

CARIBBEAN DEVELOPMENT BANK



SPECIAL DEVELOPMENT FUND

**ANNUAL REPORT 2021
AND FINANCIAL PROJECTIONS 2022-2024**

June 2022

CURRENCY EQUIVALENT

[Dollars (\$) throughout refer to United States dollars unless otherwise stated]

ABBREVIATIONS

BIS	-	Beneficiary Information System
BMCs	-	Borrowing Member Countries
bn	-	billion
BNTF 10	-	BNTF Tenth Cycle
BNTF	-	Basic Needs Trust Fund
BSOs	-	Business Support Organisations
CARICOM	-	Caribbean Community
CC	-	Climate Change
CCEP	-	Caribbean Centre for Educational Planning
CCRIF-SPC	-	Caribbean Catastrophe Risk Insurance Facility-Segregated Portfolio Company
CDB/the Bank	-	Caribbean Development Bank
CDEMA	-	Caribbean Disaster Emergency Management Agency
CES	-	Country Engagement Strategies
CIGAD	-	Caribbean Institute in Gender and Development Studies
CIIF	-	Cultural and Creative Industries Innovation Fund
CSME	-	CARICOM Single Market and Economy
CTCS	-	Caribbean Technological Consultancy Services
DFIs	-	Development Finance Institutions
DRF	-	Disaster Risk Financing
DRM	-	Disaster Risk Management
DSSI	-	Debt Service Support Initiative
EE	-	Energy Efficiency
GBV	-	Gender-based Violence
GDP	-	Gross Domestic Product
GE	-	Gender Equality
GEAP	-	Gender Equality Action Plan
GOH	-	Government of Haiti
HCO	-	Haiti Country Office
ICT	-	Information and Communication Technology
km	-	kilometres
LDC	-	Less Developed Country
LIDAR	-	Light Detection and Ranging
MARNDR	-	Ministry of Agriculture and Natural Resources
MDC	-	More Developed Countries
mn	-	million
MOEs	-	Ministries of Education
MSME	-	Micro, Small and Medium-sized Enterprise
NDM	-	Natural Disaster Management
OCR	-	Ordinary Capital Resources
OECS	-	Organisation of Eastern Caribbean States
PBA	-	Performance-based Allocation
PBL	-	Policy-based Loan
PCR	-	Project Completion Reports
PCs	-	Participating Countries

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PPI	-	Project Performance Index
PPP	-	Public-private Partnership
PRISM	-	Project Resource Interface for Systematic Management
PSR	-	Project Supervision Reports
PWDs	-	Persons with Disabilities
RCI	-	Regional Cooperation and Integration
RE	-	Renewable Energy
RMF	-	Results Monitoring Framework
RPGs	-	Regional Public Goods
SARS CoV 2	-	COVID-19
SDF	-	Special Development Fund
SDF (U)	-	Special Development Fund (Unified)
SDF 10	-	Special Development Fund (Tenth Cycle)
SDF 8	-	Special Development Fund (Eighth Cycle)
SDF 9	-	Special Development Fund (Ninth Cycle)
SDGs	-	Sustainable Development Goals
TA	-	Technical Assistance
TDD	-	Terminal Disbursement Date
TVET	-	Technical and Vocational Education and Training
UWI	-	University of the West Indies

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EXECUTIVE SUMMARY

1. The signature achievement of the Special Development Fund (SDF/the Fund) in 2021 was the \$383 million (mn) replenishment for the Tenth Cycle of SDF (SDF 10) to support regional resilience-building – a necessary condition for Borrowing Member Countries (BMCs) to achieve inclusive socio-economic development and reduce inequalities. The substantial replenishment is also an important demonstration of the confidence shareholders have in the Bank’s ability to deliver on its poverty reduction mandate.

2. The operational performance in 2021 reflected the responsiveness of the Fund in addressing key challenges confronting the Region. This included mitigating the impact of natural hazards and the SARS CoV 2 (COVID-19) pandemic, as well as addressing long-standing structural issues such as stubborn pockets of poverty, implementation capacity deficits and the lack of competitiveness. Consequently, total commitments in 2021 amounted to \$60.7 mn of which \$9.5 mn were loans and \$51.2 mn were grants. However, a few factors constrained performance of the SDF in the first year of the programme. The first is structural to the SDF, as performance is usually muted in the initial year of the cycle while countries formulate the use of SDF resources against new allocations, themes and set-asides. Second, was the impact of the pandemic as mitigation measures such as stay-at-home orders and national lockdowns hindered both project appraisal and implementation. Highlights of SDF 10 results are shown in the graphic below.

3. In December the Basic Needs Trust Fund (BNTF) of the Caribbean Development Bank (CDB/the Bank) launched its Tenth Cycle (BNTF 10) with over \$47 mn^{1/} committed to supporting projects in nine countries^{2/}. BNTF 10 aims to improve access to quality education, water and sanitation, basic community access and drainage, livelihoods enhancement and human resource development. Already, the nine participating countries (PCs) have submitted their country policy frameworks to guide the utilisation of resources. With respect to disbursements, outlays were still taking place under BNTF 9 and were less than anticipated as they continued to be stymied by COVID-19 protocols. Nevertheless, through robust engagement and the seizing of opportunities to advance work when restrictions were lifted, by the end of the year, BNTF was able to achieve results which included: 1,251 students (of which 444 females) who benefitted from resilient, modern infrastructure and improving the learning environment; and 373 households who also benefitted from improved water supply and sanitation services

4. Given the continued adverse impact of COVID-19 on micro, small and medium-sized enterprises (MSMEs) and livelihoods in the Region, CDB recognised that there was a critical need to promote entrepreneurship and to support firms to not only stay in business but to grow, innovate and enter new sectors and markets. Consequently, in 2021, CDB approved \$1.832 mn under its Caribbean Technological Consultancy Services (CTCS) Network to provide technical assistance (TA) to MSMEs in areas relating to youth entrepreneurship; general management and business development; digitisation and technology application for resilience building; and facilitating access to markets and finance.

5. The financial performance of the SDF in 2021 was generally favourable. At \$12.6 mn, loan income was at its highest level to date on account of the increasing portfolio of the SDF. Administrative expenses also registered improvement following the extraordinary increase in 2020 occasioned by the Transformation Programme. Additionally, the continuation of hybrid working arrangements which saw reduced activity at Headquarters also contributed to the decline in expenses. Offsetting these developments was the reduction in investment income due to: the general low interest rate environment and the recording of \$7.5 mn in unrealised losses; which resulted in a net income loss of \$7.3 mn in 2021. Loans outstanding recorded a third consecutive year of increase on account of relatively high disbursement levels associated

^{1/}This comprises \$40 mn from the set-aside and \$7 mn from government counterpart resources.

^{2/}Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, Saint Lucia, St. Vincent and the Grenadines and Suriname.

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with the Debt Service Support Initiative (DSSI) and to a lesser extent, investment loans. Similarly, the above-average disbursement performance in 2021 also contributed to the decline in undisbursed balances following the increase in 2020 associated with the COVID-19 response initiative.

GRAPHIC: SDF IN 2021 RESULTS HIGHLIGHTS



SUMMARY DATA SHEET (2017-2021)

Item	2017	2018	2019	2020	2021
1. Resources					
No. of Contributors at Year-End	28	28	28	28	28
Historical Value of resources pledged (\$ mn)	1,412.8	1,412.8	1,412.8	1,419.3	1607.5
Amount of Resources made available (\$ mn)	1,210.9	1,261.8	1,288.6	1,325.3	1360.2
Accumulated Net Income (including currency adjustments)	46.9	46.9	55.5	64.6	56.6
Amount of Resources not yet made available (\$ mn)	105.1	71.4	34.1	2.2	34.4
Contributed Resources and Reserves (\$ mn)	1362.8	1,380.1	1378.1	1,392.2	1451.2
Amount of Resources approved but not yet effective (\$ mn)	41.7	41.7	29.0	29.0	45.8
Size of Fund (\$ mn)	1,404.5	1,421.8	1,407.1	1421.1	1497
of which allocation for grant programmes - Haiti, TA and BNTF (\$ mn)	485.4	515.1	544.9	574.6	607.6
Operating lending limit (\$ mn)	919.2	906.7	891.0	846.5	889.4
Loan commitments (Signed agreements less repayments) (\$ mn)	771.4	779.5	735.2	803.6	799.5
Commitments as % of operating lending limit	83.9	86.0	85.7	94.9	89.9
2. Loans and Grants					
Value of loan approvals during year (\$ mn)	21.5	21.6	10.5	173.0	9.5
No. of loans approved during year incl. TA Loans	9	6	2	17	3
Average size of SDF (U) Loans (\$ mn)	2.4	3.6	5.3	10.2	3.2
Cumulative loan approvals at year-end (\$ mn)	1,291.6	1,313.2	1,323.7	1,496.4	1505.9
Value of loan cancellations during year (\$ mn)	7.6	0.4	34.9	2.0	8.9
Cumulative loan cancellations (\$ mn)	81.0	81.4	116.3	118.3	127.2
Cumulative net loan approvals at year-end (\$ mn)	1,210.6	1,231.8	1,207.4	1,378.1	1378.7
Grant approvals for the year (\$ mn)	74.3	11.9	7.7	22.5	51.2
Value of Grant cancellations during year (\$ mn)	0.0	0.9	0.4	0.1	0.1
Cumulative net grant approvals at year-end (\$ mn)	493.0	504.0	511.3	533.6	584.7
Total net cumulative approvals (\$ mn)	1,703.6	1,735.8	1718.7	1,911.7	1963.4
3. Resource Flows (\$ mn)					
Disbursements on loans during year	30.0	21.8	32.2	87.3	59.3
Disbursements on grants during year (including BNTF)	31.6	20.1	27.8	27.4	35.5
Debt service from borrowers	47.1	47.2	48.9	50.1	51.3
(of which repayments)	30.1	29.6	30.0	31.6	34.3
Net transfers during year	14.5	(5.3)	11.1	64.6	43.5
Cumulative net transfers	578.5	573.2	584.3	649.0	692.5
4. Financial Summary					
Administrative expenses (\$ mn)	20.1	16.2	15.4	16.5	15.7
Net income (\$ mn)	(4.6)	0.1	8.5	8.5	(7.3)
Gross Loans Outstanding (\$ mn)	543.0	535.2	537.4	593.2	618.3
Administrative expenses/Average loans outstanding (%)	3.7	3.0	2.9	2.8	2.6
Interest earned on average loans outstanding (%)	3.1	3.3	3.5	3.3	2.8

SDF 10 OPERATIONAL STRATEGY

The operational strategy for SDF 10 has, at its core, the principle of inclusivity while promoting poverty reduction through sustainable growth and development. SDF 10 was formulated within the context of a far-reaching international development agenda through agreements reached on the Sustainable Development Goals (SDGs); Climate Change (CC) at the United Nations Conference of Parties (Paris), Financing for Development (Addis Abba Action Agenda), SAMOA Pathways and the Sendai Framework for Disaster Risk Reduction. While these agreements form the broad strategic framework for the SDF 10, the programme was also influenced by a number of on-going developments in the international and regional economy. In particular, SDF 10 was framed against the background of the COVID-19 pandemic which has caused considerable global economic and social shock, with implications that have the potential to greatly undermine resilience-building efforts in the economic and social spheres; a rapidly changing international environment characterised by rising geo-political uncertainty; and growing protectionism alongside a general increase in populism.

The Tenth Cycle has three core, and four cross-cutting themes. Given limited resources, and the existence of other partners in the development space, selectivity and focus were guiding principles in arriving at the key themes. It was also determined that development effectiveness could be enhanced, and the risk of duplication reduced, through partnerships with other key stakeholders, and by adopting regional solutions, where appropriate. Consequently, the core themes are:

1. ***Building Social Resilience and Leaving No-one Behind***, which includes a focus on the Bank's core areas of comparative advantage, such as social infrastructure, education and training, and initiatives geared toward capacity building; as well as youth development; agriculture and rural development; and water and sanitation.
2. ***Building Economic Resilience for Inclusive Growth***, which encompasses economic infrastructure; private sector development inclusive of MSMEs; and support for blue economy initiatives.
3. ***Building Environmental Resilience***, which comprises environmental management, climate adaptation and mitigation, disaster risk management (DRM) and promoting sustainable energy [renewable energy (RE)/energy efficiency (EE)] solutions.

Cross-Cutting Themes

The cross-cutting themes are gender equality (GE), good governance, regional cooperation and integration (RCI) and digitalisation.

Other Strategic Issues

Haiti Programme

The Bank will provide further support for Haiti as a country with special development concerns.

BNTF

The Bank will continue to advance the work of BNTF through the allocation under SDF 10. It will support PCs in their efforts to improve access to quality education, water and sanitation, basic community access and drainage, livelihoods enhancement and human resource development services in low-income and vulnerable communities.

CTCS Network

This is the Bank's flagship programme to improve technical and managerial support in MSMEs. It provides targeted support to micro-enterprises and institutional strengthening of business support organisations (BSOs).

Development Effectiveness and Reporting on Results

This focuses on enhancing capacity to develop and implement SDF 10 priorities, as well as undertake programme and country strategy evaluations.

1. INTRODUCTION

1.01 The 2021 Annual Report of the SDF (Unified) SDF (U) is the first review of the Tenth Cycle of the SDF (SDF 10) which runs from 2021 to 2024. The Report examines the outturn of the SDF in 2021 relative to 2020 and other years as feasible in order to better contextualise performance. It highlights key developments and milestones in the operationalisation of the Fund and showcases the performance of programmes funded exclusively by the SDF, namely the CTCS, BNTF and Haiti.

1.02 The SDF is indispensable in the aid architecture of the Region. It has allowed the Bank to support the BMCs in directly addressing issues related to poverty and inequality, sustainable development, governance and capacity development, gender inequalities, environmental sustainability, CC, DRM and important work associated with RCI. Since its inception the Fund has approved over \$2 billion (bn) and disbursed over \$1 bn in support of Regional development.

1.03 A major accomplishment of the SDF was the successful conclusion of negotiations for the tenth cycle (SDF 10). In 2021, Contributors approved a \$383 mn programme for the SDF 10, up from the \$355 mn for the SDF Ninth Cycle (SDF 9) and on terms that are even more concessional. Set against the backdrop of the debilitating COVID-19 pandemic, growing CC-related risks, heightened geopolitical tensions and rising populism, SDF 10 adopted resilience as the underlying objective. This was deemed necessary in order to provide a stable platform for sustainable growth and development and help the Region to break the cycle of “build, destroy rebuild”.

1.04 The increased concessionality of SDF 10 responded to the immense financing needs of the Region occasioned by the advent of the COVID-19 pandemic which decimated lives and livelihoods. Lower revenue intakes on account of border closures and stay-at-home orders combined with economic stimulus and welfare measures to mitigate the impact on poor and vulnerable persons had led to a widening in overall deficits and a notable increase in debt. Consequently, Contributors to SDF 10 agreed to:

- (a) a reduction in the lending rate for Group 2^{3/} and Group 3 countries from 1% to 0.75%; and
- (b) an increase in the maximum overall maturity period of loans:
 - (i) from 20 years to 25 years in respect of Group 1 countries;
 - (ii) from 25 years to 35 years in respect of Group 2 countries; and
 - (iii) from 30 years to 40 years in respect of Group 3 countries.

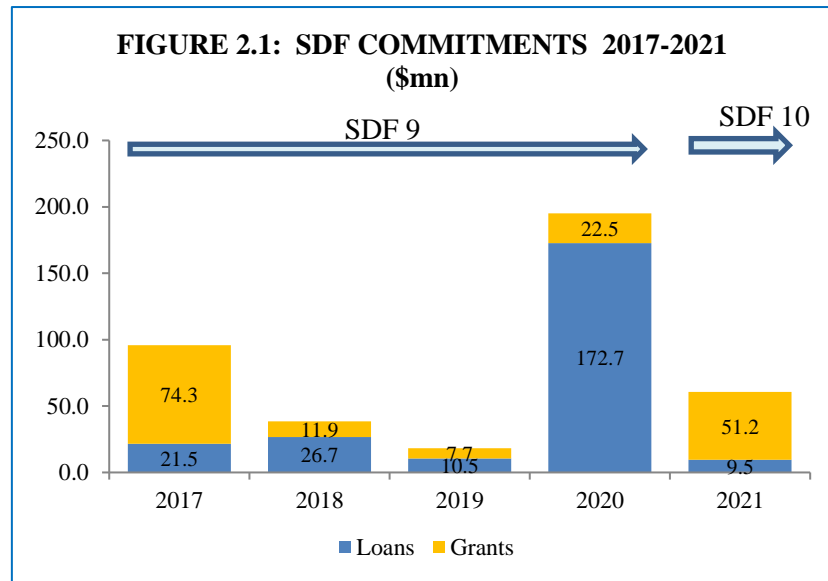
1.05 To allow for rigorous and systematic analysis of SDF, the rest of the report is configured as follows. Section 2 analyses the operational performance of the Fund in the first year of the cycle. Section 3 reports on development results achieved to date. Section 4 reports on programme levels and financial resources available during the Tenth Cycle and the final section discusses the financial performance of the Fund for 2021 and makes projections for the period 2022-2024.

^{3/}Group 1 – Anguilla, Antigua and Barbuda, The Bahamas, Barbados, Virgin Islands, Cayman Islands, Montserrat, St. Kitts and Nevis, Trinidad and Tobago, Turks and Caicos. Group 2 – Belize, Dominica, Guyana, Grenada, Jamaica, Saint Lucia, St. Vincent and the Grenadines, Suriname. Group 3 - Haiti

2. OPERATIONAL PERFORMANCE OF SDF 10 IN 2021

2.01 This chapter examines the progress of the SDF in several key dimensions. It analyses the performance of SDF approvals against the operational themes and set-asides agreed to by the Contributors for SDF 10. The chapter also assesses the disbursement performance as an important initial metric for the delivery of future development outcomes and highlights key achievements under the Bank’s grants-only operations, namely BNTF, CTCS and the Haiti Programme. Finally, it discusses the SDF portfolio, with special emphasis on those projects flagged “at risk.”

2.02 The SDF continued to show its relevance by responding to development challenges that could derail poverty reduction efforts and exacerbate inequality. In 2021, SDF interventions sought to mitigate the impact of natural hazards and the pandemic, as well as address long-standing structural issues such as stubborn pockets of poverty, implementation capacity and competitiveness. However, a few factors constrained performance of the SDF. The first is structural, as SDF operational performance is usually muted in the initial year of the cycle while countries formulate the use of SDF resources against new allocations, themes and set-asides. Second, was the impact of the pandemic as mitigation measures such as stay-at-home orders and national lockdowns hindered both project appraisal and implementation. Consequently, total commitments in 2021 amounted to \$60.7 mn compared with the COVID-19 related peak of \$195.2 mn in 2020. See Figure 2.1.



2.03 Loan commitments of \$9.5 mn were dominated by response to natural hazards in two BMCs. In St. Vincent and the Grenadines, \$5 mn was allocated to address the fall-out from the eruption of the La Soufriere volcano and in Belize, another \$2.5 mn was approved to respond to the impact of Hurricanes Eta and Iota. (Please see video below). SDF loan resources were also used to finance a digital transformation project at the University of the West Indies (UWI) to strengthen its delivery of teaching, learning and research, as well as its operational efficiency, resilience and global competitiveness.

