Caribbean Development Bank

Annual Report 2009

40th Anniversary
1970 - 2010
CDB at the Heart of a Dynamic Caribbean

THE CARIBBEAN DEVELOPMENT BANK (CDB) is a regional financial institution established by Agreement signed in Kingston, Jamaica, in 1969. Its founders included 16 English-speaking Caribbean countries as regional borrowing members, as well as Canada and the United Kingdom as non-regional non-borrowing members. The Bank was established for the purpose of contributing to the harmonious economic growth and development of the member countries in the Caribbean, having special and urgent regard to the needs of the Less Developed Countries (LDCs) of the Region.

CDB's membership comprises 18 Borrowing Member Countries (BMCs), of which nine are designated LDCs: Anguilla, Antigua and Barbuda, Belize, Dominica, Grenada, Haiti, Montserrat, St. Kitts and Nevis, St. Lucia and St. Vincent and the Grenadines. British Virgin Islands, Cayman Islands and Turks and Caicos Islands have been added to these.

The Bahamas, Barbados, Jamaica, Guyana and Trinidad and Tobago are designated as More Developed Countries (MDCs). The Bank's only non-English-speaking borrowing member is Haiti.

Colombia, Mexico and Venezuela are the regional non-borrowing members. Germany, Italy and the People's Republic of China are the other non-regional, non-borrowing members.

MISSION STATEMENT

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

Note: $ used throughout this document refers to US dollars, unless otherwise indicated.

Wildey, St. Michael
Barbados, West Indies

March 11, 2010

My Dear Chairman:

I enclose the Annual Report of the Caribbean Development Bank (CDB) for the year ended December 31, 2009, 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. Zhivargo S. Laing
Chairman
Board of Governors
Caribbean Development Bank

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All member countries of the Caribbean Development Bank (CDB) began 2009 adversely affected by a severe global economic recession.

As economic growth weakened (becoming negative for some countries), employment and household incomes fell, and fiscal accounts deteriorated. The Region's financial sector came under increased pressure as the real economy deteriorated. Governments were impelled to adopt a variety of counter-cyclical policies, including increased fiscal expenditures and financial sector bailouts.

Economic activity and incomes in the Bank's Borrowing Member Countries (BMCs) were adversely affected by substantially reduced demand for tourism services, bauxite and alumina, and by the fall in world energy prices. Decreases in inflows of migrant remittances and foreign direct investment also put pressure on levels of living and the balance of payments.

Borrowing Member Countries are now challenged to fashion a response to the economic crisis in the context of the incipient slow recovery of the global economy and the deeper conditioning factors of changed regimes for international trade in goods and services emanating from decisions of the World Trade Organisation (WTO), Economic Partnership Agreements and actions by the Organisation for Economic Co-operation and Development (OECD) with respect to the offshore finance industry.

No less important, BMCs will have to lay a secure foundation for sustainable economic growth and social progress by major capital investments directed towards economic restructuring and diversification, improvements in production technology and organisation, energy efficiency and energy substitution, human resource development, reduction of vulnerability to natural hazards, environmental protection and conservation (including mitigation and adaptation to the impacts of climate change), and improved health services. Public policies will also need to address issues such as geographical broadening and deepening of international economic relations.

The Caribbean Development Bank is the second largest provider of concessionary funds by multilateral development banks to BMCs. It is a principal mobilizer of international financial resources for onlending to BMCs. It is also an important institution in providing policy advice and monitoring economic performance at national and regional levels in the Caribbean. CDB expects to be at the centre of the efforts for sustainable economic growth and social progress during the coming decade.

As this Annual Report documents, the Bank is positioning itself to respond effectively to the various challenges by adopting a new Strategic Plan, by expanding its capital base, by pursuing programmes for the improvement of internal efficiency and by maintaining and forging partnerships for leveraging its financial capital and reputational capital for greater mobilisation of international funds.

The urgency of our efforts assumes added importance as the Bank embarks on its fortieth anniversary in the coming year and in our awareness of this forthcoming milestone we recommit ourselves to ensuring the even more significant realisation of the economic and social benefits that this institution was established to provide.

I close by expressing my deepest appreciation to the Board of Directors, management and staff of the Bank for another year of fully committed and constructive engagement with the work of the Bank in service of the community of Caribbean peoples.

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

CDB PROJECT PROFILE

North Coast Highway Improvement Project - Jamaica

Montego Bay, Jamaica, can be considered a cosmopolitan holiday centre offering a wide choice of amenities. This city, the island's tourism capital, can boast of a number of things over Kingston, including more hotel rooms and also more transport facilities. But while it had more transport facilities, Montego Bay also had a problem with traffic congestion on the highway coming into the city from the east.

It is estimated that 16,000 vehicles traverse the portion of highway per day. Some of these include tour buses taking tourists to and from hotels, places of interest or the airport. With the completion of the North Coast Highway Improvement Project congestion is now a thing of the past.

One bus driver notes that, for the most part, the highway "has greatly improved the ease with which persons travel that area, we don't have traffic congestion on that side again."

Of the 26 kilometres of highway, half features single-lane traffic and the other half – closer to the city – features two-lane traffic in both directions. The new highway is on a higher elevation than the previous roadway. This, along with improved drainage, should lead to a reduction in flooding - another factor which contributed to snarled traffic.

Apart from allowing commuters the convenience of getting to destinations more quickly, the highway is also serving to provide a better ambience for the ride. It is now being referred to as the "Elegant Corridor" and a beautification programme is now underway.

PART I
THE CARIBBEAN ECONOMIES IN 2009

REGIONAL ECONOMIC DEVELOPMENTS

Overview

Preliminary estimates indicate that economic output contracted in most regional economies in 2009, reflecting the lagged impact of the global financial crisis and economic recession. Indications are that only four Borrowing Member Countries (BMCs) recorded positive Gross Domestic Product (GDP) growth in 2009 – Belize, Guyana, Haiti and Montserrat. Among the other BMCs, real GDP in Anguilla contracted by more than a quarter, after a prolonged period of high construction-led growth that was fuelled by Foreign Direct Investment (FDI). Antigua and Barbuda, and Cayman Islands recorded declines that were in excess of 5%, while the real output contraction among most of the remaining BMCs was between 1% and 4%. The main transmission channels of the crisis to regional economies were sharply declining tourist arrivals and a fall-off in FDI, which negatively affected investment in tourism-related construction projects, reducing output and employment in both the tourism and construction sectors. In addition, the financial crisis adversely affected offshore sector activity in all major jurisdictions and threatened the soundness and stability of regional financial sectors. In the face of these exogenous shocks, Belize and Guyana have shown some resilience. However, the majority of regional economies are highly dependent on tourism and other services and therefore proved to be much more vulnerable.

The associated impacts on regional economies have been so adverse that some governments have had to seek extraordinary external financing to mitigate the effects on foreign exchange reserves and liquidity levels in the banking system, as well as to improve fiscal and debt sustainability. However, with credit ratings reflecting these impacts and global financing conditions remaining tight, governments tapped the regional capital market and various financing facilities offered by the Multilateral Finance Institutions (MFIs), including the Caribbean Development Bank (CDB). In addition, some countries turned to non-traditional sources for loans and grant resources to finance development efforts. The CARICOM Development Fund also emerged as an addition to the regional financial architecture, commencing operations on August 24, 2009.

Real Sector

Tourism

Generally, stay-over arrivals decreased across the Region, with double-digit declines in most destinations due to weak

source market demand and reduced airlift. This was also reflected in significantly lower visitor expenditure. Cruise passenger arrivals have remained buoyant, with several countries reporting increases in excess of 15%. However, since stay-over arrivals typically account for the greater proportion of visitor spending, the net effect on tourism value-added of these divergent trends was negative. This divergence appears to be a continuation of a substitution effect that has been observed in recent years. Tourists are increasingly showing a preference for cruises over the stay-over visits, presumably based on the perception that it offers better value for money – a factor that is even more critical in the context of the global downturn. Jamaica was the only major tourism destination where stay-over performance was in contrast to the regional trend: increased stay-over arrivals there have been attributed to the diversion of tourists away from Mexico due to the Influenza A H1N1 virus outbreak, as well as aggressive marketing and heavy discounting. In the Region as a whole, arrivals from Canada increased, and Jamaica benefitted most from this increase. However, with the US and Europe being larger source markets, the impact of declines in stay-over arrivals from these markets dominated sector trends.

Construction

The slump in construction activity that began in 2008 continued into 2009, due to persistent weakness in FDI inflows for tourism-related projects, which had underpinned construction and overall growth during the lead-up to and hosting of Cricket World Cup (CWC) in 2007. The effects of the fall-off in FDI on private sector-led construction activity were exacerbated in some countries by reductions in public sector spending on capital projects due to limited fiscal space. Although some governments, for example, Dominica, were able to finance accelerated capital works programmes through grant inflows, construction activity still declined sharply. The main exceptions were Guyana and Belize, where construction activity was a key factor in those countries recording overall economic growth, albeit at a reduced pace.

Manufacturing

The crisis had a negative impact on the regional manufacturing sector, directly – through the reduction in global import demand and tight financing conditions – and indirectly, as the declines in construction and tourism reduced demand for foods, construction materials, and other manufactured goods produced in the Region.

Mining and Quarrying

Increases in petroleum output were recorded in Trinidad and Tobago and Belize, boosted by a modest recovery in petroleum prices from end-2008 lows. In contrast, bauxite output contracted sharply in Jamaica and Guyana, as a result of a slump in global demand. The contraction resulted in the closure of two large producers (ALPART and WINDALCO) in Jamaica. Gold declarations in Guyana rose because of higher global demand for this commodity, in line with its safe-haven status.

Agriculture

The major agricultural producing countries recorded mixed performances during the year. Jamaica and Grenada recorded strong growth, reflecting a recovery in agricultural output after hurricanes Gustav and Ivan, respectively. Agricultural output in Dominica fell as a result of a steep drop in banana production. Belize and Guyana also posted significant contractions, driven by a fall-off in citrus production in Belize, related to flood damage in 2008, and poor sugar and rice harvests in Guyana due to higher than expected rainfall. In general, sugar and banana production continued to decline across the Region, reflecting weather-related and other country-specific problems, as well as the ongoing effects of trade preference erosion.

Employment

Available data and anecdotal evidence from around the Region indicate that the downturn in economic activity was reflected in rising unemployment in most countries, particularly in the hard-hit tourism and construction sectors.

Inflation

Inflationary pressures in the Region subsided during 2009 from 2008 peaks, largely reflecting the fall-off in aggregate demand due to the crisis, and the generalised reduction in international food and petroleum prices observed since the latter half of 2008. In fact, several regional economies experienced deflation. However, those countries for which data is available past August (The Bahamas, Jamaica, and Trinidad and Tobago) are showing signs of renewed inflationary pressures consistent with recent upticks in international commodity prices.

External Sector

Balance of Payments

Foreign exchange earnings from exports of goods and services generally declined, as the tourism sector downturn translated into reduced travel receipts, while lower commodity prices (with the notable exceptions of gold and diamonds) affected the value of primary-good exports. In addition, some regional economies reported significantly reduced inflows of remittances. However, current account balances generally improved due to falling import values related to reductions in both import demand and international commodity prices. Nevertheless, overall balance of payments (BOP) positions were generally negative or less positive due to a fall-off in FDI inflows, with a concomitant adverse impact on foreign exchange reserves. However, the effect on reserves was mitigated somewhat by the decision of the International Monetary Fund's (IMF) to boost all member countries' Special Drawing Rights allocations in August and September.

Exchange Rates

Guyana, Jamaica, and Trinidad and Tobago, the three regional economies with floating rate regimes, all maintained relative exchange rate stability despite slight depreciations against the US dollar. The stability of Jamaica's exchange rate was based on the healthy foreign exchange position, together with the expectation of IMF assistance. In Guyana, a strong overall BOP performance accounted for continued exchange rate stability.

Financial Sector

Monetary Developments

In the context of greater exchange rate stability and falling inflation rates, Jamaica and Trinidad and Tobago both eased monetary policy significantly in an effort to contain the adverse effects of the crisis. In Guyana, monetary policy was more focused on liquidity, which expanded as

domestic credit declined and project loan inflows boosted the net foreign assets considerably. The Bank of Guyana therefore tightened monetary policy in an effort to bring liquidity back down to target levels. Elsewhere in the Region, particularly within the Organisation of Eastern Caribbean States (OECS) sub-region, monetary policy measures were generally aimed at mitigating the impact of the crisis on output and credit growth, as well as the tightening effect of the fall-off in output on deposit growth.
Financial Stability and Soundness

The observed tightening of liquidity was also a prudential concern. In general, following several years of improvement, prudential banking system indicators for the Region deteriorated somewhat, given the current global and regional macro-financial environment. Banks' non-performing loans rose, while capital adequacy and profitability declined. In the OECS, loan concentration remained high, especially with respect to the exposure of state-owned local banks to government. Several incidents during the year highlighted the magnitude of cross-country contagion risk in the Region and contributed to a flight to quality assets.

These incidents have also caused further reputational damage to the regional offshore financial sector, which has been under severe international pressure in recent years, particularly from the Paris-based Organisation for Economic Cooperation and Development (OECD). In April, the OECD placed several Caribbean countries on its 'grey list' of jurisdictions that "have committed to the internationally agreed tax standard, but have not yet substantially implemented". The Cayman Islands and the British Virgin Islands subsequently graduated to the 'white list' and at the end of the year, several other regional economies were actively engaged in efforts to sign the OECD-stipulated minimum of 12 tax information exchange agreements, to show their commitment to implementing the international standards in order to graduate as well.

Public Sector

Fiscal Performance

In Guyana and Dominica, relative expenditure restraint and tax reforms resulted in higher current revenue and improved fiscal outcomes. However, public finances deteriorated in most other regional economies, largely reflecting the impact of the crisis on already limited fiscal space. In some cases, salary increases, interest payments on accumulating debt stocks, rising transfers and subsidies, pre-election spending and/or fiscal responses to the crisis played a role in the resulting large fiscal gaps. A significant decline in revenue, especially in those countries with narrow revenue bases, was also a major contributing factor. Among the British Overseas Territories (OTs), a deterioration in fiscal performance on account of the global recession caused breaches to the fiscal rules imposed by the United Kingdom (UK) Government. This in turn exposed them to heightened pressure from the UK to revise their policy frameworks towards broadening their revenue bases, with a view to improving fiscal sustainability by reducing vulnerability to external shocks.

Debt/Financing

Relatively robust fiscal positions in Guyana and Dominica were supported by grant inflows, debt relief and/or concessional loans. With respect to grant inflows, Dominica and some other OECS countries turned to non-traditional donors such as China and Venezuela for grant resources to finance development efforts. One result of the unfavourable fiscal outturns in Jamaica and Barbados was the downgrading of these countries' credit ratings and outlooks. Such downgrades, together with the continued tightness of global financing conditions, have limited access to international capital markets somewhat. Consequently, some of the countries experiencing moderate-to-severe fiscal deterioration sought to tap the regional capital market, and several have requested financing from the MFIs for macroeconomic support, particularly in the areas of BOP, liquidity and fiscal/debt policy. CDB approved $67.8 million (mn) in support of programmes in four of its BMCs to assist their efforts at macroeconomic stability. Antigua and Barbuda also received budgetary support from the Government of Venezuela through the Bolivarian Alternative for the Americas Fund. Of the OTs which require explicit approval from the UK Government to contract debt, those that significantly breached UK fiscal rules had their borrowing restricted and/or made conditional on commitment to new revenue measures.

Prospects

The outlook for regional economies in 2010 is largely predicated on the timing, pace and magnitude of the incipient global recovery, with recovery in the Region expected to lag behind that of the major world economies by a few quarters. In 2010, growth is expected to return to some of the global economies that contracted in 2009, but the recovery of regional economies is not likely to take hold before 2011.

Recovery in the major economies is particularly critical for the tourism and construction sectors, as these are the main source markets for tourist arrivals and FDI flows. Also important for tourism in 2010 will be the staging of several sporting events in the Region, including the International Cricket Council's 20/20 CWC. A key concern remains however, in relation to the Air Passenger Duty introduced by the UK, which will further reduce the Region's price competitiveness.

With regard to agriculture, the transition to the new Economic Partnership Agreement sugar regime means the continued reduction of the guaranteed price for Caribbean sugar. The World Trade Organisation banana deal is likely to increase competition from Latin American banana exporters, although the Banana Accompanying Measures to be implemented by the European Union (EU) under the Geneva Agreement on Trade in Bananas could help boost regional competitiveness. Additionally, as of January 1, 2010, Guyana will enjoy duty-free and quota-free access to EU market for rice.

Mining and quarrying in the Region should benefit from higher petroleum and metal prices, which appear to be on the rise. However, this may be offset by possible declines in bauxite and alumina production if the frequent industrial action, mechanical problems and plant closures observed in 2009 persist into 2010.

Higher aggregate demand, along with any related increase in international commodity prices, may also contribute to a resurgence of inflationary pressures globally and regionally.

On the BOP, the Region's import bill may rise again in line with the anticipated increase in international commodity prices, while receipts of travel credits and other export proceeds, as well as FDI, will depend on the extent of the global recovery.
Prospects for the on-shore financial sector in 2010 are, in turn, mainly tied to the real-sector and BOP performances, which are expected to be lacklustre. Persistent sluggishness in credit and deposit growth is expected to continue to constrain banks' balance sheet growth. Meanwhile, the future of the offshore financial sector will be determined largely by the Region's ability to combat the reputational damage suffered in 2009 and prevent any further damage going forward, while completing the requirements for meeting OECD 'white list' standards.

In relation to central government operations, the countries that saw significant deterioration in 2009 should record some level of improvement in 2010 in the context of planned adjustment programmes. Antigua and Barbuda, Jamaica, and Grenada, in particular, are likely to undertake sizeable adjustments in the context of IMF programmes. Some of the OTs will also be undertaking fiscal reforms in response to pressure from the UK, while ongoing reforms in the OECS, including the introduction of ad valorem taxes in some territories, should continue to yield benefits in terms of improved fiscal sustainability.

In terms of the broader policy framework, the Eastern Caribbean Currency Union Eight-Point Growth and Stabilisation Plan envisages the implementation of financial programmes, fiscal reform programmes, debt management programmes, public sector investment programmes, social safety nets and financial safety nets, as well as the consolidation of the indigenous commercial banks and the rationalisation, development and regulation of the insurance sector.

The various adjustment and/or reform programmes announced in 2009 sought to address some of the main macroeconomic challenges facing most of the Region. These include structural weaknesses, large financing gaps and tenuous fiscal and debt positions.

CDB PROJECT PROFILE

Rehabilitation of Primary Schools and Health Centres - St. Lucia

Imagine having to go to a health centre, perhaps feeling at your worst, and discover that the building is in a state of disrepair. Unfortunately, this was what many St. Lucians experienced using the various health centres across the island. School children encountered the same unsatisfactory conditions in some of the island's primary schools.

Project Manager of the Economic Reconstruction Programme, Ministry of Health, Jacqueline Garnier-Blasse explains. "Due to some level of neglect, the physical plant at a number of primary schools and health centres in St. Lucia had deteriorated…they had not been improved for about four decades."

Now, these buildings have all had some work done which should go a long way towards improving the quality of services they were constructed to provide – education and healthcare. Roofs were replaced, security bars provided, walls painted and floors redone.

Specific to the health centres, waiting areas were enclosed and furniture, computers and kitchen appliances provided. The pharmacies at each centre were also refurbished, with rooms set aside for counselling and for demonstrations by a nutritionist. Some centres have also been provided with washing machines, while five vehicles have been made available, two of which are customized for disabled people.

Ms. Garnier-Blasse said that to go along with all the improvements to the buildings, medical equipment is being provided, as well as training for people at all levels. "We are trying as much as possible to take care of their needs and improve their working conditions, not only with the physical structure, but by also providing training and medical equipment. We have provided such things as resuscitators, and cardiac monitors. But there are eight regions, and so the equipment had to be placed in areas of critical need."

These buildings, some of which are used as hurricane shelters, now inspire a greater level of confidence in the people who have to use them.

PART II
THE CARIBBEAN DEVELOPMENT BANK OPERATIONS IN 2009

INTRODUCTION

The year 2009 was the final year of the 2005-2009 Strategic Plan. CDB intensified its work to develop a new plan for the period 2010-2014. This Plan, together with the agreements reached with Contributors to the Seventh Cycle of the Special Development Fund (SDF), articulates the ways the Bank proposes to discharge its mandate to reduce poverty and to maximize its development effectiveness, while recognising the constraints imposed by its small size and limited resources. The Plan sets out further steps for strengthening institutional capacity and effectiveness, and provides a framework for fostering development partnerships as a principal mode for conducting business. The Plan addresses the concern that many of the social gains of the past decades may be lost in the face of the current global crisis, and aims to position the Bank to play an increasing role on the issues of economic adjustment, regional cooperation and integration and climate change.

The global financial and economic crisis continued to impact the economies of the BMCs and, therefore, the Bank in 2009. Whereas, in 2008 CDB, in responding to the early stages of the crisis, significantly increased approvals, 2009 was a period of consolidation. New financing approvals declined to $167.0 mn, comprising $151.0 mn in loans and $16.0 mn in grants, though the actual number of operations increased. The comparative figures for 2008 were total approvals of $348.0 mn, comprising $297.0 mn in loans and $51.0 mn in grants. The fall-off in new approvals reflected the greater reluctance of already highly indebted countries struggling to minimize fiscal deficits to incur additional debt for capital investment projects. However, total disbursements were $210.0 mn, an increase of 41% above the 2008 figure of $150.0 mn.

In response to the fiscal constraints of its BMCs, the Bank increased the lending limit to governments on individual projects from between 70% to 80% of project costs for its ordinary operations, to 90% for all BMCs, for a period of two years.

The Bank is rapidly approaching the limits of its borrowing and lending authority. Discussions on the new Strategic Plan have, therefore, included the need for a General Capital Increase (GCI). The last time the capital of the Bank was increased was 20 years ago. The current GCI is critical if the Bank is to continue to respond to the needs of its BMCs. Analysis of the rapidly changing economic and social environment in the Region indicates that the demand

for long-term capital is increasing substantially, such that all the multilateral development banks will see an increased call on their resources.

PROGRAMMES AND INITIATIVES

CDB continued to play an important role at the national level in its BMCs in 2009, and also at the regional level. The Bank's significant interventions utilising the policy-based instrument, in economic infrastructure, assistance to the private sector, support for agriculture and rural development, social development, and governance and regional integration are highlighted here.

POLICY-BASED LENDING

In 2009, CDB approved three policy-based loans (PBLs) totalling $67.8 mn and a policy-based grant (PBGr) of $10.0 mn. This brings to seven the total number of PBLs approved since the introduction of this instrument in 2006, at a value of $242.8 mn. These PBLs were designed to bolster fiscal and debt sustainability, improve the growth prospects of the BMCs and reduce poverty, as the global financial and economic crisis further weakened their fiscal and debt performance. Moreover, these loans supported reforms aimed at strengthening the framework for macroeconomic management. The fiscal space created by these funds allow governments to maintain or increase critical expenditure that support growth and poverty reduction.

PBLs approved during 2009 were:

- $25.0 mn to St. Vincent and the Grenadines: to assist in the containment of borrowing costs during a period in which government has incurred additional social safety net expenditure and foregone revenue in response to the fallout from the global recession. This low-cost lending will help to mitigate the adverse debt dynamics that could result from the need to respond to the fallout. It is also expected that through improvements in the institutional arrangements that govern public sector resource management, growth prospects will be enhanced and social indicators maintained or improved.

- $12.8 mn to Grenada: to support government's programme of macroeconomic reforms which is designed to strengthen the institutional framework for economic management; consolidate and streamline revenue systems; strengthen financial management in the public sector; improve the investment climate; and enhance the framework for sustainable poverty reduction. Collectively, these reforms should bolster the near to medium term fiscal and economic growth prospects.

- $30.0 mn to Antigua and Barbuda: to support a home-grown programme of economic adjustment and structural reforms geared to bring the fiscal and the debt positions on a more sustainable footing. The PBL intervention is one component of an integrated approach by the government to implementing its adjustment programme which also involves financing from the IMF and a comprehensive debt restructuring strategy. Haiti received the first non-reimbursable PBGr of $10.0 mn, as part of a broader programme of support, both budgetary and technical assistance, to enhance fiscal and debt management. In combination with grants from other donors, the CDB policy-based grant provided much-needed support during a fiscal year that witnessed a series of severe shocks (fuel and food price inflation; political instability; four extreme weather events; world financial and economic crisis). The support is designed to enable the Government of Haiti to continue the provision of basic services; implementation of critical infrastructure agreed to with international development partners under the Poverty Reduction and Growth Strategy; and post-hurricane infrastructure rehabilitation and recovery.

IMPROVING ECONOMIC INFRASTRUCTURE

Flood Mitigation

A Technical Assistance Loan of $0.4 mn was approved for Grenada to assist with financing the cost of consultancy services to undertake detailed designs for a flood mitigation project in the environs of the St. Johns River. The environs of the lower reaches of this river are frequently affected by flooding during the rainy season leading to repeated damage to private property, disruption of local businesses and closure of the road network in the area. The capital project arising out of this intervention will address the threat to human life and the risk of economic loss due to flooding in the area.

Roads

In St. Kitts and Nevis, implementation of the West Basseterre By-Pass Road Project received additional support in the form of a $6.3 mn loan, bringing CDB's financial contribution for this project to $13.9 mn, or 89% of the estimated project cost. The benefits associated with the construction of this 3.8 km by-pass road includes improved safety for road users, a reduction in operating costs of vehicles using the by-pass, time savings for road users and the provision of road access to new lands north-west of Basseterre. The provision of two portable weighbridges will also enhance the capacity of the relevant ministry to enforce axle load legislation on the roads of St. Kitts.

A Technical Assistance Loan of $0.6 mn was approved for Grenada to assist with financing the cost of consultancy services to conduct a Road Upgrade Study in respect of the selected roads in St. Patrick. It is expected that this intervention will assist Grenada in the development of an appropriate and economically feasible programme of works for the upgrading and rehabilitation of roads in this northern parish.

Also in the road sector another Technical Assistance Loan of $0.6 mn was approved to assist in the financing of the South Leeward Highway Study in St. Vincent and the Grenadines. This intervention is expected to provide an appropriate and economically feasible programme of works to upgrade approximately nine miles of road between Buccament River and Kingstown.

Water

In the water sector, CDB approved a loan of $3.5 mn for Belize to improve access to potable water for communities in the Belize River Valley (BRV) through the construction of a new water supply system. Currently, households in the BRV source water for domestic use mainly from the river, hand-dug wells and storage tanks. Approximately 60 km of pipeline and four elevated storage tanks will be constructed under the Project. This Project is expected to contribute to the improvement in living conditions and overall socio-economic well-being of the BRV residents, as well as safeguard them against risks related to water and food-borne diseases.

Also in the water sector, a Technical Assistance Loan of $0.4 mn was approved for Dominica to assist with financing a Water Supply Upgrading and Expansion Study. The objective of this intervention is to assist Dominica in identifying alternative sources of water for its largest system, and provide technical solutions for the upgrading and expansion of the existing distribution network.

Tourism

An additional loan of $12.9 mn was approved to assist Caves of Barbados Ltd. with financing additional project costs associated with cost overruns on the Harrison's Cave Redevelopment Project. This intervention brought CDB's total lending for this project to $29.7 mn. Harrison's Cave, a natural phenomenon comprising subterranean passages with stalactites, stalagmites, lakes, streams and waterfalls, is one of Barbados's premier visitor attractions. Benefits associated with this project include the enhancement of the local tourism product as well as improved sustainability of Harrison's Cave itself.

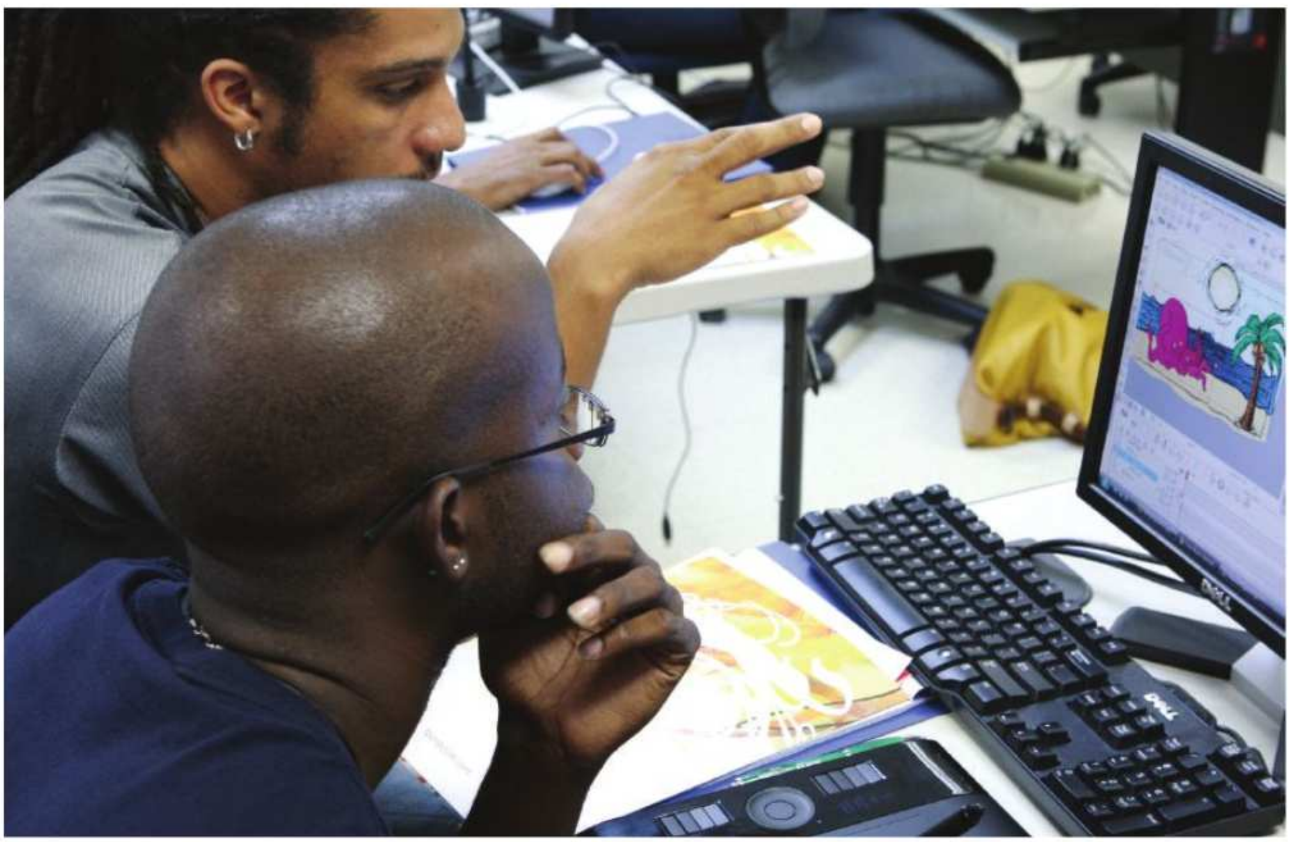
Capacity Building

CDB, together with the World Bank Institute and the International Finance Corporation hosted a four-day training course on Caribbean Public-Private Partnerships for participants from public sector organisations in the Bank's BMCs. The objective of the course was to build the capacity of participants in the areas of planning, evaluation and implementation of viable Public-Private Partnership projects and programmes.

The Bank hosted a seminar and workshop in St. Lucia between December 8 and 11, 2009, entitled "Vehicle Weight Control and Performance-Based Contracting – Impact on Road Maintenance". The one-day seminar targeted permanent secretaries and the three-day workshop (a follow-up to one held in 2008), was aimed at senior technical officers. Both events were informed by the results of two CDB-financed consultancies. For selected BMCs, a review of existing legislation, regulations and enforcement procedures, relevant to vehicle axle loading was undertaken. The second consultancy reviewed the implementation of existing performance-based road maintenance programmes and the possibility of their expansion in the Region.

Sub-Regional Public Goods

In keeping with CDB's corporate priority to provide support for national, regional or sub-regional public goods, a Technical Assistance Grant of $0.9 mn was approved for Grenada on behalf of the OECS member countries, for a Halls of Justice Project. This project, to be implemented through the Eastern Caribbean Supreme Court, is intended to provide modern court facilities within the Court's jurisdiction, as well as to streamline the operations of the Court to ensure increased efficiency and effectiveness in the management of cases. The CDB intervention will assess the feasibility of the physical infrastructure component as well as develop preliminary designs for facilities to house the High Court, the Court of Appeal, the Registries, Law Libraries, Jury Rooms and other associated works.



DEVELOPING THE PRIVATE SECTOR

CDB considers the private sector as being pivotal to achieving its objectives of economic growth and poverty alleviation in the Bank's BMCs. CDB's corporate priority for private sector development in the BMCs has focused primarily on improving the global competitiveness of the Region's productive sector on a sustainable basis, in order to reposition Caribbean economies into the mainstream of the world economy.

During 2009, CDB continued to support private sector development through three principal activities:

1. lending to private and public financial intermediaries as well as participation in private equity funds to support investments in micro, small and medium-sized enterprises (MSMEs);
2. provision of technical assistance to facilitate improvement in the enabling environment for private sector enterprises; and
3. provision of technical assistance at the enterprise level through the Caribbean Technological Consultancy Services (CTCS) Network.

Lending and Investment

During 2009, CDB approved three loans for consolidated lines of credit totalling $38.0 mn, providing finance to the productive sectors, including MSMEs, and for student loans. During the period under review, the Bank also approved $3.0 mn for participation in a private equity fund. The resources of this Fund will be used to take advantage of regional opportunities being developed by the CARICOM Single Market and Economy and to catalyse and facilitate growth of MSMEs. Participation in the Fund will therefore meet two of CDB's strategic objectives and corporate priorities, namely: promoting broad- based economic growth and improving competitiveness of business enterprises, as well as contributing towards the development of regional capital markets.

CDB continues to recognize the value of developing human resources as a key contributor to national economic development. Through its Student Loans Scheme, it is able to respond to the need for improving access to post-secondary education and training, given that access to financing is one of the key constraints to participation in tertiary education in the Region. CDB's approval of $14.5 mn in financing for student education is a clear demonstration that developing the Region's human capital remains a priority for the Bank.

Caribbean Technological Consultancy Services (CTCS)

During 2009, the Caribbean Technological Consultancy Services (CTCS) network successfully interacted with all the BMCs and provided technical assistance (TA) to a range of entities using various modalities in 16 BMCs. CTCS activities included direct TA, training attachments, national and regional workshops, supervision visits and technical publications. St. Kitts and Nevis, Montserrat and St. Vincent and the Grenadines were the largest and most diverse users of the CTCS.

CTCS activities identified during 2009 resulted in $1.0 mn

in approvals and disbursements of $0.7 mn. Approvals for 2009 were 99% of the allocated CTCS budget of $1.0 mn, which reflected the highest CTCS annual approvals to date. Disbursements were 75% of approvals.

National workshops continued to be the TA vehicle of choice for institutions in the BMCs, as 33 such activities were approved for a value of $0.3 mn. For local institutions, these workshops are the least- cost means of providing assistance to clients. Initially, there was slow response by MSME operators, due to uncertainty caused by the economic downturn. However, improvements in efficiency became the priority and CTCS responded to the surge in MSME requests for assistance.

During the year, CTCS reintroduced the preparation of publications on various technical topics. Six areas of focus were selected, based on the frequency of requests from both MSME clients and institutions for documented guidance on the topics selected. The topics targeted were: agro-processing techniques, event planning techniques, cake-making and decoration techniques, the production of organic body products and kitchen management techniques for small hotel and restaurant operators. It is intended that such publications be used to support local training conducted by national institutions in the BMCs, and as resource material for practising and new MSME operators in the relevant sectors.

CTCS successfully executed two regional workshops hosted in Barbados. The first activity was the exposure of 22 practising garment manufacturers to a two-week training programme on pattern design and block-making techniques, conducted in partnership with the Samuel Jackson Prescod Polytechnic.

For the second workshop, 24 participants from 14 BMCs, including Haiti, were trained in floral design, costing, pricing and management techniques applicable to floral shops and boutiques.

SUPPORTING AGRICULTURE AND RURAL DEVELOPMENT

In keeping with its mission and corporate priorities, CDB intensified its focus on increasing investment in, and revitalising, the agriculture sector in the Caribbean. The Bank recommitted itself to providing financial support to its BMCs to address the bottlenecks that have for several decades contributed to a stagnation of development in the sector. Priority areas identified included the provision of investment capital and the development of alternative financing mechanisms to support small-scale farmers, on whom viability of the sector in the Region depends.

Following the global food crisis of 2008, BMCs were further challenged in 2009 as a result of the impact of the global financial crisis and economic slowdown. As a result, government priorities shifted and, overall, their capacity to embark on major development interventions in the sector was seriously constrained. CDB continued to assist BMCs mainly through the provision of lines of credit, training and technical assistance interventions. The work of the Bank was facilitated by the establishment of new strategic linkages with international partners including; the Chinese Academy of Agriculture Sciences; the United Nations Conference on Trade and Development (UNCTAD); and the Gansu Research Institute for Water Conservancy (GRIWC).

