



# ANNUAL REPORT 2020







## PURPOSE

"The purpose of the Bank shall be to contribute to the harmonious economic growth and development of the member countries in the Caribbean (hereinafter called the "region") and to promote economic co-operation and integration among them, having special and urgent regard to the needs of the less developed members of the region."

**Article 1 - Agreement establishing the Caribbean Development Bank**

## MISSION STATEMENT

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



Wilkey, St. Michael  
Barbados, West Indies  
BB1 1000

Hon. Mia Amor Mottley  
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, 2020, 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.

A handwritten signature in black ink, appearing to read "Wm. Warren Smith". The signature is stylized and fluid, with a large loop at the end.

Yours sincerely  
W<sup>m</sup>. Warren Smith, Ph.D., CD  
President

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# 2020 HIGHLIGHTS AT-A-GLANCE

## TRANSPORT

- \$305 million (mn) in loans and grants approved for road projects:
- \$190 mn for the upgrading of 121 kilometres (km) of roadway from Linden to Mabura Hill in Guyana. The largest CDB project to date.
- \$60 mn to upgrade 125 km of the Philip S. W. Goldson Highway and the Remate Bypass Road, and improve the trade corridor between Belize, Guatemala, and Mexico.
- \$55 mn to rehabilitate and improve 40 km of the Millennium Highway and West Coast Road in Saint Lucia.



## BASIC NEEDS TRUST FUND (BNTF)

- 59 basic school classrooms built or upgraded benefitting 1,094 students.
- 196 teachers trained in elements of basic education
- 4,106 households benefitted from improved water supply and sanitation services integrated with water, sanitation and hygiene training (WASH initiative).
- Country-specific policy frameworks developed for planning and implementation of the next BNTF cycle.



## ENERGY SECURITY AND WATER

- \$8.6 mn approved for a five megawatt (MW) utility battery energy storage and a 1 MW grid-connected, solar photovoltaic system for St. Vincent and the Grenadines.
- 224 electrical inspectors and photovoltaic system installers in the Eastern Caribbean received training and international certification.
- \$30 mn for upgrade of water supply systems serving communities in six parishes which will benefit 100,000 Jamaicans.



## CLIMATE CHANGE RESILIENCE

- \$14.8 mn in grants provided with support from the Canada-CARICOM Climate Adaptation Fund to eight governments for insurance premiums through the Caribbean Catastrophe Risk Insurance Facility.
- State of the Caribbean Climate Change 2020 report launched in partnership with the University of the West Indies to inform evidence-based planning and decision-making.



## EDUCATION

- In partnership with the Caribbean Examinations Council (CXC), completed development of a Digital Toolkit for the delivery of the Caribbean Advanced Proficiency Examination (CAPE) Environmental Science Syllabus.



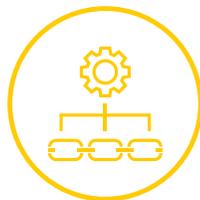
## REGIONAL COOPERATION AND INTEGRATION

- CARIFORUM-European Union Economic Partnership Agreement CARICOM Single Market and Economy Standby Facility for Capacity Building launched.
- \$1.7 mn approved for regional cooperation and integration projects.
- Initiative commenced to establish an integrated digital portal for maritime ports in Member States of the Organisation of Eastern Caribbean States for more efficient processing of trade-related data for passengers and goods



## PROCUREMENT

- Use of electronic procurement and disbursement solutions enabled by Borrowing Member Countries in response to COVID-19.
- Procurement procedures strengthened to enhance effectiveness and integrity provisions



## INTEGRITY COMPLIANCE AND ACCOUNTABILITY

- First Caribbean Conference on Corruption, Compliance and Cybercrime held with over 860 online participants.
- Discourse on corruption broadened with awareness outreach to non-traditional target groups including youth and women.



## HUMAN RESOURCE DEVELOPMENT

- Level 1 of Economic Dividends for Gender Equality (EDGE) certification obtained to transform CDB's workforce by measuring, accelerating and certifying gender equality.
- Employee Wellbeing Programme launched.



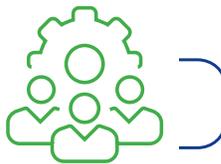
# CDB'S COVID-19 RESPONSE AT-A-GLANCE

In 2020, COVID-19 fundamentally changed how we live, learn, work and do business in the Caribbean. The pandemic caused a decline in government revenues in Borrowing Member Countries (BMCs) while putting social services and health systems under pressure.

In response, CDB provided multidimensional support to address the immediate needs of BMCs through mitigative intervention.

- Total support exceeded **\$190 million**

## SUPPORT FOR BMCs



Some **\$182 mn** for BMCs to tackle the fallout from the pandemic and other shocks.

About **\$67 mn** in emergency loans to seven Caribbean countries

- **\$13 mn** Antigua and Barbuda
- **\$15 mn** Belize
- **\$2.5 mn** Dominica
- **\$5.9 mn** Grenada
- **\$10.8 mn** Saint Lucia
- **\$11.3 mn** St. Vincent and the Grenadines
- **\$8.2 mn** Suriname

**\$65 mn** in policy-based loans to three countries to facilitate COVID-19 response and to support economic recovery and resilience building in sectors hardest hit by the pandemic

- **\$15 mn** Bahamas
- **\$20 mn** Dominica
- **\$30 mn** Saint Lucia

**\$50 mn loan-agreement** with the **Inter-American Development Bank** to support continued COVID-19 response in the Member States of the Organisation of Eastern Caribbean States (OECS) in 2021.

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## SUPPORT FOR SOCIAL SERVICES

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### Health



- **\$3 mn grant** to purchase personal protective equipment for **healthcare workers in 14 countries**.
- **“Stronger Together 2020”** campaign, an awareness initiative to promote positive coping strategies **for COVID-19 and the hurricane season** in partnership with the Pan American Health Organisation.

### Education



- **Grenada** – **\$4.2 mn** from a previous loan repurposed for **15,000 laptops** to improve online education for primary and secondary school children.
  - **Guyana** – **\$310,000** from a previous loan repurposed to purchase **laptops, tablets, projectors**, and **cloud storage** for online technical and vocational teaching.
- **The University of the West Indies** – **\$200,000 grant** for **computing devices for disadvantaged students across five campuses** and **free internet** for 70 students for one semester.
  - **Saint Lucia** – **\$59,000** repurposed from a previous loan for **130 tablets for special needs students**.
  - Collaborated with the CARICOM Secretariat and the UNESCO International Institute for **Educational Planning to develop a framework for the safe re-opening of schools**.
  - Collaborated with the CARICOM Secretariat and the Caribbean Association of National Training Authorities to develop guidelines for the **safe operation of classrooms, labs and workshops** for **technical and vocational training**.

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## SUPPORT FOR MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES (MSMES)

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- **Webinars for more than 1000 MSMEs**, conducted on pivoting businesses during the pandemic.
- Collaboration with Caribbean Export Development Agency – **\$600,000 emergency response grant** to assist export-oriented MSMEs.
- CDB’s Cultural and Creative Industries Innovation Fund – **\$100,000 grant** funding **for seven cultural projects to mitigate loss of income**.

President of CDB  
W<sup>m</sup>. Warren Smith, Ph.D., CD.



# PRESIDENT'S STATEMENT

In 2020, the Caribbean Development Bank (CDB) marked 50 years of proudly contributing to the development of the Caribbean Region and improving people's lives. This achievement was overshadowed by the COVID-19 pandemic very early in 2020. What started as a health emergency quickly morphed into a global epidemic, testing the economic and social fabric of our Region.

The Caribbean's first cases of COVID-19 were recorded in March, and pressure on the health system emerged as hospitalisations and the death toll rose. Regional governments responded proactively to limit the spread of the virus by imposing curfews, closing borders, and halting non-essential activities. The resulting socio-economic impact was severe, leading to a surge in unemployment, loss of livelihoods and elevated poverty levels. The advent of the pandemic also greatly undermined resilience-building efforts in the economic and social spheres.

Regional gross domestic product (GDP) fell by 7.2% in 2020, after averaging 2.2% growth per year in the preceding five years. The service-oriented economies were hard-hit as a result of closed borders and physical distancing, in an effort to control the spread of the virus. Overnight visitors decreased by about 70% and cruise ship calls ceased from March. Meanwhile, the commodity-based economies faced depressed prices, as well as a slump in domestic demand. Fiscal and debt management came under severe pressure with increasing demands on governments to deal with the health emergency, offer social protection, and provide economic stimuli, even as government revenues were being eroded.

Meeting the collective needs of our Borrowing Member Countries (BMCs) in a period of sustained emergency was a paramount concern for CDB. These were unprecedented circumstances that required both traditional and innovative support to enable Governments to meet the unanticipated increases in expenditures to cover their COVID-19 response. At the same time, CDB's response needed to strike the right balance between meeting the immediate needs of BMCs for budget and liquidity support; and ensuring that the operations are managed in a manner that will allow it to emerge in a post-COVID-19 environment capable of delivering on its longer-term development mandate.

Our strategy for engagement in 2020 was built largely on two pillars – responding to the immediate needs of the BMCs through mitigative intervention and enabling recovery and resilience. Our response was to buttress country efforts by financing the purchase of personal protective equipment to support frontline workers; providing emergency support to the most vulnerable segment of the population; promoting recovery through liquidity support to the MSMEs; and repurposing undisbursed project funds to provide debt relief support to selected BMCs whilst providing the fiscal space needed to meet pressing spending in the health and social sectors. Our policy-based operations, in conjunction with our traditional project assistance, facilitated a relaxation of the difficult liquidity constraint, and a deepening of their policy reform agenda for improved debt sustainability and economic and social resilience.

At CDB, our institutional resilience was also put to the test when, as a result of country lockdowns, we had to switch



Above: Honourable Mia Amor Mottley, (at left) Prime Minister of Barbados and Chairman of the Board of Governor of the Caribbean Development Bank (CDB) and CDB President Dr. W<sup>m</sup> Warren Smith addressing the thanksgiving service held in February 2020 to celebrate the Bank's 50th Anniversary.



Above: In January 2020, the CDB welcomed a delegation from the Government of Saint Lucia to the Bank's head office in St. Michael, Barbados. Present on that occasion were, (from left) Stephen Julien, Attorney General, Saint Lucia; Diana Wilson-Patrick, General Counsel; CDB, Yvette Lemonias Seale, Vice-President, Corporate Services and Bank Secretary; CDB, Hon. Stephenson King, Minister for Infrastructure, Ports, Energy and Labour, Saint Lucia; Dr. W<sup>m</sup> Warren Smith, CDB President; Hon. Allen Chastanet, Prime Minister of Saint Lucia; Claudius Emmanuel, Permanent Secretary, Department of Economic Development and CDB Director, Saint Lucia; Albert Jean Baptiste, Chief Engineer, Saint Lucia; Hon. Guy Joseph, Minister for Economic Development, Housing, Urban Renewal, Transport and Civil Aviation, Saint Lucia and CDB Governor, Saint Lucia.

quickly to complete virtual operations in order to continue fulfilling our obligations to the BMCs. The Bank's regular business processes continued seamlessly and engagement with clients sustained, as the technology facilitated remote access and allowed meetings to be conducted virtually.

We emerged as a major partner in the regional response to the COVID-19 pandemic, directing substantial financial and technical resources into the BMCs in 2020. Total approvals jumped to \$557.2 mn from \$340 mn in 2019; and disbursements rose to \$361.3 mn from \$306 mn over the same period. Approvals during the year included \$190 mn for the Linden-to-Mabura-Hill project in Guyana, CDB's largest approval to date.

We also signed a \$50 mn loan agreement with the Inter-American Development Bank in December 2020, to support COVID-19 responses in Member States of the Organisation of Eastern Caribbean States. This line of credit will finance programmes to safeguard adequate quality of life and health for vulnerable citizens and provide support for MSMEs.

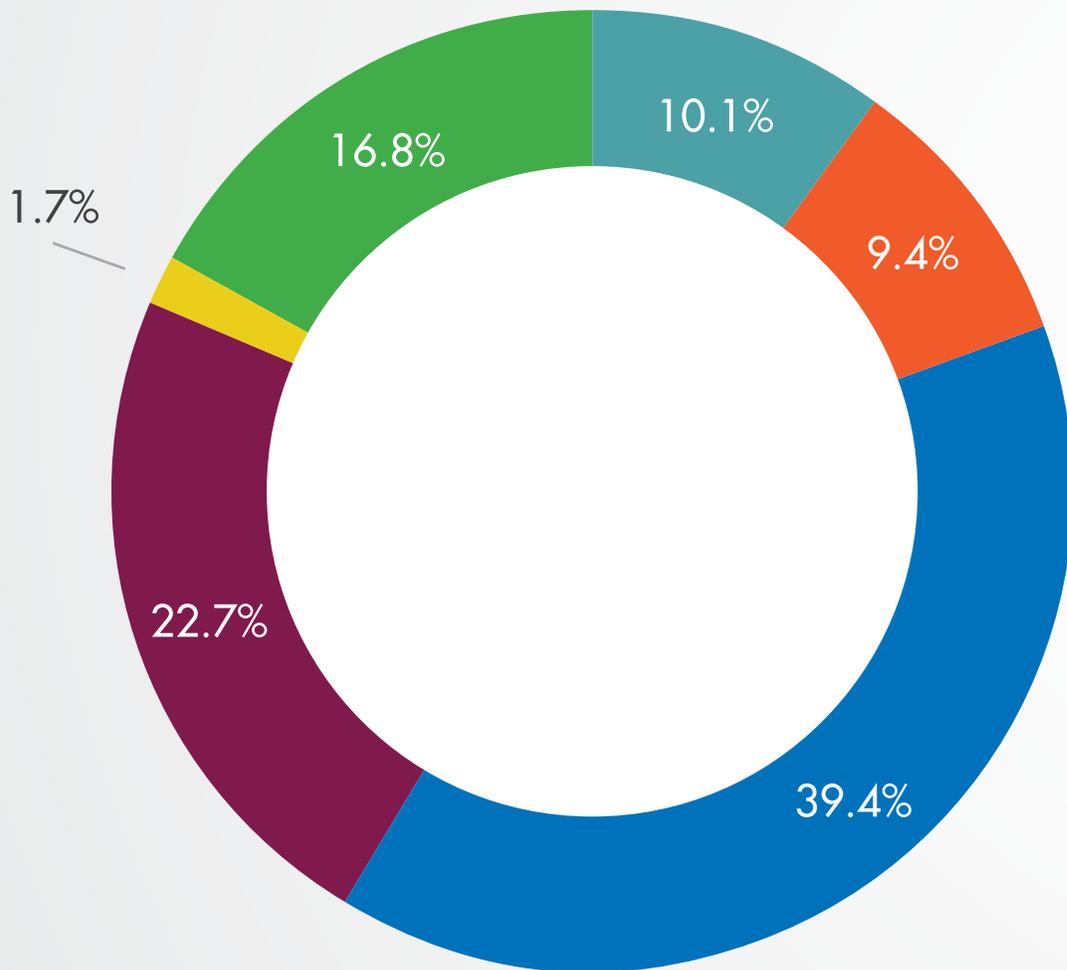
It is noteworthy that, during this period of considerable uncertainty, three credit rating agencies reaffirmed CDB's credit rating, an expression of their confidence in the financial operations and management.

Despite the enormity of the challenges in 2020, CDB was able to remain faithful to its mandate and respond quickly and effectively to the needs of its BMCs. It would be remiss of me not to acknowledge the valuable contributions made by the Board of Directors, the Management, and the Staff in the achievement of the results and the milestones reached. Now, more than ever, we must put this strong spirit of collaboration, cooperation, and teamwork on display as the region continues its quest to overcome the obstacles which COVID-19 placed in its path to sustainable socio-economic development.



Wm. Warren Smith, Ph.D., CD

# DISTRIBUTION OF LOANS BY SECTOR

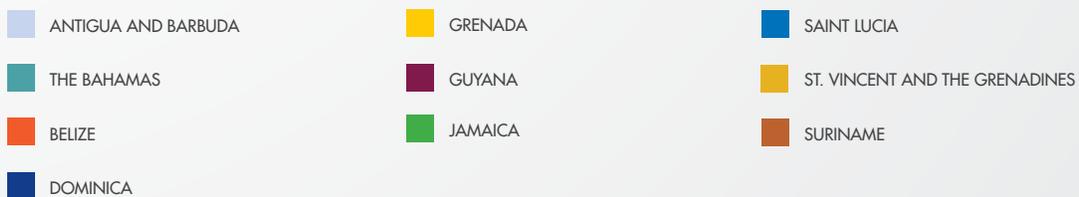
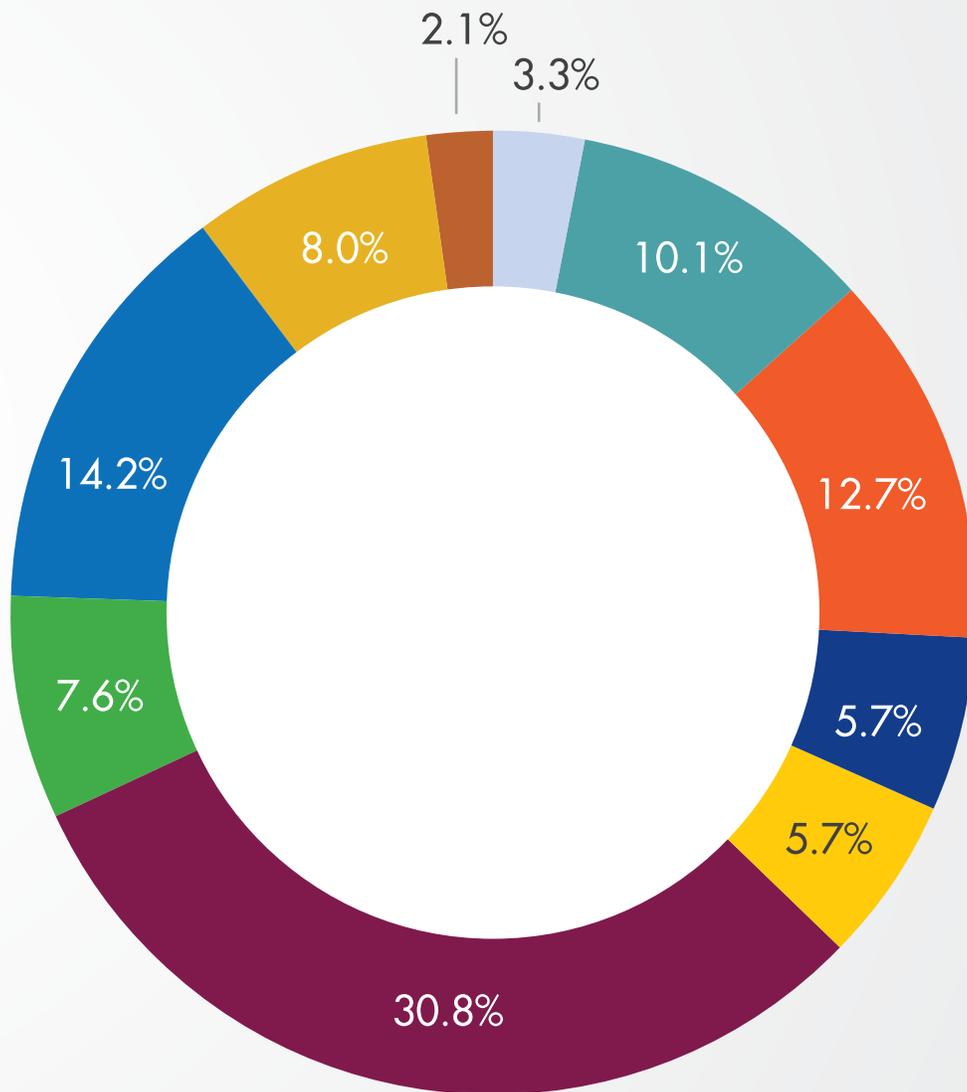


EDUCATION FACILITIES AND TRAINING  
WATER SUPPLY

TRANSPORTATION  
BUDGET SUPPORT

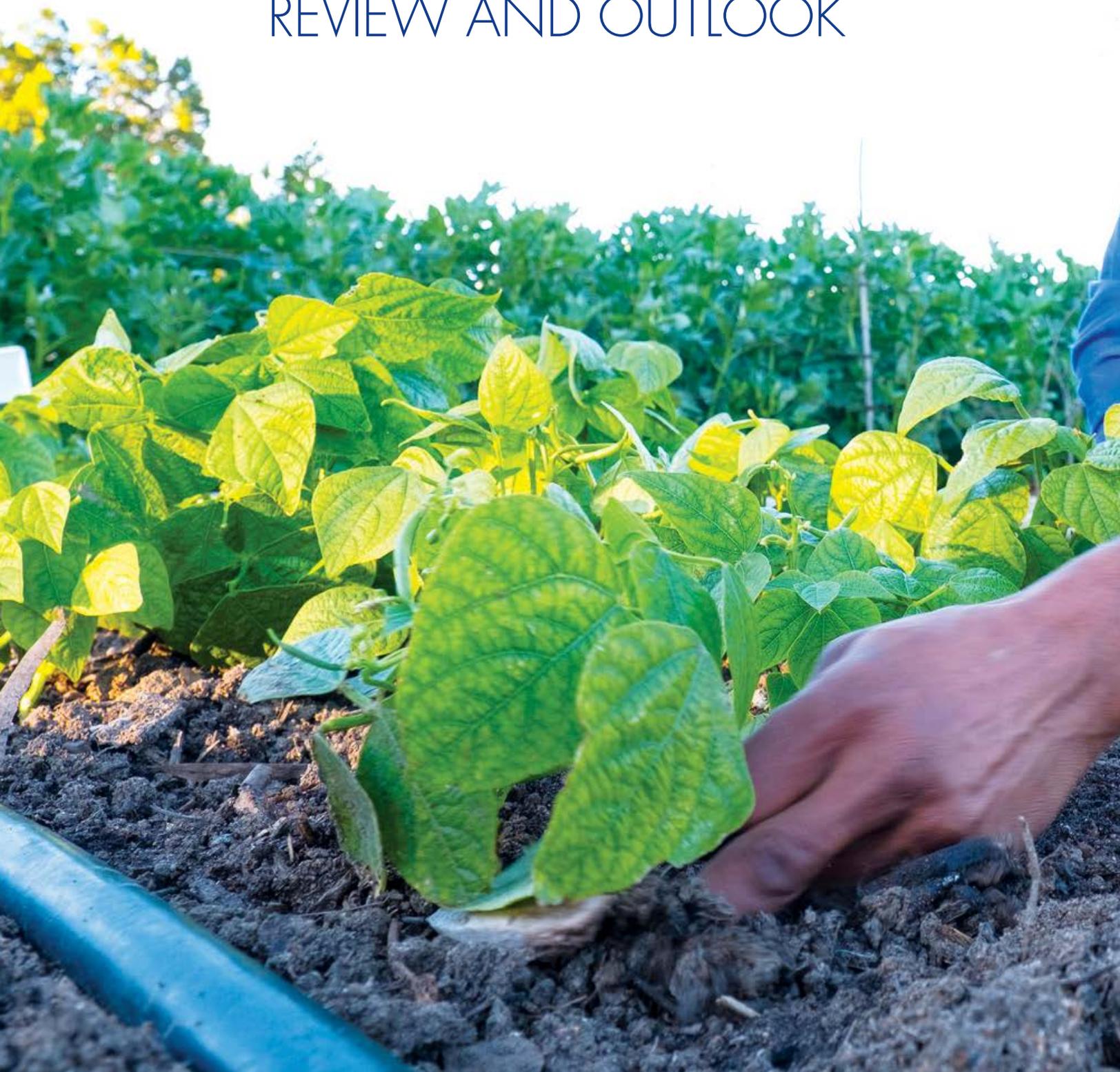
AGRICULTURE, ENERGY CONSERVATION AND WASTE MANAGEMENT  
DEBT SERVICE SUPPORT INITIATIVE

# DISTRIBUTION OF LOANS BY COUNTRY



## SECTION 1

# CARIBBEAN ECONOMIC REVIEW AND OUTLOOK





## Overview

In 2020, the economic performance in the Caribbean mirrored an emerging trend in the rest of the world. The COVID-19 pandemic, caused by the 2019 Novel Coronavirus (Severe Acute Respiratory Syndrome [SARS]-CoV-2), resulted in severe socio-economic hardship, serious illness and death. Economic activity came to a standstill as social distancing and public health measures were implemented to contain the spread of the virus. There was increased pressure on healthcare and social safety net systems, and on public finances as governments struggled to cope with rising expenditure and falling revenues.

Many BMCs, and particularly those most dependent on tourism, experienced severe economic contraction. Regional GDP fell by 7.2%. CDB worked closely with many affected BMCs to combat the effects of the pandemic, helping them to meet the necessary healthcare and social provisions, and by supporting economic activity.

The short to medium term outlook for BMCs is clouded by COVID-19. The immunisation of populations will take time; and even after that, health protocols could remain given the risk of new variants. This might hinder economic recovery. The challenge will be to steer the economies towards recovery while keeping the pandemic in check. BMCs will need to restart their resilience building and work to restore fiscal sustainability to create space and rebuild buffers and, to be better prepared for any future pandemic.



In 2020 economic activity came to a standstill as social distancing and public health measures were implemented to contain the spread of COVID-19.



In 2020 COVID-19 created economic upheaval in the Region and the impacts on income and poverty were significant. BMCs governments had to provide income support to help sustain livelihoods.

## BMCs Performance

The outbreak of COVID-19 in December 2019 spread rapidly around the world. The World Health Organisation declared a global pandemic on March 11, 2020, the same month that the virus was first detected in the Caribbean.

The health crisis rapidly created economic upheaval in the Region. Lockdowns were enforced as a precautionary health measure to contain the spread of the virus and ease pressures on health systems. This led to a sharp reduction in economic activity, particularly in the tourism-dependent economies, and a slump in domestic demand. The suspension of cruise operations and closure of international borders caused a steep decline in visitor arrivals. In Anguilla, the Bahamas, Barbados, Belize, Cayman Islands, Dominica, Grenada, and Saint Lucia, stay-over arrivals fell by around 70%. The decline in tourism activity had knock-on effects on the manufacturing, transport, distribution and real estate sectors. Construction activity fell in nearly every BMC, including the Bahamas, Dominica and the Virgin Islands, where rehabilitation and rebuilding had been underway after the recent passage of devastating hurricanes. Across the Region, there was a high incidence of worker lay-offs and business closures.

Commodity producers, especially in oil producing countries, such as Guyana, Suriname, and Trinidad and Tobago, were also affected. A downward trend in international oil prices, triggered by a price war between the Russian Federation and Saudi Arabia, continued as shutdowns resulted in a drop in global fuel demand. Consequently, export earnings were less than expected. Additionally, many planned investments, such as exploration drilling, were put on hold.

In Belize, a severe drought in 2019, exacerbated by reduced demand from the tourism sector caused a decline in agriculture production. By the third quarter, however, signs

of recovery had emerged, aided by relatively favourable weather conditions. Guyana, Haiti and Jamaica also reported increased production whilst output fell in Grenada and Saint Lucia.

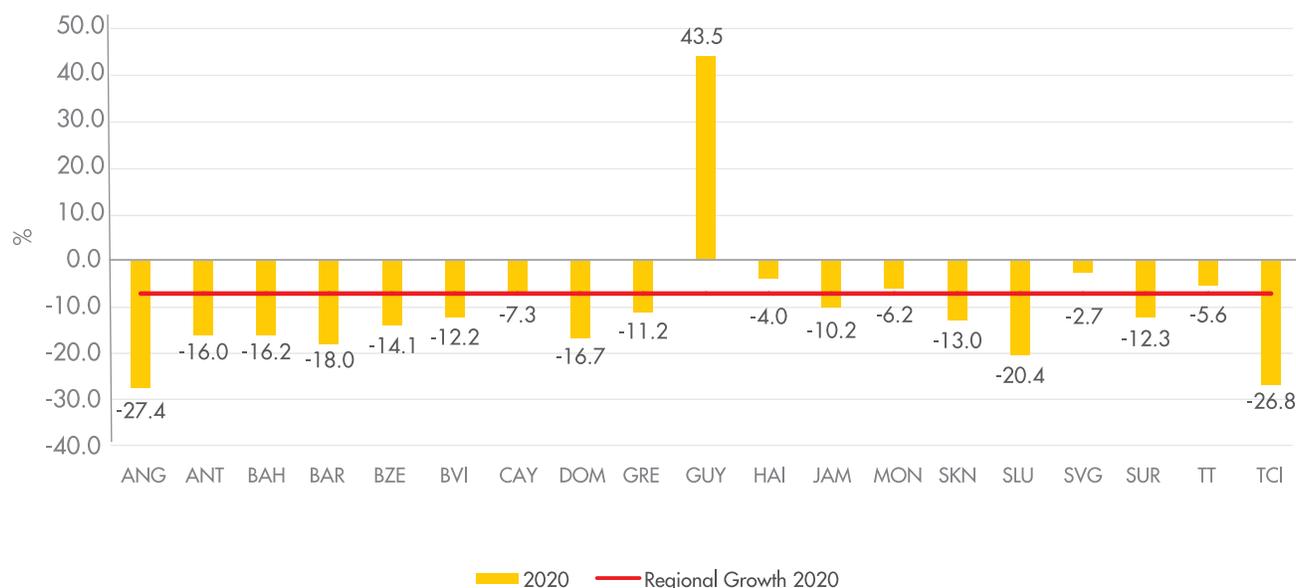
With declining COVID-19 infection rates, restrictions were eased by the middle of the year, allowing for limited reopening of borders to accommodate international travel. However, the emergence of more virulent strains of the virus led to new waves of infection in major source markets and the reimposition of restrictions towards the end of the year. Small businesses in particular, faced catastrophic losses, and workers remained vulnerable to income loss and lay-offs. There was also pressure on foreign exchange reserves due to falling foreign direct investment inflows and lower remittances.

CDB estimates that regional GDP fell by about 7.2% in 2020. Only Guyana reported economic growth, boosted by the commencement of oil production.



Women, youth and informal workers in hard-hit areas such as tourism, were disproportionately affected by lockdown measures in 2020.

**CHART 1: REAL GDP GROWTH (%) 2020**



**Source:** Central Banks, Ministries of Finance, Statistical Offices, IMF, CDB

## Labour Markets

Labour market shocks from the pandemic proved to be devastating for jobs and for livelihoods. The unprecedented scale of disruptions for workers due to business closures or inability to meet salaries, resulted in a rise in unemployment rates, along with deteriorating quality of employment across the Region.

In Belize, the unemployment rate was 13.7%, compared with 10.4% one year earlier. In September 2020, more than 38,000 persons were reported to be without work because of COVID-19, although not all were actively looking for work and therefore were not classified as unemployed.

There were notable increases in the unemployment rate in Barbados, the Bahamas, Grenada, and Jamaica. In Trinidad and Tobago, the rate of unemployment also rose as several companies, especially in the oil and gas sector, folded. The number of persons retrenched between May and September was 1,820, much higher than 469 during the same period in 2019.

Women, youth and informal workers, who are highly represented in vulnerable jobs in hard-hit areas such as tourism, were disproportionately affected by lockdown measures. In Jamaica, female unemployment increased to 13.0% in October, compared with 8.6% for males. The rate for young persons (aged 14-24 years) rose to



Lockdowns and border closures enforced in 2020 in response to COVID-19 led to a decline in tourism activity in the Caribbean which had knock-on effects on the manufacturing, transport, distribution and real estate sectors.

[Photo by Juan Jose – unsplash.com]



27.8%. In Belize, female and male unemployment was 17.0% and 11.6% respectively while youth unemployment was 23%.

Impacts on income and poverty were significant. BMC governments provided income support to help sustain livelihoods. In Barbados, the National Insurance Scheme paid out over \$61.5 mn to about 32,000 claimants between March and October, tripling the total payment from the scheme in 2019. Supplemented by domestic and external borrowings, social security funds provided support in other BMCs. Some BMCs engaged proactively in the design and implementation of post-COVID-19 recovery plans. The Government of Barbados, for example, launched a programme to assist with the re-engagement of workers in the tourism sector.

## Fiscal Performance and Debt

The pandemic had devastating effects on public finances, some of which were already weak. Governments had to mobilise additional resources to strengthen the resilience of their health systems, provide social protection to the most vulnerable, and stimulate economic activity. Measures to increase fiscal space were taken against a background of significantly declining tax revenues and already high debt levels. The fall in revenues affected the tourism and non-tourism-dependent BMCs. Oil revenues in Guyana and Trinidad and Tobago were well below original projections, given lower oil prices. The Governments of the Cayman Islands and the Virgin Islands reported lower revenue inflows from their financial services sector.

As a result, primary fiscal deficits averaged 5.0% in 2020 compared with deficits of just 0.9% in 2019. Governments closed funding gaps by repurposing existing project loans financed by CDB and other development partners, reprioritising and cutting back expenditure where possible, drawing down reserve funds where available, and increasing borrowing. CDB implemented a debt service initiative worth \$66.6 mn, that allowed countries to expand fiscal space and redirect liquidity for meeting pressing spending needs. In addition, CDB provided policy-based loans totalling \$90 mn to the Bahamas, Dominica and Saint Lucia, in support of their COVID-19 policy responses and to support economic recovery and resilience building.

After making good progress to address debt overhang, BMCs debt levels rose in 2020 due to the impacts of the pandemic. Public sector debt averaged 84.4% of GDP, up from 66.4% of GDP in 2019. Many BMCs revised their timelines for reducing debt to below 60% of GDP, a key fiscal target. The Government of Barbados negotiated a downward revision of the fiscal targets under the country's economic reform programme with the International Monetary Fund (IMF) to help mitigate the impact of the crisis.

Some countries were assessed to be at elevated levels of debt distress. The Government of Belize reached agreements with creditors to capitalise interest payments due on its commercial bond while the Government of Suriname faced downgrades of its credit rating to selected default by the major rating agencies. In Suriname, investors agreed to restructure two foreign currency bond issues, and negotiations commenced with the IMF and other international financial institutions for policy and financial support.



**CHART 2: DEBT-TO-GDP (%)**



**Sources:** IMF World Economic Outlook Database, central banks, ministries of finance, CDB estimates.



## Outlook

Prospects for economic recovery in 2021 are subject to significant uncertainty. The development and approval of new vaccines against COVID-19 have raised hopes for a return to levels of economic activity seen before the pandemic, but this will take time.

Upside and downside risks for the Region mainly revolve around how quickly and effectively populations can be

immunised. Meanwhile, building climate resilience is an ongoing process as the Region makes preparation for the perennial hurricane season starting in June and other weather-related events.

In the meantime, BMC governments must continue to strike a delicate balance between providing the requisite social and economic support to their populations, generating adequate fiscal surpluses and containing debt levels.



## SECTION 2

# PROJECTS PERFORMANCE REVIEW



## Climate Change and Disaster Resilience

In 2020, the Board of Directors approved the revised Disaster Management Strategy and Operational Guidelines to improve disaster resilience in the BMCs. With support from the Canada-CARICOM Climate Adaptation Fund, grants totalling \$14.8 mn were also provided to the Governments of Antigua and Barbuda, Belize, Dominica, Grenada, Jamaica, Saint Lucia, and St. Vincent and the Grenadines to cover annual insurance premiums to the Caribbean Catastrophe Risk Insurance Facility (CCRIF). A further \$1.3 mn was approved by the Green Climate Fund (GCF) to enhance and formulate responses to climate-related risks in The Bahamas, Belize, Jamaica and Saint Lucia via two CDB-led project preparation facilities. Access to these facilities will expand lending to small businesses, households, and enterprises in financial services for climate-related investments and interventions to increase resilience in water supply.

To complement the support garnered through the GCF, CDB commenced implementation of three approved readiness projects, totaling \$1.2 mn in Belize, St. Kitts and Nevis, and Suriname. Additionally, the Bank secured approval for two similar projects totaling \$1.5 mn. One initiative aims to strengthen the capacity of Development Finance Corporation, Belize as a requirement for accreditation to the GCF while the other will support a common framework for climate finance monitoring, reporting and verification in Belize, Haiti, Jamaica, and St. Kitts and Nevis. These advancements will create a more integrated system for climate-related actions regionwide.

The Bank launched the State of the 2020 Caribbean Climate Change Report, in partnership with the University of the West Indies in November 2020. The publication contains reference material to inform evidence-based planning, decision-making, and the design and implementation of adequate climate change adaptation measures in the Region. It provides significant climate-specific data required to accelerate resilience-building efforts by BMCs and is expected to become the premise for recommendations supporting climate-proofing nationally and regionally.

During the period, CDB continued to infuse environmental sustainability and social analysis into the architecture of all investment projects and country engagement strategies, in keeping with established procedures. Training was also conducted to strengthen environmental and social safeguards and build project implementation and supervision capacities of BMCs, particularly those relating to environmental and social requirements throughout the procurement process.





In 2020, CDB's Board of Directors approved a revised Disaster Management Strategy and Operational Guidelines to improve disaster resilience in the BMCs.

[Photo by Yves Alarie – unsplash.com]

## Renewable Energy and Energy Efficiency

Continuing to support the region's sustainable energy transition, in 2020, the Bank approved financing of \$8.6 mn to St. Vincent Electricity Services Ltd for the supply and installation of a ground mounted solar photovoltaic (PV) system at Argyle; distributed PV systems and a battery energy storage system. This project was the second battery energy storage project approved by CDB, cementing the Bank's thrust in the promotion of energy storage to optimise energy from variable renewable energy sources while improving efficiency of existing fossil fuel generation assets of electric utilities.

The Bank also focused on advancing the implementation of approved renewable energy investment projects in Antigua and Barbuda, Jamaica, St. Vincent and the Grenadines and Suriname. Implementation of energy-efficient street-lighting projects was completed in Antigua and Barbuda, and advanced in The Bahamas, Jamaica, St. Kitts and Nevis, St. Vincent and the Grenadines, and Suriname.

### CDB Geosmart Initiative and Resource Mobilisation

CDB signed an agreement with the IDB for \$5.6 mn grant resources from the Government of Italy, coming through the IDB. These resources are part of the Sustainable Energy Facility (SEF) for the Eastern Caribbean Programme, under the GeoSmart Initiative for supporting geothermal energy development. Additional funding approved for geothermal energy development in St. Vincent and the Grenadines allowed for the completion of the exploratory drilling programme. The project achieved the intended outcome of providing information for evidence-based decision-making on further resource development. The Bank also advanced project preparation support under the SEF for geothermal energy development in Grenada and St. Kitts and Nevis.

### Project identification and preparation

Through grant resources from the Canadian Support to the Energy Sector in the Caribbean Fund, CDB approved \$370,000 to prepare a Climate Resilient Energy Infrastructure Project for the Virgin Islands. This will be done through a range of studies to support the climate resilient design and modernisation of segments of the BVI Electricity Corporation's grid.

### Capacity-building

CDB approved a grant of \$0.75 mn to the Government of Haiti to provide training to 20-30 male and female government professionals. The training involves the development of geospatial maps and mini-grid specifications for inclusion in future mini-grid requests for proposals. This intervention is part of a wider collaboration between CDB and the World Bank under the Scaling-Up Renewable Energy Programme. The programme is aimed at supporting the Government's Energy Roadmap for providing electricity access through scaled deployment of micro/mini grids across rural Haiti where approximately two thirds of the population reside without energy access.

With resources from the Sustainable Energy for the Eastern Caribbean Programme, which includes contributions from the United Kingdom's Foreign, Commonwealth and Development Office and the European Union (EU), CDB assisted with addressing the shortage of technical capacity for implementation of renewable energy projects in BMCs. In collaboration with the OECS Commission, CDB approved and implemented a grant of \$0.36 mn to provide training for the certification of electrical inspectors and installers of PV systems in the Eastern Caribbean. A total of 224 persons, 13% of which were females, were trained. Most of the participants, comprised mainly of practicing or potential solar energy service providers and electrical inspectors, achieved the internationally recognised North American Board of Certified Energy Practitioners (NABCEP)

certification. The certification has improved their individual professional qualifications and skills to provide high quality installation and maintenance of PV systems; possibly to increase the competitiveness of their micro/small businesses (where relevant); and enhance their capacity to participate in international tenders and to offer their services regionally and internationally.

Building on earlier interventions, the Bank provided regional training in renewable energy and energy efficiency financing in collaboration with the multi-partner Technical Assistance Programme for Sustainable Energy in the Caribbean (TAPSEC) (funded by EU and GIZ). CDB also approved financing for institutional strengthening in St. Kitts and Nevis and in the energy sector in Grenada.

For the third consecutive year, CDB, with funding from Canadian Support to the Energy Sector in the Caribbean (CSESC), co-sponsored the Island Resilience Action Challenge, as part of the Caribbean Renewable Energy Forum. This event which was held virtually brought together 97 persons (30% women) comprised of executives from electric utilities, electricity regulators, and ministers and senior government officials to discuss resiliency challenges, and to identify specific interventions for increasing resilience of electricity systems in the Caribbean.

## Economic Infrastructure

### Transportation

In 2020, the Board approved over \$200 mn in loans and grants for the preparation and construction of economic infrastructure projects. Included in this allocation was the Bank's largest infrastructure project in Guyana valued at \$190 mn, which included a \$66 mn grant under the CDB-administered United Kingdom Caribbean Infrastructure Fund (UKCIF). An estimated 121 km of road will be upgraded,

significantly improving connectivity between Guyana's hinterland and the coastal cities. It will also create significant opportunities for enhanced trade while strengthening and modernising infrastructure.

Also approved was funding for a \$55 mn project for the rehabilitation and upgrading of 40 km of the Millennium Highway and West Coast Road in Saint Lucia. The two corridors, constituting a third of the island's 137 km primary road network, provide the main link between the capital city of Castries and the town of Soufriere in the west, included in this allocation is \$39 mn from the UKCIF.

CDB is also financing the upgrading of 125 km of roadway in Belize, comprising the northern portion of the Philip S. W. Goldson Highway and the Remate Bypass. The highway links Belize City with the Mexican border and is a vital trade corridor between Belize, Guatemala and Mexico. The project will facilitate economic development and enhance livelihoods for some 45,000 residents along the corridor, while making this passageway more resilient to flooding and safer for approximately 55,000 daily road users. The almost \$60 mn project is being funded by a \$34 mn loan from CDB, a grant of \$18 mn through the UKCIF, and a contribution of almost \$7 mn from the Government of Belize.



Above: A section of the Philip S. W. Goldson Highway and Remate Bypass Road in Belize which will benefit from a US\$60 mn upgrade which CDB approved in 2020.

## Agriculture

The COVID-19 pandemic highlighted inherent vulnerabilities of the Region's food production and distribution systems and its heavy reliance on imports to meet food and nutrition needs. CDB's COVID-19 response included collaboration with the CARICOM Secretariat and regional development partners on developing and launching a COVID-19 Roadmap for Food Security, elaborated in the COVID-19 Agri-Food Risk Management Framework Document and the COVID-19 Agri-Food Security Action Plan. The COVID-19 Agri-Food Risk Management Framework Document delineated a rapid response and mitigation plan to be undertaken to hedge the potential impact of COVID-19 on CARICOM's agri-food sector. The framework provided a menu of recommendations and important policy considerations that BMCs can utilise to create timely country-level agri-food risk management operational plans in response to COVID-19. The COVID-19 Agri-Food Security Action Plan outlines the pertinent interventions to be made regionally and nationally to treat the immediate threat of COVID-19 and strengthen the Region's food and nutrition security in the ensuing years.

The CDB's study, *State of Agriculture in the Caribbean* (2018), revealed that intra-regional trade is constrained by the absence of clear guidelines and protocols for the movement of agricultural products. The COVID-19 Agri-Food Security Action Plan identified this constraint as a high-priority issue for immediate action. In response, CDB approved financing to support the Caribbean Agriculture Health and Food Safety Agency in developing and rolling out guidelines to facilitate intra-regional trade in plant and animal products.

In March 2020, the Board of Directors approved a five-year Agriculture Sector Policy and Strategy, which will, among other things, strengthen the sector's value chains. Consistent with the new policy and strategy, CDB's financing supported BMCs' efforts to adapt to climate change, respond to the pandemic, conduct research, develop products with the potential to improve productivity, and reduce weather-related risks.

Belize and Haiti were also recipients of project financing. Funding to Haiti builds on previous efforts to improve water management and productivity in the agriculture sector and is being co-financed by Welthungerhilfe, a German non-governmental organisation. The project, financed in Belize, is focused on farmer drought recovery.

Research and product development was also being undertaken through partnerships with the CCRIF SPC, the Center for Tropical Agriculture and the Caribbean Agricultural Research and Development Institute. The CDB and CCRIF SPC initiative will focus on the development of parametric insurance products for the agriculture sector in several BMCs. In partnership with the International Center for Tropical Agriculture, CDB is seeking to pilot a digital tool to improve irrigation and drainage system prioritisation, planning, and design. The tool will support the cost-effective identification of potential sites for stream diversion, rainwater harvesting, and water (irrigation and drainage) conveyance. A grant to the Caribbean Agricultural Research and Development Institute will also support a Regional Sweet Potato Value Chain Enhancement and Technology Transfer Project.



## Water

A \$30 mn loan was approved to support a critical rural water project in Jamaica. Upon completion an estimated 100,000 Jamaicans will have access to an improved water supply, with upgrades of seven systems serving communities in the parishes of Clarendon, St. Ann, St. Elizabeth, St. Mary, St. Thomas, and Trelawny. Additionally, the project will help to mitigate the negative impacts of climate variability and change, and it will provide access to clean, safe and affordable water.

The Dennery North Water Supply Redevelopment Project in Saint Lucia was completed in 2020. The work included the expansion of the water treatment plant, construction of several pumping stations and water storage tanks and the upgrade of the distribution system. This resulted in improved quality, reliability and climate resilience of the water supply system serving approximately 2,900 households in the area.

In The Bahamas, works were substantially completed on the Long Island and Crooked Island Water Supply Improvement Project, providing an improved, climate-resilient water supply system for approximately 540 households.

## Financial Intermediary Activities and Private Sector Development

Through existing CDB lines of credit (LOCs), resources were made available to approximately 61 beneficiaries totalling \$6.8 mn, in support of lending across a range of sectors. Included in this credit allocation was an amount of \$2 mn used to provide MSMEs with critical access to liquidity support through working capital, as part of the Bank's response to supporting the operations of businesses impacted by the COVID-19 pandemic. In

addition, credit was made available to support improved housing solutions and facilitate access to tertiary education for students, including those from poor and vulnerable households.

CDB also accessed an IDB Global Credit facility on concessional terms for on-lending to OECS Member Countries aimed at supporting COVID-19 project responses. A portion of these resources was earmarked for MSME financing (economic component) to improve the short-term financial capacity of MSMEs and access to production-oriented finance for economic recovery. Such resources under the component will be used to help MSMEs affected by the crisis to overcome temporary liquidity problems and continue operating; and include mechanisms to finance working capital through sub-loans in activities, including the acquisition of supplies or merchandise, wages, utilities, and any other purpose related to the recovery, improvement and maintenance of economic activity. In addition, the resources also cater for supporting production, as well as meeting increased demand, including support for value chains, so that anchor companies receiving financing can contribute to the recovery of their suppliers in the supply chain as a consequence of COVID-19. An estimated \$30 mn in loan financing is anticipated from eligible BMCs, which are likely to be focused on financing the short-term financial capacity requirements of MSMEs.

CDB also supported interventions to improve access to finance by facilitating ongoing capacity building to the Government of the Turks and Caicos Islands for determining the feasibility of establishing a partial credit guarantee scheme, aimed at identifying solutions for small and medium-sized enterprises to gain greater access to credit. In addition, work on a previously approved technical assistance activity for the Government of The Bahamas to review the operations of the state-owned development bank was completed and an enhanced business model along with a new strategic plan were made available for execution by that institution. It is anticipated that both initiatives will offer opportunities for the

Bank to contribute other resources aimed at improving access to finance for several business enterprises in both jurisdictions.

## MSME Development

The Bank, through its Caribbean Technological Consultancy Services (CTCS) Network, convened a three-part webinar series aimed at assisting MSMEs to cope with the challenges of the pandemic. Approximately 1,000 MSME operators participated in the webinars, which focused on pivoting businesses, money and relationship management, and marketing and client engagement.

Another webinar series was convened in partnership with the Pan-American Health Organization to engage staff of business support organisations on issues surrounding mental wellbeing. The webinars centred on understanding the mental health impacts, needs and challenges for MSMEs and practical coping skills and tools. The series also highlighted other natural hazards, which increase the vulnerability of the MSME sector, including hurricanes.

The Bank also approved \$82,688 to establish a proposal-writing facility to finance consultancy services to strengthen business support organisations and MSME project proposal capabilities. It is anticipated that this facility will contribute to greater access to funding and other forms of required support to facilitate increased competitiveness of MSMEs.

## Cultural and Creative Industries Innovation Fund

As part of the ongoing efforts to address challenges faced by MSMEs in accessing affordable finance, CDB, through CTCS, approved \$178,450 to train a cadre of consultants and staff of 20 development finance institutions in appraising loan applications for creative sector projects.

