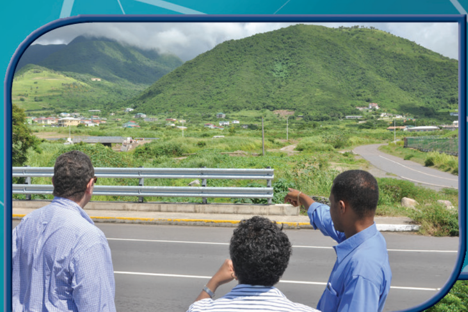
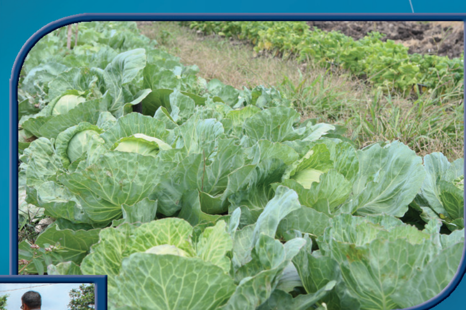
CARIBBEAN DEVELOPMENT BANK

Annual Report

2011





THE CARIBBEAN DEVELOPMENT BANK (CDB) is a regional financial institution established by Agreement signed in Kingston, Jamaica, in 1969. It has a membership of 26 countries consisting of 18 regional borrowing members, 3 regional non-borrowing members and 5 non-regional non-borrowing members. Its founders included 16 English-speaking Caribbean countries as regional borrowing members, as well as Canada and the United Kingdom as non-regional non-borrowing members. The Bank was established for the purpose of contributing to the harmonious economic growth and development of the member countries in the Caribbean, having special and urgent regard to the needs of the Less Developed Countries (LDCs) of the Region.

Of its18 Borrowing Member Countries (BMCs), 13 are designated LDCs. The LDCs comprise the following: Anguilla, Antigua and Barbuda, Belize, British Virgin Islands, Cayman Islands, Dominica, Grenada, Haiti, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and Turks and Caicos Islands.

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

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

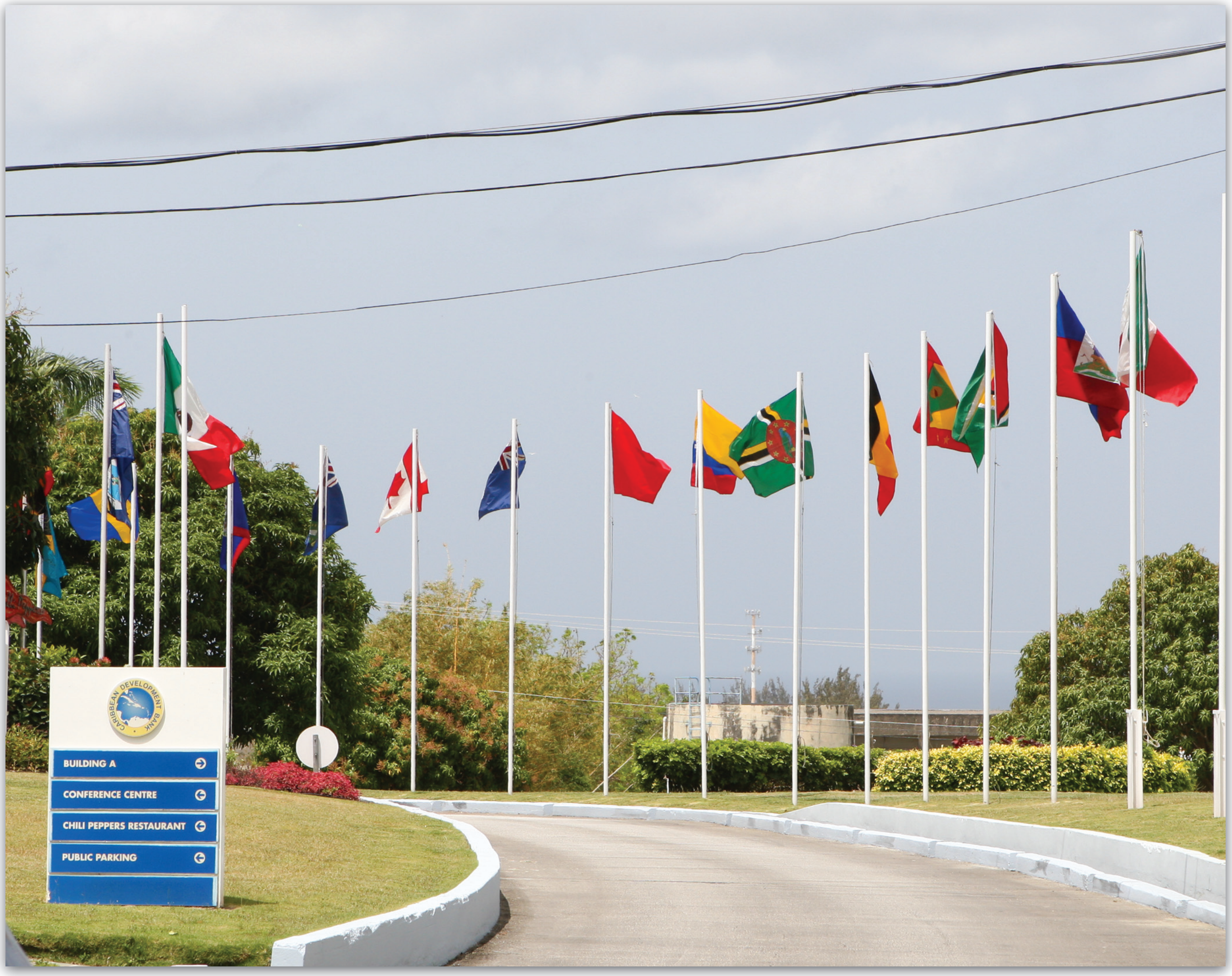
MISSION STATEMENT

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

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

CARIBBEAN DEVELOPMENT BANK

ANNUAL REPORT 2011


CARIBBEAN DEVELOPMENT BANK
BUILDING A
CONFERENCE CENTRE
CHILI PEPPERS RESTAURANT
PUBLIC PARKING

Wildey, St. Michael
Barbados, West Indies

March 7, 2012

My Dear Chairman:

I enclose the Annual Report of the Caribbean Development Bank for the year ended December 31, 2011, which the Board of Directors, acting pursuant to Paragraph 2 of Article 38 of the Agreement establishing the Bank and in accordance with Section 18 of the By-Laws of the Bank, has requested me to submit to the Board of Governors.

Yours sincerely,

W^{m}. Warren Smith
President

The Honourable W. McKeeva Bush, OBE, JP
Chairman
Board of Governors
Caribbean Development Bank

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PRESIDENT'S REVIEW

The global recovery may have been underway since late 2009, but in Caribbean Development Bank (CDB) Borrowing Member Countries (BMCs) the recovery finally began to take root in 2011.

Preliminary estimates indicate that 14 of the 18 BMCs registered expansion in real output during the year, but the critical indicators of social well-being remained depressed with unemployment staying above pre-recession levels in most countries. Whilst signs of economic recovery in 2011 are welcomed, until they become more robust, the erosion in living standards evident across CDB's borrowing members since the 2008 recession will not be reversed. Real risks to a stronger recovery in the Caribbean's service-dependent economies loom in the source markets of Europe which are now in the throes of a deep fiscal and debt crisis, compounded by anaemic economic recovery in the United States.

Several of CDB's BMCs are responding to their economic challenges by pursuing far-reaching reforms such as in the areas of tax and pensions, financial sector strengthening, improved debt management and structural transformation of their economies with the assistance of the Bank and other Donor Agencies. Successful implementation of these adjustments will enable these countries to emerge from this difficult period more resilient and better positioned to capitalize on opportunities resulting from more vigorous growth in other regions of the world economy.

The focus of BMCs on a reform agenda, against the back-drop of unacceptably high debt ratios and limited fiscal space, meant that there was reduced demand for CDB's loan resources in 2011, such that approvals and disbursements fell 45% and 52%, respectively, in 2011 compared to last year. In spite of the reduction in new business, CDB's staff were able to demonstrate their ability to lend assistance to the BMCs in creative new areas, most notably with the support provided to St. Kitts and Nevis as that country moved decisively to address its unsustainable public debt. Ongoing assistance is also being made available by CDB and other Donors to the OECS countries to strengthen their domestic banking system and improve financial system regulation.

During 2011, CDB positioned itself to become a more active partner to its BMCs in financing climate change adaptation and mitigation interventions. This was made possible by the conclusion of an Agreement between CDB and the European Investment Bank for the latter to make available to CDB a €50 million line of credit specifically for projects of this type. This initiative will be buttressed in 2012 with important organizational changes and capacity-building developments in the Bank.

On May 1st this year, I assumed office as the fifth President of CDB. It has been a year of great challenges for our small but resilient institution both internally and externally. Our success in making the transition to new leadership has in no small part been due to the timely advice and support of the members of the Boards of Governors and Directors and the commitment and loyalty of our management and staff. Our ability as an institution to confront and overcome the unprecedented challenges of the next few years will necessitate the resolute support of all stakeholders in finding appropriate mitigants to the emerging risks in an increasingly complex external environment.

Wm. Warren Smith, Ph.D.
President

PART 1
THE CARIBBEAN ECONOMIES IN 2011

The resulting crisis of confidence triggered further fall-out in financial, labour and housing markets, reinforcing fears of a "double-dip" recession in advanced economies.

INTERNATIONAL ECONOMIC DEVELOPMENTS

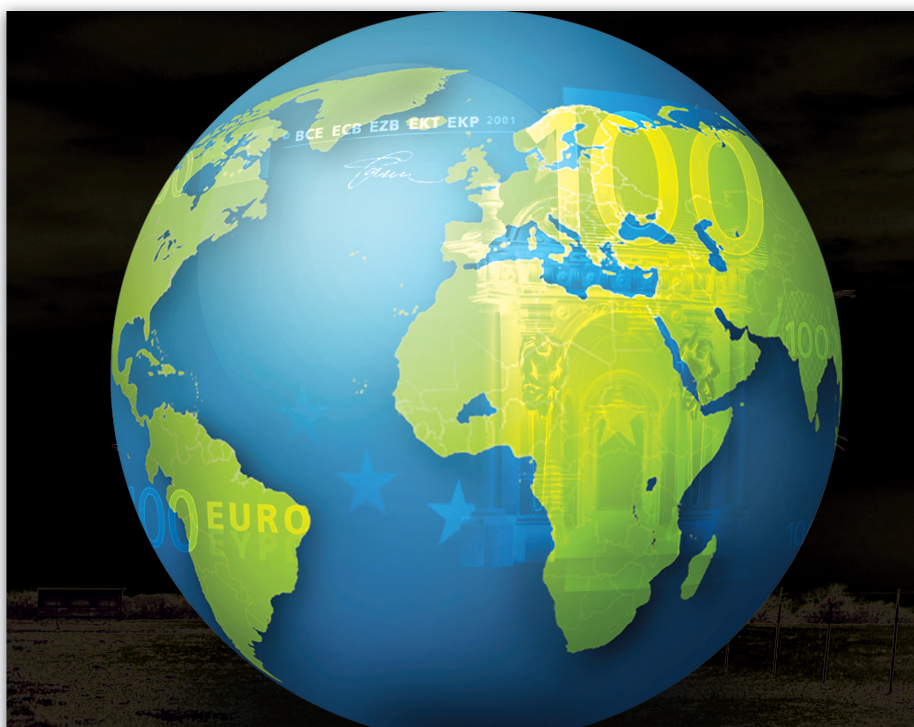
The global economy has been gradually recovering from the "Great Recession" since the end of 2009, though progress has been somewhat uneven. Emerging and developing economies have been the key drivers of the sluggish recovery, as advanced economies have continued to struggle with high unemployment rates and lingering weakness in credit, asset prices and capital flows. Elevated inflationary pressures have accompanied the recovery, in part driven by the rapid growth in developing and emerging economies coupled with rising food and petroleum prices.

In 2011, the global economy progressed steadily through the first half. At the same time, weather-related reductions in crop production as well as oil supply disruptions associated with the unrest in the Middle East exerted additional upward pressure on international food and petroleum prices.

By the third quarter, however, there were signs that the recovery was faltering. Fiscal challenges in Europe and the United States (US) had worsened more rapidly than anticipated, as reflected in credit rating downgrades. The resulting crisis of confidence triggered further fall-out in financial, labour and housing markets, reinforcing fears of a "double-dip" recession in advanced economies. There were also concerns that developing and emerging economies, at risk of overheating earlier in the year, were starting to lose momentum.

The probability of a "double-dip" scenario started to diminish in line with increasingly positive data releases for advanced economies in the final quarter of the year. While the data also confirmed more restrained growth in developing and emerging economies, this reduction in pace helped to temper inflationary pressures. Against this backdrop, policymakers maintained explicitly accommodative monetary stances, with the aim of bolstering the recovery, while redoubling efforts to address fiscal imbalances and make debt more sustainable.

Fiscal policy received particular emphasis in advanced economies, given the challenges they faced during the year. These included the ongoing debt crisis in Europe and the Great East Japan Earthquake in March, in addition to serious fiscal imbalances in the US that would have negative repercussions for the entire global economy in the event of a disorderly adjustment.



The recovery in European Union (EU) economies gained momentum in the first quarter of 2011, but decelerated gradually over the rest of the year, reflecting a slow recovery in investment and sluggish private consumption, as tensions in sovereign debt markets dampened business confidence and consumer demand. Monetary policy, therefore, remained appropriately accommodative, while fiscal policy centred on austerity measures, aimed at consolidating public finances generally and resolving the debt crisis in the Eurozone. In Japan, while the economy contracted throughout the year, the fallout from the earthquake was concentrated in the first half, as activity started to recover in the third quarter, with supply-side constraints having eased considerably and fiscal policy oriented towards support for reconstruction activities.

In the US, however, attempts to balance fiscal consolidation and support for the economic recovery remained mired in political gridlock. Nevertheless, an uptick in consumer spending and business investment helped to sustain output growth. A reduction in the unemployment rate – a closely monitored barometer of economic conditions – from 9.4% in December 2010 to 8.5% at end-2011 also indicated some strengthening of activity, although the rate remained high. While headline inflation rose during the year, stemming from the general rise in energy and food prices, core inflation remained relatively low. The Federal Reserve therefore maintained the benchmark federal funds rate at historically low levels and introduced measures to boost the economic recovery and ameliorate mortgage market conditions.

Among developing and emerging economies, which proved to be more resilient to the headwinds buffeting advanced economies, the emphasis was generally on macroeconomic policy tightening, given that many were combating domestic overheating and inflationary pressures. However, these pressures tapered off over the course of the year, as growth rates moderated. Year-on-year growth in China, for example, decelerated progressively from 9.7% in the first quarter to 9.1% in the third.

12 of the 18 BMCs registered expansion in real output during the year... This notwithstanding, many BMCs confronted stubbornly high debt ratios.

Looking ahead, the global recovery is expected to proceed at its current subdued pace, as developing and emerging economies should manage a soft landing, whereas weak housing and labour markets in advanced economies are likely to remain a drag on growth. From a policy perspective, the recovery may also be constrained by ongoing efforts to repair private and public sector balance sheets through deleveraging and fiscal consolidation, but should benefit from sustained monetary policy support. However, the outlook is highly uncertain, and risks remain tilted to the downside.

REGIONAL ECONOMIC DEVELOPMENTS

OVERVIEW

Emerging and developing economies have been the key drivers of the recovery, as advanced economies – the Region's main trading partners – have continued to struggle with lingering weakness in financial, labour and housing markets, as the fallout from the global financial and economic crisis persisted. The recovery in CDB BMCs has therefore lagged behind, finally gaining momentum in 2011.

Preliminary estimates indicate that 12 of the 18 BMCs registered expansion in real output during the year. Among the 12, growth was marginal in Barbados, the British Virgin Islands, the Cayman Islands and St. Lucia, but stronger in The Bahamas, Belize, Dominica, Grenada, Jamaica and Montserrat; while Guyana and Haiti both achieved growth rates above 5%. Of the five BMCs recording contractions (Anguilla, Antigua and Barbuda, St. Kitts and Nevis, St. Vincent and the Grenadines and Trinidad and Tobago), the downturn in Trinidad and Tobago deepened, but the declines in the other four were moderate relative to previous years.

The fledgling recovery was mainly underpinned by moderate increases in tourism or – in the case of less tourism-dependent, more commodity-based BMCs – improvements in agriculture and mining, as well as related manufacturing activities. For some BMCs, construction and quarrying also contributed positively to growth. The general recovery in economic output and implementation of policy reforms mostly resulted in improved fiscal performances. This notwithstanding, many BMCs confronted stubbornly high debt ratios that, together with sustained high unemployment rates and weak indicators of financial sector activity and stability, showed the lingering impact of the recession. They were also a reflection of pre-existing structural vulnerabilities, including susceptibility to natural disasters and concentration on a narrow range of goods and services such as tourism and commodity exports as well as BMCs' failure to implement critical policy reforms in the past. Furthermore, adverse global developments during the year, including the persistent macroeconomic weakness in advanced economies and resurgent international commodity prices, weighed heavily on balance of payments and inflation outturns in particular.

International developments will continue to shape regional outturns in 2012, with prospects for the Region closely mirroring the global outlook. The recovery in regional tourism is therefore expected to remain soft, in line with expectations for global demand, while no material pick-up in foreign direct investment is anticipated, reducing the likelihood of a boost to the balance of payments and, indirectly, to construction and other real sector activity. Consequently, most BMCs are projected to grow modestly, by 1-2.5% in 2012. While dampening growth prospects in commodity-based BMCs, the projected moderation in global commodity prices should have a positive impact on the balance of payments by reducing import values, which should in turn help to ease domestic inflationary pressures within BMCs. However, the context framing regional prospects over the short to medium term remains one of limited fiscal space, structural weaknesses in the financial sector and an uncertain global outlook, with additional downside risks related to the Region's vulnerability to natural hazards and climate change impacts. Going forward, this context will continue to drive BMCs' policy imperatives of reinvigorating growth and building resilience to exogenous shocks.

REGIONAL SECTOR PERFORMANCE

Tourism

For several BMCs, the recovery was driven largely by tourism-related activity. While the downward trend in visitor expenditure remained a key concern among industry stakeholders, this was generally offset by growth in visitor arrivals.

Most regional tourism destinations exhibited further improvements in stay-over arrivals during 2011, following the resumption of growth in 2010. Expansions in all source markets underpinned these gains, with especially robust growth in the Canadian market, as well as a notable turnaround in the European market after dismal performances in 2009 and 2010.

Outturns in the cruise segment of the industry were more mixed. Supply-side factors, such as rising fuel costs, were still motivating cruise lines to re-route ship itineraries closer to the North American mainland. More generally, persistently weak incomes and employment in advanced economies continued to curtail demand to some extent. Consequently, several BMCs recorded

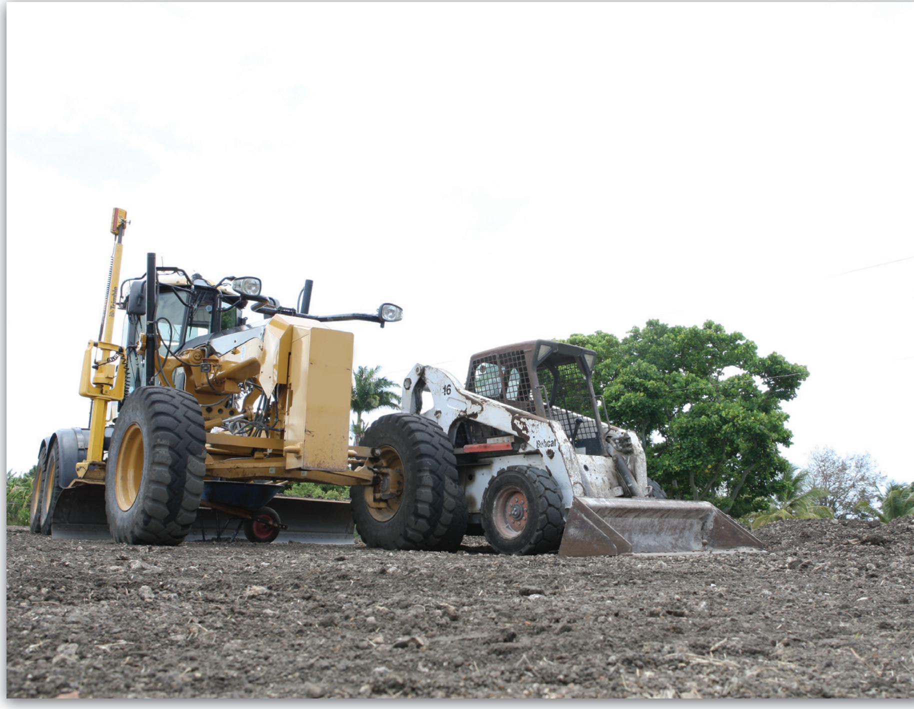
International developments will continue to shape regional outturns in 2012, with prospects for the Region closely mirroring the global outlook.

declines in cruise passenger arrivals in 2011. Nevertheless, partial recovery in traditional source markets, together with intensified marketing initiatives aimed at enhancing destination branding and visibility, as well as diversifying into new source markets, led to strong demand-led growth for other BMCs.

Construction

Construction and quarrying activity also appeared to be recovering in some BMCs. Some, like Dominica and Jamaica, were able to consolidate their return to growth in 2010 from the downturn of 2008-09. Dominica's recovery was sustained by ongoing public investment in infrastructure development, despite a fall-off in the grant inflows that typically finance much of the capital budget, in tandem with increased private construction activity. In Jamaica, healthier public finances, stronger remittance inflows and favourable credit conditions helped to maintain support for the recovery in construction. For St. Lucia and St. Vincent and the Grenadines, growth finally resumed in 2011, when activity was boosted, in part by infrastructure works and tourism developments, but mostly by reconstruction in the wake of Tropical Storm Tomas. The rebound in Haiti was likewise primarily due to reconstruction related to the 2010 earthquake. Renewed foreign investment for tourism-related developments drove private sector construction activity in countries like St. Kitts and Nevis and The Bahamas. A few BMCs, including The Bahamas, Guyana and Jamaica, were able to complement private activity with strong public investment.

However, in several BMCs, inflows of foreign investment have not returned to pre-recession levels, while governments have had to scale back capital budgets as fiscal consolidation efforts deepened, further dampening construction activity in some and negating the 2010 recovery in others.



Mining and Quarrying

Quarrying outturns mirrored those of construction for the most part. In turn, mining output generally grew in response to rising international commodity prices. High commodity prices boosted bauxite and gold extraction in Guyana, although diamond extraction fell, as miners switched to gold to exploit relatively higher gold prices driven by an ongoing flight to quality in global markets. The resurgence of mining activity in Jamaica likewise reflected higher prices for bauxite and alumina on the world market. In Belize, however, oil production was down as the larger of its two commercial oil fields went into decline; while oil and gas production fell in Trinidad and Tobago on account of expansive maintenance operations by a major producer.

Agriculture

Unlike the generalized underperformance of agriculture in 2010, mainly attributed to weather-related factors and crop disease, outturns in 2011 varied significantly across BMCs. While some BMCs were held back by challenges similar to those encountered in 2010, other BMCs were able to capitalize on higher food crop prices on the international market.

For example, sugarcane output fell in Barbados, amid ongoing reductions in acreage under cultivation since the lowering of the EU guaranteed price for sugar in 2009. Output also dipped in Belize, where adverse weather conditions and operational challenges resulted in reduced yield of sugarcane (as well as citrus). Conversely, favourable weather and expanded research and capital investment boosted yields in Guyana, while support from the EU Cane Expansion Fund facilitated strong growth in output in Jamaica.

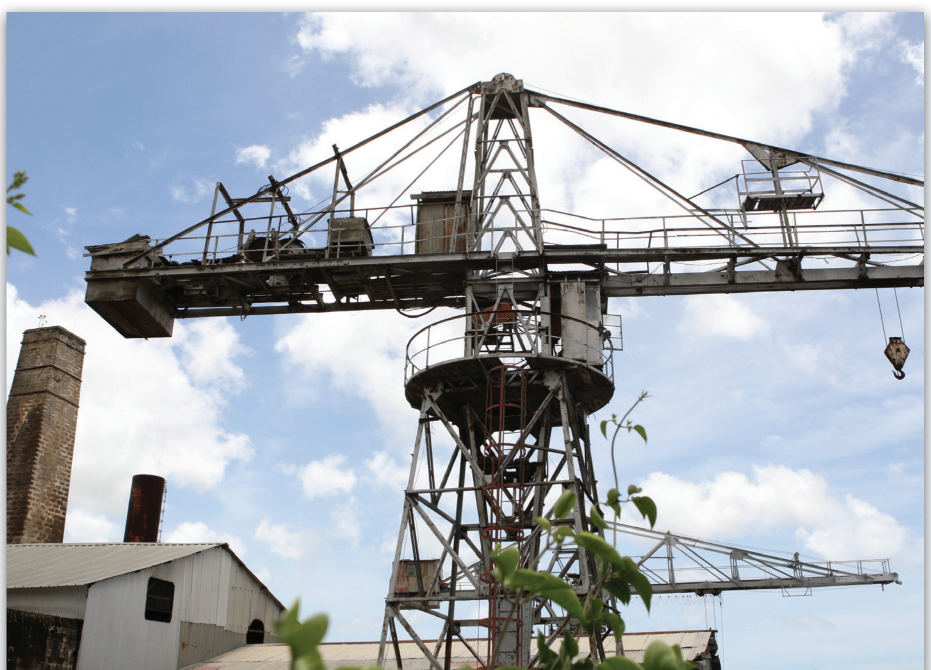
Similar mixed outturns characterized banana-producing BMCs in 2011, following a collective decline in 2010, when production was adversely affected by unfavourable climatic conditions and leaf spot disease. Output of bananas, along with root crops and citrus in Dominica and cocoa and nutmeg in Grenada, staged a moderate recovery. However, St. Lucia and St. Vincent and the Grenadines suffered setbacks to their recovery, due to recurring leaf-spot disease and severe flooding, respectively.

Manufacturing

The manufacturing sector in most BMCs continued to contract or output stayed flat, amid declining competitiveness and weak demand, particularly among smaller BMCs engaged in light manufacturing. However, some BMCs with large agro-processing industries and mineral refining capacity profited from the rebounds in agriculture and mining induced by higher commodity prices. Accordingly, manufacturing output expanded in Guyana, mainly reflecting the processing of sugar and rice. In the case of Belize, manufacturing grew despite the fall-off in petroleum-related activity, due to an increase in sugar and citrus juice production. Manufacturing in Trinidad and Tobago also increased in spite of the declining petroleum output, which was offset by growth in non-oil manufacturing. Jamaican manufacturing showed signs of recovery in 2011, especially in the second quarter of the year, as the sector benefited from the reopening of bauxite refining plants and improvements in plant capacity and capacity utilization.

Labour

Indications are that, despite the recovery in economic output, labour market conditions remained depressed for the most part in 2011. Three of the four BMCs for which unemployment data were available – The Bahamas, Barbados and Jamaica – reported double-digit mid-year unemployment rates. The mid-year rate in Trinidad and Tobago was 5.8%, up a full percentage point from the rate in the corresponding period of 2010. Available data also showed further declines in the number of work permits issued by overseas dependent territories. Other indicators of economic activity and anecdotal evidence likewise suggest that the increase in unemployment levels recorded in 2010 persisted into 2011 in most BMCs. Guyana was an exception, as the growth in economic activity was linked to an imputed rise in employment.

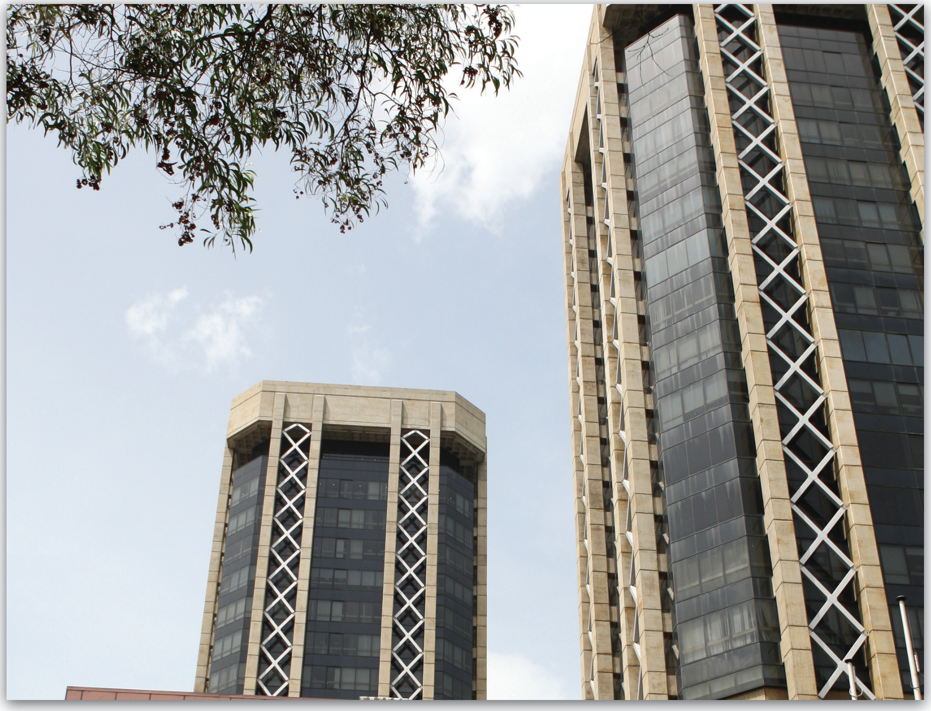


Inflation

In addition to higher unemployment, socioeconomic conditions in the Region also were adversely affected by the high and rising cost of living, as was clearly manifested in inflation outturns for 2011. Generally, this was attributable to a continued rise in global commodity prices, with the unrest in the Middle East causing severe supply disruptions in global petroleum markets, while still-buoyant economic activity in emerging and developing economies boosted demand for food, fuel and other production inputs.

However, fiscal impulses added to inflationary pressures in some BMCs. For example, St. Kitts and Nevis experienced an inflationary spike, primarily due to the introduction of a Value Added Tax (VAT) at the end of 2010. A similar spike in Barbados was largely associated with an increase in the VAT rate at the end of 2010, while in Anguilla hikes in the petroleum levy and customs surcharge significantly influenced strong price growth.

The main exceptions to the uptrend in inflation were Jamaica, St. Lucia and Trinidad and Tobago. In Jamaica and Trinidad and Tobago, the relative stability of their flexible exchange rates helped to curb inflationary pressures, while for St. Lucia the key mitigating factors were fuel tax concessions and subsidies on basic food products. In Trinidad and Tobago relatively low rates of inflation for 2011 also resulted from high base effects in 2010, when inflationary pressures peaked due to flood-related food-supply bottlenecks.



External Sector

Reflecting the ongoing rise in commodity prices, preliminary indications are that import values rose in many BMCs, in some cases despite reduced volumes. Continued broad-based improvement in remittance inflows represented another common trend. In the Eastern Caribbean Currency Union (ECCU), however, the import bill is estimated to have decreased, as volumes fell significantly, reflecting depressed economic conditions. Export performances (inclusive of tourism earnings) varied widely according to real sector outturns. FDI inflows resumed only to select BMCs, mainly for tourism-related construction developments and mining activity. Official inflows generally declined except to BMCs affected by natural disasters or engaged in structural adjustment programmes supported by multilateral financial institutions.

Overall performances were, therefore, mixed. Barbados' balance of payments deficit was estimated to have narrowed on account of strong private capital inflows, which counterbalanced a largely import-driven expansion of the current account deficit. For Jamaica, data on foreign reserves movement also implied an overall deficit for the year, attributed to a fall-off in tourism receipts and net capital inflows in the latter half of the year, reversing the previous year's surplus. Meanwhile, preliminary estimates for the ECCU indicate a widening overall balance of payments surplus for the sub-region, as current account deficits narrowed due to the declines in imports and higher travel receipts associated with improved tourism outturns, offsetting a reduction in FDI and capital grant inflows. Available data for Trinidad and Tobago were also indicative of a larger balance of payments surplus, with buoyant energy product exports, despite reduced overall output, more than compensating for increased imports and the characteristically negative capital and financial account balance.

Despite the variation in balance of payments performances, all BMCs maintained adequate levels of foreign exchange reserves, while the currencies of the four BMCs with flexible exchange rates (Guyana, Haiti, Jamaica and Trinidad and Tobago) remained broadly stable.

Financial Sector

Deposit growth has been mostly tepid across the Region, which may be a sign that individual and company incomes have not yet recovered, consistent with the indications of persistent unemployment. The erosion of disposable incomes due to rising inflation may have exacerbated the situation. Weak employment and disposable incomes also seem to be still suppressing credit demand in some BMCs, particularly in the ECCU. However, lending began to pick up in other BMCs in response to favourable credit conditions supported by accommodative monetary policies. In an environment of relatively low inflation and low exchange rate volatility the monetary authorities maintained accommodative policies in Jamaica and Trinidad and Tobago, aimed at supporting the recovery in the former and stimulating the contracting economy in the latter. The situation in Guyana was again quite different, as the robustness of economic activity and foreign financing inflows gave rise to strong increases in domestic credit and a build-up of foreign assets. In this context, price stability considerations took precedence, prompting the Bank of Guyana to tighten its monetary policy stance through open market operations to mop up liquidity. Monetary policy in Haiti was also geared toward reining in rising inflation.

The income and employment factors weighing on deposit and credit growth also appeared to be negatively affecting credit quality, as non-performing loans (NPLs) rose across most of the Region for the third consecutive year. Rising delinquency played a part in reduced profitability, which was indicated by declining return on assets. Nevertheless, most banks remained relatively healthy and stable, with liquidity and capitalization staying within prudential norms. In the ECCU, however, International Monetary Fund (IMF) country reports indicate that some indigenous banks faced particularly high NPLs and underperforming instruments, which reduced liquidity and profitability and in turn had implications for solvency. One indigenous bank was placed under conservatorship during the year. Some banks, along with other systemically important financial institutions and individual investors and policyholders in the ECCU and the wider Region, also remained significantly exposed to the collapse of the insurance companies Colonial Life Insurance Company (CLICO) and British American Insurance Company (BAICO). Reports by the judicial managers for CLICO and BAICO have proposed various resolution options, most of which imply large capital injections from ECCU and other regional governments. Concurrently, there have been discussions with potential investors towards a private sector-led solution that would maximise the amount that investors and policyholders can recoup while minimizing the fiscal implications.

Fiscal Performance

Several BMCs remained constrained by significant debt overhang. Four of them are among the top ten most indebted countries in the world, with debt-to-GDP ratios above 100%, while half of BMCs (nine) had ratios above the 60% international benchmark. However, fiscal balances improved slightly in the majority of BMCs as reform programmes generally yielded revenue gains and expenditure savings which assisted in stabilizing debt dynamics. These encouraging performances also reflected strengthening economic activity, particularly in The Bahamas, Belize and Guyana.

Notably, improvements in Antigua and Barbuda, Jamaica and St. Kitts and Nevis all took place in the context of IMF programmes aimed at fiscal adjustment and debt restructuring. However, some delays in policy implementation and/or slippages in relation to programme targets occurred. Meanwhile, progress under Grenada's IMF programme stalled, as the fiscal position deteriorated despite the introduction of VAT in 2010, with subsequent concessions and the moderate pace of economic recovery contributing to weak revenues.

The narrowing of the fiscal deficit in Barbados under its home-grown fiscal consolidation programme was insufficient to prevent the downgrading of the country's credit rating and outlook during the year. The deficit also narrowed in St. Vincent and the Grenadines, but the stock of arrears remained unchanged and the budget underperformed due to below-target revenues and higher current expenditure.

Among overseas dependent territories, Montserrat's slightly improved fiscal outturn remained heavily dependent on United Kingdom (UK) budgetary assistance. Meanwhile, despite bettering their performance through successful reforms, Anguilla and the Cayman Islands were still in breach of UK imposed fiscal rules, limiting their autonomy in relation to new borrowing. The British Virgin Islands and the Turks and Caicos Islands likewise remained in breach, as revenues came in under budget targets, resulting in widened fiscal deficits.

Fiscal balances also worsened in Dominica, Haiti, St. Lucia and Trinidad and Tobago, largely due to higher expenditure. The increased spending was mainly on the recurrent side in Dominica and Trinidad and Tobago, whereas the pressure in St. Lucia and Haiti came from expanding capital budgets to fund post-disaster reconstruction. Haiti's fiscal gap was financed through aid flows, so that the already-low public debt actually fell, but debt levels rose in the other three countries.

OUTLOOK FOR 2012

The global recovery has been showing signs of softening since the latter part of 2011, when macroeconomic challenges in advanced economies reignited fears of a "double-dip" recession among the Region's main trading partners. Also, there are increasing concerns that developing and emerging economies once at risk of overheating are starting to lose momentum, although this has helped to temper inflation expectations. While the "double-dip" scenario now seems unlikely, the global recovery is expected to proceed at a more subdued pace in 2012, as developing and emerging economies should manage a soft landing, whereas the challenges facing advanced economies are likely to remain a drag on growth. In terms of the main risks to the outlook, European economies are particularly prone to a relapse — the latest predictions are for key Eurozone economies to slip back into recession in 2012. There is also the potential for more spillovers from the Eurozone debt crisis to global financial markets. In all, the global outlook is highly uncertain, and risks remain tilted to the downside.

Growth prospects for the Region closely mirror the global outlook. Consequently, with the notable exceptions of Guyana and Haiti, which are again expected to grow by over 5%, most BMCs are projected to grow modestly, by 1-2.5%, in 2012.

The recovery in regional tourism is expected to remain soft, as demand is unlikely to strengthen significantly, given expectations of, at a minimum, continued high unemployment and further fiscal tightening in key source markets and, increasingly, a return to recession in Europe. The industry faces other unfavourable developments on the horizon for 2012. British Airways announced reductions in flight frequency to several regional destinations toward the end of 2011, citing the Air Passenger Duty imposed by the UK Government as an additional factor in slowing demand. The hosting of the 2012 Olympics in London is also likely to weigh on demand for travel in the UK and other European markets, whereas the Presidential elections in November could potentially have a similar effect on US demand.

With the high level of uncertainty still surrounding the global outlook, and the potential for further spillovers from the Eurozone debt crisis to global financial markets, no material pick-up in foreign direct investment is anticipated. This reduces the likelihood of a boost to the balance of payments - and, indirectly, to construction and other real sector activity - from that quarter. Unemployment is expected to remain high, as job growth continues to lag the recovery in output, feeding into expectations of persistent weakness in individual and business incomes. As a result, activity in the financial sector is likely to remain sluggish, with a similar impact anticipated in relation to asset quality and profitability.

Weak incomes could also undermine the effectiveness of regional governments' various revenue-generating measures, further hampering the achievement of targets under their fiscal reform and consolidation programmes. In Barbados and the ECCU, the contingent liabilities associated with a public sector-led resolution of CLICO/BAICO represent the potential for additional spending and debt creation. Nevertheless, most BMCs have demonstrated strong commitment to the pursuit of fiscal and debt sustainability.

The adverse global economic environment, coupled with the structural challenges to sustained growth in the Caribbean, will, therefore, continue to influence macroeconomic policy design in the near term as the Region seeks to reinvigorate growth and build resilience to exogenous shocks. While downside risks are evident, sustained and deliberate policy action will go some distance in altering development outcomes in the Caribbean.

Project Profile – Electricity, Montserrat

Electricity inspires faith!

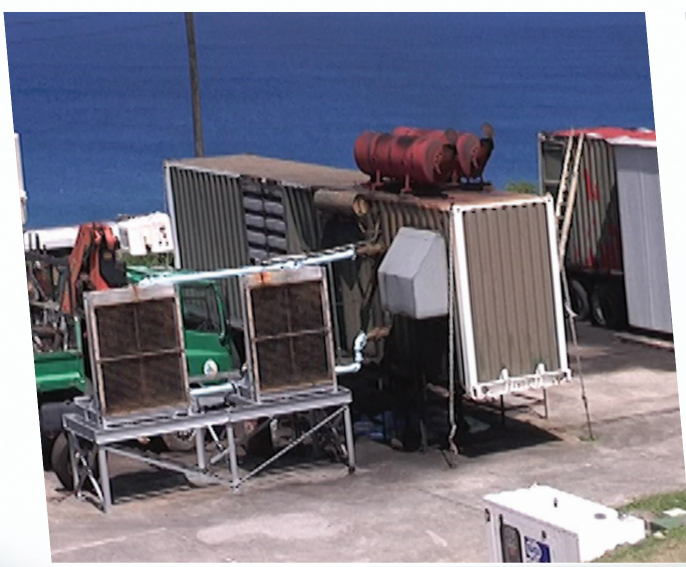
Unfortunately, for some time now since the eruption of the Soufrière Hills volcano in 1995, residents of Montserrat may have felt as if their faith was being tested when it came to the delivery of electricity service on the island. Faith, however, has been renewed with the launch of a project which promises to increase the ability of the Montserrat Utilities Limited (MUL) to deliver.

Since the volcanic eruption, MUL has been operating five generating sets which were not constructed to carry base loads. The sets have also been in service much longer than they were manufactured to be – resulting in breakdowns and an associated maintenance cost – and they are also high consumers of fuel. This combination of factors has led to an increase in the cost of generating an electricity service that itself has become increasingly unreliable.

This situation will definitely change when the new medium-speed 1.5 megawatt generator is commissioned. It will be housed in a brand new building with enough space for two more generators, the control switch gear and a battery room. But apart from restoring faith, the project will also help the country on its path towards economic development. This position was clearly stated by the Minister of Communications and Works, the Hon. Charles Kirnon.

"The government of Montserrat has embarked on a comprehensive plan aimed at restoring the island's economic viability and setting it on a path of sustainability. Access to a secure and efficient supply of energy is one of the necessary goals of this sustainable development plan," Mr. Kirnon said at the project launch.

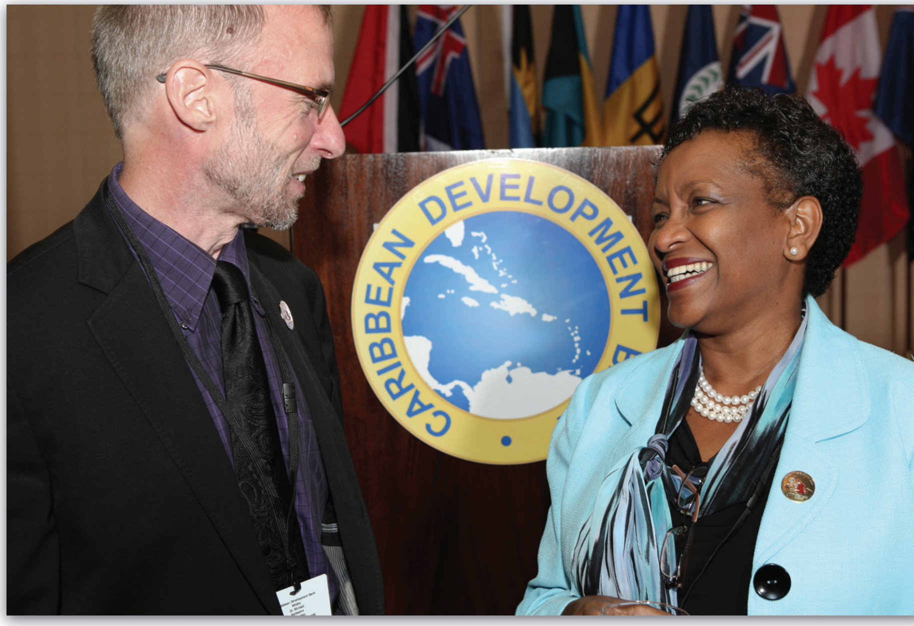
Equally important to the average Montserratian is the fact that the project will also reduce the cost at which electricity is generated, which could result in savings for them on their electricity bills.



Part II

THE CARIBBEAN DEVELOPMENT BANK OPERATIONS IN 2011

In seeking to address the ongoing challenges faced by BMCs, the Bank focused its efforts on building resiliency in their economies



INTRODUCTION

The economic downturn which had spread to the economies of the Region during the previous two years had a significant effect on demand for funds by the Bank's BMCs. Investment lending was severely curtailed as governments scaled back on their capital programmes in an effort to rein in the size of their fiscal deficits. There was, however, heightened activity in respect of lending for disaster-related events occasioned by the effects of hurricane Tomas which inflicted considerable damage to several countries in October 2010, and flooding resulting from severe weather events in some countries in the early part of 2011.

In seeking to address the ongoing challenges faced by BMCs, the Bank focused its efforts on building resiliency in their economies, using approaches involving capacity building initiatives, fostering a drive towards improving the competitiveness of national and regional enterprises and promoting new modalities for managing risk within the SME sector. The Bank also played a lead role in garnering technical support from a cross-section of development partners in addressing critical issues of regional importance which if not well managed could lead to severe economic and social dislocation across the Region.

Efforts were also underway to better position CDB as a source of first call for its services and products by way of doing an assessment of these with a view to determining how relevant and responsive they are in relation to the Bank's customer base. This involves institutional changes at the service and support levels, changes in business processes and a review of the Bank's lending instruments. Work also continued towards incorporating a results-based focus into the work of the Bank as part of its development effectiveness agenda.

PROGRAMMES AND INITIATIVES

ECONOMIC GROWTH AND INCLUSIVE SOCIAL DEVELOPMENT

Consistent with its objective of promoting broad-based economic growth and inclusive social development, the Bank made a number of interventions involving both capital and technical assistance projects and from which both the public and private sectors benefitted.

Restoring Infrastructure
Five BMCs were provided with Reconstruction and Rehabilitation Loans (RRLs) to address the effects

of adverse weather and flood events. These interventions were made in accordance with CDB's Strategic Objective of supporting environmental sustainability and disaster risk management in its BMCs and its Corporate Priority of promoting disaster risk management and climate change mitigation and adaptation. The outcome of all these interventions is the reduced risk associated with landslide and flood hazards.