Other highlights of the year included the hosting of two regional technical workshops, in collaboration with the Caribbean Agriculture Research and Development Institute, the Food and Agriculture Organisation of the United Nations, the Inter-American Institute for Co-operation on Agriculture, GRIWC and UNCTAD. These were namely; 'Rainwater harvesting in the Caribbean' and 'Factoring/ Receivable Discounting – A financing tool for agriculture sector development'. In an effort to increase the flow of investment funds for small farmers, financing was also approved for three lines of credit, which included funds for agriculture investment, and for the conduct of a feasibility study on the establishment of a modernisation fund for the agriculture sector in the Caribbean.

FOSTERING INCLUSIVE SOCIAL DEVELOPMENT

Basic Needs Trust Fund (BNTF)

In response to the effects of the global financial crisis, the focus of the BNTF Programme shifted towards managing mitigation of risks through programme advice, technical support and advocacy for social inclusion and good governance, while continuing to deliver a basic set of infrastructure and social services to communities. The global situation also brought into sharper focus the community capacity-building and skills-training component of the Programme, designed to enable persons to work together to create change, improve their communities, and to influence the decisions affecting their lives.

In March 2009, BNTF 6 was launched in Jamaica, reaffirming previous commitments to increase aid and to provide further assistance to countries to achieve the Millennium Development Goals (MDGs) in the context of increasing social and economic vulnerability. The launch advanced the programme framework for integrated approaches to poverty reduction, building on efforts begun in BNTF 5 for accountability in management, stakeholder relations and monitoring of development results. There was an intensification of implementation to achieve the targeted completion date of BNTF 5 of June 2010, and of programme management activities aimed at achieving related efficiency and effectiveness outcomes.

BNTF also approved grants for the expansion and rehabilitation of water systems in Dominica, Grenada, St. Lucia, Guyana, Belize and Montserrat. The expected outcomes of these water supply sub-projects include access to potable water, the reduction of time and effort in carrying water in rural villages and the dramatic decrease in the incidence of waterborne diseases.

As countries achieve the MDG target of universal access to primary education, there is increasing demand for

rehabilitation of education infrastructure. BNTF interventions addressed overcrowding and provided thousands of children and teachers with safer, child-friendly, health-promoting classroom environments.

In further contributing to human capital development, BNTF interventions for vulnerable groups expanded coverage of a wide range of services for youth, women, the elderly and persons with disabilities. Increasingly, training initiatives are being conducted through, or in collaboration with, national training institutions, thus strengthening oversight for quality and certification of the training provided to the specially targeted groups.

The processes involved in financing BNTF sub-projects provide the opportunity for implementing governance improvements within the institutional framework for BNTF's programme delivery. The participatory processes for decision-making, sub-project approval, budget allocation and monitoring the use of sub-project funds contribute to the transparency, responsiveness and accountability of stakeholders. These unique aspects of the BNTF are being strengthened through rigorous supervision, technical assistance and capacity-building.

Following recommendations of the 2008 BNTF Mid-Term Evaluation (MTE), the Bank has been systematically incorporating approved strategies into the planning and management of BNTF interventions, including operationalizing BNTF 6. These efforts included embracing CDB's SDF agenda on Management for Development Results within the BNTF, initiating the additional components of the new design for efficiency and effectiveness; and establishing new procedures and processes to give more in-country flexibility and ownership.

At the regional level, concrete results of the technical assistance and capacity-building initiatives have benefitted country stakeholders and contributed to the enabling environment of the Programme. To assess the adequacy of the institutional framework for management of the Programme, an audit of the operations of the BNTF country offices was undertaken in participating countries. This effort is leading to more streamlined operations and resource use that is consistent with the objectives of the BNTF.

The Maintenance Innovation Study of BNTF-funded infrastructure commissioned in mid 2009, underscored the urgency of addressing the maintenance needs of community infrastructure. The study is ongoing.

Sharing of information to produce and manage knowledge capital continues to be facilitated through the BNTF Workshop Series. In May 2009, a Management Information Systems 'think tank' was held to share innovations on MIS solutions for data capture, analysis and retrieval. A workshop on Mainstreaming Gender in Infrastructure was organised by CDB, the World Bank and the IDB. These

activities brought together communities and national and regional teams and promoted efforts at efficiency and effectiveness. They also produced platforms for sharing localised innovations for sustainable development.

In 2009, under BNTF, 5,138 sub-projects were approved for $12.4 mn, inclusive of sub-project variations and consultancy costs. Both the number of sub-projects approved and the grant allocations rose significantly. Approvals rose by 24.5% in 2009 over 2008. At year-end, cumulative approvals amounted to $52.8 mn, representing 97% of the allocation for sub-projects and technical services (Figure II:1). Social services infrastructure represented approximately 50% of the funding approved. As at December 31, BMCs submitted BNTF 6-funded sub-projects to the value of approximately $5.7 mn for CDB's appraisal.

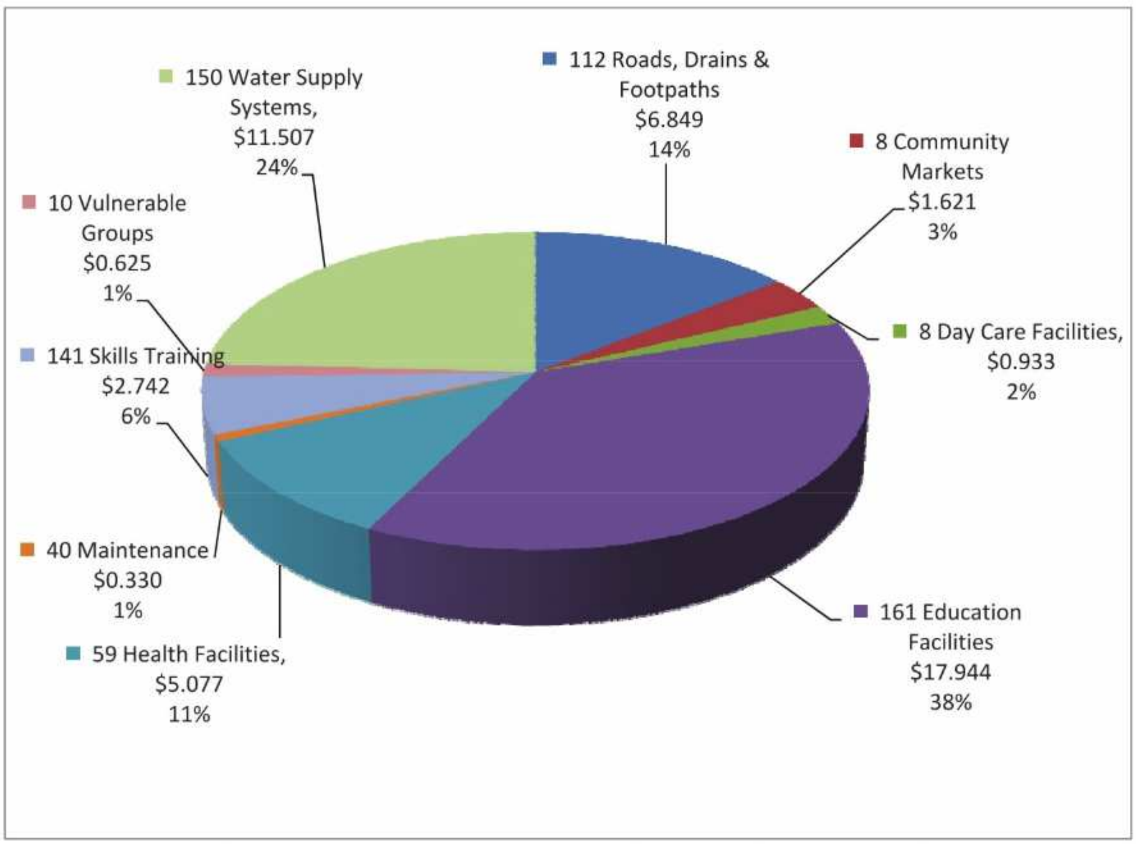
Disbursements in 2009 under BNTF 5 totalled $9.1 mn, representing 23.13% over the 2008 figure of $7.3 mn. Cumulative disbursements reached $38.2 mn at the end of the year, representing an increase of 31.36% over the 2008 total of $29.1 mn. Under BNTF 6, $0.1mn was disbursed.

Education and Training

The Education and Training sector continues to be a core operational area of CDB's strategy. In responding to the development priorities articulated in the BMCs and at the regional level, the Bank supported efforts to sustain education sector reform initiatives, while broadening access to underserved communities. CDB has also been a critical development partner as BMCs strove to provide universal access to secondary education and improve levels of skills for participation in the knowledge economy. During the review period, emphasis was placed on the basic education and tertiary education sub-sectors with a focus on quality improvement, governance in tertiary education and increasing educational opportunities by the utilisation of Information and Communication Technology (ICT). In 2009, the Bank approved $17.4 mn in loans and grants for both capital and technical assistance projects to support the achievement of the Caribbean-specific Millennium Development Goals, the Education For All goals and CARICOM's tertiary education enrolment targets.

During the year, the Governments of Grenada ($5.0 mn) and Dominica ($4.0 mn) received loans to improve learning outcomes at the basic education level. These investments involved the construction of school facilities, curriculum enhancement and teacher training. Recognising the growing at-risk population in the school systems, these projects also targeted schools for transformation into places of safety and personal and professional learning communities for all students. The projects, directly impacting over 16,000

FIGURE: II:1 BNTF 5 CUMULATIVE APPROVALS BY SECTOR 2006-2009 ($ mn)



students, build on prior education reforms and continue the quantitative and qualitative reconstruction of the education sector in those countries.

The University of the West Indies (UWI) was another beneficiary of CDB financing. The Bank approved a TA grant of $0.14 mn to support UWI as it continues to respond to the dynamic nature of the knowledge-based economy and society, and the policy commitment of BMCs to expand tertiary education enrolment rates. The grant will assist UWI to accelerate the process of putting into operation a single virtual university space that will improve access to learning resources by students, particularly in underserved communities, enhance administrative efficiency and strengthen collaboration and integration among entities of the university. In addition, an $8.25 mn loan and $0.5 mn grant were approved to improve productivity and governance and support UWI's CARICOM mandate for enhanced regional integration. Besides providing improved facilities for the Vice Chancellery as the administrative centre of UWI, the project seeks to develop the strategic management capacity of UWI and further enable the institution to be more responsive to regional development imperatives.

These interventions reflect CDB's support for sector enhancement across the education development continuum. The Bank will continue to invest in human capital formation in the BMCs that is relevant, inclusive and effective, and directly associated with improved social cohesion and increased economic competitiveness.

Environmental Sustainability, Disaster Risk Management and Climate Change

During the year, CDB continued to promote environmentally sustainable development into its poverty reduction and investment interventions. The Bank implemented its environmental and social safeguard policies to avoid, minimise, and mitigate adverse impacts of projects. The Bank also included environmental considerations in Country Strategy Papers, Country Poverty Assessments and Policy Based Loans. Technical Assistance projects approved by the Board of Directors will assist BMCs to improve water supply, sanitation, and solid waste management systems, conserve biodiversity, and combat land degradation.

CDB supported environmental and natural resource management interventions, to address regional environmental issues, and strengthened partnerships through collaboration with regional partners on a range of matters promoting environmental sustainability within its BMCs.

Following a process of review and consultation with

BMCs and development partners, CDB's Natural Disaster Management Strategy and Operational Guidelines (1998) were revised and replaced with the Disaster Management Strategy and Operational Guidelines (DiMSOG). The new strategy, approved by CDB's Board of Directors in May 2009, retains a focus on natural disasters and also includes slow-onset events associated with climate change. It also provides opportunities for BMCs to integrate their disaster risk management and climate change adaptation agendas. The strategy provides for working with development partners to support BMCs' efforts to reduce risks related to natural disasters and climate change, and facilitate rapid and effective post-disaster assistance by the Bank to its BMCs. DiMSOG has been distributed to all the BMCs and presented to disaster management professionals at the Fourth Annual Comprehensive Disaster Management (CDM) Conference, in Montego Bay Jamaica.

The Bank continued to be represented on the regional Coordination and Harmonisation Council that oversees the governance of the CDM Strategy, which seeks to strengthen regional, national and community capacity for the mitigation, management, and coordinated response to natural and technological hazards, and the effects of climate change.

The 2009 hurricane season was for the most part a quiet season due to the strong El Niño condition, which served to inhibit hurricane formation. Several countries in the Region experienced flood and drought conditions.

As part of its effort to mainstream disaster risk management into different sectors, the Bank has focused on business continuity planning for small business enterprises. A two-year technical assistance intervention was started in the last quarter of 2009 to develop and implement a practical business continuity planning toolkit for use by micro, small and medium enterprises, using CDB's CTCS. A second technical assistance intervention supported a one-day intensive business continuity planning training session, preceding the CDM Conference. A presentation on business continuity planning was also made to the regional workshop on Incorporating ICTs into the Regional Development Agenda in September 2009.

The Bank is represented on the boards of the Caribbean Community Climate Change Centre and the Caribbean Catastrophe Risk Insurance Facility (CCRIF), the world's first multi-country risk pool, created to provide short-term liquidity after a catastrophic hurricane or earthquake. CDB assisted eight BMCs which have been adversely affected by the global financial crisis with loans totalling $3.2 mn to ensure that CCRIF coverage was maintained or expanded during 2009-2010.

The Bank is collaborating with the IDB to mainstream

disaster risk management in the OECS, and specifically to strengthen institutional capacity in the OECS states, and to enhance community resilience to disasters in vulnerable low-income communities.

A CDB-sponsored Climate Change and Development Symposium was held in July 2009 for staff and development partners. Presentations were made by various international and regional experts on several aspects of climate change, including its link with Disaster Risk Management.

Reducing Vulnerability in the BMCs

In the last two decades, the Region has seen an increase in natural disasters, with major natural disasters causing more than $8.0 billion (bn) in direct damage in 17 BMCs over the period 1974-2006. Disaster management has increasingly assumed a prominent place in the operations of CDB. Since 1974, CDB has leveraged approximately $165.0 mn in disaster risk management funding. This represents 15% of the Special Funds Resources committed and 6% of its total financing.

The Evaluation and Oversight Division, which has responsibility for quality assurance, evaluation and oversight, in 2009 assessed the development effectiveness of CDB financial and other Natural Disaster Risk Management (NDRM) assistance to the BMCs. This was done with a view to obtaining lessons of experience as well as recommendations for improvement in the operational practices and policy framework of the Bank.

The evaluation found that CDB is a key player in providing NDRM assistance to its BMCs. Over the period 1998 to 2006, the Bank successfully and effectively facilitated development outcomes that often supported national and emergency efforts that contributed to reducing vulnerability to disasters in the BMCs. CDB is viewed by BMCs as a responsive and knowledgeable 'local and closest' partner, especially in times of disaster. There appears to be a high level of 'connectedness' of CDB interventions with other donor and international financial institutions' initiatives. However, there is room for enhanced linkages with existing national bodies. Development outcomes were rated as highly satisfactory overall, with results on the ground proving beneficial to the BMCs in terms of mitigation against further destruction and access to economic centres. The Emergency Relief Grants, although not rated highly, were considered beneficial and quite critical in providing emergency assistance, even if only partially drawn down. Immediate Response Loans were most commonly utilised and were effective in the clearing and immediate restoration of social facilities. Capacity building and institutional strengthening could be enhanced in future programming of the Rehabilitation and Reconstruction Loans (RRLs).

Overall efficiency and timeliness were hampered by a limited technical and institutional capacity within executing

agencies. Difficulties were also experienced in sourcing technical expertise. Although in some cases emphasis was placed on factors that drive sustainability, several key areas, if prioritised, could increase CDB's contribution to sustainable development and vulnerability reduction in the BMCs. These include: (i) a continued and enhanced focus on integrating mitigation in infrastructural design; (ii) an enhanced commitment to maintenance of works by BMCs; (iii) prioritisation of sustainability and maintenance of RRL works beyond loan conditionality, and emphasis and monitoring of this aspect during implementation; (iv) using RRLs as leverage to engage BMCs on Disaster Risk Management budgeting and tempering reliance on the Caribbean Catastrophe Risk Insurance Facility (CCRIF); (v) where possible, strategies could be developed to link public awareness activities to NDRM initiatives; (vi) simplifying and reducing conditionality in its NDRM lending policies and disbursement procedures; and (vii) enhancing the feedback mechanism to ensure monitoring and reporting. Knowledge building and sharing among institutions represent a useful vehicle to enhance project design and development outcomes.

To maintain its comparative advantage in NDRM assistance to the BMCs, it is recommended that CDB continue with and consider increasing and enhancing accessibility to its soft/concessionary NDRM lending, pursue a holistic disaster management programming approach and enhance coordination and harmonisation with other development partners and IFIs active in the BMCs, especially within the context of the Comprehensive Disaster Management Framework. Drawing on lessons learnt from this evaluation, the Bank has finalised and approved a Disaster Risk Management (DRM) Policy in its Disaster Risk Management Strategy and Operational Guidelines which integrates issues such as environmental sustainability, climate change and DRM as part of its operating strategy.

PROMOTING GOOD GOVERNANCE

Poverty Assessments

The Bank extended its current programme of assistance to BMCs in the area of poverty reduction by supporting the conduct of Country Poverty Assessments (CPAs) in Anguilla, Barbados, Belize, Dominica, Grenada, Montserrat and St. Kitts and Nevis and the preparation of National Poverty Reduction Strategies and Action Plans (NPRS). During 2009, Grenada and St. Kitts and Nevis completed their second CPAs, having undertaken similar assessments in 1999 and 2000, respectively. The other CPAs and a draft NPRS for St. Lucia were at advanced stages of completion.

In comparison with the earlier study, the findings in the most recent CPAs showed a decline in both the levels of poverty and indigence (critically poor). While the levels of overall poverty, i.e. 23.7% in St. Kitts, 15.9% in Nevis and 37.7% in Grenada, are still relatively high, of particular significance is the dramatic decline in the indigence level in both countries. In St. Kitts and Nevis indigence dropped from an average of 14% to approximately 1%, while in Grenada it declined from 12.9% to 2.5%. The CPA reports also reveal that the "working poor" is an increasingly important characteristic of poverty in the Region. This group, which constitutes employed persons whose consumption levels are below the poverty line, also make up much of the urban poor, reflecting a trend which is becoming increasingly evident in the BMCs.

In addition to assessing poverty and living conditions, the CPAs highlight BMCs' efforts at improving educational certification and skills enhancement of their populations as a functional response to the imperatives of international competitiveness, a key driver of globalisation. The reports emphasise the various levels and nuances of vulnerability and in particular social vulnerability in BMCs. They also articulate the gendered nature of poverty which is represented inter alia in the predominance of female household heads in the lowest socio-economic groups. These societal issues have the potential to increase inter-generational poverty and, therefore, require concerted attention by BMCs, in collaboration with development partners, in order to achieve sustainable improvement in the life chances of persons at the "bottom of the pyramid".

Gender Equality

At the December 2008 Board of Directors Meeting, the Bank's Gender Equality Policy and Operational Strategy (GEPOS) was approved. GEPOS commits the Bank to, among other things, implementing an institutional strategy that sensitises all CDB staff to Gender Equality (GE) dimensions in all aspects of internal work relationships and promotes the progressive incorporation of more balanced gender perspectives into management policies, operating style and staff relations.

During 2009, the Bank recruited consultants and commenced the development of an Internal Gender Policy, Strategy and Implementation Framework for CDB as a first step to addressing the gender equality dimensions of the Bank's internal operations.

Other Technical Assistance

A TA Grant of $0.7 mn was provided to the Government of Jamaica to prepare a National Spatial Plan. The specific objectives of the Plan include the identification of priorities to support long-term development and sustainable patterns of transport and land use; while promoting development which helps to regenerate communities. The Plan will also address the major challenges of global competition, disaster risk reduction and climate change response, while protecting the environment, improving natural resources management and enhancing the quality of the built environment.

Capacity building interventions included support to ministries of finance and planning in three BMCs and the Caribbean Development Fund through the provision of consultancy services for advisory support and strategic planning.

SUPPORTING REGIONAL COOPERATION AND INTEGRATION

During 2009, CDB continued its support of the regional integration process through participation in the ongoing dialogue of the various regional integration fora, as well as the provision of financial resources for the hosting of three seminars. These seminars sought to enhance the understanding of the challenges confronting the Region, and facilitate the exchange of ideas on appropriate responses. They included the following:

- a meeting of the International Financial Institutions, coordinated by CDB, to explore crisis response initiatives of the international and regional institutions operating in the Caribbean.
- In recognition of the importance of economic stability to advancing regional integration, the Bank, through the President, chaired a Special Taskforce convened in accordance with the decision of the Thirteenth Meeting of Council for Finance and Planning (COFAP) of the Caribbean Community (CARICOM) to recommend policies, programmes and approaches to lessen the effects of the global recession on CARICOM member states.
- Another important plank of the economic integration agenda is the continued growth and development of regional economies, which the Bank sought to facilitate by hosting a seminar entitled 'Growth and Development Strategies for the Caribbean', from September 15-16, 2009.
- In the spirit of regional cooperation, CDB partnered with the IDB and other regional development partners in support of a regional discussion forum on "Policies and Strategies to Face the Global Downturn: The Way Forward in the Caribbean".
- The Fifth Summit of the Americas was hosted by Trinidad and Tobago in April 2009. CDB made several tangible contributions to the Summit. For example, the Bank made inputs into the concept paper, "Securing our Citizens' Future by Promoting Human Prosperity, Energy Security and Environmental Sustainability" – which was chosen as the theme for the Summit, and provided financial resources to assist with the Summit preparations.
- The Ministerial Meeting of Latin America and the Caribbean on Integration and Development (CALC) was another focal point for discussing the challenges facing the Region. This meeting, along with the XXXVIII Meeting of Foreign Ministers of the Rio Group, was held in Montego Bay, Jamaica, from November 4-6, 2009. CALC reflects an on-going dialogue of Latin America and the Caribbean that focuses on integration and development in the Hemisphere. The Montego Bay meeting was designed to develop an action plan to implement the commitments undertaken within the framework of the Declaration.
- CDB participated in a Convocation on the CARICOM Single Market and Economy (CSME) which was held in Barbados. The main objectives were to: (i) consider the Report of the Audit of the Single Market, as well as progress towards the Single Economy; (ii) address the movement of CARICOM nationals and their contingent rights; and (iii) provide an open forum where participants could raise any matters of interest pertaining to CSME.
- In addition, a TA grant was approved for the CARICOM Secretariat for the development of a Strategic Plan for Regional Development.

FINANCING OPERATIONS

In 2009, CDB approved 24 loans amounting to $151.2 mn, and grants totalling $15.8 mn.

Loans

Lending to the public sector accounted for all of the loans, with the OCR accounting for $116.0 mn and the SFR for $35.2 mn. Of the total of 24 loans approved during the year, five were entirely funded from the OCR, while fourteen loans were entirely funded from the SFR and the remaining five were a blend of OCR and SFR funding.

Of the total approvals, loans to LDCs amounted to $130.1 mn, comprising $94.9 mn from OCR and $35.2 mn from the SFR. The two largest borrowers in 2009 were Antigua and Barbuda and St. Vincent and the Grenadines, receiving 20% and 17% of the total, respectively. Other significant borrowers were St. Lucia (14%) and Grenada (13%).

Loan disbursements for the year amounted to $179.8 mn as compared to $134.8 mn, an increase of 33.4%.

Grants

Grant disbursements during 2009 amounted to $30.1 mn of which 84% was to the LDCs. The two major beneficiaries were Haiti and Regional with $14.2 mn and $5.1 mn, respectively.

Loan Effectiveness

An assessment of the status and trends in the quality of the portfolio of capital projects and policy-based loans showed that the expectation of development outcomes continues to be rated highly satisfactory, with a substantial improvement in the time taken from Board approval to loan effectiveness, i.e. signing of the loan agreement by the borrower.

A continuing critical constraint to timely implementation is inadequate project management capacity and supporting services in the BMCs. The Bank has responded by providing technical assistance to address this deficiency.

Table II:1 summarizes the levels of approvals and disbursements on loans, equity investments and grants during 2009 and 2008.

TABLE II:1 APPROVALS AND DISBURSEMENTS ON LOANS, GRANTS AND EQUITY 2009 and 2008 ($'000)

	Appovals		Disbursements	
Activity/Source of Funds	2009	2008	2009	2008
A. Loans				
Ordinary Operations	116,031	174,760	115,674	101,598
OCR	116,031	174,760	115,674	101,598
SFR	35,149	122,786	64,098	33,179
SDF	35,149	88,786	45,945	21,756
OSF	-	34,000	18,153	11,423
Total	151,180	297,546	179,772	134,777
B. Equity	-	-	-	-
C. Grants	15,805	50,645	30,083	14,539
Total Financing	166,985	348,191	209,855	149,316

CUMULATIVE APPROVALS

Net cumulative approvals of loans, equity investments and grants as at December 31, 2009, amounted to $3,472.7 mn (Table II:2 refers). Of this, $1,793.3 mn (51.6%) went to the LDCs, compared with $1,651.7 mn (50.0%) at the end of 2008.

CUMULATIVE DISBURSEMENTS

Cumulative disbursements, including grants (Table II:3 refers), increased by 8.3% in 2009 to $2,755.3 mn, from $2,545.4 mn in 2008.

A comparative analysis of cumulative disbursements at the end of 2009 shows that CDB's Ordinary Operations accounted for 54% of total disbursements, unchanged from the end of 2008. The distribution of cumulative disbursements between MDCs and LDCs is provided at Table II:4 At the end of 2009, total disbursements to MDCs increased to $1,179.4 mn from $1,096.7 mn in 2008. Cumulative disbursements to the LDCs amounted to $1,575.9 mn, increasing from $1,448.6 mn in 2008. At December 31, 2009, the LDCs' share of cumulative disbursements was 57%, unchanged from 2008.

The MDCs accounted for 54% and the LDCs 46% of disbursements from CDB's Ordinary Operations. However, the LDCs received 71% of disbursements from CDB's Special Operations, and the MDCs 29%.

CUMULATIVE LOAN REPAYMENTS

At December 31, 2009, principal repayments on loans since the inception of the Bank amounted to $1,150.5 mn (2008 - $1,050.9 mn) (Table II:5 refers). OCR principal repayments during the year amounted to $66.7 mn, while total repayments since inception were $682.6 mn, after taking into account currency translation. Total SFR principal repayments, after currency translation adjustments, were $467.9 mn in 2009 (2008 - $440.1 mn).

RESOURCE TRANSFERS

In 2009 there was a positive net transfer of resources (that is, disbursements of grants and loans less repayments of principal, interest and charges) between CDB and its BMCs. The net flow of resources amounted to $67.8 mn, a significant increase when compared with net resource transfers of $1.6 mn in 2008.

CAPITAL MARKETS OPERATIONS

The Bank placed an issue of $120.0 mn in short-term bonds in the Capital Markets. The funds will be used to support the Bank's liquidity position.

TABLE II:2 NET CUMULATIVE APPROVALS, LOANS, EQUITY AND GRANTS 1970-2009 ($'000)

LOANS/GRANTS	LDC	MDC	REGIONAL	TOTAL
70-01	1,088,600	808,100	100,200	1,996,900
2002	59,600	61,600	6,700	127,900
2003	69,900	135,100	13,700	218,700
2004	72,900	39,700	1,500	114,100
2005	74,100	68,900	9,700	152,700
2006	92,800	33,900	9,900	136,600
2007	61,982	119,471	29,131	210,584
2008	131,795	179,223	37,173	348,191
2009	141,609	13,779	11,597	166,985
Total	1,793,286	1,459,773	219,601	3,472,660

TABLE II:3 CUMULATIVE DISBURSEMENTS 1970-2009 ($'000)

Source of Funds	1970-79	1980-89	1990-99	**1970-09**
Ordinary Operations	**40,197**	**159,026**	**360,391**	**1,495,098**
OCR	40,197	159,026	360,391	1,495,098
Special Operations	**88,864**	**317,850**	**315,986**	**1,260,186**
SDF	55,958	139,079	253,873	828,818
OSF	32,902	178,771	62,113	431,368
Total	**129,061**	**476,876**	**676,377**	**2,755,284**

TABLE II:4 DISTRIBUTION OF CUMULATIVE DISBURSEMENTS TO MDCs AND LDCs 1970-2009 ($'000)

Source of Funds	**Total**		**MDCs**		**LDCs**	
Ordinary Operations	**1,495,098**	100.0%	**812,087**	54.3%	**683,011**	45.7%
OCR	1,495,098		812,087		683,011	
Special Operations	**1,260,186**	100.0%	**367,306**	29.1%	**892,880**	70.9%
SDF	828,818		224,599		604,219	
OSF	431,368		142,707		288,661	
Total	**2,755,284**	**100.0%**	**1,179,393**	**42.8%**	**1,575,891**	**57.2%**

TABLE II:5 CUMULATIVE CAPITAL REPAYMENTS ON LOANS 1970-2009 ($'000)

Source of Funds	Cumulative Loan Repayments to December 2008	Translation Adjustments	Repayments in 2009	**Cumulative Loan Repayments to December 2009**
OCR (incl. VTF)	610,776	5,203	66,655	682,634
SFR	440,117	9,746	18,030	467,893
Total	**1,050,893**	**14,949**	**84,685**	**1,150,527**

CDB PROJECT PROFILE

Norman Manley International Airport - Jamaica

One of the slogans used by the Jamaica Tourist Board in its overseas markets is: "Once you go, you know". Well, if you have gone to the Norman Manley International Airport (NMIA) in recent times, you will know that this airport has been through considerable changes. The transformation may be seen from the airside as soon as you disembark from the plane. The new air bridges, with transparent sides, allow for comfort as well as convenience. A short walk through air-conditioned corridors and then it's into the much larger spaces for Immigration and then on to Customs. After clearing these areas, you may now also sit in one of the lounges being manned by various hotels, and soon there will be other areas where passengers may sit comfortably and wait to be picked up.

Of course, there are also improvements that the passengers do not see. For instance, officers, both Customs and Immigration, now have comfortable quarters to do behind-the-scenes work, hold meetings, or just relax and fraternize during their down times. There is even a more spacious area, outfitted with bunk beds for those passengers who may have been denied entry.

"From a Customs standpoint, the facilities we are enjoying now are beautiful, spacious, environmentally friendly and, of course, we can operate more efficiently housed in this new facility," said a satisfied Customs officer. He went on to say that the expansion project has helped to improve service because "by us being in a better environment we are able to do more for our customers and also ensure that we collect government revenue."

One of the goals of the NMIA upgrade project is to make the airport more in accord with internationally acceptable standards. There are many who believe this goal has been achieved. Among them is the proprietor of one of the shops in the departure area of the facility. According to her, the airport is "very, very first world now… we never had anything the likes of this, not the space, not the type of environment."

However, this upgrade is not only about aesthetics, it is also about functionality. So, along with the improved operating environment for travellers and employees, there is now also better quality of service offered by officials and concessionaires. Overall, operational efficiency of the airport has been improved.

PART III
ORGANISATION AND ADMINISTRATION

HUMAN RESOURCES MANAGEMENT

The Bank's focus in 2009 was on improving its recruitment success rate, de-risking critical positions and fully implementing business process reviews to improve operational effectiveness. Another focus area was the introduction of green solutions in the maintenance and operations of CDB's facilities.

Workforce Management

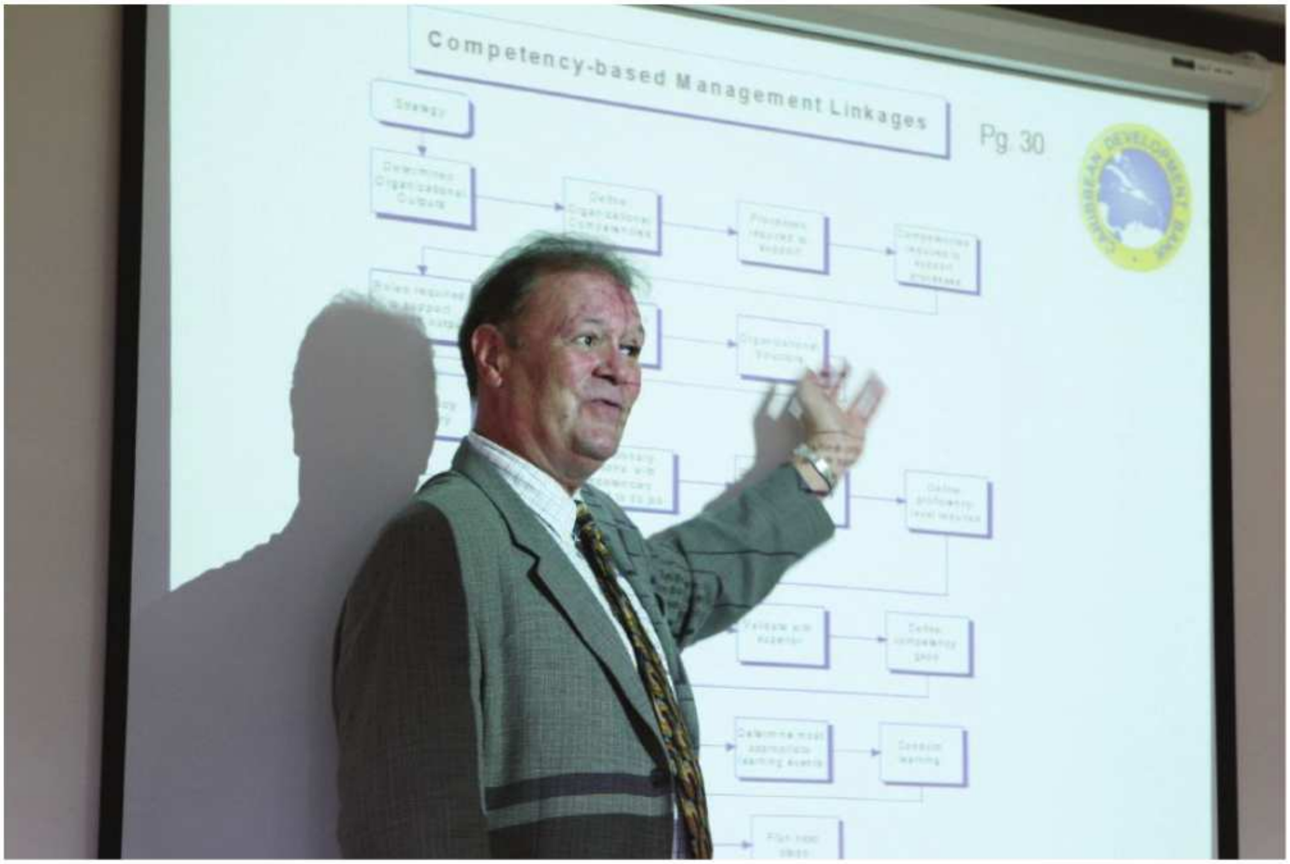
Work began in 2009 on the development of an Internal Gender Policy, Strategy and Implementation Framework as part of the Bank's diversity programme. In the latter half of the year, two Gender and Development Specialists were recruited to promote gender equality in CDB's operations.

At year end, staff funded by the Administrative Budget was 185, of whom 105 were professionals and 80 support staff (SS). Women comprised 57% of the total staff complement and 41% of the managerial and professional cadre.

Training

The Bank's learning strategy is expected to equip staff to perform optimally in their current roles, build an internal pipeline for future skill requirements and create career opportunities. Training and development programmes averaged 10 person-days. One hundred and eighteen staff members participated in training during the year. Twenty-five persons attended external training programmes and 93 persons participated in in-house programmes. The development rate (employees trained/headcount) was 62%.

The focus areas for training and development were leadership, development project management, development evaluation practices, credit risk analysis, and pension plan supervision and administration. Workshops on personal



effectiveness, communication and presentation skills were also part of the training delivery in the year.

The Employee Assistance Programme for the year included financial planning and counselling, designed to assist the staff affected by the redundancy programme. Financial planning for persons approaching retirement was also delivered. This was targeted at persons within three years of retirement.

Performance Management

The Bank continued its efforts to assist staff in understanding the linkage between the organisation's results-based performance system and their individual contributions to work programme deliverables. The inputs to the online performance system were further aligned with the Bank's business objectives, key performance indicators and expected outcomes. A number of work assignment templates were designed to reduce the degree of effort required of staff and managers to complete the performance assessment process.

Wellness Programme

A number of initiatives focused on the wellbeing of staff this past year, including wellness clinics, special seminars and workshops geared towards emotional and financial wellbeing, the opening of the Fitness Centre and a re-focused After-School Care Programme. Over time, the Fitness Centre is expected to contribute to a healthier and more productive workforce. It also caters to the wellbeing of retirees, providing them full use of the facilities, and

Green Initiatives

With sustainability becoming an increasingly critical component of facilities management operations, the Bank introduced three such initiatives in 2009: eco-friendly cleaning products for all maintenance cleaning, the use of non-recycled paper was eliminated, and printing solutions recycled.

INFORMATION AND TECHNOLOGY SOLUTIONS

During 2009, the Bank continued to pursue activities which support the corporate objective of enhancing organisational effectiveness and efficiency. The work programme was therefore focused on application enhancement and replacement, client service support, business continuity planning, communication, information sharing and collaboration, and infrastructure enhancements.