2.04 Total grant commitments reached \$51.2 mn in 2021 largely on account of the one-off approval of \$40 mn to BNTF, the Bank’s flagship poverty reduction programme. BNTF 10 will support its nine PCs to improve access to quality education, water and sanitation, basic community access and drainage, livelihoods enhancement and human resource development services in low-income and vulnerable communities. Other noteworthy SDF grant interventions were in support of the Haiti programme, private sector development and emergency assistance to St. Vincent and the Grenadines (see Table 2.1).

CDB RESPONSE TO THE LA SOUFRIERE ERUPTION



TABLE 2.1: ANNUAL COMMITMENTS
(\$'mn)

Item	SDF 9						2021	SDF 10 % of Allocation	Indicative Allocation
	2017	2018	2019	2020	Total	Average			
Loan Commitments	21.5	26.7	10.5	173.0	231.7	57.9	9.5	3.8	251
Grant Commitments:									
Haiti	24.1	3.0	3.0	13.8	43.9	11.0	7.5	16.8	45.0
BNTF	40.0	0.0	0.0	0.0	40.0	-	40.0	100.0	40.0
TA of which:									
Capacity building	1.2	2.7	1.2	3.9	8.9	2.2	1.2	10.3	12.0
CTCS	0.8	1.1	0.7	0.4	3.0	0.7	-	-	-
Agriculture and Rural Development	1.3	0.1	0.1	1.3	2.8	0.7	-	-	-
Environmental Resilience					-	-	0.3	1.7	18.0
Environmental Sustainability, CC and Sustainable Energy	0.9	1.9	0.1	0.0	3.0	0.7	-	-	-
Disaster response	1.6	0.6	0.4	0.0	2.7	0.7	-	-	-
Private Sector Development							2.0	13.2	15.0
RCI and Regional Public Goods (RPG)	1.8	1.3	0.6	0.3	3.9	1.0	-	-	-
Private Sector Enabling Environment	0.6	0.3	0.1	1.2	2.3	0.6	-	-	-
BMCs Capacity Building (Statistics and governance)	2.0	0.8	1.5	1.6	6.0	1.5	-	-	-
Gender					-	-	0.1	6.4	2.0
Total Grant Commitments	74.3	11.9	7.7	22.5	116.4	29.1	51.2	38.8	132.0
Total Commitments	95.8	38.6	18.2	195.5	348.2	87.0	60.7	15.8	383.0

Disbursements

2.05 Although somewhat lower than the exceptional outturn in 2020, the SDF recorded an above-average disbursement performance in 2021. Loan disbursements were relatively robust in 2021 buoyed by outlays of \$31.2 mn to seven BMCs under the Bank’s DSSI. The DSSI, which came to an end in 2021, was one component of the Bank’s COVID-19 response programme, and provided liquidity support to countries experiencing acute revenue shortfalls concomitantly with increased demands for resources to mitigate the social and economic fall-out from the pandemic. Other noteworthy disbursements were to increase the reliability and supply of water in Vieux Fort, Saint Lucia (\$3 mn), to enhance the capacity of St. Vincent and the Grenadines to manage risk reduction and CC impacts (\$2.7 mn), to improve integrated solid waste management in Grenada (\$2 mn) and to improve reliability, efficiency and safety of the Philip Goldson Highway in Belize (\$1.3 mn). (See Table 2.2 below).

2.06 Grant outlays were primarily for the Bank’s leading poverty reduction initiatives, namely the Haiti and BNTF programmes. Disbursements under BNTF sought to advance projects approved in BNTF 9 while disbursements under the Haiti programme, were in support of technical and vocational education, community-based agriculture and rural development (CBARD) and basic education. Other major grant disbursements aimed to enhance the Region’s resilience to CC impacts, and were primarily in support of a framework for climate-smart agriculture, an institutional assessment and preparation of a strategic plan for the Caribbean Community Climate Change Centre and emergency assistance to St. Vincent and the Grenadines following the eruption of the volcano.

TABLE 2.2: ANNUAL DISBURSEMENTS
(\$’mn)

Item	SDF 9						SDF 10
	2017	2018	2019	2020	Total	Annual Average	2021
Loan Disbursements	30.0	21.8	32.2	87.3	171.3	42.8	59.3
Grant Disbursements							
TA	5.6	10.5	10.3	6.9	33.3	8.3	6.2
Haiti	8.6	4.2	8.0	7.9	28.6	7.2	16.6
BNTF	16.7	5.4	9.6	12.6	44.3	11.1	12.7
Total Grant Disbursements	30.9	20.1	27.9	27.4	106.2	26.6	35.5
Total Disbursements	60.9	41.8	60.1	114.7	277.5	69.4	94.8

SDF 10 Thematic and Programme Highlights

2.07 This section of the report analyses SDF performance in 2021 against the agreed-upon core and cross-cutting themes. These themes provide the strategic anchor for the SDF and were designed to assist BMCs in addressing deep-seated development challenges and underlying vulnerabilities. The core themes for SDF 10 are:

- (a) ***Building Social Resilience and Leaving No-one Behind***; which includes a focus on the Bank’s core areas of comparative advantage, such as social infrastructure, education and training, and initiatives geared toward capacity building; as well as youth development; agriculture and rural development; and water and sanitation.

- (b) ***Building Economic Resilience for Inclusive Growth***; which encompasses economic infrastructure; private sector development inclusive of MSMEs; and support for blue economy initiatives.
- (c) ***Promoting regional cooperation and support for RPGs***; which comprises environmental management, climate adaptation and mitigation, DRM and promoting sustainable energy (RE/EE) solutions.

2.08 These are supported by the cross-cutting areas of **GE, good governance, digitalisation, and RCI** which are important in ensuring the comprehensiveness of the SDF’s programmes and initiatives.

2.09 At 70.2% of total commitments, the majority of approvals were consistent with the theme of building social resilience and leaving no-one behind, followed by building environmental resilience (24.6%) and building economic resilience for inclusive growth (2.9%). The cross-cutting areas accounted for approximately 2.2% of commitments in 2021. This overall distribution is broadly consistent with the indicative allocation or initial expectations at the start of the cycle. (See Table 2.3 below).

TABLE 2.3: SDF 10 STRATEGIC OPERATIONAL THEMES (2021)
(‘mn)

	Loans	Grants	Total Commitments	% of Total Commitments	% of Indicative allocation	Indicative Allocation (loans and grants)
Building Social Resilience and Leaving No-one Behind	2.0	40.6	42.6	70.2	20.2	211.0
Building Economic Resilience for Inclusive Growth	0.0	1.8	1.8	2.9	2.6	70.0
Building Environmental Resilience	7.5	7.4	14.9	24.6	18.7	80.0
Cross-cutting Areas:						
<i>GE</i>	-	0.1	0.1	0.2	5.0	2.0
<i>Good Governance</i>	-	1.2	1.2	2.0	6.0	20.0
Total	9.5	51.2	60.7	100.0	15.8	383.0

Building Social Resilience and Leaving No-one Behind



2.10 Building social resilience and leaving no one behind is at the heart of the SDF and core to the SDGs. Interventions under this theme seek to build the coping, adaptive and transformative capacities of individuals, households, groups, communities to sustain their well-being. With anecdotal evidence suggesting that these capacities deteriorated during the COVID-19 pandemic, focus on these areas took on increased importance in 2021.

2.11 BNTF commenced its 10th cycle in 2021 with an allocation of \$40 mn. Over the next four years, the programme will assist the nine PCs (Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, Saint Lucia, St. Vincent and the Grenadines and Suriname) to implement projects aimed at improving access to quality education, water and sanitation, basic community access and drainage, livelihoods enhancement and human resource development services in low-income and vulnerable communities. Cognisant of the pandemic's impact on PCs, BNTF 10 will include measures to make social infrastructure COVID-19 ready and increase the focus on initiatives in the area of livelihoods and economic empowerment, particularly targeted towards women and youth.

2.12 Another signature intervention under this rubric, was a loan to UWI for a digital transformation project to strengthen the institution's delivery of teaching, learning and research, as well as its operational efficiency, resilience and global competitiveness. The assistance comprises expansion and upgrade of UWI's Information and Communication Technology (ICT) infrastructure, institutional strengthening for key digital systems and resources, including a gender analysis of UWI Digital Transformation Programme and capacity-building for enhanced service delivery and security of digital systems and processes.

Building Economic Resilience for Inclusive Growth



2.13 CDB's interventions under this theme are geared toward limiting the magnitude of production losses arising from an economic shock over the medium to long term and strengthening BMC's capacity to recover from that setback. While the Bank's interventions during the year encompassed efforts to improve the operational capacity of MSMEs and increase access to finance, the most notable interventions were geared towards trade facilitation.

2.14 One such project aimed at facilitating trade was to the Government of Belize, where the Bank provided support to conduct a feasibility study on the technical, legal, and financial requirements for the establishment of an electronic single window facility. This facility will allow for electronic transactions

among traders, trade operators and agents, and trade-related government agencies, as well as facilitate data exchange and interoperability among trade-related government agencies in the processing and issuance of trade licenses. As part of the assistance the Bank also provided support for the conduct of a time release study which will identify the main bottlenecks in the clearance processes and provide a schedule of priorities and budget necessary to improve the efficiency of clearance process in Belize.

2.15 During the year, the Bank partnered with NUDGE Caribbean, a regional programme aimed at connecting MSMEs to resources and potential markets in traditional and digital market spaces. The project, facilitated through the Bank's CTCS programme is designed to assist MSMEs in Trinidad and Tobago, Barbados, and Saint Lucia to increase their access to markets through several Massy stores, which are operated by the Massy Group, a leading group of regional retail and distribution companies. Key elements of the project included: (i) the establishment of additional linkages within the MSME ecosystem; (ii) the selection of entrepreneurs whose products would be targeted for in-store display and online marketing of their products and related training on how to promote products and services through digital and social media platforms; (iii) deployment of business support consultants to deliver assistance; and (iv) data collection, monitoring, evaluation, and documentation to ensure that MSMEs are able to incorporate robust evidence-based feedback into their operations to enhance productivity and competitiveness.

Building Environmental Resilience



2.16 Environmental resilience is a key tenet of SDF 10. In particular, natural hazard-related disaster risks present one of the most serious threats to the sustainable development of the Caribbean. Available data suggest that direct physical damage for the 2009-2019 period totalled \$26 bn^{4/}, with the poor and socially vulnerable are disproportionately affected due to their relatively higher sensitivity and lower ability to cope and recover from disaster events.

2.17 The Bank's support under this rubric comprised assistance to St. Vincent and the Grenadines to address the immediate fall-out from the volcanic eruption, and to Belize to mitigate the impact of Hurricanes Iota and Eta in 2020. The loan of \$2.5 mn to Belize allowed for the emergency restoration works and included repairs to: (a) sugar cane roads and culverts in Orange Walk and Corozal Districts, and village roads in Cayo District; and (b) road and drainage works on the George Price Highway; a large section of road surface on the Philip Goldson Highway; and access roads, roadside drains, culverts, and bridges in Belize and Cayo Districts. The assistance minimised the social and economic dislocation caused by Hurricanes Eta and Iota and provided the authorities with the opportunity to better define requirements for the long-term reconstruction effort, through the reinstatement of some access to critically affected areas.

2.18 The Bank continued to support Haiti's DRM efforts through annual payment of its Caribbean Catastrophe Risk Insurance Facility (CCRIF) insurance coverage. The Bank's support of \$6.9 mn in 2021 represents a notable increase from previous years. The stepped-up support was based on the particularly devastating and unusual circumstances which placed an extraordinary burden on public finances. In 2021, while still dealing with the effects of the previous natural hazards and the COVID-19 pandemic, Haiti suffered a 7.2 magnitude earthquake, which resulted in the deaths of 2,248 persons and displaced some 690,000 persons. This event triggered a CCRIF disbursement of \$40mn, the largest single payout by the

^{4/} Source: Emergency Events Database (EMDAT) and United Nations Office for the Coordination of Humanitarian Affairs (March 2020), "Natural Disasters in Latin America and the Caribbean 2000-2019".

facility. The support the Bank provides through this payment is a key element of the country's DRR programme and risk financing strategy.

2.19 SDF continued to play an integral role in supporting the Region's participation at the United Nations Framework Convention on Climate Change Conference of Parties (COP). In 2021, for COP 26, SDF assisted the Caribbean Community (CARICOM) Member States to secure a pavilion to showcase the work done in the Caribbean. Establishing a CARICOM Pavilion facilitated access to a physical common meeting space for Caribbean negotiators, ministers and other delegates to caucus, host meetings, share information, convene panel discussions on varying topics of interest. It also allowed delegates from other countries and regions, and representatives from international and other agencies, to be better sensitised to the issues faced by the Caribbean. This helped to strengthen the positions of Caribbean negotiators through alliances, and effective and impactful presentations. The project also supported the participation of Caribbean youth and a media campaign pre-COP 26 and during COP 26 to raise awareness internationally and within the Region about CC challenges faced by the Region and to broadcast the Caribbean's negotiating positions and outcomes.



Panel Discussion at COP 26

Governance



2.20 The Bank has long recognised that good governance in the form of strong policies that are transparent and inclusive coupled with robust institutions lead to better long-term sustainable development outcomes. One of the Bank’s signature engagements in 2021 was the advancement of public procurement reform in the Organisation of Eastern Caribbean States (OECS) member countries. Specific components of the assistance included: (i) the finalisation of modern public procurement laws and regulations, which will provide the framework required for efficient provision of public goods and services, while incorporating national priorities such as gender, MSME and CC considerations, and relatedly, assistance to support the operationalisation of the frameworks; (ii) the adoption of e-procurement which provides the opportunity for more efficient and auditable processes that encourage greater participation by MSMEs and the use of data analytics to inform better decision making and oversight; (iii) the deepening of procurement professionalisation to help ensure that OECS BMCs have the necessary procurement professionals in public service to operationalise the new procurement laws and regulations; and (iv) building capacity for gender-responsive public procurement in the form of gender mainstreaming to ensure a more equitable distribution of public resources.

2.21 Cognisant that building inclusive, healthy, resilient and sustainable urban spaces requires an integrated policy approach, the Bank continues to seek out opportunities to support capacity-building in the Region’s urban sector. In 2021, the Bank supported the 10th Caribbean Urban Forums conference, the outcomes of which were: (a) enhanced capacity of staff in planning ministries and civil society organisations to plan sustainable urban development initiatives which are consistent with CDB’s Urban Sector Strategy and Operational Guidelines and draft Urban Sector Policy and Strategy; and (b) a strengthened portfolio of urban sector programmes and projects identified and prepared for CDB financing.

2.22 Ministries of Education (MOEs) have made a concerted effort to adopt a systematic and strategic approach to the development of education systems, led by education planning units. While some staff have had training in the fundamentals of education planning, others require such training to enhance their competencies and conceptual knowledge to support MOEs’ thrust for the achievement of the development outcomes consistent with the SDG agenda, in particular SDG 4. Against this backdrop, the Bank provided training for education statisticians and education planners at the Caribbean Centre for Educational Planning (CCEP), UWI on the fundamentals of education planning. The course included a focus on cross-cutting themes including ‘crisis-sensitive’ education planning and how to integrate GE and social inclusion education sector planning and how education systems can act explicitly to eliminate gender bias and discrimination. Following the training, CDB will also support the preparation of a gender-responsive CCEP Strategic Plan (2022-2025) so that CCEP core staff are better able to guide the preparation of the strategic plan, having developed and enhanced conceptual understanding of, and technical competence in, educational planning.

Gender Equality



2.23 The Bank has long recognised the importance of mainstreaming gender considerations to maximise the development impact of projects including the minimisation of any potential adverse effects from Bank interventions. In 2021, approximately 88% of the Bank’s SDF-funded interventions had explicitly incorporated gender concerns (from marginally mainstreamed to gender specific). The Bank continued its support for the Caribbean Institute in Gender and Development Studies (CIGAD) which administers a certificate programme that aims to promote the well-being of women and men by: (i) promoting awareness of the linkage between gender and development; and (ii) imparting the skills of gender analysis by introducing participants to the theoretical and methodological approaches to gender relations. The assistance will be provided in three phases. In Phase I, participants will take online curricula through Cave Hill Campus, UWI, for a four-week period of intensive, interactive learning and sharing. Sessions will be led by regional experts drawn from the University, regional development institutions and grassroots activists. In Phase II, participants will complete six weeks of fieldwork in their respective countries. In Phase III, the CIGAD Seed Grants Programme intends to *inter alia*, fund pilot innovative initiatives developed by CIGAD participants.

2.24 During the year, the Bank, in conjunction with UNWomen, conducted a virtual seminar under the theme “*Innovating to Address Gender-based Violence*”. With survey results from five countries suggesting that between 28% and 38% of women have experienced physical and or sexual violence from a partner in their lifetime, the seminar provided a useful opportunity for stakeholders to share innovative, culturally responsive ideas and best practices for tackling gender-based violence (GBV). It brought together over 200 registered participants from regional and international development agencies, national gender machinery, and civil society to take stock of current initiatives in the Region to advance women’s leadership and GE, and to develop strategies to mainstream this focus in national sustainable development efforts. At the end of the session the Bank pledged to support the elimination of GBV by: (i) identifying good practices within the Caribbean that could be scaled to address GBV; (ii) launching a policy brief series on addressing GBV using innovative approaches; (iii) developing a video series to document stories on Caribbean GBV practices and lessons learned; and (iv) invest and sustain new and existing innovative practices and research in coordination with other development agencies, governments, the private sector and civil society groups.



CDB in Haiti

2.25 Haiti is regarded as a country with tremendous economic potential but with severe structural limitations. Advantages such as its close proximity to a major developed market, youthful population, large diaspora and sizeable physical and cultural assets have been overshadowed by the country's long history of political instability, severe institutional weaknesses, extreme vulnerability to a wide range of shocks, and repeated fiscal crises. The year 2021 was particularly challenging for Haiti. In addition to addressing the impact of the COVID-19 pandemic, the country also had to grapple with a devastating earthquake of magnitude 7.2 on the Richter scale, a direct hit from Tropical Storm Grace and the assassination of President Moïse. Most notably, these developments have contributed to a reduction in economic activity, high youth unemployment, an escalation in violence and displacement and an increase in food insecurity.

2.26 Against this backdrop, the Bank's work in Haiti takes on even greater importance. The Bank's portfolio of investment projects comprises interventions geared towards enhancing access to quality education, supporting CBARD; strengthening DRM and promoting culture and creative industries. This is complemented by TA to enhance governance, advance uptake of RE, promote youth entrepreneurship and sanitation. (See Box 2.1 below).

2.27 The Haiti Country Office (HCO) was established in 2018 to better respond to the needs of its most vulnerable member. The main responsibilities of the HCO fall under two pillars: (i) coordinating the Bank's aid and providing project implementation support; and (ii) strengthening relationships with key stakeholders.

