

**CARIBBEAN DEVELOPMENT BANK**



**SPECIAL DEVELOPMENT FUND**

**REVISION OF THE STATUS REPORT ON THE  
SPECIAL DEVELOPMENT FUND - SIXTH CYCLE**

Revised May 2008

## ABBREVIATIONS

BOD	-	Board of Directors
BMCs	-	Borrowing Member Countries
BNTF	-	Basic Needs Trust Fund
CARICOM	-	Caribbean Community
CCRIF	-	Caribbean Catastrophic Risk Insurance Facility
CGCED	-	Caribbean Group for Coordination for Economic Development
CSOs	-	Civil Society Organisations
CIDA	-	Canadian International Development Agency
CPAs	-	Country Poverty Assessments
CTCS	-	Caribbean Technological Consulting Services Network
CSME	-	Caribbean Single Market and Economy
CSPs	-	Country Strategy Papers
DFID	-	Department for International Development of the United Kingdom
DRR	-	Disaster Risk Reduction
ECDG	-	Eastern Caribbean Donors' Group
GER	-	Gross Enrolment Ratio
HRD	-	Human Resource Development
IDB	-	Inter-American Development Bank
MDB	-	Multilateral Development Bank
MDGs	-	Millennium Development Goals
MfDR	-	Managing for Development Results
MFI	-	Micro-finance Institutions
NPRSs	-	National Poverty Reduction Strategies
OCR	-	Ordinary Capital Resources
OECS	-	Organisation of Eastern Caribbean States
PBL	-	Policy-Based Loan
PPMS	-	Project Portfolio Management System
PRODEV	-	Programme to Implement the External Pillar of the Medium-Term Action Plan for Development Effectiveness
PRS	-	Poverty Reduction Strategy
RAS	-	Resource Allocation Strategy for SDF
RDA	-	Regional Development Agency
RDF	-	Regional Development Fund
RPGs	-	Regional Public Goods
SDF	-	Special Development Fund (Unified) of the CDB
SDF 5	-	Special Development Fund (Fifth Cycle)
SDF 6	-	Special Development Fund (Sixth Cycle)
SDF 7	-	Special Development Fund (Seventh Cycle)
SLS	-	Student Loans Scheme
SMEs	-	Small and Medium-Size Enterprises
TA	-	Technical Assistance
TOR	-	Terms of Reference
UTech	-	University of Technology
VOC	-	Vehicle Operating Costs
WB	-	World Bank

\$ United States Dollar (unless otherwise specified)

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## **EXECUTIVE SUMMARY**

### **OVERVIEW**

1. In the Special Development Fund – Sixth Cycle (SDF 6) Agreement, Contributors supported a target programme level for SDF 6 of \$257.5 million (mn), with pledged contributions at just over \$158 mn, a carryover of \$5 mn, \$68.5 mn for projected net income and reflows, and a structural gap of \$25.9 mn. The base funding and minimum programming level, therefore, was projected as just over \$231.6 mn.
2. As of December 31, 2007, the base funding level had increased to \$238.5 mn, reflecting an increase in projected net income and reflows, and the net change in pledged contributions. The increase in projected net income reflected a combination of increased interest income from accelerated payments and early encashment of Demand Notes for some members, which had been a part of the agreed effort to reduce the structural gap, and higher market yields than had originally been projected.
3. Contributors also agreed to allocations or “set-asides” within the total programming level, with a reassessment of these allocations to be undertaken as programming evolved over the SDF 6 cycle. The programme allocations for SDF 6 include \$32 mn for the Basic Needs Trust Fund (BNTF) (other than Haiti), \$120.5 mn for regular country lending for Borrowing Member Countries (BMCs) other than Haiti, \$45 mn for special lending for natural disaster mitigation and rehabilitation and/or BMCs in fiscal distress, and a total of \$27 mn for Haiti (initially allocated in three categories).
4. During the period January 1, 2005 to March 6, 2008, total commitments from these allocations amounted to \$122.3 mn, consisting of \$81.8 mn in loans and \$40.5 mn in grants. The rate of commitment of both loan and grant resources has been slower than anticipated. The institutional challenges associated with this have been extensively examined during the SDF 6 Mid-Term Review exercise and ensuing discussions. More importantly, measures are being implemented to mitigate and/or resolve these challenges. It is now projected that a total of \$224 mn or 94% of the revised loans and grants programme of \$238.5 mn under SDF 6 will be committed by the end of the cycle in December 2008.
5. This acceleration is driven by the completion of the BNTF 5 Mid-Term Review which will now allow the planning for, and country commitment of, \$32 mn for BNTF 6; the increased pipeline of proposals related to regional integration and cooperation; the full commitment of the grant allocation for projects in Haiti; and an active pipeline of SDF project loan proposals in excess of \$40 mn.
6. The effective demand for concessionary resources to fund projects in Haiti has been increasing with the improvement in political stability and security. Our collaborations with other Development Partners on the ground have yielded a faster than anticipated rate of commitment and staff have been able to accumulate invaluable experience on Haitian conditions, particularly in the education sector. Our activities in the financial intermediaries’ sub-sector for which \$6 mn has been allocated for loan financing have not yet yielded the expected results.

### **ACTION PLAN**

7. There were 33 planned milestones in the SDF 6 Action Plan, each associated with a target date, the responsible organisational unit in the Bank, and the source of financial resources. Implementation of each milestone was to be monitored as an indicator, and progress was to be assessed as part of the Mid-Term Review. The Mid-Term Review did undertake such an assessment, and this was discussed at the December meeting. As indicated in the Management Response to the Mid-Term Review, further progress has been achieved since the Mid-Term Review work was done in mid-2007, and an updated report was promised for the next meeting of Contributors. This is provided in the matrix starting at page 6 in the main report. The

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matrix is colour coded to indicate the activities that have been completed, those that are ongoing and those that have not been started. In most cases, action has been completed or is underway, and further key milestones will be reached during 2008. More significantly, the matrix indicates those activities that are likely to require support during SDF 7. It is anticipated that 16 activities that either are ongoing or have not started would go forward to SDF 7. These are outlined in the Table below.

### MILESTONES/ACTIVITIES CARRIED FORWARD TO SDF 7

- **Milestone 1:** Develop country-specific targets and indicators for the Millennium Development Goals (MDGs) for individual BMCs.
- **Milestone 2:** Provide support for statistical capacity-building to measure progress toward MDGs.
- **Milestone 2:** Provide assistance to BMCs to acquire and support electronic data dissemination systems.
- **Milestone 6:** Take lead role on issues of institutional structure in support of Caribbean Single Market and Economy (CSME).
- **Milestone 8:** Strengthen and customise the Results-Based Management (RBM) approach to meet CDB's requirements.
- **Milestone 11:** Programme capacity and delivery capacity for Haiti.
- **Milestone 13:** Formalise Suriname's Membership.
- **Milestone 14:** Initial operating programme for Suriname.
- **Milestone 18:** Gender assessment in ten countries.
- **Milestone 20:** Policy-Based Loan (PBL) for Antigua and Barbuda.
- **Milestone 22:** Review of CDB lending policies and sectoral policy frameworks.
- **Milestone 27:** Donor coordination, especially in Country Poverty Assessments (CPAs) and National Poverty Reduction Strategies (NPRSs).
- **Milestone 30:** Introduce concepts of Managing for Development Results (MfDR) and Development Effectiveness to country planning systems.
- **Milestone 31:** Caribbean Forum for Development (CFD).
- **Milestone 32:** Align the Caribbean Development Bank's (CDB) environmental policies with common framework of Multilateral Development Banks (MDBs).
- **Milestone 33:** Modify and adopt Paris Declaration Indicators.

### INDICATORS OF ACHIEVEMENT

8. Since the SDF 6 operations are currently ongoing, with projects underway and some commitments still to be made, it is premature to assess final outcomes or longer term results in the way that the Multicycle Evaluation of SDF is doing for SDF 4 and SDF 5. On the other hand, an understanding of the SDF 6 programme to date can be gained by a review of the various project objectives and intended outcomes. This is detailed in Appendix 1 and a summary is provided below.

#### **Direct Poverty Reduction**

9. There are particular programmes and individual interventions that are *directly and primarily targeted to poor communities or less privileged groups*. The best known of these is BNTF, with the approval and implementation of individual sub-projects under BNTF 5 being an important element of SDF operations during the SDF 6 cycle, and with the country commitment of funds for BNTF 6 expected in 2008. The results indicate that with disbursement of around \$16.8 mn of grant resources, close to **550,000 persons benefited, 49% of which were female and 43% youths**.

10. Other projects directly targeting poor communities include the Carib Territory Community Capacity-Building Project in Dominica, for which \$2.8 mn of SDF funds were provided for a technical assistance (TA) grant together with a loan, targeted at a reduction of poverty and vulnerability for indigenous peoples. The project design has benefited from the lessons learned from previous projects

financed by CDB and other development partners. The project is providing social and economic infrastructure and resources for community sub-projects, which support income generation and improved livelihoods. Approximately 2.5 kilometres (km) of roads will be constructed (2.1 km) or rehabilitated (0.5 km) under the project. The intended results include improved access to social and economic infrastructure, strengthening of good governance and improved management systems for the Carib Council and Carib Model Village.

11. In Guyana, a loan of \$10.2 mn together with a TA grant of \$2 mn was provided for the Community Services Enhancement project to improve governance systems and the quality of basic services for four communities, and in turn contribute to sustainable development in Guyana through improved social and economic infrastructure and institutional strengthening of community management capacity. Stakeholder participation is a key feature of the project. This approach was started at the project preparation stage and is being continued throughout the implementation and operating stages.

12. Intended results of the Community Services Enhancement project include:

- (a) improvement of 33 km of basic roads thereby improving travel times and reducing vehicle operating costs (VOC);
- (b) increases in market stall revenue due to improvements in market facilities at four locations in three communities; and
- (c) improvements in the governance arrangements by reconstruction of four Neighbourhood Democratic Council Offices and institution of reform measures for the running of the Council.

### Capacity Enhancement

13. *Capacity enhancement* interventions include a number of human resource development (HRD) and infrastructure projects, as well as the Caribbean Technological Consultancy Services (CTCS) Programme for micro-, small- and medium-enterprises. HRD projects approved under SDF 6 include \$2 mn for a **Schools Rehabilitation and Reconstruction project in Grenada** in 2007 to improve performance of selected schools and to increase the number of graduates capable of contributing more significantly to the country's social and economic development. This project anticipates the following results:

- (a) 10% increase in students with tertiary-level matriculation requirements by 2015;
- (b) 12% increase in enrolment in technical/vocational and science subjects by 2010;
- (c) 5% increase in pass rates for technical/vocational subjects by 2012; and
- (d) 10% reduction in repetition and drop-out rates by 2012.