Following the passage of Hurricane Tomas, a loan of $17.96 mn was approved by CDB's BOD to St. Lucia to assist in financing the rehabilitation and reconstruction of vital infrastructure and the conduct of critical studies. The project outputs associated with this intervention are: (a) stabilised slopes and restored road infrastructure at 5 locations across the island; (b) completed drainage and site protection works benefitting 92 families at Cresslands; (c) reconstructed bridge at Bois d'Orange serving approximately 25,000 residents in the north of St. Lucia; (d) completed river training works to the Marc and Bexon Rivers providing flood relief to approximately 3,500 persons in this major farming area; and (e) measures for reduction of flood risk for communities of the Marc and Bexon catchment area identified.

St. Vincent and the Grenadines, also severely impacted by Hurricane Tomas, received a loan in the amount of $12.62 mn to implement a rehabilitation project to restore damaged infrastructure. Expected outputs include: (a) restored, reconstructed and upgraded bridges (4) and road infrastructure (totalling 1.4 km in length); (b) reconstructed community infrastructure; (c) stabilised slopes at 3 sites; (d) new sea defence structures (0.16 km in length) completed; (e) measures for improvement of coastal protection identified; and (f) measures for building capacity in the management of landslides and flood risk identified. The project is expected to benefit all 10,000 residents who live within the area.

Extreme rainfall events impacted three Member States triggering widespread flooding and mudslides. An RRL of $15.62 mn was approved for BVI as a result of major damage, estimated at $25.5 mn, to roads, drainage infrastructure and bridges in Tortola, Jost Van Dyke and Virgin Gorda. Associated outputs to be realised with this intervention include: (a) restored and upgraded road and drainage infrastructure; (b) three reconstructed bridges; (c) measures for improvement of drainage in Road Town identified; and (d) strengthened capacity for regulating land use and development control in BVI.

In Grenada, flash flooding and landslides damaged critical infrastructure necessitating the rehabilitation of damaged roads, landslip repairs within the parishes of St. Mark and St. John, restoration of the Middle River Bridge; and the construction of flood mitigation works in the town of Gouyave. A Loan of $8.6 mn was approved to undertake these works. The outputs under this project are expected to be: (a) restored and upgraded infrastructure at 10 project sites; (b) one community centre built; (c) an operational early warning system; and (d) measures for reduction of flood risk within the Gouyave watershed identified. Five hundred vulnerable residents within Gouyave will be protected from future flood events either through construction of flood mitigation works or relocation of their residences. Approximately 13,000 residents of the parishes of St. Mark and St. John, representing two of the poorest parishes in Grenada, will benefit from the reduction in risk resulting from the successful implementation of the project activities.

Heavy rainfall in the Commonwealth of Dominica resulted in a dam-break flood event within the Layou Valley with consequential agricultural, commercial and infrastructure losses, to this major agricultural and tourism area of the island. The total infrastructure loss as a result of this event is estimated at $11.1 mn. A Loan of $10.89 mn was approved to assist the country in the rehabilitation and reconstruction of critical infrastructure and disaster risk reduction. The project outputs include: (a) reconstructed and rehabilitated infrastructure comprising rehabilitation/realignment of 4 km of road and reconstructed/upgraded York Valley Bridge; (b) 7 km of Layou River dredged; (c) 7 km of river bank stabilized; (d) one community/emergency centre constructed; (e) installed and operational flood warning system at Layou (f) measures for flood risk reduction within the Layou Valley identified; and (g) measures for building capacity in the management of flood risk identified. The project is expected to benefit, in addition to the 750 residents of Layou Village, some 7,000 persons in the parishes of St. Joseph and St. Peter who transit the area to and from Roseau.

Improving Economic Infrastructure

Power

In support of the promotion of broad-based economic growth and inclusive social development CDB provided a loan of $2.5 mn and a grant of $0.36 mn to Montserrat. The proposed outcome of the intervention is improved access and a more efficient, secure and reliable electricity service in Montserrat. The expected output is a permanent power station operating in accordance with internationally acceptable, environmental, health and safety standards. This facility is expected to impact the lives of all 5,000 residents of Montserrat and will enhance conditions for social and economic development through improved living, education and working environments.

Water

The development challenges of the water sector are significant and must be addressed urgently as countries seek to further their development process. To give effect to this, CDB's BOD approved the sum of $0.275 mn to finance a diagnostic study of the regional water sector. The outcome of this study will be the development and adoption of a more proactive and focused approach to water sector interventions in CDB's BMCs. The outputs of this intervention will be: (a) the identification of the principal challenges and opportunities facing the water sector in the Region; and (b) the identification of policies and systems to reduce the risks to the sector associated with climate change impacts. This intervention will enhance CDB's capacity to intervene in the water sector. The outputs of this study are expected to benefit 17 of CDB's 18 BMCs.

Infrastructure

With the expected outcome of an improved road and transportation network in the Belize District, a technical assistance loan of $0.35 mn was approved by CDB's BOD for Belize. The outputs of the intervention are expected to be: (a) the preparation of a feasibility study; and (b) the completion of detailed designs and bidding documents for the upgrade of the approximately 6 km long Airport Junction to Haulover Bridge section of the Northern Highway which has a current annual average daily traffic of 17,000 vehicles.

Capacity Building

CDB provided a grant in the amount of approximately $0.1 mn to the Caribbean Association of Industry and Commerce Inc. to assist in the financing of the Caribbean Construction Forum in March 2011 in Trinidad and Tobago. The special focus of this Forum was to assist construction sector stakeholders from CDB's BMCs in identifying business opportunities in Haiti's reconstruction effort. This was achieved by bringing together key players in the sector and providing them with a variety of networking opportunities. CDB's intervention financed the cost of attendance at the Forum of 36 participants from Haiti.

In an effort to increase BMCs effectiveness in the delivery of road sector services CDB hosted, for 38 senior officials in public sector agencies in all 18 of the Bank's BMCs a seminar and workshop in Barbados between December 1 and 2, 2011, entitled "Road Sector Institutional Reform". This seminar/workshop was conducted by the staff of the University of Birmingham and was based, in part, on their flagship Senior Road Executive Programme. The expected outcome of this workshop was increased effectiveness in the delivery of road sector services. A major output of the seminar was the development of comprehensive draft plans for institutional reform in the road sector in the BMCs. CDB will continue to support BMCs in the implementation of the reform agenda.

POLICY-BASED INTERVENTIONS

PBLs

Supply-side constraints encroached on the Bank's Policy-Based Loan (PBL) lending programme as it approached its commitment authority ceiling in relation to PBL lending. As a result, no PBLs were approved in 2011, compared with four in 2010 and five in the previous two years. Country demand was still strong, though lower than the levels observed in earlier years. Four PBLs remained under implementation in 2011 and disbursement during the year totalled $43.3 mn.

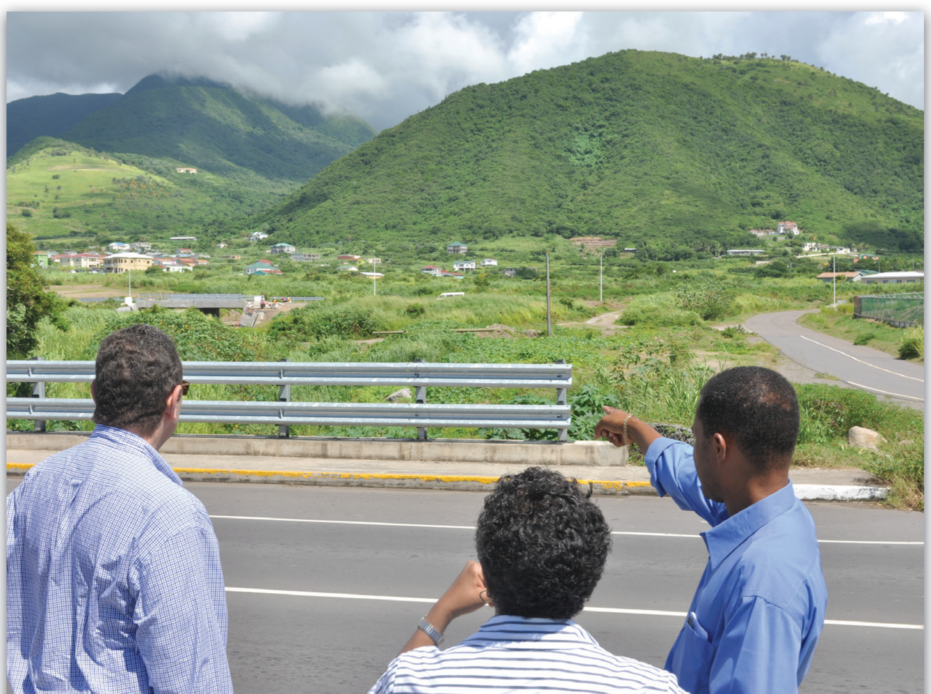
In relation to the supply-side

Participants at the Road Sector Institutional Reform seminar.

constraint, the duration and severity of the global recession precipitated a quicker-than-expected demand for assistance through the PBL modality. Over the period 2008-10, CDB's response to requests from BMCs for support in improving their macroeconomic policy environments and to buttress fiscal operations was extensive, with nine countries receiving PBLs, totalling $374.8 mn over the period.

Countries benefitting from such loans were able to access resources under the programme following the successful implementation of agreed policy actions. The reforms entailed, inter alia, efforts to promote fiscal and debt sustainability through the control of the public sector balance and debt; increasing the efficiency of financial management and the budget process; reforms that promote social transformation as well as reducing distortions and enhancing the efficiency of the tax system.

The global crisis has forced many multilateral development institutions to engage in some level of introspection. Further, changes in the global aid architecture which seek to, among other things, enhance development effectiveness and accountability point to the need for a fairly comprehensive rethinking of the modality and application of development assistance. Many multilateral development institutions – including the IMF, World Bank, Inter-American Development Bank as well as the Asian and African Development Banks – have recently undertaken or are in the process of undertaking such a strategic rethink. This is being done particularly with respect to the nature and type of instruments currently at their disposal to support their constituent countries' development agenda. CDB, like the other multilaterals, is undertaking such a diagnosis, inclusive of its PBL product. As a precursor, during 2011 the Bank undertook a 'Review of the Framework for Future Policy-Based Lending' in order to gauge the early results of the operational strategy for PBLs. Among other things, the assessment concluded that there is a clear role for carefully designed PBLs in helping meet the policy support and financing needs in the Caribbean region.



The President and the Director of Projects visit a project in St. Kitts and Nevis.

Exceptional Financial Assistance

As part of CDB's policy-based support for BMCs, the Board of Directors approved the provision of Exceptional Financial Assistance to the Government of St. Kitts and Nevis, one of its most indebted BMCs. The assistance is intended to support a debt restructuring exercise being undertaken by GOSKN as part of a broader adjustment programme, under a Stand-By Arrangement with the International Monetary Fund. CDB's assistance comprises three components: a partial credit guarantee covering debt service payments on restructured commercial debt; the extension of concessionary terms to some existing loan balances; and the conversion of the outstanding balances of four loans into SFR loans; and the conversion of amounts disbursed under the first policy-based guarantee into a loan from CDB's concessionary window.

PRIVATE SECTOR DEVELOPMENT

Private Sector Development is an integral component of CDB's strategy for promoting broad-based economic growth, inclusive social development and reducing poverty in its borrowing member countries (BMCs). Current challenges now being faced by CDB's BMCs in relation to fiscal and debt management issues have signalled a need for greater support to the private sector as the main engine of growth. CDB's interventions to facilitate private sector development are focused on:

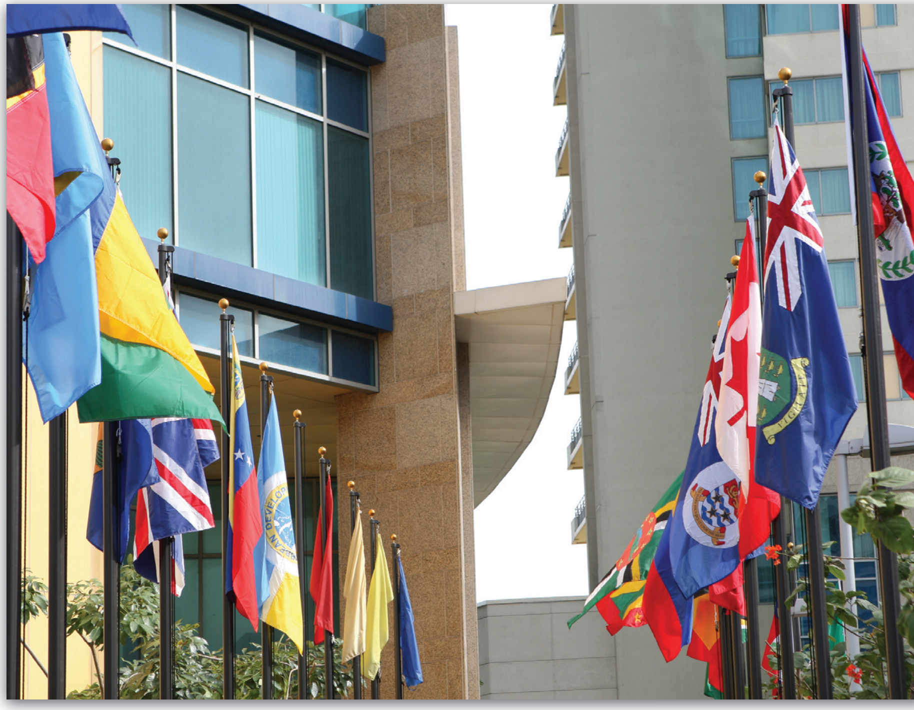
i. targeting key economic sectors by lending primarily through financial intermediaries and by limited direct lending;
ii. the provision of technical assistance to facilitate the creation of an enabling environment for private sector enterprises, including initiatives

aimed at improving corporate governance; and

iii. the provision of technical assistance at the enterprise level for micro, small and medium-sized enterprises through the Caribbean Technological Consultancy Services (CTCS) Network.

During 2011, CDB approved a loan of $5 mn to the Saint Lucia Development Bank (SLDB) for enhanced credit access to priority areas and sectors including student loans, small and medium-sized enterprise (SME) financing and for mortgage finance purposes targeted to low and lower middle income earners. The loan provides for an allocation of $1 mn for student loans, targeting students from poor and vulnerable households, while $1.5 mn will be used to provide critical inputs for agricultural diversification and $1.5 mn for developing and sustaining micro and small enterprises. Through such funding, up to 200 micro and small enterprises and up to 20 SMEs would be assisted. There is also an allocation of $1 mn to be used to finance mortgages thereby contributing to improved access to home ownership and/or home improvement for at least 20 lower-income households.

Additional financing for the private sector was provided under a €5 mn Grant from the European Union to the Government of Belize to assist small sugar cane farmers in Belize to undertake a Sugar Cane Replanting project of which CDB will perform the role of financial agent. This additional funding follows a previous intervention in which CDB facilitated similar access to €1.5 mn from the EU to the Government of Belize in December 2010. The increased funding is expected to benefit an additional 2,500 farmers and contribute towards increased acreage of replanted sugar cane from 2,200 acres to 10,300 acres, thereby enabling greater output and productivity within the sugar industry in Belize.



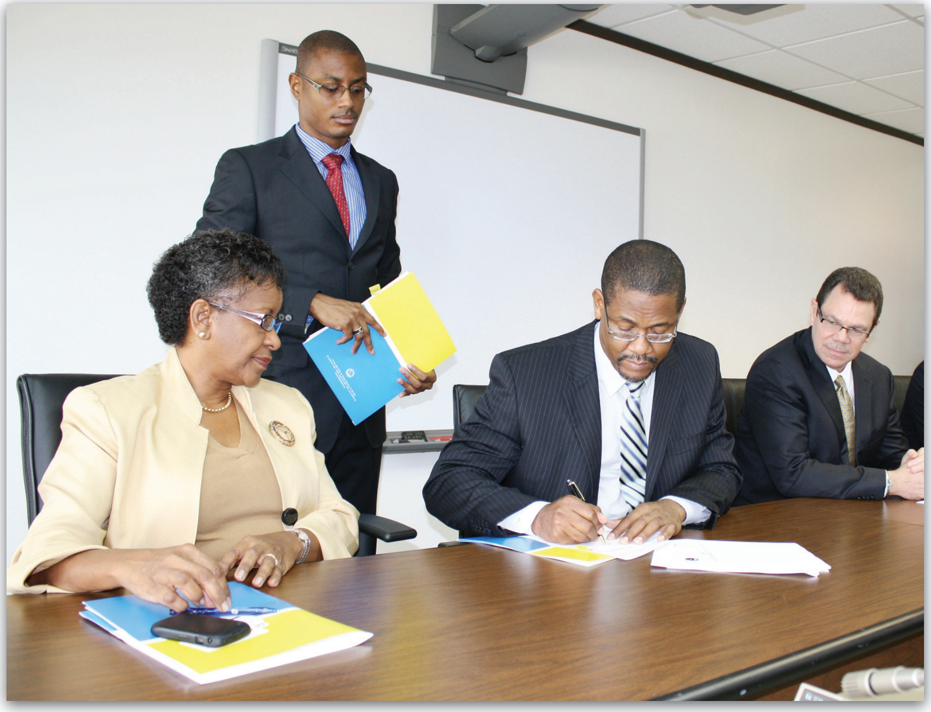
During the year, CDB disbursed approximately $30 mn to 12 financial intermediaries and continued monitoring and supervision of existing lines of credit and investment loans. The majority (52%) of the loans disbursed were targeted at student education, while 48% were for consolidated lines of credit to assist in providing financing to SMEs operating in the productive sectors, as well as to provide low-income mortgage financing. Such disbursements facilitated access by 29 MSME beneficiaries and 39 mortgage finance recipients.

Technical Assistance

Technical assistance support to the private sector was in the main directed at addressing restrictions concerning access to financial services for MSMEs, the development of a sustainable microfinance industry and improving the enabling environment and regulatory framework for private sector development in the Region. TA also serves as an important modality in helping the Bank to generate a robust pipeline of projects. The Bank's efforts were also complemented by support from other multilateral development finance institutions. Six TA projects totalling $492,050 were approved during the year, with one such intervention aimed at examining the Bank's delivery mechanisms for reaching the private sector with respect to its financial intermediary lending activities. There were also six ongoing TA projects which were responsible for generating total TA disbursements of approximately $340,000.

Support for Microfinance Institutions

CDB approved a contribution of $250,000 to the Caribbean Regional Capacity Building Programme II (CARIB-CAP II), the second phase of a TA programme implemented in partnership with the IDB and the EU that will provide capacity building



Signing the agreement for the establishment of the micro-insurance facility for Haiti.

support to microfinance institutions aimed at improving, inter alia, their management systems and financial literacy and their clients, who are mainly micro-entrepreneurs. CARIB-CAP II provides an opportunity for CDB to contribute towards the further growth and development of the microfinance sub-sector, and by extension, the private sector in the BMCs by contributing to building stronger and more sustainable MFIs. Approximately 15 MFIs and 200 micro-entrepreneurs are expected to benefit directly from the programme.

Catastrophe Risk Insurance for Micro-enterprises

A new modality introduced during the year to assist micro enterprises involved the establishment of a multi-donor Trust Fund to support the establishment and operations of a catastrophe micro insurance facility to be known as Micro Insurance Catastrophe Organization (MiCRO) to provide parametric insurance coverage for MFIs and their borrowers in Haiti against losses resulting from natural disasters. This facility will provide risk coverage for one of the largest MFIs in Haiti with a network of 44 branches and a client base of 50,000, mainly micro enterprises. The facility is being funded by the United Kingdom Department for International Development (DfID) which has provided the initial capitalization in an amount of $2.34 mn. The design and structure of MiCRO also provide an opportunity for such a catastrophe micro-credit insurance scheme to be replicated within other Haitian MFIs as well as expansion to other CDB's BMCs.

Improving the Business Environment

CDB's technical assistance activities also focused on identifying prevailing constraints to private sector development and providing recommendations for the adoption of a comprehensive private sector development framework. Two important programmes were approved which will identify the appropriate enabling factors that will be required by the Organization of Eastern Caribbean States (OECS) sub-region's private sector to reposition itself in a highly competitive and globalised market place. In this regard, CDB approved $99,950 in funding for the preparation of private sector development strategies and action plans for six OECS member countries, (Antigua and Barbuda, Dominica, Grenada, St. Lucia, St. Kitts and Nevis and St. Vincent and the Grenadines) and the development of a strategy for the sub-region as a whole. The programme is to be implemented in partnership with IDB under a technical cooperation agreement.

Approval was also given for CDB's role of Financial Agent in Compete Caribbean - a programme aimed at creating business opportunities and jobs by enabling the private sector in the Region to develop innovative products and services to strengthen exports. Compete Caribbean will target assistance to activities such as reforms to private sector strategies and policies, laws and regulations, business climate reform, promoting cluster development, strengthening private sector organizations, strengthening knowledge management and information sharing of best practices and improving competitiveness of SMEs within a comprehensive private sector development framework. CDB will be responsible for the implementation of projects in Antigua and Barbuda, Dominica, Grenada, St. Lucia, St. Kitts and Nevis, and St. Vincent and the Grenadines. Compete Caribbean is being undertaken by IDB with funding provided by the Canadian International Development Agency (CIDA) and DFID.

Transformational Support for Development Finance Institutions (DFIs)

Two initiatives to assist in reshaping the approaches of DFIs in managing their business operations were undertaken with support from the Bank. One involved a consultancy to develop a credit risk management framework for six participating development banks that are members of the Association of

Development Banks in the Eastern Caribbean (ADBEC). This intervention is intended to contribute to improved risk management capacity of participating DFIs to identify, measure and manage credit risk inherent in their lending transactions and loan portfolios, resulting in better risk assessment methodologies.

The second initiative involved financing the cost of a workshop to obtain feedback from CDB's client FIs regarding the current relevance of CDB's financial sector development strategies and future direction of CDB's financial intermediary lending, with emphasis on its current and future relationship with DFIs and, most important, to provide guidance in relation to new approaches to increasing access to finance to SMEs in its BMCs. This workshop was attended by 22 participants, including representatives from the Boards and Managements of 17 FIs.

Caribbean Aid for Trade (CARTFund) Project

CDB assumed responsibility for administering the CARTFund in 2009, through a £5m Trust Fund Administration Arrangement with the Government of the United Kingdom, acting through DfID.

The purpose of the Fund is to help the Caribbean Forum of African, Caribbean and Pacific States ("CARIFORUM") to:

(a) boost growth and reduce poverty through trade and regional integration;

(b) participate more effectively in the CARICOM Single Market and Economy ("CSME");

(c) effectively administer international trade agreements; and

(d) accelerate Caribbean implementation of the provisions of CSME and the Economic Partnership Agreement signed between CARIFORUM and the European Union (the "EPA") so that the Region benefits from EPA implementation.

Within one year of implementation, it became clear that the level of demand for resources of the Fund far exceeded £5 mn. Given this demand, the Board of Directors approved in 2010, an amendment of the Administration Arrangement to increase the amount of the Fund to £10m and extend the Terminal Disbursement Date to December 31, 2012.

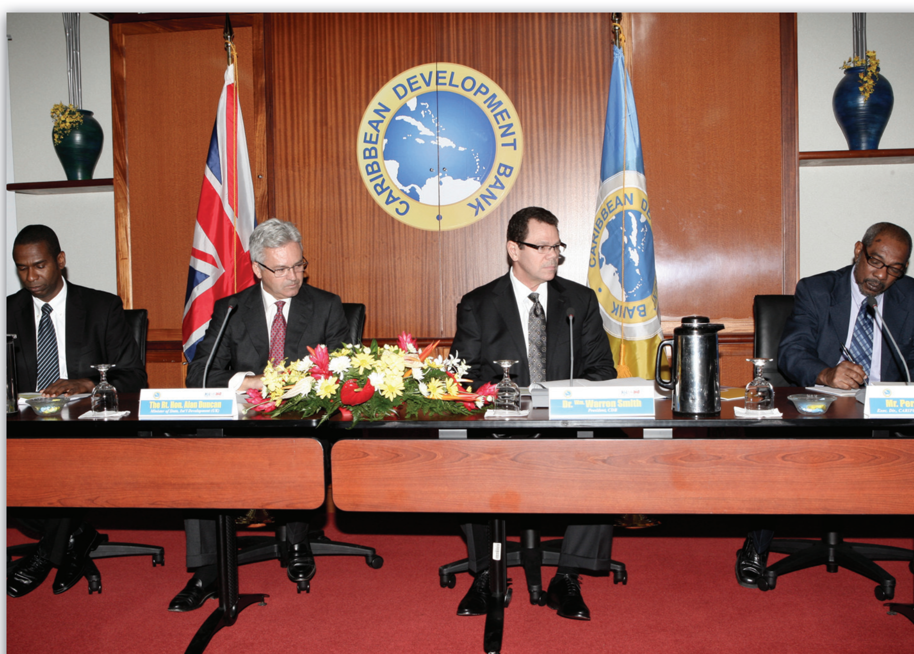
The CARTFund Project has to date received applications from, and approved projects for, all CARIFORUM countries with the exception of The Bahamas. Of 119 applications received, 30 projects valued at $13,517,969 were approved at December 31, 2011.

It is expected that full commitment of the funds will occur by July.

ROLE OF THE CARIBBEAN TECHNOLOGICAL CONSULTANCY SERVICES NETWORK (CTCS)

Support of Small Enterprise Development

Under CDB's CTCS programme, the Bank continued to facilitate access by micro and small and medium enterprises (MSMEs) to technical assistance aimed at capacity building and enhancing know-how at the enterprise level to make them more responsive to market opportunities and local circumstances. Thirty-eight activities totalling $0.50 mn were approved to facilitate the execution of training attachments and the conduct of direct technical assistance, and national and regional workshops across a range of sectors. Some examples of the types of assistance provided include the opportunity to upgrade production methodologies, enhance customer service delivery within the tourism and services sectors, conduct market assessments to identify potential market opportunities, enhance



Bringing the media up-to-date on on the status of the CARTFund.

skills in areas of job estimation for construction contracts and product costing for agricultural and agro-processing activities.

There were also two regional workshops - one aimed at enhancing customer delivery for owners and managers of small hotels and the other on business continuity planning for MSMEs, to educate them on critical planning tools and decisions necessary for the protection of important business assets from loss in the event of a disaster and the restoration of critical business functions as quickly as possible thereafter.

These interventions were designed to improve competitiveness and reduce the technical and managerial deficiencies of beneficiary enterprises, thereby providing opportunities for them to attain levels of sustainability. The programme facilitated the conduct of over 40 consultancy assignments, adding to the development of a regional pool of consultants.

A summary of CTCS skills training activities in 2011 is provided in Figure II:1.

HELPING TO REDUCE POVERTY THROUGH THE BASIC NEEDS TRUST FUND (BNTF)

The Basic Needs Trust Fund (BNTF) programme finances and promotes sustainable interventions in low-income, vulnerable communities through sub-projects designed to improve quality of life and access to basic services. The Programme reinforces the Bank's commitment to reducing the impact of economic and social vulnerabilities, while bolstering efforts at economic growth in the BMCs.

Building on initiatives to improve access to services in water and sanitation, education, health, transport, economic activity and community empowerment, the Programme in 2011 focused on inclusive development of rural and underserved communities. Noteworthy examples of grants financed this year were: a scholarship programme which enables access to 40 young men and women of poor rural families to Technical and Vocational Education and Training (TVET) in Belize; and health centres which now provide an expanded range of safe, reliable services to mining communities in rural Guyana and contributing to the reduction of maternal and infant mortality risks in rural communities in Belize, benefitting 6,038 persons. There was also a significant increase in approvals for social protection initiatives benefitting 5,332 persons across the Region. These initiatives are contributing to: the improved nutritional status of children at primary schools; care and prevention of destitution of the elderly persons and those with disabilities; and reduced psychological and emotional abuse associated with violence. They complement a range of approaches by the Bank in addressing the structural dimensions of poverty.

A total of $9.3mn was approved in 2011, to finance 94 sub-projects. $0.7mn in technical assistance grants was provided from the BNTF regional coordination component. The total amount mobilized for all these initiatives, including counterpart

Figure II: 1
SUMMARY OF CTCS SKILLS TRAINING ACTIVITIES IN 2011

Skill	Number of Interventions	Number of Beneficiaries
General Management and Business Development	13	319
Pottery/Ceramics	5	53
Garment Design and Production	1	6
Other Applied Skills	1	46
Agro-processing	5	67
Agriculture related Activities	1	45
Institutional Strengthening	4	47
Tourism-related Activities	5	219
Food Management and related Activities	3	26
Computer Applications	-	-
Total	38	828

contributions to leverage these resources, was approximately $13.2 mn. Approximately 69,700 persons in communities will benefit from sub-project interventions approved in 2011. Disbursements for the year totalled $8.8 mn.

Cumulatively, at the end of 2011, BNTF had a portfolio of 873 sub-projects spread throughout 10 participating countries and benefitting approximately 728,800 women and men. Cumulative disbursements for the Programme stood at $61.1mn.

The BNTF Programme continued to provide leadership in promoting a programme-based outcomes-oriented culture through outreach and knowledge-sharing efforts with staff and stakeholders. A gender-monitoring framework was developed and will be launched in March 2012. This system of targets and indicators complements the Programme's results-monitoring framework, and is a commitment to establishing measurable development outcomes for gender equality.

In a collaborative initiative with the CTCS network, training was conducted for 190 contractors with small and micro-businesses in 8 participating BMCs, addressing their inability to accurately and reliably prepare job estimates. With the use of a computerized tool developed by the CTCS, and improved management and costing skills, the competitiveness of these artisans has increased. A community of practice with this target group will promote knowledge sharing and offer on-going support. Looking forward, BNTF's strategic focus in collaboration with CTCS is the reduction of vulnerabilities of small community-based enterprises.

CDB produced three knowledge products to support the sustainable development agenda of the BNTF, namely:

BNTF and the Foundation for the Development of Caribbean Children partnered to produce an Advocacy Toolkit.

i. Integrated Community Sub-project: A Guidance Note;
ii. Community Contribution: A Guidance Note; and
iii. Gender Targets and Indicators for the BNTF.

These will be supported by extensive complementary capacity building activities for integrating the concepts and approaches into the project activities. A technical assistance grant for a diagnostic study of community-based participatory project planning by BNTF has made recommendations for a regional programme to enhance the institutional framework and partnerships needed for good governance and sustainability at the community level in all participating countries. Resources provided to the Jamaica Social Investment Fund for the innovative development of a cost data base, now facilitate the production of more reliable cost estimates. The Programme continues to expand its visibility through innovative social marketing activities in Jamaica, St. Kitts and Nevis and St. Vincent and the Grenadines, inclusive of website development and other forms of media.

In promoting the sustainability of BNTF Projects, in 2011, CDB successfully engaged with technical personnel on compliance with sector standards in early childhood development, water resource management and general maintenance. By forging these strategic partnerships with sponsoring ministries and agencies and the BNTF Projects, CDB will contribute to strengthening the enabling policy environment in in these sectors. This approach has begun in the early childhood development sector. Regional experts and development partners came together to discuss the status of the sector, with a focus on the cost, adequacy of design, capacity gaps and sustainability of BNTF funded initiatives. A regional policy dialogue on early childhood development is planned for 2012, to map out the opportunities for focused action in this currently underserved area of development.

Gender Equality

Several actions were undertaken during the year, in keeping with the Gender Equality and Operational Strategy (GEPOS) to move the Bank further along in its application of Gender Equality (GE) as a cross-cutting theme. Of particular relevance in this regard has been the assignment of trained staff to some teams engaged in the preparation of Country Strategy Papers (CSPs). This has provided the opportunity for staff to participate in policy dialogue on gender equality matters with the BMCs and also to enhance the Bank's ability to apply gender-sensitive approaches to more of its development interventions. Gender indicators and targets were developed for the BNTF Programme, and regular supervision missions, gender sensitisation/training sessions were held with BNTF Project Steering Committee members and community representatives, as part of efforts to optimize the benefits of BNTF for men and women. Presentations were also made to Community Liaison Officers on 'Data Requirements for CDB Appraisal Process', with an emphasis on data on gender disparities; and sub-projects were appraised with gender analyses of beneficiary communities and gender impact assessments. These data are being used for the analysis of sub-projects and monitoring of the programme.

Country Gender Assessments (CGAs) were conducted to provide the bank with relevant information/evidence on which to design its interventions to address gender inequality issues in the countries. CGA s were completed in Anguilla, Belize and St. Lucia as part of the Bank's commitment to undertake a programme of CGAs in 10 BMCs over a period of three years. These will provide the Bank with a framework and strategic planning base to assist in mainstreaming GE in sector programmes and operations in the BMCs.

As part of an ongoing programme of support, to develop a cadre of persons across the Region, with the requisite knowledge and skills in gender analysis, the Bank provided financial assistance to facilitate the participation of 30 students from its BMCs in two cycles of the University of the West Indies' Institute for Gender and Development Studies' summer training programme in gender and development. This initiative will be supported by specific training to be incorporated in the new cycle of the Bank's Project Management Training Programme in 2012 and other activities in the BMCs, in keeping with needs identified by the CGAs.

IMPROVING COMPETITIVENESS OF THE AGRICULTURE SECTOR

Interventions in the agriculture sector were largely focused on the provision of technical assistance grants, given the low demand for loan resources by BMCs. Grants were provided to stimulate agricultural productivity growth, reduce production risk and vulnerability to natural hazards, and to support BMCs to develop policy options to mitigate the impact of high food prices.

The largest single grant intervention was for $10mn in favour of the Government of the Republic of Haiti, to assist in the implementation of a Rural Community Driven Development Project. The objective of the project is to improve access, by poor rural communities, to basic social and economic infrastructure, services and income-generating opportunities. The project will be implemented in 31 municipalities and is expected to impact approximately 25,000 persons.

Given the high cost of the factors of production and limited availability of arable lands in most of the BMCs, agriculture sector competitiveness is, in general, dependent on the ability of farmers to compete in high value markets – both domestic and export. The downside is that these markets demand quality, consistent supply, timely delivery and strict adherence to food safety standards. In an effort to address persistent deficiencies in these areas, the

Bank has, in partnership with key stakeholders, embarked on capacity building programmes in the fruit and vegetable and small ruminant sub-sectors. Two grants were approved for the Caribbean Agricultural Research and Development Institute (CARDI), to support (i) research and training in protected agriculture systems, and (ii) improvements in small ruminant production, processing and marketing systems. These interventions will address large productivity gaps in both sub-sectors and thereby increase farmer income, promote economic growth and assist BMCs in their poverty reduction efforts.

Mitigating Risks in Agriculture

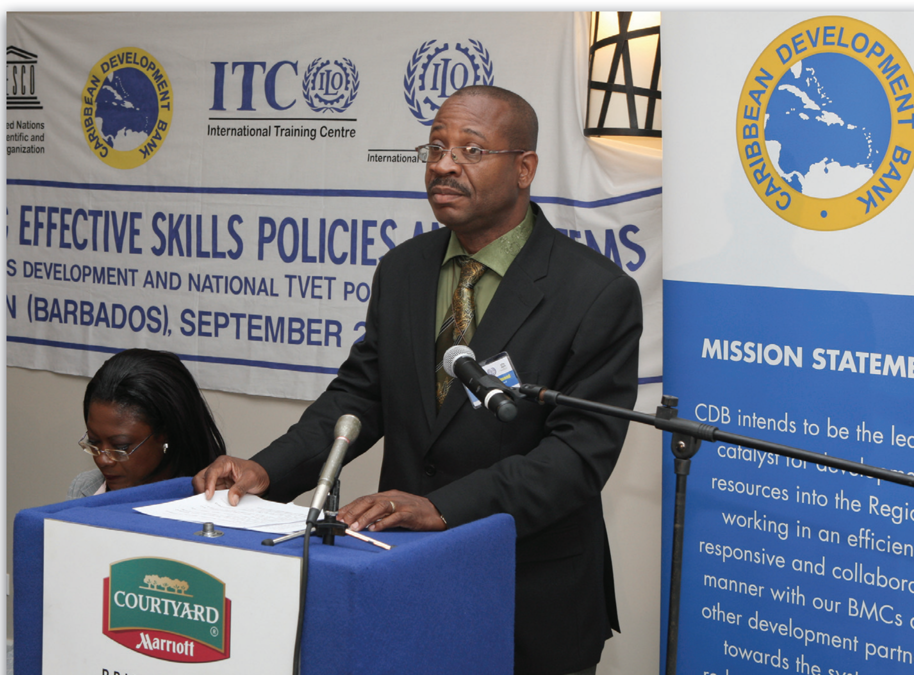
With climate change projections of more intense and variable natural hazard events impacting the Caribbean, the Bank took tangible steps to design a product which will reduce the risk and vulnerability of agriculture sector stakeholders to weather related shocks. In partnership with DFID, work has commenced on the development of an index-based weather insurance solution for the agriculture sector across the Caribbean. Additional technical assistance grants were provided to facilitate the hosting of a workshop, in partnership with other development agencies, aimed at (i) assisting policy makers in BMCs to develop disaster risk management systems, and (ii) to engage in a consultation on policy options to address high food prices.

SUPPORT FOR EDUCATION AND TRAINING

Consistent with its education and training policy, the Bank continues to support human resource development (HRD) within BMCs and intends to deepen its investment in accordance with national, regional and global HRD needs and commitments.

CDB approved $40.385 mn in support of the education and training agenda in BMCs with specific focus on improving the quality of education, and enhancing relevance of training for employability and economic competitiveness. These interventions build on previous projects and help to broaden the provision of appropriate skills and work-force development while strengthening the basic education sub-sector for improved student outcomes. The Government of Barbados received $35.0 mn to continue its investment in basic education with emphasis on providing enhanced learning environments and improving teacher effectiveness, inclusive of the integration of technology. Importantly, the project also supports improved planning and management through the development of a school mapping model and institutionalization of a comprehensive information system. Under this project, benefits will accrue to over 20,000 students across the system from the construction/rehabilitation of 200 classrooms and the improvement in pedagogical skills of 1,300 teachers.

Technical assistance grants have been provided to support institutional strengthening in key areas. As part of supporting the rebuilding of the education system in post-disaster Montserrat, CDB provided a technical assistance grant of $0.075mn to assist with critically needed short-term professional development for 63 teachers, as articulated in the strategic plan of the Ministry of Education. This training intervention will benefit over 800 students at all levels of the education sector. At the tertiary level, the University of Guyana received $0.25mn to enhance its regulatory framework, systems and structures through the development of updated Acts and Statutes, and operational structures and processes, in line with modern universities. The intervention will also support the development of a resource mobilization plan which will enable the University to decrease its dependence on the public purse.



The opening of the CDB/ILO/UNESCO training course.

Box 1

CDB's Continued Focus on TVET

As BMCs struggle to minimize the impact of the current global economic crisis, one of the challenges they are face is burgeoning youth unemployment. This is largely due to the mismatch between national school curricula and labour market needs. That mismatch has resulted in weakening of the thrust of BMCs to develop the competent workforces necessary for creating stable and sustainable employment and thereby enhancing their regional and global competitiveness. In this context, TVET is of critical importance since it is now accepted as a major driver of economic development. It has therefore assumed a significant position in CDB's overarching focus on education and training. CDB recognizes the pivotal role of TVET in employment generation, within and across BMCs, and in facilitating the free movement of skilled labour as articulated in the CSME and the recently ratified OECS policy on free movement of citizens.

TVET has however been plagued by negative images in relation to its status and the parity of esteem with which it is viewed in relation to academic programming. The Bank has therefore invested resources to transform the negative image and to assist BMCs in providing alternative pathways to post-secondary and tertiary certification for the youth of the Region, as well as adults without formal qualifications, but who may be certified on the basis of the skills they have acquired and honed in the workplace.

The Bank continued to perform this role in 2011 through the approval of a TVET capital project of $5 mn. for St. Vincent and the Grenadines, which will benefit over 4,000 students with special focus on unemployed/at risk youth. Additional focus on TVET was placed through the provision of technical assistance to the ILO to assist BMCs in developing skills policies and systems, and the Government of Guyana which is considering the establishment of a Hospital Training Institute. In 2012, the Bank proposes to continue to engage BMCs in strengthening TVET structures, programming and capacity, as well as to work with partners who are also focused on advancing regional TVET goals.

Partnering in Education

In its ongoing work to build capacity in BMCs to develop sustainable TVET policies and systems, CDB provided $0.04 mn to support the delivery of a regional training course on effective skills policies and systems in partnership with the International Labour Organization (ILO) and UNESCO. This workshop was attended by 45 participants from 16 BMCs and ILO and UNESCO regional offices.CDB also provided assistance to support follow- up activities to implement some of the key strategies emanating from the workshop. To date the Government of Anguilla has benefitted wit assistance to support the development of its TVET policy. The Government of Guyana also benefitted from CDB's assistance in this area through provision of a grant of $20,000 to assess the feasibility of establishing a Hospitality Training Institute.

ENVIRONMENTAL SUSTAINABILITY, DISASTER RISK MANAGEMENT AND CLIMATE CHANGE

The need to focus on environmentally sustainable growth continued to be a priority commitment for CDB. Aware of the serious threats which climate change and climate variability pose to the development gains of the BMCs, the Bank stepped up its efforts in 2011 to support BMCs' endeavours to move onto and sustain a climate resilient development path. The Bank's activities focused on initiating plans to strengthen its internal capacity to guide its operations in climate change as well as to support its BMCs, and regional agencies.

At the May 2011 Board of Governors Meeting in Port of Spain, Trinidad and Tobago, the Bank hosted a roundtable panel discussion of technical climate change specialists to discuss the Region's climate finance needs and to increase awareness among its BMCs and shareholders, of the ongoing efforts to elaborate the Implementation Plan (IP) of the Region's Climate Change Strategy: "The Regional Framework for Achieving Development, Resilient to Climate Change (2009- 2015). The dialogue also provided an opportunity to share the Region's negotiating perspective in preparation for participation in the United Nations Framework Convention on Climate Change 17th Conference of the Parties (COP).

The panel made a range of recommendations for the Bank's engagement in addressing climate change in the BMCs. Some of these have been incorporated into the IP as areas for CDB's intervention under the proposed strategy. These recommendations have informed the Bank's work programme and its resourcing of activities.

CDB also financed two technical assistance initiatives to improve the technical capacity of the Caribbean Institute of Meteorology and Hydrology (CIMH) and the Caribbean Community Climate Change Centre (CCCCC) to enable them to support the development and implementation of climate resiliency programmes in BMCs. The grant ($0.29 mn) to CIMH supported the rescue and digitization of historic meteorological and hydrological datasets and the establishment of an electronic database to securely archive the data, and facilitate the access and exchange of data between the Institute and its member countries.

The $0.47 mn grant to CCCCC advanced implementation of the IP by supporting the establishment of the Centre's Project Development Unit (PDU), which is expected to coordinate the IP for the Regional Framework.

CDB strengthened collaboration with development partners in accessing additional resources for climate actions. The Bank secured a $67mn Climate Action Line of Credit from the European Investment Bank (EIB to support CDB's efforts in increasing the resilience of its BMCs to the impacts of climate change. Discussions are also well advanced in securing additional resources from other development partners to strengthen the Bank's internal capacity and to support in-country work.

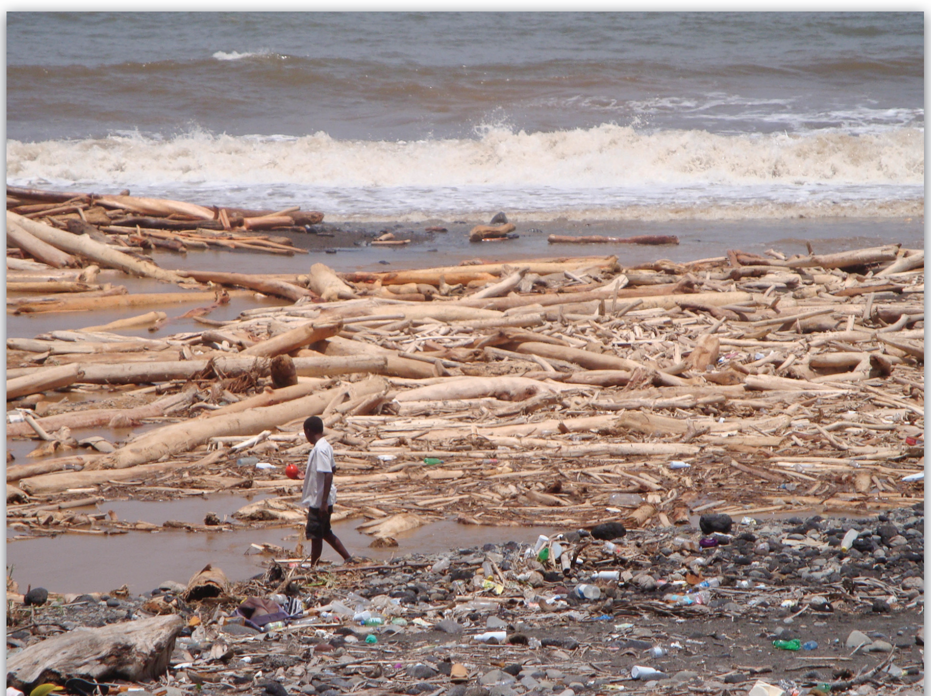
Disaster Risk Management

2011 was another challenging year for the Region in the wake of natural hazard events. The year's hurricane season produced a total of 19 named storms of which 7 were hurricanes. Four of these hurricanes were category three or higher. Cumulative 2011 post-disaster hurricane season damage have been estimated at greater than $12.2 bn.

With the exception of Hurricane Irene, the hurricanes of 2011 did not make direct landfall. However, a number of BMCs were impacted by the effects of storm surge and torrential rainfall from these passing systems.

During April, Grenada and St. Vincent and the Grenadines experienced severe rainfall episodes. Intense events were also experienced during July in Dominica. These episodes caused significant damage to infrastructure and, in the case of Dominica, the failure of a natural dam on the Layou River. In Grenada, the town of Gouyave experienced up to 304.8 millimetres (mm) of rain within a 10-hour period, a level approximately four times higher than the recorded historic monthly average. North-eastern and eastern areas of the island of St. Vincent reported rainfall amounts of 100 mm over a 24-hour period. In July, monthly rainfall totalling more than 400 mm was also recorded in Dominica. For 2011, the Seismic Research Centre (SRC) of the University of the West Indies issued 32 scientific advisories on discrete earthquake events observed within the Caribbean Basin.