Pillar 1: Coordinating the Bank's aid and providing project implementation support

Education and Training

2.28 Approved in 2017, the Quality Enhancement in Public Education Project was part of a wider programme of support for enhancement of basic education in Haiti. In conjunction with the World Bank the project supported the implementation of key elements of the Government of Haiti's (GOH) mandate for education by increasing access to quality education through the availability of additional publicly funded places, enhanced non-public support, and improved capacity for school/sector leadership and instructional effectiveness. To date, the project has achieved the following notable outcomes:

- (a) Distribution of health kits to support 90,000 students sitting the final State Examinations in secondary education in July 2021.
- (b) Extension of the school feeding programme to include 650 secondary school students in Port-au-Prince.
- (c) Extension of the Tuition Subsidy Program to benefit secondary education students – 820 students in the West Department, 150 students in the Centre Department, and more than 1,400 students in Grand'Anse, a Department affected by the August 14, 2021 earthquake. Approximately 55% of the beneficiaries are women/girls.



Students sitting National Secondary Education Examinations, July 2021

Community-Based Agriculture and Rural Development

2.29 Implementation of the CBARD I Project is proceeding apace. Planned watershed protection works on all approved sub-projects were completed and construction and rehabilitation of the irrigated perimeters is nearing completion – directly benefiting approximately 2,369 (1,766 males and 603 females). Several capacity building activities were also undertaken – these included training of over 1,000 farmers in climate smart agriculture; eight water user associations on irrigation system operations and management; and 600 vulnerable members of project intervention communities on dietary guidance to address malnutrition. With a strong construction component, an estimated 7,313 persons (6,005 male and 1,308 females) benefited from short-term employment.

2.30 Support was also provided to the Ministry of Agriculture and Natural Resources (MARNDR) to strengthen their capacity to supervise project activities. This included the provision of vehicles and equipment, and support for administration services for both MARNDR Central and the north-west Department.

2.31 Implementation of the CBARD II – approved by CDB’s Board of Directors in December 2021 – also gained momentum. In July, MARNDR and Welthungerhilfe (the co-financing/implementing partner) entered a Service Contract for the implementation of Project activities and in September, the Project Coordination Committee was formally established. The first Work Programme – October 2021 to December 2022 – has been approved by all parties and the prioritisation of sub-projects is on-going.



Exhibition of Products from Irrigated Lands



Cultivation of Beans on Irrigated Lands

Pillar 2 - Strengthening Relationships with Key Stakeholders

2.32 During 2021, the CDB representation in Haiti continued to strengthen relationships and collaboration with GOH, Development Partners and the International Community. HCO has remained a vibrant member the Heads of Cooperation Committee (CTP) and its sectoral sub-committees. However, the important role of the HCO was best exemplified by its involvement in the rescue and recovery efforts following the impact of the earthquake.

2.33 In the wake of the natural hazard, GOH along with numerous local and international partners quickly mobilised rapid response teams and established coordination sub-offices in Port au Prince and the most affected areas. Support to Haiti's Department of Civil Protection was led by Caribbean Disaster Emergency Management Agency (CDEMA) through the Caribbean Development Partner Group (CDPG). As a member of the CDPG, CDB actively participated in the planning process for a coordinated and comprehensive regional response in the aftermath of the earthquake.

2.34 A Post-Disaster Needs Assessment (PDNA) was prepared collaboratively between partners under the joint leadership of GOH (Prime Minister's Office/Ministry of Planning and International Cooperation) and the United Nations. CDB participated in this process and contributed to its findings. The PDNA evaluated the losses/damages and needs to be about \$2 bn. GOH has since prepared a reconstruction and recovery framework and action plan for presentation to the International Community at a proposed Donor Conference.

2.35 At the request of the Ministry of Economy and Finance, CDB, along with the Inter-American Development Bank (IDB) and the World Bank, also commenced preparation for the organisation of an International High-Level Disaster Risk Financing (DRF) Conference which was held on April 12, 2022. The overall objective of the planned DRF Conference is to ensure the participation and commitment of risk insurance partners for the financing of Haiti's reconstruction and recovery after future catastrophic events.

**BOX 2.1: PILOT PROJECT –
YOUTH ENTREPRENEURSHIP EDUCATION AND TRAINING PROGRAMME**

Recognising the importance of youth entrepreneurship and that it should be encouraged and supported to engender employment opportunities, CDB, through CTCS, approved approximately \$611,000 from its SDF (Haiti Set-Aside) in support of a two-year Pilot Project – Youth Entrepreneurship Education and Training in Haiti.

This intervention was conceived by CTCS in response to requests for TA from a leading youth and business development agency, respectively in Haiti, to address the high levels of youth unemployment corroborated by World Bank research which showed that out of an approximate \$1.6 mn total employable youth in Haiti, 40.6 percent (%) male and 54.8% of female youth are unemployed.

The Project, which aims at enabling beneficiary young persons to identify self-employment opportunities and start and operate a business successfully, comprises group training, one-on-one mentorship, and grants of up to \$5,000 for at least 50 eligible beneficiaries. A total of at least 150 young persons (aged 18-30) from Port-au-Prince, Gonaives, Cap Haitien, Mirebalais, and Jérémie who are on the verge of completing or have recently completed technical training and have started a business are expected to benefit from the Project.

Implementation of the Project is being spearheaded by Société Financière Haïtienne de Développement, a leading development finance institution, in collaboration with L’Institut National de Formation Professionnelle, a specialised Department within the Ministry of Education responsible for promoting technical and vocational education and training (TVET).

The first activity under the Project was held in December 2021, with a two-week training workshop in Entrepreneurship and Business Management for 22 young persons (17 males and 5 females) in Port-au-Prince.



Beneficiaries of the Training Workshop with Certificates

Basic Needs Trust Fund Programme – A Direct Poverty Reduction Initiative

BNTF Cycle 9

2.36 Disbursement across the BNTF cycle 9 programme increased by \$12.7 mn to \$34.2 mn (83.8% of grant resources) by the end of 2021. However, the anticipated pace of implementation during the year across the nine BNTF PCs of Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, Saint Lucia, St. Vincent and the Grenadines and Suriname, continued to be stymied by COVID-19 protocols put in place to control the pandemic. Consequently, the Terminal Disbursement Date (TDD) for BNTF 9 was extended

to mid-2022 to allow some additional time to spend committed resources on project activities, including their respective Project Completion Reports (PCRs).

2.37 By the end of 2021, 43 sub-projects were completed and beneficiaries had already started to report early improvements in their lives and livelihoods as a result of these targeted interventions. Five new sub-projects at a value of \$1.76 mn were approved to replace sub-projects that PCs removed from their portfolios due to implementation challenges. However, the main achievements in 2021 include:

- 102 classrooms in basic schools were built or upgraded providing resilient, modern infrastructure and improving the learning environment for 1,251 students including 444 females. Concurrently, 216 teachers (201 females and 15 males) were trained in elements of basic education improving their teaching skills and techniques.
- 1,373 households benefitted from improved water supply and sanitation services. This was accompanied by training in good water, sanitisation and hygiene practices. Some 49 kilometres (km) of water pipeline was installed along with 557 m³ of water storage facilities to improve the resilience and reliability of a safe quality water supply to residents.
- 17.18 km of community roads were upgraded improving transport, trade and commerce mainly within rural poor communities, the personal life and commercial livelihoods for some 3,445 persons including 1,654 women.

[BNTF Pilots and Knowledge Products](#)

2.38 In January 2021 CDB entered into a contract with the Saint Lucia Social Development Fund and the Government of Saint Lucia to undertake the Youth Economic Empowerment Through Enterprise pilot project. This project is designed to enhance school-to-work transition and decent work/entrepreneurial opportunities for at-risk young men and women. The initiative involves partnerships with a range of social development and business development agencies including the Ministry of Youth, the Department of Education and the Ministry of Social Development.

2.39 In, 2021, the Community Disaster Risk Reduction Fund in collaboration with BNTF launched the Caribbean's first Community Engagement Guidance Note entitled "*An Approach to Inclusive Development of the Caribbean Communities by Securing Local Participation Throughout the Project Lifecycle*"^{5/}. The document was developed in response to the need to strengthen community engagement in projects supported by the BNTF and other development partners and in light of the Bank's strategic emphasis on engagement and sharpened lens on safeguarding vulnerable communities. The note emerged organically from a series of workshops and meetings, drawing on existing research and materials from experienced community engagement practitioners, throughout the Region and beyond.

^{5/}<https://www.caribank.org/publications-and-resources/resource-library/guides-and-toolkits/community-engagement-guidance-note-approach-inclusive-development-caribbean-communities-securing>



An Approach to Inclusive Development of the Caribbean Communities by Securing Local Participation Throughout the Project Lifecycle

The Community Disaster Risk Reduction Fund and the Basic Needs Trust Fund

Community Engagement Guidance Note

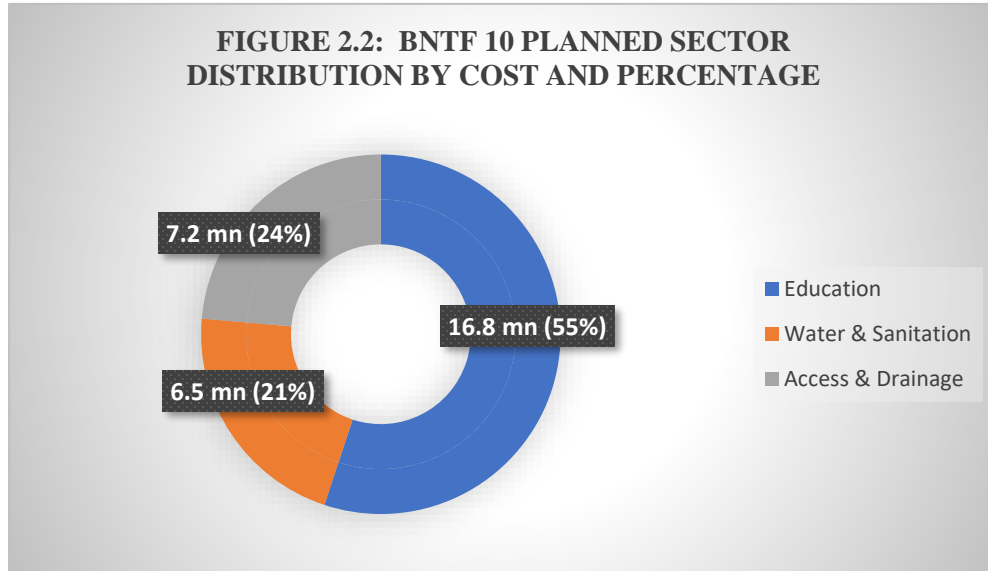
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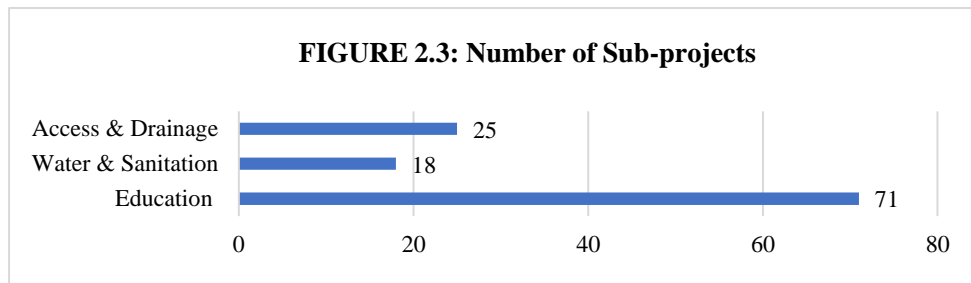
[BNTF Cycle 10](#)

2.40 In December 2021, BNTF launched its tenth cycle with over \$47 mn^{6/} committed to supporting projects in nine countries across the Region. Each of the nine PCs has already submitted a country policy framework that has prioritised sectors for support. A review of the interventions has revealed that PCs have set priorities in utilising the sub-project allocation of \$30.4 mn (CDB Grant \$29 mn and \$1.4 mn Government counterpart) against the sectors of basic education; rural water and sanitation systems; and community road infrastructure. (See Figure 2.2 below).

^{6/}This comprises \$40 mn from the set-aside and \$7 mn from government counterpart resources.



2.41 The total number of sub-projects planned for implementation by December 31, 2024, total 114 and PCs have already agreed their implementation plans and projected their multi-year financing plans to meet set targets. (See Figure 2.3 below). During the last quarter of 2021, CDB supported the engagement of independent consultants to drive project preparation activities across some PCs.



BNTF at the Forefront of Development

2.42 The Grenada Wastewater Treatment and Recycling pilot project was approved in December 2021 under BNTF 10. This novel project locates a sewerage treatment package unit that uses proprietary recycled filtration media to transform polluted effluent into a safe, usable water source for distribution to nearby downstream farms for irrigation to support community-based agricultural production. This project is the first of its kind to introduce the Clean Water Wave innovative product on a Caribbean Island to treat and recycle wastewater on a community level with the potential for a larger scale of operation that could be impactful for the Region as a CC adaptation measure, coupled with direct livelihood and economic benefits for households, environmental protection, and water conservation measures.

2.43 Suriname is now one of the few territories in CARICOM with a single information system for its Social Assistance programme. Commissioned through the newly established BNTF Suriname Country Project, the Beneficiary Information System (BIS) was developed and implemented for the Ministry of Social Affairs and Public Housing, to ensure more efficient, equitable, inclusive, and effective delivery of benefits to clients. The amount of seventy-five thousand, four hundred and eighty-eight dollars (\$75,488) was expended covering the development and deployment of the customised software, procurement and installation of ICT equipment and training of personnel across four targeted sites: Paramaribo Headquarters, Leyledorp, Wanica and the Social Assistance Office in Paramaribo. (See Box 2.2 below)

BOX 2.2: DIGITAL TRANSFORMATION IN MANAGING INFORMATION FOR IMPROVED PERFORMANCE OF SOCIAL ASSISTANCE PROGRAMMING

Developed in a modular format, Suriname's BIS software covers Child Allowance, Financial Assistance for poor households, seniors, and persons with disabilities (PWD). The system created a beneficiary registry that will allow beneficiaries to register easily, and for access to benefits by beneficiaries to be tracked across modes of provisioning and locations. Additionally, the approach to targeting in the social assistance programme has been strengthened allowing for proper screening of applications across specific eligibility criteria. To date, the child allowance module has been rolled out and the other modules are to be fully deployed by July 2022.



A total of 25 persons have been trained across the various sites in the areas of data entry, reporting, updating of variables and maintenance. There are plans to train at least 10 additional persons by March 2022 to ensure that a full cadre of trained persons is available to operate the system. In addition to the software implementation and training activities, all four sites have been equipped with required ICT equipment including 45 desktop terminals, four laptops and two projectors. It is expected that additional investment will facilitate the deployment of similar resources across the entire network currently in place for the execution of the Social Assistance Programme and to resolve any residual areas which require tweaking to ensure the proper integration of the system into the operation of the Ministry. The personnel of the Ministry of Social Affairs are pleased with the outcomes of the project and welcome the signalling of the modernisation and transformation of their processes, enhanced responsiveness as well as improved access to timely information to more precisely meet the needs of vulnerable clients.

CTCS 2021

2.44 During 2021, several BSOs and MSMEs in the Region requested support from CDB, as they grappled with the ongoing challenges occasioned by the COVID-19 pandemic.

2.45 Given the continued adverse impact of COVID-19 on MSMEs and livelihoods in the Region, CDB recognised that there was a critical need to promote entrepreneurship and to support firms to not only stay in business but to grow, innovate and enter new sectors and markets post-pandemic by funding innovation and productivity-enhancing activities. Consequently, in 2021, CDB approved \$1.832 mn (an increase of 195% over 2020) under its CTCS Network to provide TA to MSMEs in areas relating to youth

entrepreneurship; general management and business development; digitisation and technology application for resilience building; and facilitating access to markets and finance.

2.46 A total of \$0.867 was disbursed to facilitate ongoing and new interventions, which were implemented in collaboration with other development partners and BSOs, benefitted 945 persons (302 males and 643 females) by the end of 2021 as reflected in Table 2.4 (below).

Youth Entrepreneurship

2.47 In addition to the Youth Entrepreneurship Education and Training Project in Haiti, a regional pilot project entitled “Strengthening the Entrepreneurial Spirit of Caribbean Youth” approved by the Bank in 2018 to support youth economic empowerment, continued in 2021. The project, which is being implemented in collaboration with youth development agencies in Barbados, Dominica, Jamaica, Saint Lucia, and Trinidad and Tobago, trained and mentored a total of 291 young entrepreneurs (65 males and 226 females) to help them start or grow their businesses. In 2021, the project was implemented in communities (two in each of the beneficiary countries) and focused primarily on young women (aged 18-35). The community outreach training was identified to be critical when the project was being designed, as several female young unemployed persons were unable to travel to participate in training due to financial constraints, coupled with their social responsibilities at the household level.



Beneficiary of CTCS youth project

General Management and Business Development

2.48 In 2021, CDB approved \$91,000 for CTCS to assist the Anguilla Chamber of Commerce and Industry (ACOCI) to implement an 18-month project that will enhance the operational capacity of MSMEs in Anguilla. This was in keeping with a commitment to provide additional TA to ACOCI based on its Strategic Plan (2020-2024), which was developed with support from CTCS.

2.49 This project will provide capacity building support (training and business advice/mentorship) to 20 growth potential male-owned and female-owned MSMEs, including fledging youth-owned businesses (18-35 years). It responds to TA needs expressed by MSMEs to enable them to institute best practices and systems to measure and improve the performance of their operations and ultimately competitiveness. This is expected to assist beneficiary MSMEs to sustain and/or expand their operations, generate higher incomes, and provide employment opportunities for both men and women.

2.50 A CTCS project approved in 2020 aimed at enhancing the competitiveness and sustainability of agro-processors in Dominica commenced in 2021 with the implementation of the component on Good Manufacturing Practices. As a result, a total of 29 persons (15 males and 14 females) received both online and in-person training in key areas, including plant layout; selection, storage and safe handling of raw materials; and safe processing and handling of finished products. Following the training, a consultant provided on-site TA to beneficiary MSMEs, which comprised an assessment of their manufacturing operations, inclusive of recommended actions by MSMEs to institute best practices.

Digitisation and Technology Application

2.51 In keeping with continued efforts to collaborate with other development partners on MSME development projects in the Region, in 2021, CDB established a partnership with the United Nations Development Programme (Barbados and the Eastern Caribbean) for the implementation of a project entitled “Future -Tourism: Rethinking Tourism and MSMEs in times of COVID-19” through CTCS.

2.52 The 12-month Project is targeted at 300 tourism-related MSMEs in Barbados and Member Countries of the OECS that have been significantly impacted by the COVID-19 pandemic because of their inadequate operational and technical capacity. These MSMEs are compelled to adjust their physical space, embrace digitisation, and innovate in their way of doing business in order to thrive and survive both during and in a post-COVID-19 environment.

