

CARIBBEAN DEVELOPMENT BANK



SPECIAL DEVELOPMENT FUND

**ANNUAL REPORT 2014
AND FINANCIAL PROJECTIONS 2015-2017**

May 2015

CURRENCY EQUIVALENT

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

ABBREVIATIONS

BMCs	-	Borrowing Member Countries
BNTF	-	Basic Needs Trust Fund
BOD	-	Board of Directors
CARICOM	-	Caribbean Community
CCRIF	-	Caribbean Catastrophe Risk Insurance Facility
CDB	-	Caribbean Development Bank
CMDG	-	Caribbean-Specific Millennium Development Goals
CPAs	-	Country Poverty Assessments
CTCS	-	Caribbean Technological Consultancy Services
DER	-	Development Effectiveness Review
DFID	-	Department for International Development
DPs	-	Development Partners
DRM	-	Disaster Risk Management
DRR	-	Disaster Risk Reduction
ECD	-	Early Childhood Development
EGRIP	-	E-Government for Regional Integration Project
EE	-	Energy Efficiency
GOSL	-	Government of St. Lucia
ICTs	-	Information and Communication Technologies
JSIF	-	Jamaica Social Investment Fund
MDGs	-	Millennium Development Goals
MfDR	-	Managing for Development Results
MICRO	-	Micro Insurance Catastrophe Risk Organisation (Haiti) Fund
MIS	-	Management Information Systems
mn	-	million
MSMEs	-	Micro, Small and Medium Enterprises
NPRS	-	National Poverty Reduction Strategy
OCR	-	Ordinary Capital Resources
OECS	-	Organisation of Eastern Caribbean States
p.a.	-	per annum
PBL	-	Policy-based Loan/Policy-based Lending
PBOs	-	Policy-based Operations
PCRs	-	Project Completion Reports
PPES	-	Project Performance Evaluation System
PPI	-	Project-Implementation Performance Index
PPPs	-	Public Private Partnerships
RAS	-	Resource Allocation Strategy
RMF	-	Results Monitoring Framework
RCI	-	Regional Cooperation and Integration
RE	-	Renewable Energy
RPGs	-	Regional Public Goods
SDF (U)	-	Special Development Fund (Unified)
TA	-	Technical Assistance
UWI	-	University of the West Indies
WB	-	World Bank

TABLE OF CONTENTS

SUMMARY DATA SHEET (2010–2014)	v
THE UNIFIED SPECIAL DEVELOPMENT FUND	vi
<i>Background</i>	
<i>Funding</i>	
<i>Themes and Priorities</i>	
<i>Programme Levels</i>	
<i>Eligibility of Countries</i>	
<i>Allocation of Resources</i>	
SDF 8 OPERATIONAL STRATEGY	viii
EXECUTIVE SUMMARY	ix
1. INTRODUCTION	1
2. OPERATIONAL PERFORMANCE	1
<i>Commitments</i>	
<i>Disbursements</i>	
<i>SDF 8 Thematic and Programme Highlights</i>	
<i>Haiti</i>	
<i>BNTF</i>	
<i>CTCS</i>	
<i>SDF Portfolio Analysis</i>	
3. REPORTING ON SDF 8 RESULTS	24
<i>Level 1: Regional Progress Towards Selected CMDG Targets and Development Outcomes</i>	
<i>Level 2: CDB/SDF Contributions to Country and Regional Outcomes</i>	
<i>Level 3: Operational/Organisational Effectiveness</i>	
<i>Level 4: Partnership, Harmonisation and Alignment</i>	
4. FINANCIAL RESOURCES AND PROGRAMME LEVELS	33
<i>SDF 8 Programme Level</i>	
<i>Commitment Authority</i>	
<i>Allocation and Utilisation of Resources</i>	
5. FINANCIAL PERFORMANCE AND PROJECTIONS	37
<i>Financial Results</i>	
<i>Notes, Encashments and Drawdowns</i>	
<i>Financial Projections</i>	

TABLES

TABLE 1	Annual Commitments 2013-2014
TABLE 2	Annual Disbursements 2009-2014
TABLE 3	Total Commitments by SDF 8 Strategic Operational Theme
TABLE 4	BNTF Programme 2014 Completions
TABLE 5	BNTF 6 Allocations, Approvals and Disbursements As at End 2014
TABLE 6	BNTF 7 Allocations, Approvals and Disbursements 2014
TABLE 7	CTCS Programme Activities, 2010-2014
TABLE 8	SDF 8 Programme Level
TABLE 9	SDF 8 Projected Commitment Authority and Use of Funds
TABLE 10	SDF 8 Allocation and Utilisation of Resources
TABLE 11	Summary of Financial Results, 2010-2014
TABLE 12	Summary of Projected Financial Results, 2015–2017

APPENDICES

APPENDIX I	Contributions to the Unified Special Development Fund SDF 1-8
APPENDIX II	SDF 8 Programme Level, Country Groups and Terms of Lending
APPENDIX III	SDF 8 Commitments 2013
APPENDIX IV	SDF (U) Portfolio Analysis – 2014
APPENDIX V	Availability and Use of Resources
APPENDIX VI	SDF Financial Statements
VI-1:	Summary Balance Sheets as at December 31, 2010-2014
VI-2:	Summary Income Statements for the years ending December 31, 2010-2014
VI-3:	Summary of Notes, Encashments and Drawdowns 2014
VI-4:	Projected Balance Sheets as at December 31, 2015-2017
VI-5:	Projected Income Statements for the years ending December 31, 2015-2017
VI-6:	Projected Cash Flow Statements as at December 31, 2015-2017

SUMMARY DATA SHEET: 2010–2014

Item	2010	2011	2012	2013	2014
1. Resources					
No. of Contributors at Year-End	26	26	26	27	27
Historical Value of resources pledged [\$ million (mn)]	1,014.8	1,014.8	1,014.8	1,245.5	1,245.5
Amount of Resources made available (\$ mn)	868.4	916.3	963.4	1,017.7	1,065.5
Accumulated Net Income (including currency adjustments)	41.0	41.8	57.2	55.0	61.4
Amount of Resources not yet made available (\$ mn)	111.3	54.0	16.1	113.4	85.9
Contributed Resources and Reserves (\$ mn)	1,020.7	1,012.2	1,036.7	1,186.1	1,212.8
Amount of Resources approved but not yet effective (\$ mn)	20.8	16.1	4.2	55.6	36.5
Size of Fund (\$ mn)	1,041.5	1,028.3	1,041.0	1,241.7	1,249.3
of which allocation for grant programmes - Haiti, Technical Assistance (TA) and Basic Needs Trust Fund (BNTF) (\$ mn)	286.3	320.9	324.9	349.9	405.6
Operating lending limit (\$ mn)	755.2	707.4	716.1	891.8	843.7
Loan commitments (Signed agreements less repayments) (\$ mn)	577.2	601.5	623.1	673.8	687.6
Commitments as % of operating lending limit	76.4	85.0	87.0	75.6	81.5
2. Loans and Grants					
Value of loan approvals during year (\$ mn)	46.6	75.1	64.0	30.0	68.2
No. of loans approved during year incl. TA Loans	8.0	19.0	10.0	4.0	19.0
Average size of Special Development Fund (Unified) [SDF (U)] Loans (\$ mn)	5.8	4.0	6.4	7.5	3.6
Cumulative loan approvals at year-end (\$ mn)	899.2	974.3	1038.3	1068.3	1136.5
Value of loan cancellations during year (\$ mn)	0.7	1.9	3.9	2.6	1.5
Cumulative loan cancellations (\$ mn)	58.2	60.1	64.0	66.6	68.1
Cumulative net loan approvals at year-end (\$ mn)	841.0	914.2	974.3	1001.7	1068.4
Grant approvals for the year (\$ mn)	27.9	16.8	70.6	18.0	19.1
Value of Grant cancellations during year (\$ mn)	0.3	0.7	2.0	0.4	1.4
Cumulative net grant approvals at year-end (\$ mn)	244.8	260.9	329.5	347.1	364.8
Total net cumulative approvals (\$ mn)	1085.8	1175.4	1301.1	1318.7	1433.2
3. Resource Flows (\$ mn)					
Disbursements on loans during year	34.6	35.3	32.8	62.7	49.0
Disbursements on grants during year (including BNTF)	20.6	19.9	24.5	33.9	23.9
Debt service from borrowers	<u>26.0</u>	<u>31.4</u>	<u>31.5</u>	<u>37.0</u>	<u>36.1</u>
(of which repayments)	16.5	18.0	18.5	22.3	22.7
Net transfers during year	29.2	23.8	25.8	59.6	36.8
Cumulative net transfers	374.2	398.0	423.8	483.4	520.2
4. Financial Summary					
Administrative expenses (\$ mn)	11.6	12.3	14.0	13.7	13.6
Net income (\$ mn)	2.7	0.9	-0.1	-1.8	0.4
Gross Loans Outstanding (\$ mn)	431.0	448.5	463.5	503.5	529.9
Administrative expenses/Average loans outstanding (%)	2.7	2.8	3.1	2.8	2.6
Interest earned on average loans outstanding (%)	2.3	2.3	2.3	2.4	2.2

THE UNIFIED SPECIAL DEVELOPMENT FUND

Background

The *Special Development Fund* (SDF/the Fund) was established in 1970 and is the Bank's largest pool of concessionary funds. This facility offers loans with longer maturities and grace periods and lower interest rates than those that are applied in the Bank's ordinary operations. However, the various contributors to the Fund applied an assortment of terms and conditions which created complexities and inefficiencies in the Fund's operation. Hence in 1983, the decision was taken to set up a fund with a uniform set of rules and the SDF (U) was formed.

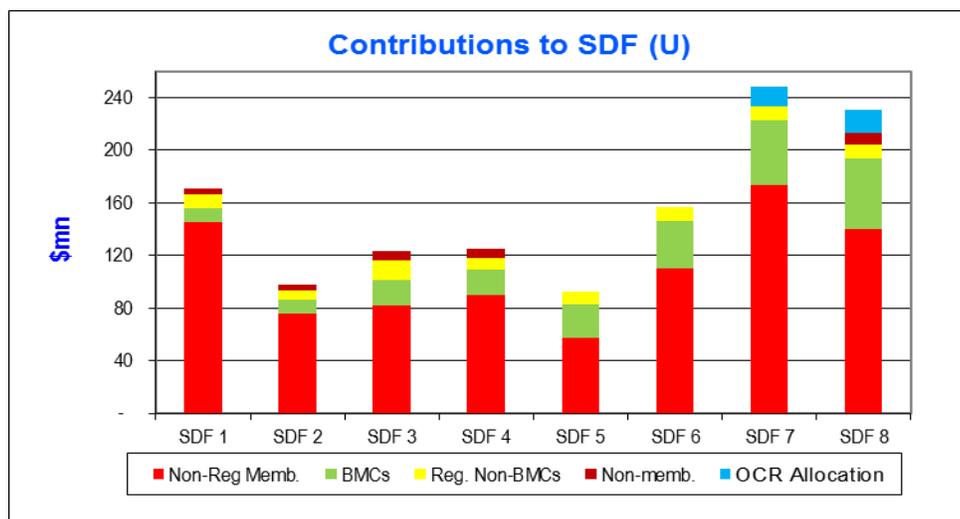
All members of the Bank are required to contribute to SDF (U), and contributions are also sought from non-members. With consistent terms, objectives and procurement conditions, SDF (U) sought to overcome the problems associated with individual donors and funding arrangements. Contributions are interest-free and provided on a multi-year basis, for an indefinite term. To give focus to the Fund's operations, a supplementary governance structure which includes an Annual Meeting of Contributors was created. Non-members were also invited to participate as observers in meetings of the Bank's Board of Directors (BOD) and Board of Governors.

SDF (U) has a four-year replenishment cycle except for the third replenishment cycle (SDF 4) which was extended by an extra year as a result of additional contributions from a new member of the Bank. The eighth cycle of the Fund commenced on January 1, 2013 to cover the period 2013 to 2016.

Funding

Over the eight cycles, contributions or pledges of \$1,245mn have been made to the operations of SDF (U). \$224mn (18%) of the contributions/pledges came from borrowing members with non-borrowing members and non-members accounting for \$956mn (76.8%), and \$32mn (2.6%), respectively. A total of \$33mn (2.6%) in allocations from the net income of the Ordinary Capital Resources (OCR) were pledged to the fund in SDF 7 and SDF 8.

Contributions pledged for SDF 8 amounted to \$230.7mn, inclusive of the allocation from the OCR Net Income of \$18mn (7.8%), with borrowing members pledging \$53.5mn (23.2%) of the contributions and non-borrowing members contributing \$159.2mn (69%). A further amount of approximately \$10mn has been conditionally pledged by one non-borrowing member. Contributions to each cycle by category of membership are shown in the chart below with details presented in Appendix I.

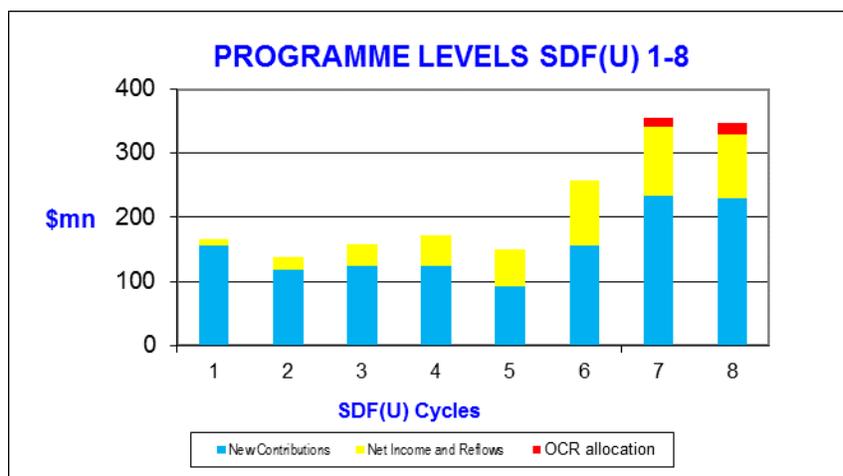


Themes and Priorities

During each SDF cycle's negotiations, Contributors and the Bank agree on the priorities and issues to be addressed. Over the years, there has been increasing emphasis on poverty reduction directed at the poor and low-income groups. In recent cycles, SDF has given significant support to themes such as environmental sustainability and advancing the climate change agenda; building capacity and enhancing governance in beneficiary countries. Regional cooperation and integration (RCI) and enhancing the Bank's development effectiveness have also been key priorities. For SDF 8, the core themes, which are detailed in the Box entitled *SDF 8 Operational Strategy*, are Inclusive and Sustainable Growth, Citizen Security, RCI, and Environmental Sustainability and Climate Change.

Programme Levels

The programme level for each SDF (U) cycle is financed with new pledges from Contributors, net income generated by the Fund, reflows from loan repayments and, for SDF 7 and SDF 8, an allocation from the OCR Net Income. The programme levels over the eight cycles of the Fund are shown in the chart below. For SDF 8, Contributors approved an overall programme level of \$348mn, details of which are given in Appendix II and Table 8.



Eligibility of Countries

The Bank's Borrowing Member Countries (BMCs) are assigned to one of three country groups¹ based on their relative per-capita incomes. The country groups help to determine the terms and conditions for SDF lending (refer to Appendix II). While all BMCs are eligible for SDF resources, countries in Group 1 are not entitled to a country allocation. Instead, these countries may be the beneficiaries of regional projects and support for regional public goods (RPGs) and assistance in the event of a natural disaster.

Allocation of Resources

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

¹ There were four country groups during SDF 1-SDF 7

SDF 8 OPERATIONAL STRATEGY

The operational strategy for SDF 8 was developed within the overarching objective of Poverty Reduction and Human Development. It is based on four core themes with two cross-cutting themes and an underlying foundation of capacity building to strengthen good governance. Particular emphasis will be placed on a limited number of objectives in each core theme and programme area, taking into account the comparative advantages and capacity of the Bank and SDF, as well as the benefits of continued collaboration with development partners (DPs). A preference will be placed on regional approaches, where appropriate and feasible. The four core themes are:

Inclusive and Sustainable Growth

- A limited number of objectives in education and training, agriculture and rural development, economic and social infrastructure, economic and fiscal adjustment, and private sector development. The emphasis on inclusive growth will support activities that create and expand economic opportunities as well as broadening access to these opportunities to ensure that the citizens of all BMCs can benefit.

Environmental Sustainability and Climate Change

- Specific objectives in disaster risk reduction (DRR) and disaster risk management (DRM), climate change mitigation and adaptation, including renewable energy (RE) and energy efficiency (EE).

Citizen Security

- Crime and security and social protection, reflecting the complex and varied causes of crime and violence that undermine efforts at development and growth, and requiring multi-sectoral approaches to enhancing the security of citizens.

RCI

- Focussing on regional solutions and a limited number of objectives in the areas of RPGs.

Cross-Cutting Themes:

Gender Equality and Environmental Sustainability and Climate Change which is also an area for direct programming.

Other Strategic Issues:

Addressing the Millennium Development Goals (MDGs)

Support the acceleration of efforts directed to the Caribbean-specific MDG (CMDG) targets in the areas in which SDF 8 would be focusing should work with Caribbean partners to strengthen the monitoring of results under the MDGs as part of the Bank's results framework for the SDF 8 period.

BNTF and Haiti

Continuation of the BNTF, SDF's flagship programme for community-level poverty reduction, and the special country programme for Haiti.

Development Effectiveness and Targeting Results

The use of the Results Monitoring Framework (RMF) to monitor progress of the programme and commitment to internationally accepted principles for effective development cooperation, as well as the reporting of results through the annual Development Effectiveness Review.

Evaluation of the effectiveness of programme implementation and results achievement, including an independent assessment of the Bank's performance in Managing for Development Results (MfDR).

Allocation of SDF resources to eligible BMCs according to SDF needs- and performance-based RAS, in order to ensure value for money and to support development effectiveness in the use of SDF funds.

EXECUTIVE SUMMARY

1. This 2014 Annual Report of the Special Development Fund (SDF) represents the midpoint of the current eighth cycle. The backdrop to the performance of the SDF is a set of SDF eligible countries which continue to be buffeted by natural hazards reflecting their acute vulnerabilities with poverty levels, though falling, continuing to be unacceptably high. The key entry points for SDF support, therefore, continue to centre around deepening inclusive and sustainable growth as well as promoting environmental sustainability in countries. Other thematic areas of focus including supporting capacity-building needs aimed at improving and sustaining development results and forging stronger regional cooperation and integration (RCI), were also pursued.

2. At the end of 2014, commitments totalled \$135.3 million (mn) or 43.3% of allocation under SDF 8 of \$312.7 mn. Total loans approved in 2014 amounted to \$68.2mn compared with \$30.0mn in 2013. Grant approval also rose in 2014 to \$19.1mn compared with \$18.0mn one year earlier. Total disbursements were \$72.3mn in 2014 compared with \$96.6mn in the previous year. This notwithstanding, 2014 disbursement levels were still higher than the annual average or any individual year during the SDF 7 cycle.