Application Replacement and Enhancement

In the area of Loans and Grants Portfolio Management, the major achievement for 2009 was the implementation of a new fully integrated software package which has provided users with the necessary enhanced functionality for more effective management of the Bank's loans, grants, and borrowings. This will ultimately result in better client service in relation to processing of disbursements, the provision of debt-service information and reimbursement of claims.

Corporate reporting was also enhanced with the integration of this application into the Bank's data warehouse for improved and timely reporting of financial information to the user community through the Bank's Corporate Reporting facility. The software application has also provided additional functionality, including the capacity to offer new loan products to BMCs.

In the first quarter of 2009, a centralised Asset Management system was implemented to enhance the management fixed assets.

During the year, significant emphasis was placed on working closely with the user community following a Request for Proposal (RFP) process for the identification and acquisition of a commercial off- -the-shelf application to manage the Bank's Project Life Cycle Process, and to improve project reporting and decision-making. The selection and implementation of the identified solution is scheduled for 2010, and will replace the existing project portfolio management system.

Web technology was used to develop Extranet portals on the corporate website for several local and international conferences sponsored by the Bank, and this has significantly facilitated smooth collaboration and communication between the Bank and some of its external stakeholders.

Business Continuity Planning

The increasing dependence on information technology necessitates that proper systems and procedures be put in place to ensure continuity of core business processes in the event of a disaster. As a priority in 2009, focus was given to the development of an Information Technology Business Continuity Plan, which has as its basis a disaster recovery solution that would involve the establishment of a local offsite facility and the development of an off-island data protection capability. Implementation is expected to commence during the first half of 2010.

Office Productivity Enhancements

The Bank's internal communication and collaboration tools were enhanced with the implementation of the Microsoft Exchange e-mail messaging platform, the Microsoft Office 2007 suite, and the upgrading of BlackBerry services and devices. These enhancements improved both internal and external communication and responsiveness, by providing staff with a robust and flexible communication platform compatible with those of the Bank's business partners and stakeholders.

Infrastructure Enhancements

The Bank continued to build capability in critical areas such as virtualisation technologies and new server platforms, as it seeks constantly to enhance its infrastructure in order to leverage emerging technologies.

Service Support Initiatives

Concerted efforts were made to be more responsive and to increase user support services through focused training workshops in order to optimise the use of newly implemented applications. Staff skills were upgraded through their attendance at service management seminars and online customer support service modules. As a result, key management support staff has been awarded the designation CSMP (Certified Service Management Professional).

Knowledge Management

In the area of information and knowledge management, the electronic resources and web-based information services were enhanced to provide improved access to a wider range of relevant information resources. In addition, work continued to be focused on acquiring the appropriate resources to assist the Bank in the development of a Knowledge Management Strategy and Implementation Roadmap. Presentations were made to management and staff in order to build greater awareness about the role of knowledge management in the operations of the Bank.

Outreach

CDB continued to show its support for the development of the youth of the Region, and to listen to the voices of young people through the Vybzing Youth Forum. The Forum took place at the 39th Annual Meeting of the Board of Governors in Providenciales, Turks and Caicos Islands. It was expanded to include an essay and poster competition, in which students from the Turks and Caicos Islands participated. The theme was "ICTs: Bridging the Social, Economic and Political Gap". Winners of the competitions attended the Opening Ceremony, and also participated in the Vybzing Youth Forum entitled "Vybzing and Social Networking: Connecting to the Development Dialogue".

ICTs for Development

A two-day workshop was held for regional health planners and policy-makers entitled "Incorporating ICTs into the Regional Development Agenda: Deploying ICTs to Assist in Achieving the MDGs Related to Health".

The objectives of the workshop were all achieved, particularly those providing the opportunity for sharing of lessons learnt and establishing a functional network in order to ensure the realization of benefits from a process of continuous collaboration.

GOVERNANCE

Board of Governors

The Thirty-Ninth Annual Meeting of CDB's Board of Governors was held at the Gustarvus Lightbourne Sports Complex, Providenciales, Turks and Caicos Islands, May 27-28, 2009.

The United Kingdom's Parliamentary Secretary of State for International Development, the Honourable Michael Foster, chaired the Annual Meeting.

CDB President, Dr. Compton Bourne, in his Annual Statement to the Board of Governors, addressed the topic of "Returning to Economic Growth". He told the Governors that economic growth in the Bank's BMCs had been adversely affected by the global economic and financial crisis in which downward trends in international commodity prices had weakened trade performance of commodity exporters, while declining household incomes and wealth, especially in the US and the UK, had caused a contraction in tourist demand; there was also a decline in the flow of remittances from the US while foreign direct investment had slowed. He noted that if these trends persisted even moderately into the medium term, they could reverse social progress with a strong impact on the most vulnerable members of the Caribbean Society and that it was a matter of major public importance that the slide be halted and economic growth restarted.

Dr. Bourne added that given the weak fiscal situation of most BMCs, there was a severe limitation on their capacity to implement sufficiently large economic stimulus packages and in this regard noted there was no alternative recourse to multilateral development banks , including the sub-regional ones like CDB, international financial institutions and the international donor community. He advised that the MDBs should seek to be flexible in their response, predicating their decisions on recognising that the economic crisis in the BMCs was a consequence of severe economic shocks, even though vulnerability had been accentuated by past economic policy failures.

As part of the Meeting's proceedings, Governors took the opportunity to participate in panel discussions on two areas of topical interest to the Region, viz, the effects of climate change and the impact of the financial and economic crisis on the Region's economies.

The Bahamas' Minister of State for Finance, the Honourable Zhivargo S. Laing, was elected Chairman of the Bank's Board of Governors for the coming year. The next Annual Meeting is to be hosted by the Government of The Bahamas in Nassau, The Bahamas.

A Special Meeting of Governors representing CDB's BMCs was held at the Bank's Headquarters in Barbados on September 14, 2009. The purpose of the meeting was to discuss the future financial resource requirements of the Bank and related issues, in light of estimates of demand for financial assistance by BMCs over the period 2010-2019. It was agreed at the meeting that CDB's capital would be insufficient to meet even modest levels of support to BMCs in the short to medium term. Subsequent to the 39th Annual Meeting, the President paid several visits to member countries in order to engage Governors on the subject of a general capital increase.

Board of Directors

In addition to holding five regular meetings, the Board of Directors also met twice as a Committee of the Whole to review and consider matters in relation to the preparation and finalisation of the Bank's Administrative Budget and Work Programme. A significant portion of the Board's agenda was devoted to consideration of on-going work on the Bank's Strategic Plan for the period 2010-2014, and to proposals for a General Capital Increase to address the medium to long-term resource needs of the Bank. Finalisation of these two instruments is being accorded high priority, with the expectation of a completion date in the first half of the coming year.

The Board also approved a number of policy and thematic papers relating to lending policies and disaster management. It also followed closely developments in relation to the Bank's human resource capacity in order to ensure that the Bank was well positioned to deliver on its mandates.

Four Country Strategy Papers were considered and approved by the Board. These documents are intended to outline the Bank's strategy in its intervention in individual BMCs and reflect priorities arrived at after extensive discussions with country officials. In developing its strategy, the Bank seeks to foster a spirit of close collaboration with its other development partners in the preparation and finalisation of these documents.

Directors approved twenty-four loans totalling $151.2 mn, including three Policy-Based Loans totalling $67.8 mn to St. Vincent and the Grenadines ($25.0 mn), Grenada ($12.8 mn), and Antigua and Barbuda ($30.0 mn) in an effort to support fiscal stability and debt sustainability in the three countries. Approval of grant financing amounted to $15.8 mn, including a Policy-Based Grant of $10.0 mn to Haiti. Among these were also several technical assistance interventions aimed at directly supporting the Bank's projects in its member countries. Assistance was also provided to public sector, regional and civil society organisations towards capacity building.

Audit and Post-Evaluation Committee

The Audit and Post Evaluation Committee (APEC) consists of four members of the Board of Directors who are appointed by the Board for a two-year term. The principal role of this advisory committee is to assist the Board in discharging its oversight responsibilities in respect of the integrity of the financial reporting process and the underlying accounting policies and procedures, and the adequacy of the Bank's risk management, governance, internal control and project implementation processes. The work of the internal and external auditors and the Evaluation and Oversight Division (EOV) also fall within the ambit of the Committee's oversight functions.

Membership of APEC facilitates insight into many areas of the Bank's operations, including significant financial and related business issues, project implementation experiences, as well as the application of lessons learnt from independent evaluations of projects and programmes.

At the two APEC meetings which were held in 2009, Committee members reviewed the 2008 audited Financial Statements and the 2009 Audit Plan, which were presented by the external auditors, PricewaterhouseCoopers. They also considered reports prepared by the Internal Audit Unit and the EOV. Relevant recommendations were made to the Board in respect of the audited financial statements and EOV's evaluation reports.

In October 2009, the Committee approved the establishment of a Selection Committee to conduct the process of selecting external auditors for the 2010 to 2014 term, with a view to making a recommendation to the Board in March 2010.

EXTERNAL RELATIONS AND PARTNERSHIPS

Several high-level visits were undertaken by the President and other senior members of management to member countries with a view to engaging in discussions on how the Bank might continue to be effective in the delivery of its various programmes and services. In addition to addressing wider organisational matters, these visits allowed for discussions relating to the future strategic direction of the Bank, its medium to longer-term investment programme and the associated resource requirements.

Relations with other development partners also continued to be accorded very high priority to facilitate the better division of labour within the Bank's BMCs and to collaborate on policy issues deemed important to the matters being addressed at hand. The opportunity was also taken to ensure a presence at key high-level fora, including meetings of other MDBs concerned with addressing major regional and global development issues of common interest.

Cooperation agreements were signed with several development partners. A Trust Fund Agreement in the amount of £5.0 mn was entered into with the Government of the United Kingdom to assist in furthering regional and sub-regional integration processes and the implementation of the Economic Partnership Agreement. The Government of Canada also provided an additional contribution in the amount of CAN $1.9 mn towards the BNTF Programme.

A Memorandum of Understanding (MOU) was signed between the Bank and the Chinese Academy of Agricultural Sciences aimed at fostering collaboration in the field of agricultural science and technology. Towards the end of the year, a MOU was also concluded with the World Bank.

CARICOM-related matters continued to receive much attention through the Bank's participation at various meetings of the CARICOM Heads of Government and its related councils. The Bank also continued to provide technical assistance to the CARICOM Development Fund and worked closely with agencies with a regional focus such as CARTAC.

The Bank also played host to a number of workshops aimed at improving collaboration and the harmonisation of practices among the community of MDBs and IFIs. Topics which were addressed include Performance-Based Allocation Systems, Budgeting and Procurement. An important benefit of these workshops is that they create networks that provide tangible support in addressing matters of operational importance to the participating institutions.

The Bank was represented variously by the President and senior management at the Summit of the Americas, the Commonwealth Heads of Government Meeting, and the Latin American and Caribbean Summit, where the Bank played a prominent role through funding of special sessions, chairing panels or making panel presentations.

CDB PROJECT PROFILE

Kingston Metropolitan Area Drainage - Jamaica

The Millsborough area of Kingston, Jamaica, is a community of stately homes and impressive apartment complexes. But there is another feature of the community that may not be quite as visible as the impressive buildings and well manicured lawns. That feature is a gully which touches the boundaries of a number of these properties and which, for a while, had even been encroaching.

This gully is just one of a large number in Kingston responsible for channelling water from the hills to the sea. Most of the time, there is very little water flowing through these gullies but once it rains, the trickle turns into a raging river. These concrete conduits traverse a variety of neighbourhoods, from the affluent to the depressed, and if the conduits are breached they could threaten the lives and properties of residents. Businesses and even major roads could also be affected.

Unfortunately, over the years breaches had begun appearing in a number of the gullies in Kingston. The situation was worsened by the passage of several weather systems, including tropical storm Gustav. Something had to be done to prevent further degradation of the gullies.

Now, following the rehabilitation project the gullies have been restored and in some cases are now thicker and stronger than they were previously. This of course is welcome news for the Kingston Metropolitan Area, but especially for people with homes and businesses close to the gullies.

PART IV
FINANCE

MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW

CDB's main goals are promoting sustainable economic development and reducing poverty. CDB is rated triple-A by Moody's Investor Services and Standard and Poor's. In pursuing its objectives, CDB provides loans and related technical assistance grants for projects and programmes in its BMCs, which are met through various funding sources. Such funding sources include its Ordinary Capital Resources (OCR) – which is the main topic of this Management Discussion and Analysis – Special Development Fund (SDF), and Other Special Funds (OSF). CDB's ability to intermediate funds from international capital markets for lending to its BMCs is an important element in achieving its development goals. The Bank's Charter requires that each funding source be kept separate from the other.

ORDINARY CAPITAL RESOURCES

OCR resources come from the following sources: private capital markets; international financial institutions in the form of borrowings; paid-in capital provided by member countries; and accumulated retained income (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.

BASIS OF FINANCIAL REPORTING

CDB'S OCR financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

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 the Bank. CDB's financial policies and practices have led 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 its BMCs. To raise funds, CDB issues debt securities in a variety of currencies to institutional investors. The Bank also accesses lines of credit from other international financial institutions. These borrowings, together with CDB's equity, are used to fund its lending and investment activities, as well as its general operations. CDB holds its assets and liabilities primarily in U.S. dollars. CDB 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 expense 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 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.

MANAGEMENT REPORTING

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

FUNDING SOURCES – EQUITY

CDB's equity 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 to support normal loan growth, without reliance on additional shareholder capital. Total shareholders' equity, as reported in the balance sheet at December 31, 2009, was $565.5 mn, compared with $543.3 mn at December 31, 2008. The increase from 2008 primarily reflects the increase in retained earnings.

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. In May 2009, CDB's Board of Governors approved the allocation of the net income of $28.6 mn from the Ordinary Operations of the Bank for the year ended December 31, 2008, to the Ordinary Reserves of the Bank.

CAPITAL

Shareholder support for CDB is reflected in the capital backing it has received from its members. At December 31, 2009, the subscribed capital of CDB was $713.0 mn, of which $157.4 mn was paid-up and $555.5 mn was callable.

BORROWINGS

CDB diversifies its sources of funding by following a strategy of cost-effective private placements and public offerings of its bond issuance. 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, 2009, amounted to $718.1 mn, compared with $608.6 mn at the end of the previous year. All proceeds from new funding are initially invested in the liquid assets portfolio until they are required for CDB's operations.

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 to reduce its borrowing costs.

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 risks: 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 is country credit risk, or loan portfolio risk. CDB has devised policy instruments that provide the operational framework for addressing this risk, including 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 possible delays in access to capital markets.

The Bank manages limits and controls concentrations of credit risk. The Bank limits the amount of risk accepted in relation to one borrower, or groups of borrowers. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when necessary. The Board of Directors approves the limits on the level of credit risk.

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.

Credit risk is measured in terms of both probable and potential losses from protracted payments arrears. Probable losses are covered by CDB's accumulated provision for losses on loans and guarantees, and potential losses are covered by income-generating capacity and equity.

Portfolio concentration risk, which arises when a small group of borrowers accounts for a large share of loans outstanding, is a key concern for CDB and is managed, in part, through a single borrower exposure limit. The concentration risk limit is 50% of capital; CDB's largest exposure to a single BMC was 41% of capital at December 31, 2009, compared with 38.4% at the end of 2008.

INTEREST RATE RISK

The main source of potential interest rate risk to CDB is the interest rate spread between the rate which CDB earns on its assets, and the cost of its borrowings. 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 changes, thereby preserving CDB's ability to better absorb potential losses, including losses from arrears. As at December 31, 2009, 96.4% of its total financial assets were denominated in U.S. dollars.

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 systems 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. The Bank seeks to adopt a best practice approach to operational risk management and continues to evolve. 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. The Bank is in the process of improving its risk management practices by moving towards a comprehensive Bank-wide risk management approach that emphasizes active management of operational risk.

LIQUIDITY MANAGEMENT

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 the Bank's 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. Another 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 a minimum of 40% of undisbursed commitments[1].

1 Defined as the ratio of cash and investments to undisbursed loan balances plus loans not yet effective.

GOVERNANCE STRUCTURE

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. There are two standing committees of the Board, viz:

(i) Audit and Post-Evaluation Committee (APEC); and

(ii) Budget Committee

Membership of APEC consists of four members of the Board of Directors. The members are appointed by the Board of Directors for a two-year term, with membership reflecting the country grouping of CDB's member countries. Reappointment to a second term, when possible, is desirable for continuity. The Chairman of APEC may

TABLE IV:1 SELECTED FINANCIAL DATA YEAR ENDED DECEMBER 31
($'000)

Item	2009	2008 Restated
Income:		
Interest Income	48,860	50,386
Interest Expense	11,694	18,098
Net Interest Income	**37,166**	**32,288**
Operating Expense/(Income):		
Commitment & other charges	(3,016)	(2,122)
Other Income	(353)	(215)
Realised and unrealised fair value (losses)/gains	1,152	(1,537)
Provision for loan losses	1,050	996
Foreign currency translation	(1,246)	(2,202)
Administrative	9,174	9,187
Net Operating Expenses	**6,761**	**4,107**
Income before derivatives and the currency translations	30,405	28,181
Currency translation - Yen borrowing (gains)/losses	(3,337)	41,274
Fair value adjustment (income)/ Expense	11,521	(56,015)
Comprehensive Income	**22,221**	**42,922**

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. APEC'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. APEC meets with management and the external auditors to discuss financial and accounting matters and the proposed annual audit plan and audit fees. APEC also discusses the audited financial statements with the management and the external auditors, prior to their recommendation to the Board for 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 to be drawn upon 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. Primary responsibility for the management of operational risk resides with each of CDB's managers. These individuals are responsible

TABLE IV:2 RATE/VOLUME ANALYSIS
($'000)

	2009			2008		
Item	**Average Balance**	**Income/ Expense**	**Average Rate**	**Average Balance**	**Income/ Expense**	**Average Rate**
Interest-Earning Assets:						
Cash & Investments	242,037	6,220	2.57%	166,659	5,896	3.54%
Loans	791,131	42,640	5.39%	745,226	44,490	5.97%
Total Earning Assets	1,033,168	48,860	4.73%	911,885	50,386	5.53%
Interest-Bearing Liabilities	582,422	11,694	2.01%	468,860	18,098	3.86%
Net Earning Assets	450,746			443,650		
Net Interest Income		37,166			32,288	
				Increase/(Decrease) Due To		
				Rate	**Volume**	**Total**
Interest-Earning Assets:						
Cash & Investments				(1,613)	1,937	324
Loans				(4,324)	2,474	(1,850)
Total Earning Assets				(5,937)	4,411	(1,526)
Interest-Bearing Liabilities				8,684	(2,280)	6,404
Net Interest Income				2,747	2,131	4,878

for establishing, maintaining and monitoring appropriate internal control procedures in their respective areas.

FINANCIAL STATEMENTS REPORTING ORDINARY CAPITAL RESOURCES (OCR)

Basis of Financial Reporting

CDB prepares its OCR financial statements in accordance with International Financial Reporting Standards. Effective January 1, 2001, CDB adopted IAS 39, which requires the Bank to recognize on its balance sheet, all derivatives, whether assets or liabilities, measured at their fair values. Management believes that reporting results by reference to operating income and operating revenues, excluding the cumulative effect of the change in accounting principles recognized on January 1, 2001 under IAS 39 and its ongoing effects during the reporting years, is beneficial in understanding and analysing the Bank's financial performance. Such information is presented to supplement, not replace, net income, revenues, cash from operations, or any other operating or liquidity performance measures prescribed by IAS 39. Table IV:1 presents a summarised income and expenditure statement of the OCR operations for the year ended December 31, 2009, as well as for the previous year.

RESULTS OF OPERATIONS

Overview

Reported comprehensive income amounted to $22.2 mn for the year ended December 31, 2009, a decrease of $20.7 mn when compared with $42.9 mn recorded for the year ended December 31, 2008. The decrease in comprehensive income was mainly attributable to the fair value adjustment of derivatives of $11.5 mn, reflecting a change of $67.5 mn when compared with income of $56.0 mn at the end of 2008, as well as foreign exchange translation income of $3.3 mn at the end of 2009, compared with an expense of $41.3 mn at December 31, 2008. It is important to note that the income gained from the fair value adjustments and the foreign exchange translation are unrealised and therefore do not fundamentally affect the Bank's financial soundness, since these derivatives are not traded. It is the policy of the Bank not to trade its derivatives, but to use these instruments to reduce its funding costs and for asset/liability management purposes. As long as the Bank does not trade its derivatives, the fair value income or expenses of the derivatives will not be realised. Operating income before derivative fair value adjustments and foreign exchange translation for the year was $30.4 mn, an increase of $2.2 mn or 7.9% from $28.2 mn in 2008.

Net Income Interest

Net interest income for the year was $37.2 mn, compared with $32.3 mn in 2008. An analysis of the impact of changes in rates and volumes is provided at Table IV:2. The increase of $4.9 mn in net interest income during the year was due to a decline of $6.4 mn in the cost of interest bearing liabilities that was partially offset by a reduction in income of $1.5 mn from total earning assets. Whereas the reductions in the OCR on-lending rates, at January 1, and July 1, 2009 of 40 and 10 basis points respectively, contributed to a reduction in income of $4.3 mn, which was partially offset by a gain of $2.5 mn due to an increase in the volume of loans outstanding. Declining yields on the investment portfolio resulted in a reduction in income of $1.6 mn; this was, however, offset by a gain of $1.9 mn due to an increase in the volume of investments held. Interest expenses declined by $6.4 mn as a result of a reduction in LIBOR rates during the year that accounted for a reduction of $8.7 mn in the cost of borrowings; this was, however, partially offset by an increase in borrowing costs of $2.3 mn arising from an increase in the average volume of interest-bearing liabilities.

Non-Interest Expenses

Net non-interest expenses, including commitment fees, other income, provision for loans losses, currency translation, and administrative expenses, amounted to $6.8 mn, compared with $4.1 in 2008. The increase in net non-interest expenses of $2.7 mn was, in the main, a result of increases in commitment fees, reflecting the growth in loan commitments in the year, amounting to $0.9 mn and other income of $0.1 mn offset by reduction in income from foreign exchange currency translation of $1.0 mn and unrealised fair value changes of $2.7 mn.

Credit Risk

Provision for Losses and Reserves

Provision for loan losses charged to income was $1.1 mn for 2009, an increase of $0.1 mn or 5.4% from the prior year. The Bank has not incurred actual losses and therefore has added the provisions for the year to reserves. Management's view is that the build-up of loan loss provisions is adequate to provide for a sound level of reserves.

Balance Sheet Review

Assets

Total assets increased by 9.4% from $1,177.2 mn to $1,288.0 mn at December 31, 2009. The increase in total assets was primarily due to growth in interest-earning assets, comprising due from banks, investments and loans, which in aggregate grew by $113.5 mn, or 10.9%, from $1,044.1 mn at year-end 2008. Interest-earning assets accounted for 90.0 % of total assets up from 88.7% in the prior year. The strength of the portfolio lies in its earning potential; it is management's opinion that it is well balanced and has strong earning potential, as it achieved a 6.5% growth in net interest income.

Liabilities

The debt to equity ratio at year-end 2009 was 1.3 : 1, up marginally from 1.2 : 1 in the prior year. The increase in the ratio was due to a long-term borrowing raised during the latter part of the year. At the end of 2009, long-term borrowings accounted for 99% of total liabilities of $722.4 mn, up from 96% in the prior year.

Equity

At December 31, 2009, total equity was $565.5 mn, compared with $543.3 mn at December 31, 2008. The increase was primarily due to the increase in comprehensive income of $22.2 mn.

Liquidity

The funding needs of the Bank's work programmes are driven by the size of its loan commitments, and the maturity profile of its debts. The primary sources of funds to meet these needs are issuances of debt obligations, principal and interest payments on its loan portfolio and net operating cash flows. Because of CDB's status as an AAA-rated institution, the Bank has been able to access the capital markets at favourable rates. The Bank maintains a portfolio of cash equivalents to draw upon as necessary. At December 31, 2009, cash and cash equivalents amounted to $339.2 mn, compared with $274.9 mn at December 31, 2008.

Capital Adequacy

The capital management function is a continuous process of planning for the accumulation of the capital required for current financial positioning and for anticipated future growth. Central to the capital management function is the ability to assure stakeholders that the Bank's internal tests of capital adequacy are well founded and are continuously met or exceeded. Capital is defined for this purpose only as paid-in capital, ordinary reserves, special reserves, and net income; less net receivables from members.

The primary source of new capital is earnings retained and not paid out in the form of appropriations. At the end of 2009, the Bank added $30.4 mn to its equity and reserves and strengthened its capital structure. The capital adequacy as measured by the Total Equity to Exposure Ratio (TEER) was 61%, compared with 58% at year-end 2008.

SPECIAL FUNDS RESOURCES (SFR)
SPECIAL DEVELOPMENT FUND (SDF)

Net income for the year ended December 31, 2009, for both components of the SDF, the Special Development Fund (Unified) – SDF (U), and the Special Development Fund (Other) – SDF (O), was $4.1 mn, compared with $8.5 mn for the comparable period in 2008. This was due primarily to a decrease of $5.5 mn in interest income that was partially offset by a decline of $1.2 mn, or 9.3% in total expenses to $11.9 mn, from $13.1 mn in the prior year.

Interest Income

Gross income for the year amounted to $16.1 mn, down $5.5 mn or 25.5% from $21.6 mn in 2008. Income from the SDF (U) amounted to $14.2 mn or 88.2%, and SDF (O) was $1.9 mn or 11.8% of total income. Usually, the major source of income for the SDF is interest income from investments and cash balances; in 2008 it accounted for 57.4% of gross income, but declined during 2009 to 40.4%. Income from investments and cash balances amounted to $6.5 mn, down $5.9 mn, or 47.6% when compared with $12.4 mn in 2008. The reduction in income from investments reflected the low interest rate environment in 2009 for fixed income instruments with the rate of return being 2.05%, compared with 4.83% in 2008.

Expenses

Total expenses for the year under review amounted to $11.9 mn, a decrease of $1.2 mn, or 9.2 % when compared with expenses of $13.1 mn in the prior year. Administrative expenses of $12.1 mn for the year were $0.4 mn or 3.4 % higher than in the previous year. During the year currency translation gains amounted to $0.3 mn, compared with a loss of $1.2 mn in the previous year, thus resulting in a reduction in expenses of $1.5 mn and therefore contributing to the overall decline in total expenses.

Balance Sheet Review

Total assets at December 31, 2009, amounted to $810.7 mn, up $32.3 mn or 4.2% higher than in the previous year. The growth in total assets was due primarily to the loan portfolio, which grew by $32.1 mn or 7.8% during the year to $435.2 mn from $403.1mn in the prior year. Contributed resources at year-end 2009 were $853.9 mn, up $59.0 mn or 7.4% from $794.9 in 2008. However, after allocation for technical assistance and grant resources of $34.7 mn or 16% higher than in the prior year, the balance of $24.3 mn was used to finance 75% of the growth in total assets with the remainder being funded by an increase in accumulated net income and technical assistance and grant resources.

OTHER SPECIAL FUNDS (OSF)

Net income for the year was $0.7 mn, representing a growth in income of $0.3 mn or 75% when compared with net income of $0.4 mn for the prior year. Gross income for the year was $4.0 mn, up $0.7 mn, or 21.2 % from the previous year. This was due mainly to growth in loan income of $0.4 mn, attributable to the increase in the loan portfolio and income from investments and cash balances that were $0.4 mn higher than in the prior year.

The investment portfolio includes assets of the Microfinance Guaranty Fund (MGF) and the Interest Subsidy Fund (ISF), both of which substantially consist of equity investments and which are externally managed. The MGF recorded a return on assets of 12.11% while the ISF recorded a negative return of 1.67%. The overall return on the investment portfolio was 2.34%. However, if the externally managed funds were excluded, the return would have been 2.01%.

Total expenses for the year were $3.3 mn, up $0.4 mn or13.8%, from $2.9 mn in 2008. The increase was due principally to exchange rate translation losses amounting to $0.4 mn, compared with a gain of $0.3 mn in the previous year.

ADMINISTRATIVE EXPENSES - BANK AS A WHOLE

Administrative expenses for the year amounted to $23.1 mn, representing a marginal increase of 0.6% when compared with $23.0 mn in the prior year. Staff costs, which make up approximately 68% of administrative expenses, increased by $0.1 mn, or 0.7%, from $15.5 mn in the prior year. The number of fulltime employees decreased by 8% to 185 as of December 31, 2009. Table IV:3 provides a breakdown of the major budget lines.

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.

TABLE IV:3 ADMINISTRATIVE EXPENSES
($'000)

Item	As At December 31, 2009	As At December 31, 2008
Staff related	15,638	15,530
Travel	1,157	1,091
Depreciation	1,426	1,300
Other	4,903	5,072
Operating Expenses	**23,124**	**22,993**

PART V
FINANCIAL STATEMENTS AND REPORTS OF INDEPENDENT AUDITORS

40th Anniversary
1970 - 2010
CDB at the Heart of a Dynamic Caribbean

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Independent 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** which comprise the balance sheet as of December 31, 2009 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying 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, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers

Chartered Accountants
March 24, 2010
Bridgetown, Barbados

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

BALANCE SHEET
As of December 31, 2009

(expressed in thousands of United States dollars)

		2009	2008
Assets			
Cash resources			
Due from banks - Note F		**$17,917**	$ 15,936
Investments			
Debt securities at fair value through profit or loss - Note G		**321,326**	258,984
Loans			
Loans outstanding – Note H		**818,330**	769,154
Derivative financial instruments – Note I		**58,822**	71,270
Receivable from members			
Non-negotiable demand notes - Note J	**43,434**		43,820
Amounts required to meet maintenance of value on currency holdings - Note K	**516**		2,111
Subscriptions in arrears	**1,250**		-
		45,200	45,931
Receivables – other – Note L		**17,946**	8,396
Other assets			
Property and equipment - Note M		**8,433**	7,503
Total assets		**$1,287,974**	$1,177,174

The notes on pages 53 to 108 are an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

BALANCE SHEET…*continued*
As of December 31, 2009

(expressed in thousands of United States dollars)

	2009	2008
Liabilities and Equity		
Liabilities		
Accounts payable and accrued liabilities - Note N	**$2,242**	$24,316
Amounts payable to meet maintenance of value on currency holdings – Note O	**67**	-
Deferred income	**875**	-
Post-employment benefits - Note P	**1,188**	897
Borrowings		
Long-term borrowings - Note Q	**718,069**	608,649
Total Liabilities	**722,441**	633,862
Equity		
Capital stock – Note R		
Authorized capital – 118,526 (2008 - 118,526) shares		
Subscribed capital – 108,846 (2008 - 108,846) shares	**712,958**	712,958
Less callable capital - 85,011 (2008 - 85,011) shares	**(555,525)**	(555,525)
Paid-up capital – 23,835 (2008 - 23,835) shares	**157,433**	157,433
Less subscriptions not yet matured	**-**	-
Subscriptions matured	**157,433**	157,433
Retained earnings and Reserves – Note R	**408,100**	385,879
Total Equity	**565,533**	543,312
Total Liabilities and Equity	**$1,287,974**	$1,177,174

Approved on March 11, 2010 by:

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

Wm. Warren Smith
Director, Finance & Corporate Planning

The notes on pages 53 to 108 are an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2009

(expressed in thousands of United States dollars)

	Capital Stock	Retained Earnings	Reserves	Total
Balance at January 1, 2008	$157,433	$339,847	$14,110	$511,390
Comprehensive income for the year	-	42,922	-	42,922
Appropriation from retained earnings - Note R	-	(11,000)	-	(11,000)
Balance at December 31, 2008	$157,433	$371,769	$14,110	$543,312
Balance at January 1, 2009	$157,433	$371,769	$14,110	$543,312
Comprehensive income for the year	-	22,221	-	22,221
Balance at December 31, 2009	**$157,433**	**$393,990**	**$14,110**	**$565,533**

The notes on pages 53 to 108 are an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2009

(expressed in thousands of United States dollars)

	2009	2008
Interest and similar income		
Loans – Note S	**$45,656**	$46,612
Investments and cash balances	**6,220**	5,896
	51,876	52,508
Interest expense and similar charges		
Borrowings	**13,610**	17,990
Other financial (income) expenses - Note S	**(1,916)**	108
	11,694	18,098
Net interest income	**40,182**	34,410
Other expenses/(income)		
Other income	**(353)**	(215)
Realised and unrealized fair value losses/(gains)	**1,152**	(1,537)
Provision for loan losses – Note H	**1,050**	996
Administrative expenses – Note T	**9,174**	9,187
Foreign exchange translation	**(4,583)**	39,072
Derivative fair value adjustment – Note U	**11,521**	(56,015)
	17,961	(8,512)
Profit and total comprehensive income for the year	**$22,221**	$42,922

The notes on pages 53 to 108 are an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

STATEMENT OF CASH FLOWS
For the year ended December 31, 2009

(expressed in thousands of United States dollars)

	2009		2008
Operating activities:			
Profit for the year		**\$22,221**	\$42,922
Adjustments:			
Unrealised loss/(gains) on debt securities	**892**		(1,568)
Depreciation	**1,427**		1,026
Gain on disposal of fixed assets	**-**		(70)
Derivative fair value adjustment	**11,521**		(56,015)
Interest income	**(51,876)**		(52,508)
Interest expense	**11,694**		18,098
Provision for losses on loan	**1,050**		996
Increase in borrowings resulting from exchange rates fluctuations	**(3,337)**		41,274
Total cash flows from operating profits before changes in operating assets and liabilities		**(6,408)**	(5,845)
Changes in operating assets and liabilities:			
Decrease in loans resulting from exchange rates fluctuations	**-**		2,575
(Increase)/decrease in accounts receivable	**(9,550)**		1,037
(Decrease)/increase in accounts payable	**(20,908)**		2,590
Net decrease in debt securities at fair value	**(66,565)**		(53,398)
Cash from operating activities		**(103,431)**	(53,041)
Disbursements on loans		**(115,674)**	(101,598)
Principal repayments to the Bank on loans		**66,655**	79,358
Interest received		**50,707**	52,698
Interest paid		**(14,770)**	(19,359)
Net cash used in operating activities		**(116,513)**	(41,942)
Investing activities:			
Purchase of property and equipment	**(2,357)**		(2,653)
Proceeds from sale of property and equipment	**-**		70
Net cash used in investing activities		**(2,357)**	(2,583)
Financing activities:			
Borrowings:			
Drawdowns	**129,187**		149,680
Repayments	**(12,427)**		(52,600)
Appropriation from retained earnings	**-**		(11,000)
(Decrease) /increase in amounts required to maintain the value of currency holdings	**1,662**		(8,844)
Increase/(decrease) in other receivables from members	**(240)**		5,656
Net cash provided by financing activities		**118,182**	82,892
Cash and cash equivalents at beginning of year		**98,683**	59,831
Net cash used in operating activities		**(116,513)**	(41,942)
Net cash used in investing activities		**(2,357)**	(2,583)
Net cash provided in financing activities		**118,182**	82,892
Effects of exchange rate changes on cash and cash equivalents		**787**	485
Cash and cash equivalents at end of year		**98,782**	98,683
Represented by			
Due from banks		**17,917**	15,936
Time deposits		**80,865**	82,747
		\$98,782	\$98,683

The notes on pages 53 to 108 are an integral part of these financial statements.

NOTE A – NATURE OF OPERATIONS

The Caribbean Development Bank (CDB) or the "the Bank" is an international organisation established by an Agreement signed in Kingston, Jamaica, in 1969 and having its headquarters situate at Wildey in the parish of Saint Michael in the island of Barbados. The Bank was established for the purpose of contributing to the harmonious economic growth and development of the member countries in the Caribbean, having special and urgent regard to the needs of the Less Developed Countries (LDCs) of the Region. The Bank's headquarters is located in Wildey, St. Michael, Barbados.

The membership of the Bank is open to (a) States and Territiories of the region; (b) non-regional States which are members of the United Nations or of any of its specialized agencies or of the International Atomic Energy Agency; and (c) other Multilateral Development Banks.

The membership of the Bank is comprised of 21 regional states and territories and 5 non-regional states, a detailed listing of the membership is provided at Note R.

Reducing poverty in the region is CDB's main objective. CDB's funding activities are carried out in its Borrowing Member Countries and these are financed mainly through its shareholder fund which is referred to as its Ordinary Capital Resources (OCR). In advancing this objective, the Bank participates in the selection, study and preparation of projects contributing to such development and where necessary, provides technical assistance.

The OCR is supplemented by the Special Development Funds (SDF) and Other Special Funds (OSF) and these are separate entities with distinct assets and liabilities. There is no recourse to the OCR for obligations in respect of any of the SDF or OSF liabilities.

Mobilising financial resources is an integral part of CDB's operational activities. In addition, CDB, alone or jointly, administers on behalf of donors, including members, their agencies and other development institutions, funds restricted for specific uses, which include technical assistance grants as well as regional programmes.

CDB finances its ordinary operations through borrowings, paid-in capital and retained earnings.

