

# **CARIBBEAN DEVELOPMENT BANK**



## **SPECIAL DEVELOPMENT FUND**

### **ANNUAL REPORT 2011**

#### **AND FINANCIAL PROJECTIONS 2012–2014**

**April 2012**

## 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
BOG	-	Board of Governors
CARICOM	-	Caribbean Community
CARTAC	-	Caribbean Technical Assistance Centre
CBOs	-	Community-Based Organisations
CCRIF	-	Caribbean Catastrophe Risk Insurance Facility
CDB	-	Caribbean Development Bank
CIDA	-	Canadian International Development Agency
CMDG	-	Caribbean-Specific Millennium Development Goals
CPAs	-	Country Poverty Assessments
CSME	-	Caribbean Single Market and Economy
CTCS	-	Caribbean Technological Consultancy Services
DFIs	-	Development Finance Institutions
DFID	-	Department for International Development
DPs	-	Development Partners
DRM	-	Disaster Risk Management
EPA	-	Economic Partnership Agreement
EU	-	European Union
GOGY	-	Government of Guyana
GOJ	-	Government of Jamaica
GOSL	-	Government of St. Lucia
IDB	-	Inter-American Development Bank
IRLs	-	Immediate Response Loans
MDGs	-	Millennium Development Goals
MfDR	-	Managing for Development Results
MFI	-	Microfinance Institutions
mn	-	million
MSMEs	-	Micro, Small and Medium Enterprises
NHIS	-	National Health Insurance Scheme
NPRS	-	National Poverty Reduction Strategy
NWA	-	National Water Agency
OCR	-	Ordinary Capital Resources
OECS	-	Organisation of Eastern Caribbean States
p.a.	-	per annum
PBLs	-	Policy-based Loans/Policy-based Lending
PCRs	-	Project Completion Reports
PPES	-	Project Performance Evaluation System
PPI	-	Project-Implementation Performance Index

## **ABBREVIATIONS CONT'D**

PSIP	-	Public Sector Investment Programme
PSRs	-	Project Supervision Reports
RAS	-	Resource Allocation Strategy
RMF	-	Results Monitoring Framework
RCI	-	Regional Cooperation and Integration
RPGs	-	Regional Public Goods
SDF (U)	-	Special Development Fund (Unified)
TA	-	Technical Assistance
TVET	-	Technical and Vocational Education and Training
WB	-	World Bank

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## SUMMARY DATA SHEET: 2007–2011

Item	2007	2008	2009	2010	2011
<b>1. Resources</b>					
No. of Contributors at Year-End	26	26	26	26	26
Historical Value of resources pledged [\$ million (mn)]	766.4	766.4	1,014.8	1,014.8	1,014.8
Amount of Resources made available (\$ mn)	714.5	748.6	808.2	868.4	916.3
Accumulated Net Income (including currency adjustments)	28.1	35.5	38.3	41.0	41.8
Amount of Resources not yet made available (\$ mn)	48.4	8.6	115.6	111.3	54.0
Contributed Resources and Reserves (\$ mn)	791.0	792.7	962.1	1,020.7	1,012.2
Amount of Resources approved but not yet effective (\$ mn)	14.4	9.9	101.3	20.8	16.1
Size of Fund (\$ mn)	805.4	802.6	1,063.4	1,041.5	1,028.3
of which allocation for grant programmes - Haiti, Technical Assistance (TA) and Basic Needs Trust Fund (BNTF) (\$ mn)	217.0	217.0	251.7	286.3	320.9
Operating lending limit (\$ mn)	588.4	585.6	811.7	755.2	707.4
Loan commitments (Signed agreements less repayments) (\$ mn)	462.0	480.7	548.0	577.2	601.5
Commitments as % of operating lending limit	78.5	82.1	67.5	76.4	85.0
<b>2. Loans and Grants</b>					
Value of loan approvals during year (\$ mn)	25.3	88.8	35.2	46.6	75.1
No. of loans approved during year incl. TA Loans	8	18	13	8	19
Average size of Special Development Fund (Unified) [SDF (U)] Loans (\$ mn)	3.2	4.9	2.7	5.8	4.0
Cumulative loan approvals at year-end (\$ mn)	728.6	817.4	852.6	899.2	974.3
Value of loan cancellations during year (\$ mn)	6.3	1.0	0.5	0	2.5
Cumulative loan cancellations (\$ mn)	55.8	56.8	57.3	57.3	59.8
Cumulative net loan approvals at year-end (\$ mn)	672.8	760.6	795.3	841.9	914.5
Grant approvals for the year (\$ mn)	20.8	54.2	16.6	27.9	16.8
Cumulative net grant approvals at year-end (\$ mn)	147.6	200.8	217.4	245.3	262.1
Total net cumulative approvals (\$ mn)	820.4	961.4	1012.7	1087.2	1,176.6
<b>3. Resource Flows (\$ mn)</b>					
Disbursements on loans during year	27.7	20.8	45.6	34.6	35.3
Disbursements on grants during year (including BNTF)	13.2	9.5	24.3	20.6	19.5
Debt service from borrowers	<u>23.9</u>	<u>24.7</u>	<u>23.3</u>	<u>26</u>	<u>28.1</u>
(of which repayments)	15.4	16.0	14.2	16.5	18
Net transfers during year	17.0	5.6	46.6	29.2	26.7
Cumulative net transfers	292.7	298.4	345.0	374.2	400.9
<b>4. Financial Summary</b>					
Administrative expenses (\$ mn)	10.0	10.6	11.1	11.6	12.3
Net income (\$ mn)	5.0	7.4	2.8	2.7	0.9
Gross Loans Outstanding (\$ mn)	375.8	380.6	412.9	431	448.5
Administrative expenses/Average loans outstanding (%)	2.7	2.8	2.8	2.7	2.8
Interest earned on average loans outstanding (%)	2.3	2.3	2.2	2.2	2.3

## THE UNIFIED SPECIAL DEVELOPMENT FUND

### Background

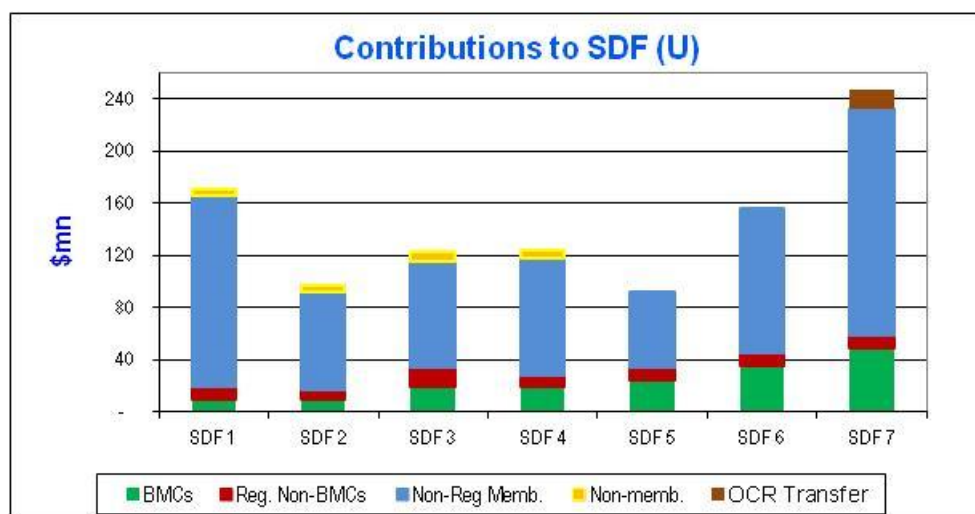
The *Special Development Fund* (SDF/the Fund) was established in 1970 and is the Bank's largest pool of "soft" funds. This facility offers loans on "softer" terms and conditions than those that are applied in the Bank's ordinary operations, i.e. longer maturities and grace periods and lower interest rates. However, the Fund offered an assortment of terms and conditions which were fixed by the Fund's various contributors. These differing terms and conditions created a number of complexities and inefficiencies in the Fund's operation, which prompted the decision to set up a fund with a uniform set of rules.

Hence, in 1983, SDF (U) was formed. All members of the Bank were required to contribute to SDF (U), and contributions were 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 were 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 included 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 (BOG).

SDF (U) funding is provided in four-year replenishments. The third replenishment cycle (SDF 4) was however, extended by an extra year as a result of additional contributions received when the People's Republic of China joined the Bank in 1998. The Fund is currently in its seventh cycle, covering the period January 1, 2009 to December 31, 2012.

### Funding

Over the seven cycles of SDF (U), contributions or pledges of \$1,014.8 mn have been made to the operations of the Fund. Of this figure, borrowing members have contributed \$171.7 mn (17%), non-borrowing members and non-members \$829.1 mn (82%) and there is provision for an allocation of \$15 mn (1%) from the net income of the Ordinary Capital Resources (OCR), subject to the approval of the BOG, in the SDF 7 cycle. Contributions to SDF 7 amounted to \$248.4 mn, inclusive of the OCR allocation of \$15 mn (6%), with borrowing members pledging \$49.5 mn or 20% of the contributions and non-borrowing members contributing \$183.9 mn or 74%. Contributions to each cycle by category of membership are shown in the chart below with details presented in Appendix I.



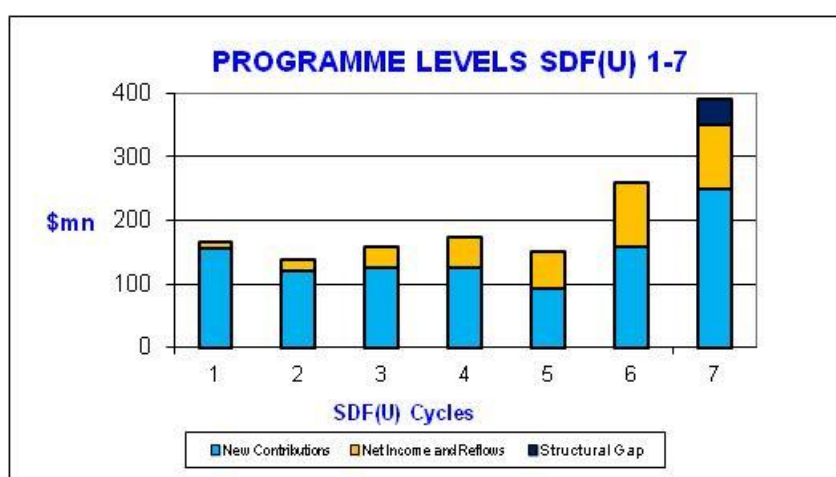
### Themes and Priorities

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 projects directed at the poor and low-income groups. Building capacity, reducing vulnerability and enhancing governance in beneficiary countries have also received significant support from SDF in recent cycles.

The themes and priorities for SDF 7 include strengthening poverty reduction and human development; supporting environmental sustainability and advancing the climate change agenda; supporting regional cooperation and integration (RCI); and enhancing development effectiveness.

### Programme Levels

The programme level for each SDF (U) cycle is financed with new pledges from Contributors, net income generated by the Fund and reflows from loan repayments. The programme levels over the six cycles of the Fund are shown in the chart below. For SDF 7, Contributors approved an overall programme level of \$390.6 mn (Details of which are provided in Appendix II).



### Eligibility of Countries

The Bank's Borrowing Member Countries (BMCs) are assigned to one of four country groups 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). They also qualify for a limited number of highly poverty-focused projects, such as support to undertake a poverty assessment or prepare a Poverty Reduction Strategy; TA to help promote good governance; and other assistance in the event of a natural disaster.

### Allocation of Resources

A Resource Allocation Strategy (RAS) is used, since SDF V in 2001, 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 *needs component* and a *country performance or effectiveness component*. The latter element in this formula recognises that countries with 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, and provides an incentive for good policy and institutional performance. The formula also includes a CDB-developed measure of *vulnerability* as an indicator of country needs.



## **SDF 7 OPERATIONAL STRATEGY**

The Operational Strategy for SDF 7 targets selected strategic themes within the framework of the Millennium Development Goals (MDGs) and the Caribbean-specific Millennium Development Goals (CMDG) targets and the Bank's proposed Strategic Plan for 2010-2014. The objectives and priorities for SDF 7 were developed within four overall strategic themes, with Gender Equality as a cross-cutting theme:

### ***Strengthening poverty reduction and human development***

- Promoting the economic opportunities and productive capabilities of the poor through measures to improve the livelihood of poor people;
- Targeting vulnerabilities that affect the poor, or those at risk of becoming poor, resulting from events such as economic shocks and natural disasters;
- Facilitating the development of the private sector by supporting an enabling environment and contributing to financial sector development; and
- Promoting good governance, by:
  - improving access to, and delivery of, services that benefit the poor and vulnerable;
  - promoting sound policy and equitable resource allocation, i.e. sound macroeconomic management; and
  - encouraging increased stakeholder participation in decision-making processes and in policy, programme and project implementation.

### ***Supporting environmental sustainability and advancing the climate change agenda***

- Widening the options for sustaining the livelihoods of the poor and vulnerable through improved protection and sustainable management of natural resources;
- Improving coverage of the population with access to improved water and sanitation services to reduce pollution and improving the health and productivity of the poor;
- Reducing BMCs' vulnerability to natural hazards and improving resilience and adaptation to climate change; and
- Strengthening the capacities of regional and national institutions for improved environmental and natural resource management.

### ***Supporting regional cooperation and integration***

- Developing common structures and processes in BMCs, based on best practice; and
- Supporting the provision of RPGs, including transnational public goods and national or sub-regional public goods.

### ***Enhancing development effectiveness***

- Further development of the Bank's managing for development results (MfDR) or Results Agenda;
- Furthering the Bank's institutional reform and capacity strengthening agenda; and
- Use of a results monitoring framework (RMF), covering development outcomes in the framework of the MDGs (Level 1), institutional and operational performance measures (Levels 2 and 3) and progress in relation to the Paris Declaration and the Accra Agenda for Action (Level 4).

## **1. INTRODUCTION**

1.01 This Report reflects the performance of the Seventh cycle of SDF (U) for the period January 2009 to December 2011 with an emphasis on operations during 2011. It is organised into four sections covering operational performance; financial resources and programme levels of SDF 7; reporting on SDF results; and financial performance for 2009-2011 with projections for 2012-2014. A number of appendices provide additional details of issues dealt with in the report such as amounts contributed to SDF over the seven cycles, the analysis of the SDF portfolio, the classification of commitments made during SDF 7 by strategic theme and financial statements for 2009 to 2014.

## **2. OPERATIONAL PERFORMANCE**

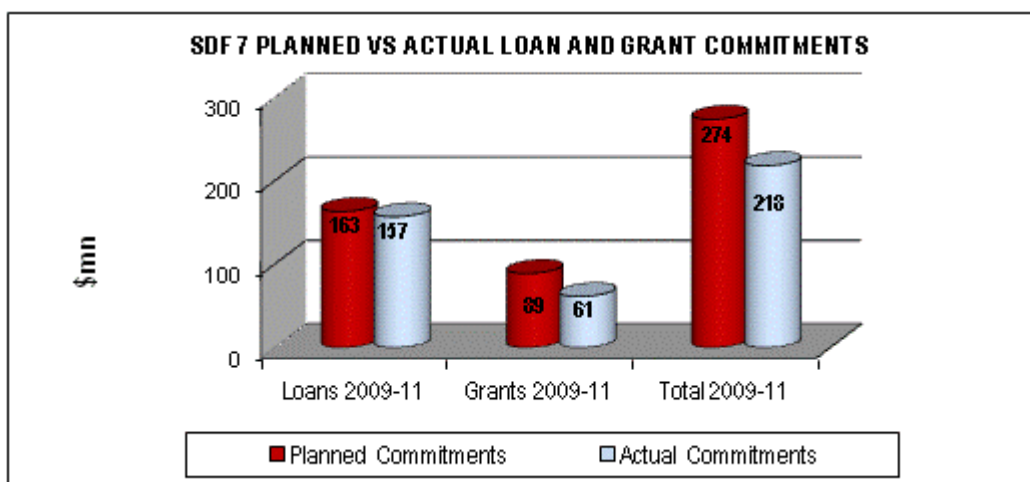
2.01 Section 2 of the report covers the operational performance of the Fund in 2011 which includes commitments and disbursements, the operational highlights under the four strategic themes and the performance of three major programmes funded by SDF (U) – BNTF, Caribbean Technological Consultancy Services Network (CTCS) and Haiti. A summary of the analysis of the SDF portfolio is also presented.

### **COMMITMENTS**

2.02 Approvals of loans and grants during SDF 7 are shown in the chart overleaf and also in Table 1. The chart presents a comparison of actual with planned commitments for the period and reveals that actual loan commitments of \$157 mn were 96% of the planned approvals of \$163 mn at the end of 2011. This compares with \$82 mn or 77% of planned approvals of \$106 mn at the end of 2010 and reflects increased activity in 2011.

2.03 Actual grant commitments of \$61.0 mn at the end of 2011 were 31% below planned approvals of \$89 mn. This compares with grant commitments of \$45 mn at the end of 2010 which had exceeded planned approvals by \$5 mn. Commitments for some grant programmes such as Project Management Training, Development Effectiveness and MfDR and Gender Equality have not taken place as anticipated.

2.04 Overall approvals were \$218 mn or 20% below planned approvals of \$274 mn at the end of 2011, compared with \$126 mn or 14% below the planned amount of \$146 mn at the midterm of the cycle. This performance was impacted by the delayed commitment of grants referred to in section 2.03. However, based on current projections, it is anticipated that the approved programme of commitments will be achieved by the end of the cycle.



2.05 Annual loan and grant commitments for SDF 7 compared with the annual average for SDF 6 are presented in Table 1. Total commitments in 2011 amounted to \$91.9 mn compared with \$74.5 mn in 2010. Commitments for the period 2009-2011 of \$218 mn represent 60% of the approved SDF 7 programme (excluding the structural gap) of \$361 mn, compared with \$126 mn or 35% at the midterm of the cycle. The annual average for SDF 7 commitments of \$72.7 mn was higher than that for SDF 6 of \$64.4 mn.