Two Emergency Relief Grants (ERGs)



A scene from St. Vincent and the Grenadines following heavy rains.

were approved: one for Dominica in response to Tropical Storm Ophelia, and the other for The Bahamas, for Hurricane Irene. Five Immediate Response Loans (IRLs) were also approved: for St. Kitts and Nevis in response to Tropical Storm Otto; for St. Vincent and the Grenadines, and Grenada for the April extreme rainfall events; and for Dominica for Tropical Storm Ophelia and a natural dam-break flood event in July. Five Rehabilitation and Reconstruction Loans (RRLs) were approved, each with disaster risk reduction technical assistance components. RRLs were approved for: St. Lucia and St. Vincent and the Grenadines in response to Tropical Storm Tomas (late October 2010); Dominica for the Layou dam-break flood event; and for the British Virgin Islands and Grenada for extreme rainfall events.

Box 2
The Impact of Natural Hazards

Natural hazard events in the Caribbean continue to severely impact BMCs resulting in extensive damage, family and/or community displacement and loss of life and livelihoods, particularly of the poor and vulnerable. The poor are disproportionately impacted by the occurrence of such events given the interplay of a number of risk factors that include limited social capital, inadequate housing, low level of economic well-being and propensity to living in disaster-prone areas. Recent experiences in BMCs have also heightened awareness of the differential and consequential impacts of natural hazard events on men and women and call for gender-sensitive approaches to development interventions as they relate to resilience building and recovery from disaster at household and community levels.

The Bank continued to participate in and support the Regional Coordination and Harmonisation Council that oversees the governance of the CARICOM Comprehensive Disaster Management (CDM) Strategy. This strategy seeks to strengthen regional, national and community capacity for the mitigation, management and coordinated response to natural and technological hazards, and the effects of climate change.

As part of efforts to mainstream disaster risk management into different sectors, the Bank finalized the development of a practical business continuity planning toolkit for use by MSMEs. The tool-kit was finalised with feedback from participants in a three-day workshop held with a sample of regional MSME clients of the Bank's CTCS programme.

In December, the Bank supported sessions at the sixth Caribbean Regional Conference on Comprehensive Disaster Management in Trinidad and Tobago, sponsoring specific sessions to: (i) further sensitize its BMCs to the Bank's revised Disaster Management Strategy and Operational Guidelines (DiMSOG); as well as (ii) discuss opportunities and strategic approaches for mainstreaming DRM at the level of decision and policy makers in Ministries of Finance and Economic Planning beyond 2012.

In collaboration with CIDA, CDB co-financed Haiti's annual premium payment to the Caribbean Catastrophic Risk Insurance Facility (CCRIF).
CDB also agreed to administer a multi-donor trust fund in support of catastrophe risk insurance for microfinance (MFI) institutions in Haiti. The fund's resources will be used to support the establishment and operations of a Micro Insurance Catastrophe Risk Organization (MiCRO) for the provision of parametric insurance for Haitian MFIs and their micro-credit borrowers against losses from natural disasters.

Environmental Safeguards
CDB continued to assess all of its projects for potential environmental impacts and assisted borrowers to adopt safeguards to address environmental and social risks. Grant resources ($0.09 mn) were provided to St. Lucia for improved environmental governance and management in support of environmental mainstreaming through a strengthened policy, legal and institutional framework. An in-country workshop on the Bank's environmental safeguards and disaster risk management strategy and operational guidelines was presented to senior public sector officers from Barbados. This was part of the Bank's efforts to improve the knowledge and awareness of the public sector officials of the Bank's requirements in its project appraisal and supervision processes.
Meetings and Training

In 2011, CDB staff attended two meetings hosted by the Commonwealth Secretariat on climate finance to discuss and explore opportunities for assisting Commonwealth countries, including BMCs, to access climate financing for their climate resiliency programmes. Staff also participated in the annual Board of Directors meeting of the CCCCC. Staff attended the pre-hurricane season of the Eastern

Caribbean Donor Group for Disaster Response and the launch of the United Nations Global Assessment Report on Disasters.

PROMOTING IMPROVED LIVING CONDITIONS

Country Poverty Assessments and National Poverty Reduction Strategies

The Bank continued its support to BMCs in 2011 under its Country Poverty Assessments (CPAs) and National Poverty Reduction Strategies (NPRSs) assistance programme. At the end of the year, all but two of the 10 BMCs under the programme had conducted CPAs, seven of these have done at least two CPAs, and three others joined St. Lucia in the preparation of NPRSs. Arrangements are well advanced to commence fieldwork in the first quarter of 2012 for one of only two BMCs without CPAs.

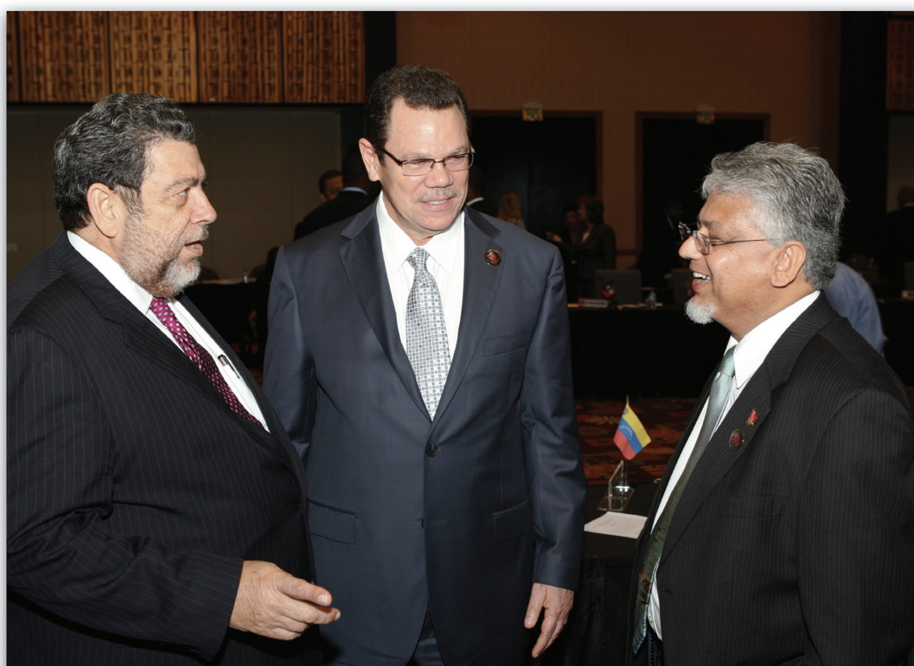
The final 2009 CPA Report for Anguilla and Draft Reports for the 2009 Montserrat CPA and the Barbados 2010 Country Assessment of Living Conditions (CALC) were completed during the year. The Anguilla CPA, which is its second since 2002, marked a milestone for multiple poverty research for that country. The study provided quantitative and qualitative evidence of the context and causes of poverty specific to the tourism-dependent state. As such, it provided the Government of Anguilla (GOA) and development practitioners with vital information for follow-up on the findings of the 2002 study. The Montserrat CPA and the Barbados CALC were the first comprehensive studies of living conditions for these countries, but like Anguilla, their findings will serve to enhance inter alia, targeting and monitoring of the countries' social protection programmes.

The debilitating effects of the current global recession have increased vulnerability and social risks of BMC populations, particularly those located in lower quintiles and have heightened calls in the recent CPAs for increases in social protection programmes and overall improvement in the delivery of associated services. The factors which coalesce to reduce effectiveness include fragmentation, inadequate targeting and programme duplication. Generally, social protection systems in BMCs are affected by weak institutional frameworks and have limited capacity for efficient, effective and coordinated delivery of services. In addition, they are not supported by robust monitoring and evaluation frameworks. In response to this situation, the National Poverty Reduction Strategies and Action Plan (NPRSs) for Antigua and Barbuda, Grenada and St. Kitts and Nevis, prepared during the year, contain several recommendations for reforms of their social protection systems.

Given the close relationship between social protection and poverty reduction, CDB, through its various modalities of development support, encouraged BMCs to adopt a more strategic and proactive approach to managing risks and vulnerabilities faced by their populations. This applies particularly to the most vulnerable groups, viz. persons with disabilities, migrant workers, the homeless, victims of disasters, and indigenous populations. CDB's efforts at poverty reduction therefore, involve support that will enable BMCs to be more systematic and vigilant in anticipating and mitigating risks when implementing development programmes. For example, the approaches in the Bank's disaster rehabilitation and recovery loans designed to facilitate gender-sensitive resilience and recovery by disadvantaged groups, are some of the measures used by the Bank to build national resilience and reduce vulnerability at the community and household levels.

SUPPORTING REGIONAL COOPERATION AND HEIGHTENED INTEGRATION

During the year, the commitment



Dr. Ralph Gonsalves, Dr. Warren Smith and Dr. Bhoendradatt Tewarie chatting at the 2011 Annual Meeting of CDB to promoting growth and development in the Region was made evident by the Bank's expanded participation in key regional integration fora and its contribution to several regional cooperation initiatives. CDB acknowledges that an important plank of the growth and development strategy for the Region is the promotion of regional cooperation in areas that support private sector-led growth to maximise the use of BMCs' limited resources.

As part of CDB's efforts to encourage greater regional cooperation in advancing solutions to the myriad challenges confronting its BMCs, CDB co-hosted a Labour Market Symposium. CDB and the ILO's Office for the Caribbean jointly convened this Symposium on the theme "Addressing the effects of the global economic crisis on labour markets in the Caribbean and preparing for sustainable and decent employment: The role of the Global Jobs Pact" in Barbados on January 25 and 26, 2011. The event brought together tripartite constituents from the Caribbean, namely, stakeholders from various government departments and institutions, including central banks; regional organizations, international financial institutions, civil society organizations and the academic community; and the United Nations. Given the importance of fostering a culture of social dialogue, and of pursuing policy coherence across institutions, the organisers ensured the participation of Ministers of Labour, as well as Ministers with responsibility for finance, economic affairs or planning, or their designated representatives.

CDB and the ILO identified the following areas of cooperation as tangible outcomes of the two days of discussion: strengthening labour market information systems; enhancing technical vocational education and training policies; institutionalizing social dialogue to address social and economic development issues; providing technical support and advice for developing 'world of work' project proposals for consideration for financing via loans and/or grants; extending social protection, with particular focus on vulnerable groups; exploring innovative ways of financing social security; and promoting the creation of micro, small and medium-sized enterprises as a deliberate strategy for creating jobs in the formal economy.

Against the backdrop of high and unsustainable public debt in several of CDB's BMCs and the consensus recognition for urgent, decisive and sustainable solutions, in 2011, CDB provided opportunities for its BMCs to explore solutions to these problems.

The global economic and financial crisis has had an extremely negative impact on Caribbean economies over the last two years. In response, policymakers in the Region have articulated various national and sub-regional strategies for economic stabilization and growth enhancement. Implicit and/or explicit in these strategies, and critical to their success, is the development of planning units within CDB's BMCs; and the implementation and effective management of Public Sector Investment Programmes (PSIPs). In 2011 CDB coordinated a training programme in PSIP for participants at a senior technical level with direct responsibility for PSIP in their respective BMCs. The PSIP is a management tool that translates a country's development goals, objectives and priorities into planned investment projects over a specific timeframe, subject to resource and other constraints. A well articulated and managed PSIP selects investment projects objectively (based on evidence) and transparently, in a manner consistent with national budgets, as well as sectoral, national and regional development plans, and incorporates appropriate monitoring and reporting arrangements for approved projects. All of these attributes allow for improved quality and effectiveness of investment analysis and decisions; and promote the efficient and transparent allocation of resources, as well as effective donor/lender coordination, which ensures that the growth-enhancing potential of public sector investment is maximized.

CDB's involvement in regional integration fora included attendance at the Twenty-Second Inter-Sessional Meeting of The Conference of Heads of Government of The Caribbean Community (CARICOM). Matters discussed at the Meeting, were, inter alia, Developments in Relation to Haiti; Issues of Governance – Prioritising the Focus and Direction of the Community; the CARICOM Single Market and Economy – Major Issues and Recommendations from the 6th Meeting of the Prime Ministerial Sub-Committee; and Financial Stability: the British American Insurance Company and Colonial Life Insurance Company Issue. The Bank also participated in a brainstorming session under the heading "Towards Articulation of a New OECS Development Strategy" convened by the Organization of Eastern Caribbean States (OECS) on November 29, 2011, in St. Lucia. Break-out groups at the session examined: Private Sector Development, Financing and Investment; Macroeconomic and Social Policy Framework and Financial Stability; and Sectoral Drivers and Enablers of Growth and Development.

HAITI

Operations in Haiti

CDB's support to the country continues to be through the provision of grants on a set-aside basis within the context of the Bank's Special Development Funds (SDF). Key interventions in 2011 included support for:

(a) The Haiti Rural Community-Driven Development Project (PRODEP) – USD10 mn.

(b) Meeting Haiti's annual premium to the Caribbean Catastrophic Risk Insurance Facility (CCRIF) – USD550,000.

(c) Establishing a multi-donor trust fund capitalized by United Kingdom Department for International Development - the "Micro Insurance Catastrophe Risk Organization Fund (MiCRO)" Haiti.

PRODEP is the first CDB-financed capital project in Haiti where CDB staff will assume direct responsibility for supervision of project implementation.

The project seeks to:

(i) improve access by poor rural communities to basic social and economic infrastructure;

(ii) provide income-generating opportunities;

(iii) improve governance; and

(iv) build social capital at the local level.

Through the Project, CDB will finance approximately 180 sub-projects proposed by Community Based Organisations and Municipalities which are expected to directly impact approximately 25, 000 individuals in 31 municipalities in five departments in the northern part of Haiti. Approximately half of the beneficiaries are likely to be women. Project benefits are expected to include:

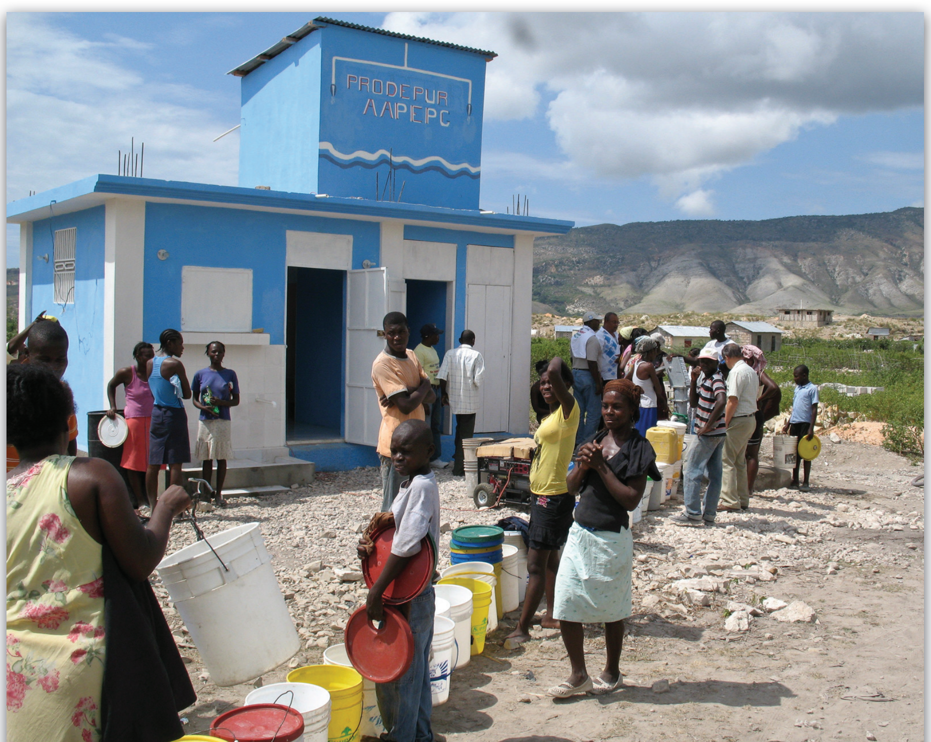
a. improvements to rural access roads allowing for year-round access to communities, markets and services (medical, education), etc. Such access also will assist in reducing marketing risks and is expected to serve as an incentive for households to move beyond subsistence production thereby increasing household income;

b. potable water facilities and better functioning health facilities, etc., will reduce the incidence of diseases (including cholera) and contribute to healthier communities;

c. improvements to educational facilities will create an environment more conducive to learning, increased enrolment and improved literacy rates and general educational achievements; and

d. an increase in the number of community centres, public amenities (street lights and clean environments) rural electrification, etc., which will contribute to community well-being and cooperation, community cohesion and crime reduction.

Considerable support will be provided towards capacity-building of local governance structures to ensure the long-term sustainability of the sub-projects and related interventions. A noteworthy feature of PRODEP is the provision of support for a pilot operation which will build the capacity of twenty-eight (28) Community Development Councils (CDCs) to enable them to perform a development agency function in their respective municipalities. In an effort to improve the chances of sub-project sustainability, PRODEP also incorporates design features of CDB's Basic Needs Trust Fund (BNTF) and Rural Enterprise Development projects. These include provision for the engagement of consultants to design and supervise the implementation of sub-projects, and the use of productive sub-projects as a vehicle for addressing income



Potable water supply system in Haiti.

poverty in the target communities.

CCRIF

Given the social, economic and fiscal challenges faced by Haiti, CDB partnered with the Government of Canada in meeting Haiti's annual premium to CCRIF. CCRIF, the world's first regional insurance fund, is a parametric insurance facility owned, operated and registered in the Caribbean. It insures government risk and is designed to limit the financial impact of catastrophic hurricanes and earthquakes to Caribbean Governments by quickly providing short-term liquidity when a policy is triggered.

MiCRO Haiti

Capitalised by United Kingdom Department for International Development (DFID), MiCRO Haiti is designed to support the establishment and operations of a catastrophe micro-insurance facility. It provides parametric insurance to protect Micro-Finance Institutions (MFIs) and their clients (micro-credit borrowers) in Haiti against losses resulting from natural hazard events. With a focus on fostering broad-based economic growth MiCRO removes one of the constraints to private investment that affects the poor providing them with an opportunity to participate in economic activity and thereby increase their income.

CTCS Interventions

Partnership with Haitian entrepreneurs through CDB's CTCS Network programme continued in 2011. Under the programme, CDB facilitated the participation of entrepreneurs from Haiti in a CTCS four-day regional workshop on "Enhancing Customer Service Delivery for Owners and Managers of Small Hotels". The workshop was aimed at assisting small hotels to improve their customer service systems, sustain service levels for the enhancement of customer satisfaction, retain repeat business and enhance the potential for new business.

FINANCING OPERATIONS

In 2011, CDB approved 22 loans amounting to $144.6 mn, and approved grants totalling $21.9 mn.

Loans

Lending to the public sector accounted for all of the loans, with the OCR accounting for $69.5 mn and the SFR for $75.1 mn. Of the total of 22 loans approved during the year, two were entirely funded from the OCR, while the remaining twenty were a blend of OCR and SFR funding. Of the total approvals, loans to LDCs amounted to $108.6 mn, comprising $34.2 mn from OCR and $74.4

Table II: 1
APPROVALS AND DISBURSEMENTS ON LOANS, GRANTS AND EQUITY
2011 AND 2010
($'000)

	Approvals		Disbursements	
Activity/Source of Funds	**2011**	**2010**	**2011**	**2010**
A. Loans				
Ordinary Operations	**69,484**	**223,947**	**94,867**	**246,358**
OCR	69,484	223,947	94,867	246,358
SFR	**75,112**	**46,550**	**47,191**	**49,355**
SDF	75,112	46,550	35,642	34,750
OSF	-	-	11,549	14,605
Total	**144,596**	**270,497**	**142,058**	**295,713**
B. Grants and equity	**21,929**	**30,010**	**25,722**	**31,187**
Total Financing	**166,525**	**300,507**	**167,780**	**326,900**

mn from the SFR. The two largest borrowers in 2011 were Barbados and St. Lucia, receiving 24% and 21% of the total, respectively. Other significant borrowers were St. Vincent and the Grenadines (13%) and St. Kitts and Nevis (13%).

Grants and Equity

Grant and equity disbursements during 2011 amounted to $21.9 mn of which 64% was provided to the LDCs. The two major beneficiaries were Haiti and Regional Programmes with $10.7 mn and $5.7 mn, respectively.

Loan Effectiveness

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

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

Table II: 2
NET CUMULATIVE APPROVALS, LOANS, EQUITY AND GRANTS 1970-2011
($'000)

LOANS/ GRANT	LDC	MDC	REGIONAL	TOTAL
70-02	1,128,475	865,431	102,993	2,096,899
2003	69,900	135,100	13,700	218,700
2004	72,900	39,700	1,500	114,100
2005	74,100	68,900	9,700	152,700
2006	92,800	33,900	9,900	136,600
2007	61,982	119,471	29,131	210,584
2008	131,795	179,223	37,173	348,191
2009	141,969	15,943	15,798	173,710
2010	184,221	109,290	6,996	300,507
TOTAL	**2,080,601**	**1,602,488**	**231,682**	**3,914,771**

TABLE II.3
DISBURSEMENTS 1970-2011 ($'000)

Source of Funds	1970-99	2000-10	2011	1970-11
Ordinary Operations	**550,389**	**1,191,067**	**94,867**	**1,836,323**
OCR	550,389	1,191,067	94,867	1,836,323
Special Operations	**722,700**	**618,028**	**72,913**	**1,413,641**
SDF	448,910	426,736	49,951	925,597
OSF	273,790	191,292	22,962	488,044
TOTAL	**1,273,089**	**1,809,095**	**167,780**	**3,249,964**

TABLE II:4
DISTRIBUTION OF CUMULATIVE DISBURSEMENTS
TO MDCs AND LDCs 1970-2011
($'000)

Source of Funds	Total		MDCs		LDCs	
Ordinary Operations	**1,836,323**	**100.0%**	**941,933**	51.3%	**894,390**	48.7%
OCR	1,836,323		941,933		894,390	
Special Operations	**1,413,641**	**100.0%**	**426,253**	30.2%	**987,388**	69.8%
SDF	925,597		254,311		671,286	
OSF	488,044		171,942		316,102	
Total	**3,249,964**	**100.0%**	**1,368,186**	**42.1%**	**1,881,778**	**57.9%**

Table II:1 summarizes the levels of approvals and disbursements on loans, equity investments and grants during 2011 and 2010.

CUMULATIVE APPROVALS

Net cumulative approvals of loans, equity investments and grants as at December 31, 2011, amounted to $3,914.8 mn (Table II:2 refers). Of this amount, $2,080.6 mn (53.1%) went to the LDCs, compared with $1,958.1 mn (52.2%) at the end of 2010.

CUMULATIVE DISBURSEMENTS

Cumulative disbursements, including grants (Table II:3 refers), increased by 5.6% in 2011 to $3,256.0 mn, from $3,082.2 mn in 2010.

A comparative analysis of cumulative disbursements at the end of 2011 shows that CDB's Ordinary Operations accounted for 57% of total disbursements, the same as at the end of 2010. The distribution of cumulative disbursements between MDCs and LDCs is provided at Table II:4 At the end of 2011, total disbursements to MDCs increased to $1,368.2 mn from $1,283.0 mn in 2010 or by 6.6%. Cumulative disbursements to the LDCs amounted to $1,881.8 mn, increasing by 4.6% from a level of $1,799.2 mn in 2010. At December 31, 2011, the LDCs' share of cumulative disbursements was 58%, unchanged from 2010.

With respect to access to the Bank's two sources of funding, the MDCs accounted for 51%, while the LDC accounted for 49% of disbursements from CDB's Ordinary Operations. However, the LDCs received 70% of disbursements from CDB's Special Operations, with the MDCs receiving 30%.

CUMULATIVE LOAN REPAYMENTS

At December 31, 2011, principal repayments on loans since the inception of the Bank amounted to $1,340.8 mn (2010 - $1,241.5 mn) (Table II:5 refers). OCR principal repayments during the year amounted to $77.3 mn, while total repayments since inception were $830.9 mn, after taking into account the effects of currency translation. Total SFR principal repayments, after currency translation adjustments, were $510.0 mn in 2011 (2010 - $488.2 mn).

RESOURCE TRANSFERS

In 2011, there was a positive net transfer of resources (that is, disbursements of grants and loans less repayments of principal, interest and charges) between CDB and its BMCs. The net flow of resources amounted to $15.3 mn, a significant decrease when compared with net resource transfers of $180.1 mn in 2010, resulting from disbursements of $201.9 mn associated with the policy-based loans.

CAPITAL MARKETS OPERATIONS

The Bank placed an issue of $175.0 mn in two-year bonds in the Capital Markets. The funds will be used to support the Bank's liquidity position.

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

Source of Funds	Cumulative Loan Repayments to December 2010	Translation Adjustments	Repayments in 2011	Cumulative Loan Repayments to December 2011
OCR (incl. VTF)	753,218	346	77,308	830,872
SFR	488,246	(1,859)	23,582	509,969
Total	**1,241,464**	**(1,513)**	**100,890**	**1,340,841**

Project Profile – Gullies in Jamaica

The gullies in Kingston, Jamaica, are thick-walled concrete channels for the large volumes of water which flow from the mountains around the capital down to the sea. Sometimes though, the best that man has to offer is no match for Mother Nature and from time to time the walls and or floors of these gullies are breached by raging water. When this happens, there is the potential for disaster for the many people who have built their residences on or near the banks of these waterways.

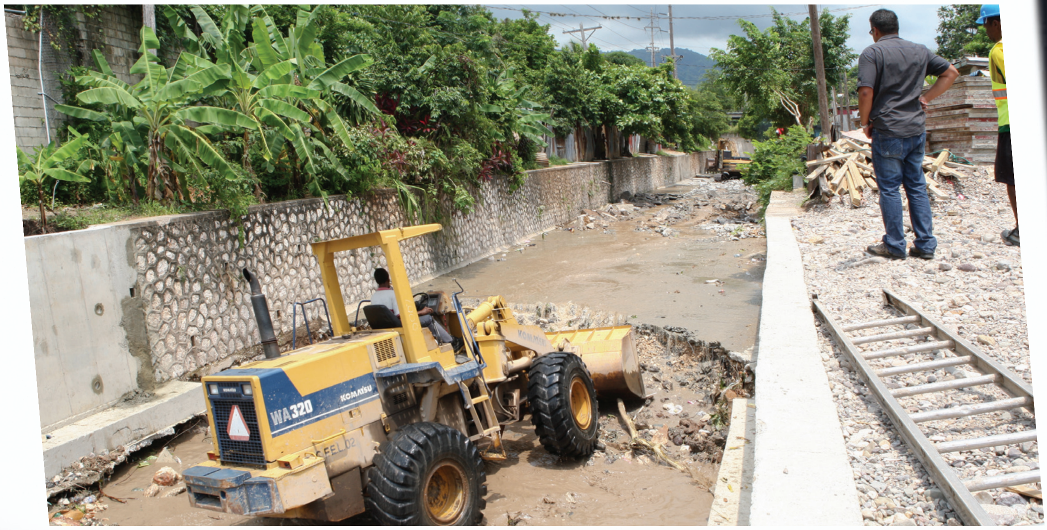
Janet Reynolds is one of these people who live on the bank of a gully. For 43 years, she has greeted with anxiety the darkening of the clouds overhead or a forecast for stormy weather. Raindrops are not readily welcomed by people who have a distrust of any increase in the levels of the water traversing through these concrete conduits.

As Janet stands on the bank of the gully near her home, men and heavy duty equipment are at work in the gully. There has been another breach following heavy rains associated with a tropical weather system. “The walls have been breaking away from the heavy rains,” she says. There is a smile on Janet’s face though because the workmen are not just clearing away debris, they are replacing and in some cases reinforcing the walls and floors of her Gully. Nature may have won the last round but there is no retreat in this battle.

“We are very thankful and grateful for whoever sponsored the money to rebuild (the gullies). We are very grateful for it for the security of the citizens especially children.

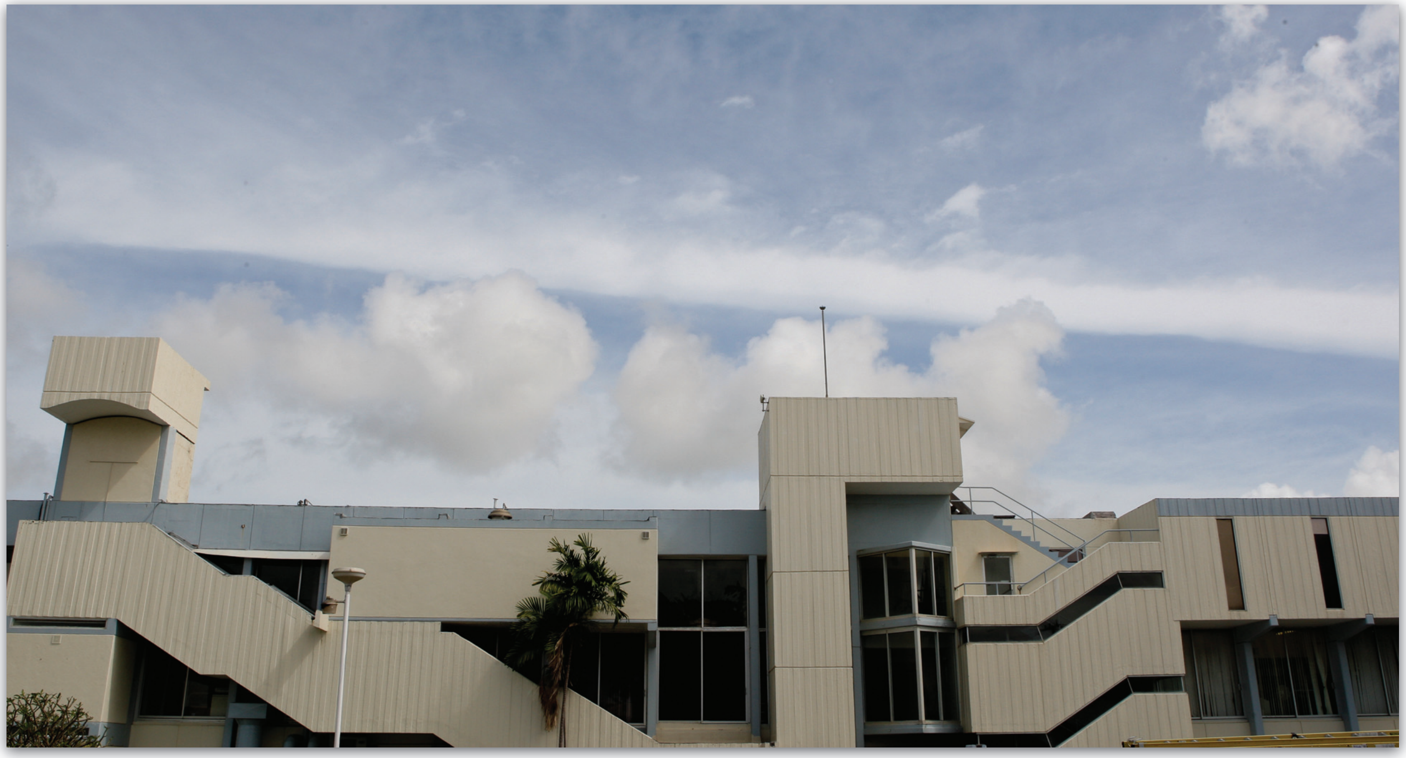
“When the bank is eroded children may fall in the gully and there is the possibility of drowning even after the water subsides as pools of water remain, some quite deep. Also, cave-ins allow water to go below the foundation of some houses causing them to collapse. So this rebuilding also saves houses from being washed away,” Janet said.

And so the battle continues between the Jamaica Government and the forces of nature. CDB remains one of its staunchest allies in this fight to keep the gullies secured and the citizens safe.



Part III

ORGANISATIONAL EFFICIENCY AND EFFECTIVENESS



Enhancing organisational efficiency and effectiveness has been an objective that is central to the Bank's ability to be competitive in the delivery of its services through the judicious deployment of its mix of people, systems and technology.

HUMAN RESOURCES MANAGEMENT

Human Resources Management continued to be accorded high priority, consistent with initiatives outlined in support of the key themes of the 2010–2014 HR Strategy. Work continued on a number of key initiatives which had been started during the previous year, including a competency framework to support human resource capacity through the introduction of core values and competencies which are essential for all staff. The framework forms the basis for building and strengthening other human resource systems, such as recruitment, performance management and development of staff. Also, as part of its leadership development strategy, the Bank continued with the implementation of a coaching programme designed to provide its managers and leaders with training, experience and the tools to incorporate coaching conversations into their professional work.

A comprehensive review of the various human resource policies which had commenced in 2010 continued into the current year as part of the internal reform agenda. The review is part of the process to ensure that the human resources polices reflect best practices, and are aligned with the new human resource strategy. Other reform programmes included a comprehensive review of the structure of the Operations Area and the commencement of a similar review for the Corporate Services Area. The objective of both reviews is to determine and design the most cost-effective and efficient service delivery model and processes, to ensure optimal delivery of service to the Bank's members.

The Bank continued its investment in training and development to support improved performance and individual growth. More than 50% of staff participated in internal and external programmes in key knowledge areas such as project cycle management, scenario planning, diversity in the workplace, utility regulation and strategy, lean six-sigma and change management.

As at December 31, 2011, the staff complement was 180 which comprised of 99 professionals and 81 support staff. Females represented 58% of the total staff complement, and 42% of the managerial and professional cadre.

USING ICTS TO IMPROVE EFFICIENCY

The Bank made modest progress in the use of ICTs as one of the key mechanisms to drive its internal reform agenda with a view to streamlining its work processes and thereby achieving efficiency improvements and productivity gains.

Consistent with its Information Systems Architecture Roadmap (ISAR), the Bank undertook a wide-ranging work programme incorporating, *inter alia*, applications renewals and upgrade, service delivery, network upgrades, business continuity planning, information disclosure and the use of ICTs for development.

Some of the initiatives undertaken include:

Enterprise Content Management
The business processes of the Bank generate hundreds of pieces of paper a day, resulting in significant costs to the institution for storage, and lost time for document search and retrieval. Having closely analysed this situation, the Bank initiated an Enterprise Content Management project that utilises technology to securely capture, exchange, and manage the information generated and contained in paper documents wherever they exist, thus making it more cost effective and efficient for the organisation.

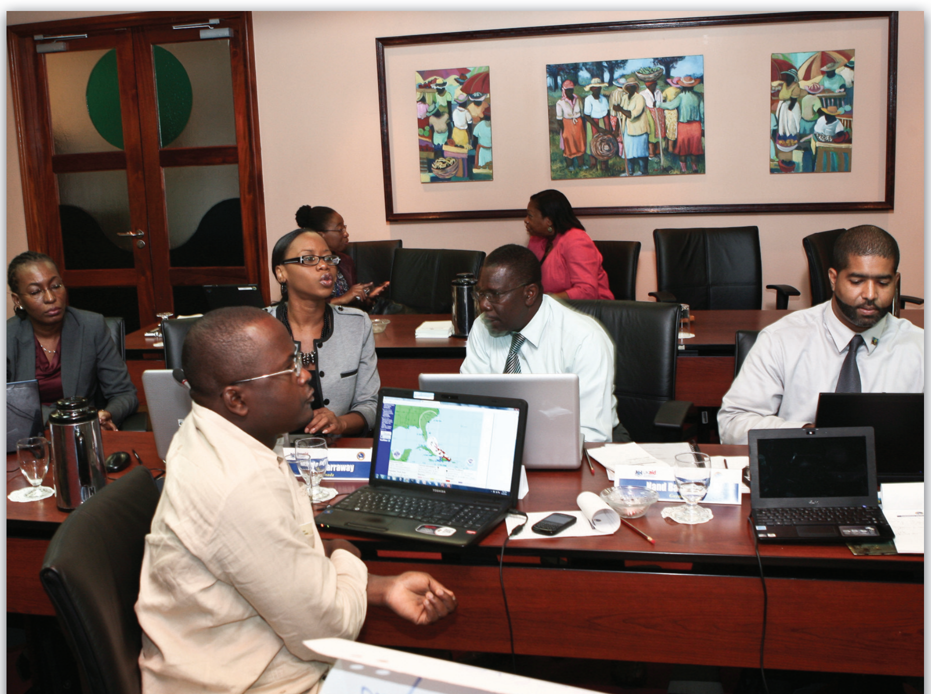
The project has been launched in one department and will be extended to other departments within the Bank. When fully implemented, the solution will facilitate the upgrading from a largely paper-based to an electronic collaborative environment that will enhance the search and retrieval capabilities of the various data stores across the Bank.

Reporting Portal
A Request for Proposal was issued and a vendor identified for the development and implementation of an E-Claims web-based portal for payment of claims online. The implementation process is expected to begin in Q1-2012. This application will provide BMCs with the facility to make online claims and to access selected loan information for their respective countries. It will eliminate the existing manually intensive processes. It will also serve to promote more timely collaboration and communication between the Bank and its stakeholders.

Client Service Management
The Client Services function was significantly strengthened with the implementation of a new service management software product. This system allows for the capture of internal and external client service calls and the generation of metrics that serve as input in the creation of valuable management reports that are being used to identify areas for improvement in service initiatives across the Bank.

Budget Management
Another initiative undertaken was the replacement of the existing Budgets module with a new Performance Management System solution (PM10), which is based on robust state-of-the-art technology. This application has provided significantly improved capabilities for the CDB budgeting process, including end-user budget entry with much more comprehensive and timely reporting during the budget period.

Replacement of the BNTF Management Information System
The development of the requirements



Technology being employed at one of the training seminars at CDB.

for a new application to replace the existing in-house developed system was completed. A tendering process will be pursued to identify and acquire an appropriate software package with the attendant enhanced functionality and reporting capabilities to satisfy the reporting requirements of the BMCs, Contributors, and CDB. It is expected that the selection and implementation of the new solution will be completed in 2012.

IT Business Continuity
Subsequent to the implementation of an IT disaster recovery solution in the previous year, work continued on building greater resiliency into the organisation's IT Business Continuity Plan. This involved the further mitigation of risks to recovery of the Bank's core systems and business processes by the implementation of an alternate recovery site which carries the attendant telecommunications and other infrastructure that would guarantee the continuance of operations should there be a localised disaster at the Bank's Headquarters. Further refinements and upgrades to the off-island data storage facility were also made during the year under review.

HR Process Improvement
This project is being developed to provide a comprehensive solution to support the HR management information reporting requirements, and the business requirements of the user community. Work has already begun on the development of an Request for Proposals. Some of the modules that will be part of this integrated solution include talent management, training and development, performance management, succession planning, applicant tracking, among others. The system will replace the current suite of HR applications including the Human Resource Management System, Human Resource Information System, and Payroll applications. The project is expected to be implemented in 2012.

Conference Management
During the last quarter of 2011, the Bank took a decision to issue a Request for Proposals for the replacement of its conference management system with a view to addressing the deficiencies in the existing system while ensuring that conferences and other events hosted by the Bank are seamlessly managed by providing administrative staff with enhanced features and functionality to effectively and efficiently support all processes associated with meetings and conferences hosted by the Bank. A replacement system was identified and is expected to be debuted at the next Annual Meeting of the Board of Governors.

Knowledge Management
Recognising the rapidly changing environment within which the Bank now operates, the Bank with the assistance of experts in the field, developed a Knowledge Management Strategy and Implementation Framework (KMSIF), which spans the period 2011- 2016. The KMSIF seeks to sharpen the knowledge focus of CDB over the next five years, and so increase its 'insight for decision making'.

An Advisor on knowledge management will be engaged for the Office of the Vice-President, Operations (VPO) as part of the restructuring of the Operations Area. The Advisor will be tasked with spearheading the implementation of the Strategy, which will ensure that CDB sharpens its knowledge focus and that operational lessons learnt and best practices are transferred across units, re-incorporated into new designs as well as transmitted to clients through country dialogue and operational work.

Information Disclosure
In order to demonstrate its commitment to transparency, the Bank developed an Information Disclosure Policy which was approved by the Board of Directors in October 2011. The policy allows for full

Participants in the Vybzing Youth Outreach programme in Trinidad and Tobago.

disclosure of information created or acquired by the Bank in the course of its operations except that which is detailed on a list of exceptions. The Policy is expected to be fully operational by the end of the first quarter in 2012.

Outreach

The Bank continued its outreach to the youth of the Caribbean through the ***U Innovate Challenge* and *U Innovate Forum*,** two youth activities which formed part of VYBZING Trinidad and Tobago 2011 at the Bank's Forty-First Annual Board of Governors' Meeting in Trinidad and Tobago. Under the challenge theme *"Innovation and Entrepreneurship: Achieving Development through the use of Mobile Applications"*, some young people from Trinidad and Tobago between the ages of 18 and 25 developed proposals for a mobile application addressing areas such as health, tourism, community development, education, transport, customs, and the services industry.

Outreach and information access took a new form through the use of social networking tools such as the *Caribbean Development Bank and Youth "Vybzing"* Facebook page which played a significant role in reaching and engaging the young people of Trinidad and Tobago for the competition and forum.

CDB InfoLink, the Bank's virtual library, provided web-based access to electronic resources for reference and research purposes. Additional digital resources became available to internal clients, regional institutions and the wider public.

Information and Communication Technologies for Development

In the area of Information and Communication Technologies for Development, CDB continued to promote the use of ICTs in support of regional cooperation and integration. These efforts were primarily focused on assisting with the development of an Action Plan for the implementation of the Regional Digital Development Strategy and with the development of a Regional Broadband Strategy.

At the sub-regional level, CDB's support has been ongoing towards the e-Government for Regional Integration Programme (EGRIP) and discussions have been held with the World Bank regarding participation in the Caribbean Regional Communications Infrastructure Programme (CARCIP) for the OECS. CDB has identified its willingness to support three components of CARCIP, these being the implementation of Internet Exchange Points, establishment and operationalisation of business incubators and the further roll-out of EGRIP.

GOVERNANCE

Board of Governors

The Government of Trinidad and Tobago hosted the Forty-First Annual Meeting of CDB's Board of Governors in Port of Spain on May 25-26, 2011. The meeting was chaired by Senator Dr. the Honourable Bhoendradatt Tewarie, Minister of Planning, Social Restructuring and Gender Affairs.

In his first Annual Statement to the Board of Governors, newly-elected President, Dr. Wm. Warren Smith, highlighted the progress which the Bank had made in the year under review, also touching on some of the challenges it had encountered along the way. He noted that economic conditions in the Region remained depressed, with only 7 of CDB's 18 Borrowing Member Countries (BMCs) reporting growth in 2010. He pointed out that while in 2011 the Bank expects a return to economic growth in most of the BMCs, their weak fiscal position would continue to be challenging and would require sustained emphasis on fiscal consolidation and careful debt management.

He also spoke to the main theme of his Statement "*Caribbean Leadership-Confronting the Anxieties of Our People*" in which he referred to a generalised sense in which Caribbean people seemed to be losing control of their destiny in a number of critical areas in their social and economic life and pointing to three reference points, *viz*, economic insecurity, personal insecurity due to rising crime and violence and insecurity due to the impact of climate change.

He recalled that in 2010, CDB's Board of Governors had approved its results-based Strategic Plan 2010-2014 and underwrote its support for a General Capital Increase of 150% and that having outlined its vision and secured the financial commitment from its shareholders, he promised that the Bank would strive to consolidate and deepen the foundations of its progress, by adhering to two critical core values-passion and teamwork.

In their own statements, Governors welcomed the President on his assumption of office, pointing out that he was doing so at a critical juncture in the Region's development and that it cannot be business as usual. They stressed the importance of the Bank working closely with countries to develop policies and strategies that would lead to sustainable growth. Governors noted that the Bank was pursuing a Strategic Plan 2010-2014 which includes an institutional reform agenda with a focus on efficiency and effectiveness and the need to reposition itself in order to be more responsive to its clients. They also encouraged the Bank to focus on its thrust forward with the clear commitment to poverty reduction and the focus on climate change, as well as energy and human resource development which are very important to the Region's development.

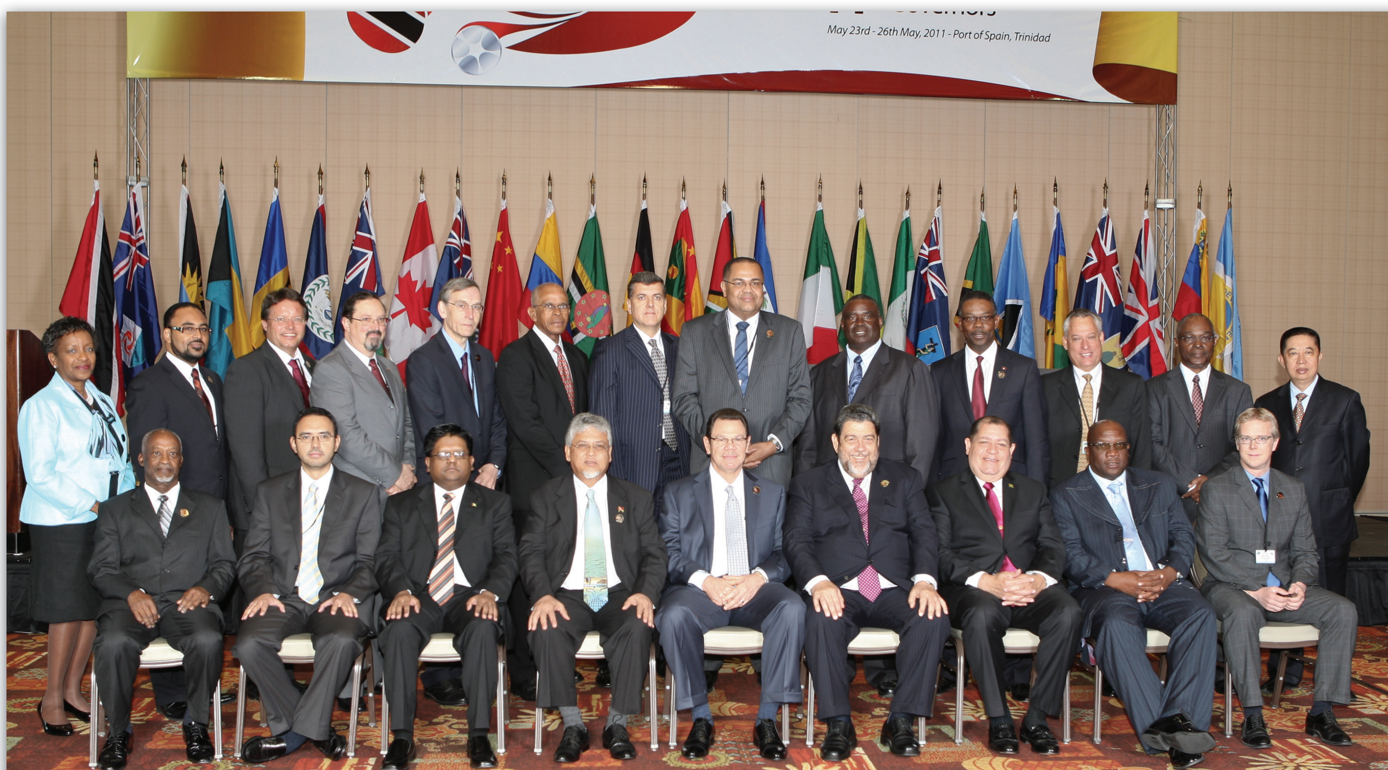
Governors also recorded their recognition and deep gratitude to the Bank's Fourth President, Dr Compton Bourne, for his outstanding leadership in charting the direction of the Bank during his tenure as President and in particular for his contribution in promoting the Bank's role in social development and poverty reduction in its BMCs.