Where the amendment to the financial statements is not as a consequence of a fundamental change in the operational performance of the Bank, the prior approval of the Board of Governors would not be required.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except otherwise stated.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost basis, except as modified by the revaluation of investment securities held at fair value through profit or loss and derivative financial instruments which have been reflected at fair value.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Basis of preparation…*continued*

The financial statements comprise the balance sheet, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The preparation of financial statements in conformity with IFRS requires management to make estimates. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Bank's financial statements, therefore, present the financial position fairly. Areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note D.

Standards, amendments and interpretations effective on or after January 1, 2009 and are relevant to the Bank

IAS 1 (Revised), Presentation of financial statements. A revised version of IAS 1 was issued in September 2007. It prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. Entities can choose whether to present one statement of comprehensive income or two statements (the income statement and the statement of comprehensive income). The Bank has elected to present one statement of comprehensive income. According to the amendment of IAS 1 in January 2008, each component of equity, including each item of other comprehensive income, should be reconciled between carrying amount at the beginning and the end of the period. Since this change only impacts presentation aspects, there is no impact on retained earnings.

IAS 19 (Amendment), 'Employee benefits'. The amendment is part of the IASB's annual improvement project published in May 2008. The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment; an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation. The distinction between short-term and long-term employee benefits is based on whether benefits are due to be settled within or after 12 months of employee service being rendered. The adoption of this amendment has no impact on the Bank's financial statements.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

IAS 32 (Amendment), 'Financial instruments: Presentation', and IAS 1 (Amendment), 'Presentation of financial statements' – 'Puttable financial instruments and obligations arising on liquidation'. The amended standard now requires some financial instruments that meet the definition of a financial liability to be classified as equity. Puttable financial instruments that represent a residual interest in the net assets of the entity are now classified as equity provided that specific conditions are met. Similar to those requirements is the exception to the definition of a financial liability for instruments that entitle the holder to a pro rata share of the net assets of an entity only on liquidation. The adoption of IAS 32 did not have any impact on the Bank's financial statements.

IFRS 7 (Amendment), 'Financial instruments: Disclosures: Improving Disclosures about Financial Instruments'. The amendment requires enhanced disclosures about fair value measurements and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement heiracrchy. The adoption of the amendment results in additional disclosures but does not have an impact on the comprehensive income, profit and loss or financial position of the Bank.

IFRS 8 'Operating segments' IFRS 8 was issued in November 2006 and excluding early adoption would first be required to be applied to the Bank's accounting period beginning on 1 January 2009. The standard replaces IAS 14, 'Segment reporting', with its requirement to determine primary and secondary reporting segments. Under the requirements of the revised standard, the Bank's external segment reporting will be based on the internal reporting to the group executive board (in its function as the chief operating decision-maker), which makes decisions on the allocation of resources and assess the performance of the reportable segments. The application of IFRS 8 does not have any effect for the Bank as in management's opinion the Bank has one reportable segment since it does not manage its operation by allocating resources based on a determination of the contribution of the net income from individual borrowers.

Standards, amendments and interpretations not yet effective but will be relevant to the Bank

IFRS 9 Financial instruments part 1: Classification and measurement. IFRS 9 was issued in November 2009 and replaces those parts of IAS 39 relating to the classification and measurement of financial assets. Key features are as follows:

• Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortized cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

• An instrument is subsequently measured at amortized cost only if it is a debt instrument and both the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and the asset's contractual cash flows represent only payments of principal and interest (that is, it has only 'basic loan features'). All other debt instruments are to be measured at fair value through profit or loss.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Standards, amendments and interpretations not yet effective but will be relevant to the Bank*...continued*

• All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognize unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

• While adoption of IFRS 9 is mandatory from 1 January 2013, earlier adoption is permitted.

The Bank is considering the implications of the standard, the impact on the Bank and the timing of its adoption by the Bank.

IFRIC 9 - Reassessment of embedded derivatives and IAS 39, 'Financial instruments: Recognition and measurement - embedded derivatives (amendments)'. This standard is effective for periods ending on or after 30 June 2009. An entity should assess whether an embedded derivative is to be separated from a host contract when the entity reclassifies a hybrid financial asset out of the fair value through profit or loss category. The assessment is made on the basis of the circumstances that existed at the later of: (a) the date when the entity first became a party to the contract; and (b) the date of a change in the terms of the contract that significantly modifies the cash flows that otherwise would have been required under the contract.

Standards, amendments and interpretations effective on or after January 1, 2009 and are not relevant to the Bank

IAS 16 (Amendment), Property, Plant and Equipment
IAS 20 (Amendment), Accounting for Government Grants and Disclosure of Government Assistance
IAS 23 (Amendment), Borrowing costs
IAS 27 (Amendment), Consolidated and Separate Financial Statements
IAS 27 (Revised), Consolidated and Separate Financial Statements
IAS 28 (Amendment), Investment in Associates
IAS 29 (Amendment), Financial Reporting in Hyperinflationary Economies
IAS 31 (Amendment), Interests in Joint Ventures
IAS 36 (Amendment), Impairment of assets
IAS 38 (Amendment), Intangible assets
IAS 39 (Amendment), Eligible Financial Instruments: Recognition and Measurement
IAS 40 (Amendment), Investment Property
IAS 41 (Amendment), Agriculture

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Standards, amendments and interpretations effective on or after January 1, 2009 and are not relevant to the Bank*...continued*

IFRS 1 (Amendment), First Time Adoption of IFRS
IFRS 2 (Amendment), Share Based Payments
IFRS 5 (Amendment), Non-current Assets Held-for-Sale and Discontinued Operations
IFRS 8, Operating Segments
IFRIC 13, Customer Loyalty Programmes
IFRIC 15, Agreements for Construction of Real Estates
IFRIC 16, Hedges of a Net Investment in a Foreign Operation
IAS 39 (Amendment), Financial Instruments and Measurement: Eligible hedged items
IFRS 3 (Revised), Business Combinations
IFRIC 16, Hedges of a net investment in a foreign operation
IFRIC 17, Distributions of Non-Cash Assets to Owners
IFRIC 18, Transfers of assets to customers

Foreign currency translation

Functional and presentation currency

The functional currency of the Bank is the United States dollar and the Bank's financial statements are expressed in thousands of United States dollars. Assets and liabilities in currencies other than United States dollars are translated into United States dollars at market rates of exchange prevailing at the dates of the financial statements.

Foreign currency transactions 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.

Taxation

CDB is a multilateral development financial institution and is not subject to income tax.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Financial assets

In accordance with IAS 39, the Bank categorizes its assets as follows: financial assets at fair value through profit or loss and loans and receivables. Financial assets and financial liabilities are recognized on the balance sheet when the Bank assumes related contractual rights or obligations and derecognized when the rights to secure cash flows from the financial asset expire or when all risks and rewards of ownership have been substantially transferred. Management determines the classification of its financial instruments at initial recognition.

(a) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception.

A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of recent actual pattern of short-term profit-taking. Derivatives are also categorized as held for trading unless they are designated as hedging instruments.

Financial assets designated at fair value through profit or loss upon initial recognition are managed and evaluated on a fair value basis and reported to key management on that basis. Once the asset has been so classified, it cannot be changed. Financial instruments in this category are included in the balance sheet as 'Debt securities at fair value through profit and loss'. For 2009 and 2008 all of the Bank's investments are designated at fair value through profit and loss.

Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the profit for the year in the statement of comprehensive income.

Gains and losses arising from changes in the fair value of financial assets through profit or loss are included in the profit for the year in the statement of comprehensive income in the period in which they arise.

Regular purchases and sales of financial assets at fair value through profit or loss are recognized on the trade date which is the date the Bank commits to purchase or sell the asset.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market, other than those that the Bank, upon initial recognition, designates at fair value. Loans and receivables are initially recorded at fair value plus transaction cost and subsequently measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

(c) Financial liabilities

Financial liabilities consist of long term borrowings, for which the fair value option is not applied, and are measured at amortized cost. Borrowings are recognized initially at fair value net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between proceeds net of transaction costs and the redemption value is recognized in the profit for the year in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Financial liabilities are derecognized when they have been redeemed or otherwise extinguished.

(d) The determination of fair value

For financial instruments traded in active markets, the determination of fair values is based on quoted market prices or dealer price quotations. A financial instrument is regarded as quoted in an active market if prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive.

For all other financial instruments, including derivatives, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows, or other valuation techniques, using inputs (for example, libor yield curve, FX rates, volatilities and counterparty spreads) existing at the balance sheet date.

The Bank uses widely recognized valuation models for determining fair values of non-standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Offsetting financial instruments

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

Interest income and expense

Interest income and expense are recognized in the statement of comprehensive income for all interest-bearing instruments using the effective interest method based on the actual purchase price.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Once a financial asset or a group of financial assets has been written down as a result of an impairment loss, interest income is recognized using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The estimated future cash flows projected in the effective yield method consider all contractual terms but do not consider future credit losses.

Commitment fee income

Fees are generally recognized on an accrual basis when the service has been provided. Loan commitment fees for loans that are likely to be drawn down are deferred and recognized as an adjustment to the effective interest rate on the loan.

Impairment of financial assets

CDB assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or groups of financial assets are impaired includes observable data that comes to the attention of the Bank about the following loss events:

(i) significant financial difficulty of the issuer or obligor;
(ii) a breach of contract, such as a default or delinquency in interest or principal payments;
(iii) the Bank granting to the borrower, for economic or legal reasons relating to the borrower’s financial difficulty, a concession that the Bank would not otherwise consider;
(iv) it becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
(v) the disappearance of an active financial market for that financial asset because of financial difficulties; or

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Impairment of financial assets...*continued*

(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including:

- adverse changes in the payment status of borrowers; or
- national or local economic conditions that correlate with defaults on the assets in the portfolio.

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 asset's carrying value and the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the income statement.

The methodology used for assessing portfolio impairment for sovereign risk assets takes into account the Bank's preferred creditor status afforded by members. This provision is calculated on an incurred loss basis. Any impairment is deducted from the asset categories on the balance sheet.

The Bank assesses whether objective evidence of impairment exists individually for loans to the private sector and collectively for loans to the public sector. Impairment, less any amount reversed during the year, is charged to the income statement. When a loan is deemed uncollectible, it is written off against the related impairment provisions. If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event after the impairment was recognized, the previously recognized impairment loss, is reversed by adjusting the provision amount and the amount of the reversal is recognized in the income statement.

Renegotiated loans

Loans that are either impaired or past due, whose terms have been renegotiated are no longer considered to be impaired or past due and are treated as new loans.

Property and equipment

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be reliably measured. All repairs and maintenance are charged to other operating expenses during the financial year in which they are incurred.

Land is not depreciated as it is deemed to have an indefinite life. Depreciation of other assets is provided on the straight-line basis at rates considered adequate to write-off the cost of the assets, less salvage, over their useful lives as follows:

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Property and equipment*...continued*

	Years
Buildings and ancillary works	15-25
Furniture and equipment	4-8
Computers	4
Motor vehicles	4

The assets' residual value and useful lives are reviewed and adjusted if appropriate at each balance sheet date. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. The asset's recoverable amount is the higher of the impaired asset's fair value less costs to sell and the value in use.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the other operating expenses in the statement of comprehensive income.

Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received.

Government grants relating to property and equipment are included as deferred income and are credited to the income statement on a straight-line basis over the expected life of the related asset.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with less than three months' maturity from the date of acquisition, including cash, treasury bills and other eligible bills, loans and advances to banks, amounts due from other banks and short-term government securities.

Provisions

Provisions for restructuring costs and legal claims are recognized when: the Bank has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The Bank recognizes no provisions for future operating losses.

Where there is a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to settle the obligation using the rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Employee benefits

(a)Pension obligations

CDB has both a contributory defined benefit New Pension Plan (the Plan) and a hybrid Old Pension Scheme (the Scheme) for securing pensions and other benefits for eligible employees of the Bank. Both the Plan and the Scheme are final salary defined benefit. Both the Plan and the Scheme are managed by Trustees which are appointed by both the management of the Bank and staff.

A defined benefit plan is a pension plan having terms that specify the amount of pension benefits to be provided at future date or after a certain period of time; the amount specified usually is a function of one or more factors such as age, years of service, and compensation.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. Independent actuaries using the projected unit credit method calculate the defined benefit obligation at least every three years. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability. For intermediate years, the defined benefit obligation is estimated using approximate actuarial roll-forward techniques that allow for additional benefit accrual, actual cash flows and changes in the underlying actuarial assumptions.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of-the-greater of 10% of the value of the Plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives. In the case of the hybrid scheme, gains and losses are immediately recognized in income. Past-service costs are recognized immediately in administrative expenses, unless the changes to the Pension Plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortized on a straight-line basis over the vesting period.

The Scheme is a hybrid scheme providing the member at retirement with a choice between a defined benefit or a pension calculated on a defined benefit formula.

(b) Other post-retirement obligations

The Bank provides post-retirement medical benefits to its retirees. The expected costs of these benefits are accrued over the period using an accounting methodology similar to that for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in excess of-the-greater of 10% of the value of the Plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives. Independent qualified actuaries value these obligations annually by using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows (relating to service accrued to the balance sheet date) using the yields available on high-quality corporate bonds.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Employee benefits

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Bank before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Bank recognizes termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantees are initially recognized in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of the initial amount, less amortization of fees, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience supplemented by the judgement of management. The fee income earned is recognized on a straight line basis over the life of the guarantee.

Valuation of 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 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).

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES…*continued*

Valuation of Capital Stock*...continued*

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 has no effect on the financial position or results of the operations of the Bank.

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.

Maintenance of value

In order to ensure that capital receipts due in other than US dollars retain, at a minimum, their value as determined 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. 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. At December 31, 2009, all loans outstanding are in United States dollars and as a result no additional MOV will become due on these outstanding amounts. MOV obligations that are not so deferred are due for settlement within 12 months of the date established. These obligations inclusive of those portions that are past due for settlement and are expected to be settled in the future are derivatives and are fair valued in accordance with IAS 39, with any gain or loss being recorded in the profit for the year in the statement of comprehensive income.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. The Bank has determined that the Senior Management Group (SMG) as its chief operating decision maker.

In accordance with IFRS 8, the Bank has one operating segment, its Ordinary Capital Resources (OCR).

NOTE C – RISK MANAGEMENT

The very nature of the Bank's activities necessitates the analysis, evaluation, acceptance and management of some degree of financial risk. Operationally, CDB aims to achieve an appropriate balance between risk and return by adopting an appropriate mix of measures to mitigate the various types of risk to which it is exposed. These measures include the adoption of a variety of policies, guidelines and practices which together make up the Bank's risk management framework. These policies and practices are reviewed and modified periodically to reflect best practice and the institution's changing circumstances. Frequent reporting of the Bank's performance in relation to the established risk framework is strictly adhered to. The most important types of risk faced by CDB are country credit risk, liquidity risk, market risk and operational risk. Market risk includes currency, interest rate and other price risks.

Different entities in the institution have been assigned the responsibility of monitoring and managing the varied types of risk faced by the Bank. For example, credit, liquidity and market risk are managed by the Finance and Corporate Planning Department. The Audit and Post-Evaluation Committee (APEC) assists the Board of Directors in discharging its responsibility for risk management. In the execution of its role, the APEC assesses the effectiveness of financial policies and reporting, fiduciary controls, various aspects of financial, business, and operating risk, quality of earnings, and internal controls. In addition, the APEC discusses with management and the external auditors financial issues and policies that are important to the Bank's financial position and risk-bearing capacity.

The Bank's Loans Committee, which includes all the senior management of the Bank with the exception of the President, has principal responsibility for ensuring that adequate due diligence has been carried out by the staff on all investment and other projects and that all the relevant policies relating to lending, procurement, etc., are adhered to before recommendation is made to the President. This committee, therefore, plays an important role in managing operational risk.

The Bank's Investment Committee comprises, at a minimum, the President, the two Vice-Presidents, the Director of Finance and Corporate Planning and the Director of Economics and provides oversight of the investment function. It monitors adherence to the investment guidelines which have been approved by the Board of Directors. It also approves shifts in the Bank's investment strategy based on internal liquidity needs and changes in the external economic environment. The committee also monitors investment performance in relation to the established benchmarks, counterparty creditworthiness and the valuation of derivatives.

Credit Risk

The major risk to CDB as a multilateral development bank is its exposure to country credit risk. This risk relates to potential losses to CDB in the event that a borrowing member is unable or unwilling to service its obligations to the Bank. CDB manages its country credit risk through its financial policies and lending strategies, including individual country exposure limits and overall creditworthiness assessments. These include ongoing assessments of a country's macroeconomic performance as well as its socio-political conditions and future growth prospects. The individual country's exposure to the Bank on outstanding loans as at December 31, 2009 is reported in Note H.

The Bank manages its credit risk on liquid funds and derivative financial instruments by entering into transactions with counterparties that are US Government backed agencies and banks with high credit-ratings assigned by international credit-rating agencies.

NOTE C – RISK MANAGEMENT*...continued*

Credit risk measurement

(a) Loans and advances

CDB's capital adequacy methodology is used in measuring its loan portfolio credit risk and is constructed around three components:

(i) the 'probability of default' by the counterparty on its contractual obligations;
(ii) current exposures to the counterparty and its likely future development, from which the Bank derives the 'exposure at default'; and
(iii) the likely recovery ratio on the defaulted obligations (the 'loss given default').

These credit risk measurements, when combined, reflect expected and unexpected (economic) losses on the portfolio (the 'expected loss model') and are consistent with the principles of the Basel Committee on Banking Regulations and the Supervisory Practices (the Basel Committee).

(i) The Bank's capital adequacy model assesses the probability of default of individual borrowers on the basis of external ratings. For borrowers without an external rating, judgement and bench-marking against similar credit are used to assign an appropriate rating. Borrowers are segmented into four rating classes. The rating scale shown below reflects the range of default probabilities defined for each rating class. This means that, in principle, exposures migrate between classes as the assessment of their probability of default changes. The rating tools are kept under review and upgraded as necessary.

Internal ratings scale and mapping of external ratings

CDB's Rating	Description of the grade	External rating: Standard & Poor's equivalent
1	Investment grade	AAA, AA+, AA- A+, A-
2	Standard monitoring	BBB+, BBB, BBB-, BB+, BB, BB-, B+, B, B-
3	Special monitoring	CCC to C
4	Sub-standard	D

The ratings of the major rating agency shown in the table above are mapped to the rating classes based on the long-term average default rates for each external grade. External ratings where available are used to benchmark the internal credit risk assessment. Observed defaults per rating category vary year on year, especially over an economic cycle.

(ii) Exposure at default is based on the amounts expected to be owed at the time of default. Whenever the model is run, the loans outstanding for the individual countries at that point in time are used as the exposure at default. However, because of the Bank's small exposure to the private sector, these loans are all placed in a single group.

(iii) Loss given default or loss severity represents the Bank's expectation of the extent of loss on a claim should default occur. CDB's experience is that the actual loss incurred at default is the opportunity cost of the income foregone as a result of not receiving the debt payment on schedule. The historical experience is that the Bank eventually recovers all of the outstanding amounts, including the penalty interest charge. Methodologically, 40% of the exposure is used as a conservative estimate of the loss given default.

NOTE C – RISK MANAGEMENT*...continued*

Credit risk measurement*...continued*

(b) Debt securities and other bills

CDB's Investment Guidelines limit the quality of the instruments that the Bank can hold in its investment portfolio. No individual investment can have a credit rating less than A-. However, CDB can invest non-freely convertible currencies in unconditional obligations issued or guaranteed by indigenous commercial banks provided that no such bank holds more than $1,000,000 of the investible amount of the given currency.

Risk limit control and mitigation measures

The Bank manages limits and controls concentration of credit risk. The financial policies limit the amount of exposure in relation to a single borrower and to groups of borrowers. These risks are monitored on a quarterly basis and subject to more frequent review, when necessary. Currently the exposure limit to the single largest borrower is 50 % of the Bank's capital and the limit for the three largest borrowers is 120% of capital.

Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a borrower as required. Guarantees and standby letters of credit, which represent irrevocable assurances that the Bank will make payment, carry the same credit risk as loans. Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a borrower authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct borrowing. The Bank currently does not have any such exposures.

CDB loans generally take several years before they are fully disbursed. As a result, the Bank has undisbursed balances of approved loans. The liquidity risk remains with the Bank as it is required to provide funds to the borrowers as required. The Bank is potentially exposed to a loss in relation to the unused commitment. This exposure is reduced as the disbursement is contingent on the borrower meeting its obligations in terms of debt service and other policy related conditions.

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.

CDB has a potential risk of loss if a swap counterparty fails to perform its obligations, and in order to reduce such credit risk, CDB only enters into long-term swap transactions with counterparties eligible under CDB's swap guidelines which include the requirement that counterparties have a credit rating of AA or higher. These guidelines are monitored on an ongoing basis and CDB does not anticipate that any of its counterparties will fail to perform their obligations under such agreements.

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT*…continued*

Master netting arrangements

The Bank further restricts its exposure to credit losses by entering into master netting arrangements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in an offset of balance sheet assets and liabilities as transactions are usually settled on a gross basis. However, the credit risk associated with favourable contracts is reduced by a master netting arrangement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis. The Bank's overall exposure to credit risk on derivative instruments subject to master netting arrangements can change substantially within a short period since it is affected by each transaction subject to the arrangement.

Impairment and provisioning policies

The rating system described previously focused more on credit-quality mapping from the inception of the lending and investment activities. In contrast, impairment provisions are recognized for financial reporting purposes only for losses that have been incurred at the balance sheet date based on objective evidence of impairment. Due to the different methodologies applied, the amount of incurred credit losses provided for in the financial statements are usually lower than the amount determined from the expected loss model that is used for internal operational management. The impairment provision in the balance sheet at year-end is derived from assessment of collateral held and anticipated receipts for that account. The following table shows the percentage of the Bank's on balance-sheet items relating to loans and the associated impairment provision for each of the Bank's internal rating categories:

Bank's rating

As at December 31	**2009**		**2008**	
	Loans ($)	Impairment Provision (%)	Loans ($)	Impairment Provision (%)
Investment grade	$ 62,949	-	$ 74,800	-
Standard monitoring	418,566	-	398,820	-
Special monitoring	327,985	-	289,938	-
Sub-standard	8,830	100	5,596	100
Total	$818,330	100	$769,154	100

The internal rating tool assists management to determine whether objective evidence of impairment exists under IAS 39, based on the following criteria:

- Delinquency in contractual payments of principal or interest;
- Cash flow difficulties experienced by the borrower (e.g. equity ratio, net income percentage of sales);
- Breach of loan covenants or conditions;
- Initiation of bankruptcy proceedings;
- Deterioration of the borrower's competitive position;
- Deterioration in the value of collateral;
- Downgrading below investment grade level; and
- Economic condition of the country.

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT*...continued*

Bank's rating *...continued*

The Bank's policy requires the review of individual financial assets that are above materiality thresholds at least annually, or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at balance-sheet date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account. As at December 31, 2009, two loans (2008 – one) were assessed as impaired in the private sector loan portfolio.

Collective assessment for impairment allowances are provided for: (i) portfolios of homogenous assets that are individually below materiality thresholds; and (ii) losses that have been incurred but have not yet been identified, by using the available historical experience, experienced judgement and statistical techniques. Collective assessment for impairment is undertaken with the public sector portfolio of loans. As at December 31, 2009 and 2008, no impairment was assessed in the public sector loan portfolio.

Maximum exposure to credit risk before collateral held or other credit enhancements
Credit risk exposure relating to on-balance-sheet assets is as follows:

As at December 31	2009	2008
Due from banks	$ 17,917	$ 15,936
Debt securities at fair value through profit or loss	321,326	258,984
Public sector loans	779,808	739,799
Private sector loans	38,522	29,355
Derivative financial instruments	58,822	71,270
Non-negotiable demand notes	43,434	43,820
Amounts required to meet maintenance of value on currency holdings	516	2,111
Subscriptions in arrears	1,250	-
Other assets	17,946	8,396
	$1,279,541	$1,169,671
Off-balance-sheet credit risk		
Undisbursed loan balance – Public sector	241,054	184,705
Undisbursed loan balance – Private sector	55,732	68,563
	$1,576,327	$1,422,939

The above table represents a worse case scenario of credit risk exposure as at December 31, 2009 and 2008, without taking account of any collateral held or other credit enhancements attached.

For on-balance-sheet assets, the exposures set out above are based on net carrying amounts as reported in the balance sheet.

As shown above, 66.0% of the total maximum exposure is derived from loans and commitments to the public sector (2008: 65.0%); 4.8% represents loans and commitments to the private sector (2008: 7.0%).

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT…*continued*

Loans and advances

Loans are summarized as follows:

	December 31, 2009		December 31, 2008	
	Public Sector	Private Sector	Public Sector	Private Sector
Neither past due nor impaired	$779,749	$28,938	$738,476	$24,755
Past due but not impaired	59	754	1,323	-
Impaired	-	10,876	-	5,596
Gross	779,808	40,568	739,799	30,351
Less: allowance for impairment	-	2,046	-	996
Net	$779,808	$38,522	$739,799	$29,355

During the year ended December 31, 2009, loans that were neither past due nor impaired represented 99.0% of loans outstanding (2008: 99.0 %).

Loans and advances neither past due nor impaired

The credit quality of the loan portfolio that were neither past due nor impaired can be assessed by reference to the internal rating system adopted by the Bank.

	Loans at December 31, 2009		
	Public Sector	Private Sector	Total Loans
Investment grade	$ 62,940	$ -	$ 62,940
Standard monitoring	417,814	-	417,814
Special monitoring	298,995	28,938	327,933
Total	$779,749	$28,938	$808,687

	Loans at December 31, 2008		
	Public Sector	Private Sector	Total Loans
Investment grade	$ 74,800	$ -	$ 74,800
Standard monitoring	398,591	-	398,591
Special monitoring	265,085	24,755	289,840
Total	$738,476	$24,755	$763,231

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT…*continued*

Loans and advances past due but not impaired

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contrary. Gross amount of loans and advances by class to customers that were past due but not impaired were as follows:

	Loans at December 31, 2009		
	Public Sector	Private Sector	Total Loans
Past due up to 30 days	$10	$102	$112
Past due 30 – 60 days	49	52	101
Past due 60 – 90 days	-	60	60
Over 90 days	-	540	540
Total	$59	$754	$813

	Loans at December 31, 2008		
	Public Sector	Private Sector	Total Loans
Past due up to 30 days	$ 4	$ -	$ 4
Past due 30 – 60 days	-	-	-
Past due 60 – 90 days	1,319	-	1,319
Total	$1,323	$ -	$1,323

Non-negotiable Demand Notes

At December 31, 2009, no non-negotiable demand notes are considered to be impaired.

Collateral

CDB does not take collateral on its public sector loans. The Loans (CDB) Acts or other applicable legislation provide for repayment of any loan made by CDB to the Government of any statutory corporation, to be charged upon and paid out of the consolidated fund. CDB also derives comfort from the negative pledge condition included in its loan agreements. This provision prohibits, except with CDB's consent, the charging of Government assets to secure external indebtedness unless CDB is equally and materially secured. Furthermore, CDB would be accorded preferred creditor status by its BMCs being members of the Bank.

For lines of credit to private sector financial intermediaries, a guarantee from a parent or a trust arrangement under which the sub-loans financed by the line are pooled and assigned in the event of default. As at December 31, 2009, no trust arrangements existed in the private sector portfolio. The fair value of the pool is the future expected cash flows of the sub-loans discounted by their interest rate. Marketable assets secure direct loans to the private sector, while the fair value is the observable market price of the asset. The fair value of the collateral on the impaired private sector loan was estimated at $20,000.

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT…*continued*

Debt securities, treasury bills and other eligible bills

The main investment management objective is to maintain security and liquidity. Subject to these parameters, CDB seeks the highest possible return on its investments. CDB is restricted by its Investment Policy to invest in government and government-related debt instruments and in time deposits. Investments may be made in corporate bonds rated A, or better, AAA-rated asset-backed securities, and AAA-rated mortgage-backed securities. Adherence to the investment policy guidelines is monitored on a monthly basis by the Investment Committee, whose membership comprises senior members of the Bank.

The table below presents an analysis of debt securities, treasury bills and other eligible bills by rating agency designation at December 31, 2009, based on Standard & Poor's ratings or their equivalent:

	2009				
			Ratings		
Type	AAA	AA+ to AA-	A+ to A-	Unrated	Total
Obligations guaranteed by Governments[1]	$171,409	$15,458	$ 741	$3,063	$190,671
Euro Commercial Bond	25,726	-	-	-	25,726
Time Deposits	7,605	41,464	29,574	2,276	80,919
Sovereign Bond	3,780	5,009	7,004	-	15,793
Supranational Bond	8,217	-	-	-	8,217
Total	$216,737	$61,931	$37,319	$5,339	$321,326

1 Freely convertible currencies in Government and Government-guaranteed obligations which are members of the G7 or EU and its agencies.

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT…*continued*

Debt securities, treasury bills and other eligible bills

2008

	Ratings				
Type	AAA	AA+ to AA-	A+ to A-	Unrated	Total
Obligations guaranteed by Governments[1]	$105,030	$22,187	$27,523	$ -	$154,740
Euro Commercial Bond	14,959	-	-	-	14,959
Time Deposits	17,955	7,758	55,635	1,523	82,871
Sovereign Bond	-	-	183	-	183
Supranational Bond	6,231	-	-	-	6,231
Total	$144,175	$29,945	$83,341	$1,523	$258,984

Concentration of risks of financial assets with credit risk exposure

The following table breaks down CDB's main credit exposure at their carrying amounts, as categorized by Borrowing Member Countries and non-regional members, USA, and other countries as of December 31, 2009. For this table, the exposures are allocated to regions based on the country of domicile of the counterparties. A further analysis of the Bank's exposure on loans by geographical region is provided at Note G.

	Borrowing Members	Non-Regional Members	USA	Other	Total
Due from banks	$ (7)	$ 993	$ 16,931	$ -	$ 17,917
Debt securities at fair value through profit or loss	2,276	83,221	139,061	96,768	321,326
Public sector loans	779,808	-	-	-	779,808
Private sector loans	38,522	-	-	-	38,522
Derivative financial instruments	-	-	39,766	19,056	58,822
Non-negotiable demand notes	34,943	8,491	-	-	43,434
Maintenance of value on currency holdings	516	-	-	-	516
Subscriptions in arrears	-	1,250	-	-	1,250
Receivables – other	17,937	9	-	-	17,946
Total	$873,995	$93,964	$195,758	$115,824	$1,279,541
December 31, 2008	$812,512	$62,309	$179,812	$115,038	$1,169,671

CDB's membership is classified into regional and non-regional members. Only regional members who are members of the CARICOM have the right to borrow, except in the case of Haiti which became a borrowing member in January 2007.

Non-regional members are shareholders from outside of the Caribbean region e.g. Canada, United Kingdom, Germany, Italy and China.

1 Freely convertible currencies in Government and Government-guaranteed obligations which are members of the G7 or EC and its agencies.

NOTE C – RISK MANAGEMENT…*continued*

Concentration of risks of financial assets with credit risk exposure

Market risk

CDB takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, and foreign exchange rates.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks.

Foreign exchange risk

CDB takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. 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 Bank manages exchange risk on borrowings by entering into forward contracts. The following table summarizes the exposure to foreign currency exchange rate risk at December 31. Included in the table are the financial instruments at carrying amounts, categorized by currency. As at December 31, 2009, all loans were denominated in United States dollars.

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT…*continued*

Concentrations of currency risk

As at December 31, 2009	**US$**	**Yen**	**Other**	**Total**
Assets				
Due from banks	$ 17,102	-	815	$ 17,917
Investments	293,949	-	27,377	321,326
Loans	818,330	-	-	818,330
Derivative financial instruments	58,822	-	-	58,822
Receivable from members	30,170	-	15,030	45,200
Receivables – other	15,405	-	2,541	17,946
Total financial assets	$1,233,778	-	45,763	$1,279,541
Liabilities				
Accounts payable	3,376		(1,067)	2,309
Borrowings	512,621	205,448	-	718,069
Total financial liabilities	$ 515,997	205,448	(1,067)	$ 720,378
Net on-balance-sheet financial position	717,781	(205,448)	46,830	559,163
Credit commitments	$ 296,786	-	-	$ 296,786
At December 31, 2008				
Total financial assets	1,125,339	-	44,332	1,169,671
Total financial liabilities	423,240	209,712	13	632,965
Net on-balance-sheet financial position	$ 702,099	(209,712)	44,319	536,706
Credit commitments	$ 253,268	-	-	$ 253,268

The Bank has entered into currency swap agreements by which proceeds of two borrowings were converted into US dollars in order to hedge against ongoing operational currency risks.

If the Japanese Yen exchange rate had been 10% higher, CDB's comprehensive income for the year ended December 31, 2009, would decrease by $18,679. If the Japanese Yen exchange rate had been 10% lower, CDB's comprehensive income for the year ended December 31, 2009, would increase by $22,826.

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT*...continued*

Interest rate risk

The table below summarizes the exposure to interest rate risks, including financial instruments at carrying amounts, categorized by the earlier of contractual repricing or maturity dates.

At December 31, 2009	0-3 months	3-12 months	1-5 years	Over 5 years	Non-interest bearing	Total
Assets						
Due from banks	$ 17,917	$ -	$ -	$ -	$ -	$ 17,917
Debt securities at fair value	120,840	52,960	136,267	11,259	-	321,326
Loans	818,330	-	-	-	-	818,330
Derivative financial instruments	58,822	-	-	-	-	58,822
Receivable from members	-	-	-	-	45,200	45,200
Other receivables	-	-	-	-	17,946	17,946
Total Assets	$1,015,909	$ 52,960	$136,267	$11,259	$63,146	$1,279,541
Liabilities						
Accounts payable	$ -	$ -	$ -	$ -	$2,242	$2,242
Borrowings	299,744	209,673	3,204	205,448	-	718,069
Total Liabilities	$299,744	$209,673	$ 3,204	$205,448	$2,242	$720,311
Total interest repricing gap	$716,165	$(156,713)	$133,063	$(194,189)		
At December 31, 2008						
Assets						
Due from banks	$ 15,936	$ -	$ -	$ -	$ -	$ 15,936
Debt securities at fair value	107,062	28,360	110,442	13,120	-	258,984
Loans	769,154	-	-	-	-	769,154
Derivative financial instruments	71,270	-	-	-	-	71,270
Receivable from members	-	-	-	-	45,931	45,931
Other receivables	-	-	-	-	8,396	8,396
Total Assets	$963,422	$ 28,360	$110,442	$ 13,120	$ 54,327	$1,169,671
Liabilities						
Accounts payable	$ -	$ -	$ -	$ -	$ 24,316	$ 24,316
Borrowings	168,262	120,940	109,735	209,712	-	608,649
Total Liabilities	$168,262	$ 120,940	$109,735	$209,712	$ 24,316	$ 632,965
Total interest repricing gap	$795,160	$(92,580)	$ 707	$(196,592)		

NOTE C – RISK MANAGEMENT*...continued*

Interest rate risk*...continued*

If interest rates had been 50 bps higher and all other variables were held constant, CDB's net income for the year ended December 31, 2009, would increase by $1,057. If interest rates had been 50 bps lower and all other variables were held constant, CDB's net income for the year ended December 31, 2009, would increase by $3,207. In 2008 a 50 bps increase would cause net income to decrease by $349 and conversely a 50 bps decline would result in an increase in the net income of $481.

The sensitivity analyses are based on the exposure to interest rates for both derivatives and non-derivative instruments at the balance sheet date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the balance sheet date was outstanding for the whole year. A 50 bps increase or decrease is used and represents management's assessment of the reasonably possible change in interest rates.

Liquidity risk

Liquidity risk relates to the probability that the Bank is unable to meet the payment obligations associated with its financial liabilities when they fall due. The consequence may be the failure to meet obligations to disburse on its commitments. CDB's policy is to maintain its liquidity (the ratio of cash and investments to undisbursed commitments and agreements not yet signed) at a minimum of 40%. As at December 31, 2009, the liquidity ratio was 84.5% (2008: 60.4%).

Liquidity risk management process

CDB's liquidity management process includes:

- Day-to-day disbursements, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by its BMCs. CDB maintains an active presence in international money markets to enable this to happen;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow; and
- Managing the concentration and profile of debt maturities.

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT*...continued*

Non-derivative cash flows

The table below presents the cash flows by remaining contractual maturities at the balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At December 31, 2009	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets					
Due from banks	$17,917	$ -	$ -	$ -	$ 17,917
Debt securities at fair value	121,245	55,903	120,950	11,595	309,693
Loans	39,236	79,711	406,529	548,572	1,074,048
Receivable from members	-	-	-	45,200	45,200
Other receivables	16,483	401	114	948	17,946
Total Assets	$194,881	$136,015	$527,593	$606,315	$1,464,804
Liabilities					
Accounts payable	$2,062	$ 27	$ 51	$ 102	$ 2,242
Borrowings	3,937	126,331	399,546	308,323	838,137
Total Liabilities	$5,999	$126,358	$399,597	$308,425	$840,379

At December 31, 2008	0-3 months	3-12 months	1-5 years	Over 5 years	Total
Assets					
Due from banks	$15,936	$ -	$ -	$ -	$15,936
Debt securities at fair value	106,480	32,675	118,436	14,291	271,882
Loans	21,150	62,572	422,244	590,219	1,096,185
Receivable from members	-	-	-	45,931	45,931
Other receivables	6,159	1,127	253	857	$8,396
Total Assets	$149,725	$96,374	$540,933	$651,298	$1,438,330
Liabilities					
Accounts payable	$ 23,134	$ 1,182	$ -	$ -	$ 24,316
Borrowings	5,795	27,574	266,930	472,014	772,313
Total Liabilities	$28,929	$28,756	$266,930	$472,014	$796,629

Assets held for managing liquidity risk

The Bank holds a diversified portfolio of cash and high-quality highly-liquid securities to support payment obligations and contingent funding in a highly stressed market environment. The Bank's assets held for managing liquidity risk comprise:

- Cash and balances with commercial banks;
- Time deposits;
- Government bonds and other securities that are easily traded;
- Secondary sources of liquidity including lines of credit with commercial banks.