14. **The University of Technology (UTech) Enhancement project in Jamaica**<sup>1/</sup> was approved for \$5 mn. The UTech project is a key element in Jamaica's plans to develop a skilled and professional workforce capable of adapting to the demands of a competitive world economy. In terms of CDB's Poverty Reduction Strategy (PRS), the project addresses both capability enhancement by promoting access to affordable tertiary education, and vulnerability reduction as a tool of social equity. UTech's expansion and upgrading promotes affordable and equitable access to post-secondary education and training needed to

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<sup>1/</sup> Here and in other paragraphs the dollar figures quoted refer to the SDF funds utilised. In many instances, these funds are blended with Ordinary Capital Resources (OCR) funds so that the project tends to be significantly larger than implied by the SDF component alone.

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reduce the knowledge and income gaps between socio-economic groups. It is anticipated that the project would result in the following outcomes:

- (a) increase in tertiary education gross enrolment ratio (GER) in Jamaica to 35% by 2015;
- (b) 20% increase in the number of programmes and services offered by 2015; and
- (c) a 30% increase in the number of academic staff with terminal degrees by 2015.

15. CDB reinstated **its training programme in project cycle management** for mid- and senior-level public sector officials in its BMCs. By the end of 2007, one full year of training was completed. During the year, two core courses involving 114 participants and 5 specialised courses with 110 participants were completed. The programme provided 624 person weeks of training for participants from 14 BMCs.

### **Student Loans**

16. CDB has been providing funds for students to pursue tertiary education since 1972. These resources are provided to national financial intermediaries that on-lend the funds to the final beneficiaries. Over the period 1972-2003, CDB approved 99 such loans with a total value of \$88 mn, of which \$38 mn or 57% was from SDF resources.

17. In 2004, CDB commissioned an Impact Study of its Student Loans Scheme (SLS). The Study was conducted in five countries<sup>2/</sup> and covered the period 1999-2003. Outlined below are some of the major findings of the Impact Study:

#### Specific

- (a) For the five countries included in the study, approximately 5,000 students benefited from approved loans of \$49 mn.
- (b) Female borrowers represented 53% of the participants, with male borrowers at 46%. This compares to the average female/male participation rate in the region of 67:33.
- (c) On average, 55% of the students return to work in their own country and 70% return either to their home country or to another country in the region.

#### General

- (a) CDB's SLS is the principal source of funding support in the target countries and is seen as part of governments' efforts to increase access to tertiary education. The SLS represents more than 50% of the funding mix for a majority of students.
- (b) 80% of the borrowers indicate that without the SLS, they would not have been able to pursue a post-secondary education.
- (c) Over 90% of the students report being satisfied or somewhat satisfied with the fact that the SLS provided them with the ability to enroll in a programme and institution of their choice.

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<sup>2/</sup> The countries included in the Study were: Belize, British Virgin Islands, Dominica, St. Kitts and Nevis, St. Lucia.

- (d) The majority of SLS borrowers were able to find a job within six months of graduation, and usually in their field of study.
- (e) Over 69% of borrowers agreed that their standard of living improved as a result of their participation in the Scheme.

18. Capital projects which contribute to social and economic development through improved road **transport infrastructure** were undertaken in 2005 in Dominica (\$550,000) and Grenada (\$5.9 mn) as well as in 2006 in Jamaica (\$1.2 mn). **The Valley Roads project in Dominica** is upgrading roads constructed decades ago that have rough surfaces, inadequate drainage and signage, narrow and winding alignments and often steep gradients susceptible to land slippage, resulting in excessive wear and tear on vehicles. The project is expected to improve road safety, decrease maintenance costs and reduce VOC (estimated at \$0.7 mn a year by 2009) and road accidents. It is also intended to contribute to sustainable expansion in economic activity and income levels for largely rural communities dependent on agriculture by allowing easier access to services and markets, increased number of visitors to tourist areas, and improved quality and quantity of agricultural produce transported to market. These benefits result in the project exhibiting an economic rate of return of 14%.

19. **The 5<sup>th</sup> Road Project (Washington Boulevard Improvement)** in Jamaica involved the widening of approximately 2.75 km of road and is intended to achieve the following outcomes:

- (a) increased carrying capacity from 1,153 to 3,220 vehicles in both directions;
- (b) reduction in peak hour travel time for buses by at least 40%;
- (c) at least \$7 mn in annual savings in travel time costs by 2010; and
- (d) annual savings in vehicle operating costs of \$6.9 mn.

20. The \$7.5 mn which was committed to **Grenville Market Square Development Project** in Grenada in 2006 is developing Grenville Town as a regional urban centre servicing the northern and eastern coasts of the country, and will contribute to socio-economic development through improvements in the quality of urban infrastructure, including facilities that can sustain agricultural output in rural areas and support retention of a population that would otherwise be subject to rural/urban drift. It is anticipated that 40 new businesses will be created in Grenville by 2011 and this would lead to a 4% reduction in unemployment.

### **Private Sector**

21. CDB's primary programme for supporting micro-, small- and medium-size private sector enterprises is the CTCS network, which provides Caribbean experience to individuals, enterprises and organisations in BMCs. It provides skills training in a wide range of sectors and disciplines, as well as TA in project preparation for new and expanding businesses, upgrading of management systems and solutions to production and maintenance problems.

22. During SDF 6 to date, the CTCS programme has supported 105 training workshops, attachments and 184 individual interventions (direct TA) for 2,421 micro and small entrepreneurs in 15 BMCs. These interventions are, *inter alia*, intended to increase opportunities for lower-income persons to earn or sustain their livelihoods and encourage new business start-ups and improvements in existing businesses. Other supporting interventions have included training programmes in 2005 on creating an enabling environment for small enterprise development, and in 2007, on improving financing for small and medium-size enterprises (SMEs).



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### **Financial Leverage**

23. The ability of SDF to leverage additional resources is an important indicator of the significance of the Fund. In SDF 6, \$118 mn of SDF resources have been approved in loans and grants to March 2008. These SDF 6 resources leveraged an additional \$105 mn in CDB's OCR and a further \$44 mn in counterpart contributions bringing total funding to \$264 mn. These amounts do not include resources provided by other bilateral and multilateral agencies.

## 1. INTRODUCTION

1.01 At the Preparatory Meeting for the Special Development Fund – Seventh Cycle (SDF 7) held on December 9, 2007, Contributors indicated their desire to further examine progress on SDF 6 before proceeding to address issues related to SDF 7. The present paper is intended to provide part of the basis for such examination, together with other papers submitted for the First Formal Negotiation Meeting for the Replenishment of the Unified Special Development Fund. These include progress reports on PRS; the Mid-Term Evaluation of the BNTF 5; the Corporate Human Resources Report; and a Status Report on CDB's efforts at institutional strengthening.

1.02 The paper updates some of the information and analysis in the Mid-Term Review, including SDF 6 resources and operations, the current status of the SDF 6 Action Plan, and monitoring and reporting on results. It includes sections on planned milestones for 2008 (the "SDF 6 second-half Action Plan") and on expected outcomes of SDF 6 projects to date, as requested by Contributors at the SDF 7 Preparatory Meeting. It also provides preliminary indicators of the achievements of SDF 6 to date.

## 2. OVERVIEW OF SDF 6 RESOURCES AND OPERATIONS

### SDF 6 Resources and Programme Levels

2.01 In the SDF 6 Agreement,<sup>3/</sup> Contributors supported a target programme level for SDF 6 of \$257.5 mn, with pledged contributions at just over \$158 mn, a carry over of \$5 mn, \$68.5 mn for projected net income and reflows, and a structural gap of \$25.9 mn. The base funding and minimum programming level, therefore, was projected as just over \$231.6 mn, as shown in Table 1.

**TABLE 1: SDF 6 RESOURCES**  
(USD '000)

	<b>Approved Programme Levels and Funding<sup>†</sup></b>	<b>as of December 31, 2007</b>
Commitment level as of January 2005	5,000	5,000
Expected net income	8,700	15,000
Projected Reflows	59,800	61,800
Pledged new contributions	158,068 <sup>‡</sup>	156,700
<b>Base funding level</b>	<b>231,569</b>	<b>238,500</b>
Structural Gap	25,932	19,000
<b>Overall funding level</b>	<b>257,500</b>	<b>257,500</b>

<sup>†</sup> Report of Contributors on SDF 6, page 18, Box 5.

<sup>‡</sup> Including negotiated contributions for two expected new members.

2.02 As of December 31, 2007, the base funding level had increased to \$238.5 mn, reflecting an increase in projected net income and reflows, and the net change in pledged contributions. The increase in projected net income reflected a combination of increased interest income from accelerated payments and early encashment of Demand Notes for some members, which had been a part of the agreed effort to reduce the structural gap, and higher market yields than had originally been projected.

2.03 Contributions from various groups of Contributors are shown in Table 2 for SDF 4, 5 and 6 as of the end of December 2007. The overall increase for SDF 6 over SDF 5 reflects both increases by many Contributors over SDF 5 and the return of Germany as a Contributor.

<sup>3/</sup> Report of Contributors on SDF 6, Section 6, October 2005.

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**TABLE 2: CONTRIBUTIONS TO SDF 4 AND SDF 5 AND CURRENTLY PLEDGED TO SDF 6**

	SDF 4 <sup>4/</sup>		SDF 5		SDF 6	
	\$ '000	%	\$ '000	%	\$,000	%
BMCs	19,580	15.7	25,390	27.4	36,149	23.1
Other Regional Members	9,000	7.2	9,600	10.4	10,200	6.5
Non-regional Members	89,780	72.0	57,545	62.2	110,373	70.4
Non-members	6,300	5.1	-	-	-	-
<b>Totals</b>	<b>124,660</b>	<b>100.0</b>	<b>92,535</b>	<b>100.0</b>	<b>156,722</b>	<b>100.0</b>

2.04 Contributors also agreed to allocations or “set-asides” within the total programming level, with a reassessment of these allocations to be undertaken as programming evolved over the SDF 6 cycle. The programme allocations for SDF 6 are shown in Table 3, including \$32 mn for BNTF (other than Haiti), \$120.5 mn for regular country lending for BMCs other than Haiti, \$45 mn for special lending for natural disaster mitigation and rehabilitation and/or BMCs in fiscal distress, and a total of \$27 mn for Haiti (initially allocated in three categories).

