CARIBBEAN DEVELOPMENT BANK

ANNUAL REPORT 2015

REDUCING POVERTY THROUGH SUSTAINABLE GROWTH

THE GLOBAL GOALS
For Sustainable Development

CARIBBEAN DEVELOPMENT BANK

PURPOSE

"The purpose of the Bank shall be to contribute to the harmonious economic growth and development of the member countries of the Caribbean (hereinafter called the Region) and to promote economic cooperation and integration among them, having special and urgent regard to the less developed members of the Region"

Article 1 - agreement Establishing the Caribbean Development Bank

MISSON STATEMENT

CDB's Mission is to be the leading catalyst in the reduction of poverty through the inclusive and sustainable development of our BMCs by mobilising development resources in an efficient, responsive and collaborative manner with accountability, integrity and excellence.

Wildey, St. Michael
Barbados, West Indies
May 18, 2016

The Honourable Audley Shaw, CD, MP
Chairman
Board of Governors
Caribbean Development Bank

Dear Chairman

I enclose the Annual report of the Caribbean Development Bank for the year ended December 31, 2015, which the Board of Directors, acting pursuant to Paragraph 2 of Article 38 of the Agreement establishing the Caribbean Development 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
Wm. Warren Smith, Ph.D.
President

CONTENT

PRESIDENT'S MESSAGE

45 Years of Promoting Poverty Reduction and Sustainable Growth

In 2015, the Caribbean Development Bank (CDB) celebrated 45 years of service to the Region. Key milestones reached included the expansion of our total membership from 19 to 28 countries, and the addition of Haiti and Suriname to our borrowing membership. At year-end, we welcomed Brazil, the fourth regional, non-borrowing member from Latin America.

Today, CDB is a leading regional development bank, having distinct comparative advantage over other agencies because of our close relationship with, and our in-depth knowledge of the challenges of Borrowing Member Countries (BMCs).

Even as we celebrated this achievement, CDB was starting a new chapter in its operations with the launch of the Strategic Plan 2015–19. Our commitment is to assist BMCs to reduce inequality and halve the incidence of extreme poverty by the end of 2025. Our work is, therefore, anchored in the Strategic Plan's two complementary objectives to: support inclusive and sustainable growth, as well as development and the promotion of good governance. At the same time, we endeavour to mainstream gender equality, regional cooperation, integration, and energy security in our work.

In 2015, the international community focused on reaching agreement on a new sustainable development agenda, undergirded by revised targets to replace the Millennium Development Goals (MDGs); a framework for financing long-term growth; and a legally binding and universal climate agreement that moved global temperature increase well below two degrees Celsius, while urging efforts to limit the increase to 1.5 degrees.

CDB's operations and activities in 2015 were directed towards implementing the new Strategic Plan, while assisting BMCs with preparations to meet their obligations under the new global agreements. We approved loans and grants amounting to USD294 million (mn), up from USD270 mn in 2014. Funding from the Ordinary Capital Resources (OCR), which totalled USD197 mn (compared with USD174 mn in 2014) drove the overall increase in approvals. Commitments in loans and grants from the Special Funds Resources (SFR) rose slightly to USD97 mn from USD96 mn in the previous year. Total disbursements reached USD160 mn in 2015 compared with USD188 mn in 2014.

Developments in the water, energy, and transportation sectors dominated the portfolio, followed by substantial support to the education sector. The emphasis on infrastructure improvement was consistent with the role which this plays in reducing poverty, by facilitating economic growth and employment opportunities.

The Board of Directors approved policy-based loans (PBLs) for three countries. Embedded in the PBLs are reforms to stabilise the financial sector; promote prudent fiscal management; increase competitiveness; boost growth; and build economic resilience. The PBL head-room limit was also increased from 30% to 33% of the aggregate amount of all loans and guarantees outstanding at the date of approval. This expansion acknowledges the strategic importance of CDB support to the BMCs as they undertake transformative economic and social restructuring.

The Bank continued its efforts to emphasise climate resiliency in its project design, recognising that damage to social and economic infrastructure caused by climate change, only serves to undermine the goal of poverty eradication. All project proposals are now screened for associated climate and disaster risks by CDB staff.

Accelerating investments in renewable energy (RE) and energy efficiency (EE) has become an important element of CDB's work. The Bank has been progressively reorienting its focus towards the use of environmentally friendly and non-exhaustible resources in the BMCs and is making RE and EE a priority.

As implementation of the Strategic Plan progressed, CDB directed considerable attention towards improving its interest rate competitiveness by identifying appropriately-priced funds to meet projected demand for loans and grants. In this regard, we successfully finalised two agreements: the Sustainable Energy for the Eastern Caribbean (SEEC) and the Sustainable Energy Facility for the Eastern Caribbean (SEF), to promote the adoption of EE initiatives and the shift to RE technologies. SEEC is being funded by the United Kingdom's (UK's) Department for International Development (DFID); the European Union's (EU's) Caribbean Investment Facility (CIF) and by CDB. SEF is both a loan and grant package, funded by the Inter-American Development Bank (IDB) and CDB, and it benefits six countries in the Organisation of Eastern Caribbean States (OECS) – Antigua and Barbuda, Dominica, Grenada, St. Kitts and Nevis, St. Lucia, and St. Vincent and the Grenadines.

In September, the UK Government announced the creation of the £300 million UK-Caribbean Infrastructure Fund to finance vital new infrastructure such as roads, bridges and port development. The Fund, to be administered by CDB, will be available to Montserrat and eight Commonwealth Caribbean countries which are eligible for Official Development Assistance, namely Antigua and Barbuda, Belize, Dominica, Grenada, Guyana, Jamaica, St. Lucia and St. Vincent and the Grenadines.

This Annual Report seeks to highlight the more noteworthy initiatives undertaken by CDB during 2015. It reports on progress in implementing the Strategic Plan and CDB's role in supporting the global sustainable development and climate change agendas. It also describes the continuation of a far-reaching and proactive programme of internal reforms, as well as financial operations, as the Bank strives to remain responsive to the changing needs of member countries.

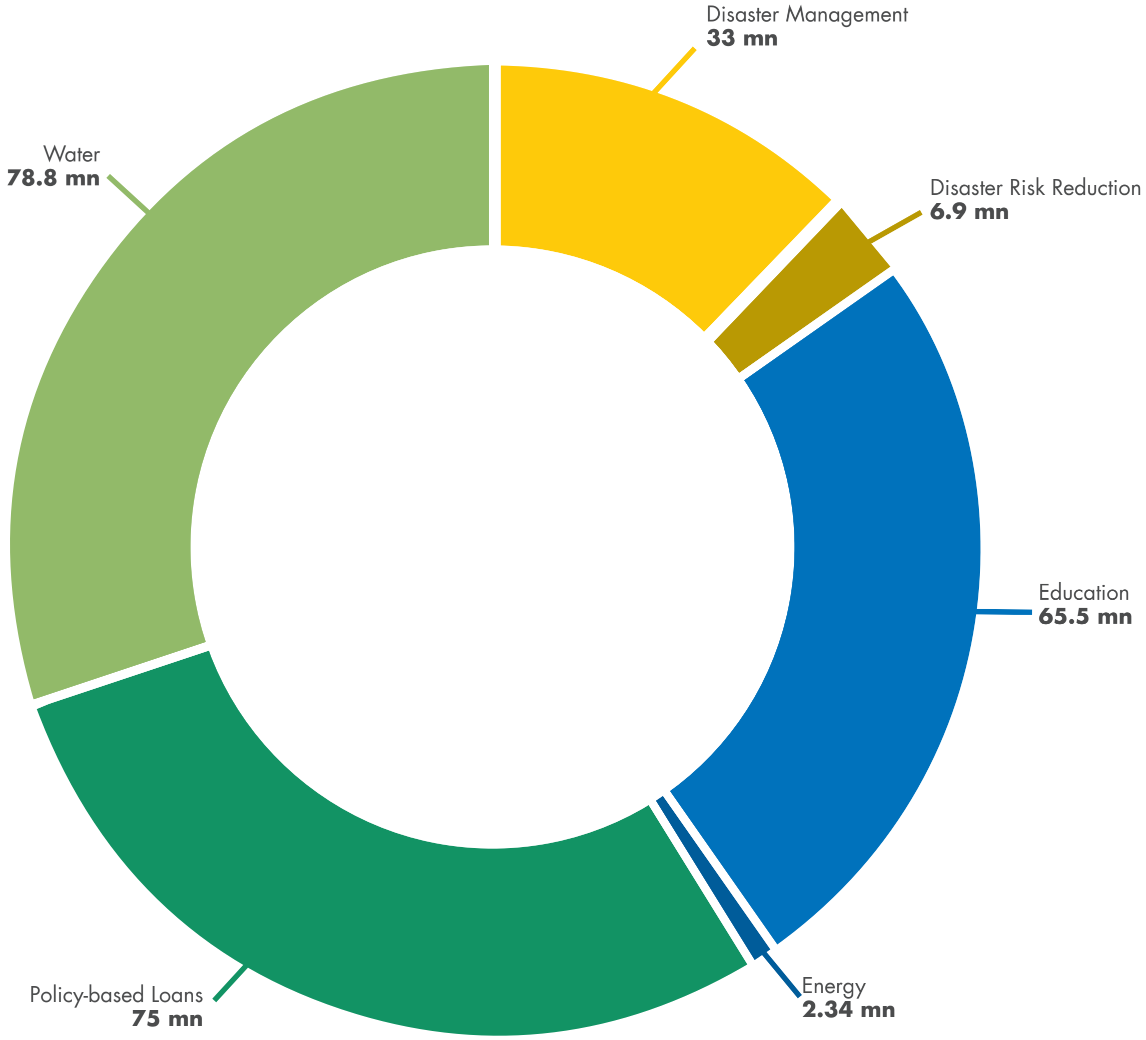
As we urge BMCs to shift from a path of incremental to transformational change, CDB must also be prepared to adapt and remake itself. In this way, we will be better equipped to provide our Caribbean people with the best advice and financial support necessary to remove the scourge of extreme poverty from our countries.

Dr. William Warren Smith
President

DISTRIBUTION OF LOANS

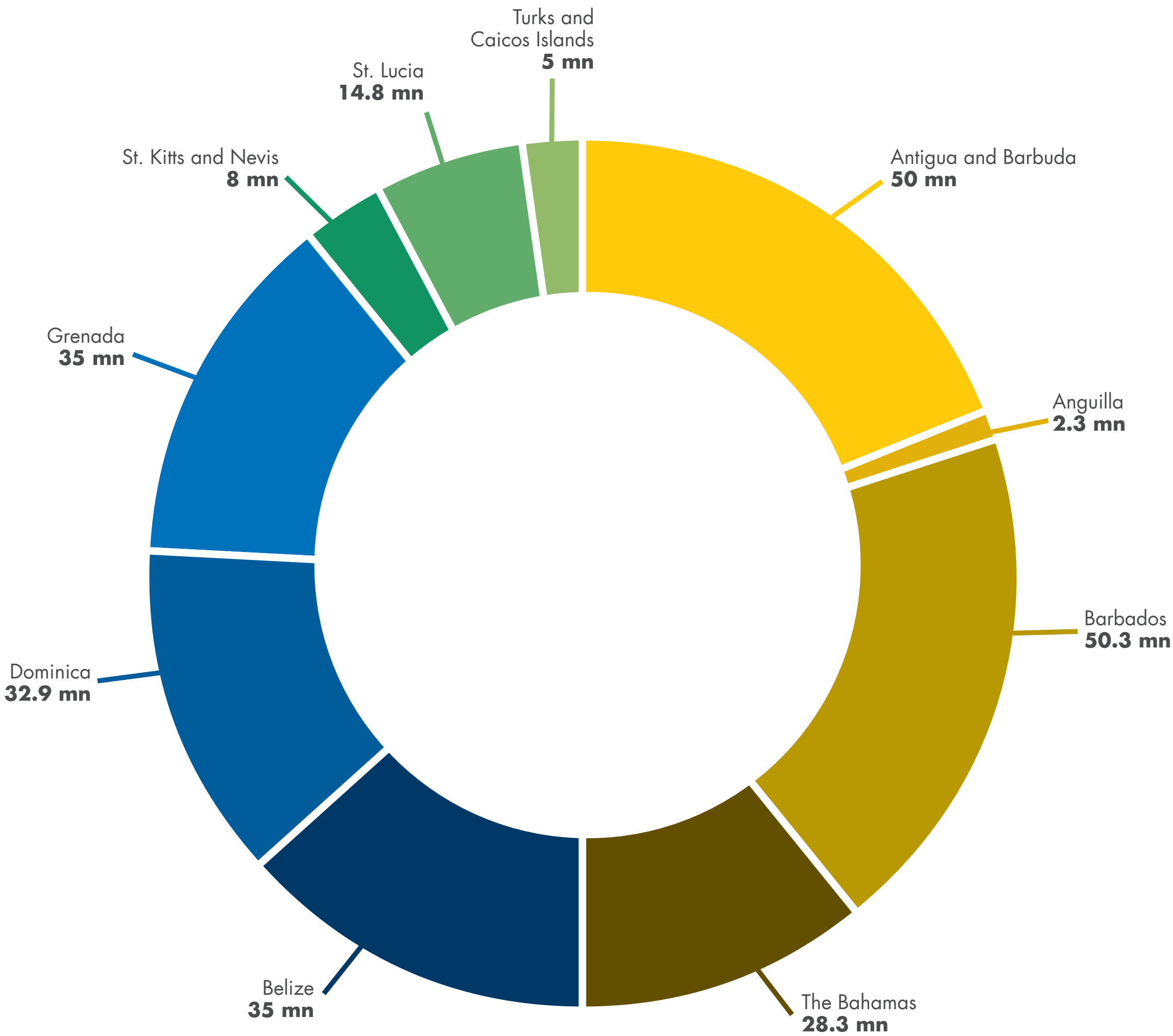
PROJECT APPROVALS BY SECTOR

Figures are quoted in USD mn



PROJECT APPROVALS BY COUNTRY

Figures are quoted in USD mn



ECONOMIC REVIEW AND OUTLOOK

The Caribbean economy experienced a difficult year in 2015, exacerbated by challenges in the world economy.

Global economic growth fell from 3.4% in 2014 to 3.1% in 2015. The main reason was the slowdown in China, which along with other developments, kept commodity prices low, impacting exporters of those products. The forecast for the United States of America (USA), United Kingdom (UK) and Canada was revised downward during the year [1]. Being small open economies, Caribbean countries were not immune from these effects. Commodity producing countries experienced sharp declines, while tourism reliant economies enjoyed a relatively good year.

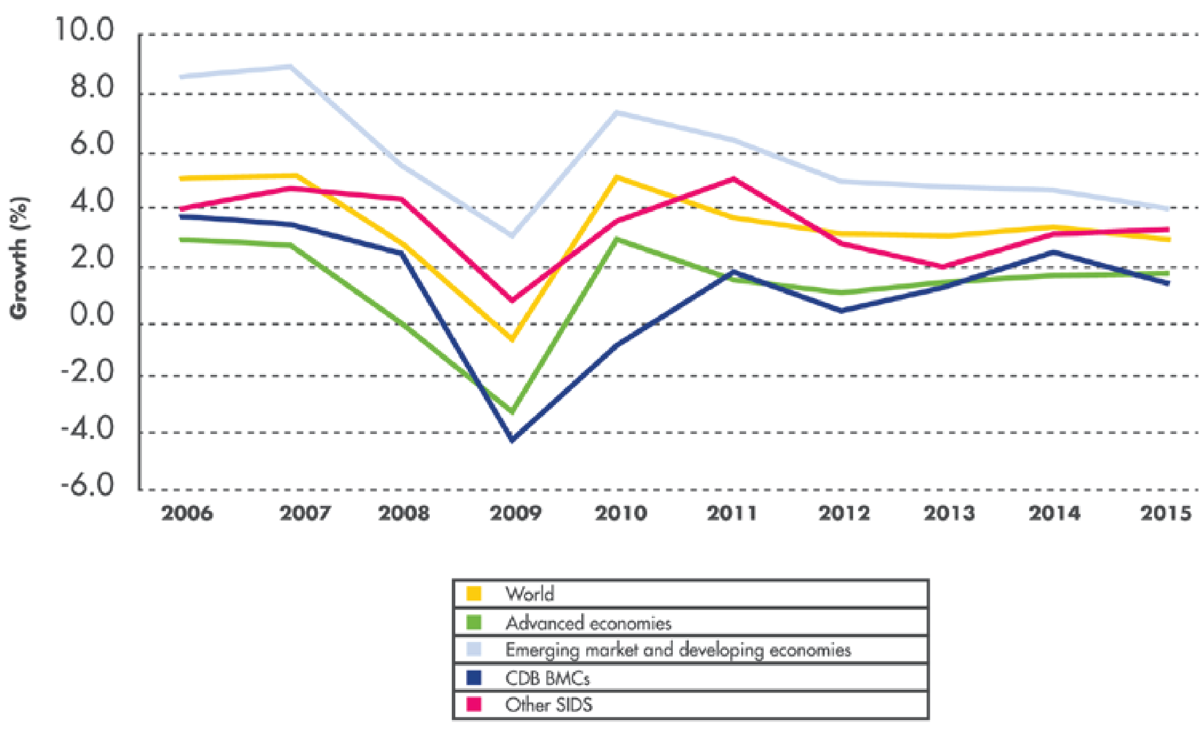
In addition to economic vulnerability resulting from its heavy dependence on overseas markets in 2015, the Region's susceptibility to environmental events was also demonstrated. Natural disasters in Dominica and The Bahamas set back economic growth and weather occurrences, particularly drought, affected agricultural production.

Correspondent Banking Relationships (CBRs) with overseas banks were brought into focus, as the number of CBRs was reduced, threatening some BMCs' financial systems and real economies.

As Figure 1 below shows, CDB's BMCs have started to recover from the Great Recession, recording average positive growth every year since 2011. However, their performance has consistently lagged behind the rest of the world. Since 2009, BMCs have grown an average 1.1% per year, compared to 3.8% globally; 1.9% in advanced economies; and 3.3% in other small island developing states (SIDS)[2].

Clearly, the Region's vulnerability has had an adverse impact on its economies; and this needs to be addressed. However, this does not explain the difference in the growth rates with other SIDS, some of which face similar risks. A major explanatory factor is low productivity; and with it, lack of competitiveness in the Region. This must be improved, because of its positive correlation with economic growth.

Figure 1: Growth (%) in Real Output, 2006-2015*



Source: IMF, CDB

[1] In April 2015 the IMF World Economic Outlook forecast that economic growth in 2015 would be 3.1% in the US, 2.7% in the UK, and 2.2% in Canada. By April 2016 the corresponding estimates were 2.4%, 2.2% and 1.2%.

[2] Average unweighted growth since 2009. Source: IMF WEO Database, CDB estimates.

The World Bank's annual Doing Business Survey identifies some key measures that could help to enhance productivity. In the 2016 Report, only two BMCs (Jamaica and The Bahamas) are ranked higher than last year; and only Jamaica and St. Lucia are in the top half of 182 countries assessed. The Survey justifies the placement of BMCs, taking into account metrics such as: time and cost to start a business; ease of getting construction permits; flexibility in trading across borders; convenience in paying taxes; getting electricity; registering property; among other factors that potentially affect productivity.

CDB's 2016 research programme will help to address some of these issues, by exploring measures to assist Micro, Small and Medium Enterprises (MSMEs); as well as reducing the cost and time associated with importing and exporting, through improvements in port operations.

Performance in Borrowing Member Countries

Falling commodity prices dominated the fortunes of the Region's five major commodity exporters, all of which registered a downturn in performance. Significantly, Trinidad and Tobago grew by just 0.2%. The main reason was a decline in the petroleum industry in which falling oil prices caused a cutback in some exploratory activities. In addition, some oil and gas fields matured; and there were prolonged periods of maintenance work which negatively impacted the sector. Liquified Natural Gas (LNG) output also fell. However, production earnings from agriculture, manufacturing and the services sectors rose.

During the first half of the year there were significant contractions in gold and bauxite production in Guyana due to falling prices; as well as a drop in construction activity. However, the economy rebounded after June, partially due to two new gold mines coming on stream. Yields from rice and sugar improved, driving an increase in manufacturing. Suriname's mining sector, which accounts for 30% of Gross Domestic Product (GDP), was affected by low commodity prices. The unfavourable market conditions resulted in the closure of a major alumina refinery. Agriculture remained weak, as Moko disease destroyed nearly 2,000 hectares of commercial banana plantations.

In Haiti, drought caused a decline in agriculture. Manufacturing, especially apparel (supported by two US programmes), grew strongly; but construction slowed following increasing civil unrest and a slump in donor support for post-earthquake reconstruction.

Livestock farming expanded in Belize, while crop yields, wood output and shrimp production declined. Manufacturing fell, due mainly to a decrease in petroleum extraction following depletion of reserves.

Natural disasters caused significant damage to local communities in Dominica and The Bahamas. In August, Tropical Storm Erika produced heavy rainfall, resulting in intense and rapid flooding in Dominica. There were several deaths, injuries, displacement of households and extensive destruction of physical and social infrastructure. Losses were estimated at USD483 mn, more than 90% of Dominica's GDP. Productive sectors, such as agriculture and tourism, were also adversely affected. In September, Hurricane Joaquin struck the Family Islands in The Bahamas. This caused damage estimated at USD105 mn (1.2% of GDP); and slowed GDP growth by 0.11%.

Recovery in the regional tourism market continued last year. Most destinations reported improved visitor arrivals, and many recorded increases in the more lucrative stopover segment. Tourism-related construction accompanied these positive trends. The upbeat impact of tourism on economic growth was felt most keenly in the smaller economies which are more dependent on this industry. Grenada, St. Kitts and Nevis, St. Lucia and the Turks and Caicos Islands (TCI) all recorded GDP growth of more than 4%. In The Bahamas, on the other hand, the overall visitor numbers fell despite higher stopover visitor arrivals. Growth was also impeded by the cessation of construction at a mega resort prior to completion. This was due to bankruptcy; and subsequent legal matters. Despite an impressive increase in total visitor arrivals of nearly 15%, tourism in Barbados grew by a mere 0.5%. The minimal increase in value added (0.9%) from this industry, combined with lower output from construction, manufacturing and agriculture, the latter because of drought, were responsible for sluggish performance.

Drought also affected agriculture in Jamaica, although this sector still made a positive contribution to the economy, along with manufacturing, particularly due to a recovery in petroleum refining; as well as food and beverages.

Figure 2: Growth (%) in Real Output, 2011-2015*

BMC	Weight	2011	2012	2013	2014	2015
ANG	0.4%	(1.5)	(1.8)	0.3	6.2	1.8
ANT	1.5%	(1.9)	3.6	(0.2)	4.2	1.8
BAH	10.1%	1.6	1.8	0.0	1.0	1.0
BAR	5.1%	0.6	0.3	(0.1)	0.2	0.5
BZE	2.0%	2.1	3.8	0.8	3.6	1.4
BVI	1.1%	0.6	(1.0)	(0.8)	0.5	2.0
CAY	4.1%	0.9	1.6	1.4	(1.3)	1.7
DOM	0.6%	1.3	(0.4)	0.6	1.1	(3.9)
GRE	1.1%	0.1	(0.6)	3.2	5.7	4.6
GUY	3.7%	5.4	4.8	5.2	3.8	3.0
HAI	10.2%	5.5	2.9	4.2	2.8	1.7
JAM	16.5%	(1.4)	(0.5)	1.0	0.5	1.0
MON	0.1%	6.2	1.6	2.3	2.4	(1.2)
SKN	1.0%	(1.9)	(0.9)	6.2	6.9	5.0
SLU	1.7%	1.3	(1.3)	(1.9)	(0.7)	4.2
SVG	0.9%	0.2	1.1	2.3	(0.2)	1.3
SUR	6.1%	5.3	3.0	2.8	1.8	0.1
TT	32.9%	(1.2)	0.3	2.3	1.9	0.2
TCI	1.0%	4.7	(4.2)	1.3	4.6	4.1
Weighted Average		**1.6**	**1.2**	**1.5**	**1.6**	**1.0**
Weighted (without TT)		**2.2**	**1.2**	**1.5**	**1.5**	**1.4**
Simple Average		**1.5**	**0.7**	**1.6**	**2.4**	**1.6**

Sources: National Statistics Offices, Central Banks and CDB

*Data for 2008-14 are official data, while data for 2015 are preliminary CDB estimates

Employment and Prices

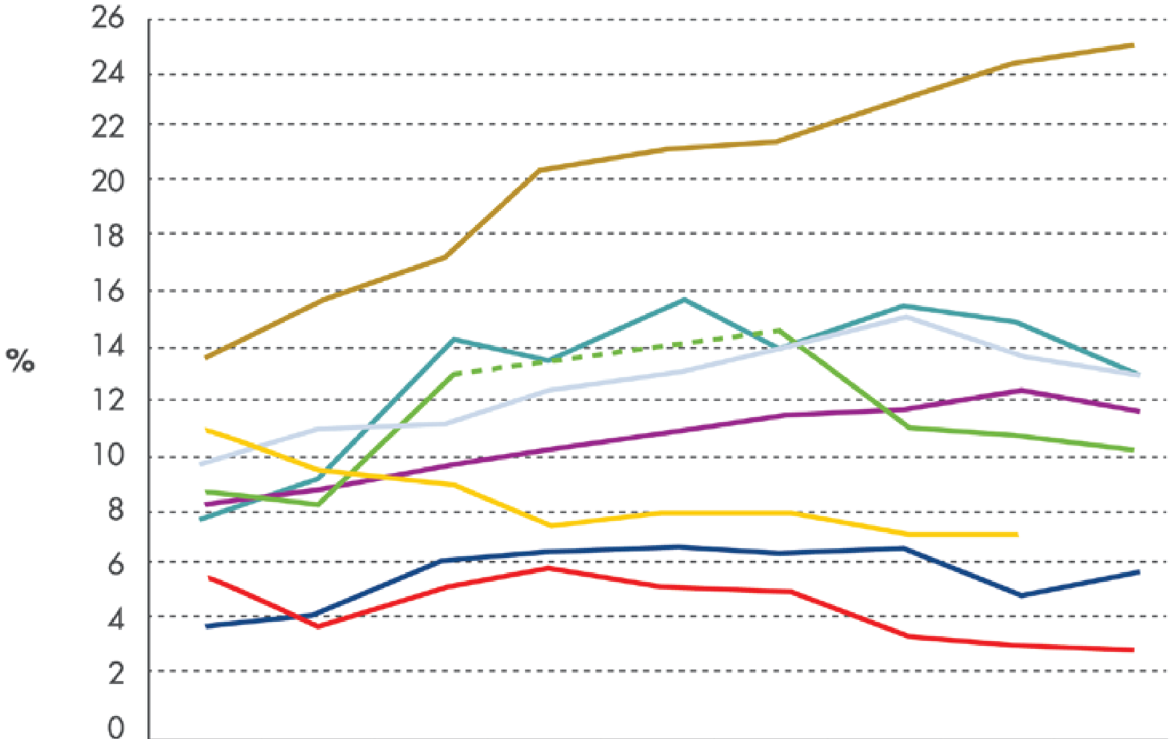
Unemployment remains a concern across most of the Region; and according to CDB research, the number of jobless youth is among the highest in the world. Many of the BMCs for which 2015 labour force data is available (see Figure 3) continued to experience double-digit unemployment rates.

In St. Lucia, despite recent economic progress and several targeted government programmes, unemployment fell only marginally to 24.1%. There was a decline in joblessness in Jamaica, in line with the economic recovery; and also in Belize, thanks to increased activity in agriculture and construction.

In The Bahamas, the 2015 average unemployment rate was also lower than in 2014, although this masks the 2,000 layoffs from the mega resort. Trinidad and Tobago reported a reduction in joblessness in the first half of the year, but the figure rose in the second half, as the economy slowed. An increase was projected in Suriname, due to job losses in mining and agriculture. Other BMCs reporting unemployment rates were TCI at 11%, significantly down from 17% in 2012; and Grenada at 30.4%.

Inflation declined throughout the Region, with a few exceptions – The Bahamas, due to the introduction of a value added tax (VAT) in January; Haiti, as a result of drought and devaluation; and Suriname, due to devaluation and the negative impact of heavy rainfall on crop production. Elsewhere, the effects of lower global commodity prices, especially crude oil, were reflected in more moderate domestic price rises. Notably, a

Figure 3: Annual Average / Mid-year Unemployment Rates, 2007-15



	2007	2008	2009	2010	2011	2012	2013	2014	2015
BAH	7.9	8.7	14.2	13.7	15.9	14.0	15.8	15.0	13.4
BAR	8.1	8.6	9.9	10.3	11.2	11.5	11.6	12.3	11.8
BZE	8.5	8.2	13.1			14.4	11.7	11.1	10.2
CAY	3.8	4.0	6.0	6.2	6.3	6.2	6.3	4.7	5.6
JAM	9.8	10.6	11.3	12.2	13.1	14.0	15.3	13.8	13.1
SLU	13.9	15.7	17.3	20.6	21.2	21.4	23.3	24.4	24.1
TT	5.6	3.9	5.1	5.9	5.1	4.9	3.7	3.3	3.2
SUR	10.7	9.4	9.0	7.6	8.0	8.0	7.0	7.0	

Sources: National Statistics Offices, Central Banks
Notes: Rates for Cayman Islands, St. Lucia and Trinidad and Tobago are as at mid-year. Rates for Barbados, Belize, The Bahamas, Jamaica and Suriname are annual averages.

number of BMCs (Anguilla, Cayman Islands, Barbados, Belize, Guyana and St. Vincent and The Grenadines) actually reported deflation. This can retard economic growth because consumption decisions are delayed in the expectation that prices will fall in the future, thereby impeding business profits and investment. Deflation can also negatively influence debt dynamics, because it increases the real value of debt held.

External Performance

Trade performance in BMCs was dominated by falling crude oil prices; and, to a lesser extent, the prices of other commodities. Trinidad and Tobago, the Region's largest oil and gas exporter, saw its trade surplus in 2014 converted to a deficit in 2015. Suriname's trade gap widened following weaker oil and gold prices. These movements also lowered the value of Guyana's exports; but with its import bill falling, the deficit narrowed.

The import bills of non-oil producing BMCs were reduced. Jamaica experienced an improvement in its trade deficit, despite exports also declining. In Barbados, St. Lucia and TCI, increased receipts from tourism helped to boost external current account balances. In addition, inflows of remittances grew by 2% across the Region. Consequently, foreign exchange reserves increased in The Bahamas, the Eastern Caribbean Currency Union (ECCU), and Jamaica; however, they fell in Barbados, Trinidad and Tobago, Belize, Guyana, Haiti and Suriname. Most BMCs continued to hold funds in excess of the international three-month benchmark. However, this is not the case in Suriname, where the authorities were in discussion with the IMF about the possibility of support for their economic reform programme to help strengthen the

Figure 4: Change in Debt/GDP Ratio 2013-2015 and Debt/GDP Ratio, 2015

BMC	CHANGE IN DEBT/GDP RATIO 2013	2014	2015	DEBT/GDP RATIO 2015
BAR	-4.8	4.8	4.0	131
JAM	-5.7	-4.0	-10.9	125
GRE	1.0	-3.0	-2.5	104
ANT	8.0	-0.9	8.3	103
BZE	1.7	-2.0	3.2	80
DOM	-1.3	0.4	4.7	79
SVG	2.0	4.2	-2.9	76
SLU	2.7	-0.9	1.2	75
BAH	5.7	7.7	0.2	70
SKN	-36.5	-21.8	-14.9	64
SUR	8.4	-2.0	15.9	50
GUY	-5.7	-6.2	3.2	49
TT	-1.1	2.5	6.1	46
HAI	4.9	5.2	-0.2	26

Sources: IMF World Economic Outlook Database, CDB estimates.

level of international reserves; and pave the way for the economy to achieve sustained growth. CDB and other development partners will also be providing assistance to Suriname.

Monetary Developments and Financial Stability

As falling commodity prices lowered inflation expectations, central banks were able to decrease interest rates in an effort to encourage growth through increased investment and consumption. However, this measure did not result in higher lending. Instead, banking system liquidity rose as credit growth remained weak, reflecting ongoing lack of confidence in the private sector and the paying down of previous debts. In Trinidad and Tobago, the monetary policy was tightened in anticipation of rising US interest rates. Nevertheless, domestic rates remained low, although credit demand did not grow significantly.

In most BMCs, the banking systems are strong, with institutions adequately capitalised and scoring favourably on indicators of financial soundness. Non-performing loans (NPLs) dipped in 2015, although these need to fall further if credit growth is to pick up.

In the ECCU, the banking system remains stable but fragile. NPLs remain elevated, and some national banks have weak capital positions. During the year, the Eastern Caribbean Central Bank (ECCB) advanced its work towards the orderly resolution of banks under conservatorship, closing one bank in Antigua and Barbuda. A 2015 asset quality review (AQR) will inform the design of a regional strategy to address capital deficiencies. Separately, the lowering of the minimum savings floor was instituted to reduce costs to banks. It is anticipated that there will be a strengthened and more rigorous regulatory regime within the ECCU following the enactment of new banking legislation in 2015. All these measures should further boost confidence in the Region's financial sector.

Fiscal Performance and Debt

High levels of indebtedness remain a problem throughout the Region, since they limit fiscal space for governments to stimulate economic activity. However, in 2015 nearly all the highly indebted BMCs (those with debt greater than 60% of GDP) were able to limit additional indebtedness by reducing their fiscal deficits; and some actually managed to lower the debt burden. Figure 4 shows changes in BMCs' debt burden over the last three years.

In Jamaica, the public finances continued to improve under the country's IMF Extended Fund Facility (EFF), and public debt as a share of GDP is expected to be 124.8% by the end of 2015/16, moving from 146.5% in 2012/13. The small overall deficit in 2014/15 compared favourably with that prior to the IMF programme; and in the first few months of 2015/16, the shortfall was less than forecast. Lower interest payments, following a recent restructuring, helped to improve the fiscal balance; and, in a further rationalisation exercise, Jamaica bought back its outstanding PetroCaribe debt, thus reducing the net present value (NPV) of the country's indebtedness.

The debt burden fell again in Grenada and St. Kitts and Nevis. Grenada, currently undergoing an IMF programme, is estimated to have recorded its first primary surplus (2.1% of GDP) in more than ten years. Debt restructuring negotiations were successfully completed in November 2015, with half of the 50% principal haircut on negotiated external bonds implemented already; and, the remainder to be effected following a review of the IMF programme in 2017. St. Kitts and Nevis continued to pay down debt early. Citizenship by Investment (CBI) revenues and increased corporation tax receipts cushioned the revenue loss from the widening of VAT and customs duties exemptions.

Debt to GDP ratios increased in The Bahamas, Barbados, Dominica, St Lucia, Antigua and Barbuda, and Belize.

The main reason for additional debt in Antigua and Barbuda was the cost of the bank resolution. The Bahamas, Barbados, Grenada, St. Lucia, Antigua and Barbuda were able to increase revenues, mainly due to the widening of tax bases; higher tax rates; and improved tax administration. A new VAT regime, which was successfully introduced in The Bahamas in January, also contributed to that country's improved outturn. Meanwhile, returns from CBI programmes boosted recurrent revenue in Antigua and Barbuda, as well as, Grenada and Dominica.

Expenditure increased in some of these BMCs, partly due to unanticipated operating and capital costs following natural disasters in Dominica and The Bahamas. Expenses also rose in St. Kitts and Nevis, mainly driven by higher disbursement on wages, goods and services. Conversely, spending was reduced in Barbados, St. Lucia, Grenada, and St. Vincent and The Grenadines, as a result of lower public sector outlay for wages, employment freezes, and modest capital outflow.

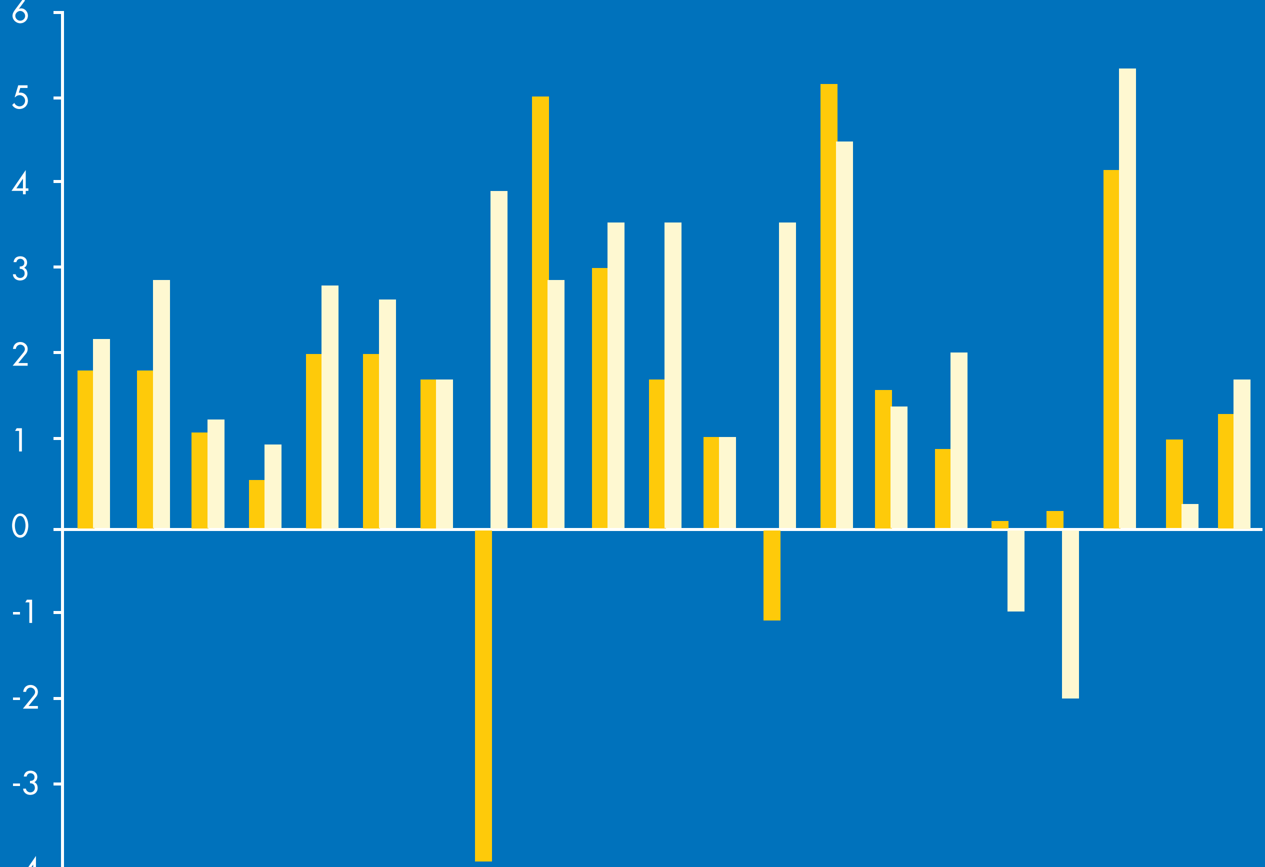
Outlook

Economic growth in 2015 was lower than 2014, and forecasts for 2016 are subject to uncertainty. Consideration of the outlook for such small open economies must take into account trends elsewhere in the world. Many interlinked developments have caused the IMF and the Organisation for Economic Cooperation and Development (OECD), to downgrade their global growth forecasts for 2016. These developments include: the slowdown in China, persistently low commodity prices and their implications for producers and consumers; as well as, the likelihood and timing of tighter monetary policy in the USA. Recovery remains fragile.

There may also be some unpredictability in the UK and the Eurozone, as citizens of the former vote in a referendum on whether to stay in the EU. The IMF is also more pessimistic about some emerging markets, such as Brazil and Venezuela, which BMCs have been targeting to diversify their trade relations.

Additional concerns for the Region are the Zika virus; and further reduction in CBRs. Zika is potentially a concern for tourists and residents, alike, in both the short and long terms. The Caribbean Tourism Organization (CTO) expects stay-over arrivals to increase by between 4.5% and 5.5% in 2016, following a 7% growth in 2015. CBRs play a key role in the global and regional financial ecosystem, facilitating payment of remittances, invoices and other cross border transactions, including credit card payments by tourists. A recent World Bank survey

Figure 5: Regional Growth (%) Estimates for 2015 and Projections for 2016



	ANG	ANT	BAH	BAR	BZE	BV I	CAY	DOM	GRE	GUY	HAI	JAM	MON	SKN	SLU	SVG	SUR	TT	TCI	Wt. Ave.	Wt. Ave. (ex TT)
2015	1.8	1.8	1.0	0.5	1.4	2.0	1.7	(3.9)	4.6	3.0	1.7	1.0	(1.2)	5.0	4.2	1.3	0.1	0.2	4.1	1.0	1.4
2016	2.2	2.8	1.2	0.9	2.7	2.5	1.7	1.3	3.2	4.0	3.5	1.0	3.4	5.1	2.3	2.1	(1.0)	(2.0)	5.4	0.5	1.8

Source: CDB

indicates that the Caribbean seems to be the region most affected by the decline in CBRs. This could significantly affect the Region's population and businesses.

A constant element of risk remains natural disasters and severe weather events, for which plans must be in place, given their frequency due to climate change.

Slower Growth Predicted For 2016

Given the substantial downside risks, CDB is currently projecting growth in all of its BMCs in 2016 (see Figure 5), with the exception of Trinidad and Tobago and Suriname.

Average regional growth is expected to be about 0.5%. Not including Trinidad and Tobago, expected average growth is 1.8%. Trinidad and Tobago is the BMC most exposed to pervading global trends; and therefore, low petroleum industry production and product prices are expected to continue. As well as restricting future economic growth, the government's revenue receipts will be affected, in turn impacting the country's future public sector investment. Therefore, the economy is expected to contract by about 2%.

Low commodity prices will also affect Suriname, which is likely to face a period of fiscal consolidation, which could constrain domestic demand; and also slow credit growth. CDB estimates that the economy will decline by 1%.

Growth is expected to be 4% in Guyana as gold production is ramped up at the two new mines. Public investment should also increase.

In Haiti, which was granted an extended credit facility by the IMF in 2015, the economy is expected to expand by 3.5%, based on remittance-funded consumption, construction and textile manufacturing.

Assuming no significant downturn in the global economy; particularly in source markets, improved performance in excess of 4% is projected in both TCI and St. Kitts and Nevis, as tourism and related investments remain buoyant. These activities will also drive advances in Antigua and Barbuda, Grenada, British Virgin Islands (BVI), Anguilla, St. Vincent and The Grenadines, Cayman Islands, St. Lucia, The Bahamas and Barbados. A positive forecast for Dominica is based on anticipated increases in the construction, wholesale and retail sectors, as part of the Tropical Storm Erika rebuilding effort. Meanwhile, in Montserrat, development will be largely influenced by public infrastructure investment.

CDB expects growth in Jamaica to be about 1%, based on robust tourism activity and increased aluminium production, although income from some export crops could fall, as prices stay low. Investor confidence is expected to increase, as the market anticipates a further reduction in inflation; and an improved business environment. Increased port efficiency; lower electricity rates; improved access to finance for small businesses; as well as, a quicker construction approval process are among the critical performance indicators.

Time To Decide

These growth rates are insufficient to address concerns about employment, equality and poverty reduction. Higher rates of economic growth are necessary, in order to effect meaningful economic change.

We believe that our BMCs need to be **Dynamic, Export-oriented, Competitive, Inclusive, Diverse and Environmentally resilient economies** (DECIDE), in order to bring their performance on par with other developing countries. Key success factors include:

- Private sector-led growth;
- An educated and flexible work force;
- Regional integration to maximise the gains;
- Governments acting as facilitators and efficient regulators; and,
- Energy security.

The foregoing recognise the role of government as a facilitator, rather than a driver of growth. Additionally, public sector activity is being limited by a lack of fiscal space. CDB recommends the following 13 policy actions to help boost productivity:

1. Innovation: A strategy that will encourage the business sector to adopt innovative solutions.

2. Business Reforms: Improvement in the investment climate, making it easier for the private sector to thrive.

3. Labor Market Reforms: Increased flexibility, freedom of movement, participation and productivity.

4. Human Capital Development: Investment in quality education for all, with emphasis on science, technology, engineering and mathematics (STEM).

5. Fiscal Consolidation: Adoption of fiscal rules, increased efficiency in revenue collection and expenditure, promotion of capital investment, and reform of subsidies.

6. Fiscal Buffers: Increased national savings to more effectively absorb the impact of economic and other shocks.

7. Energy Reform: Improvement in the regulatory environment in order to encourage energy security.

8. MSME Development: Establishment of a policy environment that assists Micro, Small and Medium size Enterprises (MSMEs), including improved access to credit.

9. Social Protection: Implementation of targeted and affordable social protection; this is applicable to social safety nets, transfers and subsidies.

10. Regional Integration: Strengthening of regional integration to take advantage of free trade agreements, such as, Economic Partnership Agreements (EPAs); and to seek new areas for collaboration.

11. Regional Transport and Logistics: Increased efficiency in the movement of people and goods across the Region.

12. Disaster Mitigation: Mandating building and infrastructure codes to improve resilience.

13. Health Protection: Introduction of measures to minimise the spread of new diseases.

The Bank anticipates slower recovery in 2016, and is mindful of the various global and regional risks. However, adopting the strategies identified above, while taking into account individual BMCs' needs, could stimulate higher rates of economic growth, and help to reduce unemployment, inequality and poverty. This would also position BMCs to diversify their economies and reduce their vulnerability to external influences.

Our 2016 Research Programme will provide support for BMCs in adopting these measures. The research will address poverty; help MSMEs; and ease the cost and time associated with import and export procedures through improvements in port operations. We are committed to working with our BMCs to achieve the objectives of DECIDE.

OPERATIONS

ECONOMIC INFRASTRUCTURE

Ongoing infrastructure projects during the year included the construction and upgrading of approximately 84 kilometres (km) of roads, benefitting some 30,000 people, and the installation of some 12 km of supply mains.

Seventeen new capital and Technical Assistance (TA) interventions were approved for economic infrastructure development in Anguilla, The Bahamas, Barbados, Belize, Grenada, Dominica, St. Lucia, and TCI. Two projects with region-wide impact were also implemented. Interventions were made in the energy, transportation, water and sanitation sectors, as well as post disaster response. The details are as follows:

Energy

A one Megawatt Solar Photovoltaic (PV) Plant was installed at Corito to introduce Renewable Energy (RE) into the generating capacity of the Anguilla Electricity Company Limited (ANGLEC). The Project was accorded high priority by both ANGLEC and the Government of Anguilla, as it will support the government's stated objective to transform the country into a carbon neutral economy; reduce dependence on fossil fuel imports for electricity generation; and move the country toward energy security.

Transportation

The provision of efficient and safe transport infrastructure and services is fundamental to sustainable development in the Bank's BMCs. Two TA interventions in this area were approved in 2015.

The first included financing to cover the cost for participants from public sector works ministries, national road safety councils and civil society organisations in BMCs to attend the Input Revolving Fund's Fourth Caribbean Regional Road Congress. A course about the proper installation and maintenance of roadside safety devices, signage and delineation was also on the conference agenda. Approximately 70 key operatives took part.

Under the second initiative, TCI received USD199,650 for the formulation of a Master Plan for the country's Transport sector. The main objective is to provide TCI with comprehensive information about major investments in all transport sub-sectors. This will further enable:

(a) improved connectivity across the archipelago through a co-ordinated and enhanced transport network;
(b) provision of infrastructure to support private sector development and promote gender equity, as well as community participation; inclusive growth and,
(c) contribution to climate resilient growth, protection of livelihoods and natural resources.

Drainage

Barbados received a grant of USD7.13 mn to assist in financing the final segment of upgrading works at the Constitution River, the primary drainage channel through the capital, Bridgetown. The project, which will cover 0.45 km of drainage channel; improve the infrastructure to an adjoining community; and enhance the capacity of the drainage division by the end of 2017, is expected to reduce flooding in Bridgetown, and enhance public health by mitigating the threat of mosquito-borne diseases. The supporting TA components will protect the investment through the development of a Constitution River Maintenance Plan. In addition, a Climate Vulnerability Assessment of the Constitution River drainage catchment will be undertaken, to explore upstream options for improving the integrity of the project area to flooding.

Water and Sanitation

A grant of USD15.3 mn, provided to St. Lucia during the year, will facilitate development of a reliable and climate resilient supply of potable water to residents and businesses in the north of the country. A portion of the funds will also be used to enhance the governance and operation of the Water and Sewerage Company Inc., with emphasis on gender inclusion, climate resilience planning, and financial management. The project will remove and dispose of sediment in the existing dam, which has reduced its effective capacity to approximately 60%. This has, in turn, resulted in a 37% water supply reliability, and the introduction of water rationing in two of every three years. On completion, it is expected that disruption in supply, due to water shortages, will be reduced from 30 days to eight days annually. The improved system will serve some 28,000 households.

Enhanced access, reliability and quality of the water supply systems serving communities on New Providence and six Family Islands in The Bahamas are the main objectives of an USD28.5 mn project, which the Bank financed last year. The funds will cover: water supply and distribution systems upgrade; technical assistance;

engineering services; and project management. By the end of 2018, it is expected that 181 km of water supply lines will be installed or upgraded, and an additional 315 cubic metres of water per day will be provided to some 1,800 households.

A major intervention in the water and sanitation sector in Barbados was also financed during the period under review. The sum of USD35.9 mn was approved for a Water Supply Network Upgrade project which will facilitate the rehabilitation of water production facilities, as well as refurbishment and replacement of storage reservoirs. The establishment of proactive non-revenue water management systems; and the replacement of leaking mains will also be undertaken. Other project highlights include a tariff review; preparation of a water sector Climate Change Adaptation Masterplan (CCAM); and training of Barbados Water Authority (BWA) operational staff.

In addition, four photovoltaic plants will be installed to reduce BWA's energy costs. The expected outcome of the project will be enhanced safety and efficiency of the country's potable water supply system facilitated by the establishment or upgrading of some 28 km of supply lines. By 2020, energy savings amounting to 5,358,000 kWh/year will be realised from the 550 kW of renewable power generation capacity provided through the RE/EE intervention.

Post-Disaster Responses

There was severe damage in Dominica resulting from the passage of Tropical Storm Erika in August 2015. An Immediate Response Loan of USD750,000 was provided to the Government of the Commonwealth of Dominica (GOCD) to assist in the cleaning and clearing of debris in affected areas, as well as the restoration of essential services damaged by rainfall.

A Rehabilitation and Reconstruction Loan of USD30 mn was also approved to assist with the recovery effort and reduce risks associated with landslide and flood hazards. This will be achieved through: (a) the rebuilding of critical infrastructure to better than pre-Erika standards, and (b) technical assistance in the training of personnel within the Ministry of Public Works and Ports. Through this loan programme, three bridges will be upgraded; 500 metres (m) of river training will be undertaken; and approximately 18.2 km of roads will be constructed and improved to serve 4,700 residents.