3. With respect to thematic distribution, inclusive and sustainable growth dominated most of the interventions (\$63.8mn or 74.1%) funded by SDF in 2014 compared with \$19.4mn or 40.5% in 2013. The frequent occurrence of natural hazard events in the Region and the need to strengthen environmental resilience translated into relatively significant SDF-related activity (\$21.2mn or 24.2%) under the theme environmental sustainability and climate change in 2014 and below the \$27.0mn or 56.3% recorded one year earlier. The themes of citizen security, RCI and capacity building to strengthen governance systems, received 0.3%, 0.4% and 2.0%, respectively of the funding in 2014 which broadly reflect 2013 patterns.

4. During 2014, SDF supported structural transformation of some BMCs through the provision of policy-based operations (PBOs) designed to improved social and macroeconomic outcomes and reduce poverty. SDF also supported increased access to educational opportunities, as well as initiatives to improve yields in the agriculture sector. In our newest BMC, Suriname, financing was provided for the enhancement of technical and vocational education at the lower secondary school level particularly in vulnerable and underserved communities in an effort to reduce poverty levels over the long term.

5. SDF also funded three immediate response loans to Dominica, St. Lucia and St. Vincent and the Grenadines in response to the torrential rainfall event which also resulted in several deaths and significant economic losses. Support was also provided to one tourism-dependent economically fragile country to improve and sustain integrated solid waste management.

6. In 2014, the Fund supported the Improved Citizen Security in the Eastern Caribbean initiative (\$0.13mn) which is designed to develop culturally appropriate and gender-responsive community safety strategies in a number of countries in the Eastern Caribbean. In relation to regional public goods (RPGs), the Bank funded two studies to assist in informing development policy and planning in the areas of regional transport (*Making Regional Air Transport Work Better for the Caribbean*) and youth unemployment (*Youth Are the Future: The Imperative of Youth Employment for Sustainable Development in the Caribbean*). CDB in collaboration with the Global Environmental Facility and the Caribbean Water and Sewerage Association provided training for 30 regional participants to improve capacity building and policy formulation in the area of water and basic sanitation.

7. In October 2014, the Bank celebrated 35 years of the Basic Needs Trust Fund (BNTF), its poverty reduction flagship programme which continues to make a difference in improving livelihoods of many Caribbean people. During the year, subprojects valued at some \$6.8mn were completed compared with

\$7.6mn in 2013. The education sector accounted for \$3.5mn or 51% of the completed investments in basic infrastructure as well as day-care centres. Ninety-three community infrastructure facilities which benefitted approximately 71,700 beneficiaries were built and/or upgraded. Support was also provided for micro, small and medium enterprises (MSMEs) through the execution of ten Caribbean Technological Consultancy Services Network activities valued at \$0.4 mn. These included two renewable energy/energy efficiency (RE/EE) interventions representing a closer alignment with the Bank's RE expansion thrust as an important element for reducing vulnerability.

8. Key results achieved in 2014 included 134 classrooms built or upgraded and added to the 149 built or upgraded in 2013. This puts the total for the two years of the SDF 8 cycle at around 37%. With respect to teacher training, some 524 teachers were either trained or certified at either the primary or secondary education level in 2014 bringing the total 1,672 or approximately 20% of the target for the cycle. The number of students benefitting directly from CDB-supported outputs continue to be significant, at over 106,000 for the 2013 and 2014 combined period. This represents close to 45% of the target level of beneficiaries for the cycle. In relation to infrastructure, the combined period in 2013 and 2014 yielded a total of 327.8 kilometres (km) of primary, secondary and other roads being built or upgraded. This figure exceeds the target performance of 196.2 km for the entire SDF 8 cycle. With respect to operational effectiveness metrics, the portfolio performance rating rose to 100% in 2014 compared with 98% in 2013 and the Bank's vacancy rate for management and professional staff fell sharply from 25% to 5% over the review period.

1. INTRODUCTION

1.01 This 2014 SDF Annual Report comes mid-way in the current SDF 8 cycle and provides a useful juncture for the Bank to reflect on the development results to date relative to planned performance, both at the country and institutional levels. SDF remains a critical vehicle in the provision of well-targeted assistance aimed at making a difference in the lives of poor people in eligible BMCs².

1.02 The report is organised into five sections. Following this introduction, Section 2 captures the operational performance of the Fund and highlights critical interventions supported under the respective thematic areas in the current cycle. Special attention is given to BNTF, CTCS and activities in Haiti. In Section 3, the report showcases important development results achieved to date within the context of the Bank's RMF. Section 4 treats with programme levels and financial resources available during the current cycle and commitments to date. The final section addresses the financial performance of the Fund for 2014 and makes projections to the end of the current cycle in 2016.

2. OPERATIONAL PERFORMANCE

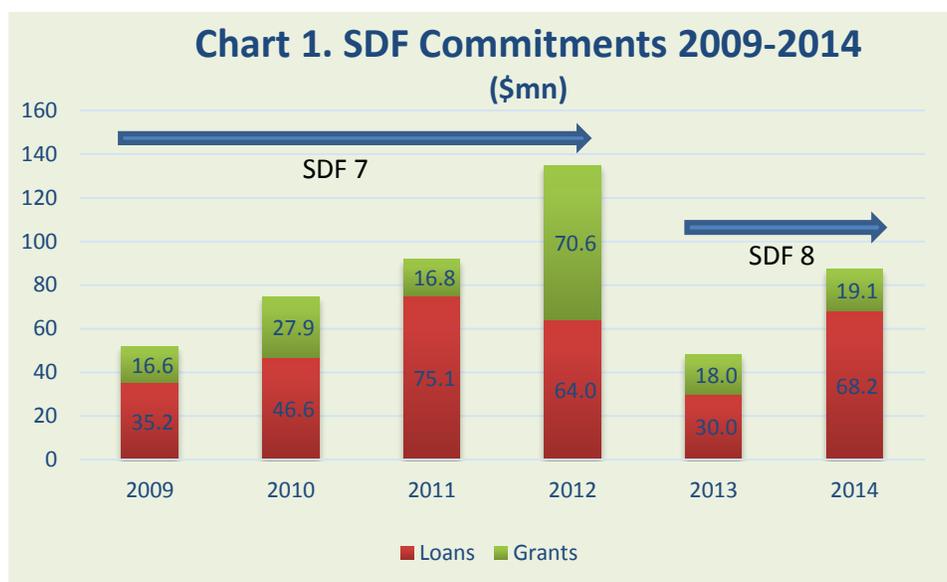
2.01 The operational performance captures key metrics in relation to approvals and disbursements of the Fund at the global level and also disaggregates activity into thematic areas as well as main programmes funded by SDF *viz*, BNTF, CTCS and Haiti. This section also highlights the SDF portfolio analysis results.

COMMITMENTS

2.02 SDF-funded support was robust in 2014 reflecting improvements in macroeconomic conditions at the country level which were generally more settled as the recovery strengthened in many of the Bank's BMCs. During the year, the Bank also approved its first loan for Suriname, the newest member. Total approvals of loans and grants rose sharply in 2014 compared with 2013 (the first year of the cycle) as project activity gained momentum. This is consistent with activity patterns in SDF 7 as well (see Chart 1 below). Total approvals amounted to \$87.3mn or 81.9% higher than the \$48.0mn committed in 2013.

2.03 In particular, there was a marked growth in loans which rose from four loans totalling \$30.0mn in 2013 to 14 loans for a total value of \$68.2mn in 2014. As part of a wider collaboration with other development partners, the Bank provided important policy-based support to two BMCs which sought to, *inter alia*, promote social protection and inclusive growth. The Bank also supported infrastructure development work in the water sector designed to provide increased access to poor communities. Loan support also focused on improving sugar yields in one BMC as well as strengthening physical infrastructure and promoting resilience in the wake of the December 2013 trough events in three countries.

² BMCs are classified into three country groups. Group 1 consists of Anguilla, Antigua and Barbuda, The Bahamas, Barbados, British Virgin Islands, Cayman Islands, Trinidad and Tobago, and Turks and Caicos Islands; Group 2 include Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines and Suriname; and Haiti alone in Group 3. Group 3 BMCs are eligible mainly for SDF funding. Group 2 are eligible for funding mainly from both SDF and OCR while Group 1 access mainly OCR but with the possibility of participating in regional integration or RPG initiatives.



2.04 Grants also expanded by \$1.1mn to reach \$19.1mn for the review period up from \$18mn in 2013. The bulk of this activity was driven by the BNTF programme where commitments stood at \$10.0mn following the approval of the BNTF eighth cycle. Approximately \$2.5mn was approved under the Haiti programme in 2014, compared with \$13.6mn in 2013. At the end of 2014, total grant commitments were approximately 37.1% of allocation for the cycle (See Table 1 below). Commitments for Haiti was approximately 35% of its allocation while CTCS and capacity building were 32% and 31.7%, respectively. Of note was the fact that the allocation for agriculture and rural development as well as disaster response were 60% and 44% utilised, respectively. It is expected that as the programme gathers further momentum, the rate of approvals will intensify. This is consistent with the approval patterns of previous SDF cycles.

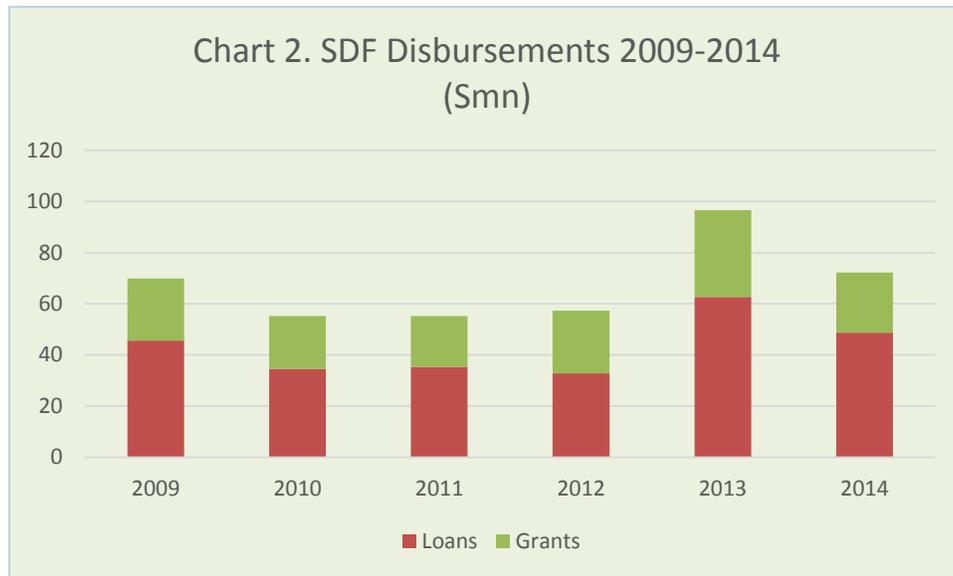
TABLE 1: ANNUAL COMMITMENTS 2013-2014

(\$ mn)

Item	SDF 8				
	2013	2014	Total	% of Allocation	Initial Allocation
Loan Commitments	30.0	68.2	98.2	46.2	212.7
Grant Commitments:					
Haiti	13.6	2.6	16.2	35.2	46.0
BNTF	-	10.0	10.0	100.0	10.0
CTCS	1.1	0.5	1.6	32.0	5.0
Agriculture and Rural Development	0.6	1.2	1.8	60.0	3.0
Climate Change and Environment	0.2	0.2	0.4	8.0	5.0
Disaster Response	0.6	0.5	1.1	22.0	5.0
Citizen Security	0.1	0.1	0.2	5.0	4.0
RPGs and Regional Solutions	0.5	1.5	2.0	20.0	10.0
Capacity Building	1.3	2.5	3.8	31.7	12.0
Total Grant Commitments	18.0	19.1	37.1	37.1	100.0
Total Commitments	48.0	87.3	135.3	43.3	312.7

DISBURSEMENTS

2.05 Following an exceptional performance in 2013 when disbursements were higher than in the previous four years, disbursement activity decelerated in 2014³. Total disbursements stood at \$72.3mn at the end of 2014 compared with \$96.6mn in the previous year. Noteworthy is the fact that 2014 disbursement levels were still higher than the annual average or any individual year during the SDF 7 cycle (see Table 2).



2.06 Loan disbursements in 2014 declined by 22.1% to reach \$48.7mn when compared with the 2013 loan disbursements which totaled \$62.5mn. These resources supported development outcomes in areas including education with the provision of student loan funds targeted towards lower-income households; social protection and inclusive growth through fast disbursing policy-based loans (PBLs) to three BMCs⁴; support for infrastructure redevelopment and strengthening resilience in the wake of a number of weather events.

³ The high level of disbursements in 2013 reflect disbursement of the exceptional financial assistance to St. Kitts and Nevis approved in 2012.

⁴ Fiscal Consolidation, Growth and Social Stability PBL for Jamaica; First Growth and Resilience Building PBL for Grenada and tranche disbursement on St. Lucia PBL.

TABLE 2: ANNUAL DISBURSEMENTS 2009-2014

(\$mn)

Item	SDF 7						SDF 8	
	2009	2010	2011	2012	Total	Annual Average	2013	2014
Loan Disbursements	45.6	34.6	35.3	32.8	148.3	37.1	62.5	48.7
Grant Disbursements								
TA	6.2	5.4	6.4	6.6	24.6	6.2	5.6	4.5
Haiti	14.1	6.3	7.9	9.6	37.9	9.5	20.1	10.1
BNTF	4	8.9	5.6	8.3	26.8	6.7	8.2	9.0
Total Grant Disbursements	24.3	20.6	19.9	24.5	88.2	22.1	33.9	23.6
Total Disbursements	69.9	55.2	55.2	57.3	236.8	59.2	96.6	72.3

2.07 Grants disbursements contracted by 26.2% to reach \$23.6mn in 2014 compared with \$33.9mn in 2013. Grants to Haiti were lower than 2013 due to the completion of the community-based projects, but continued to represent the bulk of the disbursements (42.4%) while TA and BNTF constituted 19.2% and 38.4%, respectively. Similar to loan disbursements, the 2014 performance for grants exceeded the annual average under the SDF 7 cycle by 6.8%.

SDF 8 THEMATIC AND PROGRAMME HIGHLIGHTS

2.08 The operational strategy of SDF 8 is anchored on four themes: Inclusive and Sustainable Growth, Environmental Sustainability and Climate Change, Citizen Security, and RCI; two cross-cutting themes including Gender Equality and Environmental Sustainability and Climate Change (which is also an area of direct programming); with an underlying foundation of capacity building to strengthen good governance.

2.09 During 2014, SDF supported structural transformation of some BMCs through provision of PBOs designed to improved social and macroeconomic outcomes and reduce poverty. SDF also supported increased access to educational opportunities, particularly in the hinterland area of one of our BMCs, as well as supported initiatives to improve yields in the agriculture sector. Against this background, the theme of Inclusive and Sustainable Growth dominated most of the interventions (\$63.8 mn or 74.1%) funded by SDF in 2014 compared with \$19.4 mn or 40.5% in 2013. The frequent occurrence of natural hazard events in the Region and the need to strengthen environmental resilience translated into relatively significant SDF-related activity (\$21.2mn or 24.2%) under the theme Environmental Sustainability and Climate Change in 2014 and below the \$27.0mn or 56.3% recorded one year earlier. The themes of citizen security, RCI and capacity building to strengthen governance systems, received 0.3%, 0.4% and 2.0%, respectively of the funding in 2014 which broadly reflect 2013 patterns.

2.10 Over the first two years of the SDF 8 cycle (2013 and 2014), the cumulative activity for the respective operational themes is relatively consistent with the indicative programme estimate (see Table 3 below) and accords with the scale of the development challenge and the poverty reduction nexus of the theme.

TABLE 3: SDF 8 STRATEGIC OPERATIONAL THEME

Item	Loans \$000'		Total \$000'	Grants \$000'		Total \$000'	Total Accumulated Commitments	% of total	Indicative Allocations
	2013	2014		2013	2014				
Inclusive and Sustainable Growth	6,375	51,268	57,643	13,034	12,577.4	25,612	83,255	61.5	66.1%
Environmental Sustainability and Climate Change	23,600	16,967	40,567	3,415	4,189.1	7,604	48,171	35.6	25.0%
Citizen Security	-	-	-	114	242.2	356	356	0.3	1.1%
RCI and RPGs	-	-	-	476	323	799	799	0.6	4.4%
Capacity Building	-	-	-	960	1,728.1	2,688	2,688	2.0	3.4%
Total	29,975	68,235	98,210	18,000	19,059.8	37,060	135,270	100	100%

The following sections provide highlights of interventions and expected outcomes of key SDF-funded projects organised by operational theme.

Promoting Inclusive and Sustainable Growth

2.11 The programme areas captured under this strategic theme include education and training, agriculture and rural development, economic and social infrastructure, private sector development and economic stabilisation and fiscal adjustment. SDF resources (\$3.4mn out of total financing of \$21.9mn) supported an important intervention in Suriname's education sector. Financing was provided for the enhancement of technical and vocational education at the lower secondary school level particularly in vulnerable and underserved communities in an effort to reduce poverty levels over the long term. The provision of better access to education presents one of the best opportunities for advancing equitable and balanced development. The project is aimed at quality enhancement in the TVET sub-sector to meet the demands of the local economy in an effort to reduce the risk of severe labour shortages in an environment of high youth unemployment.

Suriname TVET Anticipated Project Outcomes

- 1,936 teachers trained
- 14,140 students benefiting from enhanced teacher competency and improved physical classroom
- 3,668 students with increased TVET certification

2.12 SDF also sought to protect the most vulnerable in the Jamaican society within the context of ongoing fiscal adjustment and recognised the risk posed to the sustainability of the country's reform programme in the absence of social cohesion and adequate social protection. A \$25mn SDF loan (out of a total of \$35mn) was provided for the fiscal consolidation, growth and social stability PBO. A component of the project under the pillar of Enhancing Poverty Reduction, Equality and Protection of Vulnerable Groups seeks to promote effective social protection programme.

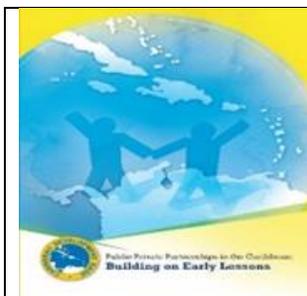
Enhancing Poverty Reduction, Equality and Protection of Vulnerable Groups in Jamaica

The PBL includes policy steps geared towards the implementation of a Steps-to-Work programme where at least 1,000 PATH/Step-to-Work beneficiaries are trained or in training by December 2015; and 500 PATH/Step-to-Work beneficiaries (310 females and 190 males) are participating in income generating activity by December 2016; increases in registration rates of Persons With Disabilities (PWD) from 6% in December 2013 to 20% of PWDs population in December 2016; and incremental reduction in poverty from 19.9% in 2012 to 17% by 2016.