**TABLE 3: PROGRAMME ALLOCATIONS FOR SDF 5 AND SDF 6**

(USD '000)					
Programme Planning Allocations	SDF 5	SDF 6 Indicative allocation	Approvals Jan 2005- Mar 2008 <sup>1/</sup>	Total projected to Dec 2008	Revised
Set-Asides for:					
BNTF (grant funding)	32,000	32,000	-	32,000	32,000
Haiti (grant funding)	-	19,000 <sup>1/</sup>	14,000	23,000	23,000
TA (grant funding):	15,000	18,000 <sup>2/</sup>	12,324	16,778	18,000
Project training	-	2,000	2,000	2,000	2,000
BMC capacity-building TA [including for MfDR]	12,400	10,000	7,347	9,972	10,000
TA Haiti	-	2,000	1,171	2,000	2,000
CTCS	2,600	4,000	1,806	2,806	4,000
Regional integration and Regional Public Goods (RPGs) (including environmental RPGs)	4,000	10,000	5,620	8,120	10,000
MDGs (grant funding)	-	4,000	3,126	3,126	4,000
Disaster response (grant funding)	1,000	8,000	5,460	5,460	8,000
<b>Sub-Total – Grants</b>	<b>52,000</b>	<b>91,000</b>	<b>40,530</b>	<b>88,484</b>	<b>95,000</b>
Loans for natural disaster mitigation and rehabilitation and assistance for BMCs in fiscal distress	26,000	45,000	32,913	40,913	45,000
Lending Haiti	-	6,000	-	2,000	2,000
Country lending	84,300	115,500	48,838	92,638	96,500
<b>Total Programme Level</b>	<b>162,300</b>	<b>257,500</b>	<b>122,281</b>	<b>224,035</b>	<b>238,500</b>
<i>Unallocated</i>	<i>5,035</i>	<i>-25,932</i>			

<sup>1/</sup> Includes \$4 mn for administrative expenses for Haiti programming

2.05 During the period January 1, 2005 to March 6, 2008, total commitments from these allocations amounted to \$122.3 mn, consisting of \$81.8 mn in loans and \$40.5 mn in grants. The rate of commitment of both loan and grant resources has been slower than anticipated. The institutional challenges associated with this have been extensively examined during the SDF 6 Mid-Term Review exercise and ensuing discussions. More importantly, measures are being implemented to mitigate and/or resolve these

<sup>4/</sup> SDF 4 covered a five-year period, 1996-2000. Other SDF cycles have been for four years.

challenges. It is now projected that a total of \$224 mn or 94% of the revised loans and grants programme of \$238.5 mn under SDF 6 will be committed by the end of the cycle in December 2008.

2.06 This acceleration is driven by the completion of the BNTF 5 Mid-Term Review which will now allow the planning for, and country commitment of, \$32 mn for BNTF 6; the increased pipeline of proposals related to regional integration and cooperation; the full commitment of the grant allocation for projects in Haiti; and an active pipeline of SDF project loan proposals in excess of \$40 mn.

2.07 The effective demand for concessionary resources to fund projects in Haiti has been increasing with the improvement in political stability and security. Our collaborations with other development partners on the ground have yielded a faster than anticipated rate of commitment and staff have been able to accumulate invaluable experience on Haitian conditions particularly in the education sector. Our activities in the financial intermediaries' sub-sector for which \$6 mn has been allocated for loan financing have not yet yielded the expected results. It is now anticipated that only \$2 mn of this amount will be committed by the end of the SDF 6 cycle and Contributors are being requested to approve the use of the remaining \$4 mn for grant allocation to social sector projects for which demand is high and rising.

### **Overview of SDF 6 Operations**

2.08 An overview of SDF 6 commitments to date and as currently projected is shown in Table 4, together with the comparable data for SDF 4 and SDF 5.<sup>5/</sup> Loan and grant approvals are shown separately, as are commitments for BNTF, Haiti, and projected commitments for TA grants and loans. Annual average commitments are projected at \$56 mn, as compared to \$32.7 mn during SDF 4 and \$39 mn during SDF 5. The projected increase in 2008 reflects both the initial country commitment of grant funds for BNTF 6 and acceleration in other SDF project commitments.

2.09 Commitments shown in 2007 and 2008 also reflect initial programming for Haiti, with a total of \$27 mn, which is the full programme allocation for Haiti agreed by Contributors (with some reallocation in terms of end use according to the programming strategy developed for Haiti since the SDF 6 Agreement).

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<sup>5/</sup> Further detail on SDF 6 operations and the programming context was provided in the SDF 6 Mid-Term Review, discussed by Contributors at the Preparatory Meeting on SDF 7 in December 2007.

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**TABLE 4: SDF PROJECT AND PROGRAMME COMMITMENTS (Project approvals)**  
(USD mn)

	SDF 4		SDF 5		SDF 6					
					Actuals			Projected		
	1996-2000	Annual average	2001-2004	Annual average	2005	2006	2007	2008	2005-2008	Annual average
SDF loan approvals	127	25.4	111.9	28	26.3	29.7	25.3	54.2	135.5	33.9
<i>Of which:</i>										
<i>TA (loans)<sup>‡</sup></i>	13.8	2.8	2.9	0.7	0.6	4.7	2.8	2.0	10.1	2.5
SDF grant approvals	36.3	7.3	44.1	11.0	5.6	6.7	24.8	51.4	88.5	22.1
<i>Of which:</i>										
<i>BNTF (grants)<sup>†</sup></i>	18.0	3.6	32.0	8.0	-	-	-	32.0	32.0	8.0
<i>Haiti (grants)<sup>#</sup></i>	-	-	-	-	-	-	14.0	11.0*	25.0	6.3
<i>TA (grants)<sup>‡</sup></i>	14.1	2.8	10.4	2.6	3	2.9	5.1	6.1	17.1	4.3
<i>Other Grants</i>	4.2	0.8	1.7	0.4	2.6	3.8	5.7	2.3	14.4	3.6
<b>Total Commitments</b>	<b>163.3</b>	<b>32.7</b>	<b>156</b>	<b>39</b>	<b>31.9</b>	<b>36.4</b>	<b>50.1</b>	<b>105.6</b>	<b>224.0</b>	<b>56.0</b>

<sup>†</sup> SDF-funded BNTF. Does not include BNTF funding provided by the Canadian International Development Agency (CIDA) or SIF funding similar in type to BNTF.

<sup>‡</sup> Excludes TA funded from other sources, e.g. Other Special Funds (OSF) or Special Funds Resources (SFR).

<sup>#</sup> Excludes TA funded from other sources, e.g. OCR, OSF or SFR.

<sup>#</sup> Haiti became a member in 2007.

\* Assumes that \$4 mn allocated as loan funding to Financial Intermediaries can be converted to grant financing for social sector projects in that country.

2.10 Disbursements to date and projected for the balance of SDF 6 are shown in Table 5, together with disbursements during SDF 4 and SDF 5. Grant and loan disbursements are shown separately, as are disbursements for BNTF sub-projects, Haiti and for TA grants and loans.

**TABLE 5: SDF PROJECT AND PROGRAMME DISBURSEMENTS**  
(USD mn)

	SDF 4		SDF 5		SDF 6					
					Actuals			Projected		
	1996-2000	Annual average	2001-2004	Annual average	2005	2006	2007	2008	2005-2008	Annual average
SDF loan disbursements	95.7	19.1	135.4	33.9	30.4	26.9	27.7	30	115	28.8
<i>Of which:</i>										
<i>TA (loans)<sup>‡</sup></i>	3.2	0.6	6.8	1.7	1.1	0.8	0.8	0.8	3.5	0.9
SDF grant disbursements	33.3	6.7	17.4	4.4	4.6	5.7	13.2	18.5	42	10.5
<i>Of which:</i>										
<i>BNTF<sup>†</sup></i>	19.7	3.9	7.3	1.8	2.6	3.3	4	4.5	14.4	3.6
<i>Haiti (grants)</i>	-	-	-	-	-	-	-	7	7	1.8
<i>TA (grants)<sup>‡</sup></i>	na	na	10.1	2.8	2	2.4	9.2	7	20.6	5.2
<b>Total Disbursements</b>	<b>129</b>	<b>25.3</b>	<b>152.8</b>	<b>38.2</b>	<b>35</b>	<b>32.6</b>	<b>40.9</b>	<b>48.5</b>	<b>157</b>	<b>39.3</b>

<sup>†</sup> SDF-funded BNTF. Does not include BNTF funding provided by CIDA or SIF funding similar in type to BNTF.

<sup>‡</sup> Excludes TA funded from other sources, e.g. OSF or SFR.

<sup>#</sup> Excludes TA funded from other sources, e.g. OCR, OSF or Other Special Funds resources.

2.11 Overall disbursements for SDF 6 are projected to increase to \$157 mn from \$129 mn during SDF 4 and \$152.9 mn in SDF 5. Annual average disbursements are also expected to increase to \$39.3 mn from \$25.3 mn in SDF 4 and \$38 mn in SDF 5.

### **3. SDF 6 ACTION PLAN: CURRENT STATUS**

3.01 During the SDF 6 Replenishment discussions, Contributors and the Bank agreed to an Action Plan for SDF 6. These were steps needed to move forward with the policy directions for SDF 6, implement effectively the SDF 6 operational programme, and achieve key elements of the MfDR or Results Agenda that was part of the Contributors' agreement. The Action Plan included steps needed to complete the SDF 5 agenda and consolidate policy and operational directions originally established for the SDF 5 cycle. It also reflected operational strategy for SDF 6 and some of the development effectiveness issues discussed during the SDF 6 negotiations.

3.02 The Action Plan was framed in terms of the three pillars of the Results Agenda:

- Country and Regional Level;
- Institutional and Corporate Level; and
- Partnerships and Harmonisation.

3.03 There were 33 planned milestones, each associated with a target date, the responsible organisational unit in the Bank, and the source of financial resources. Implementation of each milestone was to be monitored as an indicator, and progress was to be assessed as part of the Mid-Term Review. The Mid-Term Review did undertake such an assessment,<sup>6/</sup> and this was discussed at the December meeting. As indicated in the Management Response to the Mid-Term Review, further progress has been achieved since the Mid-Term Review work was done in mid-2007, and an updated report was promised for the next meeting of Contributors. This is provided in the matrix below which is colour coded to indicate the activities that have been completed, those that are ongoing and those that have not been started. In most cases, action has been completed or is underway, and further key milestones will be reached during 2008. More significantly, the matrix indicates those activities that are likely to require funding from SDF 7. It is anticipated that 16 activities that either are ongoing or have not started would go forward into the SDF 7 period.

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<sup>6/</sup> See Mid-Term Review of SDF 6 (SDF 7/1-PM-2), Table 1, pages 6ff.