An additional loan of USD2.3 mn was provided for work which will improve conditions for some 750 persons in the Layou Valley. With these funds, 4.2 km of road will be upgraded and 4.5 km of river defences will be constructed by 2017. One new community will also be established.

CDB team inspects the damage done by Tropical Storm Erika in Dominica.

TECHNICAL COOPERATION

The Technical Cooperation Division (TCD) serves as the focal point for Technical Cooperation (TC) and TA within the Bank and among its external partners. The Division is also responsible for coordination of the Technical Assistance Policy and Operational Strategy (TAPOS), and continues to serve as the hub for Regional Cooperation and Integration (RCI). TCD's role incorporates the management of TA to support initiatives related to RCI; Governance and Institutional Development (GOVID); the Caribbean Technological Consultancy Services (CTCS); and Public Policy Analysis Management and Project Cycle Management (PPAM/PCM).

During 2015, TCD, through its various units, embarked on the following TA projects and programmes to provide adequate support to BMCs.

Regional Cooperation and Integration

Eleven projects were submitted to the Steering Committee of the Caribbean Single Market and Economy (CSME) Standby Facility for Capacity Building; and they were all approved. This brings to USD3.46 mn the total funds committed under the Facility.

Grants were approved for all eligible countries. Projects financed in Antigua and Barbuda, The Bahamas, Belize, Jamaica, St. Lucia, Suriname, and Trinidad and Tobago focus on trade facilitation and trade promotion. Four of these will be for strengthening the regional and national quality infrastructure, to improve the competitiveness and economic viability of the Region.

The funds allocated for Dominica will advance stakeholder welfare, as well as health and safety. The projects being undertaken in Grenada, Guyana and St. Vincent and the Grenadines will improve their institutional framework to enable nationals to take greater advantage of the free movement of labour and people.

During 2015, work intensified on the preparation and appraisal of projects under The Forum of the Caribbean Group of African, Caribbean and Pacific States-European Union-Economic Partnership Agreement (CARIFORUM-EU-EPA) Standby Facility. Fourteen projects were approved by the Steering Committee for the EPA Facility. This brings the total number of approvals under the Facility to 18, at a total value of USD3.71 mn, with two projects each being accepted for The Bahamas, Barbados and Belize. The programmes in Belize were supplemented by an additional USD272,671 from CTCS.

The largest grant of USD3.71 mn was approved for 18 projects in the 15 eligible countries, with two projects each being approved for The Bahamas, Barbados and Belize. The largest grant for USD586,370 was provided to the Republic of Haiti to enhance the quality of infrastructure and management systems in SMEs. Six other projects—two in Belize and one each in The Bahamas, Barbados, Grenada and St. Kitts and Nevis—will assist in enhancing the national quality infrastructure and advancing the regional accreditation work programme, with particular emphasis on accreditation of highly demanded testing services. Improvements in the national quality infrastructure in member states will boost competitiveness, consumer safety, and exports, as well as the quality of goods produced in and imported across the Region.

The development and expansion of the services sector is another area of focus and related projects were approved for The Bahamas (Financial Services), Barbados (Creative Industries), Antigua and Barbuda and St. Vincent and the Grenadines, where attention will be given to the development of national services policies, strategies and action plans. Initiatives being implemented in St. Lucia and Guyana also include components to build the capacity of service providers, and to penetrate or strengthen their presence in EU markets.

Caribbean Aid for Trade and Regional Integration Trust Fund (CARTFund)

The CARTFund portfolio included 32 projects in 14 countries. Fourteen of these projects were implemented prior to 2015. The 18 projects remaining, five of which received additional grants to consolidate successes recorded, were all concluded in 2015. CARTFund achievements are reflected in three thematic areas:

(1) EPA and CSME implementation support;
(2) Trade promotion and facilitation; and
(3) Sector development in services and manufacturing.

CARTFund facilitated the growing health and wellness sector at regional and national levels. Its resources were used to strengthen the capacities of the National Health, Spa and Wellness Associations in Antigua, Belize, Dominica, Jamaica, and St. Lucia. The Fund also facilitated certification of professional therapists up to the ITEC Level 3 in Belize, Dominica and Jamaica, as well as at the similar level of the Caribbean Vocational Qualification (CVQ) in St. Lucia.

Supplemental funding provided to the Caribbean Export Development Agency (CEDA) covered the cost of a feasibility study on the establishment of In-Market Liaison Services in the USA and Europe, and a demand study for specialty foods in six CARICOM markets.

Caribbean Technological Consultancy Services (CTCS) Network

CDB approved USD1.1 mn for TA interventions under its MSME programme, known as the Caribbean Technological Consultancy Services (CTCS) Network in 2015. This represented a 365% increase over the previous year.

As at December 31, 2015, a total of USD682,000, or approximately 55% of the approved amount, was disbursed for the implementation of 26 TA activities. These included one regional workshop, 22 national workshops, and three direct TA interventions, which involved 480 business people (309 women and 171 men), and addressed critical managerial, technical and operational challenges affecting MSMEs in BMCs.

Improving food safety and productivity, upgrading financial management systems, and enhancing customer service delivery were key areas identified for capacity building within MSMEs. Consequently, three food safety and nine financial management training programmes were executed. Workshops in Computerised Management Accounting Systems (CMAS) were conducted in eight BMCs for 132 MSME operators (95 women and 37 men).

As part of efforts to help MSMEs in Haiti to adopt a structured approach to customer service delivery, 127 business managers and operators (61 women and 66 men), including hoteliers, pursued a course in Enhancing Customer Service Delivery. Twenty-one hotel owners and managers (13 women and eight men) in Haiti also

2015 CTCS Training Programme

A summary of the number of beneficiaries from CTCS activities is provided below.

	General Management and Business Development	Arts and Craft Production	Food Management and related activities	Computer Applications
NUMBER OF BENEFICIARIES	209	45	94	132
GENDER IMPACT – Women	107	31	76	95
GENDER IMPACT – Men	102	14	18	37

TOTAL NUMBER OF BENEFICIARIES 480

TOTAL GENDER IMPACT

Women 309

Men 171

participated in a workshop on Marketing Techniques. This was followed by on-site coaching to assist participants in transferring knowledge and skills learned to the workplace, and implementing their marketing action plans which were developed during the workshop.

Productivity issues were among the areas of focus at a workshop on Modern Techniques for Mould Design and Manufacturing, which trained 30 ceramic and pottery producers (20 women and 10 men) in Guyana to improve their manufacturing methods. In addition, 14 extension officers (six women and eight men) were trained in Aquaculture Farm Management Techniques to assist MSME farmers in this sector. Gender awareness sessions were also conducted with stakeholders in the aquaculture and craft industries.

Training Unit

The Training Unit implemented the PPAM/PCM programme, approved by the Board of Directors in 2014, based on the Bank's recognition of the demand from its BMCs to enhance their capacity. The Unit held consultations, on a pilot basis, with three countries—Guyana, St. Lucia, and Trinidad and Tobago—as well as produced Draft Country Training Programmes to address key skill gaps and areas for human resource development. In addition, preliminary preparations were made with the Economics Department for a joint mission to the TCI to identify the country's training needs. Initial discussions were also held with the ECCB for the introduction of a sub-regional programme. Other work completed included: Draft Operational Guidelines for a Programme Advisory Committee; awareness-raising about the proposed programme among senior CDB staff; publication of Expressions of Interest for trainers in PCM; and draft content for a PPAM/PCM webpage. The webpage includes two videos featuring senior personnel from BMCs. Both the IMF and IDB have agreed to explore possibilities for partnership arrangements for PPAM and PCM training.

Increasing Access to Safe Sanitation

Access to safe sanitation facilities grew from an average of 80% in 1990 to 87% in 2012, across 18 BMCs, with the difference in the coverage rates ranging from 63% to a high of 98%. Although the coverage rate in Haiti increased from 19% in 1990 to 24% in 2012, it was the lowest in the Region. There was marginal improvement with respect to the problem of open defecation, which was identified in eight BMCs in 2012, compared to the 10 recorded in 1990. In an effort to raise awareness about the vital role that increasing access to sanitation plays in the development agenda, CDB partnered with the Global Environment Facility-Caribbean Regional Fund for Wastewater Management and the Caribbean Water and Sewerage Association Inc., to host the Governance and Sanitation training programme, which comprised an eight-week online course and a five-day workshop.

CDB continued this capacity-building work in 2015 by providing financing to help Haiti improve its population's access to sanitation services. The Bank is collaborating with the National Directorate of Water Supply and Sanitation (DINEPA), the agency charged with reforming this sector, to co-ordinate the Governance and Sanitation Training Programme, which began in December 2015 and will continue to April 2016. The Programme, which is being conducted in French, comprises the delivery of UNITAR's 12-week Governance and Urban Sanitation online course and a five-day workshop to 41 technical- and management-level sanitation professionals from DINEPA, the ministries responsible for environment and health, and two non-government organisations.

ENVIRONMENTAL SUSTAINABILITY

Creating Robust Communities

The Bank continues to ensure that environmental sustainability considerations are fully integrated in its operational work programme. To this end, CDB is promoting growth by investing in RE, climate resilience of critical infrastructure, and the building of more robust communities. It is also strengthening environmental governance, management capacity and public awareness, at national and regional levels. In compliance with the requirements of its Environmental and Social Review Procedures (ESRP), all investment projects were screened and categorised for potential impacts, to ensure that identified environmental and social risks were effectively managed. Of the 13 projects approved, nine were categorised "B" with one Financial Intermediary.

Climate Change Resilience

The financing of climate adaptation and mitigation initiatives and the mainstreaming of these considerations in the Bank's investment operations is a priority. The John Compton Dam Rehabilitation Project in St. Lucia, the Anguilla Solar Photovoltaic Project and the Bahamas Water Supply Improvement Project, were screened and subjected to detailed vulnerability assessments and adaptation measures, which were explicitly incorporated in their design. Given the significant investment in the St. Lucia Water and Sewerage Company's (WASCO) capital programme, a similar approach is being taken to help strengthen WASCO's capacity to withstand climate risks.

Climate risk assessments and the use of related screening tools are now mandatory in the preparation of country strategy papers (CSP) for each BMC. These were included in the CSP for the TCI, which was approved in October 2015.

Disaster Risk Reduction

In response to the catastrophic damage inflicted on the Commonwealth of Dominica by Tropical Storm Erika, CDB provided USD30 mn to assist with immediate recovery efforts, as well as long-term reconstruction and rehabilitation. Emergency supplies and services were financed through a grant of USD200,000. In addition, the Bank facilitated an Emergency Assistance Relief Grant of USD200,000 to Dominica from the IDB. An allocation of USD2.4 mn helped the Government of Haiti to meet its annual insurance premium to the Caribbean Catastrophe Risk Insurance Facility. And the Caribbean Disaster Emergency Management Agency (CDEMA) received TA support of USD98,313 to improve its procurement and contract administration systems.

Capacity Building, Knowledge Learning

CDB's staff and technical personnel from several BMC institutions participated in a range of training activities designed to strengthen skills, improve knowledge and facilitate the dissemination of information to enhance awareness of climate change and disaster risk reduction issues. These initiatives were targeted to achieve environmental sustainability outcomes.

In collaboration with the Caribbean Community Climate Change Centre (CCCCC), 133 persons from public sector and non-governmental organisations in Antigua and Barbuda, The Bahamas, Haiti, St. Kitts and Nevis, and St. Vincent and the Grenadines were trained to use the CCCCC's Online Risk Assessment Tool (CCORAL), which was developed to guide related decision making. The Bank also updated the 2004 Sourcebook on the Integration of Natural Hazards into the Environmental Impact Assessment process, and hosted a workshop on this subject for environmental professionals from 12 BMCs and three regional institutions.

The Climate Finance Readiness Pilot Programme, which received a grant of EUR100,000 from the German Agency for International Cooperation (GIZ), commenced in January and was completed in December. The Programme offered consultancy services with respect to diagnostic studies of climate-finance readiness and associated climate-finance readiness action plans (CFRAPs) in the participating BMCs – Barbados, Grenada, St. Kitts and Nevis, and St. Lucia. The diagnostic reports identified opportunities for strengthening the strategic framework for climate change, and institutions with potential to perform the roles of the National Designated Authority and the National Implementing Entity. The reports also highlighted prospects for building a pipeline of climate change projects to access financing from the Green Climate Fund (GCF).

The CFRAPs detailed the necessary steps to develop this potential, including the specific needs in each country and associated implementation plans. CDB's website now includes a dedicated Climate Finance Readiness webpage to enable BMC access to relevant information. It also showcases the Bank's own work in this area.

A EUR4 mn TA programme, financed by the European Investment Bank (EIB), commenced in 2015. The programme supports climate action capacity building within CDB and its BMCs, and will help target prospective action investments for financing. A total of USD866,000 was distributed for vulnerability assessments and related studies for preparation of six pipeline investment projects. Three internal training workshops were conducted for CDB staff as part of the programme, to sensitise them and enhance their knowledge about climate change issues.

Further progress was made in 2015 to satisfy the accreditation requirements of the Adaptation Fund (AF) and GCF, as part of the effort to mobilise concessionary financing for the climate resilience work programme. It is expected that both GCF and AF will be accredited in 2016. An important outcome of this work was 'fast tracking' the establishment of the Office of Integrity Compliance and Accountability (OICA) to create an independent Project Complaints Mechanism that will allow the Bank to formally accept, address and investigate grievances related to environmental and social issues.

The Wider Caribbean Pavilion was mounted with TA funding of USD150,000 during the 21st meeting of the Conference of the Parties (COP21) for the United Nations Framework Convention for Climate Change (UNFCCC) Meeting in Paris. The objective of the TA was to mobilise regional and international backing for the negotiating positions of BMCs, and to draw attention to the climate change concerns and related social justice and developmental implications in Caribbean countries. Other participating partners included OECS, Panos Caribbean, Regional Counseil Martinique and the Global Environment Facility Small Grants programme.

Partnerships and External Representation

In January, CDB, in collaboration with the World Bank, co-hosted and co-financed a regional workshop which was attended by representatives from 19 BMCs and eight non-governmental organisations, as part of the second phase of consultations on the revision of the World Bank's Environment and Social Safeguards. Another jointly sponsored workshop in May 2015 introduced the World Bank's Climate and Disaster Risk Screening tools to CDB staff. These web-based applications allow high-level screening for climate and disaster risks at national, regional, sector and project levels. CDB also teamed up with the World Bank to develop Climate Risk and Adaption Country Profiles for The Bahamas, Barbados, Belize, Guyana, St. Kitts and Nevis, and Suriname.

His Excellency Mr. Ban Ki-moon, Secretary-General of the United Nations met with Caribbean organisations working to coordinate climate action at the CDB offices on July 3, 2015.

SOCIAL SECTOR

Education

Approvals of USD70.5 mn in 2015 reflected an increase of USD27 mn over 2014, representing the highest level of awards over the five-year period starting in 2011. Projects approved were consistent with the development goals of BMCs, which include continued development of basic education and investment in Technical and Vocational Education and Training (TVET).

While substantial construction of infrastructure was undertaken with CDB funding, a major focus during the year was the improvement in the quality of education. In this regard, emphasis was placed on the development of strategies to assist all students, particularly those at greatest risk for educational failure. To this end, significant attention was given to teacher effectiveness, with training being provided to enhance the capacity of approximately 400 teachers to deliver quality instruction. It is proposed that during the next five years, as part of both on-going and newly approved projects, more than 3,000 additional teachers, primarily at the basic and post-secondary levels, will be trained.

Students perform during the launch of phase two of the Belize Education Sector Reform Programme.

The largest allocation of USD35 mn was made to Belize for expansion of access to basic education. The project involved the construction of 178 classrooms and laboratories in 35 new schools, which will serve an additional 5,300 students. This is important, in light of the current low rates of enrolment in Belize, particularly at pre-primary (42%) and secondary (51%) levels. Given the expected increase in throughput to post-secondary and tertiary institutions, the Bank also provided some USD400,000 in TA assistance to the University of Belize to assess its ability to handle the anticipated demand. A capital grant of USD12.5 mn to Haiti will be used to rebuild and equip the country's largest TVET Centre at St. Martin in Port-au-Prince. The Centre was destroyed in the 2010 earthquake, depriving more than 3,000 students from poor and vulnerable communities of the opportunity to improve their skills and gain meaningful employment.

It is recognised that the quality of instructional leadership influences teacher efficacy, hence augmenting the administrative skills of principals was another priority. Fifty-five principals participated in development programmes in 2015; and, it is proposed that their counterparts in pre-primary and basic schools in Belize and Grenada, as well as TVET institutions in St. Kitts and Nevis and Haiti will also undergo relevant professional grooming.

Student achievement was another area tackled by the Bank in 2015. A TA package of USD1.3 mn, provided as part of the projects approved, helped BMCs in the early identification of factors that inhibit learning. In addition, the funding allowed for the establishment of mechanisms to correct the deficiencies identified, and measure the success of the remedial measures applied. These initiatives were also closely linked to the integration of citizen security in education programmes for which an allocation of USD500,000 was approved.

CDB also endorsed two other significant TA projects, mindful of the dynamic global education landscape, particularly in light of the new SDGs, and the importance of remaining in line with the development needs of BMCs. The first, the revision of the Education and Training Policy and Strategy, highlighted the development of a framework to enhance the relevance of the Bank's initiatives in BMCs. The second, the design of an Early Childhood Development (ECD) Good Practice Guide, will be shared across BMCs to promote preparation for formal education and success in learning.

Agriculture, Enhancing Food Safety and Quality Assurance Systems

Compliance with international food safety, plant sanitation and quality assurance systems is essential for participation in the global marketplace, and in ensuring that consumers have access to wholesome and nutritious food.

In 2015, CDB initiated activities to improve food safety and quality infrastructure as well as conformity assessment systems across BMCs. In partnership with the International Trade Centre (ITC) and the Government of Grenada, a food safety compliance audit of the fresh fruit industry was undertaken. The objective was to identify weaknesses and recommend remedial action to ensure that Grenada's trade in fresh produce is compliant with international food safety quality requirements. A similar audit will be undertaken in St. Vincent and the Grenadines in 2016, within the framework of a TA project, "Arrowroot Industry Market, Technology and Food Safety/Quality Compliance Assessment", approved by CDB's Board of Directors.

These TA programmes are expected to translate into capital investments geared to build stakeholder capacity, as well as establish and upgrade food safety quality control infrastructure and facilities in the respective BMCs. The University of the West Indies (UWI) has developed a related programme for artisans involved in the chocolate industry in the Caribbean. The Grant, "Development of a Training Programme - Capacity Building of Artisan Chocolate Manufactures in the Caribbean," is being executed with the approval of CDB's Board.

Gender

Important strides were made in 2015 to promote gender equality, accomplish commitments under the Gender Equality Policy and Operational Strategy (GEPOS) and the Special Development Fund (Unified) [SDF-(U)], and effect inclusive and meaningful solutions in BMCs. Significant progress was achieved in programme performance. The percentage of projects that explicitly addressed gender issues, *ex ante,* was 57%—an increase of 14 percentage points over the same period in 2014.

There was also a marked improvement in the number of TA grants that encouraged gender equality. Good practice and innovations in gender mainstreaming in the water and education sectors, and the DFID-sponsored CARTFund, provided valuable entry points for complementing the Bank's core work in growth sectors of BMC economies, including the private sector.

Operational support to accelerate gender balance included:

- allocation of resources for quality gender analysis across projects;
- increased availability and access to data, gender disaggregated information and gender inclusive operational policies/strategies;
- intra-divisional collaboration; and
- expansion of partnerships and client relationships on gender equality.

Following the Mid-Term Review of SDF 8, and in keeping with the focus on development effectiveness, the Bank considered improving the efficiency of its operations in gender equality by focusing its investments on selected disparities, which persistently impact growth and resilience in the region. The Draft Regional Synthesis Report on Gender Equality is based on this approach. It aligns key areas of inequality drawn from 10 Country Gender Assessments to the Bank's strategic priorities, and takes into account CDB's comparative advantage in its operations in BMCs and the Region.

The highly participatory and inclusive regional work on gender equality during 2015 was effected through multi-stakeholder partnerships. It was structured around co-ordinating the review of the Beijing Platform for Action; the MDGs; consensus building on gender priorities for the SDG agenda; and institutional reform. Collaboration with partners provided guidance on the harmonisation of operational approaches and on the resource commitments required for implementation of the SDGs in the longer term. At the same time, this allowed the Bank to continue to respond to BMCs' needs.

Basic Needs Trust Fund

Fighting Poverty through Community Development

Through the Basic Needs Trust Fund (BNTF), the Bank continued to partner with governments and community groups in responding to citizens' needs in impoverished areas. Gender equality, environmental sustainability, community empowerment, and holistic development in alignment with national priorities remained the main focus for CDB and BNTF participating countries (PCs).

The Bank and BNTF Implementing Agencies (IAs) concentrated on the preparation and implementation of the Seventh (BNTF 7) and Eighth (BNTF 8) Programmes, and continued efforts to boost efficiency. It approved 16 Sector Portfolios comprising 111 sub-projects valued at USD23.68 mn. Overall, total beneficiaries are 52,772 (29,653 males and 23,119 females). The sectoral breakdown is as follows: 4,885 males, 4,018 females in Education and Human Resource Development (HRD); 886 males, 933 females in Water and Sanitation; and 23,882 males, 18,168 females in Basic Community Access and Drainage. Figure 1 provides a summary of approvals by BNTF participating country and sector in 2015. This excludes Government counterpart funds of USD1.32 mn. At the end of the year, the construction and upgrading of approximately 21.53 km of road in four BNTF PCs were being financed at a value of USD4.41mn. These are located in some of the poorest communities and will promote socio-economic development and social inclusion. Priority was given to feeder roads, which will facilitate access to markets, and to motorable village roads, footpaths and the protection of communities' assets through the building of retaining walls and the installation or enhancement of drainage systems.

Sub-projects were approved to elevate water supply and distribution in five PCs, and as a result, improve both the quantity and quality of water, reduce water-borne diseases and the time spent collecting the commodity. Training for communities in sanitation and hygiene was, therefore, incorporated in the design of several supply sub-projects.

The Bank sustained its commitment to financing renewable energy solutions. Consequently, in Guyana, funds were allocated for the installation of PV systems to provide energy in 15 sub-projects where pumping is required. PV systems were also included in the design of some school sub-projects.

The USD13.91 mn approved for Education and HRD included provision for the upgrading and construction of 139 classrooms. And, the USD3.0 mn allocation to help improve outcomes in Jamaica highlights the Programme's commitment to enhancing educational attainment. A school expansion and rehabilitation sub-project, launched in late 2015, will result in increased contact hours in the classroom, improved sanitation and security, as well as access for students with disabilities, and will eventually contribute to the end of the school shift system.

Following Tropical Storm Erika, and in response to a request by GOCD, the Board of Directors approved additional grant funds of USD700,000 to BNTF 7 and 8 Programmes. The Board also approved a waiver of the requirement for counterpart contribution to allow CDB to fund 100% of the sub-project costs.

In 2015, cumulative disbursements under BNTF stood at USD6.3 mn.

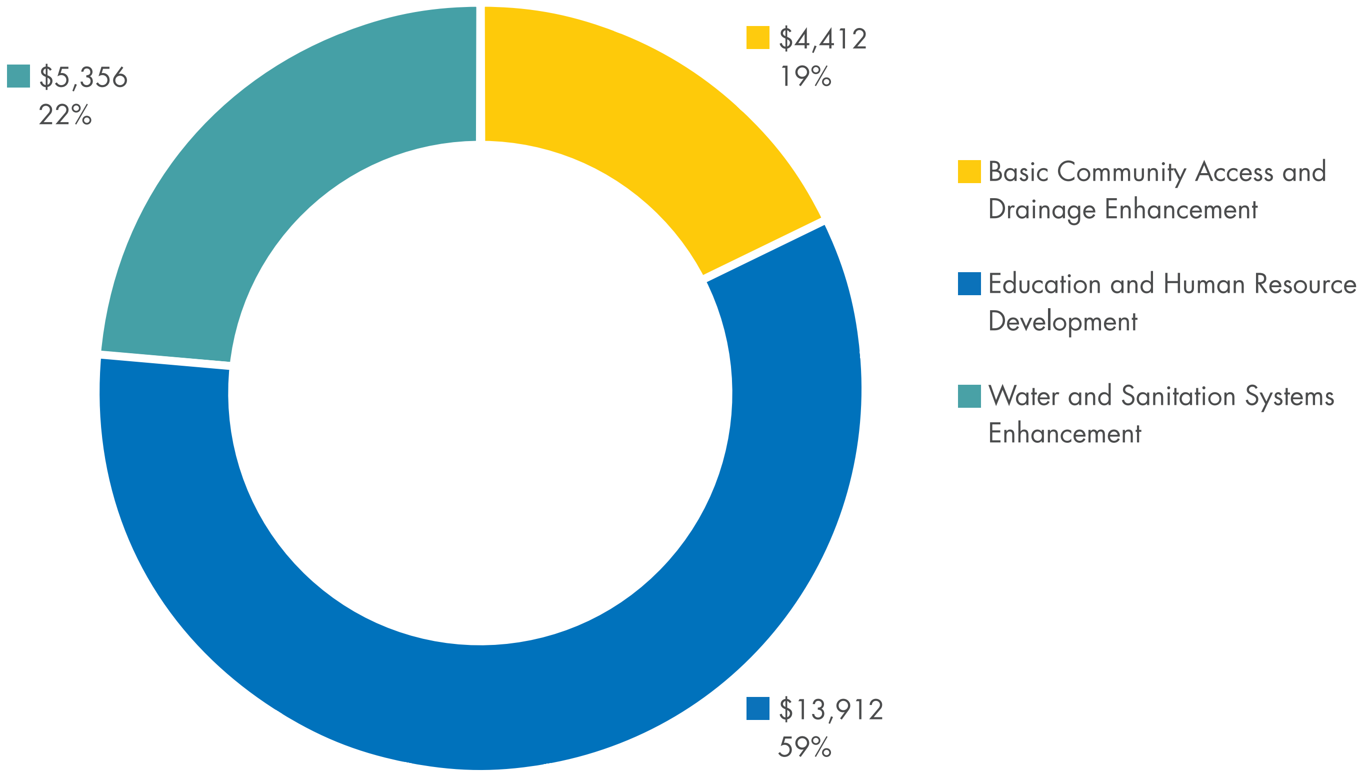
Youth Empowerment

During the year, the Bank spearheaded the design of a pilot concept for a BNTF youth empowerment project, to build on and work through an existing model based on financial support for youth entrepreneurship and other capacity-building strategies targeted at at-risk youth in BNTF PCs. This will lead to an outcomes-oriented BNTF initiative focused on youth resilience and empowerment by late 2016.

Policy Engagement

With initial support under BNTF 6, and further assistance through BNTF 7, the Government of Grenada was able to establish and embed standards for seafarers to work on vessels. As a result, fisherfolk attained the Standard for Training, Certification and Watchkeeping (STCW). Additionally, the enabling environment for achieving international compliance and meeting the standards of the STCW convention has been strengthened.

Figure 1: BNTF 7&8 Sector Portfolio Distribution ($'000)



Basic Community Access Distribution of $4,412:

Dominica	923
Guyana	1,404
Jamaica	1,450
Montserrat	635

Education & HRD Distribution of $13,912:

Belize	3,922
Grenada	2,453
Guyana	2,247
Jamaica	3,004
St. Vincent and the Grenadines	1,555
Turks and Caicos Islands	731

Water & Sanitation Systems Distribution of $5,356:

Belize	1,150
Dominica	570
Guyana	1,966
Montserrat	534
St. Lucia	1,136

FEATURE

THE WATER UTILITY – ENERGY EFFICIENCY NEXUS

Participants of the Water Leaders' Workshop.

Electricity cost is a controllable operating expense that accounts for up to 40% of the annual operating budgets of some water and wastewater utilities in the Caribbean. Recognising this, CDB partnered with the Global Water Leaders Group to host the Summit—"Leaders Charting New Waters: Water Utility Prosperity through Energy Efficiency"—which was held in Antigua and Barbuda from December 2 to 3, 2015. Other partners included the Caribbean Water and Sewerage Association Inc., the Global Environment Facility, Caribbean Regional Fund for Wastewater Management and the Antigua Public Utilities Authority.

The 2015 Caribbean Water Leaders Summit—the second such event supported by CDB—focused on building awareness of the importance of and gains to be derived from EE, RE capacity in water and wastewater utilities, and new technologies. Delegates also explored approaches to expanding markets for wastewater by-products, which could potentially provide the utility companies with an additional source of income.

Forty CEOs from water and wastewater utility companies in 15 BMCs, international investors and water sector experts discussed EE challenges and opportunities, and gained new perspectives of key EE issues through practical learning sessions. The CEOs were also provided with information about wastewater income generation opportunities, and an update on projects under implementation. During the second day of the Summit, the Water Leaders developed action plans to improve and increase efficiencies in their utilities' operations.

"To improve our financial performance, and provide for reinvestment and development, we need to be more efficient. Energy is a cross-cutting issue for all the islands, for the entire sector; and we must find common strategies to address it."

Christopher Husbands, General Manager, National Water and Sewerage Authority, Grenada

FEATURE

IN HAITI, BUILDING SKILLS TO BOOST EMPLOYMENT

In Haiti, access to TVET is limited and uneven. Only 23,000 students have access to TVET programmes, compared to Government's 2015 target of 70,000. Students in some regions are underserved, lacking access to programmes such as mechanical engineering, construction and garment-making in their communities.

Girls and women are especially under-represented in traditional male-dominated TVET areas, and instead enrol in training in business and commercial-related areas, home management and hospitality. Drop-out rates, because students lack the finances to sustain participation in TVET programmes, are as high as 70% for three-year courses of study.

CDB is helping Haiti address these challenges through a USD12.51 mn grant that aims to help increase employment in Haiti's key sectors by providing Haitians with better access to TVET.

The Technical and Vocational Education and Training Project II focuses on providing both males and females in Haiti with greater and equitable access to high-quality and relevant TVET. It will also help provide Haiti with an expanded supply of skilled and employable labour to meet market needs for priority economic sectors such as construction, tourism and water.

A number of issues affect the quality and relevance of TVET in Haiti. Training centres are in disrepair and lack reliable supplies of water and electricity, and tools and equipment are obsolete and inadequate. For TVET managers and instructors, there is no formal training system and programmes and curricula do not meet labour market needs. Overall, underfunding and capacity issues affect the efficient management of TVET in Haiti, which lacks the systems and administrative and technical staff needed to operate optimally.

The Project focuses on

- enhancing the learning environment to help increase access to quality and relevant TVET;
- building capacity for an integrated and sustainable TVET system;
- enhancing institutional capacity for effective governance, management and coordination of a gender-responsive TVET system; and
- improving the support system for at-risk and vulnerable learners and trainees and gender-responsive TVET programmes.

The Project aligns with CDB's corporate priority of improving the quality of, and access to education, training and citizen security. It will be implemented by the Ministry of National Education and Vocational Training (MENFP) through the National Vocational Training Institute.

FEATURE

IN MONTSERRAT, CDB PAVES THE WAY FOR BETTER ACCESS TO BASIC SERVICES

For many years, the residents of Barzeys Village in Montserrat had just a small gravel road connecting them to schools, public transportation and jobs. Soil erosion and heavy rainfall made road conditions worse. As a result, residents didn't have regular garbage pickups and when there was an emergency, it was hard for health and fire services to get into their neighbourhood.

A turnaround came for Barzeys Village when a new safe, high-quality, all-weather road, built through support from the BNTF 7 and the Government of Montserrat, was handed over during an official ceremony on August 25, 2015.

The sub-project has improved 833 metres of roads, which are also now wider and thicker, and feature a proper drainage system to help the community better withstand the impact of heavy rainfall.

Community groups first expressed the need for road rehabilitation in their neighbourhood. CDB committed to providing a grant of USD320,000 to the total sub-project cost of USD337,000. The Government of Montserrat supported the initiative with a contribution of USD17,000.

Barzeys Village in St. Johns parish is located in the Centre East District of Montserrat. In 2011, the community recorded a poverty rate of 32% and an unemployment rate of 8%, just below the national average of 9%.

The Barzeys Community Road Rehabilitation sub-project aligns to the Government of Montserrat's Sustainable Development Plan 2008-2020, which states as one of its economic management goals, creating "an environment that fosters prudent economic management, sustained growth, a diversified economy and the generation of employment opportunities."

The sub-project was implemented by the Ministry of Communication, Works and Labour.

FEATURE

SUPPORTING THE MARITIME INDUSTRY IN GRENADA

"We were insisting that any training provided in basic at-sea safety should be STCW-Certificate Training. The issue was funding, but along came assistance through the BNTF. Maritime safety has been improved and we can now move to enforce aspects of basic safety." – Tony Belmar, Acting Port Manager, Grenada.

Whether it is trade, seafaring or fishing for work or play, many citizens in Grenada, Carriacou and Petite Martinique centre their daily livelihood on extracting the available marine resources and exploiting angling opportunities. The fisheries sector plays an important role in overall food security and poverty reduction, as well as the expansion of the tourism industry. However, there are inherent risks in the fisheries sector, which could be compounded by the fact that many seafarers operate without proper training, or certification.

Participants in the various fishermen's co-operatives across Grenada, Carriacou and Petite Martinique are now able to function at a higher level of safety and efficiency following completion of basic training to meet STCW requirements.

Under the BNTF 6 and 7 cycles, funding in the sum of approximately USD160,000 was provided by CDB and the Government of Grenada to facilitate beneficiaries in pursuing the STCW course. Training started in Trinidad in July 2014 with 12 participants at the University of Trinidad and Tobago. By December, 2015 an additional five females and 37 males had successfully completed the programme at the Caribbean Fisheries Training and Development Institute. Approximately 28 persons are scheduled for instruction in 2016.

Certification resulted in a transformational impact on the individual seamen and seafarers, and benefitted the entire maritime industry. It is now necessary for the Government of Grenada to give due consideration to bringing the vintage Shipping Act (1996) in line with the STCW regulations, which have now been amended.

"This has been a great learning experience for me. Boys in the fishing sector used to go out to catch fish, and sell… that's it. Now, the trainers have opened my imagination. They showed me that there was a lot more to learn!" – **Akel John, St. Patrick's, Grenada.**

Participants in the STCW training, funded by BNTF.

FEATURE

THE UK CARIBBEAN INFRASTRUCTURE PARTNERSHIP FUND

Representatives of CDB and DFID, along with Governors and Directors of CDB's Board at the launch of UKCIF.

On September 30, 2015 in Kingston, Jamaica, UK Prime Minister, David Cameron announced that his government would invest £300 million in vital new infrastructure such as roads, bridges and ports to help drive economic growth and development across the Caribbean region.

The Prime Minister announced the new fund on the first leg of a two-day visit focused on reinvigorating the relationship between the UK and Caribbean countries. It will make the UK one of the largest bilateral donors to the region.

CDB and DFID have partnered in the implementation of the game-changing UK Caribbean Infrastructure Programme (UKCIF).

UKCIF is a generous and ambitious investment by the Government of the United Kingdom in nine Caribbean countries, by way of the provision of grant funding to improve or create new infrastructure.

DFID will provide up to £300m in grant financing from January 2016 to March 2020 to establish a UK Caribbean Infrastructure Partnership Fund with CDB. The UKCIF will support eight ODA-eligible Commonwealth Countries and one ODA-eligible Overseas Territory to create critical economic infrastructure in the Caribbean to set the foundations for growth and prosperity, reducing poverty and increasing resilience to climate change.

CDB will administer the fund and has set up a dedicated team for that purpose.

The infrastructure fund will use money from the UK's existing aid budget to provide grants over the next few years for a range of projects that will help boost growth and trade across the region and create jobs.

The Caribbean countries involved are: Antigua and Barbuda, Belize, Dominica, Grenada, Guyana, Jamaica, St. Lucia, St. Vincent and the Grenadines and the UK Overseas Territory – Montserrat.

UKCIF Priority Projects

- Capital projects as well as projects of a Technical Assistance nature are eligible for financing from the UKCIF. Technical assistance interventions from feasibility, through to preparation, implementation and evaluation will be eligible.

- Projects designed to provide critical infrastructure which lay the foundations for growth and prosperity, poverty reduction and increased resilience to climate change in the Caribbean.
- Projects located within one of the eight ODA eligible counties or the one ODA eligible overseas territory.
- Projects must be submitted by their national governments to CDB for consideration.
- Projects must be of an infrastructure nature. Examples would include roads; bridges; sea defences; seaports; airports; water/sanitation/wastewater; and irrigation. Renewable energy and energy efficiency projects are also eligible for financing.
- All interventions must be anchored within CDB's strategic objectives to support inclusive and sustainable growth and development, and promote good governance.
- Only projects that are assessed to be critical drivers of economic growth and able to deliver an Economic Rate of Return of at least 12% or similar qualitative benefits will be approved for financing. Project proposals will also be assessed to ensure that adequate environmental, social and gender safeguards, in accordance with the appropriate CDB polices/guidelines, are incorporated into project design.

UKCIF direct results up to May 2020

- At least two major projects, or possibly one larger infrastructure project, delivered in each of the focus countries and territories in the following sectors (roads, bridges, renewable energy, water, sea defences and ports, sanitation/wastewater management);
- Projects that deliver at least a 12% economic return on investments; and
- Flagship projects that demonstrate resilience in design and are capable of withstanding extreme weather events.

Impact and Outcome

Impact	Laying the foundations for enhanced and sustained economic growth.
Outcome	Improved critical infrastructure spurs increased trade, tourism and private investment.
Output 1	Key critical infrastructure built in DFID focus countries.
Output 2	Best practice models of infrastructure developed (e.g. climate resilient and/or social impact) and replicated across the region.

FEATURE

IMPROVING ACCESS TO WATER FOR A POOR MAYA COMMUNITY IN BELIZE

Children celebrate during a ceremony to inaugurate the Santa Anna Village Water System, upgraded and expanded through financing from the Caribbean Development Bank.

Ninety households in Santa Anna Village, a poor Maya community in Belize's remote Toledo District, wake up every day with access to running water.

Unlike years past, there is no fear that the pipes will go dry, leaving mothers and children to trek to the nearby Moho River to fetch untreated water to meet their families' daily needs.

The turnaround for the villagers, 46% of whom live below the poverty line, came through an intervention by CDB and Government of Belize that upgraded and expanded the village's rudimentary water system.

The 20-year-old water system that provided just 5,000 gallons per day for the community has now been replaced by a 20,000-gallon capacity tank to which households, the community health post, churches and the Santa Anna Government School are connected.

The project was supported by financing of USD287,000 from a Social Investment Fund II (SIF II) loan from CDB; a USD14,000 contribution from the Government of Belize; and USD13,000 in labour from the Santa Anna Village community.

It was inaugurated on January 29, 2016 during a ceremony attended by officials from the Government of Belize and members of the community.

In the farming community, where the population is 90% Kekchi Maya and 10% Mopan Maya, a new water system expands opportunities in agriculture. Villagers now have the opportunity to boost their incomes closer to home, a welcomed alternative to seeking employment outside the community to cover basic expenses such as housing, utilities, education and health.

The tank, which forms part of the upgraded Santa Anna Village water system that will provide a sufficient and continuous supply of potable water to the community.

Students at the Santa Anna Government School, particularly adolescent girls, will also gain access to better bathroom facilities through the project. In addition, girls will also be able to stay in school longer, instead of having to stay at home to help with water-dependent household chores.

"It is a great feeling knowing more than 500 of my fellow Belizeans here will now be enjoying clean potable water, a continuous supply due to the newly constructed Santa Anna Water System," said Hon. Erwin Contreras, Minister of Economic Development, Petroleum, Investment, Trade and Commerce, Belize during the inauguration ceremony.

Training in water system management, operation and maintenance from the Ministry of Labour, Local Government, and Rural Development, and the Belize Social Investment Fund formed part of the project. The training component aims to ensure that the community can keep the system running efficiently to meet their daily needs for water.

FEATURE

CDB MAKES LIFESAVING INVESTMENT IN ST. VINCENT AND THE GRENADINES

Nurse Hutchinson shows how the ultraviolet light in the pediatric ward works.

On the Northern Grenadine island of Bequia, if a pregnant woman went into labour unexpectedly, sometimes her only option was to risk danger to herself and baby by traveling via speedboat to Kingstown, St. Vincent to deliver.

For many years, residents of Bequia and neighbouring Mustique could not depend on the hospital and clinic in Port Elizabeth to meet their primary health care needs. Getting the most basic medical treatment was often associated with hardship, high costs and long delays between being diagnosed and receiving treatment.

That era ended for the islands' 5,389 men, women, girls and boys when the newly reconstructed Bequia Hospital was officially handed over to the Ministry of Health and the Environment and the community during a ceremony at the Port Elizabeth Health Complex on October 8, 2015. The upgrade initiative was supported through funding of USD325,800 under the sixth cycle of BNTF, along with USD92,396 from the Government of St. Vincent and the Grenadines. The Port Elizabeth Clinic, also part of the complex and funded under BNTF 6, was upgraded in 2013.

Prior to the renovation and upgrade, Bequia Hospital was housed in a 50-year-old building and in a state of disrepair. The 12-bed facility had small wood-partitioned, poorly ventilated rooms and a building design that was inadequate for meeting the demands of the islands' population. For more than two decades, the Clinic was housed in a room originally intended for food storage, with no waiting area, which left patients exposed to the elements while awaiting its opening at the start of the day.

The upgraded hospital now has the capacity for 16 beds and enhanced amenities that will allow for an expanded range of curative and preventative health care services. With the new hospital and clinic, residents will no longer need to travel to St. Vincent often for treatment. In addition, the Port Elizabeth Health Complex will provide access to health education to meet the growing needs of the community.

FEATURE

CDB PARTNERS WITH ANIMAE CARIBE FESTIVAL TO HOST ANIMATED IDEAS BOOTCAMP

Participants attend the first ever Animated Ideas Bootcamp.

Caribbean artists, animators, musicians and writers came together in October 2015 to attend the 14th staging of the Region's largest animation and digital media festival, Animae Caribe, held in Trinidad and Tobago. In 2015, a new element was added to the event, as the Caribbean Development Bank (CDB) partnered with Animae Caribe Festival to include an experimental creative bootcamp in the lineup.

Lisa Harding, Operations Officer, Private Sector Development Unit at CDB, said that, "CDB is in full support of the Animated Ideas Bootcamp, as we believe that events like this serve to further enhance awareness of opportunities in the ICT sector for young people across the region. This is one mechanism that can be used to address high youth unemployment in the Caribbean, by encouraging the development of new skills and sensitizing the youth about new opportunities in the creative industries, and specifically the animation sector. Support for these sectors will contribute to the diversification of our regional economies, which is consistent with CDB's broader strategic objective of poverty reduction and encouraging sustainable and inclusive growth."

The bootcamp sought to encourage artists, musicians, animators and writers to pool their resources for a collaborative project for the development of Caribbean animated content. Recognising a gap between training and content creation, several key stakeholders combined forces to craft a solution. The aim is to generate the development of regional content by combining the right creative skill sets with hands-on training.

"We are honored to have the support of CDB for the first phase of Animated Ideas Bootcamp. This is an ingenious way to create a tangible impact on the creative sector as it pools all the necessary resources for the development of Caribbean content," said festival founder Camille Selvon Abrahams.

Participants in the festival included animators from Jamaica, Barbados, Suriname and Martinique. Several key international experts acted as mentors for the event, with the list including Caiphus Moore, fine artist and lead designer at EA Games Los Angeles California; Jan S. Utstein, independent producer, publisher & CEO of Hurricane Entertainment; Ty Richardson, founder and CEO of YoPro Global Inc, Ebele Okoye, animation director and founding director of Shrinkfish Media Lab, Germany.

The winning group from the Bootcamp, Par 5, were funded to create a trailer and present at the CaribbeanTales Incubator in Ontario, Canada in 2016.

FEATURE

CDB WELCOMES BRAZIL

The Federative Republic of Brazil is the newest member country of CDB, signaling that country's commitment to the sustainable development of the region. This became effective on December 31, 2015, following a process that began with Brazil's application to membership in 2007 and its acceptance by the CDB Board of Governors in 2008. Brazil is CDB's 28th member, and the fourth non-borrowing regional member, joining Colombia, Mexico and Venezuela in that category.

Rafael Ranieri, Brazil's Alternate Director and Dr Warren Smith, President.

PRIVATE SECTOR DEVELOPMENT

During the year emphasis was placed on financial intermediary lending as the preferred mode to support private sector development in the Bank's BMCs. Activities included lending to improve the housing stock and student loan financing for tertiary level training, with the aim of enhancing skills and quality of life especially for low income households. This programme was buttressed by capacity building to address major constraints to private sector development, such as to finance, innovation and entrepreneurship. Targeted interventions were also designed to restructure institutions which provide financial services to the private sector.

Two lines of credit were approved in the sum of USD17.75 mn, one dedicated to student loan financing in Barbados, while the other will offer financing across a wide range of sectors in Grenada, on affordable terms. These new lines of credit will complement existing programmes in BMCs. From the available lines of credit USD18.1 mn was disbursed to ensure access to financing in a range of sectors, including MSMES, housing finance and student loans.

Based on the lines of credit approved in 2015, it is expected that approximately 75 MSMEs, including start-up and existing enterprises, will be able to secure funding. At least ten beneficiaries will be supported in implementing improvements related to RE and EE initiatives. Promoting enterprise development aligns with SDG 8, which encourages inclusive and sustainable growth through enhanced productivity, entrepreneurship and innovation.

In addition, the resources from the Grenada line of credit will allow some 15 borrowers to source funds for home ownership/home improvement. Both lines of credit will create opportunities for approximately 320 student loan beneficiaries, including those from low income households pursuing study programmes critical to human resources development in the respective countries. This will ensure inclusive and equitable access to quality education, and promote lifelong learning in keeping with SDG 4.

Two projects were approved to support skills development in animation and commercialisation of mobile applications software, areas with growth potential and global impact; which will help young entrepreneurs to harness their creative talents as critical enablers of private sector development. CDB's involvement in this sector is part of a larger initiative seeking to foster development of the creative industries, which will generate decent work through technological innovation.

One workshop held in Trinidad and Tobago enabled 56 participants from that country, Barbados and OECS Member Countries to receive instruction in the areas of digital media and creation of content for global audiences.

The other intervention is being implemented in partnership with the World Bank and Government of Jamaica. It is aimed at encouraging growth, employment and increased income earning opportunities, for young persons in the Region's information, communication and technology industry, particularly in animation and the development of mobile applications software. In the wake of this programme, it is anticipated that about two international animation contracts will be secured by participating animation studios; 20 start-up companies will be established; and approximately 400 young people will be trained in animation and mobile applications software. In keeping with the Bank's commitment to assist critical institutions which support MSMEs, a training programme was designed for staff from development and indigenous financial institutions to enhance their skills at key operational levels. This initiative was timely, given that financial intermediary lending remains a key avenue for resources to the private sector on a cost effective basis. The training programme covered the following areas: SME lending, enhanced credit analysis for agricultural projects, improved risk management, as well as control and recovery of problem loans taking into account equity and gender considerations. A total of 59 persons (39 women and 20 men) from 12 BMCs and 16 financial institutions participated in the training.

As indicated in SDG 5, and in keeping with its commitments to advance gender equality as a central theme in the Bank's development agenda, steps were taken to identify gender disparities in CDB's financial intermediary lending and the gender monitoring capabilities of participating institutions. Significant progress was made to inform future planning and programming to improve credit access on a gender equitable basis and ensure better targeting of resources.

REGIONAL PUBLIC-PRIVATE PARTNERSHIP SUPPORT FACILITY

Given the high infrastructure needs and severe fiscal challenges faced by our BMCs, policy-makers are increasingly turning to Public-Private Partnerships (PPPs) as a means of delivering improved infrastructure services. However these projects are highly complex to structure and implement, and most BMCs have limited technical capacity in this area.

In response to this need, CDB, in co-operation with its development partners the World Bank, the Public-Private Infrastructure Advisory Facility (PPIAF), the IDB and the Multilateral Investment Fund (MIF), launched a Regional PPP Support Facility.

Although PPPs are relatively new to the Region, several similar projects have provided value for money to both governments and consumers. However, because of long delays in delivering projects, many of them languished for years, and ultimately, were never launched. CDB is tackling these challenges from several angles:

PPP Boot Camps:

Three modular training courses on key aspects of PPPs were conducted as follows:

- **Boot Camp 1**; Barbados, Sept 29 - Oct 1, 2015: PPP 101 and Policy Environment - principles underlying the rationale for PPPs; policy options and institutional frameworks.
- **Boot Camp 2**; Trinidad, Nov 17-19, 2015: Building a PPP Business Case - How to screen early stage project concepts, and establish the feasibility of a potential PPP project.
- **Boot Camp 3**; Jamaica, Feb 2-5, 2016: Implementing PPP Projects - practical steps in taking projects from the Business Case through to procurement, financial closure and contract monitoring.

In the Boot Camps, 41 representatives from 20 Caribbean governments, plus four CDB staff members, were trained in PPP policies, project preparation and transaction implementation. Presentations were made by private sector investors and financiers and participants visited ongoing PPP projects in Barbados and Jamaica.

Participants in the first PPP Bootcamp held in Barbados, September 2015.

In addition to the Boot Camps, CDB hosted a High-Level PPP Workshop at the June 2015 meeting of the Caribbean Growth Forum in Saint Lucia, which was attended by 29 government staff members and elected officials from 12 BMCs.

Developing a Caribbean PPP Toolkit:

CDB is creating a set of harmonized best practice documents to be adapted by governments to fit their policy, legal and institutional environments. This will comprise:

- Model Caribbean PPP Policy: Setting out the definition and rationale for use of PPPs; institutional frameworks; key commercial principles; approaches to fiscal management; and transparency and accountability mechanisms.

- Guidance material, tools and template documents: Project screening and appraisal, value for money, fiscal analysis, procurement procedures and bidding documents.

PPP Help Desk:

This component provides demand-based technical interventions, with respect to requests from Member Governments:

- Quick-response Assistance: Ad-hoc assistance to governments on PPP policies, projects and institutions.
- In-country Support: Detailed technical assistance provided by specialist consultants on policy and legal issues.
- Project Screening: Consultancy assistance to screen potential PPP projects; provide structuring options and a road map for implementation.

Looking Ahead - Creating a Regional PPP Unit and Project Development Fund:

Funding and support from our development partners will assist CDB to create a Regional PPP Unit. The Programmes Unit will include a specialist advisory team, which will assist our BMCs to implement sound PPP programs and projects.

To assist our BMCs to overcome fiscal constraints, CDB will establish a Caribbean Project Development Fund to defray the high cost of preparing and implementing PPP projects. This Fund will be replenished by contributions from BMC governments, as well as cost recovery mechanisms from winning bidders in PPP transactions.

These important initiatives demonstrate the Bank's ongoing commitment to the delivery of infrastructure services in the Region, using the modality of PPPs.