2.13 The transport sector also received support through interventions aimed at improving safety along a particularly dangerous corridor in Belize (\$3.5mn out of \$29.7mn). The project also included components targeted towards enhancing the capacity of public sector staff as well as private contractors to address gender equality and social inclusion in construction projects.

2.14 Belize also received assistance through a line of credit targeted towards stimulating output and generating employment through micro and small enterprises (\$1.0mn); a small line of credit (\$0.5mn) was also provided to boost education opportunities for low-income households and a similar amount for the adaptation of EE/RE measures by MSMEs. Grenada benefited from a \$4.0mn SDF loan (out of a total loan of \$10.0mn) in support of its Growth and Resilience Building PBO. Among other things, the PBL supports improved social sector outcomes through the adoption of a policy framework that strengthens and streamlines government's social safety net programmes as well as boost the efficiency and effectiveness of public sector investment programming. Given the water scare nature of the Caribbean, SDF also supported (\$6.0mn out of total project cost of \$19.7mn) the installation of new water production, transmission and storage facilities and measures to reduce non-revenue water in St. Lucia.

2.15 SDF also supported important TA interventions designed to, among other things, strengthen food security while reducing the Region's food import bill. This was pursued through a \$1.2mn cassava production project, spearheaded in collaboration with the Food and Agriculture Organisation, which builds on ongoing and planned public and private sector-driven interventions designed to improve crop production, productivity, processing and marketing as part of efforts to increase agricultural sector output and income-generating opportunities in BMCs. The proposed project will assist selected BMCs to conduct applied research in cassava production using improved varieties - high yielding, early maturing, disease and pest resistant – to demonstrate improved crop management practices that increase cassava yields in a sustainable manner; disseminate new cassava production technologies using farmer participatory extension methodologies and strengthen their capacity to conduct farmer participatory research.



This publication was launched at the 2014 Annual Meeting in Guyana. The book is designed to leverage important lessons, from inside and outside the Caribbean, on successful approaches to Public/Private Partnerships (PPPs). It also seeks to point the way forward in relation to filling important policy and institutional gaps within the Bank's BMCs with respect to utilising PPP financing arrangements to promote sustained growth and development.

Read it at: <https://www.caribank.org/publications-and-resources/economics-statistics>

2.16 Jamaica benefited from \$0.2mn TA to support its business processing outsourcing as a solid platform on which to further anchor its medium to long-term growth strategy. The TA involved a comprehensive review, including gender analysis, of the business processing outsourcing industry in Jamaica; the development of a policy to govern the sector; as well as capacity building for industry stakeholders. The project targets 4,000 new jobs in the sector by 2020.

Supporting Environmental Sustainability

2.17 The theme of environmental sustainability and climate change continued to be of particular relevance to BMCs as demonstrated by the number of countries impacted by weather-related events. SDF funded three immediate response loans (\$750,000 each) to Dominica, St. Lucia and St. Vincent and the Grenadines in response to the torrential rainfall event which also resulted in several deaths and significant economic losses.

Economic Losses Associated With Christmas Weather Event
<p>In St. Vincent and the Grenadines</p> <p>Nine fatalities and 34 persons with injuries were recorded with a total of 12,769 persons being impacted. Significant damage to residential housing was experienced with a preliminary damage assessment reporting an estimated 495 homes damaged, of which 40 were completely destroyed and 2,325 persons being displaced. The transport sector was severely affected with estimated damage and loss of \$82.6 mn. After the event 50% of metered consumers (approximately 50,000 persons) were without pipe-borne water.</p>
<p>In St. Lucia</p> <p>Six fatalities were recorded as a result of the event. The Water and Sewerage Company estimated that 60% of the population was without pipe-borne water for nine days as a result of damaged water pipelines. The agriculture sector reported losses of: 30-40% to the banana crop, and 90% of vegetable crops island-wide. The damage to infrastructure was estimated at \$34 mn.</p>

2.18 The Bank supported Grenada with a \$10.7mn loan to finance a project to improve and sustain integrated solid waste management in the tourism-dependent economically fragile country. The Project will include consulting services, development of works to waste disposal sites, and the supply of equipment. Through activities that include the revision of the National Waste Management Strategy and a programme to build awareness of appropriate waste management practices, the intervention will contribute to improved environmental sustainability in Grenada. An estimated 54,434 males and 53,165 females will benefit from the assistance.



Infrastructure damage in St. Lucia

2.19 The Bank also contributed (\$0.1mn) to hosting of the Eighth Board Meeting of the Green Climate Fund in an effort further advance the Caribbean climate change agenda and improve potential access to climate finance. At a cost of \$0.05mn, the Bank co-hosted the Fourth Caribbean Sustainable Energy Forum with the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ), under the Renewable Energy and Energy Efficiency Technical Assistance (REETA) Project and the Caribbean Renewable Energy Development Programme (CREDP) and CARICOM, the Fourth Caribbean Sustainable Energy Forum.

	<p><u>A New Paradigm for Caribbean Development: Transitioning to a Green Economy</u></p> <p>The main objective of this 2014 study was to augment the regional dialogue on the Green Economy with a view to enabling policy makers to embark on a more economically, socially and environmentally sustainable development path in the Region. The study seeks to provide information on some of the available options for greening the economy in a number of sectors including electric power, tourism and construction. The study also aimed to contribute to knowledge about and understanding of the fundamental requirements for transitioning to a green economy in the Caribbean and the attendant implications for policy and institutional arrangements. The book was launched at the bank's Annual Meeting. Read it at: https://www.caribank.org/publications-and-resources/economics-statistics</p>
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Citizen Security

2.20 SDF 8 fully recognises the potential damage to livelihoods, social decay and economic degradation that can result from crime and inadequate citizen security. In the Caribbean, there are concerns that increasing violent crime can potentially erode confidence in BMCs' future development by reducing competitiveness of existing industries and services by imposing burdensome security costs and by negatively affecting the investment climate including impacts on the vital tourism industry. In 2014, CDB supported an initiative through the Improved Citizen Security in the Eastern Caribbean. The \$0.13mn project will engage consultancy services to assist selected "at-risk communities" in Barbados, the Commonwealth of Dominica, St. Kitts and Nevis, and St. Lucia each to develop a culturally appropriate and gender-responsive Community Safety Strategy and provide training to Crime Stoppers personnel, civil society organisations, community-based organisations, community leaders and other key stakeholders in crime reduction measures.

2.21 The Bank also provided \$0.1mn to assist in the aggressive campaign to promote citizen security in Belize through a youth and road safety project. Data show that worldwide, road crashes are the leading cause of death among young people, killing more than HIV/AIDS, tuberculosis or malaria. In Belize, approximately 30% of all road traffic fatalities are young people aged between 16 and 29. About 90% of these youth casualties are males. The objective of the intervention therefore is to increase the youth's understanding of road safety, and youth-related issues surrounding the safe use of Belize's road network. It is anticipated that 2,000 youth (with a minimum of 60% representation of young men) will be empowered with a new understanding of the risks they face in using Belize's roads and equipped with tools, good practice, and behaviours to mitigate these.

RCI and RPGs

2.22 RCI support regional solutions to common development hurdles confronting BMCs with the singular focus of improving quality of life through sustained poverty reduction. In 2014, the Bank funded two important studies to assist in informing development policy and planning in the areas of regional transport (*Making Regional Air Transport Work Better for the Caribbean*) and youth unemployment (*Youth Are the Future: The Imperative of Youth Employment for Sustainable Development in the Caribbean*). The two publications will be launched during the Bank's 2015 Annual Meeting and will help shape appropriate interventions both at the Bank and country level.

2.23 The Bank also funded the costs of 50 participants and resource persons to attend the Regional Workshop on the State of the Regional Water Sector, July 7-8, 2014. The meeting reflected on the findings of a Caribbean water sector study including (a) water sector profiles and initial assessments in individual BMCs; (b) the identification of the principal challenges facing the water sector in the Region; (c) an evaluation of the role of regional institutions and active funding agencies in the water sector in the Caribbean; and (d) a preliminary assessment of CDB's policies and involvement in the water sector in its BMCs.

2.24 In 2014, CDB undertook the study on Public/Private Partnerships in the Caribbean: Building on Early Lessons. The primary driver of the study involved improving the landscape for PPP application in the Caribbean which requires a genuine and sustained effort to build technical capacity to better understand the PPP instrument. In 2014, CDB moved a step further. In collaboration with the World Bank (WB) and Inter-American Development Bank (IDB), CDB approved the creation of an 18-month PPP Regional Support Mechanism (RSM) to be hosted within the Bank. The RSM will seek to strengthen the regional enabling environment, by delivering regional PPP "public goods" while building national capacity to

deliver PPPs, as well as provide hands-on support to regional governments for the development of PPP programmes and projects.

Capacity Building to Strengthen Good Governance

2.25 Consistent with MDG 7⁵, and in collaboration with the Global Environmental Facility and the Caribbean Water and Sewerage Association, CDB provided training for 30 regional participants to improve capacity building and policy formulation in BMCs in the area of water and basic sanitation. The objectives of the training programme were to enhance the technical capacity of sanitation professionals to review the sector's institutional and financial challenges, plan projects and make investment decisions that help to increase access to improved sanitation facilities, while taking account of gender and climate change impacts.

2.26 In the area of capacity building for statistics, the Bank supported, the Thirty-Eighth Meeting of the Standing Committee of Caribbean Statisticians held in St. Kitts and Nevis on November 28-30, 2013 under the theme "The Millennium Development Goals and the Post-2015 Development Agenda – The Implications for Statistics". Particular emphasis was placed on the need for "reinforcement and further development of social, gender, environment, national accounts and related economic statistics". SDF also funded the costs of participants from 15 of its BMCs to attend the "Second High Level Advocacy Forum on Statistics: Strategising for the Development of Statistics in CARICOM in the Post-2015 Development Agenda" (\$0.07mn).

HAITI

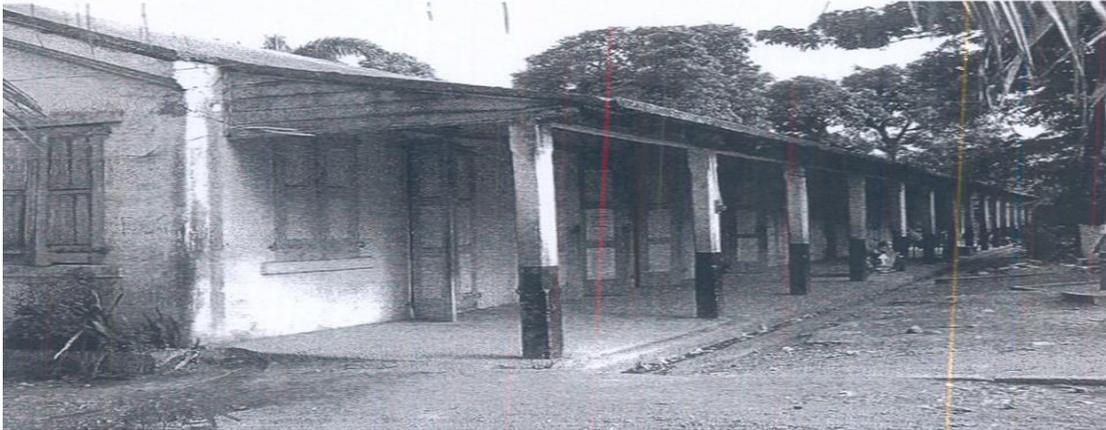
2.27 The Bank's programme in Haiti, as set out in the CSP for the period 2013-16, focuses on two principal sectors: education and training and community-driven development and agriculture, with more limited interventions to support capacity building and the strengthening of the country's resilience to natural hazards. In 2014, \$10.1mn was disbursed compared with \$20.1mn in 2013 as projects in the education sector and the community driven development were largely completed. Regarding commitments, \$2.5mn were committed in 2014 representing Caribbean Catastrophe Risk Insurance Facility (CCRIF) annual premium payments for insurance against adverse weather events. This brought the total commitments for SDF 8 to \$16.1mn or 35% of the total set aside.

2.28 During 2014, two major interventions undertaken jointly with IDB and WB were successfully completed with significant benefits being delivered. One is the completion of TVET centres in Jeremie and Cap Hatien which will allow for a decentralised TVET system with strong linkages to the private sector and the capacity to provide appropriate and effective training for currently unskilled youth, 15 – 24 years old. In addition to the response to the need for a rapid development of skills post-earthquake, the project is also part of a wider vocational training programme aimed at improving the employability of young people and enhancing their prospects for labour market participation and economic well-being.

2.29 Other major intervention co-funded with WB are the Urban Community Development Project (PRODEPUR) and a Rural Community-Driven Development Project (PRODEP). The support, modeled on the BNTF approach, addressed development gaps given limited access to basic infrastructure and services, and economic opportunities throughout Haiti. Over time, on the basis of lessons learnt, several innovations were introduced to improve the quality of subprojects and enhance sustainability of interventions, including: fostering partnerships between subproject beneficiary groups and local institutions/organisations with the requisite technical and management capacity. A provision through which

⁵ Goal 7 of the MDGs seeks to Ensure Environmental Sustainability and the related target, 7C, is to halve by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation.

community development councils assumed full responsibility for all aspects of the subproject cycle was also piloted. Implementation of both programmes was completed in 2014. Reports indicate that in addition to providing communities with improved physical infrastructure and services, the interventions resulted in improvements in the competence and skills of community-based organisations and local authorities. They also empowered women to take on non-traditional leadership roles. Some 347 subprojects were implemented with an estimated 695,000 beneficiaries.



Cap Haitien before refurbishment



The newly constructed TVET Centre at Cap Haitien



Work in the early stages at the Jeremie site



The Newly Constructed TVET Centre at Jeremie

2.30 Haiti also benefited from significant private sector capacity-building support in 2014. Five CTCS activities implemented included a Training of Trainers Workshop (TTW) on enhancing service delivery for MSME (five females and nine males beneficiaries); support for six Haitians to participate in a two-week TTW/Training Attachment in Barbados at the Crane Residential Resort in order to build the skills set in the growing tourism sector; supporting training attachment for two employees from SOFIHDES (a micro finance company) to foster skills development; collaboration with a non-governmental organisation (Hallelujah Foundation) to conduct a three-week workshop on Basic Garment Construction targeted at an estimated 15 young unemployed women; and support for a micro agro-processing enterprise engaged in the production of pepper sauce.

BNTF

2.31 BNTF represents a fundamentally important instrument through which CDB makes a direct and immediate impact on the lives of the poor and most vulnerable people in the Caribbean. BNTF has a dedicated focus on addressing the central dimensions of the Bank's poverty reduction strategy of capacity enhancement (including projects and programmes for sustainable rural development and which seek to enhance the income-earning capacity and general social welfare of the rural poor); reducing vulnerability (which respond directly to the needs of the poor by providing increased access to social services for vulnerable groups through improvements to social infrastructure; skills development and training; and capacity building of community-based groups) and promoting good governance. The programme also anchors CDB's strategic thrust of supporting inclusive and sustainable growth and development in its BMCs. In October 2014, the Bank celebrated 35 years of this poverty reduction flagship programme which continues to make a significant difference in improving livelihoods of many Caribbean people.

2.32 During the year, subprojects valued at some \$6.8mn were completed (see Table 4 below). This compares with \$7.6mn in 2013. Education continued to be the dominant sector for the programme, providing \$3.5mn or 51% of the completed investments in basic infrastructure as well as day-care centres. Ninety-three community infrastructure facilities which benefitted approximately 71,700 beneficiaries were built and/or upgraded in Belize, Grenada, Guyana, Montserrat, St. Lucia, St. Vincent and the Grenadines and Turks and Caicos Islands. Overall, several thousand children now have access to new or refurbished education facilities in Belize, Grenada, Guyana, St. Kitts and Nevis, and St. Lucia, enhancing their learning outcomes and development. Vulnerable groups, such as older persons and persons with disabilities, are able to receive better care and improved services in more modern healthcare facilities as a result of BNTF interventions designed to significantly improve their basic access and well-being.

TABLE 4: BNTF PROGRAMME 2014 COMPLETIONS

BNTF Sector	%	(\$,000)
Community Access and Drainage (roads, footpaths, drains, erosion control)	11	717
Education	32	2,209
Day Care Centres	7	464
Health	13	898
Community Markets	13	880
Skills Training	12	801
Vulnerable Groups (senior citizens homes, outreach programmes)	4	274
Water Supply Systems	8	581
TOTAL	100	6,824

2.33 BNTF 6 was virtually fully committed in 2014. Most countries had approvals of 98% or higher of their original allocations. Only Belize and Jamaica buck this performance at 93.5% and 87.9%, respectively and reflect differences in final subproject costs⁶. Importantly, Grenada, Montserrat and St. Kitts and Nevis stand out for having reversed earlier slow approval rates of 89%, 85% and 74%, respectively. This points to a concerted effort on the part of the authorities to strengthen implementation capacity including the provision of the requisite counterpart resources. With respect to the allocation for regional coordination (programme support, coordination and administration) under BNTF 6 of \$6.675mn, Contributors decided to reallocate \$1.9mn to BNTF 8. At the end of 2014 therefore, the percentage of allocation approved for this activity rose to 95.6% compared with 51.9% one year earlier.

TABLE 5: BNTF 6 ALLOCATIONS, APPROVALS AND DISBURSEMENTS AS AT END 2014

Item	Original Allocation	Approvals as at December 2014	% of Allocation Approved	Disbursements up to December 31, 2014	Rate of Disbursement
	\$'000	\$'000	%	\$'000	%
<i>Countries</i>					
Belize	3,005	2,809	93.5	2,506	89.2
Dominica	2,283	2,283	100.0	1,692	74.1
Grenada	1,770	1,764	99.7	1,506	85.4
Guyana	6,710	6,699	99.8	6,215	92.8
Jamaica	4,778	4,202	87.9	4,193	99.8
Montserrat	1,086	1,070	98.5	857	80.1
St. Kitts and Nevis	864	864	99.9	541	62.7
St. Lucia	2,732	2,732	100.0	2,341	85.7
St. Vincent and the Grenadines	1,780	1,780	100.0	1,642	92.2
Turks and Caicos Islands	317	317	100.0	226	71.3
Sub Total	25,325	24,519	96.8	21,720	88.6
Regional Coordination ¹	4,775	4,564	95.6	4,158	91.1
Total	30,100	29,083	96.6	25,878	89.0

^{1/} \$1.9 mn reallocated to BNTF 8

2.34 Disbursements (on country programmes) also rose quite substantially in 2014. They increased from \$15.1mn at the end of 2013 to \$21.7mn. However, St. Kitts and Nevis, Turks and Caicos Islands and Dominica achieved disbursement rates at less than 80% at 62.7%, 71.3% and 74.1%, respectively, on account of limited human resources implementation capacity.

