequate regulatory systems and social protection measures are efficiently designed and administered, promote participation of citizens, including the poor and vulnerable with emphasis on national consensus-building, local development planning and resource allocation that benefit the poor, and mainstream governance in CDB's own operations.

Work has also started on operationalizing the PRS. This activity includes the preparation and application of guidelines and procedures to enhance the process of mainstreaming poverty reduction in all aspects of the Bank's operations. It also involves the development of training material for CDB staff in implementing the approved guidelines and procedures, a monitoring and evaluation system to assess progress in the operationalization of the PRS and a modality for ensuring that CDB maintains a dynamic focus on poverty reduction and sustainable development.

Operations Programmes and Initiatives

In keeping with its strategic objectives and corporate priorities CDB's activities in 2004 sought to focus on assisting Borrowing Member Countries (BMCs) to

advance the economic transformation process, improve their competitiveness and reduce vulnerability to external shocks and natural disasters. Internally, individual work units continued to be engaged in the process of implementing the recommendations of the Change Management Programme and the various process studies; a study was initiated to identify and estimate the transaction costs incurred by BMCs in accessing CDB's resources and to make recommendations for minimizing and, where possible, eliminating such costs; and the Project Performance Management System was enhanced through operationalization of the pipeline module.

Externally, CDB furthered its interactions with development partners in assisting in enhancing BMCs abilities to address issues related to competitiveness in the global environment through a training course on creating an enabling environment for small and medium sized enterprise development with the International Labour Organization; a regional conference for small business associations with the Barbados Small Business Association and a regional workshop on the deposit of treaty actions with the United Nations' Secretary General and the registration of treaties. The Bank also presented its Poverty Reduction Strategy and its Education and Training Policy and Strategy to the Board and co-hosted, with UNDP, a workshop on supporting the achievement of the Millennium Development Goals and a consultation with civil society organizations.

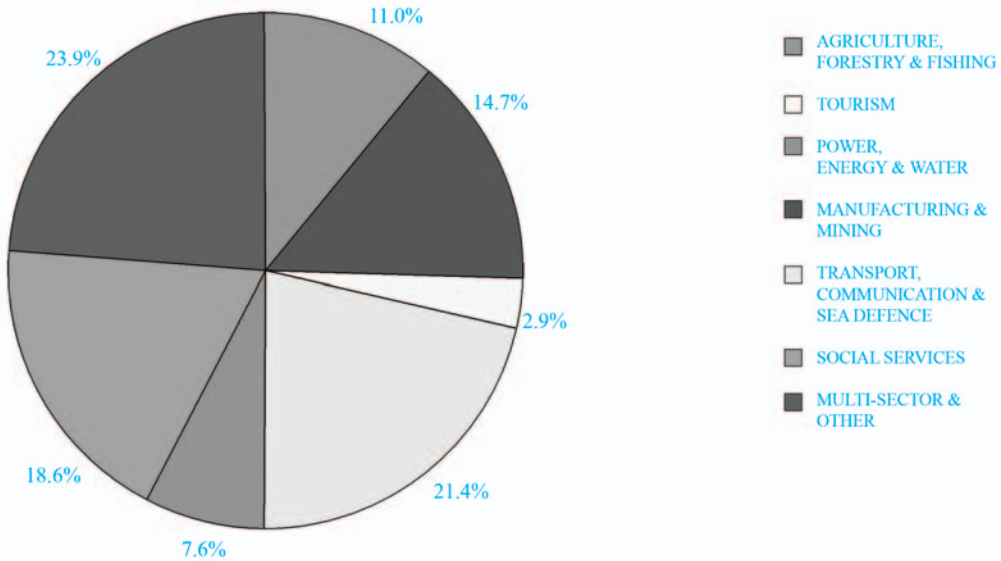
Lending Operations

The Bank worked assiduously towards the achievement of its strategic objectives and corporate priorities by providing loans intended to assist in developing the economic, social, financial and disaster management sectors of the CDB's BMCs. Loans approved in support of these activities totalled \$110.885 mn.

Enhancement of economic infrast-

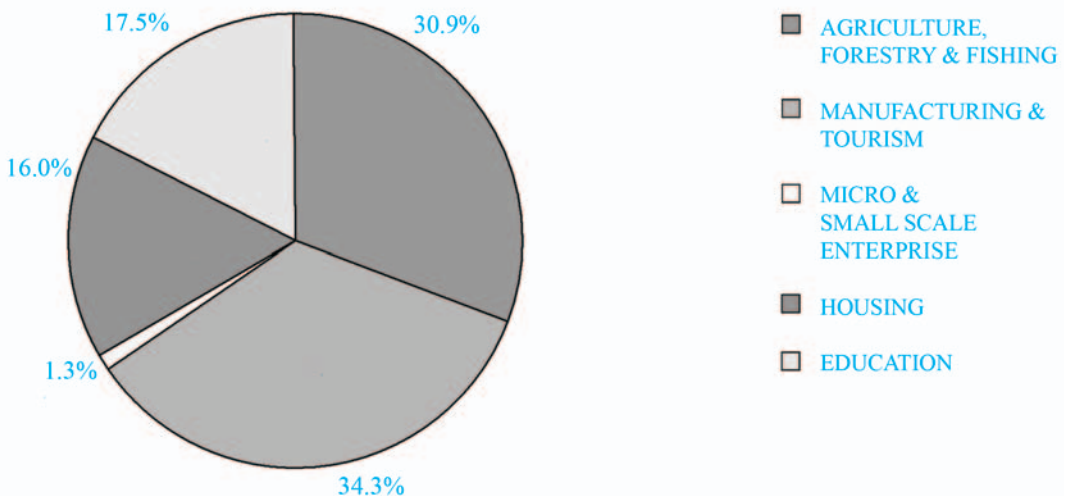
Sector Share of Net Total Financing (1970-2004)

Total: \$2,484.2 mn

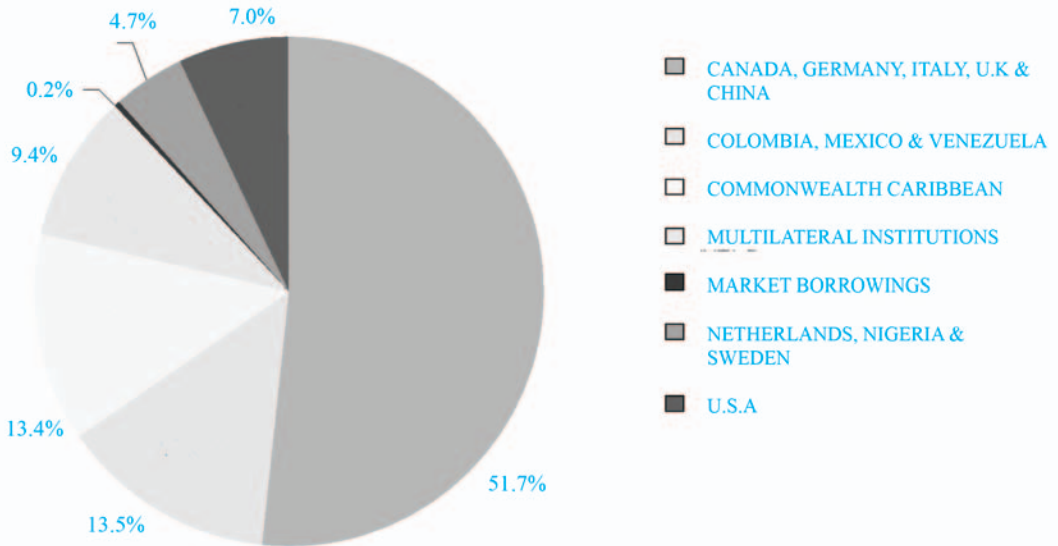


Sector Share of Net Total Financing to Financial Intermediaries (1970-2004)

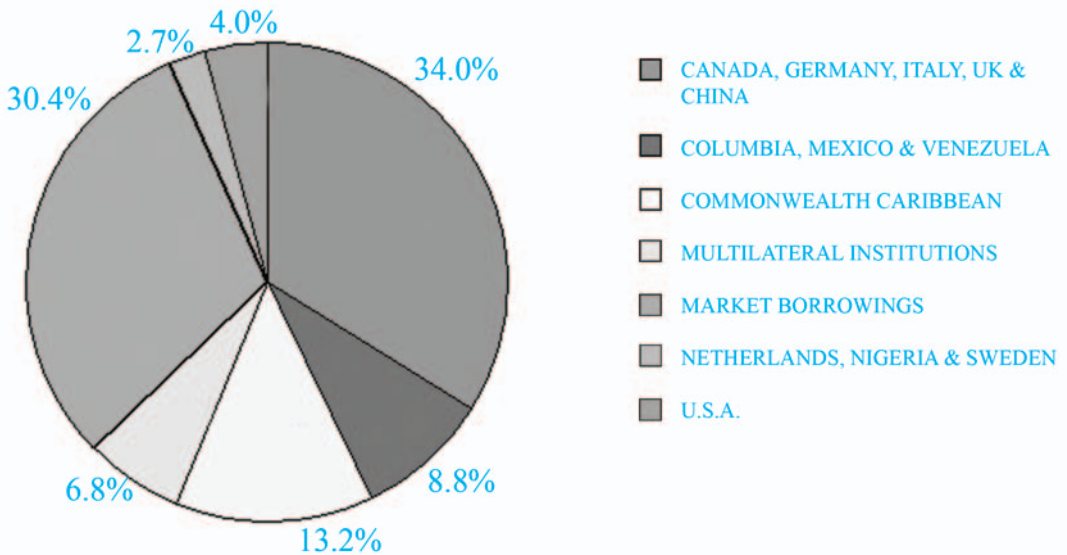
Total: \$489.5 mn



Total Soft Resources by Contributors as
at December 31, 2004
Total: \$813.2 mn

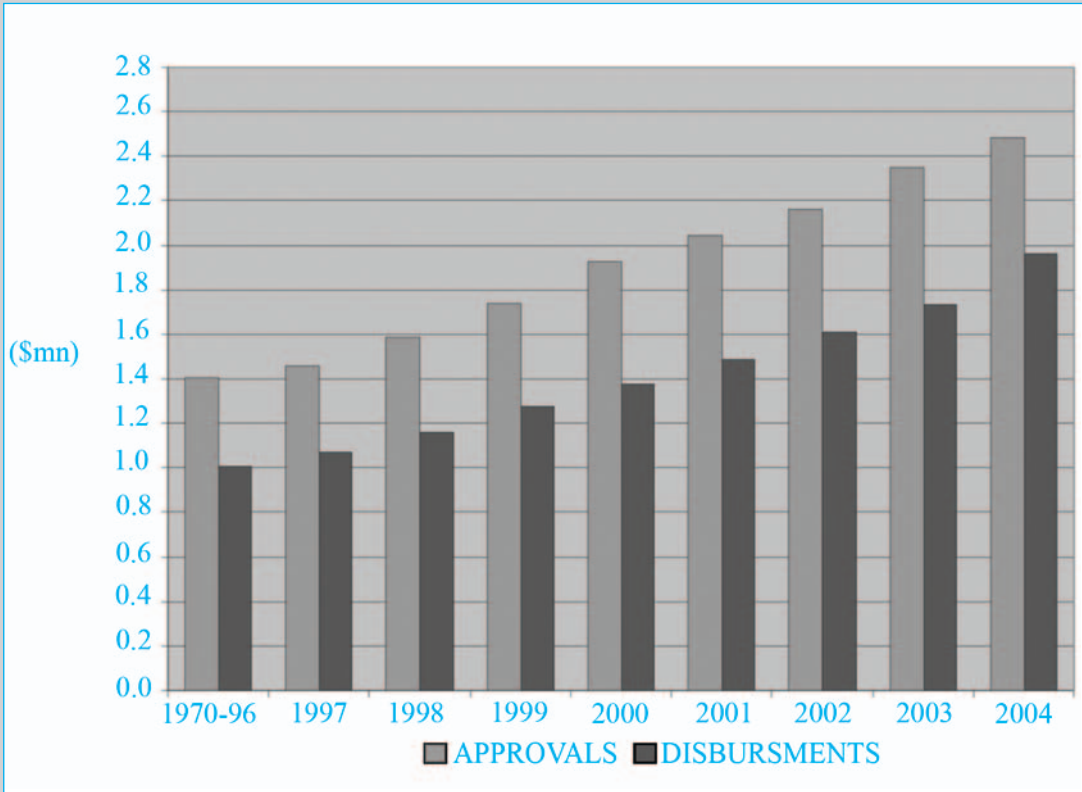


Total Resources by Contributors as
at December 31, 2004
Total: \$1,418.4 mn



Note: Excludes OCR Net Income of \$291.3 mn

Cumulative Financing Approvals (NET) and Disbursements (1970-2004)



ructure continued to be facilitated through loans for power generation, transmission and distribution projects in Belize and St. Vincent and the Grenadines to assist in meeting the growing demand for increases in reliable service. The financial intermediation sector benefited from a line of credit to the Development Bank of Jamaica aimed primarily at assisting in the development of the tourism industry in that country. Capability enhancement of the social sector was addressed through loans for child development and basic education projects in St. Kitts and Nevis and St. Vincent and the Grenadines respectively. In St. Kitts and Nevis the project will take an integrated, holistic and multi-sectoral approach to addressing the needs of children at risk and those who have come into conflict with the law and that in St. Vincent and the Grenadines is designed to improve the quality of teaching and learning at the pre-primary, primary and secondary education levels.

The major impact of CDB's lending activities was however felt in the area of vulnerability reduction at the end of a very active hurricane season. An immediate response loan for emergency restoration of services and clearing and cleaning of affected areas in Grenada and the provision of hurricane reconstruction support loans to Grenada and Jamaica were approved. These loans are intended to assist with outstanding financial obligations in order to sustain economic recovery programmes subsequent to the destruction wrought by Hurricane Ivan. Guyana benefited in this sector through the approval of a loan to assist in the speedy reconstruction of the sea dyke and façade drain to prevent further salt water intrusion and the possibility of flooding in the fertile West Coast Berbice area following a breach in the country's sea defences. St. Lucia also benefited through a loan to finance appropriate flood mitigation measures in Castries, the capital, and in Anse La Raye.

An exceptional financial assistance loan for economic stabilization and reconstruction was provided to support Dominica's structural and fiscal policy reform agenda. The reforms are designed to reinvigorate growth and development and reduce the incidence of unemployment-related poverty to help the country to regain fiscal sustainability.

Resources were also provided to assist Jamaica, Trinidad and Tobago and the Turks and Caicos Islands in preparing projects to address education, health and sanitation, social and governance issues in the respective countries. These loans will assist in funding studies to identify the scope of the needs in these sectors and determining the optimal solutions to addressing them.

Environmental Assessment

The Bank ensures that environmental issues are considered and addressed at all levels of the project cycle to safeguard the protection of the environment and to enhance project sustainability. In keeping with The Bank's safeguard policies, all projects are screened and categorised to determine the level of environmental analysis required for project appraisal.

Environmental training workshops were conducted for the technical staff of financial intermediary institutions in Grenada and St. Vincent and the Grenadines to provide them with the basic tools to conduct environmental screening and scoping of projects, to inform them of CDB's Environmental Policies and Guidelines and bring them up to date with emerging national environmental policy issues.

The Bank worked with various development partners and national governments on a variety of environmental activities. One key activity in 2004 was the implementation of the CDB-supported and OECS-executed technical assistance project, "Institutional Strengthening for Environmental Management", in the pilot countries of Grenada, St. Vincent and the

Grenadines and St. Lucia. This project, which is complementary to the preparation of National Environmental Strategies by OECS member states, is expected to develop national capacity to design appropriate institutional frameworks for the successful implementation of National Environmental Programmes. National technical consultative workshops were held in each pilot country, and a regional workshop was held in St. Lucia in April. The project is expected to be completed by March 2005.

CDB staff attended and contributed to a large number and variety of external environmental activities. These included; annual meetings of the Environment Policy and Technical Advisory Committees of the OECS, Eastern Caribbean Donor Group Environment Meetings, Board meeting of the Caribbean Climate Change Centre, Multi-lateral Financial Institutions Environment Working Group and the regional preparatory meetings for the “International Meeting for the 10-year Review of the Barbados Programme of Action, for the Small Island Developing States” slated for Mauritius in 2005.

Capital and Technical Assistance Projects by Country

Anguilla

In 2004, loan disbursements on projects under implementation were \$1.5 mn. At December 31, 2004, CDB had approved loans of \$22.1 mn and had disbursed \$21.6 mn. No new loans were approved in 2004 for Anguilla.

Antigua and Barbuda

In 2004, loan disbursements of \$5.1 mn were made for projects under implementation. At December 31, 2004, loans approved for Antigua and Barbuda totalled \$37.8 mn of which \$29.7 mn was disbursed. No new loans were approved in 2004.

Bahamas

In 2004, CDB approved a Grant for *Natural Disaster Emergency Relief, Hurricane Jeanne - \$100,000 – SDFU*.

Disbursements from loans for projects under implementation were \$3.5 mn in 2004. At December 31, 2004 loans approved for The Bahamas amounted to \$52.3 mn of which \$52.5 mn was disbursed. No new loans were approved in 2004.

Barbados

While there were no new loans approved in 2004, CDB provided grant funding for Technical Assistance to study *the Modernisation of the Regulatory Framework of the Financial Sector - \$80,000 – OSF*.

In 2004, disbursements totalled \$19.9 mn from loans. At December 31, 2004, loan approvals stood at \$224.7 mn, of which \$161.5 mn was disbursed. During the course of 2004, under the Urban Rehabilitation Project, the restoration of the old Town Hall Building and the Salt Pond Drainage Component in Speightstown were completed. Disbursement and the construction of the 350-room Hilton Hotel Project were also substantially completed.

Belize

New approvals in 2004 included a loan to Belize Electricity Ltd. for the *Fifth Power Project – \$9.2 mn - OCR*, for the purpose of assisting with the upgrade of the transmission, sub-transmission and distribution network.

The Orange Walk Bypass Road Project was completed in 2004. Good progress was made on the rehabilitation of 3 Polyclinics to serve Belize City and San Pedro under the Health Sector Reform Project which is being co-financed with IDB. Loan disbursements of approximately \$13.5 mn were recorded in 2004 for projects under implementation. At December 31, 2004, loans approved for Belize totalled \$192.8 mn, of which, \$150.1 mn was disbursed.

British Virgin Islands

At December 31, 2004 loans approved for the BVI totalled \$57.7 mn and \$54.9 mn of this amount was already disbursed. Loan disbursements for projects under implementation in 2004 were \$7.1 mn. During the year the Beef Island International Airport Project was completed. No new loans or grants were approved in 2004.

Cayman Islands

Loan disbursements for projects under implementation in 2004 were \$1.5 mn. At December 31, 2004, CDB had approved loans totalling \$51.9 mn and had disbursed \$45.3 mn. No new loans or grants were approved in 2004.

Dominica

In support of Dominica's structural and fiscal policy reform agenda, CDB approved a package of assistance for Dominica, *Provision of Exceptional Financial Assistance - a grant of \$6.4 mn - OSF*, and the reduction in interest rates and the extension of maturities on existing concessionary loans, up to approximately \$8.5 mn. At December 31, 2004, total loans approved stood at \$144.9 mn, of which an amount of \$130.5 mn was disbursed. For projects under implementation, loan disbursements were \$19.7 mn in 2004.

Grenada

In 2004, immediately following the passage of Hurricane Ivan, CDB approved grants for the *Natural Disaster Emergency Relief - \$100,000*; for use by CDERA in Grenada, and *Natural Disaster Management - Immediate Response, Consultancy - \$20,000*, for the certification of activities funded under the Immediate Response loan. In addition, loans were approved for *Natural Disaster Management, Hurricane Ivan Immediate Response - \$500,000 - SDF*; and a *Hurricane Reconstruction Support Loan - \$8.1 mn - SDFU*. Grant funding was also approved for *Feasibility of Manufacturing*

and Marketing Value-added Products from Nutmeg - \$150,000 - SDFU.

During 2004, \$9.5 mn was disbursed for projects under implementation and, at December 31, 2004, CDB had approved loans totalling \$132.5 mn, of which \$102.2 mn had been disbursed.

Guyana

In 2004, CDB approved a new loan of \$7.4 mn to Guyana for the *Reconstruction of Sea Defences-2nd Loan - \$3.8 mn - OCR; \$3.6 mn - SDFU*, along a section of the West Coast Berbice area. The loan will assist with the speedy reconstruction of the sea dyke and façade drain to prevent further salt water intrusion and the possibility of flooding in what is primarily an agricultural area. Loan disbursements for the year were \$19.5 mn. At December 31, 2004, CDB loan approvals were \$180.9 mn, of which \$134.4 mn was disbursed. Steady progress was made with the implementation of the 3rd Road Rehabilitation Project, which links the West Coast Demerara and the East and West Bank Demerara to the capital, Georgetown. By the end of 2004, the project was over 60% complete.

Jamaica

Loan approvals to Jamaica in 2004 consisted of loans of \$30.6 mn. These include, for the Development Bank of Jamaica, a *Fifth Industrial Line of Credit (\$25.0 mn OCR)* for final lending to entities that are engaged mainly in tourism-related or industrial activities which are net earners or savers of foreign exchange. In addition, a *Hurricane Reconstruction Support Loan - \$4.6 mn - SDFU*, was approved to assist Jamaica in meeting its financial obligations in the wake of damage caused by Hurricane Ivan. A Technical Assistance Loan was approved for *Project Preparation, Enhancement of UTEC - \$980,000 - OCR* for the purpose of financing consultancy services to undertake preparation activities including final designs and costings for

the proposed civil works and a review of the electrical supply and distribution network at UTech. In addition, Grant Assistance was approved for *Natural Disaster Emergency Relief following Hurricane Ivan – \$100,000 - SDFU*.

At December 31, 2004, CDB had approved loans totalling \$391.6 mn for Jamaica, of which \$386.4 mn was disbursed. Disbursements in 2004 for loans under implementation were approximately \$44.1 mn. The first construction contract for the National Irrigation Development Project was awarded for the installation of the Pedro Plains Pipeline, a major irrigation project in South Western Jamaica.

Montserrat

At December 31, 2004, CDB had approved and disbursed loans of \$10.4 mn. No new loans were approved in 2004 for Montserrat. Technical Assistance was provided for the Strengthening of Radio Montserrat and Government Information Unit in the form of a Grant for \$81,000.

St. Kitts and Nevis

During 2004, CDB approved two loans for capital projects for St. Kitts and Nevis. *Natural Disaster Management Rehabilitation - Hurricane Lenny Project (Additional Loan) \$3.7 mn – OCR*, to provide additional funding required by St. Kitts to undertake the restoration of economic infrastructure damaged by the passage of Hurricane Lenny; and *Child Development Project - St. Kitts - approximately \$2.6 mn – SDFU*, for a project which will introduce a system of assessment for all Grade 1 children to allow for early detection and remediation of those with learning deficits and behavioural difficulties. The project includes training for teachers and court officers, review of the foster care system, and construction of a rehabilitation centre. Grant resources were approved for *Preparation of a National Strategic Plan for Health and Development - \$59,000*.

Loan disbursements for 2004 were almost \$6.5 mn. At December 31, 2004,

CDB had approved loans of \$132.6 mn, of which approximately \$102 mn had been disbursed.

St. Lucia

In 2004, CDB approved a loan for a disaster risk-reduction project, *Flood Mitigation – Castries, Anse la Raye, approximately \$5.5 mn: \$3.7mn OCR; \$1.7 mn SFR (OSF- \$1.5 mn, SDFU \$0.2mn)* for drainage improvements in the capital, Castries and the village of Anse La Raye to mitigate flood risks. The capital works of this project will be complemented by a DMFC grant-funded component for a *Public Education and Awareness Programme – Flood Risk Reduction \$20,000*.

At December 31, 2004 CDB had approved loans for St. Lucia totalling approximately \$231.3 mn, of which \$184.5 mn was disbursed. During 2004, disbursements from loans approved were \$27.9 mn.

St. Vincent and the Grenadines

Loans were approved in 2004 for two projects. *Power Project – 3rd Loan, \$18.3 mn – OCR to St Vincent Electricity Services Ltd. (VINLEC) with a GOSVG Guarantee* to assist VINLEC with financing a the construction of a new power station at Lowmans Bay, including two diesel generators of approximately 4.2 megawatts each, a transmission and distribution system upgrade, environmental clean-up of the site and institutional strengthening. The second loan was approved for *Basic Education – 2nd Loan - \$17.6 mn: \$8.2 OCR; \$9.4 SFR* for the enhancement of the learning environment at four schools and qualitative improvements in basic education. The project provides for training of teachers, the upgrading of trainers, and the strengthening of skills in curriculum development and testing measurement. One Technical Assistance grant was approved for *Improvement of the System for Collection and Compilation of Tourism Statistics - \$150,000 – OSFIDB*.

At December, 31, 2004, CDB had

approved loans of \$136.7 mn of which approximately \$96.5 mn had been disbursed. Loan disbursements during 2004 were \$3.8 mn.

Trinidad and Tobago

During 2004, Technical Assistance Loans were approved for *Feasibility Study and Preparation of Final Designs of Buccoo Community Development \$506,000 - OCR*, and *the Institutional strengthening of the Tobago House of Assembly - \$600,000 - OCR*. In addition, Grants were approved for *Buccoo Integrated Community Development Project \$100,000 - OSFCTCF*.

At December 31, 2004, loans approved by CDB for Trinidad and Tobago totalled \$163.5 mn, of which \$155.7 mn had been disbursed. During 2004, CDB disbursed approximately \$36.4 mn from loans for projects under implementation.

Turks and Caicos

A Technical Assistance Loan was approved for *Revised Solid Waste Management Programme - \$372,000 - SDFU* to assist TCI to undertake feasibility studies and detailed designs for the development of a solid waste management project.

At December 31, 2004, CDB had approved loans of \$19.1 mn for Turks and Caicos Islands, of which \$17.7 had been disbursed. In 2004, loan disbursements were approximately \$2.3 mn.

Regional

In 2004, CDB approved 20 Regional Technical Assistance interventions, valued at approximately \$1.5 mn, utilising grant resources. In addition, equity resources were approved for the *Establishment of Caribbean Information and Credit Rating Agency Ltd. - \$160,000* from the OSF, Private Sector Fund.

At December 31, 2004, CDB had approved \$30.6 mn in loans, of which \$32.7 mn had been disbursed. During 2004, loan disbursements of \$0.64 mn were made.

Regional disbursements do not reflect

the disbursements from the CCJ Loan. These loans and disbursements are included in the data for the eleven countries which undertook to support the provision of the legal framework for the operation of the CSME.

Special Activities

Basic Needs Trust Fund (BNTF)

CDB launched the BNTF programme 25 years ago. The fifth Programme, which was approved in December 2001, has undergone major enhancements. These include the introduction of Poverty Reduction Action Plans to integrate BNTF interventions with each BMC's poverty reduction strategies; strengthening of administrative arrangements; introduction of tools to improve sub-project formulation, project management and implementation; full participation of beneficiaries throughout the project cycle; and thematic areas such as gender, social and environmental assessment, including disaster mitigation measures.

BNTF was further enhanced by Canada's contribution of Canadian \$38 mn in 2003.



One of the many projects under the BNTF.

BNTF 5 PROGRAMME STATUS

Project Launch Workshops were completed in each of the participating BMCs, plus a regional consultation on BNTF policies and procedures was held at CDB Headquarters and attended by Senior Government representatives and

the BNTF Project Managers.

The pace of Programme implementation improved in 2004 as BMCs became more familiar with the procedures involved in sub-project preparation that include beneficiary community participation. CDB staff continue to provide assistance to BMCs in such areas as the completion of community needs assessments, other impact assessments, the integration of maintenance training into sub-project activities, and the formulation of tripartite agreements amongst key project stakeholders.

In 2004, 153 sub-projects were approved for grant (CDB/CIDA) contributions of \$8.40 mn, including Technical Consultancy services.

Disbursement during 2004 were \$1.14mn for country projects, including expenditure for technical services provided by consultants and regional coordination. In addition, a final amount of \$287,931 was also disbursed under BNTF 4, which was completed in 2003.

Funding by Sector

BMCs have prioritised sub-project

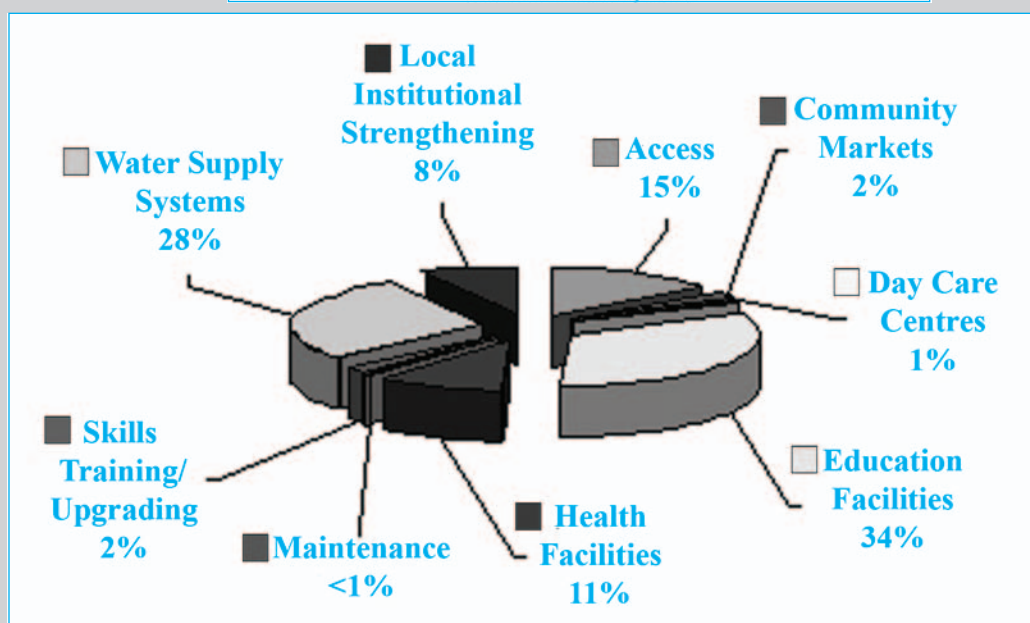
requests in keeping with the planned allocation of funding by sector, as determined by individual Poverty Reduction Action Plans. Generally, CDB has noted early high demand for education and water supply sub-projects. Table II.2 and Figure II.1 show the total estimated cost of approved sub-projects (both grant & local counterpart combined).

Table II.2
Estimated Cost of Approved Sub-projects by Sector/Sub-sector as at December 31, 2004 (\$'000)

Sector/Sub-Sector	Total
Access	2,039
Community Markets	256
Day Care Centres	96
Education Facilities	4,658
Health Facilities	1,505
Maintenance	64
Skills Training/Upgrading	201
Water Supply Systems	3,946
Total Commitment to date	11,882

Table represents 100% Contribution (CDB/CIDA and Local Government) to the Programme

Figure II.1
DISTRIBUTION OF ESTIMATED COST OF APPROVED SUB-PROJECTS BY SECTOR/SUB-SECTOR AS AT DECEMBER 31, 2004



Caribbean Technological Consultancy Services (CTCS)

The CTCS was established in 1982 to assist small and medium sized enterprises to solve production problems through the sharing of technical expertise available within the Caribbean region.

During 2004 the CTCS contributed significantly to the achievement of CDB's objectives poverty reduction, gender equity and economic sustainability. This has been achieved through the successful implementation of 45 training workshops and 63 short-term TA interventions to over six hundred micro and small entrepreneurs (at least 443 females and 206 males), as a result of which their opportunities for earning a livelihood were improved. Skills were acquired and honed in such technical disciplines as outlined in Table II.2.

Table II.2: TECHNICAL SKILLS ACQUIRED

Skill	Number of Individuals Trained
Pottery	22
Bamboo Craft	5
Basketry	112
Moulding of Balata 1/	24
Cake Decorating	64
Creation of Gift Baskets	30
Balloon Arrangements	64
Agro-Processing	70
Garment Production	50
Management Techniques for Entrepreneurs	127
Farming Activities	62

1/ Balata is a unique latex from the rare "bulletwood" tree in Guyana. This training was initiated in 2003.

Among beneficiaries, farmers were coached in how to improve the returns from their labour through weed identification and control, operating their farms as businesses, proper post-harvest handling of fresh produce, farming by organic methods, and the development of value-added products for little extra cost and greater gain. Sixty two farmers benefited from this exposure.

The tourism industry has also benefited from the services of the CTCS through the

training of regional personnel in the sector in management principles, customer service, housekeeping, dining room and restaurant service and the development of menus comprised of and enhancing the use of local foods and fruits.

Mindful of the need for its BMCs to compete in the liberalized global trade environment and to protect local consumers, CTCS facilitated the cross fertilization of knowledge and expertise among the various national Standards organizations, with the more experienced training the less experienced staff of the younger institutions. This resulted in enhanced capability in such responsibilities as techniques for records management, metrology and calibration of equipment for international certification and accreditation.

During the year, the CTCS continued to monitor the operations of the national Cooperating Institutions and assisting in improving their governance capability and the enrolment of local professionals as Resource persons (Consultants) to SMEs.

The CTCS has operated in a responsive and collaborative manner with the CIs of the BMCs, utilizing \$625,981 of its allocation and recouping \$66,402 of this through the sale of publications and the collection of fees for in-field TA interventions and workshops. The net result of the year's activities has been the upgrading of skills, increased productivity and a greater contribution of the small business sector to the economic development of BMCs.

Disaster Mitigation Facility for the Caribbean (DMFC)

The DMFC seeks to promote sustainable development through the reduction of natural hazard (NH) risk and losses. This is being achieved through strengthening of CDB's institutional capacity for disaster risk management and support to BMCs for the development and adoption of hazard mitigation policies and practices.

During 2004, CDB made good progress in its efforts to mainstream disaster risk reduction into development projects in BMCs. In an attempt to ensure that natural hazard risk is appropriately addressed during the project cycle, the DMFC developed guidelines for natural hazard impact assessment (NHIA) and their integration into environmental impact assessment (EIA). Two documents were produced:

- (1) **A Guide on the Integration of Natural Hazards into the EIA Process.** This is a CDB-specific document in the form of an “annotated” version of CDB’s Environmental Review Guidelines, with natural hazard risk considerations included.
- (2) **A Sourcebook on the Integration of Natural Hazards into the EIA Process.** The Sourcebook, developed in collaboration with CARICOM’s Adapting to Climate Change in the Caribbean Project, targets EIA practitioners and reviewers at the national and regional levels. It is a compilation of current and appropriate mechanisms for assessing within EIA, the potential interaction between a proposed project and natural hazards and presents a generic approach to the NHIA-EIA process which can be adapted to existing EIA processes at the national and regional levels.