2.53 CDB is contributing \$384,000 to the Project, which will strengthen the capacity of beneficiary MSMEs (at least 50% women-owned), in the areas of digital technologies, financial planning, marketing, including financial assistance (grants). This is expected to result in more sustainable businesses with adaptable operational systems that are more consistent with the current technological business environment, including embracing electronic commerce to engage with both suppliers and customers in real-time to reduce supply chain delays that can lead to cash flow and other operational challenges.

2.54 The first component of technical support, a Business Adaptation Programme, was delivered online to MSMEs from June to December 2021 to facilitate retooling and allow access to the tourism market and value chains. A total of 393 persons (130 males and 263 females) from the beneficiary MSMEs were trained in three thematic areas: Digital Technologies, Financial Planning and Marketing, inclusive of subsequent one-on-one mentoring to assist beneficiary MSMEs in developing their Business Improvement Plans in line with the areas of training.

2.55 Considering the need to address the lack of access by Caribbean tech entrepreneurs to, amongst other things, suitable business linkages and networks, high potential markets, and adequate financing options, in 2021 CDB approved \$100,000 for CTCS to support a pilot project that will increase the competitiveness and access to finance of tech start-ups and MSMEs in Antigua and Barbuda, The Bahamas, Barbados, Guyana, Jamaica, Saint Lucia and Trinidad and Tobago.

2.56 The implementation of the two-year project, to be facilitated with additional support from IDB, will be spearheaded by Tech Beach Retreat Inc., an International Business Corporation registered in Saint Lucia, which has experience in helping to build the tech enterprise ecosystem within the Region.

2.57 It is envisioned that the project, geared towards creating a global gateway for technology start-ups in the Caribbean, will increase access to finance for 25 tech and tech-enabled MSMEs (at least 30% females) through accelerator programmes that will provide training, mentorship and TA.

2.58 The project involves a three-part approach to the development of the regional innovation ecosystem for start-ups:

- (a) Developing a system to provide equitable accelerator support for technology start-ups and to link them with the global tech ecosystem including companies such as Google, Facebook, Dropbox, and LinkedIn.
- (b) Sensitising corporate and government entities to the opportunities for integrating technology and innovation in their operations drawing on the skills of tech entrepreneurs.

- (c) Enabling investors to better appreciate the potential of tech entrepreneurs and develop strategies for engaging and nurturing them to achieve their potential.

Climate Resilience

2.59 In 2021, CDB approved \$205,000, through CTCS, in support of a regional incubator project entitled “*Enhancing the capacity of cleantech entrepreneurs in building resilience to climate change*” to be implemented in partnership with the Caribbean Climate Innovation Centre (CCIC). This Project is also supported by the IDB and the European Institute of Innovation and Technology Knowledge and Innovation Community (EIT Climate-KIC).

2.60 The three-year Project will assist approximately 150 cleantech entrepreneurs (at least 40% women) in developing ideas for innovative products or services related to RE, EE, food and agriculture, water, transportation, and industrial technology that can reduce negative environmental impacts associated with CC challenges.

2.61 The Project, which aligns with CDB’s agenda in building resilience to CC in its BMCs, will benefit Barbados, Jamaica, Saint Lucia, Suriname, and Trinidad and Tobago. CCIC will implement the Project in collaboration with its partner agencies in each country where participants will receive training and support through an introductory entrepreneurship training programme, a three-day bootcamp, a six-week accelerator programme and a national pitching competition. This will be followed by a regional and global pitching competition which will provide participants with an opportunity to receive price grants and support from potential investors.

Access to Markets

2.62 CTCS recognises that as part of its TA interventions, MSMEs require support to facilitate access to markets for their goods and services to generate sales. As such, in 2021, CDB approved approximately \$58,000 to enable CTCS to provide support to the Jamaica Manufacturers and Exporters Association (JMEA) for the development of a virtual trade show platform. JMEA is the leading industry association in Jamaica, representing over 400 MSMEs, including exporters, manufacturers, and service providers.

2.63 The virtual platform, which provided 44 male-owned and 30 female-owned MSMEs the opportunity to conduct B2B and B2C commerce with local and overseas businesses and consumers, was in response to the inability of JMEA to host its biennial trade show (Expo Jamaica) in 2020 due to the COVID-19 pandemic.

2.64 Additionally, CDB’s partnership with Nudge Caribbean to connect MSMEs to resources, potential markets in traditional and digital market spaces and to facilitate capacity building support yielded strong results in 2021. By year end, a total of 92 entrepreneurs (17 males and 75 females) from the beneficiary countries had received training and been provided the opportunity to showcase and sell their products through attractive stands and pop-up sales booths that were constructed and installed in highly visible locations in Massy stores.

Access to Finance

2.65 Increasing access to finance for MSMEs is one of the Bank’s primary objectives given the risk profile of MSMEs, related risk pricing of credit and coupled with their inability to provide acceptable collateral to secure financing for investment and working capital. Consequently, in 2021, CTCS

commissioned an assessment of established Partial Credit Guarantee Scheme in the Region, primarily in the OECS, Jamaica and Barbados to identify how such de-risking instruments can be strengthened and to inform possible areas of future strategic support from CDB and other strategic partners.

2.66 In 2021, CDB also approved \$122,000 for CTCS to provide support to the Eastern Caribbean Securities Regulatory Commission (ECSRC) for a project aimed at developing a Crowdfunding Framework in the Eastern Caribbean Currency Union (ECCU) countries. This initiative, which aligns with one of the Strategic Objectives of ECSRC's Strategic Plan (2016-2021) of contributing to the development of money and capital markets, will result in increased access to finance for MSMEs through an equity crowdfunding platform in the ECCU countries.

2.67 The Project includes the development of policy framework to govern the regulation and supervision of crowdfunding; awareness raising/training in crowdfunding and equity investing, through focus groups, webinars, and workshops, for at least 300 stakeholders, 150 entrepreneurs (30% women), 75 prospective investors and five investment advisors, as well as testing of the crowdfunding platform using a Sandbox approach.

2.68 Following approval, in 2020, of a CTCS project to assist development finance institutions (DFIs) to better understand MSMEs within the creative sectors to facilitate their access to finance, CTCS, in partnership with the Bank's Cultural and Creative Industries Innovation Fund (CIIF), hosted a regional online workshop on "*Credit Appraisal of Creative Sector Projects for DFIs*" in 2021. Forty-four persons (14 males and 30 females) comprising representatives from DFIs, intellectual property offices, BSOs, as well as creative industries consultants from 13 CDB BMCs participated in the workshop. (See Table 2.5 below).

2.69 During the workshop, a Draft Credit Appraisal Manual, which was prepared by a team of three specialist consultants, was validated by participants. The workshop was recorded and the Final Credit Appraisal Manual, inclusive of videos and other relevant information will be placed on CDB's e-learning portal to be accessible by workshop participants, as well as other stakeholders within the creative sector to facilitate self-learning.

2.70 This capacity building intervention is in keeping with ongoing efforts by CDB in undertaking interventions that contribute to strengthening the enabling environment for the continued development of MSMEs, thereby resulting in increased economic and social development of its BMCs.

TABLE 2.4: SUMMARY OF THE NUMBER OF BENEFICIARIES FROM CTCS ACTIVITIES IN 2021

Areas of Intervention	NO. OF BENEFICIARIES	GENDER IMPACT	
		Women	Men
Youth Entrepreneurship	313	231	82
General Management and Business Development	29	14	15
Digitisation and Technology Application	393	263	130
Market Access	166	105	61
Institutional Strengthening (Access to Finance)	44	30	14
Total	945	643	302

TABLE 2.5: DISTRIBUTION OF CTCS APPROVALS AND DISBURSEMENTS BY COUNTRY

CLASSIFICATION	COUNTRY	APPROVALS	DISBURSEMENTS
Less Development Countries (LDC)	Anguilla	91,025	54,545
	Haiti	610,700	148,010
	LDC TOTAL	701,725	202,555
More Developed Countries (MDC)	Barbados	-	42,000
	Jamaica	57,860	53,419.52
	MDC TOTAL	57,860	95,419.52
REG	Regional	1,072,605	569,030
	TOTAL	1,832,190	867,004.52

SDF Portfolio Analysis

2.71 As the Bank transitions to a more efficient system of tracking and monitoring projects through the entire project cycle, it is currently utilising two systems – the Project Performance Monitoring System and Project Resource Interface for Systematic Management (PRISM). These systems provide useful information on the performance of CDB’s portfolio of loans and grants and highlight accomplishments and major challenges affecting the portfolio and timely delivery of development results. While the two structures are not directly comparable, careful analysis of both systems reveals insights into the portfolio of SDF projects.

2.72 The performance of the SDF portfolio in 2021 was assessed to be fair with most projects achieving a rating of satisfactory. However, as at December 31, 2021, six projects were flagged as ‘at risk’, an increase from four in 2021. Table 2.6 below identifies those projects and summarises the major factors impeding implementation progress. The Bank will continue to engage BMCs, and if required, design action plans to improve the execution of these projects and rescope the intervention to ensure delivery of results. Cancellation is considered as a last resort.

TABLE 2.6: SUMMARY OF PROJECTS FLAGGED “AT RISK” FOR 2021
(\$’000)

Name of Project and Approved Value (\$’000)	Country	Cumulative Disbursement as at December 31, 2021 (\$’000)	Age	Key Issues
1. Belize Education Sector Reform Programme II (\$35,000)	BZE	\$9,819 (28%)	6.2	<ul style="list-style-type: none"> Implementation continued to be significantly impacted by COVID-19, with work stoppages on sites and reduced number of workers allowed. The Government of Belize reprioritised the 25 schools to be financed under the project due to the increased cost of construction.
2. EE Line of Credit – Pilot Project (\$500)	DMI	\$250 (50%)	7.2	<ul style="list-style-type: none"> Hurricanes Irma and Maria, and the ongoing COVID-19 pandemic impacted the Project’s implementation with more than 90% of MSMEs affected, and the recovery has been slow. Major challenges with audit uptake relate to inadequate technical capacity of energy service providers and energy auditors, and awareness of project benefits.
3. National Disaster Management (NDM) – RRL – Extreme Rainfall Event (\$8,612)	GRN	\$792 (9%)	9.8	<ul style="list-style-type: none"> Delay in implementation due to slow decisions in relocation of households.
4. Sea and River Defence Resilience Project (\$25,000)	GUY	\$19,072 (76%)	7.7	<ul style="list-style-type: none"> Land acquisition and relocation issues are impacting project implementation Delays in project design.
5. Eighth Water (Dennery Water Supply) (\$11,228)	STL	\$10,580 (94%)	4.2	<ul style="list-style-type: none"> The main infrastructure works have been completed and are in the defects liability period. The final payment (a retention bond covers the final retention release) has been made to the contractor. Two small works contracts for a sludge management facility and a pipeline to Derniere Riviere are being procured via the shopping method and the TDD will have to be extended to accommodate these contracts. The Communications and Awareness Plan has been completed as well as the media component.
6. Enhancement of TVET at Lower Secondary School Level (\$21,940)	SUR	\$11,051 (50%)	6.8	<ul style="list-style-type: none"> Implementation has been delayed due to COVID-19 mitigation measures, including lockdowns.

3. REPORTING ON SDF 10 RESULTS

3.01 This chapter presents the 2021 results of the Bank’s development efforts within the context of the SDF 10 RMF. The RMF tracks progress at three distinct levels. Level 1 analyses the Caribbean’s Progress towards SDGs and Regional Development Outcomes, Level 2 captures CDB’s Contribution to Development Outcomes, and Level 3 tracks how well CDB Manages its operations. A more detailed exposition can be found in the companion publication, the Development Effectiveness Review 2021.

Level 1: Progress towards Sustainable Development Goals and Regional Development Outcomes

Building Social Resilience and Leaving No-One Behind

3.02 Across BMCs, the human and social development landscape is increasingly characterised by deepening human insecurity and the widening and changing nature of inequality within and between countries. The COVID-19 pandemic and climatic events had a disproportionate effect on the most vulnerable, with severe impacts occurring in the labour market, health care systems, the informal sector, social realities, education of children and young people, and people's overall sense of safety and wellbeing. Relative, absolute as well as extreme poverty have remained above pre-pandemic levels, demonstrating the deep effects of the crisis. According to the Economic Commission for Latin America and the Caribbean, any signs of economic recovery experienced in 2021 have been insufficient to combat the pandemic's deep social and labour effects, which are closely linked to income and gender inequality, poverty, informality, as well as the vulnerability in which the population in the Region lives.

3.03 With losses to progress against poverty in the Region estimated at an equivalent of up to 27 years^{7/}, renewed attention will have to be paid to the tripod of Human Development namely capacities, actions and advocacy to regain some ground in this area. The importance of social protection systems and overall social services provisioning has never been more important than it is now, in creating a buffer against poverty and vulnerability.

3.04 The short-term shock responsive social protection measures employed across the Region have played a significant role in slowing the impact of the multi-faceted crisis on the marginal and most vulnerable populations. However, social protection systems across BMCs are fragmented and fragile at best, comprising two main pillars, namely social insurance and social assistance. The former pillar is supported by income-generation capacity, as well as the quantum of earnings while the latter is supported by the limited resources of Governments. This system within the Region splits the populations into three camps – (a) those in the formal sector with some level of income-support as long as they remain employed and contribute to the National Insurance Scheme/Services; (b) people in the informal sector who have limited or no access to social protection mechanisms; and (c) young people who are existing outside the social protection system by virtue of the high levels of unemployment in that age cohort. However, efforts are underway to strengthen the role of social protection in building BMCs' adaptive capacity and resilience in response to shocks and includes CDB's own Adaptive Social Protection Framework developed to guide its work in that area. These movements also include activities to strengthen social protection policies, strategies and programmes and sharpen the linkages between DRM and overall social protection approaches.^{8/}

3.05 Other long-term efforts to improve the income resilience of households include increasing minimum wage levels and the inclusion of unemployment provisions in National Insurance Schemes. Indeed in 2021, Dominica increased its minimum wage while other countries are at varying stages of discussion. Labour market mechanisms are also being utilised either to support businesses both in the formal and informal sectors or to expand job opportunities for the population. Ensuring stability in earning capacities enhances the level of resilience of vulnerable households and mitigates the impacts of poverty.

^{7/}Social Panorama of Latin America and the Caribbean 2020, ECLAC, 2021

^{8/}Shock-responsive Social Protection in the Caribbean, Synthesis Report, WFP and Oxford Management Policy, December 2020; [Shock-Responsive Social Protection in the Caribbean SYNTHESIS REPORT \(1\).pdf \(un.org\)](#)

3.06 The first buds of economic growth following the COVID-19-induced decline began to appear in 2021. The average gross domestic product (GDP) per capita growth for Group 2 countries in 2021 was 5.3% following the decline of 9.3% in 2020 (see Table 3.1 below). While most of the economies were able to record some growth during the year, of particular note were Belize (up 10.9%) on account of the nascent recovery in the tourism sector and Guyana (up 19.9%) largely due to the strong performance of the extractive industries. Conversely, Suriname and Haiti recorded economic declines of 3.5% and 1.8%, respectively due to extensive lockdowns and fiscal consolidation in Suriname and the impact of the pandemic alongside natural hazards and socio-political unrest in Haiti. Table 3.1 below.


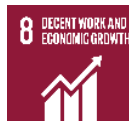
3.07 There remains in the Region a disconnect between the construct of our economies and the outputs of the education system. The Region has been placing increasing focus on science, technology, engineering arts and mathematics (STEAM) education and learning by discovery, yet 89% of available jobs are in the service and industry sector^{9/}, with a very small percentage of STEAM jobs accessible in the Region. This has contributed to increased unemployment and underemployment of graduates. A second fallout of this disconnect is the high frequency of “brain drain” – the mass migration of educated and high-income earners to the detriment of both the economy and society which *inter alia* severely affects the Region’s ability to create innovative solutions to the current and future problems.

3.08 The disconnect has been compounded by the pandemic, where notwithstanding an increase in schooling rates, youth and national unemployment rates increased. The unemployment rate for 2021 was 13% for males and 16.5% for females. Youth unemployment rose to 32.3% for females and 23.6% for males (see Table 3.1 below). Various sectors have been adversely affected by gradual and uneven reopening of the economy, the shift in consumer preferences, and the reluctance of firms to hire. Also, the fear of contracting the virus has deterred many from re-entering the labour market, especially in sectors most at risk, such as the hotel and restaurant industry. Unfortunately, the service industry has felt the brunt of the COVID-19 pandemic, plunging a disproportionate number of women, as compared to men, into unemployment. Robust employment avenues must continue to be crafted for sustainable and inclusive growth in the Region.

3.09 The pandemic has also multiplied the inequalities present in the education system. While children’s intellectual aptitude is not correlated with income level, their ability to realise their potential is dependent on their socio-economic situation. The cessation of face-to-face interaction in schools due to the health and safety protocols instituted by BMCs has required families to hard pivot to an online learning platform. This has proven to be a difficult obstacle for poorer families who have no or unreliable internet capabilities or sufficient devices for all children in their households. Many children fell through the cracks during 2020 and 2021. Across the Bank’s membership, countries reported learning loss ranging from 6 to 16 months. To help address this issue, CDB, CARICOM and OECS developed and are coordinating the implementation of a Regional Model Learning Recovery and Enhancement Programme for Caribbean Schools and MOEs which seeks to recover, improve and transform education in the Caribbean.