**TABLE 6: SDF 6 ACTION PLAN: IMPLEMENTATION STATUS AS OF MAY 2008**

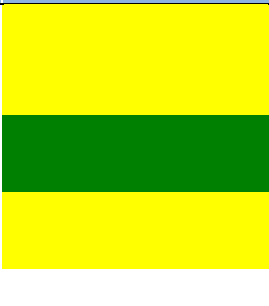

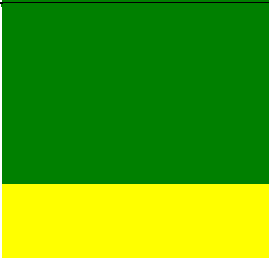

MILESTONE	INDICATORS	STATUS OF IMPLEMENTATION	CONTINUED SUPPORT IN SDF 7	COMMENTS
<b>COUNTRY AND REGIONAL LEVEL</b> <b>Objective: To support targeted capacity building at Country and Regional Level</b>				
1. Support for development of Caribbean-specific MDG targets and indicators.	Develop Caribbean-specific MDG targets and indicators by 2005.			CDB and UNDP collaboration. COHSOD to endorse for CARICOM. Will continue in SDF 7
	Develop country-specific targets and indicators as a follow-on task for individual BMCs by 2004-2005.		✓	
2. Capacity-building in BMCs for measuring, monitoring and assessing progress towards MDG Targets	Provide support for statistical capacity building to measure and monitor progress towards the MDGs, particularly for Organisation of Eastern Caribbean States (OECS) countries. Sponsor a three-year programme of six-week courses in Demographic Analysis, following up on initial course under the CIDA-supported CARICOM Capacity Development Programme.		✓	Specific TA in OECS countries is the major modality. Collaboration with CARICOM and the United Nations Children's Fund  Follow-up on initial course under the CIDA-supported CARICOM Capacity Development Programme.
	Provide assistance to BMCs to acquire and support electronic data dissemination systems.		✓	Discussions on support for implementing the United Nations DevInfo system in various BMCs are currently ongoing
3. Strengthening results-based poverty reduction programming by: (a) updating of CPAs for all BMCs, and (b) development of NPRSs, according to timetable	Complete 10 CPAs by the end of 2008.			
	(a) updating of CPAs for all BMCs, and Complete CPA for St. Lucia by June 2007			TOR for NPRS finalised
	(b) development of NPRSs, according to timetable Complete CPA for Antigua and Barbuda by August 2007			TOR for NPRS finalised

**STATUS REPORT ON SDF 6: Rev. 1**

MILESTONE	INDICATORS	STATUS OF IMPLEMENTATION	CONTINUED SUPPORT IN SDF 7	COMMENTS
	Complete CPA for Cayman Islands by July 2008 Complete CPA for St. Kitts and Nevis by September 2008 Complete CPA for Belize by October 2008 Complete CPA for Grenada by November 2008 Complete CPA for Barbados by December 2008 Complete CPAs for Dominica, Anguilla and Montserrat by December 2008 Prepare NPRS with CDB support in six of the countries that have completed CPAs with two to begin by 2008			CPAs generally on schedule; focus on NPRS was recommendation of the Mid-Term Review.
4. Launch of reformulated and strengthened project formulation and project management training for CDB's BMCs	Launch Training in project formulation and management in 2006.			Programme successfully launched but with delay. One full year completed by end 2007. Will continue Training Programme in 2008/2009.
5. Identification through CSPs of capacity-building requirements to strengthen CSME implementation, economic management, policy development on RPGs, and public sector reform.	Complete CSP for Belize by October 2006 Complete CSP for St. Kitts and Nevis by October 2006 Complete CSP for St. Lucia by July 2006 Complete CSP for Jamaica by July 2008 Complete CSP for Dominica, Grenada, Guyana and Haiti by December 2008 Complete Draft CSP for St. Vincent and the Grenadines by October 2008 Complete Draft CSP for Trinidad and Tobago by December 2008			CSP preparation led by Economics Department but with multi-disciplinary team across the Operations area. CSP now central to programme develop in countries.



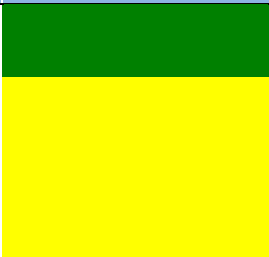
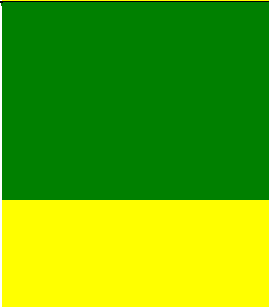

**SECOND FORMAL NEGOTIATION MEETING – SEVENTH CYCLE**

MILESTONE	INDICATORS	STATUS OF IMPLEMENTATION	CONTINUED SUPPORT IN SDF 7	COMMENTS
6. Identification of carefully selected priority programme for supporting regional and sub-regional integration.	<p>Take the lead on issues of institutional structure in support of CSME such as work on design of a regional development fund (RDF) and a regional development agency (RDA).</p> <p>Support a more viable and sustainable regional air transport system by assisting LIAT</p> <p>Submit a paper on CDB's support for regional integration to SDF Contributors by 2008. See also Milestone 19.</p>		✓	<p>Technical work on RDF and RDA supported by CDB. Work on a regional air transport policy to start in October 2008. Consultant engaged to assist in preparation of "regional integration" paper.</p>
<b>INSTITUTIONAL AND CORPORATE LEVEL</b>				
<b><i>Objective: To implement targeted SDF 6 operational strategy and strengthen results-orientation of CDB programmes and management</i></b>				
7. Implementation of strengthened country strategy process according to timetable, including development of increased results-orientation.	See status report under Milestone 5.			<p>CSP Process significantly strengthened. Sharing with development partners is part of process.</p>
8. (a) Completion of CDB Strategic Plan 2005-2009; and  (b) further development of RBM in CDB operations.	<p>Complete Strategic Plan by 2005</p> <p>Develop a longer-term Strategic Plan and submit an outline paper to the Board by mid-2008.</p> <p>Strengthen and customise RBM approach to meet CDB's particular planning, managing and monitoring needs.</p>		✓	<p>Work on long-term Strategic Plan started in 2007.</p>
9. Operationalisation of CDB's PRS.  Operationalisation of PRS	<p>Complete Toolkits for operationalisation of CDB's PRS by 2005</p> <p>Mainstreaming and use of the "poverty prism" for all CDB operations by 2005</p>			<p>Poverty Prism effectively mainstreamed; Lessons learned from BNTF helped in operationalising PRS.</p>


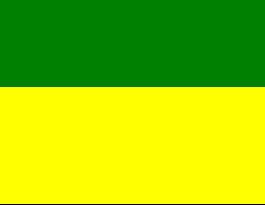
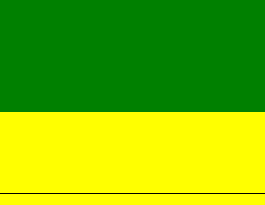
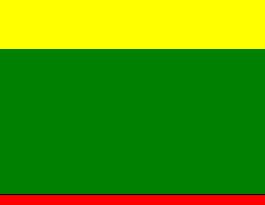
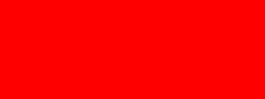

**STATUS REPORT ON SDF 6: Rev. 1**

MILESTONE	INDICATORS	STATUS OF IMPLEMENTATION	CONTINUED SUPPORT IN SDF 7	COMMENTS
	Training in PRS as new staff are recruited Complete Mid-Term Evaluation of BNTF 5 by 2007 Prepare and design BNTF 6 by July 2008			
10. Operationalisation of CDB's governance strategy.	Complete Toolkits for operationalisation of the strategy by 2005 and mount workshops for training in use of toolkits Engagement of appropriate staff by July 2008 Submit Progress Report on the governance strategy to SDF Contributors by mid-2008			Engagement of appropriate staff taking longer than expected. TA support for good governance has continued.
11. Programme development and delivery capacity for Haiti.	Establish mechanism for monitoring of Haiti progress by early 2007 Commence familiarisation programmes for staff on Haiti economy and society and French language training by March 2007. Appoint Country Economist for Haiti by July 2007 Appoint Consultant Legal Counsel to Legal Dept. by July 2008 Finalise institutional arrangements for staff visits by mid-2007			Haiti monitoring committee established; Office base in Haiti provided by CARICOM Secretariat.
12. Agreement with Haiti on an initial operational programme.	Develop Strategy for CDB operations in Haiti jointly with the Government July 2007. Prepare proposals for financing in collaboration with World Bank; Inter-American Development Bank (IDB) and Other Development Partners. Mount Business Forum for Haiti with Caribbean Association for Industry and Commerce by October 2008		✓	Strategy was developed and is consistent with the Interim Cooperation Framework (ICF). Collaboration with WB, IDB, CIDA and DFID is critical to approach.
13. Programme development and delivery capacity for Suriname.	Formalise Suriname membership		✓	Suriname has not taken up the membership offer.
14. Agreement with Suriname on an initial operational programme.	Work with Suriname in developing an initial operational programme		✓	

**SECOND FORMAL NEGOTIATION MEETING – SEVENTH CYCLE**

MILESTONE	INDICATORS	STATUS OF IMPLEMENTATION	CONTINUED SUPPORT IN SDF 7	COMMENTS
15. Review of environmental policy and strategy.	Complete an evaluation of the application of CDB's environmental guidelines by 2006. Complete a full review and revision of environmental policy by mid-2008. Submit a strategy paper on environmental sustainability and the climate change agenda to SDF Contributors and the Board of Directors (BOD) in 2008.			Policy revisions would incorporate explicit consideration of climate change and disaster risk reduction (DRR) in operational programming
16. Strengthening of environmental programming and integration of natural hazard risk reduction into project design.	Additional Environmental Staff appointed in 2007/2008.  Delivery of CDB's new Environmental and Social Review Procedures incorporating natural hazard concerns, along with the revised environmental policy by mid-2008.			Increased capacity in this area is already evident.
17. Integration of disaster mitigation function into CDB's permanent establishment.	Engage a specialist in natural hazard risk reduction by November 2007.			This has served to effectively integrate the DRR function in the Bank.

**STATUS REPORT ON SDF 6: Rev. 1**

MILESTONE	INDICATORS	STATUS OF IMPLEMENTATION	CONTINUED SUPPORT IN SDF 7	COMMENTS
18. Comprehensive gender assessment for ten BMCs and integration of gender into CDB social and operational guidelines	Assessments for ten countries, with minimum of five assessments to be completed in 2008. Prepare and submit gender strategy paper to SDF Contributors by mid-2008.		✓	CDB in process of significantly upgrading its gender analysis capacity. One staff and one Consultant to be filled by end 2008
19. Establishment of an operational policy and programme planning capability for regional programming and RPGs.	Reorganise the Economics Department to improve efficiency and effectiveness. Prepare an operational strategy on support for regional integration for submission to SDF Contributors later in 2008.			Reorganisation being implemented based on Consultants' report. Consultant engaged to assist with operational strategy on integration.
20. Proposal on Policy-based Lending.	Approve Policy for PBL by December 2005. Approve PBL for St. Kitts and Nevis by December 2006 Approve PBL for Belize by December 2006 Approve PBL for St. Lucia by July 2008 Approve PBL for Antigua and Barbuda by October 2008		✓	PBLs now critical part of CDB instruments.
21. Strengthened operational policy capability for poverty reduction, governance, environmental and natural hazard protection.	Recruit Governance Specialist by July 2008 Recruit DRR Specialist by December 2007 Obtain assistance from DFID on PRS			Implementation commenced in 2006, to be completed in 2008
22. Review of lending policies and project modalities.	Review of lending policies and sectoral policy frameworks to be completed by December 2008.		✓	Some work done but likely to be fully engaged in 2009 i.e. SDF 7.
23. Mid-term evaluation of BNTF 5 and preparation of BNTF 6.	Complete Draft Final Report of BNTF 5 Mid-Term Evaluation by 2007. Prepare design of BNTF 6 by July 2008.			Mid-Term Review is essential input into BNTF 6.