During the meeting, Governors also heard presentations from two groups of panellists on "*Recent Financial Sector Crises in the Caribbean: Lessons for the Future*" and "*Unlocking Climate Change Finance: Opportunities and Constraints*".

The Governor for the British Overseas Territories (Premier of the Cayman Islands) was elected Chairman of the Bank's Board of Governors for the coming year, while the Governors for Germany and Venezuela were elected Vice-Chairmen. The next Annual Meeting will be hosted by the Government of the Cayman Islands in Grand Cayman in May 2012.

Board of Directors

The Board of Directors convened on five occasions during the year to discharge their fiduciary responsibilities in relation to the



CDB Governors in Trinidad and Tobago, 2011.

CDB Directors in Trinidad and Tobago, 2011.

conduct of the Bank's operations. Directors encouraged management to remain engaged in ensuring that commitments as outlined in the Implementation Framework to the General Capital Increase Paper and in the Special Development Fund Contributors Report were kept and of the need for the Bank to continually ensure its effectiveness as a development institution.

In addition to approving the Bank's Work Programme and Budget for the coming year, the Board considered several Papers including those dealing with a follow-up to the Bank's Results Monitoring Framework for the Special Development Fund, a review of the Framework for Future Policy-Based Lending and the Terms of Reference for a consultancy to review the framework for future Policy-Based Lending, the Bank's Information Disclosure Policy, a review of the Independence of the Evaluation and Oversight Division and a Revision of Procedures for the Selection and Engagement of Consultants by Recipients of CDB Financing.

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

Directors approved 22 loans totalling $144.6 mn, including four Policy-Based Loans totalling $132 mn, in an effort to support fiscal stability and debt sustainability in the four countries. Approval of grant financing amounted to $21.9 mn of which 64% was to the Lesser Development Countries. The two major beneficiaries were Haiti and Regional with $10.7 mn and $5.7 mn, respectively. Some of the major thematic areas that benefitted included governance, support for private sector development, regional public goods and capacity building with beneficiaries drawn mainly from the public sector.

Directors urged the Bank to conduct a review of its lending instruments to assess their appropriateness in an environment which has been severely affected by the global financial and economic crisis. In this regard, a Board seminar was held at its December meeting at which a presentation on new lending instruments was undertaken by a staff member of the Inter-American Development Bank.

Audit and Post-Evaluation Committee (APEC)

The Audit and Post-Evaluation Committee (APEC) consists of four members of the Board of Directors who are appointed for a two-year term. This Advisory Committee assists the Board in discharging its oversight responsibilities in respect of the integrity of the financial reporting process and the underlying accounting policies and procedures; and the adequacy of the Bank's risk management, governance and project implementation processes.

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

Three meetings of APEC were held in 2010. In March, the Committee reviewed the 2010 audited financial statements with the new auditors, Ernst & Young and also discussed the Bank's Fraud Briefing. The July meeting was specially called to consider the Consultant's Report on the Independence of the Evaluation and Oversight Division (EOV) and Management's Response thereon, and in October, the Committee reviewed the 2011 Audit Plan and the draft Evaluation Policy of the Bank. Other documents reviewed by APEC during the year included the Work Programmes of the Internal Audit Unit (IAU) and the Evaluation and Oversight Division (EOV) as well as other reports prepared by the IAU and EOV and Management's Responses on EOV's reports. Relevant recommendations were made to the Advisory Management Team and the Board.

Development Effectiveness

Effective and useful evaluation and oversight activities are critical to the corporate governance of any development organisation. They provide a tool for assessing development effectiveness, holding Management accountable for results, and improving operational performance. CDB has had formal guidelines for evaluation since 1992, focusing primarily on ex-post project evaluation. In 2011, CDB undertook an assessment of its evaluation function with the aim of developing a policy reflecting current good practices among development organisations.

The evaluation policy approved in 2011covers the policy objectives, institutional commitments, and guiding principles for CDB's evaluation system and provides for the establishment of an Office of Independent Evaluation in January 2012.

Portfolio Performance

Expected development outcomes from CDB's loans and Technical Assistance (TA) continue to be rated highly satisfactory. Establishment of Project Management Units and Steering Committees, regulatory approvals and engagement of consultants continue to delay implementation. The quality of Project Supervision Reports is improving as they become more results oriented.

Bank Support to BMCs during the Global Financial Crisis

Since the approval of policy based lending (PBL) in December 2005, the instrument has become an important part of CDB's toolkit of support for its borrowing member countries (BMCs). The global financial crisis has driven up demand for Bank support to mitigate the effects of the crisis. PBL was expected to play a major role in helping BMCs survive crises and re-establish stability, growth, and social progress. As PBL activity intensified, the framework for this type of lending came under stress. The limit on PBL (20% of total loans outstanding) which was established under the policy had been reached and this constrained future PBL operations.

The Evaluation and Oversight Division undertook an assessment of the existing framework and highlighted key recommendations which include documenting appraisal standards, supervision and management review practices, and evaluation criteria that are specific to PBLs, and

incorporating lessons learned from the experience of the last five years. Other recommendations include clarifying the role of the International Monetary Fund, World Bank, and other institutions in the architecture of PBL, and setting out more clearly the principles governing the funding of PBL with ordinary or concessional resources.

Given the difficulties facing the financial sector in the Region and the likely continued demand for support for restructuring, the guidelines require clear objectives for PBL in that sector, which should form part of a broader effort to document more clearly the criteria and operational guidelines for sectoral PBL. The main message of this assessment is that work should begin promptly on updating the framework for PBLs, taking into account the issues identified, such as the lack of clarity regarding certain definitions and concepts - including the definition and measurement of the PBL limit itself; and the emergence of certain features of recent loans (supplementary financing, partial disbursements, and revisions of scope) that are not addressed in the original policy or operational guidelines, and the need to preserve CDB's role as a sound and responsive institution that is a leader in development finance for the Caribbean.

As part of the work on updating and modernising the Bank's operations, there is need for a comprehensive, independent review of the adequacy of its lending instruments, including investment lending. In addition, it is recommended that the Bank give consideration to organising its lending activities, analysis and reporting, and TA along country lines, rather than by type of lending.

Power Sector

The purpose of the evaluation was to assess the relevance and effectiveness of four power sector projects approved for Anguilla (two projects), St. Kitts and Nevis, and St. Vincent and the Grenadines during the period 2000-2005 and to document lessons learned for consideration when financing power sector projects in the future.

The main objective of the Projects was to augment generation capacity of the respective power systems to eliminate load shedding and to improve operational efficiency and system reliability. In two of the Projects, the objectives also included rehabilitation and expansion of the transmission and distribution networks and environmental remediation. The Nevis Power Project also included substantial institutional strengthening measures to enhance the newly incorporated Nevis Electricity Company Limited's capacity to manage and operate the power system.

The achievement of the purpose of the four power projects has undoubtedly served to advance the broader goal of the Bank's contribution towards sustained economic development in the project BMCs. The overall performance of the four Projects was Satisfactory. This rating indicates that the major objectives of the power projects were achieved with an acceptable level of efficiency. Poor management of consultants and contractors by Executing Agencies was a significant contributing factor to implementation delays. In addition, most of the delays resulted from weaker than expected performance of the engineering consultants.

Two principal lessons were highlighted by the evaluation:

- Engineering consultants engaged to supervise civil works/equipment installation should be involved at the earliest opportunity and at least prior to commencement of the site works; and
- Successful implementation and sustainability of diesel generation projects critically depend on a high level of expertise in the operation and maintenance of these projects. Short-term training assignments for power plant operators have

Training for Civil Servants in Barbados.

not proved to be as effective as anticipated and should not be a substitute for longer-term training in power plant operation if quality expertise is to be attained. More intensive networking with the larger/advanced utilities in the Region could provide the wider opportunities for enhancing technical and operational capabilities of the smaller utilities.

EXTERNAL RELATIONS AND PARTNERSHIPS

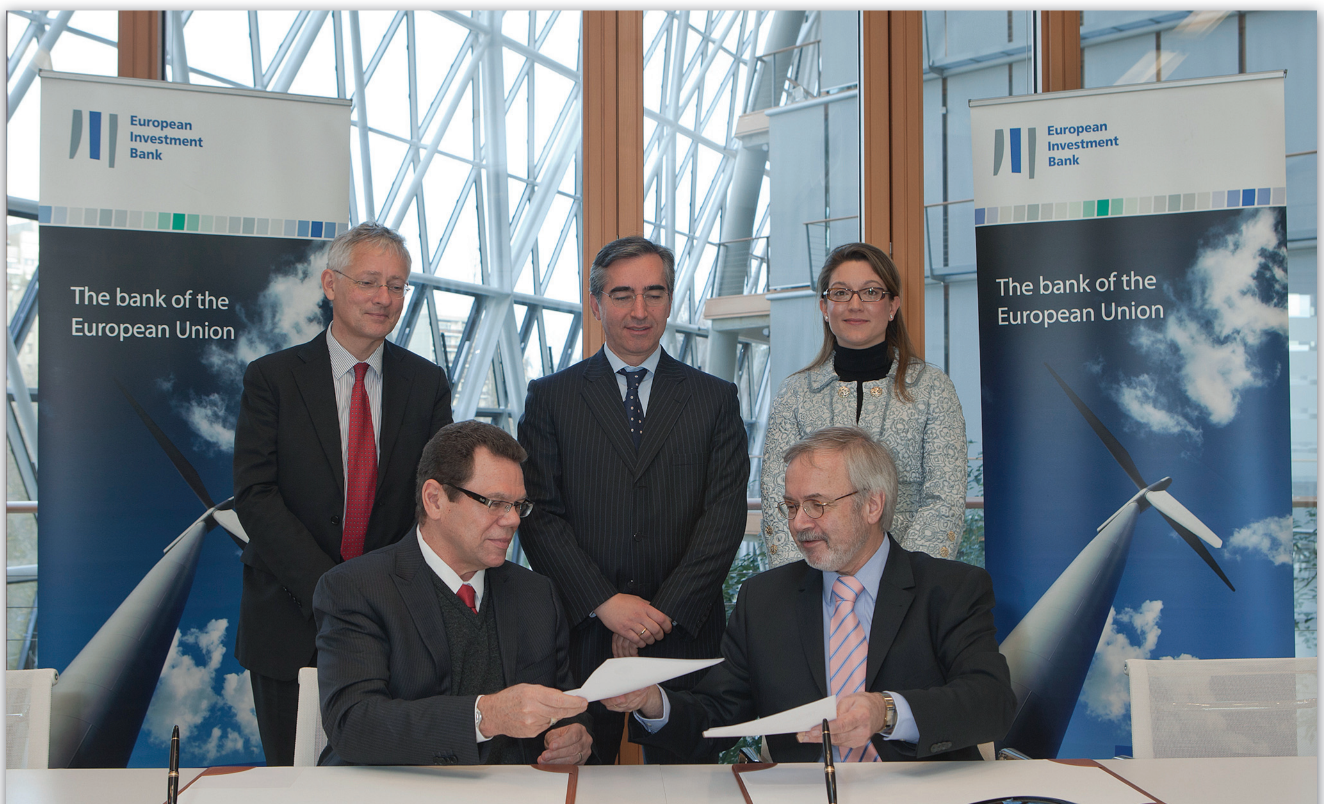
Two panel discussions were held at the time of the Bank's 41st Annual Meeting in Trinidad and Tobago. The first panel discussion, entitled "Unlocking Climate Change Financing", addressed current issues and concerns that borrowing member countries (BMCs) face in accessing development financing to tackle the enormous challenges of climate change and considered a potential role for the Bank to leverage these resources to assist its BMCs.

The second discussion, "Recent Financial Sector Crisis in the Caribbean: Lessons for the Future", focused attention to the aftermath of the crisis and the prospects for reshaping Caribbean economies to overcome the challenges posed by the financial crisis. The Bank drew on specialists and experts from across the Region as well as from development partners.

Bank management and staff collaborated extensively with development partners as part of an ongoing effort to complement each other where there is joint endeavour to avoid duplication of effort and also to achieve synergies. Among some of the Bank's partnership initiatives were:

I. "Compete Caribbean" Initiative, a collaborative effort between DfID, CIDA and IDB, to promote private sector development in the Region;
II. execution of the DfID-funded CART Fund to assist in building capacity in both public and private sector agencies to improve their readiness to proceed with the Economic Partnership Agreement and to participate in global trade; and
III. implementation of an EU-funded line of credit for sugar-cane farmers in Belize.

Staff continued to actively participate in the various MDB workshops relating to Procurement, Budgeting, Resource Allocation, Corporate Secretarial issues and Human Resources Management. These workshops have proven to be an invaluable source of information and lessons learnt, many of which have been incorporated into the Bank's work.



CDB President visits the European Investment Bank.

Project Profile – Road Safety in Belize

As may be the case in a number of countries, safety on Belize's road network is a major health and economic issue. It is believed that an estimated one to two percent of the population becomes more vulnerable each year through the long or short term loss of income or financial support due to death or injuries associated with traffic accidents.

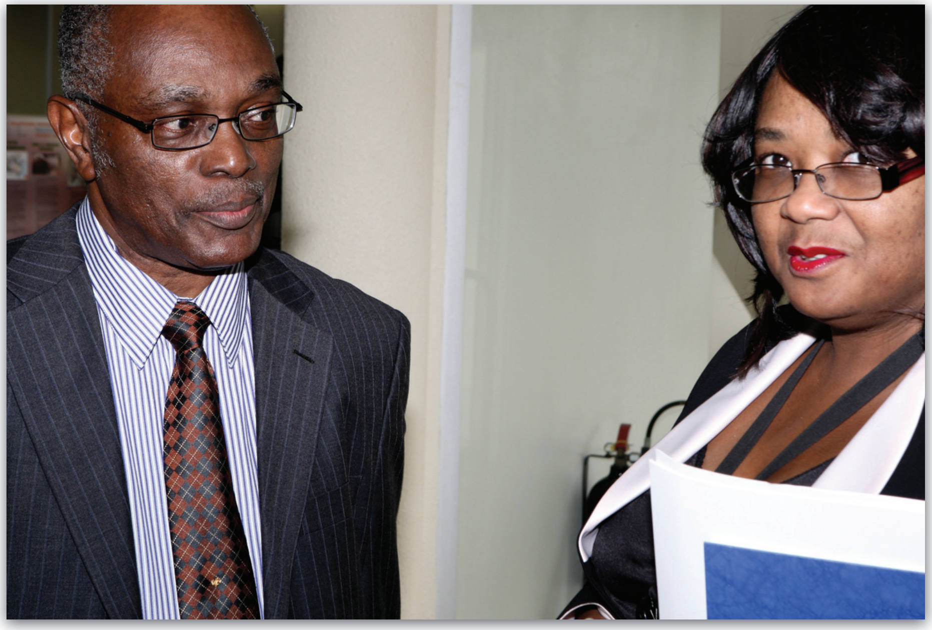
In an effort to address these types of sobering statistics the Bank and the Government of Belize teamed up in August 2011, to undertake a safety assessment of the country's road network using the International Road Assessment Programme (iRAP). The project, CDB's first undertaking of this nature, represented the current best-practice in lowering road traffic accidents.

An official in the Ministry of Works said the iRAP project was a clear signal that the government was making a serious effort at road safety intervention. This is what Mr. Cadet Henderson, Chief Executive Officer in the Ministry of Works, said at the launch of the project:

"The average citizen can look around and might notice that maybe a shoulder needs to be extended or that a centre line is missing, and our Engineers in the Ministry know too well just what deficiencies are there. But this effort is for us to be able to make a professional attempt, in a manner that will be respected internationally, to do an assessment using experts in the field that have done this in other countries,"

iRAP employed the use of a customized vehicle using special equipment to gather photographic, video, GPS and geometric data for analysis. The project was conducted on 600 km of Belize's road network over a two-week period.

Part IV
FINANCE



MANAGEMENT'S DISCUSSION AND ANALYSIS

CDB is a multilateral financial institution dedicated to the development of the economies of the BMCs, with a focus on the lesser developed countries (LDCs), primarily through project loans and technical assistance to the governments, public agencies and other entities in those countries. The main goals are to promote sustainable economic development and to reduce poverty in the BMCs. The primary financial objective is to earn adequate operational income to maintain financial strength and to sustain its developmental activities.

The principal assets are loans to the BMCs. To raise funds, the Bank issues debt securities in the international markets and also receives lines of credit from other multilateral institutions. These borrowings, together with its internally generated equity, are used to fund the ordinary operations of the Bank.

The operations of the Bank are of two kinds; ordinary capital operations (OCR) and special operations. Ordinary operations are financed from CDB's share capital, borrowing raised in the capital markets and lines of credit from other multilateral institutions. Special operations are financed from the Special Funds Resources (SFR), comprising the Special Development Fund (SDF) and Other Special Funds (OSF).

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

Projects may combine aspects financed by both the OCR and the SFR. Resources may also be used to guarantee loans of high developmental priority, with longer maturities and grace periods, and also at lower rates than those for the OCR.

In 2011, the Bank approved 22 loans amounting to $144.6 mn (2010-$270.5 mn), of which $69.5 mn (2010-$223.9 mn) was for loans from OCR, and grant –funded operations of $21.9 mn (2010-$30.1 mn) were approved during the year. Of the approvals in 2011, loans to lesser developed countries amounted to $108.6 mn (2010-$162.0 mn), comprising of $34.2 mn (2010-$142.7 mn) from the OCR and $74.4 mn (2010-$19.3 mn) from the SFR.

Ordinary Capital Resources

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

Financial statement reporting

The financial statements of the OCR

are prepared in accordance with International Financial Reporting Standards (IFRS) on a historical cost basis, except as modified by the revaluation of investment securities held at fair value through profit or loss and derivative financial instruments.
The preparation of financial statements in conformity with IFRS requires management to make estimates and to exercise judgement in the process of applying its accounting policies.

Critical accounting policies
Critical accounting policies are those that are important both to the portrayal of the financial condition and results and that require management's most difficult, subjective or complex judgements, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The following have been identified as critical accounting policies:

- Derivative financial instruments; and
- Loan loss provisions.

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

Derivative financial instruments
The OCR financial statements comply with IFRS which require that all derivatives, as defined by IAS 39, be recorded at their fair value with changes in the fair value recognized in comprehensive income. The reported income volatility resulting from the derivative financial instruments is not representative of the underlying economics of the transactions as the Bank holds these instruments to maturity. Accordingly, the Bank excludes the impact of the fair value adjustments associated with these financial instruments from its operating income.

The Bank uses derivative financial instruments to hedge interest rates and currency risks in the borrowing portfolio. These financial instruments are cross currency interest rate swaps with major international banks by which proceeds of borrowings made in other currencies at fixed rates are transformed into U.S. dollars at floating rates which are linked to LIBOR.

The Bank holds derivatives for each of the two Japanese Yen denominated borrowings for a total notional amount of $160.0 million.

Loan loss provisions
Management reviews the loan portfolios at least on a quarterly basis to assess impairment. In determining whether an impairment should be recorded in the statement of comprehensive income, management makes judgements as to whether there is any observable data indicating that there is a measureable decrease in the estimated future cash flows from a portfolio of loans. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on the assets. For public sector loans, such assessment is on an aggregate basis and for private sector loans, on an individual basis.

Results of operations

Total Comprehensive Income
OCR recorded total comprehensive income of $40.8 mn, representing a decrease of $0.7 mn from $41.5 mn for the year ended December 31, 2010. This change was due to fluctuations in the foreign exchange translation adjustment of $15.0 mn, primarily related to the Yen denominated borrowings, which were offset by changes in the derivative fair value adjustment of $9.4 mn, a loan provision of $3.0 mn in 2011 and a decrease in net interest income of $2.5 mn.

Operating income
Operating income is defined as comprehensive income adjusted by the derivative adjustment and the foreign exchange translation on the related Japanese yen borrowings. It is the income which is used to analyse the operations of the Bank and is allocated to reserves by the Bank's Board of Governors.

An analysis of the operating income is shown below.

US$ 'mn

	2011	2010	2009
Income from loans	40.6	42.7	45.7
Income from cash and investments	2.6	3.7	6.2
Total interest income	43.2	46.4	51.9
Interest expense	7.5	8.2	11.7
Net interest income	35.7	38.2	40.2
Net non-interest expenses	14.2	10.1	9.8
Operating income	**21.5**	**28.1**	**30.4**

Income from loans

Income from loans decreased by $2.1 mn from $42.7 mn in 2010 to $40.6 mn for the year ended December 31, 2011. This decrease is attributable to a reduction in lending rates over the period from an average of 4.7% in 2010 to an average of 3.9% in 2011. This change was partially offset by an increase in income resulting from growth in the loan portfolio.

Income from investments and cash

For the year ended December 31, 2011, income from investments and cash was $2.6 mn, representing a decrease of 29.0% in the investment income of $3.7 mn in 2010. This was due to decreases in yields from 1.5% in 2010 to 0.8% in 2011 and in the average volume of investments from $231.8 mn in 2010 to $218.0 mn in 2011.

Interest expense and similar charges

Interest expense consists of interest on borrowings and other financial expenses. Interest expense for the year ended December 31, 2011 was $7.5 mn, a decrease of 7.9% from interest expense of $8.2 mn for the year ended December 31, 2010. This change was primarily due to market conditions for the year as the borrowing portfolio consists mainly of floating rate instruments.

Net Non-interest Expenses

Net non-interest expenses increased by $4.1 mn in 2011. This was mainly due to the provision for loan losses of $3.0 mn. There were marginal changes in the other lines with the next largest being $0.5 mn in realized/ unrealized gains and losses.

Rate/Volume analysis

The rate/volume analysis shows the changes in the net earning assets due to changes in the Bank's lending rate, the yield on investments and the cost of borrowings.

Net interest income

Net interest income for the year 2011, excluding commitment fees and overdue interest, decreased by $2.7 mn. This was due to the reduction in lending rates by 84 basis points during the year. This reduction in rates amounted to $6.3 mn while an increase in the portfolio contributed $5.0 mn. There were lower borrowing costs of $0.6 mn caused by a decline in bond yields which also negatively affected interest from cash and investments by $2.0 mn.

Financial condition

Total assets

At December 31, 2011, total assets were $1,543.1 mn, representing an increase of $274.3 mn. This was primarily due to increases in cash and investments of $210.7 mn, derivatives of $31.1 mn, subscriptions in arrears of $14.7 mn and loans of $14.0 mn.

Debt and other liabilities

At December 31, 2011, debt and other liabilities totaled $868.9 mn, representing an increase of $204.6 mn. This was due to the issuance of a two year $175.0 mn bond in July 2011 and the drawdown of a short term line of credit of $20.0 mn.

NET NON-INTEREST EXPENSES

US$ 'mn

	2011	2010
Administrative expenses	10.2	10.2
Realized/unrealized (gains)/losses	0.9	0.4
Other income	(0.1)	(0.3)
Provision for loan losses	3.0	-
Exchange rate adjustments	0.2	(0.1)
Total net non-interest expenses	**14.2**	**10.1**

RATE/VOLUME ANALYSIS

US$ 'mn

2011

	Increase/Decrease Due To		
	Rate	Volume	Total
Interest earning assets			
Cash & investments	(1.9)	(0.1)	(2.0)
Loans	(6.3)	5.0	(1.3)
Total earning assets	(8.2)	4.9	(3.3)
Interest bearing liabilities	(0.3)	(0.3)	0.6
Net interest income	(7.9)	5.2	(2.7)

Shareholders' equity

At December 31, 2011, shareholders' equity totalled $674.2 mn, representing an increase of $69.7 mn. This comprised an increase of $28.9 mn in subscriptions arising from the general capital increase which was approved in May 2010 and an increase of $40.8 mn from comprehensive income.

Risk management

The nature of the Bank's activities necessitates the analysis and evaluation of financial risk, and the acceptance and management of some degree of risk. Operationally, management seeks to achieve an appropriate balance between risks and return by adopting a mix of measures to mitigate the various types of risk to which the Bank is exposed. These measures include a variety of policies, guidelines and practices that together comprise the risk management framework. These policies and practices are reviewed and modified periodically to reflect best practices and the institution's changing circumstances. Frequent reporting of the Bank's performance in relation to the established risk framework is a key compliance standard. The most important types of risk faced are country credit risk; liquidity risk; market risk (interest rate, exchange rate and spread); and operational risk.

The Audit and Post-Evaluation Committee (APEC) assists the Board of Directors in discharging its responsibility for risk management. In the execution of its role, the APEC assesses the effectiveness of financial policies and reporting, fiduciary controls, various aspects of financial, operating risk, quality of earnings and internal controls. In addition, APEC discusses with management and the external auditors, financial issues and policies that have an important bearing on the financial position and risk bearing capacity.

Credit risk

The major risk as a multilateral development bank is the exposure to country credit risk. This risk relates to the potential losses in the event that a borrowing member is unable or unwilling to service its obligations. The Bank manages country credit risk through four levels of protection: the lending limitation, the capital adequacy framework, the policy on non-performing loans and the policy on impairment and provisioning. The Bank's ability to lend is further constrained by the OCR borrowing limit which restricts outstanding borrowings to the sum of paid-up capital less receivable from members, plus retained earnings, plus the callable capital of its investment grade non-borrowing members. The Bank also manages its credit risk with respect to liquid funds and derivative financial instruments by entering into transactions with counterparties that are U.S. government backed agencies and banks with high credit ratings assigned by international credit ratings.

Lending limits

The first level of protection is the overall lending limitation which states that the total amount of loans, equity and guarantees made by the Bank in its ordinary operations shall not, at any time, exceed the total amount of its unimpaired subscribed capital, reserves and surplus and any other funds included in its ordinary capital resources. This policy ensures that there is sufficient ordinary capital to provide 100% coverage for the Banks exposure. In addition, the Bank limits the amount of exposure in relation to a single borrower and to groups of borrowers. Currently the exposure limit to the single largest borrower is 50% of capital and the limit for the three largest borrowers is 120% of capital. 'Capital" is defined as paid-up capital plus ordinary reserves and unallocated net income plus provisions less receivables from members.

Capital adequacy

The second tier of protection is the capital adequacy framework. The capital adequacy methodology used in measuring the loan portfolio risk is based on three components:

a. "Probability of default" by the counterparty on its contractual obligations;
b. Current exposures to the counterparty and its likely future development, from which the Bank derives the "exposure at default"; and
c. Likely recovery ratio on the defaulted obligations ("the loss given default").

This methodology has informed the Bank's current policy that its ratio of "total equity to exposure" shall be maintained in the range of 50% to 55%.

These credit risk measurements, when combined, reflect expected and unexpected economic losses on the portfolio and are consistent with the principles of the Basel Committee on Banking Regulations and the Supervisory Committee (the "Basel Committee"). Additional information on capital adequacy is contained in "Note C – Risk Management" of the OCR financial statements.

Non-Performing loans

CDB's policy on non-performing loans precludes new loan approvals to any borrower which is in arrears on an earlier loan or which guarantees a loan until the default has ended or satisfactory arrangements have been made for payment of the arrears. The Bank also maintains constant dialogue with its borrowers to ensure prompt settlement on their debts which serves to minimize arrears in its loan portfolio.

Impairment and provisioning policies

Due to nature of the Bank's borrowers

Selected Financial Data
(expressed in millions of United States dollars)

	Years ended December 31				
	2011	**2010**	**2009**	**2008**	**2007**
Balance Sheet Data					
Cash and investments	323.4	112.6	339.2	263.9	179.3
Loans outstanding[(1)]	1,007.5	993.5	818.3	769.2	750.4
Loans undisbursed	328.1	375.8	394.7	416.5	332.3
Total assets	1,543.1	1,268.9	1,288.0	1,177.2	1,014.6
Borrowings outstanding	857.9	653.2	718.1	608.6	472.5
Callable capital	1,170.9	730.4	555.5	555.5	555.5
Paid-in capital	331.0	206.8	157.4	157.4	157.4
Retained earnings & Reserves	487.9	447.1	408.1	385.9	354.0
Income Statement Data					
Loan income	40.6	42.7	45.7	46.6	46.1
Investment income[(2)]	1.8	3.4	5.1	7.4	9.7
Borrowing costs	7.5	8.2	11.7	18.1	24.8
Foreign exchange translation	12.9	27.9	(4.9)	39.1	12.1
Derivative adjustment	(31.9)	(38.8)	11.8	(56.0)	(11.8)
Operating income	21.5	28.1	30.4	28.1	22.1
Comprehensive income	40.8	41.5	22.2	42.9	22.9
Ratios					
Return on:					
Average assets	1.66%	2.34%	2.60%	2.71%	2.35%
Average investments	0.80%	1.48%	2.12%	4.46%	5.41%
Average loans outstanding	4.15%	4.72%	5.77%	6.25%	6.51%
Cost of borrowings	1.11%	1.16%	2.00%	2.98%	5.42%
Total equity[(3)] to exposure[(4)]	54.7%	53.4%	61.3%	62.6%	62.1%

(1) *Net of provisions.*

(2) *Includes realized and unrealized gains and losses.*

(3) *Defined as paid-in capital less receivables from members plus retained earnings and reserves.*

(4) *Includes loans outstanding and guarantees.*

and guarantors, the Bank expects to receive all of the amounts due on its sovereign guaranteed loans. In addition, the Bank's sovereign portfolio has been fully performing since the Bank's inception. IAS 39 requires that an entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of assets is impaired. If such evidence exists, the impairment loss is measured as the difference between the carrying value, in the case of financial assets carried at amortised cost, and the present value of estimated future cash flows discounted at the original effective interest rate. The Bank currently carries no loan loss provision on its sovereign portfolio. The non-sovereign portfolio has an accumulated provision of $5.0 mn for two loans.

Liquidity risk

Liquidity risk relates to the probability that the Bank will be unable to meet the payment obligations associated with its financial commitments when they fall due. The policy is to maintain liquidity at a minimum of 40% of undisbursed commitments, or three years' net funding requirements, whichever is greater.

Market risk

Market risk arises from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, and foreign exchange rates.

Interest rate risk

The Bank is exposed to interest rate risk in both its operations and treasury portfolios. Interest rate risk in the operations portfolio is mitigated by the Bank's rate setting policy which uses the cost of funds as the basis for its lending rate. This ensures that the borrowers' debt service interest payments are matched to CDB's overall cost of funds. The exposure to interest rate risk in the treasury portfolio is reduced by effectively managing the duration of its portfolio to respond to prevailing market conditions.

Foreign exchange risk

The Bank is exposed to the effects of fluctuations in prevailing foreign currency exchange rates on its financial position and cash flows. To minimize foreign exchange risk, the Bank matches its borrowing obligations with assets in the same currency and the principal amounts are repayable in the currencies lent. In addition, the Bank maintains the currencies in its equity with assets in the same currency.

Operational risk

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events. These risks generally arise from business disruptions caused by breakdown in management information systems or from natural disasters. The Bank mitigates this type of risk by having a well established and effective system of internal control. This is supplemented by disaster recovery planning, procurement and information disclosure policies.

Special Development Fund

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

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

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

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

The financial statements are prepared in accordance with accounting policies set out in the notes to the financial statements.

Summary of results

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

Investments

At December 31, 2011, SDF cash and investments amounted to $334.6 mn at December 31, 2011, compared with $325.9 mn at the end of 2010. Investment income for the year amounted to $4.4 mn, representing a return of 1.5%, on an average liquidity level of $327.9 mn, compared with an income of $3.6 mn in 2010, representing a return of 1.1% on an average liquidity of $319.1 mn.

Loan portfolio

At December 31, 2011, total outstanding loans were $469.0 mn, $16.5 mn higher than the $452.5 mn outstanding at the end of 2010.

Disbursements

At December 31, 2011, disbursements of loans and grants increased from $46.8 in 2010 to $49.9 mn in 2011. Loans increased by $0.9 mn while grant disbursements increased by $2.2 mn.

Financial results

At December 31, 2011, the net income for the year was $1.6 mn, compared with $3.4 mn in 2010. Gross income for the year was $14.9 mn, an increase of $1.2 mn from $13.7 mn in 2010. Total expenses were $13.4 mn, an increase of $3.1 mn from $10.3 in 2010. This increase was due primarily to the change in foreign exchange translation of $2.3 mn and administrative expenses of $0.8 mn.

Income from loans

At December 31, 2011, loan income increased marginally by $0.5 mn from $10.0 mn in 2010 to $10.5 mn in 2011 due to the increase in average loans outstanding.

Income from cash and investments

At December 31, 2011, income from cash and investments increased by 22% from $3.6 mn in 2010 to $4.4 mn in 2011. This was due to increases in both the volume and yield on investments.

Administrative expenses

At December 31, 2011, administrative expenses were $13.3 mn, an increase of $0.8 mn from $12.5 mn in 2010. The fund's share of the total administrative expenses for the Bank as a whole is based on a predetermined cost-sharing formula, which is driven by the relative levels of loan count. Total administrative expenses for the Bank as a whole were $24.9 mn (2010 - $24.3 mn) of which SDF's share was 53% compared with 51% in 2010.

Charges on contributions

At December 31, 2011, charges on contributions were $0.09 mn, down from $0.12 mn in 2010 due to the reduction in repayable contributions outstanding.

Exchange

At December 31, 2011, foreign exchange translation gains were $0.04 mn compared to $2.3 mn in 2010. Foreign exchange translation movement is a result of the volatility in currencies in relation to the US dollar.

Financial condition

Total assets

At December 31, 2011, total assets were $875.2 mn, representing an increase of $22.0 mn from $853.2 mn at the end of 2010. This increase was mainly due to the increase of $16.5 mn in the loan portfolio and an $8.7 mn increase in cash and investments.

Liabilities and funds

At December 31, 2011, liabilities and funds totaled $875.2 mn, representing an increase of $22.0 mn from $853.2 mn at the end of 2010. This was due to increases in contributed resources (net of allocations for technical assistance) of $12.2 mn, liabilities of $5.0 mn, and technical assistance resources of $8.8 mn, which were partially offset by a decrease in accumulated net income of $4.0 mn.

Other Special Funds

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

The financial statements are prepared in accordance with accounting policies set out in the notes to the financial statements.

Summary of results

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

Investments

At December 31, 2011, cash and investments amounted to $73.4 mn, compared with $83.5 mn at the end of 2010. The invest portfolio included assets from the Microfinance Guarantee Fund and the Interest Subsidy Fund that are externally managed. In addition, included in the investment portfolio are equity investments amounting to $10.3 mn (2010 - $12.4 mn).

Loan portfolio

At December 31, 2011, total outstanding loans were $125.1 mn, an increase of $7.1 mn over $118.0 mn in 2010. Cumulative loans approved at December 31, 2011, amounted to $281.7 mn, compared with $282.3 mn at the end of 2010.

Disbursements

At December 31, 2011, disbursements of loans and grants decreased from $31.4 in 2010 to $23.0 mn in 2011. Loans decreased by $3.1 mn and grants decreased by $5.3 mn.

Financial results

At December 31, 2011, the net income was $0.5 mn, a decrease of $3.4 mn from $3.9 mn in 2010. This was primarily due to the decline in investment income from $4.2 mn in 2010 to $0.3 mn in 2011. The investment income in 2010 contained a dividend payout on an equity investment of $1.8 mn.

Income from loans

At December 31, 2011, income from loans increased marginally from $2.4 mn in 2010 to $2.6 mn in 2011. This was due to a 6% increase in the loan portfolio.

Income from cash and investments

At December 31, 2011, income from cash and investments decreased from $4.2 mn in 2010 to $0.3 mn in 2011. This was due to the dividend payout described under "Financial Results" above.

Administrative expenses

At December 31, 2011, administrative expenses were $1.5 mn, down $0.2 mn or 12% compared with $1.7 mn for the year ended December 31, 2010. The fund's share of the total administrative expenses for the Bank as a whole is based on a predetermined cost-sharing formula, which is driven by the relative levels of loan count. Total administrative expenses for the Bank as a whole were $24.9 mn (2010 - $24.3 mn) of which OSF's share was 6% compared with 7% in 2010.

Charges on contributions

At December 31, 2011, charges on contributions were $0.9 mn, down from $1.0 mn in 2010 due to the reduction in repayable contributions outstanding.

Exchange

At December 31, 2011, foreign exchange translation gains were $0.1 mn compared to losses of $0.08 mn in 2010. Foreign exchange translation movement is a result of the volatility in currencies in relation to the US dollar.

Financial condition

Total assets

At December 31, 2011, total assets were $267.7 mn, representing an increase of $2.5 mn from $265.2 mn at the end of 2010. This increase was mainly due to increases in the loan portfolio and accounts receivable of $7.1 mn and $5.6 mn respectively which were partially offset by a decrease in cash and investments of $10.1 mn.

Liabilities and funds

At December 31, 2011, liabilities and funds totaled $267.7 mn, representing an increase of $2.5 mn from $265.2 mn at the end of 2010. This change was due to increases in funds available, accumulated net income and technical assistance resources of $1.4 mn, $0.5 mn and $0.5 mn respectively.

Administrative expenses

At December 31, 2011, administrative expenses were $24.9 mn, increasing by $0.6 mn from $24.3 mn in 2010. A comparative analysis of major expenditure items is shown below.

ANALYSIS OF ACTUAL EXPENSES FOR 2011 AND 2010

US$' MILLIONS

	2011	2010	Variance	
			$	%
Staff costs	15.7	15.5	(0.2)	(1.3)
Professional fees and Consultants	1.6	1.4	0.2	14.3
Travel	1.3	1.1	0.2	18.2
Maintenance and Utilities	1.0	1.0	0.0	0.0
Training and Seminars	0.6	0.6	0.0	0.0
Supplies and Printing	0.2	0.2	0.0	0.0
Board of Governors / Directors	0.5	0.5	0.0	0.0
Computer Services	1.1	1.0	0.1	10.0
Communications	0.5	0.5	0.0	0.0
Library	0.1	0.1	0.0	0.0
Corporate relations	0.2	0.3	(0.1)	(33.3)
Bank charges	0.1	0.1	0.0	0.0
Insurance	0.1	0.1	0.0	0.0
Other	0.4	0.4	0.0	0.0
Sub-Total	**23.4**	**22.8**	**0.6**	**2.6**
Depreciation	1.5	1.5	0.0	0.0
Total	**24.9**	**24.3**	**0.6**	**2.5**

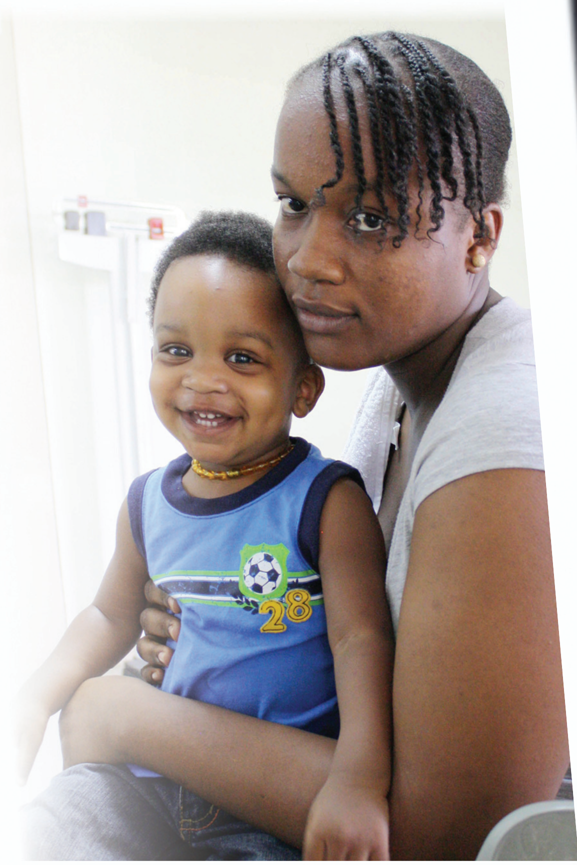
Project Profile – St. Joseph Health Centre in Dominica

When Desma Montoute's one-year-old son Juliani developed a troubling skin rash, she took him to the St. Joseph Health Centre.

St. Joseph is one of the Dominica's largest health centres, and it serves the districts of Tarreau, Belles, Mero, Layou and St. Joseph. The health centre treats about 50 patients a day suffering a range of ailments. Home visits are made by a nurse and a social worker to the elderly and incapacitated in these communities.

But physical and space constraints at the health centre were having a negative impact on the delivery of primary health care service for the approximately 500 women and 300 men who benefit from these services.

The Caribbean Development Bank, through its Basic Needs Trust Fund Programme, contributed $132,786, and the Government of the Commonwealth of Dominica provided $33,196 for a project to upgrade the facility.



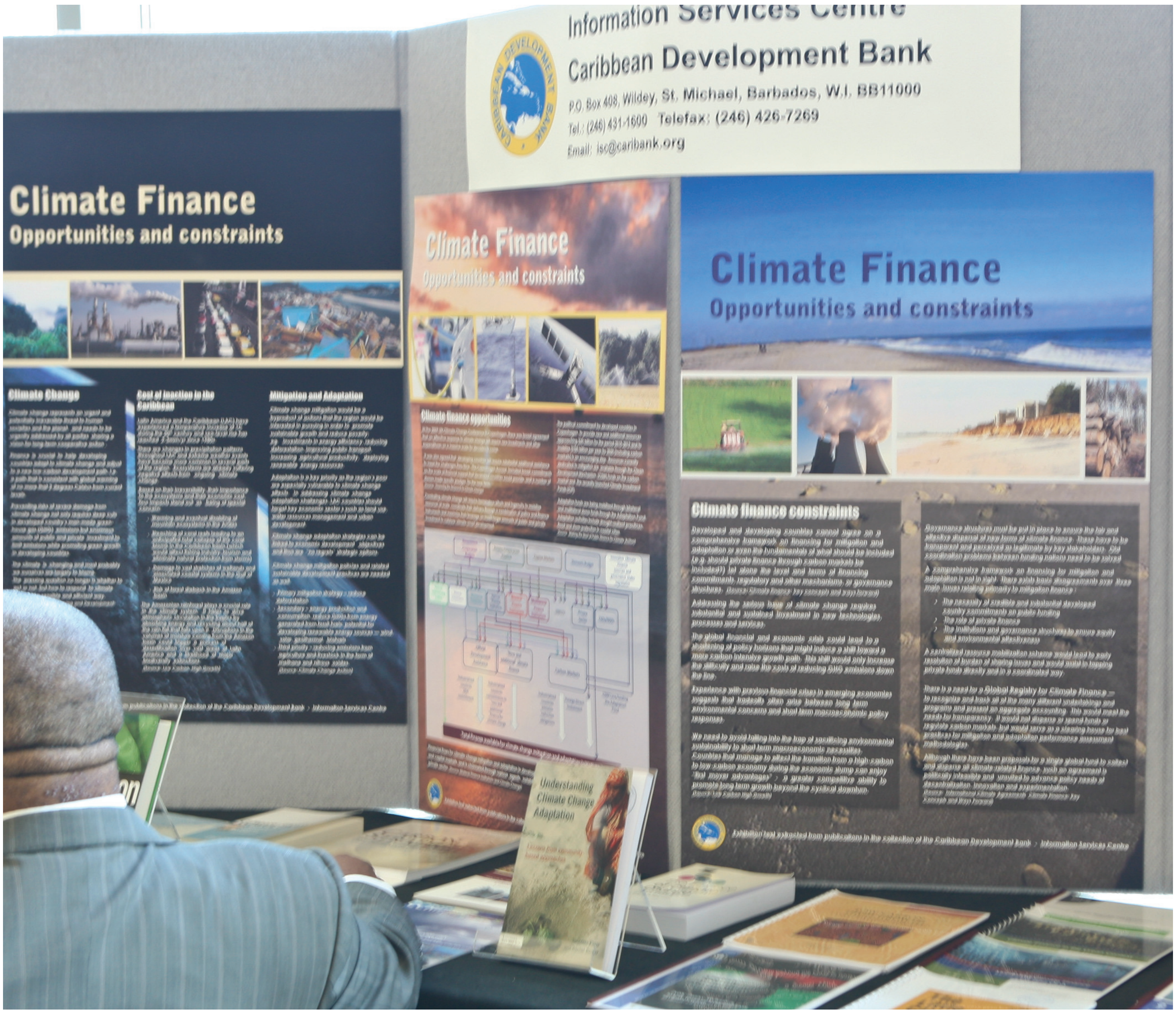
The roof was repaired and waterproofed; doors and windows replaced; floors retiled; the electrical and plumbing systems upgraded; the living quarters for the resident nurse refurbished; the interior and exterior painted, and the physical layout of the offices and service areas restructured. The exterior work included paving of a section of the driveway, alterations to the security gates and reinstatement of part of the security fencing.

Now the St. Joseph Health Centre is a much more welcoming place for Ms. Montoute and the other clients who rely on its services.