RENEWABLE ENERGY AND ENERGY EFFICIENCY

Consistent with CDB's policy goal to transform the energy sector, and its focus on promoting Sustainable Energy (SE), EE and RE, in BMCs, two important initiatives, which will be implemented on behalf of the six independent nations of the OECS, were approved in 2015. Under the agreements with EU-CIF and UK-DFID, signed in June and October, €4.45 million and £2.5 million respectively will be contributed to the Sustainable Energy for the Eastern Caribbean (SEEC) Programme.

A formal launch of the SEEC took place in Miami in October at the Caribbean Renewable Energy Forum (CREF). SEEC will provide investment grants blended with CDB loans for EE and RE projects in the public sector, as well as TA grants for project preparation, and institution and capacity building. Also through SEEC, CDB has already provided on a pilot basis, lines of credit of USD500,000 to two financial intermediaries for SE lending to medium-sized and small enterprises. It is proposed to extend these facilities to two other DFIs.

Efforts continued to advance the development of geothermal energy in those OECS countries with the potential, during 2015. CDB was the catalyst for concessional resources to address the types and levels of risk associated with the launch of geothermal energy initiatives. The GeoSmart Facility was developed to support this thrust. It will identify and offer appropriate financing in collaboration with partners, at each project stage. TA grants will be awarded for preliminary, contingent grants for exploration, and concessional loans for production wells and plant development. For example, during early drilling, a contingent grant mechanism may be used in conjunction with shareholder equity and other donor resources that might be available to the beneficiary countries.

The Sustainable Energy Facility (SEF) for the Eastern Caribbean, will provide the initial capital for GeoSmart. SEF agreements, which were signed at CREF2015 by the Presidents of CDB and IDB, cover an IDB loan as well

Dr. Warren Smith signs the Sustainable Energy Facility for the Eastern Caribbean facility with Luis Alberto Moreno President of the Inter-American Development Bank at the Caribbean Renewable Energy Forum in Miami on October 20, 2015.

as grants from the Clean Technology Fund (CTF) and Global Environment Facility (GEF) for a total USD42 mn. CDB loan co-financing of USD29 mn was also provided through SEF. In addition, the Government of New Zealand approved technical advisory assistance to support CDB in the area of geothermal energy development.

Lending for the one megawatt (MW) utility-scale PV plant approved for Anguilla was also complemented by an irradiation study and a climate vulnerability assessment undertaken by CDB. The PV plant will generate an estimated 1,664 MWhs and potentially reduce CO2 emissions by 1,125 tonnes.

The Bank continued to encourage the use of alternate energy, with RE/EE components included in six projects, involving two for water supply. Energy is one of the largest contributors to costs in water production, and efficiency measures are a priority for water utility companies and their owners, mainly governments. For example, the BWA project, approved in December 2015, includes installation of 550 kWh of solar PV at four locations, projected to produce 855 MWh per year. This is equivalent to about 15% of the current consumption at those sites, and will reduce greenhouse gas (GHG) emissions by about 909 tonnes annually. In addition, the design of three education projects approved in 2015 included provisions for EE/RE interventions. Generally, in its energy sector work, CDB focused on developing a pipeline of RE/EE projects, including technical assistance and energy efficient LED re-lamping for street lights.

The line of credit to the Grenada Development Bank, which was also approved in 2015, included a pilot line of USD500,000 to finance EE/RE investment by private MSMEs – a component of the SEEC Programme. The line of credit is accompanied by grant-funded TA for the establishment of sub-projects in collaboration with the MSMEs and the DFIs during the implementation of the new loan product. Capacity-building for DFIs continued in 2015 in association with the German Government through its technical co-operation agency GIZ, and the United Nations Development Programme (UNDP), to reduce the perception of risk associated with lending in the sustainable energy sub-sector; and improve procedures for loan appraisal.

Through its advocacy for policy, CDB sought to improve legislative and regulatory frameworks in the context of regional cooperation and integration. The Caribbean Sustainable Energy Roadmap and Strategy (C-SERMS), and CDB participation in several national, regional and international fora helped to advance this agenda. The Bank also engaged with development organistions, such as CARICOM and OECS Energy Units, through the Eastern Caribbean Development Partners' Group; multi-lateral agencies, including UK-DFID, EU-CIF,GIZ and The Japan International Cooperation Agency (JICA); USAID; and Government of New Zealand. CDB will continue to encourage its BMCs to retain their focus on developing indigenous energy sources, such as PV, wind, geothermal and hydro, as an alternative to fossil-fuel based energy. Although crude oil market prices have been at their lowest since December 2008, BMCs are determined to pursue their long-term goal of achieving energy security through the deployment of RE technologies and the implementation of EE measures and conservation initiatives.

FEATURE

CDB AND THE SDGs

Following the 2000 UN Millennium Summit, the Millennium Development Goals (MDGs) offered the first global agenda of eight time-bound goals to address key development challenges of extreme poverty, with a deadline of 2015. CDB supported the development of Caribbean-specific MDGs (CMDGs) which provided a useful roadmap for the Region's development, and facilitated policy dialogue and agenda setting regionally and nationally. The evidence-based platform of the MDGs shows achievements in some areas of Caribbean development. The Sustainable Development Goals (SDGs) agreed by the global community in 2015 replaces the MDGs, and consists of 17 ambitious goals for the next 15 years. The SDGs embrace an inclusive development agenda that incorporates the social, economic and environmental dimensions. The SDGs thus present an opportunity to address demonstrated gaps in ownership and cohesive institutional implementation; effective data systems and capabilities to collect, analyse and evaluate the 169 indicators for the 17 SDGs; and navigation of global accountability frameworks.

Consistent with the thrust of the SDGs, CDB's Mission Statement highlights the overall goal of poverty reduction in the Region through the inclusive and sustainable development of BMCs. The BMCs have embraced the broad global vision for integrated sustainable development. CDB's Strategic Plan 2015-2019 is framed within this vision and is premised on overcoming obstacles to sustained prosperity. The 2015-2019 Strategic Plan is anchored on three strategic objectives of supporting inclusive and sustainable growth; promoting good governance; and enhancing organisational efficiency and effectiveness, with regional cooperation and integration, gender equality and energy security as cross-cutting themes. These strategic objectives align with the SDGs overall and a sub-set of the SDGs in particular. They include:

Goal 8: promoting growth, diversification and jobs
Goal 9: infrastructure development
Goal 7: sustainable energy
Goal 4: education and skills development
Goal 5: gender equality
Goal 1: poverty
Goal 10: inequality and social inclusion
Goal 11: resilience and sustainability
Goal 13: climate change and impacts
Goal 16: effective, transparent institutions and safe, peaceful societies

They are grouped under six broad headings of:
- jobs-led inclusive growth
- climate change and environmental sustainability
- competitiveness and the nexus to sustainable energy
- human development
- Governance
- financing for development.

CDB therefore strategically supports the realization of the SDGs in the Region in collaboration with BMCs and other development partners to foster the design, implementation and evaluation of robust policies and programmes.

The Millennium Development Goals 2000-2015

1. To eradicate extreme poverty and hunger
2. To achieve universal primary education
3. To promote gender equality and empower women
4. To reduce child mortality
5. To improve maternal health
6. To combat HIV/AIDS, malaria and other diseases
7. To ensure environmental sustainability
8. To develop a global partnership for development

SUSTAINABLE DEVELOPMENT GOALS

Goal 1. End poverty in all its forms everywhere

Goal 2. End hunger, achieve food security and improved nutrition and promote sustainable agriculture

Goal 3. Ensure healthy lives and promote well-being for all at all ages

Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

Goal 5. Achieve gender equality and empower all women and girls

Goal 6. Ensure availability and sustainable management of water and sanitation for all

Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Goal 10. Reduce inequality within and among countries

Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable

Goal 12. Ensure sustainable consumption and production patterns

Goal 13. Take urgent action to combat climate change and its impacts

Goal 14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development

Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development

DEVELOPMENT EFFECTIVENESS

MONITORING AND REPORTING ON RESULTS

Development Results

The Development Effectiveness Review (DER), first introduced in 2010, is CDB's annual report on progress toward corporate targets. The Review monitors regional progress on development goals and how CDB contributes to the sustainable development of its BMCs. It also highlights advancements CDB made to manage for development results, and identifies areas for improvement. In addition to being an accountability tool, the DER process drives self-reflection and informs strategic decision making.

The 2014 DER is a milestone report because it assesses the Bank's ultimate performance in meeting the targets set out across four levels in its Results Monitoring Framework (RMF) for Strategic Plan 2010-2014:

LEVEL ONE: Regional Progress on Development Goals
LEVEL TWO: CDB's Contribution to Country and Regional Outcomes
LEVEL THREE: Operational and Organisational Effectiveness
LEVEL FOUR: Ownership, Alignment and Partnerships

The DER revealed that CDB made improvement across all three corporate levels in the RMF since 2010, achieving 66% of its 55 targets. There was particular success in supporting agriculture and rural development, economic and social infrastructure, and capacity development. The Bank also made good improvement in enhancing its strategic focus, and achieved all of its targets with respect to capacity utilisation, business processes and practices, as well as country ownership and partner harmonisation. The Review revealed valuable lessons that were central in informing the 2015-2019 Strategic Planning process. These included the need for more frequent poverty data, engaging technical specialists in BMCs for indicator and target development, and for CDB to strengthen its effectiveness through human resource planning and a heightened focus on building procurement and project cycle management capacities.

The 2015 DER will be completed by May 2016, launching performance reporting for the RMF aligned to the Strategic Plan 2015-2019.

Improving Development Effectiveness and Accountability

CDB made important investments to strengthen its capacity and effectiveness in 2015. Over the past two years, CDB's MfDR Agenda had been supported by a Results Advisor, seconded by DFID. In 2015, the capacity in Results Area was strengthened with the recruitment of a Results Management Specialist. Under the Managing for Development Results (MfDR) Action Plan, CDB provided monitoring and evaluation training for staff to improve the results focus of project design and supervision, and improved transparency with the launch of a geo-mapping tool on its website, which displayed the information on completed and on-going projects.

An update of the 2012 independent review of CDB's performance in MfDR confirmed that progress had been made under MfDR Action Plan 2010-2014. The review found an overall improvement, particularly in the areas of strategic management and presenting performance information. 12 out of 16 KPIs were rated as strong or adequate in 2015, compared with 8 out of 16 in 2012. Informed by these findings, CDB established a Development Effectiveness Committee to guide CDB's ongoing commitment to improve its development effectiveness, and develop and lead the MfDR Action Plan for the current strategic planning cycle.

DEVELOPMENT EFFECTIVENESS SCORECARD 2014

CDB's performance for the period 2010-2014, as assessed through its Results Monitoring Framework (RMF).

LEVEL 1:

REGIONAL AND CARIBBEAN SPECIFIC MILLENNIUM DEVELOPMENT GOALS (CMDG) TARGETS AND DEVELOPMENT OUTCOMES

Poverty and Human Development	Mixed
Other Development Outcomes	Mixed

LEVEL 2:

CDB'S CONTRIBUTION TO COUNTRY AND REGIONAL OUTCOMES THROUGH OUTPUTS

Education and Training	Mixed
Agriculture and Rural Development	Good
Economic and Social Infrastructure	Good
Private Sector Development	Good
Water and Sanitation	Good
Environmental Sustainability, Disaster risk Management (DRM) and Climate Change	Mixed
Citizen Security	Not Assessed
Social Protection	Not Assessed
Capacity Development	Good
Regional Public Goods (RPGs)	Not Assessed

LEVEL 3:

OPERATIONAL AND ORGANISATIONAL EFFECTIVENESS

Operational Quality and Portfolio Performance	Good
Resource Allocation and Utilisation	Mixed
Strategic Focus	Good
Capacity Utilisation and Gender Equality (GE)	Good
Use of Administrative Budget Resources	Poor
Business Process and Practices	Good

LEVEL 4:

OPERATIONAL AND ORGANISATIONAL EFFECTIVENESS

Ownership	Good
Harmonisation	Good
Alignment	Mixed
Partnerships	Good

SCORECARD KEY

- Good
- Mixed
- Poor
- Not Assessed

ENHANCING ORGANISATIONAL EFFICIENCY AND EFFECTIVENESS

Enhancing human resources to serve our Region

As CDB tackles some of the Region's most pressing challenges, it will require not only significant amounts of capital investments and appropriate policies but also the right mix of human resources. With this demand on its talent, the Bank has made notable progress in improving human resource skills, capabilities and processes—a key pillar in its internal reform agenda outlined in the Strategic Plan 2015-2019.

In 2015, the Human Resources and Administration Department (HRAD) continued to resource the Bank in its key operational areas. Twenty seven positions were filled during 2015. Of these, 24 were managerial and professional staff. Key positions filled were those of Vice President (Operations); Director, Projects; Director, Finance; and Head, Office of Integrity, Compliance and Accountability. By the end of 2015, staff drawn from non-regional member countries accounted for 10% of managerial and professional staff. The representation of women among professional staff increased from 39% to 42% and from 38% to 39% among the middle and senior management staff categories respectively.

In 2015, CDB measured the extent to which its staff was engaged and where there were opportunities to improve staff engagement, by conducting its first staff engagement survey. Through an external service provider, staff was invited to participate in an electronic bank-wide engagement survey in the last quarter of 2015. A comprehensive action plan will address the priority areas identified for improvement.

A Leadership Development Framework designed to provide an integrated approach to Bank's talent management programmes, was approved for implementation. The Leadership Development Framework will contribute to the preparation of managerial and professional staff for roles of increasing responsibility in a structured, targeted and measurable way. The Framework links the elements of recruitment; leadership learning and development; engagement and retention; performance management; benefits and compensation; and talent assessment and succession planning.

The Bank approved the purchase of a new HR Information System for its Human Resources Division. The system is a total workforce solution, covering areas including a central employee database; a Learning and Development Module; Performance Goals; Compensation and Payroll Management. The system is expected to facilitate more effective management of information, provide direct access to managers to improve their decision-making capabilities and a self-service portal to allow staff ready access to personal information and transactional services. Implementation of the new system commenced in 2016.

Procurement

During 2015, contracts with a value exceeding USD42 mn were awarded on CDB financed projects. Over the last year, CDB worked to boost capacity in the executing agencies tasked with the procurement and contract management functions, in keeping with its strategic objective to foster good governance. This was achieved through varied training modalities, which will be enhanced in early 2016, with the launch of a suite of online procurement modules. CDB intends to blend this new e-learning facility with other methodologies to provide more comprehensive and flexible procurement training solutions. The programme will be extended in the coming year to facilitate knowledge transfer to the private sector.

With many Caribbean countries burdened by weak growth and heavy debt, the streamlining of public procurement procedures is being identified as a means to more effectively deploy scarce public funds and to stimulate much needed investment. The CDB-led initiative will include the establishment of a Regional Procurement Centre, which will provide high quality training to public sector professionals, and offer programmes accredited by an internationally recognised body. The training will support the drive to improve professionalism in the public procurement sector, and deepen the pool of skills in this area.

CDB continues to collaborate with other leading development banks, through the Heads of Procurement groups, to ensure our approach is aligned with procedures in similar institutions, thereby reducing transaction costs. Through this group, the Bank is contributing to the development of international best practices. It is also involved in an initiative by the Organisation for Economic Cooperation and Development (OECD-DAC) to create a country procurement assessment tool, which will be crucial in upgrading national procurement systems.

Office of Integrity, Compliance and Accountability

During the first quarter of the fiscal year, our Board approved a Strategic Framework for Integrity, Compliance and Accountability (Strategic Framework), which is aimed at enhancing the Bank's internal governance.

Approval was also granted for the establishment of the Office of Integrity, Compliance and Accountability (OICA or ICA) as an independent unit charged with the responsibility of implementing, managing and refining the Strategic Framework.

ICA commenced operations on December 1, 2015, with the appointment of its Head, who reports administratively to the President, and functionally to the Board of Directors. ICA will help the Bank to enhance its internal systems, external operations, its relevance and development effectiveness. In addition to helping CDB to improve internal governance, ICA is also mandated to ensure that the Bank meets its targets in pursuit of the SDGs, which are at risk of being significantly undermined by unethical practices, such as fraud, corruption, bribery and misuse of resources. Goal 16 (Peace, Justice and Strong Institutions) is dedicated among other things, to building effective and accountable institutions at all levels. Three of the 12 key targets under this heading call for substantial reduction in financial crimes, all of which are issues that directly impact CDB's mission and are within ICA's mandate.

FEATURE

CDB UNDERSCORES COMMITMENT TO RENEWABLE ENERGY

During the second half of the year, the Bank underscored its commitment to promote the use of renewable energy and energy efficiency in the Caribbean Region, by signing a contract agreement with Emera Caribbean Renewables Limited for the design, supply, installation and commissioning of a 150 kW Solar Grid-Tied System at its headquarters.

The system is expected to offset around 21% of the Bank's annual energy consumption or USD84,000 in annual energy costs. Operating at a nominal alternating current (AC) capacity of 150 kW, it is expected to produce approximately 306,000 kWh per annum. Through the solar photovoltaic (PV) system, CDB will avoid the release of 254 tonnes of carbon dioxide (CO_2) into the atmosphere every year.

In addition, through a real-time monitoring system, anyone with internet access will be able to view how the system is performing. Metrics include:

- Energy production since commissioned (kWh)
- Carbon dioxide avoided, or, GHG avoided since commissioned (CO_2)
- Energy production for the current day (kWh)
- Money saved, or energy expense avoided since commissioned (BBD)

This information will also be displayed on a large LED screen, located close to the entrance to the Bank.

The installation of the panels was completed during 2015. As part of the project, rooftop arrays (solar panels) and an open field array, located in a green area, were installed around the campus. The panels utilized 8,000 sq. ft. of space on the roof of Building B, and 12,000 sq. ft. on the pasture.

The AC Grid-Tied Solar PV System has a lifetime of 25 years and was installed in accordance with Barbados Light and Power requirements for the Grid Interconnection of Renewable Generation Systems.

RISK REVIEW

OFFICE OF RISK MANAGEMENT REVIEW

Introduction

The Bank continued to maintain its Enterprise Risk Management (ERM) approach with coverage including financial, strategic, operational and developmental risks. The operational risk pillar of the framework was extended in a Line 2 capacity to include environmental, climate and disaster risk management, given its increasing visibility and importance to the Region's sovereign risk profile.

The ERM framework continues to be supported by key risk governance tools including Risk Appetite Statements (RAS); Risk Taxonomy; Risk Control Self-Assessments; Risk Registers and an oversight Enterprise Risk Committee (ERC) chaired by the Chief Risk Officer (CRO). The RAS, in particular, sets out high-level quantitative and qualitative boundaries or thresholds within which the Bank's strategic initiatives are executed.

At year end, CDB was in full compliance with all its risk appetite thresholds as depicted in Table I.

Table 1

CDB NEW OCR RISK MEASURES & POLICY RATIOS – SCORECARD

AS AT DECEMBER 31, 2015 ($US M)

RISK MEASURE/ POLICY RATIO	MEASURE	BASE AMOUNT	THRESHOLD LIMIT	ACTUAL	RAG STATUS
CAPITAL ADEQUACY	Minimum - 150% of Economic Capital		**$355.6**	**$769.9**	**216.5%**
SINGLE SOVEREIGN EXPOSURE	**Greater of:**				
	40% of Outstanding Loans	**$989.5**	**$395.8**	**$225.5**	**22.8%**
	50% of Total Available Capital	**$770.3**	**$385.1**	**$225.5**	**29.3%**
EXPOSURE TO 3 LARGEST BORROWERS	**Greater of:**				
	60% of Outstanding Loans	**$989.5**	**$593.7**	**$450.5**	**45.5%**
	90% of Total Available Capital	**$770.3**	**$693.3**	**$450.5**	**58.5%**
NON-SOVEREIGN EXPOSURE LIMIT					
Single Exposure	2.5% if Total Oustanding Loans	**$989.5**	**$24.7**	**$18.8**	**1.9%**
Sector Exposure	30% of Total Outstanding loans	**$989.5**	**$296.9**	**$35.4**	**3.6%**
INVESTMENT RISK					
Investment Risk - Single Entity Limit	10% of Total Investment Portfolio	**$259.4**	**$25.9**	**$19.3**	**7.4%**
Investment Risk - Single Entity Limit - US Treasury or Gov't Agency	35% of Total Investment Portfolio	**$259.4**	**$90.8**	**$74.5**	**28.7%**
Commercial Entity Exposure Limit	50% of Total Investment Portfolio	**$259.4**	**$129.7**	**$87.1**	**33.6%**

CDB NEW OCR RISK MEASURES & POLICY RATIOS – SCORECARD

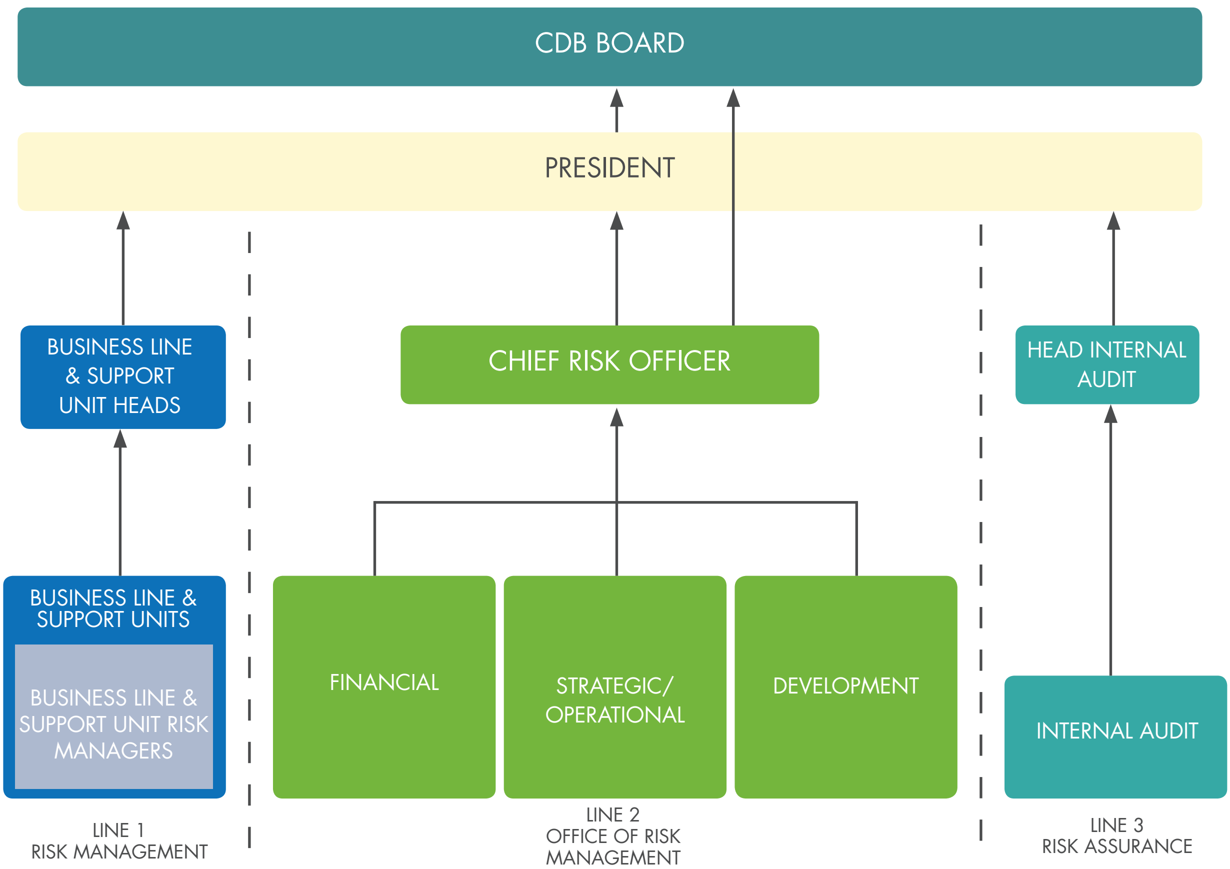
AS OF DECEMBER 31, 2015 ($US M)

RISK MEASURE/ POLICY RATIO	MEASURE	BASE AMOUNT	THRESHOLD LIMIT	ACTUAL	RAG STATUS
LIQUIDITY RISK	**Greater of:**				
	40% of Undisbursed & Loans not yet effective	$473.2	$189.3	$273.6	57.8%
	3 Years of Net Funding Requirements	$48.0	$48.0	$273.6	570.0%
POLICY BASED LOANS (PBL) & GUARANTEES	30% of Total Outstanding Loans & Guarantees	$1,655.4	$496.6	$468.9	28.3%
LIMIT ON OPERATIONS (ARTICLE14.1)	Equal to or less than Limit		$2,291.9	$995.2	43.4%
BORROWING LIMIT - PROFORMA	Equal to or Less than 100% Capital Limit (as defined)		$1,335.0	$502.8	37.7%
BORROWING LIMIT - CAPITALISATION	Equal to or Less than 65% of Capitalisation		$1,337.6	$502.8	37.6%
		Y/E DEC 2014		Y.T.D	
INTEREST COVERAGE RATIO	1.5 Times Operating Profit (as defined)	2.8	1.5	3.0	

Organisation

The Office of Risk Management (ORM) remains an independent but integral part of the Bank's activities, free from influence and reporting to a three-tiered governance structure as depicted in Diagram I.

Diagram 1: Structure of the Office of Risk Management



- **Line 1 - Front Line Functions:** This represents areas where risk-taking activities are directly implemented either in the front, middle or back office.

- **Line 2 - The Office of Risk Management:** The ORM, in a Line 2 capacity, provides leadership, guidance, monitoring and independent oversight of the activities conducted by Line 1.

- **Line 3 - Internal Audit:** Is responsible for and provides assurance on the internal compliance with controls.

Operational Risk

Operational risk is defined as the potential for material losses arising from events caused by human error, failures in processes and technology, as well as external occurrences. These include direct internal loss, net of recoveries, as well as any external direct costs or write-down, involved in the resolution of an operational failure.

ORM uses different control tools including policies, procedures, good record keeping, training, and robust reporting to minimise operational risk losses. The Bank did not suffer any material operational risk loss during the year.

Process

A manual Risk Register, administered by Risk Liaison Officers in the respective functional areas, is used to record operational risk issues, events, losses, near misses and accidental gains on a monthly basis. The outputs from the Risk Register are amalgamated monthly into a single report and reviewed by the CRO to determine which risks to mitigate, or new controls to introduce. The manual Risk Register effectively serves as a surveillance and early warning system for identifying impending threats to the Bank.

During 2015, the Bank completed and signed off on its first firm-wide Risk Control Self-Assessment (RCSA) initiative across all of its functional areas. This process enabled ORM to gain firsthand insight into the Bank's universe of actual and potential operational risks. The RCSA process is now mandated as an annual exercise, with the next review scheduled to take place in the third quarter of 2016.

Systems

CDB also made significant progress in its efforts to procure a dedicated operational risk system by selecting its preferred vendor from a short list of providers via a comprehensive internal selection process. The Bank is currently at the pre-contract negotiation stage and plans to sign a final contract by the end of the first quarter of 2016. The system will automate the Bank's entire end-to-end operational risk identification, reporting, escalation and management process.

There are also documented policies to manage the Bank's Information Technology (IT) procedures, systems development, change management, information security and access processes. All IT systems are backed up to host servers to ensure there is continuity in the event of a disaster.

Business Continuity

CDB has a firm-wide business continuity framework in place that provides for an assured contingency response in the event of an emergency. The plan is being upgraded with continued assistance from an external expert, to create to a highly flexible model to deal with a wide range of service disruptions. The Bank currently has a warm back up and IT recovery site located away from its campus and a secondary site remotely located in another country. The risks of catastrophic loss are also mitigated with the use of comprehensive insurance programmes.

Environmental Risk and Climate Change

CDB has significantly improved its enterprise risk reporting coverage of environmental risks and climate change. A representative from the Bank's dedicated Environmental Sustainability Unit (ESU) is now permanently represented at its ERC meeting, with discussion on the subject now included as a standing agenda item.

The Bank's enterprise risk reports have also been significantly upgraded to capture matters relating to the environment and climate change with significant initiatives underway to incorporate the variable in its sovereign risk assessments, credit modelling, limit allocation and portfolio management process.

CDB's ESU has, in a Line 1 capacity, been active with training and development across the Bank to improve the quality of analysis on environmental and climate risk matters in all project appraisals. CDB has also positioned itself to receive climate-related funding and is currently seeking accreditation from a number of international bodies.

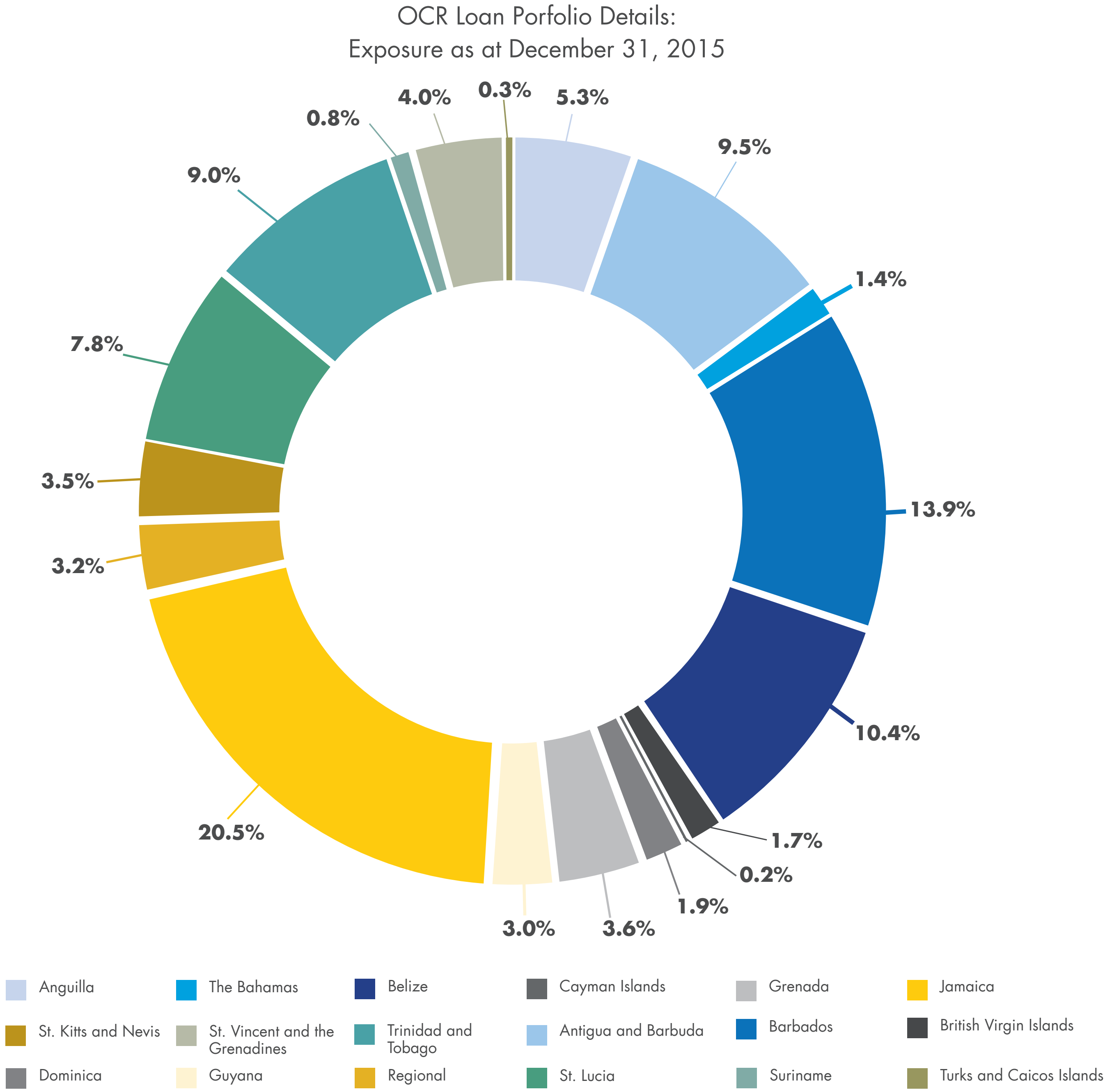
Credit Risk

Credit risk is the threat of loss associated with obligors' potential inability or unwillingness to fulfill their contractual obligations. This may arise directly from the risk of default of a primary obligor or indirectly, from a secondary obligor. In the normal course of business, credit risk for CDB arises when a counterparty fails to honor or perform its contractual obligations under the terms of the lending agreement of a loan that has economic value. The failure to effectively manage credit risk in our portfolio can have a material, adverse impact on our financial risk profile.

The Loan Book

A distribution of the loan portfolio is represented in Diagram II.

Diagram II: OCR Loan Portfolio as at December 31, 2015: Exposure USD



Credit Risk Monitoring and Mitigation

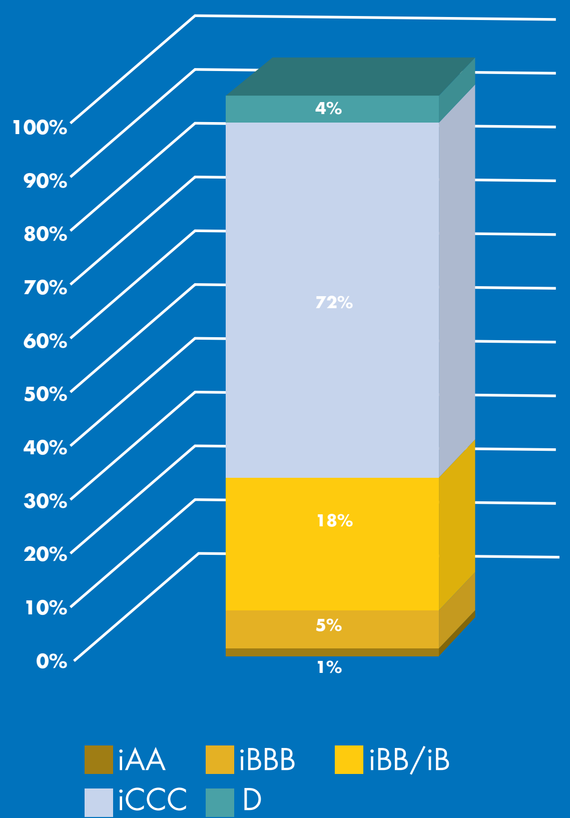
The Bank's risk management principles are predicated upon a strong evolving credit risk culture; independence of the lending process; robust monitoring of credit risk; and a comprehensive appraisal process that considers and integrates the views of experts across a wide range of sectors. Credit exposure is calculated by taking into consideration the level of outstanding loans and a haircut of undisbursed balances to any counterparty at any given point in time. The Bank ensures the continuous development, implementation and application of multiple controls in managing exposure to ensure the balance sheet remains inherently strong. These controls include the use of internal ratings; individual and portfolio limits; market surveillance; pre-limit checking; project appraisal; risk due diligence; and portfolio diversification. During the year, the ORM developed additional tools for credit risk control, including an internal risk rating, credit financial spreading and a pricing tool.

CDB's diversification efforts, in particular, seek to improve the geographic distribution and average rating of the portfolio over the medium term. During the year, the Bank saw its exposure to Jamaica, its largest borrower, reduce relative to the entire portfolio.

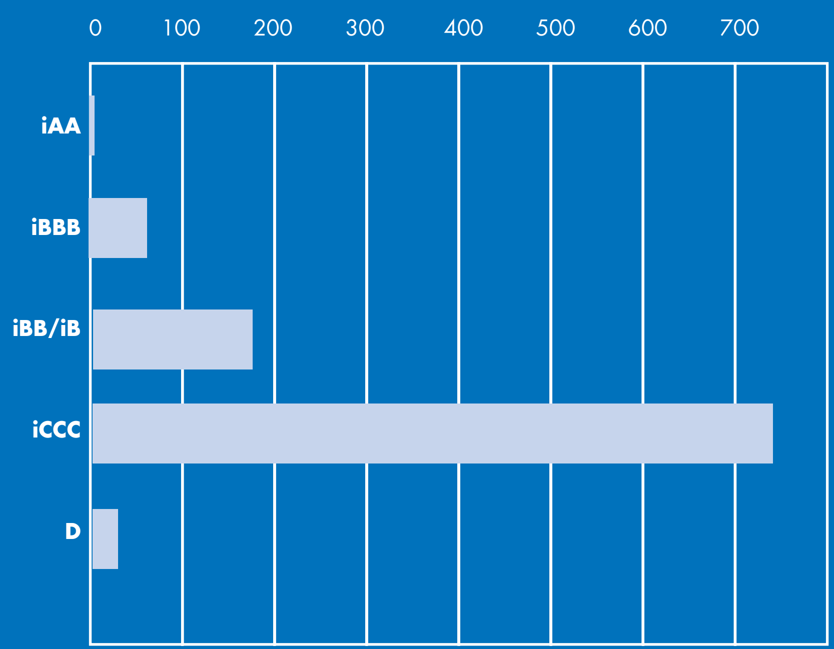
A snapshot of the portfolio is represented in the following diagram.

Diagram III: CDB's Rating Distribution

OCR Loan Portfolio Distribution:
Exposure as at December 31, 2015
per Rating Band

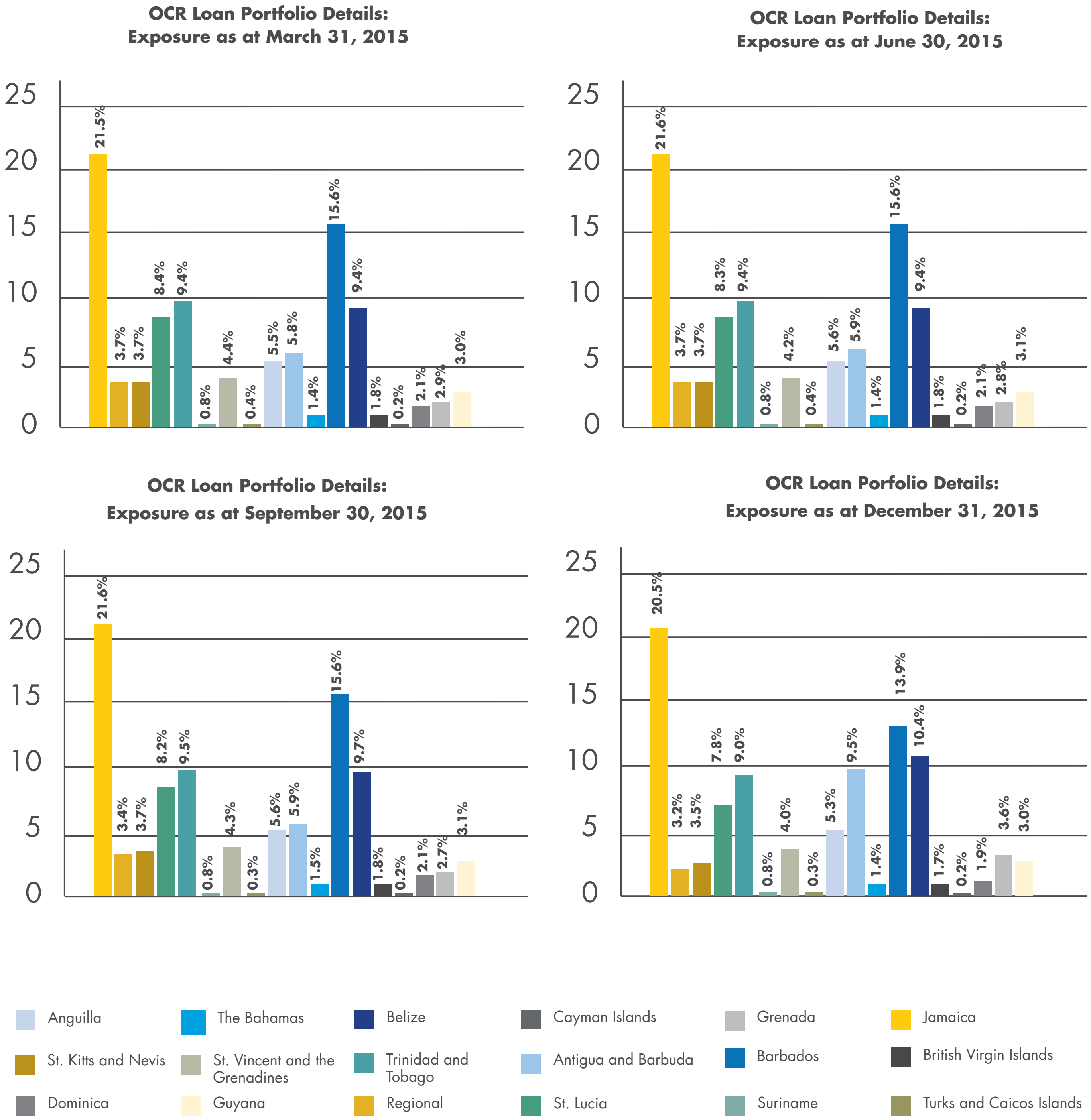


OCR Loan Portfolio Distribution:
Exposure (USDMn) as at December 31, 2015 per Rating Band



CDB's geographic diversification efforts have yielded positive results, with trends in the movements of the portfolio represented in the following graphs.

Diagram IV: CDB's Geographic Diversification



The Bank also applies other, more specific controls, including restricting our investment risk exposure to individual investments with a minimum credit rating of A-/A3 (by Standard & Poor's Rating Agency and Moody's Investors Service, respectively) for commercial bank obligations and AA-/Aa3 for government obligations and use of master netting agreements.

Capital Risk

The Bank's capital position remains extremely strong, as evidenced in our internal economic capital and capital adequacy calculations. CDB's capital adequacy measures the degree to which its risk capital is sufficient for absorbing unexpected credit shocks from its loan portfolio, while still being able to lend for development purposes. This is intended both to protect shareholders from a possible call on callable capital and to preserve CDB's credit rating, and reduce borrowing costs and lending rates to borrowers.

The measures adopted by the Bank include: improving capital adequacy; encouraging new lending to highly rated BMCs; supporting lower-rated entities with interventions sourced from its soft funding window; introducing hard credit limit controls; minimising concentration; strengthening operational controls; managing undisbursed balances to eliminate redundancies; and maintaining a robust capital and debt collection process. During the year, the Bank reduced part of its exposure to one of its countries which had a challenging credit risk profile.

Manual Internal Capital Adequacy Calculations

The ORM voluntarily computes the Bank's capital adequacy manually, utilising the Basel II framework.

Under Pillar I, the ORM utilises a Basic Indicator Approach for Operational Risk and a modified Standardised Approach for Credit Risk.

Under Pillar II, the Bank ensures that all other residual risks over and above Pillar I are computed. This includes, but is not limited to, additional liquidity requirements, interest rate in the banking book, business and concentration risks. This is then complemented with top-down and bottom-up scenario assessments to determine the level of additional capital, which may be needed as a cushion against unexpected risk losses.

Under Pillar III, CDB has undertaken to discharge its enhanced disclosure reporting obligations by ensuring it continues to improve its reporting of risks in its annual reports with plans to replicate this on the Bank's website.

Market Risk

Market risk arises from open positions in interest rate, currency and equities at CDB, all of which are exposed to external market movements. The Bank separates exposure to market risk into trading or non-trading portfolios. Trading portfolios comprise positions arising from market making, position taking and others designated as marked-to-market. Non-trading portfolios comprise positions that primarily arise from interest rate management. CDB's overall objective is to manage its market risks in order to minimise market losses and optimise its returns.

Interest Rate Risk

Interest rate risk arises from changes in interest rates on the fair value of the Bank's financial instruments or transactions. CDB manages its interest rate exposure by ensuring that the changes in the cash flow of its assets closely match those of its liabilities. This relationship is managed with the use of interest rate swaps, which convert fixed rate liabilities into floating rate liabilities. There is, however, residual exposure, including refinancing risk and interest rate lag risk, but these are well within the Bank's risk appetite.

Foreign Exchange Risk

CDB is exposed to 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, with the principal amounts repayable to the Bank in the currencies lent.

Liquidity Risk

Liquidity risk is the threat of not having sufficient financial resources to meet obligations as they fall due, or, having access to such resources, but only at an excessive cost. This risk arises when there are mismatches in the timing of cash flows. Funding risk, a form of liquidity risk, arises when funds needed for liquid asset positions cannot be obtained on the expected terms, when required.

The objective of CDB's liquidity and funding management framework is to ensure that all foreseeable funding commitments can be met when due, and that access to the wholesale market is coordinated and cost effective. To that end, the Bank seeks to maintain a diversified funding base augmented with wholesale funding access and maintenance of a portfolio of highly liquid assets, to enable it to respond quickly to unforeseen liquidity gaps.

CDB loans are usually fully disbursed over several years and the Bank, as a result, continues to have undisbursed balances on approved loans. The liquidity risk remains with the Bank as it is required to provide funds to the borrowers, as and when requested, provided the conditions precedent for disbursement are satisfied. This risk is managed by conformity to the Bank's policy of maintaining a net three years' funding requirement, or 40% of undisbursed commitments, whichever is greater. Presently, CDB's liquid assets exceed the 150% prudential minimum guideline, which is in keeping with management's decision to maintain high liquidity levels.

FINANCIAL STATEMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS

I. Overview

CDB is a multilateral financial institution dedicated to the development of the economies of the BMCs, primarily through project loans and technical assistance to the governments, public agencies and other entities in those countries. The Bank's main goals are to promote sustainable economic development and to reduce poverty. The primary financial objective is to earn adequate operational income to maintain financial strength and to sustain its developmental activities. The Bank was established in 1969 and is owned by the member countries. These members include 19 borrowing member countries and 9 non-borrowing members. During 2015, Brazil joined the Bank as a non-borrowing member. The operations of the Bank are divided into two categories, ordinary operations and special operations. Ordinary operations are financed from CDB's OCR which comprises share capital, borrowings raised in the capital markets, lines of credit from commercial and other multilateral institutions and internally-generated equity. Special operations are financed from the SFR, comprising the 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 BMC in which the project is being undertaken, as well as the ultimate objectives of the project. The Bank also accepts contributions to the OSF for on-lending or administering on terms agreed with the contributors, once the purposes are consistent with its objectives and functions.

The principal assets are loans to the BMCs. Projects may be funded by a combination of OCR and SFR resources. Resources may also be used to guarantee loans of high developmental priority, and will usually comprise longer maturities and grace periods, as well as lower interest rates than usually pertain in the operations of the OCR.
During 2015, the rating agency, Standard and Poor's (S&P) reaffirmed CDB's long- and short-term ratings as 'AA' and "A-1+' with a Stable outlook while Moody's Investor Services reaffirmed CDB's long-term issuer rating as Aa1 with a Stable outlook.

In May 2015, the Board of Directors approved a new strategic framework for integrity, compliance and accountability and the establishment of a new independent office to operationalise the strategic framework. In October 2015, the Board of Directors also approved a Code of Conduct for the Board of Directors, and a new Charter for the Internal Audit Division (IAD). Also in October 2015, the Board of Directors approved an amended policy to limit its counterparties to institutions with a minimum rating of BBB / Baa2 (by Standard & Poor's and Moody's respectively), with a minimum rating for new transactions of A-/ A3 (stable outlook) respectively.

II. Ordinary Capital Resources

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

Financial Statement Reporting

The financial statements of the OCR are prepared in accordance with International Financial Reporting Standards (IFRS) on an 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 the financial statements in conformity with IFRS requires management to make estimates and to exercise judgement in the process of applying its accounting policies.

All of the amounts shown in the financial statements are US dollar equivalents.

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 detailed 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 recognised in comprehensive income. The Bank uses derivative financial instruments, cross currency interest rate swaps and interest rate swaps, to hedge against the impacts of interest rates and currency risks in the borrowing portfolio and to align its borrowing and lending activities to a variable rate basis. The Bank holds derivatives for each of the two Japanese Yen denominated borrowings for a total borrowing notional amount of $160.0mn and for the fixed rate borrowing negotiated in 2012 for a total borrowing notional amount of $300.0mn.

Loan impairment provisions: Due to the nature of the Bank's borrowers 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. Management reviews the loan portfolios at least on an annual basis to assess for impairment. In determining whether an impairment should be recorded in the statement of comprehensive income, the Bank first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. The methodology also uses the Bank's preferred creditor status treatment afforded by its borrowing member countries. The provision is calculated on a methodology which combines the external credit ratings of its members, the probability of default related to those ratings, the loss given default based on the Bank's historical loss experience (if any) and the exposure at default. The Bank currently carries no loan loss provision on its sovereign portfolio and has a General Banking Reserve of $7.0mn which has been identified to mitigate any risk of non-performance. In addition, the non-sovereign portfolio has an accumulated provision of $6.3mn comprising of $5.4mn in respect of two non-sovereign loans and an inherent provision of $0.9mn.

Non-Performing Loans: CDB's policy on non-performing loans precludes new loan approvals to any borrower, or guarantor, which is in arrears on an earlier 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 of debts, which serves to minimize arrears in its loan portfolio.

Liquidity: The liquidity portfolio ensures availability of funds to meet the Bank's operations, provides a buffer in the event of financial stress and contributes to the Bank's operating income. The primary objective of CDB's investment policy is capital preservation, while optimizing income. Investments are held mainly in government or government related debt instruments and are reported at market value in the financial statements. At December 31, 2015 the investment and cash portfolio was $279.2mn which represented 57.8% of the Bank's OCR liquidity requirement peg of 40% of undisbursed loans and agreements not yet effective.

Management Reporting

The accounting treatment under IFRS in which derivatives are recorded at their fair value, while loans and borrowings are recorded at amortized cost, creates income volatility which is not representative of the underlying strategy or economics of the transactions as it is the Bank's policy to hold these instruments to maturity. In accordance with policy, the Bank excludes the impact of the fair value adjustments and related foreign exchange translation adjustments associated with these financial instruments from the determination of its operating income upon which its financial performance is evaluated and liquidity, capital adequacy and other analyses are based.

Results of Operations of the OCR

Total comprehensive income: The OCR operations of the Bank recorded total comprehensive income of $8.5mn, a decrease of $26.4mn from the amount of $34.9mn for the year ended December 31, 2014. This change was due to decreases in derivative adjustments of $28.1mn and operating income of $4.4mn. These were offset by a reduction of $6.3mn in the actuarial re-measurements which are now required to be included in the statement of comprehensive income.

Operating income: Operating income is defined as comprehensive income adjusted for the effects of the derivative adjustment, the foreign exchange translation on the related Japanese yen borrowings and the actuarial remeasurements. It is the income which is used to analyse the performance of the Bank and is allocated to reserves by the Board of Governors in accordance with the Bank's Charter. The operating income decreased by $4.4mn which is explained in the paragraphs below.

Income from loans: Loan income decreased by $2.8mn during the year. This was due to a change in the average yield from 4.04% in 2014 to 3.67% in 2015.

Income from cash and investments: For the year ended December 31, 2015, income from cash and investments was $2.4mn compared to $2.8mn in 2014. This was mainly due to a reduction in the average portfolio from $314.3mn in 2014 to $276.2mn in 2015. The rate of return, excluding gains and losses, was 0.89% in both years, 2015 and 2014.

