CARIBBEAN DEVELOPMENT BANK
Annual Report

2010

Wildey, St. Michael
Barbados, West Indies

March 17, 2011

My Dear Chairman:

I enclose the Annual Report of the Caribbean Development Bank for the year ended December 31, 2010, 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

Senator the Honourable Mary King
Chairman
Board of Governors
Caribbean Development Bank

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PRESIDENT'S REVIEW

The adverse effects of the global economic and financial crisis of 2008-2009 on Caribbean economies persisted in 2010. The incipient recovery in the Region's main industrial economic partners was too anaemic and irregular to translate into immediate strong positive effects on Caribbean economic activity. Economies contracted in 12 countries and increased by 0.5% to 3.6% in 6 countries. Labour market effects were severe with rising levels of unemployment, reduced working hours and wage cuts or wage freezes, all of which in a widespread situation of price inflation decreased household real incomes and depressed levels of living, especially among the socially and economically marginalised. Borrowing Member Countries' (BMCs) governments are challenged to lift their economies out of stagnation or recession and to restore a basis for sustainable economic growth and development.

BMCs made a much greater call on the Bank's financial resources in 2010. The Bank was able to respond positively, approving $299 million (mn) in loans and grants and disbursing $323 mn. Policy-based loans in particular were a welcome means of relieving fiscal pressures while advancing economic reform agendas.

Haiti, the most recent of the Bank's member countries, on January 12, 2010, was struck by an earthquake which brought untold destruction and loss of life. The Caribbean Development Bank responded with financial assistance for immediate relief and for reconstruction. The Bank remains engaged with the Haitian authorities and development partners to find the most effective and useful financial interventions in these most difficult times.

The Bank commemorated the 40th Anniversary of its operations with a series of activities spread throughout the year. There is good cause for celebrating its achievements in the service of Caribbean development and for facing the future with optimism. The membership of the Bank has grown over the years to include China, Germany, Italy and Haiti. Relationships with development partners have widened and deepened. CDB is a strong and well-respected voice in economic and social development policy in the Caribbean. The Strategic Plan for 2010-2014 reaffirms the Bank's focus on the promotion of broad-based economic growth and inclusive social development, environmental sustainability and natural disaster risk management, promotion of good governance and regional cooperation and integration. A historic increase in its subscribed capital by $1 bn (150%) – the first capital increase since May 1990 – provides the capital base for a substantially expanded lending programme.

In closing, I take this opportunity to express my deepest appreciation to the Board of Directors, management and staff of the Bank for yet another year of highly productive service to the community of Caribbean peoples.

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

President

CDB ON ATTAINING FORTY

On October 18, 1969, representatives of sixteen Commonwealth Caribbean States and Territories, along with Canada and the United Kingdom, gathered in Kingston, Jamaica, where they signed an agreement for the establishment of the Caribbean Development Bank. Three months later, on January 26, 1970, the Bank commenced operations, with its Headquarters located in Bridgetown, Barbados, before moving five years later to its present location in Wildey, St. Michael, Barbados.

The launching of the Bank came against the background of the collapse of the West Indies Federation in 1962, a circumstance that left the smaller territories, namely the Leeward and Windward Islands, with a feeling of despair. Among their most pressing concerns were the under-developed state of their economies, their heavy dependence on overseas grant-in-aid and the urgent need to have established a Caribbean development financing institution to accelerate their economic development.

Not only did the idea gain the support of Canada, the United Kingdom, the United Nations Development Programme and the United States of America, but it was also agreed to widen its reach to include the larger Caribbean states as well as those of the Region's Spanish-speaking neighbours "washed" by the Caribbean Sea. In essence, a Pan-Caribbean institution was being established.

The framers of the Bank's Charter left no doubt about what their principal objective was. Article I thereof explicitly states that the purpose of the Bank is "to contribute to the harmonious growth and development of the member countries in the Caribbean (herein after called "the region") and to promote economic cooperation and integration among them, having special and urgent regard to the needs of the less developed members of the region".

The Caribbean economic landscape at the time was one of several small islands with small populations, low per capita incomes, and narrow resource base with poorly developed economic and social infrastructure. Apart from a few of the larger territories which were more economically diversified, some with a mineral resource base, most of the countries were primarily agricultural with typically one or two export crops that were traded under protected regimes. Though blessed with beautiful beaches in the majority of instances, tourism was underdeveloped, constrained by a shortage of hotel rooms and other essential infrastructure.

Against a background of disadvantages of scale, poor resource base, both human and natural, along with their vulnerability to natural disasters, the initial regional signatories to the Charter must have been firm in their determination to give the Bank a solid foundation from which to launch its operations and to put in place the type of leadership which would inspire confidence and gain the much needed support of the international community. This task was entrusted to the eminent St Lucian economist, and later Nobel Laureate, Sir William Arthur Lewis.

With an initial share capital base of $50 mn, he immediately went about the task of helping the Bank's borrowing member countries to establish national development banks for intermediating the CDB's resources to small and medium-sized enterprises in the areas of agriculture, agro-processing and manufacturing. A Student Loans Scheme was also launched to meet the tertiary level education needs of the so-called LDCs and Belize, targeting those areas of study in which there was a manifest need. To support those needs, resources were mobilised from a number of donor countries on very soft terms to make access affordable.

From those early beginnings, the Bank has transitioned into an institution that has assumed a central role in the Region's development architecture, serving eighteen countries many of which are now largely considered to be middle income. Through the years, under the successive

leadership of William Gilbert Demas (1974-88); Sir Neville Vernon Nicholls (1988-2001) and Dr. Compton Bourne (2001-current), the Bank has been a force for transformation within the Region, funnelling in excess of $3.75 bn into these economies.

The Bank now provides a number of products to its BMCs, covering project and programme loans, technical assistance loans and grants, policy-based loans and macro-economic advice. In its mission statement, it emphasises the catalytic role by which it seeks to attract other development partners to collaborate with in providing resources towards the systematic reduction of poverty.

Right across the Caribbean, the Bank has financed, inter alia, the provision of roads (both highways and agricultural feeder roads), air and seaports, low-cost housing, electric and water utilities and sea defence projects. It has also provided substantial funding for education at both the national and regional levels. Using grant resources, it has focused heavily on capacity building in its BMCs, helping to strengthen key institutions that are critical to national development in areas such as public sector management, project cycle management and strategic planning.

In the area of private sector development, building on its early work in this area, the Bank continues to provide funding to the small-scale private sector which accounts for a substantial portion (15%) of its overall lending, covering agricultural and industrial credit, small tourism projects and ancillary services, student loans and mortgage financing. Small entrepreneurs also benefit from on-the-job assistance in problem resolution as well as in skills development through a variety of training workshops, using consultancy resources provided by the Bank.

With its focus on reducing poverty, the Bank has also been targeting poor communities, both urban and rural, in addressing their needs through the provision of basic infrastructure such as basic schools, health centres, water supply systems, roads, etc. These projects are community driven, being identified by members of the community and provide for income generating activities as well as for addressing gender issues.

The Bank, through its range of activities, seeks to align its work with those issues which form part of the global development agenda. It participates in the various high level meetings that address development issues and through partnerships with the wider development community is able to disseminate useful lessons of experience in its BMCs. As such, through CDB's various assistance programmes, the BMCs can fashion policies and programmes which meet international best practice.

From a modest initial capitalisation of $50 mn, the Bank now has a capital base of $1.6 bn, buttressed by an increase of approximately $1 bn provided by its shareholders in May of this year. In the intervening years, it has strived to attain excellence and to this end has been able to achieve Triple A rating status by the world's two leading rating agencies, a signal honour for a Caribbean institution. It continues to seek to widen its membership base, both regionally and extra-regionally, as well as in attracting other partners that have an interest in supporting the development effort in the Region.

In reflecting on its contribution to the Region, the Bank is aware that while much has been achieved along its relatively short journey, it must also be mindful of the fact that the task ahead remains a formidable one and that the business of development is a continuing one, with no finite end point. With its new Strategic Plan in place for the period 2010-14 as part of that continuum, the Bank recommits itself to assisting in the improvement of the human condition in the Caribbean, working collaboratively with its clients and its development partners.

CDB PROJECT PROFILE

Barbados Water Authority Upgrade - BARBADOS

While Barbados enjoys a reliable water supply system, recent studies have concluded that there is need to upgrade the supply network. Unfortunately, many of the recommendations in these studies have not yet been implemented. This failure has inevitably led to issues such as a backlog of capital works and inefficiency at the Barbados Water Authority – the company that is responsible for the provision of potable water.

This situation is now being addressed through a CDB Technical Assistance project. This project will seek to enhance the capacity of BWA to prepare a technically and economically viable programme of capital works that will result in a significantly improved water supply network.

The upgrade of the water supply system in Barbados is crucial, especially since that country is ranked among the top 15 water-scarce countries in the world. BWA studies have also shown that water is being used at a rate that may soon overtake the rate at which groundwater sources are replenished.

At the end of the TA consultancy the BWA should have a better idea of what projections are for demand and what are the capacity requirements for storage and network transmission. This should then translate to better service to the more than 100,000 households that are connected to the BWA.

PART I
THE CARIBBEAN ECONOMIES IN 2010

Overview

In 2010, economic conditions in the Caribbean Region remained depressed, even as the world economy began to emerge from the 2008/09 recession. While the global recovery has largely been driven by growth in developing and emerging economies, the recovery in the more advanced economies – the Region's main source markets for tourism, investment and remittance flows – has been more muted. Consequently, despite a resumption of growth in key sectors, aggregate output in most regional economies has been slow to recover. Of CDB's 18 BMCs, 12 recorded contractions and 6 recorded growth in 2010. Among the 12 that contracted, the contractions were marginal in Barbados, Jamaica, Dominica and Trinidad and Tobago (under 1%), moderate in Grenada and St. Vincent and the Grenadines (1–3%) and ranged between -3.9% and -8.5% in Anguilla, Cayman Islands, Montserrat, Antigua and Barbuda, St. Kitts and Nevis and Haiti (in that order). The six countries posting growth, ranging from 0.5% to 3.6%, were The Bahamas, St. Lucia, Turks and Caicos Islands, Belize, British Virgin Islands (BVI) and Guyana.

The protracted weakness in economic activity has been reflected in severe labour market dislocation in terms of employment and wages, dampening domestic demand. Resurgent international commodity prices have exacerbated these effects, pushing up import costs, with negative implications for the balance of payments and domestic prices. Sluggish activity and rising cost pressures have also placed acute strain on public finances and worsened already large debt overhangs, necessitating fiscal consolidation measures and limiting the scope for economic stimulus by regional governments. Meanwhile, reduced economic activity and foreign inflows, together with the ongoing fallout from the CL Financial Group collapse, continued to dampen financial markets. Natural disasters have also had an adverse impact on economic conditions, most notably the earthquake that devastated Haiti on January 12, as well as the destruction wrought by Hurricane Tomas in St. Lucia and St. Vincent and the Grenadines at the end of October.

REGIONAL SECTOR PERFORMANCE

Tourism

According to preliminary Caribbean Tourism Organisation (CTO) arrivals figures, most regional tourism destinations posted recoveries during 2010. Growth in stay-over arrivals was recorded in Anguilla, The Bahamas, Barbados, Belize, BVI, the Cayman Islands, Dominica, Guyana, Jamaica, St. Lucia and Turks and Caicos Islands, whereas Antigua and Barbuda, Grenada, Montserrat, St. Kitts and Nevis, St. Vincent and the Grenadines and Trinidad and Tobago all reported moderate declines in stay-over arrivals.

The majority of destinations reported significant fall-offs in arrivals from Europe, in light of weak economic conditions in European economies, unfavourable exchange rate movements, the imposition of the United Kingdom (UK) Air Passenger Duty (APD) and exceptionally harsh winter weather that caused significant travel delays and cancellations at UK airports. However, these declines in the European market were generally offset by increased arrivals from the United States of America (USA) and strong growth in the Canadian market. In its review of the performance and prospects of the regional tourism industry for the first three quarters of 2010, the CTO attributed the recovery in USA arrivals to increased capacity, as major carriers expanded their seat capacity and flight frequencies. The report also ascribed the improvement in Canadian arrivals to increased airlift.

Conversely, after recording broad-based growth in 2009, the cruise segment deteriorated in 2010, as information available for most of the year indicates that regional destinations generally recorded declines in cruise passenger arrivals. There were a few exceptions: the Cayman Islands and Dominica registered modest growth for the January-October period, while The Bahamas, St. Kitts and Nevis and Turks and Caicos Islands all posted double-digit increases in the January-June period, as did Belize in the January-September period. Cruise operators appeared to be focusing on economy packages and short-haul routes in light of reduced source-market incomes. As a result, ship-calls increased to western and northern Caribbean routes, to the detriment of destinations in the eastern and southern Caribbean areas, with some cruise lines reducing calls to, or pulling out entirely from, the latter. In the case of Dominica, the November 1st pull-out of Carnival Cruise Lines, which accounted for about one-third of cruise arrivals in 2009, is likely to have cut arrivals in November and December, pulling down total growth for the year.

Since stay-over tourists generally spend significantly more than cruise passengers do, they make a greater contribution to output in destination countries. Therefore, the resumption of growth in stay-over visitors should more than compensate for the fall-off in cruise passenger arrivals in terms of expenditure. Furthermore, based on CTO surveys, hotel occupancy and room rates appear to have increased in 2010 over 2009 and, given CTO projections for increased aggregate expenditure in the 2010 winter season, it is likely that tourism expenditure and value added rose in 2010.

Construction

While construction activity in most regional economies had declined in 2008 and 2009, as inflows of foreign financing for projects dried up, performances in 2010 were mixed.

The sector showed signs of stabilising in some countries, like BVI, Dominica and Jamaica. Activity in the BVI, which had weakened for a second successive year in 2009, stabilised in 2010 on account of an upturn in residential construction and a bottoming out of the decline in commercial construction, as well as ongoing work on key public sector infrastructural projects. Dominica saw a rebound in construction in 2010, following a double-digit decline in 2009, as major capital works projects boosted public sector activity, while residential and commercial construction drove private sector activity. For Jamaica, a turn-around in Government's fiscal accounts, stronger remittance inflows and a downward trend in lending rates underpinned a small expansion in construction activity, compared with a contraction in excess of 5% in 2009.

However, the slump in construction activity continued in some other countries, particularly Barbados, Grenada, St. Lucia, St. Vincent and the Grenadines and Trinidad and Tobago. This was generally attributed to financing constraints, as inflows of foreign financing remained depressed, which adversely affected private sector construction activity, while fiscal consolidation efforts forced cutbacks to public sector investment programmes.

In Guyana, on the other hand, where the impact of the global recession in 2008-09 had been negligible, construction activity continued to grow at a robust pace, reflecting accelerated implementation of the public sector investment programme (PSIP), and strong private sector construction activity, which included commercial banks' branch extensions and a number of housing developments.

Manufacturing

The regional manufacturing sector continued to be affected by weak demand, particularly since a significant share of manufacturing output in the Region is destined for export to the intra-regional market. As a result, manufacturing output fell in Jamaica (with lower production volumes reported for cement, chemical and non-metallic minerals and refined petroleum products), declined moderately in Barbados (despite increased production of garments and chemicals) and decreased marginally in Trinidad and Tobago (within a context of low capacity utilisation). The sector recovered slightly in Dominica, following a significant decrease in soap production in 2009, and grew marginally in Guyana, reflecting improved rice production and a stable performance of light manufacturing, which countered a decline in sugar production.

Mining and Quarrying

The resumption of growth in international commodity prices was reflected in improvements in mining and quarrying output. For example, oil production in Belize and Trinidad and Tobago increased, as oil prices responded to a pick-up in demand. Similarly, the Jamaican bauxite mining industry was revived, as higher prices facilitated the reopening of bauxite refining plants that had been closed in 2009. However, bauxite production in Guyana declined, because of accumulated inventory carried forward from 2009. Gold production in Guyana continued to increase, as global demand for gold as a safe-haven investment remained robust, supporting higher prices on the international market.

Agriculture

Adverse weather conditions were a key factor in the under-performance of the agriculture sector in the Region. Severe drought conditions in the first part of the year and a reduction in the guaranteed price affected the sugar industry in Barbados, as in Guyana, where industrial unrest was also an issue. Drought and the Black Sigatoka, or 'leaf spot', disease negatively affected the banana industry in the Windward Islands (Dominica, Grenada, St. Lucia and St. Vincent and the Grenadines). Additionally, reports indicate that Hurricane Tomas wiped out most of the banana and plantain crops in both St. Vincent and the Grenadines and St. Lucia. Non-banana production in the Windward Islands generally increased, except in the territories affected by the hurricane. In addition, citrus production in Belize rebounded from a cyclical low in the previous year (citrus production is cyclical, as yield varies over the trees' life cycle). Rice production in Guyana increased, due to higher yields from paddy as well as weather conditions that were favourable to the industry's production cycle. In Trinidad and Tobago, on the other hand, a double-digit contraction is estimated for the agriculture sector, particularly in respect of vegetables and root crops, reflecting the impact of early drought conditions and subsequent flooding.

Employment

Available information indicates that the fallout from the global recession in terms of employment, wages and other aspects of the regional labour market has been severe. The main crisis impacts identified have been rising unemployment and underemployment, as well as increased threats to job security. Many companies have shed labour or cut work hours owing to reduced demand, while several governments have instituted public sector hiring freezes. In most of the overseas dependent territories, where the domestic labour market is largely considered to be at near full employment, there has been reduced demand for expatriate labour, as evidenced by a reduction in the number of work permits issued.

Inflation

After recording low inflation and even episodes of deflation in 2009, most regional economies experienced renewed inflationary pressures in 2010, principally due to rising prices for international commodities. However, these upward price pressures were partially mitigated by lacklustre domestic demand conditions. There were also country-specific factors influencing inflation trends in individual countries. In Grenada and St. Kitts and Nevis, inflation was generally moderate, but spiked due to one-off effects from the implementation of Value Added Tax (VAT) on February 1 and November 1, respectively. In Belize, there was a marginal increase in prices, as a 2.5 percentage point hike in the General Sales Tax (GST) – similar to a VAT – was largely offset by zero-rating key products. A hike of the same magnitude in the VAT for Barbados and a 33% increase in bus fares, effective December 1, are likely to have had a minimal impact on prices in 2010. In Jamaica, on the other hand, an across-the-board increase in the General Consumption Tax (from 16.5 to 17.5%) and a 60% hike in bus fares, along with weather-related factors, intensified inflationary pressures during the latter half of the year. A surge in headline inflation in Trinidad and Tobago was attributed to supply bottlenecks in the agriculture sector caused by flood damage to crops.

Balance of Payments

Preliminary balance of payments (BOP) estimates indicate that merchandise trade balances across the Region have been affected, as the rise in international commodity prices increased the cost of imports. However, in some cases this has been offset by increases in commodity exports – except sugar, due to the reduction in the guaranteed price, and bananas, due to the fall-off in export production. Mixed performances have been reported with respect to travel receipts, mirroring the tourism outturns for individual countries. In addition, indications are that remittances rebounded from the declines recorded in previous years, while foreign investment inflows also appeared to be recovering, but remained below pre-recession levels. In the case of Jamaica, official financing inflows were also significant in an improved BOP performance.

Exchange Rates

In line with their BOP performances, the exchange rates of all four floating rate economies – Guyana, Haiti, Jamaica, and Trinidad and Tobago – remained relatively stable during 2010. The Jamaica dollar and Haiti gourde appreciated, based on inflows received from multilateral lenders and inflows of aid and remittances, respectively. Meanwhile, the Guyana dollar and the Trinidad and Tobago dollar were stable against the US dollar, buoyed by a strong export performance and strong energy sector revenues, respectively.

Monetary Developments

With the exchange rate largely stabilised, Jamaica continued to ease monetary policy to stimulate the economy in 2010, as slow growth in the money supply and bank credit kept core inflation stable. In Trinidad and Tobago, concerns about rising inflation had to be balanced with the need to boost the weakening economy, address stagnant private sector credit (as reflected in high levels of liquidity) and maintain stability in the foreign exchange market. Having assessed the inflationary pressures as primarily driven by unusual supply shocks, the monetary authorities opted to focus on the other macroeconomic challenges, lowering the repo rate from 5% to 4% in three stages between August and October 2010. Monetary policy in the independent territories with fixed exchange rates – namely The Bahamas, Barbados, Belize and the Eastern Caribbean Currency Union (ECCU) – had a similar focus. Depressed economic activity and foreign inflows continued to be reflected in negative or decelerating deposit growth, while credit grew marginally in most territories, leading the authorities to maintain an expansionary policy stance. In contrast, Bank of Guyana's monetary policy was focused on tightening monetary conditions through net issuance of treasury bills, as base money exceeded target levels during the year, amid rapid growth in domestic credit and net foreign assets.

Financial Stability and Soundness

For the second consecutive year, prudential banking system indicators for the Region deteriorated: although banks generally remained liquid and adequately capitalised, asset quality deteriorated, as banks' non-performing loans rose in every country for which data was available, with the exception of Guyana. Within the ECCU, indigenous banks continued to experience serious challenges; for example, the deterioration in the liquidity position prompted the government of St. Vincent and the Grenadines to divest its National Commercial Bank (NCB). ECCU banking systems were also affected somewhat by the April 2010 closure of Turks and Caicos Islands (TCI) Bank, of which several indigenous banks were shareholders. The latter exacerbated the ongoing effects of the collapse of CL Financial Group in January 2009, which continued to threaten the financial security of depositors, investors and policyholders across the Region, as well as the soundness and stability of financial systems. In response, efforts have been made in most countries to strengthen regulation and supervision of non-bank financial institutions. Within the ECCU, governments are discussing strategies to deal with one of the companies in the CL Financial Group - British American Insurance Company (BAICO) - which was found to be illiquid and insolvent by judicial managers.

Central Government Operations

Fiscal policies in the Region were mainly characterized by efforts to stabilize and consolidate public finances, while still providing some level of stimulus and/or support for economic activity. To this end, several territories instituted measures to counter the impact of sluggish economic activity on revenue intake, including the introduction of *ad valorem* taxes or increases in the rates on existing taxes. Most countries also sought to scale back capital expenditure significantly during the period, with public sector investment programmes (PSIPs) slashed by double-digit percentages – by over 40% in the case of Barbados. Antigua and Barbuda, Barbados and Jamaica were also able to achieve cutbacks in recurrent expenditure.

However, increases in social transfers, wage settlements and interest costs, as well as fiscal stimuli aimed at boosting output, contributed to higher recurrent expenditures in other countries. For Trinidad and Tobago specifically, the cost of the CL Financial Group bailout was also a factor. Consequently, despite consolidation efforts, overall balances generally deteriorated, as reflected in increased debt stocks. In some countries, there was also evidence of increased payments arrears.

There were some exceptions, notably Antigua and Barbuda, Barbados, Grenada, Guyana and Jamaica, where the fiscal deficit narrowed appreciably. Guyana's improved fiscal outturn was linked to the strength of economic activity, which boosted revenues substantially, offsetting higher expenditures. In the other four countries, the improvements were the result of fiscal reform programmes, which were generally supported by multilateral financial institutions. Antigua and Barbuda's deficit narrowed considerably, due to the successful implementation of the government's fiscal consolidation programme, which also guided efforts to restructure its debt portfolio and the development of a comprehensive debt strategy. For Jamaica, the successful revenue-raising measures and expenditure control underlying Jamaica's improved fiscal performance were part of a policy reform agenda. The reform programme was built around an exchange of domestic debt in January, which significantly reduced the average interest rate and extended maturities, but kept principals intact. Initially the debt exchange prompted Standard and Poor's to change Jamaica's rating from CCC with a negative outlook (as at November 2, 2009) to 'Selective Default' on January 14. However, by February 24, the rating had been upgraded to B- and the outlook assessed as stable, as the debt exchange went ahead smoothly.

The narrowing of Grenada's fiscal deficit was primarily the result of the introduction of VAT and reduced spending, within the context of Government's medium-term fiscal strategy geared at restoring fiscal and debt sustainability, with financial support from multilateral financial institutions. Consequently, Standard and Poor's Ratings Services reaffirmed Grenada's sovereign ratings and stable outlook on June 2. Similarly, the narrowing of the deficit in Barbados through strong fiscal consolidation measures was consistent with its medium-term fiscal strategy aimed at ensuring debt and fiscal sustainability. However, Barbados' debt was nevertheless downgraded by Standard and Poor's on October 22, as the deficit and debt remained above sustainable levels, although the outlook was revised from negative to stable.

Prospects

The regional outlook for 2011 hinges mainly on external developments. What is critical in this regard, is the fact that downside risks to the global outlook are still elevated and that the recovery is expected to remain somewhat asymmetric, with lingering weakness in advanced economies. Taken together with the fact that the business cycles of regional economies tend to be highly correlated with those of advanced economies, especially key North American and European export markets, these factors imply modest recoveries for most economies in the Region. However, as with the global outlook, there is a high degree of uncertainty surrounding these expectations.

The nascent recovery in stay-over arrivals could be bolstered by attempts at market diversification to tap into the robust growth in emerging economies. For example, Barbados – a regional hub for the southern and eastern Caribbean – has facilitated the introduction of direct flights from Brazil. The growing economic strength of emerging economies should also continue to be reflected in rising investment flows to the Region, such as planned Brazilian investments in Guyana. Indeed, the gradual resumption of foreign investment flows observed in 2010 is likely to pick up pace and further boost construction, in particular. In addition, the agriculture sector should rebound strongly from the weather-related challenges of 2010, unless similar challenges arise in 2011. Inflation is set to increase further, as emerging economies continue to fuel global demand, pushing up international commodity prices, which should benefit both the agriculture and mining and quarrying sectors. Nevertheless, based on past experience with economic shocks in the Region, job growth is likely to lag output growth and unemployment levels are therefore expected to remain elevated.

Apart from their inflationary impact, rising international commodity prices also have negative implications for regional import bills. However, increased foreign exchange earnings associated with the anticipated growth in tourism and export production should have some offsetting effect. The expected increase in foreign investment, as well as remittance inflows, along with increased borrowings, should also have positive impacts on the overall balance of payments.

Activity in the financial sector should pick up in line with the projected recovery in output and improvement in foreign inflows. However, with the expected lagged recovery in employment, a higher incidence of non-performing loans may remain a feature of commercial banks' loan portfolios, which will require strong risk management on their part and close supervision by the authorities. The authorities are also expected to further strengthen supervisory and regulatory frameworks related to the non-bank financial sector and continue to collaborate on plans to resolve the CL Financial Group issue with minimal fiscal impact.

The expected return to growth, as well as the introduction or upward adjustments of *ad valorem* taxes in various territories, should have positive effects on fiscal revenues. Cutbacks in capital expenditure are likely to continue, in accordance with budget commitments, and with a view to reducing debt levels to meet strategic fiscal targets or satisfy borrowing guidelines. However, given the impact of rising prices on expenditure together with the unavoidable costs associated with hurricane rehabilitation, fiscal consolidation will remain a serious challenge for most regional economies. As a result, with the exception of a few countries, deficits are likely to widen further and debt levels are expected to continue to rise, unless greater efforts are made to control expenditure (particularly current expenditure), optimise the composition and size of PSIPs and improve debt management than are currently envisaged in countries' fiscal strategies.

CDB PROJECT PROFILE
Placencia Road - BELIZE

High vehicle operating costs and long average travel time contributed to the cost of consumer and intermediate goods for residents who make their home in the Placencia Peninsula of Belize.

There were other inconveniences. During the rainy season, travel between Placencia and mainland Belize was difficult, if not impossible. For this reason, potential investors in the tourism sector were somewhat reluctant to create new business in the area, and this limited the job opportunities for residents.

This situation has changed with implementation of a project co-financed with a $12.6 mn loan from CDB. From its junction with Southern Highway to the Placencia Airstrip, 33.4 kilometres of Placencia Road has been upgraded from a gravel road to a paved all-weather road. The associated drainage works, signage, bus stops and safety features were also installed as part of the project.

The improved road has secured year-round access between mainland Belize and the Placencia Peninsula and has induced additional investments in hotel and other tourism enterprises that are generating employment opportunities and enhancing the foreign exchange earning capacity of the country.

Improvement of the road was fundamental to the further development of the Peninsula as a prime tourist destination, as well as to enhance the living conditions for residents.

PART II
THE CARIBBEAN DEVELOPMENT BANK OPERATIONS IN 2010

INTRODUCTION

In May 2010, the Bank achieved two significant milestones. The Strategic Plan for the period 2010-2014 was approved and committed the Bank to assisting its Borrowing Member Countries (BMCs) to pursue their development objectives of achieving sustainable rates of economic growth, reducing poverty and building resilience to external shocks. At that same time, shareholders unanimously agreed to an approximately one and a quarter times increase of the Bank's capital base from $0.713 billion (bn) to $1.64 bn, the largest increase in the history of the Caribbean Development Bank (CDB) and the first General Capital Increase (GCI) since 1990.

Together with the replenishment of the Special Development Fund (SDF) in 2009, this fourth GCI allows the Bank to implement the objectives and priorities set out in the Strategic Plan 2010-2014, and to substantially increase its assistance to BMCs affected by the global economic and financial crisis.

In accord with the Strategic Plan and the Agreement for the replenishment of the SDF, the Bank is focused on poverty reduction as its overarching theme, through five strategic objectives and a limited number of core priorities.

In 2010, approximately 49% of CDB's loan and grant operations was directed to promoting broad-based economic growth and inclusive social development by strengthening and modernising utilities and infrastructure, promoting social protection measures, and improving the quality and access to education.

Support for good governance accounted for 45% of the total loans and grants, including support for capacity development in public sector and economic management, and promoting social partnerships.

Assistance for environmental sustainability and disaster risk management, including climate change mitigation and adaptation, as well as the protection and sustainable management of natural resources, has featured prominently in the Bank's interventions and attracted approximately 5% of the total financing.

Regional cooperation and integration has been identified as a key pillar for promoting the economic and social development of the Region. Support for the provision of regional public goods and strengthening the capacities of regional institutions benefitted by 11% of total grant financing, and 1% of total financing in 2010.

CDB has also adopted a Managing for Development Results (MfDR) agenda aimed at institutionalising the MfDR approach, enhancing BMCs' capacity to use these methods, building regional and global partnerships to promote MfDR and improving the Bank's development effectiveness. A results management framework has also been adopted for monitoring and reporting on the implementation of CDB's programmes and initiatives, as well as to embed a culture of results within the organisation.

PROGRAMMES AND INITIATIVES

ECONOMIC GROWTH AND INCLUSIVE SOCIAL DEVELOPMENT

Improving Economic Infrastructure

A loan of $16.3 million (mn) was approved for Guyana to assist with financing a programme to rehabilitate and upgrade approximately 240 roads in 12 identified communities across four "regions" of Guyana. The programme is expected to contribute to economic growth and poverty reduction by improving access to schools, health facilities, markets, recreational and community administrative facilities, and other social services, as well as enhance the value of properties within the targeted communities.

In Dominica, implementation of the Roads Improvement and Maintenance Project (Valley Roads) received additional support in the form of a $3.89 mn loan, bringing CDB's financial contribution towards the project to $12.54 mn, or 70% of the estimated project cost. The benefits associated with the rehabilitation and upgrade of approximately 12.5 kilometres (km) of roads within the Roseau Valley include a reduction in the travel time by residents of "Valley" communities travelling to or through Roseau, as well as improved levels of safety for road users, especially students attending the three youth and education facilities in the area. The provision of two portable weighbridges will also enhance the capacity of the relevant authorities to enforce axle load legislation on the roads of Dominica.

A loan of $24.7 mn and a Grant of $0.25 mn was approved for Belize to assist in financing the construction of a bypass road around the twin town of Santa Elena and San Ignacio through the upgrading of 3.2 km of existing road and construction of 1 km of new road and a 154 metre span bridge across the Macal River. The project also contains technical assistance (TA) components related to Vehicle Weight Control and Road Safety. The project is expected to increase the efficiency of road transportation in and through the twin town and to provide a secure all-weather, two-way crossing of the Macal River.

In The Bahamas, the Bank financed the reconstruction of two docks and two bridges on Eleuthra and Andros Islands through a loan of $10.11 mn and a grant of $0.04 mn. These projects are designed to improve and sustain access to social and economic infrastructure necessary for employment, income generation and social inclusion within the Family Islands. The project will also provide TA for the preparation of feasibility studies and designs for other road and port infrastructure works in the Family Islands.

Water

In the water sector, CDB approved a loan of $8.43 mn and a grant of $0.34 mn for St. Kitts and Nevis to assist in financing a project to enhance the water supply network capacity for the island of Nevis. The project also provides for capacity building and strengthening of the institutional arrangements for the delivery of water services as well as the legislative and institutional framework for the management of water resources on Nevis. Approximately 20 km of pipeline, two pumping stations and storage capacity of 1 mn gallons will be constructed under the project. The project is expected to directly benefit approximately 2,000 households on Nevis which do not currently have a 24-hour water supply and at the same time reduce the level of non-revenue water losses.

A TA grant of $0.20 mn was approved for Grenada to assist with financing consultancy services to develop a Water Supply Master Plan for the Grenadine islands of Carriacou and Petit Martinique. The provision of a safe, reliable and affordable supply of water is critical to the maintenance of public health and to supporting economic and social development of these two islands. The outputs of the Master Plan are expected to guide investment decisions with respect to the development of water infrastructure for these Grenadine islands in the medium and long term.

Also in the water sector, a TA loan of $1.1 mn was approved for Barbados to assist with financing a "Rehabilitation and Upgrade Study" of the country's water supply network. This intervention will assist the Barbados Water Authority in the preparation of a technically and economically viable programme of capital works which are expected to lead to a significantly improved water supply network.

Energy

A TA grant of $1.59 mn was made to the Organisation of Eastern Caribbean States (OECS) to finance consultancy services to develop: (i) a Sub-Regional Energy Efficiency Strategy for the OECS, National Energy Efficiency Strategies and associated Action Plans; (ii) a legal framework, rules and regulations for energy management in member countries of the OECS; and (iii) a public awareness component on energy efficiency. This intervention is intended to provide the guiding framework and create an enabling environment to support efficient energy utilization and energy management in the targeted countries.