The Cultural and Creative Industries Innovation Fund (CIIF) also approved grants totalling \$880,000 for the creative sector. This included the awarding of \$100,000 in emergency relief financing to entrepreneurs in creative industries who demonstrated loss of income from cancelled events as a result of the pandemic. Additionally, and in collaboration with the Caribbean Export Development Agency, CDB approved a \$600,000 programme to aid export-oriented MSMEs to retool and mitigate the impact of the pandemic.

## Regional Cooperation

CDB approved over \$1.7 mn for regional cooperation and integration-related projects in 2020.

The Bank facilitated the outfitting and accreditation of the Saint Lucia Bureau of Standards Metrology Laboratory. This was the first laboratory certified by the Jamaica National Agency for Accreditation and concluded a project led by the CARICOM Regional Organisation for Standards and Quality to strengthen regional quality infrastructure.

Two regional initiatives to improve access to trade-related services and deepen economic integration also commenced. Both are co-financed by the 11th European Development Fund (EDF) and CDB using its Special Development Fund. The first initiative provides for increased efficiency at maritime ports in the OECS by establishing an integrated digital portal to be used by border agencies processing trade related data for passengers and goods entering and exiting the customs union. The second initiative will further advance CARICOM's agenda on quality infrastructure with equipment and technical support to standards agencies in Barbados, Dominica and St. Kitts and Nevis.

CDB launched the CARIFORUM-European Union Economic Partnership Agreement CARICOM Single Market and Economy Standby Facility for Capacity Building in 2020. A total of 40 submissions were received from 15 beneficiaries.

The Bank commenced coordinating the implementation of two national and two regional projects financed by the Standby Facility.

## Government

CDB commenced execution of a unique project focused on capacity building, targeting those involved in finance at the municipal level, to ensure effective resource utilisation and allocation and with a focus on enhanced accountability mechanisms and inclusive governance practices.

The Bank is providing technical assistance to accounting and financial reporting officials from seven BMCs in partnership with the Commonwealth Local Government Forum – Caribbean (CLGF – Caribbean). Through the Regional Capacity Building in Municipal Finances project CDB is engaging seven active municipalities in the Bahamas, Belize, Dominica, Guyana, Jamaica, Saint Lucia and Trinidad and Tobago. CDB hosted seven national consultations with the leadership of municipal councils, line ministries and national local government associations to identify priorities for development.

Having completed the face-to-face training in Public Policy Analysis and Management (PPAM) and Project Cycle Management (PCM) in all BMCs by 2019, the Bank reached an agreement with the UWI (Open Campus) in 2020 to launch a CDB online e-Learning course, targeted at civil servants in the BMCs. The course will begin in 2021.

Recognising the disruptions to project activities across the Region due to the pandemic, the Bank launched a virtual series covering topics such as contract management and project communications to sustain dialogue on project management with project owners in the civil service. Also, during the year, a total of 187 certificates of achievement were awarded to CDB staff who had completed several modules of the PPAM PCM Masterclass.





CDB President Dr. W<sup>m</sup> Warren Smith engaging with students at Queen Square Primary School in Belize.

## Education

### Framework for Reopening Schools

In response to the pandemic, CDB collaborated with the CARICOM Secretariat and the International Institute of Educational Planning to host two online working meetings with targeted sector stakeholders to ensure the continued provision of quality education and inclusive of Special Education Needs (SEN) learners. From those meetings, Regional Guidelines for the Reopening of Schools in the Caribbean were formulated. The guidelines are recommendations advanced to ensure health and safety, continuation of education, and in particular, adequate preparations to meet the challenges of the new school year within the regional context. They aid in identifying strengths and gaps in response, surveying existing structures and processes and prioritising actions for the short and medium term.

CDB is also working with the CARICOM Secretariat and Caribbean Association of National Training Authorities to assist with the development of the guidelines for the technical and vocational education and training (TVET) sub-sector.

### CXC Digital Toolkit

CDB, in partnership with the CXC completed a Digital Toolkit for the delivery of Caribbean Advanced Proficiency Examination (CAPE) Environmental Science Syllabus. The Toolkit was developed under a grant to CXC and which has been under implementation for the past two years. The project will strengthen CXC's capacity to support implementation and assessment of the CAPE Environmental Science Syllabus; enhance the skills of Environmental Science teachers to deliver the CAPE Environmental Science curriculum; improve student performance; and enhance public awareness of the environmental sciences and environmental issues. The toolkit will be officially launched by CXC and CDB in 2021.

## CARICOM Baseline Report

CDB, in collaboration with the CARICOM Secretariat formally established baselines and targets for human development in the Region with the launch of the CARICOM Baseline Report for Phase 1 of the CARICOM Human Resource Development 2030 Strategy. The report presents recommended targets for measuring access and participation, quality, equity and relevance in basic education skills for life-long learning and the tertiary education sub-sectors and provides a snapshot of the Region's readiness to report on phase one indicators for the regional action plan for the education sector.

## Devices for Students and Teachers

The CDB-funded Education Quality Improvement Project provided 130 laptops for use in seven SEN schools in Saint Lucia by students who lacked devices. This procurement was facilitated as part of the Department of Education's COVID-19 response strategy which, among other things, sought to ensure continuity in the teaching and learning process for all students, including SEN learners who are capable of engaging in meaningful learning via this modality.

Funding, provided by CDB, was repurposed in order to procure devices and other information and communication technology resources for TVET institution in Guyana and facilitate e-learning in Grenada. In the case of Grenada, \$4.2 mn from a previous loan was used to procure 15,000 laptops to improve remote learning access for primary and secondary school students. Similarly, almost \$310,000 from an earlier CDB loan was used to purchase laptops, projectors and cloud storage for online technical and vocational teaching in Guyana.

Grants were made to the UWI for the procurement of educational and psychosocial assessments and resources for each of the ten Eastern Caribbean Joint Board of Teacher

Education countries, based on needs. UWI was also assisted with the purchase of ICT equipment and remote learning solutions to enhance UWI TV, build capacity of course instructors and other personnel and provide devices to disadvantaged students without internet connections or with unstable access.

Approval was granted for the upgrade of physical infrastructure at one primary school and three secondary schools in Grenada; the construction of a modern hospitality and tourism training institute in Guyana, and for the upgrading of infrastructure and capacity at schools in St. Vincent and the Grenadines.

## Basic Need Trust Fund

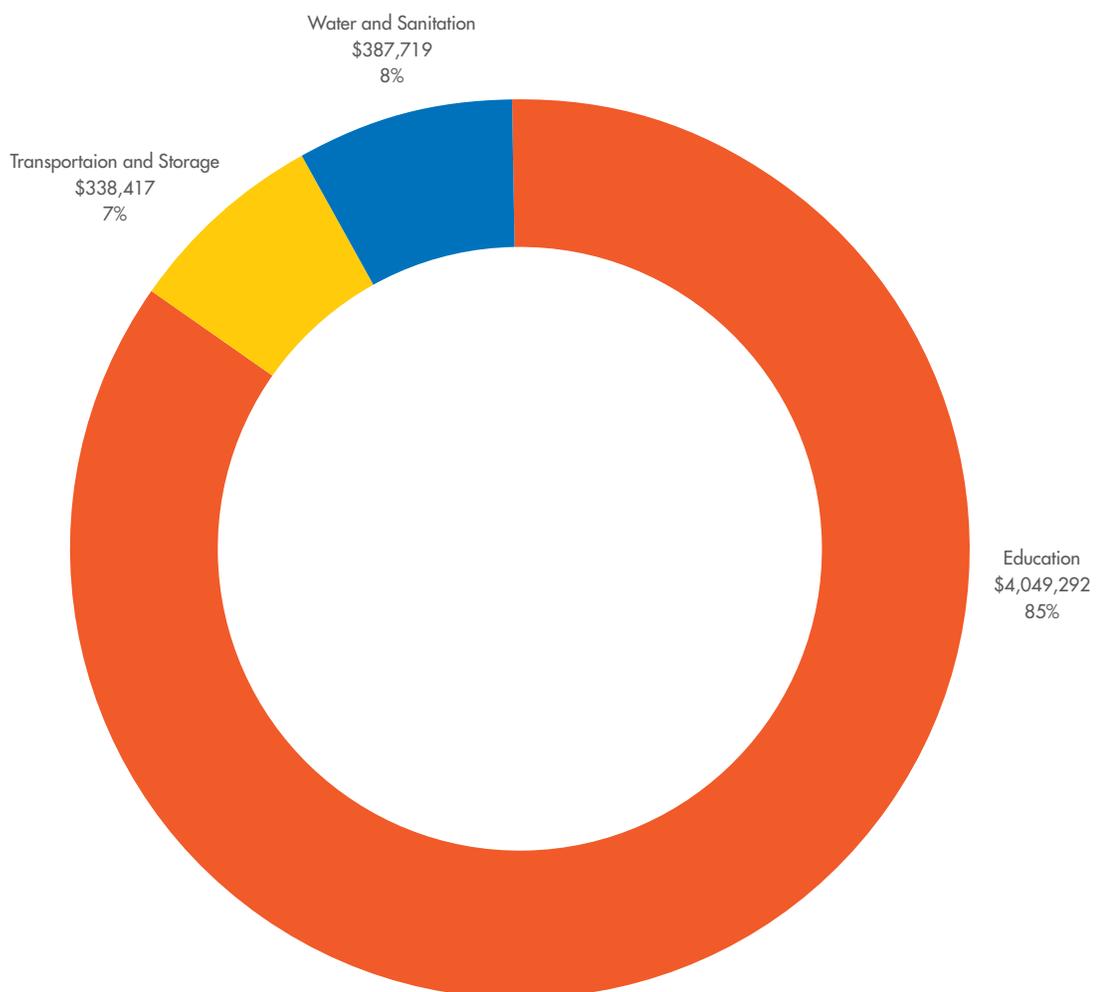
After 41 years of operation the Basic Need Trust Fund (BNTF) remains a relevant vehicle for effectively addressing the essential needs of the Region's most vulnerable. Through the Ninth Programme (BNTF 9), CDB continued its efforts to implement approved sub-projects in 2020. Nine BMCs – Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, Saint Lucia, St. Vincent and the Grenadines and Suriname – participated in the cycle. Total funding of \$47.4 mn for BNTF 9 comprises grants of \$40.8 mn and counterpart funding of \$6.6 mn from the governments of the nine participating countries.

The goal of BNTF 9 is to contribute to improvements in living conditions and quality of life of selected poor and vulnerable communities. BNTF's community development methodology supports small-scale demand-led community-based initiatives in three priority areas - basic education; rural water and sanitation systems; and minor community road infrastructure. Increased emphasis is placed on initiatives that focus on livelihoods enhancement, entrepreneurial development, certified training, and providing mechanisms for participating countries to leverage private-sector partnerships.

During 2020, recurring waves of COVID-19 infections stymied the rate of implementation of all nine projects with a knock-on effect of reduced overall disbursement. Signs of recovery began to emerge towards yearend as project implementers developed new coping mechanisms and utilised digital solutions, where possible, to supervise projects and to conduct remote training sessions.

In 2020 the Bank approved \$4.8 mn of the grant funding for sub-project interventions from the “Bonus” allocation distributed at mid-term. An estimated 85% of this financing was committed to 14 new sub-projects in the education sector; 7% to one sub-project in the transportation and storage sector; and 8% to two sub-projects in the water and sanitation sector.

**CHART 3: 2020 SECTOR APPROVALS (CDB GRANTS)**



Results accumulated after the initiation of construction and training activities in 2019 continued into 2020. However, the anticipated pace of implementation was curtailed by the impact of COVID-19, with all project offices being closed at some point due to infections among core staff. Sub-project activities were halted for long periods, as contractors struggled to remobilise amidst government-enforced protocols. Human resource development and livelihoods training were most adversely impacted, as beneficiaries were unable to attend workshops or access online sessions. However, some 59 classrooms in basic schools have been built or upgraded to date, benefitting 1,094 students of whom 544 are females, while 198 teachers (183 females and 15 males) were trained in elements of basic education. Significant livelihoods enhancement training interventions continued across several regions in Guyana with co-implementing agencies. This was most notable in the application of smart agricultural techniques using greenhouse technology and complementary training in partnership with the Inter-American Institute for Cooperation on Agriculture, which has already started to improve the well being of rural farmers. In the water sector, some 4,106 households benefitted from improved water supply and sanitation services integrated with water, sanitisation and hygiene training. Approximately two km of community roads were upgraded, benefitting 259 persons (129 women). Disbursement increased by approximately \$12 mn by the end of 2020.

Dominica completed the implementation of the BNTF 7 and 8 projects at the end of December 2020, despite the slowdown, caused by the pandemic. This was within the extended period granted to Dominica following two successive hurricanes, which had halted implementation. During the year, 16 classrooms and educational support facilities were built or upgraded, benefiting 595 students (of which 397 were female). Some 2,053 households benefitted from improved access to safe reliable water and improved sanitation.

At the programme level, CDB took a strategic decision to advance the preparation of the Country Policy Framework, which outlines the new country project allocations for each BMC. This was necessary to advance the implementation of the planned BNTF 10th cycle. This process was initiated in the fourth quarter of 2020, with CDB approval of the Framework planned for the end of March 2021, in line with the expected approval of the next cycle.

## Procurement and Disbursements

The onset of COVID-19 presented serious practical implementation challenges for CDB projects under execution. In the areas of procurement and disbursement, the Bank responded by establishing an electronic disbursement system and advising BMCs on the use of appropriate electronic procurement solutions, which are encouraged under the new procurement framework. The unprecedented situation also saw CDB successfully procuring personal protective equipment (PPE), for its sovereign BMCs and the Caribbean Disaster Emergency Management Agency, as well as advising regional agencies on pooled procurement solutions for acquiring PPE. CDB also supported ministries of education in developing appropriate procurement strategies to conduct the expedited procurement of information technology devices needed for online education.

Capacity-building continued during the year to position staff and BMCs to utilise the tools more effectively and to achieve greater flexibility under the new CDB Procurement Framework. Sensitisation sessions were also held with the private sector. Given the limitations on travel and physical meetings, due to COVID-19, these sessions largely took the form of webinars.

The procurement procedures were revised in late 2020, with the new version to be applied to all projects approved from January 2021. The revisions enhance the integrity

provisions and reflect the lessons learnt from using the new procedures for over a year to make them more effective.

During the year, CDB finalised and signed agreements with the IDB and the World Bank to establish standard procurement arrangements for co-financing situations, which are becoming increasingly common. These arrangements should lower transaction costs for multilateral development banks, BMCs and the private sector during project planning and execution.

CDB also continued to support the modernisation of procurement laws and regulations through technical assistance to Anguilla, Dominica, St. Kitts and Nevis, Monserrat, and Virgin Islands. These new procurement frameworks will help facilitate more effective procurement processes that optimise value for money outcomes.



Above: At the onset of the COVID-19 pandemic in the first quarter of 2021, CDB procured personal protective equipment (PPE) valued at US \$3 million for healthcare workers in 14 of its BMCs.

## SECTION 3

# DEVELOPMENT EFFECTIVENESS





## Overview

The year 2020 marked the first year of implementing the Bank's 2020-2024 Strategic Plan and associated results monitoring framework (RMF) directed at transforming lives in the Caribbean Region. The RMF allows the Bank to track implementation progress of its strategic plan, examine the quality and effectiveness of its operations, and make mid-course corrections to achieve the desired development outcomes in BMCs. The RMF tracks performance at four levels – regional development progress (Level 1); CDB's contribution to country outcomes (Level 2); and operational effectiveness and efficiency (Levels 3 and 4).

Consistent with the 2030 Agenda and the Paris Agreement, CDB will continue to focus on building economic, social and environmental resilience in its BMCs.

### Level 1 – Regional development progress

There is optimism about the future of Caribbean economies despite current uncertainties. The first year of CDB's five-year strategic journey was defined by COVID-19, with unprecedented and long-lasting consequences. This seriously jeopardised health, economic and social systems, as well as lives and livelihoods. The impact was especially severe on the poor and vulnerable. The COVID-19 domino effect contributed to rising unemployment especially among youth; falling production and productivity; low economic growth; rising poverty; rising income inequality; growing educational inequalities; and increasing psychological distress, particularly among women, the elderly, and children.

Despite facing fiscal challenges, BMCs swiftly responded to the effects of the pandemic by providing additional social

protection, fiscal stimulus packages and utilising financing from the donor community to address health sector and liquidity needs. BMCs return to the pre-pandemic trajectory will be highly dependent on the ability to contain the disease spread and to quickly address other far-reaching fallouts. Achieving the SDGs based on the agreed timetable will also be a big challenge for BMCs.

### Level 2 – CDB's contribution to country outcomes

CDB remained committed to meeting the development needs of BMCs and achieving results. Ongoing and completed projects during the year accomplished meaningful results across several sectors and areas in relation to the first year of the 2020-2024 Strategic Plan.



## BUILDING SOCIAL RESILIENCE

### Education and Training



**868 new and upgraded classrooms** and support facilities benefitting **45,987 students (22,036 girls)**, as well as training for about **1,003 teachers and administrative staff (682 females)**.

### Water and Sanitation



Improved access to efficient, reliable, and sustainable potable water for about **3,200 persons (1,500 females)**, including **1,267 urban and rural households**.

## BUILDING ECONOMIC RESILIENCE

### Transport and Communication



**67,591 persons benefiting from 11.7 km** of quality, reliable, safe, sustainable and resilient road infrastructure (**33,827 females**).

## BUILDING ENVIRONMENTAL RESILIENCE



Carbon dioxide emissions decreased by **22,208 (tonnes of carbon dioxide equivalent/year)**.



**8.9 gigawatt hours saved** due to investments in energy efficiency initiatives.



Close to 68,000 persons are now benefiting from 11.7 km of quality, reliable, safe, sustainable, and resilient road infrastructure thanks to the BNTF.

[Photo by Meritt Thomas – unsplash.com]

## Levels 3 and 4 – operational effectiveness and efficiency

The Bank made noteworthy progress in implementing the recommendations from the Transformation Programme, and the 2019 Business Process Review exercise, **aimed at achieving improved efficiency, service delivery, client engagement, performance, and greater development effectiveness.** An important feature of the ongoing reforms is quality control to ensure that CDB's country engagement, programming efforts and its interventions are timely, and high-quality, as well as yield positive and meaningful development outcomes and impacts.

Despite COVID-19 headwinds, CDB remained committed to its mandate; and in 2020, approved a record-breaking \$557.2 mn in loan and grant resources. Approvals included COVID-related activities totalling \$159.6 mn mainly for policy-based and debt service relief lending. Recognising the role of increased partnership in tackling the pandemic, CDB scaled up its resource mobilisation efforts with the

IDB and the Government of Canada, thereby augmenting its pool of resources by \$70 mn. Other initiatives included modifications to terms and conditions of its lending arrangements with BMCs, such as waiving the limits on counterpart contributions to December 2022. These efforts are expected to mitigate the short-term health and socio-economic impacts, protect livelihoods, strengthen resilience for economic recovery; cover temporary liquidity needs; preserve fiscal space; and, at the same time, divert resources towards immediate health, economic and social needs.

To support the implementation of the Managing for Development Results (MfDR) agenda for the strategy period, an action plan was developed by CDB. The plan, which replaced the 2015-2019 MfDR Action Plan, is expected to continue a results-oriented approach within CDB and improve development effectiveness of areas, outlined in the new strategic plan.



SECTION 4  
INTERNAL  
FOCUS



META DATA



## HUMAN RESOURCES DEVELOPMENT

Despite having to navigate the COVID-19 pandemic, the Bank continued to follow its 2020 to 2024 strategic roadmap while maintaining a focus on:

- the safety of staff during the pandemic;
- increasing awareness and understanding among staff of the Bank's transformation priorities; and
- promoting gender equality in the workplace.

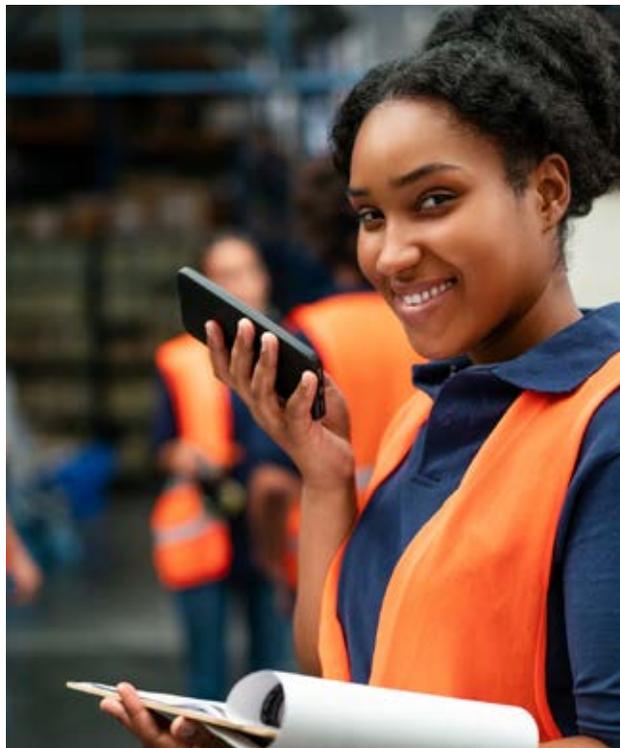
### Change Management Programme

As the Bank underwent cultural, technological and process shifts inherent in its transformation programme, a change management component was implemented to assist staff in making the necessary transitions. This programme, which was initiated in the third quarter of 2020 and is scheduled to end in 2021, aims to enable success by effectively communicating the imperatives driving the changes, and promoting wide participation in implementation.

The change management programme's main objectives are to:

- create a transformation narrative for the organisation;
- empower managers and staff to be effective change agents; and
- normalise the change through frequent, structured conversations between managers and their teams.

In December, through staff-led and facilitated virtual interactive sessions, the Bank's Transformation Programme was brought to life using a visualisation tool, the Learning



Map. All staff were invited to attend the Learning Map experience initiative to learn and discuss information about the Transformation Programme. Significant emphasis was also placed on equipping managers to support the changes and inspire buy-in from their respective teams.

### Learning and Development

Leadership, learning and culture played major roles in the Bank's ability to adapt to the new challenges it faced during 2020. Staff were exposed to learning and development workshops focused on the six capabilities, identified as key for the Bank in executing its strategy. The training workshops enabled staff to expand their knowledge and sharpen their skill sets. An overview of the training undertaken in 2020 is provided in table that follows.

**TABLE 1: TRAINING COMPLETED IN 2020**

Subject Area	Recipients	Total Participants
Presentation Skills	<ul style="list-style-type: none"> <li>• Administrative Professionals</li> <li>• Operations Officers</li> </ul>	15
Innovation: Transforming Ideas into Solutions	<ul style="list-style-type: none"> <li>• Portfolio Managers</li> <li>• Operations Officers</li> <li>• Economists</li> <li>• Legal Counsels</li> </ul>	30
Effective Client Engagement	<ul style="list-style-type: none"> <li>• Portfolio Managers</li> <li>• Operations Officers</li> <li>• Economists</li> <li>• Legal Counsels</li> </ul>	25
What Got You Here Won't Get You There	<ul style="list-style-type: none"> <li>• Portfolio Managers</li> <li>• Operations Officers</li> <li>• Economists</li> <li>• Legal Counsels</li> </ul>	25
Leading Change	<ul style="list-style-type: none"> <li>• First Line Managers</li> <li>• Middle Managers</li> </ul>	30
General Leadership Training	<ul style="list-style-type: none"> <li>• All Managers</li> </ul>	30

### EDGE Certification

The Economic Dividends for Gender Equality (EDGE) is the leading global assessment methodology and business certification standard for gender equality. Launched at the World Economic Forum in 2011, EDGE has been designated to help companies create an optimal workplace for women and men.

EDGE engages with organisations to assess and measure four key areas:

- gender balance at all levels;
- pay equity;
- effectiveness of policies and practices to ensure equitable career flows for both men and women; and
- inclusive culture.

The certification follows a three-tiered system, referred to as ASSESS (Level 1), MOVE (Level 2), and LEAD (Level 3). These three levels seek to enable the advancement and recognition of organisations in different stages of their journey towards a gender-equal workplace.

CDB attained Level 1 EDGE certification in October 2020, demonstrating the Bank's commitment to gender equality in the workplace.

### Staff Wellbeing Programme

Recognising the importance of the mental, physical and emotional health of its employees, the Bank made a commitment to staff that a formal well-being programme would be operational by the second quarter of the year. In March, the first component of the initiative – an Employee Assistance Programme (EAP) – was implemented to enable staff and family members to access professional counselling, where necessary. The launch of the EAP was timely, given the onset of the COVID-19 pandemic.

The remaining components of the programme were launched in the final quarter of the year, providing employees with incentives, tools, social support and strategies to maintain mental, emotional, and physical well being.

## INTERNAL AUDIT

In 2020, the Internal Audit Division (IAD) completed two assurance engagements, and 11 consultancy/advisory engagements. These engagements included contribution to the information technology digital transformation activities and general controls; the review of new applications; information security; privacy and data protection; and accounting and financial reporting processes.

This resulted in IAD providing one major engagement related to the review of the legitimacy of the expenses associated with the loans to the Caribbean Financial Services Corporation. In addition, IAD reviewed CDB's compliance level with the mandatory controls identified in the SWIFT Customer Security Controls Framework v2019 (Customer Security Programme) - and provided the independent attestation, required by SWIFT.

In addition to supporting digital transformation initiatives where the adequacy of associated internal controls processes needed to be assessed, IAD participated in several business development activities. Alongside follow-up activities from previous assurance engagements, IAD also started an assessment of the adequacy of management action plans stemming from the 2020 External Auditors' Management Letter for financial and information technology general controls. These activities encourage management ownership of the timely-reporting and mitigation of identified risks.

## INDEPENDENT EVALUATION

In 2020, the Office of Independent Evaluation (OIE) conducted three major evaluations, examining the Bank's technical assistance programmes, its Caribbean Technological Consulting Service (CTCS) Network, and the Barbados Country Strategy and Programme (2010-2019).

### Technical Assistance

Technical assistance (TA) has been recognised as fundamental to the Bank's mandate since its inception. This programme area was first evaluated in 2007, resulting in several recommendations for improvement. A Technical Assistance Policy and Operational Strategy was approved in 2012.

OIE's evaluation found that TA had been an important, though under-recognised, part of the value package provided by the Bank to its BMCs, and that benefits delivered had been substantial. At the same time, there were opportunities for improvement, including greater strategic focus, a more programmatic approach, strengthened results management, and a clear typology of the different types of TA as used at other Banks.

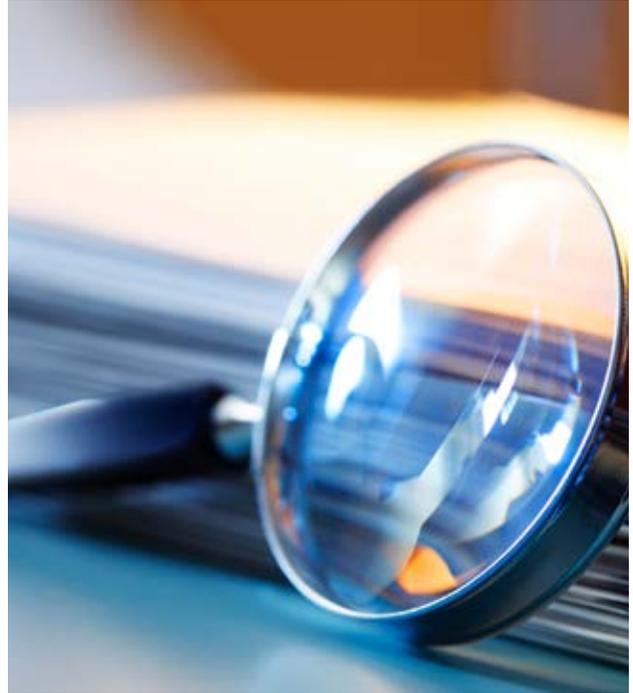
### Caribbean Technological Consulting Services Network

Conducted in parallel with the TA evaluation, a report on the CTCS Network traced its evolution since establishment in the early 1980s and noted its ambitious scope and the degree of satisfaction among stakeholders who had been engaged but also its limited resources and low visibility. Going forward, there is opportunity to revisit the strategic orientation, reposition and rebrand the CTCS, as part of the Bank's increased emphasis on private sector engagement.

### Barbados Country Strategy and Programme

The Barbados Country Strategy and Programme Evaluation examined the 2010-13 Country Assistance Strategy, the 2015-18 Country Strategy Paper, and the early period of the Barbados Economic Recovery and Transition Plan. It also assessed the portfolio of investment and policy-based lending that the Bank planned and implemented over this period. It noted a challenging macroeconomic context over the period, and capacity challenges that hindered loan implementation. Suggestions for improved performance included:

- ensuring that project designs and implementation schedules are realistic considering capacity constraints;
- supporting public sector reform to address the implementation gap;



- rethinking aspects of the country strategy process so it becomes more of a management tool over the entire planning and implementation cycle;
- advocating for greater efforts in climate resilience, adaptation, and disaster risk management;
- prioritising growth and private sector development; and
- supporting further progress in gender equality and social sectors.

OIE continued to validate project completion reports and to generate knowledge products. A synthesis of five past evaluations of policy-based lending at CDB was prepared and submitted for expected 2021 publication, as part of a cross-multilateral development banks compendium of experience in this area.



## INTEGRITY, COMPLIANCE AND ACCOUNTABILITY

During 2020, the preventive and investigative work of the Office of Integrity Compliance and Accountability (ICA) helped CDB to mitigate integrity and accountability risks arising from the Bank's internal systems and external operations. The work of the Office covered:

- management of the six channels of the Bank's whistleblower system;
- conduct of integrity and counterparty due diligence;
- outreach to stakeholders and beneficiaries of CDB financing;
- training of staff and management on corruption, fraud prevention, sexual harassment, integrity due diligence, including digitising and embedding the integrity due diligence toolkit;
- conduct of proactive and reactive integrity investigations;
- imposition of temporary suspensions on entities and individuals subject to ICA investigations; and

- collaborations with other multilateral development banks.

Additionally, ICA's work enabled CDB to meet its fiduciary duty to ensure that its financial resources reached intended beneficiaries without diversion by corrupt and fraudulent actors.

Most notably, ICA led the Bank's observance of Anti-Corruption Week 2020 on December 7-11, with the delivery of the inaugural Caribbean Conference on Corruption, Compliance and Cybercrime 2020. The event, conceptualised by ICA, to mark CDB's 50th anniversary, was executed on December 7 and 8 in collaboration with the World Bank.

The conference agenda was devised to increase understanding of the impact of corruption on emerging economies and to strengthen institutional and individual responsiveness. ICA's novel approach focused on target groups, such as youth and women, who are not typically at the forefront of established anti-corruption initiatives but can play a critical role in the solution. The virtual conference had over 800 attendees, 60 speakers, and 2,800 session views.



Above: Panellists who participated in the discussion on “the Role of the Media in combating corruption, cybercrime and money laundering in the Caribbean” during ICA’s inaugural Caribbean Conference on Corruption, Compliance and Cybercrime, in December 2020; (at top, from left) Ms. Kiran Maharaj, President, Media Institute of the Caribbean, Mr. Will Fitzgibbon, Senior Reporter, International Consortium of Investigative Journalists, Dr. Toussant Boyce, Head of ICA, CDB, (at bottom, from left) Mark Bassant, Senior Multimedia Investigative Journalist/Producer at Caribbean Communications Network, Glenn Lall, Owner and Publisher, Kaieteur News and Afra Raymond, Managing Director, Raymond and Pierre Limited.

An aerial photograph of a coastal area. In the foreground, a large body of blue water dominates the left side. To the right, a construction site is visible, featuring a bridge under construction with orange cranes and scaffolding. A white boat is docked at a pier. In the background, a forested peninsula is visible, with several buildings and a parking lot. A road curves along the coast. The overall scene is a mix of natural and developed environments.

SECTION 5

RISK  
REVIEW



In 2020, the Bank maintained its Enterprise Risk Management (ERM) approach with scope of coverage, including financial, strategic, operational and developmental risks. The operational risk pillar includes environmental, climate

and disaster risk management, given its increasing visibility and potential impact on the sovereign risk profiles of BMCs.

At year end, CDB was in full compliance with all of its risk appetite thresholds, as shown in Table 2.

TABLE 2: OCR RISK APPETITE THRESHOLDS AT DECEMBER 31, 2020

CDB NEW OCR RISK MEASURES AND POLICY RATIOS SCORECARD						
				AS AT DECEMBER 31, 2020 (\$US Mn)		
RISK TYPE	RISK MEASURE/ POLICY RATIO	MEASURE	BASE AMOUNT	THRESHOLD LIMIT	ACTUAL	RAG STATUS
CAPITAL	CAPITAL ADEQUACY	Minimum - 150% of Economic Capital		\$441.6	\$931.7	211.0%
CREDIT	SINGLE SOVEREIGN EXPOSURE	GREATER OF:				
		40% of Outstanding Loans	\$1,324.2	\$529.7	\$259.9	19.6%
		50% of Total Available Capital	\$931.7	\$465.8	\$259.9	27.9%
	EXPOSURE TO 3 LARGEST BORROWERS	GREATER OF:				
		60% Of Outstanding Loans	\$1,324.2	\$794.5	\$496.7	37.5%
		90% of Total Available Capital	\$931.7	\$838.5	\$496.7	53.3%
RISK TYPE	RISK MEASURE/ POLICY RATIO	MEASURE	BASE AMOUNT	THRESHOLD LIMIT	ACTUAL	RAG STATUS
	Non-Sovereign Exposure Limit					
	Single Exposure	2.5% of Total Outstanding Loans	\$1,324.2	\$33.10	\$28.8	2.2%
		3.6% of Total Available Capital	\$931.7	\$32.6	\$28.8	3.1%
	Non-Sovereign Exposure Cap	30% of Total Outstanding Loans	\$1,324.2	\$397.20	\$79.4	6.0%
		43% of Total Available Capital	\$931.7	\$400.6	\$79.4	8.5%
	Policy-Based Loans (PBL) & Guarantees	38% of Total Outstanding Loans & Guarantees	\$2,015.2	\$765.77	\$748.0	37.1%
	Policy-Based Loans (PBL) & Guarantees	38% of Total Outstanding Loans & Guarantees	\$2,015.2	\$765.77	\$748.0	37.1%
	Limit on Operations (Article 14.1)	Equal to or less than Limit		\$2,423.3	\$1,336.2	55.1%

CDB NEW OCR RISK MEASURES AND POLICY RATIOS SCORECARD						
				AS AT DECEMBER 31, 2020 (\$US Mn)		
	<b>Borrowing Limit - Proforma</b>	Equal to or Less than 100% Capital Limit (as defined)		\$1,509.8	\$1,094.1	72.5%
	<b>Borrowing Limit - Capitalisation</b>	Equal to or Less than 65% of Capitalisation		\$2,053.9	\$1,094.1	53.3%
LIQUIDITY	LIQUIDITY RISK	<b>GREATER OF:</b>				
		40% of Undisbursed & Loans not yet effective	\$617.3	\$246.9	\$620.6	100.5%
		3 Years of Net Funding Requirements	\$508.2	\$508.2	\$620.6	122.1%
MARKET	INVESTMENT RISK					
	<b>Investment Risk - Single Entity Limit</b>	10% of Total Investment Portfolio	\$535.6	\$53.6	\$18.3	3.4%
	<b>Investment Risk - Single Entity Limit - US Treasury or Gov't Agency</b>	35% of Total Investment Portfolio	\$535.6	\$187.5	\$165.1	30.8%
	<b>Commercial Entity Exposure Limit</b>	50% of Total Investment Portfolio	\$535.6	\$267.8	\$147.9	27.6%
OPERATIONAL	Operational Risk	Equal to or Less than \$1mn per annum		1	0	0%
		Zero Tolerance for Fraud		0	0	0%

## Organisation

The Office of Risk Management (ORM) is an independent but integral part of the Bank's activities, free from influence. The Bank's risk liaison framework is formally aligned to ORM, as part of an extended monitoring framework.

The framework is anchored in a strong three lines of defence governance structure defined below:

- **Line 1 – Front Line Functions** are the core areas where activities take place either in the front, middle or back office.
- **Line 2 – ORM** provides leadership, guidance, monitoring, and independent oversight of the activities conducted by Line 1.

- **Line 3 – IAD** provides assurance on internal compliance with controls.

## Operational Risk

### System

CDB continued to use the aCCelerate operational risk system which automates the Bank's end-to-end operational risk management process, including the annual risk control self-assessment risk register; and escalation and management processes. The system also serves as an automated internal surveillance and early warning system for identifying potential threats to the Bank. During the year, the ORM monitored the progress of control actions against the baseline previously set.



## Process

The Bank's operational risk management process is underpinned by the annual risk control self-assessment and daily risk register process. The output from these processes was monitored by ORM and reported periodically to the Bank's Enterprise Risk Committee. The high-impact, strategic aspects of these outputs were reported to the Bank's Oversight and Assurance Committee and the Board of Directors.

## Business Continuity

The CDB-wide business continuity programme continued to represent a reliable recovery framework. The Bank set out to revise its business continuity framework to address pandemic risks, associated with COVID-19. The three lines of defence areas, collaborated during the year and will continue to work on improving the framework in 2021.

The Bank is now fully cloud-based, using geo-presence distribution with hot replication of systems, databases, and backups, as well as cold cloud-storage for long-term backup.

The risks of catastrophic losses are mitigated with the use of comprehensive insurance programmes.

## Environmental Risk and Climate Change

Matters relating to environmental risk and climate change are systematically addressed at various levels of the institution. CDB's project appraisal process specifically screens for environmental vulnerability. There is also active dialogue with the BMCs to address this risk via resilience building, purchase of cover from the Caribbean Catastrophe Risk Insurance Facility, and the building of fiscal buffers. Also, the enterprise risk reporting captures environmental and climate change risks on a national and regional basis. These

risks are tracked to ensure the continuous implementation of mitigation actions. Matters relating to environmental risk and climate change are discussed at ERC meetings.

## Credit Risk

The sovereign risk profiles of BMCs' credit declined in 2020 due to negative growth rates caused by the COVID-19 pandemic and the resulting national lockdowns. However, exposure to Barbados, the Bank's largest borrower, fell from 20% to 18% of the entire portfolio. This was due to further diversification of the portfolio and Board approval of additional policy-based loans to support COVID-19 mitigation initiatives by the BMCs. These PBLs were advanced in accordance with the Bank's commitment to support its BMCs in times of need and after careful risk assessment of the incremental impact on the Bank's capital adequacy position. Exposure to Jamaica, fell from 12% to 9% of the portfolio. Belize at 10% in 2020, replaced Jamaica as the Bank's second largest exposure.

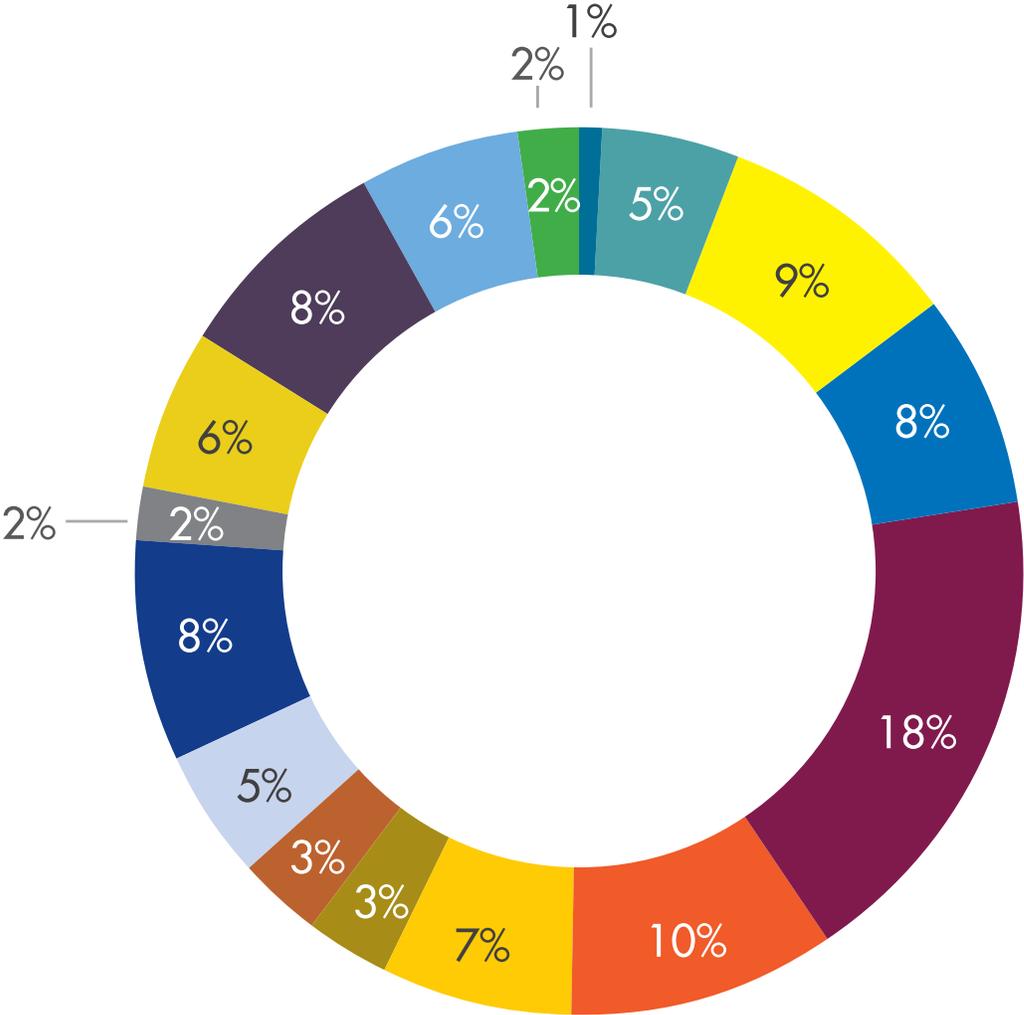
Despite a few credit downgrades earlier in the year, the BMCs are not expected to receive significant downgrades in the short term. CDB actively monitors those BMCs assessed as having a negative credit outlook.

The Bank is also actively continuing to diversify its portfolio by targeting highly-rated BMCs for new business growth while also reducing exposure to challenged credits via targeted portfolio review and cancellation of aged, undisbursed balances.

## Concentration Risk

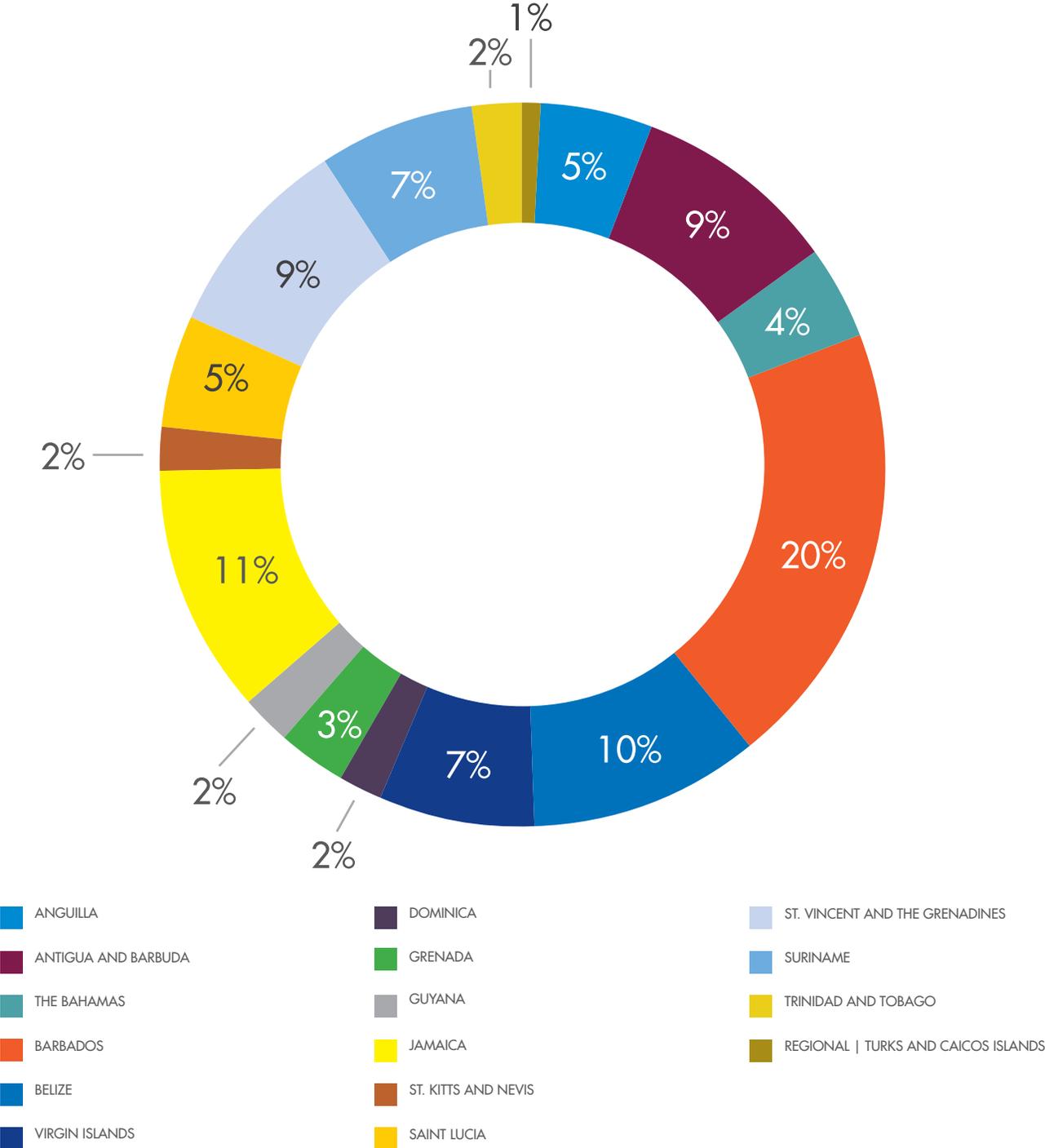
The geographic exposure for December 31, 2020 and 2019 are represented in charts 4 and 5, respectively below.

CHART 4: CDB'S GEOGRAPHIC EXPOSURE AT DECEMBER 31, 2020



- ANGUILLA
- ANTIGUA AND BARBUDA
- THE BAHAMAS
- BARBADOS
- BELIZE
- VIRGIN ISLANDS
- DOMINICA
- GRENADA
- GUYANA
- JAMAICA
- ST. KITTS AND NEVIS
- SAINT LUCIA
- ST. VINCENT AND THE GRENADINES
- SURINAMES
- TRINIDAD AND TOBAGO
- REGIONALS | TURKS AND CAICOS ISLANDS

CHART 5: CDB'S GEOGRAPHIC EXPOSURE AT DECEMBER 31, 2019

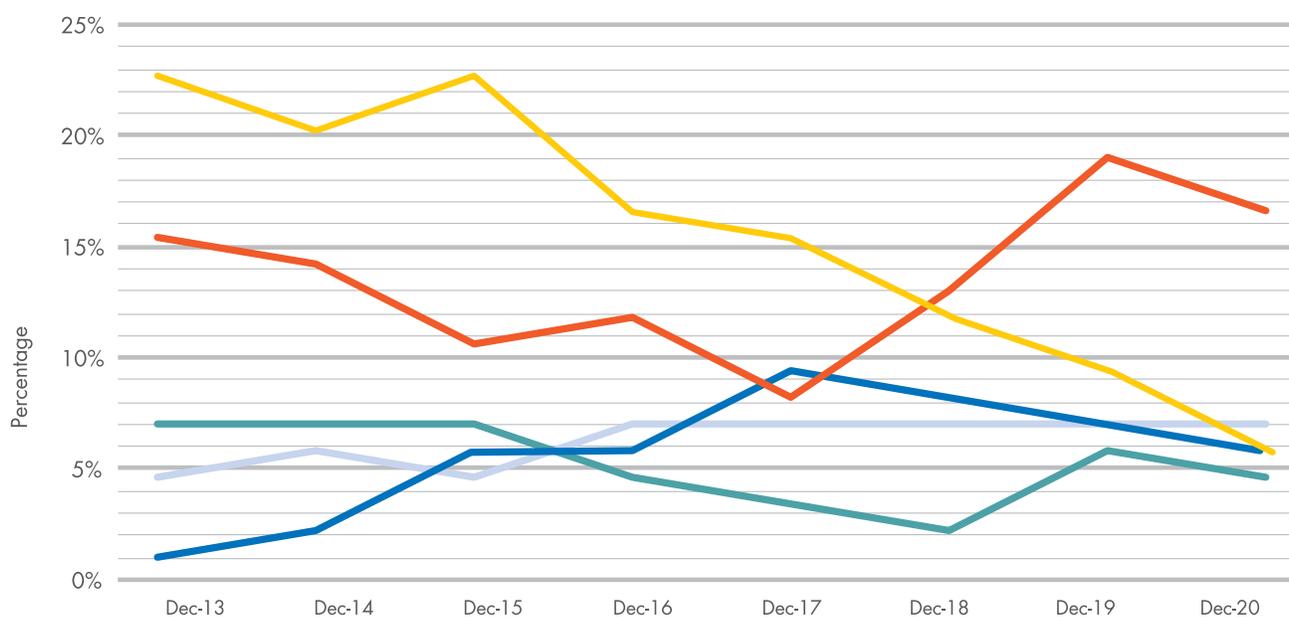


## Exposure Trends

Overall, concentration remained at manageable levels and within the risk appetite of the Bank, with Barbados

decreasing to 18% at year end 2020. The Bank's top five sovereign trends are represented in Chart 6.