Interest expense: Interest expense for the year ended December 31, 2015, was $8.7mn, a decrease of $2.1mn compared to $10.8mn in 2014. This was primarily due to the full year's effect of the two swaps for the fixed rate bond issue (4.375%) which was negotiated in November 2012.

Net Non-interest Expenses: In 2015, net non-interest expenses increased by $3.4mn to $14.2mn compared with 2014. This was due to movements in unrealized gains on investments, administrative expenses and exchange rate adjustments of $1.8mn, $2.9mn and $0.6mn respectively. These movements were partially offset by a decrease in the provision for loan impairment of $1.5mn and an increase in other income of $0.4mn.

Net Non-interest Expenses

	2015	**2014**
Administrative expenses	$14.2	$11.3
Realised/unrealised (gains)/ losses	(0.2)	(2.0)
Other income	(0.7)	(0.3)
Provision for loan impairment	-	1.5
Exchange rate adjustments	0.9	0.3
Total net non-interest expenses	**$14.2**	**$10.8**

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.

Rate/Volume Analysis

	Increase/Decrease Due to		
	Rate	**Volume**	**Total**
Interest-earning assets			
Cash and Investments	(0.01)	(0.34)	(0.35)
Loans	(3.55)	0.27	(3.28)
Total earning assets	(3.56)	(0.07)	(3.63)
Interest-bearing liabilities	0.60	1.44	2.04
Net interest income	(2.96)	1.37	(1.59)

Financial Position of the OCR

Total assets: At December 31, 2015, total assets were $1,407.1mn, representing an increase of $28.6mn (2.1%) from $1,378.5mn in 2014. This change was due primarily to the marginal increases in both the cash, investment and loan portfolios.

Loans: In 2015, the loan portfolio grew by $9.8mn from $982.7mn in 2014 to $992.5mn in 2015 or by 1%. This growth is expected to continue increase slowly but consistently over the short term. At December 31, 2015, there were two non-performing private sector loans in the portfolio with a total amount outstanding of $5.4mn which has been fully provided for.

Debt and other liabilities: Total liabilities decreased by $23.9mn (4.3%) from $557.0mn at December 31, 2014 to $533.1mn at December 31, 2015 mainly due to the repayment of the short-term facility of $30.0mn.

Shareholders' equity: At December 31, 2015, CDB's equity totaled $874.0mn compared with $821.6mn as at December 31, 2014. The increase was due to new net paid-in capital of $43.8mn and total comprehensive income earned of $8.5mn. Total equity currently represents 62.1% of the Bank's liabilities and capital at the end of this reporting period.

Year Ended December 31

Balance Sheet Data	2015	2014	2013	2012	2011
Cash and investments	279.2	267.0	357.2	496.9	323.4
Loans outstanding[1]	992.5	982.7	967.9	972.3	1,007.5
Loans undisbursed & not yet Effective	473.2	392.9	333.8	320.3	328.1
Total assets	1,407.1	1,378.5	1,452.3	1,640.8	1,543.1
Borrowings outstanding	502.8	530.3	675.4	920.2	857.9
Callable capital	1,375.1	1,324.9	1,274.9	1,207.6	1,170.9
Paid-in capital	388.5	374.4	360.3	341.3	331.0
Retained earnings & Reserves	530.6	522.1	487.2	475.4	480.1
Income Statement Data					
Loan income	37.7	40.5	39.1	39.6	40.6
Investment income	2.5	2.8	(1.8)	4.8	1.8
Borrowing costs	8.7	10.8	15.6	9.8	7.5
Foreign exchange translation	0.9	0.3	0.6	0.1	0.2
Derivative adjustment	(1.2)	26.9	(8.7)	(7.1)	19.2
Operating income	17.3	21.7	11.6	22.6	21.5
Comprehensive income	8.5	34.9	11.8	10.3	40.8
Ratios					
Return on:					
Average assets	1.28%	1.46%	1.17%	1.52%	1.66%
Average investments	0.89%	1.53%	(0.43%)	1.47%	0.80%
Average loans outstanding	3.99%	4.33%	4.19%	4.02%	4.15%
Cost of borrowings	1.73%	1.83%	2.04%	1.26%	1.11%
Available capital[2]/economic capital	216.5%	204.1%	191.5%	188.7%	

[1] Net of provisions.

[2] Defined as the sum of paid-in capital, total reserves, retained earnings after adjustment for derivatives and the currency translation on related borrowings and subscriptions paid in advance, less the General Banking Reserve, subscriptions not yet due or overdue and demand obligations from borrowers.

III. Special Development Fund

The SDF, (the Fund), was established in 1970 and is the Bank's largest pool of "soft" funds, offering loans on "softer" terms and conditions than those that are applied in the Bank's ordinary operations, i.e., longer maturities and grace periods and lower interest rates.

SDF represents a significantly important enabler in the Bank's efforts to reduce poverty and contribute to sustained welfare enhancement in eligible borrowing member countries. Indeed, successive replenishments of the SDF since its inception have allowed CDB to make a meaningful contribution to the transformation of lives of ordinary men, women, boys and girls, particularly those in rural settings who are likely to be more at risk.

The SDF originally offered an assortment of terms and conditions which were fixed by the Fund's various contributors. These differing terms and conditions created a number of complexities and inefficiencies in the Fund's operation, which prompted the decision to set up a fund with a uniform set of rules. Hence, in 1983, the SDF(U) was formed.

All members of the Bank are required to contribute to the SDF(U), and contributions are also sought from non-members. Contributions are interest-free and provided on a multi-year basis, for an indefinite term. The SDF(U) also has consistent terms, objectives and procurement conditions and thus overcomes the problems associated with individual donors and funding arrangements. There is a supplementary governance structure through an Annual Meeting of Contributors which provides the focus for the SDF(U)'s operations and receives an annual report on the performance of the fund. Non-members are also invited to participate as observers in meetings of the Bank's Board of Directors (BOD) and Board of Governors.

The SDF(U) is usually replenished in four-year cycles. Contributors to the SDF(U) enter into negotiations with the Bank with the objective of agreeing on the priority areas and programmes which should be addressed, and on the amount of SDF(U) resources which will be necessary to realise the agreed objectives. The first round of funding for the SDF(U) covered the four years ending in 1987, and subsequent replenishments were for 1988-91 (SDF II), 1992-1995 (SDF III), 1996-2000 (SDF IV), 2001-2004 (SDF V), 2005-2008 (SDF 6), 2009-2012 (SDF 7), and 2013-2016 (SDF 8). Negotiations for the replenishment of the SDF (U) for a ninth cycle, covering the period 2017-2020 (SDF 9) commenced in March 2016. This cycle will be underpinned by the Bank's efforts to support the BMCs in achieving their development goals, consistent with the Sustainable Development Goals.

With respect to funding, the current cycle, which is the eighth replenishment cycle (SDF8) commenced in January 2013 with an approved programme level of $348 mn, comprising $208 mn in loans to eligible countries, $30 mn for rehabilitation and reconstruction lending, $100 mn in grant set asides and $10mn for loans to Suriname. By the end of 2015, $227 mn had been committed comprising $162 mn loans and $67mn in grants.

SUMMARY OF RESULTS

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

RESULT OF OPERATIONS OF THE SDF

At December 31, 2015, there was a net loss of ($3.3mn) for the year, compared with net income of $0.02mn in 2014. This income for the year represented a return of 0.41%, on average liquidity of $342.4mn, compared with an income of $2.1mn in 2014, representing a return of 0.61% on average liquidity of $344.3mn. This decrease was due to lower levels of investment income in 2015. Total expenses increased from $14.1mn in 2014 to $17.2mn in 2015, mainly arising from the additional administrative expenses which were allocated to the funds based on the approved formula.

Income from loans: At December 31, 2015, loan income improved to $12.5mn from $12.0mn at December 31, 2014 arising from an increase in the average balances of the portfolio.

Income from cash and investments: At December 31, 2015, income from cash and investments of $1.4mn decreased from $2.1mn achieved in 2014. The decline in 2015 was due to a much higher level of unrealized losses in 2015 compared to 2014.

Administrative expenses: At December 31, 2015, administrative expenses were $17.9mn, an increase of $3.4mn from $14.5mn in 2014. The SDF's share of the Bank's total administrative expenses is based on a predetermined cost-sharing formula, which is driven by the relative number of loans and their stage of execution.

Charges on contributions: At December 31, 2015, charges on contributions were nil as all repayable contributions under this portfolio were liquidated. In 2014, these charges were $0.01mn.

Exchange: At December 31, 2015, foreign exchange translation gains were $0.7mn, compared with $0.5mn in 2014. This is as a result of the volatility in the various currencies in relation to the US dollar.

FINANCIAL POSITION OF THE SDF

Total assets: At December 31 2015, total assets were $994.1mn, representing an increase of $39.3mn (4.1%) from $954.8mn at the end of 2014.

Investments: At December 31, 2015, SDF cash and investments amounted to $349.6mn, compared with $332.5mn at the end of 2014.

Loan portfolio: At December 31, 2015, total outstanding loans were $559.2mn, $12.4mn (2.3%) higher than the $546.8mn outstanding at the end of 2014.

Contributions: Contributions to the SDF net of allocations to technical assistance and grant resources increased by $31.1mn (4.5%) to $728.1mn in 2015 from $697.0mn in 2014. This was due to receipts from the amounts due under SDF 8.

IV. 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 BMCs in 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 this report.

RESULT OF OPERATIONS OF THE OSF

At December 31, 2015, the net income was $4.0mn, an increase of $1.2mn from $2.8mn in 2014. This change was mainly due to net realized gains on some equity investments during the year.

Income from loans: At December 31, 2015, income from loans was $2.5mn, a marginal decrease from $2.6mn in 2014. This decline was caused by a smaller average balance in the loan portfolio than existed in 2014.

Income from cash and investments: At December 31, 2015, income from cash and investments increased to $3.3mn from $1.9mn in 2014. This change in investment income was due to the realized gains on equity investments mentioned above.

Administrative expenses: At December 31, 2015, administrative expenses were $1.4mn, $0.2mn or 16.7% higher than $1.2mn at December 31, 2014. The OSF'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.

Charges on contributions: At December 31, 2015, charges on contributions were $0.8mn, a decrease from $0.9mn in 2014 due to repayments within the portfolio.

Exchange: At December 31, 2015, foreign exchange translation gains were $0.6mn, marginally higher than $0.5mn in 2014. Foreign exchange translation movement is a result of the volatility in various currencies in relation to the US dollar.

FINANCIAL POSITION OF THE OSF

Total assets: At December 31, 2015, total assets were $265.1mn, representing a decrease of $14.4mn from $279.5mn at the end of 2014.

Investments: At December 31, 2015, cash and investments amounted to $98.4mn, compared with

$102.7mn at the end of 2014. The investment portfolio included assets from the following funds which are externally managed - the Microfinance Guarantee Fund and the Interest Subsidy Fund, which has been partially liquidated at year-end. In addition, included in the investment portfolio are equity investments amounting to $7.4mn (2014: $10.4mn).

Loan portfolio: At December 31, 2015, total outstanding loans were $110.4mn, a decrease of $6.0mn (5.2%) from $116.4mn in 2014. This was due to repayments during 2015.

Accounts receivable: There was a decrease in accounts receivable from $60.4mn in 2014 to $56.4mn in 2015. This decrease was due to transfers of cash as reimbursement for the Basic Needs Trust Fund account.

Liabilities and funds: At December 31, 2015, liabilities and funds totalled $265.1mn, representing decreases of $12.4mn, $3.6mn and $2.4mn in technical assistance and grant resources, contributions and liabilities respectively. These changes were offset by an increase of $4.0mn in accumulated net income.

V. **Operations**

In 2015, CDB approved $261.5mn in loans (2014 - $243.8mn) and $32.7mn in grants (2014 - $25.7mn) totaling $294.2mn (2014 - $269.5mn). During the year, there were loan disbursements of $135.3mn (2014 - $153.3mn) and grant disbursements of $26.1mn (2014 - $27.4mn).

	Gross Approvals ($mn)		Disbursements ($mn)	
	2015	**2014**	**2015**	**2014**
OCR Loans	197.2	173.8	95.1	100.8
SDF Loans	63.0	68.2	39.1	49.0
OSF Loans	1.3	1.8	1.1	3.5
Total Loans	**261.5**	**243.8**	**135.3**	**153.3**
SDF Grants	31.2	13.8	14.4	14.8
OSF Grants	1.5	11.9	11.7	12.6
Total Grants	**32.7**	**25.7**	**26.1**	**27.4**
TOTAL	**294.2**	**269.5**	**161.4**	**180.7**

Loans: Lending to the public sector accounted for all of the loans approved in 2015, with the OCR accounting for $197.2mn and the SFR $64.3mn. Of the sixteen (16) loans approved during the year, seven (7) were entirely funded from the OCR, while five (5) were a blend of OCR and SFR funding and four (4) entirely funded by SFR.

The largest two (2) borrowers were Antigua and Barbuda, and Barbados, both at 19.1%. Other significant borrowers were Belize (13.4%), Grenada (13.4%) and Dominica (12.6%)

Grants and Equity: Grant and equity approvals amounted to $32.7mn. The two (2) major beneficiaries were Haiti ($15.2mn) and Regional ($10.7mn).

Resource Transfers: In 2015, there was a negative net transfer of resources (i.e. disbursements of loans and grants less repayments of principal, interest and charges) between CDB and its BMCs. The net flow of resources amounted to ($9.7mn), a significant decrease when compared to a positive net resource transfer of $11.9mn in 2014.

Borrowings: CDB uses its borrowings to ensure that funds are available for its operations. In meeting this objective, CDB seeks to diversify its borrowings across creditors and markets. This objective is currently being met from the capital market borrowing of $300mn in 2012 which was intended to cover the Bank's liquidity needs in the short-term.

Repayments: During the year, CDB was repaid 99.3% (2014 – 99.3%) of the principal amounts which were charged to its borrowers. A breakdown by fund group is shown below:

	December 31, 2015 Amounts in $mn Principal		
	Billed	**Received**	**%**
OCR	84.8	84.2	99.3
SDF	26.8	26.8	100
OSF	6.4	6.4	100
Total	**$118.0**	**$117.2**	**99.3**

	December 31, 2014 Amounts in $mn Principal		
	Billed	**Received**	**%**
OCR	85.3	84.5	99.1
SDF	23.9	23.9	100
OSF	5.4	5.4	100
Total	**$114.6**	**$113.8**	**99.3**

Administrative Expenses

A comparative analysis of major administrative expenditure items is shown below. At December 31, 2015, recurrent expenses were $36.4mn, increasing by $1.0mn from $35.4mn in 2014. Included in the recurrent expenses are costs of $0.8mn, which are required to be charged according to the International Financial Accounting Standards but are non-cash expenses. The one-off restructuring costs in 2015, as well as the actuarial adjustments which are not part of the budget exercise, are excluded from the recurrent expenses.

ANALYSIS OF ACTUAL EXPENSES FOR 2015 AND 2014
$' mn

	2015	2014	Variance	%
Staff costs	$20.5	$19.4	$1.1	5.7
Professional fees and Consultants	1.7	2.0	(0.3)	(15.0)
Travel	2.0	1.5	0.5	33.3
Maintenance and Utilities	1.0	1.1	(0.1)	(9.1)
Computer Services	1.1	1.1	-	-
Other	3.0	2.8	0.2	7.1
Depreciation	1.1	1.5	(0.4)	(26.7)
Allocation from net income	6.0	6.0	-	-
Sub-total – recurrent costs	**$36.4**	**$35.4**	**$1.0**	**2.8**
Actuarial adjustment	1.3	(2.5)		
Restructuring costs	1.6	-		
Total	**$39.3**	**$32.9**		

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Ernst & Young
P.O. Box 261
Bridgetown, BB11000
Barbados, W.I.

Street Address
Worthing,
Christ Church, BB15008
Barbados, W.I.

Tel: 246 430 3900
Fax: 246 426 9551
246 435 2079
246 430 3879
www.ey.com

Independent Auditors' Report

To the Board of Governors of Caribbean Development Bank

We have audited the accompanying financial statements of the **Ordinary Capital Resources** of the **Caribbean Development Bank** ("the Bank") which comprise the statement of financial position as of December 31, 2015, 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 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' judgment, 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 December 31, 2015, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Ernst & Young

Chartered Accountants
Barbados
March 9, 2016

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

STATEMENT OF FINANCIAL POSITION
As of December 31, 2015

(expressed in thousands of United States Dollars, unless otherwise stated)

	Notes		2015	2014
Assets				
Cash and cash equivalents	6		**$65,412**	$34,202
Debt securities at fair value through profit or loss	7		**213,765**	232,766
Receivables and prepaid assets	8		**11,396**	7,607
Loans outstanding	9		**992,530**	982,671
Receivable from members				
Non-negotiable demand notes	10	45,746		45,032
Maintenance of value on currency holdings	11	4,606		3,711
Subscriptions in arrears	12	5,590		11,234
			55,942	59,977
Derivative financial instruments	13		**56,251**	52,403
Property and equipment	14		**11,767**	8,879
Total Assets			**$1,407,063**	$1,378,505

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

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES *...continued*

STATEMENT OF FINANCIAL POSITION
As of December 31, 2015

(expressed in thousands of United States Dollars, unless otherwise stated)

	Notes		2015	2014
Liabilities and Equity				
Liabilities				
Accounts payable and accrued liabilities	16		$7,503	$2,397
Subscriptions in advance	17		4,326	8,750
Deferred income	18		875	650
Post-employment obligations	19		17,655	14,856
Borrowings				
Short term facility	20	-		30,000
Long term borrowings	20	502,752		500,301
			502,752	530,301
Total Liabilities			$533,111	$556,954
Equity				
Subscriptions matured (net)	21(b)		$343,324	$299,468
Retained earnings and reserves	21(e)		530,628	522,083
Total Equity			$873,952	$821,551
Total Liabilities and Equity			$1,407,063	$1,378,505

Approved by the Board of Directors on March 9th, 2016 and signed on their behalf by:

Wm. Warren Smith
President

Carlyle Assue
Director, 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, 2015

(expressed in thousands of United States Dollars, unless otherwise stated)

	Notes	Capital Stock	Retained Earnings	Post Employment Obligations Reserve	Other Reserves	Total
Balance as of January 1, 2014		**$256,374**	**$477,963**	**$(4,007)**	**$13,260**	**$743,590**
New capital subscriptions	**21(b)**	43,179	-	-	-	43,179
Prepayment discount	**21(d)**	(85)	-	-	-	(85)
Net income for the year, restated	**24**	-	42,637	-	-	42,637
Other comprehensive loss	**19**	-	-	(7,770)	-	(7,770)
Balance as of December 31, 2014		**$299,468**	**$520,600**	**$(11,777)**	**$13,260**	**$821,551**
New capital subscriptions	**21(b)**	43,953	-	-	-	43,953
Prepayment discount	**21(d)**	(97)	-	-	-	(97)
Net income for the year		-	10,042	-	-	10,042
Other comprehensive loss	**19**	-	-	(1,497)	-	(1,497)
Balance as of December 31, 2015		**$343,324**	**$530,642**	**$(13,274)**	**$13,260**	**$873,952**

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, 2015

(expressed in thousands of United States Dollars, unless otherwise stated)

	Notes	2015	Restated 2014
Interest and similar income			
Loans	22(a)	$37,730	$40,504
Investments and cash balances	22(b)	2,449	2,795
		40,179	43,299
Interest expense and similar charges			
Borrowings	22(c)	20,018	20,384
Net interest income from derivatives	22(c)	(11,282)	(9,612)
		8,736	10,772
Net interest income		31,443	32,527
Other (income)/expenses			
Other income		(757)	(326)
Realised and unrealised fair value gains		(194)	(1,990)
Provision for loan impairment	9(c)	-	1,543
Administrative expenses	23	14,234	11,253
Foreign exchange translation		870	350
		14,153	10,830
Operating income		17,290	21,697
Allocation from net income	24	6,000	6,000
Net income before derivative and foreign exchange adjustments		11,290	15,697
Derivative fair value adjustment	25	4,817	6,182
Foreign exchange (loss)/ gain in translation on Yen borrowings	20(b)	(6,065)	20,758
		(1,248)	26,940
Net income for the year		10,042	42,637
Other comprehensive income			
Re-measurements – Actuarial losses	19	(1,497)	(7,770)
Total comprehensive income for the year		$8,545	$34,867

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, 2015

(expressed in thousands of United States Dollars, unless otherwise stated)

	Notes		2015	Restated 2014
Operating activities:				
Net income for the year			**$10,042**	**$42,637**
Adjustments:				
Unrealised gain on debt securities		(154)		(1,785)
Depreciation	14	1,139		1,465
Gain on disposal of fixed assets		(70)		(1)
Derivative fair value adjustment		(4,817)		(6,182)
Interest income		(40,179)		(43,299)
Interest expense		8,736		10,772
Provision for loan impairment	9(c)	-		1,543
Foreign exchange loss/(gain) in translation on Yen borrowings	20(b)	6,065		(20,758)
Increase in maintenance of value on currency holdings		(895)		(824)
Total cash flows used in operating activities before changes in operating assets and liabilities			**(20,133)**	**(16,432)**
Changes in operating assets and liabilities:				
(Increase)/ decrease in receivables and prepaid assets		(3,789)		3,172
Increase/ (decrease) in accounts payable and accrued liabilities		5,106		(370)
Increase/ (decrease) in post-employment obligations		1,302		(2,546)
Net decrease in debt securities at fair value through profit and loss		18,926		58,216
Cash provided by operating activities			**1,412**	**42,040**
Disbursements on loans	9(b)		**(95,082)**	(100,783)
Principal repayments on loans	9(b)		**84,253**	84,519
Interest received			**41,379**	43,613
Net cash provided by operating activities			**31,962**	**69,389**
Investing activities:				
Purchase of property and equipment	14	(4,027)		(2,455)
Proceeds from sale of property and equipment		295		1
Net cash used in investing activities			**(3,732)**	**(2,454)**
Financing activities:				
New borrowings	20(b)	1,488		34,894
Repayments on borrowings	20(b)	(34,432)		(157,692)
Interest paid on borrowings		(8,438)		(11,324)
New capital subscriptions	21(b)	43,953		43,179
Prepayment discounts	21(b)	(97)		(85)
Decrease in subscriptions in advance		(4,424)		(4,560)
Decrease/ (increase) in receivables from members		4,930		(4,868)
Net cash provided by/ (used in) financing activities			**2,980**	**(100,456)**
Net increase/ (decrease) in cash and cash equivalents			**31,210**	**(33,521)**
Cash and cash equivalents at beginning of year			**34,202**	**67,723**
Cash and cash equivalents at end of year	6		**$65,412**	**$34,202**

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

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

(expressed in thousands of United States Dollars, unless otherwise stated)

NOTE 1 – NATURE OF OPERATIONS

Corporate structure
The Caribbean Development Bank ("CDB" or "the Bank") is an international organisation established by an Agreement ("Charter") signed in Kingston, Jamaica, on October 18, 1969 and accepted and ratified by all the member countries which are signatories thereto. The Charter is an international treaty which, together with the instruments of ratification and accession by member countries, is deposited with the United Nations Secretary-General. The Charter entered into force on January 26, 1970 and CDB commenced operations on January 31, 1970. Since then other countries have become members of CDB by acceding to the Charter.

The Bank's headquarters is located in Wildey in the parish of Saint Michael in the island of Barbados.

Purpose and objectives
CDB is a regional financial institution established for the purpose of contributing to the harmonious economic growth and development of the member countries in the Caribbean ("Region") and to promote economic cooperation and integration among them, with special and urgent regard to the needs of the less developed members.

Reducing poverty in the region is CDB's main objective and it finances development projects in its Borrowing Member Countries ("BMCs") primarily through its Ordinary Capital Resources ("OCR") which comprises shareholders' paid-in capital, retained earnings and reserves and borrowings. In advancing this objective, the Bank participates in the selection, study and preparation of projects contributing to poverty reduction and where necessary, provides technical assistance. The BMCs are also shareholders of the OCR and are therefore considered related parties.

Special fund resources
Attainment of the Bank's objectives are also supplemented by the Special Development Fund ("SDF") and Other Special Funds ("OSF") which comprise its Special Fund Resources ("SFR") with distinct assets and liabilities and which are subject to different operational, financial and other rules as set out by the contributors (some of which are non-members of the Bank), to these funds. The SFR is independently managed from, and has no recourse to, the OCR for obligations in respect of any of the liabilities of the SDF or OSF.

Mobilising financial resources is an integral part of CDB's operational activities, where alone or jointly, it administers funds restricted for specific uses such as technical assistance, grants and regional programmes. These funds are provided by donors, including members, some of their agencies and other development institutions.

Membership
The membership of the Bank is open to:
(a) States and Territories of the Region;
(b) Non-Regional States which are members of the United Nations or any of its specialised Agencies; or of the International Atomic Energy Agency.

NOTE 2 – ACCOUNTING POLICIES (GENERAL)

In December 2015 Brazil completed all the legal and other requirements and became a regional, non-borrowing member of the Bank. The current membership of the Bank is comprised of twenty-three (23) regional states and territories and five (5) non-regional states (2014: 22 regional states and territories and 5 non-regional states). A detailed listing of the membership is provided at Note 21(c) - Equity.

Accounting policies which are specific in nature are included as part of the disclosures that are relevant to the particular item. The accounting policies that are of a general nature applied in the preparation of these financial statements are set out below.

All policies have been consistently applied to the years presented, except where otherwise stated. Prior year comparatives have been adjusted or amended to conform with the presentation in the current year where applicable.

Basis of preparation

Reporting standards
These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost basis, except as modified by the revaluation of debt securities at fair value through profit or loss and derivative financial instruments (cross currency interest rate swaps and interest rate swaps) which are reflected at fair value. The financial statements are presented in United States dollars and all values are rounded to the nearest thousand, except where otherwise indicated.

Content of financial statements
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, 2015 (the reporting date).

Presentation format
The presentation format of the Bank's statement of comprehensive income reflects the operating income from the Bank's core activities. In the opinion of management, this enhances the information to the users of the Bank's financial statements as operating income represents the basis upon which the Bank's financial, liquidity, capital adequacy, efficiency and other performance ratios and measures are determined.

Critical judgments and estimates
The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities. All estimates and assumptions required in conformity with IFRS are applied in accordance with the applicable standard. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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For the year ended December 31, 2015

(expressed in thousands of United States Dollars, unless otherwise stated)

NOTE 2 – ACCOUNTING POLICIES (GENERAL)*...continued*

Basis of preparation*...continued*

Management's judgment for certain items that are especially critical for the Bank's results and financial situation due to their materiality is included in the relevant note disclosures in these financial statements, except as stated below:

Going concern
The Bank's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern and therefore the financial statements continue to be prepared on this basis.

New and amended standards and interpretations which are applicable to the Bank

The Bank applied for the first time certain standards and amendments, which are effective for the reporting period. The nature and the impact of each new standard and amendment is described below:

IAS 19 – Defined Benefit Plans: Employee Contributions – Amendments to IAS 19 (Effective July 1, 2014)
This amendment requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. IAS 19 requires such contributions that are linked to service to be attributed to periods of service as a negative benefit. If the amount of the contribution is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service was rendered, instead of allocating the contributions to the periods of service. The Bank has always treated members' contributions as a reduction to service cost as they are independent of the number of year of service. There was therefore no impact on the financial statements as a result of applying this amendment.

Standards in issue not yet effective and which are applicable to the Bank

The following is a list of standards and interpretations issued that are not yet effective up to the date of the issuance of the Bank's financial statements. The Bank intends to adopt these standards, if applicable, when they become effective. The impact of adoption depends on the assets held by the Bank at the date of adoption and it is therefore not practical to quantify the effect at this time.

- *IAS 1 – Disclosure Initiative – Amendments to IAS 1* (Effective January 1, 2016)
- *IFRS 9 – Financial Instruments* (Effective January 1, 2018)
- *IFRS 15 – Revenue from contracts with customers* (Effective January 1, 2017)

NOTE 2 – ACCOUNTING POLICIES (GENERAL)*...continued*

Standards in issue not yet effective and which are applicable to the Bank*...continued*

- *IAS 16 and IAS 38 – Clarification of Acceptable Methods for Depreciation and Amortisation* (Amendments) (Effective date January 1, 2016)

- Annual Improvements to IFRSs 2012-2014 Cycle

Foreign currency translation

Functional and presentation currency
The functional and presentation currency of the Bank is the United States dollar. 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.

Foreign currency transactions are initially 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 or expenses and to assets or liabilities are shown as an exchange gain or loss in the determination of net income for the year.

Taxation

Under the provisions of Article 55 of the Charter and the provisions of the Caribbean Development Bank Act, 1970-71 of Barbados, the Bank's assets, property, income and its operations and transactions are exempt from all direct and indirect taxation and from all custom duties on goods imported for its official use.

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

(expressed in thousands of United States Dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT

The Bank's principal financial liabilities, other than derivatives, comprise borrowings and trade and other payables, the main purpose of which is to finance the Bank's operations. The Bank also provides guarantees to its borrowers under set terms and conditions. The Bank's principal financial assets are loans, receivables, cash and short-term deposits and debt securities at fair value through profit and loss that are all derived directly from its operations. The Bank also holds derivative contracts and enters into derivative transactions when deemed necessary by senior management. All derivative activities for risk management purposes are to be undertaken by senior management in accordance with approved Board of Directors (BOD) policy which includes the provision that no trading in derivatives for speculative purposes may be undertaken.

The Bank's BOD sets the governance framework for the Bank by setting the risk and risk appetite framework, and the underlying policies and procedures. Financial risk activities are governed by the policies and procedures and financial risks are identified, measured and managed in accordance with the Bank's approved policies and risk objectives.

The ability to manage these risks is supported by an enterprise wide risk management framework which was approved by the Board of Directors. Operationally, CDB seeks to minimise its risks via the implementation of robust mitigating controls aimed at reducing exposure to achieve adherence to approved risk appetite portfolio limits. The Bank's risk mitigation approaches include adopting processes, systems, policies, guidelines and practices which are reviewed and modified periodically in line with the institution's changing circumstances.

The Bank's Office of Risk Management (ORM) manages, coordinates, monitors and reports on the mitigation of all risks that the Bank faces including additional risks such as strategic, financial, operational, and reputational risks. The ORM also has the responsibility for recommending and implementing new or amended policies and procedures for effective risk management to the BOD for approval and to ensure that risk awareness is embedded among the Bank's employees and in the Bank's operations. CDB's risk management framework is built around its governance, policies and processes. The risk management governance structure supports the Bank's senior management in their oversight function in the coordination of different aspects of risk management.

The Bank's governance is built around the following committees:

(i) The Enterprise Risk Committee (ERC);
(ii) The Loans Committee;
(iii) The Oversight and Assurance Committee (OAC) [formerly the Audit and Post-Evaluation Committee (APEC)], which operates under a new Charter approved by the BOD in October 2015; and
(iv) The Advisory Management Team (AMT).

In May 2015, the Board of Directors approved a new strategic framework for integrity, compliance and accountability and the establishment of a new independent office to operationalise the strategic framework. The Office of Institutional Integrity, Compliance and Accountability (ICA) will be responsible for managing institutional integrity, compliance, anti-money laundering (AML), countering the financing of terrorism (CFT) and financial sanctions, ethics, whistleblowing, and project accountability.

NOTE 3 – RISK MANAGEMENT *...continued*

In October 2015, the Board of Directors also approved a Code of Conduct for the Board of Directors, and a new Charter for the Internal Audit Division (IAD).

The Bank is exposed to market risk, credit risk, liquidity risk and operational risk which is overseen by its senior management through established committees with defined roles and responsibilities. Market risk includes currency, interest rate and price risk. The most important types of risk faced by CDB are associated with the borrowing member countries and relate to country credit risk and concentration risk.

The Bank manages limits and controls concentration of credit risk in relation to loans, debt securities, cash and investments, derivative and borrowing counterparties based upon policies approved by the BOD. These financial policies limit the amount of exposure in relation to a single borrower and to groups of borrowers, by counterparties and by type of investments and they are monitored on a monthly basis.

Credit risk

A major risk to CDB as a multilateral development bank is its exposure to country credit risk. This risk relates to potential losses 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 the setting of individual country exposure limits and evaluation of overall creditworthiness. Individual BMC exposure to the Bank on outstanding loans as at December 31, 2015 is reported in Note 4 and Note 9.

The Bank manages its credit risk in liquid funds and derivative financial instruments by ensuring that all individual investments carry a minimum credit rating of A-/A3 (by Standard & Poor's Rating Agency and Moody's Investors Service respectively) for commercial bank obligations and AA-/ Aa3 for government obligations. Additionally, CDB can invest in non-freely convertible currencies in unconditional obligations issued or guaranteed by indigenous commercial banks provided that no such bank holds more than $1 million of the investible amount of the given currency or 10% of CDB's capital, whichever is smaller. In relation to derivative transactions, all counterparties must have a minimum rating of A/A2 at the commencement of the transactions.

In October 2015, the Board of Directors approved an amended policy to limit its counterparties to institutions with a minimum rating of BBB / Baa2 (by Standard & Poor's and Moody's respectively), with a minimum rating for new transactions of A-/ A3 (stable outlook) respectively.

CARIBBEAN DEVELOPMENT BANK
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NOTES TO THE FINANCIAL STATEMENTS
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NOTE 3 – RISK MANAGEMENT*...continued*

Credit risk*...continued*

Credit risk measurement

The Bank assesses borrowers based upon their external credit ratings. For borrowers without an external rating, judgment and bench-marking against similar credits are used to assign an appropriate internal rating. Borrowers are segmented into four rating classes. The rating scale, shown below, reflects the range of default probabilities defined for each rating class and related exposures can migrate between classes based on the results of the re-assessments of their probability of default.

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

CDB's Rating	Description of the grade	External rating: Standard & Poor's equivalent
1	Basic monitoring	AAA, AA+, 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.

Risk limit control and mitigation measures

Loans

Currently the approved exposure limit to the single largest borrower is 40% of total outstanding loans or 50% of total available capital, whichever is greater. The limit for the three largest borrowers is 60% of total outstanding loans or 90% of total available capital whichever is greater.

	2015	2014
Single largest borrower's exposure to total outstanding loans	**22.8%**	23.9%
Three largest borrowers' exposure to total outstanding loans	**45.5%**	48.1%

(expressed in thousands of United States Dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT *...continued*

Credit risk*...continued*

Risk limit control and mitigation measures*...continued*

Cash and cash equivalents and Debt securities through profit and loss
The Bank's results as at December 31st against the BOD approved policy ratios were as follows:

Investment Type	Maximum policy limit (based upon total investment portfolio)	2015	2014
Single entity	10%	7.4%	8.9%
US Treasury or US Government Agency	35%	28.7%	30.8%
Commercial entity	50%	28.3%	12.3%

Credit related commitments

Guarantees and standby letters of credit represent irrevocable assurances that the Bank will make payment. The primary purpose of these instruments is to ensure that funds are available to a borrower as required. The Bank currently has guarantees not exceeding the equivalent of $12.0 million with respect to bonds issued by the Government of St. Kitts and Nevis.

Master netting arrangements

All of the Bank's derivatives are executed under International Swap Dealers' Association (ISDA) agreements and the Schedule to the Master Agreement in order to limit exposure to credit risk through the provisions in these agreements for offsetting of amounts due to or by both counterparties. Under the provisions of these agreements both parties compute amounts owing to and by each other and the party with net amount owing makes payment to the second party. The ISDA and related Schedule also makes provision for the voluntary netting of currencies and transactions and for the computation methodology of and settlement of final net payment in the event of termination. CDB currently has four swaps with three counterparties.

CARIBBEAN DEVELOPMENT BANK
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NOTE 3 – RISK MANAGEMENT...*continued*

Credit risk...*continued*

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	**2015**	**2014**
Cash and cash equivalents	$65,412	$34,202
Debt securities at fair value through profit or loss	213,765	232,766
Sovereign loans outstanding	962,259	945,885
Non-sovereign loans outstanding	30,271	36,786
Derivative financial instruments	56,251	52,403
Non-negotiable demand notes	45,746	45,032
Maintenance of value on currency holdings	4,606	3,711
Subscriptions in arrears	5,590	11,234
Receivables	11,130	7,304
	1,395,030	1,369,323
Commitments		
Undisbursed sovereign loan balances	322,965	289,823
Undisbursed non-sovereign loan balances	14,097	17,314
Commitments	6,000	12,000
Guarantees	12,000	12,000
	355,062	331,137
	$1,750,092	**$1,700,460**

The above table represents a worst case scenario of credit risk exposure as at December 31, 2015 and 2014, without taking account of any collateral held or other credit enhancements attached.

The Bank's policy in relation to collateral is disclosed in Note 9 to these financial statements.

For assets included on the statement of financial position, the exposures set out above are based on net carrying amounts as reported in the statement of financial position. As shown, the total maximum exposure from loans and commitments to the sovereign was 73.4% (2014: 72.7%), and to the non-sovereign was 2.5% (2014: 3.2%).

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

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NOTE 3 – RISK MANAGEMENT*...continued*

Credit risk*...continued*

Credit quality

Debt securities, treasury bills and other eligible bills

The main investment management objectives are to maintain capital preservation and liquidity. Subject to these parameters, CDB seeks the highest possible return on its investments. CDB's Investment Policy restricts its investments to government and government-related debt instruments and time deposits. Investments may also be made in unconditional obligations issued or guaranteed by commercial banks rated A-/A3, or better, AAA rated asset-backed securities, and AAA-rated mortgage-backed securities. Adherence to the investment policy guidelines is monitored on a continuous basis by the ERC.

The following tables present an analysis of the credit quality of debt securities, treasury bills and other eligible bills, neither past due nor impaired by rating agency designation at December 31, 2015 and 2014, based on Standard & Poor's Rating Agency ratings or their equivalent:

	2015				
	Ratings				
	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	Total
Obligations guaranteed by Governments[1]	$49,397	$76,962	$5,036	$-	$131,395
Time Deposits	-	4,974	21,478	1,324	27,776
Sovereign Bonds	3,560	-	-	-	3,560
Supranational Bonds[2]	51,034	-	-	-	51,034
	$103,991	**$81,936**	**$26,514**	**$1,324**	**$213,765**

	2014				
	Ratings				
	AAA	AA+ to AA-	A+ to A-	BBB+ to BBB-	Total
Obligations guaranteed by Governments[1]	$60,220	$96,093	$-	$-	$156,313
Time Deposits	-	4,968	-	1,314	6,282
Sovereign Bonds	5,969	1,532	-	-	7,501
Supranational Bonds	57,659	5,011	-	-	62,670
	$123,848	**$107,604**	**$-**	**$1,314**	**$232,766**

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

[2] An international organization, or union, whereby member states transcend national boundaries or interests to share in the decision-making and vote on issues pertaining to the wider grouping.

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

(expressed in thousands of United States Dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT...*continued*

Credit risk...*continued*

Credit quality...*continued*

Debt securities, treasury bills and other eligible bills...continued
In accordance with the Bank's internal rating scale 99.4% (2014: 99.4%) of debt securities, treasury bills and other eligible bills are classified as 'Basic monitoring'. The residual securities are rated as 'Standard monitoring'.

Loans and advances
Loans are summarised as follows:

	December 31, 2015		**December 31, 2014**	
	Sovereign	Non-sovereign	Sovereign	Non-sovereign
Neither past due nor impaired	$962,259	$31,219	$945,885	$37,734
Past due but not impaired	-	-	-	-
Impaired	-	5,361	-	5,361
Gross	962,259	36,580	945,885	43,095
Less: allowance for impairment	-	(6,309)	-	(6,309)
Net	**$962,259**	**$30,271**	**$945,885**	**$36,786**

As of December 31, 2015, loans that were neither past due nor impaired represented 99.5% (2014: 99.5%) of gross 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.

	2015		
	Sovereign	Non-Sovereign	Total Loans
Basic monitoring	$42,744	$1,878	$44,622
Standard monitoring	546,282	1,928	548,210
Special monitoring	373,234	27,412	400,646
	$962,260	**$31,218**	**$993,478**

(expressed in thousands of United States Dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT...*continued*

Credit risk...*continued*

Credit quality...*continued*

Loans and advances...continued

Loans and advances neither past due nor impaired...*continued*

	2014		
	Sovereign	Non-Sovereign	Total Loans
Basic monitoring	$46,013	$-	$46,013
Standard monitoring	558,238	-	558,238
Special monitoring	341,634	37,734	379,368
	$945,885	**$37,734**	**$983,619**

As at December 31, 2015, there were no financial assets past due but not impaired (2014 – Nil).

Other financial assets
Other financial assets comprise amounts due from local institutions and staff as well as the Bank's member countries.

Other financial assets neither past due nor impaired

	2015			
	Basic Monitoring	Standard Monitoring	Special Monitoring	Total
Cash and cash equivalents	$65,091	$1,001	$(680)	$65,412
Receivables	-	11,130	-	11,130
Derivative financial instruments	56,251	-	-	56,251
Non-negotiable demand notes	18,584	22,811	4,351	45,746
Maintenance of value on currency holdings	1,508	3,040	58	4,606
Subscriptions in arrears	-	4,141	1,449	5,590
	$141,434	**$42,123**	**$5,178**	**$188,735**

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

(expressed in thousands of United States Dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT...*continued*

Credit risk...*continued*

Credit quality...*continued*

Other financial assets...*continued*

Other financial assets neither past due nor impaired...*continued*

	2014			
	Basic Monitoring	Standard Monitoring	Special Monitoring	Total
Cash and cash equivalents	$33,668	$(4,095)	$4,629	$34,202
Receivables	-	7,304	-	7,304
Derivative financial instruments	52,403	-	-	52,403
Non-negotiable demand notes	19,396	17,854	7,782	45,032
Maintenance of value on currency holdings	3,128	555	28	3,711
Subscriptions in arrears	4,487	6,747	-	11,234
	$113,082	**$28,365**	**$12,439**	**$153,886**

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

NOTES TO THE FINANCIAL STATEMENTS
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NOTE 3 – RISK MANAGEMENT *...continued*

Credit risk *...continued*

Risk concentration of financial assets with exposure to credit risk
Concentrations of risk arise from financial instruments that have similar characteristics and are affected similarly by changes in economic or other conditions. The Bank manages risk concentration by counterparty and geography.

Geographical sectors
The following table presents CDB's main credit exposures at their carrying amounts, as categorised by BMC 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 to loans by geographical region is provided at Note 9.

	2015				
	Borrowing Member Countries	Non-Regional Members	USA	Other	Total
Cash and cash equivalents	$2,638	$10,483	$31,804	$20,487	$65,412
Debt securities at fair value through profit or loss	1,324	68,511	74,493	69,437	213,765
Sovereign loans outstanding	962,259	-	-	-	962,259
Non-sovereign loans outstanding	30,271	-	-	-	30,271
Derivative financial instruments	-	29,662	26,589	-	56,251
Maintenance of value on currency holdings	690	3,916	-	-	4,606
Non-negotiable demand notes	37,449	8,297	-	-	45,746
Subscriptions in arrears	1,452	4,138	-	-	5,590
Receivables	11,130	-	-	-	11,130
	$1,047,213	**$125,007**	**$132,886**	**$89,924**	**$1,395,030**

CARIBBEAN DEVELOPMENT BANK
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NOTE 3 – RISK MANAGEMENT *...continued*

Credit risk...*continued*

Risk concentration of financial assets with exposure to credit risk...*continued*

Geographical sectors...continued

	2014				
	Borrowing Member Countries	Non-Regional Members	USA	Other	Total
Cash and cash equivalents	$2,762	$12,142	$8,023	$11,275	$34,202
Debt securities at fair value through profit or loss	1,314	59,442	79,417	92,593	232,766
Sovereign loans outstanding	945,885	-	-	-	945,885
Non-sovereign loans outstanding	36,786	-	-	-	36,786
Derivative financial instruments	-	28,653	23,750	-	52,403
Maintenance of value on currency Holdings	776	2,935	-	-	3,711
Non-negotiable demand notes	36,665	8,367	-	-	45,032
Subscriptions in arrears	6,747	4,487	-	-	11,234
Receivables	7,304	-	-	-	7,304
	$1,038,239	**$116,026**	**$111,190**	**$103,868**	**$1,369,323**

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. CDB is exposed to two types of market risk - foreign currency risk and interest rate risk. Financial instruments affected by market risk include loans, debt securities at fair value through profit or loss, borrowings and derivative financial instruments.

NOTE 3 – RISK MANAGEMENT…*continued*

Market risk…*continued*

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Bank manages currency risk by ensuring that 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. It also manages this risk by entering into currency swaps. The following table summarises the exposure to foreign currency exchange rate risk. Included in the table are the financial instruments at carrying amounts, categorised by currency.

All of the Bank's loans are denominated in United States dollars.

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NOTE 3 – RISK MANAGEMENT...*continued*

Market risk...*continued*

Concentrations of foreign currency risk

	2015			
As at December 31	**US$**	**Yen**	**Other**	**Total**
Assets				
Cash and cash equivalents	$62,090	$(1)	$3,323	$65,412
Debt securities at fair value through profit and loss	194,788	-	18,977	213,765
Loans outstanding	992,530	-	-	992,530
Derivative financial instruments	56,251	-	-	56,251
Receivable from members	34,818	-	21,124	55,942
Receivables	8,862	-	2,268	11,130
Total financial assets	**$1,349,339**	**$(1)**	**$45,692**	**$1,395,030**
Liabilities				
Accounts payable	$3,312	$-	$-	$3,312
Subscriptions in advance	4,326	-	-	4,326
Borrowings	339,832	162,920	-	502,752
Total financial liabilities	**$347,470**	**$162,920**	**$-**	**$510,390**
Net on-balance sheet financial position	**$1,001,869**	**$(162,921)**	**$45,692**	**$884,640**
Credit commitments	**$355,062**	**$-**	**$-**	**$355,062**

	2014			
As at December 31	**US$**	**Yen**	**Other**	**Total**
Assets				
Cash and cash equivalents	$24,273	$-	$9,929	$34,202
Debt securities at fair value through profit and loss	213,134	-	19,632	232,766
Loans outstanding	982,671	-	-	982,671
Derivative financial instruments	52,403	-	-	52,403
Receivable from members	43,512	-	16,465	59,977
Receivables	4,755	-	2,549	7,304
Total financial assets	**$1,320,748**	**$-**	**$48,575**	**$1,369,323**
Liabilities				
Accounts payable	$28	$-	$-	$28
Subscriptions in advance	8,750	-	-	8,750
Borrowings	372,478	157,823	-	530,301
Total financial liabilities	**$381,256**	**$157,823**	**$-**	**$539,079**
Net on-balance sheet financial position	**$939,492**	**$(157,823)**	**$48,575**	**$830,244**
Credit commitments	**$331,137**	**$-**	**$-**	**$331,137**

(expressed in thousands of United States Dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT...*continued*

Market risk...*continued*

Foreign currency sensitivity

In calculating these sensitivities management made the assumptions that the sensitivity of the relevant item within profit or loss is the effect of the assumed changes in respect of market risks based on the financial assets and liabilities at the reporting period.

The Bank 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.

The following is the estimated impact on profit or loss that would have resulted as a result of management's estimate of reasonable possible changes in the Yen exchange rate:

	Effect on profit or loss (Income)/ Expense	
Exchange rate movements	2015	2014
Increase of 5%	$(3,892)	$(7,852)
Decrease of 5%	$11,904	$8,067
Increase of 10%	$(10,713)	$(14,726)
Decrease of 10%	$21,119	$17,353

The 'Other' currency category comprises various individual currencies which management does not consider to be material and sensitivity analysis has therefore not been applied.

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. CDB manages its interest rate exposure by ensuring that the changes in the cash flow of its assets closely match those of its liabilities. This relationship is maintained by the use of interest rate swaps which converts, where applicable, its liabilities from fixed rate into floating rate obligations.

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

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NOTE 3 – RISK MANAGEMENT...*continued*

Market risk...*continued*

Exposure to interest rate risk

	2015					
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	$65,412	$-	$-	$-	$-	$65,412
Debt securities at fair value through profit and loss	28,658	43,923	116,650	24,534	-	213,765
Loans outstanding	992,530	-	-	-	-	992,530
Derivative financial instruments	39,811	16,440	-	-	-	56,251
Receivable from members	-	-	-	-	55,942	55,942
Receivables	-	-	-	-	11,130	11,130
Total Assets	**$1,126,411**	**$60,363**	**$116,650**	**$24,534**	**$67,072**	**$1,395,030**
Liabilities						
Accounts payable	$-	$-	$-	$-	$3,312	$3,312
Subscriptions in advance	-	-	-	-	4,326	4,326
Borrowings	2,078	4,598	26,786	469,290	-	502,752
Total Liabilities	**$2,078**	**$4,598**	**$26,786**	**$469,290**	**$7,638**	**$510,390**
Total interest sensitivity Gap	**$1,124,333**	**$55,765**	**$89,864**	**$(444,756)**		

	2014					
At December 31						
Assets						
Cash and cash equivalents	$34,202	$-	$-	$-	$-	$34,202
Debt securities at fair value through profit and loss	37,065	26,216	139,149	30,336	-	232,766
Loans outstanding	982,671	-	-	-	-	982,671
Derivative financial instruments	40,719	11,684	-	-	-	52,403
Receivable from members	-	-	-	-	59,977	59,977
Receivables	-	-	-	-	7,304	7,304
Total Assets	**$1,094,657**	**$37,900**	**$139,149**	**$30,336**	**$67,281**	**$1,369,323**
Liabilities						
Accounts payable	$-	$-	$-	$-	$28	$28
Subscriptions in advance	-	-	-	-	8,750	8,750
Borrowings	39,821	7,038	16,599	466,843	-	530,301
Total Liabilities	**$39,821**	**$7,038**	**$16,599**	**$466,843**	**$8,778**	**$539,079**
Total interest sensitivity Gap	**$1,054,836**	**$30,862**	**$122,550**	**$(436,507)**		

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NOTE 3 – RISK MANAGEMENT...*continued*

Market risk...*continued*

Interest rate sensitivity

All other variables held constant (and excluding the effects of the derivative instruments), if interest rates had been 50 bps higher, net income for the year would have increased by $3,568 (2014: $3,307). Had interest rates been 50 bps lower, net income would have declined by the same amount.

All other variables held constant if interest rates had been 50 bps higher, the impact of the derivatives would have caused a decrease of $12,563 (2014: $20,163) in the net income for the year and an increase of $13,304 (2014: $20,414) if 50 bps lower.

The sensitivity analyses have shown 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. The 50 bps movement represents management's assessment of a reasonable possible change in interest rates.

Liquidity risk

Liquidity risk relates to the probability that the Bank will be unable to meet the payment obligations associated with its financial liabilities when they fall due. The consequence may be the failure to meet obligations or to disburse on its commitments. This risk is managed by conformity to the Bank's policy of maintaining a net three years' funding requirement of $48 million (2014: $33 million) or 40% of undisbursed loan commitments and loans not yet effective (comprising loans approved by the BOD for which all conditions precedent have not yet been met) of $473 million (2014: $393 million), whichever is greater.