2.35 As BNTF evolves, the programme is seeking to foster improved development results while strengthening governance and accountability. A final reporting **on the BNTF 6 programme cycle** is currently under preparation, in the form of a country project completion report for each of the ten participating BMCs and an overall BNTF 6 programme closing report. This is an important part of the accountability, results reporting and programme learning process, and is expected to contribute to continued strengthening of results management. It is being undertaken with the participation of BMC stakeholders and an independent consultancy, and includes analysis of a selected sample of case studies and assessments of beneficiary perspectives on results. Also, for the first time, interviews with selected stakeholders have been supplemented by a broader on-line survey of different stakeholder groups.

⁶ Both the Belize Social Investment Fund and the Jamaica Social Investment Fund (JSIF) are provided with floats to help manage liquidity in their operations. This float, which represents cash rather than project costs, in part explains the difference between the approvals and original allocation.

2.36 BNTF 7 is currently being rolled out with most countries having submitted Country Project Portfolios for approval. By the end of 2014, 90.8% of the original country allocation of \$38.7mn was approved (see Table 6 below). However, disbursement to date has been modest with only \$0.6mn being disbursed. In order to promote greater effectiveness and to concentrate the development impact, BNTF 7 focuses on three key strategic sectors, a smaller number of sectors than in BNTF 6. Based on country submissions, the bulk of the focus is on education and human resources development (54.9%), basic community access and drainage (21.7%) and water and sanitation (18.8%).

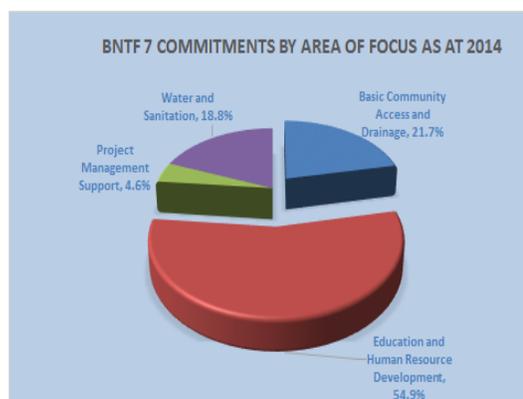


TABLE 6: BNTF 7 ALLOCATIONS, APPROVALS AND DISBURSEMENTS 2014

	Original Allocation	Approvals as at December 2014 ^{1/}	% of Allocation Approved	Disbursements up to December 31, 2014	Rate of Disbursement
Item	\$'000	\$'000	%	\$'000	%
<i>Countries</i>					
Belize	6,092	5,245	86.1	48	0.9
Dominica	3,929	3,754	95.5	-	-
Grenada	2,586	2,469	95.5	14	0.6
Guyana	6,154	5,882	95.6	-	-
Jamaica	6,890	5,315	77.1	417	7.8
Montserrat	1,758	1,680	95.6	36	2.1
St. Kitts and Nevis	1,651	1,579	95.6	-	-
St. Lucia	4,979	4,759	95.6	28	0.6
St. Vincent and the Grenadines	4,057	3,878	95.6	34	0.9
Turks and Caicos Islands	616	589	95.6	-	-
Sub Total	38,712	35,150	90.8	577	1.6
Regional Coordination	7,288	332	4.6	284	85.5
Total	46,000	35,482	77.1	861	2.4

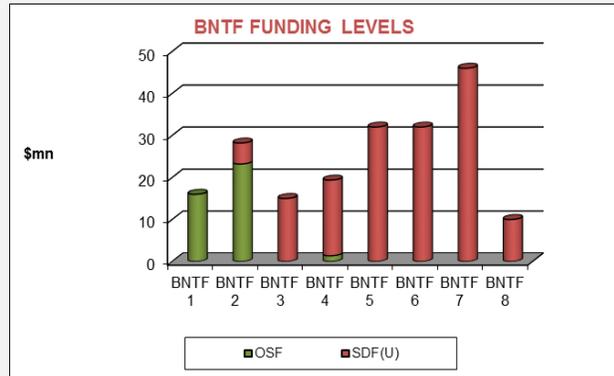
^{1/} Approvals reflect Country Project Portfolio submissions

BNTF

BNTF is one of the Bank's key instruments for addressing poverty reduction, through assisting poor and vulnerable communities to improve access to basic public services. The Programme provides grant funding for social and economic infrastructure, and skills training to enhance employability and community management.

BNTF finances and promotes sustainable interventions in low-income, vulnerable communities through subprojects designed to improve quality of life and access to basic services. It reinforces the Bank's commitment to reducing the impact of economic and social vulnerabilities while bolstering efforts at economic growth in BMCs.

BNTF began over 30 years ago as the Caribbean Education Development and Basic Human Needs/Employment Sector Programme targeted at improving living conditions in rural poor and indigenous communities. Since 1992, BNTF has been financed through SDF, with some level of counterpart funding from beneficiary governments. The programme has enjoyed an increasing share of SDF resources since BNTF 3, with \$32mn being committed for both BNTF 5 and BNTF 6, and \$46mn for BNTF 7. Using the Bank's resource allocation formula, BNTF funds are allocated to eligible countries which include Belize, Dominica, Grenada, Guyana, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, and the Turks and Caicos Islands [Jamaica has been included from BNTF 6].



The success of the BNTF programme allowed CDB, in 2003, to leverage its comparative advantage and experience in executing community-based poverty programmes to catalyse additional resources. Canada contributed the equivalent of \$25mn to be administered under the BNTF 5 programme over a six-year period. In 2008, a further \$1.8mn was contributed by Canada to the programme to boost the resources allocated to Jamaica. These additional resources enabled the expansion of BNTF's coverage to include Jamaica, in addition to supplementary funds for existing beneficiaries.

The BNTF 6 programme, approved in July 2008, is nearing completion. It funded improvements in basic infrastructure and services; increased potential for economic activity through skills training; in addition to capacity building for BNTF country officers in the application of participatory approaches for planning and monitoring of subprojects. Thematic areas such as gender and environmental assessment and the integration of disaster mitigation measures are considered during the appraisal of infrastructure subprojects.

BNTF 7 was approved in October 2012 for \$51.7mn (including counterpart contributions). It builds on lessons learned from previous cycles. In December 2014, Contributors to SDF 8 approved a contribution of ten million United States dollars (USD10 mn) for the Eighth Cycle of the Basic Needs Trust Fund Programme (BNTF 8), [SDF Paper "Replenishment of the Resources of the Special Development Fund (SDF 8) - Resolution and Report of Contributors on SDF 8" refers]. Funding for BNTF 8 is estimated at USD12.4 mn. Similar to BNTF 7, the overall outcome of BNTF 8 is improved access to quality education and human resource development, water and sanitation, and basic community access, transportation and drainage services in low-income, vulnerable communities. Contributors and the Bank agreed that BNTF 7 and BNTF 8 be consolidated and implemented concurrently.

Environment and Renewable Energy in BNTF

2.37 In order to strengthen resilience, promote DRR and foster environmental sustainability at the community level, a segment of BNTF interventions has been appropriately tailored. In 2014, CDB launched a major TA to determine the capacity for environmental screening and the management of environmental and social risks in the BNTF programme and national project cycle management, and to develop a targeted system for improving environmental and social due diligence among key stakeholders. The outputs will be implemented over the next two years. BNTF 7 funds were also used to finance an environmental management capacity-building initiative for JSIF which will help the institution to maintain ISO 14001 certification, an environmental management system for organisations committed to taking care of the environment. In November 2014, the BNTF Implementing Agency in Guyana, in collaboration with the Environmental Protection Agency and Guyana Water Inc. held four environmental education programmes for over 100 men, women and children who reside in 12 remote areas in which BNTF completed water supply interventions. The goal of this intervention was to empower members of communities to take action on environmental issues, to influence attitudinal change and encourage sound practices for a safe and healthy environment. Participants took part in hands-on instruction in areas such as water treatment, waste management, sanitation and hygiene, and repairs and maintenance of solar systems. In order to promote greater EE, the BNTF programme is also incorporating RE components in

many of its rural and hinterland projects. For example in Guyana, communities previously without access to electricity have benefitted from the installation of solar photo voltaic (PV) systems in schools, and community and health centres, with the inclusion of a total of 16 KW of PV installed capacity in 2014. This is expected to benefit approximately 17,461 poor people (8,701 males and 8,760 females).

BNTF Capacity Building for Enhanced Operational Effectiveness and Efficiency

2.38 In 2014, BNTF Accounting/Administrative Officers in the ten BNTF Implementing Agencies (IAs) participated in a capacity-building programme, commencing with a training workshop on financial and administrative management, followed by virtual coaching in strengthening of systems and meeting required standards. Positive steps are being made in the preparation of financial reports and documentation for the conduct of annual financial audits in proper formats and in a timely manner. This was funded through the BNTF regional programme and it has helped to enhance compliance with financial and accounting clauses of the BNTF Grant Agreements, as well as with applicable operating regulations of the Fund.

2.39 Another major activity coordinated through the BNTF regional programme component in 2014 included Procurement Training for Architectural and Engineering Consultants who are engaged in the BNTF programme. The Bank recognises the importance of consultants to the programme's success and to ensure that they are kept abreast with the developments impacting the programme, CDB convened three national workshops in Belize, Guyana and Jamaica for its Architectural and Engineering Consultants and contractors to reinforce the responsibilities of the consultant indicated in the Agreement normally executed between the consultant and the Bank and to introduce the consultants to the Bank's procurement policies. A fourth sub-regional workshop was held in Grenada in which consultants from six other BNTF participating countries attended. The satisfaction rate from consultants and contractors who participated in the four procurement workshops was 95%.

Monitoring and Evaluation for Development Results

2.40 Training of IAs to use the BNTF Information System launched the previous year was rolled out in 2014. Significant progress was made in sub-project monitoring and sub-project completion reports via the secure web-based system, allowing for tracking and measuring of outputs and outcomes in terms of both sub-projects execution and operational performance. The BNTF Information System is designed around the SDF Level 2 output indicators, to allow BNTF to be measured by its contribution to the Bank's Results-Based Management (RBM) Strategic Objectives. Concurrently, IAs benefited from continued capacity strengthening in monitoring and evaluation in 2014.

2.41 CDB carried out a regional sectoral condition survey of a representative sample of BNTF 5 infrastructure subprojects in Belize, Guyana, St. Kitts and Nevis and St. Vincent and the Grenadines with a view to making practical recommendations for better functional designs, appropriate use of standards and appropriate technology. The survey reported that generally, more than 70% of the subprojects were in excellent to adequate condition. In terms of satisfaction ratings providing by beneficiaries, almost 91% of the subprojects obtained the highest scores. Ensuring that assets perform the function for which they were designed is receiving extra attention and is a major priority of the Bank. Activities to enhance supervision and maintenance continued during the year.

Behavior and Attitude Enhancement Training for Young Parents, St. Kitts

In 2014, CDB researchers visited a church in St. Kitts abuzz with volunteers draping the last few sheets of white cloth and fixing motivational banners. The altar was being transformed into a stage. The three young women who came towards them were giggly and their eyes were bright with excitement.

Janelle, Lisa, and Miriam (*not their real names*) were a part of a group of young parents who were classified by the St. Kitts Government as 'youth at risk'. They left school without credentials. The Government has a Second Chance programme under its education policy.

Lisa turned 24 last month. Her ambition is to become a nanny. Nineteen year old Janelle is raising her 10-month old son on an Eastern Caribbean \$200 (USD 70.00) monthly stipend as her only income. The baby formula alone costs \$40 per can, which lasts one and a half weeks. She is training to be both a chef and a beautician. Miriam, aged 26, is the big sister among the three. She dreams of being a top chef and tries out new recipes whenever she has a little extra money.

Through the Behaviour and Attitude Enhancement course under the BNTF 6 country project in St. Kitts, the female youth learnt life skills and livelihood skills, from sanitation and hygiene in food preparations to how to run a business. When asked what they found most valuable in the training, the three listed self-respect, the ability to identify personal strengths and weaknesses, a changed mindset, how to respect and get along with others, and time management as the top learning outcomes. Although only one out of the 12 of them who participated in the training has found a good job so far, they believe that they are moving up the steps towards fulfilling their dreams. Janelle and Lisa have just completed another training as Miriam came to cheer them. As the two were lining up to receive their certificates, Mrs. Roger came to give them congratulatory hugs. Together they recited a mantra Mrs. Roger taught them during the BNTF training: **The ABC of Your Future: "Aim to be successful. Believe in yourself. Commit to the task."**



Some of the graduates still call the counsellors from time to time. They would do devotions together some mornings.

Determined to help these youths break the cycle of vulnerability, the training coordinator is making plans for a follow-up programme to support the youths' further advancement. She wants to make sure that they do not fall back into the deplorable situations prior to the training. Her own dream is to succeed in facilitating the youths' positive transformations.

CTCS

2.42 CTCS is a demand-driven capacity-building programme designed to strengthen the micro, small and medium-sized business sector in the Caribbean region. The programme also represents one of the principal vehicles which the Bank uses to deliver on its mandate to improve inclusive growth and development in its BMCs through increased private sector activity with a focus on MSMEs.

2.43 Over the past three years, the Bank has sought to enhance the efficiency and effectiveness of CTCS by streamlining programme delivery. Further, there has been increased emphasis on integrating interventions within the context of country strategy programming. Where possible, CTCS support is also

being employed to support the Bank's RE expansion thrust as an important element for reducing vulnerability.

2.44 The changed operational stance of CTCS has impacted the level of activity. For instance, single person training attachments have been reduced and greater use is being made of information technology platforms to deliver training modules. The programme has also sought to deploy more local resources to deliver training as a means of containing costs while positively impacting overall development results.

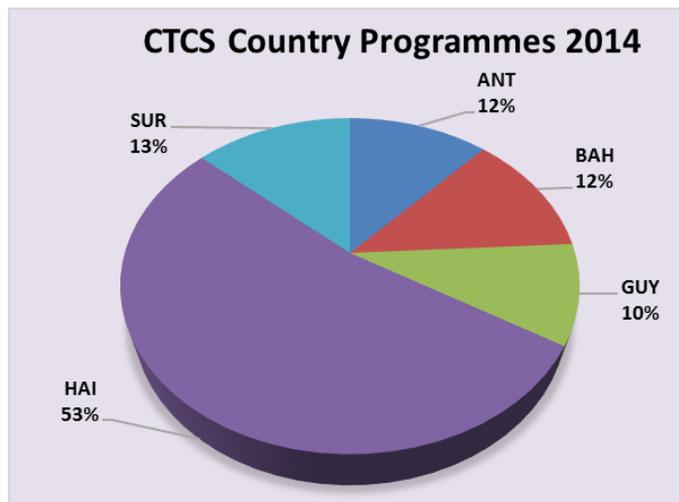
2.45 In 2014, a total of \$0.4mn was approved for the execution of ten CTCS activities, including two RE/EE interventions, compared with \$1.1mn and \$1.2mn covering 31 and 45 CTCS activities in 2013 and 2012, respectively. Despite this decline, CTCS remains an important instrument for strengthening capacity of micro-entrepreneurs. It is being increasingly integrated into CSP formulation and project appraisal activity – e.g. CTCS participation in loan appraisal activity (College of the Bahamas), RE/EE activities in the lines of credit for Belize and Dominica approved in 2014. Two regional and four national workshops were hosted in 2014 compared with three regional and 25 national workshops in 2013. The number of beneficiaries also fell from 609 to 236 (see Table 6).

THE CTCS NETWORK
<p>The CTCS Network is the Bank's principal TA programme that contributes to MSMEs development in its BMCs. The programme promotes the Bank's inclusive growth and sustainable development strategic objective by providing support to private sector development aimed at enhancing the viability of MSMEs. CTCS activities are designed to cover a broad cross-section of managerial, technical and operational needs of MSMEs. CTCS endeavours to continually develop and bring on-board new areas of TA needs to meet the evolving requirements of MSMEs. Examples of some of the CTCS areas of activity include:</p> <ul style="list-style-type: none">(a) agro-processing and fisheries;(b) food processing;(c) wood and metal fabrication;(d) garment design and construction;(e) packaging and labelling standard,(f) EE and RE;(g) tourism-related activities;(h) management techniques and computerised accounting systems; and(i) pottery, ceramics and craft manufacturing. <p>Over the years, the CTCS Network has helped to develop and enhance both the technical and managerial skills of entrepreneurs in BMCs. Many beneficiaries of the training offered in the management of small businesses and enterprise development, are today the proprietors of successful MSMEs across the Region.</p>

2.46 The bulk of the CTCS support was targeted towards Haiti (53%), while Suriname, the newest member of the Bank benefited from 13% of the interventions. Antigua and Barbuda, the Bahamas and Guyana were the other beneficiary countries. Importantly, CTCS also played an important role in the Bank's work in relation to vulnerability reduction through EE/RE initiatives. Following the successful hosting of two EE/RE sensitisation seminars in Dominica and St. Lucia in 2013, CTCS conducted Pilot Audits in 2014 as a prerequisite for on lending to MSMEs seeking to implement EE/RE initiatives in Belize and Dominica.

TABLE 7: CTCS PROGRAMME ACTIVITIES 2010-2014

Activities	2010	2011	2012	2013	2014
Regional Workshops	3	2	3	3	2
National Workshops	12	12	36	25	4
Direct TA interventions	25	24	4	2	2
Training Attachments	15	0	2	1	2
Total Activities	55	38	45	31	10
No of Beneficiaries	826	828	1339	609	236
Value \$ mn	0.8	0.5	1.2	1.1	0.4



2.47 Directly following the Board approval for the Suriname CSP, the CTCS programme was launched with a TTW in Business Modelling Techniques. Thirty-five local MSMEs owners/operators (24 females and 11 males) benefitted from the TTW. Approximately 15 local bilingual trainers were embedded in the programme to ensure a high ratio of trainers to MSMEs and to translate the presenters training instructions as was required. In the Bahamas, CTCS partnered with the Bahamas Technical and Vocational Institute to pursue opportunities to improve greater EE and RE sources to reduce the current reliance on fossil fuels. CTCS supported the audits of existing buildings, including the review of initial designs of a proposed new classroom block to ensure that viable EE and RE considerations are effectively incorporated in the design of the finished product. The audits and design review of the new block identified technically and financially viable EE and RE initiatives designed to significantly improve EE in the key Bahamas Technical and Vocational Institute facilities.

2.48 CTCS hosted two consultations parallel to CDB 2014 Annual Board of Governors' Meeting. These sessions were intended to contribute to enhancing the operations of the CTCS Network, as part of efforts aimed at ensuring that the programme remains relevant to the needs of MSMEs while taking into account CDB's SDF and Gender Equality Policy and Strategy requirements. The first was a three-day Stakeholders' Network Consultation which was followed by a two-day consultation with MSMEs in Guyana. The Stakeholders' Network Consultation brought together 16 representatives (6 females and 10 males) from key CTCS cooperating institutions from across the Caribbean, who joined 15 counterpart cooperating institutions representatives from Guyana to exchange ideas geared towards fostering stronger linkages. The participating countries were Antigua and Barbuda, Anguilla, British Virgin Islands, Dominica, Grenada, Guyana, Montserrat, St. Kitts and Nevis, St. Lucia, Suriname, Trinidad and Tobago.