Part V

Financial Statements

and Reports of Independent Auditors



CARIBBEAN DEVELOPMENT BANK

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Independent Auditors' Report

To the Board of Governors Caribbean Development Bank

We have audited the accompanying financial statements of the **Ordinary Capital Resources** of the **Caribbean Development Bank** (the Bank) which comprise the statement of financial position as of 31 December 2011, statement of changes in equity, statement of comprehensive income, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly in all material respects the financial position of the Ordinary Capital Resources of the Bank as of 31 December 2011, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young

Chartered Accountants
7 March 2012
Barbados

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

STATEMENT OF FINANCIAL POSITION
As of December 31, 2011

(expressed in thousands of United States dollars)

		2011	Restated 2010
Assets			
Cash resources			
Cash and cash equivalents - Note F		**$79,163**	$9,434
Investments			
Debt securities at fair value through profit or loss - Note G		**244,242**	103,212
Loans			
Loans outstanding – Note H		**1,007,537**	993,548
Derivative financial instruments – Note I			
Cross currency interest rate swaps – Note I	**127,680**		96,691
Maintenance of value on currency holdings – Notes I and K	**1,121**		998
		128,801	97,689
Receivable from members			
Non-negotiable demand notes - Note J and R	**44,363**		44,368
Subscriptions in arrears	**15,975**		1,250
		60,338	45,618
Receivables – other – Note L		**14,625**	11,048
Other assets			
Property and equipment - Note M		**8,419**	8,305
Total assets		**$1,543,125**	$1,268,854

The accompanying notes form an integral part of these financial statements

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

STATEMENT OF FINANCIAL POSITION...*continued*
As of December 31, 2011

(expressed in thousands of United States dollars)

	2011	Restated 2010
Liabilities and Equity		
Liabilities		
Accounts payable and accrued liabilities - Note N	**$2,200**	$1,903
Subscriptions in advance	**5,172**	6,207
Deferred income	**875**	875
Post-employment obligations - Note P	**2,598**	1,832
Derivative financial instruments		
Maintenance of value on currency holdings – Notes I and K	**193**	297
Borrowings		
Short term facility	**20,000**	-
Long-term borrowings - Note Q	**837,875**	653,240
Total Liabilities	**868,913**	664,354
Equity		
Capital stock – Note R		
Authorised capital – 312,971 (2010 – 312,971) shares		
Subscribed capital – 239,643 (2010 – 146,022) shares	**1,501,892**	937,193
Less callable capital – 187,032 (2010 – 113,759) shares	**(1,170,887)**	(730,433)
Paid-up capital – 52,611 (2010 – 32,263) shares	**331,005**	206,760
Less subscriptions not yet matured	**(144,644)**	(49,327)
Subscriptions matured	**186,361**	157,433
Retained earnings and Reserves – Note R	**487,851**	447,067
Total Equity	**674,212**	604,500
Total Liabilities and Equity	**$1,543,125**	$1,268,854

Approved on March 7, 2012 by:

Adrian T Debique

Wm. Warren Smith
President

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

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

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES
STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2011

(expressed in thousands of United States dollars)

	Capital Stock	Retained Earnings	Reserves	Total
Balance at January 1, 2010 as previously stated	**$157,433**	**$393,990**	**$14,110**	**$565,533**
Prior period adjustment – Note A	-	(2,511)	-	(2,511)
Balance at January 1, 2010 restated	157,433	391,479	14,110	563,022
Comprehensive income for the year restated	-	41,438	-	41,438
Balance at December 31, 2010 - restated	$157,433	$432,957	$14,110	$604,500
Balance at January 1, 2011 as previously stated	$157,433	$435,230	$14,110	$606,773
Prior period adjustment – Note A	-	(2,273)	-	(2,273)
Issued Share Capital	28,928	-	-	28,928
Total comprehensive income for the year	-	40,784	-	40,784
Balance at December 31, 2011	**$186,361**	**$473,741**	**$14,110**	**$674,212**

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

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2011

(expressed in thousands of United States dollars)

	2011	Restated 2010
Interest and similar income		
Loans – Note S	**$40,582**	$42,662
Investments and cash balances	**2,667**	3,757
	43,249	46,419
Interest expense and similar charges		
Borrowings	**10,347**	11,685
Other financial (income) expenses - Note S	**(2,822)**	(3,514)
	7,525	8,171
Net interest income	**35,724**	38,248
Other (income)/expenses		
Other income	**(127)**	(307)
Realized and unrealized fair value losses	**910**	371
Provision for loan losses – Note H	**3,000**	-
Administrative expenses – Note T	**10,183**	10,168
Foreign exchange translation	**12,912**	27,870
Derivative fair value adjustment – Note U	**(31,938)**	(41,332)
	(5,060)	(3,230)
Total comprehensive income for the year	**$40,784**	$41,478

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

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

STATEMENT OF CASH FLOWS
For the year ended December 31, 2011

(expressed in thousands of United States dollars)

	2011		Restated 2010
Operating activities:			
Comprehensive income for the year		**$40,784**	$41,478
Adjustments:			
Unrealized loss on debt securities	**1,013**		610
Depreciation	**1,453**		1,447
Gain on disposal of fixed assets	**11**		-
Derivative fair value adjustment	**(31,938)**		(41,332)
Interest income	**(43,249)**		(46,419)
Interest expense	**7,525**		8,171
Provision for losses on loans	**3,000**		-
Total cash flows used in operating activities before changes in operating assets and liabilities		**(21,401)**	(36,045)
Changes in operating assets and liabilities:			
(Increase)/decrease in other receivables	**(3,577)**		6,898
Increase in accounts payable	**1,063**		6,512
Net (increase)/decrease in debt securities at fair value through profit and loss	**(141,737)**		135,798
Cash (used in)/from operating activities		**(165,652)**	113,163
Disbursements made on loans		**(94,867)**	(246,358)
Principal repayments to the Bank on loans		**77,308**	70,797
Interest received		**43,513**	47,886
Interest paid		**(7,219)**	(8,656)
Net cash used in operating activities		**(146,917)**	(23,168)
Investing activities:			
Purchase of property and equipment	**(1,567)**		(1,319)
Proceeds from sale of property and equipment	**11**		-
Net cash used in investing activities		**(1,556)**	(1,319)
Financing activities:			
Borrowings:			
Drawdowns	**225,216**		86,126
Repayments	**(32,649)**		(177,507)
Capital subscriptions	**28,928**		-
Increase in amounts required to maintain the value of currency holdings	**(1,262)**		(252)
Increase in other receivables from members	**(14,720)**		(934)
Net cash provided by/(used in) financing activities		**205,513**	(92,567)
Net increase/(decrease) in cash and cash equivalents		**57,040**	(117,074)
Net foreign exchange difference		**12,689**	27,989
Cash and cash equivalents at beginning of year		**9,434**	98,519
Cash and cash equivalents at end of year		**$79,163**	$9,434

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

NOTE A – NATURE OF OPERATIONS

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

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

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

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

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

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

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

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

Prior period adjustment

The financial statements of the Bank for the year ended December 31, 2010 were originally approved and issued on March 17, 2011.

(expressed in thousands of United States dollars)

NOTE A – NATURE OF OPERATIONS...*continued*

Prior period adjustment...*continued*

In February 2012, the following errors were noted in the originally issued financial statements. As a result the Bank has revised the financial statements and these revised financial statements were approved for issue on March 7, 2012.

Prior to 2011, the fair values of the derivatives associated with the two Japanese Yen denominated borrowings included the related accruals for net interest payable or receivable. However, these accruals were already manually recorded by the Bank. As a result, the fair values of the derivatives had to be recalculated without the related accruals.

	2010
The effect on the income statement was as follows:	
Net income for the year as previously reported	$41,240
Adjustment for:	
Increase in derivative fair value adjustment	238
Net income for the year as restated	$41,478

The effects of this adjustment on the 2010 financial statements are noted below:

	2010
The effect on balance sheet was as follows:	
Total assets as previously stated	$1,271,127
Adjustments for:	
Decrease in fair value of derivatives (cumulative)	(2,273)
Total assets as restated	$1,268,854
Total liabilities and equity as previously stated	$1,271,127
Decrease in retained earnings	(2,511)
Increase in derivative fair value adjustment	238
Total liabilities and equity as restated	$1,268,854

(expressed in thousands of United States dollars)

NOTE A – NATURE OF OPERATIONS…*continued*

	2010
The effect on the statement of cash flows was as follows:	
Cash from operating activities as previously reported	$113,163
Adjustments for:	
Derivative fair value adjustment for the year	(238)
Net Income for the year	238
Cash from operating activities as restated	$113,163

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

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

The financial statements comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and the notes to the financial statements for the year ended December 31, 2011 (the reporting date).

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

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as at 1 January 2011:

- IAS 24, Related Party Disclosures – (amendment) effective 1 February 2011
- IAS 32, Financial Instruments – Presentation (amendment) effective 1 February 2010
- Improvements to IFRSs (May 2010)

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New and amended standards and interpretations*...continued*

The following interpretations and amendments to interpretations did not have any impact on the accounting policies, financial position or performance of the Bank:

- IFRIC 13, Customer Loyalty Programmes
- IFRIC 14, Prepayments of a minimum funding requirement (amendment)
- IFRIC 19, Extinguishing financial liabilities with Equity Instruments

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

Standards issued but not effective up to the date of issuance of the Bank's financial statements are listed below:

- IFRS 7, Disclosures (Amendments) 1 July 2011
- IFRS 9, Financial Instruments Part 1: Classification and Measurement: 1 January 2015
- IFRS 13, Fair Value Measurement: 1 January 2013
- IAS 1, (Amendments) – Presentation and Terms of Other Comprehensive Income: 1 July 2012
- IAS 19, (Revised) Employee Benefits: 1 January 2013

The Bank is considering the implications of these standards, the impact on the Bank and the timing of their adoption by the Bank.

Standards, amendments and interpretations effective on or after January 1, 2011 and are not relevant to the Bank

- IAS 12, Income Taxes – Recovery of Underlying Assets
- IAS 27, Separate Financial Statements (as revised in 2011)
- IAS 28, Investments in Associates and Joint Ventures (as revised in 2011)
- IFRS 10, Consolidated Financial Statements
- IFRS 11, Joint Arrangements
- IFRS 12, Disclosure of Involvement with Other Entities

Foreign currency translation

Functional and presentation currency

The functional and presentation currency of the Bank is the United States dollar and the Bank's financial statements are rounded to the nearest thousands. Monetary assets and liabilities in currencies other than United States dollars are translated into United States dollars at market rates of exchange prevailing at the reporting date. Non-monetary items measured at historical cost in currencies other than United States dollars are translated into United States dollars using the exchange rates at the dates of the initial transactions.

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

Functional and presentation currency…continued

Foreign currency transactions are translated into United States dollars at applicable rates of exchange on the transaction dates. Any gains or losses arising as a result of differences in rates applied to income and expenses and to assets and liabilities are shown as an exchange gain or loss in the determination of net income for the year.

Taxation

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

Financial assets

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

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

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

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

Financial assets designated at fair value through profit or loss upon initial recognition are managed and evaluated on a fair value basis and reported to key management on that basis. Once the asset has been so classified, it cannot be changed. Financial instruments in this category are included in the statement of financial position as ‘Debt securities at fair value through profit and loss’. For 2011 and 2010 all of the Bank’s investments are designated at fair value through profit and loss.

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

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

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

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

(b) Loans and receivables

Loans and receivables are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(c) Derivatives recorded at fair value through profit and loss

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

(d) Financial liabilities

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

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

Determination of fair value

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

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

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

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

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

Offsetting financial instruments

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

Interest income and expense

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

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

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

Commitment fee income

Fees are generally recognized on an accrual basis when the service has been provided.

Impairment of financial assets

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

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

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

Impairment of financial assets*...continued*

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

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

A provision for loan impairment is established if there is objective evidence that the Bank will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the asset's carrying value and the present value of expected cash flows, including amounts recoverable from guarantees and collateral, discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of comprehensive income.

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

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

Renegotiated loans

Where possible, the Bank seeks to restructure loans rather than take possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Management continuously reviews renegotiated loans to ensure that all criteria are met and that future payments are likely to occur. During 2011, the Board of Directors approved two restructures to loans. The first was a private sector loan in which the borrower was given a moratorium on principal repayments until July 2012 and the second was a conversion of the outstanding balances of some OCR portions of loans of a member country, into loans from CDB's Special Funds Resources at such date as CDB shall specify in writing, as part of a package of exceptional financial assistance.

Property and equipment

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

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

Property and equipment...*continued*

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

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

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

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

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

Deferred income

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

Cash and cash equivalents

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

Commitments and contingencies

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

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

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

Commitments and contingencies...*continued*

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

Post-employment benefits

(a) Pension obligations

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

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

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

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

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

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

Post–employment benefits*...continued*

(b) Other post-retirement obligations

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

(c) Termination benefits

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

Financial guarantee contracts

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

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

Valuation of Capital Stock

In the Agreement establishing the Bank (the Agreement), the capital stock of the Bank is expressed in terms of United States dollars of the weight and fineness in effect on September 1, 1969 (the 1969 dollar). However, with effect from April 1, 1978, the Second Amendment to the Articles of Agreement of the International Monetary Fund came into force, as a result of which currencies no longer have par values in terms of gold. Prior to December 1986, the Bank had not taken a decision on the implications of this change on the valuation of its capital stock and had translated its capital stock into current United

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

Valuation of Capital Stock*...continued*

States dollars at the rate of 1.206348 current United States dollars (current dollars) per 1969 dollar. On December 11, 1986, the Board of Directors of the Bank agreed that, until such time as the Agreement may be amended in respect of the standard of value, the expression "United States dollars of the weight and fineness in effect on September 1, 1969" be interpreted, pursuant to Article 59 of the Agreement, to mean the "Special Drawing Right" (SDR) introduced by the International Monetary Fund as the SDR was valued in terms of United States dollars immediately before the introduction of the basket method of valuing the SDR on July 1, 1974, such value being 1.206348 current dollars for one SDR as at June 30, 1974 (the 1974 SDR).

For the purposes of the financial statements, the Bank has expressed the value of its capital stock on the basis of the 1974 SDR. This has no effect on the financial position or results of the operations of the Bank.

The Agreement permits the Bank to accept from a member non-negotiable, non-interest-bearing demand notes in place of part of the member's subscription to the paid-up capital which shall be payable in the member's currency and maintenance of value in respect of such part, provided that such currency is not required for the conduct of the operations of the Bank.

Maintenance of value

In order to ensure that capital receipts due in other than US dollars retain at a minimum their value as determined in accordance with Article 24 of the Agreement, each member is required to maintain the value of its currency held by the Bank and consisting of or derived as repayments of principal from currencies originally paid to the Bank by the member in respect of capital subscriptions. In the opinion of the Bank, where the value of a Member’s currency depreciates or appreciates to a significant extent, the Bank or Member may be required to repay an amount of currency equal to the increase or decrease in the value of its currency which is held by the Bank in respect of capital subscriptions. For the purposes of effecting settlement, MOV obligations are established at December 31 in each year. The Board of Directors has agreed that MOV obligations on any part of a member’s paid-up capital which is represented by loans outstanding be postponed and become payable on each portion of the principal of such loans when such portion is repaid to the Bank. MOV obligations that are not so deferred are due for settlement within 12 months of the date established. These obligations inclusive of those portions that are past due for settlement and are expected to be settled in the future are derivatives and are fair valued in accordance with IAS 39, with any gain or loss being recorded in the profit for the year in the statement of comprehensive income.

Segment reporting

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

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

NOTE C – RISK MANAGEMENT

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

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

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

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

Credit Risk

The major risk to CDB as a multilateral development bank is its exposure to country credit risk. This risk relates to potential losses to CDB in the event that a borrowing member is unable or unwilling to service its obligations to the Bank. CDB manages its country credit risk through its financial policies and lending strategies, including individual country exposure limits and overall creditworthiness assessments. These include ongoing assessments of a country's macroeconomic performance as well as its socio-political conditions and future growth prospects. The individual country's exposure to the Bank on outstanding loans as at December 31, 2011 is reported in Note H.

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

NOTE C – RISK MANAGEMENT...*continued*

Credit risk measurement

(a) Loans and advances

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

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

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

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

Internal ratings scale and mapping of external ratings are as follows:

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

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

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

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

NOTE C – RISK MANAGEMENT*...continued*

Credit risk measurement*...continued*

(b) Debt securities and other bills

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

Risk limit control and mitigation measures

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

Credit related commitments

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

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

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

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

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT*...continued*

Master netting arrangements

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

Impairment and provisioning policies

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

Bank's rating

As at December 31	**2011**		**2010**	
	Loans	Impairment Provision (%)	Loans	Impairment Provision (%)
Investment grade	$37,519	-	$57,303	-
Standard monitoring	477,970	-	548,424	-
Special monitoring	486,544	-	379,200	-
Sub-standard	5,504	100	8,621	100
Total (inclusive of accrued interest)	$1,007,537	100	$993,548	100

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

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

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT*...continued*

Bank's rating *...continued*

The Bank's policy requires the review of individual financial assets that are above materiality thresholds at least annually, or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at the reporting date on a case-by-case basis, and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re-confirmation of its enforceability) and the anticipated receipts for that individual account. As at December 31, 2011 and 2010, two loans were assessed as impaired in the private sector loan portfolio.

Collective assessment for impairment allowances are provided for: (i) portfolios of homogenous assets that are individually below materiality thresholds; and (ii) losses that have been incurred but have not yet been identified, by using the available historical experience, experienced judgement and statistical techniques. Collective assessment for impairment is undertaken with the public sector portfolio of loans. As at December 31, 2011 and 2010, no impairment was assessed in the public sector loan portfolio.

Maximum exposure to credit risk before collateral held or other credit enhancements

Credit risk exposure relating to assets included on the statement of financial position is as follows:

As at December 31	2011	Restated 2010
Cash and cash equivalents	$ 79,163	$ 9,434
Debt securities at fair value through profit or loss	244,242	103,212
Public sector loans	958,564	944,897
Private sector loans	48,973	48,651
Cross currency interest rate swap	127,680	96,691
Non-negotiable demand notes	44,363	44,368
Amounts required to meet maintenance of value on currency holdings	1,121	998
Subscriptions in arrears	15,975	1,250
Other assets	14,625	11,048
	$1,534,706	$1,260,549
Undisbursed loan balances		
Public sector	195,461	219,636
Private sector	34,514	43,452
	$1,764,681	$1,523,637

The above table represents a worse case scenario of credit risk exposure as at December 31, 2011 and 2010, without taking account of any collateral held or other credit enhancements attached.

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

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT*...continued*

Maximum exposure to credit risk before collateral held or other credit enhancements*...continued*

As shown, 65.4% of the total maximum exposure is derived from loans and commitments to the public sector (2010: 76.3%); 4.7% represents loans and commitments to the private sector (2010: 6.2%).

Loans and advances

Loans are summarized as follows:

	December 31, 2011		December 31, 2010	
	Public Sector	Private Sector	Public Sector	Private Sector
Neither past due nor impaired	$935,605	$43,254	$919,656	$40,028
Past due but not impaired	22,959	-	25,241	2
Impaired	-	10,765	-	10,667
Gross	958,564	54,019	944,897	50,697
Less: allowance for impairment	-	(5,046)	-	(2,046)
Net	$958,564	$48,973	$944,897	$48,651

During the year ended December 31, 2011, loans that were neither past due nor impaired represented 97% (2010 – 97%) of loans outstanding.

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

	Loans at December 31, 2011		
	Public Sector	Private Sector	Total Loans
Investment grade	$37,517	$ -	$37,517
Standard monitoring	475,879	-	475,879
Special monitoring	422,209	43,254	465,463
Total	$935,605	$43,254	$978,859

	Loans at December 31, 2010		
	Public Sector	Private Sector	Total Loans
Investment grade	$48,005	$ -	$48,005
Standard monitoring	531,041	-	531,041
Special monitoring	340,610	40,028	380,638
Total	$919,656	$40,028	$959,684

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT…*continued*

Loans and advances ...*continued*

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

	Loans at December 31, 2011		
	Public Sector	Private Sector	Total Loans
Past due up to 30 days	$2	$-	$2
Past due 30 – 60 days	-	-	-
Past due 60 – 90 days	209	-	209
Over 90 days	-	-	-
Total	$211	$-	$211

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

Non-negotiable demand notes

At December 31, 2011, no non-negotiable demand notes are considered to be impaired.

Collateral

CDB does not take collateral on its public sector loans. For private sector loans, CDB will require its commitments to be secured. The nature and extent of the security will be determined on a case-by-case basis. The Loans (CDB) Acts or other applicable legislation are enacted in the various BMC's and authorize the governments to raise loans from CDB, guarantee loans by CDB to statutory authorities and provide for repayment of any loan made by CDB to the Government of any statutory corporation, to be charged upon and paid out of the consolidated fund. CDB also derives comfort from the negative pledge condition included in its loan agreements. This provision prohibits, except with CDB's consent, the charging of Government assets to secure external indebtedness unless CDB is equally and materially secured. Furthermore, CDB would be accorded preferred creditor status by its BMCs being members of the Bank.

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT…*continued*

Debt securities, treasury bills and other eligible bills

For lines of credit to private sector financial intermediaries, a guarantee from a parent or a trust arrangement under which the sub-loans financed by the line are pooled and assigned in the event of default. As at December 31, 2011 and 2010, no trust arrangements existed in the private sector portfolio. The fair value of the pool is the future expected cash flows of the sub-loans discounted by their interest rate. Marketable assets secure direct loans to the private sector, while the fair value is the observable market price of the asset. The fair value of the collateral on the impaired private sector loans was estimated at $26,800.

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

The following tables present an analysis of debt securities, treasury bills and other eligible bills by rating agency designation at December 31, 2011 and 2010, based on Standard & Poor's ratings or their equivalent:

2011

	Ratings				
Type	AAA	AA+ to AA-	A+ to A-	Unrated	Total
Obligations guaranteed by Governments[1]	$69,868	$74,888	$ -	$3,171	$147,927
Euro Commercial Bond	9,972	-	-	-	9,972
Time Deposits	-	325	-	1,565	1,890
Sovereign Bond	3,081	25,737	7,668	-	36,486
Supranational Bond	47,967	-	-	-	47,967
Total	$130,888	$100,950	$7,668	$4,736	$244,242

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

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT…*continued*

Debt securities, treasury bills and other eligible bills...*continued*

2010

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

Concentration of risks of financial assets with credit risk exposure

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

	2011				
	Borrowing Members	Non-Regional Members	USA	Other	Total
Cash and cash equivalents	$8,723	$1,838	$68,602	$ -	$79,163
Debt securities at fair value through profit or loss	2,970	35,585	102,093	103,594	244,242
Public sector loans	958,564	-	-	-	958,564
Private sector loans	48,973	-	-	-	48,973
Derivative financial instruments	36	1,085	127,680	-	128,801
Non-negotiable demand notes	35,953	8,410	-	-	44,363
Subscriptions in arrears	14,725	1,250	-	-	15,975
Receivables – other	14,625	-	-	-	14,625
Total, December 31	$1,084,569	$48,168	$298,375	103,594	$1,534,706

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

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT…*continued*

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

	Restated 2010				
	Borrowing Members	Non-Regional Members	USA	Other	Total
Cash and cash equivalents	$ 2,662	$ 4,855	$ 1,917	$ -	$ 9,434
Debt securities at fair value through profit or loss	3,086	31,949	31,815	36,362	103,212
Public sector loans	942,851	-	-	-	942,851
Private sector loans	50,697	-	-	-	50,697
Derivative financial instruments	266	732	96,691	-	97,689
Non-negotiable demand notes	35,934	8,434	-	-	44,368
Subscriptions in arrears	-	1,250	-	-	1,250
Receivables – other	11,048	-	-	-	11,048
Total, December 31	$1,046,544	$47,220	$130,423	$36,362	$1,260,549

CDB's membership is classified into regional and non-regional members. Except for three, the regional members are members of CARICOM and are further sub-divided into borrowing and non-borrowing members.

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

Market risk

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

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

Foreign exchange risk

CDB takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. All loans by the Bank are made either from currencies available from members' subscriptions or from currencies borrowed and the principal amounts are repayable to the Bank in the currencies lent. The Bank manages exchange risk on borrowings by entering into forward contracts. The following table summarizes the exposure to foreign currency exchange rate risk. Included in the table are the financial instruments at carrying amounts, categorized by currency. As at December 31, 2011 and 2010, all loans were denominated in United States dollars.

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT…*continued*

Concentrations of currency risk

As at December 31	**2011** **US$**	**Yen**	**Other**	**Total**
Assets				
Cash and cash equivalents	$68,602	$-	$10,561	$79,163
Debt securities at fair value through profit and loss	224,622	-	19,620	244,242
Loans	1,007,537	-	-	1,007,537
Derivative financial instruments	128,801	-	-	128,801
Receivable from members	43,058	-	17,280	60,338
Receivables – other	9,206	-	5,419	14,625
Total financial assets	$1,481,826	$-	$52,880	$1,534,706
Liabilities				
Derivative financial instruments	193	-	-	193
Accounts payable	2,200	-	-	2,200
Subscriptions in advance	5,172	-	-	5,172
Borrowings	612,701	245,174	-	857,875
Total financial liabilities	$620,266	$245,174	$-	$865,440
Net on-balance sheet financial position	$861,560	$(245,174)	$52,880	$669,266
Credit commitments	$229,975	$ -	$ -	$229,975

As at December 31	**2010** **US$**	**Yen**	**Other**	**Total**
Assets				
Cash and cash equivalents	$2,133	$-	$7,301	$9,434
Debt securities at fair value through profit and loss	82,227	-	20,985	103,212
Loans	993,548	-	-	993,548
Derivative financial instruments	97,689	-	-	97,689
Receivable from members	28,949	-	16,669	45,618
Receivables – other	9,211	-	1,837	11,048
Total financial assets	$1,213,757	$-	$46,792	$1,260,549
Liabilities				
Derivative financial instruments	297	-	-	297
Accounts payable	1,903	-	-	1,903
Subscriptions in advance	6,207	-	-	6,207
Borrowings	419,829	233,411	-	653,240
Total financial liabilities	$428,236	$233,411	$-	$661,647
Net on-balance sheet financial position	$785,521	$(233,411)	$46,792	$598,902
Credit commitments	$263,088	$ -	$-	$263,088

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

If the Japanese Yen exchange rate had been 10% higher, CDB's comprehensive income for the year ended December 31, 2011, would have increased by $20,436. If the Japanese Yen exchange rate had been 10% lower, CDB's comprehensive income would have decreased by $29,094 for the year ended December 31, 2011.

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT*...continued*

Interest rate risk

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

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

	2011					
At December 31	**0-3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Non-interest generating/ bearing**	**Total**
Assets						
Cash and cash equivalents	$79,163	$ -	$ -	$ -	$ -	$ 79,163
Debt securities at fair value through profit and loss	19,360	43,217	133,093	48,572	-	244,242
Loans	1,007,537	-	-	-	-	1,007,537
Derivative financial instruments	128,801	-	-	-	-	128,801
Receivable from members	-	-	-	-	60,338	60,338
Other receivables	-	-	-	-	14,625	14,625
Total Assets	$1,234,861	$43,217	$133,093	$48,572	$74,963	$1,534,706
Liabilities						
Accounts payable	$ -	$ -	$ -	$ -	$2,200	$2,200
Subscriptions in advance	-	-	-	-	5,172	5,172
Payable to members	-	-	-	-	193	193
Borrowings	25,178	208,557	350,720	273,420	-	857,875
Total Liabilities	$25,178	$208,557	$350,720	$273,420	$7,565	$865,440
Total interest sensitivity gap	$1,209,683	$(165,340)	$(217,627)	$(224,848)		

	2010					
At December 31						
Assets						
Cash and cash equivalents	$9,434	$ -	$ -	$ -	$ -	$ 9,434
Debt securities at fair value through profit and loss	14,588	31,562	50,805	6,257	-	103,212
Loans	993,548	-	-	-	-	993,548
Derivative financial instruments	97,689	-	-	-	-	97,689
Receivable from members	-	-	-	-	45,618	45,618
Other receivables	-	-	-	-	11,048	11,048
Total Assets	$1,115,259	$31,562	$50,805	$6,257	$56,666	$1,260,549
Liabilities						
Accounts payable	$ -	$ -	$ -	$ -	$1,903	$1,903
Subscriptions in advance	-	-	-	-	6,207	6,207
Payable to members	-	-	-	-	297	297
Borrowings	298,436	46,393	75,000	233,411	-	653,240
Total Liabilities	$298,436	$46,393	$75,000	$233,411	$8,407	$661,647
Total interest sensitivity gap	$816,823	$(14,831)	$(24,195)	$(227,154)		

NOTE C – RISK MANAGEMENT*...continued*

Interest rate risk*...continued*

If interest rates had been 50 bps higher or lower and all other variables were held constant, the CDB's net income for the year ended December 31, 2011, would have increased or decreased by $6,734. In 2010, an increase of 50 bps would have resulted in an increase of $3,000 while a decrease of 50 bps would have resulted in a decrease of $1,584.

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

Liquidity risk

Liquidity risk relates to the probability that the Bank is unable to meet the payment obligations associated with its financial liabilities when they fall due. The consequence may be the failure to meet obligations to disburse on its commitments.

Liquidity risk management process

CDB's liquidity management process includes:

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

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT*...continued*

Liquidity risk*...continued*

Non-derivative cash flows
The table below presents the cash flows by remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2011				
At December 31	**0 – 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Assets					
Cash and cash equivalents	$79,163	$ -	$ -	$ -	$79,163
Debt securities at fair value through profit and loss	17,446	45,372	129,029	55,231	247,078
Loans	42,839	85,021	434,798	718,990	1,281,648
Receivable from members	-	-	-	60,338	60,338
Other receivables	8,501	4,912	1,007	205	14,625
Total Assets	$147,949	$135,305	$564,834	$834,764	$1,682,852
Liabilities					
Accounts payable	$2,096	$14	$62	$28	$2,200
Payable to members	-	-	-	193	193
Borrowings	4,055	237,083	396,291	344,255	981,684
Total Liabilities	$6,151	$237,097	$396,353	$344,476	$984,077

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

Assets held for managing liquidity risk

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

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

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT*...continued*

Liquidity risk*...continued*

Derivative cash flows

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

	2011				
At December 31	**0 - 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Derivatives:					
- Currency swaps	$3,382	$337	$10,677	$3,825	$18,221
- Maintenance of value	-	1,121	-	(193)	928
Total	$3,382	$1,458	$10,677	$3,632	$19,149

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

Commitments, guarantees and contingent liabilities

Loan and capital commitments

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

	2011		
At December 31	**0-12 months**	**1-5 years**	**Total**
Loan commitments	156,000	73,975	229,975
Capital commitments	839	941	1,780
Total	156,839	74,916	231,755

	2010		
At December 31			
Loan commitments	$259,000	$4,088	$263,088
Capital commitments	2,040	330	2,370
Total	$261,040	$4,418	$265,458

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT...*continued*

Fair value of financial assets and liabilities

(a) Fair value hierarchy

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

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

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

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

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

Assets and liabilities measured at fair value:

	2011			
December 31	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
- Debt securities	$ -	$244,242	$ -	$244,242
Financial assets designated at fair value				
- Derivatives	-	127,680	-	127,680
- Maintenance of value	-	1,121	-	1,121
Total assets	$ -	$373,043	$ -	$373,043
Financial liabilities designated at fair value				
- Maintenance of value	$ -	$ 193	$ -	$193

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT*...continued*

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

	Restated 2010			
December 31	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss				
- Debt securities	$ -	$103,212	$ -	$103,212
Financial assets designated at fair value				
- Derivatives	-	96,691	-	96,691
- Maintenance of value	-	998	-	998
Total assets	$ -	$200,901	$ -	$200,901
Financial liabilities designated at fair value				
- Maintenance of value	$ -	$ 297	$ -	$297

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

The total amount of the change in fair value estimated using a valuation technique that was recognized in profit and loss during the year was income of $32,019 (restated 2010 - $41,332).

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

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

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

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

For 2011 and 2010 the estimated fair values are based on discounted cash flow models using an estimated yield curve appropriate for the remaining term to maturity.

(expressed in thousands of United States dollars)

NOTE C – RISK MANAGEMENT*...continued*

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

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

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

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

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

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

	Carrying value		**Fair value**	
	2011	**2010**	**2011**	**2010**
Financial assets				
Due from banks	$79,163	$9,434	$79,163	$9,434
Loans	1,007,537	993,548	678,541	784,988
Non-negotiable demand notes	44,363	44,368	44,363	44,368
Subscriptions in arrears	15,975	1,250	15,975	1,250
Receivables – other	14,625	11,048	14,625	11,048
Financial liabilities				
Maintenance of Value	193	297	193	297
Borrowings	857,875	653,240	919,068	692,036

Derivatives

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

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

NOTE C – RISK MANAGEMENT...*continued*

Capital Management

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

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

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

(i) ensure a reliable framework and methodology to determine the appropriate levels of economic capital that the Bank should carry for prudential purposes; and

(ii) determine from time to time the appropriate changes in the level of economic capital that the Bank must have, based on changes in the risk profile of its credit exposures.

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

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

The results of this analysis based on the statement of financial position as at December 31, 2011, indicate a TEER of 54.7% (2010: 53.4%). This indicates that the Bank is adequately capitalized as its TEER is within its policy range of 50% to 55%.

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

NOTE D – CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

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

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

Loan loss provisions

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

Portfolio provisions for the unidentified impairment of sovereign loans at December 31, 2011 and 2010, amounted to $Nil. Due to the Bank's preferred creditor status afforded by its members a downgrade or upgrade by one risk-rating category would not have had a significant impact on the level of sovereign portfolio provision.

Fair value of derivatives

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques, for example, models. All models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data; however, areas such as credit risks (both own and counterparty), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value financial instruments. For example, if there was a decrease of 50 bps in credit spread, the Bank's profit for the year would increase by $9.34 mn and if there was an increase of 50 bps in credit spread, the Bank's profit for the year would decrease by $9.34 mn.

Post-employment benefit obligations

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

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

(expressed in thousands of United States dollars)

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

Post-employment benefit obligations*...continued*

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

NOTE E – SEGMENT ANALYSIS

The Bank is a multilateral financial institution dedicated to the development of the economies of the Caribbean member countries. In management's opinion the Bank has one reportable segment since CDB does not manage its operations by allocating resources based on a determination of the contribution of the net income from individual borrowers.

The following table presents CDB's loans outstanding balances and associated interest income by countries which generated in excess of 10% in loan interest income as of and for the years ended December 31, 2011 and 2010:

	Interest income		**Loans outstanding**	
Country	**2011**	**2010**	**2011**	**2010**
Jamaica	$9,401	$9,848	$243,281	$223,925
Barbados	5,158	5,133	126,478	127,532
St. Vincent and the Grenadines	4,139	4,629	105,471	102,007
Other	21,884	23,052	532,307	540,084
Total	$40,582	$42,662	$1,007,537	$993,548

NOTE F – CASH AND CASH EQUIVALENTS

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

	2011	**2010**
Due from banks	$22,187	$4,116
Time deposits	56,976	5,318
Cash and cash equivalents	$79,163	$9,434

(expressed in thousands of United States dollars)

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

A summary of the Bank's debt securities at fair value through profit or loss was as follows:

	2011				
	USD	EUR	CAD	Other	All Currencies
December 31					
Obligations guaranteed by Governments[1]	$175,218	$4,052	$2,619	$1,405	$183,294
Multilateral organizations	38,353	2,769	6,649	-	47,771
Time Deposits	-	-	-	1,886	1,886
Euro Commercial Paper	9,972	-	-	-	9,972
Sub-total	$223,543	$6,821	$9,268	$3,291	$242,923
Accrued interest	1,079	186	49	5	1,319
Total	**$224,622**	**$7,007**	**$9,317**	**$3,296**	**$244,242**

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

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

(expressed in thousands of United States dollars)

NOTE H – LOANS OUTSTANDING

The following tables break down the Bank's main credit exposures at their carrying amounts, as categorized by Borrowing Member Countries, regional institutions and to the private sector as of December 31, 2011.

	2011			
Borrowers	Loans not yet effective	Undisbursed	Outstanding	% of Loans outstanding
Anguilla	$-	$815	$65,558	6.6
Antigua and Barbuda	-	12,170	40,513	4.0
Bahamas	-	10,058	3,787	0.5
Barbados	71,250	31,556	125,510	12.6
Belize	-	37,465	73,238	7.3
British Virgin Islands	15,672	4,434	15,193	1.5
Cayman Islands	-	-	5,012	0.5
Dominica	2,087	4,759	19,699	2.0
Grenada	2,032	7,142	30,071	3.0
Guyana	-	5,945	29,072	2.9
Jamaica	-	37,617	240,898	24.0
Montserrat	-	-	-	-
St. Kitts and Nevis	-	15,973	58,018	5.8
St. Lucia	4,000	17,053	92,569	9.2
St. Vincent and the Grenadines	3,072	7,719	104,505	10.4
Trinidad and Tobago	-	-	32,168	3.2
Turks and Caicos Islands	-	1,786	6,292	0.6
Regional	-	969	7,416	0.7
Private Sector	-	34,514	52,440	5.2
Sub-total	98,113	229,975	1,001,959	100
Provision for losses	-	-	(5,046)	
Accrued interest	-	-	10,624	
Total – December 31	**$98,113**	**$229,975**	**$1,007,537**	

	2011
Current	$127,860
Non-current	$879,677

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(expressed in thousands of United States dollars)

NOTE H – LOANS OUTSTANDING…*continued*

2010

Borrowers	Loans not yet effective	Undisbursed	Outstanding	% of Loans outstanding
Anguilla	$18,000	$815	$66,771	6.8
Antigua and Barbuda	-	23,762	31,404	3.2
Bahamas	10,109	-	6,191	0.6
Barbados	37,062	41,936	126,306	12.8
Belize	31,538	11,328	73,217	7.4
British Virgin Islands	-	4,700	17,062	1.7
Cayman Islands	-	-	6,433	0.7
Dominica	2,176	8,120	16,048	1.6
Grenada	1,000	8,065	30,819	3.1
Guyana	5,831	3,398	29,360	3.0
Jamaica	-	75,785	216,293	22.0
Montserrat	-	-	-	-
St. Kitts and Nevis	7,017	12,002	59,290	6.0
St. Lucia	-	11,208	100,838	10.2
St. Vincent and the Grenadines	-	9,568	107,968	11.0
Trinidad and Tobago	-	-	38,450	3.9
Turks and Caicos Islands	-	1,856	6,808	0.7
Regional	-	7,093	1,359	0.1
Private Sector	-	43,452	49,783	5.1
Sub-total	112,733	263,088	984,400	100
Provision for losses	-	-	(2,046)	
Accrued interest	-	-	11,194	
Total – December 31	**$112,733**	**$263,088**	**$993,548**	

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

CARIBBEAN DEVELOPMENT BANK
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NOTES TO THE FINANCIAL STATEMENTS
December 31, 2011

(expressed in thousands of United States dollars)

NOTE H – LOANS OUTSTANDING ... *continued*

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

2011

Currencies receivable	Loans outstanding 2010	Net Interest Earned	Disbursements	Sub-Total	Repayments	Provision for Losses	Loans outstanding 2011	% of loans outstanding
United States dollars	$984,400	$ -	$94,867	$1,079,267	$(77,308)	$ -	$1,001,959	100.0
Sub-total	984,400	-	94,867	1,079,267	(77,308)	-	1,001,959	100.0
Provision for losses	(2,046)	-	-	(2,046)	-	(3,000)	(5,046)	
Accrued interest	11,194	(570)	-	10,624	-	-	10,624	
Total – December 31	**$993,548**	**$(570)**	**$94,867**	**$1,087,845**	**$(77,308)**	**$(3,000)**	**$1,007,537**	

2010

Currencies receivable	Loans outstanding 2009	Net Interest Earned	Disbursements	Sub-Total	Repayments	Provision for Losses	Loans outstanding 2010	% of loans outstanding
United States dollars	$808,839	$ -	$246,358	$1,055,197	$(70,797)	$-	$984,400	100.0
Sub-total	808,839	-	246,358	1,055,197	(70,797)	-	984,400	100.0
Provision for losses	(2,046)	-	-	(2,046)	-	-	(2,046)	
Accrued interest	11,537	(343)	-	11,194	-	-	11,194	
Total – December 31	**$818,330**	**$(343)**	**$246,358**	**$1,064,345**	**$(70,797)**	**$-**	**$993,548**	

Reconciliation of allowance account for losses on loans

	2011	**2010**
Balance at January 1	$2,046	$2,046
Increase in impairment allowance	3,000	-
Balance at December 31	$5,046	$2,046

(expressed in thousands of United States dollars)

NOTE I – DERIVATIVE FINANCIAL INSTRUMENTS

The fair values of derivative financial instruments held at December 31, 2011 and 2010, were as follows:

		2011	Restated 2010
		Fair values	
	Notional Amount	Assets	Assets
Cross currency interest rate swaps	$160,000	$127,680	$96,691
Maintenance of value		$1,121	$998
		Liabilities	Liabilities
Maintenance of value		$193	$297

Currency and interest rate swaps are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of currencies or interest rates or a combination of all these (e.g. cross-currency interest rate swaps). The Bank's credit risk represents the potential cost to replace the swap contracts if the counterparties fail to fulfill their obligation.

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

NOTE J – NON-NEGOTIABLE DEMAND NOTES

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

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

NOTE K – MAINTENANCE OF VALUE ON CURRENCY HOLDINGS

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

(expressed in thousands of United States dollars)

NOTE L – RECEIVABLES – OTHER

	2011	2010
Inter-fund receivables – Note V	$8,235	$9,476
Staff loans and other receivables	852	1,026
VAT receivable	552	318
Institutional receivables	4,971	132
Other	15	96
	$14,625	$11,048
Current	$13,413	$10,027
Non-current	$1,212	$1,021

During the year, no provision (2010 – nil) was required as no receivables were considered to be impaired.

NOTE M – PROPERTY AND EQUIPMENT

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

The carrying values of property and equipment were as follows:

	2011					
	Projects in Progress	Land, Buildings and Ancillary Works	Computers	Furniture and Equipment	Motor Vehicles	Total
At January 1						
Cost	$926	$11,112	$7,171	$3,939	$203	$23,351
Accumulated depreciation	-	(6,197)	(5,502)	(3,196)	(151)	(15,046)
Closing net book amount	$926	$4,915	$1,669	$ 743	$ 52	$ 8,305
Year ended December 31						
Opening net book amount	926	4,915	1,669	743	52	8,305
Additions	713	-	140	592	122	1,567
Disposals – Cost	-	-	(31)	(40)	-	(71)
Disposals-accumulated depreciation	-	-	31	40	-	71
Depreciation expense	-	(270)	(832)	(302)	(49)	(1,453)
Closing net book amount	$1,639	$4,645	$ 977	$1,033	$125	$8,419
At December 31						
Cost	1,639	11,112	7,280	4,491	325	24,847
Accumulated depreciation	-	(6,467)	(6,303)	(3,458)	(200)	(16,428)
Closing net book amount	**$1,639**	**$4,645**	**$ 977**	**$1,033**	**$125**	**$ 8,419**

(expressed in thousands of United States dollars)

NOTE M – PROPERTY AND EQUIPMENT*...continued*

	2010					
	Projects in Progress	Land, Buildings and Ancillary Works	Computers	Furniture and Equipment	Motor Vehicles	Total
At January 1						
Cost	$242	$11,083	$7,212	$3,587	$163	$22,287
Accumulated depreciation	-	(5,925)	(4,904)	(2,908)	(117)	(13,854)
Closing net book amount	$242	$5,158	$2,308	$ 679	$ 46	$8,433
Year ended December 31						
Opening net book amount	242	5,158	2,308	679	46	8,433
Additions	684	29	197	369	40	1,319
Disposals	-	-	(238)	(17)	-	(255)
Disposals-accumulated depreciation	-	-	238	17	-	255
Depreciation expense	-	(272)	(836)	(305)	(34)	(1,447)
Closing net book amount	$926	$4,915	$1,669	$743	$52	$8,305
At December 31						
Cost	926	11,112	7,171	3,939	203	23,351
Accumulated depreciation	-	(6,197)	(5,502)	(3,196)	(151)	(15,046)
Closing net book amount	**$926**	**$4,915**	**$1,669**	**$ 743**	**$ 52**	**$8,305**

(expressed in thousands of United States dollars)

NOTE N – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2011	2010
Accounts payable	$90	$83
Accrued liabilities	2,110	1,820
Total	$2,200	$1,903
Current portion	$2,110	$1,832
Non-current portion	$90	$71

NOTE O – MAINTENANCE OF VALUE ON CURRENCY HOLDINGS

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

NOTE P – POST-EMPLOYMENT OBLIGATIONS

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

	2011	2010
Defined Benefit Pension Liability/(Asset)	$318	$(258)
Hybrid Pension Liability	19	19
Post-Retirement Medical Obligation	2,261	2,071
	$2,598	$1,832

(expressed in thousands of United States dollars)

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

Defined Benefit Pension Plan

The amounts recognized in the statement of financial position are determined as follows:

	Pensions 2011	Pensions 2010
Present value of funded obligations	$39,189	$34,652
Fair value of plan assets	(32,017)	(30,540)
	7,172	4,112
Unrecognized actuarial losses	(6,854)	(4,370)
Liability/(asset)	$318	$(258)

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

	Pensions 2011	Pensions 2010
Current service cost	$2,850	$2,667
Interest cost	1,876	1,727
Expected return on plan assets	(1,888)	(1,734)
Amortization of actuarial cost	86	128
	$2,924	$2,788
Actual return on the plan assets	$(403)	$2,809

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

	Pensions 2011	Pensions 2010
January 1	$(258)	$(697)
Net pension cost	2,924	2,788
Contributions paid	(2,348)	(2,348)
December 31	$318	$(258)

(expressed in thousands of United States dollars)

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

Defined Benefit Pension Plan*...continued*

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

	Pensions	
	2011	**2010**
January 1	$34,652	$29,239
Current service cost	2,850	2,667
Interest cost	1,876	1,727
Employees' contributions	630	629
Experience (gain)/loss	279	1,309
Benefits paid	(1,098)	(919)
December 31	$39,189	$34,652

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

	Pensions	
	2011	**2010**
January 1	$30,540	$25,673
Expected return on plan assets	1,888	1,735
Experience gain/(loss)	(2,291)	1,074
Employer's contributions	2,348	2,348
Employees' contributions	630	629
Benefits paid	(1,098)	(919)
December 31	$32,017	$30,540

The principal actuarial assumptions used for accounting purposes are:

	Pensions	
	2011 (%)	**2010 (%)**
Discount rate	5.0	5.5
Expected return on plan assets	5.5	6.0
Future salary increases	4.5	5.0
Future pension increases	2.5	2.5

(expressed in thousands of United States dollars)

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

Defined Benefit Pension Plan*...continued*

Mortality rate

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

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

	2011	2010
Male	19.3	19.3
Female	23.3	23.3

Asset allocation as at December 31 – Defined Benefit Pension Plan	2011	2010
Equity securities	51%	55%
Debt securities	42%	42%
Other	7%	3%
Total	100%	100%

CDB's contribution to the Defined Benefit Pension Plan in 2012 is estimated at $2,248 (2011 - $2,319).