^{9/}Source: World Bank. The industry sector consists of mining and quarrying, manufacturing, construction, and public utilities (electricity, gas, and water). The services sector consists of wholesale and retail trade and restaurants and hotels; transport, storage, and communications; financing, insurance, real estate, and business services; and community, social, and personal services

TABLE 3.1: BUILDING SOCIAL RESILIENCE AND LEAVING NO-ONE BEHIND

Grouping/indicator	BMCs			Actual 2021	Related SDG
	Baseline		Target		
	Year	Value	2024		
Building Social Resilience and Leaving No One Behind					
1. MPI [Headcount (%)] - Haiti	2016	TBD 41.3	TBD TBD	n.s.	 
2. Adjusted Headcount Index - Haiti	2006-2019	30.0 58.5	30.0 TBD	n.s.	
3. Human Development Index (HDI) - Haiti	2019	0.7 0.5	0.7 TBD	n.s.	
4. Inequality Adjusted HDI - Haiti	2019	19.5 40.5	19.5 TBD	n.s.	
5. Social Protection expenditure as a percentage of GDP - Haiti	2016-2019	2.4 TBD	3.5 TBD	n.s.	
6. GDP per capita growth rate (%) - Haiti	2019	1.7 -1.5	TBD	5.3 -1.8	
7. Secondary school graduates achieving five CXC General Proficiency or equivalent in National Assessment passes or more, including Mathematics and English (%)					
- Female	2018	38.7	65.0	43.3	
- Male - Haiti		31.8	65.0	36.6 n.s.	
8. Students completing at least one Level 1 course in TVET (%)	2018	45.9	100	57.9	
- Male - Haiti		59.8 ns	100 ns	69.9 n.s.	
9. National unemployment rate (%)					
- Female	2019	16.3	TBD	16.5	
- Male - Haiti		12.9 13.9	TBD TBD	13.0 15.9	
10. Youth unemployment rate (%)					
- Female	2017	26.4	Reduction Reduction	32.3	
- Male - Haiti		13.4		23.6 22.4	
11 Youth employment to population ratio (%)					
- Female	2019	21.2	Reduction Reduction	20.5	
- Male - Haiti		38.6 23.3		35.3 43.2	

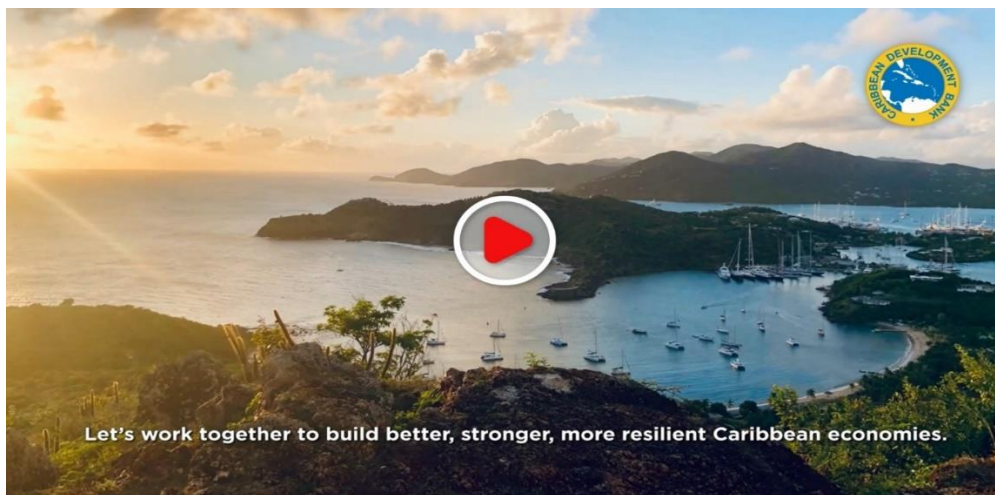
3.10 The proportion of intraregional trade to total trade remained unchanged in 2021, and below the baseline of 18% (see Table 3.2 below). The Bank has noted that some of the key barriers to trade include weak legal and institutional frameworks to conduct business, limited access to finance both for working

capital and investment due to mainly to a lack of collateral and a high level of informality; deficiencies in productive infrastructure and suboptimal utilisation of digital payment and marketing solutions. In 2021, SDF continued to support the Region’s efforts at closing these gaps principally through its CTCS programme and TA interventions in Belize. Looking ahead, the Bank’s involvement in this space will be further guided by the update to its Private Sector Policy and Strategy. (See Table 3.2 below).

3.11 The vulnerability of the Region to CC and natural disasters has consistently undermined its social and economic advancement. The damage incurred by each event sets the Region back many years and exacerbates the inequalities present in society and the economy. While the average reported economic losses for SDF countries is lower than the baseline, the volcanic eruption in St. Vincent and the Grenadines alongside the earthquake and flooding in Haiti were major events. Estimates of damage and loss for these events approximated \$2 bn^{10/}.





3.12 The current challenges and vulnerabilities facing Small Islands Developing States (SIDS) have been exacerbated by the socioeconomic impact of the COVID-19 pandemic. SIDS are experiencing a “triple threat” involving the devastation of people, the economy, and the environment. Against this backdrop, the Bank is in the process of updating its vulnerability and resilience framework. The Bank has recognised that underlying structural weakness, limited implementation capacity, high debt levels and insufficient investment in resilient infrastructure and institutions can severely impact countries’ ability to rebound from shocks. The Bank asserts that it takes SIDS longer to rebound from a shock, and that they incur higher recovery costs per capita than those experienced by larger and more developed economies. This drag on economic development is referred to as the “resilience drag” and is a key feature of SIDS’ economies. Conventional measures of gross national income (GNI) per capita do not capture this phenomenon and can provide misleading signals about the health and stability of an economy and unduly restrict access to concessional finance. Similarly, traditional vulnerability indices also do not adequately incorporate this feature. Consequently, the multidimensional vulnerability index indicator has been discontinued, to be replaced by the proposed Recovery Duration Adjuster (RDA). The RDA utilises a compensating variation metric to modify GNI per capita to better capture the adverse effects of the resilience drag and to more accurately report the state of development in small states. The video below provides further information on the RDA.

RECOVERY DURATION ADJUSTER



^{10/}La Soufrière incurred \$325 mn in damage and losses as per NEMO’s Post-Disaster Needs Assessment. Haiti earthquake and flooding incurred \$1.9bn in damage and losses.

TABLE 3.2: BUILDING ECONOMIC RESILIENCE FOR INCLUSIVE GROWTH AND BUILDING ENVIRONMENTAL RESILIENCE

Grouping/Indicator	BMCs			Actual 2021	Related SDG
	Baseline		Target		
	Year	Value	2024		
Building Economic Resilience for Inclusive Growth					
12. Intra-regional trade as a percentage of total regional trade (%) - Haiti	2018	14.0 n.a.	18 n.a.	14.0 n.a.	
13. Doing business average Distance to Frontier score (out of 100) - Haiti	2019	55.8 40.7	74.0 TBD		
Building Environmental Resilience					
14. RE as a % of total energy mix produced - Haiti	2018	20 19	30 30	14 13	
15. Greenhouse gas emissions per capita (metric tons per capita) - Haiti	2014	3.6 0.81	3.9 0.64	1.8 0.27	
16. Reported economic losses resulting from natural disasters and climate variability (% of GDP, 3-year average) - Haiti	2017-2019	8.6 0	<1.5	6.8 8.1	
Good governance					
17. Governance Index (-2.5 to 2.5) ^{11/} - Haiti	2019	0.12 -1.18	0.14 >-1.18	0.11 -1.25	

3.13 There is consensus within CARICOM that reliance on fossil fuel imports is both harmful to the environment and the economy. Consequently, CARICOM countries agreed to an ambitious target of a 47% RE contribution to total electricity generation by 2027. Within SDF eligible countries, however, the level of RE penetration has fallen from the baseline of 20% in 2018 to 13% in 2021. While it is likely that COVID-19 has slowed implementation of measures that could enhance uptake, other factors which have been cited as contributing to slow adoption include: (i) the inadequacy of the sector’s regulatory framework to facilitate and incentivise private investment at various levels; and (ii) the insufficiency of appropriate funding instruments to address specific issues, especially in the private sector. Looking ahead, consistent with the updated Energy Sector Policy and Strategy, the Bank will: (i) work with BMCs to enhance sector governance frameworks that will advance the development and implementation of instruments to promote RE/EE investments; and (ii) actively support the development of capital investments that target wind, solar and geothermal energy.

3.14 Good governance is essential for accelerated and sustained development. However, regional progress in this area has been slow. The World Bank’s Governance Index for Group 2 countries (as well as Haiti), fell marginally from 0.12 to 0.11. Those areas which recorded the most notable declines were

^{11/}The governance index ranged from -2.5 to 2.5 and involves six categories: Voice and Accountability, Political Stability and Absence of Violence/Terrorism, Government Effectiveness, Regulatory Quality, Rule of Law, Control of Corruption.

*Voice and Accountability*¹², *Government and Effectiveness*¹³, and *Control of Corruption*¹⁴. SDF 10 will focus on *inter alia*, providing support to BMCs to improve national statistical systems, strengthen public financial and investment management systems, and enhance results-based management to promote greater efficiency in the management of public resources and improve evidence-based decision making.

Level 2: CDB's Contribution to SDGs, Country and Regional Development Outcomes

3.15 Indicators at Level 2 measure the Bank's contribution to SDGs, country and regional development outcomes through outputs delivered in key operational areas identified in the SDF 10 RMF. The overall assessment of the Bank's performance at this level can best be categorised as fair with the institution making notable progress in economic infrastructure, private sector operations and RCI. Indicators for other areas such as education, agriculture, energy security and water and sanitation, suggested sluggish performance, while the outturns for increasing resilience and adaptive capacity to DRR and CC impacts and governance and accountability were below expectations.

Education and Training

3.16 The Region's commitment to the provision of education was evident in 2021, as institutions focused on alternating between face-to-face and online instruction and ensuring that teachers were able to provide quality services. However, the Bank's contribution in this space was impacted by measures to contain COVID-19 as restrictions limited the ability of contractors and consultants to conduct work. Notably, through SDF 10 financing, 29,395 students (14,142 girls) benefitted from improved physical classroom conditions, enhancing teacher competence or providing access to loan financing. BNTF sub-projects in Belize, Jamaica, Saint Lucia and Suriname provided skills training for 473 females and 387 males. (See Table 3.3 below).

TABLE 3.3: BUILDING SOCIAL RESILIENCE AND LEAVING NO-ONE BEHIND – EDUCATION AND TRAINING

Grouping/indicator	Actual 2021	Projected 2021-2024		Related SDG
		Regional Projects & Groups 2 and 3 Countries	BNTF	
Building Social Resilience and Leaving No One Behind				
Education and training - Improving access to quality, inclusive, and equitable education, and training				
1. Classrooms and educational support facilities built or upgraded according to minimum standards (number), of which	210	1,822	281	SDG 4 SDG 5 SDG 8
(a) Basic	198	1,519	281	
(b) Post-secondary and tertiary	12	303	-	
(c) Haiti	n.s.	580	-	

¹²Reflects perceptions of the extent to which a country's citizens are able to participate in selecting their government, as well as freedom of expression, freedom of association and a free media.

¹³Reflects perceptions of the quality of public services, the quality of the civil service and the degree of its independence from political pressures, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

¹⁴Reflects perceptions of the extent to which public power is exercised for private gain, including both petty and grand forms of corruption, as well as capture of the state by elites and private interests.

Grouping/indicator	Actual 2021	Projected 2021-2024		Related SDG
		Regional Projects & Groups 2 and 3 Countries	BNTF	
2. Teachers and principals trained or certified (number)	756	10,302	120	
-of whom female	403	7,187	50	
- Haiti	n.s.	3,060	n.s.	
3(a). Students benefitting from improved physical classroom conditions or enhanced teacher competence, or access to loan financing (number)	29,395	182,559	20,502	
- of whom female	14,142	90,605	1,509	
-Haiti	12,082	74,670	n.s.	
3(b) Beneficiaries of skills training activities under BNTF (number)	860	2,570	2,570	
-of whom are female	473	1,509	1,509	

Agriculture and rural development

3.17 Agriculture and rural development initiatives in 2021 focused on enhancing productivity, building resilience to CC, and strengthening linkages to markets through value chain enhancement. In Belize, under the Project ‘Enhancing Resilience to Natural Hazards Events in the Agricultural Sector’ approximately 3,600 sugar cane farmers received financing to assist with restoring production following the losses of the 2019/2020 drought.

3.18 Under a regional initiative, Dominica, Suriname and Trinidad and Tobago, benefitted from five training of trainer workshops focused on casava industry development which were held for technical staff of the respective ministries with responsibility for agriculture. A total of 107 technicians (64 male and 43 female) completed the programme. Subsequently, 114 farmers (63 male; 51 female) were trained through seven Farmer Field Schools. (See Table 3.4 below)

3.19 The CBARD project in Haiti successfully delivered a training programme in climate smart agriculture which benefitted 2,369 farmers. An estimated 768 farmers (581 male and 187 female) benefited from improvements in irrigation and drainage infrastructure, and 1,601 farmers (1,185 male and 416 female) benefited from improved drainage and flood control systems. The CBARD project also created short-term employment for an estimated 7,313 persons (6,005 male and 1,308 female).

3.20 Implementation of two Bank-financed interventions in Grenada also gained momentum. Under the Climate Smart Agriculture and Rural Enterprise Programme, the Government of Grenada commenced the procurement process for the selection of firms to rehabilitate prioritised farm access roads. Meanwhile, in partnership with the International Center for Tropical Agriculture (CIAT), implementation of a pilot project designed to enhance stakeholder capacity to plan and design irrigation systems yielded positive results. The pilot project focuses on the use of a geospatial tool developed by CIAT, which integrates data related terrain, soils, and climate to identify potential water sources and the most viable route to transmit water to arable lands. Given the positive developments in Grenada, CDB is currently partnering with CIAT and the Food and Agriculture Organisation to apply the tool to other BMCs.

TABLE 3.4: BUILDING SOCIAL RESILIENCE AND LEAVING NO-ONE BEHIND – AGRICULTURE AND RURAL DEVELOPMENT

Grouping/indicator	Actual 2021	Projected 2021-2024		Related SDG
		Regional Projects & Groups 2 and 3 Countries	BNTF	
Agriculture and rural development- Promoting sustainable agriculture and rural development				
4. Agriculture: Stakeholders trained in improved production technology (number)	114	2,000	-	SDG 2 SDG 5 SDG 8
- of whom female	51	890	-	
- Haiti		2,000		
5. Land improved through irrigation, drainage and/or flood management (hectares)	-	1,000	-	
- Haiti	-	900	-	
6. Beneficiaries of improved agriculture, land management and land conservation climate smart agricultural practices (number)	2,369	2,200	-	
-of whom female		n.a.	-	
-Haiti	2,369	2,200	-	

Water and Sanitation

3.21 SDF-funded (inclusive of BNTF) projects completed in 2021 in the water and sanitation sector resulted in an increased water capacity of 178.8 m³/day in rural areas of Belize, Grenada and Saint Lucia, while 500 m of supply lines were installed in Dominica. Under the BNTF programme, water storage tanks were installed in the communities of Suriname to assist with the harvesting of rainwater in storage tanks, with ancillary pipes and fittings, and the establishment of a local Water Commission to sustain improved access to drinking water. The Munich Water Treatment Plant Construction Project in Grenada, a sub-project financed under the BNTF programme, improved the quality of water for residents. See Table 3.5 below.

TABLE 3.5: BUILDING SOCIAL RESILIENCE AND LEAVING NO-ONE BEHIND – WATER AND SANITATION

Grouping/indicator	Actual 2021	Projected 2021-2024		Related SDG
		Regional Projects & Groups 2 and 3 Countries	BNTF	
Water and Sanitation– Improving access to safe, reliable, and sustainable water and sanitation services				
7. Water: Installed water capacity (cubic metres/day)	178.8	23,649	2,049	SDG 5 SDG 6 SDG 11
- Urban	0	-	-	
- Rural	178.8	21,600	2,049	
8. Water: Supply lines installed or upgraded (length of network in km)	0.5	103.3	63	
- Urban	0.5	15	-	
- Rural	0	88.3	63	
9. Water: Households with access to improved sanitation and water supply (number)	53,500	62,467	4,767	
-Urban	53,500	46,600	-	
-Rural	207	15,867	4,767	
-female (disaggregated by sex/head of household)	n.s.	354	25	

Citizen Security

3.22 The observance of health and safety protocols continued during the review period and impacted the delivery of face-to-face citizen security programmes in favour of online offerings. Belize, Grenada, and Saint Lucia used the hybrid approach to deliver transformation programmes that included Sports for Peace and Development, Creative and Expressive Arts, Employability Enhancement, Positive Parenting, Community After-School Programme, and TVET.

3.23 In Belize, the Youth and Community Transformation, and Youth Resilience and Inclusive Social Empowerment Programme came to an end during the first quarter. However, investments in transformational and human capital development programmes in Belize, combined with the Awakening Special Potential by Investing in Restoration and Empowerment (ASPIRE) Project, and Youth Empowerment Programme in Grenada and Saint Lucia respectively, strategically supported 345 beneficiaries (205 male and 140 females). Under ASPIRE, a cohort of 13 males benefitted from apprenticeship/training and achieved the Caribbean Vocational Qualification Level 2 while the remainder of beneficiaries accessed various transformational and human programmes delivered within respective BMCs. (See Table 3.6 below).

3.24 Results under community development and participation are attributable to the Bank’s headline poverty reduction programme, BNTF. During the year, several sub-projects such as playing fields and sports facilities were completed in rural communities in Dominica, and St. Vincent and the Grenadines, benefitting 3,143 persons (49% females).

TABLE 3.6: CITIZEN SECURITY AND COMMUNITY DEVELOPMENT AND PARTICIPATION

Grouping/indicator	Actual 2021	Projected 2021-2024		Related SDG
		Regional Projects & Groups 2 and 3 Countries	BNTF	
Citizen Security				
10. Beneficiaries of community-based citizen security interventions (number)	79	2,850	-	SDG 4 SDG 10 SDG 16
-of whom female	52	1,450	-	
11. Beneficiaries of youth at risk interventions (number)	345	2,550	-	SDG 16
- of whom female	140	1,275	-	
Community Development and Participation – Improving access to basic social infrastructure and services				
12. Communities: Beneficiaries of community infrastructure construction and enhancement projects (number)	3,143	38,158	5,842	SDG 5 SDG 9 SDG 11
- of whom female beneficiaries	1,544	19,165	3,935	

Building Economic Resilience for Inclusive Growth

Economic Infrastructure

3.25 The provision of resilient infrastructure, with a focus on affordable and equitable access for all is an imperative for sustained growth and development and a priority for the Bank. Consequently in 2021, CDB completed 16.4 km of road and advanced the wellbeing of 157,620 persons, including 79,835 women in Belize, Jamaica, Dominica, Guyana and St. Vincent and Grenadines. Also included in this total are BNTF road sub-projects (3.9 km) which benefitted 4,640 persons in rural communities, including 2,446 females. (See Table 3.7).

3.26 The Bank's efforts to provide resilient infrastructure was also reflected in the construction of 2.2 km of sea and river defence, landslip protection and urban drainage in Guyana (Regions 4 and 6) and St. Vincent and the Grenadines (Mesopotamia and George Town). These projects will protect the coastal and riverine communities from sea intrusion and flooding, largely due to natural hazard events and the effects of CC.

Private Sector

3.27 The development of a dynamic, resilient private sector is an absolute imperative for regional economies. During the year, CDB provided lines of credit valued at \$3.1 mn supporting interventions primarily to the agricultural, manufacturing and services sectors and student loans in Belize, Dominica and Grenada. An estimated 47 BMCs were able to access credit while several hundred benefitted from direct TA support as well as through the Bank's CTCS and CIIF operations. CIIF TA and grants totalled approximately \$480,000 and included three accelerator programmes targeting the Music and Visual Arts sub-sectors.

3.28 Mortgage financing offered by DFIs is influenced by their cost capital and prevailing economic conditions. In 2021, there were 48 beneficiaries of housing finance solutions in Belize and Dominica, down slightly from 50 in the previous year. The number of females accessing credit for this purpose reached 60.4% of total beneficiaries, an increase from the 48% achieved in the prior year.

3.29 The Bank's support to Compete Caribbean focussed on enhancing the business environment and competitiveness in BMCs, with technology and innovation as key enablers. TA financing was provided to six BMCs^{15/} as well as to several regional initiatives in areas such as trading across borders, performance and gender considerations in firms, business climate reforms, small and medium enterprise development, and economic diversification.

3.30 While the Bank will continue its existing work to enhance the enabling environment by promoting country-led reforms and addressing constraints to MSME growth such as inadequate access to capital and informality, it will, over the short and medium term, also focus on areas such as catalysing private investment, developing flexible financing solutions, enhancing the use of digital payment solutions and public-private partnerships (PPPs).