Capacity Building

A TA grant of $0.77 mn was made to Dominica to assist the Ministry of Public Works, Energy and Ports (MPW) in the establishment of a Project Management and Implementation Unit within the Ministry. The TA is also expected to assist in developing project management expertise across MPW, as well as develop systems and processes to improve efficiency.

Restoring Infrastructure

In response to a request from Jamaica, following the widespread damage to infrastructure caused as a result of the passage of Tropical Storm Nicole, undisbursed balances totalling $29 mn under two existing loans were reallocated to assist in financing the rehabilitation of drainage infrastructure damaged by the storm. The reformulated project will rehabilitate/restore the most critical sections of the Kingston Metropolitan Area drainage infrastructure which suffered damage due to the flooding caused by this storm.

Lending and Investment to Facilitate Development of the Private Sector

Private sector development is an integral component of CDB's strategy for promoting broad-based economic growth and reducing poverty in its BMCs. CDB's priority for private sector development has focused on; lending primarily through financial intermediaries, targeting key economic sectors and limited direct lending; the provision of TA to facilitate an enabling environment for private sector enterprises; and the provision of TA at the enterprise level through the Caribbean Technological Consultancy Services Network.

During 2010, CDB placed emphasis on lending to initiatives dedicated to improving human resources as a key contributor to national economic development. Through its Students' Loan Scheme, it was able to respond to the need for improving access to post-secondary and tertiary education, given that access to financing is one of the key constraints to participation in tertiary education in the Region.

In this regard, during the year, CDB approved its first student loan to Jamaica in the amount of $20 mn to the Student Loan Bureau (SLB). This financing will be used for the upgrading of tertiary level skills in professional, technical and vocational programmes targeted at persons from poor and vulnerable households. Approximately 5,000 persons are expected to benefit from this financing. The Bank also partnered with the Government of St. Lucia and the Bank of St. Lucia Limited, and contributed $3.7 mn in student loan financing. These lending activities are consistent with CDB's strategic objective of fostering inclusive social development by improving the quality of, and opportunities for access to education and training. During 2010, CDB's approval of $23.7 mn in new loans to facilitate student loan financing provided a clear demonstration that the development of the Region's human capital remains a priority for the Bank.

Among the significant transactions in 2010 was a Financial Sector Stabilisation Loan of $37 mn to the Government of St. Vincent and the Grenadines to assist in restructuring the financial sector through divestment of a government-owned commercial bank. It is anticipated that this financing will engender confidence in the banking sector of St. Vincent and the Grenadines and the Eastern Caribbean Currency Union (ECCU) as a whole.

Monitoring and supervision of existing credits and investments also continued during the year, with CDB disbursing approximately $24.06 mn to ten financial intermediary beneficiaries. The majority (80%) of the loans disbursed were consolidated lines of credit used to assist in providing finance to the productive sectors, including loans to small and medium-sized enterprises (SMEs), while 19% went towards student education. The remaining disbursements were used to assist in financial sector reform.

Technical Assistance

The Bank's support to the private sector is largely targeted at micro, small, and medium-sized (MSME) enterprises utilising national Development Finance Institutions (DFIs) in its BMCs.

Towards the end of the year, CDB approved $100,000 to finance a training programme to build institutional capacity across key operational areas in DFIs and indigenous Financial Institutions (FIs) recognising that strengthening their institutional capacity to deliver core services is critical to their growth and survival in light of a highly competitive financial services marketplace. The training programme which will be held in the first quarter of 2011 will expose 100 participants from 20 FIs in CDB's BMCs to risk management tools, loan portfolio administration and management, credit appraisal and the need to identify key indicators of institutional performance.

CDB also continued its efforts to support the development of a sustainable microfinance industry through ongoing capacity building projects targeted at regional microfinance institutions, in partnership with the Multinational Investment Fund, EU and other donors. During September 2010, CDB contributed to the staging of Caribbean Microfinance Forum II, which was held in Belize, under the theme "Innovative Solutions for a Sustainable Microfinance Industry in the Caribbean". The objective of the forum was to have microfinance practitioners in the Caribbean acknowledge the challenges which face the development of the industry, and be guided by good practices to develop innovative solutions. Sixty individuals from Barbados, Belize, Guyana, Grenada, Haiti, Jamaica, St. Vincent and the Grenadines and Suriname, representing 26 institutions attended the workshop.

The Bank also collaborated with The Centre for the Development of Enterprise and organized a regional workshop focussed on the "SME Investment Support Facility" on November 22, 2010, at the CDB Headquarters in Barbados. The workshop presented global findings of the experience of institutions around the Caribbean in doing SME finance and the findings and best practices of other programmes where TA is used to support investment in SMEs.

Caribbean Technological Consultancy Services
In 2010, CDB approved $0.791 mn to facilitate TA interventions identified under its Caribbean Technological Consultancy Services (CTCS) Network. A total of $0.579 mn, which represents 73% of the approved amount, was disbursed to execute TA activities comprising national and regional workshops, direct TA, training attachments and special publications. These interventions sought to address key operational and managerial deficiencies aimed at enhancing the competitiveness of MSMEs in CDB's BMCs through improvements in technical know-how.

During the year, the worldwide recession continued to pose challenges for MSMEs in the Region due to a slowdown in economic activity. A number of MSMEs sought to capitalize on CTCS TA to improve their production methodologies, processes, procedures and decision capabilities. As a result, $0.393 mn, which accounts for almost 50% of total approvals, was directed towards training attachments and direct TA.

In keeping with CDB's contribution to sustainable development of private sector enterprises in the Region, CTCS hosted regional workshops on:

- "Water and Energy Conservation Techniques and Procedures for Owners and Operators of Small Hotels" to educate hoteliers on best practices in implementing practical water and energy conservation solutions;

- "Computerised Job Estimation" to assist artisans and small contractors to more accurately prepare job estimates; and

- "Food Hygiene and Safety Standards" aimed at improving the operations of small poultry producers and processors.

A summary of CTCS skills training activities in 2010 is provided below, indicating that 826 persons would have benefitted from training in production and business related skills and making them better equipped to mitigate the risk of falling into poverty.

Basic Needs Trust Fund (BNTF)
The Basic Needs Trust Fund (BNTF) Programme has continued as one of the Bank's key instruments for addressing poverty reduction by providing access to basic infrastructure and services in both rural and urban communities.

Preliminary indications of performance of the BNTF fifth Programme have highlighted its relevance and improved coherence with sectoral strategies that target the poor. Under the sixth Programme, BMCs have positioned resources more strategically to contribute towards the achievement of the millennium development goals (MDG).

Building on earlier initiatives aimed at strengthening accountability practices within the management of the Programme, activities during the year focussed on improving results monitoring. Key initiatives included the design of a programme-wide system for gathering information on implementation and results. A training programme was launched in January, 2010 and focussed on results-based management (RBM) principles and specific tools for monitoring sub-projects. It comprised two regional and ten country workshops and participants

Figure II:1 SUMMARY OF CTCS SKILLS TRAINING ACTIVITIES IN 2010

Skill	Number of Interventions	Number of Clients Trained
General Management and Business Development	7	110
Pottery/Ceramics	6	17
Garment Design and Production	4	4
Other Applied Skills	9	61
Agro-processing	8	28
Agriculture -related Activities	4	66
Institutional Strengthening	2	16
Tourism-related Activities	8	417
Food Management and related Activities	1	14
Computer Applications	7	93
Total	**56**	**826**

included stakeholders drawn from communities, consulting firms, implementing agencies and ministries. Work on a new Management Information System was well advanced and will provide alignment of CDB's financial reporting with those of the BNTF country offices while lending greater support to RBM.

The annual meeting of Project Managers was convened to discuss the realignment of strategies for completion of BNTF 5 and reinforced measures for effectiveness and efficiency. Given the fiscal constraints experienced by many BMCs, the impact of budgetary decisions on project implementation was highlighted. The meeting also discussed the importance of establishing partnerships with sponsoring ministries to significantly improve the maintenance and sustainability of Project interventions.

The Programme supported a country wide training initiative in Guyana where technicians from the local government bodies and community-based beneficiary groups were trained in executing preventative, routine and critical maintenance. In St. Kitts and Nevis, the maintenance intervention focussed on sanitation through a network of schools.

CDB approved 97 new sub-projects for $11.5 mn. Approvals for the year showed a shift in demand towards the Water and Sanitation sector, accounting for 36% of the grants, while the Education sector accounted for 25%.

As at December 31, cumulative grant approvals for BNTF 5 and BNTF 6 amounted to $51.4 mn and $8.1mn, representing 99% and 33% of allocations for BNTF 5 and BNTF 6, respectively.

Disbursements for the year totalled $13.5mn and brought cumulative disbursements under BNTF 5 and BNTF 6 to $50.4mn and $1.7mn, respectively.

BNTF and Gender Equality

The BNTF Programme implemented direct interventions to meet the practical needs and gender interests of beneficiaries across sectors and diverse communities. In 2010, gender assessments were conducted on 97 sub-projects in physical infrastructure, skills training and capacity building to the value of $11.1mn to promote social inclusion and gender mainstreaming and to specifically address gender-related biases in the interventions.

Participatory methods were utilised at the identification and design stages of sub-projects to broaden the dialogue with men and women in communities on their priorities and the sustainable benefits to them. During implementation, the different gender interests were acknowledged and women and men were given the opportunities to negotiate their roles where they have been traditionally excluded. A number of specific assurances pertaining to employment of women as wage labourers and representation on monitoring committees were instituted. In developing gender-responsive, community-based interventions, men were specifically engaged on gender issues in some societies.

Sub-projects in the water infrastructure sector alleviated the time and health burden for women, associated with travelling long distances to collect and carry water. Consideration was given to increasing the delivery of health care to male clients, especially in the area of chronic diseases, and the reduction of maternal morbidity and mortality for women in rural areas. Physical security and privacy concerns of women and girls were also addressed in the design of water and sanitation sub-projects, such as public and school bathrooms.

Footpaths and access roads provided improved links to markets and commercial centres, contributed to enhanced livelihoods of farmers in subsistence agriculture and to income-generating opportunities for vendors, most of whom are women. In addressing the accountability that women have for the well-being of vulnerable family members and themselves, these interventions have improved links to social services such as health, schools and community activities.

Community market interventions have targeted female vendors for participation in market management, enabling them to have shared access to decision-making in the operations of the commercial facilities.

Gender Equality

In CDBs Strategic Plan, Gender Equality has been treated as a cross-cutting theme for the purpose of broadening the poverty impact of the Bank's interventions. Following the Board's approval of the Gender Equality Policy (December 2008), CDB continues to extend its commitment to mainstream gender concerns in all areas of operations and programming, including macro-economic and sector work, and lending and technical assistance in all sectors. As part of this commitment, financial, human and technical resources have been allocated to support the process.

The Board of Directors in October 2010 approved funds to finance consultancy services to conduct gender assessments in ten BMCs, including the dissemination of information on CDB's gender mainstreaming initiatives. The assessments are intended to provide a framework and strategic planning base with which to mainstream gender across a wide spectrum of the Bank's development programme and project activities, as well as provide opportunities for interventions to address gender inequality in BMCs.

The Bank has also earmarked financial resources for eight other components of its Gender Equality and Operational Strategy (GEPOS) programme. These resources will be used for building capacity within the Bank and BMCs to implement the strategy as well as to evaluate the first four years of GEPOS implementation. A number of these components are scheduled for implementation in 2011.

In collaboration with the Institute of Gender and Development Studies, University of the West Indies, CDB hosted a workshop on Gender Differentials in Caribbean Education. The workshop provided another forum for further discussion and deliberation on the important issue of gender differentials in Caribbean education.

CDB participated in a Gender Hub at the Ninth Commonwealth Women's Affairs Ministers Meeting (9WAMM) held in Barbados, June 4-9, 2010. The Gender Hub, a display facility, showcased the Bank's gender resource tools which can be used by organizations and individuals in their policy and programme development and analysis. The Hub also provided CDB with an opportunity to disseminate its external Gender Policy as well as its flagship gender and poverty alleviation programme, the BNTF Gender Toolkit, to senior government officials in the Region and the Commonwealth.

The Bank has made progress promoting Gender Equality within the organization and is well positioned to become a model employer for promoting Gender Equality in the Region.

Agriculture and Rural Development

A consistent theme in the Bank's work has been and remains the development of response strategies to overcome poverty in its BMCs. Within the agriculture sector and rural development sub-sector, CDB, working with developmental partners has sought to integrate best practices in the design and implementation of projects and programmes in its BMCs. Examples of its collaborative approach in 2010 include the co-sponsorship of the Caribbean Regional Symposium on Agriculture Insurance held in Antigua. This was done in partnership with several organisations including the CARICOM Secretariat, the Food and Agriculture Organisation (FAO), the Inter-American Institute for Cooperation on Agriculture (IICA), the Caribbean Agricultural Research and Development Institute (CARDI), the European Union and the World Bank.

CDB also facilitated the training, in China, of Caribbean professionals in protected agriculture systems, through an ongoing partnership with the Chinese Academy of Agricultural Sciences. A capital project, the Grenada Market Access and Enterprise Development Project was designed and prepared in collaboration with the International Fund for Agricultural Development (IFAD). CDB's Board of Directors approved a loan of $3.0 mn to assist the Government of Grenada in the implementation of this project.

Education and Training

CDB views education as a critical enabler of socio-economic development in the Region and for lifting large numbers of its citizens out of poverty. The thrust of the Bank's efforts has been directed towards ensuring greater access, improved quality through increased training opportunities for both teachers and students, greater use of technology and improved management practices. Resources were provided at the national and regional levels. The Bank provided a grant of $0.25 mn to Belize to assist the country in enhancing the policy and strategic framework in the education sector. With the exception of Haiti, Belize is the only BMC which has not achieved universal primary education. In addition, its secondary net enrolment rate, at approximately 40%, is significantly lower than most BMCs. This TA will therefore assist the Government of Belize in the formulation of an education sector strategy which will guide the sector in addressing these and other critical issues. Other specific activities under the project include the development of a school location plan, a school mapping model, and a national school transportation policy. There will also be the formulation of a comprehensive education sector investment programme, identifying priority areas for intervention.

CDB also provided grant resources of $0.49 mn to the OECS to assist with the development of the third OECS Education Sector Strategy that will address the challenges facing the sector in the sub-Region, and inform the education priorities for the OECS over the period 2011-2020. This Strategy will also seek to present a harmonized framework which harnesses synergies and exploits cost-effective opportunities for sub-regional cooperation, in a manner that adds value to the work of national systems. The activities will include a social risk assessment focusing on the social issues influencing participation and performance in education, an evaluation of the previous strategy, preparation of a concept paper, and development of the new strategy.

As a result of the passage of Hurricane Tomas, the Bank was called upon to respond to the damage to the school plant in St. Lucia. CDB completed an initial assessment of the needs in the sector, but will continue to work closely with the Government of St. Lucia in the coming year to provide a long-term response that recognises the need for more resilient school infrastructure.

Housing and Shelter Sectors

Affordability of decent housing has been threatened in the BMCs by rapid urbanisation, limited land supply, market failure and inadequate financing options for low-income families. In addressing the housing needs, CDB has been collaborating with the Inter-American Development Bank (IDB), civil society and the private and public sectors in BMCs. CDB recognizes the need to promote a range of housing solutions apart from the traditionally financed mortgage finance and sites and services projects. These are necessary particularly to assist the lower quintiles of the populations in acquiring affordable housing by specially designed and well targeted interventions. CDB's support also provides for the strengthening of executing agencies operating in the sector, recognizing this as an indispensable requirement for the successful implementation of such projects.

In December 2010, CDB approved a loan of $36 mn to finance a low-income housing project in Barbados: to provide technical assistance for the institutional development of the National Housing Corporation (the Agency responsible for public housing); and the construction of a total of 316 rental housing units at eight different locations. The project is expected to assist 1,200 persons who otherwise would have to endure unsuitable conditions associated with overcrowding, poor sanitation and environmental health, lack of privacy, and an inadequate environment for the socialization of children. In addition, the project design will address vulnerability to natural hazards by applying appropriate construction standards and other disaster risk mitigation features. Consequently, the project will provide a measure of social protection in addressing sub-standard housing and social and environmental vulnerability.

ENVIRONMENTAL SUSTAINABILITY, DISASTER RISK MANAGEMENT AND CLIMATE CHANGE

2010 was a testing year for the Region in the context of natural hazard events. The year was marked by the catastrophic magnitude 7.0 earthquake in Haiti on January 12; first quarter drought conditions in the south-eastern Caribbean; and a well-above-average Atlantic hurricane season enhanced by La Niña, featuring 19 named storms, of which 11 were hurricanes. Five of these hurricanes were category three or higher on the Saffir-Simpson Scale. There was significant flooding in several territories as a result of the passage of these tropical weather systems.

The economic impact of these events was major, with post-disaster damage and loss assessment estimates ranging from $336 mn[1] for St. Lucia to $12 bn[2] for Haiti. Losses to public infrastructure alone from 2010 hazard events experienced in the British Virgin Islands were reported as approaching $15 mn.

The year also represented the first significant period of *demand and testing* of the Bank's revised Disaster Management Strategy and Operational Guidelines (DiMSOG), since its updating from the previous 1998 version.

Five Emergency Relief Grants (ERGs) were approved for: Haiti in response to the earthquake; Jamaica for Tropical Storm Nicole; Belize for Hurricane Richard; and St. Lucia and St. Vincent and the Grenadines in response to the impact of Hurricane Tomas.

Four Immediate Response Loans were also approved for Belize, Jamaica, St. Vincent and the Grenadines and St. Lucia for the Hurricane Richard, Tropical Storm Nicole, and Hurricane Tomas events, respectively.

The Bank continued to participate in and support the Regional Coordination and Harmonization Council that oversees the governance of the CARICOM Comprehensive Disaster Management (CDM) Strategy. This strategy 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.

As part of its efforts to mainstream disaster risk management into different sectors, the Bank continued for a second year to support business continuity planning for small business enterprises. Work continued on the development and implementation of a practical business continuity planning toolkit for use by MSMEs in collaboration with the CTCS network. A second TA intervention by CDB supported a one-day intensive business continuity planning training session, preceding the Fifth Annual CDM Conference, held in December 2010. This session was attended by BMC governmental representatives responsible for small business, as well as MSME and Chamber of Commerce representatives.

The Bank is represented on the board of 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. In collaboration with the Canadian International Development Agency (CIDA), CDB co-provided grant financing support in the amount of $1.0 mn to the Government of Haiti to meet its annual premium payment to the CCRIF.

1. Source: Preliminary Draft St. Lucia Macro-Socio-Economic and Environmental Assessment of the Damage and Losses Caused by Hurricane Tomas: A Geo-Environmental Disaster (UN-ECLAC/OECS Secretariat/IICA/UNDP 2010)
2. Source: Haiti's Earthquake Post Disaster Needs Assessment (PDNA) of Damage, Losses, General and Sectoral Needs (Government of Haiti/UN/IDB/ECLAC/World Bank/European Commission 2010)

The Bank, in collaboration with the IDB, continued to support the OECS Secretariat with mainstreaming disaster risk management in the member states of the OECS. This TA project focuses on strengthening institutional capacity in the OECS Member States and on enhancing community resilience to disasters in vulnerable low-income communities. The project has, so far, analyzed community-based disaster risk management initiatives implemented in the OECS countries over the past ten years and based on this assessment, designed a methodology for multi-hazard risk reduction applicable to vulnerable, low-income communities in the OECS. In addition, a community vulnerability benchmarking tool for identifying and prioritizing risk reduction actions and for quantifying reductions in the risk profile of communities has been prepared. The project will support the application of the methodology and the tool through pilot projects in selected Member States of the OECS.

In 2010, drought conditions across the Region caused a significant reduction in the water supply to meet basic human needs and impacted key economic sectors, including agriculture. CDB provided financial support to the Caribbean Basin Water Management Programme (CBWMP Inc.) for a Regional Drought Management Conference which was held in May in Gros Islet, St. Lucia. The objective was to assist national water utility agencies from CDB's BMCs to enhance their drought planning capacities and water supply management. The conference focused on the discussion of drought vulnerability reduction techniques along with the identification and recommendation of specific adaptation and mitigation measures.

In partnership with IICA, the FAO and the World Bank, CDB also provided assistance to host a regional symposium on agriculture risk management systems, held in June. Notably, agriculture is considered a relatively high-risk activity in developing countries and there is little to no sector insurance in BMCs, placing the sector at a disadvantage relative to extra-regional competitors. The symposium discussed the current states of risk management practice, private sector financing and insurance in the regional agriculture sector, concepts of index-based insurance, and the outline of a future regional programme.

PROMOTING GOOD GOVERNANCE

Policy-Based Lending

In 2010, the CDB continued to use its policy-based lending to provide support for the macroeconomic policy reform process in its borrowing member countries (BMCs), while at the same time providing critical budgetary support within the context of deteriorating fiscal and debt positions. Amounts totalling \$138 mn were approved for policy-based loans (PBLs). Three new PBLs were approved, and the scope of an existing PBL was revised by the addition of a third tranche and an increase in the loan amount. The new PBLs were to the Governments of Anguilla (\$55mn), Barbados (\$25mn), and St. Vincent and the Grenadines (\$37mn), while additional resources were approved for the Government of St. Lucia (\$15mn) in respect of an existing PBL.

The PBLs to Anguilla, Barbados and St. Lucia were aimed at achieving fiscal and debt sustainability through the provision of budget support, strengthening of financial management in the public sector; improving revenue policy and administration; and enhancing expenditure and debt management systems. The proceeds of the PBL to St. Vincent and the Grenadines were used to decrease the public sector debt portfolio at the government-owned commercial bank to facilitate its divestment. Collectively, these reforms are intended to promote good governance, bolster fiscal and debt sustainability and support measures aimed at strengthening the framework for macroeconomic management and improving the impact of the Bank's poverty-reduction efforts.

Fiscal and debt sustainability are major challenges facing the BMCs and regional governments in crafting a response to the economic crisis in the context of the prevailing slow recovery of the global economy and its continued effects on the financial and production sectors. In response to the critical issues facing the BMCs, during the period 2008-2009, seven PBLs were approved for a total of \$242.8 mn.

The Evaluation and Oversight Division, which has responsibility for quality assurance, evaluation and oversight, assessed the performance of the PBLs in 2010. The findings indicate that CDB's experience with PBLs to the end of 2009 has been short, comprising four years of operations and seven loans, of which only one had been fully disbursed. As a result of this short life span, conclusions need to be treated with caution since they were based on observation, data and analysis, discussions, and judgements, which are still evolving. Nevertheless, insights were garnered which should be considered as part of a continuous institutional process of learning, adjustment and refinement.

There have been successes in terms of facilitating improvements in the frameworks for macroeconomic management, fiscal policy, debt management, and overall public financial administration. By also providing timely financial support, the loans have helped to avoid fiscal crises and preserve regional cohesion during a period when the Region has been subjected to severe external and domestic shocks.

Among the lessons learnt are the need for greater consultation in setting loan conditions, the need for ownership of conditions by the borrower, and a smaller number of well-defined conditions that are focused on achieving the objectives of PBLs.

Country Poverty Assessments and National Poverty Reduction Strategies

The Bank continued to assist countries to produce Country Poverty Assessments (CPAs) and National Poverty Reduction Strategies (NPRSs). The CPA is a key instrument for assisting BMCs in determining the characteristics of poverty as well as in formulating evidence-based policy response measures. This programme which started in 2006 involves the provision of consultancy services to ten BMCs and grants to nine to procure essential equipment and computer software for data processing and analysis. This support was supplemented by the provision of training in various aspects of household research to staff of the national statistics offices and associated line ministries under the IDB-funded component of the Support to Poverty Assessments and Reduction in the Caribbean (SPARC) programme executed by the Bank.

Two of the five CPAs remaining under the programme were completed, with Belize conducting its third CPA and Dominica, its second. The other three CPAs; i.e., Anguilla, Barbados and Montserrat, were at different stages of implementation. The first draft report of the Anguilla 2009 CPA was completed in November 2010.

During the year, three regional workshops - two on qualitative research methods and one on data storage and dissemination - were conducted under SPARC. The former complemented previous training provided in quantitative data collection and analysis, while the latter examined the use of existing programmes and facilities in the Region to provide greater access to, and utility of the CPA data bases.

The St. Lucia NPRS was substantially complete and those for Antigua and Barbuda, Grenada and St. Kitts and Nevis are scheduled to be completed in 2011.

The findings of the CPAs for Belize and Dominica highlighted, among other things, the phenomenon of chronic poverty defined as severe and multi-dimensional poverty of an extended duration[3] and which seems to be a significant feature of and is associated with some of the socially disadvantaged groups in both countries.

While the overall level of poverty of these groups of indigenous people has declined slightly between the last two CPAs in each country, it continues to be much higher than the respective national averages. This disproportionately high prevalence of poverty among the indigenous groups has been associated with rural poverty, which is significantly higher in both countries when compared to urban poverty. In addition, characteristics of the indigenous households in Belize and Dominica include other social conditions such as low education levels, poor housing and large family size. These conditions are also indicative of social vulnerability and demonstrate the multi-dimensional nature of these socially deprived groups in the BMCs.

SUPPORTING REGIONAL COOPERATION AND INTEGRATION

In 2010, CDB demonstrated its steadfast commitment to strengthening regional cooperation and integration as evidenced by its participation in key regional meetings, including CARICOM Heads of Government, and its facilitation of the ongoing dialogue on the challenges and solutions to the problems facing regional economies.

The Bank's work to support the growth and development of regional economies, an important plank of the economic integration agenda, included the launch of a book entitled "Growth and Development Strategies for the Caribbean" on December 9, 2010, at the Bank's Headquarters. This publication which comprises papers commissioned from noted Caribbean experts appraises the main strategies for economic growth and development pursued by the countries in recent times. The publication was a culmination of two seminars, one held during the Bank's Fortieth Annual Meeting in The Bahamas.

Another discussion seminar entitled "The Future of the Offshore Financial Services Industry" was also held in The Bahamas at the time of the Bank's 40th Annual Meeting and was held against a background of unrelenting changes in the global regulatory and tax environment. Emerging from those discussions was that there is a clear need to understand the key industry drivers that will allow economies of the Region to retain this sector as an element of their strategies for sustainable growth.

HAITI

In 2008, CDB's Board of Directors approved a Technical Assistance Grant of $1.2 mn to the Government of Haiti for "Project Cycle Training for Public Sector Officials in Haiti". The objective of the TA was to strengthen the capacity of Haiti's Ministry of Economy and Finance

3. Chronic poverty: meanings and analytical frameworks, David Hulme, Karen Moore and Andres Shepherd, Chronic Research Centre Working Paper 2, Nov. 2001, pg 10.

CDB PROJECT PROFILE

Washington Boulevard - JAMAICA

The Washington Boulevard/Dunrobin Avenue corridor in Jamaica is not a long stretch by most Caribbean countries' standards. However, this 2.75 km of roadway is a significant distributor of traffic in Kingston as it carries the third largest volume of traffic in the Kingston Metropolitan Area (KMA).

It is estimated that about 300,000 people commute daily along this corridor, which is one of two main access routes into KMA, for business, work and school. These heavy traffic volumes mean that the road is regularly traversed by more vehicles than it was designed for. This then leads to heavy congestion, especially during peak periods.

Under a CDB-financed project, the road is being improved in a way that will be able to handle the increasing number of vehicles that use it. The road works also include the addition of dedicated bus lanes.

These improvements are expected to reduce congestion in the area, which in turn will lead to a significant reduction in travel time for the commuters. This will be beneficial not only for the commuters but also for the 73,000 people who live in communities along the corridor.

to manage the public sector investment programme. The project included, among other things, upgrading the capacity of the National School of Financial Administration (ENAF) for sustainable delivery of training services to public sector officers.

The project upgraded ENAF's support infrastructure, including computer and audio visual equipment and simultaneous translation equipment, for the sustainable delivery of its own training programmes as well as other training events and conferences for high level public sector officials. Project implementation has been highly satisfactory and resulted in 37 trained public sector officials, 14 of whom are equipped to serve as trainers for Haiti's public sector in the areas of Project Cycle Management and Investment Appraisal and Risk Analysis.

ENAF's entire facilities (administrative offices, cafeteria, library, computer laboratory and language laboratory and classrooms), including all the equipment referred to above, were destroyed in the earthquake of January 12, 2010.

At its Two Hundred and Forty-Third Meeting held on October 20-21, 2010, the Board of Directors approved a TA grant of $0.817 mn to the Government of Haiti for Restoration of Public Sector Training Services for ENAF. This TA was for the provision of a furnished, air conditioned container computer laboratory (with back-up power generator) and desktop computer equipment and furnishings in order to replace the computer laboratory and other equipment destroyed during the earthquake.

The Bank will continue to assist the Government to increase the capacity and efficiency of Haitians to manage public finance, taking into account the renewed demands for transparency and accountability with funds awarded by the financing institutions and development partners or the Haitian Public Treasury, particularly in light of the disaster situation. This highlights the urgent need to train and/or retrain public sector staff to respond to such demands. It also emphasizes the need for continued training activities to sustain the benefits gained under the TA project referred to above.

Urban Community-Driven Development Project - PRODEPUR

In its ongoing effort to assist Haiti in reducing poverty, CDB approved a $5.0 mn additional grant to the Haiti Urban Community-driven Development Project. The original project amounting to $4.0 mn was approved by CDB in July 2008. The project aims to improve access to: (a) basic and social infrastructure and services; and (b) income-generating opportunities for residents of targeted disadvantaged urban areas. The additional financing is in response to an increase in the demand for small-scale socio-economic infrastructure (including potable water and sanitation systems) occasioned by the displacement of persons as a result of the January 12 earthquake, the cholera outbreak and damage associated with the passage of Tropical Storm Tomas in November 2010.

Reports from Haiti indicate that significant progress has been achieved in project implementation. Approximately 48 sub-projects have been completed and 208 (151 infrastructure, 10 productive and 47 social) have been approved and are under implementation. It is estimated that these sub-projects created approximately 5,369 temporary jobs, benefiting 2,791 men and 2,578 women. It is expected that the revised project will provide direct and indirect benefits for approximately 200,000 and 1.0 mn persons, respectively, and create approximately 35,000 temporary jobs.

FINANCING OPERATIONS

In 2010, CDB approved 14 loans amounting to $270.5 mn, and approved grants totalling $30.0 mn.

Loans

Lending to the public sector accounted for all of the loans, with the OCR accounting for $223.9 mn and the SFR for $46.6 mn. Of the total of 14 loans approved during the year, six were entirely funded from the OCR, while the remaining eight were a blend of OCR and SFR funding.

Of the total approvals, loans to LDCs amounted to $162.0 mn, comprising $142.7 mn from OCR and $19.3 mn from the SFR. The two largest borrowers in 2010 were Barbados and Anguilla, receiving 23% and 20% of the total, respectively. Other significant borrowers were Belize (15%) and St. Vincent and the Grenadines (14%).

Grants and Equity

Grant and equity disbursements during 2010 amounted to $30.0 mn of which 80% was to the LDCs. The two major beneficiaries were Haiti and Regional with $6.3 mn and $6.2 mn, respectively.

Table II:1 (pg 25) summarizes the levels of approvals and disbursements on loans, equity investments and grants during 2010 and 2009.

CUMULATIVE APPROVALS

Net cumulative approvals of loans, equity investments and grants as at December 31, 2010, amounted to $3,752.0 mn (Table II:2 on pg 27 refers). Of this, $1,958.1 mn (52.2%) went to the LDCs, compared with $1,773.9 mn (51.4%) at the end of 2009.

BOX 1: Support for Restoring EDUCATION SERVICES after the January 12 Earthquake.

In response to the devastation wrought by the earthquake of January 12, 2010, CDB provided additional grant resources of $10 mn to the Government of Haiti to assist in restoring education services. The resources were provided under the framework of the current Education for All (EFA) project which is being funded by the World Bank, the European Union, the Canadian International Development Agency and CDB. The main components of the EFA Project are: school fee subsidies, school feeding and governance of the education sector.

The provision of additional resources responds to the need to maintain human capital, the cornerstone of a nation's social and economic development, in the aftermath of the earthquake of January 2010. The severe dislocation and hardship to poor Haitian families necessitated a response that would seek to prevent further malnutrition which interferes with a child's learning capacity and performance in school, and therefore with the formation of human capital.

The additional resources will provide schools with subsidies for 45,000 children and will allow those already in the programme to be guaranteed an extra two years of schooling. Likewise, the school feeding programme will help ameliorate some of the worst impacts of the earthquake for more than 35,000 children who will be provided with at least one hot meal a day. The overall impact of the project is a reduction in the risk of total disruption to the education of a number of young children as well as in the vulnerabilities associated with malnutrition.

Box 2: Supporting Gender Equity in Caribbean Education

Regional Governments are increasingly expressing concerns for the under-performance of males in the education system particularly at the secondary and post-secondary levels. In response to this concern and in keeping with the mandate for "more balanced outcomes by gender" as articulated in its Education and Training Policy and Strategy, CDB co-financed a TA research project on Gender Differentials in Enrolment and Performance in Caribbean Education Systems.

The results of this research project were presented to a regional workshop, convened by CDB in April 2010, to dialogue on the perceived gender differentials in education outcomes in the Caribbean and to formulate a policy framework for endorsement by Regional Governments. The workshop had wide stakeholder involvement with over 50 participants including: senior officials from social sector ministries from CDB's BMCs and representatives of parents, teachers, students, regional organizations and development partners.

Among the conclusions of the research, which informed the workshop deliberations, were:

(a) enrolment and performance in secondary education favoured girls and there was increased male attrition in the higher grades in basic education;

(b) a distinction should be made between male under-performance and under-participation;

(c) even more so than personal factors, socio-economic status, and other structural factors such as school type and school curriculum, are important in considering gender performance; and

(d) only a multi-sectoral response would be adequate to address differentials in gender performance in the education system.