**CHART 6: TOP 5 HIGH RISK EXPOSURE TRENDS**



Country	Dec-13	Dec-14	Dec-15	Dec-16	Dec-17	Dec-18	Dec-19	Dec-20
Antigua and Barbuda	5%	6%	9%	9%	12%	11%	10%	9%
Barbados	17%	16%	13%	14%	11%	15%	20%	18%
Belize	8%	9%	8%	10%	10%	10%	10%	10%
Jamaica	23%	21%	23%	18%	17%	14%	12%	9%
St. Vincent and the Grenadines	10%	10%	10%	8%	7%	6%	9%	8%



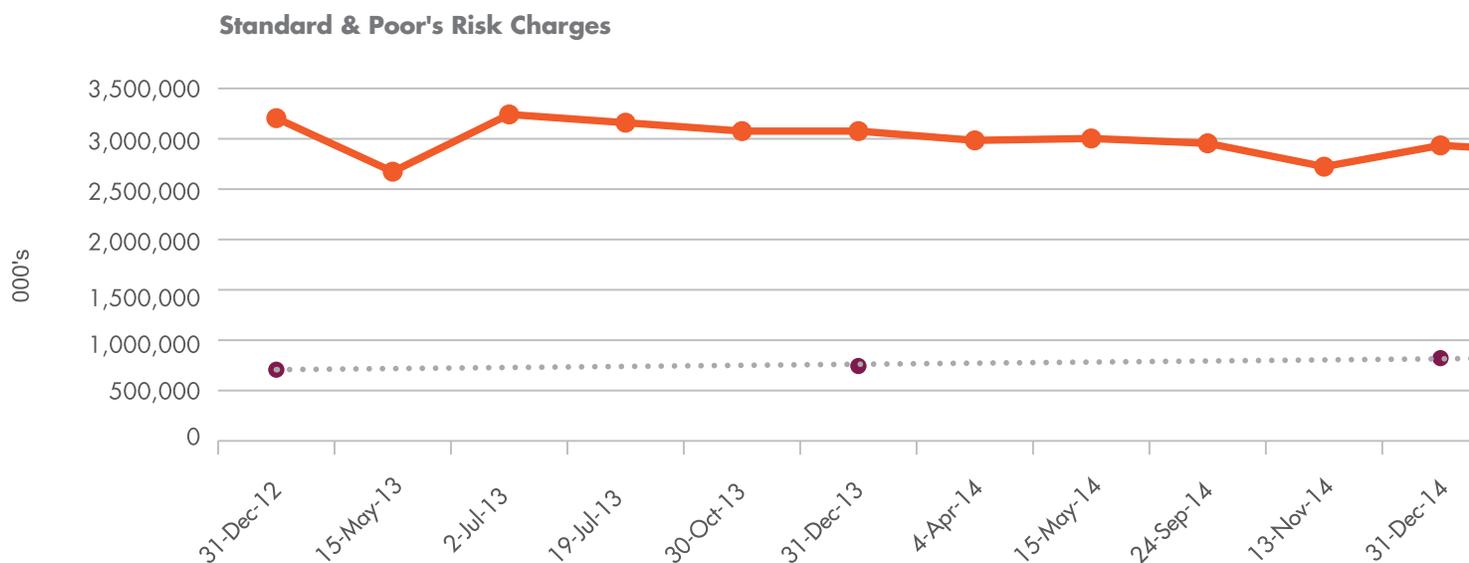
## Capital Risk

Measures, adopted by the Bank to improve its capital adequacy, included encouraging new lending to highly-rated BMCs; supporting lower-rated entities with interventions, sourced from its soft funding window; enforcing hard credit limit controls; minimising concentration; strengthening

operational risk controls; managing undisbursed balances; and maintaining a robust capital generation strategy.

These efforts resulted in a reduction in risk-weighted assets, while the Bank increased its capital levels as reflected in Chart 6.

**CHART 7: S&P RISKWEIGHTED ASSETS VERSUS CDB EQUITY CAPITAL TRENDS (US 000S)**



## Internal Capital Adequacy Calculations

The Bank's capital adequacy is computed manually, utilising the Basel II framework.

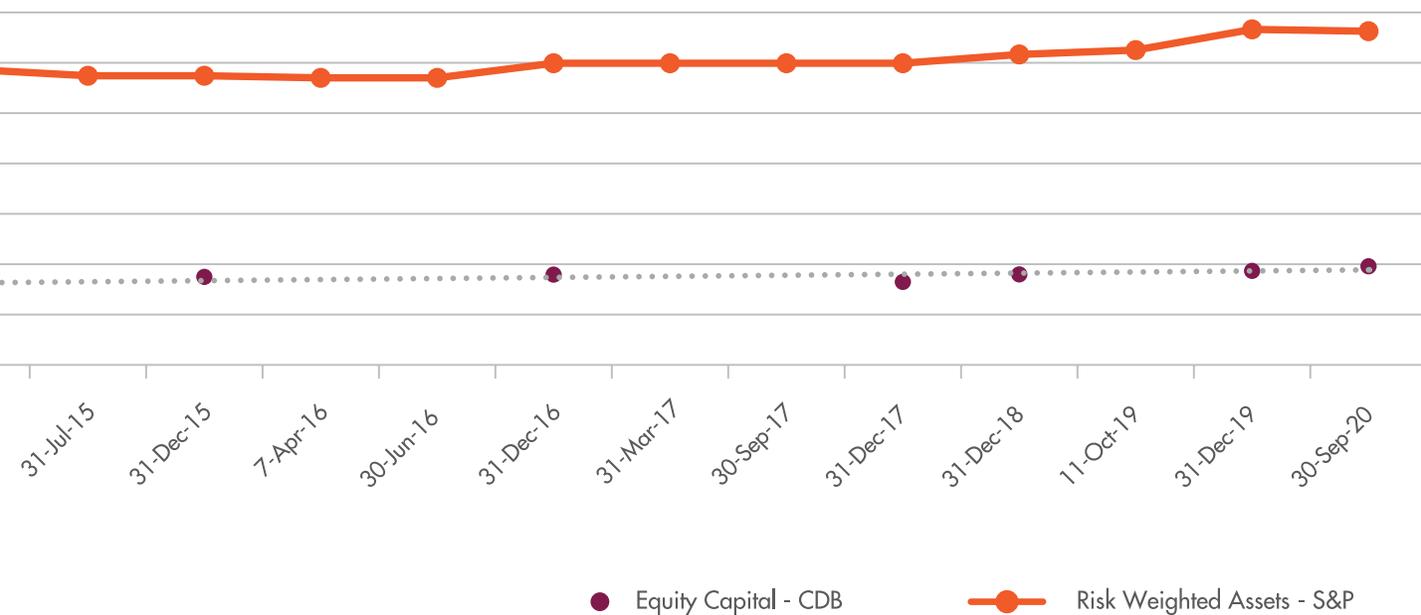
Under Pillar I, a Basic Indicator Approach for Operational Risk and a modified Standardised Approach for Credit Risk are used.

Under Pillar II, the Bank ensures that all other residual risks over and above Pillar I are computed. These include, additional liquidity requirements, interest rate in the banking

book, and business and concentration risks. These are then complemented with top-down and bottom-up scenario assessments to determine the extent of additive capital that may be needed as a cushion against unexpected risk losses.

Under Pillar III, CDB has been meeting its enhanced disclosure reporting obligations by improving the dissemination of risk reviews.

The Bank is currently monitoring newly implemented Basel III and the impending Basel IV rules to determine the need for amendments to its *modus operandi*.



## Market Risk

CDB's overall objective is to manage market risks to minimise losses and optimise return. During 2020, the Bank applied revised treasury guidelines, approved by the Board of Directors in the management of its portfolio to maximise returns whilst minimising risk.

of its liabilities. This relationship is managed with the use of interest rate swaps, which convert fixed-rate liabilities into floating-rate liabilities. Residual exposure, resulting from interest rate movements, is effectively monitored and managed operationally with governance oversight provided by ERC. Residual interest rate exposure risks, which arose during the year, were well within the Bank's risk appetite.

## Interest Rate Risk

CDB manages interest rate exposure by ensuring that changes in the cash flow of its assets closely match those

## Foreign Exchange Risk

CDB's exposure to currency exchange movements is minimised by the extent of its activities, which limit its assets and



liabilities to a single currency, United States dollars. Mismatches are managed effectively via the use of derivative hedging instruments, where necessary. Loans by the Bank are made either from currencies available from members' subscriptions, or from currencies borrowed. The principal amounts are repayable to the Bank in the currencies lent. Residual currency exposure arising during the year were well within the Bank's risk appetite.

## Liquidity and Funding Risk

CDB's objective is to ensure that all foreseeable funding commitments can be met when due, and that access to the wholesale market is maintained.

To that end, the Bank seeks to maintain a portfolio of highly liquid assets, augmented with a diversified funding base to enable it to respond promptly to unforeseen liquidity demands. There were no anticipated roll-over issues, as the risk was eliminated with no immediate maturities anticipated.

CDB loans are usually fully disbursed over several years. As a result, undisbursed balances on approved loans continue to rise. CDB is generally required to provide funds to BMCs once Board approval has been granted; and this leads to a call on liquidity. The risks to liquidity shortfalls are managed by adherence to the Bank's policy of maintaining a net, three-year funding requirement, or 40% of undisbursed commitments, whichever is greater. At year end 2020, CDB's liquid assets exceeded the 150% prudential minimum guideline, which was in keeping with management's decision to maintain high-liquidity levels.

The liquidity position of the Bank is further supported via access to approved unsecured facilities, with a highly reputed and rated international financial institution.

## New Developments

A new risk-based pricing model, which is in the testing phase, will enable the Bank to independently price interventions for the non-sovereign sector.

Further improvements were made to the Bank's risk adjusted capital framework modelled around the approach of a reputed external rating agency. The framework and model were reviewed by OAC, as well as the Board of Directors, which provided feedback. The Bank intends to finalise the framework and attain Board approval in the first quarter of 2021. The framework and model, with built-in scenarios capabilities, will enable the CDB to ex-ante, assess and determine its capital adequacy position, under different circumstances, to effectively support its strategic planning efforts.

## SECTION 6

# MANAGEMENT'S DISCUSSION AND ANALYSIS





## I. OVERVIEW

CDB is a multilateral financial institution dedicated to the development of the economies of the BMCs with a focus on the least developed countries, 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 to reduce poverty and facilitate regional integration. The Bank was established in 1969 and is owned by its member countries. These include 19 BMCs and 9 non-borrowing members.

The Bank is structured into two funds through which it delivers on its mandate. These comprise the Ordinary Capital Resources (OCR) and the Special Funds Resources (SFR). The OCR operations are financed from CDB's share capital, borrowings raised in the capital markets, lines of credit from commercial and other multilateral institutions and internally generated equity. The SFR operations are financed from the contributions of members and non-members of the Bank to the Special Development Fund (SDF) and Other Special Funds (OSF). The SFR comprises the Bank's concessionary funding window.

The Bank is rated by three major international rating agencies. In March 2020 Fitch Ratings reaffirmed its Long-Term Issuer Default Rating (IDR) of AA+ with a Stable Outlook. The outlook was downgraded from Stable to Negative in March 2021. This change was primarily driven by the potential adverse economic, fiscal and social impacts of COVID-19 in the BMCs. In May 2020, Standard and Poor's (S&P) affirmed its Long-Term Issuer Credit Rating of AA+ with a Stable Outlook. In November 2020, Moody's Investor Services affirmed CDB's Long Term Issuer Rating as Aa1 with a Stable Outlook. These ratings were reaffirmed in May 2021.

The following discussions should be read in conjunction with the audited financial statements and accompanying Notes of the Bank set out in Section 7 of this report.

## II. ORDINARY CAPITAL RESOURCES

### FINANCIAL STATEMENT REPORTING

The financial statements of the OCR are prepared in accordance with International Financial Reporting Standards (IFRS) on an historical cost basis, as modified by the measurement of debt securities held at fair value through Other Comprehensive Income (OCI) and derivative financial instruments which are reflected at fair value through profit and loss.

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions and to exercise judgement in the process of applying its various accounting policies.

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

### MANAGEMENT REPORTING

Management has determined that operating income is the best representation of the results of the Bank's core activities, and it is therefore used in the determination of CDB's financial performance evaluations, liquidity, capital adequacy and other ratios and analyses. The accounting treatment in accordance with IFRS requires that derivatives are recorded at their fair value through profit and loss. This creates significant income volatility due to foreign exchange and interest rate movements, and is not representative of the underlying strategy, or economics of the transactions since it is the Bank's policy to hold these instruments to maturity. As

a result, therefore, the Bank excludes the impact of these fair value and related foreign exchange translation adjustments associated with these derivatives from the determination of its operating income.

Loans and borrowings are recorded on the amortised cost basis.

In compliance with the international standards, the Bank calculates the impairment of its financial instruments under the provisions of IFRS 9. This standard is based upon the expected credit loss methodology, as well as various rules, governing the classification and subsequent treatment of financial instruments. This methodology is forward looking and based on changes in credit risk that determine whether impairment is calculated on a 12-month, expected loss, a lifetime expected loss or an impaired basis, with movements between categories being based on assessed increases or decreases in credit risks. Impairment provisions are calculated based on the exposure at default, which includes commitments, measured against expected cash flows that are factored by probability of default, loss given default applicable to the credit ratings of counterparties, the time value of money and probability weighted optimistic and pessimistic scenarios against the base scenario.

## RESULTS OF OPERATIONS OF THE OCR

**Total comprehensive income:** Total comprehensive income is defined as the sum of operating income and the effects of foreign exchange and interest rate adjustments related to derivative adjustments, fair value gains or losses on debt securities, and actuarial re-measurements. The OCR operations of the Bank for the year ended December 31, 2020 recorded total comprehensive income of \$33.8 mn (2019: \$34.0 mn) in line with that of the previous year. There was higher operating income that was offset by lower positive derivative foreign exchange and valuation adjustments. The Bank operated in a low interest rate

environment during the year due to the economic impact of COVID-19.

**Operating income:** Operating income is defined as income prior to derivative, fair value and debt security adjustments. Management defines this as its performance measure that reflects its core operations. This represents the metric, which is used to analyse the Bank's performance and is allocated to reserves by the Board of Governors in accordance with the Bank's Charter. The operating income was \$29.5 mn (2019: \$24.6 mn) an increase of 19.9%.

**Income from loans:** Loan income for the year declined by \$2.1 mn to \$56.5 mn (2019: \$58.6 mn). This was due to a lower average interest rate of 4.15% (2019: 4.80%) due to the lower interest rates although partly mitigated by a higher average portfolio balance.

**Income from cash and investments:** For the year, income from cash and investments was \$8.9 mn (2019: \$8.3 mn), representing an increase of \$0.6 mn, which was driven by higher volumes that mitigated the lower interest rates during the year.

**Interest expense:** Interest expense for the year was \$21.6 mn (2019: \$26.9 mn). The decline of \$5.3 mn was due to the impact of very low interest rates during the year.

**Operating expenses:** In 2020, operating expenses amounted to \$14.3 mn (2019: \$15.4 mn). This change resulted from an increase in administrative expenses of \$0.7 mn related to IAS19 pension obligation estimates. There was an impairment recovery of \$7.0 mn (2019: \$3.1 mn), reflecting lower exposures on demand notes and a significant reduction in the impaired private sector loans. The foreign exchange translation loss related to the Euro borrowing in 2019. (See following table).

## OPERATING EXPENSES (\$ mn)

	2020	2019
Administrative expenses	15.9	15.2
Realised (gains)/losses	(1.3)	0.2
Impairment (recovery)/ charges losses on financial assets	(7.0)	(3.1)
Other adjustments -- forex translations	6.7	3.1
<b>Total operating expenses</b>	<b>14.3</b>	<b>15.4</b>

**Rate/Volume analysis:** The rate/volume analysis shows the effect on interest income (excluding fees and charges and unrealised gains and losses) of the Bank analysed by the various drivers.

## RATE/VOLUME ANALYSIS (\$ mn)

	Increase/(Decrease) Due to		Total
	Rate	Volume	
<b>Interest-earning assets</b>			
Cash & investments	(0.6)	1.1	0.5
Loans	(7.0)	4.7	(2.3)
<b>Total earning assets</b>	<b>(7.6)</b>	<b>5.8</b>	<b>(1.8)</b>
Interest-bearing liabilities	(11.7)	6.3	(5.4)
<b>Net change in interest income</b>	<b>4.1</b>	<b>(0.5)</b>	<b>3.6</b>

## FINANCIAL POSITION OF THE OCR

**Total assets:** As at December 31, 2020, total assets were \$2,121.3 mn (2019: \$2,095.5 mn), representing an increase of \$25.8 mn (1.2%). This was due the impact of higher loan and derivative balances and lower cash and investments.

**Loans:** In 2020 the loan portfolio was \$1,332.1 mn (2019: \$1,249.3 mn). This was an increase of \$82.8 (6.6%), reflecting higher net disbursements and a decreased impairment balance. The impaired non-performing non-sovereign loans in the portfolio were reduced to

\$1.6 mn (2019: \$3.0 mn) due to disposal of certain assets held as collateral.

**Borrowings and other liabilities:** Total liabilities decreased by \$9.0 mn (0.8%) to \$1,152.9 mn (2019: \$1,161.9 mn). This decrease was mainly due to repayments during the year.

**Shareholders' equity:** At December 31, 2020, CDB's equity was \$968.4 mn (2019: \$933.6 mn). The increase of \$34.8 mn (3.7%) was mainly due to the comprehensive income earned for the year. Total equity currently represents 45.6% (2019: 44.6%) of total assets.

**SELECTED FINANCIAL DATA (\$ mn)**

	Years Ended December 31				
	2020	2019	2018	2017	2016
<b>Balance Sheet Data</b>					
Cash and investments	633.3	714.2	458.0	439.5	434.5
Loans outstanding <sup>(1)</sup>	1,332.1	1,249.3	1,163.5	1,060.1	1,016.9
Loans undisbursed	617.3	660.2	596.3	557.2	528.8
Total assets	2,121.3	2,095.5	1,747.7	1,641.0	1,599.2
Borrowings	1,094.1	1,103.2	796.3	691.5	654.5
Callable capital	1,375.1	1,375.1	1,375.1	1,375.1	1,375.1
Paid-in capital	388.5	388.5	388.5	388.5	388.5
Retained earnings & reserves	580.2	546.4	512.4	515.9	514.9
<b>Income Statement Data</b>					
Loan income	56.5	58.6	49.3	38.1	32.1
Investment income	8.9	8.3	6.9	5.8	3.7
Borrowing costs	21.6	26.9	26.3	18.8	13.8
Foreign exchange translation	8.6	3.4	0.1	0.1	(0.2)
Derivative adjustment	6.6	15.7	(11.2)	(11.1)	(14.3)
Operating income	29.5	24.6	14.5	7.8	7.5
Comprehensive income / (loss)	33.8	34.0	6.3	0.9	(15.7)
<b>Ratios</b>					
Return on:					
Average assets	1.45%	1.32%	0.88%	0.50%	0.71%
Average investments	3.17%	1.45%	1.48%	1.22%	0.24%
Average loans outstanding	4.22%	5.18%	4.61%	3.92%	3.32%
Cost of borrowings	1.93%	3.54%	3.66%	2.81%	2.34%
Available capital <sup>(2)</sup> /economic capital	211.0%	232.9%	200.4%	219.0%	209.8%

<sup>(1)</sup> Net of provisions.

<sup>(2)</sup> 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 Special Development Fund, (SDF), was established in 1970 and is the Bank's largest pool of concessionary funding, offering loans on more concessionary terms and conditions than those that are applied in the Bank's ordinary operations, that is, longer maturities and grace periods and lower interest rates.

The SDF represents a significant and important enabler in the Bank's mission to reduce poverty and contribute to sustained welfare enhancement in eligible BMCs. Successive replenishments of the SDF since its inception have allowed CDB to make a meaningful contribution to the transformation of the lives of underprivileged and at-risk members of the population, primarily those in rural communities.

The SDF originally comprised a conglomeration of funds that operated under varied terms and conditions fixed by the Fund's various contributors. These differing terms and conditions created a number of complexities and inefficiencies in the Fund's management and operations, which prompted the decision to set up the fund as one with a uniform set of rules, hence the formation of the Unified Special Development Fund [SDF(U)] in 1983.

All members of the Bank are required to contribute to SDF(U), and contributions are also sought from non-members. Contributions are interest-free and provided on a multi-year basis, for an indefinite term. 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 focuses on the SDF(U)'s operations and an annual report on the performance of the fund is provided. Non-members are also invited to participate as observers in meetings of the Bank's Board of Directors (BOD) and Board of Governors (BOG).

Contributors to the SDF (U), which is usually replenished in four-year cycles, enter into negotiations with the Bank with the objective of agreeing on the priority areas and programmes that should be addressed and on the amount of SDF (U) resources which will be necessary to realise the agreed objectives. The ninth cycle of the SDF (U), which covered the period 2017-2020, underpinned the Bank's efforts to support the BMCs in achieving their development goals consistent with the Sustainable Development Goals (SDGs). Negotiations are in process on a new funding cycle (SDF10) during the new year.

#### SUMMARY OF RESULTS

##### RESULT OF OPERATIONS OF THE SDF

For the year ended December 31, 2020 there was comprehensive income of \$7.5 mn (2019: \$8.7 mn). Total interest income for the year was \$24.7 mn (2019 : \$26.3 mn). The decrease of 6.1% was due to lower returns on investments as a consequence of lower interest rates. Total expenses were \$17.2 mn (2019: \$17.6 mn), the reduction occurring as a result of foreign exchange gains.

**Income from loans:** Loan income of \$12.5 mn was the same as in 2019 as the higher portfolio balance compensated for lower average interest rates.

**Income from cash and investments:** Income from cash and investments declined to \$12.2 mn (2019: \$13.8 mn), reflecting a lower portfolio and lower-interest rates.

**Administrative expenses:** Administrative expenses were \$17.7 mn (2019: \$16.5 mn) an increase of \$1.2 mn. The SDF's share of the Bank's total administrative expenses is based on a predetermined cost-sharing formula, which is driven by the number of loan accounts and their status.

## FINANCIAL POSITION OF THE SDF

**Total assets:** At December 31, 2020, total assets were \$1,065.3 mn (2019: \$1,040.2 mn).

**Investments:** At December 31, 2020, SDF cash and investments amounted to \$359.7 mn (2019: \$391.3 mn). This change was largely due to loan disbursements.

**Loan portfolio:** Total outstanding loans were \$614.8 mn (2019: \$560.2 mn) an increase of \$54.6 mn due to a higher level of activity.

**Receivable from contributors:** This amounted to \$90.6 mn (2019: \$88.2 mn) largely reflecting exchange rate adjustments on demand notes.

**Liabilities and Funds:** At the end of the year, liabilities and funds totalled \$835.4 mn (2019: \$819.0 mn), where the change was due to increases in accounts payable and accrued liabilities and funds, made available.

**Contributed resources:** Contributions to the SDF net of allocations to technical assistance and grant resources increased by \$7.1 mn to \$776.1 mn (2019: \$769.0 mn). This was due to additional contributions received with respect to SDF9.

## 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 achieving poverty reduction. The Bank accepts contributions to the OSF for on-lending or administration on terms agreed with the contributors once the purposes are consistent with its objectives and functions.

## SUMMARY OF RESULTS

### RESULTS OF OPERATIONS OF THE OSF

For the year, there was comprehensive income of \$3.5 mn (2019: \$2.9 mn) an increase of \$0.6 mn (20.7%). This change was largely due to unrealised foreign exchange gains and dividends from equity investments.

**Income from loans:** Income from loans was \$1.7 mn (2019: \$1.9 mn). This decline was caused by a lower average balance in the loan portfolio compared to the previous year.

**Income from cash and investments:** This decreased to \$0.9 mn (2019: \$1.9 mn) mainly due to unrealised losses.

**Administrative expenses:** Administrative expenses remained relatively flat at \$1.1 mn (2019: \$1.0 mn). 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 number of loans and accounts and their status.

### FINANCIAL POSITION OF THE OSF

**Total assets:** This registered \$450.2 mn (2019: \$451.4 mn), representing a decline of \$1.2 mn. The main components of the change are discussed below.

**Cash and Investments:** Cash and investments amounted to \$99.8 mn (2019: \$82.6 mn), reflecting a decline in loan balances where repayments exceeded disbursements.

**Loan portfolio:** Total outstanding loans were \$78.6 mn (2019: \$85.1 mn) a decrease of \$6.5 mn due to repayments exceeding disbursements during the year.

**Receivable from members:** This declined to 235.6 mn (2019: \$246.6 mn) as a result of the encashment of promissory notes in respect of the UKCIF.

**Liabilities and funds:** Liabilities and funds totalled \$450.2 mn (2019: \$451.4 mn). This decrease largely reflects the decline in technical assistance and grant resources.

## V. OPERATIONS

In 2020, the Bank approved \$557.2 mn (2019: \$347.1 mn) in loans and grants, loan disbursements amounted to \$353.8 mn (2019: \$305.7 mn).

Details are shown in the Table below.

	Gross Approvals (\$ mn)		Disbursement (\$ mn)	
	2020	2019	2020	2019
OCR Loans	223.9	281.4	195.9	197.9
SFR Loans	173.0	15.6	87.4	33.5
<b>Total Loans</b>	<b>396.9</b>	<b>297.0</b>	<b>283.3</b>	<b>231.4</b>
SFR Grants	38.4	9.4	56.4	61.7
UKCIF	121.9	40.7	21.6	12.6
<b>Total Grants</b>	<b>160.3</b>	<b>50.1</b>	<b>78.0</b>	<b>74.3</b>
<b>TOTAL</b>	<b>557.2</b>	<b>347.1</b>	<b>361.3</b>	<b>305.7</b>

The three (3) largest borrowers across the Bank's Funds were Barbados (13.1%), Belize (8.9%) and The Bahamas (5.9%).

**Resource transfers:** In 2020, there was a positive net transfer of resources (i.e. the net of disbursements of loans and grants less repayments of principal, interest and charges) between CDB and its BMCs. The net flow of resources amounted to \$116.5 mn (2019: \$83.3 mn) an increase of \$33.2 mn (39.9%).

The Bank continued to drawdown on existing facilities mainly held with development partners and global funds including the IDB, GCF, Adaptation Fund, the European Investment Bank, Government of Canada and Italy during the year.

**Repayments:** During the year, CDB was repaid 99.2% (2019: 98.5%) of the total amounts that were charged to its borrowers. A breakdown by fund group is shown in the following table.

	December 31, 2020 Amounts in \$ mn			December 31, 2019 Amounts in \$ mn		
	Principal Interest & Charges			Principal Interest & Charges		
	Billed	Received	%	Billed	Received	%
OCR	159.5	157.9	99.0	171.8	168.4	98.0
SDF	44.1	44.1	100.0	43.7	43.7	100
OSF	8.6	8.6	100.0	8.8	8.8	100
<b>Total</b>	<b>\$212.2</b>	<b>\$210.6</b>	<b>99.2</b>	<b>224.3</b>	<b>\$220.9</b>	<b>98.5</b>

### TOTAL ADMINISTRATIVE EXPENSES

A comparative analysis of major administrative expenditure items is shown below. At December 31, 2020, total administrative expenses amounted to

\$34.6 mn, where recurrent expenses totalled \$31.6 mn, decreasing by \$1.0 mn (3.1%) from \$32.6 mn in 2019 as costs continued to be actively managed, and the one-off expenditure items totalled \$3.0 mn.

### ANALYSIS OF ACTUAL EXPENSES FOR 2020 AND 2019 (\$ mn)

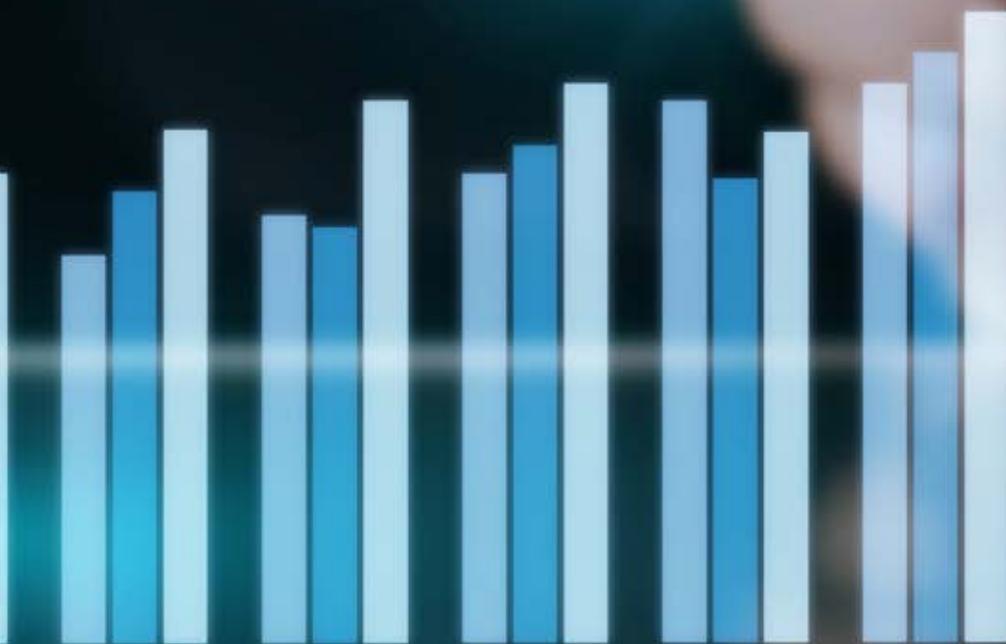
	2020	2019	Variance	%
Employee costs	24.0	22.7	(1.3)	(5.7)
Professional fees and consultants	1.7	1.9	0.2	10.5
Travel	0.3	1.5	1.2	80.0
Maintenance and utilities	0.6	0.7	0.1	14.3
IT services	1.8	1.3	(0.5)	(38.5)
Other	1.9	3.1	1.2	38.7
Depreciation	1.3	1.4	0.1	7.1
<b>Base - Total</b>	<b>31.6</b>	<b>32.6</b>	<b>1.0</b>	<b>3.1</b>
<b>Transformation Expenses</b>	<b>2.9</b>	<b>-</b>	<b>(2.9)</b>	
<b>Fiftieth Anniversary Celebrations</b>	<b>0.1</b>	<b>-</b>	<b>(0.1)</b>	
<b>Enhanced – Total Administrative Expenses</b>	<b>34.6</b>	<b>32.6</b>	<b>(2.0)</b>	<b>6.1</b>

## SECTION 7

# FINANCIAL STATEMENTS



YEAR 1



- Company 1
- Company 2
- Company 3

YEAR 2

YEAR 3

YEAR 4

YEAR 5

YEAR 6

# FINANCIAL STATEMENTS

# **Caribbean Development Bank Ordinary Capital Resources**

## **Financial Statements**

**For the year ended December 31, 2020  
(Expressed in thousands of United States Dollars  
unless otherwise stated)**

# **CARIBBEAN DEVELOPMENT BANK ORDINARY CAPITAL RESOURCES**

## **Index to the Financial Statements For the year ended December 31, 2020**

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## **KPMG**

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## **INDEPENDENT AUDITORS' REPORT**

**To the Board of Governors of Caribbean Development Bank**

**Report on the Audit of the Financial Statements**

### ***Opinion***

We have audited the financial statements of the **Ordinary Capital Resources** of the **Caribbean Development Bank** ("the Bank"), which comprise the statement of financial position as at December 31, 2020, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

### ***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Barbados and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Board of Governors of Caribbean Development Bank (continued)

### Report on the Audit of the Financial Statements (continued)

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters for the financial statements are detailed below:-

#### **Expected credit loss**

Related disclosures in the financial statements are included in Note 2, 5, 8, 10, 12 and Note 13.

As a Multilateral Development Bank (MDB), the Bank's largest exposure is country credit risk, which is the risk that a Borrowing Member Country is unable or unwilling to service its obligations to the Bank.

This is a key audit matter as the estimation of Expected Credit Losses (ECL) is inherently uncertain and requires the application of judgment and use of subjective assumptions by management. Furthermore, models used to determine credit impairment are complex.

We assessed and tested the design and operating effectiveness of controls over:

- Management's process for making lending decisions inclusive of the approval, disbursement and monitoring of the loan portfolio.
- Data used to determine the allowance for expected credit loss, including transactional data captured at loan origination, internal credit quality assessments, storage of data and computations.

We assessed the adequacy of allowance for expected credit loss by testing the key assumptions used in the Bank's calculations regarding Loss Given Default, Probability of Default, and the relevant scenarios and stage classification.

In addition, we assessed the adequacy of the disclosures in the financial statements including disclosures of key assumptions, judgements and sensitivities.

We involved relevant specialists in areas that required specific expertise (i.e. compliance with IFRS 9).



## INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Board of Governors of Caribbean Development Bank (continued)

Report on the Audit of the Financial Statements (continued)

### *Key Audit Matters (continued)*

#### **Fair value of financial instruments**

Related disclosures in the Financial Statements are included in Note 3, *Risk Management* and Note 5 *Financial Assets, Fair value measurement*.

Valuation models are in use which require the input of market-observable data. The use of different valuation techniques and assumptions however could produce significantly different estimates of fair value. The associated risk management disclosure is complex and dependent upon high quality data.

Consequently we have determined the valuation of debt securities and derivative financial instruments to be a key audit matter.

We reviewed the market prices applied to the Bank's debt securities by comparing the prices used to an independent external source.

We included derivative valuation specialists on our team who independently recomputed the fair value of all derivatives held by the Bank and the related sensitivity disclosures in accordance with IFRS 7, using their own internal model.

We also assessed the adequacy of the disclosures in the financial statements, including the disclosure of valuation sensitivity and fair value hierarchy in Note 3 and the subsequent impact of the global pandemic in relation to Covid-19 in Note 29.

We involved IT specialists in areas that required specific expertise (i.e. data reliability, input of market prices).

#### **Other Matter**

The financial statements of the Bank for the year ended December 31, 2019, were audited by another auditor who expressed an unmodified opinion on those financial statements on June 30, 2020.



## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**To the Board of Governors of Caribbean Development Bank (continued)**

**Report on the Audit of the Financial Statements (continued)**

### ***Other Information included in the Bank's 2020 Annual Report***

Management is responsible for the other information. The other information comprises the *Management's Discussion and Analysis* but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and the Oversight and Assurance Committee for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Oversight and Assurance Committee is responsible for overseeing the Bank's financial reporting process.



## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**To the Board of Governors of Caribbean Development Bank (continued)**

**Report on the Audit of the Financial Statements (continued)**

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**To the Board of Governors of Caribbean Development Bank (continued)**

**Report on the Audit of the Financial Statements (continued)**

### ***Auditors' Responsibilities for the Audit of the Financial Statements (continued)***

We communicate with the Oversight and Assurance Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Oversight and Assurance Committee with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Oversight and Assurance Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### ***Other Matter – the purpose of our audit work and to whom we owe responsibility***

This report is made solely to the Bank's members, as a body, in accordance with Article 38, sub-section 2 of the Agreement establishing the Bank entered into force on January 26, 1970. Our audit work has been undertaken so that we might state to the Bank's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's members as a body, for our audit work, for this report, or for the opinion we have formed.

The engagement partner on the audit resulting in this independent auditors' report is Michael Edghill.

A handwritten signature of the KPMG firm, written in blue ink, appearing as 'KPMG'.

Chartered Accountants  
Bridgetown, Barbados  
June 30, 2021

**CARIBBEAN DEVELOPMENT BANK**  
**ORDINARY CAPITAL RESOURCES**  
**STATEMENT OF FINANCIAL POSITION**

**As of December 31, 2020**

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

	Notes	2020	2019
<b>Assets</b>			
Cash and cash equivalents	6	<b>\$95,349</b>	\$292,045
Debt securities at fair value through other comprehensive income	7	<b>537,986</b>	422,138
Receivables and prepaid assets	8	<b>15,542</b>	7,655
Cash collateral on derivatives	9	-	2,400
Loans outstanding	10	<b>1,332,087</b>	1,249,318
Receivable from members			
Non-negotiable demand notes	11	<b>21,597</b>	38,512
Maintenance of value on currency holdings	12	<b>3,572</b>	4,389
Subscriptions in arrears	13	<b>2,943</b>	1,936
		<b>28,112</b>	44,837
Derivative financial instruments	14	<b>94,288</b>	60,246
Property and equipment	15	<b>17,984</b>	16,875
<b>Total Assets</b>		<b>\$2,121,348</b>	\$2,095,514

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

**CARIBBEAN DEVELOPMENT BANK**  
**ORDINARY CAPITAL RESOURCES**  
**STATEMENT OF FINANCIAL POSITION...continued**  
**As of December 31, 2020**  
(expressed in thousands of United States dollars, unless otherwise stated)

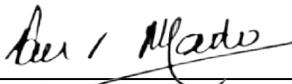
	Notes	<u>2020</u>	<u>2019</u>
<b>Liabilities and Equity</b>			
<b>Liabilities</b>			
Accounts payable and accrued liabilities	17	\$10,857	\$8,251
Maintenance of value on currency holdings	12	317	498
Deferred income	18	875	875
Post-employment obligations	19	46,807	36,495
Borrowings	20	1,094,101	1,103,190
Derivative financial instruments	14	-	12,622
<b>Total Liabilities</b>		<u>\$1,152,957</u>	<u>\$1,161,931</u>
<b>Equity</b>			
Subscriptions matured (net)	21(b)	388,177	387,187
Retained earnings and reserves	21(e)	580,214	546,396
<b>Total Equity</b>		<u>968,391</u>	<u>933,583</u>
<b>Total Liabilities and Equity</b>		<u>\$2,121,348</u>	<u>\$2,095,514</u>

Approved by the Board of Directors on April 27, 2021 and signed on their behalf by:


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W<sup>m</sup> Warren Smith  
President


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Earl Estrado  
Director, Finance and Information  
Technology Solutions

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, 2020**

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

	Notes	Capital Stock	Retained Earnings	Post Employment Obligations Reserve	Fair value Reserve	Other Reserves	Total
<b>Balance as of January 1, 2019 as previously reported</b>		\$386,199	\$518,664	\$(8,554)	\$(3,993)	\$6,254	\$898,570
New capital subscriptions	<b>21 (b)</b>	988	-	-	-	-	988
Net income for the year		-	\$40,271	-	-	-	40,271
Other comprehensive gain/(loss)		-	-	(11,894)	5,648	-	(6,246)
<b>Balance as of December 31, 2019</b>		<b>\$387,187</b>	<b>\$558,935</b>	<b>\$(20,448)</b>	<b>\$1,655</b>	<b>\$6,254</b>	<b>\$933,583</b>
<b>Balance as of January 1, 2020</b>		<b>\$387,187</b>	<b>\$558,935</b>	<b>\$(20,448)</b>	<b>\$1,655</b>	<b>\$6,254</b>	<b>\$933,583</b>
New capital subscriptions	<b>21 (b)</b>	<b>990</b>	-	-	-	-	<b>990</b>
Net income for the year		-	<b>36,093</b>	-	-	-	<b>36,093</b>
Other comprehensive (loss)/gain		-	-	<b>(9,071)</b>	<b>6,796</b>	-	<b>(2,275)</b>
<b>Balance as of December 31, 2020</b>		<b>\$388,177</b>	<b>\$595,028</b>	<b>\$(29,519)</b>	<b>\$8,451</b>	<b>\$6,254</b>	<b>\$968,391</b>

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, 2020

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

	Notes	2020	2019
Interest and similar income	22 (a)	\$65,339	\$66,927
Interest expense and similar charges	22 (b)	<u>(21,574)</u>	<u>(26,958)</u>
Net interest income		43,765	39,969
Other income		<u>1,913</u>	<u>289</u>
		45,678	40,258
Operating expenses	23	(23,170)	(18,820)
Impairment recovery	24	7,011	3,142
		<u>29,519</u>	<u>24,580</u>
<b>Operating income before derivative and foreign denominated borrowing adjustments</b>		<b>29,519</b>	<b>24,580</b>
Derivative fair value adjustment	26	47,633	20,654
Foreign exchange loss in translation	20 (b), 26	<u>(41,059)</u>	<u>(4,963)</u>
<b>Net income for the year</b>		<b><u>36,093</u></b>	<b><u>40,271</u></b>
<b>Other comprehensive (loss)/gain that will not be reclassified to the statement of comprehensive income</b>			
Re-measurements – Actuarial loss	19	<u>(9,071)</u>	<u>(11,894)</u>
<b>Other comprehensive gain/(loss) that will be reclassified to the statement of comprehensive income</b>			
Fair value gain on debt securities at fair value through other comprehensive income		<u>6,796</u>	<u>5,648</u>
<b>Total other comprehensive loss</b>		<b><u>(2,275)</u></b>	<b><u>(6,246)</u></b>
<b>Total comprehensive income for the year</b>		<b><u>\$33,818</u></b>	<b><u>\$34,025</u></b>

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, 2020**

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

		<u>2020</u>	<u>2019</u>
<b>Operating activities:</b>			
Net income for the year		<b>\$36,093</b>	\$40,271
Adjustments:			
Depreciation	15	1,254	1,428
Impairment recovery on financial assets	24	(7,011)	(3,142)
Gain on sale of property and equipment		-	2
Derivative fair value adjustment	26	(47,633)	(20,654)
Interest income	22 (a)	(65,339)	(66,927)
Interest expense	22 (b)	21,574	26,958
Foreign exchange loss in translation	20 (b)	48,372	4,963
Decrease/(increase) in maintenance of value on currency Holdings		636	(127)
<i>Total cash flows used in operating activities before changes in operating assets and liabilities</i>		<b>(12,054)</b>	(17,228)
Changes in operating assets and liabilities:			
Increase/(decrease) in receivables and prepaid assets		(8,006)	3,159
Decrease in cash collateral on derivatives		2,400	7,350
Increase in accounts payable and accrued liabilities		2,606	1,760
Increase in post-employment obligations		1,241	852
Net Increase in debt securities at fair value through other comprehensive income		(108,557)	(84,652)
<i>Cash used in operating activities</i>		<b>(122,370)</b>	(88,759)
Disbursements on loans	10	(195,881)	(197,922)
Principal repayments on loans	10	118,102	110,180
Interest received		65,710	65,415
<b>Net cash used in operating activities</b>		<b>(134,439)</b>	(111,086)
<b>Investing activities:</b>			
Purchase of property and equipment	15	(2,363)	(4,946)
<b>Net cash used in investing activities</b>		<b>(2,363)</b>	(4,946)
<b>Financing activities:</b>			
New borrowings	20 (b)	29,294	348,806
Repayments on borrowings	20 (b)	(83,460)	(45,412)
Interest paid on borrowings		(23,900)	(27,435)
New capital subscriptions	21 (b)	990	988
Decrease in receivables from members		17,182	4,394
<b>Net cash (used in)/provided by financing activities</b>		<b>(59,894)</b>	281,341
<b>Net (Decrease)/increase in cash and cash equivalents</b>		<b>(196,696)</b>	165,309
Cash and cash equivalents at beginning of year		<b>292,045</b>	126,736
<b>Cash and cash equivalents at end of year</b>		<b>\$95,349</b>	\$292,045

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

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**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 (“the Region”) and to promote economic cooperation and integration among them, with special and urgent regard to the needs of the less developed members.

*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.

The Bank’s members are classified as either: -

- Borrowing member countries (“BMCs”) which comprise members of the Region that are qualified to borrow from the Bank.
- Non-regional members (“NRMs”) which comprise of members outside of the region that do not qualify to borrow from the Bank.

The BMCs are also shareholders of the Ordinary Capital Resources (“OCR”) of the Bank and are therefore considered related parties.

The current membership of the Bank is comprised of twenty-three (23) regional states and territories and five (5) non-regional states (2019: 23 regional states and territories and 5 non-regional states). A detailed listing of the membership is provided at Note 21(c) - Equity.

Reducing poverty in the region is CDB’s main objective and it finances development projects in its BMCs primarily through its 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 and support.

*Special funds 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. 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.

# **CARIBBEAN DEVELOPMENT BANK**

## **ORDINARY CAPITAL RESOURCES**

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#### **NOTE 1 – NATURE OF OPERATIONS ...continued**

Mobilising financial resources is an integral part of CDB's strategic and operational activities, where alone or jointly, it administers funds under agreements that are restricted to 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.

#### **NOTE 2 – ACCOUNTING POLICIES (GENERAL)**

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

##### *Foreign currency translation*

The functional and presentation currency of the Bank is the United States dollar (USD). Monetary assets and liabilities in currencies other than USD 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 into USD using the prevailing exchange rates at the effective dates of the initial transactions.

Foreign currency transactions are initially translated into USD 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.

#### **Basis of preparation**

##### *Statement of compliance*

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) under the historical cost basis, modified by the measurement of debt securities at fair value through other comprehensive income (FVOCI) (refer to Note 5) 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 (USD) and all values are rounded to the nearest thousand, except where otherwise indicated.

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

**Basis of preparation...continued**

*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, 2020 (the reporting date).

*Presentation of financial statements*

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 is the basis upon which the Bank's financial, liquidity, capital adequacy, efficiency and other performance ratios and measures are determined.

The Bank presents its statement of financial position in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in Notes 6 – 20 as applicable.

Financial assets and financial liabilities are generally reported gross in the statement of financial position. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Bank and/or its counterparties

Derivative assets and liabilities with master netting arrangements (e.g. ISDAs) are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

**Significant accounting judgements, estimates and assumptions**

The preparation of the Bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. 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. In the process of applying the Bank's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Bank's control and are reflected in the assumptions if and when they occur.

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 denoted on the following page:

# **CARIBBEAN DEVELOPMENT BANK**

## **ORDINARY CAPITAL RESOURCES**

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

##### **Significant accounting judgements, estimates and assumptions...continued**

###### *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 its operations for the foreseeable future. The Bank also continues to have the full support of its Members through the provision of additional financial, technical, material and other assistance as well as guidance and support from the Board of Directors.

In 2020, the World Health Organisation (WHO) declared COVID-19, an infectious disease caused by severe acute respiratory syndrome coronavirus, a pandemic. The impact of the pandemic and the steps taken to treat infection and to mitigate its spread have had significant negative economic and social consequences for the Bank's BMCs. Consistent with its mandate, the Bank has taken various actions to assist its BMCs by including the provision of grants for personal protective equipment and other equipment and for technical assistance, both from its own resources and in conjunction with regional and international agencies including international financial institutions.

The Bank has also made additional resources available from its concessionary window (Special Funds Resources) to qualifying BMCs, to address certain specific needs and has increased the volume of resources available for Policy Based Loans (PBLs) to deal with exogenous shocks such as natural disasters or COVID-19 or macro-economic issues. The Bank is also discussing with its BMCs the repurposing of existing loans and the application of undisbursed balances to appropriate COVID-19 related activities. The Bank will continue to monitor developments in its BMCs and to aggressively mobilise resources to enable it to assist its members in these challenging times.

Neither the fair value of debt securities in the Bank portfolio, nor the Bank's liquidity position has been adversely impacted by the pandemic. Management continues to monitor and assess the potential impact of current and projected economic conditions on all financial assets, and to exercise its judgement to determine and include reasonable estimates of these as needed in calculations of expected credit losses and assessments of consequential impacts on capital maintenance requirements.

While there is continuing uncertainty over the duration and potential impact of the pandemic, given the increasing availability of vaccines and concerted efforts by member governments to contain the spread of the disease, management believes that there are no material uncertainties which may cast a significant doubt over 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**

In these financial statements, the Bank has applied the following standards and amendments for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard are described below. The new and amended standards and interpretations are effective for annual periods beginning on or after January 1, 2020, unless otherwise stated. The Bank has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

###### ***Amendments to IFRS 9, IAS 39 and IFRS 7***

In September 2019, the IASB issued amendments to IFRS 9 Financial Instruments, IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting.

The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an RFR). The amendments also introduce specific disclosure requirements for hedging relationships to which the reliefs are applied.

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

**New and amended standards and interpretations which are applicable to the Bank...***continued*

**Amendments to IFRS 9, IAS 39 and IFRS 7...***continued*

The amendments must be applied retrospectively. However, any hedge relationships that have previously been de-designated cannot be reinstated upon application, nor can any hedge relationships be designated with the benefit of hindsight. Early application is permitted and must be disclosed. This had no impact on the financial statements of the Bank.

**Amendments to IAS 1 and IAS 8**

In October 2018, the IASB issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

**Extension of the temporary exemption from applying IFRS 9, Financial Instruments (amendments to IFRS 4, Insurance Contracts)**

The amendments extend the expiry date of the temporary exemption from applying IFRS 9, Financial Instruments, from January 1, 2021 - January 1, 2023. The changes are to align the effective dates of IFRS 9 with IFRS 17, Insurance Contracts, for entities within the scope of the exemption. This had no impact on the financial statements of the Bank.

**Other standards, interpretations and amendments effective January 1, 2020**

The following are the amendments and interpretations which apply for the first time in 2020, but do not have an impact on the financial statements of the Bank.