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT*...continued*

Derivative cash flows

The following table shows the derivative financial instruments that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

At December 31, 2009	0 - 3 months	3-12 months	1-5 years	Over 5 years	Total
Derivatives:					
- Currency swaps	$3,216	$610	$(1,803)	$(32,238)	$(30,215)
- Maintenance of value	-	516	-	(67)	449
Total	$3,216	$1,126	$(1,803)	$(32,305)	$(29,766)
At December 31, 2008					
Derivatives:					
- Currency swaps	$1,122	$107	$5,178	$5,751	$12,158
Total	$1,122	$107	$5,178	$5,751	$12,158

Off-balance-sheet items

(a) Loan and capital commitments

The table below summarizes the amounts of the Bank's off-balance sheet financial instruments that will commit it to extend credit to its BMCs, as well as capital commitments for the acquisition of equipment and software.

At December 31, 2009	0-12 months	1-5 years	Total
Loan commitments	$155,000	$141,786	$296,786
Capital commitments	144	-	144
Total	$155,144	$141,786	$296,930
At December 31, 2008			
Loan commitments	$105,000	$148,268	$253,268
Capital commitments	1,425	810	2,235
Total	$106,425	$149,078	$255,503

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT ...*continued*

Fair value of financial assets and liabilities

(a)Fair value hierarchy.
IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices in active markets for identical assets. This level includes listed equity securities and debt instruments on exchanges (for example, the New York Stock Exchange, NASDAQ).

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset either directly or indirectly. This level includes derivative contracts. The source of input parameters like the LIBOR yield curve or counterparty credit risk is Bloomberg.

Level 3 – Inputs for the asset or liability that are not based on observable market date (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Bank considers relevant and observable market prices in its valuations where possible.

Assets and liabilities measured at fair value:

December 31, 2009	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
-Debt securities	$ -	$240,407	$80,919	$321,326
Financial assets designated at fair value				
-Derivatives	-	58,822	-	58,822
-Maintenance of value	-	-	516	516
Total assets	$ -	$299,229	$81,435	$380,664
Financial liabilities designated at fair value				
-Maintenance of value	$ -	$ -	$ 67	$ 67

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT *...continued*

Fair value of financial assets and liabilities*...continued*

Reconciliation of Level 3 items

	Financial assets designated at fair value		
	Debt securities	Maintenance of value	Total
At January 1, 2009	$ 82,874	$2,111	$ 84,985
Profit or loss	33	(382)	(349)
Adjustments to subscriptions	-	(1,213)	(1,213)
Purchases	1,304,814	-	1,304,814
Maturities	(1,306,802)	-	(1,306,802)
At December 31, 2009	$ 80,919	$516	$81,435

The amount of change in the fair value of time deposits that was attributable to changes in credit risk was nil.

(b) Financial instruments measured at fair value using a valuation technique

The total amount of the change in fair value estimated using a valuation technique that was recognized in profit and loss during the year was income of $11,521 (2008: $56,015).

NOTE C – RISK MANAGEMENT*…continued*

(c)*Financial instruments not measured at fair value*

The carrying amounts and the fair value of those financial assets and liabilities not presented in the balance sheet at their fair value are summarized below.

(i) Due from banks
Due from banks includes cash and inter-bank placements. The estimated fair value of floating rate placements and overnight deposits is their carrying value.

(ii) Loans
The Bank's loan portfolio comprises loans granted to, or guaranteed by its Borrowing Member Countries as well as certain other non-sovereign guaranteed loans. Amounts disbursed on loans are repayable in the currency or currencies disbursed by the Bank or in other freely convertible currency or currencies approved by the Bank. The amount repayable in each of these currencies shall be equal to the amount disbursed in the original currency. Loans are granted for a maximum period of twenty years, including a grace period, which is typically the period of project implementation. Loans are for the purpose of financing development projects and programmes, and are not intended for sale. Further, management does not believe there is a comparable secondary market for the type of loans made by the Bank.

For 2009 the estimated fair values are based on discounted cash flow models using an estimated yield curve appropriate for the remaining term to maturity.

(iii) Non-negotiable demand notes
These are non-interest bearing demand notes with no conditions for repayment. The fair value is estimated therefore to be the carrying value.

(iv) Receivables - other
Due to the short-term nature of these assets, fair value is assumed to approximate carrying value.

(v) Accounts payable
The estimated fair value of current liabilities with no stated maturity is the amount repayable on demand.

(vi) Borrowings
The aggregate fair values are based on discounted cash flow models using a current yield curve appropriate for the remaining term to maturity.

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT*...continued*

The following table summarizes the carrying amounts and fair values of those financial assets and liabilities not presented on the Bank's balance sheet at their fair value.

	Carrying value		**Fair value**	
	2009	**2008**	**2009**	**2008**
Financial assets				
Due from banks	$17,917	$ 15,936	$17,917	$ 15,936
Loans	818,330	769,154	679,158	769,154
Non-negotiable demand notes	43,434	43,820	43,434	43,820
Subscriptions in arrears	1,250	-	1,250	-
Receivables – other	17,946	8,396	17,946	8,396
Financial liabilities				
Accounts payable	395	22,567	395	22,567
Borrowings	718,069	608,649	743,144	671,381

Derivatives

The Bank uses derivatives in its borrowing and liability management activities to take advantage of cost-saving opportunities and to lower its funding costs. The Bank has entered into currency swap agreements with major international banks by which proceeds of a borrowing are converted into a different currency and simultaneously a forward exchange agreement is executed providing for the future exchange of the two currencies in order to recover the currency converted. The Bank has also entered into interest rate swaps, which transform a floating rate payment obligation in a particular currency into a fixed rate payment obligation or *vice-versa*. Other financial expenses relate to expenses derived from the net swap expenses.

The determination of the fair value of financial instruments is disclosed in note B "Financial assets – (d) The determination of fair value".

NOTE C – RISK MANAGEMENT ...*continued*

Capital Management

CDB's objectives when managing capital, which is a broader concept than "equity" on the face of balance sheets, are to:

- Safeguard the Bank's ability to continue as a going concern; and
- Maintain a strong capital base to support its development activities.

The Bank's capital adequacy framework which is consistent with the guidelines developed by the Basel Committee takes into account the Bank's total equity, which is defined as paid-up capital, retained earnings and reserves less receivable from members, and the cumulative effect of IAS 39. The goals of the Bank's capital adequacy policy are to:

a) ensure a reliable framework and methodology to determine the appropriate levels of economic capital that the Bank should carry for prudential purposes; and
b) determine from time to time the appropriate changes in the level of economic capital that the Bank must have, based on changes in the risk profile of its credit exposures.

The capital adequacy framework is supported by an income targeting policy that would enable the Bank, not only to safeguard, but also to strengthen its level of capitalisation. CDB's Board of Directors has approved a total equity to exposure ratio (TEER)1 in the range of 50 and 55%.

At the end of each reporting period, an assessment is made to determine the imbedded risk in the Bank's exposures to the public and private sectors and its capacity to carry this risk. The outstanding loans for each debtor are placed into the rating category of that debtor. The default rate that is associated with each rating is applied to the outstanding exposure by each obligee.

The results of this analysis based on the balance sheet as at December 31, 2009, indicate a TEER of 61.3% (2008: 70.9%). This indicates that the Bank is adequately capitalised as its TEER is in excess of the 55% upper limit.

Management provides quarterly and annual reports to the Board to ensure compliance with the capital adequacy and exposure policies.

NOTE D – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Bank's financial statements and its financial results are influenced by accounting policies, assumptions, estimates and management judgement, which necessarily have to be made in the course of preparation of the financial statements.

CDB makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

1 For the purposes of capital adequacy, Equity = Paid-in capital + Ordinary reserves + Net income + Special reserve – Net receivable from members. Exposure = loans and guarantees outstanding.

NOTE D – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS*...continued*

Accounting policies and management's judgement for certain items are especially critical for the Bank's results and financial situation due to their materiality.

Loan loss provisions

The Bank reviews its loan portfolios on an annual basis to assess impairment. In determining whether an impairment loss should be recorded in the income statement, the Bank makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the Bank. For public sector loans the assessment is done on a portfolio basis, while for the private sector loans, the assessment is done on the individual loans. The Bank's method for determining the level of impairment of loans is described in Note B 'Impairment of financial assets' and further explained in Note C under credit risk.

Portfolio provisions for the unidentified impairment of sovereign loans at December 31, 2009 and 2008, amounted to $Nil. Due to the Bank's preferred creditor status afforded by its members a downgrade or upgrade by one risk-rating category would not have had a significant impact on the level of sovereign portfolio provision.

Fair value of derivatives

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques, for example, models. All models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risks (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value financial instruments. For example, if there was a decrease of 50 bps in credit spread, the Bank's profit for the year would increase by $2,083 and if there was an increase of 50 bps in credit spread, the Bank's profit for the year would decrease by $1,943.

Retirement benefits

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.

The assumptions used in determining the net cost (income) for pensions include the discount rate. The Bank determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash flows expected to be required to settle the pension obligations. The Bank considers the interest rates of high-quality instruments that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

(expressed in thousands of United States dollars)

NOTE D – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS*...continued*

Retirement benefits*...continued*

Other key assumptions for pension obligations are based on current market conditions.

Were the discount rate used for the NPP to differ by 10% from management's estimates, the defined benefit obligation for benefits in the NPP would be estimated at $2,237 lower or $2,553 higher.

NOTE E – SEGMENT ANALYSIS

The Bank is a multilateral financial institution dedicated to the development of the economies of the Caribbean member countries. In management's opinion the Bank has one reportable segment since CDB does not manage its operations by allocating resources based on a determination of the contribution of the net income from individual borrowers. For the year ended December 31, 2009 loans to three countries generated in excess of 10% of loan interest income, this amounted to $9,803, $5,853 and $5,666 respectively.

The following table presents CDB's loans outstanding balances and associated interest income by country as of and for the years ended December 31, 2009 and 2008:

	Interest income		Loans outstanding	
Country	**2009**	**2008**	**2009**	**2008**
Jamaica	$ 9,803	$ 9,610	$178,734	$157,226
Barbados	5,853	5,978	110,067	106,779
St. Lucia	5,666	5,695	96,602	91,197
Other	24,334	25,329	432,927	413,952
Total	$45,656	$46,612	$818,330	$769,154

NOTE F – CASH AND CASH EQUIVALENTS

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with less than 3 months maturity from the date of acquisition:

	2009	**2008**
Due from banks	$17,917	$15,936
Time deposits included in investment portfolio – Note G	80,865	82,747
Cash and cash equivalents	$98,782	$98,683

(expressed in thousands of United States dollars)

NOTE G –DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

A summary of the Bank's debt securities through profit or loss at December 31, 2009 and 2008 was as follows:

	2009				
	USD	EUR	CAD	Other	All Currencies
Obligations guaranteed by Governments1	$192,470	$8,300	$3,654	$ -	$204,424
Multilateral organizations	2,583	-	5,557	-	8,140
Time Deposits	71,340	-	124	9,401	80,865
Euro Commercial Paper	25,726	-	-	-	25,726
Sub-total	$292,119	$8,300	$9,335	$9,401	$319,155
Accrued interest	1,861	175	87	48	2,171
Total	**$293,980**	**$8,475**	**$9,422**	**$9,449**	**$321,326**

	2008				
	USD	EUR	CAD	Other	All Currencies
Obligations guaranteed by Governments	$140,546	$6,220	$6,104	$ -	$152,870
Multilateral organizations	5,178	-	977	-	6,155
Time Deposits	71,910	1,679	399	8,759	82,747
Euro Commercial Paper	14,955	-	-	-	14,955
Sub-total	$232,589	$7,899	$7,480	$8,759	$256,727
Accrued interest	1,721	198	216	122	2,257
Total	$234,310	$8,097	$7,696	$8,881	$258,984

	2009	**2008**
Current	$173,800	$135,422
Non-current	$147,526	$123,562

1 Freely convertible currencies in Government and Government-guaranteed obligations which are members of the G7 or EU and its agencies.

(expressed in thousands of United States dollars)

NOTE H – LOANS OUTSTANDING

The following tables break down the Bank's main credit exposures at their carrying amounts, as categorized by Borrowing Member Countries, regional institutions and to the private sector as of December 31, 2009.

Borrowers	Loans approved	Loans not yet effective	Signed agreements	Undisbursed	Outstanding	% of Loans outstanding
Anguilla	$ 38,719	$ 18,000	$ 20,719	$ 933	$ 12,938	1.6
Antigua and Barbuda	69,588	30,000	39,588	5,225	21,794	2.7
Bahamas	48,553	-	48,553	-	8,645	1.1
Barbados	242,159	12,850	229,309	31,152	110,067	13.6
Belize	132,802	-	132,802	23,384	66,363	8.2
British Virgin Islands	44,416	-	44,416	4,700	19,431	2.4
Cayman Islands	44,196	-	44,196	125	7,855	1.0
Dominica	41,750	7,500	34,250	3,941	14,648	1.8
Grenada	55,339	1,341	53,998	9,905	30,193	3.7
Guyana	53,604	-	53,604	4,819	29,605	3.7
Jamaica	446,224	-	446,224	119,676	178,734	22.1
Montserrat	485	-	485	-	-	-
St. Kitts and Nevis	92,848	-	92,848	21,014	53,654	6.6
St. Lucia	157,094	-	157,094	14,083	96,602	11.9
St. Vincent & the Grenadines	101,527	-	101,527	20,241	64,868	8.0
Trinidad and Tobago	129,822	-	129,822	-	45,538	5.6
Turks & Caicos Islands	12,027	-	12,027	1,856	7,325	0.9
Regional	14,597	8,250	6,347	-	269	0,0
Private Sector	160,450	20,000	140,450	35,732	40,310	5,0
Sub-total	1,886,200	97,941	1,788,259	296,786	808,839	100.0
Provision for losses					(2,046)	
Accrued interest					11,537	
Total – December 31, 2009	**$1,886,200**	**$ 97,941**	**$1,788,259**	**$296,786**	**$818,330**	
Total – December 31, 2008	$1,787,124	$163,260	$1,623,864	$253,268	$769,154	

	2009	2008
Current	$ 79,779	$ 47,732
Non-current	$738,551	$721,422

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NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

(expressed in thousands of United States dollars)

NOTE H – LOANS OUTSTANDING … *continued*

The currency composition of outstanding loans as at December 31, 2009 was as follows:

Currencies receivable	Loans out-standing 2008	Translation adjustment	Disbursements	Sub-Total	Repayments	Provision for Losses	Loans out-standing 2009	% of loans outstanding
United States dollars	759,820	-	115,674	875,494	(66,655)	-	808,839	100.0
Sub-total	759,820	-	115,674	875,494	(66,655)	-	808,839	100.0
Provision for losses	(996)					(1,050)	(2,046)	
Accrued interest	10,330						11,537	
Total – December 31, 2009	**$769,154**		**115,674**	**875,494**	**(66,655)**	**(1,050)**	**818,330**	
Total – December 31, 2008	$750,382	$(2,575)	$101,598	$849,405	$(79,358)	$(996)	$769,154	

Reconciliation of allowance account for losses on loans

	2009	**2008**
Balance at January 1	$ 996	$ -
Increase in impairment allowance	1,050	996
Balance at December 31	$2,046	$996

(expressed in thousands of United States dollars)

NOTE I – DERIVATIVE FINANCIAL INSTRUMENTS

The fair values of derivative financial instruments held at December 31, 2009, were as follows:

		2009	2008
		Fair values	
	Notional Amount	Assets	Assets
Cross currency interest rate swaps	$160,000	$58,822	$71,270
Maintenance of value		$ 516	$ 2,111
		Liabilities	Liabilities
Maintenance of value		$ 67	$ -

These balances are non-current.

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 or a combination of all these (e.g. cross-currency interest rate swaps). The bank's credit risk represents the potential cost to replace the swap contracts if the counterparties fail to fulfil their obligation.

The Bank has two dual currency interest rate swaps. These swaps were derived by changing underlying fixed rate borrowings in Japanese Yen to floating rate borrowings in United States dollars. The two fixed rate Japanese Yen notes which mature in 2022 and 2030 carry an interest rate of 2.75% and 4.35%, respectively. The principal due on maturity are in Japanese Yen, while the interest payments are made in United States dollars.

NOTE J – 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 that 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. For a detailed listing refer to Note R.

All of the non-negotiable demand notes are non-current.

NOTE K – MAINTENANCE OF VALUE ON CURRENCY HOLDINGS

Member countries, whose currencies do not have a fixed relationship with the US dollar but have made adjustments to the exchange rate, are obliged to maintain the value of their currencies in respect of capital contributions if such currencies depreciate.

(expressed in thousands of United States dollars)

NOTE L – RECEIVABLES – OTHER

	2009	2008
Inter-fund receivables – Note V	$16,007	$6,135
Staff loans and other receivables	1,236	1,040
VAT receivable	366	252
Other	337	969
	$17,946	$8,396
Current	$16,883	$6,387
Non-current	$ 1,063	$2,009

During the year, no provision (2008 – nil) was required as no receivables were considered to be impaired.

(expressed in thousands of United States dollars)

NOTE M – PROPERTY AND EQUIPMENT

Under the Headquarters' Agreement with the host country, the Bank's owned buildings in the host country are intended to be used for the purposes of the Bank.

The carrying values of property and equipment as at December 31, 2009 were as follows:

	Projects in Progress	Land, Buildings and Ancillary Works	Computers	Furniture and Equipment	Motor Vehicles	Total
At January 1, 2008						
Cost	$ -	$ 9,322	$ 6,767	$ 5,188	$ 246	$ 21,523
Accumulated Depreciation	-	(5,258)	(5,855)	(4,405)	(128)	(15,646)
Closing net book amount	-	4,064	912	783	118	5,877
Year ended December 31, 2008						
Opening net book amount	-	4,064	912	783	118	5,877
Additions	1,926	5	557	164	-	2,652
Reclassifications – cost	19	(99)	(1,769)	(2,070)	(9)	(3,928)
Reclassifications – accumulated depreciation	-	50	1,751	2,118	9	3,928
Disposals	-	-	-	-	(74)	(74)
Disposals-accumulated depreciation	-	-	-	-	74	74
Depreciation expense	-	(363)	(310)	(314)	(39)	(1,026)
Closing net book amount	1,945	3,657	1,141	681	79	7,503
At December 31, 2008						
Cost	1,945	9,228	5,555	3,282	163	20,173
Accumulated Depreciation	-	(5,571)	(4,414)	(2,601)	(84)	(12,670)
Closing net book amount	1,945	3,657	1,141	681	79	7,503
Year ended December 31, 2009						
Opening net book amount	1,945	3,657	1,141	681	79	7,503
Additions	1,172	875	5	305	-	2,357
Transfers from projects in progress	(2,875)	980	1,895	-	-	-
Disposals – Cost	-	-	(243)	-	-	(243)
Disposals-accumulated depreciation	-	-	243	-	-	243
Depreciation expense	-	(354)	(733)	(307)	(33)	(1,427)
Closing net book amount	242	5,158	2,308	679	46	8,433
At December 31, 2009						
Cost	242	11,083	7,212	3,587	163	22,287
Accumulated Depreciation	-	(5,925)	(4,904)	(2,908)	(117)	(13,854)
Closing net book amount	**$ 242**	**$ 5,158**	**$ 2,308**	**$ 679**	**$ 46**	**$ 8,433**

Land valued at $875 donated by the Government of Barbados was conveyed during the year and is included in the additions to land, buildings and ancillary works.

(expressed in thousands of United States dollars)

NOTE N – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2009	2008
Accounts payable	$ 236	$ 375
Termination benefits	-	750
Accrued expenses	1,847	1,749
Payments in advance	159	21,442
Total	$2,242	$24,316
Current portion	$2,089	$24,221
Non-current portion	$ 153	$ 95

NOTE O – AMOUNTS PAYABLE TO MEET MAINTENANCE OF VALUE

The Bank is obliged to make MOV payments in promissory notes to members whose currencies have significantly appreciated.

NOTE P – POST EMPLOYMENT BENEFIT OBLIGATIONS

The Bank operates a defined benefit pension plan and a hybrid pension scheme based on the employee pensionable remuneration and length of service. While certain administration charges are allocated, the post-employment benefit obligations reflected are those of the OCR as the OCR has no recourse to the Other Special Fund with respect to this obligation.

Pension and other post employment obligations

	2009	2008
Balance sheet obligations for:		
Pension benefits	$ (678)	$ (770)
Post-employment medical benefits	1,866	1,667
Liability in the balance sheet	$1,188	$ 897
Income statement charge for:		
Pensions benefits	$2,905	$2,442
Post-employment medical benefits	237	213
	$3,142	$2,655

(expressed in thousands of United States dollars)

NOTE P – POST-EMPLOYMENT BENEFIT OBLIGATIONS*...continued*

Pension and other post employment obligations…*continued*

The amounts recognized in the balance sheet are determined as follows:

	Pensions		Post-employment medical benefits	
	2009	**2008**	**2009**	**2008**
Present value of funded obligations	$51,989	$47,709	$1,932	$1,835
Fair value of plan assets	(48,423)	(43,386)	-	-
	3,566	4,323	1,932	1,835
Unrecognized actuarial losses	(4,244)	(5,093)	(66)	(168)
Liability/(asset) included in balance sheet	$ (678)	$ (770)	$1,866	$1,667

The amounts recognized in the income statement are as follows:

	Pensions		Post-employment medical benefits	
	2009	**2008**	**2009**	**2008**
Current service cost	$2,601	$2,637	$ 91	$ 83
Interest cost	2,912	2,473	145	130
Expected return on plan assets	(2,859)	(2,668)	-	-
Amortisation of actuarial cost	251	-	-	-
	$2,905	$2,442	$236	$213
Actual return on the plan assets	$(3,754)	$(3,686)		

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

	Pensions		Post-employment medical benefits	
	2009	**2008**	**2009**	**2008**
January 1	$ (770)	$ (514)	$1,667	$1,486
Pension/benefit cost	2,905	2,442	236	213
Contributions paid	(2,813)	(2,698)	(37)	(32)
December 31	$ (678)	$ (770)	$1,866	$1,667

(expressed in thousands of United States dollars)

NOTE P – POST-EMPLOYMENT BENEFIT OBLIGATIONS...*continued*

Pension and other post employment obligations…*continued*

Movement in the defined benefit obligation over the year is as follows:

	Pensions		Post-employment medical benefits	
	2009	2008	2009	2008
January 1	$47,709	$45,872	$1,835	$1,636
Current service cost	2,601	2,637	91	83
Interest cost	2,912	2,473	145	130
Employees' contributions	748	783	-	-
Experience (gain)/loss	299	(2,227)	(102)	18
Benefits paid	(2,280)	(1,829)	(37)	(32)
December 31	$51,989	$47,709	$1,932	$1,835

Movement in the fair value of plan assets over the year is as follows:

	Pensions	
	2009	2008
January 1	$43,386	$45,522
Expected return on plan assets	2,859	2,668
Experience gain/(loss)	897	(6,456)
Employer's contributions	2,813	2,698
Employees' contributions	748	783
Benefits paid	(2,280)	(1,829)
December 31	$48,423	$43,386

The principal actuarial assumptions used for accounting purposes are:

	Pensions		Post-employment medical benefits	
	2009 (%)	2008 (%)	2009 (%)	2008 (%)
Discount rate	6.0	6.25	8.0	8.0
Expected return on plan assets	6.0-6.5	6.25-6.75	-	-
Future salary increases	5.5	5.5	-	-
Future pension increases	0-2.5	0-2.5	-	-
Annual increase in benefit	-	-	6.5	6.5

(expressed in thousands of United States dollars)

NOTE P – POST-EMPLOYMENT BENEFIT OBLIGATIONS...*continued*

Pension and other post-employment obligations…*continued*

Mortality rate

Assumptions regarding future mortality experience are set based on actuarial advice, based on published statistics and experience.

The average life expectancy in years of a pensioner retiring at age 62 on the balance sheet date is as follows:

	2009	**2008**
Male	19.35	19.35
Female	23.32	23.32

A one-percentage-point change in assumed health care trend rates would have the following effects:

	1 % point increase	1 % point decrease
Effect on total service and interest cost components	$ 49	$ (40)
Effect on post-retirement benefit obligation	$296	$(311)

Post-employment benefits are comprised as follows:

Asset allocation as at December 31 – New Pension Plan	**2009**	**2008**
Equity securities	53%	47%
Debt securities	42%	53%
Other	5%	-
Total	100%	100%

Asset allocation as at December 31 – Pension Scheme	2009	2008
Debt securities	92%	98%
Other	8%	2%
Total	100%	100%

CDB's contributions to both pension plans in 2010 are estimated at $2,552.

(expressed in thousands of United States dollars)

NOTE P – POST-EMPLOYMENT BENEFITS*...continued*

Pension and other post-employment obligations…*continued*

The expected return on plan assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the balance sheet date, while equity returns reflect long-term real rates of return experienced in respective markets.

As at December 31

	2009	2008	2007	2006	2005
Present value of defined benefit obligation	$51,989	$47,910	$45,872	$41,019	$ 38,516
Fair value of plan assets	(48,423)	(43,386)	(45,522)	(40,994)	(36,654)
Deficit	$ 3,566	$4,524	$350	$25	$1,862
Experience adjustments on plan liabilities	$ 538	$ (240)	$(750)	$582	$2,124
Experience adjustments on plan assets	$ 895	$(6,194)	$ 102	$446	$ (445)

NOTE Q – BORROWINGS

It is the Bank's policy to limit borrowing and guarantees chargeable to the Bank's Ordinary Capital Resources to 100 percent of the callable capital of its investment grade non-borrowing members plus the cash reserves.At December 31, 2009, total borrowings amounted to $718,069 (2008: $608,649). Also at December 31, 2009, the ratio of total outstanding borrowings to the borrowing limit of $732,620 (2008 -$722,975) was 98.0% (2008 – 84.2%).

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NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

(expressed in thousands of United States dollars)

NOTE Q – BORROWINGS…*continued*

A summary of the borrowings at December 31, 2009, was as follows:

	Original amounts[1/]	Translation adjustments	Repayments to date	Currency swap[2/]	Undrawn	Outstanding	Due dates
CDB Market Borrowings							
4.35% Notes – Yen	60,000	10,099	-	-	-	70,099	2030
2.75% Notes – Yen	100,000	23,299	-	12,050	-	135,349	2022
2.50% Two Year Bonds – US$	105,000	-	-	-	-	105,000	2010
2.22% One Year discount Note – US$	9,783	-	(9,783)	-	-	-	2009
1.88% One Year discount Note – US$	9,816	-	-	-	-	9,816	2010
Floating Rate Note – US$	60,000	-	-	-	-	60,000	2013
Floating Rate Note – US$	149,777	-	-	-	-	149,777	2014
Floating Rate Note – US$	119,330	-	-	-	-	119,330	2012
	613,706	33,398	(9,783)	12,050	-	649,371	
European Investment Bank							
Global Loan 11 – A – US$	13,034	-	(9,830)	-	-	3,204	2011
Global Loan 111 - US$	51,157	-	-	-	-	51,157	2023
	64,191	-	(9,830)	-	-	54,361	
Inter-American Development Bank							
Loan 926/OC-RG-US$	19,347	-	(6551)	-	-	12,796	2021
Sub-total	697,244	33,398	(26,164)	12,050	-	716,528	
Accrued interest	-	-	-	-	-	1,541	
Total – December 31, 2009	**$697,244**	$33,398	**$(26,164)**	**$12,050**	**$ -**	**$718,069**	
Total – December 31, 2008	$618,057	$36,735	$(63,737)	$12,977	$ -	$608,649	

1/ Net of cancellations and borrowings fully paid.

2/ Unwinding of fair value hedge.

(expressed in thousands of United States dollars)

NOTE Q – BORROWINGS...*continued*

Currencies repayable on outstanding borrowings at December, 31, 2009, were as follows:

Currencies Repayable	**Outstanding at December 2008**	**Translation Adjustment**	**Draw-downs**	**Currency swap amortisation**	**Repay-ments**	**Outstanding at December 2009**
United States dollars	$394,320	$ -	$129,187	$ -	$(12,427)	$511,080
Japanese yen	209,712	(3,337)	-	(927)	-	205,448
Sub-total	604,032	(3,337)	129,187	(927)	(12,427)	716,528
Accrued interest	4,617	-			-	1,541
Total – December 31, 2009	**$608,649**	**$(3,337)**	**$129,187**	**$(927)**	**$(12,427)**	**$718,069**
Total – December 31, 2008	$472,483	$41,274	$149,680	$(927)	$(52,600)	$608,649

The current and non-current portions of borrowings as at December 31 were as follows:

	2009	2008
Current	**$119,047**	$ 17,971
Non-current	**599,022**	590,678
Total	**$718,069**	$608,649

NOTE R – EQUITY

Equity is comprised of capital, retained earnings and reserves. These are further detailed as follows:

Capital

Subscriptions to the capital stock of the Bank are made up of the initial capital, five additional subscriptions and three general capital increases. The Bank's capital as at December 31 was as follows:

Capital stock	**2009**	**2008**
Authorized capital - 118,526 (2008 – 118,526) shares		
Subscribed capital - 108,846 (2008 – 108,846) shares	$712,958	$712,958
Less callable capital - 85,011 (2008-85,011) shares	555,525	555,525
Paid-up capital – 23,835 (2008 – 23,835) shares	$157,433	$157,433

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

(expressed in thousands of United States dollars)

NOTE R – EQUITY *...continued*

Capital*...continued*

The subscriptions by member countries and their voting power at December 31, 2009, were as follows:

Member	No. of Shares	% of Total	Total subscribed Capital	Callable Capital	Paid-up Capital	Sub-scriptions matured	Voting Power No. of votes	Voting Power % of total votes	Receivable from members non-negotiable demand notes
Regional States and Territories									
Jamaica	19,342	17.77	$116,666	$ 91,122	$25,544	$25,544	19,492	17.38	$12,826
Trinidad and Tobago	19,342	17.77	116,666	91,122	25,544	25,544	19,492	17.38	10,927
Bahamas	5,703	5.24	34,399	26,865	7,534	7,534	5,853	5.22	1,612
Guyana	4,167	3.82	25,134	19,633	5,501	5,501	4,317	3.85	3,148
Colombia	3,118	2.86	18,807	14,687	4,120	4,120	3,268	2.90	627
Mexico	3,118	2.86	18,807	14,687	4,120	4,120	3,268	2.90	-
Venezuela	3,118	2.86	18,807	14,687	4,120	4,120	3,268	2.90	3,203
Barbados	3,630	3.33	21,895	17,100	4,795	4,795	3,780	3.37	1,070
Belize	859	0.79	5,181	4,047	1,134	1,134	1,009	0.90	-
Dominica	859	0.79	5,181	4,047	1,134	1,134	1,009	0.90	286
Grenada	736	0.67	4,439	3,468	971	971	886	0.79	213
St. Lucia	859	0.79	5,181	4,047	1,134	1,134	1,009	0.90	360
St. Vincent and the Grenadines	859	0.79	5,181	4,047	1,134	1,134	1,009	0.90	97
Antigua and Barbuda	859	0.79	5,181	4,047	1,134	1,134	1,009	0.90	296
St. Kitts and Nevis	859	0.79	5,181	4,047	1,134	1,134	1,009	0.90	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	1.06	-
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	)	)	-
Haiti	875	0.80	5,278	4,120	1,158	1,158	1,025	0.91	-
Sub-total	69,337	63.69	$418,222	$326,638	$91,584	$91,584	71,887	64.09	$34,943

1/ In accordance with Article 3 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

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

(expressed in thousands of United States dollars)

NOTE R – EQUITY…*continued*

Capital…***continued***

Member	No. of Shares	% of Total	Total subscribed capital	Callable Capital	Paid-up Capital	Sub-scriptions matured	Voting Power No. of votes	Voting Power % of total votes	Receivable from members non-negotiable demand notes
Sub-total	69,337	63.69	$418,222	$326,638	$91,584	$91,584	71,887	64.09	$34,943
Non-Regional States									
Canada	10,402	9.56	$ 62,742	$ 49,002	$ 13,740	$ 13,740	10,552	9.41	-
United Kingdom	10,402	9.56	62,742	49,002	13,740	13,740	10,552	9.41	2,150
Italy	6,235	5.73	37,608	29,374	8,234	8,234	6,385	5.69	792
Germany	6,235	5.73	37,608	29,374	8,234	8,234	6,385	5.69	5,549
China	6,235	5.73	37,608	29,374	8,234	8,234	6,385	5.69	-
	39,509	36.31	238,308	186,126	52,182	52,182	40,259	35.91	8,491
Sub-total	108,846	100.00	656,530	512,764	143,766	143,766	112,146	100.00	43,434
Additional subscriptions									
China	-	-	18,804	14,688	4,116	4,116	-	-	-
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	-	-	-
Haiti	-	-	2,639	2,060	579	579	-	-	-
Sub-total	-	-	56,428	42,761	13,667	13,667	-	-	-
Total - December 31, 2009	**108,846**	**100.00**	**$712,958**	**$555,525**	**$157,433**	**$157,433**	**112,146**	**100.00**	**$43,434**
Total - December 31, 2008	108,846	100.00	$712,958	$555,525	$157,433	$157,433	112,146	100.00	**$43,820**

1/ In accordance with Article 3 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

NOTE R – EQUITY *...continued*

Members' subscriptions

The Bank's capital stock is divided into paid-in shares and callable shares. Payment for paid-in shares subscribed by its members is made over a period of years determined in advance. The Bank's Articles state that payment of the amount subscribed to the callable capital is subject to call by the Bank to meet its obligations incurred pursuant to Article 7, paragraph 6 taking into account paragraphs (b) and (d) of Article 13 on borrowings of funds or on guarantees, only as and when required by the Bank.

The Agreement establishing the CDB also allows for a member country to withdraw from the Bank, at which time the Bank is required to arrange for the repurchase of the former member's shares. Only one member has ever withdrawn its membership voluntarily. No other member has ever indicated to the Bank that it intends to withdraw its membership from the Bank. The stability in the membership reflects the fact that the purpose of the Bank is to contribute to the sustainable economic development and social progress of its Borrowing Member Countries individually and jointly. Moreover, there is a significant financial disincentive to withdrawing membership. The repurchase price of the shares is the value shown by the books of the Bank on the date a country ceases to be a member. However, the former member shall remain liable for direct obligations and contingent liabilities to the Bank for so long as any parts of the loans or guarantees contracted before the date of withdrawal are outstanding. The Bank may partially or fully offset amounts due for shares purchased against the member's liabilities on loans and guarantees due to the Bank. Were a member to withdraw, the Bank may set the dates in respect of payments for shares repurchased. If, for example, paying a former member would have adverse consequences for the Bank's financial position, the Bank could defer payment until the risk had passed, and indefinitely if appropriate. If the Bank were to terminate its operations within six months of the termination date, all liabilities of the Bank would first be settled out of the assets of the Bank and then, if necessary, out of members' callable capital, before any distribution could be made to any member country, including the withdrawing member.

Under the agreement, payment for the paid-up shares of the original capital stock subscribed to by members was made in installments. Of each installment, up to 50 percent was payable in non-negotiable, non-interest bearing promissory notes or other obligations issued by the subscribing member and payable at their par value upon demand.

(expressed in thousands of United States dollars)

NOTE R – EQUITY *...continued*

Retained earnings and reserves

Retained earnings and reserves comprise the following elements at December 31, 2009, and December 31, 2008:

	2009	2008
Ordinary reserves	$340,036	$310,655
Surplus	11,648	11,648
Unallocated net income	30,405	29,381
Derivative fair value earnings net of cumulative effect of foreign exchange translation	11,901	20,085
Special reserve	6,254	6,254
General banking reserve	7,856	7,856
	$408,100	$385,879

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

Special reserve

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.

General banking reserve

Loan loss provisions amounting to $7,856 (2008 - $7,856) are deemed to be a provision for general banking risks and are reported as a general banking reserve.

(expressed in thousands of United States dollars)

NOTE R – EQUITY*...continued*

Appropriation of retained earnings

In 2008, an interest subsidy fund was established in the Other Special Funds to provide a subsidy on interest payments to borrowers meeting certain criteria. In order to establish this fund an amount of $11,000 was appropriated from retained earnings and transferred to the Other Special Funds.