**TABLE 1: ANNUAL COMMITMENTS FOR SDF 7**  
(\$ mn)

Item	SDF 6	SDF 7				Annual Average
	Annual Average	2009	2010	2011	Total	
Loan approvals	42.5	35.2	46.6	75.1	156.9	52.3
Grant approvals	21.8	16.6	27.9	16.8	61.3	20.4
of which:						
Haiti	6.3	10.0	17.8	10.8	38.8	12.9
BNTF	8.0	-	-	-	-	-
TA	2.5	3.7	2.8	2.7	9.2	3.1
Project Management Training	0.5	-	-	-	-	-
CTCS	0.6	1.0	0.8	0.5	2.3	0.8
RCI and RPGs	1.8	1.7	2.9	1.3	5.9	2.0
Disaster Response	1.4	-	1.0	0.2	1.0	0.3
Gender Equality	n.a.	-	0.7	0.0	0.7	0.2
Environment and Climate Change	n.a.	0.2	1.9	1.3	3.4	1.1
MDGs	0.8	n.a.	n.a.	n.a.	n.a.	n.a.
<b>Total commitments</b>	<b>64.4</b>	<b>51.8</b>	<b>74.5</b>	<b>91.9</b>	<b>218.2</b>	<b>72.7</b>

2.06 Loan commitments in 2011 totalled \$75.1 mn compared with \$46.6 mn and \$35.2 mn in 2010 and 2009, respectively. These included nine immediate response loans (IRLs) and four rehabilitation and reconstruction projects in response to natural hazard events; exceptional financial assistance to assist in debt restructuring; funding for a Technical and Vocational Education and Training (TVET) project and assistance to regularise unplanned settlements.

2.07 Total loan approvals at the end of 2011 represented 71% of the SDF 7 allocation for loans of \$222.5 mn, compared with 37% at the midterm of the cycle. Indeed, 48% of SDF 7 loan commitments were made in 2011. The SDF 7 annual average for loan approvals of \$52.3 mn was higher than the annual average of \$42.5 mn for SDF 6 loan commitments.

2.08 Grant commitments were \$16.8 mn in 2011 compared with \$27.9 mn and \$16.6 mn in 2010 and 2009, respectively. Total grant approvals at the end of 2011 represented 44% of the SDF 7 grant set asides of \$138.6 mn compared with 32% at the midterm of the cycle. Grant commitments in 2011 included \$10.8 mn towards the programme in Haiti, \$2.7 mn in capacity-building TA grants, and \$1.3 mn each for interventions relating to RCI and environment and climate change.

2.09 The annual average for grant approvals of \$20.4 mn was lower than the annual average of \$21.8 mn for SDF 6. This average does not include the commitment of \$46 mn of BNTF 7 resources which when made in 2012 will increase average annual commitments for SDF 7 by \$11.5 mn and result in a higher level of annual commitments than SDF 6.

## **DISBURSEMENTS**

2.10 Annual loan and grant disbursements for SDF 7 compared with the annual average disbursements for SDF 6 are presented in Table 2. Total disbursements in 2011 were \$54.8 mn bringing total disbursements for SDF 7 to \$179.9 mn, with an annual average of \$60 mn. This compares with an annual average of \$34.7 mn for SDF 6.

**TABLE 2: ANNUAL DISBURSEMENTS FOR SDF 7**  
((\$mn))

Item	SDF 6		SDF 7				
	2005-2008	Annual Average	2009	2010	2011	Total	Annual Average
<b>Loan Disbursements</b>							
Investment Loans	96.8	24.2	28.1	19.6	35.3	83.0	27.7
PBLs	9.0	2.3	17.5	15.0	0	32.5	10.8
Total Loan Disbursements	105.8	26.5	45.6	34.6	35.3	115.5	38.5
<b>Grant Disbursements</b>							
TA	17.8	4.5	6.2	5.4	6.0	17.6	5.9
Haiti	1.0	0.2	14.1	6.3	7.9	28.3	9.4
BNTF	14.2	3.6	4.0	8.9	5.6	18.5	6.2
Total Grant Disbursements	33.0	8.3	24.3	20.6	19.5	64.4	21.5
<b>Total Disbursements</b>	<b>138.8</b>	<b>34.8</b>	<b>69.9</b>	<b>55.2</b>	<b>54.8</b>	<b>179.9</b>	<b>60.0</b>

2.11 Loan disbursements in 2011 amounted to \$35.3 mn compared with \$34.6 mn and \$45.6 mn in 2010 and 2009, respectively. All of the loan disbursements in 2011 were for investment loans, compared with 2010 and 2009 in which disbursements for policy-based loans (PBLs) amounted to \$15 mn (43.4%) and \$17.5 mn (38.4%), respectively.

2.12 The annual average disbursement for SDF 7 was \$38.5 mn compared with \$26.5 mn for SDF 6. This performance was impacted by the disbursement for PBLs which averaged \$10.8 mn for SDF 7 compared with \$2.3 mn for SDF 6. However, the annual average for the disbursement of investment loans at \$27.7 mn for SDF 7 was higher than that for SDF 6 of \$24.2 mn.

2.13 Meanwhile, grant disbursements in 2011 were \$19.5 mn bringing total grant disbursements for SDF 7 to \$64.4 mn. This performance was higher than total grant disbursements of \$33.0 mn during the SDF 6 cycle, largely due to the disbursements for Haiti projects (\$28.3 mn compared with \$1 mn) and a higher level of disbursement for BNTF subprojects.

2.14 Disbursements for BNTF subprojects in 2011 amounted to \$5.6 mn comprising \$3.1 mn and \$2.5 mn in respect of BNTF 6 and BNTF 5, respectively. This is lower than the disbursements of \$8.9 mn recorded in 2010, which had represented an increase of 122% over the 2009 disbursement levels of \$4.0 mn. A fuller discussion of the BNTF operations will be presented in the later section dedicated to the BNTF programme.

2.15 Disbursements for projects in Haiti amounted to \$7.9 mn in 2011 bringing total disbursements for that BMC to \$28.3 mn and reflecting increased project activity in the Bank's newest BMC. TA disbursements of \$6.0 mn were 11% higher than the 2010 figure of \$5.4 mn, and included the disbursement of \$1.0 mn for the Bank's support to the work programme of the Caribbean Regional Technical Assistance Centre (CARTAC).

## **PROGRAMME HIGHLIGHTS**

### **SDF 7 Strategic Themes**

2.16 The strategic themes for SDF 7 are (a) strengthening poverty reduction and human development; (b) supporting environmental sustainability and advancing the climate change agenda; (c) supporting RCI; and (d) enhancing development effectiveness. Details of these themes are presented in the Box entitled "*SDF 7 Operational Strategy*". The first three themes provide direction for the operational programme, while the fourth is a multi-faceted priority for the Bank's work as a whole.

2.17 In Table 3 - *Total Commitments by SDF 7 Strategic Operational Theme* - is presented the categorisation of the Bank's interventions under these four themes. It should be noted that even though an intervention is classified under one theme, its impact may cut across several themes. Details of the loan and grant approvals classified according to these four themes are presented in Appendix IV.

**TABLE 3: TOTAL COMMITMENTS BY SDF 7 STRATEGIC OPERATIONAL THEME**

<b>Item</b>	<b>Poverty Reduction and Human Development</b>	<b>Environmental Sustainability and Climate Change</b>	<b>RCI</b>	<b>Development Effectiveness</b>	<b>Total</b>
Loans	137,740	19,071	-	-	156,811
Grants	40,441	7,106	6,979	6,869	61,394
<b>Total</b>	<b>178,181</b>	<b>26,176</b>	<b>6,979</b>	<b>6,869</b>	<b>218,205</b>
<b>% of total</b>	<b>82%</b>	<b>12%</b>	<b>3%</b>	<b>3%</b>	<b>100%</b>
Planned Interventions*	265,375	65,725	12,000	18,000	361,100
Target %	73.5%	18.2%	3.3%	5.0%	100%

\* Planned interventions have been adjusted by the structural gap of \$29.5 mn

2.18 At the end of 2011, the strategic theme of poverty reduction and human development continued to be the dominant area of focus with \$178.2 mn, or 82%, of approvals, compared with the target of 73.5%. The theme of environmental sustainability and advancing the climate change agenda recorded an amount of \$26.2 mn, or 12% of total approvals compared with \$10.5 mn, or 8%, in 2010 and a target of 18.2%. Meanwhile, RCI and development effectiveness recorded \$7 mn (3%) and \$6.9 mn (3%), compared with targets of 3.3% and 5.0%, respectively.

### Strengthening Poverty Reduction and Human Development

2.19 The Strategic Theme - *Strengthening Poverty Reduction and Human Development* aims to improve the livelihoods of the poor. It focuses on enhancements to social and economic infrastructure, improved access to education and training, and strengthening of agriculture and rural development. In 2011, the Bank's contribution to poverty reduction and human development in BMCs amounted to \$73.1 mn or 80% total approvals, compared with \$62.7 mn or 84% in 2010. Loan and grant approvals were \$61.5 mn and \$11.6 mn, respectively with interventions targeting areas such as disaster rehabilitation, education, housing, energy and public financial management. The expected outcomes of the loan projects include:

- (a) rehabilitation and reconstruction of critical infrastructure, damaged or destroyed as a result of natural hazard events. Four projects, amounting to \$28.6 mn out of a total of \$35.5 mn, were approved for Dominica in respect of the Layou flood event; St. Lucia and St. Vincent and the Grenadines for destruction caused by Tropical Storm Tomas; and Grenada for flooding after an extreme rainfall event. The expected outcomes of these interventions are reduced risks associated with flood hazards and enhanced emergency shelters/resource centres through the use of higher construction standards. All of these projects included components, totalling \$6.9 mn, which addressed disaster risk management (DRM) and climate change considerations (Details with respect to support for DRM and climate change are provided in the section on Supporting Environmental Sustainability and Advancing the Climate Change Agenda);
- (b) the expansion of the supply of skilled and employable labour in St. Vincent and the Grenadines with regionally acceptable certification through the implementation of a TVET project, amounting to \$5 mn. The project will support six TVET institutions and provide opportunities for skills training and certification of existing skills for approximately 4,000 secondary school and technical institute students, unemployed and at-risk youth and adult learners;
- (c) increased opportunities for educational enhancement for 55 students from low-income and vulnerable households in St. Lucia with financing for a Student Loan Scheme in the amount of \$1 mn, out of a total loan of \$5 mn;
- (d) improved access to basic infrastructure and services for more than 1,500 residents in informal settlements in 11 communities in St. Lucia through a Settlement Upgrading Project of \$6.2 mn. The initiative will support the regularisation of unplanned settlements which have negative social, environmental and economic consequences for the country;
- (e) improved, efficient and reliable electricity services to 3,480 residents and businesses in Montserrat through a loan of \$2.5 mn. The improved service is expected to increase activity in the productive sectors and stimulate growth and development;
- (f) options or approaches to improve the efficiency of the road network in Belize through financing of \$0.35 mn for the conduct of a Feasibility Study and preparation of detailed designs to upgrade the Northern Highway; and
- (g) increased resources for developmental expenditures, including financing of social programmes, and a reduction in economic vulnerability to external shocks through

support to St. Kitts and Nevis in the restructuring of the Government's debt. Exceptional financial assistance in the amount of \$17.8 mn was provided.

2.20 The expected outcomes from the 2011 grant initiatives, excluding those relating to Haiti which are dealt with in a dedicated Haiti section later in the report, include:

- (a) enhanced production yields arising from research and training in protected agriculture (\$0.29 mn) and also from the development of the small ruminant industry (\$0.15 mn);
- (b) the strengthening of the private sector in six Organisation of Eastern Caribbean States (OECS) countries through the preparation of private sector strategies (\$0.1 mn) which will facilitate operating in a more open and competitive environment; and
- (c) enhanced entrepreneurship of micro, small and medium enterprises (MSMEs) through participation in CTCS training interventions in a variety of technical disciplines. CTCS programmes in 2011 benefitted 828 persons (463 male and 365 female) from 11 BMCs namely: Anguilla, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Montserrat, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, at a cost of \$0.5 mn. Additional details of activities in 2011 are presented in the CTCS section.
- (d) a reduction in poverty and improvement in human development outcomes in St. Vincent and the Grenadines through funding of \$0.1 mn to develop an integrated, gender-sensitive, and results-based National Poverty Reduction Strategy (NPRS) inclusive of a Poverty Map;
- (e) improved quality of basic education and student outcomes in primary and secondary schools in Montserrat through a project (\$0.08 mn) designed to provide training to teachers and principals in the areas such as differentiated instruction, classroom management and assessment of learning; and
- (f) enhanced advocacy for persons with disabilities for equal inclusion in the development of the Region through a project (\$0.01 mn) designed to build the organisational capacity of the representative organisations, i.e. the Disabled Peoples' International North American and the Caribbean Inc, and its Member Organisations.

#### [Supporting Environmental Sustainability and Advancing the Climate Change Agenda](#)

2.21 In 2011, the Bank approved a total of \$15.6 mn, or 17% of total commitments, for interventions supporting environmental sustainability, disaster mitigation and climate change, and bringing total commitments in this area to \$26.2 mn. Loan and grant approvals amounted to \$13.6 mn and \$2.0 mn, respectively. The expected outcomes of these interventions included:

- (a) the restoration of critical infrastructure and essential services in the aftermath of natural disasters through immediate response grants and nine IRLs totalling \$7 mn to assist seven BMCs with cleaning up and clearing debris after adverse weather systems;
- (b) enhanced capacity of BMCs for DRM and climate change mitigation through the inclusion of components to address these areas in the rehabilitation and reconstruction projects. In 2011, \$6.9 mn of the \$35.5 mn approved for rehabilitation and reconstruction

loans related to reducing the risks associated with landslides and flood hazards and the vulnerability of communities to adverse weather-related events, such as:

- (i) flood mitigation works in the town of Gouyave, Grenada, and the relocation of ten vulnerable and exposed households to safer sites in the amount of \$4.5 mn of a total SDF loan of \$6.6 mn;
  - (ii) TA to undertake an integrated vulnerability assessment for flood risk reduction in Dominica (\$0.4 mn);
  - (iii) funding for a landslide risk assessment of the primary road network in St. Lucia and flood risk assessment of the Marc/Bexon Valley (\$1.1 mn); and
  - (iv) financing a hydraulic assessment for flood risk reduction in North Windward, St. Vincent and the Grenadines, a coastal study and the design for coastal defence works and developing standard operating procedures for disaster responses (\$0.9 mn).
- (c) strengthened capacity to develop climate change adaptation proposals through a TA intervention (\$0.47 mn) which will enable BMCs to tap into the climate change financing available; and enhanced meteorological and hydrological data systems and improved ability to predict weather patterns through funding of \$0.29 mn to rescue and digitise historical meteorological and hydrological data;
  - (d) the development of a more proactive and focused approach to supporting the water sector in BMCs through a study (\$0.28 mn) which will identify the major development challenges currently facing the sector, in the context of the potential future role for the Bank; and
  - (e) enhanced capacity for DRM through a workshop to Develop and Update DRM Plans for the Agricultural Sector (\$0.05 mn); and Support for the Sixth Caribbean Conference on Comprehensive Disaster Management (\$0.10 mn) which was attended by 36 representatives from the Ministries of Finance and Economic Planning of CDB's BMCs.

### Supporting RCI

2.22 Support for RCI has been part of the mandate of CDB since its inception and continues to be a key priority as the Region and Sub-Region seek to fully implement the Caribbean Community (CARICOM) Single Market and Economy (CSME) and the OECS Economic Union, respectively. The recent creation of the Technical Cooperation Division, which is the focal point for RCI, will provide increased impetus to the implementation of the Bank's RCI programme.

2.23 In 2011, grants of \$1.2 mn were approved for RCI, bringing the total approvals for SDF 7 to \$7 mn, and were aimed at continuing to support the work programme of CARTAC, and strengthening the regional microfinance sector. Specifically, the interventions were expected to:

- (a) continue to build capacity and improve policy formulation in BMCs in such areas as revenue administration, public financial management, financial sector supervision and regulation, capital market development, macroeconomic planning and analysis and macro



fiscal management through continued support in the amount of \$1.0 mn for a fourth phase of CARTAC's work programme; and

- (b) strengthen the regional microfinance sector by exposing microfinance institutions (MFIs) to best practices worldwide. Funding of \$0.25 mn was provided for participation in the Caribbean Regional Capacity-Building Programme II which aims to equip a number of better performing MFIs in the Region with improved capacity in product development and new clients outreach.

2.24 RCI interventions continue to be undertaken in partnership with other development partners (DPs), such as the administration of the Department for International Development of the United Kingdom Caribbean Aid for Trade and Regional Integration Fund and the European Union (EU) Economic Partnership Agreement (EPA) Standby Facility, currently under discussion, which both aim to assist the Caribbean Forum countries to improve competitiveness and take advantage of the EPA. Other regional initiatives include the establishment, in conjunction with the Canadian International Development Agency (CIDA), of the "Community Disaster Risk Reduction Fund" aimed at reducing the risks associated with natural hazard and climate change to vulnerable populations in the Region; and the EU CSME Standby Facility aimed at promoting regional integration. Discussions are also being held with other DPs about similar regional interventions.

#### Development Effectiveness and Capacity Development

2.25 Emphasis on development effectiveness through capacity building and support for MfDR continued in 2011 with an amount of \$1.9 mn being committed in this area, compared with \$2.7 mn in 2010 and bringing total approvals to \$6.9 mn. Interventions included institutional strengthening in the financial, water and transport sectors in the Region, capacity building in the public sector in macroeconomic management, long-range planning and management of the Public Sector Investment Plan (PSIP), and promoting gender mainstreaming in the Region. The expected outcomes of these interventions included:

- (a) strengthened capacity in the public sector in areas such as macroeconomic management, PSIP formulation, implementation and management and long-range planning through funding for: (i) the review of the institutional framework for macroeconomic management (\$0.12 mn); (ii) the conduct of a Regional Scenarios Training Programme (\$0.15 mn); and (iii) a regional PSIP workshop (\$0.06 mn);
- (b) strengthened capacity in the financial sector in the OECS through: (i) the development of a comprehensive credit risk management framework for six development finance institutions (DFIs) to improve their capacity to identify, measure and manage credit risk (\$0.06 mn); and (ii) undertaking of an assessment of the state of the OECS financial system and devising a comprehensive solution for stability and sustainability (\$0.15 mn);
- (c) enhanced capacity in the transport and road and water sectors through financing of seminars and workshops such as: (i) a Performance-Based Road Maintenance Contracting seminar (\$0.04 mn); (ii) a Road Sector Institutional Reform workshop (\$0.1 mn), and a Water and Sanitation Utility Reform training course (\$0.09 mn);
- (d) improved technical skills in gender analysis through support for the Caribbean Institute in Gender and Development training programme (\$0.03 mn) which facilitated the training of approximately 30 regional participants in gender and development;

- (e) enhanced organisational effectiveness of CDB through initiatives to review performance and recommend modifications such as: (i) the review of performance and consideration of future direction of its financial intermediary lending activities (\$0.05 mn); (ii) the review of its MfDR agenda (\$0.14 mn) and development of an Action Plan to enhance its approach to MfDR; (iii) the review of the lending products (\$0.07 mn) to make the Bank a more effective and responsive DP to its BMCs; and (iv) revision of the Housing Sector Policy and Strategy (\$0.22 mn) to improve the effectiveness of interventions in the housing sector. Other initiatives in support of enhancing the Bank's effectiveness include workshops to disseminate the revised guidelines which are to be used for the selection and engagement of consultants by recipients of CDB financing (\$0.15 mn) and a project to demonstrate the development impact of SDF interventions (\$0.05 mn).