*Participants at Workshop on
Computerised Management Accounting Systems for MSMEs*

2.49 In that regard, over the three days of the stakeholders' consultations, participants were engaged in discussions and exchange of experiences and ideas covering: integration of gender equality in CTCS Network activities; establishment of a standardised monitoring and evaluation mechanism for effectively benchmarking and monitoring interventions; increased participation and input by local cooperating institutions in the design, preparation and oversight of proposed national activities and requests for direct TA by MSMEs; the introduction of CDB's EOS.Web library service for hosting and sharing CTCS publications and lessons to be learnt from interventions undertaken across BMCs; initiatives in EE/RE development; and exploring approaches and mechanisms for moving towards sustainable national CTCS Networks within each BMC.

2.50 Participants, therefore, benefitted from having a clearer understanding of CTCS Network operational requirements, including CDB's focus on gender mainstreaming, managing for development results (MfDR), and its monitoring and evaluation framework. They also got a better understanding of the proposed methodology for accessing TA from the Bank, and were able to identify common needs for TA across various subsectors throughout the Region. Additionally, they were able to foster a stronger network while sharing information and collaborating with each other during the three days.

2.51 The MSME consultations allowed approximately 30 small and medium-sized enterprises in Guyana to learn about the experiences of counterparts from other Caribbean countries, as well as CDB support which could strengthen their businesses. The consultations also provided an opportunity for participating MSMEs to network and discover possibilities for synergies and collaboration.



Participants in CTCS Consultations in Guyana

2.52 In response to a request from participating BMCs at the CTCS Stakeholders' Consultation in Guyana, CTCS conducted a three-day Sub-regional TTW on "Computerised Management Accounting Systems for MSME. The workshop formed part of CTCS' continued efforts aimed at enhancing the managerial and operational capacities of MSMEs in CDB's BMCs and addressed the critical need for MSMEs to put in place appropriate Management Accounting Systems, particularly within the environment of a Computerised Management Accounting System. Sixteen persons (9 females and 7 males) from eight CDB BMCs in the Eastern Caribbean region participated in the TTW.

2.53 CTCS also conducted workshops on food safety in Antigua and Barbuda. The workshop benefited 25 food handlers and managers (14 females, 11 males) in the food service industry who were trained in food safety practices at the ServSafe level and were provided guidance in the development of action plans aimed at enhancing food safety practices in the respective establishments.

SDF PORTFOLIO ANALYSIS

2.54 The quality and performance of the SDF portfolio is measured by a Project Performance Index (PPI), using a composite score derived from the application of the Project Performance Evaluation System (PPES). This composite score is an indicative measure of the likely impact of the project relative to the Bank's development assistance objectives, and is the sum of the weighted scores of six core criteria: *strategic relevance, poverty relevance, efficacy, cost efficiency, institutional development impact, and sustainability.*

2.55 During 2014, the performance rating for the projects under implementation which had an SDF component was relatively good. There were a total of 53 projects in the portfolio with a total value of \$355.7mn compared with 54 projects in 2013 with a value of \$338.1mn. All projects in the portfolio were ranked as either satisfactory (57%) or highly satisfactory (43%). This was an improvement over the 2013 performance when one project⁷ (or 2% of the portfolio) was rated as marginally unsatisfactory, 50% being satisfactory and 48% rated as being highly satisfactory.

⁷ This was the NDM – Rehabilitation – Landslide Project, St. Lucia (24/SFR-OR-STL) which is now completed and the PCR was submitted to the Office of Independent Evaluation in 2014.

2.56 In 2014, the portfolio continued to be dominated by the environment and disaster risk sector (22.6%) compared with 20.4% in 2013 reflecting the natural disaster prone and highly vulnerable nature of the Bank's BMCs. The education sector accounted for the second largest component of the portfolio in 2014 (15.1%) which was the same position as in 2013 at 18.5% and is consistent with the Bank's mandate of fostering inclusive growth. In 2014, the overall average performance rating was 'Satisfactory', similar to the overall performance in 2013.



Renewable energy in Guyana

2.57 PPES includes criteria relating to the scoring of project performance and changes in scores to identify projects "at risk". This is not a performance measure, but a "red flag" to draw attention to projects experiencing difficulties. As at December 31, 2014, five projects were classified as 'at risk' (about 9.4% of the SDF capital portfolio under implementation) compared with seven projects which were classified as "at risk" (about 13.0 % of the SDF capital portfolio under implementation) and two projects (3.6% of the portfolio) at the end of 2012. The primary issue affecting the projects at risk is the lack of technical capacity in IAs. The Bank continues to engage country authorities to resolve implementation issues. In addition, a proposal to launch project cycle management training will also assist in responding to this capacity challenge.

3. REPORTING ON SDF 8 RESULTS

3.01 This chapter presents the 2014 results of the Bank's development efforts within the context of the SDF 8 RMF. The RMF, which summarises the Results Agenda of the Bank supported by SDF 8, is anchored by three pillars - *MfDR at the country or regional level*, *MfDR at the institutional or corporate level*, and *MfDR through partnerships, harmonisation and alignment*. Data limitations and capacity deficits at the country level continue to limit the collection and reporting on various results areas. To surmount this hurdle, the Bank and other development partners, are supporting capacity building efforts, including the recently approved multidimensional poverty assessment tool.

3.02 The SDF RMF translates the three pillars of the results agenda into four levels. The progress made by BMCs towards selected CMDG targets and development outcomes are monitored by Level 1 indicators. Level 2 indicators measure the Bank's contribution to country outcomes through outputs delivered in key areas such as education, social and economic infrastructure, and water and sanitation among others. At Level 3, institutional and operational indicators measure improvements to the Bank's efficiency and effectiveness and progress in relation to the Paris Declaration and the Accra Agenda for Action is covered at Level 4. The status of indicators for the four results levels in the approved SDF framework as of December 31, 2014 is presented in the text and tables below.

Level 1: Regional Progress towards Selected CMDG Targets and Development Outcomes

3.03 Level 1 measures regional progress in relation to poverty and human development, environmental sustainability and climate change, per capita GDP growth and RCI efforts. In relation to poverty and human development, in 2014, the proportion of the population living below the poverty line declined to 44% compared with 54% at the end of 2013 while the proportion of the population living below the indigence line fell from 45.7% to 22.4%. The marked improvement reflects the incorporation of recent country poverty assessment data for Haiti published in 2014⁸. Notwithstanding high poverty rates which were aggravated by the devastating earthquake in 2010, Haiti has made relatively strong gains over the past decade and a half. The country's national poverty rate was estimated at 58.6% in 2012 compared with 76.0% in 2001, and the extreme poverty rate (indigence) was 24.7% in 2012, a decline from 54.0% in 2001. This progress was largely on account of significant official development assistance, including substantial debt relief and post-earthquake support in addition to remittance flows. As Haiti accounts for nearly 60% of the total poor population of BMCs and therefore weighs heavily on the overall regional poverty picture, total poverty for BMCs as a whole improved. However, with one year remaining before the 2015 MDG target goal, it is doubtful whether the targets of 27% and 20.5% for the proportion of the population living below the poverty and indigent lines, respectively, will be achieved⁹.

3.04 With respect to education sector results, the indicators relating to enrolment in primary continue to improve despite being below the baseline values¹⁰. The indicators for enrolment in secondary school are currently above the targets set for both male and female enrolment. With respect to access to basic services, in particular water and improved sanitation, relatively modest gains were made. Approximately 96.2% of the urban population and 92.1% of the rural population had access to water in 2014 compared with 96.9% and 91%, respectively in 2013. In 2014, CDB convened a workshop for 65 stakeholders in the Caribbean water sector to discuss the state of the water sector in the Caribbean with a review of developing appropriate strategies to promote sustainability.

⁸ Poverty indicators are updated by recently completed CPAs and the figures are weighted by population size for all BMCs.

⁹ The length and severity of the Great Depression significantly undermined the achievement of the MDG poverty goals in the Caribbean.

¹⁰ This reflects the inclusion of Haiti post the base year calculation in addition to a steady inflow of migrants into Belize from neighbouring countries.

RMF LEVEL 1: REGIONAL PROGRESS TOWARDS SELECTED CMDG TARGETS AND DEVELOPMENT OUTCOMES

Indicators	Baseline Year	Baseline Value	Target (2015)	Status as of December 2013	Status as of December 2014
Poverty and Human Development					
1. Proportion of population below the poverty line (%):	2006	54	27	54	44
2. Proportion of population below the indigence line (%):	2006	41.0	20.5	45.7	22.4
3. Net enrolment in primary education (%) ¹¹					
- Female	2006	94	95	91.0	89.1
- Male	2006	94	95	90.0	90.1
4. Net enrolment in secondary education (%)					
- Female	2006	73	80	86.6	88.3
- Male	2006	68	77	83.2	84.0
5. Proportion of population with access to a water source (%)					
- urban	2009	96.0	94.0	97.2	96.2
- rural	2009	86.0	92.5	91.2	92.1
6. Proportion of population with access to improved sanitation (%)					
- urban	2009	86.0	88.0	87.2	86.0
- rural	2009	84.0	86.5	84.9	84.5
Environmental Sustainability and Climate Change					
7. Reported environmental damage and loss from natural hazard events (% of GDP)	2005-2007	9.0	Reduction	2.8 ^r	2.6
8. Ratio of area protected to maintain biological diversity to surface area (%)	2009	3.46	Maintain or increase	4.2	4.4
9. Proportion of land area covered by forest to total land area (%)	2009	36.0	Maintain or increase	46.4	46.4
GDP per capita					
10. GDP per capita (constant prices):					
Group 1 BMCs	2009	24,063	26,120	22,450 ^r	22,804
Group 2 BMCs	2009	6,234	6,123	6,192 ^r	6,304
Group 3 BMCs	2009	428	530	434 ^r	446
RCI					
11. Intra-regional trade as a percentage of total regional trade ¹²	2006	14	20	12.0 ^r	14.0
12. Direct Investment of MDCs in LDCs (\$mn)	Avg. 1999-2003	20	30	20.8	n.a

3.05 With respect to per capita GDP, all three groupings of countries experienced growth to varying degrees. Growth in Group 2 countries was led by accelerated growth in the mainly tourism dependent economies particularly Grenada, St. Kitts and Nevis and Montserrat. Group 1 countries also returned to modest growth in 2014 following stagnant performance in the previous three years. Information on the indicators on RCI was unavailable for 2014.

¹¹ Education performance data has a lag of one year and the latest data refers to 2013.

¹² Lag of one year in outcome indicator.

Level 2: CDB/SDF Contributions to Country and Regional Outcomes

3.06 Level 2 indicators measure the Bank's contribution to country outcomes through outputs delivered in key operational areas, such as education and training, agriculture and rural development, social and economic infrastructure, and water and sanitation. The outputs programmed for 2013-2016 reflect those which are expected to be delivered during the SDF 8 period, based on projects approved in earlier SDF cycles. The results reported for 2014 represent outputs which were delivered from projects completed in the first two years of SDF 8.

3.07 CDB's approach to education and training reflects a greater awareness of the need to focus on increased access as well as improved quality of education by our BMCs. The Bank had financed significant investment in school infrastructure to meet social demands and to improve coverage, all aimed at improving student learning. In 2014, 134 classrooms were built or upgraded and added to the 149 built or upgraded in 2013. This puts the total for the two years of the SDF 8 cycle at around 37%. With respect to teacher training, some 524 teachers were either trained or certified at either the primary or secondary education level in 2014 bringing the total 1,672 or approximately 20% of the target for the cycle. The number of students benefitting directly from CDB-supported outputs continue to be significant, at over 106,000 for the 2013 and 2014 combined period. This represents close to 45% of the target level of beneficiaries for the cycle.

3.08 There were limited additional outputs recorded for agriculture and rural development in 2014 relative to 2013. As such, the bulk of the outputs reflect the Community Development Project in Haiti as well as the beneficiaries of rural credit in Jamaica. Approximately 992 hectares of land were improved through drainage, flood and irrigation works, and 2,530 stakeholders were trained in improved production technology. These outputs represent 21% and 43% of the SDF 8 target for the respective indicators.

3.09 The indicators for social and economic infrastructure which measure the Bank's support for inclusive and sustainable growth continue to be robust. The combined period in 2013 and 2014 yielded a total of 327.8 km of primary, secondary and other roads being built or upgraded. This figure exceeds the target performance of 196.2 km for the entire SDF 8 cycle. To date, there have been 340,021 beneficiaries, including 171,796 males and 170,225 females. A large contribution to the target was made by the Haiti programme and infrastructure development in Jamaica.

3.10 With respect to community infrastructure (improved community buildings, including health and community centres, libraries, schools and public toilets), BNTF and the community-driven project in Haiti delivered significant results. In the combined two years, a total of 140 community infrastructure-related projects were built or upgraded. A total of 464,098 people benefited, including 233,494 males and 230,604 females.

RMF LEVEL 2: CDB's CONTRIBUTIONS TO COUNTRY AND REGIONAL OUTCOMES THROUGH OUTPUTS

Indicators	Achievements	Programmed Achievements	Actual Achievements	
	2009 -2012	2013-2016	2013	2014
Education and Training (at all levels)				
1. Primary and secondary classrooms built or upgraded according to minimum standards (number)	730	765	149	134
2. Teachers trained/certified in primary and secondary education (number)	3,990	8,500	1,148	524
3. Students benefiting from improved physical classroom conditions, enhanced teacher competence and access to student loan financing (number)	163,600	237,635	54132	50,985
4. Percentage of secondary school graduates achieving five CXC General Proficiency passes including Mathematics and English by sex:				
- Male	28.4	32	29.6 ^r	24.0
- Female	30.9	34	34.5 ^r	29.8
5. Proportion of students starting from Form 1 who reach Form 5 (Survival Rate) by sex:				
- Male	76.5	82	81.5 ^{rr}	81.3
- Female	80.4	88	87.4 ^r	88.2
6. Percentage of students completing at least one Level 1 course in Technical and Vocational Education and Training by sex:				
- Male	45.3	52	59.6 ^r	70.0
- Female	40.0	48	67.2 ^r	70.1
Agriculture and Rural Development				
7. Land irrigated or improved through drainage, flood and irrigation works (hectares)	4,750	4,800	992 ^r	0
8. Stakeholders trained in improved production technology (number)	702	5,390	2,300 ^r	230
9. Beneficiaries of rural enterprise credit programmes (number)	500	600	79	0
- Male	n.s	420	58	0
- Female	n.s	180	21	0
Social and Economic Infrastructure				
10. Primary, secondary and other roads built or upgraded (km)	2,020	196.2	233	94.8
11. Beneficiaries of road projects (number)	259,000	569,980	280,025	59,996
- Male	n.s	284,990	141,892	29,904
- Female	n.s	284,990	140,133	30,092
12. Sea Defences/ Landslip Protection/ Urban Drainage (km)	18.1	24.6	14.7	5
13. Community infrastructure built/upgraded (number)	522	14	79	61
14. Beneficiaries of community infrastructure interventions (number)	158,000	22,550	297,590	166,508
- Male	n.s	12,180	150,595	82,899
- Female	n.s	10,370	146,995	83,609
15. Installed energy generation capacity (megawatts)	0	3	0	0
Private Sector Development				
16. Business climate and competitiveness enhancement projects implemented (Number) ¹³	n.a	8	3	1

¹³ Revised indicator replacing private sector development frameworks developed and implemented and business climate regulatory or policy reforms adopted.

Indicators	Achievements	Programmed Achievements	Actual Achievements	
	2009 -2012	2013-2016	2013	2014
17. Beneficiaries of MSME credit and mortgage programmes by sex (number) ¹⁴	246	260	227	41
- Male	n.s.	203	165	25
- Female	n.s.	57	46	15
18. Beneficiaries of interventions targeted at MSMEs through CTCS and other TA modalities by sex (Number)				
- Male	3,516	3,840	230	82
- Female	4,395	4,800	379	155
Water and Sanitation				
19. Water supply lines installed or upgraded (km)				
- All	247	89	102.51 ^r	89.03
- Urban	n.s	44	-	-
- Rural	n.s	45	102.51 ^r	89.03
20. Households with access to sanitation and water supply (number)	23,500	20,280	3,890	7,431
- Urban	n.s.	5,070		
- Rural	n.s.	15,210	3,890	7,431
Environmental Sustainability, DRM and Climate Change				
21. Communities with improved capacity to address Climate change and DRM (number)	22	25	4	1
22. National/sector policies/strategies/legal frameworks developed or implemented to improve capacity for climate resilient conservation, rehabilitation, or sustainable management (number)	n/a	5	1	2
23. Energy savings resulting from RE/EE interventions (Megawatt hours) ¹⁵	n/a	5	0	n.a
24. Renewable energy capacity installed (Megawatt) ¹⁶	n/a	2	0	0.016
RPGs				
25. Legal, regulatory and policy reforms adopted to improve regional cooperation and integration (number)	n/a	3	0	0
26. Share of intra-regional sea trade from OECS and other disadvantaged countries (Belize and Guyana) of total intra-regional sea trade	n/a	Tbd	Tbd	n.a
Capacity Development				
27. Public financial management reforms adopted (Number)	Tbd*	4	3	3
28. BMCs with increased capacity to undertake public sector investment programmes (Number)	Tbd*	19	3	2
Citizen Security				
29. National security policies and strategies developed or implemented (Number)	0	2	0	0
30. Beneficiaries receiving support from citizen security interventions (number)	..	3,000	196	355
- Male	..	2,400	157	234
- Female		600	29	121

¹⁴ The total include beneficiaries where gender identified and cases where sex is not disaggregated.

¹⁵ Revised indicator replacing EE reforms adopted.

¹⁶ Revised indicator replacing energy produced through RE technologies.

Indicators	Achievements	Programmed Achievements	Actual Achievements	
	2009 -2012	2013-2016	2013	2014
Social Protection				
31. Social assistance programmes with improved targeting developed and successfully implemented (Number)	0	4	0	0
32. Social protection policy frameworks developed and successfully implemented (Number)	0	4	0	0

3.11 The indicators relating to private sector development have been revised to better reflect ongoing support which the Bank provides in enhancing the business enabling environment. The revised indicator aims to monitor progress with initiatives aimed at improving business competitiveness in BMCs. In 2014, CDB in collaboration with the WB supported the First Growth and Resilience Building PBO in Grenada. Under this programme, the tourism sector, agribusiness and trade logistics will be supported.