The Regional Policy Framework, which was endorsed by the CARICOM Council of Human and Social Development (COHSOD) at its 20th Meeting in October 2010, has as its goal: **achievement of enhanced learning outcomes and engagement in productive work based on appropriate experiences, opportunities and standards.** It proposes specific strategies and actions in four priority areas: the home, the school and community; the state and government; and the economy. CDB will continue to support the development and implementation of national policy frameworks.

CUMULATIVE DISBURSEMENTS

Cumulative disbursements, including grants (Table II:3 on pg 27 refers), increased by 11.9% in 2010 to $3,082.2 mn, from $2,755.3 mn in 2009.

A comparative analysis of cumulative disbursements at the end of 2010 shows that CDB's Ordinary Operations accounted for 57% of total disbursements, an increase from 54% at the end of 2009. The distribution of cumulative disbursements between MDCs and LDCs is provided at Table II:4 (on pg 28). At the end of 2010, total disbursements to MDCs increased to $1,283.0 mn from $1,179.4 mn in 2009. Cumulative disbursements to the LDCs amounted to $1,799.2 mn, increasing from $1,575.9 mn in 2009. At December 31, 2010, the LDCs' share of cumulative disbursements was 58%, marginally increasing from 57% in 2009.

The MDCs accounted for 51% and the LDCs 49% 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, 2010, principal repayments on loans since the inception of the Bank amounted to $1,241.5 mn (2009 - $1,150.5 mn) (Table II:5 refers). OCR principal repayments during the year amounted to $70.8 mn, while total OCR repayments since inception were $753.2 mn, after taking into account currency translation. Total SFR principal repayments, after currency translation adjustments, were $488.2 mn in 2010 (2009 - $467.9 mn).

RESOURCE TRANSFERS

In 2010 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 $180.1 mn, a significant increase when compared with net resource transfers of $67.8 mn in 2009.

CAPITAL MARKETS OPERATIONS

The Bank placed an issue of $85.0 mn in short-term bonds in the Capital Markets. The funds will be used to support the Bank's liquidity position.

Table II: 1 APPROVALS AND DISBURSEMENTS ON LOANS, GRANTS AND EQUITY 2010 and 2009 ($'000)

	Approvals		Disbursements	
Activity/Source of Funds	**2010**	**2009**	**2010**	**2009**
A - Loans				
Ordinary Operations	**223,947**	**116,031**	**246,358**	**115,674**
OCR	223,947	116,031	246,358	115,674
SFR	**46,550**	**35,149**	**49,355**	**64,098**
SDF	46,550	35,149	34,750	45,945
OSF			14,605	18,153
Total	**270,497**	**151,180**	**295,713**	**179,772**
B. Grants and equity	**30,010**	**22,530**	**31,187**	**30,083**
Total Financing	**300,507**	**173,710**	**326,900**	**209,855**

CDB PROJECT PROFILE

Natural Disaster Management - HAITI

Following the January 2010 earthquake among the difficulties experienced by the government of Haiti was finding infrastructure to house some of its Ministries and Deparments.

With the realisation that this was a high priority issue, CDB provided grant funding to the government for use in procuring facilities to house three agencies within the Ministère des Travaux Publics, Transports et Communications (MTPTC).

The objective was to assist the Haitian government in restoring essential government services through the establishment of safe and secure office spaces.

The funds were used by the government to source and install prefabricated buildings, which provided space for approximately 50 offices, meeting rooms and sanitary facilities.

The agencies which benefited under the project are the Fonds d'Entretien Routier (Road Maintenance Fund), Service Maritime et de Navigation d'Haïti (Maritime Navigation Service of Haiti) and Office National du Cadastre (National Land Registry Office).

TABLE II:2 NET CUMULATIVE APPROVALS, LOANS, EQUITY AND GRANTS 1970-2010
($'000)

LOANS/GRANTS	LDC	MDC	REGIONAL	TOTAL
1970-02	1,128,475	865,431	102,993	2,096,899
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	141,969	15,943	15,798	173,710
2010	184,221	109,290	6,996	300,507
Total	**1,958,142**	**1,566,958**	**226,891**	**3,751,991**

TABLE II:3 CUMULATIVE DISBURSEMENTS 1970-2010
($'000)

Source of Funds	1970-79	1980-89	1990-99	2000-10	1970-10
Ordinary Operations	**30,972**	**159,026**	**360,391**	**1,197,067**	**1,741,456**
OCR	30,972	159,026	360,391	1,197,067	1,741,456
Special Operations	**88,864**	**317,850**	**315,986**	**618,028**	**1,340,728**
SDF	55,958	139,079	253,873	426,736	875,646
OSF	32,906	178,771	62,113	191,292	465,082
Total	**119,836**	**476,876**	**676,377**	**1,809,095**	**3,082,184**

TABLE II:4 DISTRIBUTION OF CUMULATIVE DISBURSEMENTS TO MDCs AND LDCs 1970-2010
($'000)

Source of Funds	Total		MDCs		LDCs	
Ordinary Operations	**1,741,456**	100.0%	**891,641**	51.2%	**849,815**	48.8%
OCR	1,741,456		891,641		849,815	
Special Operations	**1,340,728**	100.0%	**391,363**	29.2%	**949,365**	70.8%
SDF	875,646		232,510		643,136	
OSF	465,082		158,853		306,229	
Total	**3,082,184**	**100.0%**	**1,283,004**	**41.6%**	**1,799,180**	**58.4%**

TABLE II:5 CUMULATIVE CAPITAL REPAYMENTS ON LOANS 1970-2010
($'000)

Source of Funds	Cumulative Loan Repayments to December 2009	Translation Adjustments	Repayments in 2010	Cumulative Loan Repayments to December 2010
OCR (incl. VTF)	682,634	(213)	70,797	753,218
SFR	467,893	(569)	20,922	488,246
Total	**1,150,527**	**(782)**	**91,719**	**1,241,464**

PART III
ORGANISATIONAL EFFICIENCY AND EFFECTIVENESS

A central goal of the Bank in delivering its products and services in a competitive environment is to improve its efficiency and effectiveness. Towards this end, there is continuous focus on promoting a learning organisation, improving human resources management and business processes as well as managing for development results.

HUMAN RESOURCES MANAGEMENT

A continuing objective of the Bank's human resource strategy is to attract, develop and retain a high performing workforce within the framework of a realigned Human Resource Strategy for the period 2010-2014. During the year, considerable effort was expended in streamlining its human resource management practices. A major project was the Lean Six-Sigma review of the efficiency and effectiveness of the internal processes and procedures of the Human Resources Department. The review examined the HR service delivery model, transaction processes and technology support. That review is a continuation of initiatives in support of the Bank's institutional reform agenda to promote lean processes, and greater use of information technology to drive internal efficiencies. Recommendations approved from that study will be implemented in 2011. An internal gender equity and action plan was approved and implemented in continuation of the mainstreaming of gender in the Bank's operations. Women comprised 57% of the total staff complement and 40% of the managerial and professional cadre.

Performance coaching was implemented to support a number of managers in enhancing their skills, and also in support of strengthening the development of key leadership competencies. That programme will be fully implemented across the Bank in 2011, and is one initiative under a broader leadership development programme currently in design. Another major area of focus in 2010 was the development of a competency framework for core and leadership competencies. The framework will support a more robust performance management system, and provide an anchor for the leadership development programme. Finalization of that framework will be in early 2011.

Staff trained in 2010, spent an average of seven man-days in training programmes. Seventy-four employees participated in training programmes that covered key business priorities such as macroeconomic statistics, capital markets, financial modelling, analysis of utility regulation strategies, behavioural interviewing and enterprise content management. Appreciative Inquiry techniques were introduced and refresher training was conducted in the areas of protocol and etiquette, and desk-top publishing.

INFORMATION AND TECHNOLOGY SOLUTIONS

The Bank continued to pursue the prioritized recommendations set out in its Information Systems Architecture Roadmap (ISAR) which represents an approved blueprint for the acquisition and replacement of the Bank's major applications, the improvement of service delivery and support, and the optimising of the Bank's technology infrastructure over a three to five-year period. The primary achievements during the period under review were in the areas of application renewal and development, knowledge management, business intelligence, service support, infrastructural enhancements, information-sharing and collaboration, and business continuity planning.

Based on the priorities set out in the ISAR, the following activities have been undertaken to date:

- The Loans and Grants application developed in-house was replaced by a fully integrated commercial application which has significantly enhanced the processing and management of loans and grants.

- The Bank's Investment Management System was upgraded to the latest version in 2011, and is expected to be fully functional early in the coming year, providing significantly improved reporting and performance capabilities in the new version.

- A web content management process was developed for the preparation, updating and approval of website content which would ensure quality and sustainability of the Bank's website. To expedite the implementation of the process, a Web Content Specialist is expected to be recruited early in the next financial year.

- The Business Continuity Plan for Information Technology consists of infrastructure which provides critical support for the Bank's core business processes, and also includes the formulation and implementation of a feasible recovery strategy and disaster recovery plans to ensure business continuity and resilience. During the year, an electronic solution was implemented to store the Bank's critical data off-island. In the unlikely event of a significant local disaster in which local data is lost, protected data could be recovered from the off-island secure facility.

- A local facility was also identified as a recovery site in the event that a disaster occurs at the Bank's headquarters. This location has been fully outfitted with the necessary equipment and services and is currently fully operational, with requisite infrastructure inclusive of furniture, power and cabling systems, to house IT equipment and staff should there be a need to move operations from the primary facility.

In 2010, CDB continued to be involved in promoting ICTs for development in its BMCs. To assist in the building of Information Societies, CDB contributed to the development and finalization of a Regional e-Government Strategy and a five-year Regional ICT Strategy. Implementation of both of these strategies would put in place the framework for achieving the World Summit on the Information Society objectives and the MDGs, and support the regional integration efforts.

CDB, in collaboration with the World Bank, also provided assistance for six countries of the OECS to participate in the e-Government for Regional Integration Project (EGRIP) which is designed to promote the efficiency, quality and transparency of public services through the delivery of regionally integrated e-Government applications.

Promoting a Learning Organisation

In September 2010, the Bank engaged the services of consultants to make recommendations for the development of an organisation-wide Knowledge Management (KM) strategy and implementation plan which would be used as the basis for an overall KM management solution. The consultants have already prepared a draft report for management's review, with the final report projected for completion in the first quarter of 2011.

The Bank is defying distance to information access as it extends its information services to its internal clients as well as other development institutions, partners and the public. In its efforts to enhance the access and availability of information resources, a web-based information service called *CDB Infolink* was launched. This virtual library provides access to a vast collection of digital resources as well as reference to items housed in the Information Services Centre. *CDB Infolink* may be accessed through CDB's corporate website at www.caribank.org.

GOVERNANCE

Board of Governors

The Government of The Commonwealth of The Bahamas hosted the Fortieth Annual Meeting of CDB's Board of Governors in Nassau, on May 19-20, 2010. The meeting was chaired by the Honourable Zhivargo Laing, Minister of State in the Ministry of Finance.

In his Annual Statement to the Board of Governors, CDB President, Dr. Compton Bourne, highlighted the progress which the Bank had made over the years, also touching on some of the challenges it had encountered along the way. He noted in particular the difficulties posed to Caribbean economies by the global economic crisis which has taken countries to the point where it is clear that the struggle for sustainable development and poverty reduction is far from over.

In expressing his gratitude to shareholder Governments for their support for the General Capital Increase, he admitted that they had also raised the performance bar for the Bank. Towards this end, he promised that the Bank will strive to consolidate and deepen the foundations of its progress, by ensuring greater responsiveness to its clients.

In their statements, Governors shared their own insights into some of the ways in which the Bank might deepen its efforts in serving its member countries. Governors noted that the current financial and economic crisis has placed added responsibility on the Bank to work creatively in assisting countries in addressing their fiscal and debt problems. While expressing their satisfaction at the successful conclusion of the General Capital Increase exercise, they urged the Bank to enhance its efforts at demonstrating results and improving its development effectiveness. They also encouraged the Bank to focus on efficiency improvements and some of the newer risk management issues which have recently surfaced in the Region.

During the meeting, Governors also heard presentations on "The Future of Offshore Financial Services" and "Growth and Development Strategies for the Caribbean".

Trinidad and Tobago was elected Chairman of the Bank's Board of Governors for the coming year, while the Governors for the United Kingdom and Colombia were elected Vice Chairmen. The next Annual Meeting is to be hosted by the Government of Trinidad and Tobago in Port of Spain, Trinidad, in May of 2011.

A Special Meeting of Governors was held at the Bank's Headquarters in Barbados on October 29, 2010 to elect a President to serve for the next five-year term beginning May 1, 2011.

Dr. W^{m} Warren Smith, a national of Jamaica and the Bank's acting Vice-President (Operations), was elected to assume the post. Dr. Smith will be the Bank's fifth President since it was established 40 years ago.

Board of Directors

The Board's agenda for the year was dominated by the consideration of initiatives aimed at addressing the challenges faced by BMCs as a consequence of the global economic and financial crisis. Among the measures approved by the Board were Policy-based Loans together with companion technical assistance for capacity building. In so doing, there was much indepth discussion on policy-related issues which helped to better inform the design of succeeding interventions.

Directors also devoted considerable time in discussions on the Bank's Strategic Plan for the period 2010-2014 which was approved in May. At the same meeting, Directors agreed to recommend to the Board of Governors a proposal for a 150% increase in the Bank's subscribed capital, the largest increase in its history.

In addition to approving the Bank's Work Programme and Budget for the coming year, the Board considered several Papers including those dealing with a Results Monitoring Framework for the SDF, a study on Policy-Based Lending and the Terms of Reference for a consultancy to review the framework for future Policy-Based Lending.

Country Strategy Papers, now a central tool for guiding the Bank's interventions in BMCs, were considered and approved by the Board for Barbados, Anguilla, and Dominica. These documents are intended to set out the medium-term priorities agreed upon with member countries. This is a collaborative effort with other development partners to ensure that all available synergies are realised.

Directors approved fourteen loans totalling $270.6 mn, including four PBLs totalling $132.0 mn in an effort to support fiscal stability and debt sustainability in the four countries. Approval of grant financing amounted to $28.2 mn, including six grants totalling $17.6 mn to Haiti. Some of the major thematic areas that benefitted included governance, regional public goods and capacity building with beneficiaries drawn from the public sector as well as regional and civil society organizations.

Audit and Post-Evaluation Committee

The Audit and Post-Evaluation Committee (APEC) is an advisory committee which assists the Board of Directors 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. It comprises four Directors who are appointed by the Board for a two-year term.

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.

Two meetings of APEC were held in 2010. In March, the Committee reviewed the 2009 audited Financial Statements with the outgoing auditors PricewaterhouseCoopers and the Committee took the opportunity to thank the firm for the excellent service provided to the Bank since its establishment. The Committee also reviewed the report of the External Auditor Selection Committee and subsequently recommended the selection of Ernst & Young as the Bank's external auditor for the five-year period commencing June 1, 2010, as well as the approval of the audited Financial Statements, to the Board.

During the year, the Committee also discussed the Bank's Code of Conduct and Fraud Briefing as well as the Work Programmes and other reports prepared by the Internal Audit Unit (IAU) and the Evaluation and Oversight Division, including the IAU Charter, the Terms of Reference of APEC and Evaluation Reports. Recommendations were made to the Senior Management Group and the Board.

Managing for Development Results

The Evaluation and Oversight Division of CDB is charged with the responsibility of enhancing the efficiency and effectiveness of the Bank's operation through the achievement of the following outcome: (a) enhanced accountability and transparency; (b) learning from lessons of experience; (c) improved decision-making capacity in support of management for results; and (d) strengthened monitoring and evaluation capacity in CDB and the BMCs.

Over the last ten years, the expectation of development outcomes for the majority of the projects, programmes and policy-based loans financed by the Bank continue to be rated highly satisfactory. Disbursement performance of the portfolio improved significantly, reflecting the proactive actions taken by the Bank to improve the flow of capital projects into the portfolio. The impact of the Bank's operations could be improved if more attention is paid to realistic start-up dates and the readiness to implementation given the capacity constraints in the BMCs.

EXTERNAL RELATIONS AND PARTNERSHIPS

The Bank's external relations thrust focused on activities which helped to create a greater awareness and a better understanding of its work across the Region. In addition to the Bank's management and staff participating in various fora, such as seminars and workshops across the region, the Bank this year held two high-level seminars at the time of its Annual Meeting to consider issues of a topical nature on the regional development agenda. There was also a lecture on "Increasing the Caribbean's Human Capital in the STEM (Science, Technology, Engineering and Mathematics) fields: The Pivotal Role of Mentoring", as part of the annual commemorative lecture in honour of William G. Demas, the Bank's second President.

These seminars offer useful insights into critical development issues facing the region and from which can emerge useful recommendations which can be used to shape the work of the Bank in its member countries. There has also been an Annual Roundtable for the past several years, hosted jointly with the Institutional Investor, involving participants drawn from various disciplines who seek to diagnose some of the critical challenges facing the Region and to offer suggestions regarding the type of response measures that might be put in place. The theme for this year's Roundtable was "Beyond the Crisis; Recovery for the Caribbean".

Consistent with its commitment to the Paris Declaration, the Bank has embraced Partnerships as a central pillar upon which to deliver its development assistance programmes. This commitment is enshrined in its agreement with Contributors for the replenishment of its Special Development Fund, its main concessionary window. Recognising that the effort must be a shared one, it has, in the devolution of its assistance programmes, forged alliances with a range of partners spanning the development community, civil society, academia and youth.

Partnerships have taken various forms, such as co-financing, trust fund arrangements and the sharing of information, including useful lessons learnt. In the case of co-financing, this arrangement has facilitated the sharing of risk or burden where the level of exposure might be considered too large for any single financing agency. The pooling of risks also allows access to resources that might otherwise not be available to the Region. Some of the partners with which co-financing arrangements were entered into during the year were the World Bank, the Inter-American Development Bank and the International Fund for Agricultural Development. CDB also signed a Memorandum of Agreement with the World Bank that detailed a comprehensive, long-term approach for effective development through sustainable, equitable growth and poverty reduction. The Bank also supported the work of the International Labour Organisation in promoting its Decent Work Agenda.

Also, Trust Fund arrangements were entered into with the United Kingdom's Deparment for International Development (DfID) for a second tranche amounting to £5.0 mn in the execution of the Caribbean Aid For Trade (CART) Fund, bringing the total amount made available under this Fund to £10 mn. These resources are being used to build capacity in strengthening the regional and sub-regional integration process, improve the readiness of countries to proceed with the implementation of the Economic Partnership Agreement and participate in global trade.

Towards year-end, the Bank agreed to execute, on behalf of the EU, an assistance programme by way of a Line of Credit for €1.5 mn to assist cane farmers in Belize and to ensure that the industry did not suffer from lack of financing.

In the area of information sharing, Bank staff participated in various MDB workshops that covered Procurement, Budgeting, Resource Allocation and Corporate Secretarial issues, and hosted a workshop for the Heads of Administrative Services.

In further expression of its commitment to collaboration and cooperation, CDB also participated in consultative meetings with the IDB on the Mid-term Review of its Caribbean Community (CARICOM) Regional Strategy at CARICOM Secretariat Headquarters in Guyana. Later in the year, CDB joined the IDB during its Caribbean Regional Forum held in Nassau, The Bahamas. CDB offered support to the "*Compete Caribbean*" initiative, a collaboration between the DfID, CIDA and the IDB, and continued its support for the work of the Caribbean Regional Technical Assistance Centre (CARTAC).

The annual youth forum called *Vybzing* was held during the Bank's Fortieth Annual Board of Governors' Meeting in The Bahamas and attracted over 70 students. CDB recognizes that young people in the Region must be seen as active players in the development process and that their views need to be heard on issues and challenges that affect their lives now and into the future. The students also had the opportunity to share their views on the theme of Sustainable Agriculture and Regional Food Security through an essay and poster competition. CDB's outreach to the youth of the Region is intended to inspire, inform and engage them in the development dialogue.

CDB in the Community

There is an in-house joke that CDB is probably one of the best kept secrets in the Region. While this is not quite true as far as the official work of the Bank in the various islands is concerned, it is perhaps so when it comes to CDB's altruistic work.

In 2010, CDB observed its 40th anniversary of existence and because it was a celebratory year, it perhaps is not such a bad idea to look back on some of the ways the Bank, and its staff, gave back to the community in just that year alone. One of the major events for the 40th anniversary was an International Fair held at the Bank during the month of November. Prior to the staging of this event it was decided that the proceeds would go to a worthy cause. After some deliberation, the Queen Elizabeth Hospital was selected. A total of BDS 20,000 was realized from the fair and this was presented to the Hospital for the purchase of a Cardiac Monitor.

Not many of us would forget how the year started for our neighbours in Haiti. Following the earthquake, staff at the Bank were moved to do something for the people who were going through such hardships. A collection among staff yielded

BDS 12,225, but the difficulty was deciding what would be the best use of the funds. The outbreak of Cholera later in the year presented an answer and the money was donated to the United Caribbean Trust for the purchase of water filters and for the setting up of micro-businesses at two of the orphanages run by the charity.

It wasn't all about handing out cheques or making monetary donations either. During the month of September staff at the Bank answered the call to "Clean Up Barbados" an initiative of the local Future Centre Trust. On the morning of the initiative 11 staff members and one spouse worked on an assigned beach for just about an hour gathering up approximately 119 pounds of garbage in the process. About 102 pounds of that total was recyclable material.

This final event is not one-off but is in fact now done annually. Each Christmas, since 2005 the children of staff members at CDB, known at the Bank as the CDB All-Stars, have been donating supplies to the Jorris Dunner Home for the Elderly. This is not just an occasion where the children turn up and hand out the gift baskets and then leave. The youngsters also put on a concert for the residents. One might say that CDB is not only giving back to the community but also ensuring that there are future philanthropists within its midst.

FEATURE
CDB at Shanghai World Expo 2010

Fifty-six organisations and 190 countries participated in the Shanghai World Expo 2010. CDB was among them.

The Bank shared a booth with the CARICOM Secretariat in the Caribbean Community Pavilion. Six employees of the Bank managed the booth during month-long stints, and shared information about the work of CDB, particularly in the area of urban revitalization.

Several of the Bank's BMCs also participated in the Expo, and had space in the same pavilion. The Bank's participation was an important demonstration of support for this major undertaking by one of its non-borrowing members, China, and for the efforts of its participating BMCs to attract tourism and foreign direct investment.

CDB President, Dr. Compton Bourne, was among the regional dignitaries who attended the Expo on CARICOM Day, July 17, to take part in the activities planned for that day.

The theme of the Expo, 'Better City, Better Life', represented a central concern of the international community for future policy making, urban strategies and sustainable development.

The Shanghai World Expo 2010 was launched on May 1, and continued until October 31. More than 70 million visitors attended the Expo, considered to be the largest world fair ever.

PART IV
FINANCE

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

CDB is a multilateral financial institution dedicated to the development of the economies of the BMCs, primarily through project loans and technical assistance to the governments, public agencies and other entities in those countries. The main goals are to promote sustainable economic development and to reduce poverty in the BMCs. The primary financial objective is to earn adequate net income to ensure financial strength and to sustain its development activities.

The principal assets are loans to the BMCs. To raise funds, the Bank issues debt securities in a variety of currencies to institutional investors. The ability to raise funds in the international capital markets for lending to BMCs is important in achieving its development goals. These borrowings, together with its equity including retained earnings, are used to fund the ordinary operations of the Bank.

The operations of the Bank are of two kinds: ordinary operations and special operations. Ordinary operations are financed from CDB's share capital and borrowings raised in the capital markets or otherwise acquired by the Bank for inclusion in the OCR and its ordinary reserves. Special operations are financed from the SFR, comprising the SDF and OSF.

Contributions are made to the SDF for on-lending to deserving projects at low rates of interest and extended maturities, taking into account the economic circumstances of the country in which the project is located as well as the requirements of the project. The Bank may also accept contributions or loans for OSF that it may administer on terms agreed with the contributors as long as the purposes are consistent with its objectives and functions.

Projects may combine aspects financed with OCR and other aspects financed with the SFR. The resource 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 for the OCR.

Ordinary Capital Resources

The following discussion should be read in conjunction with the audited financial statements of the OCR and notes set out in Part V of this report.

Summary of results

The comprehensive income for the year ended December 31, 2010 was $41.2 mn, representing an increase of $19.0 mn, or 85.6%, over comprehensive income for 2009. This increase was primarily due to changes in the derivative fair value adjustment of $52.6 mn in 2010, which was partially offset by a foreign exchange translation adjustment of $32.4 mn primarily related to the Yen denominated borrowings. In addition, the net interest income decreased by 4.8% from $40.2 mn in 2009 to $38.2 mn in 2010.

For the year ended December 31, 2010, the Bank recorded a decrease of $1.9 mn in the net interest income that was primarily due to lower interest income on loans.

The Bank uses derivatives to manage the interest rate and currency risks associated with its financial liabilities. The Bank 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. Derivative instruments are used for liability management to reduce borrowing costs. As defined and required by International Accounting Standard No. 39 ("IAS 39"), the Bank has marked all derivative instruments to fair value and reported on the balance sheet with the changes in the fair value recognized in current net income.

In 2010, the Bank approved 14 loans amounting to $270.6 mn (of which $225.7 mn was for loans from OCR) and 127 grant-financed operations for $30.1 mn. Loan approvals in 2010 recorded a 79% increase, compared with loan approvals of $151.2 mn in 2009. Of the total approvals in 2010, loans to less developed countries amounted to $162.0 mn, comprising $142.7 mn from OCR and $19.3 mn from the SFR. The two largest loan approvals in 2010 were Barbados and Anguilla receiving $62.1 mn (or 23%) and $55.0 mn (or 20%), respectively, of the total loans approved. Other significant approvals were Belize (receiving $39.7 mn or 15% of total loans approved) and St. Vincent and the Grenadines (receiving $37.0 mn or 14% of total loans approved).

For the year ended December 31, 2010, the Bank approved three policy-based loans totalling $95.0 mn. As a result, the Bank has approved ten policy-based loans totalling $374.8 mn since the initial introduction of this type of loan in 2006. Policy-based loans are designed to support reforms aimed at strengthening the macroeconomic framework and improving fiscal and debt dynamics. As of December 31, 2010, policy-based loans comprised 19% of the combined OCR and SFR outstanding loans. Total disbursements of loans and grants in 2010 amounted to $326.9 mn, compared with 209.9 mn in 2009, an increase of 55.7%.

Financial statement reporting

The financial statements of the OCRare prepared in accordance with IFRS on a historical cost basis, except as modified by the revaluation of investment securities held at fair value through profit or loss and derivative financial instruments.

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 its accounting policies. Accounting matters involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are further discussed below.

Critical accounting policies

Critical accounting policies are those that are important both to the portrayal of the financial condition and results and that require management's most difficult, subjective or complex judgements, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increase, those judgements become even more subjective and complex. In order to provide an understanding about how management forms its judgements about future events, including the variables and assumptions underlying the estimates, and the sensitivity of those judgments to different circumstances, we have identified the following critical accounting policies:

- Derivative financial instruments;
- Loan loss provisions; and
- Renegotiated loans.

The accounting policies are more fully described in the notes to the annual financial statements.

Derivative financial instruments

The OCR financial statements comply with IAS 39, "Financial Instruments: Recognition and Measurement", which requires that all derivatives, as defined by IAS 39, be recorded on the balance sheet at their fair value. Additionally, IAS 39 allows the management to designate hedging relationships and, if certain criteria are met, follow the requirements for hedge accounting. As defined and required by IAS 39, management has marked all derivative instruments to fair value and reported on the statement of financial position the changes in the fair value recognized in current net income.

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques, including 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, calculations that involve 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 were a tightening of 0.5% in the credit spread, the fair values would be estimated at $101.1 mn (or $60.9 mn in 2009) as compared with their reported fair value of $99.0 mn (or $58.8 mn in 2009).

The Bank uses derivative instruments to hedge interest rate and currency risks in the borrowing portfolio. These derivatives are held to maturity and are not traded for speculative purposes. The Bank has entered into currency swap agreements with major international banks by which proceeds of borrowings made in currencies other than U.S. dollars are converted into U.S. dollars. 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. Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

The Bank holds derivatives for each of the two Japanese Yen denominated borrowings for a total notional amount of $160.0 mn that no longer meet the criteria for hedge accounting. These two derivatives mature on March 25, 2022 and February 22, 2030. The fair value of these derivatives as of December 31, 2010 and December 31, 2009 were $98.9 mn and $58.8 mn, respectively. One of the counterparties has exercised its right to terminate on the tenth anniversary date of the transaction, February 22, 2010, the derivative that was due to mature on February 22, 2030, However, the counterparty extended the cash settlement date to April 22, 2010 in order to allow management to negotiate a replacement counterparty.

Loan loss provisions
Management reviews the loan portfolios at least on a quarterly basis to assess impairment. In determining whether an impairment loss should be recorded in the income statement, management 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 the assets. For public sector loans, such assessment is completed on an aggregate basis and for private sector loans, such assessment is completed on the individual loans.

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

Management assesses whether objective evidence of impairment exists individually for loans to the private sector and collectively for loans to the public sector.

Results of operations

Total Comprehensive Income
Year ended December 31, 2010. For the year ended December 31, 2010, OCR recorded total comprehensive income of $41.2 mn, representing an increase of $19.0 mn from net income of $22.2 mn for the year ended December 31, 2009. This increase was primarily due to changes in the derivative fair value adjustment of $52.6 mn in 2010, which was partially offset by a foreign exchange translation adjustment of $32.4 mn primarily related to the Yen denominated borrowings. In addition, the net interest income decreased by 4.8% from $40.2 mn in 2009 to $38.2 mn in 2010.

Income from loans
Year ended December 31, 2010. Income from loans for 2010 was $42.7 mn, representing a decrease of $3.0 mn from income of $45.7 mn for 2009. This decrease is attributable to a reduction in lending rates over the period, which was partially offset by an increase in income arising from growth in the loan portfolio.

Income from investments and cash
Year ended December 31, 2010. Income from investments for 2010 was $3.8 mn, representing a 39.6% decrease from investment income of $6.2 mn for 2009. This change was primarily due to a 36.6% decrease in the investment yield from 2.6% in 2009 to 2.1% in 2010, and partially as a result of a 4.2% decrease in the average volume of investments.

Income from other sources
Year ended December 31, 2010. Income from other sources, which consisted of administrative fees, interest on staff loans and other miscellaneous income, for 2010 decreased by $0.046 mn to $0.307 mn from $0.353 mn for 2009.

Interest expense and similar charges
Year ended December 31, 2010. Interest expense consists of interest on borrowings and other financial expenses. Interest expense for the year ended December 31, 2010 was $8.2 mn, a decrease of 30.1% from interest expense of $11.7 mn for the year ended December 31, 2009. This change was due primarily to lower prevailing market interest rates over the period, as the indebtedness is primarily floating rate.

Net Income Interest
Year ended December 31, 2010. Net interest income (excluding commitment fees) for the year was $35.8 mn, compared with $37.6 mn in 2009. An analysis of the impact of changes in rates and volumes is provided below.

RATE/VOLUME ANALYSIS
US$ 'mn

	2010			2009		
	Average Balance	Income/ Expense	Average Rate	Average Balance	Income/ Expense	Average Rate
Interest Earning Assets						
Cash & Investments	231.808	3.757	1.62%	242.037	6.220	2.6%
Loans	851.446	40.224	4.72%	791.131	43.123	5.5%
Total Earning Assets	1083.254	43.981	4.06%	1033.168	49.343	4.8%
Interest Bearing Liabilities	703.335	8.171	1.16%	582.422	11.694	2.0%
Net Earning Assets	379.918			450.746		
Net Interest Income		35.810			37.649	

	Increase/(Decrease) Due To		
	Rate	Volume	Total
Interest Earning Assets			
Cash & Investments	(2.297)	(0.166)	(2.463)
Loans	(5.749)	2.849	(2.899)
Total Earning Assets	(8.046)	2.684	(5.362)
Interest Bearing Liabilities	4.928	(1.405)	3.523
Net Earning Assets/Spread	(3.118)	1.279	(1.839)

The decrease of $1.8 mn in net interest income during the year was due to the decline in the interest income on total earning assets of $5.3 mn, partially offset by a reduction in the cost of interest bearing liabilities of $3.5 mn. The reductions in the OCR on-lending rates, at January 1, and July 1, 2010 of 40 and 10 basis points respectively, contributed to a reduction in income of $5.7 mn. This was partially offset by a gain of $2.8 mn due to increased volume in loans outstanding. Declining yields on the investment portfolio resulted in a reduction in income of $2.3 mn; this was further aggravated by a $0.2 mn reduction due to decrease in the investment portfolio. Interest expenses declined by $3.5 mn as a result of a reduction of $4.9 mn in the cost of borrowings, partially offset by $1.4 mn arising from a higher volume of borrowings over the period.

Administrative expenses

Year ended December 31, 2010. Administrative expenses were $10.2 mn; up $1.0 mn or 10% on the year ended December 31, 2009. The allocation of administrative expenses for the Bank as a whole between the three fund groups is based on an agreed formula. Total administrative expenses in 2010 for the Bank as a whole amounted to $24.3 mn ($23.0 mn in 2009) of which OCR share was 42% (40% in 2009).

Derivative fair value adjustment

Year ended December 31, 2010. The derivative fair value adjustment for the year ended December 31, 2010 changed by $52.6 mn to income of $41.1 mn from a negative position of $11.5 mn for the year ended December 31, 2009. This change was due to the fluctuation in the values of the cross-currency interest rate swap derivative instruments, as discussed below.

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 U.S. dollars. The fair value of these derivatives is dependent on the expected future spot exchange rate of the Japanese Yen and the U.S. dollar swap curve. These swaps are highly volatile because they each have a long term to maturity, with one maturing in 2022 and the other in 2030. The fair values of derivative financial instruments held at December 31, 2010 and December 31, 2009 were as follows.