NOTE S – INCOME FROM LOANS, INVESTMENTS AND CASH BALANCES

Income from loans

Income from loans for the years ended December 31, 2009 and 2008, was as follows:

	2009	2008
Interest income	$43,123	$44,490
Commitment fees	2,533	2,122
Total	$45,656	$46,612

Other financial income and expenses

Other financial income and expenses is comprised of the net interest position on the swaps and includes other finance charges.

NOTE T – 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.

(expressed in thousands of United States dollars)

NOTE T – ADMINISTRATIVE EXPENSES *...continued*

Administrative expenses are as follows:

	2009	2008
Staff related	$6,205	$6,165
Professional fees and consultancies	369	535
Travel	459	436
Depreciation	566	410
Other	345	408
Utilities and maintenance	361	366
Supplies and printing	144	219
Board of Governors and Directors	204	202
Computer services	298	200
Communications	149	176
Bank charges	43	40
Insurance	31	30
Total administrative expenses	$9,174	$9,187

Staff costs charged to the OCR are as follows:

	2009	2008
Salaries and allowances	$4,697	$4,698
Pension costs – hybrid scheme	133	151
Pension costs – defined benefit plan	1,039	964
Other post-retirement benefits	336	352
	$6,205	$6,165

NOTE U – DERIVATIVE FAIR VALUE ADJUSTMENT

Derivative fair value adjustment of $11,521 (2008 – ($56,015)) included in the statement of income comprises:

	2009	2008
Cross currency interest rate swap	$11,521	$(56,642)
Interest rate swap	-	627
	$11,521	$(56,015)

(expressed in thousands of United States dollars)

NOTE V – RELATED PARTY TRANSACTIONS

The movement in interfund receivables in accounts receivables at December 31 is as follows:

	2009	2008
January 1	$ 6,135	$7,896
Advances during the year	135,888	22,465
Allocation of administrative expenses	13,949	13,788
Repayments during the year	(139,965)	(38,014)
December 31	$ 16,007	$6,135

Key management compensation as at December 31 is as follows:

	2009	2008
Key management compensation		
Salaries and allowances	$1,638	$1,249
Post-employment benefits	723	748
	$2,361	$1,997

In 2008, the interest subsidy fund was established by the Board of Directors of the Bank to subsidize part of the interest payments for which certain borrowers are liable on loans from the OCR. During 2009, $346 was received from the Other Special Funds in interest on behalf of the borrowers.

NOTE W – COMMITMENTS AND GUARANTEES

At December 31, 2009, CDB had undisbursed loan balances of $296,786 as well as approved capital expenditure commitments amounting to $1,810 for the 2009 financial year. Of the amounts previously approved $425 had been committed at December 31, 2008.

CDB has provided a partial guarantee of a loan made by another financial institution. Guarantee, in support of a bond issuance, is for the payment of no more than two debt service payments on a rolling and non-accelerable basis. The payment cannot exceed the equivalent of $8,300 in any one year. This amount represents the maximum potential amount of undiscounted future payments that CDB could be required to make under the guarantee, and is not included in the Balance Sheet. The guarantee has a maturity of 12 years, and will expire in 2020.

NOTE X – FIDUCIARY RESPONSIBILITIES

During 2008, the Bank established an escrow account at the behest of the CARICOM Secretariat into which the proceeds of contributions to the CARICOM Developments Fund have been deposited. The assets and income arising thereon are excluded from the financials as they are not assets of the Bank. As of December 31, 2009, the amount held in the escrow account was $81,894 (2008 - $66,529).

NOTE Y – EVENTS AFTER THE BALANCE SHEET DATE

On February 12, 2010, the Bank received a request from Banque AIG for a cash settlement of the Swap Transaction with a notional amount of $60,000 between Banque AIG, London Branch and the CDB. Banque AIG has acted as the counterparty in this Swap Transaction since February 1, 2000. The original date for this cash settlement was February 22, 2010. However, the Bank has requested an extension of this date to March15, 2010, while negotiations are taking place for another counterparty to replace Banque AIG and to allow for notification to CDB's Board of Directors. At the balance sheet date of December 31, 2009, CDB was due to receive $19,056 in respect of this Swap Transaction.

On January 13, 2010, the Bank received a Redemption Notice from the holders of $60,000 in Floating Rate Notes which were due in 2013. The redemption date of these notes is April 15, 2010.

PRICEWATERHOUSECOOPERS

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Independent 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") for the year ended December 31, 2009, which comprise the balance sheet as at December 31, 2009 and the statement of income and accumulated income for the year then ended, and a summary of significant accounting policies and other explanatory information. The special purpose financial statements have been prepared on the basis set out in Note A.

Management's responsibility for the special purpose financial statements

Management is responsible for the preparation and presentation of these special purpose financial statements on the basis described in Note A. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of special purpose financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special purpose financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the special purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the special purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying special purpose financial statements have been prepared, in all material respects, in accordance with the basis set out in Note A.

PricewaterhouseCoopers

Chartered Accountants
March 24, 2010
Bridgetown, Barbados

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

BALANCE SHEET
As of December 31, 2009

(expressed in thousands of United States dollars)

	2009			2008		
	Unified	**Other**	**Total**	**Unified**	**Other**	**Total**
Assets						
Due from banks	**$ -**	**$ 2,473**	**$ 2,473**	$ -	$1,997	$1,997
Investments – at fair value (Schedule 1)	**246,088**	**63,675**	**309,763**	248,313	63,834	312,147
Loans (Schedule 2)	**412,935**	**22,248**	**435,183**	380,602	22,538	403,140
Receivables – other						
Accounts receivable including interfund receivables	**-**	**-**	**-**	907	51	958
	$659,023	**$88,396**	**$747,419**	629,822	88,420	718,242
Receivable from contributors						
Non-negotiable demand notes (Schedule 3)	**54,975**	**-**	**54,975**	54,548	-	54,548
Contribution in arrears	**8,305**	**-**	**8,305**	5,655	-	5,655
	63,280	**-**	**63,280**	60,203	-	60,203
Total assets	**$722,303**	**$88,396**	**$810,699**	$690,025	$88,420	$778,445
Liabilities and Funds						
Liabilities						
Bank overdraft	**337**	**-**	**337**	$ 373	$ -	$ 373
Accounts payable including interfund payables	**60,654**	**1,308**	**61,962**	59,038	1,137	60,175
Accrued charges on contributions	**-**	**15**	**15**	-	18	18
	$60,991	**$1,323**	**$62,314**	$59,411	$1,155	$60,566

The accompanying schedules and notes on pages 115 to 130 are an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

BALANCE SHEET
As of December 31, 2009

(expressed in thousands of United States dollars)

	2009			2008		
	Unified	**Other**	**Total**	**Unified**	**Other**	**Total**
Funds						
Contributed resources (Schedule 3)						
Contributions	**\$923,790**	**\$45,676**	**\$969,466**	\$757,180	\$46,308	\$803,488
Less amounts not yet made available	**(115,563)**	**-**	**(115,563)**	(8,564)	-	(8,564)
Amounts made available	**808,227**	**45,676**	**853,903**	748,616	46,308	794,924
Allocation to technical assistance and grant resources	**(251,650)**	**(2,266)**	**(253,916)**	(217,000)	(2,266)	(219,266)
	556,577	**43,410**	**599,987**	531,616	44,042	575,658
Accumulated net income (Schedule 4)	**38,266**	**42,757**	**81,023**	35,462	42,317	77,779
Technical assistance and grant resources – Note E	**66,469**	**906**	**67,375**	63,536	906	64,442
	\$661,312	**\$87,073**	**\$748,385**	\$630,614	\$87,265	\$717,879
Total liabilities and funds	**\$722,303**	**\$88,396**	**\$810,699**	\$690,025	\$88,420	\$778,445

The accompanying schedules and notes on pages 115 to 130 are an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF INCOME AND ACCUMULATED NET INCOME
For the year ended December 31, 2009

(expressed in thousands of United States dollars)

	2009			2008		
	Unified	**Other**	**Total**	**Unified**	**Other**	**Total**
Income						
From loans	**$9,092**	**$495**	**$9,587**	$8,664	$518	$9,182
From investments and cash balances	**5,069**	**1,405**	**6,474**	9,418	2,991	12,409
Gross income	**14,161**	**1,900**	**16,061**	18,082	3,509	21,591
Expenses						
Administrative expenses	**11,089**	**995**	**12,084**	10,640	1,077	11,717
Charges on contributions	**-**	**145**	**145**	-	176	176
Exchange	**268**	**(580)**	**(312)**	34	1,209	1,243
Total expenses	**11,357**	**560**	**11,917**	10,674	2,462	13,136
Net income for the year	**$2,804**	**$1,340**	**$4,144**	$7,408	$1,047	$8,455

Accumulated Net Income

Accumulated net income – beginning of year	**$35,462**	**$42,317**	**$77,779**	$28,054	$44,870	$72,924
Appropriations for technical assistance	**-**	**(900)**	**(900)**	-	(3,600)	(3,600)
Net income for the year	**2,804**	**1,340**	**4,144**	7,408	1,047	8,455
Accumulated net income – end of year	**$38,266**	**$42,757**	**$81,023**	$35,462	$42,317	$77,779

The accompanying schedules and notes on pages 115 to 130 are an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (UNIFIED)

STATEMENT OF CASH FLOWS
For the year ended December 31, 2009

(expressed in thousands of United States dollars)

	2009		2008
Operating activities			
Net income for the year		**$2,804**	$7,408
Adjustments for non-cash items			
Unrealized gain on trading portfolio	**(389)**		(1,382)
Interest income	**(13,772)**		(16,700)
Total cashflows from operating profits before changes in operating assets and liabilities		**(11,357)**	(10,674)
Changes in operating assets and liabilities			
Decrease/(increase) in loans resulting from exchange rates fluctuations	**-**		48
Decrease/(increase) in accounts receivable	**907**		(523)
Decrease in accounts payable	**(9,884)**		(1,205)
Cash from operating activities		**(20,334)**	(12,354)
Disbursements on loans		**(45,563)**	(20,835)
Principal repayments to the Bank on loans		**14,155**	16,030
Interest received		**13,807**	16,313
Net increase in trading securities		**14,789**	(76,478)
Technical assistance disbursements		**(20,272)**	(5,156)
Net cash used in operating activities		**(43,418)**	(82,480)
Financing activities			
Contributions			
Increase in contributions for loans	**34,170**		48,198
Increase/(decrease) in contributions resulting from exchange rates fluctuations	**1,755**		(14,108)
Increase in receivables from contributors	**20,609**		44,895
Technical assistance allocation	**55**		52
Net cash provided by financing activities		**56,589**	79,037
Net increase/(decrease) in cash and cash equivalents		**13,171**	(3,443)
Cash and cash equivalents at beginning of year		**25,471**	28,914
Cash and cash equivalents at end of year		**$38,642**	$25,471
Represented by			
Bank overdraft		**$(337)**	$ (373)
Time deposits		**38,979**	25,844
		$38,642	$25,471

The accompanying schedules and notes on pages 115 to 130 are an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (OTHER)

STATEMENT OF CASH FLOWS
For the year ended December 31, 2009

(expressed in thousands of United States dollars)

		2009	2008
Operating activities			
Net income for the year		**$1,340**	$1,047
Adjustments for non-cash items			
Unrealized loss (gain) on trading portfolio	**156**		(419)
Interest income	**(2,056)**		(3,090)
Interest expense	**145**		176
Total cash flows from operating profits before changes in operating assets and liabilities		**(415)**	(2,286)
Changes in operating assets and liabilities			
Decrease in loans resulting from exchange rates fluctuations	**-**		15
Decrease in accounts receivable	**51**		30
Increase in accounts payable	**171**		51
Cash used in operating activities		**(193)**	(2,190)
Disbursements on loans		**(382)**	(921)
Principal repayments to the Bank on loans		**689**	941
Interest received		**2,302**	3,214
Interest paid		**(148)**	(179)
Net (increase)/decrease in trading securities		**(2,552)**	4,379
Technical assistance disbursements		**-**	(183)
Net cash (used in)/provided by operating activities		**(284)**	5,061
Financing activities:			
Contributions			
Repayments of contributions	**(958)**		(1,208)
Increase/(decrease) in contributions resulting from exchange rates fluctuations	**326**		(747)
Net cash used in financing activities		**(632)**	(1,955)
Appropriations of accumulated net income		**(900)**	(3,600)
Net decrease in cash and cash equivalents		**(1,816)**	(494)
Cash and cash equivalents at beginning of year		**9,136**	9,630
Cash and cash equivalents at end of year		**$7,320**	$9,136
Represented by			
Due from banks		**$2,473**	$1,997
Time deposits		**4,847**	7,139
		$7,320	$9,136

The accompanying schedules and notes on pages 115 to 130 are an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

SUMMARY STATEMENT OF INVESTMENTS
December 31, 2009

(expressed in thousands of United States dollars)

SCHEDULE 1

	2009 Market value			2008 Market value		
	Unified	**Other**	**Total**	**Unified**	**Other**	**Total**
Government and Agency Obligations	**$181,592**	**$53,693**	**$235,285**	$204,416	$52,585	$257,001
Supranationals	**10,040**	**3,158**	**13,198**	12,119	1,054	13,173
Time deposits	**38,979**	**4,847**	**43,826**	25,844	7,139	32,983
Euro Commercial Paper	**13,880**	**1,399**	**15,279**	3,377	2,215	5,592
Sub-total	**244,491**	**63,097**	**307,588**	245,756	62,993	308,749
Accrued interest	**1,597**	**578**	**2,175**	2,557	841	3,398
Total	**$246,088**	**$63,675**	**$309,763**	$248,313	$63,834	$312,147

Residual term to contractual maturity

	2009	**2008**
One month to three months	**$92,177**	$69,042
Over three months to one year	**44,196**	97,404
From one year to five years	**168,656**	136,452
From five years to ten years	**4,734**	9,249
Total	**$309,763**	$312,147

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (UNIFIED)
SUMMARY STATEMENT OF LOANS
December 31, 2009

(expressed in thousands of United States dollars)

SCHEDULE 2

Member countries in which loans have been made	Total loans approved 1/	Loans approved but not yet effective	Signed agree-ments	Principal repaid to bank	Undis-bursed	Out-standing 2/	% of total loans out-stand-ing
Anguilla	$10,347	$ 695	$ 9,652	$ 5,324	$ 300	$ 4,028	1.0
Antigua and Barbuda	11,750	-	11,750	6,983	1,123	3,644	0.9
Bahamas	1,616	-	1,616	1,616	-	-	0.0
Barbados	5,716	-	5,716	5,216	500	-	0.0
Belize	70,047	3,480	66,567	21,737	8,432	36,398	8.9
British Virgin Islands	11,014	-	11,014	8,622	300	2,092	0.5
Cayman Islands	4,166	-	4,166	4,101	65	-	0.0
Dominica	87,622	4,862	82,760	26,047	11,418	45,295	11.0
Grenada	104,864	4,630	100,234	23,152	16,306	60,776	14.8
Guyana	128,443	-	128,443	19,153	12,654	96,636	23.5
Jamaica	136,496	-	136,496	28,344	55,992	52,160	12.7
Montserrat	7,937	-	7,937	4,689	-	3,248	0.8
St. Kitts and Nevis	57,068	-	57,068	17,352	6,121	33,595	8.2
St. Lucia	78,189	12,000	66,189	21,251	9,988	34,950	8.5
St. Vincent & the Grenadines	57,932	-	57,932	20,922	10,308	26,702	6.5
Trinidad & Tobago	5,218	1,000	4,218	4,218	-	-	0.0
Turks & Caicos Islands	12,868	-	12,868	4,515	1,579	6,774	1.6
Regional	8,929	-	8,929	4,653	-	4,276	1.0
Sub-total	800,222	26,667	773,555	227,895	135,086	410,574	100.0
Accrued interest	-	-	-	-	-	2,361	
Total – December 31, 2009	**$802,583**	**$26,667**	**$775,916**	**$227,895**	**$135,086**	**$412,935**	
Total – December 31, 2008	**$760,562**	**$72,786**	**$687,776**	**$207,131**	**$100,043**	**$380,602**	

1/ Net of lapses and cancellations

2/ Includes overdue instalments of principal amounting to $28 (2008 - $254)

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (OTHER)
SUMMARY STATEMENT OF LOANS…*continued*
December 31, 2009

(expressed in thousands of United States dollars)

SCHEDULE 2

Member countries in which loans have been made	Total loans approved 1/	Loans approved but not yet effective	Signed agree-ments	Principal repaid to bank	Undis-bursed	Out-standing 2/	% of total loans out-stand-ing
Anguilla	$1,419	$ -	$ 1,419	$ 1,419	$ -	$ -	0.0
Antigua and Barbuda	3,861	-	3,861	3,310	-	551	2.5
Bahamas	773	-	773	773	-	-	0.0
Barbados	1,611	-	1,611	1,611	-	-	0.0
Belize	28,002	-	28,002	19,018	-	8,984	40.6
British Virgin Islands	4,817	-	4,817	4,525	-	292	1.3
Cayman Islands	637	-	637	637	-	-	0.0
Dominica	14,535	-	14,535	12,407	-	2,128	9.6
Grenada	5,105	-	5,105	4,937	-	168	0.8
Guyana	22	-	22	22	-	-	0.0
Jamaica	6,870	-	6,870	4,717	-	2,153	9.7
Montserrat	785	-	785	785	-	-	0.0
St. Kitts and Nevis	11,847	-	11,847	5,666	566	5,615	25.4
St. Lucia	22,335	-	22,335	20,909	477	949	4.3
St. Vincent & the Grenadines	12,336	-	12,336	10,924	133	1,279	5.8
Turks & Caicos Islands	1,526	-	1,526	1,526	-	-	0.0
Regional	2,519	-	2,519	2,519	-	-	0.0
Sub-total	119,000	-	119,000	95,705	1,176	22,119	100.0
Accrued interest	-	-	-	-	-	129	
Total – December 31, 2009	**$119,129**	**$ -**	**$119,129**	**$95,705**	**$1,176**	**$22,248**	
Total – December 31, 2008	**$118,806**	**$ -**	**$118,806**	**$93,909**	**$1,559**	**$22,538**	

1/ Net of lapses and cancellations

2/ There were no overdue instalments of principal (2008-$0)

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

SUMMARY STATEMENT OF LOANS…*continued*
December 31, 2009

(expressed in thousands of United States dollars)

SCHEDULE 2

Analysis by Contributor	Total loans approved 1/	Loans approved but not yet effective	Signed agree-ments	Principal repaid to bank	Undis-bursed	Out-standing 2/	% of total loans out-standing
Special Development Fund – Unified							
Members/Contributors	$800,222	$26,667	$773,555	$227,895	$135,086	$410,574	100.00
Accrued interest	-	-	-	-	-	2,361	
Total SDF – (Unified)	**$802,583**	**$26,667**	**$775,916**	**$227,895**	**$135,086**	**$412,935**	
Special Development Fund – Other							
Members							
Colombia	$ 8,533	$ -	$ 8,533	$ 8.086	$ -	$ 447	2.0
Germany	20,834	-	20,834	20,711	-	123	0.6
Mexico	8,815	-	8,815	6,303	-	2,512	11.4
Venezuela	52,795	-	52,795	32,613	1,176	19,006	85.9
	90,977	-	90,977	67,713	1,176	22,088	99.9
Other contributors							
Sweden	5,190	-	5,190	5,159	-	31	0.1
United States of America	22,833	-	22,833	22,833	-	-	-
	28,023	-	28,023	27,992	-	31	100.0
Sub-total	119,000	-	119,000	95,705	1,176	22,119	
Accrued interest	-	-	-	-	-	129	
Total – SDF (Other)	**$119,129**	**-**	**$119,129**	**$95,705**	**$1,176**	**$22,248**	
Total SDF – December 31, 2009	**$921,712**	**$26,667**	**$895,045**	**$323,600**	**$136,262**	**$435,183**	
Total SDF – December 31, 2008	**$878,680**	**$72,786**	**$805,894**	**$301,040**	**$101,602**	**$403,140**	

1/ Net of lapses and cancellations

2/Includes overdue instalments of principal amounting to $28 (2008 - $254)

SUMMARY STATEMENT OF LOANS…*continued*
December 31, 2009

(expressed in thousands of United States dollars)

SCHEDULE 2

Currencies Receivable	Loans out-standing 2008	Trans-lation adjust-ment	Disburse-ments	Sub-total	Repay-ments	Loans out-standing 2009
(a) Special Development Fund - Unified						
United States dollars	$379,166	$ -	$45,563	$424,729	$(14,155)	$410,574
Accrued interest	-	-	-	-	-	2,361
Total – December 31, 2009	**$381,527**	**$ -**	**45,563**	**$427,090**	**$(14,155)**	**$412,935**
Total – December 31, 2008	**$363,334**	**$ (48)**	**$20,835**	**$395,196**	**$(16,030)**	**$380,602**
(b) Special Development Fund - Other						
United States dollars	$ 22,426	$ -	$ 382	$ 22,808	$ (689)	$ 22,119
Accrued interest	-	-	-	-	-	129
Total – December 31, 2009	**$22,555**	**$ -**	**$ 382**	**$ 22,937**	**$(689)**	**$22,248**
Total – December 31, 2008	**$22,573**	**$(15)**	**$ 921**	**$ 23,367**	**$ (941)**	**$22,538**

Maturity structure of loans outstanding

January 1, 2009 to December 31, 2010	$ 19,821
January 1, 2010 to December 31, 2011	19,016
January 1, 2011 to December 31, 2012	19,741
January 1, 2012 to December 31, 2013	19,973
January 1, 2013 to December 31, 2014	21,086
January 1, 2014 to December 31, 2019	112,118
January 1, 2019 to December 31, 2024	92,310
January 1, 2024 to December 31, 2029	75,928
January 1, 2029 to December 31, 2042	55,190
TOTAL	$435,183

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES
December 31, 2009

(expressed in thousands of United States dollars)

SCHEDULE 3

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 & Tobago	$35,384	$ -	$35,384	$3,564	$31,820	$9,057
Bahamas	21,225	-	21,225	5,665	15,560	8,505
Barbados	19,805	-	19,805	-	19,805	6,015
Jamaica	33,204	10,184	23,020	-	23,020	5,543
Guyana	21,226	-	21,226	9,880	11,346	200
Antigua and Barbuda	2,257	-	2,257	605	1,652	32
Belize	5,483	-	5,483	1,394	4,089	967
Dominica	5,222	-	5,222	1,394	3,828	1,001
St. Kitts and Nevis	5,483	-	5,483	1,394	4,089	1,624
St. Lucia	4,089	-	4,089	-	4,089	899
St. Vincent & the Grenadines	5,496	-	5,496	1,394	4,102	1,100
Grenada	3,950	-	3,950	605	3,345	2,712
Montserrat	2,045	605	1,440	-	1,440	28
British Virgin Islands	2,045	-	2,045	454	1,591	169
Turks & Caicos Islands	2,045	605	1,440	-	1,440	-
Cayman Islands	1,945	605	1,340	-	1,340	-
Anguilla	2,045	-	2,045	454	1,591	1,051
Colombia	28,033	3,600	24,433	-	24,433	-
Venezuela	21,982	-	21,982	2,700	19,282	-
Canada	265,327	-	265,327	52,755	212,572	-
United Kingdom	234,596	69,830	164,766	8,397	156,369	7,096
Germany	90,237	-	90,237	18,834	71,403	8,976
Italy	64,074	7,084	56,990	-	56,990	-
China	41,299	-	41,299	6,074	35,225	-
Haiti	1,560	910	650	-	650	-
Mexico	17,000	3,000	14,000	-	14,000	-
	937,057	96,423	840,634	115,563	725,071	54,975
Other contributors						
France	58,254	-	58,254	-	58,254	-
Netherlands	24,902	-	24,902	-	24,902	-
Spain	3,828	3,828	-	-	-	-
	1,024,041	100,251	923,790	115,563	808,227	54,975
Technical assistance allocation	(251,650)	-	(251,650)	-	(251,650)	-
Sub-total	$772,391	$100,251	$672,140	$115,563	$556,577	$54,975

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES…*continued*
December 31, 2009

(expressed in thousands of United States dollars)

SCHEDULE 3

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
Sub-total b/fwd	$772,391	$100,251	$672,140	$115,563	$556,577	$54,975
Special Development Fund – Other						
Members						
Colombia	5,000	-	5,000	-	5,000	-
Germany [3/]	-	-	-	-	-	-
Mexico [4/]	13,067	-	13,067	-	13,067	-
Venezuela	17,473	-	17,473	-	17,473	-
	35,540	-	35,540	-	35,540	-
Other contributors						
Sweden	3,656	-	3,656	-	3,656	-
United States of America [3/]	4,214	-	4,214	-	4,214	-
	7,870	-	7,870	-	7,870	-
Sub-total	43,410	-	43,410	-	43,410	-
Total - SDF – 2009	**$815,801**	**$100,251**	**$715,550**	**$115,563**	**$599,987**	**$54,975**
Summary						
Members	720,947	96,423	624,524	115,563	508,961	54,975
Other contributors	94,854	3,828	91,026	-	91,026	-
Total - SDF – 2009	**$815,801**	**$100,251**	**$715,550**	**$115,563**	**$599,987**	**$54,975**
Total - SDF – 2008	**$594,123**	**$ 9,901**	**$584,222**	**$ 8,564**	**$575,658**	**$54,548**

1/Net of repayments

2/Contributions not yet firmly pledged by Governments

3/Contributions with fixed repayment dates

4/Net of appropriation for Technical Assistance of $2,266,000

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES…*continued*
December 31, 2009

(expressed in thousands of United States dollars)

SCHEDULE 3

Currencies	Amounts made available 2008	Translation adjustment	Draw-downs/ Appropriations from Capital 2/	Sub-total	Repayments	Amounts made available 2009
(a) Special Development Fund – Unified						
Canadian dollars	$ 151	$ 25	$ -	$ 176	$ -	$ 176
Euros	9,152	298	5,427	14,877	-	14,877
Pounds sterling	12,720	1,432	(7,096)	7,056	-	7,056
United States dollars	509,593	-	24,875	534,468	-	534,468
Total – December 31, 2009	**$531,616**	**$1,755**	**$23,206**	**$556,577**	**-**	**$556,577**
Total – December 31, 2008	**$497,525**	**$(14,108)**	**$48,198**	**$531,616**	**$ -**	**$531,616**
(b) Special Development Fund – Other						
Euros	$ -	$ -	$ -	$ -	$ -	$ -
Swedish kroners	3,330	326	-	3,656	-	3,656
United States dollars	40,712	-	-	40,712	(958)	39,754
			-			
Total – December 31, 2009	**$44,042**	**326**	**-**	**$44,368**	**(958)**	**$43,410**
Total – December 31, 2008	**$45,997**	**$(747)**	**$ -**	**$45,250**	**$(1,208)**	**$44,042**

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

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

Maturity structure of repayable contributions outstanding*

January 1, 2010 to December 31, 2010	$ 987
January 1, 2011 to December 31, 2011	1,017
January 1, 2012 to December 31, 2012	1,047
January 1, 2013 to December 31, 2013	573
January 1, 2014 to December 31, 2014	590
TOTAL	$4,214

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF ACCUMULATED NET INCOME
December 31, 2009

(expressed in thousands of United States dollars)

SCHEDULE 4

Contributors	Brought forward 2008	Net income 2009	Appro-priations	Carried forward 2009
Special Development Fund – Unified	$35,462	$2,804	$ -	$38,266
Special Development Fund – Other				
Members				
Colombia	$ 2,301	$ 21	$ -	$2,322
Germany	(515)	(97)	-	(612)
Mexico	6,573	319	-	6,892
Venezuela	17,418	255	(900)	16,773
	25,777	498	(900)	25,375
Other contributors				
Sweden	5,864	664	-	6,528
United States of America	10,676	178	-	10,854
	16,540	842	-	17,382
	42,317	1,340	(900)	42,757
Total SDF	$77,779	$4,144	(900)	$81,023
Summary				
Members	$61,239	3,302	(900)	63,641
Other contributors	16,540	842	-	17,382
Total SDF – December 31, 2009	**$77,779**	**$4,144**	**(900)**	**$81,023**
Total SDF – December 31, 2008	**$72,924**	**$8,455**	**$(3,600)**	**$77,779**

A. Nature of operations and summary of significant accounting policies

Nature of operations

The Special Development Fund (SDF) was established to carry out the special operations of the Caribbean Development Bank (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.

Summary of significant accounting policies

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 SDF'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.

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 in a portfolio designated at fair value through profit or loss and reported at fair market value. Securities are initially recognized at fair value (which excludes transaction costs) and subsequently re-measured at fair value based on quoted market prices. All related realized and unrealized gains and losses are included in investment income. Interest earned whilst holding securities is reported as interest income.

A. Summary of significant accounting policies*...continued*

Investments*...continued*

Regular purchases and sales of securities are recognized at trade date, which is the date that the Bank commits to purchase or sells the asset.

Loans

Loans and receivables are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market, other than those that the Bank, upon initial recognition, designates at fair value. Loans and receivables are initially recorded at fair value plus transaction cost and subsequently measured at amortized cost using the effective interest method. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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 countries in which the loans are made.

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 Bank does not make provisions for losses on impaired loans as any loss that may occur is taken in profit and loss for that year.

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. The contributions from donors are included in the financial statements from the date of the contribution agreement. Technical assistance is recognized when the project is approved and becomes effective.

A. Summary of significant accounting policies*...continued*

Interest income and charges on contributions

Interest income and charges on contributions are recognized in the statement of income and accumulated income for all interest-bearing instruments using the effective interest method based on the actual purchase price.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

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.

B. Investments

As part of its overall portfolio management strategy, the Bank invests in Government, agency, supranational and bank obligations, including time deposits and euro commercial paper. 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 realized and unrealized gains and losses was 2.05% (2008 – 4.83%). Net realized loss on investments traded during 2009 totalled $300 (2008 - $192) while net unrealized losses totalled $544 (2008 - gains of $1,801).

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 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 under the rules applicable to the old Special Development Fund (referred to herein as "Other") and shown separately from funds made available to the Bank from the Unified SDF (referred to herein as "Unified").

C. Funds...*continued*

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:

(i) Special Development Fund – Unified

	2009	2008
Contributions (as per Schedule 3)	**$556,577**	$531,616

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.

(ii) Special Development Fund - Other

	2009	2008
Colombia	**$5,000**	$5,000

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 (2008 - $39,000) has been incurred on technical assistance and has been charged against the income from the contribution.

	2009	2008
Germany		
First Contribution	**$12,156**	$11,776
Less repayments	**(12,156)**	(11,776)
	-	-
Second Contribution	**8,576**	8,307
Less repayments	**(8,576)**	(8,307)
	-	-
	$ -	$ -

(expressed in thousands of United States dollars)

C. Funds...*continued*

(ii) Special Development Fund – Other...*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 was repaid by end of July 2005, and the second contribution is repayable over the period 1993 to 2012.

	2009	2008
Mexico		
First contribution	$7,000	$7,000
Less technical assistance	(2,266)	(2,266)
	4,734	4,734
Second contribution	5,000	5,000
Third contribution	3,333	3,333
	$13,067	$13,067
Technical assistance resources	$ 2,266	$ 2,266

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

	2009	2008
Venezuela		
First contribution	$10,000	$10,000
Less technical assistance	(177)	(176)
	9,823	9,824
Second contribution	7,650	7,650
	$17,473	$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.

(expressed in thousands of United States dollars)

C. Funds*...continued*

(ii) Special Development Fund – Other*...continued*

	2009	2008
Sweden	**$3,656**	$3,330

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

	2009	2008
United States of America		
First contribution	**$10,000**	$10,000
Less repayments	**(8,568)**	(8,118)
	1,432	1,882
Second contribution	**12,000**	12,000
Less repayments	**(9,218)**	(8,710)
	2,782	3,290
	$4,214	$5,172

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 over the period 1982 to 2012 and the second contribution over the period 1984 to 2014.

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.

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, 2009 and 2008 were as follows:

Balance at January 1, 2008	$69,729
Allocations for the year	52
Expenditure for the year	(5,339)
Balance at December 31, 2008	64,442
Allocations for the year	23,205
Expenditure for the year	(20,272)
Balance at December 31, 2009	**$67,375**

F. Loans

The average interest rate earned on loans outstanding was 2.30% (2008 -2.31 %). There were no impaired loans at December 31, 2009 and 2008.

G. SDF (U) – Seventh cycle (SDF 7)

The seventh cycle of SDF (U) operations commenced in January 2009, negotiations for the replenishment having been completed in December 2008. Contributors to SDF 7 decided that the objective for this cycle should build on the directives set for SDF 6 and reflect the international development agenda as applied to the Caribbean.

The programme level of $390.6 mn will be financed by contributions brought forward of $16.9 mn, new contributions of $242.2 mn, internally-generated resources estimated at $87 mn, a transfer from the OCR of $15 mn, and a structural gap of $29.5 mn.

The approved programme level includes some specific allocation to support the targeted areas of activity:

(a) $175 mn for normal lending operations for the current BMCs to be allocated according to the SDF resource allocation system;

(b) $30 mn for lending to BMCs for Natural disaster Mitigation and Rehabilitation;

(c) $47 mn for lending to BMCs in fiscal distress; and

(d) $138 mn in grant funding.

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
The Financial Services Centre
Bishop's Court Hill
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Telephone: (246) 626-6700
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Independent 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") for the year ended December 31, 2009, which comprise the balance sheet as at December 31, 2009 and the statement of income and accumulated income for the year then ended, and a summary of significant accounting policies and other explanatory information. The special purpose financial statements have been prepared on the basis set out in Note A.

Management's responsibility for the special purpose financial statements

Management is responsible for the preparation and presentation of these special purpose financial statements on the basis described in Note A. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of special purpose financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. International Standards on Auditing require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the special purpose financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the special purpose financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the special purpose financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, made by management, as well as evaluating the overall presentation of the special purpose financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying special purpose financial statements have been prepared, in all material respects, in accordance with the basis set out in Note A.