The Guide and Sourcebook will be used as the basis for integrating natural hazard risk considerations into CDB’s Environmental Review Guidelines, scheduled for 2005. A regional workshop on integrating natural hazards into EIA was held in February and was attended by 37 EIA practitioners and administrators, climate change specialists and disaster management specialists, from 15 BMCs. A sensitisation session on the NHIA-EIA procedure was also conducted for CDB

staff in December.

The process to integrate disaster mitigation into CDB’s BNTF 5 Programme was initiated in 2004. Presentations on integrating disaster mitigation into BNTF subprojects were conducted during BNTF 5 project launches in 10 BMCs from January to June. In addition, the DMFC and BNTF Programmes are collaborating with the International Federation of the Red Cross to implement a pilot project in community-based disaster risk management in six communities targeted by the BNTF.

The DMFC assists BMCs to strengthen their capacity for hazard mitigation through the development of functional disaster risk reduction policies and practices. Under a collaboration in hazard mitigation planning established with CDERA, national hazard mitigation policies were completed for Belize, Grenada and St. Lucia. A draft hazard mitigation policy was also completed for Jamaica. In addition, good progress was made towards implementation of Phase 1 of the project to develop national hazard mitigation plans in Belize, Grenada and St. Lucia. Two national training workshops - in hazard mitigation planning, and in hazard mapping and vulnerability assessment/prioritization - were conducted in each of the three BMCs, as well as a regional workshop on the development of national digital hazard databases which targeted geographic information systems technicians in physical planning and land information departments. A national common digital database for hazard mapping and vulnerability assessment as well as legislative reviews and capability assessments for hazard mitigation are also under implementation. These outputs will inform the preparation of national and high resolution hazard maps during 2005.

Following the devastation caused by Hurricane Ivan in Grenada, the DMFC in collaboration with the UNDP, provided technical assistance to the Government

of Grenada to develop a national policy and operational framework for mainstreaming disaster risk reduction into the reconstruction process. This was completed in December. A complementary training programme for managerial and technical staff in the Agency for Reconstruction and Development and line ministries on incorporating disaster risk management into development projects is scheduled for 2005.

A draft of a volcanic hazard atlas of the Lesser Antilles was completed, while technical assistance was provided for the institutional strengthening of CDERA and the development and delivery of an introductory course in natural hazard risk reduction, being implemented in collaboration with the USAID Office of Foreign Disaster Assistance.

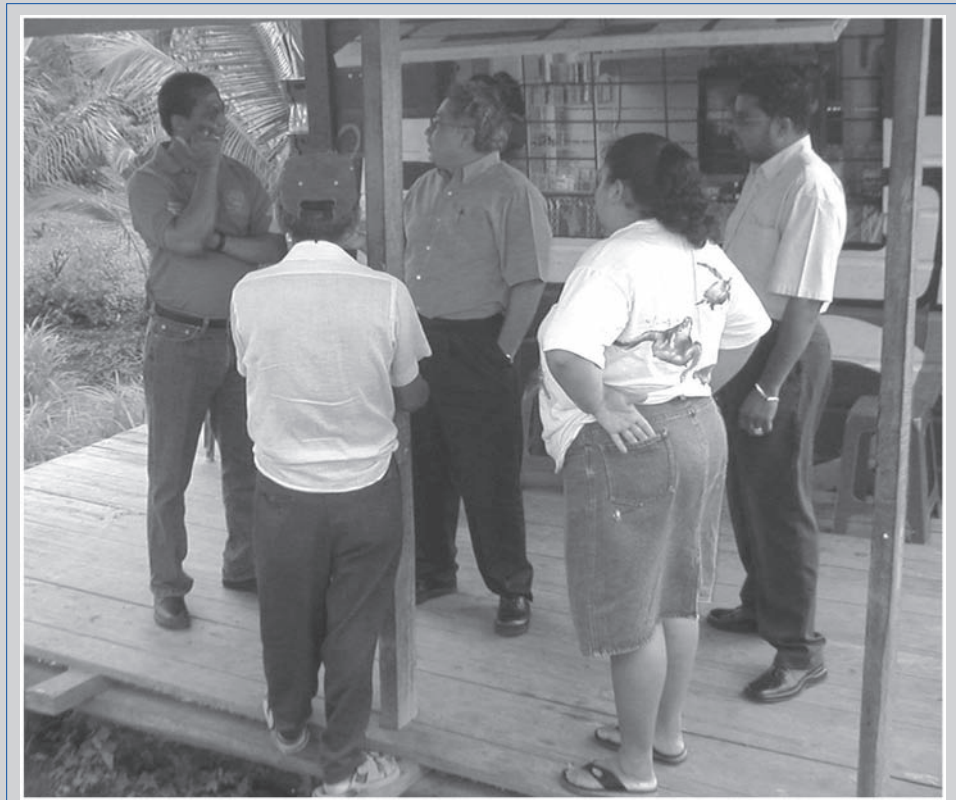
The DMFC co-hosted a Regional Con-

sultation on a Regional Building Code, in association with CARICOM's Caribbean Regional Organisation for Standards and Quality; the Fourth Vulnerability Assessment Forum, in association with the Organisation of American States and the National Oceanic and Atmospheric Administration; and a Special Conference on the 2004 Hurricane Season: Implications for Structural Engineering Practice in the Caribbean, in association with the Caribbean Division of the Institution of Structural Engineers.

CDB and USAID also hosted two meetings of the DMFC Technical Advisory Committee. In addition, the DMFC participated in a preparatory meeting on the "Role of International Financial Institutions in Disaster Risk Reduction" for the World Conference on Disaster Risk Reduction held in January 2005.



A CDB delegation met with senior officials of the Department of Finance during a visit to Ireland.



President Dr. Compton Bourne toured several CDB-financed projects during an official visit to Belize.

Part III

Organisation and Administration

Cooperation with Governments and Other Organisations

Efforts aimed at fostering broader levels of cooperation continued, with high level visits to a number of European capitals by the President and Senior Management of the Bank. Discussions focused on efficiency-driven organizational changes within the Bank, replenishment of the SDF and expanding the membership base of the Bank as well as on advancing other forms of collaboration in areas of strategic importance to the Bank.

The President and senior officials of the Bank also paid official visits to several member countries where they took the opportunity to discuss some of the urgent development challenges facing BMCs and to share some of the initiatives being undertaken by the Bank to improve its responsiveness to clients and shareholders. Visits were paid to a number of CDB-financed projects and to several small enterprises which have benefited from CTCS assistance.

Staff also participated in a number of initiatives sponsored by partner institutions with a view to broadening the Bank's engagement in the discussion of issues pertaining to the international development agenda. Among some of the meetings attended were: the High-level forum on Harmonisation; Harmonisation of Budgeting and Planning Procedures for MDBs and Replenishment Meeting of the African Fund. Technical support was also received from the IDB in on-going work aimed at developing a Credit Risk Management Model as part of a wider capital adequacy framework.

Board of Governors

On May 12 and 13, the Thirty-Fourth Annual Meeting of the Board of

Governors was held in Tobago. In his Annual Statement to the Governors, the CDB President spoke on the topic **"Perspectives on Economic Governance in the Caribbean"**. He noted that there were unmistakable signs of recovery in the Bank's BMCs, but stated that the economic recovery remained fragile because of the uncertainty prevailing in international trade and finance. The President called for a new fiscal architecture capable of providing fiscal sustainability to be put in place, together with effective systems for public expenditure management. The acting President of the Republic of Trinidad and Tobago also gave an address during the opening ceremony.

Members of the Board of Governors participated in a discussion session on the topic **"Agriculture and Rural Development"** on May 11. The critical importance of agriculture and rural development to the societies and economies of the region was emphasized. It was concluded that the current crisis in agricultural production and the consequent decline in rural livelihoods are directly attributable to the abandonment of preferential trading arrangements: globalization and trade liberalization; changing consumer demands for food; growing health, safety and environmental concerns and technological development.

The Governor for Guyana was elected Chairman, and the Governors for Germany and Mexico were elected Vice-Chairmen for the period up to and including the Thirty-Fifth Annual Meeting, which is to be hosted in 2005 by the Government of Guyana.

Resolutions passed by the Board of Governors during 2004 are found at Appendix III.

Board of Directors

The Board of Directors held five scheduled meetings during 2004, and approved ten new project loans for eight countries totalling \$113.3 mn, as well as 50 TA grants and one equity investment totalling \$10.3 mn. The projects for which

the loan financing was approved range from hurricane reconstruction, flood mitigation and sea defences; solid waste management and power generation; to basic education and child development initiatives.

During the period under review, approval was granted by the Board for a Poverty Reduction Strategy and a Human Resource Development Policy to guide CDB's operations in these areas. In addition, the Board met twice as a Budget Committee to consider and approve the operational and planning framework for the administrative and capital budgets for 2005.

Members of the Board participated in three strategic planning retreats with the Management of CDB to discuss the future strategic direction of the Bank for the next five-year period.

At its May meeting, the Board approved an increase in the interest rate on loans from CDB's Ordinary Capital Resources (OCR) from 5.50% to 5.75% per annum with effect from January 1, 2005. This rate is applicable to all loans approved after April 1, 1984 to the public sector and private sector financial intermediaries. It also applies to loans made directly to the private sector after April 1, 1984, but before March 15, 1991. Loans approved directly to the private sector after March 15, 1991 will attract an interest rate of 7.75%. These new rates will be in effect for a period of six months, after which they will be reviewed.

The Change Management Task Force of the Board, under the chairmanship of the Director for Trinidad and Tobago, met on one occasion to review progress made in the Change Management Programme. The Chairman subsequently reported to the Board of Directors on developments in this regard.

Audit and Post-Evaluation Committee

The Audit and Post-Evaluation Committee (APEC) is made up of four members of the Board of Directors who

are appointed for a term of two years. The Committee is advisory in nature and its main function is to assist the Board in discharging its oversight responsibility for the financial reporting process, the system of internal control, the internal and external audit functions and the project evaluation process.

During 2004, membership was as follows:

Term: 2003-2005

- (a) the representative from the more developed BMCs - the Director for Trinidad and Tobago; and
- (b) the representative from the regional non-borrowing Members - the Director for Colombia.

Term: 2004-2006

- (a) the representative from the non-regional, non-borrowing Members - the Director for China; and
- (b) the representative from the lesser developed BMCs - the Director for St. Kitts and Nevis.

The Committee met twice during 2004. During these meetings, members reviewed the 2003 audited Financial Statements and the 2004 Audit Plan which were presented by the external auditors, PricewaterhouseCoopers, as well as reports prepared by the Internal Audit Unit and the Evaluation and Oversight Division, of the President's Office. The Committee also recommended, and the Board approved, modifications to the procedures for selection of external auditors, and provided guidance and oversight of the selection process in accordance with the modified procedures.

Evaluation and Oversight

The Evaluation and Oversight (EOV) Division of CDB is charged with the responsibility of enhancing the efficiency and effectiveness of the Bank's operation. In 2004, as the Bank's focus on results-based management (RBM) was consolidated, the link between evaluation,

oversight, and RBM has resulted in increased emphasis being placed on assessing the development effectiveness of the Bank's operations, internally and externally, and promoting institutional learning. Evaluation and oversight is thus an essential part of the process of moving the Bank toward a results-based and knowledge management operational style.

In 2004, EOY implemented a harmonised approach for the evaluation of the performance of Bank activities with training sessions held to sensitise all the staff to best practices in monitoring and evaluation using harmonised project performance evaluation criteria. Harmonisation of evaluation among MDBs is intended to facilitate a common understanding of criteria, results and lessons.

During the year in review, EOY completed an Annual Review of the Performance of the Project/Loan Portfolio Under Implementation for the Year Ended December 31; a Mid-term Evaluation of the Change Management Programme (CMP) at CDB and an Ex-Post Evaluation of Road Construction (Hummingbird Highway) – Belize.

Information and Technology Management Services

Infrastructure Maintenance and Network Enhancements

Ongoing maintenance continued in 2004 to improve responsiveness of the Bank's ICT systems as well as to meet growing security challenges, especially those posed as a result of internet connectivity. Many of the benefits associated with the move to the Windows PC environment were realized in 2004. Users experienced a more responsive environment, as well as increased compatibility when communicating with the Bank's business partners, which has resulted in increased efficiencies in

the use of the ICT infrastructure and has assisted the Bank in meeting its corporate priorities. The enhancement of anti-spam solutions realized reductions of up to 95% in unwanted e-mail, and upgrades for software and hardware continued for many of the Bank's critical applications as well as its servers and network components.

The availability and integrity of the Bank's ICT systems remain vital to CDB meeting its corporate priorities and thus the increasing threats from viruses, hackers and other sources of security breaches have made it necessary for greater vigilance, skills and use of technology to proactively respond to these threats. Ongoing reviews and enhancements to the Bank's protection mechanisms were sustained in 2004.

Business Process Review, Application Development and Enhancements

Several system development and enhancement projects were undertaken during the year, in accordance with the Bank's RBM objectives and its corporate priorities outlined in its Strategic Plan 2000-2004.

The applications development aspect of the work programme focused mainly on using leading-edge technologies to improve user access to information and report-generation, in order to help them make decisions more effectively, to collaborate and to communicate.

Forexample, intra and inter-departmental collaboration was enhanced with the development and deployment of two Intranet applications, while improvements in the area of information access and report generation were achieved with the redesign and enhancement of the Loans, Contributions, Borrowings and Subscriptions modules of the Financial Information Management System and the enhancement of the BNTF-Management Information Systems project.

Other enhancements to various

systems have upgraded the information management process through the development of internal, centralised data repositories which have improved the efficiency of the claims process and the project management cycle; have strengthened the users capability for ad-hoc reporting; and have also simplified the sharing of information within and outside the Bank and improved our response times to external requests from BMCs.

Human Resources Management

HRU Reorganisation

In 2004, the Bank continued its programme of internal reform focusing on the Human Resources Unit. The approved reorganisation of the Unit is based on recommendations emanating from the 2002-3 “Review of Organisation and Business Processes of the Corporate Services Area” and seeks to shift the Human Resources and Administration Division to a more strategic mode of operation in support of the Bank’s future vision. The new organisational structure is team-based and emphasises more proactive partnering with Bank staff in the resolution of human resources issues of major significance to the Bank’s strategic direction. To support this change, the HR technologies and core processes are being enhanced to facilitate more efficient handling of personnel transactions. The net result is expected to be a faster turnaround on human resources matters in the Bank’s operations and more effective human capital management at the corporate level.

Change Management Programme

Implementation of the Change Management Plan derived from the organisational reviews and change programme in 2002-2003 proceeded apace during 2004. Assessments by

the independent consultants and the internal Change Management Team (CMT) concurred on the wholesale incorporation of agreed change objectives into operational plans and substantial progress in achieving set targets, particularly with respect to structural and process changes. The Bank registered some progress on longer-term behavioural shifts such as improved communication flows and building trust among management and staff during the period under review.

Compensation and Job Classification

Preparatory to a review of the salary grade structure and an audit of the classification of all Bank jobs, a new methodology was developed to facilitate classification decisions and the slotting of jobs within the grade structure. In accordance with the Bank’s compensation policy, a regional survey of comparator organisations in the Bahamas, Barbados, Jamaica and Trinidad & Tobago was conducted to determine the competitiveness of staff compensation.

Training

In support of the new performance management system, Continuous Performance Improvement (CPI) was introduced in 2004. A series of skills training sessions were conducted to equip all staff and reporting officers with the capability to report on their performance contributions and to meet the system requirements. Key areas covered in the sessions were coaching and conflict resolution.

Other on-site training interventions included the application of international financial reporting standards, creating an enabling environment for small and medium sized enterprise development, leadership skills and conversational French. Individual staff members also benefited from training courses overseas in Advanced Pensions for the 21st Century, Capital Markets Development

and Regulation, Development Evaluation, Company Secretaries and Corporate Legal Advisor's Courses and General Management.

In the field of IT, substantial time and resources were committed to the training of Bank staff to increase their productivity. The skills of the technical staff were enhanced through training in web-based system development techniques, security, and corporate reporting software tools, advanced business process mapping, and advanced system development techniques. Several classroom and one-on-one ICT orientation and application training sessions were organised and delivered for staff. These were all part of I&TMSD's ongoing efforts to upgrade the user community's application and ICT skills to leverage the technology, thereby ensuring greater efficiency in their daily work functions as CDB moves towards providing wider information access through the use of Web-Portal technologies.

Staff

The Bank recruited 14 new employees during 2004.

The following table represents the total CDB staff positions as at December 31, 2004.

Table III.1
CDB Staff Positions

	Established Positions	Budgeted Staff in Place	OCR Consultants	Provided to CDB	Provided by CDB to Member Countries	Total in Place
MPS	101	87	12	5	2	106
SS	99	98	0	2	0	100
Total	200	185	12	7	2	206

Nine staff positions were provided to CDB under technical assistance during the course of the year. By year end, two consultants assignments were concluded leaving two positions funded by USAID,

four by CIDA and one under funding approved for CFD.

Information

The Bank executed a programme of activities during the year to keep its various publics informed of current and planned developments within the organisation.

As part of this programme, a number of news releases were disseminated, four issues of the quarterly CDB News newsletter were published and a news conference held at the start of 2004 to provide information on the performance of the Bank and of its BMCs during the previous year. The Bank also placed advertising and editorial material in select publications which are distributed internationally, and its senior management participated in a round-table sponsored by a leading investor magazine, as a means of show-casing CDB's work to the international community.

On-going collaboration with the media was enhanced through television and print media coverage of the Thirty-Fourth Annual Board of Governors Meeting in Tobago.

Bank staff participated in a meeting in Barbados of CARICOM Information Officers organised by the CARICOM

Secretariat as well as the International Conference of the Public Relations Society of America.

A draft Information Policy was substantially completed and it is expected

that the revised document which will address, *inter alia*, issues such as the dissemination of information, security of data and right of access, will be finalised in 2005.

Work commenced on a phased pro-

gramme for giving even greater prominence to the work of the Bank, both within and outside of the Region. A consultancy towards achieving this objective is in progress and is expected to be completed in 2005.

Part IV

Finance

Overall Bank Performance

During the year the Bank achieved a triple A rating from Standard and Poor's adding to one previously received from Moody's Investors Services. This second rating will enhance the liquidity of the Bank's financial instruments and its ability to raise funding at more attractive rates on the international capital markets.

The Bank's approved loans for the year totalling \$113.3 million, compared with \$192.4 million the previous year. In its technical assistance operations, the Bank approved \$10.3 million, an increase by 100 percent over the 2003 total of \$5.1 million. Disbursements under CDB's loan and TA operations in 2004 totaled \$231.4 million, an increase of 90 percent over the previous year, and a record for the institution. For the seventh consecutive year, there was a net transfer of resources to its BMCs amounting to \$122.3 mn (\$32.2 mn in 2003).

Approvals, Disbursements and Repayments

Gross approvals of loans, equity investments and grants in 2004 totalled \$123.6 mn (2003 - \$197.6 mn). Gross loan approvals in 2004 amounted to \$113.3 mn for 16 projects, compared with \$192.4 mn in 2003 for 23 projects. Grants totalling \$10.1 mn were approved for 50 projects in 2004 compared with \$5.0 mn for 56 projects in 2003. Cancellations of loans and grants were \$20.2 mn (2003 - 8.3 mn). Net approvals of loans and grants amounted to \$103.4 mn in 2004, a decrease of 45.4% from the comparative amount of \$189.2 in 2003. Gross approvals in 2003 were significantly influenced by the approval of loans amounting to \$100 mn for the Caribbean Court of Justice.

Total disbursements for 2004 were \$231.4 mn (2003 - \$122.6 mn) with OCR-funded projects accounting for \$170.9 mn (2003 - \$79.7 mn) and SFR-funded projects for 2004 was \$60.5 mn (2003 \$42.9 mn).

Table IV.1 details the levels of approvals and disbursements on loans, equity investments and grants during 2004 and 2003.

TABLE IV.1
APPROVALS AND DISBURSEMENTS ON LOANS AND GRANTS
DURING 2004 AND 2003
(\$'000)

Source of Funds	Gross Approvals		Disbursements	
	2004	2003	2004	2003
Ordinary Capital Resources	73,980	149,404	170,949	79,690
OCR				
Loans	73,980	149,404	170,949	79,690
Special Funds Resources	49,664	48,146	60,480	42,909
SDF	26,597	32,475	41,677	36,206
Loans	24,413	29,904	38,637	33,284
Grants	2,184	2,571	3,040	2,922
OSF	23,067	15,671	18,803	6,703
Loans	14,950	13,118	12,585	3,572
Grants	7,957	2,453	6,218	2,957
Equity	160	100	-	174
Total Financing	123,644	197,550	231,429	122,599

Cumulative Net Approvals

Cumulative net approvals (loans, contingent loans, equity and grants) as at December 31, 2004 were \$2,451.6 mn. Of this amount, \$1,394.5 mn, or 56.9%, went to the LDCs (\$1,316.0 mn, or 56%, in 2003).

As at 31 December 2004 net cumulative loan and equity approvals (Table IV.2 refers) to date totalled \$2,261.7 mn, of which \$1,232.7 mn, or 54.5%, went to the LDCs.

Ordinary Operations accounted for 51.3% of the funding (2003 – 48.2%) with the SFR share of funding decreasing to 48.7% in 2003 from 51.8% in 2003.

The distribution of cumulative disbursements between MDCs and LDCs is provided at Table IV.4. At the end of 2004, total disbursements to MDCs increased 17.4% to \$861.5 mn from \$733.8 mn in 2003.

Cumulative disbursements to LDCs increased 10.4% to \$1,101.4 mn from

TABLE IV.2
CUMULATIVE NET APPROVALS OF LOANS AND EQUITY
(\$'000)

Year	Total Approvals 1970-2004			Approvals from Special Funds Resources between MDC's and LDC's 1970-2004		
	MDC's	LDC's	Total	MDC's	LDC's	Total
1970-74	21,840	40,407	62,247	1,100	33,875	34,975
1975-79	104,265	90,418	194,683	46,362	82,845	129,207
1980-84	97,689	127,431	225,120	36,168	103,674	139,842
1985-89	100,495	146,261	246,756	36,811	118,312	155,123
1990-94	208,131	185,338	393,469	87,275	95,942	183,217
1995-99	184,213	302,877	487,090	13,407	94,660	108,067
2000	90,791	89,483	180,274	8,505	41,710	50,215
2001	21,342	63,006	84,348	8,148	27,222	35,370
2002	50,216	58,926	109,142	12,831	17,569	30,400
2003	125,777	59,003	184,780	24,582	15,567	40,149
2004	24,326	69,469	93,795	8,158	27,669	35,827
Total 1970-2004	1,029,085	1,232,619	2,261,704	283,347	659,045	942,392
% Distribution	45.5	54.5	100	30.1	69.9	100

As at December 31, 2004, total loans and equity approved to LDCs amounted to \$1,232.6 mn of which 53.5% were funded from CDB's Special Fund Resources, compared with 54.3% at December 31, 2003. The cumulative value of grants approved as at December 31, 2004 was \$207.8 mn, of which \$162.6 mn, or 78.3% was to the LDCs.

Cumulative Loan and Grant Disbursements

Cumulative disbursements, including grants (Table IV.3 refers), increased by 13.4% in 2004 to \$1,962.9 mn, from \$1,731.5 mn in 2003.

The comparative analysis of cumulative disbursements shows that CDB's

\$997.7 mn in 2003. At December 31, 2004, the LDCs' share of cumulative disbursements was 56.1% (2003 – 57.6%).

The MDCs accounted for 57% and the LDCs for the remaining 43% of disbursements from CDB's Ordinary Operations. However, the LDCs received 70% of disbursements from CDB's Special Operations, while the MDCs received 30%.

Consistent with the Bank's charter, LDC's continued to receive the greater share of concessionary resources - 70% (71% in 2003) - while under the Ordinary Operations the MDC's received 57% of available resources.

TABLE IV.3
CUMULATIVE LOAN AND GRANT DISBURSEMENTS 1970-2004
(\$'000)

Source of Funds	1970-79	1980-89	1990-99	1970-04	2003	2004
Ordinary Operations	40,197	159,026	360,391	1,006,045	79,690	170,949
OCR	30,972	151,557	360,391	996,602	79,690	170,949
VTF	9,225	7,469	-	9,443	-	-
Special Operations	88,864	317,850	315,986	956,879	42,909	60,480
SDF	55,958	139,079	253,873	635,471	36,206	41,677
OSF	32,906	178,771	62,113	321,408	6,703	18,803
Total	129,061	476,876	676,377	1,962,924	122,599	231,429

TABLE IV.4
CUMULATIVE LOAN AND GRANT DISBURSEMENTS
TO MDC's AND LDC's 1970-2004
(\$'000)

Source of Funds	Total		MDC's		LDC's	
Ordinary Operations	1,006,045	100.0%	577,058	57.4%	428,987	42.6%
OCR	996,602		569,299		427,303	
VTF	9,443		7,759		1,684	
Special Operations	956,879	100.0%	284,469	29.7%	672,410	70.3%
SDF	635,502		176,961		458,541	
OSF	321,377		107,508		213,869	
Total	1,962,924	100.0%	861,527	43.9%	1,101,397	56.1%

Loan Disbursements

Cumulative loan disbursements totalled \$1,783.8 mn at the end of 2004 (Table IV.5 refers). The ratio of cumulative loan disbursements to cumulative loan approvals was \$77.1% at the end of 2004 (2003 -72.3%).

Grant Disbursements

During 2004, CDB disbursed \$9.3 mn in respect of grant-funded operations (2003 - \$5.9 mn). Cumulative grant disbursements of \$172.3 mn (2003 - \$163.0 mn) accounted for 8.8% of cumulative disbursements in 2004 (2003

TABLE IV.5
CUMULATIVE LOAN APPROVALS AND DISBURSEMENTS 1970-2004
(\$'000)

Year	Cumulative Approvals	Cumulative Disbursements	% Disbursements to Approvals
1970-74	62,247	6,365	10.2
1970-79	256,930	128,175	49.9
1970-84	482,050	296,644	61.5
1970-89	728,806	533,979	73.3
1970-94	1,122,275	791,578	70.5
1970-99	1,609,365	1,132,800	70.4
2000	1,788,745	1,226,995	68.6
2001	1,870,293	1,330,785	71.2
2002	1,976,435	1,445,053	73.1
2003	2,161,115	1,561,599	72.3
2004	2,254,750	1,783,770	79.1

- 9.4%).

Cumulative Loan Repayments

At December 31, 2004, principal repayments on loans since the inception of the Bank amounted to \$738.8 mn (2003 - \$662.1 mn) (Table IV.6 refers).

and Analysis—Special Funds Resources (SFR), and Other Special Funds (OSF). CDB’s ability to intermediate funds from international capital markets for lending to its borrowing member countries is an important element in achieving its development goals. The Charter requires

TABLE IV.6
CUMULATIVE CAPITAL REPAYMENTS
ON LOANS
(\$’000)

Source of Funds	Cumulative Loan Repayments to December 2003	Translation Adjustments	Repayments in 2004	Cumulative Loan Repayments to December 2004
OCR	308,373	4,726	47,669	360,768
VTF	9,267	-	-	9,267
SFR	344,437	2,927	21,361	368,725
Total	662,077	7,653	69,030	738,760

OCR principal repayments during the year amounted to \$47.7 mn, while total OCR repayments since inception were \$360.8 mn, after taking into account exchange rates fluctuations. Total SFR principal repayments, after exchange rates fluctuations, were \$368.7 mn in 2004 (2003 - \$344.4 mn).

that each funding resource be kept separate from the other. CDB is rated triple-A by Moody’s Investor Services and Standard and Poor’s.

Resource Transfers

The net transfer of resources (defined as disbursements less repayments of principal, interest and charges) to its BMCs in 2004 was \$122.3 mn (\$32.2 mn in 2003). This was the seventh consecutive year that there was a positive transfer of resources to the Bank’s BMCs

Ordinary Capital Resources

OCR resources come from several sources: international capital markets in the form of borrowings; borrowings from international institutions; paid-in capital provided by member countries; and accumulated retained earnings (reserves), which provide a buffer for risk arising from operations.

CDB’s objective is not to maximize profit, but to earn adequate net income to ensure its financial strength and to sustain its development activities.

OVERVIEW

CDB’s main goals are promoting sustainable economic development and reducing poverty. In pursuing its objectives, CDB provides loans, and related technical assistance grant for projects and programs in its borrowing member countries (BMCs), which are met through various funding resources. Such funding resources include CDB’s Ordinary Capital Resources (OCR)—which are the main topic of this Management’s Discussion

Financial Policies

The financial strength of CDB is based on the support it receives from its shareholders and on its array of financial policies and practices. Shareholder support for CDB is reflected in the capital backing it has received from its members and in the record of its borrowing members in meeting their debt-service obligations to it. CDB’s financial policies and practices have enabled it to build reserves, to

diversify its funding sources, to hold a large portfolio of liquid investments, and to limit a variety of risks, including credit, market and liquidity risks.

CDB's principal assets are its loans to borrowing member countries. To raise funds, CDB issues debt securities in a variety of currencies to both institutional and retail investors. These borrowings, together with CDB's equity and lines of credit from other multilateral institutions, are used to fund its lending and investment activities, as well as general operations.

CDB holds its assets and liabilities primarily in U.S. dollars. It mitigates its exposure to exchange rate risks by matching the currencies of its liabilities and equity with those of its assets. However, the reported levels of its assets, liabilities, income and expenses in the financial statements are affected by exchange rate movements of major currencies compared with CDB's reporting currency, the U.S. dollar. Since CDB matches the currencies of its equity and liabilities with those of its loans, the fluctuations captured in the cumulative translation adjustment for purposes of financial statement reporting do not significantly impact CDB's risk-bearing capacity.

Financial Results For 2004

Net income during 2004 was \$19.5 mn or \$2.4 mn lower than for 2003. CDB's return on usable capital before the effects of IAS 39 was 1.63%, a decrease from 3.57% in the previous year.

In the context of CDB's operating environment, it is management's practice to recommend each year the allocation of net income to augment reserves, and to support developmental activities. On May 10, 2004, the CDB's Board of Governors approved the allocation of the net income of \$21.941 million from the Ordinary Operations of the Bank for the year ended December 31, 2003 to the Ordinary Reserves of the Bank.

Management Reporting

CDB's funding operations are designed

to meet a major organizational objective of providing lower cost funds to borrowing members. Because of the extent of CDB's long-dated funding, the reported volatility under IAS 39 may be more pronounced than for many other financial institutions. The effects of applying IAS 39 may significantly affect reported results in each accounting period, depending on changes in market rates.

FUNDING RESOURCES

Capital

Shareholder support for CDB is reflected in the capital backing it has received from its members. At December 31, 2004, the subscribed capital of CDB was \$705 million, of which, \$155.7 million had been paid in and \$549.3 million was callable.

Equity

Total shareholders' equity, as reported in the balance sheet at December 31, 2004, was \$447 million compared with \$426 million at December 31, 2003. The increase from 2003 primarily reflects the increase in retained earnings.

CDB's equity base plays a critical role in securing its financial objectives. By enabling CDB to absorb risk out of its own resources, its equity base protects shareholders from a possible call on callable capital. The adequacy of CDB's equity capital is judged, on its ability to generate future net income sufficient to absorb potential risks and support normal loan growth, without reliance on additional shareholder capital.

Borrowings

CDB diversifies its sources of funding by following a strategy of cost-effective public and private placements of bonds. Funding raised in any given year is used for CDB's general operations, including loan disbursements, and refinancing of maturing debt. OCR borrowings at December 31, 2004 amounted to \$465 mn compared with \$317 mn in the previous year. The increase in funding in FY 2004 was primarily attributable

to increased borrowings. All proceeds from new funding are initially invested in the liquid asset portfolio until they are required for CDB's operations. In 2004, long-term debt raised directly in financial markets by CDB amounted to \$150 mn, compared with borrowing activity during 2003 amounting to \$60 mn.

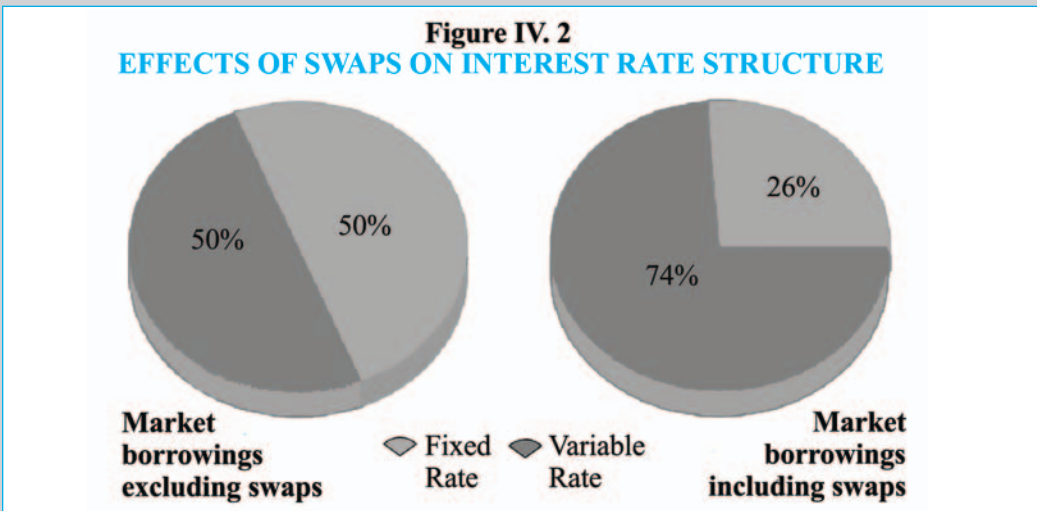
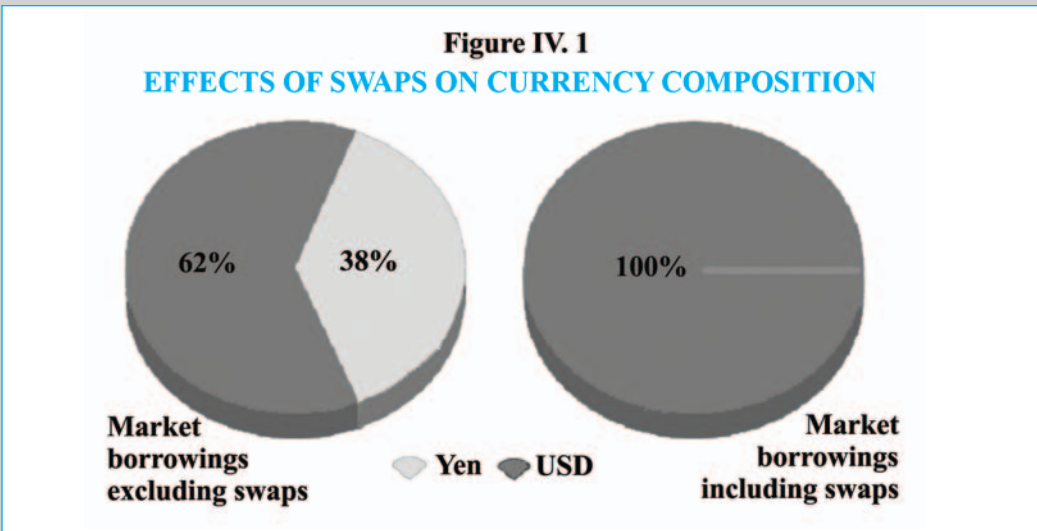
Use Of Derivatives

CDB makes use of derivatives to manage the interest rate and currency risks associated with its financial liabilities. CDB enters into currency and interest rate swaps to convert U.S. dollar and non-U.S. dollar fixed-rate borrowings into U.S. dollar variable-rate funding for its

loans. CDB uses derivative instruments for liability management and to reduce borrowing costs.