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

As at December 31

	2011	2010	2009	2008	2007
Present value of defined benefit obligation	$39,189	$34,652	$29,239	$24,732	$23,314
Fair value of plan assets	(32,017)	(30,540)	(25,673)	(20,408)	(22,964)
Deficit	$7,172	$4,112	$3,566	$4,324	$350
Experience adjustments on plan liabilities	$1,739	$433	$ 50	$ (109)	$(679)
Experience adjustments on plan assets	$(2,291)	$1,074	$1,383	$(6,324)	$ 30

(expressed in thousands of United States dollars)

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

Hybrid Pension Scheme

The amounts recognized in the statement of financial position are determined as follows:

	Pensions	
	2011	**2010**
Present value of funded obligations	$23,698	$23,150
Fair value of plan assets	(22,563)	(23,150)
	1,135	-
Unrecognized actuarial losses	(1,116)	19
Liability	$19	$19

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

	Pensions	
	2011	**2010**
Current service cost	$214	$227
Interest cost	1,237	1,346
Expected return on plan assets	(1,248)	(1,358)
	$203	$215
Actual return on the plan assets	$345	$639

(expressed in thousands of United States dollars)

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

Hybrid Pension Scheme*...continued*

Movement in the liability recognized in the statement of financial position:

	Pensions	
	2011	**2010**
January 1	$ 19	$ 19
Pension/benefit cost	203	215
Contributions paid	(203)	(215)
December 31	$19	$19

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

	Pensions	
	2011	**2010**
January 1	$23,150	$22,751
Current service cost	214	227
Interest cost	1,237	1,346
Employees' contributions	202	183
Experience (gain)/loss	232	(719)
Benefits paid	(1,337)	(638)
December 31	$23,698	$23,150

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

	Pensions	
	2011	**2010**
January 1	$23,150	$22,751
Expected return on plan assets	1,248	1,358
Experience loss	(903)	(719)
Employer's contributions	203	215
Employees' contributions	202	183
Benefits paid	(1,337)	(638)
December 31	$22,563	$23,150

(expressed in thousands of United States dollars)

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

Hybrid Pension Scheme...*continued*

The principal actuarial assumptions used for accounting purposes are:

	Pensions	
	2011 (%)	**2010 (%)**
Discount rate	5.0	5.5
Expected return on plan assets	5.0	5.5
Future salary increases	4.5	5.0

Mortality rate

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

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

	2011	**2010**
Male	19.3	19.3
Female	23.3	23.3

Asset allocation as at December 31 – Pension Scheme	**2011**	**2010**
Debt securities	98%	93%
Other	2%	7%
Total	100%	100%

CDB's contribution to the hybrid pension scheme in 2012 is estimated at $174 (2011 - $215).

(expressed in thousands of United States dollars)

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

Hybrid Pension Scheme...*continued*

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

As at December 31

	2011	2010	2009	2008	2007
Present value of defined benefit obligation	$23,698	$23,150	$22,751	$22,978	$22,558
Fair value of plan assets	(22,563)	(23,150)	(22,751)	(22,978)	(22,558)
Deficit	$1,135	$ -	$ -	$ -	$ -
Experience adjustments on plan liabilities	$ 497	$719	$ 488	$(131)	$(71)
Experience adjustments on plan assets	$(903)	$(719)	$(488)	$ 131	$ 71

Post-Retirement Medical Plan

The amounts recognized in the statement of financial position are determined as follows:

	Post-employment medical benefits 2011	2010
Present value of funded obligations	$2,038	$1,916
Unrecognized actuarial losses	223	155
Liability	$2,261	$2,071

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

	Post-employment medical benefits 2011	2010
Current service cost	$87	$91
Interest cost	147	153
	$234	$244

(expressed in thousands of United States dollars)

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

Post-Retirement Medical Plan...*continued*

Movement in the liability recognized in the statement of financial position:

	Post-employment medical benefits 2011	Post-employment medical benefits 2010
January 1	$2,071	$1,866
Net cost	234	244
Contributions paid	(44)	(39)
December 31	$2,261	$2,071

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

	Post-employment medical benefits 2011	Post-employment medical benefits 2010
January 1	$1,916	$1,932
Current service cost	87	91
Interest cost	147	153
Employees' contributions	-	-
Experience (gain)/loss	(68)	(221)
Benefits paid	(44)	(39)
December 31	$2,038	$1,916

The principal actuarial assumptions used for accounting purposes are:

	Post-employment medical benefits 2011 %	Post-employment medical benefits 2010 %
Discount rate	7.75	7.75
Annual increase in benefit	6.25	6.25

	1 % point increase	1 % point decrease
Effect on total service and interest cost components	$ 48	$ (38)
Effect on post-retirement medical obligation	$338	$(275)

(expressed in thousands of United States dollars)

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

Post-Retirement Medical Plan*...continued*

As at December 31

	2011	2010	2009	2008	2007
Present value of defined benefit obligation	$(2,038)	$(1,916)	$(1,933)	$(1,835)	$(1,636)
Deficit	$(2,038)	$(1,916)	$(1,933)	$(1,835)	$(1,636)
Experience adjustments on plan liabilities	$67	$221	$102	$125	$344

CDB's contribution to the post-retirement medical plan in 2012 is estimated at $47 (2011 - $42).

NOTE Q – BORROWINGS

It is the Bank's policy to limit borrowing and guarantees chargeable to the Bank's Ordinary Capital Resources to 100 percent of the callable capital of its investment grade non-borrowing members plus the cash reserves. At December 31, 2011, total borrowings amounted to $857,875 (2010: $653,240). Also at December 31, 2011, the ratio of total outstanding borrowings to the borrowing limit of $1,058,251 (2010 - $833,901) was 81.1% (2010 – 78.3%).

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(expressed in thousands of United States dollars)

NOTE Q – BORROWINGS...*continued*

A summary of the borrowings was as follows:

	2011					
	Original amounts[1/]	**Translation adjustments**	**Repayments to date**	**Currency swap**[2/]	**Outstanding**	**Due dates**
Short term Borrowing						
Floating Rate Note – US$	$20,000	$-	$(20,000)	$-	$ -	2011
Floating Rate Note – US$	20,000	-	-	-	20,000	2012
	40,000	-	(20,000)	-	20,000	
CDB Market Borrowings						
4.35% Notes – Yen	60,000	23,654	-	-	83,654	2030
2.75% Notes – Yen	100,000	51,324	-	10,196	161,520	2022
1.12% Two Year Bonds – US$	75,000	-	-	-	75,000	2012
One Year Discount Note – US$	9,911	-	(9,911)	-	-	2011
One Year Discount Note – US$	9,925	-	-	-	9,925	2012
Floating Rate Note – US$	60,000	-	(60,000)	-	-	2013
Floating Rate Note – US$	175,000	-		-	175,000	2013
Floating Rate Note – US$	149,869	-			149,869	2014
Floating Rate Note – US$	119,817	-	-	-	119,817	2012
	759,522	74,978	(69,911)	10,196	774,785	
European Investment Bank						
Global Loan 11 – A – US$	13,034	-	(13,034)	-	-	2011
Global Loan 11I - US$	51,157	-	-	-	51,157	2023
	64,191	-	(13,034)	-	51,157	
Inter-American Development Bank						
Loan 926/OC-RG-US$	19,347	-	(8,776)	-	10,571	2021
Sub-total	883,060	74,978	(111,721)	10,196	856,513	
Accrued interest[3]	1,362	-	-	-	1,362	
Total – December 31	**$884,422**	**$74,978**	**$(111,721)**	**$10,196**	**$857,875**	

1/ Net of cancellations and borrowings fully paid.
2/ Unwinding of fair value hedge.
3/ Relates to amounts withdrawn and outstanding

NOTES TO THE FINANCIAL STATEMENTS
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NOTE Q – BORROWINGS...*continued*

	2010					
	Original amounts[1/]	**Translation adjustments**	**Repayments to date**	**Currency swap**[2/]	**Outstanding**	**Due dates**
CDB Market Borrowings						
4.35% Notes – Yen	$ 60,000	$19,641	$ -	$ -	$ 79,641	2030
2.75% Notes – Yen	100,000	42,647	-	11,123	153,770	2022
1.12% Two Year Bonds – US$	75,000	-	-	-	75,000	2012
One Year discount Note – US$	9,911	-	-	-	9,911	2011
Floating Rate Note – US$	60,000	-	(60,000)	-	-	2013
Floating Rate Note – US$	149,823	-	-	-	149,823	2014
Floating Rate Note – US$	119,574	-	-	-	119,574	2012
	574,308	62,288	(60,000)	11,123	587,719	
European Investment Bank						
Global Loan 11 – A – US$	13,034	-	(11,409)	-	1,625	2011
Global Loan 11I - US$	51,157	-	-	-	51,157	2023
	64,191	-	(11,409)	-	52,782	
Inter-American Development Bank						
Loan 926/OC-RG-US$	19,347	-	(7,664)	-	11,683	2021
Sub-total	657,846	62,288	(79,073)	11,123	652,184	
Accrued interest[3]	1,056	-	-	-	1,056	
Total – December 31	**$658,902**	**$62,288**	**$(79,073)**	**$11,123**	**$653,240**	

1/ Net of cancellations and borrowings fully paid.

2/ Unwinding of fair value hedge.
3/ Relates to amounts withdrawn and outstanding

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NOTES TO THE FINANCIAL STATEMENTS
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NOTE Q – BORROWINGS...*continued*

Currencies repayable on outstanding borrowings were as follows:

2011

Currencies Repayable	Outstanding at December 2010	Translation Adjustment	Net Interest Paid	Draw-downs	Currency swap amortisation[1/]	Repayments	Outstanding at December 2011
United States dollars	$419,699	$ -	$ -	$225,216	$ -	$(32,649)	$612,266
Japanese yen	232,485	12,689	-	-	(927)	-	244,247
Sub-total	652,184	12,689	-	225,216	(927)	(32,649)	856,513
Accrued interest[2]	1,056	-	306	-			1,362
Total – December 31	**$653,240**	**$12,689**	**$306**	**$225,216**	**$(927)**	**$(32,649)**	**$857,875**

2010

Currencies Repayable	Outstanding at December 2009	Translation Adjustment	Net Interest Paid	Draw-downs	Currency swap amortisation	Repayments	Outstanding at December 2010
United States dollars	$511,080	$ -	$ -	$86,126	$ -	$(177,507)	$419,699
Japanese yen	205,448	27,964	-	-	(927)	-	232,485
Sub-total	716,528	27,964	-	86,126	(927)	(177,507)	652,184
Accrued interest[2]	1,541	-	(485)	-	-	-	1,056
Total – December 31	**$718,069**	**$27,964**	**$(485)**	**$86,126**	**$(927)**	**$(177,507)**	**$653,240**

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

	2011	**2010**
Current	$232,375	$13,705
Non-current	625,500	639,535
Total	$857,875	$653,240

[1/] Unwinding of fair value hedge
[2/] Relates to amounts withdrawn and outstanding

(expressed in thousands of United States dollars)

NOTE R – EQUITY

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

Capital

Subscriptions to the capital stock of the Bank are made up of the initial capital, five additional subscriptions and four general capital increases. At the fortieth meeting of the Board of Governors in May 2010 in The Bahamas, a general capital increase of 150% was approved. The Bank's capital as at December 31 was as follows:

Capital stock	**2011**	**2010**
Authorized capital – 312,971 (2010 – 312,971) shares		
Subscribed capital – 239,463 (2010 – 146,022) shares	$1,501,892	$937,193
Less callable capital – 187,032 (2010 – 113,759) shares	(1,170,887)	(730,433)
Paid-up capital – 52,611 (2010 – 32,263) shares	$331,005	$206,760

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

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

2011

Member	No. of Shares	% of Total	Total subscribed Capital	Callable Capital	Paid-up Capital	Sub-scriptions matured	Voting Power: No. of votes	Voting Power: % of total votes	Receivable from members non-negotiable demand notes
Regional States and Territories									
Jamaica	48,354	20.18	291,659	227,614	64,045	31,961	48,504	19.97	13,733
Trinidad and Tobago	48,354	20.18	291,659	227,614	64,045	31,961	48,504	19.97	11,037
Bahamas	14,258	5.95	86,001	67,115	18,886	9,426	14,408	5.93	1,612
Guyana	4,167	1.73	25,134	19,633	5,501	5,501	4,317	1.78	3,203
Colombia	7,795	3.25	47,017	36,691	10,326	5,154	7,945	3.27	628
Mexico	3,118	1.30	18,807	14,687	4,120	4,120	3,268	1.35	-
Venezuela	3,118	1.30	18,807	14,687	4,120	4,120	3,268	1.35	3,141
Barbados	9,074	3.79	54,732	42,717	12,015	5,999	9,224	3.80	1,070
Belize	2,148	0.90	12,956	10,109	2,847	1,419	2,298	0.95	-
Dominica	859	0.36	5,181	4,047	1,134	1,134	1,009	0.42	286
Grenada	736	0.31	4,439	3,468	971	971	886	0.36	213
St. Lucia	2,148	0.90	12,956	10,109	2,847	1,419	2,298	0.95	360
St. Vincent and the Grenadines	2,148	0.90	12,956	10,109	2,847	1,419	2,298	0.95	97
Antigua and Barbuda	859	0.90	5,181	4,047	1,134	1,134	1,009	0.42	296
St. Kitts and Nevis	859	0.36	5,181	4,047	1,134	1,134	1,009	0.42	255
Anguilla [1/]	182	0.36	1,098	857	241	241			14
Montserrat [1/]	213	0.08	1,285	1,001	284	283	1,504	0.62	-
British Virgin Islands[1/]	213	0.09	1,285	1,001	284	283			-
Cayman Islands [1/]	213	0.09	1,285	1,001	284	283			8
Turks and Caicos Islands [1/]	533	0.22	3,215	2,509	706	354			-
Haiti	875	0.37	5,278	4,120	1,158	1,158	1,025	0.42	-
Sub-total	150,224	62.68	906,112	707,183	198,929	109,474	152,774	62.88	35,953

1/ In accordance with Article 3 of the Agreement establishing the Bank and Board of Governors Resolution No. 4/81, these territories are considered as a single member of the Bank for the purpose of Articles 26 and 32 of the Agreement

(expressed in thousands of United States dollars)

NOTE R – EQUITY*...continued*

Capital*...continued*

	2011						Voting Power		
Member	**No. of Shares**	**% of Total**	**Total subscribed capital**	**Callable Capital**	**Paid-up Capital**	**Sub-scriptions matured**	**No. of votes**	**% of total votes**	**Receivable from members non-negotiable demand notes**
Sub-total	150,224	62.68	$906,112	$707,183	$198,929	$109,474	152,774	62.88	$35,953
Non-Regional States									
Canada	26,004	10.85	156,849	122,408	34,441	17,190	26,154	10.77	-
United Kingdom	26,004	10.85	156,849	122,408	34,441	17,190	26,154	10.77	2,150
Italy	6,235	2.60	37,608	29,375	8.233	8,234	6,385	2.63	711
Germany	15,588	6.51	94,023	73,376	20,647	10,303	15,738	6.48	5,549
China	15,588	6.51	94,023	73,376	20,647	10,303	15,738	6.48	-
	89,419	37.32	$539,352	$420,943	$118,409	$63,220	90,169	37.12	$8,410
Sub-total	239,643	100.00	$1,445,464	$1,128,126	$317,338	$172,694	242,943	100.00	$44,363
Additional subscriptions									
China	-	-	18,804	14,688	4,116	4,116	-	-	-
Colombia	-	-	1,810	905	905	905	-	-	-
Germany	-	-	12,546	9,681	2,865	2,865	-	-	-
Italy	-	-	12,546	9,681	2,865	2,865	-	-	-
Mexico	-	-	6,273	4,841	1,432	1,432	-	-	-
Venezuela	-	-	1,810	905	905	905	-	-	-
Haiti	-	-	2,639	2,060	579	579	-	-	-
Sub-total	-	-	$ 56,428	$ 42,761	$ 13,667	$ 13,667	-	-	-
Total - December 31	**239,643**	**100.00**	**$1,501,892**	**$1,170,887**	**$331,005**	**$186,361**	**242,943**	**100.00**	**$44,363**

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NOTE R – EQUITY *...continued*

Capital*...continued*

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

1/ In accordance with Article 3 of the Agreement establishing the Bank and Board of Governors Resolution No. 4/81, these territories are considered as a single member of the Bank for the purpose of Articles 26 and 32 of the Agreement

(expressed in thousands of United States dollars)

NOTE R – EQUITY *...continued*

Capital*...continued*

	2010								
							Voting Power		
Member	**No. of Shares**	**% of Total**	**Total subscribed capital**	**Callable Capital**	**Paid-up Capital**	**Sub-scriptions matured**	**No. of votes**	**% of total votes**	**Receivable from members non-negotiable demand notes**
Sub-total	90,911	62.25	$548,350	$428,140	$120,210	$91,584	93,461	62.59	$35,933
Non-Regional States									
Canada	26,004	17.81	156,849	122,408	34,441	13,740	26,154	17.52	-
United Kingdom	10,402	7.12	62,742	49,002	13,740	13,740	10,552	7.07	2,150
Italy	6,235	4.27	37,608	29,374	8,234	8,234	6,385	4.28	736
Germany	6,235	4.27	37,608	29,374	8,234	8,234	6,385	4.28	5,549
China	6,235	4.27	37,608	29,374	8,234	8,234	6,385	4.28	-
	55,111	37.75	332,415	259,532	72,883	52,182	55,861	37.41	8,435
Sub-total	146,022	100.00	$880,765	$687,672	$193,093	$143,766	149,322	100.00	$44,368
Additional subscriptions									
China	-	-	18,804	14,688	4,116	4,116	-	-	-
Colombia	-	-	1,810	905	905	905	-	-	-
Germany	-	-	12,546	9,681	2,865	2,865	-	-	-
Italy	-	-	12,546	9,681	2,865	2,865	-	-	-
Mexico	-	-	6,273	4,841	1,432	1,432	-	-	-
Venezuela	-	-	1,810	905	905	905	-	-	-
Haiti	-	-	2,639	2,060	579	579	-	-	-
Sub-total	-	-	$ 56,428	$ 42,761	$ 13,667	$ 13,667	-	-	-
Total - December 31	**146,022**	**100.00**	**$937,193**	**$730,433**	**$206,760**	**$157,433**	**149,322**	**100.00**	**$44,368**

1/ In accordance with Article 3 of the Agreement establishing the Bank and Board of Governors Resolution No. 4/81, these territories are considered as a single member of the Bank for the purpose of Articles 26 and 32 of the Agreement

NOTE R – EQUITY*…continued*

Members' subscriptions

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

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

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

(expressed in thousands of United States dollars)

NOTE R – EQUITY*…continued*

Retained earnings and reserves

Retained earnings and reserves comprise the following elements:

	2011	Restated 2010
Ordinary reserves	$398,551	$370,441
Surplus	11,648	11,648
Unallocated net income	21,535	28,110
Derivative fair value earnings net of cumulative effect of foreign exchange translation	42,007	22,758
Special reserve	6,254	6,254
General banking reserve	7,856	7,856
	$487,851	$447,067

In accordance with Article 39 of the Agreement, the Board of Governors shall determine at least annually the disposition of the net income of the Bank arising from its Ordinary operations. In previous years the net income has been allocated to the Ordinary Reserves of the Bank which may be used, *inter alia*, to meet possible future losses on loans and guarantees made by the Bank in its Ordinary operations and possible future losses from currency devaluations.

Special Reserve

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

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

General banking reserve

Loan loss provisions amounting to $7,856 (2010 - $7,856) are deemed to be a provision for general banking risks and are reported as a general banking reserve.

(expressed in thousands of United States dollars)

NOTE S – INCOME FROM LOANS, INVESTMENTS and cash balances

Income from loans

Income from loans for the years ended December 31, 2011 and 2010 was as follows:

	2011	2010
Interest income	$38,288	$40,223
Other fees	2,294	2,439
Total	$40,582	$42,662

Other financial income and expenses

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

NOTE T – ADMINISTRATIVE EXPENSES

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

Administrative expenses are as follows:

	2011	2010
Staff related	$6,465	$6,508
Professional fees and consultancies	650	579
Travel	508	460
Depreciation	591	607
Other	401	367
Utilities and maintenance	426	428
Training and seminars	235	236
Supplies and printing	67	80
Board of Governors and Directors	191	212
Computer services	400	421
Communications	175	190
Bank charges	41	50
Insurance	33	30
Total administrative expenses	$10,183	$10,168

(expressed in thousands of United States dollars)

NOTE T – ADMINISTRATIVE EXPENSES...*continued*

Staff costs charged to the OCR are as follows:

	2011	**2010**
Salaries and allowances	$4,628	$4,839
Pension costs – hybrid scheme	96	115
Pension costs – defined benefit plan	1,209	1,156
Other benefits	532	398
	$6,465	$6,508

NOTE U – DERIVATIVE FAIR VALUE ADJUSTMENT

Derivative fair value adjustment of ($31,938) (Restated 2010 – $41,332) included in the statement of income comprises:

	2011	**Restated 2010**
Cross currency interest rate swap	$(31,925)	$(41,307)
Maintenance of value on currency holdings	(13)	(25)
	$(31,938)	$(41,332)

NOTE V – RELATED PARTY TRANSACTIONS

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

	2011	**2010**
January 1	$9,476	$16,007
Advances during the year	29,310	23,124
Allocation of administrative expenses	14,773	10,532
Repayments during the year	(45,324)	(40,187)
December 31	$8,235	$9,476

(expressed in thousands of United States dollars)

NOTE V – RELATED PARTY TRANSACTIONS*...continued*

Key management compensation as at December 31 is as follows:

	2011	2010
Key management compensation		
Salaries and allowances	$1,504	$1,616
Post-employment benefits	690	632
	$2,194	$2,248

In 2008, the interest subsidy fund was established by the Board of Directors of the Bank to subsidize part of the interest payments for which certain borrowers are liable on loans to the OCR. During 2011 $431 (2010 - $431) was received from the Other Special Funds in interest on behalf of the borrowers.

NOTE W – COMMITMENTS AND GUARANTEES

At December 31, 2011, CDB had undisbursed loan balances of $229,975 (2010 - $263,088) as well as approved capital expenditure commitments amounting to $1,780 (2010- $2,370) for the 2011 financial year. Of the amounts previously approved $839 (2010 - $478) had been committed at December 31, 2011.

CDB has provided a partial guarantee of a loan made by another financial institution. Guarantee, in support of a bond issuance, is for the payment of no more than two debt service payments on a rolling and non-accelerable basis. The payment cannot exceed the equivalent of $8,300 in any one year. This amount represents the maximum potential amount of undiscounted future payments that CDB could be required to make under the guarantee, and is not included in the Balance Sheet. The guarantee has a maturity of 12 years, and will expire in 2020. In September 2011, one debt service payment amounting to $4,100 was called.

At its two-hundredth and forty ninth meeting held on December 8, 2011, CDB issued another guarantee in an amount not exceeding the equivalent of $12,000 with respect to the Bonds to be issued by the Government of St. Kitts and Nevis.

CARIBBEAN DEVELOPMENT BANK

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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors Caribbean Development Bank

We have audited the accompanying financial statements of the **Special Development Fund** of the **Caribbean Development Bank** (the Bank) which comprise the statement of financial position as at 31 December 2011, statement of comprehensive income and accumulated net income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared using the basis of accounting described in Note A.

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

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

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

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

Opinion
In our opinion, these financial statements of the Special Development Fund of the Bank for the year ended 31 December 2011 are prepared, in all material respects, in accordance with the basis of accounting set out in Note A.

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

Ernst & Young

Chartered Accountants
7 March 2012
Barbados

A member firm of Ernst & Young Global Limited

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF FINANCIAL POSITION
As of December 31, 2011

(expressed in thousands of United States dollars)

	2011			2010		
	Unified	**Other**	**Total**	**Unified**	**Other**	**Total**
Assets						
Cash and cash equivalents – Note A	**$33,646**	**$23,548**	**$57,194**	$57,660	$11,259	$68,919
Investments – at fair value through profit and loss (Schedule 1)	**240,828**	**36,599**	**277,427**	202,615	54,340	256,955
Loans (Schedule 2)	**448,451**	**20,570**	**469,021**	431,044	21,453	452,497
Receivables – other						
Accounts receivable including interfund receivables	**1**	**-**	**1**	1	-	1
	$722,926	**$80,717**	**$803,643**	$691,320	$87,052	$778,372
Receivable from contributors						
Non-negotiable demand notes (Schedule 3)	**59,247**	**-**	**59,247**	62,917	-	62,917
Contribution in arrears	**12,287**	**-**	**12,287**	11,867	-	11,867
	71,534	**-**	**71,534**	74,784	-	74,784
Total assets	**$794,460**	**$80,717**	**$875,177**	$766,104	$87,052	$853,156
Liabilities and Funds						
Liabilities						
Accounts payable including interfund payables	**70,763**	**939**	**71,702**	65,371	953	66,324
Accrued charges on contributions	**-**	**9**	**9**	-	12	12
	$70,763	**$948**	**$71,711**	$65,371	$965	$66,336

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

STATEMENT OF FINANCIAL POSITION
As of December 31, 2011

(expressed in thousands of United States dollars)

	2011			2010		
	Unified	**Other**	**Total**	**Unified**	**Other**	**Total**
Funds						
Contributed resources (Schedule 3)						
Contributions	**$970,353**	**$43,786**	**$1,014,139**	$979,672	$44,907	$1,024,579
Less amounts not yet made available	**(54,006)**	**-**	**(54,006)**	(111,261)	-	(111,261)
Amounts made available	**916,347**	**43,786**	**960,133**	868,411	44,907	913,318
Allocation to technical assistance and grant resources	**(320,950)**	**(2,266)**	**(323,216)**	(286,300)	(2,266)	(288,566)
	595,397	**41,520**	**636,917**	582,111	42,641	624,752
Accumulated net income (Schedule 4)	**41,832**	**37,343**	**79,175**	40,957	42,540	83,497
Technical assistance and grant resources – Note E	**86,468**	**906**	**87,374**	77,665	906	78,571
	$723,697	**$79,769**	**$803,466**	$700,733	$86,087	$786,820
Total liabilities and funds	**$794,460**	**$80,717**	**$875,177**	$766,104	$87,052	$853,156

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF COMPREHENSIVE INCOME AND ACCUMULATED NET INCOME
For the year ended December 31, 2011

(expressed in thousands of United States dollars)

	2011			2010		
	Unified	**Other**	**Total**	**Unified**	**Other**	**Total**
Income						
From loans	**$10,054**	**$488**	**$10,542**	$9,502	$512	$10,014
From investments and cash balances	**3,434**	**959**	**4,393**	2,840	805	3,645
Gross income	**13,488**	**1,447**	**14,935**	12,342	1,317	13,659
Expenses						
Administrative expenses	**12,260**	**1,046**	**13,306**	11,574	939	12,513
Charges on contributions	**-**	**86**	**86**	-	116	116
Exchange	**353**	**(388)**	**(35)**	(1,923)	(421)	(2,344)
Total expenses	**12,613**	**744**	**13,357**	9,651	634	10,285
Net income and total comprehensive income for the year	**$875**	**$703**	**$1,578**	$2,691	$683	$3,374

Accumulated net income and total comprehensive income

Accumulated net income and total comprehensive income – beginning of year	**$40,957**	**$42,540**	**$83,497**	$38,266	$42,757	$81,023
Appropriations for technical assistance	**-**	**(5,900)**	**(5,900)**	-	(900)	(900)
Net income and total comprehensive income for the year	**875**	**703**	**1,578**	2,691	683	3,374
Accumulated net income and total comprehensive income– end of year	**$41,832**	**$37,343**	**$79,175**	$40,957	$42,540	$83,497

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

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

STATEMENT OF CASH FLOWS
For the year ended December 31, 2011

(expressed in thousands of United States dollars)

	2011		2010
Operating activities			
Net income for the year		**$875**	$2,691
Adjustments for non-cash items			
Unrealized gain on trading portfolio	**654**		900
Interest income	**(13,488)**		(12,342)
Total cash flows used in operating activities before changes in operating assets and liabilities		**(12,834)**	(8,751)
Changes in operating assets and liabilities:			
Increase in accounts receivable	**-**		(1)
Increase in accounts payable	**5,392**		4,717
Cash used in operating activities		**(7,442)**	(4,035)
Disbursements on loans		**(35,266)**	(34,570)
Principal repayments to the Bank on loans		**18,017**	16,471
Interest received		**13,512**	12,570
Net (increase)/decrease in trading securities		**(39,049)**	3,353
Technical assistance disbursements		**(14,332)**	(12,078)
Net cash used in operating activities		**(63,685)**	(18,289)
Financing activities			
Contributions			
Increase in contributions for loans	**13,585**		26,893
Decrease/(increase) in receivables from contributors	**3,250**		(11,504)
Technical assistance allocation	**23,135**		23,274
Net cash provided by financing activities		**39,970**	38,663
Net (decrease)/increase in cash and cash equivalents		**(23,715)**	20,374
Net foreign exchange difference		**(299)**	(1,359)
Cash and cash equivalents at beginning of year		**57,660**	38,645
Cash and cash equivalents at end of year		**33,646**	$57,660

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (OTHER)
STATEMENT OF CASH FLOWS
For the year ended December 31, 2011

(expressed in thousands of United States dollars)

	2011		2010
Operating activities			
Net income for the year		**$703**	$683
Adjustments for non-cash items			
Unrealized loss on trading portfolio	**26**		371
Interest income	**(1,447)**		(1,317)
Interest expense	**86**		116
Total cash flows from operating activities before changes in operating assets and liabilities		**(1,335)**	(147)
Decrease in accounts payable	**(14)**		(355)
Cash used in operating activities		**(1,349)**	(502)
Disbursements on loans		**(376)**	(180)
Principal repayments to the Bank on loans		**1,254**	971
Interest received		**1,757**	1,365
Interest paid		**(89)**	(119)
Net decrease in trading securities		**17,410**	4,072
Net cash provided by operating activities		**19,310**	5,607
Financing activities:			
Contributions			
Repayments of contributions	**(1,017)**		
Net cash used in financing activities		**(1,017)**	(987)
Appropriations of accumulated net income		**(5,900)**	(900)
Net increase in cash and cash equivalents		**12,393**	3,720
Net foreign exchange difference		**(104)**	218
Cash and cash equivalents at beginning of year		**11,259**	7,321
Cash and cash equivalents at end of year		**$23,548**	$11,259

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUND RESOURCES – SPECIAL DEVELOPMENT FUND
SUMMARY STATEMENT OF INVESTMENTS
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 1

	2011 Market value			2010 Market value		
	Unified	**Other**	**Total**	**Unified**	**Other**	**Total**
Government and Agency Obligations	**$165,054**	**$29,115**	**$194,169**	$155,892	$41,228	$197,120
Supranationals	**50,778**	**5,761**	**56,539**	10,429	2,763	13,192
Euro Commercial Paper	**23,822**	**1,495**	**25,317**	34,938	9,816	44,754
Sub-total	**239,654**	**36,371**	**276,025**	201,259	53,807	255,066
Accrued interest	**1,174**	**228**	**1,402**	1,356	533	1,889
Total	**$240,828**	**$36,599**	**$277,427**	$202,615	$54,340	$256,955

Residual term to contractual maturity

	2011	**2010**
One month to three months	**$37,943**	$67,937
Over three months to one year	**58,479**	32,034
From one year to five years	**142,244**	115,436
From five years to ten years	**38,761**	41,548
Total	**$277,427**	$256,955

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (UNIFIED)
SUMMARY STATEMENT OF LOANS
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 2

2011					
Member countries in which loans have been made	**Loans approved but not yet effective**	**Principal repaid to Bank**	**Undis-bursed**	**Out-standing** [1/]	**% of total loans out-standing**
Anguilla	$695	$6,035	$19	$3,593	0.8
Antigua and Barbuda	-	7,531	1,123	3,103	0.7
Bahamas	-	1,619	-	-	-
Barbados	-	5,224	-	500	0.1
Belize	-	25,270	15,252	38,734	8.7
British Virgin Islands	-	8,909	300	1,800	0.4
Cayman Islands	-	4,161	-	-	-
Dominica	10,300	28,786	10,450	50,142	11.2
Grenada	6,580	25,766	15,736	66,094	14.8
Guyana	-	24,101	15,368	100,904	22.6
Jamaica	-	35,054	50,765	64,700	14.5
Montserrat	-	5,055	2,500	2,877	0.7
St. Kitts and Nevis	17,760	20,886	3,146	35,181	7.9
St. Lucia	7,233	25,557	31,723	37,906	8.5
St. Vincent and the Grenadines	14,550	23,864	5,432	30,079	6.8
Trinidad and Tobago	1,000	4,218	-	-	-
Turks and Caicos Islands	-	5,374	1,051	6,390	1.4
Regional	-	5,028	-	3,919	0.9
Sub-total	58,118	262,438	152,865	445,922	100.0
Accrued interest	-	-	-	2,529	
Total – December 31	**$58,118**	**$262,438**	**$152,865**	**$448,451**	

1/ There are no overdue installments of principal (2010 - nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (UNIFIED)
SUMMARY STATEMENT OF LOANS*...continued*
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 2

			2010		
Member countries in which loans have been made	**Loans approved but not yet effective**	**Principal repaid to Bank**	**Undis- bursed**	**Out- standing 1/**	**% of total loans out- standing**
Anguilla	$695	$5,679	$300	$3,670	0.9
Antigua and Barbuda	-	7,335	1,123	3,362	0.8
Bahamas	-	1,622	-	-	-
Barbados	-	5,233	-	500	0.1
Belize	8,181	23,349	9,432	37,255	8.7
British Virgin Islands	-	8,765	300	1,946	0.5
Cayman Islands	-	4,213	65	-	-
Dominica	1,714	27,445	13,815	46,465	10.8
Grenada	2,000	24,378	15,523	65,039	15.2
Guyana	10,542	21,646	9,686	96,802	22.6
Jamaica	-	31,578	66,751	53,296	12.4
Montserrat	-	4,870	-	3,063	0.7
St. Kitts and Nevis	1,408	19,059	1,534	36,469	8.5
St. Lucia	-	23,356	21,077	39,797	9.3
St. Vincent & the Grenadines	-	22,385	5,441	30,119	7.0
Trinidad & Tobago	1,000	4,218	-	-	-
Turks & Caicos Islands	-	4,994	1,079	6,793	1.6
Regional	-	4,871	-	4,097	1.0
Sub-total	25,540	244,996	146,126	428,673	100.0
Accrued interest	-	-	-	2,371	
Total – December 31	**$25,540**	**$244,996**	**$146,126**	**$431,044**	

1/ There were no overdue installments of principal (2009 - $28).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND (OTHER)
SUMMARY STATEMENT OF LOANS*…continued*
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 2

2011

Member countries in which loans have been made	Principal repaid to Bank	Undis-bursed	Out-standing 1/	% of total loans out-standing
Anguilla	$1,430	$ -	$ -	-
Antigua and Barbuda	3,256	-	494	2.4
Bahamas	773	-	-	-
Barbados	1,614	-	-	-
Belize	19,590	-	8,128	39.7
British Virgin Islands	4,376	-	152	0.7
Cayman Islands	609	-	-	-
Dominica	11,852	-	2,063	10.1
Grenada	4,706	-	168	0.8
Guyana	22	-	-	-
Jamaica	5,019	-	1,852	9.1
Montserrat	786	-	-	-
St. Kitts and Nevis	6,070	144	5,665	27.7
St. Lucia	20,794	477	607	3.0
St. Vincent and the Grenadines	11,022	-	1,321	6.5
Turks and Caicos Islands	1,535	-	-	-
Regional	2,518	-	-	-
Sub-total	95,972	621	20,450	100.0
Accrued interest	-	-	120	
Total – December 31	**$95,972**	**$621**	**$20,570**	

1/ There were no overdue installments of principal (2010 - nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
SUMMARY STATEMENT OF LOANS...*continued*
December 31, 2011

(expressed in thousands of United States dollars)

2010

Member countries in which loans have been made	**Principal repaid to Bank**	**Undis-bursed**	**Out-standing** 1/	**% of total loans out-standing**
Anguilla	$1,440	$ -	$ -	-
Antigua and Barbuda	3,266	-	522	2.4
Bahamas	773	-	-	-
Barbados	1,616	-	-	-
Belize	19,231	-	8,574	40.2
British Virgin Islands	4,416	-	198	0.9
Cayman Islands	621	-	-	-
Dominica	11,995	-	2,128	10.0
Grenada	4,789	-	168	0.8
Guyana	22	-	-	-
Jamaica	4,868	-	2,003	9.4
Montserrat	787	-	-	-
St. Kitts and Nevis	5,802	519	5,585	26.2
St. Lucia	20,837	477	778	3.7
St. Vincent and the Grenadines	10,976	-	1,372	6.4
Turks and Caicos Islands	1,543	-	-	-
Regional	2,519	-	-	-
Sub-total	95,501	996	21,328	100.0
Accrued interest	-	-	125	
Total – December 31	**$95,501**	**$996**	**$21,453**	

1/ There were no overdue installments of principal (2009 – $28).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
SUMMARY STATEMENT OF LOANS...*continued*
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 2

	2011				
Analysis by Contributor	**Loans approved but not yet effective**	**Principal repaid to Bank**	**Undis-bursed**	**Out-standing** [1/]	**% of total loans out-standing**
Special Development Fund - Unified					
Members/Contributors	$58,118	$262,438	$152,964	$445,922	100.00
Accrued interest	-	-	-	2,529	
Total SDF – (Unified)	**$58,118**	**$262,438**	**$152,964**	**$448,451**	
Members					
Colombia	$ -	$8,214	$ -	$319	1.6
Germany	-	18,593	-	122	0.6
Mexico	-	6,564	-	2,251	11.0
Venezuela	-	34,449	621	17,727	86.6
	-	67,820	621	20,419	99.8
Other contributors					
Sweden	-	5,319	-	31	0.2
United States of America	-	22,833	-	-	-
	-	28,152	-	31	100.0
Sub-total	-	95,972	621	20,450	
Accrued interest	-	-	-	120	
Total – SDF (Other)	**-**	**$95,972**	**$621**	**$20,570**	
Total SDF – December 31	**$58,118**	**$358,410**	**$153,585**	**$469,021**	

1/There were no overdue installments of principal (2010- nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
SUMMARY STATEMENT OF LOANS...*continued*
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 2

	2010				
Analysis by Contributor	**Loans approved but not yet effective**	**Principal repaid to Bank**	**Undis-bursed**	**Out-standing 1/**	**% of total loans out-standing**
Special Development Fund - Unified					
Members/Contributors	$25,540	$244,996	$146,126	$428,673	100.00
Accrued interest	-	-	-	2,371	
Total SDF – (Unified)	**$25,540**	**$244,996**	**$146,126**	**$431,044**	
Members					
Colombia	$ -	$8,150	$ -	$383	1.8
Germany	-	19,230	-	122	0.6
Mexico	-	6,433	-	2,382	11.2
Venezuela	-	33,389	996	18,410	86.3
	-	67,202	996	21,297	99.9
Other contributors					
Sweden	-	5,466	-	31	0.1
United States of America	-	22,833	-	-	-
	-	28,299	-	31	100.0
Sub-total	-	95,501	996	21,328	
Accrued interest	-	-	-	125	
Total – SDF (Other)	**-**	**$95,501**	**$996**	**$21,453**	
Total SDF – December 31	**$25,540**	**$340,497**	**$147,122**	**$452,497**	

1/There were no overdue installments of principal (2009 - $28).