- IFRIC Interpretation 23 – Uncertainty over Income Tax treatments
- Amendments to IAS 28 – Long-term interests in Associates and Joint Ventures

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

**New and amended standards and interpretations which are applicable to the Bank**...continued

- Annual IFRS Improvement Process:
  - IFRS 3, Business combinations – previously held interest in a joint operation
  - IFRS 11, Joint arrangement – previously held interests in a joint operation
  - IAS 12, Income taxes - income tax consequences of payments on financial instruments classified as equity
  - Amendments to IFRS 3 Definition of a business – January 1, 2020

***The Conceptual Framework for Financial Reporting***

Effective for annual periods beginning on or after January 1, 2020.

The revised Conceptual Framework for Financial Reporting (the Conceptual Framework) is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist the Board in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards. The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

**Standards in issue not yet effective which may be applicable to the Bank**

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

***Amendments to IFRS 16***

Effective for annual periods beginning on or after July 1, 2020.

COVID-19-Related Rent Concessions: Amendment providing lessees with an exemption from assessing whether a COVID-19-related rent concession (a rent concession that reduces lease payments due on or before 30 June 2021) is a lease modification.

***Interest Rate Benchmark Reform—Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)***

Effective for annual periods on or after January 1, 2021

The Phase 2 amendments apply only to changes required by the reform to financial instruments and hedging relationships. The amendments address the effects of the reform on a company's financial statements that arise when, for example, an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate.

***Amendments to IAS 1 Presentation of Financial Statements***

Effective for annual periods beginning on or after January 1, 2022

Clarifies that the classification of liabilities as current or noncurrent is based solely on a company's right to defer settlement at the reporting date. The right needs to be unconditional and must have substance. The amendments also clarify that the transfer of a company's own equity instruments is regarded as settlement of a liability, unless it results from the exercise of a conversion option meeting the definition of an equity instrument.

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

**Standards in issue not yet effective which may be applicable to the Bank...continued**

*Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets*

Effective for annual periods beginning on or after January 1, 2022

Clarifies that when assessing if a contract is onerous, the cost of fulfilling the contract includes all costs that relate directly to the contract.

*Amendments to IAS 16 Property, Plant and Equipment*

Effective for annual periods beginning on or after January 1, 2022

*Other standards, interpretations and amendments not yet effective which may not be applicable to the Bank*

IFRS 17 Insurance Contracts – January 1, 2021

Amendments to IFRS 3 Business Combinations – January 1, 2022

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – effective date deferred indefinitely

Annual improvements to IFRS:

- IFRS 1 First-time Adoption of IFRS: simplify the application by a subsidiary
- IFRS 9 Financial Instruments: clarify the test for derecognition of financial liabilities
- Amendments to Illustrative Examples accompanying IFRS 16: clarification of lease incentives
- IAS 41 Agriculture: remove the requirement to exclude cash flows for taxation in fair value measurement.

# **CARIBBEAN DEVELOPMENT BANK**

## **ORDINARY CAPITAL RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

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#### **NOTE 3 – RISK MANAGEMENT**

The Bank's principal financial liabilities, other than derivative financial instruments, comprise borrowings and accounts payable, 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 outstanding, receivables, cash and cash equivalents and debt securities at fair value through other comprehensive income 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 undertaken by senior management in accordance with the approved Board of Directors (BOD) policy which includes the provision that derivatives are held to maturity except under specific conditions and 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 BOD. Operationally, CDB seeks to minimise its risks via the implementation of robust mitigating controls aimed at achieving 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 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 within the Bank's operations and among the Bank's employees. 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, and is built around the following committees:

- (i) The Enterprise Risk Committee (ERC) which is responsible for monitoring adherence to BOD approved policies related to financial and other risks;
- (ii) The Loans Committee (LC) which reviews and recommends Loans, Grants and Technical Assistance (TA) applications to the BOD for consideration;
- (iii) The Oversight and Assurance Committee (OAC) through which the ORM, the Office of Institutional integrity, Compliance and Accountability (ICA), the Office of Independent Evaluation (OIE) and the Internal Audit Division (IAD) report to the BOD. ICA was established to operationalise the strategic framework for integrity, compliance and accountability. It is responsible for managing institutional integrity, compliance, anti-money laundering (AML), countering the financing of terrorism (CFT) and financial sanctions, ethics, whistleblowing, and project accountability;
- (iv) The Advisory Management Team (AMT) which is the highest decision-making body of the Bank.

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**NOTE 3 – RISK MANAGEMENT**...continued

The Bank is exposed to credit risk, market risk (currency and interest rate risk), liquidity risk and operational risk. By its very nature the Bank is also subjected to concentration risk in relation to its BMCs. The Bank manages and controls concentration of credit risk through financial policies which limit the amount of exposure in relation to a single borrower and to groups of borrowers, by counterparties, credit ratings and by type of investments. Performance against these limits is measured and reported on a monthly and quarterly basis to the ERC.

**Credit risk**

Credit risk relates to potential losses in the event that a BMC is unable or unwilling to service its obligations to the Bank. CDB manages this 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, 2020 is reported in Note 4 and Note 10.

The Bank manages its credit risk related to liquid funds and derivative financial instruments by ensuring that all individual investments carry a minimum credit rating as follows:

	<b>Standard &amp; Poor's</b>	<b>Moody's Investors Service</b>
Commercial bank obligations	A-	A3
Government obligations	A-	A3
Corporate obligations	BBB+	Baa1

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 BBB/Baa2 (by Standard & Poor's and Moody's respectively), with a minimum rating for new transactions of A-/ A3 (stable outlook) by Standard & Poor's and Moody's respectively.

**Credit risk measurement**

The Bank assesses borrowers based upon their external credit ratings. For borrowers without an external rating, judgment and benchmarking 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.

The internal rating scale and mapping of external ratings are as follows:

<b>CDB Grade</b>	<b>Description of the grade</b>	<b>CDB Rating</b>
1	Basic monitoring	AAA, AA, A Range
2	Standard monitoring	BBB, BB, B Range
3	Special monitoring	CCC to C Range
4	Sub-standard	D Range

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**NOTE 3 – RISK MANAGEMENT...continued**

**Credit risk...continued**

The CDB ratings are aligned to a large extent with external ratings and mapped to corresponding proxy default rates. The observed defaults per rating category vary year on year, based on current and projected economic cycles.

**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.

	<b>2020</b>	<b>2019</b>
Single largest borrower's exposure to total outstanding loans	<b>19.6%</b>	20.9%
Three largest borrowers' exposure to total outstanding loans	<b>37.5%</b>	42.2%
Three largest borrowers' exposure to available capital	<b>53.6%</b>	59.7%

*Cash and cash equivalents and Debt securities at FVOCI*

The Bank's results as at December 31 against the BOD approved policy ratios were as follows:

<b>Investment Type</b>	<b>Maximum policy limit (based upon total investment portfolio)</b>	<b>2020</b>	<b>2019</b>
Single entity	10%	<b>3.4%</b>	6.6%
US Treasury or US Government Agency	35%	<b>30.8%</b>	24.0%
Commercial entity	50%	<b>27.5%</b>	28.9%

**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 million (2019 - \$12 million) with respect to bonds issued by the Government of St. Kitts and Nevis (GOSKN). These commitments expose the Bank to similar risks as loans outstanding and are mitigated by the same control processes and policies.

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**NOTE 3 – RISK MANAGEMENT...continued**

**Credit risk...continued**

**Master netting arrangements**

All of the Bank's derivatives are executed under International Swap Dealers' Association (ISDA) Master 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 a net amount owing makes payment to the second party. The ISDA and related Schedule also make 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 is currently party to five swaps with four counterparties.

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

The table below shows the maximum exposure to credit risk based on the Bank's internal credit rating system and year-end stage classification. The amounts presented are the gross carrying amounts net of the allowance for expected credit loss (ECL). Details of the Bank's internal grading system are explained in Note 3 (above) and policies about the calculation of the ECL allowance are disclosed in Note 5.

	<b>2020</b>			
	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Cash and cash equivalents	<b>\$95,349</b>	<b>\$-</b>	<b>\$-</b>	<b>\$95,349</b>
Debt securities fair value through OCI	<b>537,986</b>	<b>-</b>	<b>-</b>	<b>537,986</b>
Sovereign loans outstanding	<b>1,033,378</b>	<b>223,270</b>	<b>-</b>	<b>1,256,648</b>
Non-sovereign loans outstanding	<b>75,439</b>	<b>-</b>	<b>-</b>	<b>75,439</b>
Derivative financial instruments	<b>94,288</b>	<b>-</b>	<b>-</b>	<b>94,288</b>
Non-negotiable demand notes	<b>21,597</b>	<b>-</b>	<b>-</b>	<b>21,597</b>
Maintenance of value on currency holdings	<b>3,572</b>	<b>-</b>	<b>-</b>	<b>3,572</b>
Subscriptions in arrears	<b>2,943</b>	<b>-</b>	<b>-</b>	<b>2,943</b>
Receivables	<b>12,677</b>	<b>-</b>	<b>661</b>	<b>13,338</b>
	<b>\$1,877,229</b>	<b>\$223,270</b>	<b>\$661</b>	<b>\$2,101,160</b>
<i>Commitments</i>				
Undisbursed sovereign loan balances	<b>\$469,647</b>	<b>\$-</b>	<b>\$-</b>	<b>\$469,647</b>
Undisbursed non-sovereign loan balances	<b>5,540</b>	<b>-</b>	<b>-</b>	<b>5,540</b>
Commitments	<b>15,000</b>	<b>-</b>	<b>-</b>	<b>15,000</b>
Guarantees	<b>12,000</b>	<b>-</b>	<b>-</b>	<b>12,000</b>
	<b>\$502,187</b>	<b>\$-</b>	<b>\$-</b>	<b>\$502,187</b>
	<b>\$2,379,416</b>	<b>\$223,270</b>	<b>\$661</b>	<b>\$2,603,347</b>

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**NOTE 3 – RISK MANAGEMENT**...continued

**Credit risk**...continued

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

	2019			
	Stage 1	Stage 2	Stage 3	Total
Cash and cash equivalents	\$292,045	\$-	\$-	\$292,045
Cash collateral on derivatives	2,400	-	-	2,400
Debt securities fair value through OCI	422,138	-	-	422,138
Sovereign loans outstanding	829,571	315,898	38,343	1,183,812
Non-sovereign loans outstanding	65,506	-	-	65,506
Derivative financial instruments	60,246	-	-	60,246
Non-negotiable demand notes	35,179	1,016	2,317	38,512
Maintenance of value on currency holdings	4,389	-	-	4,389
Subscriptions in arrears	1,936	-	-	1,936
Receivables	-	6,019	1,101	7,120
	<b>\$1,713,410</b>	<b>\$322,933</b>	<b>\$41,761</b>	<b>\$2,078,104</b>
<i>Commitments</i>				
Undisbursed sovereign loan balances	\$431,908	\$-	\$-	\$431,908
Undisbursed non-sovereign loan balances	18,061	-	-	18,061
Commitments	15,000	-	-	15,000
Guarantees	12,000	-	-	12,000
	<b>\$476,969</b>	<b>\$-</b>	<b>\$-</b>	<b>\$476,969</b>
	<b>\$2,190,379</b>	<b>\$322,933</b>	<b>\$41,761</b>	<b>\$2,555,073</b>

The above tables represent a worst-case scenario of credit risk exposure as at December 31, 2020 and 2019, without taking account of any collateral held or other credit enhancements attached.

The Bank's policy in relation to collateral is disclosed in Note 10 to these financial statements.

As shown, the total gross maximum exposure from loans and commitments to the sovereign was 67.3% (2019: 63.2%), and to the non-sovereign was 3.1% (2019: 3.3%).

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**NOTE 3 – RISK MANAGEMENT...continued**

**Credit quality**

*Debt securities, treasury bills and other eligible bills*

The main investment management objectives are for capital preservation and liquidity. In accordance with 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, corporate bonds 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 based on Standard & Poor's rating or equivalent. As of December 31, 2020, the Bank's debt securities were classified as fair value through other comprehensive income. These assets were individually assessed for ECL and were all classified as Stage 1 financial assets.

	<b>2020</b>				<b>Total</b>
	<b>AAA</b>	<b>AA+ to AA-</b>	<b>A+ to A-</b>	<b>BBB+ to BBB-</b>	
Obligations guaranteed by Governments <sup>1</sup>	<b>\$205,693</b>	<b>\$25,191</b>	<b>\$-</b>	<b>\$-</b>	<b>\$230,884</b>
Time Deposits	-	<b>762</b>	-	-	<b>762</b>
Sovereign Bonds	<b>16,291</b>	<b>26,749</b>	<b>34,141</b>	-	<b>77,181</b>
Supranational Bonds <sup>2</sup>	<b>76,410</b>	<b>3,023</b>	-	-	<b>79,433</b>
Corporate Bonds	<b>13,384</b>	<b>32,420</b>	<b>98,634</b>	<b>5,288</b>	<b>149,726</b>
	<b>\$311,779</b>	<b>\$88,145</b>	<b>\$132,775</b>	<b>\$5,288</b>	<b>\$537,986</b>

	<b>2019</b>				<b>Total</b>
	<b>AAA</b>	<b>AA+ to AA-</b>	<b>A+ to A-</b>	<b>BBB+ to BBB-</b>	
Obligations guaranteed by Governments <sup>3</sup>	\$116,839	\$49,227	\$15,752	\$-	\$181,818
Time Deposits	-	760	-	-	760
Sovereign Bonds	4,032	7,527	-	-	11,559
Supranational Bonds <sup>4</sup>	105,154	6,022	-	-	111,176
Corporate Bonds	2,130	65,582	41,434	7,679	116,825
	\$228,155	\$129,118	\$57,186	\$7,679	\$422,138

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

<sup>2</sup> 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.

<sup>3</sup> Freely convertible currencies in Government and Government-guaranteed obligations which are members of the G7 or EU and its agencies.

<sup>4</sup> 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.

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**NOTE 3 – RISK MANAGEMENT...continued**

**Credit risk...continued**

**Credit quality...continued**

In accordance with the Bank's internal rating scale 100% (2019: 100%) of debt securities, treasury bills and other eligible bills are classified as 'Basic monitoring'.

*Loans and advances*

As of December 31, 2020, loans that were classified as Stage 1 and Stage 2 represented 99.9% (2019: 96.7%) of gross loans outstanding. Loans are summarised as follows:

	<b>December 31, 2020</b>		
	<b>Sovereign</b>	<b>Non-sovereign</b>	<b>Total</b>
Stage 1	<b>\$1,034,322</b>	<b>\$79,127</b>	<b>\$1,113,449</b>
Stage 2	<b>224,057</b>	<b>-</b>	<b>224,057</b>
Stage 3	<b>-</b>	<b>1,627</b>	<b>1,627</b>
Gross	<b>1,258,379</b>	<b>80,754</b>	<b>1,339,133</b>
Less: allowance for ECL	<b>(1,731)</b>	<b>(5,315)</b>	<b>(7,046)</b>
Net	<b>\$1,256,648</b>	<b>\$75,439</b>	<b>\$1,332,087</b>

	<b>December 31, 2019</b>		
	<b>Sovereign</b>	<b>Non-sovereign</b>	<b>Total</b>
Stage 1	\$831,176	\$72,402	<b>\$903,578</b>
Stage 2	317,075	-	<b>317,075</b>
Stage 3	38,572	3,013	<b>41,585</b>
Gross	1,186,823	75,415	<b>1,262,238</b>
Less: allowance for ECL	(3,011)	(9,909)	<b>(12,920)</b>
Net	\$1,183,812	\$65,506	<b>\$1,249,318</b>

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**NOTE 3 – RISK MANAGEMENT...continued**

**Credit risk...continued**

**Credit quality...continued**

Loans and advances – Stage 1 and Stage 2

The credit quality of the loan portfolio classified as Stage 1 and Stage 2 was assessed by reference to the internal rating system adopted by the Bank.

	<b>2020</b>		
	<b>Sovereign</b>	<b>Non-Sovereign</b>	<b>Total Loans</b>
Standard monitoring	<b>\$615,452</b>	<b>\$33,267</b>	<b>\$648,719</b>
Special monitoring	<b>545,353</b>	<b>42,172</b>	<b>587,525</b>
Sub-Standard	<b>95,843</b>	<b>-</b>	<b>95,843</b>
	<b>\$1,256,648</b>	<b>\$75,439</b>	<b>\$1,332,087</b>

	<b>2019</b>		
	<b>Sovereign</b>	<b>Non-Sovereign</b>	<b>Total Loans</b>
Standard monitoring	\$984,864	\$46,486	<b>\$1,031,350</b>
Special monitoring	163,387	25,916	<b>189,303</b>
	\$1,148,251	\$72,402	<b>\$1,220,653</b>

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**NOTE 3 – RISK MANAGEMENT...continued**

**Credit risk...continued**

**Credit quality...continued**

*Other financial assets*

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

Other financial assets carried at amortised cost and classified as Stage 1 and 2

	<b>2020</b>				
	<b>Basic Monitoring</b>	<b>Standard Monitoring</b>	<b>Special Monitoring</b>	<b>Sub- Standard</b>	<b>Total</b>
Cash and cash equivalents	\$95,349	\$-	\$-	\$-	\$95,349
Cash collateral on derivatives	-	-	-	-	-
Receivables	-	-	12,678	-	12,678
Non-negotiable demand notes	8	18,418	576	2,595	21,597
Maintenance of value on currency holdings	1,250	2,322	-	-	3,572
Subscriptions in arrears	-	990	1,953	-	2,943
	<b>\$96,607</b>	<b>\$21,730</b>	<b>\$15,207</b>	<b>\$2,595</b>	<b>\$136,139</b>
	<b>2019</b>				
	<b>Basic Monitoring</b>	<b>Standard Monitoring</b>	<b>Special Monitoring</b>	<b>Sub- Standard</b>	<b>Total</b>
Cash and cash equivalents	\$261,988	\$20,858	\$9,199	\$-	\$292,045
Cash collateral on derivatives	2,400	-	-	-	2,400
Receivables	-	6,019	-	-	6,019
Non-negotiable demand notes	7,875	30,000	637	-	38,512
Maintenance of value on currency holdings	1,250	3,139	-	-	4,389
Subscriptions in arrears	-	1,936	-	-	1,936
	<b>\$273,513</b>	<b>\$61,952</b>	<b>\$9,836</b>	<b>\$-</b>	<b>\$345,301</b>

Other financial assets – Fair value through profit and loss

	<b>2020</b>				
	<b>Basic Monitoring</b>	<b>Standard Monitoring</b>	<b>Special Monitoring</b>	<b>Sub- Standard</b>	<b>Total</b>
Derivative financial instruments	94,288	-	-	-	94,288

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**NOTE 3 – RISK MANAGEMENT...continued**

**Credit risk...continued**

**Credit quality...continued**

*Other financial assets...continued*

*Other financial assets – Fair value through profit and loss...continued*

	2019				
	Basic Monitoring	Standard Monitoring	Special Monitoring	Sub-Standard	Total
Derivative financial instruments	60,246	-	-		60,246

**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 gross amounts, net of impairment allowances, 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 10.

	2020				
	Borrowing Member Countries	Non-Regional Members	USA	Other	Total
Cash and cash equivalents	\$21,953	\$9,579	\$62,678	\$1,139	\$95,349
Debt securities at fair value through OCI	-	97,792	301,163	139,031	537,986
Sovereign loans outstanding	1,256,648	-	-	-	1,256,648
Non-sovereign loans outstanding	75,439	-	-	-	75,439
Derivative financial instruments	-	49,404	40,220	4,664	94,288
Maintenance of value on currency holdings	735	2,837	-	-	3,572
Non-negotiable demand notes	21,597	-	-	-	21,597
Subscriptions in arrears	2,943	-	-	-	2,943
Receivables	14,880	-	-	-	14,880
	<b>\$1,394,195</b>	<b>\$159,612</b>	<b>\$404,061</b>	<b>\$144,834</b>	<b>\$2,102,702</b>

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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*

	<b>2019</b>				<b>Total</b>
	<b>Borrowing Member Countries</b>	<b>Non- Regional Members</b>	<b>USA</b>	<b>Other</b>	
Cash and cash equivalents	\$30,155	\$10,442	\$251,754	(\$306)	<b>\$292,045</b>
Cash collateral on derivatives	-	-	-	2,400	<b>2,400</b>
Debt securities at fair value through OCI	11,935	148,082	232,491	29,630	<b>422,138</b>
Sovereign loans outstanding	1,183,812	-	-	-	<b>1,183,812</b>
Non-sovereign loans outstanding	65,506	-	-	-	<b>65,506</b>
Derivative financial instruments	-	29,406	30,840	-	<b>60,246</b>
Maintenance of value on currency holdings	742	3,647	-	-	<b>4,389</b>
Non-negotiable demand notes	32,963	5,549	-	-	<b>38,512</b>
Subscriptions in arrears	1,936	-	-	-	<b>1,936</b>
Receivables	7,120	-	-	-	<b>7,120</b>
	<b>\$1,334,169</b>	<b>\$197,126</b>	<b>\$515,085</b>	<b>\$31,724</b>	<b>\$2,078,104</b>

**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 OCI, borrowings and derivative financial instruments.

**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 foreign 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 where borrowing currencies are not denominated in USD. 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. Management has considered the impact of non-freely convertible currencies and the risk is minimal.

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**

As at December 31	2020					Total
	US\$	Yen	CHF	Euro	Other	
<b>Assets</b>						
Cash and cash equivalents	\$65,862	\$-	\$-	\$-	\$29,487	\$95,349
Debt securities at fair value through OCI	533,180	-	-	-	4,806	537,986
Loans outstanding	1,332,087	-	-	-	-	1,332,087
Derivative financial instruments	33,313	44,539	4,664	-	11,772	94,288
Receivable from members	-	-	-	-	28,112	28,112
Receivables	12,751	-	-	-	2,129	14,880
<b>Total financial assets</b>	<b>\$1,977,193</b>	<b>\$44,539</b>	<b>\$4,664</b>	<b>\$-</b>	<b>\$76,306</b>	<b>\$2,102,702</b>
<b>Liabilities</b>						
Accounts payable	10,829	-	-	-	28	10,857
Borrowings	437,338	185,279	164,623	306,861	-	1,094,101
<b>Total financial liabilities</b>	<b>\$448,167</b>	<b>\$185,279</b>	<b>\$164,623</b>	<b>\$306,861</b>	<b>\$28</b>	<b>\$1,104,958</b>
<b>Net on-balance sheet financial position</b>	<b>\$1,529,026</b>	<b>\$(140,740)</b>	<b>\$(159,959)</b>	<b>\$(306,861)</b>	<b>\$76,278</b>	<b>\$997,744</b>
<b>Credit commitments</b>	<b>\$502,187</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$502,187</b>

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**NOTE 3 – RISK MANAGEMENT...continued**

**Market risk...continued**

**Concentrations of foreign currency risk ...continued**

As at December 31	2019					Total
	US\$	Yen	CHF	Euro	Other	
<b>Assets</b>						
Cash and cash equivalents	\$264,347	\$-	\$-	\$-	\$27,698	<b>\$292,045</b>
Cash collateral on derivatives	2,400	-	-	-	-	<b>2,400</b>
Debt securities at fair value through OCI	417,709	-	-	-	4,429	<b>422,138</b>
Loans outstanding	1,249,318	-	-	-	-	<b>1,249,318</b>
Derivative financial instruments	18,158	42,088	-	-	-	<b>60,246</b>
Receivable from members	26,184	-	-	-	18,653	<b>44,837</b>
Receivables	5,814	-	-	-	1,306	<b>7,120</b>
<b>Total financial assets</b>	<b>1,983,930</b>	<b>42,088</b>	<b>-</b>	<b>-</b>	<b>52,086</b>	<b>2,078,104</b>
<b>Liabilities</b>						
Accounts payable	5,462	-	-	-	(6)	<b>5,456</b>
Borrowings	495,264	177,019	150,166	280,741	-	<b>1,103,190</b>
Derivative financial instruments	-	-	12,622	-	-	<b>12,622</b>
<b>Total financial liabilities</b>	<b>\$500,726</b>	<b>\$177,019</b>	<b>\$162,788</b>	<b>\$280,741</b>	<b>\$(6)</b>	<b>\$1,121,268</b>
<b>Net on-balance sheet financial position</b>	<b>\$1,483,204</b>	<b>\$(134,931)</b>	<b>\$(162,788)</b>	<b>\$(280,741)</b>	<b>\$52,092</b>	<b>\$956,836</b>
<b>Credit commitments</b>	<b>\$449,969</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>449,969</b>

**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 Yen, one Swiss Franc (CHF), and one Euro (EUR) denominated borrowing were converted into US dollars in order to hedge against ongoing operational currency and interest rate risks.

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**NOTE 3 – RISK MANAGEMENT...continued**

**Market risk...continued**

**Foreign currency sensitivity...continued**

The following is the estimated impact on profit or loss that would have resulted from management's estimate of reasonable possible changes in the Yen and EUR and the CHF rates respectively:

<b>YEN</b>	<b>Effect on profit or loss</b>	
	<b>(Income)/Expense</b>	
<b><u>Exchange rate movements</u></b>	<b>2020</b>	<b>2019</b>
Increase of 5%	<b>\$(13,994)</b>	<b>\$(8,327)</b>
Decrease of 5%	<b>\$4,461</b>	<b>\$9,203</b>
Increase of 10%	<b>\$(21,963)</b>	<b>\$(15,896)</b>
Decrease of 10%	<b>\$15,227</b>	<b>\$19,429</b>

<b>CHF</b>	<b>Effect on profit or loss</b>	
	<b>(Income)/Expense</b>	
<b><u>Exchange rate movements</u></b>	<b>2020</b>	<b>2019</b>
Increase of 5%	<b>\$(2,611)</b>	<b>\$(7,151)</b>
Decrease of 5%	<b>\$13,892</b>	<b>\$7,903</b>
Increase of 10%	<b>\$(9,738)</b>	<b>\$(13,651)</b>
Decrease of 10%	<b>\$23,520</b>	<b>\$16,685</b>

<b>EURO</b>	<b>Effect on profit or loss</b>	
	<b>(Income)/Expense</b>	
<b><u>Exchange rate movements</u></b>	<b>2020</b>	<b>2019</b>
Increase of 5%	<b>\$(14,612)</b>	<b>-</b>
Decrease of 5%	<b>\$16,151</b>	<b>-</b>
Increase of 10%	<b>\$(27,896)</b>	<b>-</b>
Decrease of 10%	<b>\$34,096</b>	<b>-</b>

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

**Interest rate risk**

Interest rate risk arises from the possibility that changes in interest rates 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 its liabilities from fixed rate into floating rate obligations where applicable.

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**NOTE 3 – RISK MANAGEMENT...continued**

**Market risk...continued**

**Interest rate risk...continued**

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.

**Exposure to interest rate risk**

At December 31	2020					Total
	0-3 months	3-12 months	1-5 years	Over 5 years	Non-interest generating/bearing	
<b>Assets</b>						
Cash and cash equivalents	\$95,349	\$-	\$-	\$-	\$-	\$95,349
Debt securities at fair value through OCI	42,632	43,657	230,075	221,622	-	537,986
Loans outstanding	1,332,087	-	-	-	-	1,332,087
Derivative financial instruments	49,204	45,084	-	-	-	94,288
Receivable from members	-	-	-	-	28,112	28,112
Receivables	-	-	-	-	14,880	14,880
<b>Total Assets</b>	<b>\$1,519,272</b>	<b>\$88,741</b>	<b>\$230,075</b>	<b>\$221,622</b>	<b>\$42,992</b>	<b>\$2,102,702</b>
<b>Liabilities</b>						
Accounts payable	-	-	-	-	6,970	6,970
Borrowings	4,315	12,946	431,638	645,202	-	1,094,101
<b>Total Liabilities</b>	<b>\$4,315</b>	<b>\$12,946</b>	<b>\$431,638</b>	<b>\$645,202</b>	<b>\$6,970</b>	<b>\$1,101,071</b>
<b>Total interest sensitivity Gap</b>	<b>\$1,514,957</b>	<b>\$75,795</b>	<b>\$(201,563)</b>	<b>\$(423,580)</b>		

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**NOTE 3 – RISK MANAGEMENT...continued**

**Market risk...continued**

**Exposure to interest rate risk...continued**

At December 31	2019					Non-interest generating/ bearing	Total
	0-3 months	3-12 months	1-5 years	Over 5 years			
<b>Assets</b>							
Cash and cash equivalents	\$292,045	\$-	\$-	\$-	\$-		<b>\$292,045</b>
Cash collateral on derivatives	2,400	-	-	-	-		<b>2,400</b>
Debt securities at fair value through OCI	76,347	113,388	211,656	20,747	-		<b>422,138</b>
Loans outstanding	1,249,318	-	-	-	-		<b>1,249,318</b>
Derivative financial instruments	42,088	18,158	-	-	-		<b>60,246</b>
Receivable from members	-	-	-	-	44,837		<b>44,837</b>
Receivables	-	-	-	-	7,120		<b>7,120</b>
<b>Total Assets</b>	<b>\$1,662,198</b>	<b>\$131,546</b>	<b>\$211,656</b>	<b>\$20,747</b>	<b>\$51,957</b>		<b>\$2,078,104</b>
<b>Liabilities</b>							
Accounts payable	\$-	\$-	\$-	\$-	\$5,456		<b>\$5,456</b>
Borrowings	76,473	6,637	219,362	800,718	-		<b>1,103,190</b>
Derivative financial instruments	12,622	-	-	-	-		<b>12,622</b>
<b>Total Liabilities</b>	<b>\$89,095</b>	<b>\$6,637</b>	<b>\$219,362</b>	<b>\$800,718</b>	<b>\$5,456</b>		<b>\$1,121,268</b>
<b>Total interest sensitivity Gap</b>	<b>\$1,573,103</b>	<b>\$124,909</b>	<b>\$(7,706)</b>	<b>\$(779,971)</b>			

**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 \$3,538 (2019: \$4,788). Had interest rates been 50 bps lower, net income would have declined by the same amount.

All other variables held constant and including the impact of the derivative instruments, if interest rates had been 50 bps higher, net income for the year would have decreased by \$33,191 (2019: \$13,014). Had interest rates been 50 bps lower, net income for the year would have increased by \$46,689 (2019: \$14,661).

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.

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**NOTE 3 – RISK MANAGEMENT**...continued

**Credit risk**...continued

**Credit quality**...continued

**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 loan commitments. This risk is managed by conformity to the Bank's policy of maintaining a net three years' funding requirement of \$489 million (2019: \$538 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 \$617 million (2019: \$660 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 can be readily liquidated; 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.

At December 31	2020				Total
	0 – 3 months	3-12 months	1-5 years	Over 5 years	
<b>Assets</b>					
Cash and cash equivalents	\$95,349	\$-	\$-	\$-	\$95,349
Debt securities at fair value through OCI	47,744	49,811	244,674	230,932	573,161
Loans outstanding	56,090	117,002	656,596	766,401	1,596,089
Receivable from members	-	28,112	-	-	28,112
Receivables	13,773	71	344	692	14,880
<b>Total Assets</b>	<b>212,956</b>	<b>194,996</b>	<b>901,614</b>	<b>998,025</b>	<b>2,307,591</b>
<b>Liabilities</b>					
Accounts payable	120	450	2,313	20	2,903
Borrowings	8,784	31,807	436,599	779,742	1,256,932
<b>Total Liabilities</b>	<b>8,904</b>	<b>32,257</b>	<b>438,912</b>	<b>779,762</b>	<b>1,259,835</b>
At December 31	2019				Total
	0 – 3 months	3-12 months	1-5 years	Over 5 years	
<b>Assets</b>					
Cash and cash equivalents	\$292,045	\$-	\$-	\$-	\$292,045
Cash collateral on derivatives	2,400	-	-	-	2,400
Debt securities at fair value through OCI	70,623	118,672	228,537	21,189	439,021
Loans outstanding	56,923	121,309	623,292	806,911	1,608,435
Receivable from members	-	44,837	-	-	44,837
Receivables	5,591	279	454	796	7,120
<b>Total Assets</b>	<b>\$427,582</b>	<b>\$285,097</b>	<b>\$852,283</b>	<b>\$828,896</b>	<b>\$2,393,858</b>
<b>Liabilities</b>					
Accounts payable	\$470	\$2,522	\$2,443	\$21	\$5,456
Borrowings	8,723	24,755	369,884	807,371	1,210,733
<b>Total Liabilities</b>	<b>\$9,193</b>	<b>\$27,277</b>	<b>\$372,327</b>	<b>\$807,392</b>	<b>\$1,216,189</b>

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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 reporting date to the contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows.

<b>At December 31</b>	<b>2020</b>				<b>Total</b>
	<b>0 - 3 months</b>	<b>3-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>	
<b>Derivative asset:</b>					
Derivative financial instruments	<b>\$1,969</b>	<b>\$7,379</b>	<b>\$14,640</b>	<b>\$67,833</b>	<b>\$91,821</b>
<b>At December 31</b>	<b>2019</b>				<b>Total</b>
	<b>0 - 3 months</b>	<b>3 - 12 months</b>	<b>1 - 5 years</b>	<b>Over 5 years</b>	
<b>Derivative asset:</b>					
Derivative financial instruments	\$2,410	\$3,052	\$21,485	\$8,691	<b>\$35,638</b>
<b>Derivative liability:</b>					
Derivative financial instruments	\$3,001	\$2,135	\$19,054	\$(12,350)	<b>\$11,840</b>

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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.

Other commitments comprise a proposed allocation, subject to the approval of the Board of Governors of the Bank, from the net income of the OCR to the operations of the Special Development Fund [SDF (U)] in respect of the four (4) year cycle (Cycle 9) covering the period 2017 to 2020.

<b>At December 31</b>	<b>2020</b>		
	<b>0-12 months</b>	<b>1-5 years</b>	<b>Total</b>
Loan commitments	<b>\$209,000</b>	<b>\$266,188</b>	<b>\$475,188</b>
Other commitments	<b>5,000</b>	<b>10,000</b>	<b>15,000</b>
Guarantees	<b>12,000</b>	<b>-</b>	<b>12,000</b>
	<b>\$226,000</b>	<b>\$276,188</b>	<b>\$502,188</b>
	<b>2019</b>		
<b>At December 31</b>	<b>0-12 months</b>	<b>1-5 years</b>	<b>Total</b>
Loan commitments	\$259,000	\$190,969	<b>\$449,969</b>
Other commitments	10,000	5,000	<b>15,000</b>
Guarantees	12,000	-	<b>12,000</b>
	\$281,000	\$195,969	<b>\$479,969</b>

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**NOTE 3 – RISK MANAGEMENT...continued**

**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.

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**

All of the Bank's financial assets which are measured at fair value are classified as Level 2 as follows:

<b>December 31</b>	<b>2020</b>	<b>2019</b>
<i>Financial assets at fair value through profit or loss</i>		
Derivative financial instruments	<b>\$94,288</b>	\$60,246
<i>Financial assets at fair value through OCI</i>		
Debt securities	<b>537,986</b>	422,138
	<b>\$632,274</b>	\$482,384
<i>Financial liabilities at fair value through profit or loss</i>		
Derivative financial instruments	<b>\$-</b>	\$12,622
	<b>\$-</b>	\$12,622

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

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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 is as follows:

	<b>Carrying value</b>		<b>Fair value</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Financial assets – loans and receivables</b>				
Loans outstanding	<b>\$1,332,087</b>	\$1,249,318	1,343,895	\$1,322,517
<b>Financial liabilities – amortised cost</b>				
Borrowings	<b>\$1,094,101</b>	\$1,103,190	\$1,629,404	\$1,502,914

The fair value of both the loans outstanding and borrowings disclosed above is ranked as Level 2 in the fair value hierarchy. There is no active market for loans made by CDB's to its BMCs and therefore there are no quoted market prices which can be used to value such assets. The discounted cash flow method which is used to derive the fair value of the loans contains inputs in the form of a series of interest rates which reflect the tenor and the credit risk associated with the cash flows arising from the loans. Yield curves which are derived from observable market trades of US-dollar denominated bonds, issued by US-based financial institutions with credit-ratings similar to those assigned to CDB's BMCs, are deemed to be acceptable proxies for the yield curves required by the discounted cash flow valuation process. The credit ratings for BMCs which have been assigned ratings by international credit rating agencies are used in the cashflow analysis.

**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 mandate.

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. 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; 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 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, 2020 the Bank's available capital was 211.0% (2019: 232.9%) of its economic capital.

No changes were made to the objectives, policies or processes for managing capital during the year ended December 31, 2020.

**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 of the Bank's Charter, the President is the Chief Executive Officer (CEO) and is required to conduct, under the direction of the Board of Directors (BOD) the current business of the Bank.

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, 2020 and 2019, and associated interest income by countries which generated in excess of 10% of the loan interest income for the years ended December 31, 2020 and 2019:

Country	Interest income		Loans outstanding	
	2020	2019	2020	2019
Barbados	\$10,898	\$9,121	\$262,075	\$261,898
Jamaica	5,334	7,578	118,958	150,844
Antigua and Barbuda	5,370	6,242	115,787	117,384
Others	34,864	35,677	835,267	719,192
	<b>\$56,466</b>	<b>\$58,618</b>	<b>\$1,332,087</b>	<b>\$1,249,318</b>

# **CARIBBEAN DEVELOPMENT BANK**

## **ORDINARY CAPITAL RESOURCES**

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#### **NOTE 5 – FINANCIAL ASSETS**

##### *Initial recognition and measurement of financial assets*

Financial assets, with the exception of loans, are initially recognised on the settlement date, i.e., the date on which the transaction becomes final and payment must be made. This includes regular way trades - purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the marketplace. Loans are recognised when funds are transferred to the customers' accounts. The Bank recognises balances due to customers when funds are transferred to the Bank.

##### *Initial measurement of financial instruments*

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value. Trade receivables are measured at the transaction price.

##### **Measurement categories of financial assets**

The Bank classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost.
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit and loss (FVPL)

The Bank classifies and measures its derivatives at FVPL. The debt securities are classified as FVOCI.

The Bank has not designated any financial instruments at FVPL in order to eliminate or significantly reduce measurement or recognition inconsistencies (accounting mismatches).

##### **Subsequent measurement**

##### *Loans outstanding, receivable from members and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments and 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 of loans and receivables are recognised in the statement of comprehensive income in 'Impairment (recovery)/charges'.

# **CARIBBEAN DEVELOPMENT BANK**

## **ORDINARY CAPITAL RESOURCES**

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#### **NOTE 5 – FINANCIAL ASSETS ...continued**

##### ***Subsequent measurement...continued***

*Loans outstanding, receivable from members and receivables...continued*

The Bank measures loans outstanding, receivable from members and receivables at amortised cost having determined that both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. The details of these conditions are outlined below.

The Bank determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective and in which loans to members, receivables from members and receivables are assessed on a counterparty level having regard to the small number of borrowers in the portfolio.

Assessment is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's key management personnel.
- The risks that affect the performance of the business model (and the financial assets held within that business model) of meeting and, in particular, the way those risks are managed.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Bank's original expectations, the Bank does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

##### *The SPPI test*

As a second step of its classification process the Bank assesses the contractual terms of the financial asset to identify whether it meets the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount, if applicable). The Bank's loans are approved for fixed amounts with pre-determined repayment dates and other terms in settlement of principal and interest amounts. The receivables from members and receivables are for fixed amounts, but without pre-determined repayment dates.

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Bank applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set. The Bank's operating currency is US Dollars and interest rates for loans are set on a quarterly basis based on the cost of funds and an appropriate margin to cover operating expenditures and to realise a return. Receivables from members and receivables are interest free.

# **CARIBBEAN DEVELOPMENT BANK**

## **ORDINARY CAPITAL RESOURCES**

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#### **NOTE 5 – FINANCIAL ASSETS ...continued**

##### ***Subsequent measurement...continued***

###### *Debt securities*

The Bank classifies its debt securities at FVOCI when both of the following conditions are met:

- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets.
- The contractual terms of the financial asset meet the SPPI test.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. The ECL calculation for Debt securities at FVOCI is explained below. Where the Bank holds more than one investment in the same security, they are deemed to be disposed of on a first-in first-out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

###### *Derivatives recorded at fair value through profit or loss*

The Bank's derivatives are classified at FVPL.

The Bank enters into interest rate swaps and/or cross currency swaps with various counterparties and in accordance with approved policy. Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when their fair value is negative. The notional amount and fair value of such derivatives are disclosed in Note 14. Changes in the fair value of derivatives 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 Note 22 (b) and are included in *'Interest expense and similar charges'* in the statement of comprehensive income.

#### **Fair Value Measurement**

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 the inclusion of estimates by management. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

# CARIBBEAN DEVELOPMENT BANK

## ORDINARY CAPITAL RESOURCES

### NOTES TO THE FINANCIAL STATEMENTS

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#### NOTE 5 – FINANCIAL ASSETS ...continued

##### *Fair Value Measurement...continued*

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.

##### **Impairment of financial assets**

###### *Overview of the ECL principles*

The Bank records the allowance for expected credit losses for all loans and other financial assets not held at FVPL, together with loan commitments and financial guarantee contracts (all referred to as 'financial instruments' below).

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on an individual basis.

###### *Determination of significant increase in credit risk*

The Bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Based on the above process, the Bank groups its financial assets into Stage 1, Stage 2, Stage 3 as described below:

- Stage 1: When financial assets are first recognised, the Bank recognises an allowance based on 12mECLs. Stage 1 financial assets also include those assets where the credit risk has improved and the asset has then been reclassified from Stage 2. The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast exposure at default (EAD) and multiplied by the expected loss given default (LGD) and discounted by an approximation to the original EIR. This calculation is made for each of three scenarios, as explained below.
- Stage 2: When a loan has shown a significant increase in credit risk since origination, the Bank records an allowance for the LTECLs. These also include assets for which the credit risk has improved and the loan has been reclassified from Stage 3. The mechanics are similar to those outlined above for Stage 1, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.

# CARIBBEAN DEVELOPMENT BANK

## ORDINARY CAPITAL RESOURCES

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#### NOTE 5 – FINANCIAL ASSETS ...continued

##### Impairment of financial assets...continued

- Stage 3: For loans considered credit-impaired the Bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the probability of default [PD] set at 100%.

##### *The calculation of ECLs*

The Bank calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The three probability weighted scenarios comprise a base case, an optimistic scenario and a pessimistic scenario each of which is associated with different PDs, Exposure at Default [EAD]s and Loss given default [LGD]s.

The maximum period for which the credit losses are determined is the contractual life of a financial instrument unless the Bank has the legal right to call it earlier. The mechanics of the ECL calculations are outlined below:

- PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD - The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.
- PCT factor – The Preferred Creditor Treatment (PCT) factor is calculated as a mitigation of the total ECL computed in accordance with the standard formula, to reflect the status of the Bank as a preferred creditor by its sovereign borrowers. PCT treatment includes the obligation to meet the payments of all sovereign debts in full and on time, no re-negotiation or “hair-cuts” on outstanding amounts and the role of the Bank as a lender of last resort which rests in large part on the respect of PCT treatment to all institutions similar to the Bank.

Impairment losses and releases are accounted for and disclosed separately from modification losses or gains.

The inputs and models used for calculating ECLs may not always capture all characteristics of the market, counterparties or business model at the date of the financial statements. To reflect this, adjustments or overlays are occasionally made when such differences are significantly material. This includes taking into account the Bank’s preferred creditor treatment (PCT) afforded by its borrowing members as well as forward looking information.

##### *Loans outstanding, receivables from members and receivables*

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.

# **CARIBBEAN DEVELOPMENT BANK**

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#### **NOTE 5 – FINANCIAL ASSETS ...continued**

##### **Impairment of financial assets...continued**

*Debt instruments measured at fair value through OCI*

The ECLs for debt instruments measured at FVOCI do not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to the statement of comprehensive income. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

##### *Forward looking information*

In its ECL models, the Bank relies on a broad range of forward-looking information as economic and financial inputs, more especially for its sovereign borrowers, such as:

- GDP growth projections
- Unemployment rate trends
- Debt profiles, debt management and projected levels
- Foreign exchange reserves outlook
- Political and social stability
- Growth trends in significant economic sectors
- External evaluation reports such as those of other IFIs such as the World Bank, IMF and internationally recognised credit rating agencies

The inputs and models used for calculating ECLs may not always capture all characteristics of the market and economy at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

##### *Definition of default and cure*

The Bank considers a loan defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 180 days past due in the case of sovereign borrowers and 90 days past due in the case of non-sovereign on their contractual payments. Members receivables are considered defaulted when the payments are 180 days past due. Debt securities and other receivables are considered defaulted when the contractual payments are 90 days past due.

As a part of a qualitative assessment of whether a sovereign or non-sovereign borrower is in default, the Bank also considers a variety of instances that may indicate inability to pay so as to determine whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events (only some of which will be applicable to each type of borrower), include:

- External and Internal credit rating of the borrower
- Prognosis of economic performance
- Debt restructuring, consolidations or defaults to lenders
- The borrower requesting emergency funding from the Bank or other sources
- The borrower entering into a structured economic programme with other MDBs
- The borrower having past due liabilities to public creditors or employees
- A covenant breach not waived by the Bank
- Breach of the Bank's preferred creditor treatment

# **CARIBBEAN DEVELOPMENT BANK**

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#### **NOTE 5 – FINANCIAL ASSETS ...continued**

##### **Impairment of financial assets...continued**

###### *Definition of default and cure...continued*

- The debtor (or any legal entity within the debtor's group) filing for bankruptcy application/protection
- Debtor's listed debt or equity suspended at the primary exchange because of indicators or facts about financial difficulties.

It is the Bank's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3, when none of the default criteria have been present for at least six consecutive months in the case of sovereign loans. In the case of non-sovereign loans and other financial assets the assessment period would be at least for a minimum period of one year. The decision whether to classify an asset as Stage 2 or Stage 1 once cured depends on the updated economic and financial performance at the time of the cure, and whether this indicates there has been a significant increase in credit risk compared to initial recognition.

##### **Write-offs**

The Bank does not write-off, renegotiate or take "haircuts" on its sovereign loans in accordance with its business model, policies and its legal status. Financial assets of a non-sovereign nature are written off either partially or in their entirety only when the Bank has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense.

###### *The Bank's internal rating and PD estimation process*

The Bank's ORM operates its internal rating models. The models incorporate both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental external information that could affect the borrower's behaviour. Where practical, they also build on information from external rating agency action and information. These information sources are first used to determine the PDs within the Bank's Basel III framework. The internal credit grades are assigned based on these Basel III grades. PDs are then adjusted to incorporate forward looking information and the stage classification of the exposure. This is repeated for each economic scenario as appropriate.

###### *Sovereign loans*

Due to the nature of its borrowers and guarantors and relevant aspects of the Bank's business model, management expects that all 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.

###### *Recognition of interest income on written-off loans*

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.

###### *Significant accounting judgements, estimates and assumptions*

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses as well as the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different allowance amounts.

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#### **NOTE 5 – FINANCIAL ASSETS...continued**

##### **Impairment of financial assets...continued**

The Bank's Expected Credit Loss (ECL) calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The Bank's internal credit rating model, which assigns Probabilities of Default (PDs) to the individual ratings;
- The Bank's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a Lifetime ECL basis and the associated qualitative assessment;
- Utilisation of appropriately tested ECL models, including the various formulas and the choice of inputs;
- Determination of associations between macroeconomic scenarios and, economic inputs and the effect on PDs, Exposure at Default (EADs) and Losses given Default (LGDs);
- Selection of forward-looking macroeconomic scenarios and their probability weightings to derive the economic inputs into the ECL models;
- Evaluation of the impact of unique mitigating factors against credit losses based on the nature of the Bank, its ownership, borrowers and its preferred creditor status.
- Determination of the mitigating factor for the Bank's PCT status

##### **Collateral valuation**

To mitigate its credit risks in its non-sovereign portfolio the Bank seeks to use collateral to secure or further secure its loans primarily in non-interest-bearing cash deposits and charges against trade assets in the non-sovereign portfolio. Non-cash collateral, unless repossessed, is not recorded on the Bank's statement of financial position. However, the fair value of collateral affects the calculation of ECLs. It is generally assessed, at a minimum, at inception and re-assessed annually. The Bank held cash collateral with respect to two non-sovereign borrowers amounting to \$3.2 million (2019: \$2.3 million).

##### **Renegotiated loans**

It is the Bank's policy not 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. There are no renegotiated loans in the Bank's portfolio.

##### **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.

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**NOTE 5 – FINANCIAL ASSETS...continued**

**Impairment of 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, time deposits, and amounts due from other banks.

Cash and cash equivalents comprise the following balances:

	<u>2020</u>	<u>2019</u>
<b>Due from banks</b>	<b>\$95,349</b>	\$229,716
<b>Time deposits</b>	-	62,329
	<u><b>\$95,349</b></u>	<u>\$292,045</u>

Due from banks includes cash and inter-bank placements. 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 OTHER COMPREHENSIVE INCOME**

The accounting policy is as defined in Note 5.