## HAITI

2.26 In 2011, the Bank continued to implement its programme in Haiti, in collaboration with its DPs - the World Bank (WB) and Inter-American Development Bank, and to support Haiti's efforts during the rehabilitation and reconstruction phase.

2.27 Approvals in 2011 amounted to \$11.0 mn, bringing total commitments to Haiti under SDF 7 to \$38.8 mn. The expected outcomes from these interventions included:

- (a) improved access by poor rural communities in Haiti to basic social and economic infrastructure and services through a grant of \$10 mn, in collaboration with the WB. The project, PRODEP, will also provide income-generating opportunities, improve governance and build social capital at the local level. Considerable support will also be provided towards capacity-building of local governance structures to ensure the long-term sustainability of the project. PRODEP represents the first effort by CDB to operate independently in Haiti with CDB staff assuming direct responsibility for supervision of project implementation;
- (b) replacement of technical capacity in Haiti through part-financing of external scholarships in the amount of \$0.15 mn for 30 final-year students of the State University of Haiti to complete their degrees at the Mona Campus of the University of the West Indies. This support was particularly critical against the backdrop of the pressing need to build human resource capabilities in the country;
- (c) improved functionality of essential government services required for reconstruction efforts by providing office furniture and equipment (\$0.15 mn) for three semi-autonomous government agencies in Haiti. In 2010, the Bank had provided assistance to these agencies to replace office spaces that had been destroyed in the earthquake;
- (d) increased involvement in Haiti's reconstruction by regional construction sector stakeholders through participation of representatives from construction and related organisations in Haiti at the Caribbean Construction Forum (\$0.1 mn). The Forum brought together key players in the sector and provided them with a variety of networking opportunities; and
- (e) improved protection from losses as a result of natural disasters for Haiti through support of \$0.55 mn, in collaboration with CIDA, to meet its annual premium payment to the Caribbean Catastrophe Risk Insurance Facility (CCRIF) prior to the 2011 hurricane season.

2.28 CTCS also facilitated the training attachments for two persons from an established agro-processing company in Haiti that was seeking to diversify its product line to include hot pepper sauce. The trainees were provided with managerial and technical knowledge related to the production of hot pepper sauce in support of the company's investment and expansion plans.

2.29 The Bank has committed a total of \$48.8 mn to date from SDF 6 and SDF 7 for three capital and two additional grants; seven TA interventions; two emergency relief/response grants and one policy-based grant. Of this, a total of \$21.4 mn had been disbursed by the end of 2011.

### **BNTF**

2.30 The BNTF is a targeted poverty reduction programme which directly addresses the needs of the poor in both rural and urban communities. The programme provides grant resources to improve access of the poor to basic infrastructure and services. It also seeks to increase the potential of persons in these communities for economic activity through skills training. There have been six replenishments of BNTF with BNTF 6 currently under implementation. The Completion Report for BNTF 5 and the Mid-Term Review of BNTF 6 have been completed. Both of these documents will be considered by Contributors during the SDF 8 negotiations along with the programme for BNTF 7 which is being developed.

2.31 Implementation of BNTF 6 intensified in 2011 with \$14.8 mn or 58% of the allocation of \$25.3 mn for country programming being committed by the end of the year. Allocations, approvals and disbursements by country under the BNTF 6 programme for 2009 - 2011 are presented in Table 4. The approval of subprojects is well advanced with most countries exceeding 60% of their allocation by the end of 2011. The allocation for the Turks and Caicos Islands was fully committed but commitments for Jamaica, St. Kitts and Nevis and Montserrat are lagging at 23%, 15% and 9% of their allocations, respectively. The Jamaica approvals were impacted by the limitations of the International Monetary Fund Stand-by Arrangement while the other countries were affected by staffing constraints. These constraints have since been addressed and full commitment of the allocations is anticipated in 2012.

**TABLE 4: BNTF 6 ALLOCATIONS, APPROVALS AND DISBURSEMENTS 2009 - 2011**

	<b>Original Allocation</b>	<b>Approvals 2009-2011</b>	<b>Allocation Approved</b>	<b>Disbursements 2009-2011</b>	<b>Rate of Disbursement</b>
<b>Item</b>	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>	<b>\$'000</b>	<b>%</b>
<i>Countries</i>					
Belize	3,005	2,232	74	801	36
Dominica	2,283	1,377	60	-	-
Grenada	1,770	1,363	77	711	52
Guyana	6,710	4,714	70	601	13
Jamaica	4,778	1,118	23	986	88
Montserrat	1,086	97	9	-	-
St. Kitts and Nevis	864	130	15	-	-
St. Lucia	2,732	2,011	74	430	21
St. Vincent and the Grenadines	1,780	1,427	80	230	16
Turks and Caicos Islands	317	317	100	133	42
<b>Sub-total</b>	<b>25,325</b>	<b>14,786</b>	<b>58</b>	<b>3,892</b>	<b>26</b>
Regional Coordination <sup>1/</sup>	6,675	1,628		910	
<b>Total</b>	<b>32,000</b>	<b>16,414</b>		<b>4,802</b>	

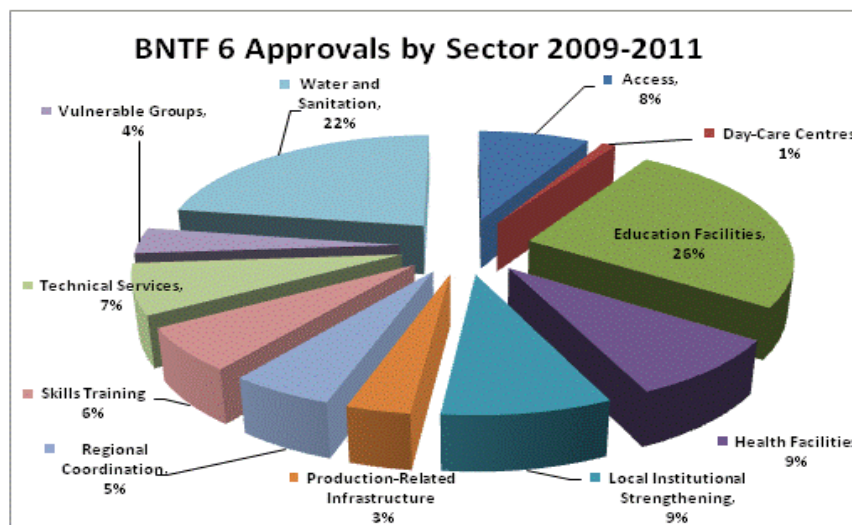
<sup>1/</sup> Regional Coordination includes programme support, coordination and administration

2.32 There was also an increase in disbursements for BNTF 6 subprojects in 2011 with approximately \$4.8 mn being disbursed by the end of the year compared with \$1.7 mn in 2010. This included an amount of \$0.91 mn for programme support, coordination and administration.

2.33 In 2011, 94 subprojects of approximately \$9.3 mn were approved bringing the total subprojects approved under BNTF 6 to 138. \$0.7 mn in TA grants was also provided from the regional coordination component. Approximately 69,700 persons in communities will benefit from subproject interventions approved in 2011. Noteworthy examples of grants financed this year were: a scholarship programme for young men and women of poor families to enable access to TVET education in Belize; health centres with a primary focus on improving the delivery of maternal health care to rural women in Belize and to mining communities in Guyana.

2.34 The chart below shows BNTF 6 commitments by sector during the period 2009-2011. In addition, to facilitating the coordination of the programme and providing technical services to country offices to implement their subprojects (12%), the BNTF 6 commitments to date are expected to contribute to the following outcomes in poor and vulnerable communities:

- (a) improved access to, and quality of, education and training through skills training and the upgrade of nursery and primary schools and day care centres (33%);
- (b) improved access to potable water and sanitation through the installation or upgrade of water supply and sanitation systems (22%);
- (c) enhanced community social and economic infrastructure through the construction or upgrade of secondary roads and footpaths, health care facilities and production-related infrastructure, such as markets (20%);
- (d) improved access to basic infrastructure and services by vulnerable persons, such as the aged and persons with disabilities, through specific interventions targeting those groups (4%); and
- (e) enhanced capacity of community-based organisations (CBOs) to apply participatory approaches in decision-making, planning and monitoring of subprojects through institutional strengthening initiatives (9%).



## BNTF

**BNTF mission: "to be a community development programme that supports health, education, water, sanitation, access and economic activities through skills training, organisational development and infrastructure services."**

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

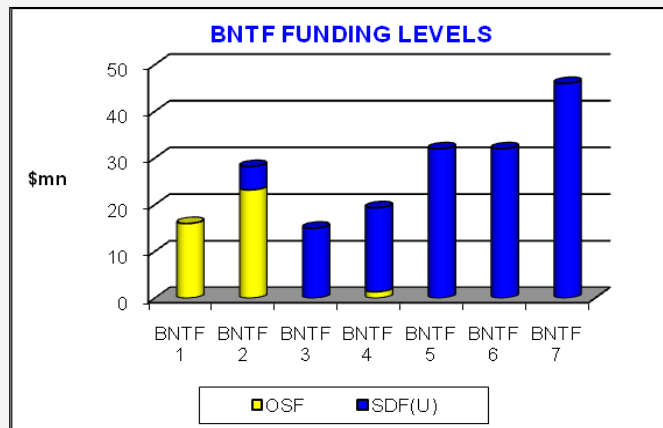
BNTF began over 30 years ago as the Caribbean Education Development and Basic Human Needs/Employment Sector Programme targeted at improving living conditions in rural poor and indigenous communities. Since 1992, BNTF has been financed through SDF, with some level of counterpart funding from beneficiary governments. The programme has enjoyed an increasing share of SDF resources since BNTF 3, with \$32 mn being committed for both BNTF 5 and BNTF 6.

In SDF 7, Contributors approved a scaling up of this flagship programme to take advantage of the improvements that have been made to BNTF operational systems. A set aside of \$46 mn has been allocated 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].

Over the years, the BNTF programme's success has allowed CDB to leverage its comparative advantage and experience in executing community-based poverty programmes to catalyse additional resources. In 2003, for instance, Canada contributed the equivalent of \$25 mn to be administered under the BNTF 5 programme over a six-year period. In 2008, a further \$1.8 mn 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, and also provided supplementary funds to existing beneficiaries.

The BNTF 6 programme, approved by the BOD in July 2008, is currently being implemented. The Sixth Programme provides funding to implement subprojects to improve basic infrastructure and services; and increase potential for economic activity through skills training. It also provides project management and technical services, and capacity building for CBOs in the application of participatory approaches for planning and monitoring of subprojects and decision-making. There is a regional component to provide programme support, coordination and administration. During subproject preparation and appraisal, consideration is given to thematic areas such as gender and environmental assessment and the integration of disaster mitigation measures into infrastructure subprojects.

At the end of 2011, BNTF had a portfolio of 873 subprojects (cumulative number for BNTF 5 and BNTF 6) spread throughout ten countries and benefitting approximately 728,800 women and men.



2.35 BNTF 5 is in the final stages of implementation with 93% of the approved country subprojects, and 89% of the amount approved for regional coordination, being disbursed by the end of 2011. There is an uncommitted amount for regional coordination of \$1.7 mn which will be utilised in 2012. The Project Completion Reports (PCRs) for both the country and overall programmes have been prepared and will be considered by Contributors during the negotiations for SDF 8.

### Improving BNTF Programme Effectiveness

2.36 A number of training courses were organised in eight of the participating BMCs for contractors with small and micro-businesses. Using a computerised tool developed by the Bank's CTCS Network, more than 190 businesses were assisted in developing better job estimates, inclusive of addressing on-site environmental and gender equality considerations. BNTF will establish a community of practice and

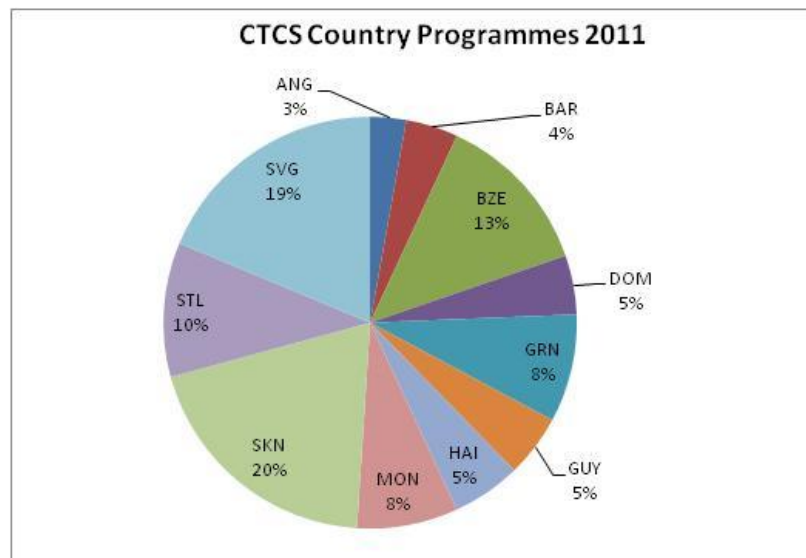
enhance knowledge sharing within this target group. Resources were provided to the Jamaica Social Investment Fund for the innovative development of a cost database which has enabled the production of more reliable cost estimates.

2.37 Three knowledge products were produced to support the sustainable development agenda of the BNTF, namely: (a) Integrated Community Subproject: A Guidance Note; (b) Community Contribution: A Guidance Note; and (c) Gender Targets and Indicators for the BNTF. These will be supported by complementary programmes in capacity building to mainstream these concepts and approaches into the Project activities at the country level.

2.38 In order to promote the sustainability of BNTF projects, CDB successfully engaged with technical personnel in the BNTF-financed sectors on compliance with sector standards in early childhood development, water resource management and general maintenance practices. By forging these strategic partnerships with sponsoring ministries and agencies and the BNTF projects, CDB will be able to contribute to addressing gaps in national and regional policy implementation in these areas. In the area of early childhood development, regional experts and DPs came together to discuss the status of interventions in the sector, with a focus on BNTF interventions. A regional policy dialogue on early childhood development is planned for 2012 with a focus on the challenges and opportunities for focused action in a currently underserved area of development.

### CTCS

2.39 CTCS is one of CDB’s primary initiatives to support the development and expansion of the Region’s MSME sector. In 2011, \$0.496 mn was approved for TA activities in 11 of its BMCs. The share of approvals in respect of each beneficiary BMC is presented in the diagram below. Four BMCs, Belize, St. Lucia, St. Kitts and Nevis and St. Vincent and the Grenadines, accounted for more than 60% of CTCS interventions in 2011.



2.40 The programme executed 38 TA activities in 2011, comprising 24 direct TA interventions, 12 national workshops and 2 regional workshops. In addition, a video was produced highlighting the impact of previous CTCS interventions. Table 5 presents a distribution of CTCS activities over the period 2007-2011 which reflects the continued use of workshops, which can target a larger number of participants in a single intervention. There were no training attachments in 2011 as a new approach,

discussed in section 2.41 below was being developed. Direct TA was provided in areas such as product development and process re-engineering aimed at improving the competitiveness of beneficiaries and preparing them to better capitalise on available market opportunities.

**TABLE 5: CTCS PROGRAMME ACTIVITIES 2007-2011**

<b>Activities</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Regional workshops	0	1	2	3	2
National workshops	42	20	32	12	12
Direct TA interventions	31	37	34	25	24
Training attachments	4	10	17	15	0
Publications	0	0	6	0	0
<b>Total Activities</b>	<b>77</b>	<b>68</b>	<b>91</b>	<b>55</b>	<b>38</b>

2.41 Despite the reduction in programme activities in 2011, the number of beneficiaries impacted was maintained. A total of 828 persons (463 females and 365 males), compared with 826 persons (346 male and 480 female) in 2010, received training across a range of sectoral activities and technical disciplines as listed in Table 6. An estimated 38% of beneficiaries (319) received training in general management and business development while 26% (219) were trained in tourism-related activities compared with 417 in the previous year. Pottery/ceramics and agro-processing were the next major disciplines.

**TABLE 6: CTCS SKILLS TRAINING AND TA PROVIDED, 2007-2011**

<b>Sector/Sub-sector</b>	<b>Number of CTCS Beneficiaries</b>				
	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
General management and business development	491	142	382	110	319
Pottery/Ceramics	73	134	23	17	53
Garment design and production	12	9	38	4	6
Other applied skills <sup>1</sup>	334	322	67	61	46
Agro-processing	171	62	198	28	67
Agriculture-related activities	97	15	14	66	45
Institutional strengthening	1	0	40	16	47
Tourism-related activities	160	69	19	417	219
Food management and related activities	30	30	139	14	26
Computer applications	7	63	25	93	-
<b>Total</b>	<b>1,376</b>	<b>846</b>	<b>945</b>	<b>826</b>	<b>828</b>

<sup>1</sup> Includes basketry, batik, tie-dye, weaving, jewellery-making, etc

## THE CTCS NETWORK

CTCS is a Network operated in cooperation with regional and national institutions, laboratories, industrial enterprises and consultants. CTCS contributes to the stimulation of entrepreneurship, while at the same time enhancing the competitiveness of the Region's productive sector through capacity building and skills transfer. It operates by linking people who have business and technical experience with businesses and enterprises that need consulting advice and assistance.

The Network's programme provides subsidised, Caribbean expertise to individuals, enterprises and organisations in BMCs, who would otherwise not be exposed to such technical expertise. The programme has close involvement with local financial institutions, small enterprise development agencies, national and community-based organisations and associations of industry and commerce in the Network, which bring the added benefit of institutional strengthening. In a rapidly changing economic and financial environment, the programme seeks to ensure that responses are timely, relevant and appropriate to growing and diverse needs of a growing MSME sector.

The services offered by CTCS include project planning and preparation; evaluation of new and expanding businesses, upgrading of management systems and resolving industrial, production and maintenance problems; and providing assistance with selection of machinery and equipment, staff training in all disciplines, and quality control applications. CTCS provides skills training in a variety of subject areas including agro-processing and fisheries; food processing; wood and metal fabrication; textiles; packaging and labelling; building material, manufacturing equipment and machinery; energy production and conservation; hospitality services, accounting and computerisation; pottery, ceramics and craft manufacturing – such as basketry, bamboo and wicker craft, floral arrangement, cake decorating and garment design and construction.