Level 3: Operational/Organisational Effectiveness

3.12 Level 3 indicators monitor operational and organisational effectiveness in six areas. These include operational quality and portfolio performance, resource allocation and mobilisation, strategic focus, capacity utilisation, use of administrative budget resources, and business processes and practices. The table below shows the performance in the first two years of the SDF 8.

RMF LEVEL 3: OPERATIONAL/ORGANISATIONAL EFFECTIVENESS

Indicators	Baseline Year	Baseline Value	Target (2016)	Status as of December 2013	Status as of December 2014
Operational Quality and Portfolio Performance					
1. Portfolio performance rating for implementation (% satisfactory)	2009	98	98	98	100
2. Percentage of projects completed in past two years with Project Completion Reports	2010	25	100	93	53
3. Percentage of projects with supervision reports on Project Portfolio Management System	2009	89	100	100	100
Resource Allocation and Utilisation					
4. Percentage of concessional resources allocated according to performance-based allocation system	2009	40	60.9	58	58
5. Disbursement efficiency rate (without PBLs) ¹⁷	2009	89	89	79	76
Strategic Focus					
6. Proportion of financing directed to less developed BMCs (%) 3 year average	2009-11	73	60	57	48
7. Approved country strategies in use with results framework (Number)	2009	6	18	9 ^r	13
8. New or updated NPRSs for BMCs in past five years (Number)	2009	2	13	6	6
9. Proportion of financing supporting environmental sustainability and climate change (%).	2009	1.1	10-15	19.7	9.5

¹⁷ Disbursements for the year expressed as a percentage of planned disbursements for the year for projects under implementation.

Indicators	Baseline Year	Baseline Value	Target (2016)	Status as of December 2013	Status as of December 2014
10. Proportion of financing supporting regional cooperation and development (%).	2009	5.2	6-8	1.2	3
Capacity Utilisation and Gender Equality					
11. Percentage of budgeted Bank professional staff in operations departments.	2009	51.3	60	44	57
12. Ratio of professional staff to support staff	2009	1.26:1	1.35:1	1.26:1	1.49:1
13. Representation of women in management positions.	2009	45	50	53	38
14. Vacancy Rate at Management and Professional Level	2009	14	4	25	5
15. Client Satisfaction Survey Index	2009	n.a	n.a	n.a	n.a
Use of Administrative Budget Resources					
16. Administrative expenses per \$mn of project approvals (3-year average) \$000's.	2007-2009	96 ^r	Reduction	161 ^r	147
17. Administrative expenses per \$mn of project disbursements (3-year average)\$000's	2007-2009	132 ^r	Reduction	169 ^r	181
Business Processes and Practices					
18. Average time from loan approval to first disbursement in public sector operations (months).	2009	17	12	9.1	1.4
19. Average loan processing time (months from appraisal mission to project approval) in public sector operations.	2009	5	4	3.2	2.8

3.13 The portfolio performance rating as captured in the Annual Review of the Portfolio Performance stood at 100% in 2014 compared with 98% in 2013 and reflects an intensification of supervision activity. After a stellar year where 93% of projects completed in the past two years had PCRs, this metric fell to 53% in 2014 as project appraisal related effort dominated the work programmes of staff in the Operations Area.

3.14 With respect to resource allocation and utilisation, the percentage of concessional resources allocated according to the performance-based system was 58% in 2014 (same as in 2013 at the beginning of the cycle) compared with a target of 61%, while the disbursement efficiency rate stood at 76% compared with 79% in 2013 and a target of 89%. This marginal deterioration in the performance of the disbursement efficiency rate in 2014 is indicative of slow implementation for new projects entering the portfolio and also for some existing projects. Greater focus on disbursement performance will be needed in order to turn these indicators in the right direction. It is expected that the Bank's re-launched project cycle management training programme will help to surmount these challenges at the country level.

3.15 In relation to the strategic focus, the proportion of financing directed to less developed countries declined from 57% in 2013 to 48% in 2014. It is the first time in the period 2010-2014 that the proportion of financing directed to LDCs fell just below the 51% target and reflects the planned diversification of the Bank's portfolio with a higher level of financing going to non-LDC BMCs, such as Suriname. Regarding CSPs in use with results frameworks, this totalled 13 in 2014 as two CSPs came to the end of their planning horizon. However, all CSPs formulated in the recent past contain results frameworks which are used to support strategy implementation and foster the achievement of the expected development results.

3.16 In the area of capacity utilisation and gender equality, the 2014 performance improved significantly in three of the four indicators as a result of an active recruitment process and workforce planning. The percentage of budgeted staff in the Operations Area increased to 57% in 2014, from 44% in 2013. This change reflected successful recruitment particularly in the Operations Area, including the filling of 11 professional posts in the Projects Department in the areas of economic infrastructure, climate change, environmental sustainability, education and technical cooperation, and two posts in the Economics Department. There was also successful recruitment of positions in the corporate areas of procurement, evaluation, audit, legal counsel and corporate communication.

3.17 Accordingly, the ratio of professional staff to support staff increased to almost 1.5 professionals to a person of support in 2014 (from just over 1.25 professionals to a person of support in 2013) reflecting the recruitment in the aforementioned areas, as well as retirements, exits and redeployment of some staff in the administrative areas. The recruitments impacted positively on the vacancy rate at management and professional levels, which fell from 25% in 2013 to 5% in 2014. The out-turn in respect of the indicator of gender equality was below the threshold of 45% as a result of vacant management positions in 2014 (previously occupied by women) being filled by men.

Level 4: Partnership, Harmonisation and Alignment

3.18 Level 4 indicators reflect the principles of ownership, harmonisation, alignment and partnerships consistent with the Paris Declaration and Accra Agenda for Action for promoting development effectiveness. CDB continued to foster favourable development outcomes by striving for country ownership. At the end of 2014, 15 BMCs had either national development strategies, poverty reduction strategies or country poverty assessments within which Bank-funded development support was anchored.

RMF LEVEL 4: PARTNERSHIP, HARMONISATION AND ALIGNMENT

Indicators	Baseline Year	Baseline Value	Target (2016)	Status as of December 2013	Status as of December 2014
Ownership					
1. Number of BMCs with national development strategies, PRSs and CPAs	2009	15	18	15	15
Harmonisation					
2. Percentage of CDB country strategies with explicit consideration of other agencies' programming.	2009	100	100	100	100
3. Percentage of financing using common arrangements or procedures ¹⁸ .	2009	26	35	59	33
Alignment					
4. Percentage of capacity development support provided through coordinated programmes.	2009	32	45	n/a	32
5. Percentage of financial support using BMC procurement systems that either (a) adhere to broadly accepted good practices, or (b) have a reform programme in place to achieve these.	2009	25	35	n/a	12
Partnerships					
6. Proportion of CSPs, other development partner missions and project financing conducted jointly with at least one other development partner (% annually)	2008	14	25	100	100

¹⁸ Indicator revised to align with Paris Declaration on Aid Effectiveness definition of harmonised approaches

3.19 In relation to harmonisation, all country strategies were formulated with robust donor coordination in an effort to reduce duplication and improve on development results. The Bank also participates in joint monitoring missions in order to identify areas where it has a comparative advantage and maximise synergies with ongoing development assistance efforts.

4. FINANCIAL RESOURCES AND PROGRAMME LEVELS

SDF 8 PROGRAMME LEVEL

4.01 The programme level approved for SDF 8 was \$348mn, to be funded from internally generated resources of \$100mn, agreed new contributions of \$212.7mn; an allocation from the net income of the Bank's OCR; and an allocated structural gap of \$17.3mn. The structural gap is expected to be filled by new and additional contributions. The base funding and minimum programming level, exclusive of the structural gap, is projected in the Contributor's Report at \$330.7mn. By the end of 2014 or midway during the cycle, revisions to the level of internally generated resources imply an improved position. Internally generated funds are set to reach \$110mn rather than the original \$93.0mn. This primarily reflects higher repayment inflows arising from the high level of loan disbursements notwithstanding lower than forecast out-turns for net income. Repayments and Net Income inflows were projected at \$75mn and \$18mn, respectively in the Contributors' Report.

TABLE 8: SDF PROGRAMME LEVEL

\$mn

Item	Per Contributors' Report	Revised Projected Position as at December 31, 2016	Difference
Commitment Authority at beginning of cycle	7.0	3.3	(3.7)
Internally generated resources	93.0	110.1	17.1
Allocation from OCR Net Income	18.0	18.0	-
New contributions	212.7	209.0 ¹⁹	(3.7)
Base Programme Level	330.7	340.4	9.7
Structural Gap	17.3	7.6	(9.7)
Overall Programme Level	348.0	348.0	

4.02 The higher internally generated forecast position translates into an expanded base programme level of \$340.4mn compared with \$330.7mn in the SDF 8 Contributors' Report and a concomitant narrowing in the structural gap from \$17.3mn down to \$7.6mn. Similar to prior years, no adjustments will be made to the funds available for commitment until the forecast position crystalises.

COMMITMENT AUTHORITY

4.03 In 2014, the funds available for commitment stood at \$106.7mn comprising, net income (\$0.4mn), repayments (\$22.7mn), contributions from members (\$47.4mn), commitment authority brought forward from 2013 (\$30.1mn), and an allocation from OCR (\$6.0mn). This compares with funds available for commitment position of \$78.1mn in 2013. Resources utilised in 2014 reached 81.8% compared with 61.5% one year earlier and reflected stronger loan demand which more than doubled (see Table 9 below). The detailed forecast of availability and use of resources is shown at Appendix V.

¹⁹ It is not expected that all new contribution will materialise by the end of the cycle.

TABLE 9: SDF 8 PROJECTED COMMITMENT AUTHORITY AND USE OF FUNDS

\$mn

Item	Actual			Projected		
	SDF 7	2013	2014	2015	2016	Total
Commitment authority at beginning of period	19.5	3.3	30.1	19.3	1.9	3.3
Net Income	6.3	-1.8	0.4	3.7	4.4	6.7
Repayments	68.6	22.3	22.7	30.3	28.1	103.4
Commitment authority from new contributions	233.4	54.3	47.5	50.0	57.2	209.0
Allocation from OCR	15.0	0.0	6.0	6.0	6.0	18.0
Funds Available for commitment	342.8	78.1	106.7	109.3	97.6	343.2
Approvals for SDF Loans (Net)	211.0	30.0	68.2	70.0	62.5	230.7
Approvals for SDF Grants (Net)	128.5	18.0	19.2	37.4	25.4	100.0
Available Commitment authority at end of period	3.3	30.1	19.3	1.9	9.7	9.7

ALLOCATION AND UTILISATION OF RESOURCES

4.04 Table 10 below shows the indicative allocation for country loans and set-aside grant resources at the beginning of the SDF 8 cycle together with the actual commitments during 2013 and 2014. Country allocations using the Bank's RAS was limited to \$172.7mn given the estimated structural gap of \$17.3mn at the beginning of the cycle. The number of countries accessing their allocation moved from three in 2013 to seven in 2014 as the implementation of SDF 8 gained momentum. In the first year of the cycle, loans were approved for Guyana (\$22.1mn), St. Lucia (\$3.3mn) and St. Vincent and the Grenadines (\$3.1mn). This represented approximately 16.5% of the initial sum for loan allocation. In 2014, loans were approved for Belize (\$6.1mn), Dominica (\$0.5mn), Grenada (\$14.5mn), Guyana (\$6.8mn), Jamaica (\$25.0mn), and St. Lucia (\$6.0mn). At the end of the 2014 or at the midpoint of the SDF cycle, total loans were approximately 46.0% of the indicative allocation or 72.5% of the total approvals to date. SDF supported outcomes including inclusive and sustainable growth in Belize through funding for the upgrading of the Philip S.W. Goldson Highway as well as through funding for a Growth and Resilience Building PBO in Grenada. Importantly, SDF also supported Suriname with the enhancement of its TVET at the lower secondary school level.

TABLE 10: SDF 8 ALLOCATION AND UTILISATION OF RESOURCES

Item	Indicative Allocations at		Approvals		Total Approvals		Balance Available \$'000
	January 2013 \$mn	%	2013 \$mn	2014 \$mn	\$mn	%	
Country Allocations- Loan							
<i>(Group 1)</i>							
Anguilla	-	-	-	-	-	-	-
Antigua and Barbuda	-	-	-	-	-	-	-
Bahamas, The	-	-	-	-	-	-	-
Barbados	-	-	-	-	-	-	-
British Virgin Islands	-	-	-	-	-	-	-
Cayman Islands	-	-	-	-	-	-	-
Turks and Caicos Islands	-	-	-	-	-	-	-
Trinidad and Tobago	-	-	-	-	-	-	-
<i>(Groups 2)</i>							
Belize	22.6	7.2	-	6.1	6.1	4.5	16.5
Dominica	15.0	4.8	-	0.5	0.5	0.4	14.5
Grenada	14.7	4.7	-	14.7	14.7	10.8	-
Guyana	40.0	12.8	22.1	6.8	28.9	21.3	11.1
Jamaica	33.8	10.8	-	25.0	25.0	18.5	8.8
Montserrat	7.0	2.2	-	-	-	-	7.0
St. Kitts and Nevis	5.9	1.9	-	-	-	-	5.9
St. Lucia	18.0	5.8	3.3	6.0	9.3	6.8	8.7
St. Vincent and the Grenadines	15.7	5.0	3.1	-	3.1	2.3	12.6
Sub-total Country Allocations	172.7	55.2	28.5	59.1	87.6	64.6	85.1
Set-Aside Resources							
Other Lending:							
Natural Disaster Mitigation and Rehabilitation	30.0	9.6	1.5	5.8	7.3	5.4	22.7
New BMC (Suriname)	10.0	3.2	-	3.4	3.4	2.5	6.6
Total Lending	212.7	68.0	30.0	68.2	98.2	72.5	114.5
Grants:							
BNTF	10.0	3.2	-	10.0	10.0	7.4	-
Haiti	46.0	14.7	13.6	2.6	16.2	12.0	29.8
TA:					-	-	-
Capacity Building	12.0	3.8	1.3	2.5	3.8	3.3	8.2
Agriculture	3.0	1.0	0.6	1.2	1.8	1.3	1.2
CTCS	5.0	1.6	1.1	0.5	1.6	1.2	3.4
Regional Integration and RPGs	10.0	3.2	0.5	1.5	2.0	1.1	8.0
Environmental Sustainability / Climate Change	5.0	1.6	0.2	0.2	0.4	0.3	4.6
Immediate Disaster Response	5.0	1.6	0.6	0.5	1.1	0.8	3.9
Citizen Security	4.0	1.3	0.1	0.1	0.2	0.1	3.8
Total Grants	100.0	32.0	18.0	19.2	37.2	27.5	62.8
Total Resources Available	312.7	100.0	48.0	87.5	135.5	100.0	177.3
Structural Gap	17.3						
OCR Allocation	18.0						
Approved Programme Level	348.0						

4.05 Grant set asides are important sources of funding meaningful development outcomes in Haiti and through the BNTF as well as TA support particularly in the areas of capacity building including the Bank's CTCS operations and agriculture. Funding is also targeted towards immediate disaster response, RCI, citizen security and environmental sustainability and climate change.



Kiosk for food cooking before and after CDB PRODEP intervention in Haiti.

4.06 Total grants approved in 2014 stood at \$19.2mn or slightly above the \$18mn approved in 2013. Commitments to Haiti fell from \$13.6mn in 2013 to \$2.6mn during the period under review. The activity in 2014 represented support for DRR efforts. It is expected that going forward the balance of the Haiti programme which stands at \$29.8mn will support outcomes particularly in the agriculture sector. Capacity-building initiatives were undertaken in water and sanitation as well as with respect to building institutional capacity and strengthening the regional legal and regulatory architecture to deal with PPPs. Funding rose from \$1.9mn in 2013 to \$2.6mn in 2014 and together account for approximately 38% of funds approved for the cycle. Appendix III provides details of total loans and grants approved for 2014.

5. FINANCIAL PERFORMANCE AND PROJECTIONS

FINANCIAL RESULTS

5.01 The financial performance of SDF (U) was relatively robust during 2014. Loan growth was 5.2% compared with 8.6%, 3.3% and 4.1% in 2013, 2012 and 2011, respectively. The sustained strong growth in 2014 reflects, in part, a disbursement of \$15 mn (out of a total loan of \$25 mn) PBO approved for Jamaica. Undisbursed balances rose by 7.9% to \$217.1mn following a 15.1% contraction (to \$201.2mn) in 2013. The increase in undisbursed balances was caused by the significant expansion in loans approved during which rose by 127.7% to \$68.3mn over the previous year. This was driven by improvements in macro-fiscal frameworks and the need for a sustained strategy to deliver on improved development outcomes particularly with respect to education and training, agricultural output as well as water and sanitation-related development goals. Cash and investments declined for the third consecutive year to \$273.3mn as cash receipts and loan repayments during the year were exceeded by loan disbursements, grants and administrative expenses.

TABLE 11: SUMMARY OF FINANCIAL RESULTS (\$mn), 2010-2014

Item	2010	2011	2012	2013	2014
Loans Outstanding	431.0	448.5	463.5	503.5	529.9
Undisbursed balances	171.6	211.0	237.0	201.2	217.1
Cash and Investments	260.3	274.4	286.5	278.3	273.3
Loan Income	9.5	10.1	10.4	11.6	11.6
Investment Income	2.8	3.4	3.5	0.5	1.5
Administrative Expenses	11.6	12.3	14.0	13.7	13.6
Net Income	2.7	0.9	(0.1)	(1.8)	0.4
Yield on Av Cash and Investment (%)	1.1	1.3	1.2	0.2	0.5

5.02 For the first time since 2011, net income was positive at \$0.4mn in 2014. This compares favourably with losses of \$0.1mn and \$1.8mn in 2012 and 2013, respectively. The performance reflected the marginal fall in administrative expenses from \$13.7mn in 2013 to \$13.6mn in 2014 in addition to a slightly improved return on investment which rose by \$1.0mn due to a gradual recovery in global interest rates.



Improving education access in rural areas

NOTES, ENCASHMENT AND DRAWDOWNS

5.03 A summary of notes, encashment and drawdowns is presented at Appendix VI-3. As at December 31, 2014, a total of \$66.0mn in promissory notes was received from Contributors. This was some \$5.0mn higher than notes received in 2013. Eight Contributors issued promissory notes equivalent to \$44.1mn or \$1.0mn more than the corresponding period in 2013. Encashed notes stood at \$38.9mn down from \$44.3mn last year. The value of total approved contributions to SDF (U) at the end of 2014 was \$1,151.4mn compared with \$1,131.1mn in 2013.

FINANCIAL PROJECTIONS

5.04 The table below captures the projected financial position for the period 2015-2016. The loan portfolio is expected to continue showing relatively robust growth at an annual average of 5.9% or from \$544.6mn in 2015 to \$577.1mn by end 2017. With no change in pricing, loan income flows are forecast at \$13.4mn, \$13.8mn and \$14.2mn in 2015, 2016 and 2017, respectively. The fund is expected to remain relatively liquid at an average of \$340.7mn over the three-year forecast horizon.