^{15/}Belize, Dominica, Grenada, Saint Lucia, St. Vincent and the Grenadines, and Suriname.

TABLE 3.7: BUILDING ECONOMIC RESILIENCE FOR INCLUSIVE GROWTH – ECONOMIC INFRASTRUCTURE AND PRIVATE SECTOR OPERATIONS

Grouping/indicator	Actual 2021	Projected 2021-2024		Related SDG
		Regional Projects & Groups 2 and 3 Countries	BNTF	
Building Economic Resilience for Inclusive Growth				
Economic Infrastructure – Increasing the provision of quality, reliable, safe, sustainable, and resilient infrastructure				
13. Sea defences, landslip protection, and urban drainage (km)	2.2	3.7	-	SDG 5 SDG 8 SDG 9
14. Transport: Primary, secondary, and other roads built or upgraded (km)	16.4	184	15	
15. Beneficiaries (direct) of resilient and gender-responsive infrastructure construction or enhancements (number)	157,620	415,368	13,268	SDG 5 SDG 11 SDG 14
- of whom female	79,835	201,500	6,824	
Private sector operations and MSMEs – Promoting private sector operations and MSMEs				
16. Value of credit made available to the private sector (\$ mn) (disaggregated by sector)	3.1	2.4	-	SDG 5 SDG 8 SDG 9
17. MSMEs benefitting from credit (number)	47	18	-	
- of which female owned	7	7	-	
18. Beneficiaries of mortgage programmes (number)	48	0	-	
- of whom female borrowers	20	0	-	
19 (a). Beneficiaries of TA interventions targeted at MSMEs (number)	157	3,300	-	
- of whom female beneficiaries	94	1,650	-	
(b) Beneficiaries from CTCS interventions	945	2,800	-	
- of whom female	643	1,400	-	
(c) Beneficiaries of CIIF interventions	287	500	-	
- of whom female	164	250	-	
Improving private sector development and competitiveness				
20. No. of institutional reforms towards enhanced business climate and competitiveness of MSMEs - Compete Caribbean	7	4	-	SDG 5 SDG 8 SDG 9
21. BMCs with increased capacity to undertake PPP arrangements (number)	0	13	-	

Building Environmental Resilience

3.31 The need to build environmental resilience acknowledges threats posed to the Region by CC, and is in support of measures advocated under SDGs 5, 7, 11, 13, and 17. Under this objective, the Bank will seek to support DRR, energy security and measures to mitigate and adapt to the effects of CC. In the area of energy security, the Bank installed 2.3 MW of RE in Suriname while the Jamaica Street Light Retrofitting Project resulted in 7 GWh of energy savings and reduced GHG emissions by 2,944 tonnes through the installation of 19,700 LED streetlights. In Belize, 8.3 km of distribution lines were installed, improving the reliability of Belize Electricity Limited as it caters to increased demand for electricity. (See Table 3.8 below).

3.32 Cognisant of the need for institutions and communities to build their adaptive capacities to address natural hazard and CC impacts, the Bank began its engagement in earnest with BMCs and other stakeholders like CDEMA. This engagement was more protracted than originally anticipated and while there was no uptake of assistance in 2021, discussions have advanced considerably, and support is expected to be provided in 2022.

Cross-cutting Areas

3.33 Activities related to governance and accountability (SDG 16) included supporting training of Caribbean senior procurement officials in Jamaica through the regional procurement centre (established under another CDB intervention). Ten officials finished half of their exams in 2021 while the remaining modules will be completed by Q3 2022. Upon completion, participants will be awarded Diplomas in Procurement and Supply, accredited by the Chartered Institute of Procurement and Supply. Notably, building on assistance provided by the Bank in 2021 Dominica enacted its procurement laws.

3.34 CDB provided support to four BMCs for RCI through the Regional Maritime Security System. Consequently, national maritime strategies were developed for Dominica, Grenada, Saint Lucia, and St. Vincent and the Grenadines. Additionally, a regional maritime security strategy and implementation plan was established to address *inter alia* protocols, resource mobilisation and allocation, as well as GE considerations.

TABLE 3.8: BUILDING ENVIRONMENTAL RESILIENCE AND CROSS-CUTTING AREAS

Grouping/indicator	Actual 2021	Projected 2021-2024		Related SDG
		Regional Projects & Groups 2 and 3 Countries	BNTF	
Building Environmental Resilience				
Energy – Increasing access to reliable, affordable, and modern energy (energy security)				
22. Energy: Conventional or renewable power generation capacity installed (MW)	2.3	4.1	0.1	SDG 5 SDG 7 SDG 11
- of which renewable (MW)	2.3	4.00	-	
23. Greenhouse gas emissions reduction (t CO ₂ equivalent/year)	2,944	26,000	-	SDG 13
24. Energy savings as a result of EE and RE interventions (GWh)	7	36.3	0.3	SDG 15
25. Transmission or distribution lines installed or upgraded (length in km)	8.3	30	-	
Increasing resilience and adaptive capacity of national and local institutions and communities to disaster risk and CC impacts				
26. No of BMCs with strengthened resilience and gender responsive adaptive capacity to climate related hazards (including DRR strategies)	-	4	-	
27. Additional communities with improved capacity to address CC and DRM (number) ^{16/} - beneficiaries (female)	-	4	-	

^{16/}At least one agriculture climate resilience initiative financed by the Adaptation Fund is expected to be completed over the strategy period. The initiative will directly benefit 11 communities and some 78 surrounding sub-communities. CDB will continue to seek funding to respond to the disaster risk reduction and climate resilience needs of communities. As a result, the target for this indicator will be reviewed and updated accordingly.

Grouping/indicator	Actual 2021	Projected 2021-2024		Related SDG
		Regional Projects & Groups 2 and 3 Countries	BNTF	
Other Indicators – Cross cutting areas				
Governance and accountability				
28. Ministries, departments and agencies with improved public financial management systems and public sector investment programmes and public service delivery ^{17/} (number)	1	18	-	SDG 16
RCI – Enhancing economic integration and deepening cooperation				
29. RPGs created or strengthened (e.g. statistical capacity, quality standards, procurement, and debt relief) (number)	4	3	-	SDG 5 SDG 8
30. Trade facilitation measures created, strengthened, or expanded (number)	-	5	-	SDG 9

Level 3: How Well CDB Manages Its Operations

3.35 Level 3 indicators focus on how efficiently and effectively CDB manages its operations, and the responsiveness of CDB’s business model in relation to the changing environment and needs of its clients. In the commencement year of SDF 10, the Bank implemented reforms targeted at improving its business processes to deliver interventions to BMCs. These reforms included progress on the Transformation Programme, the completion of the unification of the private sector activities into one division, and headed by a Division Chief, and the updating of the Strategic Plan to better respond to the needs of clients over the period 2022-24. CDB’s performance at Level 3 is also assessed to be fair.

[Strengthening operational processes and practices, improving portfolio performance](#)

3.36 CDB has been successful in three key metrics in this grouping, namely reducing the time from appraisal to first disbursement, projects under implementation with extensions and the average length of project extension. The Bank’s ability to interact virtually provided a level of institutional resilience that allowed it to remain engaged and responsive to the needs of its clients. (See Table 3.9 below)

3.37 Analysis also revealed some areas for improvement. The percentage of the portfolio rated satisfactory and highly satisfactory fell from 87% in 2020 to 52%, as health and safety protocols, including closures, full and partial lockdowns, and reduction of workers on infrastructure works sites impeded performance. Additionally, delays in making decisions on key aspects of project implementation such as the selection of sub-projects and engagement of consultants negatively impacted project performance. Twelve percent of projects under implementation were flagged “at risk” due to issues related to land acquisition, project designs and the impacts of the COVID-19 pandemic. The efforts made by the Bank to enhance the timeliness of completing PCRs were stymied significantly by competing work priorities and limited ability to conduct in-country visits due to COVID-19 restrictions. Looking ahead, the Bank will continue its efforts at improving the timeliness and quality of PCRs.

^{17/}This indicator speaks to initiatives in 19 BMCs.

TABLE 3.9: STRENGTHENING OPERATIONAL PROCESSES AND PRACTICES, AND IMPROVING PORTFOLIO PERFORMANCE

Grouping/Indicator	Baseline		Actual	Target
	Year	Value	2021	(2024)
Strengthening operational processes and practices, and improving portfolio performance				
1. Portfolio performance rating for implementation (% rated Highly Satisfactory to Satisfactory)	2019	97	52	98
2. Completed projects/loans with timely PCRs (%)	2019	100	30	100
3. Projects at risk (% of portfolio)	2019	10	12	5
4. Average time taken from appraisal mission to first disbursement (months)	2019	12	6	6
5. Projects under implementation with extensions (revised final disbursement date) (%)	2019	62	54	50
6. Average length of project extension (month)	2019	36	35	24

Enhancing quality of operations and development outcomes

3.38 Enhancing the quality of operations and development outcomes is essential if the Bank is not only to remain relevant in the Region, but also increase its operational footprint and move the needle on regional development. Measuring and tracking performance in this area, however, has proven challenging in the wake of scarce Bank resources and competing priorities. As a result, indicators, 7, 8, 9 and 10, which seek to measure the quality of loans and grants at approval and completion; and the quality of country engagement strategies (CES) also at approval and completion were not assessed. Looking ahead, through the implementation of OP365, which is an information system that will enable better planning and management of the Bank’s project cycle, the Bank will have the capacity to measure the quality of CDB’s operations at entry, during supervision/ implementation and at completion. This capability is expected to be in place to facilitate reporting on operations for 2022.

Resource allocation and utilisation

3.39 Driven by disbursements in education, water and sanitation and the DSSI, the disbursement ratio improved over the baseline of 13% but fell from the COVID-19-induced high 22% in 2020. Those countries contributing to the performance were Belize, Saint Lucia, and St. Vincent and the Grenadines. The disbursement (efficiency) rate fell to 54% as some disbursements, notably those for, Suriname and St. Vincent and the Grenadines were less than expected. (See Table 3.10).

3.40 The Performance-based Allocation (PBA) System is engrained in SDF operations and is used primarily in the allocation of loan and BNTF resources. Seventy percent of concessional resources were allocated using the PBA system.

TABLE 3.10: RESOURCE ALLOCATION AND UTILISATION

Grouping/Indicator	Baseline		Actual 2021	Target (2024)
	Year	Value		
Resource allocation and utilisation				
11. Concessional resources allocated according to PBA system (%)	2019	68	70	65
12. Disbursement ratio (%)	2019	13	14	15
13. Disbursement (efficiency) rate (%)	2019	142	54	100

Improving Selectivity and Strategic Focus

3.41 The SDF pursues its mandate to finance the poorest and most vulnerable in the Region through its focus on financing LDCs. The three-year average for SDF financing to LDCs fell below the baseline average but remained commendable at 68% and is ultimately reflective of country demand and project readiness. Implementation of the Gender Equality Action Plan (GEAP) commenced in 2021 with the development of draft tools and frameworks to mainstream GE issues in all SDF and CDB programmes. Approximately half of all SDF approvals were marked as either “Gender Specific” or “Gender Mainstreamed”. In total, 88% of all SDF approvals were gender marked. Support for the environment, private sector development and governance were main themes of SDF approvals. (See Table 3.11 below).

TABLE 3.11: IMPROVING SELECTIVITY AND STRATEGIC FOCUS

Grouping/Indicator	Baseline		Actual 2021	Target (2024)
	Year	Value		
Improving Selectivity and Strategic focus				
14. Financing directed to less developed BMCs (% , three-year average)	2017-2019	78	68	80
15. Approved country strategies in use with results frameworks (number)	2019	5	6	9
16. Approved projects with a gender specific or gender mainstreamed rating (as a % of total projects)	2019	70	54	90
17. Percentage of projects within the GEAP (2020-2024) implemented within BMCs and CDB	2019	-	54	80
18. Investment projects with climate-informed design or Climate Variability and Risk Assessment (%)	2019	100	100	100
19. SDF Approvals supporting (as a % of total SDF financing):				
(a) Environment, RE, EE, and CC (supporting climate adaptation and mitigation)	2017-2019	72	66	75
(b) RCI	2017-2019	16	1	18
(c) Private sector development	2017-2019	3	1.3	5
(d) Governance and capacity building	2017-2019	0.4	1.2	1-2
(e) Data collection and analysis	2017-2019	0.03	-	1-2
(f) GE and GBV	2017-2019	0.1	0.2	1-2

4. FINANCIAL RESOURCES AND PROGRAMME LEVELS

4.01 As reflected in the Contributors' Report, the \$383 mn programme approved for SDF 10 contemplated starting commitment authority of \$6.5 mn, internally generated resources of \$156.3 mn and pledged contributions of \$188.2 mn. The programme also considered a structural gap of \$32 mn which was expected to be filled by contributions from new pledges. (See Table 4.1 below). After the first year of the cycle, programmable resources amounted to \$362.7 mn largely on account of higher opening commitment authority and \$9 mn in cancellations. This helped to offset the reduction in internally generated resources due to lower net income and resulted in a \$11.7 mn reduction in the structural gap.

TABLE 4.1: SDF PROGRAMME LEVEL
((\$'mn))

Item	Per Contributors' Report	Indicative Position as at December 31, 2020	Difference
Commitment Authority at beginning of cycle	6.5	11.7	5.2
Internally generated resources	156.3	153.8	-2.5
New (pledged) contributions	188.2	188.2	0
Resources Released from Portfolio Management	0.0	9.0	9.0
Overall Programme/Programmable Resources	351.0	362.7	11.7
Structural Gap	32.0	20.3	-11.7
Overall Programme Level/Programmable Resources	383.0	383.0	0.0

*Actual balance as at January 1, 2017

Commitment Authority

4.02 In 2021, \$79.6 mn was available for programming. This consisted of opening authority of \$11.7 mn; repayments of \$34.3 mn and pledged contributions of \$40.9 mn which more than offset the \$7.3 mn reduction in net income. Of the funds made available, \$51.1 mn was allocated to grants, while loans net of cancellations amounted to \$0.6 mn. These movements resulted in an end-of-year commitment authority of \$27.9 mn which will be carried over to the second year of the cycle. (See Table 4.2 below).

TABLE 4.2: COMMITMENT AUTHORITY AND USE OF FUNDS

ITEM	SDF 9	SDF 10				2021-2024 Revised
	Total	2021	2022	2023	2024	
Commitment authority at beginning of period	7.7	11.7	27.9	38.4	32.9	11.7
Net income	12.5	-7.3	2.5	2.7	3.2	1.0
Repayments	121.3	34.3	39.9	38.5	39.4	152.2
Commitment authority from pledged and new contributions	173.5	40.9	58.6	57.0	61.7	218.1
Funds Available for commitment	315	79.6	128.9	136.6	137.1	383.0
Net Approvals for SDF Loans	187.2	0.6	70.3	84.0	93.1	248.0
Net Approvals for SDF Grants	116	51.1	20.2	19.7	41.0	132.0
Available Commitment authority at end of period	11.7	27.9	38.4	32.9	3.0	3.0

4.03 Under SDF 10, eligible BMCs were allocated \$179 mn in loans, \$40 mn in loans for natural disaster mitigation and rehabilitation and \$132 mn in grants. In 2021 three countries utilised their allocations. St. Vincent and the Grenadines utilised \$2.5 mn as part of the immediate response loan to assist in addressing the impact of the volcanic eruption. Jamaica and Dominica, with the concurrence of Contributors, agreed that \$1 mn each of their respective allocations could be used to support the UWI regional digitalisation project. The natural disaster mitigation and rehabilitation loan set-aside was utilised by Belize (\$2.5 mn) to respond to Hurricanes Eta and Iota and St. Vincent and the Grenadines (\$2.5 mn) to address the impact of the volcanic eruption. With respect to grants, the fastest utilisation rate was recorded by BNTF, which seeks to commit resources in the first year in order to facilitate project implementation by the end of the cycle. (See Table 4.3 below).

TABLE 4.3: ALLOCATION AND USE OF RESOURCES

Item	Indicative Allocations at February 2021	Commitments 2021	Resources Available	Utilisation Rate
	\$'000	\$'000	\$'000	%
Country Allocations- Loan				
Group 1: Anguilla, The Bahamas, Barbados, Virgin islands, Cayman Islands, Turks and Caicos, Trinidad and Tobago, Montserrat and St. Kitts and Nevis Antigua and Barbuda		-	-	-
Group 2:				
Belize	28.7	-	28.7	-
Dominica	11.0	1.0	10.0	9.1
Grenada	12.2	-	12.2	-
Guyana	37.9	-	37.9	-
Jamaica	48.3	1.0	47.3	2.1
Saint Lucia	17.2	-	17.2	-
Saint Vincent/Grenadines	12.9	2.5	10.4	19.4
Suriname	10.8	-	10.8	-
Sub-total Country Allocations	179.0	4.5	174.5	2.5
Set-Aside Resources (Loans)				
Natural Disaster Mitigation and Rehabilitation	40.0	5.0	35.0	12.5
Total Lending	219.0	9.5	209.5	4.3
Grants:				
BNTF	40.0	40.0	-	100.0
Haiti	45.0	7.5	37.5	16.7
Capacity Building	12.0	1.2	10.8	10.0
Environmental Resilience	18.0	0.3	17.7	1.7
Private Sector Enabling Environment	15.0	2.0	13.0	13.3
Gender	2.0	0.1	1.9	5.0
Total Grants	132.0	51.1	80.9	38.7
TOTAL Resources	351.0	60.6	290.4	17.3
Structural Gap	32.0			
Approved Programme Level	383.0			

5. FINANCIAL PERFORMANCE AND PROJECTIONS

Financial Results 2021

5.01 The financial performance of the SDF in 2021 was generally favourable. At \$12.6 mn loan income was at its highest level to date on account of the increasing portfolio of the SDF. Administrative expenses also registered improvement following the extraordinary increase in 2020 occasioned by the Transformation Programme, as well as the continuation of hybrid working arrangements which saw reduced activity at Headquarters. Offsetting these developments, however, was the reduction in investment income due to the general low interest rate environment and the recording of \$7.5 mn in unrealised losses. Also impacting the bottom-line was a write down of financial assets in relation to the value of an investment that has not yet been independently confirmed, and so, has been recorded in the financials as a matter of prudence. Management of the Bank will continue its efforts to verify the value of the investment. (See Table 5.1 below).

TABLE 5.1: SUMMARY OF FINANCIAL RESULTS 2017-2021
(\$'mn)

Item	2017	2018	2019	2020	2021
Loans Outstanding	543	535.2	537.4	593.2	618.3
Undisbursed balances	228.4	244.3	197.8	207.3	184.4
Cash and Investments	329.4	334.4	357.2	333.4	302.6
Loan Income	12.3	12.3	12.1	12.2	12.6
Investment Income	4.4	4.1	13	11.9	-3.4*
Administrative Expenses	20.1	16.3	15.4	16.5	15.7
Foreign Exchange Gain/Loss	1.2	-0.5	1.2	-0.9	-0.3
Net Income	-4.6	0.1	8.5	8.5	-7.3
Yield on Av Cash and Investment (%)	1.4	1.2	3.8	3.4	1.3

*Investment income of \$3.4 mn in 2021 comprises \$4.1 mn in gross investment income and \$7.5 mn in unrealised losses. This compares with \$6 mn in investment income in 2020 and \$5.9 mn in unrealised gains in 2020.