Figure IV.1 illustrates the effect of currency swaps on the currency composition of the market borrowings at December 31, 2004. Currency swaps are used to match the liabilities as closely as possible to the currency characteristics of the loans.

Figure IV.2 shows the effect of swaps on the interest rate structure of its market borrowings at December 31, 2004. Interest rate swaps are used to alter fixed rate borrowings to match the Bank's variable interest rate loan portfolio.



Financial Risk Management

CDB assumes various kinds of risk in the process of providing development banking services. Its activities can give rise to four major types of financial risk: country credit risk; market risk (interest rate and exchange rate); liquidity risk, and operational risk. The major inherent risk to CDB as a multilateral development bank (MBD) is country credit risk, or loan portfolio risk. CDB has devised policy instruments that provide the operational framework for addressing this risk, as well as an income and reserves policy and a liquidity policy. The income and reserves policy addresses the potential losses caused by a major default by borrowers, while the liquidity policy addresses the risks associated with delays in access to capital markets.

Managing Risk-Bearing Capacity

CDB assesses its risk-bearing capacity using a variety of metrics, including an interest coverage ratio (ICR) and reserves to loans ratio (RLR), to measure its income generating capacity and capital adequacy.

The ICR is the ratio of net income to financial expenses plus a factor of one. It measures the extent to which net income can fall without jeopardizing the banks ability to service its financial expenses from current income. At December 31, 2004, the ICR was 2.7X compared with a minimum policy level of 1.5X.

The RLR as at December 31, 2004, stood at 42.1% compared with the policy minimum of 30%. To ensure the adequacy of its risk-bearing capacity, CDB's management reviews its income outlook annually. The Board of Directors recommends to the Board of Governors the portion of the previous year's actual net income for allocation to reserves, to ensure that the level of reserves is commensurate with the policy level. At its meeting on May 10, 2004, the Board of Governors approved the allocation of the net income of \$21.94 mn for the year ended December 31, 2003 from the

Ordinary Operations of the Bank to the Ordinary Reserve.

Country Credit Risk

Country credit risk is the risk of loss due to a country not meeting its contractual obligations. CDB continuously reviews its lending operations, to estimate the appropriate level of provisions for losses on loans and to assess the adequacy of its income-generating capacity and risk-bearing capital. Probable losses inherent in the portfolio due to country credit risk are covered by the provision for losses on loans, while potential losses due to country credit risk are covered by income-generating capacity and risk-bearing capital.

Portfolio concentration risk, which arises when a small group of borrowers account for a large share of loans outstanding, is a key concern for CDB and is managed, in part, through a "single borrower" and a "three largest borrower" exposure limit. With respect to the former, the concentration risk limit is 50% of capital; while for the latter the policy limit is 120% of capital. CDB's largest exposure to a single BMC was 30.5% of capital at December 31 2004, up from 21.5% at the end of the previous year. At yearend 200, exposure to the "three largest borrower" was 80.1% (2003 -57.1%).

Liquidity Risk

CDB's liquid assets are held principally in obligations of governments and other official entities, time deposits and other unconditional obligations of banks and financial institutions, currency and interest rate swaps. Liquidity risk arises in the general funding of CDB's activities and in the management of its financial positions. It includes the risk of being unable to fund its portfolio of assets at appropriate maturities and rates and the risk of being unable to liquidate a position in a timely manner at a reasonable price. The objective of liquidity management is to ensure the availability of sufficient cash flows to meet all of its financial

commitments.

As a component of liquidity management, CDB maintains lines of credit with independent financial institutions. One such facility is a line of credit that is used to cover any overnight overdrafts that may occur due to failed trades. The other is a line of credit to meet unexpected financial commitments in its normal operations.

Under CDB’s liquidity management policy, aggregate liquid asset holdings should be kept at the minimum of 40% of undisbursed commitments. At the end of 2004, the minimum liquidity level was \$113.1 mn, while the aggregate size of the OCR liquid asset portfolio stood at \$187.4 mn, or 66.3% of undisbursed commitments. CDB liquid assets may from time to time fall below the specified minimum due to the timing of its borrowing transactions. As at December 31, the portfolio was largely composed of assets denominated in U.S. dollars with net exposure to short-term interest rates. The returns of the liquid asset portfolio in 2004 compared to 2003 are presented in Table IV.7.

Table IV.7:
Liquid Assets Portfolio Performance
Financial return (%)

	FY 2004	FY 2003
Overall Portfolio	2.01	2.15
US Dollar	1.51	1.75

Interest Rate Risk

The main source of potential interest rate risk to CDB is the interest rate spread between the rate CDB earns on its assets and the cost of borrowings. In general, lower nominal interest rates result in lower lending rates that, in turn, reduce the nominal earnings on CDB’s equity. Interest rate risk also arises from a variety of other factors, including differences in the timing between the

contractual maturity or repricing of CDB’s assets, liabilities and derivative financial instruments. On floating rate assets and liabilities, CDB is exposed to timing mismatches between the re-set dates on its floating rate receivables and payables.

Exchange Rate Risk

In order to minimize exchange rate risk in a multicurrency environment, CDB matches its borrowing obligations in any one currency (after swap activities) with assets in the same currency. This policy is designed to minimize the impact of market rate, thereby preserving CDB’s ability to better absorb potential losses from arrears.

Operational Risk

Operational risk is the potential for loss resulting from inadequate or failed internal processes or systems, human factors, or external events, and includes business disruption and system failure, transaction processing failures and failures in execution of legal, fiduciary and agency responsibilities. Like all financial institutions, CDB is exposed to many types of operational risks, which it attempts to mitigate by maintaining a system of internal controls that is designed to keep that risk at appropriate levels in view of the financial strength of CDB and the characteristics of the activities and markets in which CDB operates.

CDB continuously seeks to adopt a best practice approach to operational risk management. CDB monitors and controls operational risk through business process reviews, annual representation letters, and compliance reviews by its external auditors in the finance, operations and information systems areas. These tools are designed to assist departments in identifying key operational risks and assessing the degree to which they mitigate these risks and maintain appropriate controls. CDB plans to enhance its risk management practices by moving towards a comprehensive bank-wide risk

management approach that emphasizes active management of operational risk.

GENERAL GOVERNANCE

Board Membership

The member governments appoint members of CDB's Board of Directors. The President is the only management member of the Board of Directors, serving as a non-voting member and as Chairman of the Board. The Directors have established several Committees including:

- (i) Audit and Post-Evaluation Committee (APEC)
- (ii) Budget Committee

Audit and Post-Evaluation Committee

APEC consists of four members of the Board of Directors, and is appointed by the Board of Directors for a two-year term, and their membership reflecting the geographic diversity of CDB's member countries. Reappointment to a second term, when possible, is desirable for continuity. The Chairman of APEC may speak in that capacity at meetings of the Board of Directors, with respect to discussions held during meetings of the Committee, which are held at least twice per year.

Key Responsibilities

The Audit and Post-Evaluation Committee's main function is to assist the Board of Directors in discharging its oversight responsibility for the financial reporting process, the system of internal control, the internal and external audit functions, risk management and the project implementation process. The Committee also monitors the evolution of developments in corporate governance.

In the execution of its role, the Committee assesses the effectiveness of

financial policies and reporting, fiduciary controls, various aspects of financial, business, and operating risk, quality of earnings, and internal controls as well as the efficiency and effectiveness of project activities. In addition, the Committee discusses with management and the external auditors, financial issues and policies that have an important bearing on the institution's financial position and risk-bearing capacity. Work programmes and reports prepared by the Evaluation and Oversight Division and the Internal Audit Unit of the President's Office, are also reviewed by the Committee.

The Audit and Post-Evaluation Committee meets with management and the external auditors to discuss financial and accounting matters and the proposed annual audit plan and audit fees. The audited financial statements are discussed by APEC along with the management and the external auditors, prior to its recommendation to the Board for their approval.

The Committee also meets with the management of the Evaluation and Oversight Division to discuss projects that were evaluated by the Division with a view to improving the efficiency and effectiveness of project activities. Lessons learnt from these studies are then fed back into the Bank's system for draw on in similar projects, and where necessary, policies and changes to existing policies are recommended to the Bank's Management.

The processes and procedures by which CDB manages its risk continue to evolve as its activities change in response to market, credit, and other developments. Members of APEC periodically review trends in CDB's risk profiles and performance, as well as any significant developments in risk management policies and controls. However, the Primary responsibility for the management of operational risk resides with each of CDB's managers. These individuals are responsible for establishing; maintaining and monitoring

appropriate internal control procedures in their respective areas.

Budget Committee

The Budget Committee is a committee of the whole of the BOD and is charged with responsibility for setting parameters in the Annual Work Programme and Budget exercise.

Key Responsibilities

The committee meets separately to consider the Annual Work Programme and budget and recommends the same to the Board of Directors. Meetings of the committee take place at least twice a year.

Financial Statement Reporting

CDB prepares its financial statements in accordance with International Financial Reporting Standards (IFRS). Effective January 1, 2001, CDB adopted IFRS 39, Accounting for Derivative Instruments. As defined and required by IFRS 39, CDB has marked all derivative instruments to fair value and reported in the balance sheet with changes in the fair value recognized in current net income.

The standards require that all derivatives, as defined by IFRS 39, be recorded on CDB's balance sheet at their fair value. Additionally, the standards allow CDB to designate hedging relationships and, if certain criteria are met, follow the requirements for hedge accounting.

Operating Income

CDB's operating income can be seen as broadly comprising a spread on earning assets, plus the contribution of equity, less provisions for loan losses and administrative expenses. Table IV.8 summarizes a breakdown of income statement.

Operating income in 2004 was \$18.9 mn, \$1.1 mn lower than for 2003. The main reason for the decrease in operating income was net non-interest expenses which were \$3.7 mn higher in 2004 due to lower other income and exchange losses.

Loan interest income increased \$4.7 mn, or 16% over the previous year primarily due to the growth in the loan portfolio.

Investment income increased by \$0.1 million in 2004 due primarily to a higher average volume of investments. The yield on the investment portfolio was 2.62% before unrealized losses and 2.01% after unrealized losses. The performance of the US dollar securities was 2.25% before unrealized losses and 1.51% after unrealized losses.

Other sources of income contributed \$0.2 mn, a decline of \$1.9 million from the previous year when a one-time gain was realized from the repurchase of shares previously issued to France.

Table IV.8
Net Income (\$ mn)

	2004	2003
Interest Income		
Loans	34.2	29.5
Investments	3.1	3.0
	-----	-----
Total Interest Income	37.3	32.5
Funding costs	(11.0)	(8.8)
	-----	-----
Interest Income net of funding costs	26.3	23.7
Net non-interest expense	(7.4)	(3.7)
	-----	-----
Operating Income	18.9	20.0
Effects of applying IFRS 39	0.6	1.9
	-----	-----
Net Income – Reported Basis	19.5	21.9
	=====	=====

OCR Lending Practices

In 2004, seven loans totaling \$74 mn were approved, compared with 19 loans totaling \$149.4 mn approved in 2003. Of the 2003 amount, 63% of the value of loans was due to the Caribbean Court of Justice loans. The three largest beneficiaries in 2004 were Trinidad and Tobago, Jamaica and Guyana, accounting for 56% of total approvals for the year. Disbursements in 2004 totaled \$170.9 mn, an increase of 114% from \$79.7 mn in 2003. The significant increase was due to quick disbursement of loans related

to the Caribbean Court of Justice totaling \$95 mn. Principal repayments for the year were \$47.7 mn, while the cumulative principal repayments amounted to \$360.8 mn.

Loan Portfolio

As of 31 December 2004, the loan portfolio outstanding amounted to \$637 mn representing a growth of about 24.0%, or \$124 mn over \$513 mn at December 31, 2003. The yield on the loan portfolio was 6.01%, down 9 basis points from the previous year. There were no non-accruing loans at the end of the year.

Investment Portfolio

The OCR investment portfolio amounted to \$191.8 mn at the end of 2004, compared with \$136.1 mn at the end of 2003. The increase in the investment portfolio was due to the borrowing of \$150 mn that was contracted during the second quarter of the year. The portfolio was held primarily in US dollars, accounting for about 78%, while the remaining 22% was distributed among eight currencies of some of CDB's members.

IAS 39 Adjustments

CDB has marked all derivative instruments, as defined by IAS 39, to market. As discussed earlier, CDB uses derivatives to modify fixed U.S. dollar and non-U.S. dollar borrowings to variable U.S. dollar borrowings as required. During 2004, the effect of applying IAS 39 was a \$0.6 mn unrealized gain compared to an unrealized gain of \$1.9 mn in 2003. This increase, resulting from the application of IAS 39, was due primarily to market interest rates movements in 2004.

Special Funds

CDB is authorized by its Charter to establish and administer Special Funds. The Special Funds Resources being administered as of 31 December 2004 were the Special Development Fund (SDF), and the Other Special Funds (OSF).

Special Development Fund

SDF incurred a net loss of \$0.4 mn on its operations during 2004, compared with net income of \$3.1 mn in 2003. Income from loans increased by 2.1% to \$8.4 mn from \$8.2 mn in the previous year. Income from the investment portfolio for the year ended at December 31, 2004 was \$2.4 mn, a decline of 8.5% when compared with \$2.7 mn in 2003. Total expenses for the year was \$11.2 mn, compared with \$7.9 mn in 2003. Expenses in 2003 were net of a one-time exchange rate gain of \$3.2 mn in that year.

Lending Operations

In 2004, eight loans totalling \$24.4 mn were approved, compared with six loans totalling \$29.9 mn in 2003. At the end of the year, cumulative approvals from SDF resources were \$724 mn. Loan disbursements during 2004 totalled \$38.6 mn, an increase of 16% from \$33.3 mn in 2003. Loan repayments during the year amounted to \$19.4 mn, and cumulative repayments were \$235.8 mn. Contributions during the year amounted to \$18.2 mn.

The technical assistance grants funded by the SDF continued to support CDB operations aimed at reducing poverty. In 2004, CDB approved 37 technical assistance grants for SDF funding totalling \$2.2 mn. Disbursements of technical assistance during FY2004 amounted to \$3.0 mn, compare with \$2.9 mn in 2003.

Loan Portfolio

As of 31 December 2004, SDF loans outstanding amounted to \$360.1 mn, an increase of 5.7% or \$19.4 mn when compared with \$340.7 mn at the end of 2003. There were overdue debt service payments on loans of \$0.24 mn in the SDF loan portfolio at the end of the year.

Investment Portfolio

The SDF investment portfolio amounted to \$130.4 mn at the end of 2004, compared with \$131.7 mn at the end

of 2003. The financial rate of return on the investment portfolio after unrealized losses was 1.99% compared with 2.91% for the previous year. The portfolio was held primarily in 3 currencies, with US dollars accounting for about 89%, Swedish Kroners and Euros 9% and 2% respectively.

OTHER SPECIAL FUND

Grant Operations

The technical assistance grants funded by the OSF continued to support CDB operations aimed at reducing poverty. CDB approved 13 technical assistance grants and 1 equity investment for OSF funding totaling \$8.1 mn during 2004. Disbursements for technical assistance activities amounted to \$7.6 mn, including \$2.6 mn for HIPC support to Guyana, an increase of 31% when compared with disbursements of \$5.8 mn in 2003. During 2004 3 loans were amounting to \$15.0 mn (2003- \$13.1 mn), while disbursements totaled \$12.6 mn (2003- \$3.6 mn). At December 31, 2004, cumulative disbursements of OSF resources amounted to \$315.20 mn. Repayment of principal on loans during 2004 was \$1.9 mn, while the cumulative repayments amounted to \$130 mn.

Status of loans

As of 31 December 2003 the loan portfolio outstanding amounted to \$63.7 mn representing a growth of about 23%, or \$12.1 mn over \$51.6 mn at December 31, 2003.

Investment Portfolio

The OSF investment portfolio amounted to \$98.2 mn as at 31 December 2004, compared with \$111.4 mn at the end of 2002. The financial rate of return on the OSF investment portfolio declined to 2.34% in 2004 from 2.99% in 2003 due to changes in the interest rate environment.

Financial performance

Net Income for 2004 amounted to \$0.3 mn, down \$1.3 mn, or 81% from \$1.6 mn in the 2003. This was due primarily to:

- a) a 13% decline in interest income to \$3.3 mn from \$3.8 mn in 2003, and
- b) an increase in total expenses of 36% to \$3.0 mn, arising from an exchange loss of \$0.7 mn, from \$2.2 mn in 2003.

FINANCIAL STATEMENTS AND REPORTS OF INDEPENDENT AUDITORS

The Financial Statements and Reports of Independent Auditors in respect of the OCR, SDF and OSF are shown in Part V.

Part V

**Financial Statements and Reports of
Independent Auditors**

February 28, 2005

AUDITORS' REPORT
TO THE BOARD OF GOVERNORS
CARIBBEAN DEVELOPMENT BANK

We have audited the accompanying financial statements of the Ordinary Capital Resources of the Caribbean Development Bank (the "Bank") as of December 31, 2004, and for the year then ended as set out on pages 48 to 70. These financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Ordinary Capital Resources of the Caribbean Development Bank as of December 31, 2004, and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.




CHARTERED ACCOUNTANTS

ORDINARY CAPITAL RESOURCES
BALANCE SHEET
December 31, 2004 and 2003
Expressed in thousands of United States dollars - Note A

	2004	<u>2003</u>
ASSETS		
DUE FROM BANKS	914	8,970
INVESTMENTS - Trading (Schedule 1) - Note B	191,840	136,091
LOANS (Schedule 2) - Note A	637,084	512,996
DERIVATIVE FINANCIAL INSTRUMENTS - Note G	25,870	24,452
RECEIVABLE FROM MEMBERS		
Non-negotiable demand notes (Schedule 3) - Note C	49,376	47,543
Amounts required to meet maintenance of value on currency holdings - Note D	1,852	4,203
Amounts required to meet maintenance of value on currency holdings out on loans - Note D	2,107	1,849
Subscriptions in arrears	<u>577</u>	<u>727</u>
	53,912	<u>54,322</u>
RECEIVABLES - OTHER		
Accounts receivable including interfund receivables	7,612	6,091
Accrued income on investments and demand notes	1,553	1,134
Accrued income on loans	<u>8,258</u>	<u>5,114</u>
	17,423	12,339
OTHER ASSETS		
Property and equipment - Note E	<u>6,595</u>	<u>7,006</u>
	<u>\$933,638</u>	<u>\$756,176</u>

ORDINARY CAPITAL RESOURCES
BALANCE SHEET
December 31, 2004 and 2003
Expressed in thousands of United States dollars - Note A

	2004	2003
LIABILITIES AND EQUITY		
LIABILITIES		
Accounts payable including interfund payables	13,172	6,872
Accrued charges on borrowings	3,236	2,100
Amounts required to meet maintenance of value on currency holdings - Note D	4,337	2,928
Amounts required to meet maintenance of value on currency holdings out on loans - Note D	839	718
	<u>21,584</u>	<u>12,618</u>
BORROWINGS (Schedule 4) - Note F	465,067	317,344
	<u>486,651</u>	<u>329,962</u>
EQUITY		
Capital stock (Schedule 3) - Note H		
Authorised capital - 118,526 (2003 - 118,526) shares		
Subscribed capital - 107,971 (2003 - 107,971) shares	705,041	705,041
Less callable capital - 84,328 (2003 - 84,328) shares	<u>549,345</u>	<u>549,345</u>
Paid-up capital - 23,643 (2003 - 23,643) shares	155,696	155,696
Less subscriptions not yet matured	-	-
Subscriptions matured	<u>155,696</u>	<u>155,696</u>
Retained earnings - Note I	277,181	256,408
Reserves - Note J	<u>14,110</u>	<u>14,110</u>
	<u>446,987</u>	<u>426,214</u>
	<u>\$933,638</u>	<u>\$756,176</u>

Approved by:  Compton Bourne, Ph.D., O.E.
President
Date: February 28, 2005


Wm. Warren Smith
Director, Finance & Corporate Planning

ORDINARY CAPITAL RESOURCES
STATEMENT OF CHANGES IN EQUITY
For the years ended December 31, 2004 and 2003
Expressed in thousands of United States Dollars - Note A

	Capital stock	Retained earnings	Reserves	Total
Balance at January 1, 2003	153,723	234,020	14,110	401,853
Currency translation adjustments	-	447	-	447
Net income for the year	-	21,941	-	21,941
Subscriptions matured during the year	1,973	-	-	1,973
Balance at December 31, 2003	155,696	256,408	14,110	426,214

Balance at January 1, 2004	155,696	256,408	14,110	426,214
Currency translation adjustments	-	1,293	-	1,293
Net income for the year	-	19,480	-	19,480
Balance at December 31, 2004	155,696	277,181	14,110	446,987

**ORDINARY CAPITAL RESOURCES
STATEMENT OF INCOME**

For the years ended December 31, 2004 and 2003

Expressed in thousands of United States dollars - Note A

	2004	2003
INCOME		
From loans		
Interest	31,913	26,886
Commitment fees and other charges	<u>2,251</u>	<u>2,635</u>
Total	34,164	29,521
From investments and cash balances - Note B	3,138	3,015
From other sources	<u>218</u>	<u>2,132</u>
GROSS INCOME	<u>37,520</u>	<u>34,668</u>
EXPENSES		
Charges on borrowings		
Interest expense	11,460	9,708
Other financial income	<u>(469)</u>	<u>(859)</u>
Total	10,991	8,849
Administrative expenses ^{1/} - Notes A, K and L	7,240	6,771
Net trading income - Notes A and G	(626)	(1,951)
Exchange	<u>435</u>	<u>(942)</u>
TOTAL EXPENSES	<u>18,040</u>	<u>12,727</u>
NET INCOME FOR THE YEAR	<u>\$19,480</u>	<u>\$21,941</u>

1/ Administrative expenses are shown net of expenses allocated to Special Funds Resources of \$8,961,000 (2003 - \$9,321,000) and of other recoverables of \$20,000 (2003 - \$20,000).

**ORDINARY CAPITAL RESOURCES
STATEMENT OF CASH FLOWS**

For the years ended December 31, 2004 and 2003

Expressed in thousands of United States dollars - Note A

	<u>2004</u>	<u>2003</u>
Operating activities:		
Net income for the year	19,480	21,941
Adjustments for non-cash items:		
Unrealised loss on trading portfolio	962	267
Depreciation	1,367	1,617
Amortisation of finance costs	-	306
Net trading income	(626)	(1,951)
Interest income	(36,091)	(30,182)
Interest expense	10,991	8,543
Provision for losses on loans	-	(712)
Disbursements on loans	(170,949)	(79,690)
Principal repayments to the Bank on loans	47,669	31,498
Increase in loans resulting from exchange rates fluctuations	(808)	(1,809)
(Increase)/decrease in accounts receivable including interfund receivables	(1,521)	2,092
Decrease/(increase) in accounts payable including interfund payables	6,300	(10,592)
Net increase in trading securities	(29,298)	(28,905)
Total adjustments	(172,004)	(109,518)
Interest received	32,528	29,489
Interest paid	(9,855)	(8,545)
Net cash used in operating activities	(129,851)	(66,633)
Investing activities:		
Net additions to property and equipment	(956)	(1,074)
Net cash used in investing activities	(956)	(1,074)
Financing activities:		
Borrowings:		
Drawdowns	149,569	64,342
Repayments	(2,638)	(1,520)
Capital subscriptions	-	1,973
Decrease in amounts required to maintain the value of currency holdings	3,623	5,109
Increase in other receivables from members	(1,683)	(498)
Net cash provided by financing activities	148,871	69,406
Translation adjustments	1,293	447
Net increase in cash and cash equivalents	19,357	2,146
Cash and cash equivalents at beginning of year	42,629	40,483
Cash and cash equivalents at end of year	<u>61,986</u>	<u>42,629</u>
Represented by:		
Due from banks	914	8,970
Time deposits	48,526	24,432
Trading securities	12,546	9,227
	<u>61,986</u>	<u>42,629</u>

ORDINARY CAPITAL RESOURCES
SUMMARY STATEMENT OF INVESTMENTS

SCHEDULE 1

December 31, 2004 and 2003

Expressed in thousands of United States dollars - Note A

	2004				
	USD	EUR	CAD	Other Currencies	All Currencies
Government and Agency Obligations	102,306	15,007	5,880	846	124,039
Supranationals	15,580	2,836	859	-	19,275
Time Deposits	38,369	610	1,271	8,276	48,526
TOTAL	\$156,255	\$18,453	\$8,010	\$9,122	\$191,840

	2003				
	USD	EUR	CAD	Other Currencies	All Currencies
Government and Agency Obligations	79,734	14,412	4,767	1,055	99,968
Supranationals	9,891	955	845	-	11,691
Time Deposits	12,500	2,811	1,527	7,594	24,432
TOTAL	\$102,125	\$18,178	\$7,139	\$8,649	\$136,091

RESIDUAL TERM TO CONTRACTUAL MATURITY

	2004	2003
One month to three months	61,072	33,659
Over three months to one year	38,512	9,878
Over one year to five years	84,932	92,554
Over five years to ten years	7,324	-
TOTAL	\$191,840	\$136,091

ORDINARY CAPITAL RESOURCES
SUMMARY STATEMENT OF LOANS

SCHEDULE 2

December 31, 2004 and 2003

Expressed in thousands of United States dollars - Note A

Member countries in which loans have been made	Effective Loans						Percent- age of total loans out- standing
	Total loans approved ^{1/}	Loans approved but not yet effective	Signed agree- ments	Principal repaid to bank	Undis- bursed	Out- standing ^{2/}	
Anguilla	10,686	-	10,686	2,851	135	7,700	1.2
Antigua and Barbuda	19,542	-	19,542	3,922	7,072	8,548	1.3
Bahamas	50,517	-	50,517	29,421	669	20,427	3.2
Barbados	199,840	-	199,840	46,601	63,968	89,271	14.0
Belize	103,547	-	103,547	14,947	29,597	59,003	9.3
British Virgin Islands	42,918	-	42,918	9,933	4,052	28,933	4.5
Cayman Islands	44,086	-	44,086	29,811	2,185	12,090	1.9
Dominica	30,359	-	30,359	8,742	4,468	17,149	2.7
Grenada	45,235	-	45,235	7,246	11,096	26,893	4.2
Guyana	49,374	-	49,374	17,840	22,797	8,737	1.4
Jamaica	261,973	-	261,973	96,531	50,976	114,466	18.0
Montserrat	485	-	485	485	-	-	-
St. Kitts and Nevis	63,203	-	63,203	5,017	20,566	37,620	5.9
St. Lucia	115,610	-	115,610	17,855	22,184	75,571	11.9
St. Vincent and the Grenadines	63,163	18,311	44,852	6,918	16,194	21,740	3.4
Trinidad and Tobago	154,865	-	154,865	51,424	7,000	96,441	15.1
Turks & Caicos Islands	8,857	-	8,857	2,472	549	5,836	0.9
Regional	16,247	-	16,247	8,752	836	6,659	1.1
TOTAL - December 31, 2004	\$1,280,507	\$18,311	\$1,262,196	\$360,768	\$264,344	\$637,084	100.0
TOTAL - December 31, 2003	\$1,224,287	\$21,467	\$1,202,820	\$308,373	\$381,451	\$512,996	

1/ Net of lapses and cancellations.

2/ Includes overdue instalments of principal amounting to \$1,215,000 (2003 - \$616,000).

ORDINARY CAPITAL RESOURCES
SUMMARY STATEMENT OF LOANS (continued)

SCHEDULE 2

December 31, 2004 and 2003

Expressed in thousands of United States Dollars - Note A

Currencies Receivable	Loans Out- standing 2003	Trans- lation Adjust- ments	Disburse- ments	Sub- Total	Repay- ments	Provision for Losses	Loans Out- standing 2004
Bahamian dollars	35	-	-	35	(14)	-	21
Barbados dollars	147	-	-	147	(35)	-	112
Belize dollars	48	-	55	103	(12)	-	91
Canadian dollars	3,840	256	108	4,204	(609)	-	3,595
Cayman Islands dollars	2	-	-	2	(1)	-	1
Euros	3,490	280	13	3,783	(1,957)	-	1,826
East Caribbean dollars	1,679	-	437	2,116	(152)	-	1,964
IBRD Units	5,828	-	-	5,828	(677)	-	5,151
Jamaica dollars	6	-	-	6	(2)	-	4
Japanese yen	39	2	-	41	(41)	-	-
Pounds sterling	3,839	306	234	4,379	(227)	-	4,152
Swiss francs	36	3	-	39	(39)	-	-
Trinidad and Tobago dollars	2,317	(39)	83	2,361	(234)	-	2,127
United States dollars	491,690	-	170,019	661,709	(43,669)	-	618,040
TOTAL - December 31, 2004	\$512,996	\$808	\$170,949	\$684,753	(\$47,669)	-	\$637,084
TOTAL - December 31, 2003	\$462,283	\$1,809	\$79,690	\$543,782	(\$31,498)	\$712	\$512,996

MATURITY STRUCTURE OF LOANS OUTSTANDING

January 1, 2005 to December 31, 2005	42,297
January 1, 2006 to December 31, 2006	54,181
January 1, 2007 to December 31, 2007	53,445
January 1, 2008 to December 31, 2008	53,933
January 1, 2009 to December 31, 2009	54,196
January 1, 2010 to December 31, 2014	231,780
January 1, 2015 to December 31, 2019	113,181
January 1, 2020 to December 31, 2030	34,071

TOTAL **\$637,084**

ORDINARY CAPITAL RESOURCES
STATEMENT OF SUBSCRIPTION TO
CAPITAL STOCK AND VOTING POWER

SCHEDULE 3

December 31, 2004 and 2003

Expressed in thousands of United States dollars - Note A

Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions Matured	Voting Power		Receivable from members.
							No. of votes	% of total votes	Non-negotiable Demand Notes
Regional States and Territories:									
Jamaica	19,342	17.91	116,666	91,122	25,544	25,545	19,492	17.54	12,051
Trinidad and Tobago	19,342	17.91	116,666	91,122	25,544	25,545	19,492	17.54	10,954
Bahamas	5,703	5.28	34,399	26,865	7,534	7,534	5,853	5.27	1,720
Guyana	4,167	3.85	25,134	19,633	5,501	5,501	4,317	3.88	3,135
Colombia	3,118	2.89	18,807	14,687	4,120	4,120	3,268	2.93	627
Mexico	3,118	2.89	18,807	14,687	4,120	4,120	3,268	2.93	-
Venezuela	3,118	2.89	18,807	14,687	4,120	4,120	3,268	2.93	3,203
Barbados	3,630	3.36	21,895	17,100	4,795	4,796	3,780	3.40	1,070
Belize	859	0.80	5,181	4,047	1,134	1,134	1,009	0.91	-
Dominica	859	0.80	5,181	4,047	1,134	1,134	1,009	0.91	286
Grenada	736	0.68	4,439	3,468	971	971	886	0.80	213
St. Lucia	859	0.80	5,181	4,047	1,134	1,134	1,009	0.91	360
St. Vincent and the Grenadines	859	0.80	5,181	4,047	1,134	1,134	1,009	0.91	97
Antigua and Barbuda	859	0.80	5,181	4,047	1,134	1,134	1,009	0.91	296
St. Kitts and Nevis	859	0.80	5,181	4,047	1,134	1,134	1,009	0.91	255
Anguilla /1	182	0.17	1,098	857	241	241))	14
Montserrat /1	213	0.20	1,285	1,002	283	283	1,184	1.07	-
British Virgin Islands /1	213	0.20	1,285	1,002	283	283))	-
Cayman Islands /1	213	0.20	1,285	1,002	283	283))	9
Turks and Caicos Islands /1	213	0.20	1,285	1,002	283	283))	-
	68,462	63.43	412,944	322,518	90,426	90,429	70,862	63.75	34,290
Non-Regional States:									
Canada	10,402	9.63	62,742	49,002	13,740	13,740	10,552	9.50	6,637
United Kingdom	10,402	9.63	62,742	49,002	13,740	13,740	10,552	9.50	2,150
Italy	6,235	5.77	37,608	29,374	8,234	8,234	6,385	5.75	750
Germany	6,235	5.77	37,608	29,374	8,234	8,234	6,385	5.75	5,549
China	6,235	5.77	37,608	29,374	8,234	8,234	6,385	5.75	-
	39,509	36.57	238,308	186,126	52,182	52,182	40,259	36.25	15,086
SUB-TOTAL	107,971	100.00	651,252	508,644	142,608	142,611	111,121	100.00	49,376
ADDITIONAL SUBSCRIPTIONS									
China			18,804	14,688	4,116	4,113			
Colombia			1,810	905	905	905			
Germany			12,546	9,681	2,865	2,865			
Italy			12,546	9,681	2,865	2,865			
Mexico			6,273	4,841	1,432	1,432			
Venezuela			1,810	905	905	905			
SUB-TOTAL	-	-	53,789	40,701	13,088	13,085	-	-	-
TOTAL December 31, 2004	107,971	100.00	\$705,041	\$549,345	\$155,696	\$155,696	111,121	100.00	\$49,376
TOTAL December 31, 2003	107,971	100.00	\$705,041	\$549,345	\$155,696	\$155,696	111,121	100.00	\$47,543

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.