**SECOND FORMAL NEGOTIATION MEETING – SEVENTH CYCLE**

MILESTONE	INDICATORS	STATUS OF IMPLEMENTATION	CONTINUED SUPPORT IN SDF 7	COMMENTS
<p>24. Monitoring and evaluation. Key milestones:</p> <p>(a) evaluation of Environmental Impact Assessment (EIA) requirements and procedures;</p> <p>(b) evaluation of TA programme;</p> <p>(c) extension of Project Performance Evaluation System to BNTF and selected TAs; and</p> <p>(d) integration of MDGs and Caribbean-specific targets as a framework for monitoring and assessment of SDF 6.</p>	<p>Complete evaluation of environmental review guidelines.</p> <p>Complete Draft revised guidelines in new Environmental and Social Review Procedures by July 2008.</p> <p>Complete the evaluation of the Bank's TA programme and review by Contributors by the December 2007 Preparatory Meeting.</p> <p>Develop new procedures to be applied to BNTF subprojects and TA projects by October 2008.</p> <p>The MDGs and the Caribbean-specific targets and indicators incorporated into CPAs, CSPs and individual projects.</p>	<p>Green</p> <p>Yellow</p> <p>Green</p> <p>Yellow</p> <p>Green</p>		<p>See also milestones 15 &amp; 16. TA evaluation has led to the development of a more strategic approach to TA. BNTF procedures revision will mainly affect BNTF 6. MDGs provide the framework for monitoring and evaluation of all CDB interventions.</p>
<p>25. Undertaking of an assessment of progress at mid-term, for submission to an SDF 6 mid-term review.</p>	<p>Undertake mid-term review and submit to the BOD by end 2007</p>	<p>Green</p>		<p>Review Report reviewed by SDF Contributors; will influence design of SDF 7.</p>
<b>PARTNERSHIPS AND HARMONISATION</b>				
<b><i>Objective: To strengthen CDB's participation and, as appropriate, leadership in partnerships, harmonisation and alignment</i></b>				
<p>26. Development with other donors of joint approaches to social protection in CDB's</p>	<p>Prepare Policy Paper on Social Protection by 2006</p>	<p>Yellow</p>		<p>CDB sponsored study on social protection in 2004; in 2005 a conference involving CDB, DFID, EU, UNDP and WB agreed on the</p>

**STATUS REPORT ON SDF 6: Rev. 1**

MILESTONE	INDICATORS	STATUS OF IMPLEMENTATION	CONTINUED SUPPORT IN SDF 7	COMMENTS
BMCs.				importance of harmonising donor initiatives. CDB policy paper will be completed in late 2008.
27. Implementation of cooperative approaches to CPA updates and NPRS development.	Continue joint donor support under the Eastern Caribbean Donors' Group (ECDG) and other coordinating mechanisms. A similar approach is envisaged on NPRSs.		√	ECDG and the related Thematic Groups (e.g. Poverty and Social Development) is a model of collaboration. CDB seeking to increase role in Donor coordination
28. Further development of joint approaches to disaster mitigation and disaster risk management.	Provide support to Caribbean Catastrophic Risk Insurance Facility (CCRIF) with contribution to reserve fund of \$5 mn by May 2007.			CCRIF is supported by several donors with IDA as trustee. CDB represented on BOD.
29. Development of joint approaches to support for economic adjustment under CSME and Doha Round.	Design of a regional development fund (RDF) and a regional development agency (RDA) to support economic adjustment by Mid-2006.			CDB financed most of the technical work for the RDF and RDA.
30. Development of joint approaches to MfDR in selected BMCs.	Introduce concepts of Development Effectiveness and MfDR to Ministries of Finance and Economic Planning by 2006.		√	CDB and IDB jointly sponsored the Programme to Implement the External Pillar of the Medium-Term Action Plan for Development Effectiveness (PRODEV) Caribbean regional workshop on Development Effectiveness and MfDR for BMC ministries of finance and economic planning
31. First major meetings of CFD as successor to previous consultative	Scheduled Meetings of the Caribbean Forum were held.		√	More selective approaches to policy and aid coordination being considered.

**SECOND FORMAL NEGOTIATION MEETING – SEVENTH CYCLE**

MILESTONE	INDICATORS	STATUS OF IMPLEMENTATION	CONTINUED SUPPORT IN SDF 7	COMMENTS
group for aid coordination (CGCED) to be held under CDB coordination and management.				
32. Progress on harmonisation and alignment agenda, e.g., in environmental protection or other RPGs, MDB procurement policies, and country harmonisation pilot projects.	<p>Harmonise procurement policies by 2006.</p> <p>Align CDB's Environmental policies with Common Framework for Environmental Assessment by MDBs by 2007.</p>		√	<p>CDB is an active participant in the MDB group on procurement and is using the harmonised procurement guidelines. CDB also involved in MDB working groups on Performance-Based Resource Allocation Planning and Budgeting.</p> <p>CDB's new Environmental and Social Review guidelines are aligned with harmonised framework.</p>
33. Paris Declaration Indicators modified and adopted.	Report to Contributors on modified Paris Declaration indicators to be submitted by 2008.		√	Will be started in SDF 7.

**Colour Code:**

**Green: Completed**

**Yellow Ongoing**

**Red Not Started**

**√ Further support required in SDF 7**

#### 4. PLANNED MILESTONES FOR 2008

4.01 At the Preparatory Meeting on SDF 7, Contributors requested an “SDF 6 second-half Action Plan” that would more clearly set out those milestones or key areas on which further progress was expected during the balance of SDF 6. There are a number of important areas on which substantive progress or completion is targeted for 2008. These include both a number of the remaining milestones in the SDF 6 Action Plan and issues that were raised in the SDF 6 Mid-Term Review and/or by Contributors during discussion at the December meeting.

4.02 Among the milestones are completion of CPA updates and support for some of the planned follow-on NPRSs, progress on implementation of PRS, further operationalisation of the governance strategy, implementation of an operational policy and programming capability for support of regional integration and RPGs, as well as an acceleration in SDF 6 commitments and disbursements. These are set out in Table 7.

**TABLE 7: MILESTONES FOR 2008<sup>7/</sup>**

<ul style="list-style-type: none"><li>● Completion of BNTF 5 Mid-Term Evaluation<sup>8/</sup> and launching of BNTF 6.</li><li>● Further CPAs and support for specific NPRSs.</li><li>● Continued progress on implementation of PRS.</li><li>● Acceleration of SDF 6 commitments and disbursements.</li><li>● Preparation of Gender Strategy.</li><li>● Completion of revised Environmental Policy Strategy and a Position Paper on Climate Change.</li><li>● Further operationalisation of Governance Strategy.</li><li>● Preparation of Action Plan on recommendations of Evaluation of TA Operations.</li><li>● Preparation of Outline paper for Long-term Strategic Plan.</li><li>● Completion of Social Protection Policy Paper.</li><li>● Operational policy and programme planning capability for Regional Programming and RPGs.</li><li>● Review of Private Sector Strategy.</li><li>● Review of Sector Policies.</li></ul>
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#### 5. MONITORING AND REPORTING ON RESULTS

5.01 The Bank is increasingly relying on evaluation work in identifying and assessing results and performance issues. With further strengthening of the Project Portfolio Management System (PPMS) and the overall Results Framework for reporting to Contributors, CDB will have a stronger framework for monitoring and reporting on performance and results in SDF 7.

5.02 The principal assessment of SDF performance to date will be the multi-cycle evaluation of SDF that is currently underway and which will be reported on to Contributors during these SDF 7 negotiations. Although this is focused primarily on the two most recent completed cycles of SDF (SDF 4 and SDF 5), for which outcomes and performance issues can be better assessed, the evaluation is expected to put its findings in the context of more recent developments during SDF 6. It follows on from the SDF Performance Review in 2000, which assessed whether SDF was on track in responding to new directions

<sup>7/</sup> Including issues discussed in the SDF 6 Mid-Term Review and at the December 2007 Preparatory Meeting on SDF 7.

<sup>8/</sup> Completed as of February 2008.



## SECOND FORMAL NEGOTIATION MEETING – SEVENTH CYCLE

set by Contributors, as well as other performance issues and results at various levels of the results chain. The SDF Performance Review in 2000 made a number of far-reaching recommendations, which were accepted by the Bank and provided a basis for the SDF 5 and SDF 6 Replenishments, as well as a framework for the ongoing operations of SDF.

5.03 At the December meeting, Contributors reviewed both the SDF 6 Mid-Term Review/Evaluation [*Milestone 25* in the SDF 6 Action Plan] and a major evaluation [*Milestone 24. (b)*] of the Bank's TA operations, most of which are financed by SDF. At the April meeting, Contributors had an opportunity to review the Mid-Term Evaluation of BNTF 5, which will have influence on the remainder of BNTF 5 and on the design and implementation of BNTF 6, which will get underway during 2008.

5.04 The planned strengthening of PPMS was discussed at the December meeting of Contributors, and the enhanced Results Framework for SDF will be reported on separately.

5.05 The recent Evaluation of TA operations found that over the period 1996-2004, there had been significant changes in the composition of TA operations to reflect policy directions that SDF Contributors and the Bank had set in the context of SDF replenishments and the Bank's strategic and operational planning. At the same time, TA operations remained highly diverse and responsive to a variety of requests, particularly in respect of regional TAs. In the case of the sample of TA projects examined in more depth, the majority was rated as satisfactory or better and almost a third were highly satisfactory or better. The evaluation identified various key lessons which could help to strengthen performance and results, and its recommendations are under consideration by the Bank.

5.06 The BNTF 5 Mid-Term Evaluation, just completed, found that the BNTF programme had continued the development of mechanisms to more effectively target social infrastructure in poor communities, increase local government and community participation, strengthen capacity related to social infrastructure, provide skills training and employment to beneficiaries, and improve the efficiency of implementation processes and systems. The evaluation concluded, *inter alia*, that the programme had the potential to demonstrate a good alignment with criteria for aid effectiveness, including ownership, accountability and managing for results. There were, however, some issues at the interface of CDB and country management offices that were in need of resolution in terms of their impact on performance.

## 6. INDICATORS OF ACHIEVEMENT

6.01 The SDF 6 operational programme fits broadly within the "three levers" of PRS – *capacity enhancement, reduction of vulnerabilities* and *good governance* – and in some cases individual interventions contribute to two or more of these three broad objectives. These are integral elements of the "poverty prism" through which all of the Bank's operations have been increasingly viewed, and are closely related to the MDGs.

6.02 Since the SDF 6 operations are currently ongoing, with projects underway and some commitments still to be made, it is premature to assess final outcomes or longer term results in the way that the Multi-Cycle Evaluation of SDF is doing for SDF 4 and SDF 5. On the other hand, an understanding of the SDF 6 programme to date can be gained by a review of the various project objectives and intended outcomes. This is detailed in Appendix 1 and a summary is provided below.

### **Direct Poverty Reduction**

6.03 There are particular programmes and individual interventions that are *directly and primarily targeted to poor communities or less privileged groups*. The best known of these is BNTF, with the approval and implementation of individual sub-projects under BNTF 5 being an important element of SDF operations during the SDF 6 cycle, and with the country commitment of funds for BNTF 6 expected in 2008. The table below outlines some of the results of BNTF 5 for the period ending December 31,

2007. The results indicate that with disbursement of around \$16.8 mn of grant resources, close to 550,000 persons benefited, 49% of which were female and 43% youths.