PricewaterhouseCoopers

Chartered Accountants
March 24, 2010
Bridgetown, Barbados

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

BALANCE SHEET
As of December 31, 2009

(expressed in thousands of United States dollars)

	2009	2008
Assets		
Due from banks	**$6,573**	$3,921
Investments at fair value through profit and loss (Schedule 1)	**85,910**	91,318
Loans (Schedule 2)	**107,332**	91,972
Receivables – other		
Accounts receivable – Note E	**59,220**	53,124
Total assets	**$259,035**	$240,335
Liabilities and Funds		
Liabilities		
Accounts payable including interfund payables – Note F	**$21,950**	$4,420
Accrued charges on contributions	**263**	265
	22,213	4,685
Funds		
Contributed resources (Schedule 3)		
Contributions	**83,631**	85,910
Less amounts not yet made available	**(1,677)**	(2,304)
Amounts made available	**81,954**	83,606
Accumulated net income (Schedule 4)	**44,446**	43,788
	126,400	127,394
Technical assistance and other grant resources (Schedule 5)	**110,422**	108,256
Total liabilities and funds	**$259,035**	$240,335

The accompanying schedules and notes on pages 135 to 153 are an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS
STATEMENT OF INCOME AND ACCUMULATED NET INCOME
For the year ended December 31, 2009

(expressed in thousands of United States dollars)

	2009	2008
Income		
From loans	**$2,115**	$1,746
From investments and cash balances	**1,873**	1,506
	3,988	3,252
Expenses		
Administrative expenses	**1,884**	2,089
Charges on contributions	**1,019**	1,010
Exchange	**427**	(247)
Total expenses	**3,330**	2,852
Net income for the year	**$658**	$400

Accumulated Net Income		
Accumulated net income – beginning of year	**$43,788**	$43,388
Net income for the year	**658**	400
Accumulated net income - end of year	**$44,446**	$43,788

The accompanying schedules and notes on pages 135 to 153 are an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

STATEMENT OF CASH FLOWS
For the year ended December 31, 2009

(expressed in thousands of United States dollars)

	2009		2008
Operating activities			
Net income for the year		$658	$400
Adjustments for non-cash items			
Unrealized gain on trading portfolio	(621)		(930)
Interest income	(3,367)		(2,636)
Interest expense	1,019		1,010
Disbursements on loans	(18,153)		(11,423)
Principal repayment on loans	3,186		3,097
(Increase)/decrease in loans resulting from exchange rates fluctuations	(296)		705
Technical assistance disbursements	(9,811)		(9,200)
Net cash (used in)/from lending activities		(28,043)	(18,977)
Decrease/(increase) in accounts receivable	5,404		(2,945)
Increase in accounts payable	17,530		3,406
Cash from operating activities			
Total adjustments		22,934	(18,516)
Interest received		3,503	2,991
Interest paid		(1,021)	(1,055)
Net decrease/(increase) in debt securities at fair value through profit or loss		9,849	(9,721)
Net cash used in operating activities		7,880	(26,301)
Financing activities			
Contributions			
Increase in contributions for loans	1,324		6,848
Repayments	(3,771)		(3,517)
Increase/(decrease) in contributions resulting from exchange rates fluctuations	795		(1,472)
Technical assistance contributions	477		18,357
Net cash (used in)/provided by financing activities		(1,175)	20,216
Net increase/(decrease) in cash and cash equivalents		6,705	(6,085)
Cash and cash equivalents at beginning of year		9,287	15,372
Cash and cash equivalents at end of year		$15,992	$9,287
Represented by:			
Due from banks		6,573	3,921
Time deposits		9,419	5,366
		$15,992	$9,287

The accompanying schedules and notes on pages 135 to 153 are an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF INVESTMENTS
December 31, 2009

(expressed in thousands of United States dollars)

SCHEDULE 1

	2009 Market value	2008 Market value
Financial assets at fair value through profit or loss		
Government and Agency obligations	**$36,988**	$53,667
Supranationals	**5,712**	6,610
Time Deposits	**9,419**	5,366
Euro Commercial Paper	**5,979**	4,373
Mutual Funds	**7,072**	6,308
Managed Funds	**10,313**	10,423
	75,483	86,747
Available for sale		
Equity investments	**10,026**	3,937
Sub-total	**85,509**	90,684
Accrued interest	**401**	634
Total	**$85,910**	$91,318

Residual Term to Contractual Maturity

	2009	2008
One month to three months	**$19,847**	$23,058
From three months to one year	**6,625**	26,821
From one year to five years	**32,027**	16,269
From five years to ten years	**-**	4,502
Total5	**$58,499**	$70,650

5 Total excludes Equity investments, Managed funds and Mutual funds.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2009

(expressed in thousands of United States dollars)

SCHEDULE 2

Member countries in which loans have been made	Total loans approved 1/	Un-committ ed loans	Signed agree-ments	Principal repaid to bank	Undis-bursed	Out-standing 2/	% of total loans out-stand -ing
Anguilla	500	-	500	344	-	156	0.2
Antigua and Barbuda	8,582	-	8,582	2,786	1,052	4,744	4.4
Barbados	26,197	-	26,197	17,612	1,590	6,995	6.6
Belize	9,395	-	9,395	9,395	-	-	0.0
British Virgin Islands	1,924	-	1,924	1,924	-	-	0.0
Cayman Islands	3,066	-	3,066	3,066	-	-	0.0
Dominica	35,269	-	35,269	13,570	1,327	20,372	19.1
Grenada	30,915	-	30,915	6,387	1,618	22,910	21.5
Guyana	20,837	-	20,837	16,089	-	4,748	4.5
Jamaica	69,228	-	69,228	37,631	20,000	11,597	10,9
Montserrat	1,264	-	1,264	1,264	-	-	0.0
St. Kitts and Nevis	8,706	-	8,706	4,337	95	4,274	4,0
St. Lucia	38,384	-	38,384	13,828	5,214	19,342	18,1
St. Vincent and the Grenadines	21,935	-	21,935	12,314	262	9,359	8.8
Trinidad and Tobago	3,770	-	3,770	2,158	-	1,612	1.5
Regional	2,269	-	2,269	1,588	36	645	0.6
Sub-total	282,241	-	282,241	144,293	31,194	106,754	100.0
Accrued interest	-	-	-	-	-	578	
Total – December 31, 2009	**$282,819**	**-**	**$282,819**	**$144,293**	**$31,194**	**$107,332**	
Total – December 31, 2008	**$280,419**	**$30,000**	**$250,419**	**$139,077**	**$19,351**	**$91,972**	

1/ Net of lapses and cancellations

2/There are no overdue instalments of principal at December 31, 2008 (2007 - Nil)

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS…*continued*
December 31, 2009

(expressed in thousands of United States dollars)

SCHEDULE 2

Analysis by Special Fund	**Total Loans approved**	**Un-committe d loans**	**Signed agree-ments**	**Principal repaid to Bank**	**Undis-bursed**	**Out-stand-ing** [2/]	**% of total loans out-stand - ing**
Members							
Trinidad and Tobago	1,325	-	1,325	1322	-	3	0.0
Other contributors							
Caribbean Development Bank	75,790	-	75,790	11,849	26,627	37,314	35.0
Nigeria	9,635	-	9,635	4,256	-	5,379	5.0
United States of America	93,008	-	93,008	92,774	-	234	0.2
Inter-American Development Bank	57,850	-	57,850	15,110	4,153	38,587	36.2
European Union	11,798	-	11,798	8,005	37	3,756	3.5
International Development Association	32,835	-	32,835	10,977	377	21,481	20.1
Sub-total	282,241	-	282,241	144,293	31,194	106,754	100.0
Accrued interest	-	-	-	-	-	578	
Total – December 31, 2009	**$282,819**	**-**	**$282,819**	**$144,293**	**$31,194**	**$107,332**	
Total – December 31, 2008	**$280,419**	**$30,000**	**$250,419**	**$139,077**	**$19,351**	**$91,972**	

1/ Net of lapses and cancellations

2/ There are no overdue instalments of principal at December 31, 2008 (2007 – nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS…*continued*
December 31, 2009

(expressed in thousands of United States dollars)

SCHEDULE 2

Currencies receivable	Loans out-standing 2008	Trans-lation adjust-ment	Disburse-ments	Sub-total	Repay-ments	Provision for losses	Loans out-standing 2009
Euros	$4,011	$ 130	$ -	$ 4,141	$ (385)	$-	$ 3,756
Pounds sterling	-						
Special drawing rights	18,053	166	-	18,219	(671)	-	17,548
Trinidad and Tobago dollars	-						
United States dollars	69,427	-	18,153	87,580	(2,130)	-	85,450
Others	-						
Sub-total	91,491	296	18,153	$109,940	$(3,186)	-	$106,754
Accrued interest	481	-	-	-	-	-	578
Total – December 31, 2009	**$91,972**	**$296**	**$18,153**	**$110,518**	**$(3,186)**	**-**	**$107,332**
Total – December 31, 2008	**$84,275**	**$(705)**	**$11,423**	**$95,088**	**$(3,097)**	**$-**	**$91,972**

Maturity structure of loans outstanding

January 1, 2010 to December 31, 2010	$ 3,954
January 1, 2011 to December 31, 2011	4,338
January 1, 2012 to December 31, 2012	3,830
January 1, 2013 to December 31, 2013	3,865
January 1, 2014 to December 31, 2014	4,395
January 1, 2015 to December 31, 2019	26,800
January 1, 2020 to December 31, 2024	26,804
January 1, 2025 to December 31, 2029	19,543
January 1, 2030 to December 31, 2034	11,245
January 1, 2035 to December 31, 2039	2,157
January 1, 2040 to December 31, 2046	401
	$107,332

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

STATEMENT OF CONTRIBUTIONS
December 31, 2009

(expressed in thousands of United States dollars)

SCHEDULE 3

Contributors	Total [1/]	Contributions Amounts not yet made available	Amounts made available
Members			
Canada [2/]	$1,903	$ -	$1,903
Other contributors			
Inter-American Development Bank [1/]	43,866	1,677	42,189
European Investment Bank [1/]	1,441	-	1,441
United States of America	8,002	-	8,002
European Union	5,538	-	5,538
International Development Association	22,881	-	22,881
	81,728	1,677	80,051
Total – December 31, 2009	**$83,631**	**$1,677**	**$81,954**
Total – December 31, 2008	**$85,910**	**$2,304**	**$83,606**

1/Net of cancellations and repayments

2/Contributions with no fixed date of repayment - $2,530

Maturity structure of repayable contributions outstanding

January 1, 2010 to December 31, 2010	$3,169
January 1, 2011 to December 31, 2011	3,092
January 1, 2012 to December 31, 2012	3,342
January 1, 2013 to December 31, 2017	18,002
January 1, 2018 to December 31, 2022	15,087
January 1, 2023 to December 31, 2027	12,369
January 1, 2028 to December 31, 2032	10,885
January 1, 2033 to December 31, 2047	16,008
Total	$81,954

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF CONTRIBUTIONS...*continued*
December 31, 2009

(expressed in thousands of United States dollars)

SCHEDULE 3

Currencies repayable	Contri-butions made available 2008	Trans-lation adjust-ment	Draw-downs/ Appro-priations from Capital	Sub-total	Repay-ments	Contri-butions made available 2009
Canadian dollars	$1,907	$ 313	$ -	$2,220	$ (49)	$2,171
Euros	7,618	249	-	7,867	(886)	6,981
Japanese yen	280	(5)	-	275	(60)	215
Pounds sterling	430	48	-	478	(196)	282
Special Drawing Rights	19,459	179	-	19,638	(645)	18,993
Swedish kroners	114	11	-	125	(19)	106
United States dollars	53,798	-	1,324	55,122	(1,916)	53,206
Total – December 31, 2009	**$83,606**	**$795**	**$1,324**	**$85,725**	**$(3,771)**	**$81,954**
Total – December 31, 2008	**$81,747**	**$(1,472)**	**$6,848**	**$87,123**	**$(3,517)**	**$83,606**

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
STATEMENT OF ACCUMULATED INCOME
December 31, 2009

(expressed in thousands of United States dollars)

SCHEDULE 4

	Accumulated Net Income				
Contributors	**Brought forward 2008**	**Trans-lation adjust-ments**	**Net Income/(Loss) 2009**	**Appro-priations**	**Carried forward 2009**
General Funds	$20,280	$-	$942	$-	$21,222
European Investment Bank	(571)	-	(28)	-	(599)
European Union	2,406	-	84	-	2,490
Inter-American Development Bank	924	-	(375)	-	549
International Development Association	256	-	(10)	-	246
Nigeria	6,807	-	53	-	6,860
United States of America	13,686	-	(8)	-	13,678
Total – December 31, 2009	**$43,788**	**$-**	**$658**	**$-**	**$44,446**
Total – December 31, 2008	$43,388	$-	$400	$-	$43,788

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

STATEMENT OF TECHNICAL ASSISTANCE AND OTHER GRANT RESOURCES
December 31, 2009

(expressed in thousands of United States dollars)

SCHEDULE 5

	Contributors				
Contributors	**Total** 1/	**Amounts not yet made available**	**Amounts made available**	**Amounts utilized**	**Net Amounts available**
Members					
Canada	$40,067	$9,872	$30,195	$24,850	$5,345
United Kingdom	4,054	-	4,054	3,216	838
Italy	519	-	519	252	267
	44,640	9,872	34,768	28,318	6,450
Other contributors					
Caribbean Development Bank	188,556	-	188,556	86,119	102,437
United States of America	1,407	-	1,407	1,405	2
Inter-American Development Bank	2,381	-	2,381	1,977	404
China	674	-	674	174	500
Venezuela	583	-	583	-	583
Nigeria	193	-	193	147	46
Sub-total	193,794	-	193,794	89,822	103,972
Total – December 31, 2009	**$238,434**	**$9,872**	**$228,562**	**$118,140**	**$110,422**
Total – December 31, 2008	**$226,637**	**$10,052**	**$216,585**	**$108,329**	**$108,256**
Summary					
Basic Needs Trust Fund	$115,250	$ -	$115,250	$55,954	$59,296
Other resources	123,184	9,872	113,312	62,186	51,126
Total – December 31, 2009	**$238,434**	**$9,872**	**$228,562**	**$118,140**	**$110,422**
Basic Needs Trust Fund	$103,750	$ -	$103,750	$53,194	$50,556
Other resources	122,887	10,052	112,835	55,135	57,700
Total – December 31, 2008	**$226,637**	**$10,052**	**$216,585**	**$108,329**	**$108,256**

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

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS

December 31, 2009

(expressed in thousands of United States dollars)

A. Nature of operations and summary of significant accounting policies

Nature of operations

The Other Special Funds (OSF) were established to carry out the special operations of the Caribbean Development Bank (the "Bank") 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.

Summary of significant accounting policies

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 summarizing the OSF'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.

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.

A. Summary of significant accounting policies*...continued*

Investments

Investment securities held in a portfolio are designated at fair value through profit or loss and reported at fair market value. Securities are initially recognized at fair value (which excludes transaction costs) and subsequently re-measured at fair value based on quoted market prices. All related realized and unrealized gains and losses are included in investment income in the statement of income. Interest earned whilst holding trading securities is reported as interest income.

Equity investments are categorized as available for sale instruments which are intended to be held for an indefinite period of time. Available for sale instruments are recognized at fair value which is the cash consideration including any transaction costs, and measured subsequently at book value with income or losses being recognized in the statement of income and accumulated net income.

The investment is assessed for impairment based on the net book value of the underlying asset and adjusted if the carrying value is less than the Fund's proportionate share of net assets. Amounts distributed to the Fund are recorded as a return on investment until such investments are written off and are subsequently recorded as income.

Loans

Loans and receivables are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market, other than those that the Bank, upon initial recognition, designates at fair value. Loans and receivables are initially recorded at fair value plus transaction cost and subsequently measured at amortized cost using the effective interest method. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

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 countries in which the loans are made.

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 OSF does not make provisions for losses on impaired loans as any loss that may occur is taken in profit and loss for that year.

A. Summary of significant accounting policies...*continued*

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 non-reimbursable grants received from contributors or from other resources specifically allocated for this purpose. The contributions from donors are included in the financial statements from the date of the contribution agreement. Technical assistance is recognized when the project is approved and becomes effective.

Interest income and charges on contributions

Interest income and charges on contributions are recognized in the statement of income and accumulated income for all interest-bearing instruments using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

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.

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 annualized rate of return on the average investments held during the year, including realized and unrealized gains and losses was 2.34% (2008 – 1.22%). Net realized losses on investments amounted to $22 (2008 – losses of $332), while net unrealized gains amounted to $621 (2008 – losses of $930).

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. 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.

C. Funds*...continued*

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:

	2009	2008
Canada		
Agricultural[6]	**$1,903**	$1,635
Technical assistance resources	**30,195**	30,015
Italy		
Technical assistance resources	**$519**	$514
Trinidad and Tobago		
Counterpart contribution[7]	**$1,307**	$1,313
Less repayments	**(1,307)**	(1,313)
	$ -	$ -

	2009	2008
Nigeria		
Contribution	**$5,000**	$5,000
Less repayments	**(5,000)**	(5,000)
	$ -	$ -
Technical assistance resources	**$ 193**	$ -

6 The contributions are interest-free with no date for repayment
7 The contribution is subject to interest at the rate of 2.5% and is repayable during the period 1985-2010

(expressed in thousands of United States dollars)

C. Funds...*continued*

	2009	2008
United Kingdom		
Technical assistance resources	**$4,054**	$4,043
Inter-American Development Bank		
First Global loan	**$8,622**	$8,469
Less repayments	**(8,622)**	(8,469)
	-	-
Second Global loan	**4,933**	4,655
Less repayments	**(3,698)**	(3,292)
	1,235	1,363
Pre-investment loan	**454**	454
Less repayments	**(454)**	(454)
	-	-
975/SF-RG	**14,211**	14,211
Less repayments	**(3,108)**	(2,688)
	11,103	11,523
1108/SF-RG Global Credit	**20,000**	18,676
1637/SF-RG Credit	**10,000**	10,000
	$42,338	$41,562
Technical assistance resources	**$ 2,328**	$ 2,127

(expressed in thousands of United States dollars)

C. Funds*...continued*

The first global loan was subject to interest at the rate of 1% per annum until 1983 and thereafter at 2% per annum and was 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 repaid during the period 1983 to 2002.

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-RG is subject to interest at the rate of 1% for the first ten years and 2% thereafter and is repayable during the period 2012 to 2042.

Grenada Reconstruction 1637/SF-RG is subject to interest at the rate of 1% per annum until 2015 and thereafter at 2% per annum and is repayable during the period 2016 to 2045.

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

	2009	**2008**
European Investment Bank		
Global loan II – B	**$1,441**	$1,395

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

	2009	**2008**	**Due dates**
United States of America			
Contributions			
Agricultural	**$7,052**	$7,052	1988-2018
Less repayments	**(4,410)**	(4,140)	
	2,642	2,912	
Basic Human Needs	**2,000**	2,000	1991-2001
Less repayments	**(2,000)**	(2,000)	
	-	-	

(expressed in thousands of United States dollars)

C. **Funds**...*continued*

	2009	2008	Due dates
United States of America...*continued*			
Caribbean Development Facility			
First contribution			
Part 1	**$17,870**	17,870	1988-1988
Part 2	**2,000**	2,000	1988-2008
Sub-total	**19,870**	19,870	
Less repayments	**(19,870)**	(19,870)	
	-	-	
Employment Investment Promotion	**6,732**	6,732	1990-2000
Less repayments	**(3,703)**	(3,462)	
	3,029	3,270	
Housing	**8,400**	8,400	1983-2012
Less repayments	**(6,819)**	(6,453)	
	1,581	1,947	

	2009	2008	Due dates
United States of America...*continued*			
Regional Agri-business Development	**6,299**	6,300	1991-2021
Less repayments	**(5,697)**	(5,310)	
	602	990	
	$7,854	$9,119	
Technical assistance resources	**$1,407**	$1,407	

(expressed in thousands of United States dollars)

C. Funds*...continued*

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.

	2009	2008
European Union		
First contribution	**$8,429**	$8,163
Less repayments	**(4,870)**	(4,378)
	3,559	3,785
Second Contribution	**3,573**	3,460
Less repayments	**(1,593)**	(1,488)
	1,980	1,972
	$5,539	$5,757

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

(expressed in thousands of United States dollars)

C. Funds*...continued*

International Development Association

	2009		2008		Due dates
Credit No. 960/CRG	**$6,480**		$6,481		1990-2029
Less repayments	**(2,592)**	**$3,888**	(2,398)	$4,083	
Credit No. 37/CRG (EEC)	**994**		947		
Less repayments	**(994)**	**-**	(351)	596	
Credit No. 1364/CRG	**8,474**		8,621		
Less repayments	**(2,500)**	**5,974**	(1,465)	7,156	1993-2033
Credit No. 1785/CRG	**7,238**		7,172		
Less repayments	**(1,268)**	**5,970**	(1,040)	6,132	1997-2030
Credit No. 2135/CRG	**8,701**		8,396		2000-2030
Less repayments	**(1,654)**	**7,047**	(2,225)	6,171	
Credit No. 2640/CRG	**-**	**-**	-	-	2004-2034
		$22,879		$24,138	

The credits are subject to a service charge of 0.75% per annum on amounts outstanding. In addition, the credits totalling $44,048 (2008 - $43,646) representing $28,200 Special Drawing Rights are subject to a commitment fee not exceeding 0.5% per annum on amounts eligible for withdrawal but remain undrawn.

The Special Action Credit of the European Commission was fully repaid in 2009.

	2009	2008
Caribbean Development Bank		
Technical assistance resources	**$188,556**	$177,035

(expressed in thousands of United States dollars)

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.

E. Loans

The average interest rate earned on loans outstanding was 2.05% (2008 – 2%). There were no impaired loans at December 31, 2009 and 2008.

F. Accounts receivables

	2009	2008
Accounts receivable	$59,220	$53,058
Interest receivable	-	66
Total	$59,220	$53,124

G. Accounts payable including interfund payables

	2009	2008
Accounts payable	$9,297	$1,270
Interfund payables	12,653	2,437
Unallocated receipts	-	713
Total	$21,950	$4,420

40th Anniversary
1970 - 2010

CDB at the Heart of a Dynamic Caribbean

PART VI
APPENDICES

APPENDIX I-A

DISTRIBUTION OF LOANS, SECONDARY MORTGAGE, EQUITY AND GRANTS APPROVED (NET) BY COUNTRY AND BY FUND - 2009 ($'000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total	Percentage of Total
Antigua and Barbuda	30,000	300	-	30,300	17.9%
Anguilla	-	657	-	657	0.4%
Barbados	12,850	72	-	12,922	7.6%
Bahamas	-	-	-	-	0.0%
Belize	9,000	4,701	101	13,802	8.2%
Dominica	7,500	5,433	87	13,020	7.7%
Grenada	6,141	14,352	-	20,493	12.1%
Guyana	-	25	248	273	0.2%
Haiti	-	10,000	-	10,000	5.9%
Jamaica	-	800	-	800	0.5%
St. Kitts and Nevis	6,290	526	61	6,877	4.1%
Cayman Islands	-	-	-	-	0.0%
St. Lucia	20,000	692	136	20,828	12.3%
Montserrat	-	220	68	288	0.2%
Turks and Caicos Islands	-	535	61	596	0.4%
Trinidad and Tobago	-	189	-	189	0.1%
St. Vincent and the Grenadines	16,000	9,616	116	25,732	15.2%
British Virgin Islands	-	-	-	-	0.0%
Regional: LDC Focus	-	-	-	-	0.0%
Regional: MDC Focus	-	-	-	-	0.0%
Regional: LDC/MDC Focus	8,250	3,445	568	12,263	7.3%
Total	**116,031**	**51,563**	**1,446**	**169,040**	
Percentage of Total	68.6	30.5	0.9		100.0
LDCs	94,931	47,032	630	142,593	84.4%
MDCs	12,850	1,086	248	14,184	8.4%
Regional	8,250	3,445	568	12,263	7.3%

APPENDIX I-B

DISTRIBUTION OF LOANS, SECONDARY MORTGAGE, EQUITY AND GRANTS APPROVED (NET)

BY SECTOR AND BY FUND - 2009 ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**49,555**	**25,484**	**295**	**75,334**
Agriculture, Forestry and Fishing	**4,000**	**179**	**68**	**4,247**
Agriculture (excluding Crop Farming)	4,000	179	68	4,247
Transportation and Communication	**18,464**	**564**	**-**	**19,028**
Main Roads and Bridges	18,464	564	-	19,028
Power, Energy and Water	**-**	**3,910**	**51**	**3,961**
Water Supply	-	3,910	51	3,961
Social Services	**19,250**	**4,776**	**43**	**24,069**
Housing	1,000	-	-	1,000
Education	18,250	4,776	43	23,069
Multi-Sector and Other	**-**	**11,896**	**131**	**12,027**
Disaster Rehabilitation	-	40	-	40
Other	-	1,856	131	1,987
Structural Adjustment Programme	-	10,000	-	10,000
Financing and Distribution	**7,841**	**4,159**	**2**	**12,002**
Housing	2,500	-	-	2,500
Education	5,341	4,159	2	9,502

APPENDIX I-C

DISTRIBUTION OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET)

BY COUNTRY AND BY SECTOR - 2009 ($'000)

Country	Agriculture, Forestry & Fishing	Manufacturing	Tourism	Sub-Total	Power & Energy	Water	Transportation & Communication	Housing	Education (including Student)	Health & Sanitation	Sub-Total	Multi-Sector	Total
Antigua and Barbuda	-	-	-	-	-	-	-	-	-	-	-	-	-
Anguilla	-	-	-	-	-	-	425	-	-	-	425	20	445
Barbados	-	-	-	-	-	-	12,850	-	-	-	12,850	66	12,916
Bahamas	-	-	-	-	-	-	-	-	-	-	-	-	-
Belize	4,000	-	-	4,000	-	3,480	-	-	-	-	3,480	150	7,630
Dominica	-	-	-	-	-	362	-	1,000	4,000	-	5,362	90	5,452
Grenada	-	-	-	-	-	-	556	-	60	-	616	1,339	1,955
Guyana	-	-	-	-	-	51	-	-	-	-	51	153	204
Haiti	-	-	-	-	-	-	-	-	-	-	-	10,000	10,000
Jamaica	50	-	-	50	-	-	-	-	-	-	-	728	778
St. Kitts and Nevis	-	-	-	-	-	-	5,614	-	-	-	5,614	155	5,769
Cayman Islands	-	-	-	-	-	-	-	-	-	-	-	-	-
St. Lucia	-	-	-	-	-	29	-	-	10,000	-	10,029	236	10,265
Montserrat	-	-	-	-	-	-	-	-	-	-	-	262	262
Turks and Caicos Islands	-	-	-	-	-	-	-	-	34	-	34	11	45
Trinidad and Tobago	47	-	-	47	-	-	-	-	-	-	-	137	184
St. Vincent and the Grenadines	-	-	-	-	-	-	564	-	9	-	573	25,121	25,694
British Virgin Islands	-	-	-	-	-	-	-	-	-	-	-	-	-
Regional: LDC Focus	-	-	-	-	-	-	-	-	-	-	-	-	-
Regional: MDC Focus	-	-	-	-	-	-	-	-	-	-	-	-	-
Regional: LDC/MDC Focus	150	-	-	150	-	39	198	-	8,966	-	9,203	2,219	11,572
Total	**4,247**	**-**	**-**	**4,247**	**-**	**3,961**	**20,207**	**1,000**	**23,069**	**-**	**48,237**	**40,687**	**93,171**

APPENDIX I-D
DISTRIBUTION OF LOANS APPROVED (NET)
BY COUNTRY AND BY FUND - 2009 ($'000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total	Percentage of Total
Antigua and Barbuda	30,000	300	-	30,300	20.0%
Anguilla	-	625	-	625	0.4%
Barbados	12,850	-	-	12,850	8.5%
Bahamas	-	-	-	-	0.0%
Belize	9,000	4,480	-	13,480	8.9%
Dominica	7,500	5,425	-	12,925	8.5%
Grenada	6,141	13,343	-	19,484	12.9%
Guyana	-	-	-	-	0.0%
Haiti	-	-	-	-	0.0%
Jamaica	-	-	-	-	0.0%
St. Kitts and Nevis	6,290	350	-	6,640	4.4%
Cayman Islands	-	-	-	-	0.0%
St. Lucia	20,000	563	-	20,563	13.6%
Montserrat	-	-	-	-	0.0%
Turks and Caicos Islands	-	500	-	500	0.3%
Trinidad and Tobago	-	-	-	-	0.0%
St. Vincent and the Grenadines	16,000	9,564	-	25,564	16.9%
British Virgin Islands	-	-	-	-	0.0%
Regional: LDC Focus	-	-	-	-	0.0%
Regional: MDC Focus	-	-	-	-	0.0%
Regional: LDC/MDC Focus	8,250	-	-	8,250	5.5%
Total	**116,031**	**35,150**	**-**	**151,181**	
Percentage of Total	76.7	23.3	0.0		100.0
LDCs	94,931	35,150	0	130,081	86.0%
MDCs	12,850	0	0	12,850	8.5%
Regional	8,250	0	0	8,250	5.5%

APPENDIX I-E

DISTRIBUTION OF LOANS APPROVED (NET)

BY SECTOR AND BY FUND - 2009 ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**49,555**	**12,565**	**-**	**62,120**
Agriculture, Forestry and Fishing	**4,000**	**-**	**-**	**4,000**
Agriculture (excluding Crop Farming)	4,000	-	-	4,000
Transportation and Communication	**18,464**	**564**	**-**	**19,028**
Main Roads and Bridges	18,464	564	-	19,028
Power, Energy and Water	**-**	**3,842**	**-**	**3,842**
Water Supply	-	3,842	-	3,842
Social Services	**19,250**	**4,000**	**-**	**23,250**
Housing	1,000	-	-	1,000
Education	18,250	4,000	-	22,250
Financing and Distribution	**7,841**	**4,159**	**-**	**12,000**
Housing	2,500	-	-	2,500
Education	5,341	4,159	-	9,500

APPENDIX I-F

LOAN APPROVALS - 2009 ($'000)

Country	No. of Loan Projects	CDB	Public	Private	Unknown
ANTIGUA AND BARBUDA	2	30,300,000	300,000	-	30,000,000
ANGUILLA	2	625,000	200,000	-	425,000
BARBADOS	1	12,850,000	-	-	12,850,000
BELIZE	2	13,480,000	10,000,000	-	3,480,000
DOMINICA	4	12,924,950	12,924,950	-	-
GRENADA	5	19,483,500	19,068,500	-	415,000
ST. KITTS AND NEVIS	2	6,640,000	6,640,000	-	-
ST. LUCIA	2	20,562,500	562,500	20,000,000	-
TURKS AND CAICOS ISLANDS	1	500,000	500,000	-	-
ST. VINCENT AND THE GRENADINES	2	25,564,000	25,564,000	-	-
REGIONAL	1	8,250,000	8,250,000	-	-
Total	**24**	**151,179,950**	**84,009,950**	**20,000,000**	**47,170,000**
LDCs	**22**	**130,079,950**	**75,759,950**	**20,000,000**	**34,320,000**
MDCs	**1**	**12,850,000**	**-**	**-**	**12,850,000**
Regional	**1**	**8,250,000**	**8,250,000**	**-**	**-**

APPENDIX I-G

GROSS LOANS APPROVALS BY PROJECT AND LOAN EQUIVALENT - 2009 ($'000)

		OCR		SDF Unified		Other Special Funds		
Project Name	Country	Amount	Loan Equivalent	Amount	Loan Equivalent	Amount	Loan Equivalent	Total
1POLICY-BASED LOAN	ANTIGUA AND BARBUDA	30,000,000	1.00	-	-	-	-	30,000,000
2CAIBBEAN CATASTROPHE RISK INSURANCE FACILITY	ANTIGUA AND BARBUDA	-	-	300,000	1.00	-	-	300,000
3CARIBBEAN CATASTROPHE RISK INSURANCE FACILITY	ANGUILLA	-	-	200,000	1.00	-	-	200,000
4NATURAL DISASTER MANAGEMENT - IMME-DIATE RESPONSE - HURRICANE OMAR	ANGUILLA	-	-	425,000	1.00	-	-	425,000
5HARRISON'S CAVE REDEVELOPMENT PROJ-ECT ADD. LOAN	BARBADOS	12,850,000	1.00	-	-	-	-	12,850,000
6SIXTH CONSOLIDATED LINE OF CREDIT	BELIZE	9,000,000	0.90	1,000,000	0.10	-	-	10,000,000
7BELIZE RIVER VALLEY RURAL WATER PROJ-ECT	BELIZE	-	-	3,480,000	1.00	-	-	3,480,000
8EDUCATION ENHANCEMENT PROJECT	DOMINICA	-	-	4,000,000	1.00	-	-	4,000,000
9EIGHTH CONSOLIDATED LINE OF CREDIT	DOMINICA	7,500,000	0.94	500,000	0.06	-	-	8,000,000
10CARIBBEAN CATASTROPHE RISK INSURANCE FACILITY	DOMINICA	-	-	562,500	1.00	-	-	562,500
11TA - WATER SUPPLY NETWORK - UPGRAD-ING AND EXPANSION	DOMINICA	-	-	362,450	1.00	-	-	362,450
12POLICY-BASED LOAN	GRENADA	4,800,000	0.38	8,000,000	0.63	-	-	12,800,000
13CARIBBEAN CATASTROPHE RISK INSURANCE FACILITY	GRENADA	-	-	712,500	1.00	-	-	712,500
14SCHOOLS REHABILITATION AND RECON-STRUCTION PROJECT II	GRENADA	1,341,000	0.27	3,659,000	0.73	-	-	5,000,000
15TA - REHABILITATION AND UPGRADE STUDY - ST. PATRICK ROAD NETWORK	GRENADA	-	-	556,000	1.00	-	-	556,000

APPENDIX I-G...cont'd

GROSS LOANS APPROVALS BY PROJECT AND LOAN EQUIVALENT - 2009 ($'000)

		OCR			SDF Unified		Other Special Funds		
	Project Name	Country	Amount	Loan Equivalent	Amount	Loan Equivalent	Amount	Loan Equivalent	Total
	16TA - ST. JOHNS RIVER FLOOD MITIGATION PROJECT FEASIBILITY STUDY AND DETAILED DESIGNS	GRENADA	-	-	415,000	1.00	-	-	415,000
	17WEST BASSETERRE BYPASS ROAD ADD. LOAN	ST. KITTS AND NEVIS	6,290,000	1.00	-	-	-	-	6,290,000
	18CARIBBEAN CATASTROPHE RISK INSURANCE FACILITY	ST. KITTS AND NEVIS	-	-	350,000	1.00	-	-	350,000
	19CONSOLIDATED LINE OF CREDIT	ST. LUCIA	20,000,000	1.00	-	-	-	-	20,000,000
	20CARIBBEAN CATASTROPHE RISK INSURANCE FACILITY	ST. LUCIA	-	-	562,500	1.00	-	-	562,500
	21CARIBBEAN CATASTROPHE RISK INSURANCE FACILITY	TURKS AND CAICOS ISLANDS	-	-	500,000	1.00	-	-	500,000
	22POLICY BASED LOAN	ST. VINCENT AND THE GRENADINES	16,000,000	0.64	9,000,000	0.36	-	-	25,000,000
	23SOUTH LEEWARD HIGHWAY REHABILITATION AND UPGRADE STUDY	ST. VINCENT AND THE GRENADINES	-	-	564,000	1.00	-	-	564,000
	24UNIVERSITY OF THE WEST INDIES ENHANCEMENT PROJECT	REGIONAL	8,250,000	1.00	-	-	-	-	8,250,000
Total			**116,031,000**		**35,148,950**		**-**		**151,179,950**
LDCs	94,931,000	0.73	35,148,950	0.27	-	-	130,079,950		
MDCs	12,850,000	1.00	-	-	-	-	12,850,000		
Regional	8,250,000	1.00	-	-	-	-	8,250,000		
LDCs	0.82	1.00	-	0.86					
MDCs	0.11	-	-	0.08					
Regional	0.07	-	-	0.05					
Total			0.77		0.23		-		

APPENDIX II-A

SUMMARY OF TOTAL FINANCING APPROVED (NET) (1970 - 2009)

LOANS, CONTINGENT LOANS, EQUITIES AND GRANTS ($'000)

Financing Type	1970-2008	2009	Total
Loans	2,938,282	62,120	3,000,402
Contingent Loans	4,281	0	4,281
Equity	33,193	0	33,193
Grants	302,018	13,214	315,232
Total	**3,277,774**	**75,334**	**3,353,108**

APPENDIX II-B

SUMMARY OF TOTAL FINANCING APPROVED (NET) BY SECTOR (1970 - 2009)

LOANS, CONTINGENT LOANS, EQUITIES AND GRANTS ($'000)

Sector	1970-2008	2009	Total
Agriculture, Forestry and Fishing	114,760	4,247	119,007
Mining and Quarrying	35,534	0	35,534
Manufacturing	154,312	0	154,312
Tourism	88,955	0	88,955
Transportation and Communication	753,236	19,028	772,264
Power, Energy and Water	201,474	3,961	205,435
Social Services	376,533	24,069	400,602
Multi-Sector and Other	989,973	12,027	1,002,000
Financing and Distribution	562,997	12,002	574,999
Total	**3,277,774**	**75,334**	**3,353,108**

APPENDIX II-C

DISTRIBUTION OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET) BY SECTOR AND BY FUND (1970-2009) ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**1,817,104**	**1,121,110**	**381,839**	**3,353,108**
Agriculture, Forestry and Fishing	**32,490**	**64,492**	**20,558**	**119,007**
Agriculture (excluding Crop Farming)	4,207	871	1,801	7,075
Crop Farming	12,960	18,498	9,493	41,951
Mixed Farming	-	8,514	-	8,514
Drainage and Irrigation	11,283	6,923	409	18,615
Forestry	-	348	-	348
Fishing	-	2,478	697	3,350
Land Settlement and Rural Development	367	2,094	342	2,803
Feeder Roads and Bridges	3,673	24,766	7,816	36,351
Mining and Quarrying	**31,409**	**3,570**	**555**	**35,534**
Fossil Fuels	30,862	-	-	30,862
Metal Ores	547	31	-	578
Non-Metallic Minerals	-	3,539	555	4,094
Manufacturing	**58,145**	**51,866**	**41,458**	**154,312**
Food, Beverages and Tobacco	93	5,086	32,689	37,868
Food (excluding sugar)	-	175	97	427
Sugar	29,988	17,872	2,446	51,881
Textile, Wearing Apparel and Leather Goods	-	11	51	511
Wood and Wood Products	4,566	499	53	5,144
Paper and Paper Products	3,502	-	10	3,512
Chemicals and Chemical Products	-	13	47	506
Non-Metallic Mineral Products	2,985	73	68	3,188
Miscellaneous Manufacturing and Repairs	-	-	43	43
Industrial Estates	17,011	28,137	5,954	51,232
Tourism	**67,488**	**12,033**	**2,418**	**88,955**
Hotels and Lodging Places	30,179	255	100	36,347
Cruiseship Piers and Marinas	8,752	-	-	8,752
Integrated Tourism Facilities	25,200	8,140	2,318	35,736
Tourism Supporting Services	3,357	3,638	-	8,120
Transportation and Communication	**535,581**	**163,574**	**72,137**	**772,264**
Road Transport	-	145	-	145
Main Roads and Bridges	320,152	76,931	27,752	424,859
Water Transport	41,534	42,774	15,266	100,005
Air Transport	159,952	26,913	27,167	214,468
Communication	8,250	518	25	8,874
Sea Defence	5,693	16,293	1,927	23,913

APPENDIX II-C...cont'd

DISTRIBUTION OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET)

BY SECTOR AND BY FUND (1970-2009) ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Power, Energy and Water	**113,433**	**75,362**	**12,181**	**205,435**
Electric Power	63,891	31,519	1,665	97,283
Alternative Energy	8,250	-	2,823	11,770
Water Supply	41,292	43,843	7,693	96,382
Social Services	**179,973**	**140,606**	**77,826**	**400,602**
Housing	5,101	8,462	19,874	33,545
Health	21,256	20,923	12,832	55,021
Education	153,616	111,221	45,120	312,036
Multi-Sector and Other	**395,981**	**464,963**	**134,199**	**1,002,000**
Urban Development	38,377	17,341	5,372	61,246
Disaster Rehabilitation	79,695	147,071	9,959	237,387
Distributive Trade	3,530	7,575	2,749	14,062
Other	159,379	210,287	62,495	437,992
Structural Adjustment Programme	115,000	82,689	53,624	251,313
Financing and Distribution	**402,604**	**144,644**	**20,507**	**574,999**
Agriculture	119,856	33,116	12,337	171,332
Manufacturing	149,166	26,642	5,087	182,116
Housing	68,394	22,725	3,081	94,200
Education	65,188	56,087	2	121,277
Micro and Small Scale Enterprises	-	6,074	-	6,074