ORDINARY CAPITAL RESOURCES
SUMMARY STATEMENT OF BORROWINGS

SCHEDULE 4

December 31, 2004 and 2003

Expressed in thousands of United States Dollars - Note A

	Original amounts ^{1/}	Trans- lation adjust- ments	Repay- ments to date	Currency swap agreements	Undrawn	Out- stand- ing	Cost of bor- row- ings %	Due Dates
CDB Market Borrowings:								
6.00% Notes - US\$	50,000	-	-	-	-	50,000	4.86	2008
4.35% Notes - US\$	60,000	-	-	-	-	60,000	5.91	2030
2.75% Notes - Yen	100,000	-	-	16,685	-	116,685	1.64	2022
Floating Rate Note - Yen	60,000	-	-	-	-	60,000	1.62	2013
Floating Rate Note - US\$	149,569	-	-	-	-	149,569	2.01	2014
	419,569	-	-	16,685	-	436,254		
European Investment Bank								
Global Loan II - A - US\$	13,034	-	(2,604)	-	-	10,430	3.36	2003-2011
International Bank for Reconstruction and Development:								
Loan 3200 CRG - US\$	3,332	-	(2,741)	-	-	591	1.55	1995-2007
Inter-American Development Bank:								
Loan 926/OC-RG - US\$	20,000	-	(1,078)	-	(1,130)	17,792	1.69	2003-2021
TOTAL - DECEMBER 31, 2004	\$455,935	-	(\$6,423)	\$16,685	(\$1,130)	\$465,067		
TOTAL - DECEMBER 31, 2003	\$306,366	-	(\$3,785)	\$15,893	(\$1,130)	\$317,344		

1/ Net of cancellations and borrowings fully repaid.

ORDINARY CAPITAL RESOURCES
SUMMARY STATEMENT OF BORROWINGS (continued)
December 31, 2004 and 2003
Expressed in thousands of United States Dollars - Note A

SCHEDULE 4

Currencies repayable	Out-standing borrow-ings December 2003	Trans-lation adjust-ments	Draw-downs	Currency swap agreements	Repay-ments	Out-standing borrow-ings December 2004
United States dollars	141,451	-	149,569	-	(2,638)	288,382
Yen	175,893	-	-	792	-	176,685
TOTAL - DECEMBER 31, 2004	\$317,344	-	\$149,569	\$792	(\$2,638)	\$465,067
TOTAL - DECEMBER 31, 2003	\$250,192	-	\$64,342	\$4,330	(\$1,520)	\$317,344

MATURITY STRUCTURE OF BORROWINGS OUTSTANDING ^{1/}	
January 1, 2005 to December 31, 2005	2,677
January 1, 2006 to December 31, 2006	2,719
January 1, 2007 to December 31, 2007	2,637
January 1, 2008 to December 31, 2008	2,566
January 1, 2009 to December 31, 2009	52,610
January 1, 2010 to December 31, 2014	68,595
January 1, 2015 to December 31, 2019	154,961
January 1, 2020 to December 31, 2024	101,617
January 1, 2025 to December 31, 2033	60,000
TOTAL	448,382

1/ Without effect of currency swap agreements

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with International Financial Reporting Standards. Significant accounting policies are as follows.

Use of Estimates

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Significant judgements have been used in the computation of estimated fair values of loans, borrowings, derivative financial instruments, the determination of the adequacy of the provision for loan losses, the determination of net periodic income from pension and other post-retirement benefit plans and the present value of benefit obligations.

Translation of Currencies

The financial statements are expressed in United States dollars solely for the purpose of summarising the Caribbean Development Bank's (the "Bank's") financial position and the results of its operations.

Assets and liabilities in currencies other than United States dollars are translated into United States dollars either at the par values established for those currencies with the International Monetary Fund, or where no par values are maintained, at rates which have been determined by the Bank to be appropriate for translation. In general, the rates so determined will be the approximate market rates of exchange prevailing at the dates of the financial statements. Differences in the United States dollar equivalents of opening reserves arising from changes in exchange rates applied at the beginning of the year and at the end of the year are included as translation adjustments in reserves.

Income and expenses in currencies other than United States dollars are translated into United States dollars at applicable rates of exchange on the transaction dates. This practice approximates the application of average rates in effect during the year. Any gains or losses arising as a result of differences in rates applied to income and expenses and to assets and liabilities are shown as an exchange gain or loss in the determination of net income for the year.

Capital Stock

In the Agreement establishing the Bank (the Agreement), the capital stock of the Bank is expressed in terms of United States dollars of the weight and fineness in effect on September 1, 1969 (the 1969 dollar). However, with effect from April 1, 1978, the Second Amendment to the Articles of Agreement of the International Monetary Fund came into force, as a result of which currencies no longer have par values in terms of gold. Prior to December 1986, the Bank had not taken a decision on the implications of this change on the valuation of its capital stock and had translated its capital stock into current United States dollars at the rate of 1.206348 current United States dollars (current dollars) per 1969 dollar. On December 11, 1986, the Board of Directors of the Bank agreed that, until such time as the Agreement may be amended in respect of the standard of value, the expression "United States dollars of the weight and fineness in

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

effect on September 1, 1969” be interpreted, pursuant to Article 59 of the Agreement, to mean the “Special Drawing Right” (SDR) introduced by the International Monetary Fund as the SDR was valued in terms of United States dollars immediately before the introduction of the basket method of valuing the SDR on July 1, 1974, such value being 1.206348 current dollars for one SDR as at June 30, 1974 (the 1974 SDR).

For the purposes of the financial statements, the Bank has expressed the value of its capital stock on the basis of the 1974 SDR. This will not have any effect on the financial position or results of the operations of the Bank.

Investments

Investment securities are held in a trading portfolio and reported at fair market value. Trading securities are initially recognised at cost (which includes transaction costs) and subsequently re-measured at fair value based on quoted bid prices. All related realised and unrealised gains and losses are included in investment income. Interest earned whilst holding trading securities is reported as interest income.

All purchases and sales of trading securities that require delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are recognised at trade date, which is the date that the Bank commits to purchase or sell the asset. Otherwise such transactions are treated as derivatives until settlement occurs.

Loans

The Bank is one of very few lenders of development and structural adjustment loans to Caribbean countries. There is no secondary market for development loans. The Bank has two categories of loans: (a) variable-rate loans; and (b) fixed-rate loans. The interest rate on variable rate loans is reset semi-annually. The Bank does not currently sell its loans nor does it believe there is a comparable market for its loans. The estimated fair value of loans incorporates the Bank’s estimate of the probable expected cash flows of these instruments to the Bank. The estimated cash flows from principal repayments and interest are discounted by the Bank’s effective interest rate at the balance sheet date.

All loans by the Bank are made either from currencies available from members’ subscriptions or from currencies borrowed and the principal amounts are repayable to the Bank in the currencies lent. The balances outstanding on loans to members and their agencies are secured by guarantees of the Governments of the member country in which the loans are made. Loans to the private sector are secured by other forms of securities deemed appropriate by the Bank.

A provision for loan impairment is established if there is objective evidence that the Bank will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate for fixed rate loans and the current interest rate for variable rate loans.

The effective interest rates earned on loans outstanding was 5.62% (2003 – 5.56%).

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

At December 31, 2004, there were two impaired loans with principal balances outstanding of \$7,143,000 (2003 - Nil) and with interest of \$19,000 (2003 - Nil).

Derivative Financial Instruments and Hedging

The Bank uses interest rate and currency swaps in its borrowings and liability management to take advantage of cost-saving opportunities in the capital markets to lower its funding costs and ultimately the onlending rate to its borrowers. These derivatives are used to modify the interest rate and/or currency characteristics of the borrowing portfolio. Derivative financial instruments are initially recognised in the balance sheet at cost (including transaction costs) and subsequently are remeasured at their fair value. Fair values are obtained from quoted market prices and discounted cash flow models as appropriate. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Changes in the fair value of derivatives held for trading are included in net trading income. While the Bank believes that its hedging strategies achieve its objectives, the application of IAS 39 qualifying hedge criteria would not make fully evident the risk management strategy that the Bank employs.

On the date a derivative contract is entered into, the Bank designates certain derivatives as either (1) a hedge of the fair value of a recognised asset or liability (fair value hedge); or, (2) a hedge of a future cash flow attributable to a recognised asset or liability, a forecasted transaction or a firm commitment (cash flow hedge). Hedge accounting is used for derivatives designated in this way provided certain criteria are met.

The Bank's criteria for a derivative instrument to be accounted for as a hedge include:

- (a) formal documentation of the hedging instrument, hedged item, hedging objective, strategy and relationship is prepared before hedge accounting is applied;
- (b) the hedge is documented showing that it is expected to be highly effective in offsetting the risk in the hedged item throughout the reporting period; and
- (c) the hedge is effective on an on-going basis.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and that prove to be highly effective in relation to hedged risk are recorded in the income statement, along with the corresponding change in fair value of the hedged asset or liability that is attributable to that specific hedged risk. All of the Bank's qualifying hedges are fair value hedges.

Certain derivative transactions, while providing effective economic hedges under the Bank's risk management position, do not qualify for hedge accounting under the specific rules in IAS 39 and are therefore treated as derivatives held for trading with fair value gains and losses reported in income.

The Bank has a potential risk of loss if a swap counterparty fails to perform its obligations, and in order to reduce such credit risk, the Bank only enters into long-term swap transactions

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

with counterparties eligible under the Bank's swap guidelines which include the requirement that counterparties have a credit rating of AA or higher. The Bank does not anticipate that any of its counterparties will fail to perform their obligations under such agreements.

Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in banks and other depositories and time deposits with less than 90 days maturity from the date of acquisition.

Offsetting Financial Instrument

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Property and Equipment

Property and equipment are stated at cost and depreciation is provided on the straight-line basis at rates considered adequate to write-off cost of the assets, less salvage, over their useful lives as follows:

	Years
Buildings	25
Furniture and Equipment	4-8
Computers	4
Motor Vehicles	4

Land is not depreciated as it is deemed to have an indefinite life.

Borrowings

To ensure funds are available for lending and liquidity purposes, the Bank borrows institutionally and from the private placement market. The Bank issues medium and long-term debt instruments with fixed and floating interest rates. Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Pension Obligations

The Bank operates a defined benefit scheme and a hybrid scheme, the assets of which are generally held in separate trustee-administered funds. The pension schemes are generally funded by payments from employees and by the Bank, taking account of the recommendations of independent qualified actuaries.

For defined benefit schemes, the pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service lives of employees in accordance

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

with the advice of qualified actuaries who value the plans once every three years. All actuarial gains and losses are spread forward over the average remaining service lives of employees.

Other Post-retirement Obligations

The Bank provides post-retirement health care benefits to their retirees. Entitlement to these benefits is based on the employee remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for the defined benefit pension plan. Valuation of these obligations is carried out by independent qualified actuaries.

Administrative Expenses

Administrative expenses incurred by the Bank are allocated between the Ordinary Capital Resources and the Special Funds Resources in accordance with a method of allocation approved by the Board of Directors.

Interest Income and Expense

Interest income and expense are recognised in the income statement for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price.

NOTE B – INVESTMENTS - TRADING

As part of its overall portfolio management strategy, the Bank invests in government and government-guaranteed obligations and time deposits. For government and agency obligations, the Bank may only invest in obligations issued or unconditionally guaranteed by governments of countries with a minimum credit rating of AA; however, if such obligations are denominated in the home currency of the issuer, no rating is required. Investments are permitted in supranational institutions and US Government Agencies that are rated AAA.

The annualised rate of return on the average investments including realised and unrealised gains and losses was 2.01% (2003 – 2.15%). Net realised losses on investments traded during 2004 totalled \$42,887 (2003 - \$371,186), while unrealised losses for 2004 were \$961,978 (2003 –\$267,054).

Cash equivalents included in investments at December 31, 2004 amounted to \$12,546,000 (2003 - \$9,227,000).

NOTE C - NON-NEGOTIABLE DEMAND NOTES

The Agreement permits the Bank to accept from a member non-negotiable, non-interest bearing demand notes in place of part of the member's subscription to the paid-up capital which shall be payable in the member's currency and maintenance of value in respect of such part, provided that such currency is not required for the conduct of the operations of the Bank. A member which has issued such demand notes may, at the request of the Bank, convert any of them into interest-bearing notes or into cash to be invested in government securities of that member.

ORDINARY CAPITAL RESOURCES
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2004 and 2003

NOTE D - MAINTENANCE OF VALUE

In accordance with Article 24 of the Agreement, each member is required to maintain the value of its currency held by the Bank and consisting of or derived as repayments of principal from currencies originally paid to the Bank by the member in respect of capital subscriptions. The Bank is also required to repay to any member an amount of currency equal to the increase in value of its currency which is held by the Bank in respect of capital subscriptions. The Agreement expressed the standard of value for those purposes in terms of the 1969 dollar and, as indicated in Note A above, on December 11, 1986, the Board of Directors, pursuant to Article 59 of the Agreement, agreed that, until the Agreement be amended in respect of the standard value, the 1969 dollar be interpreted to mean the 1974 SDR, valued as aforesaid. Maintenance of value (MOV) is therefore being determined on the basis of the 1974 SDR, and is treated in the financial statements on this basis. For the purposes of effecting settlement, MOV obligations are established at December 31 in each year. The Board of Directors has agreed that MOV obligations on any part of a member's paid up capital which is represented by loans outstanding be postponed and become payable on each portion of the principal of such loans when such portion is repaid to the Bank. MOV obligations which are not so deferred are due for settlement within 12 months of the date established.

NOTE E – PROPERTY AND EQUIPMENT

(\$'000)

Cost	Buildings	Computers	Furniture and Equipment	Motor Vehicles	Total
At January 1, 2004	8,550	5,269	4,096	126	18,041
Additions	441	320	181	14	956
At December 31, 2004	8,991	5,589	4,277	140	18,997
Accumulated Depreciation					
At January 1, 2004	3,831	3,786	3,379	39	11,035
Depreciation expense	343	700	293	31	1,367
At December 31, 2004	4,174	4,486	3,672	70	12,402
Net Book Values					
At December 31, 2004	4,817	1,103	605	70	6,595
At December 31, 2003	4,719	1,483	717	87	7,006

ORDINARY CAPITAL RESOURCES
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2004 and 2003

NOTE F - BORROWINGS

Borrowings by the Bank for use in the Ordinary operations are limited by resolution of the Board of Governors to the extent of the investment grade callable capital plus paid-in capital and retained earnings amounting to approximately \$822,780,000 (2003 - \$802,007,000). The Board of Directors has restricted such borrowings to 65% of total capitalisation.

The effective cost of borrowings outstanding, including short-term borrowings, during the year ended December 31, 2004 was 2.96% (2003 – 3.10%).

NOTE G – DERIVATIVES AND FINANCIAL INSTRUMENTS

The Bank utilises the following derivative instruments for both hedging and non-hedging purposes:

Currency and Interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates (for example, fixed rate for floating rate) or a combination of all these (i.e. cross-currency interest rate swaps). Except for certain currency swaps, no exchange of principal takes place. The Bank’s credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an on-going basis with reference to the current fair value, a proportion of the notional amount of the contracts and the liquidity of the market. To control the level of credit risk taken, the Bank assesses counterparties using the same techniques as for its lending activities.

The fair values of derivative instruments held at December 31, 2004 are as follows:

(\$'000)

	2004	2003
National Amount	Fair values	
	Assets	Assets
Cross Currency Interest Rate Swap	160,000	21,468
Interest Rate Swap	50,000	2,984
	210,000	24,452

Net trading gain of \$626,000 included in the statement of income is represented by:

(\$'000)

	2004	2003
Cross Currency Interest Rate Swap	(904)	(3,033)
Interest Rate Swap	278	1,082
Net Trading Income	(626)	(1,951)

ORDINARY CAPITAL RESOURCES
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2004 and 2003

NOTE H - CAPITAL STOCK

In the Agreement, the capital stock of the Bank is expressed in terms of the 1969 dollar. On December 11, 1986, the Board of Directors, pursuant to its powers of interpretation under Article 59 of the Agreement, agreed that the 1969 dollar be interpreted to mean the 1974 SDR valued as mentioned in Note A and that the value of the capital stock of the Bank be expressed on the basis of the 1974 SDR.

At December 31, 2004, the Bank's authorised capital consisted of 118,526 shares (2003 - 118,526) of which 10,555 shares were unassigned. Each share has a par value of 5,000 1974 SDRs valued at the rate of \$1.206348 per 1974 SDR. Of the authorised capital, 107,971 shares have been subscribed, of which 84,328 are callable capital and 23,643 are paid-up capital. In accordance with the principles set out in Note A - Capital Stock, the value of the subscribed capital expressed in dollars is \$705,041,000 comprising callable capital of \$549,345,000 and paid-up capital of \$155,696,000.

In accordance with Resolutions of the Board of Governors, some members admitted subsequent to the establishment of the Bank were required to pay additional subscriptions on the basis of the 1969 dollar. Consequent on the abovementioned decision of the Board of Directors on December 11, 1986, these subscriptions valued on the basis of the 1974 SDR total \$53,789,000 of which \$40,701,000 is callable and \$13,088,000 is paid-up. These additional subscriptions are subject to the MOV provisions described in Note D.

The callable capital is subject to call only as and when required by the Bank to meet its obligations incurred on borrowings included in, or guarantees chargeable to, the Ordinary Capital Resources of the Bank.

The paid-up capital is payable by instalments and of each instalment 50% is payable in gold or in a convertible currency which is freely and effectively usable in the operations of the Bank or in a currency which is freely and fully convertible into such a currency, provided that, if the currency of a member meets either of these requirements, such payments shall be made in the currency of that member, and 50% shall be paid in the currency of the member subject to the option outlined in Note C.

NOTE I – RETAINED EARNINGS

Retained earnings comprise the following elements at December 31, 2004 and December 31, 2003:

	(\$'000)	
	2004	2003
Ordinary reserves	244,760	222,372
Currency translation adjustments	1,293	447
Surplus	11,648	11,648
Unallocated net income	19,480	21,941
	277,181	\$256,408

In accordance with Article 39 of the Agreement, the Board of Governors shall determine at

ORDINARY CAPITAL RESOURCES
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2004 and 2003

NOTE I - RETAINED EARNINGS *continued*

least annually the disposition of the net income of the Bank arising from its Ordinary operations. In previous years the net income has been allocated to the Ordinary Reserves of the Bank which may be used, inter alia, to meet possible future losses on loans and guarantees made by the Bank in its Ordinary operations and possible future losses from currency devaluations.

NOTE J - RESERVES

Special

In accordance with Article 18 of the Agreement, commissions and guarantee fees received on loans made out of the Ordinary Capital Resources of the Bank are required to be set aside in a Special Reserve which shall be kept for meeting liabilities of the Bank. The assets of the Special Reserve are to be held in such liquid form as the Board of Directors may decide.

At the One Hundred and Nineteenth Meeting of the Board of Directors held on July 21, 1988, the Board decided that appropriations to the Special Reserve should be discontinued with effect from January 1, 1989. Pursuant thereto, no commission is charged on loans approved after January 1, 1989 and all amounts received after that date as commission on loans approved before that date are treated as interest and accounted for as such. During 1993, the Special Reserve was converted into United States dollars and is valued at \$6,254,000.

General Banking Reserve

Loan loss provisions amounting to \$7,856,000 are deemed to be a provision for general banking risks and were transferred to a general banking reserve.

NOTE K – STAFF COSTS

	(\$'000)	
	2004	2003
Salaries and allowances	9,169	8,732
Pension costs - hybrid scheme - Note L	328	342
Pension costs - defined benefit plan - Note L	2,104	2,077
Other post retirement benefits - Note L	142	213
	11,743	11,364

NOTE L - PENSIONS AND OTHER POST RETIREMENT OBLIGATIONS

Pension schemes

The Bank has a defined benefit scheme and a hybrid scheme for securing retirement pensions and other benefits for the eligible employees of the Bank. Both schemes are final salary defined benefit plans. These Plans are valued by independent actuaries every three years using the projected unit credit method. The most recent actuarial valuations were carried out as at January 1, 2002.

The amounts recognised in the balance sheet are as follows:

ORDINARY CAPITAL RESOURCES
NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

NOTE L - PENSIONS AND OTHER POSTRETIREMENT OBLIGATIONS continued

(\$'000)

	2004	2003
Present value of funded obligations	36,851	33,719
Fair value of plan assets	(33,226)	(29,768)
	3,625	3,951
Unrecognised actuarial loss	(3,681)	(4,129)
Liability on balance sheet included in accounts payable	(56)	(178)

The amounts recognised in the income statement are as follows:

Current service cost	2,188	2,111
Interest cost	1,657	1,488
Expected return on plan assets	(1,642)	(1,444)
Amortisation of transitional liability	-	30
Amortisation of actuarial loss	229	234
	2,432	2,419
Actual return on the plan assets	1,728	996

Movement in the (asset)/liability recognised in the balance sheet:

At January 1, 2004	(178)	386
Pension cost	2,432	2,419
Contributions paid	(2,310)	(2,983)
At December 31, 2004	(56)	(178)

The principal actuarial assumptions used for accounting purposes were:

	%	%
Discount rate	5.0	5.0
Expected return on plan assets	5.0-6.0	5.0-6.0
Future salary increases	4.0	4.0
Future pension increases	0-2.5	0-2.5

ORDINARY CAPITAL RESOURCES
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2004 and 2003

NOTE L - PENSIONS AND OTHER POSTRETIREMENT OBLIGATIONS continued

Other Retirement Obligations

The Bank also operates a post-retirement medical plan. The method of accounting and frequency of valuations are similar to those used for the Bank pension schemes

The amounts recognised in the balance sheet are as follows:

	(\$'000)	
	2004	2003
Present value of obligations	1,565	1,121
Unrecognised actuarial loss	(667)	(345)
Liability on balance sheet	898	776

The amounts recognised in the income statement are as follows:

Current service cost	64	53
Interest cost	61	71
Amortisation of actuarial loss	17	21
Amortisation of transitional liability	-	68
	142	213

Movement in the liability recognised in the balance sheet:

At January 1, 2004	776	580
Benefit cost	142	213
Premiums paid	(20)	(17)
At December 31, 2004	898	776

The principal actuarial assumptions used for accounting purposes were:

	%	%
Annual discount rate	5.5	7.0
Annual increase in benefit	4.0	4.0

ORDINARY CAPITAL RESOURCES
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2004 and 2003

NOTE M - FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The following table summarises the carrying amounts and fair values of those financial assets and liabilities not presented on the Bank's balance sheet at their fair value. Bid prices are used to estimate fair values of assets, whereas offer prices are applied for liabilities.

	Carrying Value		Fair Value	
	2004	2003	2004	2003
Financial Assets				
Due from banks	914	8,970	914	8,970
Loans	637,084	512,996	637,084	512,996
Non-negotiable demand notes	49,376	47,543	49,376	47,543
Financial Liabilities				
Borrowings	465,067	317,344	414,538	316,596

Due From Banks

Due from other banks includes cash and overnight deposits. The fair value of floating rate placements and overnight deposits is their carrying amount.

Loans

Loans are net of provisions for impairment. The estimated fair value of loans and advances represents the discounted amount of estimated future cash flows expected to be received. Expected cash flows are discounted at current market rates to determine fair value.

Non-negotiable Demand Notes

Non-negotiable demand notes are due on demand and their fair values are deemed to be equal to their carrying amount.

Borrowings

The estimated fair values are based on quoted market prices where such prices are available. Where no quoted market price is available, the fair value is estimated based on the cost at which the Bank could currently undertake borrowings with similar terms and remaining maturities. The fair value of swaps represents the estimated cost of replacing these contracts at that date.

Fiduciary Responsibilities

During the year the Bank established an escrow account at the behest of some of its borrowers into which the proceeds of loan funds have been deposited. The purpose of this loan is to support the establishment of the Caribbean Court of Justice. These funds can only be transferred out of the escrow account upon satisfaction of previously agreed conditions. The assets and income arising thereon are excluded from these financials as they are not assets of the Bank. As at December 31, 2004, the amount held in the escrow account was \$100,000,000.

February 28, 2005

**AUDITORS' REPORT
TO THE BOARD OF GOVERNORS
CARIBBEAN DEVELOPMENT BANK**

We have audited the accompanying special purpose financial statements of the Special Development Fund of the Caribbean Development Bank (the "Bank") as of December 31, 2004 as set out on pages 72 to 88. These special purpose financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying special purpose financial statements of the Special Development Fund of the Caribbean Development Bank as of December 31, 2004 have been properly prepared in all material respects, in accordance with the accounting policies set out in Note A.

Without qualifying our opinion, we emphasise that the accounting policies used and disclosures made are not intended to, and do not, comply with all the requirements of International Financial Reporting Standards.



CHARTERED ACCOUNTANTS

Antigua	Charles W. A. Walwyn	Robert J. Wilkinson					
Barbados	J. Andrew Marryshow	Philip St. E. Atkinson	R. Michael Bynoe	Ashley R. Clarke	Gloria R. Eduardo	Wayne I. Fields	
	Maurice A. Franklin	Marcus A. Hatch	Stephen A. Jardine	Lindell E. Nurse	Brian D. Robinson		
	Christopher S. Sambrano	R. Charles D. Tibbits	Ann M. Wallace-Elcock	Michelle J. White-Ying			
Grenada	Philip St. E. Atkinson	(resident in Barbados)					
St. Lucia	Anthony D. Atkinson	Richard N. C. Peterkin					

**SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
BALANCE SHEET**

December 31, 2004 and 2003

Expressed in thousands of United States dollars - Note A

	2004			2003		
	UNIFIED	OTHER	TOTAL	UNIFIED	OTHER	TOTAL
ASSETS						
DUE FROM BANKS	778	3,427	4,205	2,603	4,185	6,788
INVESTMENTS - Trading (Schedule 1)	65,423	64,979	130,402	62,696	69,056	131,752
LOANS (Schedule 2)	334,971	25,131	360,102	318,889	21,819	340,708
RECEIVABLE FROM CONTRIBUTORS						
Non-negotiable demand notes (Schedule 3)	137,590	-	137,590	131,199	-	131,199
Contributions in arrears	8,018	-	8,018	7,154	-	7,154
	145,608	-	145,608	138,353	-	138,353
RECEIVABLES - OTHER						
Accounts receivable including interfund receivables	658	94	752	259	91	350
Accrued income on investments	518	1,003	1,521	345	829	1,174
Accrued income on loans	950	93	1,043	785	65	850
	2,126	1,190	3,316	1,389	985	2,374
	\$548,906	\$94,727	\$643,633	\$523,930	\$96,045	\$619,975
LIABILITIES AND FUNDS						
LIABILITIES						
Contributions in advance	-	-	-	2,160	-	2,160
Accounts payable including interfund payables	34,916	972	35,888	36,963	1,205	38,168
Accrued charges on contributions	-	29	29	-	32	32
	34,916	1,001	35,917	39,123	1,237	40,360
FUNDS						
Contributed resources (Schedule 3)						
Contributions	598,899	52,592	651,491	589,042	53,962	643,004
Less amounts not yet made available	-	-	-	(23,150)	-	(23,150)
Amounts made available	598,899	52,592	651,491	565,892	53,962	619,854
Allocation to technical assistance and grant resources	(126,000)	(1,566)	(127,566)	(119,000)	(1,566)	(120,566)
	472,899	51,026	523,925	446,892	52,396	499,288
Accumulated net income (Schedule 4)	17,877	41,586	59,463	19,080	42,408	61,488
Technical assistance and grant resources	23,214	1,114	24,328	18,835	4	18,839
	\$513,990	\$93,726	\$607,716	\$484,807	\$94,808	\$579,615
	\$548,906	\$94,727	\$643,633	\$523,930	\$96,045	\$619,975

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
STATEMENT OF INCOME AND ACCUMULATED NET INCOME
For the years ended December 31, 2004 and 2003
Expressed in thousands of United States dollars - Note A

	2004			2003		
	UNIFIED	OTHER	TOTAL	UNIFIED	OTHER	TOTAL
INCOME						
From loans	7,831	561	8,392	7,635	587	8,222
From investments and cash balances	1,081	1,403	2,484	1,012	1,702	2,714
GROSS INCOME	8,912	1,964	10,876	8,647	2,289	10,936
EXPENSES						
Administrative expenses	9,343	1,464	10,807	8,970	1,728	10,698
Charges on contributions	-	334	334	-	373	373
Exchange	36	68	104	(3,171)	(24)	(3,195)
TOTAL EXPENSES	9,379	1,866	11,245	5,799	2,077	7,876
NET (LOSS) / INCOME FOR THE YEAR	(\$467)	\$98	(\$369)	\$2,848	\$212	\$3,060

STATEMENT OF CHANGES IN ACCUMULATED NET INCOME

ACCUMULATED NET INCOME - BEGINNING OF YEAR	19,080	42,408	61,488	23,223	41,214	64,437
Appropriations for technical assistance	-	(1,461)	(1,461)	-	-	-
Currency translation adjustments	(736)	541	(195)	(6,991)	982	(6,009)
Net (loss) / income for the year	(467)	98	(369)	2,848	212	3,060
ACCUMULATED NET INCOME - END OF YEAR	\$17,877	\$41,586	\$59,463	\$19,080	\$42,408	\$61,488

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND (UNIFIED)
STATEMENT OF CASH FLOWS

For the years ended December 31, 2004 and 2003

Expressed in thousands of United States dollars - Note A

	2004	2003
Operating activities:		
Net (loss) / income for the year	(467)	2,848
Adjustments for non-cash items:		
Unrealised losses on trading portfolio	517	468
Interest income	(9,429)	(9,115)
Increase in accounts receivable including interfund receivables	(399)	(8)
Decrease in accounts payable including interfund payables	(2,047)	(2,496)
Total adjustments	(11,358)	(11,151)
Interest received	9,091	8,917
Net decrease/(increase) in trading securities	7,881	(17,590)
Net cash provided by/(used in) operating activities	5,147	(16,976)
Investing activities:		
Disbursements on loans	(32,602)	(31,485)
Principal repayments to the Bank on loans	16,560	13,295
Increase in loans resulting from exchange rates fluctuations	(40)	(123)
Technical assistance disbursements	(2,689)	(2,844)
Net cash used in investing activities	(18,771)	(21,157)
Financing activities:		
Contributions:		
Increase in contributions for loans	18,186	37,343
Increase in contributions resulting from exchange rates fluctuations	7,821	19,461
Increase in receivables from contributors	(9,415)	(5,772)
Technical assistance allocation	7,068	10
Net cash provided by financing activities	23,660	51,042
Translation adjustments	(736)	(6,991)
Net increase in cash and cash equivalents	9,300	5,918
Cash and cash equivalents at beginning of year	16,621	10,703
Cash and cash equivalents at end of year	\$25,921	\$16,621
Represented by:		
Due from banks	778	2,603
Time deposits	16,129	7,661
Trading securities	9,014	6,357
	\$25,921	\$16,621

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND (OTHER)
STATEMENT OF CASH FLOWS

For the years ended December 31, 2004 and 2003

Expressed in thousands of United States dollars - Note A

	2004	2003
Operating activities:		
Net income for the year	98	212
Adjustments for non-cash items:		
Unrealised loss on trading portfolio	695	439
Interest income	(2,659)	(2,728)
Interest expense	334	373
(Increase)/decrease in accounts receivable including interfund receivables	(3)	28
(Decrease)/increase in accounts payable including interfund payables	(233)	242
Appropriations for technical assistance	(1,461)	-
Total adjustments	(3,327)	(1,434)
Interest received	2,457	2,772
Interest paid	(337)	(376)
Net decrease in trading securities	4,536	7,676
Net cash provided by operating activities	3,427	8,638
Investing activities:		
Disbursements on loans	(6,035)	(1,799)
Principal repayments to the Bank on loans	2,863	3,079
Increase in loans resulting from exchange rates fluctuations	(140)	(465)
Technical assistance disbursements	(351)	(79)
Net cash (used in)/provided by investing activities	(3,663)	736
Financing activities:		
Borrowings:		
Repayments of contributions	(1,924)	(1,818)
Increase in contributions resulting from exchange rates fluctuations	554	1,313
Technical assistance allocation	1,461	-
Net cash provided by/(used in) financing activities	91	(505)
Translation adjustments	541	982
Net increase in cash and cash equivalents	396	9,851
Cash and cash equivalents at beginning of year	20,395	10,544
Cash and cash equivalents at end of year	\$20,791	\$20,395
Represented by:		
Due from banks	3,427	4,185
Time deposits	4,616	7,716
Trading securities	12,748	8,494
	\$20,791	\$20,395

SPECIAL FUND RESOURCES - SPECIAL DEVELOPMENT FUND
 SUMMARY STATEMENT OF INVESTMENTS

SCHEDULE 1

December 31, 2004 and 2003

Expressed in thousands of United States dollars - Note A

	2004			2003		
	Market value			Market value		
	UNIFIED	OTHER	TOTAL	UNIFIED	OTHER	TOTAL
Government and Agency Obligations	45,487	54,920	100,407	50,765	51,865	102,630
Supranationals	3,807	5,443	9,250	4,270	9,475	13,745
Time Deposits	16,129	4,616	20,745	7,661	7,716	15,377
TOTAL	\$65,423	\$64,979	\$130,402	\$62,696	\$69,056	\$131,752

RESIDUAL TERM TO CONTRACTUAL MATURITY

	2004	2003
One month to three months	42,507	30,228
Over three months to one year	20,321	16,489
From one year to five years	65,566	83,620
From five year to ten years	2,008	1,415
TOTAL	130,402	\$131,752

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND - (UNIFIED)
SUMMARY STATEMENT OF LOANS

December 31, 2004 and 2003

Expressed in thousands of United States dollars - Note A

SCHEDULE 2

Member countries in which loans have been made	Total loans approved ^{1/}	Loans approved but not yet effective	Effective Loans				Percent- age of total loans out- standing
			Signed agree- ments	Principal repaid to bank	Undis- bursed	Out- standing ^{2/}	
Anguilla	9,442	-	9,442	3,595	331	5,516	1.6
Antigua and Barbuda	11,403	-	11,403	5,467	1,965	3,971	1.2
Bahamas	1,601	-	1,601	1,447	-	154	0.0
Barbados	5,267	-	5,267	3,572	480	1,215	0.4
Belize	52,012	-	52,012	13,851	14,206	23,955	7.2
British Virgin Islands	11,700	-	11,700	5,027	1,092	5,581	1.7
Cayman Islands	4,203	-	4,203	3,715	363	125	0.0
Dominica	70,276	-	70,276	19,824	6,050	44,402	13.3
Grenada	64,042	-	64,042	17,505	16,417	30,120	9.0
Guyana	110,734	-	110,734	8,772	28,064	73,898	22.1
Jamaica	78,427	4,600	73,827	15,370	16,010	42,447	12.7
Montserrat	7,875	-	7,875	3,744	-	4,131	1.2
St. Kitts and Nevis	49,000	2,642	46,358	10,296	6,142	29,920	8.9
St. Lucia	59,353	-	59,353	13,118	12,978	33,257	9.9
St. Vincent and the Grenadines	46,350	4,405	41,945	15,031	1,954	24,960	7.5
Trinidad and Tobago	5,034	1,000	4,034	3,225	16	793	0.2
Turks & Caicos Islands	8,708	-	8,708	2,017	1,351	5,340	1.6
Regional	9,546	-	9,546	3,670	690	5,186	1.5
TOTAL - December 31, 2004	\$604,973	\$12,647	\$592,326	\$149,246	\$108,109	\$334,971	100.0
TOTAL - December 31, 2003	\$584,692	\$5,100	\$579,592	\$132,965	\$127,738	\$318,889	

1/Net of lapses and cancellations.