TABLE 12: SUMMARY OF PROJECTED FINANCIAL RESULTS, 2015-17
(\$mn)

Item	2015	2016	2017
Cash and Investments	312.3	347.9	362.0
Long-term loan	544.6	561.5	577.1
Investment Income	4.7	4.9	5.1
Loan Income	13.4	13.8	14.2
Administrative Expenses	13.9	14.2	14.5
Net Income	3.7	4.4	4.8

5.05 Administrative expenses are expected to remain flat in real terms but grow nominally from \$13.9mn in 2015 to \$14.5mn by end 2017. Net income growth is projected to pick-up in line with the SDF 8 original forecast at around \$4.3mn per annum (p.a.). Investment income is expected to contribute significantly to this out-turn and is projected at \$4.7mn, \$4.9mn and \$5.1mn in 2015, 2016 and 2017, respectively.

5.06 The detailed assumptions on which the projection and premised include:

- (a) Loan commitments are projected at \$70.0mn, \$62.5mn and \$50.0mn for 2015, 2016 and 2017, respectively;
- (b) The average lending rate is 2.5% p.a.;
- (c) Loan disbursements will average \$45mn p.a. over the forecast period;
- (d) The interest rate on liquid investment assets is 1.4% over the forecast period;
- (e) Administrative cost will move in line with US CPI at 2.126%, 2.138% and 2.206% over the three years; and
- (f) The terms and conditions of lending are based on those applicable for SDF 8.

APPENDICES

APPENDIX I

CONTRIBUTIONS TO THE UNIFIED SPECIAL DEVELOPMENT FUND

(after transfers from earlier SDF and other adjustments)

(\$ mn)

Item	SDF 1 ^{a/}	SDF 2 ^{a/}	SDF 3 ^{a/}	SDF 4 ^{a/}	SDF 5	SDF 6	SDF 7	SDF 8
Regional Members: BMCs								
Trinidad and Tobago	2.50	2.50	3.85	3.85	5.00	7.50	10.18	10.55
Jamaica	1.40	1.40	3.87	3.85	5.00	7.50	10.18	10.55
Guyana	1.40	1.40	2.16	2.16	2.81	4.22	5.67	5.88
Bahamas, The	1.40	1.40	2.16	2.16	2.81	4.21	5.67	5.88
Barbados	1.40	1.40	2.16	2.16	2.81	4.21	5.67	5.88
Suriname ^{b/}	---	---	---	---	---	---	---	2.16
Antigua and Barbuda	0.25	0.25	0.16	0.25	0.32	0.42	0.61	0.63
Belize	0.25	0.25	0.65	0.65	0.84	1.10	1.39	1.44
Dominica	0.25	0.25	0.65	0.65	0.84	0.84	1.39	1.44
Grenada	0.25	0.25	0.65	0.65	0.84	0.10	0.61	0.63
St. Kitts and Nevis	0.25	0.25	0.65	0.65	0.84	1.10	1.39	1.44
St. Lucia	0.25	0.25	0.65	0.65	0.84	1.10	1.39	1.44
St. Vincent / the Grenadines	0.25	0.26	0.65	0.65	0.84	1.10	1.39	1.44
Cayman Islands	0.10	0.10	0.15	0.25	0.32	0.42	0.61	0.63
Anguilla	0.10	0.10	0.25	0.25	0.32	0.42	0.61	0.63
Turks and Caicos Islands	0.10	0.10	0.25	0.25	0.32	0.42	0.61	0.63
British Virgin Islands	0.10	0.10	0.25	0.25	0.32	0.42	0.61	0.63
Montserrat	0.10	0.10	0.25	0.25	0.32	0.42	0.61	0.63
Haiti ^{b/}	---	---	---	---	---	0.65	0.91	0.94
Sub-total	10.35	10.36	19.41	19.58	25.39	36.15	49.48	53.46
Regional Members: non-BMCs								
Colombia	5.00	3.33	5.00	3.00	3.60	3.60	3.60	3.52
Mexico ^{c/}	---	---	5.00	3.00	3.00	3.00	3.00	3.52
Venezuela	5.00	3.34	5.00	3.00	3.00	3.60	3.60	3.52
Sub-total	10.00	6.67	15.00	9.00	9.60	10.20	10.20	10.56
Non-Regional Members								
Canada ^{d/}	60.87	15.00	20.00	16.80	25.20	44.00	69.83	66.44
United Kingdom ^{d/}	42.82	15.00	20.00	16.80	25.20	44.00	69.83	47.32
France ^{e/}	21.00	10.00	14.00	11.76	---	---	---	---
Italy	21.00	10.00	14.00	8.66	3.15	5.00	7.08	3.24
Germany	---	26.00	14.00	11.76	---	12.17	18.83	15.96
China ^{f/}	---	---	---	24.00	4.00	5.20	8.10	7.00
Sub-total	145.69	76.00	82.00	89.78	57.55	110.37	173.68	139.96
Non-Members								
Netherlands	5.00	5.00	7.00	6.30	---	---	---	---
Suriname -add. contribution ^{g/}	---	---	---	---	---	---	---	3.72
Brazil ^{h/}	---	---	---	---	---	---	---	5.00
Allocation from OCR ^{i/}	---	---	---	---	---	---	15.00	18.00
Sub-total	5.00	5.00	7.00	6.30	--	---	15.00	26.72
TOTALS	171.04^{d/}	98.03	123.41	124.66	92.54	156.72	248.35	230.70

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

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

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

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

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

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

^{g/} Additional contribution for discussion

^{h/} Prospective Member - formalities being finalised

^{i/} Subject to the approval of Governors

SDF 8 PROGRAMME LEVEL, COUNTRY GROUPS AND TERMS OF LENDING

SDF 8 PROGRAMME LEVEL

The Contributors approved an overall programme level for SDF 8 totalling \$348mn, comprising \$208mn in country loans, \$40mn in loans for natural disaster mitigation and rehabilitation and the new BMC Suriname, and \$100mn in grant allocations (See Box – Approved Programme Level for SDF 8).

COUNTRY GROUPS AND TERMS OF LENDING

Country Groups are used to determine eligibility for access to the SDF as well as the terms and conditions of lending. *SDF Lending Terms* vary according to the country grouping. A review of the country classification mechanism was undertaken for SDF 8 and the number of country groups was reduced from four to three, and the number of bands with differential terms was also reduced, from four to two. The country groupings to be used and the lending terms which will apply for SDF 8 are presented in the Box below.

APPROVED PROGRAMME LEVEL FOR SDF 8 (S'000)	
Loans:	
Country loans using performance-based Resource Allocation System among all eligible BMCs	208,000
Natural Disaster Mitigation and Rehabilitation	30,000
Provision for new BMC	10,000
Grants:	
BNTF	10,000
TA	<u>20,000</u>
<i>of which: BMC Capacity Building</i>	<i>15,000</i>
<i>CTCS (small scale private sector)</i>	<i>5,000</i>
Haiti	46,000
Regional Cooperation/Integration and RPGs	10,000
Immediate Disaster Response	5,000
Environmental Sustainability and Climate Change	5,000
Citizen Security	4,000
TOTAL PROGRAMME LEVEL	348,000

COUNTRY GROUPS AND TERMS OF LENDING FOR SDF 8		
Country Group	Country	Terms of Lending
Group 1 (Mainly OCR)	Anguilla	Interest rate – 2.5%
	Antigua and Barbuda	Maximum Grace Period – 5 years
	Bahamas, The	Maximum Overall Maturity – 20 years
	Barbados	
	British Virgin Islands	
	Cayman Islands	
	Trinidad and Tobago	
Group 2 (Blend of SDF and OCR)	Turks and Caicos Islands	
	Belize	Interest rate – 2.5%
	Dominica	Maximum Grace Period – 5 years
	Grenada	Maximum Overall Maturity – 25 years
	Guyana	
	Jamaica	
	Montserrat	
	St. Kitts and Nevis	
	St. Lucia	
	St. Vincent and the Grenadines	
Suriname ^{a/, b/}		
Group 3 (Mainly SDF)	Haiti ^{b/}	Interest rate – 2.0%
		Maximum Grace Period – 10 years
		Maximum Overall Maturity – 30 years

^{a/} Suriname joined the bank in September 2013 and became a contributor to SDF

^{b/} a set –aside allocation will be used instead of the resource allocation formula

APPENDIX III**SDF 8 COMMITMENTS, 2013-2014***(Classified by SDF 8 Themes)*

(\$'000)

Project	Date Approved	Net Approved From SDF (U)	Total CDB Financing
<u>INCLUSIVE SOCIAL DEVELOPMENT AND SUSTAINABLE GROWTH</u>			
<u>Loans Approved:</u>			
<u>Belize</u>			
Fifth Road Project - Philip S. W. Goldson Highway Upgrading	May-14	3,479	29,719
Road Safety Project Add. Loan	Oct-14	581	4,584
Seventh Consolidated Line Of Credit - Belize	Jul-14	2,000	10,500
<u>Grenada</u>			
First Growth And Resilience Building Policy-Based Loan	Jul-14	4,000	10,000
<u>Guyana</u>			
Sugar Industry Mechanisation Project	Dec-14	6,838	7,500
<u>Jamaica</u>			
Fiscal Consolidation Growth And Social Stability - Policy-Based Loan	Dec-14	25,000	35,000
<u>St. Lucia</u>			
Sixth Water (Vieux Fort Water Supply Redevelopment) Project	Dec-14	6,000	19,675
<u>Suriname</u>			
Enhancement Of Technical And Vocational Education Training At The Lower Secondary School Level	Dec-14	3,370	21,940
<u>Regional</u>			
University Of The West Indies Open Campus Development Project to expand access to quality tertiary education opportunities in St. Lucia (SDF \$3.075mn) and Vincent and the Grenadines (SDF \$3.3mn)	Dec-13	6,375	13,000
Total Loans Approved		57,643	151,918
<u>Grants Approved</u>			
<u>Anguilla</u>			
CTCS Projects	Dec-13	35	35
<u>Antigua and Barbuda</u>			
CTCS Projects	Dec-13	23	23
CTCS Projects	Oct-14	27	27
<u>Bahamas</u>			
CTCS Projects	Dec-13	52	52
CTCS Projects	Aug-14	28	28
<u>Barbados</u>			
CTCS Projects	Dec-13	63	63
<u>Belize</u>			
CTCS Projects	Dec-13	24	24
BNTF 8th Programme	Dec-14	1,356	1,356
<u>British Virgin Islands</u>			
CTCS Projects	Dec-13	50	50
<u>Cayman Islands</u>			
CTCS Projects	Dec-13	35	35
<u>Dominica</u>			
CTCS Projects	Dec-13	58	58
BNTF 8th Programme	Dec-14	910	910

Project	Date Approved	Net Approved From SDF (U)	Total CDB Financing
Grenada			
CTCS Projects	Dec-13	23	23
BNTF 8th Programme	Dec-14	599	599
Guyana			
CTCS Projects	Dec-13	13	13
Sugar Mechanisation Project	Dec-14	37	37
BNTF 8th Programme	Dec-13	1,426	1,426
CTCS Projects	Mar-14	22	22
Haiti			
Education for All - Phase II to improve access to primary education and Early Childhood Development for poor children	Dec-13	11,000	11,000
CTCS Projects	Dec-13	136	136
CTCS Projects	Sep-14	120	120
Jamaica			
MSMEs Training Workshop	Mar-13	23	23
CTCS Projects	Dec-13	19	19
Business Process Outsourcing Industry	Dec-14	200	200
BNTF 8th Programme	Dec-14	1,534	1,534
Montserrat			
CTCS Projects	Dec-13	43	43
BNTF 8th Programme	Dec-14	407	407
St. Kitts and Nevis			
CTCS Projects	Dec-13	51	51
BNTF 8th Programme	Dec-14	383	383
St. Lucia			
North-South Link Road Feasibility Study	May-13	150	150
CTCS Projects	Dec-13	76	76
VIEUX FORT WATER	Dec-14	335	335
BNTF 8th Programme	Dec-14	1,154	1,154
St. Vincent And The Grenadines			
CTCS Projects	Dec-13	22	22
Support for Completion of the 2012 National Population and Housing Census	Jul-14	58	58
BNTF 8th Programme	Dec-14	940	940
Suriname			
CTCS Projects	Dec-14	30	30
Trinidad and Tobago			
CTCS Projects	Dec-13	51	51
Turks and Caicos Islands			
CTCS Projects	Dec-13	85	85
BNTF 8th Programme	Dec-14	143	143
Regional			
2nd Regional Congress and Road Asset Management Course	Dec-13	137	137
CTCS Projects	Dec-13	201	201
Black Sigatoka Disease control programme	Dec-13	625	625
Road Sector Capacity Building Webinar Programme	Dec-35	40	40
Support for Regional Training Initiative Digital Jam 3 0 Regional	Mar-14	115	115
Regional Conference On Technical and Vocational Education and Training (TVET) Skills For The Future	Mar-14	48	48
Development Of A Cassava Industry Value Chain In The Caribbean	Mar-14	10	10
Cassava Industry Market Assessment	Dec-14	1,200	1,200
Sir Arthur Lewis Centenary Celebrations	Dec-14	136	136

Project	Date Approved	Net Approved From SDF (U)	Total CDB Financing
SDF 8 Mid Term Review	Dec-14	135	135
BNTF 8th Programme	Dec-14	1,147	1,147
CTCS Projects	Dec-14	77	77
Total Grants Approved		25,612	25,612
Total Inclusive Development and Sustainable Growth		<u>83,255</u>	<u>177,530</u>
<u>ENVIRONMENTAL SUSTAINABILITY AND CLIMATE CHANGE</u>			
<u>Loans Approved</u>			
The Bahamas			
DRM- Immediate Response Loan -Hurricane Sandy	May-13	750	750
Dominica			
DRM - Immediate Response Loan –Torrential Rainfall	Jul-13	750	750
NDM - IR - December 2013 Torrential Rainfall And Flood Event	Mar-14	750	750
Energy Efficiency Line Of Credit - Pilot Project	Jul-14	500	500
Grenada			
Integrated Solid Waste Management Project	Dec-14	10,700	10,700
Guyana			
Sea and River Defence Resilience Project to enhance resilience to coastal and riverine hazards and the effects of climate change	Dec-13	22,100	22,100
St. Lucia			
NDM - Immediate Response - Torrential Rainfall Event	Mar-14	750	750
St. Vincent and The Grenadines			
NDM Immediate Response - Torrential Rainfall Event	Mar-14	750	750
NDM - Rehabilitation And Reconstruction - Dec 2013, Trough Event	Jul-14	3,517	9,046
Total Loans Approved		40,567	46,096
<u>Grants Approved</u>			
Bahamas, The			
Disaster Management Emergency Relief Grant: Hurricane Sandy	Mar-13	200	200
Certification of Works Hurricane Sandy	Mar-13	20	20
Belize			
Development of an Irrigation and Drainage Master Plan (IDMP)	May-13	200	200
Seventh Consolidated Line Of Credit - RE/EE Energy Audits	Jul-14	86	86
Dominica			
Certification of Works - April 2013 Torrential Rainfall	Jul-13	20	20
Energy Efficiency Line Of Credit - Energy Audits	Jul-14	68	68
NDM - IR - December 2013 Torrential Rainfall Event	Mar-14	20	20
Grenada			
Integrated Solid Waste Management	Dec-14	300	300
Haiti			
Support to Meet Commitments to Caribbean Catastrophe Risk Insurance Facility for the 2013-14 Hurricane Season	Jul-13	2,570	2,570
Support For Haiti To Meet Commitment to Caribbean Catastrophe Risk Insurance Facility for the 2014-15 Hurricane Season	Oct-14	2,570	2,570
Jamaica			
Disaster Management Emergency Relief Grant: Hurricane Sandy	May-13	200	200

Project	Date Approved	Net Approved From SDF (U)	Total CDB Financing
St. Lucia			
Strengthening capacity to improve resilience to climate change impacts and environmental risks	Dec-13	85	85
NDM - IR - December 2013 Torrential Rainfall And Flood Event	Mar-14	20	20
Emergency Relief - December Trough System (2013)	Mar-14	200	200
John Compton Dam Rehabilitation Study	Mar-14	150	150
St. Vincent and The Grenadines			
NDM - IR - December 2013 Torrential Rainfall Event	Mar-14	20	20
Emergency Relief - December Trough System (2013)	Mar-14	200	200
Rehabilitation And Reconstruction	Jul-14	221	221
Regional			
Regional Workshop on Climate Finance Readiness for the Caribbean	Oct-13	32	32
Thematic Study on the Green Economy	Oct-13	88	88
Urban and Regional Information Systems Association Regional Workshop On Open Source Technologies and Web Mapping	Mar-14	69	69
Third Caribbean Regional Road Congress	May-14	90	90
Providing Regional Support For The Eighth Board Meeting Of The Green Climate Fund	Dec-14	126	126
Co Hosting Fourth Caribbean Sustainable Energy Forum	Dec-14	50	50
Total Grants Approved		7,604	7,604
Total Environmental Sustainability and Climate Change		48,171	53,700
<u>CITIZEN SECURITY</u>			
<u>Grants Approved</u>			
Belize			
Youth and Road Safety Capacity Building	Mar-14	110	110
Regional			
Basic Education Project II to assist in to assist in financing a citizens' security intervention in three low performing schools	Oct-13	114	114
Improved Citizen Security In The Eastern Caribbean	Dec-14	132	132
Total Citizen Security		356	356
<u>REGIONAL COOPERATION AND INTEGRATION</u>			
Workshop on Capacity Building in Education Planning and Management in the Caribbean	Mar-13	49	49
Conference - Rethinking Regionalism: Beyond The CARICOM Integration Project	Oct-13	24	24
Caribbean Public Private Partnership Forum	Dec-13	95	95
Research Study on Public Private Partnerships in the Caribbean: Lessons of Experience and Leveraging for Growth	Dec-13	148	148
University Of The West Indies Open Campus Development Project	Dec-13	160	160
CARICOM Coordination Meetings on Gender Labour and Economic Security	May-14	50	50
Regional Consultation on the State of the Caribbean Water Sector	Jul-14	75	75
Thematic Study On Youth Are The Future The Imperative Of Youth Employment For Sustainable Development In The Caribbean	Dec-14	96	96
Thematic Study On Making Regional Air Transport Work Better For The Caribbean Regional	Dec-14	102	102
Total Grants Approved		799	799

Project	Date Approved	Net Approved From SDF (U)	Total CDB Financing
<u>CAPACITY BUILDING</u>			
Grants Approved			
Antigua and Barbuda			
Institutional Strengthening of the Framework for Development Planning and Management	Mar-13	150	150
Medium Term Development Strategy	Oct-13	36	36
Dominica			
Support to Labour Force and Core Welfare Indicators Questionnaire Survey	May-13	97	97
Grenada			
Evaluation of the Implementation of the Strategic Plan for Education Enhancement and Development	May-13	60	60
Regional			
Strengthening Monitoring and Evaluation in the BMCs	Mar-13	79	79
Needs Assessment for Training in Project Cycle Management and Public Policy Analysis and Management	Jul-13	70	70
Preparation of CDB's Energy Sector Policy and Strategy	Jul-13	149	149
Multi-Cycle Evaluation of SDF 6 and 7	Oct-13	267	267
Assessment of CDB's Governance Framework to Improve Transparency and Accountability, Enhance Stewardship and Strengthen Board and Management Oversight	Dec-13	52	52
Review Of Development Finance Corporation (DFC) Act And Corporate Governance Framework	May-14	33	33
PPP Regional Support Mechanism	Oct-14	350	350
Supporting The Development Of Statistics In CARICOM For The Post 2015 Development Agenda	Oct-14	67	67
Public Policy Analysis And Management And Project Cycle Management Training Programme Of The CDB 2015 - 2018	Dec-14	985	4,985
Water Utility Reform Training Programme	Dec-14	149	149
Sanitation And Governance Training Programme	Dec-14	145	145
Total Capacity Building		2,688	6,688
Total Loan and Grants Approved		135,270	239,074

SDF (UNIFIED) PORTFOLIO ANALYSIS – 2014

1. The quality and performance of the SDF portfolio is measured by a PPI, using a composite score derived from the application of the PPES. This composite score is an indicative measure of the likely impact of the project relative to the Bank’s development assistance objectives, and is the sum of the weighted scores of six core criteria: *strategic relevance*, *poverty relevance*, *efficacy*, *cost efficiency*, *institutional development impact*, and *sustainability*. The project performance ratings and the respective composite scores are given below:

Composite Score	Project Performance Rating
8.0–10.0	Excellent
6.0–7.9	Highly satisfactory
4.0–5.9	Satisfactory
2.0–3.9	Marginally unsatisfactory
0.0–1.9	Unsatisfactory

Project Performance Rating

2. During 2014, the performance rating for the projects under implementation which had an SDF component was relatively good. There were a total of 53 projects in the portfolio with a total value of \$688.0mn compared with 54 projects in 2013 with a value of \$338.1mn. All projects in the portfolio were ranked as either satisfactory (57%) or highly satisfactory (43%). This was an improvement over the 2013 performance when one project²⁰ (or 2% of the portfolio) was rated as marginally unsatisfactory, 50% being satisfactory and 48% rated as being highly satisfactory (see Table 1 below).