		2010	2009
		Fair values (in thousands of US dollars)	
	Notional Amount	Assets	Assets
Cross currency interest rate swaps	$160,000	$98,964	$58,822

Derivative fair value adjustment included in the statement of income for the periods presented above comprises:

	2010	2009
	(in thousands of US dollars)	
Cross currency interest rate swaps	$(41,069)	$11,521

Financial condition

Total assets

At December 31, 2010. Total assets were $1,271.1 mn, representing a decrease of $16.1 mn in total assets from $1,288.0 mn at December 31, 2009. This change was primarily due to a decrease of $226.6 mn in cash and investments resulting from loan disbursements and repayment of borrowings, partially offset by a $175.6 mn increase in the loan portfolio and an increase in the asset value of derivatives of $40.1 mn.

Debt and other liabilities

At December 31, 2010. Debt and other liabilities totalled $664.4 mn, representing a decrease of $58.1 mn from $722.4 mn at December 31, 2009. This was due primarily to the early repayment of $60.0 mn Floating Rate Notes, originally due 2013, in April 2010.

Market borrowings

One Year Discount Notes due 2011

On November 29, 2010, the Bank issued $9.9 mn of One Year Discount Notes due 2011 (the "2011 Notes") to the Eastern Caribbean Central Bank. The 2011 Notes mature on November 29, 2011. The 2011 Notes were issued at an implied discount rate of 0.9%. Principal on the 2011 Notes is payable at maturity. The 2011 Notes contain a negative pledge clause that limits the ability to incur or create liens on assets to secure indebtedness.

Two Year Bonds due 2012

On November 29, 2010, the Bank issued an aggregate of $75.0 mn of Two Year Bonds due 2012 (the "2012 Bonds") to the Bank of Guyana, Central Bank of Belize, Bank of Jamaica, Central Bank of Barbados, Central Bank of Bahamas and the Central Bank of Trinidad and Tobago. The 2012 Bonds mature on November 28, 2012 and carry an interest rate of 1.12%. Interest is payable on November 28, 2011 and November 28, 2012. Principal on the 2012 Bonds is payable at maturity. The 2012 Bonds contain a negative pledge clause that limits the Bank's ability to incur or create liens on its assets to secure indebtedness.

Floating Rate Notes due 2012

On October 7, 2009, the Bank issued $120.0 mn of Floating Rate Notes due 2012.

Floating Rate Notes due 2014

On July 16, 2004, the Bank issued $150.0 mn of Floating Rate Notes due 2014 (the "2014 Notes"). The 2014

Notes mature on July 16, 2014 and bear interest at a floating rate equal to three-month LIBOR plus 0.15%. Interest is payable on January 16, April 16, July 16 and October 16 of each year. Principal on the 2014 Notes is payable at maturity. The 2014 Notes contain a negative pledge clause that limits the Bank's ability to incur or create liens on its assets to secure indebtedness.

2.75% Notes due 2022
On July 17, 2001, the Bank issued JPY12.5 bn of 2.75% Notes due 2022 (the "2022 Notes"). The 2022 Notes mature on March 25, 2022 and carry an interest rate of 2.75%. Interest is payable on March 25 of each year. Principal on the 2022 Notes is payable at maturity. The terms of the 2022 Notes require payments of principal to be made in Japanese Yen and payments of interest to be made in U.S. dollars. The 2022 Notes contain a negative pledge clause that limits the Bank's ability to incur or create liens on its assets to secure indebtedness.

Loan Agreement with American Family Life Assurance Company of Columbus, Japan Branch
On February 18, 2000, the Bank entered into a JPY6.5 bn loan agreement with American Family Life Assurance Company of Columbus, Japan Branch, as a lender, and ABN AMRO Bank N.V., Tokyo Branch, as agent for the lender. The loan matures on February 22, 2030 and carries an interest rate of 4.35%. Interest is payable on February 22 and August 22 of each year. Principal on the loan is payable at maturity. The loan agreement requires payments of principal to be made in Japanese Yen and payments of interest to be made in U.S. dollars. The loan agreement contains a negative pledge clause that limits the Bank's ability to incur or create liens on its assets to secure indebtedness.

Institutional borrowings

Loan Agreement with Inter-American Development Bank
On May 9, 1996, the Bank entered into a $20.0 mn loan agreement with the IDB. Principal on the loan is payable in 50 equal semi-annual installments with the last installment due on May 9, 2021. The loan bears interest at a rate based on LIBOR with a fixed spread of 36 basis points, and is payable semi-annually. The loan agreement also contains a provision regarding the grant to the IDB of an equivalent security if the Bank grants security with respect to any other loan made by any third party.

Loan Agreements with European Investment Bank
On December 22, 2005, the Bank entered into a €40.0 mn loan agreement with the European Investment Bank as lender. The loan bears interest at a fixed rate, a variable spread floating rate or fixed spread floating rate as selected by the Bank at the time of disbursement. The loan agreement allows the Bank to convert any loan that bears interest at a variable spread floating rate or fixed spread floating rate to a fixed rate loan. Principal on the loan is repayable in equal semi-annual installments in accordance with an amortization schedule. The loan agreement contains a provision for compulsory prepayment in case of a ratings downgrade as specified in the agreement. The loan agreement also contains a provision regarding the grant to the European Investment Bank of an equivalent security if the Bank grants security for a loan by any third party.

On October 2, 1996, the Bank entered into a €20.0 mn loan agreement with the European Investment Bank as lender. The purpose of the loan is to finance private and public medium-sized regional and national projects in industry, agro-industry, energy, tourism, mining, telecommunication water and sewerage, environment and related service sectors in the BMCs. The loan bears interest at the greater of 3% per annum and the weighted average of the standard interest rates applicable at the date of disbursement to comparable loans made by the European Investment Bank denominated in the respective currencies of the disbursement and bearing the same maturity and repayment conditions, reduced by an annual interest rate subsidy of 3.65%. The loan is repayable in annual installments according to a schedule beginning on September 30, 2003 and ending on September 30, 2011. The loan agreement contains a provision for compulsory prepayment in case of a ratings downgrade as specified in the agreement. The loan agreement also contains a provision regarding the grant to the European Investment Bank of an equivalent security if the Bank grants security for a loan by any third party.

Shareholders' equity
At December 31, 2010. Shareholders' equity totalled $606.8 mn, representing an increase of $41.2 mn from shareholders' equity of $565.5 mn at December 31, 2009. This change was due to an increase in the retained earnings as a result of comprehensive income for the year ended December 31, 2010.

General Capital Increase

At the Annual Meeting held in The Bahamas on May 19-20, 2010, the Board of Governors approved a resolution that:

(a) Authorised an increase in the capital stock of the Bank by 194,445 shares, of which, 31,176 shares were reserved for subscription by new members and/or adjustments to the subscriptions of members as may be required in the future.

(c) The remaining 163,269 shares made up of 35,919 paid-up shares (22%) and 127,350 callable shares (78%), be subscribed by all members in the same ratio as their existing shareholding.

(d) The 35,919 shares are to be paid in cash in United States dollars in six (6) equal annual installments, with the first installment being paid by March 31, 2011, or such later date as BOD may determine.

(e) Members are required to deposit an appropriate instrument with the Bank by August 31, 2010 or such later date as BOD may determine in order to subscribe to the respective number of additional shares authorised by Resolution of the Board of Governors.

Commitments and Gurantees

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

Risk management

The nature of the Bank's activities necessitates the analysis and evaluation of financial risk, and the acceptance and management of some degree of risk. Operationally, management seeks to achieve an appropriate balance between risks and return by adopting an appropriate mix of measures to mitigate the various types of risk to which the Bank is exposed. These measures include a variety of policies, guidelines and practices that together make up the 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 a key compliance standard. The most important types of risk faced are country credit risk, liquidity risk, market risk and operational risk. Market risk includes currency risk, interest rate and other price risks. 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 have an important bearing on the financial position and risk-bearing capacity.

Credit risk

The major risk as a multilateral development bank is the exposure to country credit risk. This risk relates to the potential losses in the event that a borrowing member is unable or unwilling to service its obligations. The Bank manages 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 Bank also manages its credit risk with respect to liquid funds and derivative financial instruments by entering into transactions with counterparties that are U.S. government backed agencies and banks with high credit ratings assigned by international credit-rating agencies.

At December 31	2010	2009
Loan commitment	263,088	296,786
Capital commitments	2,370	1,810
	265,458	298,596

Credit risk measurement

Loans and advances

The Bank's capital adequacy methodology is used in measuring the loan portfolio credit risk and is based on the following three components:

(i) "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) 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").

The 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, which is 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 reviewed and upgraded as necessary. The following table sets out the internal ratings scale and mapping of external ratings.

The ratings of Standard & Poor's Ratings Services 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.

claim, should a default occur. Management'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 when due. Management's experience has been that the Bank eventually recovers all of the outstanding amounts, including the penalty interest charge. For the purposes of the capital adequacy model, management assumes 40% of the amount outstanding of a loan as a conservative estimate of the loss given default.

Debt securities and other bills

The Bank's Investment Guidelines limit the quality of the instruments that it can hold in its investment portfolio. No individual investment can have a credit rating of less than A- for commercial bank obligations and AA- for government obligations. However, the Bank may invest non-freely convertible currencies in unconditional obligations issued or guaranteed by indigenous commercial banks established in the Caribbean, provided that no such bank holds more than $1.0 mn of the amount of the given currency to be invested or 10% of the capital, whichever is less.

Risk limit control and mitigation measures

The Charter limits the outstanding loans, equity investments and guarantees to the total amount of the unimpaired subscribed capital, reserves and surplus and other funds included in the OCRs, exclusive of the special reserve provided for under Article 18 of the Charter and other

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

Observed defaults per rating category vary year to year, especially over an economic cycle.

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, loans to the private sector are grouped into a single exposure due to their relatively small size.

Loss given default or loss severity represents management's expectation of the extent of loss on a

reserves not available for ordinary operations. The Bank's ability to lend and, accordingly its exposure, is further constrained by the OCR Financial Policies and Operating Guidelines, including the guideline with respect to the borrowing limit which restricts outstanding borrowings to the sum of paid-in capital less receivables from members, plus retained earnings, plus the callable capital of its investment grade non-borrowing members.

With respect to risks in the loan portfolio due to the impact of economic or financial crises and natural disasters in the BMCs, the conservative capital ratios, lending products and policies, and preferred creditor status with the BMCs make it unlikely, as has been borne out by management's experience, that there will be any substantial negative effect on the loan portfolio. The Bank has products tailored to countries in fiscal distress, such as its policy-based loans, and also replacing loans provided from the OCR with more concessional financing from the SFR, when necessary.

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 are subject to more frequent review, when necessary. Currently the exposure limit to the single largest borrower is 50% of the capital and the limit for the three largest borrowers is 120% of capital. "Capital" is calculated as matured subscriptions of members plus retained earnings exclusive of derivative financial instruments less receivables from members.

At December 31, 2010, the lending portfolio was concentrated in five countries that accounted for 63.4% of the total portfolio (22.0% of total outstanding loans were made to Jamaica, 12.8% to Barbados, 11.0% to St. Vincent and the Grenadines, 10.2% to St. Lucia, and 7.4% to Belize). One out of the five largest borrowers (Barbados) is rated "investment grade" by Moody's.

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 in the event that a borrower cannot meet its obligations to third parties, 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 authorizing a third party to draw drafts from up to a specified amount, are collateralized by the underlying goods to which they relate and therefore carry less risk than a direct borrowing. The Bank currently does not have any such exposures.

Derivative transactions, while providing effective economic hedges under the Bank's risk management position, do not qualify for hedge accounting under the specific rules in IAS 39 and are therefore treated as derivatives held for trading, with fair value gains and losses reported in income. The Bank has the potential risk of loss if a swap counterparty fails to perform its obligations, and in order to reduce such credit risk, the Bank only enters into long-term swap transactions with counterparties eligible under the 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 management does not anticipate that any of its counterparties will fail to perform their obligations under such agreements.

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, a master netting arrangement such that if an event of default occurs all amounts with the counterparty are terminated and settled on a net basis, reduces the credit risk associated with favourable contracts. 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 which is subject to the arrangement.

Impairment and provisioning policies

The rating system as described above focuses more on credit-quality mapping from the inception of the lending and investment activities. By 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 is derived from assessment of collateral held and anticipated receipts for that account.
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 the 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, 2010, two loans were assessed as impaired in the private sector loan portfolio.

Collective assessment for impairment allowances are provided for: (1) portfolios of homogenous assets that are individually below materiality thresholds; and (2) losses that have been incurred but have not yet been identified, by using the available historical experience, management's judgement and statistical techniques. Collective assessment for impairment is undertaken with the public sector portfolio of loans. As at December 31, 2010, no impairment was assessed in the public sector loan portfolio. The bulk of lending has been concentrated in the public sector, and all loans to government-owned companies carry a full sovereign guarantee. However, in December 2006, the Bank revised the private sector lending policy to increase headroom for private sector lending to 30% of capital. As at December 31, 2010, loans to the private sector amounted to approximately $49.8 mn, or 5% of total loans outstanding.

Fair value of collateral

The Bank does not take collateral on public sector loans. The Loans (CDB) Acts and other applicable legislation provide for repayment of any loan made by the Bank to the government of any statutory corporation, to be charged upon and paid out of the consolidated fund. The Bank also derives comfort from the negative pledge condition included in such loan agreements. This provision prohibits, except with the Bank's consent, the creation of a lien on government assets to secure external indebtedness unless CDB is equally and ratably secured. Furthermore, the Bank is accorded preferred creditor status by its BMCs. Preferred creditor status refers to the exemption from the application of the principle of comparability treatment under which all of the creditors of a country obtaining debt relief are expected to share in providing that relief.

For lines of credit to private sector financial intermediaries, the Bank either requires a guarantee from a parent or a trust arrangement under which the sub-loans financed by the line are assigned to the Bank as collateral in the event of default. 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 forced sale value of the asset.

Debt securities, treasury bills and other eligible bills

The main investment management objective is to maintain security and liquidity. Subject to these parameters, management seeks the highest possible return on the investments. The Investment Policy allows the Bank to invest in freely convertible currencies in government and government-guaranteed obligations of those countries which are members of the G7 (Canada, France, Germany, Italy, Japan, United Kingdom and the United States) or the European Union (the "E.U.") and their agencies and in supranational obligations, so long as such party has a minimum rating of AA-. Time deposits or other unconditional obligations of commercial banks headquartered in the G7 or E.U. countries with a rating of A- or better are also permitted.

The policy also allows for the investment in non-freely convertible currencies (1) in the government and government-guaranteed obligations of its members, provided that no currency conversion is effected; or (2) in unconditional obligations issued or guaranteed by indigenous commercial banks established in the Caribbean, provided that no such bank shall hold more than the equivalent of $1.0 mn of the amount of the given currency to be invested or 10% of the capital, whichever is smaller.

Market risk

The Bank is exposed to market risk, 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 risk arises 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.

The Bank is exposed to cash flow interest rate risk and fair value interest rate risk. 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. Fluctuations in the levels of market interest rates may affect both the fair value and cash flow of financial instruments CDB holds.

Foreign exchange risk

The Bank is exposed to the effects of fluctuations in prevailing foreign currency exchange rates on its financial position and cash flows. All loans 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 government of the member in which the loans are made. Other forms of securities deemed appropriate by us secure loans to the private sector.

Liquidity risk
Liquidity risk relates to the probability that the Bank will be unable to meet the payment obligations associated with its financial liabilities when they fall due, which may result in failure to disburse on its commitments. The policy is to maintain liquidity (i.e., the ratio of cash and investments to undisbursed commitments) at a minimum of 40% of undisbursed commitments (loans approved and not yet disbursed), or three years' net funding requirements, whichever is greater. As at December 31, 2010, the liquidity ratio was 33.1%.

Liquidity risk management process
The 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. The Bank also 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.

Capital Management
The objectives when managing capital are to maintain and safeguard the Bank's ability to continue as a going concern and maintain a strong capital base to support its development activities. The capital adequacy framework, which is consistent with the guidelines developed by the Basel Committee, takes into account the total equity which is defined as paid-up capital, retained earnings and reserves less receivables from members and the fair value of derivatives adjustments. The goals of the capital adequacy policy are to:

- Ensure a reliable framework and methodology to determine the appropriate levels of economic capital that the Bank should carry for prudential purposes; and

- Determine, from time to time, the appropriate changes in the level of economic capital that the Bank requires based on changes in the risk profile of the 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 capitalization. The policy is to have a total equity-to-exposure ratio ("TEER") in the range of 50% and 55%. As of December 31, 2010, the TEER was 54%. For the purposes of capital adequacy, Equity is defined as Paid-in capital plus Ordinary reserves plus Net income plus Special reserve minus Net receivables from members. Exposure is defined as loans and guarantees outstanding.

The TEER is calculated as follows: TEER = (Total Equity/ Loans and Guarantees Outstanding).

At the end of each reporting period, an assessment is made to determine the embedded risk in the exposures to the public and private sectors and the 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 debtor.
Management provides quarterly and annual reports to the Board of Directors to ensure compliance with the capital adequacy and exposure policies.

Special Development Fund

The Board of Directors (BOD) adopted rules for the administration and use of the SDF on October 15, 1970. The SDF received financial support from several contributors and lenders, with an assortment of terms and conditions that created problems such as differences in procurement conditions; the absence of a regular replenishment cycle; the requirement by some donors for prior approval before their contributions could be used for particular projects; the administrative and financial complexity of administering a multiplicity of funds; and sectorial restrictions on different funds. These problems caused complexities and inefficiencies in the operation of the SDF, and the BOD agreed to establish a separate pool of funds within the SDF, with a different set of rules, which was named the Unified Special Development Fund SDF (U), to overcome these complexities and inefficiencies.

The rules for the SDF (U) provide for a unified fund within the SDF with the same objectives, terms and conditions and procurement requirements. The SDF (U) is funded with contributions provided normally on a four-year basis and uncommitted portions of which may be withdrawn only in certain circumstances and subject to certain conditions.

The SDF is a key element in the aid architecture for the Caribbean and in the role and operations of the Bank for the benefit of its BMCs. It is an instrument for addressing deep-seated issues of poverty, vulnerability and human development in the countdown to the Millennium Development Goals (MDGs) in the Caribbean and the important MDG target date of 2015.

The SDF plays an important role on the related challenges of climate change, economic adjustment and regional integration. It has begun to meet the challenge of an expanding role in the Caribbean, with the addition of Haiti to the Bank's membership.

Summary of Results

The following discussion should be read in conjunction with the audited financial statements of the SDF and notes set out in Part V of this Report.

Investments

SDF cash and investments amounted to $325.9 mn at December 31, 2010, compared with $311.9 mn at the end of 2009. Investment income for the year amounted to $3.6 mn, representing a return of 1.1%, on an average liquidity level of $319.1 mn, compared with an income of $6.5 mn in 2009, representing a return of 3.4% percent on an average liquidity of $189.0 mn.

Loan Portfolio

At December 31, 2010. Total outstanding loans were $452.5 mn, $17.3 mn higher than the $435.2 mn outstanding at the end of 2009.

Cumulative loans and grants approved, net of cancellations, at December 31, 2010, amounted to $874.8 mn compared with $828.8 mn at the end of 2009.

Disbursements

At December 31, 2010. Disbursements of loans and grants decreased by 29% from $66.2 mn in 2009 to $46.8 mn. Cumulative disbursements on loans and grants amounted to $875.6 mn.

Financial Results

At December 31, 2010. The net income for the year was $3.4 mn, compared with $4.1 mn in 2009. Gross income for the year was $13.7 mn, down $2.4 mn from $16.1 mn in 2009. Total expenses were $10.3 mn, a decrease of $1.6 mn from expenses of $11.9 mn in 2010 due mainly to foreign exchange translation gains of $2.3 mn.

Income from loans

At December 31, 2010. Loan income increased by $0.4 mn from $9.6 mn in 2009 to $10.0 mn in 2010 due to the increase in the volume of loans outstanding.

Income from investments and cash

At December 31, 2010. Income from investments and cash decreased by 44% from $6.5 mn for 2009 to 3.6 mn in 2010. This was primarily as a result of the unfavorable market conditions for fixed income investments during the year.

Administrative expenses

At December 31, 2010. Administrative expenses were $12.5 mn; down $0.4 million or 4% for the year ended December 31, 2009. The Fund's share of the total administrative expenses for the Bank as a whole is based on a predetermined cost-sharing formula, which is driven by the relative levels of loan count. Total administrative expenses for the Bank as a whole in 2010 were $24.3 mn (2009 - $23.0 mn) of which SDF's share was 51%, compared with 52% for 2009.

Charges on contributions

At December 31, 2010. Charges on contributions were $0.116 mn in 2010, down $0.029 mn from $0.145 mn in 2009 due to a reduction in repayable contributions outstanding.

Exchange

At December 31, 2010. Foreign exchange translation gains were $2.3 mn in 2010, up $2.0 mn from $0.3 mn for 2009. Foreign exchange translation gains are a result of the volatility in currencies in relation to the US dollar.

Financial condition

Total assets

At December 31, 2010. Total assets were $853.2 mn, representing an increase of $42.5 mn in total assets from $810.7 mn at December 31, 2009. This change was primarily due to increases of; $13.6 mn in cash and investments, $17.3 mn in the loan portfolio, and $11.5 mn in receivable from contributors to the Fund.

Liabilities and Funds

At December 31, 2010. Liabilities and Funds totalled $853.2 mn, representing an increase of $42.5 mn from $810.7 mn at December 31, 2009. This was due primarily to the increases in contributed resources (net of allocations for technical assistance) of $24.8 mn, $11.2 mn in technical assistance and grants resources, $2.4 mn in net income for the year, as well as increased current liabilities of $4.0 mn.

Other Special Funds

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

Financial statement reporting

Due to the nature of the OSF, the financial statements are prepared for the specific purpose of reflecting the sources and applications of members' contributions and other development resources. The statements are not intended to be presented in accordance with IFRS. The statements are prepared in accordance with accounting policies set out in the notes of the financial statements.

Summary of results

The following discussion should be read in conjunction with the audited financial statements of the Other Special Funds and notes set out in Part V of this Report.

Investments

At December 31, 2010: Cash and investments amounted to $83.5 mn, compared with $92.4 mn at the end of 2009. The investment portfolio included assets of the Microfinance Guaranty Fund, and the Interest Subsidy Fund that are externally managed. In addition, included in the investment portfolio are equity investments amounting to $12.4 mn (2009 - $10.0 mn).

Loan Portfolio

At December 31, 2010. Total outstanding loans were $118.0 mn, $10.7 mn higher than the $107.3 mn outstanding at the end of 2009. Cumulative loans approved at December 31, 2010, amounted to $282.3 mn, compared with $282.9 mn at the end of 2009.

Disbursements

At December 31, 2010. Loans and technical assistance resources disbursed increased by 12% from $28.0 mn in 2009 to $31.4 mn.

At December 31, 2010. The net income was $3.9 mn, representing an increase of $3.3 mn over net income for 2009. This was primarily due to an increase in the investments income of $4.2 mn, $2.3 mn higher than in the previous year, in addition to a $0.638 mn reduction in expenses. Gross income for the year was $6.6 mn, up $2.6 mn, or 65% over gross income of $4.0 mn for 2009.

Income from loans

At December 31, 2010. Income from loans for 2010 was $2.4 mn, representing an increase of $0.3 mn, or 15%, from income of $2.1 mn for 2009. This was attributable to a 10% increase in the outstanding loan portfolio.

Income from investment and cash

At December 31, 2010. Income from investments and cash for 2010 was $4.2 mn, representing a 124% increase in investment income of $1.9 mn for 2009. The income for the year represents a return of 4.8%, on an average investment level of $88.0 mn, compared with a return of 2.0% on average investments of $92.2 mn in 2009. The improvement in the performance of the portfolio was due primarily to dividend income of $1.8 mn (2009 - nil) which accounted for 43% of investment income for the year.

Administrative expenses

At December 31, 2010. Administrative expenses were $1.7 mn; down $0.2 mn or 12% for the year ended December 31, 2009. The allocation of administrative expenses for the Bank as a whole between the three fund groups is based on an agreed formula. Total administrative expenses for the Bank as a whole in 2010 was $24.3 mn (2009 - $23.0 mn) of which OSF share was 7%, compared with 8% for 2009.

Charges on contributions

At December 31, 2010. Charges on contributions were $0.962 mn in 2010; down $0.057 mn from $1.0 mn in 2009 due to repayments of contributions.

Exchange

At December 31, 2010. Foreign exchange translation losses were $0.078 mn in 2010; down $0.349 mn from $0.427 mn for 2009.

Financial condition

Total assets

At December 31, 2010. Total assets were $265.2 mn, representing an increase of $6.2 mn in total assets of $259.0 mn at December 31, 2009. The change was due to the growth in the loan portfolio of $10.7 mn and receivables of 4.4 mn offset by a reduction in investments of $8.9 mn.

Liabilities and Funds

At December 31, 2010. Liabilities and funds totalled $265.2 mn, representing an increase of $6.2 mn from $259.0 mn at December 31, 2009. This was due primarily to the increases in contributed and BNTF resources of $2.5 mn, and other resources of $16.6 mn, offset by a reduction in current liabilities of $13.1 mn.

Administrative Expenses – Bank as a Whole

At December 31, 2010. Administrative expenses were $24.3 mn, an increase of $1.2 mn or 5.1 % when compared with $23.1 mn for 2009. A comparative analysis of major expenditure lines is shown above.

ANALYSIS OF ACTUAL EXPENSES FOR 2010 AND 2009
US$' MILLIONS

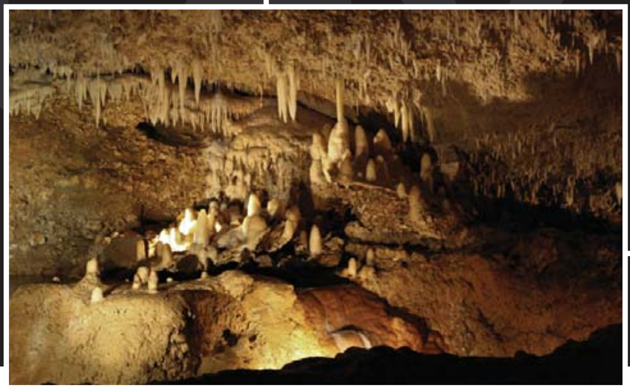
	2010	2009	Variance	
			$	%
Staff costs	15.5	15.6	-0.1	-0.4%
Professional Fees and Consultants	1.4	0.9	0.5	53.3%
Travel	1.1	1.2	-0.1	-8.7%
Maintenance & Utilities	1.0	0.9	0.1	13.3%
Training & Seminars	0.6	0.4	0.2	40.8%
Supplies & Printing	0.2	0.4	-0.2	-52.5%
Board of Governors / Directors	0.5	0.5	0.0	1.0%
Computer services	1.0	0.8	0.2	25.6%
Communications	0.5	0.4	0.1	13.3%
Library	0.1	0.1	0.0	18.0%
Corporate relations	0.3	0.2	0.1	68.0%
Bank Charges	0.1	0.1	0.0	19.0%
Insurance	0.1	0.1	0.0	-28.0%
Other	0.4	0.1	0.3	322%
Sub-Total	**22.8**	**21.7**	**1.1**	**5%**
Depreciation	1.4	1.4	0.0	3.4%
Total	**24.3**	**23.1**	**1.2**	**5.1%**

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.

PROJECT PROFILE

Harrison's Cave Redevelopment - Barbados



When Harrison's Cave – one of Barbados' premier tourist attractions – re-opened in April 2010, visitors were ushered into a vastly improved physical environment where their enjoyment of the natural wonder was significantly enhanced.

A natural phenomenon comprising subterranean passages with stalactites and stalagmites, lakes, streams and a waterfall, Harrison's Cave is the only "drive-in" cave in the Caribbean, and only one of three in the world offering this experience. It had been closed for major refurbishment which was made possible through two loans from CDB.

In 2006, CDB approved a loan of $16.87 mn to assist in financing the redevelopment of the Cave facilities, road safety improvements, replacement of the electric tour trams and enhancements to the equipment and operations of the Cave. Then in 2009, the Bank approved an additional loan of $12.85 mn for the project.

On its reopening, Harrison's Cave offers a much improved experience for the visitor, with an interactive Cave Interpretation Centre, an amphitheatre, lifts to the Valley Floor among the new features.

Some of the major benefits expected from this project are the improved sustainability of Harrison's Cave; increased net foreign exchange earnings and employment opportunities; enhancement of the local tourism product and the marketability of Barbados as a sustainable tourism destination.


Agriculture For Regional Food Security
WOMEN FEEDING CITIES: MAINSTREAMING GENDER IN URBAN AGRICULTURE AND FOOD SECURITY draws attention to the key role of women in contributing to the food security of urban families through household food production and trade in fresh and cooked foods. A series of case studies describes the multiple strategies used by these women to feed their families. The authors provide detailed guidelines and tools for researchers, development practitioners and local government officers to maximize women's contribution in future projects and initiatives related to urban agriculture and food security.
HEALING WOUNDS: HOW THE INTERNATIONAL RESEARCH CENTERS OF THE CGIAR HELP REBUILD AGRICULTURE IN COUNTRIES AFFECTED BY CONFLICTS AND NATURAL DISASTERS.
ORGANIC AGRICULTURE, ENVIRONMENT AND FOOD SECURITY.
THE ATLAS OF FOOD: WHO EATS WHAT, WHERE AND WHY provides a comprehensive account of the food chain from plough to plate. By creatively using maps and graphics, the authors examine production, trade, technology and consumption trends that characterize the global food supply and bring to light how political, economic, environmental and social forces result in inequitable production, distribution and consumption. The atlas also provides evidence that current modes of production, processing, distribution and consumption are putting profit ahead of health and environmental sustainability.
THE OUTLOOK FOR AGRICULTURE AND RURAL DEVELOPMENT IN THE AMERICAS: A PERSPECTIVE ON LATIN AMERICA AND THE CARIBBEAN 2009
Healing Wounds
Women Feeding Cities
THE ATLAS OF FOOD
Publications in the collection of The Caribbean Development Bank - Information Services Centre
Science and Technology for Deve
GOVERNING AGROBIODIVERSITY: PLANT GENETICS AND DEVELOPING COUNTRIES is an analysis of how the international agreements pertaining to crop genetic resources affect the management of vital resources for food security and poverty eradication in developing countries. It explains how the identification of mechanisms of influence and their patterns can provide entry points to shape a better governance of agrobiodiversity.
BIOENERGY DEVELOPMENT: ISSUES AND IMPACTS FOR POVERTY AND NATURAL RESOURCE MANAGEMENT
THE BIOTECH CENTURY: HARNESSING THE GENE AND REMAKING THE WORLD
ECONOMIC AND SOCIAL ISSUES IN AGRICULTURAL BIOTECHNOLOGY
AGRICULTURAL BIOTECHNOLOGY: COUNTRY CASE STUDIES - A DECADE OF DEVELOPMENT
BIOTECHNOLOGY, AGRICULTURE AND THE DEVELOPING WORLD: THE DISTRIBUTIONAL IMPLICATIONS OF TECHNOLOGICAL CHANGE.
BIOTECHNOLOGY AND SUSTAINABLE DEVELOPMENT: VOICES OF THE SOUTH AND NORTH
BIOFUELS AND FOOD SECURITY.
JEREMY RIFKIN
The Biotech Century
Bioenergy Development
SEEDS OF CONCERN
BIOFUELS and FOOD SECURITY
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Biotechnology, Agriculture and the Developing World

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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** (the Bank), which comprise the statement of financial position as of December 31, 2010, statement of changes in equity, statement of comprehensive income, and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about whether the financial statements are free from 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 auditors' 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 financial statements give a true and fair view of the financial position of the Ordinary Capital Resources of the Caribbean Development Bank as of December 31, 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young

Chartered Accountants
March 17, 2011
Barbados

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

STATEMENT OF FINANCIAL POSITION
As of December 31, 2010

(expressed in thousands of United States dollars)

		2010	2009
Assets			
Cash resources			
Cash and cash equivalents - Note F		**$ 9,434**	$ 98,519
Investments			
Debt securities at fair value through profit or loss - Note G		**103,212**	240,724
Loans			
Loans outstanding – Note H		**993,548**	818,330
Derivative financial instruments – Note I			
Cross currency interest rate swaps – Note I	**98,964**		58,822
Maintenance of value on currency holdings – Notes I and K	**998**		516
		99,962	59,338
Receivable from members			
Non-negotiable demand notes - Note J	**44,368**		43,434
Subscriptions in arrears	**1,250**		1,250
		45,618	44,684
Receivables – other – Note L		**11,048**	17,946
Other assets			
Property and equipment - Note M		**8,305**	8,433
Total assets		**$1,271,127**	$1,287,974

The accompanying notes form an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

STATEMENT OF FINANCIAL POSITION...*continued*
As of December 31, 2010

(expressed in thousands of United States dollars)

	2010	2009
Liabilities and Equity		
Liabilities		
Accounts payable and accrued liabilities - Note N	**$1,903**	$2,242
Subscriptions in advance	**6,207**	-
Deferred income	**875**	875
Post-employment benefit obligations - Note P	**1,832**	1,188
Derivative financial instruments		
Maintenance of value on currency holdings – Notes I and K	**297**	67
Borrowings		
Long-term borrowings - Note Q	**653,240**	718,069
Total Liabilities	**664,354**	722,441
Equity		
Capital stock – Note R		
Authorised capital – 312,971 (2009 - 118,526) shares		
Subscribed capital – 146,022 (2009 - 108,846) shares	**937,193**	712,958
Less callable capital - 113,759 (2009 - 85,011) shares	**(730,433)**	(555,525)
Paid-up capital – 32,263 (2009 - 23,835) shares	**206,760**	157,433
Less subscriptions not yet matured	**49,327**	-
Subscriptions matured	**157,433**	157,433
Retained earnings and Reserves – Note R	**449,340**	408,100
Total Equity	**606,773**	565,533
Total Liabilities and Equity	**$1,271,127**	$1,287,974

Approved on March 17, 2011 by:

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

Adrian T. Debique
Director (Ag.), Finance & Corporate Planning

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2010

(expressed in thousands of United States dollars)

	Capital Stock	Retained Earnings	Reserves	Total
Balance at January 1, 2009	$157,433	$371,769	$14,110	$543,312
Total comprehensive income for the year	-	22,221	-	22,221
Balance at December 31, 2009	$157,433	$393,990	$14,110	$565,533
Balance at January 1, 2010	$157,433	$393,990	$14,110	$565,533
Total comprehensive income for the year	-	41,240	-	41,240
Balance at December 31, 2010	**$157,433**	**$435,230**	**$14,110**	**$606,773**

The accompanying notes form an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2010

(expressed in thousands of United States dollars)

	2010	2009
Interest and similar income		
Loans – Note S	**$42,662**	$45,656
Investments and cash balances	**3,757**	6,220
	46,419	51,876
Interest expense and similar charges		
Borrowings	**11,685**	13,610
Other financial (income) expenses - Note S	**(3,514)**	(1,916)
	8,171	11,694
Net interest income	**38,248**	40,182
Other (income)/expenses		
Other income	**(307)**	(353)
Realized and unrealized fair value losses	**371**	1,152
Provision for loan losses – Note H	**-**	1,050
Administrative expenses – Note T	**10,168**	9,174
Foreign exchange translation	**27,870**	(4,850)
Derivative fair value adjustment – Note U	**(41,094)**	11,788
	(2,992)	17,961
Total comprehensive income for the year	**$41,240**	$22,221

The accompanying notes form an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

STATEMENT OF CASH FLOWS
For the year ended December 31, 2010

(expressed in thousands of United States dollars)

	2010		2009
Operating activities:			
Comprehensive income for the year		**$41,240**	$22,221
Adjustments:			
Unrealized loss on debt securities	**610**		892
Depreciation	**1,447**		1,427
Derivative fair value adjustment	**(41,094)**		11,788
Interest income	**(46,419)**		(51,876)
Interest expense	**8,171**		11,694
Provision for losses on loans	**-**		1,050
Total cash flows used in operating activities before changes in operating assets and liabilities		**(36,045)**	(2,804)
Changes in operating assets and liabilities:			
Decrease/(increase) in accounts receivable	**6,898**		(9,550)
Increase/(decrease) in accounts payable	**6,512**		(20,908)
Net decrease/(increase) in debt securities at fair value through profit and loss	**135,798**		(64,429)
Cash from/(used in) operating activities		**113,163**	(97,691)
Disbursements made on loans		**(246,358)**	(115,674)
Principal repayments to the Bank on loans		**70,797**	66,655
Interest received		**47,866**	50,667
Interest paid		**(8,656)**	(14,770)
Net cash used in operating activities		**(23,188)**	(110,813)
Investing activities:			
Purchase of property and equipment	**(1,319)**		(2,357)
Net cash used in investing activities		**(1,319)**	(2,357)
Financing activities:			
Borrowings:			
Drawdowns	**86,126**		129,187
Repayments	**(177,507)**		(12,427)
(Increase)/decrease in amounts required to maintain the value of currency holdings	**(252)**		1,662
Increase in other receivables from members	**(934)**		(240)
Net cash (used in)/provided by financing activities		**(92,567)**	118,182
Net (decrease)/increase in cash and cash equivalents		**(117,074)**	5,012
Net foreign exchange difference		**27,989**	(2,817)
Cash and cash equivalents at beginning of year		**98,519**	96,324
Cash and cash equivalents at end of year		**9,434**	98,519

The accompanying notes form an integral part of these financial statements.