2/Includes overdue instalments of principal amounting to \$169,000 (2003 - \$164,000).

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND - (OTHER)
SUMMARY STATEMENT OF LOANS (Continued)

December 31, 2004 and 2003

Expressed in thousands of United States dollars - Note A

SCHEDULE 2

Member countries in which loans have been made	Total loans approved ^{1/}	Loans approved but not yet effective	Effective Loans				Percentage of total loans outstanding
			Signed agreements	Principal repaid to bank	Undisbursed	Outstanding	
Anguilla	1,529	-	1,529	1,446	83	-	-
Antigua and Barbuda	3,810	-	3,810	3,245	-	565	2.1
Bahamas	774	-	774	774	-	-	-
Barbados	1,617	-	1,617	1,617	-	-	-
Belize	28,461	-	28,461	17,001	629	10,831	43.1
British Virgin Islands	4,666	-	4,666	3,933	-	733	2.9
Cayman Islands	628	-	628	609	-	19	0.1
Dominica	14,346	-	14,346	11,814	257	2,275	9.1
Grenada	5,004	-	5,004	4,575	-	429	1.7
Guyana	22	-	22	22	-	-	-
Jamaica	6,872	-	6,872	4,535	34	2,303	9.2
Montserrat	786	-	786	786	-	-	-
St. Kitts and Nevis	11,920	-	11,920	5,440	2,087	4,393	17.5
St. Lucia	22,213	-	22,213	19,634	680	1,899	7.6
St. Vincent and the Grenadines	12,358	-	12,358	10,372	302	1,684	6.7
Turks & Caicos Islands	1,545	-	1,545	1,545	-	-	-
Regional	2,519	-	2,519	2,519	-	-	-
TOTAL - December 31, 2004	\$119,070	-	\$119,070	\$89,867	\$4,072	\$25,131	100.0
TOTAL - December 31, 2003	\$117,172	-	\$117,172	\$85,247	\$10,106	\$21,819	

^{1/}Net of lapses and cancellations.

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND SCHEDULE 2
SUMMARY STATEMENT OF LOANS (Continued)

December 31, 2004 and 2003

Expressed in thousands of United States dollars - Note A

Analysis by contributor	Total loans approved ^{1/}	Loans approved but not yet effective	Effective Loans				Percent- age of total loans out- standing
			Signed agree- ments	Principal repaid to bank	Undis- bursed	Out- standing ^{2/}	
SPECIAL DEVELOPMENT FUND - UNIFIED							
MEMBERS/CONTRIBUTORS	604,973	12,647	592,326	149,246	108,109	334,971	100.0
TOTAL SDF - (UNIFIED)	\$604,973	\$12,647	\$592,326	\$149,246	\$108,109	\$334,971	
SPECIAL DEVELOPMENT FUND - OTHER MEMBERS							
Colombia	8,617	-	8,617	7,731	83	803	3.2
Germany	19,599	-	19,599	18,749	-	850	3.4
Mexico	9,281	-	9,281	5,481	466	3,334	13.2
Venezuela	53,203	-	53,203	29,601	3,523	20,079	79.9
	90,700	-	90,700	61,562	4,072	25,066	
OTHER CONTRIBUTORS							
Sweden	5,539	-	5,539	5,474	-	65	0.3
United States of America	22,831	-	22,831	22,831	-	0	-
	\$28,370	-	\$28,370	\$28,305	-	\$65	100.0
TOTAL - SDF (OTHER)	\$119,070	-	\$119,070	\$89,867	\$4,072	\$25,131	
TOTAL SDF - December 31, 2004							
	\$724,043	\$12,647	\$711,396	\$239,113	\$112,181	\$360,102	
TOTAL SDF - December 31, 2003							
	\$701,864	\$5,100	\$696,764	\$218,212	\$137,844	\$340,708	

1/Net of lapses and cancellations.

2/Includes overdue instalments of principal amounting to \$169,000 (2003 - \$164,000).

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND SCHEDULE 2
SUMMARY STATEMENT OF LOANS (Continued)

December 31, 2004 and 2003

Expressed in thousands of United States dollars - Note A

Currencies receivable	Loans outstanding 2003	Translation adjustments	Disbursements	Sub-Total	Repayments	Loans outstanding 2004
(a) SPECIAL DEVELOPMENT						
FUND - UNIFIED						
Canadian dollars	261	18	-	279	(76)	203
Pounds sterling	30	2	-	32	(10)	22
Euros	251	20	-	271	(13)	258
United States dollars	318,347	-	32,602	350,949	(16,461)	334,488
TOTAL - December 31, 2004	\$318,889	\$40	\$32,602	\$351,531	(\$16,560)	\$334,971
TOTAL -December 31, 2003	\$300,576	\$123	\$31,485	\$332,184	(\$13,295)	\$318,889

(b) SPECIAL DEVELOPMENT

FUND - OTHER

Euros	1,494	120	-	1,614	(763)	851
Swedish kroners	234	20	-	254	(188)	66
United States dollars	20,091	-	6,035	26,126	(1,912)	24,214
TOTAL - December 31, 2004	\$21,819	\$140	\$6,035	\$27,994	(\$2,863)	\$25,131
TOTAL -December 31, 2003	\$22,634	\$465	\$1,799	\$24,898	(\$3,079)	\$21,819

MATURITY STRUCTURE OF LOANS OUTSTANDING

January 1, 2005 to December 31, 2005	15,328
January 1, 2006 to December 31, 2006	15,161
January 1, 2007 to December 31, 2007	15,360
January 1, 2008 to December 31, 2008	15,426
January 1, 2009 to December 31, 2009	15,564
January 1, 2010 to December 31, 2014	80,897
January 1, 2015 to December 31, 2019	75,355
January 1, 2020 to December 31, 2024	58,151
January 1, 2025 to December 31, 2042	68,860
TOTAL	\$360,102

**SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES**

December 31, 2004 and 2003

Expressed in thousands of United States dollars - Note A

SCHEDULE 2

CONTRIBUTORS	Total approved^{1/}	Approved-but not yet effective^{2/}	Total contribution agreed	Amounts not yet made available	Amounts made available	Receivable from members Non negotiable demand notes
SPECIAL DEVELOPMENT FUND - UNIFIED						
Members						
Trinidad and Tobago	17,700	-	17,700	-	17,700	7,906
Bahamas	9,930	-	9,930	-	9,930	3,176
Barbados	9,930	-	9,930	-	9,930	1,473
Jamaica	15,520	-	15,520	-	15,520	3,506
Guyana	9,930	-	9,930	-	9,930	3,878
Antigua and Barbuda	1,232	320	912	-	912	348
Belize	2,640	-	2,640	-	2,640	1,245
Dominica	2,640	-	2,640	-	2,640	592
St.Kitts and Nevis	2,640	-	2,640	-	2,640	707
St. Lucia	2,640	-	2,640	-	2,640	708
St.Vincent and the Grenadines	2,653	-	2,653	-	2,653	1,129
Grenada	2,640	840	1,800	-	1,800	1,167
Montserrat	1,020	-	1,020	-	1,020	186
British Virgin Islands	1,020	-	1,020	-	1,020	270
Turks and Caicos Islands	1,020	-	1,020	-	1,020	-
Cayman Islands	920	-	920	-	920	442
Anguilla	1,020	320	700	-	700	160
Colombia	19,933	-	19,933	-	19,933	2,130
Venezuela	14,782	-	14,782	-	14,782	5,859
Canada	143,063	-	143,063	-	143,063	45,368
United Kingdom	115,614	-	115,614	-	115,614	43,880
Germany	53,102	-	53,102	-	53,102	13,460
Italy	49,779	3,145	46,634	-	46,634	-
China	28,000	-	28,000	-	28,000	-
Mexico	11,000	-	11,000	-	11,000	-
	520,368	4,625	515,743	-	515,743	137,590
Other Contributors						
France	58,254	-	58,254	-	58,254	-
Netherlands	24,902	-	24,902	-	24,902	-
	603,524	-	598,899	-	598,899	137,590
Technical Assistance Allocation	(126,000)	-	(126,000)	-	(126,000)	-
SUB - TOTAL	477,524	4,625	472,899	-	472,899	137,590
SPECIAL DEVELOPMENT FUND - OTHER						
Members						
Colombia	5,000	-	5,000	-	5,000	-
Germany ^{3/}	2,128	-	2,128	-	2,128	-
Mexico ^{4/}	13,767	-	13,767	-	13,767	-
Venezuela	17,474	-	17,474	-	17,474	-
	38,369	-	38,369	-	38,369	-
Other Contributors						
Sweden	3,927	-	3,927	-	3,927	-
United States of America ^{3/}	8,730	-	8,730	-	8,730	-
	12,657	-	12,657	-	12,657	-
SUB - TOTAL	51,026	-	51,026	-	51,026	-
TOTAL SDF - 2004	\$528,550	\$4,625	\$523,925	-	\$523,925	\$137,590
SUMMARY						
Members	432,737	4,625	428,112	-	428,112	137,590
Other contributors	95,813	-	95,813	-	95,813	-
TOTAL SDF - 2004	\$528,550	\$4,625	\$523,925	-	\$523,925	\$137,590
TOTAL SDF - 2003	\$527,063	\$4,625	\$522,438	\$23,150	\$499,288	\$131,199

1/ Net of repayments.

2/ Contributions not yet formally pledged by Governments.

3/ Contributions with fixed repayment dates.

4/ Net of appropriation for Technical Assistance of \$1,566,000.

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND SCHEDULE 3
 STATEMENT OF CONTRIBUTED RESOURCES (Continued)
 December 31, 2004 and 2003
 Expressed in thousands of United States dollars - Note A

Currencies	Amounts made available 2003	Translation adjustments	Drawdowns/ Appropriations from Capital ^{2/}	Sub-total	Repay-ments	Amounts made available 2004
(a) SPECIAL DEVELOPMENT FUND - UNIFIED						
Canadian dollars	44,787	2,984	\$2,536	50,307	-	50,307
Euros	21,881	1,754	(\$3,336)	20,299	-	20,299
Pounds sterling	38,647	3,083	\$2,102	43,832	-	43,832
United States dollars	341,577	-	\$16,884	358,461	-	358,461
TOTAL - December 31, 2004	\$446,892	\$7,821	\$18,186	\$472,899	-	\$472,899
TOTAL - December 31, 2003	\$390,088	\$19,461	\$37,343	\$446,892	-	\$446,892
(b) SPECIAL DEVELOPMENT FUND - OTHER						
Euros	2,986	240	-	3,226	(\$1,098)	2,128
Swedish kroners	3,614	314	-	3,928	-	3,928
United States dollars	45,796	-	-	45,796	(\$826)	44,970
TOTAL - December 31, 2004	\$52,396	\$554	-	\$52,950	(\$1,924)	\$51,026
TOTAL - December 31, 2003	\$52,901	\$1,313	-	\$54,214	(\$1,818)	\$52,396

1/ Subject to maintenance of value provision on the contribution to the second tranche of the Unified Special Development Fund.

2/ Net of conversions to United States dollars in accordance with the funding Rules of the Unified Special Development Fund.

MATURITY STRUCTURE OF REPAYABLE CONTRIBUTIONS OUTSTANDING*	
January 1, 2005 to December 31, 2005	1,661
January 1, 2006 to December 31, 2006	1,399
January 1, 2007 to December 31, 2007	1,425
January 1, 2008 to December 31, 2008	1,201
January 1, 2009 to December 31, 2009	958
January 1, 2010 to December 31, 2014	4,214
TOTAL	\$10,858

* Relates to SDF(O) contributions by Germany and the United States of America only.

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND SCHEDULE 4
 STATEMENT OF ACCUMULATED NET INCOME

December 31, 2004 and 2003

Expressed in thousands of United States dollars - Note A

CONTRIBUTORS	ACCUMULATED NET INCOME				
	Brought forward 2003	Trans-lation Adjust-ments	Net Income 2004	Appro-priations	Carried forward 2004
SPECIAL DEVELOPMENT FUND - UNIFIED	19,080	(736)	(467)	-	17,877
SPECIAL DEVELOPMENT FUND - OTHER					
Members					
Colombia	3,495	-	44	-	3,539
Germany	126	61	(161)	-	26
Mexico	4,256	-	67	-	4,323
Venezuela	20,459	-	(98)	(1,361)	19,000
	28,336	61	(148)	(1,361)	26,888
Other contributors					
Sweden	5,133	480	278	-	5,891
United States of America	8,939	-	(32)	(100)	8,807
	14,072	480	246	(100)	14,698
	42,408	541	98	(1,461)	41,586
TOTAL SDF	\$61,488	(\$195)	(\$369)	(\$1,461)	\$59,463
SUMMARY					
Members	47,416	(675)	(615)	(1,361)	44,765
Other contributors	14,072	480	246	(100)	14,698
TOTAL SDF - December 31, 2004	\$61,488	(\$195)	(\$369)	(\$1,461)	\$59,463
TOTAL SDF - December 31, 2003	\$64,437	(\$6,009)	\$3,060	-	\$61,488

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
December 31, 2004 and 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Special Development Fund (SDF) was established to carry out the special operations of the Bank by providing resources on concessional terms to assist borrowing members primarily for poverty reduction. Resources are provided by contributions from members and other contributors.

Due to the nature of the SDF, these financial statements have been prepared for the specific purpose of reflecting the sources and applications of member subscriptions and contributions and other development resources. These financial statements are not intended to be a presentation in accordance with International Financial Reporting Standards. These special purpose financial statements have been prepared in accordance with the accounting policies outlined below.

Preparation of these special purpose financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates.

Translation of Currencies

The financial statements are expressed in United States dollars solely for the purpose of summarising the Caribbean Development Bank's (the "Bank's") financial position and the results of its operations.

Assets, liabilities and contributed resources in currencies other than United States dollars are translated into United States dollars either at the par values established for those currencies with the International Monetary Fund, or where no par values are maintained, at rates which have been determined by the Bank to be appropriate for translation. In general, the rates so determined will be the approximate market rates of exchange prevailing at the dates of the financial statements. Differences in the United States dollar equivalents of opening accumulated net income arising from changes in exchange rates applied at the beginning of the year and at the end of the year are included as translation adjustments in accumulated net income.

Income and expenses in currencies other than United States dollars are translated into United States dollars at applicable rates of exchange on the transaction dates. This practice approximates the application of average rates in effect during the year. Any gains or losses arising as a result of differences in rates applied to income and expenses and to assets and liabilities are shown as an exchange gain or loss in the determination of net income for the year.

Investments

All investment securities are held in a trading portfolio and reported at fair market value. Trading securities are initially recognised at cost (which includes transaction costs) and subsequently re-measured at fair value based on quoted market prices. All related realised and unrealised gains and losses are included in investment income. Interest earned whilst holding trading securities is reported as interest income.

All purchases and sales of trading securities that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recognised at trade date, which is the date that the bank commits to purchase or sell the asset. Otherwise such transactions are treated as derivatives until settlement occurs.

Loans

All loans by the Bank are made either from currencies available from members' subscriptions or from currencies borrowed and the principal amounts are repayable to the Bank in the

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS (Continued)
December 31, 2004 and 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

currencies lent. The balances outstanding on loans to members and their agencies are secured by guarantees of the Governments of the member country in which the loans are made. Loans to the private sector are secured by other forms of securities deemed appropriate by the Bank.

The Bank is one of very few lenders of development and structural adjustment loans to Caribbean countries. There is no secondary market for development loans nor does the Bank intend to sell these loans. As a result, the use of market data to arrive at the fair value of loans will not yield any meaningful results.

The average interest rate earned on loans outstanding was 2.40% (2003 - 2.49%). There were no impaired loans at December 31, 2004 and 2003.

Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash in banks and other depositories and time deposits with less than 90 days maturity from the date of acquisition.

Technical Assistance and Grants

Technical assistance and grants for capital projects to borrowing member countries are provided either from grants received from contributors or from other resources specifically allocated for this purpose.

Administrative Expenses

Administrative expenses incurred by the Bank which cannot be directly charged to individual funds are allocated between the Ordinary Capital Resources, the Other Special Funds and the Special Development Fund in accordance with a method of allocation notified to the Board of Directors.

NOTE B - INVESTMENTS

As part of its overall portfolio management strategy, the Bank invests in Government, agency, supranational and bank obligations, including time deposits. The Bank limits its activities of investing in securities to well established dealers and counterparties meeting minimum credit rating standards set by the Bank.

The annualised rate of return on the average investments held during the year, including realised and unrealised gains and losses was 1.99% (2003 – 2.13%). Net realised losses on investments traded during 2004 totalled \$29,012 (2003 - \$423,311) while net unrealised losses totalled \$1,212,000 (2003 –\$907,000).

NOTE C - FUNDS

In accordance with the Agreement establishing the Bank (the Agreement), Special Funds Resources comprise the Special Development Fund and Other Special Funds established or administered by the Bank, including technical assistance and other grant resources contributed on a non-reimbursable basis. The Special Development Fund was established to receive contributions or loans which may be used to make or guarantee loans of high developmental priority, with longer maturities, longer deferred commencement of repayment and lower interest

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
 NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS (Continued)
 December 31, 2004 and 2003

NOTE C - FUNDS (Continued)

rates than those determined by the Bank for its Ordinary Operations. As a result of Rules adopted by the Bank in May 1983 for the Special Development Fund, contributions to the Special Development Fund currently comprise funds made available to the Bank subject to the former rules and funds made available to the Bank subject to the new rules. Funds made available to the Bank under the former rules would continue to be governed by such rules except where contributors opt to transfer funds under the new rules.

For the purposes of these financial statements the Special Development Fund has been presented separately from the Other Special Funds in accordance with the Rules for the Special Development Fund. Further, funds made available to the Bank subject to the former rules (referred to herein as "Other") are shown separately from funds made available subject to the new rules (referred to herein as "Unified").

Details of contributions and loan resources to the Special Development Fund are stated at the equivalent in thousands of United States dollars where such contributions and loans have been made in currencies other than United States dollars and are as follows:

(a) SPECIAL DEVELOPMENT FUND – UNIFIED

	2004	2003
Contributions (as per Schedule 3)	\$472,899	\$448,017

All contributions to the Special Development Fund - Unified are interest-free with no date for repayment.

Effective October 27, 2000, France ceased to be a member of the Bank, but under the Rules of the Special Development Fund, its contributions are non-reimbursable.

(b) SPECIAL DEVELOPMENT FUND - OTHER

Colombia	\$5,000	\$5,000
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The contribution is interest-free and was not repayable before 2000. The agreement with the contributor provides that not less than 5% or more than 10% of the contribution may be used for technical assistance. To date \$39,000 (2003- \$39,000) has been incurred on technical assistance and has been charged against the income from the contribution.

Germany

First Contribution	\$11,501	10,648
Less repayments	11,214	9,850
	287	798
Second Contribution	8,114	7,511
Less repayments	6,273	5,324
	1,841	2,187
	\$2,128	\$2,985

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
 NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS (Continued)
 December 31, 2004 and 2003

NOTE C - FUNDS (Continued)

The contributions consist of two loans which are subject to interest at the rate of 2% on the amounts drawn and a commitment fee of 0.25% per annum on the amounts undrawn. The first contribution is repayable during the period 1985 to 2005 and the second contribution is repayable during the period 1993 to 2012.

	2004	2003
Mexico		
First Contribution	7,000	7,000
Less Technical Assistance	1,566	1,566
	5,434	5,434
Second Contribution	5,000	5,000
Third Contribution	3,333	3,333
	\$13,767	\$13,767
Technical Assistance Resources	\$1,566	\$1,566

The contributions are interest-free and are not subject to call before 2009.

Venezuela

First Contribution	10,000	10,000
Less Technical Assistance	176	176
	9,824	9,824
Second Contribution	7,650	7,650
	\$17,474	\$17,474

The contributions are interest-free and were not subject to calls before 1999 and 2006 respectively. The agreement with the contributor provides that up to 10% of the first contribution may be used to finance technical assistance on the basis of contingent recovery.

Sweden

\$3,927	\$3,614
---------	---------

The contribution is interest-free with no definite date for repayment.

United States of America

First Contribution	10,000	10,000
Less repayments	6,448	6,061
	3,552	3,939
Second Contribution	12,000	12,000
Less repayments	6,822	6,383
	5,178	5,617
	\$8,730	\$9,556

SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS (Continued)
December 31, 2004 and 2003

NOTE C - FUNDS (Continued)

The contributions are subject to interest at the rate of 2% per annum on the amounts outstanding for the first ten years after first disbursement and thereafter at the rate of 3% per annum. The first contribution is repayable during the period 1982 to 2012 and the second contribution during the period 1984 to 2014.

NOTE D - ACCUMULATED NET INCOME AND NET INCOME FOR THE YEAR

In accordance with the rules of the Special Development Fund, the accumulated net income and net income for the current year form part of the contributed resources of the fund and are not available for allocation by the Board of Governors.

NOTE E - TECHNICAL ASSISTANCE AND GRANT RESOURCES

In accordance with paragraph 4.9.2 of the Rules for the Special Development Fund, allocations/ appropriations of income and capital of the Fund may be made for the purpose of the Bank's technical assistance and grant operations. The movements (expressed in thousands of United States dollars) during the years ended December 31, 2004 and 2003 were as follows:

Balance at January 1, 2003	21,752
Allocations for the year	10
Expenditure for the year	(2,927)
Balance at December 31, 2003	\$18,835
Allocations for the year	8,529
Expenditure for the year	(3,036)
Balance at December 31, 2004	\$24,328

February 28, 2005

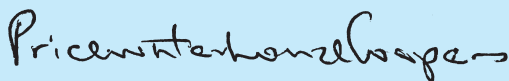
**AUDITORS' REPORT
TO THE BOARD OF GOVERNORS
CARIBBEAN DEVELOPMENT BANK**

We have audited the accompanying special purpose financial statements of the Other Special Funds of the Caribbean Development Bank (the "Bank") as of December 31, 2004 as set out on pages 90 to 107. These special purpose financial statements are the responsibility of the Bank's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accompanying special purpose financial statements of the Other Special Funds of the Caribbean Development Bank as of December 31, 2004 have been properly prepared in all material respects, in accordance with the accounting policies set out in Note A.

Without qualifying our opinion, we emphasise that the accounting policies used and disclosures made are not intended to, and do not, comply with all the requirements of International Financial Reporting Standards.



CHARTERED ACCOUNTANTS

Antigua	Charles W. A. Walwyn	Robert J. Wilkinson					
Barbados	J. Andrew Marryshow	Philip St. E. Atkinson	R. Michael Bynoe	Ashley R. Clarke	Gloria R. Eduardo	Wayne I. Fields	
	Maurice A. Franklin	Marcus A. Hatch	Stephen A. Jardine	Lindell E. Nurse	Brian D. Robinson		
	Christopher S. Sambrano	R. Charles D. Tibbits	Ann M. Wallace-Elcock	Michelle J. White-Ying			
Grenada	Philip St. E. Atkinson (resident in Barbados)						
St. Lucia	Anthony D. Atkinson						
	Richard N. C. Peterkin						

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
BALANCE SHEET
December 31, 2004 and 2003
Expressed in thousands of United States dollars - Note A

	2004	2003
ASSETS		
DUE FROM BANKS	1,126	2,364
INVESTMENTS (Schedule 1)	98,242	111,425
LOANS (Schedule 2)	63,696	51,635
RECEIVABLES - OTHER		
Accounts receivable including interfund receivables	29,593	32,107
Accrued income on investments	875	1,026
Accrued income on loans	338	233
	<u>30,806</u>	<u>33,366</u>
	<u>\$193,870</u>	<u>\$198,790</u>
LIABILITIES AND FUNDS		
LIABILITIES		
Accounts payable including interfund payables	924	1,125
Accrued charges on contributions	246	258
	<u>1,170</u>	<u>1,383</u>
FUNDS		
Contributed resources (Schedule 3)		
Contributions	91,241	99,743
Less amounts not yet made available	13,340	20,403
Amounts made available	77,901	79,340
Accumulated net income (Schedule 4)	35,249	43,230
	<u>113,150</u>	<u>122,570</u>
Technical assistance and other grant resources (Schedule 5)	79,550	74,837
	<u>\$193,870</u>	<u>\$198,790</u>

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
 STATEMENT OF INCOME AND ACCUMULATED NET INCOME
 For the years ended December 31, 2004 and 2003
 Expressed in thousands of United States dollars - Note A

	2004	2003
INCOME		
From loans	1,019	868
From investments and cash balances	2,309	2,938
GROSS INCOME	3,328	3,806
EXPENSES		
Administrative expenses	1,237	1,150
Charges on contributions	1,047	1,034
Exchange	716	(9)
TOTAL EXPENSES	3,000	2,175
NET INCOME FOR THE YEAR	\$328	\$1,631

**STATEMENT OF CHANGES IN
 ACCUMULATED NET INCOME**

ACCUMULATED NET INCOME -

BEGINNING OF YEAR	43,230	40,891
Currency translation adjustments	(916)	708
Appropriations	(7,393)	-
Net income for the year	328	1,631
ACCUMULATED NET INCOME - END OF YEAR	\$35,249	\$43,230

**SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
STATEMENT OF CASH FLOWS**

For the years ended December 31, 2004 and 2003

Expressed in thousands of United States dollars - Note A

	2004	2003
Operating activities:		
Net income for the year	328	1,631
Adjustments for non-cash items:		
Unrealised loss/(gain) on trading portfolio	763	(257)
Interest income	(4,091)	(3,357)
Interest expense	1,047	1,034
Disbursements on loans	(12,585)	(3,572)
Principal repayments to the Bank on loans	1,938	2,003
(Increase) in loans resulting from exchange rates fluctuations	(1,414)	(2,906)
Technical Assistance disbursements	(7,596)	(5,833)
Net cash used in lending activities	(21,938)	(11,257)
Decrease in accounts receivable including interfund receivables	2,514	33,228
Increase/(decrease) in accounts payable including interfund payables	(201)	112
Allocation/appropriations for technical assistance	(7,393)	-
Total adjustments	(5,080)	33,340
Interest received	4,137	3,495
Interest paid	(1,059)	(1,024)
Net decrease in trading securities	12,575	14,028
Net cash (used in)/provided by operating activities	(11,037)	16,499
Financing activities:		
Contributions:		
Increase in contributions for loans	-	6,660
Repayments	(3,338)	(3,178)
Increase in contributions resulting from exchange rates fluctuations	1,899	3,984
Technical Assistance contributions	12,309	(24,572)
Net cash provided by/(used in) financing activities	10,870	(17,106)
Translation adjustments	(916)	708
Net (decrease)/increase in cash and cash equivalents	(1,083)	22,184
Cash and cash equivalents at beginning of year	31,065	8,881
Cash and cash equivalents at end of year	\$29,982	\$31,065
Represented by:		
Due from banks	1,126	2,364
Time deposits	7,752	4,599
Trading securities	21,104	24,102
	29,982	31,065

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF INVESTMENTS

SCHEDULE 1

December 31, 2004 and 2003

Expressed in thousands of United States dollars - Note A

	2004	2003
	Market value	Market value
TRADING SECURITIES		
Government and Agency Obligations	71,068	83,551
Supranationals	7,589	10,593
Time Deposits	7,752	4,599
SUB-TOTAL	86,409	98,743
AVAILABLE FOR SALE		
Equity Investments	11,833	12,682
TOTAL	\$98,242	\$111,425

RESIDUAL TERM TO CONTRACTUAL MATURITY

	2004	2003
One month to three months	28,856	28,701
From three months to one year	15,832	29,955
From one year to five years	47,702	44,287
From five years to ten years	5,852	8,482
TOTAL	\$98,242	\$111,425

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS

SCHEDULE 2

December 31, 2004 and 2003

Expressed in thousands of United States dollars - Note A

Member countries in which loans have been made	Effective Loans						Percentage of total loans outstanding
	Total loans approved ^{1/}	Loans approved but not yet effective	Signed agreements	Principal repaid to bank	Undisbursed	Outstanding ^{2/}	
Anguilla	500	-	500	225	-	275	0.4
Antigua and Barbuda	3,032	-	3,032	2,416	-	616	1.0
Barbados	17,935	-	17,935	17,386	-	549	0.9
Belize	8,785	-	8,785	8,752	-	33	0.1
British Virgin Islands	1,882	-	1,882	1,882	-	-	-
Cayman Islands	3,036	-	3,036	3,036	-	-	-
Dominica	30,006	-	30,006	9,725	2,782	17,499	27.5
Grenada	18,214	-	18,214	5,380	2,520	10,314	16.2
Guyana	20,781	-	20,781	15,858	-	4,923	7.7
Jamaica	39,089	-	39,089	37,133	-	1,956	3.1
Montserrat	1,239	-	1,239	1,239	-	-	-
St. Kitts and Nevis	8,512	-	8,512	3,403	95	5,014	7.9
St. Lucia	34,094	-	34,094	10,855	9,014	14,225	22.3
St. Vincent and the Grenadines	14,817	-	14,817	10,054	-	4,763	7.5
Trinidad and Tobago	3,567	-	3,567	1,490	-	2,077	3.3
Regional	2,266	-	2,266	778	36	1,452	2.3
TOTAL - December 31, 2004	207,755	-	207,755	129,612	14,447	63,696	100.0
TOTAL - December 31, 2003	\$190,131	-	\$190,131	\$126,225	\$12,271	\$51,635	

1/ Net of lapses and cancellations.

2/ Includes overdue instalments of principal amounting to \$86,000 (2003 - \$18,000).

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS (Continued)
December 31, 2004 and 2003
Expressed in thousands of United States dollars - Note A

SCHEDULE 2

Analysis by Special Fund	Effective Loans						Percent- age of total loans out- standing
	Total loans approved ^{1/}	Loans approved but not yet effective	Signed agree- ments	Principal repaid to bank	Undis- bursed	Out- standing ^{2/}	
MEMBERS							
Trinidad and Tobago	1,340	-	1,340	1,336	-	4	0.0
OTHER CONTRIBUTORS							
Caribbean Development Bank	22,861	-	22,861	8,605	2,788	11,468	18.0
Nigeria	9,636	-	9,636	3,364	-	6,272	9.9
United States of America	93,006	-	93,006	91,609	-	1,397	2.2
Inter-American Development Bank	37,679	-	37,679	13,130	11,221	13,328	20.9
European Union	11,166	-	11,166	6,023	36	5,107	8.0
International Development Association	32,067	-	32,067	5,545	402	26,120	41.0
TOTAL - December 31, 2004	207,755	-	207,755	129,612	14,447	63,696	100.0
TOTAL - December 31, 2003	\$190,131	-	\$190,131	\$126,225	\$12,271	\$51,635	

1/ Net of lapses and cancellations.

2/ Includes overdue instalments of principal amounting to \$86,000 (2003 - \$18,000).

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS (continued)

SCHEDULE 2

December 31, 2004 and 2003

Expressed in thousands of United States dollars - Note A

Currencies Receivable	Loans Out- stand- ing 2003	Trans- lation Ad- just- ments	Dis- burse- ments	Sub- Total	Repay- ments	Provi- sion for Losses	Loans Out- stand- ing 2004
Canadian dollars	171	11	-	182	(56)	-	126
Euros	5,748	460	-	6,208	(559)	-	5,649
Pounds sterling	324	26	-	350	(46)	-	304
Special Drawing Rights	20,073	911	-	20,984	(551)	-	20,433
Trinidad and Tobago dollars	13	-	-	13	(9)	-	4
United States dollars	25,231	-	12,585	37,816	(698)	-	37,118
Others	75	6	-	81	(19)	-	62
TOTAL - December 31, 2004	\$51,635	\$1,414	\$12,585	\$65,634	(\$1,938)	-	\$63,696
TOTAL - December 31, 2003	\$47,160	\$2,906	\$3,572	\$53,638	(\$2,003)	-	\$51,635

MATURITY STRUCTURE OF LOANS OUTSTANDING

January 1, 2005 to December 31, 2005	1,976
January 1, 2006 to December 31, 2006	2,506
January 1, 2007 to December 31, 2007	2,925
January 1, 2008 to December 31, 2008	2,622
January 1, 2009 to December 31, 2009	2,766
January 1, 2010 to December 31, 2014	14,441
January 1, 2015 to December 31, 2019	14,452
January 1, 2020 to December 31, 2024	10,116
January 1, 2025 to December 31, 2029	7,460
January 1, 2030 to December 31, 2034	4,432
	<u><u>\$63,696</u></u>

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SCHEDULE 3

STATEMENT OF CONTRIBUTIONS

December 31, 2004 and 2003

Expressed in thousands of United States dollars - Note A

Contributors	Contributions		
	Total ^{1/}	Amounts not yet made available	Amounts made available
MEMBERS			
Canada ^{2/}	1,659	-	1,659
Trinidad and Tobago	292	-	292
	1,951	-	1,951
OTHER CONTRIBUTORS			
Nigeria	800	-	800
Inter-American Development Bank ^{2/}	38,461	13,340	25,121
European Investment Bank	1,364	-	1,364
United States of America	14,277	-	14,277
European Union	7,122	-	7,122
International Development Association	27,266	-	27,266
	89,290	13,340	75,950
TOTAL - December 31, 2004	\$91,241	\$13,340	\$77,901
TOTAL - December 31, 2003	\$99,743	\$20,403	\$79,340

1/ Net of cancellations and repayments.