- (a) A summary of the Bank's debt securities at fair value through other comprehensive income as at December 31, 2020 is as follows:

	2020			Total
	USD	CAD	Other	
<b>December 31</b>				
Obligations guaranteed by Governments <sup>1</sup>	\$307,148	\$-	\$-	\$307,148
Multilateral organisations	80,322	4,043	-	84,365
Corporations	145,711	-	-	145,711
Time deposits	-	-	762	762
	<b>\$533,181</b>	<b>\$4,043</b>	<b>\$762</b>	<b>\$537,986</b>

	2019			Total
	USD	CAD	Other	
<b>December 31</b>				
Obligations guaranteed by Governments <sup>1</sup>	\$230,527	\$2,590	\$-	\$233,117
Multilateral organisations	110,097	1,079	-	111,176
Corporations	77,085	-	-	77,085
Time deposits	-	-	760	760
	<b>\$417,709</b>	<b>\$3,669</b>	<b>\$760</b>	<b>\$422,138</b>

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

The ECL computed for debt securities at FVOCI was \$18 as at December 31, 2020 (2019: nil).

- (b) A maturity analysis of debt securities at fair value through other comprehensive income as at December 31 is as follows:

	2020	2019
Current	\$88,347	\$181,718
Non-current	449,639	240,420
	<b>\$537,986</b>	<b>\$422,138</b>

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**NOTE 8 – RECEIVABLES AND PREPAID ASSETS**

The accounting policy for receivables is as defined at Note 5. Prepaid assets are not financial assets and 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 receivables and prepaid assets, fair value is assumed to be equal to carrying value.

Receivables and prepaid assets comprise the following:

	<b>2020</b>	<b>2019</b>
Inter-fund receivable – Note 27	<b>\$13,566</b>	\$5,342
Staff loans and other receivables	<b>654</b>	710
Value added tax receivable	<b>1012</b>	1,263
Institutional receivables	<b>192</b>	231
Prepaid assets	<b>663</b>	535
	<b>16,087</b>	8,081
Allowance for ECL	<b>(545)</b>	(426)
	<b>\$15,542</b>	\$7,655

An assessment of the allowance for ECL as at December 31 is as follows:

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balance as at January 1, 2019	\$1	\$-	\$426	\$427
Impairment charge (Note 24)	<b>(1)</b>	<b>83</b>	<b>(83)</b>	<b>(1)</b>
<b>Balance as at December 31, 2019</b>	<b>\$-</b>	<b>\$83</b>	<b>\$343</b>	<b>\$426</b>
Impairment (recovery)/charge (Note 24)	<b>4</b>	<b>(83)</b>	<b>198</b>	<b>119</b>
<b>Balance as at December 31, 2020</b>	<b>\$4</b>	<b>\$-</b>	<b>\$541</b>	<b>\$545</b>

**NOTE 9 – CASH COLLATERAL ON DERIVATIVES**

The cash collateral on derivatives is a financial asset as defined in Note 5.

The Bank attempts to reduce counterparty credit exposure in derivative transactions through bilateral collateral requirements. Under these arrangements collateral is not required to be posted up to an agreed valuation threshold beyond which collateral is posted in cash by either one of the parties based on the exposure that is in excess of the credit threshold. When the Bank's derivative is in a liability position, it posts collateral to the counterparty and records the collateral posted as an asset receivable. When the Bank's derivative is in a receivable position, it receives collateral from the counterparty and records the collateral received as a reduction in the receivable or an increase in the liability.

The Bank is party to a currency swap with Credit Suisse International AG to convert \$145 million CHF to USD at a fixed exchange rate on a fixed date and to exchange a fixed interest rate of 0.297% for a floating rate based on USD Libor.

# **CARIBBEAN DEVELOPMENT BANK**

## **ORDINARY CAPITAL RESOURCES**

### **NOTES TO THE FINANCIAL STATEMENTS**

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#### **NOTE 9 – CASH COLLATERAL ON DERIVATIVES...continued**

As at December 31, 2020, the collateral receivable from Credit Suisse International in respect of this cross-currency interest rate swap was nil (2019: \$2,400). Interest on this account is calculated at the daily US Federal Funds rate and the amounts earned for the year was \$3 (2019: \$125).

These arrangements form part of the Credit Support Annex (“CSA”) to the ISDA Agreement and is an integral part of the valuation of the fair value of the underlying derivatives as disclosed in Note 3 – *Risk Management* and Note 14 – *Derivative financial instruments*.

#### **NOTE 10 – LOANS OUTSTANDING**

Loans outstanding are financial assets as defined in Note 5.

The Bank’s loan portfolio comprises loans granted to, or guaranteed by, its BMCs and are disbursed and repaid in US Dollars. Loans are granted for a maximum period of twenty-two years, including a grace period, which typically covers the period of the project implementation and are for the purpose of financing development projects and programmes, and are not intended for sale. Interest rates are reset quarterly. The interest rate prevailing as at December 31, 2020 was 3.75% (2019: 4.80%)

The estimated fair values of the loans 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.

##### *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 provided by CDB to their 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) by its BMCs by which, in applicable circumstances, the Bank’s loans are not included in any debt rescheduling arrangements and defaults 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 is determined on a case-by-case basis. The Bank secures non-interest-bearing cash collateral against certain non-sovereign loans the amounts of which are estimated to be sufficient to maintain the loan in a current status in the event that this would become a requirement. If not utilised the amounts are refundable to the borrower upon maturity of the loan. 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 collateral held (off-balance sheet) for the impaired non-sovereign loans was not able to be valued due to the nature of the collateral and the cost effectiveness of establishing the value of the security, being the fair value of sub-loans and the Bank’s portion of the estimated realisable value of a property. These values would not, in management’s view, be material to the financial statements.

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**NOTE 10 – LOANS OUTSTANDING...continued**

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

<b>2020</b>				
<b>Borrowers</b>	<b>Loans not yet effective</b>	<b>Undisbursed</b>	<b>Outstanding</b>	<b>% of Loans outstanding</b>
Anguilla	\$-	\$2,059	\$74,809	5.6
Antigua and Barbuda	-	60,372	114,620	8.7
Bahamas	-	23,056	118,687	9.0
Barbados	-	15,626	259,882	19.6
Belize	21,300	61,631	117,969	8.9
British Virgin Islands	-	30,395	93,087	7.0
Dominica	-	6,651	25,229	1.9
Grenada	-	5,877	39,286	3.0
Guyana	101,466	995	24,398	1.8
Jamaica	-	1	117,726	8.9
St. Kitts and Nevis	-	3,989	23,035	1.7
St. Lucia	7,378	30,221	79,742	6.0
St. Vincent and the Grenadines	12,003	134,090	63,611	4.8
Suriname	-	87,234	56,051	4.2
Trinidad and Tobago	-	6,337	28,149	2.1
Turks and Caicos Islands	-	1,114	249	0.0
Regional	-	-	8,242	0.6
Non-sovereign	-	5,540	79,389	6.0
<b>Sub-total</b>	<b>142,147</b>	<b>475,188</b>	<b>1,324,161</b>	<b>100.0</b>
Allowance for ECL	-	-	(7,046)	
Accrued interest and other charges	-	-	14,972	
	<b>\$142,147</b>	<b>\$475,187</b>	<b>\$1,332,087</b>	
			<b>2020</b>	
Current			<b>\$121,785</b>	
Non-current			<b>1,210,302</b>	
			<b>\$1,332,087</b>	

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**NOTE 10 – LOANS OUTSTANDING...continued**

(a) Credit exposures...continued

**2019**

<b>Borrowers</b>	<b>Loans not yet effective</b>	<b>Undisbursed</b>	<b>Outstanding</b>	<b>% of Loans outstanding</b>
Anguilla	\$6,230	\$3,478	\$80,524	6.5
Antigua and Barbuda	-	65,371	116,193	9.3
Bahamas	52,893	28,177	24,154	1.9
Barbados	29,800	26,256	260,723	20.9
Belize	-	78,635	115,022	9.3
British Virgin Islands	9,299	45,939	81,599	6.6
Dominica	-	8,083	18,472	1.5
Grenada	-	11,120	38,126	3.1
Guyana	-	1,303	26,964	2.2
Jamaica	-	123	149,018	12.0
St. Kitts and Nevis	-	4,099	26,693	2.1
St. Lucia	10,603	28,292	61,534	4.9
St. Vincent and the Grenadines	101,414	35,856	68,847	5.5
Suriname	-	87,725	61,320	4.9
Trinidad and Tobago	-	6,337	32,900	2.6
Turks and Caicos Islands	-	1,114	1,307	0.1
Regional	-	-	8,968	0.7
Non-sovereign	-	18,061	74,018	5.9
<b>Sub-total</b>	<b>210,239</b>	<b>449,969</b>	<b>1,246,382</b>	<b>100.0</b>
Allowance for ECL	-	-	(12,920)	
Accrued interest and other charges	-	-	15,856	
	<b>\$210,239</b>	<b>\$449,969</b>	<b>\$1,249,318</b>	
			<b>2019</b>	
Current			\$114,392	
Non-current			1,134,926	
			<b>\$1,249,318</b>	

# CARIBBEAN DEVELOPMENT BANK ORDINARY CAPITAL RESOURCES

## NOTES TO THE FINANCIAL STATEMENTS For the year ended December 31, 2020

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

### NOTE 10 – LOANS OUTSTANDING...continued

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

	2020					2019						
	Loans out- standing 1 January 2020	Net interest	Disbursements	Repayments	Impairment charge	Loans out- standing 31 December 2020	Loans out- standing 1 January 2019	Net interest	Disbursements	Repayments	Impairment charge	Loans out- standing 31 December 2019
<b>Currencies receivable</b>												
United States dollars	\$1,246,382	\$-	\$195,881	\$(118,102)	\$-	\$1,324,161	\$1,158,640	\$-	\$197,922	\$(110,180)	\$-	\$1,246,382
<b>Sub-total</b>	1,246,382	-	195,881	(118,102)	-	1,324,161	1,158,640	-	197,922	(110,180)	-	1,246,382
Allowance for ECL	(12,920)	-	-	-	5,874	(7,046)	(9,978)	-	-	-	(2,942)	(12,920)
Accrued interest	15,856	(884)	-	-	-	14,972	14,880	976	-	-	-	15,856
<b>Total – December 31</b>	<b>\$1,249,318</b>	<b>\$(884)</b>	<b>\$195,881</b>	<b>\$(118,102)</b>	<b>\$5,874</b>	<b>\$1,332,087</b>	<b>\$1,163,542</b>	<b>\$976</b>	<b>\$197,922</b>	<b>\$(110,180)</b>	<b>\$(2,942)</b>	<b>\$1,249,318</b>
<b>Currencies receivable</b>												
United States dollars	\$1,158,640	\$-	\$197,922	\$(110,180)	\$-	\$1,246,382	\$1,158,640	\$-	\$197,922	\$(110,180)	\$-	\$1,246,382
<b>Sub-total</b>	1,158,640	-	197,922	(110,180)	-	1,246,382	1,158,640	-	197,922	(110,180)	-	1,246,382
Allowance for ECL	(9,978)	-	-	-	(2,942)	(12,920)	(9,978)	-	-	-	(2,942)	(12,920)
Accrued interest	14,880	976	-	-	-	15,856	14,880	976	-	-	-	15,856
<b>Total – December 31</b>	<b>\$1,163,542</b>	<b>\$976</b>	<b>\$197,922</b>	<b>\$(110,180)</b>	<b>\$(2,942)</b>	<b>\$1,249,318</b>	<b>\$1,163,542</b>	<b>\$976</b>	<b>\$197,922</b>	<b>\$(110,180)</b>	<b>\$(2,942)</b>	<b>\$1,249,318</b>

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**NOTE 10 – LOANS OUTSTANDING...continued**

(c) Reconciliation of the allowance account for ECL on loans is as follows:

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balance as at January 1, 2019	\$4,338	\$796	\$4,844	\$9,978
Impairment charge (Note 24)	4,164	380	(1,602)	2,942
<b>Balance as at December 31, 2019</b>	<b>\$8,502</b>	<b>\$1,176</b>	<b>\$3,242</b>	<b>\$12,920</b>
Impairment charge (Note 24)	<b>(3,869)</b>	<b>(389)</b>	<b>(1,616)</b>	<b>(5,874)</b>
<b>Balance as at December 31, 2020</b>	<b>\$4,633</b>	<b>\$787</b>	<b>\$1,626</b>	<b>\$7,046</b>

**NOTE 11 – NON-NEGOTIABLE DEMAND NOTES**

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

Under the provisions of its Charter 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. They are classified as current assets and their fair value is therefore estimated to be their carrying value.

As at December 31, the non-negotiable demand notes were comprised as follows: -

	<b>2020</b>	<b>2019</b>
Gross carrying amount	<b>\$21,818</b>	\$39,989
Allowance for ECL	<b>(221)</b>	(1,477)
	<b>\$21,597</b>	\$38,512

An assessment of the allowance for ECL as at December 31 is as follows:

	<b>Stage 1</b>	<b>Stage 2</b>	<b>Stage 3</b>	<b>Total</b>
Balance as at January 1, 2019	<b>\$6,627</b>	\$-	\$-	<b>\$6,627</b>
Impairment (recovery)/charge (Note 24) – included in "Receivable from members" line)	<b>(6,166)</b>	<b>24</b>	<b>992</b>	<b>(5,150)</b>
<b>Balance as at December 31, 2019</b>	<b>\$461</b>	<b>\$24</b>	<b>\$992</b>	<b>\$1,477</b>
Impairment (recovery)/charge (Note 24) – included in "Receivable from members" line)	<b>(240)</b>	<b>(24)</b>	<b>(992)</b>	<b>(1,256)</b>
<b>Balance as at December 31, 2020</b>	<b>\$221</b>	<b>\$-</b>	<b>\$-</b>	<b>\$221</b>

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**NOTE 12 – 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 are 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 maintenance of value on currency holdings was comprised as follows:

	<b>2020</b>	<b>2019</b>
Gross carrying amount	<b>\$3,572</b>	\$4,389
Allowance for ECL	-	-
	<b>\$3,572</b>	\$4,389

An assessment of the allowance for ECL as at December 31 is as follows:

	<b>Stage 1</b>
Balance as at January 1, 2019	\$651
Impairment recovery (Note 24 – included in "Receivable from members" line)	(651)
<b>Balance as at December 31, 2019</b>	<b>\$-</b>
Impairment recovery (Note 24 – included in "Receivable from members" line)	-
<b>Balance as at December 31, 2020</b>	<b>\$-</b>

As at December 31, 2020 \$317 (2019: \$498) was due by the Bank.

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**NOTE 13 – 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 in six instalments. The values below represent amounts that are due and not yet paid by certain members.

The amount reported as subscriptions in arrears is comprised as follows:

	<b>2020</b>	<b>2019</b>
Gross carrying amount	<b>\$2,970</b>	\$1,981
Allowance for ECL	<b>(27)</b>	(45)
	<b>\$2,943</b>	\$1,936

An assessment of the allowance for ECL as at December 31 is as follows:

	<b>Stage 1</b>
Balance as at January 1, 2019	\$327
Impairment recovery (Note 24) – included in “Receivable from members” line)	(282)
<b>Balance as at December 31, 2019</b>	<b>\$45</b>
Impairment recovery (Note 24) – included in “Receivable from members” line)	(18)
<b>Balance as at December 31, 2020</b>	<b>\$27</b>

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**NOTE 14 – DERIVATIVE FINANCIAL INSTRUMENTS**

The accounting policy is as defined in Note 5.

The Bank is party to six swaps with four counterparties. Two swaps were used to transform underlying fixed rate borrowings in Japanese Yen to floating rate obligations in USD. One of these swaps has subsequently been modified to reinstate fixed rate exposure, at a rate lower than that of the original underlying note. The two fixed rate Japanese Yen notes which mature in 2022 and 2030 carry interest rates of 2.75% and 4.35%, respectively. The principal amounts due on maturity are in Japanese Yen, while the interest payments are due in USD.

Two interest rate swaps were executed in August 2013 and September 2014, which transformed a fixed rate borrowing of 300 million USD into obligations with LIBOR based floating rates of interest. Both swaps mature in November 2027.

A cross currency interest rate swap was also executed in July 2016 related to a bond issue of 145 million Swiss Francs. The swap was used to transform the underlying 0.297% fixed rate borrowing in Swiss Francs to LIBOR based floating rate obligations in USD. The swap matures concurrently with the borrowing in 2028.

A cross currency interest rate swap was also executed in September 2020 related to a bond issue of 250 million Euros. The swap was used to transform the underlying fixed rate borrowing in Euros to LIBOR based floating rate obligations in USD. The swap matures concurrently with the borrowing in 2039.

Counterparties to derivative contracts are selected in accordance with the Bank's approved policy. In accordance with this policy, engaging in speculative activities is 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 it was intended, or is detrimental to the Bank's profitability in any way.

Derivatives are recorded at fair value and carried as assets when their fair value is positive and as liabilities when it is negative. The fair values of derivative financial instruments held at December 31, were as follows:

		<b>2020</b>	<b>2019</b>
	<b>Notional Amount</b>	<b>Fair values</b>	
<b>Derivative financial asset</b>			
Cross currency interest rate swaps	\$525,467	\$68,620	\$42,252
Interest rate swaps	\$300,000	33,696	18,961
Bilateral non-performance risk adjustment		(8,028)	(967)
		<u>\$94,288</u>	<u>\$60,246</u>
<b>Derivative financial liability</b>			
Cross currency interest rate swap	\$151,341	\$-	\$12,765
Bilateral non-performance risk adjustment		-	(143)
		<u>\$-</u>	<u>\$12,622</u>

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**NOTE 15 – PROPERTY AND EQUIPMENT**

Property and equipment are 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:

	<b>Years</b>
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.

During the year the Bank undertook an assessment of the economic life of its computer assets for accounting purposes and it was determined that the current policy was still applicable.

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. Land totaling 2.2 hectares and the associated buildings were conveyed to the Bank by the Government of Barbados in 1983. These assets are not accounted for by the Bank and therefore do not form part of the Bank's financial records. Management does not consider the historical cost to be material and is in the process of obtaining legal vesting of the asset to the Bank.

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**NOTE 15 – PROPERTY AND EQUIPMENT...continued**

The carrying values of property and equipment were as follows:

	<b>2020</b>					
	<b>Projects in Progress</b>	<b>Land, Buildings and Ancillary Works</b>	<b>Computers</b>	<b>Furniture and Equipment</b>	<b>Motor Vehicles</b>	<b>Total</b>
<b>Opening net book value</b>	<b>\$10,349</b>	<b>\$4,687</b>	<b>\$1,277</b>	<b>\$549</b>	<b>\$13</b>	<b>\$16,875</b>
Adjustments to opening cost of Motor Vehicles	-	-	-	-	(2)	(2)
Additions	<b>3,131</b>	-	<b>161</b>	<b>24</b>	<b>113</b>	<b>3,429</b>
Transfers from projects in progress	<b>(1,106)</b>	-	-	<b>42</b>	-	<b>(1,064)</b>
Depreciation expense	-	<b>(303)</b>	<b>(645)</b>	<b>(287)</b>	<b>(19)</b>	<b>(1,254)</b>
<b>Closing net book value</b>	<b>\$12,374</b>	<b>\$4,384</b>	<b>\$793</b>	<b>\$328</b>	<b>\$105</b>	<b>\$17,984</b>
At December 31						
Cost	<b>\$12,374</b>	<b>\$12,335</b>	<b>\$12,898</b>	<b>\$6,966</b>	<b>\$378</b>	<b>\$44,951</b>
Accumulated depreciation	-	<b>(7,951)</b>	<b>(12,105)</b>	<b>(6,638)</b>	<b>(273)</b>	<b>(26,967)</b>
<b>Closing net book value</b>	<b>\$12,374</b>	<b>\$4,384</b>	<b>\$793</b>	<b>\$328</b>	<b>\$105</b>	<b>\$17,984</b>

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**NOTE 15 – PROPERTY AND EQUIPMENT...continued**

	2019					
	Projects in Progress	Land, Buildings and Ancillary Works	Computers	Furniture and Equipment	Motor Vehicles	Total
<b>Opening net book value</b>	\$5,285	\$4,958	\$2,245	\$819	\$53	<b>\$13,360</b>
Adjustments to opening cost of computers	674	-	(674)	-	-	-
Additions	4,553	-	341	52	-	<b>4,946</b>
Transfers from projects in progress	(163)	36	97	30	-	-
Disposals – cost	-	-	(43)	(22)	-	<b>(65)</b>
Disposals - accumulated depreciation	-	-	43	19	-	<b>62</b>
Depreciation expense	-	(307)	(732)	(349)	(40)	<b>(1,428)</b>
<b>Closing net book value</b>	<b>\$10,349</b>	<b>\$4,687</b>	<b>\$1,277</b>	<b>\$549</b>	<b>\$13</b>	<b>\$16,875</b>
At December 31						
Cost	\$10,349	\$12,335	\$12,737	\$6,900	\$267	<b>\$42,588</b>
Accumulated depreciation	-	(7,648)	(11,460)	(6,351)	(254)	<b>(25,713)</b>
<b>Closing net book value</b>	<b>\$10,349</b>	<b>\$4,687</b>	<b>\$1,277</b>	<b>\$549</b>	<b>\$13</b>	<b>\$16,875</b>

**NOTE 16 – FINANCIAL LIABILITIES**

Financial liabilities are recognised on the statement of financial position when the Bank becomes a party to the contractual provisions of an instrument. Management determines the classification of its financial instruments at initial recognition.

The Bank's financial liabilities include accounts payable, borrowings, employee benefits and MOV. Further information is included at Notes 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.

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**NOTE 16 – FINANCIAL LIABILITIES...continued**

*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 and 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.

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 expired. 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.

**NOTE 17 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

The accounting policy for accounts payable is as defined at Note 16.

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:

	<b>2020</b>	<b>2019</b>
Accounts payable	<b>\$6,971</b>	\$5,456
Accrued liabilities	<b>3,886</b>	2,795
	<b><u>\$10,857</u></b>	<u>\$8,251</u>

**NOTE 18 – DEFERRED INCOME**

Deferred income comprises freehold land donated to the Bank as a Government grant and is stated at historical value of \$875 (2019: \$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, approval for which was given by the Bank’s BOD and preliminary undertakings are in process.

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#### **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”) to secure 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 respectively 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 “Operating expenses”. 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 equity 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 most recent actuarial valuation was performed as at January 1, 2020. The financial statements of the plans are audited annually by independent external auditors. The level of contributions necessary to meet future obligations is approved by the Trustees acting on professional advice.

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## **ORDINARY CAPITAL RESOURCES**

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

##### *Description of the plans...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 16.9% of contributing members' salaries and fund any deficit over a maximum period of 40 years.

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 effective January 1, 2020 as certified by the Actuary and applied by the Bank is 31.1% (2019: 30.7%) 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 latest changes to the Plan were approved by the BOD in 2014 and in 2019.

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 of 65% and 35% respectively.

##### *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 independent actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the applicable 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 and approved by management 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 applying a single weighted average discount rate that reflects the estimated timing and amounts of benefit payments and the currency in which the benefits are to be paid, extrapolated as needed, along the yield curve to correspond with the average expected term of the defined benefit obligation.

With respect to the Post-Retirement Medical Plan, the appropriate discount rate has been determined to be based on the yield on Government of Barbados long term Bonds since there is no deep market in Barbados Dollar denominated long term Corporate Bonds. Barbados Dollar Bonds are used as the liability is denominated in that currency.

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.

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

*Key assumptions and quantitative sensitivity analyses...continued*

Future salary increases and pension increases are based on expected future inflation rates of the country of the Bank's location. The key assumptions and their sensitivity analyses are discussed further below.

*Risks factors that may impact the Bank*

The defined benefit new 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 55.45% (2019: 52.13%) of the plan assets were invested in equities.

The hybrid pension scheme also exposes the Bank to the same longevity, inflation and interest rate risks. The investment risk inherent in the cash balance option has been managed by concentrating on short and medium term, high quality securities, leaving the Bank exposed to the inflation and interest rate risks in the pension option.

**Net post-employment obligations**

	<b>2020</b>	<b>2019</b>
Defined benefit pension liability	<b>\$31,337</b>	\$25,098
Hybrid pension liability	<b>12,758</b>	8,812
Post-retirement medical obligation	<b>2,712</b>	2,585
	<b>\$46,807</b>	\$36,495

**Net pension costs recognised in profit or loss**

Defined benefit pension liability	<b>\$6,517</b>	\$5,447
Hybrid pension liability	<b>334</b>	314
Post-retirement medical obligation	<b>265</b>	246
	<b>\$7,116</b>	\$6,007

**Net re-measurement loss/(gain) recognised in other comprehensive income**

Defined benefit obligation	<b>\$4,378</b>	\$8,787
Hybrid pension liability	<b>4,706</b>	2,866
Post-retirement medical obligation	<b>(13)</b>	241
	<b>\$9,071</b>	\$11,894

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

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

	<b>Pensions</b>			
	<b>Defined Benefit Pension Plan</b>		<b>Hybrid Pension Scheme</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Present value of funded obligations	<b>\$111,853</b>	\$95,943	<b>\$30,881</b>	\$27,457
Fair value of plan assets	<b>(80,516)</b>	(70,845)	<b>(18,123)</b>	(18,645)
Net defined benefit liability	<b>\$31,337</b>	\$25,098	<b>\$12,758</b>	\$8,812

The amounts recognised in profit or loss are as follows:

	<b>Pensions</b>			
	<b>Defined Benefit Pension Plan</b>		<b>Hybrid Pension Scheme</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Current service costs	<b>\$5,658</b>	\$4,945	<b>\$90</b>	\$84
Net interest on net defined benefit liability	<b>859</b>	502	<b>244</b>	230
Net pension cost	<b>\$6,517</b>	\$5,447	<b>\$334</b>	\$314

Re-measurements recognised in other comprehensive income are as follows:

	<b>Pensions</b>			
	<b>Defined Benefit Pension Plan</b>		<b>Hybrid Pension Scheme</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Experience (gains)/losses	<b>\$4,378</b>	\$8,787	<b>\$4,706</b>	\$2,866
Total amount recognised in other comprehensive income	<b>\$4,378</b>	\$8,787	<b>\$4,706</b>	\$2,866

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

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

	<b>Pensions</b>			
	<b>Defined Benefit Pension Plan</b>		<b>Hybrid Pension Scheme</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Opening defined benefit liability	<b>\$25,098</b>	\$15,203	<b>\$8,812</b>	\$6,336
Net pension cost	<b>6,517</b>	5,447	<b>334</b>	314
Re-measurements recognised in other comprehensive income	<b>4,378</b>	8,787	<b>4,706</b>	2,866
Bank contributions paid	<b>(4,656)</b>	(4,339)	<b>(1,094)</b>	(704)
<b>Balance as at December 31</b>	<b>\$31,337</b>	\$25,098	<b>\$12,758</b>	\$8,812

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

	<b>Pensions</b>			
	<b>Defined Benefit Pension Plan</b>		<b>Hybrid Pension Scheme</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Balance at January 1</b>	<b>\$95,943</b>	\$75,277	<b>\$27,457</b>	\$24,204
Current service costs	<b>5,658</b>	4,945	<b>90</b>	84
Interest costs	<b>2,975</b>	2,964	<b>752</b>	947
Members' contributions	<b>983</b>	989	<b>496</b>	469
Re-measurements				
Experience adjustments	<b>(2,979)</b>	(3,245)	<b>438</b>	(836)
Actuarial losses from changes in demographic assumptions	<b>7,751</b>	2,873	<b>2,454</b>	560
Actuarial losses) from changes in financial assumptions	<b>6,348</b>	14,513	<b>2,152</b>	3,098
Benefits paid	<b>(4,826)</b>	(2,373)	<b>(2,958)</b>	(1,069)
<b>Balance as at December 31</b>	<b>\$111,853</b>	\$95,943	<b>\$30,881</b>	\$27,457

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

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

	Pensions			
	Defined Benefit Pension Plan		Hybrid Pension Scheme	
	2020	2019	2020	2019
<b>Balance at January 1</b>	<b>\$70,845</b>	\$60,074	<b>\$18,645</b>	\$17,868
Interest income	<b>2,116</b>	2,462	<b>508</b>	717
Return on plan assets, excluding interest	<b>6,742</b>	5,354	<b>338</b>	(44)
Bank contributions	<b>4,656</b>	4,339	<b>1,094</b>	704
Members' contributions	<b>983</b>	989	<b>497</b>	469
Benefits paid	<b>(4,826)</b>	(2,373)	<b>(2,959)</b>	(1,069)
<b>Balance as at December 31</b>	<b>\$80,516</b>	\$70,845	<b>\$18,123</b>	\$18,645

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

	2020	2019
<b>Quoted in active markets</b>		
Equity securities	<b>\$45,527</b>	\$36,928
	<b>\$45,527</b>	\$36,928
<b>Unquoted investments</b>		
Cash and cash equivalents	<b>2,493</b>	2,198
Debt securities	<b>35,202</b>	32,878
	<b>\$37,696</b>	\$35,076
Net accruals	<b>(2,706)</b>	(1,159)
<b>Total</b>	<b>\$80,516</b>	\$70,845

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

	2020	2019
<b>Unquoted investments</b>		
Government and Government guaranteed bonds	<b>\$10,934</b>	\$11,113
Supranational bonds	<b>4,608</b>	4,539
Corporate bonds	<b>2,273</b>	1,515
Cash, cash equivalents and net accruals	<b>308</b>	1,478
<b>Total</b>	<b>\$18,123</b>	\$18,645

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

The principal actuarial assumptions used for accounting purposes are:

	<b>Defined Benefit Pension Plans</b>	
	<b>2020</b>	<b>2019</b>
Discount rate – Defined benefit pension plan	<b>2.37%</b>	2.97%
Discount rate – Hybrid pension scheme	<b>2.10%</b>	2.83%
Future salary increases	<b>3.00%</b>	4.00%
Future pension increases – Defined benefit pension plan	<b>2.00%</b>	2.00%

It was assumed that there would be no future pension increases with respect to the hybrid pension scheme.

The proportion of the defined benefit pension plan preserved members opting for pension was assumed to be 75% (2019: 75%). The proportion of other members opting for pension was assumed to be 75% (2019: 75%).

**Mortality rate**

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

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

	<b>2020</b>	<b>2019</b>
Male	<b>24.94 years</b>	21.7 years
Female	<b>26.99 years</b>	26.0 years

The average life expectancy at age 60 for current members age 40 as at the reporting date is as follows:

	<b>2020</b>	<b>2019</b>
Male	<b>26.53 years</b>	22.6 years
Female	<b>27.82 years</b>	26.9 years

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

**Sensitivity analysis and liability profile**

**(a) Defined benefit pension plan**

A quantitative sensitivity analysis for significant assumptions as at December 31, 2020 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	<b>\$(17,310)</b>	<b>\$22,567</b>	<b>\$5,333</b>	<b>\$(4,650)</b>	<b>\$14,707</b>	<b>\$(12,206)</b>

	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	<b>\$1,818,502</b>	<b>\$(277,925)</b>	<b>\$1,971,249</b>	<b>\$(1,866,450)</b>

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 to the defined benefit obligation:

	<b>2020</b>	<b>2019</b>
Within the next 12 months (annual reporting period)	<b>\$3,651</b>	\$4,408
Between 1 year and 2 years	<b>\$3,484</b>	\$4,366

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

Active members.....	<b>52%</b> (2019: 63%)
Deferred members.....	<b>1%</b> (2019: 1%)
Pensioners.....	<b>47%</b> (2019: 36%)

The weighted average duration of the defined benefit obligation was 17.7 years (2019: 17.2 years).

89% (2019: 91%) of the benefits for active members were vested, 21% (2019: 21%) of the defined benefit obligation for active members was conditional on future salary increases.

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**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, 2020 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 hybrid pension scheme	<b>\$(3,122)</b>	<b>\$3,963</b>	<b>\$258</b>	<b>\$(244)</b>
	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 hybrid pension scheme	<b>\$312,365</b>	<b>\$(277,925)</b>	<b>\$361,346</b>	<b>\$(335,817)</b>

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 to the defined benefit obligation:

	<b>2020</b>	<b>2019</b>
Within the next 12 months	<b>\$1,0941</b>	\$705
Between 1 year and 2 years	<b>\$31,053</b>	\$706

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

Active members.....	<b>42%</b> (2019: 53%)
Pensioners.....	<b>58%</b> (2019: 47%)

The weighted average duration of the hybrid pension scheme was 12.33 years (2019:11 years).

100% (2019: 100%) of the benefits for active members were vested, 8% (2019: 8%) of the hybrid pension scheme for active members is conditional on future salary increases.

**CARIBBEAN DEVELOPMENT BANK  
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**NOTE 19 – POST-EMPLOYMENT OBLIGATIONS...continued**

**Post-retirement medical plan**

Changes to the medical obligation are determined as follows:

		Pension charge to profit & loss		Remeasurement (gains)/losses in OCI					
	1-Jan-20	Current Service Cost	Net interest cost	Sub-total included in profit or loss	Experience adjustments	Net gain from change in financial & demographic assumptions	Sub-total included in OCI	Premiums paid by the bank	31-Dec-20
Medical obligation	\$2,585	\$71	\$195	\$266	\$188	\$(201)	\$(13)	\$(138)	\$2,713
		Pension charge to profit & loss		Remeasurement (gains)/losses in OCI					
	1-Jan-19	Current Service Cost	Net interest cost	Sub-total included in profit or loss	Experience adjustments	Loss from change in financial assumptions	Sub-total included in OCI	Premiums paid by the bank	31-Dec-19
Medical obligation	\$2,210	\$84	\$162	\$246	\$492	\$(251)	\$241	\$(112)	\$2,585

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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:

	<b>Post-employment medical obligation</b>	
	<b>2020</b>	<b>2019</b>
Discount rate	<b>7.50%</b>	7.50%
Medical cost increase	<b>4.00%</b>	4.00%

**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 \$71 (2019: \$75).

**Sensitivity analysis**

A quantitative sensitivity analysis for significant assumptions as at December 31, 2020 is as shown below:

	<b>Discount rate</b>		<b>Medical cost increases</b>	
	<b>1% p.a. increase</b>	<b>1% p.a. decrease</b>	<b>1% p.a. increase</b>	<b>1% p.a. decrease</b>
Impact on medical obligation	<b>\$(285)</b>	<b>\$343</b>	<b>\$353</b>	<b>\$(296)</b>

The expected contributions to be made to the post-retirement medical obligation within the next twelve months is \$125 (2019: \$123).

**Liability profile**

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

Active members.....	<b>32%</b> (2019: 38%)
Pensioners.....	<b>68%</b> (2019: 62%)

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

**Post-retirement medical plan**...continued

**Liability profile**...continued

The weighted average duration of the post-retirement medical obligation was 11.6 years (2019: 12.4 years). 62% (2019: 59%) of the benefits of active members were vested.

**NOTE 20 – BORROWINGS**

The accounting policy for borrowings is as defined at Note 16.

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, 2020, total borrowings amounted to \$1,094,101 (2019: \$1,103,190).

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, 2020, the ratio of total outstanding borrowings and undrawn commitments of \$1,195,871 (2019: \$1,235,556) to the borrowing limit of \$1,505,018 (2019: \$1,458,567) was 79.5% (2019: 84.72%).

# CARIBBEAN DEVELOPMENT BANK ORDINARY CAPITAL RESOURCES NOTES TO THE FINANCIAL STATEMENTS

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## NOTE 20 – BORROWINGS...continued

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

	2020						
	Original amounts <sup>1/</sup>	Translation adjustments & other	Repayments to date	Currency swap <sup>2/</sup>	Undrawn	Outstanding	Due dates
<b>Short term Borrowing</b>	\$75,000	\$-	\$(75,000)	\$-	\$-	\$-	2020
Line of credit	75,000	-	(75,000)	-	-	-	
<b>CDB Market Borrowings</b>							
4.35% Notes – Yen	60,000	2,812	-	-	-	62,812	2030
2.75% Notes – Yen	100,000	21,277	-	-	-	121,277	2022
4.375% Bonds – US\$	300,000	-	-	-	-	300,000	2027
0.297% Bonds – CHF	151,341	13,282	-	-	-	164,623	2028
0.875% Notes – EUR	275,550	31,311	-	-	-	306,861	2039
Unamortised transaction costs	(16,519)	(1,434)	-	-	-	(17,953)	
Unamortised currency swap	2,158	-	-	(969)	-	1,189	
	<b>872,530</b>	<b>67,248</b>	<b>-</b>	<b>(969)</b>	<b>-</b>	<b>938,809</b>	
<b>European Investment Bank</b>							
Global Loan 111 – US\$	13,278	-	(3,319)	-	-	9,959	2023
Climate Action Credit I – US\$	65,320	-	(2,099)	-	-	63,221	2032
Climate Action Credit II – US\$	115,821	-	-	-	(86,791)	29,030	2033
Unamortised transaction costs	(240)	-	-	-	-	(240)	
	194,179	-	(5,418)	-	(86,791)	101,970	
<b>Inter-American Development Bank</b>							
Loan 926/OC-RG-US\$	19,347	-	(18,791)	-	-	556	2021
Loan 2798/BL-RG	14,000	-	(846)	-	(2,198)	10,956	2043
Loan 3561/OC – RG	20,000	-	-	-	(12,781)	7,219	2037
	53,347	-	(19,637)	-	(14,979)	18,731	
<b>Agence Francaise de Developpement</b>							
	33,000	-	(2,062)	-	-	30,938	2028
<b>Sub-total</b>	1,228,056	67,248	(102,117)	(969)	(101,770)	1,090,448	
Accrued interest	3,653	-	-	-	-	3,653	
<b>Total – December 31</b>	<b>\$1,231,709</b>	<b>\$67,248</b>	<b>\$(100,055)</b>	<b>\$(969)</b>	<b>\$(101,770)</b>	<b>\$1,094,101</b>	

<sup>1/</sup> Net of cancellations and borrowings fully paid.

<sup>2/</sup> Unwinding of terminated fair value hedge.

# CARIBBEAN DEVELOPMENT BANK ORDINARY CAPITAL RESOURCES NOTES TO THE FINANCIAL STATEMENTS

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## NOTE 20 – BORROWINGS...continued

	2019					Due dates
	Original amounts <sup>1/</sup>	Translation adjustments & other	Repayments to date	Currency swap <sup>2/</sup>	Undrawn	
<b>Short term Borrowing</b>	\$75,000	\$-	\$-	\$-	\$-	2020
Line of credit	75,000	-	-	-	-	75,000
<b>CDB Market Borrowings</b>						
4.35% Notes – Yen	60,000	(337)	-	-	-	59,663
2.75% Notes – Yen	100,000	15,197	-	-	-	115,197
4.375% Bonds – US\$	300,000	-	-	-	-	300,000
0.297% Bonds – CHF	151,341	(1,175)	-	-	-	150,166
0.875% Notes – EUR	275,550	5,191	-	-	-	280,741
Unamortised transaction costs	(17,198)	(341)	-	-	-	(17,539)
Unamortised currency swap	3,126	-	-	(968)	-	2,158
	872,819	18,535	-	(968)	-	890,386
<b>European Investment Bank</b>						
Global Loan 111 – US\$	34,857	-	(21,578)	-	-	13,279
Climate Action Credit I – US\$	65,320	-	(573)	-	(9,178)	55,569
Climate Action Credit II – US\$	118,133	-	-	-	(89,103)	29,030
Unamortised transaction costs	(259)	-	-	-	-	(259)
	218,051	-	(22,151)	-	(98,281)	97,619
<b>Inter-American Development Bank</b>						
Loan 926/OC-RG-US\$	19,347	-	(17,679)	-	-	1,668
Loan 2798/BL-RG	14,000	-	(407)	-	(3,274)	10,319
Loan 3561/OC – RG	20,000	-	-	-	(12,781)	7,219
	53,347	-	(18,086)	-	(16,055)	19,206
<b>Agence Francaise de Developpement</b>						
	33,000	-	-	-	(18,000)	15,000
<b>Sub-total</b>	1,252,217	18,535	(40,237)	(968)	(132,336)	1,097,211
Accrued interest	5,979	-	-	-	-	5,979
<b>Total – December 31</b>	<b>\$1,258,196</b>	<b>\$18,535</b>	<b>\$(40,237)</b>	<b>\$(968)</b>	<b>\$(132,336)</b>	<b>\$1,103,190</b>

<sup>1/</sup> Net of cancellations and borrowings fully paid.

<sup>2/</sup> Unwinding of terminated fair value hedge.

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**NOTE 20 – BORROWINGS...continued**

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

Currencies Repayable	2020						
	Outstanding at December 2019	Translation adjustment	Net interest expense/paid	Draw-downs	Currency swap amortisation <sup>1/</sup>	Repayments	Outstanding at December 2020
United States Dollars	\$507,083	\$-	\$-	\$28,256	\$-	\$(83,460)	\$451,879
Swiss Francs	150,166	14,457	-	-	-	-	164,623
Euro	280,741	26,120	-	-	-	-	306,861
Japanese Yen	177,019	9,229	-	-	(969)	-	185,279
<b>Sub-total</b>	<b>1,115,009</b>	<b>49,806</b>	<b>-</b>	<b>28,256</b>	<b>(969)</b>	<b>(83,460)</b>	<b>\$1,108,642</b>
Amortised borrowing costs	(17,798)	(1,434)	-	1,038	-	-	(18,194)
Accrued interest	5,979	-	(2,326)	-	-	-	3,653
<b>Total – December 31</b>	<b>\$1,103,190</b>	<b>\$48,372<sup>2/</sup></b>	<b>\$(2,326)</b>	<b>\$29,294</b>	<b>\$(969)</b>	<b>\$(83,460)</b>	<b>\$1,094,101</b>

Currencies Repayable	2019						
	Outstanding at December 2018	Translation adjustment	Net interest expense/paid	Draw-downs	Currency swap amortisation <sup>1/</sup>	Repayments	Outstanding at December 2019
United States Dollars	\$468,946	\$-	\$-	\$83,549	\$-	\$(45,412)	\$507,083
Swiss Francs	147,358	2,808	-	-	-	-	150,166
Euro	-	-	-	280,741	-	-	280,741
Japanese Yen	175,822	2,165	-	-	(968)	-	177,019
<b>Sub-total</b>	<b>792,126</b>	<b>4,973</b>	<b>-</b>	<b>364,290</b>	<b>(968)</b>	<b>(45,412)</b>	<b>\$1,115,009</b>
Amortised borrowing costs	(2,304)	(10)	-	(15,484)	-	-	(17,798)
Accrued interest	6,456	-	(477)	-	-	-	5,979
<b>Total – December 31</b>	<b>\$796,278</b>	<b>\$4,963</b>	<b>\$(477)</b>	<b>\$348,806</b>	<b>\$(968)</b>	<b>\$(45,412)</b>	<b>\$1,103,190</b>

<sup>1/</sup>Unwinding of terminated fair value hedge.

<sup>2/</sup> Includes translation amount of \$7,313 recorded in foreign exchange translation operating expenses detailed at Note 23.

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**NOTE 20 – BORROWINGS...continued**

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

	<u>2020</u>	<u>2019</u>
Current	<b>\$17,261</b>	\$88,002
Non-current	<b>1,076,840</b>	1,015,188
	<u><b>\$1,094,101</b></u>	<u>\$1,103,190</u>

On May 26, 2020 Standard & Poor’s reaffirmed the Bank’s long-term issuer credit rating of ‘AA+’ and its short-term credit rating of ‘A-1 +’, both with a Stable outlook.

On November 20, 2020 Moody’s Investors Service reaffirmed the Bank’s long-term issuer rating at ‘Aa1’ and maintained the Stable outlook.

On March 4, 2020 Fitch Ratings Limited affirmed the Bank’s Long-Term Issuer Default rating of ‘AA+’ with a Stable Outlook and a Short-Term Issuer Default rating of ‘F1+’.

**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 six (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. Amounts paid in advance of the due dates by members are treated as a liability and classified as subscriptions in advance. 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 has 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:

	<b>2020</b>	<b>2019</b>
Authorised capital: 312,971 shares (2019: 312,971) shares		
Subscribed capital 279,399 shares (2019: 279,399) shares	<b>\$1,763,656</b>	\$1,763,656
Less callable capital: 218,050 shares (2019: 218,050) shares	<b>(1,375,135)</b>	(1,375,135)
	<b>\$388,521</b>	\$388,521
Paid-up capital: 61,349 shares (2019: 61,349) shares		
Less: Prepayment discount	<b>(344)</b>	(1,334)
	<b>\$388,177</b>	\$387,187

**CARIBBEAN DEVELOPMENT BANK**  
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**NOTE 21 – EQUITY...continued**

(b) The movement in the Bank's paid-up capital during the year was as follows:

	<u>2020</u>	<u>2019</u>
	<u>No. of shares</u>	<u>No. of shares</u>
<b>Balance at January 1 and December 31</b>	<b>61,349</b>	61,349

The movement in subscriptions matured during the year was as follows:

	<u>2020</u>	<u>2019</u>
<b>Balance at January 1</b>	<b>387,187</b>	\$386,199
<b>Regional States and Territories</b> Subscriptions maturing during the year	<b>990</b>	988
<b>Balance at December 31</b>	<b>\$388,177</b>	\$387,187

The determination of the par value of the Bank's shares is as disclosed hereto.

**CARIBBEAN DEVELOPMENT BANK**  
**ORDINARY CAPITAL RESOURCES**  
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**For the year ended December 31, 2020**  
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**NOTE 21 – EQUITY ...continued**

(c) The subscriptions by member countries and their voting power at December 31 were as follows:  
**2020**

Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions Matured	Voting Power		Gross <sup>2/</sup> Receivable from members non-negotiable demand notes
							No. of votes	% of total votes	
Regional States and Territories:									
Jamaica	48,354	17.31	\$291,659	\$227,614	\$64,045	\$64,045	48,504	17.14	9,385
Trinidad and Tobago	48,354	17.31	291,659	227,614	64,045	64,045	48,504	17.14	6,403
Bahamas	14,258	5.10	86,001	67,115	18,886	18,885	14,408	5.09	1,612
Guyana	10,417	3.73	62,833	49,038	13,795	13,795	10,567	3.73	1,022
Colombia	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Mexico	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Venezuela	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Barbados	9,074	3.25	54,732	42,717	12,015	12,015	9,224	3.26	-
Suriname	4,166	1.49	25,128	19,627	5,501	5,501	4,316	1.53	2,806
Belize	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
Dominica	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	286
Grenada	1,839	0.66	11,093	8,661	2,432	2,431	1,989	0.70	-
St. Lucia	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
St. Vincent and the Grenadines	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
Antigua and Barbuda	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	296
St. Kitts and Nevis	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
Anguilla <sup>1/</sup>	455	0.16	2,744	2,141	603	603			-
Montserrat <sup>1/</sup>	533	0.19	3,215	2,509	706	706			-
British Virgin Islands <sup>1/</sup>	533	0.19	3,215	2,509	706	706	2,737	0.97	-
Cayman Islands <sup>1/</sup>	533	0.19	3,215	2,509	706	706			8
Turks and Caicos Islands <sup>1/</sup>	533	0.19	3,215	2,509	706	706			-
Haiti	2,187	0.78	13,191	10,296	2,894	2,894	2,337	0.83	-
Brazil	3,118	1.12	18,807	14,687	4,120	4,120	3,268	1.15	-
	<b>180,627</b>	<b>64.65</b>	<b>1,089,494</b>	<b>850,273</b>	<b>239,220</b>	<b>239,218</b>	<b>183,477</b>	<b>64.83</b>	<b>21,818</b>

<sup>1/</sup>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.

<sup>2/</sup>Gross of ECL.