The Bank holds a diversified portfolio of cash and securities to support payment obligations and contingent funding in the event of 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; and
- Secondary sources of liquidity including a line of credit with a commercial bank.

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NOTE 3 – 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.

	2015				
At December 31	**0 – 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Assets					
Cash and cash equivalents	$65,419	$-	$-	$-	$65,419
Debt securities at fair value through profit and loss	22,578	44,074	126,923	28,334	221,909
Loans outstanding	44,448	92,752	443,237	592,718	1,173,155
Receivable from members	10,196	45,746	-	-	55,942
Receivables	8,935	543	1,538	114	11,130
Total Assets	**$151,576**	**$183,115**	**$571,698**	**$621,166**	**$1,527,555**
Liabilities					
Accounts payable	$3,288	$2	$4	$18	$3,312
Subscriptions in advance	4,326	-	-	-	4,326
Borrowings	7,094	16,800	94,837	578,477	697,208
Total Liabilities	**$14,708**	**$16,802**	**$94,841**	**$578,495**	**$704,846**

	2014				
At December 31	**0 - 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Assets					
Cash and cash equivalents	$34,205	$-	$-	$-	$34,205
Debt securities at fair value through profit and loss	30,847	28,108	151,719	32,337	243,011
Loans outstanding	43,440	88,347	473,237	619,899	1,224,923
Receivable from members	11,234	-	-	48,743	59,977
Receivables	5,042	723	1,400	139	7,304
Total Assets	**$124,768**	**$117,178**	**$626,356**	**$701,118**	**$1,569,420**
Liabilities					
Accounts payable	$6	$-	$3	$19	$28
Subscriptions in advance	8,750	-	-	-	8,750
Borrowings	37,120	16,795	107,667	589,139	750,721
Total Liabilities	**$45,876**	**$16,795**	**$107,670**	**$589,158**	**$759,499**

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NOTE 3 – 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 date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

	2015				
At December 31	**0 - 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Derivative asset:					
Derivative financial instruments	**$3,353**	**$3,050**	**$17,936**	**$40,929**	**$65,268**

	2014				
At December 31	**0 -3 months**	**3 – 12 months**	**1 – 5 years**	**Over 5 years**	**Total**
Derivative asset:					
Derivative financial instruments	$3,545	$6,485	$13,715	$41,401	**$65,146**

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NOTE 3 – RISK MANAGEMENT...*continued*

Liquidity risk...*continued*

Commitments, guarantees and contingent liabilities

Loan and capital commitments
The table below summarises the amounts of the Bank's commitments and guarantees to which it has committed for the extension of credit to its BMCs.

Loan commitments represent amounts undrawn against loans approved by the BOD, capital commitments represent obligations in respect of ongoing capital projects and other commitments comprise the contribution of $18 million from OCR to the operations of the Special Development Fund [SDF (U)] in respect of the 4 year cycle (Cycle 8) covering the period 2013 to 2016.

	2015		
At December 31	**0-12 months**	**1-5 years**	**Total**
Loan commitments	$120,000	$217,062	$337,062
Capital commitments	-	-	-
Other commitments	6,000	-	6,000
Guarantees	12,000	-	12,000
	$138,000	$217,062	$355,062

	2014		
At December 31			
Loan commitments	$105,000	$202,137	$307,137
Capital commitments	1,214	-	1,214
Other commitments	6,000	6,000	12,000
Guarantees	12,000	-	12,000
	$124,214	**$208,137**	**$332,351**

Fair value of financial assets and liabilities

Fair value hierarchy

IFRS 13 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 (unadjusted) market prices in active markets for identical assets or liabilities.

(expressed in thousands of United States Dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT *...continued*

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

Fair value hierarchy*...continued*

Level 2 – Inputs other than quoted prices included in Level 1 for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Inputs for the asset or liability for which the lowest level input that is significant to the fair value measurement is unobservable.

Financial assets and liabilities measured at fair value:

December 31	2015			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets at fair value through profit or loss				
Derivative financial instruments	$-	$56,251	-	$56,251
Financial assets designated at fair value through profit or loss				
Debt securities	-	213,765	-	213,765
	$-	**$270,016**	**-**	**$270,016**

There were no transfers between Level 2 and Level 3 during the year.

December 31	2014			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Financial assets at fair value through profit or loss				
Derivative financial instruments	$-	$52,403	$-	$52,403
Financial assets designated at fair value through profit or loss				
Debt securities	-	232,766	-	232,766
	$-	**$285,169**	**$-**	**$285,169**

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NOTE 3 – RISK MANAGEMENT *...continued*

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

Financial instruments not measured at fair value

The fair value measurement using valuation techniques for the Bank's assets and liabilities which are not measured at fair value but for which fair value is disclosed are as follows:

	Carrying value		Fair value	
	2015	2014	2015	2014
Financial assets – loans and receivables				
Loans outstanding	$992,530	$982,671	$749,368	$774,007
Financial liabilities – amortised cost				
Borrowings	$502,752	$530,301	$558,179	$577,016

The fair value hierarchy for assets and liabilities for which fair value is disclosed is as follows:

2015	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed				
Loans outstanding	$992,530	$-	$992,530	$-
	$992,530	**$-**	**$992,530**	**$-**

There were no transfers between Level 2 and Level 3 during the period.

2014	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets for which fair values are disclosed				
Loans outstanding	$982,671	$-	$982,671	$-
	$982,671	**$-**	**$982,671**	**$-**

(expressed in thousands of United States Dollars, unless otherwise stated)

NOTE 3 – RISK MANAGEMENT *...continued*

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

Financial instruments not measured at fair value *...continued*

	2015			
	Total	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Liabilities for which fair values are disclosed				
Borrowings	$502,752	$-	$502,752	$-
	$502,752	**$-**	**$502,752**	**$-**

	2014			
	Total	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
Liabilities for which fair values are disclosed				
Borrowings	$530,301	$-	$530,301	$-
	$530,301	**$-**	**$530,301**	**$-**

Capital Management

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

(i) Safeguard the Bank's ability to continue as a going concern; and
(ii) 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 receivables from members, the effects of derivative adjustments and the General Banking Reserve. The goals of the Bank's capital adequacy 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.

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NOTE 3 – RISK MANAGEMENT *...continued*

Capital Management *...continued*

The Bank's enhanced 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 and to meet its commitments. The new policy requires the Bank to maintain available capital (as defined in the Bank's Board approved policy) at a minimum level of 150% of baseline economic capital (comprising a methodology for calculating capital requirements based on the types and levels of risks, such as borrower defaults, operational losses, or market changes).

As at December 31, 2015 the Bank's available capital was 216.5% (2014: 204.1%) of its economic capital.

No changes were made in the objective, policies or processes for managing capital during the year ended December 31, 2015.

NOTE 4 – SEGMENT ANALYSIS & REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker which is the person or group that allocates resources to and assesses the performance of the operating segments of an entity. Under Article 33.4 the President is the Chief Executive Officer (CEO) and is required to conduct, under the direction of the Board of Directors (BOD) the business of the Bank as well as the other matters set out in this paragraph.

In accordance with IFRS 8 the Bank has one reportable segment, its OCR, since its operations are managed as a single business unit and it does not have multiple components for which discrete financial information is produced and reviewed by the chief operating decision maker for performance assessment and resource allocation.

The following table presents CDB's outstanding loan balances inclusive of accrued interest and net of impairment provisions as of December 31, 2015 and 2014, and associated interest income by countries which generated in excess of 10% of the loan interest income for the years ended December 31, 2015 and 2014:

	Interest income		Loans outstanding	
Country	**2015**	**2014**	**2015**	**2014**
Jamaica	$8,487	$9,426	$227,535	$235,885
Barbados	5,631	6,363	128,496	137,268
St. Vincent and the Grenadines	3,732	4,138	98,323	101,846
Others	19,880	20,577	538,176	507,672
	$37,730	**$40,504**	**$992,530**	**$982,671**

NOTE 5 – FINANCIAL ASSETS

In accordance with IAS 39, the Bank categorizes its assets as follows: financial assets at fair value through profit or loss, or loans and receivables. Financial assets are recognised on the statement of financial position when the Bank assumes related contractual rights. Management determines the classification of its financial instruments at initial recognition.

Regular way purchases and sales of financial assets are recognised on the settlement date which is the date the Bank becomes a party to the contractual provisions of the instrument.

Initial recognition and measurement of financial assets
All financial assets are recognised initially at fair value plus, in the case of loans and receivables, directly attributable transaction costs which are related to the acquisition of the financial asset.

Subsequent measurement

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 a recent actual pattern of short-term profit-taking. Derivatives are categorised as held for trading unless they are designated as hedging instruments. For more information on '*Derivatives*' refer to Note 13.

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 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 or loss*'. All of the Bank's investments are designated at fair value through profit or loss. For more information on '*Debt securities at fair value through profit or loss*' refer to Note 7.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as '*Derivative fair value adjustments*' in the statement of comprehensive income in the period during which they arise. Income and expenditures related to derivative financial instruments are shown as *'Net interest income from derivatives'* in the statement of comprehensive income and are detailed in Note 22(c).

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in '*Interest and similar income*' in the statement of comprehensive income. The losses arising from impairment are recognised in the statement of comprehensive income in '*Provision for loan impairment*' for loans and in '*Administrative expenses*' for receivables.

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NOTE 5 – FINANCIAL ASSETS*...continued*

This category applies to '*Loans outstanding*' and '*Receivables from members*' and generally applies to receivables. For more information on these balances refer to Notes 8, 9, 10, 11 and 12.

Fair Value Measurement

The Bank measures financial instruments such as those designated at fair value through profit and loss and derivatives at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or those for which only fair values are disclosed, are itemised in Note 3 – *Risk Management* – *"Fair value of financial assets and liabilities"*.

For financial instruments traded in active markets, the determination of fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset takes place either in the principal market for the asset or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Bank.

The fair value of an asset is measured using the assumptions that market participants would use when pricing the asset assuming that the market participants are acting in their economic best interest.

The Bank uses widely recognised valuation models for determining fair values of non-standardised financial instruments for which the inputs into models are generally market-observable. Models are also used to determine the fair value of financial instruments that are not quoted in active markets. 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, consideration of inputs such as credit risks, liquidity risks, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Financial assets are allocated within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

For assets that are recognised in the financial statements on a recurring basis, the Bank determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Renegotiated loans

It is not the Bank's policy to renegotiate sovereign loans. In respect of its non-sovereign portfolio the Bank seeks to restructure loans in preference to taking possession of collateral. This may involve extending the payment arrangements and the agreement of new loan conditions. Once terms have been renegotiated any impairment is measured using the original effective interest rate as calculated before the modification of terms and the loan is no longer considered past due. Management continuously reviews renegotiated loans (if any), to ensure that all criteria are met and that future payments are likely to occur.

NOTE 5 – FINANCIAL ASSETS...*continued*

Provision for loan impairment

Management assesses at each reporting date (at a minimum), 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 including:

(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 re-organisation;
(v) the disappearance of an active financial market for that financial asset because of financial difficulties; or
(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.

Management first assesses whether impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Bank determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The methodology used for assessing collective impairment takes into account the Bank's preferred creditor treatment status afforded by its borrowing members. This provision is calculated on a methodology which combines the external credit ratings of the borrowers, the probability of default related to those ratings, the loss given default based on CDB's historical loss experience and the exposure at default. The methodology is applied to both sovereign and non-sovereign loans.

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NOTE 5 – FINANCIAL ASSETS*...continued*

Provision for loan impairment...continued
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 "incurred loss" basis).

The amount of the provision is the difference between the assets' 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 recognised in 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 recognised, the previously recognised impairment loss is reversed by adjusting the provision amount and the amount of the reversal is recognised in the statement of comprehensive income.

Because of the nature of its borrowers and guarantors, Management expects that each of its sovereign and sovereign guaranteed loans will be repaid in full. The OCR has had a fully performing sovereign and sovereign guaranteed loan portfolio since its inception in 1970.

Once a financial asset or a group of financial assets has been written down as a result of an impairment loss, interest income is recognised 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 that have not yet been incurred.

De-recognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily de-recognised (i.e., removed from the statement of financial position) when:

(i) The rights to receive cash flows from the asset have expired; or
(ii) The Bank has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:

    (a) the Bank has transferred substantially all the risks and rewards of the asset; or

    (b) the Bank has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

NOTE 5 – FINANCIAL ASSETS*...continued*

De-recognition...continued

When the Bank has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Bank continues to recognise the transferred asset to the extent of the Bank's continuing involvement. In that case, the Bank also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Bank has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Bank could be required to repay.

NOTE 6 – CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with maturities of three months or less from the date of acquisition which are subject to an insignificant risk of changes in value. Cash and cash equivalents include cash, treasury bills and other eligible bills, amounts due from other banks and short-term government securities.

(a) Cash and cash equivalents comprise the following balances:

	2015	2014
Due from banks	$19,829	$8,732
Time deposits	45,583	25,470
	$65,412	**$34,202**

Due from banks includes cash and inter-bank placements. Time deposits included here have a maturity date of 90 days or less from the date of purchase. The estimated fair value of floating rate placements and overnight deposits is their carrying value.

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NOTE 7 – DEBT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

The accounting policy is as defined in Note 5.

(a) A summary of the Bank's debt securities at fair value through profit or loss is as follows:

	2015				
	USD	EUR	CAD	Other	Total
December 31					
Obligations guaranteed by Governments[1]	$128,542	$1,091	$5,001	$-	$134,634
Multilateral organisations	44,375	5,557	1,005	-	50,937
Time deposits	21,477	-	-	6,296	27,773
Sub-total	194,394	6,648	6,006	6,296	213,344
Accrued interest	394	10	15	2	421
	$194,788	**$6,658**	**$6,021**	**$6,298**	**$213,765**

	2014				
	USD	EUR	CAD	Other	Total
December 31					
Obligations guaranteed by Governments[1]	$156,279	$1,219	$5,895	$-	$163,393
Multilateral organisations	56,232	6,211	-	-	62,443
Time deposits	-	-	-	6,279	6,279
Sub-total	212,511	7,430	5,895	6,279	232,115
Accrued interest	623	11	14	3	651
	$213,134	**$7,441**	**$5,909**	**$6,282**	**$232,766**

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

(b) A maturity analysis of debt securities at fair value through profit and loss is as follows:

	2015	**2014**
Current	$66,473	$56,726
Non-current	147,292	176,040
	$213,765	**$232,766**

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NOTE 8 – RECEIVABLES AND PREPAID ASSETS

The accounting policy is as defined at Note 5.

Prepaid assets are not financial assets. These are recorded as assets on the statement of financial position when cash is paid and expensed to profit and loss over the relevant contract term.

Due to the short-term nature of these assets, fair value is assumed to be equal to carrying value.

Receivables and prepaid assets are comprised as follows:

	2015	2014
Inter-fund receivable – Note 26	$8,759	$4,778
Staff loans and other receivables	752	1,085
Value added tax receivable	1,373	1,293
Institutional receivables	246	148
Prepaid assets	266	303
	$11,396	**$7,607**

During the year, no provision for impairment (2014: nil) was recorded as none of the above receivables was deemed to be impaired.

NOTE 9 – LOANS OUTSTANDING

Loans outstanding are financial assets as defined in Note 5.

The Bank's loan portfolio comprises loans granted to, or guaranteed by, it's Borrowing Member Countries and are disbursed and repaid in US Dollars. 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-two 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. Interest rates are reset semi-annually. The interest rate prevailing as at December 31, 2015 was 3.43% (2014: 3.95%).

For 2015 and 2014, the estimated fair values are based on discounted cash flow models using an estimated yield curve appropriate for the remaining term to maturity. The loans are evaluated based on parameters such as interest rates, specific country risk factors and individual credit worthiness.

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NOTE 9 – LOANS OUTSTANDING...*continued*

Collateral
CDB does not take collateral on its sovereign loans. The Loans (CDB) Acts or other applicable legislation are enacted in the various BMCs and authorise the governments to raise loans from CDB or guarantee loans by CDB to statutory authorities. They also provide for repayment of any loan made by CDB to the Government or to 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 which prohibits, except with CDB's written consent, the charging of Government assets to secure external indebtedness unless CDB is equally and ratably secured. Furthermore, CDB continues to be accorded preferred creditor treatment (PCT) status by its BMCs by which, in applicable circumstances, the Bank's loans are not included in the debt rescheduling arrangements of its BMCs and the Bank is also given preferential access to foreign currency.

With respect to non-sovereign loans, CDB requires its commitments to be secured, the nature and extent of which will be determined on a case-by-case basis. In addition to security pledged by the borrower, the security against the non-sovereign loans, where applicable, also comprises that pledged against sub-loans (comprising loans on-lent by the borrower in accordance with terms of the original loan agreement) assigned to trusts that are managed by the borrower at no cost to CDB. The fair value of the security pool is the future expected cash flows of the sub-loans discounted by a current market interest rate reflective of the risk of the borrowers. Marketable assets secure direct loans to the non-sovereign, while the fair value is the observable market price of the asset.

The fair value of the collateral held (off-balance sheet) for the impaired non-sovereign loans was estimated at $7,200 (2014: $5,870). This is comprised of the fair value of sub-loans and the Bank's portion of the estimated realisable value of a property.

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NOTE 9 – LOANS OUTSTANDING...*continued*

(a) The following tables disclose the Bank's main credit exposures at their carrying amounts, as categorised by Borrowing Member Countries, regional institutions and non-sovereign entities as at December 31st.

2015

Borrowers	Loans not yet effective	Undisbursed	Outstanding	% of Loans outstanding
Anguilla	$2,341	$3,161	$59,439	6.0
Antigua and Barbuda	-	33,217	93,198	9.4
Bahamas	33,069	19,866	6,423	0.6
Barbados	56,518	66,085	127,488	12.9
Belize	-	79,725	80,600	8.1
British Virgin Islands	-	13,129	13,478	1.4
Cayman Islands	-	-	2,156	0.2
Dominica	-	6,488	19,022	1.9
Grenada	12,000	10,910	36,256	3.7
Guyana	-	9,406	29,512	3.0
Jamaica	-	22,284	225,477	22.8
St. Kitts and Nevis	-	1,972	38,932	3.9
St. Lucia	27,176	9,005	72,853	7.4
St. Vincent and the Grenadines	-	12,689	97,453	9.8
Suriname	-	18,493	77	0.0
Trinidad and Tobago	-	10,000	40,201	4.1
Turks and Caicos Islands	5,000	-	3,706	0.4
Regional	-	6,535	7,821	0.8
Non-sovereign	-	14,097	35,436	3.6
Sub-total	**136,104**	**337,062**	**989,528**	**100.0**
Provision for impairment	-	-	(6,309)	
Accrued interest and other charges	-	-	9,311	
	$136,104	**$337,062**	**$992,530**	

	2015	2014
Current	$109,354	$93,670
Non-current	883,176	889,001
	$992,530	**$982,671**

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NOTE 9 – LOANS OUTSTANDING…*continued*

(a) Main credit exposures…*continued*

	2014			
Borrowers	Loans not yet effective	Undisbursed	Outstanding	% of Loans outstanding
Anguilla	$-	$3,192	$61,735	6.3
Antigua and Barbuda	-	25,391	54,327	5.6
Bahamas	4,740	19,967	6,322	0.6
Barbados	11,089	86,749	136,070	13.9
Belize	12,503	61,937	71,526	7.3
British Virgin Islands	-	16,776	12,116	1.2
Cayman Islands	-	-	2,531	0.3
Dominica	-	6,610	20,803	2.1
Grenada	-	5,180	30,006	3.1
Guyana	3,562	8,212	29,491	3.0
Jamaica	15,000	16,219	233,525	23.9
St. Kitts and Nevis	-	2,431	42,335	4.3
St. Lucia	13,675	10,763	79,317	8.1
St. Vincent and the Grenadines	-	16,396	100,816	10.3
Suriname	18,570	-	-	-
Trinidad and Tobago	-	10,000	43,323	4.4
Turks and Caicos Islands	-	-	4,370	0.5
Regional	6,625	-	8,246	0.8
Non-sovereign	-	17,314	41,840	4.3
Sub-total	**85,764**	**307,137**	**978, 699**	**100.0**
Provision for impairment			(6,309)	
Accrued interest and other charges	-	-	10,281	
	$85,764	**$307,137**	**$982,671**	

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(b) An analysis of the composition of outstanding loans was as follows:

	2015						
Currencies receivable	**Loans outstanding 2014**	**Net interest**	**Disbursements**	**Sub-Total**	**Repayments**	**Provision for impairment**	**Loans outstanding 2015**
United States dollars	$978,699	$-	95,082	1,073,781	(84,253)	-	$989,528
Sub-total	**978,699**	-	**95,082**	**1,073,781**	**(84,253)**	-	**989,528**
Provision for impairment	(6,309)	-	-	(6,309)	-	-	(6,309)
Accrued interest	10,281	(970)	-	9,311	-	-	9,311
Total – December 31	**$982,671**	**$(970)**	**$95,082**	**$1,076,783**	**$(84,253)**	**$-**	**$992,530**

	2014						
Currencies receivable	**Loans outstanding 2013**	**Net interest**	**Disbursements**	**Sub-Total**	**Repayments**	**Provision for impairment**	**Loans outstanding 2014**
United States dollars	$962,435	$-	$100,783	$1,063,218	$(84,519)	$-	$978,699
Sub-total	**962,435**	-	**100,783**	**1,063, 218**	**(84,519)**	-	**978,699**
Provision for impairment	(4,766)	-	-	(4,766)	-	(1,543)	(6,309)
Accrued interest	10,267	14	-	10,281	-	-	10,281
Total – December 31	**$967,936**	**$14**	**$100,783**	**$1, 068,733**	**$(84,519)**	**$(1,543)**	**$982,671**

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NOTE 9 – LOANS OUTSTANDING...*continued*

(c) As at December 31, 2015, two loans relating to one borrower in the non-sovereign loan portfolio were assessed as impaired (2014: two). A specific provision for impairment has been made representing the full amounts outstanding. Based on the collective assessment and methodology as applied to the sovereign and non-sovereign loan portfolio, no additional collective provision for impairment was required (December 2014: $ Nil).

Reconciliation of the allowance account for impairment on loans is as follows:

	2015	**2014**
Balance at January 1	$6,309	$4,766
Increase in specific impairment provision	-	1,543
Balance at December 31	**$6,309**	**$6,309**
Individual impairment	$5,459	$5,459
Collective impairment	850	850
Balance at December 31	**$6,309**	**$6,309**

(d) The Bank also maintains a General banking reserve of $7,006 (2014: $7,006) classified in equity – Refer to Note 21(f).

NOTE 10 – NON-NEGOTIABLE DEMAND NOTES

Policy

Non-negotiable demand notes are financial assets as defined in Note 5.

Under the Charter provisions the Bank shall accept, in place of any part of the members' currency paid or to be paid with respect to capital subscriptions, promissory notes issued by the Government of the member or by the depository designated by the member, subject to such currency not being required by the Bank for the conduct of its operations. These notes are non-negotiable, non-interest bearing and payable at their par value on demand and are thus classified as current assets. Therefore their fair value is estimated to be their carrying value.

As at December 31, 2015 the non-negotiable demand notes amounted to $45,746 (2014: $45,032).

NOTE 11 – MAINTENANCE OF VALUE (MOV) ON CURRENCY HOLDINGS

MOV receivables are financial assets as defined in Note 5.

In order to ensure that receipts for capital subscriptions originally paid in currencies other than US dollars retain at a minimum their value as determined in accordance with Article 24 of the Charter, each member is required to maintain the value of its currency held by the Bank. If in the opinion of the Bank, 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. The regime approved by the Board with respect to MOV payments does not allow for the making of MOV payments by the Bank where circumstances are unfavorable to the Bank. In particular it permits the offsetting of Notes and will allow the encashment of Notes only with the prior and specific approval of the Board.

Member countries, whose currencies do not have a fixed relationship with the US dollar but for which there have been adjustments to the exchange rate, are obliged to maintain the value of their currencies in respect of capital contributions if such currencies depreciate. These adjustments are made to maintain the value of the member's subscriptions received by the Bank and is based on the prevailing exchange rates at the end of each reporting period, therefore reflecting fair value and can constitute a liability of the member or the Bank.

As at December 31, 2015, the amount of $4,606 was due by certain members (2014: $3,711) and at the reporting date, no amounts were due by the Bank (2014: Nil).

NOTE 12 – SUBSCRIPTIONS IN ARREARS

Subscriptions in arrears are financial assets as defined in Note 5.

Member countries are required to meet their obligations for paid-in shares over a period determined in advance and comprises six instalments. The amount of $5,590 (2014: $11,234) represents amounts that are due and not yet paid by certain members.

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NOTE 13 – DERIVATIVE FINANCIAL INSTRUMENTS

The accounting policy is as defined at Note 5.

The Bank has two cross 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.

The Bank also entered into two interest rate swaps of $150 million each with two counterparties which transformed the fixed payment obligation of $300 million at a 4.375% interest rate into a floating rate obligation. The swaps mature in 2027 simultaneously with the liquidation of the borrowing.

The Bank uses derivatives such as cross currency interest rate swaps, interest rate swaps and forward exchange contracts in its borrowing and liability management activities to lower its funding costs and align the interest rate profiles on its borrowings with that of its lending activities. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when it is negative.

Counterparties to derivative contracts are selected in accordance with the Bank's approved policy. In accordance with this policy, engaging in speculative activities are prohibited and all derivative financial instruments are held to maturity but may be terminated in those instances where the contract no longer satisfies the purpose for which is was intended, or is detrimental to the Bank's profitability in any way.

The fair values of derivative financial instruments held at December 31, 2015 and 2014, were as follows:

		2015	**2014**
		Fair values	
	Notional Amount		
Derivative financial asset			
Cross currency interest rate swaps	$163,220	$39,811	$40,719
Interest rate swaps	$300,000	$16,440	$11,684
		$56,251	**$52,403**

NOTE 14 – PROPERTY AND EQUIPMENT

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

Subsequent costs are included in the asset's carrying amount or are recognised 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 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 computed on the straight-line basis at rates considered adequate to write-off the cost of these assets 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 depreciation 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 its value in use.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount and costs to sell. These are included in the statement of comprehensive income.

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

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NOTE 14 – PROPERTY AND EQUIPMENT *...continued*

The carrying values of property and equipment were as follows:

	2015					
	Projects in Progress	Land, Buildings and Ancillary Works	Computers	Furniture and Equipment	Motor Vehicles	Total
Opening net book value	**$2,615**	**$4,254**	**$786**	**$1,198**	**$26**	**$8,879**
Additions	3,335	225	182	144	141	4,027
Transfers from projects in progress	(2,234)	1,443	212	579	-	-
Disposals - cost	-	-	-	-	(152)	(152)
Disposals - accumulated depreciation	-	-	-	-	152	152
Depreciation expense	-	(309)	(387)	(422)	(21)	(1,139)
Closing net book value	**$3,716**	**$5,613**	**$793**	**$1,499**	**$146**	**$11,767**
At December 31						
Cost	$3,716	$13,202	$9,511	$6,485	$164	$33,078
Accumulated depreciation	-	(7,589)	(8,718)	(4,986)	(18)	(21,311)
Closing net book value	**$3,716**	**$5,613**	**$793**	**$1,499**	**$146**	**$11,767**

	2014					
	Projects in Progress	Land, Buildings and Ancillary Works	Computers	Furniture and Equipment	Motor Vehicles	Total
Opening net book value	**$2,290**	**$4,057**	**$532**	**$1,089**	**$71**	**$8,039**
Additions	2,092	-	158	205	-	2,455
Transfers from projects in progress	(1,767)	637	830	300	-	-
Disposals - cost	-	(150)	-	(22)	-	(172)
Disposals - accumulated depreciation	-	-	-	22	-	22
Depreciation expense	-	(290)	(734)	(396)	(45)	(1,465)
Closing net book value	**$2,615**	**$4,254**	**$786**	**$1,198**	**$26**	**$8,879**
At December 31						
Cost	$2,615	$11,534	$9,117	$5,762	$175	$29,203
Accumulated depreciation	-	(7,280)	(8,331)	(4,564)	(149)	(20,324)
Closing net book value	**$2,615**	**$4,254**	**$786**	**$1,198**	**$26**	**$8,879**

NOTE 15 – FINANCIAL LIABILITIES

Financial liabilities are recognised on the statement of financial position when the Bank assumes related contractual obligations. Management determines the classification of its financial instruments at initial recognition.

Liabilities are recognised on the date the Bank becomes a party to the contractual provisions of the instrument.

The Bank's financial liabilities include accounts payable, subscriptions received in advance and borrowings. Further information is included at Notes 16, 17 and 20 respectively. All financial liabilities are recognised initially at fair value and, in the case of borrowings and payables, net of directly attributable transaction costs. After initial recognition, the fair value option is not applied and interest-bearing borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit and loss when the liabilities are de-recognised. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as a borrowing expense in the statement of comprehensive income. This category generally applies to interest-bearing borrowings.

Fair value measurement

Fair value disclosures for financial liabilities are contained in Note 3 – *Risk Management - "Fair value of financial assets and liabilities"*. Fair value is determined using valuation techniques in which fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of future cash flows, or other valuation techniques using inputs existing at the reporting date.

The Bank uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income.

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NOTE 16 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The accounting policy is as defined at Note 15.

Accrued liabilities are not financial liabilities. These are recorded as liabilities on the statement of financial position when the OCR has a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

Due to the short-term nature of these liabilities with no stated maturity, fair value is assumed to be equal to carrying value which is the amount payable on demand.

The carrying values of accounts payable and accrued liabilities is as follows:

	2015	2014
Accounts payable	$3,312	$28
Accrued liabilities	4,191	2,369
	$7,503	**$2,397**

NOTE 17 – SUBSCRIPTIONS IN ADVANCE

The accounting policy is as defined at Note 15.

Payment of the amount due in respect of paid-up shares initially subscribed by a state or territory which is a member of the Bank is required to be made in six instalments. The amount of $4,326 (2014: $8,750) represents amounts paid in advance of the due dates by certain members.

NOTE 18 – DEFERRED INCOME

Deferred income comprises freehold land donated to the Bank as a Government grant and is stated at historical value $875 (2014: $875). The grant was recorded using the income approach and will be recognised in profit and loss in line with the useful life of the assets scheduled for construction on the property.

NOTE 19 – POST-EMPLOYMENT OBLIGATIONS

Pension obligations
CDB has both a contributory defined benefit New Pension Plan ("the Plan" or "NPP") and a hybrid Old Pension Scheme ("the Scheme" or "OPS") for securing pensions for eligible employees of the Bank. Both the Plan and the Scheme are final salary defined benefit and are managed by independent Trustees who are appointed by representatives from the management and staff of the Bank and operated under the rules of respective Trust Deeds.

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

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method. Current service costs, past service costs and gain or loss on settlement and net interest expense or income on the net defined liability are recognised immediately in profit and loss under "Administrative expense". Net interest is calculated by applying the discount rate to the net defined liability or asset.

Re-measurements of the net defined liability (asset) comprising actuarial gains and losses, return on plan assets excluding amounts included in net interest on the net defined liability (asset) and any change in the effect of the asset ceiling (if applicable) excluding amounts included in net interest on the net defined liability (asset), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through other comprehensive income ("OCI") in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

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. The present value of the post-retirement 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.

Description of the plans
The plans require contributions to be made to independent investment managers under respective management agreements and who are authorised to exercise complete discretion over the investment and reinvestment of the plans' assets and the reinvestment of the proceeds of sale and the variation of investments made.

The solvency of the plans is assessed by independent actuaries every three years to determine the funding requirements for the plans. The last actuarial valuation was performed as at January 1, 2014. The financial statements of the plans are audited annually by independent external auditors. The Trustees decide on the level of contributions necessary to meet future obligations.

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NOTE 19 – POST-EMPLOYMENT OBLIGATIONS...*continued*

With respect to the hybrid pension scheme, members other than those of the NPP or those who have completed 33 1/3 years of pensionable service, pay regular contributions of 5% of salaries. The Bank meets the balance of the cost of funding the defined benefits and must pay contributions at least equal to 15.4% of contributing members' salaries and fund any deficit over a maximum period of 40 years. The Bank meets the costs of funding the plan and must pay contributions at least equal to those paid by members, which are fixed.

In accordance with the rules of the NPP, members contribute 7% of their annual salary and the Bank contributes such sums as are certified by the Actuary to be sufficient together with the existing assets of the plan to provide the benefits payable and preserve the solvency of the plan. The current contribution rate certified by the Actuary and applied by the Bank is 22.8% of the aggregate amount of the annual salaries of eligible employees. All contributions (initially determined in Barbados dollars) are immediately converted to United States dollars and held or invested in that currency.

The Board of Directors approved certain changes to the plan during 2014. These included:

- Allowing members who leave the Bank's services and are re-employed within a stipulated period to be eligible to re-join the plan with the earlier service to count as pensionable service subject to certain conditions being met;
- The increase in the normal retirement age from 62 years to 67 years subject to the consent of the Bank for those employees joining prior to August 1, 2014;
- A normal retirement age of 67 years for all members joining after August 1, 2014;
- To decrease the qualifying period for attainment of benefits from 10 years to 5 years.

The post-retirement medical benefit is provided through a group insurance contract which is available to all defined benefit pension plan and hybrid pension scheme retirees (including those who took their hybrid pension scheme entitlement as a lump sum) provided they retired from the service of the Bank after completing at least 10 years' service. It is not available to persons who leave the service of the Bank before retirement. The Bank and the retirees share the burden of the medical premiums using a predetermined ratio.

NOTE 19 – POST-EMPLOYMENT OBLIGATIONS...*continued*

Key assumptions and quantitative sensitivity analyses
The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, Management considers the interest rates of corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes.

Future salary increases and pension increases are based on expected future inflation rates for the respective countries. The key assumptions and their sensitivity analyses are discussed further below.

Risks factors that may impact the Bank
The defined benefit pension plan exposes the Bank to:

- longevity risk,
- inflation risk since although pension increases are capped, the benefits to current employees are based on final average salaries,
- interest rate risk due to the liabilities being of longer duration than the dated securities;
- investment risk in order to counter the inflation risk and improve the investment return. As at the reporting date 55% (2014: 61%) of the plan assets were invested in equities.

The hybrid pension scheme also exposes the Bank to the same longevity risk, inflation risk and interest rate risk. The investment risk inherent in the cash balance option has been managed by concentrating on short term high quality dated securities (as all the Government and Government-guaranteed securities and two-thirds of the others had terms of five years or less), leaving the Bank exposed to the inflation and interest rate risks in the pension option.

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NOTE 19 – POST-EMPLOYMENT OBLIGATIONS...*continued*

Net post-employment obligations

	2015	2014
Defined benefit pension liability	$9,510	$6,773
Hybrid pension liability	5,373	5,406
Post-retirement medical obligations	2,772	2,677
	$17,655	**$14,856**

Net pension costs recognised in profit or loss

	2015	2014
Defined benefit pension liability	$3,964	$1,077
Hybrid pension liability	409	(351)
Post-retirement medical obligation	320	66
	$4,693	**$792**

Net re-measurements recognised in other comprehensive income

	2015	2014
Defined benefit obligation	$1,367	$5,779
Hybrid pension liability	282	2,184
Post-retirement medical obligation	(152)	(193)
	$1,497	**$7,770**

The amounts recognised in the statement of financial position for the individual plans are determined as follows:

	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2015	2014	2015	2014
Present value of funded obligations	$55,710	$51,466	$25,278	$25,444
Fair value of plan assets	(46,200)	(44,693)	(19,905)	(20,038)
Net defined benefit liability	**$9,510**	**$6,773**	**$5,373**	**$5,406**

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NOTE 19 – POST-EMPLOYMENT OBLIGATIONS...*continued*

The amounts recognised in profit or loss are as follows:

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2015	2014	2015	2014
Current service costs	$3,734	$2,987	$191	$187
Net interest on net defined benefit liability	230	8	218	173
Past service credit	-	(1,918)	-	(711)
Net pension cost	**$3,964**	**$1,077**	**$409**	**$(351)**
Re-measurements recognised in other comprehensive income				
Experience losses	$1,367	$5,779	$282	$2,184
Total amount recognised in other comprehensive income	**$1,367**	**$5,779**	**$282**	**$2,184**

Movement in the liability recognised in the statement of financial position was as follows:

	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2015	2014	2015	2014
Opening defined benefit liability	$6,773	$2,456	$5,406	$4,304
Net pension cost	3,964	1,077	409	(351)
Re-measurements recognised in other comprehensive income	1,367	5,779	282	2,184
Bank contribution paid	(2,594)	(2,539)	(724)	(731)
Balance as at December 31	**$9,510**	**$6,773**	**$5,373**	**$5,406**

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NOTE 19 – POST-EMPLOYMENT OBLIGATIONS...*continued*

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

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2015	2014	2015	2014
Balance at January 1	$51,466	$44,366	$25,444	$24,630
Current service costs	3,734	2,987	191	187
Interest costs	2,278	2,130	1,113	1,171
Members' contributions	797	683	365	393
Past service credit	-	(1,918)	-	(711)
Re-measurements				
Experience adjustments	423	1,739	(423)	(717)
Actuarial (gains)/losses from changes in demographic assumptions	-	-	-	851
Actuarial (gains)/losses from changes in financial assumptions	(1,273)	3,614	-	1,498
Benefits paid	(1,715)	(2,135)	(1,412)	(1,858)
Balance as at December 31	**$55,710**	**$51,466**	**$25,278**	**$25,444**

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

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2015	2014	2015	2014
Balance at January 1	$44,693	$41,910	$20,038	$20,326
Interest income	2,048	2,122	895	998
Return on plan assets, excluding interest	(2,217)	(426)	(705)	(552)
Bank contributions	2,594	2,539	724	731
Members' contributions	797	683	365	393
Benefits paid	(1,715)	(2,135)	(1,412)	(1,858)
Balance as at December 31	**$46,200**	**$44,693**	**$19,905**	**$20,038**

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NOTE 19 – POST-EMPLOYMENT OBLIGATIONS...*continued*

The asset allocation as at December 31 for the Defined benefit pension plan is as follows:

	2015	2014
Quoted in active markets		
Equity securities	$25,523	$27,164
	$25,523	27,164
Unquoted investments		
Cash and cash equivalents	2,470	1,207
Debt securities	19,040	17,363
	$21,510	$18,570
Net accruals	(833)	(1,041)
Total	**$46,200**	**$44,693**

The asset allocation as at December 31 for the Hybrid pension scheme is as follows:

	2015	2014
Unquoted investments		
Government and Government guaranteed bonds	$15,078	$13,530
Supranational bonds	4,845	5,866
Cash and cash equivalents	(96)	567
	19,827	19,963
Net accruals	78	75
Total	**$19,905**	**$20,038**

The principal actuarial assumptions used for accounting purposes for both the defined benefit pension plan and the hybrid pension scheme are:

	Pensions	
	2015 %	2014 %
Discount rate	4.50	4.50
Future salary increases	4.00	4.00
Future pension increases – Defined benefit pension plan	2.00	2.25

It was assumed that there would be no future pension increases for the hybrid pension scheme.

The proportion of the defined benefit pension plan preserved members opting for pension was assumed to be 100% (2014: 100%). The proportion of other members opting for pension was assumed to be 100% (2014: 100%).

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NOTE 19 – POST-EMPLOYMENT OBLIGATIONS...*continued*

Mortality rate

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

The average life expectancy in years of a pensioner retiring at age 60 for current pensioners (in years), as at the reporting date is as follows:

	2015	2014
Male	21.0	21.0
Female	25.1	25.1

The average life expectancy at age 60 for current members age 40 (in years), as at the reporting date is as follows:

	2015	2014
Male	21.4	21.4
Female	25.4	25.4

Sensitivity analysis and liability profile

(a) *Defined Benefit Pension Plan*

A quantitative sensitivity analysis for significant assumptions as at December 31, 2015 is as shown below:

	Discount rate		Future salary increases		Pension increases	
	1% p.a. increase	1% p.a. decrease	1% p.a. increase	1% p.a. decrease	1% p.a. increase	1% p.a. decrease
Impact on the defined benefit obligation	$(7,287)	$9,138	$2,355	$(2,083)	$5,401	$(4,574)

	Life expectancy of male pensioners		Life expectancy of female pensioners	
	Increase by 1 year	Decrease by 1 year	Increase by 1 year	Decrease by 1 year
Impact on the defined benefit obligation	$498	$(479)	$935	$(925)

(expressed in thousands of United States Dollars, unless otherwise stated)

NOTE 19 – POST-EMPLOYMENT OBLIGATIONS*...continued*

Sensitivity analysis and liability profile*...continued*

(a) Defined Benefit Pension Plan...continued

The sensitivity analyses disclosed have been determined based on a method which extrapolates the impact on the net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to be made in the future years out of the defined benefit obligation:

	2015	2014
Within the next 12 months (annual reporting period)	2,736	$2,399
Between 1 year and 2 years	2,818	$2,471

The defined benefit obligation is allocated among the plan members as follows:

Active members...................60% (2014: 60%)
Pensioners..........................40% (2014: 40%)

The weighted average duration of the defined benefit obligation was 15.5 years (2014: 15.5) years.
94% (2014: 94%) of the benefits for active members were vested.
22% (2014: 22%) of the defined benefit obligation for active members was conditional on future salary increases.

(expressed in thousands of United States Dollars, unless otherwise stated)

NOTE 19 – POST-EMPLOYMENT OBLIGATIONS ...*continued*

Sensitivity analysis and liability profile ...*continued*

(b) Hybrid Pension Scheme

A quantitative sensitivity analysis for significant assumptions as at December 31, 2015 is as shown below:

	Discount rate		**Future salary increases**	
	1% p.a. increase	**1% p.a. decrease**	**1% p.a. increase**	**1% p.a. decrease**
Impact on defined benefit obligation	$(2,641)	$3,387	$412	$(481)

	Life expectancy of male pensioners		**Life expectancy of female pensioners**	
	Increase by 1 year	**Decrease by 1 year**	**Increase by 1 year**	**Decrease by 1 year**
Impact on the defined benefit obligation	$267	$(251)	$287	$(291)

The sensitivity analyses disclosed have been determined based on a method which extrapolates the impact on the net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to be made in the future years out of the defined benefit obligation:

	2015	**2014**
Within the next 12 months	$725	$729
Between 1 year and 2 years	$730	$733

The defined benefit obligation is allocated among the plan members as follows:

Active members......................68% (2014: 68%)
Pensioners............................32% (2014: 32%)

The weighted average duration of the defined benefit obligation was 12 years (2014:13 years).
100% (2014: 90%) of the benefits for active members were vested.
7% (2014: 11%) of the defined benefit obligation for active members is conditional on future salary increases.

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Post-Retirement Medical Plan

Changes to the medical obligation are determined as follows:

	1-Jan-15	Current Service Cost	Net interest cost	Past service (credit)/cost	**Sub-total included in operating income (Note 23)**	**Re-measurement gains/(losses) in OCI - Experience adjustments**	**Premiums paid by the bank**	**31-Dec-15**
Medical obligation	**$2,677**	116	204	-	**320**	**(152)**	**(73)**	**$2,772**

	1-Jan-14	Current Service Cost	Net interest cost	Past service credit	**Sub-total included in operating income (Note 23)**	**Re-measurement gains/(losses) in OCI - Experience adjustments**	**Premiums paid by the bank**	**31-Dec-14**
Medical obligation	**$2,872**	122	212	(268)	**66**	**(193)**	**(68)**	**$2,677**

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NOTE 19 – POST-EMPLOYMENT OBLIGATIONS...*continued*

Post-Retirement Medical Plan...*continued*

Principal actuarial assumptions

The principal actuarial assumptions used for accounting purposes are:

	Post-employment medical obligation 2015 %	2014 %
Discount rate	7.75	7.75
Medical cost increase	7.25	7.25

Mortality Rate

Assumptions regarding future mortality experience are set based on actuarial advice, based on published statistics and experience. The same assumptions used for the pension plans regarding mortality rates were used for the medical plan.

An increase of 1 year in the assumed life expectancies would increase the medical obligation at the reporting date by $111 (2014: $105).

Sensitivity analysis

A quantitative sensitivity analysis for significant assumptions as at December 31, 2015 is as shown below:

	Discount rate		Medical cost increases	
	1% p.a. increase	1% p.a. decrease	1% p.a. increase	1% p.a. decrease
Impact on medical obligation	$(378)	$474	$471	$(382)

The expected contributions to be made to the post-retirement medical obligation within the next twelve months is $78 (2014:$69).

Liability profile

The post-retirement medical obligation is allocated among the plan members as follows:

Active members……………….. 54% (2014: 54%)
Pensioners…………………….. 46% (2014: 46%)

NOTE 19 – PENSIONS AND POST-EMPLOYMENT OBLIGATIONS...*continued*

Post-Retirement Medical Plan...*continued*

Liability profile...*continued*

The weighted average duration of the defined benefit obligation was 17 years (2014: 17 years). 46% (2014: 46%) of the benefits of active members were vested.

NOTE 20 – BORROWINGS

The accounting policy is as defined at Note 15.

It is the Bank's policy to limit borrowing and guarantees chargeable to the Bank's Ordinary Capital Resources to 100% of the callable capital of its investment grade non-borrowing members plus the paid in capital and retained earnings less receivables from members (cash reserves). As of December 31, 2015, total borrowings amounted to $502,752 (2014: $530,301).

The aggregate fair values are based on discounted cash flow models using a current yield curve appropriate for the remaining term to maturity, similar terms and credit risk.

As of December 31, 2015, the ratio of total outstanding borrowings and undrawn commitments of $575,386 (2014: $624,566) to the borrowing limit of $1,264,600 (2014: $1,273,629) was 45.5% (2014: 49.0%).

(expressed in thousands of United States Dollars, unless otherwise stated)

NOTE 20 – BORROWINGS...*continued*

(a) A summary of the borrowings was as follows:

	2015						
	Original amounts[1/]	Translation adjustments	Repayments to date	Currency swap[2/]	Undrawn	Outstanding	Due dates
Short term Borrowing							
Floating Rate Note - US$	$30,000	$-	$(30,000)	$-	$-	$-	
	$30,000	$-	$(30,000)	$-	$-	$-	
CDB Market Borrowings							
4.35% Notes – Yen	60,000	(6,238)	-	-	-	53,762	2030
2.75% Notes – Yen	100,000	3,803	-	6,032	-	109,835	2022
4.375% Bonds – US$	300,000	-	-	-	-	300,000	2027
Unamortised transaction costs	(1,759)	-	-	-	-	(1,759)	
	458,241	(2,435)	-	6,032	-	461,838	
European Investment Bank							
Global Loan 111 – US$	34,857	-	(8,299)	-	-	26,558	2023
Climate Action Credit – US$	65,320	-	-	-	(65,320)	-	
	100,177	-	(8,299)	-	(65,320)	26,558	
Inter-American Development Bank							
Loan 926/OC-RG-US$	19,347	-	(13,227)	-	-	6,120	2021
Loan 2798/BL-RG	14,000	-	-	-	(7,314)	6,686	2043
	33,347		(13,227)	-	(7,314)	12,806	
Sub-total	**621,765**	**(2,435)**	**(51,526)**	**$6,032**	**(72,634)**	**501,202**	
Accrued interest[3]	1,550	-	-	-	-	1,550	
Total – December 31	**$623,315**	**$(2,435)**	**$(51,526)**	**$6,032**	**$(72,634)**	**$502,752**	

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

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NOTE 20 – BORROWINGS…*continued*

(a) A summary of the borrowings was as follows:

	2014						
	Original amounts[1/]	Translation adjustments	Repayments to date	Currency swap[2/]	Undrawn	Outstanding	Due dates
Short term Borrowing							
Floating Rate Note - US$	$50,000	$-	$-	$-	$(20,000)	$30,000	2015
	$50,000	$-	$-	$-	$(20,000)	$30,000	
CDB Market Borrowings							
4.35% Notes – Yen	60,000	(5,820)	-	-	-	54,180	2030
2.75% Notes – Yen	100,000	(2,389)	-	7,001	-	104,612	2022
Floating Rate Note – US$	150,000	-	(150,000)	-	-	-	2014
4.375% Bonds – US$	300,000	-	-	-	-	300,000	2027
Unamortised transaction costs	(1,908)	-		-	-	(1,908)	
	608,092	(8,209)	(150,000)	7,001	-	456,884	
European Investment Bank							
Global Loan III - US$	34,857	-	(4,980)	-	-	29,877	2023
Climate Action Credit – US$	65,320	-	-	-	(65,320)	-	
	100,177	-	(4,980)	-	(65,320)	29,877	
Inter-American Development Bank							
Loan 926/OC-RG-US$	19,347	-	(12,114)	-	-	7,233	2021
Loan 2798/BL-RG	14,000	-	-	-	(8,945)	5,055	2043
	33,347	-	(12,114)	-	(8,945)	12,288	
Sub-total	**791,616**	**(8,209)**	**(167,094)**	**7,001**	**(94,265)**	**529,049**	
Accrued interest[3]	1,252	-	-	-	-	1,252	
Total – December 31	**$792,868**	**$(8,209)**	**$(167,094)**	**$7,001**	**$(94,265)**	**$530,301**	

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

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NOTE 20 – BORROWINGS...*continued*

(b) Currencies repayable on outstanding borrowings were as follows:

2015

Currencies Repayable	Outstanding at December 2014	Translation adjustment	Net interest expense/ paid	Draw-downs	Currency swap amortisation[1/]	Repayments	Outstanding at December 2015
United States Dollars	$371,226	$-	$-	$1,488	$-	$(34,432)	$338,282
Japanese Yen	157,823	6,065	-	-	(968)	-	162,920
Sub-total	**529,049**	**6,065**	**-**	**1,488**	**(968)**	**(34,432)**	**501,202**
Accrued interest[2]	1,252	-	298	-	-	-	1,550
Total – December 31	**$530,301**	**$6,065**	**$298**	**$1,488**	**$(968)**	**$(34,432)**	**$502,752**

2014

Currencies Repayable	Outstanding at December 2013	Translation adjustment	Net interest expense/ paid	Draw-downs	Currency swap amortisation	Repayments	Outstanding at December 2014
United States Dollars	$494,024	$-	$-	$34,894	$-	$(157,692)	$371,226
Japanese Yen	179,549	(20,758)	-	-	(968)	-	157,823
Sub-total	**673,573**	**(20,758)**	**-**	**34,894**	**(968)**	**(157,692)**	**529,049**
Accrued interest[2]	1,804	-	(552)	-	-	-	1,252
Total – December 31	**$675,377**	**$(20,758)**	**$(552)**	**$34,894**	**$(968)**	**$(157,692)**	**$530,301**

A maturity analysis of borrowings as at December 31 is as follows:

	2015	2014
Current	$5,982	$35,684
Non-current	496,770	494,617
	$502,752	**$530,301**

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

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NOTE 20 – BORROWINGS*...continued*

On May 7, 2015 Standard & Poor's affirmed its 'AA' long-term issuer credit rating and 'A-1+' short-term credit rating and the outlook remained Stable.