**TABLE 8: RESULTS OF BNTF 5**  
(as at December 31, 2007)

Sector	Approvals		Disbursements	Completed Sub-Projects		No. of Beneficiaries			
	\$'000	#		\$'000	\$'000	#	Female	Male	Total
Access	5,621	93	2,661	2,431	57	49,576	50,819	100,395	50,215
Community Markets	1,306	7	561	207	3	8,321	7,236	15,557	4,486
Day-care Centers	471	4	135	171	3	120	91	211	186
Education Facilities	12,950	126	6,600	6,854	80	64,379	56,824	121,203	32,594
Health Facilities	3,513	53	1,908	950	22	57,999	70,924	128,923	82,410
Maintenance	287	35	60	113	15	4,442	4,675	9,117	1,687
Skills Training	1,400	80	342	426	44	8,786	8,728	17,517	6,176
Vulnerable Groups	318	9	78	78	5	464	502	966	461
Water Supply Systems	7,571	125	4,469	4,851	96	77,401	78,621	156,022	56,967
<b>TOTAL</b>	<b>33,437</b>	<b>532</b>	<b>16,763</b>	<b>16,081</b>	<b>325</b>	<b>271,488</b>	<b>278,420</b>	<b>549,908</b>	<b>236,182</b>

6.04 Other projects directly targeting poor communities include the Carib Territory Community Capacity-Building Project in Dominica, for which \$2.8 mn of SDF funds were provided for a TA grant together with a loan, targeted at a reduction of poverty and vulnerability for indigenous peoples. The project design has benefited from the lessons learned from previous projects financed by CDB and other development partners. The project is providing social and economic infrastructure and resources for community sub-projects, which support income generation and improved livelihoods. Approximately 2.5 km of roads will be constructed (2.1 km) or rehabilitated (0.5 km) under the project. The intended results include improved access to social and economic infrastructure, strengthening of good governance and improved management systems for the Carib Council and Carib Model Village.

6.05 In Guyana, a loan of \$10.2 mn together with a TA grant of \$2 mn was provided for the Community Services Enhancement project to improve governance systems and the quality of basic services for four communities, and in turn contribute to sustainable development in Guyana through improved social and economic infrastructure and institutional strengthening of community management capacity. Stakeholder participation is a key feature of the project. This approach was started at the project preparation stage and is being continued throughout the implementation and operating stages.

6.06. Intended results of the Community Services Enhancement project include:

- (a) improvement of 33 km of basic roads thereby improving travel times and reducing VOC;
- (b) increases in market stall revenue due to improvements in market facilities at four locations in three communities; and
- (c) improvements in the governance arrangements by re-construction of four Neighbourhood Democratic Council Offices and institution of reform measures for the running of the Council

### Capacity Enhancement

6.07 **Capacity enhancement** interventions include a number of HRD and infrastructure projects, as well as the CTCS programme for micro-, small- and medium-enterprises. HRD projects undertaken under SDF 6 include \$2 mn for a **Schools Rehabilitation and Reconstruction project in Grenada** in 2007 to improve performance of selected schools and increase the number of graduates capable of contributing more significantly to the country's social and economic development. This project anticipates the following results:

- (a) 10% increase in students with tertiary-level matriculation requirements by 2015;
- (b) 12% increase in enrolment in technical/vocational and science subjects by 2010;
- (c) 5% increase in pass rates for technical/vocational subjects by 2012; and
- (d) 10% reduction in repetition and drop-out rates by 2012.

6.08 **The UTech Enhancement project in Jamaica**<sup>9/</sup> was approved for \$5 mn. The UTech project is a key element in Jamaica's plans to develop a skilled and professional workforce capable of adapting to the demands of a competitive world economy. In terms of CDB's PRS, the project addresses both capability enhancement by promoting access to affordable tertiary education, and vulnerability reduction as a tool of social equity. UTech's expansion and upgrading promotes affordable and equitable access to post-secondary education and training needed to reduce the knowledge and income gaps between socio-economic groups. It is anticipated that the project would result in the following outcomes:

- (a) increase in tertiary education GER in Jamaica to 35% by 2015;
- (b) 20% increase in the number of programmes and services offered by 2015; and
- (c) a 30% increase in the number of academic staff with terminal degrees by 2015.

6.09 CDB reinstated its training programme in project cycle management for mid and senior level public sector officials in its BMCs. By the end of 2007, one full year of training was completed. During the year, 2 core courses involving 114 participants and 5 specialised courses with 110 participants were completed. The programme provided 624 person weeks of training for participants from 14 BMCs.

### Student Loans

6.10 CDB has been providing funds for students to pursue tertiary education since 1972. These resources are provided to national financial intermediaries that on-lend the funds to the final beneficiaries. Over the period 1972-2003, CDB approved some 99 such loans with a total approval value of \$88 mn, of which \$38 mn or 57% was from SDF resources.

6.11 In 2004 CDB commissioned an Impact Study of its SLS. The Study was conducted in five countries<sup>10/</sup> and covered the period 1999-2003. Outlined below are some of the major findings of the Impact Study:

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<sup>9/</sup> Here and in other paragraphs the dollar figures quoted refer to the SDF funds utilised. In many instances, these funds are blended with OCR funds so that the project tends to be significantly larger than implied by the SDF component alone.

<sup>10/</sup> The countries included in the study were: Belize, British Virgin Islands, Dominica, St. Kitts and Nevis, St. Lucia.

### Specific

- (a) For the five countries included in the study, approximately 5,000 students benefited from approved loans of \$49 mn.
- (b) Female borrowers represented 53% of the participants, with male borrowers at 46%. This compares to the average female/male participation rate in the region of 67:33.
- (c) On average 55% of the students return to work in their own country and 70% return either to their country or to the region.

### General

- (a) CDB's SLS is the principal source of funding support in the target countries and is seen as part of governments' efforts to increase access to tertiary education. The SLS represents more than 50% of the funding mix for a majority of students.
- (b) Eighty percent (80%) of the borrowers indicate that without the SLS, they would not have been able to pursue a post-secondary education.
- (c) Over 90% of the students report being satisfied or somewhat satisfied with the fact that the SLS provided them with the ability to enroll in a programme and institution of their choice.
- (d) The majority of SLS borrowers were able to find a job within six months of graduation, and usually in their field of study.
- (e) Over 69% of borrowers agreed that their standard of living improved as a result of their participation in the Scheme.

6.12 Capital projects to contribute to social and economic development through improved road **transport infrastructure** were undertaken in 2005 in Dominica (\$550,000) and Grenada (\$5.9 mn) as well as in 2006 in Jamaica (\$1.2 mn). **The Valley Roads project in Dominica** is upgrading roads constructed decades ago that have rough surfaces, inadequate drainage and signage, narrow and winding alignments and often steep gradients susceptible to land slippage, resulting in excessive wear and tear on vehicles. The project is expected to improve road safety, decrease maintenance costs and reduce VOC (estimated at \$0.7 mn a year by 2009) and road accidents. It is also intended to contribute to sustainable expansion in economic activity and income levels for largely rural communities dependent on agriculture, by allowing easier access to services and markets, increased number of visitors to tourist areas, and improved quality and quantity of agricultural produce transported to market. These benefits result in the project exhibiting an economic rate of return of 14%.

6.13 **The 5<sup>th</sup> Road Project (Washington Boulevard Improvement)** in Jamaica involved the widening of approximately 2.75 km of road and is intended to achieve the following outcomes:

- (a) increased carrying capacity from 1,153 to 3,220 vehicles in both directions;
- (b) reduction in peak hour travel time for buses by at least 40%;
- (c) at least \$7 mn in annual savings in travel time costs by 2010; and

**SECOND FORMAL NEGOTIATION MEETING – SEVENTH CYCLE**

(d) Annual savings in VOC of \$6.9 mn.

6.14 The \$7.5 mn which was committed to **Grenville Market Square Development Project** in Grenada in 2006 is developing Grenville Town as a regional urban centre servicing the northern and eastern coasts of the country, and will contribute to socio-economic development through improvements in the quality of urban infrastructure, including facilities that can sustain agricultural output in rural areas and support retention of a population that would otherwise be subject to rural/urban drift. It is anticipated that 40 new businesses will be created in Grenville by 2011 and this would lead to a 4% reduction in unemployment.

**Private Sector**

6.15 CDB’s primary programme for supporting micro-, small- and medium-sized private sector enterprises is the CTCS network, which provides Caribbean experience to individuals, enterprises and organisations in BMCs. It provides skills training in a wide range of sectors and disciplines, as well as TA in project preparation for new and expanding businesses, upgrading of management systems and solutions of production and maintenance problems.

6.16 In SDF 6 to date, the CTCS programme has supported 105 training workshops, attachments and 184 individual interventions (direct TA) for 2,421 micro- and small- entrepreneurs in 15 BMCs. These interventions are, *inter alia*, intended to increase opportunities for lower-income persons to earn or sustain their livelihoods and encourage new business start-ups and improvements in existing businesses. Other supporting interventions have included training programmes in 2005 on creating an enabling environment for small enterprise development, and in 2007, on improving financing for SMEs.

**TABLE 9: CTCS ACTIVITIES 2005-2008**

<b>Year</b>	<b>No. Countries</b>	<b>No. Workshops</b>	<b>No. Participants</b>	<b>No. Direct TAs</b>
2005	17	32	725	54
2006	13	32	587	72
2007	14	36	1,046	50
2008	7	5	63	8
<b>TOTAL</b>	<b>17</b>	<b>105</b>	<b>2,421</b>	<b>184</b>

**Financial Leverage**

6.17 The ability of SDF to leverage additional resources is an important indicator of the significance of the Fund. In SDF 6, \$118 mn of SDF resources have been approved in loans and grants to March 2008. These SDF 6 resources leveraged an additional \$105 mn in CDB’s OCR, bringing total funding to \$223 mn. These amounts do not include resources provided by other bilateral and multilateral agencies.

**PROJECT OBJECTIVES AND INTENDED OUTCOMES<sup>11/</sup>**

1. SDF 6 operations are currently ongoing, with projects underway and some commitments still to be made. It is premature to assess final outcomes or longer term results in the way that the Multi-Cycle Evaluation of SDF is doing for SDF 4 and SDF 5. On the other hand, an understanding of the SDF 6 programme to date can be gained by a review of the various project objectives and intended outcomes.

2. The SDF 6 operational programme fits broadly within the “three levers” of PRS – *capacity enhancement, reduction of vulnerabilities and good governance* – and in some cases individual interventions contribute to two or more of these three broad objectives. These are integral elements of the “poverty prism” through which all of the Bank’s operations have been increasingly viewed, and are closely related to the MDGs.

3. All SDF operations are expected to make a contribution to the overall objective of poverty reduction and broad-based socio-economic development, and to contribute to the achievement of MDGs and the Caribbean-specific targets and indicators. Within this, however, there are particular programmes and individual interventions that are *directly and primarily targeted to poor communities or less privileged groups*. The best known of these is BNTF, with the approval and implementation of individual sub-projects under BNTF 5 being an important element of SDF operations during the SDF 6 cycle, and with the country commitment of funds for BNTF 6 expected in 2008. The table below outlines some of the results of BNTF 5 for the period ending December 31, 2007. The results indicate that with disbursement of around \$16.8 mn of grant resources, close to 550,000 persons benefited, 49% of which were female and 43% youths.