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ORDINARY CAPITAL RESOURCES  
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(expressed in thousands of United States dollars, unless otherwise stated)

NOTE 21 – EQUITY...continued

Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions Matured	Voting Power		Gross <sup>2/</sup> Receivable from members
							No. of votes	% of total votes	
Non-Regional States:									
Canada	26,004	9.31	156,849	122,408	34,441	34,441	26,154	9.24	-
United Kingdom	26,004	9.31	156,849	122,408	34,441	34,441	26,154	9.24	-
Italy	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	-
Germany	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	-
China	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	-
	98,772	35.36	595,767	464,944	130,823	130,823	99,522	35.16	-
<b>Sub-total</b>	<b>279,399</b>	<b>100.0</b>	<b>1,685,261</b>	<b>1,315,217</b>	<b>370,044</b>	<b>370,041</b>	<b>282,999</b>	<b>100.0</b>	<b>21,818</b>
<b>Additional subscriptions</b>									
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	2,750	-	-	-
Brazil	-	-	9,403	7,343	2,060	2,060	-	-	-
<b>Sub-total</b>	-	-	78,395	59,918	18,477	18,477	-	-	-
Prepayment discount	-	-	-	-	-	(341)	-	-	-
<b>Total - December 31</b>	<b>279,399</b>	<b>100.0</b>	<b>\$1,763,656</b>	<b>\$1,375,135</b>	<b>\$388,521</b>	<b>\$388,177</b>	<b>282,999</b>	<b>100.0</b>	<b>\$21,818</b>

**CARIBBEAN DEVELOPMENT BANK**  
**ORDINARY CAPITAL RESOURCES**  
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**NOTE 21 – EQUITY...continued**

(c) The subscriptions by member countries and their voting power at December 31 were as follows:  
**2019**

Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions Matured	Voting Power		Gross <sup>2</sup> Receivable from members non-negotiable demand notes
							No. of votes	% of total votes	
Regional States and Territories:									
Jamaica	48,354	17.31	\$291,659	\$227,614	\$64,045	\$64,045	48,504	17.14	\$11,848
Trinidad and Tobago	48,354	17.31	291,659	227,614	64,045	64,045	48,504	17.14	10,637
Bahamas	14,258	5.10	86,001	67,115	18,886	18,885	14,408	5.09	1,612
Guyana	10,417	3.72	62,833	49,038	13,795	13,795	10,567	3.74	2,081
Colombia	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Mexico	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	-
Venezuela	7,795	2.79	47,017	36,691	10,326	10,326	7,945	2.81	3,203
Barbados	9,074	3.24	54,732	42,717	12,015	12,015	9,224	3.26	1,070
Suriname	4,166	1.49	25,128	19,627	5,501	5,501	4,316	1.53	2,806
Belize	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
Dominica	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	286
Grenada	1,839	0.66	11,093	8,661	2,432	2,431	1,989	0.70	106
St. Lucia	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	360
St. Vincent and the Grenadines	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	-
Antigua and Barbuda	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	296
St. Kitts and Nevis	2,148	0.77	12,956	10,109	2,847	2,847	2,298	0.81	127
Anguilla <sup>1/</sup>	455	0.16	2,744	2,141	603	603			-
Montserrat <sup>1/</sup>	533	0.19	3,215	2,509	706	706			-
British Virgin Islands <sup>1/</sup>	533	0.19	3,215	2,509	706	706			-
Cayman Islands <sup>1/</sup>	533	0.19	3,215	2,509	706	706			8
Turks and Caicos Islands <sup>1/</sup>	533	0.19	3,215	2,509	706	706			-
Haiti	2,187	0.78	13,191	10,296	2,895	2,895	2,337	0.83	-
Brazil	3,118	1.12	18,807	14,687	4,120	3,459	3,268	1.15	-
	<b>180,627</b>	<b>64.64</b>	<b>1,089,494</b>	<b>850,273</b>	<b>239,221</b>	<b>238,558</b>	<b>183,477</b>	<b>64.84</b>	<b>34,440</b>

<sup>1/</sup> 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.

<sup>2/</sup> Gross of ECL.

**CARIBBEAN DEVELOPMENT BANK  
ORDINARY CAPITAL RESOURCES  
NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2020**

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NOTE 21 – EQUITY...continued

Member	No. of Shares	% of Total	Total subscribed capital	Callable capital	Paid-up capital	Subscriptions Matured	Voting Power		Gross <sup>2</sup> Receivable from members	
							No. of votes	% of total votes		
Non-Regional States:										
Canada	26,004	9.31	156,849	122,408	34,441	34,441	26,154	9.24	-	
United Kingdom	26,004	9.31	156,849	122,408	34,441	34,441	26,154	9.24	-	
Italy	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	-	
Germany	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	5,549	
China	15,588	5.58	94,023	73,376	20,647	20,647	15,738	5.56	-	
	98,772	35.36	595,767	464,944	130,823	130,823	99,522	35.16	5,549	
<b>Sub-total</b>	<b>279,399</b>	<b>100.0</b>	<b>1,685,261</b>	<b>1,315,217</b>	<b>370,044</b>	<b>369,381</b>	<b>282,999</b>	<b>100.0</b>	<b>39,989</b>	
<b>Additional subscriptions</b>										
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	2,750	-	-	-	-
Brazil	-	-	9,403	7,343	2,060	1,730	-	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>78,395</b>	<b>59,918</b>	<b>18,477</b>	<b>18,147</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Prepayment discount	-	-	-	-	-	(341)	-	-	-	-
<b>Total - December 31</b>	<b>279,399</b>	<b>100.0</b>	<b>\$1,763,656</b>	<b>\$1,375,135</b>	<b>\$388,521</b>	<b>\$387,187</b>	<b>282,999</b>	<b>100.0</b>	<b>\$39,989</b>	

# CARIBBEAN DEVELOPMENT BANK ORDINARY CAPITAL RESOURCES

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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

### 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. 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 is disclosed as a charge against equity. During the year, no discounts were provided to members. The cumulative discount provided to date is \$341 (2019: \$341).

#### (e) Retained earnings and reserves

Retained earnings and reserves is comprised of:

	<b>2020</b>	<b>2019</b>
Opening retained earnings	<b>\$546,396</b>	\$512,371
Net income for the year	<b>36,093</b>	40,271
Actuarial (losses)/gains		(11,894)
	<b>(9,071)</b>	
Net change in fair value reserve		5,648
	<b>6,796</b>	
	<b>\$580,214</b>	\$546,396

#### (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 (2019: \$6,254).

**CARIBBEAN DEVELOPMENT BANK**  
**ORDINARY CAPITAL RESOURCES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2020**  
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**NOTE 21 – EQUITY...continued**

**(f) Other reserves...continued**

*Post-employment obligations reserve*

The post-employment obligations reserve comprises 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). A reconciliation of the cumulative loss of \$29,519 (2019: \$20,448) is shown in the statement of changes in equity.

*Fair value reserves*

The Bank's debt securities are classified as fair value through other comprehensive income (FVOCI). As a result, all fair value gains or losses are accounted for through a fair value reserve in equity. As at December 31, 2020, the cumulative fair value reserve amounted to \$8,451 (2019: (\$1,655)). An unrealised gain of \$6,250 was recorded as at December 31, 2020 (2019 - \$4,759) as a result of changes in the fair value of debt securities. For securities which were sold or which matured during the year, a fair value loss of \$546 (2019 - \$889) was reclassified to realised fair value (gains)/losses included in 'Operating expense' in the statement of comprehensive income.

**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.

In the event of an asset becoming credit-impaired and therefore being regarded as 'Stage 3', the Bank calculates interest income by applying the effective interest rate to the net amortised cost of the financial asset. If the financial asset cures and is no longer credit-impaired, the Bank reverts to calculating interest income on a gross basis.

*Other fees and charges*

Fees and other income are recognised on an accrual basis when the service has been provided.

**CARIBBEAN DEVELOPMENT BANK**  
**ORDINARY CAPITAL RESOURCES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2020**

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

**NOTE 22 – INTEREST INCOME/EXPENSE AND SIMILAR INCOME/CHARGES...continued**

**(a) Interest and similar income**

Interest income earned from loans outstanding and debt securities at FVOCI was as follows:

	<b>2020</b>	<b>2019</b>
Interest income	<b>\$51,597</b>	\$53,952
Other fees and charges	<b>4,869</b>	4,666
<i>Income from loans and receivables</i>	<b>56,466</b>	58,618
Bonds	<b>7,946</b>	6,001
US Treasuries	<b>202</b>	887
Treasury bills	<b>279</b>	69
Time deposits	<b>437</b>	993
Cash	<b>59</b>	285
Cash collateral balance	<b>3</b>	125
Management fees	<b>(53)</b>	(51)
<b>Interest and similar income</b>	<b>\$65,339</b>	\$66,927

**(b) Interest expense and similar charges**

Interest expense and other charges from borrowings and interest income and expense from derivative financial instrument swaps were as follows:

	<b>2020</b>	<b>2019</b>
<b>Financial liabilities carried at amortised cost (borrowings)</b>		
Gross interest expense	<b>\$26,475</b>	\$24,212
Other finance charges	<b>1,562</b>	772
<i>Borrowings</i>	<b>\$28,037</b>	\$24,984
<b>Financial assets at fair value through profit and loss (derivatives)</b>		
Interest income from derivative financial instruments	<b>\$(19,465)</b>	\$(18,958)
Interest expense from derivative financial instruments	<b>13,002</b>	20,932
<i>Net interest (income)/expense from derivatives</i>	<b>\$(6,463)</b>	\$1,974
<b>Interest expense and similar charges</b>	<b>\$21,574</b>	\$26,958

# CARIBBEAN DEVELOPMENT BANK

## ORDINARY CAPITAL RESOURCES

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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

#### NOTE 23 – OPERATING EXPENSE

##### *Administrative expenses*

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.

##### *Other operating expenses*

Other operating expenses result from realised fair value losses/gains on debt securities at fair value through OCI and foreign exchange losses/gains as a result of daily transactions.

Operating expenses are broken down as follows:

	<b>2020</b>	<b>2019</b>
Net realised fair value(gains)/losses	<b>\$(1,348)</b>	\$218
Foreign exchange translation	<b>8,632</b>	3,438
<i>Administrative expenses:</i>		
Employee related	<b>12,358</b>	10,668
Professional fees and consultancies	<b>780</b>	889
Travel	<b>116</b>	686
Depreciation	<b>574</b>	663
Other expenses	<b>294</b>	388
Utilities and maintenance	<b>327</b>	345
Training and seminars	<b>56</b>	115
Supplies and printing	<b>61</b>	104
Board of Governors and Directors	<b>25</b>	316
Computer services	<b>840</b>	558
Communications	<b>308</b>	315
Bank charges	<b>109</b>	79
Insurance	<b>38</b>	38
	<b>\$23,170</b>	\$18,820

Employee costs charged to the OCR were as follows:

	<b>2020</b>	<b>2019</b>
Salaries and allowances	<b>\$7,244</b>	\$7,184
Pension costs – hybrid scheme <sup>1/</sup>	<b>143</b>	146
Pension costs – defined benefit plan <sup>1/</sup>	<b>2,852</b>	2,482
Medical costs	<b>289</b>	290
Other benefits	<b>1,830</b>	566
	<b>\$12,358</b>	\$10,668

<sup>1/</sup>This represents the allocation of the net pension costs to the OCR. The full pension expense for the hybrid scheme amounted to \$334(2019: \$314), for the defined benefit new pension plan it amounted to \$6,522 (2019: \$5,447) and for the medical plan it was \$265 (2019: \$246).

**CARIBBEAN DEVELOPMENT BANK**  
**ORDINARY CAPITAL RESOURCES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2020**  
**(expressed in thousands of United States dollars, unless otherwise stated)**

**NOTE 24 – IMPAIRMENT RECOVERY/(CHARGES) (ECL)**

The table below shows the ECL (recoveries)/charges on financial assets recorded in profit or loss in the statement of comprehensive income.

	<b>2020</b>			<b>Total</b>
	<b>Stage 1 12month ECL</b>	<b>Stage 2 Lifetime ECL</b>	<b>Stage 3 Impaired</b>	
Loans outstanding	\$(3,869)	\$(389)	\$(1,616)	\$(5,874)
Debt Securities	18	-	-	18
Receivables	4	(83)	198	119
Receivable from members	(258)	(24)	(992)	(1,274)
Total Impairment recovery	\$(4,105)	\$(496)	\$(2,410)	\$(7,011)

	<b>2019</b>			<b>Total</b>
	<b>Stage 1 12month ECL</b>	<b>Stage 2 Lifetime ECL</b>	<b>Stage 3 Impaired</b>	
Loans outstanding	\$4,164	\$380	\$(1,602)	\$2,942
Receivables	(1)	83	(83)	(1)
Receivable from members	(7,099)	24	992	(6,083)
Total Impairment (recovery)/charges	\$(2,936)	\$487	\$(693)	\$(3,142)

**NOTE 25 – 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.

As part of the Agreement governing the new Special Development Fund Cycle (SDF 9) which forms part of the Bank’s SFR, an allocation of \$15 million has been committed but not yet settled from the net income of the OCR to SDF 9 to be met over the 4-year cycle.

**CARIBBEAN DEVELOPMENT BANK  
ORDINARY CAPITAL RESOURCES  
NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2020**

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

**NOTE 26 – DERIVATIVE FAIR VALUE ADJUSTMENT**

The derivative fair value adjustment of \$6,574 (2019: (\$15,691)) included in the statement of comprehensive income is derived as a result of the revaluation of the derivative financial instruments (cross currency and interest rate swaps) of \$47,633 (2019: (\$20,654)) and the foreign exchange effect thereon of (\$41,059) [2019: (\$4,963)].

**NOTE 27 – RELATED PARTY TRANSACTIONS**

(a) The movement in the net inter-fund receivable or payable during the year was as follows:

	<b>2020</b>	<b>2019</b>
Balance at January 1	<b>\$5,342</b>	\$6,720
Advances	<b>73,208</b>	26,903
Allocation of administrative expenses	<b>18,792</b>	17,467
Repayments	<b>(83,776)</b>	(45,748)
Inter-fund receivable December 31	<b>\$13,566</b>	\$5,342

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 was as follows:

*Included in "Receivables and prepaid assets":*

	<b>2020</b>	<b>2019</b>
Due from SDF	<b>\$13,553</b>	\$11,114
Due (to)/from OSF	<b>\$(1,942)</b>	\$(6,917)
Due from Pension schemes	<b>\$1,977</b>	\$1,030
Due to Others	<b>\$(22)</b>	\$115
	<b>\$13,566</b>	\$5,342

(b) Key management compensation for the year ended December 31 was as follows:

	<b>2020</b>	<b>2019</b>
Salaries and allowances	<b>\$780</b>	\$2,850
	<b>\$780</b>	\$2,850

**CARIBBEAN DEVELOPMENT BANK**  
**ORDINARY CAPITAL RESOURCES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2020**  
**(expressed in thousands of United States dollars, unless otherwise stated)**

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**NOTE 27 – RELATED PARTY TRANSACTIONS...continued**

**(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 \$319 (2019: \$359) 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 28 – 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.

*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 10 – Loans outstanding*) and OCR commitments to the operations of the SDF(U) (Refer to *Note 3: Risk Management*).

*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.

**CARIBBEAN DEVELOPMENT BANK**  
**ORDINARY CAPITAL RESOURCES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2020**  
**(expressed in thousands of United States dollars, unless otherwise stated)**

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**NOTE 29 – SUBSEQUENT EVENTS**

Subsequent to the end of the financial year, the COVID-19 pandemic continued to have an effect on economic and social conditions in the Bank's member countries. The development and distribution of vaccines, and continuing concerted efforts to fight the disease are expected to reduce gradually its ongoing impact. Consistent with its mandate, the Bank continues to take various actions to assist its BMCs such as the provision of grants for personal protective equipment and other equipment and for technical assistance, both from its own resources and in conjunction with regional and international agencies including international financial institutions.

The Bank has also made additional resources available from its concessionary window (Special Funds Resources) to qualifying BMCs, to address certain specific needs and has increased the volume of resources available for Policy Based Loans (PBLs) to deal with exogenous shocks such as natural disasters or COVID-19 or macro-economic issues. The Bank is also discussing with its BMCs the repurposing of existing loans and the application of undisbursed balances to appropriate COVID-19 related activities.

The Bank will continue to monitor developments in its BMCs and to mobilise resources aggressively to enable it to assist its members in these challenging times.

On May 20, 2021 Moody's Ratings affirmed the Bank's Long-Term Issuer Default Rating (IDR) of 'Aa1' with a Stable outlook.

On May 24, 2021 S&P Global Ratings affirmed the Bank's Long-Term IDR of 'AA+' and its Short-Term IDR of 'A-1+' with a Stable outlook.

On March 3, 2021 Fitch Ratings affirmed the Bank's Long-Term IDR of 'AA+' and its Short-Term IDR of 'F1+'. The outlook was lowered to Negative.

**Caribbean Development Bank  
Special Funds Resources – Special Development Fund**

**Financial Statements**

**For the year ended December 31, 2020  
(Expressed in thousands of United States dollars unless otherwise stated)**

**CARIBBEAN DEVELOPMENT BANK  
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND**

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**INDEPENDENT AUDITORS' REPORT**

**To the Board of Governors of Caribbean Development Bank**

**Report on the Audit of the Financial Statements**

***Qualified Opinion***

We have audited the financial statements of the **Special Development Fund** (“the Fund”) of the **Caribbean Development Bank** (“the Bank”), which comprise the statement of financial position as of December 31, 2020, the statement of comprehensive income and accumulated net income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with the basis of accounting described in Note 2.

***Basis for Qualified Opinion***

As part of our procedures we have sought to obtain direct confirmation from the counterparty in relation to cash equivalents totaling USD\$12.266M as at December 31, 2020. This is our initial audit engagement, and we are required to perform procedures on opening balances. In view of the modification of the report by the predecessor auditor on the same balance as December 31, 2019 (refer to the other matter paragraph), we have also sought to obtain direct confirmation from the counterparty in relation to that balance. We were unable to confirm or verify by alternative means the carrying amount of the balance as at December 31, 2020 and December 31, 2019. Accordingly, we were not able to determine whether any adjustments might be necessary to the amounts shown in the financial statements for the Fund for those periods and related corresponding entries in the statement of financial position and statement of comprehensive income, the statement of cashflow and/or the disclosure notes.

KPMG in Barbados and the Eastern Caribbean, a partnership registered in Barbados, Antigua and Barbuda, Saint Lucia and St. Vincent and the Grenadines, and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**To the Board of Governors of Caribbean Development Bank (continued)**

**Report on the Audit of the Financial Statements (continued)**

### ***Basis for Qualified Opinion (continued)***

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants ("IESBA Code"), together with the ethical requirements that are relevant to our audit of the financial statements in Barbados and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### ***Emphasis of Matter – Basis of Accounting***

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 another purpose. Our opinion is not modified in respect of this matter.

### ***Other Matter***

The financial statements of the Fund as at and for the year ended December 31, 2019 were audited by another auditor who expressed a modified opinion on June 30, 2020. The opinion was qualified due to the possible impact on the financial statements as a result of the inability to obtain sufficient appropriate audit evidence on investments totaling USD\$12.266M.



## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**To the Board of Governors of Caribbean Development Bank (continued)**

**Report on the Audit of the Financial Statements (continued)**

### ***Other information included in the Bank's 2020 Annual Report***

Management is responsible for the other information. The other information comprises the *Management's Discussion and Analysis* but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and the Oversight and Assurance Committee for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with select accounting policies as 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.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Oversight and Assurance Committee is responsible for overseeing the Fund's financial reporting process.



## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**To the Board of Governors of Caribbean Development Bank (continued)**

**Report on the Audit of the Financial Statements (continued)**

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.



## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**To the Board of Governors of Caribbean Development Bank (continued)**

**Report on the Audit of the Financial Statements (continued)**

### ***Auditors' Responsibilities for the Audit of the Financial Statements (continued)***

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Oversight and Assurance Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### ***Other matter – the purpose of our audit work and to whom we owe responsibility***

This report is made solely to the Fund's contributors, as a body, in accordance with Article 38, sub-section 2 of the Agreement establishing the Caribbean Development Bank which entered into force on January 26, 1970. Our audit work has been undertaken so that we might state to the Fund's contributors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund and the Fund's contributors as a body, for our audit work, for this report, or for the opinion we have formed.

Chartered Accountants  
Bridgetown, Barbados  
June 30, 2021

**CARIBBEAN DEVELOPMENT BANK**  
**SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND**

**STATEMENT OF FINANCIAL POSITION**  
**As of December 31, 2020**

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

	2020			2019		
	Unified	Other	Total	Unified	Other	Total
<b>Assets</b>						
Cash and cash equivalents – Note 3	\$-	\$13,142	\$13,142	\$47,136	\$11,429	\$58,565
Debt securities at fair value through profit or loss (Schedule 1)	333,440	13,128	346,568	310,078	22,647	332,725
Loans outstanding (Schedule 2)	593,239	21,589	614,828	537,444	22,769	560,213
<b>Receivables</b>						
Accounts receivable	206	-	206	535	-	535
	<b>926,885</b>	<b>47,859</b>	<b>974,744</b>	<b>895,193</b>	<b>56,845</b>	<b>952,038</b>
<b>Receivable from contributors</b>						
Non-negotiable demand notes (Schedule 3)	68,222	-	68,222	71,526	-	71,526
Contribution in arrears	22,361	-	22,361	16,671	-	16,671
	<b>90,583</b>	<b>-</b>	<b>90,583</b>	<b>88,197</b>	<b>-</b>	<b>88,197</b>
<b>Total assets</b>	<b>\$1,017,468</b>	<b>\$47,859</b>	<b>\$1,065,327</b>	<b>\$983,390</b>	<b>\$56,845</b>	<b>\$1,040,235</b>
<b>Liabilities and Funds</b>						
Liabilities Due to Bank (Note 3)	\$11,618	\$-	\$11,618	\$-	\$5,552	\$5,552
Accounts payable – Note 9	46,488	1,157	47,645	40,279	791	41,070
Subscriptions in advance	-	-	-	3,328	-	3,328
	<b>\$58,106</b>	<b>\$1,157</b>	<b>\$59,263</b>	<b>\$43,607</b>	<b>\$6,343</b>	<b>\$49,950</b>

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, 2020**

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

	2020			2019		
	Unified	Other	Total	Unified	Other	Total
<b>Funds – Note 5</b>						
Contributed resources (Schedule 3)						
Contributions	\$1,324,213	\$38,723	\$1,362,936	\$1,319,655	\$38,335	\$1,357,990
Less amounts not yet made available	(2,216)	-	(2,216)	(34,116)	-	(34,116)
Amounts made available	1,321,997	38,723	1,360,720	1,285,539	38,335	1,323,874
Allocation to technical assistance and grant resources	(574,600)	(10,000)	(584,600)	(544,850)	(10,000)	(554,850)
	747,397	28,723	776,120	740,689	28,335	769,024
Accumulated net income (Schedule 4)	64,002	17,054	81,056	55,468	21,242	76,710
Technical assistance and grant resources – Note 7	147,963	925	148,888	143,626	925	144,551
	959,362	46,702	1,006,064	939,783	50,502	990,285
<b>Total liabilities and funds</b>	<b>\$1,017,468</b>	<b>\$47,859</b>	<b>\$1,065,327</b>	<b>\$983,390</b>	<b>\$56,845</b>	<b>\$1,040,235</b>

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

**CARIBBEAN DEVELOPMENT BANK**  
**SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND**  
**STATEMENT OF COMPREHENSIVE INCOME AND ACCUMULATED NET INCOME**  
**For the year ended December 31, 2020**

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

	2020			2019		
	Unified	Other	Total	Unified	Other	Total
<b>Interest and similar income</b>						
Loans	\$12,190	\$354	\$12,544	\$12,114	\$381	\$12,495
Investments and cash balances	11,895	306	12,201	13,029	782	13,811
	<b>24,085</b>	<b>660</b>	<b>24,745</b>	25,143	1,163	26,306
<b>Expenses</b>						
Administrative expenses	16,495	1,205	17,700	15,407	1,060	16,467
Foreign exchange translation	(944)	440	(504)	1,210	(104)	1,106
	<b>15,551</b>	<b>1,645</b>	<b>17,196</b>	16,617	956	17,573
Total comprehensive income for the year	<b>\$8,534</b>	<b>\$(985)</b>	<b>\$7,549</b>	\$8,526	\$207	\$8,733
<b>Accumulated net income</b>						
Accumulated net income – beginning of year	\$55,468	\$21,242	\$76,710	\$46,942	\$21,035	\$67,977
Appropriations for technical assistance	-	(3,203)	(3,203)	-	-	-
Total comprehensive income for the year	<b>8,534</b>	<b>(985)</b>	<b>7,549</b>	8,526	207	8,733
<b>Accumulated net income – end of year</b>	<b>\$64,002</b>	<b>\$17,054</b>	<b>\$81,056</b>	\$55,468	\$21,242	\$76,710

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

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

**STATEMENT OF CASH FLOWS**

**For the year ended December 31, 2020**

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

	<b>2020</b>	<b>2019</b>
<b>Operating activities</b>		
Total comprehensive income for the year	<b>\$8,534</b>	\$8,526
Adjustments for non-cash items		
Unrealised gain on debt securities at fair value through profit or loss	<b>(5,593)</b>	(5,895)
Interest income	<b>(18,492)</b>	(18,773)
Unrealised net foreign exchange loss	<b>1,181</b>	310
<i>Total cash flows used in operating activities before changes in operating assets and liabilities</i>	<b>(14,370)</b>	(15,832)
Changes in operating assets and liabilities		
Decrease/(Increase) in accounts receivable	<b>329</b>	(364)
Increase in accounts payable	<b>6,209</b>	6,835
<i>Cash used in operating activities</i>	<b>(7,832)</b>	(9,361)
Disbursements on loans	<b>(87,287)</b>	(32,234)
Principal repayments to the Bank on loans	<b>31,559</b>	29,988
Interest received	<b>18,517</b>	18,456
Net increase in debt securities at fair value through profit or loss	<b>(17,861)</b>	(10,740)
Technical assistance disbursements	<b>(15,414)</b>	(18,369)
<b>Net cash used in operating activities</b>	<b>(78,318)</b>	(22,260)
<b>Financing activities</b>		
Increase in contributions to be on-lent to BMCs	<b>5,527</b>	9,693
(Increase)/decrease in receivables from contributors	<b>(2,386)</b>	1,668
Decrease in subscriptions in advance	<b>(3,328)</b>	(3,025)
Technical assistance allocation	<b>19,751</b>	19,750
<b>Net cash provided by financing activities</b>	<b>19,564</b>	28,086
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(58,754)</b>	5,826
Cash and cash equivalents - beginning of year	<b>47,136</b>	41,310
<b>Cash and cash equivalents - end of year</b>	<b>\$(11,618)</b>	\$47,136

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

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

**STATEMENT OF CASH FLOWS...continued**

**For the year ended December 31, 2020**

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

	<b>2020</b>	<b>2019</b>
<b>Operating activities</b>		
Total comprehensive (loss)/income for the year	<b>\$(985)</b>	\$207
Adjustments for non-cash items		
Unrealised gain on debt securities at fair value through profit or loss	<b>(80)</b>	(300)
Interest income	<b>(580)</b>	(842)
Unrealised net foreign exchange loss/(gain)	<b>388</b>	(112)
<i>Total cash flows used in operating activities before changes in operating assets and liabilities</i>	<b>(1,257)</b>	(1,047)
<b>Changes in operating assets and liabilities</b>		
Increase/(decrease) in accounts payable	<b>366</b>	(989)
<i>Cash used in operating activities</i>	<b>(891)</b>	(2,036)
Disbursements on loans		-
Principal repayments to the Bank on loans	<b>1,173</b>	1,174
Interest received	<b>611</b>	898
Net decrease in debt securities at fair value through profit or loss	<b>9,575</b>	7,069
<b>Net cash provided by operating activities</b>	<b>10,468</b>	7,105
<b>Financing activities:</b>		
Appropriations of accumulated net income	<b>(3,203)</b>	-
<b>Net cash used in financing activities</b>	<b>(3,203)</b>	-
Net increase in cash and cash equivalents	<b>7,265</b>	7,105
Cash and cash equivalents – beginning of year	<b>5,877</b>	(1,228)
<b>Net cash and cash equivalents - end of year (Note 3)</b>	<b>\$13,142</b>	\$5,887

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

**CARIBBEAN DEVELOPMENT BANK  
SPECIAL FUND RESOURCES – SPECIAL DEVELOPMENT FUND**

**SUMMARY STATEMENT OF INVESTMENTS**

**As of December 31, 2020**

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

**SCHEDULE 1**

Debt securities at fair value through profit or loss – Note 4	2020			2019		
	Market value			Market value		
	Unified	Other	Total	Unified	Other	Total
Government and Agency Obligations	\$160,309	\$8,618	\$168,927	\$135,876	\$15,739	\$151,615
Supranationals	81,578	4,485	86,063	91,647	6,859	98,506
Corporate Bonds	89,836	-	89,836	80,746	-	80,746
<b>Sub-total</b>	<b>331,723</b>	<b>13,103</b>	<b>344,826</b>	<b>308,269</b>	<b>22,598</b>	<b>330,867</b>
Accrued interest	1,717	25	1,742	1,809	49	1,858
<b>Total – December 31</b>	<b>\$333,440</b>	<b>\$13,128</b>	<b>\$346,568</b>	<b>\$310,078</b>	<b>\$22,647</b>	<b>\$332,725</b>

**Residual term to contractual maturity**

	2020	2019
One month to three months	\$33,023	\$18,443
Over three months to one year	25,586	89,175
From one year to five years	196,271	198,691
From five years to ten years	78,871	26,416
From ten years to twenty years	12,440	-
From twenty years to thirty years	377	-
<b>Total – December 31</b>	<b>\$346,568</b>	<b>\$332,725</b>

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

**SUMMARY STATEMENT OF LOANS**

**As of December 31, 2020**

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

SCHEDULE 2

Member countries in which loans have been made	2020			% of Total Loans Outstanding
	Loans approved but not yet effective	Undisbursed	Outstanding <sup>1/</sup>	
Anguilla	\$-	\$-	\$1,258	0.2
Antigua and Barbuda	-	9,724	10,086	1.7
Bahamas	-	-	227	0.0
Belize	13,000	35,994	56,531	9.6
British Virgin Islands	-	5,000	2,965	0.5
Dominica	-	14,068	61,547	10.4
Grenada	-	24,877	74,525	12.6
Guyana	20,746	20,418	123,091	20.9
Jamaica	30,000	4,684	92,114	15.6
Montserrat	-	-	3,383	0.6
St. Kitts and Nevis	-	3,580	34,631	5.9
St. Lucia	-	36,176	66,677	11.4
St. Vincent and the Grenadines	8,573	44,154	45,074	7.6
Suriname	-	8,586	10,326	1.7
Turks and Caicos Islands	-	-	652	0.1
Regional	-	-	7,096	1.2
<b>Sub-total</b>	<b>72,319</b>	<b>207,261</b>	<b>590,183</b>	<b>100.0</b>
<b>Accrued interest</b>	-	-	<b>3,056</b>	
<b>Total – December 31</b>	<b>\$72,319</b>	<b>\$207,261</b>	<b>\$593,239</b>	

<sup>1/</sup> There are no overdue installments of principal (2019 - nil).

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

**SUMMARY STATEMENT OF LOANS...continued**

**As of December 31, 2020**

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

2019				
Member countries in which loans have been made	Loans approved but not yet effective	Undisbursed	Outstanding <sup>1/</sup>	% of Total Loans Outstanding
Anguilla	\$425	\$-	\$1,477	0.3
Antigua and Barbuda	-	6,119	947	0.2
Bahamas	750	-	309	0.1
Barbados	-	-	31	0.0
Belize	-	37,143	46,209	8.6
British Virgin Islands	-	5,000	3,352	0.6
Dominica	-	14,150	49,371	9.2
Grenada	-	25,001	71,923	13.5
Guyana	-	26,454	121,882	22.7
Jamaica	-	5,045	100,010	18.7
Montserrat	-	321	3,570	0.7
St. Kitts and Nevis	-	5,516	35,508	6.6
St. Lucia	-	33,968	50,524	9.5
St. Vincent and the Grenadines	10,000	29,490	40,441	7.6
Suriname	-	9,271	1,441	0.3
Trinidad and Tobago	1,000	-	-	0.0
Turks and Caicos Islands	-	-	753	0.1
Regional	-	815	6,707	1.3
<b>Sub-total</b>	12,175	198,293	534,455	100.0
<b>Accrued interest</b>	-	-	2,989	
<b>Total – December 31</b>	\$12,175	\$198,293	\$537,444	

<sup>1/</sup> There are no overdue installments of principal.

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

**SUMMARY STATEMENT OF LOANS...continued**

**As of December 31, 2020**

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

**SCHEDULE 2**

Member countries in which loans have been made	2020		% of Total Loans Outstanding
	Loans approved but not yet effective	Outstanding <sup>1/</sup>	
Antigua and Barbuda	\$-	\$12,040	56.0
Belize	-	3,861	18.0
Dominica	-	1,218	5.8
Grenada	-	107	0.5
Jamaica	-	500	2.3
St. Kitts and Nevis	-	2,919	13.6
St. Lucia	-	184	0.9
St. Vincent and the Grenadines	-	674	3.1
<b>Sub-total</b>	-	<b>21,503</b>	<b>100.0</b>
<b>Accrued interest</b>	-	<b>86</b>	
<b>Total</b>	<b>\$-</b>	<b>\$21,589</b>	

<sup>1/</sup> There were no overdue installments of principal (2018 - nil). There were also no amounts undisbursed at December 31, 2019.

Member countries in which loans have been made	2019		% of Total Loans Outstanding
	Loans approved but not yet effective	Outstanding <sup>1/</sup>	
Antigua and Barbuda	\$-	\$12,068	53.3
Belize	-	4,336	19.1
Dominica	-	1,323	5.8
Grenada	-	116	0.5
Jamaica	-	633	2.8
St. Kitts and Nevis	-	3,228	14.2
St. Lucia	-	227	1.0
St. Vincent and the Grenadines	-	746	3.3
<b>Sub-total</b>	-	<b>22,677</b>	<b>100.0</b>
<b>Accrued interest</b>	-	<b>92</b>	
<b>Total</b>	<b>\$-</b>	<b>\$22,769</b>	

**CARIBBEAN DEVELOPMENT BANK  
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND**

**SUMMARY STATEMENT OF LOANS...continued**

**As of December 31, 2020**

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

SCHEDULE 2

Analysis by Contributor	2020			% of total loans outstanding
	Loans approved but not yet effective	Undisbursed	Out-standing <sup>1/</sup>	
<b>Special Development Fund (Unified)</b>				
Members/Contributors	\$72,319	\$207,260	\$590,183	100.0
Accrued interest	-	-	3,056	
<b>Total - Special Development Fund (Unified)</b>	<b>\$72,319</b>	<b>\$207,260</b>	<b>\$593,239</b>	
<b>Special Development Fund (Other)</b>				
<b>Members</b>				
Germany	\$-	\$-	\$84	0.4
Mexico	-	-	1,077	5.0
Venezuela	-	-	8,521	39.6
	-	-	9,682	
<b>Other contributors</b>				
Sweden	-	-	21	0.1
United States of America	-	-	11,800	54.9
<b>Sub-total – SDF (Other)</b>	<b>-</b>	<b>-</b>	<b>11,821</b>	<b>100.0</b>
Accrued interest	-	-	86	
<b>Total – Special Development Fund (Other)</b>	<b>\$-</b>	<b>\$-</b>	<b>\$21,589</b>	
<b>Total Special Development Fund</b>	<b>\$72,319</b>	<b>\$207,260</b>	<b>\$614,828</b>	

<sup>1/</sup>There were no overdue installments of principal (2019- nil).

**CARIBBEAN DEVELOPMENT BANK  
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND**

**SUMMARY STATEMENT OF LOANS...continued  
As of December 31, 2020**

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

Analysis by Contributor	2019			SCHEDULE 2
	Loans approved but not yet effective	Undisbursed	Out-standing <sup>1/</sup>	% of total loans outstanding
<b>Special Development Fund (Unified)</b>				
Members/Contributors	\$12,175	\$198,293	\$534,455	100.0
Accrued interest	-	-	2,989	
<b>Total - Special Development Fund (Unified)</b>	<b>\$12,175</b>	<b>\$198,293</b>	<b>\$537,444</b>	
<b>Special Development Fund (Other)</b>				
<b>Members</b>				
Germany	\$-	\$-	\$90	0.4
Mexico	-	-	1,207	5.3
Venezuela	-	-	9,557	42.2
	-	-	10,854	
<b>Other contributors</b>				
Sweden	-	-	23	0.1
United States of America	-	-	11,800	52.0
<b>Sub-total – SDF (Other)</b>	<b>-</b>	<b>-</b>	<b>22,677</b>	<b>100.0</b>
Accrued interest	-	-	92	
<b>Total – Special Development Fund (Other)</b>	<b>-</b>	<b>-</b>	<b>\$22,769</b>	
<b>Total Special Development Fund</b>	<b>\$12,175</b>	<b>\$198,293</b>	<b>\$560,213</b>	

<sup>1/</sup>There were no overdue installments of principal.

**CARIBBEAN DEVELOPMENT BANK  
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND**

**SUMMARY STATEMENT OF LOANS...continued  
As of December 31, 2020**

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

SCHEDULE 2

2020					
Currencies Receivable	Loans outstanding 2019	Net interest earned	Disburse- ments	Repay- ments	Loans outstanding 2020
<b>(a) Special Development Fund (Unified)</b>					
United States dollars	\$534,455	\$-	\$87,287	\$(31,559)	\$590,183
Accrued interest	2,989	67	-	-	3,056
<b>Total – December 31</b>	<b>\$537,444</b>	<b>\$67</b>	<b>\$87,287</b>	<b>\$(31,559)</b>	<b>\$593,239</b>
<b>(b) Special Development Fund (Other)</b>					
United States dollars	\$22,676	\$-	\$-	\$(1,173)	\$21,503
Accrued interest <sup>1</sup>	93	-	(7)	-	86
<b>Total – December 31</b>	<b>\$22,769</b>	<b>\$-</b>	<b>\$(7)</b>	<b>\$(1,173)</b>	<b>\$21,589</b>
January 1, 2020 to December 31, 2020		\$38,481			
January 1, 2021 to December 31, 2021		35,712			
January 1, 2022 to December 31, 2022		36,905			
January 1, 2023 to December 31, 2023		37,189			
January 1, 2024 to December 31, 2024		37,389			
January 1, 2025 to December 31, 2029		184,741			
January 1, 2030 to December 31, 2034		130,426			
January 1, 2035 to December 31, 2039		83,843			
January 1, 2040 to December 31, 2044		29,830			
January 1, 2045 to December 31, 2047		312			
<b>Total – December 31</b>		<b>\$614,828</b>			

<sup>1</sup>/Relates to amounts disbursed and outstanding.

# CARIBBEAN DEVELOPMENT BANK

## SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

### SUMMARY STATEMENT OF LOANS...continued

As of December 31, 2020

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

#### SCHEDULE 2

2019

Currencies Receivable	Loans outstanding 2018	Net interest earned	Disburse- ments	Repay- ments	Loans outstanding 2019
<b>(a) Special Development Fund (Unified)</b>					
United States dollars	\$532,209	\$-	\$32,234	\$(29,988)	\$534,455
Accrued interest	2,996	(7)	-	-	2,989
<b>Total – December 31</b>	<b>\$535,205</b>	<b>\$(7)</b>	<b>\$32,234</b>	<b>\$(29,988)</b>	<b>\$537,444</b>
<b>(b) Special Development Fund (Other)</b>					
United States dollars	\$23,850	\$-	\$-	\$(1,174)	\$22,676
Accrued interest <sup>1</sup>	98	(5)	-	-	93
<b>Total – December 31</b>	<b>\$23,948</b>	<b>\$(5)</b>	<b>\$-</b>	<b>\$(1,174)</b>	<b>\$22,769</b>
January 1, 2020 to December 31, 2020		\$35,707			
January 1, 2021 to December 31, 2021		34,460			
January 1, 2022 to December 31, 2022		34,699			
January 1, 2023 to December 31, 2023		35,583			
January 1, 2024 to December 31, 2024		35,661			
January 1, 2025 to December 31, 2029		167,603			
January 1, 2030 to December 31, 2034		123,127			
January 1, 2035 to December 31, 2039		70,474			
January 1, 2040 to December 31, 2044		22,148			
January 1, 2045 to December 31, 2047		751			
<b>Total – December 31</b>		<b>\$560,213</b>			

<sup>1</sup>/Relates to amounts disbursed and outstanding.

**CARIBBEAN DEVELOPMENT BANK  
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND**

**STATEMENT OF CONTRIBUTED RESOURCES**

**As of December 31, 2020**

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

SCHEDULE 3

2020

<b>Contributors</b>	<b>Total approved<sup>1/</sup></b>	<b>Approved but not yet effective<sup>2/</sup></b>	<b>Total contribution agreed</b>	<b>Amounts made available</b>	<b>Receivable from members non-negotiable demand notes</b>
<b>Special Development Fund (Unified) Members</b>					
Trinidad and Tobago	\$57,014	\$-	\$57,014	\$54,798	\$7,784
Bahamas	31,855	-	31,855	31,855	14,908
Barbados	31,851	6,170	25,681	25,681	2,833
Brazil	5,000	-	5,000	5,000	-
Jamaica	54,834	-	54,834	54,834	16,223
Guyana	31,856	-	31,856	31,856	1,654
Antigua and Barbuda	3,553	664	2,889	2,889	777
Belize	8,088	-	8,088	8,088	3,788
Dominica	7,828	-	7,828	7,828	2,065
St. Kitts and Nevis	8,088	2,954	5,134	5,134	2,494
St. Lucia	8,088	-	8,088	8,088	1,819
St. Vincent and the Grenadines	8,101	-	8,101	8,101	1,441
Grenada	5,490	-	5,490	5,490	2,967
Montserrat	3,341	-	3,341	3,341	-
British Virgin Islands	3,341	-	3,341	3,341	-
Turks and Caicos Islands	3,341	-	3,341	3,341	-
Cayman Islands	3,241	1,901	1,340	1,340	-
Anguilla	3,341	1,296	2,045	2,045	571
Colombia	34,157	-	34,157	34,157	-
Venezuela	29,006	7,024	21,982	21,982	-
Canada	375,867	-	375,867	375,867	-
United Kingdom	283,185	-	283,185	283,185	6,140
Germany	110,474	-	110,474	110,474	-
Italy	68,905	-	68,905	68,905	-
China	54,321	-	54,321	54,321	-
Haiti	3,497	1,937	1,560	1,560	-
Suriname	8,330	-	8,330	8,330	2,758
Mexico	24,024	7,024	17,000	17,000	-
	<b>\$1,270,017</b>	<b>\$28,970</b>	<b>\$1,241,047</b>	<b>\$1,238,831</b>	<b>\$68,222</b>
<b>Other contributors</b>					
France	58,254	-	58,254	58,254	-
Chile	10	-	10	10	-
Netherlands	24,902	-	24,902	24,902	-
	<b>1,353,183</b>	<b>28,970</b>	<b>1,324,213</b>	<b>1,321,997</b>	<b>68,222</b>
Technical assistance allocation	(574,600)	-	(574,600)	(574,600)	-
	<b>\$778,583</b>	<b>\$28,970</b>	<b>\$749,613</b>	<b>\$747,397</b>	<b>\$68,222</b>

# CARIBBEAN DEVELOPMENT BANK

## SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

### STATEMENT OF CONTRIBUTED RESOURCES...continued

As of December 31, 2020

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

SCHEDULE 3

2020					
Contributors	Total approved <sup>1/</sup>	Approved but not yet effective <sup>2/</sup>	Total contribution agreed	Amounts made available <sup>3/</sup>	Receivable from members non-negotiable demand notes
<b>Sub-total brought forward – SDF –Unified</b>	<b>\$778,583</b>	<b>\$28,970</b>	<b>\$749,613</b>	<b>\$747,397</b>	<b>\$68,222</b>
<b>Special Development Fund – Other</b>					
<b>Members</b>					
Colombia	5,000	-	5,000	5,000	-
Mexico	13,067	-	13,067	13,067	-
Venezuela	17,473	-	17,473	17,473	-
	<u>35,540</u>	-	<u>35,540</u>	<u>35,540</u>	-
<b>Other contributors</b>					
Sweden	3,183	-	3,183	3,183	-
	<u>3,183</u>	-	<u>3,183</u>	<u>3,183</u>	-
<b>Technical Assistance Allocation</b>	<b>(10,000)</b>	<b>-</b>	<b>(10,000)</b>	<b>(10,000)</b>	<b>-</b>
<b>Sub-total – SDF - Other</b>	<b>28,723</b>	<b>-</b>	<b>28,723</b>	<b>28,723</b>	<b>-</b>
<b>Total SDF</b>	<b>\$807,306</b>	<b>\$28,970</b>	<b>\$778,336</b>	<b>\$776,120</b>	<b>\$68,222</b>
<b>Summary</b>					
Members	\$702,957	\$28,970	\$691,987	\$689,771	\$68,222
Other contributors	86,349	-	86,349	86,349	-
<b>Total SDF</b>	<b>\$807,306</b>	<b>\$28,970</b>	<b>\$778,336</b>	<b>\$776,120</b>	<b>\$68,222</b>

1/Net of repayments

2/Contributions not yet firmly pledged by Governments

3/ There were no amounts not yet made available

**CARIBBEAN DEVELOPMENT BANK**  
**SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND**

**STATEMENT OF CONTRIBUTED RESOURCES...continued**

**As of December 31, 2020**

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

**SCHEDULE 3**

Contributors	2019				Receivable from members non-negotiable demand notes
	Total approved <sup>1/</sup>	Approved but not yet effective <sup>2/</sup>	Total contribution agreed	Amounts made available <sup>3/</sup>	
<b>Special Development Fund (Unified) Members</b>					
Trinidad and Tobago	\$57,014	\$-	\$57,014	\$52,582	\$7,784
Bahamas	31,855	-	31,855	30,312	14,908
Barbados	31,851	6,170	25,681	25,681	2,833
Brazil	5,000	-	5,000	5,000	-
Jamaica	54,834	-	54,834	52,064	16,055
Guyana	31,856	-	31,856	30,313	2,889
Antigua and Barbuda	3,553	664	2,889	2,889	777
Belize	8,088	-	8,088	7,710	3,380
Dominica	7,828	-	7,828	7,450	2,064
St. Kitts and Nevis	8,088	2,954	5,134	5,134	2,494
St. Lucia	8,088	-	8,088	7,710	2,168
St. Vincent and the Grenadines	8,101	-	8,101	7,723	2,487
Grenada	5,490	-	5,490	5,112	3,269
Montserrat	3,341	-	3,341	3,175	-
British Virgin Islands	3,341	-	3,341	3,175	-
Turks and Caicos Islands	3,341	-	3,341	3,175	-
Cayman Islands	3,241	1,901	1,340	1,340	-
Anguilla	3,341	1,296	2,045	2,045	571
Colombia	34,157	-	34,157	33,282	-
Venezuela	29,006	7,024	21,982	21,982	-
Canada	374,703	-	374,703	362,784	-
United Kingdom	280,368	-	280,368	278,371	5,939
Germany	109,903	-	109,903	106,733	1,151
Italy	68,647	-	68,647	68,023	-
China	54,573	-	54,573	52,856	-
Haiti	3,497	1,937	1,560	1,560	-
Suriname	8,330	-	8,330	7,192	2,757
Mexico	24,024	7,024	17,000	17,000	-
	\$1,265,459	\$28,970	\$1,236,489	\$1,202,373	\$71,526
<b>Other contributors</b>					
France	58,254	-	58,254	58,254	-
Chile	10	-	10	10	-
Netherlands	24,902	-	24,902	24,902	-
	1,348,625	28,970	1,319,655	1,285,539	71,526
Technical assistance allocation	(544,850)	-	(544,850)	(544,850)	-
	\$803,775	\$28,970	\$774,805	\$740,689	\$71,526

# CARIBBEAN DEVELOPMENT BANK

## SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

### STATEMENT OF CONTRIBUTED RESOURCES...continued

As of December 31, 2020

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

SCHEDULE 3

2019					
Contributors	Total approved <sup>1/</sup>	Approved but not yet effective <sup>2/</sup>	Total contribution agreed	Amounts made available <sup>3/</sup>	Receivable from members non-negotiable demand notes
<b>Sub-total brought forward – SDF – Unified</b>	\$803,775	\$28,970	\$774,805	\$740,689	\$71,526
<b>Special Development Fund – Other</b>					
<b>Members</b>					
Colombia	5,000	-	5,000	5,000	-
Mexico	13,067	-	13,067	13,067	-
Venezuela	17,473	-	17,473	17,473	-
	35,540	-	35,540	35,540	-
<b>Other contributors</b>					
Sweden	2,795	-	2,795	2,795	-
	2,795	-	2,795	2,795	-
<b>Technical Assistance Allocation</b>					
	(10,000)	-	(10,000)	(10,000)	-
<b>Sub-total – SDF - Other</b>	28,335	-	28,335	28,335	-
<b>Total SDF</b>	\$832,110	\$28,970	\$803,140	\$769,024	\$71,526
<b>Summary</b>					
Members	\$746,149	\$28,970	\$717,179	\$683,063	\$71,526
Other contributors	85,961	-	85,961	85,961	-
<b>Total SDF</b>	\$832,110	\$28,970	\$803,140	\$769,024	\$71,526

1/Net of repayments

2/Contributions not yet firmly pledged by Governments

3/ There were no amounts not yet made available

**CARIBBEAN DEVELOPMENT BANK  
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND**

**STATEMENT OF CONTRIBUTED RESOURCES...continued**

**As of December 31, 2020**

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

**SCHEDULE 3**

2020					
Currencies	Amounts made available 2019	Translation adjustment	Drawdowns/ appropriations from capital <sup>1/</sup>	Repayments	Amounts made available 2020
<b>(a) Special Development Fund (Unified)</b>					
Euros	\$1,895	\$176	\$(444)	\$-	\$1,627
Pounds sterling	29,695	1,005	(24,560)	-	6,140
United States dollar	709,099	-	30,531	-	739,630
	<b>\$740,689</b>	<b>\$1,181</b>	<b>\$5,527</b>	<b>\$-</b>	<b>\$747,397</b>
<b>(b) Special Development Fund (Other)</b>					
Swedish kroners	\$2,795	\$388	\$-	\$-	\$3,183
United States dollars	25,540	-	-	-	25,540
	<b>\$28,335</b>	<b>\$388</b>	<b>\$-</b>	<b>\$-</b>	<b>\$28,723</b>

<sup>1/</sup>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 CONTRIBUTED RESOURCES...continued**

**As of December 31, 2020**

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

**SCHEDULE 3**

2019					
Currencies	Amounts made available 2018	Translation adjustment	Drawdowns/ appropriations from capital <sup>1/</sup>	Repayments	Amounts made available 2019
<b>(a) Special Development Fund (Unified)</b>					
Euros	\$2,348	\$(46)	\$(407)	\$-	\$1,895
Pounds sterling	11,522	356	17,817	-	29,695
United States dollar	716,816	-	(7,717)	-	709,099
	<u>\$730,686</u>	<u>\$310</u>	<u>\$9,693</u>	<u>\$-</u>	<u>\$740,689</u>
<b>(b) Special Development Fund (Other)</b>					
Swedish kroners	\$2,907	\$(112)	\$-	\$-	\$2,795
United States dollars	25,540	-	-	-	25,540
	<u>\$28,447</u>	<u>\$(112)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$28,335</u>

<sup>1/</sup>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, 2020**

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

SCHEDULE 4

2020				
Contributors	Brought forward 2019	Net income 2019	Appro- priations	Carried forward 2020
<b>Special Development Fund (Unified)</b>	<b>\$55,468</b>	<b>\$8,534</b>	<b>\$-</b>	<b>\$64,002</b>
<b>Special Development Fund (Other)</b>				
<b>Members</b>				
Colombia	1,408	48	-	1,456
Germany	(1,705)	(176)	-	(1,881)
Mexico	506	(74)	-	432
Venezuela	7,566	(284)	(3,203)	4,079
	<b>\$7,775</b>	<b>\$(486)</b>	<b>\$(3,203)</b>	<b>\$4,086</b>
<b>Other contributors</b>				
Sweden	\$2,019	(412)	\$-	\$1,607
United States of America	11,448	(87)	-	11,361
	<b>13,467</b>	<b>(499)</b>	<b>-</b>	<b>12,968</b>
<b>Sub-total – SDF - Other</b>	<b>21,242</b>	<b>(985)</b>	<b>-</b>	<b>17,054</b>
<b>Total Special Development Fund</b>	<b>\$76,710</b>	<b>\$7,549</b>	<b>\$-</b>	<b>\$81,056</b>
<b>Summary</b>				
Members	\$63,243	\$8,048	\$(3,203)	\$68,088
Other contributors	13,467	(499)	-	12,968
<b>Total Special Development Fund</b>	<b>\$76,710</b>	<b>\$7,549</b>	<b>\$(3,203)</b>	<b>\$81,056</b>

**CARIBBEAN DEVELOPMENT BANK**  
**SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND**

**STATEMENT OF ACCUMULATED NET INCOME...continued**

**As of December 31, 2020**

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

**SCHEDULE 4**

2019				
Contributors	Brought forward 2018	Net income 2018	Appro- Priations	Carried forward 2019
<b>Special Development Fund (Unified)</b>	\$46,942	\$8,526	\$-	\$55,468
<b>Special Development Fund (Other)</b>				
<b>Members</b>				
Colombia	1,249	159	-	1,408
Germany	(1,603)	(102)	-	(1,705)
Mexico	406	100	-	506
Venezuela	7,625	(59)	-	7,566
	\$7,677	\$98	\$-	\$7,775
<b>Other contributors</b>				
Sweden	\$1,974	\$45	\$-	\$2,019
United States of America	11,384	64	-	11,448
	13,358	109	-	13,467
<b>Sub-total – SDF - Other</b>	21,035	207	-	21,242
<b>Total Special Development Fund</b>	\$67,977	\$8,733	\$-	\$76,710
<b>Summary</b>				
Members	\$54,619	\$8,624	\$-	\$63,243
Other contributors	13,358	109	-	13,467
<b>Total Special Development Fund</b>	\$67,977	\$8,733	\$-	\$76,710

# **CARIBBEAN DEVELOPMENT BANK SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND**

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2020**

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

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### **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 (USD\$) 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.