NOTE A – NATURE OF OPERATIONS

The Caribbean Development Bank (CDB) or (the "Bank") is an international organisation established by an Agreement ("Charter") signed in Kingston, Jamaica, on October 18, 1969 and accepted and ratified by all the member countries which are signatories thereto. The Charter entered into force on January 26, 1970 and CDB commenced operations on January 31, 1970. Since that time other countries became members of CDB by acceding to the Charter. The Charter is an international treaty which, together with the instruments of ratification and accession by member countries, has been deposited with the United Nations Secretary-General. CDB was established as a regional financial institution for the purpose of contributing to the harmonious economic growth and development of the member countries in the Caribbean (Region), special and urgent regard to the needs of the Less Developed Countries (LDCs) of the Region. The Bank's headquarters is located in Wildey in the parish of Saint Michael in the island of 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.

Mobilizing 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.
Prior year comparatives have been amended to meet current year presentation.

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

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.

The financial statements comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the financial statements for the year ended December 31, 2010 (the reporting date).

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 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 unrealized and realized 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.

Standards, amendments and interpretations effective on or after January 1, 2010 and are not relevant to the Bank

IAS 24 (Amendment), Related Party Disclosures
IAS 28 (Amendment), Investment in Associates
IAS 31 (Amendment), Interests in Joint Ventures
IAS 39 (Amendment), Eligible Financial Instruments: Recognition and Measurement
IAS 41 (Amendment), Agriculture
IFRS 2 (Amendment), Share Based Payments
IFRS 5 (Amendment), Non-current Assets Held-for-Sale and Discontinued Operations
IFRIC 13, Customer Loyalty Programmes
IAS 39 (Amendment), Financial Instruments and Measurement: Eligible hedged items
IFRS 3 (Revised), Business Combinations
IFRIC 17, Distributions of Non-Cash Assets to Owners

Foreign currency translation

Functional and presentation currency

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

Foreign currency transactions are translated into United States dollars at applicable rates of exchange on the transaction dates. Any gains or losses arising as a result of differences in the 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.

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

Taxation

Article 55 of the Agreement establishing the Bank states that the Bank, its assets, property, income and its operations and transactions are exempt from all direct taxation.

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 statement of financial position 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 statement of financial position as ‘Debt securities at fair value through profit and loss’. For 2010 and 2009 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 way 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. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate 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) Derivatives recorded at fair value through profit and loss

The Bank uses derivatives such as cross currency interest rate swaps and forward exchange contracts in its borrowing and liability management activities to take advantage of cost-saving opportunities and to lower its funding costs. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. Changes in the fair value of derivatives are included in "Derivative fair value adjustment".

(d) 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 rate method.

Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expires.

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 reporting date.

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

An analysis of fair values of financial instruments is provided in Note C – Risk Management – "Fair value of financial assets and liabilities".

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

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize 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 rate 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 interest rate 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.

Impairment of financial assets

CDB assesses at each reporting 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 reorganization;
(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 statement of comprehensive income.

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 statement of financial position.

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 statement of comprehensive income. 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 statement of comprehensive income.

Renegotiated loans

Where possible, the Bank seeks to restructure loans rather than take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur.

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 reporting date. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying mount 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.

Deferred income

The deferred income relates to a Government grant of property. This property is freehold land with indefinite life and is therefore not subject to depreciation.

Cash and cash equivalents

For the purposes of the statement of cash flows, 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.

Commitments and contingencies

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 are 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*

Post-employment 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 a 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 statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting 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.

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

Post–employment benefits (continued)

(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 reporting date) using the yields available on high-quality corporate bonds.

(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 reporting 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 as a liability 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

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

Valuation of Capital Stock…*continued*

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).

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. In the opinion of the Bank, where the value of a Member's currency depreciates or appreciates to a significant extent, the Bank or Member may be required to repay an amount of currency equal to the increase or decrease in the 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. 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) is 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 associated with the borrowing member countries (country credit risk), liquidity risk, market risk and operational risk. Market risk includes currency, interest rate and other price risks.

Different committees 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 have an important bearing on 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, and other conditionalities 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, 2010 is reported in Note H.

The Bank manages its credit risk on liquid funds and derivative financial instruments by ensuring that no individual investments can have a credit rating less than A- for commercial bank obligations and AA- for government obligations. In addition, in relation to derivative transactions, all counter parties must be rated not less than A2/A at the commencement of the transactions.

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 based on the recommendations 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 are as follows:

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.

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 when requested. 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 statement of financial position 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 reporting 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 statement of financial position at year-end is derived from assessment of collateral held and anticipated receipts for that account. The following table provides an analysis of the internal rating categories of the Bank's loans and the associated impairment provision made within:

Bank's rating

As at December 31	**2010**		**2009**	
	Loans ($)	Impairment Provision (%)	Loans ($)	Impairment Provision (%)
Investment grade	$57,303	-	$ 62,949	-
Standard monitoring	548,424	-	418,566	-
Special monitoring	379,200	-	327,985	-
Sub-standard	8,621	100	8,830	100
Total	$993,548	100	$818,330	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 the reporting 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, 2010 and 2009, two loans 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, 2010 and 2009, 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 assets included on the statement of financial position is as follows:

As at December 31	**2010**	**2009**
Cash and cash equivalents	$ 9,434	$ 98,519
Debt securities at fair value through profit or loss	103,212	240,724
Public sector loans	942,851	779,808
Private sector loans	50,697	38,522
Derivative financial instruments	98,964	58,822
Non-negotiable demand notes	44,368	43,434
Amounts required to meet maintenance of value on currency holdings	998	516
Subscriptions in arrears	1,250	1,250
Other assets	11,048	17,946
	$1,262,822	$1,279,541
Undisbursed loan balances		
Public sector	219,636	241,054
Private sector	43,452	55,732
	$1,525,910	$1,576,327

The above table represents a worse case scenario of credit risk exposure as at December 31, 2010 and 2009, without taking account of any collateral held or other credit enhancements attached.

For assets included on the statement of financial position, the exposures set out above are based on net carrying amounts as reported in the statement of financial position.

As shown above, 76.1% of the total maximum exposure is derived from loans and commitments to the public sector (2009: 66%); 6.1% represents loans and commitments to the private sector (2009: 4.8%).

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT…*continued*

Loans and advances

Loans are summarised as follows:

	December 31, 2010		December 31, 2009	
	Public Sector	Private Sector	Public Sector	Private Sector
Neither past due nor impaired	$944,891	$40,028	$779,749	$28,938
Past due but not impaired	6	2	59	754
Impaired	-	10,667	-	10,876
Gross	944,897	50,697	779,808	40,568
Less: allowance for impairment	-	2,046	-	2,046
Net	$944,897	$48,651	$779,808	$38,522

During the years ended December 31, 2010 and 2009, loans that were neither past due nor impaired represented 99% of loans outstanding.

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, 2010		
	Public Sector	Private Sector	Total Loans
Investment grade	$51,645	$ -	$51,645
Standard monitoring	536,421	-	536,421
Special monitoring	356,825	40,028	396,853
Total	$944,891	$40,028	$984,919

	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

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT…*continued*

Loans and advances …*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 arrears on loans and advances by class to customers that were past due but not impaired were as follows:

	Loans at December 31, 2010		
	Public Sector	Private Sector	Total Loans
Past due up to 30 days	$2	$1	$3
Past due 30 – 60 days	-	-	-
Past due 60 – 90 days	4	-	4
Over 90 days	-	1	1
Total	$6	$2	$8

	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

Non-negotiable demand notes

At December 31, 2010, no non-negotiable demand notes are considered to be impaired.

Collateral

CDB does not take collateral on its public sector loans. For private sector loans, CDB will require its commitments to be secured. The nature and extent of the security will be determined on a case-by-case basis. The Loans (CDB) Acts or other applicable legislation are enacted in the various BMC's and authorize the governments to raise loans from CDB, guarantee loans by CDB to statutory authorities and 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.

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT…*continued*

Debt securities, treasury bills and other eligible bills

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, 2010 and 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.

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.

The tables below present an analysis of debt securities, treasury bills and other eligible bills by rating agency designation at December 31, 2010 and 2009, based on Standard & Poor's ratings or their equivalent:

2010

	Ratings				
Type	AAA	AA+ to AA-	A+ to A-	Unrated	Total
Obligations guaranteed by Governments [1]	$72,543	$ -	$ -	$3,174	$75,717
Euro Commercial Bond	2,094	309	-	-	2,403
Time Deposits	-	315	-	1,523	1,838
Sovereign Bond	3,793	-	8,428	-	12,221
Supranational Bond	11,033	-	-	-	11,033
Total	$89,463	$624	$8,428	$4,697	$103,212

[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…*continued*

2009

Type	AAA	AA+ to AA-	A+ to A-	Unrated	Total
			Ratings		
Obligations guaranteed by Governments[1]	$171,409	$15,458	$ 741	$3,063	$190,671
Euro Commercial Bond	25,726	-	-	-	25,726
Time Deposits	-	317	-	-	317
Sovereign Bond	3,780	5,009	7,004	-	15,793
Supranational Bond	8,217	-	-	-	8,217
Total	$209,132	$20,784	$7,745	$3,063	$240,724

Concentration of risks of financial assets with credit risk exposure

The following tables break down CDB's main credit exposure at their carrying amounts, as categorised by Borrowing Member Countries and non-regional members, USA, and other countries. 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.

	2010				
	Borrowing Members	Non-Regional Members	USA	Other	Total
Cash and cash equivalents	$ 2,662	$4,855	$1,917	$ -	$ 9,434
Debt securities at fair value through profit or loss	3,086	31,949	31,815	36,362	103,212
Public sector loans	942,851	-	-	-	942,851
Private sector loans	50,697	-	-	-	50,697
Derivative financial instruments	266	732	98,964	-	99,962
Non-negotiable demand notes	35,934	8,434	-	-	44,368
Subscriptions in arrears	-	1,250	-	-	1,250
Receivables – other	11,048	-	-	-	11,048
Total, December 31	$1,046,544	$47,227	$132,696	$36,362	$1,262,822

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

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT…*continued*

Concentration of risks of financial assets with credit risk exposure…*continued*

	2009				
	Borrowing Members	Non-Regional Members	USA	Other	Total
Cash and cash equivalents	$ 2,269	$ 34,551	$ 54,094	$ 7,605	$ 98,519
Debt securities at fair value through profit or loss	-	49,663	101,898	89,163	240,724
Public sector loans	779,808	-	-	-	779,808
Private sector loans	38,522	-	-	-	38,522
Derivative financial instruments	516	-	39,766	19,056	59,338
Non-negotiable demand notes	34,943	8,491	-	-	43,434
Subscriptions in arrears	-	1,250	-	-	1,250
Receivables – other	17,937	9	-	-	17,946
Total, December 31	$873,995	$93,964	$195,758	$115,824	$1,279,541

CDB's membership is classified into regional and non-regional members. The regional members are all members of CARICOM and are further sub-divided into borrowing and non-borrowing members.

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

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 tables summarize the exposure to foreign currency exchange rate risk. Included in the table are the financial instruments at carrying amounts, categorized by currency. As at December 31, 2010 and 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		**2010**		
	US$	**Yen**	**Other**	**Total**
Assets				
Cash and cash equivalents	$2,133	-	7,301	$9,434
Investments	82,227	-	20,985	103,212
Loans	993,548	-	-	993,548
Derivative financial instruments	99,962	-	-	99,962
Receivable from members	28,949	-	16,669	45,618
Receivables – other	9,211	-	1,837	11,048
Total financial assets	1,216,030	-	46,792	1,262,822
Liabilities				
Derivative financial instruments	297	-	-	297
Accounts payable	8,110	-	-	8,110
Borrowings	419,829	233,411	-	653,240
Total financial liabilities	428,236	233,411	-	661,647
Net on-balance sheet financial position	787,794	(233,411)	46,792	601,175
Credit commitments	263,088			

As at December 31		**2009**		
	US$	**Yen**	**Other**	**Total**
Assets				
Cash and cash equivalents	$ 88,448	-	10,071	$ 98,519
Investments	222,603	-	18,121	240,724
Loans	818,330	-	-	818,330
Derivative financial instruments	59,338	-	-	59,338
Receivable from members	30,170	-	14,514	44,684
Receivables – other	15,405	-	2,541	17,946
Total financial assets	$1,234,294	-	45,247	$1,279,541
Liabilities				
Accounts payable	2,309	-	-	2,309
Borrowings	512,621	205,448	-	718,069
Total financial liabilities	$ 514,930	205,448	-	$ 720,378
Net on-balance sheet financial position	719,364	(205,448)	45,247	559,163
Credit commitments	$ 296,786	-	-	$ 296,786

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, 2010, would increase by $20,293. If the Japanese Yen exchange rate had been 10% lower, CDB’s comprehensive income would decrease by $26,681 for the year ended December 31, 2010,

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT…*continued*

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rate will affect future cash flows on the fair value of financial instruments.

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

	2010					
At December 31	**0-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Non-interest bearing**	**Total**
Assets						
Cash and cash equivalents	$ 9,434	$ -	$ -	$ -	$ -	$ 9,434
Debt securities at fair value	14,588	31,562	50,805	6,257	-	103,212
Loans	993,548	-	-	-	-	993,548
Derivative financial instruments	99,962	-	-	-	-	99,962
Receivable from members	-	-	-	-	45,618	45,618
Other receivables	-	-	-	-	11,048	11,048
Total Assets	$1,117,532	$31,562	$50,805	$6,257	$56,666	$1,262,822
Liabilities						
Accounts payable	$ -	$ -	$ -	$ -	$1,903	$ 1,903
Payable to members					297	297
Borrowings	298,436	46,393	75,000	233,411	-	653,240
Total Liabilities	$298,436	$46,393	$75,000	$233,411	$2,200	$655,440
Total interest sensitivity gap	819,096	(14,831)	(24,195)	(227,154)		

	2009					
At December 31						
Assets						
Cash and cash equivalents	$ 98,519	$ -	$ -	$ -	$ -	$ 98,519
Debt securities at fair value	40,238	52,960	136,267	11,259	-	240,724
Loans	818,330	-	-	-	-	818,330
Derivative financial instruments	59,338	-	-	-	-	59,338
Receivable from members	-	-	-	-	44,684	44,684
Other receivables	-	-	-	-	17,946	17,946
Total Assets	$1,016,425	$ 52,960	$136,267	$11,259	$62,630	$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 sensitivity gap	$716,681	$(156,713)	$133,063	$ (194,189)		

NOTE C – RISK MANAGEMENT…*continued*

Interest rate risk…*continued*

If interest rates had been 50 bps higher and all other variables were held constant, the CDB's net income for the year ended December 31, 2010, would increase by $3,000 (2009 - $1,057). If interest rates had been 50 bps lower and all other variables were held constant, CDB's net interest income for the year ended December 31, 2010, would decrease by $1,584 (2009 – increase of $3,207).

The sensitivity analyses are based on the exposure to interest rates for both derivatives and non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the reporting 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.

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 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*

Liquidity risk…*continued*

Non-derivative cash flows

The table below presents the cashflows by remaining contractual ma turities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2010				
At December 31	**0 – 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Assets					
Cash and cash equivalents	$ 9,434	$ -	$ -	$ -	$ 9,434
Debt securities at fair value	12,056	29,187	40,927	7,023	89,193
Loans	41,716	86,577	428,614	726,455	1,283,362
Receivable from members	-	-	-	45,618	45,618
Other receivables	9,784	545	500	219	11,048
Total Assets	$72,990	$116,309	$470,041	$779,315	$1,438,655
Liabilities					
Accounts payable	$1,781	$ 51	$ 43	$ 28	$ 1,903
Borrowings	4,608	21,236	409,817	349,835	785,496
Total Liabilities	$6,389	$21,287	$409,860	$349,863	$787,399

	2009				
At December 31	**0 - 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Assets					
Cash and cash equivalents	$98,519	$ -	$ -	$ -	$ 98,519
Debt securities at fair value	40,572	55,903	120,950	11,595	229,020
Loans	39,236	79,711	406,529	548,572	1,074,048
Receivable from members	-	-	-	44,684	44,684
Other receivables	16,483	401	114	948	17,946
Total Assets	$194,810	$136,015	$527,593	$605,799	$1,464,217
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

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*

Liquidity risk…*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.

	2010				
At December 31	**0 - 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Derivatives:					
- Currency swaps	$3,392	$415	$3,824	$(25,195)	$(17,564)
- Maintenance of value	-	998	-	(297)	701
Total	$3,392	$1,413	$3,824	$(25,492)	$(16,863)

	2009				
At December 31					
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)

Commitments, guarantees and contingent liabilities

(a) Loan and capital commitments

The table below summarises the amounts of the Bank’s commitments, guarantees and contingent liabilities that will commit it to extend credit to its BMCs.

	2010		
At December 31	**0-12 months**	**1-5 years**	**Total**
Loan commitments	$259,000	$4,088	$263,088
Capital commitments	2,040	330	2,370
Total	$261,040	$4,418	$265,458

	2009		
At December 31			
Loan commitments	$155,000	$141,786	$296,786
Capital commitments	144	-	144
Total	$155,144	$141,786	$296,930

(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:

	2010			
December 31	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
- Debt securities	$ -	$103,212	$ -	$103,212
Financial assets designated at fair value				
- Derivatives	-	98,964	-	98,964
- Maintenance of value	-	998	-	998
Total assets	$ -	$203,174	$ -	$203,174
Financial liabilities designated at fair value				
- Maintenance of value	$ -	$ 297	$ -	$297

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT…*continued*

Fair value of financial assets and liabilities…*continued*

	2009			
December 31	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
- Debt securities	$ -	$240,724	$ -	$240,724
Financial assets designated at fair value				
- Derivatives	-	58,822	-	58,822
- Maintenance of value	-	516	-	516
Total assets	$ -	$300,062	$ -	$300,062
Financial liabilities designated at fair value				
- Maintenance of value	$ -	$ 67	$ -	$ 67

(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 $41,094 (2009: loss of $11,788).

(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 statement of financial position at their fair value are summarised 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 2010 and 2009 the estimated fair values are based on discounted cash flow models using an estimated yield curve appropriate for the remaining term to maturity.

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT…*continued*

Fair value of financial assets and liabilities…*continued*

(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.

The following table summarizes the carrying amounts and fair values of financial assets and liabilities presented on the Bank's statement of financial position.

	Carrying value		**Fair value**	
	2010	**2009**	**2010**	**2009**
Financial assets				
Due from banks	$4,116	$17,917	$4,116	$17,917
Loans	993,548	818,330	784,988	679,158
Non-negotiable demand notes	44,368	43,434	44,368	43,434
Subscriptions in arrears	1,250	1,250	1,250	1,250
Receivables – other	11,048	17,946	11,103	17,946
Financial liabilities				
Accounts payable	361	395	361	395
Borrowings	653,240	718,069	692,036	743,144

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) 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 the statement of financial position, 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 capitalization. CDB's Board of Directors has approved a total equity to exposure (loans and guarantees) ratio (TEER)[1] in the range of 50 and 55%.

At each reporting date, 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 statement of financial position as at December 31, 2010, indicate a TEER of 53.4% (2009: 61.3%). This indicates that the Bank is adequately capitalized as its TEER is within its policy range of 50% to 55%.

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, 2010 and 2009, 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 $0.62 mn and if there was an increase of 50 bps in credit spread, the Bank's profit for the year would decrease by $7.33 mn.

Post employment benefit obligations

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 and other post-employment 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*

Post employment benefit obligations…*continued*

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

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.

The following table presents CDB's loans outstanding balances and associated interest income by countries which generated in excess of 10% in loan interest income as of and for the years ended December 31, 2010 and 2009:

	Interest income		**Loans outstanding**	
Country	**2010**	**2009**	**2010**	**2009**
Jamaica	$9,848	$ 9,803	$223,925	$178,734
Barbados	5,133	5,853	127,532	110,067
St. Lucia	4,629	5,666	102,007	96,602
Other	23,052	24,334	540,084	432,927
Total	$42,662	$45,656	$993,548	$818,330

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:

	2010	**2009**
Due from banks	$4,116	$17,917
Time deposits	5,318	80,602
Cash and cash equivalents	$9,434	$98,519

(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 at fair value through profit or loss was as follows:

	2010				
	USD	EUR	CAD	Other	All Currencies
December 31					
Obligations guaranteed by Governments[1]	$72,969	$7,627	$4,839	$1,564	$86,999
Multilateral organizations	6,101	-	4,862	-	10,963
Time Deposits	-	-	-	1,834	1,834
Euro Commercial Paper	2,403	-	-	-	2,403
Sub-total	$81,473	$7,627	$9,701	$3,398	$102,199
Accrued interest	754	177	81	1	1,013
Total	**$82,227**	**$7,804**	**$9,782**	**$3,399**	**$103,212**

	2009				
	USD	EUR	CAD	Other	All Currencies
December 31					
Obligations guaranteed by Governments	$192,470	$8,300	$3,654	$ -	$204,424
Multilateral organizations	2,583	-	5,557	-	8,140
Time Deposits	-	-	-	317	317
Euro Commercial Paper	25,726	-	-	-	25,726
Sub-total	$220,779	$8,300	$9,211	$317	$238,607
Accrued interest	1,855	175	87	-	2,117
Total	**$222,634**	**$8,475**	**$9,298**	**$317**	**$240,724**

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

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

(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 categorised by Borrowing Member Countries, regional institutions and to the private sector as of December 31, 2010.

	2010					
Borrowers	Loans approved	Loans not yet effective	Signed agreements	Undisbursed	Outstanding	% of Loans outstanding
Anguilla	$93,711	$18,000	$75,711	$815	$66,771	6.8
Antigua and Barbuda	69,581	-	69,581	23,762	31,404	3.2
Bahamas	58,805	10,109	48,696	-	6,191	0.6
Barbados	304,144	37,062	267,082	41,936	126,306	12.8
Belize	164,447	31,538	132,909	11,328	73,217	7.4
British Virgin Islands	44,307	-	44,307	4,700	17,062	1.7
Cayman Islands	44,828	-	44,828	-	6,433	0.7
Dominica	43,927	2,176	41,751	8,120	16,048	1.6
Grenada	56,390	1,000	55,390	8,065	30,819	3.1
Guyana	59,468	5,831	53,637	3,398	29,360	3.0
Jamaica	451,977	-	451,977	75,785	216,293	22.0
Montserrat	485	-	485	-	-	-
St. Kitts and Nevis	99,851	7,017	92,834	12,002	59,290	6.0
St. Lucia	165,896	-	165,896	11,208	100,838	10.2
St. Vincent & the Grenadines	138,540	-	138,540	9,568	107,968	11.0
Trinidad and Tobago	129,754	-	129,754	-	38,450	3.9
Turks & Caicos Islands	12,055	-	12,055	1,856	6,808	0.7
Regional	14,512	-	14,512	7,093	1,359	0.1
Private Sector	160,761	-	160,761	43,452	49,783	5.1
Sub-total	2,113,439	112,733	2,000,706	263,088	984,400	100
Provision for losses	-	-	-	-	(2,046)	
Accrued interest[1]	-	-	-	-	11,194	
Total – December 31	**$2,113,439**	**$112,733**	**$2,000,706**	**$263,088**	**$993,548**	

	2010
Current	$89,662
Non-current	$903,886

[1] Relates to amounts disbursed and outstanding.

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

(expressed in thousands of United States dollars)

NOTE H – LOANS OUTSTANDING…*continued*

	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	-
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[1]					11,537	
Total – December 31	**$1,886,200**	**$ 97,941**	**$1,788,259**	**$296,786**	**$818,330**	

	2009
Current	79,779
Non-current	738,551

[1] Relates to amounts disbursed and outstanding.

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

(expressed in thousands of United States dollars)

NOTE H – LOANS OUTSTANDING … *continued*

An analysis of the composition of outstanding loans was as follows:

2010

Currencies receivable	Loans out-standing 2009	Translation adjustment	Disbursements	Sub-Total	Repayments	Provision for Losses	Loans out-standing 2010	% of loans outstanding
United States dollars	808,839	-	$246,358	$1,055,197	$(70,797)	-	$984,400	100.0
Sub-total	808,839	-	246,358	1,055,197	(70,797)	-	984,400	100.0
Provision for losses	(2,046)	-	-	-	-	-	(2,046)	
Accrued interest[1]	11,537	-	-	-	-	-	11,194	
Total – December 31	**$818,330**		**$246,358**	**$1,055,197**	**(70,797)**	**-**	**$993,548**	

2009

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[1]	10,330						11,537	
Total – December 31	**$769,154**		**115,674**	**875,494**	**(66,655)**	**(1,050)**	**818,330**	

Reconciliation of allowance account for losses on loans

	2010	**2009**
Balance at January 1	$2,046	$996
Increase in impairment allowance	-	1,050
Balance at December 31	$2,046	$2,046

[1] Relates to amounts disbursed and outstanding.

(expressed in thousands of United States dollars)

NOTE I – DERIVATIVE FINANCIAL INSTRUMENTS

The fair values of derivative financial instruments held at December 31, 2010 and 2009, were as follows:

		2010	2009
		Fair values	
	Notional Amount	Assets	Assets
Cross currency interest rate swaps	$160,000	$98,964	$58,822
Maintenance of value		$ 998	$ 516
		Liabilities	Liabilities
Maintenance of value		$ 297	$ 67

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 fulfill 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 amounts due on maturity are in Japanese Yen, while the interest payments are paid 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

	2010	**2009**
Inter-fund receivables – Note V	$9,476	$16,007
Staff loans and other receivables	1,026	1,236
VAT receivable	318	366
Other	228	337
	$11,048	$17,946
Current	$10,027	$16,883
Non-current	$1,021	$ 1,063

During the year, no provision (2009 – nil) was required as no receivables were considered to be impaired.

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 were as follows:

	2010					
	Projects in Progress	Land, Buildings and Ancillary Works	Computers	Furniture and Equipment	Motor Vehicles	Total
At January 1						
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
Year ended December 31						
Opening net book amount	242	5,158	2,308	679	46	8,433
Additions	684	29	197	369	40	1,319
Transfers from projects in progress						
Disposals – Cost	-	-	(238)	(17)	-	(255)
Disposals-accumulated depreciation	-	-	238	17	-	255
Depreciation expense	-	(272)	(836)	(305)	(34)	(1,447)
Closing net book amount	926	4,915	1,669	743	52	8,305
At December 31						
Cost	926	11,112	7,171	3,939	203	23,351
Accumulated Depreciation	-	(6,197)	(5,502)	(3,196)	(151)	(15,046)
Closing net book amount	**926**	**4,915**	**1,669**	**743**	**52**	**8,305**

(expressed in thousands of United States dollars)

NOTE M – PROPERTY AND EQUIPMENT…*continued*

	2009					
	Projects in Progress	Land, Buildings and Ancillary Works	Computers	Furniture and Equipment	Motor Vehicles	Total
At January 1						
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
Reclassifications – cost	(2,875)	980	1,895	-	-	-
Disposals	-	-	(243)	-	-	(243)
Disposals-accumulated depreciation	-	-	243	-	-	243
Depreciation expense	-	(354)	(733)	(307)	(33)	(1,427)
	242	5,158	2,308	679	46	8,433
Closing net book amount	1,945	3,657	1,141	681	79	7,503
At December 31						
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

(expressed in thousands of United States dollars)

NOTE N – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2010	2009
Accounts payable	$83	$ 236
Accrued expenses	1,820	1,847
Payments in advance	-	159
Total	$1,903	$2,242
Current portion	$1,832	$2,089
Non-current portion	$ 71	$ 153

NOTE O –MAINTENANCE OF VALUE OF VALUE ON CURRENCY HOLDINGS

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 Funds with respect to this obligation.

Pension and other post employment obligations

	2010	2009
Balance sheet obligations for:		
Pension benefits	$(239)	$ (678)
Post-employment medical benefits	2,071	1,866
Liability in the statement of financial position	$1,832	$1,188
Income statement charge for:		
Pensions benefits	$3,003	$2,905
Post-employment medical benefits	244	237
	$3,247	$3,142

(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 statement of financial position are determined as follows:

	Pensions		Post-employment medical benefits	
	2010	**2009**	**2010**	**2009**
Present value of funded obligations	$57,802	$51,989	$1,916	$1,932
Fair value of plan assets	(53,690)	(48,423)	-	-
	4,112	3,566	1,916	1,932
Unrecognized actuarial losses	(4,351)	(4,244)	155	(66)
Liability/(asset)	$(239)	$ (678)	$2,071	$1,866

The amounts recognized in the statement of comprehensive income are as follows:

	Pensions		Post-employment medical benefits	
	2010	**2009**	**2010**	**2009**
Current service cost	$2,894	$2,601	$91	$ 91
Interest cost	3,073	2,912	153	145
Expected return on plan assets	(3,092)	(2,859)		-
Amortisation of actuarial cost	128	251		-
	$3,003	$2,905	$244	$236
Actual return on the plan assets	$(3,448)	$(3,754)		

Movement in the (asset)/liability recognized in the statement of financial position:

	Pensions		Post-employment medical benefits	
	2010	**2009**	**2010**	**2009**
January 1	$(678)	(770)	$1,866	$1,667
Pension/benefit cost	3,003	2,905	244	236
Contributions paid	(2,564)	(2,813)	(39)	(37)
December 31	$(239)	$(678)	$2,071	$1,866

(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	
	2010	**2009**	**2010**	**2009**
January 1	$51,989	$47,709	$1,932	$1,835
Current service cost	2,894	2,601	91	91
Interest cost	3,073	2,912	153	145
Employees' contributions	812	748	-	-
Experience (gain)/loss	5918	299	(221)	(102)
Benefits paid	(1,557)	(2,280)	(39)	(37)
December 31	$57,802	$51,989	$1,916	$1,932

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

	Pensions	
	2010	**2009**
January 1	$48,423	$43,386
Expected return on plan assets	3,092	2,859
Experience gain/(loss)	356	897
Employer's contributions	2,564	2,813
Employees' contributions	812	748
Benefits paid	(1,557)	(2,280)
December 31	$53,690	$48,423

The principal actuarial assumptions used for accounting purposes are:

	Pensions		Post-employment medical benefits	
	2010 (%)	**2009 (%)**	**2010 (%)**	**2009 (%)**
Discount rate	5.5	6.0	7.75	8.0
Expected return on plan assets	5.5-6.0	6.0-6.5		-
Future salary increases	5.5	5.5		-
Future pension increases	0-2.5	0-2.5		-
Annual increase in benefit	-	-	6.25	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 reporting date is as follows:

	2010	**2009**
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	$ 43	$ (45)
Effect on post-retirement benefit obligation	336	(271)

Post-employment benefits are comprised as follows:

Asset allocation as at December 31 – New Pension Plan	**2010**	**2009**
Equity securities	55%	53%
Debt securities	42%	42%
Other	3%	5%
Total	100%	100%

Asset allocation as at December 31 – Pension Scheme	**2010**	**2009**
Debt securities	93%	92%
Other	7%	8%
Total	100%	100%

CDB's contributions to both pension plans in 2011 are estimated at $2,533 (2009 - $2,552).