Over the years, the CTCS Network programme has helped to develop and enhance both technical and managerial skills of entrepreneurs in BMCs. Many beneficiaries of the training offered are today proprietors of successful MSMEs across the Region

2.42 Two regional workshops were conducted in 2011. Thirty-six small hoteliers drawn from nine BMCs participated in the first workshop on “Enhancing Customer Service Delivery for Owners and Managers of Small Hotels”. It was intended to assist in improving the customer service systems, and sustaining service levels to enhance customer satisfaction, encourage repeat business and generate new business. Two follow-up national workshops were also conducted in Belize and St. Vincent and the Grenadines in collaboration with local tourism authorities. Approximately 100 persons participated in those workshops.

2.43 Twenty-seven operators of MSMEs from 11 BMCs participated in the second workshop on “Business Continuity Planning for MSMEs”. This workshop sought to equip participants with knowledge and tools to ensure that their businesses could continue to operate, not only during natural disasters and events resulting from climate change, but also during technological, social and health-related disasters. The workshop was in keeping with CDB's Disaster Management Strategy, which identifies Business Continuity Planning as one of the programme areas where it will work with its BMCs to reduce risks in relation to natural hazards and climate change.

2.44 As part of its continuing efforts to ensure that CTCS remains relevant to the needs of MSMEs in the Region, CDB hosted a CTCS Regional Stakeholders' Meeting, aimed at facilitating collaborative dialogue on the future direction and modalities for CTCS. The meeting brought together 52 persons drawn from CDB's 18 BMCs, comprising MSME clients who have used CTCS services, representatives of co-operating institutions that assist in the delivery of CTCS TA and resource persons who have made significant contributions to the delivery of CTCS TA to MSMEs throughout BMCs. The stakeholders in conjunction with CDB's staff discussed various options that CDB could explore and implement to improve CTCS interventions. The recommendations that arose out of this meeting have been used to refocus the CTCS programme. These include making training attachments more effective by



implementing them in batches rather than individual attachment, conducting more national workshops, and providing for follow up on-line consultations with resource persons to complement regional workshops and direct TA interventions.

## **SDF PORTFOLIO ANALYSIS**

2.45 The performance of the Bank's portfolio is reviewed annually using the Project Supervision Report information from the previous year as a basis for the assessment. There is currently a one-year lag in the preparation of the Annual Review of the Performance of the Portfolio of Projects under Implementation with the report for the year ended December 31, 2010 being considered by the BOD in October 2011. This analysis of the SDF portfolio therefore also relates to 2010 with portfolio details being provided in Appendix V.

2.46 The performance and quality of the SDF portfolio is measured by a Project Implementation 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 projects in terms of the Bank's development assistance objectives. It is the sum of the weighted scores of six core criteria: strategic relevance, poverty relevance, efficacy, cost efficiency, institutional development impact and sustainability.

2.47 In 2010, there were 66 projects with an SDF component under implementation compared with a revised figure of 69 projects in 2009. The portfolio analysis for 2009 had inadvertently included three projects from the SDF (Other). The performance rating of the portfolio for 2010 of 6.0 was marginally lower than the revised PPI rating of 6.02 for the previous period. Sixty-three of the 66 projects (95%) were rated as highly satisfactory or satisfactory, compared with 67 of the 69 projects (97%) in 2009.

2.48 There were three projects with a rating of marginally unsatisfactory in 2010 compared with two in 2009. Of these projects, one in the social and personal services sector has had this rating since 2004. However, the project has been reformulated and is now expected to end in July 2012. The other two projects, in the Multi-Sector category, are over three and eight years old, respectively. A variation in scope and terms and conditions was approved for the former by the BOD in December 2010 and the latter continues to be flagged as "at risk". Details of the projects are presented at Appendix V.

2.49 The SDF portfolio analysis also assigns a *Country Portfolio Performance rating* and a *Sector Portfolio Performance rating*. The country portfolio rating in 2010 was assessed as 6.0, as compared with a revised rating of 6.2 in 2009. Seven countries were rated highly satisfactory and six were rated satisfactory with all BMCs maintaining their ratings except Grenada which moved to highly satisfactory from satisfactory, and Dominica which fell to satisfactory from highly satisfactory.

2.50 In 2010, the financial, multi-sector and social and personal services sectors accounted for approximately 83.3% of the portfolio compared with 82.6% in 2009. The overall average performance rating remained at highly satisfactory.

2.51 As at December 31, 2010, four projects with an SDF component were classified as "at risk" (about 6.8% of the SDF capital portfolio under implementation) compared with five projects (6.8% of the portfolio) at the end of 2009. Two of the four projects have been rated as "at risk" since 2007 and efforts are ongoing to try to resolve the outstanding issues. Implementation of the other two projects is behind schedule. One project has been reformulated with an extended implementation period while the other is four years behind schedule and efforts are being made to address the implementation constraints. Information on the projects listed as "at risk" in 2010 is provided in Appendix V.

### 3. FINANCIAL RESOURCES AND PROGRAMME LEVELS

#### SDF 7 PROGRAMME LEVEL

3.01 The programme level approved for SDF 7 was \$390.6 mn, to be financed from internally generated resources of \$103.9 mn, agreed contributions of \$242.2 mn, an allocation of \$15.0 mn from the net income of the Bank's OCR, and an unallocated structural gap of \$29.5 mn. The structural gap was expected to be funded by additional contributions and by income from adjustments in encashment of demand notes or payment schedules. Further details on the SDF 7 approved programme level are presented in Appendix II. As shown in Table 7, the base funding and minimum programming level was projected in the Contributors' Report at just over \$361.1 mn.

**TABLE 7: SDF 7 PROGRAMME LEVEL**  
((\$mn))

Item	Per Contributors' Report	Projected	
		Position at December, 31 2012	Difference
Commitment Authority at Beginning of Cycle	16.9	19.5*	2.6
Expected Net Income	25.8	10.6	(15.2)
Loan Repayments	61.2	71.7	10.5
Allocation from OCR Net Income	15.0	15	-
New Contributions	242.2	233.4	(8.8)
<b>Base Programme Level</b>	<b>361.1</b>	<b>350.2</b>	<b>(10.9)</b>
Structural Gap/(Residual Funds)	29.5	40.4	(10.9)
<b>Overall Programme Level</b>	<b>390.6</b>	<b>390.6</b>	

\*Actual balance at January 1, 2009

3.02 Table 7 also shows that at December 31, 2012, the base funding level is projected to be \$350.2 mn, which is \$10.9 mn lower than originally planned. This deficit can be attributed to lower than anticipated levels of net income, due to low investment yields, offset by a larger carry-over balance and higher than projected reflows. Further, there is a projected shortfall of \$8.8 mn in the level of new contributions since it is now expected that no contributions will be received during this cycle from the non-members.

#### COMMITMENT AUTHORITY

3.03 Table 8 shows the actual and projected commitment authority for 2009–2012 and the use of those resources during SDF 7. The widening of the structural gap from \$29.5 mn to \$40.4 mn has resulted in a reduced base programme level of \$350.2 mn. Loan approvals, net of cancellations of \$3 mn at the end of 2011, are projected at \$217.2 mn while net grant approvals are projected at \$133.0 mn compared with \$138.6 mn originally set aside. The available commitment authority at the end of 2011 was \$77.7 mn and no carry-over balance to SDF 8 is currently projected at the end of 2012. Further details are provided in Appendix III.

**TABLE 8: SDF 7 COMMITMENT AUTHORITY AND USE OF FUNDS**  
(\$mn)

Item	Actual			Projected	Total
	2009	2010	2011	2012	
Commitment authority at beginning of period	19.5	181.2	146.1	77.7	19.5
Net income	2.8	2.7	0.9	4.2	10.6
Repayments	14.2	16.5	18.0	23.0	71.7
Commitment authority from new contributions	196.0	20.4	0.9	16.1	233.4
Allocation from OCR net income	-	-	-	15.0	15.0
Approvals for SDF loans (Net) *	34.7	46.6	72.6	63.3	217.2
Approvals for SDF grants (Net)*	16.6	28.1	15.6	72.7	133.0
Available commitment authority at end of period	<b>181.2</b>	<b>146.1</b>	<b>77.7</b>	<b>0.0</b>	<b>0.0</b>

\* Net of cancellations

### ALLOCATION AND UTILISATION OF RESOURCES

3.04 The original programme for SDF 7 of \$390.6 mn comprised loans to be allocated to eligible BMCs of \$175 mn, loans for natural disaster mitigation and rehabilitation and BMCs in fiscal distress of \$77 mn, and \$138.6 mn in set-aside grant resources. The approved RAS is used to allocate loans to eligible BMCs as well as the set aside for BNTF of \$46 mn. Since a structural gap of \$29.5 mn existed, only the base programme level of \$361.1 mn was programmed.

3.05 In consideration of the lower than expected base funding level of \$350.2 mn, as discussed in Section 2.02, and taking account of projects in the pipeline, a re-allocation of resources was undertaken. Table 9 - *SDF 7 Allocation and Utilisation of Resources* shows the indicative allocations for country loans and amounts set aside at January 2009 and the revised allocations as at December 2011. Loan and grant approvals for 2009 and 2011 and the available balance for programming in 2012 are also shown. The allocation for country loans has been revised from \$145.5 mn to \$143.8 mn and for loans for natural disaster mitigation and rehabilitation and BMCs in fiscal distress from \$77 mn to \$73.4 mn, while grant set asides have been reduced from \$138.6 mn to \$133.0 mn.

3.06 During the period January 1, 2009 to December 31, 2011, total commitments amounted to \$218.2 mn. This represented 60% of the base programme level and consisted of \$156.8 mn in loans and \$61.4 mn in grants. This commitment performance is an improvement over the position at the midterm where only 35% of loan and grant resources had been committed. Approvals of \$92 mn in 2011 (\$75 mn in loans and \$17 mn in grants) served to boost that performance. At the end of December 31, 2011, 46% of the grant set asides and 72% of the loan allocations had been committed. The latter comprised 61% of country allocations, 85% of loans for natural disaster mitigation and rehabilitation and 100% of the allocation for BMCs in fiscal distress.

3.07 Within the country loan allocation, two BMCs (Anguilla and Antigua and Barbuda) had not yet utilised their allocation at the end of 2011 but it is expected that these funds will be committed in 2012. Six BMCs (Jamaica, Belize, St. Lucia, Guyana, Dominica and St. Vincent and the Grenadines) accounted for 83% or \$73.2 mn of the \$87.8 mn in country loan approvals. All of these BMCs, except Guyana, have utilised more than 70% of their allocations while the allocations for St. Kitts and Nevis and Montserrat have been fully committed. Loan approvals from the set aside for natural disaster mitigation and rehabilitation were \$25.6 mn, leaving a balance of \$4.4 mn. The balance on the set aside for BMCs in fiscal distress, after commitments of \$43.4 mn at December, 31 2011, has been reallocated in line with the lower base funding level referred to in section 3.02.

**TABLE 9: SDF 7 ALLOCATION AND UTILISATION OF RESOURCES**

Item	Indicative Allocations at January 2009		Revised Allocations at December 2011		Approvals 2009-2010		Balance Available
	\$'000	%	\$'000	%	\$'000	%	\$'000
<b>Country Allocations – Loan</b>							
<i>(Group 1)</i>	<i>Fixed allocations</i>						
Bahamas, The	-	-	-	-	-	-	-
British Virgin Islands	-	-	-	-	-	-	-
Cayman Islands	-	-	-	-	-	-	-
<i>(Groups 2, 3 and 4)</i>							
Anguilla	4.9	1.4	4.6	1.3	-	-	4.6
Antigua and Barbuda	3.5	1.1	3.6	1.0	-	-	3.6
Barbados	-	-	-	-	-	-	-
Belize	17.6	4.9	17.7	5.1	13.0	6.0	4.7
Dominica	14.2	3.9	14.3	4.1	10.6	4.9	3.7
Grenada	7.8	2.2	8.0	2.3	6.6	3.0	1.4
Guyana	36.4	10.1	36.3	10.4	12.3	5.6	24.0
Jamaica	22.0	6.1	22.0	6.3	15.0	6.9	7.0
Montserrat	2.2	0.6	2.5	0.7	2.5	1.1	-
St. Kitts and Nevis	5.5	1.5	5.5	1.6	5.5	2.5	-
St. Lucia	16.3	4.5	16.2	4.6	12.2	5.6	4.0
St. Vincent and the Grenadines	12.9	3.6	13.1	3.7	10.1	4.6	3.0
Turks and Caicos Islands	1.9	0.5	-	-	-	-	-
Trinidad and Tobago	-	-	-	-	-	-	-
<b>Sub-total Country Allocations</b>	<b>145.5</b>	<b>40.3</b>	<b>143.8</b>	<b>41.1</b>	<b>87.8</b>	<b>40.2</b>	<b>56.0</b>
<b>Set-Aside Resources</b>							
<b>Other Lending:</b>							
Natural Disaster Mitigation/ Rehab. BMCs in Fiscal Distress	30.0	8.3	30.0	8.6	25.6	11.7	4.4
	47.0	13.0	43.4	12.4	43.4	19.9	-
<b>Total Lending</b>	<b>222.5</b>	<b>61.6</b>	<b>217.2</b>	<b>62.1</b>	<b>156.8</b>	<b>71.8</b>	<b>60.4</b>
<b>Grants:</b>							
BNTF	46.0	12.7	46.0	13.1	-	-	46.0
TA:							
Capacity Building	8.0	2.2	9.5	2.7	9.2	4.2	0.3
Project Management Training	5.0	1.4	4.0	1.1	-	-	4.0
CTCS	4.5	1.3	3.3	1.0	2.3	1.1	1.0
Regional Integration and RPGs	10.0	2.8	10.0	2.9	5.9	2.7	4.1
Development Effectiveness and MfDR	5.0	1.4	4.0	1.1	-	-	4.0
Immediate Disaster Response	6.1	1.7	3.2	0.9	1.0	0.5	2.2
Gender Equality	4.0	1.1	3.0	0.9	0.7	0.3	2.3
Environ. Sustain. and Climate Change	4.0	1.1	4.0	1.1	3.5	1.6	0.5
Haiti	46.0	12.7	46.0	13.1	38.8	17.8	7.2
<b>Total Grants</b>	<b>138.6</b>	<b>38.4</b>	<b>133.0</b>	<b>37.9</b>	<b>61.4</b>	<b>28.2</b>	<b>71.6</b>
<b>Total Resources Available</b>	<b>361.1</b>	<b>100.0</b>	<b>350.2</b>	<b>100.0</b>	<b>218.2</b>	<b>100.0</b>	<b>132.0</b>
<b>Structural Gap</b>	<b>29.5</b>		<b>40.4</b>				
<b>Approved Programme Level</b>	<b>390.6</b>		<b>390.6</b>				

3.08 Grant resources were set aside for BNTF, capacity-building TA, CTCS, Project Management training, regional integration and RPGs, development effectiveness and MfDR, immediate disaster response, environmental sustainability and climate change and Haiti (See Table 9). At December 2011, \$61.4 mn in set aside grant resources had been committed leaving a balance of \$71.6 mn.

3.09 Grant approvals to Haiti amounted to \$38.8 mn or 84% of its set aside, while approvals for regional integration and RPGs were \$5.9 mn (59%) and environmental sustainability and climate change \$3.5 mn (87%).

3.10 There has been strong demand for capacity-building TA as BMCs attempted to strengthen their public sector institutions and agencies and improve governance systems. This has resulted in the set aside for capacity-building TA being fully committed and additional resources being sought. Resources have

been reallocated from CTCS, gender equality and immediate disaster response grants which had committed \$2.3 mn or (52%) and \$1.0 mn (17%) and \$0.7 mn (17.3%), respectively, at December 2011.

3.11 The set asides for BNTF, project management training and MfDR are expected to be committed in 2012. The BNTF 7 programme is currently under development. The Project Management Training Programme is being formulated within the recently created Technical Cooperation Division. Programming for the MfDR allocation will arise out of the ongoing review of the Bank's MfDR Agenda.

## 4. REPORTING ON SDF 7 RESULTS

4.01 The Bank's results agenda is structured in terms of three pillars – *MfDR at the country and regional level*, *MfDR at the institutional or corporate level*, and *MfDR through partnerships, harmonisation and alignment*, including objectives set by the Paris Declaration. A Results Monitoring Framework (RMF) was introduced in SDF 7 as an integral part of the results agenda to be used to monitor and report on the performance of the SDF 7 programme.

4.02 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.

4.03 With the approval of the Strategic Plan 2010-2014, a Bank-wide Results Committee was established and tasked with creating a RMF to monitor the implementation of the Plan. A critical review was undertaken of the indicators, baselines and targets selected for the SDF RMF and a comprehensive RMF for the Bank as a whole was approved by the BOD in May 2011. This new RMF has maintained many of the indicators of the SDF RMF but some were discontinued and new ones were created<sup>1/</sup>. A review of the Bank's MfDR Agenda is being undertaken and an Action Plan for strengthening its MfDR programme will be developed. It is anticipated that arising out of this review, the comprehensive RMF will be further enhanced.

4.04 A report entitled "*Development Effectiveness Review 2011*" which incorporates the comprehensive RMF is being presented for consideration by the BOD in May 2012. Since a significant portion of SDF resources are blended with OCR funds, it is proposed that the comprehensive RMF be also used to monitor the implementation of the SDF programmes.

4.05 Contributors are therefore requested to agree that the SDF RMF be replaced by the comprehensive RMF, as reported on in the Development Effectiveness Review Report, with effect from 2012. In the interim, the status of indicators for the four results levels in the approved SDF framework as of December 31, 2011 is presented in the boxes below.

### **Level 1: Regional progress towards selected CMDG targets and development outcomes**

4.06 Level 1 measures regional progress in relation to poverty and human development, environmental sustainability and climate change and RCI. Poverty indicators are updated by recently completed Country Poverty Assessments (CPAs) and are expressed as weighted averages for all BMCs, including Haiti. The 2011 figures show that there was no significant change over 2010 although the situation has worsened slightly when compared with the baseline year 2006. The lingering effects of the January 2010 earthquake in Haiti, and the impact of the global recession on economic growth and performance in the other BMCs, would however suggest that more up-to-date statistics may reveal a worsening picture.

4.07 The indicators relating to enrolment in primary, while still being below the baseline values, have recorded improvement in the 2009-2011 period. Likewise, the indicators for enrolment in secondary

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<sup>1/</sup> Paper BD 115/10 Add 1. entitled *Caribbean Development Bank's Results Monitoring Framework* - May 2011

school have also recorded improvement and have surpassed the targets set for both male and female enrolment.