APPENDIX II-D

DISTRIBUTION OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET) BY COUNTRY AND BY SECTOR (1970 - 2009) ($'000)

Country	Agriculture, Forestry & Fishing	Manufacturing	Tourism	Sub-Total	Power & Energy	Water	Transportation & Communication	Housing	Education (including Student)	Health & Sanitation	Sub-Total	Multi-Sector	Total
Antigua and Barbuda	3,455	5,723	1,922	12,100	272	-	28,494	3,483	20,052	-	52,301	7,391	71,792
Anguilla	2,871	5,865	773	9,709	11,996	288	20,712	2,050	3,149	-	38,195	5,211	53,115
Barbados	4,181	45,470	28,921	78,672	105	765	100,952	1,395	50,156	3,240	156,613	53,653	288,938
Bahamas	10,086	10,849	2,187	23,122	-	15,252	14,745	-	-	37	30,034	797	53,953
Belize	27,437	12,504	1,172	42,767	28,050	26,425	55,045	13,546	22,120	6,032	151,218	73,926	267,911
Dominica	23,214	11,521	7,513	42,848	6,159	8,501	20,021	14,733	21,278	7,527	87,602	62,206	192,656
Grenada	16,444	6,864	4,298	28,657	158	2,453	65,081	7,063	21,734	5,550	102,039	70,780	201,476
Guyana	22,395	45,872	128	68,395	3,558	8,946	36,186	1,176	9,242	-	73,858	95,961	238,214
Haiti	-	-	-	-	-	-	-	-	16,171	-	16,171	14,884	31,055
Jamaica	81,189	86,498	15,626	183,891	8,791	6,177	105,995	17,602	46,811	2,000	187,376	316,099	687,366
St. Kitts and Nevis	5,699	9,116	1,731	17,569	16,439	126	46,337	10,919	42,681	7,600	124,102	47,161	188,832
Cayman Islands	1,308	1,499	6,429	9,624	-	2,775	23,047	5,515	452	7,000	38,789	143	48,556
St. Lucia	24,171	23,200	14,197	62,205	1,376	19,007	75,983	18,195	65,932	8,517	189,010	69,149	320,364
Montserrat	1,382	1,444	124	3,036	987	-	6,024	653	975	-	8,639	6,965	18,640
Turks and Caicos Islands	1,580	2,394	1,302	5,576	-	-	3,147	10,217	7,599	240	21,203	4,029	30,808
Trinidad and Tobago	36,840	37,270	-	104,972	-	2,615	38,262	-	8,459	604	49,940	32,424	187,336
St. Vincent and the Grenadines	13,814	16,582	522	34,058	25,037	2,716	54,141	3,590	43,152	5,480	134,116	44,455	212,629
British Virgin Islands	3,503	4,951	349	8,803	4,812	-	36,018	3,500	7,778	-	52,108	724	61,635
Regional: LDC Focus	1,010	94	430	1,653	677	104	11,059	10,155	1,160	334	23,489	8,654	33,796
Regional: MDC Focus	25	-	-	25	-	-	6,313	-	9,452	-	15,765	3,170	18,960
Regional: LDC/MDC Focus	9,735	18,806	1,331	29,872	636	232	1,748	1,453	25,458	860	30,387	102,654	162,913
Total	**290,339**	**346,522**	**88,955**	**767,554**	**109,053**	**96,382**	**749,310**	**125,245**	**423,811**	**55,021**	**1,582,955**	**1,020,436**	**3,370,945**

APPENDIX II-E

APPROVALS OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS (NET) BY COUNTRY AND BY YEAR (1970-2009) ($'000)

Country	1970-2003	2004	2005	2006	2007	2008	2009	Total
Antigua and Barbuda	49,153	8	21	44	22,083	483	30,300	102,092
Anguilla	22,787	18	11,130	57	206	18,472	657	53,327
Barbados	218,439	100	136	24,441	32,825	81	12,922	288,944
Bahamas	53,732	147	27	22	22	3	-	53,953
Belize	198,752	52	8,250	37,603	3,299	12,325	13,801	274,082
Dominica	148,191	14,795	5,916	54	2,980	15,268	13,020	200,224
Grenada	138,308	9,371	25,248	11,107	7,532	7,955	20,493	220,014
Guyana	201,833	7,388	14,485	46	28	14,230	274	238,284
Haiti	-	-	-	-	10,000	11,055	10,000	31,055
Jamaica	362,291	30,802	54,224	12,839	61,538	164,894	800	687,388
St. Kitts and Nevis	140,173	6,364	842	28,551	22	7,111	6,876	189,939
Cayman Islands	48,492	-	-	-	12	52	-	48,556
St. Lucia	237,192	5,484	22,580	32	8	44,803	20,828	330,927
Montserrat	17,020	81	9	105	55	1,108	288	18,666
Turks and Caicos Islands	22,564	254	8	7,000	-	937	596	31,359
Trinidad and Tobago	161,932	123	7	46	25,026	18	189	187,341
St. Vincent and the Grenadines	127,634	36,234	128	50	10,666	12,223	25,732	212,667
British Virgin Islands	56,635	-	-	-	5,000	-	-	61,635
Regional: LDC Focus	22,498	33	13	34	10,471	747	-	33,796
Regional: MDC Focus	18,810	-	-	150	-	-	-	18,960
Regional: LDC/MDC Focus	78,963	1,510	9,661	6,177	18,614	36,416	12,264	163,605
Total	**2,325,399**	**112,764**	**152,685**	**128,358**	**210,387**	**348,181**	**169,040**	**3,446,814**
LDCs	1,206,901	72,661	74,132	84,603	61,863	131,792	142,591	1,774,543
MDCs	998,227	38,560	68,879	37,394	119,439	179,226	14,185	1,455,910
Regional	120,271	1,543	9,674	6,361	29,085	37,163	12,264	216,361

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

APPENDIX II-F

DISTRIBUTION OF LOANS APPROVED (NET)
BY COUNTRY AND BY FUND (1970 - 2009) ($'000)

Country	Ordinary Capital Resources	Venezuelan Trust Fund	Special Development Fund	IDB	IDA	General Development Fund	Other Special Funds	Total	Percentage of Total
Antigua and Barbuda	71,338	-	15,357	-	558	5,779	3,009	96,041	3.1%
Anguilla	39,387	-	11,599	-	-	-	500	51,486	1.7%
Barbados	249,691	3,646	6,909	388	-	8,199	17,546	286,379	9.3%
Bahamas	47,520	3,240	2,376	-	-	-	-	53,136	1.7%
Belize	142,778	740	96,694	373	-	5,171	4,981	250,737	8.1%
Dominica	42,010	-	96,946	9,043	5,347	12,368	8,179	173,893	5.6%
Grenada	60,364	-	109,224	20,961	5,628	369	3,729	200,275	6.5%
Guyana	55,788	1,579	128,294	-	-	-	20,585	206,246	6.7%
Haiti	-	-	-	-	-	-	-	-	0.0%
Jamaica	458,200	5,665	142,952	-	-	30,000	39,166	675,983	21.9%
St. Kitts and Nevis	98,307	260	68,962	2,360	5,181	26	1,198	176,294	5.7%
Cayman Islands	40,009	-	4,994	2,132	-	313	868	48,316	1.6%
St. Lucia	174,804	676	98,301	17,940	5,625	7,358	6,120	310,824	10.1%
Montserrat	485	-	8,678	-	-	79	1,293	10,535	0.3%
Turks and Caicos Islands	13,141	-	13,436	-	-	-	-	26,577	0.9%
Trinidad and Tobago	178,808	-	5,018	-	-	-	2,566	186,392	6.0%
St. Vincent and the Grenadines	101,652	1,606	70,365	6,302	4,497	2,105	7,521	194,048	6.3%
British Virgin Islands	43,870	-	14,791	-	-	300	1,594	60,555	2.0%
Regional: LDC Focus	10,000	-	5,232	-	-	-	2,626	17,858	0.6%
Regional: MDC Focus	7,266	-	5,544	-	-	-	2,174	14,984	0.5%
Regional: LDC/MDC Focus	48,162	-	742	-	-	-	-	48,904	1.6%
Total	**1,883,580**	**17,412**	**906,414**	**59,499**	**26,836**	**72,067**	**123,655**	**3,089,463**	
Percentage of Total	61.0	0.6	29.3	1.9	0.9	2.3	4.0		100.0
LDCs	828,145	3,282	609,347	59,111	26,836	33,868	38,992	1,599,581	51.8%
MDCs	990,007	14,130	285,549	388	0	38,199	79,863	1,408,136	45.6%
Regional	65,428	0	11,518	0	0	0	4,800	81,746	2.6%

APPENDIX II-G

DISTRIBUTION OF LOANS APPROVED (NET)

BY SECTOR AND BY FUND (1970-2009) ($'000)

Sector	Ordinary Capital Resources	Venezuelan Trust Fund	Special Development Fund	Other Special Funds	Total
Total All Sectors	**1,817,104**	**17,412**	**883,829**	**282,057**	**3,000,402**
Agriculture, Forestry and Fishing	**32,490**	**-**	**61,098**	**17,522**	**111,110**
Agriculture (excluding Crop Farming)	4,207	-	100	1,421	5,728
Crop Farming	12,960	-	16,597	6,870	36,427
Mixed Farming	-	-	8,514	-	8,514
Drainage and Irrigation	11,283	-	6,803	409	18,495
Fishing	-	-	2,437	694	3,131
Land Settlement and Rural Development	367	-	2,094	312	2,773
Feeder Roads and Bridges	3,673	-	24,553	7,816	36,042
Mining and Quarrying	**31,409**	**-**	**3,294**	**436**	**35,139**
Fossil Fuels	30,862	-	-	-	30,862
Metal Ores	547	-	-	-	547
Non-Metallic Minerals	-	-	3,294	436	3,730
Manufacturing	**58,145**	**2,206**	**51,386**	**40,618**	**152,355**
Food, Beverages and Tobacco	93	-	5,086	32,318	37,497
Sugar	29,988	1,500	17,727	2,346	51,561
Textile, Wearing Apparel and Leather Goods	-	260	2	-	262
Wood and Wood Products	4,566	-	450	-	5,016
Paper and Paper Products	3,502	-	-	-	3,502
Chemicals and Chemical Products	-	446	-	-	446
Non-Metallic Mineral Products	2,985	-	73	-	3,058
Industrial Estates	17,011	-	28,048	5,954	51,013
Tourism	**67,488**	**4,722**	**10,531**	**2,220**	**84,961**
Hotels and Lodging Places	30,179	4,722	47	-	34,948
Cruiseship Piers and Marinas	8,752	-	-	-	8,752
Integrated Tourism Facilities	25,200	-	7,830	2,220	35,250
Tourism Supporting Services	3,357	-	2,654	-	6,011
Transportation and Communication	**535,581**	**-**	**159,360**	**68,857**	**763,798**
Main Roads and Bridges	320,152	-	76,558	27,752	424,462
Water Transport	41,534	-	41,218	15,041	97,793
Air Transport	159,952	-	25,254	24,137	209,343
Communication	8,250	-	37	-	8,287
Sea Defence	5,693	-	16,293	1,927	23,913
Power, Energy and Water	**113,433**	**3,240**	**73,581**	**8,860**	**199,114**
Electric Power	63,891	-	30,832	1,577	96,300
Alternative Energy	8,250	-	-	-	8,250
Water Supply	41,292	3,240	42,749	7,283	94,564

APPENDIX II-G...cont'd

DISTRIBUTION OF LOANS APPROVED (NET)

BY SECTOR AND BY FUND (1970-2009) ($'000)

Sector	Ordinary Capital Resources	Venezuelan Trust Fund	Special Development Fund	Other Special Funds	Total
Social Services	**179,973**	**-**	**103,028**	**68,877**	**351,878**
Housing	5,101	-	6,657	19,803	31,561
Health	21,256	-	19,074	12,523	52,853
Education	153,616	-	77,297	36,551	267,464
Multi-Sector and Other	**395,981**	**-**	**276,907**	**54,162**	**727,050**
Urban Development	38,377	-	13,236	-	51,613
Disaster Rehabilitation	79,695	-	144,154	8,600	232,449
Distributive Trade	3,530	-	7,501	2,250	13,281
Other	159,379	-	41,016	6,312	206,707
Structural Adjustment Programme	115,000	-	71,000	37,000	223,000
Financing and Distribution	**402,604**	**7,244**	**144,644**	**20,505**	**574,997**
Agriculture	119,856	6,023	33,116	12,337	171,332
Manufacturing	149,166	1,221	26,642	5,087	182,116
Housing	68,394	-	22,725	3,081	94,200
Education	65,188	-	56,087	-	121,275
Micro and Small Scale Enterprises	-	-	6,074	-	6,074

APPENDIX II-H

CONTINGENT LOANS APPROVED (NET)
BY COUNTRY AND BY FUND (1970 - 2009) ($'000)

Country	Special Development Fund	IDB/CDB Pre-Investment Fund	Technical Assistance Fund	Total
Antigua and Barbuda	-	-	-	-
Anguilla	-	71	-	71
Barbados	384	-	156	540
Bahamas	-	-	-	-
Belize	784	-	152	936
Dominica	-	-	771	771
Grenada	58	-	-	58
Guyana	-	-	-	-
Haiti	-	-	-	-
Jamaica	-	-	-	-
St. Kitts and Nevis	178	-	56	234
Cayman Islands	-	-	-	-
St. Lucia	145	-	50	195
Montserrat	86	-	-	86
Turks and Caicos Islands	1,036	-	-	1,036
Trinidad and Tobago	200	-	-	200
St. Vincent and the Grenadines	-	-	-	-
British Virgin Islands	50	104	-	154
Regional: LDC Focus	-	-	-	-
Regional: MDC Focus	-	-	-	-
Regional: LDC/MDC Focus	-	-	-	-
Total	**2,921**	**175**	**1,185**	**4,281**
LDCs	2,337	175	1,029	3,541
MDCs	584	-	156	740
Regional	-	-	-	-

APPENDIX II-I

CONTINGENT LOANS APPROVED (NET)

BY SECTOR AND BY FUND (1970-2009) ($'000)

Sector	Special Development Fund	IDB/CDB Pre-Investment Fund	Technical Assistance Fund	Total
Total All Sectors	**2,921**	**175**	**1,185**	**4,281**
Agriculture, Forestry and Fishing	**181**	**-**	**147**	**328**
Crop Farming	113	-	51	164
Feeder Roads and Bridges	68	-	96	164
Mining and Quarrying	**86**	**-**	**-**	**86**
Non-Metallic Minerals	86	-	-	86
Tourism	**48**	**-**	**-**	**48**
Hotels and Lodging Places	48	-	-	48
Transportation and Communication	**1,823**	**104**	**101**	**2,028**
Road Transport	145	-	-	145
Water Transport	1,094	104	-	1,198
Air Transport	584	-	101	685
Power, Energy and Water	**583**	**71**	**781**	**1,435**
Electric Power	222	71	56	349
Alternative Energy	-	-	697	697
Water Supply	361	-	28	389
Multi-Sector and Other	**200**	**-**	**156**	**356**
Urban Development	-	-	156	156
Other	200	-	-	200

APPENDIX II-J

GRANTS APPROVED (NET)

BY COUNTRY AND BY FUND (1970 - 2009) ($'000)

Country	Special Development Fund	IDB	Technical Assistance Fund	Other Special Funds	Total
Antigua and Barbuda	1,781	54	64	4,152	6,051
Anguilla	964	39	60	707	1,770
Barbados	1,003	-	112	463	1,578
Bahamas	697	-	20	100	817
Belize	14,311	85	166	6,406	20,968
Dominica	10,398	307	227	14,628	25,560
Grenada	11,785	752	208	6,936	19,681
Guyana	27,312	-	1	4,724	32,037
Haiti	31,055	-	-	-	31,055
Jamaica	10,248	-	-	532	10,780
St. Kitts and Nevis	7,398	143	239	5,443	13,223
Cayman Islands	208	-	-	32	240
St. Lucia	11,682	316	247	7,663	19,908
Montserrat	5,169	78	19	2,779	8,045
Turks and Caicos Islands	2,787	-	77	882	3,746
Trinidad and Tobago	569	83	-	97	749
St. Vincent and the Grenadines	10,008	763	291	7,167	18,229
British Virgin Islands	578	-	52	296	926
Regional: LDC Focus	6,914	973	416	4,535	12,838
Regional: MDC Focus	976	-	-	-	976
Regional: LDC/MDC Focus	62,358	6,552	659	21,131	90,700
Total	**218,201**	**10,145**	**2,858**	**88,673**	**319,877**
LDCs	108,124	2,537	1,650	57,091	169,402
MDCs	39,829	83	133	5,916	45,961
Regional	70,248	7,525	1,075	25,666	104,514

APPENDIX II-K

GRANTS APPROVED (NET)

BY SECTOR AND BY FUND (1970-2009) ($'000)

Sector	Special Development Fund	IDB	Technical Assistance Fund	Other Special Funds	Total
Total All Sectors	**214,707**	**10,145**	**2,858**	**87,522**	**315,232**
Agriculture, Forestry and Fishing	**3,213**	**805**	**515**	**1,371**	**5,904**
Agriculture (excluding Crop Farming)	771	168	28	380	1,347
Crop Farming	1,788	594	355	958	3,695
Drainage and Irrigation	120	-	-	-	120
Forestry	348	-	-	-	348
Fishing	41	43	132	3	219
Land Settlement and Rural Development	-	-	-	30	30
Feeder Roads and Bridges	145	-	-	-	145
Mining and Quarrying	**190**	**-**	**-**	**119**	**309**
Metal Ores	31	-	-	-	31
Non-Metallic Minerals	159	-	-	119	278
Manufacturing	**480**	**184**	**264**	**469**	**1,397**
Food (excluding sugar)	175	155	-	97	427
Sugar	145	-	75	100	320
Textile, Wearing Apparel and Leather Goods	9	-	-	51	60
Wood and Wood Products	49	16	10	53	128
Paper and Paper Products	-	-	-	10	10
Chemicals and Chemical Products	13	-	-	47	60
Non-Metallic Mineral Products	-	13	49	68	130
Miscellaneous Manufacturing and Repairs	-	-	-	43	43
Industrial Estates	89	-	130	-	219
Tourism	**1,454**	**1,158**	**45**	**198**	**2,855**
Hotels and Lodging Places	160	-	-	100	260
Integrated Tourism Facilities	310	78	-	98	486
Tourism Supporting Services	984	1,080	45	-	2,109
Transportation and Communication	**2,391**	**361**	**406**	**3,280**	**6,438**
Main Roads and Bridges	373	24	-	-	397
Water Transport	462	-	327	225	1,014
Air Transport	1,075	256	79	3,030	4,440
Communication	481	81	-	25	587
Power, Energy and Water	**1,198**	**-**	**367**	**3,321**	**4,886**
Electric Power	465	-	81	88	634
Alternative Energy	-	-	-	2,823	2,823
Water Supply	733	-	286	410	1,429
Social Services	**37,578**	**1,658**	**539**	**8,949**	**48,724**
Housing	1,805	-	108	71	1,984
Health	1,849	-	10	309	2,168

APPENDIX II-K...cont'd

GRANTS APPROVED (NET)

BY SECTOR AND BY FUND (1970-2009) ($'000)

Sector	Special Development Fund	IDB	Technical Assistance Fund	Other Special Funds	Total
Education	33,924	1,658	421	8,569	44,572
Multi-Sector and Other	**168,203**	**5,979**	**722**	**69,813**	**244,717**
Urban Development	4,105	-	-	5,372	9,477
Disaster Rehabilitation	2,917	662	-	1,359	4,938
Distributive Trade	74	-	208	499	781
Other	149,418	5,317	514	56,183	211,432
Structural Adjustment Programme	11,689	-	-	6,400	18,089
Financing and Distribution	**-**	**-**	**-**	**2**	**2**
Education	-	-	-	2	2

APPENDIX II-L

GRANTS APPROVED (NET)

BY COUNTRY AND BY YEAR (1970-2009) ($'000)

Country	1970-2003	2004	2005	2006	2007	2008	2009	Total
Antigua and Barbuda	5,231	8	21	44	264	483	-	6,051
Anguilla	1,214	18	41	57	206	202	32	1,770
Barbados	1,016	100	136	75	98	81	72	1,578
Bahamas	596	147	27	22	22	3	-	817
Belize	17,075	13	-	-	533	3,025	321	20,967
Dominica	15,628	6,415	366	54	494	2,508	95	25,560
Grenada	15,225	791	269	76	56	2,255	1,009	19,681
Guyana	24,517	38	405	46	28	6,730	274	32,038
Haiti	-	-	-	-	10,000	11,055	10,000	31,055
Jamaica	3,553	222	124	679	393	5,009	800	10,780
St. Kitts and Nevis	11,671	22	242	118	22	911	236	13,222
Cayman Islands	176	-	-	-	12	52	-	240
St. Lucia	16,757	31	12	32	8	2,803	265	19,908
Montserrat	6,399	81	9	105	55	1,108	288	8,045
Turks and Caicos Islands	3,191	14	8	-	-	437	96	3,746
Trinidad and Tobago	340	123	7	46	26	18	189	749
St. Vincent and the Grenadines	15,740	339	128	50	12	1,792	168	18,229
British Virgin Islands	926	-	-	-	-	-	-	926
Regional: LDC Focus	11,540	33	13	34	471	747	-	12,838
Regional: MDC Focus	826	-	-	150	-	-	-	976
Regional: LDC/MDC Focus	54,612	1,350	4,661	6,034	8,614	11,416	4,014	90,701
Total	**206,233**	**9,745**	**6,469**	**7,622**	**21,314**	**50,635**	**17,859**	**319,877**
LDCs	109,233	7,732	1,096	536	11,662	26,631	12,510	169,400
MDCs	30,022	630	699	868	567	11,841	1,335	45,962
Regional	66,978	1,383	4,674	6,218	9,085	12,163	4,014	104,515

Cancellations are applied to the year of approval.

APPENDIX III

Resolutions Of The Board Of Governors During 2009

NO.	Subject	Date of Adoption
1/09	Audited Financial Statements and Reports of Independent Auditors	May, 27, 2009
2/09	Allocation of Net Income	May 27, 2009
3/09	Expenses of Governors and Alternates Attending Meetings of the Board of Governors	May 27, 2009
4/09	Place and Date of Fortieth (2010) Annual Meeting	May 27, 2009
5/09	Election of Officers of the Board of Governors	May 27, 2009
6/08	Appreciation	May 28, 2009

MEMBER COUNTRIES

REGIONAL

BORROWING MEMBER COUNTRIES

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

OTHER

Colombia
Mexico
Venezuela

NON-REGIONAL

Canada
China
Germany
Italy
United Kingdom

ABBREVIATIONS

APEC	Audit and Post-Evaluation Committee
BMC	Borrowing Member Country
bn	billion
BNTF	Basic Needs Trust Fund
CARICOM	Caribbean Community
CDB	Caribbean Development Bank
CPAs	Country Poverty Assessments
CSME	CARICOM Single Market and Economy
CTCS	Caribbean Technological Consultancy Services
EU	European Union
FDI	Foreign Direct Investment
IDB	Inter-American Development Bank
IFI	International Financial Institution
LDCs	Less Developed Countries
MDBs	Multi-lateral Development Banks
MDCs	More Developed Countries
MDGs	Millennium Development Goals
mn	million
OCR	Ordinary Capital Resources
SDF	Special Development Fund
SDF(U)	Special Development Fund (Unified)
SFR	Special Funds Resources
TA	Technical Assistance
UK	United Kingdom
US	United States of America

CDB's Highest policy-making body is the Board of Governors on which each Member Country is represented. The Board of Governors meets once a year when CDB's operations are reviewed and major policy decisions taken. Special meetings are held as necessary. As at December 31, 2009, CDB's Board of Governors was as follows.

The Hon. Zhivargo S. Laing	**The Bahamas**	**Chairman**
Mr. Zhou Xiaochuan	**People's Republic of China**	**Vice-Chairman**
Mr. Ernesto Cordero	**Mexico**	**Vice-Chairman**

COUNTRY GROUP
ANGUILLA, BRITISH VIRGIN ISLANDS, CAYMAN ISLANDS, MONTSERRAT AND TURKS AND CAICOS ISLANDS

GOVERNOR
Dr. the Hon. Lowell L. Lewis
Chief Minister and Minister of Finance
and Economic Development
Montserrat

ALTERNATE GOVERNOR
Hon. Floyd B. Hall
Deputy Premier and
Minister of Finance, Economic Planning
and National Insurance Board
Turks and Caicos Islands

COUNTRY
ANTIGUA AND BARBUDA

GOVERNOR
Hon. Harold Lovell
Minister of Finance, the Economy
and Public Administration

ALTERNATE GOVERNOR
Mr. Whitfield Harris, Jr.
Financial Secretary

COUNTRY
THE BAHAMAS

GOVERNOR
Hon. Zhivargo S. Laing
Minister of State for Finance
Ministry of Finance

ALTERNATE GOVERNOR
Mr. Ehurd Cunningham
Financial Secretary (ag)

COUNTRY
BARBADOS

GOVERNOR
Hon David J. H. Thompson
Prime Minister and Minister of Finance,
Labour, Civil Service and Energy

ALTERNATE GOVERNOR
Mr. Grantley Smith
Director of Finance and Economic Affairs

COUNTRY
BELIZE

GOVERNOR
Hon. Dean Barrow
Prime Minister and Minister of Finance

ALTERNATE GOVERNOR
Dr. Carla Barnett
Economic and Fiscal Policy Adviser
Office of the Prime Minister

COUNTRY
CANADA

GOVERNOR
Hon. Lawrence Cannon
Minister of Foreign Affairs

ALTERNATE GOVERNOR
Mr. James Haley
General Director of the
International Trade and Finance Branch
Department of finance
Canada

COUNTRY
COLOMBIA

GOVERNOR
Mr. Oscar Ivan Zuluaga
Minister of Finance and
Public Credit

ALTERNATE GOVERNOR
Mr. José Darío Uribe
Governor
Banco de la Rebublica

COUNTRY
DOMINICA

GOVERNOR
Hon. Roosevelt Skerrit
Prime Minister and Minister of Finance
and Economic Planning and
Overseas Nationals

ALTERNATE GOVERNOR
Mrs. Rosamund Edwards
Financial Secretary

COUNTRY
GERMANY

GOVERNOR
Ms. Gudrun Kopp
Parliamentary State Secretary
Federal Ministry for Economic Cooperation
and Development

ALTERNATE GOVERNOR
Dr. Rolf Wenzel
Deputy Director-General
Federal Ministry of Finance

COUNTRY
GRENADA

GOVERNOR
Hon. V. Nazim Burke
Minister of Finance, Economy, Planning,
Energy, Foreign Trade and Cooperatives

ALTERNATE GOVERNOR
Mr. Timothy Antoine
Permanent Secretary
Ministry of Finance

COUNTRY
GUYANA

GOVERNOR
H.E. Bharrat Jagdeo
Executive President

ALTERNATE GOVERNOR
Dr. the Hon. Ashni Singh
Minister of Finance

COUNTRY
HAITI

GOVERNOR
Hon. Daniel Dorsainvil
Minister of the Economy and Finance

ALTERNATE GOVERNOR
Mr. Charles Castel
Governor
Central Bank of Haiti

COUNTRY
ITALY

GOVERNOR
Hon. Guilio Tremonti
Minister of the Economy and Finance

ALTERNATE GOVERNOR
Mr. Carlo Monticelli
Director for International and Financial Relations,
Treasury Department,
Ministry of the Economy and Finance

COUNTRY
JAMAICA

GOVERNOR
Hon. Audley Shaw
Minister of Finance
and the the Public Service

ALTERNATE GOVERNOR
Dr. Wesley Hughes
Financial Secretary
Ministry of Finance and
the Public Sector

COUNTRY
MEXICO

GOVERNOR
Mr. Ernesto Cordero Arroyo
Secretary of Finance
and Public Credit

ALTERNATE GOVERNOR
Dr. Alejandro M. Werner
Under-Secretary of Finance
and Public Credit

COUNTRY
PEOPLE'S REPUBLIC OF CHINA

GOVERNOR
Mr. Zhou Xiaochuan
Governor
People's Bank of China

ALTERNATE GOVERNOR
Mr. Ma Delun
Assistant Governor
People's Bank of China

COUNTRY
ST. KITTS AND NEVIS

GOVERNOR
Dr. the Hon. Denzil Douglas
Prime Minister and Minister of Finance,
Information, Technology, Sustainable Development,
Tourism, Sports and Culture

ALTERNATE GOVERNOR
Hon. Joseph Parry
Premier and Minister of Finance
Nevis Island Administration

COUNTRY
ST. LUCIA

GOVERNOR
Hon. Stephenson King
Prime Minister and Minister for Finance

ALTERNATE GOVERNOR
Mr. Isaac Anthony
Permenant Secretary/Director Finance
Ministry of Finance, International Financial Services
and Economic Affairs

COUNTRY
ST. VINCENT AND THE GRENADINES

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

ALTERNATE GOVERNOR
Hon. Sir Louis Straker
Deputy Prime Minister
Minister of Foreign Affairs,
Commerce and Trade

COUNTRY
TRINIDAD AND TOBAGO

GOVERNOR
Senator the Hon. Dr. Emily Gaynor Dick-Forde
Minister of Planning, Housing
and the Environment

ALTERNATE GOVERNOR
Mr. Ewart Williams
Governor
Central Bank of Trinidad and Tobago

COUNTRY
UNITED KINGDOM

GOVERNOR
Tthe Rt. Hon. Douglas Alexander
Secretary of State for Interntional Development
Department for International Development

ALTERNATE GOVERNOR
Hon. Michael Foster, M.P.
Parliamentary Under-Secretary of State for
Regional Development Banks
Department for International Development

COUNTRY
VENEZUELA

GOVERNOR
Mr. Alejandro Andrade Cedeño
President
Venezuelan Economic and Social Development Bank
(BANDES)

ALTERNATE GOVERNOR
Mr. Francisco Arias Cardenas
Vice Minister for Latin America
Ministry of Popular Power for Foreign Affairs

The powers of the Board of Governors, except those specially reserved to it under the Charter, have been delegated to the Board of Directors, which is responsible for the conduct of investments, borrowing programmes, technical assistance, administrative budget, and submits accounts pertaining to each financial year for approval by the Board of Governors. The Board of Directors comprises 17 members, 12 representing Regional Members and five representing non-Regional Members. Directors are appointed for two-year terms of office and are eligible for re-appointment. As at December 31, 2009, CDB's Board of Directors was as follows:

CHAIRMAN
Dr. Compton Bourne

DIRECTOR	ALTERNATE	COUNTRY OR GROUP OF COUNTRIES
Mrs. Rose Lemonius-Stewart	Dr. Wayne Henry	Jamaica
Mr. Joseph Howard	Mr. Vashnu Dhanpaul Mr. Hancy Pierre-Louis (Adviser)	Trinidad and Tobago and Haiti
Mr. Ehurd Cunningham	Mr. Anthony Woodside	The Bahamas
Mr. Neermal Rekha	Mr. Keith Burrowes	Guyana
Mrs. Juanita Thorington-Powlett	Mr. Seibert Fredrick	Barbados
Mr. Isaac Anthony	Mrs. Rosamund Edwards	St. Lucia and Dominica
Mr. Mervin Haynes	Mr. Maurice Edwards	Grenada and St. Vincent and the Grenadines
Mr. Carl Harrigan	Mrs. Yvonne Hyde	Belize and Anguilla, British Virgin Islands, Cayman Islands, Montserrat, and Turks and Caicos Islands
Mr. Whitfield Harris, Jr.	Mrs. Janet Harris	Antigua and Barbuda and St. Kitts and Nevis
Mr. Alberto de Brigard	Mr. Adolfo Meisel Roca	Colombia
Mr. Luis Arias	Ms. Pui Leong	Venezuela
Ms. Claudia Grayeb Bayata	Mr. Israel Camacho Bahena	Mexico
Mr. Douglas Williams	Ms. Lynne Racine	Canada
Mr. Henry Hagan	Ms. Cherianne Clarke	United Kingdom
Mrs. Ludovica Soderini	Mr. Gaetano D'Onofrio	Italy
Mr. Holger Illi	Mr. Hady Riad	Germany
Mr. Xie Duo	Ms. Wang Lin	People's Republic of China

(As at December 31, 2009)

OFFICE OF THE PRESIDENT

President
DR. COMPTON BOURNE

Deputy Director, Evaluation and Oversight
MISS ANNE BRAMBLE

FINANCE and CORPORATE SERVICES

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

Director, Information and Technology Solutions
MR. MARK TAITT

Deputy Director, Information and Technology Solutions
DR. KATHLEEN GORDON

Director, Human Resources and Administration
MR. PHILIP BROWN

Deputy Director, Human Resources
MISS JENNIFER COURTENAY

General Counsel
MRS. YVETTE LEMONIAS-SEALE

Deputy General Counsel
VACANT

OPERATIONS

Vice-President
MR. P. DESMOND BRUNTON

Director, Economics
DR. DENNY LEWIS-BYNOE

Director, Projects
MRS. TESSA WILLIAMS-ROBERTSON

Division Chief, Social Sector
MRS. YVONNE MOSES GRANT

Division Chief, Economic Infrastructure
VACANT

Division Chief, Private Sector Development
VACANT

Division Chief, Project Services
MR. NORMAN CAMERON

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

*Eastern Caribbean Central Bank

COUNTRY	DEPOSITORY	CHANNEL
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 OG4 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
Colombia	Banco de la Republica Carrera 7a, Numero 14-18 Oficina Principal Bogota Colombia	General Manager Cerrera 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

COUNTRY	DEPOSITORY	CHANNEL
Germany	Deutsche Bundesbank P.O. Box 10 06 02 Wilhelm-Epstein Strasse 14 Postfach 12 03 22 Deutschland	Bundesministerium für 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
Haiti	Banque de la République d'Haiti BP 1750 Rue des Mirades Port-au-Prince Haiti	Ministry of Economy and Finance 204, Palais des Ministères Rue Mgr. Guilloux Port-au-Prince Haiti
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

COUNTRY	DEPOSITORY	CHANNEL
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
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

COUNTRY	DEPOSITORY	CHANNEL
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
United Kingdom	Bank of England Threadneedle Street London EC2R 8AH England	Department for International Development 94 Victoria Street London SW1E 5JL England

COUNTRY	DEPOSITORY	CHANNEL
Venezuela	Banco Central de Venezuela Av. Urdaneta Esquina Las Carmelitas Caracas Venezuela	President Venezuelan Economic and Social Development Bank Avenida Universidad Traposos as Colón Torre BANDES, Piso 7 Caracas 1010 Venezuela

CDB - FIVE YEARS AT A GLANCE

	2005	2006	2007	2008	2009
APPROVALS			**No.**		
No. of Capital Projects (New)					
Approved for Loan Financing	13	10	12	19	24
(of which OCR involved in)	(6)	(9)	(11)	(11)	(10)
No. of Additional Loans,TA Loans,					
Equity and Guarantee Approved	2	4	3	5	6
			-$M-		
Gross Loans Equity and Guarantee Approved	146.2	128.9	189.1	297.5	151.2
(of which OCR accounted for)	104.3	99.1	136.8	174.8	116.0
Net Loans, Equity and Guarantee Approved	132.7	118.6	176.8	291.8	150.6
Amount Approved for Grants	6.6	6.8	20.7	49.6	15.6
LOAN DISBURSEMENTS 1/			**-$M-**		
Amount Disbursed in OCR	93.9	84.5	93.4	101.6	115.7
Amount Disbursed in SFR	34.1	32.6	44.8	33.2	64.1
Total Disbursed	**128.0**	**117.1**	**138.2**	**134.9**	**179.8**
Net Transfers	8.9	3.7	22.2	1.6	70.0
PORTFOLIO					
			-$M-		
OCR Loans Outstanding	678.6	708.1	750.4	769.2	808.8
SFR Loans Outstanding	437.6	453.1	482.6	495.1	539.5
Total Loans Outstanding	**1,116.2**	**1,161.3**	**1,233.0**	**1,264.3**	**1,348.3**
FINANCIAL PERFORMANCE			**-$M-**		
Net Income on OCR 2/	5.1	17.7	34.8	42.9	20.8
Net Income on SFR 2/	1.8	8.2	12.4	8.9	6.5
Total Net Income	**6.9**	**25.9**	**47.3**	**51.8**	**27.2**
ADMINISTRATION					
Total Staff in Place at Dec.31 (No.)	196	197	200	201	190
Total Administrative Expenses ($mn)	19.3	19.0	20.8	23.0	23.0
Administrative Expenses to Total Avg.					
Loans Outs. (%)	1.8	1.7	1.7	1.8	1.8

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

2/ Shown at historical exchange rates and before appropriations.

Caribbean Development Bank
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