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2010

(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 reporting date, while equity returns reflect long-term real rates of return experienced in respective markets.

As at December 31

	2010	**2009**	**2008**	**2007**	**2006**
Present value of defined benefit obligation	$57,802	$51,989	$47,910	$45,872	$41,019
Fair value of plan assets	(53,690)	(48,423)	(43,386)	(45,522)	(40,994)
Deficit	$4,112	$ 3,566	$4,524	$350	$25
Experience adjustments on plan liabilities	$1,152	$ 538	$ (240)	$(750)	$582
Experience adjustments on plan assets	$356	$ 895	$(6,194)	$ 102	$446

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, 2010, total borrowings amounted to $653,240 (2009: $718,069). Also at December 31, 2010, the ratio of total outstanding borrowings to the borrowing limit of $833,901 (2009 - $732,620) was 78.3% (2009 – 98.0%).

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

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December 31, 2010

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NOTE Q – BORROWINGS…*continued*

A summary of the borrowings was as follows:

	2010						
	Original amounts[1/]	**Translation adjustments**	**Repayments to date**	**Currency swap**[2/]	**Undrawn**	**Outstanding**	**Due dates**
CDB Market Borrowings							
4.35% Notes – Yen	60,000	19,641	-	-	-	79,641	2030
2.75% Notes – Yen	100,000	42,647	-	11,123	-	153,770	2022
1.12% Two Year Bonds – US$	75,000	-	-	-	-	75,000	2012
One Year discount Note – US$	9,911	-	-	-	-	9,911	2011
Floating Rate Note – US$	60,000	-	(60,000)	-	-	-	2013
Floating Rate Note – US$	149,823	-	-	-	-	149,823	2014
Floating Rate Note – US$	119,574	-	-	-	-	119,574	2012
	574,308	62,288	(60,000)	11,123	-	587,719	
European Investment Bank							
Global Loan 11 – A – US$	13,034	-	(11,409)	-	-	1,625	2011
Global Loan 11I - US$	51,157	-	-	-	-	51,157	2023
	64,191	-	(11,409)	-	-	52,782	
Inter-American Development Bank							
Loan 926/OC-RG-US$	19,347	-	(7,664)	-	-	11,683	2021
Sub-total	657,846	62,288	(79,073)	11,123	-	652,184	
Accrued interest[3]	-	-	-	-	-	1,056	
Total – December 31	**$657,846**	**$62,288**	**$(79,073)**	**$11,123**	-	**$653,240**	

1/ Net of cancellations and borrowings fully paid.

2/ Unwinding of fair value hedge.

3/ Relates to amounts withdrawn and outstanding

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

(expressed in thousands of United States dollars)

NOTE Q – BORROWINGS…*continued*

	2009						
	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 11I – 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[3]	-	-	-	-	-	1,541	
Total – December 31	**$697,244**	**$33,398**	**$(26,164)**	**$12,050**	**$ -**	**$718,069**	

1/ Net of cancellations and borrowings fully paid.

2/ Unwinding of fair value hedge.

3/ Relates to amounts withdrawn and outstanding

(expressed in thousands of United States dollars)

NOTE Q – BORROWINGS…*continued*

Currencies repayable on outstanding borrowings were as follows:

	2010					
Currencies Repayable	**Outstanding at December 2009**	**Translation Adjustment**	**Draw-downs**	**Currency swap amortisation**	**Repayments**	**Outstanding at December 2010**
United States dollars	$511,080	$ -	$86,126	$ -	$(177,507)	$419,699
Japanese yen	205,448	27,964		(927)		232,485
Sub-total	716,528	27,964	86,126	(927)	(177,507)	652,184
Accrued interest[1]	1,541					1,056
Total – December 31	**$718,069**	**$27,964**	**$86,126**	**$(927)**	**$(177,507)**	**$653,240**

	2009					
Currencies Repayable	**Outstanding at December 2008**	**Translation Adjustment**	**Draw-downs**	**Currency swap amortisation**	**Repayments**	**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[1]	4,617	-			-	1,541
Total – December 31	**$608,649**	**$(3,337)**	**$129,187**	**$(927)**	**$(12,427)**	**$718,069**

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

	2010	**2009**
Current	$13,705	$119,047
Non-current	639,535	599,022
Total	$653,240	$718,069

1/ Relates to amounts withdrawn and outstanding

(expressed in thousands of United States dollars)

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 four general capital increases. At the fortieth meeting of the Board of Governors in May 2010 in the Bahamas, a general capital increase of 150% was approved. The Bank's capital as at December 31 was as follows:

Capital stock	**2010**	**2009**
Authorised capital – 312,971 (2009 – 118,526) shares		
Subscribed capital – 146,022 (2009 – 108,846) shares	$937,193	$712,958
Less callable capital – 113,759 (2009-85,011) shares	730,433	555,525
Paid-up capital – 32,263 (2009 – 23,835) shares	$206,760	$157,433

NOTES TO THE FINANCIAL STATEMENTS
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NOTE R – EQUITY…*continued*

Capital…*continued*
The subscriptions by member countries and their voting power at December 31, were as follows:

	2010								
							Voting Power		
Member	No. of Shares	% of Total	Total subscribed Capital	Callable Capital	Paid-up Capital	Sub-scriptions matured	No. of votes	% of total votes	Receivable from members non-negotiable demand notes
Regional States and Territories									
Jamaica	19,342	13.25	116,666	91,122	25,544	25,544	19,492	13.05	13,849
Trinidad and Tobago	19,342	13.25	116,666	91,122	25,544	25,544	19,492	13.05	10,896
Bahamas	14,258	9.76	86,000	67,115	18,885	7,534	14,408	9.65	1,612
Guyana	4,167	2.84	25,134	19,633	5,501	5,501	4,317	2.89	3,146
Colombia	7,795	5.34	47,017	36,691	10,326	4,120	7,945	5.32	628
Mexico	3,118	2.14	18,807	14,687	4,120	4,120	3,268	2.19	-
Venezuela	3,118	2.14	18,807	14,687	4,120	4,120	3,268	2.19	3,203
Barbados	9,074	6.21	54,732	42,717	12,015	4,795	9,224	6.18	1,070
Belize	2,148	1.47	12,956	10,109	2,847	1,134	2,298	1.54	-
Dominica	859	0.59	5,181	4,047	1,134	1,134	1,009	0.68	286
Grenada	736	0.50	4,439	3,468	971	971	886	0.59	213
St. Lucia	859	0.59	5,181	4,047	1,134	1,134	1,009	0.68	360
St. Vincent and the Grenadines	2,148	1.47	12,956	10,109	2,847	1,134	2,298	1.54	97
Antigua and Barbuda	859	0.59	5,181	4,047	1,134	1,134	1,009	0.68	296
St. Kitts and Nevis	859	0.59	5,181	4,047	1,134	1,134	1,009	0.68	255
Anguilla [1/]	182	0.12	1,098	857	241	241	-	-	14
Montserrat [1/]	213	0.15	1,285	1,002	283	283	1,504	1.01	-
British Virgin Islands[1/]	213	0.15	1,285	1,002	283	283	-	-	-
Cayman Islands [1/]	213	0.15	1,285	1,002	283	283	-	-	8
Turks and Caicos Islands [1/]	533	0.37	3,215	2,509	706	283	-	-	-
Haiti	875	0.60	5,278	4,120	1,158	1,158	1,025	0.69	-
Sub-total	90,911	62.25	$548,350	$428,140	$120,210	$91,584	93,461	62.59	$35,933

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

(expressed in thousands of United States dollars)

NOTE R – EQUITY…*continued*

Capital…*continued*

	2010								
							Voting Power		
Member	**No. of Shares**	**% of Total**	**Total subscribed capital**	**Callable Capital**	**Paid-up Capital**	**Sub-scriptions matured**	**No. of votes**	**% of total votes**	**Receivable from members non-negotiable demand notes**
Sub-total	90,911	62.25	$548,350	$428,140	$120,210	$91,584	93,461	62.59	$35,933
Non-Regional States									
Canada	26,004	17.81	156,849	122,408	34,441	13,740	26,154	17.52	-
United Kingdom	10,402	7.12	62,742	49,002	13.740	13,740	10,552	7.07	2,150
Italy	6,235	4.27	37,608	29,374	8.234	8,234	6,385	4.28	736
Germany	6,235	4.27	37,608	29,374	8.234	8,234	6,385	4.28	5,549
China	6,235	4.27	37,608	29,374	8.234	8,234	6,385	4.28	-
	55,111	37.75	332,415	259,532	72,883	52,182	55,861	37.41	8,435
Sub-total	146,022	100.00	$880,765	$687,672	$193,093	$143,766	149,322	100.00	$44,368
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	**146,022**	**100.00**	**$937,193**	**$730,433**	**$206,760**	**$157,433**	**149,322**	**100.00**	**$44,368**

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2010

(expressed in thousands of United States dollars)

NOTE R – EQUITY…*continued*

Capital…*continued*

Member	2009 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
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NOTE R – EQUITY…*continued*

Capital…*continued*

	2009								
							Voting Power		
Member	**No. of Shares**	**% of Total**	**Total subscribed capital**	**Callable Capital**	**Paid-up Capital**	**Sub-scriptions matured**	**No. of votes**	**% 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	**108,846**	**100.00**	**$712,958**	**$555,525**	**$157,433**	**$157,433**	**112,146**	**100.00**	**$43,434**

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. 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 on 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. Based on the above discussion, management has determined that members' shares are deemed to be a permanent investment in the bank and are appropriately classified as equity.

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:

	2010	2009
Ordinary reserves	$370,441	$340,036
Surplus	11,648	11,648
Unallocated net income	28,110	30,405
Derivative fair value earnings net of cumulative effect of foreign exchange translation	25,031	11,901
Special reserve	6,254	6,254
General banking reserve	7,856	7,856
	$449,340	$408,100

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 (2009 - $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 S – INCOME FROM LOANS, INVESTMENTS and cash balances

Income from loans

Income from loans for the years ended December 31, 2010 and 2009, was as follows:

	2010	2009
Interest income	$40,223	$43,123
Commitment fees	2,439	2,533
Total	$42,662	$45,656

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.

Administrative expenses are as follows:

	2010	2009
Staff related	$6,508	$6,205
Professional fees and consultancies	579	369
Travel	460	459
Depreciation	607	566
Other	367	345
Utilities and maintenance	428	361
Training and seminars	236	
Supplies and printing	80	144
Board of Governors and Directors	212	204
Computer services	421	298
Communications	190	149
Bank charges	50	43
Insurance	30	31
Total administrative expenses	$10,168	$9,174

(expressed in thousands of United States dollars)

NOTE T – ADMINISTRATIVE EXPENSES…*continued*

Staff costs charged to the OCR are as follows:

	2010	**2009**
Salaries and allowances	$4,839	$4,697
Pension costs – hybrid scheme	115	133
Pension costs – defined benefit plan	1,156	1,039
Other post-retirement benefits	398	336
	$6,508	$6,205

NOTE U – DERIVATIVE FAIR VALUE ADJUSTMENT

Derivative fair value adjustment of ($41,094) (2009 – $11,788) included in the statement of income comprises:

	2010	**2009**
Cross currency interest rate swap	$(41,069)	$11,521
Maintenance of value on currency holdings	(25)	267
	$(41,094)	$11,788

NOTE V – RELATED PARTY TRANSACTIONS

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

	2010	**2009**
January 1	$16,007	$ 6,135
Advances during the year	23,124	135,888
Allocation of administrative expenses	10,532	13,949
Repayments during the year	(40,187)	(139,965)
December 31	$9,476	$ 16,007

(expressed in thousands of United States dollars)

NOTE V – RELATED PARTY TRANSACTIONS…*continued*

Key management compensation as at December 31 is as follows:

	2010	**2009**
Key management compensation		
Salaries and allowances	$1,616	$1,638
Post-employment benefits	632	723
	$2,248	$2,361

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 to the OCR. During 2010, $431 (2009 - $346) was received from the Other Special Funds in interest on behalf of the borrowers.

NOTE W – COMMITMENTS AND GUARANTEES

At December 31, 2010, CDB had undisbursed loan balances of $263,088 (2009 - $296,786) as well as approved capital expenditure commitments amounting to $2,370 (2009 - $1,810) for the 2010 financial year. Of the amounts previously approved $478 (2009 - $425) had been committed at December 31, 2009.

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 Development Fund have been deposited. The assets and income arising thereon are excluded from the financials as they are not assets of the Bank. During 2010 all amounts due were paid to the Caricom Development Fund (2009 - $81,894).

ERNST & YOUNG

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Independent Auditors' Report

To the Board of Governors Caribbean Development Bank

We have audited the accompanying financial statements of the **Special Development Fund** of the **Caribbean Development Bank** (the "Bank") which comprise the statement of financial position as of December 31, 2010, statement of comprehensive income and accumulated net income and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. These financial statements have been prepared using the basis of accounting described in Note A.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements using the basis of accounting described in Note A, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about whether the financial statements are free from 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 auditors' 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.

.../2

Ernst & Young

Independent Auditors' Report (continued)

Opinion
In our opinion, these financial statements of the Special Development Fund of the Bank for the year ended December 31, 2010 are prepared, in all material respects, in accordance with the basis of accounting described in Note A.

Basis of accounting
Without modifying our opinion, we draw attention to Note A to the financial statements which describes the basis of accounting. The financial statements are prepared for the specific purpose of reflecting the sources and applications of member subscriptions and contributions and other development resources and as a result, may not be suitable for any other purpose.

Ernst & Young

Chartered Accountants
March 17, 2011
Barbados

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF FINANCIAL POSITION
As of December 31, 2010

(expressed in thousands of United States dollars)

	2010			2009		
	Unified	**Other**	**Total**	**Unified**	**Other**	**Total**
Assets						
Cash and time deposits – Note A	**$57,660**	**$11,259**	**$68,919**	$38,982	$ 7,321	$ 45,966
Investments – at fair value (Schedule 1)	**202,615**	**54,340**	**256,955**	207,106	58,827	265,933
Loans (Schedule 2)	**431,044**	**21,453**	**452,497**	412,935	22,248	435,183
Receivables – other						
Accounts receivable including interfund receivables	**1**	**-**	**1**	-	-	-
	$691,320	**$87,052**	**$778,372**	$659,023	$88,396	$747,419
Receivable from contributors						
Non-negotiable demand notes (Schedule 3)	**62,917**	**-**	**62,917**	54,975	-	54,975
Contribution in arrears	**11,867**	**-**	**11,867**	8,305	-	8,305
	74,784	**-**	**74,784**	63,280	-	63,280
Total assets	**$766,104**	**$87,052**	**$853,156**	$722,303	$88,396	$810,699
Liabilities and Funds						
Liabilities						
Bank overdraft	-	-	-	337	-	337
Accounts payable including interfund payables	**65,371**	**953**	**66,324**	60,654	1,308	61,962
Accrued charges on contributions	**-**	**12**	**12**	-	15	15
	$65,371	**$965**	**$66,336**	$60,991	$1,323	$62,314

The accompanying notes form an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF FINANCIAL POSITION
As of December 31, 2010

(expressed in thousands of United States dollars)

	2010			2009		
	Unified	**Other**	**Total**	**Unified**	**Other**	**Total**
Funds						
Contributed resources (Schedule 3)						
Contributions	**$979,672**	**$44,907**	**$1,024,579**	$923,790	$45,676	$969,466
Less amounts not yet made available	**(111,261)**	**-**	**(111,261)**	(115,563)	-	(115,563)
Amounts made available	**868,411**	**44,907**	**913,318**	808,227	45,676	853,903
Allocation to technical assistance and grant resources	**(286,300)**	**(2,266)**	**(288,566)**	(251,650)	(2,266)	(253,916)
	582,111	**42,641**	**624,752**	556,577	43,410	599,987
Accumulated net income (Schedule 4)	**40,957**	**42,540**	**83,497**	38,266	42,757	81,023
Technical assistance and grant resources – Note E	**77,665**	**906**	**78,571**	66,469	906	67,375
	$700,733	**$86,087**	**$786,820**	$661,312	$87,073	$748,385
Total liabilities and funds	**$766,104**	**$87,052**	**$853,156**	$722,303	$88,396	$810,699

The accompanying notes form an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2010

(expressed in thousands of United States dollars)

	2010			2009		
	Unified	**Other**	**Total**	**Unified**	**Other**	**Total**
Income						
From loans	**$9,502**	**$512**	**$10,014**	$9,092	$495	$9,587
From investments and cash balances	**2,840**	**805**	**3,645**	5,069	1,405	6,474
Gross income	**12,342**	**1,317**	**13,659**	14,161	1,900	16,061
Expenses						
Administrative expenses	**11,574**	**939**	**12,513**	11,089	995	12,084
Charges on contributions	**-**	**116**	**116**	-	145	145
Exchange	**(1,923)**	**(421)**	**(2,344)**	268	(580)	(312)
Total expenses	**9,651**	**634**	**10,285**	11,357	560	11,917
Net income and total comprehensive income for the year	**$2,691**	**$683**	**$3,374**	$2,804	$1,340	$4,144

Accumulated net income and total comprehensive income

Accumulated net income and total comprehensive income – beginning of year	**$38,266**	**$42,757**	**$81,023**	$35,462	$42,317	$77,779
Appropriations for technical assistance	**-**	**(900)**	**(900)**	-	(900)	(900)
Net income and total comprehensive income for the year	**2,691**	**683**	**3,374**	2,804	1,340	4,144
Accumulated net income and total comprehensive income– end of year	**$40,957**	**$42,540**	**$83,497**	$38,266	$42,757	$81,023

The accompanying notes form 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, 2010

(expressed in thousands of United States dollars)

	2010	2010	2009	2009
Operating activities				
Net income for the year		**$2,691**		$2,804
Adjustments for non-cash items				
Unrealized gain on trading portfolio	**900**		(389)	
Interest income	**(12,342)**		(14,161)	
Total cash flows used in operating activities before changes in operating assets and liabilities		**(11,442)**		(14,550)
Changes in operating assets and liabilities:				
(Increase)/decrease in accounts receivable	**(1)**		907	
Increase/(decrease) in accounts payable	**4,717**		(9,884)	
Cash used in operating activities		**(6,726)**		(23,527)
Disbursements on loans		**(34,570)**		(45,563)
Principal repayments to the Bank on loans		**16,471**		14,155
Interest received		**12,570**		14,184
Net increase in trading securities		**3,353**		14,789
Technical assistance disbursements		**(12,078)**		(20,272)
Net cash used in operating activities		**(20,980)**		(46,234)
Financing activities				
Contributions				
Increase in contributions for loans	**26,893**		34,170	
(Increase)/decrease in receivables from contributors	**(11,504)**		20,609	
Technical assistance allocation	**23,274**		55	
Net cash provided by financing activities		**38,663**		54,834
Net increase in cash and cash equivalents		**20,374**		11,404
Net foreign exchange difference		**(1,359)**		1,755
Cash and cash equivalents at beginning of year		**38,645**		25,486
Cash and cash equivalents at end of year		**57,660**		$38,645

The accompanying notes form 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, 2010

(expressed in thousands of United States dollars)

		2010	2009
Operating activities			
Net income for the year		**$683**	$1,340
Adjustments for non-cash items			
Unrealized loss (gain) on trading portfolio	**371**		156
Interest income	**(1,317)**		(2,056)
Interest expense	**116**		145
Total cash flows from operating activities before changes in operating assets and liabilities		**(830)**	(415)
Changes in operating assets and liabilities			
Decrease in accounts receivable	**-**		51
(Decrease)/increase in accounts payable	**(355)**		171
Cash used in operating activities		**(1,185)**	(193)
Disbursements on loans		**(180)**	(382)
Principal repayments to the Bank on loans		**971**	689
Interest received		**1,365**	2,299
Interest paid		**(119)**	(148)
Net decrease/(increase) in trading securities		**4,072**	(2,551)
Net cash (used in)/provided by operating activities		**4,924**	(286)
Financing activities:			
Contributions			
Repayments of contributions	**(987)**		(958)
Net cash used in financing activities		**(987)**	(958)
Appropriations of accumulated net income		**(900)**	(900)
Net increase/(decrease) in cash and cash equivalents		**3,720**	(2,144)
Net foreign exchange difference		**218**	326
Cash and cash equivalents at beginning of year		**7,321**	9,139
Cash and cash equivalents at end of year		**$11,259**	$7,321

The accompanying notes form an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUND RESOURCES – SPECIAL DEVELOPMENT FUND
SUMMARY STATEMENT OF INVESTMENTS
December 31, 2010

(expressed in thousands of United States dollars)

SCHEDULE 1

	2010			2009		
	Market value			Market value		
	Unified	**Other**	**Total**	**Unified**	**Other**	**Total**
Government and Agency Obligations	**$155,892**	**$41,228**	**$197,120**	$181,592	$53,693	$235,285
Supranationals	**10,429**	**2,763**	**13,192**	10,040	3,158	13,198
Euro Commercial Paper	**34,938**	**9,816**	**44,754**	13,880	1,399	15,279
Sub-total	**201,259**	**53,807**	**255,066**	205,512	58,250	263,762
Accrued interest	**1,356**	**533**	**1,889**	1,594	577	2,171
Total	**$202,615**	**$54,340**	**$256,955**	$207,106	$58,827	$265,933

Residual term to contractual maturity

	2010	**2009**
One month to three months	**$67,937**	$48,347
Over three months to one year	**32,034**	44,196
From one year to five years	**115,436**	168,656
From five years to ten years	**41,548**	4,734
Total	**$256,995**	$265,933

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (UNIFIED)
SUMMARY STATEMENT OF LOANS
December 31, 2010

(expressed in thousands of United States dollars)

SCHEDULE 2

Member countries in which loans have been made	2010 Total loans 1/	Loans approved but not yet effective	Signed agreements	Principal repaid to bank	Undisbursed	Outstanding 2/	% of total loans outstanding
Anguilla	$10,344	$695	$9,649	$5,679	$300	$3,670	0.9
Antigua and Barbuda	11,820	-	11,820	7,335	1,123	3,362	0.8
Bahamas	1,622	-	1,622	1,622	-	-	-
Barbados	5,733	-	5,733	5,233	-	500	0.1
Belize	78,217	8,181	70,036	23,349	9,432	37,255	8.7
British Virgin Islands	11,011	-	11,011	8,765	300	1,946	0.5
Cayman Islands	4,278	-	4,278	4,213	65	-	-
Dominica	89,439	1,714	87,725	27,445	13,815	46,465	10.8
Grenada	106,940	2,000	104,940	24,378	15,523	65,039	15.2
Guyana	138,676	10,542	128,134	21,646	9,686	96,802	22.6
Jamaica	151,625	-	151,625	31,578	66,751	53,296	12.4
Montserrat	7,933	-	7,933	4,870	-	3,063	0.7
St. Kitts and Nevis	58,470	1,408	57,062	19,059	1,534	36,469	8.5
St. Lucia	84,230	-	84,230	23,356	21,077	39,797	9.3
St. Vincent & the Grenadines	57,945	-	57,945	22,385	5,441	30,119	7.0
Trinidad & Tobago	5,218	1,000	4,218	4,218	-	-	-
Turks & Caicos Islands	12,866	-	12,866	4,994	1,079	6,793	1.6
Regional	8,968	-	8,968	4,871	-	4,097	1.0
Sub-total	845,335	25,540	819,795	244,996	146,126	428,673	100.0
Accrued interest	-	-	-	-	-	2,371	
Total – December 31	**$847,706**	**$25,540**	**$822,166**	**$244,996**	**$146,126**	**$431,044**	

1/ Net of lapses and cancellations

2/ There are no overdue installments of principal (2009 - $28).

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

SUMMARY STATEMENT OF LOANS…*continued*
December 31, 2010

(expressed in thousands of United States dollars)

SCHEDULE 2

	2009						
Member countries in which loans have been made	**Total loans** [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	-	-	-
Barbados	5,716	-	5,716	5,216	500	-	-
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	-	-
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	-	-	-
Turks & Caicos Islands	12,868	-	12,868	4,515	1,579	6,774	1.7
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	**$802,583**	**$26,667**	**$775,916**	**$227,895**	**$135,086**	**$412,935**	

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (OTHER)
SUMMARY STATEMENT OF LOANS…*continued*
December 31, 2010

(expressed in thousands of United States dollars)

SCHEDULE 2

	2010						
Member countries in which loans have been made	**Total loans** 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	$1,440	$ -	$1,440	$1,440	$ -	$ -	-
Antigua and Barbuda	3,788	-	3,788	3,266	-	522	2.4
Bahamas	773	-	773	773	-	-	-
Barbados	1,616	-	1,616	1,616	-	-	-
Belize	27,805	-	27,805	19,231	-	8,574	40.2
British Virgin Islands	4,614	-	4,614	4,416	-	198	0.9
Cayman Islands	621	-	621	621	-	-	-
Dominica	14,123	-	14,123	11,995	-	2,128	10.0
Grenada	4,957	-	4,957	4,789	-	168	0.8
Guyana	22	-	22	22	-	-	-
Jamaica	6,871	-	6,871	4,868	-	2,003	9.4
Montserrat	787	-	787	787	-	-	-
St. Kitts and Nevis	11,906	-	11,906	5,802	519	5,585	26.2
St. Lucia	22,092	-	22,092	20,837	477	778	3.7
St. Vincent & the Grenadines	12,348	-	12,348	10,976	-	1,372	6.4
Turks & Caicos Islands	1,543	-	1,543	1,543	-	-	-
Regional	2,519	-	2,519	2,519	-	-	-
Sub-total	117,825	-	117,825	95,501	996	21,328	100.0
Accrued interest[3]	-	-	-	-	-	125	
Total – December 31	**$117,950**	**$ -**	**$117,950**	**$95,501**	**$996**	**$21,453**	

1/ Net of lapses and cancellations

2/ There were no overdue installments of principal (2009-$0)

3/Relates to amounts disbursed and outstanding.

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

SUMMARY STATEMENT OF LOANS…*continued*
December 31, 2010

(expressed in thousands of United States dollars)

	2009						
Member countries in which loans have been made	**Total loans 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	$ -	$ -	-
Antigua and Barbuda	3,861	-	3,861	3,310	-	551	2.5
Bahamas	773	-	773	773	-	-	-
Barbados	1,611	-	1,611	1,611	-	-	-
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	-	-	-
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	-	-	-
Jamaica	6,870	-	6,870	4,717	-	2,153	9.7
Montserrat	785	-	785	785	-	-	-
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	-	-	-
Regional	2,519	-	2,519	2,519	-	-	-
Sub-total	119,000	-	119,000	95,705	1,176	22,119	100.0
Accrued interest[3]	-	-	-	-	-	129	
Total – December 31	**$119,129**	**$ -**	**$119,129**	**$95,705**	**$1,176**	**$22,248**	

1/ Net of lapses and cancellations

2/ There were no overdue installments of principal (2009-$0)

3/ Relates to amounts disbursed and outstanding.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
SUMMARY STATEMENT OF LOANS…*continued*
December 31, 2010

(expressed in thousands of United States dollars)

SCHEDULE 2

	2010						
Analysis by Contributor	**Total loans** [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	$845,335	$25,540	$819,795	$244,996	$146,126	$428,673	100.00
Accrued interest	-	-	-	-	-	2,371	
Total SDF – (Unified)	**$847,706**	**$25,540**	**$822,166**	**$244,996**	**$146,126**	**$431,044**	
Special Development Fund – Other							
Members							
Colombia	$8,533	$ -	$8,533	$8,150	$ -	$383	1.8
Germany	19,352	-	19,352	19,230	-	122	0.6
Mexico	8,815	-	8,815	6,433	-	2,382	11.2
Venezuela	52,795	-	52,795	33,389	996	18,410	86.3
	89,495	-	89,495	67,202	996	21,297	99.9
Other contributors							
Sweden	5,497	-	5,497	5,466	-	31	0.1
United States of America	22,833	-	22,833	22,833	-	-	-
	28,330	-	28,330	28,299	-	31	100.0
Sub-total	117,825	-	117,825	95,501	996	21,328	
Accrued interest[3]		-	-	-	-	125	
Total – SDF (Other)	**$117,950**	**-**	**$117,950**	**$95,501**	**$996**	**$21,453**	
Total SDF – December 31	**$965,656**	**$25,540**	**$940,116**	**$340,497**	**$147,122**	**$452,497**	

1/ Net of lapses and cancellations

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

3/Relates to amounts disbursed and outstanding.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (OTHER)
SUMMARY STATEMENT OF LOANS…*continued*
December 31, 2010

(expressed in thousands of United States dollars)

SCHEDULE 2

	2009						
Analysis by Contributor	**Total loans** 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[3]	-	-	-	-	-	129	
Total – SDF (Other)	**$119,129**	**-**	**$119,129**	**$95,705**	**$1,176**	**$22,248**	
Total SDF – December 31	**$921,712**	**$26,667**	**$895,045**	**$323,600**	**$136,262**	**$435,183**	

1/ Net of lapses and cancellations

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

3/Relates to amounts disbursed and outstanding.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (OTHER)
SUMMARY STATEMENT OF LOANS…*continued*
December 31, 2010

(expressed in thousands of United States dollars)

SCHEDULE 2

	2010					
Currencies Receivable	**Loans out-standing 2009**	**Trans-lation adjust-ment**	**Disburse-ments**	**Sub-total**	**Repay-ments**	**Loans out-standing 2010**
(a) Special Development Fund - Unified						
United States dollars	$410,574	$ -	$34,570	$445,144	$(16,471)	$428,673
Accrued interest[1]	2,361	-	-	-		2,371
Total – December 31	**$412,935**	**$ -**	**$34,570**	**$445,144**	**$(16,471)**	**$431,044**
(b) Special Development Fund - Other						
United States dollars	$22,119	$ -	$180	$22,299	$ (971)	$21,328
Accrued interest[1]	129	-	-	-	-	125
Total – December 31	**$22,248**	**$ -**	**$180**	**$22,299**	**$(971)**	**$21,453**

Maturity structure of loans outstanding

January 1, 2011 to December 31, 2011	$21,719
January 1, 2012 to December 31, 2012	20,191
January 1, 2013 to December 31, 2013	20,638
January 1, 2014 to December 31, 2014	22,111
January 1, 2015 to December 31, 2015	24,442
January 1, 2016 to December 31, 2020	119,102
January 1, 2021 to December 31, 2025	96,222
January 1, 2026 to December 31, 2030	79,293
January 1, 2036 to December 31, 2042	48,779
Total	**$452,497**

1/Relates to amounts disbursed and outstanding.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (OTHER)
SUMMARY STATEMENT OF LOANS…*continued*
December 31, 2010

(expressed in thousands of United States dollars)

SCHEDULE 2

	2009					
Currencies Receivable	**Loans out-standing 2008**	**Trans-lation adjust-ment**	**Disburse-ments**	**Sub-total**	**Repay-ments**	**Loans out-standing 2009**
(c) Special Development Fund - Unified						
United States dollars	$379,166	$ -	$45,563	$424,729	$(14,155)	$410,574
Accrued interest[1]	-	-	-	-	-	2,361
Total – December 31	**$381,527**	**$ -**	**45,563**	**$427,090**	**$(14,155)**	**$412,935**
(d) Special Development Fund - Other						
United States dollars	$ 22,426	$ -	$ 382	$ 22,808	$ (689)	$ 22,119
Accrued interest[1]	-	-	-	-	-	129
Total – December 31	**$22,555**	**$ -**	**$ 382**	**$ 22,937**	**$(689)**	**$22,248**

Maturity structure of loans outstanding

January 1, 2010 to December 31, 2010	$ 19,821
January 1, 2011 to December 31, 2011	19,016
January 1, 2012 to December 31, 2012	19,741
January 1, 2013 to December 31, 2013	19,973
January 1, 2014 to December 31, 2014	21,086
January 1, 2015 to December 31, 2019	112,118
January 1, 2020 to December 31, 2024	92,310
January 1, 2025 to December 31, 2029	75,928
January 1, 2030 to December 31, 2042	55,190
Total	$435,183

[1/] Relates to amounts disbursed and outstanding.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES
December 31, 2010

(expressed in thousands of United States dollars)

SCHEDULE 3

	2010					
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	19,809	-	19,809	4,249	15,560	6,931
Barbados	19,805	-	19,805	-	19,805	6,015
Jamaica	33,204	-	33,204	5,092	28,112	7,569
Guyana	22,642	-	22,642	5,665	16,977	-
Antigua and Barbuda	2,257	605	1,652	-	1,652	32
Belize	5,134	-	5,134	697	4,437	1,246
Dominica	5,228	-	5,228	1,051	4,177	1,350
St. Kitts and Nevis	5,134	-	5,134	697	4,437	1,797
St. Lucia	5,134	-	5,134	697	4,437	1,247
St. Vincent & the Grenadines	5,147	-	5,147	697	4,450	1,797
Grenada	3,345	-	3,345	-	3,345	2,712
Montserrat	2,045	605	1,440	-	1,440	-
British Virgin Islands	2,045	-	2,045	302	1,743	169
Turks & Caicos Islands	2,045	605	1,440	-	1,440	-
Cayman Islands	1,945	605	1,340	-	1,340	-
Anguilla	2,197	-	2,197	454	1,743	1,051
Colombia	27,133	3,600	23,533	-	23,533	-
Venezuela	21,982	-	21,982	1,800	20,182	-
Canada	264,302	-	264,302	34,915	229,387	-
United Kingdom	216,725	-	216,725	34,915	181,810	13,721
Germany	83,928	-	83,928	9,417	74,511	8,223
Italy	64,101	7,083	57,018	-	57,018	-
China	41,298	-	41,298	4,049	37,249	-
Haiti	1,560	910	650	-	650	-
Mexico	20,000	3,000	17,000	3,000	14,000	-
	913,529	17,013	896,516	111,261	785,255	62,917
Other contributors						
France	58,254	-	58,254	-	58,254	-
Netherlands	24,902	-	24,902	-	24,902	-
	996,685	17,013	979,672	111,261	868,411	62,917
Technical assistance allocation	(286,300)	-	(286,300)	-	(286,300)	-
Sub-total	$710,385	$17,013	$693,372	$111,261	$582,111	$62,917

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES…*continued*
December 31, 2010

(expressed in thousands of United States dollars)

SCHEDULE 3

	2010					
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	$710,385	$17,013	$693,372	$111,261	$582,111	$62,917
Special Development Fund – Other						
Members						
Colombia	5,000	-	5,000	-	5,000	-
Germany 3/						
Mexico 4/	13,067	-	13,067	-	13,067	-
Venezuela	17,474	-	17,474	-	17,474	-
	35,541	-	35,541	-	35,541	-
Other contributors						
Sweden	3,873	-	3,873	-	3,873	-
United States of America 3/	3,227	-	3,227	-	3,227	-
	7,100	-	7,100	-	7,100	-
Sub-total	42,641	-	42,641	-	42,641	-
Total – SDF	**$753,026**	**$17,013**	**$736,013**	**$111,261**	**$624,752**	**$62,917**
Summary						
Members	662,770	17,013	645,757	111,261	534,496	62,917
Other contributors	90,256	-	90,256	-	90,256	-
Total – SDF	**$753,026**	**$17,013**	**$736,013**	**$111,261**	**$624,752**	**$62,917**

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, 2010

(expressed in thousands of United States dollars)

SCHEDULE 3

	2009					
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, 2010

(expressed in thousands of United States dollars)

SCHEDULE 3

	2009					
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	**$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	**$815,801**	**$100,251**	**$715,550**	**$115,563**	**$599,987**	**$54,975**

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, 2010

(expressed in thousands of United States dollars)

SCHEDULE 3

	2010					
Currencies	**Amounts made available 2009**	**Trans-lation adjust-ment**	**Draw-downs/ Appro-priations from Capital 2/**	**Sub-total**	**Repay-ments**	**Amounts made available 2010**
(a) Special Development Fund – Unified						
Canadian dollars	$ 176	$9	$ -	$185	$ -	$185
Euros	14,877	(1,064)	(5,261)	8,552	-	8,552
Pounds sterling	7,056	(304)	2,318	9,070	-	9,070
United States dollars	534,468	-	29,836	564,304	-	564,304
Total – December 31	**$556,577**	**$(1,359)**	**$26,893**	**$582,111**	**-**	**$582,111**
(b) Special Development Fund – Other						
Swedish kroners	3,656	218	-	3,874	-	3,874
United States dollars	39,754	-	-	39,754	(987)	38,767
Total – December 31	**$43,410**	**$218**	**-**	**$43,628**	**$(987)**	**$42,641**

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 the United States dollars in accordance with the funding rules of the Unified Special Development Fund.