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

Indicators	Baseline Year	Baseline Value	Target (2015)	Status as of December		
				2011	2010	2009
<b>Poverty and Human Development</b>						
1. Proportion of population below the poverty line (%). <sup>‡</sup>	2006	54	27	55	55	53.8
2. Proportion of population below the indigence line (%). <sup>‡</sup>	2006	35	17.5	34	34	35.4
3. Net enrolment in primary education (%). <sup>1/</sup>						
- Female	2006	94	95	90	89	88
- Male	2006	94	95	90	89	87
4. Net enrolment in secondary education (%). <sup>1/</sup>						
- Female	2006	73	80	83	80.7	79
- Male	2006	68	77	84	80.6	76
5. Ratio of girls to boys in:						
- Primary education	2006	1.0	1.0	n.a.	1.0	1.0
- Secondary education	2006	1.06	1.02	n.a.	1.04	1.04
6. Share of women in wage employment in the non-agricultural sector (%).	2005	85	n.a.	n.a.	n.a.	n.a.
<b>Environmental Sustainability and Climate Change</b>						
7. Number of BMCs with National Environmental Strategies/Action Plans	2007	17	18	18	18	17
8. Number of BMCs with formalised Climate Change Response Strategies	2008	4	18	n.a.	10	4
9. Proportion of population with access to a water source (%)						
- urban	2007	85	94	95.9	95.8	85
- rural		88	92.5	91.4	88.7	88
10. Proportion of population with access to sanitation (%)						
- urban	2007	76	88	87.8	85.5	76
- rural		73	86.5	85.9	80	73
11. Proportion of alternative energy in total energy use (%)	2005	30	n.a.	n.a.	n.a.	n.a.
<b>RCI</b>						
12. Intra-regional trade as a percentage of total regional trade	2006	14 <sup>2/</sup>	20 <sup>2/</sup>	15	13	15
13. Direct Investment of MDCs in LDCs (\$mn)	Avg. 1999-2003	20 <sup>2/</sup>	30 <sup>2/</sup>	n.a.	21 <sup>3/</sup>	21 <sup>3/</sup>
14. Cross-listed firms in relations to total firms on regional stock exchange (%)	2005	17	25	n.a.	19	18

<sup>‡</sup> Values are averages weighted by population. Actual population data on which the averages are based may refer to different years between 1990 and 2006.

<sup>1/</sup> Base line value, target and 2009 and 2010 figures revised

<sup>2/</sup> Base line value and target revised

<sup>3/</sup> Average for 2004-2008

4.08 In the area of Environmental Sustainability and Climate Change, the indicators relating to the proportion of the population with access to a water source and to sanitation in both urban and rural areas, all recorded improvement for the period under review. The targets for the urban areas are either being met or surpassed while the ones relating to the rural areas still have some way to go.

4.09 The growth in intra-regional trade is considered a key indicator of the strengthening of the RCI movement. There has been little improvement over the baseline values and activity in 2009-2011 has been flat.

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

4.10 Level 2 indicators measure the Bank's contribution to country outcomes through outputs delivered in key operational areas. The 2009-2012 programmed outputs for education and training, agriculture and rural development, social and economic infrastructure, and water and sanitation reflect outputs which are expected to be delivered during the SDF 7 period, based on projects approved in earlier SDF cycles. The results reported for 2009 to 2011 represent outputs which were delivered from projects completed during the period.

4.11 The indicators for education and training measure the Bank's contribution to improving access to and quality of education in BMCs. In 2009-2011, approximately 82% of classrooms programmed to be built and 24% of the expected teacher training outputs had been achieved. The delivery of the outputs for the Education for All project in Haiti have not yet made a contribution to the target. This project will also impact the indicator of persons benefitting from education programmes and student loans where 48% of programmed outputs, benefitting approximately 82,000 students, were achieved. The beneficiaries of skills training also fell short of target with only 25% being achieved by 2011. This performance is expected to improve with the acceleration of implementation of BNTF 6 subprojects in 2012.

4.12 The outputs recorded for agriculture and rural development in 2009-2010 relate to two projects which were completed in the period and resulted in the targeted outputs for 2009-2012 being exceeded. The programmed outputs figure has therefore been revised.

4.13 Outputs relating to water and sanitation in 2009-2011 reflect those delivered by BNTF subprojects and a water project in Belize. The delay in construction of a water project in Nevis has resulted in the shortfall in targets.

### RMF LEVEL 2: CDB/SDF CONTRIBUTIONS TO COUNTRY AND REGIONAL OUTCOMES: KEY OUTPUTS

Indicators	Outputs	Programmed Outputs	Outputs			
	2005-2008	2009-2012	2009-2011	2011	2010	2009
<b>1.Education and Training (at all levels)</b>						
Classrooms built or upgraded (number)	1,026	868	708	255	215 <sup>1/</sup>	238
Teachers trained (number)	2,332	6,010	1,434	4	1335	95
Students benefiting from above programme and support Student Loan Scheme, etc (number)	49,438	171,725	82,004	40,211	11472	30,321
Persons benefiting from skills training activities (number)	16,670	33,580	8,281	992	3972	3,317
<b>2.Agriculture and Rural Development</b>						
Land irrigated or improved through drainage, flood and irrigation works (hectares)	3,365	35,312 <sup>2/</sup>	36,152	250	4010	31,892
Area established using improved production technology (hectares)	4,356	660 <sup>2/</sup>	600	300	300	0
Funds provided through specific agricultural and rural enterprise credit programmes (\$mn)	1.5	12.8	0	0	0	0
Beneficiaries of above programmes (number)	2,900	4,100	84,280	1,500	780	82,000
<b>3.Social and Economic Infrastructure (not included in 1 and 2 above and 5 below)</b>						
Primary roads built or upgraded (km)	128.4	82.5	73	15	38	20
Secondary and other roads built or upgraded (km)	1,402.6	362.5	1,859	304	1541	14
Beneficiaries of road projects (number) <sup>‡</sup>	81,298	51,500	104,354	72,295	16,369	15,690



Indicators	Outputs	Programmed Outputs	Outputs			
	2005-2008	2009-2012	2009-2011	2011	2010	2009
Bridges upgraded/constructed (number)	13	6	18	0	4	14
Sea Defences/ Landslip Protection/ Urban Drainage (km)	8.2	34.5	3	1	0	2
Other Infrastructure (Air/Sea Port, Dock Facilities) – (number)	2	3	2	0	2	0
Community infrastructure built/upgraded (number)	131	679	72	27	24	21
Beneficiaries of community infrastructure interventions (number)	118,745	342,000	93,410	48,049	30,824	14,537
Installed energy generation capacity(megawatts)	16.2	2.7	35	0	32.5	2.5
Number of beneficiaries of generation/distribution capacity	42,100	7,000	n.a	n.a	n.a	n.a
<b>4.Private Sector Development</b>						
Value of credit made available to the private sector (mn\$)	42	53	44	9.5	13.9	21
MSMEs benefiting from credit (number)	283	325	495	29	42	424
Beneficiaries of mortgage programmes (number)	151	200	288	39	42	207
Number of CTCS and other TA interventions	338	350	191	44	56	91
Number of participants benefiting from CTCS and other TA interventions	2,660	2,750	2,599	828	826	945
<b>5.Water and Sanitation<sup>‡</sup></b>						
Installed water capacity (m <sup>3</sup> )	110,771	33,270	3,990	1,743	1,734	513
Water supply lines installed or upgraded (km)	2,932	2,387	228	57.7	111	59
Households with access to water supply (number)	30,002	25,900	20,594	10,829	5,682	4,083
<b>6. DRM</b>						
Interventions supporting DRM policies, strategies and action plans (number)	6	7	7	0	1	6
Interventions that contribute to DRM capacity building (number)	4	5	5	2	1	4
Community-based DRM interventions (number)	28	31	28	n.a.	0	28
<b>7. Climate Change Response (CCR)</b>						
Interventions supporting policies, strategies and action plans for CCR (number)	2	5	2	3	0	2
Interventions supporting renewable energy initiatives (number)	0	4	0	n.a.	0	0
Community-based climate change resilience building interventions (number)	0	4	0	n.a.	0	0
Interventions supporting regional institutions in climate change monitoring and research (number)	1	3	2	2	1	1
<b>8. RPGs</b>						
Interventions supporting regional institutions (number)	18	23	12	4	3	5
Interventions supporting regional policy development (number)	16	20	37	16	15	6
<b>9.Economic Management</b>						
Value of resources approved for PBLs/PBGs (\$mn)	183	250	210	0	132	78
Interventions to support rigorous PSIP development (number)	11	13	3	1	1	1
<b>10. Capacity Development</b>						
Interventions to support public sector institutional strengthening (number)	15	21	23	13	4	6
Interventions supporting community-based management of the sustainable use of natural resources (number)	41	59	45	n.a.	n.a.	45

<sup>‡</sup> The beneficiaries in the baseline value identified refer only to BNTF and agricultural projects. Economic Infrastructure did not collect this information. It is intended to remedy this situation going forward. The explanation for the reduced number of beneficiaries in the programmed outputs reflects the changing focus of BNTF.

<sup>1/</sup> 2010 figures revised

<sup>2/</sup> target has been revised

4.14 The indicators for social and economic infrastructure measure the Bank's support for the creation of an enabling environment for economic growth. Seven capital projects completed during the period contributed to the delivery of the outputs relating to primary roads, bridges, sea defences and energy. Projects under implementation are expected to deliver the remaining outputs in these areas. The indicators with respect to secondary roads, community infrastructure and the beneficiaries of those interventions represent outputs from the BNTF programme. During the period under review, the anticipated demand for community infrastructure did not materialise while there was greater demand than expected for secondary road subprojects.

4.15 Approximately 84% of the programmed value of credit had been made available to the private sector by the end of 2011 with the number of beneficiaries exceeding the targets. In the case of the indicators relating to CTCS, 55% of programmed TA interventions had delivered by the end of 2011, benefitting 2,599 or 95% of the targeted beneficiaries.

4.16 Activity in respect of DRM and climate change response intensified during the period in line with the increased focus and attention being given to these issues. It should be noted that in the comprehensive RMF, the seven indicators in this area have been replaced by three.

4.17 The indicators for the Bank's support for improved fiscal and economic performance are the value of resources for PBLs and the number of TAs provided for capacity building and PSIP development. In 2011, there were no PBL approvals due to a lack of policy headroom but capacity-building support continued with 13 TA interventions being approved. This is another instance where the indicators have been modified in the comprehensive framework.

### **Level 3: Operational/Organisational Effectiveness**

4.18 Level 3 indicators monitor operational and organisational effectiveness focussing on six areas: operational quality and portfolio performance, resource allocation and mobilisation, strategic focus, capacity utilisation, use of administrative budget resources, and business processes and practices. The Report on the Annual Review of Project Portfolio Performance is used to measure performance for some of the indicators in this area but this report lags by one year. The report for 2011 is still under preparation; hence the information for that year is not presented. The indicators for 2010 and 2009 have been revised to align with the appropriate report. The Box below shows the performance in 2011 compared with 2009 and 2010.

4.19 In terms of operational effectiveness, the portfolio performance rating was stable in 2010 at 97% or marginally below the target set for 2012 of 98%. There was an improvement in the percentage of projects with supervision reports on the PPMS system and with the percentage of projects completed in the past two years with PCRs, even though the latter is below the target.

4.20 The indicators in this category are in decline in relation to the baseline and target. Improvement can be expected to percentage of concessional resources allocated according to the performance-based system after BNTF 7 resources are allocated in the last quarter of 2012. The under-performance on the disbursement efficiency ratio in 2010 is due to a significant amount of unplanned disbursements which could not be included in the calculation.

**RMF LEVEL 3: OPERATIONAL/ORGANISATIONAL EFFECTIVENESS**

Indicators	Baseline Year	Baseline Value	Target (2012)	Status as of December		
				2011	2010	2009
<b>Operational Quality and Portfolio Performance</b>						
1. Portfolio performance rating for implementation (% satisfactory)	2007	96	98	n.a.	97 <sup>1/</sup>	98 <sup>1/</sup>
2. Percentage of projects completed in the past two years with PCRs	2006-2007	0	100	25	9	16
3. Percentage of projects with supervision reports on PPMS	2007	61	100	n.a.	100 <sup>1/</sup>	89 <sup>1/</sup>
<b>Resource Allocation and Utilisation</b>						
4. Percentage of concessional resources allocated according to performance-based allocation system	2005	61	70	41.1	40	40
5. Disbursement rate	2007	28	35	24 <sup>2/</sup>	20 <sup>1/</sup>	21 <sup>1/</sup>
6. Disbursement efficiency ratio	2007	93	98	n.a.	69 <sup>1/</sup>	89 <sup>1/</sup>
<b>Strategic Focus</b>						
7. Number of approved country strategies in use with results framework	2008	2	18	10	8	6
8. Number of new or updated CPAs for BMCs in the past five years	2004-2008	8	10	9	8	6
9. Proportion of financing supporting environmental sustainability and climate change % <sup>3/</sup>	2007	10	10-20	17.2	4.6	1.1 <sup>4/</sup>
10. Proportion of financing supporting regional cooperation and development <sup>3/</sup>	2007	4	6-8	1.4	4.1	5.2 <sup>4/</sup>
11. Proportion of financing supporting gender equality <sup>3/</sup>	2007	0 <sup>5/</sup>	0 <sup>5/</sup>	0	0.9	0
12. Proportion of financing supporting private sector development <sup>3/</sup>	2007	10	15	1.14	1.2	5.5 <sup>4/</sup>
13. Number of BMCs receiving support for direct poverty reduction programming	2007	11	11	11	11	11
<b>Capacity Utilisation</b>						
14. Percentage of budgeted Bank professional staff in operations departments	2008	50.5 <sup>6/</sup>	58 <sup>7/</sup>	47	50	51.3
15. Ratio of professional staff to support staff	2008	1.02:1 <sup>6/</sup>	1.3:1 <sup>7/</sup>	1.17:1	1.23:1	1.26:1
16. Representation of women in professional staff	2008	37.1 <sup>6/</sup>	40	41	41.2	40
17. Representation of women in middle and senior management positions	2008	38.9 <sup>6/</sup>	45	44.4	44.4	45
<b>Use of Administrative Budget Resources</b>						
18. Administrative expenses per \$mn as a % of loan project approvals (three-year Av.)	2005 -2007	13	14	12.3	9.8	10.7
19. Administrative expenses per \$mn as a % of loan project disbursements (three-year. Av.)	2005 -2007	15	16	11.8	11.5	14.8
20. Administrative expenses per \$mn as a % loan projects under implementation (three-year Av.)	2005 -2007	2	2	2.0	1.7	2.0
<b>Business Processes and Practices</b>						
21. Average time from loan approval to first disbursement in public sector operations (months)	2007	18	12	15.6 <sup>2/</sup>	17.1 <sup>1/</sup>	9.4 <sup>1/</sup>
22. Average loan processing time (months from appraisal mission to project approval) in public sector operations	2007	6.7	5	4.0 <sup>2/</sup>	4.9 <sup>1/</sup>	8.1 <sup>1/</sup>

<sup>1/</sup>Figures revised - Performance per the Annual Review of Project Portfolio Performance for 2009 and 2010 respectively

<sup>2/</sup> figures for 2011 provided by EOVS

<sup>3/</sup> Refers to proportion of SDF financing

<sup>4/</sup> 2009 figures have been revised

<sup>5/</sup> The baseline and targets for this indicator are being developed

<sup>6/</sup>. Baseline values have been revised.

<sup>7/</sup> Targets have been revised.

4.21 The indicators that measure strategic focus are more or less on target with the exception of the number of CSPs in use with results frameworks and the proportion of financing directed towards RCI and the private sector. Efforts are ongoing to ensure that all BMCs have current CSPs in place and recent changes within the Bank's Operational Area are expected to provide increased focus for RCI and the private sector.

4.22 In terms of organisational effectiveness, the low percentage of budgeted professional staff is due to the number of vacancies in the professional ranks during 2011, which also impacted on the overall ratio of professional to support staff. The outturn in respect of the indicators of gender equality is consistent with the established targets. There was an improvement in the average time from loan approval to first disbursement in public sector operations, from 17.1 months to 15.6 months while the average loan processing time in public sector operations recorded improvement in 2011 compared with 2010 from 4.9 months to 4.0 months. The use of administrative budget resources also showed an increase as a result of the reduced rate of growth in loan approvals compared with the rate of growth in administrative expenses.

#### **Level 4: Partnership, Harmonisation and Alignment**

4.23 Level 4 indicators monitor key elements in the Paris Declaration and Accra Agenda for Action including measures to strengthen country capacities and ownership of the development agenda, alignment with country priorities and systems, and use of common arrangements and procedures in partnership with other agencies.

#### **RMF LEVEL 4: PARTNERSHIP, HARMONISATION AND ALIGNMENT**

Indicators	Baseline Year	Baseline Value	Target (2012)	Status as of December		
				2011	2010	2009
<b>Ownership</b>						
1. Number of BMCs with National Development Strategies	2007	15	18	15	15	15
2. Number of BMCs with PRSs	2007	8	18	10	10	10
3. Number of BMCs with CPAs	2007	17	18	17	17	17
<b>Harmonisation</b>						
4. Percentage of CDB Country Strategies with explicit consideration of other agencies' programming	2007	100	100	100	100	100
5. Percentage of interventions using common arrangements or procedures.	2007	21	35	n.a.	19	26
<b>Alignment</b>						
6. Percentage of capacity development support provided through coordinated programmes	2005-2008	35	45	n.a.	21	32
7. 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.	2008	25	35	n.a.	25	25
8. Number of joint monitoring missions	2008	7	8	8	8	7

4.24 There was no change in the indicators measuring ownership in 2009-2011. However, work is ongoing to assist countries to update existing CPAs and NPRS. In the areas of harmonisation and alignment, the Bank continues to seek opportunities for partnership and coordination with the results in 2009-2011 reflecting changes in programming activities from year to year. The Bank's participation in joint monitoring missions in 2011 over 2010 remained stable.

## 5. FINANCIAL PERFORMANCE AND PROJECTIONS

### FINANCIAL RESULTS

5.01 A summary of the SDF (U) financial results over the period 2009–2011 is presented in Table 10, with details set out in Appendices VI-1 and VI-2.

**TABLE 10: SUMMARY OF FINANCIAL RESULTS, 2009–2011**  
(\$ mn)

<b>Item</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
Loans Outstanding (Net)	412.9	431.0	448.5
Cash and Investments	246.1	260.3	274.4
Loan Income	9.1	9.5	10.1
Investment Income	5.1	2.8	3.4
Administrative Expenses	11.1	11.6	12.3
Net Income *	2.8	2.7	0.9
Yield on Av. Cash and Investments (%)	2.1	1.1	1.3

\* After foreign exchange adjustments

5.02 Loans outstanding at the end of December 2011 amounted to \$448.5 mn compared with \$431 mn in 2010. This increase of \$17.5 mn or 4% represents loan disbursements of \$35 mn and repayments of \$18 mn which took place during the year. The level of undisbursed loan balances, inclusive of loans for which agreements have not yet been signed, was \$211 mn at the end of 2011 compared with \$172 mn in 2010.