# CARIBBEAN DEVELOPMENT BANK

## SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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

---

#### 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.

# **CARIBBEAN DEVELOPMENT BANK**

## **SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2020**

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

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## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued**

### **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.

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.

# CARIBBEAN DEVELOPMENT BANK

## SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...continued

##### 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.

#### 3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise:

	SDF Unified		SDF Other	
	2020	2019	2020	2019
Due to Banks	<b>\$(11,618)</b>	\$-	-	\$(5,552)
Due from banks	-	22,582	<b>3,221</b>	-
Time deposits	-	24,554	<b>9,921</b>	11,429
	<b>\$(11,618)</b>	\$47,136	<b>\$13,142</b>	\$5,877

The amount shown as Due to Banks comprises the net balance of items in transit and was cleared subsequent to the year end.

#### 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 as well as corporate bonds. 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 1.67% (2019: 3.64%). Net realised gains on investments traded during 2020 for the Unified and Other funds amounted to \$425 (2019: \$495) and net unrealised gains were \$5,720 (2019: Losses of \$6,195).

# CARIBBEAN DEVELOPMENT BANK

## SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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

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#### 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").

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

	<u>2020</u>	<u>2019</u>
Contributions (as per Schedule 3)	<b>\$747,397</b>	\$740,689

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

	<u>2020</u>	<u>2019</u>
<b>Colombia</b> (as per Schedule 3)	<b>\$5,000</b>	\$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.

**CARIBBEAN DEVELOPMENT BANK  
SPECIAL FUNDS RESOURCES – SPECIAL DEVELOPMENT FUND**

**NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2020**

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

5. FUNDS...continued

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

	<u>2020</u>	<u>2019</u>
<b>Mexico</b>		
First contribution	<b>\$7,000</b>	\$7,000
Second contribution	<b>5,000</b>	5,000
Third contribution	<b>3,333</b>	3,333
	<b>15,333</b>	15,333
Less technical assistance	<b>(12,266)</b>	(12,266)
	<b>3,067</b>	3,067
Technical assistance resources	<b>\$16,285</b>	\$16,285

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

	<u>2020</u>	<u>2019</u>
<b>Venezuela</b>		
First contribution	<b>\$10,000</b>	\$10,000
Less technical assistance	<b>(177)</b>	(177)
	<b>9,823</b>	9,823
Second contribution	<b>7,650</b>	7,650
	<b>\$17,473</b>	\$17,473
Sub-total (as per Schedule 3)		

The contributions are interest-free and were not subject to call 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, 2020**

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

**5. FUNDS...continued**

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

	<u>2020</u>	<u>2019</u>
<b>Sweden</b> (as per Schedule 3)	<b>\$3,183</b>	\$2,795

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

	<u>2020</u>	<u>2019</u>
<b>United States of America</b>		
First contribution	<b>\$10,000</b>	\$10,000
Less repayments	<b>(10,000)</b>	(10,000)
	<u>\$-</u>	<u>\$-</u>
Second contribution	<b>12,000</b>	12,000
Less repayments	<b>(12,000)</b>	(12,000)
	<u>\$-</u>	<u>\$-</u>
Technical Assistance	<b>\$302</b>	\$302

**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, 2020

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

#### 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, 2020 and 2019 were as follows:

Balance at December 31, 2018	<b>\$143,170</b>
Allocations for the year	<b>19,750</b>
Expenditure for the year	<b><u>(18,369)</u></b>
Balance at December 31, 2019	<b>\$144,551</b>
Allocations for the year	<b>19,750</b>
Expenditure for the year	<b><u>(15,413)</u></b>
<b>Balance at December 31, 2020</b>	<b><u>\$148,888</u></b>

#### 8. LOANS OUTSTANDING – UNIFIED AND OTHER

The average interest rate earned on loans outstanding was 1.925% (2019: 2.24%). There were no impaired loans at or during the financial years ended December 31, 2020 and 2019.

#### 9. ACCOUNTS PAYABLE – UNIFIED AND OTHER

	<b><u>2020</u></b>	<b><u>2019</u></b>
Accounts payable – general	<b>\$34,300</b>	\$30,000
Interfund payables	<b><u>13,345</u></b>	<u>11,070</u>
	<b><u>\$47,645</u></b>	<u>\$41,070</u>



**Caribbean Development Bank  
Special Funds Resources - Other Special Funds**

**Financial Statements**

**For the year ended December 31, 2020  
(Expressed in thousands of United States Dollars  
unless otherwise stated)**

**CARIBBEAN DEVELOPMENT BANK  
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS  
INDEX TO THE FINANCIAL STATEMENTS**

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## **INDEPENDENT AUDITORS' REPORT**

**To the Board of Governors of Caribbean Development Bank**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of the **Other Special Funds** ("the Funds") of the **Caribbean Development Bank** ("the Bank"), which comprise the statement of financial position as of December 31, 2020, the statement of comprehensive income and accumulated net income and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Funds as of December 31, 2020 and its financial performance and its cash flows for the year then ended in accordance with the basis of accounting described in Note 2.

#### ***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Funds in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), together with the ethical requirements that are relevant to our audit of the financial statements in Barbados and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Other Matter***

The financial statements of the Funds for the year ended December 31, 2019, were audited by another auditor who expressed an unmodified opinion on those financial statements on June 30, 2020.

KPMG in Barbados and the Eastern Caribbean, a partnership registered in Barbados, Antigua and Barbuda, Saint Lucia and St. Vincent and the Grenadines, and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.



## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**To the Board of Governors of Caribbean Development Bank (continued)**

**Report on the Audit of the Financial Statements (continued)**

### ***Emphasis of Matter – Basis of Accounting***

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. Our opinion is not modified in respect of this matter.

### ***Other information included in the Bank's 2020 Annual Report***

Management is responsible for the other information. The other information comprises the *Management's Discussion and Analysis* but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and the Oversight and Assurance Committee for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of accounting as 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.

In preparing the financial statements, management is responsible for assessing the Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Funds or to cease operations, or has no realistic alternative but to do so.



## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**To the Board of Governors of Caribbean Development Bank (continued)**

**Report on the Audit of the Financial Statements (continued)**

### ***Responsibilities of Management and the Oversight and Assurance Committee for the Financial Statements (continued)***

The Oversight and Assurance Committee is responsible for overseeing the Funds' financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Funds' internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

**To the Board of Governors of Caribbean Development Bank (continued)**

**Report on the Audit of the Financial Statements (continued)**

### ***Auditors' Responsibilities for the Audit of the Financial Statements (continued)***

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Oversight and Assurance Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### ***Other Matter – the purpose of our audit work and to whom we owe responsibility***

This report is made solely to the Funds' contributors, as a body, in accordance with Article 38, sub-section 2 of the Agreement establishing the Caribbean Development Bank entered into force on January 26, 1970. Our audit work has been undertaken so that we might state to the Funds' contributors those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Funds and the Funds' contributors as a body, for our audit work, for this report, or for the opinion we have formed.

Chartered Accountants  
Bridgetown, Barbados  
June 30, 2021

# CARIBBEAN DEVELOPMENT BANK

## SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS

### STATEMENT OF FINANCIAL POSITION

#### As of December 31, 2020

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

	2020	2019
<b>Assets</b>		
Cash and cash equivalents – Note 3	\$52,192	\$42,931
Investments (Schedule 1)	47,615	39,708
Loans outstanding (Schedule 2)	78,594	85,105
<b>Receivable from members</b>		
Non-negotiable demand notes – Note 8	235,647	246,569
Accounts receivable – Note 9	36,119	37,047
<b>Total assets</b>	<b>\$450,167</b>	<b>\$451,360</b>
<b>Liabilities and Funds</b>		
<b>Liabilities</b>		
Accrued charges on contributions repayable	194	206
	194	206
<b>Funds</b>		
Contributed resources (Schedule 3)	52,678	54,602
Accumulated net income (Schedule 4)	68,506	65,027
	121,184	119,629
Technical assistance and other grant resources (Schedule 5)	328,789	331,525
<b>Total liabilities and funds</b>	<b>\$450,167</b>	<b>\$451,360</b>

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

**CARIBBEAN DEVELOPMENT BANK  
SPECIAL FUNDS RESOURCES – OTHER SPECIAL FUNDS**

**STATEMENT OF COMPREHENSIVE INCOME AND ACCUMULATED NET INCOME  
For the year ended December 31, 2020**

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

	<u>2020</u>	<u>2019</u>
<b>Interest and similar income</b>		
Loans	<b>\$1,718</b>	\$1,864
Investments and cash balances	<b>862</b>	1,874
	<u><b>2,580</b></u>	<u>3,738</u>
<b>Expenses</b>		
Administrative expenses	<b>1,118</b>	991
Charges on contributions repayable	<b>952</b>	745
Foreign exchange translation	<b>(2,969)</b>	(887)
<b>Total expenses</b>	<u><b>(899)</b></u>	<u>849</u>
<b>Total comprehensive income for the year</b>	<u><b>\$3,479</b></u>	<u>\$2,889</u>
<b>Accumulated net income</b>		
<b>Accumulated net income – beginning of year</b>	<b>\$65,027</b>	\$62,170
Appropriations	-	-
Total comprehensive income for the year	<b>3,479</b>	2,889
Reimbursement of retained earnings on repayable contributions	-	(32)
<b>Accumulated net income – end of year</b>	<u><b>\$68,506</b></u>	<u>\$65,027</u>

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, 2020

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

	2020	2019
<b>Operating activities</b>		
Total comprehensive income for the year	<b>\$3,479</b>	\$2,889
Adjustments for non-cash items		
Net unrealised gain on investments	<b>(295)</b>	(935)
Interest income	<b>(2,285)</b>	(2,773)
Interest expense	<b>952</b>	745
Unrealised net foreign exchange losses (gains)	<b>129</b>	54
<i>Total cash flow provided by (used in) operating activities before changes in operating assets and liabilities</i>	<b>1,980</b>	(20)
Changes in operating assets and liabilities		
Decrease/(increase) in accounts receivable	<b>928</b>	(6,795)
Decrease in non-negotiable demand notes	<b>10,922</b>	3,164
Decrease in accounts payable	<b>-</b>	(1,055)
<i>Cash provided by (used in) operating activities</i>	<b>13,830</b>	(4,706)
Disbursements on loans	<b>(57)</b>	(1,322)
Principal repayments to the Bank on loans	<b>6,925</b>	6,871
Technical assistance disbursements	<b>(62,623)</b>	(55,917)
Interest received	<b>2,322</b>	2,840
Net (increase) decrease in investments	<b>(7,611)</b>	3,693
<b>Net cash used in operating activities</b>	<b>(47,214)</b>	(48,541)
<b>Financing activities</b>		
Interest paid	<b>(964)</b>	(760)
Contributions:		
Increase in contributions to fund loans	<b>461</b>	669
Reimbursement of repayable contributions	<b>(2,909)</b>	(3,001)
Technical assistance contributions	<b>59,887</b>	37,225
Refund of retained earnings on repayable contributions	<b>-</b>	(32)
<i>Net cash provided by financing activities</i>	<b>56,475</b>	34,101
Net increase (decrease) in cash and cash equivalents	<b>9,261</b>	(14,440)
Cash and cash equivalents at beginning of year	<b>42,931</b>	57,371
<b>Cash and cash equivalents at end of year</b>	<b>\$52,192</b>	\$42,931

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, 2020**

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

<b>Investments</b>	<b>SCHEDULE 1</b>	
	<b>2020</b>	<b>2019</b>
<b>Debt securities at fair value through profit or loss – Note 4</b>		
Government and Agency obligations	<b>\$17,777</b>	\$15,369
Supranationals	<b>13,851</b>	8,549
<b>Other securities</b>		
Mutual Funds	<b>2,961</b>	2,906
Equity Investments	<b>12,938</b>	12,797
<b>Sub-total</b>	<b>47,527</b>	39,621
Accrued interest	<b>88</b>	87
	<b>\$47,615</b>	\$39,708
<b>Residual Term to Contractual Maturity</b>		
	<b>2020</b>	<b>2019</b>
1 – 3 months	<b>\$15,987</b>	\$31,175
3 months - 1 year	<b>1,500</b>	7,034
1 year - 5 years	<b>30,128</b>	1,499
	<b>\$47,615</b>	\$39,708

**CARIBBEAN DEVELOPMENT BANK**  
**SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS**

**SUMMARY STATEMENT OF LOANS**

**As of December 31, 2020**

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

**SCHEDULE 2**

**2020**

<b>Member countries in which loans have been made</b>	<b>Loans approved but not yet effective</b>	<b>Undisbursed</b>	<b>Outstanding<sup>1/</sup></b>	<b>% of Total Loans Outstanding</b>
Antigua and Barbuda	\$-	\$-	\$2,130	2.7
Barbados	-	6,000	3,468	4.4
Dominica	-	3	13,981	17.9
Grenada	-	-	16,528	21.1
Guyana	-	-	1,981	2.5
Jamaica	-	-	20,127	25.7
St. Kitts and Nevis	-	-	1,446	1.9
St. Lucia	-	923	12,581	16.1
St. Vincent and the Grenadines	-	1	5,710	7.3
Trinidad and Tobago	-	-	223	0.3
<b>Sub-total</b>	<b>-</b>	<b>6,927</b>	<b>78,175</b>	<b>100.0</b>
Accrued interest	-	-	419	
	<b>\$-</b>	<b>\$6,927</b>	<b>\$78,594</b>	

<sup>1/</sup>There were no overdue installments of principal at December 31, 2020 (2019 - nil).

**CARIBBEAN DEVELOPMENT BANK**  
**SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS**

**SUMMARY STATEMENT OF LOANS...continued**  
**As of December 31, 2020**

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

**SCHEDULE 2**

**2019**

<b>Member countries in which loans have been made</b>	<b>Loans approved but not yet effective</b>	<b>Undisbursed</b>	<b>Outstanding<sup>1/</sup></b>	<b>% of Total Loans Outstanding</b>
Antigua and Barbuda	\$-	\$-	\$2,476	2.9
Barbados	-	6,000	3,977	4.7
Dominica	-	10	14,927	17.6
Grenada	-	-	17,637	20.8
Guyana	-	-	2,221	2.6
Jamaica	-	-	21,732	25.7
St. Kitts and Nevis	-	-	1,616	1.9
St. Lucia	-	974	13,612	16.1
St. Vincent and the Grenadines	-	1	6,145	7.3
Trinidad and Tobago	-	-	305	0.4
<b>Sub-total</b>	-	6,985	84,648	100.0
Accrued interest	-	-	457	
	\$-	\$6,985	\$85,105	

<sup>1/</sup>There were no overdue installments of principal at December 31, 2019.

**CARIBBEAN DEVELOPMENT BANK  
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS**

**SUMMARY STATEMENT OF LOANS...continued**

**As of December 31, 2020**

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

SCHEDULE 2

2020				
Analysis by Contributor	Loans approved but not yet effective	Undisbursed	Outstanding <sup>1/</sup>	% of Total Loans Outstanding
<b>Members</b>				
Trinidad and Tobago	\$-	\$-	\$2	0.0
<b>Other contributors</b>				
Caribbean Development Bank	-	6,000	37,488	48.0
Nigeria	-	-	2,014	2.6
Inter-American Development Bank	-	927	28,962	37.0
European Union	-	-	520	0.7
International Development Association	-	-	9,189	11.8
<b>Sub-total</b>	-	6,927	78,175	100.0
Accrued interest	-	-	419	
	<b>\$-</b>	<b>\$6,927</b>	<b>\$78,594</b>	

<sup>1/</sup>There were no overdue installments of principal at December 31, 2020 (2019 – nil).

**CARIBBEAN DEVELOPMENT BANK  
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS**

**SUMMARY STATEMENT OF LOANS...continued**

**As of December 31, 2020**

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

**SCHEDULE 2**

2019				
Analysis by Contributor	Loans approved but not yet effective	Undisbursed	Outstanding <sup>1/</sup>	% of Total Loans Outstanding
<b>Members</b>				
Trinidad and Tobago	\$-	\$-	\$2	0.0
<b>Other contributors</b>				
Caribbean Development Bank	-	6,000	40,705	48.1
Nigeria	-	-	2,261	2.7
Inter-American Development Bank	-	985	31,110	36.8
European Union	-	-	710	0.8
International Development Association	-	-	9,860	11.6
<b>Sub-total</b>	<b>\$-</b>	<b>\$6,985</b>	<b>\$84,648</b>	<b>100.0</b>
Accrued interest	-	-	457	
	<b>\$-</b>	<b>\$6,985</b>	<b>\$85,105</b>	

<sup>1/</sup> There were no overdue installments of principal at December 31, 2019.

# CARIBBEAN DEVELOPMENT BANK

## SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

### SUMMARY STATEMENT OF LOANS...continued

As of December 31, 2020

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

#### SCHEDULE 2

2020						
Currencies receivable	Loans out- standing 2019	Translation adjustment	Net Interest earned	Disburse- ments	Repay- ments	Loans out- standing 2020
Euros	\$710	\$66	\$-	\$-	\$(256)	\$520
Special Drawing Rights	7,892	329	-	-	(803)	7,418
United States dollars	76,046	-	-	57	(5,866)	70,237
<b>Sub-total</b>	<b>84,648</b>	<b>395</b>	<b>-</b>	<b>57</b>	<b>(6,925)</b>	<b>78,175</b>
Accrued interest <sup>1</sup>	457	-	(38)	-	-	419
	<b>\$85,105</b>	<b>\$395</b>	<b>\$(38)</b>	<b>\$57</b>	<b>\$(6,925)</b>	<b>\$78,594</b>

1/ Relates to amounts disbursed and outstanding.

#### Maturity structure of loans outstanding

January 1, 2021 to December 31, 2021	\$7,332
January 1, 2022 to December 31, 2022	6,915
January 1, 2023 to December 31, 2023	6,654
January 1, 2024 to December 31, 2024	6,633
January 1, 2025 to December 31, 2029	26,329
January 1, 2030 to December 31, 2034	16,673
January 1, 2035 to December 31, 2039	2,181
January 1, 2040 to December 31, 2044	653
January 1, 2045 to December 31, 2049	147
January 1, 2050 to December 31, 2054	5,077
	<b>\$78,594</b>

# CARIBBEAN DEVELOPMENT BANK

## SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

### SUMMARY STATEMENT OF LOANS...continued

As of December 31, 2020

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

#### SCHEDULE 2

Currencies receivable	2019					
	Loans out-standing 2018	Translation adjustment	Net interest earned	Disburse-ments	Repay-ments	Loans out-standing 2019
Euros	\$961	\$(19)	\$-	\$-	\$(232)	\$710
Special Drawing Rights	8,712	(48)	-	-	(772)	7,892
United States dollars	80,591	-	-	1,322	(5,867)	76,046
<b>Sub-total</b>	90,264	(67)	-	1,322	(6,871)	84,648
Accrued interest <sup>1</sup>	494	-	(37)	-	-	457
	<b>\$90,758</b>	<b>\$(67)</b>	<b>\$(37)</b>	<b>\$1,322</b>	<b>\$(6,871)</b>	<b>\$85,105</b>

<sup>1/</sup> Relates to amounts disbursed and outstanding.

#### Maturity structure of loans outstanding

January 1, 2020 to December 31, 2020	\$7,326
January 1, 2021 to December 31, 2021	6,858
January 1, 2022 to December 31, 2022	6,860
January 1, 2023 to December 31, 2023	6,622
January 1, 2024 to December 31, 2024	6,601
January 1, 2025 to December 31, 2029	26,242
January 1, 2030 to December 31, 2034	16,605
January 1, 2035 to December 31, 2039	2,168
January 1, 2040 to December 31, 2044	654
January 1, 2045 to December 31, 2049	147
January 1, 2050 to December 31, 2054	5,022
	<b>\$85,105</b>

**CARIBBEAN DEVELOPMENT BANK  
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS**

**SUMMARY STATEMENT OF CONTRIBUTIONS**

**As of December 31, 2020**

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

	SCHEDULE 3	
	2020	
	Contributions	
Contributors	Total <sup>1/</sup>	Amounts made available
<b>Members</b>		
Canada	\$6,570	\$6,570
<b>Other contributors</b>		
Inter-American Development Bank	148	148
<b>Contributed resources</b>	<b>6,718</b>	<b>6,718</b>
<b>Other contributors</b>		
Inter-American Development Bank <sup>1/</sup>	34,248	34,248
United States Agency for International Development	-	-
European Union	680	680
International Development Association	11,032	11,032
<b>Repayable contributions</b>	<b>45,960</b>	<b>45,960</b>
	<b>\$52,678</b>	<b>\$52,678</b>

<sup>1/</sup>Net of cancellations and repayments.

**Maturity structure of repayable contributions outstanding**

January 1, 2021 to December 31, 2021	\$2,745
January 1, 2022 to December 31, 2022	2,471
January 1, 2023 to December 31, 2023	2,471
January 1, 2024 to December 31, 2024	2,414
January 1, 2025 to December 31, 2025	2,355
January 1, 2026 to December 31, 2030	11,423
January 1, 2031 to December 31, 2035	8,615
January 1, 2036 to December 31, 2040	5,443
January 1, 2041 to December 31, 2045	2,965
January 1, 2046 to December 31, 2053	5,058
	<b>\$45,960</b>

**CARIBBEAN DEVELOPMENT BANK  
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS**

**SUMMARY STATEMENT OF CONTRIBUTIONS...continued  
As of December 31, 2020**

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

**SCHEDULE 3**

<b>Contributors</b>	<b>2019</b>	
	<b>Contributions</b>	
	<b>Total<sup>1/</sup></b>	<b>Amounts made available</b>
<b>Members</b>		
Canada	\$6,538	\$6,538
<b>Other contributors</b>		
Inter-American Development Bank	148	148
<b>Contributed resources</b>	<u>6,686</u>	<u>6,686</u>
<b>Other contributors</b>		
Inter-American Development Bank <sup>1/</sup>	35,193	35,193
United States Agency for International Development	167	167
European Union	975	975
International Development Association	<u>11,581</u>	<u>11,581</u>
<b>Repayable contributions</b>	<u>47,916</u>	<u>47,916</u>
	<u>\$54,602</u>	<u>\$54,602</u>

<sup>1/</sup>Net of cancellations and repayments.

**Maturity structure of repayable contributions outstanding**

January 1, 2020 to December 31, 2020	\$2,683
January 1, 2021 to December 31, 2021	2,688
January 1, 2022 to December 31, 2022	2,437
January 1, 2023 to December 31, 2023	2,438
January 1, 2024 to December 31, 2024	2,386
January 1, 2025 to December 31, 2029	11,659
January 1, 2030 to December 31, 2034	8,963
January 1, 2035 to December 31, 2039	6,074
January 1, 2040 to December 31, 2044	3,654
January 1, 2045 to December 31, 2053	<u>4,934</u>
	<u>\$47,916</u>

**CARIBBEAN DEVELOPMENT BANK  
SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS**

**SUMMARY STATEMENT OF CONTRIBUTIONS...continued**

**As of December 31, 2020**

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

**SCHEDULE 3**

<b>2020</b>					
<b>Currencies Repayable</b>	<b>Contributions made available 2019</b>	<b>Translation adjustment</b>	<b>Draw-downs/ appropriations from capital</b>	<b>Repayments</b>	<b>Contributions made available 2020</b>
Canadian dollars	\$1,538	\$32	\$-	\$-	\$1,570
Euros	975	91	-	(386)	680
Special Drawing Rights	9,637	401	-	(756)	9,282
United States dollars	42,452	-	461	(1,767)	41,146
	<b>\$54,602</b>	<b>\$524</b>	<b>\$461</b>	<b>\$(2,909)</b>	<b>\$52,678</b>

<b>2019</b>					
<b>Currencies Repayable</b>	<b>Contributions made available 2018</b>	<b>Translation adjustment</b>	<b>Draw-downs/ appropriations from capital</b>	<b>Repayments</b>	<b>Contributions made available 2019</b>
Canadian dollars	\$1,467	\$71	\$-	\$-	\$1,538
Euros	1,351	(26)	-	(350)	975
Special Drawing Rights	10,420	(58)	-	(725)	9,637
United States dollars	43,709	-	669	(1,926)	42,452
	<b>\$56,947</b>	<b>\$(13)</b>	<b>\$669</b>	<b>\$(3,001)</b>	<b>\$54,602</b>

# CARIBBEAN DEVELOPMENT BANK

## SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

### STATEMENT OF ACCUMULATED NET INCOME

For the year ended December 31, 2020

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

#### SCHEDULE 4

Contributors	2020			Carried forward 2020
	Brought forward 2019	Net Income/(Loss) 2019	Appropriations	
General Funds	\$56,075	\$1,430	\$-	\$57,478
European Investment Bank	(763)	23	-	(740)
European Union	2,560	66	-	2,626
Inter-American Development Bank	(1,909)	(636)	-	(2,545)
International Development Association	341	(72)	-	269
Nigeria	5,778	(65)	-	5,713
United States of America	1,893	39	-	1,932
United Kingdom	736	2,040	-	2,776
Venezuela	41	5	-	46
European Commission	273	710	-	983
BMZ/ The Federal Government of Germany	2	11	-	13
Agence Francaise de Developpement	-	(45)	-	(45)
	<b>\$65,027</b>	<b>\$3,479</b>	<b>\$-</b>	<b>\$68,506</b>

Contributors	2019			Carried forward 2019
	Brought forward 2018	Net Income/(Loss) 2019	Appropriations	
General Funds	\$54,014	\$2,061	\$-	\$56,075
European Investment Bank	(757)	(6)	-	(763)
European Union	2,541	19	-	2,560
Inter-American Development Bank	(1,700)	(209)	-	(1,909)
International Development Association	323	18	-	341
Nigeria	5,791	(13)	-	5,778
United States of America	1,823	70	-	1,893
United Kingdom	(76)	812	-	736
Venezuela	24	17	-	41
European Commission	187	118	(32)	273
BMZ/ The Federal Government of Germany	-	2	-	2
	<b>\$62,170</b>	<b>\$2,889</b>	<b>\$(32)</b>	<b>\$65,027</b>

**CARIBBEAN DEVELOPMENT BANK**  
**SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS**  
**STATEMENT OF TECHNICAL ASSISTANCE AND OTHER GRANT RESOURCES**  
**As of December 31, 2020**

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

SCHEDULE 5

Contributors	2020			
	Total <sup>1/</sup>	Amounts made available	Amounts utilised	Net Amounts available
<b>Members</b>				
Canada	\$83,796	\$83,796	\$67,094	\$16,702
United Kingdom	303,143	303,143	74,293	228,850
Italy	522	522	252	270
China	677	677	270	407
Venezuela	586	586	-	586
Germany	496	496	498	(2)
	<b>389,220</b>	<b>389,220</b>	<b>142,407</b>	<b>246,813</b>
<b>Other contributors</b>				
Caribbean Development Bank	275,639	275,639	210,593	\$65,046
United States of America	1,407	1,407	1,407	-
Inter-American Development Bank	26,455	26,455	23,662	2,793
Nigeria	193	193	148	45
European Commission	41,138	41,138	29,662	11,476
European Investment Bank Climate Action Support	2,184	2,184	590	\$1,594
Agence Francaise de Developpement	1,172	1,172	150	\$1,022
Improve Public Investment Management through Procurement	320	320	320	-
<b>Sub-total</b>	<b>348,508</b>	<b>348,508</b>	<b>266,532</b>	<b>81,976</b>
<b>Total – December 31</b>	<b>\$737,718</b>	<b>\$737,728</b>	<b>\$408,939</b>	<b>\$328,789</b>
<b>Summary</b>				
Basic Needs Trust Fund	\$199,750	\$199,750	\$170,928	\$28,822
Other resources	537,978	537,978	238,011	299,967
	<b>\$737,718</b>	<b>\$737,728</b>	<b>\$408,939</b>	<b>\$328,789</b>

<sup>1/</sup>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, 2020**

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

SCHEDULE 5

Contributors	2019			
	Total <sup>1/</sup>	Amounts made available	Amounts utilised	Net Amounts available
<b>Members</b>				
Canada	\$61,702	\$61,702	\$51,890	\$9,812
United Kingdom	292,974	292,974	50,191	242,783
Italy	522	522	252	270
China	677	677	270	407
Venezuela	586	586	-	586
Germany	476	476	405	71
	<u>356,937</u>	<u>356,937</u>	<u>103,008</u>	<u>253,929</u>
<b>Other contributors</b>				
Caribbean Development Bank	265,636	265,636	195,913	69,723
United States of America	1,407	1,407	1,407	-
Inter-American Development Bank	17,903	17,903	19,296	(1,393) <sup>2/</sup>
Nigeria	193	193	148	45
European Commission	33,261	33,261	25,704	7,557
European Investment Bank Climate Action Support	2,184	2,184	504	1,680
Agence Francaise de Developpement	-	-	16	(16) <sup>3/</sup>
Improve Public Investment Management through Procurement	320	320	320	-
	<u>320,904</u>	<u>320,904</u>	<u>243,308</u>	<u>77,596</u>
<b>Sub-total</b>	<u>320,904</u>	<u>320,904</u>	<u>243,308</u>	<u>77,596</u>
<b>Total – December 31</b>	<u>\$677,841</u>	<u>\$677,841</u>	<u>\$346,316</u>	<u>\$331,525</u>
<b>Summary</b>				
Basic Needs Trust Fund	\$189,750	\$189,750	\$158,333	\$31,417
Other resources	488,091	488,091	187,983	300,108
	<u>\$677,841</u>	<u>\$677,841</u>	<u>\$346,316</u>	<u>\$331,525</u>

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

<sup>2/</sup> Expenditure to be reimbursed.

<sup>3/</sup> Approved grant of EUR 3,000,000. Expenditure to be reimbursed.

# CARIBBEAN DEVELOPMENT BANK

## SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

### NOTES TO THE FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED DECEMBER 31, 2020

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

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#### 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.

##### **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.

# CARIBBEAN DEVELOPMENT BANK

## SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...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 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 "Interest and similar income - 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 disposed and recorded as gains or losses.

##### *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.

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.

# CARIBBEAN DEVELOPMENT BANK

## SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES...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. 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 in the event of any such occurrences, the impairment would be taken into the statement of comprehensive income and accumulated net income in the year that it occurred.

#### 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 Ordinary Capital Resources (OCR), the Other Special Funds (OSF) and the Special Development Fund (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:

	<b>2020</b>	<b>2019</b>
Due from banks	<b>\$45,660</b>	\$30,731
Time deposits	-	5,682
Money Market Instruments	<b>6,532</b>	6,518
	<b>\$52,192</b>	\$42,931

# **CARIBBEAN DEVELOPMENT BANK**

## **SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS**

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the year ended December 31, 2020**

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

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#### **4. INVESTMENTS**

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

The annualized rate of return on the average investments held during the year, including realised and unrealised gains and losses was 1.31%. Net realised gains on investments traded during 2020 amounted to \$38 and net unrealised gains \$295.

#### **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, 2020**

(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:

	<u>2020</u>	<u>2019</u>
<b>Canada</b>		
Agricultural <sup>1/</sup> (Schedule 3)	<b>\$6,570</b>	\$6,538
Technical assistance resources (Schedule 5)	<b>83,796</b>	61,702
<b>Italy</b>		
Technical assistance resources (Schedule 5)	<b>\$522</b>	\$522
<b>China</b>		
Technical assistance resources (Schedule 5)	<b>\$677</b>	\$677
<b>Venezuela</b>		
Technical assistance resources (Schedule 5)	<b>\$586</b>	\$586
<b>Nigeria</b>		
Technical assistance resources (Schedule 5)	<b>\$193</b>	\$193
<b>United Kingdom</b>		
Technical assistance resources (Schedule 5)	<b>\$303,143</b>	\$292,974
<b>Inter-American Development Bank</b>		
975/SF-RG	<b>\$14,211</b>	\$14,211
Less repayments	<b>(7,717)</b>	(7,298)
	<b>\$6,494</b>	\$6,913
<b>1108/SF-RG Global Credit</b>		
Less repayments	<b>\$20,000</b>	\$20,000
	<b>(5,573)</b>	(4,917)
	<b>\$14,427</b>	\$15,083

<sup>1/</sup> 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, 2020**

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

**5. FUNDS...continued**

**Inter-American Development Bank...continued**

	<b>2020</b>	<b>2019</b>
1637/SF-RG Credit	<b>\$9,923</b>	\$9,923
Less repayments	<b>(1,654)</b>	(1,323)
	<b>8,269</b>	8,600
2798/BL Regional Global Loan - OECS	<b>5,058</b>	4,597
Repayable contributions (Schedule 3)	<b>\$34,248</b>	\$35,193
Technical assistance resources (Schedule 5)	<b>\$26,455</b>	\$17,903

Loan 975/SF-RG is subject to interest at the rate of 1% per annum until 2006 and thereafter at 2% per annum and is repayable during the period 2003 to 2036.

Global Credit 1108/SF-RG 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.

2798/BL Regional Global Loan is subject to interest at the rate of 0.5% fixed and is repayable in 2053.

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

# CARIBBEAN DEVELOPMENT BANK

## SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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

#### 5. FUNDS...continued

	2020	2019	Due Dates
<b>United States of America</b>			
Contributions			
Agricultural	<b>\$7,052</b>	\$7,052	1988-2018
Less repayments	<b>(7,052)</b>	(7,052)	
		-	-
Employment Investment Promotion	<b>6,732</b>	6,732	1990-2020
Less repayments	<b>(6,732)</b>	(6,565)	167
		-	
Repayable contributions (Schedule 3)		-	167
Technical Assistance resources (Schedule 5)	<b>\$1,407</b>	\$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.

	2020	2019	
<b>European Union</b>			
First Contribution	<b>\$7,181</b>	\$6,570	
Less repayments	<b>(6,905)</b>	(6,068)	502
		276	
Second Contribution	<b>2,916</b>	2,785	
Less repayments	<b>(2,512)</b>	(2,312)	473
Repayable contributions (Schedule 3)	<b>\$680</b>	\$975	

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, 2020

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

#### 5. FUNDS...continued

International Development Association	2020		2019		Due dates
Credit No. 960/CRG	\$6,480		\$6,480		1990-2029
Less repayments	(4,730)	1,750	(4,536)	1,944	
Credit No. 1364/CRG	7,813		7,501		1993-2033
Less repayments	(4,883)	2,930	(4,463)	3,038	
Credit No. 1785/CRG	6,673		6,407		1997-2030
Less repayments	(3,370)	3,303	(3,043)	3,364	
Credit No. 2135/CRG	8,023		7,702		2000-2030
Less repayments	(4,974)	3,049	(4,467)	3,235	
Repayable contributions (Schedule 3)		\$11,032		\$11,581	

The credits are subject to a service charge of 0.75% per annum on amounts outstanding.

	2020	2019
<b>Caribbean Development Bank</b>		
Technical assistance resources (Schedule 5)	\$275,639	\$265,636
<b>BMZ/ The Federal Government of Germany</b>		
Technical assistance resources (Schedule 5)	\$496	\$476
<b>European Investment Bank Climate Action Support</b>		
Technical assistance resources (Schedule 5)	\$2,184	\$2,184
<b>European Commission</b>		
Technical assistance resources (Schedule 5)	\$41,138	\$33,261

# CARIBBEAN DEVELOPMENT BANK

## SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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

#### 5. FUNDS...continued

	2020	2019
<b>Improve Public Investment Management through Procurement</b>		
Technical assistance resources (Schedule 5)	<b>\$320</b>	\$320

Included in the amounts shown against each contributor in Schedule 5 – “Statement of Technical Assistance & Other Grant Resources” are the following programmes for which specific disclosures are included in these financial statements.

	2020			
	Approved amount	Amounts made available	Amounts utilised	Net Amounts available
<b>European Union</b>				
<i>Sustainable Energy for the Eastern Caribbean (SEEC)</i>	€4,450	\$4,477	\$1,115	\$3,362
<i>Geothermal Risk Mitigation for the Eastern Caribbean (EU-CIF)</i>	€12,350	\$6,849	\$6,517	\$332
<b>United Kingdom</b>				
<i>Increasing Renewable Energy and Energy Efficiency in the Eastern Caribbean</i>	£4,305	\$5,873	\$5,790	\$83
<i>Sustainable Energy for the Eastern Caribbean (SEEC)</i>	£2,500	\$2,200	\$1,014	\$1,186
<b>Inter-American Development Bank [Acting as Administrator for the Global Environment Facility (GEF)]</b>				
<i>Sustainable Energy Facility for the Eastern Caribbean (SEF)</i>	\$3,014	\$1,856	\$1,258	\$598
<b>Inter-American Development Bank [Acting as Implementing entity for the Clean Technology Fund (CTF)]</b>				
<i>Sustainable Energy Facility for the Eastern Caribbean (SEF)</i>	\$19,050	\$19,050	\$19,050	\$-
<b>Canada</b>				
<i>Canadian Support to the Energy Sector in the Caribbean Fund (CSES-C)</i>	CAD5,000	\$3,841	\$2,091	\$1,750

**CARIBBEAN DEVELOPMENT BANK**  
**SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended December 31, 2020**

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

5. FUNDS...continued

	2019			
	Approved amount	Amounts made available	Amounts utilised	Net Amounts available
<b>European Union</b>				
<i>Sustainable Energy for the Eastern Caribbean (SEEC)</i>	€4,450	\$1,303	\$1,038	\$265
<i>Geothermal Risk Mitigation for the Eastern Caribbean (EU-CIF)</i>	€12,350	\$3,473	\$5,995	\$(2,522) <sup>1/</sup>
<b>United Kingdom</b>				
<i>Increasing Renewable Energy and Energy Efficiency in the Eastern Caribbean</i>	£4,200	\$5,681	\$5,354	\$327
<i>Sustainable Energy for the Eastern Caribbean (SEEC)</i>	£2,500	\$1,597	\$975	\$622
<b>Inter-American Development Bank [Acting as Administrator for the Global Environment Facility (GEF)]</b>				
<i>Sustainable Energy Facility for the Eastern Caribbean (SEF)</i>	\$3,014	\$346	\$442	\$(96)
<b>Inter-American Development Bank [Acting as Implementing entity for the Clean Technology Fund (CTF)]</b>				
<i>Sustainable Energy Facility for the Eastern Caribbean (SEF)</i>	\$19,050	\$14,008	\$15,500	\$(1,492)
<b>Canada</b>				
<i>Canadian Support to the Energy Sector in the Caribbean Fund (CSES-C)</i>	CAD5,000	\$2,605	\$1,507	\$1,098

<sup>1/</sup> Expenditure to be reimbursed.

6. TOTAL ACCUMULATED INCOME AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

On an annual basis the Board of Governors determine the disposition of the accumulated net income and net income for the current year of each of the OSF, subject to any rules and regulations governing each Fund and any agreement relating thereto.

# CARIBBEAN DEVELOPMENT BANK

## SPECIAL FUNDS RESOURCES - OTHER SPECIAL FUNDS

### NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2020

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

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#### 7. LOANS

The average interest rate earned on loans outstanding was 2.13% (2019: 2.15%). There were no impaired loans at December 31, 2020 and 2019.

#### 8. NON-NEGOTIABLE DEMAND NOTES

The non-negotiable demand notes of \$235,647 (2018: \$246,569) represent the equivalent of GBP 172.7 million (2019: GBP186.8 million) submitted to the Bank by the UK Department for International Development (DFID) against commitments under the UK Caribbean Infrastructure Fund (UKCIF). The UK Government has committed to donating GBP300 million over a four (4) year period 2016 - 2024, from which grants are to be provided to build economic infrastructure which have been identified by DFID in countries eligible for overseas development assistance. By amendment letter dated July 26, 2018 the donation commitment from the UK Government under the UKCIF was increased to GBP330 million.

#### 9. ACCOUNTS RECEIVABLE

	<u>2020</u>	<u>2019</u>
Institutional receivables	<b>\$34,300</b>	\$30,000
Accounts receivable	<b>1,819</b>	7,047
	<u><b>\$36,119</b></u>	<u>\$37,047</u>

# APPENDICES

## BOARD OF GOVERNORS

### CHAIR AND VICE-CHAIR 2020-2021

<b>Barbados</b>	<b>Hon. Mia Amor Mottley, QC, MP</b>	<b>Chairman</b>
<b>People's Republic of China</b>	<b>Mr. Yi Gang</b>	<b>Vice-Chairman</b>
<b>Mexico</b>	<b>Mr. Arturo Herrera Gutiérrez</b>	<b>Vice-Chairman</b>

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
<b>Anguilla, Cayman Islands, Montserrat, Turks and Caicos Islands and Virgin Islands,</b>	Dr. the Hon. Ellis Lorenzo Webster Premier and Minister of Finance and Health Office of the Premier Government Headquarters	
<b>Antigua and Barbuda</b>	Hon. Gaston A. Browne Prime Minister and Minister of Finance and Corporate Governance Office of the Prime Minister Government Complex Queen Elizabeth Highway, St. John's	Mr. Whitfield Harris, Jr. Financial Secretary Office of the Financial Secretary, Ministry of Finance, the Economy and Public Administration Parliament Drive St. John's
<b>Bahamas</b>	Sen. the Hon. James Kwasi Thompson Minister of State for Finance Ministry of Finance P.O. Box N-3017 Cable Beach Nassau	

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
<b>Barbados</b>	Hon. Mia Amor Mottley, Q.C., M.P Prime Minister and Minister of Finance, Economic Affairs and Investment Office of the Prime Minister Government Headquarters Bay Street St. Michael	Mr. Ian St. C. Carrington Director of Finance and Economic Affairs Ministry of Finance, Economic Affairs and Investment Government Headquarters Bay Street, St. Michael
<b>Belize</b>	Hon. John Antonio Briceño Prime Minister and Minister of Finance, Economic Development and Investment Office of the Prime Minister New Administration Building Belmopan	Hon. Christopher Coye Minister of State Ministry of Finance New Administration Building, Belmopan
<b>Brazil</b>	Mr. Roberto Fendt Junior Deputy Minister for Foreign Trade and International Affairs Ministry of the Economy Esplanada dos Ministerios Block K, 8° andar, CEP 70040-906	Mr. Erivaldo Alfredo Gomes Secretary of International Affairs Ministry of Economy Esplanada dos Ministerios, Bloco K - 8° Andar CEP 70040-906 - Brasilia/DF
<b>Canada</b>	Hon. Karina Gould, MP Minister of International Development Office of the Minister Global Affairs Canada 125 Sussex Drive Ottawa K1A 0G2	Mr. Rick Stewart Assistant Deputy Minister Int. Trade and Finance Branch Department of Finance Canada James Michael Flaherty Building 90 Elgin Street, 14th Floor, Ottawa, Canada K1A 0G5
<b>Colombia</b>	Dr. the Hon. Alberto Carrasquilla Barrera Minister of Finance and Public Credit Ministry of Finance and Public Credit Carrera 7a, Numero 6-64 Bogota	Mr. Juan Jose Echavarría Governor Banco de la Republica Banco de la Republica Carrera 7a Numero 14-18 Oficina Principal Bogota
<b>Dominica</b>	Hon. Roosevelt Skerrit Prime Minister and Minister for Finance, Foreign Affairs and Information Technology Office of the Prime Minister Financial Centre Kennedy Avenue Roseau	

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
<b>Germany</b>	Mr. Norbert Barthle Parliamentary State Secretary Federal Ministry for Economic Cooperation and Development Europhaus, Stresemanstr. 94 10963 Berlin	Ms. Marianne Kothé Deputy Director General International Financial and Monetary Policy Federal Ministry of Finance WilhelmstraBe 97, 10117 Berlin
<b>Grenada</b>	Dr. the Rt. Hon. Keith Mitchell Prime Minister and Minister of Finance Office of the Prime Minister Financial Complex The Carenage St. George's	
<b>Guyana</b>	Hon. Dr. Bharrat Jagdeo Vice President Office of the Vice President Ministry of Finance 49 Main & Urquhart Streets Georgetown	Hon. Dr. Ashni K. Singh Senior Minister in the Office of the President with responsibility for Finance Office of the Minister Ministry of Finance 49 Main & Urquhart Streets Georgetown
<b>Haiti</b>	Hon. Michel Patrick Boisvert Minister of Economy and Finance Ministry of Economy and Finance #5 Avenue Charles Summer Port-au-Prince	Mr. Jean Baden Dubois Governor Bank of the Republic of Haiti Angle rues Pavée et du Quai Rue de Quai Port-au-Prince
<b>Italy</b>	Hon. Roberto Gualtier Minister of Economy and Finance Ministry of Economy and Finance Direzione III Ufficio VIII Via XX Settembre 97 Rome 00187	Ms. Gelsomina Vigliotti Head of International Financial Relations Treasury Department, Ministry of Economy and Finance Direzione III Ufficio VIII Via XX Settembre 97 00187 Roma

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
<b>Jamaica</b>	Hon. Nigel Clarke, DPhil, MP Minister of Finance and the Public Service Ministry of Finance and the Public Service 30 National Heroes Circle P.O. Box 512 Kingston 4	Ms. Darlene Morrison Financial Secretary (Ag.) Ministry of Finance and the Public Service 30 National Heroes Circle, P.O. Box 512, Kingston
<b>Mexico</b>	Mr. Arturo Herrera Gutiérrez Minister of Finance and Public Credit Secretariat of Finance and Public Credit Insurgentes Sur no. 1971 Torre III, Piso 3, Col. Guadalupe Inn Del. Alvaro Obregón C.P. 010200	Mr. Gabriel Yorío González Deputy Minister of Finance and Public Credit Secretaría de Hacienda y Crédito Público Insurgentes Sur 1971 Torre III, Piso 13, Col. Guadalupe Inn Alc. Alvaro Obregón, Ciudad de México 01020
<b>People's Republic of China</b>	Mr. Yi Gang Governor People's Bank of China 32 Cheng Fang Street West District Beijing 10080	
<b>St. Kitts and Nevis</b>	Dr. the Hon. Timothy Harris Prime Minister and Minister of Finance Office of the Prime Minister Government Headquarters Golden Rock Basseterre	Mrs. Hilary Hazel Financial Secretary Ministry of Finance Golden Rock Basseterre
<b>Saint Lucia</b>	Hon. Guy Joseph Minister of Economic Development, Housing, Urban Renewal, Transport and Civil Aviation Office of the Minister 3rd Floor Greaham Louisy Administrative Building Castries	

COUNTRY	GOVERNOR	ALTERNATE GOVERNOR
<b>St. Vincent and the Grenadines</b>	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	
<b>Suriname</b>	Hon. Armand K Achaibersing Minister of Finance and Planning Ministry of Finance Tamarindelaan #3, Paramaribo	
<b>Trinidad and Tobago</b>	Hon. Camille Robinson-Regis Office of the Minister Minister of Planning and Development Level 14 Eric Williams Finance Building Port of Spain	Hon. Colm Imbert Minister of Finance Office of the Minister Ministry of Finance Eric Williams Finance Building Independence Square Port of Spain
<b>United Kingdom</b>	The Rt. Hon. Dominic Raab, MP First Secretary and Secretary of State for Foreign Commonwealth and Development Affairs Foreign, Commonwealth & Development Office 22 Whitehall London SW1A 2EG	Baroness Sugg, CBE Minister for Overseas Territories and Sustainable Development Foreign, Commonwealth & Development Office 22 Whitehall London SW1A 2EG
<b>Venezuela</b>	Mr. Simon Alejandro Zerpa Delgado President Venezuela Economic and Social Development Bank (BANDES) Avenida Universidad Traposos a Colon, Torre BANDES Caracas 1010	Ambassador Raul Icausi Director for Latin America and the Caribbean Ministry of Popular Power for Foreign Affairs Caracas 1010

## BOARD OF DIRECTORS AND ALTERNATES 2020-2022

DIRECTOR	ALTERNATE DIRECTOR
<b>Jamaica</b>	
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<b>Trinidad and Tobago, and Haiti</b>	
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Deputy Director, Internal Audit Division	Mr. Phillip Brown**
Head, Office of Integrity, Compliance and Accountability	Mr. Denis Bergevin
Head of Evaluation, Office of Independent Evaluation	Dr. Toussant Boyce
Head, Corporate Communications	Mr. James Melanson
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#### Vice-President (Corporate Services) and Bank Secretary

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Deputy Director, Finance	Mr. Earl Estrado (Ag.)**
Chief Information Officer	Mrs. Faye Hardy (Ag.)
Director, Human Resources and Administration	Mr. Julio Cesar Goncalves Lima
General Counsel	Mrs. Katrina Sam-Prescod (Ag.)**
Deputy General Counsel	Mrs. S. Nicole Jordan (Ag.)**
	Mr. Dave Waithe (Ag.)