5.02 Loans outstanding recorded a third consecutive year of increase on account of relatively high disbursement levels associated with the DSSI and to a lesser extent, investment loans. Similarly, the above-average disbursement performance in 2021 also contributed to the decline in undisbursed balances following the increase in 2020 associated with the COVID-19 response initiative.

Financial Projections

5.03 Loan growth over the medium term is projected at around 2.8%. The forecast is influenced by the anticipated increase in economic activity due to the continued easing in COVID-19 restrictions, continued vaccine uptake and improvement in sentiment towards overseas travel. Additionally, the Bank has indicated its intention to ramp up efforts to enhance its own implementation capacity as well as that of BMCs. The anticipated improvement in economic conditions alongside concerted efforts to strengthen capacities are expected to result in the full utilisation of programme resources and faster realisation of development results. Over the medium term, investment income is expected to register some improvement

on account of the higher interest rate environment although this maybe partially offset by unrealised movements, as the Bank holds instruments to maturity.

5.04 Administrative expenditures are anticipated to rise over the 2022-24 period in tandem with the Bank's efforts to reposition itself to better respond to the needs of BMCs. Looking ahead, the Bank will seek to strengthen capacity in priority areas such as education, the social sector, private sector, digitalisation, and knowledge creation through an enhanced research function, in order to help strengthen BMC resilience and place the Region on a higher development trajectory. The summary of projected financial indicators is provided at Table 5.2 below. A stable pattern is projected for the profitability ratios on account of relatively equal movements in revenue and administrative expenses, with the increase in liquidity linked to some moderation in disbursements following the high levels recorded in 2020 and 2021.

TABLE 5.2: SUMMARY OF PROJECTED FINANCIAL INDICATORS
(\$'mn)

Item	2022	2023	2024
Cash and Investments	246.8	260.3	276.8
Long-term Loans	645.5	654.5	681.4
Investment Income	6.8	7.3	7.7
Loan Income	12.8	13.0	13.7
Administrative Expenses	17.3	17.6	18.2
Net Income	2.5	2.7	3.2
Summary Indicators			
Return on Assets	0.2	0.3	0.3
Return on Equity	0.1	0.1	0.1
Admin Expense/Loans	2.7	2.7	2.7
Liquidity - cash and marketable assets/total assets	23.6	24.3	25.3

6. CONCLUSION

6.01 SDF continued to demonstrate its relevance to the Region as it responded to deep-seated challenges such as pockets of poverty and implementation capacity deficits, natural hazard impacts and widening inequality in the education sector occasioned by the pandemic. The performance was, however, impacted by cyclical nature of SDF commitments, which tend to be slow in the commencement year as BMCs programme new allocations against new themes and set-asides. The outturn was also impacted by pandemic-mitigation measures, such as stay-at-home orders and national lockdowns, which constrained both approvals and disbursements. The Bank, however, by leveraging the technology to stay engaged with its clients and working in collaboration with other development partners, was able to realise favourable results in several areas.

6.02 While it is well recognised that countries are on the path to economic recovery, development partners must also acknowledge the drag on development precipitated by the pandemic and that the Region has now fallen behind original expectations. In order for BMCs to achieve the SDGs and national objectives, they will need to build resilience and accelerate the pace of economic development. Importantly, this will be occurring in a context where there are significant downside risks, chief of which is the current war in Ukraine which has the potential to stymie the emerging economic recovery on account of high inflationary pressures. Notably, within the Caribbean, the economic impact is likely to be felt disproportionately by vulnerable groups such as women, youth, PWD and single elderly males.

6.03 Against this backdrop, the need for concessional finance takes on greater importance. Consequently, closing the structural gap, estimated at around \$20.3 mn, will be paramount, and the Bank will step up its efforts to secure contributions from existing, as well as potential new Contributors. Additionally, the Bank will more aggressively seek out opportunities to blend SDF with other concessional resources to support BMCs' efforts to meet development objectives without adversely impacting debt dynamics.

6.04 Looking ahead to the remainder of SDF 10, the Bank is contemplating full commitment of the programme as the Region seeks to mobilise resources to deal with the prolonged impact of the pandemic within the context of institutional and financial resource constraints. In this regard, a robust pipeline of projects aimed at addressing inequalities in the education sector, improving social protection systems and increasing access to resilient social and economic infrastructure has been identified. This has been evidenced by the preparation of CES for which the Bank has Group 2 and 3 countries. (Already two CES have been approved with additional strategies to follow in 2022 and 2023). Additionally, through stepped-up engagement by the Bank at all levels to confirm BMCs' project-specific demands for SDF, the Bank is expecting strong utilisation of the resources.

6.05 While the availability of concessional resources is critical, so too is the implementation capacity of BMCs. With CDB estimating that 70% of implementation is the responsibility of the country, much effort will need to be made to strengthen in-country systems and stepped-up engagement. Activities to be supported in-country include improving public policies and planning processes; strengthening delivery mechanisms; and working with BMCs to improve accountability and integrity. Measures to enhance CDB implementing capacity will centre around the development and implementation of a more robust pipeline management system, enhancing staff capacity in monitoring and evaluation and assessments; implementation of OP365 and the addition of staff in growth areas.

6.06 During the year, the Bank conducted a diagnostic of the implementation challenges experienced during the project cycle. More specifically, the Bank analysed the common issues, their frequency and intensity, and importantly, any specific BMC or CDB circumstances that might have impacted delivery.

This initial assessment reinforced the importance of customised approaches/solutions. However, before a more comprehensive set of measurable solution-focused interventions to remedy the implementation deficit can be identified, it was agreed that this exploratory exercise should be expanded to generate wider viewpoints from BMC stakeholders. This is seen as important to having more robust analysis, well informed solutions and actions, and greater ownership of their execution. Therefore, the Bank, through a Consultancy will conduct a deeper analysis of the implementation challenge to gain a more concrete knowledge of the instances, determinants, and consequences of project execution gaps, from the perspectives of the relevant stakeholders.

6.07 In addition to implementation capacity, countries must also effectively manage their debt dynamics. With the average increase in debt to GDP of Group 2 countries estimated at 20 percentage points (pp) in 2020 (excluding Suriname which registered a 77 pp rise), it is essential that BMCs engage in prudent public financial management. While the anticipated growth in economic activity should provide some fiscal space, BMCs will need *inter alia* to engage in more targeted expenditures to ensure that debt levels remain manageable. In this regard, increasing the focus on projects with high developmental impact, financed by concessional resources, will be a necessity. Also required, given BMCs' vulnerability to natural hazards, is better incorporation of risks into the budgetary process. This will require ramped-up policy advice and the deployment of the Bank's instruments as appropriate.

6.08 In addition to the priorities identified above, further insights on how the Bank can improve the operational efficiency of the SDF and better serve its clients are expected to be gleaned from the preparation of the SDF 10 mid-term review. The review, scheduled to be conducted in the first half of 2023, will assess performance of the first two years of the cycle, analyse progress on the SDF 10 implementation plan and RMF, and identify opportunities for improvement in thematic areas of the SDF 10 programme. Importantly, the mid-term review signals the beginning of the process of loan reallocation among Group 2 countries, where resources are redirected towards BMCs with relatively higher demand, and is an important inflection point in the SDF to ensure that it is appropriately responding to the needs of its clients.

THE UNIFIED SPECIAL DEVELOPMENT FUND

Background

Established in 1970, the SDF/the Fund is the Bank’s largest pool of concessionary resources. The facility offers loans with longer maturities and grace periods and lower interest rates than those applied to the Bank’s ordinary operations. Initially, the various contributors to the Fund applied an assortment of terms and conditions which created complexities and inefficiencies in the Fund’s operation. As a result, in 1983, the decision was taken to set up a fund with a uniform set of rules, and the SDF (U) was formed. With consistent terms, objectives and procurement conditions, SDF (U) sought to overcome the problems associated with individual donors and funding arrangements.

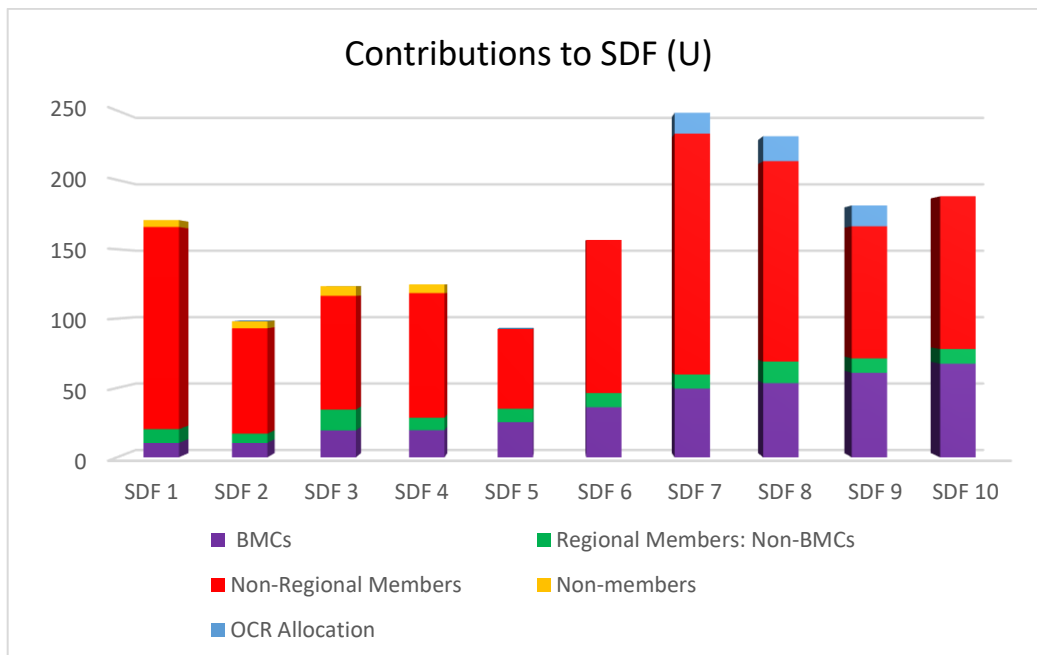
All members of the Bank are required to contribute to SDF (U) and contributions are also sought from non-members. Contributions are interest-free and provided on a multi-year basis, for an indefinite term. To focus the Fund’s operations, a supplementary governance structure, which includes an Annual Meeting of Contributors, was created. Non-members are also invited to participate as observers in meetings of the Bank’s Board of Directors and Board of Governors.

SDF (U) has a four-year replenishment cycle except for the third replenishment cycle (SDF 4) which was extended by an extra year as a result of additional contributions from a new member of the Bank. The Tenth Cycle of the Fund commenced on January 1, 2021 and ends December 31, 2024.

Funding

Over the nine cycles, contributions or pledges of \$1,616.0 mn have been made to the operations of SDF (U). A total of \$352.5 mn (21.8%) of the contributions/pledges came from borrowing members with non-borrowing members and non-members accounting for \$1,192.2 mn (73.8%), and \$23.3 mn (1.4%), respectively. A total of \$48 mn (3%) in allocations from the net income of the Ordinary Capital Resources (OCR) was pledged to fund SDF cycles 7, 8 and 9.

Contributions pledged for SDF 10 totalled \$188.2 mn, with borrowing members pledging \$67.4 mn and non-borrowing members, \$120.8 mn. Contributions to each cycle by category of membership are shown in the chart below. Details are presented in Appendix II.

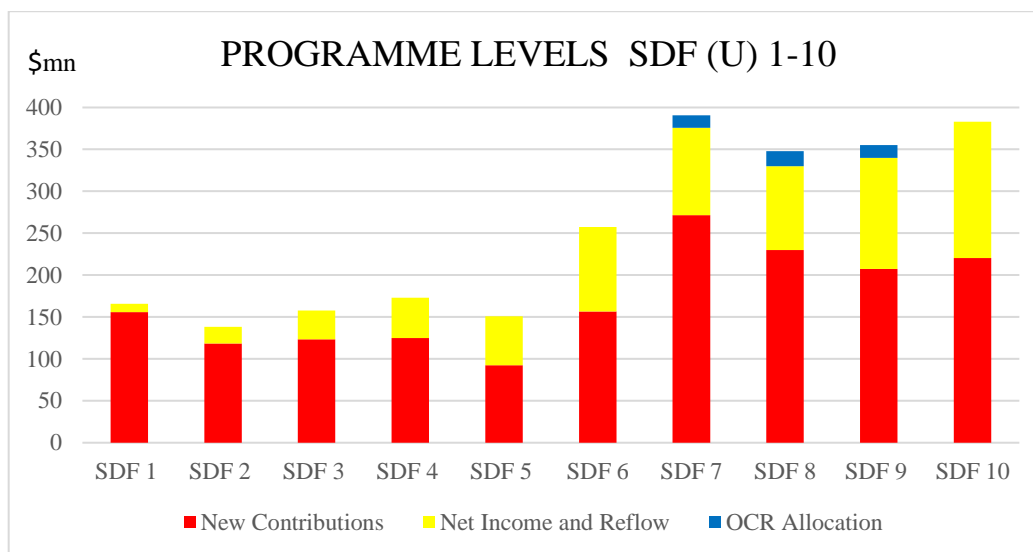


Themes and Priorities

During negotiations of each cycle, Contributors and the Bank agree on the priorities and issues to be addressed. These discussions focus on the most appropriate entry points through which the Bank can support sustainable poverty reduction initiatives in eligible countries. In recent cycles, SDF has given significant support to thematic areas such as environmental sustainability and advancing the CC agenda; building capacity and maritime transport in beneficiary countries. RCI and enhancing the Bank’s development effectiveness have also been key priorities. For SDF 9, the core themes, which are detailed in the Box entitled *SDF 10 Operational Strategy*, are selected SDGs, RCI and Building Resilience and Supporting Environmental Sustainability.

Programme Levels

The programme level for each SDF (U) cycle is financed with new pledges from Contributors, net income generated by the Fund, reflows from loan repayments, and since the SDF (Seventh Cycle) (SDF 7), an allocation from the OCR Net Income. The programme levels over the nine cycles of the Fund are shown in the chart below. For SDF 9, Contributors approved an overall programme level of \$355 mn, details of which are given in Appendix II.



Eligibility of Countries

The Bank’s BMCs are assigned to one of three country groups^{18/} based on their relative per-capita incomes. The country groups help to determine the terms and conditions for SDF lending (refer to Appendix III). While all BMCs are eligible for SDF resources, countries in Group 1 do not receive a country allocation and can only benefit from regional projects and support for RPGs and assistance in the event of a natural disaster.

Allocation of Resources

Since 2001, a Resource Allocation Strategy has been used to allocate both SDF loan resources to eligible countries and BNTF resources to participating BMCs. The resource allocation formula used by CDB is comprised of a *country performance or effectiveness component* and a *needs component*. The country performance element of the formula recognises that countries which have relatively strong policy and institutional frameworks are likely to make more effective use of concessionary resources, especially with regard to poverty reduction and broad-based sustainable growth. It therefore acts as an incentive for improved policy and institutional performance. The *needs component* of the formula includes a CDB-developed measure of *vulnerability*, and with effect from the SDF 8, a variable representing the number of poor people in a country as an indicator of country need.

^{18/}There were four country groups during SDF 1 - SDF 7

APPENDIX II

CONTRIBUTIONS TO THE UNIFIED SPECIAL DEVELOPMENT FUND

(after transfers from earlier SDF and other adjustments)

(\$'mn)

Item	SDF 1 ^{a/}	SDF 2 ^{a/}	SDF 3 ^{a/}	SDF 4 ^{a/}	SDF 5	SDF 6	SDF 7	SDF 8	SDF 9	SDF 10
Regional Members:										
BMCs										
Trinidad and Tobago	2.5	2.5	3.85	3.85	5	7.5	10.18	10.55	11.079	11.291
Jamaica	1.4	1.4	3.87	3.85	5	7.5	10.18	10.55	11.079	12.984
Guyana	1.4	1.4	2.16	2.16	2.81	4.22	5.67	5.88	6.17	7.231
Bahamas, The	1.4	1.4	2.16	2.16	2.81	4.21	5.67	5.88	6.17	7.231
Barbados	1.4	1.4	2.16	2.16	2.81	4.21	5.67	5.88	6.17	4.000
Suriname ^{b/}	---	---	---	---	---	---	---	2.16	6.17	7.231
Antigua and Barbuda	0.25	0.25	0.16	0.25	0.32	0.42	0.61	0.63	0.664	1.773
Belize	0.25	0.25	0.65	0.65	0.84	1.1	1.39	1.44	1.513	1.773
Dominica	0.25	0.25	0.65	0.65	0.84	0.84	1.39	1.44	1.513	1.773
Grenada	0.25	0.25	0.65	0.65	0.84	0.1	0.61	0.63	1.513	1.773
St. Kitts and Nevis	0.25	0.25	0.65	0.65	0.84	1.1	1.39	1.44	1.513	1.773
St. Lucia	0.25	0.25	0.65	0.65	0.84	1.1	1.39	1.44	1.513	1.773
St. Vincent and the Grenadines	0.25	0.26	0.65	0.65	0.84	1.1	1.39	1.44	1.513	1.773
Cayman Islands	0.1	0.1	0.15	0.25	0.32	0.42	0.61	0.63	0.664	0.778
Anguilla	0.1	0.1	0.25	0.25	0.32	0.42	0.61	0.63	0.664	0.778
Turks and Caicos Islands	0.1	0.1	0.25	0.25	0.32	0.42	0.61	0.63	0.664	0.778
British Virgin Islands	0.1	0.1	0.25	0.25	0.32	0.42	0.61	0.63	0.664	0.778
Montserrat	0.1	0.1	0.25	0.25	0.32	0.42	0.61	0.63	0.664	0.778
Haiti ^{b/}	---	---	---	---	---	0.65	0.91	0.94	0.992	1.163
Sub-total	10.35	10.36	19.41	19.58	25.39	36.15	49.48	53.46	60.892	67.432
Regional Members: non-BMCs										
Brazil	---	---	---	---	---	---	---	5	---	---
Colombia	5	3.33	5	3	3.6	3.6	3.6	3.52	3.5	3.500
Mexico ^{c/}	---	---	5	3	3	3	3	3.52	3.5	3.567
Venezuela	5	3.34	5	3	3	3.6	3.6	3.52	3.5	3.567
Sub-total	10	6.67	15	9	9.6	10.2	10.2	15.56	10.5	10.634
Non-Regional Members										
Canada ^{d/}	60.87	15	20	16.8	25.2	44	69.83	66.44	52.859	59.659
United Kingdom ^{d/}	42.82	15	20	16.8	25.2	44	69.83	51.82	19.358	26.475
France ^{e/}	21	10	14	11.76	---	---	---	---	---	---
Italy	21	10	14	8.66	3.15	5	7.08	3.24	2.958	3.213
Germany	---	26	14	11.76	--	12.17	18.83	15.96	13.732	13.666
China ^{f/}	---	---	---	24	4	5.2	8.1	7	6.275	7.107
Sub-total	145.69	76	82	89.78	57.55	110.37	173.68	144.46	95.182	110.120
Non-Members										
Netherlands	5	5	7	6.3	---	---	---	---	---	---
Allocation from OCR	---	---	---	---	---	---	15	18	15	---
Sub-total	5	5	7	6.3	--	---	15	18	15	---
TOTALS	171.04^{d/}	98.03	123.41	124.66	92.54	156.72	248.35	231.48	181.574	188.186

^{a/} At exchange rates as of dates of payment.