5.03 The investment portfolio increased in 2011 to \$274.4 mn from \$260.3 mn at the end of 2010 as a result of cash contributions and repayments received during the year net of disbursements and administrative expenses.

5.04 In 2011, the Fund recorded net income of \$0.9 mn, compared with \$2.7 mn in the previous year, despite increases total revenue. Loan income increased marginally from \$9.5 mn to \$10.1 mn as a result of the higher level of loans outstanding, while modest increases in the average yield on investments, of 1.3% as against 1.1% in 2010, resulted in improved investment income to \$3.4 mn from \$2.8 mn. Administrative expenses at \$12.3 mn increased by \$0.7 mn.

### NOTES, ENCASHMENT AND DRAWDOWNS

5.05 A summary of notes, encashment and drawdowns is presented at Appendix VI-3. At December 31, 2011, notes receivable from Contributors totalled \$59.2 mn, a decrease of \$3.7 mn compared with the notes receivable figure of \$62.9 mn recorded at the end of 2010. Promissory Notes were issued by eight Contributors during 2011 and notes from six Contributors were encashed.

5.06 The current value of total approved contribution to SDF (U) at the end of 2011 was \$970.4 mn. Of this figure, an amount of \$54.0 mn represented contributions for which Demand Notes had not yet been issued and \$16.3 mn represented pledged amounts by seven Contributors for which the Instruments of Contribution were still outstanding at December 31, 2011 (See Appendix VI-3).

## FINANCIAL PROJECTIONS

5.07 Table 11 summarises the projected financial results for the period 2012–2014, with further details presented in Appendices VI-4 to VI-6.

**TABLE 11: SUMMARY OF PROJECTED FINANCIAL RESULTS, 2012–2014**  
(\$ mn)

<b>Item</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Long-term Loans	461.5	480.5	499.9
Cash and Investments	288.7	301.3	314.0
Loan Income	11.4	11.8	12.3
Investment Income	5.6	5.9	6.2
Administrative Expenses	12.8	13.1	13.3
Net Income	4.2	4.6	5.1

5.08 The loan portfolio is expected to grow from \$461.5 mn in 2012 to \$499.9 mn in 2014. It is also forecasted to yield loan income of \$11.4 mn, \$11.8 mn and \$12.3 mn in 2012, 2013 and 2014, respectively.

5.09 The investment portfolio is estimated to average \$301 mn over the three-year period boosted by cash received from Contributors to SDF 7 and the proposed allocation from the OCR net income. The investment portfolio will also be augmented by reflows of principal repayments on earlier SDF loans that are projected at an average of \$22 mn per annum (p.a.) in the 2012–2014 period.

5.10 Income from investments is expected to improve in the 2012 to 2014 period, compared with 2010 and 2011 which registered depressed investment income outturns. Investment income for 2012, 2013 and 2014 is projected at \$5.6 mn, \$5.9 mn and \$6.2 mn, respectively while net income is predicted at \$4.2 mn, \$4.6 mn and \$5.1 mn, respectively.

5.11 It is assumed that additional commitment authority will be provided by SDF 8. Other assumptions supporting these estimates are listed below:

- (a) Loan commitments are projected at \$65 mn, \$67 mn and \$70 mn for 2012, 2013 and 2014, respectively;
- (b) The average lending interest rate is estimated at 2.5% p.a.;
- (c) Over the projected disbursement period, the disbursement pattern for the combination of old and new commitments is assumed to be 4%, 10%, 27%, 16%, and 8%;
- (d) The yield from investment in liquid resources is estimated at 1.4% p.a, 1.54% p.a., and 1.73% p.a. for 2012, 2013 and 2014, respectively;
- (e) Administrative costs are projected to increase by 3% p.a.;
- (f) The terms and conditions of lending are based on those applicable for SDF 7; and
- (g) An allocation of resources of \$15 mn from net income of the OCR to SDF in 2012.

## **APPENDICES**

**APPENDIX I**

**CONTRIBUTIONS TO THE UNIFIED SPECIAL DEVELOPMENT FUND**

*(after transfers from earlier SDF and other adjustments)*

(\$ mn)

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

<sup>a/</sup> At exchange rates as of dates of payment.

<sup>b/</sup> Amounts recorded in the SDF V Resolution, with applicable exchange rates where required.

<sup>c/</sup> Mexico contributed \$5 mn and \$3.33 mn to SDF Other in 1984 (SDF 1) and 1988 (SDF 2).

<sup>d/</sup> SDF 1 contributions include amounts originally contributed to earlier special funds.

<sup>e/</sup> No longer a member as of October 2000.

<sup>f/</sup> Joined in 1998 subsequent to the Replenishment Negotiations on SDF 4.



## APPENDIX II

### SDF 7 PROGRAMME LEVEL, COUNTRY GROUPS AND TERMS OF LENDING

#### SDF 7 PROGRAMME LEVEL

The Contributors approved an overall programme level for SDF 7 totalling \$390.6 mn, comprising \$175.0 mn in country loans, \$77 mn in loans for natural disaster mitigation and rehabilitation and assistance for BMCs in fiscal distress, and \$138.6 mn in grant allocations (See Box – Approved Programme Level for SDF 7).

#### COUNTRY GROUPS AND TERMS OF LENDING

*Country Groups* are used to determine the terms and conditions of SDF lending. *SDF Lending Terms* vary according to the country grouping. The country groupings to be used and the lending terms which will apply for SDF 7 are presented in the Boxes below.

APPROVED PROGRAMME LEVEL FOR SDF 7 (\$'000)	
<b>Loans</b>	
Country loans using Performance-based RAS	175,000
Natural Disaster Mitigation and Rehabilitation	30,000
BMCs in Fiscal Distress	47,000
<b>Grants</b>	
BNTF	46,000
TA	17,500
<i>of which: BMC Capacity Building</i>	<i>8,000</i>
<i>Project Management Training</i>	<i>5,000</i>
<i>CTCS (small scale private sector)</i>	<i>4,500</i>
Regional Integration and RPGs	10,000
Development Effectiveness, including MfDR	5,000
Immediate Disaster Response	6,100
Gender Equality	4,000
Environmental Sustainability and Climate Change	4,000
Allocation for Haiti	46,000
<b>SDF 7 PROGRAMME LEVEL</b>	<b>390,600</b>

#### TERMS OF LENDING FOR SDF 7

Country Group	Interest Rate (%)	Maximum Grace Period (years)	Maximum Overall Maturity (years)	Maximum Grant Element (%)
1	5.0	5	10	30.8
2	4.0	5	25	46.6
3	2.5	10	30	66.3
4	2.0	10	30	70.7
Regional	2.5	7	25	61.3

#### COUNTRY GROUPS FOR SDF 7

<b>Group 1</b> Bahamas, The British Virgin Islands Cayman Islands	<b>Group 2</b> Anguilla Antigua and Barbuda Barbados <sup>†</sup> Montserrat <sup>†</sup> St. Kitts and Nevis Trinidad and Tobago <sup>†</sup> Turks and Caicos islands
<b>Group 3</b> Belize Dominica Grenada Jamaica St. Lucia St. Vincent and the Grenadines	<b>Group 4</b> Guyana Haiti

<sup>†</sup> In the case of Barbados and Trinidad and Tobago, the same terms as for Group 1 would continue to apply, as in the past. Montserrat would continue to receive the same terms as for Group 3 in recognition of the impact of natural disasters.

**APPENDIX III****AVAILABILITY AND USE OF RESOURCES**

(as of December 31, 2011)

(\$'000)

Item	SDF	SDF	SDF 7				Total
	5	6	Actual	Actual	Actual	Projected	
	2001–	2005–	2009	2010	2011	2012	
	2004	2008					
<b>Commitment authority at beginning of period</b>	<b>16.3</b>	<b>41.4<sup>a/</sup></b>	<b>19.5</b>	<b>181.2</b>	<b>146.1</b>	<b>77.7</b>	<b>19.5</b>
<i>Plus: Net Income</i>	4.6	15.5	2.8	2.7	0.9	4.2	10.6
<i>Less: Allocation from accumulated Net income</i>	(5.4)	-	-	-	-	-	-
Exchange rate adjustments	(8.9)	2.0	-	-	-	-	-
<b>Net increase(decrease) to reserves</b>	<b>(8.4)</b>	<b>17.5</b>	<b>2.8</b>	<b>2.7</b>	<b>0.9</b>	<b>4.2</b>	<b>10.6</b>
<i>Plus:</i>							
Repayments	59.3	61.4	14.2	16.5	18.0	23.0	71.7
Exchange rate adjustments	4.4	-	-	-	-	-	-
Commitment authority from new contributions	92.5	156.7	196.0	20.4	0.9	16.1	233.4
Exchange rate adjustments	35.6	-	-	-	-	-	-
Transfer from OCR	-	-	-	-	-	15.0	15.0
<i>Less:</i>							
Net Approvals for SDF Loans	113.3	170.0	34.7	46.6	72.6	63.3	217.2
Approvals for SDF Grants (Excl BNTF and Haiti)	13.0	30.4	6.6	10.1	4.8	19.5	41.0
Approvals for BNTF	32.0	32.0	-	-	-	46.0	46.0
Approvals for Haiti	-	25.1	10.0	17.8	10.8	7.2	46.0
<b>Commitment authority at end of period</b>	<b>41.4</b>	<b>19.5</b>	<b>181.2</b>	<b>146.1</b>	<b>77.7</b>	<b>0.0</b>	<b>0.0</b>

<sup>a/</sup> The commitment authority at the beginning of SDF 6 was restated to take account of exchange gains realised on the encashment of non-USD Promissory Notes from earlier cycles

**APPENDIX IV****SDF 7 COMMITMENTS, 2009-2011***(Classified by SDF 7 Themes)*

(\$'000)

<b>Project</b>	<b>Date Approved</b>	<b>Net Approved From SDF (U)</b>	<b>Total CDB Financing</b>
<b>Strengthening Poverty Reduction and Human Development</b>			
<b><u>Loans Approved</u></b>			
<b>Belize</b>			
Sixth Consolidated Line of Credit – to finance student loans, agriculture and industrial credit, low-income housing, microfinance and small and medium enterprises	Mar 09	1,000	10,000
Belize River Valley - to upgrade the water supply system and improve access to potable water	Dec 09	3,480	3,480
Belize Social Investment Fund II - to provide access to improved social services such as quality education facilities, water and sanitation and health services	Jul-10	8,000	15,000
Fourth Road - to implement a vehicle weight control system for the Santa Elena/San Ignacio bypass road	Dec-10	181	24,719
TA to finance a feasibility study/detailed designs for upgrading the Northern Highway (the Airport Junction to Haulover Bridge)	Mar 11	350	350
<b>Dominica</b>			
Water Supply Network - TA to finance the conduct of a water supply upgrading and expansion study	Dec 09	362	362
8th Consolidated Line - to support student loans for students from poor families	Dec 09	500	8,000
Education Enhancement Project - upgrading and equipping a number of primary and secondary schools, district education offices and the Curriculum Measurement and Evaluation Unit	May 09	4,000	4,000
Road Improvement and Maintenance Project (2nd Add. Loan) - to rehabilitate and upgrade roads in the Roseau Valley	Oct-10	1,714	3,890
NDM - Rehabilitation and Reconstruction Layou River Valley Flood Event (includes Climate Change Adaptation component of \$0.38 mn)	Dec-11	8,419	10,887
<b>Grenada</b>			
PBL - to support macroeconomic reform programme	Oct 09	8,000	12,800
Rehabilitation and Upgrade Study - St. Patrick Road Network - TA for a study to rehabilitate and expand the road network and improve access for tourism activities and agriculture	Oct 09	556	556
Schools Rehabilitation and Reconstruction - reconstruction and expansion of four schools	Oct 09	3,659	5,000

<b>Project</b>	<b>Date Approved</b>	<b>Net Approved From SDF (U)</b>	<b>Total CDB Financing</b>
Market Access and Rural Enterprise Development Project - to enhance the livelihood of rural communities	Oct-10	2,000	3,000
NDM - Rehabilitation and Reconstruction - Extreme Rainfall Event (includes an environmental sustainability/Climate Change Adaptation component of \$4.5 mn)	Dec-11	2,080	8,612
<b>Guyana</b>			
Community Roads Improvement Programme - to rehabilitate access roads in 12 identified communities	Jul-10	12,277	16,792
<b>Jamaica</b>			
Student loan to provide students from poor and vulnerable households with loans to upgrade tertiary-level skills in professional, technical and vocational programmes	May-10	15,000	20,000
<b>Montserrat</b>			
Second Power Project - to construct a permanent power station in order to provide an efficient, secure and reliable electricity service	May-11	2,500	2,500
<b>St. Kitts and Nevis</b>			
Provision of exceptional financial assistance to facilitate debt restructuring as part of a comprehensive strategy for debt sustainability	Dec-11	17,760	17,760
<b>St. Lucia</b>			
PBL (Add. Loan) - to assist in mitigating the effects of the crisis and provide additional time to complete the reform programme	May-10	6,000	15,000
NDM - Rehabilitation and Reconstruction - Hurricane Tomas (includes Climate Change Adaptation component of \$1.1 mn)	Mar-11	9,489	17,960
Consolidated Line of Credit - St. Lucia Development Bank	Oct-11	1,000	5,000
Settlement Upgrading Project - to finance improved access to basic infrastructure and services for residents in informal settlements in 11 communities	Oct-11	6,233	6,233
<b>St. Vincent and the Grenadines</b>			
PBL - to support macroeconomic reform programme	May 09	9,000	25,000
South Leeward Highway – TA for a study to rehabilitate and upgrade the South Leeward Highway	May 09	564	564
NDM - Rehabilitate and Reconstruction Hurricane Tomas/North Windward (includes Climate Change Adaptation component of \$0.9 mn)	Jul-11	12,622	8,646
TVET Development – to finance the first phase of a comprehensive reform of the TVET system	Dec-11	5,000	5,000
<b>Total Loans</b>		<b>137,740</b>	<b>255,087</b>

<b>Project</b>	<b>Date Approved</b>	<b>Net Approved From SDF (U)</b>	<b>Total CDB Financing</b>
<b>Grants</b>			
<b>Anguilla</b>			
CTCS Projects	Dec 09	32	32
CTCS Projects	Dec 10	15	15
CTCS Projects	Dec 11	11	11
<b>Antigua And Barbuda</b>			
CTCS Projects	Dec 10	8	8
<b>Bahamas</b>			
CTCS Projects	Dec 09	23	23
Bahamas Family Islands Sector Enhancement Project – TA to develop and implement an appropriate monitoring and evaluation framework for the project	Mar 10	37	37
<b>Barbados</b>			
CTCS Projects	Dec 09	116	116
CTCS Projects	Dec 10	77	77
CTCS Projects	Dec 11	23	23
<b>Belize</b>			
Sixth Consolidated Line of Credit – institutional strengthening of the new Development Finance Corporation	Mar 09	150	150
CTCS Projects	Dec 09	26	26
CTCS Projects	Dec 10	41	41
Fourth Road (Santa Elena/San Ignacio Bypass) to fund consultancies for road safety management capacity review and a road assessment programme	Dec 10	249	249
CTCS Projects	Dec 11	51	51
<b>British Virgin Islands</b>			
CTCS Projects	Dec 10	54	54
<b>Cayman Islands</b>			
CTCS Projects	Dec 09	22	22
<b>Dominica</b>			
CTCS Projects	Dec 09	15	15
CTCS Projects	Dec 10	5	5
CTCS Projects	Dec 11	18	18
<b>Grenada</b>			
Schools Rehabilitation and Reconstruction project - to support the school transformation programme	Dec 09	60	60
CTCS Projects	Dec 09	64	64
Support for the Development of a Water Supply Master Plan to provide water to Carriacou and Petit Martinique	Jul 10	204	204
Market Access and Rural Enterprise Development Project to enhance the livelihood of rural communities	Oct 10	27	27
CTCS Projects	Dec 10	23	23
CTCS Projects	Dec 11	33	33

<b>Project</b>	<b>Date Approved</b>	<b>Net Approved From SDF (U)</b>	<b>Total CDB Financing</b>
<b>Guyana</b>			
CTCS Projects	Dec 09	31	31
CTCS Projects	Dec 10	65	65
CTCS Projects	Dec 11	19	19
<b>Haiti</b>			
Introductory Mission to Haiti Regarding the Caribbean Development Bank/Caribbean Association of Industry and Commerce – Haiti Private Sector Forum	May 09	26	26
Policy-Based Grant - financial support to the budget which had been impacted by a series of severe external shocks	Jul 09	10,000	10,000
Assistance in the restoration of essential public sector training services through the re-establishment of a safe and secure computer laboratory and computer equipment to replace those which were damaged in the earthquake.	Oct 10	817	817
Urban Community-Driven Development Project – Additional Grant to provide small-scale socioeconomic infrastructure (including potable water and sanitation systems) for persons displaced as a result of earthquake	Dec 10	5,000	5,000
Education for All Project, Additional Grant - to provide increased benefits from the student subsidies and school feeding sub-components of the project	Dec 10	10,000	1,000
CTCS Projects	Dec 10	12	12
Caribbean Construction Forum	Feb-11	100	100
University of the West Indies External Scholarships for Final-Year Haitian Students	Feb-11	146	146
Supply of Office Furniture and Equipment - Earthquake	Oct-11	150	150
Rural Community Driven Development Project	Dec-11	10,000	10,000
CTCS Projects	Dec 11	21	21
<b>Jamaica</b>			
CTCS Projects	Dec 09	71	71
CTCS Projects	Dec 10	30	30
Financing a consultancy to assist in identification of affordable online banking software	May 11	34	34
<b>Montserrat</b>			
CTCS Projects	Dec 09	123	123
CTCS Projects	Dec 10	41	41
Teacher Enhancement Project	May 11	75	75
CTCS Projects	Dec 11	16	16
<b>St. Kitts and Nevis</b>			
CTCS Projects	Dec 09	139	139
CTCS Projects	Dec 10	94	94
CTCS Projects	Dec 11	77	77