**TABLE 1: RESULTS OF BNTF 5  
(as at December 31, 2007)**

Sector	Approvals		Disbursements \$'000	Completed Sub-Projects		No. of Beneficiaries			
	\$'000	#		\$'000	#	Female	Male	Total	Of which Youth
Access	5,621	93	2,661	2,431	57	49,576	50,819	100,395	50,215
Community Markets	1,306	7	561	207	3	8,321	7,236	15,557	4,486
Day-care Centers	471	4	135	171	3	120	91	211	186
Education Facilities	12,950	126	6,600	6,854	80	64,379	56,824	121,203	32,594
Health Facilities	3,513	53	1,908	950	22	57,999	70,924	128,923	82,410
Maintenance	287	35	60	113	15	4,442	4,675	9,117	1,687
Skills Training	1,400	80	342	426	44	8,786	8,728	17,517	6,176
Vulnerable Groups	318	9	78	78	5	464	502	966	461
Water Supply Systems	7,571	125	4,469	4,851	96	77,401	78,621	156,022	56,967
<b>TOTAL</b>	<b>33,437</b>	<b>532</b>	<b>16,763</b>	<b>16,081</b>	<b>325</b>	<b>271,488</b>	<b>278,420</b>	<b>549,908</b>	<b>236,182</b>

4. There are also other SDF interventions that are primarily targeted at the poor and vulnerable groups. During SDF 6 to date, this has included use of TA funds for the development of a strategy and medium-term action plan for CDB operations in Haiti, which began in 2005, in preparation for Haiti’s subsequent accession to membership. This has been followed by the \$10 mn “Education for All” project in 2007, which is intended to provide increased access to primary education for poor children, facilitate a school-feeding programme, strengthen public and non-public sector partnership, and enhance school

<sup>11/</sup>This Appendix draws on the objectives and expected outcomes and results for individual projects undertaken during SDF 6 to date, as well as related available information.

management capabilities to increase access, improve equity and monitor learning outcomes, with the objective of a better educated population with the knowledge and competencies to contribute more effectively to social and economic development in Haiti. Haiti also benefited from a grant of \$ 1.7 mn to facilitate training in project cycle management for public sector officials.

5. In Dominica, the Carib Territory Community Capacity-Building Project, for which \$2.8 mn of SDF funds were provided for a TA grant together with a loan, targeted at a reduction of poverty and vulnerability for indigenous peoples. The project design has benefited from the lessons learned from previous projects financed by CDB and other development partners. The project is providing social and economic infrastructure and resources for community sub-projects, which support income generation and improved livelihoods. Approximately 2.5 km of roads will be constructed (2.1 km) or rehabilitated (0.5 km) under the project. The intended results include improved access to social and economic infrastructure, strengthening of good governance and improved management systems for the Carib Council and Carib Model Village.

6. In Guyana, a loan of \$10.2 mn together with a TA grant of \$2 mn was provided for the Community Services Enhancement project to improve governance systems and the quality of basic services for four communities, and in turn contribute to sustainable development in Guyana through improved social and economic infrastructure and institutional strengthening of community management capacity. Stakeholder participation is a key feature of the project. This approach was started at the project preparation stage and is being continued throughout the implementation and operating stages.

7. Intended results of the Community Services Enhancement project include:

- (a) improvement of 33 km of basic roads thereby improving travel times and reducing VOC;
- (b) increases in market stall revenue due to improvements in market facilities at four locations in three communities; and
- (c) improvements in the governance arrangements by reconstruction of four Neighbourhood Democratic Council Offices and institution of reform measures for the running of the Council.

8. Also continued in SDF 6 have been allocations of student loan funds for students from poorer and vulnerable households without the collateral that would otherwise be required, and the use of a special mortgage facility for first-time homeowners with lower incomes. Two and a half million dollars were committed for these purposes for the Turks and Caicos Islands in 2006. The objectives are to contribute to social and economic development through HRD and improvement in housing stock.

9. A number of other interventions are also intended to impact directly on the poor and those mostly at risk, including support for strengthening SMEs through regional TAs such as for creating an enabling environment for SMEs and facilitating their access to financing, as well as support for disaster mitigation efforts where these directly benefit poor communities. Support for micro-finance institutions (MFIs) has included TAs in 2007 for a Caribbean Microfinance Capacity-Building Programme to improve financial performance and the outreach of MFIs and for disaster mitigation efforts of these institutions.

10. Of very direct importance to the Bank's poverty reduction work, and that of both BMCs and other donors, is the support for CPAs and PRSs, which as noted above continues to be undertaken as a collaborative partnership, and for which \$3.1 mn was approved in 2006. This work has demonstrated its value in providing information for BMCs to better understand and address poverty and in enhancing the capacity of BMCs to undertake poverty assessments, monitor poverty incidence, and formulate and implement national strategies and action plans. It remains a continuing priority for SDF support, although support from other donors also continues to be needed.

11. **Capacity enhancement** interventions include a number of HRD and infrastructure projects, as well as the CTCS programme for micro-, small- and medium-enterprises. HRD projects undertaken under SDF 6 include \$2 mn for a **Schools Rehabilitation and Reconstruction project in Grenada** in 2007 to improve performance of selected schools and increase the number of graduates capable of contributing more significantly to the country's social and economic development. This project anticipates the following results:

- (a) 10% increase in students with tertiary-level matriculation requirements by 2015;
- (b) 12% increase in enrolment in technical/vocational and science subjects by 2010;
- (c) 5% increase in pass rates for technical/vocational subjects by 2012; and
- (d) 10% reduction in repetition and drop-out rates by 2012.

12. **The UTech Enhancement project in Jamaica**<sup>12/</sup> was approved \$5 mn. The UTech project is a key element in Jamaica's plans to develop a skilled and professional workforce capable of adapting to the demands of a competitive world economy. In terms of CDB's PRS, the project addresses both capability enhancement by promoting access to affordable tertiary education, and vulnerability reduction as a tool of social equity. UTech's expansion and upgrading promotes affordable and equitable access to post-secondary education and training needed to reduce the knowledge and income gaps between socio-economic groups. It is anticipated that the project would result in the following outcomes:

- (a) increase in tertiary education GER in Jamaica to 35% by 2015;
- (b) 20% increase in the number of programmes and services offered by 2015; and
- (c) a 30% increase in the number of academic staff with terminal degrees by 2015.

13. HRD projects have also included a continuation of CDB's regular student loan programme, with allocations from SDF 6 to date of \$300,000 each for Anguilla and the British Virgin Islands, to provide trained personnel at technical, vocational and professional levels and contribute to a higher rate of economic growth in the productive sectors.

14. CDB has been providing funds for students to pursue tertiary education since 1972. These resources are provided to national financial intermediaries that on-lend the funds to the final beneficiaries. Over the period 1972-2003, CDB approved some 99 such loans with a total approval value of \$88 mn, of which \$38 mn or 57% was from SDF resources.

15. In 2004, CDB commissioned an Impact Study of its SLS. The Study was conducted in five countries<sup>13/</sup> and covered the period 1999-2003. Outlined below are some of the major findings of the impact study:

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<sup>12/</sup> Here and in other paragraphs the dollar figures quoted refer to the SDF funds utilised. In many instances, these funds are blended with OCR funds so that the project tends to be significantly larger than implied by the SDF component alone.

<sup>13/</sup> The countries included in the study were: Belize, British Virgin Islands, Dominica, St. Kitts and Nevis, St. Lucia.



**Specific**

- (a) For the five countries included in the study, approximately 5,000 students benefited from a total value of loans approved \$49 mn.
- (b) Female borrowers represented 53% of the participants, with male borrowers at 46%. This compares to the average female/male participation rate in the region of 67:33.
- (c) On average 55% of the students return to work in their own country and 70% return either to their country or to the Region.

**General**

- (a) CDB's SLS is the principal source of funding support in the target countries and is seen as part of governments' efforts to increase access to tertiary education. The SLS represents more than 50% of the funding mix for a majority of students.
- (b) Eighty percent of the borrowers indicate that without the SLS, they would not have been able to pursue a post-secondary education.
- (c) Over 90% of the students report being satisfied or somewhat satisfied with the fact that SLS provided them with the ability to enroll in a programme and institution of their choice.
- (d) The majority of SLS borrowers were able to find a job within six months of graduation, and usually in their field of study.
- (e) Over 69% of borrowers agreed that their standard of living improved as a result of their participation in the Scheme.

16. A number of regional HRD interventions have also been supported with SDF funds. These have included two TAs in 2005 on the cost and financing of tertiary education, intended to provide information for a dialogue and recommendations on tertiary education financing and the preparation of a Strategic Plan for financing tertiary education institutions. Also in 2005, \$150,000 was provided for Child Focus III: Strengthening Early Childhood Education, as part of the Bank's support for ensuring basic standards and application of best practice across the Region for the transition to primary education. This was followed by support for the Caribbean Early Childhood Policy Forum in 2006.

17. In 2007, there was a TA to improve knowledge and understanding of issues related to acquisition of literacy and numeracy skills at primary level, as well as a \$430,000 TA for the Caribbean Knowledge and Learning Network Project to improve student records management systems in the OECS member countries.

18. Capital projects to contribute to social and economic development through improved road **transport infrastructure** were undertaken in 2005 in Dominica (\$550,000) and Grenada (\$5.9 mn) as well as in 2006 in Jamaica (\$1.2 mn). **The Valley Roads project in Dominica** is upgrading roads constructed decades ago that have rough surfaces, inadequate drainage and signage, narrow and winding alignments and often steep gradients susceptible to land slippage, resulting in excessive wear and tear on vehicles. The project is expected to improve road safety, decrease maintenance costs and reduce VOC (estimated at \$0.7 mn a year by 2009) and road accidents. It is also intended to contribute to sustainable expansion in economic activity and income levels for largely rural communities dependent on agriculture, by allowing easier access to services and markets, increased number of visitors to tourist areas, and

improved quality and quantity of agricultural produce transported to market. These benefits result in the project exhibiting an economic rate of return of 14%.

19. **The 5<sup>th</sup> Road Project (Washington Boulevard Improvement)** in Jamaica involved the widening of approximately 2.75 km of road and is intended to achieve the following outcomes:

- (a) increased carrying capacity from 1,153 to 3,220 vehicles in both directions;
- (b) reduction in peak hour travel time for buses by at least 40%;
- (c) at least \$7 mn in annual savings in travel time costs by 2010; and
- (d) annual savings in VOC of \$6.9 mn.

20. TA support was also provided in 2007 (\$500,000) to strengthen LIAT's viability and internal operations and contribute to economic and social development of BMCs by improving the efficiency and reliability of inter-island air transport.

21. The \$7.5 mn which was committed to **Grenville Market Square Development Project** in Grenada in 2006 is developing Grenville Town as a regional urban centre servicing the northern and eastern coasts of the country, and will contribute to socio-economic development through improvements in the quality of urban infrastructure, including facilities that can sustain agricultural output in rural areas and support retention of a population that would otherwise be subject to rural/urban drift. It is anticipated that 40 new businesses will be created in Grenville by 2011 and this would lead to a 4% reduction in unemployment.