.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
SUMMARY STATEMENT OF LOANS...*continued*
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 2

	2011					
Currencies Receivable	**Loans out-standing 2010**	**Net interest earned**	**Disburse-ments**	**Sub-total**	**Repay-ments**	**Loans out-standing 2011**
(a) Special Development Fund - Unified						
United States dollars	$428,673	$ -	$35,266	$463,939	$(18,017)	$445,922
Accrued interest	2,371	158	-	2,529	-	2,529
Total – December 31	**$431,044**	**$158**	**$35,266**	**$466,468**	**$(18,017)**	**$448,451**
(b) Special Development Fund - Other						
United States dollars	$22,328	$ -	$376	$21,704	$ (1,254)	$20,450
Accrued interest[1]	125	(5)	-	120	-	120
Total – December 31	**$21,453**	**$(5)**	**$376**	**$21,824**	**$(1,254)**	**$20,570**

Maturity structure of loans outstanding

January 1, 2012 to December 31, 2012	$23,178
January 1, 2013 to December 31, 2013	21,090
January 1, 2014 to December 31, 2014	22,675
January 1, 2015 to December 31, 2015	25,185
January 1, 2016 to December 31, 2016	25,848
January 1, 2017 to December 31, 2021	124,709
January 1, 2022 to December 31, 2026	102,302
January 1, 2027 to December 31, 2031	80,230
January 1, 2032 to December 31, 2042	43,804
Total	**$469,021**

1/Relates to amounts disbursed and outstanding.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
SUMMARY STATEMENT OF LOANS*…continued*
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 2

	2010					
Currencies Receivable	**Loans out-standing 2009**	**Net interest earned**	**Disburse-ments**	**Sub-total**	**Repay-ments**	**Loans out-standing 2010**
(c) Special Development Fund - Unified						
United States dollars	$410,574	$ -	$34,570	$445,144	$(16,471)	$428,673
Accrued interest[1]	2,361	10	-	2,371	-	2,371
Total – December 31	**$412,935**	**$10**	**$34,570**	**$447,515**	**$(16,471)**	**$431,044**
(d) Special Development Fund - Other						
United States dollars	$22,119	$ -	$180	$22,299	$ (971)	$21,328
Accrued interest	129	(4)	-	125	-	125
Total – December 31	**$22,248**	**$(4)**	**$180**	**$22,424**	**$(971)**	**$21,453**

Maturity structure of loans outstanding

January 1, 2011 to December 31, 2011	$21,719
January 1, 2012 to December 31, 2012	20,191
January 1, 2013 to December 31, 2013	20,638
January 1, 2014 to December 31, 2014	22,111
January 1, 2015 to December 31, 2015	24,442
January 1, 2016 to December 31, 2020	119,102
January 1, 2021 to December 31, 2025	96,222
January 1, 2026 to December 31, 2030	79,293
January 1, 2031 to December 31, 2042	48,779
TOTAL	**$452,497**

1/Relates to amounts disbursed and outstanding.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 3

Contributors	Total approved 1/	Approved but not yet effective 2/	Total contribution agreed	Amounts not yet made available	Amounts made available	Receivable from members non-negotiable demand notes
	2011					
Special Development Fund – Unified						
Members						
Trinidad and Tobago	$35,384	$-	$35,384	$2,546	$32,838	$9,057
Bahamas	19,809	-	19,809	4,249	15,560	6,931
Barbados	19,805	-	19,805	-	19,805	4,249
Jamaica	33,204	-	33,204	2,546	30,658	5,728
Guyana	19,810	-	19,810	1,416	18,394	-
Antigua and Barbuda	2,257	605	1,652	-	1,652	32
Belize	5,134	-	5,134	349	4,785	1,595
Dominica	4,873	-	4,873	348	4,525	2,047
St. Kitts and Nevis	5,135	-	5,135	349	4,786	2,145
St. Lucia	5,134	-	5,134	348	4,786	1,595
St. Vincent and the Grenadines	5,146	-	5,146	348	4,798	1,797
Grenada	3,345	-	3,345	-	3,345	2,712
Montserrat	2,045	605	1,440	-	1,440	-
British Virgin Islands	2,045	-	2,045	151	1,894	-
Turks and Caicos Islands	2,045	605	1,440	-	1,440	-
Cayman Islands	1,945	605	1,340	-	1,340	-
Anguilla	2,045	-	2,045	151	1,894	1,051
Colombia	27,133	3,600	23,533	-	23,533	-
Venezuela	21,982	-	21,982	900	21,082	-
Canada	264,765	-	264,765	17,458	247,307	-
United Kingdom	214,350	-	214,350	17,457	196,893	13,683
Germany	81,950	-	81,950	3,139	78,811	6,625
Italy	64,101	7,083	57,018	-	57,018	-
China	41,298	-	41,298	2,024	39,274	-
Haiti	1,560	-	1,560	227	1,333	-
Mexico	17,000	3,000	14,000	-	14,000	-
	903,300	16,103	887,197	54,006	833,191	59,247
Other contributors						
France	58,254	-	58,254	-	58,254	-
Netherlands	24,902	-	24,902	-	24,902	-
	986,456	16,103	970,353	54,006	916,347	59,247
Technical assistance allocation	(320,950)	-	(320,950)	-	(320,950)	-
Sub-total	$665,506	$16,103	$649,403	$54,006	$595,397	$59,247

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES…*continued*
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 3

Contributors	2011 Total approved 1/	Approved but not yet effective 2/	Total contribution agreed	Amounts not yet made available	Amounts made available	Receivable from members non-negotiable demand notes
Sub-total b/fwd	$665,506	$16,103	$649,403	$54,006	$595,397	$59,247
Special Development Fund – Other						
Members						
Colombia	5,000	-	5,000	-	5,000	-
Mexico [3/]	13,067	-	13,067	-	13,067	-
Venezuela	17,474	-	17,474	-	17,474	-
	35,541	-	35,541	-	35,541	-
Other contributors						
Sweden	3,769	-	3,769	-	3,769	-
United States of America[4/]	2,210	-	2,210	-	2,210	-
	5,979	-	5,979	-	5,979	-
Sub-total	41,520	-	41,520	-	41,520	-
Total – SDF	**$707,026**	**$16,103**	**$690,923**	**$54,006**	**$636,917**	**$59,247**
Summary						
Members	617,891	16,103	601,788	54,006	547,782	59,247
Other contributors	89,135	-	89,135	-	89,135	-
Total – SDF	**$707,026**	**$16,103**	**$690,923**	**$54,006**	**$636,917**	**$59,247**

1/Net of repayments

2/Contributions not yet firmly pledged by Governments

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

4/Contribution with fixed repayment dates

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES…*continued*
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 3

	2010					
Contributors	**Total approved** 1/	**Approved but not yet effective** 2/	**Total contribution agreed**	**Amounts not yet made available**	**Amounts made available**	**Receivable from members non-negotiable demand notes**
Special Development Fund - Unified						
Members						
Trinidad and Tobago	$35,384	$-	$35,384	$3,564	$31,820	$9,057
Bahamas	19,809	-	19,809	4,249	15,560	6,931
Barbados	19,805	-	19,805	-	19,805	6,015
Jamaica	33,204	-	33,204	5,092	28,112	7,569
Guyana	22,642	-	22,642	5,665	16,977	-
Antigua and Barbuda	2,257	605	1,652	-	1,652	32
Belize	5,134	-	5,134	697	4,437	1,246
Dominica	5,228	-	5,228	1,051	4,177	1,350
St. Kitts and Nevis	5,134	-	5,134	697	4,437	1,797
St. Lucia	5,134	-	5,134	697	4,437	1,247
St. Vincent and the Grenadines	5,147	-	5,147	697	4,450	1,797
Grenada	3,345	-	3,345	-	3,345	2,712
Montserrat	2,045	605	1,440	-	1,440	-
British Virgin Islands	2,045	-	2,045	302	1,743	169
Turks and Caicos Islands	2,045	605	1,440	-	1,440	-
Cayman Islands	1,945	605	1,340	-	1,340	-
Anguilla	2,197	-	2,197	454	1,743	1,051
Colombia	27,133	3,600	23,533	-	23,533	-
Venezuela	21,982	-	21,982	1,800	20,182	-
Canada	264,302	-	264,302	34,915	229,387	-
United Kingdom	216,725	-	216,725	34,915	181,810	13,721
Germany	83,928	-	83,928	9,417	74,511	8,223
Italy	64,101	7,083	57,018	-	57,018	-
China	41,298	-	41,298	4,049	37,249	-
Haiti	1,560	910	650	-	650	-
Mexico	20,000	3,000	17,000	3,000	14,000	-
	913,529	17,013	896,516	111,261	785,255	62,917
Other contributors						
France	58,254	-	58,254	-	58,254	-
Netherlands	24,902	-	24,902	-	24,902	-
	996,685	17,013	979,672	111,261	868,411	62,917
Technical assistance allocation	(286,300)	-	(286,300)	-	(286,300)	-
Sub-total	$710,385	$17,013	$693,372	$111,261	$582,111	$62,917

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES…*continued*
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 3

	2010					
Contributors	**Total approved** 1/	**Approved but not yet effective** 2/	**Total contribution agreed**	**Amounts not yet made available**	**Amounts made available**	**Receivable from members non-negotiable demand notes**
Sub-total b/fwd	$710,385	$17,013	$693,372	$111,261	$582,111	$62,917
Special Development Fund – Other						
Members						
Colombia	5,000	-	5,000	-	5,000	-
Mexico [3/]	13,067	-	13,067	-	13,067	-
Venezuela	17,474	-	17,474	-	17,474	-
	35,541	-	35,541	-	35,541	-
Other contributors						
Sweden	3,873	-	3,873	-	3,873	-
United States of America[4/]	3,227	-	3,227	-	3,227	-
	7,100	-	7,100	-	7,100	-
Sub-total	42,641	-	42,641	-	42,641	-
Total – SDF	**$753,026**	**$17,013**	**$736,013**	**$111,261**	**$624,752**	**$62,917**
Summary						
Members	662,770	17,013	645,757	111,261	534,496	62,917
Other contributors	90,256	-	90,256	-	90,256	-
Total – SDF	**$753,026**	**$17,013**	**$736,013**	**$111,261**	**$624,752**	**$62,917**

1/Net of repayments

2/Contributions not yet firmly pledged by Governments

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

4/ Contribution with fixed repayment dates

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES*...continued*
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 3

	2011					
Currencies	**Amounts made available 2010**	**Trans- lation adjust- ment**	**Draw- downs/ Appro- priations from Capital 1/**	**Sub- total**	**Repay- ments**	**Amounts made available 2011**
(a) Special Development Fund – Unified						
Canadian dollars	$185	-	$(185)	$ -	$ -	$ -
Euros	8,552	(272)	(1,652)	6,628	-	6,628
Pounds sterling	9,070	(27)	4,640	13,683	-	13,683
United States dollars	564,304	-	10,782	575,086	-	575,086
Total – December 31	**$582,111**	**$(299)**	**$13,585**	**$595,397**	**-**	**$595.397**
(b) Special Development Fund – Other						
Swedish kroners	3,874	(104)	-	3,770	-	3,770
United States dollars	38,767	-	-	38,767	(1,017)	37,750
Total – December 31	**$42,641**	**$(104)**	-	**$42,537**	**$(1,017)**	**$41,520**

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

Maturity structure of repayable contributions outstanding*

January 1, 2012 to December 31, 2012	$1,047
January 1, 2013 to December 31, 2013	577
January 1, 2014 to December 31, 2014	586
TOTAL	$2,210

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF CONTRIBUTED RESOURCES…*continued*
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 3

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Currencies	2010 Amounts made available 2009	Translation adjustment	Drawdowns/ Appropriations from Capital 1/	Subtotal	Repayments	Amounts made available 2010
(c) Special Development Fund – Unified						
Canadian dollars	$ 176	$ 9	$ -	$ 185	$-	$185
Euros	14,877	(1,064)	(5,261)	8,552	-	8,552
Pounds sterling	7,056	(304)	2,318	9,070	-	9,070
United States dollars	534,468	-	29,836	564,304	-	564,304
Total – December 31	**$556,577**	**$(1,359)**	**$26,893**	**$582,111**	**$-**	**$582,111**
(d) Special Development Fund – Other						
Swedish kroners	$ 3,656	218	-	3,874	-	3,874
United States dollars	39,754	-	-	39,754	(987)	38,767
Total – December 31	**$43,410**	**$218**	-	**$43,628**	**$(987)**	**$42,641**

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

Maturity structure of repayable contributions outstanding*

January 1, 2011 to December 31, 2011	$1,017
January 1, 2012 to December 31, 2012	1,047
January 1, 2013 to December 31, 2013	577
January 1, 2014 to December 31, 2014	586
TOTAL	$3,227

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF ACCUMULATED NET INCOME
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 4

	2011			
Contributors	**Brought forward 2010**	**Net income 2011**	**Appro-priations**	**Carried forward 2011**
Special Development Fund – Unified	$40,957	$875	$ -	$41,832
Special Development Fund – Other				
Members				
Colombia	$2,327	$50	$ -	$2,377
Germany	(674)	(108)	-	(782)
Mexico	7,082	8	-	7,090
Venezuela	15,901	(6)	(900)	14,995
	24,636	(56)	(900)	23,680
Other contributors				
Sweden	6,876	702	(5,000)	2,578
United States of America	11,028	57	-	11,085
	17,904	759	(5,000)	13,663
	42,540	703	(5,900)	37,343
Total SDF	$83,497	$1,578	$(5,900)	$79,175
Summary				
Members	$65,593	$819	$(900)	65,512
Other contributors	17,904	759	(5,000)	13,663
Total SDF – December 31	**$83,497**	**$1,578**	**$(5,900)**	**$79,175**

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND
STATEMENT OF ACCUMULATED NET INCOME…*continued*
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 4

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

A. Nature of operations and summary of significant accounting policies

Nature of operations

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

Summary of significant accounting policies

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

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

Translation of currencies

The financial statements are expressed in United States dollars solely for the purpose of summarizing the SDF's financial position and the results of its operations.

Assets and liabilities in currencies other than United States dollars are translated into United States dollars either at the par values established for those currencies with the International Monetary Fund, or where no par values are maintained, at rates which have been determined by the Bank to be appropriate for translation. In general, the rates so determined will be the approximate market rates of exchange prevailing at the dates of the financial statements.

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

Investments

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

(expressed in thousands of United States dollars)

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

Investments*...continued*

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

Loans

Loans and receivables are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest rate method less any impairment. Interest income is recognized by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

All loans by the Fund are made either from currencies available from members' subscriptions or from currencies borrowed and the principal amounts are repayable to the Fund in the currencies lent. The balances outstanding on loans to members and their agencies are secured by guarantees of the Governments of the member countries in which the loans are made.

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

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

Cash and cash equivalents

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

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

	SDF Unified		SDF Other	
	2011	**2010**	**2011**	**2010**
Due from banks	$ 19	$ 7,063	$16,007	$5,396
Time deposits	33,627	50,597	7,541	5,863
Cash and cash equivalents	$33,646	$57,660	$23,548	$11,259

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

Technical assistance and grants

Technical assistance and grants for capital projects to borrowing member countries are provided either from grants received from contributors or from other resources specifically allocated for this purpose. The contributions from donors are included in the financial statements from the date of the contribution agreement. Technical assistance is recognized when the project is approved and becomes effective.

Interest income and charges on contributions

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

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

Administrative expenses

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

B. Investments

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

The annualized rate of return on the average investments held during the year, including realized and unrealized gains and losses was 1.35% (2010 – 1.22%). Net realized gain on investments traded during 2011 totalled $913 (2010 – $42) while net unrealized losses totalled $680 (2010 - $1,270).

C. Funds

In accordance with the Agreement establishing the Bank (the Agreement), Special Funds Resources comprise the Special Development Fund and Other Special Funds established or administered by the Bank, including technical assistance and other grant resources contributed on a non-reimbursable basis. The Special Development Fund was established to receive contributions or loans which may be used to make or guarantee loans of high developmental priority, with longer maturities, longer deferred commencement of repayment and lower interest rates than those determined by the Bank for its Ordinary Operations. As a result of Rules adopted by the Bank in May 1983 for the Special Development Fund, contributions to the Special Development Fund currently comprise funds made available to the Bank under the rules applicable to the old Special Development Fund (referred to herein as “Other”) and shown separately from funds made available to the Bank from the Unified SDF (referred to herein as “Unified”).

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

(i) Special Development Fund – Unified

	2011	**2010**
Contributions (as per Schedule 3)	**$595,397**	**$582,111**

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

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

(ii) Special Development Fund - Other

	2011	**2010**
Colombia	**$5,000**	$5,000

The contribution is interest-free and was not repayable before 2000. The agreement with the contributor provides that not less than 5% or more than 10% of the contribution may be used for technical assistance. To date $39 (2010 - $39) has been incurred on technical assistance and has been charged against the income from the contribution.

(expressed in thousands of United States dollars)

C. Funds*...continued*

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

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

	2011	2010
Mexico		
First contribution	**$7,000**	$7,000
Less technical assistance	**(2,266)**	(2,266)
	4,734	4,734
Second contribution	**5,000**	5,000
Third contribution	**3,333**	3,333
	$13,067	$13,067
Technical assistance resources	**$2,266**	$2,266

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

	2011	2010
Venezuela		
First contribution	**$10,000**	$10,000
Less technical assistance	**(176)**	(176)
	9,824	9,824
Second contribution	**7,650**	7,650
	$17,474	$17,474

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

(expressed in thousands of United States dollars)

C. Funds*...continued*

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

	2011	2010
Sweden	**$3,769**	$3,873

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

	2011	2010
United States of America		
First contribution	**$10,000**	$10,000
Less repayments	**(9,508)**	(9,031)
	492	969
Second contribution	**12,000**	12,000
Less repayments	**(10,282)**	(9,742)
	1,718	2,258
	$2,210	$3,227

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

D. Accumulated net income and net income for the year

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

E. Technical assistance and grant resources

In accordance with paragraph 4.9.2 of the Rules for the Special Development Fund, allocations/appropriations of income and capital of the Fund may be made for the purpose of the Bank's technical assistance and grant operations. The movements (expressed in thousands of United States dollars) during the years ended December 31, 2011 and 2010 were as follows:

Balance at January 1, 2010	$67,375
Allocations for the year	23,274
Expenditure for the year	(12,078)
Balance at December 31, 2010	78,571
Allocations for the year	23,135
Expenditure for the year	(14,332)
Balance at December 31, 2011	**$87,374**

F. Loans

The average interest rate earned on loans outstanding was 2.32% (2010 -2.30%). There were no impaired loans at December 31, 2011 and 2010.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors Caribbean Development Bank

We have audited the accompanying financial statements of the **Other Special Funds** of the **Caribbean Development Bank** (the Bank) which comprise the statement of financial position as of 31 December 2011, statement of comprehensive income and accumulated net income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. These financial statements have been prepared using the basis of accounting described in Note A.

Management's responsibility for the special purpose financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, these financial statements of the Other Special Funds of the Bank for the year ended 31 December 2011 are prepared, in all material respects, in accordance with the basis of accounting described in Note A.

Basis of accounting

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

Ernst & Young

Chartered Accountants
7 March 2012
Barbados

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

STATEMENT OF FINANCIAL POSITION
As of December 31, 2011

(expressed in thousands of United States dollars)

	2011	2010
Assets		
Cash and cash equivalents – Note A	**$7,575**	$11,124
Investments at fair value through profit and loss (Schedule 1)	**65,809**	72,418
Loans (Schedule 2)	**125,083**	118,010
Receivables – other		
Accounts receivable – Note F	**69,209**	63,607
Total assets	**$267,676**	$265,159
Liabilities and Funds		
Liabilities		
Accounts payable including interfund payables – Note G	**$8,949**	$8,843
Accrued charges on contributions	**226**	241
	9,175	9,084
Funds		
Contributed resources (Schedule 3)		
Contributions	**79,541**	78,107
Amounts made available	**79,541**	78,107
Accumulated net income (Schedule 4)	**48,903**	48,392
	128,444	126,499
Technical assistance and other grant resources (Schedule 5)	**130,057**	129,576
Total liabilities and funds	**$267,676**	$265,159

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

STATEMENT OF COMPREHENSIVE INCOME AND ACCUMULATED NET INCOME
For the year ended December 31, 2011

(expressed in thousands of United States dollars)

	2011	2010
Income		
From loans	**$2,555**	$2,437
From investments and cash balances	**259**	4,201
	2,814	6,638
Expenses		
Administrative expenses	**1,459**	1,652
Charges on contributions	**939**	962
Exchange	**(95)**	78
Total expenses	**2,303**	2,692
Net income and total comprehensive income for the year	**$511**	$3,946

Accumulated net income and total comprehensive income		
Accumulated net income and total comprehensive income – beginning of year	**$48,392**	$44,446
Net income and total comprehensive income for the year	**511**	3,946
Accumulated net income and total comprehensive income – end of year	**$48,903**	$48,392

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
STATEMENT OF CASH FLOWS
For the year ended December 31, 2011

(expressed in thousands of United States dollars)

	2011		2010
Operating activities			
Net income for the year		**$511**	$3,946
Adjustments for non-cash items			
Net unrealized loss/(gain) on trading portfolio	**225**		(1,611)
Interest income	**(2,814)**		(6,638)
Interest expense	**939**		962
Disbursements on loans	**(11,549)**		(14,605)
Principal repayment on loans	**4,311**		3,480
Technical assistance disbursements	**(11,413)**		(16,767)
Net cash used in lending activities		**(20,301)**	(31,233)
Increase in accounts receivable	**(5,602)**		(4,387)
Increase/(decrease) in accounts payable	**106**		(13,107)
Total adjustments		**(5,496)**	(48,727)
Interest received		**2,819**	6,742
Interest paid		**(954)**	(984)
Net decrease in investments at fair value through profit or loss		**6,334**	5,512
Net cash used in operating activities		**(17,087)**	(37,457)
Financing activities			
Contributions:			
Increase in contributions for loans	**4,924**		-
Repayments	**(3,126)**		(3,224)
Technical assistance contributions	**11,894**		35,921
Net cash provided by financing activities		**13,692**	32,697
Net decrease in cash and cash equivalents		**(3,395)**	(4,760)
Net foreign exchange difference		**(154)**	(108)
Cash and cash equivalents at beginning of year		**11,124**	15,992
Cash and cash equivalents at end of year		**$7,575**	$11,124

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF INVESTMENTS
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 1

	2011 Market value	**2010** Market value
Financial assets at fair value through profit or loss		
Government and Agency obligations	**$23,879**	$29,122
Supranationals	**7,858**	8,743
Euro Commercial Paper	**4,667**	2,822
Mutual Funds	**7,923**	7,705
Managed Funds	**11,002**	11,428
Equity investments	**10,301**	12,369
Sub-total	**65,630**	72,189
Accrued interest	**179**	229
Total	**$65,809**	$72,418

Residual Term to Contractual Maturity

	2011	**2010**
One month to three months	**$6,224**	$26,579
From three months to one year	**4,854**	6,716
From one year to five years	**20,475**	25,655
From five years to ten years	**34,256**	13,468
Total	**$65,809**	$72,418

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 2

2011				
Member countries in which loans have been made	**Principal repaid to Bank**	**Undis- bursed**	**Out- standing 1/**	**% of total loans out- standing**
Anguilla	394	-	106	0.1
Antigua and Barbuda	3,242	478	4,780	3.8
Barbados	17,965	730	7,351	5.9
Belize	9,536	-	-	-
British Virgin Islands	1,934	-	-	-
Cayman Islands	3,213	-	-	-
Dominica	15,451	-	19,815	15.9
Grenada	7,270	285	23,193	18.7
Guyana	16,517	-	4,214	3.4
Jamaica	37,702	-	31,261	25.1
Montserrat	1,243	-	-	-
St. Kitts and Nevis	4,747	95	3,682	3.0
St. Lucia	15,371	3,296	19,682	15.8
St. Vincent and the Grenadines	12,922	119	8,748	7.0
Trinidad and Tobago	2,147	-	1,236	1.0
Regional	1,905	37	324	0.3
Sub-total	151,559	5,040	124,392	100.0
Accrued interest	-	-	691	
Total – December 31	**$151,559**	**$5,040**	**$125,083**	

1/There were no overdue installments of principal at December, 2011 (2010 - nil)

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS…*continued*
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 2

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

1/There were no overdue installments of principal at December, 2010 (2009 - nil)

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS*...continued*
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 2

	2011			
Analysis by Special Fund	**Principal repaid to Bank**	**Undis-bursed**	**Out-standing 1/**	**% of total loans out-standing**
Members				
Trinidad and Tobago	1,340	-	3	-
Other contributors				
Caribbean Development Bank	14,484	3,543	58,022	46.6
Nigeria	5,074	-	4,562	3.7
United States of America	92,901	-	106	0.1
Inter-American Development Bank	17,317	1,083	39,707	31.9
European Union	7,677	37	2,881	2.3
International Development Association	12,766	377	19,111	15.4
Sub-total	151,559	5,040	124,392	100.0
Accrued interest	-	-	691	
Total – December 31	**$151,559**	**$5,040**	**$125,083**	

1/ There were no overdue installments of principal at December 31, 2011 (2010 – nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS*...continued*
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 2

2010

Analysis by Special Fund	Principal repaid to Bank	Undis-bursed	Out-standing 1/	% of total loans out-standing
Members				
Trinidad and Tobago	1,304	-	3	-
Other contributors				
Caribbean Development Bank	13,287	14,655	48,328	41.2
Nigeria	4,665	-	4,970	4.2
United States of America	92,876	-	131	0.1
Inter-American Development Bank	16,145	1,520	40,432	34.4
European Union	7,685	37	3,235	2.8
International Development Association	11,787	377	3,235	17.3
Sub-total	147,749	16,589	117,364	100.0
Accrued interest	-	-	646	
Total – December 31	**$147,749**	**$16,589**	**$118,010**	

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS...*continued*
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 2

	2011						
Currencies receivable	**Loans outstanding 2010**	**Translation adjustment**	**Net interest earned**	**Disbursements**	**Sub-total**	**Repayments**	**Loans outstanding 2011**
Euros	$ 3,235	$(107)	$ -	$ -	$3,128	$ (247)	$2,881
Special Drawing Rights	16,527	(103)	-	-	16,424	(854)	15,570
United States dollars	97,602	-	-	11,549	109,151	(3,210)	105,941
Sub-total	117,364	(210)	-	11,549	128,703	(4,311)	124,392
Accrued interest[1]	646	-	45	-	691	-	691
Total – December 31	**$118,010**	**$(210)**	**$45**	**$11,549**	**$129,394**	**$(4,311)**	**$125,083**

Maturity structure of loans outstanding

January 1, 2012 to December 31, 2012	$4,622
January 1, 2013 to December 31, 2013	3,936
January 1, 2014 to December 31, 2014	5,268
January 1, 2015 to December 31, 2015	6,338
January 1, 2016 to December 31, 2016	6,512
January 1, 2017 to December 31, 2021	33,773
January 1, 2022 to December 31, 2026	31,538
January 1, 2027 to December 31, 2031	21,491
January 1, 2032 to December 31, 2046	11,605
Total	**$125,083**

1/ Relates to amounts disbursed and outstanding

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF LOANS...*continued*
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 2

2010

Currencies receivable	Loans out-standing 2009	Trans-lation adjust-ment	Net interest earned	Disburse-ments	Sub-total	Repay-ments	Loans out-standing 2010
Euros	$ 3,756	$(268)	$ -	$ -	$3,488	$ (253)	$3,235
Special Drawing Rights	17,548	(247)	-	-	17,301	(774)	16,527
United States dollars	85,450	-	-	14,605	100,055	(2,453)	97,602
Sub-total	106,754	(515)	-	14,605	120,844	(3,480)	117,364
Accrued interest[1]	578	-	68	-	646	-	646
Total – December 31	**$107,332**	**$(515)**	**$68**	**$14,605**	**$121,490**	**$(3,480)**	**$118,010**

Maturity structure of loans outstanding

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

1/ Relates to amounts disbursed and outstanding

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF CONTRIBUTIONS
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 3

Contributors	Contributions Total [1/]	Contributions Amounts made available
Members		
Canada	$6,959	$6,959
Other contributors		
Inter-American Development Bank [1/]	41,053	41,053
European Investment Bank [1/]	1,293	1,293
United States of America	5,416	5,416
European Union	4,232	4,232
International Development Association	20,588	20,588
	72,582	72,582
Total – December 31	**$79,541**	**$79,541**

1/Net of cancellations and repayments

Maturity structure of repayable contributions outstanding

January 1, 2012 to December 31, 2012	$ 3,290
January 1, 2013 to December 31, 2013	3,322
January 1, 2014 to December 31, 2014	2,930
January 1, 2015 to December 31, 2015	2,850
January 1, 2016 to December 31, 2016	3,100
January 1, 2017 to December 31, 2021	17,007
January 1, 2022 to December 31, 2026	12,374
January 1, 2027 to December 31, 2031	11,168
January 1, 2032 to December 31, 2046	23,500
Total	**$79,541**

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF CONTRIBUTIONS...*continued*
December 31, 2011

(expressed in thousands of United States dollars)

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

1/Net of cancellations and repayments

Maturity structure of repayable contributions outstanding

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
SUMMARY STATEMENT OF CONTRIBUTIONS*...continued*
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 3

	2011					
Currencies repayable	**Contri-butions made available 2010**	**Trans-lation adjust-ment**	**Draw-downs/ Appro-priations from Capital**	**Sub-total**	**Repay-ments**	**Contri-butions made available 2011**
Canadian dollars	$2,237	$(53)	$ -	$2,184	$ (50)	$2,134
Euros	6,102	(205)	-	5,897	(371)	5,526
Japanese yen	203	10	-	213	(47)	166
Pounds sterling	221	(1)	-	220	(49)	171
Special Drawing Rights	18,004	(113)	-	17,891	(803)	17,088
Swedish kroners	91	(2)	-	89	(20)	69
United States dollars	51,249	-	4,924	56,173	(1,786)	54,387
Total – December 31	**$78,107**	**$(364)**	**$ 4,924**	**$82,667**	**$(3,126)**	**$79,541**

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
STATEMENT OF ACCUMULATED INCOME
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 4

	2011			
	Accumulated Net Income			
Contributors	**Brought forward 2010**	**Net income/(Loss) 2011**	**Appro-priations**	**Carried forward 2011**
General Funds	$37,073	765	$	$37,838
European Investment Bank	(677)	(106)	-	(783)
European Union	2,531	10	-	2,541
Inter-American Development Bank	522	(40)	-	482
International Development Association	229	(7)	-	222
Nigeria	6,119	5		6,124
United States of America	2,595	(116)		2,479
Total – December 31	**$48,392**	**511**	**-**	**$48,903**

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
STATEMENT OF TECHNICAL ASSISTANCE AND OTHER GRANT RESOURCES
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 5

	2011			
	Contributors			
Contributors	**Total** 1/	**Amounts made available**	**Amounts utilized**	**Net Amounts available**
Members				
Canada	$39,897	$39,897	$33,833	$6,064
United Kingdom	18,658	18,658	6,333	12,325
Italy	522	522	252	270
	59,077	59,077	40,418	18,659
Other contributors				
Caribbean Development Bank	211,560	211,560	101,671	109,889
United States of America	1,407	1,407	1,407	-
Inter-American Development Bank	2,876	2,876	2,479	397
China	677	677	198	479
Venezuela	587	587	-	587
Nigeria	193	193	147	46
Sub-total	217,300	217,300	105,902	111,398
Total – December 31	**$276,377**	**$276,377**	**$146,320**	**$130,057**
Summary				
Basic Needs Trust Fund	$138,250	$138,250	$70,478	$67,772
Other resources	138,127	138,127	75,842	62,285
Total – December 31	**$276,377**	**$276,377**	**$146,320**	**$130,057**

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS
STATEMENT OF TECHNICAL ASSISTANCE AND OTHER GRANT RESOURCES
December 31, 2011

(expressed in thousands of United States dollars)

SCHEDULE 5

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

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

A. Nature of operations and summary of significant accounting policies

Nature of operations

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

Summary of significant accounting policies

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

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

Translation of currencies

The financial statements are expressed in United States dollars solely for the purpose of summarizing the OSF's financial position and the results of its operations.

Assets and liabilities in currencies other than United States dollars are translated into United States dollars either at the par values established for those currencies with the International Monetary Fund, or where no par values are maintained, at rates which have been determined by the Bank to be appropriate for translation. In general, the rates so determined will be the approximate market rates of exchange prevailing at the date of the financial statements.

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

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

Investments

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

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

Equity investments are assessed for impairment annually. The impairment assessment is based on the net book value of the underlying asset and adjusted if the carrying value is less than the Fund's proportionate share of net assets. Impairment losses are recorded in income from investments and cash balances in the statement of comprehensive income. Amounts distributed to the Fund are recorded as a return on investment until such investments are written off and are subsequently recorded as income.

Loans

Loans and receivables are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market. After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

All loans by the Fund are made either from currencies available from members' subscriptions or from currencies borrowed and the principal amounts are payable to the Fund in the currencies lent. The balances outstanding on loans to members and their agencies are secured by guarantees of the Governments of the member countries in which the loans are made.

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

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

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

Cash and cash equivalents

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

	2011	2010
Due from banks	**$3,341**	$7,123
Time deposits	**4,234**	4,001
Cash and cash equivalents	**$7,575**	$11,124

Technical assistance and grants

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

Interest income and charges on contributions

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

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

Administrative expenses

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

B. Investments

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

The annualized rate of return on the average investments held during the year, including realized and unrealized gains and losses was 0.62% (2010 – 2.35%). Net realized losses on investments amounted to $4 (2010 –$250), while net unrealized losses amounted to $225 (2010 – gain of $1,611).

C. Funds

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

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

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

C. Funds...*continued*

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

	2011	2010
Canada		
Agricultural[1]	**$6,959**	$2,006
Technical assistance resources	**39,897**	39,928
Italy		
Technical assistance resources	**$522**	$518
China		
Technical assistance resources	**677**	676
Venezuela		
Technical assistance resources	**587**	585
Nigeria		
Technical assistance resources	**$ 193**	$ 193
United Kingdom		
Technical assistance resources	**$18,658**	$18,494
Inter-American Development Bank		
975/SF-RG	**14,211**	14,211
Less repayments	**(3,946)**	(3,527)
	10,265	10,684
Second Global Loan	**5,074**	5,067
Less repayments	**(4,209)**	(4,000)
	865	1,067
1108/SF-RG Global Credit	**20,000**	20,000
1637/SF-RG Credit	**9,923**	10,000
	$41,053	$41,752
Technical assistance resources	**$2,876**	$2,618

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

(expressed in thousands of United States dollars)

C. Funds*...continued*

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

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

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

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

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

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

	2011	**2010**
European Investment Bank		
Global loan II – B	**$1,293**	$1,338

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

(expressed in thousands of United States dollars)

C. Funds...*continued*

	2011		2010		Due Dates
United States of America					
Contributions					
Agricultural	$7,052		$7,052		1988-2018
Less repayments	(4,973)	**$2,079**	(4,687)	$2,365	
Employment Investment Promotion	**6,732**		6,732		1990-2000
Less repayments	**(4,209)**	**2,523**	(3,952)	2,780	
Housing	**8,400**		8,400		1983-2012
Less repayments	**(7,586)**	**814**	(7,197)	1,203	
Regional Agri-business Development	**6,299**		6,299		1991-2021
	(6,299)	**-**	(6,095)	204	
		$5,416		$6,552	
Technical Assistance resources		**$1,407**		$1,407	

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

	2011		2010	
European Union				
First Contribution	**$7,566**		$7,825	
Less repayments	**(4,788)**	**$2,778**	(4,680)	$3,145
Second Contribution	**3,207**		3,317	
Less repayments	**(1,753)**	**1,454**	(1,701)	1,616
		$4,232		$4,761

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

(expressed in thousands of United States dollars)

C. Funds...*continued*

International Development Association

	2011		2010		Due dates
Credit No. 960/CRG	**$6,480**		$6,480		1990-2029
Less repayments	**(2,981)**	**$3,499**	(2,786)	$3,694	
Credit No. 37/CRG (EEC)	**906**		930		
Less repayments	**(906)**	**-**	(930)	-	
Credit No. 1364/CRG	**8,302**		8,355		
Less repayments	**(2,947)**	**5,355**	(2,715)	5,640	1993-2033
Credit No. 1785/CRG	**7,091**		7,136		
Less repayments	**(1,666)**	**5,425**	(1,463)	5,673	1997-2030
Credit No. 2135/CRG	**8,525**		8,579		2000-2030
Less repayments	**(2,216)**	**6,309**	(1,888)	6,691	
		$20,588		$21,698	

The credits are subject to a service charge of 0.75% per annum on amounts outstanding. In addition, the credits totalling $43,159 (2010 - $43,431) representing $28,200 Special Drawing Rights are subject to a commitment fee not exceeding 0.5% per annum on amounts eligible for withdrawal but remain undrawn.

	2011	2010
Caribbean Development Bank		
Technical assistance resources	**$211,560**	$200,064

(expressed in thousands of United States dollars)

D. Accumulated net income and net income for the year

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

E. Loans

The average interest rate earned on loans outstanding was 2.16% (2010 – 2.17%). There were no impaired loans at December 31, 2011 and 2010.

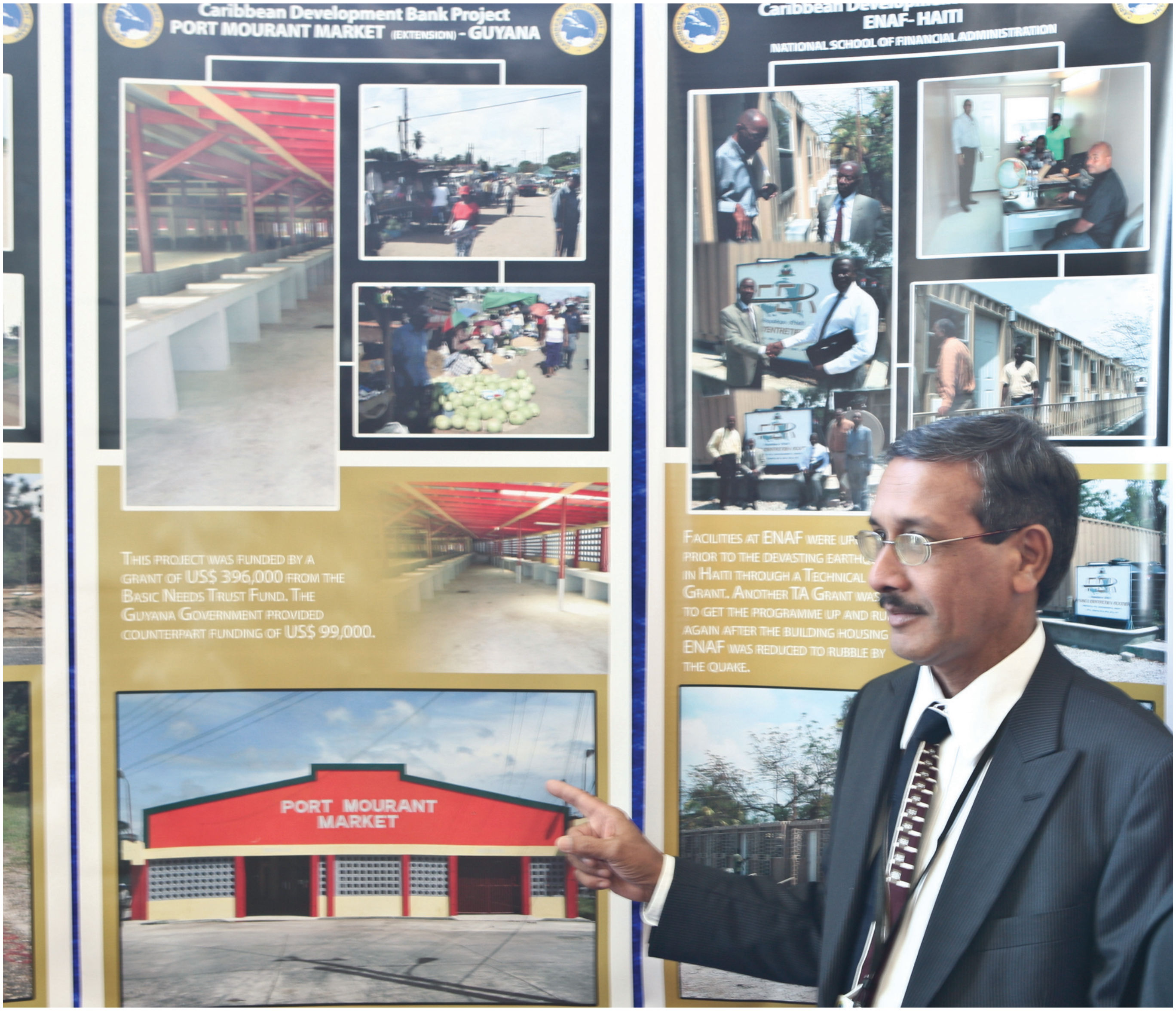
F. Accounts receivable

	2011	2010
Accounts receivable	**$69,209**	$63,607

G. Accounts payable including interfund payables

	2011	2010
Accounts payable	**$3,173**	$2,060
Interfund payables	**5,776**	6,783
Total	**$8,949**	$8,843

Part VI
APPENDICES



APPENDIX I-A

DISTRIBUTION OF LOANS, SECONDARY MORTGAGE, EQUITY AND GRANTS APPROVED (NET) BY COUNTRY AND BY FUND - 2011 ($'000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total	Percentage of Total
Antigua and Barbuda	(105)	132	-	27	0.0%
Anguilla	-	11	-	11	0.0%
Barbados	35,250	23	-	35,273	21.6%
Bahamas	-	-	-	-	0.0%
Belize	-	1,170	942	2,112	1.3%
Dominica	2,087	10,358	(7)	12,438	7.6%
Grenada	1,930	7,346	801	10,077	6.2%
Guyana	-	269	-	269	0.2%
Haiti	-	10,721	-	10,721	6.6%
Jamaica	-	(987)	267	(720)	-0.4%
St. Kitts and Nevis	-	18,557	-	18,557	11.4%
Cayman Islands	-	-	-	-	0.0%
St. Lucia	11,371	18,848	320	30,539	18.7%
Montserrat	-	2,591	-	2,591	1.6%
Turks and Caicos Islands	(70)	(29)	-	(99)	-0.1%
Trinidad and Tobago	-	-	1,017	1,017	0.6%
St. Vincent and the Grenadines	2,922	16,260	229	19,411	11.9%
British Virgin Islands	15,672	-	-	15,672	9.6%
Regional: LDC Focus	-	-	-	-	0.0%
Regional: MDC Focus	-	-	-	-	0.0%
Regional: LDC/MDC Focus	-	4,131	1,005	5,136	3.2%
Total	**69,057**	**89,401**	**4,574**	**163,032**	
Percentage of Total	42.4	54.8	2.8		100.0
LDCs	33,807	85,965	2,285	122,057	74.9%
MDCs	35,250	(695)	1,284	35,839	22.0%
Regional	0	4,131	1,005	5,136	3.2%

APPENDIX I-B
DISTRIBUTION OF LOANS, SECONDARY MORTGAGE, EQUITY AND GRANTS APPROVED (NET) BY SECTOR AND BY FUND - 2011 ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**69,057**	**89,405**	**4,574**	**163,036**
Agriculture, Forestry and Fishing	**250**	**535**	**(17)**	**768**
Agriculture (excluding Crop Farming)	-	435	(17)	418
Irrigation, Drainage and Land Reclamation	250	-	-	250
Land Settlement and Rural Development	-	100	-	100
Tourism	**-**	**-**	**312**	**312**
Tourism	-	-	347	347
Tourism Supporting Services	-	-	(35)	(35)
Transportation and Communication	**-**	**416**	**-**	**416**
Transport	-	118	-	118
Road Transport	-	328	-	328
Main Roads and Bridges	-	(30)	-	(30)
Power, Energy and Water	**(150)**	**2,867**	**-**	**2,717**
Power and Energy	-	2,500	-	2,500
Electric Power	(150)	-	-	(150)
Water Supply	-	367	-	367
Social and Personal Services	**34,793**	**11,777**	**-**	**46,570**
Social and Personal Services	-	(110)	-	(110)
Housing	-	6,448	-	6,448
Education	34,793	5,439	-	40,232
Multi-Sector and Other	**30,234**	**72,296**	**4,279**	**106,809**
Multi-Sector and Other	-	(21)	-	(21)
Multi-Sector	-	20,453	1,039	21,492
Disaster Rehabilitation	30,234	42,514	-	72,748
Other	-	9,350	3,240	12,590
Financial	**3,930**	**1,514**	**-**	**5,444**
Financial	4,000	1,244	-	5,244
Agriculture, Forestry and Fishing	(70)	-	-	(70)
Multi-Sector and Other	-	270	-	270

APPENDIX I-C

DISTRIBUTION OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET) BY COUNTRY AND BY SECTOR - 2011 ($'000)

Country	Agriculture, Forestry & Fishing	Manufac-turing	Tourism	Sub-Total	Power & Energy	Water	Transporta-tion & Com-munication	Housing	Education (including Student)	Health & Sanitation	Sub-Total	Multi-Sector	Total
Antigua and Barbuda	-	-	-	-	-	-	-	-	(105)	-	(105)	132	27
Anguilla	-	-	-	-	-	-	-	-	-	-	-	11	11
Barbados	250	-	-	250	-	-	-	-	35,000	-	35,000	23	35,273
Belize	-	-	-	-	-	-	350	-	-	-	350	1,762	2,112
Dominica	-	-	(7)	(7)	-	-	-	-	-	-	-	12,445	12,438
Grenada	-	-	319	319	-	-	(1)	-	(102)	-	(103)	9,861	10,077
Guyana	-	-	-	-	-	-	-	-	250	-	250	19	269
Haiti	-	-	-	-	-	-	-	-	-	-	-	10,721	10,721
Jamaica	-	-	-	-	-	-	-	-	-	-	-	(720)	(720)
St. Kitts and Nevis	-	-	-	-	-	-	-	-	-	-	-	18,557	18,557
St. Lucia	-	-	-	-	-	-	-	6,233	-	-	6,233	24,306	30,539
Montserrat	-	-	-	-	2,500	-	-	-	75	-	2,575	16	2,591
Turks and Caicos Islands	(70)	-	-	(70)	-	-	-	-	-	-	-	(29)	(99)
Trinidad and Tobago	-	-	-	-	-	-	-	-	-	-	-	1,017	1,017
St. Vincent and the Grenadines	-	-	-	-	(150)	-	-	-	5,000	-	4,850	14,562	19,412
British Virgin Islands	-	-	-	-	-	-	-	-	-	-	-	15,672	15,672
Regional: LDC/MDC Focus	518	-	-	518	-	367	67	215	114	-	763	3,858	5,139
Total	**698**	**-**	**312**	**1,010**	**2,350**	**367**	**416**	**6,448**	**40,232**	**-**	**49,813**	**112,213**	**163,036**

APPENDIX I-D

DISTRIBUTION OF LOANS APPROVED (NET)

BY COUNTRY AND BY FUND - 2011 ($’000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total	Percentage of Total
Antigua and Barbuda	(105)	-	-	(105)	-0.1%
Barbados	35,250	-	-	35,250	24.8%
Belize	-	1,100	-	1,100	0.8%
Dominica	2,087	10,300	-	12,380	8.7%
Grenada	1,930	7,329	-	9,259	6.5%
Jamaica	-	(1,041)	-	(1,041)	-0.7%
St. Kitts and Nevis	-	18,510	-	18,510	13.0%
St. Lucia	11,371	18,572	-	29,943	21.0%
Montserrat	-	2,500	-	2,500	1.8%
Turks and Caicos Islands	(70)	(29)	-	(99)	-0.1%
St. Vincent and the Grenadines	2,922	16,050	-	18,972	13.3%
British Virgin Islands	15,672	-	-	15,672	11.0%
Total	**69,057**	**73,291**	**-**	**142,341**	
Percentage of Total	48.5	51.5	0.0		100.0
LDCs	33,807	74,332	0	108,132	76.0%
MDCs	35,250	-1,041	0	34,209	24.0%

APPENDIX I-E

DISTRIBUTION OF LOANS APPROVED (NET) BY SECTOR AND BY FUND - 2011 ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**69,057**	**73,291**	**-**	**142,341**
Agriculture, Forestry and Fishing	**250**	**-**	**-**	**250**
Irrigation, Drainage and Land Reclamation	250	-	-	250
Tourism	**-**	**-**	**-**	**(7)**
Tourism Supporting Services	-	-	-	(7)
Transportation and Communication	**-**	**349**	**-**	**349**
Road Transport	-	350	-	350
Main Roads and Bridges	-	(1)	-	(1)
Power, Energy and Water	**(150)**	**2,500**	**-**	**2,350**
Power and Energy	-	2,500	-	2,500
Electric Power	(150)	-	-	(150)
Social and Personal Services	**34,793**	**11,233**	**-**	**46,026**
Housing	-	6,233	-	6,233
Education	34,793	5,000	-	39,793
Multi-Sector and Other	**30,234**	**58,238**	**-**	**88,472**
Multi-Sector	-	17,760	-	17,760
Disaster Rehabilitation	30,234	42,184	-	72,418
Other	-	(1,706)	-	(1,706)
Financial	**3,930**	**971**	**-**	**4,901**
Financial	4,000	1,000	-	5,000
Agriculture, Forestry and Fishing	(70)	-	-	(70)
Multi-Sector and Other	-	(29)	-	(29)

APPENDIX I-F

LOAN APPROVALS - 2011 ($'000)

Country	No. of Loan Projects	CDB	Public	Private	Unknown
BARBADOS	2	35,250	35,250	-	-
BELIZE	2	1,100	1,100	-	-
DOMINICA	3	12,387	12,387	-	-
GRENADA	2	9,362	9,362	-	-
JAMAICA	1	750	750	-	-
ST. KITTS AND NEVIS	2	18,510	18,510	-	-
ST. LUCIA	4	29,943	29,943	-	-
MONTSERRAT	1	2,500	2,500	-	-
ST. VINCENT AND THE GRENADINES	4	19,122	19,122	-	-
BRITISH VIRGIN ISLANDS	1	15,672	15,672	-	-
Total	**22**	**144,596**	**144,596**	**-**	**-**
LDCs	**19**	**108,596**	**108,596**	**-**	**-**
MDCs	**3**	**36,000**	**36,000**	**-**	**-**

APPENDIX I-G

GROSS LOANS APPROVALS BY PROJECT AND LOAN EQUIVALENT - 2011 ($'000)