On July 30, 2015 Moody's Investors Service affirmed the Bank's long term issuer rating at Aa1 and maintained the outlook as Stable.

NOTE 21 – EQUITY

Equity is comprised of capital stock, retained earnings and reserves.

The capital stock of the Bank was initially expressed in terms of United States dollars of the weight and fineness in effect on September 1, 1969 ("the 1969 dollar"). However, with effect from April 1, 1978, the Second Amendment to the Articles of Agreement of the International Monetary Fund came into force, as a result of which currencies no longer have par values in terms of gold.

Prior to December 1986, the Bank had not taken a decision on the implications of this change on the valuation of its capital stock and had translated its capital stock into current United States dollars at the rate of 1.206348 current United States dollars ("current dollars") per 1969 dollar. On December 11, 1986, the Board of Directors of the Bank agreed that, until such time as the Charter 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 Charter, 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.

The Bank's capital stock is divided into paid-in shares and callable shares. Payment of the amount subscribed to the callable capital is subject to call by the Bank to meet its obligations as and when required by the Bank subject to certain conditions. Payment for paid-in shares subscribed by its members is made over 6 annual instalments. Of each installment, up to 50 percent is 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. Subscriptions that are not yet payable are presented as subscriptions not yet matured. The Charter states 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.

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NOTE 21 – EQUITY*...continued*

The Charter 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. There has been only one occurrence of membership withdrawal in the Bank's existence which occurred in 2000, and no other member has indicated to the Bank that it intends to withdraw its membership. The stability in the membership reflects the fact that the purpose of the Bank is to contribute to the harmonious economic growth and development of its BMCs individually and jointly. Moreover, there is a significant financial disincentive to withdrawing membership. The repurchase price of the shares is the value shown on the books of the Bank on the date a country ceases to be a member. However, the former member shall remain liable for direct obligations and contingent liabilities to the Bank for so long as any part 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. In the instance where paying a former member would have adverse consequences for the Bank's financial position, the Bank can exercise its option to 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. Management has therefore determined that members' shares are deemed to be a permanent investment in the Bank and are appropriately classified as equity.

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

		2015	2014
Authorised capital:	312,971 (2014: 312,971) shares		
Subscribed capital:	279,399 (2014: 270,292) shares	$ 1,763,656	$1,699,323
Less callable capital:	218,050 (2014: 210,943) shares	(1,375,135)	(1,324,925)
Paid-up capital:	61,349 (2014: 59,349) shares	$388,521	$374,398
Less: Subscriptions not yet matured		(45,197)	(74,930)
		$343,324	**$299,468**

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NOTE 21 – EQUITY*...continued*

(b) The movement in the Bank's paid-up capital during the year was as follows:

	2015	2014
	No. of shares	**No. of shares**
Balance at January 1	59,349	57,007
Regional States and Territories		
Subscribed capital	9,107	1,289
Callable capital	(7,107)	(1,005)
	2,000	284
Non-Regional States and Territories		
Subscribed capital	-	9,353
Callable capital	-	(7,295)
	-	2,058
Balance at December 31	**61,349**	**59,349**

The movement in subscriptions matured during the year was as follows:

		2015	2014
Balance at January 1		$299,468	$256,374
Regional States and Territories			
Subscriptions maturing during the year		30,849	23,861
Non-Regional States and Territories			
Subscriptions maturing during the year		13,104	19,318
		43,953	43,179
Sub Total		**343,421**	**299,553**
Less: Prepayment discounts	**21(d)**	(97)	(85)
Balance at December 31		**$343,324**	**$299,468**

The determination of the par value of the Bank's shares is disclosed hereto.

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NOTE 21 – EQUITY...*continued*

(c) The subscriptions by member countries and their voting power at December 31 were as follows:

2015							Voting Power		
Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions Matured	No. of votes	% of total votes	Receivable from members non-negotiable demand notes
Regional States and Territories:									
Jamaica	48,354	17.31	$291,659	$227,614	$64,045	$57,629	48,504	17.14	$13,257
Trinidad and Tobago	48,354	17.31	291,659	227,614	64,045	57,629	48,504	17.14	10,885
Bahamas	14,258	5.10	86,001	67,115	18,886	16,994	14,408	5.09	1,612
Guyana	10,417	3.73	62,833	49,038	13,795	12,412	10,567	3.73	-
Colombia	7,795	2.79	47,017	36,691	10,326	9,292	7,945	2.81	627
Mexico	7,795	2.79	47,017	36,691	10,326	9,292	7,945	2.81	-
Venezuela	7,795	2.79	47,017	36,691	10,326	9,292	7,945	2.81	3,203
Barbados	9,074	3.25	54,732	42,717	12,015	10,815	9,224	3.26	3,120
Suriname	4,166	1.49	25,128	19,627	5,501	2,861	4,316	1.53	1,070
Belize	2,148	0.77	12,956	10,109	2,847	2,561	2,298	0.81	2,145
Dominica	2,148	0.77	12,956	10,109	2,847	2,561	2,298	0.81	-
Grenada	1,839	0.66	11,093	8,661	2,432	2,187	1,989	0.70	286
St. Lucia	2,148	0.77	12,956	10,109	2,847	2,561	2,298	0.81	213
St. Vincent and the Grenadines	2,148	0.77	12,956	10,109	2,847	2,561	2,298	0.81	360
Antigua and Barbuda	2,148	0.77	12,956	10,109	2,847	2,561	2,298	0.81	97
St. Kitts and Nevis	2,148	0.77	12,956	10,109	2,847	2,561	2,298	0.81	296
Anguilla /1	455	0.16	2,744	2,141	603	543			255
Montserrat /1	533	0.19	3,215	2,509	706	635			15
British Virgin Islands /1	533	0.19	3,215	2,509	706	635	2,737	0.97	-
Cayman Islands /1	533	0.19	3,215	2,509	706	635			-
Turks and Caicos Islands /1	533	0.19	3,215	2,509	706	635			8
Haiti	2,187	0.78	13,191	10,296	2,895	2,606	2,337	0.83	-
Brazil	3,118	1.12	18,807	14,687	4,120	823	3,268	1.15	-
	180,627	64.65	1,089,494	850,273	239,221	210,281	183,477	64.83	37,449

1/ In accordance with Article 3 of the Charter 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 Charter.

(expressed in thousands of United States Dollars, unless otherwise stated)

NOTE 21 – EQUITY *...continued*

	2015								
							Voting Power		
Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions Matured	No. of votes	% of total votes	Receivable from members non-negotiable demand notes
Non-Regional States:									
Canada	26,004	9.31	156,849	122,408	34,441	30,991	26,154	9.24	-
United Kingdom	26,004	9.31	156,849	122,408	34,441	30,991	26,154	9.24	-
Italy	15,588	5.58	94,023	73,376	20,647	18,578	15,738	5.56	2,150
Germany	15,588	5.58	94,023	73,376	20,647	18,578	15,738	5.56	598
China	15,588	5.58	94,023	73,376	20,647	18,578	15,738	5.56	5,549
	98,772	35.35	595,767	464,944	130,823	117,716	99,522	35.17	8,297
Sub-total	**279,399**	**100.0**	**1,685,261**	**1,315,217**	**370,044**	**327,997**	**282,999**	**100.0**	**45,746**
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	-	-	-
Suriname	-	-	12,564	9,814	2,750	1,430	-	-	-
Brazil	-	-	9,403	7,343	2,060	412	-	-	-
Sub-total	**-**	**-**	**$78,395**	**$59,918**	**$18,477**	**$15,509**	**-**	**-**	**$-**
Total - December 31	**279,399**	**100.0**	**$1,763,656**	**$1,375,135**	**$388,521**	**$343,506**	**282,999**	**100.0**	**$45,746**

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NOTE 21 – EQUITY *...continued*

2014							Voting Power		
Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions Matured	No. of votes	% of total votes	Receivable from members non-negotiable demand notes
Regional States and Territories:									
Jamaica	48,354	17.90	$291,659	$227,614	$64,045	$51,212	48,504	17.72	$13,060
Trinidad and Tobago	48,354	17.90	291,659	227,614	64,045	51,212	48,504	17.72	10,924
Bahamas	14,258	5.28	86,001	67,115	18,886	15,102	14,408	5.26	1,612
Guyana	10,417	3.85	62,833	49,038	13,795	11,030	10,567	3.86	3,155
Colombia	7,795	2.88	47,017	36,691	10,326	8,257	7,945	2.90	627
Mexico	3,118	1.15	18,807	14,687	4,120	4,120	3,268	1.19	-
Venezuela	7,795	2.88	47,017	36,691	10,326	8,257	7,945	2.90	3,203
Barbados	9,074	3.36	54,732	42,717	12,015	9,612	9,224	3.37	1,070
Suriname	4,166	1.54	25,128	19,627	5,501	1,981	4,316	1.58	1,485
Belize	2,148	0.79	12,956	10,109	2,847	2,276	2,298	0.84	-
Dominica	2,148	0.79	12,956	10,109	2,847	2,276	2,298	0.84	286
Grenada	1,839	0.68	11,093	8,661	2,432	1,944	1,989	0.73	213
St. Lucia	2,148	0.79	12,956	10,109	2,847	2,276	2,298	0.84	360
St. Vincent and the Grenadines	2,148	0.79	12,956	10,109	2,847	2,276	2,298	0.84	97
Antigua and Barbuda	2,148	0.79	12,956	10,109	2,847	2,276	2,298	0.84	296
St. Kitts and Nevis	2,148	0.79	12,956	10,109	2,847	2,276	2,298	0.84	255
Anguilla /1	455	0.17	2,744	2,141	603	483			14
Montserrat /1	533	0.20	3,215	2,509	706	565			-
British Virgin Islands /1	533	0.20	3,215	2,509	706	565	2,737	1.00	-
Cayman Islands /1	533	0.20	3,215	2,509	706	565			8
Turks and Caicos Islands /1	533	0.20	3,215	2,509	706	565			-
Haiti	875	0.32	5,278	4,120	1,158	1,158	1,025	0.38	-
	171,520	63.45	$1,034,564	$807,406	$227,158	$180,284	174,220	63.65	$36,665

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NOTE 21 – EQUITY *...continued*

2014									
							Voting Power		
Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions Matured	No. of votes	% of total votes	Receivable from members non-negotiable demand notes
Non-Regional States:									
Canada	26,004	9.62	$156,849	$122,408	$34,441	$27,541	26,154	9.55	$-
United Kingdom	26,004	9.62	156,849	122,408	34,441	27,541	26,154	9.55	2,150
Italy	15,588	5.77	94,023	73,376	20,647	16,510	15,738	5.75	668
Germany	15,588	5.77	94,023	73,376	20,647	16,510	15,738	5.75	5,549
China	15,588	5.77	94,023	73,376	20,647	16,510	15,738	5.75	-
	98,772	36.55	$595,767	$464,944	$130,823	$104,612	99,522	36.35	$8,367
Sub-total	**270,292**	**100.00**	**$1,630,331**	**$1,272,350**	**$357,981**	**$284,896**	**273,742**	**100.00**	**$45,032**
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	-	-	-
Suriname	-	-	12,564	9,814	2,750	990	-	-	-
Sub-total	-	-	**$68,992**	**$52,575**	**$16,417**	**$14,657**	**-**	**-**	$-
Total - December 31	**270,292**	**100.00**	**$1,699,323**	**$1,324,925**	**$374,398**	**$299,553**	**273,742**	**100.00**	**$45,032**

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NOTE 21 – EQUITY*...continued*

(d) Prepayment discounts

The Board of Governors of the Bank approved a "Variation of conditions of subscription of shares to permit a discount for prepayment" policy in 2014. The provision of this policy is that members are entitled to a discount from the Bank for prepayment of an instalment or part thereof (including those members which have already made prepayments) only if the prepayment is received more than three months prior to the date of the scheduled General Capital Increase (GCI) payments. The discount is computed based on a present value methodology and are disclosed as a charge against equity. During the year, discounts amounting to $97 (2014: $85) were provided to members who had made prepayments.

(e) Retained earnings and reserves

Retained earnings and reserves is comprised of:

	2015	2014
Retained earnings	$530,642	$520,600
Post-employment reserve	(13,274)	(11,777)
Other reserves	13,260	13,260
	$530,628	**$522,083**

(f) Other reserves

Special reserve
In accordance with Article 18 of the Charter, commissions and guarantee fees received on loans made out of OCR 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 BOD 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 (2014: $6,254).

General banking reserve
The General banking reserve has been deemed a reserve for asset impairments. During the year no reserves (2014: Nil) were transferred to retained earnings in relation to the recognition of a collective impairment provision in respect of non-sovereign loans. As at December 31, 2015, the amount of the general banking reserve was $7,006 (2014: $7,006).

(expressed in thousands of United States Dollars, unless otherwise stated)

NOTE 21 – EQUITY...*continued*

(f) Other reserves...*continued*

Special reserve...continued

Post-employment obligations reserve
Post-employment reserves comprise various gains/ losses arising from the actuarial valuation where actual performance results differ from projected results due to changes in assumptions and in differences between actual investment returns and assumed returns from the previous year's calculations. These differences are classified as experience gains/ losses.

	2015	**2014**
Cumulative experience losses	$(13,274)	$(11,777)
	$(13,274)	**$(11,777)**

NOTE 22 – INTEREST INCOME/EXPENSE AND SIMILAR INCOME/CHARGES

Interest income and expense
For instruments carried at amortised cost, interest income and expense are recognised in the statement of comprehensive income using the EIR method. Interest income and expense are recognised on a level yield basis for items classified as fair value through profit or loss.

Other fees and charges
Fees and other income are recognised on an accrual basis when the service has been provided.

(a) Income from financial assets classified as loans and receivables

Interest income earned from loans outstanding was as follows:

	2015	**2014**
Interest income	$34,570	$37,857
Other fees and charges	3,160	$2,647
	$37,730	**$40,504**

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NOTE 22 – INTEREST INCOME/EXPENSE AND SIMILAR INCOME/CHARGES...*continued*

(b) Income from investments and cash balances

Interest income earned from debt securities at fair value through profit or loss was as follows:

	2015	2014
Bonds	$2,289	$2,557
US Treasuries	23	99
Time deposits	131	129
Cash balances	6	10
	$2,449	**$2,795**

(c) Interest (income)/expense and similar charges from financial assets and liabilities

Interest expense and other charges from borrowings and interest income and expense from derivative financial instrument swaps were as follows:

		2015		2014
Financial liabilities carried at amortised cost				
Gross interest expense		$19,848		$20,107
Other finance charges		170		277
Borrowings		20,018		20,384
Financial assets at fair value through profit and loss				
Interest income from derivative financial instruments	(18,484)		(13,953)	
Interest expense from derivative financial instruments	7,202		4,341	
		(11,282)		(9,612)
Net interest income from derivatives		**$8,736**		**$10,772**

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ORDINARY CAPITAL RESOURCES

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NOTE 23 – ADMINISTRATIVE EXPENSES

Restructuring costs

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 recognises 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 twelve months after the reporting date are discounted to their present value.

The restructuring costs itemized in the table below represent employee related costs commensurate with the restructuring of certain areas of the Bank's operations.

Administrative expenses incurred by the Bank are allocated to the OCR and the SFR in accordance with a methodology approved by the Board of Directors.

Administrative expenses allocated to the OCR were as follows:

	2015	2014
Employee related	$9,366	$7,067
Restructuring costs	672	-
Professional fees and consultancies	738	844
Travel	848	642
Depreciation	488	613
Other expenses	387	374
Utilities and maintenance	418	437
Training and seminars	194	288
Supplies and printing	96	95
Board of Governors and Directors	180	181
Computer services	454	390
Communications	292	224
Bank charges	72	69
Insurance	29	29
	$14,234	**$11,253**

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NOTE 23 – ADMINISTRATIVE EXPENSES*...continued*

Restructuring costs...continued
Employee costs charged to the OCR were as follows:

	2015	2014
Salaries and allowances	$6,380	$5,206
Restructuring costs	672	-
Pension costs – hybrid scheme[1/]	177	(147)
Pension costs – defined benefit plan[1/]	1,710	450
Medical costs	297	28
Other benefits	802	1,530
	$10,038	**$7,067**

[1/]This represents the allocation of the net pension costs to the OCR. The full pension expense for the hybrid scheme amounted to $409 [2014: $(351)], $3,964 (2014: $1,077) for the defined benefit plan $320 (2014: $66) for the medical plan.

NOTE 24 – ALLOCATION FROM NET INCOME

In accordance with Article 39 of the Charter, the Board of Governors shall determine at least annually the disposition of the net income of the Bank arising from its OCR ("operating income"). The OCR net income is typically allocated to the Ordinary Reserves. These reserves are available to meet possible future losses on loans and guarantees made by the Bank in its Ordinary operations and possible future losses from currency devaluations.

Management has recommended for the approval of the Board of Governors acting in accordance with Article 39 of the Bank's Charter, an allocation of $6,000 from the net income (operating income) of the OCR to the Special Development Fund – Unified.

The treatment of this item, previously charged from Equity, was changed during the year to reflect a more accurate representation of nature of the transaction as an expense. The stated net income for the year ended December 31, 2014 therefore decreased from $48,637 as previously stated to $42,637. As a result the statement of comprehensive income, statement of changes in equity and statement of cashflows in respect of the year ended December 31st, 2014 were restated. There was no impact on the statement of financial position.

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NOTE 25 – DERIVATIVE FAIR VALUE ADJUSTMENT

The derivative fair value adjustment of $4,817 (2014: $6,182) included in the statement of comprehensive income is derived as a result of the revaluation of the derivative financial instruments comprising cross currency interest rate swaps and interest rate swaps.

NOTE 26 – RELATED PARTY TRANSACTIONS

(a) The movement in the net inter-fund receivable or payable during the year was as follows:

	2015	2014
Balance at January 1	$4,778	$8,407
Advances	39,215	45,054
Allocation of administrative expenses	18,952	15,652
Repayments	(54,186)	(64,335)
Inter-fund receivable December 31	**$8,759**	**$4,778**

The receivable account represents net amounts due from/ (payable to) the SDF and OSF as a result of payments by OCR on their behalf as well as the allocation of administrative expenditure in accordance with Bank policy. Inter-fund balances are settled in cash on a quarterly basis.

The composition of the balances as at December 31, 2015 and 2014 was as follows:

Included in "Receivables and prepaid assets"/ ("Accounts payable and accrued liabilities"):

	2015	2014
Due from/ (to) SDF	$5,341	$(473)
Due from OSF	$3,411	$4,595
Due from Pension schemes	$6	$648
Due from Others	$1	8

CARIBBEAN DEVELOPMENT BANK
ORDINARY CAPITAL RESOURCES

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

(expressed in thousands of United States Dollars, unless otherwise stated)

NOTE 26 – RELATED PARTY TRANSACTIONS...*continued*

(b) Key management compensation for the year ended December 31 was as follows:

	2015	2014
Salaries and allowances	$2,510	$2,160
Post-employment benefits	721	699
	$3,231	**$2,859**

(c) **Interest subsidy fund**

In 2008, the interest subsidy fund was established by the Board of Directors of the Bank to subsidise part of the interest payments for which certain borrowers are liable on loans from the OCR. During the reporting period, $513 (2014: $551) was received from the OSF in interest on behalf of the borrowers. The fund balance is included in Receivable and prepaid assets in the statement of financial position.

NOTE 27 – COMMITMENTS AND GUARANTEES

Legal claims are recognised when the Bank has a present legal or constructive obligation as a result of past events and 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 recognises no provisions for future operating expenses.

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 recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

Commitments
The Bank's commitments are represented by loan disbursement obligations to its borrowers up to the approved amount of these loans (Refer to *Note 9 – Loans*), contracted expenditures for capital expenditure undertakings (2015 : $nil; 2014 : $1,214), and OCR commitments to the operations of the SDF(U) (Refer to Note 3 : *Risk Management – Commitments, Guarantees and Contingent liabilities*).

NOTE 27 – COMMITMENTS AND GUARANTEES...*continued*

Guarantees

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 recognised as a liability in the financial statements at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee, on the date the guarantee was given. Subsequently, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

At its two hundred and forty-ninth meeting held on December 8, 2011, the Bank issued a guarantee in an amount not exceeding the equivalent of $12 million with respect to Bonds issued by the Government of St. Kitts and Nevis (GOSKN) on a rolling, re-instatable and non-accelerable basis.

The guarantee contains a Counter Guarantee and Indemnity clause whereby the GOSKN undertakes irrevocably and unconditionally agrees to reimburse the Bank for any amount paid under the guarantee together with interest and other charges at a rate specified by the Bank. Where reimbursement to the Bank is not made (in whole or in part) within a period of 90 days of such amounts being paid the Bank such unreimbursed amounts shall be converted to a loan due by the GOSKN to the Bank's OCR.

Building a better working world

Ernst & Young
P.O. Box 261
Bridgetown, BB11000
Barbados, W.I.

Street Address
Worthing,
Christ Church, BB15008
Barbados, W.I.

Tel: 246 430 3900
Fax: 246 426 9551
246 435 2079
246 430 3879
www.ey.com

Independent Auditors' Report

To the Board of Governors of Caribbean Development Bank

We have audited the accompanying financial statements of the **Special Development Fund** of the **Caribbean Development Bank** ("the Bank") which comprise the statement of financial position as of December 31, 2015, 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 2.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements using the basis of accounting described in Note 2, 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, 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, the financial statements of the Special Development Fund for the year ended December 31, 2015 are prepared, in all material respects, in accordance with the basis of accounting described in Note 2.

Basis of accounting
Without modifying our opinion, we draw attention to Note 2 of 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
Barbados
March 9, 2016

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND

STATEMENT OF FINANCIAL POSITION
As of December 31, 2015

(expressed in thousands of United States dollars)

	2015			2014		
	Unified	Other	Total	Unified	Other	Total
Assets						
Cash and cash equivalents – Note 3	$31,548	$12,129	$43,677	$12,700	$9,076	$21,776
Debt securities at fair value through profit or loss (Schedule 1)	262,464	43,509	305,973	260,581	50,145	310,726
Loans outstanding (Schedule 2)	543,427	15,756	559,183	529,875	16,959	546,834
Receivables						
Accounts receivable – Note 9	1	-	1	5,041	-	5,041
	$837,440	$71,394	$908,834	$808,197	$76,180	$884,377
Receivable from contributors						
Non-negotiable demand notes (Schedule 3)	$73,176	$-	$73,176	$64,631	$-	$64,631
Contribution in arrears	12,124	-	12,124	5,793	-	5,793
	85,300	$-	85,300	70,424	-	70,424
Total assets	$922,740	$71,394	$994,134	$878,621	$76,180	$954,801
Liabilities and Funds						
Liabilities						
Accounts payable – Note 10	$60,375	$1,498	$61,873	$60,360	$4,508	$64,868
Subscriptions in advance	2,350	-	2,350	1,762	-	1,762
Accrued charges on contributions	-	-	-	-	-	-
	62,725	1,498	64,223	62,122	4,508	66,630

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND

STATEMENT OF FINANCIAL POSITION *...continued*
As of December 31, 2015

(expressed in thousands of United States dollars)

	2015			2014		
	Unified	Other	Total	Unified	Other	Total
Funds – Note 5						
Contributed resources (Schedule 3)						
Contributions	$1,201,875	$40,905	$1,242,780	$1,149,617	$41,174	$1,190,791
Less amounts not yet made available	(81,827)	-	(81,827)	(85,853)	-	(85,853)
Amounts made available	1,120,048	40,905	1,160,953	1,063,764	41,174	1,104,938
Allocation to technical assistance and grant resources	(430,600)	(2,285)	(432,885)	(405,600)	(2,266)	(407,866)
	689,448	38,620	728,068	658,164	38,908	697,072
Accumulated net income (Schedule 4)	52,513	30,351	82,864	61,374	31,838	93,212
Technical assistance and grant resources – Note 7	118,054	925	118,979	96,961	926	97,887
	$860,015	$69,896	$929,911	$816,499	$71,672	$888,171
Total liabilities and funds	$922,740	$71,394	$994,134	$878,621	$76,180	$954,801

The accompanying schedules and 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, 2015

(expressed in thousands of United States dollars)

	2015			2014		
	Unified	Other	Total	Unified	Other	Total
Interest and similar income						
Loans	**$12,110**	**$378**	**$12,488**	$11,601	$406	$12,007
Investments and cash balances	**1,076**	**308**	**1,384**	1,512	548	2,060
	13,186	**686**	**13,872**	13,113	954	14,067
Expenses						
Administrative expenses	**16,804**	**1,050**	**17,854**	13,602	894	14,496
Charges on contributions	**-**	**-**	**-**	-	11	11
Foreign exchange translation	**(757)**	**89**	**(668)**	(885)	429	(456)
	16,047	**1,139**	**17,186**	12,717	1,334	14,051
Total comprehensive (loss)/ income for the year	**$(2,861)**	**$(453)**	**$(3,314)**	$396	$(380)	$16

	2015			2014		
	Unified	Other	Total	Unified	Other	Total
Accumulated net income						
Accumulated net income – beginning of year	**$61,374**	**$31,838**	**$93,212**	$54,978	$33,253	$88,231
Appropriations for technical assistance	**-**	**(1,034)**	**(1,034)**	-	(1,035)	(1,035)
Total comprehensive (loss)/income for the year	**(2,861)**	**(453)**	**(3,314)**	396	(380)	16
(Transfer of OCR allocation to technical assistance)/Allocation from OCR	**(6,000)**	**-**	**(6,000)**	6,000	-	6,000
Accumulated net income – end of year	**$52,513**	**$30,351**	**$82,864**	$61,374	$31,838	$93,212

The accompanying schedules and 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, 2015

(expressed in thousands of United States dollars)

		2015	2014
Operating activities			
Total comprehensive (loss)/income for the year		**$(2,861)**	$396
Adjustments for non-cash items			
Unrealised loss/(gain) on debt securities at fair value through profit or loss	1,649		(336)
Interest income	(14,661)		(13,409)
Transfer to technical assistance	(6,000)		-
Unrealised net foreign exchange gain	(1,968)		(1,955)
Total cash flows used in operating activities before changes in operating assets and liabilities		**(23,841)**	(15,304)
Changes in operating assets and liabilities			
Decrease/(increase) in accounts receivable	5,040		(5,040)
Increase /(decrease) in accounts payable	15		(6,989)
Cash used in operating activities		**(18,786)**	(27,333)
Disbursements on loans		**(39,080)**	(49,026)
Principal repayments to the Bank on loans		**25,613**	22,701
Interest received		**14,369**	13,374
Net increase in debt securities at fair value through profit or loss		**(3,325)**	(4,846)
Technical assistance disbursements		**(14,442)**	(14,806)
Net cash used in operating activities		**(35,651)**	(59,936)
Financing activities			
Increase/(decrease) in contributions for loans	33,252		(4,995)
Increase in receivables from contributors	(14,876)		(3,583)
Increase/(decrease) in subscriptions in advance	588		(881)
Technical assistance allocation	35,535		59,217
Net cash provided by financing activities		**54,499**	49,758
Net increase/(decrease) in cash and cash equivalents		**18,848**	(10,178)
Cash and cash equivalents - beginning of year		**$12,700**	$22,878
Cash and cash equivalents - end of year		**$31,548**	$12,700

The accompanying schedules and 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, 2015

(expressed in thousands of United States dollars)

		2015	2014
Operating activities			
Total comprehensive loss for the year		**$(453)**	$(380)
Adjustments for non-cash items			
Unrealised loss/(gain) on debt securities at fair value through profit or loss	171		(122)
Interest income	(841)		(833)
Interest expense	-		11
Unrealised net foreign exchange gains	(288)		(670)
Total cash flows used in operating activities before changes in operating assets and liabilities		**(1,411)**	(1,994)
Changes in operating assets and liabilities			
(Decrease)/increase in accounts payable		**(3,010)**	3,181
Cash (used in)/provided by operating activities		**(4,421)**	1,187
Principal repayments to the Bank on loans		**1,192**	1,153
Interest received		**864**	863
Net decrease in debt securities at fair value through profit or loss		**6,452**	5,329
Net cash provided by operating activities		**4,087**	8,532
Financing activities:			
Interest paid	-		(13)
Repayments of contributions	-		(590)
Technical assistance allocation	-		19
Appropriations of accumulated net income	(1,034)		(1,035)
Net cash used in financing activities		**(1,034)**	(1,619)
Net increase in cash and cash equivalents		**3,053**	6,913
Cash and cash equivalents – beginning of year		**9,076**	2,163
Cash and cash equivalents - end of year		**$12,129**	$9,076

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND

SUMMARY STATEMENT OF INVESTMENTS
As of December 31, 2015

(expressed in thousands of United States dollars)

SCHEDULE 1

	2015			2014		
	Market value			Market value		
Debt securities at fair value through profit or loss – Note 4	Unified	Other	Total	Unified	Other	Total
Government and Agency Obligations	**$170,186**	**$24,273**	**$194,459**	$189,683	$38,130	$227,813
Supranationals	**71,304**	**17,205**	**88,509**	60,169	9,975	70,144
Time Deposits	**20,150**	**1,891**	**22,041**	10,112	1,886	11,998
Sub-total	**261,640**	**43,369**	**305,009**	259,964	49,991	309,955
Accrued interest	**824**	**140**	**964**	617	154	771
Total – December 31	**$262,464**	**$43,509**	**$305,973**	$260,581	$50,145	$310,726

Residual term to contractual maturity

	2015	2014
One month to three months	**$26,006**	$86,338
Over three months to one year	**57,717**	93,792
From one year to five years	**189,403**	127,263
From five years to ten years	**32,847**	3,333
Total – December 31	**$305,973**	$310,726

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

SUMMARY STATEMENT OF LOANS
As of December 31, 2015

(expressed in thousands of United States dollars)

SCHEDULE 2

2015				
Member countries in which loans have been made	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Anguilla	$425	$-	$2,444	0.5
Antigua and Barbuda	-	-	2,008	0.4
Bahamas	-	-	639	0.1
Barbados	-	-	281	0.1
Belize	-	31,259	42,449	7.9
British Virgin Islands	-	277	1,249	0.2
Dominica	32,977	13,658	55,387	10.2
Grenada	3,000	21,256	77,704	14.4
Guyana	-	44,946	110,924	20.5
Jamaica	-	10,800	119,253	22.0
Montserrat	-	1,286	3,348	0.6
St. Kitts and Nevis	8,000	259	44,865	8.3
St. Lucia	6,000	28,958	44,153	8.2
St. Vincent and the Grenadines	-	23,013	28,519	5.3
Suriname	-	3,370	-	0.0
Trinidad and Tobago	1,000	-	-	0.0
Turks and Caicos Islands	-	-	4,016	0.7
Regional	-	6,375	3,207	0.6
Sub-total	$51,402	$185,457	$540,446	100.0
Accrued interest	-	-	2,981	
Total – December 31	**$51,402**	**$185,457**	**$543,427**	

1/ There are no overdue installments of principal (2014 - nil).

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

SUMMARY STATEMENT OF LOANS *...continued*
As of December 31, 2015

(expressed in thousands of United States dollars)

SCHEDULE 2

2014

Member countries in which loans have been made	Loans approved but not yet effective	Undisbursed	Outstanding[1/]	% of Total Loans Outstanding
Anguilla	$425	$112	$2,603	0.5
Antigua and Barbuda	-	-	2,274	0.4
Bahamas	-	90	660	0.1
Barbados	-	-	344	0.1
Belize	2,581	17,952	41,584	7.8
British Virgin Islands	-	300	1,362	0.3
Dominica	-	16,082	55,457	10.5
Grenada	10,700	12,009	74,085	14.1
Guyana	28,938	20,950	110,153	20.9
Jamaica	-	26,113	112,054	21.3
Montserrat	-	2,500	2,320	0.4
St. Kitts and Nevis	-	548	47,218	9.0
St. Lucia	6,000	35,581	40,392	7.7
St. Vincent and the Grenadines	-	25,492	28,472	5.4
Suriname	3,370	-	-	0.0
Trinidad and Tobago	1,000	-	-	0.0
Turks and Caicos Islands	-	-	4,620	0.9
Regional	6,375	-	3,381	0.6
Sub-total	$59,389	$157,729	$526,979	100.0
Accrued interest	-	-	2,896	
Total – December 31	**$59,389**	**$157,729**	**$529,875**	

1/ There are no overdue installments of principal (2013 - nil).

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

SUMMARY STATEMENT OF LOANS *...continued*
As of December 31, 2015

(expressed in thousands of United States dollars)

SCHEDULE 2

2015

Member countries in which loans have been made	Undisbursed	Outstanding[1/]	% of Total Loans Outstanding
Antigua and Barbuda	$-	$381	2.4
Belize	-	6,232	39.8
Dominica	-	1,760	11.2
Grenada	-	149	1.0
Jamaica	-	1,249	8.0
St. Kitts and Nevis	-	4,462	28.4
St. Lucia	-	401	2.6
St. Vincent and the Grenadines	-	1,033	6.6
Sub-total	$-	$15,667	100.0
Accrued interest	-	89	
Total	**$-**	**$15,756**	

1/ There were no overdue installments of principal (2014 - nil).

2014

Member countries in which loans have been made	Undisbursed	Outstanding[1/]	% of Total Loans Outstanding
Antigua and Barbuda	$-	$410	2.4
Belize	-	6,706	39.8
Dominica	-	1,866	11.1
Grenada	-	158	0.9
Jamaica	-	1,400	8.3
St. Kitts and Nevis	-	4,771	28.3
St. Lucia	-	444	2.6
St. Vincent and the Grenadines	-	1,105	6.6
Sub-total	$-	$16,860	100.0
Accrued interest		99	
Total	**$-**	**$16,959**	

1/ There were no overdue installments of principal (2013 - nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND

SUMMARY STATEMENT OF LOANS *...continued*
As of December 31, 2015

(expressed in thousands of United States dollars)

SCHEDULE 2

	2015			
Analysis by Contributor	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1/]**	**% of total loans outstanding**
Special Development Fund (Unified)				
Members/Contributors	$51,402	$185,457	$540,446	100.0
Accrued interest	-	-	2,981	
Total Special Development Fund (Unified)	**$51,402**	**$185,457**	**$543,427**	
Special Development Fund (Other)				
Members				
Colombia	-	-	97	0.6
Germany	-	-	115	0.7
Mexico	-	-	1,729	11.0
Venezuela	-	-	13,697	87.5
	-	-	15,638	
Other contributors				
Sweden	-	-	29	0.2
	-	-	29	100.0
Sub-total	-	-	15,667	
Accrued interest	-	-	89	
Total – Special Development Fund (Other)	**$-**	**$-**	**$15,756**	
Total Special Development Fund	**$51,402**	**$185,457**	**$559,183**	

1/There were no overdue installments of principal (2014- nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND

SUMMARY STATEMENT OF LOANS *...continued*
As of December 31, 2015

(expressed in thousands of United States dollars)

SCHEDULE 2

2014

Analysis by Contributor	Loans approved but not yet effective	Undisbursed	Outstanding[1/]	% of total loans outstanding
Special Development Fund (Unified)				
Members/Contributors	$59,389	$157,729	$526,979	100.0
Accrued interest	-	-	2,896	
Total Special Development Fund (Unified)	**$59,389**	**$157,729**	**$529,875**	
Special Development Fund (Other)				
Members Colombia	-	-	115	0.7
Germany	-	-	121	0.7
Mexico	-	-	1,860	11.0
Venezuela	-	-	14,733	87.4
	-	-	16,829	
Other contributors Sweden	-	-	31	0.2
			31	100.0
Sub-total	-	-	$16,860	
Accrued interest	-	-	99	
Total – Special Development Fund (Other)	**$-**	**$-**	**$16,959**	
Total Special Development Fund	**$59,389**	**$157,729**	**$546,834**	

1/There were no overdue installments of principal (2013- nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND

SUMMARY STATEMENT OF LOANS *...continued*
As of December 31, 2015

(expressed in thousands of United States dollars)

SCHEDULE 2

	2015					
Currencies Receivable	**Loans out-standing 2014**	**Net interest earned**	**Disburse-ments**	**Sub-total**	**Repay-ments**	**Loans out-standing 2015**
(a) Special Development Fund (Unified)						
United States dollars	$526,979	$-	$39,080	$566,059	$(25,613)	$540,446
Accrued interest	2,896	85	-	2,981	-	2,981
Total – December 31	**$529,875**	**$85**	**$39,080**	**$569,040**	**$(25,613)**	**$543,427**
(b) Special Development Fund (Other)						
United States dollars	$16,860	$-	$-	$16,860	$(1,193)	$15,667
Accrued interest[1]	99	(10)	-	89	-	89
Total	**$16,959**	**$(10)**	**$-**	**$16,949**	**$(1,193)**	**$15,756**

Maturity structure of loans outstanding

January 1, 2016 to December 31, 2016	$31,682
January 1, 2017 to December 31, 2017	30,072
January 1, 2018 to December 31, 2018	30,082
January 1, 2019 to December 31, 2019	30,085
January 1, 2020 to December 31, 2020	31,714
January 1, 2021 to December 31, 2025	150,470
January 1, 2026 to December 31, 2030	131,337
January 1, 2031 to December 31, 2035	81,475
January 1, 2036 to December 31, 2040	38,212
January 1, 2041 to December 31, 2045	4,054
Total	**$559,183**

1/Relates to amounts disbursed and outstanding.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND

SUMMARY STATEMENT OF LOANS *...continued*
As of December 31, 2015

(expressed in thousands of United States dollars)

SCHEDULE 2

	2014					
Currencies Receivable	**Loans out-standing 2013**	**Net interest earned**	**Disburse-ments**	**Sub-total**	**Repay-ments**	**Loans out-standing 2014**
(c) Special Development Fund (Unified)						
United States dollars	$500,654	$-	$49,026	$549,680	$(22,701)	$526,979
Accrued interest	2,864	32	-	2,896	-	2,896
Total – December 31	**$503,518**	**$32**	**$49,026**	**$552,576**	**$(22,701)**	**$529,875**
(d) Special Development Fund (Other)						
United States dollars	18,012	$-	$-	$18,012	$(1,152)	$16,860
Accrued interest[1]	105	(6)	-	99	-	99
Total	**$18,117**	**$(6)**	**$-**	**$18,111**	**$(1,152)**	**$16,959**

Maturity structure of loans outstanding

January 1, 2015 to December 31, 2015	$30,255
January 1, 2016 to December 31, 2016	28,139
January 1, 2017 to December 31, 2017	29,348
January 1, 2018 to December 31, 2018	29,339
January 1, 2019 to December 31, 2019	29,318
January 1, 2020 to December 31, 2024	144,961
January 1, 2025 to December 31, 2029	127,133
January 1, 2030 to December 31, 2034	86,045
January 1, 2035 to December 31, 2039	36,198
January 1, 2040 to December 31, 2044	6,098
Total	**$546,834**

1/Relates to amounts disbursed and outstanding.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES
As of December 31, 2015

(expressed in thousands of United States dollars)

SCHEDULE 3

2015

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	$45,935	$-	$45,935	$2,638	$43,297	$7,784
Bahamas	25,685	-	25,685	1,469	24,216	11,126
Barbados	25,681	-	25,681	1,469	24,212	2,832
Jamaica	43,755	-	43,755	2,638	41,117	13,573
Guyana	25,686	-	25,686	1,469	24,217	4,407
Antigua and Barbuda	2,889	632	2,257	-	2,257	777
Belize	6,575	-	6,575	360	6,215	2,252
Dominica	6,315	-	6,315	360	5,955	2,549
St. Kitts and Nevis	6,575	1,441	5,134	-	5,134	2,494
St. Lucia	6,575	-	6,575	360	6,215	2,612
St. Vincent and the Grenadines	6,587	-	6,587	360	6,227	2,029
Grenada	3,977	-	3,977	152	3,825	2,990
Montserrat	2,677	632	2,045	-	2,045	-
British Virgin Islands	2,677	-	2,677	158	2,519	-
Turks and Caicos Islands	2,677	632	2,045	-	2,045	-
Cayman Islands	2,577	1,237	1,340	-	1,340	-
Anguilla	2,677	632	2,045	-	2,045	736
Colombia	30,657	-	30,657	881	29,776	-
Venezuela	25,506	3,524	21,982	-	21,982	-
Canada	342,182	-	342,182	33,217	308,965	-
United Kingdom	277,331	-	277,331	26,026	251,305	14,820
Germany	101,173	-	101,173	7,980	93,193	1,115
Italy	65,296	3,244	62,052	-	62,052	-
China	48,298	-	48,298	1,750	46,548	-
Haiti	2,505	945	1,560	-	1,560	-
Suriname	2,160	-	2,160	540	1,620	1,080
Mexico	20,524	3,524	17,000	-	17,000	-
	$1,135,152	$16,443	$1,118,709	$81,827	$1,036,882	$73,176
Other contributors						
France	$58,254	$-	$58,254	$-	$58,254	$-
Chile	10	-	10	-	10	-
Netherlands	24,902	-	24,902	-	24,902	-
	$1,218,318	$16,443	$1,201,875	$81,827	$1,120,048	$73,176
Technical assistance allocation	$(430,600)	$-	$(430,600)	$-	$(430,600)	$-
	$787,718	$16,443	$771,275	$81,827	$689,448	$73,176

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES *...continued*
As of December 31, 2015

(expressed in thousands of United States dollars)

SCHEDULE 3

2015

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	$787,718	$16,443	$771,275	$81,827	$689,448	$73,176
Special Development Fund – Other						
Members						
Colombia	5,000	-	5,000	-	5,000	-
Mexico 3/	13,067	-	13,067	-	13,067	-
Venezuela	17,473	-	17,473	-	17,473	-
	35,540	-	35,540	-	35,540	-
Other contributors						
Sweden	3,080	-	3,080	-	3,080	-
Sub-total	38,620	-	38,620	-	38,620	-
Total SDF	**$826,338**	**$16,443**	**$809,895**	**$81,827**	**$728,068**	**$73,176**
Summary						
Members	$740,092	$16,443	$723,649	$81,827	$641,822	$73,176
Other contributors	86,246	-	86,246	-	86,246	-
	$826,338	**$16,443**	**$809,895**	**$81,827**	**$728,068**	**$73,176**

1/Net of repayments

2/Contributions not yet firmly pledged by Governments

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES *...continued*
As of December 31, 2015

(expressed in thousands of United States dollars)

2014

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	$45,935	$10,551	$35,384	$-	$35,384	$7,784
Bahamas	25,685	-	25,685	2,938	22,747	11,764
Barbados	25,681	-	25,681	2,938	22,743	2,832
Jamaica	43,755	-	43,755	5,275	38,480	11,595
Guyana	25,686	5,876	19,810	-	19,810	-
Antigua and Barbuda	2,889	632	2,257	-	2,257	777
Belize	6,575	-	6,575	721	5,854	2,029
Dominica	6,315	-	6,315	721	5,594	2,549
St. Kitts and Nevis	6,575	1,441	5,134	-	5,134	2,494
St. Lucia	6,575	-	6,575	721	5,854	2,390
St. Vincent and the Grenadines	6,588	-	6,588	721	5,867	2,304
Grenada	3,977	-	3,977	304	3,673	2,687
Montserrat	2,677	632	2,045	-	2,045	-
British Virgin Islands	2,677	-	2,677	316	2,361	-
Turks and Caicos Islands	2,677	1,237	1,440	-	1,440	-
Cayman Islands	2,577	1,237	1,340	-	1,340	-
Anguilla	2,677	632	2,045	-	2,045	946
Colombia	30,657	-	30,657	1,762	28,895	-
Venezuela	25,506	3,524	21,982	-	21,982	-
Canada	329,324	-	329,324	33,217	296,107	-
United Kingdom	260,352	-	260,352	23,659	236,693	10,910
Germany	98,197	-	98,197	7,980	90,217	2,490
Italy	65,882	3,244	62,638	-	62,638	-
China	48,298	-	48,298	3,500	44,798	-
Haiti	2,505	945	1,560	-	1,560	-
Suriname	2,160	-	2,160	1,080	1,080	1,080
Mexico	20,524	6,524	14,000	-	14,000	-
	$1,102,926	$36,475	$1,066,451	$85,853	$980,598	$64,631
Other contributors						
France	$58,254	$-	$58,254	$-	$58,254	$-
Chile	10	-	10	-	10	-
Netherlands	24,902	-	24,902	-	24,902	-
	$1,186,092	$36,475	$1,149,617	$85,853	$1,063,764	$64,631
Technical assistance allocation	$(405,600)	$-	$(405,600)	$-	$(405,600)	$-
	$780,492	$36,475	$744,017	$85,853	$658,164	$64,631

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES *...continued*
As of December 31, 2015

(expressed in thousands of United States dollars)

SCHEDULE 3

2014

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	$780,492	$36,475	$744,017	$85,853	$658,164	$64,631
Special Development Fund – Other						
Members						
Colombia	5,000	-	5,000	-	5,000	-
Mexico [3/]	13,067	-	13,067	-	13,067	-
Venezuela	17,473	-	17,473	-	17,473	-
	35,540	-	35,540	-	35,540	-
Other contributors						
Sweden	3,368	-	3,368	-	3,368	-
Sub-total	38,908	-	38,908	-	38,908	-
Total SDF	**$819,400**	$36,475	**$782,925**	$85,853	**$697,072**	$64,631
Summary						
Members	$732,866	$36,475	$696,391	$85,853	$610,538	$64,631
Other contributors	86,534	-	86,534	-	86,534	-
	$819,400	**$36,475**	**$782,925**	**$85,853**	**$697,072**	**$64,631**

1/Net of repayments

2/Contributions not yet firmly pledged by Governments

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES *...continued*
As of December 31, 2015

(expressed in thousands of United States dollars)

SCHEDULE 3

2015

Currencies	Amounts made available 2014	Translation adjustment	Draw-downs/ appropriations from capital 1/	Sub- total	Repayments	Amounts made available 2015
(a) Special Development Fund (Unified)						
Euros	$8,110	$(993)	$(967)	$6,150	$-	$6,150
Pounds sterling	10,910	(975)	4,884	14,819	-	14,819
United States dollar	639,144	-	29,335	668,479	-	668,479
	$658,164	$(1,968)	$33,252	$689,448	$-	$689,448
(b) Special Development Fund (Other)						
Swedish kroners	$3,368	$(288)	$-	$3,080	$-	$3,080
United States dollars	35,540	-	-	35,540	-	35,540
	$38,908	$(288)	$-	$38,620	$-	$38,620

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND

STATEMENT OF CONTRIBUTED RESOURCES *...continued*
As of December 31, 2015

(expressed in thousands of United States dollars)

SCHEDULE 3

2014

Currencies	Amounts made available 2013	Translation adjustment	Draw-downs/ appropriations from capital [1/]	Sub- total	Repayments	Amounts made available 2014
(c) Special Development Fund (Unified)						
Euros	$6,370	$4,230	$(2,490)	$8,110	$-	$8,110
Pounds sterling	14,878	(851)	(3,117)	10,910	-	10,910
United States dollar	643,866	(5,334)	612	639,144	-	639,144
	$665,114	**$(1,955)**	**$(4,995)**	**$658,164**	**$-**	**$658,164**
(d) Special Development Fund (Other)						
Swedish kroners	$4,038	$(670)	$-	$3,368	$-	$3,368
United States dollars	36,130	-	-	36,130	(590)	35,540
	$40,168	**$(670)**	**$-**	**$39,498**	**$(590)**	**$38,908**

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND

STATEMENT OF ACCUMULATED NET INCOME
As of December 31, 2015

(expressed in thousands of United States dollars)

SCHEDULE 4

	2015			
Contributors	**Brought forward 2014**	**Net income 2015**	**Appro-priations**	**Carried forward 2015**
Special Development Fund (Unified)	$61,374	$(2,861)	$(6,000)	$52,513
Special Development Fund (Other)				
Members				
Colombia	$2,125	$(136)	$-	$1,989
Germany	(1,088)	(128)	-	(1,216)
Mexico	7,212	(75)	-	7,137
Venezuela	9,918	10	(1,034)	8,894
	$18,167	$(329)	$(1,034)	$16,804
Other contributors				
Sweden	$2,453	$(205)	$-	$2,248
United States of America	11,218	81	-	11,299
	$13,671	$(124)	$-	$13,547
	$31,838	$(453)	$(1,034)	$30,351
Total Special Development Fund	**$93,212**	**$(3,314)**	**$(7,034)**	**$82,864**
Summary				
Members	$79,541	$(3,190)	$(7,034)	$69,317
Other contributors	13,671	(124)	-	13,547
Total SDF	**$93,212**	**$(3,314)**	**$(7,034)**	**$82,864**

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND

STATEMENT OF ACCUMULATED NET INCOME *...continued*
As of December 31, 2015

(expressed in thousands of United States dollars)

SCHEDULE 4

	2014			
Contributors	**Brought forward 2013**	**Net income 2014**	**Allocation/ (Appro-priations)**	**Carried forward 2014**
Special Development Fund (Unified)	$54,978	$396	$6,000	$61,374
Special Development Fund (Other)				
Members				
Colombia	$2,223	$(98)	$-	$2,125
Germany	(983)	(105)	-	(1,088)
Mexico	7,210	2	-	7,212
Venezuela	10,879	74	(1,035)	9,918
	$19,329	$(127)	$(1,035)	$18,167
Other contributors				
Sweden	$2,814	$(361)	$-	$2,453
United States of America	11,110	108	-	11,218
	$13,924	$(253)	$-	$13,671
	$33,253	$(380)	$(1,035)	$31,838
Total Special Development Fund	**$88,231**	**$16**	**$4,965**	**$93,212**
Summary				
Members	$74,307	$269	$4,965	$79,541
Other contributors	13,924	(253)	-	13,671
Total SDF	**$88,231**	**$16**	**$4,965**	**$93,212**

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

(expressed in thousands of United States dollars)

1. 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.

2. 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 presented in accordance with International Financial Reporting Standards (IFRS) and 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.

Foreign currency translation

Functional and presentation currency

The functional and presentation currency of the Fund is the United States dollar (US$) and the Fund's financial statements are rounded to the nearest thousand. Monetary assets and liabilities in currencies other than United States dollars are translated 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 using the exchange rates at the dates of the initial transactions.

Foreign currency transactions are initially 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 statement of total comprehensive income for the year.

Debt securities at fair value through profit or loss

All debt securities are in a portfolio designated at fair value through the profit or loss and reported at fair market value. Securities are recognised on the statement of financial position when the Fund assumes related contractual rights and de-recognised when the rights to secure cash flows from the financial asset expire or when all risks and rewards of ownership have been substantially transferred.

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

Debt securities at fair value through profit or loss*...continued*

Regular way purchases and sales of financial assets are recognised on the settlement date which is the date the Fund becomes a party to the contractual provisions of the instrument.

All securities are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income and accumulated net income. Gains and losses arising from changes in the fair value of debt securities through profit or loss are included in the profit for the year in the statement of comprehensive income and accumulated net income in the period in which they arise. Interest income earned whilst holding securities is reported as "Interest and similar income - investments and cash balances" in the statement of comprehensive income and accumulated net income.