Maturity structure of repayable contributions outstanding*

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	577
January 1, 2014 to December 31, 2014	586
Total	$3,227

* 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 CONTRIBUTED RESOURCES…*continued*
December 31, 2010

(expressed in thousands of United States dollars)

SCHEDULE 3

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	2009					
Currencies	**Amounts made available 2008**	**Trans-lation adjust-ment**	**Draw-downs/ Appro-priations from Capital** [2/]	**Sub-total**	**Repay-ments**	**Amounts made available 2009**
(c) 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	**$531,616**	**$1,755**	**$23,206**	**$556,577**	**-**	**$556,577**
(d) 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	**$44,042**	**326**	**-**	**$44,368**	**(958)**	**$43,410**

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 the 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, 2010

(expressed in thousands of United States dollars)

SCHEDULE 4

	2010			
Contributors	**Brought forward 2009**	**Net income 2010**	**Appro-piations**	**Carried forward 2010**
Special Development Fund – Unified	$38,266	$2,691	$ -	$40,957
Special Development Fund – Other				
Members				
Colombia	$2,322	$ 5	$ -	$2,327
Germany	(612)	(62)	-	(674)
Mexico	6,892	190	-	7,082
Venezuela	16,773	28	(900)	15,901
	25,375	161	(900)	24,636
Other contributors				
Sweden	6,528	348	-	6,876
United States of America	10,854	174	-	11,028
	17,382	522	-	17,904
	42,757	683	(900)	42,540
Total SDF	$81,023	$3,374	$(900)	$83,497
Summary				
Members	$63,641	$2,852	$(900)	65,593
Other contributors	17,382	522	-	17,904
Total SDF – December 31	**$81,023**	**$3,374**	**$(900)**	**$83,497**

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES…*continued*
December 31, 2010

(expressed in thousands of United States dollars)

SCHEDULE 4

	2009			
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	**$77,779**	**$4,144**	**(900)**	**$81,023**

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. 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.

(expressed in thousands of United States dollars)

A. Summary of significant accounting policies…*continued*

Investments…*continued*

Regular-way 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. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method less any impairment. Interest income is recognized by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

All loans by the Fund are made either from currencies available from members' subscriptions or from currencies borrowed and the principal amounts are repayable to the Fund 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 Fund 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 Fund 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 Fund 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 statement of cash flows, 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.

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:

	SDF Unified		SDF Other	
	2010	2009	2010	2009
Due from banks	$ 7,063	$ (337)	$5,396	$2,473
Time deposits	50,597	38,982	5,863	4,848
Cash and cash equivalents	$57,660	$38,645	$11,259	$7,321

A. Summary of significant accounting policies*…continued*

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.

Interest income and charges on contributions

Interest income and charges on contributions are recognized in the statement of income and total comprehensive income for all interest-bearing instruments using the effective interest rate 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 annualized rate of return on the average investments held during the year, including realized and unrealized gains and losses was 1.22% (2009 – 2.05%). Net realized gain on investments traded during 2010 totalled $42 (2009 – loss of $300) while net unrealized losses totalled $1,270 (2009 - $544).

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”).

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

	2010	**2009**
Contributions (as per Schedule 3)	**$582,111**	$556,577

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

	2010	**2009**
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 (2009 - $39) has been incurred on technical assistance and has been charged against the income from the contribution.

(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.

	2010	**2009**
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.

	2010	**2009**
Venezuela		
First contribution	$10,000	$10,000
Less technical assistance	(176)	(176)
	9,824	9,824
Second contribution	7,650	7,650
	$17,474	$17,474

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

(expressed in thousands of United States dollars)

C. Funds*…continued*

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

	2010	2009
Sweden	**$3,873**	$3,656

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

	2010	2009
United States of America		
First contribution	**$10,000**	$10,000
Less repayments	**(9,031)**	(8,568)
	969	1,432
Second contribution	**12,000**	12,000
Less repayments	**(9,742)**	(9,218)
	2,258	2,782
	$3,227	$4,214

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, 2010 and 2009 were as follows:

Balance at January 1, 2009	$64,442
Allocations for the year	23,205
Expenditure for the year	(20,272)
Balance at December 31, 2009	67,375
Allocations for the year	23,274
Expenditure for the year	(12,078)
Balance at December 31, 2010	**$78,571**

F. Loans

The average interest rate earned on loans outstanding was 2.30% (2009 - 2.30 %). There were no impaired loans at December 31, 2010 and 2009.

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Independent Auditors' Report

To the Board of Governors Caribbean Development Bank

We have audited the accompanying financial statements of the **Other Special Funds** of the **Caribbean Development Bank** (the "Bank") which comprise the statement of financial position as of December 31, 2010, statement of comprehensive income and accumulated net income and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information. These financial statements have been prepared using the basis of accounting described in Note A.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements using the basis of accounting described in Note A, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 about whether the financial statements are free from 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 auditors' 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.

.../2

Independent Auditors' Report (continued)

Opinion

In our opinion, these financial statements of the Other Special Funds of the Bank for the year ended December 31, 2010 are prepared, in all material respects, in accordance with the basis of accounting described in Note A.

Basis of accounting

Without modifying our opinion, we draw attention to Note A to the financial statements which describes the basis of accounting. The financial statements are prepared for the specific purpose of reflecting the sources and applications of member subscriptions and contributions and other development resources and as a result, may not be suitable for any other purpose.

Ernst & Young

Chartered Accountants
March 17, 2011
Barbados

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

STATEMENT OF FINANCIAL POSITION
As of December 31, 2010

(expressed in thousands of United States dollars)

	2010	2009
Assets		
Cash and time deposits – Note A	**$11,124**	$15,992
Investments at fair value through profit and loss (Schedule 1)	**72,418**	76,491
Loans (Schedule 2)	**118,010**	107,332
Receivables – other		
Accounts receivable – Note F	**63,607**	59,220
Total assets	**$265,159**	$259,035
Liabilities and Funds		
Liabilities		
Accounts payable including interfund payables – Note G	**$8,843**	$21,950
Accrued charges on contributions	**241**	263
	9,084	22,213
Funds		
Contributed resources (Schedule 3)		
Contributions	**78,107**	83,631
Less amounts not yet made available	**-**	(1,677)
Amounts made available	**78,107**	81,954
Accumulated net income (Schedule 4)	**48,392**	44,446
	126,499	126,400
Technical assistance and other grant resources (Schedule 5)	**129,576**	110,422
Total liabilities and funds	**$265,159**	$259,035

The accompanying notes form an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2010

(expressed in thousands of United States dollars)

	2010	2009
Income		
From loans	**$2,437**	$2,115
From investments and cash balances	**4,201**	1,873
	6,638	3,988
Expenses		
Administrative expenses	**1,652**	1,884
Charges on contributions	**962**	1,019
Exchange	**78**	427
Total expenses	**2,692**	3,330
Net income and total comprehensive income for the year	**$3,946**	$658

	2010	2009
Accumulated net income and total comprehensive income		
Accumulated net income and total comprehensive income – beginning of year	**$44,446**	$43,788
Net income and total comprehensive income for the year	**3,946**	658
Accumulated net income and total comprehensive income – end of year	**$48,392**	$44,446

The accompanying notes form 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, 2010

(expressed in thousands of United States dollars)

	2010		2009
Operating activities			
Net income for the year		**$3,946**	$658
Adjustments for non-cash items			
Unrealized gain on trading portfolio	**(1,611)**		(621)
Interest income	**(6,638)**		(3,988)
Interest expense	**962**		1,019
Disbursements on loans	**(14,605)**		(18,153)
Principal repayment on loans	**3,480**		3,186
Technical assistance disbursements	**(16,767)**		(9,811)
Net cash used in lending activities		**(35,179)**	(28,368)
(Increase)/decrease in accounts receivable	**(4,387)**		5,404
(Decrease)/increase in accounts payable	**(13,107)**		17,530
Total adjustments		**(17,494)**	22,934
Interest received		**6,742**	4,113
Interest paid		**(984)**	(1,021)
Net decrease in debt securities at fair value through profit or loss		**5,512**	9,849
Net cash (used in)/provided by operating activities		**(37,457)**	81,165
Financing activities			
Contributions:			
Increase in contributions for loans	-		1,324
Repayments	**(3,224)**		(3,771)
Technical assistance contributions	**35,921**		477
Net cash provided by/(used in)financing activities		**32,697**	(1,970)
Net (decrease)/increase in cash and cash equivalents		**(4,760)**	6,195
Net foreign exchange difference		**(108)**	499
Cash and cash equivalents at beginning of year		**15,992**	9,298
Cash and cash equivalents at end of year		**$11,124**	$15,992

The accompanying notes form an integral part of these financial statements.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF INVESTMENTS
December 31, 2010

(expressed in thousands of United States dollars)

SCHEDULE 1

	2010 Market value	2009 Market value
Financial assets at fair value through profit or loss		
Government and Agency obligations	**$29,122**	$36,988
Supranationals	**8,743**	5,712
Euro Commercial Paper	**2,822**	5,979
Mutual Funds	**7,705**	7,072
Managed Funds	**11,428**	10,313
Available for sale	**59,820**	66,064
Equity investments	**12,369**	10,026
Sub-total	**72,189**	76,090
Accrued interest	**229**	401
Total	**$72,418**	$76,491

Residual Term to Contractual Maturity

	2010	2009
One month to three months	**$26,579**	$27,813
From three months to one year	**6,716**	6,625
From one year to five years	**25,655**	32,027
From five years to ten years	**13,468**	10,026
Total[1]	**$72,418**	$76,491

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS
December 31, 2010

(expressed in thousands of United States dollars)

SCHEDULE 2

	2010						
Member countries in which loans have been made	**Total loans** 1/	**Un-committed loans**	**Signed agree-ments**	**Principal repaid to bank**	**Undis-bursed**	**Out-standing** 2/	**% of total loans out-stand -ing**
Anguilla	500	-	500	369	-	131	0.1
Antigua and Barbuda	8,535	-	8,535	3,016	848	4,671	4.0
Barbados	26,091	-	26,091	17,562	1,285	7,244	6.2
Belize	9,648	-	9,648	9,648	-	-	-
British Virgin Islands	1,942	-	1,942	1,942	-	-	-
Cayman Islands	3,183	-	3,183	3,183	-	-	-
Dominica	35,302	-	35,302	14,534	7	20,761	17.7
Grenada	30,808	-	30,808	6,769	524	23,515	20.0
Guyana	20,763	-	20,763	16,291	-	4,472	3.8
Jamaica	69,042	-	69,042	37,640	10,000	21,402	18.2
Montserrat	1,252	-	1,252	1,252	-	-	-
St. Kitts and Nevis	8,597	-	8,597	4,558	95	3,944	3.4
St. Lucia	38,419	-	38,419	14,650	3,582	20,187	17.2
St. Vincent and the Grenadines	21,854	-	21,854	12,478	211	9,165	7.8
Trinidad and Tobago	3,500	-	3,500	2,112	-	1,388	1.2
Regional	2,266	-	2,266	1,745	37	484	0.4
Sub-total	281,702	-	281,702	147,749	16,589	117,364	100.0
Accrued interest[3]	-	-	-	-	-	646	
Total – December 31	**$282,348**	**-**	**$282,348**	**$147,749**	**$16,589**	**$118,010**	

1/ Net of lapses and cancellations

2/There are no overdue installments of principal at December, 2010 (2009 - Nil)

3/ Relates amounts disbursed and outstanding

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS
December 31, 2010

(expressed in thousands of United States dollars)

SCHEDULE 2

	2009						
Member countries in which loans have been made	**Total loans approved 1/**	**Un-committed loans**	**Signed agree-ments**	**Principal repaid to bank**	**Undis-bursed**	**Out-standing 2/**	**% of total loans out-stand-ing**
Anguilla	500	-	500	344	-	156	0.1
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	4.4
Jamaica	69,228	-	69,228	37,631	20,000	11,597	10.9
Montserrat	1,264	-	1,264	1,264	-	-	-
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[3]	-	-	-	-	-	578	
Total – December 31	**$282,819**	**-**	**$282,819**	**$144,293**	**$31,194**	**$107,332**	

1/ Net of lapses and cancellations

2/There are no overdue installments of principal at December, 2010 (2009 - Nil)

3/ Relates amounts disbursed and outstanding

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS…*continued*
December 31, 2010

(expressed in thousands of United States dollars)

SCHEDULE 2

	2010						
Analysis by Special Fund	**Total Loans**	**Un-committed loans**	**Signed agree-ments**	**Principal repaid to Bank**	**Undis-bursed**	**Out-standing 2/**	**% of total loans out-standing**
Members							
Trinidad and Tobago	1,307	-	1,307	1,304	-	3	-
Other contributors							
Caribbean Development Bank	76,270	-	76,270	13,287	14,655	48,328	41.2
Nigeria	9,635	-	9,635	4,665	-	4,970	4.2
United States of America	93,007	-	93,007	92,876	-	131	0.1
Inter-American Development Bank	58,097	-	58,097	16,145	1,520	40,432	34.4
European Union	10,957	-	10,957	7,685	37	3,235	2.8
International Development Association	32,429	-	32,429	11,787	377	3,235	17.3
Sub-total	281,702	-	281,702	147,749	16,589	117,364	100.0
Accrued interest[3]	-	-	-	-	-	646	
Total – December 31	**$282,348**	**-**	**$282,348**	**$147,749**	**$16,590**	**$118,010**	

1/ Net of lapses and cancellations

2/ There are no overdue installments of principal at December 31, 2010 (2009 – nil).

3/ Relates amounts disbursed and outstanding

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS…*continued*
December 31, 2010

(expressed in thousands of United States dollars)

SCHEDULE 2

	2009						
Analysis by Special Fund	**Total Loans**	**Un-committed loans**	**Signed agree-ments**	**Principal repaid to Bank**	**Undis-bursed**	**Out-standing** 2/	**% of total loans out-standing**
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[3]	-	-	-	-	-	578	
Total – December 31	**$282,819**	**-**	**$282,819**	**$144,293**	**$31,194**	**$107,332**	

1/ Net of lapses and cancellations

2/There are no overdue installments of principal at December, 2010 (2009 - Nil)

3/ Relates amounts disbursed and outstanding

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS…*continued*
December 31, 2010

(expressed in thousands of United States dollars)

SCHEDULE 2

	2010						
Currencies receivable	**Loans out-standing 2009**	**Trans-lation adjust-ment**	**Disburse-ments**	**Sub-total**	**Repay-ments**	**Provision for losses**	**Loans out-standing 2010**
Euros	$ 3,756	$(268)	$ -	$3,488	$ (253)		$3,235
Special drawing rights	17,548	(247)	-	17,301	(774)	-	16,527
United States dollars	85,450	-	14,605	100,055	(2,453)	-	97,602
Sub-total	106,754	(515)	14,605	120,844	(3,480)	-	117,364
Accrued interest[1]	578	-	-	-	-	-	646
Total – December 31	**$107,332**	**$(515)**	**$14,605**	**$121,490**	**$(3,480)**	**-**	**$118,010**

Maturity structure of loans outstanding

January 1, 2011 to December 31, 2011	$4,345
January 1, 2012 to December 31, 2012	3,837
January 1, 2013 to December 31, 2013	3,872
January 1, 2014 to December 31, 2014	4,827
January 1, 2015 to December 31, 2019	30,239
January 1, 2020 to December 31, 2024	30,342
January 1, 2025 to December 31, 2029	23,036
January 1, 2030 to December 31, 2034	14,270
January 1, 2035 to December 31, 2039	1,844
January 1, 2040 to December 31, 2046	1,398
Total	$118,010

1/ Relates amounts disbursed and outstanding

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS…*continued*
December 31, 2010

(expressed in thousands of United States dollars)

SCHEDULE 2

	2009						
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
Sub-total	91,491	296	18,153	$109,940	$(3,186)	-	$106,754
Accrued interest[1]	481	-	-	-	-	-	578
Total – December 31	**$91,972**	**$296**	**$18,153**	**$110,518**	**$(3,186)**	**-**	**$107,332**

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

1/ Relates amounts disbursed and outstanding

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF CONTRIBUTIONS
December 31, 2010

(expressed in thousands of United States dollars)

SCHEDULE 3

	2010 Contributions		
Contributors	**Total** [1/]	**Amounts not yet made available**	**Amounts made available**
Members			
Canada [2/]	$2,006	$ -	$2,006
Other contributors			
Inter-American Development Bank [1/]	41,752	-	41,752
European Investment Bank [1/]	1,338	-	1,338
United States of America	6,552	-	6,552
European Union	4,761	-	4,761
International Development Association	21,698	-	21,698
	76,101	-	76,101
Total – December 31	**$78,107**	$ -	**$78,107**

1/Net of cancellations and repayments

Maturity structure of repayable contributions outstanding

January 1, 2011 to December 31, 2011	3,145
January 1, 2012 to December 31, 2012	3,307
January 1, 2013 to December 31, 2013	3,340
January 1, 2013 to December 31, 2018	17,075
January 1, 2018 to December 31, 2023	14,113
January 1, 2023 to December 31, 2028	12,171
January 1, 2028 to December 31, 2033	10,003
January 1, 2033 to December 31, 2045	14,953
Total	**$78,107**

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF CONTRIBUTIONS
December 31, 2010

(expressed in thousands of United States dollars)

	2009		
Contributors	**Total** [1/]	**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	**$83,631**	**$1,677**	**$81,954**

1/Net of cancellations and repayments

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, 2010

(expressed in thousands of United States dollars)

SCHEDULE 3

	2010					
Currencies repayable	**Contri-butions made available 2009**	**Trans-lation adjust-ment**	**Draw-downs/ Appro-priations from Capital**	**Sub-total**	**Repay-ments**	**Contri-butions made available 2010**
Canadian dollars	$2,171	$117	$ -	$2,288	$ (51)	$2,237
Euros	6,980	(498)	-	6,482	(380)	6,102
Japanese yen	218	30	-	248	(45)	203
Pounds sterling	282	(12)	-	270	(49)	221
Special Drawing Rights	18,992	(266)	-	18,726	(722)	18,004
Swedish kroners	105	6	-	111	(20)	91
United States dollars	53,206	-	-	53,206	(1,957)	51,249
Total – December 31	**$81,954**	**$(623)**	**$ -**	**$81,331**	**$(3,224)**	**$78,107**

	2009					
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	**$83,606**	**$795**	**$1,324**	**$85,725**	**$(3,771)**	**$81,954**

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

STATEMENT OF ACCUMULATED INCOME
December 31, 2010

(expressed in thousands of United States dollars)

SCHEDULE 4

	2010			
	Accumulated Net Income			
Contributors	**Brought forward 2009**	**Net income/(Loss) 2010**	**Appro-priations**	**Carried forward 2010**
General Funds	$21,177	4,126	$11,770	$37,073
European Investment Bank	(599)	(78)	-	(677)
European Union	2,494	37	-	2,531
Inter-American Development Bank	552	(30)	-	522
International Development Association	240	(11)	-	229
Nigeria	6,860	39	(780)	6,119
United States of America	13,722	(137)	(10,990)	2,595
Total – December 31	**$44,446**	**3,946**	**-**	**$48,392**

	2009			
	Accumulated Net Income			
Contributors	**Brought forward 2008**	**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	**$43,788**	**$658**	**$-**	**$44,446**

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
STATEMENT OF TECHNICAL ASSISTANCE AND OTHER GRANT RESOURCES
December 31, 2010

(expressed in thousands of United States dollars)

SCHEDULE 5

	2010				
	Contributors				
Contributors	**Total** [1/]	**Amounts not yet made available**	**Amounts made available**	**Amounts utilized**	**Net Amounts available**
Members					
Canada	$40,067	$139	$39,928	$30,589	$9,339
United Kingdom	18,494	-	18,494	4,459	14,035
Italy	518	-	518	252	266
	59,079	139	58,940	35,300	23,640
Other contributors					
Caribbean Development Bank	200,064	-	200,064	95,518	104,546
United States of America	1,407	-	1,407	1,405	2
Inter-American Development Bank	2,618	-	2,618	2,339	279
China	676	-	676	198	478
Venezuela	585	-	585	-	585
Nigeria	193	-	193	147	46
Sub-total	205,543	-	205,543	99,607	105,936
Total – December 31	**$264,622**	**$139**	**$264,483**	**$134,907**	**$129,576**
Summary					
Basic Needs Trust Fund	$126,750	$ -	$126,750	$64,922	$61,828
Other resources	137,872	139	137,733	69,985	67,748
Total – December 31	**$264,622**	**$139**	**$264,483**	**$134,907**	**$129,576**

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

STATEMENT OF TECHNICAL ASSISTANCE AND OTHER GRANT RESOURCES
December 31, 2010

(expressed in thousands of United States dollars)

SCHEDULE 5

	2009				
	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	**$238,434**	**$9,872**	**$228,562**	**$118,140**	**$110,422**
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	**$238,434**	**$9,872**	**$228,562**	**$118,140**	**$110,422**

NOTES TO SPECIAL PURPOSE FINANCIAL STATEMENTS
December 31, 2010

(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") 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 summarising 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 date 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. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate 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.

All loans by the Fund are made either from currencies available from members’ subscriptions or from currencies borrowed and the principal amounts are payable to the Fund 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 Fund 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 Fund 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.

SUMMARY OF STATEMENT OF LOANS
December 31, 2010

(expressed in thousands of United States dollars)

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.

	2010	**2009**
Due from banks	$7,123	$6,573
Time deposits	4,001	9,419
Cash and cash equivalents	$11,124	$15,992

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 rate 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.

STATEMENT OF TECHNICAL ASSISTANCE AND GRANT RESOURCES
December 31, 2010

(expressed in thousands of United States dollars)

B. Investments

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

The annualized rate of return on the average investments held during the year, including realized and unrealized gains and losses was 2.35% (2009 – 2.34%). Net realized losses on investments amounted to $250 (2009 – $22), while net unrealized gains amounted to $1,611 (2009– $621).

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 the contributors and 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.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY OF STATEMENT OF LOANS
December 31, 2010

(expressed in thousands of United States dollars)

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:

	2010	2009
Canada		
Agricultural[2]	**$2,006**	$1,903
Technical assistance resources	**39,928**	30,195
Italy		
Technical assistance resources	**$519**	$519
Nigeria		
Technical assistance resources	**$ 193**	$ 193
United Kingdom		
Technical assistance resources	**$18,494**	$4,054
Inter-American Development Bank		
975/SF-RG	**14,211**	14,211
Less repayments	**(3,527)**	(3,108)
	10,684	11,103
Second Global Loan	**5,067**	4,933
Less repayments	**(4,000)**	(3,698)
	1,067	1,235
1108/SF-RG Global Credit	**20,000**	20,000
1637/SF-RG Credit	**10,000**	10,000
	$41,751	$42,338
Technical assistance resources	**$2,618**	$ 2,328

[2] The contributions are interest-free with no date for repayment

STATEMENT OF TECHNICAL ASSISTANCE AND GRANT RESOURCES
December 31, 2010

(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.

	2010	**2009**
European Investment Bank		
Global loan II – B	**$1,338**	$1,441

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

	2010	**2009**	**Due dates**
United States of America			
Contributions			
Agricultural	**$7,052**	$7,052	1988-2018
Less repayments	**(4,687)**	(4,410)	
	2,365	2,642	

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY OF STATEMENT OF LOANS
December 31, 2010

(expressed in thousands of United States dollars)

C. Funds*…continued*

	2010	2009	Due dates
United States of America*…continued*			
Employment Investment Promotion	**6,732**	6,732	1990-2000
Less repayments	**(3,952)**	(3,703)	
	2,780	3,029	
Housing	**8,400**	8,400	1983-2012
Less repayments	**(7,197)**	(6,819)	
	1,203	1,581	
Regional Agri-business Development	**6,299**	6,299	1991-2021
Less repayments	**(6,095)**	(5,697)	
	204	602	
	$6,552	$7,854	
Technical assistance resources	**$1,407**	$1,407	

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.

	2010	2009
European Union		
First contribution	**$7,825**	$8,429
Less repayments	**(4,680)**	(4,870)
	3,145	3,559
Second Contribution	**3,317**	3,573
Less repayments	**(1,701)**	(1,593)
	1,616	1,980
	$4,761	$5,539

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
STATEMENT OF TECHNICAL ASSISTANCE AND GRANT RESOURCES
December 31, 2010

(expressed in thousands of United States dollars)

C. Funds*…continued*

International Development Association

	2010		2009		Due dates
Credit No. 960/CRG	**$6,480**		$6,480		1990-2029
Less repayments	**2,786**	**$3,694**	(2,592)	$3,888	
Credit No. 37/CRG (EEC)	**930**		994		
Less repayments	**930**	**-**	(994)	-	
Credit No. 1364/CRG	**8,355**		8,474		
Less repayments	**2,715**	**5,640**	(2,500)	5,974	1993-2033
Credit No. 1785/CRG	**7,136**		7,238		
Less repayments	**1,463**	**5,673**	(1,268)	5,970	1997-2030
Credit No. 2135/CRG	**8,579**		8,701		2000-2030
Less repayments	**1,888**	**6,691**	(1,654)	7,047	
		$21,698		$22,879	

The credits are subject to a service charge of 0.75% per annum on amounts outstanding. In addition, the credits totalling $43,431 (2009 - $44,048) 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.

	2010	2009
Caribbean Development Bank		
Technical assistance resources	**$200,064**	$188,556

SUMMARY OF STATEMENT OF LOANS
December 31, 2010

(expressed in thousands of United States dollars)

C. 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 2.17% (2009 – 2.05%). There were no impaired loans at December 31, 2010 and 2009.

F. Accounts receivable

	2010	2009
Accounts receivable	$63,607	$59,220

G. Accounts payable including interfund payables

	2010	2009
Accounts payable	$2,060	$9,297
Interfund payables	6,783	12,653
Total	$8,843	$21,950

APPENDIX I-A

DISTRIBUTION OF LOANS, SECONDARY MORTGAGE, EQUITY AND GRANTS APPROVED (NET) BY COUNTRY AND BY FUND - 2010 ($'000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total	Percentage of Total
Antigua and Barbuda	-	8	363	371	0.1%
Anguilla	55,000	165	-	55,165	18.4%
Barbados	62,062	79	-	62,141	20.7%
Bahamas	10,109	37	-	10,146	3.4%
Belize	31,538	9,211	-	40,749	13.6%
Dominica	2,176	1,816	1,257	5,249	1.7%
Grenada	1,030	2,261	242	3,533	1.2%
Guyana	4,015	12,492	-	16,507	5.5%
Haiti	-	17,599	-	17,599	5.9%
Jamaica	5,000	15,258	217	20,475	6.8%
St. Kitts and Nevis	7,017	1,837	-	8,854	2.9%
Cayman Islands	-	-	-	-	0.0%
St. Lucia	9,000	6,311	-	15,311	5.1%
Montserrat	-	40	-	40	0.0%
Turks and Caicos Islands	-	-	-	-	0.0%
Trinidad and Tobago	-	23	-	23	0.0%
St. Vincent and the Grenadines	37,000	299	-	37,299	12.4%
British Virgin Islands	-	47	-	47	0.0%
Regional: LDC Focus	-	-	-	-	0.0%
Regional: MDC Focus	-	-	-	-	0.0%
Regional: LDC/MDC Focus	-	6,979	19	6,998	2.3%
Total	**223,947**	**74,462**	**2,098**	**300,507**	
Percentage of Total	74.5	24.8	0.7		100.0
LDCs	142,761	39,594	1,862	184,217	61.3%
MDCs	81,186	27,889	217	109,292	36.4%
Regional	0	6,979	19	6,998	2.3%

APPENDIX I-B

DISTRIBUTION OF LOANS, SECONDARY MORTGAGE, EQUITY AND GRANTS APPROVED (NET) BY SECTOR AND BY FUND - 2010 ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**223,947**	**74,462**	**2,098**	**300,507**
Agriculture, Forestry and Fishing	**-**	**90**	**19**	**109**
Agriculture (excluding Crop Farming)	-	90	19	109
Tourism	**-**	**150**	**242**	**392**
Tourism	-	150	242	392
Transportation and Communication	**40,838**	**14,753**	**-**	**55,591**
Transport	-	285	-	285
Road Transport	-	47	-	47
Main Roads and Bridges	40,838	14,421	-	55,259
Power, Energy and Water	**8,079**	**3,606**	**-**	**11,685**
Power and Energy	-	1,659	-	1,659
Water Supply	8,079	1,947	-	10,026
Social and Personal Services	**36,000**	**11,407**	**-**	**47,407**
Social and Personal Services	-	817	-	817
Housing	36,000	-	-	36,000
Education	-	10,590	-	10,590
Multi-Sector and Other	**134,030**	**29,356**	**1,837**	**165,223**
Multi-Sector and Other	-	150	-	150
Multi-Sector	1,030	5,786	-	6,816
Urban Development	-	5,000	-	5,000
Disaster Rehabilitation	-	770	-	770
Policy-Based Loans	126,000	6,000	-	132,000
Other	7,000	11,650	1,837	20,487
Financial	**5,000**	**15,100**	**-**	**20,100**
Education	5,000	15,000	-	20,000
Multi-Sector and Other	-	100	-	100

APPENDIX I-C
DISTRIBUTION OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET)

BY COUNTRY AND BY SECTOR - 2010 ($'000)

Country	Agri-culture, Forestry & Fishing	Manu-fac-turing	Tour-ism	Sub-Total	Power & Energy	Water	Trans-porta-tion & Commu-nication	Hous-ing	Educa-tion (includ-ing Stu-dent)	Health & Sani-tation	Sub-Total	Multi-Sector	Total
Anguilla	-	-	150	150	-	-	-	-	-	-	-	55,015	55,165
Antigua and Barbuda	-	-	-	-	-	-	-	-	-	-	-	371	371
Bahamas	-	-	-	-	-	-	10,109	-	-	-	10,109	37	10,146
Barbados	-	-	-	-	-	1,062	-	36,000	-	-	37,062	25,079	62,141
Belize	-	-	-	-	-	-	24,968	-	-	-	24,968	15,781	40,749
British Virgin Islands												47	47
Dominica	-	-	-	-	-	-	3,890	-	-	-	3,890	1,360	5,250
Grenada	-	-	242	242	-	204	-	-	-	-	204	3,087	3,533
Guyana	-	-	-	-	-	-	16,450	-	-	-	16,450	57	16,507
Haiti	-	-	-	-	-	-	-	-	10,000	-	10,000	7,599	17,599
Jamaica	-	-	-	-	29	-	-	-	20,000	-	20,029	446	20,475
Montserrat	-	-	-	-	-	-	-	-	-	-	-	40	40
St. Kitts and Nevis	-	-	-	-	-	8,760	-	-	-	-	8,760	94	8,854
St. Lucia	-	-	-	-	-	-	-	-	-	-	-	15,311	15,311
St. Vincent and the Grenadines	-	-	-	-	-	-	-	-	-	-	-	37,299	37,299
Trinidad and Tobago	-	-	-	-	-	-	-	-	-	-	-	23	23
Regional: LDC/ MDC Focus	109	-	-	109	1,630	-	174	-	590	-	2,394	4,494	6,997
Total	**109**	**-**	**392**	**501**	**1,659**	**10,026**	**55,591**	**36,000**	**30,590**	**-**	**133,866**	**166,140**	**300,507**