22. Capacity enhancement projects in the environment, water and sewerage sector have included two TAs in Belize in 2007 – a feasibility study to identify requirements for the phased implementation of expanded water and sewerage infrastructure on Ambergris Caye – and a feasibility study and detailed design for Belize River Valley water supply systems; as well as a water resource management study for Nevis in 2005. There was also a TA in 2005 to provide a forum for decision-makers in the water and waste water sector and to identify policy issues that would benefit from a regional perspective or approach.

23. Two TAs supporting environmental management in 2006 were for institutional strengthening of the National Environmental Planning Agency in Jamaica, and strengthening the administrative framework of the Caribbean Community Climate Change Centre and enhancing its transparency, accountability and operational efficiency. There was also a TA in 2006 for study attachments to assist Jamaica to improve institutional capacity for environmental monitoring of road construction and rehabilitation.

24. CDB's primary programme for supporting micro-, small- and medium-sized private sector enterprises is the CTCS network, which provides Caribbean experience to individuals, enterprises and organisations in BMCs. It provides skills training in a wide range of sectors and disciplines, as well as TA in project preparation for new and expanding businesses, upgrading of management systems and solutions of production and maintenance problems.

25. In SDF 6 to date, the CTCS programme has supported 105 training workshops, attachments and 184 individual interventions (direct TA) for 2,421 micro- and small- entrepreneurs in 15 BMCs. These interventions are, *inter alia*, intended to increase opportunities for lower-income persons to earn or sustain their livelihoods and encourage new business start-ups and improvements in existing businesses. Other supporting interventions have included training programmes in 2005 on creating an enabling environment for small enterprise development, and in 2007, on improving financing for SMEs.

**TABLE 2: CTCS ACTIVITIES 2005-2008**

<b>Year</b>	<b>No. of Countries</b>	<b>No. of Workshops</b>	<b>No. of Participants</b>	<b>No. of Direct TAs</b>
2005	17	32	725	54
2006	13	32	587	72
2007	14	36	1,046	50
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<b>Total</b>	<b>17</b>	<b>105</b>	<b>2,421</b>	<b>184</b>

26. Regional TAs for the agriculture sector have included a training programme in 2005 to enhance the technical capacity of agricultural extension officers and organic farmers in production and use of organic fertilisers for regional food production for domestic and other markets; a Caribbean anthurium industry development workshop in 2006 to review the performance of the industry, research and development support, production innovations, pest and disease management and other factors, and develop a Strategic Plan for a regional anthurium industry; support for BMC participation in the development of a Caribbean agricultural monitoring and evaluation information system in 2007 to improve market access for agro-industrial companies to supply fresh produce and other products for the tourism sector and to increase their competitiveness; and evaluation of greenhouse technology, also in 2007, to develop country-specific technological and management options for use of such technology in crop production.

27. **Reduction of vulnerabilities** was supported by a number of programmes and projects referred to above, including BNTF, the Carib Territory Capacity Enhancement Project in Dominica and various HRD initiatives. This core objective was also supported by a considerable number of disaster mitigation and disaster response projects and initiatives. These included a \$5 mn contribution for CCRIF in 2007. CDB joined with other development partners in the WB-led initiative to address the high vulnerability of Caribbean countries to natural disasters. This risk insurance facility (CCRIF), will allow governments to purchase insurance coverage to provide short-term liquidity after a major earthquake or hurricane, when a BMC generally has a significant decline in revenue generation, sharp increases in expenditures and a decline in access to credit.

28. Natural disaster immediate response or emergency relief grants were made to Grenada and Guyana in 2005, Barbados in 2006 and Belize, Dominica and Jamaica on 2007. These are generally for \$100,000 or less, and are intended to provide immediate emergency assistance in the aftermath of a natural disaster, including clearing and cleaning of debris and restoring essential public services.

29. Natural disaster management response loans were provided to Guyana for \$500,000 in 2005, Barbados for \$500,000 in 2006, and Jamaica for \$12.5 mn in 2007. These were for the clearing and cleaning of affected areas and emergency restoration of essential services, construction of protective structures, construction of sea defences, and repair of main roads and drainage works. In the case of Grenada in 2005, separate SDF loans were provided for \$500,000 for immediate response to finance the clearing and cleaning of affected areas and emergency restoration of essential services, \$5.4 mn for hurricane reconstruction support to sustain an economic recovery programme, and \$2.5 mn for disaster mitigation and restoration to reduce the risk associated with rockfall and landslip, as well as the restoration of damaged roads.

30. Projects in support of **good governance** included BNTF sub-projects and capacity-enhancement and natural disaster mitigation initiatives. In addition, they included loans of \$600,000 in 2005 for the Electricity Department of St. Kitts and Nevis to reform the power sector by facilitating corporatisation and providing scope for liberalisation of the power generation market, with the objective of increasing the efficiency of the power sector and ensuring adequate future supply, and of \$2.5 mn in 2007 for

modernisation of the Customs and Excise Department of Belize to strengthen the Department's capacity in the clearance of goods, collection of revenue and provision of timely and accurate trade data.

31. The loan for St. Kitts and Nevis in 2005 was accompanied by a TA grant, and institutional strengthening. TAs were also provided in 2007 for the Public Utilities Authority and the Statistics Division of Antigua and Barbuda, and the Ministry of Finance, Industry and Planning of Dominica. Other grant-funded TAs included social impact analysis of a value-added tax for Dominica in 2005, and local government reform in Dominica, and both the enhancement of the institutional framework for macroeconomic management and modernisation of financial regulations in Belize, all in 2007.

32. Also under good governance was SDF support in 2006 for development of a comprehensive longer term national development planning framework for Jamaica, which includes community involvement, with a \$500,000 TA grant and a \$1.2 mn TA loan. The intended outcome is improved management of the development planning process and community empowerment.

33. Loans were provided under the Bank's new policy-based lending facility [SDF 6 Action Plan, *Milestone 20*] in December 2006, with \$10 mn for Belize and \$8 mn for St. Kitts and Nevis to support policy and institutional reform. The intended outcomes are a macroeconomic environment more conducive to economic growth and the elimination of unsustainable fiscal and external imbalances, including a reduction in the debt burden. In the case of St. Kitts and Nevis, they also include sustainable and transparent operation of statutory corporations. The goal of both PBLs is to promote sustainable growth and social development through a more stable macroeconomic and political environment.

34. A number of SDF TAs supported good governance initiatives at the *regional level*, including support for *Pillar 1* of the SDF 6 Action Plan (see Section 3 above) and CDB's policy framework for support of regional cooperation and integration. These included \$375,000 in 2005 for further support of the Caribbean Regional Technical Assistance Centre, which provides a range of institutional strengthening TA for economic management in BMCs; and a TA in 2007 to develop a framework for operationalising the proposed CARICOM Development Fund which is a major element in the implementation of CSME.

35. A further TA in 2007 provides for the strengthening of demographic analysis in the Region for research and policy formulation, including monitoring progress towards the MDGs [SDF 6 Action Plan, *Milestone 2*]. The project, for which \$921,000 in SDF funds is being provided over a three-year period, comprises a multi-year training programme in Demographic Analysis, a monitoring and evaluation system to assess post-training activities and performance of participants, and an introductory course on principles of demography for senior statisticians.

36. The project addresses an important area in the lack of capacity for data gathering and analysis identified in the CDB/UNDP workshops on development of a Caribbean-specific set of MDGs and MDG targets, and is part of a Regional Statistical Work Programme endorsed by the Council of Ministers as a framework for more harmonised statistics to support establishment of CSME as well as development of indicators to monitor achievement of MDGs. It is directly addressed to *Milestone 2* in the SDF 6 Action Plan, and as an important outcome is intended to strengthen the capacity of BMCs and the region to develop and monitor progress towards the Caribbean MDG targets.

37. Other governance TAs included a joint CDB/IDB sub-regional "PRODEV" workshop for OECS countries in 2007 on strengthening development effectiveness and managing for development results [SDF 6 Action Plan, *Milestone 30*], and regional TAs in the health sector in 2006 for \$270,000 for a feasibility study on the establishment of a regional health insurance mechanism to improve access to affordable health care services for CARICOM nationals travelling to or working in other Member States, and a smaller TA for a meeting of regional experts in the health sector.

38. CDB's Project Management Training for BMCs was re-introduced in 2005 [SDF 6 Action Plan, *Milestone 4*] with a \$3.2 mn SDF allocation. The intended outcomes are a strengthening of project administration capacity in BMCs, with a consequent improvement in economic management and effective utilisation of investment resources. SDF resources also supported a regional workshop in 2006, on tender and contract management.

39. TA support for civil society organisations (CSOs) has continued in SDF 6 with a meeting in 2005 to prepare Caribbean CSOs for participation in wider regional discussions and to strengthen their role as partners in sustainable development and regional development, and the third and fourth CDB/IDB and Civil Society Organisational Dialogues in 2006 and 2007 to discuss issues of mutual interest to CSOs and the Banks. SDF also supported a workshop for credit union regulators in 2007 with the objective of improving supervision, regulation and prudential operations of credit unions in the region, including amendments to cooperative societies' legislation and a timetable for achieving compliance with the PEARLS credit union prudential standards and reporting system.

40. In support of *Pillar 2* of the Bank's Results Agenda and SDF 6 Action Plan, several TAs have helped to strengthen the effectiveness of SDF operations and policy development. These have included a TA in 2006 for updating CDB's environmental policy and environmental review guidelines and mainstreaming environmental considerations in CDB operations and those of BMCs. In 2007, there were TAs for a natural disaster risk management assessment to improve operational practices and the policy framework for CDB support for Natural Disaster Risk Management to strengthen CDB's development effectiveness in this area, and for development of a gender policy and gender mainstreaming strategy for the Bank.

41. Other TAs have supported a series of workshops in 2006 to launch CDB's revised guidelines for the procurement of goods and services for CDB staff, BMCs and non-borrowing member countries, and the evaluation of CDB's TA operations in 2006/2007. TAs in 2007 included a review of the SDF Resource Allocation System to update and strengthen the system, and a Mid-Term Review of SDF 6 to identify lessons learned and potential improvements to strengthen the effectiveness and impact of remaining resources under SDF 6. In 2008, a Multi-Cycle Evaluation of SDF 4 and SDF 5 is being undertaken to assess the extent to which CDB has met its agreed commitments and undertakings, and the development outcomes in BMCs receiving assistance, as well as to draw lessons learned and make recommendations with a view to improving the administrative, policy, operational, monitoring and evaluation framework of future replenishments.

42. The **financial leverage** made possible by SDF is also a critical aspect of the value of the Fund. For example, in SDF 6 from inception to March 2008, some \$118 mn was approved in loans and grants. These SDF 6 resources leveraged an additional \$105 mn from CDB's OCR and \$41 mn from counterpart contributions, so that total funding of \$264 mn was mobilised; and this amount does not include funding provided by other bilateral and/or multilateral agencies.