2/ Contributions with no fixed date of repayment - \$2,488.

MATURITY STRUCTURE OF REPAYABLE CONTRIBUTIONS OUTSTANDING

January 1, 2005 to December 31, 2005	3,288
January 1, 2006 to December 31, 2006	3,330
January 1, 2007 to December 31, 2007	3,442
January 1, 2008 to December 31, 2008	3,558
January 1, 2009 to December 31, 2009	3,279
January 1, 2010 to December 31, 2014	15,869
January 1, 2015 to December 31, 2019	14,438
January 1, 2020 to December 31, 2044	28,209
TOTAL	\$75,413

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF CONTRIBUTIONS (continued)

SCHEDULE 3

December 31, 2004 and 2003

Expressed in thousands of United States dollars - Note A

Currencies repayable	Contributions made available 2003	Translation adjustments	Drawdowns/ Appropriations from Capital	Sub-total	Repayments	Contributions made available 2004
Canadian dollars	2,011	134	-	2,145	(42)	2,103
Euros	8,770	704	-	9,474	(447)	9,027
Japanese yen	394	17	-	411	(32)	379
Pounds sterling	880	70	-	950	(103)	847
Special Drawing Rights	21,193	961	-	22,154	(496)	21,658
Swedish kroners	218	19	-	237	(21)	216
Trinidad and Tobago dollars	352	(6)	-	346	(53)	293
United States dollars	45,522	-	-	45,522	(2,144)	43,378
TOTAL - December 31, 2004	\$79,340	\$1,899	-	\$81,239	(\$3,338)	\$77,901
TOTAL - December 31, 2003	\$71,874	\$3,984	\$6,660	\$82,518	(\$3,178)	\$79,340

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SCHEDULE 4

STATEMENT OF ACCUMULATED NET INCOME

December 31, 2004 and 2003

Expressed in thousands of United States dollars - Note A

CONTRIBUTORS	ACCUMULATED NET INCOME				
	Brought forward 2003	Trans- lation Adjust- ments	Net Income 2004	Appro- priations	Carried forward 2004
General Funds	8,027	(770)	140	(7,393)	4
Private Sector Fund	916	-	136	-	1,052
European Investment Bank	(54)	(48)	15	-	(87)
European Union	1,501	21	46	-	1,568
Inter-American Development Bank	1,121	(77)	15	-	1,059
International Development Association	261	(48)	0	-	213
Nigeria	6,411	6	102	-	6,519
United States of America	25,047	-	(126)	-	24,921
TOTAL - December 31, 2004	\$43,230	(\$916)	\$328	(\$7,393)	\$35,249
TOTAL - December 31, 2003	\$40,891	\$708	\$1,631	-	\$43,230

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SCHEDULE 5

STATEMENT OF TECHNICAL ASSISTANCE AND OTHER GRANT RESOURCES

December 31, 2004 and 2003

Expressed in thousands of United States dollars - Note A

CONTRIBUTORS	CONTRIBUTIONS				
	Total ^{1/}	Amounts not yet made available	Amounts made available	Amounts utilised	Amounts available
MEMBERS					
Canada	8,998	-	8,998	3,750	5,248
United Kingdom	3,597	-	3,597	2,679	918
Italy	457	-	457	252	205
	13,052	-	13,052	6,681	6,371
OTHER CONTRIBUTORS					
Caribbean Development Bank	128,469	-	128,469	56,251	72,218
United States of America	22,899	586	22,313	22,311	2
Inter-American Development Bank	2,116	910	1,206	905	301
China	597	-	597	35	562
Venezuela	50	-	50	0	50
Nigeria	193	-	193	147	46
Subtotal	154,324	1,496	152,828	79,649	73,179
TOTAL - December 31, 2004	\$167,376	\$1,496	\$165,880	\$86,330	\$79,550
TOTAL - December 31, 2003	\$155,208	\$1,496	\$153,712	\$78,875	\$74,837
SUMMARY					
Basic Needs Trust Fund	93,200	-	93,200	60,175	33,025
Other Resources	74,176	1,496	72,680	26,155	46,525
TOTAL - December 31, 2004	\$167,376	\$1,496	\$165,880	\$86,330	\$79,550
Basic Needs Trust Fund	93,200	-	93,200	58,981	34,219
Other Resources	62,008	1,496	60,512	19,894	40,618
TOTAL - December 31, 2003	\$155,208	\$1,496	\$153,712	\$78,875	\$74,837

1/ Net of cancellations and resources fully utilised and expended in non-reimbursable operations.

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
December 31, 2004 and 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Other Special Funds (OSF) were established to carry out the special operations of the Bank by providing resources on concessional terms to assist borrowing members primarily for poverty reduction. Resources are provided by contributions from members and other contributors.

Due to the nature of the OSF, these financial statements have been prepared for the specific purpose of reflecting the sources and applications of member subscriptions and contributions and other development resources. These financial statements are not intended to be a presentation in accordance with International Financial Reporting Standards. These special purpose financial statements have been prepared in accordance with the accounting policies outlined below.

Preparation of these special purpose financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates.

Translation of Currencies

The financial statements are expressed in United States dollars solely for the purpose of summarising the Caribbean Development Bank (the “Bank’s”) financial position and the results of its operations.

Assets and liabilities in currencies other than United States dollars are translated into United States dollars either at the par values established for those currencies with the International Monetary Fund, or where no par values are maintained, at rates which have been determined by the Bank to be appropriate for translation. In general, the rates so determined will be the approximate market rates of exchange prevailing at the dates of the financial statements. Differences in the United States dollar equivalents of opening accumulated net income arising from changes in exchange rates applied at the beginning of the year and at the end of the year are included as translation adjustments in accumulated net income.

Income and expenses in currencies other than United States dollars are translated into United States dollars at applicable rates of exchange on the transaction dates. This practice approximates the application of average rates in effect during the year. Any gains or losses arising as a result of differences in rates applied to income and expenses and to assets and liabilities are shown as an exchange gain or loss in the determination of net income for the year.

Investments

All investment securities are held in a trading portfolio and reported at fair market value. Trading securities are initially recognised at cost (which includes transaction costs) and subsequently re-measured at fair value based on quoted market prices. All related realised and unrealised gains and losses are included in investment income. Interest earned whilst holding trading securities is reported as interest income.

All purchases and sales of trading securities that require delivery within the time frame established by regulation or market convention (“regular way” purchases and sales) are

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
December 31, 2004 and 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

recognised at trade date, which is the date that the bank commits to purchase or sell the asset. Otherwise such transactions are treated as derivatives until settlement occurs.

Loans

All loans by the Bank are made either from currencies available from members' subscriptions or from currencies borrowed and the principal amounts are payable to the Bank in the currencies lent. The balances outstanding on loans to members and their agencies are secured by guarantees of the Governments of the member country in which the loans are made. Loans to the private sector are secured by other forms of security deemed appropriate by the Bank.

The Bank is one of very few lenders of development and structural adjustment loans to Caribbean countries. There is no secondary market for development loans nor does the Bank intend to sell these loans. As a result, the use of market data to arrive at the fair value of loans will not yield any meaningful results.

The average interest rates earned on loans outstanding was 1.75% (2003 - 1.72%). There were no impaired loans at December 31, 2004 and 2003.

Cash and Cash Equivalents

For the purposes of the cash flow statements, cash and cash equivalents comprise cash in banks and other depositories and time deposits with less than 90 days maturity from the date of acquisition.

Technical Assistance and Grants

Technical assistance and grants for capital projects to borrowing member countries are provided either from non-reimbursable grants received from contributors or from other resources specifically allocated for this purpose. An amount of \$13,000,000 has been included to assist in the relief of Guyana's debt service under the Heavily Indebted Poor Countries Initiative.

Administrative Expenses

Administrative expenses incurred by the Bank which cannot be directly charged to individual funds are allocated between the Ordinary Capital Resources, the Other Special Funds and the Special Development Fund in accordance with a method of allocation notified to the Board of Directors.

NOTE B - INVESTMENTS

As part of its overall portfolio management strategy, the Bank invests in Government agency, supranational and bank obligations, including the time deposits. The Bank limits its activities of investing in securities to well established dealers and counterparties meeting minimum credit rating standards set by the Bank.

The annualised rate of return on the average investments held during the year, including realised and unrealised gains and losses was 2.34% (2003 - 2.99%). Net realised gains on

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
 December 31, 2004 and 2003

NOTE C - FUNDS

investments amounted to \$161,243 (2003 - \$155,700), while net unrealised losses amounted to \$763,000 (2003 – gain of \$257,000).

In accordance with the Agreement establishing the Bank (the Agreement), Special Funds Resources comprise the Special Development Fund and Other Special Funds established or administered by the Bank, including technical assistance and other grant resources contributed on a non-reimbursable basis. For the purposes of these financial statements, the Other Special Funds have been presented separately from the Special Development Fund. The Other Special Funds are established in accordance with agreements between the Bank and contributors and, in general, are for specific types of projects as agreed between the Bank and the contributors. In accordance with the Agreement, each Special Fund, its resources and accounts are kept entirely separate from other Special Funds, their resources and accounts.

For the purpose of presentation in these financial statements, the financial statements of each of the Other Special Funds have been aggregated.

Technical assistance and other grant resources include resources for the Basic Needs Trust Fund and other resources established for specific purposes as determined between the Bank and contributors.

Details of contributions, loans and technical assistance resources of the Other Special Funds are stated at the equivalent in thousands of United States dollars where such contributions, loans and technical assistance grants have been made in currencies other than United States dollars and are as follows:

	2004	2003
Canada		
Agricultural	\$1,659	\$1,555
The contributions are interest-free with no date for repayment.		
Technical Assistance Resources	\$8,998	\$7,877
Italy		
Technical Assistance Resources	\$457	\$457
Trinidad and Tobago		
Counterpart Contribution	1,323	1,346
Less repayments	1,031	995
	\$292	\$351

The contribution is subject to interest at the rate of 2.5% and is repayable during the period 1985-2010.

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
 NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
 December 31, 2004 and 2003

NOTE C - FUNDS (Continued)

	2004	2003
Nigeria		
Contribution	5,000	5,000
Less repayments	4,200	4,000
	\$800	\$1,000
Technical Assistance Resources	\$193	\$193
<p>The contribution from Nigeria is subject to interest at the rate of 3% per annum and is repayable during the period 1984-2008.</p>		
United Kingdom		
Technical Assistance Resources	\$3,597	\$3,176
Inter-American Development Bank		
First Global loan	8,256	8,041
Less repayments	8,256	8,041
	-	-
Second Global loan	4,977	4,758
Less repayments	2,743	2,447
	2,234	2,311
Pre-investment loan	454	454
Less repayments	454	454
	-	-
975/SF-RG	17,000	17,000
Less repayments	773	258
	16,227	16,742
1108/SF-RG Global Credit	6,660	6,660
Technical Assistance Resources	\$25,121	\$25,713

The first global loan was subject to interest at the rate of 1% per annum until 1983 and thereafter at 2% per annum and is repayable during the period 1985 to 2003. The second global loan was subject to interest at the rate of 1% per annum until 1994 and thereafter at 2% per annum and is repayable during the period 1995 to 2015.

The pre-investment loan was subject to interest at the rate of 1% per annum up to 1982 and subsequently at 2% per annum and was repayable during the period 1983 to 2002.

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
 NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
 December 31, 2004 and 2003

NOTE C - FUNDS (Continued)

Loan 975/SF-RG is subject to interest at the rate of 1% per annum until 2006 and thereafter at 2% per annum and is repayable during the period 2003 to 2036.

Global Credit 1108/SF-RF is subject to interest at the rate of 1% for the first ten years and 2% thereafter and is repayable during the period 2012-2042.

The loans are subject to a credit fee of 0.5% per annum on any undrawn balance.

	2004	2003	Due Dates
European Investment Bank			
Global Loan II - B	\$1,364	\$1,262	

Repayable in full in a single instalment on September 30, 2016.

United States of America

Contributions			
Agricultural	7,052	7,052	1988-2018
Less repayments	3,140	2,908	
	3,912	4,144	
Basic Human Needs	2,000	2,000	1991-2001
Less repayments	2,000	2,000	
	-	-	

Caribbean Development Facility

First Contribution			
Part 1	17,870	17,870	1988-1998
Part 2	2,000	2,000	1988-2008
Subtotal	19,870	19,870	
Less repayments	19,410	19,304	
	460	566	
Second Contribution	17,500	17,500	1990-2000
Less repayments	17,500	17,500	
	-	-	
Third Contribution	16,000	16,000	1991-2001
Less repayments	16,000	16,000	
	-	-	
Fourth Contribution	12,000	12,000	1992-2002
Less repayments	12,000	12,000	
	-	-	
	460	566	
Employment Investment Promotion	6,732	6,732	1990-2000
Less repayments	2,561	2,353	
	4,171	4,379	

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
 NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
 December 31, 2004 and 2003

NOTE C - FUNDS (Continued)

	2004	2003	Due Dates
Caribbean Development Facility (continued)			
Housing	8,400	8,400	1983-2012
Less repayments	<u>5,091</u>	<u>4,775</u>	
	<u>3,309</u>	<u>3,625</u>	
Regional Agri-business Development	6,300	6,300	1991-2021
Less repayments	<u>3,875</u>	<u>3,541</u>	
	2,425	2,759	
	<u>\$14,277</u>	<u>\$15,473</u>	

All contributions are subject to interest at the rate of 2% per annum on the amount outstanding for the first ten years after first disbursement and thereafter, at the rate of 3% per annum.

Technical Assistance Resources	<u>\$22,250</u>	<u>\$22,250</u>
European Union		
First contribution	7,976	7,384
Less repayments	<u>3,164</u>	<u>2,691</u>
	4,811	4,693
Second contribution	19,776	18,308
Less cancellation	<u>16,395</u>	<u>15,178</u>
	3,381	3,130
Less repayments	<u>1,070</u>	<u>891</u>
	<u>2,311</u>	<u>2,239</u>
	<u>\$7,122</u>	<u>\$6,932</u>

The contributions are subject to interest at the rate of 1% per annum. The first contribution is repayable during the period 1992-2021 and the second contribution during the period 1994-2024.

SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
 NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
 December 31, 2004 and 2003

NOTE C - FUNDS (Continued)

	2004		2003		Due Dates
International Development Association					
Credit No. 960/CRG	6,481		6,481		1990-2029
Less repayments	<u>1,620</u>	4861	<u>1,426</u>	5,055	
Credit No. 37/CRG (EEC)	997		924		1990-2029
Less repayments	249	748	<u>117</u>	807	
Credit No. 1364/CRG	8,396		8,032		
Less repayments	<u>1,217</u>	7,179	<u>924</u>	7,108	1993-2033
Credit No. 1785/CRG	7,171		6,860		
Less repayments	<u>538</u>	6,633	<u>446</u>	6,414	1997-2037
Credit No. 2135/CRG	8,621		8,247		2000-2030
Less repayments	776	7,845	577	7,670	
Credit No. 2640/CRG	-	-	-	-	2004-2034
			<u>\$27,266</u>	<u>\$27,054</u>	

The credits are subject to a service charge of 0.75% per annum on amounts outstanding. In addition, the credits totalling \$43,646,494 (2003 - \$41,753,035) representing 28,200,000 Special Drawing Rights are subject to a commitment fee not exceeding 0.5% per annum on amounts eligible for withdrawal but remain undrawn.

The credit of \$748,000 (2003 - \$807,000) consisting of various currencies represents resources from the Special Action Credit of the European Commission.

Caribbean Development Bank

Technical Assistance Resources

\$128,469

\$143,455

NOTE D - ACCUMULATED NET INCOME AND NET INCOME FOR THE YEAR

It is normal for the Board of Governors to determine the disposition of the accumulated net income and net income for the current year of each of the Other Special Funds, subject to any rules and regulations governing each Fund and any agreement relating thereto.

APPENDICIES

I-A	Gross Loan Approval by Country and by Fund Resources – 2004	II-H	Summary of Loans, Contingent Loans, Equity and Grants Approved by Fund (1970-2004)
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II-G	Approval of Loans, Contingent Loans, Equity and Grants (NET) by Country and by Year (1970-2004)	(4)	by Country and by Year (1970-2004)
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		III	Resolutions of Board of Governors During 2004
		IV	Depositories and Channels of Communication

Gross Loan Approval by Country and by Fund Resources - 2004
(\$'000)

Country/Project	Borrower	OCR		Special Fund Resources					Grand Total
		E & M	Total	Unified SDF	IDB	GDF	Total		
Belize									
Power Project - 5th Loan	Government	9,190	9,190	-	-	-	-	-	9,190
Sub-Total		9,190	9,190	-	-	-	-	-	9,190
Dominica									
Exceptional Financial Assistance Loan:									
Upgrading of Eco-tourism Sites	Government	-	-	-	-	472	472	472	472
Upgrading of Eco-tourism Sites (Additional Loan)	Government	-	-	-	-	1,748	1,748	1,748	1,748
Sea Defences and Road	Government	-	-	-	-	1,927	1,927	1,927	1,927
Natural Disaster Management	Government	-	-	-	-	3,175	3,175	3,175	3,175
Natural Disaster Management (Additional Loan)	Government	-	-	-	-	230	230	230	230
Sub-Total						903	903	903	903
OECS Waste Management (Add Loan)	Government	-	-	-	-	8,455	8,455	8,455	8,455
Grenada									
Natural Disaster Management following Hurricane Hugo	Government	-	-	500	-	-	500	500	500
Hurricane Reconstruction Support Loan	Government	-	-	8,100	-	-	8,100	8,100	8,100
Sub-Total				8,600			8,600	8,600	8,600

Gross Loan Approval by Country and by Fund Resources - 2004
(\$'000)

APPENDIX I-A cont'd

Country/Project	Borrower	OCR		Special Fund Resources				Grand Total
		E & M	Total	Unified SDF	IDB	GDF	Total	
Guyana								
Reconstruction of Sea Defences - 2nd Loan	Government	3,792	3,792	3,558	-	-	3,558	7,350
Sub-Total		3,792	3,792	3,558	-	-	3,558	7,350
Jamaica								
Industrial Line of Credit - 5th Loan	Development Bank of Jamaica Ltd.	25,000	25,000	-	-	-	-	25,000
Project Preparation, Enhancement of University of Technology (TA Loan)	Government	980	980	-	-	-	-	980
Hurricane Reconstruction Support Loan	Government	-	-	4,600	-	-	4,600	4,600
Sub-Total		25,980	25,980	4,600	-	-	4,600	30,580
St. Kitts and Nevis								
Natural Disaster Management following Hurricane Lenny (Add. Loan)	Government	3,700	3,700	-	-	-	-	3,700
Child Development Project	Government	-	-	2,642	-	-	2,642	2,642
Sub-Total		3,700	3,700	2,642	-	-	2,642	6,342
St. Lucia								
Flood Mitigation	Government	3,722	3,722	236	1,495	-	1,731	5,453
Sub-Total		3,722	3,722	236	1,495	-	1,731	5,453

Gross Loan Approval by Country and by Fund Resources - 2004
 (\$'000)

Country/Project	Borrower	OCR		Special Fund Resources				Grand Total
		E & M	Total	Unified SDF	IDB	GDF	Total	
St. Vincent and the Grenadines								
Power - 3rd Loan	VINLEC/Govt Guarantee	18,311	18,311	-	-	-	-	18,311
Basic Education	Government	8,179	8,179	4,405	5,000	-	9,405	17,584
Sub-Total		26,490	26,490	4,405	5,000	-	9,405	35,895
Trinidad and Tobago								
Feasibility Study and Preparation of Final Designs of Buccoo Community Development (TA Loan)	Government	506	506	-	-	-	-	506
Institutional Strengthening of the Tobago House of Assembly (TA Loan)	Government	600	600	-	-	-	-	600
Sub-Total		1,106	1,106	-	-	-	-	1,106
Turks and Caicos Islands								
Revised Solid Waste Management Programme (TA Loan)	Government	-	-	372	-	-	372	372
Sub-Total		-	-	372	-	-	372	372
Grant Total		73,980	73,980	24,413	6,495	8,455	39,363	113,343
Average Interest Rate (% per annum)		5.5	5.5	2.4	2.5	2.0	2.3	4.4
LDCs		43,102	43,102	16,255	6,495	8,455	31,205	74,307
MDCs		30,878	30,878	8,158	-	-	8,158	39,036

Gross Equity Approval by Country and by Fund Resources - 2004
(\$'000)

Country/Purpose	OSF Private Sector Fund
Regional Establishment of Caribbean Information and Credit Rating Agency Limited	160
Total	160

Gross Grant Approvals by Country and by Fund Resources - 2004
(\$'000)

Country/Purpose	SDFU	IDB	CTCF	GDF	Other Special Funds	Total
Anguilla						
Caribbean Technological Consultancy Services	18	-	-	-	-	18
Sub-Total	18	-	-	-	-	18
Antigua and Barbuda						
Caribbean Technological Consultancy Services	8	-	-	-	-	8
Sub-Total	8	-	-	-	-	8
Bahamas						
Natural Disaster Emergency Relief after Hurricane Jeanne	100	-	-	-	-	100
Caribbean Technological Consultancy Services	49	-	-	-	-	49
Sub-Total	149	-	-	-	-	149
Barbados						
Modernisation of Regulatory Framework of the Financial Sector	-	-	80	-	-	80
Caribbean Technological Consultancy Services	20	-	-	-	-	20
Sub-Total	20	-	80	-	-	100
Belize						
Caribbean Technological Consultancy Services	13	-	-	-	-	13
Sub-Total	13	-	-	-	-	13
Dominica						
Provisional of Exceptional Financial Assistance	-	-	-	6,400	-	6,400
Caribbean Technological Consultancy Services	15	-	-	-	-	15
Sub-Total	15	-	-	6,400	-	6,415
Grenada						
Feasibility of Manufacturing and Marketing Value-Added Products from Nutmeg	150	-	-	-	-	150
Natural Disaster Emergency Relief following Hurricane Ivan	100	-	-	-	-	100
Emergency Assistance for OECS Countries affected by Hurricane Ivan	-	200	-	-	-	200
Natural Disaster Management, Immediate Response following Hurricane Ivan	20	-	-	-	-	20
Marryshow Community College Development	150	-	-	-	-	150
Institutional Strengthening of the Customs and Excise Department	-	300	-	-	-	300
Caribbean Technological Consultancy Services	50	-	-	-	-	50
Sub-Total	470	500	-	-	-	970
Guyana						
Caribbean Technological Consultancy Services	38	-	-	-	-	38
Sub-Total	38	-	-	-	-	38
Jamaica						
Natural Disaster Emergency Relief following Hurricane Ivan	100	-	-	-	-	100
Caribbean Technological Consultancy Services	172	-	-	-	-	172
Sub-Total	272	-	-	-	-	272

Gross Grant Approvals by Country and by Fund Resources - 2004 (\$'000)

Country/Purpose	SDFU	IDB	CTCF	GDF	Other Special Funds	Total
Montserrat						
Strengthening of Radio Montserrat and Government Information Unit	81	-	-	-	-	81
Sub-Total	81	-	-	-	-	81
St. Kitts and Nevis						
Preparation of a National Strategic Plan for Health and Development	59	-	-	-	-	59
Caribbean Technological Consultancy Services	22	-	-	-	-	22
Sub-Total	81	-	-	-	-	81
St. Lucia						
Public Education and Awareness Programme - Flood Risk Reduction	-	-	-	-	20	20
Caribbean Technological Consultancy Services	11	-	-	-	-	11
Sub-Total	11	-	-	-	20	31
St. Vincent and the Grenadines						
Emergency Assistance for OECS Countries affected by Hurricane Ivan	-	100	-	-	-	100
Improvement of the System for Collection and Compilation of Tourism Statistics	-	150	-	-	-	150
Caribbean Technological Consultancy Services	89	-	-	-	-	89
Sub-Total	89	250	-	-	-	339
Trinidad and Tobago						
Buccoo Integrated Community Development Project	-	-	100	-	-	100
Caribbean Technological Consultancy Services	26	-	-	-	-	26
Sub-Total	26	-	100	-	-	126
Turks and Caicos Islands						
Caribbean Technological Consultancy Services	14	-	-	-	-	14
Sub-Total	14	-	-	-	-	14
Regional						
Workshop on Universal Access to Telecommunication Services	20	-	-	-	0	20
Development of Client-Focus Policy-Driven Project Formulation and Appraisal Processes for CDB	-	-	-	109	-	109
IDB Civil Society Consultation	14	-	-	-	-	14
Development of a Structure for the Securitisation of Tourism-Related Assets of Financial Institutions	-	-	-	-	292	292
Workshop on Facilitating Safer trade within a Freer Caribbean Trading Environment - Invasive Species Issues	22	-	-	-	-	22
Development Fund for Countries, Regions and Sectors Disadvantaged by the CSME	78	-	-	-	-	78
Regional Workshop on Deposit of Treaty Actions with the UN Secretary-General and Registration of Treaties	22	-	-	-	-	22
Preparation of Terms of Reference for the Development of an Air Transportation Policy for OECS Member Countries	33	-	-	-	-	33
Support for the Presentation of a Training Course on Creating an Enabling Environment for Small and Medium Sized Enterprise Development	102	-	-	-	-	102
Training Programme for Food Production	100	-	-	-	-	100
High Level Meeting on the Use of Geospatial Technology for the Sustainable Development in the Caribbean	-	-	-	-	2	2

Gross Grant Approvals by Country and by Fund Resources - 2004
(\$'000)

Country/Purpose	SDFU	IDB	CTCF	GDF	Other Special Funds	Total
Regional cont'd						
Study on The Cost of Doing Business with CDB	-	-	-	174	-	174
Performance Review of SDF 5 and Preparation for Negotiations for Replenishment of SDF 6	107	-	-	-	-	107
Association of Caribbean Tertiary Institutions Inc. Regional Planning Meetings	30	-	-	-	-	30
Support for Regional Conference for Small Business Associations	33	-	-	-	-	33
Financing the Negotiations for the Replenishment of the SDFU Fifth Cycle	143	-	-	-	-	143
Supporting the Achievement of the Millennium Development Goals	93	-	-	-	-	93
Regional Workshop on The Intellectual Property Debate in the Digital Environment	22	-	-	-	-	22
Evaluation of National Energy Plans for Borrowing Member Countries	60	-	-	-	-	60
Evaluation of Technical Assistance Projects	-	-	30	-	-	30
Sub-Total	879	-	30	283	294	1,486
Grand Total	2,184	750	210	6,683	314	10,141

**Distribution of Loans, Contingent Loans, Equity and Grants Approved (NET)
by Country and by Fund - 2004**
(\$'000)

Country	Ordinary Capital Resources	Special Develop- ment Fund	Other Special Funds	Total	Percentage of Total
Anguilla	-	17	-	17	0.0
Antigua and Barbuda	-	8	-	8	0.0
Bahamas	-	149	-	149	0.1
Barbados	(3,552)	9	80	(3,463)	(3.3)
Belize	9,190	13	(8)	9,195	8.9
British Virgin Islands	(1,314)	(1,011)	-	(2,325)	(2.2)
Cayman Islands	-	-	-	-	-
Dominica	(3,376)	(88)	14,854	11,390	11.0
Grenada	-	9,070	495	9,565	9.2
Guyana	3,792	3,584	-	7,376	7.1
Jamaica	22,980	4,872	(14)	27,838	26.9
Montserrat	(592)	(1,078)	-	(1,670)	(1.6)
St. Kitts and Nevis	3,700	2,723	-	6,423	6.2
St. Lucia	(1,049)	(560)	1,515	(94)	(0.1)
St. Vincent and the Grenadines	26,490	4,494	5,250	36,234	35.0
Trinidad and Tobago	1,106	26	100	1,232	1.2
Turks and Caicos Islands	-	386	-	386	0.4
Regional :					
LDC Focus	-	(17)	-	(17)	(0.0)
MDC Focus	-	-	-	-	-
LDC/MDC	-	470	739	1,209	1.2
Total	57,375	23,067	23,011	103,453	
Percentage of Total	55.5	22.3	22.2		100.0
LDCs	33,049	13,974	22,106	69,129	66.8
MDCs	24,326	8,640	166	33,132	32.0
Regional	-	453	739	1,192	1.2

**Distribution of Loans, Contingent Loans, Equity and Grants Approved (NET)
by Sector and by Fund - 2004
(\$'000)**

Sector	Ordinary Capital Resources	Special Develop- ment Fund	Other Special Funds	Total
Total All Sectors	57,375	23,067	23,011	103,453
Agriculture, Forestry and Fishing	(3,000)	69	(1)	(2,932)
Crop Farming	(3,000)	155	-	(2,845)
Fishing	-	(86)	-	(86)
Feeder Roads	-	-	(1)	(1)
Manufacturing	-	(12)	-	(12)
Sugar	-	(12)	-	(12)
Tourism	(1,366)	-	2,370	1,004
Integrated Tourism Facilities	(1,366)	-	2,220	854
Tourism Supporting Services	-	-	150	150
Transportation, Communication and Sea Defense	3,792	3,680	1,927	9,399
Transport:				
Water Transport	-	(1)	-	(1)
Air Transport	-	22	-	22
Communication	-	101	-	101
Sea Defense	3,792	3,558	1,927	9,277
Power, Energy and Water	27,501	60	(5)	27,556
Power and Energy:				
Electric Power	27,501	60	-	27,561
Water Supply	-	-	(5)	(5)
Social Services	8,319	7,744	5,867	21,930
Health	(840)	431	893	484
Education	9,159	7,313	4,974	21,446

**Distribution of Loans, Contingent Loans, Equity and Grants Approved (NET)
by Sector and by Fund - 2004**
(\$'000)

Sector	Ordinary Capital Resources	Special Develop- ment Fund	Other Special Funds	Total
Multi-Sector and Other	7,358	14,503	12,853	34,714
Disaster Rehabilitation	6,252	13,756	5,222	25,230
Distributive Trade	-	22	-	22
Other	1,106	725	7,631	9,462
Financing and Distribution	14,771	(2,977)	-	11,794
Agriculture	(4,161)	(891)	-	(5,052)
Industry and Tourism	20,317	(1,096)	-	19,221
Micro and Small Scale Enterprise	-	(287)	-	(287)
Housing	(1,119)	(183)	-	(1,302)
Education	(266)	(520)	-	(786)

**Distribution of Loans, Contingent Loans, Equity and Grants Approved (NET)
by Country and by Fund - 2004**
(\$'000)

Country	Directly Productive Sector					Economic Infrastructure & Other							Multi-Sector Total		
	Agri- culture, Forestry &Fishing	Manufac- turing	Micro and Small Scale Enterprise	Tour- ism	Mining	Sub- Total	Power & Energy	Water	Transportation &Commu- nication	Defences	Housing	Education*		Health & Sanita- tion	Sub- Total
Anguilla	-	-	-	-	-	-	-	-	(1)	-	-	-	-	(1)	18
Antigua and Barbuda	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8
Bahamas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	149
Barbados	(1,776)	(1,776)	-	-	(3,552)	-	-	-	(11)	-	-	-	(8)	(11)	100
Belize	-	-	-	-	-	-	9,190	-	-	-	-	-	-	9,182	13
British Virgin Islands	(1,006)	(819)	-	-	(1,825)	-	-	-	-	(500)	-	-	-	(500)	-
Cayman Islands	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dominica	(104)	-	-	854	-	750	-	-	-	1,927	-	-	63	1,990	8,650
Grenada	150	-	-	-	-	-	(5)	-	-	-	150	-	-	145	9,270
Guyana	-	(12)	-	-	(12)	-	-	-	-	7,350	-	-	-	7,350	38
Jamaica	(3,000)	25,000	-	-	22,000	-	-	-	-	-	966	-	-	966	4,872
Montserrat	(477)	(591)	-	-	(1,068)	-	-	-	81	-	(683)	-	-	(602)	0
St. Kitts and Nevis	-	-	-	-	-	-	-	-	-	-	-	2,642	59	2,701	3,722
St. Lucia	(4,193)	(193)	(287)	-	(4,673)	-	-	-	-	(119)	(786)	-	-	(905)	5,484
St. Vincent and the Grenadines	-	-	-	150	-	150	18,311	-	-	-	17,584	-	-	35,895	189
Trinidad and Tobago	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,232
Turks and Caicos Islands	-	-	-	-	-	-	-	-	-	-	-	-	372	372	14
Regional :															
LDC Focus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(17)
LDC/MDC Focus	22	-	-	-	-	22	60	-	53	-	104	(2)	-	215	972
Total	(10,384)	21,609	(287)	1,004	-	11,942	27,561	(5)	122	9,277	(1,302)	20,660	484	56,797	34,714
															103,453

* Education section inclusive of student loan figures

Distribution of Loans Approved (NET)
by Country and by Fund - 2004
(\$'000)

Country	Ordinary Capital Resources	Special Develop- ment Fund	Other Special Funds	Total	Percentage of Total
Anguilla	-	(1)	-	(1)	(0.0)
Antigua and Barbuda	-	-	-	-	-
Barbados	(3,552)	(11)	-	(3,563)	(3.8)
Belize	9,190	-	-	9,190	9.8
British Virgin Islands	(1,314)	(1,011)	-	(2,325)	(2.5)
Cayman Islands	-	-	-	-	-
Dominica	(3,376)	(17)	8,455	5,062	5.4
Grenada	-	8,600	-	8,600	9.2
Guyana	3,792	3,546	-	7,338	7.8
Jamaica	22,980	4,600	-	27,580	29.4
Montserrat	(592)	(1,159)	-	(1,751)	(1.9)
St. Kitts and Nevis	3,700	2,642	-	6,342	6.8
St. Lucia	(1,049)	(571)	1,495	(125)	(0.1)
St. Vincent and the Grenadines	26,490	4,405	5,000	35,895	38.3
Trinidad and Tobago	1,106	-	-	1,106	1.2
Turks and Caicos Islands	-	372	-	372	0.4
Total	57,375	21,395	14,950	93,720	
Percentage of Total	61.2	22.8	16.0		100.0
LDCs	33,049	13,260	14,950	61,259	65.4
MDCs	24,326	8,135	-	32,461	34.6

Distribution of Loans Approved (NET)
by Sector and by Fund - 2004
(\$'000)

Sector	Ordinary Capital Resources	Special Develop- ment Fund	Other Special Funds	Total
Total All Sectors	57,375	21,395	14,950	93,720
Agriculture, Forestry and Fishing	(3,000)	(17)	-	(3,017)
Crop Farming	(3,000)	(17)	-	(3,017)
Manufacturing	-	(12)	-	(12)
Sugar	-	(12)	-	(12)
Tourism	(1,366)	-	2,220	854
Integrated Tourism Facilities	(1,366)	-	2,220	854
Transportation, Communication and Sea Defense	3,792	3,546	1,927	9,265
Transport:				
Water Transport	-	(1)	-	(1)
Air Transport	-	(11)	-	(11)
Sea Defence	3,792	3,558	1,927	9,277
Power, Energy and Water	27,501	-	-	27,501
Power and Energy:				
Electric Power	27,501	-	-	27,501
Social Services	8,319	7,419	5,903	21,641
Health	(840)	372	903	435
Education	9,159	7,047	5,000	21,206
Multi-Sector and Other	7,358	13,436	4,900	25,694
Disaster Rehabilitation	6,252	13,436	4,900	24,588
Other	1,106	-	-	1,106
Financing and Distribution	14,771	(2,977)	-	11,794
Agriculture	(4,161)	(891)	-	(5,052)
Industry and Tourism	20,317	(1,096)	-	19,221
Micro and Small Scale Enterprise	-	(287)	-	(287)
Housing	(1,119)	(183)	-	(1,302)
Education	(266)	(520)	-	(786)

CDB Cost Component and Channel - 2004
(\$'000)

Country	No. of Loan Projects	Estimated Project Cost	Financing			Channel		
			CDB	Local	Other Foreign	Public	Direct	Private Indirect
Belize	1	30,187	9,190	20,997	-	9,190	-	-
Dominica	1 ^{a/}	14,855	8,455	-	6,400	8,455	-	-
Grenada	2	8,600	8,600	-	-	8,600	-	-
Guyana	1	9,040	7,350	1,690	-	7,350	-	-
Jamaica	3 ^{b/}	30,863	30,580	283	-	5,580	-	25,000
St. Kitts and Nevis	2	8,898	6,342	2,556	-	6,342	-	-
St. Lucia	1	7,024	5,453	1,551	20	5,453	-	-
St. Vincent and the Grenadines	2	59,130	35,895	12,822	10,413	35,895	-	-
Trinidad and Tobago	2 ^{c/}	1,702	1,106	596	-	1,106	-	-
Turks and Caicos Islands	1 ^{c/}	438	372	66	-	372	-	-
Total	16	170,737	113,343	40,561	16,833	88,343	-	25,000
LDCs	10	129,132	74,307	37,992	16,833	74,307	-	-
MDCs	6	41,605	39,036	2,569	-	14,036	-	25,000

a/ Exceptional financial assistance loan for four projects.

b/ Includes one technical assistance loan.

c/ Technical assistance loan(s).