APPENDIX I-D
DISTRIBUTION OF LOANS APPROVED (NET) BY COUNTRY AND BY FUND - 2010 ($'000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total	Percentage of Total
Anguilla	55,000	-	-	55,000	20.3%
Barbados	62,062	-	-	62,062	22.9%
Bahamas	10,109	-	-	10,109	3.7%
Belize	31,538	8,181	-	39,719	14.7%
Dominica	2,176	1,714	-	3,890	1.4%
Grenada	1,030	1,970	-	3,000	1.1%
Guyana	4,015	12,277	-	16,292	6.0%
Jamaica	5,000	15,000	-	20,000	7.4%
St. Kitts and Nevis	7,017	1,408	-	8,425	3.1%
St. Lucia	9,000	6,000	-	15,000	5.5%
St. Vincent and the Grenadines	37,000	-	-	37,000	13.7%
Total	**223,947**	**46,550**	**-**	**270,497**	
Percentage of Total	82.8	17.2	0.0		100.0
LDCs	142,761	19,273	0	162,034	59.9%
MDCs	81,186	27,277	0	108,463	40.1%

APPENDIX I-E
DISTRIBUTION OF LOANS APPROVED (NET) BY SECTOR AND BY FUND - 2010 ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**223,947**	**46,550**	**-**	**270,497**
Transportation and Communication	**40,838**	**14,172**	**-**	**55,010**
Main Roads and Bridges	40,838	14,172	-	55,010
Power, Energy and Water	**8,079**	**1,408**	**-**	**9,487**
Water Supply	8,079	1,408	-	9,487
Social and Personal Services	**36,000**	**-**	**-**	**36,000**
Housing	36,000	-	-	36,000
Multi-Sector and Other	**134,030**	**15,970**	**-**	**150,000**
Multi-Sector	1,030	1,970	-	3,000
Policy-Based Loans	126,000	6,000	-	132,000
Other	7,000	8,000	-	15,000
Financial	**5,000**	**15,000**	**-**	**20,000**
Education	5,000	15,000	-	20,000

APPENDIX I-F
LOAN APPROVALS - 2010 ($'000)

Country	No. of Loan Projects	CDB	Public	Private	Unknown
Anguilla	1	55,000,000	55,000,000	-	-
Barbados	3	62,062,000	62,062,000	-	-
The Bahamas	1	10,109,000	10,109,000	-	-
Belize	2	39,719,000	39,719,000	-	-
Dominica	1	3,890,000	3,890,000	-	-
Grenada	1	3,000,000	3,000,000	-	-
Guyana	1	16,292,000	16,292,000	-	-
Jamaica	1	20,000,000	20,000,000	-	-
St. Kitts and Nevis	1	8,425,000	8,425,000	-	-
St. Lucia	1	15,000,000	15,000,000	-	-
St. Vincent and the Grenadines	1	37,000,000	37,000,000	-	-
Total	**14**	**270,497,000**	**270,497,000**	**-**	**-**
LDCs	**8**	**162,034,000**	**162,034,000**	**-**	**-**
MDCs	**6**	**108,463,000**	**108,463,000**	**-**	**-**

APPENDIX I-G

GROSS LOANS APPROVALS BY PROJECT AND LOAN EQUIVALENT - 2010 ($'000)

			OCR		SDF Unified		Other Special Funds		
	Project Name	Country	Amount	Loan Equiv-alent	Amount	Loan Equiv-alent	Amount	Loan Equiv-alent	Total
1	POLICY-BASED LOAN	ANGUILLA	55,000,000	1.00	-	-	-	-	55,000,000
2	POLICY-BASED LOAN	BARBADOS	25,000,000	1.00	-	-	-	-	25,000,000
3	LOW-INCOME HOUSING PROGRAMME	BARBADOS	36,000,000	1.00	-	-	-	-	36,000,000
4	TA - WATER SUPPLY NETWORK REHAB AND UPGRADE STUDY	BARBADOS	1,062,000	1.00	-	-	-	-	1,062,000
5	FAMILY ISLANDS TRANSPORT SECTOR ENHANCEMENT PROJECT	BAHAMAS	10,109,000	1.00	-	-	-	-	10,109,000
6	THE SOCIAL INVESTMENT FUND II	BELIZE	7,000,000	1.00	-	-	-	-	7,000,000
7	THE BELIZE SOCIAL INVESTMENT FUND II	BELIZE	-	-	8,000,000	1.00	-	-	8,000,000
8	FOURTH ROAD PROJECT (SANTA ELENA/SAN IGNACIO BYPASS)	BELIZE	24,538,000	0.99	181,000	0.01	-	-	24,719,000
9	ROAD IMPROVEMENT AND MAINTENANCE - VALLEY ROADS - 2ND ADD.	DOMINICA	2,176,000	0.56	1,714,000	0.44	-	-	3,890,000
10	MARKET ACCESS AND RURAL ENTERPRISE DEVELOPMENT	GRENADA	1,030,000	0.34	1,970,000	0.66	-	-	3,000,000
11	COMMUNITY ROADS IMPROVEMENT PROGRAMME	GUYANA	4,015,000	0.25	12,277,000	0.75	-	-	16,292,000
12	STUDENT LOAN - STUDENTS LOAN BUREAU	JAMAICA	5,000,000	0.25	15,000,000	0.75	-	-	20,000,000
13	NEVIS WATER SUPPLY ENHANCEMENT PROJECT	ST. KITTS AND NEVIS	7,017,000	0.83	1,408,000	0.17	-	-	8,425,000
14	POLICY-BASED LOAN ADD. LOAN	ST. LUCIA	9,000,000	0.60	6,000,000	0.40	-	-	15,000,000
15	FINANCIAL SECTOR STABILISATION LOAN - DIVESTMENT OF COMMERCIAL BANK	ST. VINCENT AND THE GRENADINES	37,000,000	1.00	-	-	-	-	37,000,000
Total			**223,947,000**		**46,550,000**		**-**		**270,497,000**

LDCs	142,761,000	0.88	19,273,000	0.12	-	-	162,034,000
MDCs	81,186,000	0.75	27,277,000	0.25	-	-	108,463,000

LDCs	0.64	0.41	-	0.60
MDCs	0.36	0.59	-	0.40

APPENDIX II-A

SUMMARY OF TOTAL FINANCING APPROVED (NET) (1970 - 2010)
LOANS, CONTINGENT LOANS, EQUITY AND GRANTS ($'000)

Financing Type	1970-2009	2010	Total
Loans	3,089,462	270,497	3,359,959
Contingent Loans	4,281	-	4,281
Equity	33,193	-	33,193
Grants	324,548	30,010	354,558
Total	**3,451,484**	**300,507**	**3,751,991**

APPENDIX II-B

SUMMARY OF TOTAL FINANCING APPROVED (NET) BY SECTOR (1970-2010)
LOANS, CONTINGENT LOANS, EQUITY AND GRANTS ($'000)

Sector	1970-2009	2010	Total
Agriculture, Forestry and Fishing	114,743	109	114,852
Mining and Quarrying	35,534	-	35,534
Manufacturing	154,312	-	154,312
Tourism	102,573	392	102,965
Transportation and Communication and Sea Defence	760,843	55,591	816,434
Power, Energy and Water	205,384	11,685	217,069
Social Services	394,571	47,407	441,978
Multi-Sector and Other	1,071,264	165,223	1,236,487
Financing and Distribution	612,260	20,100	632,360
Total	**3,451,484**	**300,507**	**3,751,991**

APPENDIX II-C

DISTRIBUTION OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET) BY SECTOR AND BY FUND (1970 - 2010) ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**2,107,527**	**1,202,392**	**442,072**	**3,751,991**
Agriculture, Forestry and Fishing	**29,520**	**64,551**	**21,811**	**115,882**
Crop Farming	13,167	19,338	12,276	44,781
Drainage and Irrigation	11,283	6,923	409	18,615
Feeder Roads	3,673	24,766	7,912	36,351
Mixed Farming	0	11,340	872	12,212
Land Settlement and Rural Development	1,397	2,184	342	3,923
Mining and Quarrying	**31,409**	**3,570**	**555**	**35,534**
Fossil Fuels	30,862	0	0	30,862
Metal Ores	547	31	0	578
Non-Metallic Minerals	0	3,539	555	4,094
Manufacturing	**58,145**	**52,055**	**44,112**	**154,312**
Food, Beverages and Tobacco	93	5,261	32,941	38,295
Sugar	29,988	17,872	4,021	51,881
Textile, Wearing Apparel and Leather Goods	0	200	311	511
Wood and Wood Products	4,566	499	79	5,144
Paper and Paper Products	3,502	0	10	3,512
Chemical and Chemical Products	0	13	493	506
Non-Metallic Mineral Products	2,985	73	130	3,188
Miscellaneous Manufacturing and Repairs	0	0	43	43
Industrial Estates	17,011	28,137	6,084	51,232
Tourism	**80,338**	**12,202**	**10,183**	**102,723**
Integrated Tourism Facilities	80,338	12,202	10,183	102,723
Transportation, Communication and Sea Defence	**564,245**	**179,080**	**73,109**	**816,434**
Transport:				
Road Transport	348,816	92,582	27,776	469,174
Water Transport	41,534	42,774	15,697	100,005
Air Transport	159,952	26,913	27,603	214,468
Sea Defence	5,693	16,293	1,927	23,913
Communication	8,250	518	106	8,874

APPENDIX II-C cont'd

DISTRIBUTION OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET) BY SECTOR AND BY FUND (1970 - 2010) ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Power, Energy and Water	**121,512**	**78,968**	**16,589**	**217,069**
Power and Energy:				
Electric Power	63,891	33,178	1,873	98,942
Water Supply	49,371	5,857	11,196	66,424
Alternative Energy	8,250	39,933	3,520	51,703
Social Services	**206,314**	**155,684**	**79,980**	**441,978**
Housing	40,101	8,462	19,982	68,545
Health	21,256	20,923	12,842	55,021
Education	144,957	126,299	47,156	318,412
Multi-Sector and Other	**579,781**	**498,381**	**157,537**	**1,235,699**
Urban Development	38,377	22,341	5,528	66,246
Disaster Rehabilitation	79,695	151,849	10,621	242,165
Distributive Trade	3,530	7,575	2,957	14,062
Structural Adjustment Programme	291,800	105,689	43,400	440,889
Other	166,379	210,927	95,031	472,337
Financing and Distribution	**436,263**	**157,901**	**38,196**	**632,360**
Agriculture	138,856	33,116	18,583	190,555
Industry and Tourism	149,166	26,642	16,532	192,340
Micro and Small-Scale Enterprises	1,000	6,990	0	7,990
Housing	69,394	22,725	3,081	95,200
Education	77,847	68,428	0	146,275

APPENDIX II-D

DISTRIBUTION OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET) BY COUNTRY AND BY SECTOR - 1970 - 2010 ($'000)

	Productive Sector				Economic Infrastructure & Other							
Country	Agri-culture, Forestry & Fishing	Manu-facturing	Tourism	Sub-Total	Power & Energy	Water	Trans-port-ation & Com-mun-ication	Housing	Educa-tion (includ-ing Stu-dent)	Health & Sanita-tion	Sub-Total	Multi-Sector	Total
Anguilla	2,871	5,865	923	9,659	11,996	288	20,712	2,050	3,149	-	38,195	60,650	108,504
Antigua and Barbuda	3,455	5,723	1,922	11,100	272	-	28,494	3,483	20,052	-	52,301	39,062	102,463
Bahamas	10,086	10,849	2,187	23,122	-	15,252	24,854	-	-	37	40,143	858	64,123
Barbados	4,181	45,470	41,771	91,422	105	1,827	88,102	37,395	50,156	3,240	180,825	79,228	351,475
Belize	27,437	12,504	1,172	41,113	28,050	26,425	80,013	16,046	24,620	6,032	181,186	92,432	314,731
British Virgin Islands	3,503	4,951	349	8,803	4,812	-	36,018	3,500	7,778	-	52,108	771	61,682
Cayman Islands	1,308	1,499	6,429	9,236	-	2,775	23,047	5,515	452	7,000	38,789	531	48,556
Dominica	28,214	11,521	7,513	47,248	6,159	8,501	33,294	14,733	23,278	7,527	93,492	64,646	205,386
Grenada	16,444	6,864	4,540	27,848	158	2,657	65,081	7,063	26,734	5,550	107,243	88,455	223,546
Guyana	22,395	45,872	128	68,395	3,558	8,895	67,386	1,176	9,242	-	90,257	97,503	256,155
Haiti	-	-	-	-	-	-	-	-	26,171	-	26,171	22,483	48,654
Jamaica	81,189	86,498	15,626	183,313	8,820	6,177	105,995	17,602	66,811	2,000	207,405	317,125	707,843
Montserrat	1,382	1,444	124	2,950	987	-	6,024	653	975	-	8,639	7,049	18,638
St. Kitts and Nevis	5,699	9,116	1,731	16,546	16,439	8,886	47,013	10,919	42,681	7,600	133,538	48,637	198,721
St. Lucia	34,171	23,200	14,197	71,568	1,376	19,007	75,983	18,195	65,932	8,517	189,010	85,523	346,101
St. Vincent and the Grenadines	13,814	16,582	522	30,918	25,037	2,716	54,141	3,590	43,143	5,480	134,107	84,834	249,859
Trinidad and Tobago	36,840	37,270	-	74,110	-	2,615	38,262	-	8,459	604	49,940	63,314	187,364
Turks and Caicos Islands	1,580	2,394	1,302	5,276	-	-	3,147	10,217	7,565	240	21,169	4,853	31,298
Regional: LDC Focus	1,010	94	430	1,534	677	104	11,059	10,155	1,160	334	23,489	8,773	33,796
Regional: MDC Focus	25	-	-	25	-	-	6,313	-	9,452	-	15,765	3,170	18,960
Regional: LDC/MDC Focus	9,834	19,880	1,440	31,154	2,266	232	1,921	1,453	26,060	860	32,792	110,190	174,136
Total	**305,438**	**347,596**	**102,306**	**755,340**	**110,712**	**106,357**	**816,859**	**163,745**	**463,870**	**55,021**	**1,716,564**	**1,280,087**	**3,751,991**

APPENDIX II-E

APPROVALS OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS (NET) BY COUNTRY AND BY YEAR (1970 - 2010) ($'000)

Country	1970-2004	2005	2006	2007	2008	2009	2010	Total
Anguilla	22,805	11,130	57	206	18,472	669	55,165	**108,504**
Antigua and Barbuda	49,161	21	44	22,083	483	30,300	371	**102,463**
Bahamas	53,879	27	22	22	3	24	10,146	**64,123**
Barbados	218,539	136	24,441	32,825	81	13,311	62,139	**351,472**
Belize	198,804	8,250	37,603	3,299	12,325	13,700	40,748	**314,729**
British Virgin Islands	56,635	-	-	5,000	-	0	48	**61,683**
Cayman Islands	48,492	-	-	12	52	0	0	**48,556**
Dominica	162,986	5,916	54	2,980	15,268	12,933	5,248	**205,385**
Grenada	147,679	25,248	11,107	7,532	7,955	20,493	3,533	**223,547**
Guyana	209,221	14,485	46	28	14,230	1,638	16,506	**256,154**
Haiti	-	-	-	10,000	11,055	10,000	17,599	**48,654**
Jamaica	393,093	54,224	12,839	61,538	164,894	780	20,476	**707,844**
Montserrat	17,101	9	105	55	1,108	220	40	**18,638**
St. Kitts and Nevis	146,537	842	28,551	22	7,111	6,804	8,854	**198,721**
St. Lucia	242,676	22,580	32	8	44,803	20,691	15,310	**346,100**
St. Vincent and the Grenadines	163,868	128	50	10,666	12,223	25,625	37,304	**249,864**
Trinidad and Tobago	162,055	7	46	25,026	18	189	23	**187,364**
Turks and Caicos Islands	22,818	8	7,000	-	937	535	0	**31,298**
Regional :	0					0	0	**0**
LDC Focus	22,531	13	34	10,471	747	0	0	**33,796**
MDC Focus	18,810	-	150	-	-	0	0	**18,960**
LDC/MDC Focus	80,473	9,661	6,177	18,614	36,416	15,798	6,997	**174,136**
	0							
Total	**2,438,163**	**152,685**	**128,358**	**210,387**	**348,181**	**173,710**	**300,507**	**3,751,991**
LDCs	1,279,562	74,132	84,603	61,863	131,792	141,970	184,220	**1,958,142**
MDCs	1,036,787	68,879	37,394	119,439	179,226	15,942	109,290	**1,566,957**
Regional	121,814	9,674	6,361	29,085	37,163	15,798	6,997	**226,892**

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

APPENDIX II-F
DISTRIBUTION OF LOANS APPROVED (NET) BY COUNTRY AND BY FUND (1970 - 2010) ($'000)

Country	Ordinary Capital Resources	Venezuelan Trust Fund	Special Development Fund	IDB	IDA	General Development Fund	Other Special Funds	Total	Percentage of Total
Anguilla	94,387	-	11,599	-	-	-	500	106,486	3.2%
Antigua and Barbuda	71,338	-	15,357	-	558	5,779	3,009	96,041	2.9%
Bahamas	57,629	3,240	2,376	-	-	-	-	63,245	1.9%
Barbados	311,753	3,646	6,909	388	-	8,199	17,546	348,441	10.4%
Belize	174,316	740	104,875	373	-	5,171	4,981	290,456	8.6%
British Virgin Islands	43,870	-	14,791	-	-	300	1,594	60,555	1.8%
Cayman Islands	40,009	-	4,994	2,132	-	313	868	48,316	1.4%
Dominica	44,186	-	98,660	9,043	5,347	12,368	8,179	177,783	5.3%
Grenada	61,394	-	111,194	20,961	5,628	369	3,729	203,275	6.0%
Guyana	59,803	1,579	140,571	-	-	-	20,585	222,538	6.6%
Haiti	-	-	-	-	-	-	-	-	0.0%
Jamaica	463,200	5,665	157,952	-	-	30,000	39,166	695,983	20.7%
Montserrat	485	-	8,678	-	-	79	1,293	10,535	0.3%
St. Kitts and Nevis	105,324	260	70,370	2,360	5,181	26	1,198	184,719	5.5%
St. Lucia	183,804	676	104,301	17,940	5,625	7,358	6,120	325,824	9.7%
St. Vincent and the Grenadines	138,652	1,606	70,365	6,302	4,497	2,105	7,521	231,048	6.9%
Trinidad and Tobago	178,808	-	5,018	-	-	-	2,566	186,392	5.5%
Turks and Caicos Islands	13,141	-	13,436	-	-	-	-	26,577	0.8%
Regional: LDC Focus	10,000	-	5,232	-	-	-	2,626	17,858	0.5%
Regional: MDC Focus	7,266	-	5,544	-	-	-	2,174	14,984	0.4%
Regional: LDC/ MDC Focus	48,162	-	742	-	-	-	-	48,904	1.5%
Total	**2,107,527**	**17,412**	**952,964**	**59,499**	**26,836**	**72,067**	**123,655**	**3,359,960**	100.0%
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 (NET) BY SECTOR AND BY FUND (1970 - 2008) ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**2,107,527**	**970,375**	**282,057**	**3,359,959**
Agriculture, Forestry and Fishing	**29,520**	**63,068**	**17,522**	**110,110**
Crop Farming	13,167	16,697	8,291	38,155
Drainage and Irrigation	11,283	6,803	409	18,495
Feeder Roads	3,673	24,553	7,816	36,042
Mixed Farming	0	10,951	694	11,645
Land Settlement and Rural Development	1,397	4,064	312	5,773
Mining and Quarrying	**31,409**	**3,294**	**436**	**35,139**
Fossil Fuels	30,862	0	0	30,862
Metal Ores	547	0	0	547
Non-Metallic Minerals	0	3,294	436	3,730
Manufacturing	**58,145**	**53,592**	**40,618**	**152,355**
Food, Beverages and Tobacco	93	5,086	32,318	37,497
Sugar	29,988	19,227	2,346	51,561
Textile, Wearing Apparel and	0	0	0	
Leather Goods	4,566	262	0	4,828
Wood and Wood Products	3,502	450	0	3,952
Paper and Paper Products	0	0	0	0
Chemical and Chemical Products	2,985	446	0	3,431
Non-Metallic Mineral Products	0	73	0	73
Industrial Estates	17,011	28,048	5,954	51,013
Tourism	**80,338**	**15,253**	**2,220**	**97,811**
Integrated Tourism Facilities	80,338	15,253	2,220	97,811
Transportation and Communication	**564,245**	**174,088**	**68,857**	**807,190**
Transport:				
Road Transport	348,816	91,286	27,752	467,854
Water Transport	41,534	41,218	15,041	97,793
Air Transport	159,952	25,254	24,137	209,343
Sea Defences	5,693	16,293	1,927	23,913
Communication	8,250	37	0	8,287

APPENDIX II-G cont'd

DISTRIBUTION OF LOANS (NET) BY SECTOR AND BY FUND (1970 - 2008) ($'000)

Sector	Ordinary Capital Resources	Special Develop-ment Fund	Other Special Funds	Total
Power, Energy and Water	**121,512**	**78,229**	**8,860**	**208,601**
Power and Energy:				
Electric Power	63,891	30,832	1,577	96,300
Water Supply	49,371	47,397	7,283	104,051
Alternative Energy	8,250	0	0	8,250
Social Services	**206,314**	**103,028**	**68,877**	**378,219**
Housing	40,101	6,657	19,803	66,561
Health	21,256	19,074	12,523	52,853
Education	144,957	77,297	36,551	258,805
Multi-Sector and Other	**579,781**	**315,594**	**54,162**	**949,537**
Urban Development	38,377	13,236	0	51,613
Disaster Rehabilitation	79,695	147,813	8,600	236,108
Distributive Trade	3,530	7,501	2,250	13,281
Structural Adjustment Programme	291,800	94,000	37,000	422,800
Other	166,379	53,044	6,312	225,735
Financing and Distribution	**436,263**	**164,229**	**20,505**	**620,997**
Agriculture	138,856	39,139	12,337	190,332
Industry and Tourism	149,166	27,863	5,087	182,116
Micro and Small-Scale Enterprises	1,000	6,074	0	7,074
Housing	69,394	22,725	3,081	95,200
Education	77,847	68,428	0	146,275

APPENDIX II-H

CONTINGENT LOANS APPROVED (NET) BY COUNTRY AND BY FUND (1970 - 2010) ($'000)

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

APPENDIX II-I

CONTINGENT LOANS APPROVED (NET) BY SECTOR AND BY FUND (1970 - 2010) ($'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	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**
Transport:				
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**
Power and Energy:				
Electric Power	222	71	56	349
Alternative Energy	-	-	697	697
Water Supply	361	-	28	389
Multi-Sector and Other	**200**	**-**	**156**	**356**
Multi-Sector				
Urban Development	-	-	156	156
Other	200	-	-	200

APPENDIX II-J

GRANTS APPROVED (NET) BY COUNTRY AND BY FUND (1970 - 2010) ($'000)

Country	Special Development Fund	IDB	Technical Assistance Fund	Other Special Funds	Total
Anguilla	1,141	39	60	707	1,947
Antigua and Barbuda	1,788	54	64	4,516	6,422
Bahamas	758	0	20	100	878
Barbados	1,108	-	112	824	2,044
Belize	15,339	85	166	6,305	21,895
British Virgin Islands	626	-	52	296	974
Cayman Islands	208	-	-	32	240
Dominica	10,500	307	227	15,797	26,831
Grenada	12,076	752	208	7,178	20,214
Guyana	27,518	-	1	6,097	33,616
Haiti	48,654	-	-	-	48,654
Jamaica	10,487	-	-	749	11,236
Montserrat	5,209	78	19	2,711	8,017
St. Kitts and Nevis	7,815	143	239	5,382	13,579
St. Lucia	11,992	316	247	7,527	20,082
St. Vincent and the Grenadines	10,321	763	291	7,051	18,426
Trinidad and Tobago	592	83	-	97	772
Turks and Caicos Islands	2,787	-	77	821	3,685
Regional: LDC Focus	6,914	973	416	4,535	12,838
Regional: MDC Focus	976	-	-	-	976
Regional: LDC/MDC Focus	69,491	6,952	659	24,130	101,232
Total	**246,300**	**10,545**	**2,858**	**94,855**	**354,558**
LDCs	128,456	2,537	1,650	58,323	190,966
MDCs	40,463	83	133	7,867	48,546
Regional	77,381	7,925	1,075	28,665	115,046

APPENDIX II-K

GRANTS APPROVED (NET) BY SECTOR AND BY FUND (1970 - 2010) ($'000)

Sectors	Special Development Fund	IDB	Technical Assistance Fund	Other Special Funds	Total
Total - All Sectors	**246,300**	**10,545**	**2,858**	**94,855**	**354,558**
Agriculture, Forestry and Fishing	**3,272**	**805**	**515**	**1,380**	**5,972**
Crop Farming	2,528	762	383	1,347	5,020
Drainage and Irrigation	120	-	-	-	120
Feeder Roads	145	-	-	-	145
Mixed Farming	389	43	132	3	567
Land Settlement and Rural Development	90	-	-	30	120
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	**1,604**	**1,158**	**45**	**966**	**3,773**
Integrated Tourism Facilities	1,604	1,158	45	966	3,773
Transportation and Communication	**3,169**	**361**	**406**	**3,280**	**7,216**
Transport:					
Road Transport	1,151	24	-	-	1,175
Water Transport	462	-	327	225	1,014
Air Transport	1,075	256	79	3,030	4,440
Communication	481	81	-	25	587

APPENDIX II-K cont'd

GRANTS APPROVED (NET) BY SECTOR AND BY FUND (1970 - 2010) ($'000)

Sectors	Special Development Fund	IDB	Technical Assistance Fund	Other Special Funds	Total
Power, Energy and Water	**3,395**	**-**	**367**	**3,270**	**7,032**
Power and Energy:					
Electric Power	2,123	-	81	88	2,292
Water Supply	1,272	-	286	359	1,917
Alternative Energy		-	-	2,823	2,823
Social Services	**52,656**	**1,658**	**539**	**8,906**	**63,759**
Housing	1,805	-	108	71	1,984
Health	1,849	-	10	309	2,168
Education	49,002	1,658	421	8,526	59,607
Multi-Sector and Other	**181,534**	**6,379**	**722**	**76,465**	**265,100**
Urban Development	9,105	-	-	5,372	14,477
Disaster Rehabilitation	4,036	662	-	1,359	6,057
Distributive Trade	74	-	208	499	781
Structural Adjustment Programme	11,789	-	-	6,400	18,189
Other	156,530	5,717	514	62,835	225,596

APPENDIX II-L

GRANTS APPROVED (NET) BY COUNTRY AND BY YEAR (1970-2010) ($'000)

Country	1970-2004	2005	2006	2007	2008	2009	2010	Total
Anguilla	1,232	41	57	206	202	44	165	1,947
Antigua and Barbuda	5,239	21	44	264	483	0	371	6,422
Bahamas	743	27	22	22	3	24	37	878
Barbados	1,116	136	75	98	81	461	77	2,044
Belize	17,088	-	-	533	3025	220	1029	21,895
British Virgin Islands	926	-	-	-	-	-	-	974
Cayman Islands	176	-	-	12	52	0	0	240
Dominica	22,043	366	54	494	2,508	8	1,358	26,831
Grenada	16,016	269	76	56	2,255	1,009	533	20,214
Guyana	24,555	405	46	28	6,730	1,638	214	33,616
Haiti	-	-	-	10,000	11,055	10,000	17,599	48,654
Jamaica	3,775	124	679	393	5,009	780	476	11,236
Montserrat	6,480	9	105	55	1,108	220	40	8,017
St. Kitts and Nevis	11,693	242	118	22	911	164	429	13,579
St. Lucia	16,788	12	32	8	2,803	129	310	20,082
St. Vincent and the Grenadines	16,079	128	50	12	1,792	61	304	18,426
Trinidad and Tobago	463	7	46	26	18	189	23	772
Turks and Caicos Islands	3,205	8	-	-	437	35	0	3,685
Regional:	0					0	0	0
LDC Focus	11,573	13	34	471	747	0	0	12,838
MDC Focus	826	-	150	-	-	-	-	976
LDC/MDC Focus	55,962	4,661	6,034	8,614	11,416	7,548	6,997	101,232
Total	**215,978**	**6,469**	**7,622**	**21,314**	**50,635**	**22,530**	**30,010**	**354,558**
LDCs	116,965	1,096	536	11,662	26,631	11,890	22,186	190,966
MDCs	30,652	699	868	567	11,841	3,092	827	48,546
Regional	68,361	4,674	6,218	9,085	12,163	7,548	6,997	115,046

Cancellations are applied to the year of approval.

APPENDIX III

RESOLUTIONS OF THE BOARD OF GOVERNORS DURING 2010

No.	Subject	Date of Adoption
1/10	Audited Financial Statements and Reports of Independent Auditors	May 19, 2010
2/10	Allocation of Net Income	May 19, 2010
3/10	Expenses of Governors and Alternates Attending Meetings of the Board of Governors	May 19, 2010
4/10	Increase in Authorised Capital Stock in the Bank and in Subscriptions of Members of the Bank	May 19, 2010
5/10	Selection of External Auditors	May 19, 2010
6/10	Place and Date of Forty-First (2011) Annual Meeting	May 19, 2010
7/10	Election of Officers of the Board of Governors	May 19, 2010
8/10	Retirement of Staff Member	May 20, 2010
9/10	Appreciation	May 20, 2010
10/10	Ad Hoc Amendment of Section 3(c) of the By-Laws of the Bank	October 29, 2010
11/10	Ad Hoc Amendments of Paragraphs 1 of Article 32 and 3 of Article 58 of the Agreement Establishing the Bank	October 29, 2010
12/10	Election of President	October 29, 2010

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
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

BOARD OF GOVERNORS

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, 2010, CDB's Board of Governors was as follows.

Sen. The Hon. Mary King	**Trinidad and Tobago**	**Chairman**
Dr. Juan Carlos Echeverry	**Colombia**	**Vice-Chairman**
The Rt. Hon. Andrew Mitchell	**United Kingdom**	**Vice-Chairman**

COUNTRY GROUP
ANGUILLA, BRITISH VIRGIN ISLANDS, CAYMAN ISLANDS, MONTSERRAT AND TURKS AND CAICOS ISLANDS

GOVERNOR
Hon. Hubert Hughes
Chief Minister
Anguilla

ALTERNATE GOVERNOR
Hon. McKeeva Bush
Premier
Cayman 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. Christopher Sinckler
Minister of Finance

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
Mr. Joseph Waight
Financial Secretary

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
Dr. Juan Carlos Echeverry
Minister of Finance and
Public Credit

ALTERNATE GOVERNOR
Mr. José Darío Uribe
Governor
Banco de la Republica

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. Ronald Baudin
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 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. José Antonio Meade Kuribrena
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
Permanent 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. Mary King
Minister of Planning, Economic
and Social Restructuring
and Gender Affairs

ALTERNATE GOVERNOR
Hon. Stephen Cadiz
Minister of Trade and Industry

COUNTRY
UNITED KINGDOM

GOVERNOR
The Rt. Hon. Andrew Mitchell
Secretary of State for International Development
Department for International Development

ALTERNATE GOVERNOR
Hon. Alan Duncan, M.P.
Parliamentary Under-Secretary of State for
Regional Development Banks
Department for International Development

COUNTRY
VENEZUELA

GOVERNOR
Ms. Edmee Betancourt de Garcia
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

BOARD OF DIRECTORS AND VOTING GROUPS

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, 2010, 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. Vishnu 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
Mrs. Yvonne Hyde	Mr. Neil Smith	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. William Canas	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
Mr. Giorgio Leccesi	Mr. Pablo Facchinei	Italy
Mr. Holger Illi	vacant	Germany
Mr. Zhang Tao	Ms. Wang Lin	People's Republic of China

PRINCIPAL OFFICERS OF CDB

(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 (Ag.)
MR. ADRIAN DEBIQUE

Deputy Director, Finance
MR. DENNIS SMELLIE

Deputy Director, Corporate Planning (Ag.)
MS. MONICA LaBENNETT

Director, Information and Technology Solutions
MR. MARK TAITT

Deputy Director, Information and Technology Solutions
DR. KATHLEEN GORDON

Director, Human Resources and Administration
MR. PHILLIP BROWN

Deputy Director, Human Resources
MISS JENNIFER COURTENAY

General Counsel
MRS. YVETTE LEMONIAS-SEALE

Deputy General Counsel
VACANT

OPERATIONS

Vice-President (Ag.)
DR. WARREN SMITH

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

DEPOSITORIES AND CHANNELS OF COMMUNICATION

COUNTRY	DEPOSITORY	CHANNEL
Anguilla	*ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Permanent Secretary, Finance Office of the Permanent Secretary, Finance P.O. Box 60 The Valley Anguilla
Antigua and Barbuda	ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Permanent Secretary Ministry of External Affairs and Defence St. John's Antigua and Barbuda
The Bahamas	Central Bank of The Bahamas P.O. Box N-4868 Nassau The Bahamas	Financial Secretary Ministry of Finance and Planning P.O. Box 3017 Nassau The Bahamas
Barbados	Central Bank of Barbados P.O. Box 1016 Bridgetown Barbados	Director of Finance and Economic Affairs Ministry of Finance Government Headquarters Bay Street, St. Michael Barbados
Belize	Central Bank of Belize P.O. Box 852 Belize City Belize	Permanent Secretary Ministry of National Development P.O. Box 42, Administrative Building Belmopan Belize

*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