<b>Project</b>	<b>Date Approved</b>	<b>Net Approved From SDF (U)</b>	<b>Total CDB Financing</b>
<b>St. Lucia</b>			
CTCS Projects	Dec 10	8	8
CTCS Projects	Dec 11	41	41
<b>St. Vincent and the Grenadines</b>			
CTCS Projects	Dec 09	79	79
CTCS Projects	Dec 10	68	68
NPRS and Action Plan	July 11	98	98
CTCS Projects	Dec 11	73	73
<b>Trinidad and Tobago</b>			
CTCS Projects	Dec 09	17	17
<b>Turks and Caicos Islands</b>			
CTCS Projects	Dec 09	34	34
CTCS Projects	Dec 10	23	23
<b>Regional</b>			
CTCS Projects	Dec 09	253	253
Support for the Caribbean Farmers Network Inc. <i>Youth In Agriculture Regional Workshop</i> to improve the capacity of young farmers in the Caribbean to plan and implement viable agri-business ventures.	Mar-10	20	20
Support for the publication and dissemination of the Caribbean Trade and Investment Report 2010 aimed at securing greater involvement and participation in the Region's development	Mar-10	35	35
CARICOM Youth Forum - Promoting Youth Participation In Decision Making	May-10	71	71
Training Programme for DFIs and Indigenous Financial Institutions to build institutional capacity across key operational areas of loan management and administration, risk management and credit appraisal	Dec 10	100	100
Support for the Financial Sustainability of Indigenous Banks OECS - to conduct an assessment to serve as a precursor to developing and executing the appropriate resolution for critical challenges facing the banking sub-sector in the Eastern Caribbean Currency Union	Dec 10	140	140
CDB and International Labour Organisation Labour Market Symposium to assess the impact of the crisis on the labour market and possible responses to support employment	Dec 10	69	69
CTCS Projects	Dec 10	227	227
Private Sector Development Strategies for Six Member Countries of the OECS	Mar-11	100	100
Research and Training in Protected Agriculture	May-11	285	285
Disabled Peoples' International (North America and the Caribbean Inc)	Oct-11	12	12
Small Ruminant Industry Development Project	Oct-11	149	149
CTCS Projects	Dec 11	114	114
<b>Total Grants</b>		<b>40,442</b>	<b>40,442</b>
<b>Total Inclusive Social Development and Broad-Based Economic Growth</b>		<b>178,182</b>	<b>295,529</b>

<b>Project</b>	<b>Date Approved</b>	<b>Net Approved From SDF (U)</b>	<b>Total CDB Financing</b>
<b>Environmental Sustainability and Disaster Management</b>			
<b>Loans</b>			
<b>Anguilla</b>			
Support to Meet Commitments to CCRIF	May 09	200	200
NDM - Immediate Response Loan - Hurricane Omar	Jul 09	425	425
<b>Belize</b>			
NDM - Immediate Response - Hurricane Richard	Mar -11	750	750
<b>Antigua and Barbuda</b>			
Support to Meet Commitments to CCRIF	May 09	300	300
<b>Dominica</b>			
Support to Meet Commitments to CCRIF	May 09	563	563
NDM - Immediate Response Loan - Layou Flood Event	Oct-11	750	750
NDM - Rehabilitation and Reconstruction Layou Flood Event (Part of Loan)	Dec-11	381	-
NDM - Immediate Response Loan - Tropical Storm Ophelia	Dec-11	750	750
<b>Grenada</b>			
Support to Meet Commitments to CCRIF	May 09	713	713
TA - St John's River Flood Mitigation Project	Dec 09	415	415
<b>St. Kitts and Nevis</b>			
Support to Meet Commitments to CCRIF	May 09	350	350
Nevis Water Supply Enhancement Project	Mar-10	1,408	8,425
NDM - Immediate Response - Extreme Rainfall Event	Oct-11	750	750
NDM – Rehabilitation and Reconstruction - Extreme Rainfall Event (Part of Loan)	Dec-11	4,500	-
<b>Jamaica</b>			
NDM - Immediate Response - Tropical Storm Nicole	Mar-11	750	750
<b>St. Kitts and Nevis</b>			
NDM - Immediate Response - Tropical Storm Otto	Mar-11	750	750
<b>St. Lucia</b>			
Support to Meet Commitments to CCRIF	May 09	563	563
NDM - Immediate Response - Hurricane Tomas	Mar-11	750	750
NDM - Rehabilitation and Reconstruction - Hurricane Tomas (Part of Loan)	Mar-11	1,100	1,100
<b>St. Vincent and the Grenadines</b>			
NDM - Immediate Response - Hurricane Tomas	Mar-11	750	750
NDM - Immediate Response - Torrential Rainfall Event	Jul-11	750	750
NDM – Rehabilitation and Reconstruction (Hurricane Tomas/North Windward) (Part of Loan)	Jul-11	904	904
<b>Turks and Caicos Islands</b>			
Support to Meet Commitments to CCRIF	May 09	500	500
<b>Total Loans</b>		<b>19,071</b>	<b>21,207</b>



<b>Project</b>	<b>Date Approved</b>	<b>Net Approved From SDF (U)</b>	<b>Total CDB Financing</b>
<b>Grants:</b>			
<b>Anguilla</b>			
NDM - Immediate Use of Funds -Hurricane Omar	Jul 09	20	20
<b>Belize</b>			
Disaster Management Emergency Relief Grant Hurricane Richard	Dec 10	200	200
Consultancy Services - Hurricane Richard	Mar-11	20	20
<b>Dominica</b>			
Certification of Works Layou Flood Event,	Oct-11	20	20
Certification of Works IRL - Tropical Storm Ophelia	Dec-11	20	20
<b>Grenada</b>			
Strategic Programme for Climate Change Resilience	Oct 10	37	37
Extreme Rainfall Event	Sep-11	20	20
<b>Haiti</b>			
Disaster Management Emergency Relief - January 12, 2010 Earthquake	Mar-10	200	200
NDM - Immediate Response Earthquake	May-10	770	770
Support to Meet Commitments to CCRIF	Oct-10	1,000	1,000
Support for Haiti to Meet Commitment to CCRIF	Jul-11	550	550
<b>Jamaica</b>			
Energy Interventions Impact Assessment Survey 1999 - 2008	May-10	29	29
Disaster Management Emergency Relief Grant Tropical Storm Nicole	Dec 10	200	200
Consultancy Services - Tropical Storm Nicole	Mar-11	20	20
<b>St. Kitts and Nevis</b>			
Consultancy Services - Tropical Storm Otto	Mar-11	20	20
<b>St. Lucia</b>			
Disaster Management Emergency Relief Grant Hurricane Tomas	Dec 10	200	200
Proposal for Designing A Strategic Programme for Climate Resilience	Dec 10	37	37
Consultancy Services - Hurricane Tomas	Mar-11	20	20
Implementing a Framework for Environmental Management	Oct-11	97	97
<b>St. Vincent and the Grenadines</b>			
Strategic Programme for Climate Change Resilience	Oct-10	36	36
Disaster Management Emergency Relief Grant Hurricane Tomas	Dec 10	200	200
IRL (Consultancy Services) - Torrential Rainfall Event	Jun-11	20	20
NDM - Immediate Response - Hurricane Tomas	Jan-11	20	20
<b>Regional</b>			
Building Professional Capacity in Climate Change - Response Within the Caribbean Development Bank: Phase 1	May 09	41	41
Mainstreaming Disaster Risk Management in OECS Countries	May 09	90	90
Business Continuity Planning for (MSMEs) Phase 1	Oct 09	149	149
Training in Business Continuity Planning	Dec 09	100	100
Regional Agricultural Risk Management Symposium	Jul 10	30	30
Sustainable Energy for Competitive OECS	Oct 10	1,587	1,587

<b>Project</b>	<b>Date Approved</b>	<b>Net Approved From SDF (U)</b>	<b>Total CDB Financing</b>
Drought Management Conference	Dec 10	27	27
Promoting Energy Efficiency in the Caribbean Conference	Dec 10	43	43
Training in Business Continuity Planning For MSMEs	Dec 10	95	95
Rescue and Digitisation of Meteorological and Hydrological Data	May-11	292	292
Enabling Climate Change Adaptation Interventions in BMCs	Oct-11	470	470
Development of Disaster Risk Management Plans for the Agricultural Sector	Nov-11	45	45
Support for the Sixth Caribbean Conference on Comprehensive Disaster Management	Nov-11	106	106
Initial Assessment of the Water Sector in the Caribbean	Dec-11	275	275
<b>Total Grants</b>		<b>7,105</b>	<b>7,105</b>
<b>Total Environmental Sustainability and Disaster Management</b>		<b>26,176</b>	<b>28,312</b>
<b>Regional Cooperation and Integration</b>			
<b>Grants</b>			
<b>Regional</b>			
Development of a Matrix of the Programmes of Development Agencies in Relation to Special Development Fund (Seventh Cycle) Strategic Themes	Mar 09	17	17
Support for the Fifth Summit of the Americas	Mar 09	124	124
Preparation of a Strategic Plan for Regional Development	May 09	200	200
Feasibility Study for CARICOM Agriculture Modernisation Fund	May 09	42	42
Preparation of Initial Thematic Paper – Growth and Development Strategies in the Caribbean	May 09	132	132
Eastern Caribbean Supreme Court Halls of Justice Project – Feasibility Study and Concept Designs	May 09	900	900
Twenty-Eighth West Indies Agricultural Economics Conference	Jul 09	47	47
Institutional Strengthening of CARICOM Development Fund	Oct 09	149	149
Support of the Caribbean Institute in Gender and Development Training Programme	Oct 09	15	15
Technical Conference on Initial Thematic Paper – Growth And Development Strategies in the Caribbean	Oct 09	24	24
CARICOM Agri-Business Investment Forum	Oct 09	76	76
Single Virtual University Space	Oct 09	140	140
Policies and Strategies to Face the Global Downturn: The Way Forward in the Caribbean	Dec 09	37	37
University of the West Indies Enhancement Project	Dec 09	500	500
Support to the 2009 Commonwealth Business Forum	Dec 09	150	150
Strengthening the Capacity of Labour to Implement the Decent Work Agenda	Dec 09	150	150
OECS Education Sector Strategy	Oct 10	490	490
OECS E-Government for Regional Integration Project	Dec 10	2,500	2,500
Caribbean Trade and Investment Report 2010	Mar-10	35	35
Establishment of Caribbean Regional Technical Assistance Centre - Continuation of Support (Contribution)	Mar-11	1,000	1,000
Caribbean Regional Capacity Building Programme II	Dec-11	250	250
<b>Total Regional Cooperation and Integration</b>		<b>6,979</b>	<b>6,979</b>

<b>Project</b>	<b>Date Approved</b>	<b>Net Approved From SDF (U)</b>	<b>Total CDB Financing</b>
<b>Development Effectiveness and Capacity Building</b>			
<b>Anguilla</b>			
Preparation of a Sustainable Tourism Master Plan - Anguilla	Dec 10	150	150
<b>Antigua and Barbuda</b>			
Consultancy – Special Advisor, Ministry of Finance and the Economy	Oct 09	57	57
TA - Functional and Efficiency Reviews of Government Ministries	Dec-11	169	169
<b>Belize</b>			
Preparation of a Medium-Term Development Strategy	Dec 09	21	21
Enhancement of Policy and Strategic Framework Education	Jul-10	260	260
Youth and Community Transformation	Jul-10	280	280
<b>Dominica</b>			
Institutional Strengthening of Ministry of Public Works Energy and Ports	Jul-10	88	88
<b>Guyana</b>			
Community Roads Improvement	Jul-10	158	158
TA - Enhancement of the Regulatory Framework for the Improvement of Operations at the University of Guyana	Mar-11	250	250
<b>Haiti</b>			
Increasing Government of Haiti’s Capacity to Lead the Implementation of the Action Plan for National Recovery and Development	Dec 10	150	150
<b>Jamaica</b>			
Preparation of a National Spatial Plan	May 09	687	687
<b>Montserrat</b>			
Development of a Programme Management Information System - Ministry of Economic Development and Trade	Dec 09	117	117
<b>St. Kitts and Nevis</b>			
TA – Establishment of a Land Sales and Development Agency	Jul 09	50	50
Nevis Water Supply Project	Mar 10	335	335
<b>St. Lucia</b>			
Water Sector Reform Review	Oct 09	29	29
Institutional Strengthening of the Ministry of Economic Planning and National Development	Dec 09	100	100
Review of the Framework for Public Sector Investment	Dec-10	64	64
Review of the Institutional Framework for Macroeconomic Management	Oct-11	118	118
<b>Regional</b>			
2009 Multi-Lateral Development Banks/International Financial Institutions Heads of Procurement Meeting	Mar 09	15	15
Regional Meeting on the Implementation of DEVInfo Software In the Region: A Situational Analysis	Mar 09	38	38

<b>Project</b>	<b>Date Approved</b>	<b>Net Approved From SDF (U)</b>	<b>Total CDB Financing</b>
Development Bank and Civil Society Organisations Dialogue	Mar 09	49	49
To Conduct an Assessment of CDB's Student Loan Scheme and the Eastern Caribbean Student Loan Guarantee Fund	Mar 09	45	45
Technical Assistance – Policy Dialogue on Literacy and Numeracy	Mar 09	88	88
Fifth Multi-Lateral Development Banks/International Financial Institutions – Technical Meeting on Performance-Based Allocation System	May 09	25	25
2009 International Financial Institutions' Budget Workshop	May 09	50	50
Operationalisation of An Integrated Quality Assurance System – Phase II for the CDB	Jul 09	150	150
Workshop on Non-Revenue Water	Jul 09	15	15
Workshop - Investment of Pension Fund Assets	Jul 09	105	105
To Conduct a Review of CDB's Private Sector Strategy and Policy	Oct 9	40	40
Revision of the Technical Assistance Programme of the CDB	Oct 09	115	115
Regional Surveys – Vehicle Weight Legislation and Enforcement and Performance-Based Contracting For Road Maintenance	Oct 09	99	99
Credit Ratings of National DFIs in CDB's BMCs	Oct 09	140	140
Capacity-Building Workshop on Factoring/Receivable Discounting	Dec 09	30	30
Workshop on Energy Efficiency in Water and Waste water utilities	Dec 09	24	24
Training Course on Caribbean Private-Public Partnerships	Dec 09	34	34
Vehicle-Weight Control and Performance-Based Contracting: Impact On Road Maintenance Workshop	Dec 09	49	49
Road Maintenance Seminar	Dec 09	49	49
Review of Country Classification System SDF		38	38
2010 International Financial Institutions Heads of Administration Workshop	May-10	40	40
Regional Workshop - Project Management Training for Environment Professionals	May-10	64	64
Regional Workshop on Gender Differentials in Caribbean Education	May-10	100	100
Training in Protected Agriculture in China	Jul-10	34	34
Regional Capacity-Building ICT Training Workshop "Building Sustainable Caribbean Economies"	Jul-10	50	50
Training in Protected Agriculture In China	Oct-10	6	6
Mid-Term Review of the Seventh Cycle of the Unified Special Development Fund (SDF 7)	Oct-10	125	125
Gender Assessments of BMCs	Oct-10	585	585
Caribbean Engineering Conference on Bridges	Dec-10	47	47
Performance-Based Road Maintenance Contracting Seminar	Dec-10	127	127
Support for the Hosting of the Second Conference of Caribbean Public Service Commissions	Dec-10	17	17
Regional Scenarios Training Programme	Feb-11	149	149
Regional Public Sector Investment Programme Workshop	Feb-11	60	60
Support to the Caribbean Institute in Gender and Development Training Programme	Jun-11	25	25
Workshop on Promoting Effective Skills, Policies and Systems	Jun-11	40	40
Water and Sanitation Utility Reform Training Course	Jun-11	92	92
Revision of CDB's Housing Sector Policy and Strategy	Jul-11	215	215
Workshop: Review of Performance and Consideration of Future Direction of CDB's FI Lending Activities	Sep-11	49	49
Performance-Based Road Maintenance Contracting Seminar	Oct-11	42	42
Design of a Risk Management Model for Six National DFIs in CDB's BMCs	Oct-11	60	60
Review of the Lending Products of CDB	Oct-11	74	74

<b>Project</b>	<b>Date Approved</b>	<b>Net Approved From SDF (U)</b>	<b>Total CDB Financing</b>
Demonstrating Development Impact of SDF Interventions in Dominica	Nov-11	45	45
Road Sector Institutional Reform Workshop	Nov-11	108	108
Review of CDB's Managing for Development Results Agenda	Nov-11	135	135
Launching of Guidelines For Selection/Engagement of Consultants By Recipients of CDB Financing	Nov-11	150	150
Support for the Stability of the Financial System in the OECS	Dec-11	150	150
<b>Total Development Effectiveness and Capacity Building</b>		<b>6,869</b>	<b>6,869</b>
<b>Total Loan and Grant Approvals</b>		<b>218,206</b>	<b>337,689</b>

**SDF (U) PORTFOLIO ANALYSIS – 2010**

1. The performance and quality 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, in terms of 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 which are applied to the composite scores are shown in the box below.

<b>Composite Score</b>	<b>Project Performance Rating</b>
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 2010, the performance rating for the projects under implementation, which had an SDF component, was generally consistent with the performance of the previous year. The percentage of the projects (95%) rated as highly satisfactory or satisfactory was marginally below that of 2009 (97%). The comparative results for 2010 and 2009 are presented in Table 1. Three projects (3%) were rated marginally unsatisfactory compared to two (3%) in 2009. Of these projects, one in the social and personal services sector has had this rating since 2004. However, the project has been reformulated and is now expected to end in July 2012. The other two projects, in the multi-sector category, are over three and eight years old, respectively. A variation in scope and terms and conditions was approved for the former by the BOD in December 2010 and the latter continues to be flagged as “at risk”. Details of the projects rated marginally unsatisfactory are presented at Annex 1.

**TABLE 1: SDF (U) PORTFOLIO – PROJECT PERFORMANCE RATING**  
For the Years ending December 31, 2010 and 2009

<b>Composite Score</b>	<b>2010</b>					<b>2009 (Revised)</b>				
	<b>No. of Projects</b>	<b>% of Portfolio by No. of Projects</b>	<b>Value of Projects (USD’000)</b>	<b>% of Portfolio by Value of Projects</b>	<b>Overall Portfolio PPI</b>	<b>No. of Projects</b>	<b>% of Portfolio by No. of Projects</b>	<b>Value of Projects (USD’000)</b>	<b>% of Portfolio by Value of Projects</b>	<b>Overall Portfolio PPI</b>
8.0–10.0	-	-	-	-	-	-	-	-	-	-
6.0–7.9	36	55	204,105	65	6.4	46	67	247,603	74	6.5
4.0–5.9	27	41	93,837	30	5.1	21	30	81,982	25	5.2
2.0–3.9	3	5	16,550	5	2.5	2	3	4,050	1	3.6
0.0–1.9	-	-	-	-	-	-	-	-	-	-
<b>Totals</b>	<b>66</b>	<b>100.0</b>	<b>314,492</b>	<b>100.0</b>	<b>6.0</b>	<b>69</b>	<b>100.0</b>	<b>333,635</b>	<b>100.0</b>	<b>6.2</b>

**Country Portfolio Performance**

3. The country portfolio rating in 2010 was assessed as 6.0, as compared with a revised rating of 6.2 in 2009. Seven countries were rated highly satisfactory and six were rated satisfactory. Table 2 summarises the country portfolio performance for 2010 and 2009. All BMCs maintained their ratings except Grenada which moved to highly satisfactory from satisfactory and Dominica which fell to satisfactory from highly satisfactory.