Determination of fair value

For securities traded in active markets, the determination of fair values is based on quoted market prices or dealer price quotations. A security 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 securities in inactive markets, fair values are 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 curves, FX rates, volatilities and counterparty spreads) existing at the reporting date.

The Fund uses widely recognised valuation models for determining fair values of non-standardised financial instruments. For these securities, inputs into models are generally market-observable.

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 amortised cost using the effective interest rate method net of impairments if any.

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.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

(expressed in thousands of United States dollars)

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

Loans*...continued*

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 and 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 impairment on loans as any loss that may occur is taken in the statement of comprehensive income and accumulated net income for that year.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with maturities of three months or less from the date of acquisition.

Technical assistance and grants

Technical assistance and grants for capital projects to borrowing member countries are provided either from grants received from contributors or from other resources specifically allocated for this purpose. The contributions from donors are included in the financial statements from the date of the contribution agreement. Technical assistance is recognised when the project is approved and becomes effective.

Interest income and charges on contributions

For instruments carried at amortised cost, interest income and expense are recognised in the statement of comprehensive income and accumulated net income using the effective interest rate method. Interest income and expense are recognised as earned for items classified as fair value through profit or loss.

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 ("OCR), the Other Special Funds ("OSF") and the SDF in accordance with a method of allocation approved by the Board of Directors.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

(expressed in thousands of United States dollars)

3. Cash and cash equivalents

Cash and cash equivalents comprise:

	SDF Unified		SDF Other	
	2015	2014	**2015**	2014
Due to banks	**$1,351**	$(10,811)	**$3,325**	$5,075
Time deposits	**30,197**	23,511	**8,804**	4,001
	$31,548	$12,700	**$12,129**	$9,076

4. Debt securities at fair value through profit or loss

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

The annualised rate of return on the average investments held during the year, including realised and unrealised gains and losses was 0.41% (2014: 0.66%). Net realised gains on investments traded during 2015 for the Unified and Other funds amounted to $174 (2014: $40) and net unrealised losses were $1,649 (2014: $213).

5. Funds

In accordance with the Agreement establishing the Bank (the Charter), 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, comprising longer maturities, longer deferred commencement of repayment and lower interest rates than those determined by the Bank in 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”).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

(expressed in thousands of United States dollars)

5. Funds...*continued*

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

(i) **Special Development Fund – Unified**

	2015	**2014**
Contributions (as per Schedule 3)	**$689,448**	$658,164

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, however under the Rules of the Special Development Fund, its contributions are non-reimbursable.

(ii) **Special Development Fund - Other**

	2015	**2014**
Colombia (as per Schedule 3)	**$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 (2014: $39) has been incurred on technical assistance and has been charged against the income from the contribution.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

(expressed in thousands of United States dollars)

5. Funds...*continued*

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

	2015	2014
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
Sub-total (as per Schedule 3)	**$13,067**	$13,067
Technical assistance resources	**$2,285**	$2,285

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

	2015	2014
Venezuela		
First contribution	**$10,000**	$10,000
Less technical assistance	**(177)**	(177)
	9,823	9,823
Second contribution	**7,650**	7,650
Sub-total (as per Schedule 3)	**$17,473**	$17,473

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.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

(expressed in thousands of United States dollars)

5. Funds...*continued*

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

	2015	2014
Sweden (as per Schedule 3)	**$3,080**	$3,368

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

	2015	2014
United States of America		
First contribution	**$10,000**	$10,000
Less repayments	**(10,000)**	(10,000)
	-	-
Second contribution	**12,000**	12,000
Less repayments	**(12,000)**	(12,000)
	$-	$-
Technical Assistance	**$302**	$302

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 second contribution is repayable over the period 1984 to 2014.

6. Accumulated net income and total comprehensive income for the year

In accordance with the rules of the Special Development Fund, the accumulated net income and total comprehensive 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.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

(expressed in thousands of United States dollars)

7. Technical assistance and grant resources – Unified and Other

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 during the years ended December 31, 2015 and 2014 were as follows:

Balance at December 31, 2013	$59,456
Allocations for the year	53,236
Expenditure for the year	$(14,805)
Balance at December 31, 2014	**$97,887**
Allocations for the year	35,534
Expenditure for the year	(14,442)
Balance at December 31, 2015	**$118,979**

8. Loans outstanding – Unified and Other

The average interest rate earned on loans outstanding was 2.32% (2014: 2.34 %). There were no impaired loans at or during the financial years ended December 31, 2015 and 2014.

9. Accounts receivable – Unified and Other

	2015	**2014**
Inter-fund receivable	**$1**	**$5,041**

10. Accounts payable – Unified and Other

	2015	**2014**
Accounts payable - general	**$57,628**	$60,360
Interfund payables	**4,245**	4,508
	$61,873	$64,868

Ernst & Young
P.O. Box 261
Bridgetown, BB11000
Barbados, W.I.

Street Address
Worthing,
Christ Church, BB15008
Barbados, W.I.

Tel: 246 430 3900
Fax: 246 426 9551
246 435 2079
246 430 3879
www.ey.com

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Independent Auditors' Report

To the Board of Governors of Caribbean Development Bank

We have audited the accompanying financial statements of the **Other Special Funds** of the **Caribbean Development Bank** ("the Bank") which comprise the statement of financial position as of December 31, 2015, 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 2.

Management's responsibility for the financial statements
Management is responsible for the preparation and fair presentation of these financial statements using the basis of accounting described in Note 2, 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, the financial statements of the Other Special Funds for the year ended December 31, 2015 are prepared, in all material respects, in accordance with the basis of accounting described in Note 2.

Basis of accounting
Without modifying our opinion, we draw attention to Note 2 of 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
Barbados
March 9, 2016

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

STATEMENT OF FINANCIAL POSITION
As of December 31, 2015

(expressed in thousands of United States dollars)

		2015	2014
Assets			
Cash and cash equivalents – Note 3		**$28,810**	$31,013
Investments at fair value through profit or loss (Schedule 1)		**69,563**	71,713
Loans outstanding (Schedule 2)		**110,356**	116,449
Accounts receivable – Note 8		**56,377**	60,361
Total assets		**$265,106**	$279,536
Liabilities and Funds			
Liabilities			
Accounts payable – Note 9		**$4,907**	$7,301
Accrued charges on contributions repayable		**219**	234
		5,126	7,535
Funds			
Contributed resources - (Schedule 3)	$66,600		70,229
Accumulated net income (Schedule 4)	59,162		55,163
		125,762	125,392
Technical assistance and other grant resources (Schedule 5)		**134,218**	146,609
Total liabilities and funds		**$265,106**	$279,536

The accompanying schedules and notes and schedules 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, 2015

(expressed in thousands of United States dollars, unless otherwise stated)

	2015	2014
Interest and similar income		
Loans	$2,454	$2,563
Investments and cash balances	3,261	1,880
	5,715	4,443
Expenses		
Administrative expenses	1,432	1,189
Charges on contributions repayable	845	931
Foreign exchange translation	(561)	(517)
Total expenses	1,716	1,603
Total comprehensive income for the year	$3,999	$2,840
Accumulated net income		
Accumulated net income– beginning of year	$55,163	$52,323
Total comprehensive income for the year	3,999	2,840
Accumulated net income– end of year	$59,162	$55,163

The accompanying schedules and 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, 2015

(expressed in thousands of United States dollars, unless otherwise stated)

		2015	2014
Operating activities			
Total comprehensive income for the year		$3,999	$2,840
Adjustments for non-cash items			
Net unrealised loss on investments	5,853		27
Interest income	(3,786)		(3,932)
Interest expense	845		931
Net foreign exchange gains	(561)		(573)
Total cash flow from (used in) operating activities before changes in operating assets and liabilities		6,350	(707)
Changes in operating assets and liabilities			
Decrease in accounts receivable	3,984		5,094
(Decrease)/ increase in accounts payable	(2,394)		726
Cash provided by operating activities		7,940	5,113
Disbursements on loans		(1,111)	(3,474)
Principal repayment to the Bank on loans		6,421	5,369
Technical assistance disbursements		(11,849)	(12,629)
Interest received		3,805	3,980
Net increase in investments		(3,672)	(989)
Net cash provided by/ (used in) operating activities		1,534	(2,630)
Financing activities			
Interest paid	(860)		(946)
Contributions:			
Increase in contributions to fund loans	699		2,166
Reimbursement of repayable contributions	(3,018)		(3,161)
Technical assistance contributions	(558)		18,093
Net cash (used in)/ provided by financing activities		(3,737)	16,152
Net (decrease)/ increase in cash and cash equivalents		(2,203)	13,522
Cash and cash equivalents at beginning of year		31,013	17,491
Cash and cash equivalents at end of year		$28,810	$31,013

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF INVESTMENTS
As of December 31, 2015

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 1

Investments	2015 Market value	2014 Market value
Debt securities at fair value through profit or loss – Note 4		
Government and Agency obligations	**$39,120**	$37,171
Supranationals	**6,902**	3,858
Other securities at fair value through profit or loss		
Time Deposits	**3,505**	-
Mutual Funds	**8,599**	9,024
Managed Funds	**3,897**	11,184
Equity Investments	**7,420**	10,386
Sub-total	**69,443**	71,623
Accrued interest	**120**	90
	$69,563	$71,713

Residual Term to Contractual Maturity

	2015	2014
1 – 3 months	**$23,512**	$33,148
3 months - 1 year	**14,647**	12,940
1 year - 5 years	**31,404**	25,625
	69,563	$71,713

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS
As of December 31, 2015

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

	2015			
Member countries in which loans have been made	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Anguilla	$-	$-	$6	0.0
Antigua and Barbuda	-	-	3,862	3.5
Barbados	-	-	6,020	5.5
Belize	-	-	-	0.0
British Virgin Islands	-	-	-	0.0
Cayman Islands	-	-	-	0.0
Dominica	-	1,420	17,482	15.9
Grenada	-	4	22,078	20.1
Guyana	-	-	3,194	2.9
Jamaica	-	-	28,106	25.6
Montserrat	-	-	-	0.0
St. Kitts and Nevis	-	-	2,500	2.3
St. Lucia	1,297	574	17,974	16.4
St. Vincent and the Grenadines	-	264	7,868	7.2
Trinidad and Tobago	-	-	675	0.6
Regional	-	-	-	0.0
Sub-total	1,297	2,262	109,765	100.0
Accrued interest	-	-	591	
	$1,297	**$2,262**	**$110,356**	

1/There were no overdue installments of principal at December, 2015 (2014 -nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS *...continued*
As of December 31, 2015

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

	2014			
Member countries in which loans have been made	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Anguilla	$-	$-	$31	0.0
Antigua and Barbuda	-	-	4,209	3.6
Barbados	-	-	6,553	5.7
Belize	-	-	-	0.0
British Virgin Islands	-	-	-	0.0
Cayman Islands	-	-	-	0.0
Dominica	-	1,420	18,541	16.1
Grenada	-	4	22,934	19.8
Guyana	-	-	3,459	3.0
Jamaica	-	-	29,770	25.7
Montserrat	-	-	-	0.0
St. Kitts and Nevis	-	-	2,824	2.4
St. Lucia	-	1,087	18,776	16.2
St. Vincent and the Grenadines	-	862	7,855	6.8
Trinidad and Tobago	-	-	857	0.7
Regional	-	-	-	0.0
Sub-total	-	3,373	115,809	100.0
Accrued interest		-	640	
	$-	**$3,373**	**$116,449**	

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS *...continued*
As of December 31, 2015

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

	2015			
Analysis by Contributor	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Members				
Trinidad and Tobago	$-	$-	$3	0.0
Other contributors				
Caribbean Development Bank	-	574	53,478	48.8
Nigeria	-	-	3,250	3.0
United States of America	-	-	6	0.0
Inter-American Development Bank	1,297	1,688	37,688	34.3
European Union		-	1,573	1.4
International Development Association	-	-	13,767	12.5
Sub-total	1,297	2,262	109,765	100.0
Accrued interest		-	591	
	$1,297	**$2,262**	**$110,356**	

1/ There were no overdue installments of principal at December 31, 2015 (2014 – nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS *...continued*
As of December 31, 2015

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

	2014			
Analysis by Contributor	**Loans approved but not yet effective**	**Undisbursed**	**Outstanding[1/]**	**% of Total Loans Outstanding**
Members				
Trinidad and Tobago	$-	$-	$3	0.0
Other contributors				
Caribbean Development Bank	-	1,087	56,154	48.5
Nigeria	-	-	3,497	3.0
United States of America	-	-	31	0.0
Inter-American Development Bank	-	2,286	38,865	33.6
European Union	-	-	1,997	1.7
International Development Association	-	-	15,262	13.2
Sub-total	-	3,373	115,809	100.0
Accrued interest	-	-	640	
	$-	**$3,373**	**$116,449**	

1/ There were no overdue installments of principal at December 31, 2014 (2013 – nil).

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS *...continued*
As of December 31, 2015

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

	2015						
Currencies receivable	**Loans out-standing 2014**	**Trans-lation adjust-ment**	**Net interest earned**	**Disburse-ments**	**Sub-total**	**Repay-ments**	**Loans out-standing 2015**
Euros	$1,997	$(210)	$-	$-	$1,787	$(214)	$1,573
Special Drawing Rights	12,311	(524)	-	-	11,787	(774)	11,013
United States dollars	101,501	-	-	1,111	102,612	(5,433)	97,179
Sub-total	115,809	(734)	-	1,111	116,186	(6,421)	109,765
Accrued interest[1]	640	-	(49)	-	591	-	591
	$116,449	**$(734)**	**$(49)**	**$1,111**	**$116,777**	**$(6,421)**	**$110,356**

1/ Relates to amounts disbursed and outstanding.

Maturity structure of loans outstanding

January 1, 2016 to December 31, 2016	$7,197
January 1, 2017 to December 31, 2017	6,843
January 1, 2018 to December 31, 2018	6,845
January 1, 2019 to December 31, 2019	6,848
January 1, 2020 to December 31, 2020	6,850
January 1, 2021 to December 31, 2025	33,087
January 1, 2026 to December 31, 2030	23,939
January 1, 2031 to December 31, 2035	13,586
January 1, 2036 to December 31, 2040	1,472
January 1, 2041 to December 31, 2045	654
January 1, 2046 to December 31, 2052	3,035
	$110,356

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF LOANS *...continued*
As of December 31, 2015

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 2

	2014						
Currencies receivable	**Loans outstanding 2013**	**Translation adjustment**	**Net interest earned**	**Disbursements**	**Sub-total**	**Repayments**	**Loans outstanding 2014**
Euros	$2,535	$(299)	$-	$-	$2,236	$(239)	$1,997
Special Drawing Rights	13,948	(828)	-	-	13,120	(809)	12,311
United States dollars	102,348	-	-	3,474	105,822	(4,321)	101,501
Sub-total	118,831	(1,127)	-	3,474	121,178	(5,369)	115,809
Accrued interest[1]	663	-	(23)	-	640	-	640
	$119,494	**$(1,127)**	**$(23)**	**$3,474**	**$121,818**	**$(5,369)**	**$116,449**

1/ Relates to amounts disbursed and outstanding.

Maturity structure of loans outstanding

January 1, 2015 to December 31, 2015	$7,112
January 1, 2016 to December 31, 2016	6,645
January 1, 2017 to December 31, 2017	6,882
January 1, 2018 to December 31, 2018	6,884
January 1, 2019 to December 31, 2019	6,887
January 1, 2020 to December 31, 2024	33,928
January 1, 2025 to December 31, 2029	26,231
January 1, 2030 to December 31, 2034	16,572
January 1, 2035 to December 31, 2039	2,087
January 1, 2040 to December 31, 2044	654
January 1, 2045 to December 31, 2052	2,567
	$116,449

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF CONTRIBUTIONS
As of December 31, 2015

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

	2015 Contributions	
Contributors	**Total** 1/	**Amounts made available**
Members		
Canada	$6,443	$6,443
Other contributors		
Inter-American Development Bank	148	148
Contributed resources	6,591	6,591
Other contributors		
Inter-American Development Bank [1/]	39,083	39,083
European Investment Bank [1/]	1,088	1,088
United States Agency for International Development	2,263	2,263
European Union	2,279	2,279
International Development Association	15,296	15,296
Repayable contributions	60,009	60,009
	$66,600	**$66,600**

1/Net of cancellations and repayments

Maturity structure of repayable contributions outstanding

January 1, 2016 to December 31, 2016	$4,299
January 1, 2017 to December 31, 2017	3,310
January 1, 2018 to December 31, 2018	3,156
January 1, 2019 to December 31, 2019	2,995
January 1, 2020 to December 31, 2020	2,839
January 1, 2021 to December 31, 2025	12,252
January 1, 2026 to December 31, 2030	11,301
January 1, 2031 to December 31, 2035	8,569
January 1, 2036 to December 31, 2040	5,444
January 1, 2041 to December 31, 2053	5,844
	$60,009

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF CONTRIBUTIONS *...continued*
As of December 31, 2015

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

	2014 Contributions	
Contributors	**Total** 1/	**Amounts made available**
Members		
Canada	$6,726	$6,726
Other contributors		
Inter-American Development Bank	148	148
Contributed resources	6,874	6,874
Other contributors		
Inter-American Development Bank [1/]	39,550	39,550
European Investment Bank [1/]	1,215	1,215
United States Agency for International Development	2,874	2,874
European Union	2,907	2,907
International Development Association	16,809	16,809
Repayable contributions	63,355	63,355
	$70,229	**$70,229**

1/Net of cancellations and repayments.

Maturity structure of repayable contributions outstanding

January 1, 2015 to December 31, 2015	$4,308
January 1, 2016 to December 31, 2016	3,282
January 1, 2017 to December 31, 2017	3,381
January 1, 2018 to December 31, 2018	3,228
January 1, 2019 to December 31, 2019	3,067
January 1, 2020 to December 31, 2024	13,033
January 1, 2025 to December 31, 2029	11,811
January 1, 2030 to December 31, 2034	9,034
January 1, 2035 to December 31, 2039	6,077
January 1, 2040 to December 31, 2053	6,134
	$63,355

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

SUMMARY STATEMENT OF CONTRIBUTIONS *...continued*
As of December 31, 2015

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 3

	2015					
Currencies Repayable	**Contri-butions made available 2014**	**Trans-lation adjust-ment**	**Draw-downs/ appro-priations from capital**	**Sub-total**	**Repay-ments**	**Contri-butions made available 2015**
Japanese Yen	$16	$-	$-	$16	$(16)	$-
Canadian dollars	1,748	(287)	-	1,461	(19)	1,442
Euros	4,122	(429)	-	3,693	(325)	3,368
Pounds sterling	25	(1)	-	24	(24)	-
Special Drawing Rights	13,893	(592)	-	13,301	(727)	12,574
Swedish kroners	9	(1)	-	8	(8)	-
United States dollars	50,416	-	699	51,115	(1,899)	49,216
	$70,229	**$(1,310)**	**$699**	**$69,618**	**$(3,018)**	**$66,600**

	2014					
Currencies Repayable	**Contri-butions made available 2013**	**Trans-lation adjust-ment**	**Draw-downs/ appro-priations from capital**	**Sub-total**	**Repay-ments**	**Contri-butions made available 2014**
Japanese Yen	$52	$(6)	$-	$46	$(30)	$16
Canadian dollars	1,952	(160)	-	1,792	(44)	1,748
Euros	5,080	(599)	-	4,481	(359)	4,122
Pounds sterling	79	(5)	-	74	(49)	25
Special Drawing Rights	15,578	(925)	-	14,653	(760)	13,893
Swedish kroners	32	(5)	-	27	(18)	9
United States dollars	50,151	-	2,166	52,317	(1,901)	50,416
	$72,924	**$(1,700)**	**$2,166**	**$73,390**	**$(3,161)**	**$70,229**

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

STATEMENT OF ACCUMULATED NET INCOME
As of December 31, 2015

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 4

2015

Contributors	**Brought forward 2014**	**Net Income/(Loss) 2015**	**Carried forward 2015**
General Funds	$45,445	$4,361	$49,806
European Investment Bank	(867)	101	(766)
European Union	2,521	(41)	2,480
Inter-American Development Bank	(191)	(306)	(497)
International Development Association	283	63	346
Nigeria	6,032	(56)	5,976
United States of America	1,940	(123)	1,817
	$55,163	**$3,999**	**$59,162**

2014

Contributors	**Brought forward 2013**	**Net Income/(Loss) 2014**	**Carried forward 2014**
General Funds	$42,518	$2,927	$45,445
European Investment Bank	(990)	123	(867)
European Union	2,557	(36)	2,521
Inter-American Development Bank	(43)	(148)	(191)
International Development Association	214	69	283
Nigeria	6,048	(16)	6,032
United States of America	2,019	(79)	1,940
	$52,323	**$2,840**	**$55,163**

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

STATEMENT OF TECHNICAL ASSISTANCE AND OTHER GRANT RESOURCES
As of December 31, 2015

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 5

	2015			
	Contributors			
Contributors	Total 1/	Amounts made available	Amounts utilized	Net Amounts available
Members				
Canada	$58,025	$58,025	$41,635	$16,390
United Kingdom	23,887	23,887	19,945	3,942
Italy	522	522	252	270
	$82,434	$82,434	$61,832	$20,602
Other contributors				
Caribbean Development Bank	$230,529	$230,529	$134,217	$96,312
United States of America	1,407	1,407	1,407	-
Inter-American Development Bank	3,549	3,549	3,354	195
China	677	677	198	479
Venezuela	586	586	-	586
Nigeria	193	193	147	46
European Commission	17,859	17,859	4,009	13,850
Deutsche Gesellshaft für Internationale Zusammenarbeit (GIZ) GmbH	298	298	243	55
European Investment Bank Climate Action Support	2,184	2,184	91	2,093
Sub-total	$257,282	$257,282	$143,666	$113,616
Total – December 31	**$339,716**	**$339,716**	**$205,498**	**$134,218**
Summary				
Basic Needs Trust Fund	$157,250	$157,250	$100,616	$56,634
Other resources	182,466	182,466	104,882	77,584
	$339,716	**$339,716**	**$205,498**	**$134,218**

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 *...continued*
As of December 31, 2015

(expressed in thousands of United States dollars, unless otherwise stated)

SCHEDULE 5

	2014			
	Contributors			
Contributors	**Total** 1/	**Amounts made available**	**Amounts utilized**	**Net Amounts available**
Members				
Canada	$59,032	$59,032	$40,754	$18,278
United Kingdom	27,314	27,314	16,666	10,648
Italy	522	522	252	270
	$86,868	$86,868	$57,672	$29,196
Other contributors				
Caribbean Development Bank	$228,042	$228,042	$127,377	$100,665
United States of America	1,407	1,407	1,407	-
Inter-American Development Bank	3,540	3,540	3,350	190
China	677	677	198	479
Venezuela	587	587	-	587
Nigeria	193	193	147	46
European Commission	16,586	16,586	3,464	13,122
Deutsche Gesellshaft für Internationale Zusammenarbeit (GIZ) GmbH	298	298	158	140
European Investment Bank Climate Action Support	2,184	2,184	-	2,184
Sub-total	$253,514	$253,514	$136,101	$117,413
Total – December 31	**$340,382**	**$340,382**	**$193,773**	**$146,609**
Summary				
Basic Needs Trust Fund	$154,750	$154,750	$94,309	$60,441
Other resources	185,632	185,632	99,464	86,168
	$340,382	**$340,382**	**$193,773**	**$146,609**

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - SPECIAL DEVELOPMENT FUND

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

(expressed in thousands of United States dollars, unless otherwise stated)

1. 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.

2. 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 presented in accordance with International Financial Reporting Standards (IFRS). 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.

Foreign currency translation

Functional and presentation currency

The functional and presentation currency of the Fund is the United States dollar (US$) and the Fund's financial statements are rounded to the nearest thousand. Monetary assets and liabilities in currencies other than United States dollars are translated 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 using the exchange rates at the dates of the initial transactions.

Foreign currency transactions are initially 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 profit or loss in the statement of comprehensive income and accumulated net income for the year.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

(expressed in thousands of United States dollars, unless otherwise stated)

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

Investments

All investment securities with the exception of equities are in a portfolio designated at fair value through profit or loss and reported at fair market value. Securities are recognised on the statement of financial position when the Fund assumes related contractual rights and de-recognised when the rights to secure cash flows from the financial asset expire or when all risks and rewards of ownership have been substantially transferred.

Equity instruments are carried at cost where they do not have a quoted market price in an active market and their fair value cannot be reliably measured.

Regular way purchases and sales of financial assets are recognised on the settlement date which is the date the Fund becomes a party to the contractual provisions of the instrument.

All securities are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income and accumulated net income in the period during which they arise. Gains and losses arising from changes in the fair value of securities designated at fair value through profit or loss are included in technical assistance (TA) contributions/ expenses for the year based on the terms of the specific fund. Interest or dividend income earned whilst holding securities is reported as "Interest and similar income -investments and cash balances" in the statement of comprehensive income and accumulated net income.

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 within income from investments and cash balances in the statement of comprehensive income and accumulated net 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.

Determination of fair value

For securities traded in active markets, the determination of fair values is based on quoted market prices or dealer price quotations. A security 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 debt securities in inactive markets 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 curves, FX rates, volatilities and counterparty spreads) existing at the reporting date.

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

Investments...*continued*

The Fund uses widely recognised valuation models for determining fair values of non-standardised financial instruments. For these securities, inputs into models are generally market-observable.

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 amortised cost using the effective interest rate method less any impairment.

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 impairment on loans as any loss that may occur is taken into the statement of comprehensive income and accumulated net income in the year that the impairment occurred.

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

(expressed in thousands of United States dollars, unless otherwise stated)

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

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with maturities of three months or less from the date of acquisition.

Technical assistance and grants

Technical assistance and grants for capital projects to borrowing member countries are provided either from non-reimbursable grants received from contributors or from other resources specifically allocated for this purpose. The contributions from donors are included in the financial statements from the date of the contribution agreement. Technical assistance is recognised when the project is approved and becomes effective.

Interest income and charges on contributions

Interest income and charges on contributions are recognised in the statement of comprehensive income and accumulated net income for all interest-bearing instruments carried at amortised cost using the effective interest rate method.

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

Administrative expenses

Administrative expenses incurred by the Bank which cannot be directly charged to individual funds are allocated between the OCR, the OSF and the SDF in accordance with a method of allocation which is approved by the Board of Directors.

3. Cash and cash equivalents

Cash and cash equivalents comprise:

	2015	2014
Due from banks	**$6,117**	$19,810
Time deposits	**22,693**	11,203
	$28,810	$31,013

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

(expressed in thousands of United States dollars, unless otherwise stated)

4. Investments at fair value through profit and loss

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 realised and unrealised gains and losses was 3.24% (2014: 1.07%). Net realised gains on investments traded during 2015 amounted to $7,779 (2014: $541) and net unrealised losses of $5,852 (2014: $27).

5. Funds

In accordance with the Agreement establishing the Bank (the Charter), Special Funds Resources comprise the SDF and OSF 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 OSF have been presented separately from the SDF. The OSF 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.

These financial statements reflect the aggregated position of all the funds that comprise the OSF.

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

(expressed in thousands of United States dollars, unless otherwise stated)

5. Funds...*continued*

Details of contributions, loans and technical assistance resources of the OSF 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:

	2015	2014
Canada		
Agricultural[1] (Schedule 3)	**$6,443**	$6,726
Technical assistance resources (Schedule 5)	**58,025**	59,032
Italy		
Technical assistance resources (Schedule 5)	**$522**	$522
China		
Technical assistance resources (Schedule 5)	**$677**	$677
Venezuela		
Technical assistance resources (Schedule 5)	**$586**	$587
Nigeria		
Technical assistance resources (Schedule 5)	**$193**	$193
United Kingdom		
Technical assistance resources (Schedule 5)	**$23,887**	$27,314
Inter-American Development Bank		
975/SF-RG	$14,211	$14,212
Less repayments	(5,622)	(5,203)
	8,589	9,009
Second Global Loan	$4,649	$4,583
Less repayments	(4,649)	(4,344)
	-	239
1108/SF-RG Global Credit	$20,000	$20,000
Less repayments	(2,294)	(1,639)
	17,706	18,361

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

(expressed in thousands of United States dollars, unless otherwise stated)

5. Funds...*continued*

Inter-American Development Bank...*continued*

	2015	2014
1637/SF-RG Credit	$9,923	$9,923
2798/BL Regional Global Loan - OECS	2,865	2,166
	12,788	12,089
Repayable contributions (Schedule 3)	**$39,083**	$39,698
Technical assistance resources (Schedule 5)	**$3,549**	$3,540

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.

The second global loan was fully repaid in 2015.

Global Credit 1108/SF-RG was 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.

	2015	2014
European Investment Bank		
Global loan II – B (Schedule 3)	**$1,088**	$1,215

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

(expressed in thousands of United States dollars, unless otherwise stated)

5. Funds...*continued*

		2015		2014	Due Dates
United States of America					
Contributions					
Agricultural	$7,052		$7,052		1988-2018
Less repayments	(6,204)	848	(5,882)	1,170	
Employment Investment					1990-2000
Promotion	6,732		6,732		
Less repayments	(5,317)	1,415	(5,028)	1,704	
Housing	8,400		8,400		1983-2012
Less repayments	(8,400)	-	(8,400)	-	
Repayable contributions (Schedule 3)		2,263		2,874	
Technical Assistance resources (Schedule 5)		**$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.

		2015		2014
European Union				
First Contribution	$6,366		$7,107	
Less repayments	(4,935)	1,431	(5,253)	1,854
Second Contribution	2,698		3,012	
Less repayments	(1,850)	848	(1,959)	1,053
Repayable contributions (Schedule 3)		**$2,279**		$2,907

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

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

(expressed in thousands of United States dollars, unless otherwise stated)

5. Funds...*continued*

International Development Association

		2015		2014	Due dates
Credit No. 960/CRG	$6,480		$6,480		1990-2029
Less repayments	(3,758)	2,722	(3,564)	2,916	
Credit No. 1364/CRG	7,523		7,858		
Less repayments	(3,573)	3,950	(3,497)	4,361	1993-2033
Credit No. 1785/CRG	6,425		6,711		
Less repayments	(2,281)	4,144	(2,181)	4,530	1997-2030
Credit No. 2135/CRG	7,724		8,068		
Less repayments	(3,244)	4,480	(3,066)	5,002	2000-2030
Repayable contributions (Schedule 3)		**$15,296**		$16,809	

The credits are subject to a service charge of 0.75% per annum on amounts outstanding. In addition, the credits totaling 2015: $12,574 (2014: $13,893) are subject to a commitment fee not exceeding 0.5% per annum on amounts eligible for withdrawal but remain undrawn.

	2015	2014
Caribbean Development Bank		
Technical assistance resources (Schedule 5)	**$230,529**	$228,042
Deutsche Gesellshaft Internationale Zusammenarbeit (GIZ)		
Technical assistance resources (Schedule 5)	**$298**	$298
European Investment Bank Climate Action Support		
Technical assistance resources (Schedule 5)	**$2,184**	$2,184
European Commission		
Technical assistance resources (Schedule 5)	**$17,859**	$16,586

CARIBBEAN DEVELOPMENT BANK
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

(expressed in thousands of United States dollars, unless otherwise stated)

6. Total accumulated income and total comprehensive 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.

7. Loans

The average interest rate earned on loans outstanding was 2.20% (2014: 2.20%). There were no impaired loans at December 31, 2015 and 2014.

8. Accounts receivable

	2015	**2014**
Institutional receivables	**$56,377**	$60,361

9. Accounts payable

	2015	**2014**
Accounts payable - general	$435	$2,643
Interfund payable	4,472	4,658
	$4,907	$7,301

APPENDICES

CHAIR AND VICE-CHAIR OF THE BOARD OF GOVERNORS 2015-2016

Dr. the Hon. Peter D. Phillips, MP	Jamaica	Chairman
Mr. Luis Videgaray Caso	Mexico	Vice-Chairman
Rt. Hon. Justine Greening, MP	United Kingdom	Vice-Chairman

BOARD OF GOVERNORS: 2015-2016

COUNTRY	GOVERNOR	ALT. GOVERNOR
Anguilla, British Virgin Islands, Cayman Islands, Montserrat and Turks and Caicos Islands	Hon. Victor F. Banks Chief Minister Office of the Chief Minister P.O. Box 60 Secretariat Second Floor West The Valley Anguilla Tel: (264) 497-2547 Email: Victor.Banks@gov.ai	Hon. Marco S. Archer, JP Minister for Finance and Economic Development Government Administration Building Grand Cayman Cayman Islands Tel: (345) 949-7900 Email:
Antigua and Barbuda	Hon. Gaston A. Browne Prime Minister and Minister of Finance, the Economy and Public Administration Office of the Prime Minister Government Office Complex Parliament Drive, St. John's Tel: (268) 460-5100 Email: pmsecretariatanu@gmail.com gastonbrowne@yahoo.com	Mr. Whitfield Harris, Jr. Financial Secretary Ministry of Finance, the Economy and Public Administration Government Office Complex Parliament Drive, St. John's Tel: (268) 462-5002/5261 Email: harris.whitfield@gmail.com
The Bahamas	Hon. Michael B. Halkitis Minister of State Ministry of Finance 3rd Floor Cecil Wallace Whitfield Centre P.O. Box N-3017, Nassau Tel: (242) 702-1510 Email: michaelhalkitis@bahamas.gov.bs	Mr. John A. Rolle Financial Secretary Ministry of Finance 3rd Floor Cecil Wallace Whitfield Centre P.O. Box N-3017, Nassau Tel: (242) 327-1530 Email: johnarolle@bahamas.gov.bs
Barbados	Hon. Christopher P. Sinckler, MP Minister of Finance and Economic Affairs Ministry of Finance and Economic Affairs Government Headquarters, Bay Street Tel: (246) 426-2814 Email: christopher.sinckler@gov.bb sinks202@gmail.com	Mr. Martin Cox Director of Finance and Economic Affairs Ministry of Finance and Economic Affairs Government Headquarters Bay Street Tel: (246) 426-4274 Email: Coxm@gob.bb

Belize	Hon. Dean Barrow Prime Minister and Minister of Finance Office of the Prime Minister New Administration Building Belmopan Tel: (501) 822-2345 Email: secretarypm@opm.gov.bz	Mr. Joseph Waight Financial Secretary Ministry of Finance New Administration Building Belmopan Tel: (501) 822-2158 Email: joseph.waight@mof.gov.bz
Canada	Hon. Stéphane Dion Minister of Foreign Affairs Office of the Minister of Foreign Affairs Lester B. Pearson Building 125 Sussex Drive Ottawa, Ontario Tel: (613) 995-1547/(613) 995-1851 Email:	Mr. Robert Stewart Assistant Deputy Minister Int. Trade and Finance Canada 140 O'Connor Street Ottawa, Ontario
Colombia	Hon. Mauricio Cardenas Santa Maria Minister of Finance and Public Credit Ministry of Finance Carrera 7a Numero 6-64 Bogota Tel: (571) 381-2307 Email: jescalan@minhacienda.gov.co	Mr. Jose Dario Uribe Governor, Banco de la Republica Carrera 7a, Numero 14-18 Oficina Principal Bogota Tel: Email: juribees@banrep.gov.co
Dominica	Hon. Roosevelt Skerrit Prime Minister and Minister for Finance, Foreign Affairs and Information Technology Office of the Prime Minister Financial Centre Kennedy Avenue Roseau Tel: (767) 266-3300 Email: pmoffice@cwdom.dm	Sen. the Hon. Miriam Blanchard Minister of State in the Office of the Prime Minister Financial Centre Kennedy Avenue Roseau Tel: (767) 266-3300 Email: blanchardma@dominica.gov.dm
Germany	Mr. Hans-Joachim Fuchtel Parliamentary State Secretary Federal Ministry for Economic Cooperation and Development Europhaus, Stresemanstr. 94 10963 Berlin Tel: (49 30) 2503-2331 Email: Hans-Joachim.Fuchtel@bmz.bund.de	Ms. Marianne Kothé Deputy Director General Int. Financial and Monetary Policy Federal Ministry of Finance WilhelmstraBe 97 10117 Berlin Tel: (49 30) 18 682 2410 Email: marianne.kothe@bmf.bund.de

BOARD OF GOVERNORS: 2015-2016

COUNTRY	GOVERNOR	ALT. GOVERNOR
Grenada	Dr. the Rt. Hon. Keith Mitchell Prime Minister Office of the Prime Minister Financial Complex The Carenage St. George's Tel: (473) 440-6843 Mobile: (473) 407-0235 or (473) 535-2707 Email: primeminister@gov.gd dianne.adams@gov.gd	Mr. Timothy N.J. Antoine Permanent Secretary Ministry of Finance Financial Complex The Carenage St. George's Tel: (473) 440-2928 Email: timothy.antoine@gov.gd psfinancegrenada@gmail.com
Guyana	Hon. Winston DaCosta Jordan Minister of Finance Ministry of Finance 49 Main & Urquhart Street Georgetown Tel: (592) 227-1114 Email: wjordan@finance.gov.gy	Dr. Hector C. Butts Finance Secretary Ministry of Finance 49 Main & Urquhart Street Georgetown Tel: (592) 226 3371 Email: drhcbutts@gmail.com hbutts@finance.gov.gy
Haiti	Minister of the Economy and Finance Ministry of the Economy and Finance 204 Rue Mgr. Guilloux Palais des Ministeres Port au Prince Tel: (509) 229-1700/1701 Email:	Mr. Charles Castel Governor Central Bank of Haiti BP1750 Rue des Mirades Port au Prince Tel: (509) 2229-1200 Email: castel2001@yahoo.com
Italy	Hon. Pier Carlo Padoan Minister of Economy and Finance Ministry of Economy and Finance Via XX Settembre 97 Rome 00187 Tel: (39) 06 4761-3917 Email:	Mr. Filippo Giansante Director, International Financial Relations Treasury Department Ministry of Economy and Finance Direzione III Ufficio VIII Via XX Settembre 97 00187 Rome Tel: Email:

Jamaica	Hon. Dr. Peter D. Phillips, MP Minister of Finance Ministry of Finance and Planning 30 National Heroes Circle P.O. Box 512 Kingston 4 Tel: (876) 932-5570/5565 Email: hmf@mof.gov.jm	Mr. Devon Rowe Financial Secretary Ministry of Finance and Planning 30 National Heroes Circle P.O. Box 512 Kingston 4 Tel: (876) 932-5558 Email: finsec@mof.gov.jm
Mexico	Mr. Luis Videgaray Caso Secretary of Finance and Public Credit Secretariat of Finance and Public Credit Av. Insurgentes Sur No. 1971 Torre III, Piso 3, Conjunto Plaza Inn Col. Guadalupe Inn Del. Alvaro Obregon 01020 Tel: 52 (55) 3688-2000 Email: secretario@hacienda.gob.mx	Mr. Fernando Aportela Rodriquez Under Secretary of finance and Public Credit Secretariat of Finance and Public Credit Av. Insurgentes Sur No. 1971 Torre III, Piso 3, Conjunto Plaza Inn Col. Guadalupe Inn Del. Alvaro Obregon 01020 Tel: Email:
People's Republic of China	Dr. Zhou Xiaochuan Governor People's Bank of China 32 Cheng Fang Street West District Beijing 100800 Tel: (86) 10 6601-6705 Email: zxiaochuan@pbc.gov.cn	Mr. Yi Gang Deputy Governor People's Bank of China 32 Cheng Fang Street West District Beijing 100800 Tel: (86) 10 6601-6720 Email: ygang@pbc.gov.cn
St. Kitts and Nevis	Dr. the Hon. Timothy Harris Prime Minister and Minister of Finance Office of the Prime Minister Government Headquarters P.O. Box 186 Basseterre Tel: (869) 466-2784 Email: timskb@yahoo.co.uk chelesarawlins@gmail.com (Assistant)	Mrs. Hilary Hazel Financial Secretary Ministry of Finance Golden Rock Basseterre Tel: (869) 467-1091/1088 Email: finsec@gov.kn hhazel55@gmail.com
Saint Lucia	Dr. the Hon. Kenny D. Anthony Prime Minister and Minister for Finance, Planning Economic Affairs and Social Security Office of the Prime Minister 5th Floor Greaham Louisy Administrative Building Waterfront Castries Tel: (758) 468-2111/2184 Email: pm.sec@govt.lc	Dr. Reginald Darius, Permanent Secretary Ministry of Finance, Economic Affairs and Social Security 3rd Floor Financial Centre Bridge street, Castries Tel: (758) 468-5503/5501 Email: reginald.darius@govt.lc

BOARD OF GOVERNORS: 2015-2016

COUNTRY	GOVERNOR	ALT. GOVERNOR
St. Vincent and the Grenadines	Dr. the Hon. Ralph Gonsalves Prime Minister and Minister of Finance Office of the Prime Minister Administrative Building P. O. Box 608, Bay Street Kingstown Tel: (784) 456-1703 Email: pmosvg@vincysurf.com	
St. Vincent and the Grenadines	With Effect From January 1, 2016 Hon. Camillo Gonsalves Minister of Economic Planning, Sustainable Development, Industry, Internal Trade, Information and Labour Ministry of Economic Planning and Sustainable Development 1st Floor Administrative Building Bay Street, Kingstown	
Suriname	Hon. Gillmore Hoefdraad Minister of Finance Ministry of Finance Waterkant 16-20 Tamarindelaan #3 Paramaribo Tel: (597) 472-610 Email: secmin@finance.gov.sr	
Trinidad and Tobago	Hon. Camille Robinson-Regis Minister of Planning and Development Office of the Minister Ministry of Planning and Development Level 14 Eric Williams Financial Complex Port Spain Tel: (868) 627-9700	Hon. Colm Imbert Minister of Finance Ministry of Finance Eric Williams Financial Complex Port Spain Tel: (868) 627-9700

United Kingdom	Rt. Hon. Justine Greening, MP Secretary of State for International Development Department for International Development 22 Whitehall London SW1A 2EG Tel: +44 (0) 207 023-0000 Email: pssofs@dfid.gov.uk	Baroness Sandip Verma Parliamentary Under Secretary of State for International Development Department for International Development 22 Whitehall London SW1A 2EG Tel: +44 (0) 207 023-0000
Venezuela	Mr. Simon Zerpa Delgado President Venezuelan Economic and Social Development Bank (BANDES) Avenida Universidad Traposos a Colon, Torre Bandes Tel: 58 212- 5058729	Mr. Raul Li Causi Director for Latin America and the Caribbean Ministry of Popular Power for Foreign Affairs Traposos a Colón Torre Bandes Caracas 1010 Tel: 58 212 5058164 Email: rlicausi@gmail.com

Updated December 21, 2015

The Board of Governors at the 45th Annual Meeting in St. Kitts and Nevis, May 18, 2015.

BOARD OF DIRECTORS 2014-2016

Director | **Alternate Director**

JAMAICA

Dr. Carol Nelson
Senior Director
International Financial Institutions Unit
Ministry of Finance and Planning
P.O. Box 512
Kingston 4
JAMAICA

TEL. NO. (876) 932-5486
FAX NO. (876) 932-5975
e-mail: carol.nelson@mof.gov.jmm

TRINIDAD AND TOBAGO AND HAITI

Ms. Jacinta Bailey-Sobers
Permanent Secretary
Ministry of Planning and Development
Level 14 Eric Williams Financial Complex
Independence Square
Port-of-Spain
TRINIDAD AND TOBAGO

TEL NO. (868) 627-9700
FAX NO. (868) 624-1149
e-mail: jacinta.sobers@planning.gov.tt

Mr. Maurice Suite
Permanent Secretary
Ministry of Finance
Eric Williams Finance Building
Independence Square
Port of Spain
TRINIDAD AND TOBAGO

TEL NO. (868) 625-6836
FAX NO. (868) 623-5193
e-mail: suitem@gov.tt

Adviser

Mr. Hancy Pierre-Louis
C/o Ministry of Finance, 204, Palais des Ministeres, Rue Mgr. Guilloux, Port-au-Prince,
HAITI

TEL. NO. (509) 462-3919
FAX NO. (509) 229-91732
e-mail: hancyp@yahoo.com

Director	Alternate Director

THE BAHAMAS

Mr. John A. Rolle
Financial Secretary
Ministry of Finance
P.O. Box N-3017
Nassau
THE BAHAMAS

TEL. NO. (242) 327-1530
FAX NO. (242) 327-1618/1620
e-mail: johnarolle@bahamas.gov.bs

Ms. Christine Thompson
Deputy Director, Economic Unit
Ministry of Finance
P.O. Box N-3017
Nassau
THE BAHAMAS

TEL. NO. (242) 327-1530
e-mail: christinemthompson@bahamas.gov.bs

GUYANA

Ms. Sheranne Isaacs
Head, Multilateral Financial Institutions Department
Ministry of Finance
49 Main & Urquhart Streets
Georgetown
GUYANA

TEL. NO. (592) 226-8548 & (592) 688-1681
FAX NO. (592) 227-1114
e-mail: sisaacs@finance.gov.gy

Ms. Donna Levi
Head Bilateral Department
Ministry of Finance
49 Main and Urquhart Street
Georgetown
GUYANA

TEL. NO: (592) 227-2440
e-mail: dlevi@finance.gov.gy

BARBADOS

Dr. Louis Woodroffe
Permanent Secretary, Economic Affairs
Ministry of Finance and Economic Affairs
Government Headquarters
St. Michael, BB11156
BARBADOS

TEL. NO. (246) 310-1302
e-mail: louis.woodroffe@Barbados.gov.bb

Mr. Seibert Frederick
Manager (Ag.)
Public Investment Unit
Ministry of Finance and Economic Affairs
3rd Floor Warrens Office Complex
Warrens
St. Michael
BARBADOS

TEL. NO. (246) 310-1305
FAX. NO. (246) 425-1100
e-mail: skfrederick430@hotmail.com

Director	**Alternate Director**

ST. LUCIA AND DOMINICA

Ms. Tracy Polius
Permanent Secretary
Department of Planning and National Development, Ministry of Finance, Economic Affairs and Social Security
Conway Business
Waterfront, Castries
ST. LUCIA

TEL. NO. (758) 468-5855
FAX NO. (758) 451-9760
e-mail: tpolius2000@yahoo.com

Mrs. Rosamund Edwards
Financial Secretary
Ministry of Finance, Industry and Planning
5th Floor, Financial Centre
Kennedy Avenue
Roseau
DOMINICA

TEL. NO. (767) 448-2401/266-3221
FAX NO. (767) 448-8690
e-mail: edwardsr@dominica.gov.dm

GRENADA AND ST. VINCENT AND THE GRENADINES

Mr. Timothy Antoine
Permanent Secretary
Ministry of Finance
Financial Complex
The Carenage
St. George's
GRENADA

TEL. NO. (473) 440-2928
FAX NO: (473-440-4115
e-mail: timothy.antoine@gov.gd

Mr. Maurice Edwards
Director General, Finance and Planning
Ministry of Finance and Economic Planning
P.O. Box 608
Kingstown
ST. VINCENT AND THE GRENADINES

TEL. NO. (784) 456-1667
FAX NO. (784) 457-2943
e-mail: office.finance@mail.gov.vcc

BELIZE AND ANGUILLA, BRITISH VIRGIN ISLANDS, CAYMAN ISLANDS, MONTSERRAT, AND TURKS AND CAICOS ISLANDS

Mrs. Lindorna Brade
Financial Secretary (Ag.)
Ministry of Finance & Economic Management Government Headquarters
Brades
MONTSERRAT

TEL NO:
FAX NO:
e-mail: minfin@gov.ms

Ms. Yvonne S. Hyde
Chief Executive Officer
Ministry of Economic Development, Commerce, Industry and Consumer Protection
Belmopan
BELIZE

TEL. NO. (501) 822-2526
FAX NO. (501) 822-3673
e-mail: econdev@btl.net

Director | **Alternate Director**

ANTIGUA AND BARBUDA AND ST. KITTS AND NEVIS

Mr. Whitfield Harris, Jr.
Financial Secretary
Ministry of Finance, the Economy and Public Administration
Government Office Complex
Parliament Drive
St. John's
ANTIGUA AND BARBUDA

TEL. NO. (268) 462-5002/5261
FAX NO. (268) 462-5093/1622
e-mail: wittled@hotmail.com

Mrs. Hilary Hazel
Financial Secretary (Ag.)
Ministry of Finance
P.O. Box 186
Basseterre
ST. KITTS AND NEVIS

TEL. NO. (869) 465-2521
FAX NO. (869) 465-1532
e-mail: finsec@gov.kn

COLOMBIA

Mr. Alberto de Brigard Perez
Advisor
Banco de la Republica
Calle 69 #6-46 Int. 1
Bogotá
COLOMBIA

TEL. NO. (57 1) 249-9824/3222-0719
FAX NO. (57 1) 281-7445
e-mail: adebrigard@yahoo.com

Mrs. Lina Mondragón Artunduaga
Deputy Director of Financing with Governments and Multilaterals
Ministry of Finance and Public Credit
Ministerio de Hacienda y Crédito Público
Carrera 8 #
Numero 6-64 Bogotá
COLOMBIA

TEL. NO. (57 1) 381 1700
FAX NO:
e-mail: lmondrag@minhacienda.gov.co

VENEZUELA

Ms. Vanessa Avendaño
Executive Vice-President
Venezuela Economic and Social Development (BANDES)
Av. Universidad
Traposos a Colón
Torre Bandes
Caracas 1010
VENEZUELA

TEL. NO: 58 (212) 505 8010
e-mail: vavendano@bandes.gob.ve

Miss Siodelys María Arredondo Ojeda
Executive Director of International Relations
Venezuela Economic and Social Development (BANDES)
Av. Universidad
Traposos a Colón
Torre Bandes
Caracas 1010
VENEZUELA

TEL. NO: 58 (212) 505 8010
e-mail: sarredondo@bandes.gob.ve

Director | **Alternate Director**

MEXICO

Ms. Maria Isabel Lozano Santin
Director
International Financial Affairs Unit
Ministry of Finance
Insurgentes Sur 1971
Torre III, Piso 3
Col. Guadalupe Inn
C.P. 01020, MEXICO, D.F.

TEL. NO. (5255) 3688-1209
FAX NO. (5255) 3688-1182
e-mail: isabel_lozano@hacienda.gob.mx

Mrs. Claudia Reyes Nieto
Under Director
Secretaríat de Hacienda y Crédito Público
Insurgentes Sur 1971, Torre III, Piso 3
Col. Guadalupe Inn
C.P. 01020, MEXICO D.P.