Gross Loan Approvals by Project and Loan Equivalent - 2004
(\$'000)

Project Name	Country	OCR		SDF Unified		OSF		Total
		Amt.	Loan Equiv.	Amt.	Loan Equiv.	Amt.	Loan Equiv.	
1. Power Project - 5th Loan	Belize	9,190	1.00	-	-	-	-	9,190
2. Exceptional Financial Assistance to Dominica: Upgrading of Eco-tourism Sites	Dominica	-	-	-	-	472	1.00	472
Upgrading of Eco-tourism Sites (Additional Loan)	Dominica	-	-	-	-	1,748	1.00	1,748
Sea Defences and Roads	Dominica	-	-	-	-	1,927	1.00	1,927
Natural Disaster Management, Rehabilitation	Dominica	-	-	-	-	3,175	1.00	3,175
Natural Disaster Management, Rehabilitation (Additional Loan)	Dominica	-	-	-	-	230	1.00	230
OECS Waste Management (Additional Loan)	Dominica	-	-	-	-	903	1.00	903
3. Natural Disaster Management, Immediate Response	Grenada	-	-	500	1.00	-	-	500
4. Hurricane Reconstruction Support Loan	Grenada	-	-	8,100	1.00	-	-	8,100
5. Reconstruction of Sea Defences - 2nd Loan	Guyana	3,792	0.52	3,558	0.48	-	-	7,350
6. Industrial Line of Credit - 5th Loan	Jamaica	25,000	1.00	-	-	-	-	25,000
7. Project Preparation, Enhancement of University of Technology - TA	Jamaica	980	1.00	-	-	-	-	980
8. Hurricane Reconstruction Support Loan	Jamaica	-	-	4,600	1.00	-	-	4,600
9. Natural Disaster Management, Hurricane Lenny (Additional Loan)	St. Kitts and Nevis	3,700	1.00	-	-	-	-	3,700
10. Child Development Project	St. Kitts and Nevis	-	-	2,642	1.00	-	-	2,642
11. Flood Mitigation	St. Lucia	3,722	0.68	236	0.04	1,495	0.27	5,453

Gross Loan Approvals by Project and Loan Equivalent - 2004
(\$'000)

Project Name	Country	OCR		SDF Unified		OSF		Total
		Amt.	Loan Equiv.	Amt.	Loan Equiv.	Amt.	Loan Equiv.	
12. Basic Education	St. Vincent and the Grenadines	8,179	0.47	4,405	0.25	5,000	0.28	17,584
13. Power Project - 3rd Loan	St. Vincent and the Grenadines	18,311	1.00	-	-	-	-	18,311
14. Feasibility Study and Preparation of Final Designs for Buccoo Community Development - TA	Trinidad and Tobago	506	1.00	-	-	-	-	506
15. Institutional Strengthening Programme for the Tobago House of Assembly - TA	Trinidad and Tobago	600	1.00	-	-	-	-	600
16. Revised Solid Waste Management Programme - TA	Turks and Caicos Islands	-	-	372	1.00	-	-	372
Total	Total	73,980	8.66	24,413	5.78	14,950	6.56	113,343
Distribution by Country Groups								
LDCs		43,102	4.15	16,255	4.29	14,950	6.56	74,307
MDCs		30,878	4.52	8,158	1.48	-	-	39,036
Proportion of Lending by Country Groups								
LDCs		0.58		0.67		1.00		0.66
MDCs		0.42		0.33		-		0.34
Total		0.65		0.22		0.13		1.00

Cancellations of Loans and Grants, and Adjustments - 2004 (\$'000)

Country	Project	Loan Number	OCR	SDF	OSF	Total
LOAN CANCELLATIONS:						
Anguilla	Consultancy Services for Port Management Study	8/SFR-AG	-	-	1	-
Barbados	Consolidated Line of Credit to CCB	15/OR-BD	3,552	-	-	3,552
British Virgin Islands	Feasibility Study and Final Designs for GAIA	15/SFR-BD	-	-	11	-
	Line of Credit - 5th Loan	9/SFR-OR-BVI	1,314	1,011	-	2,325
Dominica	Upgrading of Eco-Tourism Sites (Add Loan)	8/SFR-OR-DO	1,366	-	-	1,366
	Natural Disaster Management - Rehab.	12/SFR-OR-DO	944	-	-	944
Guyana	Natural Disaster Management - Rehab. (Add Loan)	12/SFR-OR-DO	226	-	-	226
	OECS Waste Management (Add Loan)	14/SFR-OR-DO	840	-	-	840
Jamaica	Melville Hall Estate Development	48/SFR-DO	-	-	17	-
	Skeldon Sugar Modernisation PPA	3/SFR-OR-GU	-	-	12	-
Montserrat	Citrus Replanting	11/SFR-OR-JA	3,000	-	-	3,000
	Line of Credit	14/SFR-MO	-	-	366	-
St. Lucia	Line of Credit - 2nd Loan	2/SFR-OR-MO	592	-	-	592
	Agricultural and Industrial Line of Credit to NCB	17/SFR-MO	-	-	793	-
Total Loan Cancellations	Line of Credit - 6th Loan	13/OR-SL	4,000	-	-	4,000
		19/SFR-OR-SL	771	807	-	1,578
			16,605	3,018	-	19,623
CONTINGENT LOAN CANCELLATIONS:						
Dominica	Feeder Roads	36/SFR-DO	-	-	-	1
	Fresh Water Marina	49/SFR-DO	-	-	86	-
Total Contingent Loan Cancellations			-	86	1	87

Cancellations of Loans and Grants, and Adjustments - 2004 (\$'000)

Country	Project	Loan Number	OCR	SDF	OSF	Total
GRANT CANCELLATIONS:						
Belize	Project Management Service for Health Sector Reform	CTCF	-	-	-	8
Grenada	Feasibility Study for Expansion of Water Supply	CTCF	-	-	-	5
Jamaica	Technology Commercialisation Workshops at Utech	CTCF	-	-	-	14
Regional	Review of CDB's System of Management by Objective	CTCF	-	-	-	9
Regional	Development of a Database on HIV/AIDS Activities	CTCF	-	-	-	2
Regional	Training in Institutional and Organisational Assessment for CDB Staff	CTCF	-	-	-	12
Regional	Consultancy for Strengthening CDB Record Management	CTCF	-	-	-	5
Regional	Demand Assessment of Securitised Tourism-Related Assets	SDFU	-	109	-	109
Regional	Est. of Financial Intelligence Unit in Eastern C'Bean	SDFU	-	17	-	17
Regional	Study of External Vulnerability of Barbados and St. Lucia	SDFU	-	113	-	113
Regional	Private Sector Summit 2002	SDFU	-	22	-	22
Regional	Plan for Promoting the Financial Independence of CCJ	SDFU	-	1	-	1
Regional	Meeting on Regional Agriculture	SDFU	-	14	-	14
Regional	Econ. Reconstruction Programme, Preparation Assist.	SDFU	-	150	-	150
Total Grant Cancellation			-	426	55	481
Total Cancellations			16,605	3,530	56	20,191
ADJUSTMENTS						
Loans						
2003	Caribbean Court of Justice - Belize	OCR	1,500			
1988-1993	Several Projects	SDF	(286)			
1971-1977	Several Projects	OSF	46			
Total			1,260			
Grants						
1996	Basic Needs Trust Fund - 4th Programme	USAID	1,380			
2003	Basic Needs Trust Fund - 5th Programme	CIDA	24,000			
2001	Caribbean Regional Technical Assistance Centre	IDB	300			
1999-2003	Several Grants	OSF	239			
Total			25,919			

APPENDIX II-A

**Summary of Total Financing Approved (NET)
Loans, Contingent Loans, Equity and Grants
(\$'000)**

Financing Type	1970-2003	2004	Total
Loans	2,141,545	93,720	2,235,265
Contingent Loans	5,060	(87)	4,973
Equity	22,890	160	23,050
Grants	209,264	9,660	218,924
Total	2,378,759	103,453	2,482,212

APPENDIX II-B

**Summary of Total Financing Approved (NET) by Sector
Loans, Contingent Loans, Equity and Grants (1970-2004)
(\$'000)**

Sector	1970-2003	2004	Total
Agriculture, Forestry and Fishing	125,214	(2,932)	122,282
Mining and Quarrying	35,897	-	35,897
Manufacturing	154,319	(12)	154,307
Tourism	70,235	1,004	71,239
Transportation and Communication and Sea Defence	521,661	9,399	531,060
Power, Energy and Water	161,094	27,556	188,650
Social Services	276,322	21,930	298,252
Multi-Sector and Other	558,596	34,714	593,310
Financing and Distribution	475,421	11,794	487,215
Total	2,378,759	103,453	2,482,212

**Summary of Distribution of Loans, Contingent Loans, Equity and Grants Approved
(NET) by Sector and by Fund (1970-2004)**
(\$'000)

Sector	Ordinary Capital Resources	Loans			Contingent Loans	Equity	Grants	Total Financing Approved
		Venezuelan Trust Fund	Special Develop- ment Fund	Other Special Funds				
Agriculture, Forestry and Fishing	31,603	-	62,559	20,529	507	1,442	5,642	122,282
Mining and Quarrying	31,220	-	3,173	436	759	-	309	35,897
Manufacturing	58,073	2,205	50,928	41,066	220	560	1,255	154,307
Tourism	50,055	4,725	10,322	2,220	304	1,091	2,522	71,239
Transportation and Communication	321,453	-	133,066	44,994	1,926	-	5,488	506,927
Sea Defence	5,693	-	13,513	4,927	-	-	-	24,133
Power, Energy and Water	101,086	3,248	69,618	9,255	834	-	4,609	188,650
Social Services	137,312	-	73,348	64,910	-	-	22,682	298,252
Multi-Sector and Other	221,002	-	160,439	15,550	423	19,510	176,386	593,310
Financing and Distribution	328,938	7,487	129,617	20,695	-	447	31	487,215
Total	1,286,435	17,665	706,583	224,582	4,973	23,050	218,924	2,482,212

**Distribution of Loans, Contingent Loans, Equity and Grants Approved (NET)
by Country and by Fund (1970-2004)
(\$'000)**

Country	Ordinary Capital Resources	Venezuelan Trust Fund	Special Develop- ment Fund	Agricul- tural Fund	Housing Funds	Counterpart Contribution Fund	Other Special Funds	Total	Percentage of Total
Anguilla	10,631	-	11,345	-	-	-	1,251	23,227	0.9
Antigua and Barbuda	19,917	-	14,301	510	657	32	5,332	40,749	1.6
Bahamas	47,402	3,248	3,000	-	-	-	120	53,770	2.2
Barbados	196,545	3,646	6,637	882	-	-	16,668	224,378	9.0
Belize	104,112	750	91,222	2,899	2,062	512	12,975	214,532	8.6
British Virgin Islands	40,697	-	14,962	697	-	-	1,879	58,235	2.3
Cayman Islands	39,877	-	4,508	-	515	-	3,499	48,399	2.0
Dominica	31,599	-	87,182	2,585	1,663	1,279	38,792	163,100	6.6
Grenada	45,227	-	75,631	523	975	427	23,492	146,275	5.9
Guyana	52,166	1,591	128,639	-	-	-	27,181	209,577	8.4
Jamaica	264,332	5,896	88,691	-	962	-	37,605	397,486	16.0
Montserrat	495	-	11,723	644	86	32	2,986	15,966	0.6
St. Kitts and Nevis	67,589	259	66,392	-	285	358	14,054	148,937	6.0
St. Lucia	114,337	677	86,766	3,231	-	617	36,780	242,408	9.8
St. Vincent and the Grenadines	70,959	1,598	64,352	3,363	931	620	24,891	166,714	6.7
Trinidad and Tobago	154,579	-	4,548	-	-	-	383	159,510	6.4
Turks and Caicos Islands	8,641	-	13,533	-	-	-	898	23,072	0.9
Regional :									
LDC Focus	-	-	21,856	189	-	-	12,973	35,018	1.4
MDC Focus	7,330	-	6,370	-	-	-	10,434	24,134	1.0
LDC/MDC	10,000	-	30,422	1,460	-	-	44,843	86,725	3.5
Total	1,286,435	17,665	832,080	16,983	8,136	3,877	317,036	2,482,212	
Percentage of Total	51.8	0.7	33.5	0.7	0.3	0.2	12.8		100.0
LDCs	554,081	3,284	541,917	14,452	7,174	3,877	166,829	1,291,614	52.0
MDCs	715,024	14,381	231,515	882	962	-	81,957	1,044,721	42.1
Regional	17,330	-	58,648	1,649	-	-	68,250	145,877	5.9

**Distribution of Loans, Contingent Loans, Equity and Grants
Approved (NET) by Sector and by Fund (1970-2004)**
(\$'000)

Sector	Ordinary Capital Resources	Venezuelan Trust Fund	Special Develop- ment Fund	Other Special Funds	Total
Total All Sectors	1,286,435	17,665	832,080	346,032	2,482,212
Agriculture, Forestry and Fishing	31,603	-	65,926	24,753	122,282
Crop Farming	16,059	-	19,511	9,143	44,713
Agriculture (excluding Crop Farming)	214	-	597	3,371	4,182
Mixed Farming	-	-	8,580	-	8,580
Drainage and Irrigation	11,283	-	7,139	409	18,831
Fishing	-	-	2,358	992	3,350
Land Settlement and Rural Development	373	-	4,138	342	4,853
Forestry	-	-	348	-	348
Feeder Roads	3,674	-	23,255	10,496	37,425
Mining and Quarrying	31,220	-	3,871	806	35,897
Fossil Fuels	30,673	-	-	-	30,673
Metal Ores	547	-	31	-	578
Non-Metallic Minerals	-	-	3,840	806	4,646
Manufacturing	58,073	2,205	51,804	42,225	154,307
Food, Beverages and Tobacco	92	-	5,258	32,941	38,291
Sugar	29,974	1,500	17,740	2,628	51,842
Textile, Wearing Apparel and Leather Goods	-	259	250	53	562
Wood and Wood Products	4,498	-	499	79	5,076
Paper and Paper Products	3,651	-	-	10	3,661
Chemical and Chemical Products	-	446	-	18	464
Non-Metallic Mineral Products	3,009	-	73	130	3,212
Miscellaneous Manufacturing and Repairs	-	-	-	43	43
Industrial Estates	16,849	-	27,984	6,323	51,156
Tourism	50,055	4,725	11,966	4,493	71,239
Hotels and Lodging Places	29,417	4,725	244	1,220	35,606
Cruiseship Piers and Marinas	8,944	-	-	-	8,944
Integrated Tourism Facilities	8,334	-	7,992	2,298	18,624
Tourism Supporting Services	3,360	-	3,730	975	8,065
Transportation, Communication and Sea Defence	327,146	-	150,044	53,870	531,060
Transport:					
Road Transport	192,518	-	66,647	17,242	276,407
Water Transport	23,716	-	41,563	19,713	84,992
Air Transport	96,969	-	27,799	11,882	136,650
Communication	8,250	-	522	106	8,878
Sea Defence	5,693	-	13,513	4,927	24,133

**Distribution of Loans, Contingent Loans, Equity and Grants
Approved (NET) by Sector and by Fund (1970-2004)**
(\$'000)

Sector	Ordinary Capital Resources	Venezuelan Trust Fund	Special Develop- ment Fund	Other Special Funds	Total
Power, Energy and Water	101,086	3,248	70,885	13,431	188,650
Power and Energy:					
Electric Power	58,406	-	30,842	2,404	91,652
Alternative Energy	-	-	500	3,060	3,560
Water Supply	42,680	3,248	39,543	7,967	93,438
Social Services	137,312	-	85,192	75,779	298,283
Housing	4,101	-	7,154	18,054	29,309
Health	22,720	-	20,778	12,762	56,260
Education	110,491	-	57,260	44,963	212,714
Multi-Sector and Other	221,002	-	262,475	109,833	593,310
Urban Development	35,241	-	855	5,528	41,624
Disaster Rehabilitation	53,776	-	90,450	7,271	151,497
Distributive Trade	0	-	74	2,957	3,031
Structural Adjustment Programme	0	-	46,751	9,400	56,151
Other	131,985	-	124,345	84,677	341,007
Financing and Distribution	328,938	7,487	129,917	20,842	487,184
Agriculture	107,588	4,760	25,101	12,562	150,011
Industry and Tourism	131,679	2,727	27,656	5,199	167,261
Micro and Small-Scale Enterprises	-	-	6,551	-	6,551
Housing	52,464	-	22,043	3,081	77,588
Education	37,207	-	48,566	-	85,773

Distribution of Loans, Contingent Loans, Equity and Grants Approved (NET) by Country and by Sector (1970-2004)

(\$'000)

APPENDIX II-F

Country	Directly Productive Sector					Economic Infrastructure & Other										Multi-Sector	Total
	Agri- culture, Forestry &Fishing	Manufac- turing	Micro and Small-Scale Enterprise	Tour- ism	Min- ing	Total	Power & Energy	Water	Trans- portation &Commu- nication	Sea Defence	Housing	Sani- tation	Health & Education*	Total			
Anguilla	1,721	4,669	200	773	-	7,363	5,939	288	2,219	-	450	-	1,659	10,555	5,309	23,227	
Antigua and Barbuda	3,457	5,730	1,000	1,833	-	12,020	272	-	3,501	-	3,485	-	14,685	21,943	6,786	40,749	
Bahamas	10,052	10,816	-	2,187	-	23,055	-	15,248	14,705	-	-	37	-	29,990	725	53,770	
Barbados	4,194	45,467	-	11,957	100	61,718	105	765	52,448	-	1,387	3,240	54,976	112,921	49,739	224,378	
Belize	25,564	12,704	2,000	1,227	-	41,495	28,864	22,546	42,945	-	13,701	6,032	22,189	136,277	36,760	214,532	
British Virgin Islands	3,503	4,951	-	349	-	8,803	4,537	-	37,880	-	3,500	-	2,791	48,708	724	58,235	
Cayman Islands	1,309	1,499	-	6,283	388	9,479	-	2,775	23,091	-	5,515	7,000	460	38,841	79	48,399	
Dominica	23,712	11,555	600	7,213	-	43,080	6,159	9,095	10,762	9,383	13,732	6,801	17,249	73,181	46,839	163,100	
Grenada	16,679	7,116	600	4,298	450	29,143	158	2,467	50,965	-	5,134	5,550	12,198	76,472	40,660	146,275	
Guyana	22,255	45,931	-	232	-	68,418	3,558	8,895	35,494	14,750	1,127	-	2,066	65,890	75,269	209,577	
Jamaica	77,195	88,232	-	15,414	864	181,705	8,811	6,546	15,515	-	17,684	2,000	21,229	71,785	143,996	397,486	
Montserrat	1,175	1,485	-	124	87	2,871	992	-	4,843	-	653	-	1,181	7,669	5,426	15,966	
St. Kitts and Nevis	5,808	9,114	900	1,731	240	17,793	7,989	84	39,807	-	11,423	9,926	36,017	105,246	25,898	148,937	
St. Lucia	24,294	23,266	576	14,081	62	62,279	1,417	19,110	52,209	-	19,000	8,518	43,962	144,216	35,913	242,408	
St. Vincent and the Grenadines	15,802	18,229	375	513	2,896	37,815	25,038	2,717	41,804	-	3,589	5,480	33,143	111,771	17,128	166,714	
Trinidad and Tobago	26,716	22,202	-	-	30,673	79,591	-	2,615	34,937	-	-	512	8,556	46,620	33,299	159,510	
Turks and Caicos Islands	830	1,645	300	1,302	18	4,095	-	-	3,150	-	6,322	372	6,060	15,904	3,073	23,072	
Regional :																	
LDC Focus	1,010	1,354	-	448	119	2,931	677	104	25,234	-	135	335	678	27,163	4,924	35,018	
MDC Focus	25	-	-	-	-	-	-	-	14,637	-	-	-	9,452	24,089	20	24,134	
MDC/LDC Focus	6,992	5,603	-	1,274	-	13,869	696	183	781	-	60	457	9,936	12,113	60,743	86,725	
Total	272,293	321,568	6,551	71,239	35,897	707,548	95,212	93,438	506,927	24,133	106,897	56,260	298,487	1,181,354	593,310	2,482,212	
LDCs	123,854	101,963	6,551	39,727	4,141	276,236	81,365	59,082	313,176	9,383	86,504	49,679	191,594	790,783	224,595	1,291,614	
MDCs	140,412	212,648	-	29,790	31,637	414,487	12,474	34,069	153,099	14,750	20,198	5,789	86,827	327,206	303,028	1,044,721	
Regional	8,027	6,957	-	1,722	119	16,825	1,373	287	40,652	-	195	792	20,066	63,365	65,687	145,877	

* Education section inclusive of student loan figures

Approval of Loans, Contingent Loans, Equity and Grants (NET) by Country and by Year (1970-2004)
(\$'000)

Country	1970-1997	1998	1999	2000	2001	2002	2003	2004	Total
Anguilla	12,228	2,992	-	7,933	17	24	15	18	23,227
Antigua and Barbuda	33,148	226	-	59	408	4,696	2,204	8	40,749
Bahamas	43,192	177	10,027	78	-	33	114	149	53,770
Barbados	98,123	54,283	22	34,175	9,127	15,021	13,527	100	224,378
Belize	131,417	13,487	18,140	19,354	4,020	5,831	13,080	9,203	214,532
British Virgin Islands	29,844	-	21,131	9	-	-	7,251	-	58,235
Cayman Islands	43,399	-	-	-	5,000	-	-	-	48,399
Dominica	100,247	7,502	75	16,188	6,725	9,182	8,311	14,870	163,100
Grenada	80,263	6,221	1,843	11,952	21,530	6,847	8,049	9,570	146,275
Guyana	126,584	5,691	515	439	7,531	417	61,012	7,388	209,577
Jamaica	195,928	26,422	17,454	38,567	14,269	45,175	28,819	30,852	397,486
Montserrat	13,959	4	161	11	1,082	10	658	81	15,966
St. Kitts and Nevis	82,110	4,020	6,068	3,772	26,128	4,828	15,588	6,423	148,937
St. Lucia	126,352	4,149	46,473	12,679	23,744	12,934	10,593	5,484	242,408
St. Vincent and the Grenadines	92,880	4,932	79	5,627	4,819	15,397	6,746	36,234	166,714
Trinidad and Tobago	81,285	25,455	6,341	12,555	-	1,026	31,616	1,232	159,510
Turks and Caicos Islands	17,344	88	-	4,058	735	-	461	386	23,072
Regional :									
LDC Focus	31,740	136	2,022	233	84	417	353	33	35,018
MDC Focus	24,134	-	-	-	-	-	-	-	24,134
LDC/MDC Focus	24,863	4,580	11,468	8,078	16,381	6,367	13,375	1,613	86,725
Total	1,389,040	160,365	141,819	175,767	141,600	128,205	221,772	123,644	2,482,212
LDCs	763,191	43,621	93,970	81,642	94,208	59,749	72,956	82,277	1,291,614
MDCs	545,112	112,028	34,359	85,814	30,927	61,672	135,088	39,721	1,044,721
Regional	80,737	4,716	13,490	8,311	16,465	6,784	13,728	1,646	145,877

Note: Cancellations are deducted in the years in which approvals were made.

**Summary of Loans, Contingent Loans, Equity and Grants Approved by Fund
(1970-2004)
(\$'000)**

Fund Sources	1970-1997	1998	1999	2000	2001	2002	2003	2004	Total
Gross Approvals									
OCR (incl. Secondary Mortgages)	768,236	120,830	119,883	131,075	65,075	89,345	150,904	73,980	1,519,328
VTF	26,701	-	-	-	-	-	-	-	26,701
SDF	621,996	33,840	31,050	48,519	73,896	35,272	32,475	26,597	903,645
Agricultural Fund	24,009	-	-	-	-	-	-	-	24,009
Housing Funds									
-Primary Market	6,616	-	-	-	-	-	-	-	6,616
-Secondary Market	3,125	-	-	-	-	-	-	-	3,125
Counterpart Contribution Fund	4,427	-	-	-	-	-	-	-	4,427
Consolidated Technical Assistance Fund	5,356	-	-	-	-	-	-	-	5,356
IDB-Global Line of Credit	20,257	3,320	4,250	6,500	-	-	5,718	6,495	46,540
IDB/CDB Pre-Investment Fund	9,600	86	478	748	300	222	378	750	12,562
Caribbean Development Facility	68,076	-	-	-	-	-	-	-	68,076
Technical Assistance Fund	4,705	-	-	-	-	-	-	-	4,705
UK Funds	5,458	-	-	-	-	300	646	-	6,404
Nigerian Fund	4,937	-	-	-	-	-	-	-	4,937
USAID-Basic Human Funds & CEDF	35,919	-	-	-	-	-	-	-	35,919
USAID-Employment Investment	13,329	250	-	100	-	-	-	-	13,679
European Development Fund & EIB	13,654	-	-	894	-	-	-	-	14,548
Canadian Technical Cooperation Fund	550	221	271	473	286	447	652	210	3,110
International Dev. Association	38,225	-	-	-	-	-	-	-	38,225
Private Sector Fund	-	3,000	10,000	-	3,000	3,000	100	452	19,552
General Development Fund	9,313	172	58	-	-	-	7,815	15,158	32,516
Other Grant Funds	5,478	-	-	-	-	-	24,462	2	29,942
Total	1,689,967	161,719	165,990	188,309	142,557	128,586	223,150	123,644	2,823,922
Withdrawals/Cancellations									
OCR (incl. Secondary Mortgages)	145,749	24,608	13,543	1,016	15,897	10,602	4,873	16,605	232,893
VTF	9,036	-	-	-	-	-	-	-	9,036
SDF	49,912	5,399	118	1,429	5,391	2,353	3,433	3,530	71,565
Agricultural Fund	7,026	-	-	-	-	-	-	-	7,026
Housing Funds									
-Primary Market	1,561	-	-	-	-	-	-	-	1,561
-Secondary Market	44	-	-	-	-	-	-	-	44
Counterpart Contribution Fund	550	-	-	-	-	-	-	-	550
Caribbean Development Facility	905	-	-	-	-	-	-	-	905
USAID-Employment Investment	1,809	-	-	-	-	471	-	-	2,280
USAID-Alternative Energy Systems Fund	101	-	-	-	-	-	-	-	101
IDB/CDB Pre-Investment Fund	911	-	-	-	-	109	-	-	1,020
IDB-Global Line of Credit	7,878	-	-	-	-	-	-	-	7,878
Technical Assistance Fund	445	-	-	-	-	-	-	1	446
International Dev. Association	2,225	3,200	-	-	696	168	-	-	6,289
Nigerian Loan	-	-	-	11	-	50	-	-	61
Canadian Technical Cooperation Fund	-	-	-	-	-	-	-	55	55
Total	228,152	33,207	13,661	2,456	21,984	13,753	8,306	20,191	341,710
Net Approvals	1,461,815	128,512	152,329	185,853	120,573	114,833	214,844	103,453	2,482,212
Cumulative Net Approvals	1,461,815	1,590,327	1,742,656	1,928,509	2,049,082	2,163,915	2,378,759	2,482,212	

Distribution of Loans Approved (NET) by Country and by Fund (1970-2004)
(\$'000)

Country	Ordinary Capital Resources	Venezuelan Trust Fund	Special Development Fund	Agricultural Fund	Housing Funds	Counterpart Contribution Fund	Other Special Funds	Total	Percentage of Total
Anguilla	10,631	-	10,679	-	-	-	500	21,810	1.0
Antigua and Barbuda	19,917	-	13,328	507	657	32	1,065	35,506	1.6
Bahamas	47,402	3,248	2,375	-	-	-	-	53,025	2.4
Barbados	196,545	3,646	5,431	882	-	-	15,689	222,193	9.9
Belize	104,112	750	80,165	1,457	2,062	512	6,449	195,507	8.7
British Virgin Islands	40,697	-	14,384	694	-	-	1,320	57,095	2.6
Cayman Islands	39,877	-	4,364	-	515	-	3,467	48,223	2.2
Dominica	31,599	-	79,527	2,464	1,663	1,279	23,628	140,160	6.3
Grenada	45,227	-	66,845	523	975	427	15,676	129,673	5.8
Guyana	52,166	1,591	107,314	-	-	-	22,800	183,871	8.2
Jamaica	264,332	5,896	84,745	-	962	-	36,637	392,572	17.6
Montserrat	495	-	7,866	644	86	32	276	9,399	0.4
St. Kitts and Nevis	67,589	259	59,817	-	285	358	8,126	136,434	6.1
St. Lucia	114,337	677	78,008	3,231	-	617	28,581	225,451	10.1
St. Vincent and the Grenadines	70,959	1,598	55,782	2,909	931	620	16,888	149,687	6.7
Trinidad and Tobago	154,579	-	4,265	-	-	-	-	158,844	7.1
Turks and Caicos Islands	8,641	-	10,594	-	-	-	-	19,235	0.9
Regional :									
LDC Focus	-	-	15,809	-	-	-	7,422	23,231	1.0
MDC Focus	7,330	-	5,544	-	-	-	10,434	23,308	1.0
MDC/LDC Focus	10,000	-	41	-	-	-	-	10,041	0.5
Total	1,286,435	17,665	706,883	13,311	8,136	3,877	198,958	2,235,265	
Percentage of Total	57.6	0.8	31.6	0.6	0.4	0.2	8.9		100.0
LDCs	554,081	3,284	481,359	12,429	7,174	3,877	105,976	1,168,180	52.3
MDCs	715,024	14,381	204,130	882	962	-	75,126	1,010,505	45.2
Regional	17,330	-	21,394	-	-	-	17,856	56,580	2.5

Distribution of Loans (NET)
by Sector and by Fund (1970-2004)
 (\$'000)

Sector	Ordinary Capital Resources	Venezuelan Trust Fund	Special Develop- ment Fund	Other Special Funds	Total
Total All Sectors	1,286,435	17,665	706,883	224,282	2,235,265
Agriculture, Forestry and Fishing	31,603	-	62,559	20,529	114,691
Crop Farming	16,059	-	17,461	7,174	40,694
Agriculture (excluding Crop Farming)	214	-	101	1,421	1,736
Mixed Farming	-	-	8,580	-	8,580
Fishing	-	-	2,222	814	3,036
Drainage and Irrigation	11,283	-	7,019	409	18,711
Land Settlement and Rural Development	373	-	4,138	312	4,823
Feeder Roads	3,674	-	23,038	10,399	37,111
Mining and Quarrying	31,220	-	3,173	436	34,829
Fossil Fuels	30,673	-	-	-	30,673
Metal Ores	547	-	-	-	547
Non-Metallic Minerals	-	-	3,173	436	3,609
Manufacturing	58,073	2,205	50,928	41,066	152,272
Food, Beverages and Tobacco	92	-	5,083	32,318	37,493
Sugar	29,974	1,500	17,520	2,553	51,547
Textile, Wearing Apparel and Leather Goods	-	259	-	2	261
Wood and Wood Products	4,498	-	450	-	4,948
Paper and Paper Products	3,651	-	-	-	3,651
Chemical and Chemical Products	-	446	-	-	446
Non-Metallic Mineral Products	3,009	-	-	-	3,009
Industrial Estates	16,849	-	27,875	6,193	50,917
Tourism	50,055	4,725	10,322	-	67,322
Hotels and Lodging Places	29,417	4,725	47	-	34,189
Cruiseship Piers and Marinas	8,944	-	-	-	8,944
Integrated Tourism Facilities	8,334	-	7,707	2,220	18,261
Tourism Supporting Services	3,360	-	2,568	-	5,928
Transportation and Communication	327,146	-	146,579	49,921	523,646
Transport:					
Main Roads and Bridges	192,518	-	66,130	17,180	275,828
Water Transport	23,716	-	40,050	19,147	82,913
Air Transport	96,969	-	26,845	8,667	132,481
Communication	8,250	-	41	-	8,291
Sea Defences	5,693	-	13,513	4,927	24,133