### Operations

#### Vice-President (Operations)

Director, Economics	Mrs. Diana Wilson Patrick (Ag.)**
Deputy Director, Economics	Mr. Ian Durant (Ag.)**
Director, Projects	Mrs. Christine Dawson (Ag.)
Division Chief, Social Sector	Mr. Daniel Best**
Head of Procurement, Procurement Policy	Ms. Deidre Clarendon
Division Chief, Economic Infrastructure	Mr. Douglas Fraser
Division Chief, Technical Cooperation	Mr. L. O'Reilly Lewis
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Head, Renewable Energy/Energy Efficiency Unit	Mr. Andrew Dupigny
Deputy Director, Corporate Strategy	Mr. Joseph Williams (Ag.)
	Ms. Ann-Marie Warner (Ag.)

\*Chairman, Advisory Management Team

\*\*Member, Advisory Management Team

## APPENDIX I-A

### DISTRIBUTION OF LOANS, SECONDARY MORTGAGE, EQUITY AND GRANTS APPROVED (NET) BY COUNTRY AND BY FUND - 2020 (\$'000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Fund	Total	Percentage of Total
Antigua and Barbuda	-	13,000	616	13,616	2.6%
Bahamas	40,000	-	750	40,750	7.8%
Barbados	(31,468)	150	-	(31,318)	-6.0%
Belize	16,691	28,564	19,706	64,961	12.5%
Dominica	7,000	15,677	1,701	24,378	4.7%
Grenada	7,590	14,900	1,555	24,045	4.6%
Guyana	101,466	20,509	66,025	188,000	36.1%
Haiti	-	11,811	-	11,811	2.3%
Jamaica	-	30,069	4,555	34,624	6.7%
St. Kitts and Nevis	-	-	(235)	(235)	0.0%
St. Lucia	34,523	21,959	38,120	94,602	18.2%
Montserrat	-	(321)	-	(321)	-0.1%
Suriname	-	8,200	-	8,200	1.6%
Trinidad and Tobago	-	-	248	248	0.0%
St. Vincent and the Grenadines	12,002	20,212	4,578	36,792	7.1%
Virgin Islands	-	-	250	250	0.0%
Regional	(2,201)	6,909	5,129	9,837	1.9%
<b>Total</b>	<b>185,603</b>	<b>191,639</b>	<b>142,998</b>	<b>520,240</b>	

<b>Percentage of Total</b>	<b>35.7</b>	<b>36.8</b>	<b>27.5</b>	<b>100.0</b>
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LDCs	77,806	134,002	66,291	278,099	53.5%
MDCs	109,998	50,728	71,578	232,304	44.7%
Regional	(2,201)	6,909	5,129	9,837	1.9%

## APPENDIX I-B

### DISTRIBUTION OF LOANS, SECONDARY MORTGAGE, EQUITY AND GRANTS APPROVED (NET) BY SECTOR AND BY FUND - 2020 (\$'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
<b>Total All Sectors</b>	<b>185,603</b>	<b>191,639</b>	<b>142,998</b>	<b>520,240</b>
<b>Agriculture and Rural Development</b>	-	<b>10,190</b>	-	<b>10,190</b>
Agriculture (excluding Crop Farming)	-	580	-	580
Irrigation, Drainage and Land Reclamation	-	1,013	-	1,013
Feeder Roads and Bridges	-	8,597	-	8,597
<b>Manufacturing and Industry</b>	-	<b>(5)</b>	-	<b>(5)</b>
Micro and Small-Scale Enterprises	-	(5)	-	(5)
<b>Tourism</b>	-	<b>125</b>	-	<b>125</b>
Tourism	-	125	-	125
<b>Transportation and Communication</b>	<b>126,102</b>	<b>25,575</b>	<b>121,325</b>	<b>273,002</b>
Transport Policy and Administrative Management	-	1,573	516	2,089
Road Transport	126,102	24,002	120,809	270,913
<b>Power, Energy, Water and Sanitation</b>	<b>12,831</b>	<b>30,721</b>	<b>6,250</b>	<b>49,802</b>
Power and Energy	5,453	748	4,535	10,736
Electric Power	-	(321)	-	(321)
Water and Sanitation	7,378	30,294	1,715	39,387
<b>Social Infrastructure and Services</b>	<b>11,938</b>	<b>31,003</b>	<b>3,014</b>	<b>45,955</b>
Education - General	14,139	26,249	-	40,388
Education - Post Secondary	(2,201)	-	-	(2,201)
Other Social Infrastructure and Services	-	4,754	3,014	7,768
<b>Environmental Sustainability and Disaster Risk Reduction</b>	-	<b>3,123</b>	-	<b>3,123</b>
Environmental Sustainability	-	123	-	123
Disaster Prevention and Preparedness	-	3,000	-	3,000
<b>Financial, Business and Other Services</b>	-	<b>176</b>	-	<b>176</b>
Financial Policy and Administrative Management	-	176	-	176
<b>Multi-Sector and Other</b>	<b>34,732</b>	<b>90,731</b>	<b>12,409</b>	<b>137,872</b>
Government and Civil Society	-	(88)	750	662
Policy-Based Loans/Structural Adjustment Programme	66,200	90,400	-	156,600
Regional/Multilateral Trade Agreements	-	419	1,213	1,632
Other	(31,468)	-	10,446	(21,022)

# 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	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	-	-	-	(305)	-	-	-	-	13,921	13,616
Barbados	-	-	-	-	-	-	-	-	40,750	40,750
Bahamas	-	-	-	-	-	150	-	-	(31,468)	(31,318)
Belize	1,063	-	-	48,607	-	(472)	-	-	15,763	64,961
Dominica	-	-	-	516	-	140	-	-	23,722	24,378
Grenada	-	-	-	-	305	16,590	-	-	7,150	24,045
Guyana	-	-	-	178,220	-	9,780	-	-	-	188,000
Haiti	7,500	-	-	-	748	563	3,000	-	-	11,811
Jamaica	-	-	-	-	30,965	69	-	-	3,590	34,624
St. Kitts and Nevis	-	-	-	-	(235)	-	-	-	-	(235)
Saint Lucia	165	-	-	44,091	7,672	-	-	-	42,674	94,602
Montserrat	-	-	-	-	(321)	-	-	-	-	(321)
Suriname	-	-	-	-	-	-	-	-	8,200	8,200
Trinidad and Tobago	-	-	-	-	-	-	-	-	248	248
St. Vincent and the Grenadines	-	-	-	1,573	9,268	13,888	-	-	12,063	36,792
Regional	1,462	(5)	125	300	1,150	5,247	123	176	1,259	9,837
<b>Total</b>	<b>10,190</b>	<b>(5)</b>	<b>125</b>	<b>273,002</b>	<b>49,802</b>	<b>45,955</b>	<b>3,123</b>	<b>176</b>	<b>137,872</b>	<b>520,240</b>

## APPENDIX I-D

### DISTRIBUTION OF LOANS APPROVED (NET) BY COUNTRY AND BY FUND - 2020 (\$'000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total	Percentage of Total
Antigua and Barbuda	-	13,000	-	13,000	3.6%
Barbados	(31,468)	-	-	(31,468)	-8.8%
Bahamas	40,000	-	-	40,000	11.2%
Belize	16,691	28,414	-	45,105	12.6%
Dominica	7,000	15,500	-	22,500	6.3%
Grenada	7,590	14,900	-	22,490	6.3%
Guyana	101,466	20,709	-	122,175	34.2%
Jamaica	-	30,000	-	30,000	8.4%
Saint Lucia	34,523	21,794	-	56,317	15.7%
Montserrat	-	(321)	-	(321)	-0.1%
Suriname	-	8,200	-	8,200	2.3%
St. Vincent and the Grenadines	12,002	19,873	-	31,875	8.9%
Regional	(2,201)	-	-	(2,201)	-0.6%
<b>Total</b>	<b>185,603</b>	<b>172,069</b>	<b>-</b>	<b>357,672</b>	

<b>Percentage of Total</b>	<b>51.9</b>	<b>48.1</b>	<b>0.0</b>		<b>100.0</b>
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LDCs	77,806	121,360	0	199,166	55.7%
MDCs	109,998	50,709	0	160,707	44.9%
Regional	-2,201	0	0	-2,201	-0.6%

## APPENDIX I-E

### DISTRIBUTION OF LOANS APPROVED (NET) BY SECTOR AND BY FUND - 2020 (\$'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
<b>Total All Sectors</b>	<b>185,603</b>	<b>172,069</b>	-	<b>357,672</b>
<b>Agriculture and Rural Development</b>	-	<b>1,013</b>	-	<b>1,013</b>
Irrigation, Drainage and Land Reclamation	-	1,013	-	1,013
<b>Transportation and Communication</b>	<b>126,102</b>	<b>25,375</b>	-	<b>151,477</b>
Transport Policy and Administrative Management	-	1,573	-	1,573
Road Transport	126,102	23,802	-	149,904
<b>Power, Energy, Water and Sanitation</b>	<b>12,831</b>	<b>29,973</b>	-	<b>42,804</b>
Power and Energy	5,453	-	-	5,453
Electric Power	-	(321)	-	(321)
Water and Sanitation	7,378	30,294	-	37,672
<b>Social Infrastructure and Services</b>	<b>11,938</b>	<b>25,308</b>	-	<b>37,246</b>
Education - General	14,139	25,308	-	39,447
Education - Post Secondary	(2,201)	-	-	(2,201)
<b>Multi-Sector and Other</b>	<b>34,732</b>	<b>90,400</b>	-	<b>125,132</b>
Policy-Based Loans/Structural Adjustment Programme	66,200	90,400	-	156,600
Other	(31,468)	-	-	(31,468)

# APPENDIX I-F

## LOAN APPROVALS - 2020 (\$'000)

Country	No. of Loan Projects	CDB	Public	Private	Unknown
Antigua and Barbuda	1	13,000	13,000	-	-
Bahamas	1	40,000	40,000	-	-
Belize	3	50,313	50,313	-	-
Dominica	3	22,500	22,500	-	-
Grenada	2	22,490	22,490	-	-
Guyana	2	122,212	122,212	-	-
Jamaica	1	30,000	30,000	-	-
St. Lucia	5	56,317	56,317	-	-
St. Vincent and the Grenadines	6	31,875	31,875	-	-
Suriname	1	8,200	8,200	-	-
<b>Total</b>	<b>25</b>	<b>396,907</b>	<b>396,907</b>	<b>-</b>	<b>-</b>

<b>LDCs</b>	<b>15</b>	<b>204,695</b>	<b>204,695</b>	<b>-</b>	<b>-</b>
<b>MDCs</b>	<b>4</b>	<b>192,212</b>	<b>192,212</b>	<b>-</b>	<b>-</b>

# APPENDIX I-G

## GROSS LOANS APPROVALS BY PROJECT AND LOAN EQUIVALENT - 2020 (\$'000)

	Project Name	Country	OCR		SDF		OSF		Total
			Amount	Loan Equivalent	Amount	Loan Equivalent	Amount	Loan Equivalent	
1	Coronavirus Disease 2019 Emergency Response Support Loan	Antigua and Barbuda	-	-	13,000	1.00	-	-	13,000
2	Second Programmatic Fiscal Stability and Resilience Building Policy-Based Loan With Supplementary Financing for the Coronavirus Disease 2019	Bahamas	40,000	1.00	-	-	-	-	40,000
3	Coronavirus Disease 2019 Emergency Response Support Loan	Belize	-	-	15,000	1.00	-	-	15,000
4	Enhancing Sugarcane Farmers Resilience To Natural Hazard Events	Belize	-	-	1,013	1.00	-	-	1,013
5	Philip Goldson Highway and Remate Bypass Upgrading Project	Belize	21,300	0.62	13,000	0.38	-	-	34,300
6	Coronavirus Disease 2019 Emergency Response Support Loan	Dominica	-	-	2,500	1.00	-	-	2,500
7	Strengthening Resilience and Recovery Crisis Response Policy-Based Loan	Dominica	-	-	13,000	1.00	-	-	13,000
8	Strengthening Resilience And Recovery Crisis Response Policy-Based Loan	Dominica	7,000	1.00	-	-	-	-	7,000
9	Coronavirus Disease 2019 Emergency Response Support Loan	Grenada	-	-	5,900	1.00	-	-	5,900
10	Grenada Education Enhancement Project - Phase II	Grenada	7,590	0.46	9,000	0.54	-	-	16,590
11	Hospitality and Tourism Training Institute Project	Guyana	-	-	9,780	1.00	-	-	9,780
12	Linden To Mabura Hill Road Upgrade	Guyana	101,466	0.90	10,966	0.10	-	-	112,432
13	Rural Water Supply Programme	Jamaica	-	-	30,000	1.00	-	-	30,000
14	Coronavirus Disease 2019 Crisis Response Policy-Based Loan	St. Lucia	19,200	0.64	10,800	0.36	-	-	30,000
15	Coronavirus Disease 2019 Emergency Response Support Loan	St. Lucia	-	-	10,700	1.00	-	-	10,700

## APPENDIX I-G continued

### GROSS LOANS APPROVALS BY PROJECT AND LOAN EQUIVALENT - 2020 (\$'000)

	Project Name	Country	OCR		SDF		OSF		Total
			Amount	Loan Equivalent	Amount	Loan Equivalent	Amount	Loan Equivalent	
16	Millennium Highway And West Coast Road Reconstruction	St. Lucia	7,945	1.00	-	-	-	-	7,945
17	Sixth Water - Vieux Fort Water Supply Redevelopment - additional Loan	St. Lucia	7,378	1.00	-	-	-	-	7,378
18	Taln - Closure Plan for Vieux Fort Landfill- St. Lucia	St. Lucia	-	-	294	1.00	-	-	294
19	Coronavirus Disease 2019 Emergency Response Support Loan	St. Vincent and the Grenadines	-	-	11,300	1.00	-	-	11,300
20	Coronavirus Disease 2019 Emergency Response Support Loan	St. Vincent and the Grenadines	6,549	1.00	-	-	-	-	6,549
21	School Improvement Project - Phase 1	St. Vincent and the Grenadines	-	-	7,000	1.00	-	-	7,000
22	School Improvement Project - Phase 1	St. Vincent and the Grenadines	3,415	1.00	-	-	-	-	3,415
23	St. Vincent Electricity Services Ltd. Utility Battery Storage and Grid-Connected Solar Photovoltaic Project	St. Vincent and the Grenadines	2,038	1.00	-	-	-	-	2,038
24	St. Vincent Electricity Services Ltd. Utility Battery Storage and Grid-Connected Solar Photovoltaic Project	St. Vincent and the Grenadines	-	-	1,573	1.00	-	-	1,573
25	Taln - Project Management Support for the Ministry of Transport, Works, Urban Development and Local Government	Suriname	-	-	8,200	1.00	-	-	8,200
<b>Total</b>			<b>223,881</b>		<b>173,026</b>		<b>-</b>		<b>396,907</b>

LDCs	82,415	0.40	122,280	0.60	-	-	204,695
MDCs	141,466	0.74	50,746	0.26	-	-	192,212

LDCs	0.37	0.71	-	0.52
MDCs	0.63	0.29	-	0.48

<b>Total</b>	<b>0.56</b>		<b>0.44</b>	
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## APPENDIX II-A

### SUMMARY OF TOTAL FINANCING APPROVED (NET) (1970 - 2020) LOANS, CONTINGENT LOANS, EQUITIES AND GRANTS (\$'000)

Financing Type	1970-2019	2020	Total
Loans	5,186,464	357,672	5,544,136
Contingent Loans	5,204	-	5,204
Equity	43,193	-	43,193
Grants	683,440	37,542	720,982
Other	248,559	125,026	373,585
<b>Total</b>	<b>6,166,860</b>	<b>520,240</b>	<b>6,687,100</b>

## APPENDIX II-B

### SUMMARY OF TOTAL FINANCING APPROVED (NET) BY SECTOR (1970 - 2020) LOANS, CONTINGENT LOANS, EQUITIES AND GRANTS (\$'000)

Sector	1970-2019	2020	Total
Agriculture and Rural Development	453,542	10,190	463,732
Environmental Sustainability and Disaster Risk Reduction	602,235	3,123	605,358
Financial, Business and Other Services	172,705	176	172,881
Manufacturing and Industry	344,204	(5)	344,199
Mining and Quarrying	36,143	-	36,143
Multi-Sector and Other	1,157,476	137,872	1,295,348
Power, Energy, Water and Sanitation	720,924	49,802	770,726
Social Infrastructure and Services	1,258,302	45,955	1,304,257
Tourism	102,636	125	102,761
Transportation and Communication	1,325,586	273,002	1,598,588
<b>Total</b>	<b>6,173,753</b>	<b>520,240</b>	<b>6,693,993</b>

## APPENDIX II-C

### DISTRIBUTION OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET) BY SECTOR AND BY FUND (1970 - 2020) (\$'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
<b>Total All Sectors</b>	<b>3,717,809</b>	<b>2,057,876</b>	<b>911,015</b>	<b>6,687,100</b>
<b>Agriculture and Rural Development</b>	<b>188,424</b>	<b>165,003</b>	<b>110,305</b>	<b>463,732</b>
Agriculture (excluding Crop Farming)	127,840	38,504	20,778	187,122
Crop Farming	3,725	6,215	2,919	12,859
Export Crops	39,223	23,389	4,732	67,344
Mixed Farming	207	279	3,070	3,556
Irrigation, Drainage and Land Reclamation	10,948	7,967	565	19,480
Fishing	-	2,478	872	3,350
Land Settlement and Rural Development	3,947	36,889	684	41,520
Feeder Roads and Bridges	2,534	49,282	76,685	128,501
<b>Mining and Quarrying</b>	<b>31,409</b>	<b>3,875</b>	<b>859</b>	<b>36,143</b>
Fossil Fuels	30,862	926	853	32,641
Metal Ores	547	190	-	737
Non-Metallic Minerals	-	2,759	6	2,765
<b>Manufacturing and Industry</b>	<b>185,140</b>	<b>93,794</b>	<b>65,265</b>	<b>344,199</b>
Industrial Development	178,828	61,914	27,614	268,356
Micro and Small Scale Enterprises	-	22,328	1,992	24,320
Agro-Industries	(175)	6,674	34,714	41,213
Textile, Wearing Apparel and Leather Goods	-	297	311	608
Forest Industries	3,502	348	-	3,850
Chemicals and Chemical Products	-	13	541	554
Non-Metallic Mineral Products	2,985	73	-	3,058
Construction	-	2,147	93	2,240
<b>Tourism</b>	<b>78,611</b>	<b>13,063</b>	<b>11,087</b>	<b>102,761</b>
Tourism	78,611	13,063	11,087	102,761
<b>Transportation and Communication</b>	<b>1,013,575</b>	<b>267,483</b>	<b>317,530</b>	<b>1,598,588</b>
Transport Policy and Administrative Management	39,204	21,327	4,210	64,741
Road Transport	557,227	166,294	207,617	931,138
Water Transport	142,948	51,544	71,814	266,306
Air Transport	265,946	27,665	33,636	327,247
Communication	8,250	518	106	8,874
Storage	-	135	147	282

## APPENDIX II-C continued

DISTRIBUTION OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET) BY SECTOR AND BY FUND (1970 - 2020) (\$'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
<b>Power, Energy, Water and Sanitation</b>	<b>515,383</b>	<b>177,476</b>	<b>77,867</b>	<b>770,726</b>
Power and Energy	256,142	18,625	41,849	316,616
Electric Power	66,755	32,489	1,860	101,104
Alternative Energy	8,250	-	1,791	10,041
Water and Sanitation	184,236	126,362	32,367	342,965
<b>Social Infrastructure and Services</b>	<b>467,888</b>	<b>657,567</b>	<b>178,802</b>	<b>1,304,257</b>
Education - General	144,412	139,811	32,462	316,685
Education - Basic	8,253	60,690	13,173	82,116
Education - Secondary/Vocational	36,332	48,075	6,051	90,458
Education - Post Secondary	159,467	107,628	2,570	269,665
Health	4,091	2,467	2,151	8,709
Housing	74,658	36,959	23,049	134,666
Other Social Infrastructure and Services	40,675	261,937	99,346	401,958
<b>Environmental Sustainability and Disaster Risk Reduction</b>	<b>254,822</b>	<b>316,654</b>	<b>33,482</b>	<b>605,358</b>
Environmental Sustainability	441	5,420	1,186	7,047
Sea Defence/Flood Prevention/Control	15,249	5,026	801	21,076
Disaster Prevention and Preparedness	21,149	76,956	15,002	113,507
Reconstruction Relief and Rehabilitation	217,983	229,252	16,493	463,728
<b>Financial, Business and Other Services</b>	<b>118,376</b>	<b>44,491</b>	<b>3,121</b>	<b>165,988</b>
Financial Policy and Administrative Management	32,083	10,952	2,345	45,380
Financial Intermediaries	86,293	33,539	776	120,608
<b>Multi-Sector and Other</b>	<b>864,181</b>	<b>318,470</b>	<b>112,697</b>	<b>1,295,348</b>
Government and Civil Society	229,021	23,175	15,391	267,587
Urban Development	29,912	10,327	156	40,395
Policy-Based Loans/Structural Adjustment Programme	636,100	257,296	38,800	932,196
Regional/Multilateral Trade Agreements	-	3,967	13,182	17,149
Other	(30,852)	23,705	45,168	38,021

## APPENDIX II-D

### DISTRIBUTION OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS APPROVED (NET) BY COUNTRY AND BY SECTOR (1970 - 2020) (\$'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
Anguilla	2,871	-	6,578	1,193	20,712	14,734	9,228	9,425	22,404	69,906	157,051
Antigua and Barbuda	6,638	0	4,055	1,922	115,856	8,476	40,829	48,114	(615)	97,752	323,027
Bahamas	10,086	-	11,468	2,187	21,778	58,375	5,807	1,378	274	91,052	202,405
Barbados	18,869	100	31,863	40,061	167,459	44,666	110,738	7,647	7,593	194,439	623,435
Belize	30,284	-	15,207	1,251	233,469	84,219	147,490	19,381	38,439	63,181	632,921
Cayman Islands	1,308	388	1,671	6,429	23,047	9,775	5,551	-	44	(13)	48,200
Dominica	21,952	-	17,876	7,506	36,795	34,318	67,610	70,011	12,926	40,413	309,407
Dominican Republic	519	-	-	-	-	-	17	-	-	259	795
Grenada	25,327	451	19,626	4,553	69,871	20,957	88,088	44,182	11,034	57,211	341,300
Guyana	64,150	-	18,506	128	284,238	13,718	75,972	25,935	(2)	55,794	538,439
Haiti	25,500	-	909	-	-	959	87,846	17,977	-	19,086	152,277
Jamaica	146,990	932	99,030	15,646	105,466	72,735	127,034	116,240	49,825	171,030	904,928
Montserrat	1,408	87	1,948	168	25,371	3,174	10,833	-	378	(12)	43,355
St. Kitts and Nevis	6,164	123	10,854	1,746	46,817	30,529	75,374	13,310	520	40,201	225,638
St. Lucia	22,723	62	25,226	14,197	121,524	79,132	139,279	45,372	5,625	95,879	549,019
Suriname	215	-	25	-	-	160,730	23,208	-	-	59,298	243,476
Trinidad and Tobago	42,214	30,875	32,650	4	38,262	43,249	(16,502)	204	10,008	33,685	214,649
Turks and Caicos Islands	1,510	18	1,015	1,302	3,140	913	21,806	1,096	(207)	5,088	35,681
St. Vincent and the Grenadines	16,899	2,939	13,174	541	226,848	74,710	94,048	75,576	5	77,502	582,242
Virgin Islands	3,503	-	5,378	403	36,018	5,062	11,677	84,663	1	50,000	196,705
Regional	3,313	0	4,182	1,430	2,995	8,311	81,952	22,894	4,626	28,295	157,998
Regional: IDC 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: IDC/MDC Focus	9,899	49	22,353	1,664	1,550	893	74,080	1,336	2,619	36,936	151,379
<b>Total</b>	<b>463,732</b>	<b>36,143</b>	<b>344,199</b>	<b>102,761</b>	<b>1,598,588</b>	<b>770,726</b>	<b>1,304,257</b>	<b>605,358</b>	<b>172,881</b>	<b>1,295,348</b>	<b>6,687,100</b>

## APPENDIX II-E

### APPROVALS OF LOANS, CONTINGENT LOANS, EQUITY AND GRANTS (NET) BY COUNTRY AND BY YEAR (1970 - 2020) (\$'000)

Country	1970 - 2014	2015	2016	2017	2018	2019	2020	Total
Anguilla	112,124	2,357	22,046	5,590	14,923	11	-	157,051
Antigua and Barbuda	136,507	50,610	24,853	90,881	2,705	3,855	13,616	323,027
Bahamas	86,329	28,951	(15,560)	281	11,441	50,213	40,750	202,405
Barbados	450,459	46,003	(1,460)	(30,966)	115,746	74,971	(31,318)	623,435
Belize	398,365	36,759	35,628	6,052	82,897	8,259	64,961	632,921
Cayman Islands	48,247	-	12	(47)	(12)	-	-	48,200
Dominica	238,224	3,685	3,479	14,343	23,364	1,934	24,378	309,407
Dominican Republic	527	234	17	-	-	17	-	795
Grenada	257,990	35,979	12,835	10,390	21	40	24,045	341,300
Guyana	323,552	225	12,396	8,347	5,557	362	188,000	538,439
Haiti	82,186	15,303	12,424	24,575	2,961	3,017	11,811	152,277
Jamaica	783,600	(3,310)	1,015	79,440	21,592	(12,033)	34,624	904,928
St. Kitts and Nevis	209,997	8,407	6,271	1,048	150	-	(235)	225,638
St. Lucia	409,224	14,284	44,509	5,013	(12,383)	(6,230)	94,602	549,019
Montserrat	23,540	41	11	20,092	(8)	-	(321)	43,355
Suriname	21,981	592	180,808	31,539	310	46	8,200	243,476
Trinidad and Tobago	203,473	233	410	9	200	10,076	248	214,649
Turks and Caicos Islands	29,254	5,200	13	440	655	119	-	35,681
St. Vincent and the Grenadines	304,170	512	34,579	13,453	40,831	151,905	36,792	582,242
Virgin Islands	77,459	23	13	68,760	50,200	-	250	196,705
Regional	72,816	11,206	12,561	28,296	11,019	12,263	9,837	157,998
Regional: LDC Focus	33,813	-	-	-	-	-	-	33,813
Regional: MDC Focus	18,960	-	-	-	-	-	-	18,960
Regional: LDC/ MDC Focus	151,379	-	-	-	-	-	-	151,379
<b>Total</b>	<b>4,474,176</b>	<b>257,294</b>	<b>386,860</b>	<b>377,536</b>	<b>372,169</b>	<b>298,825</b>	<b>520,240</b>	<b>6,687,100</b>

LDCs	2,382,905	173,752	377,481	292,129	206,614	162,956	278,099	3,873,936
MDCs	1,866,549	72,102	(3,199)	57,111	154,536	123,589	232,304	2,502,992
Regional	224,722	11,440	12,578	28,296	11,019	12,280	9,837	310,172

Note: Cancellations prior to 2009 are deducted in the year in which approvals were made.

## APPENDIX II-F

### DISTRIBUTION OF LOANS APPROVED (NET) BY COUNTRY AND BY FUND (1970 - 2020) (\$'000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total	Percentage of Total
Anguilla	142,156	11,599	500	154,255	2.8%
Antigua and Barbuda	233,480	45,174	9,346	288,000	5.2%
Bahamas	192,326	3,036	3,240	198,602	3.6%
Barbados	560,377	6,909	35,779	603,065	10.9%
Belize	340,177	182,137	11,265	533,579	9.6%
Cayman Islands	39,884	4,703	3,313	47,900	0.9%
Dominica	85,103	137,364	36,322	258,789	4.7%
Grenada	106,990	165,862	32,483	305,335	5.5%
Guyana	172,144	224,703	22,164	419,011	7.6%
Jamaica	505,111	217,478	74,831	797,420	14.4%
St. Kitts and Nevis	102,148	96,151	9,025	207,324	3.7%
St. Lucia	259,284	175,139	38,811	473,234	8.5%
Montserrat	485	10,857	1,372	12,714	0.2%
Suriname	214,702	25,755	-	240,457	4.3%
Trinidad and Tobago	203,808	5,018	2,566	211,392	3.8%
Turks and Caicos Islands	17,399	12,100	-	29,499	0.5%
St. Vincent and the Grenadines	304,757	152,375	23,522	480,654	8.7%
Virgin Islands	169,833	22,041	1,894	193,768	3.5%
Regional	10,467	5,175	-	15,642	0.3%
Regional: LDC Focus	10,000	5,232	2,626	17,858	0.3%
Regional: MDC Focus	7,266	5,544	2,174	14,984	0.3%
Regional: LDC/MDC Focus	39,912	742	-	40,654	0.7%
<b>Total</b>	<b>3,717,809</b>	<b>1,515,094</b>	<b>311,233</b>	<b>5,544,136</b>	

Percentage of Total	67.1	27.3	5.6		100.0
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LDCs	2,026,398	1,046,489	170,479	3,243,366	58.5%
MDCs	1,641,032	462,688	140,754	2,244,474	40.5%
Regional	50,379	5,917	0	56,296	1.0%

## APPENDIX II-G

### DISTRIBUTION OF LOANS APPROVED (NET) BY SECTOR AND BY FUND (1970 - 2020) (\$'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
<b>Total All Sectors</b>	<b>3,717,809</b>	<b>1,515,094</b>	<b>311,233</b>	<b>5,544,136</b>
<b>Agriculture and Rural Development</b>	<b>188,424</b>	<b>129,805</b>	<b>36,835</b>	<b>355,064</b>
Agriculture (excluding Crop Farming)	127,840	35,704	18,865	182,409
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	10,948	7,816	409	19,173
Fishing	-	2,437	694	3,131
Land Settlement and Rural Development	3,947	25,567	312	29,826
Feeder Roads and Bridges	2,534	28,972	7,680	39,186
<b>Mining and Quarrying</b>	<b>31,409</b>	<b>3,294</b>	<b>436</b>	<b>35,139</b>
Fossil Fuels	30,862	535	430	31,827
Metal Ores	547	-	-	547
Non-Metallic Minerals	-	2,759	6	2,765
<b>Manufacturing and Industry</b>	<b>185,140</b>	<b>73,426</b>	<b>47,544</b>	<b>306,110</b>
Industrial Development	178,828	59,702	13,383	251,913
Micro and Small Scale Enterprises	-	8,563	1,137	9,700
Agro-Industries	(175)	5,086	32,318	37,229
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
<b>Tourism</b>	<b>78,611</b>	<b>10,803</b>	<b>6,935</b>	<b>96,349</b>
Tourism	78,611	10,803	6,935	96,349
<b>Transportation and Communication</b>	<b>1,013,575</b>	<b>259,864</b>	<b>76,340</b>	<b>1,349,779</b>
Transport Policy and Administrative Management	39,204	19,130	-	58,334
Road Transport	557,227	163,971	31,162	752,360
Water Transport	142,948	50,982	15,041	208,971
Air Transport	265,946	25,744	30,137	321,827
Communication	8,250	37	-	8,287
<b>Power, Energy, Water and Sanitation</b>	<b>515,383</b>	<b>167,607</b>	<b>25,444</b>	<b>708,434</b>
Power and Energy	256,142	15,206	-	271,348
Electric Power	66,755	32,304	1,577	100,636
Alternative Energy	8,250	-	-	8,250
Water and Sanitation	184,236	120,097	23,867	328,200

## APPENDIX II-G continued

### DISTRIBUTION OF LOANS APPROVED (NET) BY SECTOR AND BY FUND (1970 - 2020) (\$'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
<b>Social Infrastructure and Services</b>	<b>467,888</b>	<b>305,100</b>	<b>62,998</b>	<b>835,986</b>
Education - General	144,412	86,798	16,400	247,610
Education - Basic	8,253	31,767	12,050	52,070
Education - Secondary/Vocational	36,332	41,919	5,769	84,020
Education - Post Secondary	159,467	97,576	2,170	259,213
Health	4,091	1,157	1,875	7,123
Housing	74,658	35,347	22,884	132,889
Other Social Infrastructure and Services	40,675	10,536	1,850	53,061
<b>Environmental Sustainability and Disaster Risk Reduction</b>	<b>254,822</b>	<b>273,983</b>	<b>11,501</b>	<b>540,306</b>
Environmental Sustainability	441	-	-	441
Sea Defence/Flood Prevention/Control	15,249	5,006	(54)	20,201
Disaster Prevention and Preparedness	21,149	44,098	1,495	66,742
Reconstruction Relief and Rehabilitation	217,983	224,879	10,060	452,922
<b>Financial, Business and Other Services</b>	<b>118,376</b>	<b>35,858</b>	<b>-</b>	<b>154,234</b>
Financial Policy and Administrative Management	32,083	4,577	-	36,660
Financial Intermediaries	86,293	31,281	-	117,574
<b>Multi-Sector and Other</b>	<b>864,181</b>	<b>255,354</b>	<b>43,200</b>	<b>1,162,735</b>
Government and Civil Society	229,021	5,690	4,400	239,111
Urban Development	29,912	750	-	30,662
Policy-Based Loans/Structural Adjustment Programme	636,100	247,160	38,800	922,060
Other	(30,852)	1,754	-	(29,098)

## APPENDIX II-H

### CONTINGENT LOANS APPROVED (NET) BY COUNTRY AND BY FUND (1970 - 2020) (\$'000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total	Percentage of Total
Anguilla	-	-	71	71	1.4%
Antigua and Barbuda	-	4	-	4	0.1%
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%
Trinidad and Tobago	-	200	-	200	3.8%
Turks and Caicos Islands	-	1,054	-	1,054	20.3%
St. Vincent and the Grenadines	-	217	131	348	6.7%
Virgin Islands	-	50	104	154	3.0%
<b>Total</b>	<b>-</b>	<b>3,675</b>	<b>1,529</b>	<b>5,204</b>	

<b>Percentage of Total</b>	<b>0.0</b>	<b>70.6</b>	<b>29.4</b>		<b>100.0</b>
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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 (1970 - 2020) (\$'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
<b>Total All Sectors</b>	-	<b>3,675</b>	<b>1,529</b>	<b>5,204</b>
<b>Agriculture and Rural Development</b>	-	<b>460</b>	<b>147</b>	<b>607</b>
Agriculture (excluding Crop Farming)	-	185	96	281
Crop Farming	-	-	51	51
Export Crops	-	75	-	75
Land Settlement and Rural Development	-	200	-	200
<b>Mining and Quarrying</b>	-	<b>391</b>	<b>131</b>	<b>522</b>
Fossil Fuels	-	391	131	522
<b>Manufacturing and Industry</b>	-	<b>52</b>	-	<b>52</b>
Industrial Development	-	52	-	52
<b>Tourism</b>	-	<b>93</b>	-	<b>93</b>
Tourism	-	93	-	93
<b>Transportation and Communication</b>	-	<b>2,096</b>	<b>243</b>	<b>2,339</b>
Transport Policy and Administrative Management	-	1,267	104	1,371
Road Transport	-	245	38	283
Air Transport	-	584	101	685
<b>Power, Energy, Water and Sanitation</b>	-	<b>583</b>	<b>852</b>	<b>1,435</b>
Power and Energy	-	222	824	1,046
Water and Sanitation	-	361	28	389
<b>Multi-Sector and Other</b>	-	-	<b>156</b>	<b>156</b>
Urban Development	-	-	156	156

## APPENDIX II-J

### GRANTS APPROVED (NET) BY COUNTRY AND BY FUND (1970 - 2020) (\$'000)

Country	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total	Percentage of Total
Anguilla	-	1,760	965	2,725	0.3%
Antigua and Barbuda	-	2,520	32,303	35,023	3.2%
Bahamas	-	2,086	1,704	3,790	0.3%
Barbados	-	1,458	17,925	19,383	1.8%
Belize	-	31,852	65,067	96,919	8.9%
Cayman Islands	-	268	32	300	0.0%
Dominica	-	20,160	29,449	49,809	4.6%
Dominican Republic	-	-	778	778	0.1%
Grenada	-	21,442	14,262	35,704	3.3%
Guyana	-	44,475	74,953	119,428	11.0%
Haiti	-	151,292	968	152,260	14.0%
Jamaica	-	29,863	76,708	106,571	9.8%
St. Kitts and Nevis	-	10,649	7,242	17,891	1.6%
St. Lucia	-	26,989	48,581	75,570	7.0%
Montserrat	-	8,376	22,178	30,554	2.8%
Suriname	-	2,210	809	3,019	0.3%
Trinidad and Tobago	-	921	1,862	2,783	0.3%
Turks and Caicos Islands	-	3,843	1,285	5,128	0.5%
St. Vincent and the Grenadines	-	20,656	80,194	100,850	9.3%
Virgin Islands	-	1,535	1,248	2,783	0.3%
Regional	-	89,686	33,342	123,028	11.3%
Regional: LDC Focus	-	6,931	5,924	12,855	1.2%
Regional: MDC Focus	-	976	-	976	0.1%
Regional: LDC/MDC Focus	-	58,951	27,774	86,725	8.0%
<b>Total</b>	<b>-</b>	<b>538,899</b>	<b>545,553</b>	<b>1,084,852</b>	

<b>Percentage of Total</b>	<b>0.0</b>	<b>49.7</b>	<b>50.3</b>	<b>100.0</b>
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LDCs	0	310,339	310,475	621,214	57.3%
MDCs	0	79,923	173,184	253,107	23.3%
Regional	0	148,637	61,894	210,531	19.4%

# APPENDIX II-K

## GRANTS APPROVED (NET) BY SECTOR AND BY FUND (1970 - 2020) (\$'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
<b>Total All Sectors</b>	-	<b>538,899</b>	<b>545,553</b>	<b>1,084,852</b>
<b>Agriculture and Rural Development</b>	-	<b>34,738</b>	<b>71,658</b>	<b>106,396</b>
Agriculture (excluding Crop Farming)	-	2,615	1,594	4,209
Crop Farming	-	320	88	408
Export Crops	-	-	58	58
Mixed Farming	-	179	207	386
Irrigation, Drainage and Land Reclamation	-	151	156	307
Fishing	-	41	178	219
Land Settlement and Rural Development	-	11,122	372	11,494
Feeder Roads and Bridges	-	20,310	69,005	89,315
<b>Mining and Quarrying</b>	-	<b>190</b>	<b>292</b>	<b>482</b>
Fossil Fuels	-	-	292	292
Metal Ores	-	190	-	190
<b>Manufacturing and Industry</b>	-	<b>20,127</b>	<b>6,983</b>	<b>27,110</b>
Industrial Development	-	2,160	4,007	6,167
Micro and Small Scale Enterprises	-	13,765	712	14,477
Agro-Industries	-	1,588	2,025	3,613
Textile, Wearing Apparel and Leather Goods	-	106	51	157
Forest Industries	-	348	-	348
Chemicals and Chemical Products	-	13	95	108
Construction	-	2,147	93	2,240
<b>Tourism</b>	-	<b>2,148</b>	<b>3,080</b>	<b>5,228</b>
Tourism	-	2,148	3,080	5,228
<b>Transportation and Communication</b>	-	<b>5,523</b>	<b>240,947</b>	<b>246,470</b>
Transport Policy and Administrative Management	-	930	4,106	5,036
Road Transport	-	2,078	176,417	178,495
Water Transport	-	562	56,773	57,335
Air Transport	-	1,337	3,398	4,735
Communication	-	481	106	587
Storage	-	135	147	282

## APPENDIX II-K continued

### GRANTS APPROVED (NET) BY SECTOR AND BY FUND (1970 - 2020) (\$'000)

Sector	Ordinary Capital Resources	Special Development Fund	Other Special Funds	Total
<b>Power, Energy, Water and Sanitation</b>	-	<b>9,286</b>	<b>51,571</b>	<b>60,857</b>
Power and Energy	-	3,197	41,025	44,222
Electric Power	-	185	283	468
Alternative Energy	-	-	1,791	1,791
Water and Sanitation	-	5,904	8,472	14,376
<b>Social Infrastructure and Services</b>	-	<b>352,467</b>	<b>107,302</b>	<b>459,769</b>
Education - General	-	53,013	16,062	69,075
Education - Basic	-	28,923	1,123	30,046
Education - Secondary/Vocational	-	6,156	282	6,438
Education - Post Secondary	-	10,052	400	10,452
Health	-	1,310	276	1,586
Housing	-	1,612	165	1,777
Other Social Infrastructure and Services	-	251,401	88,994	340,395
<b>Environmental Sustainability and Disaster Risk Reduction</b>	-	<b>42,671</b>	<b>21,981</b>	<b>65,052</b>
Environmental Sustainability	-	5,420	1,186	6,606
Sea Defence/Flood Prevention/Control	-	20	855	875
Disaster Prevention and Preparedness	-	32,858	13,507	46,765
Reconstruction Relief and Rehabilitation	-	4,373	6,433	10,806
<b>Financial, Business and Other Services</b>	-	<b>8,633</b>	<b>3,021</b>	<b>11,654</b>
Financial Policy and Administrative Management	-	6,375	2,245	8,620
Financial Intermediaries	-	2,258	776	3,034
<b>Multi-Sector and Other</b>	-	<b>63,116</b>	<b>38,718</b>	<b>101,834</b>
Government and Civil Society	-	17,485	10,991	28,476
Urban Development	-	9,577	-	9,577
Policy-Based Loans/Structural Adjustment Programme	-	10,136	-	10,136
Regional/Multilateral Trade Agreements	-	3,967	11,969	15,936
Other	-	21,951	15,758	37,709

## APPENDIX II-L

### GRANTS APPROVED (NET) BY COUNTRY AND BY YEAR (1970 - 2020) (\$'000)

Country	1970 - 2014	2015	2016	2017	2018	2019	2020	Total
Anguilla	2,352	16	46	277	23	11	-	2,725
Antigua and Barbuda	6,873	610	18,872	1,271	2,926	3,855	616	35,023
Bahamas	1,414	712	436	281	(3)	200	750	3,790
Barbados	17,752	594	267	12	408	200	150	19,383
Belize	32,763	1,759	3,087	6,052	31,863	1,541	19,847	96,912
Cayman Islands	347	-	12	(47)	(12)	-	-	300
Dominica	32,961	1,322	1,252	2,898	7,669	2,047	1,878	50,027
Dominican Republic	527	234	17	-	-	-	-	778
Grenada	24,783	979	2,603	5,053	21	710	1,555	35,704
Guyana	42,741	637	857	9,081	(34)	2,049	65,825	121,156
Haiti	82,356	15,303	12,424	24,575	2,961	3,000	11,811	152,430
Jamaica	22,339	834	1,015	54,440	21,697	1,727	4,624	106,676
St. Kitts and Nevis	16,042	407	479	1,048	150	-	(235)	17,891
St. Lucia	29,010	1,033	2,011	4,263	-	968	38,285	75,570
Montserrat	10,535	41	11	20,092	(8)	-	-	30,671
Suriname	41	592	309	1,721	310	46	-	3,019
Trinidad and Tobago	1,881	233	410	9	200	50	-	2,783
Turks and Caicos Islands	4,815	200	13	(1)	(18)	119	-	5,128
St. Vincent and the Grenadines	25,047	748	16,062	8,418	5,657	40,001	4,917	100,850
Virgin Islands	1,078	23	13	1,219	200	-	250	2,783
Regional	44,018	11,467	12,561	28,296	11,019	3,794	9,542	120,697
Regional: IDC Focus	12,855	-	-	-	-	-	-	12,855
Regional: MDC Focus	976	-	-	-	-	-	-	976
Regional: IDC/ MDC Focus	86,725	-	-	-	-	-	-	86,725
<b>Total</b>	<b>500,231</b>	<b>37,744</b>	<b>72,757</b>	<b>168,958</b>	<b>85,029</b>	<b>60,318</b>	<b>162,652</b>	<b>1,084,852</b>

IDCs	281,682	23,033	57,194	76,839	51,742	52,298	78,924	621,712
MDCs	87,279	3,010	2,985	63,823	22,268	4,226	71,349	254,940
Regional	131,270	11,701	12,578	28,296	11,019	3,794	12,379	211,037

Note: Cancellations prior to 2009 are deducted in the year in which approvals were made.

# ABBREVIATIONS AND ACRONYMS

<b>BMC</b>	-	Borrowing Member Country
<b>BNTF</b>	-	Basic Needs Trust Fund
<b>CAPE</b>	-	Caribbean Advanced Proficiency Examination
<b>CARICOM</b>	-	Caribbean Community
<b>CCRIF</b>	-	Caribbean Catastrophe Risk Insurance Facility
<b>CDB</b>	-	Caribbean Development Bank
<b>CTCS</b>	-	Caribbean Technological Consultancy Services
<b>EDGE</b>	-	Economic Dividends for Gender Equality
<b>ERC</b>	-	Enterprise Risk Committee
<b>GCF</b>	-	Green Climate Fund
<b>GDP</b>	-	Gross domestic product
<b>IAD</b>	-	Internal Audit Division
<b>ICA</b>	-	Office of Integrity, Compliance and Accountability
<b>IDB</b>	-	Inter-American Development Bank
<b>IFRS</b>	-	International Financial Reporting Standards
<b>IMF</b>	-	International Monetary Fund
<b>km</b>	-	kilometres
<b>mn</b>	-	million
<b>MSME</b>	-	micro, small and medium-sized enterprise
<b>OAC</b>	-	Oversight and Assurance Committee
<b>OCR</b>	-	Ordinary Capital Resources
<b>OECS</b>	-	Organisation of Eastern Caribbean States
<b>OIE</b>	-	Office of Independent Evaluation
<b>ORM</b>	-	Office of Risk Management
<b>OSF</b>	-	Other Special Funds
<b>P&amp;L</b>	-	Profit and loss
<b>PPAM</b>	-	Public Policy Analysis and Management

*\$ refers to U.S. Dollars throughout unless otherwise stated*

<b>PPE</b>	-	Personal protective equipment
<b>RMF</b>	-	Results Management Framework
<b>S&amp;P</b>	-	Standard and Poor's
<b>SDF</b>	-	Special Development Fund
<b>SFR</b>	-	Special Funds Resources
<b>SDGs</b>	-	Sustainable Development Goals
<b>SEF</b>	-	Sustainable Energy Facility
<b>TA</b>	-	Technical Assistance
<b>TVET</b>	-	Technical and vocational education and training
<b>UKCIF</b>	-	United Kingdom Caribbean Infrastructure Fund

*\$ refers to U.S. Dollars throughout unless otherwise stated*