TEL. NO. (5255) 3688-2678
FAX NO:
e-mail: claudia_reyes@hacienda.gob.mx

CANADA

Dr. Gail Miller
Senior Director, Caribbean Regional Programme
Department of Foreign Trade and Development
Canadian High Commission
Bishop's Court Hill
St. Michael
BARBADOS, BB11000

TEL. NO.(246) 629-3580
FAX NO. (246) 629-3623
e-mail: gail.miller@international.gc.ca

Ms. Jean E. McCardle
First Secretary (Development)
High Commission of Canada
Bishop's Court Hill
St. Michael
BARBADOS, BB11000

TEL. NO. (246) 629-3586
FAX NO. (246) 629-3623
e-mail: jean.mccardle@international.gc.ca

UNITED KINGDOM

Ms. Colleen Wainwright
Head
Department for International Development -
(DFID) Caribbean
British High Commission
Lower Collymore Rock
P.O. Box 167
Bridgetown
BARBADOS
Tel: (246) 430-7901
Fax:
e-mail: c-wainwright@dfid.gov.uk

Ms. Cherianne Clarke
Growth Policy Adviser
Department for International Development -
(DFID) Caribbean
Chelsea House
Chelsea Road
St. Michael
BARBADOS
Tel: (246) 430-7952
Fax: (246) 430-7959
e-mail: cherianne-clarke@dfid.gov.uk

Director	Alternate Director

ITALY

Mrs. Stefania Bazzoni
Head of Office, Relations with Multilateral Development Banks
Department of the Treasury
Ministry of Economy and Finance
via XX Settembre 97, 00187 Rome
ITALY

TEL. NO. (39) 06 4761 4289
FAX NO. (39) 06 4761 0693

e-mail: stefania.bazzoni@tesoro.it

Mr. Pablo Facchinei
Senior Adviser
Multilateral Development Bank
Ministry of Economy and Finance
00187, Via XX Settembre
97 Rome
ITALY

TEL. NO. 011-3906-4761-4289
FAX NO. 011- 3906 -4761-0693

e-mail: pablo.facchinei@tesoro.it

GERMANY

Dr. Martin Kipping
Executive Director for Germany
Caribbean Development Bank
c/o The World Bank
1818 H Street NW
Room MC11-125, Mail Stop MC11-1109
Washington, D.C. 20433, USA

TEL. NO. +1-202-458-1182
FAX NO. (202) 477-7849
e-mail: mkipping@worldbank.org

PEOPLE'S REPUBLIC OF CHINA

Ms. Zhu Jun
Director-General
International Department
The People's Bank of China
32 Cheng Fang Street
West District
Beijing 100800
PEOPLE'S REPUBLIC OF CHINA

TEL NO. (86) (10) 6619-4266
FAX NO. (86) (10) 6601-6725
e-mail: zjun@pbc.gov.cn

Mr. BU Yu
Alternate Director for China to CDB
and Chief Representative
Representative Office for CDB in Barbados
Embassy of the People's Republic of China
25 Foursquare, Rockley Golf & Country Club Golf Club Road
Christ Church
BARBADOS

TEL NO. (246) 435-8774
FAX NO. (246) 435-9702
e-mail: byu@pbc.gov.cn

Office of the Vice-President (Corporate Services)
and Bank Secretary

Updated December 14, 2015

PRINCIPAL OFFICERS OF THE BANK AS AT DECEMBER 31, 2015

Office of the President

President	Dr. Wm. Warren Smith*
Chief Risk Officer	Mr. Malcolm Buamah**
Head, Corporate Communications	Mrs. Klao Bell-Lewis
Deputy Director, Internal Audit Division	Mr. Denis Bergevin
Head of Evaluation, Office of Independent Evaluation	Mr. Michael Schroll
Head, Office of Integrity, Compliance & Accountability	Dr. Toussant Boyce

Corporate Services

Vice-President (Corporate Services) and Bank Secretary	Mrs. Yvette Lemonias Seale**
Director, Information and Technology Solutions Department	Mr. Mark Taitt**
Director, Human Resources and Administration Department	Mr. Phillip Brown**
Deputy Director, Human Resources Division	Mrs. Fay Alleyne Kirnon
General Counsel	Mrs. Diana Wilson Patrick**
Deputy General Counsel	Mrs. S. Nicole Jordan
Director, Finance and Corporate Planning Department	Mr. Carlyle Assue**
Deputy Director, Corporate Planning Division	Ms. Monica LaBennett
Deputy Director (Ag.), Finance Division	Mr. Earl Estrado

Operations

Vice-President (Operations)	Mrs. Patricia McKenzie**
Director, Economics Department	Dr. Justine Ram**
Deputy Director, Economics Department	Mr. Ian Durant
Director, Projects Department	Mr. Daniel Best**
Division Chief, Social Sector Division	Ms. Deidre Clarendon
Division Chief, Economic Infrastructure Division	Mr. Andrew Dupigny
Division Chief, Technical Cooperation Division	Mr. Edward Greene
Head, Renewable Energy/Energy Efficiency Unit	Mrs. Tessa Williams-Robertson
Head of Procurement, Procurement Policy Unit	Mr. Douglas Fraser

*Chairman, Advisory Management Team
** Member, Advisory Management Team

ADVISORY MANAGEMENT TEAM AS AT DECEMBER 31, 2015

Dr Warren Smith
President

Mrs Yvette Lemonias Seale
Vice President, Corporate Services and Bank Secretary

Mrs Patricia McKenzie
Vice President, Operations

Mr Carlyle Assue
Director, Finance

Mrs Diana Wilson-Patrick
General Counsel

Mr Daniel Best
Director, Projects

Mr Phillip Brown
Director, Human Resources and Administration

Mr Mark Taitt
Director, Information Technology

Dr Justin Ram
Director, Economics

APPENDIX I-A

DISTRIBUTION OF LOANS, SECONDARY MORTGAGE, EQUITY AND GRANTS APPROVED (NET) BY COUNTRY AND BY FUND – 2015 ($'000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total	Percentage of Total
Antigua and Barbuda	50,000	75	535	50,610	18.5%
Anguilla	2,341	16	-	2,357	0.9%
Barbados	30,409	-	594	31,003	11.3%
Bahamas	28,329	(90)	712	28,951	10.6%
Belize	21,000	15,543	216	36,759	13.4%
Dominica	(265)	33,425	525	33,685	12.3%
Dominican Republic*	-	-	234	234	0.1%
Grenada	27,000	8,608	132	35,740	13.0%
Guyana	(343)	66	344	67	0.0%
Haiti	-	15,303	-	15,303	5.6%
Jamaica	-	(3,681)	921	(2,760)	-1.0%
St. Kitts and Nevis	-	8,407	-	8,407	3.1%
St. Lucia	13,501	525	1,805	15,831	5.8%
Montserrat	-	41	-	41	0.0%
Suriname	-	90	502	592	0.2%
Turks and Caicos Islands	5,000	-	200	5,200	1.9%
Trinidad and Tobago	-	-	233	233	0.1%
St. Vincent and the Grenadines	-	16	285	301	0.1%
British Virgin Islands	-	23	-	23	0.0%
Regional	-	10,875	580	11,455	4.2%
Total	**176,972**	**89,242**	**7,818**	**274,032**	
Percentage of Total	64.6	32.6	2.9		100.0
LDCs	118,577	82,072	4,200	204,849	74.8%
MDCs	58,395	(3,705)	2,804	57,494	21.0%
Regional	0	10,875	814	11,689	4.3%

*Dominican Republic is a CARIFORUM country accessing the EU standby facilities.

APPENDIX I-B

DISTRIBUTION OF LOANS, SECONDARY MORTGAGE, EQUITY AND GRANTS APPROVED (NET) BY SECTOR AND BY FUND – 2015 ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**176,972**	**89,242**	**7,818**	**274,032**
Agriculture and Rural Development	**(343)**	**240**	**-**	**(103)**
Agriculture (excluding Crop Farming)	-	140	-	140
Feeder Roads and Bridges	(343)	100	-	(243)
Manufacturing and Industry	**-**	**797**	**893**	**1,690**
Industrial Development	-	-	424	424
Micro and Small Scale Enterprises	-	797	-	797
Agro-Industries	-	-	469	469
Transportation and Communication	-	**385**	**200**	**585**
Transport Policy and Administrative Management	-	-	200	200
Road Transport	-	150	-	150
Water Transport	-	100	-	100
Storage	-	135	-	135
Power, Energy, Water and Sanitation	**77,497**	**1,491**	**1,985**	**80,973**
Power and Energy	-	-	49	49
Water and Sanitation	77,497	1,491	1,936	80,924
Social Infrastructure and Services	**25,750**	**50,353**	**1,576**	**77,679**
Education - General	33,000	31,431	132	64,563
Education - Secondary/Vocational	-	8,300	-	8,300
Education - Post Secondary	7,750	400	-	8,150
Housing	(15,000)	-	-	(15,000)
Other Social Infrastructure and Services	-	10,222	1,444	11,666
Environmental Sustainability and Disaster Risk Reduction	**6,612**	**28,549**	**436**	**35,597**
Environmental Sustainability	-	-	111	111
Sea Defence/Flood Prevention/Control	6,877	-	250	7,127
Reconstruction Relief and Rehabilitation	(265)	28,549	75	28,359
Financial, Business and Other Services	**9,000**	**3,234**	**-**	**12,234**
Financial Policy and Administrative Management	-	2,234	-	2,234
Financial Intermediaries	9,000	1,000	-	10,000
Multi-Sector and Other	**56,115**	**4,193**	2,728	**63,036**
Urban Development	(4,885)	-	-	(4,885)
Policy-Based Loans/Structural Adjustment Programme	61,000	4,000	-	65,000
Regional/Multulateral Trade Agreements	-	-	2,703	2,703
Other	-	193	25	218
	2,341	**-**	**-**	**2,341**
	2,341	-	-	2,341

APPENDIX I-C

DISTRIBUTION OF LOANS, SECONDARY MORTGAGE, EQUITY AND GRANTS APPROVED (NET) BY COUNTRY AND BY SECTOR – ($'000)

Country	Agriculture and Rural Development	Manufacturing and Industry	Transportation and Communication	Power, Energy, Water and Sanitation	Social Infrastructure and Services	Environmental Sustainability and Disaster Risk Reduction	Financial, Business and Other Services	Multi-Sector and Other	Total
Antigua and Barbuda	-	17	-	-	58	-	-	50,535	**50,610**
Anguilla	-	16	-	-	-	-	-	2,341	**2,357**
Barbados	-	-	-	35,883	(7,122)	7,127	-	(4,885)	**31,003**
Bahamas	-	-	-	28,529	237	(90)	-	275	**28,951**
Belize	-	-	-	332	36,332	-	-	95	**36,759**
Dominica	-	-	150	-	706	32,829	-	-	**33,685**
Dominican Republic*	-	-	-	-	-	-	-	234	**234**
Grenada	-	24	-	(15)	15,731	-	10,000	10,000	**35,740**
Guyana	(412)	135	-	-	-	-	-	344	**67**
Haiti	-	135	-	211	14,957	-	-	-	**15,303**
Jamaica	-	512	-	598	-	(4,144)	-	274	**(2,760)**
St. Kitts and Nevis	-	74	-	-	8,333	-	-	-	**8,407**
St. Lucia	-	32	-	15,291	508	-	-	-	**15,831**
Montserrat	-	41	-	-	-	-	-	-	**41**
Suriname	-	-	-	-	90	-	-	502	**592**
Turks and Caicos Islands	-	-	200	-	-	-	-	5,000	**5,200**
Trinidad and Tobago	-	-	-	-	-	-	-	233	**233**
St. Vincent and the Grenadines	120	18	-	49	-	(236)	114	236	**301**
British Virgin Islands	-	23	-	-	-	-	-	-	**23**
Regional	189	663	235	95	7,849	111	2,120	193	**11,455**
Total	**(103)**	**1,690**	**585**	**80,973**	**77,679**	**35,597**	**12,234**	**65,377**	**274,032**

*Dominican Republic is a CARIFORUM country accessing the EU standby facilities.

APPENDIX I-D

DISTRIBUTION OF LOANS APPROVED (NET) BY COUNTRY AND BY FUND – 2015 ($'000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total	Percentage of Total
Antigua and Barbuda	50,000	-	-	50,000	21.2%
Anguilla	2,341	-	-	2,341	1.0%
Barbados	30,409	-	-	30,409	12.9%
Bahamas	28,329	(90)	-	28,239	11.9%
Belize	21,000	14,000	-	35,000	14.8%
Dominica	(265)	32,628	-	32,363	13.7%
Grenada	27,000	8,000	-	35,000	14.8%
Guyana	(343)	(69)	-	(412)	-0.2%
Jamaica	-	(4,144)	-	(4,144)	-1.8%
St. Kitts and Nevis	-	8,000	-	8,000	3.4%
St. Lucia	13,501	-	1,297	14,798	6.3%
Turks and Caicos Islands	5,000	-	-	5,000	2.1%
St. Vincent and the Grenadines	-	(236)	-	(236)	-0.1%
Total	**176,972**	**58,089**	**1,297**	**236,358**	
Percentage of Total	74.9	24.6	0.5		100.0
LDCs	118,577	62,392	1,297	182,266	77.1%
MDCs	58,395	-4,303	0	54,092	22.9%

APPENDIX I-E

DISTRIBUTION OF LOANS APPROVED (NET) BY SECTOR AND BY FUND – 2015 ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**176,972**	**58,089**	**1,297**	**236,358**
Agriculture and Rural Development	**(343)**	**(69)**	**-**	**(412)**
Feeder Roads and Bridges	(343)	(69)	-	(412)
Power, Energy, Water and Sanitation	**77,497**	**-**	**1,297**	**78,794**
Water and Sanitation	77,497	-	1,297	78,794
Social Infrastructure and Services	**25,750**	**25,000**	**-**	**50,750**
Education - General	33,000	17,000	-	50,000
Education - Secondary/Vocational	-	8,000	-	8,000
Education - Post Secondary	7,750	-	-	7,750
Housing	(15,000)	-	-	(15,000)
Environmental Sustainability and Disaster Risk Reduction	**6,612**	**28,158**	**-**	**34,770**
Sea Defence/Flood Prevention/Control	6,877	-	-	6,877
Reconstruction Relief and Rehabilitation	(265)	28,158	-	27,893
Financial, Business and Other Services	**9,000**	**1,000**	**-**	**10,000**
Financial Intermediaries	9,000	1,000	-	10,000
Multi-Sector and Other	**56,115**	**4,000**	-	**60,115**
Urban Development	(4,885)	-	-	(4,885)
Policy-Based Loans/Structural Adjustment Programme	61,000	4,000	-	65,000
	2,341	**-**	**-**	**2,341**
	2,341	-	-	2,341

APPENDIX I-F

GROSS LOAN APPROVALS – 2015 ($'000)

Country	No. of Loan Projects	CDB	Public	Private
Antigua and Barbuda	1	50,000	50,000	-
Anguilla	1	2,341	2,341	-
Barbados	4	50,294	50,294	-
Bahamas	1	28,329	28,329	-
Belize	1	35,000	35,000	-
Dominica	3	32,977	32,977	-
Grenada	3	35,000	35,000	-
St. Kitts and Nevis	1	8,000	8,000	-
St. Lucia	1	14,798	14,798	-
Turks and Caicos Islands	1	5,000	5,000	-
Total	**17**	**261,739**	**261,739**	**-**
LDCs	**11**	**183,116**	**183,116**	**-**
MDCs	**5**	**78,623**	**78,623**	**-**

APPENDIX I-G

GROSS LOANS APPROVALS BY PROJECT AND LOAN EQUIVALENT – 2015 ($'000)

	Project Name	Country	Amount	Loan Equivalent	Amount	Loan Equivalent	Amount	Loan Equivalent	Total
1	POLICY-BASED LOAN	Antigua and Barbuda	50,000	1.00	-	-	-	-	50,000
2	SIXTH POWER PROJECT - 1MW SOLAR PHOTOVOLTAIC PLANT	Anguilla	2,341	1.00	-	-	-	-	2,341
3	CONSTITUTION RIVER FLOOD MITIGATION PROJECT	Barbados	6,877	1.00	-	-	-	-	6,877
4	STUDENT LOAN - GOVERNMENT OF BARBADOS AND STUDENT REVOLVING LOAN FUND	Barbados	7,500	1.00	-	-	-	-	7,500
5	TA - STUDENT LOAN - GOVERNMENT OF BARBADOS AND STUDENT REVOLVING LOAN FUND	Barbados	250	1.00	-	-	-	-	250
6	WATER SUPPLY NETWORK UPGRADE PROJECT	Barbados	35,667	1.00	-	-	-	-	35,667
7	WATER SUPPLY IMPROVEMENT PROJECT	Bahamas	28,329	1.00	-	-	-	-	28,329
8	BELIZE EDUCATION SECTOR REFORM PROGRAMME II	Belize	21,000	0.60	14,000	0.40	-	-	35,000
9	NDM - IMMEDIATE RESPONSE LOAN - TROPICAL STORM ERIKA	Dominica	-	-	750	1.00	-	-	750
10	NDM - REHABILITATION AND RECONSTRUCTION - LAYOU FLOOD EVENT ADD. LOAN	Dominica	-	-	2,227	1.00	-	-	2,227
11	REHABILITATION AND RECONSTRUCTION - TROPICAL STORM ERIKA	Dominica	-	-	30,000	1.00	-	-	30,000
12	FOURTH CONSOLIDATED LINE OF CREDIT	Grenada	9,000	0.90	1,000	0.10	-	-	10,000
13	GRENADA EDUCATION ENHANCEMENT PROJECT - PHASE 1	Grenada	12,000	0.80	3,000	0.20	-	-	15,000
14	SECOND GROWTH AND RESILIENCE POLICY-BASED LOAN	Grenada	6,000	0.60	4,000	0.40	-	-	10,000
15	TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING ENHANCEMENT PROJECT	St. Kitts and Nevis	-	-	8,000	1.00	-	-	8,000
16	SEVENTH WATER (JOHN COMPTON DAM REHABILITATION) PROJECT	St. Lucia	13,501	0.91	-	-	1,297	0.09	14,798
17	POLICY-BASED LOAN	Turks and Caicos Islands	5,000	1.00	-	-	-	-	5,000
Total			**197,465**		**62,977**		**1,297**		**261,739**

LDCs	118,842	0.65	62,977	0.34	1,297	0.01	183,116
MDCs	78,623	1.00	-	-	-	-	78,623
LDCs	0.60	1.00	1.00	0.70			
MDCs	0.40	-	-	0.30			
Total		0.75		0.24		0.00	

APPENDIX II-A

SUMMARY OF TOTAL FINANCING APPROVED (NET) (1970–2015) LOANS, CONTINGENT LOANS, EQUITIES AND GRANTS ($'000)

Financing_Type	1970-2014	2015	Total
Loans	3,936,757	236,358	4,173,115
Contingent Loans	5,204	-	5,204
Equity	43,193	-	43,193
Grants	477,392	33,527	510,919
Other	17,197	4,147	21,344
Total	**4,479,743**	**274,032**	**4,753,775**

APPENDIX II-B

SUMMARY OF TOTAL FINANCING APPROVED (NET) BY SECTOR (1970–2015) LOANS, CONTINGENT LOANS, EQUITIES AND GRANTS ($'000)

Sector	1970-2014	2015	Total
Agriculture and Rural Development	380,072	(103)	379,969
Environmental Sustainability and Disaster Risk Reduction	375,661	35,597	411,258
Financial, Business and Other Services	96,549	12,234	108,783
Manufacturing and Industry	348,593	1,690	350,283
Mining and Quarrying	36,143	-	36,143
Multi-Sector and Other	758,690	63,036	821,726
Power, Energy, Water and Sanitation	351,443	83,314	434,757
Social Infrastructure and Services	1,059,155	77,679	1,136,834
Tourism	104,383	-	104,383
Transportation and Communication	969,054	585	969,639
Total	**4,479,743**	**274,032**	**4,753,775**

APPENDIX II-C

DISTRIBUTION OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET) BY SECTOR AND BY FUND (1970–2015) ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**2,631,011**	**1,633,220**	**489,544**	**4,753,775**
Agriculture and Rural Development	**189,145**	**146,655**	**44,169**	**379,969**
Agriculture (excluding Crop Farming)	127,853	37,724	20,778	186,355
Crop Farming	3,725	6,216	2,919	12,860
Export Crops	39,223	23,389	4,732	67,344
Mixed Farming	207	279	3,070	3,556
Irrigation, Drainage and Land Reclamation	10,999	6,958	565	18,522
Fishing	-	2,478	872	3,350
Land Settlement and Rural Development	3,947	36,960	684	41,591
Feeder Roads and Bridges	3,191	32,651	10,549	46,391
Mining and Quarrying	**31,409**	**3,875**	**859**	**36,143**
Fossil Fuels	30,862	926	853	32,641
Metal Ores	547	190	-	737
Non-Metallic Minerals	-	2,759	6	2,765
Manufacturing and Industry	192,301	92,717	65,265	350,283
Industrial Development	185,721	60,508	27,614	273,843
Micro and Small Scale Enterprises	-	22,731	1,992	24,723
Agro-Industries	93	6,714	34,714	41,521
Textile, Wearing Apparel and Leather Goods	-	300	311	611
Forest Industries	3,502	348	-	3,850
Chemicals and Chemical Products	-	13	541	554
Non-Metallic Mineral Products	2,985	73	-	3,058
Construction	-	2,030	93	2,123
Tourism	**80,338**	**12,958**	**11,087**	**104,383**
Tourism	80,338	12,958	11,087	104,383
Transportation and Communication	**675,012**	**219,814**	**74,813**	**969,639**
Transport Policy and Administrative Management	9,889	4,809	318	15,016
Road Transport	390,782	145,895	31,224	567,901
Water Transport	41,534	41,544	15,579	98,657
Air Transport	224,557	26,913	27,586	279,056
Communication	8,250	518	106	8,874
Storage	-	135	-	135
Power, Energy, Water and Sanitation	**280,227**	**121,463**	**30,726**	**432,416**
Power and Energy	39,850	3,003	1,791	44,644
Electric Power	66,755	32,810	1,860	101,425
Alternative Energy	8,250	-	1,791	10,041

APPENDIX II-C

DISTRIBUTION OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET) BY SECTOR AND BY FUND (1970–2015) ($'000) *(cont'd)*

Water and Sanitation	165,372	85,650	25,284	276,306
Social Infrastructure and Services	**486,693**	**502,934**	**147,207**	**1,136,834**
Education - General	138,103	102,553	25,740	266,396
Education - Basic	8,253	42,695	13,048	63,996
Education - Secondary/Vocational	36,332	26,020	5,769	68,121
Education - Post Secondary	171,263	108,900	2,574	282,737
Health	4,091	2,467	2,151	8,709
Housing	94,369	36,175	23,049	153,593
Other Social Infrastructure and Services	34,282	184,124	74,876	293,282
Environmental Sustainability and Disaster Risk Reduction	**122,717**	**272,295**	**16,246**	**411,258**
Environmental Sustainability	-	3,147	708	3,855
Sea Defence/Flood Prevention/Control	6,855	(47)	196	7,004
Disaster Prevention and Preparedness	6,622	41,911	5,207	53,740
Reconstruction Relief and Rehabilitation	109,240	227,284	10,135	346,659
Financial, Business and Other Services	**64,269**	**42,232**	**2,282**	**108,783**
Financial Policy and Administrative Management	32,083	10,462	1,596	44,141
Financial Intermediaries	32,186	31,770	686	64,642
Multi-Sector and Other	**506,559**	**218,277**	**96,890**	**821,726**
Government and Civil Society	101,557	19,495	14,641	135,693
Urban Development	29,912	9,750	156	39,818
Policy-Based Loans/Structural Adjustment Programme	374,000	162,896	38,800	575,696
Regional/Multulateral Trade Agreements	-	2,242	10,571	12,813
Other	1,090	23,894	32,722	57,706
	2,341	**-**	**-**	**2,341**
	2,341	-	-	2,341

APPENDIX II-D

DISTRIBUTION OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET) BY COUNTRY AND BY SECTOR (1970–2015) ($'000)

Country	Agriculture and Rural Development	Mining and Quarrying	Manufacturing and Industry	Tourism	Transportation and Communication	Power, Energy, Water and Sanitation	Social Infrastructure and Services	Environmental Sustainability and Disaster Risk Reduction	Financial, Business and Other Services	Multi-Sector and Other	Total
Antigua and Barbuda	6,638	0	4,075	1,922	49,999	272	40,873	191	(615)	83,831	**187,186**
Anguilla	2,871	-	6,589	1,193	20,712	12,284	8,975	4,112	404	57,341	**114,481**
Barbados	18,921	100	31,874	41,791	123,357	44,795	130,027	7,647	7,193	75,757	**481,462**
Bahamas	10,086	-	11,488	2,187	24,891	43,818	21,557	778	164	311	**115,280**
Belize	29,234	-	15,216	1,259	110,193	66,704	126,968	17,792	19,257	47,422	**434,045**
Dominica	21,952	-	17,892	7,506	35,919	28,252	57,889	84,477	1,446	16,643	**271,976**
Dominican Republic*	519	-	-	-	-	-	-	-	-	242	**761**
Grenada	19,227	451	19,917	4,553	68,645	18,947	66,454	44,154	11,034	40,366	**293,748**
Guyana	71,345	-	18,587	128	100,744	12,453	46,531	25,571	-	54,932	**330,291**
Haiti	10,000	-	987	-	-	211	59,196	8,009	-	19,086	**97,489**
Jamaica	80,789	932	105,964	15,646	105,466	16,593	117,461	113,628	56,718	167,293	**780,490**
St. Kitts and Nevis	6,164	123	10,874	1,746	46,817	24,347	74,902	12,705	520	40,206	**218,404**
Cayman Islands	1,308	388	1,705	6,429	23,047	9,775	5,551	-	44	-	**48,247**
St. Lucia	22,558	62	25,242	14,197	76,133	64,498	123,846	44,611	5,625	48,283	**425,055**
Montserrat	1,408	87	1,964	168	6,024	3,495	10,060	-	378	(3)	**23,581**
Suriname	-	-	30	-	-	-	22,030	-	-	513	**22,573**
Turks and Caicos Islands	1,510	18	1,027	1,302	3,140	240	21,836	619	(326)	5,088	**34,454**
Trinidad and Tobago	42,218	30,875	32,664	4	38,262	43,219	(16,549)	4	8	33,001	**203,706**
St. Vincent and the Grenadines	16,899	2,939	13,200	541	80,338	33,132	69,520	27,119	453	65,279	**309,420**
British Virgin Islands	3,503	-	5,409	403	36,018	4,812	11,664	15,672	1	-	**77,482**
Regional	1,530	0	2,621	1,314	1,012	2,585	41,671	2,216	3,369	23,174	**79,492**
Regional: LDC Focus	1,365	119	605	430	11,059	1,091	12,690	617	491	5,346	**33,813**
Regional: MDC Focus	25	-	-	-	6,313	-	9,602	-	-	3,020	**18,960**
Regional: LDC/MDC Focus	9,899	49	22,353	1,664	1,550	893	74,080	1,336	2,619	36,936	**151,379**
Total	**379,969**	**36,143**	**350,283**	**104,383**	**969,639**	**432,416**	**1,136,834**	**411,258**	**108,783**	**824,067**	**4,753,775**

*Dominican Republic is a CARIFORUM country accessing the EU standby facilities.

APPENDIX II-E

APPROVALS OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS (NET) BY COUNTRY AND BY YEAR (1970–2015) ($'000)

Country	1970 - 2009	2010	2011	2012	2013	2014	2015	Total
Antigua and Barbuda	102,096	371	27	(1,552)	35,607	27	50,610	187,186
Anguilla	53,339	55,165	11	269	3,340	-	2,357	114,481
Barbados	289,335	62,141	35,273	17,703	39,922	6,085	31,003	481,462
Bahamas	53,977	10,146	-	236	1,022	20,948	28,951	115,280
Belize	273,986	40,679	2,112	21,004	11,455	48,050	36,759	434,045
Dominica	200,098	5,270	12,438	16,338	1,905	2,242	33,685	271,976
Dominican Republic*	-	-	-	527	-	-	234	761
Grenada	220,164	3,529	10,077	3,145	(93)	21,186	35,740	293,748
Guyana	239,693	16,095	269	40,523	25,013	8,631	67	330,291
Haiti	31,055	17,599	10,721	6,362	13,706	2,743	15,303	97,489
Jamaica	687,653	20,475	(720)	27,806	(145)	48,181	(2,760)	780,490
St. Kitts and Nevis	189,850	8,873	18,557	1,013	42	(8,338)	8,407	218,404
Cayman Islands	48,265	(125)	-	72	35	-	-	48,247
St. Lucia	330,791	13,755	30,539	12,462	312	21,365	15,831	425,055
Montserrat	18,599	63	2,591	1,751	51	485	41	23,581
Suriname	-	-	-	11	-	21,970	592	22,573
Turks and Caicos Islands	31,109	(31)	(99)	(1,880)	85	70	5,200	34,454
Trinidad and Tobago	162,340	23	1,017	43	50	40,000	233	203,706
St. Vincent and the Grenadines	212,930	37,311	19,412	23,128	5,359	10,979	301	309,420
British Virgin Islands	61,635	54	15,672	48	50	-	23	77,482
Regional	15,300	6,559	5,139	7,571	23,213	10,255	11,455	79,492
Regional: LDC Focus	33,813	-	-	-	-	-	-	33,813
Regional: MDC Focus	18,960	-	-	-	-	-	-	18,960
Regional: LDC/MDC Focus	151,379	-	-	-	-	-	-	151,379
Total	**3,426,367**	**297,952**	**163,036**	**176,580**	**160,929**	**254,879**	**274,032**	**4,753,775**
LDCs	1,807,554	182,513	122,058	82,171	71,854	120,779	204,849	2,591,778
MDCs	1,452,134	108,880	35,839	86,311	65,862	123,845	57,494	1,930,365
Regional	166,679	6,559	5,139	8,098	23,213	10,255	11,689	231,632

Note: Cancellations prior to 2009 are deducted in the year in which approvals were made.

*Dominican Republic is a CARIFORUM country accessing the EU standby facilities.

APPENDIX II-F

DISTRIBUTION OF LOANS APPROVED (NET) BY COUNTRY AND BY FUND (1970–2015) ($'000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total	Percentage of Total
Antigua and Barbuda	156,029	14,255	9,346	179,630	4.3%
Anguilla	99,943	11,599	500	112,042	2.7%
Barbados	425,441	6,909	29,779	462,129	11.1%
Bahamas	106,878	3,036	3,240	113,154	2.7%
Belize	250,347	135,464	11,265	397,076	9.5%
Dominica	52,719	147,776	36,322	236,817	5.7%
Grenada	94,523	140,956	32,487	267,966	6.4%
Guyana	71,489	193,584	22,164	287,237	6.9%
Jamaica	493,897	187,478	74,831	756,206	18.1%
St. Kitts and Nevis	96,356	96,151	9,025	201,532	4.8%
Cayman Islands	39,884	4,703	3,313	47,900	1.1%
St. Lucia	220,807	135,206	38,804	394,817	9.5%
Montserrat	485	11,178	1,372	13,035	0.3%
Suriname	18,570	3,370	-	21,940	0.5%
Turks and Caicos Islands	16,285	12,100	-	28,385	0.7%
Trinidad and Tobago	193,808	5,018	2,566	201,392	4.8%
St. Vincent and the Grenadines	164,162	95,407	23,522	283,091	6.8%
British Virgin Islands	59,542	14,791	1,894	76,227	1.8%
Regional	12,668	6,375	-	19,043	0.5%
Regional: LDC Focus	10,000	5,232	2,626	17,858	0.4%
Regional: MDC Focus	7,266	5,544	2,174	14,984	0.4%
Regional: LDC/MDC Focus	39,912	742	-	40,654	1.0%
Total	**2,631,011**	**1,236,874**	**305,230**	**4,173,115**	
Percentage of Total	63.0	29.6	7.3		100.0
LDCs	1,279,652	828,188	170,476	2,278,316	54.6%
MDCs	1,298,779	401,569	134,754	1,835,102	44.0%
Regional	52,580	7,117	0	59,697	1.4%

APPENDIX II-G

DISTRIBUTION OF LOANS (NET) BY SECTOR AND BY FUND (1970–2015) ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**2,631,011**	**1,236,874**	**305,230**	**4,173,115**
Agriculture and Rural Development	**189,145**	**129,780**	**36,835**	**355,760**
Agriculture (excluding Crop Farming)	127,853	35,704	18,865	182,422
Crop Farming	3,725	5,895	2,780	12,400
Export Crops	39,223	23,314	4,674	67,211
Mixed Farming	207	100	1,421	1,728
Irrigation, Drainage and Land Reclamation	10,999	6,803	409	18,211
Fishing	-	2,437	694	3,131
Land Settlement and Rural Development	3,947	25,567	312	29,826
Feeder Roads and Bridges	3,191	29,960	7,680	40,831
Mining and Quarrying	**31,409**	**3,294**	**436**	**35,139**
Fossil Fuels	30,862	535	430	31,827
Metal Ores	547	-	-	547
Non-Metallic Minerals	-	2,759	6	2,765
Manufacturing and Industry	192,301	73,426	47,544	313,271
Industrial Development	185,721	59,702	13,383	258,806
Micro and Small Scale Enterprises	-	8,563	1,137	9,700
Agro-Industries	93	5,086	32,318	37,497
Textile, Wearing Apparel and Leather Goods	-	2	260	262
Forest Industries	3,502	-	-	3,502
Chemicals and Chemical Products	-	-	446	446
Non-Metallic Mineral Products	2,985	73	-	3,058
Tourism	**80,338**	**10,803**	**6,935**	**98,076**
Tourism	80,338	10,803	6,935	98,076
Transportation and Communication	**675,012**	**213,144**	**70,340**	**958,496**
Transport Policy and Administrative Management	9,889	3,101	-	12,990
Road Transport	390,782	143,770	31,162	565,714
Water Transport	41,534	40,982	15,041	97,557
Air Transport	224,557	25,254	24,137	273,948
Communication	8,250	37	-	8,287
Power, Energy, Water and Sanitation	**280,227**	**113,511**	**25,437**	**419,175**
Power and Energy	39,850	520	-	40,370
Electric Power	66,755	32,625	1,577	100,957
Alternative Energy	8,250	-	-	8,250
Water and Sanitation	165,372	80,366	23,860	269,598
Social Infrastructure and Services	**486,693**	**241,663**	**63,002**	**791,358**

APPENDIX II-G

DISTRIBUTION OF LOANS (NET) BY SECTOR AND BY FUND (1970–2015) ($'000) *(cont'd)*

Education - General	138,103	53,520	16,400	208,023
Education - Basic	8,253	30,283	12,050	50,586
Education - Secondary/Vocational	36,332	20,042	5,769	62,143
Education - Post Secondary	171,263	98,847	2,174	272,284
Health	4,091	1,157	1,875	7,123
Housing	94,369	35,347	22,884	152,600
Other Social Infrastructure and Services	34,282	2,467	1,850	38,599
Environmental Sustainability and Disaster Risk Reduction	**122,717**	**257,609**	**11,501**	**391,827**
Sea Defence/Flood Prevention/Control	6,855	(67)	(54)	6,734
Disaster Prevention and Preparedness	6,622	32,898	1,495	41,015
Reconstruction Relief and Rehabilitation	109,240	224,778	10,060	344,078
Financial, Business and Other Services	**64,269**	**34,938**	**-**	**99,207**
Financial Policy and Administrative Management	32,083	5,209	-	37,292
Financial Intermediaries	32,186	29,729	-	61,915
Multi-Sector and Other	**506,559**	**158,706**	**43,200**	**708,465**
Government and Civil Society	101,557	3,226	4,400	109,183
Urban Development	29,912	750	-	30,662
Policy-Based Loans/Structural Adjustment Programme	374,000	152,760	38,800	565,560
Other	1,090	1,970	-	3,060
	2,341	**-**	**-**	**2,341**
	2,341	-	-	2,341

APPENDIX II-H

CONTINGENT LOANS APPROVED (NET) BY COUNTRY AND BY FUND (1970–2015) ($'000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total	Percentage of Total
Antigua and Barbuda	-	4	-	4	0.1%
Anguilla	-	-	71	71	1.4%
Barbados	-	384	156	540	10.4%
Belize	-	829	152	981	18.9%
Dominica	-	-	809	809	15.5%
Grenada	-	241	-	241	4.6%
Jamaica	-	286	-	286	5.5%
St. Kitts and Nevis	-	178	56	234	4.5%
St. Lucia	-	145	50	195	3.7%
Montserrat	-	87	-	87	1.7%
Turks and Caicos Islands	-	1,054	-	1,054	20.3%
Trinidad and Tobago	-	200	-	200	3.8%
St. Vincent and the Grenadines	-	217	131	348	6.7%
British Virgin Islands	-	50	104	154	3.0%
Total	**-**	**3,675**	**1,529**	**5,204**	
Percentage of Total	0.0	70.6	29.4		100.0
LDCs	0	2,805	1,373	4,178	80.3%
MDCs	0	870	156	1,026	19.7%

APPENDIX II-I

CONTINGENT LOANS APPROVED (NET) BY SECTOR AND BY FUND – 2015 ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**-**	**3,675**	**1,529**	**5,204**
Agriculture and Rural Development	**-**	**460**	**147**	**607**
Agriculture (excluding Crop Farming)	-	185	96	281
Crop Farming	-	-	51	51
Export Crops	-	75	-	75
Land Settlement and Rural Development	-	200	-	200
Mining and Quarrying	**-**	**391**	**131**	**522**
Fossil Fuels	-	391	131	522
Manufacturing and Industry	**-**	**52**	**-**	**52**
Industrial Development	-	52	-	52
Tourism	**-**	**93**	**-**	**93**
Tourism	-	93	-	93
Transportation and Communication	**-**	**2,096**	**243**	**2,339**
Transport Policy and Administrative Management	-	1,267	104	1,371
Road Transport	-	245	38	283
Air Transport	-	584	101	685
Power, Energy, Water and Sanitation	**-**	**583**	852	**1,435**
Power and Energy	-	222	824	1,046
Water and Sanitation	-	361	28	389
Multi-Sector and Other	**-**	**-**	**156**	**156**
Urban Development	-	-	156	156

APPENDIX II-J

GRANTS APPROVED (NET)
BY COUNTRY AND BY FUND (1970–2015) ($'000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total	Percentage of Total
Antigua and Barbuda	-	2,384	4,658	7,042	1.4%
Anguilla	-	1,512	856	2,368	0.5%
Barbados	-	1,283	1,403	2,686	0.5%
Bahamas	-	1,282	320	1,602	0.3%
Belize	-	25,415	8,897	34,312	6.7%
Dominica	-	17,496	16,394	33,890	6.6%
Dominican Republic*	-	-	519	519	0.1%
Grenada	-	16,119	9,422	25,541	5.0%
Guyana	-	36,595	6,103	42,698	8.4%
Haiti	-	97,489	-	97,489	19.1%
Jamaica	-	20,145	1,663	21,808	4.3%
St. Kitts and Nevis	-	10,658	5,773	16,431	3.2%
Cayman Islands	-	315	32	347	0.1%
St. Lucia	-	21,052	8,483	29,535	5.8%
Montserrat	-	7,628	2,831	10,459	2.0%
Suriname	-	120	-	120	0.0%
Turks and Caicos Islands	-	3,899	1,116	5,015	1.0%
Trinidad and Tobago	-	668	1,197	1,865	0.4%
St. Vincent and the Grenadines	-	16,960	8,395	25,355	5.0%
British Virgin Islands	-	753	348	1,101	0.2%
Regional	-	43,832	6,348	50,180	9.8%
Regional: LDC Focus	-	6,931	5,924	12,855	2.5%
Regional: MDC Focus	-	976	-	976	0.2%
Regional: LDC/MDC Focus	-	58,951	27,774	86,725	17.0%
Total	**-**	**392,463**	**118,456**	**510,919**	
Percentage of Total	0.0	76.8	23.2		100.0
LDCs	0	228,587	73,097	301,684	59.0%
MDCs	0	61,093	10,718	71,811	14.1%
Regional	0	102,783	34,641	137,424	26.9%

*Dominican Republic is a CARIFORUM country accessing the EU standby facilities.

APPENDIX II-K

GRANTS APPROVED (NET) BY SECTOR AND BY FUND (1970–2015) ($'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
Total All Sectors	**-**	**392,463**	**118,456**	**510,919**
Agriculture and Rural Development	**-**	**16,415**	**5,522**	**21,937**
Agriculture (excluding Crop Farming)	-	1,835	1,594	3,429
Crop Farming	-	321	88	409
Export Crops	-	-	58	58
Mixed Farming	-	179	207	386
Irrigation, Drainage and Land Reclamation	-	155	156	311
Fishing	-	41	178	219
Land Settlement and Rural Development	-	11,193	372	11,565
Feeder Roads and Bridges	-	2,691	2,869	5,560
Mining and Quarrying	**-**	**190**	**292**	**482**
Fossil Fuels	-	-	292	292
Metal Ores	-	190	-	190
Manufacturing and Industry	-	19,050	6,983	26,033
Industrial Development	-	754	4,007	4,761
Micro and Small Scale Enterprises	-	14,168	712	14,880
Agro-Industries	-	1,628	2,025	3,653
Textile, Wearing Apparel and Leather Goods	-	109	51	160
Forest Industries	-	348	-	348
Chemicals and Chemical Products	-	13	95	108
Construction	-	2,030	93	2,123
Tourism	**-**	**2,043**	**3,080**	**5,123**
Tourism	-	2,043	3,080	5,123
Transportation and Communication	-	**4,574**	**4,230**	**8,804**
Transport Policy and Administrative Management	-	441	214	655
Road Transport	-	1,880	24	1,904
Water Transport	-	562	538	1,100
Air Transport	-	1,075	3,348	4,423
Communication	-	481	106	587
Storage	-	135	-	135
Power, Energy, Water and Sanitation	-	**7,369**	**4,437**	**11,806**
Power and Energy	-	2,261	967	3,228
Electric Power	-	185	283	468
Alternative Energy	-	-	1,791	1,791
Water and Sanitation	-	4,923	1,396	6,319
Social Infrastructure and Services	-	**261,271**	**67,105**	**328,376**

Education - General	-	**49,033**	**9,340**	**58,373**
Education - Basic	-	12,412	998	13,410
Education - Secondary/Vocational	-	5,978	-	5,978
Education - Post Secondary	-	10,053	400	10,453
Health	-	1,310	276	1,586
Housing	-	828	165	993
Other Social Infrastructure and Services	-	181,657	55,926	237,583
Environmental Sustainability and Disaster Risk Reduction	-	**14,686**	**3,454**	**18,140**
Environmental Sustainability	-	3,147	708	3,855
Sea Defence/Flood Prevention/Control	-	20	250	270
Disaster Prevention and Preparedness	-	9,013	2,421	11,434
Reconstruction Relief and Rehabilitation	-	2,506	75	2,581
Financial, Business and Other Services	-	**7,294**	**2,182**	**9,476**
Financial Policy and Administrative Management	-	5,253	1,496	6,749
Financial Intermediaries	-	2,041	686	2,727
Multi-Sector and Other	-	**59,571**	**21,171**	**80,742**
Government and Civil Society	-	16,269	10,241	26,510
Urban Development	-	9,000	-	9,000
Policy-Based Loans/Structural Adjustment Programme	-	10,136	-	10,136
Regional/Multulateral Trade Agreements	-	2,242	7,618	9,860
Other	-	21,924	3,312	25,236

APPENDIX II-L

GRANTS APPROVED (NET)
BY COUNTRY AND BY YEAR (1970–2015) ($'000)

Country	1970 - 2009	2010	2011	2012	2013	2014	2015	Total
Antigua and Barbuda	6,051	371	132	37	324	27	100	7,042
Anguilla	1,782	165	11	269	125	-	16	2,368
Barbados	1,969	79	23	86	63	-	466	2,686
Bahamas	841	37	-	224	272	28	200	1,602
Belize	20,826	960	1,012	6,295	224	3,452	1,543	34,312
Dominica	25,424	1,380	58	4,970	175	1,011	872	33,890
Dominican Republic*	-	-	-	519	-	-	-	519
Grenada	19,648	533	818	3,409	(93)	486	740	25,541
Guyana	33,447	220	269	6,858	13	1,756	135	42,698
Haiti	31,055	17,599	10,721	6,362	13,706	2,743	15,303	97,489
Jamaica	10,759	475	321	7,049	181	1,913	1,110	21,808
St. Kitts and Nevis	13,136	448	47	1,895	42	456	407	16,431
Cayman Islands	240	-	-	72	35	-	-	347
St. Lucia	19,772	368	596	5,736	312	2,226	525	29,535
Montserrat	7,977	63	91	1,751	51	485	41	10,459
Suriname	-	-	-	-	-	30	90	120
Turks and Caicos Islands	3,685	18	-	957	85	70	200	5,015
Trinidad and Tobago	748	23	1,017	27	50	-	-	1,865
St. Vincent and the Grenadines	18,122	311	440	4,558	22	1,601	301	25,355
British Virgin Islands	926	54	-	48	50	-	23	1,101
Regional	7,050	6,559	5,139	7,310	2,412	10,255	11,455	50,180
Regional: LDC Focus	12,855	-	-	-	-	-	-	12,855
Regional: MDC Focus	976	-	-	-	-	-	-	976
Regional: LDC/MDC Focus	86,725	-	-	-	-	-	-	86,725
Total	**324,014**	**29,663**	**20,695**	**58,432**	**18,049**	**26,539**	**33,527**	**510,919**
LDCs	181,323	22,270	13,926	36,359	15,058	12,587	20,161	301,684
MDCs	48,916	834	1,630	14,244	579	3,697	1,911	71,811
Regional	93,775	6,559	5,139	7,829	2,412	10,255	11,455	137,424

Note: Cancellations prior to 2009 are deducted in the year in which approvals were made.

*Dominican Republic is a CARIFORUM country accessing the EU standby facilities.

March 31, 2016

CDB Acronyms

A

ACP	African Caribbean and Pacific
AF	Adaptation Fund
ANGLEC	Anguilla Electricity Company Limited
AQR	Asset Quality Review

B

BNTF	Basic Needs Trust Fund
BMCs	Borrowing Member Countries
BOD	Board of Directors
BVI	British Virgin Islands
BWA	Barbados Water Authority

C

CBI	Citizenship by Investment
CARICOM	Caribbean Community
CARIFORUM-EU-EPA	The Caribbean Forum-European Union-Economic Partnership Agreement
CARTFund	Caribbean Aid for Trade and Regional Integration Trust Fund
CBRs	Correspondent Banking Relationships
CCAM	Climate Change Adaptation Masterplan
CCCCC	Caribbean Community Climate Change Centre
CCORAL	Caribbean Community Risk Assessment Tool
CCRIF	Caribbean Catastrophe Risk Insurance Facility
CDB	Caribbean Development Bank
CDEMA	Caribbean Disaster Emergency Management Agency
CEDA	Caribbean Export Development Agency
CFRAPs	Climate Finance Readiness Action Plans
CFTDI	Caribbean Fisheries Training and Development Institute
CIF	Caribbean Investment Facility
CMAS	Computerised Management Accounting Systems
CREF	Caribbean Renewable Energy Forum
CRO	Chief Risk Officer
C-SERMS	Caribbean Sustainable Energy Road Map and Strategy
CSME	Caribbean Single Market Economy
CSP	Country Strategy Papers
CSPE	Country Strategy and Programme Evaluation
CTCS	Caribbean Technological Consultancy Services
CTF	Clean Technology Fund
CTO	Caribbean Tourism Organisation
CVQ	Caribbean Vocational Qualification

D

DBS	Doing Business Survey
DFI	Development Finance Institution
DFID	Department for International Development
DINEPA	National Directorate of Water Supply and Sanitation

E

ECCB	Eastern Caribbean Central Bank
ECCU	Eastern Caribbean Currency Union
EE	Energy Efficiency
ECD	Early Childhood Development
EFF	Extended Fund Facility
EIB	European Investment Bank
EPAs	Economic Partnership Agreements
ERC	Enterprise Risk Committee
ERM	Enterprise Risk Management
ESRP	Environmental and Social Review Procedures
ESU	Environmental Sustainability Unit
EU	European Union

G

GCF	Green Climate Fund
GEF	Global Environmental Facility
GEPOS	Gender Equality Policy and Operational Strategy
GDP	Gross Domestic Product
GHG	Green House Gas
GIZ	German Agency for International Cooperation
GOCD	Government of the Commonwealth of Dominica
GOUID	Governance and Institutional Development
GOVID	Governance and Institutional Development

H

HRD	Human Resource Development

I

IAs	Implementing Agencies
IAD	Internal Audit Division
ICA	Integrity, Compliance and Accountability
IDB	Inter-American Development Bank
IFRS	Financial Reporting Standards
IMF	International Monetary Fund
IRL	Immediate Response Loan
IT	Information Technology
ITC	International Trade Centre

J

JICA	Japan International Cooperation Agency

K

kWh	Kilowatt Hours

L

LDCs	Least developed country
LED	Light-emitting diode (LED)
LIBOR	London Interbank Offered Rate
LNG	Liquefied Natural Gas

M

MDGs	Millennium Development Goals
MIF	Multilateral Investment Fund
MSMEs	Micro Small and Medium-size Enterprises
MW	Megawatt

N

NPLs	Nonperforming Loans
NPV	Net Present Value

O

OCR	Ordinary Capital Resources
OECD	Organisation for Economic Cooperation and Development
OECD-DAC	Organisation for Economic Co-operation and Development – Development Assistance Committee (ODA)
OECS	Organisation of Eastern Caribbean States
OICA	Office of Integrity Compliance and Accountability
OIE	Office of Independent Evaluation
ORM	Office of Risk Management
OSF	Other Special Development Funds/

P

PBLs	Policy-Based Loans
PBO	Policy-based Operations
PCs	Participating Countries
PCM	Project Complaints Mechanism
PPAM/PCM	Public Policy and Management/Project Cycle Management
PPP	Public-Private Partnership
PPIAF	Public-Private Infrastructure Advisory Facility
PV	Photovoltaic

R

RE	Renewable Energy
RAS	Risk Appetite Statements
RCI	Regional Cooperation and Integration
RCSA	Risk Control Self-Assessment

S

SDF	Special Development Fund
SDF (U)	Special Development Fund (Unified)
SE	Sustainable Energy
SEEC	Sustainable Energy for the Eastern
Caribbean	
SEF	Sustainable Energy Facility
SFR	Special Fund Resources
SDGs	Sustainable Development Goals
SIDS	Small Island Developing States
SP	Strategic Plan
S&P	Standard and Poors
STCW	Standard for Training Certification and Watchkeeping
STEM	Science, Technology, Engineering and Mathematics

T

TA	Technical Assistance
TAPOS	Technical Assistance Policy and Operational Strategy
TC	Technical Cooperation
TCD	Technical Cooperation Division
TCI	Turks and Caicos Islands
TEVET	Technical Vocational Education and Training

U

UK	United Kingdom
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention for Climate Change
UNITAR	United Nations Institute for Training and Research
US	United States
USA	United States of America
USD	United States Dollar
UTT	University of Trinidad and Tobago
UWI	The University of the West Indies

V

VAT	Value Added Tax

W

WASCO	Water and Sewerage Company
WB	World Bank

CARIBBEAN DEVELOPMENT BANK
P.O. Box 408, Wildey, St Michael
Barbados BB11000
T: (246) 431-1600
F: (246) 426-7269

www.caribank.org