Distribution of Loans (NET)
by Sector and by Fund (1970-2004)
(\$'000)

Sector	Ordinary Capital Resources	Venezuelan Trust Fund	Special Develop- ment Fund	Other Special Funds	Total
Power, Energy and Water	101,086	3,248	69,618	9,255	183,207
Power and Energy:					
Electric Power	58,406	-	30,250	1,984	90,640
Alternative Energy	-	-	460	-	460
Water Supply	42,680	3,248	38,908	7,271	92,107
Social Services	137,312	-	73,348	64,910	275,570
Housing	4,101	-	6,762	17,875	28,738
Health	22,720	-	19,302	12,421	54,443
Education	110,491	-	47,284	34,614	192,389
Multi-Sector and Other	221,002	-	160,439	15,550	396,991
Urban Development	35,241	-	683	-	35,924
Disaster Rehabilitation	53,776	-	89,141	5,900	148,817
Distributive Trade	-	-	-	2,250	2,250
Structural Adjustment Programme	-	-	45,000	3,000	48,000
Other	131,985	-	25,615	4,400	162,000
Financing and Distribution	328,938	7,487	129,917	20,395	486,737
Agriculture	107,588	4,760	25,101	12,339	149,788
Manufacturing	131,679	2,727	27,656	4,975	167,037
Micro and Small-Scale Enterprises	-	-	6,551	-	6,551
Housing	52,464	-	22,043	3,081	77,588
Education	37,207	-	48,566	-	85,773

Approved (NET) by Country and by Sector (1970-2004) (\$'000)

Country	Directly Productive Sector				Economic Infrastructure & Other										Multi-Sector	Total	
	Agri-culture, Forestry & Fishing	Manufacturing	Small-Scale Enterprise	Micro and Small-Enterprise	Agri-culture, Forestry & Fishing	Manufacturing	Sea Defence	Housing	Health & Sanitation	Education*	Power & Energy	Water	Communication	Transportation			Sea Defence
Anguilla	1,721	4,669	200	683	-	7,273	5,816	288	2,219	-	450	-	1,500	10,273	4,264	21,810	
Antigua and Barbuda	3,436	5,712	1,000	1,833	-	11,981	-	3,501	3,485	-	3,485	-	13,840	20,826	2,699	35,506	
Bahamas	10,032	10,816	-	2,187	-	23,035	-	15,248	14,705	-	37	-	29,990	-	-	53,025	
Barbados	4,024	45,338	-	11,510	100	60,972	-	765	52,177	-	1,387	3,225	54,926	112,480	48,741	222,193	
Belize	23,862	12,698	2,000	948	-	39,508	28,510	22,435	42,668	-	13,701	5,591	21,368	134,273	21,726	195,507	
British Virgin Islands	3,438	4,951	-	349	-	8,738	4,431	-	37,645	-	3,500	-	2,781	48,357	-	57,095	
Cayman Islands	1,309	1,499	-	6,283	291	9,382	-	2,775	23,091	-	5,515	7,000	460	38,841	-	48,223	
Dominica	23,524	11,488	600	7,085	-	42,697	5,720	8,907	10,395	9,383	13,578	6,583	15,542	70,108	27,355	140,160	
Grenada	16,517	6,986	600	4,198	330	28,631	-	2,292	50,724	-	5,099	5,270	10,991	74,376	26,666	129,673	
Guyana	21,403	45,858	-	113	-	67,374	3,342	8,801	35,494	14,750	1,127	-	1,500	65,014	51,483	183,871	
Jamaica	76,813	88,115	-	14,789	547	180,264	8,537	6,479	15,515	-	17,684	2,000	20,969	71,184	141,124	392,572	
Montserrat	1,175	1,485	-	-	-	2,660	679	-	4,533	-	653	-	874	6,739	-	9,399	
St. Kitts and Nevis	5,481	8,891	900	1,668	123	17,063	7,851	-	39,338	-	11,297	9,867	35,225	103,578	15,793	136,434	
St. Lucia	23,835	23,223	576	14,065	-	61,699	1,332	18,906	51,991	-	18,939	8,518	42,899	142,585	21,167	225,451	
St. Vincent and the Grenadines	15,379	17,502	375	309	2,765	36,330	24,882	2,596	41,495	-	3,589	5,480	32,106	110,148	3,209	149,687	
Trinidad and Tobago	26,700	22,173	-	-	30,673	79,546	-	2,615	34,937	-	-	500	8,540	46,592	32,706	158,844	
Turks and Caicos Islands	830	1,645	300	1,302	-	4,077	-	-	2,460	-	6,322	372	5,946	15,100	58	19,235	
Regional :																	
LDC Focus	-	1,260	-	-	-	1,260	-	-	21,971	-	-	-	-	21,971	-	23,231	
MDC Focus	-	-	-	-	-	-	-	-	14,613	-	-	-	8,695	23,308	-	23,308	
MDC/LDC Focus	5,000	5,000	-	-	-	10,000	-	-	41	-	-	-	-	41	-	10,041	
Total	264,479	319,309	6,551	67,322	34,829	692,490	91,100	92,107	499,513	24,133	106,326	54,443	278,162	1,145,784	396,991	2,235,265	
LDCs	120,507	100,749	6,551	38,723	3,509	270,039	79,221	58,199	310,060	9,383	86,128	48,681	183,532	775,204	122,937	1,168,180	
MDCs	138,972	212,300	-	28,599	31,320	411,191	11,879	33,908	152,828	14,750	20,198	5,762	85,935	325,260	274,054	1,010,505	
Regional	5,000	6,260	-	-	-	11,260	-	-	36,625	-	-	-	8,695	45,320	-	56,580	

* Education section inclusive of student loan figures

Gross Loan Approvals by Country, Financing and Channel (1970-2004)

Country	Estimated Project Cost	Financing			Channel		
		CDB	Local	Foreign	Other Public	Private Direct	Indirect
Anguilla	45,867	27,420	13,401	5,046	18,155	715	8,550
Antigua and Barbuda	51,343	40,072	10,883	388	29,700	1,445	8,927
Bahamas	211,098	91,136	97,503	22,459	62,736	5,400	23,000
Barbados	708,444	240,082	330,270	138,092	198,862	18,146	23,074
Belize	398,378	211,771	112,903	73,704	161,837	5,732	44,202
British Virgin Islands	149,953	70,887	55,243	23,823	54,705	-	16,182
Cayman Islands	108,014	57,226	50,788	-	47,625	944	8,657
Dominica	343,904	169,435	131,433	43,036	127,835	771	40,829
Grenada	192,925	135,563	39,173	18,189	111,992	4,473	19,098
Guyana	355,556	212,285	77,421	65,850	195,253	7,721	9,311
Jamaica	1,214,081	484,677	352,933	376,471	356,371	13,343	114,963
Montserrat	40,752	24,599	10,217	5,936	18,007	-	6,592
St. Kitts and Nevis	218,486	151,305	58,747	8,434	111,410	472	39,423
St. Lucia	470,389	265,316	142,881	62,192	189,608	5,237	70,471
St. Vincent and the Grenadines	276,875	170,395	76,805	29,675	152,526	295	17,574
Trinidad and Tobago	353,468	195,714	86,828	70,926	135,753	2,070	57,891
Turks and Caicos Islands	30,220	19,938	8,187	2,095	9,010	1,390	9,538
Regional	123,109	78,613	24,693	19,803	29,254	36,099	13,260
Total	5,292,862	2,646,434	1,680,309	966,119	2,010,639	104,253	531,542
Distribution by Country Groups							
MDCs	2,842,647	1,223,894	944,955	673,798	948,975	46,680	228,239
LDCs	2,327,106	1,343,927	710,661	272,518	1,032,410	21,474	290,043
Regional	123,109	78,613	24,693	19,803	29,254	36,099	13,260

**Disbursements of Loans, Contingent Loans, Equity and Grants
by Country and by Fund (1970 - 2004)**

(\$'000)

Country	Ordinary Capital Resources	Venezuelan Trust Fund	Special Funds Resources	Total
Anguilla	10,542	0	11,976	22,518
Antigua and Barbuda	12,420	0	17,539	29,959
Bahamas	49,698	1,658	2,917	54,273
Barbados	136,040	1,868	22,858	160,766
Belize	73,653	380	86,562	160,595
British Virgin Islands	38,498	0	17,646	56,144
Cayman Islands	41,892	0	7,872	49,764
Dominica	25,905	0	115,487	141,392
Grenada	34,071	0	76,876	110,947
Guyana	25,890	848	114,564	141,302
Jamaica	209,362	3,386	104,597	317,345
Montserrat	3,245	0	10,249	13,494
St. Kitts and Nevis	43,043	133	65,630	108,806
St. Lucia	92,835	347	101,737	194,919
St. Vincent and the Grenadines	28,692	823	75,989	105,504
Trinidad and Tobago	147,176	0	3,981	151,157
Turks and Caicos Islands	8,419	0	11,140	19,559
Regional	15,220	0	100,336	115,556
Total	996,601	9,443	947,956	1,954,000
MDCs	568,166	7,760	248,917	824,843
LDCs	413,215	1,683	598,703	1,013,601
Regional	15,220	0	100,336	115,556

Summary of Loans Approved by Fund (1970-2004)
 (\$'000)

Fund Sources	1970-1997	1998	1999	2000	2001	2002	2003	2004	Total
Gross Approvals									
OCR (incl. Secondary Mortgages)	768,236	120,830	119,883	131,075	65,075	89,345	150,904	73,980	1,519,328
VTF	26,701	-	-	-	-	-	-	-	26,701
SDF	551,981	29,698	26,135	44,049	38,161	29,352	29,904	24,413	773,693
Agricultural Fund	20,332	-	-	-	-	-	-	-	20,332
Housing Funds									
-Primary Market	6,616	-	-	-	-	-	-	-	6,616
-Secondary Market	3,125	-	-	-	-	-	-	-	3,125
Counterpart Contribution Fund	4,427	-	-	-	-	-	-	-	4,427
Consolidated Technical Assistance Fund	5,356	-	-	-	-	-	-	-	5,356
IDB-Global Line of Credit	20,257	3,320	4,250	6,500	-	-	5,718	6,495	46,540
IDB/CDB Pre-Investment Fund	1,761	-	-	-	-	-	-	-	1,761
Caribbean Development Facility	66,326	-	-	-	-	-	-	-	66,326
Technical Assistance Fund	422	-	-	-	-	-	-	-	422
UK Special Trust Fund	5,338	-	-	-	-	-	-	-	5,338
Nigerian Loan	4,837	-	-	-	-	-	-	-	4,837
USAID-Basic Human Needs Fund	2,000	-	-	-	-	-	-	-	2,000
USAID-Employment Investment	10,168	125	-	-	-	-	-	-	10,293
European Development Fund	10,344	-	-	-	-	-	-	-	10,344
International Dev. Association	38,225	-	-	-	-	-	-	-	38,225
General Development Fund	9,313	-	-	-	-	-	7,400	8,455	25,168
Total	1,555,765	153,973	150,268	181,624	103,236	118,697	193,926	113,343	2,570,832

Summary of Loans Approved by Fund (1970-2004)
 (\$'000)

Fund Sources	1970-1997	1998	1999	2000	2001	2002	2003	2004	Total
Withdrawals/Cancellations									
OCR (incl. Secondary Mortgages)	145,749	24,608	13,543	1,016	15,897	10,602	4,873	16,605	232,893
VTF	9,036	-	-	-	-	-	-	-	9,036
SDF	47,595	5,277	97	1,217	4,903	1,830	2,873	3,018	66,810
Agricultural Fund	7,021	-	-	-	-	-	-	-	7,021
Housing Funds									
-Primary Market	1,561	-	-	-	-	-	-	-	1,561
-Secondary Market	44	-	-	-	-	-	-	-	44
Counterpart Contribution Fund	550	-	-	-	-	-	-	-	550
Caribbean Development Facility	905	-	-	-	-	-	-	-	905
USAID-Employment Investment	1,809	-	-	-	-	187	-	-	1,996
IDB/CDB Pre-Investment Fund	439	-	-	-	-	-	-	-	439
IDB-Global Line of Credit	7,878	-	-	-	-	-	-	-	7,878
Technical Assistance Fund	84	-	-	-	-	-	-	-	84
International Dev. Association	2,225	3,200	-	-	696	168	-	-	6,289
Nigerian Loan	-	-	-	11	-	50	-	-	61
Total	224,896	33,085	13,640	2,244	21,496	12,837	7,746	19,623	335,567
Net Approvals	1,330,869	120,888	136,628	179,380	81,740	105,860	186,180	93,720	2,235,265
Cumulative Net Approvals	1,330,869	1,451,757	1,588,385	1,767,765	1,849,505	1,955,365	2,141,545	2,235,265	

Contingent Loans Approved (NET) by Country and by Fund (1970-2004)
(\$'000)

Country	Special Development Fund	IDB/CDB Pre-Investment Fund	Technical Assistance Fund	Total
Anguilla	90	95	-	185
Antigua and Barbuda	4	-	-	4
Barbados	466	-	156	622
Belize	443	-	52	495
British Virgin Islands	-	164	50	214
Dominica	435	-	350	785
Grenada	241	-	120	361
Guyana	73	-	-	73
Jamaica	286	-	-	286
Montserrat	87	-	-	87
St. Kitts and Nevis	323	10	154	487
St. Lucia	60	-	50	110
St. Vincent and the Grenadines	301	-	131	432
Trinidad and Tobago	-	200	-	200
Turks and Caicos Islands	632	-	-	632
Total	3,441	469	1,063	4,973
MDCs	825	200	156	1,181
LDCs	2,616	269	907	3,792

Contingent Loans Approved (NET) by Fund and by Year (1970-2004)
(\$'000)

Fund	1970-1997	1998	1999	2000	2001	2002	2003	Total
Special Development Fund	3,441	-	-	-	-	-	-	3,441
IDB/CDB Pre-Investment Fund	469	-	-	-	-	-	-	469
Technical Assistance Fund	1,063	-	-	-	-	-	-	1,063
Total	4,973	-	-	-	-	-	-	4,973

Contingent Loans Approved (NET) by Sector and by Fund (1970-2004)
(\$'000)

Sector	Special Development Fund	IDB/CDB Pre- Investment Fund	Technical Assistance Fund	Total
Total-All Sectors	3,441	469	1,063	4,973
Agriculture, Forestry and Fishing	348	10	149	507
Crop Farming	181	10	52	243
Fishing	95	-	-	95
Feeder Roads	72	-	97	169
Mining and Quarrying	508	-	251	759
Non-Metallic Minerals	508	-	251	759
Manufacturing	220	-	-	220
Sugar	75	-	-	75
Textile, Wearing Apparel and Leather Goods	52	-	-	52
Non-Metallic Mineral Products	73	-	-	73
Industrial Estates	20	-	-	20
Tourism	256	-	48	304
Hotels and Lodging Places	45	-	48	93
Integrated Tourism Facilities	125	-	-	125
Tourism Supporting Services	86	-	-	86
Transportation and Communication	1,724	164	38	1,926
Transport:				
Road Transport	294	-	38	332
Water Transport	1,051	164	-	1,215
Air Transport	379	-	-	379
Power, Energy and Water	318	95	421	834
Power and Energy:				
Electric Power	107	95	156	358
Alternative Energy	40	-	237	277
Water Supply	171	-	28	199
Multi-Sector and Other	67	200	156	423
Multi-Sector				
Urban Development	67	-	156	223
Other	-	200	-	200

Contingent Loans Approved (NET) by Country and by Year (1970-2004)
(\$'000)

Country	1970-1997	1998	1999	2000	2001	2002	2003	Total
Anguilla	185	-	-	-	-	-	-	185
Antigua and Barbuda	4	-	-	-	-	-	-	4
Barbados	622	-	-	-	-	-	-	622
Belize	495	-	-	-	-	-	-	495
British Virgin Islands	214	-	-	-	-	-	-	214
Dominica	785	-	-	-	-	-	-	785
Grenada	361	-	-	-	-	-	-	361
Guyana	73	-	-	-	-	-	-	73
Jamaica	286	-	-	-	-	-	-	286
Montserrat	87	-	-	-	-	-	-	87
St. Kitts and Nevis	487	-	-	-	-	-	-	487
St. Lucia	110	-	-	-	-	-	-	110
St. Vincent and the Grenadines	432	-	-	-	-	-	-	432
Trinidad and Tobago	200	-	-	-	-	-	-	200
Turks and Caicos Islands	632	-	-	-	-	-	-	632
Total	4,973	-	-	-	-	-	-	4,973
MDCs	1,181	-	-	-	-	-	-	1,181
LDCs	3,792	-	-	-	-	-	-	3,792

Equity Approved (NET) by Country (1970-2004)
(\$'000)

Country	OSF				Sector				Total
	European Investment Bank	Special Development Fund	Agri-cultural Fund	Private Sector Fund	Agri-culture	Industry	Tourism	Multi-Sector	
Barbados									
2000	447	-	-	-	-	-	447	-	447
Sub-Total	447	-	-	-	-	-	447	-	447
Belize									
1977	-	-	650	-	650	-	-	-	650
1982	-	-	792	-	792	-	-	-	792
Sub-Total	-	-	1,442	-	1,442	-	-	-	1,442
Jamaica									
1997	625	-	-	-	-	-	625	-	625
Sub-Total	625	-	-	-	-	-	625	-	625
St. Kitts and Nevis									
1978	-	155	-	-	-	155	-	-	155
1980	-	34	-	-	-	34	-	-	34
Sub-Total	-	189	-	-	-	189	-	-	189
St. Vincent and the Grenadines									
1977	-	19	102	-	-	102	19	-	121
1979	-	-	269	-	-	269	-	-	269
Sub-Total	-	19	371	-	-	371	19	-	390
Regional									
1994	-	-	250	-	-	-	-	250	250
1998	-	-	-	3,000	-	-	-	3,000	3,000
1999	-	-	-	10,000	-	-	-	10,000	10,000
2000	447	-	-	-	223	224	-	-	447
2001	-	-	-	3,000	-	-	-	3,000	3,000
2002	-	-	-	3,000	-	-	-	3,000	3,000
2003	-	-	-	100	-	-	-	100	100
2004	-	-	-	160	-	-	-	160	160
Sub-Total	447	-	250	19,260	223	224	-	19,510	19,957
Grand Total	1,519	208	2,063	19,260	1,665	784	1,091	19,510	23,050

Grants Approved (NET) by Country and by Fund (1970-2004)
(\$'000)

Country	Special Development Fund	Agri- cultural Fund	Technical Assistance Fund	Other Special Funds	Total
Anguilla	576	-	60	596	1,232
Antigua and Barbuda	969	3	64	4,203	5,239
Bahamas	625	-	20	100	745
Barbados	740	-	112	264	1,116
Belize	10,614	-	166	6,308	17,088
British Virgin Islands	578	3	52	293	926
Cayman Islands	144	-	-	32	176
Dominica	7,220	121	227	14,587	22,155
Grenada	8,545	-	208	7,488	16,241
Guyana	21,252	-	1	4,380	25,633
Jamaica	3,660	-	-	343	4,003
Montserrat	3,770	-	19	2,691	6,480
St. Kitts and Nevis	6,063	-	239	5,525	11,827
St. Lucia	8,698	-	247	7,902	16,847
St. Vincent and the Grenadines	8,250	83	291	7,581	16,205
Trinidad and Tobago	283	-	-	183	466
Turks and Caicos Islands	2,307	-	77	821	3,205
Regional:					
LDC Focus	6,047	189	416	5,035	11,687
MDC Focus	826	-	-	-	826
LDC/MDC Focus	30,681	1,210	659	24,277	56,827
Total	121,848	1,609	2,858	92,609	218,924
LDCs	57,734	210	1,650	58,027	117,621
MDCs	26,560	-	133	5,270	31,963
Regional	37,554	1,399	1,075	29,312	69,340

See APPENDIX I-K for adjustments.

Grants Approved (NET) by Fund and by Year (1970-2004)
(\$'000)

Fund	1970-1998	1999	2000	2001	2002	2003	2004	Total
Special Development Fund	66,936	4,750	4,088	35,930	5,389	2,571	2,184	121,848
Agricultural Fund	1,609	-	-	-	-	-	-	1,609
Technical Assistance Fund	2,858	-	-	-	-	-	-	2,858
USAID -								
Basic Human Needs Fund	9,294	-	-	-	-	-	-	9,294
Caribbean Education Development Fund	3,545	-	-	-	-	-	-	3,545
Basic Needs Trust Fund	21,080	-	-	-	-	-	-	21,080
Caribbean Development Facility	1,750	-	-	-	-	-	-	1,750
Employment Investment Promotion	3,002	-	100	-	-	-	-	3,102
Alternative Energy Systems Fund	2,264	-	-	-	-	-	-	2,264
Nigerian Fund	100	-	-	-	-	-	-	100
UK Technical Cooperation Fund	120	-	-	-	300	646	-	1,066
Inter-American Development Bank	6,975	378	748	-	222	378	750	9,451
Canadian Technical Cooperation Fund	766	271	468	274	414	652	210	3,055
German Technical Assistance Fund	701	-	-	-	-	-	-	701
United Nations Development Programme	2,412	-	-	-	-	-	-	2,412
European Development Fund	2,685	-	-	-	-	-	-	2,685
General Development Fund	172	58	-	-	-	415	6,703	7,348
Canadian International Development Agency	-	-	-	-	-	24,000	-	24,000
Disaster Mitigation Facility	-	-	-	-	-	417	2	419
Chinese Technical Cooperation Fund	-	-	-	-	-	45	-	45
Private Sector Fund	-	-	-	-	-	-	292	292
Total	126,269	5,457	5,404	36,204	6,325	29,124	10,141	218,924

See APPENDIX I-K for adjustments.

Cancellations are applied to the year when the project was approval.

Grants Approved (NET) by Sector and by Fund (1970-2004)
(\$'000)

Sectors	Special Development Fund	Agricul- tural Fund	Technical Assistance Fund	Other Special Funds	Total
Total - All Sectors	121,848	1,609	2,858	92,609	218,924
Agriculture, Forestry and Fishing	3,019	823	515	1,285	5,642
Crop Farming	1,869	657	355	895	3,776
Agriculture (excl. crop farming)	496	133	28	347	1,004
Fishing	41	3	132	43	219
Drainage and Irrigation	120	-	-	-	120
Land Settlement and Rural Development	-	30	-	-	30
Forestry	348	-	-	-	348
Feeder Roads	145	-	-	-	145
Mining and Quarrying	190	-	-	119	309
Metal Ores	31	-	-	-	31
Non-Metallic Minerals	159	-	-	119	278
Manufacturing	467	52	264	472	1,255
Food (excluding sugar)	175	9	-	243	427
Sugar	145	-	75	-	220
Textile, Wearing Apparel and Leather Goods	9	-	-	51	60
Wood and Wood Products	49	-	10	69	128
Paper and Paper Products	-	-	-	10	10
Chemicals and Chemical Products	-	-	-	18	18
Non-Metallic Mineral Products	-	-	49	81	130
Miscellaneous Manufacturing and Repairs	-	43	-	-	43
Industrial Estates	89	-	130	-	219
Tourism	1,369	-	45	1,108	2,522
Hotels and Lodging Places	133	-	-	100	233
Integrated Tourism Facilities	160	-	-	78	238
Tourism Supporting Services	1,076	-	45	930	2,051
Transportation and Communication	1,741	100	406	3,241	5,488
Transport:					
Main Roads and Bridges	223	-	-	24	247
Water Transport	462	75	327	-	864
Air Transport	575	-	79	3,136	3,790
Communication	481	25	-	81	587
Power, Energy and Water	949	40	367	3,253	4,609
Power and Energy:					
Electric Power	485	40	81	48	654
Alternative Energy	-	-	-	2,823	2,823
Water Supply	464	-	286	382	1,132

Grants Approved (NET) by Sector and by Fund (1970-2004)
(\$'000)

Sectors	Special Development Fund	Agricul- tural Fund	Technical Assistance Fund	Other Special Funds	Total
Social Services	11,844	109	539	10,221	22,713
Housing	392	-	108	71	571
Health	1,476	-	10	331	1,817
Education	9,976	109	421	9,819	20,325
Multi-Sector and Other	102,269	485	722	72,910	176,386
Urban Development	105	-	-	5,372	5,477
Disaster Rehabilitation	1,309	-	-	1,371	2,680
Distributive Trade	74	14	208	485	781
Structural Adjustment Programme	1,751	-	-	6,400	8,151
Other	99,030	471	514	59,282	159,297

See APPENDIX I-K for adjustments.

Grants Approved (NET) by Country and by Year (1970-2004)
(\$'000)

Country	1970-1998	1999	2000	2001	2002	2003	2004	Total
Anguilla	1,122	-	36	17	24	15	18	1,232
Antigua and Barbuda	5,149	-	59	13	6	4	8	5,239
Bahamas	344	27	78	-	33	114	149	745
Barbados	880	22	49	17	21	27	100	1,116
Belize	11,030	140	184	3,322	92	2307	13	17,088
British Virgin Islands	917	-	9	-	-	-	-	926
Cayman Islands	176	-	-	-	-	-	-	176
Dominica	11,944	75	142	2,131	28	1,420	6,415	22,155
Grenada	10,907	223	666	1,898	150	1,427	970	16,241
Guyana	13,189	515	439	6,826	417	4,209	38	25,633
Jamaica	1,730	426	354	41	1,061	119	272	4,003
Montserrat	4,477	161	11	1,082	10	658	81	6,480
St. Kitts and Nevis	9,353	117	104	1,133	211	828	81	11,827
St. Lucia	11,136	174	190	2,768	203	2,345	31	16,847
St. Vincent and the Grenadines	11,022	79	204	2,756	259	1,546	339	16,205
Trinidad and Tobago	275	8	15	-	26	16	126	466
Turks and Caicos Islands	1,995	-	-	735	-	461	14	3,205
Regional:								
LDC Focus	8,645	2,022	233	84	417	253	33	11,687
MDC Focus	826	-	-	-	-	-	-	826
LDC/MDC Focus	21,152	1,468	2,631	13,381	3,367	13,375	1,453	56,827
Total	126,269	5,457	5,404	36,204	6,325	29,124	10,141	218,924
LDCs	79,228	969	1,605	15,855	983	11,011	7,970	117,621
MDCs	16,418	998	935	6,884	1,558	4,485	685	31,963
Regional	30,623	3,490	2,864	13,465	3,784	13,628	1,486	69,340

See APPENDIX I-K for adjustments.
Cancellations are applied to the year of approval.

APPENDIX II-R (1)

Capital Loans
Withdrawn/Not Taken Up or Transferred During Each Year
(1970-2004)
(\$'000)

Year Withdrawn	Ordinary Capital Resources	Venezuelan Trust Fund	Special Development Fund	Other Special Funds	Total
1970-1998	170,357	9,036	52,872	25,716	257,981
1999	13,543	-	97	-	13,640
2000	1,016	-	1,217	11	2,244
2001	15,897	-	4,903	696	21,496
2002	10,602	-	1,830	405	12,837
2003	4,873	-	2,873	-	7,746
2004	16,605	-	3,018	-	19,623
Total	232,893	9,036	66,810	26,828	335,567

APPENDIX II-R (2)

Capital Loans
Withdrawn/Not Taken Up or Transferred During Each Year
(1970-2004)
(\$'000)

Year Withdrawn	Special Development Fund	Other Special Funds	Total
1970-1998	368	357	725
1999	-	-	-
2000	-	-	-
2001	192	-	192
2002	-	-	-
2003	-	-	-
2004	86	1	87
Total	646	358	1,004

APPENDIX II-R (3)

Capital Loans
Withdrawn/Not Taken Up or Transferred During Each Year
(1970-2004)
(\$'000)

Year Withdrawn	Special Development Fund	Technical Assistance Fund	Other Special Funds	Total
1970-1998	2,441	361	578	3,380
1999	21	-	-	21
2000	212	-	-	212
2001	488	-	-	488
2002	585	-	242	827
2003	560	-	-	560
2004	426	-	55	481
Total	4,733	361	875	5,969

RESOLUTIONS OF THE BOARD OF GOVERNORS DURING 2004

No.	Subject	Date of Adoption
1/04	Audited Financial Statements and Reports of the Independent Accountants	May 12, 2004
2/04	Allocation of Net Income	May 12, 2004
3/04	Expenses of Governors and Alternates Attending Meetings of the Board of Governors	May 12, 2004
4/04	Place and Date of Thirty-Fifth (2005) Annual Meeting	May 12, 2004
5/04	Election of Officers of the Board of Governors	May 12, 2004
6/04	Appreciation	May 13, 2004

DEPOSITORIES AND CHANNELS OF COMMUNICATION

COUNTRY	DEPOSITORY	CHANNEL
Anguilla	ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Permanent Secretary, Finance Office of the Permanent Secretary Finance P.O. Box 60 The Valley Anguilla
Antigua and Barbuda	ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Permanent Secretary Ministry of External Affairs and Defence St. John's Antigua and Barbuda
The Bahamas	Central Bank of the Bahamas P.O. Box N-4868 Nassau The Bahamas	Financial Secretary Ministry of Finance and Planning P.O. Box 3017 Nassau The Bahamas
Barbados	Central Bank of Barbados P.O. Box 1016 Bridgetown Barbados	Director of Finance and Economic Affairs Ministry of Finance Government Headquarters Bay Street, St. Michael Barbados
Belize	Central Bank of Belize P.O. Box 852 Belize City Belize	Permanent Secretary Ministry of National Development P.O. Box 42, Administrative Building Belmopan Belize
British Virgin Islands	ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Financial Secretary Ministry of Finance Central Administration Building Road Town Tortola British Virgin Islands
Canada	Bank of Canada 234 Wellington Street Ottawa Canada	President Canadian International Development Agency 200 Promenade du Portage Hull, Quebec K1A 0G4 Canada
Cayman Islands	ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Financial Secretary Office of the Financial Secretary Portfolio of Finance and Economic Development Government Administration Building George Town, Grand Cayman Cayman Islands

COUNTRY	DEPOSITORY	CHANNEL
Colombia	Banco de la Republica Carrera 7a, Numero 14-18 Oficina Principal Bogota Colombia	General Manager Carrera 7a, Numero 14-18 Oficina Principal Bogota Colombia
Dominica	ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Financial Secretary Ministry of Finance, Industry and Planning Government Headquarters Kennedy Avenue Roseau Dominica
Germany	Deutsche Bundesbank P.O. Box 10 06 02 Wilhelm-Epstein Strasse 14 Postfach 12 03 22 Deutschland	Bundesministerium f r Wirtschaftliche Zusammenarbeit und Entwicklung(BMZ) Referat 402 D-53045 Bonn Deutschland
Grenada	ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Permanent Secretary Ministry of Finance St. George's Grenada
Guyana	Bank of Guyana Avenue of the Republic Georgetown Guyana	Secretary to the Treasury Ministry of Finance P.O. Box 1073 Georgetown Guyana
Italy	Bank of Italy Casella Postale 2484 00100 Rome Italy	Ministry of the Economy and Finance Via XX Settembre Rome Italy
Jamaica	Bank of Jamaica P.O. Box 621 Kingston Jamaica	Financial Secretary Ministry of Finance and Planning 30 National Heroes Circle Kingston 4 Jamaica
Mexico	Banco de Mexico, S.A. Subgerencia de Control de Operaciones Area Internacional Edificio Guardiola, 2do Piso 0659 Mexico, D.F. Mexico	Director General of International Affairs Secretariat of Finance and Public Credit Plaza de la Constitucion No. 1 Palacio Nacional Cuarto Piso, Oficina 4037 Co. Centro., CP 06000 Mexico D.F. Mexico

COUNTRY	DEPOSITORY	CHANNEL
Montserrat	ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Financial Secretary Ministry of Finance, Economic Development And Trade Government Headquarters Brades Montserrat
People's Republic of China	International Department People's Bank of China 32 Cheng Fang Street West District Beijing 100800 China	CDB Desk Economist Division for International Financial Institutions International Department People's Bank of China 32 Cheng Fang Street West District Beijing 100800 China
St. Kitts and Nevis	ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Director Planning Unit of St. Kitts P.O. Box 186 Basseterre St. Kitts and Nevis
St. Lucia	ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Director Finance Ministry of Finance and Economic Affairs Treasury Building Castries St. Lucia
St. Vincent and the Grenadines	ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Director of Finance and Planning Ministry of Finance P.O. Box 608 Kingstown St. Vincent and the Grenadines
Trinidad and Tobago	Central Bank of Trinidad and Tobago P.O. Box 1250 Port of Spain Trinidad and Tobago	Permanent Secretary Ministry of Finance Eric Williams Finance Building Eric Williams Plaza Independence Square Port of Spain Trinidad and Tobago
Turks and Caicos Islands	First Caribbean Int'l. Bank Main Branch Grand Turk Turks and Caicos Islands	Permanent Secretary/Finance Ministry of Finance Front Street Grand Turk Turks and Caicos Islands

COUNTRY	DEPOSITORY	CHANNEL
United Kingdom	Bank of England Threadneedle Street London EC2R 8AH England	Department for International Development 94 Victoria Street London SW1E 5JL England
Venezuela	Banco Central de Venezuela Av. Urdaneta Esquina Las Carmelitas Caracas 1010 Venezuela	President Venezuelan Economic and Social Development Bank Avenida Universidad Traposos a Colon Torre BANDES, Piso 7 Caracas 1010 Venezuela