			OCR		SDF Unified		Other Special Funds		
	Project Name	Country	Amount	Loan Equivalent	Amount	Loan Equivalent	Amount	Loan Equivalent	Total
1	EDUCATION SECTOR ENHANCEMENT PROJECT II	BARBADOS	35,000	1.00	-	-	-	-	35,000
2	TA - FEASIBILITY STUDY - RIVER PLANTATION DRAINAGE & IRRIGATION SYSTEM	BARBADOS	250	1.00	-	-	-	-	250
3	NDM - IMMEDIATE RESPONSE - HURRICANE RICHARD	BELIZE	-	-	750	1.00	-	-	750
4	FEASIBILITY STUDY AND DETAILED DESIGNS - NORTHERN HIGHWAY	BELIZE	-	-	350	1.00	-	-	350
5	NDM - IMMEDIATE RESPONSE - LAYOU FLOOD EVENT	DOMINICA	-	-	750	1.00	-	-	750
6	NDM - IMMEDIATE RESPONSE LOAN - TROPICAL STORM OPHELIA	DOMINICA	-	-	750	1.00	-	-	750
7	NDM - REHABILITATION AND RECONSTRUCTION LAYOU FLOOD EVENT	DOMINICA	2,087	0.19	8,800	0.81	-	-	10,887
8	NDM - IMMEDIATE RESPONSE - EXTREME RAINFALL EVENT	GRENADA	-	-	750	1.00	-	-	750
9	NDM - REHABILITATIONN AND RECONSTRUCTION - EXTREME RAINFALL EVENT	GRENADA	2,032	0.24	6,580	0.76	-	-	8,612
10	NDM - IMMEDIATE RESPONSE - TROPICAL STORM NICOLE	JAMAICA	-	-	750	1.00	-	-	750
11	PROVISION OF EXCEPTIONAL FINANCIAL ASSISTANCE	ST. KITTS AND NEVIS	-	-	17,760	1.00	-	-	17,760
12	NDM - IMMEDIATE RESPONSE - TROPICAL STORM OTTO	ST. KITTS AND NEVIS	-	-	750	1.00	-	-	750
13	CONSOLIDATED LINE OF CREDIT	ST. LUCIA	4,000	0.80	1,000	0.20	-	-	5,000
14	SETTLEMENT UPGRADING PROJECT	ST. LUCIA	-	-	6,233	1.00	-	-	6,233
15	NDM - IMMEDIATE RESPONSE - HURRICANE TOMAS	ST. LUCIA	-	-	750	1.00	-	-	750
16	NDM - REHABILITATION AND RECONSTRUCTION - HURRICANE TOMAS	ST. LUCIA	7,371	0.41	10,589	0.59	-	-	17,960
17	SECOND POWER PROJECT	MONTSERRAT	-	-	2,500	1.00	-	-	2,500
18	NDM - IMMEDIATE RESPONSE - HURRICANE TOMAS	ST. VINCENT AND THE GRENADINES	-	-	750	1.00	-	-	750
19	NDM - IMMEDIATE RESPONSE - TORRENTIAL RAINFALL EVENT	ST. VINCENT AND THE GRENADINES	-	-	750	1.00	-	-	750
20	TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING DEVELOPMENT	ST. VINCENT AND THE GRENADINES	-	-	5,000	1.00	-	-	5,000
21	NDM - REHAB. AND RECONSTRUCTION (HURRICANE TOMAS/NORTH WINDWARD)	ST. VINCENT AND THE GRENADINES	3,072	0.24	9,550	0.76	-	-	12,622
22	NDM - INFRASTRUCTURE REHABILITATION PROJECT	BRITISH VIRGIN ISLANDS	15,672	1.00	-	-	-	-	15,672
Total			**69,484**		**75,112**		**-**		**144,596**
LDCs	34,234	0.32	74,362	0.68	-	-	108,596		
MDCs	35,250	0.98	750	0.02	-	-	36,000		
LDCs	0.49	0.99	-	0.75					
MDCs	0.51	0.01	-	0.25					
Total			0.48		0.52		-		

APPENDIX II-A

SUMMARY OF TOTAL FINANCING APPROVED (NET) (1970 - 2011)

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

Financing Type	1970-2010	2011	Total
Loans	3,332,458	142,341	3,474,799
Contingent Loans	4,046	0	4,046
Equity	33,193	0	33,193
Grants	353,578	20,695	374,273
Other	0	0	0
Total	**3,723,275**	**163,036**	**3,886,311**

APPENDIX II-B

SUMMARY OF TOTAL FINANCING APPROVED (NET) BY SECTOR (1970 - 2011)

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

Sector	1970-2010	2011	Total
Unknown	0	0	0
Agriculture, Forestry and Fishing	120,436	768	121,204
Mining and Quarrying	35,534	0	35,534
Manufacturing	155,386	0	155,386
Tourism	89,456	312	89,768
Transportation and Communication	816,147	416	816,563
Power, Energy and Water	217,023	2,717	219,740
Social and Personal Services	422,068	46,570	468,638
Multi-Sector and Other	1,222,665	106,809	1,329,474
Financial	644,560	5,444	650,004
Total	**3,723,275**	**163,036**	**3,886,311**

APPENDIX II-C

DISTRIBUTION OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET) BY SECTOR AND BY FUND (1970-2011) ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**2,150,051**	**1,309,419**	**426,841**	**3,886,311**
Agriculture, Forestry and Fishing	**32,470**	**66,722**	**22,012**	**121,204**
Agriculture (excluding Crop Farming)	4,207	1,344	1,984	7,535
Crop Farming	11,660	18,185	10,493	40,338
Mixed Farming	-	8,514	-	8,514
Irrigation, Drainage and Land Reclamation	11,533	6,923	409	18,865
Forestry	-	348	-	348
Fishing	-	2,478	872	3,350
Land Settlement and Rural Development	1,397	4,164	342	5,903
Feeder Roads and Bridges	3,673	24,766	7,912	36,351
Mining and Quarrying	**31,409**	**3,570**	**555**	**35,534**
Fossil Fuels	30,862	-	-	30,862
Metal Ores	547	31	-	578
Non-Metallic Minerals	-	3,539	555	4,094
Manufacturing	**58,145**	**51,866**	**45,375**	**155,386**
Food, Beverages and Tobacco	93	5,086	32,689	37,868
Food (excluding Sugar)	-	175	1,326	1,501
Sugar	29,988	17,872	4,021	51,881
Textile, Wearing Apparel and Leather Goods	-	11	500	511
Wood and Wood Products	4,566	499	79	5,144
Paper and Paper Products	3,502	-	10	3,512
Chemicals and Chemical Products	-	13	493	506
Non-Metallic Mineral Products	2,985	73	130	3,188
Miscellaneous Manufacturing and Repairs	-	-	43	43
Industrial Estates	17,011	28,137	6,084	51,232
Tourism	**67,488**	**12,183**	**10,097**	**89,768**
Tourism	-	150	698	848
Hotels and Lodging Places	30,179	255	5,913	36,347
Cruiseship Piers and Marinas	8,752	-	-	8,752
Integrated Tourism Facilities	25,200	8,140	2,396	35,736
Tourism Supporting Services	3,357	3,638	1,090	8,085
Transportation and Communication	**564,137**	**179,333**	**73,093**	**816,563**
Transport	-	1,535	-	1,535
Road Transport	-	498	-	498
Main Roads and Bridges	348,816	91,318	27,776	467,910
Water Transport	41,426	42,258	15,697	99,381
Air Transport	159,952	26,913	27,587	214,452
Communication	8,250	518	106	8,874
Sea Defence	5,693	16,293	1,927	23,913

APPENDIX II-C

DISTRIBUTION OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET) BY SECTOR AND BY FUND (1970-2011) ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Power, Energy and Water	**121,362**	**81,809**	**16,569**	**219,740**
Power and Energy	-	4,159	-	4,159
Electric Power	63,741	31,519	1,873	97,133
Alternative Energy	8,250	-	3,520	11,770
Water Supply	49,371	46,131	11,176	106,678
Social and Personal Services	**224,766**	**163,843**	**80,029**	**468,638**
Social and Personal Services	-	685	12	697
Housing	5,101	14,910	19,982	39,993
Medical Health	21,256	20,923	12,842	55,021
Education	198,409	127,175	47,193	372,777
Personal Services	-	150	-	150
Multi-Sector and Other	**603,015**	**575,769**	**150,690**	**1,329,474**
Multi-Sector and Other	-	1,074	-	1,074
Multi-Sector	-	25,392	4,129	29,521
Urban Development	38,377	22,341	5,528	66,246
Disaster Rehabilitation	109,929	190,698	10,621	311,248
Distributive Trade	3,530	7,575	2,957	14,062
Policy-Based Loans	176,800	23,000	-	199,800
Other	159,379	223,000	73,831	456,210
Structural Adjustment Programme	115,000	82,689	53,624	251,313
Financial	**447,259**	**174,324**	**28,421**	**650,004**
Financial	4,000	5,773	(3)	9,770
Agriculture, Forestry and Fishing	119,786	33,116	18,360	171,262
Manufacturing	142,016	26,642	6,308	174,966
Tourism	-	-	660	660
Social and Personal Services	7,000	8,000	-	15,000
Housing	104,269	22,725	3,081	130,075
Health	-	-	15	15
Education	70,188	71,087	-	141,275
Multi-Sector and Other	-	907	-	907
Micro and Small Scale Enterprises	-	6,074	-	6,074

APPENDIX II-D

DISTRIBUTION OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET) BY COUNTRY AND BY SECTOR (1970-2011) ($'000)

Country	Agriculture, Forestry & Fishing	Manufacturing	Tourism	Sub-Total	Power & Energy	Water	Transportation & Communication	Housing	Education (including Student)	Health & Sanitation	Sub-Total	Multi-Sector	Total
Antigua and Barbuda	3,455	5,723	1,922	12,100	272	-	28,494	3,483	19,947	-	52,196	38,194	102,490
Anguilla	2,871	5,865	923	9,859	11,996	288	20,712	2,050	3,149	-	38,195	60,461	108,515
Barbados	4,431	45,470	28,921	78,922	105	1,827	88,102	37,395	85,156	3,240	215,825	92,002	386,749
Bahamas	10,086	10,849	2,187	23,122	-	15,252	24,854	-	-	37	40,143	858	64,123
Belize	27,437	12,504	1,172	42,767	28,050	26,425	80,363	16,046	24,579	6,032	181,495	92,470	316,732
Dominica	23,214	11,521	7,506	42,841	6,159	8,473	23,911	14,733	23,276	7,527	93,462	81,465	217,768
Grenada	19,444	6,864	4,859	32,218	158	2,657	65,076	7,063	26,625	5,550	107,129	94,240	233,587
Guyana	22,395	45,872	128	68,395	3,558	8,895	52,219	1,176	9,492	-	90,090	97,528	256,013
Haiti	-	-	-	-	-	-	-	-	26,171	-	26,171	33,204	59,375
Jamaica	81,189	86,498	15,626	183,891	8,820	6,177	105,995	17,602	66,811	2,000	207,405	315,826	707,122
St. Kitts and Nevis	5,699	9,116	1,731	17,569	16,439	8,886	47,013	10,919	42,700	7,600	133,557	66,154	217,280
Cayman Islands	1,308	1,499	6,429	9,624	-	2,775	23,047	5,390	452	7,000	38,664	(148)	48,140
St. Lucia	22,558	23,200	14,197	60,592	1,376	19,004	75,983	24,428	75,932	8,517	205,240	109,253	375,085
Montserrat	1,382	1,444	124	3,036	3,487	8	6,024	653	1,050	-	11,222	6,994	21,252
Turks and Caicos Islands	1,510	2,394	1,302	5,506	-	-	2,940	10,217	7,583	240	20,980	4,475	30,961
Trinidad and Tobago	36,840	37,270	-	104,972	-	2,615	38,262	-	8,459	604	49,940	8,468	163,380
St. Vincent and the Grenadines	13,814	16,582	522	34,058	24,887	2,716	54,141	3,590	48,143	5,480	138,957	96,268	269,283
British Virgin Islands	3,503	4,951	349	8,803	4,812	-	36,018	3,500	7,778	-	52,108	16,450	77,361
Regional: LDC Focus	1,010	94	430	1,653	677	104	11,059	10,155	1,160	334	23,489	8,654	33,796
Regional: MDC Focus	25	-	-	25	-	-	6,313	-	9,452	-	15,765	3,170	18,960
Regional: LDC/MDC Focus	10,295	19,880	2,100	32,275	2,266	576	1,904	1,668	26,137	860	33,411	112,653	178,339
Total	**292,466**	**347,596**	**90,428**	**772,228**	**113,062**	**106,678**	**792,430**	**170,068**	**514,052**	**55,021**	**1,775,444**	**1,338,639**	**3,886,311**

APPENDIX II-E

APPROVALS OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS (NET) BY COUNTRY AND BY YEAR (1970-2011) ($'000)

Country	1970-2005	2006	2007	2008	2009	2010	2011	Total
Antigua and Barbuda	49,182	44	22,083	483	30,300	371	27	102,490
Anguilla	33,935	57	206	18,472	669	55,165	11	108,515
Barbados	218,675	24,441	32,825	81	13,313	62,141	35,273	386,749
Bahamas	53,906	22	22	3	24	10,146	-	64,123
Belize	207,054	37,603	3,299	12,325	13,660	40,679	2,112	316,732
Dominica	168,902	54	2,980	15,268	12,856	5,270	12,438	217,768
Grenada	172,927	11,107	7,532	7,955	20,460	3,529	10,077	233,587
Guyana	223,706	46	28	14,230	1,639	16,095	269	256,013
Haiti	-	-	10,000	11,055	10,000	17,599	10,721	59,375
Jamaica	447,317	12,839	61,538	164,894	779	20,475	(720)	707,122
St. Kitts and Nevis	147,379	28,551	22	7,111	6,787	8,873	18,557	217,280
Cayman Islands	48,492	-	12	52	(291)	(125)	-	48,140
St. Lucia	265,256	32	8	44,803	20,692	13,755	30,539	375,085
Montserrat	17,110	105	55	1,108	220	63	2,591	21,252
Turks and Caicos Islands	22,826	7,000	-	937	328	(31)	(99)	30,961
Trinidad and Tobago	162,062	46	25,026	18	(24,812)	23	1,017	163,380
St. Vincent and the Grenadines	163,996	50	10,666	12,223	25,625	37,311	19,412	269,283
British Virgin Islands	56,635	-	5,000	-	-	54	15,672	77,361
Regional: LDC Focus	22,544	34	10,471	747	-	-	-	33,796
Regional: MDC Focus	18,810	150	-	-	-	-	-	18,960
Regional: LDC/MDC Focus	90,134	6,177	18,614	36,416	15,300	6,559	5,139	178,339
Total	**2,590,848**	**128,358**	**210,387**	**348,181**	**147,549**	**297,952**	**163,036**	**3,886,311**
LDCs	1,353,694	84,603	61,863	131,792	141,306	182,513	122,058	2,077,829
MDCs	1,105,666	37,394	119,439	179,226	(9,057)	108,880	35,839	1,577,387
Regional	131,488	6,361	29,085	37,163	15,300	6,559	5,139	231,095

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

APPENDIX II-F
DISTRIBUTION OF LOANS APPROVED (NET)
BY COUNTRY AND BY FUND (1970-2011) ($'000)

Country	Ordinary Capital Resources	Venezuelan Trust Fund	Special Development Fund	IDB	IDA	General Development Fund	Other Special Funds	Total	Percentage of Total
Antigua and Barbuda	71,233	-	15,357	-	558	5,779	3,009	95,936	2.8%
Anguilla	94,387	-	11,599	-	-	-	500	106,486	3.1%
Barbados	347,003	3,646	6,909	388	-	8,199	17,546	383,691	11.0%
Bahamas	57,629	3,240	2,376	-	-	-	-	63,245	1.8%
Belize	174,316	740	105,975	373	-	5,171	4,981	291,556	8.4%
Dominica	46,273	-	108,960	9,043	5,347	12,361	8,179	190,163	5.5%
Grenada	63,324	-	118,519	20,961	5,628	369	3,729	212,530	6.1%
Guyana	59,695	1,579	140,262	-	-	-	20,585	222,121	6.4%
Haiti	-	-	-	-	-	-	-	-	0.0%
Jamaica	463,200	5,665	156,911	-	-	30,000	39,166	694,942	20.0%
St. Kitts and Nevis	105,324	260	88,877	2,360	5,181	26	1,198	203,226	5.8%
Cayman Islands	39,884	-	4,703	2,132	-	313	868	47,900	1.4%
St. Lucia	193,875	676	122,560	17,940	5,625	7,358	6,120	354,154	10.2%
Montserrat	485	-	11,178	-	-	79	1,293	13,035	0.4%
Turks and Caicos Islands	13,071	-	13,358	-	-	-	-	26,429	0.8%
Trinidad and Tobago	153,808	-	5,018	-	-	-	2,566	161,392	4.6%
St. Vincent and the Grenadines	141,574	1,606	86,415	6,302	4,497	2,105	7,521	250,020	7.2%
British Virgin Islands	59,542	-	14,791	-	-	300	1,594	76,227	2.2%
Regional: LDC Focus	10,000	-	5,232	-	-	-	2,626	17,858	0.5%
Regional: MDC Focus	7,266	-	5,544	-	-	-	2,174	14,984	0.4%
Regional: LDC/MDC Focus	48,162	-	742	-	-	-	-	48,904	1.4%
Total	**2,150,051**	**17,412**	**1,025,286**	**59,499**	**26,836**	**72,060**	**123,655**	**3,474,799**	
Percentage of Total	61.9	0.5	29.5	1.7	0.8	2.1	3.6		100.0
LDCs	1,003,288	3,282	702,292	59,111	26,836	33,861	38,992	1,867,662	53.7%
MDCs	1,081,335	14,130	311,476	388	0	38,199	79,863	1,525,391	43.9%
Regional	65,428	0	11,518	0	0	0	4,800	81,746	2.4%

APPENDIX II-G
DISTRIBUTION OF LOANS APPROVED (NET)
BY SECTOR AND BY FUND (1970-2011) ($'000)

Sector	Ordinary Capital Resources	Venezuelan Trust Fund	Special Development Fund	Other Special Funds	Total
Total All Sectors	**2,150,051**	**17,412**	**1,025,286**	**282,057**	**3,474,799**
Agriculture, Forestry and Fishing	**32,470**	**-**	**62,755**	**17,522**	**112,747**
Agriculture (excluding Crop Farming)	4,207	-	100	1,421	5,728
Crop Farming	12,960	-	16,597	6,870	36,427
Export Crops	(1,300)	-	(313)	-	(1,613)
Mixed Farming	-	-	8,514	-	8,514
Irrigation, Drainage and Land Reclamation	11,533	-	6,803	409	18,745
Fishing	-	-	2,437	694	3,131
Land Settlement and Rural Development	1,397	-	4,064	312	5,773
Feeder Roads and Bridges	3,673	-	24,553	7,816	36,042
Mining and Quarrying	**31,409**	**-**	**3,294**	**436**	**35,139**
Fossil Fuels	30,862	-	-	-	30,862
Metal Ores	547	-	-	-	547
Non-Metallic Minerals	-	-	3,294	436	3,730
Manufacturing	**58,145**	**2,206**	**51,386**	**40,618**	**152,355**
Food, Beverages and Tobacco	93	-	5,086	32,318	37,497
Sugar	29,988	1,500	17,727	2,346	51,561
Textile, Wearing Apparel and Leather Goods	-	260	2	-	262
Wood and Wood Products	4,566	-	450	-	5,016
Paper and Paper Products	3,502	-	-	-	3,502
Chemicals and Chemical Products	-	446	-	-	446
Non-Metallic Mineral Products	2,985	-	73	-	3,058
Industrial Estates	17,011	-	28,048	5,954	51,013
Tourism	**67,488**	**4,722**	**10,531**	**2,220**	**84,954**
Hotels and Lodging Places	30,179	4,722	47	-	34,948
Cruiseship Piers and Marinas	8,752	-	-	-	8,752
Integrated Tourism Facilities	25,200	-	7,830	2,220	35,250
Tourism Supporting Services	3,357	-	2,654	-	6,004
Transportation and Communication	**564,137**	**-**	**174,549**	**68,857**	**807,543**
Transport	-	-	981	-	981
Road Transport	-	-	350	-	350
Main Roads and Bridges	348,816	-	90,725	27,752	467,293
Water Transport	41,534	-	41,218	15,041	97,793
Ports, Piers and Waterways	(108)	-	(309)	-	(417)
Air Transport	159,952	-	25,254	24,137	209,343
Communication	8,250	-	37	-	8,287
Sea Defence	5,693	-	16,293	1,927	23,913
Power, Energy and Water	**121,362**	**3,240**	**77,489**	**8,860**	**210,951**
Power and Energy	-	-	2,500	-	2,500
Electric Power	63,741	-	30,832	1,577	96,150
Alternative Energy	8,250	-	-	-	8,250
Water Supply	49,371	3,240	44,157	7,283	104,051

APPENDIX II-G cont'd

DISTRIBUTION OF LOANS APPROVED (NET)

BY SECTOR AND BY FUND (1970-2011) ($'000)

Sector	Ordinary Capital Resources	Venezuelan Trust Fund	Special Development Fund	Other Special Funds	Total
Social and Personal Services	**224,766**	**-**	**114,261**	**68,877**	**407,904**
Housing	5,101	-	12,890	19,803	37,794
Medical Health	21,256	-	19,074	12,523	52,853
Education	198,409	-	82,297	36,551	317,257
Multi-Sector and Other	**603,015**	**-**	**358,217**	**54,162**	**1,015,394**
Multi-Sector	-	-	17,760	-	17,760
Urban Development	38,377	-	13,236	-	51,613
Disaster Rehabilitation	109,929	-	186,701	8,600	305,230
Distributive Trade	3,530	-	7,501	2,250	13,281
Policy-Based Loans	176,800	-	23,000	-	199,800
Other	159,379	-	39,019	6,312	204,710
Structural Adjustment Programme	115,000	-	71,000	37,000	223,000
Financial	**447,259**	**7,244**	**172,804**	**20,505**	**647,812**
Financial	4,000	-	5,189	-	9,189
Agriculture, Forestry and Fishing	119,786	6,023	33,116	12,337	171,262
Manufacturing	149,166	1,221	26,642	5,087	182,116
Social and Personal Services	7,000	-	8,000	-	15,000
Housing	104,269	-	22,725	3,081	130,075
Education	70,188	-	71,087	-	141,275
Multi-Sector and Other	(7,150)	-	(29)	-	(7,179)
Micro and Small Scale Enterprises	-	-	6,074	-	6,074

APPENDIX II-H

CONTINGENT LOANS APPROVED (NET)

BY COUNTRY AND BY FUND (1970-2011) ($'000)

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

APPENDIX II-I

CONTINGENT LOANS APPROVED (NET)

BY SECTOR AND BY FUND (1970-2011) ($'000)

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

APPENDIX II-J

GRANTS APPROVED (NET)

BY COUNTRY AND BY FUND (1970-2011) ($'000)

Country	Special Development Fund	IDB	Technical Assistance Fund	Other Special Funds	Total
Antigua and Barbuda	1,921	54	64	4,515	6,554
Anguilla	1,152	39	60	707	1,958
Barbados	1,134	-	112	825	2,071
Bahamas	758	-	20	100	878
Belize	15,300	85	166	7,247	22,798
Dominica	10,543	619	227	15,473	26,862
Grenada	12,086	790	208	7,915	20,999
Guyana	27,789	-	1	6,102	33,892
Haiti	59,375	-	-	-	59,375
Jamaica	10,539	-	-	1,016	11,555
St. Kitts and Nevis	7,848	143	239	5,401	13,631
Cayman Islands	208	-	-	32	240
St. Lucia	12,266	316	247	7,907	20,736
Montserrat	5,300	78	19	2,734	8,131
Turks and Caicos Islands	2,787	-	77	839	3,703
Trinidad and Tobago	591	83	-	1,114	1,788
St. Vincent and the Grenadines	10,527	763	291	7,292	18,873
British Virgin Islands	632	-	52	296	980
Regional: LDC Focus	6,914	973	416	4,535	12,838
Regional: MDC Focus	976	-	-	-	976
Regional: LDC/MDC Focus	73,120	6,952	659	24,911	105,435
Total	**261,766**	**10,895**	**2,858**	**98,961**	**374,273**
LDCs	139,945	2,887	1,650	60,358	204,840
MDCs	40,811	83	133	9,157	50,184
Regional	81,010	7,925	1,075	29,446	119,249

APPENDIX II-K

GRANTS APPROVED (NET)

BY SECTOR AND BY FUND (1970-2011) ($'000)

Sector	Special Development Fund	IDB	Technical Assistance Fund	Other Special Funds	Total
Total All Sectors	**261,766**	**10,895**	**2,858**	**98,961**	**374,273**
Agriculture, Forestry and Fishing	**3,786**	**805**	**515**	**1,358**	**6,464**
Agriculture (excluding Crop Farming)	1,244	168	28	367	1,807
Crop Farming	1,788	594	355	958	3,695
Irrigation, Drainage and Land Reclamation	120	-	-	-	120
Forestry	348	-	-	-	348
Fishing	41	43	132	3	219
Land Settlement and Rural Development	100	-	-	30	130
Feeder Roads and Bridges	145	-	-	-	145
Mining and Quarrying	**190**	**-**	**-**	**119**	**309**
Metal Ores	31	-	-	-	31
Non-Metallic Minerals	159	-	-	119	278
Manufacturing	**480**	**184**	**264**	**1,543**	**2,471**
Food (excluding Sugar)	175	155	-	1,171	1,501
Sugar	145	-	75	100	320
Textile, Wearing Apparel and Leather Goods	9	-	-	51	60
Wood and Wood Products	49	16	10	53	128
Paper and Paper Products	-	-	-	10	10
Chemicals and Chemical Products	13	-	-	47	60
Non-Metallic Mineral Products	-	13	49	68	130
Miscellaneous Manufacturing and Repairs	-	-	-	43	43
Industrial Estates	89	-	130	-	219
Tourism	**1,604**	**1,158**	**45**	**868**	**3,675**
Tourism	150	-	-	698	848
Hotels and Lodging Places	160	-	-	100	260
Integrated Tourism Facilities	310	78	-	98	486
Tourism Supporting Services	984	1,080	45	(28)	2,081
Transportation and Communication	**3,168**	**361**	**406**	**3,264**	**7,199**
Transport	554	-	-	-	554
Road Transport	3	-	-	-	3
Main Roads and Bridges	593	24	-	-	617
Water Transport	462	-	327	225	1,014
Air Transport	1,075	256	79	3,030	4,440
Air Transport Services	-	-	-	(16)	(16)
Communication	481	81	-	25	587
Power, Energy and Water	**3,737**	**-**	**367**	**3,278**	**7,382**
Power and Energy	1,659	-	-	-	1,659
Electric Power	465	-	81	88	634
Alternative Energy	-	-	-	2,823	2,823
Water Supply	1,613	-	286	367	2,266

APPENDIX II-K cont'd

GRANTS APPROVED (NET)

BY SECTOR AND BY FUND (1970-2011) ($'000)

Sector	Special Development Fund	IDB	Technical Assistance Fund	Other Special Funds	Total
Social and Personal Services	**49,582**	**1,658**	**539**	**8,955**	**60,734**
Social and Personal Services	685	-	-	12	697
Housing	2,020	-	108	71	2,199
Medical Health	1,849	-	10	309	2,168
Education	44,878	1,658	421	8,563	55,520
Personal Services	150	-	-	-	150
Multi-Sector and Other	**197,699**	**6,729**	**722**	**78,901**	**283,847**
Multi-Sector and Other	1,074	-	-	-	1,074
Multi-Sector	7,632	(35)	-	4,368	11,761
Urban Development	9,105	-	-	5,372	14,477
Disaster Rehabilitation	3,997	662	-	1,359	6,018
Distributive Trade	74	-	208	499	781
Other	164,128	6,102	514	60,903	231,647
Structural Adjustment Programme	11,689	-	-	6,400	18,089
Financial	**1,520**	**-**	**-**	**675**	**2,192**
Financial	584	-	-	-	581
Tourism	-	-	-	660	660
Health	-	-	-	15	15
Multi-Sector and Other	936	-	-	-	936

APPENDIX II-L
GRANTS APPROVED (NET)
BY COUNTRY AND BY YEAR (1970-2011) ($'000)

Country	1970-2005	2006	2007	2008	2009	2010	2011	Total
Antigua and Barbuda	5,260	44	264	483	-	371	132	6,554
Anguilla	1,273	57	206	202	44	165	11	1,958
Barbados	1,249	75	98	81	463	79	23	2,071
Bahamas	770	22	22	3	24	37	-	878
Belize	17,088	-	533	3,025	180	960	1,012	22,798
Dominica	22,409	54	494	2,508	(41)	1,380	58	26,862
Grenada	16,285	76	56	2,255	976	533	818	20,999
Guyana	24,960	46	28	6,730	1,639	220	269	33,892
Haiti	-	-	10,000	11,055	10,000	17,599	10,721	59,375
Jamaica	3,899	679	393	5,009	779	475	321	11,555
St. Kitts and Nevis	11,935	118	22	911	150	448	47	13,631
Cayman Islands	176	-	12	52	-	-	-	240
St. Lucia	16,800	32	8	2,803	129	368	596	20,736
Montserrat	6,489	105	55	1,108	220	63	91	8,131
Turks and Caicos Islands	3,213	-	-	437	35	18	-	3,703
Trinidad and Tobago	470	46	26	18	188	23	1,017	1,788
St. Vincent and the Grenadines	16,207	50	12	1,792	61	311	440	18,873
British Virgin Islands	926	-	-	-	-	54	-	980
Regional: LDC Focus	11,586	34	471	747	-	-	-	12,838
Regional: MDC Focus	826	150	-	-	-	-	-	976
Regional: LDC/MDC Focus	60,623	6,034	8,614	11,416	7,050	6,559	5,139	105,435
Total	**222,444**	**7,622**	**21,314**	**50,635**	**21,897**	**29,663**	**20,695**	**374,273**
LDCs	118,061	536	11,662	26,631	11,754	22,270	13,926	204,840
MDCs	31,348	868	567	11,841	3,093	834	1,630	50,184
Regional	73,035	6,218	9,085	12,163	7,050	6,559	5,139	119,249

Cancellations are applied to the year of approval.

APPENDIX III

RESOLUTIONS OF THE BOARD OF GOVERNORS DURING 2011

No.	Subject	Date of Adoption
1/11	Audited Financial Statements and Reports of Independent Auditors	May 25, 2011
2/11	Allocation of Net Income	May 25, 2011
3/11	Expenses of Governors and Alternates Attending Meetings of the Board of Governors	May 25, 2011
4/11	Place and Date of Forty-Second (2012) Annual Meeting	May 25, 2011
5/11	Election of Officers of the Board of Governors	May 25, 2011
6/11	Appreciation for The Work of The Fourth President of The Bank	May 25, 2011
7/11	Appreciation	May 26, 2011

Member Countries

REGIONAL

BORROWING MEMBER COUNTRIES

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

OTHER REGIONAL

Colombia
Mexico
Venezuela

NON-REGIONAL

Canada
China
Germany
Italy
United Kingdom

Abbreviations

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

BOARD OF GOVERNORS

CDB's highest policy-making body is the Board of Governors on which each Member Country is represented. The Board of Governors meets once a year when CDB's operations are reviewed and major policy decisions taken. Special meetings are held as necessary. As at December 31, 2011, CDB's Board of Governors was as follows:

Hon. W. McKeeva Bush, OBE, JP	**Cayman Islands**	**Chairman**
Ms. Edmée Betancourt de Garcia	**Venezuela**	**Vice-Chairman**
Ms. Gudrun Kopp	**Germany**	**Vice-Chairman**

COUNTRY GROUP	**GOVERNOR**	**ALTERNATE GOVERNOR**
Anguilla, British Virgin Islands, Cayman Islands Montserrat and Turks and Caicos Islands	Hon. W. McKeeva Bush, OBE, JP Premier and Minister for Finance, Tourism and Development. Cayman Islands	Dr. the Hon. Orlando Smith Premier British Virgin Islands

COUNTRY	**GOVERNOR**	**ALTERNATE GOVERNOR**
Antigua and Barbuda	Hon. Harold Lovell Minister of Finance, the Economy and Public Administration	Mr. Whitfield Harris, Jr. Financial Secretary

COUNTRY	**GOVERNOR**	**ALTERNATE GOVERNOR**
The Bahamas	Hon. Zhivargo S. Laing Minister of State for Finance Ministry of Finance	Mr. Ehurd Cunningham Ag. Financial Secretary Ministry of Finance

COUNTRY	**GOVERNOR**	**ALTERNATE GOVERNOR**
Barbados	Hon. Christopher Sinckler Minister of Finance	Mr. Grantley Smith Director of Finance and Economic Affairs

COUNTRY	**GOVERNOR**	**ALTERNATE GOVERNOR**
Belize	Hon. Dean Barrow Prime Minister and Minister of Finance	Mr. Joseph Waight Financial Secretary

COUNTRY	**GOVERNOR**	**ALTERNATE GOVERNOR**
Canada	Hon. John Baird Minister of Foreign Affairs	Mr. James Haley General Director of the International Trade and Finance Branch, Department of Finance Canada

COUNTRY	**GOVERNOR**	**ALTERNATE GOVERNOR**
Colombia	Dr. Juan Carlos Echeverry Minister of Finance and Public Credit	Mr. José Darío Uribe Governor Banco de la Republica

COUNTRY	**GOVERNOR**	**ALTERNATE GOVERNOR**
Dominica	Hon. Roosevelt Skerrit Prime Minister and Minister of Finance and Economic Planning and Overseas Nationals	Mrs. Rosamund Edwards Financial Secretary

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Germany	Ms. Gudrun Kopp Parliamentary State Secretary Federal Ministry for Economic Cooperation and Development	Dr. Claus-Michael Happe Head of Division IC 5 Federal Ministry of Finance
COUNTRY	**GOVERNOR**	**ALTERNATE GOVERNOR**
Grenada	Hon. V. Nazim Burke Minister of Finance, Economy, Planning, Energy, Foreign Trade and Cooperatives	Mr. Timothy N.J. Antoine Permanent Secretary Ministry of Finance
COUNTRY	**GOVERNOR**	**ALTERNATE GOVERNOR**
Guyana	Dr. the Hon. Ashni Singh Minister of Finance	
COUNTRY	**GOVERNOR**	**ALTERNATE GOVERNOR**
Haiti	Hon. Ronald Baudin Minister of the Economy and Finance	Mr. Charles Castel Governor Central Bank of Haiti
COUNTRY	**GOVERNOR**	**ALTERNATE GOVERNOR**
Italy	Hon. Mario Monti Minister of Economy and Finance	Mr. Carlo Monticelli Head of Int'l. Financial Relations, Department of the Treasury, Ministry of Economy and Finance
COUNTRY	**GOVERNOR**	**ALTERNATE GOVERNOR**
Jamaica	Hon. Audley Shaw Minister of Finance Ministry of Finance and the Public Service	Dr. Wesley Hughes Financial Secretary Ministry of Finance and the Public Service
COUNTRY	**GOVERNOR**	**ALTERNATE GOVERNOR**
Mexico	Mr. José Antonio Meade Kuribrena Secretary of Finance and Public Credit	Mr. Gerardo Rodríguez Regordosa Under-Secretary of Finance and Public Credit
COUNTRY	**GOVERNOR**	**ALTERNATE GOVERNOR**
People's Republic of China	Mr. Zhou Xiaochuan Governor People's Bank of China	Mr. Ma Delun Assistant Governor People's Bank of China
COUNTRY	**GOVERNOR**	**ALTERNATE GOVERNOR**
St. Kitts and Nevis	Dr. the Hon. Denzil Douglas Prime Minister and Minister of Finance, Information, Technology, Sustainable Develop-ment, Tourism, Sports and Culture	Hon. Joseph Parry Premier and Minister of Finance Nevis Island Administration

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
St. Lucia	Dr. the Hon. Kenny D. Anthony Prime Minister and Minister for Finance	Mr. Isaac Anthony Permanent Secretary/Director Finance Ministry of Finance, International Financial Services and Economic Affairs

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
St. Vincent and the Grenadines	Dr. the Hon. Ralph Gonsalves Prime Minister and Minister of Finance	Hon. Sir Louis Straker Ministry of Finance

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Trinidad and Tobago	Sen. Dr. the Hon. Bhoendradatt Tewarie Minister of Planning, Economic and Social Restructuring and Gender Affairs	Hon. Stephen Cadiz Minister of Trade and Industry

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
United Kingdom	Rt. Hon. Andrew Mitchell, M.P. Secretary of State for International Development	Hon. Alan Duncan, M.P. Minister of State for International Development

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
Venezuela	Ms. Edmée Betancourt de Garcia President Venezuelan Economic and Social Development Bank (BANDES)	Ms. María J. Mendoza Rojas Ministry of Popular Power for Foreign Affairs

BOARD OF DIRECTORS AND VOTING GROUPS

The powers of the Board of Governors, except those specially reserved to it under the Charter, have been delegated to the Board of Directors, which is responsible for the conduct of investments, borrowing programmes, technical assistance, administrative budget, and submits accounts pertaining to each financial year for approval by the Board of Governors. The Board of Directors comprises 17 members, 12 representing Regional Members and 5 representing non-Regional Members. Directors are appointed for two-year terms of office and are eligible for re-appointment. As at December 31, 2011, CDB's Board of Directors was as follows:

CHAIRMAN
Dr. Wm. Warren Smith, President

DIRECTOR	ALTERNATE	COUNTRY OR GROUP OF COUNTRIES
Mrs. Rose Lemonius-Stewart	vacant	Jamaica
Ms. Vidiah Ramkhelawan	Mr. Michael Mendez Mr. Hancy Pierre-Louis (Adviser)	Trinidad and Tobago and Haiti
Mr. Ehurd Cunningham	Mr. Anthony Woodside	The Bahamas
Mr. Neermal Rekha	Mr. Keith Burrowes	Guyana
Mrs. Juanita Thorington-Powlett	Mr. Seibert Frederick	Barbados
Mr. Isaac Anthony	Mrs. Rosamund Edwards	St. Lucia and Dominica
Mr. Mervin Haynes	Mr. Maurice Edwards	Grenada and St. Vincent and the Grenadines
Mr. Neil Smith	Mrs. Yvonne Hyde	Belize and Anguilla, British Virgin Islands, Cayman Islands, Montserrat and Turks and Caicos Islands
Mr. Whitfield Harris, Jr.	Mrs. Janet Harris	Antigua and Barbuda and St. Kitts and Nevis
Mr. Alberto de Brigard	Mr. Adolfo Meisel Roca	Colombia
Ms. Beatriz H. Bolívar	Mr. José A. Mendoza López	Venezuela
Ms. Claudia Grayeb Bayata	Mr. Israel Camacho Bahena	Mexico
Ms. Louise Clément	Mr. Zheng Zhang	Canada
Mr. Henry 'Harry' Hagan	Ms. Cherianne Clarke	United Kingdom
Mrs. Stefania Bazzoni	Mr. Pablo Facchinei	Italy
Mr. Holger Illi	vacant	Germany
Mr. Zhang Tao	Ms. Wang Lin	People's Republic of China

PRINCIPAL OFFICERS OF CDB

(As at December 31, 2011)

Office of the President

President	Dr. Wm. Warren **SMITH**
Deputy Director, Evaluation and Oversight	Miss Anne **BRAMBLE**

Finance and Corporate Services

Vice-President	Mr. Neville **GRAINGER**
Director (Ag.), Finance and Corporate Planning	Mr. Adrian **DEBIQUE**
Deputy Director, Finance	Mr. Carlyle **ASSUE**
Deputy Director (Ag.), Corporate Planning	Ms. Monica **LABENNETT**
Director, Information and Technology Solutions	Mr. Mark **TAITT**
Deputy Director, Information and Technology Solutions	Dr. Kathleen **GORDON**
Director, Human Resources and Administration	Mr. Phillip **BROWN**
Deputy Director (Ag.), Human Resources	Mrs. Fay **ALLEYNE-KIRNON**
General Counsel	Mrs. Yvette **LEMONIAS-SEALE**
Deputy General Counsel	vacant

Operations

Vice-President (Ag.)	Mrs. Tessa **WILLIAMS-ROBERTSON**
Director, Economics	Dr. Denny **LEWIS-BYNOE**
Director (Ag.), Projects	Mrs. Yvonne **MOSES GRANT**
Division Chief, Project Services	Mr. Norman **CAMERON**
Division Chief (Ag.), Social Sector	Mr. Clairvair **SQUIRES**
Division Chief (Ag.), Economic Infrastructure	Mr. Andrew **DUPIGNY**
Division Chief (Ag.), Private Sector Development	Mr. Peter **BLACKMAN**

DEPOSITORIES AND CHANNELS OF COMMUNICATION

COUNTRY	DEPOSITORY	CHANNEL
Anguilla	*ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Permanent Secretary, Finance Office of the Permanent Secretary, Finance P.O. Box 60 The Valley Anguilla
Antigua and Barbuda	ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Permanent Secretary Ministry of External Affairs and Defence St. John's Antigua and Barbuda
The Bahamas	Central Bank of The Bahamas P.O. Box N-4868 Nassau The Bahamas	Financial Secretary Ministry of Finance and Planning P.O. Box 3017 Nassau The Bahamas
Barbados	Central Bank of Barbados P.O. Box 1016 Bridgetown Barbados	Director of Finance and Economic Affairs Ministry of Finance Government Headquarters Bay Street, St. Michael Barbados
Belize	Central Bank of Belize P.O. Box 852 Belize City Belize	Permanent Secretary Ministry of National Development P.O. Box 42, Administrative Building Belmopan Belize
British Virgin Islands	ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Financial Secretary Ministry of Finance Central Administration Building Road Town Tortola British Virgin Islands
Canada	Bank of Canada 234 Wellington Street Ottawa Canada	President Canadian International Development Agency 200 Promenade du Portage Hull, Quebec K1A OG4 Canada
Cayman Islands	ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Financial Secretary Office of the Financial Secretary Portfolio of Finance and Economic Development Government Administration Building George Town, Grand Cayman Cayman Islands

*Eastern Caribbean Central Bank

COUNTRY	DEPOSITORY	CHANNEL
Colombia	Banco de la Republica Carrera 7a, Numero 14-18 Oficina Principal Bogota Colombia	General Manager Cerrera 7a, Numero 14-18 Oficina Principal Bogota Colombia
Dominica	ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Financial Secretary Ministry of Finance, Industry and Planning Government Headquarters Kennedy Avenue Roseau Dominica
Germany	Deutsche Bundesbank P.O. Box 10 06 02 Wilhelm-Epstein Strasse 14 Postfach 12 03 22 Deutschland	Bundesministerium für Wirtschaftliche Zusammenarbeit und Entwicklung(BMZ) Referat 402 D-53045 Bonn Deutschland
Grenada	ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Permanent Secretary Ministry of Finance St. George's Grenada
Guyana	Bank of Guyana Avenue of the Republic Georgetown Guyana	Secretary to the Treasury Ministry of Finance P.O. Box 1073 Georgetown Guyana
Haiti	Banque de la République d'Haiti BP 1750 Rue des Mirades Port-au-Prince Haiti	Ministry of Economy and Finance 204, Palais des Ministères Rue Mgr. Guilloux Port-au-Prince Haiti
Italy	Bank of Italy Casella Postale 2484 00100 Rome Italy	Ministry of Economy and Finance Via XX Settembre 97 00187 Rome Italy
Jamaica	Bank of Jamaica P.O. Box 621 Kingston Jamaica	Financial Secretary Ministry of Finance and Planning 30 National Heroes Circle Kingston 4 Jamaica

COUNTRY	DEPOSITORY	CHANNEL
Mexico	Banco de Mexico, S.A. Subgerencia de Control de Operaciones Area Internacional Edificio Guardiola, 2do Piso 0659 Mexico, D.F. Mexico	Director General of International Affairs Secretariat of Finance and Public Credit Plaza de la Constitucion No. 1 Palacio Nacional Cuarto Piso, Oficina 4037 Co. Centro., CP 06000 Mexico D.F. Mexico
Montserrat	ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Financial Secretary Ministry of Finance, Economic Development and Trade Government Headquarters Brades Montserrat
People's Republic of China	International Department People's Bank of China 32 Cheng Fang Street West District Beijing 100800 China	CDB Desk Economist Division for International Financial Institutions International Department People's Bank of China 32 Cheng Fang Street West District Beijing 100800 China
St. Kitts and Nevis	ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Director Planning Unit of St. Kitts P.O. Box 186 Basseterre St. Kitts and Nevis
St. Lucia	ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Director, Finance Ministry of Finance and Economic Affairs Treasury Building Castries St. Lucia
St. Vincent and the Grenadines	ECCB P.O. Box 89 Headquarters Building Basseterre St. Kitts and Nevis	Director of Finance and Planning Ministry of Finance P.O. Box 608 Kingstown St. Vincent and the Grenadines
Trinidad and Tobago	Central Bank of Trinidad and Tobago P.O. Box 1250 Port of Spain Trinidad and Tobago	Permanent Secretary Ministry of Finance Eric Williams Finance Building Eric Williams Plaza Independence Square Port of Spain Trinidad and Tobago

COUNTRY	DEPOSITORY	CHANNEL
Turks and Caicos Islands	First Caribbean Int'l. Bank Main Branch Grand Turk Turks and Caicos Islands	Permanent Secretary Ministry of Finance Front Street Grand Turk Turks and Caicos Islands
United Kingdom	Bank of England Threadneedle Street London EC2R 8AH England	Department for International Development 94 Victoria Street London SW1E 5JL England
Venezuela	Banco Central de Venezuela Av. Urdaneta Esquina Las Carmelitas Caracas Venezuela	President Venezuelan Economic and Social Development Bank Avenida Universidad Traposos as Colón Torre BANDES, Piso 7 Caracas 1010 Venezuela

CDB - FIVE YEARS AT A GLANCE

	2007	2008	2009	2010	2011
APPROVALS					
No. of Capital Projects (New)	12	19	24	13	20
Approved for Loan Financing (of which OCR involved in)	(11)	(11)	(10)	(13)	7
No. of Additional Loans,TA Loans, Equity and Guarantees Approved	3	5	6	1	2
			-$M-		
Gross Loans, Equity and Guarantees Approved	189.1	297.5	151.2	270.5	166.5
(of which OCR accounted for)	136.8	174.8	116.0	224.0	69.5
Net Loans, Equity and Guarantees Approved	176.8	291.8	150.6	270.5	162.8
Amount Approved for Grants	20.7	49.6	15.6	30..0	21.9
LOAN DISBURSEMENTS			-$M-		
Amount Disbursed in OCR	93.4	101.6	115.7	246.4	94.9
Amount Disbursed in SFR	44.8	33.2	64.1	49.3	47.2
Total Disbursed	138.2	134.8	179.8	295.7	142.1
Net Transfers	22.2	1.6	70.0	180.1	15.4
PORTFOLIO			-$M-		
OCR Loans Outstanding	750.4	769.2	808.8	984.4	1,007.5
SFR Loans Outstanding	482.6	495.1	539.5	567.4	594.1
Total Loans Outstanding	1,233.0	1,264.3	1,348.3	1,551.8	1,601.6
FINANCIAL PERFORMANCE			-$M-		
Comprehensive Income on OCR 1/	34.8	42.9	22.2	41.2	40.8
Comprehensive Income on SFR 2/	12.4	8.9	6.5	7.3	2.1
Total Net Income	47.2	51.8	28.7	48.5	42.9
ADMINISTRATION					
Total Staff in Place at Dec. 31 (No.)	200	201	190	185	180
Total Administrative Expenses ($mn)	20.8	23.0	23.0	24.3	24.9
Administrative Expenses to Total Avg. Loans Outstanding (%)	1.7	1.8	1.8	1.7	1.6

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

2/ Shown at historical exchange rates and before appropriations.

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Designed by
Caribbean Development Bank