TABLE 1: SDF (U) PORTFOLIO – PROJECT PERFORMANCE RATING FOR THE YEARS ENDING DECEMBER 31, 2014 AND 2013

Composite Score	2014					2013				
	No. of Projects	% of Portfolio by No. of Projects	Value of Projects (USD’000)	% of Portfolio by Value of Projects	Overall Portfolio PPI	No. of Projects	% of Portfolio by No. of Projects	Value of Projects (USD’000)	% of Portfolio by Value of Projects	Overall Portfolio PPI
8.0–10.0	-	-	-	-	-	-	-	-	-	-
6.0–7.9	23	43.4	294,214	42.8	6.3	26	48	153,387	45	6.4
4.0–5.9	30	56.6	393,765	57.2	5.4	27	50	181,680	54	5.3
2.0–3.9	-	-	-	-	-	1	2	3,016	1	3.6
0.0–1.9	-	-	-	-	-	-	-	-	-	-
Totals	53	100	687,979	100	5.8	54	100	338,083	100	5.8

²⁰ This was the NDM – Rehabilitation – Landslide Project, St. Lucia (24/SFR-OR-STL) which is now completed and the PCR was submitted to the Office of Independent Evaluation in 2014.

Country Portfolio Performance

3. In 2014, three countries and one regional project were rated highly satisfactory while eight countries were rated satisfactory. Tables 2 and 3 summarise the country portfolio performance for 2014 and 2013.

TABLE 2: SDF PORTFOLIO – COUNTRY PERFORMANCE RATING FOR THE YEARS ENDING DECEMBER 31, 2014 AND 2013

Performance Rating	2014	2013
Excellent	None	None
Highly Satisfactory	Anguilla, Belize, Montserrat and Regional	Anguilla, Montserrat and St. Vincent and the Grenadines
Satisfactory	British Virgin Islands, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, St. Lucia St. Vincent and the Grenadines	British Virgin Islands, Belize, Dominica, Grenada, Guyana, Jamaica, St. Kitts and Nevis, and St. Lucia
Marginally Unsatisfactory	None	None
Unsatisfactory	None	None

TABLE 3: SDF PORTFOLIO – COUNTRY PERFORMANCE RATING BY PPI FOR THE YEARS ENDING DECEMBER 31, 2014 AND 2013

Country	2014		2013	
	No. of Projects	Country PPI	No. of Projects	Country PPI
Anguilla	1	6.4	1	6.4
Antigua and Barbuda	-	-	-	-
Bahamas, The	-	-	-	-
Barbados	-	-	-	-
Belize	8	6.0	8	5.9
British Virgin Islands	1	5.5	1	5.5
Cayman Islands	-	-	-	-
Dominica	9	5.8	8	5.9
Grenada	7	5.6	6	5.6
Guyana	6	5.6	5	5.6
Jamaica	6	5.9	9	5.9
Montserrat	1	6.4	1	6.3
St. Kitts and Nevis	1	5.9	2	5.2
St. Lucia	7	5.7	8	5.6
St. Vincent and the Grenadines	5	5.9	5	6.0
Trinidad and Tobago	-	-	-	-
Turks and Caicos	-	-	-	-
Regional	1	6.2	-	-
Total	53	5.8	54	5.8
Overall PPI Rating	Satisfactory		Satisfactory	

Sector Portfolio Performance

4. The distribution and average composite performance scores by sector are presented in Table 4. In 2014, the portfolio continued to be dominated by the environment and disaster risk sector (22.6%) compared with 20.4% in 2013 reflecting the natural disaster prone and highly vulnerable nature of the Bank’s BMCs. The education sector accounted for the second largest component of the portfolio in 2014 (15.1%) which was the same position as in 2013 at 18.5% and is consistent with the Bank’s mandate of fostering inclusive growth. In 2014, the overall average performance rating was ‘Satisfactory’, similar to the overall performance in 2013.

TABLE 4: SDF PORTFOLIO – AVERAGE PERFORMANCE SCORES BY SECTOR FOR THE YEARS ENDING DECEMBER 31, 2014 AND 2013

Sector	2014			2013		
	No. of Projects	% of Portfolio	PPI	No. of Projects	% of Portfolio	PPI
Agriculture and Rural Development	3	5.7	4.6	4	7.4	5.1
Education	8	15.1	5.6	10	18.5	5.5
Energy	1	1.9	6.4	1	1.9	6.3
Environment and Disaster Risk Reduction	12	22.6	5.4	11	20.4	5.3
Financial, Business and other Services	8	15.1	6.4	8	14.8	6.7
Health	-	-	-	-	-	-
Multi-Sector/Cross Cutting	-	-	-	-	-	-
Public Sector Management	4	7.5	6.4	2	3.7	5.9
Social Infrastructure and Services	4	7.5	5.9	4	7.4	6.2
Tourism	-	-	-	-	-	-
Transport and Communication	8	15.1	5.9	8	14.8	6.0
Urban Development Shelter	2	3.8	5.4	2	3.7	5.9
Water and Sanitation	3	5.7	6.0	4	7.4	6.1
Total	53	100.0	5.8	54	100.0	5.8
Overall Average Performance Rating	Satisfactory			Satisfactory		

Projects “at risk” (Flagged by Project Performance Management System)

5. PPES includes criteria relating to the scoring of project performance and changes in scores to identify projects “at risk²¹” and which draws attention to projects experiencing difficulties. As at December 31, 2014, five projects were classified as ‘at risk’ (about 9.4% of the SDF capital portfolio under implementation) compared with seven projects were classified as “at risk” (about 13.0 % of the SDF capital portfolio under implementation) and two projects (3.6% of the portfolio) at the end of 2012. The following summarises the status of projects “at risk”.

²¹ The PPES evaluates project performance at the various stages of the project cycle – preparation/appraisal, supervision and completion. The PPES uses six criteria to rank or gauge performance. These are Strategic Relevance, Poverty Relevance, Efficacy, Cost Efficiency, Institutional Development Impact and Sustainability. Projects are deemed at risk if project performance exhibit more than two of the following six risk criteria: weighted score for any criterion is equal to or below 0.5; a composite performance score below 4.0; a decline in any project performance rating score by more than 15%; timing performance more than 15% behind target; CDB performance unsatisfactory, and Borrower performance unsatisfactory.

- (a) **Loan No. 17/SFR-OR-BZE, NDM – Bridge Rehabilitation, Tropical Storm Arthur, Belize.** This project was approved in July 2008 with the objective of reconstructing the Kendall and Mullins River Bridges which were destroyed by floods generated from the passage of Tropical Storm Arthur. CDB staff is following up with MWT on the progress of the contractor's progress in completing the design of Mullings River Bridge and the updating of the construction schedule in early 2015.
- (b) **Loan No. 19/SFR-OR-DMI, NDM – Rehabilitation and Reconstruction Layou Flood Event, Dominica.** The project was approved in December 2011 with the objective of reducing risks associated with flood hazards in the Layou River Valley. The project is substantially behind schedule and the MPW has submitted a revised implementation schedule to CDB.
- (c) **Loan No. 20/SFR-OR-DMI, NDM – Rehabilitation and Reconstruction (Tropical Storm Ophelia), Dominica.** The project was approved in March 2012. The expected outcomes include a reduction in risks associated with landslide hazards in the Roseau valley. Significant effort and additional human resources are needed to avoid further implementation delays. MPW to submit revised implementation schedule and commit necessary staff resources to implementation process.
- (d) **Loan No. 08/SFR-OR-GUY, – Sea and River Defence Resilience Project, Guyana. The project was approved in December, 2013.** The expected outcome of the project is enhanced resilience to coastal and riverine hazards and the effects of Climate Change through strengthened sea and river defence systems. Procurement of PC and the commencement of the design review are about six months behind schedule. CDB to undertake a mission early in 2015 to assist with the appointment of the PC.
- (e) **Loan No. 63/SFR-STV, - TVET and Skills Development, St. Vincent and the Grenadines. The project was approved in December, 2011. The project seeks to provide for rehabilitation of TVET laboratories and workshops and the training of instructors.** A revised implementation plan is to be submitted to CDB

AVAILABILITY AND USE OF RESOURCES
(As at December 31, 2014)

(\$'000)

Item	Actual			Projected		
	SDF 7	2013	2014	2015	2016	2017
Commitment authority at beginning of period	19.5	3.3	30.1	19.3	1.9	9.7
Net income	6.3	-1.8	0.4	3.7	4.4	4.8
Repayments	68.6	22.3	22.7	30.3	28.1	29.3
Commitment authority from new contributions	233.4	54.3	47.5	50.0	57.2	35.0
Allocation from OCR	15.0	0.0	6.0	6.0	6.0	0.0
Fund Available for commitment	342.8	78.1	106.7	109.3	97.6	78.8
Approvals for SDF Loans (Net)	211.0	30.0	68.2	70.0	62.5	53.0
Approvals for SDF Grants (Net)	128.5	18.0	19.2	37.4	25.4	25.0
Available Commitment authority at end of period	3.3	30.1	19.3	1.9	9.7	0.8

APPENDIX VI

SDF FINANCIAL STATEMENTS

- V1-1: Summary Balance Sheets as at December 31, 2010-2014
- V1-2: Summary Income Statements for the years ending December 31, 2010-2014
- V1-3: Summary of Notes, Encashment and Drawdowns 2014
- V1-4: Projected Balance Sheets as at December 31, 2015-2017
- V1-5: Projected Income Statements for the years ending December 31, 2015-2017
- V1-6: Projected Cash Flow Statements as at December 31, 2015-2017

APPENDIX V1-1

SUMMARY BALANCE SHEETS,
AS AT DECEMBER 31, 2010-2014
(\$ mn)

Item	2010	2011	2012	2013	2014
Assets:					
Cash and Investments	260.3	274.4	286.5	278.3	273.3
Contributions in Arrears	11.9	11.3	9.6	6.8	5.8
Non-neg. Demand Instruments	62.9	59.3	61.2	60.0	64.6
Loans Outstanding (Net)	431.1	448.5	463.5	503.5	529.9
Other Receivables					
Total Assets	766.2	794.5	828.7	848.6	878.6
Liabilities:					
Contributions in Advance					
Payables	65.4	70.8	70.2	67.3	60.3
Contributions	582.1	595.4	638.5	667.8	659.9
Accumulated Net Income	41.0	41.8	57.2	55.0	61.4
TA Allocation					
Total Liabilities and Funds	766.2	794.5	828.7	848.6	878.6

APPENDIX V1-2

SUMMARY INCOME STATEMENTS,
FOR THE YEARS ENDING DECEMBER 31, 2010-2014
(\$ mn)

Item	2010	2011	2012	2013	2014
Revenue:					
Investment Income	2.8	3.4	3.5	0.5	1.5
Loan Income	9.5	10.1	10.4	11.6	11.6
Exchange	2.0	0	0		-
Total Revenue	14.3	13.5	13.9	12.1	13.1
Expenses:					
Administrative Expenses	11.6	12.3	14.0	13.7	13.6
Exchange	-	0.3	-	0.2	-0.9
Total Expenses	11.6	12.6	14.0	13.9	12.7
Net Income	2.7	0.9	(0.1)	(1.8)	0.4

APPENDIX V1-3

SUMMARY OF NOTES, DRAWDOWNS, ENCASHMENTS 2014 ('000)

Country	Notes	Notes Issued		Curr.	Encashments		Notes	Not Yet	Approved	Cumulative	Total	
	Receivable					Receivable	Made	but not yet	Drawdowns			Contribution
	1/1/14	Loc Cur.	US\$		Loc Cur.	US\$	US\$	US\$	US\$			Agreed
	US\$										(Curr Value)	
	US\$		US\$		Loc Cur.	US\$	US\$	US\$	US\$	US\$	US\$	
Borrowing members (BMCs)												
Trinidad and Tobago	9,057.00			USD			9,057.00	-	10,551	35,384	35,384	
Bahamas, The	8,826.00		2,938.00	(")		2,354.00	9,410.00	2,938	-	22,747	25,685	
Barbados	2,832.00			(")			2,832.00	2,938	-	22,743	25,681	
Jamaica	7,638.00		3,956.60	(")			11,594.60			38,480	43,755	
Guyana	-			(")			-			19,810	19,810	
Antigua and Barbuda	777.00			(")			777.00			2,257	2,257	
Belize	2,166.00			(")		137.00	2,389.00			5,854	6,575	
Dominica	2,327.00		360.00	(")		137.00	2,190.00			5,595	6,316	
St. Kitts and Nevis	2,494.00			(")			2,494.00			5,134	5,134	
St. Lucia	2,167.00		360.00	(")		137.00	2,390.00			5,854	6,575	
St. Vincent and Grenadines	2,579.00			(")		275.00	2,304.00			5,867	6,588	
Grenada	2,712.00			(")		25.00	2,687.00			3,674	3,978	
Montserrat	-			(")			-			2,045	2,045	
BVI	-			(")			-			2,361	2,677	
Turks and Caicos	-			(")			-			1,440	1,440	
Cayman Islands	-			(")			-			1,340	1,340	
Anguilla	1,051.00			(")		105.00	946.00			2,045	2,045	
Haiti	-			(")			-			1,560	1,560	
Suriname	540.00		540.00	(")			1,080.00	1,080		1,080	2,160	
TOTAL - BMCs	45,166.00		8,154.60	-	-	3,170.00	50,150.60	15,735	23,183	185,270	201,005	
Non Borrowing members (NBMCs)												
Colombia				(")			-	1,762	6,524	30,657	32,419	
Mexico				(")					-	14,000	14,000	
Venezuela				(")					3,524	21,982	21,982	
Canada		16,705.00	15,639.90	Cdn\$	16,705.00	15,443.30	-	33,217	-	296,106	329,323	
China				US\$				3,500	-	44,798	48,298	
United Kingdom	14,287.00	7,000.00	11,974.00	Str	9,000.00	15,127.20	14,878.00	23,659	-	236,692	260,351	
Germany	5,403.00	6,150.00	8,373.20	EUR	4,100.00	5,112.30	-	7,980	-	90,217	98,197	
Italy				EUR						62,638	62,638	
TOTAL - NBMCs	19,690.00		35,987.10			35,682.80	14,878.00	70,118	13,292	797,090	867,208	
Non Members												
France	-			FF*	-		-	-	-	58,254	58,254	
Chile										10	10	
Netherlands				NG					-	24,902	24,902	
GRAND TOTAL	64,856.00		44,141.70			38,852.80	65,028.60	85,853	36,475	1,065,526	1,151,379	

APPENDIX VI-4

PROJECTED BALANCE SHEETS
AS AT DECEMBER 31, 2015-2017
(\$ mn)

Item	2015	2016	2017
Cash	3.7	4.4	4.8
Securities – Prime	308.6	343.5	357.2
Long-term Loans	544.6	561.5	577.1
Other Assets	79.4	85.4	90.5
Total Assets	936.3	994.8	1,029.6
Liabilities			
Current Liabilities	59.4	58.4	58.4
Contributions	714.9	769.9	799.9
Accumulated Net Income	162.0	166.5	171.3
Total Liabilities and Capital	936.3	994.8	1,029.6

APPENDIX VI-5

PROJECTED INCOME STATEMENTS
FOR THE YEARS ENDING DECEMBER 31, 2015-2017
(\$ mn)

Item	2015	2016	2017
Revenues:			
Cash and Securities	4.2	4.8	5.1
Loans Outstanding	13.4	13.8	14.2
Total Revenues	17.6	18.6	19.3
Expenses:			
Administrative Expenses	13.9	14.2	14.5
Total Expenses	13.9	14.2	14.5
Net Income	3.7	4.4	4.8

PROJECTED CASHFLOW STATEMENTS
AS AT DECEMBER 31, 2015-2017

(\$ mn)

Item	2015	2016	2017
Cash	12.7	3.7	4.4
Securities – Prime	260.6	308.6	343.5
Beginning Balance	273.3	312.3	347.9
Cash (Net Operating Income)	3.7	4.4	4.8
New current Liabilities	1.0	1.0	-
Long-term Loans (Repayments)	30.3	28.1	29.3
Transfer from OCR			
Draws on Subscriptions	50.0	48.0	28.0
Sub-Total	85.0	81.5	62.1
Long-term Loan (Disbursements)	45.0	45.0	45.0
Sub-Total	45.0	45.0	45.0
Ending Balance	313.3	348.8	365.0
Cash	3.7	4.4	4.8
Securities – Prime	308.6	343.5	357.2