**TABLE 2: SDF PORTFOLIO – COUNTRY PERFORMANCE RATING  
OR THE YEARS ENDING DECEMBER 31, 2010 AND 2009**

<b>Performance Rating</b>	<b>2010</b>	<b>2009 (Revised)</b>
Excellent	None	None
Highly Satisfactory	Anguilla, Belize, Grenada, Guyana, Jamaica, St. Lucia and St. Vincent and the Grenadines	Anguilla, Belize, Dominica, Guyana, Jamaica, St. Lucia and St. Vincent and the Grenadines
Satisfactory	Antigua and Barbuda, Barbados, British Virgin Islands, Dominica, St. Kitts and Nevis, and Turks and Caicos	Antigua and Barbuda, Barbados, British Virgin Islands, Grenada, St. Kitts and Nevis and Turks and Caicos
Marginally Unsatisfactory	None	None
Unsatisfactory	None	None

### Sector Portfolio Performance

4. The distribution and average composite performance scores by sector are presented in Table 3. In 2010, the financial, multi-sector and social and personal services sectors accounted for approximately 83.0% of the portfolio compared with 80.5% in 2009. In 2010, all sectors maintained their performance rating of satisfactory or highly satisfactory.

5. As shown in Table 3, there were marginal fluctuations in PPI values for five sectors (Agriculture, Forestry and Fishing, Financial, Multi-Sector, Power, Energy and Water, Social and Personal and the Transport and Communications). As a result, there was no change in performance ratings.

**TABLE 3: SDF PORTFOLIO – AVERAGE PERFORMANCE SCORES BY SECTOR  
FOR THE YEARS ENDING DECEMBER 31, 2010 AND 2009**

<b>Sector</b>	<b>2010</b>			<b>2009 (Revised)</b>		
	<b>No. of Projects</b>	<b>% of Portfolio</b>	<b>PPI</b>	<b>No. of Projects</b>	<b>% of Portfolio</b>	<b>PPI</b>
Agriculture, Forestry and Fishing	3	4.5	6.5	4	5.8	6.5
Financial	13	19.7	6.6	14	20.3	6.2
Multi-sector and Other	20	30.3	5.6	23	33.3	6.2
Power, Energy and Water	3	4.5	6.0	2	2.9	5.3
Social and Personal Services	22	33.3	6.0	20	29.0	6.0
Tourism	1	1.5	5.6	1	1.4	5.6
Transport and Communications	4	6.1	6.2	5	7.2	6.1
<b>Total</b>	<b>66</b>	<b>100.0</b>	<b>6.0</b>	<b>69</b>	<b>100.0</b>	<b>6.2</b>
<b>Overall Average Performance Rating</b>	<b>Highly Satisfactory</b>			<b>Highly Satisfactory</b>		

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

6. 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, 2010, four projects with an SDF component were classified as “at risk” (about 6.8% of the SDF capital portfolio under implementation) compared with five projects (6.8% of the portfolio) at the end of 2009. Details of projects “at risk” are presented at Annex 2.

**PROJECTS CATEGORISED AS marginally UNSATISFACTORY IN 2010**

- (i) The **Health Sector Reform Programme, Belize (14/SFR-OR-BZE)** had this rating since 2004. The project is approximately nine and a half years old with an original implementation completion date of September 2005. The Project Supervision Reports for this project over the last six years indicated that:
- (a) the effectiveness of the programme was reduced due to introduction of the National Health Insurance Scheme (NHIS) before completion of the physical upgrades;
  - (b) project objectives are unlikely to be met because of the Borrower's decision not to finance NHIS from an additional payroll tax, but from social security funds;
  - (c) cost overruns of 20% and higher are expected because the capital cost of polyclinics were underestimated at appraisal and the protracted implementation period has had a significant negative impact on costs;
  - (d) rehabilitation of existing clinics is needed to a greater extent than originally expected;
  - (e) there has been a reduction in project scope and as such only primary health care costs will be covered by the health care system;
  - (f) increased costs and decreased benefits anticipated will adversely impact the economic viability of the project; and
  - (g) maintenance issues and financing the operation of the health care system are major factors impacting the sustainability of NHIS.

The project has been reformulated and is now expected to end in July 2012 with the completion of the final sub-component regarding training of health care staff and the disbursement of related funds. There may be a small balance remaining to be cancelled.

- (ii) The **NDM – Hurricane Deane Rehabilitation Works, Jamaica (17/SFR-OR-JAM)** is approximately three years old with an implementation completion date estimated at appraisal of October 2010 and revised to September 2012. The project was designed to assist in the rehabilitation of the country's road and related infrastructure and the restoration of its productive capacity following heavy rains which occurred during Hurricane Dean in August 2007, and heavy rains and flooding which also occurred in September and October 2007. This project has been flagged "at risk" and the 2010 PSR indicated that:
- (a) after the initial acceptance of the designs in 2008, the National Works Agency (NWA) presented alternative designs for CDB's no objection. CDB was unable to provide its no objection and in 2009, NWA advised that they were proceeding with the implementation through other financing arrangements;
  - (b) in late 2009, NWA advised CDB that they were not going to proceed with the remaining works. CDB subsequently initiated discussions with the Government of Jamaica (GOJ) in October 2010 regarding cancellation of the undisbursed loan balance; and
  - (c) GOJ requested and CDB approved, in December 2010, a variation in scope and terms and conditions to utilise part of the undisbursed balance for Tropical Storm Nicole rehabilitation works.



(iii) The **NDM – Rehabilitation – Landslide Project, St. Lucia (24/SFR-OR-STL)** is over nine years old with an original implementation completion date of June 2003. The project is a response to a landslide event which occurred in 1999 and consists of land acquisition, a special mortgage programme, infrastructural, restoration and redevelopment works, project management and engineering services. This project has been flagged “at risk” since 2007. The 2010 PSR indicated that delays were as a result of the following:

- (a) difficulties experienced with the contractor on one of the packages for the infrastructure works;
- (b) lack of access to the Special Mortgage Programme resources due to non-certification of deed plans;
- (c) re-doing the procurement of the sewage treatment plant and delays in its actual construction;
- (d) delays in the appointment of a Project Coordinator since early 2008; and
- (e) an additional package for link roads which increased the extent of works envisaged at appraisal.

The Government of St. Lucia (GOSL) wrote CDB indicating that they consider all project components completed and requested reallocation of the undisbursed loan balance for works not associated with the project. The request for the reallocation of the funds was not granted as the proposed reallocation was for works not associated with the project. The undisbursed balance is to be cancelled.

**PROJECTS FLAGGED AS “AT RISK”<sup>2</sup> IN 2010**

- (a) **Loan No. 5/SFR-OR-GUY: Community Services Enhancement Project, Guyana.** The infrastructure works had been substantially completed by the end of 2009. Overall, 96% of the loan had been disbursed. One of the four consultancies under the Institutional Strengthening component was completed in the second quarter of 2008. In April 2009, the Government of Guyana (GOGY) informed CDB that the other three institutional strengthening components of the project would not be implemented. During a meeting held at the Ministry of Finance in November 2009, GOGY officials stated that this decision has been reversed. At the end of December 2010, the National Development Corporation and project management staffing was not adequate to facilitate implementation of the remaining institutional strengthening components of the project. The progress on the civil works component of the project was satisfactory. Project management personnel are to be assigned along with an adequate number of suitably qualified and experienced staff to permit the implementation of the remaining institutional strengthening components.
- (b) **Loan No. 24/SFR-OR-STL: NDM – Rehabilitation – Landslide, St. Lucia.** Implementation of this project was delayed eight years. Refer to section 3 (iii) for details. During the Country Portfolio Performance Review mission in December 2009, it was agreed that GOSL would submit remaining contract commitments. GOSL will refund the Special Mortgage Programme advance, and CDB will cancel the undisbursed balance. CDB followed up on the issue in 2010. However, no response was received from GOSL. This matter remains outstanding.
- (c) **Loan No. 18/SFR-OR-JAM: UTech Enhancement Project, Jamaica.** Project implementation has been affected by GOJ’s lack of fiscal space for financial year 2011. Some progress was made on the institutional strengthening component, but work on the construction elements was delayed due to the need to reformulate the project and the consequential re-design of various subprojects to meet the revised implementation schedule and keep overall costs within budget. The University of Technology/Ministry of Education have proposed an extension of completion through to 2015 to accommodate GOJ’s fiscal constraints. This would make implementation approximately four years longer than originally envisaged. GOJ is to confirm that funds will be made available to meet the revised schedule. In light of fiscal difficulties being experienced by GOJ, the project has been reformulated at GOJ’s request so that more critical construction activities are completed first and costs remain within the original budget, but with an extended implementation period.

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<sup>2</sup> A project which exhibits more than two of the following six risk criteria is flagged as “at risk”:

- (a) Weighted score for any criterion is equal to or below 0.5;
- (b) A composite performance score below 4.0;
- (c) A decline in any project performance rating score by more than 15%;
- (d) Timing performance more than 15% behind target;
- (e) CDB performance unsatisfactory; and
- (f) Borrower performance unsatisfactory.

- (d) **Loan No. 46/SFR-STK: Child Development Project.** The project is 75% completed and four years behind schedule. Implementation continues to lag significantly behind agreed implementation milestones in both the infrastructural and institutional strengthening components. In fact, little progress was made between the first and third quarters of 2010. The Centre is 80% complete and none of the TA or institutional strengthening activities were completed. Implementation of both components is at a critical point, and slippage in execution has put the project at risk. Though the project management capacity has been enhanced, project management performance continues to be a key constraint. Sixty-two percent (62%) of the funds approved has been disbursed. However, this is mainly in relation to the cost of civil works, of which 83% of the funds has been disbursed. With the completion of construction works, procurement of equipment, supplies and a vehicle, at least XCD1.5 mn is required to meet counterpart costs for 2011.

## **APPENDIX VI**

### **SDF FINANCIAL STATEMENTS**

- VI-1: Summary Balance Sheets as at December 31, 2009–2011
- VI-2: Summary Income Statements for the years ending December 31, 2009–2011
- VI-3: Summary of Notes, Encashment and Drawdowns, 2011
- VI-4: Projected Balance Sheets as at December 31, 2012–2014
- VI-5: Projected Income Statements for the years ending December 31, 2012–2014
- VI-6: Projected Cash Flow Statements as at December 31, 2012–2014

APPENDIX VI-1

SUMMARY BALANCE SHEETS,  
AS AT DECEMBER 31, 2009–2011  
(\$ mn)

Item	2009	2010	2011
<b>Assets:</b>			
Cash and Investments	246.1	260.3	274.4
Contributions in Arrears	8.3	11.9	11.3
Non-neg. Demand Instruments	55.0	62.9	59.3
Loans Outstanding (Net)	412.9	431.0	448.5
Other Receivables	-	-	1.0
<b>Total Assets</b>	<b>722.3</b>	<b>766.1</b>	<b>794.5</b>
<b>Liabilities:</b>			
Contributions in Advance			
Payables	61.0	65.4	70.8
Contributions	556.6	582.1	595.4
Accumulated Net Income	38.2	41.0	41.8
TA Allocation	66.5	77.7	86.5
<b>Total Liabilities and Funds</b>	<b>722.3</b>	<b>766.1</b>	<b>794.5</b>

APPENDIX VI-2

SUMMARY INCOME STATEMENTS,  
FOR THE YEARS ENDING DECEMBER 31, 2009–2011  
(\$ mn)

Item	2009	2010	2011
<b>Revenue:</b>			
Investment Income	5.1	2.8	3.4
Loan Income	9.1	9.5	10.1
Exchange	-	1.9	
<b>Total Revenue</b>	<b>14.2</b>	<b>14.2</b>	<b>13.5</b>
<b>Expenses:</b>			
Administrative Expenses	11.1	11.6	12.3
Exchange	0.3	-	0.3
<b>Total Expenses</b>	<b>11.4</b>	<b>11.6</b>	<b>12.6</b>
<b>Net Income</b>	<b>2.8</b>	<b>2.7</b>	<b>0.9</b>

**SUMMARY OF NOTES, ENCASHMENT AND DRAWDOWNS 2011**  
(**'000**)

Country	Notes Receivable	Notes Issued		Curr.	Encashment		Notes Receivable	Not Yet Made	Approved but not yet Effective	Cumulative Drawdowns	Approved Contribution (Curr Value)
	1/1/11 USD	Loc Cur.	USD		Loc Cur.	USD	31/12/11 USD	Available USD	USD	USD	USD
<b>Borrowing members (BMCs)</b>											
Trinidad and Tobago	9,057			USD			9,057	2,546		32,838	35,384
Bahamas, The	6,931			( <sup>1</sup> )			6,931	4,249		15,560	19,809
Barbados	6,015			( <sup>1</sup> )		1,766	4,249			19,805	19,805
Jamaica	7,569		1,910	( <sup>1</sup> )		3,751	5,728	2,546		30,658	33,204
Guyana	-			( <sup>1</sup> )			-	1,416		18,394	19,810
Antigua and Barbuda	32			( <sup>1</sup> )			32		605	1,652	1,652
Belize	1,246		349	( <sup>1</sup> )			1,595	349		4,785	5,134
Dominica	1,350		697	( <sup>1</sup> )			2,047	348		4,525	4,873
St. Kitts and Nevis	1,797		349	( <sup>1</sup> )			2,145	349		4,786	5,135
St. Lucia	1,247		349	( <sup>1</sup> )			1,595	348		4,786	5,134
St. Vincent and the Grenadines	1,797			( <sup>1</sup> )			1,797	348		4,798	5,146
Grenada	2,712			( <sup>1</sup> )			2,712			3,345	3,345
Montserrat	-			( <sup>1</sup> )			-		605	1,440	1,440
BVI	169			( <sup>1</sup> )		169	-	151		1,894	2,045
Turks and Caicos Islands	-			( <sup>1</sup> )			-		605	1,440	1,440
Cayman Islands	-			( <sup>1</sup> )			-		605	1,340	1,340
Anguilla	1,051			( <sup>1</sup> )			1,051	151		1,894	2,045
Haiti	-			( <sup>1</sup> )			-	227		1,333	1,560
<b>TOTAL - BMCs</b>	<b>40,973</b>		<b>3,652</b>			<b>5,686</b>	<b>38,939</b>	<b>13,028</b>	<b>2,420</b>	<b>155,273</b>	<b>168,301</b>
<b>Non Borrowing members (NBMCs)</b>											
Colombia	-			( <sup>1</sup> )			-		3,600	23,533	23,533
Mexico	-			( <sup>1</sup> )			-		3,000	14,000	14,000
Venezuela	-			( <sup>1</sup> )			-	900		21,082	21,982
Canada <sup>1/</sup>	-	17,585		Cdn\$	17,585		-	17,458		247,307	264,765
China	-			US\$			-	2,024		39,274	41,298
United Kingdom <sup>2/</sup>	13,721	8,839		Str	8,839		13,683	17,457		196,893	214,350
Germany <sup>3/</sup>	8,223	3,075		EUR	4,100		6,625	3,139		78,811	81,950
Italy <sup>3/</sup>	-			EUR			-		7,083	57,018	57,018
<b>TOTAL - NBMCs</b>	<b>21,944</b>						<b>20,308</b>	<b>40,978</b>	<b>13,683</b>	<b>677,918</b>	<b>718,896</b>
<b>Non Members</b>											
France	-			FF*			-			58,254	58,254
Netherlands	-			NG			-			24,902	24,902
<b>GRAND TOTAL</b>	<b>62,917</b>						<b>59,247</b>	<b>54,006</b>	<b>16,103</b>	<b>916,347</b>	<b>970,353</b>

<sup>1/</sup> Notes Issued in Canadian Dollars

<sup>2/</sup> Notes Issued in Pounds Sterling

<sup>3/</sup> Notes Issued in Euros

APPENDIX VI-4

**PROJECTED BALANCE SHEETS**  
**AS AT DECEMBER 31, 2012-2014**  
(\$ mn)

<b>Item</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Assets:</b>			
Cash	4.2	4.6	5.1
Securities – Prime	284.5	296.7	308.9
Long-term Loans	461.5	480.5	499.9
Other Assets	76.5	111.5	146.5
<b>Total Assets</b>	<b>826.7</b>	<b>893.3</b>	<b>960.4</b>
<b>Liabilities:</b>			
Current Liabilities	73.8	75.8	77.8
Contributions	706.9	766.9	826.9
Accumulated Net Income	46.0	50.7	55.7
<b>Total Liabilities and Capital</b>	<b>826.7</b>	<b>893.3</b>	<b>960.4</b>

APPENDIX VI-5

**PROJECTED INCOME STATEMENTS**  
**FOR THE YEARS ENDING DECEMBER 31, 2012-2014**  
(\$ mn)

<b>Item</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
<b>Revenues:</b>			
Investment income	5.6	5.9	6.2
Loan Income	11.4	11.8	12.3
<b>Total Revenues</b>	<b>17.0</b>	<b>17.7</b>	<b>18.4</b>
<b>Expenses:</b>			
Administrative Expenses	12.8	13.1	13.3
<b>Total Expenses</b>	<b>12.8</b>	<b>13.1</b>	<b>13.3</b>
<b>Net Income</b>	<b>4.2</b>	<b>4.6</b>	<b>5.1</b>

**PROJECTED CASH FLOW STATEMENTS**  
**AS AT DECEMBER 31, 2012-2014**  
(\$ mn)

<b>Item</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
Cash	33.6	4.2	4.6
Securities – Prime	240.8	284.5	296.7
<b>Beginning Balance</b>	<b>274.5</b>	<b>288.7</b>	<b>301.3</b>
Cash (Net Operating Income)	4.2	4.6	5.1
New current Liabilities	3.0	2.0	2.0
Long-term Loans (Repayments)	23.0	21.0	22.6
Transfer from OCR	-	-	-
Draws on Subscriptions	20.0	25.0	25.0
<b>Sub-total</b>	<b>50.2</b>	<b>52.6</b>	<b>54.7</b>
Long-term Loan (Disbursements)	36.0	40.0	42.0
<b>Sub-total</b>	<b>36.0</b>	<b>40.0</b>	<b>42.0</b>
<b>Ending Balance</b>	<b>288.7</b>	<b>301.3</b>	<b>314.0</b>
Cash	4.2	4.6	5.1
Securities – Prime	284.5	296.7	308.9