^{b/} Suriname joined the Bank in September 2013 and Haiti in 2007.

^{c/} Mexico contributed \$5 mn and \$3.33 mn to SDF Other in 1984 (SDF 1) and 1988 (SDF 2).

^{d/} SDF 1 contributions include amounts originally contributed to earlier special funds.

^{e/} No longer a member as of October 2000.

^{f/} Joined in 1998 subsequent to the Replenishment Negotiations on SDF 4.

SDF 10 PROGRAMME LEVEL, COUNTRY GROUPS AND TERMS OF LENDING

SDF 10 PROGRAMME LEVEL

Contributors approved a total programme of \$383 mn, comprising \$211 mn in country loans and \$40 mn in natural disaster mitigation and rehabilitation. Grant set-asides amounted to \$132 mn, the bulk of which were earmarked for BNTF and Haiti.

COUNTRY GROUPS AND TERMS OF LENDING

Country groups are used to determine both country eligibility to SDF resources and the terms and conditions of lending. The table below shows how lending terms vary according to Country Grouping. Under SDF 10, Contributors approved an increase in the level of concessionality. For Group 1, the maximum overall maturity increased from 20 to 25 years. For Group 2, the interest rate was lowered from 1% to 0.75% and the maximum overall maturity increased from 25 to 35 years. Similarly for Group 3, the interest rate was lowered from 1% to 0.75% and the maximum overall maturity increased from 30 to 40 years.

APPROVED PROGRAMME LEVEL FOR SDF 10 (\$ mn)	
LOANS	
Country Loans Using Performance-based Resource Allocation System	211
Natural Disaster Mitigation and Rehabilitation	40
GRANT SET-ASIDES	
BNTF	40
Haiti	45
Capacity Building	12
Private Sector Development	15
Environmental Resilience	18
Gender	2
TOTAL	383

COUNTRY GROUPS AND TERMS OF LENDING FOR SDF 10		
Country Group	Country	Terms of Lending
Group 1 <i>(Mainly OCR)</i>	Anguilla Antigua and Barbuda Bahamas, The Barbados British Virgin Islands Cayman Islands Montserrat St. Kitts and Nevis Trinidad and Tobago Turks and Caicos Islands	Interest rate – 1% Maximum Grace Period – 5 years Maximum Overall Maturity – 25 years
Group 2 <i>(Blend of SDF and OCR)</i>	Belize Dominica Grenada Guyana Jamaica Saint Lucia St. Vincent and the Grenadines Suriname	Interest rate – 0.75% Maximum Grace Period – 5 years Maximum Overall Maturity – 35 years
Group 3 <i>(Mainly SDF)</i>	Haiti ^{av}	Interest rate – 0.75% Maximum Grace Period – 10 years Maximum Overall Maturity – 40 years

^{av} Set-aside allocation will be used instead of the resource allocation formula

SDF 10 COMMITMENTS 2021
(Classified by SDF 10 Themes)

PROJECT	DATE APPROVED	NET APPROVED FROM SDF	TOTAL CDB FINANCING
LOANS APPROVED			
<u>BUILDING SOCIAL RESILIENCE</u>			
<i>BARBADOS</i>			
The UWI Digital Transformation Project	21-Dec	2,000	6,000
<u>BUILDING ENVIRONMENTAL RESILIENCE</u>			
<i>BELIZE</i>			
NDM – IRL – Hurricanes Eta and Iota	21-Dec	2,500	2,500
<i>ST. VINCENT AND THE GRENADINES</i>			
NDM – IRL – La Soufriere Volcano	21-Apr	5,000	5,000
TOTAL LOANS APPROVED		9,500	13,500
GRANTS APPROVED			
<u>BUILDING SOCIAL RESILIENCE</u>			
<i>REGIONAL</i>			
BNTF	21- Apr	40,000	40,000
Supporting the Fourteenth Caribbean Institute of Gender and Development Online Training Programme and SEED Grants	21-May	127	127
Evaluation of Energy Sector Policy and Strategy	21-May	146	146
Capacity Building in Educational Planning and Preparation of A Strategic Plan for CCEP, UWI	21-June	94	94
Support for Risk Communication and Community Engagement for COVID-19 Vaccine Uptake in the Caribbean	17-Dec	267	267
<u>BUILDING ECONOMIC RESILIENCE</u>			
<i>ANGUILLA</i>			
CTCS	21-June	91	91
<i>BELIZE</i>			
Increasing Participation of the Belizean Cacao Industry in the Cocoa-Chocolate Global Value Chain	21-Sep	222	507
Development of A Risk-Based Sanitary and Phyto-sanitary Import and Export Control System for Belize	21-Dec	200	200
Enhancing the Capacity of the Government of Belize to Facilitate Trade	21-Nov	342	342
<i>JAMAICA</i>			
CTCS	21-Apr	58	58
<i>REGIONAL</i>			
Tenth Caribbean Urban Forum and Workshop	21-June	20	20
CTCS	21-May	320	320
CTCS	21-Aug	205	205

PROJECT	DATE APPROVED	NET APPROVED FROM SDF	TOTAL CDB FINANCING
CTCS	21-Sep	281	281
CTCS	21-Dec	45	45
Public Procurement Reform of the Eastern Caribbean States – Phase II	21-Dec	500	500
<u>BUILDING ENVIRONMENTAL RESILIENCE</u>			
<i>HAITI</i>			
Support for Haiti to Meet Commitment to CCRIF Premium Payment for the 2021-2022 Policy Period	21-Dec	6,930	6,930
Youth Entrepreneurial Education and Training Project	25-July	610	610
<i>REGIONAL</i>			
Assessment of CDB's Alignment with the Goals of the Paris Agreement	21-Mar	65	65
Comprehensive Diagnostic of Gender Sensitive DRF Instruments	21-Sep	204	204
Supporting the Caribbean Agenda at the Twenty-sixth Meeting of the United Nations Framework Convention on Climate Change Conference of Parties	21-Sep	138	138
<i>ST. VINCENT AND THE GRENADINES</i>			
Disaster Management Emergency Assistance Grant: La Soufriere Volcanic Eruption (2021)	21-Jun	300	300
TOTAL GRANTS APPROVED		51,185	51,450
TOTAL APPROVED		60,665	64,950

SDF PORTFOLIO ANALYSIS 2021

1. The quality and performance of the SDF portfolio is measured by a PPI, using a composite score derived from the application of the Project Performance Evaluation System. This composite score is an indicative measure of the likely impact of the project relative to the Bank’s development assistance objectives and is the sum of the weighted scores of six core criteria: strategic relevance, poverty relevance, efficacy, cost efficiency, institutional development impact, and sustainability. Data available for 38 projects suggest that portfolio performance was fair, with approximately 47% achieving a performance rating of satisfactory, and the remainder, marginally unsatisfactory or unsatisfactory.

TABLE 1: PROJECT PERFORMANCE RATINGS AND COMPOSITE SCORES

Composite Score	Project Performance Rating
4	Highly Satisfactory
3	Satisfactory
2	Marginally Unsatisfactory
1	Unsatisfactory

TABLE 2: SDF (U) PORTFOLIO PROJECT PERFORMANCE RATING 2021 AND 2010

Composite Score	2021					2020				
	No. of Projects	% of Portfolio by No. of Projects	Value of Projects (\$mn)	% of Portfolio by Value of Projects	Overall PPI	No. of Projects	% of Portfolio by No. of Projects	Value of Projects (\$mn)	% of Portfolio by Value of Projects	Overall PPI
4	-	-	-	-	-	-	-	-	-	-
3	18	90	341.5	97	3	22	85	346.8	89	3
2	2	10	9.1	3	2	3	12	33.8	9	2
1	-	-	-	-	-	1	3	8.4	2	1
Totals	20	100	350.6	100	3	26	100	389.0	100	2.9

TABLE 3: SDF PORTFOLIO COUNTRY PERFORMANCE RATING FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

Performance Rating	2021	2020
Highly Satisfactory	None	British Virgin Islands, Belize, Guyana, Saint Lucia, Suriname
Satisfactory	Dominica, Grenada, Saint Lucia, Suriname	Dominica, Grenada, Jamaica, Regional, St. Kitts and Nevis, St. Vincent and the Grenadines
Marginally Unsatisfactory	Belize, Guyana, St. Vincent and the Grenadines	None
Unsatisfactory	None	None

TABLE 4: SDF PORTFOLIO - COUNTRY PERFORMANCE RATING BY PPI

Country	2021			2020		
	No. of Projects	% of Portfolio	PPI	No. of Projects	% of Portfolio	PPI
Belize	4	20	3.0	4	15	3.0
British Virgin Islands	1	5	3.0	-	-	-
Dominica	2	10	3.0	3	12	2
Grenada	4	20	2.8	4	15	3
Guyana	1	5	3.0	1	4	3
Jamaica	-	-	n.a.	-	-	-
St. Kitts and Nevis	-	-	n.a.	2	8	2
Saint Lucia	2	10	3.0	5	19	3
St. Vincent and the Grenadines	5	25	3.0	5	19	3
Suriname	1	5	3.0	1	4	3
Regional	-	-	n.a.	1	4	3
Total	20	100	3.0	26	100	3
Overall PPI	Satisfactory			Satisfactory		

TABLE 5: AVERAGE PERFORMANCE SCORES BY SECTOR

	2021			2020		
	No. of Projects	% of Portfolio	PPI	No. of Projects	% of Portfolio	PPI
Agriculture and Rural Development	-	-	-	-	-	-
Education	6	30	3.0	8	31	3.0
Environment and Disaster Risk Reduction	5	25	2.9	5	19	3.0
Financial, Business and Other Services	5	25	3.0	5	19	3.0
Public Sector Management	-	-	-	2	8	3.0
Social Infrastructure and Other Services	1	5	3.0	1	4	2.0
Transport and Communication	1	5	3.0	1	4	2.0
Urban Development and Shelter	-	-	-	-	-	-
Water and Sanitation	2	10	3.0	3	9	3.0
Total	20	100	3.0	26	100	3.0
Overall PPI Rating	Satisfactory			Satisfactory		

TABLE 6: SDF (U) PORTFOLIO PROJECT PERFORMANCE RATING FOR PROJECTS IN PRISM 2021 and 2020

Composite Score	2021					2020				
	No. of Projects	% of Portfolio by No. of Projects	Value of Projects (\$mn)	% of Portfolio by Value of Projects	Overall PPI	No. of Projects	% of Portfolio by No. of Projects	Value of Projects (\$mn)	% of Portfolio by Value of Projects	Overall PPI
4	-	-	-	-	-	1	6	1.0	0	4
3	-	-	-	-	-	9	56	324.8	76	3
2	8	44	135.6	21	2.5	5	31	88.5	21	2
1	10	56	511.8	79	1.2	1	6	13.5	3	1
Totals	18	100	647.4	100	1.5	16	100	427.8	100	3

TABLE 7: SDF PORTFOLIO - COUNTRY PERFORMANCE RATING BY PPI IN PRISM

Country	2021			2020		
	No. of Projects	% of Portfolio	PPI	No. of Projects	% of Portfolio	PPI
Antigua and Barbuda	1	6	2	-	-	-
Belize	5	27	2	4	23	3
British Virgin Islands	-	-	-	-	-	-
Dominica	2	11	3	3	18	3
Grenada	2	11	2	2	11	3
Guyana	3	17	1	1	6	2
Jamaica	-	-	-	-	-	-
St. Kitts and Nevis	-	-	-	-	-	-
Saint Lucia	2	11	2	3	18	3
St. Vincent and the Grenadines	2	11	1	2	18	3
Suriname	1	6	3	1	6	3
Regional	-	-	-	-	-	-
Total	18	100	2	16	100	3
Overall PPI	Marginally Unsatisfactory			Satisfactory		

TABLE 8: AVERAGE PERFORMANCE SCORES BY SECTOR IN PRISM

	2021			2020		
	No of Projects	% of Portfolio	PPI	No of Projects	% of Portfolio	PPI
Agriculture and Rural Development	3	17	2	-	-	-
Education	1	6	1	8	31	3
Energy	1	6	3	-	-	-
Environment and Disaster Risk Reduction	5	28	2	5	19	3
Financial, Business and Other Services	-	-	-	5	19	3
Public Sector Management	-	-	-	2	8	3
Social Infrastructure and Other Services	1	6	3	1	4	2
Transport and Communication	5	28	1	1	4	3
Urban Development and Shelter	1	6	3	-	-	-
Water and Sanitation	1	6	2	4	15	3
Total	18	100	2	26	100	3
Overall PPI Rating	Marginally Satisfactory			Satisfactory		

SDF FINANCIAL STATEMENTS

- V1-2: Summary Balance Sheets as at December 31, 2017-2021
- V1-3: Summary Income Statements for the years ending December 31, 2017-2021
- VI-4: Summary of Notes, Encashments and Drawdowns – 2021
- VI-5: Projected Balance Sheets as at December 31, 2022-2024
- VI-6: Projected Income Statements for the years ending December 31, 2022-2024

SUMMARY BALANCE SHEETS
AS AT DECEMBER 31, 2017-2021
(\$'mn)

Item	2017	2018	2019	2020	2021
Assets:					
Cash and Investments	329.4	334.4	357.2	333.4	302.6
Contributions in Arrears	4.4	9.7	16.7	22.4	28.2
Non-neg. Demand Instruments	74.6	80.2	71.5	68.2	70.3
Loans Outstanding (Net)	543.0	535.2	537.4	593.2	618.3
Other Receivables	0.846	0.171	0.534	0.2	0.199
Total Assets	952.3	959.7	983.4	1017.5	1019.5
Liabilities:					
Contributions in Advance					1.33
Payables	51.2	39.8	43.6	58.1	58.9
Contributions	715.9	730.7	740.7	747.4	753.9
Accumulated Net Income	46.9	46.9	55.5	64	56.7
TA Allocation	138.4	142.2	143.6	148	148.7
Total Liabilities and Funds	952.3	959.7	983.4	1017.5	1019.5

SUMMARY INCOME STATEMENTS
FOR THE YEARS ENDING DECEMBER 31, 2017-2021

Item	2017	2018	2019	2020	2021
Revenue:					
Investment Income	4.4	4.1	13.0	11.9	-3.4
Loan Income	12.3	12.3	12.1	12.2	12.6
Exchange	-	-	-	-	-
Total Revenue	16.7	15.9	25.1	24.1	9.2
Expenses:					
Administrative Expenses	20.1	16.3	15.4	16.5	15.7
Write-down of financial assets	--	--	--	--	1.2
Exchange Loss/(Gain)	1.2	-0.5	1.2	-0.9	-0.3
Total Expenses	21.3	15.8	16.6	15.6	16.6
Net Income	(4.6)	0.1	8.5	8.5	(7.3)

SUMMARY OF NOTES, DRAWDOWNS, ENCASHMENTS 2021

Country	Notes Receivable 1/1/21	Notes Issued		Curr.	Encashments		Cash Received		Notes Receivable 31/12/21	Not Yet Made Available	Approved but not yet Effective	Cumulative Drawdowns	Approved Contribution (Curr Value)
	US\$	Loc Cur.	US\$		Loc Cur.	US\$	Loc Cur.	US\$	US\$	US\$	US\$	US\$	US\$
Borrowing members (BMCs)													
Trinidad and Tobago	\$7,784								\$7,784	9,033	0	68,305	68,305
Bahamas, The	14,908								14,908	-	7,231	31,855	39,086
Barbados	2,833								2,833	-	10,170	25,681	35,851
Jamaica	16,233								16,223	-	12,984	54,834	67,818
Guyana	1,654					1,234			420		7,231	31,856	39,087
Antigua and Barbuda	777								777		2,437	2,889	5,326
Belize	3,788								3,788		1,773	8,088	9,861
Dominica	2,065								2,065		1,773	7,828	9,601
St. Kitts and Nevis	2,494									2,494 -	4,727	5,134	9,861
St. Lucia	1,810								1,819	1,330	-	9,861	9,861
St. Vincent and Grenadines	1,441								1,441		1,773	8,101	9,874
Grenada	2,967	1,330	1,330			443			4,297	1,330	-	7,263	7,263
Montserrat											778	3,341	4,119
BVI										584	-	4,119	4,119
Turks and Caicos											-	4,119	4,119
Cayman Islands											2,679	1,340	4,019
Anguilla	571								571		2,074	2,045	4,119
Haiti											3,100	1,560	4,660
Suriname	2,758								2,758		7,231	8,330	15,561
TOTAL - BMCs	62,082	1,329.75	1,330	-	-	1,677			59,683	12,277	65,961	286,549	352,510
Non Borrowing members (NBMCs)													
Brazil												5,000	5,000
Colombia				(")							3,500	34,157	37,657
Mexico				(")							10,591	17,000	27,591
Venezuela				(")							15,142	21,982	37,124
Canada				Cdn\$			20,353	16,427		3,994	-	396,279	396,279
China				US\$						4,012	-	61,428	61,428
United Kingdom	6,140	5,250	7,275	Str	4,500	6,218			7,075	204	-	290,387	290,387
Germany	-	3,100	3,689	EUR					3,509	12,140	-	126,122	126,122
Italy				EUR			2,915	3,432	-	1,806	-	73,884	73,884
TOTAL - NBMCs	6,140		10,965			6,218		19,859	10,584	22,156	29,233	1,026,239	1,055,472
Non Members													
France				FF*	-						-	58,254	58,254
Chile												10	10
Netherlands				NG	-						-	24,902	24,902
GRAND TOTAL	68,222		12,294			7,895		19,859	70,267	34,433	95,194	1,395,954	1,491,148

PROJECTED BALANCE SHEETS
AS AT DECEMBER 31, 2022-2024

Item	2022	2023	2024
Assets:			
Cash and Equivalents	49.4	52.1	55.4
Securities-Prime	197.5	208.2	221.4
Long-term Loans	645.5	654.5	681.4
Other Assets	152.3	154.8	137.9
Total Assets	1,044.7	1,069.6	1,096.0
Liabilities:			
Current Liabilities	59.9	59.2	59.4
Contributions	776.9	799.9	822.9
Accumulated Net Income	207.8	210.5	213.7
Total Liabilities and Capital	1,044.7	1,069.6	1,096.0

PROJECTED INCOME STATEMENTS
FOR THE YEARS ENDING DECEMBER 31, 2022-2024
(\$'mn)

Item	2022	2023	2024
Revenue:			
Investment Income	6.8	7.3	7.7
Loan Income	12.9	13.0	13.7
Exchange	0.0	0.0	0.0
Total Revenue	19.8	20.2	21.4
Expenses:			
Administrative Expenses	17.3	17.6	18.2
Net Income	2.5	2.7	3.2